

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

Condensed interim financial statements
for the three-month period ended
31 March 2020
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 31 March 2020; the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2020; 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
7 May 2020

Sakol Energy Public Company Limited and its subsidiaries

Statement of financial position

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		31 March 2020 (Unaudited)	31 December 2019	31 March 2020 (Unaudited)	31 December 2019
<i>(in thousand Baht)</i>					
Assets					
Current assets					
Cash and cash equivalents		41,852	82,209	12,243	8,552
Current investments		24,835	67,934	16	40,053
Current portion of deposits at financial institutions with restrictions on withdrawal	9	-	1,255	-	-
Trade accounts receivable	5	93,729	93,530	41,246	40,548
Current portion of financial lease receivable	6	18,825	18,567	18,825	18,567
Other receivables	4	53,421	55,221	11,560	8,687
Short-term loans to related parties	4	-	20,000	13,935	34,000
Short-term loans to other parties		-	10,000	-	10,000
Current portion of long-term loans to related parties	4	-	-	1,815	1,733
Inventories		14,697	11,283	-	-
Current spare parts and supplies		2,962	3,057	2,703	2,835
Total current assets		250,321	363,056	102,343	164,975
Non-current assets					
Deposits at financial institutions with restrictions on withdrawal		4,257	4,251	500	500
Investments in subsidiaries	7	-	-	512,539	512,539
Financial lease receivable	6	182,350	185,743	182,350	185,743
Long-term loans to related parties	4	-	-	284,664	289,188
Non-current spare parts and supplies		2,924	3,259	2,924	3,259
Investment properties		171,618	171,618	-	-
Property, plant and equipment	8	939,425	930,702	143,314	135,779
Intangible assets		113,317	115,197	5,841	6,321
Goodwill		8,077	8,077	-	-
Other non-current assets		16,330	14,361	15,417	13,434
Total non-current assets		1,438,298	1,433,208	1,147,549	1,146,763
Total assets		1,688,619	1,796,264	1,249,892	1,311,738

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>	Consolidated		Separate	
		financial statements		financial statements	
		31 March 2020 (Unaudited)	31 December 2019	31 March 2020 (Unaudited)	31 December 2019
<i>(in thousand Baht)</i>					
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term borrowings	4, 9	42,234	101,112	13,778	69,630
Trade accounts payable	4	31,298	27,917	17,039	15,597
Other payables	4	24,223	92,241	11,073	18,022
Current portion of long-term loans					
from financial institutions	9	76,423	71,932	56,616	56,525
Current portion of lease liabilities	9	13,748	9,433	2,539	553
Total current liabilities		187,926	302,635	101,045	160,327
Non-current liabilities					
Long-term borrowings from financial institutions	9	424,979	443,910	182,714	196,886
Lease liabilities	9	39,515	27,307	5,932	-
Deferred tax liabilities		31,000	31,201	9,411	10,216
Provisions for employee benefits		992	929	992	929
Other non-current provisions		1,090	1,090	1,090	1,090
Total non-current liabilities		497,576	504,437	200,139	209,121
Total liabilities		685,502	807,072	301,184	369,448

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	
	31 March	31 December	31 March	31 December
Liabilities and equity	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
	<i>(in thousand Baht)</i>			
Equity				
Share capital:				
Authorised share capital				
(930,000,000 ordinary shares, par value at Baht 0.5 per share)	465,000	465,000	465,000	465,000
Issued and paid-up share capital				
(930,000,000 ordinary shares, par value at Baht 0.5 per share)	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	31,820	31,820	31,820	31,820
Unappropriated	134,064	121,055	154,269	147,846
Other components of equity	-	80	-	5
Equity attributable to owners of the parent	928,503	915,574	948,708	942,290
Non-controlling interests	74,614	73,618	-	-
Total equity	1,003,117	989,192	948,708	942,290
Total liabilities and equity	1,688,619	1,796,264	1,249,892	1,311,738

