

**ANNUAL REPORT**  
**2018**

**TAKUNI**



# Content

Vision and Mission	3
Message from the Chairman of the Board of Directors	4
Message from the Chief Executive Officer	5
Company Information	7
Board of Directors and Executives	8
Audit Committee Report	9
Review of the Financial Statements	10
Consolidated Financial Statements	12
Business Operations	13
Risk Factors	19
Internal Control	21
Corporate Governance	22
Corporate Social Responsibility: CSR	29
Shareholders & Management Structure	37
Board of Directors, Executives, and Control Authorities	47
Connected Transactions	52
Report on the Board of Directors' Responsibilities for Financial Statements	55
Financial Status and Operational Results	56
Consolidated and Separate Financial Statements	62

## VISION

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

## 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 the Board of Directors

During the past year, Thai economy was affected by fluctuations in various factors especially the reduction in purchasing power and the increase in household debt, resulting in participants in the business sector having to put much effort in strengthening their competitive capabilities.

The LPG trading and transportation business, which is the Company's key business, received significant impact from the sharp decline in oil prices coupled with price competition. However, the Company was able to maintain its revenues from LPG trading and transportation at a level similar to the previous year. Nevertheless, the Board of Directors were aware of such adverse factors and closely monitored the situation as well as instructed executives to find appropriate measures to reduce the impact, to seek additional revenue channels from related businesses such as expanding investment to construction businesses, providing transportation services of increased variety, expanding the market for non-destructive testing and inspection service to the Eastern region, and investing in property businesses, as well as to reduce unnecessary costs.

The Board of Directors places emphasis on business growth to create added value to shareholders by continuously monitoring Company policies and cautiously, prudently, and transparently overseeing business operations for the greatest benefit of all stakeholders.

On behalf of the Board of Directors, we would like to express our gratitude to shareholders, business partners, and all related parties who have continuously entrusted the Company and supported our business. I would also like to thank all executives and personnel who have dedicated their efforts and hard work for the Company. The Board of Directors will exert our best efforts in leading the Company and overcoming business challenges, striding forward towards sustainability.



A handwritten signature in black ink, appearing to read 'Visit'.

Mr. Visit Akarawinak  
Chairman of the Board of Directors



# Message from the Chief Executive Officer

In the past year, the Group of Companies' revenues increased from THB 1,925.12 million to THB 2,277.55 million, equivalent to a 18.31% increase, due to the increase in revenues from the oil and gas construction business. However, the impact of low oil prices resulted in no growth in revenues from the Group's liquefied petroleum gas (LPG) business since 2015. However, the Company still focuses on the strategy of diversifying investment to other businesses to alleviate the impact oil prices, such as expanding the market for non-destructive testing and inspection service to the Eastern region and investing in the property business.

## **LPG Trading Business by Takuni Group Public Company Limited**

Since 2015, the Company slowed its investment in all LPG related businesses from the expectation that demand for LPG in the transportation sector will face continuous decline and price competition. However, the Company was able to maintain its revenues from LPG trading at THB 773.68 million in 2018, similar to what it was able to achieve in the previous year at THB 773.35 million in 2017. Nevertheless, the Company as expanded into the property business to diversify its risk from the LPG trading business.

## **Transportation Business by G Gas Logistics Company Limited**

The Group has been continuously affected by the decline in LPG trading business. As a result, the Group set its strategy in expanding the transportation service to cover additional products, starting with the transportation of ammonia since late 2016. Revenues in 2017 amounted to THB 5.73 million and increased to THB 11.50 million in 2018. In addition, the Group provided transportation service for construction materials starting in October 2016 which generated revenues of THB 2.11million in 2018. In sum, the Group saw increased revenue from transportation (according to separate financial statements) from THB 39.96million to THB 48.61 million.



Mr. Prasert Treeveeranuwat  
Chief Executive officer

### **Construction Business by Takuni (Thailand) Company Limited and CAZ (Thailand) Public Company Limited**

The Group strived to expand its construction business, especially oil and gas construction, and saw increased revenues from THB 1,079.05 million in 2017 to THB 1,405.03 million in 2018, which represented a THB325.98 million increase, as the Group's clients expanded their factory facilities. Moreover, the Company expects increased construction work from its existing clients as well as investment in the Eastern region in the next 5 years, prompting the listing of CAZ (Thailand) Public Company Limited on the Market for Alternative Investment (mai) in January 2019 to serve as a source of funds for business operations. As at 31 December 2018, the Company has backlog of THB 2,744.37million.

### **Non-Destructive Testing and Inspection Service Business by Ratchapruek Engineering Company Limited**

The Company started expanding its non-destructive testing and inspection service to the Eastern region since late 2016, having experienced personnel certified for NDT Level 3 testing to support the expansion of the client base from those originally geared towards testing and inspection for clients using LPG and CNG to testing and inspection for oil refineryprojects, power plant projects, and petrochemical plants. Revenues from NDT testing and inspection service amounted to THB 78.23 million, an increase from the previous year which amounted to THB 57.24.

### **Property Development Business by Takuni Land Company Limited**

The Company currently owns 15 rais of land and plans to develop housing estate projects by entering into joint ventures with experienced professionals in the field of property development to reduce the risk of entering into a new business.

Lastly, I would like to express my gratitude to shareholders who have shown interest in investing in the Company and would like to aver that executives and all personnel have worked tirelessly throughout the year for the greatest benefit of the Group of Companies, and will continue to do better going forward.

# 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	:	<a href="http://www.takunigroup.com">www.takunigroup.com</a>
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 <a href="mailto:nita@takuni.com">nita@takuni.com</a>
Corporate Secretary	:	02-455-2888 <a href="mailto:thanasa.k@takuni.com">thanasa.k@takuni.com</a>
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 and Executives



**Mr. Visit Akaravinak**

Independent Director /  
Chairman of Director /  
Member of Audit Committee/  
Member of Remuneration Committee



**Mr. Chareon Prajumtan**

Independent director /  
Chairman of Director /  
Evaluation Committee  
Independent director



**Mr. Kaveewat Songsakulkiat**

Independent Director /  
Chairman of Remuneration Committee /  
Member of Audit Committee



**Mr. Prasert Treeveeranuwat**

Director (Executive) / Chairman of Executive Committee /  
Chairman of Risk Management Committee /  
Chairman of Anti-Corruption Committee



**Ms. Nita Treeveeranuwat**

Director (Executive)



**Ms. Kanchana Rimpanichayakij**

Director



**Mr. Somchai Kanbuakeaw**

Director

# Audit Committee Report



**Mr. Prasert Treeveeranuwat**

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



**Ms. Nita Treeweeranuwat**

Director (Executive)



**Mrs. Thitima Tanapakit**

Vice President Financial  
and Accounting Department



**Ms. Chatprapa Chansri**

Vice President Transportation Business



**Tossaphol plitaporn**

Vice President Human Resource Department

# Review of the Financial Statements

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 2018, the Audit Committee held seven 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 2018 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 seven 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 suitability 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 2019 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. There by, the Audit Committee presented to the Board of Directors, and the Board of Directors has passed the resolution to seek an approval by share holders in the Share holder Meeting for the appointment of Mr. Boonlert Kamolchanokkul, Certified Public Accountant No.5339 ; and/or Mr. Chanchai Chaiprasit, Certified Public Accountant No.3760 ; and/or Mr. Kajornkiet Aroonpirodkul, Certified Public Accountant No.3445 of Price water house Coopers ABAS Limited as the Company and its subsidiaries independent auditors for the fiscal year 2019.

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

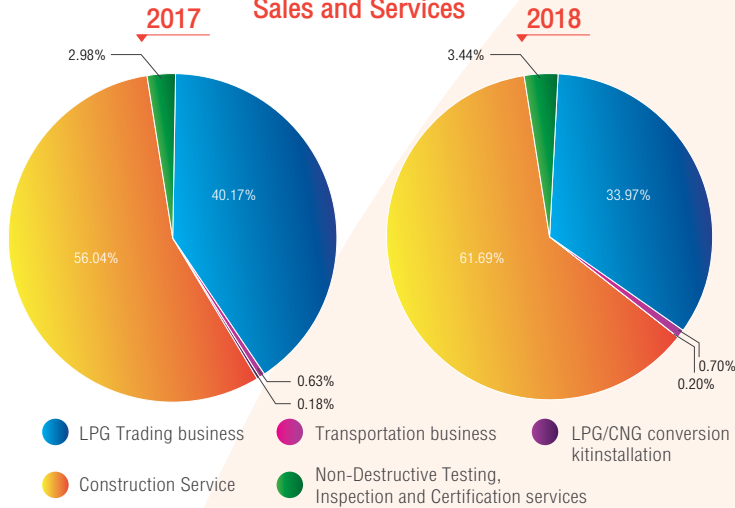
The Audit Committee has considered the relevant transactions which may have conflicts of interest according to the conditions of fairness, transparency, and adequate disclosure for the greatest benefit of the company specified by the Stock Exchange of Thailand. The Audit Committee concludes that the 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 2018 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.



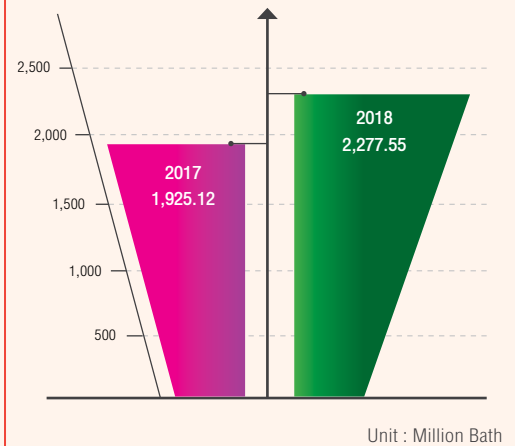
(Mr. Chareon Prajumtan)  
Chairman of the Audit Committee

# Consolidated Financial Statements

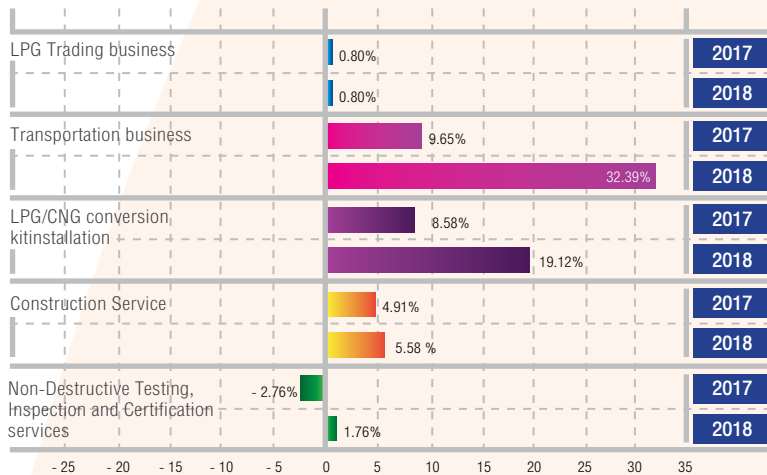
Proportion of Revenue from Sales and Services



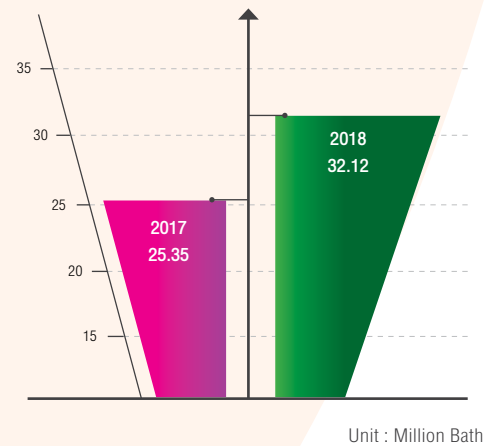
Revenue from Sales and Services



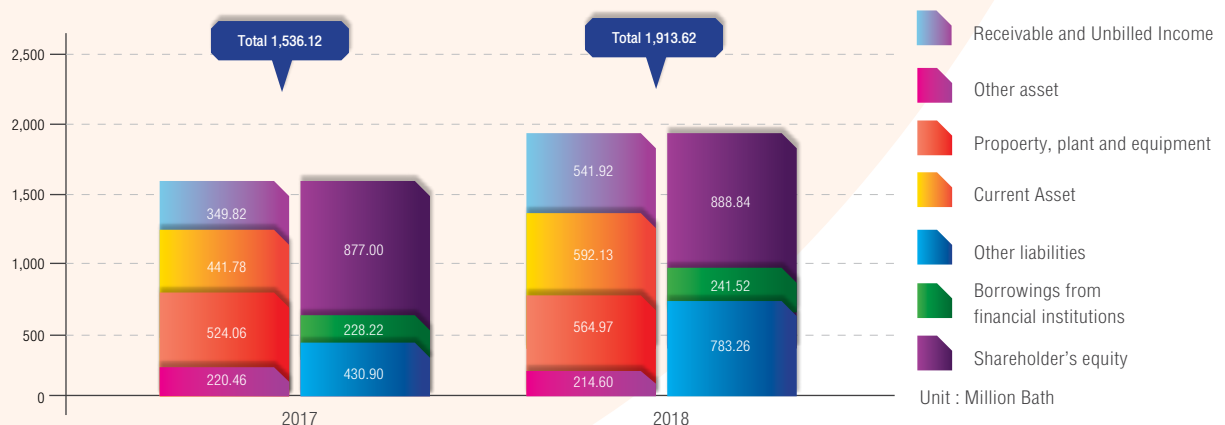
Operating Profit Margin



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 Group Public Company Limited (“TG”), Takuni (Thailand) Company Limited (“TT”), JKEC Company Limited (“JKEC”) 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**

Rajchapluak 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.

## Trademark

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 77% 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



### **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 67% and other LPG trader and LPG station is accounting for 9% 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 24% of total revenue of the year 2018. Currently, number and detail of trucks owned the Group is as follows:

Type of Truck	Number	Loading Capacity (Ton)
LPG trucks		
Semi - Trailer	6	15
10 – wheel truck	8	8
6 – wheel truck	4	4.3
Ammonia trucks		
Semi - Trailer	1	20
10 – wheel truck	3	10
Construction Material trucks		
Semi - Trailer	4	50

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**



NGV supply control system

Takuni (Thailand) Co., Ltd. ("TT") provides service on installation of NGV and LPG conversion kits in general vehicles 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: 2008 Standard on manufacturing, installation and sales from UKAS Institute.



Gas pipeline system operation in the gas depot



Installation of gas cylinders in large gas trucks



Quick joint / Gas pipe head / Gas pipe head cover



Gas leak alarm

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) Public 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.





Business operations of CAZ (Thailand) PLC and Takuni (Thailand) Co.,Ltd. may seem similar in the provision of construction service. However, the businesses of both parties differ in terms of expertise and standard of work. Thus, clients would decide to engage the services based on suitability to the job.

CAZ (Thailand) Public Company Limited operates its business as construction service provider with its clients being large operators in the oil, gas, and petrochemical industry. This requires experience, emphasis on standards of raw materials, controlled manufacturing process, teams of engineers with expertise and understanding in various products able to advise clients and teams of craftsmen standard-certified for welding various types of products, enabling the Company to ensure high quality services with quality control exercised in every production and installation process. In addition, the Company received certificates of standard from renowned organizations such as ASME and NBIC, with regular checks every 3 years, resulting in high cost of service.

Takuni (Thailand) Company Limited (TT), also operates its business in construction service. However, the scope of construction business is limited to LPG pipe construction system such as shopping centers, hospitals, and restaurants. In addition, the standards regarding construction, raw materials, and labor quality are at a level as required by law. As such, TT is not able to deliver standards comparable to CAZ due to limitations such as expertise other than in LPG pipe system, engineers' capabilities, and specialized labor qualifications.

