# TAKUNI

# ANNUAL REPORT 2015

Takuni Group Public Company Limited

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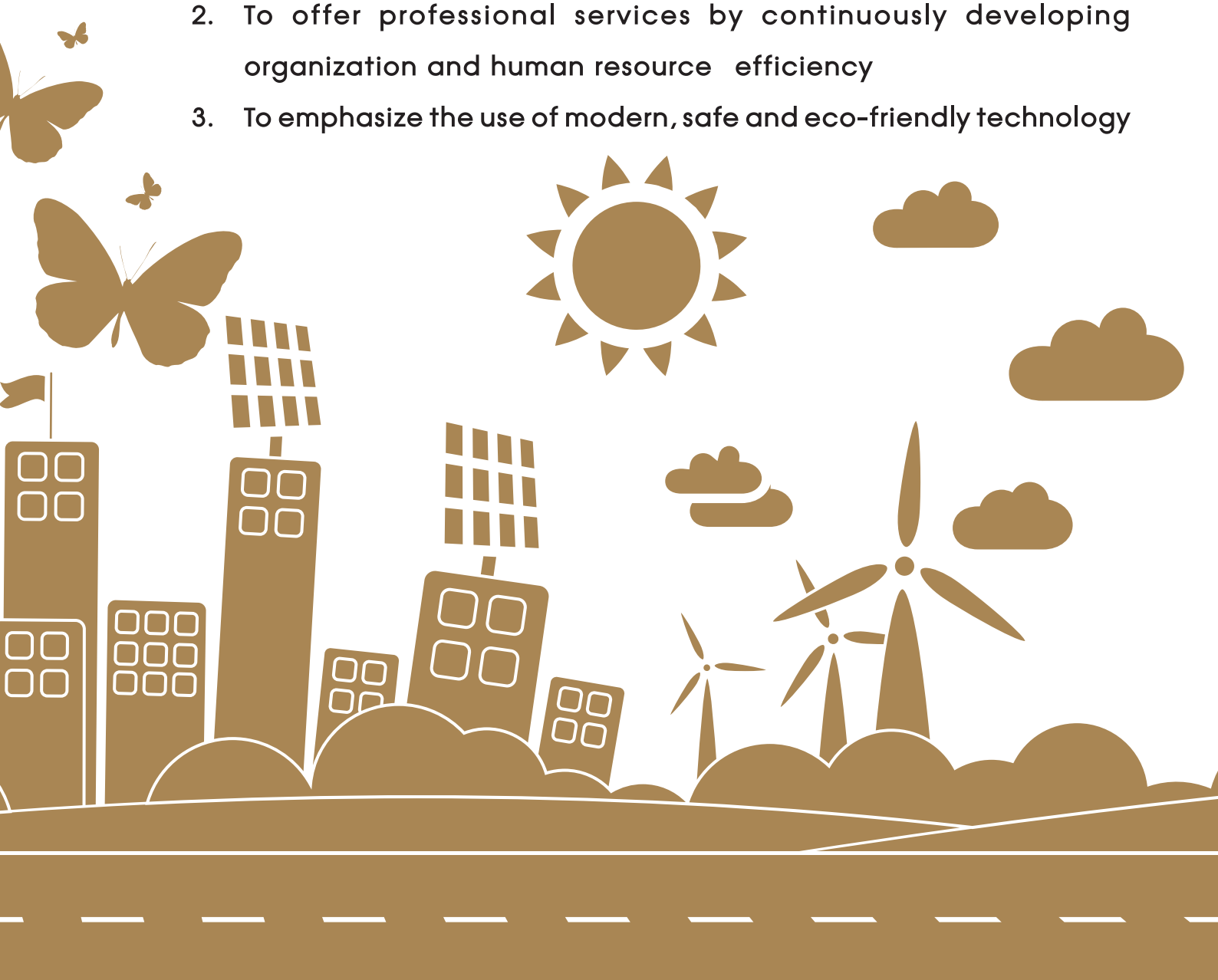
## Vision

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

## Mission

1. To expand business through integration to increase organization potential
2. To offer professional services by continuously developing organization and human resource efficiency
3. To emphasize the use of modern, safe and eco-friendly technology



# Message from the Chairman of Director

Mr. Visit Akarawinak
Chairman of Director

During the year 2015, Thai economic faces many challenges from many stimulus especially decreasing of petrol price, depreciation of Thai Baht, declining purchasing power which result from higher household debt and world economy volatility. From the reasons, business sector has to put a lot of effort to improve their competitive capacity.

LPG trading and transportation as well as LPG/CNG conversion kit installation business are affected by the stated economic condition. The sales volume of LPG decreased by 11.93% and revenue from LPG/CNG conversion kit installation declined by 56.67%. The Board of Director realized the impact of all these negative factors and closely follow up on the situation as well as order the executive to find appropriate measure in order to lessen the stated impact. Also, executives are responsible for finding additional channel to increase the revenue from related business as well as reduce unnecessary expense.

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

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

# Message from Managing Director

Mr.Prasert Treeveeranuwat
Executive Chairman / Managing Director

During the past year, the Company has achieved its target profit of 65.38 million baht, increased by 140% from last year. This was mainly due to the construction business which has expanded after registration for trade on the Stock Exchange of Thailand in year-end 2014. However, the high oil price volatility has a material adverse on our business. The Company's total revenue failed to show expected growth - Total revenue was 1,352.88 million baht, slightly increased by 12.34% from 2014.

## Liquefied Petroleum Gas (LPG) Trading business by Takuni Group Public Company Limited

During the past year, the company has been affected by oil price volatility. LPG sales volume decreased from 55,385 tons to 48,775 tons in 2015. Also, the company has delayed investment relating to distribution of LPG since the company expected that the demand for LPG in automotive sector will drop continuously. However, the company planned to expand its business into new market to diversify risk from gas distribution.

## LPG Transportation business by G Gas Logistics Company Limited

The Company has strategies to expand its customer base and transportation routes, which formerly emphasized the transport of LPG to companies within the group, into traders under section 7 of Fuel Trade Act and to Republic of the Union of Myanmar. Moreover, the Company planned to increase the proportion of Ammonia transport to outsider. Revenue from third party transportation increased from 36% in 2014 to 41% in 2015. However, revenue generated from LPG transportation has slightly decreased (According to the Company's Financial Statements) from 59.43 million baht to 51.02 million baht. This due to the decrease in transportation revenue obtained from the parent companies. However, the company still continues to follow the strategies of expanding customer base, transporting to neighboring countries and expanding product line for transporting - both land and marine transportation.

## Construction services and LPG/CNG conversion kit installation for passenger cars by Takuni (Thailand) Company Limited

The company has recognized 248.15 million baht revenue from construction in 2015. The entire structure will be completed within the first quarter of 2016 and this will significantly increase the company's revenue and gross profit. Moreover, the company has received share of profit from CAZ (Thailand) Company Limited, which the company has invested into in 2015 and held 47% of its shares.

For LPG/CNG conversion kit installation for passenger cars business, it was heavily affected by the LPG and NGV price deregulation policy and sharp fall in global oil price. As a result, the number of gas piping system customer decreased sharply and expected to continuously decrease until the global oil price increase. The company has set aside 17.16 million baht for Net Realizable Value provision.

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

Although the Company's target market is oil and gas companies which were affected by sharp fall in oil price, the Company operates the same way as before as customers still have to comply with the law, such as renew the certification at least 1 time per year, conduct non-destructive testing every 5 years, etc. Therefore, the Company still able to maintain its annual revenue - Gross Profit (According to the Company's Financial Statement) is 7.46 million baht, increased by 21.89% from 2014 which the gross profit was 6.12 million baht.

## Power distributed-generation business by Newman Green Company Limited

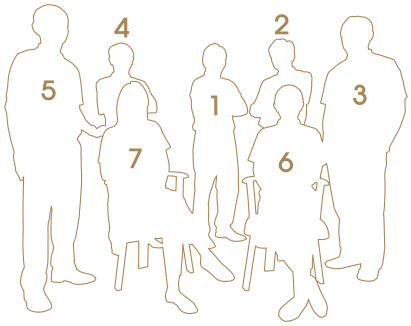
In the past year, LPG trading business was heavily affected by the sharp fall in oil price. Therefore, the Company decided to add more new business to diversify risks. It has set up the subsidiary called Newman Green Company Limited in order to invest in power distributed-generation business. Moreover, during the past year-end, the company has purchased shares in Well Korat Energy Company Limited, which own 9.9 megawatts biomass power plant, in the proportion of 45%.

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

# Company Information

| | |
|---|---|
| **Initial** | : TAKUNII |
| **Name** | : Takuni Group Public Company Limited |
| **Head Quarter Address** | : 140/1 Soi Naveechareonsap, Kanchanapisak rd,<br>Bangkae, Bangkok 10160 |
| **Major Business** | : LPG Trading, LPG transportation, Construction service and LPG/CNG conversion kit installation for passenger cars, Non-Destructive Testing and Inspection service and Investment in companies operating the renewable electricity generation and distribution business |
| **Website** | : www.takunigroup.com |
| **Registered Capital** | : 600,000,000 baht |
| **Paid-up Capital** | : 400,000,000 baht |
| **Common Shares** | : 1,200,000,000 shares |
| **Par Value** | : 0.50 baht |
| **Offering Date** | : 19 August 2014 |
| **Telephone** | : 02-455-2888 |
| **Fax** | : 02-455-2763 |
| **Investor Relation** | : 092-252-1277<br>nita@takuni.com |
| **Corporate Secretary** | : 02-455-2888<br>thanasa.k@takuni.com |
| **Common Share Registrar** | : Thailand Securities Depository Company Limited<br>93 Ratchadaphisek Road, Dindaeng,<br>Dindaeng, Bangkok 10400<br>Telephone 02-009-9000 |
| **Auditor** | : Mr. Paiboon Tunkon<br>Certified Public Accountant (Thailand) No. 4298<br>PricewaterhouseCoopers ABAS Limited<br>15th Floor Bangkok City Tower 179/74-80<br>South Sathorn Road, Bangkok 10120<br>Telephone 02-286-9999, 02-344-1000 |

# Board of Directors




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

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

3 **Mr. Teerachai Arunruangsirilert**
Independent director / Member of Audit Committee/ Member of Remuneration Committee

4 **Mr. Chupong Tanasettakorn**
Independent director/ Chairman of Remuneration Committee

5 **Mr. Prasert Treeveeranuwat**
Director/ Chairman of Executive Committee

6 **Ms. Kanchana Rimpanichayakij**
Director/ Executive Committee

7 **Ms. Nita Treeweeranuwat**
Director/ Executive Committee

# Executives Management

1 **Mr. Prasert Treeveeranuwat**
Executive Chairman and Managing Director

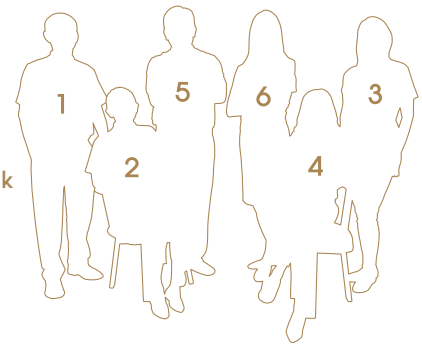
2 **Ms. Kanchana Rimpanichayakij**
Deputy Managing Director and Deputy Managing Director, Financial and Accounting Department

3 **Ms. Nita Treeveeranuwat**
Executive Director and Deputy Managing Director, Purchasing Department

4 **Ms. Chatprapa Chansri**
Executive Director and Deputy Managing Director, Sales Department

5 **Mr. Charoenchai Amnajsomboonsuk**
Executive Director and Deputy Managing Director, Security Department

6 **Mrs. Thitima Tanapakit**
Financial and Accounting Manager



# Report of the Audit Committee

Dear Shareholders,

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

In year 2015, the Audit Committee held seven meetings, occasionally with the management, internal auditors, and independent auditors to discuss on relevant issues, as summarized below.

## Review of the Financial Statements

The Audit Committee has reviewed quarterly and annually consolidated and company financial statements for the year 2015 of Takuni Group Public Company Limited. All of which were prepared and conducted according to Thai Financial Reporting Standards (TFRS) and Thai Accounting Standards (TASs) with accuracy and adequately information disclosed. In addition, the Audit Committee had held six independent meetings with the independent auditors in the absence of the management so as to freely discuss important issues in preparing the financial statements, adjusting entries materially affecting the statements, adequacy and suitable of accounting entry methods, auditing scope, disclosure which benefits for the intended users and disclosure in accordance with Thai Financial Reporting Standards and Thai Accounting Standards and , as well as the independence of auditors. This is to ensure that preparation of the financial statements is complied with the company's legal compliance, financial reporting standards, accounting standards, and generally accepted accounting principles. The Audit Committee has reviewed and approved that the Audited Financial Statements, with unqualified audit opinion, is free of material misstatements.

## Review of the Risk Assessment

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

## Review of the Internal Control and Audit System

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

In addition, the Audit Committee has considered and approved the internal audit plan for the year 2016 which is conducted according to risk basis of the Company. The Audit Committee also provided scope of the internal audit to cover all significant business transactions and operation.

## Review of the Corporate Governance and Regulatory Compliance

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

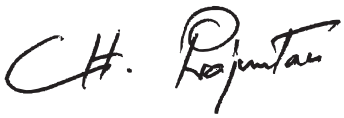
## Appointment of the Certified External Auditors

The Audit Committee was satisfied with the independence, professionalism and expertise, and quality of the existing auditors. Thereby, the Audit Committee presented to the Board of Directors, and the Board of Directors has passed the resolution to seek an approval by shareholders in the Shareholder Meeting for the appointment of Mr. Paiboon Tunkon, Certified Public Accountant No.4298; and/or Mr. Kajornkiet Aroonpirodkul , Certified Public Accountant No.3445 ;and/or Mrs. Nattaporn Phan-Udom, Certified Public Accountant No.3430 of PricewaterhouseCoopers ABAS Limited as the Company and its subsidiaries independent auditors for the fiscal year 2016.

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

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

In summary, the Audit Committee has performed their assigned duties as specified in the Audit Committee Charter which is approved by the Company's Board of Directors. The Audit Committee carried out the responsibilities by using knowledge, prudence, and adequate independence for interests of stakeholders equally. The Audit Committee agrees that the Financial Reports of the Company for the year 2015 were accurate, reliable, sufficiently disclosed, and prepared in accordance with generally accepted accounting principles. The Company's risk management process is proper and the overall internal control system of the Company is effective and appropriate for the operations. The business has complied with all laws, regulations, and obligation related to the business as well as sufficiently integrated corporate governance with work performance leading to transparency and reliability. The Audit Committee also agrees that the Company continuously improved its operation systems to be higher quality and appropriate of its business environment.

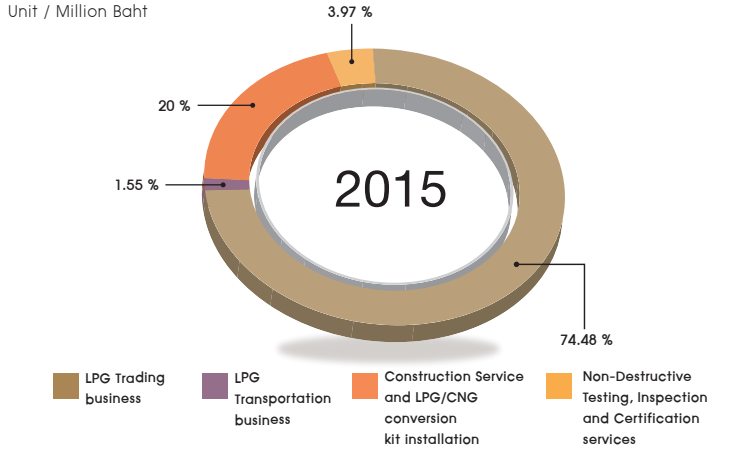


(Mr. Chareon Prajumtan)

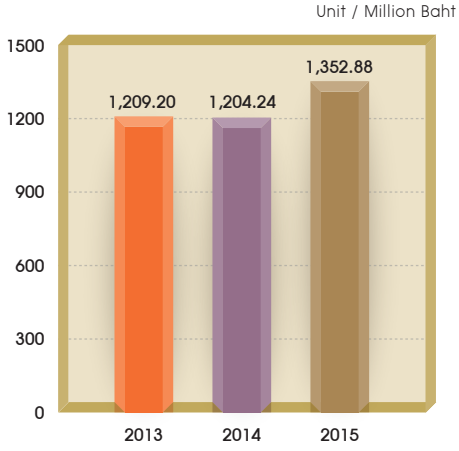
Chairman of the Audit Committee

# Financial Highlights

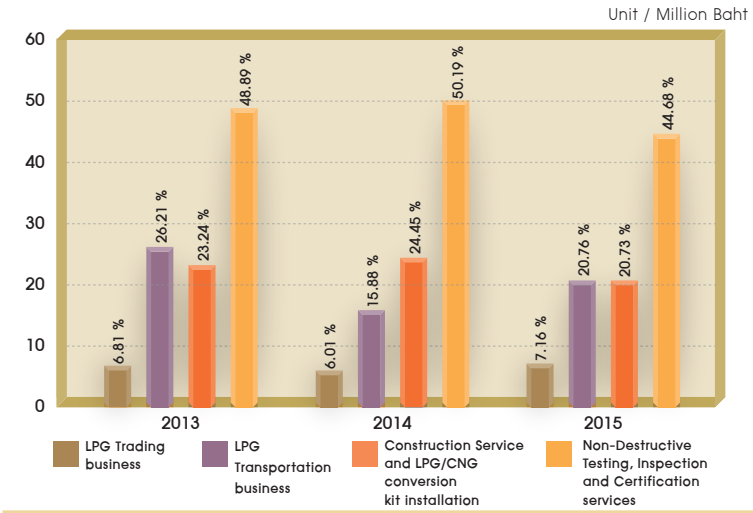
## Proportion of Revenue from Sales and Services (Consolidated Financial Statements)



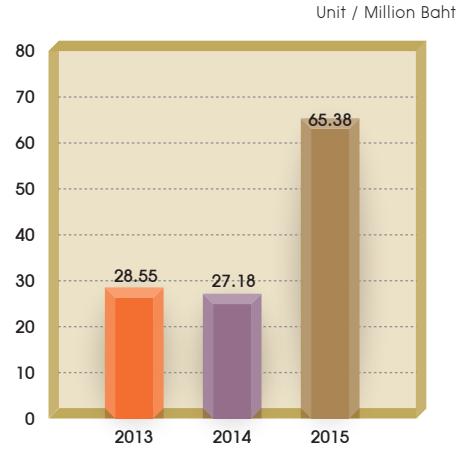

## Revenue from Sales and Services (Consolidated Financial Statements)



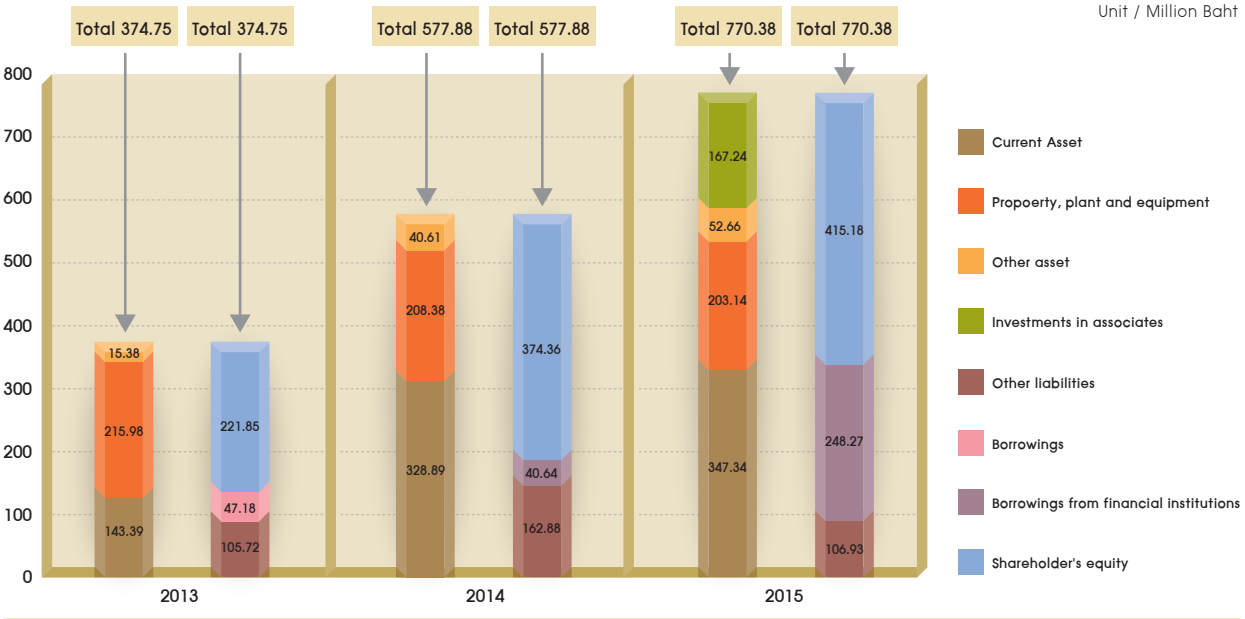

## Gross Profit Margin




## Net Profit (Consolidated Financial Statements)




## Statement of Financial Position



# Business Operations

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

1. **LPG trading business**

   Takuni Group Public Company Limited, LPG trader under section 7 of Fuel Trade Act, B.E. 2543, is responsible for LPG procurement and trading to business and other customers.

2. **LPG transportation**

   G Gas Logistics Company Limited (GG), the Company's subsidiaries and LPG transporter under section 12 of Fuel Trade, B.E. 2543, is responsible for providing LPG transportation for the Company and other customers.

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

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

4. **Non-Destructive Testing and Inspection service**

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

5. **Investment in companies operating the renewable electricity generation and distribution business**

   Newman Green Company Limited ("NM"), the Company's subsidiaries, is a holding company which mainly earn from having share ownership in various companies engaged the renewable electricity generation and distribution business.

## LPG trading business

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

The Company procures LPG from PTT refinery and other traders under Section 7 to sell LPG under trademark of "Champion Gas" to LPG stations which are the Company's representative and industry sector. Revenue from selling LPG to LPG stations is accounting for more than 90% of the total revenue. There are approximately 80 LPG stations throughout the country which are the Company customers. Most of them are located around Bangkok, central and east of Thailand. For other customers such as manufacturers, currently, they are accounting for a slight of revenue proportion due to bargaining power of customers and longer credit term. Therefore, the Company target mainly on LPG station. Presently, the Company is allowed to sell LPG volume of 61,500 tons per year and LPG Terminal in Phichit Industrial Estate is served as LPG reserve terminal pursuant to the laws.

Trademark
Champion Gas

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

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

**Remark:** * As of 23 March 2016, the company has all the required permits and ready to use.

### Competition in the Industry

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

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

## LPG transportation service

All of land transportation of LPG is operated by G Gas Logistics Co., Ltd., the Company's subsidiary and LPG transporter under Section 12 of Fuel Trade Act, B. E. 2543. LPG transportation to the Company and its subsidiaries is accounting for 59% and other LPG trader and LPG station is accounting for 41% of the total proportion. Currently, number and detail of LPG trucks owned the Group is as follows:

| Type of Truck | Number | Loading Capacity (Ton) |
|---|---|---|
| Semi - Trailer | 11 | 15 |
| 10 - wheel truck | 14 | 8 |
| 6 - wheel truck | 8 | 4.3 |

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

### Competition in the Industry

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

# Construction service and LPG/CNG conversion kit installation for passenger cars

The Company engages in business of installation of construction service and LPG/CNG conversion kits in passenger cars, as well as supply of equipment through Takuni (Thailand) Co., Ltd. (TT). Services rendered by TT can be divided into 2 characteristics classified by type of customers and nature of work: construction service and installation of LPG conversion kits in passenger cars.

## 1. Construction service

TT renders business of industrial gas piping system construction, i.e. construction of gas piping system in LPG terminal, gas filling plant, LPG station, LPG transportation trucks as well as gas piping system in industrial plants, restaurant or department store which used LPG as fuel for cooking, under supervision, design, calculation of the expert and experienced teams of engineers. The Company has been certified for ISO 9001: 2008 Standard on manufacturing, installation and sales from UKAS Institute.

