

“FOCUS ON BECOMING THE LEADER IN PROVIDING
THE ENERGY SERVICES OF THE COUNTRY”





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Investors regard the information of the company issuing additional securities from the annual registration statement (Form 56-1) Of the company disclosed on www.sec.or.th or company's website www.sakolenergy.com

Message from Chairman



Dear Shareholders Analyst Investor and Mass media

The year 2018 has been the year of volatility and uncertainties due to various internal and external factors such as China-United States trade war, currency and economic crisis in EM countries (Turkey, Argentina, and Venezuela), tightening world's financial conditions, volatility of the world crude oil prices, United States sanctions against Iran, and Thailand's political situations. Such factors have created direct and indirect impact on Thailand and business operations of Sakol Energy Public Company Limited (the "Company"). Although the year 2018 was considered difficult, the Company used the principles of good management and successfully managed the Company through this difficult time.

For overall 2018 operating performance, the Company achieved its target by providing, on average, more natural gas compression service for NGV trailer trucks of PTT Public Company Limited than the volume of compressed natural gas specified under the two contracts (520 tons per day) during the 12 months, opening 365 days per year without closing its stations. This illustrates readiness of the Company's facilities and excellent maintenance of the Company's machinery, the qualities required for responding to growing demand for NGV. In addition, the Company was able to control production and management costs well. In respect of investment during 2018, the Company achieved all of its targets, for instance, investment in setting up production and distribution station for compressed biomethane gas (CBG). The Company has started distributing CBG since January 2019. The Company brought an effective technology used for separation and purification of gases (Pressure Swing Adsorption: PSA) from Canada and used such technology with its CBG station. In addition, the construction of 9.9 MW biomass power plant is making progress according to schedule. It is expected that the biomass power plant will start commercial operation on 1 June 2019, which is 2 months earlier than the scheduled commercial operation date.

The significant development of the Company in the year 2019 will include revenue generation from power production and distribution. Significant amount of revenue and profit will be generated from such business.

The Company hopes that this will be the beginning of its business expansion into renewable energy industry. Moreover in the year 2019 The Company also hopes that the government will have more interest in supporting the renewable energy industry since PM 2.5 hazardous dust has exceeded the safe level since the end of 2018 until early 2019. There are many causes of air pollution, emission of pollution from vehicles is one of the major causes. Hence, the Company encourages the use of NGV as it creates less pollution than other types of fuel and is environment- friendly. The government may consider promoting the use of NGV as a way to solve the present situation. It is also recommended to promote the use of NGV in the long run in order to prevent future air pollution crisis. NGV can be used as alternative to diesel and has been widely used for over 10 years without any impact to transport operators and helps saving the environment.

On behalf of the Board of Directors, I would like to thank you all shareholders, customers, trade partners and stakeholders who have given trust and support to the Company throughout the year and look forward to the continuing support to the Company.

The Company upholds the principles of good corporate governance by giving importance to all stakeholders, including its shareholders, trade partners, society, environment and employees.

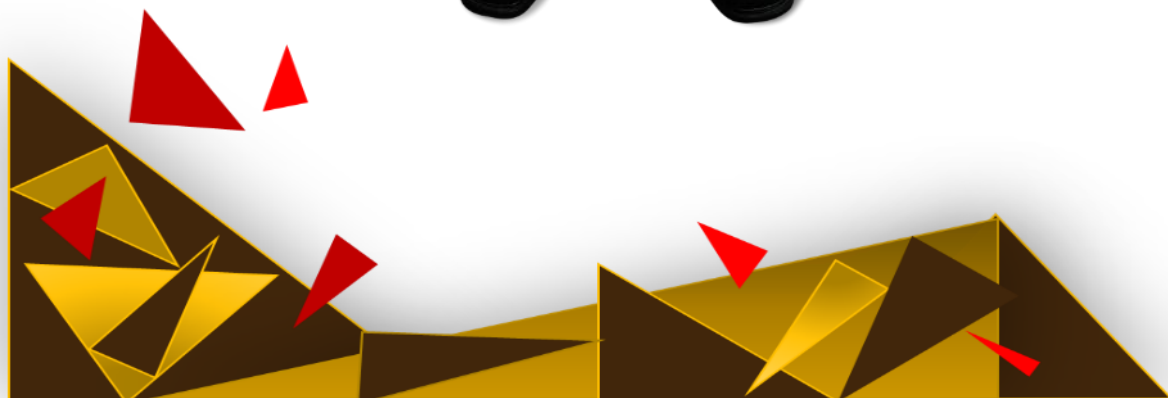
I would like to take this opportunity to thank you the Board of Directors, management and all employees of the Company who have performed their duties with diligence and responsibility. The contribution from our people plays an important role in strengthening the Company's business operations, creating business stability and driving the Company's towards its goals, and creating sustainable growth of the organization.



Prof. Emeritus Dr. Direk Lavansiri

President of Board of Directors

Message of Chief Executive Officer



Dear All shareholders and investor,

SKE had its first anniversary as listed company on the Stock Exchange of Thailand on 22 November 2018. During the past year, SKE was determined and had been striving to achieve its missions promised to shareholders and investors. Our previous mission is to manage Pathum Thani Private Mother Station and Saraburi Private Mother Station and operating performance of such business is at a “Good” level in respect of both revenues and profits for the year. Our new mission includes Mae Krating Biomass Power Plant in Phrae Province in which SKE has 80% shareholding. The construction of Mae Krating Power Project has progressed well and is completed earlier than schedules. It is quite certain that the project will start commercial operation (COD) in the beginning of June 2019. In respect of production and distribution of compressed bio-methane gas (CBG) in Chum Phuang District, Nakhon Ratchasima Province, construction of the plant was completed and the plant has been in operation since January 2019. The production capacity is 9,000 kilograms per day. The terms of the gas sale agreement are under negotiation between SKE and many key customers. Hence, overall revenues and profits from existing business and new businesses in the year 2019 shall be improved. Although net profits in the year 2018 has decreased due to feasibility study costs and operating expenses of two new investment projects.

The country has been facing PM 2.5 pollution during the past three months. Since diesel engine is one of the causes of pollution, NGV vehicles, particularly trucks, have received increasingly greater attention from the public. This can be seen from purchase by the government of 4,000 NGV buses. Electric vehicles will take time as weight of EV battery affects truck load and has direct impact on revenues from transportation.

To support use of electric vehicles, the government must develop system for electricity production and electric vehicle stations. There is an opportunity for NGV trucks as immediate solution to PM 2.5 problem without any additional investment and this occurrence has presented a good opportunity to SKE.

In 2019, SKE will study many projects such as waste-to-energy power plant and development of renewable energy through accumulation of knowledge, understanding and experience from investment in biomass power plant and investment with operators who have new knowledge and technology in Thailand and overseas. SKE upholds the concept of “Building on experience. Take part in the country's development with good technology.” The year 2019 will be a good year for shareholders and investors of SKE since our operating performance will grow and continue to improve. We hope that our devotion will result in new projects under the aforementioned concept by SKE in 2019.

Lastly, on behalf of the Executive Committee, I would like thank customers, shareholders, business partners, sponsors who have always given confidence, support and trust to Sakol Energy Public Company Limited. I and the Executive Committee pledge to give our fullest capabilities in managing SKE's business operations and complying with good corporate governance for the benefits of all stakeholders. I would like thank the Board of Directors for having always performed their duties with determination and considered utmost benefits of the organization. Most importantly, thank you all employees and wish to express my appreciation to all SKE's employees for performing their works professionally with fullest effort and dedication during the year 2018 until SKE was able to achieve its objectives. Thank you very much.



Mr. Chutchai Sumethchotimetha
CEO

Report of Audit Committee

The Audit Committee of Sakol Energy Public Company Limited has 4 directors consisting of (1) Pol. Gen. Worapong Chewprecha, the Chairman of the Audit Committee (2) Mr. Witoon Simachokedee, the member of the Audit Committee (3) Mrs. Rawittha Pongnuchit, the member of the Audit Committee and (4) Mr. Attawoot Papangkorn, the member of the Audit Committee. And Ms. Pimol Chonchanachai, the position of Internal Audit Manager, is the secretary of the Audit Committee.

The Audit Committee performs its duties within the scope of duties and responsibilities as assigned by the Board of Directors which is in line with the regulations of the Stock Exchange of Thailand. The Audit Committee gives importance about reviewing financial statements, Good corporate governance, Risk management systems, Internal control system and internal audit, And Review the company to comply with the law Securities and Exchange Stock market requirements Or laws related to the business of the company Verification of accuracy And the effectiveness of information technology related to operations Financial report And compliance with regulations and laws, including the appointment of auditors In the accounting period of 2018, the meeting of the Audit Committee held 7 times where the auditor and internal auditor attended the meeting, the details can be summarized as follows:

1. Review the financial statements for the year 2017 and year 2018. The Audit Committee has agreed with the auditor that Such financial statements are as accurate as they should be in accordance with accounting standards and financial reporting standards.
2. Review of internal control system and internal audit for evaluation of sufficiency and appropriation and efficiency of the internal control system by considering of the internal audit report and assessment form on sufficiency of the Company. In year 2018, the Company did not find any significant mistakes. The Company had appropriate measures to protect its assets and also disclosed information accurately, completely and reliable. Therefore, the Audit Committee is of the view that the Company has the internal control system significantly, appropriately and efficiently.
3. Review and provide opinion on the related party transactions or transactions that may have conflict of interest including disclosure of information in accordance with the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission of which the auditor has disclosed information relating to financial statements and footnote to the financial statements and the Audit Committee was of the same view with the auditor and such transactions are reasonable and the information have been disclosed accurately and completely.
4. Select and nominate auditor and determine audit fees for the year 2018 to propose to the Board of Directors to subsequently propose it for approval by the 2018 Annual General Meeting of shareholders of which the Audit Committee has considered the credentials, independency and appropriation of audit fees and has resolved to appoint KPMG Phoomchai Audit Limited to act as the auditor of the Company for the year 2018 with the annual audit fees of Baht 3,270,000.- .

In summary from the above report The Audit Committee is confident that the internal control system of the company is sufficient and effective and The annual financial reports is accurate, Full disclosure of financial reporting standards

On behalf of the Audit Committee

Pol. Gen.

Worapong Chewprecha
Chairman of Audit Committee

Board of Directors



- | | |
|------------------------------------------------------------------------|------------------------------------------------------------------------|
| 1 Prof. Emeritus Dr.Direk Lavansiri
Chairman / Independent Director | 6 Mrs. Tanipa Puangjumba Director |
| 2 Mr. Chutchai Sumethchotimetha Director | 7 Pol.Gen. Worapong Chewprecha Independent Director |
| 3 Mrs. Aree Sumethchotimetha Director | 8 Dr. Witoon Simachokedee Independent Director |
| 4 Mr. Jakkraphong Sumethchotimetha Director | 9 Mrs. Rawittha Pongnuchit Independent Director |
| 5 Mr. Thanapon Sumethchotimetha Director | 10 Assistant professor Dr. Attawoot Papangkorn
Independent Director |



Board of Audit Committee

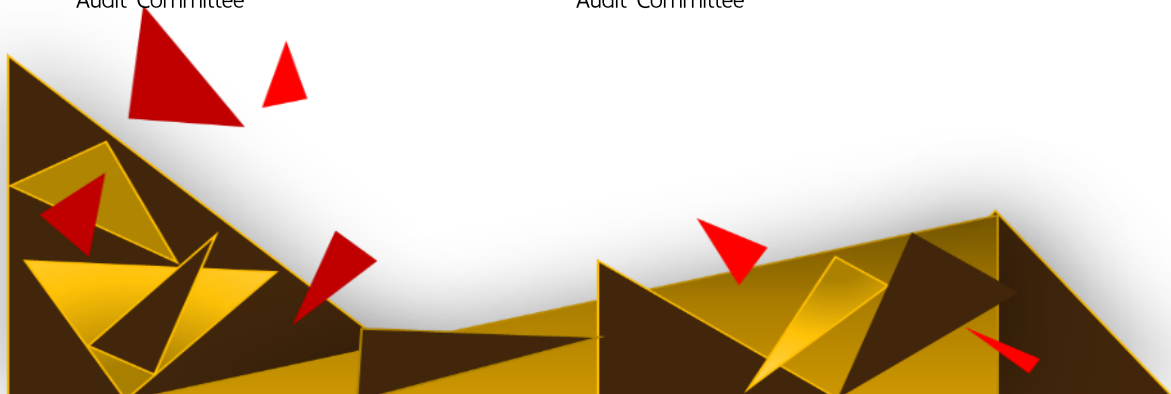


1 Pol.Gen. Worapong Chewprecha
Chairman of Audit Committee

2 Dr. Witoon Simachokedee
Audit Committee

3 Mrs. Rawittha Pongnuchit
Audit Committee

4 Assistant professor Dr. Attawoot Papangkorn
Audit Committee



Board of Executive Committee



1 Mr. Chutchai Sumethchotimetha
Chief Executive Officer

2 Mrs. Aree Sumethchotimetha
Senior Vice President

3 Mr. Jakkraphong Sumethchotimetha
Managing Director

4 Mr. Thanapon Sumethchotimetha
Chief Operating Officer



Board of Nomination & Remuneration Committee



1 Mrs. Rawittha Pongnuchit
Chairman of the nomination and
Remuneration Committee

2 Assistant professor Dr. Attawoot Papangkorn
Nomination and Remuneration Committee

3 Miss Nuttacha Promraksa
Nomination and Remuneration
Committee

Detail of Board of Directors



Prof. Emeritus Dr. Direk Lavansiri

- **Position** : Chairman / Independent Director
- **Age** : 69 Years
- **Education / Training** :
Ph.D. of Civil Engineering, Oregon State University,
United States of America
Director Certification Program (DCP) 76/2006 IOD
Director Accredited Program (DAP) 56/2006 IOD
- **Shareholding Ratio(%)⁽¹⁾** : -None-
- **Family Relation between the Director and Executives** : -None-
- **Work Experience** :

Apr. 2017-Present	Chairman / Independent Director Sakol Energy Public Company Limited
Aug. 1984-Present	Director Genie Engineering Consultants Co., Ltd.
Feb. 2008-Jul. 2014	President of Energy Regulatory Committee Energy Regulatory Commission



Mr. Chutchai Sumethchotimetha

- **Position** : Director / Chief Executive Officer
(Authorized director)
- **Age** : 64 Years
- **Education / Training** :
Master degree (Public Administration) National
Institute of Development Administration Training
profile
Director Accredited Program (DAP) 132/2016 IOD
Certificate of Senior Executives of Justice Process,
11th Generation, Thailand Justice Institute
- **Shareholding Ratio(%)⁽¹⁾** :
290,760,803 (31.265%)
- **Family Relation between the Director and Executives** : Husband of Mrs. Aree Sumethchotimetha
Father of Mr. Thanapon Sumethchotimetha and
Mr. Jakkraphong Sumethchotimetha
- **Work Experience** :

Sep. 2016-Present	Director / CEO Sakol Energy Public Company Limited
Sep. 2014-Present	Director SK 15 Co., Ltd.
Oct. 2014-Present	Director Sakol Energy Biomass Power 15 Co., Ltd.
May. 2018-Present	Director Mae Krating Power Co., Ltd.



Mrs. Aree Sumethchotimetha

- **Position :** Director / Senior Vice President
(Authorized director)
- **Age :** 63 Years
- **Education / Training :**
Master degree (Faculty of Political Science)
Ramkhamhaeng University
Director Accredited Program (DAP) 132/2016 IOD
- **Shareholding Ratio(%)⁽¹⁾ :**
206,756,858 (22.232%)
- **Family Relation between the Director and Executives :** Wife of Mr. Chutchai Sumethchotimetha
Mother of Mr. Thanapon and Mr. Jakkraphong Sumethchotimetha
- **Work Experience :**

Sep. 2016-Present	Director / Senior Vice President Sakol Energy Public Company Limited
Sep. 2014-Present	Director SK 15 Co.,Ltd
Oct. 2014-Present	Director Sakol Energy Biomass Power 15 Co, Ltd



Mr. Jakkraphong Sumethchotimetha

- **Position :** Director / Managing Director /
Company's secretary
(Authorized director)
- **Age :** 33 Years
- **Education / Training :**
Master of International Marketing (MA), London
Metropolitan University, London ,UK
Director Accredited Program (DAP) 132/2016 IOD
Driving Strategic Success with IT Governance (ITG)
3/2016 IOD
Anti-Corruption Practice Guide ACPG 34/2016 IOD
Certificate program of new executives for
peaceful preservation , 1st Generation, Royal Police
Cadet Academy
Certificate of Business Development Project KTB-
MMS Customer, 2nd Generation, Krungthai Public
Company Limited
- **Shareholding Ratio(%)⁽¹⁾ :**
930,661 (0.10%)
- **Family Relation between the Director and Executives :** Son of Mr. Chutchai and Mrs. Aree Sumethchotimetha
- **Work Experience :**

Sep. 2016-Present	Director/ Managing Director Sakol Energy Public Company Limited
May 2018-Present	Director Mae Krating Power Co, Ltd



Mr. Thanapon Sumethchotimetha

- **Position** : Director / Chief Operating Officer
(Authorized director)
- **Age** : 37 Years
- **Education / Training** :
Bachelor's Degree (International Marketing)
Bournemouth University
Director Accredited Program (DAP) 127/2016 IOD
- **Shareholding Ratio(%)⁽¹⁾** :
930,661 (0.10%)
- **Family Relation between the Director and Executives** : Son of Mr. Chutchai and Mrs. Aree Sumethchotimetha
- **Work Experience**:

Sep. 2016-Present	Director/ Chief Operating Officer Sakol Energy Public Company Limited
Sep 2014-Present	Director SK 15 Co.,Ltd
Oct. 2014-Present	Director Sakol Energy Biomass Power 15 Co, Ltd
Mar. 2018-Present	Director RE BioFuel Co, Ltd
May 2018-Present	Director Mae Krating Power Co, Ltd.



Mrs. Tanipa Puangjumba

- **Position** : Director
(Authorized director)
- **Age** : 56 Years
- **Education / Training** :
Master degree (Public and Private Sectors
Management Program) National Institute of
Development Administration
Director Accredited Program (DAP) 134/2017 IOD
- **Shareholding Ratio(%)⁽¹⁾** : -None-
- **Family Relation between the Director and Executives** : -None-
- **Work Experience**:

Sep. 2016-Present	Director Sakol Energy Public Company Limited
Sep. 2014-Present	Director SK 15 Co.,Ltd
Oct. 2014-Present	Director Sakol Energy Biomass Power 15 Co, Ltd
Sep. 2008-Present	Director Global Palm Oil Co, Ltd
Nov. 2014-Present	Director Global Refinery Co, Ltd
Aug. 2013-Present	Director Global Inter Co, Ltd
Nov. 2015-Present	Director GI Green Palm Oil Co, Ltd
Aug. 2006-Present	Director GI Green Power Co, Ltd
Jul. 2010-Present	Director Sunny Diva Co, Ltd.
Aug. 2015-Present	Director Donsak Ville Co, Ltd.
Aug. 2014-Present	Director The Lofty Warehouse Co, Ltd.
Oct. 2007-Present	Director T.S.Palm Oil Co, Ltd.
Sep. 2008-Present	Director Thai Alternative Energy Group Co, Ltd.



Pol.Gen. Worapong Chewprecha

- **Position** : Independent Director /
Chairman of Audit Committee
- **Age**: 64 Years
- **Education / Training** :
Master degree (Public Administration), Honored,
National Institute of Development Administration
Director Certification Program (DCP) 218/2016 IOD
- **Shareholding Ratio (%)⁽¹⁾** : -None-
- **Family Relation between the Director and Executives** : -None-
- **Work Experience** :

Sep. 2016-Present	Independent Director / Chairman of Audit Committee Sakol Energy Public Company Limited
Feb. 2009-Present	Director Silver Shield Public Company Limited
2013-2015	Deputy Commissioner-General



Dr. Witoon Simachokedee

- **Position** : Independent Director / Audit Committee
- **Age** : 64 Years
- **Education / Training** :
 Doctoral Degree, Ph. D. of Public Administration (Public
and Private Sector Management), Ramkhamhaeng
University
 Doctoral Degree, Honorable Ph. D. of Engineering in
Safety Technology Engineering and Occupational Health,
Suan Sunandha Rajabhat University
 Doctoral Degree, Honorable Ph. D. of Engineering in
Safety Engineering, Kasetsart University
 Doctoral Degree, Honorable Ph. D. of Science, King
Mongkut's University of Technology North Bangkok
 Director Certification Program (DCP) 11/2009
 Director Certification Program (DCP) 115/2009,
 Financial Statements for Directors (FSD) 4/2009
 Role of the Chairman Program (RCP) 23/2010
- **Shareholding Ratio (%)⁽¹⁾** : -None-
- **Family Relation between the Director and Executives**
: -None-
- **Work Experience** :

Sep. 2016-Present	Independent Director / Audit Committee Sakol Energy Public Company Limited
Feb. 2011-Present	Director QTC Group Co, Ltd.
Sep. 1994-Present	Director Delta Electronics (Thailand) Public Co., Ltd.
Oct. 2009-Sep 2014	Permanent Secretary, Ministry of Industry



Mrs. Rawittha Pongnuchit

- **Position :** Independent Director / Audit Committee/
Chairman of the nomination and Remuneration Committee
- **Age:** 68 Years
- **Education / Training :**
Master of Political Science, Thammasat University
Director Certification Program (DCP) 59/2005 IOD
- **Shareholding Ratio (%)⁽¹⁾ :** -None-
- **Family Relation between the Director and Executives :** -None-
- **Work Experience :**

Sep. 2016-Present	Independent Director / Audit Committee / Chairman of the nomination and Remuneration Committee Sakol Energy Public Company Limited
Jun. 1994-Present	Director Pranda Jewelry Public Co, Ltd.
Nov. 2007-Present	Director Synnex (Thailand) Public Co.,Ltd.
Sep. 2004-Present	Director Solartron Public Co, Ltd.
Mar. 2013-Present	Director Chankam Residence Co, Ltd.
Nov. 2011-Present	Director Phutra Corporation Co, Ltd.
Sep. 1992-Present	Director Namheng Concrete (1992) Co, Ltd.



Assistant professor Dr. Attawoot Papangkorn

- **Position :** Independent Director / Audit Committee /
Nomination and Remuneration Committee
- **Age:** 33 Years
- **Education / Training :**
DBA in Business and Administration major in
Management (Corporate governance) University of
The Thai Chamber of Commerce
Director Accredited Program (DAP) 134/2017 IOD
ก้าณฤต Risk Management Program For Corporate
Leaders (RCL) 14/2018 IOD
- **Shareholding Ratio (%)⁽¹⁾ :** -None-
- **Family Relation between the Director and Executives :** -None-
- **Work Experience :**

Sep. 2016-Present	Independent Director / Audit Committee/ nomination and Remuneration Committee Sakol Energy Public Company Limited
Nov. 1992-Present	Director Sajjapong Lawyer Office Co, Ltd.
Sep. 2015-Present	Director Mittr Theeyu Co, Ltd.
Jun. 2015-Present	Director Sapsitthi Co.,Ltd
Jul. 2010-Present	Director Pinklao-Banglumpoo Co, Ltd.
Jun 2015-Present	Director Host Orlogiry Co, Ltd.
Apr. 2017-Present	Director Nawattakam 986 Co, Ltd.
Apr. 2017-Present	Director System 986 Co, Ltd.