However, should TAKUNI Group plan to engage the services of CAZ or CAZ's subsidiary in the future in any matter, TAKUNI and CAZ will consider market prices, normal terms of trade, and appropriateness of the transaction. In such case, The Audit Committee and internal auditor of both TAKUNI Group and CAZ will review such related party transaction, disclose information to the public, and proceed in accordance with the regulations on the matter.

**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, Rajchapluek 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 2019.

**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 12 December 2018, Treeveeranuwat family was the Company major shareholder holding 414,506,496 of shares which accounted for 51.81% 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 43% 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. Risks in business operations of subsidiaries and associates**

From the establishment of a subsidiary (Takuniland Company Limited) to operate real estate business Which has already bought some land By considering the location of the land in detail and seeing the potential for land growth which is benefited from government investment in the construction of electric trains Which is expected to be completed and can be opened in early 2019

However, if the construction project of the train is delayed Will affect the project duration of the Group In addition, the Group has no experience in marketing. And there are no known brands The Group therefore plans for joint ventures with those with experience in the property development business. To reduce the risk of entering a new business.

#### **6. Risk of Project Delays and Inability to Make Timely Delivery of Work**

The Company entered into a construction contract for Bangpakong gas storage and distribution center Phase 3 on 19 September 2018 may cause risk of fines or burden of charges from making delivery of work past the deadline, which could arise from delays of the contractor or project owner regarding modifications to construction plan and installation, changes in the contract or terms of the contract during project operations, shortage of funding and liquidity of the project owner, or delays in material delivery from suppliers, resulting in the Company being fined or being responsible for additional costs not initially included.

However, the Company reduces such risk by implementing IT systems to perform checks in each step and progress of the project such as the Microsoft Project which is able to monitor operations from the receipt of materials from suppliers to assembly, spray paint, welding, and installation. As such, project managers are able to review the status of operations through such system. The Company also arranges for monthly meetings with executives to acknowledge the progress of every project, resulting in the Company being notified regularly and any issues which may arise being monitored and reported in a timely manner such that executives could advise on the issue. In the past, the Company has never been fined for any delay in delivery of work.



# 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 efficiently 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](http://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.

<b>Business Partners:</b>	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.
<b>Customers:</b>	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.
<b>Trade Partners:</b>	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.
<b>Creditors:</b>	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.
<b>Competitors:</b>	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.
<b>Environment:</b>	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.
<b>Community/Society:</b>	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 have 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 2018 to PricewaterhouseCoopers ABAS Company Limited, the auditor of the Company and the subsidiaries, was 6.83 million baht and can be separate to the audit fee of 6.16 million baht and other compensation of 0.6.7 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.

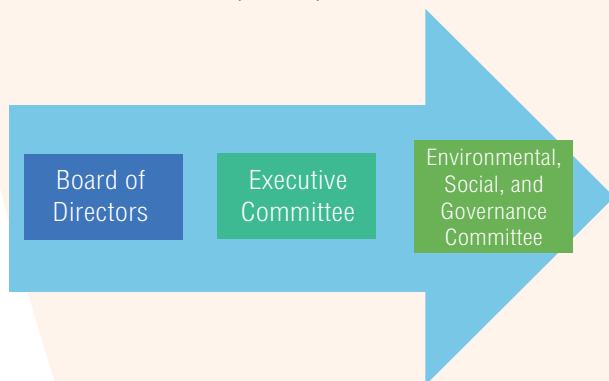


# Corporate Social Responsibility: CSR

## Corporate Social Responsibility: CSR

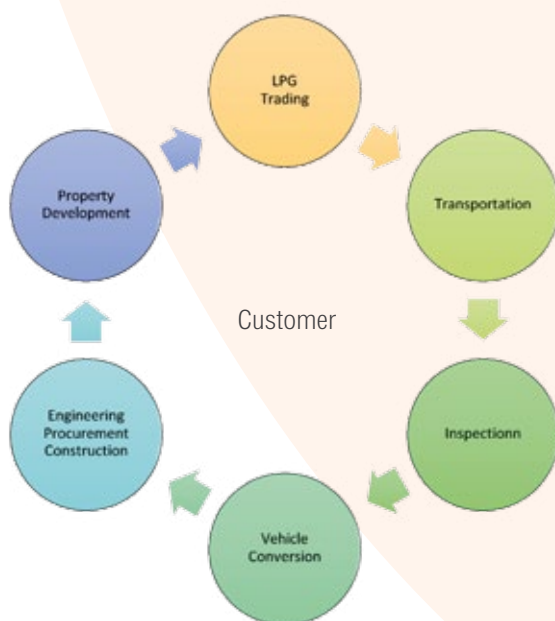
Policy The Group of Companies' vision is to expand and grow together in the Group, fostering one another in business operations with corporate social responsibility, care for the environment, consideration of all stakeholders, as well as promotion of free competition where no action will be taken to distort market prices which would result in adverse impact to consumers, supporting a steady and sustainable growth.

### Environmental, Social, and Governance Committee Management Structure



The Company appointed the Environmental, Social, and Governance (ESG) Committee which comprises of executives, managers, and personnel, with roles and responsibilities in the development of corporate social responsibility, environment, and economy. The ESG Committee reports to the Executive Committee and utilizes communication channels such as corporate website, email, skype, Facebook, and PR banners in communicating with personnel and stakeholders.

### Company Overview



### TAKUNI CSR Framework



## Economic

### Fair Business Dealings

The Company places emphasis on fair treatment, applying ethical principles to other related organizations with regards to anti-corruption, fair competition and corporate social responsibility, and respect for asset ownership, fostering relationships between businesses and individuals in government agencies and other related organizations such as personnel, shareholders, partners, contractors, clients, competitors, and professional associations.

### Anti-Corruption

The Company is aware of the importance and places emphasis on anti-corruption both within and outside of the organization. The Company adheres to business operations executed with transparency, denies corruption in all forms both directly and indirectly, ensures all processes and steps can be checked, as well as specifies policy and measures preventing such action.

The Company communicates to personnel of all level, as well as specifies in the Company code of conduct to create awareness on actions contributing to corruption and corruption as a cause of business, social, and national detriment. As a result, every agency plays a part in the cultivation and growth of the nation where corruption is eliminated.

### Responsibility to Consumers

The Company is committed to fair marketing practice by offering quality and safe products coupled with the provision of excellent services to clients, ready to respond to client needs in providing product usage suggestion, providing consultancy on issues and solutions, and receiving complaints for the ultimate satisfaction of clients.



- **Morning talk:** Safety officer goes over safety information with personnel before execution of duties
- **Safety minutes:** Executives specify the inclusion of such agenda in the meeting between project lead and executives

The Company has registered with the Department of Energy Business, Ministry of Energy as LPG trainer and in 2018, to ensure that operators perform their duties with awareness of LPG safety, the Company held the following training courses.

#### 1) LPG Field Operator Course

Batch No. 1	June	20 attendees
Batch No. 2	August	13 attendees
Batch No. 3	October	18 attendees

## 2) LPG Containment Operator Course

Batch No. 1	March	55 attendees
Batch No. 2	May	63 attendees
Batch No. 3	June	73 attendees
Batch No. 4	August	39 attendees

## Owning and Disseminating Innovation from Operations with Responsibility to the Society, Environment, and Stakeholders

The Company recognizes the benefits and value of operations with corporate social responsibility. The Company creates or searches for new ideas different from previously practiced, covering business, economic, social, technological and environmental aspects of innovation which creates value.



- Sound wave detection using phase array technique enables testing without disrupting other processes. As no radiation is used, this increases work safety. Moreover, checks on high pressure chemical storage tanks require steel of over 50 millimeters thick and would take an extended period of time for radioactive testing. Phase array technique will be used in replacement, enabling time savings, providing instantaneous results.

## Environment

The Company places emphasis on caring for in-process environment and non-process environment, considering impact to the society and environment equivalent to international standards and striving to develop clean and advanced technology to maximize efficiency in all processes.

TAKUNI Care project hosts activities under the environmental management policy and encourages personnel to take part in activities to instill sustainable care for the environment, utilizing the 5 R's principles: reduce, reuse, recycle, repair and reject.

Reduce	:	Reduce the creation of waste such as purchase of refill products
Reuse	:	Extend product life or utilization of benefits and bringing back for reuse
Recycle	:	Wastes which keep their shape and are difficult to degrade are re-manufactured
Repair	:	Repairable products are repaired and brought back for use
Reject	:	Avoid the use of dangerous products

**Waste for Merit Activity** was held in accordance with the 5 R's (reduce, reuse, recycle, repair and reject) with the ultimate goal of zero waste while promoting revenue from waste separation and reducing cost by reusing or repairing. Revenues from waste separation contribute as donations to the Nontapum Home for Children with Disabilities Foundation.

#### Bio-Fermented Water and Bio-Fertilizer



Activity involves the fermentation of leftover food, creating bio-fermented water and bio-fertilizer, reducing cost of cleaning products such as dish washing liquid, floor cleaning concentrate, bathroom cleaning liquid, and washing powder, and creating revenues from the sale at TAKUNI plaza event to those interested.

The Company has a policy promoting conservation of resources and use with mindfulness on the value of resources and sets KPI of personnel in such matter. The Company also posts banners encouraging conservation of water such as using water as necessary, avoiding continuous running of water or overflow or utilizing water left from dishwashing and floor cleaning in watering of plants, as well as conservation of electricity such as turning off the lights, air-conditioner, computers, and electrical appliances during lunch break, avoiding plugging in water kettle throughout the day, boiling water only as needed, performing checks of electrical appliances such that they are available for use, or cleaning of air-conditioners.

#### Resource Usage Statistics

	2016 (THB million)	2017 (THB million)	2018 (THB million)
Electricity	2.26	2.36	2.23
Water	0.22	0.21	0.19
Paper	0.08	0.07	0.06

The Company has in place measures in the disposal of dangerous waste or waste which may create pollution to the ecosystem by recalling dangerous waste for disposal by third party certified for standards in accordance with the law.

The Company attended the mai Forum 2018 event as an exhibitor on 1 July 2018, held by the mai Association in conjunction with the Market for Alternative Investment (mai) as one of the annual investor relations events practically displaying the hosting of exhibition which helps reduce global warming. Participants were encouraged to attend the event through the use of the BTS or public transportation to reduce the use of energy during commute, registration was conducted through a QR Code system to reduce the use of paper, the air-conditioner temperature was set to reduce electricity use, and supported the purchase of credit in compensation for the event of 24 carbon dioxide-equivalent trees in accordance with the guidelines of Carbon Neutral Event as certified by Thailand Greenhouse Gas Management Organization (Public Organization), which constitutes as an event hosting model with no greenhouse gas emissions.



- TAKUNI participates in the mai FORUM 2018 at the Bangkok Convention Centre Floor 22 Centara Grand at CentralWorld on 1 July 2018



- Carbon Neutral Certificate from the Thailand Greenhouse Gas Management Organization (Public Organization)

The Company recognizes the Company's responsibility to the environment. In the logistics business, the Company installs GPS devices on every vehicle (devices must be certified by the Department of Land Transport) to monitor the standards of drivers such as speed, distance, and turning off the engine when parked, with regular reports to executives' meetings every month.

The Company participated in the Green Industry Project hosted by the Ministry of Industry and received certification as being a level 2 green industry (the green initiative: green active) in the development of environmental plan to practically reduce environmental impact. The Company held activities to reduce environmental impact as specified by planting fruit trees, flowers, and homegrown vegetation in attempts to increase green areas and create areas of shade, ultimately leading to trees absorbing carbon dioxide, which is the cause of global warming, and trapping certain pollution molecules such as dust and smoke. Moreover, homegrown vegetation filled with vitamins and minerals and free from chemicals, can be used for consumption leading to reduced costs in the household and strengthening of good relationships between personnel in participating in such activities.

## Social

### Respect for Human Rights

The Company operates its business with caution, considers the impact of the violation of rights of personnel, community, and society, and implements preventive measures in the Company's corporate governance by putting in place appropriate complaint mechanisms for those who believe their rights have been violated or have been unfairly treated through the following channels.

**Channel 1** Through postage, addressing the envelope to the Chairman of the Audit Committee or Secretary of the Audit Committee and sending to Takuni Group Public Company Limited, 140/1 Soi Naveechareonsap, Kanchanapisak Road, Bangkae Bangkok 10160

**Channel 2** Through email at [auditcom@takuni.com](mailto:auditcom@takuni.com)

**Channel 3** Through the Company's website at <http://www.takunigroup.com>

The Company recognizes the importance of equality, and employs male and female personnel with fair treatment with regards to rights, duties, responsibilities, and opportunities.



### Takuni Group Public Company Limited and Group of Companies' Personnel

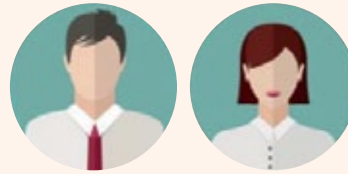
6 Executives

393 Employees



3 Males

3 Females



297 Males

หญิง 96 คน



- The Company gives the opportunity and supports the creation of employment for the disabled such to generate revenues, enable self-dependence, and reduce burden to families and the society.

#### Fair Treatment of Labor

The Company has a policy to treat all personnel with equality and fairness, care for well-being, safety, and hygiene in the workplace, as well as support organizational development of knowledge and individual development to enhance professionalism and work system.

Moving the business towards success requires quality personnel as a key component. As such, the Company develops its human resources through personnel development in the form of skill training and enhancing personnel potential to maximum efficiency for organizational growth.

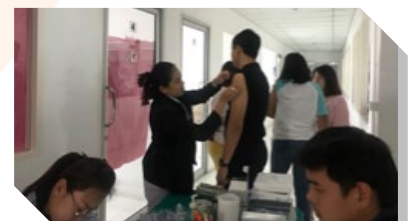
#### Knowledge Development and Skill Training for Professional Excellence

Personnel Training	2016	2017	2018
Internal Training	9 times	63 times	42 times
External Training	54 times	48 times	34 times

The Company arranged for career path, knowledge competency, and skill competency development system and communicated such policy for acknowledgement and access by all personnel.

#### Personnel Leave Days and Re-employment Statistics

Details	2016	2017	2018
1. Sick Leave	84 people	109 people	149 people
2. Maternity Leave	2 people	2 people	1 person
3. Re-employment	1 person	2 people	6 people



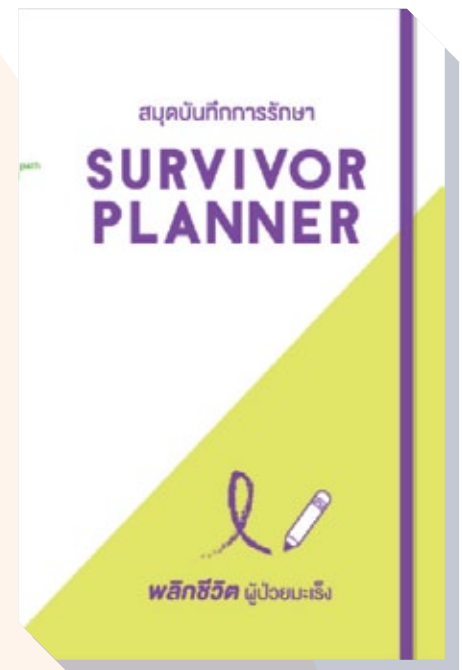
• 2018 Annual Health Check-up

## Loan Project

The Company has in place a personnel loan project whereby the Company entered into an agreement with G Capital Public Company Limited in the provision of individual loans (in the form of loan benefits) in which personnel will receive special interest rates, terms of credit approval, and terms of repayment superior to taking out loans from other financial institutions. This will lead to reduced credit card debt issue, prevent usury loan issues, or issues affecting work which may ultimately lead to personnel committing fraud against the Company.

