

**TAKUNI GROUP PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**



## Independent Auditor's Report

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

### My opinion

In my opinion, the consolidated financial statements of Takuni Group Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2018;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then end; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

### Basis for opinion

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

### Key audit matters

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



Key audit matter	How my audit addressed the key audit matter
<p data-bbox="268 432 826 461"><b>1) Impairment of gas depots and related assets</b></p> <p data-bbox="308 479 866 535">Refer to critical accounting estimates and judgements in note 4 and property plan and equipment in note 13.</p> <p data-bbox="308 562 866 725">As at 31 December 2018, the Company has gas depots and related assets with a net book value of Baht 80.86 million which represented 8.89% and 4.23% of the total assets in separated financial statements and consolidated financial statements, respectively.</p> <p data-bbox="308 752 866 972">As gas trading is in a declining market, there is a risk that the carrying value of gas depots and related assets may exceed recoverable amount. The recoverable amount of gas depots and related assets are determined based on value-in-use calculation. This calculation is based on management judgements in estimation of discounted cash flow. Key assumptions used in the recoverable amount assessment include:</p> <ul data-bbox="336 1003 580 1088" style="list-style-type: none"><li>• Growth rate</li><li>• Gross margin rate</li><li>• Discount rate</li></ul> <p data-bbox="308 1115 866 1391">As required by Thai Accounting Standard 36 'Impairment of assets', when there is an indicator of impairment, the management is responsible for reviewing the impairment of assets. The impairment test is performed at level of cash generating unit (CGU), which is petroleum gas trading business unit. The impairment loss shall be recognise when carrying value exceed the recoverable amount. Based on the result of the assessment, allowance for impairment charge is not required.</p> <p data-bbox="308 1417 866 1610">I focused on this area due to its significant value and the fact that the assesment of the recoverable amount based on the value in use of the gas depots and related assets involved management's significant judgement about future results of the business and discount rates applied in forecasted future net cash flows.</p>	<p data-bbox="890 479 1473 618">I assessed the appropriateness of impairment review process and key assumptions and method used by management to determine value-in-use. Management determined the whole petroleum gas trading business unit as a Cash Generating Unit (CGU).</p> <p data-bbox="890 645 1473 808">In testing the value-in-use method, I engaged an auditor expert to assess the reasonableness of the method that management used to determine the value-in-use whether it was market practice in the comparable industry and assess the reasonableness of discount rate used in the calculation.</p> <p data-bbox="890 835 1473 920">I challenged the management to assess the appropriateness of key assumptions and method used to estimate the value in use made by management.</p> <p data-bbox="890 947 1230 976">I tested value in use as follows:</p> <ul data-bbox="946 1003 1473 1256" style="list-style-type: none"><li>• challenging the key assumptions and method used in the forecasted future net cash flows such as growth rate, gross margin and comparing with the relevant economic and industry indicators;</li><li>• performing a sensitivity analysis around key assumptions such as gross margin rate and discount rate that would be required for the value of impairment of assets.</li></ul> <p data-bbox="890 1283 1473 1422">Based on the result of the above procedures, I found that the key assumptions applied in the valuation of value-in-use were within acceptable range and the method applied by management was reasonable and appropriate based on the environment and circumstances.</p>



Key audit matter	How my audit addressed the key audit matter
<p data-bbox="268 436 790 488"><b>2) Revenue recognition under construction contracts</b></p> <p data-bbox="308 517 821 600">Refer to revenue recognition in note 2.23, critical accounting estimates and judgements in note 4 and trade and other receivables in note 9.</p> <p data-bbox="308 629 821 846">The Group recognises revenue from construction contracts arising from property, procurement and construction of oil and gas systems by using the percentage of completion method. The stage of completion is measured based on the proportion of contract costs incurred for the work performed to date compared to the estimated total cost of the project.</p> <p data-bbox="308 875 821 1070">The total cost of construction contracts is determined by estimating the costs from the reports of raw materials, direct labour, and overhead costs that are directly related to the construction project. This relates to management's judgement in estimating the total expected cost of construction until its completion for each project.</p> <p data-bbox="308 1099 821 1451">I focused on the total estimated cost of construction contracts and the appropriateness of management's assessment of the portion of work already completed due to the magnitude of the amount. The revenue from the construction contracts represents 61.69% of total revenue in the consolidated financial statements. Moreover, this matter related to the fact that management had used significant judgement when preparing budget costs and reviewing the estimation of the percentage of completion for each project and the consideration on any potential provision for project loss.</p>	<p data-bbox="842 443 1476 555">I understood and evaluated the budgeting process for estimating the construction cost of each project and the method management made the estimation, which was significant in estimating the percentage of completion.</p> <p data-bbox="842 584 1476 719">I assessed the appropriateness of the percentage of completion as well as the appropriateness and accuracy of information used to calculate the construction cost and the actual costs incurred during the year, and also tested the calculation of revenue recognised during the year.</p> <p data-bbox="842 748 1236 770">I tested the actual costs incurred by:</p> <ul data-bbox="890 801 1476 994" style="list-style-type: none"><li data-bbox="890 801 1476 860">• inspecting the actual costs incurred with invoices or receipts</li><li data-bbox="890 860 1476 913">• reconciling the actual costs incurred with the inventory details for the construction project, and</li><li data-bbox="890 913 1476 994">• testing the completeness of actual costs incurred by focussing on the cut-off expenses related to the construction costs.</li></ul> <p data-bbox="842 1025 1476 1160">Regarding the estimated cost, I made enquiries with the project engineers and examined the estimated construction cost with supporting documents including contracts related to construction costs, purchase orders and supporting details for estimated costs.</p> <p data-bbox="842 1189 1476 1301">I also made enquiries with management and investigated any losses associated with contracts, and considered whether a provision was necessary. I found no exceptions on this issue.</p> <p data-bbox="842 1330 1476 1413">Based on my procedures performed, I found that the key assumptions that the management used were reasonable and appropriate based on the environment and circumstances.</p>