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	
		31 March		31 March	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Revenue	10				
Revenue from rendering of services		57,307	61,918	57,307	61,918
Revenue from financial lease		4,783	5,018	4,783	5,018
Revenue from sale of goods		80,525	1,434	-	-
Other income	4	1,014	2,012	6,820	5,996
Total revenue		143,629	70,382	68,910	72,932
Expenses					
Costs of rendering of services		37,159	39,202	37,983	39,202
Costs of sales of goods	4	57,359	1,125	-	-
Selling and Administrative expenses	4	26,554	20,636	17,267	16,535
Finance costs		8,947	3,953	3,959	3,374
Total expenses		130,019	64,916	59,209	59,111
Profit before income tax expense		13,610	5,466	9,701	13,821
Tax income (expense)		372	(469)	(34)	138
Profit for the period		13,982	4,997	9,667	13,959
Other comprehensive income					
<i>Item that will be reclassified subsequently to profit or loss</i>					
Gain (loss) on measurement of financial assets		(80)	153	(5)	39
Total items that will be reclassified subsequently to profit or loss		(80)	153	(5)	39
<i>Items that will not be reclassified to profit or loss</i>					
Gain on remeasurements of defined benefit plans		-	104	-	104
Income tax relating to items that will not be reclassified		23	-	23	-
Total items that will not be reclassified to profit or loss		23	104	23	104
Other comprehensive income (expense) for the period		(57)	257	18	143
Total comprehensive income (expense) for the period		13,925	5,254	9,685	14,102

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>	Consolidated financial statements		Separate financial statements	
		Three-month period ended		Three-month period ended	
		31 March		31 March	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Profit (loss) attributable to:					
Owners of the parent		12,986	6,093	9,667	13,959
Non-controlling interests		996	(1,096)	-	-
Profit for the period		13,982	4,997	9,667	13,959
Total comprehensive income (expense) attributable to:					
Owners of the parent		12,929	6,344	9,685	14,102
Non-controlling interests		996	(1,090)	-	-
Total comprehensive income for the period		13,925	5,254	9,685	14,102
Basic earnings per share (in Baht)	<i>13</i>	0.014	0.007	0.010	0.015

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							
	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>(in thousand Baht)</i>								
Three-month period ended 31 March 2019								
Balance at 1 January 2019	465,000	297,619	29,300	151,881	898	944,698	74,823	1,019,521
Comprehensive income for the period								
Profit (loss)	-	-	-	6,093	-	6,093	(1,096)	4,997
Other comprehensive income	-	-	-	104	147	251	6	257
Total comprehensive income (expense) for the period	-	-	-	6,197	147	6,344	(1,090)	5,254
Balance at 31 March 2019	465,000	297,619	29,300	158,078	1,045	951,042	73,733	1,024,775

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 attributable to owners of the parent	Non- controlling interests	Total equity
				Legal reserve	Unappropriated	Gain (loss) on measuring financial assets			
<i>(in thousand Baht)</i>									
Three-month period ended 31 March 2020									
Balance at 31 December 2019 - as reported		465,000	297,619	31,820	121,055	80	915,574	73,618	989,192
Impact of changes in accounting policies	³	-	-	-	-	-	-	-	-
Balance at 1 January 2020 - restated		465,000	297,619	31,820	121,055	80	915,574	73,618	989,192
Comprehensive income for the period									
Profit		-	-	-	12,986	-	12,986	996	13,982
Other comprehensive income		-	-	-	23	(80)	(57)	-	(57)
Total comprehensive income (expense) for the period		-	-	-	13,009	(80)	12,929	996	13,925
Balance at 31 March 2020		465,000	297,619	31,820	134,064	-	928,503	74,614	1,003,117

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>			
Three-month period ended 31 March 2019						
Balance at 1 January 2019	465,000	297,619	29,300	155,934	56	947,909
Comprehensive income for the period						
Profit	-	-	-	13,959	-	13,959
Other comprehensive income	-	-	-	104	39	143
Total comprehensive income (expense) for the period	-	-	-	14,063	39	14,102
Balance at 31 March 2019	465,000	297,619	29,300	169,997	95	962,011

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)

