

**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
<p data-bbox="268 443 868 474"><b>1) Impairment of gas depots and related assets</b></p> <p data-bbox="309 495 868 548">Refer to critical accounting estimates and judgements in note 4 and property, plant and equipment in note 17.</p> <p data-bbox="309 575 868 712">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.</p> <p data-bbox="309 739 868 931">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:</p> <ul data-bbox="341 958 584 1048" style="list-style-type: none"><li>• Growth rate</li><li>• Gross margin rate</li><li>• Discount rate</li></ul> <p data-bbox="309 1075 868 1352">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.</p> <p data-bbox="309 1379 868 1518">I focused on this area due to the fact that the assesment 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.</p>	<p data-bbox="890 495 1474 548">My key audit procedures in relation to impairment assesement of gas depots and related assets included:</p> <ul data-bbox="890 575 1474 1240" style="list-style-type: none"><li>• 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);</li><li>• 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</li><li>• 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:<ul data-bbox="932 994 1474 1240" style="list-style-type: none"><li>• 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;</li><li>• performing a sensitivity analysis around key assumptions such as gross margin rate and discount rate that would be required for the value of impairment of assets.</li></ul></li></ul> <p data-bbox="890 1267 1474 1406">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.</p>



Key audit matter	How my audit addressed the key audit matter
<p data-bbox="268 450 788 506"><b>2) Revenue recognition under construction contracts</b></p> <p data-bbox="309 533 820 613">Refer to note 2.22 'Revenue recognition' and note 4 'critical accounting estimates and judgements' to the financial statements.</p> <p data-bbox="309 640 820 833">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.</p> <p data-bbox="309 860 820 1191">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.</p> <p data-bbox="309 1218 820 1299">I focused on this area as revenue recognition involves significant judgement and estimates made by management including:</p> <ul data-bbox="309 1303 820 1666" style="list-style-type: none"><li>• whether contracts contain multiple performance obligations which should be accounted for separately;</li><li>• allocating the transaction price to the separate performance obligations;</li><li>• choosing the most appropriate method for revenue recognition for each identified performance obligation; and</li><li>• 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.</li></ul>	<p data-bbox="853 533 1471 589">My key audit procedures in relation to revenue recognition included:</p> <ul data-bbox="853 616 1471 1261" style="list-style-type: none"><li>• understanding the Group's implementation of TFRS15, including recognition of the effect on the opening equity;</li><li>• discussing the group accounting policy with management, including the key accounting estimates and judgements made by management;</li><li>• testing internal controls over the revenue and receivable cycle, and the purchase and payable cycle for projects;</li><li>• 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;</li><li>• 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;</li><li>• 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</li><li>• making enquiries with management and investigating any losses associated with contracts, and considered whether a provision was adequate.</li></ul> <p data-bbox="853 1288 1471 1368">Based on these procedures, I found that the revenue recognition of each selected contract was reasonable and consistent with supporting documents.</p>



#### **Other information**

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

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

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

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

#### **Responsibilities of the directors for the consolidated and separate financial statements**

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in black ink, appearing to read 'Boonlert Kamolchanokkul', written in a cursive style.

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

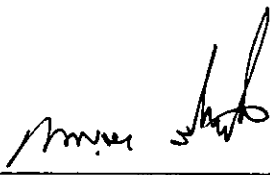
Takuni Group Public Company Limited

Statement of Financial Position

As at 31 December 2019


	Notes	Consolidated financial statements		Separate financial statements	
		2019 Baht	2018 Baht	2019 Baht	2018 Baht
<b>Assets</b>					
<b>Current assets</b>					
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
<b>Total current assets</b>		<b>1,416,647,644</b>	<b>1,134,045,336</b>	<b>674,325,888</b>	<b>716,428,655</b>
<b>Non-current assets</b>					
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
<b>Total non-current assets</b>		<b>902,994,679</b>	<b>779,577,351</b>	<b>205,059,354</b>	<b>193,068,507</b>
<b>Total assets</b>		<b>2,319,642,323</b>	<b>1,913,622,687</b>	<b>879,385,242</b>	<b>909,497,162</b>