### **Other information**

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in black ink, appearing to read "Nattaporn", written over a horizontal line.

**Nattaporn Phan-Udom**  
Certified Public Accountant (Thailand) No. 3430  
Bangkok  
27 February 2019

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

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

Director

นางสาวกาญจนา ริมพลินชยกิจ

กรรมการ

Director

นางสาวนิตา ศรีวีรานูวัฒน์

กรรมการ

บริษัท ทากูนิ กรุ๊ป จำกัด (มหาชน)  
Takuni Group Public Company Limited

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

Takuni Group Public Company Limited  
Statement of Financial Position (Cont'd)  
As at 31 December 2018

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

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

Takuni Group Public Company Limited  
Statement of Financial Position (Cont'd)  
As at 31 December 2018

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Liabilities and equity (Cont'd)</b>					
<b>Equity</b>					
Share Capital	20				
Authorised share capital					
1,200,000,000 ordinary shares					
at par value of Baht 0.5 each		600,000,000	600,000,000	600,000,000	600,000,000
Issued and paid-up					
800,000,000 ordinary shares					
paid-up of Baht 0.5 each	20	400,000,000	400,000,000	400,000,000	400,000,000
Premium on paid-up capital					
ordinary shares	20	305,527,766	305,527,766	305,527,766	305,527,766
Share surplus from business					
combination under common control		20,636,290	20,636,290	-	-
Retained earnings					
Appropriated - Legal reserve	22	8,692,000	7,092,000	8,692,000	7,092,000
Unappropriated		72,290,990	71,178,930	31,775,625	30,709,787
Other component of equity		1,070,428	-	-	-
Equity attributable to owners of the parent		808,217,474	804,434,986	745,995,391	743,329,553
Non-controlling interests		80,625,475	72,569,025	-	-
<b>Total equity</b>		<b>888,842,949</b>	<b>877,004,011</b>	<b>745,995,391</b>	<b>743,329,553</b>
<b>Total liabilities and equity</b>		<b>1,913,622,687</b>	<b>1,536,123,787</b>	<b>909,497,162</b>	<b>793,275,677</b>

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

Takuni Group Public Company Limited  
Statement of Comprehensive Income  
For the year ended 31 December 2018

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

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

Takut Group Public Company Limited  
Statement of Changes in Equity  
For the year ended 31 December 2018

Consolidated financial statements

	Attributable to owners of the parent										Other component of equity		Total equity
	Notes	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	Total equity	
				Baht	Baht	Baht	Baht	Appropriated	Unappropriated				
<b>Beginning balance as at 1 January 2017</b>		400,000,000	305,527,766	20,636,290	5,450,000	72,571,964	-	-	804,186,020	53,440,714	857,626,734		
Non-controlling interests from subsidiary's share issued	22	-	-	-	-	-	-	-	-	20,342,833	20,342,833		
Legal reserve		-	-	-	1,642,000	(1,642,000)	-	-	-	-	-		
Dividend	23	-	-	-	-	(24,998,112)	-	-	(24,998,112)	(10,971,346)	(35,969,456)		
Total comprehensive income for the year		-	-	-	-	25,247,078	-	-	25,247,078	9,756,824	35,003,902		
<b>Closing balance as at 31 December 2017</b>		400,000,000	305,527,766	20,636,290	7,092,000	71,178,930	-	-	804,434,986	72,569,025	877,004,011		
<b>Beginning balance as at 1 January 2018</b>		400,000,000	305,527,766	20,636,290	7,092,000	71,178,930	-	-	804,434,986	72,569,025	877,004,011		
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	11	-	-	-	-	-	-	1,068,480	1,068,480	(1,968,480)	(900,000)		
Legal reserve	22	-	-	-	1,600,000	(1,600,000)	-	-	-	-	-		
Dividend	23	-	-	-	-	(27,999,294)	-	-	(27,999,294)	(16,979,955)	(44,979,249)		
Total comprehensive income for the year		-	-	-	-	30,711,354	-	-	30,711,354	27,004,133	57,715,487		
<b>Closing balance as at 31 December 2018</b>		400,000,000	305,527,766	20,636,290	8,692,000	72,290,990	1,070,428	1,070,428	808,217,474	80,625,475	888,842,949		