Remark : ⁽¹⁾ Shareholding Ratio is the information from the share register book closing date (XO) as of 28 December 2018

Key Activities of the Year 2018

April 2018

On 19 April 2018 The Company held the Annual General Meeting of Shareholders for 2018.
At the Golden Tulip Sovereign Hotel, Bangkok



June 2018

On 4 June 2018 Board of Directors Attended the sacred wood hammering ceremony for the main pillars at Mae Krating Biomass Power Plant Phai Thon Subdistrict, Rong Kwang District, Phrae Province



July 2018

On 16 July 2018 Representative from the Board of Directors attended the seminar Corporate Governance Orientation for New Listed Company at The Stock Exchange of Thailand



August 2018

On 2 August 2018 Chairman of the Board of Directors attended the opening ceremony of “Charging Station” which gets energy from solar cell system under the initiative called Green and Clean; Sustainability University, an intelligent university using clean and environmentally friendly energy. The initiative is a drive towards the use of electric vehicles within the university by Energy Research and Development Institute – Nakhonping, Chiangmai University.





On 9 August 2018 Executive along with the employees of the company have an annual donation in 2018 at Nakhon Sawan Province



July 2018

On 21 December 2018 The company held a New Year's Eve event at Miracle Grand Hotel Convention Vibhavadi-Rangsit Road "Cowboy Night Party" Theme



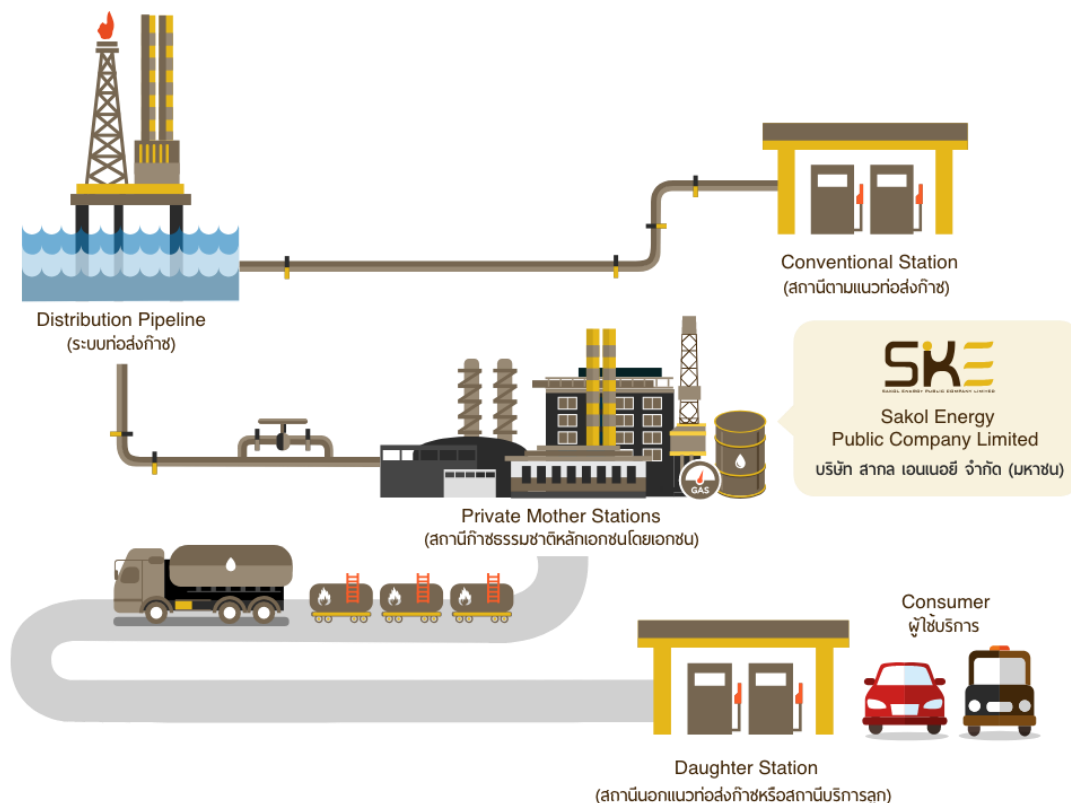
Policy and Nature of Business

Nature of Business

Sakol Energy Public Company Limited performs the energy business operation of Private Mother Station (PMS) 2 stations and subsidiaries performs the business operation of conduct on. producing and selling of compressed bio-methane gas (CBG) and biomass power plant with the installed capacity of 9.9 MW

The main business of the company is Private Mother Station (PMS) by providing the services of compressing NGV to the natural gas transportation vehicles of PTT PCL ("PTT") to transport to the Private Mother Station (PMS) outside the gas pipeline or Daughter Station including performing the operation in improving the quality of natural gas in order to conform to the required standards prior to the use in other parts. The customer is PTT.

At present, the Company owns 2 Private Mother Stations (PMS) ; Private Mother Station of Pathum Thani Province and Private Mother Station of Saraburi Province. The contract is made for hiring to compress natural gas along with establishing Private Mother Station ("Gas compressing hire contract") with PTT.



Vision, mission and objectives of the business

Vision

To become the country's leading service provider in energy sector.

Values

1. To uphold the virtues of integrity and honesty
2. To strive for excellency
3. To become innovation-driven company
4. To jointly build confidence
5. To devote for maximum safety
6. To be responsible for society and environment

Mission

To operate energy business while being accountable to all of the following stakeholders:

Shareholders	:	Generate good return and continuously grow the business with sustainability.
Employees	:	Provide continuous training and development, including appropriate employee welfare and fair compensation. Place great importance on safety.
Trade partners	:	Build relationship and trust with trade partners to establish sustainable business.
Customers	:	Emphasize on creating customer satisfaction by upholding high standard of service and using innovations.
Creditors	:	Place importance on compliance with terms and conditions of agreement . with creditors and conduct to creditors with honesty.
Competitors	:	Support and promote free and fair competition through compliance with ethical and legal frameworks.
Society	:	Become an organization which is responsible to society and environment.



Objectives

1. To become a leading private natural gas compression service provider
2. To continuously promote research and development of new energy business
3. To invest in environmentally friendly business
4. To allocate budget sufficiently and appropriately
5. To allocate budget sufficiently and appropriately

Business Strategy

To achieve its business objectives, the Company focuses on the three following strategies:

1. Cost reduction strategy
2. Strategy in respect of investment in related business
3. Strategy in respect of development in natural gas compression technology

Key milestones and development of the Company

Year 2009

- Sakol Energy Company Limited was incorporated on 16 January 2009 with initial registered capital of Baht 80,000,000, divided into 800,000 ordinary shares at the par value of Baht 100 per share of which Baht 25 per share was paid-up or equivalent to total paid-up capital of Baht 20,000,000.
- The Company entered into 20-year contract no. 1 dated 17 March 2009 with PTT for operating natural gas private mother station (PMS) at Chiang Rak Noi Sub-district, Samkhok District, Pathum Thani Province, having production capacity of compressed natural gas of not less than 200 tons per day and reserved production capacity of 25% for the whole term of the contract.
- The Company started distributing natural gas for PTT pursuant to the contract on 9 October 2009. The average quantity of compressed natural gas produced by the Company for transportation trucks of PTT is 250 tons per day (Pathum Thani).
- The Company received the first Board of Investment Promotion Certificate for Pathum Thani Private Mother Station from the Board of Investment of Thailand on 19 November 2009 with investment promotion incentives for the business of investment in NGV station.

Year 2010

- In October, the Company increased its registered capital for another Baht 80,000,000, divided into 800,000 ordinary shares at the par value of Baht 100 per share of which Baht 25 per share was paid-up. The newly issued shares were offered and allotted to the existing shareholders. As a result, the Company's total registered capital after the capital increase was Baht 160,000,000, divided into 1,600,000 ordinary shares and paid-up

Year 2011

- The Company received the second Board of Investment Promotion Certificate for Saraburi Private Mother Station from the Board of Investment of Thailand on 18 January 2011 with investment promotion incentives for the business of investment in NGV station for vehicle.
- In February, the Company paid-up its registered capital in the additional amount of Baht 60,000,000, resulting in the total registered and paid-up capital of the Company being Baht 160,000,000, consisting of 1,600,000 ordinary shares at the par value of Baht 100 per share.
- The Company entered into 20-year contract no. 2 dated 23 February 2011 with PTT for operating natural gas private mother station (PMS) at Tha Maprang Sub-district, Kaeng Khoi District, Saraburi Province, having production capacity of compressed natural gas of not less than 200 tons per day and reserved production capacity of 25% for the whole term of the contract.
- The Company started distributing natural gas for PTT pursuant to the contract on 16 July 2011.

Year 2012

- In June, the Company entered into amendment agreement with PTT to increase production capacity of compressed natural gas for Saraburi Private Mother Station (PMS) to not less than 320 tons per day and reserved production capacity of 25% for the whole term of the contract.

Year 2014

- In September, SK 15 Company Limited was incorporated with initial registered capital of Baht 140.00 million with an objective to conduct property for lease business. The Company has 99.99% shareholding in SK 15 Company Limited. to operate real estate rental business
- In October, Sakol Biomass Power Company Limited was incorporated with initial registered capital of Baht 19.00 million with an objective to conduct business of production and distribution of electricity. The Company has 99.99% shareholding in Sakol Biomass Power Company Limited. For produce and sell the electricity
- In October Sakol Energy Biomass Power 15 Co., Ltd was incorporated (Former name is Sakol Wind Power Company Limited) with initial registered capital of Baht 62.00 million with an objective to conduct business of production and distribution of electricity. The Company has 99.99% shareholding in Sakol Wind Power Company Limited. For produce and sell the electricity
- In December, the Company requested to PTT for increase of production quantity of compressed natural gas in the additional amount of 100 tons per day for Pathum Thani Private Mother Station.

Year 2015

- In June, the Company entered into additional contract for improvement of natural gas quantity for Pathum Thani Private Mother Station.
- The Company increased its registered capital in the additional amount of Baht 202,400,000, divided into 2,024,000 ordinary shares with par value of Baht 100 per share of which are fully paid-up. As a result, the Company's total registered capital was Baht 346,400,000, divided into 3,464,000 ordinary shares with par value of Baht 100 per share.

Year 2016

- On 14 September 2016, the Company was converted into public company limited.

Year 2017

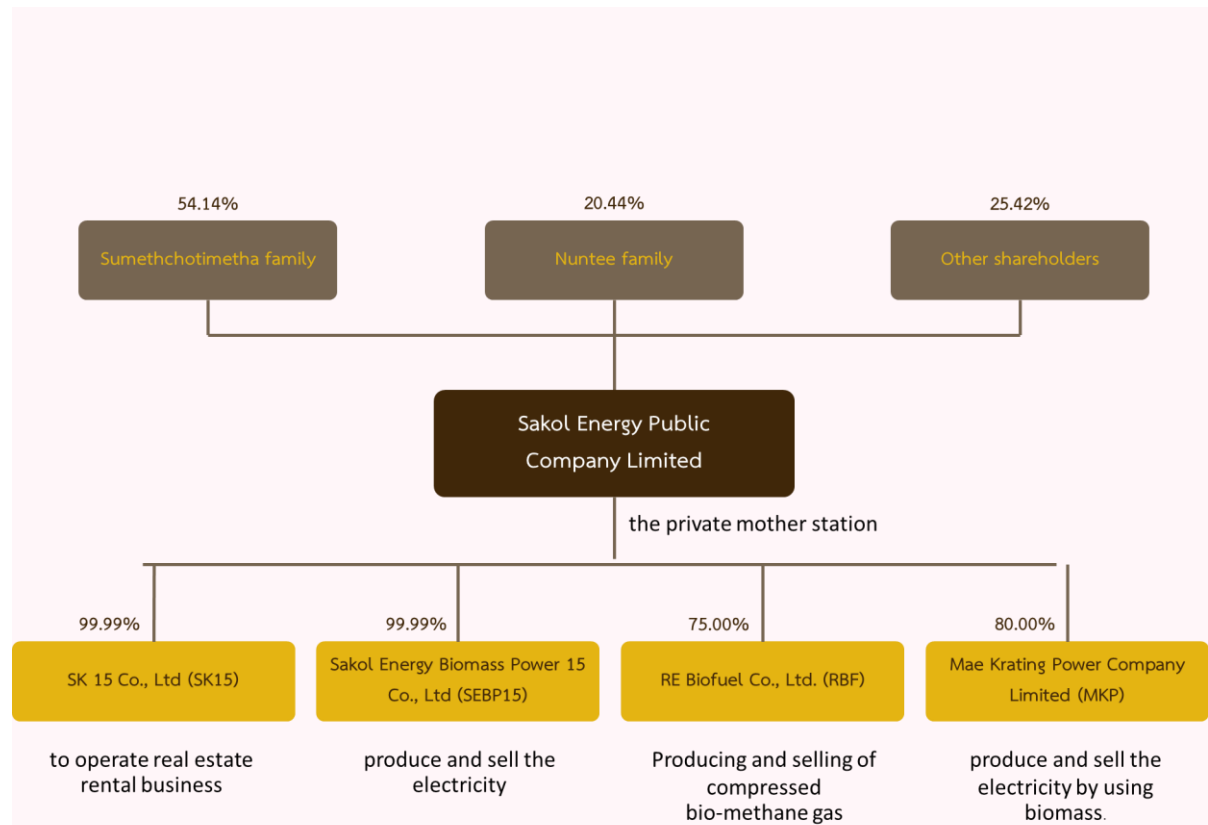
- The Company has set the date for the offering of 237.20 million new ordinary shares with a parvalue of 0.50 baht per share, with the offering price of 1.80 baht per share and the payment date of the capital increase between 14 November 2017 and 16 November 2017 with the subscription of the newly issued ordinary shares of the company Total 237.20 million shares with a parvalue of 0.50 baht per share, totaling 426.96 million baht.
- On 20 November 2017, the Company registered an increase in its paid-up capital by Baht 118,600,000, resulting in the total paid-up capital of Baht 465,000,000, divided into 930,000,000 ordinary shares. Parvalue at 0.50 baht per share
- On 22 November 2017, the Company registered its shares as listed securities on the Stock Exchange of Thailand (SET).

Year 2018

- The Board of Directors' Meeting No. 1/2018 held on 25 January 2018 resolved to approve acquisition of 7,500 shares in RE BioFuels Company Limited ("RE BioFuels") at par value of Baht 100 per share, accounting for 75% of the total paid-up capital of RE BioFuels, On 6 March 2018, RE BioFuels registered increase in its registered capital by Baht 14,000,000. At present, there is a paid-up capital of 15,000,000 baht. The Company holds 75% of the shares as before.
- The 2018 Annual General Meeting of shareholders held on 19 April 2018 has resolved to approve the Company to acquire the business of Mae Krating Power Company Limited in the shareholding ratio of 80% of the total paid-up capital of Mae Krating Power Company Limited representing 2,000,000 shares with the par value of Baht 10 each. The Company has ownership over the shares of Mae Krating Power Company Limited on 15 May 2018 and on 26 June 2018, Mae Krating Power Company Limited has increased its registered capital of Baht 257,300,000. At present, the total paid-up capital is Baht 283,300,000 and the Company holds 80% of total shareholding

Shareholding Structure

Set out below is the shareholding structure and shareholding in the Company



Remark : It is the information from book closing date as of 28 December 2018



The details of the Company's shareholding in subsidiaries as of 31 December 2018

Company Name	Paid-up Capital (Baht)	Shareholding (%)	Core Business
SK 15 Company Limited	140,000,000	99.99	Property for lease
Sakol Energy Biomass Power 15 Company Limited	62,000,000	99.99	In process of conducting feasibility study on the biomass power plant business
RE BioFuels Company Limited	15,000,000	75.00	Production and distribution of compressed biomethane gas with the production capacity of 9,000 kilograms per day
Mae Krating Power Company Limited	282,300,000	80.00	Produce and sell the electricity by using biomass.

Nature of business of company and subsidiaries

Sakol Energy Public Company Limited

Sakol Energy Public Company Limited performs the business operation of Private Mother Station (PMS) by providing the services of compressing NGV to the natural gas transportation vehicles of PTT PCL ("PTT") to transport to the Private Mother Station (PMS) outside the gas pipeline or Daughter Station including performing the operation in improving the quality of natural gas in order to conform to the required standards prior to the use in other parts. The customer is PTT.

At present, the Company owns 2 Private Mother Stations (PMS) ; Private Mother Station of Pathum Thani Province and Private Mother Station of Saraburi Province. The contract is made for hiring to compress natural gas along with establishing Private Mother Station ("Gas compressing hire contract") with PTT.

Private Mother Station Pathum Thani Province, it is located in Chiang Rak Noi Sub-District, Samkhok District, Pathum Thani Province in the area of 8 rai, 3 ngarn, 64 square wa to serve the demand of NGV using in the metropolitan areas. The natural gas compressing force is not lower than 200 tons per day with the reservation of production for 25% throughout the contract term (totaling the natural gas compressing force and the reservation force of 250 tons per day). The Company made the additional contract to PTT to compress the natural gas additionally for another 100 tons per day. The total capacity of natural gas compressing was in the maximum of 350 tons per day. NGV can be compressed to at least 10 natural gas transportation vehicles simultaneously with the filling rate of not less than 12 tons per hour and can produce the gas for 24 hours throughout 365 days per year.

Private Mother Station of Saraburi Province, it is located on Tha Maprang Sub-district, Kaeng Khoi District, Saraburi Province in the area of 18 rai 2 ngarn 61 square wa to serve the demand of NGV using in the northeastern region. The natural gas compressing force is not lower than 320 tons per day with the reservation of production for 25% throughout the contract term (totaling the natural gas compressing force of 400 tons per day). NGV can be compressed to at least 10 natural gas transportation vehicles simultaneously with the filling rate of not less than 12 tons per hour and can produce the gas for 24 hours throughout 365 days per year.

Subsidiaries

SK 15 Company Limited

SK 15 Company Limited was incorporated on 11 September 2014 to conduct property for lease business. Its head office is located in Chatuchak District, Bangkok. As of 31 December 2017, the total registered capital of SK 15 Company Limited is Baht 140,000,000, divided into 1,400,000 shares at the par value of Baht 100 per share and all of the company's shares have been fully paid-up. The Company holds 99.99% shareholding of the total registered and paid-up capital of SK 15 Company Limited. At present, SK 15 Company Limited owns land in Nakhonsawan Province of 57 Rai, and the company has prepared to use the remaining land for development of future projects.

Sakol Energy Biomass Power 15 Company Limited

Sakol Energy Biomass Power 15 Company Limited (former name is Sakol Wind Power Company Limited) was incorporated on 21 October 2014 to conduct feasibility study on biomass power plant business. Its head office is located in Chiang Rak Noi, Samkhok, Pathum Thani. As of 31 December 2017, the total registered capital of Sakol Energy Biomass Power 15 Company Limited is Baht 62,000,000, divided into 620,000 ordinary shares at the par value of Baht 100 per share and all of the company's shares have been fully paid-up. The Company holds 99.99% shareholding of the total registered and paid-up capital of Sakol Energy Biomass Power 15 Company Limited. At present, Sakol Energy Biomass Power 15 Company Limited owns land in Songkhla Province of 101 Rai

RE BioFuels Company Limited

RE BioFuels Company Limited was incorporated on 17 July 2017 to conduct on producing and selling of compressed bio-methane gas. Its head office is located at 252/93 (E) Muangthai-Phatra Complex 17th floor Rachadaphisek Rd., Huai kwang, Bangkok 10310. As of 6 March 2018, RE BioFuels Company Limited's registered capital was Baht 15,000,000, divided into 150,000 ordinary shares at the par value of Baht 100 per share and all of the shares are fully paid-up. The Company has 75% shareholding in RE BioFuels Company Limited. At present, RE BioFuels Company Limited has in production and distribution of compressed biomethane gas business, with the production capacity of 9,000 kilograms per day. Compressed biomethane gas is produced from biogas in waste water from cassava manufacturing plant. Such biogas passes the process of quality improvement and compression to create compressed biomethane gas with a similar quality as NGV. And sell to the main customer group, which is a group of transportation operators that use natural gas (NGV) as fuel.

Mae Krating Power Company Limited

Mae Krating Power Company Limited was incorporated on 3 July 2012 to conduct biomass power plant business by using biomass as fuel, having its head office at 252/108 (B) Muang Thai - Phatra Complex Building, Ratchadaphisek Road, Huai Khwang Sub-district, Huai Khwang District, Bangkok 10310. On 26 June 2018, Mae Krating Power Company Limited has its registered capital of Baht 282,300,000 dividing into ordinary shares of 28,230,000 shares with the par value of Baht 10 each and has the paid-up capital in full. The Company holds 80% shares of total paid-up capital. At present, Mae Krating Power Company Limited conducts biomass power plant business with the installed capacity of 9.9 MW to sell electricity in the maximum selling capacity of 8.0 MW to Provincial Electricity Authority.

Relationship with businesses of major shareholders

There is relationship with businesses of major shareholders. Please refer Item “*Related Party Transactions*” for more details.

