

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

Condensed interim financial statements  
for the three-month and nine-month periods ended  
30 September 2019  
and  
Independent auditor's review report

## **Independent Auditor’s Report on Review of Interim Financial Information**

### **To the Board of Directors of Sakol Energy Public Company Limited**

I have reviewed the accompanying consolidated and separate statements of financial position of Sakol Energy Public Company Limited and its subsidiaries, and of Sakol Energy Public Company Limited, respectively, as at 30 September 2019; the consolidated and separate statements of comprehensive income for three-month and nine-month periods ended 30 September 2019, the consolidated and separate statements of changes in equity and cash flows for the nine-month period ended 30 September 2019; and condensed notes (“interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, “Interim Financial Reporting” My responsibility is to express a conclusion on this interim financial information based on my review.

#### *Scope of Review*

I conducted my review in accordance with Thai Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

#### *Conclusion*

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”.

(Sophit Prompol)  
Certified Public Accountant  
Registration No. 10042

KPMG Phoomchai Audit Ltd.  
Bangkok  
8 November 2019

# Sakol Energy Public Company Limited and its subsidiaries

## Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2019 (Unaudited)	31 December 2018	30 September 2019 (Unaudited)	31 December 2018
<i>(in thousand Baht)</i>					
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		59,393	123,254	48,923	79,377
Current investments	5	29,334	65,522	8	12,959
Trade accounts receivable	6	78,911	42,142	41,673	42,142
Current portion of financial lease receivable	7	18,315	17,593	18,315	17,593
Other receivables	4	72,961	47,181	21,790	11,205
Short-term loans to a related party	4	-	-	194,000	16,000
Short-term loans to other parties		3,000	2,300	-	-
Current portion of long-term loans to related parties	4	-	-	1,699	1,217
Inventory		16,411	-	-	-
Current spare parts and supplies		2,540	2,318	2,540	2,318
<b>Total current assets</b>		<b>280,865</b>	<b>300,310</b>	<b>328,948</b>	<b>182,811</b>
<b>Non-current assets</b>					
Deposits at financial institutions with restrictions on withdrawal		2,300	17,399	500	15,599
Investments in subsidiaries	8	-	-	509,339	507,839
Financial lease receivable	7	189,069	198,662	189,069	198,662
Long-term loans to related parties	4	-	-	289,635	155,783
Non-current spare parts and supplies		3,390	2,491	3,391	2,491
Investment properties		171,618	171,618	-	-
Property, plant and equipment	9	935,299	676,296	130,159	128,941
Intangible asset		116,547	116,057	5,444	4,874
Goodwill		8,077	8,077	-	-
Other non-current assets		10,013	983	982	982
<b>Total non-current assets</b>		<b>1,436,313</b>	<b>1,191,583</b>	<b>1,128,519</b>	<b>1,015,171</b>
<b>Total assets</b>		<b>1,717,178</b>	<b>1,491,893</b>	<b>1,457,467</b>	<b>1,197,982</b>

The accompanying notes form an integral part of the interim financial statements.

## Sakol Energy Public Company Limited and its subsidiaries

### Statement of financial position

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		30 September	31 December	30 September	31 December
<b>Liabilities and equity</b>		2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<b><i>Current liabilities</i></b>					
Short-term loans from financial institutions	10	240,782	61,257	210,782	40,000
Trade accounts payable	4	37,475	16,991	17,233	16,991
Other payables	4	88,830	168,599	17,715	11,633
Current portion of long-term loans					
from financial institutions	10	59,241	53,242	56,409	29,742
Current portion of finance lease					
and hire purchase liabilities	10	9,591	958	796	958
<b>Total current liabilities</b>		<b>435,919</b>	<b>301,047</b>	<b>302,935</b>	<b>99,324</b>
<b><i>Non-current liabilities</i></b>					
Long-term loans from financial institutions	10	225,719	138,325	211,065	138,325
Finance lease and hire purchase liabilities	10	37,791	553	-	553
Deferred tax liabilities		29,865	30,569	10,002	9,993
Provisions for employee benefit		759	788	759	788
Long-term provisions		1,090	1,090	1,090	1,090
<b>Total non-current liabilities</b>		<b>295,224</b>	<b>171,325</b>	<b>222,916</b>	<b>150,749</b>
<b>Total liabilities</b>		<b>731,143</b>	<b>472,372</b>	<b>525,851</b>	<b>250,073</b>

The accompanying notes form an integral part of the interim financial statements.

# Sakol Energy Public Company Limited and its subsidiaries

## Statement of financial position

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
Liabilities and equity	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
	<i>(in thousand Baht)</i>			
<b>Equity</b>				
Share capital:				
Authorised share capital	465,000	465,000	465,000	465,000
Issued and paid-up share capital	465,000	465,000	465,000	465,000
Share premium on ordinary shares	297,619	297,619	297,619	297,619
Retained earnings				
Appropriated				
Legal reserve	29,300	29,300	29,300	29,300
Unappropriated	117,413	151,881	139,697	155,934
Other components of equity	1,204	898	-	56
<b>Equity attributable to owners of the parent</b>	<b>910,536</b>	<b>944,698</b>	<b>931,616</b>	<b>947,909</b>
Non-controlling interests	75,499	74,823	-	-
<b>Total equity</b>	<b>986,035</b>	<b>1,019,521</b>	<b>931,616</b>	<b>947,909</b>
<b>Total liabilities and equity</b>	<b>1,717,178</b>	<b>1,491,893</b>	<b>1,457,467</b>	<b>1,197,982</b>

The accompanying notes form an integral part of the interim financial statements.