Director

  
นางสาวกาญจนา ริมพณิชยกิจ

กรรมการ

Director

  
นางสาวนิตา ศรีวีระวัฒน์

กรรมการ

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		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
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
<b>Total current liabilities</b>		<b>958,286,681</b>	<b>857,803,024</b>	<b>119,157,098</b>	<b>155,684,202</b>
<b>Non-current liabilities</b>					
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
<b>Total non-current liabilities</b>		<b>164,456,477</b>	<b>166,976,714</b>	<b>22,796,089</b>	<b>7,817,569</b>
<b>Total liabilities</b>		<b>1,122,743,158</b>	<b>1,024,779,738</b>	<b>141,953,187</b>	<b>163,501,771</b>

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



Takuni Group Public Company Limited  
Statement of Financial Position (Cont'd)  
As at 31 December 2019

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
<b>Liabilities and equity (Cont'd)</b>					
<b>Equity</b>					
<b>Share Capital</b>					
Authorised share capital					
1,200,000,000 ordinary shares					
at par value of Baht 0.5 each	24	<u>600,000,000</u>	<u>600,000,000</u>	<u>600,000,000</u>	<u>600,000,000</u>
Issued and paid-up					
800,000,000 ordinary shares					
paid-up of Baht 0.5 each	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		<u>81,852,708</u>	<u>1,070,428</u>	-	-
Equity attributable to owners of the parent		882,537,060	808,217,474	737,432,055	745,995,391
Non-controlling interests		<u>314,362,105</u>	<u>80,625,475</u>	-	-
<b>Total equity</b>		<u>1,196,899,165</u>	<u>888,842,949</u>	<u>737,432,055</u>	<u>745,995,391</u>
<b>Total liabilities and equity</b>		<u>2,319,642,323</u>	<u>1,913,622,687</u>	<u>879,385,242</u>	<u>909,497,162</u>

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

Takuni Group Public Company Limited  
Statement of Comprehensive Income  
For the year ended 31 December 2019

	Notes	Consolidated financial statements		Separate financial statements	
		2019 Baht	2018 Baht	2019 Baht	2018 Baht
<b>Revenue</b>					
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
<b>Total revenues</b>		<b>3,076,886,840</b>	<b>2,277,549,063</b>	<b>1,121,599,382</b>	<b>786,007,586</b>
<b>Cost</b>					
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)
<b>Total costs</b>		<b>(2,778,789,586)</b>	<b>(2,029,125,735)</b>	<b>(1,051,830,488)</b>	<b>(723,419,766)</b>
<b>Gross profit</b>		<b>298,097,254</b>	<b>248,423,328</b>	<b>69,768,894</b>	<b>62,587,820</b>
Other income	27	18,781,287	15,237,258	40,669,034	52,855,571
<b>Profit before expenses</b>		<b>316,878,541</b>	<b>263,660,586</b>	<b>110,437,928</b>	<b>115,443,391</b>
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)	-	-	-
<b>Profit before income tax</b>		<b>104,502,514</b>	<b>78,335,416</b>	<b>33,111,080</b>	<b>33,910,728</b>
Income tax expense	29	(30,751,502)	(19,282,145)	(8,683,554)	(2,084,199)
<b>Profit for the year</b>		<b>73,751,012</b>	<b>59,053,271</b>	<b>24,427,526</b>	<b>31,826,529</b>
<b>Other comprehensive income:</b>					
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)
<b>Total comprehensive income for the year, net of tax</b>		<b>69,458,159</b>	<b>57,715,487</b>	<b>21,584,257</b>	<b>30,665,132</b>
<b>Profit attributable to:</b>					
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	-	-
<b>Profit for the year</b>		<b>73,751,012</b>	<b>59,053,271</b>	<b>24,427,526</b>	<b>31,826,529</b>
<b>Total comprehensive income attributable to:</b>					
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	-	-
<b>Total comprehensive income for the year</b>		<b>69,458,159</b>	<b>57,715,487</b>	<b>21,584,257</b>	<b>30,665,132</b>
<b>Earnings per share - owners of the parent</b>					
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.

