

**Sakol Energy Public Company Limited  
and its Subsidiaries**

Financial statements for the year ended  
31 December 2018  
and  
Independent Auditor's Report

## **Independent Auditor’s Report**

### **To the Shareholders of Sakol Energy Public Company Limited**

#### *Opinion*

I have audited the consolidated and separate financial statements of Sakol Energy Public Company Limited and its subsidiaries (the “Group”) and of Sakol Energy Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2018, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

#### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### *Key Audit Matters*

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

<b>Acquisition of business</b>	
Refer to note 3(a) and 4 to the consolidated financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>In 2018, the Group completed the acquisitions of 2 businesses which were the production and distribution of compressed bio-methane gas and production and distribution of electricity and resulted to record goodwill in the consolidated statement of financial position and gain on bargain purchase in the consolidated statements of comprehensive income.</p> <p>The acquisition method of accounting for business acquisition require the Group to determine the fair value of assets acquired and liabilities assumed and consideration transferred with any resulting differences recognized as goodwill or a gain on bargain purchase.</p> <p>Due to the materiality of the transactions and the significant consideration and complexities involved in determining the fair value of assets acquired and liabilities assumed, I considered accounting for business acquisition as a key audit matter.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Read the sale and purchase agreements to understand key terms and conditions and evaluated the appropriateness of the identification of the net assets acquired at the date of acquisition including understanding on the procedures on identification of fair value on net assets acquired which was prepared by the management.</li> <li>• Evaluated the independence and competency of independent appraisers.</li> <li>• Involved KPMG valuation specialist to evaluate the financial parameters applied to the discount rate, identification of the intangible assets, valuation methodology used and calculation rationale.</li> <li>• Evaluated significant assumptions underpinning the valuations of net assets acquired reference to internal and external information and mathematical accuracy.</li> <li>• Considered the adequacy of disclosures in accordance with Thai Financial Reporting Standards.</li> </ul>

<b>Impairment of goodwill</b>	
Refer to Notes 3(a) 3(j) 3(k) 4 and 14 to the consolidated financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>As at 31 December 2018, the Group had goodwill from a business acquisition.</p> <p>The management normally assesses the impairment from the estimated recoverable amount. The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated and related assumptions. Any shortfall of the recoverable amounts against the carrying amounts would be recognized as impairment losses.</p> <p>The judgments of management required to be applied over assumptions and the inherent uncertainty involved in forecasting and discounting future cash flows. This area was focused on my audit accordingly.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Inquired of the management to understand the process of estimated recoverable amount, impairment indicators assessment and preparation of discounted cash flow projection;</li> <li>• Considered the key assumptions in the estimated recoverable amount reports and business plan including evaluated the discount rate used in the calculation and tested mathematical accuracy of the impairment of goodwill;</li> <li>• Performed sensitivity analysis around the key assumptions</li> <li>• Considered the adequacy of disclosures in accordance with Thai Financial Reporting Standards.</li> </ul>

### *Other Information*

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements*

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

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

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

(Sakda Kaothanthong)  
Certified Public Accountant  
Registration No. 4628

KPMG Phoomchai Audit Ltd.  
Bangkok  
22 February 2019



## Sakol Energy Public Company Limited and its subsidiaries

### Statement of financial position

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity		2018	2017	2018	2017
				(Baht)	
<b>Current liabilities</b>					
Short-term borrowings					
from financial institutions	15	61,256,696	40,000,000	40,000,000	40,000,000
Trade accounts payable		16,991,012	28,798,092	16,991,012	28,798,092
Other payables	16	168,599,565	15,854,823	11,632,928	15,462,479
Current portion of long-term borrowings					
from financial institutions	15	53,242,022	14,680,076	29,742,022	14,680,076
Current portion of finance lease and hire purchase liabilities	15	957,675	1,076,021	957,675	1,076,021
<b>Total current liabilities</b>		<b>301,046,970</b>	<b>100,409,012</b>	<b>99,323,637</b>	<b>100,016,668</b>
<b>Non-current liabilities</b>					
Long-term borrowings					
from financial institutions	15	138,325,434	41,567,512	138,325,434	41,567,512
Finance lease and hire purchase liabilities	15	552,565	1,510,239	552,565	1,510,239
Deferred tax liabilities	17	30,568,754	9,854,486	9,992,754	9,854,486
Non-current provisions for employee benefit		788,600	597,999	788,600	597,999
Provisions for non-current liability		1,090,000	1,090,000	1,090,000	1,090,000
<b>Total non-current liabilities</b>		<b>171,325,353</b>	<b>54,620,236</b>	<b>150,749,353</b>	<b>54,620,236</b>
<b>Total liabilities</b>		<b>472,372,323</b>	<b>155,029,248</b>	<b>250,072,990</b>	<b>154,636,904</b>

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

## Sakol Energy Public Company Limited and its subsidiaries

### Statement of financial position

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity		2018	2017	2018	2017
		(Baht)			
<b>Equity</b>					
Share capital:	18				
Authorized share capital		465,000,000	465,000,000	465,000,000	465,000,000
Issued and paid share capital		465,000,000	465,000,000	465,000,000	465,000,000
Share premium on ordinary shares	18	297,618,600	297,618,600	297,618,600	297,618,600
Retained earnings					
Appropriated					
Legal reserve	19	29,300,000	26,000,000	29,300,000	26,000,000
Unappropriated		151,881,256	96,401,183	155,934,431	95,637,446
Other components of shareholders' equity		897,918	904,738	56,008	355,684
<b>Equity attributable to owners of the parent</b>		<b>944,697,774</b>	<b>885,924,521</b>	<b>947,909,039</b>	<b>884,611,730</b>
Non-controlling interests		74,822,647	-	-	-
<b>Total equity</b>		<b>1,019,520,421</b>	<b>885,924,521</b>	<b>947,909,039</b>	<b>884,611,730</b>
<b>Total liabilities and equity</b>		<b>1,491,892,744</b>	<b>1,040,953,769</b>	<b>1,197,982,029</b>	<b>1,039,248,634</b>

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



## Sakol Energy Public Company Limited and its subsidiaries

### Statement of income

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
		(Baht)			
<b>Revenues</b>	20				
Revenue from rendering of services	24	297,073,887	310,149,412	297,073,887	310,149,412
Revenue from financial lease		20,617,755	21,434,202	20,617,755	21,434,202
Other income	4	7,662,903	2,120,220	7,099,281	1,559,250
<b>Total income</b>		<b>325,354,545</b>	<b>333,703,834</b>	<b>324,790,923</b>	<b>333,142,864</b>
<b>Expenses</b>					
Cost of rendering of services	22	186,936,043	190,130,364	186,202,756	190,130,364
Administrative expenses	4, 22	76,285,466	61,252,741	71,167,982	60,841,534
Finance costs		4,702,292	8,345,547	3,684,932	8,345,547
<b>Total expenses</b>		<b>267,923,801</b>	<b>259,728,652</b>	<b>261,055,670</b>	<b>259,317,445</b>
<b>Profit before income tax expense</b>		<b>57,430,744</b>	<b>73,975,182</b>	<b>63,735,253</b>	<b>73,825,419</b>
Tax expense	23	(138,268)	(55,117)	(138,268)	(55,117)
<b>Profit for the year</b>		<b>57,292,476</b>	<b>73,920,065</b>	<b>63,596,985</b>	<b>73,770,302</b>
<b>Other comprehensive income</b>					
<i>Item that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on remeasuring available-for-sale investments	7	(6,662)	442,246	(299,676)	129,231
<b>Total item that will be reclassified subsequently to profit or loss</b>		<b>(6,662)</b>	<b>442,246</b>	<b>(299,676)</b>	<b>129,231</b>
<i>Item that are not reclassified subsequently to profit or loss</i>					
Profits from the measurement of new values of defined employee benefits		-	730,032	-	730,032
<b>Total item that are not reclassified subsequently to profit or loss</b>		<b>-</b>	<b>730,032</b>	<b>-</b>	<b>730,032</b>
<b>Other comprehensive income (expense) for the year</b>		<b>(6,662)</b>	<b>1,172,278</b>	<b>(299,676)</b>	<b>859,263</b>
<b>Total comprehensive income for the year</b>		<b>57,285,814</b>	<b>75,092,343</b>	<b>63,297,309</b>	<b>74,629,565</b>

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

## Sakol Energy Public Company Limited and its subsidiaries

### Statement of comprehensive income

	Consolidated financial statements		Separate financial statements		
	Year ended 31 December		Year ended 31 December		
	Note	2018	2017	2018	2017
					(Baht)
<b>Profit sharing (loss)</b>					
Owners of the parent		58,780,073	73,920,065	63,596,985	73,770,302
Non-controlling interests		(1,487,597)	-	-	-
<b>Profit for the year</b>		<b>57,292,476</b>	<b>73,920,065</b>	<b>63,596,985</b>	<b>73,770,302</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		58,773,253	75,092,343	63,297,309	74,629,565
Non-controlling interests		(1,487,439)	-	-	-
<b>Total comprehensive income for the year</b>		<b>57,285,814</b>	<b>75,092,343</b>	<b>63,297,309</b>	<b>74,629,565</b>
<b>Basic earnings per share</b>	25	<b>0.063</b>	<b>0.103</b>	<b>0.068</b>	<b>0.102</b>