## Sakol Energy Public Company Limited and its Subsidiaries

### Statement of comprehensive income (Unaudited)

	Note	Consolidated financial statements		Separate financial statements	
		Three-month period ended		Three-month period ended	
		30 September		30 September	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<b>Revenue</b>	<i>11</i>				
Revenue from rendering of services		59,711	76,536	59,711	76,536
Revenue from financial lease		4,903	5,129	4,903	5,129
Revenue from sales of goods		36,589	-	-	-
Other income	<i>4</i>	1,628	1,143	11,159	1,364
<b>Total revenue</b>		<b>102,831</b>	<b>82,808</b>	<b>75,773</b>	<b>83,029</b>
<b>Expenses</b>					
Costs of rendering of services		38,279	49,255	38,279	49,255
Cost of sales of goods		31,895	-	-	-
Administrative expenses		28,976	19,496	18,613	17,599
Finance costs		7,181	503	7,428	622
<b>Total expenses</b>		<b>106,331</b>	<b>69,254</b>	<b>64,320</b>	<b>67,476</b>
<b>Profit (loss) before income tax expense</b>		<b>(3,500)</b>	<b>13,554</b>	<b>11,453</b>	<b>15,553</b>
Tax income (expense)		1,192	150	(158)	150
<b>Profit (loss) for the period</b>		<b>(2,308)</b>	<b>13,704</b>	<b>11,295</b>	<b>15,703</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		105	(30)	-	(101)
Income tax relating to items that will be reclassified		24	-	-	-
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>129</b>	<b>(30)</b>	<b>-</b>	<b>(101)</b>
<b>Other comprehensive income (expense) for the period</b>		<b>129</b>	<b>(30)</b>	<b>-</b>	<b>(101)</b>
<b>Total comprehensive income (expenses) for the period</b>		<b>(2,179)</b>	<b>13,674</b>	<b>11,295</b>	<b>15,602</b>

The accompanying notes form an integral part of the interim financial statements.

## Sakol Energy Public Company Limited and its Subsidiaries

### Statement of comprehensive income (Unaudited)

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		Three-month period ended		Three-month period ended	
		30 September		30 September	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
<b>Profit (loss) attributable to:</b>					
Owners of the parent		(1,432)	14,092	11,295	15,703
Non-controlling interests		(876)	(388)	-	-
<b>Profit (loss) for the period</b>		<b><u>(2,308)</u></b>	<b><u>13,704</u></b>	<b><u>11,295</u></b>	<b><u>15,703</u></b>
<b>Total comprehensive income (expense) attributable to:</b>					
Owners of the parent		(1,305)	14,062	11,295	15,602
Non-controlling interests		(874)	(388)	-	-
<b>Total comprehensive income (expenses) for the period</b>		<b><u>(2,179)</u></b>	<b><u>13,674</u></b>	<b><u>11,295</u></b>	<b><u>15,602</u></b>
<b>Basic earnings (loss) per share <i>(in Baht)</i></b>	<i>14</i>	<b><u>(0.002)</u></b>	<b><u>0.015</u></b>	<b><u>0.012</u></b>	<b><u>0.017</u></b>

The accompanying notes form an integral part of the interim financial statements.

## Sakol Energy Public Company Limited and its Subsidiaries

### Statement of comprehensive income (Unaudited)

	Note	Consolidated financial statements		Separate financial statements	
		Nine-month period ended		Nine-month period ended	
		30 September		30 September	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
<b>Revenue</b>					
	11				
Revenue from rendering of services		181,143	236,086	181,143	236,086
Revenue from financial lease		14,883	15,544	14,883	15,544
Revenue from sales of goods		39,573	-	-	-
Other income	4	17,049	3,678	25,822	3,867
<b>Total revenue</b>		<b>252,648</b>	<b>255,308</b>	<b>221,848</b>	<b>255,497</b>
<b>Expenses</b>					
Costs of rendering of services		114,422	149,421	114,422	149,421
Cost of sales of goods		34,230	-	-	-
Administrative expenses		71,724	58,808	51,881	55,450
Finance costs		11,372	3,075	16,077	2,625
<b>Total expenses</b>		<b>231,748</b>	<b>211,304</b>	<b>182,380</b>	<b>207,496</b>
<b>Profit before income tax expense</b>		<b>20,900</b>	<b>44,004</b>	<b>39,468</b>	<b>48,001</b>
Tax income	12	667	437	158	437
<b>Profit for the period</b>		<b>21,567</b>	<b>44,441</b>	<b>39,626</b>	<b>48,438</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					
		106	(6)	(56)	(213)
Income tax relating to items that will be reclassified					
		204	-	-	-
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>310</b>	<b>(6)</b>	<b>(56)</b>	<b>(213)</b>
<i>Items that will not be reclassified to profit or loss</i>					
Gains on remeasurements of defined benefit plans					
		104	-	104	-
Income tax relating to items that will not be reclassified					
		(167)	-	(167)	-
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>(63)</b>	<b>-</b>	<b>(63)</b>	<b>-</b>
<b>Other comprehensive income (expense) for the period</b>		<b>247</b>	<b>(6)</b>	<b>(119)</b>	<b>(213)</b>
<b>Total comprehensive income for the period</b>		<b>21,814</b>	<b>44,435</b>	<b>39,507</b>	<b>48,225</b>