As of 31 December 2018, details on the Company’s major shareholders’ shareholdings in other companies are as follows:

1. Names of company or business related to Sumethchotimetha family^{1/}

Company Name		Type of Business	Shareholding by Sumethchotimetha family
1	N15 Technology Company Limited	Nonhazardous industrial waste disposal and waste-to-energy plant in Amata Nakorn Industrial Estate	90.00%
2	Trans Group Company Limited	Purchase and sale of lignite and lumber	100.00%
3	B.P. 15 Company Limited	Manufacturer and distributor of wood pellet	90.00%
4	PTC Holding Company Limited	Mining / sale of coal / sale of biomass and office lease	100.00%
5	Tamtanakom Company Limited	Transportation of agricultural products, containers, coal and cement	100.00%
6	Tarnsuwan Company Limited	Transportation of agricultural products, containers, coal, cement and natural gas (NGV)	100.00%
7	T Line Transport Company Limited	Container truck transportation	100.00%
8	CSK Inventory Company Limited	Warehouse lease	100.00%
9	CSK Inventory Services Company Limited	Warehouse management service	100.00%
10	Trans Energy Company Limited	Contractor for construction of factory and office	27.50%
11	CSK Waste Recycling Company Limited ^{2/}	Waste recycling. At present, the company has not started the operation.	25.00% (direct shareholding) 60.00% (indirect shareholding through CSK Inventory Company Limited)
12	Thai Biogas Technology Company Limited	Project for napier grass as energy crop for power production	50.00%
13	TC Power Resources Company Limited	Mining	50.00%

Remark : ^{1/}Sumethchotimetha family consists of: 1. Mr. Chutchai Sumethchotimetha, 2. Mrs. Aree Sumethchotimetha, 3. Miss Intira Sumethchotimetha, 4. Mr. Thanapon Sumethchotimaytha, 5. Mr. Rapeepat Sumethchotimetha, 6. Mr. Jakkraphong Sumethchotimetha, 7. Miss Napapach Wimonwatcharakorn, and 8. Surname Sumethchotimetha

2. Names of company or business related to Nuntee family

Company Name		Type of Business	Shareholding by Nuntee family
1	Global Palm Oil Company Limited ^{1/}	Sale and purchase of palm oil and sale and purchase of palm oil related products	70.00%
2	Global Refinery Company Limited ^{1/}	In process of studying and setting-up of palm oil refinery plant project	-
3	Global Inter Company Limited ^{1/}	Storage tank for palm oil and storage tank for related products	98.86%
4	GI Green Palm Oil Company Limited	Sale and purchase of palm oil and sale and purchase of palm oil related products	100.00%
5	GI Green Power Company Limited ^{1/}	Manufacturer and distributor of biodiesel	9.00% (direct shareholding) 90.00% (indirect shareholding through Global Inter Company Limited)
6	Sunny Diva Company Limited ^{1/}	Manufacturer and distributor of milk and yoghurt	98.00%
7	Donsak Ville Company Limited ^{1/}	Provision of accommodation	100.00%
8	The Lofty Warehouse Company Limited	In process of studying and setting-up of warehouse	90.00%
9	Thai Alternative Energy Group Company Limited ^v	Holding company focusing on investment in energy business	100.00%
10	T.S.Palm Oil Company Limited ^{2/}	Sale and purchase of palm oil and sale and purchase of palm oil related products	13.75%
11	Legal Chancery Council Company Limited	Legal Service	100.00%
12	Q Quality Development Company Limited	Hotel	50.00%
13	Global Pellets Company Limited	Sale and purchase of wood pellets	40.00%
14	Global Bistro Management Company Limited	Restaurant	100.00%
15	V S Automation Company Limited	Sell spare part of machinery and provide maintenance services for machinery and equipment	100.00%
16	Palm Biz Corporation Company Limited	Conduct main business in relation to providing information and marketing plan of palm oil business	95.00%
17	TC Power Resources Company Limited	Mining	50.00%
18	Domus Realestate Development Company Limited	Land trading, land and house agent, land allotment, land and house, commercial building, procurement of land and equipment	100.00%
19	Thai Biogas Technology Company Limited	Pilot project of power producing from napier grass	30.00%

Remark : Nuntee family consists of: 1. Mr. Thanakorn Nuntee 2. Mrs. Thanaporn Nuntee 3. Miss Kantanika Nuntee 4. Mr. Thanapat Nuntee 5. Mr. Monthon Nuntee 6. Mrs. Tanipa Puangjumba

^{1/} Mrs. Tanipa Puangjumba is a director of the company.

^{2/} Inactive and/or planned for close down.

Relationship with financial advisors

-None-

Nature of Business

Private Mother Station: PMS

Sakol Energy Public Company Limited is Private Mother Station (PMS) operator, providing natural gas compression service for NGV trailer trucks of PTT Public Company Limited ("PTT") which distribute NGV to Private Mother Station (PMS) which are not along natural gas pipelines or Daughter Station, including improving natural gas quality to meet the regulators' standards. PTT is the Company's customer.

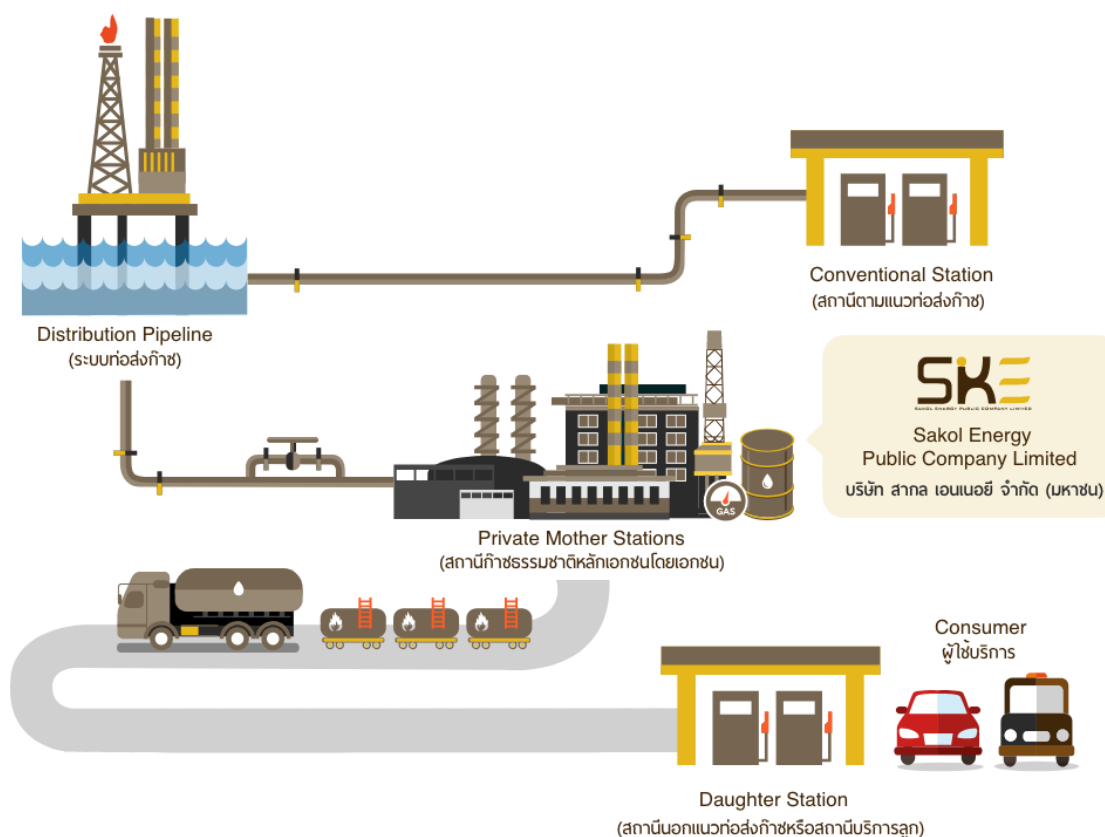


Diagram illustrating the Company's business operation

- Remarks :**
1. **Private Mother Station(PMS)** is a station located along the pipeline which compresses and improves quality of natural gas and fuels in NGV trucks for transportation to daughter stations.
 2. **Daughter Station** is a station located off the pipeline and must receive natural gas supplied from NGV trucks supplied by mother stations and dispenses such natural gas to users.
 3. **Conventional Station** is a station located along the pipeline which improves quality of natural gas and sells to users.

Natural gas compression process

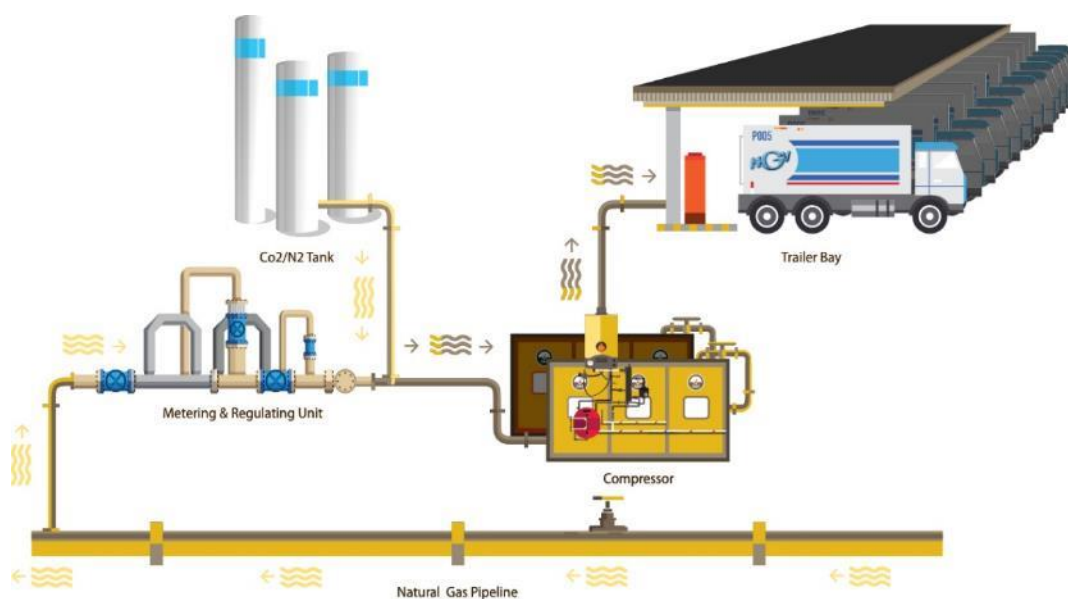


Diagram illustrating of natural gas compression process

Natural gas compression process by Private Mother Station (PMS)

1. Natural gas passes through pipeline to the main natural gas private mother station (PMS) through gas metering to measure the quantity of gas to the private mother station (PMS);
2. Natural gas has high heat pressure which shall be required to improve the quality of gas by mixing carbon dioxide (CO₂) or nitrogen (N₂) with natural gas to meet the standard heat pressure of motor vehicles as required by Department of Energy.
3. Low-pressured natural gas coming from pipeline through gas metering will enter compressor to create the level of compression as required; and
4. High-pressured natural gas will be passed to filling panel for filling into natural gas trailer trucks for transportation to daughter station.

Installed capacity and actual production of compressed natural gas

	2015	2016	2017	2018
<u>Pathum Thani Station</u>				
Installed capacity of compressed natural gas (ton per year)	157,899	157,899	157,899	157,899
Actual production of compressed natural gas (ton per year)	91,029	97,944	89,178	88,954
Actual production of compressed natural gas (ton per day)	249	268	244	244
Capacity utilization rate (%)	58%	62%	56%	56%
<u>Saraburi Station</u>				
Installed capacity of compressed natural gas (ton per year)	166,549	166,549	166,549	166,549
Actual production of compressed natural gas (ton per year)	122,718	120,323	121,661	115,724
Actual production of compressed natural gas (ton per day)	336	329	333	317
Capacity utilization rate (%)	74%	72%	73%	70%
<u>Total</u>				
Installed capacity of compressed natural gas (ton per year)	324,448	324,448	324,448	324,448
Actual production of compressed natural gas (ton per year)	213,747	218,267	210,839	204,677
Actual production of compressed natural gas (ton per day)	586	596	578	561
Capacity utilization rate (%)	66%	67%	65%	63%

Source : SKE

Remark : Installed capacity of compressed natural gas production is the maximum capacity of compressor.

Producing and selling of compressed bio-methane gas station business

RE BioFuels Company Limited ("RBF") conduct its business on producing and selling of compressed bio-methane gas of which this gas has quality similar to the natural gas vehicle (NGV). The process of biogas producing consists of the receiving of biogas from fermentation tank and transfer to machinery to improve the quality of gas to produce the gas that has quality which is suitable for using in vehicle and it shall have quality in accordance with the regulations under the notification of Department of Energy

The maximum capacity of compressed bio-methane gas production is 9,000 kilograms per day. The gas station of RBF can support many types of vehicles such as private car, public transport, large truck and track for gas transportation for transferring of gas to other selling points or using of gas as fuel in industrial facilities.

The facility and gas station are located at Lam Thamenchai District, Nakhon Ratchasima Province which are close to tapioca starch factory of which such factory can supply waste water and waste from production. The waste waters from the tapioca starch factory are raw material of biogas fermentation tanks whereby such biogas fermentation tanks are under supervision of a company which experts in fermentation and production of biogas. The produced gas will sell to RBF for producing and selling as compressed bio-methane gas.



Diagram illustrating of produce CBG

Biomass Power Plant Business of Mae Krating

Mae Krating Power Company Limited (“MKP”) conducts biomass power plant business in the installed capacity of 9.90 MW located at Moo 3, Baan Mae Krathing, Phai Thon Sub-district, Rong Kwang District, Phrae Province. MKP has power purchase agreement according to VSPP power purchase agreement (for power producing from renewable energy) with Provincial Electricity Authority in the maximum capacity of 8.00 MW. At present, the power plant is under construction and it is expected to be completed by June 2019.

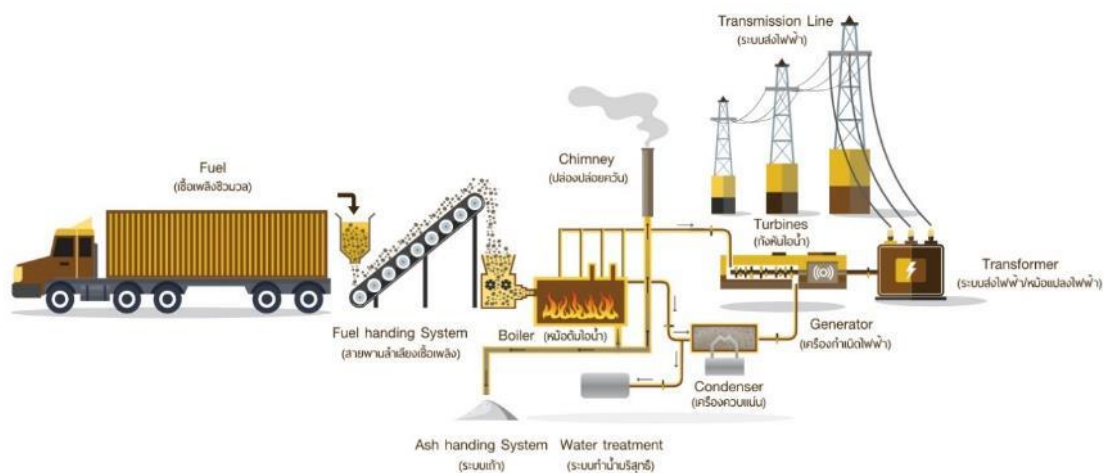


Diagram illustrating of produce the electricity

Revenue structure of the company and subsidiaries

Total revenue structure of the company and subsidiaries for the fiscal year ending 31 December 2016-2018, the details of which are as follows:

Business	Operated by	Percentage of shares held by the company	2016		2017		2018	
			Baht Million	%	Baht Million	%	Baht Million	%
1.Sale & Service Gas-Related Business			385.55	93.04	310.15	92.94	297.07	91.31
1.1 Private Mother Station (PMS)	Sakol Energy PCL		232.34	56.07	208.13	62.37	201.15	61.83
1.2 Natural Gas Quality Improvement	Sakol Energy PCL		153.21	36.97	102.02	30.57	95.92	29.48
2.Revenue from financial lease			22.18	5.35	21.43	6.42	20.62	6.34
2. 1 adjustment of Revenue according to Accounting Standard No. 17 (TRIC4)	Sakol Energy PCL		22.18	5.35	21.43	6.42	20.62	6.34
3.Other Business			6.65	1.61	2.12	0.64	7.66	2.35
3.1 Profit from sale of open-end fund	Sakol Energy PCL				0.78	0.23	1.92	0.59
3.2 Interest income								
3.2.1 Interest income from financial institutions	Sakol Energy PCL				0.10	0.03	0.29	0.09
3.2.1 Interest income from financial institutions	Mae Krating Power Co.,Ltd	80					0.11	0.03
3.2.1 Interest income from financial institutions	RE Biofuel Co.,Ltd	75					0.12	0.04
3.3 Utility income								
3.3.1 Utility income	Sakol Energy PCL		0.09	0.02	0.55	0.16	0.51	0.16
3.3.2 Utility income	Mae Krating Power Co.,Ltd	80					0.20	0.06
3.4 Urealized gain on exchange	RE Biofuel Co.,Ltd	75					0.18	0.06
3.5 Gain from amortization of negative goodwill (Mae Krating Power Plant Project)	Sakol Energy PCL						3.50	1.08
3.6 Profit from land sales	Sakol Energy Biomass Power 15 Co.,Ltd	99.99	6.56	1.59				
3.7 Revenue from the sale of scrap materials					0.01	0.00		
3.8 Other income								
3.8.1 Other Income	Sakol Energy PCL				0.15	0.04	0.83	0.26
3.8.2 Other Income	SK 15 Co.,Ltd	99.99			0.53	0.16		
Total income			414.38	100.00	333.70	100.00	325.35	100.00

Remark : (1) stations of Private Mother Station (PMS) consist of NGV Private Mother Station Chiang Rak Noi, Pathum Thani and NGV Private Mother Station Saraburi
(2) Revenue from natural gas quality improvement business included in the business revenue Private Mother Station Chiang Rak Noi, Pathum Thani and Private Mother Station Saraburi

Marketing and Competitions

Private Mother Station (PMS)

1. Competitive strategy

(1) Reduction of loss quantity (Gas Loss)

Under the terms and conditions of the Gas Compression Contract with PTT, the Company must compress natural gas in the quantity determined thereunder and minimize loss quantity (not exceeding 1%) in order not to be subject to penalty

under the contract. Most of the time, the Company's quantity of gas loss does not exceed 1%. In addition, the Company delivers natural gas according to the schedule under the contract. Such performance creates credibility which shall be beneficial to the Company in being awarded concession by PTT, if Private Mother Station (PMS) is opened for bidding in the future.

Remark : Quantity of gas loss is difference between quantity of gas measured by meter before entering Private Mother Station (PMS) and quantity of gas measured by meter before dispensing to natural gas trailers.

(2) Continuous improvement and development of equipment or parts used in the business

Since most equipment or parts used in the natural gas station are costly because they must be imported from overseas, the Company must improve and develop equipment or parts such as spare parts used in compressor. The Company hires a local manufacturer to produce such equipment or parts to reduce importation from overseas. As a result, the Company can decrease its operating costs and increase its competitiveness.

(3) Site selection in advance

Location of the site is an important factor in setting up private mother stations as it needs to be along the natural gas distribution pipelines of PTT. The Company purchases land in advance in the area along the distribution pipelines of PTT for the purpose of bidding for concession of private mother stations in the future. The land owned by the Company is located along the natural gas distribution pipelines of PTT which creates competitive edge to the Company in bidding for future projects.

(4) to business relating to natural gas compression and energy business

At present, the Company has a plan to expand to business relating to natural gas compression and energy business in order to diversify its business. The business relating to natural gas compression includes natural gas transportation service, gas station, conventional ex-pipeline, compressed bio-methane gas (CBG), biomass power plant, conversion of agricultural products to energy etc. Since the Company sees potential in expanding from its existing business, the Company is now in process of negotiating to set-up conventional ex-pipeline with PTT.

2. Characteristics of customer and target customer

The Company's customer is PTT Public Company Limited. NGV trailer trucks, pursuant to the terms and conditions of natural gas transportation service contract with PTT, will come to the Company's stations for fueling of compressed natural gas pursuant to the terms and conditions of the natural gas transportation contract between the Company and PTT. The schedule of NGV trailer trucks arriving at the Company's stations on a monthly and weekly basis are prepared in advance. The schedule may be subject to changes by PTT. In the event of urgency, PTT may notify the Company 1 – 3 days in advance to revise and plan for transportation and traffic of NGV trucks from PTT to the Company's stations.

3. Pricing Policy

The Company's pricing policy under the gas compression and private mother station (PMS) set-up contract consists of 2 parts: (1) availability payment (AP), a fixed compensation during the whole period of the contract term; and (2) energy payment, a variable compensation, such as price of electricity, exchange rates and consumer price index. In case there is improvement of natural gas quality, fees will be charged for such additional service. Fees for improvement of natural gas quality consists of 2 parts: (1) availability payment 2 (AP2), a fixed compensation during the whole period of the contract term; and (2) energy payment 2 (EP2), a variable compensation, such as price of electricity, producer price index, freight trucking, and consumer price index. The Company will collect fees with PTT based on the actual quantity of compressed natural gas in each month. In the event the actual monthly quantity of compressed natural gas is lower than the monthly quantity guaranteed by PTT, PTT agrees to pay fees only in the form of availability payment (AP) on the shortfall of the guaranteed monthly quantity.

4. Sale and distribution channel

Process of compress natural gas

1

Natural gas transportation service provider of PTT examines if gas container is in proper working conditions



2

Natural gas transportation service provider of PTT takes gas container to filling station (trailer bay)



3

The Company compresses natural gas



4

The Company records quantity of compressed natural gas in order to issue delivery slip to natural gas transportation service provider of PTT



5

Natural gas transportation service provider of PTT takes gas container which has been filled with natural gas to parking space ready for further delivery to customer



6

Natural gas transportation service provider of PTT transports compressed natural gas from the Company's station to daughter station or service station



The above compression process of natural gas for NGV trucks is in accordance with terms and conditions of natural gas compression contract with PTT. Pathum Thani Private Mother Station has minimum compressed natural gas capacity of 200 tons per day and reserved capacity of 25% for the whole term of the contract, with additional quota from PTT to compress natural gas of another 100 tons per day. Saraburi Private Mother Station has minimum compressed natural gas capacity of 320 tons per day and reserved capacity of 25% for the whole term of the contract. The Company's staff and PTT's staff jointly examine the production quantity of compressed natural gas at the end of each month at Metering and Regulating Station. PTT agrees to pay service compensation on a monthly basis in the amount equivalent to the actual quantity of compressed natural gas filled in its NGV trucks and the invoice for service will be paid within 30 days from the date of submission of the invoice.

Producing and selling of compressed bio-methane gas station business

1. Competitive Strategy

RBF has station which is close to raw material source and has sufficient raw material and modern machinery which is suitable to produce gas with high quality. In addition, there are no other competitors or other gas stations near the location of RBF's gas station. The road in front of the gas station is the main road of the District which can connect to other Provinces.

2 Type of Customers and Targeted Customers

Customers using the service are the customers who have vehicle using NGV such as private cars, trucks and public transports. In addition, it can provide the service to customers who need to use the gas in industrial facilities by containing the gas in truck for using.

The targeted customers of the Company are NGV customers in the nearby area and industrial plants that require natural gas as fuel.

3 Type of Customers and Targeted Customers

The determination of price shall be in accordance with the market price of the natural gas for vehicle that distribute at the station and gas price that distribute to factory.

4. Distribution and Distribution Channel

(1) RBF sells its gas through the station of RBF (2) sells by transporting of gas from the station to purchasing point of customer if required.

Biomass Power Plant Business of Mae Krating

1. Competitive Strategy

Because the products of the biomass power plant of Mae Krating is the electricity The Provincial Electricity Authority (PEA) is the only one customer.

2. Type of customers and Targeted Customers

Provincial Electricity Authority (PEA)

3. Pricing Policy

Pricing Determined from the power purchase announcement of the Provincial Electricity Authority (PEA).