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

**Sakol Energy Public Company Limited and its subsidiaries**  
**Statement of changes in equity**

**Consolidated financial statements**

	Note	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
				Legal reserve	Unappropriated	Available -for-sale investments			
				(Baht)					
<b>Year ended 31 December 2017</b>									
<b>Balance at 1 January 2017</b>		<b>346,400,000</b>	-	<b>22,200,000</b>	<b>261,518,766</b>	<b>462,492</b>	<b>630,581,258</b>	-	<b>630,581,258</b>
<b>Transactions with owners, recorded directly in equity</b>									
<b>Contributions by and distributions to owners of the parent</b>									
Issue of ordinary shares	18	118,600,000	297,618,600	-	-	-	416,218,600	-	416,218,600
Dividends to owners of the Company	26	-	-	-	(235,967,680)	-	(235,967,680)	-	(235,967,680)
<b>Total contributions by and distributions to owners of the parent</b>		<b>118,600,000</b>	<b>297,618,600</b>	<b>-</b>	<b>(235,967,680)</b>	<b>-</b>	<b>180,250,920</b>	<b>-</b>	<b>180,250,920</b>
<b>Comprehensive income for the year</b>									
Profit		-	-	-	73,770,302	-	73,770,302	-	73,770,302
Other comprehensive income		-	-	-	730,032	442,246	1,172,278	-	1,172,278
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>74,500,334</b>	<b>442,246</b>	<b>74,942,580</b>	<b>-</b>	<b>74,942,580</b>
Transfer to legal reserve	19	-	-	3,800,000	(3,800,000)	-	-	-	-
<b>Balance at 31 December 2017</b>		<b>465,000,000</b>	<b>297,618,600</b>	<b>26,000,000</b>	<b>96,401,183</b>	<b>904,738</b>	<b>885,924,521</b>	<b>-</b>	<b>885,924,521</b>

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

**Sakol Energy Public Company Limited and its subsidiaries**  
**Statement of changes in equity**

**Consolidated financial statements**

	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
			Legal reserve	Unappropriated	Available -for-sale investments			
<i>Note</i>								
<b>Year ended 31 December 2018</b>								
<b>Balance at 1 January 2018</b>	<b>465,000,000</b>	<b>297,618,600</b>	<b>26,000,000</b>	<b>96,401,183</b>	<b>904,738</b>	<b>885,924,521</b>	<b>-</b>	<b>885,924,521</b>
<b>Changes in ownership interests in subsidiaries</b>								
Acquisition of non-controlling interests through business combination	4	-	-	-	-	-	21,350,086	21,350,086
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	54,960,000	54,960,000
<b>Total changes in ownership interests in subsidiaries</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,310,086</b>	<b>76,310,086</b>
<b>Comprehensive income for the year</b>								
Profit		-	-	58,780,073	-	58,780,073	(1,487,597)	57,292,476
Other comprehensive income		-	-	-	(6,820)	(6,820)	158	(6,662)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>58,780,073</b>	<b>(6,820)</b>	<b>58,773,253</b>	<b>(1,487,439)</b>	<b>57,285,814</b>
Transfer to legal reserve	19	-	-	3,300,000	(3,300,000)	-	-	-
<b>Balance at 31 December 2018</b>		<b>465,000,000</b>	<b>297,618,600</b>	<b>29,300,000</b>	<b>151,881,256</b>	<b>897,918</b>	<b>74,822,647</b>	<b>1,019,520,421</b>

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

**Sakol Energy Public Company Limited and its subsidiaries**

**Statement of changes in equity**

		Separate financial statements					
		Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Other components of equity	Total equity
				Legal reserve	Unappropriated	-for-sale investments	
		(Baht)					
<b>Year ended 31 December 2017</b>							
	<i>Note</i>						
<b>Balance at 1 January 2017</b>		<b>346,400,000</b>	-	<b>22,200,000</b>	<b>260,904,792</b>	<b>226,453</b>	<b>629,731,245</b>
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners of the company</b>							
Issue of ordinary shares	18	118,600,000	297,618,600	-	-	-	416,218,600
Dividends to owners of the Company	26	-	-	-	(235,967,680)	-	(235,967,680)
<b>Total contributions by and distributions to owners of the company</b>		<b>118,600,000</b>	<b>297,618,600</b>	<b>-</b>	<b>(235,967,680)</b>	<b>-</b>	<b>180,250,920</b>
<b>Comprehensive income for the year</b>							
Profit		-	-	-	73,770,302	-	73,770,302
Other comprehensive income		-	-	-	730,032	129,231	859,263
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>74,500,334</b>	<b>129,231</b>	<b>74,629,565</b>
Transfer to legal reserve	19	-	-	3,800,000	(3,800,000)	-	-
<b>Balance at 31 December 2017</b>		<b>465,000,000</b>	<b>297,618,600</b>	<b>26,000,000</b>	<b>95,637,446</b>	<b>355,684</b>	<b>884,611,730</b>

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

**Sakol Energy Public Company Limited and its subsidiaries**  
**Statement of changes in equity**

	<b>Separate financial statements</b>					Total equity
	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Other components of equity	
			Legal reserve	Unappropriated	Available -for-sale investments	
<i>Note</i>	<i>(Baht)</i>					
<b>Year ended 31 December 2018</b>						
<b>Balance at 1 January 2018</b>	<b>465,000,000</b>	<b>297,618,600</b>	<b>26,000,000</b>	<b>95,637,446</b>	<b>355,684</b>	<b>884,611,730</b>
<b>Comprehensive income for the year</b>						
Profit	-	-	-	63,596,985	-	63,596,985
Other comprehensive income	-	-	-	-	(299,676)	(299,676)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,596,985</b>	<b>(299,676)</b>	<b>63,297,309</b>
Transfer to legal reserve	-	-	3,300,000	(3,300,000)	-	-
<b>Balance at 31 December 2018</b>	<b>465,000,000</b>	<b>297,618,600</b>	<b>29,300,000</b>	<b>155,934,431</b>	<b>56,008</b>	<b>947,909,039</b>

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

## Sakol Energy Public Company Limited and its subsidiaries

### Statement of cash flows

	Consolidated financial		Separate financial	
	statements		statements	
	Year ended 31 December		Year ended 31 December	
Note	2018	2017	2018	2017
	(Baht)			
<i>Cash flows from operating activities</i>				
Profit for the year	57,292,476	73,920,065	63,596,985	73,770,302
<i>Adjustments to reconcile profit to cash receipts (payment)</i>				
Tax expense	138,268	55,117	138,268	55,117
Gain on bargain purchase	4 (3,503,492)	-	-	-
Finance costs	4,702,292	8,345,547	3,684,932	8,345,547
Depreciation and amortization	9,259,613	5,726,105	8,994,103	5,726,105
Gain on disposal of money fund	(1,906,133)	(776,041)	(1,893,974)	(772,770)
Unrealized gain on exchange	(185,879)	-	-	-
(Gain) losses on disposal of equipments	(5,178)	220,923	(5,178)	220,923
Provision for employee benefit	274,463	603,376	274,463	603,376
Interest income	(484,793)	(104,908)	(2,778,668)	(103,759)
	65,581,637	87,990,184	72,010,931	87,844,841
<i>Changes in operating assets and liabilities</i>				
Trade account receivable	15,124,352	65,487,202	15,124,352	65,487,202
Other receivables	(36,963,346)	(133,090)	(2,416,862)	(203,082)
Financial lease receivable	11,054,755	14,474,505	11,054,755	14,474,505
Spare parts and supplies	(2,063,017)	(543,188)	(2,063,017)	(543,188)
Other non-current assets	(600)	(982,316)	-	(982,316)
Trade accounts payable	(11,807,080)	(2,687,551)	(11,807,080)	(2,687,551)
Other payables	(5,776,274)	1,075,847	(3,527,571)	855,355
Provisions for non-current liability	-	1,090,000	-	1,090,000
Employee benefit paid	(220,086)	(249,930)	(220,086)	(249,930)
Net cash generated from operating	34,930,341	165,521,663	78,155,422	165,085,836
Taxes paid	(6,041,476)	(417,043)	(5,980,710)	(364,539)
<b>Net cash from operating activities</b>	<b>28,888,865</b>	<b>165,104,620</b>	<b>72,174,712</b>	<b>164,721,297</b>

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

## Sakol Energy Public Company Limited and its subsidiaries

### Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
		(Baht)			
<b>Cash flows from investing activities</b>					
Proceeds from sale of money fund		746,375,404	527,550,000	745,905,404	527,300,000
Acquisition of money fund		(384,600,500)	(854,960,000)	(363,700,000)	(854,460,000)
Acquisition of debt securities held to maturity		(60,000,000)	-	(60,000,000)	-
Sale of debt securities held to maturity		60,000,000	-	60,000,000	-
Loans to related parties		-	-	(241,000,000)	-
Proceeds from loans to related parties		-	-	68,000,000	-
Loans to other party		(2,300,000)	-	-	-
Increased in restricted deposits at financial institutions		(17,399,074)	-	(15,599,074)	-
Cash outflow net acquisition of business from cash acquired	4	(88,497,095)	-	-	-
Acquisition of investments in subsidiary		-	-	(89,500,000)	-
Cash outflow on increase in share capital of subsidiary		-	-	(216,340,000)	-
Proceeds from non controlling interest of increase share capital in subsidiaries		54,960,000	-	-	-
Proceeds from sale of equipments		18,836	183	18,836	183
Acquisition of building and equipment		(386,050,803)	(20,219,687)	(9,462,298)	(20,219,687)
Acquisition of intangible assets		(1,167,466)	(620,860)	(1,164,101)	(620,860)
Interest received			104,908	1,589,372	103,759
<b>Net cash used in investing activities</b>		<b>(78,660,698)</b>	<b>(348,145,456)</b>	<b>(121,251,861)</b>	<b>(347,896,605)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares	18	-	416,218,600	-	416,218,600
Increased (decreased) from short-term borrowings from financial institutions		21,442,575	40,000,000	-	40,000,000
Proceeds from long-term borrowings from financial institutions		197,053,214	-	173,553,214	-
Repayment of long-term borrowings from financial institutions		(61,733,345)	(14,043,122)	(61,733,345)	(14,043,122)
Payment by a lessee for reduction of the outstanding liabilities relating to finance lease and hire purchase liabilities		(1,076,021)	(1,622,495)	(1,076,021)	(1,622,495)
Dividends paid to owners of the Company	26	-	(235,967,680)	-	(235,967,680)
Interest paid		(4,842,757)	(8,326,887)	(3,850,687)	(8,326,887)
<b>Net cash from financing activities</b>		<b>150,843,666</b>	<b>196,258,416</b>	<b>106,893,161</b>	<b>196,258,416</b>
<b>Net increase in cash and cash equivalents</b>		<b>101,071,833</b>	<b>13,217,580</b>	<b>57,816,012</b>	<b>13,083,108</b>
Cash and cash equivalents at 1 January		21,784,847	8,567,267	21,560,870	8,477,762
<b>Cash and cash equivalents at 31 December</b>	6	<b>122,856,680</b>	<b>21,784,847</b>	<b>79,376,882</b>	<b>21,560,870</b>
<b>Non-cash transactions</b>					
Other payables of building and equipment purchased		153,311,299	-	-	-

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



**Sakol Energy Public Company Limited and its subsidiaries**  
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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 22 February 2019.