The accompanying notes form an integral part of the interim financial statements.



## Sakol Energy Public Company Limited and its Subsidiaries

### Statement of comprehensive income (Unaudited)

	Note	Consolidated financial statements		Separate financial statements	
		Nine-month period ended		Nine-month period ended	
		30 September		30 September	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
<b>Profit (loss) attributable to:</b>					
Owners of the parent		21,395	45,165	39,626	48,438
Non-controlling interests		172	(724)	-	-
<b>Profit for the period</b>		<b>21,567</b>	<b>44,441</b>	<b>39,626</b>	<b>48,438</b>
<b>Total comprehensive income (expense) attributable to:</b>					
Owners of the parent		21,638	45,159	39,507	48,225
Non-controlling interests		176	(724)	-	-
<b>Total comprehensive income (expense) for the period</b>		<b>21,814</b>	<b>44,435</b>	<b>39,507</b>	<b>48,225</b>
<b>Basic earnings per share (in Baht)</b>	14	<b>0.023</b>	<b>0.049</b>	<b>0.043</b>	<b>0.052</b>

The accompanying notes form an integral part of the interim financial statements.



## Sakol Energy Public Company Limited and its Subsidiaries

### Statement of changes in equity (Unaudited)

	Consolidated financial statements								
	Note	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Other components of equity	Equity	Non- controlling interests	Total equity
				Legal reserve	Unappropriated	Available-for-sale investments	attributable to owners of the parent		
<i>(in thousand Baht)</i>									
<b>Nine-month period ended 30 September 2019</b>									
Balance at 1 January 2019		465,000	297,619	29,300	151,881	898	944,698	74,823	1,019,521
<b>Transactions with owners, recorded directly in equity</b>									
<i>Contributions by and distributions to owners of the parent</i>									
Investments in subsidiaries		-	-	-	-	-	-	500	500
Dividends	13	-	-	-	(55,800)	-	(55,800)	-	(55,800)
<b>Total contributions by and distributions to owners of the parent</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(55,800)</b>	<b>-</b>	<b>(55,800)</b>	<b>500</b>	<b>(55,300)</b>
<b>Comprehensive income for the period</b>									
Profit		-	-	-	21,395	-	21,395	172	21,567
Other comprehensive income (expense)		-	-	-	(63)	306	243	4	247
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>21,332</b>	<b>306</b>	<b>21,638</b>	<b>176</b>	<b>21,814</b>
<b>Balance at 30 September 2019</b>		<b>465,000</b>	<b>297,619</b>	<b>29,300</b>	<b>117,413</b>	<b>1,204</b>	<b>910,536</b>	<b>75,499</b>	<b>986,035</b>

The accompanying notes form an integral part of the interim financial statements.

## Sakol Energy Public Company Limited and its Subsidiaries

### Statement of changes in equity (Unaudited)

	Issued and paid-up share capital	Share premium on ordinary shares	Separate financial statements		Other components of equity Available-for-sale investments	Total equity
			Retained earnings			
			Legal reserve	Unappropriated		
<i>(in thousand Baht)</i>						
<b>Nine-month period ended 30 September 2018</b>						
<b>Balance at 1 January 2018</b>	465,000	297,619	26,000	95,637	356	884,612
<b>Comprehensive income for the period</b>						
Profit	-	-	-	48,438	-	48,438
Other comprehensive income (expense)	-	-	-	-	(213)	(213)
<b>Total comprehensive income (expense) for the period</b>	-	-	-	<b>48,438</b>	<b>(213)</b>	<b>48,225</b>
<b>Balance at 30 September 2018</b>	<b>465,000</b>	<b>297,619</b>	<b>26,000</b>	<b>144,075</b>	<b>143</b>	<b>932,837</b>

The accompanying notes form an integral part of the interim financial statements.