**Health Stairs Activity** This is to create awareness that exercise can be done anywhere at any time even at work, and helps conserve electricity that would otherwise be consumed in the utilization of elevators.

The connection and relationship between personnel and the Company, as well as promotion of good traditions and values of the Company are instilled in policies to promote expression of thought and leadership, whereby personnel take the initiative to speak, think, and act from within, leading to acceptance and compliance without having to do with education or social status. This creates joint learning which is practicable. Leaders must create leaders and empower, believe in, and give opportunities for others to build on their capabilities from their thoughts and mindset to skills and practice, with the use of activities as a medium in connecting different parties.



- The Company public education on NDT by training specialist speaker.



- Personnel practice their NDT skills to improve their work skills.



- Fire evacuation and fire extinguishing training



- Preservation of good traditions and culture



- Employees and executives play sporting events



- CEO gives scholarships and honor to employees



- Personnel join efforts in planting trees to increase green area for TAKUNI building.



- Mosquito repellent from aromatic lemon grass (lemon grass from the green area project) available for sale at the TAKUNI Market



# Shareholders & Management Structure

## 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 December 12, 2018 are as follow:

Shareholders		No. of Shares	%
1	Ms. Nita Treeweeranuwat	152,610,002.00	19.08
2	Mr. Takool Treeweeranuwat	129,709,401.00	16.21
3	Mr. Prasert Treeveeranuwat	129,472,993.00	16.18
4	Mr. Phuphat Limthammanee	13,320,000.00	1.67
5	Mr. Somchai Kittidutsaditham	9,100,000.00	1.14
6	Thai NVDR Co., Ltd.	7,014,112.00	0.88
7	Mr. Jumroen Rungwattanasat	6,572,500.00	0.82
8	Ms.Nisita Singha	5,720,000.00	0.72
9	Mr. Parames Tangchalermkul	5,629,300.00	0.70
10	Mr.Thanet Charoenchai	5,580,900.00	0.70
11	United Charter Co., Ltd.	5,000,000.00	0.63
12	Mr. Chaowarat Wetpinyo	4,159,200.00	0.52
13	Mrs. Jintana Ananprakrit	4,000,000.00	0.50
14	Mr. Wichain Srimuninnimit	4,000,000.00	0.50
15	Mrs.Suvimol Yingthanpiboon	4,000,000.00	0.50
<b>Total</b>		<b>314,111,592.00</b>	<b>60.75</b>

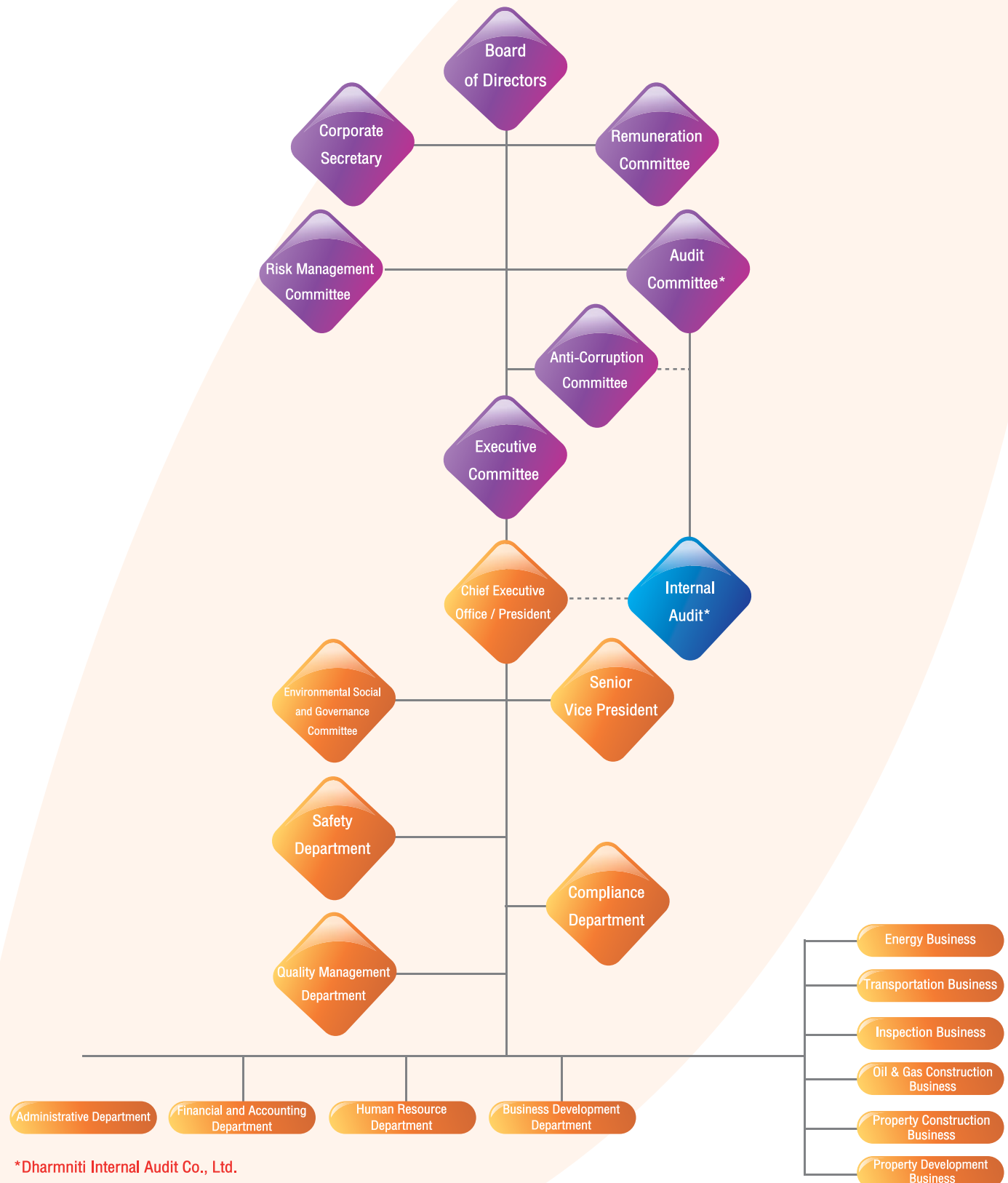
### Dividend Policy

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 (%)	Amount (Baht)	% Paid Dividends
2561	31,826,529	800,000,000	0.03750	30,000,000	94.26
2560	32,187,308	800,000,000	0.03500	28,000,000	86.99

## TAKUNI Organization

The Board of Directors has approved the organization on the Board of Directors meeting no. 1/2560 on January 26, 2017. The management structure is as follows:



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 December 31, 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 Term 4 23/4/2018	DCP / RCP
2. Mr. Chareon 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 Term 4 23/4/2018	DAP
5. 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
6. Ms. Kanchana Rimpanichayakij	Director/ Executive Committee	Term 1 26/3/2007 Term 2 27/4/2015 Term 3 26/4/2017	DAP
7. Ms. Nita Treeweeranuwat	Director (Executive)/ Executive Committee	Term 1 19/12/2012 Term 2 4/4/2013 Term 3 26/4/2016 Term 4 23/4/2018	DAP / DCP / CSP / EDP
8. 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) 12 meetings in FY2018	Audit Committee Meeting (3 person) 7 meetings in FY2018	Remuneration Committee Meeting (3 person) 3 meetings in FY2018	Executive Board Meeting (4 person) 13 meetings in FY2018	The Independent Directors' Meeting (3 person) 2 meetings in FY2017
1. Mr. Visit	Akaravinak	12/12	5/6	3/3	-	2/2
2. Mr. Chareon	Prajumtan	12/12	6/6	3/3	-	2/2
3. Mr.Kaveewat	Songsakulkiat	12/12	6/6	3/3	-	2/2
4. Mr. Prasert	Treeveeranuwat	12/12	-	-	12/13	-
5. Ms. Kanchana	Rimpanichayakij	12/12	-	-	4/13 <sup>1/</sup>	-
6. Ms. Nita	Treeveeranuwat	12/12	-	-	12/13	-
7. MR. Somchai	Kanbuakeaw	12/12	-	-	12/13	-

note : 1/ Ms. Kanchana Rimpanichayakij Resignation on Executive Board Meeting As May 9 , 2018

### 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 <sup>1/</sup>
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 2018 Annual General Meeting of Shareholders on April 23, 2018 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 2018, 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 2018)	Total (Baht)
1. Mr. Visit	Akaravinak	360,000.00	-	96,491.00	456,491.00
2. Mr. Chareon	Prajumtan	360,000.00	-	96,491.00	456,491.00
3. Mr. Kaveewat	Songsakulkiat	300,000.00	-	96,491.00	396,491.00
4. Mr. Prasert	Treeveeranuwat	-	120,000.00	52,631.00	172,631.00
5. Ms. Kanchana	Rimpanichayakij	-	120,000.00	52,631.00	172,631.00
6. Ms. Nita	Treeweeranuwat	-	120,000.00	52,631.00	172,631.00
7. Mr. Somchai	Kanbuakeaw	-	120,000.00	52,631.00	172,631.00
<b>Total</b>		<b>1,020,000.00</b>	<b>480,000.00</b>	<b>499,997.00</b>	<b>1,999,997.00</b>

- Other forms of compensation or welfare

- No

## Executive

As of December 31, 2018, the Company consist of 6 executives and paid out the 2018 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. Udom	Miphuangphon	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 2018 and 2017, 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	2018 14 person	2017 12 person
<b>- Remuneration</b>		
Salary	28.18	23.63
Bonus	1.88	1.65
<b>- Other compensation</b>		
Provident Fund1/	0.27	0.25
Car allowance	YES	YES
<b>Total</b>	<b>30.33</b>	<b>25.53</b>

Note : 1/ The Company and its subsidiaries Provident fund is provided by the contribution company at a rate of 2% of salary. CAZ (Thailand) Public Company Limited Provident fund is provided by the contribution company at a rate of 3-5% of salary

### Staff

As of December 31, 2018 and 2017, 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 2018	31 December 2017
Sales	4	7
Human Resources	5	6
Finance and Accounting	17	20
Purchasing	2	2
IT	3	2
Compliance	2	2
Warehouse-Gas	11	11
Executive Secretary	1	1
Quality Management Department	1	-
Gas Terminal Construction Project	7	-
<b>Total</b>	<b>53</b>	<b>51</b>

Takuni Thailand Company Limited

Division	Number of Staff	
	31 December 2018	31 December 2017
General Services	12	11
Engineering	-	-
Warehouse	1	7
Human Resources	7	1
<b>Total</b>	<b>20</b>	<b>19</b>

Rajchapluek Engineering Company Limited

Division	Number of Staff	
	31 December 2018	31 December 2017
Management	3	10
Operation	111	93
Administration	23	12
Security	1	1
Sales	6	9
Finance and Accounting	3	-
<b>Total</b>	<b>147</b>	<b>125</b>

G Gas Logistics Company Limited

Division	Number of Staff	
	31 December 2018	31 December 2017
Transportation	27	28
Security	1	-
<b>Total</b>	<b>28</b>	<b>28</b>

CAZ (Thailand) Public Company Limited<sup>1/</sup>

Division	Number of Staff	
	31 December 2018	31 December 2017
Executive Secretary	1	1
Marketing	1	1
Construction Department	278	197
Finance and Accounting	7	5
Purchasing	6	6
Appraisal Department	7	7
Warehouse and Delivery Department	2	2
Human Resources	12	10
Drawing Department	19	16
IT	2	2
<b>Total</b>	<b>335</b>	<b>247</b>

Note : 1/ CAZ is a subsidiary of the Company on April 7, 2016. Takuni (Thailand) Company Limited, a subsidiary of the Company Shareholding at 36.64%

JKEC Company Limited

Division	Number of Staff	
	31 December 2018	31 December 2017
Human Resources	3	2
Finance and Accounting	2	1
Project Control Department	3	1
Construction Department	35	23
<b>Total</b>	<b>43</b>	<b>27</b>

Note : <sup>1/</sup> JKEC is a subsidiary of the Company CAZ (Thailand) Public Company Limited, a subsidiary of the Company Shareholding at 73.71%

As of December 31, 2018 and 2017, the total number of the Company's employees (not include executive) is 626 employees and 497 employees, respectively. Total amount of compensation which is in cash form (salary, bonus, contribution fund, and social insurance and overtime fee) is 222.66 Million Baht for 2018 and 155.87 Million Baht for 2017. 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	71	<b>Master Degree :</b> - Sasin Graduate Institute of Business Administration	2012 - Present	Independent Director / Chairman of Director / Member of Audit Committee / Member of Remuneration Committee	Takuni Group PLC.
		<b>Bachelor Degree :</b> - Engineering (Electrical) Chulalongkorn University	Present	Specialized Committee Member for National Standard	Ministry of Industry
		<b>Training Experience :</b> - Diploma Executive Program Capital Market Academy (CMI 6)  - DCP 49/2004, RCP 12/2005 Thai Institute of Directors Association	Present	Senior Engineer Expert Committee	Engineering Institute of Thailand
2 Mr. Chareon Prajuntan	71	<b>Master Degree :</b> - Faculty of Political Science, Thammasat University	2014 - Present	Independent director / Chairman of Director	PAE (Thailand) PCL.
		<b>Bachelor Degree :</b> - Faculty of Engineering, KMUTT - School of Law, Sukhothai Thammathirat Open University  <b>Training Experience :</b> - DCP 88/2007, ACP 14/2006, DAP 56/2006, QFR 4/2006 Thai Institute of Directors Association	2012 - Present	Evaluation Committee Integrated government examination	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	62	<b>Bachelor Degree :</b> - Accounting Rajamangala University of Technology - General Administration Ramkhamhaeng university - Advanced Diploma of Accountancy Thammasat University  - Certified Public Accountant The Federation of Accounting Professions  <b>Training Experience :</b> - DAP 134/2017, Thai Institute of Directors Association	2016 - Present	Independent director / Chairman of Remuneration Committee / Member of Audit Committee	Takuni Group PLC.
				2015 - 2017	Chairman, Academic Subcommittee on Accounting	Association of Accounting and Law Offices
				2007 - 2018	Financial and accounting consultants	Kantana Group PCL.
4	Mr. Prasert Treeveeranuwat	57	<b>High School :</b> Bodindecha (Sing Singhaseni) School  <b>Training Experience :</b> - DAP 103/2013 Thai Institute of Directors Association	2016 – Present	Director	CAZ (Thailand) PLC.
	Husband of Ms. Kanchana Rimpanichayakij Father of Miss Nita Treeweeranuwat			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 - Managing Director	Takuni Group PLC.
				2002 – 2018		Takuni (Thailand) Co., Ltd



Name Position	Age (Years)	Educational Credential / Training Experience	Working Experience in last 5 years		
			Period	Position	Sector / Company
(Continued)			2000 – 2015	Director	G-Gas Logistics Co., Ltd.
			1995 – 2015	Executive	Rajchapluak Engineering Co., Ltd.
5 Ms. Nita Treeweeranuwat  Child of Mr. Prasert Treeveeranuwat and Ms. Kanchana Rimpanichayakij	57	<b>Master Degree :</b> - MSc International Financial Management, Queen Mary University of London  <b>Bachelor Degree :</b> - BEng Mechanical Engineering University of Nottingham  - Mechanical Engineering Department, Thammasat University  <b>Training Experience :</b> - EDP 2017 , TLCA - DAP 100/2013, CSP 52/2013 , DCP 208/2015 Thai Institute of Directors Association	2017– Present  2015– Present  2014 –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) PLC.  Takuni (Thailand ) Co., Ltd.  Takuni Group PLC.  Rajchapluak Engineering Co.,Ltd.
6 Ms. Kanchana Rimpanichayakij  Wife of Mr. Prasert Treeveeranuwat  Mother of Miss Nita Treeweeranuwat	59	<b>Bachelor Degree :</b> Business Administration College, Assumption University  <b>Training Experience :</b> - DAP 103/2013 Thai Institute of Directors Association	2012 – Present  1995 – 2015  2018 - Present	Director/ Executive Committee  Director  Director	Takuni Group PLC.  Rajchapluak Engineering Co., Ltd.  CAZ (Thailand) PLC.
7 Mr. Somchai Kanbuakeaw	70	<b>Bachelor Degree :</b> - Science (Mechanical) Sriprathum university - Science (Mechanical) College of Technology and Vocational Education  <b>Training Experience :</b> - DAP 129/2016 Thai Institute of Directors Association	2016 - Present 2015 - Present  2015 - Present 2015 - Present  2015 - Present 1972 – 2008	Director/ Executive Committee Director  Director Director  Director Specialist	- Takuni Group PLC. - Takuni (Thailand) Co., Ltd - Rajchapluak Engineering Co., Ltd. - G-Gas Logistics Co., Ltd. - CAZ (Thailand) PLC. - Department of Energy Business

Name Position		Age (Years)	Educational Credential / Training Experience	Working Experience in last 5 years		
				Period	Position	Sector / Company
8	Ms. Chatprapa Chansri	52	<b>Bachelor Degree :</b> - Human Resource Management, Rajabhat Institute Bansomdej Chao Phraya	2013 - Present	Executive Committee / Vice President Transportation Business	Takuni Group PLC.  G-Gas
				2010 - Present	Managing Director / Director	Logistics Co., Ltd.
9	Mrs. Thitima Tanapakit	38	<b>Master Degree :</b> - Graduate Business, Thammasat University  <b>Bachelor Degree :</b> - 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	Tossaphol plitaporn	46	<b>Bachelor Degree :</b> - 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.
				2016 - 2016	Executive Committee / Chief Executive Officer - Corporate Potential	Cho Thavee PLC.
				2015 - 2016	Senior Vice President - The Crane Academy	CHU KAI PLC.