	<i>Note</i>	Separate financial statements				Other components of equity	Total equity
		Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Gain (loss)	
				Legal reserve	Unappropriated	on measuring financial assets	
<i>(in thousand Baht)</i>							
Three-month period ended 31 March 2020							
Balance at 31 December 2019 - as reported		465,000	297,619	31,820	147,846	5	942,290
Impact of changes in accounting policies	3	-	-	-	(3,267)	-	(3,267)
Balance at 1 January 2020 - restated		465,000	297,619	31,820	144,579	5	939,023
Comprehensive income for the period							
Profit		-	-	-	9,667	-	9,667
Other comprehensive income		-	-	-	23	(5)	18
Total comprehensive income (expense) for the period		-	-	-	9,690	(5)	9,685
Balance at 31 March 2020		465,000	297,619	31,820	154,269	-	948,708

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	
	Three-month period ended 31 March		Three-month period ended 31 March	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the period	13,982	4,997	9,667	13,959
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax expense (income)	(372)	469	34	(138)
Finance costs	8,947	3,953	3,959	3,374
Depreciation and amortisation	16,709	3,935	2,678	2,236
Gains on disposal of mutual fund	(208)	(23)	(45)	-
Loss on disposal of equipments	-	62	-	62
Employee benefit expenses	63	49	63	49
Interest income	(250)	(108)	(6,425)	(4,745)
	38,871	13,334	9,931	14,797
<i>Changes in operating assets and liabilities</i>				
Trade account receivable	(198)	(1,816)	(698)	(1,816)
Other receivables	1,800	(8,628)	(6,446)	1,115
Financial lease receivable	3,135	2,899	3,135	2,899
Inventories	(3,413)	(74)	-	-
Spare parts and supplies	431	(93)	467	(93)
Other non-current assets	18	(8,611)	-	(380)
Trade accounts payable	3,381	8,002	1,442	777
Other payables	(21,504)	(4,188)	(3,806)	(890)
Employee benefits paid	-	(58)	-	(58)
Net cash generated from operating	22,521	767	4,025	16,351
Taxes paid	(5,868)	(1,183)	(1,144)	(1,182)
Net cash from (used in) operating activities	16,653	(416)	2,881	15,169

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	
	Three-month period ended 31 March		Three-month period ended 31 March	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Proceeds from sale of mutual fund	43,423	14,100	40,233	-
Acquisition of mutual fund	(532)	-	(180)	-
Short-term loans to related parties	-	-	-	(135,000)
Long-term loans to related parties	-	-	-	(79,000)
Proceeds from repayment of short-term loans to other parties	10,000	-	10,000	-
Proceeds from repayment of short-term loans to related parties	20,000	575	20,000	16,000
Proceeds from repayment of long-term loans to related parties	-	-	423	-
Decrease in restricted deposits at financial institutions	1,248	599	-	599
Proceeds from sale of equipment	-	10	-	10
Acquisition of building and equipment	(46,405)	(248,375)	(3,663)	(143)
Acquisition of intangible assets	(166)	-	(166)	-
Interest received	642	44	9,106	4,020
Net cash from (used in) investing activities	28,210	(233,047)	75,753	(193,514)
<i>Cash flows from financing activities</i>				
Proceeds from short-term loans from financial institutions	22,774	90,000	22,000	90,000
Proceeds from long-term loans from financial institutions	-	133,673	-	133,673
Repayment of short-term loans from financial institutions	(82,000)	(61,257)	(82,000)	(40,000)
Repayment of long-term loans from financial institutions	(14,619)	(6,589)	(14,195)	(6,589)
Proceeds from lease liabilities	-	38,591	-	-
Proceeds from short-term loans from related party	-	-	3,800	-
Payment of lease liabilities	(3,438)	(1,425)	(1,025)	(252)
Interest paid	(7,937)	(3,471)	(3,523)	(3,021)
Net cash from (used in) financing activities	(85,220)	189,522	(74,943)	173,811
Net increase (decrease) in cash and cash equivalents	(40,357)	(43,941)	3,691	(4,534)
Cash and cash equivalents at beginning of period	82,209	123,254	8,552	79,377
Cash and cash equivalents at ending of period	41,852	79,313	12,243	74,843
<i>Non-cash transactions</i>				
Other payables of buildings and equipment purchased	500	43,625	500	6,365