*Gas piping Construction*

*Gas Bulk for Transportation*

*Couping*

*Gas Detector*

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

Moreover, the company has invested in CAZ (Thailand) Co., Ltd. - holding 47.72% of CAZ's paid-up capital - in order to provide its customers Engineering Procurement Construction (EPC). The target customers are those who demand high standard and quality of construction, such as PTT Group and factories in Hemaraj Eastern Industrial Estate - Map Ta Phut.

*NGV Supply Control System*

### 2. Service rendered on installation of conversion kits in vehicles business

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

### Competition in the Industry

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

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

## Non-destructive testing and inspection services

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

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

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

### Competition in the Industry

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

# Investment in companies operating the renewable electricity generation and distribution business

Newman Green Company Limited ("NM"), which is the company's subsidiaries, is a holding company which mainly earn from having share ownership in various companies engaged the renewable electricity generation and distribution business. NM also provided support to the Group's operation. In 2015, NM has invested in Well Korat Energy Co., Ltd. ("WKE"), which own 9.9 megawatts biomass power plant and commenced its commercial operations in July, 2015, by purchasing 45% of WKE's paid-up capital.

## Competition in an industry

As the core business of WKE is to generate and distribute electricity to Electricity Generating Authority of Thailand (EGAT) under power purchase agreement, which the agreement term stated that trade rate is set by reference to market rate and such trade rate are applied to all EGAT's electricity contracted supplier, therefore there is no direct competition between electricity supplier. The suppliers don't have to compete for a share of customer or compete on price. However, to produce electricity from gasified biomass, it is necessary for WKE to supply sufficient of usable fuel at appropriate price. Since WKE doesn't possess any power plants, it has to purchase fuel from other suppliers and therefore there will be a competition over fuel source access.

# Risk Factors

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

## 1. Risk associated with the volatility of oil price

- Although global oil prices have fallen sharply over the past year and oil prices in Thailand have also, domestic gas prices remain the same. This made gas prices trading at almost the same level as oil price. As a result, the demand for gas from the automotive sector has decreased significantly. The executive director believes that the demand for gas from the automotive sector will decrease continuously if the price gap between oil and gas doesn't expand. Therefore, to reduce the operational risk, the Company decided to expand its investment opportunity to include the businesses engaged in the production and distribution of electricity

- Customer base of construction and inspection and certification services businesses are companies in energy sector. Therefore, when oil prices have fluctuated, customer's revenue decreased and their business expansion plans changed. Customers started to adopt policies towards delays in investment transactions and reduce cost. This directly causes the Company's revenue to decrease. Therefore, the Company has recruited and developed staffs to support the expansion of customer base to include those that are not only in energy businesses.

## 2. Risks from relying on suppliers

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

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

## 3. Risk from Safety of Storage and Transportation of LPG

The executive place importance on two supervision issues: 1.) Accountability in the terminal - The Company has installed terminal efficient safety equipment and extinguisher to meet safety standard required by the government. In addition, the Company got the permit for liquefied petroleum gas terminal to constructing the terminal from Ministry of Energy as well as extended the permit every year. Thus, the Company is confident that the warehouse meet safety standard. 2.) Employee performance on storing and transporting gas - The Company has set up work rule for employee to test safety equipment daily as well as held the seminar to train all employees to understand how to perform their duties properly. Each employee must received employee card which certified by Ministry of Energy.

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

## 4. Risks from relying on specialist

From providing engineering Inspection and Certification services for manufacturers by the subsidiaries, the company has to rely on specialists who are certified especially in Non-Destructive Testing (NDT).

The Company has only one certified Non-Destructive Testing level III (the highest level of NDT) auditor which makes the Company in risk from relying on specialist. However, the works that required NDT level III auditor are works with high complexity which are not the type of work that the Company usually work on. Apart from NDT level III auditor who has been working with the Company for so long, there are NDT level I and NDT level II auditors who can perform and interact well. The executive has a policy of encouraging NDT level II auditors to get promoted in the future.

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

As of 17 March 2016, Treeveeranuwat family was the Company major shareholder holding 481,044,896 of shares which accounted for 60.13 of the outstanding shares. This made Treeveeranuwat family able to exert significant control over the board's decisions in appointing directors or influence on company decisions which required the consents from the shareholders' meeting, except for the regulations or the articles of association require the three fourths votes of from the shareholders' meeting. Therefore, the other shareholders have the risk of being unable to collect sufficient votes to check and balance the matters proposed for the shareholders' consideration by the major shareholders.

However, the Company realize the importance on keeping balance and set up the measure to avoid major shareholder having unlimited power. The Company has appointed 4 independent directors whose total holding 57.14% of total paid-up capital and appointed the Chairman from third party who is not otherwise employed by or engaged with the management in order to have check-and-balance power over the management and to consider the agenda proposed to the shareholders' meeting.

## 6. Risk associated with the operation of subsidiaries and associated companies

As TAKUNI's subsidiaries core business is to invest in other companies, the Company's main revenue then come from dividend received from its associates and subsidiaries, which significantly depend on their operation. Moreover, since the Company's target is to continuously invest in businesses which engaged production and distribution of electricity from renewable energy, it is possible for the company to have more associates and subsidiaries in future. Each investment, in both existing and future projects, comes with its own risk that could affect the group's production and distribution of electricity from renewable energy businesses. For example, risk relating to fuel which has major problems, as follow;

**Risk associated with fuel availability and price**

Fuel is one of the most important elements to take into account when operating the biomass power plant, especially the plant that doesn't use self-produced fuel. If the biomass power plant is unable to continuously supply sufficient fuel, the plant will not be able to reach its full capacity. Moreover, if the fuel prices fluctuate widely, this will directly affect to revenue and compensation generated from the plant as well as ability to service debt and ability to pay dividend to the Company.

The company sets policy to the associates to reserve material at least for 6 months. Now, the associates is in process of warehouse construction to keep more material. Moreover, the company tries to use various type of material to control cost in the operation.

# Internal Control

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

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

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

# Corporate Governance

## 1. Corporate Governance Policy

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

### Section 1 The Right of Shareholders

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

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

### Section 2 The Equality Treatment of Shareholders

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

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

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

## Section 3 The Role of Stakeholders

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

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

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

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

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

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

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

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

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

## Section 4 Disclosure and transparency

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

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

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

## Section 5 Responsibilities of the Board of Directors

### Corporate Governance Policy

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

### Business Ethics

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

### Internal Control System and Auditing

The Company places important on internal control system at both management and operational level. To ensure performance effectiveness and efficiency, the company has determined roles and power of employees and executive in written. There is also the guideline in asset management as well as separation of duties between working employees and valuers stated. Furthermore, the Company has outsourcing internal auditor who investigate and assess internal control system and proposed the issue to the Audit Committee and the Board of Directors. Mr. Saksri Amphawon from Dharmniti Auditing Company Limited was the one who was appointed to be company's internal auditor in year 2015 and 2014 and reviewed of the Company's internal control system and auditing, financial and working performance. These are done to ensure that the system work suitably and effectively as well as operated in compliance with related laws and regulations. The result of review will be reported directly to the Audit Committee and senior executive.

### Conflict of interest

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

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

## 2. Sub - Committee

Structure of Board of Directors consists of four sub - committee which are the Board of Directors, the Audit Committee, the Remuneration Committee and the Executive Board. There is the limit of duties and responsibilities of each sub - committee in written as follow:

Board of Directors Meeting No. 1/2016 held on 19 January 2016 passed a resolution approving the charter of the director which determines the scope of authority, duty and responsibility of the director as follows:

The director has ultimate responsibility for the governance and mission of the Company. They must ensure that they perform in the best, according to regulations as well as the objectives, rule and the board's resolutions. Moreover, director must always strive to exercise good judgment, care, and consideration in daily work to protect the Company's interests.

### Scope of Authority, Duty and Responsibility of the Chairman of Director

1. To be the Chairman of Director and responsible for governing, following, managing the management and other subcommittee, which in order to achieve the goal specified.
2. To chair the board meeting and exercise a casting vote if two sides obtain equal votes.
3. To chair the shareholder meeting and run the meeting according to the schedule.
4. To improve director's corporate governance standards.

### Scope of Authority, Duty and Responsibility of the Director

1. The director have duties, authorization, and responsibility to manage the Company in accordance with the law, Company's objectives and regulations, and the resolution agreed upon in the meeting of board and shareholders, whereas all actions must be in compliance with Code of Best Practice for Directors of Listed Companies issued by the Stock Exchange of Thailand.
2. To ensure that the Company's financial statements including a balance sheet, and profit/loss statement are generated at the end of accounting period. The auditors have checked and approved statement which will, later, be submitted in the meeting of shareholders for further consideration and approval.
3. To approve visions, missions, target, business operation strategies, policies, business plans, annual budgets, risk management policies and appropriate internal control of the Company as well as review proposals and make correction corresponding to economic and competitive conditions, at least every year.
4. To supervise the Company's management and monitor the Company's operating results to ensure compliance with the policies, plans, goals specified, and budgets as well as determine compensation rates and review succession plan.
5. To ensure that all Company's operation and activities abided by the law concerning securities and public trading and the regulation of securities market. For instance, any related-party transactions, buying or selling significant assets of the Company as specified in the rules of SET or the law governing the Company's business.
6. To consider the Company's management structure and to appoint a director, a president of Executive Committee, and other committee as appropriate. Furthermore, Board of Directors may authorize director, managing director and sub-committee to perform duties whereas details of scope of duties, responsibility and authorization have to be specified and such authorization must not allow director to have a right to approve any activities where there is a conflict of interest between the Company or subsidiaries and director, with the exception when such activities follow the policy and a decision of a meeting of shareholders, or when such activities are approved by Board of Directors.
7. To prepare director's annual report and take responsibility for preparing financial statements to reflect the company's financial position and performance in the past years which will, later, be submitted in the meeting of shareholders for further consideration and approval.

8. Board of Directors can authorize one or more directors or other person to perform certain duties for and under a control of the Board of Directors in such a way that this person will complete the assigned duties within a period of time agreed upon by the Board of Directors. The board may change the authorized person or revoke the authorization if appropriate. Also, Board of Directors may authorize Executive Committee to perform duties whereas details of scope of duties, responsibility and authorization have to be specified and such authorization must not allow director to have a right to approve any activities where there is a conflict of interest between the Company or subsidiaries (as defined in the announcement of Securities and Exchange Commission, Thailand (SEC)) and director, with the exception when such activities follow the policy and a decision of a meeting of shareholders, or when such activities are approved by Board of Directors.
9. To establish sub-committees to take responsibility for the oversight of the company's operation, ensuring that all operations are in line with the plan for achieving company's goals and objectives.
10. To consider paying annual dividend payment and propose the same to the shareholders meeting for consideration and approval.
11. To appoint the Company's secretary to act on behalf of the Company or director and take on a variety of administrative duties such as prepare and maintain director registration and invitation letter to shareholder and board's meeting.

### Qualification of Director

1. Have knowledge, ability, experience in business related to the Company's business operation. These individuals must also be honest in their duties, have vision and be able devote their time to fully perform their duties for the Company. Furthermore, in order to enhance the efficiency of the Board, director must be independent in their decision making for the best interests of the Company and shareholders as a whole.
2. Possess the qualifications, and have no prohibited characteristics, as prescribed by the law on public limited companies, law on securities and exchange and notifications of the regulatory authorities.
3. Attend training and obtaining the Director Accreditation Program (DAP) certification from Thai Institute of Directors (IOD) or equivalent within 12 months from the appointed date.
4. The Board agrees that the director should not serve more than 5 listed companies and non-listed subsidiaries (including the Company). In case any director serve more than 5 listed companies, the board will review the performance of such director.
5. The Chairman of the Board of Directors must not be the same person as the Managing Director (MD) in order to maintain proper check and balance; Moreover, the Company has clearly specified the scope of authority, duty and responsibility of a director, a president of Executive Committee, and other committee to avoid director and managing director to have unlimited power on approval.

Moreover, the Company has appointed the Company's secretary to take the responsibility for ensuring that the director complies with all the regulation and rules. The secretary also has to look after the actives of the board as well as coordinate with the director to review their performance.

### Tenure of Directorship

At each Annual General Meeting of Shareholders, one-third, or nearest number but do not exceed one third, of the members of the Board of Directors must retire. The aforementioned retirement of Directors in year 1 and year 2 is decided by a draw. In the subsequent years, the Director who holds the longest time in office will be retired. However, in the retirement of such case, a Director can be reappoint for the directorship position.

## Scope of Authority, Duty and Responsibility of the Audit Committee

According to Board of Directors Meeting No. 1/2016 held on 19 January 2016, the Board has determines the scope of authority, duty and responsibility of the audit committee as follows:

1. To review to ensure proper financial reporting and adequate disclosure by coordinating with an auditor from outside, with the management being responsible for producing financial reports both quarterly and annually, before submitted to the Board of Directors.
2. To review that the internal control and internal audit are appropriate and efficient, jointly with external and internal auditors, and consider the independence of the office of internal audit related to the approval of appointing, transferring and terminating the head of the office of internal audit or other offices in charge of internal audit. Also, the Audit Committee might suggest the auditor to review or audit any transactions deemed necessary and important during an audit and later submit the suggestion on where control improvement are needed to the Board of Director.
3. To review to ensure that Company performance conforms to the law on securities and stock exchange, Stock Exchange's requirements, or laws related to securities business.
4. To consider the nomination, appointment and propose the remuneration of Independent Auditor of the Company and propose this agenda item in the meeting of shareholders for further approval. Also, the Audit Committee must coordinate with the auditor to understand the audit objective, scope, approach, plan and problem during an audit as well as any significant audit issues.
5. To consider the connected transactions of conflicts of transactions in compliance with the laws and regulations of the Stock Exchange of Thailand and to ensure that the mentioned transactions are rational and benefit the interests of the Company.
6. To review that the risk management is appropriate and efficient.
7. To report the Audit Committee's performance to the Board of Directors at least 4 times a year.
8. To convene a meeting with the Auditors without the managing department at least one time annually.
9. Have the authority to invite concerned executives, management and officers of the Company to express opinions, attend meetings or deliver documents as deemed necessary.
10. To engage consultants or independent persons to provide opinions, advice or work, if necessary.
11. To prepare, and disclose in the Company's annual report, the Audit Committee's report which must be signed by the Audit Committee's Chairman and consist of at least the following information:
    - An opinion on the accuracy, completeness and creditability of the Company's financial report
    - An opinion on the adequacy of the Company's internal control system
    - An opinion on the compliance with the law on securities and exchange, SET's regulations, or the laws relating to the Company's business
    - An opinion on the suitability of the auditor
    - An opinion on any transactions that may lead to conflicts of interests
    - The number of Audit Committee meetings, and the attendance of such meetings by each committee member
    - An opinion or overview comment received by the Audit Committee regarding its performance of duties in accordance with the charter
    - Other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board of Directors
12. To review and evaluate the scope of the performance of the Audit Committee and report on the evaluation result and obstacle, which may keep the committee from achieve their objective, to the Board of Director on annual basis.

13. To perform other duties as assigned by the Board of Directors of the Company. In its performance of such duties, Audit Committee has responsibility to audit and oversee the performance of the Board of Director, individual director as well as the overall Company's operation.
14. In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results, the Audit Committee shall report it to the Board of Directors for rectification within the period of time that the Audit Committee deems fit.
    - Any transaction which causes any conflict of interest
    - Any fraud, irregularity, or material defect in an internal control system
    - Any infringement of the law on securities and exchange, SET's regulations, or any law relating to the Company's business

## Qualification of the Audit Committee

1. Appointed by the Company's Board of Directors or shareholder's meeting.
2. Have the qualifications and duties stipulated under the Securities and Exchange Laws, and the Stock Exchange of Thailand Requirements for the qualification and scope of responsibility of Audit Committee.
3. Be capable of independently performing the duties and providing opinions or reporting the result of performance of duties as assigned without being under the control of any executives or major shareholders, including their related persons or close relatives.
4. Has knowledge and experience necessary for a position's demands and at least one member has adequate knowledge and experience to review reliability of the financial statements.
5. Generally reliable and accepted.
6. Able to devote themselves sufficiently in the performance of duties as Audit Committee member.

## Tenure of the Audit Committee

1. Audit Committee shall vacate office upon:
    1) Death
    2) Resignation
    3) Dispossession of qualifications or possession of disqualifications under this charter or the Securities and Exchange Laws and the Stock Exchange of Thailand requirement
    4) Expiration of term of tenure
2. In case that any committee member wishes to resign, he or she should give a notice thereof to the Company in written form 1 month in advance together with reason for further board approval. The Company shall also report such resignation and send a copy of the resignation letter to the Stock Exchange of Thailand. However, in case a committee of the whole has been removed from their position, they have to remain in position until they are replaced.
3. In case that any position of the Committee is unoccupied because of the term ended, which result in the decrease in number of audit committee and therefore violates the required amount of Audit Committee's members, the Board of Directors shall, immediately or within 90 days, appoint a new member to meet the requirement. The substituted member can only be in the office within the remaining term of the member he/she replaced. The Company shall also immediately report such resignation and send a copy of the resignation letter to the Stock Exchange of Thailand.

## Scope of Authority, Duty and Responsibility of the Nomination and Remuneration Committee

According to Board of Directors Meeting No. 1/2016 held on 19 January 2016, the Board has determines the scope of authority, duty and responsibility of the Nomination and Remuneration Committee as follows:

### Nomination

1. To consider the qualifications of candidates nominated appropriate to the structure, size, and components of the Board of Directors as well as determine the process and criteria of nomination.
2. To select qualified candidates for nomination as directors, executive committee and senior management
3. To screen the nominees and submit a slate of candidates for consideration by the Board of Directors
4. To consider the performance, qualification and appropriateness of the retired committee, who should be reappoint for the position, and submit the list of candidates for further consideration and approval in shareholder's meeting.
5. To reconsider the appropriate tenure of the committee in case there are changes in the qualification of the Company's committee
6. To consider senior executive succession plan of the Company
7. To take any other actions assigned by the Board of Directors.

### Remuneration

1. To set policy on fixing the remuneration package for the Board of Director and other sub-committees. The set of policy should be in written form.
2. To consider forms and criteria for remuneration of director, executive director, managing director and consultant of the Company - both in terms of salary and other benefits.
3. To consider criteria for evaluating the managing director, sub-committee and senior management's performance and propose the criteria to the board for approval.

## Qualification of the Nomination and Remuneration Committee

1. Nomination and Remuneration Committee consists of at least three members, appointed by the Board of Director or shareholder's meeting. One-half of the total number of committees shall be independent directors.
2. The Chairman of Nomination and Remuneration Committee is an independent director, appointed by the Board of Director, and take the responsibility of approving an agenda for a meeting and running a meeting.
3. The Nomination and Remuneration Committee's secretary will be appointed by the committee.

## Tenure of the Nomination and Remuneration Committee

1. Member of the Nomination and Remuneration Committee shall have the 3 years and may be designated back into position by the Board of Directors deems appropriate.
2. In case that any committee member wishes to resign, he or she should give a notice thereof to the company in written form 1 month in advance together with reason for further board approval. However, in case a committee of the whole has been removed from their position, they have to remain in position until they are replaced.
3. In case that any position of the Committee is unoccupied because of the term ended, which result in the decrease in number of nomination and remuneration committee and therefore violates the required amount of the committee's members, the Board of Directors shall, immediately or within 90 days, appoint a new member to meet the requirement. The substituted member can only be in the office within the remaining term of the member he/she replaced.

## Scope of Authority, Duty and Responsibility of the Executive Committee

According to Board of Directors Meeting No. 1/2016 held on 19 January 2016, the Board has determines the scope of authority, duty and responsibility of the Executive Committee:

1. To operate and manage the Company's business in accordance with Company's objectives, regulation, policies, standards, requirements, instruction and the resolution of the Board of Directors meeting and the shareholders' meeting.
2. To formulate and to execute policies, direction and strategy of the Company, budget planning, human resources management, investment in information technology, business expansion, public relation, including to control and to oversee that the working teams/committee accomplish the goal as assigned as well as raise the matters at the meeting of shareholder for further consideration and approval.
3. Be able to authorize expenditures in relation to business operation of the Company to be in accordance with the regulation.
4. To appoint sub-committee and/or working team to perform duties of operation or management for the Company as well as determines the scope of authority, duty and responsibility of the sub-committee and/or committee. The committee also control and to oversee that the sub-committee and/or working teams accomplish the goal as assigned.
5. To follow up operating results of the Company to ensure that they have satisfied business profits as targeted as well as supervise the overall operation to ensure it's effective.
6. To review an annual budget allocation as proposed by management departments before submitting to Board of Directors for approval.
7. To authorize one or more people or other person to perform certain duties for and under a control of the Executive Director in such a way that this person will complete the assigned duties within a period of time agreed upon by the Executive Committee. The board may change the authorized person or revoke the authorization if appropriate.
8. To perform other duties as assigned by the Board of Director of the Company

## Qualification of the Executive Committee

1. Executive Committee consists of at least two members, appointed by the Board of Director or shareholder's meeting.
2. Have the same qualifications for appointment as required to be the Board of Director.
3. Executive Committee, especially the director, should not serve more than 2 listed companies and must not serve company's business competitors.

## Scope of Authority, Duty and Responsibility of the Executive Committee

According to Board of Directors Meeting No. 1/2016 held on 19 January 2016, the Board has determines the scope of authority, duty and responsibility of the Managing Director:

1. To supervise, administer, manage and operate regular tasks in the course of business for the Company's interest to be in accordance with objectives, rules, regulations, resolutions, policies, business plans and budget consented and approved by the board of directors and/or shareholders meeting.
2. To control and supervise the Company's daily operation and/or administration
3. To set the Company's business policies, business strategy and plan, target, operation plan and annual budget and determines the scope of authority of the management before propose them to Executive Committee and Board of Director for further approval.

4. To adopt the policy, established by the Board of Director, to execute direction, guideline, strategy and business target which, later, be used by the management to determine the core mission of the Company.
5. To control and follow up on management performance and make a recommendation to management to ensure that they perform in the best, according to the Company's strategies, business plan and policies.
6. To follow up and evaluate the management performance as well as report on the management effectiveness to the Executive Committee, Audit Committee and the Board of Director on a regular basis.
7. To order and determine internal regulations, rules, notices and approve expenses in relation to business operation of the Company to be in accordance with policies of the Company and for the Company's interest.
8. Perform other duties as assigned by the Executive Committee or Board of Directors of the Company.

In case the director or authorized person may have a conflict (as defined in the announcement of Securities and Exchange Commission, Thailand and/or Stock Exchange of Thailand and/or related state agency) with the interest of the Company and/or subsidiaries and/or related companies, such authorization do not have a right to approve activities where there is a conflict of interest. The case will, later, be submitted to the Board of Director and/or the Shareholder's meeting (depend on cases) for further approval with the exception when such activities are considered regular task of the company and its trade term is as defined in the announcement of Securities and Exchange Commission, Thailand and/or Stock Exchange of Thailand and/or related state agency.

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

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

## 4. Supervision on Usage of Inside Information

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

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

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

## 5. Audit Fee

Total audit fee paid in 2015 to PricewaterhouseCoopers ABAS Company Limited, the auditor of the Company and the subsidiaries, was 2.56 million baht and can be separate to the audit fee of 2.49 million baht and other compensation of 0.07 million baht.

# 6. Corporate Governance Practice of the other matter

## Policies of the Connected Transaction

The Company has established connected transaction policies. In case the company necessary needs to make any connected transaction with entities that may be under the conflict, the Audit Committee will give the opinion on necessity and appropriateness of such transactions and in the case that the Audit Committee is not expert in considering connected transaction that may occur, the Company will invite independent expert or the auditor to give the opinion on such transactions to support the Board of Directors or shareholder's decision making.

Policies of the Connected Transaction classified by genre of transaction as follow:

- For normal business transaction and the transactions that support the normal business which included buy-sell transaction, the company has established policies and appointed the Audit Committee to consider and give opinion on reason and necessity of making such transactions, the fairness of trading condition and how to avoid benefit transfer by comparing three cases: Company-Public transaction, Entities that may be under the conflict - Public transaction and Entrepreneurial Transactions. The policies stated that the Audit Committee is the one who consider and give opinion on reason and necessity of making such transactions in every quarter and will perform their duties in accordance with the law of Securities and Exchange Commission, announcement, command or regulation of the Stock Exchange of Thailand as well as the regulation in disclosure of connected transaction.
- For other transaction beyond normal business transaction and the transactions that support the normal business which included other asset or services transaction and financial support transaction, the company has established policies and appointed the Audit Committee to consider and give opinion on reason and necessity of making such transactions. The committee will perform their duties in accordance with the law of Securities and Exchange Commission, announcement, command or regulation of the Stock Exchange of Thailand as well as the regulation in disclosure of connected transaction and selling of the companies and its subsidiaries important asset.