4. Distribution and Distribution Channel

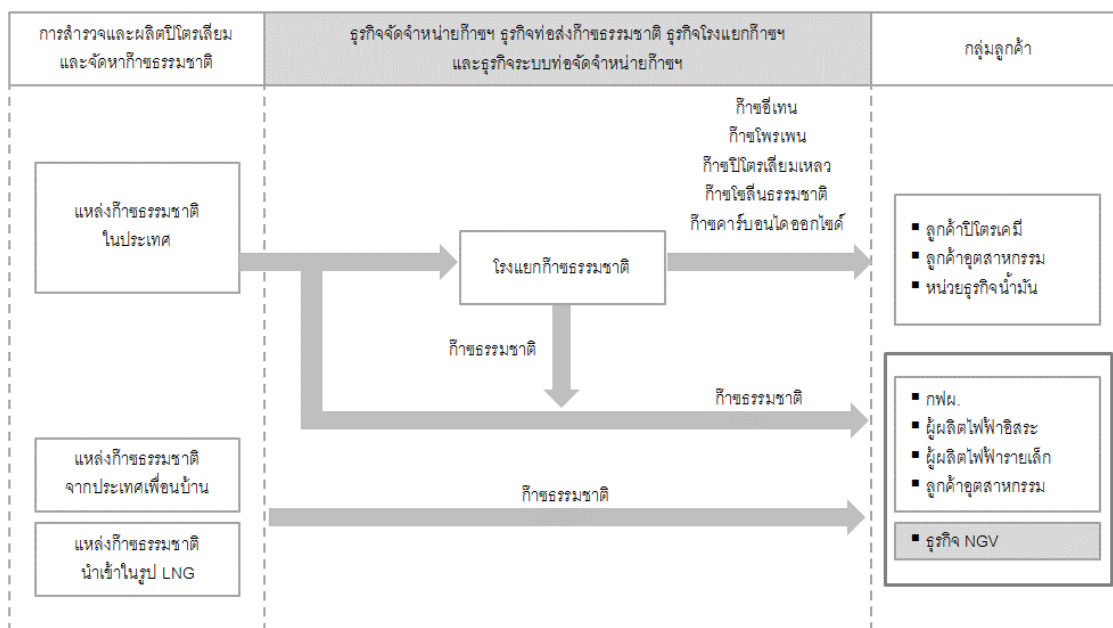
Produce the electricity to provide the Provincial Electricity Authority (PEA) through the electricity trading meter.

Industry Outlook and Competition

Private Mother Station (PMS)

Natural gas industry outlook

As the Company operates private mother station (PMS) business providing natural gas compression service to natural gas trailers of PTT for transportation to daughter stations, demand for natural gas is a key factor to growth of this business. The natural gas industry outlook in Thailand is as follows:



(1) Procurement and usage of natural gas

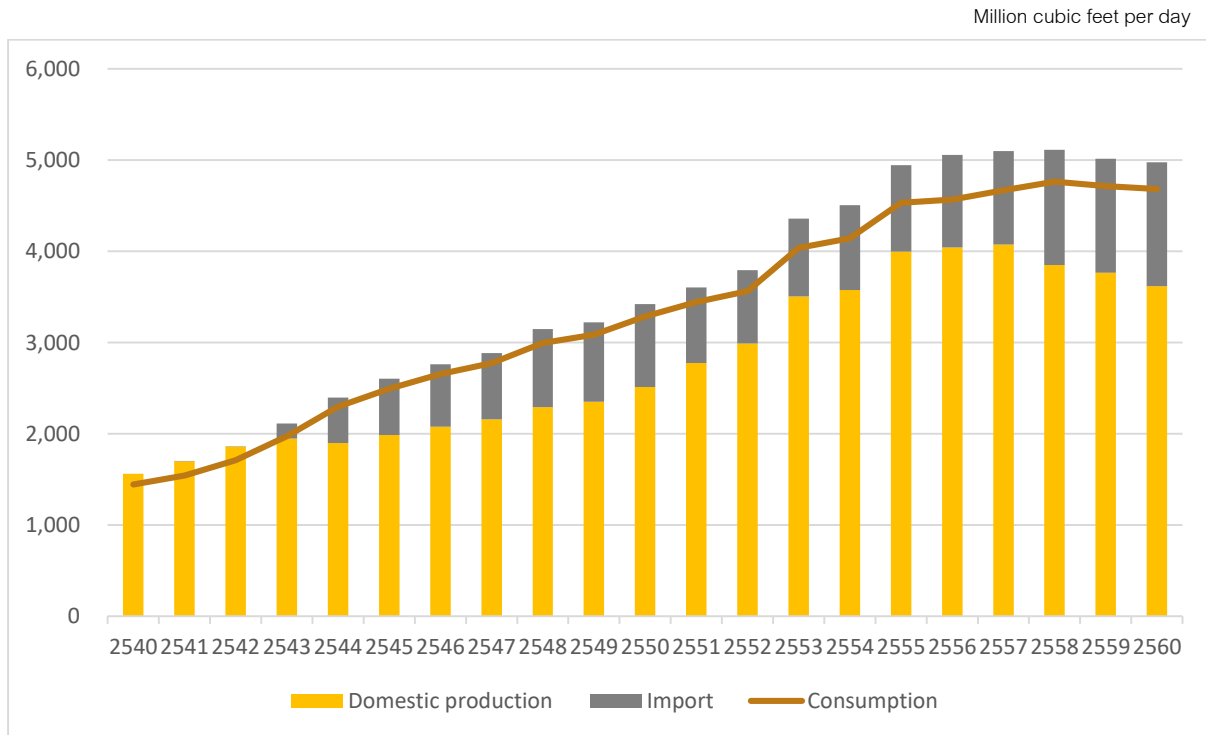
At present, main sources of natural gas in Thailand can be divided into the following two sources (In 2018 EPPO):

1. Domestic production accounts for 73% of the total production quantity. Natural gas is from:
 - 1.1 Gulf of Thailand which includes Erawan field, Bongkot field, Arthit field, Benjamas field, Tarntawan and Platong gas field.
 - 1.2 Joint development area, namely Malaysia-Thailand joint development area (JDA)
 - 1.3 Inland area such as Nam Phong field, Nam Phong Sub-district, Khon Kaen Province and Pu Hom field, Udonthani Province.
2. Importation from overseas accounts for 27% of the total production quantity. Natural gas is from:
 - 2.1 Importation from Burma such as Yadana gas field, Yetagun gas field, and Zawtika gas field accounts for 17% of the total production quantity.
 - 2.2 Importation from overseas, namely Middle East, South America, and Australia, in the form of Liquefied Natural Gas (LNG) accounts for 10% of the total production quantity.

PTT is the operator of the natural gas business. It is the natural gas buyer from the natural gas seller under natural gas purchase contracts both domestically and internationally. For importing liquefied natural gas (LNG) from abroad, PTT has established PTTLNG Company Limited (PTTLNG) to carry out the construction of a jetty and a terminal for Map Ta Phut LNG Terminal to meet future demand for natural gas.

In 2017, gas production in Thailand was 3.617 cubic feet per day. The rest is imported from abroad. Burma's imports are 848 cubic feet per day and imported LNG 511 cubic feet per day. Total supply of natural gas is 4,975 cubic feet per day. First LNG imports were made in May 2011.

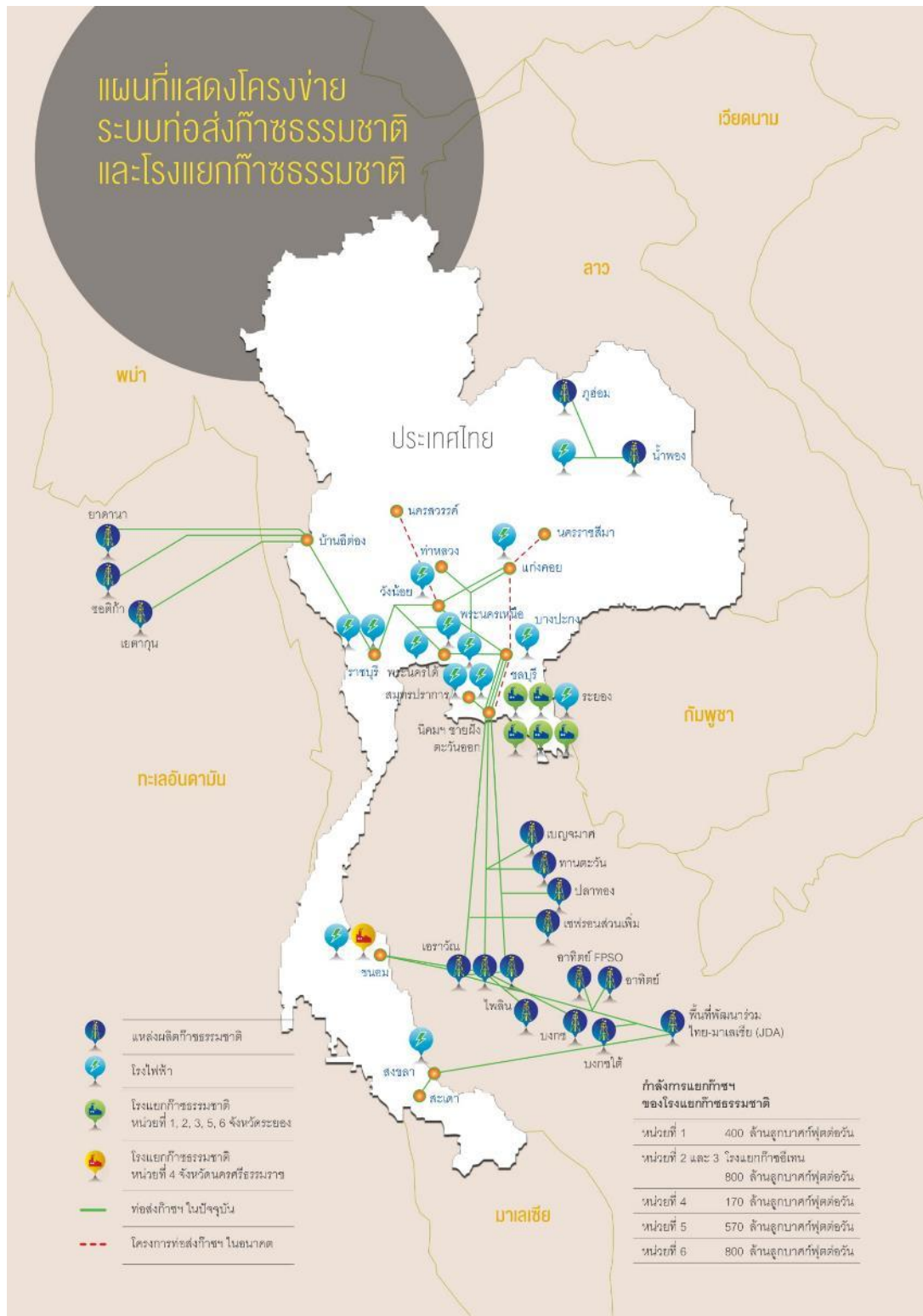
Graph showing the supply and use of natural gas in Thailand from 1997 to 2017.



Soucre: Energy Policy and Planning Office, Ministry of Energy

(2) Gas Pipeline Network in Thailand

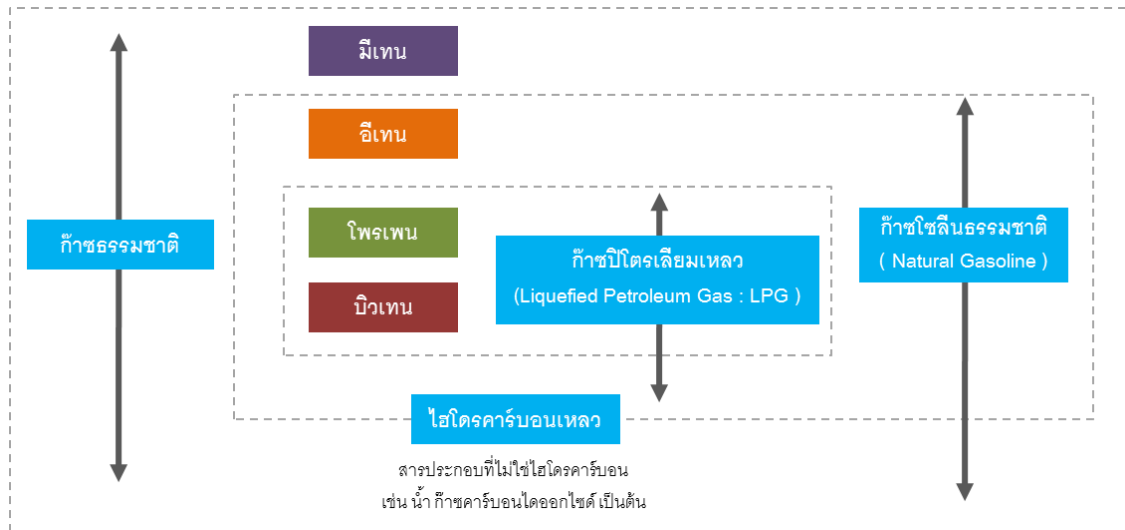
PTT has constructed gas pipeline for approximately 493 kilometers long to connect from the natural gas pipeline system to industrial customers nationwide.



Source : Information form of the year 2017 of PTT Public Company Limited

(3) Natural gas components and benefits

Natural gas consists of a variety of hydrocarbons such as methane, ethane, propane gas, butane gas, etc. There are also non-hydrocarbon compounds such as carbon dioxide, hydrogen sulphide gas, nitrogen gas and water, etc. th gas can be used as follows:



1. Methane (C1): Used as a fuel for the production of electricity and heat in industrial plants. Used as raw material for chemical fertilizer production. When used in high pressure tanks, it is called "compressed natural gas (CNG)". It can be used as fuel in vehicles, or "natural gas for vehicles (NGVs)".
2. Ethane (C2): Used as raw material in the petrochemical industry. It is a substitute for polyethylene resin (PE) for plastic bags, toothpaste tubes, plastic bottles, shampoos. Synthetic fibers to be processed into other products.
3. Propane Gas (C3): Used as a raw material in the petrochemical industry. It is a precursor for the production of polypropylene (PP) resins for the production of synthetic rubber. Battery, battery and oil quality additives
4. Butane gas (C4): Used as raw material in the petrochemical industry. It is the starting material for the additive to increase octane in gasoline, instead of lead (MTBE), synthetic rubber and ABS plastic.
5. Liquid petroleum gas (C3 + C4): Used as fuel or LPG in households, fuel In Cars, fuel for industrial heating Used as raw material in the petrochemical industry.
6. Carbon dioxide (CO2): The product is derived from the process of extracting carbon dioxide from natural gas or for using in cast iron industry, food preservation, beverage industry (Soft drinks and beer), and for making fire extinguishers, raincoats, dry ice or to create smoke in the entertainment industry.

(4) Natural Gas Usage

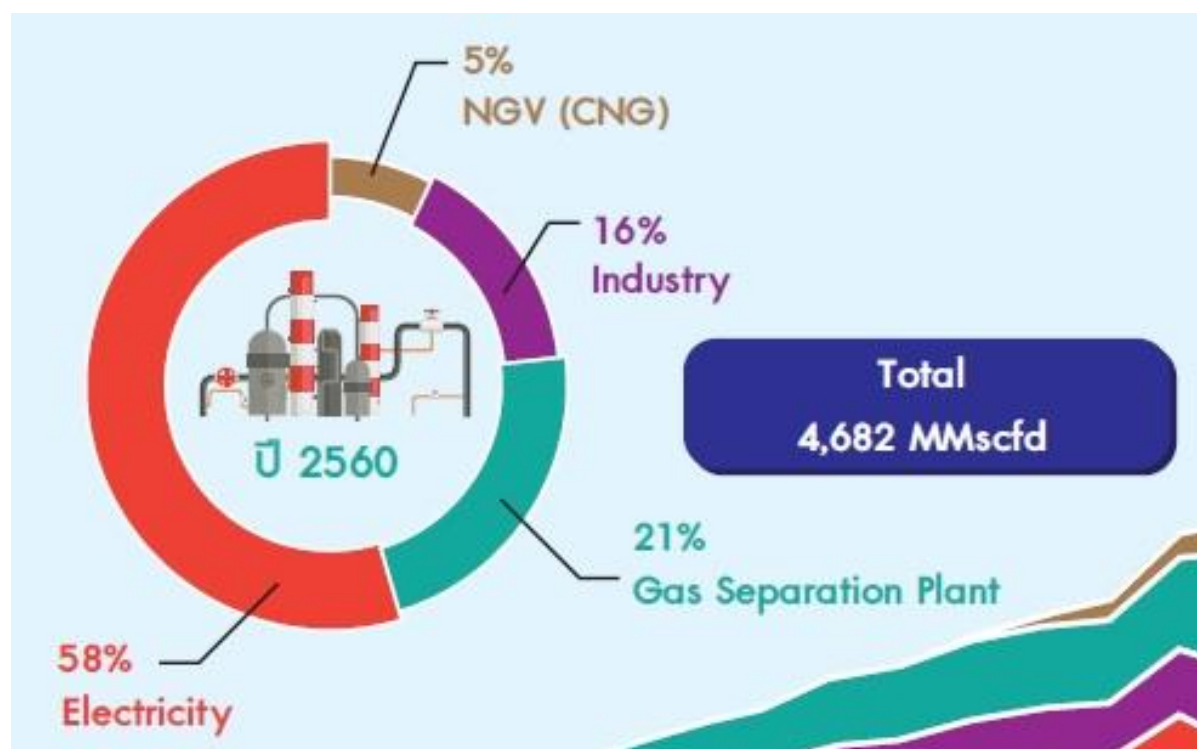
Natural gas usage of each branch matrix between 2013 and 2017.

(Unit: Million cubic feet per day)

	2013	2014	2015	2016	2017
Electricity Plants	2,695	2,740	2,859	2,793	2,719
Gas Separation Plants	930	960	950	948	995
Factories	635	653	651	694	724
Cars	307	317	304	278	243
Total	4,567	4,670	4,764	4,713	4,682

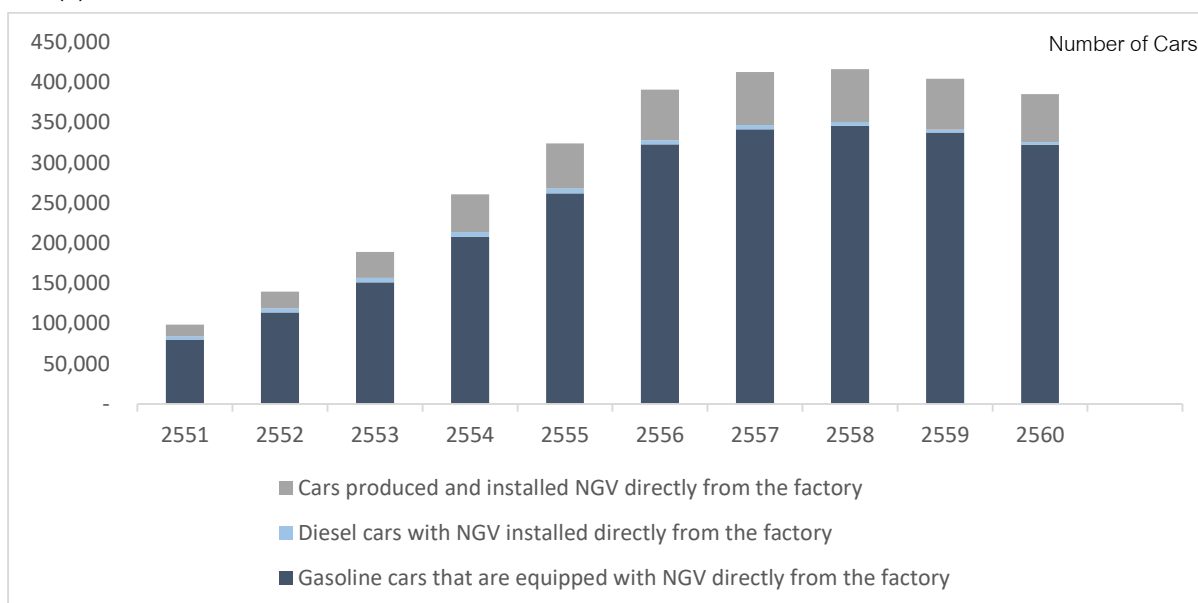
Soucre: Energy Policy and Planning Office, Ministry of Energy

The use of natural gas in Thailand in 2017 was most used in electricity generation of 8.07%, the second was the gas separation plant for using as raw materials of various industries such as petrochemical industry, which accounts for 21.25%, the using of natural gas in factories was 5.46% and the using of natural gas for transportation (CNG) was 5.19%.



Soucre: Energy Policy and Planning Office Ministry of Energy

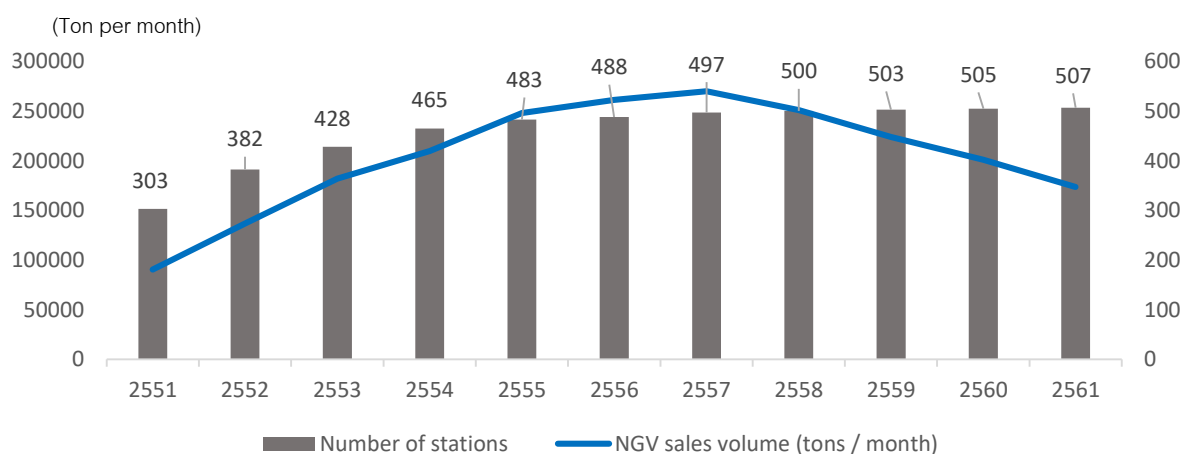
(5) Volume of NGV cars in Thailand



Source : Department of Transportation

(6) NGV gas station and NGV monthly sales volume

Average Sale Volume of NGV



Source : PTT Public Company Limited

Statistics from 2008 to 2017, NGV related industries continue to grow. The number of NGV vehicles increased from 98,581 units in 2008 to 16,204 units in December 2015 or an average annual growth rate of 23.76 percent. The average NGV sales volume increased from 90,200 tons per month to 251,076 tons per month or an average annual growth rate of 17.12%. The number of service stations in the year 2018 increased from 303 (in 2008) to 507. However, in 2015 - 2017, there will be a decrease in gas sales volume but the company is not affected much. From 520 tons of natural gas compression contract with PTT.

Competition

(1) Private Mother Station: PMS

The investment in NGV private mother station (PMS) requires substantial amount of capital because the business requires large area of land which must connect with PTT's natural gas pipelines and the equipment used in the business, such as natural gas compressor and filling equipment, are costly. The business also requires engineering expert with particular knowledge and expertise as natural gas has high pressure. It can be dangerous without due care and engineering expert looking after the system.