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 period ended 31 March 2020 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Change in accounting policies
4	Related parties
5	Trade accounts receivable
6	Financial lease receivable
7	Investments in subsidiaries
8	Property, plant and equipment
9	Interest bearing liabilities
10	Segment information and disaggregation of revenue
11	Lease
12	Income tax expense
13	Basic earnings per share
14	Financial instruments
15	Commitments with non-related parties
16	Events after the reporting period

Sakol Energy Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (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 7 May 2020.

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 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 2019.

The Group has initially applied TFRS - Financial instruments standards and TFRS 16 *Leases* and disclosed impact from changes to significant accounting policies in note 3.

In addition, the Group has not early adopted a number of new and revised TFRS, which are not yet effective for the current period in preparing these financial statements.

(b) Use of judgements and estimates

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 described in the financial statements for the year ended 31 December 2019.

3 Changes in accounting policies

From 1 January 2020, the Group has initially applied TFRS - Financial instruments standards and TFRS 16. Impact of changes in accounting policies on shareholders' equity are as follows:

Sakol Energy Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

		Consolidated financial statements	Separate financial statements
		Retained earnings	Retained earnings
	<i>Note</i>	<i>(in thousand Baht)</i>	
At 31 December 2019 - as reported		121,055	147,846
<i>Increase (decrease) due to:</i>			
Adoption of TFRS - Financial instruments standards			
Impairment losses on financial assets	A(2)	-	(4,084)
Related tax		-	817
At 1 January 2020 - restated		121,055	144,579

A. TFRS - Financial instruments standards

The Group has adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings on 1 January 2020. Therefore, the Group did not adjust the information presented for 2019.

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The impact from adoption of TFRS – Financial instruments standards are as follows:

(1) Classification and measurement of financial assets and financial liabilities

TFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The classification under TFRS 9 is based on the cash flow characteristics of the financial asset and the business model in which they are managed. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. Previously, the Group recognised interest income and interest expenses at the rate specified in the contract.

The following table shows measurement categories under previous standards and TFRS 9, including reconciliation of the carrying amounts of each class of the Group's financial assets and financial liabilities as at 1 January 2020.

Sakol Energy Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

Consolidated financial statements				
Classification under previous standards at 31 December 2019		Classification under TFRS 9 at 1 January 2020		
	Carrying amounts	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost - net
		<i>(in thousand Baht)</i>		
Financial assets				
Cash and cash equivalents	82,209	-	-	82,209
Trade accounts receivable	93,530	-	-	93,530
Other receivables	55,221	-	-	55,221
Financial lease receivable	204,310	-	-	204,310
Loan to	30,000	-	-	30,000
Other financial assets				
- Deposits at financial institutions	5,506	-	-	5,506
- Equity instruments held for trading	40	40	-	-
- Debt instruments available for sale	67,894	67,894	-	-
Total other financial assets	73,440	67,934	-	5,506
Financial liabilities				
Bank overdrafts and short-term borrowings	101,112	-	-	101,112
Trade accounts payable	27,917	-	-	27,917
Other payables	92,241	-	-	92,241
Long-term borrowings from financial institutions	515,842	-	-	515,842
Lease liabilities	36,740	-	-	36,740
Separate financial statements				
Classification under previous standards at 31 December 2019		Classification under TFRS 9 at 1 January 2020		
	Carrying amounts	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost - net
		<i>(in thousand Baht)</i>		
Financial assets				
Cash and cash equivalents	8,552	-	-	8,552
Trade accounts receivable	40,548	-	-	40,548
Other receivables	8,687	-	-	8,687
Financial lease receivable	204,310	-	-	204,310
Loan to	334,921	-	-	334,921