The Board of Directors will perform in accordance with the Securities and Exchange Commission's laws, the Stock Exchange of Thailand's announcement, command or regulation as well as connected transaction and selling of the companies and its subsidiaries important asset regulation to avoid the conflict of interest and maximize benefit of every shareholder.

# Corporate Social Responsibility

Board of Directors Meeting No. 1/2016 held on 19 January 2016 passed a resolution approving the following Corporate Social Responsibility (CSR) policy.

The Group defines a comprehensive overview of its business as a business with simultaneous growth and expansion both in the Group and in the operation of its business characterized by reciprocity of support. Moreover, the Group concerns more on social responsibility which includes environment and all stakeholders as they believes it is an essential factor essential to achieve sustainable growth.

This corporate success derived from the understanding and cooperation between employees, contractors and communities. Therefore, the Group recognizes the important of employee treatment and development. The Group also promotes active participation working environment as well as respect for human rights as everyone is part of the company. The expansion of the scope of this development will later expand into the community and society level.

## Guidelines on Corporate Social Responsibility are as follow:

1. **Fair Operating Practices**

   The Company commits to do business on a fair and ethical basis as well as against corruption. It also have a policy to treat business competitors under the best practices on competition along with responsible to society, respect right of property and build relationship between the business and all stakeholders e.g. Government sector, related parties, shareholders, suppliers, partner of contract, customer, competitors and federation.

2. **The Fight against Corruption**

   The Company recognizes the important of anti-corruption both inside and outside of the Company and always conduct business with integrity and transparency. Moreover, the Company has set up anti-corruption policy and measures to prevent and deal with any corrupt activity. This policy and measurement set forth the ethical standards of conduct of the company and the message has been communicated to all levels. The Company believes that corruption and dishonesty are major factor behind the deteriorating business, society and country and, therefore, all public and private sectors have to be involved for the fight against corruption to be credible.

   Board of Directors Meeting No. 1/2014 held on 4 March 2014 passed a resolution approving the anti-corruption policy and the company announced that it had joined to participate Collective Action Coalition (CAC) enacted by Thai Private Sector on 7 August, 2015.

   The company is committed to the practice. Moreover, Board of Directors Meeting No. 9/2015 held on 4 November 2015 passed a resolution approving Anti-Corruption Charter and assigned the responsibility, for adopting anti-corruption policy and reporting the result to the Audit Committee and the Board of Director.

3. **Respect for Human Rights**

   The Company has performed and managed prudently as well as always realized the effect that could violate employee, community and environment right. Measurement on corporate governance are provided to avoid getting into these trouble that may violate community or construction area right. The Company also has created mechanism to appropriately deal with complaints received from people who believe their right has been violated or has unfair treatment.

### 4. Fair Labor Practices

The Group employees are most valuable resource that drive the organization and society's sustainability. Therefore, the Company has established a general framework for equal treatment in employment and in promoting sustainable conditions through which workers earn fair wages in safe and healthy workplaces as well as have the opportunity to advance their career. Also, the company will not engage in or support discrimination in gender, religion and national or social origin.

Furthermore, the Company recognizes the important of knowledge, skill and speciality enhancement as these can be used to improve efficiency and development of services, which will benefit the company. The company also has set up policy to encourage employee, in both executive and operational levels, to train and develop themselves regularly to perform better at their jobs. Both in-house and public training and workshop are offered to all employees.

Employee training and development program is conducted in accordance with 2015 strategic business plan. The details on employee training provided by the Group are as follow:

| | | |
|---|---|---|
| • Number of employees | 213 | employees |
| • Total number of training hours per year | 1,857 | hours |
| • Number of training hours per employee | 8.72 | hours/person / year |
| • Public training course | 39 | courses |
| • In-House training course | 16 | courses |
| • Total training cost | 0.58 | million baht |
| • Training cost per employee | 2,723 | baht / person / year |

### 5. Consumer Responsibility

The Company promotes fair market practices by offering safe products of good quality and excellent services. It is ready to respond to its clients' needs and suggestion in regard to products use. It provide advice and solutions as well as welcome any complaints to maximize customers' satisfaction. The Company efforts are for sustainable consumption.

Moreover, the Company has training program for customer on "Filling plant staff" and "specific responsible person for supervising LPG station" to stimulate safety practice in using LPG.

### 6. Environmental Conservation

The Company places emphasis on the environment and minimizes environmental impacts by maintaining equivalent international standards in practices. It is determined to develop modern and clean technology for the utmost efficiency.

- Use of resources in a sustainable way by following the Principles of 3R
  - Reduce is to decrease the amount of trash generated. For example, avoid excess packaging by choosing large containers instead of several small ones, purchase product that are less harmful to the environment, etc.
  - Reuse is to use an item again after it has been used. For example, use an empty container to hold various office supplies, use the paper or plastic bag again and again, use both sides of a sheet of paper for printing, etc.
  - Recycle is the process of converting waste materials into reusable objects. We encourage employees to classify the waste and collect all office recyclable waste such as glass, paper plastic, metal and aluminum and sell it to recycling companies.

- Water and Electricity Saving Campaigns

The Company has launched water and electricity saving campaign. All lights will be switched off during lunch break or when nobody is using as well as water has to be saved for consumption.

- Support for Eco-Friendly Products

In using any products, the Company will determine the environmental of such product and purchase only eco-friendly products, such as recycled paper product.

**7. Contribution to Community and Society**

The Company considers itself as part of communities and society. Therefore, it retain its responsibility to help and support public activities that are useful for our communities. The Company develops the environment, communities and society for the better by means of creating jobs and doing diverse economic activities to strengthen organizations and communities. In 2015, the Group has supported community and society development by involved in following activities:

- Contribute to the cost of repair of Ninsukaram temple's chapel as well as the cost of construct of Sunkgapreaw temple's crematorium.
- Involve in the activity called "Happy Family - Walk for Health", held at Triam Udom Suksa Pattanakarn School.
- Involved in "PTT Football Match - Public Relation Division League 2015" to maintain good relationship between the Group of Companies and the business partners.
- Donate money to help needy, poor, disaster victims through Pathum Thani Red Cross's form.
- Engender cooperation with governmental agencies and the private sector in order to arrange activities that support charity.

**8. Implement innovation about responsibilities for social, environmental and stakeholders, and disseminate innovation**

The Company truly understand the benefit and value of being an organization with social responsibility. It has created idea and search for new knowledge which covered business, economic, technology and environment topics. Moreover, Creation or development on new knowledge which added value to the Company will be opened for every parties, both inside and outside.

## Example of the Company activities

- Annual Fire Drill & Emergency Response Practices 2015 of Takuni building. The Group has conducted Annual Fire Drill & Emergency Response Practices 2015 to create positive attitude in fire protection. The activity was conducted annually according to the law specify in ministry of interior announcement.

- Cylinder Filling Training for Liquefied Petroleum Gas (LPG) filler 2015 offered at Takuni Building - The activity is held annually, four times a year (once each quarter)

Objective

1. The activity has been set up in order to promote safe filling of LPG cylinder and enhance employee knowledge on LPG-related, such as regulation, equipment, fire protection for the safety, etc.
2. The activity has been set up in accordance with the announcement from the Department of Energy Business (DOEB) on regulation, procedure and term for Cylinder Filling Training for LPG filler and Issuance of Certification and Identity Card issuance for Gas Filler 2004.

*Introduction of LPG knowledge, regulations by officers from the Deparment of Energy Business*

*Lecture on fire prevention*

*LPG and loading and unloading LPG procedure*

*Fire prevention procedure*

# Shareholders & Management Structure

## Shareholders Structure

Takuni Group PLC. had registered capital of 600,000,000 baht and paid-up capital of 400,000,000 baht at 0.5 baht per share.

Top Fifteen of The Shareholders As of March 17,2016 are as follow:

| Shareholders | | | No. of Shares | % |
|---|---|---|---|---|
| 1 | Mr. Takool | Treeveeranuwat | 198,681,901 | 24.84 % |
| 2 | Ms. Nita | Treeweeranuwat | 152,610,002 | 19.08 % |
| 3 | Mr. Prasert | Treeveeranuwat | 129,472,993 | 16.18 % |
| 4 | Ms. Nitikarn | Wanichjindaphat | 31,627,501 | 3.95 % |
| 5 | Mr. Jaray | Jiethanakanon | 17,000,000 | 2.13 % |
| 6 | Mr. Banjong | Kongpichitchok | 16,355,223 | 2.04 % |
| 7 | Mr. Sittiphol | Kongpichitchok | 15,763,696 | 1.97 % |
| 8 | Mr. Punyawe | Chantarakajorn | 11,889,600 | 1.49 % |
| 9 | Mr. Nattapat | Punjathanakun | 10,032,500 | 1.25 % |
| 10 | Ms. Aumporn | Sripothing | 9,134,500 | 1.14 % |
| 11 | Mr. Alongkorn | Jai-im Sin | 9,000,000 | 1.13 % |
| 12 | Ms. Ruchuda | Kittisangsuwan | 8,800,000 | 1.10 % |
| 13 | Ms. Vasuna | Ruifuphan | 8,000,000 | 1.00 % |
| 14 | Mr. Chaithawat | Charoenputtiporn | 7,217,500 | 0.90 % |
| 15 | Mr. Burapa | Pracharuangwit | 7,103,000 | 0.89 % |
| Total | | | 632,688,416 | 79.09 % |

## Dividend Policy

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

## Management Structure

Takuni's Management Structure as of January 19, 2016 update

** Dharmniti Auditing Co., Ltd.*

Management structure of the Company as of December 31, 2015 consists of Board of Director, Audit Committee Remuneration Committee and Executive Board. Currently, the Board of Director consists of 4 non-executive directors out of all total 7 company's directors in order to have check-and-balance power over the management for maximizing benefit to the Company.

## Board of Directors

The Board of the Company consists of 7 directors as follows:

| First Name - Surname | Position |
|---|---|
| 1. Mr. Visit Akaravinak | Independent Director /Chairman of Director /Member of Audit Committee/ Member of Remuneration Committee |
| 2. Mr. Charoen Prajumtan | Independent director / Chairman of Audit Committee/ Member of Remuneration Committee |
| 3. Mr. Teerachai Arunruangsirilert | Independent director / Member of Audit Committee/ Member of Remuneration Committee |
| 4. Mr. Chupong Tanasettakorn | Independent director/ Chairman of Remuneration Committee |
| 5. Mr. Prasert Treeveeranuwat | Director/ Chairman of Executive Committee |
| 6. Ms. Kanchana Rimpanichayakij | Director/ Executive Committee |
| 7. Ms. Nita Treeveeranuwat | Director/ Executive Committee |

**Remark :** Ms. Thanasa Kittiradanun is Corporate Secretary, which was appointed from BOD meeting 1/2016 on 19 January 2016.
Mrs. Thitima Tanapakit, Financial and Accounting Manager, is the secretary of Audit Committee.
Ms. Sirinporn Chaiyanont, Human Resource Manager, is the secretary of Remuneration Committee.

## The Company's authorized signatories

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

### Board of Directors' Meeting

| First Name - Surname | | Total number of meeting attends/ Total number of meeting | | | |
|---|---|---|---|---|---|
| | | Board of Directors' Meeting | Audit Committee's Meeting | Remuneration Committee's meeting | Executive Committee |
| 1. Mr. Visit | Akaravinak | 9/9 | 7/7 | 1/1 | - |
| 2. Mr. Charoen | Prajumtan | 9/9 | 7/7 | 1/1 | - |
| 3. Mr. Teerachai | Arunruangsirilert | 9/9 | 7/7 | 1/1 | - |
| 4. Mr. Chupong | Tanasettakorn[1] | 8/9 | 1/7 | 1/1 | - |
| 5. Mr. Prasert | Treeveeranuwat | 8/9 | - | - | 8/12 |
| 6. Ms. Kanchana | Rimpanichayakij | 9/9 | - | - | 11/12 |
| 7. Ms. Nita | Treeveeranuwat | 8/9 | - | - | 9/12 |

**Remark:** [1/] Mr. Chupong Tanasettakorn join the meeting for considering of investment in subsidiary.

## Corporate Secretary

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

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

## Management

Management of the Company consists of 6 members as follow:

| First Name - Surname | Position |
|---|---|
| 1. Mr. Prasert Treeveeranuwat | Executive Chairman and Managing Director |
| 2. Ms. Kanchana Rimpanichayakij | Deputy Managing Director and Deputy Managing Director, Financial and Accounting Department |
| 3. Ms. Nita Treeveeranuwat | Executive Director and Deputy Managing Director, Purchasing Department |
| 4. Ms. Chatprapa Chansri | Executive Director and Deputy Managing Director, Sales Department |
| 5. Mr. Charoenchai Amnajsomboonsuk | Executive Director and Deputy Managing Director, Security Department |
| 6 Mrs. Thitima Tanapakit | Financial and Accounting Manager |

## Director and Management Remuneration

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

**Financial Remuneration**

Meeting Allowance

The following remuneration for the Board of Director and Audit Committee was approved at the 2015 Annual General Meeting of Shareholders on April 27,2015 as follow:

| | Meeting Allowance (Baht) |
|---|---|
| **Board of Directors' Meeting** | |
| - Chairman of Director | 15,000 |
| - Director | 12,000 |
| **Audit Committee's Meeting** | |
| - Chairman of Audit Committee | 12,500 |
| - Member of Audit Committee | 10,000 |
| **Remuneration Committee's Meeting** | |
| - Chairman of Remuneration Committee | 12,500 |
| - Member of Remuneration Committee | 10,000 |

Total amount of meeting allowance for the whole year is not exceed 1,350,000 Baht.

In 2015, remuneration has been paid out to the Board of Director, Audit Committee, and Remuneration Committee in form of meeting fee as follow:

| Name | Position | Meeting Fee (Baht) | | | |
|---|---|---|---|---|---|
| | | Board of Director | Audit Committee | Remuneration Committee | Total |
| 1. Mr. Visit Akaravinak | Independent Director/ Chairman of Director/ Member of Audit Committee | 135,000 | 70,000 | 10,000 | 215,000 |
| 2. Mr. Charoen Prajumtan | Independent director/ Chairman of Audit Committee | 108,000 | 87,500 | 10,000 | 205,500 |
| 3. Mr. Teerachai Arunruangsirilert | Independent director/ Member of Audit Committee | 108,000 | 70,000 | 10,000 | 188,000 |
| 4. Mr. Chupong Tanasettakorn | Independent director | 96,000 | 10,000 | 12,500 | 118,500 |
| **Total** | | **447,000** | **237,500** | **42,500** | **727,000** |

**Remark:** Member of the board who take a position of the company's executive does not receive the meeting allowance.

## Executive

As of December 31, 2015, the Company consist of 6 executives and paid out the 2015 remuneration in the form of salary, bonus and contribution fund as follow:

| First Name - Surname | The Return Premium (Baht) | | | |
|---|---|---|---|---|
| | Salary | Bonus | Contribution Fund | Total |
| 1. Mr. Prasert Treeveeranuwat | 1,587,356 | 264,559 | 31,650 | 1,883,565 |
| 2. Ms. Kanchana Rimpanichayakij | 1,587,356 | 264,559 | 31,650 | 1,883,565 |
| 3. Ms. Nita Treeweeranuwat | 1,073,904 | 178,985 | 21,411 | 1,274,300 |
| **Total** | **4,248,616** | **708,103** | **84,711** | **5,041,430** |

Total amount of remuneration that executives received from company in form of salary, bonus and contribution fund in 2015 is 10,816,919 Baht

## Other Compensation

- None -

## Staff

As of December 31, 2015 and 2014, the number of the Company and its subsidiaries' staff (not include executive) are as follow:

Takuni Group Public Company Limited

| Division | Number of Staff | |
|---|---|---|
| | 31 December 2015 | 31 December 2014 |
| Sales | 6 | 7 |
| Human Resources | 7 | 5 |
| Finance and Accounting | 17 | 16 |
| Purchasing | 2 | 3 |
| IT | 2 | 4 |
| Compliance | 2 | - |
| Warehouse-Gas | 6 | 5 |
| **Total** | **42** | **40** |

Takuni Thailand Company Limited

| Division | Number of Staff | |
|---|---|---|
| | 31 December 2015 | 31 December 2014 |
| General Services | 6 | 12 |
| Engineering | 10 | 10 |
| Warehouse | 2 | 6 |
| Human Resources | 9 | 9 |
| **Total** | **27** | **37** |

Rajchapluek Engineering Company Limited

| Division | Number of Staff | |
|---|---|---|
| | 31 December 2015 | 31 December 2014 |
| Management | 1 | 1 |
| Test and Inspect | 91 | 91 |
| Sales | 16 | 15 |
| **Total** | **108** | **107** |

G Gas Logistics Company Limited

| Division | Number of Staff | |
|---|---|---|
| | 31 December 2015 | 31 December 2014 |
| Transportation | 36 | 39 |
| **Total** | **36** | **39** |

As of December 31, 2015 and 2014, the total number of the Company's employees (not include executive) is 213 employees and 223 employees, respectively. Total amount of compensation which is in cash form (salary, bonus, contribution fund, and social insurance and overtime fee) is 52.30 Million Baht for 2015 and 45.10 Million Baht for 2014. In addition, employer contributions are required to be paid to a Bualuang Mutual Fund since June 2014 with objectives to build morale and encouraging to the employees and to motivate them to work with the Company for a long term.

## Labor Dispute within past 3 years

- None -

## Human resource development policy

The Company realized the important of building the employee skill and experience. Therefore, the Company regularly sets up training program and creates annual training roadmap for both in house training such as set up orientation for new employee and invite outside speaker to create the training program for staff in different departments.

# Board of Directors, Executives, and Control Authorities

| Name<br>Position | Age (Years) | Educational Credential / Training Experience | Working Experience in last 5 years | | |
|---|---|---|---|---|---|
| | | | Period | Position | Sector/Company |
| 1 Mr. Visit Akaravinak | 68 | Master Degree :<br>Sasin Graduate Institute of Business Administration<br>Bachelor Degree :<br>- Engineering (Electrical) faculty, Chulalongkorn University<br><br>Training Experience<br>- DCP 49/2004, RCP 12/2005<br>- Finance for non-finance director<br>Thai Institute of Directors Association | 2012 - Present<br><br>Present<br><br>Present<br><br>2005 - 2008 | Independent Director / Chairman of Director / Member of Audit Committee / Member of Remuneration Committee<br>Specialized Committee Member for National Standard<br>Senior Engineer Expert Committee<br>Chief Executive Officer | Takuni Group PLC.<br>Ministry of Industry<br>Engineering Institute of Thailand<br>Electricity Generating Public Company Limited |
| 2 Mr. Chareon Prajumtan | 68 | Master Degree :<br>- Faculty of Political Science, Thammasat University<br>Bachelor Degree :<br>- Faculty of Engineering, KMUTT<br>- School of Law, Sukhothai Thammathirat Open University<br><br>Training Experience<br>- DCP 88/2007, ACP 14/2006, DAP 56/2006, QFR 4/2006 Thai Institute of Directors Association | 2012 - Present<br><br>2012 - Present<br><br>2012 - Present<br><br>2010 - Present | Independent director/ Chairman of Audit Committee/ Member of Remuneration Committee<br>Sub-Committee of Energy Fund<br>Audit Committee of Integration inspecting<br>Audit Committee | Takuni Group PLC.<br>Office of Energy Regulatory Commission<br>Office of the Permanent Secretary, Prime Minister Office<br>Ministry of Energy |

| Name<br>Position | Age<br>(Years) | Educational Credential /<br>Training Experience | Working Experience in last 5 years | | |
|---|---|---|---|---|---|
| | | | Period | Position | Sector/Company |
| 3 Mr. Teerachai<br>Arunruangsirilert | 38 | Master Degree :<br>- Faculty of Commerce and Accountancy, Chulalongkorn University<br>Bachelor Degree :<br>- Faculty of Commerce and Accountancy (Honor), Thammasat University<br><br>Training Experience<br>- DAP 113/2014, DCP 199/2015 Thai Institute of Directors Association | 2014 - Present<br><br>2013 - Present<br><br>2010 - Present<br><br>2011 - Present | Member of Audit Committee/ Member of Remuneration Committee<br>Subcommittee of Auditing Standards<br>Full Time Faculty<br>Member of the Federation of Accounting Professions of Representative Accounting Course Inspector | Takuni Group PLC.<br>Federation of Accounting Professions<br>Faculty of Commerce and Accountancy of Thammasat University<br>Federation of Accounting Professions |
| 4 Mr. Chupong<br>Tanasettakorn | 58 | Master Degree :<br>- MBA University of Detroit, USA<br>Bachelor Degree :<br>Faculty of Science, Chulalongkorn University<br><br>Training Experience<br>- DCP 19/2002, DACP 21/2008, MFR 6/2008, MIR 3/2008 Thai Institute of Directors Association | 2012 - Present<br><br>2004 - Present<br><br>2008 - 2015 | Independent director/ Chairman of Remuneration Committee<br>Independent director / Member of Audit Committee<br>Managing Director | Takuni Group PLC.<br>EMC Co., Ltd<br>Country Group Securities PLC. |
| 5 Mr. Prasert<br>Treeveeranuwat<br><br>Husband of Ms. Kanchana Rimpanichayakij<br>Father of Miss Nita Treeweeranuwat | 54 | High School :<br>Bodindecha (Sing Singhaseni) School<br><br>Training Experience<br>- DAP 103/2013 Thai Institute of Directors Association | 2007 - Present<br><br>2002 - Present<br><br>2000 - 2015<br><br>1995 - 2015 | Director/ Executive Chairman / Managing Director<br>Managing Director<br>Director<br>Executive | Takuni Group PLC.<br>Takuni (Thailand) Co., Ltd<br>G-Gas Logistics Co., Ltd.<br>Rajchapluek Engineering Co., Ltd. |
| 6 Ms. Kanchana<br>Rimpanichayakij<br><br>Wife of Mr. Prasert Treeveeranuwat<br>Mother of Miss Nita Treeweeranuwat | 55 | Bachelor Degree :<br>Business Administration College, Assumption University<br><br>Training Experience<br>- DAP 103/2013 Thai Institute of Directors Association | 2012 - Present<br><br>1995 - Present | - Director/ Deputy Managing Director, Financial and Accounting Department<br>Director | Takuni Group PLC.<br>Rajchapluek Engineering Co., Ltd. |

| Name<br>Position | Age<br>(Years) | Educational Credential /<br>Training Experience | Working Experience in last 5 years | | |
|---|---|---|---|---|---|
| | | | Period | Position | Sector/Company |
| 7 Ms. Nita Treeweeranuwat<br><br>Child of Mr. Prasert Treeveeranuwat and Ms. Kanchana Rimpanichayakij | 29 | Master Degree :<br>- MSc International Financial Management, Queen Mary University of London<br>Bachelor Degree :<br>- BEng Mechanical Engineering, University of Nottingham<br>- Mechanical Engineering Department, Thammasat University<br><br>Training Experience<br>- DAP 100/2013, CSP 52/2013 Thai Institute of Directors Association | 2011 - Present<br><br>2012 - Present<br><br>2010 - 2011 | - Director/ Deputy Managing Director, Purchasing and Administrative Department<br>Director<br>Engineer | Takuni Group PLC.<br><br>Takuni (Thailand Co.,Ltd.<br><br>Rajchapluek Engineering Co.,Ltd. |
| 8 Ms. Chatprapa Chansri | 49 | Bachelor Degree :<br>- Human Resource Management, Rajabhat Institute Bansomdej Chao Phraya | 2013 - Present<br><br>2010 - Present | Deputy Managing Director Sales Department<br>Managing Director/ Director | Takuni Group PLC.<br><br>G-Gas Logistics Co., Ltd. |
| 9 Mr. Charoenchai Amnajsomboonsuk | 57 | Bachelor Degree :<br>- Engineering (Mechanical) faculty, Chulalongkorn University | 2013 - Present<br><br>2001 - Present | Deputy Managing Director, Security Department<br>Managing Director<br>Director | Takuni Group PLC.<br><br>Rajchapluek Engineering Co., Ltd. |
| 10 Mrs. Thitima Tanapakit | 35 | Master Degree :<br>- Graduate Business, Thammasat University<br>Bachelor Degree :<br>- Faculty of Commerce and Accountancy, Thammasat University | 2013 - Present<br><br>2011 - 2013<br><br>2004 - 2008 | Financial and Accounting Manager<br>Internal Audit Manager<br>Senior Auditor | Takuni Group PCL.<br><br>Baker Tilly Risk and Management Services<br>Pricewaterhouse Coopers ABAS |