The Company is equipped with capital for investment in respect of land and equipment required for operating private mother stations (PMS). It also has knowledgeable and experience personnel with expertise in engineering. Given such factors, the Company is a leading operator of natural gas private mother station (PMS) for PTT and the Company is one of the first private companies to operate this business. In addition, operating private natural gas mother station business is a concession business. The business operator must have thorough knowledge and experience with readiness in respect of investment capital and personnel. Therefore, there is a high barrier of entry for the business.

At present, there are 18 natural gas private mother stations (PMS) of which 14 stations are operated by PTT and 4 stations are operated by private operators. The Company had been appointed to operate 2 natural gas private mother stations, located in Pathum Thani Province and Saraburi Province. The number of stations operated by the Company accounts for 50% of the total number of stations operated by private operators. The other two private stations are operated by Scan Inter Public Company Limited and Winnergy Corporation Company Limited, the details of which are as follows:

Operator Name	Location of Station	Minimum Production Quantity of Compressed Natural Gas per Contract	Expiration of Contract
Scan Inter Public Company Limited	Bang Krabue Sub-district, Samkhok District, Pathum Thani Province	350 ton/day	2572
Winnergy Corporation Company Limited	Rajathewa Sub-district, Bangplee District, Samutprakarn Province	350 ton/day	2572

Source: SEC Filing (Form 56-1) of Scan Inter Public Company Limited.

At present, the Company does not have any direct competitor because the operation of natural gas private mother station (PMS) is pursuant to the natural gas compression contracts with PTT. However, upon expiry of the term of such contracts and if the contracts are not renewed, the Company may have competitors as it has to bid for operating natural gas private mother stations (PMS) in the future.

Producing and selling of compressed bio-methane gas station business

Producing and selling of compressed bio-methane gas station business is a new business in this country. Company's machinery has the highest capacity in the country. The factor that affects the growth of the business is the demand for gas of customers. By dividing the customer groups into two main groups: vehicles and industrial factories.

Vehicle customers is the group of customers which will use the gas as fuel of vehicle. At present, the this group of customers has a stable demand for gas since in the past, the price of fuel has been fluctuating. If the price of fuel increases, customers of the vehicle group will certainly have a higher level of demand for gas.

Industrial customers is the group of customers which will use gas as fuel in the factory production system. This group of customers has grown steadily because the cost of using gas as a fuel for production is lower than using other types of fuel. The major factor that customers in industrial factories will use gas depends on the distance from the factory to the gas station which will affect the transportation cost of gas to the factory.

Product and Service Procurement

Private Mother Station (PMS)

(1) Procurement of natural gas and inert gas for enhancing quality of natural gas

Since PTT will procure natural gas for the Company during the whole term of the NGV compression contract, therefore, natural gas is not considered as the Company's raw material. Although PTT bears the risk of natural gas procurement, the Company will be affected in case PTT cannot procure natural gas for the Company.

As heating value of natural gas procured by PTT is not appropriate for vehicles, the Company has to add appropriate quantity of inert gas such as carbon dioxide (CO₂) or nitrogen (N₂) to enhance quality of natural gas according to regulatory standard as prescribed for vehicles by the Department of Energy Business. The heating value as prescribed under the relevant regulations or Wobbe Index (W.I.) must be between 37 – 42 megajoule per square meter. Such inert gas are ones of the Company's raw materials. The Company has entered into purchase contract for carbon dioxide (CO₂) and nitrogen (N₂) with a sole local supplier, namely Linde (Thailand) Public Company Limited for the contract term of 5 – 6 years. Although the Company has a sole supplier for inert gas, it has a supplier list of inert gas for comparison purpose.

(2) Procurement of machinery

The key machinery for operating private mother station (PMS) business is natural gas compressor and natural gas filling equipment. The Company purchased machinery from a local supplier for Pathum Thani Private Mother Station. For Saraburi Private Mother Station, the Company purchased capability and standard machinery from a reputable foreign supplier and hired a local company with expertise and experience to install such equipment.

(3) Procurement of equipment and spare parts

The Company purchases equipment and spare parts directly from foreign manufacturer and local distributor. However, in order to reduce the number of importation of such equipment and spare parts from overseas, the Company has engaged a local company to develop and improve such equipment and spare parts which have work efficiency equivalent to imported equipment and spare parts. As a result, the Company was able to reduce its costs of equipment and spare parts.

Producing and selling of compressed bio-methane gas station business

The raw material procurement of business derived from the purchase of biogas or raw gas from the fermentation tank, the fermentation tank received the raw material from the cassava starch in nearby area.

In respect of the machinery located in the gas station, it consists of two main parts which are improvement of gas quality part and gas station. The machinery of improvement of gas quality part which is procured and imported from overseas, is installed under the supervision of expert. The machinery of gas station is constructed by a company in the country including the installation of all machineries. For the maintenance of machinery, the Company plans to procure some spare parts from overseas and to reduce the cost of import of spare part from overseas, if some spare parts can procure in the country, all such spare parts will be purchased in the countries. In addition, the cost of labour in relation to the installation, improvement, maintenance of all machineries, the Company engages the expert to provide 24-hours services.

Benefits from the Promotion Certificate of Board of Investments

The Company received the benefits from the investments by obtaining the promotion certificate of the Board of Investments under the Investment Promotion Act B.E. 2520 of which the Company shall comply with the terms and conditions as set out in the promotion certificate.

Benefits certify	No. of Certificate	Date	Starting Date and Expire Date	Benefits under the Promotion Certificate
The Company (Pathum thani branch)	1876(1)/2552	19 November 2009	<p>- October 9, 2009 to October 8, 2017, exemption from corporate income tax for net profits from operating activities</p> <p>- October 9, 2017 to October 8, 2022 has been a reduction in the corporate income tax on profits from investment at the rate of 50 per cent of the normal rate.</p>	<p>For the investment in natural gas station for vehicles</p> <ul style="list-style-type: none"> - Permission to bring an alien who is a skilled worker or expert and spouses and dependent persons of both types of persons shall come to the Kingdom for a number of periods of time and shall remain in the Kingdom for as long as the Committee deems appropriate. - Permission is granted to bring a foreigner who is a skilled worker or expert who granted permission to stay in Thailand under Section 25 to work in accordance with his / her position of work approved by

Benefits certify	No. of Certificate	Date	Starting Date and Expire Date	Benefits under the Promotion Certificate
				<p>the Board for the period of time permitted to live in the Kingdom.</p> <ul style="list-style-type: none"> - Exemption of import duty on machinery as approved by the Board. - Exemption of corporate income tax on net income from promoted operations for a period of 8 years commencing from the date of commencement of business operations. - In the event of loss of business during the period of corporate income tax exemption under paragraph two company will be allowed to deduct the annual losses incurred during that time to deduct from the net profit that occurs after the corporate income tax exemption period with a period of not more than 5 years from the date of expiration By choosing to deduct from the net profit of any year or many years - Dividends from the promoted businesses is exempted from corporate income tax according to Section 31 at the time of corporate income tax exemption. - The corporate income tax for the net profit be reduced to 50% from the normal rate for 5 years from the expiration of the exemption period. - The permission to deduct the expenses in relation to the transportation fees, electricity fees and water fees at 2 times from the actual expenses for the period of 10 years from the operating date. - The permission to deduct the investment cost of installation or construction of facilities at the rate of 25% of the investment cost in addition to the normal depreciation

Benefits certify	No. of Certificate	Date	Starting Date and Expire Date	Benefits under the Promotion Certificate
The Company (Saraburi branch)	1059(1)/2554	18 January 2011	<p>- July 16, 2011 to July 15, 2019, exemption from corporate income tax for net profits from operating activities</p> <p>- July 16, 2019 to July 15, 2024 has been a reduction in the corporate income tax on profits from investment at the rate of 50 per cent of the normal rate.</p>	<p>For the investment in natural gas station for vehicles</p> <ul style="list-style-type: none"> - Permission to bring an alien who is a skilled worker or expert and spouses and dependent persons of both types of persons shall come to the Kingdom for a number of periods of time and shall remain in the Kingdom for as long as the Committee deems appropriate. - Permission is granted to bring a foreigner who is a skilled worker or expert who granted permission to stay in Thailand according to section 25 to work in accordance with his / her position of work approved by the Board for the period of time permitted to live in the Kingdom. - Exemption of import duty on machinery as approved by the Board. - Exemption of corporate income tax on net income from promoted operations for a period of 8 years commencing from the date of commencement of business operations. - In the event of loss of business during the period of corporate income tax exemption under paragraph two company will be allowed to deduct the annual losses incurred during that time to deduct from the net profit that occurs after the corporate income tax exemption period with a period of not more than 5 years from the date of expiration By choosing to deduct from the net profit of any year or many years - Dividends from the promoted businesses is exempted from corporate income according to section 31 at the time of corporate income tax exemption.

Benefits certify	No. of Certificate	Date	Starting Date and Expire Date	Benefits under the Promotion Certificate
				<ul style="list-style-type: none"> - The corporate income tax for the net profit be reduced to 50% from the normal rate for 5 years from the expiration of the exemption period. - The permission to deduct the expenses in relation to the transportation fees, electricity fees and water fees at 2 times from the actual expenses for the period of 10 years from the operating date. - The permission to deduct the investment cost of installation or construction of facilities at the rate of 25% of the investment cost in addition to the normal depreciation
Mae Krating Power Company Limited	61-1317-1-00-1-0	4 September 2018	<ul style="list-style-type: none"> - Exemption of corporate income tax on net income from promoted operations for a period of 8 years commencing from the date of commencement of business operations. - - The corporate income tax for the net profit be reduced to 50% from the normal rate for 5 years from the expiration of the exemption period according to section 31. 	<p>For the investment in Biomass Power Plant</p> <ul style="list-style-type: none"> - Permission to bring an alien who is a skilled worker or expert and spouses and dependent persons of both types of persons shall come to the Kingdom for a number of periods of time and shall remain in the Kingdom for as long as the Committee deems appropriate. - Permission is granted to bring a foreigner who is a skilled worker or expert who granted permission to stay in Thailand under Section 25 to work in accordance with his / her position of work approved by the Board for the period of time permitted to live in the Kingdom. - Exemption of import duty on machinery as approved by the Board. - Exemption of corporate income tax on net income from promoted operations for a period of 8 years commencing from the date of commencement of business operations. - In the event of loss of business during the period of corporate income tax exemption

Benefits certify	No. of Certificate	Date	Starting Date and Expire Date	Benefits under the Promotion Certificate
				<p>under paragraph two company will be allowed to deduct the annual losses incurred during that time to deduct from the net profit that occurs after the corporate income tax exemption period with a period of not more than 5 years from the date of expiration By choosing to deduct from the net profit of any year or many years</p> <ul style="list-style-type: none"> - Dividends from the promoted businesses is exempted from corporate income tax according to sector 31 at the time of corporate income tax exemption. - The corporate income tax for the net profit be reduced to 50% from the normal rate for 5 years from the expiration of the exemption period. - The permission to deduct the expenses in relation to the transportation fees, electricity fees and water fees at 2 times from the actual expenses for the period of 10 years from the operating date. - The permission to deduct the investment cost of installation or construction of facilities at the rate of 25% of the investment cost in addition to the normal depreciation

Standards obtained by the Company

Branch	Type of Standard	
Phatumthani	ISO 9001:2015	Management of International Quality and Standard for Private Mother Station (PMS)
	TIS 18001 / OHSAS 18001:2007	Industrial product standard and Occupational health and safety management system : specification for Private Mother Station (PMS)
Saraburi	ISO 9001:2015	Management of Quality System for Private Mother Station (PMS)
	ISO 14001:2015	Environmental management System for Private Mother Station (PMS)
	TIS 18001/ OHSAS 18001:2007	Occupational health and safety management system : specification for Private Mother Station (PMS)

Laws and Regulations

Company	Laws and Regulations	Regulator
SKE	Notification of Ministry of Energy regarding the rules and safety standard of natural gas station which under responsible of the Department of Energy Business B.E. 2550 issued under the Hazardous Substance Act B.E. 2535	Ministry of Energy
SKE	Fuel Control Act B.E. 2542	Deaprtment of Energy Business, Ministry of Energy.
SKE	Building Control (No.5) Act B.E. 2522	Ministry of Interior.
SKE	Town Planning Act B.E. 2518	Ministry of Interior.
SKE	Hazardous Substance Act, B.E. 2535	Ministry of Industry
SKE	Promotion and Conservation of National Environmental Quality Act, B.E. 2535	Ministry of Natural Resources and Environment
SKE	Land Transport Act B.E. 2522	Department of Land Transport, Ministry of Transport.
SKE	Highway act B.E. 2535 (1992)	Ministry of Transport and Ministry of Interior.
RBF	Notification of the Ministry of Energy on the criteria and standards of safety of natural gas stations that the Department of Energy has the authority and responsibility	Deaprtment of Energy Business, Ministry of Energy.
RBF	Fuel Control Act B.E. 2542	Deaprtment of Energy Business, Ministry of Energy.
RBF	Fuel Trade Act B.E. 2543	Deaprtment of Energy Business, Ministry of Energy.
RBF	Notification of Department of Energy Business Re: Determining the Characteristics and Quality of Biometers for Motor Vehicles B.E.2561	Deaprtment of Energy Business, Ministry of Energy.

Environmental Impact

Sakol Energy Public Company Limited

The Company intends to provide quality services, together with taking care of the environment. It gives emphasis on management of environment including quality of air and water. The Company prepared environmental impact assessment report (EIA) prior to the construction of natural gas private mother stations (PMS). The Company's expert looks after each process of natural gas compression with due care in order to control pollution generated from compression process at the standard level. The Company has strict environmental policy which is in line with its business operation. In addition, the Company engages an external party to conduct annual audit. The annual audit covers of 4 areas which are: 1) measure concentration levels of dust particles and chemical substance in the work environment; 2) heat measure; 3) measure of light intensity; and 4) measure of average sound level. During the past, the Company and its subsidiaries never had any dispute or problem relating to environmental impact.

RE Biofuels Co. Ltd

RBF installs machine systems which have the standard and the certification on testing. Thus, it can ensure that it will not cause environmental impacts. In addition, the operation of the RBF supports to protect the environment due to the use of biogas derived from the waste water of the cassava starch factor, through the quality improvement process until it came out as a fuel for motor vehicles.

Mae Krating Power Co.,Ltd

Mae Krating Power Co.,Ltd operates a Biomass power plant for generating the electricity on the size capacity of 9.90 MW have passed the environmental impact assessment by preparing a report of Code of Practice : COP for produce the electricity by using biomass.

Non-delivery works

– None –

Risk Factors

The risk factors for the group's Company and Subsidiary that may affect the return of investment of investors significantly can be summarized as follows:

Private Mother Station (PMS)

(1) Business Risk

Risk of reliance on major customer

The Company conducts its business with one major customer namely PTT which is a sole distributor of NGV of Thailand however, the Company has expertise in the business relating to natural gas therefore the Company recurrently provide the service to PTT by having a long-term hiring contract which is a contract in relation to natural gas compression and establishment of 2 private mother stations (PMS) consisting of:

1. Pathumthani Private Mother Station of which a contract has been entered on 17 March 2009 for a period of 20 years following the signing date. will expire in 2029.
2. Saraburi Private Mother Station of which a contract has been entered on 23 February 2011 for a period of 20 years following the date of which the Company has been awarded on 15 October 2010 therefore the contract will expire in 2030.

For ending on 31 December 2018, the Company has revenue generated by natural gas compression business of 297.07 million Baht or equivalent to 91.31% of the total revenue of which it considers that the main revenue of the Company has been generated from sole major customer therefore, if the contract is terminated or PTT terminates the contract, it will have significant negative impact to the operating result of the Company.

However, the Company has the risk management policy for this matter by strictly complying with the contract and delivering of the good quality of services on a regular basis therefore, by complying with this policy, the Company is continually engaged by PTT until present. In addition, the Business Development Department of the Company has studied on the possibility of development of other projects which are projects in relation to expansion for investment in business relating to energy sector to mitigate the concentration risk in the future.

Risk as a result of conditions in the contract with PTT

Pursuant to the contract in relation to the natural gas compression operating by the private mother station, it may have risk on the conditions in the contract with PTT consisting of:

- 1) The indemnification on any damage arising from the unable to compress the natural gas as guarantee save for PTT suspends to supply natural gas of which the Company shall indemnify the damage of the fulfilled volume of natural gas arising out of PTT needs to procure the compressed

natural gas from other sources at the rate of 1.5 times of the compensation for the natural gas compression per day.

- 2) If there have the difference between the natural gas's volume from the meter before delivering to the station and the meter before delivering to the natural gas transportation, the difference which is above 1 % , the Company shall compensate the loss for the difference of volume to PTT at the rate as determined by PTT whereby PTT can offset this loss with the compensation for the natural gas compression however, if the Company can proof that the difference occurs due to the failure of the meter system for the volume of natural gas, PTT will negotiate to reduce such loss. During the past operation of the Company. The Company had a record on the compensation for the gas loss which was above 1 % and the Company had taken such gas loss as a cost in the financial statement.
- 3) PTT has its right to terminate the contract if the producer and/or concessionaire is lack of natural gas supply for PTT.
- 4) If any force majeure or any other event by third party occurs which is not a failure of any party and if it appears that there have any damages or losses completely to the gas pipeline of PTT and gas sub-pipeline of PTT and/or the natural gas mother station which cannot be restored to the good condition and workable as the standard of general industry and safety within 30 days from the date of such circumstance or other period as determined by both parties, it shall deemed that the contract will be terminated automatically after the lapse of such 30 days or other period as agreed by both parties.

For the circumstance which the Company cannot compress the natural gas as per the minimum volume of natural gas compression guaranteed to PTT, the possibility of this circumstance is quite low due to for Saraburi Private Mother Station, the Company has natural gas compression contract at the minimum of 320 tons per day and has the installed capacity of 400 tons per day which is above the guaranteed minimum volume and for Pathumthani Private Mother Station, the Company has natural gas compression contract at the minimum of 200 tons per day and has the installed capacity of 350 tons per day which is above the guaranteed minimum volume. It can consider that the difference is excess and sufficient for the natural gas compression therefore the risk of natural gas compression is below the guaranteed minimum volume is quite low.

However, the Company has a risk management policy to mitigate such risk and give prioritize on the compliance with the contract with PTT including the delivery of good quality services on continually basis from the first date of operation and the Company also maintains the good relationship with PTT continually.

In addition, the Company also has other risk management plans to cover the risk from the unable to compress natural gas per guaranteed volume, the risk from force majeure of which the Company has maintenance plan for the natural gas compression machine on a regular basis and has a Business Continuity Management plan (BCM) to determine the management of organization in the critical crisis and the

determination in relation to the business management for such circumstance that may occur of which all of risk managements are to ensure that the Company is ready for any risk that may occur due to the conditions of the contract with PTT therefore, it is why the Company is continually engaged by PTT until present.

For the early termination due to the damage in relation to the gas pipeline, if there is a gas pipeline within the station, the Company has a system to control the maintenance which is well established. For the part of gas pipeline outside the station, it is under control of PTT whereby the main pipeline has many users including the power plants and factories therefore, the Company believes that PTT will maintain it very well. The damage of outside pipeline to the stage that the pipeline will be suspended is considered as the low risk.

Risk of reliance of organization or company to supply goods and services for the business

The Company conducts its business with 2 major organizations or companies to supply goods and services namely Provincial Electricity Authority which is a state-enterprise to distribute the electricity in Thailand and Linde (Thailand) Public Company Limited which is a leader of the supplier of industrial gas products in Thailand.

For the six months period ending 30 September 2017, the Company has cost from the natural gas compression service of which the main service costs include the electricity cost from the natural gas compression which has the electricity rate in accordance with the terms of Provincial Electricity Authority (PEA) on an actual basis and inert gas cost that has been used for the improvement of natural gas quality of 126.38 million Baht equivalent to 89.16% of the total cost of service therefore, it can consider that the service cost of the Company is from 2 major organizations or companies. If Provincial Electricity Authority and Linde (Thailand) Public Company Limited terminate the contract of electricity supply, sale and purchase contract of inert gas and other relevant contracts, it will have significant negative impact to the business operation of the Company.

If there has a circumstance that Linde (Thailand) cannot provide service in relation to the sale of industrial gas according to the contract, Linde (Thailand) Public Company Limited will indemnify the damage and penalty as set out in the sale and purchase contract for industrial gas or if there has a circumstance that Linde (Thailand) Co., Ltd. cannot provide service in relation to the sale of industrial gas according to the contract, the Company is able to procure other suppliers due to there have other 2-3 supplier of industrial gas that are ready to service the Company.

However, during the past period of business operation of the Company, the Company has complied with the contract strictly and was able to pay the electricity cost including the industrial gas cost according to the contract and the Company also believes that the contract can be renewed in the future.

Risk from the damage of natural gas compression equipment

Private Mother Station (PMS) at Sam Khok District, Pathumthani has 6 natural gas compression equipment and Private Mother Station (PMS) at Kaeng Khoi District, Saraburi has 6 natural gas compression equipment which are used for compressing of natural gas for NGV truck to deliver natural gas to daughter station. The mother station opens 24 hours for 365 days per year whereby the Company has agreed with PTT on the minimum volume of not less than 200 tons per day at Pathumthani Private Mother Station and the minimum volume of not less than 320 tons per day at Saraburi Mother Station. In addition, the Company shall have reserved capacity of not less than 12 tons per hour if the Company cannot comply with this commitment, the Company shall indemnify the damage arising from the difference to PTT at the rate of 1.5 times of the compensation for the natural gas compression therefore, if there have any damage to the private mother station or equipment for natural gas compression and the Company cannot compress the NGV according to the agreement with PTT, the revenue of the Company will reduce and the expense will increase due to the compensation for such damage.

The Company carefully considers this risk therefore, during the past operation of the Company, the Company has maintained and repaired natural gas compression equipment at the private mother station (PMS) on continually basis in accordance with the monthly preventive maintenance plan for the whole year whereby the Company has a management and operation plan for safety and has rotation plan for natural gas compression equipment of which the average lifetime of each natural gas compression will be the same. Due to having the maintenance and repair plan on a regular basis, the past operation of the Company, the Company had not compensated any damage to PTT.

In addition, the Company has an insurance to cover risk of assets of the private mother station (PMS) at Pathumthani and Saraburi in the amount of 181.52 million Baht and 190 million Baht, respectively which will cover building of private mother station (PMS) including other construction and assets and equipment and third party that injured in the limited liability of not more than 10 million Baht per station. The Company has procured the additional insurance in accordance with the notification of Ministry of Energy re: the rules and procedure of the procurement of insurance according to the laws for any injured person due to the conducting of controlled business type 3 B.E. 2557 (2014) in the amount of not more than 5 million Baht per incident for each station.