**1 General Information**

Sakol Energy Public Company Limited, the “Company”, is incorporated in Thailand and has its registered head office and branches as follow:

Head office: 15 Moo 1 Chiang Rak Noi, Samkhok Pathumthani 12160

Branch 1: 168 Moo 4 Tha Maprang, Kaeng Khoi Saraburi 18110

Branch 2: 252/108(B) and 252/109(C) Muang Thai–Phatra Complex Building, 21<sup>st</sup> Floor, Ratchadaphisek Road, Huai Khwang Bangkok 10310

The Company was listed on the Stock Exchange of Thailand in November 2017.

The Company’s major shareholders during the financial year were Sumetchotimetha Family (54% shareholding) and Nuntee Family (21% shareholding).

The principle activity of the Company is compression of natural gas to PTT Public Company Limited. The Group operates in energy industry. Details of the Company’s subsidiaries as at 31 December 2018 and 2017 are given in notes 5 and 11.

**2 Basis of preparation of the financial statements**

*(a) Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS) and guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are not effective for annual financial periods beginning and have not been adopted in the preparation of these financial statements TFRS and revised in connection with the operations of the Group are disclosed in Note 30.

**Sakol Energy Public Company Limited and its subsidiaries**  
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(b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Available-for-sale financial investments	Fair value
Contingent consideration assumed in a business combination	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in note 3 (n)

(c) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in note 3 (e) Financial lease receivable.

(ii) Assumptions and estimation uncertainties

*Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group's has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

**Sakol Energy Public Company Limited and its subsidiaries**  
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Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in note are as follow:

- Note 4                      Acquisition of business
- Note 12                     Investment property
- Note 27                     Financial instruments

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group")

##### *Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognized in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses.

# **Sakol Energy Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2018**

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### *Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

### **(b) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

### **(c) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**Sakol Energy Public Company Limited and its subsidiaries**  
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**(d) Trade account receivable and other receivable**

Trade account receivable and other receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(e) Financial lease receivables**

Finance lease receivables is stated outstanding balance net of unearned interest income less allowance for doubtful accounts.

The Group determines whether an arrangement that does not take the legal form of a lease, convey right to control the use of underlying asset during the arrangement period in return of a payment or series of payments. The underlying asset is a specific asset that is subject for a lease arrangement.

**(f) Spare parts and supplies**

Spare parts and supplies are measured at cost. Cost of spare parts and supplies is calculated using the first in first out principle.

**(g) Investments**

*Investments in subsidiaries*

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

*Investments in debt and equity securities*

Debt securities and marketable equity securities, which are not the securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses, are recognized directly in equity. Impairment losses are recognized in profit or loss. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortized cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

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*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

**(h) *Investment properties***

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. No depreciation is provided on freehold land categorized as investment properties.

**(i) *Property, plant and equipment***

*Recognition and measurement*

*Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit or loss.

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*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and constructions	10 - 20 years
Machinery and equipment	10 - 20 years
Electrical system	10 years
Tools	5 years
Furniture, fixtures and office equipment	Lease term and 5 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(j) Intangible asset**

*Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

*Other intangible assets*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.



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*Subsequent expenditure*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

*Amortization*

Amortization is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of intangible asset from the date that it is available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative periods are as follows:

Software licenses and computer program	5 years
Sales purchase bio-methane agreement	10 years
Sales purchase electricity agreement	20 years

Amortization method, useful life and residual value are reviewed at each financial year-end and adjusted if appropriate. No amortization is provided on software licenses under installation.

**(k) *Impairment***

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating exceeds its recoverable amount. The impairment loss is recognized in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**Sakol Energy Public Company Limited and its subsidiaries**  
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*Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in profit or loss. For financial assets carried at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

Impairment losses recognized in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(l) Interest-bearing liabilities**

Interest-bearing liabilities are recognized initially at cost.

**(m) Trade accounts payable and other payables**

Trade accounts payable and other payables are stated at cost.

**(n) Employee benefits**

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

*Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

**Sakol Energy Public Company Limited and its subsidiaries**  
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*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(o) Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

**(p) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

*Rendering of services*

Revenue from rendering of services are recognized as services are provided.

*Revenue from financial leases*

The Company recognizes revenue from finance leases using the effective interest method.

*Rental income*

Rental income from investment property is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income. Contingent rentals are recognized as income in the accounting period in which they are earned.

*Interest income and other income*

Interest income and other income are recognized in profit or loss as they accrue.

**(q) Finance costs**

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

**(r) Lease payments**

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Group's incremental borrowing rate.

**(s) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

# Sakol Energy Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### (t) *Earnings per share*

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

### (u) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## 4 Acquisitions of business

For the year ended 31 December 2018, the Company acquired business as follows:

### (a) *RE BioFuels Company Limited*

On 8 February 2018 the Group obtained control of RE BioFuels Co., Ltd., which engaged in production and distribution of compressed bio-methane gas, by acquiring 7,500 ordinary shares at Baht 1,266.67 per share totaling Baht 9.50 million or being 75% of total ordinary shares.

Management believes the acquisition will expand a renewable energy business.

The following summarises the major class of consideration transferred, and the recognized amounts of asset acquired and liabilities assumed at the acquisition date.

### *Identifiable assets acquired and liabilities assumed*

	<b>Fair values</b>
	<i>(in thousand Baht)</i>
Cash and cash equivalents	1,001
Intangible asset	1,180
Other payables	(48)
Deferred tax liabilities	(236)
<b>Total identifiable assets acquired and liabilities assumed</b>	<b>1,897</b>
Non-controlling interest (based on their proportionate interest in the recognized of the net identifiable assets acquired and liabilities assumed of the acquire)	(474)
Goodwill	8,077
<b>Purchase consideration transferred</b>	<b>9,500</b>
Net cash acquired with the acquisition of business	(1,001)
<b>Net cash outflows</b>	<b>8,499</b>

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The valuation techniques used to determine the fair value of net assets acquired are significant.

- The fair value assessment of sales purchase bio-methane agreement is based on the income approach, under the Multi-period Excess earning method (MEEM) with the period of operation according to the sales purchase bio-methane agreement and related conditions. Important assumptions in the calculation include future revenue estimates and discount rate.

The main causes of changes in the fair value of net assets (liabilities) acquired at the date of acquisition resulting from the change in fair value of sales purchase bio-methane agreement. At acquisition date in RE Biofuel Co., Ltd. was planned to operate in November 2018. The management estimated the fair value based on the information received at the time. However, in February 2019, the Company has received additional information that RE Biofuel Co., Ltd.'s operation was delayed. Together with the financial reporting standards that allow the fair valuation period to not exceed one year from the date of purchase of investment. Resulting in the recognition of the difference between the consideration paid and the fair value assessed by an independent appraiser as goodwill amount of Baht 8.1 million, included in the consolidated statement of financial position.

*Goodwill*

The goodwill is attributable mainly to an opportunity of RE Biofuels Co., Ltd. for receiving funding from the Department of Alternative Energy Development and Efficiency. None of the goodwill recognized is expected to be deductible for income tax purposes.

*Acquisition-related costs*

The Group incurred acquisition-related costs of Baht 1.08 million related to external legal fees and due diligence costs.

In the period since acquisition date to 31 December 2018, RE Biofuel Co., Ltd. contributed no income and operation loss for the period of Baht 3.20 million to the Group's operating results. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue would not increase and consolidated loss for the year ended 31 December 2018 would have increased by Baht 3.22 million.

**(b) Mae Krating Power Co., Ltd.**

On 15 May 2018, the Group obtained control of Mae Krating Power Co., Ltd., which engaged in production and distribution of electricity by acquiring 2,000,000 ordinary shares at Baht 40 per share totaling Baht 80 million or being 80% of total ordinary shares.

Management believes the acquisition will expand a renewable energy business.

The following summarises the major class of consideration transferred, and the recognized amounts of asset acquired and liabilities assumed at the acquisition date.

**Sakol Energy Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*Identifiable assets acquired and liabilities assumed*

	<b>Fair values</b> <i>(in thousand Baht)</i>
Cash and cash equivalents	2
Other receivables	2,435
Property, plant and equipment	17,721
Intangible asset	110,000
Other current payables	(5,439)
Deferred tax liabilities	(20,340)
<b>Total identifiable assets acquired and liabilities assumed</b>	<b>104,379</b>
Non-controlling interest (based on their proportionate interest in the recognized of the net identifiable assets acquired and liabilities assumed of the acquire)	(20,876)
Gain on bargain purchase	(3,503)
<b>Purchase consideration transferred</b>	<b>80,000</b>
Net cash acquired with the acquisition of business	(2)
<b>Net cash outflows</b>	<b>79,998</b>

The valuation techniques used to determine the fair value of net assets acquired are significant.