## Board of Directors and Executives Shareholding

| Name | Common Stock | | |
|---|---|---|---|
| | 17 March 2016 | 31 December 2014 | Increase from 2014 |
| 1. Mr. Visit Akaravinak | - | - | - |
| 2. Mr. Charoen Prajumtan | - | - | - |
| 3. Mr. Teerachai Arunruangsirilert | - | - | - |
| 4. Mr. Chupong Tanasettakorn | - | - | - |
| 5. Mr. Prasert Treeveeranuwat | 129,472,993 | 75,616,000 | 53,856,993 |
| 6. Ms. Kanchana Rimpanichayakij | - | 25,568,000 | (25,568,000) |
| 7. Ms. Nita Treeweeranuwat | 152,610,002 | 50,615,600 | 101,994,402 |
| 8. Ms. Chatprapa Chansri | - | - | - |
| 9. Mr. Charoenchai Amnajsomboonsuk | - | - | - |
| 10. Mrs. Thitima Tanapakit | - | - | - |

# Connected Transactions

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

| Connected Person | Relationship |
|---|---|
| Mr. Prasert Treeveeranuwat | As of March 17, 2016, Mr. Prasert Treeveeranuwat, his wife and daughter holds 60.10 percent of paid-up capital of company and Mr. Prasert take a position of company's Managing Director and Executive Chairman |
| Middle G Co, .Ltd.<br>(Gas Station)<br>Vera Ltd., Part. (Gas Station)<br>Pranee Petroleum Co, .Ltd. (Gas Station) | Mr.Prasit Treeveeranuwat, a managing partner, is brother of Mr. Prasert Treeveeranuwat who is a company's shareholder and Managing Director. |
| SVP Sampran Petroleum Co,. Ltd. change to Dragon Petroleum Co, .Ltd. (Gas Station) | Ms. Prapat Treeveeranuwat, a shareholder, is a younger brother of Mr. Prasert Treeveeranuwat who is a company's shareholder and Managing Director. |
| SVP Kalpapluek Petroleum Co, .Ltd. (Gas Station) | |

## Related Party Transactions

| Transactions | Related Party | Descriptions | Transaction (Million Baht) | | Audit Committee's Opinion |
|---|---|---|---|---|---|
| | | | FY2013 | FY2014 | |
| Revenue from LPG Trading | - Middle G<br>- Vera<br>- SVP Sampran Petroleum<br>- Pranee Petro leum<br>- SVP Kanlapa pluek Petro leum | TAKUNI provides LPG to this related party. | 14.04<br>-<br>0.61<br>8.10<br>6.41 | 15.23<br>0.34<br>4.31<br>11.06<br>7.18 | These are considered as normal business transactions. The selling price is comprised of fuel price and transportation fee in which calculated from same basis as other customers.<br><br>The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism. |
| Reenue from LPG Trans portation | - Vera<br>- SVP Sampran Petroleum<br>- SVP Kanlapa pluek Petro leum | GG provides LPG trans-portation service to this related party. | 0.26<br>0.03<br>0.06 | 0.25<br>0.12<br>0.26 | This is considered as normal business transaction. The service fee and condition are the same as other customers<br><br>The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism. |
| Revenue from sell and services | - Middle G<br>- Pranee Petro leum | TT sells spare parts of gas piping system to these related party. | 0.05<br>- | 0.03<br>0.03 | This is considered as normal business transactions. All selling price and sales condition are the same as other customers.<br><br>The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism. |
| | - Middle G<br>- Vera<br>- Pranee Petro leum<br>- SVP Sampran Petroleum<br>- SVP Kanlapa pluek Petro leum | RE provides testing and inspection service to these related parties. | 0.009<br>0.010<br>0.010<br>-<br>0.006 | 0.005<br>-<br>0.102<br>0.08<br>0.12 | These are considered as normal business transactions. All service rate and condition are the same as other customers.<br><br>The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism. |

| Transactions | Related Party | Descriptions | Transaction (Million Baht) | | Audit Committee's Opinion |
|---|---|---|---|---|---|
| | | | FY2013 | FY2014 | |
| Other income | - Middle G<br>- Pranee Petro leum<br>- SVP Kanlapa pluek Petro leum | TAKUNI provides training service to these related parties | 0.003<br>-<br>- | 0.005<br>0.005<br>0.003 | These are considered as normal business transactions. All service rate and condition are the same as other customers.<br><br>The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism. |
| Purchase of goods | - Vera | The Group purchased Diesel from Vera, especially GG. However, GG stop buying Diesel from this related party since GG has manage its own Diesel stock.<br>TAKUNI<br>GG<br>TT<br>RE | <br>-<br>-<br>-<br>- | <br>-<br>0.05<br>-<br>- | These are considered as normal business transactions. All fuel purchased are the same price as other customers.<br><br>The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism. |

## Policies of the connected transactions in the future

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

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

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

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

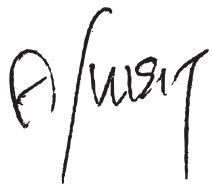
In addition, the Board of Director will perform in compliance with the announcement of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and rules on recording connected and purchase or sell of the Company and its subsidiaries asset transactions to avoid conflict of interest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

# Report on the Board of Directors' Responsibilities for FinancialStatements

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

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

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



**(Mr. Visit Akaravinak)**
**Chairman of Director**

**(Mr. Prasert Treeveeranuwat)**
**Executive Chairman / Managing Director**

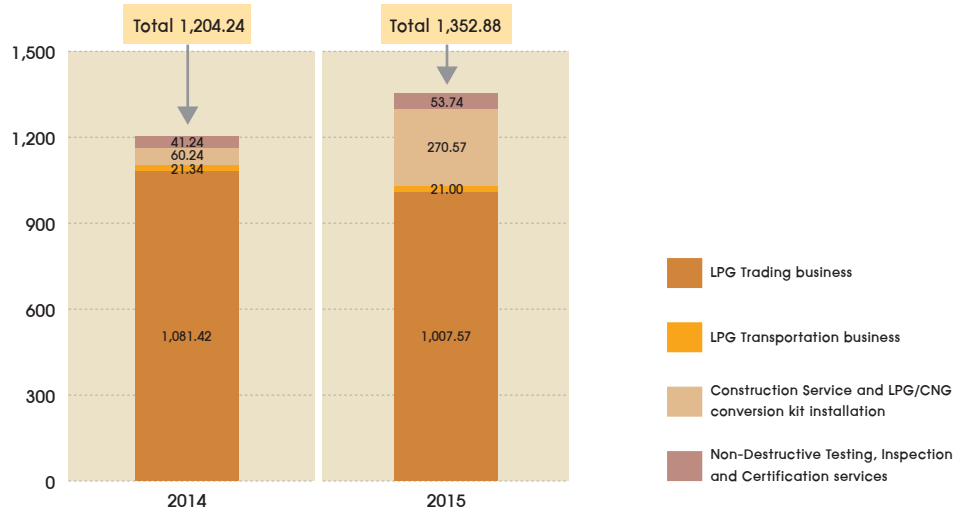
# Financial Status and Operational Results

## Operational Results

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

**Revenue for the Group**

Unit / Million Baht




Total revenue of the Company and its subsidiaries increased from 1,204.26 Million Baht in 2014 to 1,352.88 Million Baht in 2015 due to revenue from construction service which recognized revenue by percentage of completion. Revenue from construction in 2015 is 248.15 Million Baht, increased from 22.61 Million Baht in 2014 accounting for 997.52%. However, from the Company's revenue by business unit, LPG trading was still the largest portion, which is 75% of total revenue, and revenue from construction service is 18% of total revenue.

## 1. Revenue

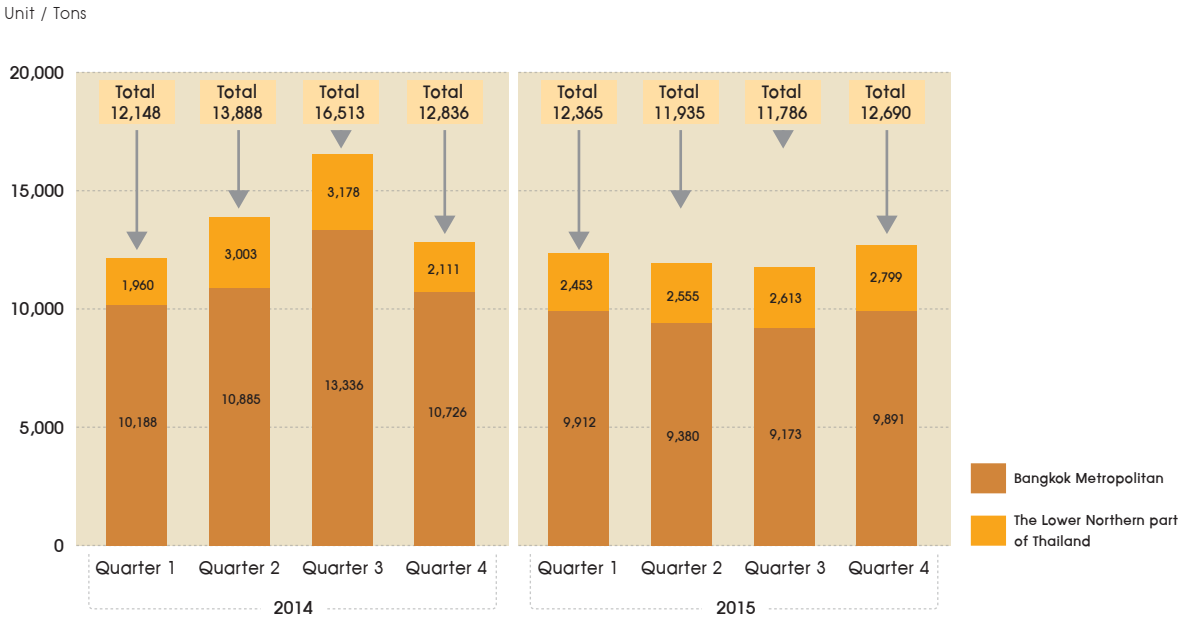
**Revenue from LPG Trading**

Revenue from sales of LPG of the Group is considered as the major portion, focused mainly on selling to LPG stations which accounting for more than 90% of the total revenue from LPG trading. Structure of Revenue from sales of LPG in 2014 and 2015 are as follow:

| Unit : Ton | 2014 | 2015 |
|---|---|---|
| LPG sales volume | 55,385 | 48,775 |
| Selling Price per ton | 19,525 | 20,657 |

During 2015, the board of National Energy Policy office has adjusted LPG pricing structure which cause a continuously increase in LPG average selling price. The decreasing of petrol price during the past few years make demand of LPG usage in automotive section decreased. The decreased sales volume by Bangkok metropolitan region can be clearly seen through the graph.

LPG Sales Volume in Bangkok Metropolitan and The Lower Northern part of Thailand

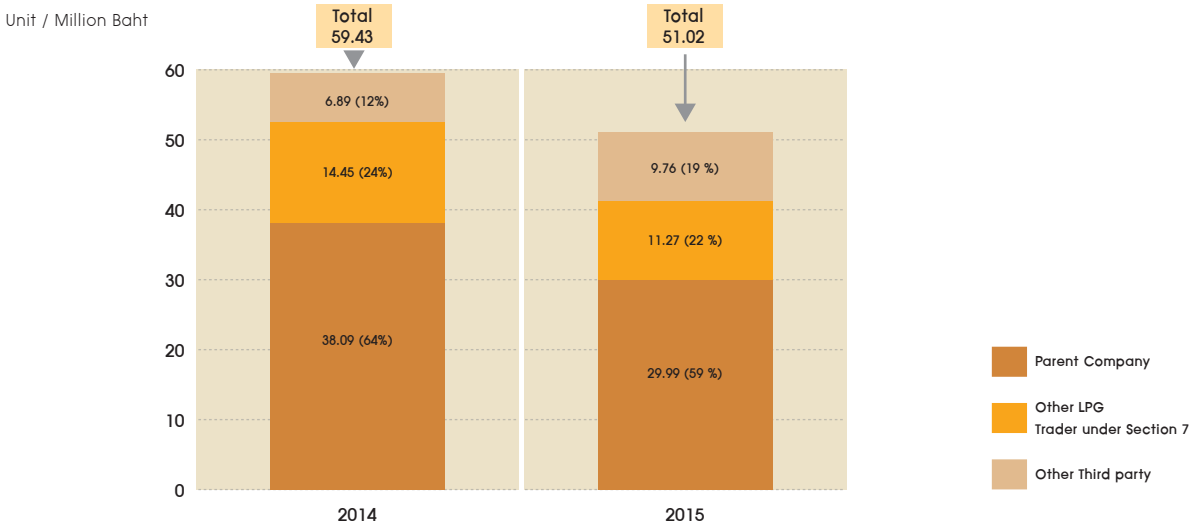



The Group believe that LPG usage in automotive section will continuously decrease because there are more options on fuel used as well as global oil price affect the usage in automotive section.

**Revenue from LPG Transportation**

Currently, the Company provides LPG transportation service mainly its subsidiaries. Revenue from LPG transportation in 2015 is 51.02 Million Baht, decreased from last year revenue which was 59.43 Million Baht - by 14.15% due to decreased in LPG sales volume by the Company.

Revenue from LPG Transportation service

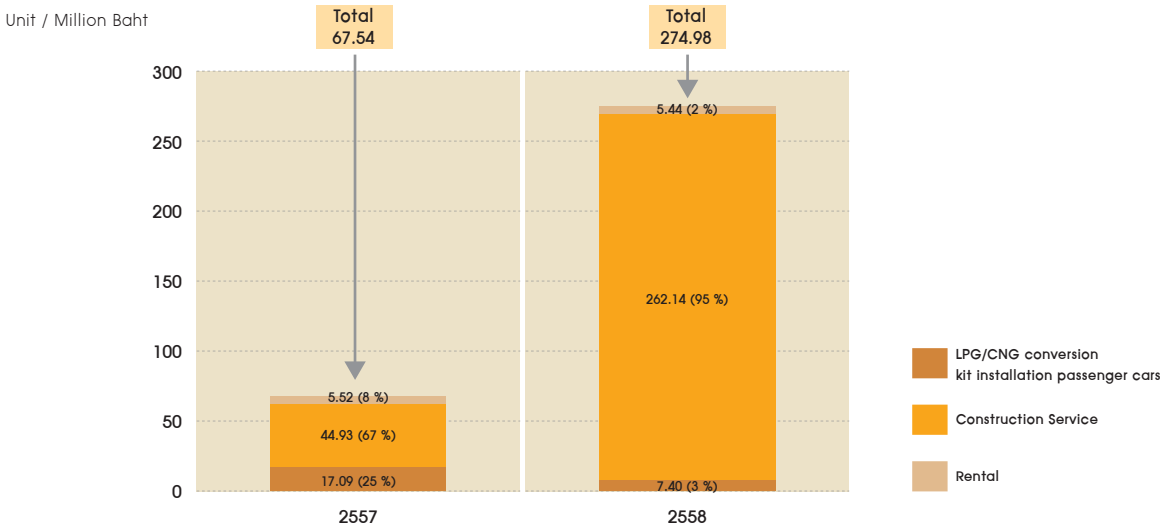



Revenue from LPG transportation to others which present in 2015 consolidated financial statement, 21.03 Million Baht, has been slightly decreased from last year amount, 21.34 Million Baht, by 1.45% due to decreased transportation to PTT.

**Revenue from Construction service and LPG/CNG conversion kit installation for passenger cars**

Revenue from LPG/CNG conversion kit installation and construction service can be divided into 2 groups: 1.) Construction service for the manufacturers - recognized as service revenue as the percentage of completion 2.) Installation of LPG conversion kits in passenger cars - recognized as sales revenue. Moreover, there is the revenue from office rental (that represent in financial statement as investment property) Structure of Revenue from each type of business are as follow:

Revenue from Construction Service and LPG/CNG conversion kit installation




Revenue from construction service for the manufacturers in 2015 sharply increases from last year because the Group recognizes revenue from percentage of completion for LPG terminal in FY2015 amounting of 248.15 Million Baht. The remaining construction service income 34.57 Million Baht is expected to recognize in the first quarter of 2016.

The decreased revenue from LPG/CNG conversion kit installation for passenger cars come from the global petrol price was decreased - this cause decreased in gas consumption in transportation sector.

**Revenue from Non-Destructive Testing and Inspection service**

Revenue from Non-Destructive Testing and Inspection service increases from 41.24 Million Baht in last year to 53.74 Million Baht, accounting for 30.31%, due to increased service fee.

**Other revenue**

Other revenue was comprised of interest received, and LPG reserve fee. In 2015, other revenue of the Group was 11.80 Million Baht, increased from last year figure - which was 9.08 Million Baht - due to interest income from loan to associated company.

## 2. Cost of Sales and Services

**Cost of LPG Sales**

Cost of LPG sales are comprised of fuel, transportation, and through-put charge. In 2015, the board of National Energy Policy office has restructured LPG pricing structure. This results in LPG stock gain to the Company and rises Profit margin from 6.01% in 2014 to 7.16% in 2015.

**Cost of LPG Transportation**

The costs of transportation service are comprised of fuel, personnel, vessel repair and maintenance and depreciation. The Group average costs of transportation in 2015 is decreasing from last year due to decreased in diesel cost. This results in increased gross profit, from 15.88% in 2014 to 20.79% in 2015.

**Cost of Construction service and LPG/CNG conversion kit installation for passenger cars**

The costs of construction service are mainly comprised of equipment, design, personnel while the costs of LPG/CNG conversion kit installation for passenger cars business are mainly comprised of gas container and equipment at the ratio to cost of sales of 70%.

The Group has recorded provision for Net Realizable Value for LPG/CNG conversion kit installation for passenger car business unit amounting of 17.16 Million Baht in 2015 due to the decrease in petrol price, there is no demand of new installation. This results in decreased gross profit from 24.45% in 2014 to 20.73%.

**Cost of Non-Destructive Testing and Inspection service**

The costs of testing and inspection service are mainly comprised of personnel and indirect material at the ratio to cost of services of 75%. In 2015, the Group has high personnel cost in order to maintain engineer. This results in decreased in gross profit from 50.19% in 2014 to 44.63%.

## 3. Selling and Administration Cost

Selling and administration of the Group according to 2015 consolidated financial statements is 85.61 Million Baht, accounting for 6.33% of total sales and services, and are comprised of transportation, personnel and depreciation. The amount has increased from last year expense which was 77.23 Million Baht, accounting for 10.85%. The increased in selling and administrative expense mainly come from personnel expense due to increased wages, number of employees and depreciation expense due to LPG depot in Pathum Thani province is ready to use. However, LPG transportation expense is decreased in line with LPG sales volume in 2015.

## 4. Share of profit of associates

In March 2015, the Group has invested in CAZ (Thailand) Co. ,Ltd. by 47.72% of paid-up share capital. The Group recognize gain on acquisition investment in associate and share profit in 2015 amounting of 10.77 Million Baht.

In October 2015, the Group has invested in Well Korat Energy Co. ,Ltd. by 45.00% of paid-up share capital. The Group recognize loss on sharing from investment in associated in 2015 amounting of 9.54 Million Baht.

## 5. Profit Ability

The Group's gross profit according to the 2015 consolidated financial statements is 156.57 Million Baht, accounting for 11.57% per sales. The amount is increasing from 2014 which total gross profit was 103.83 Million Baht, accounting for 8.26% per sales. It comes from the Group has more proportion of construction service income, which has higher margin, in 2015

Net profit of the Group in 2015 is 65.38 Million Baht, slightly decreased from 2014 which net profit was 27.18 Million Baht, accounting for 140.54%. The sharply increasing in net profit is resulted from gross profit on construction service income and also proportion of selling and administrative expense has no significant change from previous year.

## Financial Position

| (Unit: Million Baht) | 31 December 2015 | 31 December 2014 | Changes |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 90.10 | 186.76 | -51.76% |
| Trade and other receivables - net | 128.87 | 80.32 | 60.45% |
| Short-term loans to related party | 84.45 | - | 100.00% |
| Inventories - net | 43.04 | 61.62 | -30.15% |
| Pledged and restricted bank deposits | 40.45 | 31.47 | 28.54% |
| Investments in associates | 167.24 | - | 100.00% |
| Property, plant and equipment | 203.14 | 208.38 | -2.51% |
| Other assets | 13.09 | 9.33 | 40.30% |
| **Total assets** | **770.38** | **577.88** | **33.31%** |
| **Liabilities and shareholders' equity** | | | |
| Trade and other payables | 84.68 | 157.60 | -46.27% |
| Borrowing from financial institutions | 248.27 | 40.64 | 510.90% |
| Financial Lease Liabilities | 3.89 | - | 100.00% |
| Other liabilities | 18.36 | 5.28 | 247.73% |
| Shareholders' equity | 415.18 | 374.36 | 10.90% |
| **Total liabilities and shareholders' equity** | **770.38** | **577.88** | **33.31%** |

**Total Asset**

The value of total assets as at December 31, 2015 is 770.38 Million Baht, increased 192.50 Million Baht from 2014 by 33.31% due to following reasons:

- Cash and cash equivalents as well as pledged and restricted bank deposits, amounting of 130.55 Million Baht, decreases from 2014 which was 218.23 because it was used to invest in associated companies and loan to its associates for using as working capital.
- Trade and other receivables was increasing from 80.32 Million Baht to 128.87 Million Baht due to increase in unbilled receivables of 50.27 Million Baht.
- Inventories of the Group is decreased from 61.62 Million Baht to 43.04 Million Baht due to Net Realizable Value provision for LPG/CNG conversion kit installation for passenger car business unit as there is no demand of new installation.

**Total Liabilities**

The value of total liabilities as at December 31, 2015 is 355.19 Million Baht, increased from 203.52 Million Baht in 2014 by 74.53% due to following reasons:

- Trade and other payables is decreasing from 157.60 Million Baht to 84.68 Million Baht due to decreased in unearned revenue from LPG terminal construction of 37.71 Million Baht. Also, there is no accrued amount to the government oil fund of 43.30 Million Baht due to the board of National Energy Policy office has cancelled contribution from LPG sales to fuel fund since February 2015.
- Borrowing from financial institutions is sharply increased from 40.64 Million Baht in 2014 to 248.27 Million Baht in 2015 to invest in associated company.

**Shareholders' equity**

The value of total shareholders' equity as at December 31, 2015 was 415.18 Million Baht, increased from 2014 which was 374.36 Million Baht, by 10.90% due to the comprehensive income for 2015 amounting of 64.82 Million Baht and interim dividend paid to shareholders of 24.00 Million Baht.

Takuni Group Public Company Limited

# AUDITOR'S REPORT AND Statement of Financial Position

## Statement of Financial Position

As at 31 December 2014

# AUDITOR'S REPORT

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

I have audited the accompanying consolidated and company financial statements of Takuni Group Public Company Limited and its subsidiaries and of Takuni Group Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2015, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of Takuni Group Public Company Limited and its subsidiaries and of Takuni Group Public Company Limited as at 31 December 2015, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Paiboon Tunkoon
Certified Public Accountant (Thailand) No. 4298
PricewaterhouseCoopers ABAS Ltd.

