

ANNUAL REPORT 2019

TAKUNI

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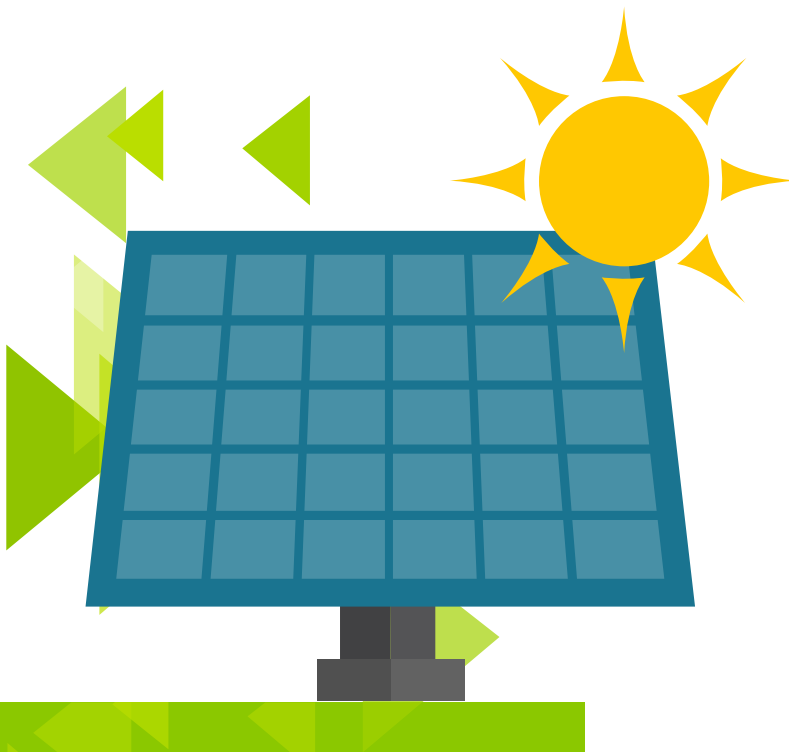
Vision

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



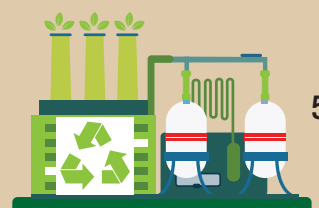
Visit

Mr. Visit Akarawinak
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 transparently overseeing business operations for the greatest benefit of all stakeholders.





Message from the Chief Executive Officer

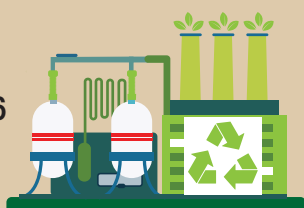


Mr. Prasert Treeveeranuwat
Chief Executive officer

In the past year, the Group of Companies' revenues increased from THB 2,277.55 million to THB 3,076.89 million, equivalent to a 35.10 % 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 742.39 million in 2019, slightly decreased from the previous year at THB 773.68 million in 2018. 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 2017. Revenues in 2018 amounted to THB 5.73 million and increased to THB 11.50 million and THB 13.58 million in 2018 and 2019, accordingly. In addition, the Group provided transportation service for construction materials starting in October 2016 which generated revenues of THB 3.91 million in 2019. In sum, the Group saw decreased revenue from transportation (according to separate financial statements) from THB 48.61 million to THB 45.69 million as the decrease in revenue from LPG transportation services

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 1,405.33 million in 2018 to THB 2,228.33 million in 2019, which represented a THB 823.30 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 4-5 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 2019, the Company has backlog of THB 2,377.82 million.

Non-Destructive Testing and Inspection Service Business by Ratchapruke 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 refinery projects, power plant projects, and petrochemical plants. Revenues from NDT testing and inspection service amounted to THB 88.53 million, an increase from the previous year which amounted to THB 78.23 million.

Property Development Business by Takuni Land Company Limited

The Company currently owns 15 rais which in the process of residential project development as a 3-story detached house by establishing an associated company, Exact Real Estate Company Limited. The Company holds 40% of the paid-up share capital while Ace Estate Group Co., Ltd. holds 60% of the paid-up share capital.

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.





Board of Directors



1

Mr. Visit Akaravinak

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

2

Mr. Chareon Prajumtan

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

3

Mr. Kaveewat Songsakulkiat

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

4

Mr. Prasert Treeveeranuwat

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

5

Ms. Kanchana Rimpanichayakij

Director /
Executive Committee

6

Ms. Nita Treeweeranuwat

Director (Executive) /
Executive Committee

7

Mr. Somchai Kanbuakeaw

Director /
Executive Committee



Management and Executive committee



Ms. Nita Treeweeranuwat
Executive committee ,
Vice President Administrative Department ,
Acting Vice President Human Resource Department

Ms. Chatprapa Chansri
Executive committee ,
Vice President Sales Department

Mr. Prasert Treeveeranuwat
Chairman of Executive committee ,
Chief Executive Office / President ,
Acting Vice President Business Development Department

Mr. Udom Meephaungpol
Executive committee

Mr. Somchai Kanbuakeaw
Executive committee

Mrs. Thitima Tanapakit
Executive committee ,
Vice President Accounting Department
and Financial Department

Ms. Kanchana Rimpanichayakij
Executive committee





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 2019, the Audit Committee held eight 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 2019 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 8 independent meetings with the independent auditors in the absence of the management so as to freely discuss important issues in preparing the financial statements, adjusting entries materially affecting the statements, adequacy and suitable of accounting entry methods, auditing scope, disclosure which benefits for the intended users and disclosure in accordance with Thai Financial Reporting Standards and Thai Accounting Standards and, as well as the independence of auditors. This is to ensure that preparation of the financial statements is complied with the company's legal compliance, financial reporting standards, accounting standards, and generally accepted accounting principles. The Audit Committee has reviewed and approved that the Audited Financial Statements, with unqualified audit opinion, is free of material misstatements.

Review of the Risk Assessment

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

Review of the Internal Control and Audit System

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



In addition, the Audit Committee has considered and approved the internal audit plan for the year 2020 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 ethics. They also set the policy of anti-corruption and made it in the written form. In this sense, the Company has shown its intention in joining Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) in November 2018 and was certified as a member of CAC on February 14, 2020 in which the certification is valid for a period of 3 years.

Appointment of the Certified External Auditors

The Audit Committee presented to the Board of Directors, and the Board of Directors has passed the resolution to seek an approval by shareholders in the Shareholder Meeting for the appointment of Ms. Vipavan Pattavanvivek, Certified Public Accountant No.4795 ; and/or Mr. Sakda Kaothanthong, Certified Public Accountant No.4628; and/or Mr. Bunyarit Thanormcharoen, Certified Public Accountant No.7900 of KPMG Phoomchai Audit Limited as the Company and its subsidiaries independent auditors for the fiscal year 2020.

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 2019 were accurate, reliable, sufficiently disclosed, and prepared in accordance with generally accepted accounting principles. The Company's risk management process is proper and the overall internal control system of the Company is effective and appropriate for the operations. The business has complied with all laws, regulations, and obligation related to the business as well as sufficiently integrated corporate governance with work performance leading to transparency and reliability. The Audit Committee also agrees that the Company continuously improved its operation systems to be higher quality and appropriate of its business environment.



(Mr. Chareon Prajuntan)
Chairman of the Audit Committee





Company Information

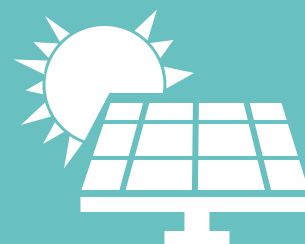


Initial Name	:	TAKUNI
Head Quarter Address	:	140/1 Soi Naveechareonsap, Kanchanapisak rd, Bangkae, Bangkok 10160
Major Business	:	LPG Trading, Transportation service, Construction service, LPG/CNG conversion kit installation for vehicles, Non-Destructive Testing and Inspection service.

Website	:	www.takunigroup.com
Registered Capital	:	600,000,000 Share
Paid-up Capital	:	400,000,000 baht
Common Shares	:	1,200,000,000 shares
Par Value	:	0.50 baht
Offering Date	:	19 August 2014

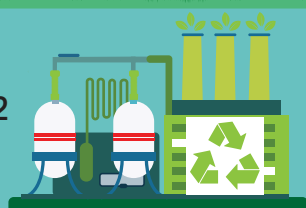
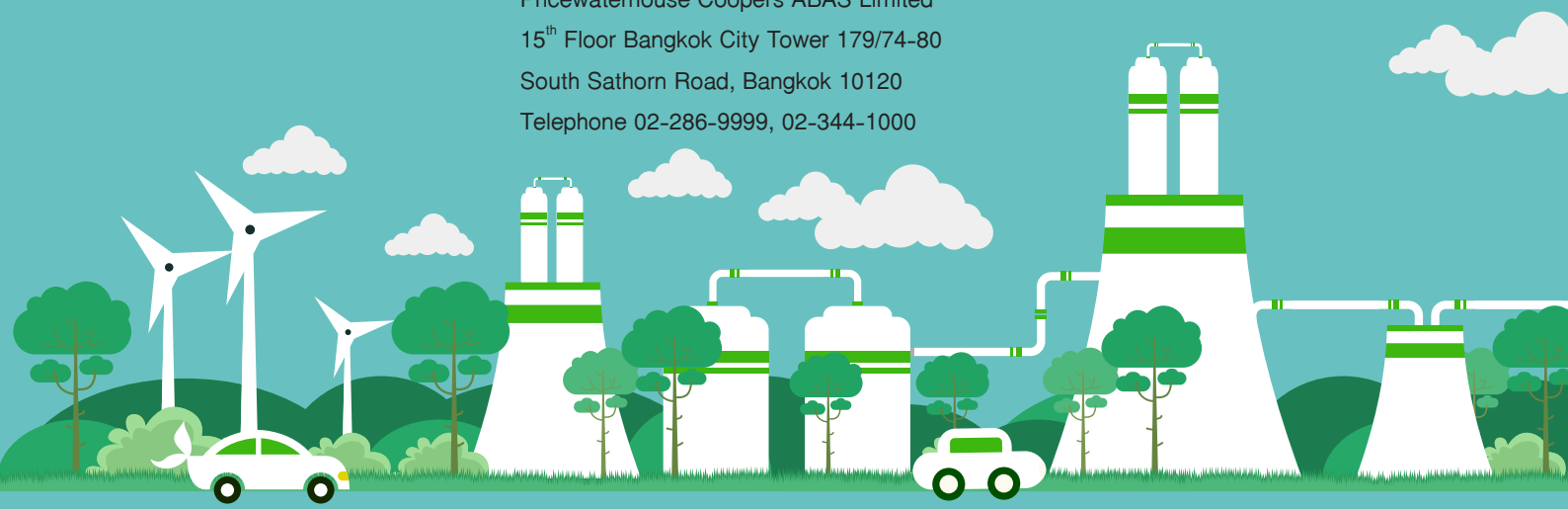


Telephone	:	02-455-2888
Fax	:	02-455-2763
Investor Relation	:	092-252-1277 nita@takuni.com
Corporate Secretary	:	02-455-2888 thanasa.k@takuni.com



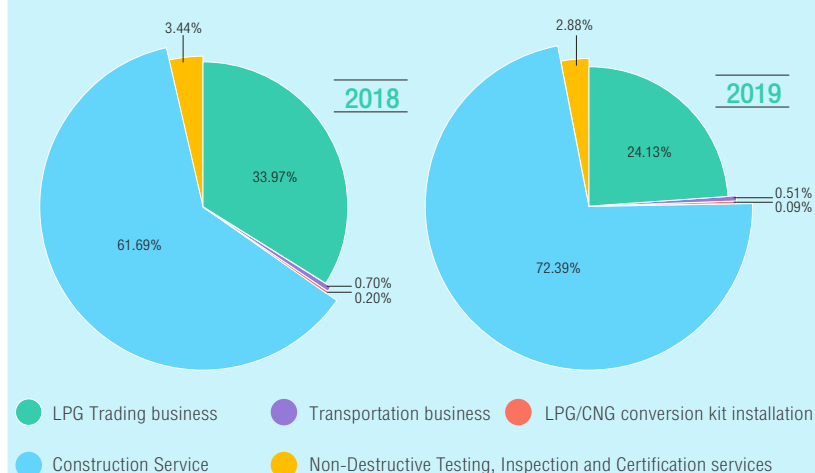
Common Share Registrar	:	Thailand Securities Depository Company Limited 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Telephone 02-009-9000
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Auditor	:	Mr.Boonlert Kamolchanokkul Certified Public Accountant (Thailand) No. 5339 Pricewaterhouse Coopers ABAS Limited 15 th Floor Bangkok City Tower 179/74-80 South Sathorn Road, Bangkok 10120 Telephone 02-286-9999, 02-344-1000
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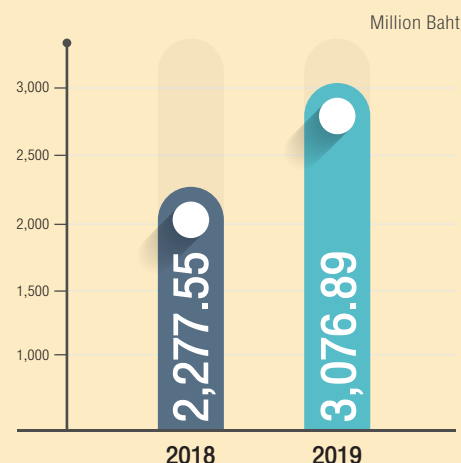


Consolidated Financial Statements

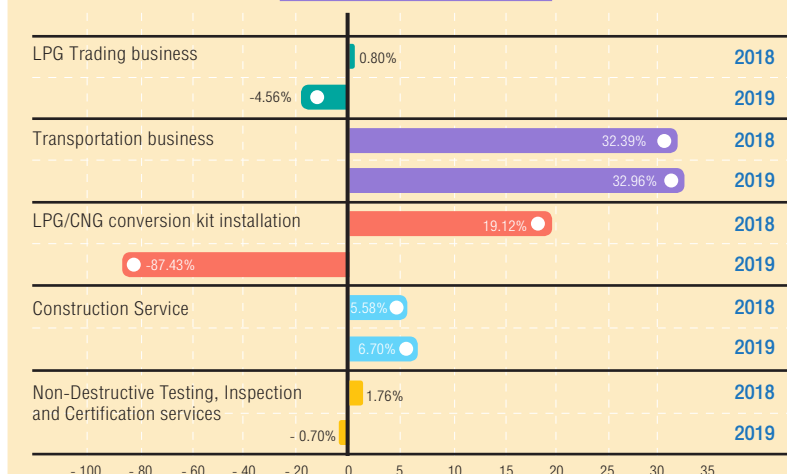
Proportion of Revenue from Sales and Services



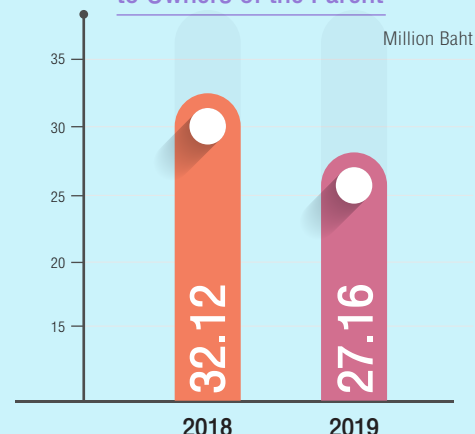
Revenue from Sales and Services



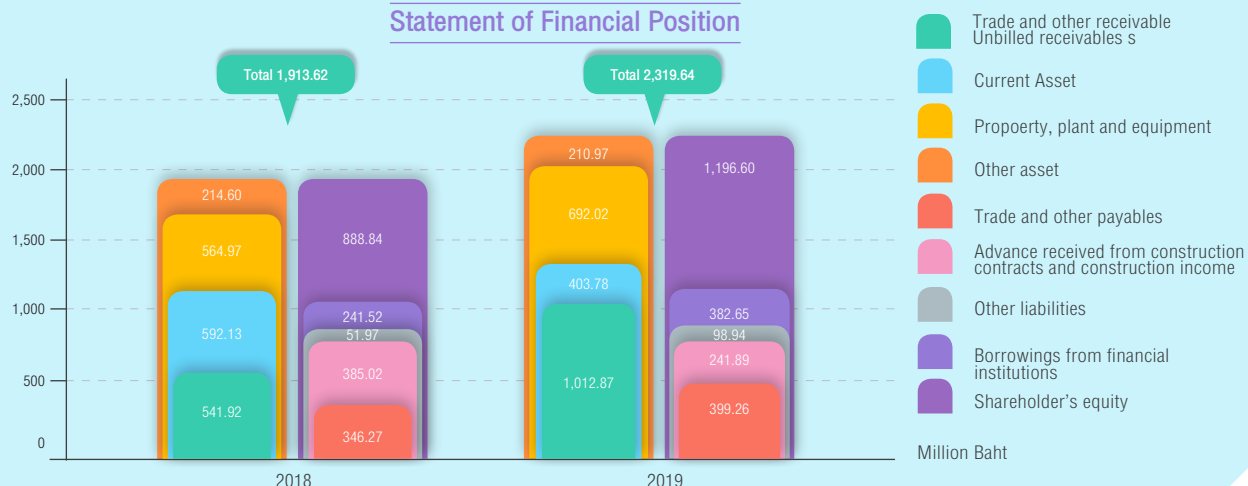
Operating Profit Margin



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) Public Company Limited ("CAZ"), the Company's subsidiaries, is responsible for industrial oil and gas piping system construction as Engineering Procurement Construction.

4. Construction Service and LPG/CNG conversion kit installation for passenger cars

Takuni (Thailand) Company Limited ("TT"), the Company's subsidiaries, is responsible for construction service and LPG related equipment trading as well as LPG/CNG conversion kit installation for passenger cars

5. Non-Destructive Testing and Inspection service

Rajchapluek Engineering Company Limited ("RE") is responsible for providing non-destructive testing and inspection services for manufacturers, LPG stations and automobiles against international standards and regulations

6. Property Development Business

Takuni Land Company Limited ("TL"), the Company's subsidiaries, is a new subsidiary for property development business.

7. Electric motorcycle Manufacturing and Distribution

Takuni Trading Company Limited ("TD"), the Company's subsidiaries, is a business of manufacturing, assembling, selling and importing, exporting motor vehicle equipment, motorcycle, electric vehicle, electric motorcycle and and/or all other related products

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 Transportation, households and industry sector.

The Company procures LPG from PTT refinery and other traders under Section 7 to sell LPG under trademark of "Champion Gas" to LPG stations which are the Company's representative and industry sector. Revenue from selling LPG to LPG stations is accounting for more than 64% of all LPG sales. The Company has customers in about 70 stations across the country. 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.



Trademark
Champion Gas



Presently, the Company is allowed to sell LPG volume of 50,000 tons per year and LPG Terminal in Phichit Industrial Estate , Pathum Thani Province 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 66% and other LPG trader and LPG station is accounting for 4% of the total proportion. Including gas stations In the proportion of 30 percent. Currently, number and detail of trucks owned the Group is as follows:

Type of Truck	Number	Loading Capacity (Ton)
LPG trucks		
Semi - Trailer	5	15
10 — wheel truck	8	8
6 — wheel truck	4	4.3





Type of Truck	Number	Loading Capacity (Ton)
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.



NGV supply control system

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

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

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



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.

Quick joint /
Gas pipe head /
Gas pipe head cover



Gas leak alarm



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

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

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

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



Competition in the Industry

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





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 Record date on 16 March 2020, Treeveeranuwat family was the Company major shareholder holding 414,677,396.00 of shares which accounted for 51.83% of the outstanding shares. This made Treeveeranuwat family able to exert significant control over the board's decisions in appointing directors or influence on company decisions which required the consents from the shareholders' meeting, except for the regulations or the articles of association require the three fourths votes of from the shareholders' meeting. Therefore, the other shareholders have the risk of being unable to collect sufficient votes to check and balance the matters proposed for the shareholders' consideration by the major shareholders.