# Board of Directors and Executives Shareholding

Name	Common Stock		
	12 December 2018	20 February 2017	Change
1. Mr. Visit Akaravinak	-	-	-
2. Mr. Chareon Prajumtan	-	-	-
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	2,434,100	459,500	1,974,600
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 Kalapluak 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	FY2018	
1. Revenue from LPG Trading	- Middle G	TAKUNI provides LPG to this related party.	13.78	17.09	<p>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.</p> <p>The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism.</p>
	- Pranee Petroleum		6.18	9.54	
	- SVP Kanlapapluek Petroleum		4.51	3.99	
2. Revenue from LPG Transportation	- Vera	GG provides LPG transportation service to this related party.	0.15	0.17	<p>This is considered as normal business transaction. The service fee and condition are the same as other customers.</p> <p>The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism.</p>
3. Revenue from sell and services	- Middle G	TT sells spare parts of gas piping system to these related party.	0.077	0.053	<p>This is considered as normal business transactions. All selling price and sales condition are the same as other customers.</p> <p>The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism.</p>
	- Middle G	RE provides testing and inspection service to these related parties.	0.006	0.006	
	- Vera		0.012	0.005	
	- Pranee Petroleum		0.006	0.006	
	- SVP Kanlapapluek Petroleum		-	0.006	
4. Other income	- Middle G	TAKUNI provides training service to these related parties	0.005	-	<p>These are considered as normal business transactions. All service rate and condition are the same as other customers.</p> <p>The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism.</p>
	- SVP Kanlapapluek Petroleum		0.002	-	

### 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
- 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. 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.

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

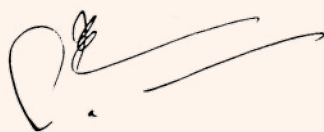
Board of Directors is responsible for consolidated financial statements of Takuni Group Public Company Limited and its subsidiaries which prepared in accordance with generally accepted accounting principles, under Accounting Act, B.E. 2543 and the financial reporting requirements of the Securities and 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



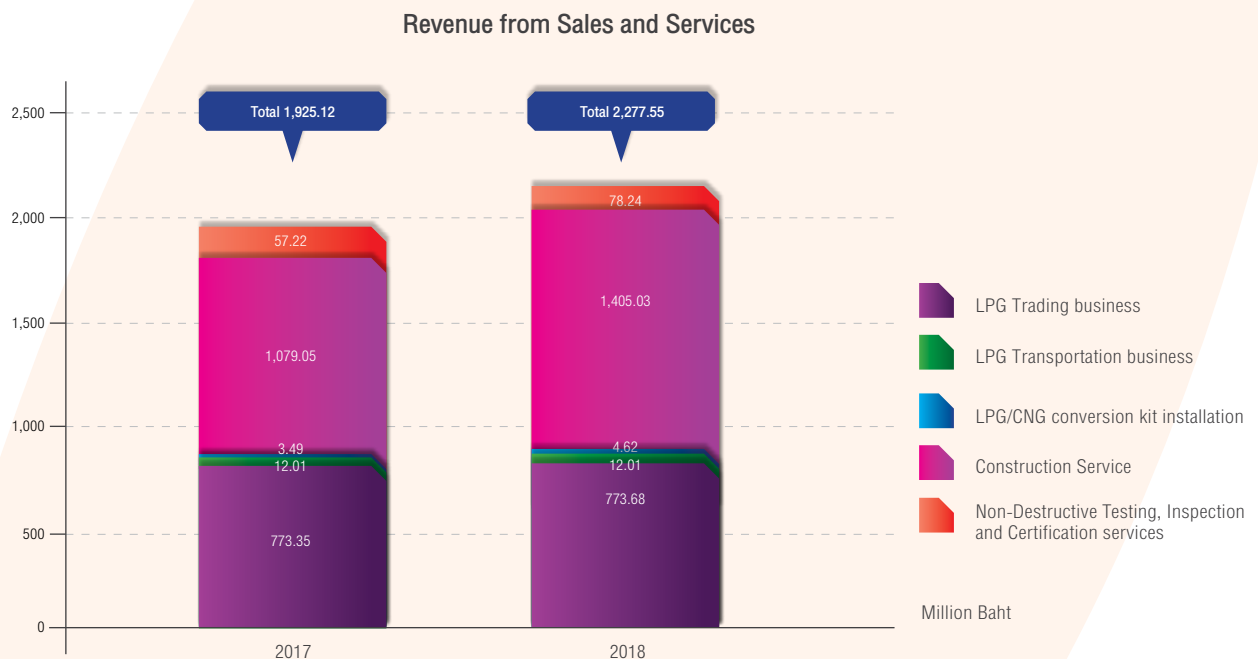
(Mr. Prasert Treeweeranuwat)  
Chief Executive Officer / President

# Financial Status and Operational Results

## 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 1,925.12 Million Baht in 2017 to 2,277.55 Million Baht in 2018 because the Group recognized revenue from construction service for the year 2018 amounting of 1,405.03 Million Baht, increased 30.21% from the precious year which was 1,079.05 Million Baht. However, from the Company's revenue by business unit, LPG trading and construction service were the largest portion, which is 33.97% of total revenue, and 61.69% of total revenue, respectively.

## 1. Revenue

### LPG Trading

Revenue from LPG trading is one of the major portion revenue of the Group. Overall LPG volume for the year 2018 has decreased 2.27% from the last year while the average selling price increased 2.37%. Structure of Revenue from LPG trading in 2017 and 2018 are as follow:

Unit : Ton	2017	2018
LPG sales volume	43,166	42,184
Selling Price per ton	17,916	18,341

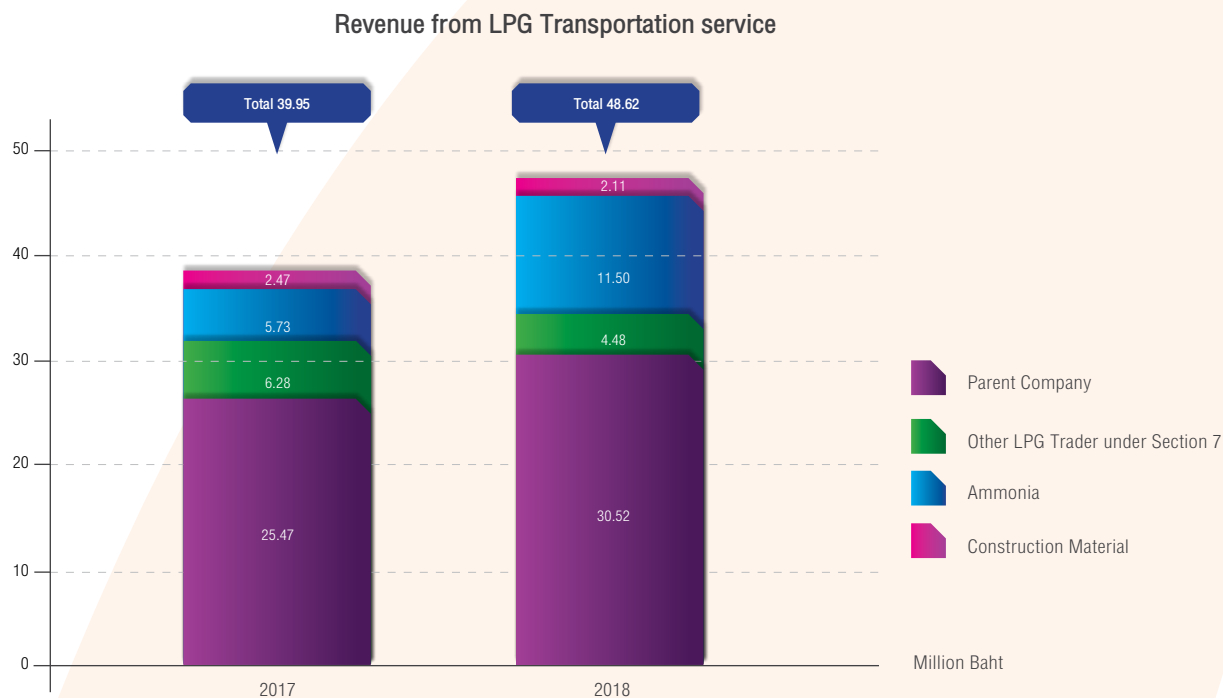
Slightly increased in selling price compared to the last year was resulted from LPG pricing of the board of National Energy Policy office and the Company's strategy of not to engage in price war. However, the sales volume to LPG stations (automotive section) during 2018 decreased 13.10% from the previous year, in line with sales volume of other LPG traders under section 7 of the Fuel Trade Act, B.E.2543. Meanwhile, the Company has expanded market to industrial sector and household sector in order to maintain overall LPG volume, resulted in increased LPG sold to industrial sector 47.36% and to household sector 120.98% compared the same period of previous year. The sales volume of 2017 and 2018 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 and household sector in order to maintain overall LPG volume.

## Hazardous and construction equipment transportation service

Currently, the Company provides LPG transportation service mainly to its subsidiaries. Revenue from transportation service in 2018 is 48.62 Million Baht, increased from last year revenue which was 39.95 Million Baht, accounting for 21.67% due to increase in LPG and Ammonia transportation service for the year.



Revenue from transportation service to the third party which present in 2018 consolidated financial statement, 15.98 Million Baht, has been increased from last year, amount 12.01 Million Baht, by 33.06% due to the increased in Ammonia transportation service, which started service since November 2016, which already recognized revenue 11.50 Million Baht in 2018 consolidated financial statements.

## Construction service

For 2018, revenue from construction service is the major portion revenue of the Group. Revenue from construction service sharply increased in 2018 because the Group has been awarded new project for oil and gas construction service and recognized service income of 1,405.03 Million Baht, increased 325.98 Million Baht or 32.38% from the previous year. However, the Group has completed the property construction which recorded revenue amounting of 44.54 Million Baht in the second quarter of 2017.

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

## Non-Destructive Testing and Inspection service

Revenue from Non-Destructive Testing and Inspection service to the third party increased from 57.22 Million Baht in last year to 78.24 Million Baht, accounting for 36.74%, due to the expansion of service into eastern region in order to enlarge service rather than Testing and Inspection service according to Department of Energy Business (DOEB) requirement.

### Other revenue

Other revenue of the year 2018 was 15.24 Million Baht, comprised of interest income from short-term investment, gain on disposal of fixed asset, LPG depot rental service.

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

### LPG Trading

Cost of LPG trading are comprised of fuel, transportation to depot, and through-put charge. In 2018, the Company can maintain gross profit from LPG trading as the strategy of not engage in LPG price war together with well-planned on LPG transportation both to depot and to customer. Through-put cost for 2018 has decreased 15.78% from the previous year.

For selling and administrative expense of LPG trading are transportation to customer, personnel and depreciation expense. Total selling and administrative expense in 2018 was 75.53 Million Baht, accounting for 9.76% of LPG sales, increased 10.13 Million Baht from the last year, which was 65.40 Million Baht. The main expense is personnel expense, 43.03 % of selling and administrative expense, which increased 5.5% from last year due to annual salary incremental. Moreover, the Company has reserved allowance for doubtful account amounting of 1.42 Million Baht due to the liquidity issue of LPG customers. However, operating profit for 2018 was 0.80%, which was the same as the last year.

### Hazardous and construction equipment transportation service

The costs of transportation service are comprised of fuel, personnel, vessel repair and maintenance and depreciation expense. The proportion of cost and administrative expense for transportation service in 2018 has no significant difference from the previous year. However, there were disposal of the redundant LPG trucks during 2018. Thus, operating profit for 2018 increased to be 32.39% from the last year which was 9.14%.

### 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 83.34% of total cost of service. Selling and administrative expense in 2018 has increased 8.62 Million Baht, or 13.19%, from the last year. This result from the increased in personnel expense of 5.27 Million Baht, or 18.91% compared to the last year, as increased in number of employee to support the construction service business. Operating profit from construction service in 2018 increased from 4.90% to be 5.58% because of the rapid growth of service income.

### 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 71.86%. The personnel expense for 2018 has increased since the Group has got more engineer 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 2018 increased 26.42% compared to the previous year. However, operating profit increased to be 1.75% from the last year operating loss as the first stage of business expansion to eastern region which service income can't cover fixed costs.

### 3. Profit Ability

The Group's gross profit according to the 2018 consolidated financial statements was 248.42 Million Baht, accounting for 10.91% of sales. The amount was increasing from 2017 which total gross profit was 190.47 Million Baht, accounting for 9.89% of sales. This mainly resulted from cost management from LPG trading and Oil and Gas construction service business.

Net profit attributable to the parent company in 2018 was 32.13 Million Baht, increased from 2017 which net profit was 25.35 Million Baht, accounting for 26.74%. The increasing in net profit was resulted from the sharply increased in Oil and Gas construction service income, result in decreased in administrative expense proportion.