Bangkok
26 February 2016

# Takuni Group Public Company Limited

## Statement of Financial Position

As at 31 December 2015

| | Notes | Consolidated 2015 Baht | Consolidated 2014 Baht | Company 2015 Baht | Company 2014 Baht |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 7 | 90,100,398 | 186,775,947 | 64,632,341 | 138,691,309 |
| Temporary investments | | 232,108 | - | - | - |
| Trade and other receivables | 8 | 128,873,842 | 80,323,729 | 47,569,593 | 50,785,025 |
| Short-term loans to related parties | 26 | 84,448,425 | - | 123,418,325 | 30,000,000 |
| Inventories | 9 | 43,038,816 | 61,618,638 | 29,007,820 | 30,081,910 |
| Other current assets | | 649,937 | 168,257 | 160,718 | 143,723 |
| **Total current assets** | | 347,343,526 | 328,886,571 | 264,788,797 | 249,701,967 |
| **Non-current assets** | | | | | |
| Pledged and restricted bank deposits | 7 | 40,455,019 | 31,470,181 | 36,455,019 | 26,300,000 |
| Non-current portion of trade accounts receivable | 10 | - | 1,432,016 | - | 1,432,016 |
| Investments in subsidiaries | | - | - | 240,359,470 | 90,359,770 |
| Investments in associates | 11 | 167,244,543 | - | - | - |
| Investment properties | 12 | 4,862,259 | 5,207,875 | - | - |
| Property, plant and equipment | 13 | 203,144,239 | 208,378,637 | 95,223,226 | 95,551,749 |
| Intangible assets | 14 | 718,446 | 983,459 | 182,412 | 258,380 |
| Deferred income tax assets | 16 | 6,004,778 | 991,331 | - | 483,837 |
| Other non-current assets | | 604,947 | 530,447 | 425,974 | 425,974 |
| **Total non-current assets** | | 423,034,231 | 248,993,946 | 372,646,101 | 214,811,726 |
| **Total assets** | | 770,377,757 | 577,880,517 | 637,434,898 | 464,513,693 |

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

# Takuni Group Public Company Limited

## Statement of Financial Position (Cont'd)

As at 31 December 2015

| | Notes | Consolidated 2015 Baht | Consolidated 2014 Baht | Company 2015 Baht | Company 2014 Baht |
|---|---|---|---|---|---|
| **Liabilities and shareholders' equity** | | | | | |
| **Current liabilities** | | | | | |
| Bank overdrafts | 15 | 61,500 | - | - | - |
| Trade and other payables | 17 | 84,684,915 | 157,595,964 | 65,572,029 | 110,411,009 |
| Short-term borrowings from financial institutions | 15 | 214,167,306 | - | 214,167,306 | - |
| Current portion of long-term bank borrowings | 15 | 6,000,000 | 6,541,417 | 6,000,000 | 6,000,000 |
| Current portion of finance lease liabilities | 15 | 788,015 | - | 788,015 | - |
| Current income tax payable | | 9,882,849 | 2,385,550 | 2,039,669 | 1,345,785 |
| Other current liabilities | | 756,139 | 824,107 | - | - |
| **Total current liabilities** | | 316,340,724 | 167,347,038 | 288,567,019 | 117,756,794 |
| **Non-current liabilities** | | | | | |
| Long-term bank borrowings | 15 | 28,100,000 | 34,100,000 | 3,500,000 | 9,500,000 |
| Finance lease liabilities | 15 | 3,113,092 | - | 3,113,092 | - |
| Employee benefit obligations | 18 | 1,671,066 | 825,627 | 865,660 | 394,679 |
| Deferred income tax liabilities | 16 | 1,008,321 | 423,222 | 250,843 | - |
| Other non-current liabilities | | 4,962,174 | 821,566 | 324,811 | 324,811 |
| **Total non-current liabilities** | | 38,854,653 | 36,170,415 | 8,054,406 | 10,219,490 |
| **Total liabilities** | | 355,195,377 | 203,517,453 | 296,621,425 | 127,976,284 |

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

# Takuni Group Public Company Limited

## Statement of Financial Position (Cont'd)

As at 31 December 2015

| | Notes | Consolidated 2015 Baht | Consolidated 2014 Baht | Company 2015 Baht | Company 2014 Baht |
|---|---|---|---|---|---|
| **Liabilities and shareholders' equity** (Cont'd) | | | | | |
| **Shareholders' equity** | | | | | |
| Share Capital | 19 | | | | |
| Authorised share capital | | | | | |
| 1,200,000,000 ordinary shares at par value of Baht 0.5 each (2014 : 400,000,000 ordinary shares at par value of Baht 0.5 each) | | 600,000,000 | 200,000,000 | 600,000,000 | 200,000,000 |
| Issued and paid-up | | | | | |
| 400,000,0000 ordinary shares paid-up of Baht 0.5 each (2014 : 400,000,000 ordinary shares paid-up of Baht 0.5 each) | | 200,000,000 | 200,000,000 | 200,000,000 | 200,000,000 |
| Premium on paid-up capital ordinary shares | 19 | 106,643,230 | 106,643,230 | 106,643,230 | 106,643,230 |
| Share surplus from business combination under common control | | 20,636,290 | 20,636,290 | - | - |
| Retained earnings | | | | | |
| Appropriated - Legal reserve | 20 | 4,320,000 | 2,900,000 | 4,320,000 | 2,900,000 |
| Unappropriated | | 83,582,860 | 44,183,544 | 29,850,243 | 26,994,179 |
| Total parent's shareholders' equity | | 415,182,380 | 374,363,064 | 340,813,473 | 336,537,409 |
| Non-controlling interests | | - | - | - | - |
| **Total shareholders' equity** | | 415,182,380 | 374,363,064 | 340,813,473 | 336,537,409 |
| **Total liabilities and shareholders' equity** | | 770,377,757 | 577,880,517 | 637,434,898 | 464,513,693 |

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

# Takuni Group Public Company Limited

## Statement of Comprehensive Income

For the year ended 31 December 2015

| | Notes | Consolidated 2015 Baht | Consolidated 2014 Baht | Company 2015 Baht | Company 2014 Baht |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Revenue from sales | | 1,019,000,554 | 1,101,126,909 | 1,007,566,006 | 1,081,422,185 |
| Revenue from services | | 333,876,438 | 103,128,541 | - | - |
| **Total revenues** | | 1,352,876,992 | 1,204,255,450 | 1,007,566,006 | 1,081,422,185 |
| **Cost of sales** | | | | | |
| Cost of sales | | (960,111,561) | (1,032,010,282) | (935,556,178) | (1,019,981,462) |
| Cost of services | | (236,194,061) | (68,417,762) | - | - |
| **Total cost of sales** | | (1,196,305,622) | (1,100,428,044) | (935,556,178) | (1,019,981,462) |
| **Gross profit** | | 156,571,370 | 103,827,406 | 72,009,828 | 61,440,723 |
| Other income | 22 | 11,802,747 | 9,078,743 | 32,584,299 | 35,204,186 |
| **Profit before expenses** | | 168,374,117 | 112,906,149 | 104,594,127 | 96,644,909 |
| Selling expenses | | (24,195,540) | (26,276,817) | (28,717,094) | (31,461,222) |
| Administrative expenses | | (61,412,368) | (50,957,320) | (39,159,629) | (29,347,958) |
| Finance costs | | (3,147,894) | (1,534,994) | (2,313,201) | (559,272) |
| Share of profit of associates | 11 | 1,234,543 | - | - | - |
| **Profit before income tax** | | 80,852,858 | 34,137,018 | 34,404,203 | 35,276,457 |
| Income tax | 24 | (15,471,044) | (6,958,924) | (5,788,115) | (3,617,281) |
| **Profit for the year** | | 65,381,814 | 27,178,094 | 28,616,088 | 31,659,176 |
| Other comprehensive income: | | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | | |
| Remeasurements of post-employment benefit obligations | | (562,498) | - | (340,024) | - |
| **Total comprehensive income for the year** | | 64,819,316 | 27,178,094 | 28,276,064 | 31,659,176 |
| **Profit attributable to:** | | | | | |
| Owners of the parent | | 65,381,814 | 27,178,094 | 28,616,088 | 31,659,176 |
| Non-controlling interests | | - | - | - | - |
| **Profit for the year** | | 65,381,814 | 27,178,094 | 28,616,088 | 31,659,176 |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the parent | | 64,819,316 | 27,178,094 | 28,276,064 | 31,659,176 |
| Non-controlling interests | | - | - | - | - |
| **Total comprehensive income for the year** | | 64,819,316 | 27,178,094 | 28,276,064 | 31,659,176 |
| **Earnings per share** | 25 | | | | |
| Basic earnings per share (Baht) | | 0.16 | 0.08 | 0.07 | 0.09 |

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

# Takuni Group Public Company Limited

## Statement of Changes in Shareholder' Equity

For the year ended 31 December 2015

| | Notes | Consolidated | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Attributable to owners of the parent | | | | | | |
| | | Issued and paid-up share capital Baht | Premium on paid-up capital Baht | Share surplus from business combination under common control Baht | Retained earnings | | Non-controlling interests Baht | Total shareholders' equity Baht |
| | | | | | Appropriated Legal reserve Baht | Unappropriated Baht | | |
| **Beginning balance as at 1 January 2015** | | 200,000,000 | 106,643,230 | 20,636,290 | 2,900,000 | 44,183,544 | - | 374,363,064 |
| Dividend | 21 | - | - | - | - | (24,000,000) | - | (24,000,000) |
| Legal reserve | 20 | - | - | - | 1,420,000 | (1,420,000) | - | - |
| Total comprehensive income for the year | | - | - | - | - | 64,819,316 | - | 64,819,316 |
| **Closing balance as at 31 December 2015** | | 200,000,000 | 106,643,230 | 20,636,290 | 4,320,000 | 83,582,860 | - | 415,182,380 |
| **Beginning balance as at 1 January 2014** | | 150,000,000 | 5,360,000 | 20,636,290 | - | 45,855,450 | - | 221,851,740 |
| Increase in ordinary shares | 19 | 50,000,000 | 101,283,230 | - | - | - | - | 151,283,230 |
| Dividend | 21 | - | - | - | - | (25,950,000) | - | (25,950,000) |
| Legal reserve | 20 | - | - | - | 2,900,000 | (2,900,000) | - | - |
| Total comprehensive income for the year | | - | - | - | - | 27,178,094 | - | 27,178,094 |
| **Closing balance as at 31 December 2014** | | 200,000,000 | 106,643,230 | 20,636,290 | 2,900,000 | 44,183,544 | - | 374,363,064 |

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

# Takuni Group Public Company Limited

## Statement of Changes in Shareholder' Equity

For the year ended 31 December 2015

| | | Company | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | Retained earnings | | | |
| | Notes | Issued and paid-up share capital Baht | Premium on paid-up capital Baht | Appropriated Legal reserve Baht | Unappropriated Baht | Non-controlling interests Baht | Total shareholders' equity Baht |
| **Beginning balance as at 1 January 2015** | | 200,000,000 | 106,643,230 | 2,900,000 | 26,994,179 | - | 336,537,409 |
| Dividend | 21 | - | - | - | (24,000,000) | - | (24,000,000) |
| Legal reserve | 20 | - | - | 1,420,000 | (1,420,000) | - | - |
| Total comprehensive income for the year | | - | - | - | 28,276,064 | - | 28,276,064 |
| **Closing balance as at 31 December 2015** | | 200,000,000 | 106,643,230 | 4,320,000 | 29,850,243 | - | 340,813,473 |
| **Beginning balance as at 1 January 2014** | | 150,000,000 | 5,360,000 | - | 24,185,003 | - | 179,545,003 |
| Increase in ordinary shares | 19 | 50,000,000 | 101,283,230 | - | - | - | 151,283,230 |
| Dividend | 21 | - | - | - | (25,950,000) | - | (25,950,000) |
| Legal reserve | 20 | - | - | 2,900,000 | (2,900,000) | - | - |
| Total comprehensive income for the year | | - | - | - | 31,659,176 | - | 31,659,176 |
| **Closing balance as at 31 December 2014** | | 200,000,000 | 106,643,230 | 2,900,000 | 26,994,179 | - | 336,537,409 |

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

# Takuni Group Public Company Limited

## Statement of Cash Flows

For the year ended 31 December 2015

| | Notes | Consolidated 2015 Baht | Consolidated 2014 Baht | Company 2015 Baht | Company 2014 Baht |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit before income tax | | 80,852,858 | 34,137,018 | 34,404,203 | 35,276,457 |
| Adjustments for: | | | | | |
| Depreciation and amortisation charge | 12, 13, 14 | 16,182,327 | 14,933,335 | 6,417,892 | 4,501,110 |
| (Reversal) allowance for doubtful accounts | 8, 10 | (343,873) | (2,080,283) | (288,278) | (2,134,637) |
| Allowance for net realisable value of inventories, allowance for obsolete and slow-moving inventories | 9 | 17,768,068 | 506,851 | - | - |
| (Gain) loss on disposals/written-offs of property, plant and equipment | | (27,467) | (52,051) | 2,868 | - |
| Share of profit from associates | | (1,234,543) | - | - | - |
| Interest income | | (4,689,391) | (1,386,994) | (5,242,101) | (1,810,880) |
| Financial cost | | 3,147,894 | 1,534,994 | 2,313,201 | 559,272 |
| | | 111,655,873 | 47,592,870 | 37,607,785 | 36,391,322 |
| Changes in operating working capital | | | | | |
| - Trade and other receivables | | (45,866,448) | (5,692,528) | 7,084,905 | (390,502) |
| - Inventories | | 811,754 | (17,131,802) | 1,074,090 | (16,746,357) |
| - Other current assets | | (481,680) | (74,871) | (16,995) | (118,534) |
| - Other non-current assets | | (74,500) | 342,416 | - | 122,416 |
| - Trade and other payables | | (72,887,047) | 59,326,972 | (44,836,630) | 34,392,162 |
| - Other current liabilities | | (67,968) | (335,845) | - | - |
| - Employee benefit obligations | | 142,316 | 171,307 | 45,951 | 42,673 |
| - Other non-current liabilities | | 4,140,608 | 493,406 | - | 1,651 |
| Cash generated from operations | | (2,627,092) | 84,691,925 | 959,106 | 53,694,831 |
| - Interest paid | | (3,147,894) | (1,534,994) | (2,313,201) | (559,272) |
| - Income tax paid | | (12,261,610) | (8,210,013) | (4,274,545) | (2,701,501) |
| Net cash from (used in) operating activities | | (18,036,596) | 74,946,918 | (5,628,640) | 50,434,058 |

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

# Takuni Group Public Company Limited

## Statement of Cash Flows (Cont'd)

For the year ended 31 December 2015

| | Notes | Consolidated 2015 Baht | Consolidated 2014 Baht | Company 2015 Baht | Company 2014 Baht |
|---|---|---|---|---|---|
| **Cash flows from investing activities** | | | | | |
| Purchases of investments in subsidiaries and in associates | 11 | (166,010,000) | - | (149,999,700) | - |
| Purchases of property, plant and equipment and intangible assets | 13, 14 | (4,787,355) | (7,269,263) | (329,202) | (4,704,482) |
| Proceeds from sales of property, plant and equipment | | 147,509 | 100,000 | - | - |
| Purchase of temporary investments | | (232,108) | - | - | - |
| Loan payments received from related parties and others | 26 | 30,300,000 | - | 40,010,000 | 10,000,000 |
| Interest received | | 3,777,768 | 1,386,994 | 3,093,505 | 1,044,853 |
| Short-term loans made to related parties and others | 26 | (114,748,425) | - | (133,428,325) | (15,000,000) |
| Pledged and restricted bank deposits | 7 | (8,984,838) | (26,400,382) | (10,155,019) | (26,300,000) |
| Net cash used in investing activities | | (260,537,449) | (32,182,651) | (250,808,741) | (34,959,629) |
| **Cash flows from financing activities:** | | | | | |
| Proceeds from short-term borrowings from financial institutions | 15 | 214,167,306 | - | 214,167,306 | - |
| Repayments of long-term borrowings from financial institutions | 15 | (6,541,417) | (6,543,149) | (6,000,000) | (6,000,000) |
| Proceeds from issuance of ordinary shares | 19 | - | 151,283,230 | - | 151,283,230 |
| Dividend payments | 21 | (24,000,000) | (25,950,000) | (24,000,000) | (25,950,000) |
| Payment on finance lease liabilities | 17 | (1,788,893) | (3,947,271) | (1,788,893) | (2,018,330) |
| Net cash received from financing activities | | 181,836,996 | 114,842,810 | 182,378,413 | 117,314,900 |
| **Net increase (decrease) in cash and cash equivalents** | | (96,737,049) | 157,607,077 | (74,058,968) | 132,789,329 |
| Cash and cash equivalents - opening balance | | 186,775,947 | 29,168,870 | 138,691,309 | 5,901,980 |
| **Cash and cash equivalents - closing balance** | 7 | 90,038,898 | 186,775,947 | 64,632,341 | 138,691,309 |
| Cash and cash equivalents | 7 | 90,100,398 | 186,775,947 | 64,632,341 | 138,691,309 |
| Bank overdrafts | 7 | (61,500) | - | - | - |
| **Cash and cash equivalents - closing balance** | 7 | 90,038,898 | 186,775,947 | 64,632,341 | 138,691,309 |
| **Non-cash transactions** | | | | | |
| Purchases of property, plant and equipment (included in other accounts payables) | | 155,027 | 179,029 | - | 2,350 |
| Purchases of assets under finanace lease | | 5,690,000 | - | 5,690,000 | - |
| Disposals of property, plant and equipment (included in other accounts receivables) | | 585 | 4,574 | 583 | - |

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

# Takuni Group Public Company Limited
## Notes to the Consolidated and Company Financial Statements
For the year ended 31 December 2015

### 1 General information

Takuni Group Public Company Limited ("the Company") is a public company incorporated and resident in Thailand. The address of its register 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 gas trading and transportation, gas systems installation and safety check services for vehicles and industries and holding company which invest in construction and renewable energy business.

These Group consolidated and company financial statements were authorised for issue by the Board of Directors on 26 Febuary 2016.

### 2 Accounting policies

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

#### 2.1 Basis of preparation

The consolidated and company 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 company 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 and company financial statements are disclosed in Note 4.

An English version of the consolidated and company 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 New financial reporting standards and revised financial reporting standards

2.2.1 New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015.These standards are relevant to the Group.

a) Revised accounting standards which are effective on 1 January 2015 and are relevant to the Group:

| | |
|---|---|
| TAS 1 (revised 2014) | Presentation of financial statements |
| TAS 16 (revised 2014) | Property, plant and equipment |
| TAS 19 (revised 2014) | Employee benefits |
| TAS 27 (revised 2014) | Separate financial statements |
| TAS 28 (revised 2014) | Investments in associates and joint ventures |
| TAS 34 (revised 2014) | Interim financial reporting |
| TFRS 10 | Consolidated financial statements |
| TFRS 11 | Joint arrangements |
| TFRS 12 | Disclosure of interests in other entities |
| TFRS 13 | Fair value measurement |
| TFRIC 14 (revised 2014) | TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction |
| TFRIC 20 | Stripping costs in the production phase of a surface mine |

TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The Group has adopted this standards.

TAS 16 (revised 2014) indicates that spare part, stand-by equipment and servicing equipment are recognised as PPE when they meet the definition of PPE. Otherwise, such items are classified as inventory. This standard has no impact to the Group.

TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed 'remeasurements' and will be recognised immediately in 'other comprehensive income' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; and (b) past-service costs will be recognised in the period of a plan amendment; unvested benefits will no longer be spread over a future-service period. This standard has no impact to the Group.

TAS 27 (revised 2014) provide the requirements relating to separate financial statements.

TAS 28 (revised 2014) provide the requirements for investment in associates and joint ventures accounted by equity method.

TAS 34 (revised 2014), the key change is the disclosure requirements for operating segment. An entity shall disclose information of a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

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

**2.2 New financial reporting standards and revised financial reporting standards** (Cont'd)

2.2.1 New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015.These standards are relevant to the Group. (Cont'd)

a) Revised accounting standards which are effective on 1 January 2015 and are relevant to the Group: (Cont'd)

TFRS 10 has a single definition of control and supersedes the principles of control and consolidation included within the original TAS 27, 'Consolidated and separate financial statements'. The standard sets out the requirements for when an entity should prepare consolidated financial statements, defines the principles of control, explains how to apply the principles of control and explains the accounting requirements for preparing consolidated financial statements. The key principle in the new standard is that control exists, and consolidation is required, only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. This standard may has an impact to the Group where there is a new relevant investment.

TFRS 11 defined that a joint arrangement is a contractual arrangement where at least two parties agree to share control over the activities of the arrangement. Unanimous consent toward decisions about relevant activities between the parties sharing control is a requirement in order to meet the definition of joint control. Joint arrangements can be joint operations or joint ventures. The classification is principle based and depends on the parties' exposure in relation to the arrangement. When the parties' exposure to the arrangement only extends to the net assets of the arrangement, the arrangement is a joint venture. Joint operations have rights to assets and obligations for liabilities. Joint operations account for their rights to assets and obligations for liabilities. Joint ventures account for their interest by using the equity method of accounting. This standard may has an impact to the Group where there is a new relevant investment.

TFRS 12 require entities to disclose information that helps readers of financial statements to evaluate the nature of risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The Group has adopted this standards.

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. This standard has no impact to the Group, except for disclosures.

TFRIC 14 (Revised 2014), this interpretation applies to all post-employment defined benefits and other long-term employee benefits. For the purpose of this interpretation, minimum funding requirements are any requirements to fund a post-employment or other long-term benefit plan. This interpretation explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This standard has no impact to the Group.

TFRIC 20 (Revised 2014), this interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. This standard has no impact to the group.

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

**2.2 New financial reporting standards and revised financial reporting standards** (Cont'd)

2.2.1 New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015.These standards are relevant to the Group. (Cont'd)

b) Financial reporting standards with minor changes and do not have impact to the Group are follows:

| | |
|---|---|
| TAS 2 (revised 2014) | Inventories |
| TAS 7 (revised 2014) | Statement of cash flows |
| TAS 8 (revised 2014) | Accounting policies, changes in accounting estimates and errors |
| TAS 10 (revised 2014) | Events after the reporting period |
| TAS 11 (revised 2014) | Construction contracts |
| TAS 12 (revised 2014) | Income taxes |
| TAS 17 (revised 2014) | Leases |
| TAS 18 (revised 2014) | Revenue |
| TAS 20 (revised 2014) | Accounting for government grants and disclosure of government assistance |
| TAS 21 (revised 2014) | The effects of changes in foreign exchange rates |
| TAS 23 (revised 2014) | Borrowing costs |
| TAS 24 (revised 2014) | Related party disclosures |
| TAS 26 (revised 2014) | Accounting and reporting by retirement benefit plans |
| TAS 29 (revised 2014) | Financial reporting in hyperinflationary economies |
| TAS 33 (revised 2014) | Earnings per share |
| TAS 36 (revised 2014) | Impairment of assets |
| TAS 37 (revised 2014) | Provisions, contingent liabilities and contingent assets |
| TAS 38 (revised 2014) | Intangible assets |
| TAS 40 (revised 2014) | Investment property |
| TFRS 2 (revised 2014) | Share-based payment |
| TFRS 3 (revised 2014) | Business combinations |
| TFRS 5 (revised 2014) | Non-current assets held for sale and discontinued operations |
| TFRS 6 (revised 2014) | Exploration for and evaluation of mineral resources |
| TFRS 8 (revised 2014) | Operating segments |
| TSIC 10 (revised 2014) | Government assistance – No specific relation to operating activities |
| TSIC 15 (revised 2014) | Operating leases - Incentives |
| TSIC 25 (revised 2014) | Income taxes - changes in the tax status of an entity or its shareholders |
| TSIC 27 (revised 2014) | Evaluating the substance of transactions involving the legal form of a lease |
| TSIC 29 (revised 2014) | Service concession arrangements: Disclosures |
| TSIC 31 (revised 2014) | Revenue - barter transactions involving advertising services |
| TSIC 32 (revised 2014) | Intangible assets - Web site costs |
| TFRIC 1 (revised 2014) | Changes in existing decommissioning, restoration and similar liabilities |
| TFRIC 4 (revised 2014) | Determining whether an arrangement contains a lease |
| TFRIC 5 (revised 2014) | Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds |
| TFRIC 7 (revised 2014) | Applying the restatement approach under TAS29 Financial reporting in hyperinflationary economies |
| TFRIC 10 (revised 2014) | Interim financial reporting and impairment |
| TFRIC 12 (revised 2014) | Service concession arrangements |
| TFRIC 13 (revised 2014) | Customer loyalty programmes |
| TFRIC 15 (revised 2014) | Agreements for the construction of real estate |
| TFRIC 17 (revised 2014) | Distributions of non-cash assets to owners |
| TFRIC 18 (revised 2014) | Transfers of assets from customers |

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

**2.2 New financial reporting standards and revised financial reporting standards** (Cont'd)

2.2.2 New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016.These standards are relevant to the Group and are not early adopted:

a) Financial reporting standards, which may have a significant impact to the Group:

| | |
|---|---|
| TAS 16 (revised 2015) | Property, plant and equipment |
| TAS 19 (revised 2015) | Employee benefits |
| TAS 24 (revised 2015) | Related party disclosures |
| TAS 27 (revised 2015) | Separate financial statements |
| TAS 36 (revised 2015) | Impairment of assets |
| TAS 38 (revised 2015) | Intangible assets |
| TAS 40 (revised 2015) | Investment property |
| TAS 41 (revised 2015) | Agriculture |
| TFRS 2 (revised 2015) | Share-based payment |
| TFRS 3 (revised 2015) | Business combinations |
| TFRS 8 (revised 2015) | Operating segments |
| TFRS 10 (revised 2015) | Consolidated financial statements |
| TFRS 12 (revised 2015) | Disclosure of interests in other entities |
| TFRS 13 (revised 2015) | Fair value measurement |
| TFRIC 21 (revised 2015) | Levies |

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period.