**Takumi Group Public Company Limited**  
**Statement of Changes in Equity**  
For the year ended 31 December 2019

**Consolidated financial statements**

	Attributable to owners of the parent				Other component of equity				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	Total owners of the parent		Non-controlling interests		
			Baht	Baht	Appropriated	Unappropriated					Baht	Baht
Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	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	1,948	752	2,700		
Change in non-controlling interests from purchase of investment in subsidiary	-	-	-	-	-	1,068,480	1,068,480	1,068,480	(1,968,480)	(900,000)		
Legal reserve	26	-	-	1,600,000	(1,600,000)	-	-	-	-	-		
Dividend	31	-	-	(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	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	1,070,428	808,217,474	80,625,475	888,842,949		
Opening balance as at 1 January 2019		400,000,000	305,527,766	20,636,290	8,692,000	72,290,990	1,070,428	808,217,474	80,625,475	888,842,949		
(as previously reported)												
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	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	26	-	-	-	1,250,000	(1,250,000)	-	-	-	-		
Dividend	31	-	-	-	(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	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	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

	Separate financial statements						Total equity Baht
	Notes	Issued and paid-up share capital Baht	Premium on paid-up capital Baht	Retained earnings		Unappropriated Baht	
				Appropriated Legal reserve Baht	Unappropriated Baht		
<b>Opening balance as at 1 January 2018</b>		400,000,000	305,527,766	7,092,000	30,709,787	743,329,553	
<b>Transactions with owners during the year</b>							
Legal reserve	26	-	-	1,600,000	(1,600,000)	-	
Dividend	31	-	-	-	(27,999,294)	(27,999,294)	
Net income for the year		-	-	8,692,000	1,110,493	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	
<b>Closing balance as at 31 December 2018</b>		400,000,000	305,527,766	8,692,000	31,775,625	745,995,391	
<b>Opening balance as at 1 January 2019 (as previously reported)</b>		400,000,000	305,527,766	8,692,000	31,775,625	745,995,391	
Retrospective adjustments from changes in accounting policy		-	-	-	(147,600)	(147,600)	
<b>Opening balance as at 1 January 2019 (restated)</b>		400,000,000	305,527,766	8,692,000	31,628,025	745,847,791	
<b>Transactions with owners during the year</b>							
Legal reserve	26	-	-	1,250,000	(1,250,000)	-	
Dividend	31	-	-	-	(29,999,993)	(29,999,993)	
Net income for the year		-	-	9,942,000	378,032	715,847,798	
Other comprehensive income for the year		-	-	-	24,427,526	24,427,526	
Total comprehensive income for the year		-	-	-	(2,843,269)	(2,843,269)	
<b>Closing balance as at 31 December 2019</b>		400,000,000	305,527,766	9,942,000	21,584,257	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
<b>Cash flows from operating activities</b>					
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
<b>Changes in working capital</b>					
- 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 financial statements		Separate financial statements	
		2019 Baht	2018 Baht	2019 Baht	2018 Baht
<b>Cash flows from investing activities</b>					
(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)	-
<b>Net cash generated from (used in) investing activities</b>		<b>(153,205,096)</b>	<b>(131,861,337)</b>	<b>45,095,570</b>	<b>(52,569,278)</b>
<b>Cash flows from financing activities:</b>					
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)
<b>Net cash generated from (used in) financing activities</b>		<b>361,113,122</b>	<b>(35,315,608)</b>	<b>(31,528,055)</b>	<b>(28,976,394)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(91,115,386)</b>	<b>(134,437,750)</b>	<b>(70,562,469)</b>	<b>(74,187,134)</b>
Cash and cash equivalents - opening balance		212,681,600	347,119,350	171,878,891	246,066,025
<b>Cash and cash equivalents - closing balance</b>		<b>121,566,214</b>	<b>212,681,600</b>	<b>101,316,422</b>	<b>171,878,891</b>
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)	-	-	-
<b>Total</b>		<b>121,566,214</b>	<b>212,681,600</b>	<b>101,316,422</b>	<b>171,878,891</b>

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 Baht	2018 Baht	2019 Baht	2018 Baht
<b>Non-cash transactions</b>					
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.

## 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.



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		As at 1 January 2019
	Previously reported Baht	Adjustments Baht	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		As at 1 January 2019
	Previously reported Baht	Adjustments Baht	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.