Sakol Energy Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

Classification under previous standards at 31 December 2019	Separate financial statements			
	Carrying amounts	Fair value through profit or loss (in thousand Baht)	Fair value through other comprehensive income	Amortised cost - net
Financial assets				
Other financial assets				
- Deposits at financial institutions	500	-	-	500
- Equity instruments held for trading	40	40	-	-
- Debt instruments available for sale	40,013	40,013	-	-
Total other financial assets	40,553	40,053	-	500
Financial liabilities				
Bank overdrafts and short-term borrowings				
	69,630	-	-	69,630
Trade accounts payable	15,597	-	-	15,597
Other payables	18,022	-	-	18,022
Long-term borrowings from financial institutions				
	253,411	-	-	253,411
Lease liabilities	553	-	-	553

(2) Impairment – Financial assets and contract assets

TFRS 9 introduces forward-looking ‘expected credit loss’ (ECL) model whereas previously the Group estimates allowance for doubtful account by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at FVOCI, lease receivables, except for investments in equity instruments.

The Group has determined that the application of TFRS 9’s impairment requirements at 1 January 2020 results in an additional allowance for impairment loss as follows:

	Consolidated financial statements (in thousand Baht)	Separate financial statements
<i>Additional impairment loss recognised at 1 January 2020 on:</i>		
Loans to related parties	-	4,084
Allowance for impairment losses at 1 January 2020	-	4,084

The Group has opted to recognise the increase of impairment loss as an adjustment to retained earnings as at 1 January 2020.

Sakol Energy Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

B. TFRS 16 Leases

From 1 January 2020, the Group has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* and TFRIC 4 *Determining whether an arrangement contains a lease* using the modified retrospective approach.

Previously, the Group, as a lessee, recognised payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Group assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Group allocates the consideration in the contract based on stand-alone selling price (Transaction price). As at 1 January 2020, the Group and the Company recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Group recognised depreciation of right-of-use assets and interest expense on lease liabilities.

On transition, the Group also elected to use the following practical expedients:

- use hindsight when determining the lease term;
- apply a single discount rate to a portfolio of leases with similar characteristics;
- exclude initial direct costs from measuring the right-of-use asset;
- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term

<i>Impact from the adoption of TFRS 16</i>	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
<i>At 1 January 2020</i>		
Increase in property, plant and equipment	20,276	8,943
Decrease in prepaid rental expenses	(315)	-
Increase in lease liabilities	(19,961)	(8,943)

The operating lease commitments as at 31 December 2019 was discounted using the incremental borrowing rate and exemption for short-term leases, combined with finance lease liabilities; therefore, the Group and the Company have recognised lease liabilities as at 1 January 2020 amounted to Baht 20.28 million and Baht 8.94 million, respectively. Weighted-average incremental borrowing rates were 4.40%-5.88% per annum.

Right-of-use assets and lease liabilities shown above were presented as part of natural gas compression service segment, generating and distribution of electricity segment and others.

Sakol Energy Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

4 Related parties

Significant transactions for the three-month period ended 31 March with related parties were as follows:

<i>Three-month period ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries				
Management income	-	-	59	178
Other service income	-	-	140	330
Interest income	-	-	6,111	4,701
Interest expense	-	-	10	-
Other related parties				
Utility income	41	40	41	40
Purchase of raw materials	23,612	-	-	-
Transportation	1,121	-	-	-
Other service income	69	-	3	-
Other service expenses	663	-	-	-
Interest income	178	-	178	-
Key management personnel				
Short-term employee benefits	6,184	3,217	6,148	3,217
Post-employment benefits	15	-	15	-
Total key management personnel compensation	6,199	3,217	6,163	3,217

Balances as at 31 March 2020 and 31 December 2019 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>			
Other receivables				
Subsidiaries				
Mae Krating Power Company Limited	-	-	8,581	5,199
RE Biofuels Company Limited	-	-	50	340
Sakol Energy Biomass Power 15 Company Limited	-	-	16	-
SK 15 Company Limited	-	-	9	-
Other related parties				
Transuwan Company Limited	34	174	-	117
Tranthanakom Company Limited	74	116	-	-
B.P. 15 Company Limited	16	16	-	-
Total	124	306	8,656	5,656