TAS 24 (revised 2015),'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

TAS 27 (revised 2015) allows an investment entity that is exempted from consolidating its subsidiaries presenting separate financial statements as its only financial statements. It requires the investment entity to measure its investment in subsidiaries at fair value through profit or loss.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy, 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption.

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

**2.2 New financial reporting standards and revised financial reporting standards** (Cont'd)

2.2.2 New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016.These standards are relevant to the Group and are not early adopted: (Cont'd)

a) Financial reporting standards, which may have a significant impact to the Group: (Cont'd)

TAS 38 (revised 2015), 'Intangible assets' is amended to clarify how the gross carrying amount and the accumulated amortisation are treated where an entity uses the revaluation model.

TAS 40 (revised 2015),'Investment property' clarifies that TFRS 3 should be applied when determining whether an acquisition of an investment property is a business combination.

TAS 41, 'Agriculture' requires biological assets including agricultural produce, harvested product of the entity's biological assets, to be measured at fair value less cost to sell.

The practical guide on TAS 41 issued by the FAP excludes bearer plant from the scope of TAS 41. The guide required bearer plant to be measured at cost less accumulated depreciation and impairment losses, if any, according to TAS 16.

TFRS 2 (revised 2015), 'Share based payments' clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

TFRS 3 (revised 2015), 'Business combinations' clarifies i) an obligation to pay contingent consideration which meets the definition of a financial instrument as a financial liability or equity, on the basis of the definitions in TAS 32, 'Financial instruments: Presentation' (when announced) or other applicable standards. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss, and ii) TFRS 3 does not apply to the accounting for the formation of any joint venture under TFRS 11.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker.

TFRS 10 (revised 2015) 'Consolidated financial statements' is amended to define an investment entity and introduce an exception from consolidation. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss.

TFRS 12 (revised 2015) introduces disclosures that an investment entity needs to disclose.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts (including non-financial contracts) within the scope of TAS 39 (when announced) or IFRS 9 (when announced).

TFRIC 21, 'Levies', the Interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of TAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain.

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

**2.2 New financial reporting standards and revised financial reporting standards** (Cont'd)

2.2.2 New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016.These standards are relevant to the Group and are not early adopted: (Cont'd)

b) Financial reporting standards with minor changes and do not have impact to the Group are as follows:

| | |
|---|---|
| TAS 1 (revised 2015) | Presentation of financial statements |
| TAS 2 (revised 2015) | Inventories |
| TAS 7 (revised 2015) | Statement of cash flows |
| TAS 8 (revised 2015) | Accounting policies, changes in accounting estimates and errors |
| TAS 10 (revised 2015) | Events after the reporting period |
| TAS 11 (revised 2015) | Construction contracts |
| TAS 12 (revised 2015) | Income taxes |
| TAS 17 (revised 2015) | Leases |
| TAS 18 (revised 2015) | Revenue |
| TAS 20 (revised 2015) | Accounting for government grants and disclosure of government assistance |
| TAS 21 (revised 2015) | The effects of changes in foreign exchange rates |
| TAS 23 (revised 2015) | Borrowing costs |
| TAS 26 (revised 2015) | Accounting and reporting by retirement benefit plans |
| TAS 28 (revised 2015) | Investments in associates and joint ventures |
| TAS 29 (revised 2015) | Financial reporting in hyperinflationary economies |
| TAS 33 (revised 2015) | Earnings per share |
| TAS 34 (revised 2015) | Interim financial reporting |
| TAS 37 (revised 2015) | Provisions, contingent liabilities and contingent assets |
| TFRS 5 (revised 2015) | Non-current assets held for sale and discontinued operations |
| TFRS 6 (revised 2015) | Exploration for and evaluation of mineral resources |
| TFRS 11 (revised 2015) | Joint arrangements |
| TSIC 10 (revised 2015) | Government assistance - No specific relation to operating activities |
| TSIC 15 (revised 2015) | Operating leases - Incentives |
| TSIC 25 (revised 2015) | Income taxes - changes in the tax status of an entity or its shareholders |
| TSIC 27 (revised 2015) | Evaluating the substance of transactions involving the legal form of a lease |
| TSIC 29 (revised 2015) | Service concession arrangements: Disclosures |
| TSIC 31 (revised 2015) | Revenue - barter transactions involving advertising services |
| TSIC 32 (revised 2015) | Intangible assets - Web site costs |
| TFRIC 1 (revised 2015) | Changes in existing decommissioning, restoration and similar liabilities |
| TFRIC 4 (revised 2015) | Determining whether an arrangement contains a lease |
| TFRIC 5 (revised 2015) | Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds |
| TFRIC 7 (revised 2015) | Applying the restatement approach under TAS 29 Financial reporting in hyperinflationary economies |
| TFRIC 10 (revised 2015) | Interim financial reporting and impairment |
| TFRIC 12 (revised 2015) | Service concession arrangements |
| TFRIC 13 (revised 2015) | Customer loyalty programmes |

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

**2.2 New financial reporting standards and revised financial reporting standards** (Cont'd)

2.2.2 New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016.These standards are relevant to the Group and are not early adopted: (Cont'd)

b) Financial reporting standards with minor changes and do not have impact to the Group are as follows: (Cont'd)

| | |
|---|---|
| TFRIC 14 (revised 2015) | TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction |
| TFRIC 15 (revised 2015) | Agreements for the construction of real estate |
| TFRIC 17 (revised 2015) | Distributions of non-cash assets to owners |
| TFRIC 18 (revised 2015) | Transfers of assets from customers |
| TFRIC 20 (revised 2015) | Stripping costs in the production phase of a surface mine |

**2.3 Group Accounting - Investments in subsidiaries and interests in joint ventures**

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

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

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognise 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.

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

### 2.3 Group Accounting - Investments in subsidiaries and interests in joint ventures

#### (1) Subsidiaries

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

#### (2) Transactions and non-controlling interests

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

#### (3) Disposal of subsidiaries

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

#### (4) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identifies on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

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

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

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

**2.3 Group Accounting - Investments in subsidiaries and interests in joint ventures** (Cont'd)

**(4) Associates** (Cont'd)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

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

**2.4 Foreign currency translation**

**(a) Functional and presentation currency**

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

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions 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 Company 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 Company statement of financial position, bank overdrafts are shown within borrowings in current liabilities (if any).

**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.

## 2 Accounting policies (Cont'd)

### 2.7 Inventories

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

### 2.8 Construction contracts

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

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

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

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

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

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

### 2.9 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.

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 other 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 |

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.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in profit or loss.

### 2.10 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 | 20 years |
| Gas cylinders and equipment | 15 - 20 years |
| Equipment and office supplies | 3 -10 years |
| General vehicles | 5 years |
| Transportation vehicles | 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 2.12).

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)

### 2.11 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.

### 2.12 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.

### 2.13 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)

### 2.14 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.

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.

### 2.15 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 the Group's 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)

### 2.16 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 maanged 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 company 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.

### 2.17 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 Accounting policies** (Cont'd)

### 2.18 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.

### 2.19 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.

Where any companies within the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company' s equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transact costs and the related income tax effects, is included in equity attributable to the company's equity holders.

### 2.20 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.

### 2.21 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 Accounting policies (Cont'd)

### 2.22 Dividends

Dividends are in the period in which they are approved by the Company's shareholders. Interim dividends are recognised when they are approved by the Board of Directors.

### 2.23 Segment reporting

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

## 3 Financial risk management

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, 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) under policies approved by the Board of Directors. The Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

#### 3.1.1 Foreign exchange risk

Due to the fact that the Group purchases gas storage tanks and inventories from overseas suppliers in foreign currencies, the foreign exchange risk arises from the changes in foreign currency exchange rate which may have an effect on the Group in the current reporting period and in future years. The Group has not entered into any hedging contracts because management assesses that the changes in exchange rates will not significantly affect assets and liabilities dominated in foreign currencies as the trading terms are rather short. However, the assessment will be performed from time to time particulary when significart purcharses are made.

#### 3.1.2 Interest rate risk

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

#### 3.1.3 Credit risk

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

## 3 Financial risk management (Cont'd)

### 3.1 Financial risk factors (Cont'd)

#### 3.1.4 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. Due to the dynamic nature of the underlying business, the Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

### 3.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Information on the fair values of investment properties and borrowings are included in Note 12 and Note 15 respectively.

## 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 Property, plant and equipment

Management determines the estimated useful lives and residual values of the Group's property, plant and equipment as mentioned above. The estimation and judgments based on the past experience and the forecast related to the operation, utilization, and the efficiency of utilisation.

#### 4.1.2 Allowance for obsolete, slow-moving and defective inventions

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

## 4 Critical accounting estimates and judgments (Cont'd)

### 4.1 Critical accounting estimates and assumptions (Cont'd)

#### 4.1.3 Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts to deliver design services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed. Were the proportion of services performed to total services to be performed to differ by 1 % from management's estimates, the amount of profit recognised in the year would be increased by Baht 0.77 million.

#### 4.1.4 Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

## 5 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

## 6 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:

| | |
|---|---|
| Petroleum gas trading | : Gas petroleum trading for household cooking, industry and transportation |
| Transportation services | : Gas transportation services by land |
| Sales and installation services | : Industrial and car gas systems and construction |
| Safety-checking services | : Industrial and car gas systems safety-checking services |
| Others | : Holding company |

## 6 Segment information (Cont'd)

| | Consolidated | | | | | | |
|---|---|---|---|---|---|---|---|
| | For the year ended 31 December 2015 | | | | | | |
| | | | Sale and Installation services | | | | |
| | Gas petroleum trading Baht | Transportation services Baht | Sales Baht | Installation services Baht | Safety-checking services Baht | Other Baht | Total Baht |
| Revenues from operation | 1,007,566,006 | 51,021,454 | 13,688,271 | 261,295,855 | 54,997,680 | - | 1,388,569,266 |
| Revenue from inter-segment | - | (30,030,423) | (2,243,150) | (2,168,231) | (1,250,470) | - | (35,692,274) |
| Total revenue | 1,007,566,006 | 20,991,031 | 11,445,121 | 259,127,624 | 53,747,210 | - | 1,352,876,992 |
| Segment result - gross profit | 72,124,775 | 4,365,723 | (14,736,725) | 70,818,889 | 23,998,708 | - | 156,571,370 |
| Operating profit | | | | | | | 82,766,209 |
| Financial cost | | | | | | | (3,147,894) |
| Share of profit of associates | | | | | | | 1,234,543 |
| Profit before tax | | | | | | | 80,852,858 |
| Income tax | | | | | | | (15,471,044) |
| Net profit | | | | | | | 65,381,814 |
| As at 31 December 2015 | | | | | | | |
| Property, plant and equipment - net | 98,994,115 | 32,168,010 | 6,139,475 | 58,712,876 | 5,415,476 | 1,714,287 | 203,144,239 |
| Total consolidated assets | 343,303,386 | 45,013,341 | 19,592,694 | 177,727,105 | 34,733,224 | 150,008,007 | 770,377,757 |
| Total consolidated liabilities | | | | | | | 355,195,377 |
| Revenues from operation | 1,081,422,185 | 59,431,321 | 22,549,933 | 44,991,897 | 41,854,324 | - | 1,250,249,660 |
| Revenue from inter-segment | - | (38,091,401) | (2,845,209) | (4,448,945) | (608,655) | - | (45,994,210) |
| Total revenue | 1,081,422,185 | 21,339,920 | 19,704,724 | 40,542,952 | 41,245,669 | - | 1,204,255,450 |
| Segment result - gross profit | 65,005,091 | 3,389,795 | 4,970,771 | 9,762,404 | 20,699,345 | - | 103,827,406 |
| Operating profit | | | | | | | 35,672,012 |
| Financial cost | | | | | | | (1,534,994) |
| Profit before tax | | | | | | | 34,137,018 |
| Income tax | | | | | | | (6,958,924) |
| Net profit | | | | | | | 27,178,094 |
| Property, plant and equipment - net | 99,570,852 | 36,488,795 | 6,857,586 | 60,222,431 | 5,238,973 | - | 208,378,637 |
| Total consolidated assets | 345,792,840 | 46,818,762 | 56,543,324 | 97,273,706 | 31,451,885 | - | 577,880,517 |
| Total consolidated liabilities | | | | | | | 203,517,453 |

## 7 Cash and cash equivalents

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Cash on hand | 64,198 | 93,369 | 1,966 | 989 |
| Cash at bank - Current accounts | 2,407,861 | 18,234,165 | 5,324,442 | 17,642,644 |
| - Savings accounts | 80,369,008 | 144,436,495 | 52,046,602 | 97,035,758 |
| - Short-term fixed accounts | 7,259,331 | 24,011,918 | 7,259,331 | 24,011,918 |
| Total | 90,100,398 | 186,775,947 | 64,632,341 | 138,691,309 |
| Pledged and restricted bank deposits (Note 15) | 40,455,019 | 31,470,181 | 36,455,019 | 26,300,000 |

Deposits held at call with banks bear interest at the rates 0.37% to 1.58% per annum (2014: 0.47% to 2.50% per annum) and these deposits have an average maturity of 3 to 12 months.

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

Cash, cash equivalents and bank overdrafts include the following for the purposes of the statement of cash flows:

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Cash and cash equivalents | 90,100,398 | 186,775,947 | 64,632,341 | 138,691,309 |
| Bank overdrafts (Note15) | (61,500) | - | - | - |
| | 90,038,898 | 186,775,947 | 64,632,341 | 138,691,309 |

## 8 Trade and other receivables

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Trade accounts receivables | 57,130,399 | 64,301,429 | 42,859,941 | 49,323,231 |
| Less Allowance for doubtful accounts | (1,178,809) | (1,194,452) | (1,038,030) | (998,078) |
| Trade accounts receivables - net | 55,951,590 | 63,106,977 | 41,821,911 | 48,325,153 |
| Receivable from related parties (Note 26) | 400,000 | - | 1,595,200 | 947,170 |
| Others receivables | 151,710 | 170,915 | 150,709 | 166,340 |
| Prepayments | 6,493,183 | 7,561,138 | 983,999 | 477,184 |
| Accrued interest income | 911,623 | - | 3,017,774 | 869,178 |
| Accrued income - Safety-checking services | 9,853,792 | 5,411,519 | - | - |
| Unbilled receivables | 50,447,011 | 206,682 | - | - |
| Account receivable - VAT and withholding tax | 4,664,933 | 3,866,498 | - | - |
| Trade and other receivables - net | 128,873,842 | 80,323,729 | 47,569,593 | 50,785,025 |

Unbilled receivables are the revenue from construction contracts, normally such balance will be charged to customers after the construction has been completed which is anticipated to be around within the next quarter.

## 8 Trade and other receivables (Cont'd)

Outstanding trade accounts receivable as at 31 December are classified by that expected to be around within next quarter aging as follows:

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| **Trade accounts receivable** | | | | |
| Within credit term | 33,823,310 | 38,483,909 | 25,086,836 | 31,465,746 |
| Overdue | | | | |
| - Up to 3 months | 16,142,438 | 19,074,033 | 13,832,842 | 14,150,394 |
| - 3 - 6 months | 1,380,114 | 624,775 | 382,564 | 166,440 |
| - 6 - 12 months | 1,312,192 | 1,513,990 | 1,096,025 | 610,755 |
| - Over 12 months | 4,472,345 | 4,604,722 | 2,461,674 | 2,929,896 |
| Total | 57,130,399 | 64,301,429 | 42,859,941 | 49,323,231 |
| Less Allowance for doubtful accounts | (1,178,809) | (1,194,452) | (1,038,030) | (998,078) |
| Trade accounts receivable - net | 55,951,590 | 63,106,977 | 41,821,911 | 48,325,153 |

Management believe the allowance provided for is sufficient based on its consideration of past debt collection experiences of the Group. Part of overdue receivables is secured by postdated cheques received and the cash collection from those postdated cheques is still as usual.

## 9 Inventories

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Finished goods - petroleum gas | 28,860,102 | 30,081,910 | 29,007,820 | 30,081,910 |
| - gas tank for installation and equipment | 19,706,965 | 22,091,208 | - | - |
| Work in progress - gas installations | 1,343,678 | 77,366 | - | - |
| Work in progress under construction contracts | 7,576,542 | 5,800,000 | - | - |
| Raw materials | 3,450,839 | 3,840,144 | - | - |
| General supplies | 1,618,818 | 1,478,070 | - | - |
| Total | 62,556,944 | 63,368,698 | 29,007,820 | 30,081,910 |
| Less Allowance for net realisable value of inventories | (19,518,128) | (858,396) | - | - |
| Allowance for slow-moving inventories | - | (891,664) | - | - |
| Inventories - net | 43,038,816 | 61,618,638 | 29,007,820 | 30,081,910 |

## 9 Inventories (Cont'd)

Work in progress under construction contracts

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| At 1 January | 5,800,000 | - | - | - |
| Contract costs incurred during the year | 185,477,532 | 26,888,150 | - | - |
| Contract expenses recognised during the year | (183,700,990) | (21,088,150) | - | - |
| At 31 December | 7,576,542 | 5,800,000 | - | - |
| Contract costs incurred and recognised profits (less losses) to date | 274,613,920 | 26,466,010 | - | - |
| Advances received on construction contracts | - | 37,793,298 | - | - |

Amounts due from customers for construction contracts are shown in Note 8.

As at 31 December 2015, the Group had not accrued retentions, however; the Group's bank guarantees on construction contracts amount to Baht 15.10 million (2014: Baht 15.10 million) are shown in Note 27.

Costs of inventories recognised as expense and included in 'cost of sales' in the consolidated and company financial statements are Baht 1,076.45 million and Baht 884.99 million, respectively (2014: Baht 828.99 million and Baht 791.86 million, respectively).

Inventories include allowance for finished goods of Baht 19.52 million (2014: Baht 1.75 million), mostly there are finished goods for gas systems installation in the consolidated fianacial statement.

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 2015, the inventories included minimum mandatory reserve on petroleum gas of Baht 8.56 million in the consolidated and company financial statements (2014: Baht 7.61 million).

## 10 Non-current portion of trade accounts receivable

Non-current portion of trade accounts receivable

The Company classified four trade accounts receivable in which the Company filed a lawsuit in the year 2012. The cases were ended and civil court ordered the debtors to repay all principal to the Company. The debtors paid to the Company by issuing postdated cheques which are due for repayment at the end of every month from 31 July 2013, for the first period repayment, until 31 August 2016, for the last period repayment. Therefore, the Company classified such trade accounts receivable due over than one year as non-current assets.

| | Consolidated and Company | |
|---|---|---|
| | 2015 Baht | 2014 Baht |
| Non-current portion of trade accounts receivable | - | 1,760,246 |
| Less Allowance for doubtful accounts | - | (328,230) |
| Non-current receivable - net | - | 1,432,016 |

The collection of postdated cheques received is still in accordance with agreed terms.

## 11 Investments in subsidiaries and associates

### 11.1 Subsidiaries

The group had the following subsidiaries at 31 December 2015

Group and Company

| Name | Country of incorporation and place of business | Nature of business | Proportion of ordinary shares directly held by parent (%) | Proportion of ordinary shares held by the group (%) |
|---|---|---|---|---|
| Takuni (Thailand) Co., Ltd. | Thailand | Industrial and car gas systems installation | 99.99 | 99.99 |
| G Gas Logistics Co.,Ltd. | Thailand | Transportation services by land | 99.99 | 99.99 |
| Ratchapruek Engineering Co., Ltd. | Thailand | Industrial and car gas systems safety-checking services | 99.99 | 99.99 |
| Newman Green Co.,Ltd. | Thailand | Holding company | 99.99 | 99.99 |

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.

**Investment in subsidiary**
On 16 October 2015, the Board of Director's meeting 8/2015 approved to establish and register Newman Green Co., Ltd, the nature of this business is a holding company. The Company was registered with the Ministry of Commerce on 28 Obtober 2015 with share capital of Baht 150 million in order to acquire the investment in Well-Korat Energy Co., Ltd.

### 11.2 Investments in associates

Investments accounted for using equity method

The amounts recognised in the balance sheet are as follows:

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Associates | 167,244,543 | - | - | - |
| At 31 December | 167,244,543 | - | - | - |

The amounts recognized in the income statement are as follows:

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Associates | 1,234,543 | - | - | - |
| At 31 December | 1,234,543 | - | - | - |

Set out below are the associates of the group as at 31 December 2015, which, in the opinion of the directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly and indirectly by the Group; the country of incorporation or registration is also their principal place of business.

| Name of entity | Place of business/ incorporation | % of interest | Nature of the relationship | Measurement method | 2015 Cost method Baht | 2015 Equity method Baht |
|---|---|---|---|---|---|---|
| CAZ (Thailand) Co.,Ltd. ("CAZ") | Thailand | 47.72 | Associate | Equity | 26,010,000 | 36,778,244 |
| Well Korat Energy Co.,Ltd. ("WKE") | Thailand | 45.00 | Associate | Equity | 140,000,000 | 130,466,299 |
| | | | | | 166,010,000 | 167,244,543 |

There are no contingent liabilities relating to the Group's interest in the associates.

## 11 Investments in subsidiaries and associates (Cont'd)

### 11.2 Investments in associates (Cont'd)

**Acquisition of investment in CAZ**

On 19 March 2015, the Board of Directors of Takuni (Thailand) Co., Ltd. passed a resolution to acquire shares of CAZ (Thailand) Co., Ltd. ("CAZ") which operates a construction contractor business totaling 260,100 shares at a par value of Baht 100 per share, representing 47.72% of paid-up share capital. The payment of the investment in associate was made on 26 March 2015. As a result of acquisition, the Group is expected to have its expansion in construction business.

The Group has engaged an independent financial advisor to assess the fair value of CAZ (Thailand) Co., Ltd. related valuation report was completed on 22 July 2015. Consequently, the Group recognised the difference between consideration paid and acquired identifiable net assets as gain on acquisition investment in associate and such gain was added in share of profit from associate for the year ended 31 December 2015.

Such difference arises from the excess of net assets acquired over the consideration paid. This is mainly due to the fact that CAZ needed a short term financial support at that time.

The following table summarises the consideration paid for CAZ and the amounts of the asset acquired and liabilities assumed recognised at the acquisition date.

| | Consolidated million Baht |
|---|---|
| **Consideration paid on 26 March 2015** | |
| Cash | 26.0 |
| **Total consideration** | 26.0 |
| **Recognised amounts of identifiable assets acquired and liabilities (Unaudited)** | |
| Cash and cash equivalents | 32.3 |
| Trade and other receivables | 165.1 |
| Equipment | 23.4 |
| Retentions and deposits | 30.8 |
| Other assets | 24.8 |
| Trade and other payables | (100.3) |
| Deposits | (35.1) |
| Unearned revenue | (41.0) |
| Retentions | (13.8) |
| Other liabilities | (18.3) |
| **Total identifiable net assets** | 67.9 |
| Percentage of holding (%) | 47.7 |
| Identifiable net assets based on percentage of holding by the Group | 32.4 |
| **(Gain) on acquisition investment in associate as included in share of profit from associate in March 2015** | (6.4) |

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

**11.2 Investments in associates** (Cont'd)

**Acquisition of investment in WKE**

On 16 October 2015, the Board of Directors of Takuni Group Co., Ltd. passed a resolution to establish Newman Green Co., Ltd. ("NMG") (a subsidiary of the Group) to purchase ordinary shares of Well-Korat Energy Co., Ltd. ("WKE") which operates a Power plant business totaling 12.60 million shares with a par value of Baht 10 per share, representing 45% of paid-up share capital. The payment of the investment in associate was made on 30 October 2015. As a result of acquisition, the Group is expected to have its expansion in power plant for electricity generation from biomass.