Risk from accident in the private mother station (PMS)

In the private mother station (PMS) of the Company, it is considered as the part which generates revenue to the Company therefore, it may have risk if there has any accident occur in the station even the Company has insurance for risk of assets of t Pathumthani Private Mother Station and Saraburi Private Mother Station respectively of which such insurance amounts have been specified the insured assets in the sufficient amount to cover building of private mother station (PMS) including other construction and assets and equipment and third party that injured The Company has continued to procure the additional insurance in accordance with the notification of Ministry of Energy re: the rules and procedure of the procurement of insurance according to

the laws for any injured person due to the conducting of controlled business type 3 B.E. 2557 (2014) for each station on annual basis.

However, from the past operation of the Company, there were no serious accidents in the private mother stations of the Company due to the Company has determined the measure for safety of the natural gas station for vehicle and the Company has complied with standard manual for natural gas service station as determined by PTT and has procured the employees to comply with those measure and manual strictly including having control of outsider when they come to use the service and the Company also has been certified in accordance with TIS 18001 standard which is a standard of industrial product relating to occupational health and safety management system for private mother station of which the Company has been certified for both of Pathumthani and Saraburi stations.

Risk form lack of natural gas

Due to the main business of the Company is natural gas compression of which this business is relevant to natural gas and is reliance on the natural gas generated by the pipeline of PTT, if there have any disruption on the pipeline of PTT and there have any temporally suspension on distribution of natural gas, the Company may not be able to provide natural gas compression service although this circumstance will not be penalized by PTT however the Company may have loss of revenue from normal business.

However, the possibility for the occurrence of such risk is quite low due to PTT has monitored the movement of supply and demand of natural gas in accordance with the movement of natural gas price in the world market and the policy of government sector including coordinating with sellers and customers to review and improve the supply plan of natural gas and LPG for short term and long term on a regular basis therefore it can handle any unpredictable circumstances including any impact when emergency and critical circumstance occurs whereby PTT has negotiated to procure natural gas from many sources in Thailand and has also negotiated to procure liquefied natural gas (LNG) from sellers in other countries around the world. PTT has determined the plan for procurement of additional natural gas by having the plan to expand the LNG terminal phase 1 to have input capacity for LNG of 11.5 million tons per year and to invest in pier and LNG terminal no. 2 to support the higher volume of LNG and to support the demand of natural gas in Thailand as well as to mitigate the risk that may occurs due to the lack of natural gas in the future of which the procurement of natural gas of PTT according to the sale and purchase contract for natural gas with onshore and offshore sellers, totaling 15 contracts, they have determined the guaranteed minimum purchasing volume which shall be taken by PTT if PTT cannot purchase natural gas in accordance with the guaranteed minimum purchasing volume as set out in the contracts, PTT shall pay the natural gas price in the part that PTT cannot take (Take or Pay). In addition, pursuant to the contract in relation to the natural gas compression by the private mother station (PMS), it states that if there have any change of laws, change of fuel price or lack of natural gas or natural

gas is not sufficient for the domestic demand and either party may disadvantage or may have significant damage due to such party is obliged to continue to comply with terms of contract, the party who suffers from such damage can exercise its right to amend the contract and the parties shall have a meeting within 30 days upon request by other party. If the parties agree to amend the contract, the parties can amend and execute the amended contract.

Risk from the decreasing of difference between the oil price and NGV price and the decreasing of the demand of NGV

Due to NGV is an alternative fuel for vehicle and NGV price is lower than the oil price such as benzene oil and diesel oil which the car users will use NGV as the alternative fuel more if the difference between the NGV price and oil price is at the high level. On the other hand, if the difference between the NGV price and oil price is at the low level, the car users will reduce to use NGV although the Company will not carry out the sale of NGV which is a business that will suffer from the change of the difference between NGV price and oil price however, the NGV industry will suffer from the decrease of demand of which if the demand of NGV is decrease, it may reduce the volume of natural gas compression of PTT or it may reduce the expansion of NGV business of PTT which may affect the present revenue of the Company and the capability of natural gas compression business expansion of the Company in the future.

Risk from the change of environment under emergency or crisis

The Company has a risk from the change of environment from inside and outside such as the change of technology, the change of competitor's strategy, form of industrial and domestic and international market conditions including the other critical crisis of which such factors as mentioned above are considered as the risks that may occur to the Company in the future. However, the Company understands that the importance of the risk management under unpredictable circumstances and considers that the risk management is the significant part of all process of carrying out the business which connects to all levels therefore the Company has prepared the Business Continuity Management plan (BCM) which is a working group consisting of managements, managers, and head departments of the Company to determine the procedure of business management in the critical crisis.

(2) Risk on the management of business

Risk from the lack of skilled employee

Due to the Company's business is relevant to the works relating to engineering, equipment and natural gas which is the business type that difference from the general equipment including the co-working with other companies which use international standard therefore, the employees shall have skills. The lost of the experienced and skilled employees such as chief engineer or other supervisors may affect the Company's operation of which the Company is aware of this risk therefore the Company focuses on maintain and develop its employees and human resources by giving the appropriated compensations and knowledge and experience including supporting the employees to attend seminar every year.

Risk from having major shareholder which can influence the determination of management of business policy

As of December 31, 2018, Sumethchotimetha's family holds shares in the Company representing 54.14% of the paid-up capital. In addition, Mr. Chutchai Sumethchotimetha also holds the position of Chief Executive Officer and he is the authorized director of the Company. The minority shareholders may be a risk that the major shareholders will influence the management policy in a certain direction and can control the policy and management in the Company including control over approval of resolutions of shareholders except for the matters which are required by laws or the Company's Articles of Association to be resolved by a three-fourths vote of the shareholders attending meeting, the other shareholders may not be able to collect the votes to scrutinize and balance the matters proposed by the major shareholders.

However, for transparency in management and monitoring and balance of power, management and directors, the Company has appointed the Audit Committee to ensure the check and balance and other matters before proposing to the shareholders' meeting for approval. To avoid conflicting matter and to create transparency in the operation of the Company, there are also 4 Independent directors from 10 who are not a director nominated by Sumethchotimetha's family therefore, it can consider all matters to be proposed to the shareholders' meeting.

Remark : ⁽¹⁾It is the information from the share register book closing date (XO) as of 28 December 2018

Producing and selling of compressed bio-methane gas station business

Risks of this business are as follows:

1. Risk from no customers use the services can occur due to the decrease of the popularity in using natural gas as the fuel of motor vehicles because the fluctuation of oil price. However, the compressed gas can sell to the industrial customers, but it shall be in the suitable transportation distance.
2. Risk from machinery damage, if the machinery of the gas production or the gas station is damaged, it will not be able to provide services. In respect of the operation of the Company, there is a maintenance plan for the machineries and working team stands by for 24-hours. In addition, the gas produced and ready for sale will be stored in the station at appropriate level.

Therefore, it will have low risk.

Biomass Power Plant Business of Mae Krating

Due to the power plant is currently under construction and it is expected to be completed by June 2019, which delay in construction may affect the start of power supply. MKP has realized this risk and therefore hires a company with experience, knowledge and able to construct a power plant including having contract of employment, thus it can ensure that there will be no delay in construction.

General Information and Other Important Information

general information of the Company

Company name	Sakol Energy Public Company Limited	Business sector	Energy and public utilities
Ticker symbol	SKE	Registered capital	Baht 465,000,000
Head office's address (Natural gas station in Pathum Thani)	No. 15 Moo 1, Chiang Rak Noi Sub-district, Sam Khok District, Pathum Thani Province 12160	Paid-up capital	Baht 465,000,000
Natural gas station's address in Saraburi	No. 168 Moo 4, Tha Maprang Sub-district, Kang Koi District, Saraburi Province 18110	Par value	Baht 0.50
Office address in Bangkok	No. 252/108(B), 252/109 (C), 21 st Floor Muang Thai-Phatra Complex Tower B, Ratchadaphisek Road, Huai Khwang Sub-district, Huai Khwang District, Bangkok 10310	amount of fully paid shares	930,000,000 shares
Company registration number	0107559000443	type of paid-up shares	ordinary shares
Industry group	Resource	Start trading date in SET	22 November 2017
		Telephone	02-026-3451
		Facsimile	02-026-3452
		Company's Website	www.sakolenergy.com

Information of other reference person

Securities registrar

Name	Thailand Securities Depository Company Limited
Head office's address	The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Din Daeng Sub-district, Din Daeng District, Bangkok 10400
Telephone	02-009-9000
Facsimile	02-009-9991

Auditor

Name	KPMG Phoomchai Audit Limited
Head office's address	1, 50th – 51st Floor Empire Tower, South Sathorn Road, Yannawa Sub-district, Sathorn District, Bangkok 10120
Telephone	02-677-2000
Facsimile	02-677-2222

Financial advisor

Name	KT Zmico Securities Company Limited
Head office's address	16th Floor Liberty Square Building 287 Silom Road, Silom Sub-district, Bangrak District, Bangkok 10500
Telephone	02-695-5000
Facsimile	02-631-1702
<i>Remark: act as the financial advisor of the Company until 21 November 2018</i>	

Other important information (if any)

-None-

General information of subsidiaries

SK 15 Company Limited

Head office's address	15 Prasert-Manukitch Road, Sena Nikhom Sub-district, Chatuchak District, Bangkok 10900
Company registration number	0105557134459
Type of business	Renting out real estate
Business sector	Renting out real estate
Registered capital	Baht 140,000,000
Paid-up capital	Baht 140,000,000
Divided in to	1,400,000 share
Par value	Baht 100 per share
Telephone	02-026-3451

Sakol Energy Biomass Power 15 Company Limited

Head office's address	No. 15 Moo 1, Chiang Rak Noi Sub-district, Sam Khok District, Pathum Thani Province 12160
Company registration number	0135557018734
Type of business	During the process of feasibility study on biomass power plant business
Business sector	Energy and public utilities
Registered capital	Baht 62,000,000
Paid-up capital	Baht 62,000,000
Divided in to	620,000 share
Par value	Baht 100 per share
Telephone	02-026-3451

RE Biofuels Company Limited

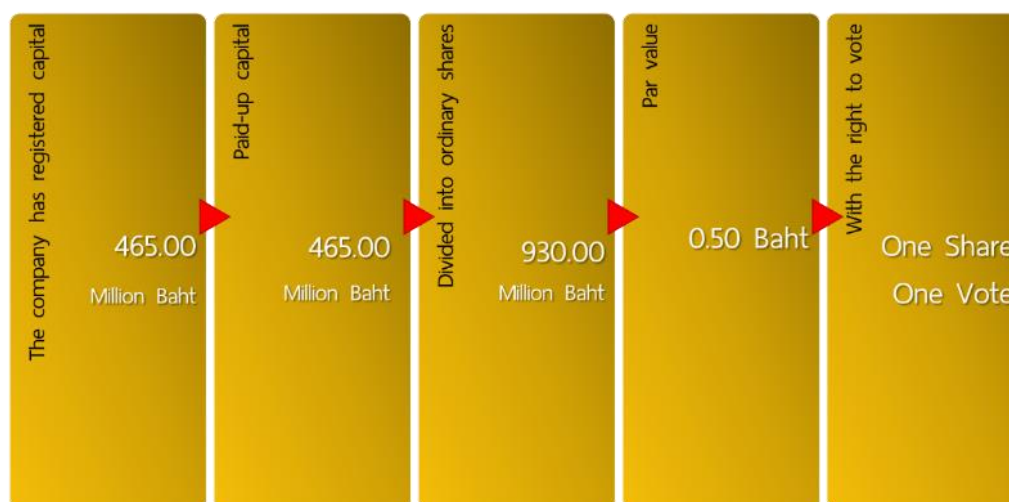
Head office's address	252/93(E), 17th Floor, Tower B Muang Thai-Phatra Complex Building, Rachadaphisak Road, Huaykwang, Bangkok 10310
Location of Chumpuang Branch Office	888 Moo 6 Khui, Lam Thamenchai, Nakhon Ratchasima 30270
Company registration number	0105560117390
Type of business	Plan to invest in production and distribution of compressed biomethane gas with the production capacity of 9,000 kilograms per day
Business sector	Energy and public utilities
Registered capital	Baht 15,000,000
Paid-up capital	Baht 15,000,000
Divided in to	150,000 share
Par value	Baht 100 per share
Telephone	02-026-3451

Mae Krating Power co. Ltd

Head office's address	252/108(B), 21th Floor, Tower B Muang Thai-Phatra Complex Building, Rachadaphisak Road, Huaykwang, Bangkok 10310
Company registration number	0105555096207
Type of business	produce and sell the electricity by using biomass.
Business sector	Energy and public utilities
Registered capital	Baht 282,300,000
Paid-up capital	Baht 282,300,000
Divided in to	28,230,000 share
Par value	Baht 10 per share
Telephone	02-026-3451

Securities and Shareholders Information

Registered capital and paid-up capital



Share transfer restriction

Shares in Sakol Energy Public Company Limited can be transferred with no restriction. However, a transfer shall not cause the foreign shareholding to exceed 49.00% of the total issued shares of Sakol Energy Public Company Limited.

Shareholding structure

As of 31 December 2018, Major shareholder of the company names are shown below.

No.	Name of shareholder	Number of shares	Shareholding (%)
1	Mr. Chutchai Sumethchotimetha	290,760,803	31.265
2	Mrs. Aree Sumethchotimetha	206,756,858	22.232
3	Mrs. Thanaporn Nuntree	57,733,320	6.208
4	Mr. Thanakorn Nuntree	55,413,220	5.958
5	Miss Kantanika Nuntree	38,488,880	4.139
6	Mr. Thanapat Nuntree	38,488,880	4.139
7	Thai Life Insurance PCL	18,000,000	1.935
8	Mr. Rutt Pongsurapipat	6,030,500	0.648
9	Mr. Sarawut Anakatham	5,850,000	0.629
10	Miss Lawan Bunajinda	5,065,000	0.545
11	Mrs. Sujitra Kosirisiriki	5,000,000	0.538
12	Mr. Anurak Boonsawang	4,869,500	0.524
Total		732,456,961	78.760

Remark : It is the information from the share register book closing date(XO) as of 28 December 2018

The group of major shareholders who may significantly influence the determination of policies or business operation of the Company is shown below.

No.	Name of shareholder	Number of shares	Shareholding (%)
1	Mr. Chutchai Sumethchotimetha	290,760,803	31.26
2	Mrs. Aree Sumethchotimetha	206,756,858	22.23
3	Miss Intira Sumethchotimatha	930,661	0.10
4	Mr. Thanapon Sumetchotimaytha	930,661	0.10
5	Mr. Rapepat Sumethchotimatha	930,661	0.10
6	Mr. Jakkraphong Sumethchotimetha	930,661	0.10
7	Mrs. Plearnpit Sumethchotimetha	200,000	0.02
9	Mr. Tanadol Sumethchotimetha	200,000	0.02
10	Miss Napapat Wimonwatcharakorn	1,865,295	0.20
11	Mrs. Thanaporn Nuntree	57,733,320	6.21
12	Mr. Thanakorn Nuntree	55,413,220	5.96
13	Miss Kantanika Nuntree	38,488,880	4.14
14	Mr. Thanapat Nuntree	38,488,880	4.14
Total		693,629,900	74.58

Shareholders of subsidiary companies

SK 15 Company Limited As of 31 December 2018 can be summarized as follows:

No.	Name of shareholder	Number of shares	Shareholding (%)
1	Sakol Energy Public Company Limited	1,399,997	99.9997
2	Mr. Chutchai Sumethchotimetha	1	0.0001
3	Mr. Monthon Nuntree	1	0.0001
4	Mr. Thanapon Sumetchotimaytha	1	0.0001
Total		1,400,000	100

Sakol Energy Biomass Power 15 Company Limited As of 31 December 2018 can be summarized as follows:

No.	Name of shareholder	Number of shares	Shareholding (%)
1	Sakol Energy Public Company Limited	619,997	99.9995
2	Mr. Chutchai Sumethchotimetha	1	0.0001
3	Mr. Monthon Nuntree	1	0.0001
4	Mr. Jakkraphong Sumethchotimetha	1	0.0001
Total		620,000	100

RE Biofuels Company Limited As of 31 December 2018 can be summarized as follows:

No.	Name of shareholder	Number of shares	Shareholding (%)
1	Sakol Energy Public Company Limited	112,500	75.0000
2	RE Power Group Company Limited	22,497	14.9980
3	Fahsang Woodchip Company Limited	15,001	10.0006
4	Mr.Lars Gustaf Leonard Godenhielm	1	0.0006
5	Mr. Ratchar Pathamapongsar	1	0.0006
Total		150,000	100

Mae Krating Power Company Limited As of 31 December 2018 can be summarized as follows

No.	Name of shareholder	Number of shares	Shareholding (%)
1	Sakol Energy Public Company Limited	22,584,000	80.0000
2	Mr.Pongsawat Suppasiri	16,938	0.0600
3	Mr. Parl Pasajarksathru	5,629,062	19.9400
Total		28,230,000	100

Agreements made and signed between the major shareholders and the Company on matters that affect the offering and sales of securities or the Company's management

The major shareholders of the Company are Sumethchotimetha family and Nuntee family signed an agreement on 12 September 2017 not to engage in business or activities having conflicts of interest that may compete against the Company's business in the future. Their agreements and representations made to the Company can be summarized as follows:

- (1) They shall not engage in business or activities having conflicts of interest that may compete against the Company's and its subsidiaries' business, including: (1) private mother stations (PMS); (2) alternative energy power plants; and (3) NGV Conventional station with Ex-Pipeline model (the "Company's Business") or any other businesses identical or similar to the Company's Business and/or subsidiaries' business unless existing business or activities that currently have conflicts of interest.
- (2) In the event that the directors, the major shareholders, or persons relating to the Company receive an opportunity or business offer that may compete against the Company's Business and/or subsidiaries'

business, the directors, the major shareholders, or persons relating to the Company agree to first propose the opportunity or business offer to the Company to consider by the Board of Directors' meeting.

The majority vote of the members of the Board of Directors attending the meeting and entitled to vote shall exclude votes of those directors who have conflicts of interest. In the event that the Board of Directors resolved to refuse or is not interested in the opportunity or business offer, the directors, the major shareholders, or persons relating to the Company who received the opportunity or business offer shall have the right to obtain the opportunity of business offer.

The agreement not to engage in business or activities having conflicts of interest that may compete against the Company's Business shall not be withdrawn or revoked, unless the person who made this representation is no longer the director, executive, and major shareholder of the Company, or become a disqualified person resulting in the elimination of conflicts of interest under the laws concerning securities and exchange or under the rules prescribed by the Securities and Exchange Commission.

Offering of other securities

– None –

Policies on dividend payment

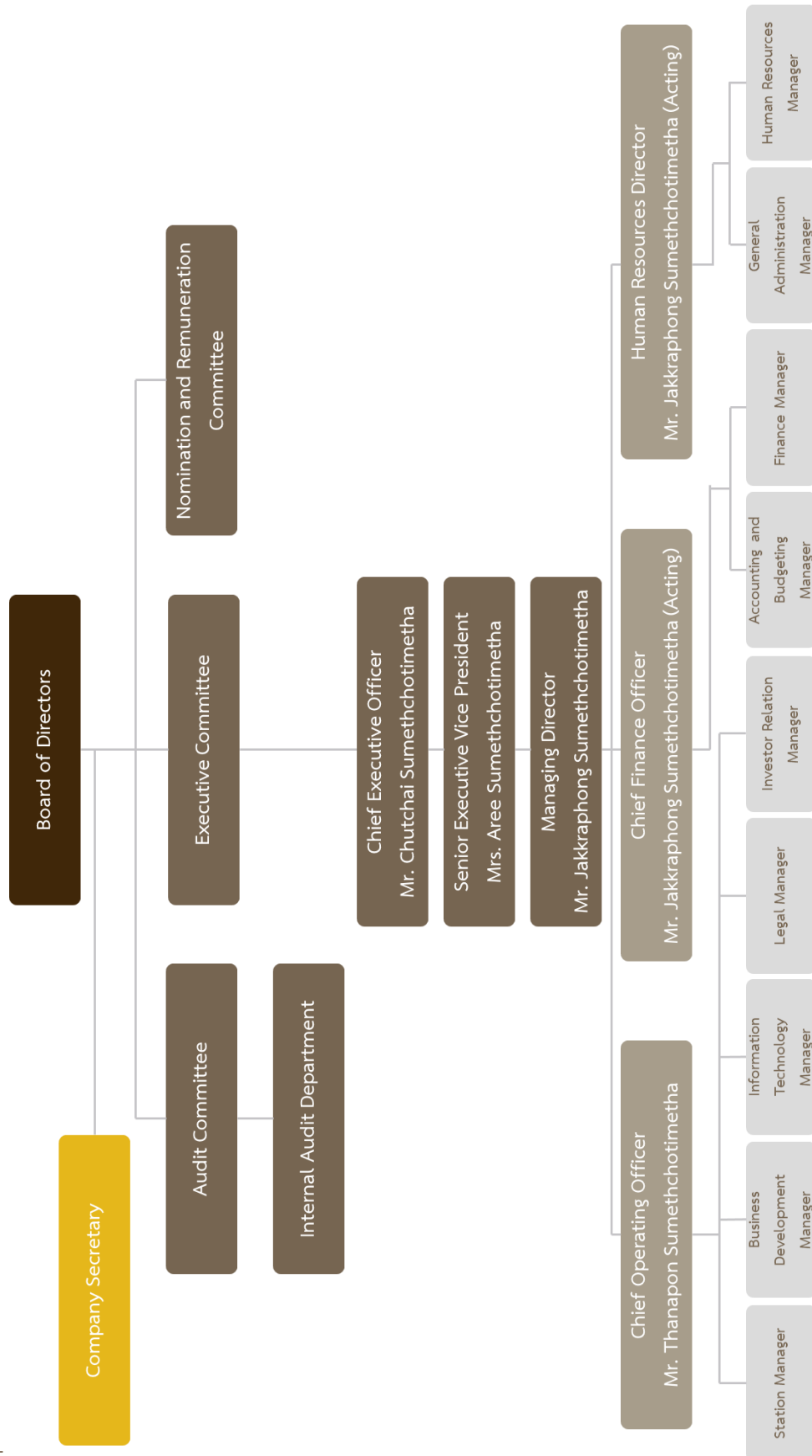
The dividend policy of the Company and its subsidiaries is to distribute annual dividends to its shareholders at a rate of not less than 40.00% of the net profit as recorded in the Company's separate financial statements after deductions for income tax and all legal reserves as required by law and articles of association of the Company and its subsidiaries. In considering the dividend payment, the Company's board of directors shall consider the benefits to shareholders as main consideration and the dividend payment shall not have significant impact on normal business operation of the Company. Notwithstanding the foregoing, such dividend payments are subject to changes based on the Company's results of operations, financial positions, cash flow, investment plans, other necessity in the future, and other factors relating to management of the Company's business as the Company's board of directors and/or shareholders deem appropriate.

The company's board of directors may consider the annual dividend payment, but the annual dividend payment must be approved by the annual general meeting of shareholders, except for interim dividend payment

of which the company's board of directors may, from time to time, approve to pay the shareholders the interim dividend, provided that it is of the view that the company has adequate profits to make such payment and reports to the shareholders during the next shareholders' meeting.

Organization Chart

As of 31 December 2018, Sakol Energy Public Company Limited's organization chart is as



1. Organization Chart

The Company's organization chart consists of the Board of Directors, and three sub-committees comprising of the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee. The details of which are shown below.