#### Financial Position

(Unit: Million Baht)	31 December 2018	31 December 2017	Changes
<b>Assets</b>			
Cash and cash equivalents	212.68	347.12	(134.44)
Short term investments	59.90	40.65	19.25
Trade and other receivables - net	255.88	263.44	(7.56)
Unbilled receivables	286.04	86.38	199.66
Inventories - net	308.56	31.94	276.62
Pledged and restricted bank deposits	37.35	9.69	27.66
Investment Properties	22.28	116.67	(94.39)
Property, plant and equipment	564.97	524.06	40.91
Goodwill	19.38	19.38	-
Other assets	146.59	96.79	49.80
<b>Total assets</b>	<b>1,913.63</b>	<b>1,536.12</b>	<b>377.51</b>
<b>Liabilities and shareholders' equity</b>			
Trade and other payables	346.27	224.78	121.49
Advance received from construction service	385.02	161.20	223.82
Borrowing from financial institutions	241.52	228.22	13.30
Financial Lease Liabilities	5.93	4.96	0.97
Other liabilities	46.04	39.96	6.08
Shareholders' equity	888.85	877.00	11.85
<b>Total liabilities and shareholders' equity</b>	<b>1,913.63</b>	<b>1,536.12</b>	<b>377.51</b>



**Total Asset**

The value of total assets as at December 31, 2018 was 1,913.63 Million Baht, increased 377.51 Million Baht from 2017 by 24.58% due to following reasons:

- Cash and cash equivalents decreased 134.44 Million Baht from the previous year because the Group has purchased land for property development, equipment for service business, and repayment loan from financial institution during the year. Moreover, the Group had more invest in short-term investments amounting of 20 Million Baht.
- Unbilled receivables increased 199.66 Million Baht from the last year because the increased in revenue recognition from oil and gas construction service, which in line with its service income and backlog, but still not billing under customer process.
- Inventory increased 276.62 Million Baht because material purchased for oil and gas construction service. Also ,there was the reclassification of investment property amounting of 93.45 Million Baht and additional land purchase of 41.55 Million Baht to be inventory in order to support the business expansion on property development
- Investment properties decreased 94.39 Million Baht as the reclassification to be inventory as mention above.
- Property, plant and equipment slightly increased 40.91 Million Baht because the Group has purchased tools and equipment for oil and gas construction service and testing and inspection service to support its business expansion.

**Total Liabilities**

The value of total liabilities as at December 31, 2018 was 1,024.78 Million Baht, increased from 659.12 Million Baht in 2017 by 55.48% due to following reasons:

- Trade and other payables increased 121.49 Million Baht because of the increased in trade payables from material purchased for oil and gas construction service.
- Unearned income of oil and gas construction service increased amounting of 223.82 Baht according to the advance received from new construction project near the end of the year.
- The Group has repaid long-term borrowings from financial institutions amounting of 45.88 Million Baht as the payment term during the year. However, the Group has short-term loan from bank amounting to 59.18 Million Baht to use as working capital. The Group repaid all short-term loan from bank in January 2019.

**Shareholders' equity**

The value of total shareholders' equity as at December 31, 2018 was 888.85 Million Baht, which equity attributable to owners of the parent was 808.22 Million Baht. It has been increased from 2017 which was 804.43 Million Baht, by 0.47% due to the comprehensive income for the year 2018 to the parent company amounting to 30.71 Million Baht and dividend payment during 2018 amounting of 28.00 Million Baht.

# Consolidated and Separate Financial Statements

**TAKUNI GROUP PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
31 DECEMBER 2018**

## 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 2018, 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 2018;
- 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><b>1) Impairment of gas depots and related assets</b></p> <p>Refer to critical accounting estimates and judgements in note 4 and property plan and equipment in note 13.</p> <p>As at 31 December 2018, the Company has gas depots and related assets with a net book value of Baht 80.86 million which represented 8.89% and 4.23% of the total assets in separated 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 management judgements in estimation of discounted cash flow. Key assumptions used in the recoverable amount assessment include:</p> <ul style="list-style-type: none"> <li>• Growth rate</li> <li>• Gross margin rate</li> <li>• Discount rate</li> </ul> <p>As required by Thai Accounting Standard 36 'Impairment of assets', when there is an indicator of impairment, the management is responsible for reviewing the impairment of assets. The impairment test is performed at level of cash generating unit (CGU), which is petroleum gas trading business unit. The impairment loss shall be recognised when carrying value exceed the recoverable amount. Based on the result of the assessment, allowance for impairment charge is not required.</p> <p>I focused on this area due to its significant value and the fact that the assessment 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>In testing the value-in-use method, I engaged an auditor expert to assess the reasonableness of the method that management used to determine the value-in-use whether it was market practice in the comparable industry and assess the reasonableness of discount rate used in the calculation.</p> <p>I challenged the management to assess the appropriateness of key assumptions and method used to estimate the value in use made by management.</p> <p>I tested value in use as follows:</p> <ul style="list-style-type: none"> <li>• challenging the key assumptions and method used in the forecasted future net cash flows such as growth rate, gross margin and comparing with the relevant economic and industry indicators;</li> <li>• 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.</li> </ul> <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 management was reasonable and appropriate based on the environment and circumstances.</p>

Key audit matter	How my audit addressed the key audit matter
<p><b>2) Revenue recognition under construction contracts</b></p> <p>Refer to revenue recognition in note 2.23, critical accounting estimates and judgements in note 4 and trade and other receivables in note 9.</p> <p>The Group recognises revenue from construction contracts arising from property, 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 relates to management's judgement in estimating 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 represents 61.69% 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 in 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 construction cost 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"> <li>• inspecting the actual costs incurred with invoices or receipts</li> <li>• reconciling the actual costs incurred with the inventory details for the construction project, and</li> <li>• testing the completeness of actual costs incurred by focussing on the cut-off expenses related to the construction costs.</li> </ul> <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 2019

**Takuni Group Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2018**

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	6	212,681,600	347,119,350	171,878,891	246,066,025
Short-term investments	7	59,898,707	40,647,819	59,496,623	40,299,547
Trade and other receivables	9	255,882,193	263,437,751	197,500,111	104,868,989
Unbilled receivables	8.1	286,038,976	86,379,170	12,320,534	-
Short-term loans to related parties	28	-	-	243,850,000	193,820,000
Inventories	10	308,561,179	31,938,225	27,389,417	22,354,089
Other current assets		10,982,681	22,082,181	3,993,079	60,969
Total current assets		1,134,045,336	791,604,496	716,428,655	607,469,619
Non-current assets					
Pledged and restricted bank deposits	6	37,348,750	9,686,740	12,559,000	5,686,740
Investments in subsidiaries	11	-	-	91,359,470	91,359,470
Investment properties	12	22,279,001	116,665,414	-	-
Property, plant and equipment	13	564,973,640	524,064,756	83,416,581	86,289,197
Goodwill	14	19,383,641	19,383,641	-	-
Intangible assets		13,684,239	9,443,962	1,553,644	97,395
Deferred income tax assets	17	3,980,148	4,152,847	1,254,307	307,161
Other non-current assets	15	117,927,932	61,121,931	2,925,505	2,066,095
Total non-current assets		779,577,351	744,519,291	193,068,507	185,806,058
Total assets		1,913,622,687	1,536,123,787	909,497,162	793,275,677

Director \_\_\_\_\_ Director \_\_\_\_\_

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 2018**

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Short-term bank borrowings	16	59,179,723	-	-	-
Trade and other payables	18	346,268,820	224,778,546	104,839,019	45,400,536
Advance received from construction contracts and construction income received in advance	8.2	385,025,302	161,206,330	48,495,000	-
Current portion of long-term bank borrowings	16	38,640,000	40,080,000	-	-
Current portion of finance lease liabilities	16	2,450,373	2,196,932	924,465	876,522
Current income tax payable		1,349,534	209,029	-	-
Other current liabilities		24,889,272	22,864,035	1,425,718	707,451
<b>Total current liabilities</b>		<b>857,803,024</b>	<b>451,334,872</b>	<b>155,684,202</b>	<b>46,984,509</b>
<b>Non-current liabilities</b>					
Long-term bank borrowings	16	143,700,000	188,140,000	-	-
Finance lease liabilities	16	3,476,352	2,756,282	481,022	1,405,487
Employee benefit obligations	19	7,699,016	3,921,676	3,474,166	1,231,317
Deferred income tax liabilities	17	-	352,977	-	-
Other non-current liabilities		12,101,346	12,613,969	3,862,381	324,811
<b>Total non-current liabilities</b>		<b>166,976,714</b>	<b>207,784,904</b>	<b>7,817,569</b>	<b>2,961,615</b>
<b>Total liabilities</b>		<b>1,024,779,738</b>	<b>659,119,776</b>	<b>163,501,771</b>	<b>49,946,124</b>

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 2018**

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share Capital	20				
Authorised share capital					
1,200,000,0000 ordinary shares					
at par value of Baht 0.5 each		600,000,000	600,000,000	600,000,000	600,000,000
Issued and paid-up					
800,000,0000 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	8,692,000	7,092,000	8,692,000	7,092,000
Unappropriated		72,290,990	71,178,930	31,775,625	30,709,787
Other component of equity		1,070,428	-	-	-
Equity attributable to owners of the parent		808,217,474	804,434,986	745,995,391	743,329,553
Non-controlling interests		80,625,475	72,569,025	-	-
Total equity		888,842,949	877,004,011	745,995,391	743,329,553
Total liabilities and equity		1,913,622,687	1,536,123,787	909,497,162	793,275,677

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 2018

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
	Notes	Baht	Baht	Baht	Baht
<b>Revenue</b>					
Revenue from sales		778,306,397	776,846,307	773,687,052	773,350,683
Revenue from services		1,499,242,666	1,148,277,479	12,320,534	-
<b>Total revenues</b>		<b>2,277,549,063</b>	<b>1,925,123,786</b>	<b>786,007,586</b>	<b>773,350,683</b>
<b>Cost</b>					
Cost of sales		(714,631,759)	(726,812,430)	(712,397,358)	(724,827,454)
Cost of services		(1,314,493,976)	(1,007,844,737)	(11,022,408)	-
<b>Total costs</b>		<b>(2,029,125,735)</b>	<b>(1,734,657,167)</b>	<b>(723,419,766)</b>	<b>(724,827,454)</b>
<b>Gross profit</b>		<b>248,423,328</b>	<b>190,466,619</b>	<b>62,587,820</b>	<b>48,523,229</b>
Other income	24	15,237,258	16,950,153	52,855,571	55,053,249
<b>Profit before expenses</b>		<b>263,660,586</b>	<b>207,416,772</b>	<b>115,443,391</b>	<b>103,576,478</b>
Selling expenses		(22,793,301)	(18,700,612)	(27,252,306)	(21,507,816)
Administrative expenses		(149,436,076)	(131,077,807)	(54,179,778)	(47,742,466)
Finance costs		(13,095,793)	(14,287,990)	(100,579)	(181,462)
<b>Profit before income tax</b>		<b>78,335,416</b>	<b>43,350,363</b>	<b>33,910,728</b>	<b>34,144,734</b>
Income tax	26	(19,282,145)	(8,178,145)	(2,084,199)	(1,957,426)
<b>Profit for the year</b>		<b>59,053,271</b>	<b>35,172,218</b>	<b>31,826,529</b>	<b>32,187,308</b>
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of retirement benefit obligations		(1,337,784)	(168,316)	(1,161,397)	-
<b>Total comprehensive income for the year, net of tax</b>		<b>57,715,487</b>	<b>35,003,902</b>	<b>30,665,132</b>	<b>32,187,308</b>
<b>Profit attributable to:</b>					
Owners of the parent		32,131,578	25,352,149	31,826,529	32,187,308
Non-controlling interests		26,921,693	9,820,069	-	-
<b>Profit for the year</b>		<b>59,053,271</b>	<b>35,172,218</b>	<b>31,826,529</b>	<b>32,187,308</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		30,711,354	25,247,078	30,665,132	32,187,308
Non-controlling interests		27,004,133	9,756,824	-	-
<b>Total comprehensive income for the year</b>		<b>57,715,487</b>	<b>35,003,902</b>	<b>30,665,132</b>	<b>32,187,308</b>
<b>Earnings per share</b>					
Basic earnings per share (Baht)	27	0.0402	0.0317	0.0398	0.0402

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



Consolidated financial statements											
Notes	Attributable to owners of the parent				Other component of equity				Total owners of the parent	Non-controlling interests	Total equity
	Issued and paid-up share capital	Premium on paid-up capital	Share surplus from business combination under common control	Retained earnings		Change in parent's owner ship interests in subsidiary					
				Appropriated Legal reserve	Unappropriated						
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
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	857,626,734	
	-	-	-	-	-	-	-	-	20,342,833	20,342,833	
	-	-	-	1,642,000	(1,642,000)	-	-	-	-	-	
	-	-	-	(24,968,112)	(24,968,112)	-	-	(24,968,112)	(10,971,346)	(35,969,458)	
Total comprehensive income for the year	-	-	-	-	25,247,078	-	-	25,247,078	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	877,004,011	
Beginning balance as at 1 January 2018	400,000,000	305,527,766	20,636,290	7,092,000	71,178,930	-	-	804,434,986	72,569,025	877,004,011	
	-	-	-	-	-	1,948	-	1,948	752	2,700	
	-	-	-	-	-	1,068,480	-	1,068,480	(1,968,480)	(900,000)	
	-	-	-	1,600,000	(1,600,000)	-	-	-	-	-	
Dividend	-	-	-	-	(27,999,294)	-	-	(27,999,294)	(16,979,955)	(44,979,249)	
Total comprehensive income for the year	-	-	-	-	30,711,354	-	-	30,711,354	27,004,133	57,715,487	
Closing balance as at 31 December 2018	400,000,000	305,527,766	20,636,290	8,692,000	72,290,950	-	1,070,428	808,217,474	80,625,475	888,842,949	

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 2018

		Separate financial statements						
Notes		Issued and paid-up share capital	Baht	Premium on paid-up capital	Baht	Retained earnings		Total equity Baht
						Appropriated Legal reserve	Unappropriated Baht	
Beginning balance as at 1 January 2017								
	Legal reserve	400,000,000		305,527,766		5,450,000	25,162,591	736,140,357
22		-		-		1,642,000	(1,642,000)	-
23	Dividend	-		-		-	(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								
		400,000,000		305,527,766		7,092,000	30,709,787	743,329,553
Beginning balance as at 1 January 2018								
	Legal reserve	400,000,000		305,527,766		7,092,000	30,709,787	743,329,553
22		-		-		1,600,000	(1,600,000)	-
23	Dividend	-		-		-	(27,999,294)	(27,999,294)
	Total comprehensive income for the year	-		-		-	30,665,132	30,665,132
Closing balance as at 31 December 2018								
		400,000,000		305,527,766		8,692,000	31,775,625	745,995,391

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 2018**

Notes	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>Cash flows from operating activities</b>				
Profit before income tax	78,335,416	43,350,363	33,910,728	34,144,734
Adjustments for:				
Depreciation and amortisation charge	49,797,346	41,964,543	5,697,128	5,517,600
Impairment charge for investment properties	12 -	1,143,974	-	-
(Reversal) allowance for doubtful accounts	9 2,073,531	(775,055)	1,729,743	1,041,701
(Reversal) provision for impairment of investment in subsidiary	11 -	-	-	(174,756)
Allowance for net realisable value of inventories, allowance for obsolete and slow-moving inventories	10 (1,456,592)	(1,024,801)	-	-
(Gain) loss on disposals/written-offs of property, plant and equipment	(2,954,088)	(2,777,046)	4,829	-
Write off withholding tax deducted at source	480,941	-	-	-
Employee benefit obligations expense	2,350,365	1,029,822	791,103	186,715
(Gain) loss from remeasurement of investment	7 802,924	(340,282)	802,924	(340,282)
Gain on sale investment	-	(257,190)	-	(257,190)
Interest income	24 (2,408,634)	(3,972,140)	(6,208,973)	(9,947,256)
Dividend income	-	-	(26,999,995)	(23,999,995)
Financial cost	13,095,793	14,287,990	100,579	181,462
	140,117,002	92,630,178	9,828,066	6,352,733
<b>Changes in operating working capital</b>				
- Trade and other receivables	5,360,532	7,230,277	(89,471,145)	(19,374,489)
- Unbilled receivables	(199,659,806)	(85,172,614)	(12,320,534)	-
- Inventories	(181,716,362)	710,529	(5,035,328)	2,426,118
- Other current assets	(5,956,005)	(1,731,776)	(3,932,110)	(8,499)
- Other non-current assets	(20,061,133)	8,561,634	(131,393)	(394,127)
- Trade and other payables	120,448,541	61,988,346	59,139,159	4,263,921
- Advance received from construction contracts and construction income received in advance	223,818,972	161,206,330	48,495,000	-
- Other current liabilities	1,946,642	6,102,291	718,267	707,451
- Employee benefit obligations	(245,256)	-	-	-
- Other non-current liabilities	(512,623)	(10,381,578)	3,537,570	-
<b>Cash generated from (used in) operations</b>	83,540,504	241,143,617	10,827,552	(6,026,892)
- Interest paid	(12,643,533)	(14,287,990)	-	(181,462)
- Income tax paid	(54,751,684)	(39,431,089)	(3,469,014)	(1,278,088)
- Income tax received	16,593,908	19,542,488	-	-
<b>Net cash generated from (used in) operating activities</b>	32,739,195	206,967,026	7,358,538	(7,486,442)