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
<b>Statement of financial position as at 31 December 2019</b>			
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
<b>Statement of comprehensive income for the year ended 31 December 2019</b>			
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
<b>Separate financial statements</b>			
	Amounts as reported	Impacts from TFRS 15	Amounts under the previous revenue standards
	Baht	Baht	Baht
<b>Statement of financial position as at 31 December 2019</b>			
Deferred tax assets	2,168,214	1,880	2,170,094
Other non-current liabilities	12,074,354	9,400	12,083,754
<b>Statement of comprehensive income for the year ended 31 December 2019</b>			
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

## 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.

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.

## 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.

## 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.

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.

**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.



## 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.

**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.

## 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.

### 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		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
<b>Financial assets at fair value through profit or loss</b>				
Investment in mutual fund classified as trading investment (note 8)	-	59,496,623	-	59,496,623
Fixed deposit (note 8)	-	402,084	-	-
<b>Total assets</b>	-	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 inventories*

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

#### *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.

#### 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 6 reportable 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).

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

6. Segment information (Cont'd)

	Consolidated financial statements													
	Sales						Services							
	Liquor Petroleum Gas trading		Car gas system installation and equipment trading		Transportation services		Construction services		NDT and inspection service		Other			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht		
Total revenue from sales and services	742,388,886	773,687,052	2,947,129	5,511,002	45,691,477	48,615,672	2,419,322,436	1,413,623,930	110,373,558	88,902,066	-	-	3,320,723,486	2,330,339,722
Inter-segment revenue	-	(5,365)	(886,125)	(886,292)	(30,116,313)	(32,636,894)	(190,988,004)	(8,594,328)	(21,846,204)	(10,667,780)	-	-	(243,836,646)	(52,790,659)
Revenue from external customers	742,388,886	773,681,687	2,061,004	4,624,710	15,575,164	15,978,778	2,228,334,432	1,405,029,602	88,527,354	78,234,286	-	-	3,076,886,840	2,277,549,063
Timing of revenue recognition:														
At a point in time	742,388,886	-	2,061,004	-	-	-	-	-	88,527,354	-	-	-	744,449,890	-
Over time	-	-	-	-	15,575,164	-	2,228,334,432	-	-	-	-	-	2,332,436,950	-
Operating profit (loss)	(33,898,169)	5,216,222	(1,802,508)	884,380	5,134,019	5,175,646	149,234,851	78,409,756	(619,139)	1,377,232	2,326,766	(632,027)	120,375,820	91,431,209
Financial cost	-	-	-	-	-	-	-	-	-	-	-	-	(14,556,181)	(13,095,793)
Profit before tax	-	-	-	-	-	-	-	-	-	-	-	-	105,819,639	78,335,416
Share loss from associate	-	-	-	-	-	-	-	-	-	-	-	-	(1,317,125)	-
Income tax	-	-	-	-	-	-	-	-	-	-	-	-	(30,751,502)	(19,282,145)
Net profit	-	-	-	-	-	-	-	-	-	-	-	-	73,751,012	59,053,271
Property, plant and equipment	60,824,129	85,165,098	3,646,612	5,164,740	28,554,342	33,623,258	561,897,811	411,745,212	37,100,916	29,275,332	-	-	692,023,810	564,973,640
Goodwill	-	-	-	-	-	-	19,383,641	19,383,641	-	-	-	-	19,383,641	19,383,641
Total consolidated assets	262,615,097	405,348,745	7,175,461	11,744,622	32,701,836	37,252,854	1,770,998,621	1,240,676,196	93,395,215	66,416,090	152,756,093	152,184,180	2,319,642,323	1,913,622,687

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

**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
<b>Total</b>	<b>138,272,339</b>	<b>212,681,600</b>	<b>101,316,422</b>	<b>171,878,891</b>
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	-	-	-

**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
<b>Trading investments</b>				
Debt securities	-	60,299,547	-	60,299,547
	-	60,299,547	-	60,299,547
<b>Fixed deposits</b>				
Fixed deposits	-	402,084	-	-
	-	402,084	-	-
<b>Total</b>	-	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
<b>Gains (losses) recognised in profit or loss</b>				
Fair value measurement - trading investments	503,377	(802,924)	503,377	(802,924)
<b>Total</b>	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
Less 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	-



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

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

**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	-	-
<b>Total</b>	<b>210,482,438</b>	<b>318,963,362</b>	<b>37,713,827</b>	<b>27,389,417</b>
<u>Less</u> Allowance for net realisable value of inventories	<u>(8,976,257)</u>	<u>(10,402,183)</u>	-	-
<b>Inventories - net</b>	<b>201,506,181</b>	<b>308,561,179</b>	<b>37,713,827</b>	<b>27,389,417</b>

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).