(1) Board of Directors

As of 31 December 2018, the Company's Board of Directors consists of 10 directors as follows

Name-Surname	Position
1. Mr. Direk Lavansiri	Chairman of the Board of Directors/Independent Director
2. Mr. Chutchai Sumethchotimetha	Director
3. Mrs. Aree Sumethchotimetha	Director
4. Mr. Thanapon Sumethchotimetha	Director
5. Mr. Jakkraphong Sumethchotimetha	Director
6. Mrs. Tanipa Puangjumpa	Director
7. Pol.Gen. Worapong Chewprecha	Chairman of the Audit Committee/Independent Director
8. Mr. Witoon Simachokedee	Member of the Audit Committee/Independent Director
9. Mrs. Rawitha Pongnuchit	Member of the Audit Committee/Independent Director
10. Mr. Attawoot Papangkorn	Member of the Audit Committee/Independent Director

Remark: Miss Natthaphatsorn Jiamwijitkul has resigned from her director position of the Company and all sub-committees with the effective from 1 November 2018

Miss Pattaraporn Kiewrungpet was appointed as the Company's Secretary on 9 November 2018 pursuant to the resolution of the Company's Board of Directors' Meeting No. 7/2018

The Company's authorized signatories

(1) Mr. Chutchai Sumethchotimetha or Mr. Thanapon Sumethchotimetha and one of the three directors: Mrs. Aree Sumethchotimetha, Mrs. Tanipa Puangjumpa, or Mr. Jakkraphong Sumethchotimetha, totaling two directors, jointly sign and affix a Company's seal; or

(2) Mr. Chutchai Sumethchotimetha and Mr. Thanapon Sumethchotimetha jointly sign and affix a Company's seal.

The Board of Directors' Meeting

The details of the Board of Directors' meetings are as follows:

List of directors	Number of attendance/Total number of meetings		
	2016	2017	2018
1. Mr. Chutchai Sumethchotimetha	5/6	6/7	7/7
2. Mrs. Aree Sumethchotimetha	6/6	6/7	6/7
3. Mr. Thanapon Sumetchotimaytha	6/6	6/7	6/7
4. Miss Natthaphatsorn Jiamwijitkul ^{1/}	6/6	7/7	6/7
5. Mr. Jakkraphong Sumethchotimetha	6/6	7/7	7/7
6. Mrs. Tanipa Puangjumpa	5/6	7/7	7/7
7. Pol. Gen. Worapong Chewprecha	5/6	7/7	5/7
8. Mr. Surachai Danaitangtrakul ^{2/}	4/6	-/7	-/-
9. Mr. Witoon Simachokedee	5/6	4/7	6/7
10. Mrs. Rawittha Pongnuchit	5/6	7/7	7/7
11. Mr. Attawoot Papangkorn ^{3/}	2/6	7/7	7/7
12. Mr. Direk Lavansiri ^{4/}	-	5/7	7/7

Remark: ^{1/}Miss Natthaphatsorn Jiamwijitkul has resigned from her director position of the Company and all sub-committees with the effective from 1 November 2018

^{2/}Mr. Surachai Danaitangtrakul resigned and was no longer the Company's director since 23 March 2017.

^{3/}Mr. Attawoot Papangkorn was appointed as the Company's director pursuant to the Extraordinary Shareholders' Meeting No. 1/2016 held on 1 September 2017.

^{4/}Mr. Direk Lavansiri was appointed as the Company's director in replacement of the resigned director pursuant to the Board of Directors' Meeting No. 2/2017 held on 5 April 2017.

(2) Audit Committee

As of 31 December 2018, the Company's Audit Committee consist of four members as follows:

List of Audit Committee Members	Position
1. Pol. Gen. Worapong Chewprecha	Chairman of the Audit Committee
2. Mr. Witoon Simachokedee	Member of the Audit Committee
3. Mrs. Rawittha Pongnuchit	Member of the Audit Committee
4. Mr. Attawoot Papangkorn	Member of the Audit Committee

Miss Pimol Chonchanachai was appointed as the Secretary of the Audit Committee on 5 April 2017 pursuant to the resolution of the Audit Committee's Meeting No. 2/2017.

Mr. Mr. Attawoot Papangkorn, Member of the Audit Committee and Independent Director, possesses accounting and finance knowledge and experience to review the accuracy of the Company's financial statements. Mr. Attawoot Papangkorn graduated with a bachelor degree in business administration with a major in accounting and a master degree in accounting.

Audit Committee's Meeting

The details of the members who attended meetings are as follows:

List of Audit Committee Members	Number of attendance/Total number of meetings		
	2016	2017	2018
1. Pol.Gen. Worapong Chewprecha	5/5	4/4	6/7
2. Mr. Surachai Danaitangtrakul ¹	4/5	-/4	-/-
3. Mr. Witoon Simachokedee	5/5	3/4	5/7
4. Mrs. Rawittha Pongnuchit	5/5	4/4	7/7
5. Mr. Attawoot Papangkorn ²	2/5	4/4	7/7

หมายเหตุ : ¹Mr. Surachai Danaitangtrakul resigned and was no longer the member of the Audit Committee since 23 March 2017.

²Mr. Attawoot Papangkorn as appointed as the member of the Audit Committee pursuant to the Extraordinary Shareholders' Meeting No. 1/2016 held on 1 September 2016.

(3) Executive Committee

As of 31 December 2018, the Company's Executive Committee consists of four members as follows:

List of members of the Executive Committee	Position
1. Mr. Chutchai Sumethchotimetha	Chairman of the Nomination and Remuneration Committee
2. Mrs. Aree Sumethchotimetha	Member of the Nomination and Remuneration Committee
3. Mr. Thanapon Sumetchotimaytha	Member of the Nomination and Remuneration Committee
4. Mr. Jakkraphong Sumethchotimetha	Chairman of the Nomination and Remuneration Committee

Remark : Miss Natthaphatsorn Jiamwijitkul has resigned from her director position of the Company and all sub-committees with the effective from 1 November 2018

Miss Pattaraporn Kiewrungpet was appointed as the Executive Committee's Secretary on 9 November 2018 pursuant to the resolution of the Executive Committee's Meeting No. 9/2018

Nomination and Remuneration Committee

As of 31 December 2018, the Company's Nomination and Remuneration Committee consists of three members as follows:

List of members of the Nomination and Remuneration Committee	Position
1. Mrs. Rawittha Pongnuchit	Chairman of the Nomination and Remuneration Committee
2. Mr. Attawoot Papangkorn ^{1/}	Member of the Nomination and Remuneration Committee
3. Miss Nuttacha Promraksa ^{2/}	Member of the Nomination and Remuneration Committee

หมายเหตุ : Miss Natthaphatsorn Jiamwijitkul has resigned from her director position of the Company and all sub-committees with the effective from 1 November 2018

^{1/}Mr. Attawoot Papangkorn as appointed as the member of the Nomination and Remuneration Committee pursuant to the Board of Directors' Meeting No. 7/2018 held on 9 November 2018.

^{2/}Miss Nuttacha Promraksa as appointed as the member of the Nomination and Remuneration Committee pursuant to the Board of Directors' Meeting No. 5/2018 held on 10 August 2018.

Miss Pattaraporn Kiewrungpet was appointed as the Nomination and Remuneration Committee's Secretary on 8 November 2018 pursuant to the resolution of the Nomination and Remuneration Committee's Meeting No. 2/2018

Executive

(pursuant to the definition of executive* under the Notification of the Securities and Exchange Commission No. KorJor. 17/2551 Re: Determination of Definitions in Notifications concerning Issuance and Offering for Sales of Securities (as amended))

As of 31 December 2017, the Company's executive consists of four members as follows:

List of executives	Position
1. Mr. Chutchai Sumethchotimetha	Chief Executive Officer
2. Mrs. Aree Sumethchotimetha	Senior Executive Vice President
3. Mr. Jakkraphong Sumethchotimetha	Managing Director / Act of Chief Finance Officer / Act of Human Resources Director
4. Mr. Thanapon Sumetchotimaytha	Chief Operating Officer

Remark: *Executive means a manager or the next four executives succeeding the manager and every person holding an equivalent position to the fourth executive, including persons holding the position of departmental manager or equivalent or higher in accounting or finance. The details of the Company's executives are shown in Annex 1.

Chief Executive Officer

Scope of authority, duties and responsibilities of the Chief Executive Office

- (1) To supervise, administrate, operate, and perform usual business activities for the Company's benefits according to the policies, visions, goals, business plans, and budgets as specified by the meeting of the Company's Board of Directors and/or as instructed by the Executive Committee;

- (2) To manage the Company's business in accordance with the main missions prescribed by the Executive Committee in order to be consistent with the Company's business plans, budgets, relevant business strategies as specified by the Company's Board of Directors and/or the Executive Committee;
- (3) To supervise the overall work in relation to finance, marketing, human resource, and other types of work to comply with the Company's policies and business plans as specified by the Company's Board of Directors and/or the Executive Committee;
- (4) To have the power to engage, appoint, relocate, remove, and terminate the Company's employees who are in the position lower than the Chief Executive Officer;
- (5) To have the power to determine the amount of wages, compensation, rewards, bonuses and adjustments of salaries for employees who are in the position lower than the Chief Executive Officer under the scope and policies prescribed by the Executive Committee and/or prescribed in the authority limits;
- (6) To have the power to determine the amount of wages, compensation, rewards, bonuses and adjustments of salaries for employees who are in the position lower than the Chief Executive Officer under the scope and policies prescribed by the Executive Committee and/or prescribed in the authority limits;
- (7) To approve and appoint consultants from various sectors that are necessary for the Company's business within the financial amount prescribed in the authority limits;
- (8) To approve entering into a loan and credit facility agreement from a financial institution, lending, pledge, mortgage, or being a guarantor by the Company and its subsidiaries, and the Company's investments within the financial amount prescribed in the authority limits;
- (9) To approve expenses for public relations, seminars, recreation activities, and meetings within the financial amount prescribed in the authority limits;
- (10) To formulate orders, rules, announcements, and records within the Company so that the Company's operation is in accordance with the policies and for its benefits, and to maintain discipline within the organization;
- (11) To perform any other actions instructed by the Board of Directors and/or the Executive Committee, and to have powers to perform any necessary action to do so; and
- (12) To authorize a person or persons to perform any action on behalf of the Chief Executive Officer.

An authorization of duties and responsibilities by the Chief Executive Officer shall in no way enable the Chief Executive Officer or the person who is authorized by the Chief Executive Officer to approve the transaction that involves the Chief Executive Officer himself or the person who may have a conflict of interests (as defined by the Notifications of the Securities and Exchange Commission or the Capital Markets Supervisory Board) or obtain benefits in any means or have any other conflicts of interest against the

Company and its subsidiaries, except that the transaction is approved pursuant to the policies and rules approved by the Board of Directors.

Company's Secretary

The resolution of the Board of Directors' Meeting No. 2/2016 held on 9 March 2016 resolved to appoint Mr. Jakkraphong Sumethchotimetha to act as the Company's Secretary having the duties and responsibilities as stipulated in the Securities and Exchange Act. The qualifications of the Company's Secretary are shown in Annex 1.

Scope of authority, duties and responsibilities of the Company's Secretary

- (1) To prepare and maintain records of director register, meeting notices to convene the Board of Directors' meetings, the Company's annual reports, meeting notices for shareholders' meetings, minutes of shareholders' meetings on behalf of the Company and/or the Board of Directors;
- (2) To maintain records of reports of conflicts of interest reported by a director(s) or executive(s) on behalf of the Company and/or the Board of Directors;
- (3) To perform any other actions to be prescribed by the Notifications of the Capital Markets Supervisory Board, and to deliver copies of the reports of conflicts of interest pursuant to section 89/14 prepared by a director(s) to the Chairman of the Board of Directors and the Chairman of the Audit Committee for their review within seven business days from the date that the Company receives the reports of conflicts of interest, on behalf of the Company and/or the Board of Directors;
- (4) To provide preliminary advice on laws and the Company's regulations as the Board of Directors requires to know and requires for continuous compliance purposes, and report any significant changes to the regulations and/or laws to the Board of Directors;
- (5) To hold shareholders' and the Board of Directors' meetings in accordance with the law and the Company's articles of association, and other relevant code of conduct;
- (6) To record minutes of shareholders' and the Board of Directors' meetings, and to keep track of the implementation under the resolution(s) made by the shareholders and the Board of Directors' meeting;
- (7) To manage to disclose information and report information for which the Secretary is responsible to relevant authorities in accordance with their rules and regulations; and
- (8) To supervise the Board of Directors' activities and to perform any other actions in accordance with the law and/or as prescribed by the Capital Markets Supervisory Board and/or instructed by the Board of Directors

4. Remuneration for directors and executives

Remuneration for directors

(a) Monetary remuneration

The Annual General Meeting of Shareholders of 2018 held on 19 April 2018 approved the remunerations for directors and sub-committees in the forms of monthly remunerations and meeting allowances as follows:

- Board of Directors

Position	Monthly remuneration	Meeting allowance
Chairman of the Board of Directors	Baht 20,000	Baht 25,000
Director ^{1/}	Baht 10,000	Baht 15,000

Remark : 1/The Annual General Meeting of Shareholders of 2018 held on 19 April 2018 approved the remunerations for directors and sub-committees in the forms of monthly remunerations and meeting allowances up to Baht 3,000,000 per annum. however, the directors who hold executive director position waived their right to receive monthly compensation for the director position, totalling 5 persons include Mr. Chutchai Sumethchotimetha, Mrs. Aree Sumethchotimetha, Mr. Thanapon Sumetchotimaytha, Miss Natthaphatsorn Jiamwijitkul, Mr. Jakkrachong Sumethchotimetha effective from April 2016 onwards.

- Audit Committee

Position	Monthly remuneration	Meeting allowance
Chairman of the Audit Committee	-	Baht 20,000
Member of the Audit Committee	-	Baht 12,000

- Executive Committee

The Company's Board of Directors' Meeting No. 3/2016 resolved to acknowledge: the determination of the Executive Committee's remuneration; the waiver to receive remuneration, both monthly remuneration and meeting allowances, by members of the Executive Committee; and their continuation of work performance with best efforts for the Company's highest benefits, effective from April 2016.

- Nomination and Remuneration Committee

Position	Monthly remuneration	Meeting allowance
Chairman of the Nomination and Remuneration Committee	-	Baht 12,000
Member of the Nomination and Remuneration Committee ^{1/}	-	Baht 10,000

Remark : ^{1/}The meeting allowances in the amount of Baht 12,000 for the Nomination and Remuneration Committee are only for the member who is acting as an executive. The members of the Nomination and Remuneration Committee who are not acting as an executive is not entitled to the remuneration.

List of directors	Remuneration for directors (as of 31 December 2016)						
	Board of Directors		Audit Committee		Nomination and Remuneration Committee		Total
	Meeting allowance	Monthly remuneration	Meeting allowance	Monthly remuneration	Meeting allowance	Monthly remuneration	
1. Mr. Chutchai Sumethchotimetha	175,000	240,000	-	-	-	-	415,000
2. Mrs. Aree Sumethchotimetha	105,000	-	-	-	-	-	105,000
3. Mr. Thanapon Sumethchotimetha	90,000	-	-	-	-	-	90,000
4. Miss Natthaphatsorn Jiamwijitkul	90,000	-	-	-	-	-	90,000
5. Mr. Jakkraphong Sumethchotimetha	90,000	-	-	-	10,000	-	100,000
6. Mrs. Tanipa Puangjampa	105,000	-	-	-	-	-	105,000
7. Pol.Gen. Worapong Chewprecha	105,000	120,000	-	-	-	-	225,000
8. Mr. Surachai Danaitangtrakul	75,000	120,000	120,000	-	-	-	315,000
9. Mr. Witoon Simachokedee	90,000	120,000	60,000	-	-	-	270,000
10. Mrs. Rawittha Pongnuchit	105,000	120,000	84,000	-	24,000	-	333,000
11. Mr. Attawoot Papangkorn	105,000	120,000	84,000	-	-	-	309,000
รวม	1,135,000.00	840,000	348,000	-	34,000	-	2,357,000

Remark : Miss Natthaphatsorn Jiamwijitkul has resigned from her director position of the Company and all sub-committees with the effective from 1 November 2018

(b) Non-monetary remuneration

- None -

Remuneration for the executives of the Company and its subsidiaries

(n) Monetary remuneration

In 2016, 2017 and 2018, the Company paid remunerations to executives in the total amount of Baht 11,173,232, Baht 13,054,675.74 and Baht 12,410,449.46, respectively. The remunerations were paid in the forms of salaries, bonuses, and others such as provident funds, as summarized below.

Remuneration for executives	2016		2017		2018	
	Number of executives	Amount (Baht)	Number of executives	Amount (Baht)	Number of executives	Amount (Baht)
Salary and bonus	5	10,996,800	5	12,517,484	5	11,862,326
Others	-	176,432	-	537,191.74	-	548,123.46
Total		11,173,232		13,054,675.74	-	12,410,449.46

Remark : ^{1/}The remunerations for executives above were paid to the executive as defined by the SEC Office which is different from the significant executive according to the notes stated in the financial statement ending 31 December 2018 and the notes stated in the interim financial statement for a three-month period ending 31 March 2019.

The Company's executives as per the above table are: Mr. Chutchai Sumethchotimetha, Mrs. Aree Sumethchotimetha, Mr. Thanapon Sumethchotimetha, Mr. Jakkraphong Sumethchotimetha, and Miss Natthaphatsorn Jiamwijitkul.

(b) Non-monetary remuneration

– None –



5. Employees

(1) Number of Employees

As of 31 December 2018, the Company and its subsidiaries have the total number of 72 employees in the following departments.

Department	As of 31 December 2014	As of 31 December 2015	As of 31 December 2016	As of 31 December 2017
	Number of employees	Number of employees	Number of employees	Number of employees
Executive	6	6	6	4
Executive Office - Employees	0	3	2	1
Engineering Department	29	28	29	26
Human Resources Department	10	15	15	13
General administration Department	6	7	7	6
Operation Department	3	3	3	3
Accounting and Budget Department	3	4	6	6
Business Development Department	2	3	3	3
Information Technology Department	1	1	1	2
Finance department	0	1	2	3
Legal department	0	2	2	2
Internal Audit Department	0	0	2	2
Investor Relations Department	0	0	1	1
Total	60	73	79	72

Remark : (1) Information of the Company and its subsidiaries includes Sakol Energy Public Company Limited, SK 15 Company Limited, Sakol Energy Biomass Power 15 Company Limited, and Sakol Biomass Power Company Limited (ceased its business and liquidated in 2016).

(2) Remuneration for employees of the Company and its subsidiaries

In 2016, the Company paid remunerations to 67 employees (excluding executives) approximately in the total amount of Baht 18,935,853, In 2017 the Company paid remunerations to 73 employees (excluding executives) approximately in the total amount of Baht 25,485,600, In 2018 the Company paid remunerations to 68 employees (excluding executives) approximately in the total amount of Baht 26,415,220. The remunerations were paid in the forms of salary, bonus, and other types of remuneration as follows:

Remuneration for employees	2016	2017	2018
Salary and bonus	15,857,944	21,777,455	24,121,669
Over-time payment	869,260	1,100,368	1,187,457
Allowance and diligence allowance	849,365	624,393	264,800
Others	1,359,284	1,983,384	841,294
รวม	18,935,853	25,485,600	26,415,220

The Company and its subsidiaries set up their provident funds on 25 August 2016. Those funds have been registered with the SEC office and effective since 1 October 2016.

(3) Employee Development Policy

The Company aims to develop its employees to have a professional level of quality and to provide them opportunities to fully and continuously show their potentials at all levels in order to support them to grow their careers together with the Company's success and performance. The Company's practices are as follows:

1. To provide trainings internally and outside the organization by considering the appropriateness of each of the employee's position;
2. To promote the employees who participate in the trainings to share their knowledge and experience obtained from the trainings to other employees so that there will be a transfer of knowledge and experience within the organization in the form of knowledge management.

(4) Labor dispute

During the past three years, the Company did not have any employment dispute that the Company is a party to or against that may have significant effects to the Company's business.

(5) Operation power

The Company has prepared an operation manual to set out scope of powers and duties as criteria to perform work for managers, executives, members of a relevant committee within the organization. The meeting of the Board of Directors No. 6/2018 held on 14 September 2018 resolved to approve the Company's operation manual of which significant transactions

The company aims to spread responsibility. Decision power And the execution of duties as assigned To allow the operator to know the scope of responsibility for his own power And to be used as a work manual With evidence



Policies on good corporate governance

The Company conducts its business in accordance with the good corporate governance principle to create substantial development in accordance with the good corporate governance principle and business ethics which cover matters of financial, investment, competition and doing business with governance and responsibility. The Company disclose its good corporate governance principle and business ethics to managements, employees and stakeholders through the Company's website: www.sakolenergy.com and the Company also prepare its policy and guideline of anti-corruption and bribery which is one part of the good corporate governance principle. At present, the Company is under the process of consideration to adhere the program of the policy on anti-corruption with government agencies and relevant regulatory bodies.

After complying with the good corporate governance principle, the result of evaluation according to the good corporate governance principle of the listed companies for the year 2018 of the Company is at the level of "excellent" which organized by the Thai Institute of Directors (IOD) under the sponsorship of the Stock Exchange of Thailand.

Moreover The Board of Directors must conform to the law, objectives, regulations, and resolutions of the shareholders' meetings of the Company as well as adhering to and conforming to the principles of good corporate governance following the guidelines as stipulated by the Stock Exchange of Thailand. This is the guideline for the Company's operation to ensure the efficiency of the operations and also to ensure the transparency to the investors which will ensure the confidence in the Company's business operations to third parties. The good corporate governance of the Company covers the principles in 5 categories as follows:

1st category: the Rights of Shareholders

The Company recognizes and prioritizes various shareholders' rights as the securities investor and the Company's owners such as the rights to purchase, sell, transfer the securities held by them, the rights to receive the shares of profits from the Company, the rights to receive sufficient information, the rights of shareholders meetings, the rights to comment, the rights to make major corporate decisions, such as the allotment of dividends, the appointment or removal of directors, the appointment of auditors, the approval of significant transactions, and the direction of the Company's business operation including the amendments to the Memorandum of Association and the Company's regulations, etc.

The Company has the missions in promoting and facilitating the exercise of such shareholder's rights as follows:

- (1) The Company will send the invitation letter to the meeting along with the information in each agenda to the shareholders in advance and will publish in the local newspaper at least 7 days prior to the meeting date or any other period as required by applicable laws or regulations.
- (2) In the case that the shareholders cannot attend the meeting on their own, the Company gives the opportunity for the shareholders to appoint the independent directors or any other persons to attend the meeting on behalf.

(3) In the meeting of shareholders, the Company will use the place convenient to travel including selecting the appropriate date and time. The time for the meeting will be allocated sufficiently to meet the Company's policy in facilitating the Company's shareholders.