**Takuni Group Public Company Limited**  
**Statement of Cash Flows (Cont'd)**  
**For the year ended 31 December 2018**

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>					
Purchases of investments in subsidiary	11	-	-	-	(999,700)
Proceeds from dissolution of subsidiary	11	-	-	-	143,021,100
Purchases of property, plant and equipment and intangible assets		(93,102,607)	(161,878,091)	(3,986,266)	(387,387)
Proceeds from sales of property, plant and equipment		6,548,458	3,788,246	-	-
Proceed of sales of short-term investment		-	160,257,190	-	160,257,190
Purchase of short-term investments	7	(20,053,812)	(129,026,581)	(20,000,000)	(128,968,184)
Loan payments received from related parties	28.2	-	-	43,020,000	197,700,000
Interest received		2,408,634	2,656,386	4,319,253	8,567,432
Dividends received		-	-	23,999,995	-
Short-term loans made to related parties	28.2	-	-	(93,050,000)	(284,200,000)
Pledged and restricted bank deposits		(27,662,010)	57,668,460	(6,872,260)	57,668,460
Net cash generated from (used in) investing activities		(131,861,337)	(66,534,390)	(52,569,278)	152,658,911
<b>Cash flows from financing activities:</b>					
Proceeds from short-term borrowings from banks	16.2	59,179,723	-	-	-
Repayments of long-term borrowings from banks	16.1	(45,880,000)	(62,260,000)	-	(3,500,000)
Payment for investment purchase from non-controlling interests		(900,000)	-	-	-
Proceeds from increase capital of non-controlling interests		-	20,342,833	-	-
Proceeds from disposal of investment in subsidiary		2,700	-	-	-
Dividend payments	23	(44,979,249)	(35,969,458)	(27,999,294)	(24,998,112)
Payment on finance lease liabilities	16.2	(2,738,782)	(1,935,451)	(977,100)	(831,082)
Net cash generated from (used in) financing activities		(35,315,608)	(79,822,076)	(28,976,394)	(29,329,194)
<b>Net increase in cash and cash equivalents</b>		(134,437,750)	60,610,560	(74,187,134)	115,843,275
Cash and cash equivalents - opening balance		347,119,350	286,508,790	246,066,025	130,222,750
<b>Cash and cash equivalents - closing balance</b>	6	212,681,600	347,119,350	171,878,891	246,066,025
<b>Non-cash transactions</b>					
Purchases of property, plant and equipment (included in other accounts payables)		8,011,523	7,160,544	312,324	13,000
Disposals of property, plant and equipment (included in other accounts receivables)	1	121,496	-	-	-
Purchases of assets under finance lease		3,529,384	1,262,450	-	-
Dividend receivable		-	-	26,999,995	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 2018**

---

## **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 11.

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 2019.

## **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 4.

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.



**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**2 Accounting policies (Cont'd)**

**2.2 Revised accounting standards, revised financial reporting standards, and related interpretations**

2.2.1 Revised accounting standards are effective for annual periods beginning on or after 1 January 2018 which are relevant to the Group are as follows:

TAS 7 (revised 2017)	Statement of cash Flows
TAS 12 (revised 2017)	Income taxes

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

2.2.2 New financial reporting standards and related interpretation, which relevant to the Group and will become effective for annual periods beginning on or after 1 January 2019, which are relevant to the Group are as follows:

TFRS15	Revenue from contracts with customers
TFRIC 22	Foreign Currency Transactions and Advance Consideration

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

Entities will apply this standard retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings as of 1 January 2019 with additional disclosures 2019 and that comparatives will not be restated.

TFRIC 22 interpretation provides guidance for determining the exchange rate to be used on the initial recognition of a related asset, expense or income where an entity pays or receives an advance consideration in a foreign currency. The interpretation requires an entity to use the exchange rate at the date on which an entity recognises the non-monetary assets, such as prepayments and advances, or non-monetary liability, such as deferred income arising from the advance consideration. If there are multiple advance payments or receipts of payments, the exchange rate is to be used on the date when each non-monetary asset or liability is recognised.

The Group has not early adopted this standard. The Group's management is currently assessing the impact of initial adoption of this standard.

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**2 Accounting policies (Cont'd)**

**2.2 Revised accounting standards, revised financial reporting standards, and related interpretations**

2.2.3 The Group of financial instruments reporting standards which are effective for annual periods beginning on or after 1 January 2020, which are relevant to the Group, consist of the following standards.

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

The above new financial reporting standards will supersede the following standard which are relevant to the Group:

TAS 101	Bad and Doubtful Debts
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 107	Financial Instruments: Disclosure and Presentation

The Group has not early adopted this standard.

**2.3 Group Accounting - Investments in subsidiaries**

**(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.

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.



**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

---

**2 Accounting policies (Cont'd)**

**2.3 Group Accounting - Investments in subsidiaries (Cont'd)**

**(3) Separate financial statement**

In the separate financial statements, investments in subsidiaries, associates and joint ventures 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.

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

---

**2 Accounting policies (Cont'd)**

**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 Investments**

Investments other than investments in subsidiaries 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.



**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**2 Accounting policies (Cont'd)**

**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 Accounting policies (Cont'd)

### 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 - 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.

### 2.14 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.



**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

---

**2 Accounting policies (Cont'd)**

**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 substantively 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.

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

---

**2 Accounting policies (Cont'd)**

**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.



**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

---

**2 Accounting policies (Cont'd)**

**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.

Takuni Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

---

### 3 Risk management

#### 3.1 Financial risk factors

##### 3.1.1 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.

##### (a) 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.

##### (b) 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.

##### (c) 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.

Takuni Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

3 Risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.2 Fair value estimation

The following table presents the Group's financial assets that are measured at fair value at 31 December 2018 and 31 December 2017. See note 12 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 financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>Financial assets at fair value through profit or loss</b>				
Investment in debt securities (note 7)	-	-	-	-
Investment in mutual fund classified as trading investment (note 7)	59,496,623	40,299,547	59,496,623	40,299,547
Fixed deposit (note 7)	402,084	348,272	-	-
<b>Total assets</b>	<b>59,898,707</b>	<b>40,647,819</b>	<b>59,496,623</b>	<b>40,299,547</b>

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.

3.2 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.



**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

#### **4 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.

##### **4.1 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.

###### **4.1.1 Allowance for obsolete, slow-moving and defective inventories**

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.

###### **4.1.2 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 34.37 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.

###### **4.1.3 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. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. These calculations require the use of management estimates (note 13).

###### **4.1.4 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 fair value calculations. These calculations require the use of management estimates (note 14).

#### **5 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.

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 2 customers in construction service which generated revenues more than 10% of total revenues in the consolidated financial statements for the year ended 31 December 2018 totaling Baht 1,167.40 million (2017: three customer totaling Baht 866.63 million).



**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**6 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Cash on hand	347,721	499,251	33,131	7,035
Cash at bank - Current accounts	42,854,549	92,675,700	7,270,204	905,969
- Savings accounts	168,595,268	209,429,985	163,692,532	200,639,636
- Short-term fixed accounts	884,062	44,514,414	883,024	44,513,385
<b>Total</b>	<b>212,681,600</b>	<b>347,119,350</b>	<b>171,878,891</b>	<b>246,066,025</b>
Pledged and restricted bank deposits	37,348,750	9,686,740	12,559,000	5,686,740

Deposits held at call with banks bear interest at the rates 0.13% to 1.30% per annum (2017: 0.13% to 1.30% 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.

**7 Short-term investments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Investment in mutual fund classified as trading investments	60,000,000	40,000,000	60,000,000	40,000,000
Investment in debt security classified as held-to-maturity due within 1 year	-	-	-	-
Fixed deposit	402,084	348,272	-	-
Gains (losses) on fair value measurement	(503,377)	299,547	(503,377)	299,547
<b>Total short-term investments</b>	<b>59,898,707</b>	<b>40,647,819</b>	<b>59,496,623</b>	<b>40,299,547</b>

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**7 Short-term investments (Cont'd)**

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

<b>Consolidated financial statements</b>				
	<b>Trading Baht</b>	<b>Held-to- maturity due within 1 year Baht</b>	<b>Fixed deposit Baht</b>	<b>Total Baht</b>
At 1 January 2017	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
Additions	20,000,000	-	53,812	20,053,812
Gains on fair value measurement during the year	(802,924)	-	-	(802,924)
At 31 December 2018	59,496,623	-	402,084	59,898,707
<b>Separate financial statements</b>				
	<b>Trading Baht</b>	<b>Held-to- maturity due within 1 year Baht</b>	<b>Fixed deposit Baht</b>	<b>Total Baht</b>
At 1 January 2017	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
Additions	20,000,000	-	-	20,000,000
Gains on fair value measurement during the year	(802,924)	-	-	(802,924)
At 31 December 2018	59,496,623	-	-	59,496,623

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



**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**8 Assets and liabilities under construction contracts**

**8.1 Unbilled receivables**

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Project value as per contracts	3,904,417,092	966,087,933	484,950,000	-
Accumulated amount recognised as revenue on percentage of completion basis	1,594,919,907	632,321,204	12,320,534	-
<u>Less</u> Value of total billed	(1,308,880,931)	(545,942,034)	-	-
Unbilled receivables	286,038,976	86,379,170	12,320,534	-
Retention receivables	37,250,508	5,493,711	-	-

**8.2 Advance received and construction income received in advance**

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Project value as per contracts	1,795,930,086	1,208,122,450	-	-
Value of total billed	1,177,526,705	893,215,081	-	-
<u>Less</u> Accumulated amount recognised as revenue on percentage of completion basis	(1,154,506,083)	(769,498,407)	-	-
Construction income received in advance	23,020,622	123,716,674	-	-
Advance received from construction contracts	362,004,680	37,489,656	48,495,000	-
Total	385,025,302	161,206,330	48,495,000	-

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**9 Trade and other receivables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Trade accounts receivables	197,160,808	232,797,884	57,802,886	74,437,215
<u>Less</u> Allowance for doubtful accounts	<u>(4,929,925)</u>	<u>(2,856,394)</u>	<u>(3,801,633)</u>	<u>(2,071,890)</u>
Trade accounts receivables - net	192,230,883	229,941,490	54,001,253	72,365,325
Receivable from related parties (note 28)	-	-	1,125,132	1,329,175
Others receivables	1,597,556	5,669,113	-	1,128,751
Prepayments	49,146,475	19,875,419	109,523,063	2,084,795
Accrued interest income (note 28)	-	-	5,850,668	3,960,948
Dividend receivable (note 28)	-	-	26,999,995	23,999,995
Accrued income - NDT and inspection service	12,907,279	7,951,729	-	-
Trade and other receivables - net	<u>255,882,193</u>	<u>263,437,751</u>	<u>197,500,111</u>	<u>104,868,989</u>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Trade accounts receivable</b>				
Within credit term	144,951,123	184,434,718	31,654,614	30,569,762
Overdue				
- Up to 3 months	47,318,426	39,774,960	22,398,145	37,241,523
- 3 - 6 months	458,050	2,432,240	226,753	1,861,812
- 6 - 12 months	1,265,029	4,591,808	683,470	3,582,970
- Over 12 months	3,168,180	1,564,158	2,839,904	1,181,148
Total	197,160,808	232,797,884	57,802,886	74,437,215
<u>Less</u> Allowance for doubtful accounts	<u>(4,929,925)</u>	<u>(2,856,394)</u>	<u>(3,801,633)</u>	<u>(2,071,890)</u>
Trade accounts receivable - net	<u>192,230,883</u>	<u>229,941,490</u>	<u>54,001,253</u>	<u>72,365,325</u>

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

As at 31 December 2018, the Group pledge Baht 16.47 million of trade receivables as collateral for short-term bank borrowings.

	financial statements		financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Finished goods - petroleum gas	24,091,784	22,309,260	24,197,708	22,354,089
- gas tank for installation and equipment	10,839,312	11,995,748	-	-
Work in progress - gas installations	336,040	1,359,772	-	-
Work in progress under construction contracts	6,983,048	-	3,191,709	-
Raw materials	64,985,813	5,516,105	-	-
General supplies	3,148,668	2,616,115	-	-
Goods in transit	73,578,697	-	-	-
Land Improvement	135,000,000	-	-	-
<b>Total</b>	<b>318,963,362</b>	<b>43,797,000</b>	<b>27,389,417</b>	<b>22,354,089</b>
<b>Less</b> Allowance for net realisable value of inventories	<b>(10,402,183)</b>	<b>(11,858,775)</b>	<b>-</b>	<b>-</b>
<b>Inventories - net</b>	<b>308,561,179</b>	<b>31,938,225</b>	<b>27,389,417</b>	<b>22,354,089</b>

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

During the period, the Group considered to reclassify land of a subsidiary from investment properties to inventories due to its business plan to develop this land as a development project for sale. In addition, on 1 June 2018, the Company's Extraordinary General Meeting approved such subsidiary to purchase two plots of land from related parties for total amount of Baht 41.55 million as a part of the project. The ownership was transferred to the subsidiary on 7 September 2018 (note 28.4).

As at 31 December 2018, the Group had accrued retentions amount to Baht 35.21 million (2017: Baht 15.10 million), and the Group's bank guarantees on construction contracts amount to Baht 1,004.5 million (2017: Baht 451.78 million).

Costs of inventories recognised as expense and included in 'cost of sales' in the consolidated and separate financial statements are Baht 1,108.67 million and Baht 700.05 million, respectively (2017: Baht 1,143.39 million and Baht 709.54 million, respectively).

Inventories include allowance for finished goods of Baht 10.40 million (2017: Baht 11.86 million), mostly there are finished goods for gas systems installation in the consolidated financial statement. During 2018, the Group had reversed allowance for net realisable value of inventories amount to Baht 1.46 million (2017: increase in allowance amount Baht 1.02 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 2018, the inventories included minimum mandatory reserve on petroleum gas of Baht 7.61 million in the consolidated and separate financial statements (2017: Baht 7.29 million).



**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**11 Investments in 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	
				2018	2017	2018	2017	2018	2017	2018	2017
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	0.01	0.01	53,376,790	53,376,790
Ratchapruet Engineering Co., Ltd. (RE)	Thailand	NDT and inspection service	Direct shareholders	99.99	99.99	99.99	99.99	0.01	0.01	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	0.01	0.01	15,643,180	15,643,180
Takuni Land Co., Ltd. (TL)	Thailand	Property development	Direct shareholders	99.97	99.97	99.97	99.97	0.03	0.03	999,700	999,700
CAZ (Thailand) Public Company Limited (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	-	-	73.17	51.22	26.83	48.78	-	-
										91,359,470	91,359,470

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.