## Sakol Energy Public Company Limited and its Subsidiaries

### Statement of changes in equity (Unaudited)

	Note	Separate financial statements				Other components of equity	Total equity	
		Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings				Available-for-sale investments
				Legal reserve	Unappropriated			
<i>(in thousand Baht)</i>								
<b>Nine-month period ended 30 September 2019</b>								
<b>Balance at 1 January 2019</b>		465,000	297,619	29,300	155,934	56	947,909	
<b>Transactions with owners, recorded directly in equity</b>								
<i>Contributions by and distributions to owners</i>								
Dividends	13	-	-	-	(55,800)	-	(55,800)	
<b>Total contributions by and distributions to owners</b>		-	-	-	<b>(55,800)</b>	-	<b>(55,800)</b>	
<b>Comprehensive income for the period</b>								
Profit		-	-	-	39,626	-	39,626	
Other comprehensive income (expense)		-	-	-	(63)	(56)	(119)	
<b>Total comprehensive income (expense) for the period</b>		-	-	-	<b>39,563</b>	<b>(56)</b>	<b>39,507</b>	
<b>Balance at 30 September 2019</b>		<b>465,000</b>	<b>297,619</b>	<b>29,300</b>	<b>139,697</b>	-	<b>931,616</b>	

The accompanying notes form an integral part of the interim financial statements.

**Sakol Energy Public Company Limited and its Subsidiaries**  
**Statement of cash flows (Unaudited)**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Nine-month period ended		Nine-month period ended	
	30 September		30 September	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit for the period	21,567	44,441	39,626	48,438
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax income	(667)	(437)	(158)	(437)
Finance costs	11,372	3,075	16,077	2,625
Depreciation and amortisation	19,673	6,633	6,884	6,629
Gains on disposal of mutual fund	(306)	(1,657)	(105)	(1,649)
Loss on disposal of equipments	63	-	63	-
Employee benefit expenses	132	227	132	227
Interest income	(366)	(575)	(23,228)	(919)
	<u>51,468</u>	<u>51,707</u>	<u>39,291</u>	<u>54,914</u>
<i>Changes in operating assets and liabilities</i>				
Trade account receivable	(36,769)	4,791	469	4,791
Other receivables	(21,286)	(20,244)	(3,792)	(1,345)
Financial lease receivable	8,871	8,212	8,871	8,212
Inventory	(16,411)	-	-	-
Spare parts and supplies	(1,122)	(1,920)	(1,122)	(1,920)
Other non-current assets	(9,030)	-	-	-
Trade accounts payable	20,483	5,377	241	5,377
Other payables	5,163	(4,724)	1,984	(1,593)
Employee benefits paid	(58)	(220)	(58)	(220)
Net cash generated from operating	<u>1,309</u>	<u>42,979</u>	<u>45,884</u>	<u>68,216</u>
Taxes paid	<u>(4,494)</u>	<u>(4,657)</u>	<u>(4,328)</u>	<u>(4,626)</u>
<b>Net cash from (used in) operating activities</b>	<b><u>(3,185)</u></b>	<b><u>38,322</u></b>	<b><u>41,556</u></b>	<b><u>63,590</u></b>

The accompanying notes form an integral part of the interim financial statements.

## Sakol Energy Public Company Limited and its Subsidiaries

### Statement of cash flows (Unaudited)

	Consolidated financial statements		Separate financial statements	
	Nine-month period ended		Nine-month period ended	
	30 September		30 September	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Proceeds from sale of mutual fund	36,600	674,772	13,000	674,404
Acquisition of mutual fund	-	(334,100)	-	(333,700)
Acquisition of debt securities held to maturity	-	(60,000)	-	(60,000)
Proceeds from debt securities held to maturity	-	60,000	-	60,000
Short-term loan to other parties	(3,000)	-	-	-
Short-term loans to related parties	-	-	(253,000)	(57,000)
Long-term loans to related parties	-	-	(135,000)	-
Proceeds from short-term loans to other parties	2,300	-	-	-
Proceeds from short-term loans to related parties	-	-	75,000	-
Proceeds from long-term loans to related parties	-	-	666	-
Decrease (increase) in restricted deposits at financial institutions	15,099	(1,800)	15,099	-
Acquisition of business, net of cash acquired	-	(88,497)	-	-
Acquisition of investments in subsidiary	-	-	-	(89,500)
Cash outflow on increase in share capital of subsidiary	-	-	(1,500)	(216,340)
Proceeds from non controlling interest of increase				
share capital in subsidiary	500	54,960	-	-
Proceeds from sale of equipments	10	-	10	-
Acquisition of buildings and equipment	(365,078)	(274,540)	(7,977)	(9,189)
Proceeds from sale of intangible asset	(768)	(1,164)	(768)	(1,164)
Interest received	366	290	23,108	234
<b>Net cash from (used in) investing activities</b>	<b>(313,971)</b>	<b>29,921</b>	<b>(271,362)</b>	<b>(32,255)</b>
<b><i>Cash flows from financing activities</i></b>				
Proceeds from short-term loans from financial institutions	382,000	131,852	352,000	120,000
Proceeds from long-term loans from financial institutions	141,500	30,000	135,000	30,000
Repayment of short-term loans from financial institutions	(203,530)	(120,000)	(182,273)	(120,000)
Repayment of long-term loans from financial institutions	(48,417)	(58,542)	(35,903)	(58,542)
Proceeds from finance lease liabilities	51,811	-	-	-
Repayment of finance lease and hire purchase liabilities	(5,939)	(844)	(714)	(844)
Dividends paid to shareholder of the company	(55,800)	-	(55,800)	-
Interest paid	(8,330)	(3,173)	(12,958)	(2,723)
<b>Net cash from (used in) financing activities</b>	<b>253,295</b>	<b>(20,707)</b>	<b>199,352</b>	<b>(32,109)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(63,861)</b>	<b>47,536</b>	<b>(30,454)</b>	<b>(774)</b>
Cash and cash equivalents at beginning of period	123,254	21,785	79,377	21,561
<b>Cash and cash equivalents at ending of period</b>	<b>59,393</b>	<b>69,321</b>	<b>48,923</b>	<b>20,787</b>
<b><i>Non-cash transactions</i></b>				
Other payables of buildings and equipment purchased	<b>66,652</b>	-	-	-