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

Takumi Group Public Company Limited  
Statement of Changes in Equity  
For the year ended 31 December 2018

	Notes	Separate financial statements						Total equity Baht
		Issued and paid-up share capital Baht	Premium on paid-up capital Baht	Retained earnings		Unappropriated Baht		
				Appropriated Legal reserve Baht	Unappropriated Baht			
<b>Beginning balance as at 1 January 2017</b>		400,000,000	305,527,766	5,450,000	25,162,591	736,140,357		
Legal reserve	22	-	-	1,642,000	(1,642,000)	-		
Dividend	23	-	-	-	(24,998,112)	(24,998,112)		
Total comprehensive income for the year		-	-	-	32,187,308	32,187,308		
<b>Closing balance as at 31 December 2017</b>		<u>400,000,000</u>	<u>305,527,766</u>	<u>7,092,000</u>	<u>30,709,787</u>	<u>743,329,553</u>		
<b>Beginning balance as at 1 January 2018</b>		400,000,000	305,527,766	7,092,000	30,709,787	743,329,553		
Legal reserve	22	-	-	1,600,000	(1,600,000)	-		
Dividend	23	-	-	-	(27,999,294)	(27,999,294)		
Total comprehensive income for the year		-	-	-	30,665,132	30,665,132		
<b>Closing balance as at 31 December 2018</b>		<u>400,000,000</u>	<u>305,527,766</u>	<u>8,692,000</u>	<u>31,775,625</u>	<u>745,995,391</u>		

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

Takuni Group Public Company Limited  
Statement of Cash Flows  
For the year ended 31 December 2018

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

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 2018

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

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

## **1 General information**

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

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

For reporting purposes, the Company and its subsidiaries are referred to as the Group. The detail of subsidiaries are set out in note 11.

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

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

These Group consolidated and separate financial statements were authorised for issue by the Board of Directors on 27 February 2019.

## **2 Accounting policies**

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

### **2.1 Basis of preparation**

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

The consolidated and separate financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

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

## 2 Accounting policies (Cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2 Accounting policies (Cont'd)

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

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

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

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

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

The Group has not early adopted this standard.

2.3 Group Accounting - Investments in subsidiaries

(1) Subsidiaries

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

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

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

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

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

(2) Transactions and non-controlling interests

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

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

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

**(3) Separate financial statement**

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

**2.4 Foreign currency translation**

**(a) Functional and presentation currency**

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

**(b) Transactions and balances**

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

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

**2.5 Cash and cash equivalents**

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

**2.6 Trade accounts receivable**

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

**2.7 Inventories**

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

## 2 Accounting policies (Cont'd)

### 2.8 Construction contracts

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

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

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

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

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

### 2.9 Investments

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

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

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

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

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

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

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

## 2 Accounting policies (Cont'd)

### 2.10 Investment property

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

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

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

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

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

Buildings	20 years
Condominium	40 years

### 2.11 Property, plant and equipment

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

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

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

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

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

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

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

## 2 Accounting policies (Cont'd)

### 2.12 Goodwill

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

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

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

### 2.13 Intangible assets - Computer software

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

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

### 2.14 Impairment of assets

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

### 2.15 Long-term leases

#### Long-term leases - where the Group is the lessee

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

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

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

#### Long-term leases - where the Group is the lessor

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

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

**2.16 Borrowings**

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

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

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

**(a) Borrowing costs**

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

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

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

**2.17 Current and deferred income taxes**

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

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

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

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

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

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

## 2 Accounting policies (Cont'd)

### 2.18 Employee benefits

#### *Retirement benefits*

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

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

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

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

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

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

### 2.19 Provisions

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

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

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

### 2.20 Cylinder deposits

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

### 2.21 Share capital

Ordinary shares are classified as equity.