- The fair value assessment of power purchase agreements is based on the income approach, under the Multi-period Excess earning method (MEEM) with the period of operation according to the power purchase agreement and related conditions important assumptions in the calculation include future revenue estimates and discount rate.
- The fair value assessment of land is based on market value approach.

The main reason for the change in the fair value of net assets (liabilities) acquired on the date of purchase of investment is due to the change in the fair value of the power purchase agreement. At acquisition date in Mae Krating Power Co., Ltd. had not granted promotion privileges. The management estimated the fair value based on the information received at the time. However, in January 2019, Mae Krating Power Co., Ltd. had been granted promotion privileges. Together with the financial reporting standards that allow the fair valuation period to not exceed one year from the date of purchase of investment. Resulting in the recognition of the difference between the consideration paid and the fair value assessed by an independent appraiser as a gain on bargain purchase of Baht 3.5 million recognized in the consolidated income statement.

*Acquisition-related costs*

The Group incurred acquisition-related costs of Baht 3.91 million related to external legal fees and due diligence costs.

In the period since acquisition date to 31 December 2018, Mae Krating Power Co., Ltd. contributed no income and operation loss for the period of Baht 4.12 million to the Group's operating results. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue would not increase and consolidated loss for the year ended 31 December 2018 would have increased by Baht 4.18 million.

**5 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

**Sakol Energy Public Company Limited and its subsidiaries**  
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Relationships with subsidiaries, key management and other related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation</b>	<b>Nature of relationships</b>
SK15 Company Limited	Thailand	Subsidiary with ownership of 99.99% and common directors
Sakol Energy Biomass Power 15 Company Limited	Thailand	Subsidiary with ownership of 99.99% and common directors
RE Biofuel Company Limited	Thailand	Subsidiary with ownership of 75% and common directors
Mae Krating Power Company Limited	Thailand	Subsidiary with ownership of 80% and common directors
PTC Holding Company Limited	Thailand	Common directors and directors hold all shares
Transuwan Company Limited	Thailand	Common directors and directors hold substantial shares
Thai Biogas Technology Company Limited	Thailand	Common directors and directors hold substantial shares
T. Line Transport Company Limited	Thailand	Common directors and directors hold substantial shares
Tranthanakom Company Limited	Thailand	Common directors and directors hold substantial shares
N15 Technology Company Limited	Thailand	Common directors and directors hold substantial shares
CSK Waste Recycling Company Limited	Thailand	Common directors and directors hold substantial shares
CSK Inventory Services Company Limited	Thailand	Common directors and directors hold substantial shares
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for transactions with related parties are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Management income	Contractual rates
Rental and utility income	Contractual rates
Interest income	Contractual rates
Other service income	Contractual rates
Other income	Contractual rates
Rental expense	Contractual rates
Other service expense	Contractual rates



**Sakol Energy Public Company Limited and its subsidiaries**  
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**For the year ended 31 December 2018**

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Management income	-	-	867	-
Rental income	-	-	83	-
Other service income	-	-	571	-
Other income	-	-	14	-
Interest income	-	-	2,508	-
Rental expense	-	-	23	-
<b>Other related parties</b>				
Utility income	165	213	165	213
<b>Key management personnel</b>				
Short-term employee benefits	14,355	14,420	14,355	14,420
Post-employment benefits	4	46	4	46
<b>Total key management personnel compensation</b>	<b>14,359</b>	<b>14,466</b>	<b>14,359</b>	<b>14,466</b>

Balances as at 31 December with related parties were as follows:

<i>Other receivables from related party</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Other related party</b>				
Transuwan Company Limited	<u>25</u>	<u>30</u>	<u>25</u>	<u>30</u>

<i>Short-term loans to related party</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
Mae Krating Power Company Limited	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>-</u>

Movements during the year ended 31 December of loans to related parties were as follows:

<i>Short-term loans to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
At 1 January	-	-	-	-
Increase	-	-	96,000	-
Decrease	-	-	(68,000)	-
Transfer to long-term loan	-	-	(12,000)	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>16,000</b>	<b>-</b>

# Sakol Energy Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

In April 2018, the Company entered into a short-term loan agreement of Baht 12 million with RE Biofuels Co., Ltd., whereby the loan is repayable principal and interest within 7 days from the receipt of support from the Department of Alternative Energy Development and Efficiency or within 1 year from 18 April 2018, whichever is earlier, with an interest rate of 11% per annum. Subsequently in November 2018, the repayment schedule was revised to monthly repayable of Baht 0.21 million for 72 installments, effective from May 2019 and also changes of interest rate from 11% per annum to 8% per annum. Therefore, the Company reclassified this loan to long-term loan to related party in the consolidated statement of financial position.

In 2018, the Company entered into a short-term loan agreement of Baht 84 million with Mae Krating Power Co., Ltd., with an interest rate at MOR+2.75% per annum. For the purpose of construction Mae Krating building a biomass power plant and others related to this project. The loan is repayable principal and interest on 23 June 2019.

<i>Long-term loans to related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
RE Biofuels Company Limited	-	-	12,000	-
Mae Krating Power Company Limited	-	-	145,000	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>157,000</u>	<u>-</u>

Movements during the year ended 31 December of loans to related parties were as follows:

<i>Long-term loans to related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
At 1 January	-	-	-	-
Increase	-	-	145,000	-
Transfer from short-term loan	-	-	12,000	-
<b>At 31 December</b>	<u>-</u>	<u>-</u>	<u>157,000</u>	<u>-</u>

In December 2018, the Company entered into a long-term loan agreement of Baht 145 million with Mae Krating Power Co., Ltd., with an interest rate at MOR+2.75% per annum. The long-term is repayable in 64 monthly installments, effective from September 2020. For the purpose of construction Mae Krating building a biomass power plant and others related to this project.

### **Guarantees**

As at 31 December 2018, certain directors of the Group and the Company no had guaranteed for credit facilities. (31 December 2017 : Baht 326 million).

**Sakol Energy Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**6 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash on hand	330	329	320	325
Cash at banks - current account	24,058	64	100	64
Cash at banks - savings accounts	98,866	21,392	78,957	21,172
<b>Total</b>	<b>123,254</b>	<b>21,785</b>	<b>79,377</b>	<b>21,561</b>

**7 Current investments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Mutual fund	<b>65,522</b>	<b>425,398</b>	<b>12,959</b>	<b>393,570</b>

Movements during the year ended 31 December of mutual fund were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
At 1 January	425,398	96,770	393,570	65,508
Purchases during the year	384,600	854,960	363,700	854,460
Sales during the year	(744,469)	(526,774)	(744,011)	(526,527)
Valuation adjustment	(7)	442	(300)	129
<b>At 31 December</b>	<b>65,522</b>	<b>425,398</b>	<b>12,959</b>	<b>393,570</b>

Movements during the year ended 31 December of debt securities held to maturity were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
At 1 January	-	-	-	-
Purchases during the year	60,000	-	60,000	-
Sales during the year	(60,000)	-	(60,000)	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**8 Trade account receivable**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Other party	<b>42,142</b>	<b>57,266</b>	<b>42,142</b>	<b>57,266</b>

Trade account receivable of the Group as at 31 December 2018 are within credit term.

The normal credit term granted by the Group is 30 days.

**Sakol Energy Public Company Limited and its subsidiaries**  
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**9 Other receivables**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2018	2017	2018	2017
			<i>(in thousand Baht)</i>		
Other receivables from related party	5	25	30	25	30
Revenue department receivable		28,704	398	6,345	365
Undue Value Added Tax		8,744	-	-	-
Prepaid expenses		3,897	983	2,612	983
Others		5,811	242	2,223	240
<b>Total</b>		<b><u>47,181</u></b>	<b><u>1,653</u></b>	<b><u>11,205</u></b>	<b><u>1,618</u></b>

**Sakol Energy Public Company Limited and its subsidiaries**  
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**10 Financial lease receivable**

	<b>Consolidated/ Separate financial statements</b>							
	Within one year		After one year but within five years		After five years		Total	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	<i>(in thousand Baht)</i>							
Financial lease receivable	37,320	37,321	126,690	126,690	190,850	222,522	354,860	386,533
Less deferred interest income	(19,727)	(20,618)	(68,119)	(72,664)	(50,758)	(65,941)	(138,604)	(159,223)
<b>Net</b>	<b><u>17,593</u></b>	<b><u>16,703</u></b>	<b><u>58,571</u></b>	<b><u>54,026</u></b>	<b><u>140,092</u></b>	<b><u>156,581</u></b>	<b><u>216,256</u></b>	<b><u>227,310</u></b>

The Company entered into two natural gas compression contracts with PTT Public Company Limited (PTT) to provide gas storage trailers natural gas compression service to PTT. The Company must comply with the conditions stipulated in the contracts for a period of 20 years, expiring in March 2029 and October 2030, respectively. These contracts have met the conditions for arrangements which contain leases, according to TFRIC 4.

**Sakol Energy Public Company Limited and its subsidiaries**  
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**11 Investments in subsidiaries**

	<i>Note</i>	<b>Separate financial statements</b>	
		2018	2017
At 1 January		201,999	201,999
Disposals	4	89,500	-
Increase in capital in subsidiaries		216,340	-
<b>At 31 December</b>		<b>507,839</b>	<b>201,999</b>

*Acquisition of subsidiaries and increase in share capital of subsidiaries*

On 8 February 2018, the Company acquired 7,500 ordinary shares of RE Biofuels Co., Ltd, Baht 1,266.67 per share totaling Baht 9.5 million being 75% of total ordinary shares. Subsequently, in March 2018, RE Biofuels Co., Ltd increased its registered capital from Baht 1 million (10,000 shares at Baht 100 par value) to Baht 15 million (150,000 ordinary shares at Baht 100 par value) and call for the increased share capital at 75% shareholding (105,000 ordinary shares at Baht 100 par value) of Baht 10.50 million.