The accompanying notes form an integral part of the interim financial statements.

**Sakol Energy Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of the interim financial statements
3	Accounting policies for new transaction and event
4	Related parties
5	Current investments
6	Trade accounts receivable
7	Financial lease receivable
8	Investments in subsidiaries
9	Property, plant and equipment
10	Interest bearing liabilities
11	Segment information and disaggregation of revenue
12	Income tax expense
13	Dividends
14	Basic earnings per share
15	Financial instruments
16	Commitments with non-related parties
17	Events after the reporting period
18	Thai Financial Reporting Standards (TFRS) not yet adopted



**Sakol Energy Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were approved and authorised for issue by the Board of Directors on 8 November 2019.

**1 General information**

The principal activity of the Company is compression of natural gas to PTT Public Company Limited. The Group operates in energy industry.

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

*(a) Statement of compliance*

The condensed interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2018. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2018.

*(b) Use of judgements, estimates and accounting policies*

In preparing these interim financial statements, judgements and estimates are made by management in applying the Group's accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018, except for revenue recognition which requires additional judgement in determining the timing of the transfer of control - at a point in time or over time - according to the requirements of TFRS 15 *Revenue from Contracts with Customers* ("TFRS 15") which the Group has initially adopted to replace TAS 18 *Revenue* ("TAS 18"), TAS 11 *Construction Contracts* ("TAS11") and related interpretations.

Under TFRS 15, the Group recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Group recognises revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due. Such change in accounting policy has no material impacts on the financial statements.

**Sakol Energy Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for current period in preparing these interim financial statements before the effective date. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 18.

**3 Accounting policies for new transaction and event**

**(a) Finance leases**

The Group entered into sale and lease back agreements for certain machinery and equipment, resulting in a finance lease. Excess of sales proceeds over the carrying amount is not immediately recognised as income. Instead it is deferred and amortised over the lease term.

The Group recognised finance leases as assets and liabilities in the consolidated statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property. Lease payments are apportioned between the finance charge and the reduction of the outstanding liabilities. The finance charged is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**(b) Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first in first out principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

**4 Related parties**

Relationships with subsidiaries are described in notes 8. Other related parties which have material changes in relationships and that the Group had significant transactions during the period with were as follows:

<b>Name of entities</b>	<b>Country of incorporation</b>	<b>Nature of relationships</b>
Thai Alternative Energy Group Company Limited	Thailand	Common directors and shareholders
B.P.15 Company Limited	Thailand	Common directors and shareholders
Trans Energy Company Limited	Thailand	Common shareholder

Material changes in pricing policies during the nine-month period ended 30 September 2019 are as follows:

<b>Transactions</b>	<b>Pricing policies</b>
Purchase of raw materials	Contractually agreed price, refer to market price

**Sakol Energy Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

Significant transactions for the three-month and nine-month periods ended 30 September with related parties were as follows:

<i>Three-month period ended 30 September</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Management income	-	-	455	331
Other service income	-	-	20	39
Interest income	-	-	10,622	418
<b>Other related parties</b>				
Utility income	42	40	42	40
Purchase of raw materials	29,909	-	-	-
Other service expense	101	-	-	-
<b>Key management personnel</b>				
Short-term employee benefits	4,216	3,891	4,120	3,719
Post-employment benefits	2	1	2	1
<b>Total key management personnel compensation</b>	<b>4,218</b>	<b>3,892</b>	<b>4,122</b>	<b>3,720</b>
	<i>(in thousand Baht)</i>			
<i>Nine-month period ended 30 September</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
<b>Subsidiaries</b>				
Management income	-	-	981	537
Other service income	-	-	464	58
Interest income	-	-	23,042	686
Rental expense	-	-	-	23
<b>Other related parties</b>				
Utility income	128	136	128	136
Purchase of raw materials	32,249	-	-	-
Rental expense	150	-	-	-
Other service expense	288	-	-	-
<b>Key management personnel</b>				
Short-term employee benefits	11,351	11,382	11,048	11,133
Post-employment benefits	2	2	2	2
<b>Total key management personnel compensation</b>	<b>11,353</b>	<b>11,384</b>	<b>11,050</b>	<b>11,135</b>