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

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

**2.22 Share surplus from business combination under common control**

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

**2.23 Revenue recognition**

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

- Sales revenues are recognised when significant risks and rewards of the buyer ownership are transferred.
- Revenues from transportation are recognised when the transportation services are completed.
- Services revenues are recognised when the services are completed
- Revenues from installation service contract of gas pipeline for industries are recognised based on the percentage of completion.
- Revenues from construction services recognised based on on a percentage of completion basis. The percentage of completion is measured based on comparison of actual construction costs incurred up to the end of the period and total anticipated construction costs to be incurred to completion. The recognised revenue which is not yet due per the contracts has been presented under the caption of "Unbilled receivables" in the statement of financial position.
- Rental income is recognised using straight-line method over the rental period.
- Interest income is recognised using the effective interest method.
- Dividend income is recognised when the right to receive payment is established.

**2.24 Dividends**

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

**2.25 Segment reporting**

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

**3 Risk management**

**3.1 Financial risk factors**

**3.1.1 Financial risk factors**

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

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

**(a) Interest rate risk**

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

**(b) Credit risk**

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

**(c) Liquidity risk**

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

3 Risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.2 Fair value estimation

The following table presents the Group's financial assets that are measured at fair value at 31 December 2018 and 31 December 2017. See note 12 for disclosures of the Investment properties that are measured at fair value and note 16 for disclosures of borrowings that are measured at fair value.

	Financial instruments in level 2			
	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>Financial assets at fair value through profit or loss</b>				
Investment in debt securities (note 7)	-	-	-	-
Investment in mutual fund classified as trading investment (note 7)	59,496,623	40,299,547	59,496,623	40,299,547
Fixed deposit (note 7)	402,084	348,272	-	-
<b>Total assets</b>	<b>59,898,707</b>	<b>40,647,819</b>	<b>59,496,623</b>	<b>40,299,547</b>

Financial instruments in level 2

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

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

3.2 Capital risk management

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

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

#### 4 Critical accounting estimates and judgments

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

##### 4.1 Critical accounting estimates and assumptions

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

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

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

###### 4.1.2 Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts to deliver design services. The percentage of completion is measure based on comparison of actual construction costs incurred up to the end of the period and total anticipated construction costs to be incurred to completion. The percentage of completion method requires the Group to estimate total anticipated construction costs to be incurred to completion. Where the estimated percentage of completion differ by 1%, the amount of revenue recognised in the year would be changed by Baht 34.37 million.

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

###### 4.1.3 Estimated impairment of property, plant and equipment

The Group has reviewed the assets' residual values and useful lives and adjusted if appropriate, at the end of each reporting period, in accordance with the accounting policy stated in note 2.11. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. These calculations require the use of management estimates (note 13).

###### 4.1.4 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.12. The recoverable amounts of cash-generating units have been determined based on fair value calculations. These calculations require the use of management estimates (note 14).

#### 5 Segment information

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

Significant business segments are as follows:

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

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

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**5 Segment information (Cont'd)**

	Consolidated financial statements For the period ended 31 December																			
	Sales			Services									Total							
	2018 Baht	2017 Baht		Liquids Petroleum Gas trading			Car gas system installation and equipment trading			Transportation services			Construction services			NDT and inspection service			Other	
2018 Baht	2017 Baht		2018 Baht	2017 Baht		2018 Baht	2017 Baht		2018 Baht	2017 Baht		2018 Baht	2017 Baht		2018 Baht	2017 Baht		2018 Baht	2017 Baht	
Revenues from operation	773,687,052	773,350,663		5,511,002	4,766,784	48,615,672	39,956,460	1,413,623,930	1,081,431,106	88,902,066	65,388,914								2,330,339,722	1,964,893,947
Revenues from inter-segment	(5,365)	-		(886,292)	(1,271,160)	(32,636,894)	(27,949,084)	(8,594,328)	(2,395,749)	(10,667,780)	(8,164,168)								(52,790,659)	(39,770,161)
Total revenue	773,681,687	773,350,663		4,624,710	3,495,624	15,978,778	12,007,376	1,405,029,602	1,079,045,357	78,234,286	57,224,746								2,277,549,063	1,925,123,786
Operating profit (loss)	6,216,222	6,185,042		884,380	300,063	5,175,646	1,158,160	78,408,756	52,893,246	1,377,232	(1,577,304)								91,431,209	57,638,353
Financial cost																			(13,095,793)	(14,267,990)
Profit before tax																			78,335,416	43,350,363
Income tax																			(19,282,145)	(8,178,145)
Net profit																			59,053,271	35,172,218
As at 31 December																				
Property, plant and equipment	85,165,098	89,349,772		5,164,740	5,468,858	33,623,258	40,402,085	411,745,212	370,174,334	29,275,332	18,659,707								564,973,640	524,064,756
Goodwill																			19,383,641	19,383,641
Total consolidated assets	405,348,745	481,474,674		11,744,622	10,766,923	37,252,854	47,654,718	1,240,676,196	840,775,630	66,416,090	44,314,874								1,913,622,667	1,536,123,787
Total consolidated liabilities																			152,184,180	111,136,968
																			1,024,779,738	659,119,776