Sakol Energy Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

	Consolidated financial statements		Separate financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>			
Trade accounts payable				
Other related parties				
B.P. 15 Company Limited	5,669	6,430	-	-
Transuwan Company Limited	389	996	-	-
Tranthanakom Company Limited	482	323	-	-
Total	6,540	7,749	-	-
Other payables				
Subsidiary				
SK 15 Company Limited	-	-	9	-
Other related parties				
Trans Energy Company Limited	-	34	-	-
PTC Holding Company Limited	23	5	-	-
Others	-	103	-	1
Total	23	142	9	1

Movements during the three-month period ended 31 March 2020 of loans to related parties and loan from related party were as follows:

	Interest rate		Consolidated financial statements			
	31 December 2019	31 March 2020	31 December 2019	Increase	Decrease	31 March 2020
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Short-term loan to related party						
Other related party						
Transuwan Company Limited	5.5	-	20,000	-	20,000	-

Sakol Energy Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

	Interest rate		Separate financial statements			
	31	31	31			31
	December	March	December	Increase	Decrease	March
	2019	2020	2019	(in thousand Baht)		2020
	(% per annum)					
Short-term loan to related party						
Subsidiary						
Mae Krating Power Company Limited	MOR+2.75	MOR+2.75	14,000	-	-	14,000
Other related party						
Transuwan Company Limited	5.5	-	20,000	-	20,000	-
Total			<u>34,000</u>			<u>14,000</u>
Less allowance for impairment			-			(65)
Net			<u>34,000</u>			<u>13,935</u>
Long-term loan to related parties						
Subsidiaries						
Mae Krating Power Company Limited	MLR+0.25	MLR+0.25	280,000	-	-	280,000
RE Biofuels Company Limited	8.0	8.0	10,921	-	423	10,498
Total			<u>290,921</u>			<u>290,498</u>
Less allowance for impairment			-			(4,019)
Net			<u>290,921</u>			<u>286,479</u>
Short-term loan from related party						
Subsidiary						
SK 15 Company Limited	-	4	-	3,800	-	3,800

Significant agreements with related parties

RE Biofuels Company Limited, the Company's subsidiary, entered into a transportation of compressed bio-methane gas agreement with a related company in order to transport compressed bio-methane gas from the gas station to the subsidiary's customer under the price and conditions as stipulated in the agreement.

5 Trade accounts receivable

	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
	March	December	March	December
	2020	2019	2020	2019
	(in thousand Baht)			
Other parties	<u>93,729</u>	<u>93,530</u>	<u>41,246</u>	<u>40,548</u>

Trade accounts receivable of the Group as at 31 March 2020 are within credit term.

The normal credit term granted by the Group is 15 days to 30 days.

Sakol Energy Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

6 Financial lease receivable

	Consolidated financial statements / Separate financial statements							
	Within one year		After one year but within five years		After five years		Total	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>							
Financial lease receivables	37,320	37,320	126,690	126,690	151,258	159,177	315,268	323,187
Less deferred interest income	<u>(18,495)</u>	<u>(18,753)</u>	<u>(61,707)</u>	<u>(63,064)</u>	<u>(33,891)</u>	<u>(37,060)</u>	<u>(114,093)</u>	<u>(118,877)</u>
Net	<u>18,825</u>	<u>18,567</u>	<u>64,983</u>	<u>63,626</u>	<u>117,367</u>	<u>122,117</u>	<u>201,175</u>	<u>204,310</u>

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 lease.

Sakol Energy Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

7 Investments in subsidiaries

Investments in subsidiaries as at 31 March 2020 and 31 December 2019, and dividend income from those investments for three-month period ended 31 March were as follows:

		Separate financial statements						Dividend income for the three-month period ended	
	Type of business	Ownership interest		Paid share capital		Cost		31 March 2020	31 December 2019
		31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
		(%)				<i>(in thousand Baht)</i>			
Subsidiaries									
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	Generating and distribution of electricity	99.99	99.99	62,000	62,000	61,999	61,999	-	-
Mae Krating Power Company Limited	Generating 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	75.95	75.95	21,000	21,000	24,700	24,700	-	-
Total				505,300	505,300	512,539	512,539	-	-

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.