**Sakol Energy Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

Balances as at 30 September 2019 and 31 December 2018 with related parties were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	30	31	30	31
	September	December	September	December
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b><i>Other receivables - related parties</i></b>				
Transuwan Company Limited	<u>29</u>	<u>25</u>	<u>29</u>	<u>25</u>
<b><i>Trade payables - related parties</i></b>				
B.P. 15 Company Limited	<u>17,685</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><i>Other payables - related parties</i></b>				
N15 Technology Company Limited	72	-	-	-
Trans Energy Company Limited	32	-	-	-
PTC Holding Company Limited	21	-	-	-
<b>Total</b>	<u>125</u>	<u>-</u>	<u>-</u>	<u>-</u>

Movements during the nine-month periods ended 30 September 2019 of loans to related parties were as follows:

	<b>Interest rate</b>		<b>Separate financial statements</b>			
	31 December	30	31			30
	2018	September	December	Increase	Decrease	September
	2018	2019	2018			2019
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
<b><i>Short-term loan to related party</i></b>						
<b>Subsidiary</b>						
Mae Krating Power Company Limited	MOR+2.75, 10.46	MOR+2.75, 10.46	<u>16,000</u>	253,000	(75,000)	<u>194,000</u>
<b>Total</b>			<u>16,000</u>			<u>194,000</u>
<b><i>Long-term loan to related parties</i></b>						
<b>Subsidiaries</b>						
Mae Krating Power Company Limited	MLR+0.25	MLR+0.25	145,000	135,000	-	280,000
RE Biofuels Company Limited	8.0	8.0	<u>12,000</u>	-	(666)	<u>11,334</u>
<b>Total</b>			<u>157,000</u>			<u>291,334</u>

***Significant agreements with a related party***

During the period, a subsidiary entered into a raw material sales and purchased agreement with a related party. Such agreement has been effective since August 2019 to August 2024. The related party agreed to provide raw material to the subsidiary at the condition and service fee as stipulated in the agreement.

**Sakol Energy Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

**5 Current investments**

Movements during the nine-month periods ended 30 September 2019 of marketable equity were as follows:

	<b>Consolidated financial statements</b>				At 30 September 2019
	At 31 December 2018	Purchase	Disposal	Fair value adjustment	
		<i>(in thousand Baht)</i>			
<b>Current investments</b>					
Available-for-sale securities					
- mutual fund	65,522	-	(36,294)	106	29,334
<b>Total</b>	<b>65,522</b>				<b>29,334</b>
		<b>Separate financial statements</b>			
	At 31 December 2018	Purchase	Disposal	Fair value adjustment	At 30 September 2019
		<i>(in thousand Baht)</i>			
<b>Current investments</b>					
Available-for-sale securities					
- mutual fund	12,959	-	(12,895)	(56)	8
<b>Total</b>	<b>12,959</b>				<b>8</b>

**6 Trade accounts receivable**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
		<i>(in thousand Baht)</i>		
Other parties - current	<b>78,911</b>	<b>42,142</b>	<b>41,673</b>	<b>42,142</b>

Trade accounts receivable of the Group as at 30 September 2019 are within credit term.

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

**Sakol Energy Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

**7 Financial lease receivable**

	<b>Consolidated financial statements / Separate financial statements</b>							
	Within one year		After one year but within five years		After five years		Total	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>							
Financial lease receivables	37,320	37,320	126,690	126,690	167,095	190,849	331,105	354,859
Less deferred interest income	(19,005)	(19,727)	(64,381)	(68,119)	(40,335)	(50,758)	(123,721)	(138,604)
<b>Net</b>	<b><u>18,315</u></b>	<b><u>17,593</u></b>	<b><u>62,309</u></b>	<b><u>58,571</u></b>	<b><u>126,760</u></b>	<b><u>140,091</u></b>	<b><u>207,384</u></b>	<b><u>216,255</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**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

**8 Investments in subsidiaries**

Investments in subsidiaries as at 30 September 2019 and 31 December 2018, and dividend income from those investments for nine-month periods ended 30 September were as follows:

		Separate financial statements						Dividend income for the nine-month period ended	
Type of business		Ownership interest		Paid share capital		Cost		30	30
		30	31	30	31	30	31	30	30
		September	December	September	December	September	December	September	September
		2019	2018	2019	2018	2019	2018	2019	2018
<i>Subsidiaries</i>		<i>(%)</i>		<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	-	-
Mae Krating Power Company Limited	Production and distribution of electricity	80.00	80.00	282,300	282,300	285,840	285,840	-	-
RE Biofuels Company Limited	Production and distribution compressed bio-methane gas	75.00	75.00	17,000	15,000	21,500	20,000	-	-
<b>Total</b>				<b>501,300</b>	<b>499,300</b>	<b>509,339</b>	<b>507,839</b>	<b>-</b>	<b>-</b>

All 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.

In July 2019, the Company made an additional investment in share capital of RE Biofuels Company Limited, a subsidiary of the Company, amounting to Baht 1.5 million (15,000 shares with a par value of Baht 100).