On 15 May 2018, the Company acquired 2,000,000 ordinary shares of Mae Krating Power Co., Ltd, Baht 40 per share totalling Baht 80 million being 80% of total ordinary shares. Subsequently, in June 2018, Mae Krating Power Co., Ltd increased its registered capital from Baht 25 million (2,500,000 shares at Baht 10 par value) to Baht 282.30 million (28,230,000 ordinary shares at Baht 10 par value) and call for the increased share capital at 80% shareholding (20,584,000 ordinary shares at Baht 10 par value) of Baht 205.84 million.

**Sakol Energy Public Company Limited and its subsidiaries**  
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Investments in subsidiaries as at 31 December 2018 and 2017 and dividend income from those investments for the years then ended, were as follows:

	Type of business	Ownership interest		Separate financial statements				Dividend income	
		2018	2017	Paid share capital		Cost		2018	2017
		(%)		2018	2017	2018	2017	2018	2017
<b>Subsidiaries</b>						<i>(in thousand Baht)</i>			
SK15 Company Limited	Rental of property	99.99	99.99	140,000	140,000	140,000	140,000	-	-
Sakol Energy Biomass Power 15 Company Limited	Production and distribution of electricity	99.99	99.99	62,000	62,000	61,999	61,999	-	-
RE Biofuels Company Limited	Production and distribution of compressed bio-methane gas	75.00	-	15,000	-	20,000	-	-	-
Mae Krating Power Company Limited	Production and distribution of electricity	80.00	-	282,300	-	285,840	-	-	-
<b>Total</b>				<u>499,300</u>	<u>202,000</u>	<u>507,839</u>	<u>201,999</u>	<u>-</u>	<u>-</u>

All 4 subsidiaries were incorporated in Thailand.

The Company has no investments in subsidiaries registered in the Stock Exchange so there are no published price quotations to be disclosed.

**Sakol Energy Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
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**12 Investment properties**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
At 1 January		171,618	12,122	-	-
Transfer from property, plant and equipment	13	-	159,496	-	-
<b>At 31 December</b>		<b><u>171,618</u></b>	<b><u>171,618</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

The fair value of investment properties as at 31 December 2018 of Baht 176.89 million (2017: Baht 176.89 million) was determined by independent professional valuers approved by the Securities and Exchange Commission, at open market value on an existing use basis. The fair value measurement for investment property has been categorized as a Level 2 fair value.

Investment properties were the properties that the Group has not used for operation.

**Measurement of fair value**

The fair value of investment property was determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio on an annual basis.

*Security*

At 31 December 2018, the Group has mortgaged investment properties of Baht 100.98 million (2017: Baht 100.98 million) as collateral against long-term borrowings from financial institution, as described in note 15.



**Sakol Energy Public Company Limited and its subsidiaries**  
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**13 Property, plant, and equipment**

	Note	Consolidated financial statements								
		Land	Buildings and constructions	Machinery and equipment	Electrical System	Tools	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
<i>Cost</i>										
At 1 January 2017		238,130	8,137	21,071	634	2,319	12,218	16,037	938	299,484
Additions		-	-	202	-	93	2,844	-	17,081	20,220
Disposal		-	-	(120)	-	(93)	(4,130)	-	(131)	(4,474)
Transfer		-	92	2,449	1,587	-	6,546	-	(10,674)	-
Transfer to investment property		(159,496)	-	-	-	-	-	-	-	(159,496)
<b>At 31 December 2017 and 1 January 2018</b>		<b>78,634</b>	<b>8,229</b>	<b>23,602</b>	<b>2,221</b>	<b>2,319</b>	<b>17,478</b>	<b>16,037</b>	<b>7,214</b>	<b>155,734</b>
Additions		-	979	-	-	332	1,412	51	536,588	539,362
Disposal		-	-	-	-	(27)	(164)	-	-	(191)
Transfer		-	23,448	2,040	5,139	444	150	-	(31,221)	-
Acquisition through business combination	4	1,700	-	-	-	-	-	-	16,021	17,721
<b>At 31 December 2018</b>		<b>80,334</b>	<b>32,656</b>	<b>25,642</b>	<b>7,360</b>	<b>3,068</b>	<b>18,876</b>	<b>16,088</b>	<b>528,602</b>	<b>712,626</b>
<i>Depreciation</i>										
At 1 January 2017		-	2,119	4,400	96	1,906	9,882	7,662	-	26,065
Depreciation charge for the year		-	417	1,203	143	181	1,019	2,649	-	5,612
Disposal		-	-	(31)	-	(92)	(4,130)	-	-	(4,253)
<b>At 31 December 2017 and 1 January 2018</b>		<b>-</b>	<b>2,536</b>	<b>5,572</b>	<b>239</b>	<b>1,995</b>	<b>6,771</b>	<b>10,311</b>	<b>-</b>	<b>27,424</b>
Depreciation charge for the year		-	1,338	1,458	332	157	3,255	2,543	-	9,083
Disposal		-	-	-	-	(27)	(150)	-	-	(177)
<b>At 31 December 2018</b>		<b>-</b>	<b>3,874</b>	<b>7,030</b>	<b>571</b>	<b>2,125</b>	<b>9,876</b>	<b>12,854</b>	<b>-</b>	<b>36,330</b>

**Sakol Energy Public Company Limited and its subsidiaries**  
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	<b>Consolidated financial statements</b>								
	Land	Buildings and constructions	Machinery and equipment	Electrical System	Tools	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
	<i>(in thousand Baht)</i>								
<b>Net book value</b>									
<b>At 1 January 2017</b>									
Owned assets	238,130	6,018	16,671	538	413	2,336	2,333	938	267,377
Assets under finance leases	-	-	-	-	-	-	6,042	-	6,042
	<b><u>238,130</u></b>	<b><u>6,018</u></b>	<b><u>16,671</u></b>	<b><u>538</u></b>	<b><u>413</u></b>	<b><u>2,336</u></b>	<b><u>8,375</u></b>	<b><u>938</u></b>	<b><u>273,419</u></b>
<b>At 31 December 2017 and 1 January 2018</b>									
Owned assets	78,634	5,693	18,030	1,982	324	10,707	934	7,214	123,518
Assets under finance leases	-	-	-	-	-	-	4,792	-	4,792
	<b><u>78,634</u></b>	<b><u>5,693</u></b>	<b><u>18,030</u></b>	<b><u>1,982</u></b>	<b><u>324</u></b>	<b><u>10,707</u></b>	<b><u>5,726</u></b>	<b><u>7,214</u></b>	<b><u>128,310</u></b>
<b>At 31 December 2018</b>									
Owned assets	80,334	28,782	18,612	6,789	943	9,000	1,531	528,602	674,593
Assets under finance leases	-	-	-	-	-	-	1,703	-	1,703
	<b><u>80,334</u></b>	<b><u>28,782</u></b>	<b><u>18,612</u></b>	<b><u>6,789</u></b>	<b><u>943</u></b>	<b><u>9,000</u></b>	<b><u>3,234</u></b>	<b><u>528,602</u></b>	<b><u>676,296</u></b>

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	<b>Separate financial statements</b>								
	Land	Buildings and constructions	Machinery and equipment	Electrical System	Tools	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
	<i>(in thousand Baht)</i>								
<b>Cost</b>									
At 1 January 2017	78,634	8,137	21,071	634	2,319	12,218	16,037	938	139,988
Additions	-	-	202	-	93	2,844	-	17,081	20,220
Disposal	-	-	(120)	-	(93)	(4,130)	-	(131)	(4,474)
Transfer	-	92	2,449	1,587	-	6,546	-	(10,674)	-
<b>At 31 December 2017 and 1 January 2018</b>	<b>78,634</b>	<b>8,229</b>	<b>23,602</b>	<b>2,221</b>	<b>2,319</b>	<b>17,478</b>	<b>16,037</b>	<b>7,214</b>	<b>155,734</b>
Additions	-	845	-	-	332	970	51	7,264	9,462
Disposal	-	-	-	-	(27)	(164)	-	-	(191)
Transfer	-	12,438	2,040	-	-	-	-	(14,478)	-
<b>At 31 December 2018</b>	<b>78,634</b>	<b>21,512</b>	<b>25,642</b>	<b>2,221</b>	<b>2,624</b>	<b>18,284</b>	<b>16,088</b>	<b>-</b>	<b>165,005</b>
<b>Depreciation</b>									
At 1 January 2017	-	2,119	4,400	96	1,906	9,882	7,662	-	26,065
Depreciation charge for the year	-	417	1,203	143	181	1,019	2,649	-	5,612
Disposal	-	-	(31)	-	(92)	(4,130)	-	-	(4,253)
<b>At 31 December 2017 and 1 January 2018</b>	<b>-</b>	<b>2,536</b>	<b>5,572</b>	<b>239</b>	<b>1,995</b>	<b>6,771</b>	<b>10,311</b>	<b>-</b>	<b>27,424</b>
Depreciation charge for the year	-	1,209	1,458	222	154	3,231	2,543	-	8,817
Disposal	-	-	-	-	(27)	(150)	-	-	(177)
<b>At 31 December 2018</b>	<b>-</b>	<b>3,745</b>	<b>7,030</b>	<b>461</b>	<b>2,122</b>	<b>9,852</b>	<b>12,854</b>	<b>-</b>	<b>36,064</b>