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



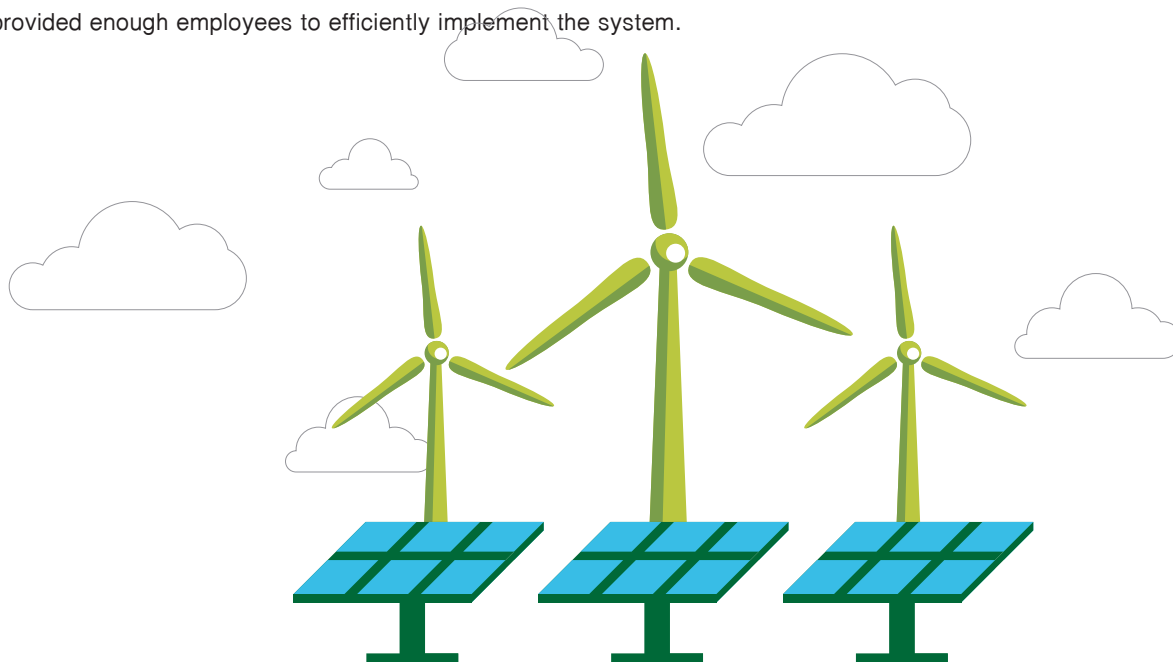
Internal Control



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. During Audit Committee meeting, in agenda relating to the approval of internal control system and transactions, the Company's external auditor and internal auditor are invited to attend the meeting to present , acknowledge follow-up, and explore remedial measures to promptly respond to observations on timely manner in the perspective of 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 approved by Audit committee with adequate qualifications and expertise in accounting system and internal control, 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 agreed to the same opinions as that of the Board of Director that the internal control system of the company was adequate, appropriate and has preventive measure against misappropriation of assets of the Company. 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, HYPERLINK "<http://www.takunigroup.com>" www.takunigroup.com, 30 days prior to the meeting date for shareholders to read and understand about the information given in order to make appropriate decisions. In addition, there are accurate and complete recording question and important opinion in the meeting report for shareholders to check it out through the Company website after sending the meeting report to the Stock Exchange of Thailand.

Section 2 The Equality Treatment of Shareholders

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

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



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

Section 3 The Role of Stakeholders

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

Shareholder: The Company is committed to better represent the shareholders in business to create maximum satisfaction for shareholders by taking into account of the growth of value of company in long-term and actions reveal information in a transparent and credible.

Employee: The Company recognized the importance of employees as the supporter of company's work plans and the one who help drive company to the determined business objective. Thus, the company treats all employees fairly and equally. The company also encourages employees to participate in the atmosphere felling safe at work by setting clearly and concisely steps of working, choosing equipment that meet the safety standard, analyze safety risk to establish appropriate defensive control measures, communicate with employees to make them understand and work in the common direction, create good working atmosphere and team building. These help build team confidence and spirit in working as well as ensure employees' well-being.

Executive: The Company recognizes the importance of the executives as the people who plays important roles in determining strategic directions and business plans as well as controlling the Company to move in the right direction to achieve the target determined by the board of directors. To show our awareness, the Company proposes appropriate and fair compensation to the executive in order to compensate and motivate the executive's intention and effort in management to achieve company's determined target.

Business Partners: The Company recognizes the importance of the Company's business partners that help support and drive business to achieve its determined growth and target. Thus, the Company will treat all the partners equally and fairly on the basis of fair return to both parties and strictly comply with trading condition.

Customers: The Company recognize the importance of customers by giving first priory to maintaining good and sustainable relationship with them, complying with contracts, agreements or conditions transparently, committing to meet and serve goods and services for satisfaction and confidence to customers and disclose customers secret information.

Trade Partners: The Company conducts fair practice with all trade partners, strictly complies with trading conditions and not demand or receive any dishonest benefits from the trading partners.

Creditors: The Company complies with agreements between the Company and its creditors by paying creditors in a timely manner to creating trust and sincerity among each other.

Competitors: The Company complies with competitor in a frame of fairly rule and emphasize on creating of business competitive edge by developing the Company's potential, not to seek confidential information of business competitors in an improper or dishonest manner or damage the reputation of our



competitors either directly or by indications.

<u>Environment:</u>	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.
<u>Community/Society:</u>	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.
<u>Government Sectors and Related Units:</u>	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 (HYPERLINK "mailto:auditcom@takuni.com" 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 fo-



cuses 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 2019 and 2018 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

- 2.1 Board of Directors
- 2.2 Audit Committee
- 2.3 Remuneration Committee
- 2.4 Executive Committee
- 2.5 Anti-Corruption Committee
- 2.6 Risk Management committee



2.7 Environmental Social and Governance Committee

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

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

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

4. Supervision on Usage of Inside Information

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

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

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

5. Audit Fee

Total audit fee paid in 2019 to PricewaterhouseCoopers ABAS Company Limited, the auditor of the Company and the subsidiaries, was 10.04 million baht and can be separate to the audit fee of 7.57 million baht and other compensation of 2.47 million baht.

6. Corporate Governance Practice of the other matter

Policies of the connected transactions in the future

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

For normal business transactions and the transactions that support the normal business like purchasing and selling goods, offering services, etc., Audit Committee will consider and give opinion on the reason and necessity of recording stated transaction as well as normal trading policy of price mechanism. The transactions must be fair and irrelevant when the transfer of interests between the Company and person used to compare with the transfer of interests between the persons who might have conflict of interest and public or other relevant. Also, the consideration and opinion on the reason and necessity of recording stated transaction are quarterly given and perform according to the announcement of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and rules on disclosure of connected transactions.





- Financial assistance transaction must operate under necessity, reasonableness, fair terms and conditions and gives the Company the highest benefit. For Guarantee transaction according to the requirement of loans from financial institutions to use as working capital which is a normal condition for providing loans to business whether by direct guarantee or placing collateral, the Company shall not incur any costs arising from the guarantee and shall not lose any benefits. The guaranteed transactions must be necessary for business operations. Moreover, the Audit Committee must consider and give opinion on the reason and necessity for the mentioned financial assistance transaction for the Company's maximum benefit. For provided and guaranteed transactions shall be treated as a normal transaction with third parties, including the consideration of fairness and complying with the announcement of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and regulations, notifications, including compliance with the disclosure requirements of connected transactions.
- Apart from normal business transactions and the transactions that support the normal business such as other asset or services transaction, revenue transaction, financial assistance transaction, etc. the Company assigned Audit Committee to consider and give opinion on the reason and necessity of recording stated transaction according to the announcement of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and rules on disclosure of the Company and its subsidiaries connected transactions. Moreover, the Company does not have policy for giving loans to person who might have conflict of interest to run a business or perform instead of the Company.
- With the purpose to perform transparently and accord to governance principle, in case the Company makes connected transaction with the person who might have interest of conflict, directors with gain and loss are not being entitled to vote and would not participated in that meeting.

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



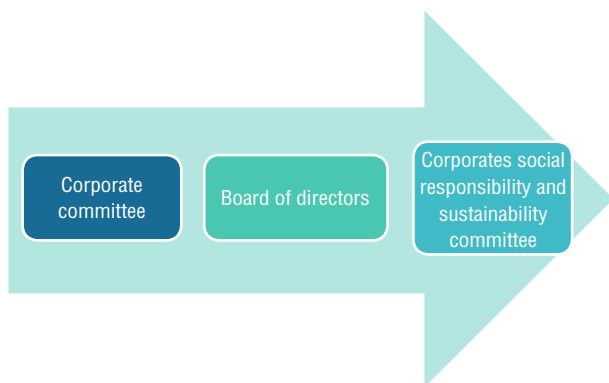
Corporate Social Responsibility



Corporate Social Responsibility : CSR

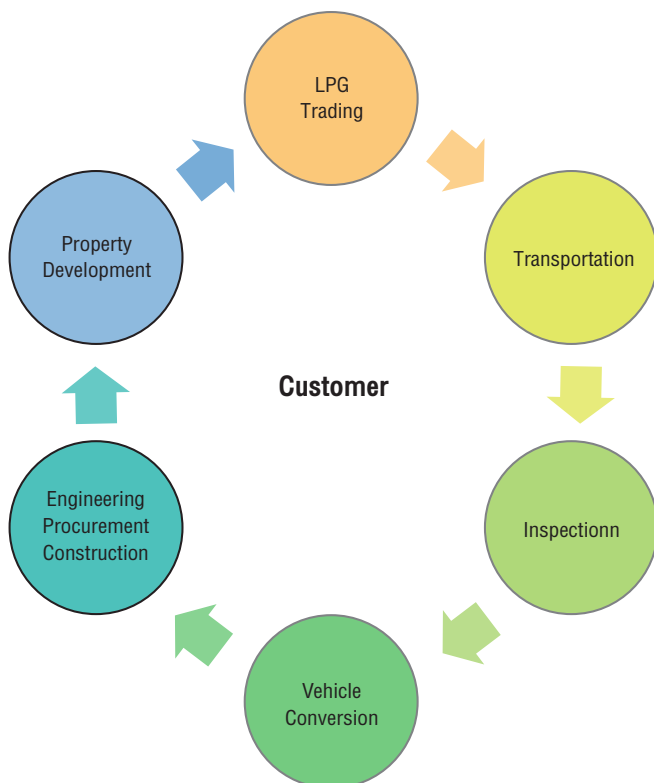
Policy: Group companies defined vision in conducting business as a whole that companies will grow and be expanded altogether and can support each other at the same time business is conducted by adhering to social and environmental responsibility in a way that ensures all stakeholders are considered including enhancing free competition by not taking any action to cause market price distortion leading to disadvantage for consumers , and being able to achieve business growth in a secure and sustainable manner.

Administrative structure of corporate social responsibility and sustainability committee

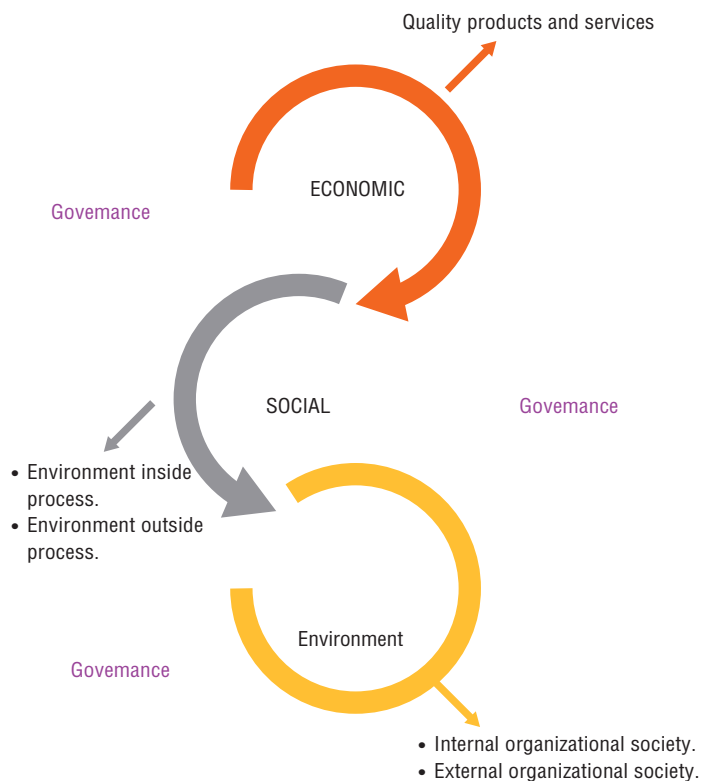


The Company appointed corporate social responsibility and sustainability committee (ESG) comprising management executives, managers, and employees to have power and duty to develop social, environmental, and economic responsibilities and produce reports summarizing performance to Board of directors. Besides, ESG committee communicated with employees including stakeholders for acknowledgement using communication channels such as website, email, Skype, Facebook, or public relations announcement, etc.

Company Overview



TAKUNI CSR Framework



Economic approach

Fair business conduct

The Company gives importance to fair practices by adopting ethical principles to use with other organizations associated with anti- corruption, fair competition, social responsibility practices, respect of the right to property and building business relationship that includes each individual with government agencies and other related businesses, i.e. employees, shareholders, business partners, contract parties, customers, competitors, and professional associations.



Anti-Corruption

The Company is aware of and gives importance to anti-corruption both inside and outside the organization. The Company commits to conduct business with transparency and accountability which can be audited in all working processes and procedures and the Company does not accept all forms of corruption. Besides, the Company regulates policies and measures to prevent and combat corruptive activities. The Company communicates with employees of all levels and the organizational ethics is determined to encourage all employees to be aware of corruptive actions as the Company realizes that corruption destroys business, society, and the country. Therefore, the implementation of anti-corruption must come from the intention of all agencies and sectors to join their forces to drive, instill, and enhance corruption-free for Thai society.

Responsibility to consumers

The Company commits to fair marketing by offering products full of quality and safety with excellent service to customers and being ready to respond to customer demands through product instructions, problem solving techniques, and process for receiving complaints to achieve the highest level of customer satisfaction.



The Company was registered with Department of Energy Business to be liquefied petroleum gas trainer and in 2019, in order to encourage workers to consider safety in use of liquefied petroleum gas, the following training courses were provided:

- | | |
|--|---|
| <p>1) The training course for workers in workplaces using liquefied petroleum gas.</p> <p>The 1st round of training courses:
13-14 March 2019 for 21 persons.</p> <p>The 2nd round of training courses:
19-20 November 2019 for 7 persons.</p> | <p>2) The training course for workers filling liquefied petroleum gas.</p> <p>The 1st round of training courses:
24-25 January 2019 for 29 persons.</p> <p>The 2nd round of training courses:
16-17 May 2019 for 20 persons.</p> <p>The 3rd round of training courses:
5-6 September 2019 for 24 persons.</p> |
|--|---|

Environmental approach

The Company gives importance to overseeing process environment and external environment by considering environmental impact on the society so as to meet international standards. The Company strives to develop green and advanced technologies to ensure all processes of the Company achieve maximum efficiency.

5R principles that include Reduce, Reuse, Recycle, Repair and Reject have been adopted to activities under the project “TAKUNI Care”. Activities were organized under the environmental management policy and employees were encouraged to participate in the activities and were instilled consciousness to conserve environment in a sustainable manner.

- | | | |
|---------|---|---|
| Reduce | : | It is a way of waste reduction such as the purchase of a refillable product. |
| Reused | : | It is a way to extend product life cycle, learn to utilize them more efficiently, and use them again or more than once. |
| Recycle | : | It is a method to put used objects or materials through the process of converting waste materials into new materials and objects. |
| Repair | : | It is a way to fix or mend something suffering for damage or fault to be used again. |
| Reject | : | It is an approach to avoid using hazardous products. |

Redeeming merit from waste activity: The objective of this activity was set to be consistent with the 5R policy (Reduce, Reuse, Recycle, Repair and Reject) and aimed for zero waste, generating income from waste separation, and saving more expenses by reuse or repair approaches. By the way, income from the waste separation was contributed to the donation made to Protection and Development of Disabled Persons at Ban Nontaphum.

The Company has a policy to use resources economically and wisely by setting as KPI for employees in using resources most wisely. Moreover, notifications were made to encourage everyone to save water and electricity such as turn on the faucet only when necessary, do not leave the tap running or overflowing, water left from dish washing or floor cleaning can be used to water trees. The measures to save electricity were turning off lights, air conditioning, computers, and electrical appliances during lunch breaks or do not plug in an electric pot all day long, only boiling the amount of water that needed, regularly check electrical appliances for ready use, and clean air conditioners.

Statistics on the Company resource consumption

	2016 (Million baht)	2017 (Million baht)	2018 (Million baht)	2019 (Million baht)
<i>Electricity consumption</i>	2.26	2.36	2.23	0.86
<i>Water consumption</i>	0.22	0.21	0.19	0.08
<i>Paper consumption</i>	0.08	0.07	0.06	0.08



The Company had a measure for hazardous waste disposal or waste that may cause ecosystem pollution by recalling hazardous waste to be eliminated by the third party who is legally certified with certain standards.

The Company participated in booth exhibition in “mai Forum 2018” on 1 July 2018, one of annual investor relations activities, held by the Association of companies listed on MAI Stock Exchange and MAI Stock Exchange. The mai Forum 2018 was a role model event that helped reduce global warming in a concrete manner. The event was organized to raise awareness of participators to travel to the event by using electric trains or public transport to reduce energy from travelling and using QR Code technology for event registration to decrease the amount of paper required in the registration, reducing electrical energy by setting air conditioners at a higher temperature including promoting carbon offsetting at 24 tons of carbon dioxide equivalent in accordance with the principle of carbon neutral event certified by Thailand Greenhouse Gas Management Organization (Public Organization) or known as TGO, which considered a role model event reducing global warming with carbon zero emission

Carbon Neutral Certificate

Thailand Greenhouse Management Organization
(Public Organization)].



The Company is aware of environmental responsibility in conducting the transport business. GPS tracking devices are installed in all company delivery trucks (devices must be certified by Department of Land Transport) to help monitor driver behavior such as driving speed, driving distance, or the act of turning off the engine while parking. A report is submitted at an executive meeting every month.

The Company participated in Green Industry Project created by Ministry of Industry and was announced to achieve Green Industry in the 2nd level (Green Active) in developing environmental work plans to reduce environmental impact in a concrete manner. The Company implemented activities reducing environmental impact in accordance with the set goal by growing fruit trees, flowering trees, and kitchen vegetables to increase green spaces as plants provide shade and improve air circulation by absorbing carbon dioxide, a cause of global warming, and collecting some particles such as dust, or smoke. In addition, the kitchen vegetables can be eaten and rich in vitamins and minerals, chemical free, reduce household expenses and the important thing is it allows employees to enjoy doing activities together, bringing good relationship within the Company.



- Green Industry Project — Pathum Thani Gas Depot, employees and executives work in collaboration to make green spaces.



Social approach

Respect for human rights

The Company manages the business scrupulously and is aware of an impact on violation of rights of employees, communities, and society in conjunction with seeking preventive measures to monitor and oversee the Company business. A complaint mechanism is appropriately established for those who believe that their rights are violated or they receive unfair treatment through the following channels:

Channel 1: A written complaint can be sent by post addressed to Chairman of the Audit Committee or Secretary of the Audit Committee to Takuni Group Public Company Limited 140/1, Naveechoarsap Alley, Kanjanapisek Road, Bang Khae Sub-district, Bang Khae District, Bangkok, 10160.

Channel 2: A written complaint can be sent to email address: auditcom@takuni.com

Channel 3: A written complaint can be sent to the Company website <http://www.takunigroup.com>

With regard to human rights of the Company employees, the Company has adhered to enhancement of employee human rights with fair practices and equality starting from the process of recruitment, working, and career path without discrimination of any kind based on sex, age, race, religion, and physical appearance such as employing people with deformity and providing facilities in terms of safe and suitable workplace and work conditions including promoting rights and roles of female employees in the organization.

The Company is aware of equality; therefore, both male and female applicants are employed with fair and equal treatment or rights, duties, responsibilities, and chances.

Personnel of Takuni Group Public Company Limited and its affiliates

Currently there are 19 senior executive officers



Currently there are 705 employees



There are 2 employees being persons with disability and the Company opens chances to support career building for persons with disability to be self-reliant and able to reduce family and social burden as well.