**Sakol Energy Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

**9 Property, plant and equipment**

Acquisitions, disposals and transfers of plant and equipment during the nine-month periods ended 30 September 2019 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value <i>(in thousand Baht)</i>	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
Leasehold improvement	6,000	-	-	-
Buildings and other construction	75,960	-	-	-
Machinery and equipment	650,844	-	-	-
Electrical system	7,459	-	-	-
Tools	514	-	94	-
Furniture, fixtures and office equipment	2,502	88	1,518	72
Assets under construction and installation	283,623	789,437	6,365	-
<b>Total</b>	<b>1,026,902</b>	<b>789,525</b>	<b>7,977</b>	<b>72</b>

**10 Interest-bearing liabilities**

	<b>Consolidated financial statements</b>			
	Short-term loans from financial institutions	Long-term loans from financial institutions	Financial lease and hire purchase liabilities	Total
	<i>(in thousand Baht)</i>			
Balance at 1 January 2019	61,257	191,567	1,511	254,335
Changes from financing cash flows	178,470	93,083	44,797	316,350
Other non-cash movement	1,055	310	1,074	2,439
<b>Balance at 30 September 2019</b>	<b>240,782</b>	<b>284,960</b>	<b>47,382</b>	<b>573,124</b>

  

	<b>Separate financial statements</b>			
	Short-term loans from financial institutions	Long-term loans from financial institutions	Financial lease and hire purchase liabilities	Total
	<i>(in thousand Baht)</i>			
Balance at 1 January 2019	40,000	168,067	1,511	209,578
Changes from financing cash flows	169,727	99,097	(758)	268,066
Other non-cash movement	1,055	310	43	1,408
<b>Balance at 30 September 2019</b>	<b>210,782</b>	<b>267,474</b>	<b>796</b>	<b>479,052</b>





**Sakol Energy Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

**11 Segment information and disaggregation of revenue**

*Information about reportable segments and disaggregation of revenue by product and service lines*

<i>Three-month period ended</i> <i>30 September</i>	<b>Natural gas compression</b>		<b>Others</b>		<b>Total</b>		<b>Elimination of inter-segment</b>		<b>Total</b>	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>									
External revenue										
- Revenue from rendering of services	59,711	76,536	-	-	59,711	76,536	-	-	59,711	76,536
- Revenue from financial lease	4,903	5,129	-	-	4,903	5,129	-	-	4,903	5,129
- Revenue from sales of goods	-	-	36,589	-	36,589	-	-	-	36,589	-
Other income	11,159	1,364	1,591	95	12,750	1,459	(11,122)	(316)	1,628	1,143
<b>Total</b>	<b>75,773</b>	<b>83,029</b>	<b>38,180</b>	<b>95</b>	<b>113,953</b>	<b>83,124</b>	<b>(11,122)</b>	<b>(316)</b>	<b>102,831</b>	<b>82,808</b>
Segment profit (loss) before income tax	11,453	15,553	(12,371)	(1,851)	(918)	13,702	(2,582)	(148)	(3,500)	13,554

**Sakol Energy Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

<i>Nine-month period ended</i> <i>30 September</i>	<b>Natural gas compression</b>		<b>Others</b>		<b>Total</b>		<b>Elimination of inter-segment</b>		<b>Total</b>	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>									
External revenue										
- Revenue from rendering of services	181,143	236,086	-	-	181,143	236,086	-	-	181,143	236,086
- Revenue from financial lease	14,883	15,544	-	-	14,883	15,544	-	-	14,883	15,544
- Revenue from sales of goods	-	-	39,573	-	39,573	-	-	-	39,573	-
Other income	25,822	3,867	15,739	642	41,561	4,509	(24,512)	(831)	17,049	3,678
<b>Total</b>	<b>221,848</b>	<b>255,497</b>	<b>55,312</b>	<b>642</b>	<b>277,160</b>	<b>256,139</b>	<b>(24,512)</b>	<b>(831)</b>	<b>252,648</b>	<b>255,308</b>
Segment profit (loss) before income tax	39,468	48,001	(8,771)	(3,581)	30,697	44,420	(9,797)	(416)	20,900	44,004
Segment assets as at 30 September / 31 December	1,457,467	1,197,982	1,164,373	863,981	2,621,840	2,061,963	(904,662)	(570,070)	1,717,178	1,491,893
Segment liabilities as at 30 September / 31 December	525,851	250,073	679,062	376,793	1,204,913	626,866	(473,770)	(154,494)	731,143	472,372

**Sakol Energy Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

**12 Income tax expense**

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period. The Group's consolidated and the Company's effective tax rate in respect of continuing operations for the nine-month period ended 30 September 2019 was (3.18%) and (0.40%), respectively. (30 September 2018: (0.99%) and (0.91%), respectively). This change in effective tax rate was caused mainly by the exemption from payment of corporate income tax by the privileges granted by the Board of Investment.