**Sakol Energy Public Company Limited and its subsidiaries**  
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	<b>Separate financial statements</b>								
	Land	Buildings and constructions	Machinery and equipment	Electrical System	Tools <i>(in thousand Baht)</i>	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
<b><i>Net book value</i></b>									
<b>At 1 January 2017</b>									
Owned assets	78,634	6,018	16,671	538	413	2,336	2,333	938	107,881
Assets under finance leases	-	-	-	-	-	-	6,042	-	6,042
	<b><u>78,634</u></b>	<b><u>6,018</u></b>	<b><u>16,671</u></b>	<b><u>538</u></b>	<b><u>413</u></b>	<b><u>2,336</u></b>	<b><u>8,375</u></b>	<b><u>938</u></b>	<b><u>113,923</u></b>
<b>At 31 December 2017 and 1 January 2018</b>									
Owned assets	78,634	5,693	18,030	1,982	324	10,707	934	7,214	123,518
Assets under finance leases	-	-	-	-	-	-	4,792	-	4,792
	<b><u>78,634</u></b>	<b><u>5,693</u></b>	<b><u>18,030</u></b>	<b><u>1,982</u></b>	<b><u>324</u></b>	<b><u>10,707</u></b>	<b><u>5,726</u></b>	<b><u>7,214</u></b>	<b><u>128,310</u></b>
<b>At 31 December 2018</b>									
Owned assets	78,634	17,767	18,612	1,760	502	8,432	1,531	-	127,238
Assets under finance leases	-	-	-	-	-	-	1,703	-	1,703
	<b><u>78,634</u></b>	<b><u>17,767</u></b>	<b><u>18,612</u></b>	<b><u>1,760</u></b>	<b><u>502</u></b>	<b><u>8,432</u></b>	<b><u>3,234</u></b>	<b><u>-</u></b>	<b><u>128,941</u></b>

The gross amount of the Group's and the Company's fully depreciated plant and equipment that was still in use as at 31 December 2018 amounted to Baht 10.82 million (2017: Baht 9.74 million).

*Security*

At 31 December 2018, the Group and the Company have mortgaged assets approximately Baht 131.62 million and Baht 103.26 million, respectively, (2017: Baht 66.55 million and Baht 66.55 million, respectively) as collateral against long-term borrowings from financial institutions, as described in note 15.

*Transfer to investment property*

During 2017, the Group's land was transferred to investment property, because currently it has not been used for operation by the group.

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**14 Goodwill**

	<i>Note</i>	<b>Consolidated financial statements</b>	
		2018	2017
		<i>(in thousand Baht)</i>	
<b>Cost</b>			
<b>At 1 January</b>		-	-
Acquired from the acquisitions of business	4	<u>8,077</u>	<u>-</u>
<b>At 31 December</b>		<u><b>8,077</b></u>	<u><b>-</b></u>
<b>Loss from impairment</b>			
At 1 January		<u>-</u>	<u>-</u>
<b>At 31 December</b>		<u><b>-</b></u>	<u><b>-</b></u>
<b>Net book value</b>			
At 1 January		<u>-</u>	<u>-</u>
<b>At 31 December</b>		<u><b>8,077</b></u>	<u><b>-</b></u>

***Impairment test of book value of goodwill***

The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated. The values assigned to the key assumptions represented management's assessment of business plan. The key assumptions used in the estimation of the recoverable amount were as follows:

Key assumptions in estimating the value in use are as follows.

	<b>Consolidated financial statements</b>	
	2018	2017
	<i>(Percentage)</i>	
Discount rate	11.45	-
Growth rate	-	-
Budgeted earnings before interest, income tax, depreciation and amortization growth rate (average of next ten years)	0.11	-

***Discount rate***

The discount rates were based on weighted average cost of capital, with the Company's cost of debt, risk free rate of 10-year government bond and average industry beta.

***Terminal value growth rate***

Ten years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined by management.

***Budgeted earnings before interest, income tax, depreciation and amortization***

Budgeted earnings before interest, income tax, depreciation and amortization was based on expectations of future outcomes by management. It was assumed that employee benefit expenses would grow at a forecast inflation over the next ten years.

Based on the impairment testing, the expected recoverable amount was estimated to be higher than its carrying amount and no impairment was required to these financial statements.

**Sakol Energy Public Company Limited and its subsidiaries**  
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**15 Interest-bearing liabilities**

	<b>Consolidated financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
<b>Current</b>		
Short-term borrowings from financial institutions - Secured	61,256	40,000
Current portion of long-term borrowings from financial institutions		
- Secured	43,405	14,680
- Unsecured	9,837	-
Current portion of financial lease and hire purchase liabilities	958	1,076
<b>Total current interest-bearing liabilities</b>	<b>115,456</b>	<b>55,756</b>
<b>Non-current</b>		
Long-term borrowings from financial institutions		
- Secured	123,647	41,568
- Unsecured	14,678	-
Financial lease and hire purchase liabilities	553	1,510
<b>Total non-current interest-bearing liabilities</b>	<b>138,878</b>	<b>43,078</b>
<b>Total interest bearing liabilities</b>	<b>254,334</b>	<b>98,834</b>

	<b>Separate financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
<b>Current</b>		
Short-term borrowings from financial institutions - Secured	40,000	40,000
Current portion of long-term borrowings from financial institutions		
- Secured	19,905	14,680
- Unsecured	9,837	-
Current portion of financial lease and hire purchase liabilities	958	1,076
<b>Total current interest-bearing liabilities</b>	<b>70,700</b>	<b>55,756</b>
<b>Non-current</b>		
Long-term borrowings from financial institutions		
- Secured	123,647	41,568
- Unsecured	14,678	-
Financial lease and hire purchase liabilities	553	1,510
<b>Total non-current interest-bearing liabilities</b>	<b>138,878</b>	<b>43,078</b>
<b>Total interest bearing liabilities</b>	<b>209,578</b>	<b>98,834</b>

The periods to maturity of interest-bearing liabilities, excluding finance lease and hire purchase liabilities, as at 31 December were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Within one year	114,498	54,680	69,742	54,680
After one year but within five years	110,410	41,568	110,410	41,568
After five years	27,915	-	27,915	-
<b>Total</b>	<b>252,823</b>	<b>96,248</b>	<b>208,067</b>	<b>96,248</b>

**Sakol Energy Public Company Limited and its subsidiaries**  
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**For the year ended 31 December 2018**

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
		<i>(in thousand Baht)</i>		
Property, plant and equipment	131,623	66,554	103,258	66,554
Investment properties	100,983	100,983	-	-
	<b>232,606</b>	<b>167,537</b>	<b>103,258</b>	<b>66,554</b>

As at 31 December 2018, the Company had short-term loans from a financial institution totaling Baht 62 million and Baht 40 million, respectively, (2017: Baht 40 million and Baht 40 million, respectively) which is consisted of promissory notes with interest rate at 4.30% and 4.30% - 6.28% per annum, respectively, (2017: 4.15% and 4.15%, respectively).

In July 2013, the Company entered into a long-term loan agreement of Baht 100 million with a financial institution. The long-term loan is repayable in 84 monthly installments of Baht 1.43 million each effective from September 2014, and interest is paid on monthly at the rate of MLR-2.375% per annum for the first two years, MLR-2.125% per annum for the third to fourth year, and MLR-1.625% per annum for the remaining years. This loan is guaranteed by certain directors and secured by a mortgage of land, buildings and structure there on, and machinery and equipment of the Company including any assignment of the insured property. Under the loan agreement, the Company must comply with certain conditions stipulated in the agreement, such as financial covenants and to maintain the Company's major shareholders not less than 26% of the total shares listed on the Stock Exchange of Thailand over the term of this agreement. However, the Company had repaid the loan in full in May 2018.

In May 2018, the Company entered into a long-term loan agreement of Baht 30 million with a financial institution. The long-term loan is repayable in 36 monthly installments of Baht 0.9 million each effective from June 2018, with interest at the rate of 4.76% per annum.

In August 2018, a subsidiary entered into credit facility agreement with a financial institution. These credits facilities are secured by a mortgage of building and structures of the subsidiary, the Company and shareholders by percentage of shareholding, transfer right if the receipt of support from the Department of Alternative Energy Development and Efficiency, transfer power right of collection under sales purchase agreement, transfer right of land's leasehold and transfer right of claim from customer.

In December 2018, the subsidiary entered into a long-term loan agreement of Baht 20 million, with a financial institution. The long-term loan principal at Baht 12 million will be paid in July 2019 and the remaining balance is repayable in 77 monthly installments of Baht 0.19 million each, with interest at the rate of MLR-1.25% per annum for the first five years, MLR-1.00% per annum for the remaining years.

In December 2018, the subsidiary entered into a long-term loan agreement of Baht 3.5 million, with the financial institution. The long-term loan is repayable in 78 monthly installments of Baht 0.06 million each effective from July 2019, with interest at the rate of MLR-1.25% per annum for the first five years, MLR-1.00% per annum for the remaining years.

In December 2018, the Company entered into a long-term loan agreement of Baht 145 million with a financial institution. The long-term loan is repayable in 72 monthly installments of Baht 2.014 million each effective from March 2019, with interest at the rate of MOR-2.5% per annum.

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As at 31 December 2018, the Group and the Company had unutilized credit facilities totaling Baht 423.69 million and Baht 398.63 million, respectively, (2017: Baht 299.98 million and Baht 299.98 million, respectively).