Sakol Energy Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

8 Property, plant and equipment

Acquisitions, disposals and transfers of plant and equipment during the three-month period ended 31 March 2020 were as follows:

	Consolidated financial statements		Separate financial statements	
	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
Buildings and other construction	186	-	186	-
Tools	667	-	13	-
Furniture, fixtures and office equipment	3,910	-	293	-
Assets under construction and installation	2,169	(3,009)	1,275	(159)
Total	6,932	(3,009)	1,767	(159)

During the three-month period ended 31 March 2020, the Group leased property, plant and equipment for a period of four years to 14 years with fixed rental fees throughout the agreements. The Group and the Company have recognised right-of-use assets in the amount of Baht 20.28 million and Baht 8.94 million, respectively.

9 Interest-bearing liabilities

	Consolidated financial statements			
	Bank overdrafts and short- term borrowings	Long-term loans from financial institutions	Lease liabilities	Total
	<i>(in thousand Baht)</i>			
Balance at 1 January 2020	101,112	515,842	36,740	653,694
Changes from financing cash flows	(59,225)	(14,619)	(3,438)	(77,282)
Other non-cash movement	347	179	19,961	20,487
Balance at 31 March 2020	42,234	501,402	53,263	596,899

	Separate financial statements			
	Short-term loans	Long-term loans from financial institutions	Lease liabilities	Total
	<i>(in thousand Baht)</i>			
Balance at 1 January 2020	69,630	253,411	553	323,594
Changes from financing cash flows	(56,200)	(14,195)	(1,025)	(71,420)
Other non-cash movement	348	114	8,943	9,405
Balance at 31 March 2020	13,778	239,330	8,471	261,579

Sakol Energy Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

Secured interest-bearing liabilities as at 31 March 2020 and 31 December 2019 were secured on the following assets:

	Consolidated financial statements		Separate financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>			
Deposits at financial institutions with restrictions on withdrawal	4,257	5,506	500	500
Investment properties	171,617	171,617	-	-
Property, plant and equipment	844,989	866,963	81,123	81,284
Total	<u>1,020,863</u>	<u>1,044,086</u>	<u>81,623</u>	<u>81,784</u>

As at 31 March 2020, the Group and the Company had unutilised credit facilities totaling Baht 178 million and Baht 175 million, respectively.

Sakol Energy Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

10 Segment information and disaggregation of revenue

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

<i>Three-month period ended 31 March</i>	Natural gas compression service		Generating and distribution of electricity		Others		Total		Elimination of inter-segment		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	<i>(in thousand Baht)</i>											
External revenue												
- Revenue from rendering of services	57,307	61,918	-	-	-	-	57,307	61,918	-	-	57,307	61,918
- Revenue from financial lease	4,783	5,018	-	-	-	-	4,783	5,018	-	-	4,783	5,018
- Revenue from sales of goods	-	-	74,133	-	6,392	1,434	80,525	1,434	-	-	80,525	1,434
Other income	6,820	5,996	310	206	258	1,011	7,388	7,213	(6,374)	(5,201)	1,014	2,012
Total	68,910	72,932	74,443	206	6,650	2,445	150,003	75,583	(6,374)	(5,201)	143,629	70,382
Segment profit (loss) before income tax	9,701	13,821	7,065	(1,694)	(1,564)	(2,474)	15,202	9,653	(1,592)	(4,187)	13,610	5,466
Segment assets as at												
31 March / 31 December	1,249,892	1,311,738	880,276	931,440	280,218	282,445	2,410,386	2,525,623	(721,767)	(729,359)	1,688,619	1,796,264
Segment liabilities as at												
31 March / 31 December	301,184	369,449	609,733	667,962	59,875	60,489	970,792	1,097,900	(285,290)	(290,828)	685,502	807,072

Sakol Energy Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

11 Lease

	Consolidated financial statements	Separate financial statements
<i>For the three-month period ended 31 March 2020</i>		
	<i>(in thousand Baht)</i>	
Recognised in profit or loss		
Interest income on finance lease receivable	3,393	3,393
Interest expense on lease liabilities	593	109
Expenses relating to leases of low-value assets	8	8

Total cash outflows of leases shown in the consolidated cash flow statement and the separate cash flow statement for the three-month period ended 31 March 2020 are in the amount of Baht 3.44 million and Baht 1.03 million, respectively.