6 Cash and cash equivalents

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

Deposits held at call with banks bear interest at the rates 0.13% to 1.30% per annum (2017: 0.13% to 1.30% per annum) and these deposits have a maturity within 3 months.

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

7 Short-term investments

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

7 Short-term investments (Cont'd)

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

	Consolidated financial statements			
	Trading Baht	Held-to- maturity due within 1 year Baht	Fixed deposit Baht	Total Baht
At 1 January 2017	19,959,265	49,716,063	289,875	69,965,203
Additions	40,000,000	88,968,184	58,397	129,026,581
Disposals	(20,000,000)	(138,684,247)	-	(158,684,247)
Gains on fair value measurement during the year	340,282	-	-	340,282
At 31 December 2017	40,299,547	-	348,272	40,647,819
Additions	20,000,000	-	53,812	20,053,812
Gains on fair value measurement during the year	(802,924)	-	-	(802,924)
At 31 December 2018	59,496,623	-	402,084	59,898,707
	Separate financial statements			
	Trading Baht	Held-to- maturity due within 1 year Baht	Fixed deposit Baht	Total Baht
At 1 January 2017	19,959,265	49,716,063	-	69,675,328
Additions	40,000,000	88,968,184	-	128,968,184
Disposals	(20,000,000)	(138,684,247)	-	(158,684,247)
Gains on fair value measurement during the year	340,282	-	-	340,282
At 31 December 2017	40,299,547	-	-	40,299,547
Additions	20,000,000	-	-	20,000,000
Gains on fair value measurement during the year	(802,924)	-	-	(802,924)
At 31 December 2018	59,496,623	-	-	59,496,623

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

8 Assets and liabilities under construction contracts

8.1 Unbilled receivables

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

8.2 Advance received and construction income received in advance

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

9 Trade and other receivables

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

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

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

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

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

10 Inventories

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

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

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

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

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

Inventories include allowance for finished goods of Baht 10.40 million (2017: Baht 11.86 million), mostly there are finished goods for gas systems installation in the consolidated financial statement. During 2018, the Group had reversed allowance for net realisable value of inventories amount to Baht 1.46 million (2017: increase in allowance amount Baht 1.02 million).

According to related regulations issued by the Ministry of Energy, the Group and the Company are required to reserve petroleum gas at 1% of the total trading volume in each period. As at 31 December 2018, the inventories included minimum mandatory reserve on petroleum gas of Baht 7.61 million in the consolidated and separate financial statements (2017: Baht 7.29 million).

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11 Investments in subsidiaries

The group had the following subsidiaries at 31 December

Name	Country of incorporation and place of business	Nature of business	Nature of Relationship	Proportion of ordinary shares directly held by parent (%)		Proportion of ordinary shares held by the group (%)		Proportion of ordinary shares held by non-controlling interests (%)		Separate Financial Statements	
				2018	2017	2018	2017	2018	2017	2018	2017
Takuni (Thailand) Co., Ltd. (TT)	Thailand	Industrial and car gas systems installation and equipment trading, and construction services	Direct shareholders	99.99	99.99	99.99	99.99	0.01	0.01	53,376,790	53,376,790
Ratchapruerk Engineering Co., Ltd. (RE)	Thailand	NDT and inspection service	Direct shareholders	99.99	99.99	99.99	99.99	0.01	0.01	21,339,800	21,339,800
G Gas Logistics Co.,Ltd. (GG)	Thailand	Hazardous substances and construction materials transportation services by land	Direct shareholders	99.99	99.99	99.99	99.99	0.01	0.01	15,643,180	15,643,180
Takuni Land Co., Ltd. (TL)	Thailand	Property development	Direct shareholders	99.97	99.97	99.97	99.97	0.03	0.03	999,700	999,700
CAZ (Thailand) Public Company Limited (CAZ)	Thailand	Construction services	Indirect shareholding via TT	-	-	51.30	51.30	48.70	48.70	-	-
JKEC Co., Ltd. (JKEC)	Thailand	Construction services	Indirect shareholding via CAZ	-	-	73.17	51.22	26.83	48.78	-	-
										<u>91,359,470</u>	<u>91,359,470</u>