***Finance lease and hire purchase liabilities***

Finance lease and hire purchase liabilities as at 31 December were payable as follows:

	<b>Consolidated / Separate financial statements</b>					
	<b>2018</b>			<b>2017</b>		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	1,010	(52)	958	1,175	(99)	1,076
After one year but within five years	561	(8)	553	1,571	(61)	1,510
<b>Total</b>	<b>1,571</b>	<b>(60)</b>	<b>1,511</b>	<b>2,746</b>	<b>(160)</b>	<b>2,586</b>

**16 Other payables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<i>(in thousand Baht)</i>			
Other payables of buildings and equipment purchased	153,311	-	-	-
Operating expenses payable	5,709	6,167	4,962	6,076
Value added tax payable	3,459	3,105	3,459	3,105
Others payable	2,036	4,633	1,591	4,531
Others	4,058	1,950	1,621	1,750
<b>Total</b>	<b>168,600</b>	<b>15,855</b>	<b>11,633</b>	<b>15,462</b>

**17 Deferred tax liabilities**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<i>(in thousand Baht)</i>			
Deferred tax liabilities	(30,569)	(9,854)	(9,993)	(9,854)
<b>Total</b>	<b>(30,569)</b>	<b>(9,854)</b>	<b>(9,993)</b>	<b>(9,854)</b>



**Sakol Energy Public Company Limited and its subsidiaries**  
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Movements in deferred tax liabilities during the year were as follows:

	<b>Consolidated financial statements</b>			<b>At 31 December 2018</b>
	<b>At 1 January 2018</b>	(Charged) / Credited to: Profit or loss (Note 23) <i>(in thousand Baht)</i>	Acquired Business (Note 4)	
<b>Deferred tax liabilities</b>				
Difference in revenue recognition for accounting and taxation purposes of revenue from financial lease	(9,123)	(235)	-	(9,358)
Property, plant and equipment	(699)	635	-	(64)
Intangible assets	-	-	(20,576)	(20,576)
Deferred interest expenses	-	(599)	-	(599)
Financial lease liabilities	(32)	20	-	(12)
<b>Total</b>	<b><u>(9,854)</u></b>	<b><u>(139)</u></b>	<b><u>(20,576)</u></b>	<b><u>(30,569)</u></b>

	<b>Consolidated financial statements</b>			<b>At 31 December 2017</b>
	<b>At 1 January 2017</b>	(Charged) / Credited to: Profit or loss (Note 23) <i>(in thousand Baht)</i>		
<b>Deferred tax liabilities</b>				
Difference in revenue recognition for accounting and taxation purposes of revenue from financial lease	(9,053)		(70)	(9,123)
Property, plant and equipment	(714)		15	(699)
Financial lease liabilities	(32)		-	(32)
<b>Total</b>	<b><u>(9,799)</u></b>		<b><u>(55)</u></b>	<b><u>(9,854)</u></b>

	<b>Separate financial statements</b>			<b>At 31 December 2018</b>
	<b>At 1 January 2018</b>	(Charged) / Credited to: Profit or loss (Note 23) <i>(in thousand Baht)</i>		
<b>Deferred tax liabilities</b>				
Difference in revenue recognition for accounting and taxation purposes of revenue from financial lease	(9,123)	(235)		(9,358)
Property, plant and equipment	(699)	635		(64)
Deferred interest expenses	-	(599)		-
Financial lease liabilities	(32)	20		(12)
<b>Total</b>	<b><u>(9,854)</u></b>	<b><u>(139)</u></b>		<b><u>(9,993)</u></b>

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	<b>Separate financial statements</b>		
	<b>At 1 January 2017</b>	(Charged) / Credited to: Profit or loss (Note 23) <i>(in thousand Baht)</i>	<b>At 31 December 2017</b>
<b><i>Deferred tax liabilities</i></b>			
Difference in revenue recognition for accounting and taxation purposes of revenue from financial lease	(9,053)	(70)	(9,123)
Property, plant and equipment	(714)	15	(699)
Financial lease liabilities	(32)	-	(32)
<b>Total</b>	<b><u>(9,799)</u></b>	<b><u>(55)</u></b>	<b><u>(9,854)</u></b>

Deferred tax assets have not been recognized in respect of the following items:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Tax losses	(9,182)	(4,156)	(7,792)	(4,053)
Provisions for employee benefits	(158)	(120)	(158)	(120)
<b>Total</b>	<b><u>(9,304)</u></b>	<b><u>(4,276)</u></b>	<b><u>(7,887)</u></b>	<b><u>(4,173)</u></b>

The tax losses expire in 2020 to 2023. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

## 18 Share capital

	Par value per share <i>(in Baht)</i>	<u>2018</u>		<u>2017</u>	
		Number	Baht	Number	Baht
<b><i>Authorized</i></b>					
At 1 January					
- ordinary shares	0.5	930,000	465,000	930,000	465,000
Increase of new shares	0.5	-	-	-	-
<b>At 31 December</b>					
- ordinary shares	0.5	<b><u>930,000</u></b>	<b><u>465,000</u></b>	<b><u>930,000</u></b>	<b><u>465,000</u></b>
<b><i>Issued and paid-up</i></b>					
At 1 January					
- ordinary shares	0.5	930,000	465,000	692,800	346,400
Increase of new shares	0.5	-	-	237,200	118,600
<b>At 31 December</b>					
- ordinary shares	0.5	<b><u>930,000</u></b>	<b><u>465,000</u></b>	<b><u>930,000</u></b>	<b><u>465,000</u></b>

# Sakol Energy Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### *Ordinary shares offering*

On 14 November 2017, the Company offered its ordinary shares through its initial public offering in the number of 237,200,000 issued shares at the price of Baht 1.8 per share. The Company received proceeds from the offering of such increased shares capital, net of expenses of the sale of securities, in the amount of Baht 416.22 million. The Company registered the increase in issued and paid share capital of Baht 118.6 million (237,200,000 shares at Baht 0.5 par value) to be Baht 465 million (930,000,000 shares at Baht 0.5 par value) with the Ministry of Commerce on 20 November 2017.

### *Share premium*

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution

## **19 Reserves**

### *Appropriations of profit and/or retained earnings*

#### **Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

### *Other components of equity*

#### **Fair value changes in available-for-sale investments**

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognized or impaired.

## **20 Segment information**

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The primary format, strategic divisions, is based on the Group's management and the internal reporting structure provided to the chief operating decision maker. The following summary describes the operations in each of the Group's reportable segments.

Segment 1	Natural gas compression service
Segment 2	Others

Other operations include non-operating activities. None of these segments meets the quantitative thresholds for determining reportable segments in 2018 or 2017.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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*Information about reportable segments*

<i>For the year ended 31 December</i>	Natural gas compression		Others		Total		Elimination of inter-segment		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	<i>(in thousand Baht)</i>									
External revenue										
- Revenue from rendering of services	297,074	310,150	-	-	297,074	310,150	-	-	297,074	310,150
- Revenue from financial lease	20,618	21,434	-	-	20,618	21,434	-	-	20,618	21,434
Other income	7,099	1,559	1,135	615	8,234	2,174	(571)	(54)	7,663	2,120
<b>Total</b>	<b>324,791</b>	<b>333,143</b>	<b>1,135</b>	<b>615</b>	<b>325,926</b>	<b>333,758</b>	<b>(571)</b>	<b>(54)</b>	<b>325,355</b>	<b>333,704</b>
Profit (loss) before income tax	63,735	73,825	(6,958)	150	56,777	73,975	654	-	57,431	73,975
Interest income	2,779	104	214	1	2,993	105	(2,508)	-	485	105
Finance costs	3,685	8,346	1,017	-	4,702	8,346	-	-	4,702	8,346
Depreciation and amortization	8,994	5,726	266	-	8,994	5,726	-	-	9,260	5,726
Capital expenditure	10,626	20,841	532,754	-	543,380	20,841	(2,850)	-	540,530	20,841
Segment assets as at 31 December	1,197,982	1,039,249	863,981	203,705	2,061,963	1,242,954	(570,070)	(202,000)	1,491,893	1,040,954
Segment liabilities as at 31 December	250,073	154,637	376,793	392	626,866	155,029	(154,494)	-	472,372	155,029



**Sakol Energy Public Company Limited and its subsidiaries**  
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**22 Expenses by nature**

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Cost of natural gas compression service		165,131	169,781	165,091	169,781
Employee benefit expenses	21	44,809	40,555	42,478	40,555
Depreciation and amortization		9,260	5,726	8,994	5,726
Professional and consulting fees		9,215	5,618	7,915	5,228
Consumables used		1,993	2,180	1,904	2,180
Others		32,814	27,523	30,989	27,502
<b>Total cost of rendering of services and administrative expenses</b>		<b>263,222</b>	<b>251,383</b>	<b>257,371</b>	<b>250,972</b>

**23 Income tax**

*Income tax recognized in profit or loss*

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
<b>Current tax expense</b>					
Current year		-	-	-	-
<b>Deferred tax expense</b>	17				
Movements in temporary differences		139	55	139	55
<b>Total income tax</b>		<b>139</b>	<b>55</b>	<b>139</b>	<b>55</b>

*Reconciliation of effective tax rate*

	Consolidated financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		57,413		73,975
Income tax using the Thai corporation tax rate	20.00	11,486	20.00	14,795
Expenses not deductible for tax purposes and others		788		784
Additional deductible expenses for tax purposes		(17,189)		(19,547)
Recognition of previously unrecognized tax losses		(44)		(61)
Current year losses for which no deferred tax asset was recognized		5,098		4,084
<b>Total</b>	<b>0.24</b>	<b>139</b>	<b>0.07</b>	<b>55</b>

**Sakol Energy Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
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	<b>Separate financial statements</b>			
	2018		2017	
	<i>Rate</i> <i>(%)</i>	<i>(in thousand</i> <i>Baht)</i>	<i>Rate</i> <i>(%)</i>	<i>(in thousand</i> <i>Baht)</i>
Profit before income tax expense		63,735		73,825
Income tax using the Thai corporation tax rate	20.00	12,747	20.00	14,765
Expenses not deductible for tax purposes		905		784
Additional deductible expenses for tax purposes		(17,189)		(18,547)
Current year losses for which no deferred tax asset was recognized		3,676		4,053
<b>Total</b>	<b>0.22</b>	<b>139</b>	<b>0.07</b>	<b>55</b>

**24 Promotional privileges**

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company has been granted privileges by the Board of Investment relating to natural gas stations for gas storage trailers. The privileges granted include:

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations;
- (c) a 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in (b) above; and
- (d) double deduction from the costs of transportation, electricity and water for a period of 10 years from the date on which the income is first derived from such operations.
- (e) additional 25% deduction of the cost of installation and construction of facilities in addition to normal depreciation.