Fair treatment to employees

The Company has a policy to treat all employees equally and fairly by caring their living, safety, and hygiene in the workplace including promoting organizational learning and personnel development so as to elevate the performance of employees in an professional manner and working system through



- Developing knowledge and ability of personnel
- Giving collaboration with the government sector to providing training to college students to improve their workmanship for feeding the labor market.

The important component that drives business to reach success is quality employees. As a result, the Company has implemented human resource management through personnel development by supporting and enhancing skill training to increase employees' potential at maximum efficiency for the actual growth of the organization.

Development and increase of knowledge and working skills for professional expertise

Employee training	2016	2017	2018	2019
Internal training	9 times	63 times	42 times	3 times (30 persons)
External training	54 times	48 times	34 times	53 times (126 persons)



• First aid and CPR training.



• Fire evacuation and fire fighting rehearsal.

The Company has implemented the system development of career path, knowledge competency, and skill competency by announcing a policy to all employees for being able to access and acknowledge.



Taking stairs healthy Activity — To let employees to realize that exercise can be done anytime and anywhere, even in the workplace. Meanwhile, this activity brings about electricity saving when elevators are not in use.

Stop Office Syndrome Activity (SOS) - To help promote employees to have good health and get away from office syndrome, Video presenting exercise postures for muscle stretching is prepared and the time for exercising is divided into 10.30 hours and 15.00 hours.

Loan project — The Company has implemented the loan offer project for employees by making an agreement with G Capital Public Company Limited to provide personal loan (in the form of welfare loan) by receiving special interest rate, conditions of credit limit approval, and installment period better than asking loan from other financial institutions, which can reduce their debts from using credit cards, prevent informal loan or problems affecting their working performance that can lead to corruption problems in the Company.



Mutual development for community or society

The Company is aware of being a part of a community or society and responsible for providing assistance or support public beneficial activities to a community including developing community and social environment for better living by creating employment and making diversity of economic activities that can improve the organizational strength.

The Company joined Mai in being a part to push forward the project “Join forces.....to change the life of 13,000 patients with cancer” by giving fund to support the project implementation. This project has helped patients with cancer have knowledge and understanding of how to handle cancer correctly so as to increase a survival rate and good quality of life for patients with cancer in Thailand.

The Company has foreseen huge benefits of this project as it does not only help patients with cancer who are deprived of money and encouragement, but also reduces the government sector expenses for the benefit of the country economic growth.

Connectivity and generating employee commitment to organization and promoting favorable culture and value of the organization. Policies are transmitted to employees to encourage them to express their points of view (Leadership), be assertive to speaking, thinking, and doing from inside out to gain acceptance and practice, regardless of education levels or social status, leading to learning and further development; for example, a leader must make a leader and support (Empowerment) confidence and opportunity to people in empowering and increasing potential from idea, attitude to skills and practices using activities as a tool for connectivity



- Employees participate in activities for building organizational unity
- Employees are trained leadership, instilled consciousness to be good persons of the society.
- Employees are raised awareness to be ready if they have to confront any unexpected situations so as to reduce loss and close the probability of each risk.
- Favorable traditions and cultures are conserved and carried on.





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 March 16, 2019 are as follow:

	Shareholders	No. of Shares	%
1	Treeveeranuwat Family	414,677,396.00	51.83
2	Mr. Somchai Kittidutsaditham	9,100,000.00	1.14
3	Mr.Thanet Charoenchai	6,816,000.00	0.85
4	Mr. Jumroen Rungwattanasat	6,572,500.00	0.82
5	Thai NVDR Co., Ltd.	6,446,636.00	0.81
6	Ms.Nisita Singha	5,720,000.00	0.72
7	Mr. Parames Tangchalermkul	5,629,300.00	0.70
8	Mr. Phuphat Limthammanee	4,830,000.00	0.60
9	MS.Siripron Saecu	4,726,800.00	0.59
10	Ms.Ampon Srephothong	4,314,700.00	0.54
11	Mr. Theerachai Pheraruchiroj	4,023,500.00	0.50
12	Mrs. Jintana Ananprakrit	4,000,000.00	0.50
13	Mr. Wichain Srimuninnimit	4,000,000.00	0.50
14	Mrs. Suwimon Yingthanaphibun	4,000,000.00	0.50
15	Mr. Samawat Panyanukul	3,900,000.00	0.49
	Total	488,756,832.00	61.09

Dividend Policy

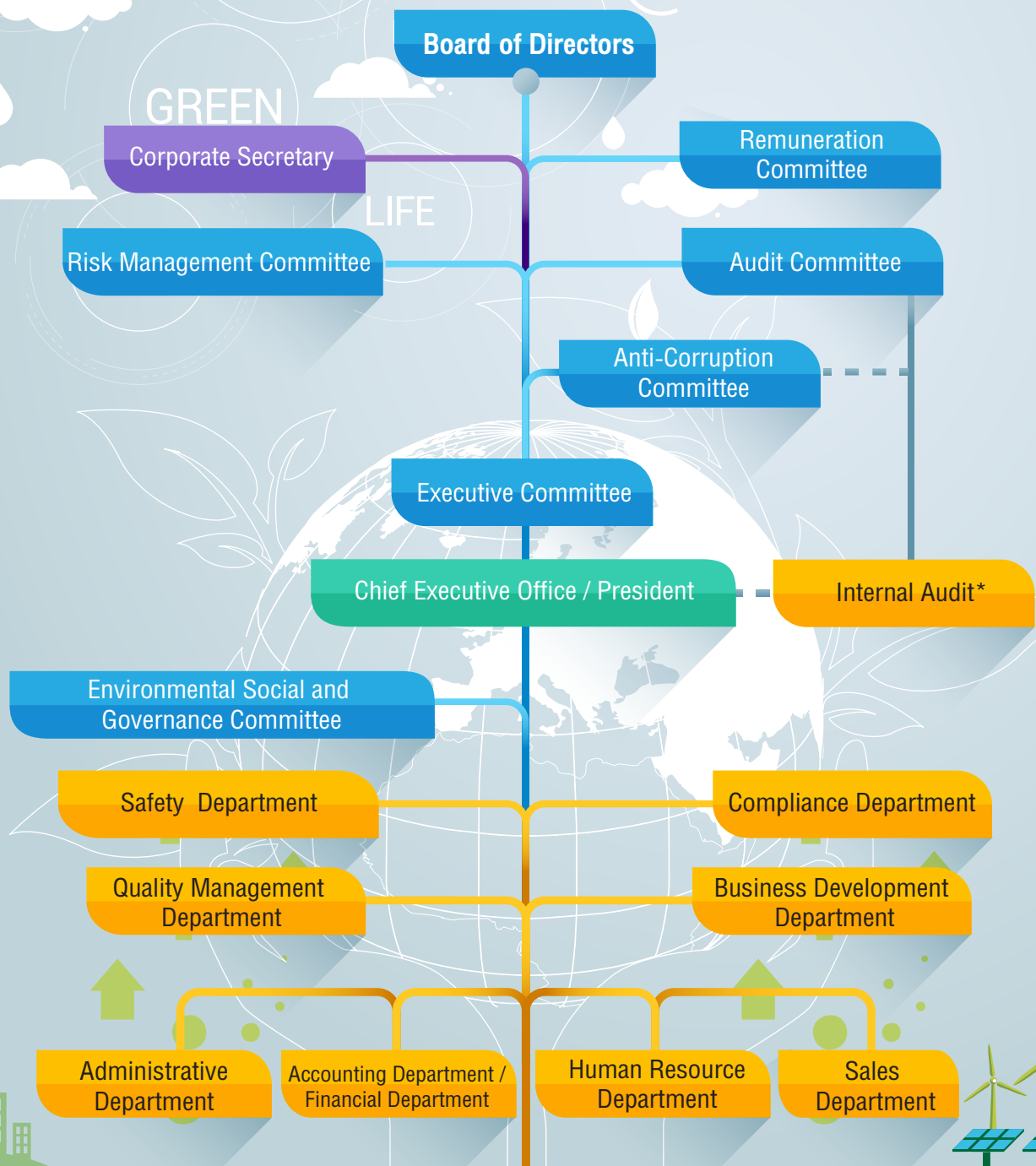
The Company and its subsidiaries has the policy of paying dividend to shareholders at no less than 40% of net profit after deduction of corporate income tax, legal reserve and other reserves. However, the Company may pay the dividend less than the above rate, depending on the necessity of working capital 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	Statement of Comprehensive Income (Company)	Share Capital	Dividend payout ratio (%)	Amount (Baht)	% Paid Dividends
	Net Profit/ Retained Earnings				
2019	21,962,289	800,000,000	0.0274	21,920,000	99.81
	Net Profit				
2018	31,826,529	800,000,000	0.0375	30,000,000	94.26



TAKUNI Organization

The Executive Committee has approved the organization on the Executive Committee meeting no. 2/2020 on February 13, 2020. The management structure is as follows:



* Dharmniti Internal Audit Co.,Ltd.

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

Board of Directors

As of December 31, 2019, 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 Term 5 25/4/2019	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
4. Mr. Prasert Treeveeranuwat	Director (Executive) / Chairman of Executive Committee / Chairman of Risk Management Committee / Chairman of Anti- Corruption Committee	Term 1 26/3/2007 Term 2 17/4/2014 Term 3 26/4/2017 Term 4 25/4/2019	DAP
5. Ms. Kanchana Rimpanichayakij	Director / Executive Committee	Term 1 26/3/2007 Term 2 27/4/2015 Term 3 26/4/2017	DAP
6. Ms. Nita 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



First Name - Surname	Position	Date of placement	Training Role and function Skills of director ^{1/}
7. Mr. Somchai Kanbuakeaw	Director / Executive Committee	Term 1 26/4/2016 Term 2 25/4/2019	DAP

Board of Directors consist 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 and Sub-Committee in 2019

First Name - Surname	Number of Attendance / Number of Meetings				
	Board of Directors Meeting (7 person) 6 meeting	Audit Committee Meeting (3 person) 8 meetings	Remuneration Committee Meeting (3 person) 2 meetings	Executive Board Meeting (4 person) 16 meetings	The Independent Directors' Meeting (3 person) 2 meetings
1. Mr. Visit Akaravinak	6/6	8/8	2/2	-	2/2
2. Mr. Chareon Prajuntan	6/6	8/8	2/2	-	2/2
3. Mr.Kaveewat Songsakulkiat	6/6	8/8	2/2	-	2/2
4. Mr.Prasert Treeveeranuwat	6/6	-	-	10/16	-
5. Ms. Kanchana Rimpanichayakij	6/6	-	-	-	-
6. Ms. Nita Treeveeranuwat	6/6	-	-	14/16	-
7. Mr. Somchai Kanbuakeaw	6/6	-	-	13/16	-



Corporate Secretary

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

1. Prepare and maintain following documents:
 - 1.1 The Board's Registration
 - 1.2 The Board's meeting initiation letter and meeting reports as well as the Company's annual report
 - 1.3 The Shareholder's meeting initiation letter and meeting reports
2. Keep a report on stakeholder as reported by the Company's Board or management
3. Carry out other activities defined by the Capital Market Commission.

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

Note : ^{1/}

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

Director and Management Remuneration

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

Financial Remuneration Meeting Allowance

The following remuneration for the Board of Director and Audit Committee was approved at the 2019 Annual General Meeting of Shareholders on April 25, 2019 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 2,200,000 baht.



For the year 2019, 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 2019)	Total (Baht)
1. Mr. Visit Akaravinak	360,000.00	-	108,695.65	468,695.65
2. Mr. Chareon Prajuntan	360,000.00	-	108,695.65	468,695.65
3. Mr.Kaveewat Songsakulkiat	300,000.00	-	108,695.65	408,695.65
4. Mr. Prasert Treeveeranuwat	-	60,000.00	43,478.26	103,478.26
5. Ms. Kanchana Rimpanichayakij	-	60,000.00	43,478.26	103,478.26
6. Ms. Nita Treeweeranuwat	-	60,000.00	43,478.26	103,478.26
7. Mr. Somchai Kanbuakeaw	-	60,000.00	43,478.26	103,478.26
Total	1,020,000.00	240,000.00	500,000.00	1,760,000.00

● Other forms of compensation or welfare

- No

Executive

The Company consist of 4 executives as follow:

First Name - Surname	Position
1. Mr.Prasert Treeveeranuwat	Executive Chairman/ Chief Executive Officer / Managing Director Acting Vice President Property Development Business
2. Ms. Nita Treeweeranuwat	Executive Committee/ Vice President Administrative Department/ Acting Vice President Human Resource Department/ Managing Director TAKUNI LAND CO,LTD Managing Director TAKUNI TRADING CO,LTD Acting managing director TAKUNI THAILAND CO,LTD
3. Ms. Chatprapa Chansri	Executive Committee/ Vice President Sales Department/ Managing Director G-GAS LOGIISTICS CO,LTD
4. Mrs. Thitima Tanapakit	Executive Committee/ Vice President Accounting Department /Financial Department





Management Remuneration

In 2019 and 2018, 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	2019 19 person	2018 19 person
Remuneration		
Salary	33.26	31.93
Bonus	3.12	2.22
Other compensation		
Provident Fund ^{1/}	0.26	0.28
Car allowance	YES	YES
Total	36.64	34.43

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, 2019 and 2018, the number of the Company and its subsidiaries' staff (not include executive) are as follows:

Takuni Group Public Company Limited

Division	Number of Staff	
	31 December 2019	31 December 2018
Sales	5	4
Human Resources	5	5
Finance and Accounting	16	17
Purchasing	3	2
IT	3	3
Compliance	2	2
Warehouse-Gas	12	11
Executive Secretary	1	1
Quality Management Department	1	1
Gas Terminal Construction Project	12	7
Total	60	53



Takuni Thailand Company Limited

Division	Number of Staff	
	31 December 2019	31 December 2018
General Services	6	12
Engineering	7	-
Warehouse	1	1
Human Resources	6	7
Total	20	20

G Gas Logistics Company Limited

Division	Number of Staff	
	31 December 2019	31 December 2018
Transportation	29	27
Security	1	1
Total	30	28

Rajchapluek Engineering Company Limited

Division	Number of Staff	
	31 December 2019	31 December 2018
Operation	144	111
Administration	19	23
Security	1	1
Sales	7	6
Finance and Accounting	3	3
Total	174	144

CAZ (Thailand) Public Company Limited¹⁾

Division	Number of Staff	
	31 December 2019	31 December 2018
Executive Secretary	1	1
Marketing	2	1
Construction Department	319	200
Finance and Accounting	5	5
Purchasing	5	5
Appraisal Department	2	6
Warehouse and Delivery Department	2	2
Human Resources	7	6
Drawing Department	14	16
IT	2	2
Planing	1	-
Total	360	244

Note: ¹⁾ CAZ is a subsidiary company of the Company, with Takuni (Thailand) Company Limited (which is the subsidiary company of the Company) holding 36.64%



JKEC Company Limited¹⁾

Division	Number of Staff	
	31 December 2019	31 December 2018
Human Resources	10	3
Finance and Accounting	2	2
Project Control Department	4	3
Construction Department	45	35
Total	61	43

Note: ¹⁾ 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, 2019 and 2018, the total number of the Company's employees (not include executive) is 705 employees and 532 employees, respectively. Total amount of compensation which is in cash form (salary, bonus, contribution fund, and social insurance and overtime fee) is 267.67 Million Baht for 2019 and 205.80 Million Baht for 2018. 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	72	Master Degree : - Master of Management Sasin Graduate Institute of Business Administration Bachelor Degree : - Engineering (Electrical) faculty, Chulalongkorn University Training Experience : - diploma Executive Program Capital Market Academy (CMI 6) - DCP 49/2004, RCP 12/2005 Thai Institute of Directors Association	2012 - Present	Independent Director / Chairman of Director/ Member of Audit Committee / Member of Remuneration Committee	Takuni Group PLC.
			Present	Association Advisor	Chulalongkorn University Engineering alumni
2 Mr. Chareon Prajumtan	73	Master Degree : - Faculty of Political Science, Thammasat University Bachelor Degree : - Faculty of Engineering, KMUTT - School of Law, Sukhothai Thammathirat Open University Training Experience : - DCP 88/2007, ACP 14/2006, - DAP 56/2006, QFR 4/2006 Thai Institute of Directors Association	2014 - Present	Independent director / Chairman of Director	PAE (Thailand) PCL.
			2012 - Present	Independent Director / Chairman of Audit Committee / Member of Remuneration Committee	TakuniGroup PLC.
			Present	University Council Committee King Mongkut's University of Technology Thonburi	Autonomous university





Name Position	Age (Years)	Educational Credential / Training Experience	Working Experience in last 5 years		
			Period	Position	Sector/Company
3	Mr. Kaveewat Songsakulkiat	63	2016 - Present	Independent director / Chairman of Remuneration Committee / Member of Audit Committee	Takuni Group PLC.
4	Mr. Prasert Treeveeranuwat	59	2008 - 2018	Financial and accounting consultants	Kantana Group PCL.
4	Mr. Prasert Treeveeranuwat	59	2016 - Present	Director / Executive Committee	CAZ (Thailand) PLC
4	Mr. Prasert Treeveeranuwat	59	2007 - Present	-Director -Chairman of Executive Committee / -Chief Executive Officer / Managing Director / -Acting Deputy Managing Director Business Development	Takuni Group PLC.
4	Mr. Prasert Treeveeranuwat	59	2002 - 2018	Managing Director	Takuni (Thailand) Co., Ltd
4	Mr. Prasert Treeveeranuwat	59	2000 - 2015	Director	G-Gas Logistics Co., Ltd.
4	Mr. Prasert Treeveeranuwat	59	1995 - 2015	Executive	Rajchapluak Engineering Co., Ltd.



Name Position	Age (Years)	Educational Credential / Training Experience	Working Experience in last 5 years		
			Period	Position	Sector/Company
5 Ms. Nita Treeweeranu- wat Child of Mr. Prasert Treeveeranu- wat and Ms. Kanchana Rimpanicha- yakij	33	Master Degree : - MSc International Financial Management, Queen Mary University of London Bachelor Degree : - BEng Mechanical Engineering, University of Nottingham - Mechanical Engineering Department, Thammasat University Training Experience : - EDP 2017 , TLCA - DAP 100/2013, CSP 52/2013 , DCP 208/2015 - TAG 9 Thai Institute of Directors Association	2019 - Present	Director	Exact Real Estate Co.,Ltd
			2019 - Present	Director	Sermasch Engineering Co.,Ltd
			2019 - Present	Director	Sorb Engineering Co.,Ltd
			2019 - Present	Director / Managing Director /	Takuni Trading Co.,Ltd
			2017 - Present	Director / Managing Director	Takuni Land Co.,Ltd.
			2015 - Present	Director / Executive Committee	CAZ (Thailand) PLC.
			2014 - Present	Director/ Acting managing director	Takuni (Thailand) Co.,Ltd.
			2011 - Present	Director / Executive Committee / Deputy Managing Director of Administrative Department / Acting Deputy Managing Director of Human Resources	Takuni Group PLC.
			2010 - 2011	Engineer	Rajchapluek Engineering Co.,Ltd.