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**11 Investments in subsidiaries (Cont'd)**

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

	<b>Separate financial statement</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>
Beginning net book amount	91,359,470	233,206,114
Acquisitions	-	999,700
Reversal of impairment	-	174,756
Disposals	-	(143,021,100)
Ending net book amount	<u>91,359,470</u>	<u>91,359,470</u>

On 28 September 2018, CAZ (Thailand) Public Company Limited made additional investment in JKEC Co., Ltd. of 9,000 shares totalling Baht 900,000. The acquisition resulted in the change in shareholding percentage from 51.22% to 73.17%. The difference between consideration paid and carrying value of acquired shares of Baht 1.07 million was recognised in the owners of the parent and presented in other components of equity.

**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**

	<b>CAZ</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>As at 31 December</b>		
Current assets	660,109,692	370,901,726
Current liabilities	<u>(830,434,152)</u>	<u>(396,723,826)</u>
Total current net assets	<u>(170,324,460)</u>	<u>(25,822,100)</u>
Non-current assets	489,647,453	358,225,328
Non-current liabilities	<u>(157,721,354)</u>	<u>(190,892,360)</u>
Total non-current net assets	<u>331,926,099</u>	<u>167,332,968</u>
Net assets	<u>161,601,639</u>	<u>141,510,868</u>
Accumulated NCI	<u>3,751,829</u>	<u>4,027,348</u>

**Summarised statement of comprehensive income**

	<b>CAZ</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>As at 31 December</b>		
Revenue	1,387,084,241	1,019,287,945
Net profit	55,687,572	23,169,246
Other comprehensive income	<u>169,278</u>	<u>(129,866)</u>
Total comprehensive income	<u>55,856,850</u>	<u>23,039,380</u>
Profit allocated to non-controlling interests	<u>2,707,308</u>	<u>255,691</u>
Dividends paid to non-controlling interests	<u>-</u>	<u>-</u>

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**11 Investments in subsidiaries (Cont'd)**

**Summarised statement of cash flows**

	CAZ	
	2018 Baht	2017 Baht
<b>For the year ended 31 December</b>		
Net cash generated from operating activities	33,344,006	211,157,598
Net cash used in investing activities	(74,112,606)	(27,946,797)
Net cash used in financing activities	(15,991,738)	(98,708,352)
Net increase (decrease) in cash and cash equivalents	(56,760,338)	84,502,449
Cash, cash equivalents and bank overdrafts at beginning of year	91,978,902	7,476,453
Cash and cash equivalents at end of year	35,218,564	91,978,902

**12 Investment properties**

	Consolidated financial statements		
	Land Baht	Buildings Baht	Total Baht
<b>At 1 January 2017</b>			
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
<b>For the year ended 31 December 2017</b>			
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
<b>At 31 December 2017</b>			
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
<b>At 1 January 2018</b>			
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
<b>For the year ended 31 December 2018</b>			
Opening net book amount	93,450,000	23,215,414	116,665,414
Additions	-	-	-
Transferred out	(93,450,000)	-	(93,450,000)
Depreciation charge	-	(936,413)	(936,413)
Closing net book amount	-	22,279,001	22,279,001
<b>At 31 December 2018</b>			
Cost	-	28,214,479	28,214,479
<u>Less</u> Accumulated depreciation	-	(4,791,504)	(4,791,504)
<u>Less</u> Provision for impairment	-	(1,143,974)	(1,143,974)
Net book amount	-	22,279,001	22,279,001
Fair value at 31 December 2018*	-	71,100,000	71,100,000

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**12 Investment properties (Cont'd)**

**Land**

During the period, the Group considered to reclassify land of a subsidiary from investment properties to inventories due to its business plan to develop this land as a development project for sale.

**Buildings**

\*Fair values of the Group's investment properties were assessed by an independent valuer. The fair values are based on income approach for building located at head office leased to the external parties according to its report dated 30 November 2017 and market approach for condominium according to its report dated 16 October 2017.

As at 31 December 2018, management believes the Group has no significant factors that may affect the fair value as previously assessed.

Investment property at net book value of Baht 5.22 million (2017: Baht 5.69 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:

	<b>Consolidated financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>
Rental income	5,784,657	5,709,534
Direct operating expense arise from investment property that generated rental income	1,547,766	1,976,097



**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

## 13 Property, plant and equipment

	Consolidated financial statements					
	Land and land improvements Baht	Buildings and building improvements Baht	Gas cylinders and equipment Baht	Equipment and office supplies Baht	Vehicles Baht	Construction in progress Baht
<b>At 1 January 2017</b>						
Cost	261,655,914	121,712,425	57,441,046	104,016,327	130,749,440	-
Less: Accumulated depreciation	-	(14,117,517)	(11,791,507)	(36,044,957)	(94,120,699)	-
Net book amount	261,655,914	107,594,908	45,649,539	67,971,370	36,628,741	51,981
<b>For the year ended 31 December 2017</b>						
Opening net book amount	261,655,914	107,594,908	45,649,539	67,971,370	36,628,741	51,981
Additions	50,000	665,419	55,938	25,207,585	15,675,206	2,473,248
Transferred in/(out)	-	-	-	2,477,559	-	(2,477,559)
Transferred to investment property	-	(1,577,847)	-	-	-	-
Disposals and written offs - net	-	-	-	(1,132,696)	-	-
Depreciation charge	-	(6,143,610)	(2,943,526)	(19,531,914)	(8,285,500)	-
Closing net book amount	261,705,914	100,538,870	42,761,951	74,991,904	44,018,447	47,670
<b>At 31 December 2017</b>						
Cost	261,705,914	119,854,118	57,496,984	128,814,282	140,338,774	47,670
Less: Accumulated depreciation	-	(19,315,248)	(14,735,033)	(53,822,378)	(96,320,327)	-
Net book amount	261,705,914	100,538,870	42,761,951	74,991,904	44,018,447	47,670

## 13 Property, plant and equipment (Cont'd)

101

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

## 13 Property, plant and equipment (Cont'd)

		Separate financial statements				
	Land and land improvements	Buildings and building improvements	Gas cylinders and equipment	Equipment and office supplies	Vehicles	Construction in progress
	Baht	Baht	Baht	Baht	Baht	Baht
<b>At 1 January 2017</b>						
Cost	26,405,914	21,287,890	51,493,970	4,342,753	14,472,000	-
Less: Accumulated depreciation	-	(3,745,370)	(9,815,114)	(2,547,112)	(10,460,559)	-
Net book amount	26,405,914	17,542,520	41,678,856	1,795,641	4,011,441	-
<b>For the year ended 31 December 2017</b>						
Opening net book amount	26,405,914	17,542,520	41,678,856	1,795,641	4,011,441	-
Additions	50,000	80,704	55,938	104,768	-	-
Depreciation charge	-	(1,086,610)	(2,646,172)	(529,574)	(1,174,229)	-
Closing net book amount	26,455,914	16,536,614	39,088,622	1,370,835	2,837,212	-
<b>At 31 December 2017</b>						
Cost	26,455,914	21,368,594	51,549,908	4,440,279	14,472,000	-
Less: Accumulated depreciation	-	(4,831,980)	(12,461,286)	(3,069,444)	(11,634,788)	-
Net book amount	26,455,914	16,536,614	39,088,622	1,370,835	2,837,212	-



Takuni Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

13 Property, plant and equipment (Cont'd)

	Separate financial statements					
	Land and land improvements	Buildings and building improvements	Gas cylinders and equipment	Equipment and office supplies	Vehicles	Construction in progress
	Baht	Baht	Baht	Baht	Baht	Baht
<b>For the year ended 31 December 2018</b>						
Opening net book amount	26,455,914	16,536,614	39,088,622	1,370,835	2,837,212	-
Additions	7,200	-	2,067,117	706,633	-	-
Disposals and written offs - net	-	-	(4,291)	(538)	-	-
Depreciation charge	-	(1,087,212)	(3,008,699)	(414,826)	(1,138,000)	-
Closing net book amount	26,463,114	15,449,402	38,142,749	1,662,104	1,699,212	-
<b>At 31 December 2018</b>						
Cost	26,463,114	21,368,594	53,612,153	5,120,974	14,472,000	-
Less: Accumulated depreciation	-	(5,919,192)	(15,469,404)	(3,458,870)	(12,772,788)	-
Net book amount	26,463,114	15,449,402	38,142,749	1,662,104	1,699,212	-
						83,416,581

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Property, plant and equipment (Cont'd)**

As at 31 December 2018, the Group had pledged certain plots of land and buildings with net book value of Baht 329.33 million (2017: Baht 339.38 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 bank. (note 16 and note 29.1).

As at 31 December 2018, purchase transactions during the year include the acquisition of assets under financial lease which company is lease, total amount Baht 3.8 million (2017: Baht 1.64 million).

During the year 2018, 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 16 years which consider based on the longest useful life of asset in CGU.

As at 31 December 2018, the gas depots and related assets had a net book value of Baht 80.86 million.

Key assumptions used in the recoverable amount assessment include:

	<b>Petroleum gas trading business</b>
Gross margin	7.92 %
Average annual growth rate	0.46 %
Pre-tax discount rate	13.15 %

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

	<b>Petroleum gas trading business</b>
Gross margin	7.88 %
Pre-tax discount rate	13.45 %

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**14 Goodwill**

	<b>Consolidated financial statements</b>	
	<b>2018</b>	<b>2017</b>
<b>As at 1 January</b>		
Cost	19,383,641	19,383,641
<u>Less</u> Allowance for impairment	-	-
Net book value	<u>19,383,641</u>	<u>19,383,641</u>
<b>For the years ended 31 December</b>		
Opening net book value	19,383,641	19,383,641
Acquisitions through subsidiaries	-	-
Impairment charge	-	-
Closing net book value	<u>19,383,641</u>	<u>19,383,641</u>
<b>As at 31 December</b>		
Cost	19,383,641	19,383,641
<u>Less</u> Allowance for impairment	-	-
Net book value	<u>19,383,641</u>	<u>19,383,641</u>

The recoverable amount of a CGU, which is construction service business unit, is determined based on fair value less costs to sell 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:

	<b>Construction services</b>
Gross margin	8.25%
Growth rate	1.00%
Discount rate	10.00%

The recoverable amount will be equal to the carrying amount if the key assumptions used for fair value less costs to sell calculations changes to be as follows:

	<b>Construction services</b>
Gross margin	6.72%
Discount rate	18.83%

Takuni Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

15 Other non-current assets

	Consolidated financial statements		Sperate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Deposit	2,370,862	2,415,738	990,771	859,380
Prepaid Income Tax	80,347,762	43,603,042	1,934,734	1,206,715
Retention	35,209,308	15,103,151	-	-
Total other non-current assets	117,927,932	61,121,931	2,925,505	2,066,095

16 Borrowings

	Consolidated financial statements		Sperate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>Current</b>				
Short-term borrowings from banks	59,179,723	-	-	-
Current portion of long-term borrowings	38,640,000	40,080,000	-	-
Current portion of finance lease liabilities	2,450,373	2,196,932	924,465	876,522
Total current borrowings	100,270,096	42,276,932	924,465	876,522
<b>Non-Current</b>				
Bank borrowings	143,700,000	188,140,000	-	-
Finance lease liabilities	3,476,352	2,756,282	481,022	1,405,487
Total non-current borrowings	147,176,352	190,896,282	481,022	1,405,487
<b>Total borrowings</b>	<b>247,446,448</b>	<b>233,173,214</b>	<b>1,405,487</b>	<b>2,282,009</b>

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

	Consolidated financial statements		Sperate financial statements	
	2018	2017	2018	2017
Bank borrowings	4.00% - 6.25%	4.00% - 6.25%	-	-
Financial lease liabilities	4.43% - 7.34%	3.98% - 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:

For the years ended 31 December	Consolidated financial statements		Sperate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Beginning balance	228,220,000	290,480,000	-	3,500,000
Additions	-	-	-	-
Repayments	(45,880,000)	(62,260,000)	-	(3,500,000)
Ending balance	182,340,000	228,220,000	-	-



**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**16 Borrowings (Cont'd)**

**16.1 Long-term borrowings (Cont'd)**

**Subsidiaries**

**G Gas Logistics Co., Ltd.**

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 13). However G Gas Logistics Co., Ltd. Repayment all borrowing during the year.

**CAZ (Thailand) Public Company Limited**

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 13).

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Borrowings:				
- at fixed rates	6,400,000	15,080,000	-	-
- at floating rates	175,940,000	213,140,000	-	-
Total long-term borrowings	182,340,000	228,220,000	-	-

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

	<b>Consolidated financial statements</b>			
	<b>Book value</b>		<b>Fair value</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Long-term borrowings from banks	182,340,000	228,220,000	181,563,071	226,694,050

	<b>Sperate financial statements</b>			
	<b>Book value</b>		<b>Fair value</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Long-term borrowings from banks	-	-	-	-

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 5.53% to 6.25% (2017: 5.53% to 6.25%) which are within level 2 of the fair value hierarchy.



**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**16 Borrowings (Cont'd)**

**16.1 Long-term borrowings (Cont'd)**

Maturity of long-term borrowings is as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Within 1 year	38,640,000	40,080,000	-	-
Later than 1 years but not later than 5 years	143,700,000	188,140,000	-	-
<b>Total long-term borrowings</b>	<b>182,340,000</b>	<b>228,220,000</b>	<b>-</b>	<b>-</b>

**16.2 Change in liabilities arising from financing activities**

<b>Consolidated financial statements</b>					
<b>31 December 2017 Baht</b>	<b>Cash flow Baht</b>	<b>Non-cash</b>		<b>31 December 2018 Baht</b>	
		<b>Additions under finance lease Baht</b>	<b>Amortised deferred Interest Baht</b>		
Short-term borrowings	-	59,179,723	-	59,179,723	
Long-term borrowings	228,220,000	(45,880,000)	-	182,340,000	
Finance lease liabilities	4,953,214	(2,738,782)	3,529,384	182,909	5,926,725
<b>Separate financial statements</b>					
<b>31 December 2017 Baht</b>	<b>Cash flow Baht</b>	<b>Non-cash</b>		<b>31 December 2018 Baht</b>	
		<b>Additions under finance lease Baht</b>	<b>Amortised deferred Interest Baht</b>		
Finance lease liabilities	2,282,009	(977,100)	-	100,578	1,405,487

**17 Deferred income tax**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Deferred tax assets:</b>				
Deferred tax assets to be recovered within 12 months	3,658,352	3,210,265	760,327	414,378
Deferred tax assets to be recovered after more than 12 months	987,412	1,397,616	731,313	246,263
	<b>4,645,764</b>	<b>4,607,881</b>	<b>1,491,640</b>	<b>660,641</b>
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	151,243	103,420	143,422	117,045
Deferred tax liabilities to be settled after more than 12 months	514,373	704,591	93,911	236,435
	<b>665,616</b>	<b>808,011</b>	<b>237,333</b>	<b>353,480</b>
<b>Deferred tax assets, net</b>	<b>3,980,148</b>	<b>3,799,870</b>	<b>1,254,307</b>	<b>307,161</b>

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**17 Deferred income tax (Cont'd)**

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:

<b>Consolidated financial statements</b>				
<b>As at 31 December</b>	<b>2017 Baht</b>	<b>Charged (credited) to profit or loss Baht</b>	<b>Charged (credited) to other comprehensive income Baht</b>	<b>2018 Baht</b>
<b>Deferred income tax assets</b>				
Allowances for doubtful accounts and inventories	2,943,034	123,388	-	3,066,422
Provision for warranty	880,512	(840,974)	-	39,538
Employee benefits obligations	784,335	421,022	334,447	1,539,804
	<u>4,607,881</u>	<u>(296,564)</u>	<u>334,447</u>	<u>4,645,764</u>
<b>Deferred income tax liabilities</b>				
Depreciation	550,085	(78,892)	-	471,193
Assets under finance lease	257,926	(63,503)	-	194,423
	<u>808,011</u>	<u>(142,395)</u>	<u>-</u>	<u>665,616</u>
<b>Deferred income tax assets, net</b>	<u>3,799,870</u>	<u>(154,169)</u>	<u>334,447</u>	<u>3,980,148</u>
<b>Separate financial statements</b>				
<b>As at 31 December</b>	<b>2017 Baht</b>	<b>Charged (credited) to profit or loss Baht</b>	<b>Charged (credited) to other comprehensive income Baht</b>	<b>2018 Baht</b>
<b>Deferred income tax assets</b>				
Allowances for doubtful accounts and inventories	414,378	345,949	-	760,327
Warranty provision	-	36,480	-	36,480
Employee benefits obligations	246,263	158,221	290,349	694,833
	<u>660,641</u>	<u>540,650</u>	<u>290,349</u>	<u>1,491,640</u>
<b>Deferred income tax liabilities</b>				
Assets under financial lease	353,480	(116,147)	-	237,333
<b>Deferred income tax asset, net</b>	<u>307,161</u>	<u>656,797</u>	<u>290,349</u>	<u>1,254,307</u>

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**17 Deferred income tax (Cont'd)**

Presentation in the statements of financial position is as follows:

<b>As at 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Deferred income tax assets	3,980,148	4,152,847	1,254,307	307,161
Deferred income tax liabilities	-	(352,977)	-	-
Deferred income tax, net	<u>3,980,148</u>	<u>3,799,870</u>	<u>1,254,307</u>	<u>307,161</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:

<b>As at 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Opening net book value	3,799,870	4,144,757	307,161	1,366,913
Charged (credited) to profit or loss (note 25)	(154,169)	(386,964)	656,797	(1,059,752)
Charged (credited) to other comprehensive income	334,447	42,077	290,349	-
Closing net book value	<u>3,980,148</u>	<u>3,799,870</u>	<u>1,254,307</u>	<u>307,161</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 5.77 million, (2017: Baht 4.98 million) in respect of losses amounting to Baht 28.88 million (2017: Baht 24.91 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.