As promoted company, the Company must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

	<b>Consolidated financial statements</b>					
	2018			2017		
	Promoted business	Non- promoted business	Total <i>(in thousand Baht)</i>	Promoted business	Non- promoted business	Total
Total revenue	<b>134,612</b>	<b>190,743</b>	<b>325,355</b>	<b>287,074</b>	<b>46,630</b>	<b>333,704</b>

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**Separate financial statements**

	2018			2017		
	Promoted business	Non- promoted business	Total	Promoted business	Non- promoted business	Total
	<i>(in thousand Baht)</i>					
Total revenue	<u>134,612</u>	<u>190,179</u>	<u>324,791</u>	<u>287,074</u>	<u>46,069</u>	<u>333,143</u>

**25 Basic earnings per share**

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht / thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<u>58,780</u>	<u>73,920</u>	<u>63,597</u>	<u>73,770</u>
Number of ordinary shares outstanding at 1 January	930,000	692,800	930,000	692,800
Effect of shares issued on 20 November 2017	-	27,294	-	27,294
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<u>930,000</u>	<u>720,094</u>	<u>930,000</u>	<u>720,094</u>
<b>Basic earnings per share (in Baht)</b>	<u>0.063</u>	<u>0.103</u>	<u>0.068</u>	<u>0.102</u>

**26 Dividends**

At the annual general meeting of shareholders of the Company held on 6 March 2017, the shareholders approved the appropriation of dividend of Baht 0.3406 per share, amounting to Baht 235.97 million. The dividend was paid to the shareholders in March 2017

**27 Financial instruments**

***Financial risk management policies***

The Group is exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.



# Sakol Energy Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

### Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates consist of float and fixed interest rate. The Group is primarily exposed to interest rate risk from its borrowings (see note 15). The Group mitigates this risk by ensuring that the some of its borrowings are at fixed interest rates.

The Company require investment on development projects that have been carried over consistently. To mitigate the risk of fluctuation in interest rates, the Company plans to restructure the interest rate of long-term borrowings to be fixed which is consistent with the nature of business of the Company. Meanwhile the Company still has other funding alternatives other than loans such as searching other partners for development projects in order to manage the funds of the Company effectively and maintain finance costs at the appropriate level.

The effective interest rates of financial lease receivable and short-term loans to other party as at 31 December and the periods in which the financial lease receivable mature was as follows:

	Effective interest rate (% per annum)	Within 1 year	Consolidated financial statements			Total
			After 1 year but within 5 years (in thousand Baht)	After 5 years		
<b>2018</b>						
Financial lease receivable	0.50 - 3.71	17,593	58,571	140,092	216,256	
Short-term loans to other party	12.00 – 15.00	2,300	-	-	2,300	
<b>Total</b>		<b>19,893</b>	<b>58,571</b>	<b>140,092</b>	<b>218,556</b>	
<b>2017</b>						
Financial lease receivable	0.50 - 3.71	<b>16,703</b>	<b>54,026</b>	<b>156,581</b>	<b>227,310</b>	
	Effective interest rate (% per annum)	Within 1 year	Separate financial statements			Total
			After 1 year but within 5 years (in thousand Baht)	After 5 years		
<b>2018</b>						
Financial lease receivable	0.50 - 3.71	17,593	58,571	140,092	216,256	
	8.00,					
Short-term loans related other parties	MOR+2.75	17,217	100,168	55,615	173,000	
<b>Total</b>		<b>34,810</b>	<b>159,189</b>	<b>195,707</b>	<b>389,256</b>	
<b>2017</b>						
Financial lease receivable	0.50 - 3.71	<b>16,703</b>	<b>54,026</b>	<b>156,581</b>	<b>227,310</b>	

## Sakol Energy Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2018

The effective interest rates of interest - bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

	Effective interest rate (% per annum)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
<b>2018</b>					
Loans payable - Financial institutions	4.300 - 6.280	<u>114,498</u>	<u>110,410</u>	<u>27,915</u>	<u>253,823</u>
<b>2017</b>					
Loans payable - Financial institutions	4.150 - 4.875	<u>54,680</u>	<u>41,568</u>	<u>-</u>	<u>96,248</u>
		Separate financial statements			
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
<b>2018</b>					
Loans payable - Financial institutions	4.300 - 4.760	<u>69,742</u>	<u>110,410</u>	<u>27,915</u>	<u>208,067</u>
<b>2017</b>					
Loans payable - Financial institutions	4.150 - 4.875	<u>54,680</u>	<u>41,568</u>	<u>-</u>	<u>96,248</u>

#### ***Credit risk***

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due which may cause financial losses to the Group. However, the Group's credit risk is low as majority of revenue of the Company is under long-term contracts with a large private company that its risk is low.

#### ***Liquidity risk***

The Group has sufficient cash flow and credit facilities with many commercial banks deemed adequate to support the Group's operations. In addition, the Group invests in high liquidity assets and has effective management in order to maintain a level of cash and cash equivalents at the appropriate level.

#### ***Carrying amount and fair values***

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

**Sakol Energy Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
	<i>(in thousand Baht)</i>			
<b>31 December 2018</b>				
Mutual fund	<u>65,522</u>	<u>65,522</u>	<u>12,959</u>	<u>12,959</u>
<b>31 December 2017</b>				
Mutual fund	<u>425,398</u>	<u>425,398</u>	<u>393,570</u>	<u>393,570</u>

Mutual fund are stated at fair value using the price on the date the investment is valued.

**28 Commitments with non-related parties**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statement</b>		<b>financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Capital commitments</b>				
<i>Contracted but not provided for:</i>				
Buildings	240,238	6,194	-	6,194
Software	1,640	1,093	1,640	1,093
Machinery and equipment	3,965	1,020	-	1,020
Furniture, fixtures and office equipment	-	76	-	76
<b>Total</b>	<u>245,843</u>	<u>8,383</u>	<u>1,640</u>	<u>8,383</u>
<b>the future minimum lease payments</b>				
<i>under non-cancellable leases were payable</i>				
Within one year	12,075	8,765	9,761	8,765
After one year but within five years	20,746	14,858	11,490	14,858
After five years	14,428	-	-	-
<b>Total</b>	<u>47,249</u>	<u>23,623</u>	<u>21,251</u>	<u>23,623</u>
<b>Other commitments</b>				
Bank guarantees	<u>55,570</u>	<u>38,770</u>	<u>53,770</u>	<u>38,770</u>

The Company entered into an office premise and service lease agreement with a company for a period of three years which will expire in November 2019.

The Company entered into multiple operating lease agreements for compressed gas tanks for periods of 2 to 5 years which will expire by September 2020.

The Company entered into multiple vehicle operating lease agreements for periods of four years which will expire by December 2022.

The Group entered into multiple land lease agreements which will expire until 2033.

The Company has letters of guarantee issued by a financial institution on behalf of the Company amounting to Baht 45 million, for the obligations required in the normal course of business, mostly guarantees for performance contracts (31 December 2017: the Group and the Company have letters of guarantee amounting to Baht 30 million and Baht 30 million, respectively).

# Sakol Energy Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

The Group and Company has commitments with a domestic financial institution for letters of guarantee amounting to Baht 10.57 million and Baht 8.77 million, respectively, for electricity usage (31 December 2017: Baht 8.77 million and Baht 8.77 million, respectively). The Group and Company have bank deposits in the amount of Baht 17.40 million and Baht 15.60 million, respectively, to guarantee to the bank (31 December 2017:None)

### 29 Events after the reporting period

In January 2019, the Company entered into a short-term loan agreement of Baht 50 million with a financial institution with interest at the rate of at MLR-1 % per annum and it is repayable in April 2019 and on the other hand the Company entered into a short-term loan agreement of Baht 40 million with Mae Krating Power Co., Ltd., whereby the loan is repayable within 23 June 2019, with an interest rate at MOR+2.75% per annum.

In February 2019, the Company entered into a long-term loan agreement of Baht 135 million with a financial institution. The long-term loan is repayable in 72 monthly installments of Baht 1.875 million each effective from May 2019, with interest at the rate of at MLR-2.75% per annum.

At the Board of Directors' meeting of the Company held on 22 February 2019, the Board of Directors resolved to propose to pay dividend from profit of Baht 0.06 per share, amounting to Baht 55.8 million. The dividend payment is subject to approval by its shareholders at the annual general meeting of shareholders.

### 30 Financial reporting standards not yet adopted

The new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
Interpretation of Financial Reporting Standard No. 16.*	Hedges of a Net Investment in a Foreign Operation	2020
Interpretation of Financial Reporting Standard No. 19*	Payment of financial liabilities with equity instruments.	2020

\* TFRS - Financial instruments standards

#### (a) TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Revenue should be recognized when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

Management has assessed the impact that could result from the first time adoption of the TFRS 15 on the consolidated and separate financial statements and expected to have no significant impact on the financial statements in the period in which it is applied.

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*(b) TFRS - Financial instruments standards*

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS – Financial instruments standards on the consolidated and separate financial statements.