Name Position	Age (Years)	Educational Credential / Training Experience	Working Experience in last 5 years		
			Period	Position	Sector/Company
6 Ms. Kanchana Rimpanicha- yakij Wife of Mr. Prasert Treeveeranu- wat Mother of Miss Nita Treeweeranu- wat	61	Bachelor Degree : Business Administration College, Assumption University Training Experience : - DAP 103/2013 Thai Institute of Directors Association	2018 - Present	Director	CAZ (Thailand) PLC.
			2012 - Present	Director / Executive Committee	TakuniGroup PLC.
			1995 - 2015	Director	Rajchapluak Engineering Co., Ltd.
7 Mr. Somchai Kanbuakeaw	71	Bachelor Degree : - Science (Mechanical) Sriprathum university - Science (Mechanical) College of Technology and Vocational Education Training Experience : - DAP 129/2016 Thai Institute of Directors Association	2019 - Present	Director	Exact Real Estate Co.,Ltd
			2018 - Present	Director	Takuni Land Co.,Ltd.
			2016 - Present	Director / Executive Committee	Takuni (Thailand) Co., Ltd
			2015 - Present	Director	Takuni (Thailand) Co., Ltd
			2015 - Present	Director	Rajchapluak Engineering Co., Ltd.
			2015 - Present	Director /	G-Gas Logistics Co., Ltd.
			2015 - Present	Director / Chairman of Remuneration Committee	CAZ (Thailand) PLC
			1972 - 2008	Specialist	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	53	2013 - Present	Executive Committee / Deputy Managing Director of Sales	TakuniGroup PLC.
				2010 - Present	Director / Managing Director G-Gas Logistics Co., Ltd.
9	Mrs. Thitima Tanapakit	39	2018 - Present	Executive Committee	CAZ (Thailand) PLC
				2013 - Present	Executive Committee / Vice President Financial and Accounting Department TakuniGroup PCL.
			2011 - 2013	Internal Audit Manager	Baker Tilly Risk and Management Services
				2004 - 2008	Senior Auditor Pricewaterhouse Coopers ABAS
10	Mr.Udom Meephaungpol	45	2017 - Present	Executive Committee	Takuni Group PCL
				2017 - Present	Managing Director Rajchapluak Engineering Co., Ltd.
			2015 - 2017	Senior Engineer with Quality Control NDT Level III	STP&I Public Company Limited



Board of Directors and Executives Shareholding

Name	Common Stock		
	16 March 2020	14 March 2019	Change
1. Mr. Visit Akaravinak	-	-	-
2. Mr. Chareon Prajumtan	-	-	-
3. Mr. Kaveewat Songsakulkiat	-	-	-
4. Mr. Prasert Treeveeranuwat	129,472,993	129,472,993	-
5. Ms. Nita Treeweeranuwat	152,610,002	152,610,002	-
6. Ms. Kanchana Rimpanichayakij	2,434,100	2,434,100	-
7. Mr. Somchai Kanbuakeaw	-	-	-
8. Ms. Chatprapa Chansri	-	-	-
9. Mrs. Thitima Tanapakit	-	-	-
10. Mr. Udom Meephaungpol	-	-	-



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 March 16, 2020 Mr. Prasert Treeveeranuwat, his wife, son and daughter holds 51.80% of paid-up capital of company and Mr. Prasert takes a position of company's Chairman of Executive Committee and Chief Executive Officer
Middle G Co, .Ltd. (Gas Station)	Mr. Prasit Treeveeranuwat, a managing partner, is brother of Mr. Prasert Treeveeranuwat who is a company's shareholder and Managing Director.
Vera Ltd., Part. (Gas Station)	
Pranee Petroleum Co, .Ltd. (Gas Station)	
SVP Kalpapluak Petroleum Co, .Ltd. (Gas Station)	Ms. Prapat Treeveeranuwat, a shareholder, is a younger brother of Mr. Prasert Treeveeranuwat who is a company's shareholder and Managing Director.



Related Party Transactions

Transactions	Related Party	Descriptions	Transaction (Million Baht)		Audit Committee's Opinion
			FY2019	FY2018	
1. Revenue from LPG Trading	- Middle G	TAKUNI provides LPG to this related party.	18.12	17.09	These are considered as normal business transactions. The selling price is comprised of fuel price and transportation fee is which calculated from same basis as other customers. The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism.
	- Pranee Petroleum		12.15	9.54	
	- SVP Kanlapapluak Petroleum		0.91	3.99	
2. Revenue from LPG Transportation	- Vera	GG provides LPG transportation service to this related party.	0.13	0.17	This is considered as normal business transaction. The service fee and condition are the same as other customers. - The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism.
3. Revenue from sales and services	- Middle G	TT sells spare parts of gas piping system to these related party.	0.017	0.053	This is considered as normal business transactions. All selling price and sales condition are the same as other customers. The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism.
	- Middle G	RE provides testing and inspection service to these related parties.	-	0.006	These are considered as normal business transactions. All service rate and condition are the same as other customers.
	- Vera		-	0.005	
	- Pranee Petroleum		-	0.006	The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism.
	- SVP Kanlapapluak Petroleum		0.058	0.006	



Transactions	Related Party	Descriptions	Transaction (Million Baht)		Audit Committee's Opinion
			FY2019	FY2018	
4. Other income	- Vera	TAKUNI provides training service to these related parties	0.005	-	These are considered as normal business transactions. All service rate and condition are the same as other customers. The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism.
	- SVP Kanlapapluak 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 is in the best interest of the company. 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 property least, other asset or services 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.



With the purpose to perform transparently and according to good governance principle, in case the Company has connected transactions with the person who might have interest of conflict, directors with gain and loss will not be 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 connected transactions and acquisition and disposal 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





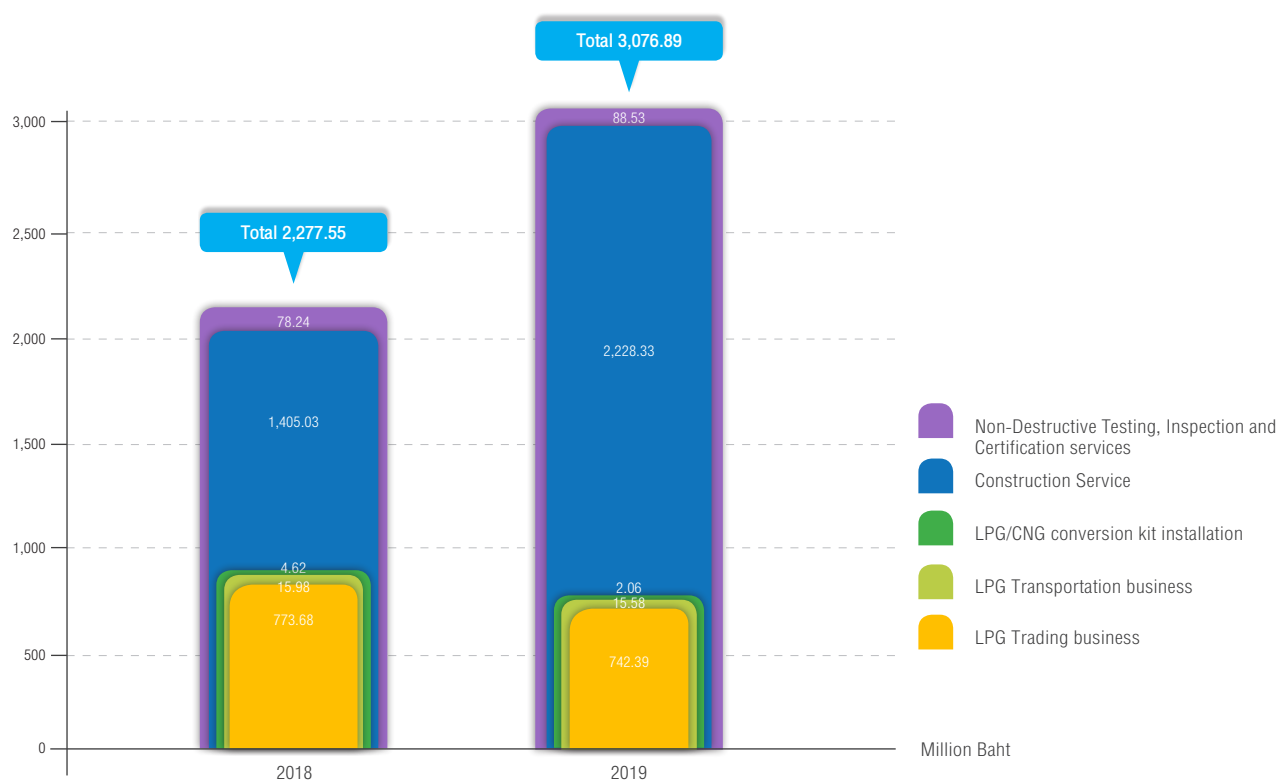
Financial Status and Operational Results



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:

Revenue from Sales and Services



Total revenue of the Company and its subsidiaries increased from 2,277.55 Million Baht in 2018 to 3,076.89 Million Baht in 2019 because the Group recorded revenue from construction service for the year 2018 amounting of 2,228.33 Million Baht, increased 58.60% from the previous year which was 1,405.03 Million Baht. However, from the Company's revenue by business unit, LPG trading and construction service were the largest portion, which is 24.13% of total revenue, and 72.42% of total revenue, respectively.



1. Revenue

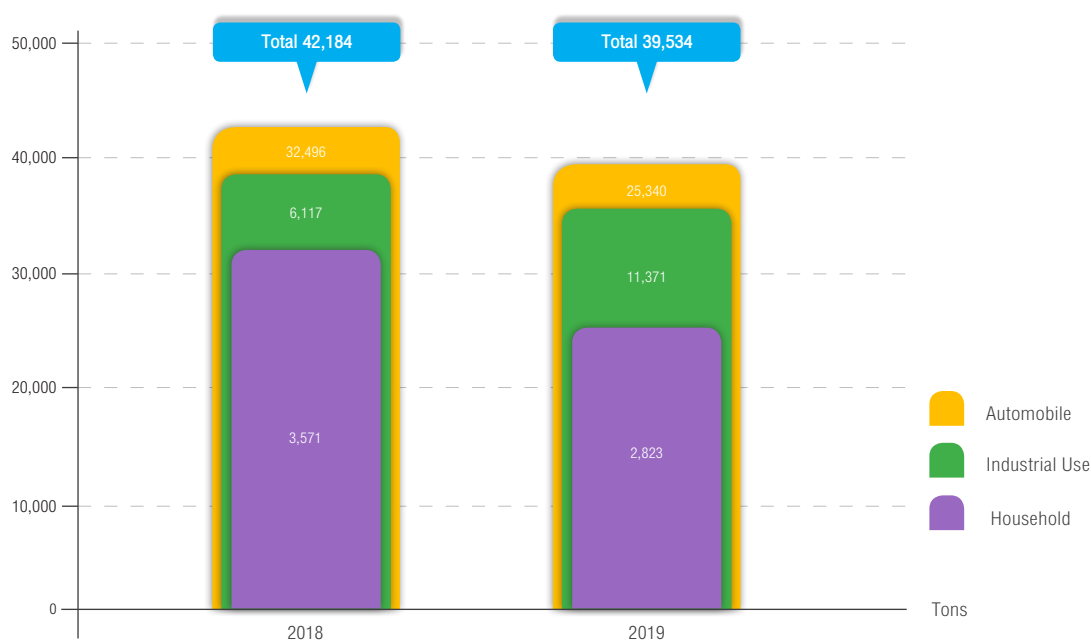
LPG Trading

Revenue from LPG trading is one of the major portion revenue of the Group. Overall LPG volume for the year 2019 has decreased 6.28% from the last year while the average selling price increased 2.39%. Structure of Revenue from LPG trading in 2018 and 2019 are as follow:

Ton	2019	2018
LPG sales volume	39,534	42,184
Selling Price per ton	18,779	18,341

Slightly increased in selling price compared to the last year was resulted from the Company's strategy of not to engage in price war. However, the sales volume to LPG stations (automotive section) during 2019 decreased 19.80% 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 in order to maintain overall LPG volume, resulted in increased LPG sold to industrial sector 85.91% compared the same period of previous year. The sales volume of 2019 and 2018 can be clearly seen through the graph.

LPG Sales Volume by industrial



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



Hazardous and construction equipment transportation service

Currently, the Company provides LPG transportation service mainly its subsidiaries. Revenue from transportation service in 2019 is 45.69 Million Baht, slightly decreased from last year revenue which was 48.62 Million Baht, accounting for 6.03% due to decrease in LPG transportation service both to the parent company and third party.

Revenue from LPG Transportation service



Revenue from transportation service to the third party which present in 2019 consolidated financial statement, amounting of 15.58 Million Baht, has been slightly decreased from last year, amounting of 15.98 Million Baht, by 2.50% due to the decreased in LPG transportation service to third party. While, Ammonia transportation service income has been increased according to the Group's policy to provide other transportation service than LPG transportation due to the continuously decreased in LPG usage in automotive section.

Construction service

For 2019, revenue from construction service is the major portion revenue of the Group. Revenue from construction service for 2019 was 2,228.33 Million Baht, significantly increased amounting of 823.30 Million Baht accounting for 58.60%, because of the revenue recognition on progress measurement method towards complete satisfaction of the performance obligation on construction service contract that has continuously awarded since 2017.

As at 31 December 2019, the Group has backlog for construction service in oil and gas sector totaling of 2,377.82 Million Baht.

Non-Destructive Testing and Inspection service

Revenue from Non-Destructive Testing and Inspection service to the third party increased from 78.24 Million Baht in last year to 88.53 Million Baht, accounting for 13.15%, 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 2019 was 18.78 Million Baht, comprised of interest income from short-term investment, gain on disposal of fixed asset, and rental income and utility income from investment properties.

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

LPG Trading

Cost of LPG trading are comprised of fuel, transportation to depot and to customer, and through-put charge. In 2019, 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 38.94% from the previous year.

For selling and administrative expense of LPG trading are personnel and depreciation expense. Total selling and administrative expense in 2019 was 74.38 Million Baht, accounting for 10.02% of LPG sales, decreased 1.15 Million Baht from the last year, which was 75.53 Million Baht. The Company recorded transportation expense to customer in 2018 amounting of 17.22 Million Baht as selling expense, while reclassify transportation expense to customer for 2019 amounting of 21.68 Million Baht as cost of service according to TFRS15. Moreover, the revenue on LPG trading from transportation sector, which is the main target group of the Company, continuously decreased, the estimation of recoverable amount of gas depot and related assets in LPG trading business based on value in use was lower than net book value, the Company recorded impairment of gas depot and related assets in LPG trading business amounting of 22.48 Million Baht. Therefore, operating loss for 2019 was 4.56%

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 2019 has no significant difference from the previous year. Thus, operating profit for 2019 was 32.92%, no significant change from the last year which was 32.42%.

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 85.82% of total cost of service. Selling and administrative expense in 2019 has increased 17.21 Million Baht, or 23.26%, from the last year. This result from the increased in personnel expense of 5.50 Million Baht, or 18.99% compared to the last year, as increased in number of employee to support the construction service business. Operating profit from construction service in 2019 increased from 5.58% to be 6.70% 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 75.91%. The personnel expense for 2019 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 personnel expense for 2019 increased 32.41% compared to the previous year and has operating loss margin of 0.70%; while operating profit margin for 2018 was 1.76%.



3. Profit Ability

The Group's gross profit according to the 2019 consolidated financial statements was 298.10 Million Baht, accounting for 9.69% per sales and service income. The amount was increasing from 2018 which total gross profit was 248.42 Million Baht, accounting for 10.91% per sales and service income. The slightly decreased in gross profit mainly resulted from the adjustment of estimated cost for oil and gas construction service business.

Net profit attributable to the parent company in 2019 was 27.16 Million Baht, decreased from 2018 which net profit was 32.13 Million Baht, accounting for 15.47%. The decreasing in net profit was resulted from the impairment of LPG asset amounting of 22.48 Million Baht; even though revenue and operating profit margin for oil and gas construction service sharply increased.

Financial Position

(Unit: Million Baht)	<u>31 December 2019</u>	<u>31 December 2018</u>	<u>Changes</u>
Assets			
Cash and cash equivalents	138.27	212.68	(74.41)
Short term investments	-	59.90	(59.90)
Trade and other receivables - net	320.57	255.88	64.69
Unbilled receivables	692.30	286.04	406.26
Inventories - net	201.51	308.56	(107.05)
Non-current assets held for sale	20.66	-	20.66
Pledged and restricted bank deposits	48.85	37.35	11.50
Investment Properties	11.04	22.28	(11.24)
Property, plant and equipment	692.02	564.97	127.05
Goodwill	19.38	19.38	-
Other assets	175.04	146.58	28.46
Total assets	2,319.64	1,913.62	406.02
Liabilities and shareholders' equity			
Overdraft and Short term borrowing	238.95	59.18	179.77
Trade and other payables	399.23	346.27	52.96
Advance received from construction service	241.90	385.02	(143.12)
Borrowing from financial institutions	143.70	182.34	(38.64)
Financial Lease Liabilities	32.15	5.93	26.22
Other liabilities	66.81	46.04	20.77
Shareholders' equity	1,196.90	888.84	308.06
Total liabilities and shareholders' equity	2,319.64	1,913.62	406.02

Total Asset

The value of total assets as at December 31, 2019 was 2,319.64 Million Baht, increased 406.02 Million Baht from 2018 by 21.22% due to following reasons:

- Unbilled receivables increased 406.26 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.



- Property, plant and equipment sharply increased 127.05 Million Baht because the Group has purchased property and plant (in Chonburi province) for construction service business approximately 98 Million Baht and purchase of tools and equipment for construction service and testing and inspection service business to support its business expansion amounting of 99.76 Million Baht to support the business expansion. However, the decreased in Property, plant and equipment resulted from impairment on gas depot and related assets in LPG trading business amounting of 22.48 Million Baht (in the first quarter of 2019) and depreciation expense during the year amounting of 62.88 Million Baht. Moreover, the Group has reclassified land that will be sold for the property development project amounting of 20.66 Million Baht to be Assets held for sale.
- Cash and cash equivalents decreased 134.31 Million Baht from the previous year because the Group has purchased property and plant for construction service business and tools and equipment for construction service and testing and inspection service business to support its business expansion, repayment loan from financial institution during the year, and using as working capital to support business operation.
- Inventory decreased 107.05 Million Baht because material use for oil and gas construction service during the year.
- Investment Properties decreased 11.24 Million Baht because the Group has sold condominium within the period.

Total Liabilities

The value of total liabilities as at December 31, 2019 was 1,122.74 Million Baht, increased from 1,024.78 Million Baht in 2018 by 9.56% due to following reasons:

- Short-term borrowing for using as working capital during the year amounting to 179.77 Million Baht.
- Trade and other payables increased 52.96 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 decreased amounting of 143.12 Million Baht as to net with revenue recognition and payment received during the year.
- The Group has repaid long-term borrowings from financial institutions amounting of 38.64 Million Baht as the payment term during the year.

Shareholders' equity

The value of total shareholders' equity as at December 31, 2019 was 1,196.90 Million Baht, which equity attributable to owners of the parent was 882.54 Million Baht. It has been increased from 2018 which was 808.22 Million Baht, by 9.20% due to the comprehensive income for the year 2019 to the parent company amounting to 23.28 Million Baht and Change in non-controlling interests proceeds from IPO shares issued amounting to 80.78 Million Baht; however, dividend payment during 2019 amounting of 30.00 Million Baht.





TAKUNI GROUP PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2019



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 2019, 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 and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2019;
- 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

1) *Impairment of gas depots and related assets*

Refer to critical accounting estimates and judgements in note 4 and property, plant and equipment in note 17.

As at 31 December 2019, the Company has gas depots and related assets with a net book value of Baht 54.07 million which represented 6.15% and 2.33% of the total assets in the separate financial statements and the consolidated financial statements, respectively.

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 include:

- Growth rate
- Gross margin rate
- Discount rate

As required by Thai Accounting Standard 36 'Impairment of assets', when there is an indicator of impairment, 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 needs to be set for the amount of Baht 22.48 million.

I focused on this area due to the fact that the assessment of the recoverable amount based on the value in use involved management's significant judgement about future results of the business and discount rates applied in forecasted future cash flows.

My key audit procedures in relation to impairment assessment of gas depots and related assets included:

- assessing the appropriateness of impairment review process and key assumptions and method used by management to determine the value in use. Management determined the whole petroleum gas trading business unit as a Cash Generating Unit (CGU);
- engaged an auditor's 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; and
- challenged management to assess the appropriateness of key assumptions and method used to estimate the value in use made by management. I tested the value in use as follows:
 - Challenging the key assumptions and method used in the forecasted future cash flows such as growth rate, gross margin and comparing with the relevant economic and industry indicators;
 - performing a sensitivity analysis around key assumptions such as gross margin rate and discount rate that would be required for the value of impairment of assets.

Based on the result of the above procedures, I found that the key assumptions applied in the valuation of the value in use were within acceptable range and the method applied by management was reasonable and appropriate based on the environment and circumstances.