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 three-month period ended 31 March 2020 were (2.76%) and 0.35%, respectively. (31 March 2019: 8.58% and (1.00%), 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 and unutilised tax loss carry forward.

13 Basic earnings per share

The calculations of basic earnings per share for the three-month period ended 31 March 2020 and 2019 were based on the profit for the period attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the period as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht/thousand shares)</i>			
Profit for the periods attributable to ordinary shareholders of the Company (basic)	<u>12,986</u>	<u>6,093</u>	<u>9,667</u>	<u>13,959</u>
Number of ordinary shares outstanding	<u>930,000</u>	<u>930,000</u>	<u>930,000</u>	<u>930,000</u>
Basic earnings per share (in Baht)	<u>0.014</u>	<u>0.007</u>	<u>0.010</u>	<u>0.015</u>

14 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.

Sakol Energy Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

	Consolidated financial statements					
	Carrying amount		Fair value			
	Fair value through profit or loss	Amortised cost - net	Level 1	Level 2	Level 3	Total
<i>(in thousand Baht)</i>						
At 31 March 2020						
Financial assets						
Equity instruments	16	-	16	-	-	16
Debt instruments	24,819	-	-	24,819	-	24,819
Financial liabilities						
Long-term loans from financial institutions	-	12,144	-	11,618	-	11,618

	Separate financial statements					
	Carrying amount		Fair value			
	Fair value through profit or loss	Amortised cost - net	Level 1	Level 2	Level 3	Total
<i>(in thousand Baht)</i>						
At 31 March 2020						
Financial assets						
Equity instruments	16	-	16	-	-	16
Long-term loans to related parties	-	10,498	-	8,695	-	8,695
Financial liabilities						
Long-term loans from financial institutions	-	12,144	-	11,618	-	11,618

	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
	<i>(in thousand Baht)</i>			
31 March 2020				
Financial assets measured at fair value				
Equity instruments held for trading	40	40	40	40
Debt instruments available for sale	67,894	67,894	40,013	40,013
Financial assets and financial liabilities not measured at fair value				
Long-term loans to	-	-	10,921	8,786
Long-term loans from	14,672	13,837	14,672	13,837

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

Sakol Energy Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2020 (Unaudited)

Financial instruments measured at fair value

Investments in marketable unit trusts classified as financial assets measured at FVTPL is stated at fair value using the net asset value as of the reporting date.

Financial instruments not measured at fair value

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

Impairment loss

An allowance for impairment loss for loans to is measured at an amount equal to lifetime ECLs. ECLs on this financial asset is estimated using a provision matrix based on the historical credit loss experience, adjusted for factors that are specific to loan to and assessment of both the current and forecast general economic conditions.

15 Commitments with non-related parties

<i>As at 31 March 2020</i>	Consolidated financial statement	Separate financial statements
	<i>(in thousand Baht)</i>	
Capital commitments		
<i>Contracted but not provided for:</i>		
Plant and equipment	1,851	-
Other commitments		
Service contracts and others	8,399	6,144
Bank guarantees	40,570	38,770

Mae Krating Power Company Limited, the Company's subsidiary, entered into a service agreement to operate and maintenance machinery of biomass power plant with a company, for a period of three years, effective from the date of commercial operation (COD), under the service fee stipulated in the agreement.

RE Biofuels Company Limited, the Company's subsidiary, entered into a service agreement to operate and maintenance machinery of bio-methane gas station with a company, for a period of 12 years, effective from the date of providing operating and maintenance service, under the service fee stipulated in the agreement.

16 Events after the reporting period

At the Board of Directors' Meeting of the Company held on 9 April 2020, the directors approved to the appropriation of interim dividends for the year 2019 at Baht 0.025 per share, amounting to Baht 23.25 million. The interim dividends were paid to the shareholders on 7 May 2020.