The Group has engaged an independent valuer to assess the fair value of land, building and machinery of Well-Korat Energy Co., Ltd. The report dated on 10 August 2015 and the independent financial advisor to assess the fair value of intangible asset from Power purchase agreement. The report dated on 11 February 2016. Consequently, the Group recognised the difference between considerations paid and acquired identifiable net assets as gain on acquisition investment in associate and such gain was included in share of profit from associate.

The following table summarises the consideration paid for WKE and the amounts of the asset acquired and liabilities assumed recognised at the acquisition date.

| | Consolidated million Bath |
|---|---|
| **Consideration paid on 30 October 2015** | |
| Cash | 140.0 |
| **Total consideration** | 140.0 |
| **Recognised amounts of identifiable assets acquired and liabilities (Unaudited)** | |
| Cash and cash equivalents | 1.8 |
| Inventory | 0.4 |
| Trade and other receivables | 20.2 |
| Property, plant and equipment | 739.5 |
| Intangible asset | 81.3 |
| Trade and other payables | (28.5) |
| Bank overdrafts and short-term borrowings from financial institutions | (583.2) |
| Other liabilities | (2.3) |
| **Total identifiable net assets** | 229.2 |
| Percentage of holding (%) | 45 |
| Identifiable net assets based on percentage of holding by the Group | 103.1 |
| **Goodwill** | 36.9 |

Goodwill arises from the fact that the Group expects to have revenue growth in the future. Recognised goodwill cannot be deducted for tax benefits.

## 11 Investments in subsidiaries and associates (Cont'd)

### 11.2 Investments in associates (Cont'd)

Summarised financial information for associates

Set out below are the summarised financial information for CAZ and WKE which are accounted for using the equity method.

Summarised statement of financial position (Unaudited)

| | For the period ended 31 December 2015 | | |
|---|---|---|---|
| | CAZ Baht | WKE Baht | Total Baht |
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4.267,243 | 998,599 | 5,265,842 |
| Trade and other receivables | 83,530,541 | 6,119,274 | 89,649,815 |
| Unbill receivables | 84,785,875 | - | 84,785,875 |
| Inventories | 5,951,468 | 2,185,963 | 8,137,431 |
| Other current assets | 4,543,037 | - | 4,543,037 |
| **Total current assets** | 183,078,164 | 9,303,836 | 192,382,000 |
| **Non-current assets** | | | |
| Property, plant and equipment - net | 25,695,801 | 732,859,479 | 758,555,280 |
| Intangible assets - net | 2,847,205 | 80,809,778 | 83,656,983 |
| Other non-current assets | 64,869,698 | - | 64,869,698 |
| Deferred tax asset | 627,508 | 2,354,186 | 2,981,694 |
| **Total non-current assets** | 94,040,212 | 816,023,443 | 910,063,655 |
| **Total assets** | 277,118,376 | 825,327,279 | 1,102,445,655 |
| **Liabilities and shareholders' equity** | | | |
| **Current liabilities** | | | |
| Short-term bank borrowings | 14,408,000 | 19,999,921 | 34,407,921 |
| Trade and other payables | 94,464,581 | 24,201,112 | 118,441,164 |
| Current portion of financial lease liabilities | 1,018,847 | 235,146 | 1,253,993 |
| Current portion of long-term bank borrowings | - | 107,040,000 | 107,040,000 |
| Short-term borrowings - related parties | 32,198,630 | 118,482,052 | 150,905,211 |
| Other current liabilities | 45,259,601 | - | 45,259,601 |
| **Total current liabilities** | 187,349,659 | 269,958,231 | 457,307,890 |
| **Non-current liabilities** | | | |
| Financial lease liabilities | 2,100,319 | 1,133,336 | 3,233,655 |
| Long-term bank borrowings | - | 345,775,386 | 345,775,386 |
| Retention | 7,459,936 | - | 7,459,936 |
| Employee benefit obligations | 3,137,539 | 717,586 | 3,855,125 |
| **Total non-current liabilities** | 12,697,794 | 347,626,308 | 360,324,102 |
| **Total liabilities** | 200,047,453 | 617,584,539 | 817,631,992 |
| **Shareholders' equity** | | | |
| Issued and paid-up shares | 54,500,000 | 280,000,000 | 334,500,000 |
| Retained earnings (Deficit) | 22,570,923 | (72,257,260) | (49,686,337) |
| **Total shareholders' equity** | 77,070,923 | 207,742,740 | 284,813,663 |
| **Total liabilities and shareholders' equity** | 277,118,376 | 825,327,279 | 1,102,445,655 |

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

**11.2 Investments in associates** (Cont'd)

Summarised statement of comprehensive income (Unaudited)

| | For the period ended 31 December 2015 | | |
|---|---|---|---|
| | **CAZ Baht** | **WKE Baht** | **Total Baht** |
| Revenue | 611,006,744 | 2,630,359 | 613,637,103 |
| Depreciation and amortisation | (6,600,988) | (7,312,028) | (13,913,016) |
| Interest income | (3,513,301) | (6,982,466) | (10,495,767) |
| **Profit or loss from continuing operations** | 11,277,359 | (23,540,187) | (12,262,828) |
| Income tax expense | (2,089,157) | 2,354,186 | (265,029) |
| **Post-tax profit from continuing operations** | 9,188,202 | (21,186,001) | (11,997,799) |
| **Other comprehensive income** | - | - | - |
| **Total comprehensive income** | 9,188,202 | (21,186,001) | (11,997,799) |
| **Dividends received from associates** | - | - | - |

The information above reflects the amounts presented in the financial statements of the associates (and not The Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

**Reconciliation of summarised financial information**

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates.

| **Summarised financial Information** | For the period ended 31 December 2015 | | |
|---|---|---|---|
| | **CAZ Baht** | **WKE Baht** | **Total Baht** |
| **Opening net assets 26 March 2015; 30 October 2015** | 67,882,720 | 228,928,741 | 296,811,461 |
| Profit (loss) for the period | 9,188,203 | (21,186,001) | (11,997,798) |
| Other comprehensive income | - | - | - |
| **Closing net assets** | 77,070,923 | 207,742,740 | 284,813,663 |
| Interest in associates (47.72%; 45%) | 36,778,244 | 93,484,233 | 130,262,477 |
| Goodwill | - | 36,982,066 | 36,982,066 |
| **Carrying value** | 36,778,244 | 130,466,299 | 167,244,543 |

## 12 Investment properties

| | Buildings Baht |
|---|---|
| **At 1 January 2014** | |
| Cost | 6,912,319 |
| Less Accumulated depreciation | (1,358,828) |
| Net book amount | 5,553,491 |
| **For the year ended 31 December 2014** | |
| Opening net book amount | 5,553,491 |
| Depreciation charge | (345,616) |
| Closing net book amount | 5,207,875 |
| **At 31 December 2014** | |
| Cost | 6,912,319 |
| Less Accumulated depreciation | (1,704,444) |
| Net book amount | 5,207,875 |
| Fair value at 31 December 2014* | 43,000,000 |
| **For the year ended 31 December 2015** | |
| Opening net book amount | 5,207,875 |
| Depreciation charge | (345,616) |
| Closing net book amount | 4,862,259 |
| **At 31 December 2015** | |
| Cost | 6,912,319 |
| Less Accumulated depreciation | (2,050,060) |
| Net book amount | 4,862,259 |
| Fair value at 31 December 2015* | 43,000,000 |

* The Group has engaged an independent assets appraiser to perform the valuation of investment properties, the building leased to the external parties. According to its being report dated 22 December 2014, fair value is assessed using income approach based on public and company information of valuated assets in order to assess rental income and information from similar businesses in order to assess the relevant expenses. The discount rate is 11% and the fair values are within level 3 of the fair value hierarchy.

Investment property at net book value of Baht 4.86 million (2014: Baht 5.21 million) has been pledged as a security for borrowings (Note 15).

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

| | Consolidated | |
|---|---|---|
| | 2015 Baht | 2014 Baht |
| Rental income | 5,327,992 | 5,381,311 |
| Direct operating expense arise from investment property that generated rental income | 2,070,709 | 1,827,831 |

## 13 Property, plant and equipment

| | Consolidated | | | | | | |
|---|---|---|---|---|---|---|---|
| | 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 | Total Baht |
| **At 1 January 2014** | | | | | | | |
| Cost | 77,150,182 | 39,048,872 | 36,489,553 | 20,571,584 | 130,432,982 | 26,748,044 | 330,441,217 |
| Less Accumulated depreciation | - | (6,252,372) | (3,980,849) | (14,107,510) | (90,116,525) | - | (114,457,256) |
| Net book amount | 77,150,182 | 32,796,500 | 32,508,704 | 6,464,074 | 40,316,457 | 26,748,044 | 215,983,961 |
| **For the year ended 31 December 2014** | | | | | | | |
| Opening net book amount | 77,150,182 | 32,796,500 | 32,508,704 | 6,464,074 | 40,316,457 | 26,748,044 | 215,983,961 |
| Additions | 11,000 | - | - | 3,540,632 | 25,234 | 3,193,759 | 6,770,625 |
| Disposals and written offs - net | - | - | - | (15,853) | (18,901) | (17,768) | (52,522) |
| Depreciation charge | - | (1,952,450) | (1,910,068) | (2,572,361) | (7,888,548) | - | (14,323,427) |
| Closing net book amount | 77,161,182 | 30,844,050 | 30,598,636 | 7,416,492 | 32,434,242 | 29,924,035 | 208,378,637 |
| **At 31 December 2014** | | | | | | | |
| Cost | 77,161,182 | 39,048,872 | 36,489,553 | 23,712,132 | 129,456,940 | 29,924,035 | 335,792,714 |
| Less Accumulated depreciation | - | (8,204,822) | (5,890,917) | (16,295,640) | (97,022,698) | - | (127,414,077) |
| Net book amount | 77,161,182 | 30,844,050 | 30,598,636 | 7,416,492 | 32,434,242 | 29,924,035 | 208,378,637 |
| **For the year ended 31 December 2015** | | | | | | | |
| Opening net book amount | 77,161,182 | 30,844,050 | 30,598,636 | 7,416,492 | 32,434,242 | 29,924,035 | 208,378,637 |
| Additions | 13,000 | 105,207 | - | 2,778,737 | 5,690,000 | 1,719,878 | 10,306,822 |
| Transfer | 606,612 | 7,489,697 | 20,918,785 | 891,552 | - | (29,906,646) | - |
| Disposals and written offs - net | - | - | - | (60,886) | (55,167) | - | (116,053) |
| Depreciation charge | - | (2,333,427) | (2,956,007) | (2,884,926) | (7,250,807) | - | (15,425,167) |
| Closing net book amount | 77,780,794 | 36,105,527 | 48,561,414 | 8,140,969 | 30,818,268 | 1,737,267 | 203,144,239 |
| **At 31 December 2015** | | | | | | | |
| Cost | 77,780,794 | 46,643,776 | 57,408,338 | 27,090,151 | 133,424,750 | 1,737,267 | 344,085,076 |
| Less Accumulated depreciation | - | (10,538,249) | (8,846,924) | (18,949,182) | (102,606,482) | - | 140,940,837 |
| Net book amount | 77,780,794 | 36,105,527 | 48,561,414 | 8,140,969 | 30,818,268 | 1,737,267 | 203,144,239 |

| | Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | 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 | Total Baht |
| **At 1 January 2014** | | | | | | | |
| Cost | 25,700,182 | 12,210,383 | 27,569,177 | 2,762,503 | 8,782,000 | 28,695,997 | 105,720,242 |
| Less Accumulated depreciation | - | (1,091,743) | (3,045,183) | (829,853) | (5,480,682) | - | (10,447,461) |
| Net book amount | 25,700,182 | 11,118,640 | 24,523,994 | 1,932,650 | 3,301,318 | 28,695,997 | 95,272,781 |
| **For the year ended 31 December 2014** | | | | | | | |
| Opening net book amount | 25,700,182 | 11,118,640 | 24,523,994 | 1,932,650 | 3,301,318 | 28,695,997 | 95,272,781 |
| Additions | 11,000 | - | - | 156,165 | - | 4,471,167 | 4,638,332 |
| Disposals and written offs - net | - | - | - | - | - | - | - |
| Depreciation charge | - | (610,526) | (1,464,049) | (528,390) | (1,756,399) | - | (4,359,364) |
| Closing net book amount | 25,711,182 | 10,508,114 | 23,059,945 | 1,560,425 | 1,544,919 | 33,167,164 | 95,551,749 |
| **At 31 December 2014** | | | | | | | |
| Cost | 25,711,182 | 12,210,383 | 27,569,177 | 2,918,669 | 8,782,000 | 33,167,164 | 110,358,575 |
| Less Accumulated depreciation | - | (1,702,269) | (4,509,232) | (1,358,244) | (7,237,081) | - | (14,806,826) |
| Net book amount | 25,711,182 | 10,508,114 | 23,059,945 | 1,560,425 | 1,544,919 | 33,167,164 | 95,551,749 |
| **For the year ended 31 December 2015** | | | | | | | |
| Opening net book amount | 25,711,182 | 10,508,114 | 23,059,945 | 1,560,425 | 1,544,919 | 33,167,164 | 95,551,749 |
| Additions | 13,000 | - | - | 204,329 | 5,690,000 | 5,592 | 5,912,921 |
| Transfer | 606,612 | 7,782,507 | 23,892,085 | 891,552 | - | (33,172,756) | - |
| Disposals and written offs - net | - | - | - | (3,451) | - | - | (3,451) |
| Depreciation charge | - | (999,635) | (2,658,653) | (640,306) | (1,939,399) | - | (6,237,993) |
| Closing net book amount | 26,330,794 | 17,290,986 | 44,293,277 | 2,012,549 | 5,295,520 | - | 95,223,226 |
| **At 31 December 2015** | | | | | | | |
| Cost | 26,330,794 | 19,992,890 | 51,461,262 | 4,008,087 | 14,472,000 | - | 116,265,033 |
| Less Accumulated depreciation | - | (2,701,904) | (7,167,885) | (1,995,538) | (9,176,480) | - | (21,041,807) |
| Net book amount | 26,330,794 | 17,290,986 | 44,293,377 | 2,012,549 | 5,295,520 | - | 95,223,226 |

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

As at 31 December 2015, Takuni (Thailand) Co, Ltd., the subsidiary, had pledged certain plots of land and buildings with net book value of Baht 47.49 million (2014: Baht 48.84 million) as collateral for credit facilities for bank overdrafts, letters of credits or trust receipt, letters of guarantees, forward contracts, long-term borrowings from a financial institution. These credit facilities are also guaranteed by the directors for the Group (Note 15).

As at 31 December 2015, G Gas Logistics Co., Ltd., the subsidiary, had pledged its gas trucks and gas transportation vehicles with their net book value of Baht 9.80 million (2014: Baht 11.73 million) as collateral for subsidiary's long-term credit facilities obtained in 2012.

Cost of fixed assets which are fully depreciated and still in use in the consolidated financial statements as at 31 December 2015 were approximately Baht 84.74 million (2014: Baht 70.89 million). There are fixed assets which are fully depreciated and still in use in the company financial statements were approximately Baht 7.04 million (2014: Nil).

As at 31 December 2015, this purchase transactions above include the acquisition of assets under financial lease which company is lease, total amount Baht 5.69 million (2014: Nil)

The detail of vehicles which are the fixed assets under finance lease agreements as included in the above is as follows:

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Cost of fixed assets under finance lease agreements | 5,690,000 | - | 5,690,000 | - |
| Less Accumulated depreciation | (576,794) | - | (576,794) | - |
| Net book amount | 5,113,206 | - | 5,113,206 | - |

## 14 Intangible assets

| | Consolidated Baht | Company Baht |
|---|---|---|
| **Computer software** | | |
| **At 1 January 2014** | | |
| Cost | 713,070 | 404,990 |
| Less Accumulated amortisation | (138,760) | (73,364) |
| Net book value | 574,310 | 331,626 |
| **For the year ended 31 December 2014** | | |
| Opening net book value | 574,310 | 331,626 |
| Additions | 673,441 | 68,500 |
| Amortisation charge | (264,292) | (141,746) |
| Closing net book value | 983,459 | 258,380 |
| **At 31 December 2014** | | |
| Cost | 1,386,512 | 473,490 |
| Less Accumulated amortisation | (403,053) | (215,110) |
| Net book value | 983,459 | 258,380 |
| **For the year ended 31 December 2015** | | |
| Opening net book value | 983,459 | 258,380 |
| Additions | 146,531 | 103,931 |
| Amortisation charge | (411,544) | (179,899) |
| Closing net book value | 718,446 | 182,412 |
| **At 31 December 2015** | | |
| Cost | 1,533,043 | 577,421 |
| Less Accumulated amortisation | (814,597) | (395,009) |
| Net book value | 718,446 | 182,412 |

## 15 Borrowings

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| **Current** | | | | |
| Bank overdrafts | 61,500 | - | - | - |
| Short-term borrowings from financial institutions | 214,167,396 | - | 214,167,306 | - |
| Finance lease liabilities classified as held-for-sale | 788,015 | - | 788,015 | - |
| Long-term borrowings classified as held-for-sale | 6,000,000 | 6,541,417 | 6,000,000 | 6,000,000 |
| Total current borrowings | 221,016,821 | 6,541,417 | 220,955,321 | 6,000,000 |
| **Non-Current** | | | | |
| Bank borrowings | 28,100,000 | 34,100,000 | 3,500,000 | 9,500,000 |
| Finance lease liabilities | 3,113,092 | - | 3,113,092 | - |
| Total non-current borrowings | 31,213,092 | 34,100,000 | 6,613,092 | 9,500,000 |
| **Total borrowings** | 252,229,913 | 40,641,417 | 227,568,413 | 15,500,000 |

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

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Bank overdrafts | 2.88% - 7.88% | - | - | - |
| Bank borrowings | 2.94% - 3.00% | 2.94% - 7.42% | 3.00% | 3.00% |
| Financial lease liabilities | 5.45% | - | 5.45% | - |

### 15.1 Bank overdrafts

As at 31 December 2015, the Group had bank overdraft facilities of Baht 60 million (2014: Baht 50 million) which were guaranteed by the subsidiary's land and buildings (Note 13), subsidiary's bank fixed accounts 12 months (Note 7) and Company's directors.

### 15.2 Short-term borrowings from financial institutions

As at 31 December 2015, the Group had unsecured short-term borrowings from financial institutions facilities of Baht 214.17 million and its interest at the rate of 5% per annum which were borrowed to support the business expansion and working capital of operating activities. The borrowings are due for repayment within next quarter.

15 **Borrowings** (Cont'd)

### 15.3 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 | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Beginning balance | 40,641,417 | 47,184,566 | 15,500,000 | 21,500,000 |
| Additions | - | - | - | - |
| Repayments | (6,541,417) | (6,543,149) | (6,000,000) | (6,000,000) |
| Ending balance | 34,100,000 | 40,641,417 | 9,500,000 | 15,500,000 |

**The Company**

On 18 August 2012, the Company entered into a long-term borrowing agreement with a domestic financial institution amounting to Baht 30 million, which required the principal repayment of Baht 500,000 per installment, totaling 60 installments. This borrowing bears the interest rate of 3% per annum and is pledged by subsidiaries' land and buildings (Note 12 and Note 13) and guaranteed by directors.

**Subsidiaries**

On 24 May 2012, G Gas Logistics Co., Ltd. entered into a long-term borrowing agreement with a domestic financial institution amounting to Baht 24.60 million, which required the repayment over 60 months. This borrowing bears the interest rate of 3% per annum and is pledged by vehicles for gas transportation (Note 13).

On 22 November 2011, G Gas Logistics Co., Ltd. entered into the long-term loan agreement with a domestic financial institution amounting to Baht 2.50 million, which required the repayment of Baht 50,000 per installment, totaling 60 installments. This borrowing bears the interest rate at MLR per annum and is pledged by land and buildings of Takuni (Thailand) Co., Ltd. and guaranteed by directors (Note 13).

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

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Borrowings: | | | | |
| - at fixed rates | 34,100,000 | 40,100,000 | 9,500,000 | 15,500,000 |
| - at floating rates | - | 541,417 | - | - |
| Total long-term borrowings | 34,100,000 | 40,641,417 | 9,500,000 | 15,500,000 |

**15 Borrowings** (Cont'd)

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

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

| | Consolidated | | | |
|---|---|---|---|---|
| | Book value | | Fair value | |
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Long-term borrowings from banks | 34,100,000 | 40,641,417 | 31,344,597 | 35,439,214 |

| | Company | | | |
|---|---|---|---|---|
| | Book value | | Fair value | |
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Long-term borrowings from banks | 9,500,000 | 15,500,000 | 8,998,857 | 14,175,925 |

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 6.58% to 7.23% (2014: 6.81% to 7.38%) which are within level 1 of the fair value hierarchy.

Maturity of long-term borrowings is as follows:

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Within 1 year | 6,000,000 | 6,541,417 | 6,000,000 | 6,000,000 |
| Later than 1 years but not later than 5 years | 28,100,000 | 34,100,000 | 3,500,000 | 9,500,000 |
| Total long-term borrowings | 34,100,000 | 40,641,417 | 9,500,000 | 15,500,000 |

**15 Borrowings** (Cont'd)

### 15.4 Finance lease liabilities

The outstanding balance of the financial leases liabilities of vehicles are as follows;

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **2015 Baht** | **2014 Baht** | **2015 Baht** | **2014 Baht** |
| Within 1 year | 977,100 | - | 977,100 | - |
| Later than 1 years but not later than 5 years | 3,419,850 | - | 3,419,850 | - |
| | 4,396,950 | - | 4,396,950 | - |
| Less Future finance charges on finance leases | (495,843) | - | (495,843) | - |
| Present value of finance lease liabilities | 3,901,107 | - | 3,901,107 | - |
| Finance lease liabilities: | | | | |
| - Current | 788,015 | - | 788,015 | - |
| - Non-current | 3,113,092 | - | 3,113,092 | - |
| | 3,901,107 | - | 3,901,107 | - |

The present value of finance lease liabilities is as follows:

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **2015 Baht** | **2014 Baht** | **2015 Baht** | **2014 Baht** |
| Within 1 year | 788,015 | - | 788,015 | - |
| Later than 1 years but not later than 5 years | 3,113,092 | - | 3,113,092 | - |
| | 3,901,107 | - | 3,901,107 | - |

## 16 Deferred income tax

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

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Deferred tax assets: | | | | |
| Deferred tax assets to be recovered within 12 months | 4,295,384 | 906,203 | 207,606 | 436,015 |
| Deferred tax assets to be recovered after more than 12 months | 1,154,459 | 202,376 | 173,132 | 47,822 |
| Deferred tax liabilities: | | | | |
| Deferred tax liabilities to be settled within 12 months | 107,294 | 32,237 | 152,865 | - |
| Deferred tax liabilities to be settled after more than 12 months | 346,092 | 508,233 | 478,716 | - |
| Deferred tax assets (net) | 4,996,457 | 568,109 | (250,843) | 483,837 |

Deferred income taxes are calculated in full on temporary differences, using the liability method and applying a principal tax rate of 20% for 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:

The movement of deferred income tax table below is based on the nature of temporary differences which may not be able to reconcile with deferred tax assets and deferred tax liabilities as presented in the financial position because the balances presented in the statement of financial position are netted balance of each company.

| | Consoldiated | | | |
|---|---|---|---|---|
| As at 31 December | 2014 Baht | Charged (credited) to profit or loss Baht | Charged (credited) to other comprehensive income Baht | 2015 Baht |
| **Deferred income tax assets** | | | | |
| Allowances for doubtful accounts and inventories | 654,548 | 3,484,839 | - | 4,139,387 |
| Provisions | 25,776 | (22,654) | - | 3,122 |
| Employee benefits obligations | 146,011 | 47,577 | 140,625 | 334,213 |
| Finance lease assets | 282,244 | (282,244) | - | - |
| Depreciation and write-off | - | 973,121 | - | 973,121 |
| | 1,108,579 | 4,200,639 | 140,625 | 5,449,843 |
| **Deferred income tax liabilities** | | | | |
| Depreciation | 540,470 | (540,470) | - | - |
| Finance lease assets | - | 453,386 | - | 453,386 |
| | 540,470 | (87,084) | - | 453,386 |
| **Deferred income tax assets, net** | 568,109 | 4,428,348 | 140,625 | 4,996,457 |

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

| As at 31 December | Company | | | |
|---|---|---|---|---|
| | 2014 Baht | Charged (credited) to profit or loss Baht | Charged (credited) to other comprehensive income Baht | 2015 Baht |
| **Deferred income tax assets** | | | | |
| Allowances for doubtful accounts and inventories | 265,262 | (57,656) | - | 207,606 |
| Employee benefits obligations | 78,936 | 9,190 | 85,006 | 173,132 |
| Finance lease assets | 139,639 | (139,639) | - | - |
| | 483,837 | (188,105) | 85,006 | 380,738 |
| **Deferred income tax liabilities** | | | | |
| Assets under financial lease | - | 631,581 | - | 631,581 |
| Deferred income tax asset, net | 483,837 | (819,686) | 85,006 | (250,843) |

Presentation in the statements of financial position is as follows:

| As at 31 December | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Deferred income tax assets | 6,004,778 | 991,331 | - | 483,837 |
| Deferred income tax liabilities | (1,008,321) | (423,222) | (250,843) | - |
| Deferred income tax, net | 4,996,457 | 568,109 | (250,843) | 483,837 |

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 | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Opening net book value | 568,109 | 714,032 | 483,837 | 872,688 |
| Charged (credited) to profit or loss (Note 24) | 4,287,723 | (145,923) | (819,686) | (388,851) |
| Charged (credited) to other comprehensive income | 140,625 | - | 85,006 | - |
| Closing net book value | 4,996,457 | 568,109 | (250,843) | 483,837 |

## 17 Trade and other payables

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Trade accounts payable | 72,167,363 | 65,376,532 | 55,832,943 | 58,853,788 |
| Trade accounts payable - related parties (Note 26) | - | - | 3,013,570 | 2,684,430 |
| Amounts due to related parties (Note 26) | - | - | 77,643 | 43,603 |
| Other payables | 3,033,252 | 3,147,009 | 2,499,941 | 1,383,215 |
| Unearned revenue | 119,375 | 37,830,978 | - | - |
| Account payable - revenue department | 1,031,448 | 3,197,205 | 330,764 | 2,239,651 |
| Accrued contribution to fuel fund[1] | - | 43,303,119 | - | 43,303,119 |
| Accrued expense | 8,333,477 | 4,741,121 | 3,817,168 | 1,903,203 |
| Total trade and other payables | 84,684,915 | 157,595,964 | 65,572,029 | 110,411,009 |

[1] According to the announcement of the Energy Policy Council, gas traders under section 7 have to transfer money to Fuel Fund at the specific rates. The rates are different according to the distribution channels. The Group sells gas to the gas stations, industrial factories and gas filling plants for household consumption. The fund collected from the customers is included in selling price and due for payment to the Fuel Fund within 60 days after the month end of the distribution dates. The Energy Policy Council has restructured the price at gas plants and has cancelled the transfer of money to Fuel Fund from gas sales since 2 February 2015.