Key audit matter

How my audit addressed the key audit matter

2) *Revenue recognition under construction contracts*

Refer to note 2.22 'Revenue recognition' and note 4 'critical accounting estimates and judgements' to the financial statements.

The Group has adopted Thai Financial Reporting Standard 15: Revenue from contracts with customers (TFRS 15) for the financial statements period beginning on 1 January 2019 using the modified retrospective approach. The cumulative effect of initially applying the standard was disclosed in Note 2.2.1 to financial statements.

Recognition of the Group's revenue is complex due to the Group provide various services such as EPC services and SMP services, the several contract types and difference condition of each customers from each project. Revenues recognised when the Group transfers control of services to the customer as it performs and satisfies its performance obligation over time. The Group needs to consider the appropriate method for the measurement progress toward satisfaction of a performance obligation for each project and on any potential provision for project loss.

I focused on this area as revenue recognition involves significant judgement and estimates made by management including:

- whether contracts contain multiple performance obligations which should be accounted for separately;
- allocating the transaction price to the separate performance obligations;
- choosing the most appropriate method for revenue recognition for each identified performance obligation; and
- preparing budget costs and assessing the stage of completion of contracts, which are accounted for over time for each project and the consideration on any potential provision for project loss.

My key audit procedures in relation to revenue recognition included:

- understanding the Group's implementation of TFRS15, including recognition of the effect on the opening equity;
- discussing the group accounting policy with management, including the key accounting estimates and judgements made by management;
- testing internal controls over the revenue and receivable cycle, and the purchase and payable cycle for projects;
- reading a sample of contracts to assess whether the revenue recognition method was relevant and consistent with TFRS15 and had been applied consistently. I focused on the allocation of income and cost to individual performance obligations;
- testing a sample of revenues whether management applies the revenue recognition accounting policy to separable performance obligations by obtaining evidence to support them including original contracts, client acceptance certificates, invoices, and delivery notes;
- evaluating the data used to calculate the ratio of revenue recognition provided by the management to the supporting evidence and the management's judgement; and
- making enquiries with management and investigating any losses associated with contracts, and considered whether a provision was adequate.

Based on these procedures, I found that the revenue recognition of each selected contract was reasonable and consistent with supporting documents.



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.



Boonlert Kamolchanokkul
Certified Public Accountant (Thailand) No. 5339
Bangkok
27 February 2020

Takuni Group Public Company Limited
Statement of Financial Position
As at 31 December 2019

	Notes	Consolidated financial statements		Separate financial statements	
		2019 Baht	2018 Baht	2019 Baht	2018 Baht
Assets					
Current assets					
Cash and cash equivalents	7	138,272,339	212,681,600	101,316,422	171,878,891
Short-term investments	8	-	59,898,707	-	59,496,623
Trade and other receivables	10	320,570,576	255,882,193	132,418,655	197,500,111
Unbilled receivables	9.1	692,304,115	286,038,976	145,064,727	12,320,534
Short-term loans to related parties	32	320,000	-	256,304,000	243,850,000
Inventories	11	201,506,181	308,561,179	37,713,827	27,389,417
Non-current assets held-for-sale	12	20,664,483	-	-	-
Other current assets	13	43,009,950	10,982,681	1,508,257	3,993,079
Total current assets		1,416,647,644	1,134,045,336	674,325,888	716,428,655
Non-current assets					
Pledged and restricted bank deposits	7	48,846,959	37,348,750	11,899,000	12,559,000
Investments in subsidiaries and associates	14, 15	5,205,714	-	95,459,170	91,359,470
Long-term loans to related parties	32	-	-	30,490,000	-
Investment properties	16	11,044,685	22,279,001	-	-
Property, plant and equipment	17	692,023,810	564,973,640	59,201,371	83,416,581
Goodwill	18	19,383,641	19,383,641	-	-
Intangible assets		14,488,436	13,684,239	1,927,336	1,553,644
Deferred income tax assets	20	5,608,105	3,980,148	2,168,214	1,254,307
Other non-current assets	19	106,393,329	117,927,932	3,914,263	2,925,505
Total non-current assets		902,994,679	779,577,351	205,059,354	193,068,507
Total assets		2,319,642,323	1,913,622,687	879,385,242	909,497,162

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 2019

		Consolidated		Separate	
		financial statements		financial statements	
	Notes	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Liabilities and equity					
Current liabilities					
Bank overdrafts	21	16,706,125	-	-	-
Short-term bank borrowings	21	222,247,286	59,179,723	-	-
Trade and other payables	22	399,225,209	346,268,820	90,425,414	104,839,019
Advance received from construction contracts and construction income received in advance	9.2	241,895,094	385,025,302	24,647,153	48,495,000
Short-term loans from related party	32	2,500,000	-	-	-
Current portion of long-term bank borrowings	21	38,640,000	38,640,000	-	-
Current portion of finance lease liabilities	21	9,575,603	2,450,373	1,230,938	924,465
Current income tax payable		577,715	1,349,534	-	-
Other current liabilities		26,919,649	24,889,272	2,853,593	1,425,718
Total current liabilities		958,286,681	857,803,024	119,157,098	155,684,202
Non-current liabilities					
Long-term bank borrowings	21	105,060,000	143,700,000	-	-
Finance lease liabilities	21	22,575,796	3,476,352	1,888,014	481,022
Employee benefit obligations	23	16,410,211	7,699,016	8,833,721	3,474,166
Other non-current liabilities		20,410,470	12,101,346	12,074,354	3,862,381
Total non-current liabilities		164,456,477	166,976,714	22,796,089	7,817,569
Total liabilities		1,122,743,158	1,024,779,738	141,953,187	163,501,771

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 2019

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share Capital					
Authorised share capital					
1,200,000,0000 ordinary shares					
at par value of Baht 0.5 each	24	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	24	400,000,000	400,000,000	400,000,000	400,000,000
Premium on paid-up capital					
ordinary shares	24	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	26	9,942,000	8,692,000	9,942,000	8,692,000
Unappropriated		64,578,296	72,290,990	21,962,289	31,775,625
Other component of equity		81,852,708	1,070,428	-	-
Equity attributable to owners of the parent		882,537,060	808,217,474	737,432,055	745,995,391
Non-controlling interests		314,362,105	80,625,475	-	-
Total equity		1,196,899,165	888,842,949	737,432,055	745,995,391
Total liabilities and equity		2,319,642,323	1,913,622,687	879,385,242	909,497,162

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 2019

	Notes	Consolidated financial statements		Separate financial statements	
		2019 Baht	2018 Baht	2019 Baht	2018 Baht
Revenue					
Revenue from sales		744,449,890	778,306,397	742,388,886	773,687,052
Revenue from services		2,332,436,950	1,499,242,666	379,210,496	12,320,534
Total revenues		3,076,886,840	2,277,549,063	1,121,599,382	786,007,586
Cost					
Cost of sales		(717,008,797)	(714,631,759)	(719,251,597)	(712,397,358)
Cost of services		(2,061,780,789)	(1,314,493,976)	(332,578,891)	(11,022,408)
Total costs		(2,778,789,586)	(2,029,125,735)	(1,051,830,488)	(723,419,766)
Gross profit		298,097,254	248,423,328	69,768,894	62,587,820
Other income	27	18,781,287	15,237,258	40,669,034	52,855,571
Profit before expenses		316,878,541	263,660,586	110,437,928	115,443,391
Selling expenses		(5,356,979)	(22,793,301)	(2,808,439)	(27,252,306)
Administrative expenses		(191,145,742)	(149,436,076)	(74,387,791)	(54,179,778)
Finance costs		(14,556,181)	(13,095,793)	(130,618)	(100,579)
Share of loss of associates		(1,317,125)	-	-	-
Profit before income tax		104,502,514	78,335,416	33,111,080	33,910,728
Income tax expense	29	(30,751,502)	(19,282,145)	(8,683,554)	(2,084,199)
Profit for the year		73,751,012	59,053,271	24,427,526	31,826,529
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of retirement benefit obligations		(4,292,853)	(1,337,784)	(2,843,269)	(1,161,397)
Total comprehensive income for the year, net of tax		69,458,159	57,715,487	21,584,257	30,665,132
Profit attributable to:					
Owners of the parent		27,158,513	32,131,578	24,427,526	31,826,529
Non-controlling interests		46,592,499	26,921,693	-	-
Profit for the year		73,751,012	59,053,271	24,427,526	31,826,529
Total comprehensive income attributable to:					
Owners of the parent		23,278,811	30,711,354	21,584,257	30,665,132
Non-controlling interests		46,179,348	27,004,133	-	-
Total comprehensive income for the year		69,458,159	57,715,487	21,584,257	30,665,132
Earnings per share - owners of the parent					
Basic earnings per share (Baht)	30	0.0339	0.0402	0.0305	0.0398

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 2019

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	Unappropriated				
				Baht	Baht			Baht			
Opening 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
Transactions with owners during the year											
Change in non-controlling interests from disposal of investment in subsidiary	-	-	-	-	-	1,948	-	-	1,948	752	2,700
Change in non-controlling interests from purchase of investment in subsidiary	-	-	-	-	-	1,068,480	-	-	1,068,480	(1,968,480)	(900,000)
Legal reserve	-	-	-	1,600,000	(1,600,000)	-	-	-	-	-	-
Dividend	-	-	-	-	(27,999,294)	(27,999,294)	-	-	(27,999,294)	(16,979,955)	(44,979,249)
Net profit for the year	400,000,000	305,527,766	20,636,290	8,692,000	41,579,636	1,070,428	1,070,428	1,070,428	777,506,120	53,621,342	831,127,462
Other comprehensive income for the year	-	-	-	-	32,131,578	-	-	-	32,131,578	26,921,693	59,053,271
Total comprehensive income for the year	-	-	-	-	(1,420,224)	-	-	-	(1,420,224)	82,440	(1,337,784)
Closing balance as at 31 December 2018	400,000,000	305,527,766	20,636,290	8,692,000	72,290,990	-	8,692,000	1,070,428	808,217,474	80,625,475	888,842,949
Opening balance as at 1 January 2019 (as previously reported)	400,000,000	305,527,766	20,636,290	8,692,000	72,290,990	1,070,428	8,692,000	1,070,428	808,217,474	80,625,475	888,842,949
Retrospective adjustments from changes in accounting policy	-	-	-	-	258,511	-	-	-	258,511	95,642	354,153
Opening balance as at 1 January 2019 (restated)	400,000,000	305,527,766	20,636,290	8,692,000	72,549,501	-	8,692,000	1,070,428	808,475,985	80,721,117	889,197,102
Transactions with owners during the year											
Change in non-controlling interests proceeds from shares issued	-	-	-	-	-	80,782,280	-	-	80,782,280	206,811,642	287,593,922
Legal reserve	-	-	-	1,250,000	(1,250,000)	-	-	-	-	-	-
Dividend	-	-	-	-	(30,000,016)	(30,000,016)	-	-	(30,000,016)	(19,350,002)	(49,350,018)
Net profit for the year	400,000,000	305,527,766	20,636,290	9,942,000	41,299,485	81,852,708	9,942,000	81,852,708	859,258,249	268,182,757	1,127,441,006
Other comprehensive income for the year	-	-	-	-	27,158,513	-	-	-	27,158,513	46,592,499	73,751,012
Total comprehensive income for the year	-	-	-	-	(3,879,702)	-	-	-	(3,879,702)	(413,151)	(4,292,853)
Closing balance as at 31 December 2019	400,000,000	305,527,766	20,636,290	9,942,000	64,578,296	-	9,942,000	81,852,708	882,537,060	314,362,105	1,196,899,165

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 2019

	Notes	Separate financial statements						Total equity Baht
		Issued and paid-up share capital Baht	Premium on paid-up capital Baht	Retained earnings		Unappropriated Baht		
				Appropriated Legal reserve Baht				
Opening balance as at 1 January 2018								
Transactions with owners during the year								
Legal reserve	26	-	-	1,600,000		(1,600,000)		-
Dividend	31	-	-	-		(27,999,294)		(27,999,294)
		400,000,000	305,527,766	8,692,000		1,110,493		715,330,259
Net income for the year		-	-	-		31,826,529		31,826,529
Other comprehensive income for the year		-	-	-		(1,161,397)		(1,161,397)
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
Opening balance as at 1 January 2019 (as previously reported)								
Retrospective adjustments from changes in accounting policy		-	-	-		(147,600)		(147,600)
Opening balance as at 1 January 2019 (restated)								
		400,000,000	305,527,766	8,692,000		31,628,025		745,847,791
Transactions with owners during the year								
Legal reserve	26	-	-	1,250,000		(1,250,000)		-
Dividend	31	-	-	-		(29,999,993)		(29,999,993)
		400,000,000	305,527,766	9,942,000		378,032		715,847,798
Net income for the year		-	-	-		24,427,526		24,427,526
Other comprehensive income for the year		-	-	-		(2,843,269)		(2,843,269)
Total comprehensive income for the year		-	-	-		21,584,257		21,584,257
Closing balance as at 31 December 2019								
		400,000,000	305,527,766	9,942,000		21,962,289		737,432,055

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 2019

	Notes	Consolidated financial statements		Separate financial statements	
		2019 Baht	2018 Baht	2019 Baht	2018 Baht
Cash flows from operating activities					
Profit before income tax		104,502,514	78,335,416	33,111,080	33,910,728
Adjustments for:					
Depreciation and amortisation charge		65,345,405	49,797,346	6,316,403	5,697,128
Allowance for doubtful accounts	10	2,362,950	2,073,531	1,342,015	1,729,743
Allowance for impairment of assets		22,477,776	-	22,477,776	-
Reversal allowance for net realisable value of inventories, allowance for obsolete and slow-moving inventories	11	(1,425,926)	(1,456,592)	-	-
(Gain) loss on disposals/written-offs of property, plant and equipment		(1,319,332)	(2,954,088)	(32,716)	4,829
Loss on disposal of investment properties		3,118,317	-	-	-
Write off withholding tax deducted at source		12,650	480,941	12,650	-
Employee benefit obligations expense		3,345,129	2,350,365	1,805,469	791,103
(Gain) loss from remeasurement of investment	8	(503,377)	802,924	(503,377)	802,924
Share of loss from associates		1,317,125	-	-	-
Gain on sale investment		(406,059)	-	(406,059)	-
Interest income	27	(1,322,396)	(2,408,634)	(5,481,039)	(6,208,973)
Dividend income		-	-	(19,999,977)	(26,999,995)
Financial cost		14,556,181	13,095,793	130,618	100,579
		212,060,957	140,117,002	38,772,843	9,828,066
Changes in working capital					
- Trade and other receivables		(66,917,209)	5,360,532	56,102,477	(89,471,145)
- Unbilled receivables		(411,800,669)	(199,659,806)	(132,744,193)	(12,320,534)
- Inventories		114,402,704	(181,716,362)	(10,324,410)	(5,035,328)
- Other current assets		(4,590,542)	(5,956,005)	2,484,822	(3,932,110)
- Other non-current assets		22,307,164	(20,061,133)	(798,135)	(131,393)
- Trade and other payables		53,727,303	120,448,541	(14,176,289)	59,139,159
- Advance received from construction contracts and construction income received in advance		(143,130,208)	223,818,972	(23,847,847)	48,495,000
- Other current liabilities		2,172,914	1,946,642	1,427,875	718,267
- Employee benefit obligations		(139,725)	(245,256)	-	-
- Other non-current liabilities		8,161,524	(512,623)	8,064,373	3,537,570
Cash generated from (used in) operations		(213,745,787)	83,540,504	(75,038,484)	10,827,552
- Interest paid		(14,977,622)	(12,643,533)	(1,590)	-
- Income tax paid		(71,113,656)	(54,751,684)	(9,903,563)	(3,469,014)
- Income tax received		813,653	16,593,908	813,653	-
Net cash generated from (used in) operating activities		(299,023,412)	32,739,195	(84,129,984)	7,358,538

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



Takuni Group Public Company Limited

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2019

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019 Baht	2018 Baht	2019 Baht	2018 Baht
Cash flows from investing activities					
(Increase) decrease in restricted cash		(11,498,209)	(27,662,010)	660,000	(6,872,260)
Purchases of property, plant and equipment and intangible assets		(208,108,748)	(93,102,607)	(2,077,485)	(3,986,266)
Proceeds from sales of property, plant and equipment		3,867,916	6,548,458	32,716	-
Proceed from sales of investment property		3,423,308	-	-	-
Proceed from sales of assets held-for-sale		3,822,937	-	-	-
Proceed from sales short-term investments		184,808,143	-	90,406,059	-
Purchase of short-term investments	8	(124,000,000)	(20,053,812)	(30,000,000)	(20,000,000)
Loan payments received from related parties	32	-	-	136,276,000	43,020,000
Interest received		1,322,396	2,408,634	2,367,990	4,319,253
Dividends received		-	-	30,749,990	23,999,995
Loans to related parties	32	(320,000)	-	(179,220,000)	(93,050,000)
Purchase of Investments in associates		(6,522,839)	-	(4,000,000)	-
Purchase of Investments in subsidiaries		-	-	(99,700)	-
Net cash generated from (used in) investing activities		(153,205,096)	(131,861,337)	45,095,570	(52,569,278)
Cash flows from financing activities:					
Proceeds from short-term borrowings from banks		666,054,730	59,179,723	-	-
Repayments of short-term borrowings from banks		(502,987,167)	-	-	-
Repayments of long-term borrowings from banks	21	(38,640,000)	(45,880,000)	-	-
Proceeds from short-term loan from related party	32	3,500,000	-	-	-
Repayments of short-term loan from related party	32	(1,000,000)	-	-	-
Proceeds from short-term loan from other party		5,000,000	-	-	-
Repayments of short-term loan from other party		(5,000,000)	-	-	-
Payment for investment purchase from non-controlling interests		-	(900,000)	-	-
Proceeds from issued share capital		287,593,922	-	-	-
Proceeds from disposal of investment in subsidiary		-	2,700	-	-
Dividend payments		(49,350,018)	(44,979,249)	(29,999,993)	(27,999,294)
Payment on finance lease liabilities		(4,058,345)	(2,738,782)	(1,528,062)	(977,100)
Net cash generated from (used in) financing activities		361,113,122	(35,315,608)	(31,528,055)	(28,976,394)
Net decrease in cash and cash equivalents		(91,115,386)	(134,437,750)	(70,562,469)	(74,187,134)
Cash and cash equivalents - opening balance		212,681,600	347,119,350	171,878,891	246,066,025
Cash and cash equivalents - closing balance		121,566,214	212,681,600	101,316,422	171,878,891
Cash and cash equivalents are as follows:					
Cash and cash equivalents	7	138,272,339	212,681,600	101,316,422	171,878,891
Bank overdrafts	21	(16,706,125)	-	-	-
Total		121,566,214	212,681,600	101,316,422	171,878,891

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



Takuni Group Public Company Limited

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2019

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Non-cash transactions					
Purchases of property, plant and equipment (included in other accounts payables)		7,229,331	8,011,523	83,460	312,324
Disposals of property, plant and equipment (included in other accounts receivables)		165,750	1	-	-
Purchases of intangible assets (included in other accounts payables)		-	-	13,345	-
Purchases of assets under finance lease		30,528,555	3,529,384	3,112,500	-
Reclassify land and building to assets held-for-sale	12	20,664,483	-	-	-
Dividend receivable	10	-	-	16,249,982	26,999,995

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 2019

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.

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	: Non-destructive testing and certify service under safety standards and regulations inspection service
Others	: Property development

These Group consolidated and separate financial statements were authorised for issue by the Board of Directors on 27 February 2020.

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 Financial Reporting Standards ("TFRS") and the financial reporting requirements issued 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 TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions 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 the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the 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 2019

2 Accounting policies (Cont'd)

2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Group

2.2.1 The Group has applied the following standard and amendments for the first time for their annual reporting commencing 1 January 2019

a) Thai Financial Reporting Standard no.15 (TFRS 15), Revenue from contracts with customers

The standard provides principle and approach of revenue recognition under five-step process. The underlying principle is that the Group will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It replaces the principles of transferring the significant risks and rewards of ownership of the goods or services to the buyer in accordance with TAS 11, *Construction contracts*, TAS 18, *Revenue* and related interpretations.