### 11 Inventories (Contd)

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	-	-	-
<b>Total assets</b>	<b>20,664,483</b>	<b>-</b>	<b>-</b>	<b>-</b>

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
<b>Total</b>	<b>43,009,950</b>	<b>10,982,681</b>	<b>1,508,257</b>	<b>3,993,079</b>

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

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 investment at equity method		Separate financial statements investment at cost	
			2019	2018	2019	2018	2019	2018
			%	%	Baht	Baht	Baht	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	-
<b>Total</b>					<b>5,205,714</b>	<b>-</b>	<b>4,000,000</b>	<b>-</b>

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.

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

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
Ratchapruet Engineering Co., Ltd. (RE)	Thailand	NDT and inspection service	Direct shareholders	99.99	99.99	99.99	99.99	0.01	0.01	21,339,800	21,339,800
G Gas Logistics Co.,Ltd. (GG)	Thailand	Hazardous substances and construction materials	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

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 Baht	2018 Baht
<b>As at 31 December</b>		
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 Baht	2018 Baht
<b>As at 31 December</b>		
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)	-

15 Investments in subsidiaries (Cont'd)

Summarised statement of cash flows

	CAZ	
	2019 Baht	2018 Baht
<b>For the year ended 31 December</b>		
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
<b>As at 1 January</b>		
Cost	28,214,479	121,664,479
<u>Less</u> Accumulated depreciation	(4,791,504)	(3,855,091)
<u>Less</u> Accumulated impairment	(1,143,974)	(1,143,974)
Net book amount	22,279,001	116,665,414
<b>For the year ended 31 December</b>		
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
<b>As at 31 December</b>		
Cost	16,532,136	28,214,479
<u>Less</u> Accumulated depreciation	(5,077,386)	(4,791,504)
<u>Less</u> 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

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

17 Property, plant and equipment

	Consolidated 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	
<b>At 1 January 2018</b>							
Cost	261,705,914	119,854,118	57,496,984	128,814,282	140,338,774	47,670	708,257,742
Less Accumulated depreciation	-	(19,315,248)	(14,735,033)	(53,822,378)	(96,320,327)	-	(184,192,986)
Net book amount	261,705,914	100,538,870	42,761,951	74,991,904	44,018,447	47,670	524,064,756
<b>For the year ended 31 December 2018</b>							
Opening net book amount	261,705,914	100,538,870	42,761,951	74,991,904	44,018,447	47,670	524,064,756
Additions	7,200	3,371,567	1,473,535	56,757,030	12,530,905	17,647,220	91,787,457
Transferred in/(out)	-	7,530,248	-	7,209,755	-	(14,740,003)	-
Disposals	-	-	(4,291)	(363,480)	(3,105,109)	-	(3,472,880)
Depreciation charge	-	(6,690,777)	(3,247,917)	(26,957,028)	(10,509,971)	-	(47,405,693)
Closing net book amount	261,713,114	104,749,908	40,983,278	111,638,181	42,934,272	2,954,887	564,973,640
<b>At 31 December 2018</b>							
Cost	261,713,114	130,755,933	58,965,647	191,411,053	141,629,179	2,954,887	787,429,813
Less Accumulated depreciation	-	(26,006,025)	(17,982,369)	(79,772,872)	(98,694,907)	-	(222,456,173)
Net book amount	261,713,114	104,749,908	40,983,278	111,638,181	42,934,272	2,954,887	564,973,640