## 18 Employee benefit obligations

| | 31 December 2015 | |
|---|---|---|
| | Consolidated Baht | Company Baht |
| **Retirement benefit obligations (Thailand law)** | | |
| Statements of financial position | | |
| Retirement benefits | 1,671,066 | 865,660 |
| Statements of income | | |
| Retirement benefits | 142,316 | 45,951 |
| Remeasurements of post-employment benefit obligations | 703,123 | 425,030 |
| Liabilities in the statement of financial position comprised of: | | |
| Present value of funded obligations | 1,671,066 | 865,660 |
| Liability in the statement of financial position | 1,671,066 | 865,660 |

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

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

| | Consolidated | Company |
|---|---|---|
| | 2015 | 2015 |
| | Baht | Baht |
| **For the year ended 31 December** | | |
| Opening balance | 825,627 | 394,679 |
| Current service cost | 113,203 | 25,890 |
| Interest cost | 29,113 | 20,061 |
| | 967,943 | 440,630 |
| Remeasurement | | |
| Loss from change in financial assumptions | 703,123 | 425,030 |
| Closing balance | 1,671,066 | 865,660 |

The principal actuarial assumptions used were as follows:

| | 2015 |
|---|---|
| Discount rate | 1.83% - 2.56% |
| Salary growth rate | 5% |

Sensitivity analysis for each significant assumption

| | Consolidated | | |
|---|---|---|---|
| | Impact on defined benefit obligation | | |
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 0.5% | Decrease by 1.79% | Increase by 1.85% |
| Salary growth rate | 0.5% | Increase by 1.79% | Decrease by 1.75% |

| | Company | | |
|---|---|---|---|
| | Impact on defined benefit obligation | | |
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 0.5% | Decrease by 2.29% | Increase by 2.36% |
| Salary growth rate | 0.5% | Increase by 2.29% | Decrease by 2.24% |

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.

## 18 Employee benefit obligations (Cont'd)

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

| | Consolidated | | | | |
|---|---|---|---|---|---|
| | Less than a year Baht | Between 1-2 years Baht | Between 2-5 years Baht | Over 5 years Baht | Total Baht |
| At 31 December 2015 | | | | | |
| Retirement benefits | 558,363 | 144,155 | 1,392,540 | 947,196 | 3,042,254 |

| | Company | | | | |
|---|---|---|---|---|---|
| | Less than a year Baht | Between 1-2 years Baht | Between 2-5 years Baht | Over 5 years Baht | Total Baht |
| At 31 December 2015 | | | | | |
| Retirement benefits | - | - | 1,188,031 | 659,507 | 1,847,538 |

## 19 Share capital

| | Consolidated and Company | | | | | |
|---|---|---|---|---|---|---|
| | Authorised share capital | | Issued and paid-up capital | | | |
| | Number of Shares Shares | Ordinary shares Baht | Number of Shares Shares | Ordinary shares Baht | Premium on paid-up capital Baht | Total Baht |
| Opening amount as at 1 January 2015 | 400,000,000 | 200,000,000 | 400,000,000 | 200,000,000 | 106,643,230 | 306,643,230 |
| Change in par value | | | | | | |
| Increase in authorised share capital | 800,000,000 | 400,000,000 | - | - | - | - |
| Closing amount as at 31 December 2015 | 1,200,000,000 | 600,000,000 | 400,000,000 | 200,000,000 | 106,643,230 | 306,643,230 |
| Opening amount as at 1 January 2014 | 15,000,000 | 150,000,000 | 15,000,000 | 150,000,000 | 5,360,000 | 155,360,000 |
| Change in par value | 285,000,000 | - | 285,000,000 | - | - | - |
| Increase in authorised share capital | 100,000,000 | 50,000,000 | 100,000,000 | 50,000,000 | 101,283,230 | 151,283,230 |
| Closing amount as at 31 December 2014 | 400,000,000 | 200,000,000 | 400,000,000 | 200,000,000 | 106,643,230 | 306,643,230 |

On 19 August 2014, the Company offered its common shares to the initial public offering by issuing 100,000,000 common shares. The new shares were sold to subscribers at price of Baht 1.60 per share (Baht 0.50 paid in capital and Baht 1.10 share premium) totaling Baht 160 million. The Company registered the increase in paid-up share capital with the Ministry of Commerce on 14 August 2014 and the shares of the Company begin trading in the Stock Exchange of Thailand on 19 August 2014. Directly attributable expenses of the initial public offering amounted to Baht 8.72 million were deducted from the premium on share capital received from shareholders.

**19 Share capital** (Cont'd)

At the extraordinary general meeting No. 1/2014 held on 17 April 2014, the shareholders approved the increase in authorised share capital from Baht 150 million to Baht 200 million and approved the changes in par value from Baht 10 per share to Baht 0.50 per share to support the offering of shares to the public. The increase in authorised share capital and change in par value resulted a number of authorised share capital increases to 400 million shares.

At the extraordinary general meeting No. 1/2015 held on 2 December 2015, the shareholders approved the increase in authorised share capital from Baht 400 million to Baht 1,200 million at par value Baht 0.50 per share to support the offering of shares to the existing shareholders totaling 400 million shares and to support the warrant for purchasing common stock (TAKUNI-W), amount not more than 400 million shares. The Company registered the increase in authorised share capital with the Ministry of Commerce on 16 December 2015 and received the paid-up shares from existing shareholders who intend to subscribe for the purchase of shares on 13 January 2016.

**20 Legal reserve**

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **2015 Baht** | **2014 Baht** | **2015 Baht** | **2014 Baht** |
| At 1 January | 2,900,000 | - | 2,900,000 | - |
| Appropriation during the year | 1,420,000 | 2,900,000 | 1,420,000 | 2,900,000 |
| At 31 December | 4,320,000 | 2,900,000 | 4,320,000 | 2,900,000 |

Under the Public Limited Conpany 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.

## 21 Dividend paid

**The Company**

On 27 April 2015, the Annual General meeting approved the dividends payment for the operating results for the period ended 31 December 2014, totaling Baht 30 million. There are 2 dividend payments. Firstly, for the period from 1 January 2014 to 31 March 2014, of Baht 6 million, these dividends were paid to shareholders on 23 June 2014. Secondly, for the period 1 April 2014 to 31 December 2014, of Baht 24 million, dividends were paid to shareholders on 27 May 2015.

On 17 April 2014, the Extraordinary General meeting approved the dividends payment for the operating results for the period from 1 January 2013 to 31 March 2014 at Baht 1.73 per share for 15million shares, totaling Baht 25.95 million. The dividends were paid to shareholders on 23 June 2014.

**Subsidiaries**

At the Annual General meeting of G Gas Logistics Co., Ltd. No. 1/2015 held on 27 April 2015, the shareholders approved the dividends payment from the operating results for the year ended 31 December 2014 at Baht 3.34 per share for 1.5 million shares, totaling Baht 5.01 million. The dividends were paid to shareholders on 9 April 2015.

At the Annual General meeting of Ratchapruek Engineering Co., Ltd. No. 1/2015 held on 27 April 2015, the shareholders approved the dividends payment from the operating results for the year ended 31 December 2014 at Baht 28.00 per share for 200,000 shares, totaling Baht 5.6 million. The dividends were paid to shareholders on 9 April 2015.

At the Annual General meeting of G Gas Logistics Co., Ltd. No. 1/2014 held on 19 March 2014, the shareholders approved the dividends payment from the operating results for the year ended 31 December 2013 at Baht 4.15 per share for 1.5 million shares, totaling Baht 6.23 million. The dividends were paid to shareholders on 19 and 25 March 2014.

At the Annual General meeting of Ratchapruek Engineering Co., Ltd. No. 1/2014 held on 19 March 2014, the shareholders approved the dividends payment from the operating results for the year ended 31 December 2013 at Baht 58.90 per share for 200,000 shares, totaling Baht 11.78 million. The dividends were paid to shareholders on 26 March 2014.

## 22 Other income

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| **For the year ended 31 December** | | | | |
| Rental income | 6,120,000 | 6,285,000 | 6,120,000 | 6,285,000 |
| Interest income | 4,689,391 | 1,386,994 | 5,242,101 | 1,810,880 |
| Dividend income | - | - | 10,609,937 | 18,004,874 |
| Others | 993,356 | 1,406,749 | 10,612,261 | 9,103,432 |
| | 11,802,747 | 9,078,743 | 32,584,299 | 35,204,186 |

## 23 Expense by nature

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| **For the years ended 31 December** | | | | |
| Cost of sales | 884,989,208 | 791,861,566 | 884,989,208 | 791,861,566 |
| Depreciation and amortisation (Note 12, 13, 14) | 16,182,327 | 14,933,335 | 6,417,892 | 4,501,110 |
| Staff costs | 63,119,919 | 54,751,609 | 23,371,150 | 19,439,322 |
| Contribution to the fuel fund (Note 17) | 24,023,980 | 201,412,094 | 24,023,980 | 201,412,094 |
| Gas transportation expenses | 6,275,473 | - | 36,260,323 | 43,409,335 |
| Gas storage expenses | 15,802,296 | 12,104,082 | 15,802,296 | 12,104,082 |

## 24 Income tax

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 20134 Baht |
| **For the year ended 31 December** | | | | |
| Current tax | 19,758,767 | 6,813,001 | 4,968,429 | 3,228,430 |
| Deferred income tax expense (Note 16) | (4,287,723) | 145,923 | 819,686 | 388,851 |
| Income tax | 15,471,044 | 6,958,924 | 5,788,115 | 3,617,281 |

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

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 20134 Baht |
| **For the years ended 31 December** | | | | |
| Profit before income tax | 80,852,858 | 34,137,018 | 34,404,203 | 35,276,457 |
| Tax calculated at the tax rate of 20% | 16,170,572 | 6,827,404 | 6,880,840 | 7,055,291 |
| Exempt income tax | (699,528) | - | (2,121,987) | (3,600,975) |
| Expenses not deductible for tax purposes | - | 131,520 | 1,029,262 | 162,965 |
| Income tax | 15,471,044 | 6,958,924 | 5,788,115 | 3,617,281 |

Further information about deferred income tax is presented in Note 16.

## 25 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 19).

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Net profit attributable to ordinary shareholders of the company (Baht) | 65,381,814 | 27,178,094 | 28,616,088 | 31,659,176 |
| Weighted average number of ordinary shares outstanding (Shares) | 400,000,000 | 338,356,164 | 400,000,000 | 338,356,164 |
| Basic earnings per share (Baht) | 0.16 | 0.08 | 0.07 | 0.09 |

On 17 April 2014, the Company changed par value from Baht 10 per share to Baht 0.5 per share (Note 19)

## 26 Related-party transactions

As at 31 December 2015, the major shareholders of the Company are 4 individuals from Treeweeranuwat family, which own 60% of the Company's share capital.

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

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

The following transactions were significant to subsidiaries and related parties:

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

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| **Other receivables** | | | | |
| Subsidiaries | - | - | 1,195,200 | 947,170 |
| Associates | 400,000 | - | 400,000 | - |
| | 400,000 | - | 1,595,200 | 947,170 |
| **Accrued interest income** | | | | |
| Subsidiaries | - | - | 2,220,123 | 869,178 |
| Associates | 911,623 | - | 797,651 | - |
| | 911,623 | - | 3,017,774 | 869,178 |
| **Trade accounts payable** | | | | |
| Subsidiaries | - | - | 3,013,570 | 2,684,430 |
| **Other account payables** | | | | |
| Subsidiaries | - | - | 77,643 | 43,603 |

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

**b) Short-term loans to related parties**

**1) Short-term loans to subsidiaries**

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **2015 Baht** | **2014 Baht** | **2015 Baht** | **2014 Baht** |
| Opening balance | - | - | 30,000,000 | 25,000,000 |
| Additions | - | - | 43,880,000 | 15,000,000 |
| Repayments | - | - | (20,010,000) | (10,000,000) |
| Ending balance | - | - | 53,870,000 | 30,000,000 |

The Company has short-term loan to a subsidiary. The loan is unsecured loan and carry interest at the rate of 3% to 5% per annum. The loan is due for repayment on demand.

**2) Short-term loans to associates**

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **2015 Baht** | **2014 Baht** | **2015 Baht** | **2014 Baht** |
| Opening balance | - | - | - | - |
| Additions | 114,748,425 | - | 89,548,325 | - |
| Repayments | (30,300,000) | - | (20,000,000) | - |
| Ending balance | 84,448,425 | - | 69,548,325 | - |

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

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

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **2015 Baht** | **2014 Baht** | **2015 Baht** | **2014 Baht** |
| **For the year ended 31 December** | | | | |
| **Other income** | | | | |
| Subsidiaries | - | - | 9,944,776 | 8,510,047 |
| **Dividend income** (Include in other income) | | | | |
| Subsidiaries | - | - | 10,609,937 | 18,004,874 |
| **Interest income** (Include in other income) | | | | |
| Subsidiaries | - | - | 1,416,699 | 766,027 |
| Associates | 3,027,215 | - | 2,493,459 | - |
| | 3,027,215 | - | 3,910,158 | 766,027 |

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

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

**d) Purchases of goods and services, and interest expenses**

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **2015 Baht** | **2014 Baht** | **2015 Baht** | **2014 Baht** |
| **For the years ended 31 December** | | | | |
| **Purchase of goods and services** | | | | |
| Subsidiaries | - | - | 506,455 | 279,232 |
| **Rental expenses - office** | | | | |
| Subsidiaries | - | - | 504,000 | 423,667 |
| **Transportation expenses** | | | | |
| Subsidiaries | - | - | 29,984,850 | 38,063,901 |
| **Other Expenses** | | | | |
| Subsidiaries | - | - | 187,873 | 133,329 |

**e) Key management compensation**

Key management includes directors (executive and non-executive), the compensation paid or payable to key management is shown below:

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **2015 Baht** | **2014 Baht** | **2015 Baht** | **2014 Baht** |
| **For the year ended 31 December** | | | | |
| Salaries and other short-term employee benefits | 8,885,210 | 7,713,673 | 8,885,210 | 7,713,673 |
| Post-employment benefits | 469,422 | 38,930 | 469,422 | 38,930 |
| | 9,354,632 | 7,752,603 | 9,354,632 | 7,752,603 |

## 27 Commitments

a) Letters of guarantees

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

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Letters of guarantees | | | | |
| Company and subsidiary | 91,956,704 | 84,842,359 | 71,934,484 | 64,934,484 |
| Associates | 138,307,735 | - | - | - |
| | 230,264,439 | 84,842,359 | 71,934,484 | 64,934,484 |

The Group has credit facilities for letter of credits or trust receipt, letter of guarantee, forward contracts. These credit facilities are pledged by subsidiaries' assets, subsidiaries' bank accounts, and directors (Notes 7 and 13).

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

| | Consolidated | | Company | |
|---|---|---|---|---|
| | 2015 Baht | 2014 Baht | 2015 Baht | 2014 Baht |
| Within 1 year | 613,784 | 1,264,984 | 948,884 | 914,084 |
| Within 2 to 5 years | 1,865,938 | 1,624,438 | 2,165,938 | 2,585,938 |
| Over 5 years | 5,424,162 | 5,818,646 | 5,424,162 | 5,818,646 |
| Total | 7,903,884 | 8,708,068 | 8,538,984 | 9,318,668 |

## 28 Events after the reporting period

### 28.1 Dividend declarations

**The Company**

a) On 26 February 2016, the Board of Directors' meeting approved the interim dividends payment from the operating results for the year ended 31 December 2015 at Baht 0.033 per share for 800,000,000 shares, totaling Baht 26,156,000. The dividends are due for payment within May 2016.

**Subsidiaries**

a) On 26 February 2016, the Board of Directors' meeting of Rajchapluek Engineering Co., Ltd. approved the interim dividends payment from the operating results for the year ended 31 December 2015 at Baht 32.00 per share for 200,000 shares, totaling Baht 6,400,000. The dividends are due for payment within April 2016.

b) On 26 February 2016, the Board of Directors' meeting of G Gas Logistics Co., Ltd. approved the interim dividends payment from the operating results for the year ended 31 December 2015 at Baht 2.00 per share for 1,500,000 shares, totaling Baht 3,000,000. The dividends are due for payment within April 2016.

c) On 26 February 2016, the Board of Directors' meeting of Takuni (Thailand) Co., Ltd. approved the interim dividends payment from the operating results for the year ended 31 December 2015 at Baht 1.2 per share for 10,000,000 shares, totaling Baht 12,000,000. The dividends are due for payment within April 2016.

### 28.2 Receipt of paid-up additional shares

On 2 December 2015, the Extraordinary General meeting 1/2015 approved the issuance of shares capital of Takuni Group Public Company Limited at Baht 0.50 per share for amount not over than 800,000,000 shares to existing shareholders at the ratio of 1 existed ordinary share per 1 new ordinary share and set the exercise price at Baht 1 per share for 400,000,000 shares. The Company received paid-up amount in full of Baht 400,000,000 and registered the paid-up ordinary shares with the Ministry of Commerce on 13 January 2016.

### 28.3 Issuance of warrants

On 2 December 2015, the Extraordinary General meeting 1/2015 approved the issuance of 5-years warrants (TAKUNI-W) for amount not over than 400,000,000 shares for existing shareholders and new shareholders who book for the purchase of shares at the exercise ratio of 2 existed ordinary shares or issued shares per 1 warrant at the exercise price of Baht 2 per share. The warrants have 5 years duration since 29 January 2016. The warrants' first exercise date on 30 December 2016 and the last exercise date is on 28 January 2021.

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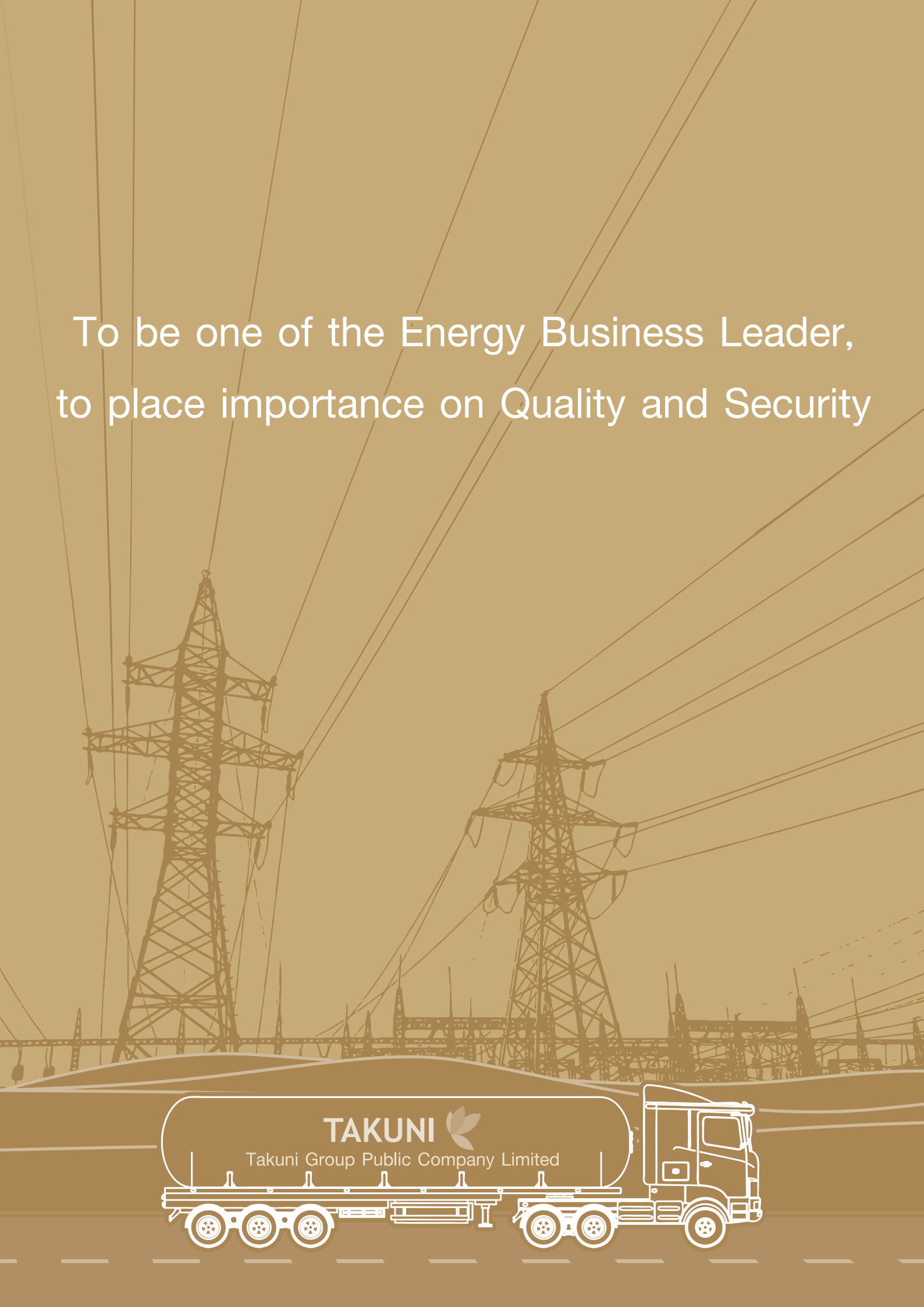
to place importance on Quality and Security



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