The Group has adopted the new TFRS 15, *Revenue from contracts with customers* from 1 January 2019 (initial application date) by applying the modified retrospective approach and the comparative figures have not been restated. The Group applies practical expedient relates to completed contracts and contract modifications as allowed by TFRS 15.

The following tables show the adjustments made to the amounts recognised in each line item in the statement of financial position upon initial adoption of TFRS 15.

	Consolidated financial statements		
	As at 31 December 2018 Previously reported Baht	Adjustments Baht	As at 1 January 2019 Restated Baht
Trade and other receivables	255,882,193	115,503	255,997,696
Unbilled receivables	286,038,976	(5,535,530)	280,503,446
Inventories	308,561,179	5,921,780	314,482,959
Other non-current liabilities	12,101,346	147,600	12,248,946
Retained earnings			
- Unappropriated	72,290,990	258,511	72,549,501
Non-controlling interests	80,625,475	95,642	80,721,117
	Separate financial statements		
	As at 31 December 2018 Previously reported Baht	Adjustments Baht	As at 1 January 2019 Restated Baht
Other non-current liabilities	3,862,381	147,600	4,009,981
Retained earnings			
- Unappropriated	31,775,625	(147,600)	31,628,025

The adjustment made upon initial adoption of TFRS 15 are mainly attributable to:

- adjust contract assets in the amount of Baht 5,470,027 that, under TFRS 15, would have resulted in delayed recognition of revenue and reverse cost of service to be inventory amount of Baht 5,921,780 ; and
- contract liabilities totalling of Baht 147,600 that, under TFRS 15, would have resulted in later revenue recognition due to consideration payable to customers.



Takuni Group Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2019

2 Accounting policies (Cont'd)

2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Group (Cont'd)

2.2.1 The Group has applied the following standard and amendments for the first time for their annual reporting commencing 1 January 2019 (Cont'd)

a) Thai Financial Reporting Standard no.15 (TFRS 15), Revenue from contracts with customers (Cont'd)

The following tables show the amounts of affected line items in the current year from the adoption of TFRS 15 compared to the previous revenue recognition standards.

	Consolidated financial statements		
	Amounts as reported	Impacts from TFRS 15	Amounts under the previous revenue standards
	Baht	Baht	Baht
Statement of financial position as at 31 December 2019			
Trade and other receivables	320,570,576	(71,629)	320,498,947
Unbilled receivables	692,304,115	(14,955,705)	677,348,410
Inventories	201,506,181	18,114	201,524,295
Deferrex tax assets	5,608,105	1,880	5,609,985
Other non-current asset	106,393,329	2,991,141	109,384,470
Other non-current liabilities	20,410,470	9,400	20,419,870
Statement of comprehensive income for the year ended 31 December 2019			
Revenue from sales	744,449,890	7,300	744,457,190
Revenue from services	2,332,436,950	(11,400,514)	2,321,036,436
Cost of sales	717,008,797	(21,682,885)	695,325,912
Cost of providing services	2,061,780,789	3,399,286	2,065,180,075
Selling expenses	5,356,979	21,699,586	27,056,565
Income tax	30,751,502	(2,993,021)	27,758,481
Separate financial statements			
	Amounts as reported	Impacts from TFRS 15	Amounts under the previous revenue standards
	Baht	Baht	Baht
Statement of financial position as at 31 December 2019			
Deferred tax assets	2,168,214	1,880	2,170,094
Other non-current liabilities	12,074,354	9,400	12,083,754
Statement of comprehensive income for the year ended 31 December 2019			
Revenue from sales	742,388,886	7,300	742,396,186
Cost of sales	719,251,597	(25,351,269)	693,900,328
Selling expenses	2,808,439	25,367,969	28,176,408
Income tax expense	8,683,554	(1,880)	8,681,674





Takuni Group Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2019

2 Accounting policies (Cont'd)

2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Group (Cont'd)

2.2.1 The Group has applied the following standard and amendments for the first time for their annual reporting commencing 1 January 2019 (Cont'd)

a) Thai Financial Reporting Standard no.15 (TFRS 15), Revenue from contracts with customers (Cont'd)

The adoption of TFRS 15 mainly affects the Group's accounting treatment as follows;

Over time revenue recognition

In previous periods, the Group measured completion stage for revenue recognition using cost incurred relative to total estimated costs (the cost-to-cost method).

Under TFRS 15, the Group measures progress towards completion on each performance obligation separately. The nature of the products or services provided and the terms of the contract are used to determine the best method to account for the transfer of goods or services to the customer. Where the Group applies costs incurred relative to total estimated costs to determine progress of work, under TFRS 15, the Group has to adjust the progress percentage to exclude delivered but uninstalled materials. As a result, in terms of progress, revenue recognition is not proportionate to the cost incurred relative to total estimated costs.

b) Thai Accounting Standard no.28 (revised 2018), Investments in associates and joint ventures

The amendment clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

c) Thai Accounting Standard no.40 (revised 2018), Investment property

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

d) Thai Financial Reporting Interpretation no.22 (TFRIC 22), Foreign currency transactions and advance consideration

TFRIC 22 clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020

a) Financial instruments

The new financial standards relate to financial instruments are:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These new standards address the classification, measurement, derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.



Takuni Group Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2019

2 Accounting policies (Cont'd)

2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Group (Cont'd)

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020 (Cont'd)

b) TFRS 16, Leases

Where the Group is a lessee, TFRS 16, *Leases* will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

c) Other new/ amended standards

The new and amended financial reporting standards that will have significant impact on the Group are:

TAS 12	Income tax
TAS 19	Employee benefits
TAS 23	Borrowing cost
TAS 28	Investments in associates and joint ventures
TFRS 3	Business combinations
TFRS 9	Financial instruments
TFRS 11	Joint arrangements
TFRIC 23	Uncertainty over income tax treatments

Amendment to TAS 12, Income tax - clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement) - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

Amendment to TAS 23, Borrowing costs - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Amendment to TAS 28, Investments in associates and joint ventures (long-term interests in associates and joint ventures) - clarified the accounting for long-term interests in an associate or joint venture, which is in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under TFRS 9, Financial instruments before applying the loss allocation and impairment requirements in TAS 28, Investments in associates and joint ventures.

Amendment to TFRS 3, Business combinations - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The previously held interest is therefore re-measured.

Amendment to TFRS 9, Financial instruments (prepayment features with negative compensation) - enabling entities to measure certain prepayable financial assets with negative compensation at amortised cost instead of fair value through profit or loss. These assets include some loan and debt securities. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

Amendment to TFRS 11, Joint arrangements - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.

TFRIC 23, Uncertainty over income tax treatments - explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- that the Group should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored.
- that the Group should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
- That the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.





Takuni Group Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2019

2 Accounting policies (Cont'd)

2.3 Principles of consolidation and equity accounting

a) Subsidiaries

Subsidiaries are all 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 consolidated from the date on which control is transferred to the Group until the date that control ceases.

In the separate financial statements, investments in subsidiaries are accounted for using cost method.

b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting.

In the separate financial statements, investments in associates are accounted for using cost method.

c) Equity method

The investment is initially recognised at cost which is consideration paid and directly attributable costs.

The Group's subsequently recognises shares of its associates and joint ventures' profits or losses and other comprehensive income in the profit or loss and other comprehensive income, respectively. The subsequent cumulative movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in associates and joint ventures equals or exceeds its interest in the associates and joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates and joint ventures.

d) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A difference between the amount of the adjustment to non-controlling interests to reflect their relative interest in the subsidiary and any consideration paid or received is recognised within equity.

If the ownership interest in associates and joint ventures is reduced but significant influence and joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Profit or loss from reduce of the ownership interest in associates and joint ventures is recognise in profit or loss.

When the Group losses control, joint control or significant influence over investments, any retained interest in the investment is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount of the retained interest which is reclassified to investment in an associate, or a joint venture or a financial asset accordingly.

e) Intercompany transactions on consolidation

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated in the same manner unless the transaction provides evidence of an impairment of the asset transferred.



Takuni Group Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2019

2 Accounting policies (Cont'd)

2.4 Foreign currency translation

a) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's and the Group's functional and 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.

Foreign exchange gains and losses resulting from the settlement of such transactions 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.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

2.5 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call, short-term highly liquid investments with maturities of three months or less from acquisition date and bank overdrafts.

In the statements of financial position, bank overdrafts are shown in current liabilities.

2.6 Trade accounts receivable

Trade receivables are amounts due from customers for goods sold or service performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditionally unless they contain significant financing components, when they are recognised at its present value. The Group presented trade receivables at cost less allowance for doubtful accounts.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value .

Cost of inventories is determined by the first-in, first-out method. Cost of raw materials comprise all purchase cost and costs directly attributable to the acquisition of the inventory less all attributable discounts. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and directly attributable costs in bringing the inventories to their present location and condition.

2.8 Investments in debt and equity securities

Investments other than investments in subsidiaries, associates and joint ventures are initially recognised at fair value of consideration paid plus direct transaction cost.

Trading and available-for-sale investments

Trading investments and available-for-sale investments are subsequently measured at fair value. The unrealised gains and losses of trading investments are recognised in profit or loss. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income and are subsequently reclassified to profit or loss when the investment is disposed.

Disposal of investments

On a disposal of an investment, the difference between the net disposal proceeds and the carrying amount (including cumulative changes in fair value recognised in equity) is recognised to the profit or loss. When the Group disposes an investment partially, the carrying amount of the disposed part is determined by the weighted average method.





Takuni Group Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2019

2 Accounting policies (Cont'd)

2.9 Non-current assets held-for-sale

Non-current assets are classified as assets held-for-sale when their carrying amount will be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of the carrying amount and fair value less costs to sell.

An impairment loss is recognised for write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset but not in excess of any cumulative impairment loss previously recognised.

Non-current assets held-for-sale are not depreciated or amortised.

2.10 Investment property

Investment properties, principally freehold office buildings, are held for long-term rental yields or for capital appreciation or both and are not occupied by the Group.

Investment property is measured initially at cost, including directly attributable costs and borrowing costs.

Subsequently, they are carried at cost less accumulated depreciation and impairment.

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.

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

Buildings	20 years
Condominium	40 years

2.11 Property, plant and equipment

All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group capitalised where there is future economic benefits. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss when 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.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.



Takuni Group Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2019

2 Accounting policies (Cont'd)

2.12 Goodwill

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to cash-generating units. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

2.13 Intangible assets

Acquired computer software

Acquired computer software is measured at cost. These costs are amortised over their estimated useful lives not over than 3-10 years.

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

2.14 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. 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 of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

2.15 Leases

Leases - where the Group is the lessee

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.

At the inception of finance lease, the lower of the fair value of the leased property and the present value of the minimum lease payments is capitalised. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations is presented net of finance charges. Finance cost is charged to profit or loss over the lease period.

Leases - where the Group is the lessor

Rental income under operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.16 Borrowings

Borrowings are recognised initially at the fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it will be drawn down. The fee is deferred until the drawn down occurs and included in effective interest calculation. However, if it is probable that facility will not be drawn down, that portion of the fee paid is recognised as a prepayment and amortised over the period of related facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

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 reporting date.





Takuni Group Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2019

2 Accounting policies (Cont'd)

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets less investment income earned from those specific borrowings. The capitalisation of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Other borrowing costs are expensed in the period in which they are incurred.

2.18 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. 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.

Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. 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

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements 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 is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred 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 tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.19 Employee benefits

1) Short-term employee benefits

Liabilities for short-term employee benefits such as wages, salaries, paid annual leave and paid sick leave, and bonuses that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

2) Defined contribution plan

The Group pays contributions to a separate fund on a voluntary basis. 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.



Takuni Group Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2019

2 Accounting policies (Cont'd)

2.19 Employee benefits (Cont'd)

3) Defined benefit plans

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity.

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

2.20 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 the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.21 Share capital

Ordinary shares are classified as equity.

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

2.22 Revenue recognition

Revenue include all revenues from ordinary business activities. All ancillary income in connection with the delivery of goods and rendering of services in the course of the Group's ordinary activities is also presented as revenue.

Revenue are recorded net of value added tax. They are recognised in accordance with the provision of goods or services, provided that collectibility of the consideration is probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfillment of the obligation to the customer.

Services

The Group recognised service contracts with a continuous service provision as revenue on a straight line basis over the contract term, regardless of the payment pattern.

Contract assets and contract liabilities

A contract asset is recognised where the Group recorded revenue for fulfillment of a contractual performance obligation before the customer paid consideration or before the requirements for billing.

A contract liability is recognised when the customer paid consideration or a receivable from the customer that is due before the Group fulfilled a contractual performance obligation.

For each customer contract, contract liabilities is set off against contract assets.





Takuni Group Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2019

2 Accounting policies (Cont'd)

2.22 Revenue recognition (Cont'd)

Revenue from construction

Revenue from construction includes contracts to provide Oil and Gas construction services. Under the contracts, the Group's construction activities create or enhance an asset or work in progress that the customer controls as the asset is created or enhanced, and hence revenue is recognised over time by reference to the progress towards completing the construction works. Under this method, the revenue recognised is based on the latest estimate of the total value of the contract and actual completion rate determined by reference to the physical state of progress of the works.

Claims, variations and liquidated damages are accounted for as variable consideration and are included in contract revenue provided that it is highly probable that a significant reversal will not occur in the future.

Percentage of completion

Revenue from construction contracts or construction-type service contracts or service contracts where a defined output is promised, is recognised using the percentage of completion method. The stage of completion is generally determined as the percentage of cost incurred up until the reporting date relative to total estimated cost, adjusted with uninstalled materials that the customer accepts and takes control but not yet installed. Where the stage of completion is not reliably measured, revenue is only recognised up to the amount of contract costs expensed, provided it is recoverable.

2.23 Dividend distribution

Dividend distributed to the Company's shareholders is recognised as a liability when interim dividends are approved by the Board of Directors, and when the annual dividends are approved by the shareholders.

3 Financial risk management

3.1 Financial risk factors

The Group exposes to a variety of financial risks: market risk (currency risk, fair value 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 board of directors provides written principles for overall risk management which is carried out by a central treasury department (the Group treasury), including identification, evaluation and hedge of financial risks in close co-operation with operating units.

3.1.1 Interest rate risk

The Group has interest rate risk from borrowings and debentures at fixed and floating interest rates. The Group has no significant interest-bearing assets.

All interest rate derivative transactions are subject to approval by the finance director before execution. The Group uses interest rate swaps as cash flow hedges of future variable borrowings' interest payments. The Group agrees with the other parties to exchange, quarterly, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

3.1.2 Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that contracts are made with customers who have an appropriate credit history, limiting customers' credit limit as well as obtaining appropriate guarantees from customers. Derivative counterparties and deposits are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

3.1.3 Liquidity risk

The Group manages sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions.



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Notes to the Consolidated and Separate Financial Statements
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3 Financial risk management (Cont'd)

3.2 Fair value

The following table presents financial assets and liabilities that are measured at fair value, excluding where its fair value is approximating the carrying amount.

	Financial instruments in level 2			
	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Financial assets at fair value through profit or loss				
Investment in mutual fund classified as trading investment (note 8)	-	59,496,623	-	59,496,623
Fixed deposit (note 8)	-	402,084	-	-
Total assets	-	59,898,707	-	59,496,623

Fair values are categorised into hierarchy based on inputs used as follows:

Level 1: The fair value of financial instruments is based on the closing price by reference to the Stock Exchange of Thailand.

Level 2: The fair value of financial instruments is determined using significant observable inputs and, as little as possible, entity-specific estimates.

Level 3: The fair value of financial instruments is not based on observable market data.

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

4 Critical estimates and judgements

Estimates and judgements 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.

Allowance for obsolete, slow-moving and defective inventions

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

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 17).

Goodwill impairment

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The calculations use cash flow projections based on financial budget approved by management.

Defined retirement benefit obligations

The present value of the retirement benefit obligations depends on a number of assumptions. Key assumptions used and impacts from possible changes in key assumptions are disclosed in note 23.





Takuni Group Public Company Limited
Notes to the Consolidated and Separate Financial Statements
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4 Critical estimates and judgements (Cont'd)

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 51.02 million.

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

5 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that they can continue 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 amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

6 Segment information

The Group's executive committee examines the Group's performance considering from the groups of related products and services and has identified 6reportable segments of the Group's businesses.

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	: Non-destructive testing and certify service under safety standards and regulations inspection service
Others	: Property development

The steering committee primarily uses a measure of segments' revenue and operating profit to assess the performance of the operating segments.

The segment revenue information for the year ended [prior year end] has been prepared in accordance with TAS 11 and TAS 18 (old revenue recognition standards). Therefore, the segment revenue information presented in the current and prior years are not comparable. The comparable revenue information is disclosed in note 2.2.1 a.

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 2019 totaling Baht 1,664.20 million (2018: 2 customers totaling Baht 1,167.40 million).



6 Segment information (Cont'd)

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Takuni Group Public Company Limited
Notes to the Consolidated and Separate Financial Statements
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7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Cash on hand	428,854	347,721	19,292	33,131
Cash at bank - Current accounts	33,537,111	42,854,549	2,412,392	7,270,204
- Savings accounts	103,334,854	168,595,268	97,914,264	163,692,532
- Short-term fixed accounts	971,520	884,062	970,474	883,024
Total	138,272,339	212,681,600	101,316,422	171,878,891
Pledged and restricted bank deposits	48,846,959	37,348,750	11,899,000	12,559,000

Deposits held at call with banks bear interest at the rates 0.13% to 1.25% per annum (2018: 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.

8 Short-term investments

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

	Consolidated financial statements		
	Trading Baht	Fixed deposit Baht	Total Baht
At 1 January 2018	40,299,547	348,272	40,647,819
Additions	20,000,000	53,812	20,053,812
Change in fair value of trading investments	(802,924)	-	(802,924)
At 31 December 2018	59,496,623	402,084	59,898,707
Additions	30,000,000	94,000,000	124,000,000
Disposals	(90,000,000)	(94,402,084)	(184,402,084)
Change in fair value of trading investments	503,377	-	503,377
At 31 December 2019	-	-	-

	Separate financial statements		
	Trading Baht	Fixed deposit Baht	Total Baht
At 1 January 2018	40,299,547	-	40,299,547
Additions	20,000,000	-	20,000,000
Change in fair value of trading investments	(802,924)	-	(802,924)
At 31 December 2018	59,496,623	-	59,496,623
Additions	30,000,000	-	30,000,000
Disposals	(90,000,000)	-	(90,000,000)
Change in fair value of trading investments	503,377	-	503,377
At 31 December 2019	-	-	-



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8 Short-term investments (Cont'd)

As at 31 December 2019 and 31 December 2018, the summary of short-term investments is as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Trading investments				
Debt securities	-	60,299,547	-	60,299,547
	-	60,299,547	-	60,299,547
Fixed deposits				
Fixed deposits	-	402,084	-	-
	-	402,084	-	-
Total	-	60,701,631	-	60,299,547

During the years ended 31 December 2019 and 31 December 2018, the following gains (losses) were recognised in profit or loss.