**13 Dividends**

The dividends paid by the Company to the shareholders are as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>2019</i>				
Annual dividend	24 April 2019	7 May 2019	<b>0.06</b>	<b>55.8</b>

**14 Basic earnings per share**

The calculations of basic earnings per share for the three-month and nine-month periods ended 30 September 2019 and 2018 were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht/thousand shares)</i>			
<b><i>Three-month period ended 30 September</i></b>				
Profit (loss) for the periods attributable to ordinary shareholders of the Company (basic)	<u>(1,432)</u>	<u>14,092</u>	<u>11,295</u>	<u>15,703</u>
Number of ordinary shares outstanding	<u>930,000</u>	<u>930,000</u>	<u>930,000</u>	<u>930,000</u>
<b>Basic earnings (loss) per share (in Baht)</b>	<b><u>(0.002)</u></b>	<b><u>0.015</u></b>	<b><u>0.012</u></b>	<b><u>0.017</u></b>
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht/thousand shares)</i>			
<b><i>Nine-month period ended 30 September</i></b>				
Profit for the periods attributable to ordinary shareholders of the Company (basic)	<u>21,395</u>	<u>45,165</u>	<u>39,626</u>	<u>48,438</u>
Number of ordinary shares outstanding	<u>930,000</u>	<u>930,000</u>	<u>930,000</u>	<u>930,000</u>
<b>Basic earnings per share (in Baht)</b>	<b><u>0.023</u></b>	<b><u>0.049</u></b>	<b><u>0.043</u></b>	<b><u>0.052</u></b>

**Sakol Energy Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

**15 Financial instruments**

*Carrying amounts and fair values*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, 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.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Carrying amount	Fair value Level 2 <i>(in thousand Baht)</i>	Carrying amount	Fair value Level 2
<b>30 September 2019</b>				
<i>Financial assets measured at fair value</i>				
Mutual fund	29,334	29,334	8	8
<i>Financial assets and financial liabilities not measured at fair value</i>				
Long term loans to	-	-	291,334	289,403
Long term loans from	284,962	280,514	267,474	260,028
<b>31 December 2018</b>				
<i>Financial assets measured at fair value</i>				
Mutual fund	65,522	65,522	12,959	12,959
<i>Financial assets and financial liabilities not measured at fair value</i>				
Long term loans to	-	-	157,000	157,421
Long term loans from	191,567	188,498	168,067	165,697

The fair value of other financial assets and financial liabilities is taken to approximate their carrying value due to the relatively short-term maturity.

**Measurement of fair values**

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised 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 categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**Sakol Energy Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

**Financial instruments measured at fair value**

Mutual fund is stated at fair value using the price or yield announced on the date the investment is valued.

**Financial instruments not measured at fair value**

Fair values of fixed-interest-rate long-term loans using the discounted cash flow method based on the discount rates of contracts with similar borrowing conditions.

**16 Commitments with non-related parties**

<i>As at 30 September 2019</i>	<b>Consolidated financial statement</b>	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>	
<b>Capital commitments</b>		
<i>Contracted but not provided for:</i>		
Buildings	4,799	-
Software	547	547
Machinery and equipment	6,376	6,276
<b>Total</b>	<b>11,722</b>	<b>6,823</b>
<b>The future minimum lease payments under non-cancellable leases</b>		
Within one year	44,504	6,544
After one year but within five years	73,821	4,374
After five years	12,928	-
<b>Total</b>	<b>131,253</b>	<b>10,918</b>
<b>Other commitments</b>		
Bank guarantees	36,970	38,770
Purchase of raw material	3,000	3,000
<b>Total</b>	<b>39,970</b>	<b>41,770</b>

**17 Events after the reporting period**

At the Board of Directors' meeting of the Company held on 8 November 2019, the Board of Directors agreed to approve Mae Krating Power Company Limited ("MKP"), a subsidiary of the Company, not to purchase shares of Phrae Green Power Company Limited ("PGP") as PGP has not yet started its operation to provide MKP raw materials and warehouse service. Moreover the Board of Directors also approved MKP to enter into a 20 years land lease agreement directly with landlord to obtain the right to use such land for biomass fuel delivery to Mae Krating power plant.

In October 2019, a subsidiary entered into a long-term loan agreement of Baht 250 million with a financial institution, the term of the agreement is not over 7 years. This loan is guaranteed by pledging the shares of the parent company and subsidiary, mortgage land, buildings and machinery of three subsidiaries. Moreover, this loan is fully guaranteed by the parent company to assure payments under the agreement. In addition, under the loan agreement, the subsidiary must comply with certain conditions as specified in the loan agreement, such as maintain financial ratios and maintain a majority stake in the subsidiary etc.

**Sakol Energy Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

**18 Thai Financial Reporting Standards (TFRS) not yet adopted**

A number of new and revised TFRS which are 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 which become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

<b>TFRS</b>	<b>Topic</b>
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

\* *TFRS - Financial instruments standards*

**(a) TFRS - Financial instruments standards**

These TFRSs establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRSs are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled

**(b) TFRS 16 Leases**

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is presently considering the potential impact of adopting and initially applying those TFRS - Financial instruments standards and TFRS 16 on the consolidated and separate financial statements.