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**18 Trade and other payables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Trade accounts payable	223,778,210	171,639,963	39,342,825	36,482,304
Trade accounts payable - related parties (note 28)	-	-	57,373,464	2,943,273
Amounts due to related parties (note 28)	-	-	110,150	50,677
Other payables	6,651,626	19,645,915	2,010,109	1,442,535
Unearned revenue	305,175	13,000	-	-
Accrued expense	115,533,809	33,479,668	6,002,471	4,481,747
<b>Total trade and other payables</b>	<b>346,268,820</b>	<b>224,778,546</b>	<b>104,839,019</b>	<b>45,400,536</b>

**19 Employee benefit obligations**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Retirement benefit obligations (Thailand law)</b>				
Employee benefit obligations in the statement of financial position	7,699,016	3,921,676	3,474,166	1,231,317
Charge to profit or loss	2,350,365	987,745	791,103	186,715
Remeasurement	1,672,231	210,393	1,451,746	-

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
At 1 January	3,921,676	2,723,538	1,231,317	1,044,602
Current service cost	2,177,355	907,683	716,649	159,031
Interest expense	173,010	80,062	74,453	27,684
	6,272,041	3,711,283	2,022,419	1,231,317
Remeasurements:				
Loss from change in financial assumptions	1,672,231	210,393	1,451,746	-
Payment from plans:				
Benefit payment	(245,256)	-	-	-
<b>At 31 December</b>	<b>7,699,016</b>	<b>3,921,676</b>	<b>3,474,166</b>	<b>1,231,317</b>



**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**19 Employee benefit obligations (Cont'd)**

The principal actuarial assumptions used were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	1.71% - 3.06 %	1.83% - 3.06%	2.19 %	2.30 %
Salary growth rate	4.84 % - 5.66 %	3.20% - 5.66%	5.00 %	5.00 %

Sensitivity analysis for each significant assumption

	Consolidated financial statements					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2018	2017	2018	2017	2018	2017
Discount rate	0.50%	0.50%	Decrease by 1.94 %	Decrease by 1.93%	Increase by 2.05 %	Increase by 2.02%
Salary growth rate	0.50%	0.50%	Increase by 2.26 %	Increase by 2.14%	Decrease by 2.17 %	Decrease by 2.07%

	Separate financial statements					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2018	2017	2018	2017	2018	2017
Discount rate	0.50%	0.50%	Decrease by 1.46 %	Decrease by 1.37%	Increase by 1.52%	Increase by 2.33%
Salary growth rate	0.50%	0.50%	Increase by 1.92 %	Increase by 2.81%	Decrease by 1.87%	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.

The weighted average duration of the defined benefit obligation is 7 years.



**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**19 Employee benefit obligations (Cont'd)**

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

	Consolidated financial statements				
	Less than a year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2018					
Retirement benefits	81,707	4,753,005	3,603,906	7,424,498	15,863,116
	Consolidated financial statements				
	Less than a year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2017					
Retirement benefits	1,068,449	1,366,962	2,932,255	5,327,566	10,695,232
	Separate financial statements				
	Less than a year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2018					
Retirement benefits	-	2,403,634	1,513,879	2,224,345	6,141,858
	Separate financial statements				
	Less than a year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2017					
Retirement benefits	-	1,188,031	420,456	239,051	1,847,538

**20 Share capital**

	Consolidated and Separate financial statements				
	Authorised share capital		Issued and paid-up capital		Premium on paid-up capital Baht
	Number of Shares	Ordinary shares Baht	Number of Shares	Ordinary shares Baht	
Opening amount as at 1 January 2017	1,200,000,000	600,000,000	800,000,000	400,000,000	305,527,766
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
Increase in authorised share capital	-	-	-	-	-
Closing amount as at 31 December 2018	1,200,000,000	600,000,000	800,000,000	400,000,000	305,527,766

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**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 1.04 ordinary share (31 December 2017: 1 warrant per 1.02 ordinary share)
Exercise price	:	Baht 1.93 per share (31 December 2017: Baht 1.97 per share)
Exercise date	:	On the last business day of December of each year
Last exercise date	:	28 January 2021

At 22 March 2018, 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 2018 is as follows:

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

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**22 Legal reserve**

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
At 1 January	7,092,000	5,450,000	7,092,000	5,450,000
Appropriation during the year	1,600,000	1,642,000	1,600,000	1,642,000
At 31 December	8,692,000	7,092,000	8,692,000	7,092,000

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
<b>2018</b>					
1 January 2017 to 31 December 2017	The Shareholders' Meeting	23 April 2018	28.00	0.035	21 May 2018
<b>2017</b>					
1 January 2016 to 31 December 2016	The Shareholders' Meeting	26 April 2017	25.00	0.031	25 May 2017

**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
<b>2018</b>						
Retained earnings as at 30 September 2018	TT	The Board of Director Meeting	28 December 2018	27.00	2.70	25 January 2019
1 January 2016 to 31 December 2017	CAZ	The Annual General Shareholders' Meeting	10 April 2018	27.83	27.83	18 May 2018
1 January 2018 to 31 March 2018	CAZ	The Board of Director Meeting	11 May 2018	7.04	0.035	8 June 2018
<b>2017</b>						
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

Takuni Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

24 Other income

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>For the year ended 31 December</b>				
Rental income	5,123,138	5,940,000	4,620,000	5,940,000
Interest income	2,408,634	3,972,140	6,208,973	9,947,256
Dividend income	-	-	26,999,995	23,999,995
Others	7,705,486	7,038,013	15,026,603	15,165,998
	<u>15,237,258</u>	<u>16,950,153</u>	<u>52,855,571</u>	<u>55,053,249</u>

25 Expense by nature

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>For the year ended 31 December</b>				
Cost of sales - gas	691,324,694	706,014,651	691,324,694	706,014,651
Material cost	449,359,942	394,108,719	-	-
Subcontract cost	183,514,762	153,463,026	11,022,408	-
Depreciation and amortisation	49,797,346	41,964,543	5,697,128	5,517,600
Staff costs	526,693,722	321,121,589	32,567,635	30,856,394
Gas transportation expenses	33,592,126	27,867,862	39,036,023	30,961,359
Gas storage expenses	4,927,156	5,850,273	4,927,156	5,850,273

26 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>For the year ended 31 December</b>				
Current tax	19,127,976	7,791,181	2,740,996	897,674
Deferred income tax				
Deferred income tax expense (note 17)	154,169	386,964	(656,797)	1,059,752
Income tax	<u>19,282,145</u>	<u>8,178,145</u>	<u>2,084,199</u>	<u>1,957,426</u>



**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**26 Income tax expense (Cont'd)**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>For the year ended 31 December</b>				
Profit before income tax	78,335,416	43,350,363	33,910,728	34,144,734
Tax calculated at the tax rate of 20%	15,667,083	8,670,073	6,782,146	6,828,947
Tax effect of:				
Exempt income tax	-	-	(5,399,999)	(4,799,999)
Income Tax	589,533	-	589,533	-
Acturial loss	355,056	-	-	-
Unrealised gains from intercompany transactions	281,922	(581,031)	-	-
Tax losses for which no deferred income tax asset was recognised	2,420,344	1,018,035	-	-
Expenses for which no deferred income tax asset was recognised	-	(246,611)	-	-
Double deductible expense	(109,954)	(154,743)	(27,528)	(86,940)
Utilisation of previously unrecognised tax losses	(346,525)	(855,209)	-	-
Non-deductible expense for tax purposes	424,686	327,631	140,047	15,418
<b>Income tax</b>	<b>19,282,145</b>	<b>8,178,145</b>	<b>2,084,199</b>	<b>1,957,426</b>

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).

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Net profit attributable to ordinary shareholders of the Company (Baht)	32,131,578	25,352,149	31,826,529	32,187,308
Weighted average number of ordinary shares outstanding (Shares)	800,000,000	800,000,000	800,000,000	800,000,000
<b>Basic earnings per share (Baht per share)</b>	<b>0.0402</b>	<b>0.0317</b>	<b>0.0398</b>	<b>0.0402</b>

There are no potential dilutive ordinary shares in issue for the years ended 2018 and 2017.



**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**28 Related-party transactions**

As at 31 December 2018, the major shareholders of the Company are 4 individuals from Treeweeranuwat family, which own 51.78% of the Company's share capital (2017: 4 individuals 51.36%). 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 related parties:

**28.1 Outstanding balances arising from sales/purchases of goods/services**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Other receivables</b>				
Subsidiaries	-	-	1,125,132	1,329,175
<b>Accrued interest income</b>				
Subsidiaries	-	-	5,850,668	3,960,948
<b>Dividend receivable</b>				
Subsidiaries	-	-	26,999,995	23,999,995
<b>Prepaid expense</b>				
Subsidiaries	-	-	90,112,017	-
<b>Trade accounts payable</b>				
Subsidiaries	-	-	57,373,464	2,943,273
<b>Other account payables</b>				
Subsidiaries	-	-	110,150	50,677
<b>Retention</b>				
Subsidiaries	-	-	2,041,200	-

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**28 Related-party transactions (Cont'd)**

The following transactions were significant to related parties: (Cont'd)

**28.2 Short-term loans to related parties**

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Subsidiaries	-	-	243,850,000	193,820,000

**Short-term loans to subsidiaries**

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Opening balance	-	-	193,820,000	107,320,000
Additions	-	-	93,050,000	284,200,000
Repayments	-	-	(43,020,000)	(197,700,000)
Ending balance	-	-	243,850,000	193,820,000

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

**28.3 Revenues from sales of goods/services, interest income and other income**

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>For the year ended 31 December</b>				
<b>Other income</b>				
Subsidiaries	-	-	14,168,610	13,740,116
<b>Dividend income</b> (Include in other income)				
Subsidiaries	-	-	26,999,995	23,999,995
<b>Interest income</b> (Include in other income)				
Subsidiaries	-	-	3,966,667	6,302,817

Takuni Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

28 Related-party transactions (Cont'd)

The following transactions were significant to related parties: (Cont'd)

28.4 Purchases of goods and services, and interest expenses

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>For the years ended 31 December</b>				
<b>Purchase of goods and services</b>				
Subsidiaries	-	-	1,892,467	540,019
Shareholders	41,550,000	-	-	-
	<u>41,550,000</u>	<u>-</u>	<u>1,892,467</u>	<u>540,019</u>
<b>Rental expenses - office</b>				
Subsidiaries	-	-	1,068,000	504,000
<b>Transportation expenses</b>				
Subsidiaries	-	-	30,582,105	25,473,090
<b>Other Expenses</b>				
Subsidiaries	-	-	624,647	226,402

28.5 Key management compensation

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>For the year ended 31 December</b>				
Salaries and other short-term employee benefits	33,552,890	27,229,327	17,428,717	16,880,620
Retirement benefits	1,007,888	928,919	703,270	178,359
	<u>34,560,778</u>	<u>28,158,246</u>	<u>18,131,978</u>	<u>17,058,979</u>

29 Commitments

29.1 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 financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Currency:				
- Thai Baht	1,061,919,281	514,301,817	103,295,000	60,000,000
- USD	1,840,500	-	-	-

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 (note 12 and note 13).

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**29 Commitments (Cont'd)**

**29.2 Operating lease commitments**

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:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Within 1 year	6,412,835	6,837,939	2,031,757	1,917,733
Later than 1 year but not later than 5 years	8,526,233	6,487,087	2,979,388	3,943,732
Over 5 years	4,664,779	5,098,712	4,664,780	5,098,712
<b>Total</b>	<b>19,603,847</b>	<b>18,423,738</b>	<b>9,675,925</b>	<b>10,960,177</b>

**29.3 Capital commitment**

Capital expenditure contracted for at the reporting date but not yet incurred is as follows:

	<b>Consolidated financial information</b>		<b>Separate financial information</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Property, plant and equipment	10,294,722	7,988,860	-	-
Intangible asset	926,250	-	312,000	-
<b>Total</b>	<b>11,220,972</b>	<b>7,988,860</b>	<b>312,000</b>	<b>-</b>

**29.4 Commitment from purchasing construction materials**

Construction materials purchase contracted for at the reporting date but not yet incurred is as follows:

	<b>Consolidated financial information</b>		<b>Separate financial information</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Currency:				
- Thai Baht	25,260,821	1,196,000	-	-
- USD	528,351	-	-	-

**Takuni Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

---

**30 Events after the reporting period**

**Company**

**Dividend payment**

On 27 February 2019, the Board of Directors' meeting approved the dividends payment from the profit for the year ended 31 December 2018 at Baht 0.0375 per share for 800 million shares, totaling Baht 30 million. The dividends are due for payment within May 2019.

**Subsidiary**

**CAZ (Thailand) Public Company Limited**

**Dividend payment**

On 26 February 2019, the Board of Directors' meeting of CAZ approved the dividends payment in respect of the operating results for the period from April to December 2018 at Baht 0.10 per share for 280 million shares, totaling Baht 28 million. The dividends are due for payment within May 2019.

**Initial Public offering**

During 8 - 15 January 2019, CAZ (Thailand) Public Company Limited which is a subsidiary of the Group held interest by Takuni (Thailand) Co., Ltd, offered its common shares to the initial public offering (IPO) by issuing 80,000 million common shares. The new shares were sold to subscribers at price of Baht 3.90 per share totaling Baht 312 million. The shares of CAZ begin trading in the Market for Alternative Investment (mai) on 22 January 2019. After IPO, CAZ is still a subsidiary of Takuni Group Public Company Limited (the Company). The Company has to prepare consolidate financial statements. This will affect to profit attribute to owners of the parent from CAZ decrease from 51.30% to 36.64% and non-controlling interests will increase.



**TAKUNI GROUP PUBLIC COMPANY LIMITED**

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

Tel : 02-455-2888

Fax : 02-455-2763

Website : <http://www.takunigroup.com>