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Gains (losses) recognised in profit or loss				
Fair value measurement - trading investments	503,377	(802,924)	503,377	(802,924)
Total	503,377	(802,924)	503,377	(802,924)

9 Assets and liabilities under construction contracts

9.1 Unbilled receivables

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Project value as per contracts	4,946,193,140	3,904,417,092	494,934,790	484,950,000
Accumulated amount recognised as revenue on percentage of completion basis	2,829,402,627	1,594,919,907	391,531,030	12,320,534
<u>Less</u> Value of total billed	(2,137,098,512)	(1,308,880,931)	(246,466,303)	-
Unbilled receivables	692,304,115	286,038,976	145,064,727	12,320,534
Retention receivables	11,365,411	35,209,308	798,783	-





Takuni Group Public Company Limited
Notes to the Consolidated and Separate Financial Statements
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9 Assets and liabilities under construction contracts (Cont'd)

9.2 Advance received and construction income received in advance

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Project value as per contracts	1,313,547,353	1,795,930,086	-	-
Value of total billed	1,237,641,187	1,177,526,705	-	-
<u>Less</u> Accumulated amount recognised as revenue on percentage of completion basis	(1,235,707,780)	(1,154,506,083)	-	-
Construction income received in advance	1,933,407	23,020,622	-	-
Advance received from construction contracts	239,961,687	362,004,680	24,647,153	48,495,000
Total	241,895,094	385,025,302	24,647,153	48,495,000

10 Trade and other receivables

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Trade receivables - third party	283,882,108	197,160,808	102,375,257	57,802,886
<u>Less</u> Allowance for doubtful accounts	(7,292,875)	(4,929,925)	(5,143,648)	(3,801,633)
Trade accounts receivables - net	276,589,233	192,230,883	97,231,609	54,001,253
Others receivables	322,402	1,597,556	576	-
Receivable from related parties (note 32)	-	-	2,258,957	1,125,132
Prepayments	28,593,837	49,146,475	7,713,814	109,523,063
Accrued income - NDT and inspection service	15,065,104	12,907,279	-	-
Accrued interest income (note 32)	-	-	8,963,717	5,850,668
Dividend receivable (note 32)	-	-	16,249,982	26,999,995
Trade and other receivables - net	320,570,576	255,882,193	132,418,655	197,500,111

Outstanding trade accounts receivables as at 31 December can be analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Within credit term	233,034,325	144,951,123	72,280,341	31,654,614
Within 3 months	42,433,005	47,318,426	24,951,267	22,398,145
3 - 6 months	2,026,629	458,050	736,842	226,753
6 - 12 months	1,617,182	1,265,029	1,033,452	683,470
Over 12 months	4,770,967	3,168,180	3,373,355	2,839,904
<u>Less</u> Allowance for doubtful accounts	(7,292,875)	(4,929,925)	(5,143,648)	(3,801,633)
Total	276,589,233	192,230,883	97,231,609	54,001,253



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Notes to the Consolidated and Separate Financial Statements
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11 Inventories

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Finished goods - petroleum gas	19,347,318	24,091,784	19,397,400	24,197,708
- gas tank for installation and equipment	11,522,585	10,839,312	-	-
Work in progress - gas installations	10,619,744	336,040	-	-
Work in progress under construction contracts	18,316,427	6,983,048	18,316,427	3,191,709
Raw materials	12,652,225	64,985,813	-	-
General supplies	3,024,139	3,148,668	-	-
Goods in transit	-	73,578,697	-	-
Land Improvement	135,000,000	135,000,000	-	-
Total	210,482,438	318,963,362	37,713,827	27,389,417
<u>Less</u> Allowance for net realisable value of inventories	(8,976,257)	(10,402,183)	-	-
Inventories - net	201,506,181	308,561,179	37,713,827	27,389,417

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

During 2018, 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 32).

As at 31 December 2019, the Group had accrued retentions amount to Baht 11.37 million (2018: Baht 35.21 million), and the Group's bank guarantees on construction contracts amount to Baht 800.71 million (2018: Baht 1,004.5 million).





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11 Inventories (Cont'd)

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 2019, the inventories included minimum mandatory reserve on petroleum gas of Baht 7.15 million in the consolidated and separate financial statements (2018: Baht 7.61 million).

During the year ended 31 December 2019 and 31 December 2018, amounts recognised as cost of sales in profit or loss are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Cost of sales and cost of services	1,312,839,142	1,108,667,257	681,449,196	700,052,875
Reversal of write-down inventories to net realisable value	(1,425,926)	(1,456,592)	-	-

The Group provided an allowance for finished goods particularly those items relating to gas installation and equipment, in the period, the Group sold inventories which already included allowance for net realisable value of inventories then reversed allowance as cost of good sold and represent in statement of comprehensive income.

12 Non-current assets held-for-sale

On 26 September 2019, a subsidiary company entered into agreements to purchase and sell land with Exact Real Estate Co., Ltd. in order to develop residential project for sale. The company will receive payment and transfer the ownership of the land by 30 June 2020. In this regard, Exact Real Estate Co., Ltd. is able to utilise the land from the date of signing the contract.

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Land and building improvement	20,664,483	-	-	-
Total assets	20,664,483	-	-	-

Land and building improvement classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. The non-recurring fair value was determined using the market approach and is a level 2 in the fair value hierarchy.

13 Other current assets

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Refundable tax	27,436,727	-	-	-
Revenue department account receivable - VAT	15,573,223	10,982,681	1,508,257	3,993,079
Total	43,009,950	10,982,681	1,508,257	3,993,079



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14 Investments in associates

As at 31 December 2019 and 31 December 2018, the material investments in associates and joint ventures are as follows:

Entity name	Country of incorporation	Nature of business	% of ownership interest		Consolidated financial statements		Separate financial statements	
					Investment at equity method		Investment at cost	
			2019 %	2018 %	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Sermasch Co., Ltd.	Thailand	Repair and maintenance of tools and machinery	47.50	-	558,254	-	-	-
Sorb Engineering Co.,Ltd.	Thailand	Sales and installation of tools and machinery	47.50	-	726,998	-	-	-
Exact Real Estate Co.,Ltd.	Thailand	Property development for sale	40.00	-	3,920,462	-	4,000,000	-
Total					5,205,714	-	4,000,000	-

There are no contingent liabilities in respect of the Group's interest in associates.

The Executive Committee's meeting no. 7/2562 held on 13 May 2019 has approved the acquisition shares of Sermasch Co., Ltd. ("Sermasch") which operates a repair and maintenance of tools and machinery business totalling 9,500 shares at a par value of Baht 100 per share, total consideration paid is Baht 1.42 million, representing 47.50% of paid-up share capital and the acquisition shares of Sorb Engineering Co., Ltd. ("Sorb") which operates a sales and installation of tools and machinery business totalling 9,500 shares at a par value of Baht 100 per share, total consideration paid is Baht 1.10 million, representing 47.50% of paid-up share capital. The payment of the investment in associate was made on 28 May 2019. As a result of acquisition, the Group is expected to have its expansion in Inspection and Testing business.

The Executive Committee meeting No. 10/2019 held on 12 July 2019 passed a resolution approving the investment in ordinary shares by establishing a new company named Exact Real Estate Company Limited ("Exact"), which engages in the business of property development for sale. The invest was for 40,000 shares with a price of par value at 100 baht per share, including total consideration paid of 4.00 million baht, representing 40.00% of paid-up share capital. The investing in the associated company was on 15 August 2019.

The Group has assessed the fair value of Sermasch, Sorb and Exact and recognised the difference between considerations paid and acquired identifiable net assets as a goodwill which was included in investments in associates.





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15 Investments in subsidiaries

As at 31 December, the subsidiaries included in consolidated financial statement. The subsidiaries have only ordinary shares in which the Group directly holds those shares. The proportion of ownership interests held by the Group is equal to voting rights in subsidiaries held by the Group.

Name	Country of incorporation and place of business	Nature of business	Nature of Relationship	Ownership interest held by Company (%)		Ownership interest held by the Group (%)		Ownership interests held by non-controlling interests (%)		Investment in cost method (Baht)	
				2019	2018	2019	2018	2019	2018	2019	2018
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
Ratchapuek 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	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	transportation services by land	Direct shareholders	99.97	99.97	99.97	99.97	0.03	0.03	999,700	999,700
Takuni Trading Co., Ltd. (TD)	Thailand	Property development	Direct shareholders	99.70	-	99.70	-	0.30	-	99,700	-
CAZ (Thailand) Public Company Limited (CAZ)	Thailand	Sales of automotive equipment, motorcycles and electric cars	Indirect shareholding via TT	-	-	36.64	51.30	63.36	48.70	-	-
JKEC Co., Ltd. (JKEC)	Thailand	Construction services	Indirect shareholding via CAZ	-	-	73.17	73.17	26.83	26.83	-	-
										91,459,170	91,359,470

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15 Investments in subsidiaries (Cont'd)

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 ordinary shares to the initial public offering (IPO) by issuing 80 million ordinary shares. The new shares were sold to subscribers at price of Baht 3.90 per share totaling Baht 312 million. The net receiving from IPO was Baht 285.99 million after deducting costs of share issuance amount of Baht 26.01 million. The shares of CAZ began 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 continues to prepare the consolidate financial statements. This will affect to portion of ordinary shares of the parent decrease from 51.30% to 36.64%.

The Executive Committee's meeting no. 4/2562 held on 11 March 2019 has approved to establish and register Takuni Trading Company Limited which is a holding company. The new company was registered with the Ministry of Commerce on 3 April 2019 with the register capital of Baht 100,000.

Summarised of financial information of the subsidiaries that have material non-controlling interests

The summary financial information of each subsidiary that has non-controlling interests are significant to the Group are summarised below. The amounts are disclosed for each subsidiary is shown by the amount before the inter-company elimination.

Summarised statement of financial position

	CAZ	
	2019	2018
	Baht	Baht
As at 31 December		
Current assets	832,603,023	660,109,692
Current liabilities	(854,223,646)	(830,434,152)
Total current net assets	(21,620,623)	(170,324,460)
Non-current assets	654,999,718	489,647,453
Non-current liabilities	(139,103,677)	(157,721,354)
Total non-current net assets	515,896,041	331,926,099
Net assets	494,275,418	161,601,639
Accumulated NCI	3,254,938	3,751,829

Summarised statement of comprehensive income

	CAZ	
	2019	2018
	Baht	Baht
As at 31 December		
Revenue	2,034,457,973	1,387,084,241
Net profit	75,002,569	55,687,572
Other comprehensive income	(630,145)	169,278
Total comprehensive income	74,372,424	55,856,850
Profit allocated to non-controlling interests	(458,834)	2,707,308
Dividends paid to non-controlling interests	(1,609,902)	-





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15 Investments in subsidiaries (Cont'd)

Summarised statement of cash flows

For the year ended 31 December

	CAZ	
	2019 Baht	2018 Baht
Net cash generated from operating activities	(222,736,309)	33,344,006
Net cash used in investing activities	(186,368,081)	(74,112,606)
Net cash used in financing activities	388,509,494	(15,991,738)
Net decrease in cash and cash equivalents	(20,594,896)	(56,760,338)
Cash and cash equivalents - opening balance	35,218,564	91,978,902
Cash and cash equivalents - closing balance	14,623,668	35,218,564
Cash and cash equivalents are as follows:		
Bank overdrafts	(16,706,125)	-
Cash and cash equivalents	31,329,793	35,218,564
Total	14,623,668	35,218,564

16 Investment property

	Consolidated financial statements	
	2019 Baht	2018 Baht
As at 1 January		
Cost	28,214,479	121,664,479
Less Accumulated depreciation	(4,791,504)	(3,855,091)
Less Accumulated impairment	(1,143,974)	(1,143,974)
Net book amount	22,279,001	116,665,414
For the year ended 31 December		
Opening net book amount	22,279,001	116,665,414
Transferred in (out)	(3,822,937)	(93,450,000)
Disposals	(6,541,625)	-
Depreciation	(869,754)	(936,413)
Closing net book amount	11,044,685	22,279,001
As at 31 December		
Cost	16,532,136	28,214,479
Less Accumulated depreciation	(5,077,386)	(4,791,504)
Less Accumulated impairment	(410,065)	(1,143,974)
Net book amount	11,044,685	22,279,001
Fair value	59,240,000	71,100,000

The fair value of investment properties is done by independent professionally qualified valuers (independent valuer). The fair value are based on income approach for building leased to the external parties and market approach for condominium.

Investment property at net book value of Baht 4.75 million (2018: Baht 5.22 million) has been pledged as a security for borrowings (note 21).

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

	Consolidated financial statements	
	2019 Baht	2018 Baht
Rental income	5,884,879	5,784,657
Direct operating expense that generated rental income	1,536,293	1,547,766



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17 Property, plant and equipment

	Consolidated financial statements					
	Land and land improvements	Buildings and building improvements	Gas cylinders and equipment	Equipment and office supplies	Vehicles	Construction in progress
	Baht	Baht	Baht	Baht	Baht	Baht
At 1 January 2018						
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
For the year ended 31 December 2018						
Opening net book amount	261,705,914	100,538,870	42,761,951	74,991,904	44,018,447	47,670
Additions	7,200	3,371,567	1,473,535	56,757,030	12,530,905	17,647,220
Transferred in/(out)	-	7,530,248	-	7,209,755	-	(14,740,003)
Disposals	-	-	(4,291)	(363,480)	(3,105,109)	-
Depreciation charge	-	(6,690,777)	(3,247,917)	(26,957,028)	(10,509,971)	-
Closing net book amount	261,713,114	104,749,908	40,983,278	111,638,181	42,934,272	2,954,887
At 31 December 2018						
Cost	261,713,114	130,755,933	58,965,647	191,411,053	141,629,179	2,954,887
Less Accumulated depreciation	-	(26,006,025)	(17,982,369)	(79,772,872)	(98,694,907)	-
Net book amount	261,713,114	104,749,908	40,983,278	111,638,181	42,934,272	2,954,887





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17 Property, plant and equipment (Cont'd)

	Consolidated 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
For the year ended 31 December 2019						
Opening net book amount	261,713,114	104,749,908	40,983,278	111,638,181	42,934,272	2,954,887
Additions	76,538,356	21,391,377	-	101,292,465	19,785,543	16,607,173
Transferred in/(out)	(19,537,598)	2,755,020	-	4,147,624	(1,014,739)	(7,014,790)
Disposals	-	-	-	(835,787)	(1,712,797)	-
Depreciation charge	-	(9,164,098)	(3,129,713)	(40,419,684)	(10,162,988)	-
Impairment charge	-	(6,399,120)	(15,759,678)	(316,396)	-	-
Closing net book amount	318,713,872	113,333,087	22,093,887	175,506,403	49,829,291	12,547,270
At 31 December 2019						
Cost	318,713,872	154,902,330	58,965,647	294,900,332	155,231,518	12,547,270
Less Accumulated depreciation	-	(35,170,123)	(21,112,082)	(119,077,533)	(105,402,227)	-
Less Accumulated impairment	-	(6,399,120)	(15,759,678)	(316,396)	-	-
Net book amount	318,713,872	113,333,087	22,093,887	175,506,403	49,829,291	12,547,270
						692,023,810

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17 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
At 1 January 2018						
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	-
For the year ended 31 December 2018						
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	-	-	(4,291)	(538)	-	-
Depreciation charge	-	(1,087,212)	(3,008,699)	(414,826)	(1,138,000)	(4,829)
Closing net book amount	26,463,114	15,449,402	38,142,749	1,662,104	1,699,212	-
At 31 December 2018						
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	-





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17 Property, plant and equipment (Cont'd)

	Separate financial statements						Total Baht
	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	
For the year ended 31 December 2019							
Opening net book amount	26,463,114	15,449,402	38,142,749	1,662,104	1,699,212	-	83,416,581
Additions	16,191	8,665	-	339,033	4,150,000	-	4,513,889
Disposals	-	-	-	(7)	(1)	-	(8)
Depreciation charge	-	(1,087,795)	(3,065,198)	(453,535)	(1,647,369)	-	(6,253,897)
Impairment charge	-	(6,399,120)	(15,759,678)	(316,396)	-	-	(22,475,194)
Closing net book amount	26,479,305	7,971,152	19,317,873	1,231,199	4,201,842	-	59,201,371
At 31 December 2019							
Cost	26,479,305	21,377,259	53,612,153	5,444,600	18,040,000	-	124,953,317
Less Accumulated depreciation	-	(7,006,987)	(18,534,602)	(3,897,005)	(13,838,158)	-	(43,276,752)
Less Accumulated impairment	-	(6,399,120)	(15,759,678)	(316,396)	-	-	(22,475,194)
Net book amount	26,479,305	7,971,152	19,317,873	1,231,199	4,201,842	-	59,201,371

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17 Property, plant and equipment (Cont'd)

As at 31 December 2019, the Group had pledged certain plots of land and buildings with net book value of Baht 302.33 million (2018: Baht 329.33 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 21 and note 33).

As at 31 December 2019, purchase transactions during the year include the acquisition of assets under financial lease which company is lease, total amount Baht 22.33 million (2018: Baht 3.8 million).

The Group is a lessee under a finance lease, comprise vehicles and machineries:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Cost - finance leases	33,512,121	17,051,346	9,840,000	5,690,000
<u>Less</u> Accumulated depreciation	(7,854,840)	(10,302,880)	(5,638,163)	(3,990,794)
Net book amount	25,657,281	6,748,466	4,201,837	1,699,206

None finance lease leased by a Group to third parties under operating leases.

Impairment

During the year ended 31 December 2019, gas depot and related assets in LPG trading business have been impaired amounting to Baht 22.48 million since recoverable amount is less than carrying value. The recoverable amount of Cash Generate Unit (CGU) of LPG trading business unit was determined based on value in use, which calculated by using pre-tax cash flow projections covering the longest useful life of the assets in CGU. This is management's best estimation of the recoverable amount.

However, the recoverable amount may change due to the alternation of environment and related situations, which may affect to allowance for impairment in the future.

As at 31 December 2019, the gas depots and related assets had a net book value of Baht 54.07 million.

18 Goodwill

	Consolidated financial statements	
	2019	2018
As at 1 January		
Cost	19,383,641	19,383,641
<u>Less</u> Allowance for impairment	-	-
Net book value	19,383,641	19,383,641
For the years ended 31 December		
Opening net book value	19,383,641	19,383,641
Acquisitions through subsidiaries	-	-
Impairment charge	-	-
Closing net book value	19,383,641	19,383,641
As at 31 December		
Cost	19,383,641	19,383,641
<u>Less</u> Allowance for impairment	-	-
Net book value	19,383,641	19,383,641





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18 Goodwill (Cont'd)

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:

	Construction services
Gross margin	8.37%
Growth rate	1.00%
Discount rate	10.32%
Recoverable amount of the CGU	Baht 203.49 million

The recoverable amount will be equal to the carrying amount if the key assumptions used for fair value less cost to sell calculations change to be as follows;

	Construction services
Gross margin	8.34%
Growth rate	(2.39%)
Discount rate	10.46%

These assumptions have been used for the analysis of each CGU within the business segment.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

19 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Deposit	3,656,157	2,370,862	990,123	990,771
Prepaid Income Tax	91,120,474	80,347,762	2,125,357	1,934,734
Retention	11,616,698	35,209,308	798,783	-
Total other non-current assets	106,393,329	117,927,932	3,914,263	2,925,505



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20 Deferred income taxes

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

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	5,158,433	3,658,352	1,865,530	760,327
Deferred tax assets to be recovered after more than 12 months	1,521,279	987,412	997,404	731,313
	6,679,712	4,645,764	2,862,934	1,491,640
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	257,951	151,243	230,803	143,422
Deferred tax liabilities to be settled after more than 12 months	813,656	514,373	463,917	93,911
	1,071,607	665,616	694,720	237,333
Deferred tax assets, net	5,608,105	3,980,148	2,168,214	1,254,307

The movements in deferred tax assets and liabilities during the year is as follows:

	Consolidated financial statements				
	Allowances for doubtful accounts and inventories Baht	Provision for warranty Baht	Employee benefits obligations Baht	Assets under finance lease Baht	Total Baht
Deferred tax assets					
At 1 January 2018	2,943,034	880,512	784,335	-	4,607,881
Charged/(credited) to profit or loss	123,388	(840,974)	421,022	-	(296,564)
Charged/(credited) to other comprehensive income	-	-	334,447	-	334,447
At 31 December 2018	3,066,422	39,538	1,539,804	-	4,645,764
At 1 January 2019	3,066,422	39,538	1,539,804	-	4,645,764
Charged/(credited) to profit or loss	187,405	30,895	669,025	73,410	960,735
Charged/(credited) to other comprehensive income	-	-	1,073,213	-	1,073,213
At 31 December 2019	3,253,827	70,433	3,282,042	73,410	6,679,712





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20 Deferred income taxes (Cont'd)

	Consolidated financial statements			
	Property, plant and equipment Baht	Assets under finance lease Baht	Total Baht	
Deferred tax liabilities				
At 1 January 2018	550,085	257,926	808,011	
Charged/(credited) to profit or loss	(78,892)	(63,503)	(142,395)	
At 31 December 2018	471,193	194,423	665,616	
At 1 January 2019	471,193	194,423	665,616	
Charged/(credited) to profit or loss	(58,941)	464,932	405,991	
At 31 December 2019	412,252	659,355	1,071,607	
	Separate financial statements			
	Allowances for doubtful accounts and inventories Baht	Provision for warranty Baht	Employee benefits obligations Baht	Total Baht
Deferred tax assets				
At 1 January 2018	414,378	-	246,263	660,641
Charged/(credited) to profit or loss	345,949	36,480	158,221	540,650
Charged/(credited) to other comprehensive income	-	-	290,349	290,349
At 31 December 2018	760,327	36,480	694,833	1,491,640
At 1 January 2019	760,327	36,480	694,833	1,491,640
Charged/(credited) to profit or loss	268,403	30,980	361,094	660,477
Charged/(credited) to other comprehensive income	-	-	710,817	710,817
At 31 December 2019	1,028,730	67,460	1,766,744	2,862,934
	Separate financial statements			
	Assets under finance lease Baht			Total Baht
Deferred tax liabilities				
At 1 January 2018	353,480			353,480
Charged/(credited) to profit or loss	(116,147)			(116,147)
At 31 December 2018	237,333			237,333
At 1 January 2019	237,333			237,333
Charged/(credited) to profit or loss	457,387			457,387
At 31 December 2019	694,720			694,720

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 7.61 million. (2018: Baht 5.77 million) in respect of losses amounting to Baht 38.03 million (2018: Baht 28.88 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.