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

17 Property, plant and equipment (Cont'd)

	Consolidated 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	
<b>For the year ended 31 December 2019</b>							
Opening net book amount	261,713,114	104,749,908	40,983,278	111,638,181	42,934,272	2,954,887	564,973,640
Additions	76,538,356	21,391,377	-	101,292,465	19,785,543	16,607,173	235,614,914
Transferred in/(out)	(19,537,598)	2,755,020	-	4,147,624	(1,014,739)	(7,014,790)	(20,664,483)
Disposals	-	-	-	(835,787)	(1,712,797)	-	(2,548,584)
Depreciation charge	-	(9,164,098)	(3,129,713)	(40,419,684)	(10,162,988)	-	(62,876,483)
Impairment charge	-	(6,399,120)	(15,759,678)	(316,396)	-	-	(22,475,194)
Closing net book amount	318,713,872	113,333,087	22,093,887	175,506,403	49,829,291	12,547,270	692,023,810
<b>At 31 December 2019</b>							
Cost	318,713,872	154,902,330	58,965,647	294,900,332	155,231,518	12,547,270	995,260,969
Less Accumulated depreciation	-	(35,170,123)	(21,112,082)	(119,077,533)	(105,402,227)	-	(280,761,965)
Less Accumulated impairment	-	(6,399,120)	(15,759,678)	(316,396)	-	-	(22,475,194)
Net book amount	318,713,872	113,333,087	22,093,887	175,506,403	49,829,291	12,547,270	692,023,810

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

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	
<b>At 1 January 2018</b>							
Cost	26,455,914	21,368,594	51,549,908	4,440,279	14,472,000	-	118,286,695
Less Accumulated depreciation	-	(4,831,980)	(12,461,286)	(3,069,444)	(11,634,788)	-	(31,997,498)
Net book amount	26,455,914	16,536,614	39,088,622	1,370,835	2,837,212	-	86,289,197
<b>For the year ended 31 December 2018</b>							
Opening net book amount	26,455,914	16,536,614	39,088,622	1,370,835	2,837,212	-	86,289,197
Additions	7,200	-	2,067,117	706,633	-	-	2,780,950
Disposals	-	-	(4,291)	(538)	-	-	(4,829)
Depreciation charge	-	(1,087,212)	(3,008,699)	(414,826)	(1,138,000)	-	(5,648,737)
Closing net book amount	26,463,114	15,449,402	38,142,749	1,662,104	1,699,212	-	83,416,581
<b>At 31 December 2018</b>							
Cost	26,463,114	21,368,594	53,612,153	5,120,974	14,472,000	-	121,036,835
Less Accumulated depreciation	-	(5,919,192)	(15,469,404)	(3,458,870)	(12,772,788)	-	(37,620,254)
Net book amount	26,463,114	15,449,402	38,142,749	1,662,104	1,699,212	-	83,416,581

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

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	
<b>For the year ended 31 December 2019</b>							
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
<b>At 31 December 2019</b>							
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

**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	<u>25,657,281</u>	<u>6,748,466</u>	<u>4,201,837</u>	<u>1,699,206</u>

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

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:

	<u>Construction services</u>
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;

	<u>Construction services</u>
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

	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	2019	2018	2019	2018
	Baht	Baht	Baht	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

**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
<b>Deferred tax assets:</b>				
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
	<u>6,679,712</u>	<u>4,645,764</u>	<u>2,862,934</u>	<u>1,491,640</u>
<b>Deferred tax liabilities:</b>				
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
	<u>1,071,607</u>	<u>665,616</u>	<u>694,720</u>	<u>237,333</u>
<b>Deferred tax assets, net</b>	<u>5,608,105</u>	<u>3,980,148</u>	<u>2,168,214</u>	<u>1,254,307</u>

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
<b>Deferred tax assets</b>					
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	<u>3,066,422</u>	<u>39,538</u>	<u>1,539,804</u>	<u>-</u>	<u>4,645,764</u>
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	<u>3,253,827</u>	<u>70,433</u>	<u>3,282,042</u>	<u>73,410</u>	<u>6,679,712</u>

20 Deferred income taxes (Cont'd)

	Consolidated financial statements		
	Property, plant and equipment Baht	Assets under finance lease Baht	Total Baht
<b>Deferred tax liabilities</b>			
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			Total Baht
	Allowances for doubtful accounts and inventories Baht	Provision for warranty Baht	Employee benefits obligations Baht	
<b>Deferred tax assets</b>				
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
<b>Deferred tax liabilities</b>		
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.