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

11 Investments in subsidiaries (Cont'd)

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

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

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

**Summarised financial information on subsidiaries with material non-controlling interests**

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

**Summarised statement of financial position**

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

**Summarised statement of comprehensive income**

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

11 Investments in subsidiaries (Cont'd)

Summarised statement of cash flows

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

12 Investment properties

	Consolidated financial statements		
	Land Baht	Buildings Baht	Total Baht
<b>At 1 January 2017</b>			
Cost	-	6,912,319	6,912,319
Less Accumulated depreciation	-	(2,395,675)	(2,395,675)
Net book amount	-	4,516,644	4,516,644
<b>For the year ended 31 December 2017</b>			
Opening net book amount	-	4,516,644	4,516,644
Additions	93,450,000	18,778,434	112,228,434
Transferred in	-	1,577,847	1,577,847
Depreciation charge	-	(513,537)	(513,537)
Impairment charge	-	(1,143,974)	(1,143,974)
Closing net book amount	93,450,000	23,215,414	116,665,414
<b>At 31 December 2017</b>			
Cost	93,450,000	28,214,479	121,664,479
Less Accumulated depreciation	-	(3,855,091)	(3,855,091)
Less Provision for impairment	-	(1,143,974)	(1,143,974)
Net book amount	93,450,000	23,215,414	116,665,414
Fair value at 31 December 2017	116,904,000	71,100,000	188,004,000
<b>At 1 January 2018</b>			
Cost	93,450,000	28,214,479	121,664,479
Less Accumulated depreciation	-	(3,855,091)	(3,855,091)
Less Provision for impairment	-	(1,143,974)	(1,143,974)
Net book amount	93,450,000	23,215,414	116,665,414
<b>For the year ended 31 December 2018</b>			
Opening net book amount	93,450,000	23,215,414	116,665,414
Additions	-	-	-
Transferred out	(93,450,000)	-	(93,450,000)
Depreciation charge	-	(936,413)	(936,413)
Closing net book amount	-	22,279,001	22,279,001
<b>At 31 December 2018</b>			
Cost	-	28,214,479	28,214,479
Less Accumulated depreciation	-	(4,791,504)	(4,791,504)
Less Provision for impairment	-	(1,143,974)	(1,143,974)
Net book amount	-	22,279,001	22,279,001
Fair value at 31 December 2018*	-	71,100,000	71,100,000

12 Investment properties (Cont'd)

**Land**

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

**Buildings**

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

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

Investment property at net book value of Baht 5.22 million (2017: Baht 5.69 million) has been pledged as a security for borrowings (note 16).

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

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

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13 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 2017</b>							
Cost	261,655,914	121,712,425	57,441,046	104,016,327	130,749,440	51,981	675,627,133
Less Accumulated depreciation	-	(14,117,517)	(11,791,507)	(36,044,957)	(94,120,699)	-	(156,074,680)
Net book amount	261,655,914	107,594,908	45,649,539	67,971,370	36,628,741	51,981	519,552,453
<b>For the year ended 31 December 2017</b>							
Opening net book amount	261,655,914	107,594,908	45,649,539	67,971,370	36,628,741	51,981	519,552,453
Additions	50,000	665,419	55,938	25,207,585	15,675,206	2,473,248	44,127,396
Transferred in/(out)	-	-	-	2,477,559	-	(2,477,559)	-
Transferred to investment property	-	(1,577,847)	-	-	-	-	(1,577,847)
Disposals and written offs - net	-	-	-	(1,132,696)	-	-	(1,132,696)
Depreciation charge	-	(6,143,610)	(2,943,526)	(19,531,914)	(8,285,500)	-	(36,904,550)
Closing net book amount	261,705,914	100,538,870	42,761,951	74,991,904	44,018,447	47,670	524,064,756
<b>At 31 December 2017</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

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13 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 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 and written offs - net	-	-	(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

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13 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 2017</b>								
Cost	26,405,914	21,287,890	51,493,970	4,342,753	14,472,000	-	118,002,527	
Less Accumulated depreciation	-	(3,745,370)	(9,815,114)	(2,547,112)	(10,460,559)	-	(26,568,155)	
Net book amount	26,405,914	17,542,520	41,678,856	1,795,641	4,011,441	-	91,434,372	
<b>For the year ended 31 December 2017</b>								
Opening net book amount	26,405,914	17,542,520	41,678,856	1,795,641	4,011,441	-	91,434,372	
Additions	50,000	80,704	55,938	104,768	-	-	291,410	
Depreciation charge	-	(1,086,610)	(2,646,172)	(529,574)	(1,174,229)	-	(5,436,585)	
Closing net book amount	26,455,914	16,536,614	39,088,622	1,370,835	2,837,212	-	86,289,197	
<b>At 31 December 2017</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	

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13 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 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 and written offs - net	-	-	(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

13 Property, plant and equipment (Cont'd)

As at 31 December 2018, the Group had pledged certain plots of land and buildings with net book value of Baht 329.33 million (2017: Baht 339.38 million) as collateral for credit facilities for bank overdrafts, letters of credits or trust receipt, letters of guarantees, forward contracts, long-term borrowings from a bank. (note 16 and note 29.1).