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21 Borrowings

	Consolidated financial statements		Sperate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Current				
Bank overdraft	16,706,125	-	-	-
Short-term borrowings from banks	222,247,286	59,179,723	-	-
Current portion of long-term borrowings	38,640,000	38,640,000	-	-
Current portion of finance lease liabilities	9,575,603	2,450,373	1,230,938	924,465
Total current borrowings	287,169,014	100,270,096	1,230,938	924,465
Non-Current				
Bank borrowings	105,060,000	143,700,000	-	-
Finance lease liabilities	22,575,796	3,476,352	1,888,014	481,022
Total non-current borrowings	127,635,796	147,176,352	1,888,014	481,022
Total borrowings	414,804,810	247,446,448	3,118,952	1,405,487

The bank borrowings in a total amount of Baht 382.65 MB (2018 : Baht 241.52 MB). The bank borrowings are secured over a part of the land and buildings of the Group and over certain of the inventories (note 17).

The fair values of current borrowings are equal to their carrying amounts, as the impact of discounting is not material. The fair value are based on discounted cash flows using a discount rate based upon the borrowing rate of 5.53% to 6.25% (2018: 5.53% to 6.25%) which are within level 2 of the fair value hierarchy.

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

	Consolidated financial statements		Sperate financial statements	
	2019	2018	2019	2018
Bank borrowings	4.00% - 6.87%	4.00% - 6.25%	-	-
Financial lease liabilities	0.00% - 7.34%	4.43% - 7.34%	4.57 and 5.37%	5.37%

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Maturity of long-term borrowings:				
Between 1 and 2 years	38,640,000	38,640,000	-	-
Between 2 years and 5 years	105,060,000	143,700,000	-	-
Over 5 years	-	-	-	-
Total long-term borrowings	143,700,000	182,340,000	-	-
Minimum lease payments of finance lease liabilities:				
Not later than one year	11,030,727	2,626,360	1,342,926	977,100
Later than 1 year but not later than 5 years	24,155,352	3,711,620	1,993,544	488,550
<u>Less</u> Future finance charges on finance leases	(3,034,680)	(411,255)	(217,518)	(60,163)
Present value of finance lease liabilities	32,151,399	5,926,725	3,118,952	1,405,487
Finance lease liabilities:				
- Current portion	9,575,603	2,450,373	1,230,938	924,465
- Non-Current portion	22,575,796	3,476,352	1,888,014	481,022
	32,151,399	5,926,725	3,118,952	1,405,487
Present value of finance lease liabilities:				
Not later than one year	9,575,603	2,450,373	1,230,938	924,465
Later than 1 year but not later than 5 years	22,575,796	3,476,352	1,888,014	481,022
	32,151,399	5,926,725	3,118,952	1,405,487





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22 Trade and other payable

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Trade accounts payable	240,783,567	223,778,210	44,669,187	39,342,825
Trade accounts payable - related parties (note 32)	-	-	31,021,802	57,373,464
Amounts due to related parties (note 32)	-	-	148,437	110,150
Other payables	10,526,811	6,651,626	2,430,837	2,010,109
Unearned revenue	1,911,608	305,175	-	-
Accrued expense	146,003,223	115,533,809	12,155,151	6,002,471
Total trade and other payables	399,225,209	346,268,820	90,425,414	104,839,019

23 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Statement of financial position:				
Retirement benefits	16,410,211	7,699,016	8,833,721	3,474,166
Liability in the statement of financial position	16,410,211	7,699,016	8,833,721	3,474,166
Profit or loss charge included in operating profit for:				
Retirement benefits	3,484,853	2,350,365	1,805,469	791,103
	3,484,853	2,350,365	1,805,469	791,103
Remeasurement for:				
Retirement benefits	5,366,067	1,672,231	3,554,086	1,451,746
	5,366,067	1,672,231	3,554,086	1,451,746

Retirement benefits

The plans are final salary retirement plans. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

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

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
At 1 January	7,699,016	3,921,676	3,474,166	1,231,317
Current service cost	2,058,821	2,177,355	732,344	716,649
Interest expense	208,956	173,010	92,123	74,453
Past service cost	1,217,076	-	981,002	-
	11,183,869	6,272,041	5,279,635	2,022,419
Remeasurements:				
Loss from change in financial assumptions	5,366,067	1,672,231	3,554,086	1,451,747
Payment from plans:				
Benefit payment	(139,725)	(245,256)	-	-
At 31 December	16,410,211	7,699,016	8,833,721	3,474,166



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23 Employee benefit obligations (Cont'd)

On 5 April 2019, an amendment bill to the Labour Protection Law was published in the Government Gazette. The amended law will become effective 30 days after its publication. The main amendment is that the compensation for employees who have retired and have more than or equal to 20 years of service has changed from 300 day's pay to 400 day's pay. The effects of the amendment were recognised as past service cost during the year.

The significant actuarial assumptions used were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	1.40% - 2.45%	1.71% - 3.06 %	2.25%	2.19 %
Salary growth rate	1.71% - 5.81%	4.84 % - 5.66 %	5.43%	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	
	2019	2018	2019	2018	2019	2018
Discount rate	0.50%	0.50%	Decrease by 2.48%	Decrease by 1.94 %	Increase by 2.63%	Increase by 2.05 %
Salary growth rate	0.50%	0.50%	Increase by 2.50%	Increase by 2.26 %	Decrease by 2.38%	Decrease by 2.17 %

	Separate financial statements					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2019	2018	2019	2018	2019	2018
Discount rate	0.50%	0.50%	Decrease by 2.55%	Decrease by 1.46 %	Increase by 2.70%	Increase by 1.52%
Salary growth rate	0.50%	0.50%	Increase by 2.58%	Increase by 1.92 %	Decrease by 2.46%	Decrease by 1.87%

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 11 years.

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 2019 Retirement benefits	-	5,090,331	6,675,369	12,464,481	24,230,181

	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





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23 Employee benefit obligations (Cont'd)

	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 2019 Retirement benefits	-	407,954	3,209,060	4,018,930	7,635,944
	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

24 Share capital and premium on share capital

	Authorised share capital		Issued and paid-up capital		Premium on paid-up capital	Total Baht
	Number of Shares Shares	Ordinary shares Baht	Number of Shares Shares	Ordinary shares Baht	Baht	
At 1 January 2018	1,200,000,000	600,000,000	800,000,000	400,000,000	305,527,766	705,527,766
Issue of shares	-	-	-	-	-	-
At 31 December 2018	1,200,000,000	600,000,000	800,000,000	400,000,000	305,527,766	705,527,766
Issue of shares	-	-	-	-	-	-
At 31 December 2019	1,200,000,000	600,000,000	800,000,000	400,000,000	305,527,766	705,527,766

25 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 1.07 ordinary share (31 December 2018: 1 warrant per 1.04 ordinary share)
Exercise price	: Baht 1.88 per share (31 December 2018: Baht 1.93 per share)
Exercise date	: On the last business day of December of each year
Last exercise date	: 28 January 2021

On 13 March 2019, 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.



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25 Warrants (Cont'd)

The movement of warrants to purchase ordinary shares for the year ended 31 December 2019 is as follows:

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

26 Legal reserve

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
At 1 January	8,692,000	7,092,000	8,692,000	7,092,000
Appropriation during the year	1,250,000	1,600,000	1,250,000	1,600,000
At 31 December	9,942,000	8,692,000	9,942,000	8,692,000

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.

27 Other income

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
For the year ended 31 December				
Rental income	7,889,362	5,123,138	-	4,620,000
Interest income	1,322,396	2,408,634	5,481,039	6,208,973
Dividend income	-	-	19,999,977	26,999,995
Others	9,569,529	7,705,486	15,188,018	15,026,603
	18,781,287	15,237,258	40,669,034	52,855,571

28 Expense by nature

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
For the year ended 31 December				
Cost of sales - gas	676,537,347	691,324,694	676,537,347	691,324,694
Material cost	627,917,576	449,359,942	-	-
Subcontract cost	595,528,597	183,514,762	332,578,891	11,022,408
Depreciation and amortisation	65,345,405	49,797,346	6,316,403	5,697,128
Staff costs	795,365,508	526,693,722	30,988,046	32,567,635
Gas transportation expenses	35,963,135	33,592,126	39,705,670	39,036,023
Gas storage expenses	3,008,580	4,927,156	3,008,580	4,927,156





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29 Income tax expense

Income tax expense for the year comprises the following:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Current tax:				
Current tax on profits for the year	31,306,246	19,127,976	8,886,644	2,740,996
Adjustments in respect of prior year	-	-	-	-
Total current tax	31,306,246	19,127,976	8,886,644	2,740,996
Deferred tax:				
Decrease (increase) in deferred tax assets (Note 20)	(960,735)	(26,109)	(660,477)	(540,650)
(Decrease) increase in deferred tax liabilities (Note 20)	405,991	180,278	457,387	(116,147)
Total deferred tax	(554,745)	154,169	(203,090)	(656,797)
Income tax expense	30,751,502	19,282,145	8,683,554	2,084,199
Income tax expense attributable to:				
Profit from continuing operation	30,751,502	19,282,145	8,683,554	2,084,199
Profit from discontinued operation	-	-	-	-
	30,751,502	19,282,145	8,683,554	2,084,199

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Company as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Profit before tax	104,502,514	78,335,416	33,111,080	33,910,728
Tax calculated at the tax rate of 20%	20,900,503	15,667,083	6,622,216	6,782,146
Tax effect of:				
Exempt income tax	(6,181,307)	-	(3,999,995)	(5,399,999)
Income Tax	895,272	589,533	895,272	589,533
Acturial loss	-	355,056	-	-
Unrealised gains from intercompany transactions	7,156,126	281,922	-	-
Deferred tax expense relating to origination and reversal of temporary difference	620,600	-	667,962	-
Tax losses for which deferred income tax asset was recognised	2,663,485	2,420,344	-	-
Expense for which no deferred income tax asset was recognised	4,495,555	-	4,495,555	-
Double deductible expense	(10,986)	(109,954)	(10,986)	(27,528)
Utilisation of previously unrecognised tax losses	-	(346,525)	-	-
Non-deductible expense for tax purposes	212,254	424,686	13,530	140,047
Tax charge	30,751,502	19,282,145	8,683,554	2,084,199

The weighted average applicable tax rate was 29.43% and 26.23% (2018: 24.23% and 6.15%) for consolidated and separate financial statements.



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30 Earnings per share

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share (Baht)	27,158,513	32,131,578	24,427,526	31,826,529
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (Share)	800,000,000	800,000,000	800,000,000	800,000,000
Basic earnings per share attributable to the ordinary equity holders of the company (Baht per share)	0.0339	0.0402	0.0305	0.0398

There are no potential dilutive ordinary shares in issue for the years ended 2019 and 2018.

31 Dividends per share

The Company

At the Annual General Shareholders' Meeting on 23 April 2018, shareholders approved the appropriation of dividends for the operating results for the year ended 31 December 2017 at Baht 0.035 for 800 million shares, totaling Baht 28 million. The dividends were paid to shareholders on 21 May 2018.

At the Annual General Shareholders' Meeting on 25 April 2018, shareholders approved the appropriation of dividends for the operating results for the year ended 31 December 2018 at Baht 0.0375 for 800 million shares, totaling Baht 30 million. The dividends were paid to shareholders on 24 May 2019.

Subsidiaries

Takuni (Thailand)

At the Board of Director's Meeting on 28 December 2018, the Board of Director approved the interim dividends from the operating result for the period ended 30 September 2018 at Baht 2.7 for 10 million shares, totaling of Baht 27 million. The interim dividends were paid on 25 January 2019.

At the Board of Director's Meeting on 30 December 2019, the Board of Director approved the interim dividends from the operating result for the period ended 30 November 2019 at Baht 0.33 for 10 million shares, totaling of Baht 3.25 million. The interim dividends were paid on 29 January 2020.

G-Gas Logistics

At the Board of Director's Meeting on 30 November 2019, the Board of Director approved the interim dividends from the operating result for the period ended 30 September 2019 at Baht 2.5 for 1.5 million shares, totaling of Baht 3.75 million. The interim dividends were paid on 25 December 2019.

At the Board of Director's Meeting on 30 December 2019, the Board of Director approved the interim dividends from the operating result for the period ended 30 November 2019 at Baht 8.67 for 1.5 million shares, totaling of Baht 13 million. The interim dividends were paid on 30 January 2020.

CAZ

At the Shareholders' Meeting on 10 April 2018, shareholders approved the appropriation of dividends for the operating results for the year ended 31 December 2017 at Baht 27.83 for 1 million shares, totaling Baht 27.83 million. The dividends were paid to shareholders on 9 May 2018.

At the Board of Director's Meeting on 11 May 2018, the Board of Director approved the interim dividends from the operating result for the period ended 31 March 2018 at Baht 0.04 for 200 million shares, totaling of Baht 7.04 million. The interim dividends were paid on 8 June 2018.

At the Shareholders' Meeting on 18 April 2019, shareholders approved the appropriation of dividends for the operating results for the year ended 31 December 2018 at Baht 0.10 for 280 million shares, totaling Baht 28 million. The dividends were paid to shareholders on 17 May 2019.





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32 Related party transactions

As at 30 September 2019, the major shareholders of the Company are four individuals from the same family, which own 51.80 % of the Company's share capital. The investment in subsidiaries is disclosed in note 15.

The following material transactions were carried out with related parties:

a) Transactions with related parties

Transactions with related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Revenues from sales of goods/services, interest income and other income				
Other income				
Subsidiaries	-	-	13,530,664	14,168,610
Dividend income				
(Include in other income)				
Subsidiaries	-	-	19,999,977	26,999,995
Interest income				
(Include in other income)				
Subsidiaries	-	-	4,480,331	3,966,667
Purchases of goods and services, and interest expenses				
Purchase of goods and services				
Subsidiaries	-	-	192,517,739	1,892,467
Shareholders	-	41,550,000	-	-
	-	41,550,000	192,517,739	1,892,467
Rental expenses - office				
Subsidiaries	-	-	1,068,000	1,068,000
Transportation expenses				
Subsidiaries	-	-	26,205,931	30,582,105
Other Expenses				
Subsidiaries	-	-	665,957	624,647

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.



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32 Related party transactions (Cont'd)

b) Outstanding balances arising from sales and purchases of goods and services

The outstanding balances at the end of the period ended in relation to transactions with related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Other receivables				
Subsidiaries	-	-	2,258,957	1,125,132
Accrued interest income				
Subsidiaries	-	-	8,963,717	5,850,668
Dividend receivable				
Subsidiaries	-	-	16,249,982	26,999,995
Prepaid expense				
Subsidiaries	-	-	-	90,112,017
Trade accounts payable				
Subsidiaries	-	-	31,021,802	57,373,464
Other account payables				
Subsidiaries	-	-	148,437	110,150
Retention				
Subsidiaries	-	-	-	2,041,200

c) Loans to related parties

The movements of loan to related parties can be analysed are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
At 1 January	-	-	243,850,000	193,820,000
Loans advanced during the period	320,000	-	179,220,000	93,050,000
Loans repayment received	-	-	(136,276,000)	(43,020,000)
At 31 December	320,000	-	286,794,000	243,850,000

The loans to subsidiaries were made on commercial terms and conditions. The loans are repayable on demand and interest at 3%. No allowance has been required in 2019 and 2018 for the loans made to subsidiaries.

d) Borrowings from related parties

The movements of borrowings from related parties can be analysed are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
At 1 January	-	-	-	-
Borrowings received during the period	3,500,000	-	-	-
Borrowings repaid during the period	(1,000,000)	-	-	-
At 31 December	2,500,000	-	-	-

Loan from related party carries an interest rate at 5.25% per annum. The loan is due on demand.





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32 Related party transactions (Cont'd)

e) Key management compensation

Key management includes directors (executive and non-executive). The compensation paid or payable to key management are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
For the year ended 31 December				
Salaries and other short-term employee benefits	33,040,540	33,552,890	14,828,997	17,428,717
Retirement benefits	4,036,505	2,306,383	3,622,823	2,001,765
	37,077,045	35,859,273	18,451,820	19,430,482

33 Commitments

a) Letters of guarantees

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

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Currency:				
- Thai Baht	975,023,093	1,061,919,281	103,295,000	103,295,000
- USD	-	1,840,500	-	-

The Group has credit facilities for letter of credits or trust receipt, letter of guarantee, forward contracts and loan credit. These credit facilities are pledged by subsidiaries' assets, subsidiaries' bank accounts, and directors (note 16 and note 17).

b) Capital expenditure commitments

Capital expenditure contracted as at the statement of financial position date but not recognised as liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Property, plant and equipment	415,150	10,294,722	-	-
Intangible asset	-	926,250	-	312,000
Total	415,150	11,220,972	-	312,000



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33 Commitments (Cont'd)

c) Commitment from purchasing construction materials

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

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Currency:				
- Thai Baht	20,166,836	25,260,821	-	-
- USD	-	528,351	-	-

d) Non-cancellable operating leases - where a Group is the lessee

The Group leases land and building for office, operating equipment and land rental for gas storage facility in Pichit province under non-cancellable operating lease agreement, and the majority of the leases are renewable at the end of the lease period at market rate.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Within 1 year	7,820,030	6,412,835	816,733	2,031,757
Later than 1 year but not later than 5 years	9,536,127	8,526,233	1,754,932	2,979,388
Over 5 years	4,230,846	4,664,779	4,230,846	4,664,780
Total	21,587,003	19,603,847	6,802,511	9,675,925

34 Contingent liabilities

Subsidiary

A subsidiary has been sued for a damage case by a company ("plaintiff") for breach of service contract in amount of Baht 18.31 million. The subsidiary received a subpoena from the Civil Court on 30 November 2019 with the date of mediation between the parties on 16 January 2020 and specifying the date of the settlement point, including the determination of prosecution or witness examination of the plaintiff on 27 January 2020. In this regard, the subsidiary submitted a petition requesting and counterclaims on 27 January 2020. The court ordered the plaintiff to file a counterclaim within 20 days and set the date for the settlement to determine the method of prosecution or the date of hearing of the plaintiff on 2 March 2020.

The subsidiary has already recorded a provision of a certain contingent liabilities from the lawsuit and management believes that the damage that will occur will not exceed the estimated provision already recorded.





Takuni Group Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2019

35 Events occurring after the reporting period

Company

Dividend payment

On 27 February 2020, the Board of Directors' meeting approved the dividends payment from the profit for the year ended 31 December 2019 at Baht 0.0274 per share for 800 million shares, totaling Baht 21.92 million. The dividends are due for payment within May 2019.

Subsidiary

CAZ (Thailand) Public Company Limited

Dividend payment

On 27 February 2020, the Board of Directors' meeting of CAZ approved the dividends payment in respect of the operating results for the period from April to December 2019 at Baht 0.1071 per share for 280 million shares, totaling Baht 30 million. The dividends are due for payment within May 2019.



TAKUNI GROUP PUBLIC COMPANY LIMITED

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

Tel : 02-455-2888

Fax : 02-455-2763

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