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

21 Borrowings

	Consolidated financial statements		Sperate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
<b>Current</b>				
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
<b>Total current borrowings</b>	<b>287,169,014</b>	<b>100,270,096</b>	<b>1,230,938</b>	<b>924,465</b>
<b>Non-Current</b>				
Bank borrowings	105,060,000	143,700,000	-	-
Finance lease liabilities	22,575,796	3,476,352	1,888,014	481,022
<b>Total non-current borrowings</b>	<b>127,635,796</b>	<b>147,176,352</b>	<b>1,888,014</b>	<b>481,022</b>
<b>Total borrowings</b>	<b>414,804,810</b>	<b>247,446,448</b>	<b>3,118,952</b>	<b>1,405,487</b>

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
<b>Maturity of long-term borrowings:</b>				
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	-	-	-	-
<b>Total long-term borrowings</b>	<b>143,700,000</b>	<b>182,340,000</b>	<b>-</b>	<b>-</b>
<b>Minimum lease payments of finance lease liabilities:</b>				
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)
<b>Present value of finance lease liabilities</b>	<b>32,151,399</b>	<b>5,926,725</b>	<b>3,118,952</b>	<b>1,405,487</b>
<b>Finance lease liabilities:</b>				
- 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
	<b>32,151,399</b>	<b>5,926,725</b>	<b>3,118,952</b>	<b>1,405,487</b>
<b>Present value of finance lease liabilities:</b>				
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
	<b>32,151,399</b>	<b>5,926,725</b>	<b>3,118,952</b>	<b>1,405,487</b>



**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
<b>Total trade and other payables</b>	<b>399,225,209</b>	<b>346,268,820</b>	<b>90,425,414</b>	<b>104,839,019</b>

**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)	-	-
<b>At 31 December</b>	<b>16,410,211</b>	<b>7,699,016</b>	<b>8,833,721</b>	<b>3,474,166</b>

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

23 Employee benefit obligations (Cont'd)

	Separate financial statements					Total Baht
	Less than a year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years 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 Baht	Total Baht
	Number of Shares	Ordinary shares Baht	Number of Shares	Ordinary shares 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.

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

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
<b>For the year ended 31 December</b>				
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
<b>For the year ended 31 December</b>				
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

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	-	-	-	-
<b>Total current tax</b>	<b>31,306,246</b>	<b>19,127,976</b>	<b>8,886,644</b>	<b>2,740,996</b>
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)
<b>Total deferred tax</b>	<b>(554,745)</b>	<b>154,169</b>	<b>(203,090)</b>	<b>(656,797)</b>
<b>Income tax expense</b>	<b>30,751,502</b>	<b>19,282,145</b>	<b>8,683,554</b>	<b>2,084,199</b>
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	-	-	-	-
	<b>30,751,502</b>	<b>19,282,145</b>	<b>8,683,554</b>	<b>2,084,199</b>

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
Actuarial 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
<b>Tax charge</b>	<b>30,751,502</b>	<b>19,282,145</b>	<b>8,683,554</b>	<b>2,084,199</b>

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

**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

### 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
<b>Revenues from sales of goods/services, interest income and other income</b>				
<b>Other income</b>				
Subsidiaries	-	-	13,530,664	14,168,610
<b>Dividend income</b> (Include in other income)				
Subsidiaries	-	-	19,999,977	26,999,995
<b>Interest income</b> (Include in other income)				
Subsidiaries	-	-	4,480,331	3,966,667
<b>Purchases of goods and services, and interest expenses</b>				
<b>Purchase of goods and services</b>				
Subsidiaries	-	-	192,517,739	1,892,467
Shareholders	-	41,550,000	-	-
	-	41,550,000	192,517,739	1,892,467
<b>Rental expenses - office</b>				
Subsidiaries	-	-	1,068,000	1,068,000
<b>Transportation expenses</b>				
Subsidiaries	-	-	26,205,931	30,582,105
<b>Other Expenses</b>				
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.

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
<b>Other receivables</b>				
Subsidiaries	-	-	2,258,957	1,125,132
<b>Accrued interest income</b>				
Subsidiaries	-	-	8,963,717	5,850,668
<b>Dividend receivable</b>				
Subsidiaries	-	-	16,249,982	26,999,995
<b>Prepaid expense</b>				
Subsidiaries	-	-	-	90,112,017
<b>Trade accounts payable</b>				
Subsidiaries	-	-	31,021,802	57,373,464
<b>Other account payables</b>				
Subsidiaries	-	-	148,437	110,150
<b>Retention</b>				
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.



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

**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.

**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.