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

During the year 2018, the Company considers the impairment of the gas depots and related assets as a result of a declining in gas trading market which impact to the Company's performance. The recoverable amount of CGU, which is petroleum gas trading business unit, is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections covering 16 years which consider based on the longest useful life of asset in CGU.

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

Key assumptions used in the recoverable amount assessment include:

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

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

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

14 Goodwill

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

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

The key assumptions used in the recoverable amount assessment include:

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

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

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

15 Other non-current assets

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

16 Borrowings

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

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

	Consolidated financial statements		Sperate financial statements	
	2018	2017	2018	2017
Bank borrowings	4.00% - 6.25%	4.00% - 6.25%	-	-
Financial lease liabilities	4.43% - 7.34%	3.98% - 5.43%	5.37%	5.37%

16.1 Long-term borrowings

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

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

16 Borrowings (Cont'd)

16.1 Long-term borrowings (Cont'd)

Subsidiaries

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

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

**CAZ (Thailand) Public Company Limited**

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

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

On 10 August 2016, CAZ entered into the loan agreement with a local financial institution amounting to Baht 250.00 million, which required the repayment of Baht 2.98 million per month, totaling 84 periods and the outstanding amount for the last month. This borrowing bears the interest rate at MLR - 0.75% per annum for the first anniversary of the date of drawdown and MLR - 0.50 % per annum for the period thereafter. The borrowing is pledged by the Company, land and buildings of CAZ and CAZ director (note 13).

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

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

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

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

  

	Sperate financial statements			
	Book value		Fair value	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Long-term borrowings from banks	-	-	-	-

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

The fair value are based on discounted cash flows using a discount rate based upon the borrowing rate of 5.53% to 6.25% (2017: 5.53% to 6.25%) which are within level 2 of the fair value hierarchy.

16 Borrowings (Cont'd)

16.1 Long-term borrowings (Cont'd)

Maturity of long-term borrowings is as follows:

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

16.2 Change in liabilities arising from financing activities

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

  

	Separate financial statements				
	31 December 2017 Baht	Cash flow Baht	Non-cash		31 December 2018 Baht
			Additions under finance lease Baht	Amortised deferred Interest Baht	
Finance lease liabilities	2,282,009	(977,100)	-	100,578	1,405,487

17 Deferred income tax

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

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

17 Deferred income tax (Cont'd)

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

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

17 Deferred income tax (Cont'd)

Presentation in the statements of financial position is as follows:

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

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

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

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

Deferred income tax assets are recognised for tax loss and carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of Baht 5.77 million. (2017: Baht 4.98 million) in respect of losses amounting to Baht 28.88 million (2017: Baht 24.91 million) that can be carried forward against future taxable income. Losses amounting to Baht 19.82 million and 5.09 million expire in 2021 and 2022 respectively.

18 Trade and other payables

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

19 Employee benefit obligations

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

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

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

19 Employee benefit obligations (Cont'd)

The principal actuarial assumptions used were as follows:

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

Sensitivity analysis for each significant assumption

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

	Separate financial statements					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2018	2017	2018	2017	2018	2017
Discount rate	0.50%	0.50%	Decrease by 1.46 %	Decrease by 1.37%	Increase by 1.52%	Increase by 2.33%
Salary growth rate	0.50%	0.50%	Increase by 1.92 %	Increase by 2.81%	Decrease by 1.87%	Decrease by 4.50%

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

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

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

19 Employee benefit obligations (Cont'd)

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

	Consolidated financial statements				
	Less than a year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2018					
Retirement benefits	81,707	4,753,005	3,603,906	7,424,498	15,863,116

	Consolidated financial statements				
	Less than a year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2017					
Retirement benefits	1,068,449	1,366,962	2,932,255	5,327,566	10,695,232

	Separate financial statements				
	Less than a year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2018					
Retirement benefits	-	2,403,634	1,513,879	2,224,345	6,141,858

	Separate financial statements				
	Less than a year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2017					
Retirement benefits	-	1,188,031	420,456	239,051	1,847,538

20 Share capital

	Consolidated and Separate financial statements					Total Baht
	Authorised share capital		Issued and paid-up capital			
	Number of Shares	Ordinary shares Baht	Number of Shares	Ordinary shares Baht	Premium on paid-up capital Baht	
Opening amount as at 1 January 2017	1,200,000,000	600,000,000	800,000,000	400,000,000	305,527,766	705,527,766
Increase in authorised share capital	-	-	-	-	-	-
Closing amount as at 31 December 2017	1,200,000,000	600,000,000	800,000,000	400,000,000	305,527,766	705,527,766
Increase in authorised share capital	-	-	-	-	-	-
Closing amount as at 31 December 2018	1,200,000,000	600,000,000	800,000,000	400,000,000	305,527,766	705,527,766

21 Warrants

**Warrants to purchase ordinary shares TAKUNI-W**

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

Type of warrants	:	To be issued under the names of respective holders and transferable.
Term of warrants	:	5 years from the issuing and offering date
Number of warrants	:	399,999,874 units
Ratio	:	2 existing ordinary shares per 1 warrant
Offering price	:	Baht 0 per unit
Exercise ratio	:	1 warrant per 1.04 ordinary share (31 December 2017: 1 warrant per 1.02 ordinary share)
Exercise price	:	Baht 1.93 per share (31 December 2017: Baht 1.97 per share)
Exercise date	:	On the last business day of December of each year
Last exercise date	:	28 January 2021

At 22 March 2018, the company adjusted exercise price and exercise ratio of warrants during the term of the warrants since dividend payout is higher than dividend payout policy.

The movement of warrants to purchase ordinary shares for the year ended 31 December 2018 is as follows:

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

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22 Legal reserve

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

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

23 Dividend per share

The Company

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

The operation for the period	Approved by	Approved date	Dividend paid (Million Baht)	Dividend per share (Baht)	Payment date
<b>2018</b>					
1 January 2017 to 31 December 2017	The Shareholders' Meeting	23 April 2018	28.00	0.035	21 May 2018
<b>2017</b>					
1 January 2016 to 31 December 2016	The Shareholders' Meeting	26 April 2017	25.00	0.031	25 May 2017

Subsidiaries

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

The operation for the period	Company	Approved by	Approved date	Dividend paid (Million Baht)	Dividend per share (Baht)	Payment date
<b>2018</b>						
Retained earnings as at 30 September 2018	TT	The Board of Director Meeting	28 December 2018	27.00	2.70	25 January 2019
1 January 2016 to 31 December 2017	CAZ	The Annual General Shareholders' Meeting	10 April 2018	27.83	27.83	18 May 2018
1 January 2018 to 31 March 2018	CAZ	The Board of Director Meeting	11 May 2018	7.04	0.035	8 June 2018
<b>2017</b>						
1 January 2013 to 31 December 2014	TT	The Extraordinary Shareholders' Meeting	27 December 2017	24.00	2.40	12 February 2018
1 April 2015 to 31 December 2015	CAZ	The Extraordinary Shareholders' Meeting	22 November 2017	7.37	13.52	18 December 2017
1 January 2015 to 31 March 2015	CAZ	The Extraordinary Shareholders' Meeting	22 November 2017	6.12	21.46	18 December 2017

24 Other income

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

25 Expense by nature

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

26 Income tax expense

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

26 Income tax expense (Cont'd)

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

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

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

27 Basic earnings per share

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

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

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

28 Related-party transactions

As at 31 December 2018, the major shareholders of the Company are 4 individuals from Treeweeranuwat family, which own 51.78% of the Company's share capital (2017: 4 individuals 51.36%). The remaining of the shares is widely held.

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

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

The following transactions were significant to related parties:

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

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

28 Related-party transactions (Cont'd)

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

28.2 Short-term loans to related parties

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

Short-term loans to subsidiaries

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

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

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

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

28 Related-party transactions (Cont'd)

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

28.4 Purchases of goods and services, and interest expenses

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

28.5 Key management compensation

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

29 Commitments

29.1 Letters of guarantees

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

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

The Group has credit facilities for letter of credits or trust receipt, letter of guarantee, forward contracts. These credit facilities are pledged by subsidiaries' assets, subsidiaries' bank accounts, and directors (note 12 and note 13).

29 Commitments (Cont'd)

29.2 Operating lease commitments

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

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

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

29.3 Capital commitment

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

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

29.4 Commitment from purchasing construction materials

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

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

**30 Events after the reporting period**

**Company**

**Dividend payment**

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

**Subsidiary**

**CAZ (Thailand) Public Company Limited**

**Dividend payment**

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

**Initial Public offering**

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