(4) At the shareholders' meeting, the Company will give all shareholders equal opportunity to express their opinions, suggestions, or ask questions on relevant issues independently before voting on any agenda. Moreover, there will be the directors and executives of related companies attending the shareholders' meeting to answer the questions in the meeting.

(5) After the shareholders' meeting has been completed, the Company will prepare the minutes accurately and completely in the important contents for the shareholders to check.

2nd category: the Equitable Treatment of Shareholders

The Company is committed to treat all shareholders equally, whether they are major shareholders or minor shareholders, non-executive shareholders or executive shareholders, Thai or foreign shareholders. The details are as follows:

(1) In convening each shareholder meeting, the Company gives equal opportunity to all shareholders. Before the commencement of the meeting, the chairman of the meeting will explain how to vote and how to count the votes of the shareholders who need to vote on each agenda and also give the opportunity for all shareholders and proxies attending the meeting to express their opinions, suggestions, and questions in each agenda by taking the right and sufficient time. The chairman of the meeting will proceed with the meeting according to the defined agenda.

(2) In the agenda of election, the Board of Directors will encourage the selection of individual nominees.

(3) The Company has required the directors to report any interest in any agenda at least prior to the consideration of the relevant agenda in the Board of Directors' meeting and recorded such interest in the minutes of the Board of Directors' meeting as well as prohibiting the directors who have significant interests in freely expressing their opinions on the agenda from participating in such agenda.

(4) The Company has set the guidelines for keeping and preventing the use of internal information of the Company. It is forbidden by any person or entity who knows the information to disclose it to unrelated entities or persons. In case any person disclosing such information or using such information whether for their own benefit or others or doing the transactions that may cause conflict of interest, it will be considered as serious offense and will be under the punishment on disciplinary act.

3rd category Consideration on the Role of Interested Persons

The Company gives the importance to the rights of all stakeholders whether the internal stakeholders who are shareholders and employees of the Company or external stakeholders such as trading partners, customers, etc. The company is well aware that the support and comments from all stakeholder groups are beneficial for the Company's operation and business development. The Company will comply with relevant laws

and regulations so that the rights of such stakeholders will be well taken care of. Moreover, in the Company's business operation, the Company takes into account the rights of all stakeholders in the following ways:

- Shareholder:** The Company will operate the business with transparency and efficiency with the commitment to generate good operating results and stable growth for the maximum benefits of shareholders in the long-term as well as disclosing the information in a transparent and reliable manner to the shareholders.
- Employees :** The Company will treat all employees equally, fairly with reasonable returns. In addition, the Company also pays attention to the frequent development on skills, knowledge, capabilities, and potential of the employees such as arranging the trainings and seminars by giving the chance to every employee thoroughly and trying to motivate the employees with much knowledge and competence to stay with the Company for further development of the organization. The anti-corruption approaches are also stipulated including raising the awareness of all employees to conform to relevant laws and regulations, such as strictly prohibiting the use of internal information, etc.
- Trading partner:** The Company has the processes for selecting trading partners by providing partners with equal information and selecting the partners fairly under the criteria for evaluation and selection of partners of the Company. In addition, the Company also makes the appropriate and fair contract model appropriately and fairly to every contract parties to have the tracking system to ensure that the terms of the contract are fully complied with. The fraud and misbehavior are prevented in every steps of the procurement process. The Company buys the products from trading partners based on trading conditions as well as strictly following the contract to trading partners.
- Customer :** The Company is responsible for the customers by maintaining the quality and standards of the goods and services including responding to customer needs as completely and comprehensively as possible in order to focus on long-term customer satisfaction. In addition, the company also provides accurate information about the products and services of the Company as well as providing the channels for the clients to report problems or inappropriate services for the Company to prevent and quickly solve the problems of the products and services.
- Creditors :** The Company will comply with the terms and conditions of the contracts with the creditors mainly including the repayment of principal, interests, supervision on the collaterals under relevant contracts.

Competitors : The Company behaves in a good competitive environment, is ethical and within the framework of law including promoting and encouraging the policies of free and fair competition.

Society and public : The Company cares and pays attention to the safety on the society, environment, and quality of life of people involved in the business operation of the Company as well as encouraging the employees to have the sense of responsibility on the society and environment including the strict conformity to relevant laws and regulations. In addition, the Company tries to engage in the activities that create and maintain the environmental and social wellbeing as well as promoting local culture in the location where the Company is operating the business.

In addition, the stakeholders can ask for details, notify the complaints, or clues to legal offense, inaccuracy of financial report, defective internal control system, or the unethical business of the Company through independent directors or Audit Committee of the Company. The data of complaints and clues notified to the Company will be kept confidential. The independent director or the Audit Committee will command on auditing the information and find solutions (if any) and will continue to report to the Board of Directors.

4th category: Disclosure and Transparency

- (1) The Company pays attention to the Company's financial statements and the financial information appearing in the annual report. The Audit Committee will review the quality of financial reports and internal control system including adequately disclosing the important information in the notes to the financial statements and report to the Board of Directors. Moreover, the Committee also supports the Management Discussion and Analysis preparation supplementary for the quarterly disclosure of financial statements.
- (2) The Company will disclose the information about each director, roles and duties of the Board of Directors and the Company's subcommittees, number of meetings, and attendance in the previous year at the Company's Head Office.
- (3) The Company will disclose the auditors' fees and other service fees provided by the auditor.
- (4) The Company will prepare the report on corporate governance policy, business ethics, risk management policy, and social responsibility policy and the environment having been approved in summary as well as the results of conformity to such policies including the case of failure to comply with such policy together with reasons.

5th category: responsibilities of the Board of Directors

1. Structure of directors and subcommittees

The Board of Directors consists of persons with knowledge, skills and experiences that can benefit the Company. They will play an important role in policy and corporate overview making as well as playing an important role in supervising, monitoring and evaluating the Company's performance in accordance with the plan.

Currently, the Board of Directors consists of 10 directors; 4 executive directors and 6 non-executive directors. There are 5 independent directors, representing more than one third of the total number of directors resulting in the proper balance in the consideration and vote in each issue. The Board of Directors has a term of office of not more than 3 years in accordance with relevant laws. An independent director shall hold a term of office of not more than 9 years, unless the board of directors deems that the person should be appointed as the Company's independent director further for the maximum benefits of the Company. Moreover, the directors and the executives of the Company can be directors or executives of affiliated companies or other companies. However, it must comply with relevant laws or regulations and must report to the Company's Board of Directors meeting.

The Board of Directors also nominated the subcommittees to assist in the corporate governance of the Company as follows:

(1) Audit Committee consists of at least 3 members to assist the Board of Directors in overseeing and monitoring the administration, internal control, and compliance with relevant laws, including the preparation of financial reports to make the operation and the Company's information disclosure transparent and reliable.

Remark: Mr. Attawoot Papangkorn, Director who possesses accounting and finance knowledge and experience to review the accuracy of the Company's financial statements.

(2) Executive Committee consists of at least 3 members to assist the Board of Directors in managing the Company's business in accordance with the Company's policies, plans, regulations and rules, including those set within the framework assigned by the Board of Directors.

(3) Nomination and Remuneration Committee consists of at least 3 members of the Nomination and Remuneration Committee who are responsible for recruiting qualified persons for the positions of Director and Chief Executive Officer, considering the form and criteria for the remuneration payment to directors and the Chief Executive Officer to submit to the Board of Directors for approval and / or proposed to the shareholders' meeting for further approval (as the case may be) including the Chief Executive Officer development.

In addition, the Company has appointed the Company's secretary to perform duties related to the Board of Directors' meetings and the shareholders' meeting as well as supporting the work of the Board of Directors by providing advice on the legal and regulatory requirements related to the performance of duties of the Board of Directors including coordinating for the compliance with resolutions of the Company's Board of Directors.

2. Roles and responsibilities of the Board of Directors

The Company's Board of Directors is responsible to the shareholders regarding the business operations and has the duty to set policies and directions for the Company's operations to ensure that the management is in line with the objectives and guidelines for the long-term benefits of shareholders within the framework of the requirements, laws and code of business conduct while taking into account the interests of all stakeholders. The details are as defined in the Charter of the Board of Directors.

(1) Corporate Governance Policy

The Company has established the corporate governance policy in writing to propose to the Board of Directors' meeting for approval. The Corporate Governance Manual is prepared with the intention to guide the directors, executives and employees to conform to such policy. The Company will review this policy annually.

(2) Code of Business Conduct

The Company intends to operate the business in a transparent, ethical, responsible manner to all stakeholders, society, and environment. The Company has set the code of conduct for the Board of Directors, executives and employees to strictly adhere to as follows:

- (A) Code of Ethics on Responsibility to Shareholders
- (B) Code of Ethics on Customer Relations
- (C) Code of Ethics on Relations with Partners, Competitors and Creditors
- (D) Code of Ethics for Responsibility to Employees
- (E) Code of Ethics for Social and Environmental Responsibility

The Company will announce and notify all employees to acknowledge and strictly conform to

(3) Conflict of interest

The Company has the policy to eliminate conflicts of interest carefully with honesty, rationality and independence under the good ethical framework mainly for the Company's benefits. The persons involving or relevant to the items considered are required to disclose the information about their interests and related persons to the Company and do not participate in the consideration including having no authorization in approving such items.

The Company has the policy to make the connected transaction and transactions with conflict of interest in accordance with relevant laws or regulations.

(4) Internal control

The Company has set up the internal control system for the supervision and internal control both at the management and operational levels efficiently. The Company has also set up the internal audit department to assess the adequacy of the internal control system and report the results to the Audit Committee in accordance with the audit plan.

(5) Risk management;

The Company has set up the risk management policy that covers the whole organization including systematic oversight or risk management process to minimize impact on the Company's business properly.

(6) Report of the Board of Directors

The Audit Committee is responsible for reviewing the financial reports with the accountant and the auditor attending the meeting together and presenting the financial report to the Board of Directors quarterly.

The Board of Directors will be responsible for the consolidated financial statements of the Company and the subsidiaries including financial information.

3. Board of Directors' meetings and self-assessment

The Company arranges meetings of the Board of Directors at least quarterly and extra meetings are added as needed. The agenda is clearly defined in advance with the agenda to follow up the results of the operation regularly. The Company will send the invitation letter together with the agenda and supplementary documents to all directors at least 7 days in advance prior to the meeting in order for the directors to have sufficient time to study the information before attending the meeting except in urgent cases. The minutes of the meeting will be recorded and the collection of certified documents will be provided for reference and verification. In every meeting, the executives and related persons should attend the meeting in order to provide accurate and timely information and details to the decision-making.

In the resolution of the Board of Directors' meeting, the majority vote shall be passed. One director has one vote. Directors who have conflict of interest in any agenda will not attend the meeting and will not have the right to vote in this agenda. In case of equal votes, the Chairman of the meeting shall give an additional vote as the votes shall be countersigned by the chairman of the meeting.

Moreover, the Board of Directors supports the performance evaluation at least once a year to improve and correct the operations. The topic of the meeting will be clearly defined before the evaluation is made to gather the comments and present them to the meeting.

4. Remunerations

Directors' remunerations are monthly remunerations and meeting allowances which must be on average compared to the same industry. It will consider the adequacy of the duties and responsibilities of the Board of Directors. The executives receive monthly salary and bonus mainly based on the performance of the Company. However, the annual remunerations of the Board of Directors and the executives together must not be in the unusually high amount compared to the average returns of the directors and the executives of the Company listed on the Stock Exchange of Thailand by considering the maximum benefits of the shareholders.

The Company has established the Nomination and Remuneration Committee to consider the form and the criteria for the remuneration payment to the directors to propose to the shareholders' meeting for approval.

5. Development of the Board of Directors and the executives

The Board of Directors has the policies to promote and facilitate in having the training and coaching to the persons relevant to the Company's corporate governance such as Company's Board of Directors, Audit Committee, executives, and secretary, etc. in order to continually improve the operation. The training and coaching may be done internally or use the service provided by other institutes.

In the case that there is the change in the directors or new directors are nominated, the management department will prepare the documents and information as beneficial for the duty performance of

the new directors as well as providing the advices on business natures and approaches in business operation of the Company to the new directors.

The Company's Board of Directors will rotate the assigned works following the proficiency of the executives and the employees by mainly considering the appropriateness of work and time. The CEO will determine the period and consider such work performance as the plan for the development and preservation of the Company's works for developing the executives and the employees to have more competence in working and can work in replacement to one another.

Organization Structure

The organization structure of Sakol Energy Public Company Limited consists of 4 sub-committees, including the Board of Directors, the Audit Committee, the Executive Committee, and the Nomination and Remuneration Committee, the details of which are as follows:

Board of Directors

Powers, Duties and Responsibilities

- (1) Performance with responsibility, caution, faithfulness, protection of Company benefits and to conduct the Company's business according to the law, Company objectives, Articles of Association, and resolutions of the shareholders meeting.
- (2) Establishment of vision, strategy, policy, goal, business plan, budgeting, management structure and approval authority of the Company and subsidiary companies as proposed by the management and oversee the administration and operating results of the management, sub-committees of the Company or any person who has been assigned to perform such tasks in accordance with the specified policy in an effective and efficient manner to maximize value for the Company and its shareholders.
- (3) Follow-up and assessment of operating results of the management and/or sub-committees of the Company on a continuous and regular basis to achieve the strategy and meet the plan and the budget.
- (4) Ensuring that the Company and subsidiary companies have an appropriate and effective accounting system, and arrange for the availability of reliable financial reporting and accounting audit including the establishment of appropriate and adequate internal control system and internal audit systems.
- (5) Setting the scope and policy on salary, salary adjustment, remuneration bonus and financial reward of the executives, including supervision of mechanics and appropriate payment of remuneration to the executives.
- (6) Consideration of approval for the interim dividend payment.
- (7) Consideration and identification of risks faced by the Company or which will occur and directly affect the Company, and determination of risk appetite for the Company.

- (8) Determination and review of internal and external risk management policy to ensure its coverage and that it aligns with the strategy and direction of the business. The risk coverage will include at least the following four risks:
 - (a) Financial Risk.
 - (b) Operational Risk.
 - (c) Strategic Risk.
 - (d) Compliance Risk.
- (9) Determination and review of the procedures on risk management to align with risk management policy in order to be able to assess, follow-up the result, and oversee the risks as within the Company's risk appetite.
- (10) Review the set-up of budget and method of response to the risks that have occurred and may occur with the Company for use as rules in operation under various types of risk situations including setting up the structure and appointment of a risk management working committee to perform the role of risk assessment and risk management follow-up.
- (11) Review the policy on corporate governance and social responsibility including anti-corruption of the Company, and approval of the assessment of the annual result of the corporate governance and social responsibility and anti-corruption prepared by the assigned sub-committee.
- (12) Prevention of dispute on benefits between interest parties of the Company and subsidiary companies. In the event that any company director has an interest in a transaction made with the Company, or whose shareholding in the Company and/or subsidiary companies has increased or decreased, the company director shall report such interest and change in shareholding to the Company without delay.
- (13) Appointment of a sub-committee to help and support the performance of the Board of Directors as appropriate.
- (14) Appointment of a Company Secretary and/or Secretary of the Board of Directors to assist the Board of Directors in performing various jobs in order to ensure that the operation of the Company is in accordance with the relevant laws and regulations.
- (15) Hiring of an adviser or person who is independent to provide opinions and recommendations as appropriate.
- (16) Preparation of the Annual Report and responsibility for preparation and disclosure of financial information regarding the financial status and operational results of the Company during the past one year for proposal to the Shareholders Meeting.
- (17) Holding an Annual Meeting of Shareholders within four months since the end of the Company's accounting year.

- (18) Approval of various matters by impartially considering the benefits of shareholders and every stakeholder in the Company.
- (19) Arrangement of a succession plan for high level executives of the Company.
- (20) Review and revision of the Board of Directors Charter to align with the situation.
- (21) Assignment of one company director or several company directors to perform any assignment on behalf of the Board of Directors.

However, the assignment of powers, duties and responsibilities of the Board of Directors does not have a nature of granting of authority or sub-granting of authority allowing the Board of Directors or person who is granted the authority by the Board of Directors to be able to approve transactions in which he/she or other persons may have a conflict (as defined in the relevant regulations), an interest or benefit in any nature or may have other benefit disputes with the Company and/or subsidiary companies, except for the approval of transactions which are in accordance with the policies and rules already approved by the Shareholders Meeting or Board of Directors.

The roles and responsibilities of the Board of Directors of the Company under the authorization matrix are as set out in Organization Structure Item Authorization.

Audit Committee

Powers, Duties and Responsibilities

- (1) Review of the Company's financial reporting system and information disclosure in the financial statements with correctness and adequacy.
- (2) Review of the internal control system and internal audit system of the Company to ensure appropriateness and efficiency, and consideration of the independence of the internal audit unit including approval of appointments, transfers, employment termination of the Head of Internal Audit or other units responsible for internal audit.
- (3) Review of the Company's compliance with relevant laws which are applicable to the Company and/or Company business.
- (4) Consideration of the selection and making of proposals regarding the appointment and remuneration of independent persons for the duty of the Company's external auditor, including holding meetings with the external auditor at least once a year without management presence.
- (5) Consideration of connected transactions that may have a conflict of interest in accordance with the laws which are applicable to the Company and/or Company business to ensure that such transactions are reasonable and of maximum benefit to the Company.
- (6) Preparation of the Audit Committee's report which shall be signed by the Chairman of the Audit committee and contain at least the following:
 - (a) Opinions on the correctness, completeness, and reliability of the Company's financial report.

- (b) Opinions on the adequacy of the Company's internal control system.
 - (c) Opinions on the Company's compliance with laws which are applicable to the Company and/or Company's business.
 - (d) Opinions on the suitability of the external auditor.
 - (e) Opinions on transactions that may have a conflict of interest.
 - (f) Overall opinions or observations of the Audit Committee obtained from the performance of their duties under the charter.
 - (g) Other matters that should be of interest to the shareholders and investors within the scope of duty and responsibility assigned by the Board of Directors.
- (7) Audit and investigation of concerned persons under the scope of authority of the Audit Committee and authority to hire or engage specialized expertise to support audit and investigation.
- (8) Hiring of advisers or independent parties to provide opinions or recommendations as deemed necessary.
- (9) In the case of discovery of doubtful transactions or following acts which have a significant impact on the Company's financial position and operating results, the Audit Committee shall report these to the Board of Directors for improvement and correction in a timely manner as deemed appropriate by the Audit Committee:
- (a) A transaction which creates a conflict of interest.
 - (b) Fraudulent or irregularity or deficiency which has a significant impact on the internal control system.
 - (c) Contravention of relevant laws which are applicable to the Company and/or Company business.
- (10) Opinions of the management on the appointment, employment termination, operating results, budgeting and manpower of the internal audit unit.
- (11) Review and opinion of the result of the assessment of annual corporate governance, social responsibility and anti-corruption prepared by the assigned sub-committee.
- (12) Assessment of the processes related to corporate governance, social responsibility and anti-corruption of the Company.
- (13) Review the Charter of the Audit Committee and consideration of making revisions as deemed necessary and appropriate.
- (14) Carrying out any act as assigned by the Board of Directors with the approval of the Audit Committee.

Executive Committee

Powers, Duties and Responsibilities

- (1) Preparation and setting up of the policy, direction, business plan, budgeting, management structure and management authority by proposal to the Board of Directors for approval, and implementation of proposals as approved by the Board of Directors including verification and follow-up of such operating results that are being performed in an effective and efficient manner.
- (2) Management and overseeing of related operations and general administration of the Company.
- (3) Approval of any contract making and/or transactions related to the normal course of business of the Company (such as purchase, sales, investment or joint investment with other persons) for the benefit of the operation in accordance with the objective of the Company within authority limits or limits defined by the Board of Directors.
- (4) Approval of financial transactions with financial institutions for borrowing or seeking credit facilities, mortgages, loan guarantees and being a guarantor of the Company and subsidiary companies, within authority limits or limits defined by the Board of Directors.
- (5) Approval of the appointment of an advisor in various areas which are essential for the Company's operation within the annual budget approved by the Board of Directors.
- (6) Setting up the scope and policy on salary, adjustment of salary, determination of bonus remuneration and financial rewards of the employees and executives (except the Chief Executive Officer).
- (7) Carrying out any other tasks assigned by the Board of Directors or which is in accordance with the policy defined by the Board of Directors.
- (8) Review and proposal on revision of the Executive Committee Charter to align with the situation.
- (9) Granting the power to any person or several persons to carry out acts on behalf of the Executive Committee.

However, the assignment of powers, duties and responsibilities of the Executive Committee does not have the nature of granting of authority or sub-granting of authority allowing the Executive Committee or person who is granted the authority by the Executive Committee to be able to approve transactions in which he/she or other persons may have a conflict (as defined in the notifications of Securities and Exchange Commission or Capital Market Supervisory Board), an interest or benefit in any nature or may have other benefit disputes with the Company and/or subsidiary companies except for approval of transactions which are in accordance with the policy and rules already approved by a Meeting of the Board of Directors.

The roles and responsibilities of the Executive Committee under the authorization matrix are as set out in Section: Organization Structure Item Authorization.

Nomination and Remuneration Committee

Powers, Duties and Responsibilities

- (1) Establishment of qualifications and guidelines in nominating Company Directors (including members of subcommittees of the Company) and high level executives by making a selective consideration of the person who has suitable qualification in terms of knowledge, experience and expertise for proposal to the Board of Directors for consideration and appointment and/or for proposal to the Shareholders' Meeting for further consideration and approval (as the case may be).
- (2) Review the independence of each nominated director to assure that the director of the company is fully qualified.
- (3) Review the format and process of developing the Chief Executive Officer to align with the company's business and situation.
- (4) Review the form and rule on payment of remuneration (whether in the form of cash, security, or any other) of the directors of the company, sub-committees of the company and Chief Executive Officer to ensure that it is appropriate, fair and in accordance with the relevant law.
- (5) Review the performance criteria of the Chief Executive Officer and make a proposal to the Board of Directors for consideration and approval.
- (6) Review and propose the scope of power, duty and responsibility of the Nomination Committee to align with the situation.
- (7) Carrying out any act as assigned by the Board of Directors or in accordance with the policy established by the Board of Directors.

Nomination and appointment of directors and high-level executives

The Nomination and Remuneration Committee will consider and nominate persons as directors (including members of sub-committees of the Company) and high-level executives of the Company. The committee selects appropriate persons with knowledge, experience and expertise and nominates to the Board of Directors and/or shareholders' meeting for appointment.

Board of Directors

The composition of the Board of Directors is as follows:

- (1) Members of the Board of Directors do not need to be shareholders of the Company.
- (2) The number of directors on the Board of Directors is in accordance with the specification of the Shareholders Meeting but the Board of Directors shall be composed of at least three directors, not less than half of whom shall reside within the Kingdom of Thailand.
- (3) The Board of Directors shall be composed of independent directors as at least one out of three of the total number of directors but the number shall not be less than three directors.

The Board of Directors shall elect one of the directors to serve as the Chairman of the Board of Directors. If the Board of Directors deem it appropriate, they may also elect among themselves one of several directors to serve as Vice Chairmen of the Board of Directors.

Appointment and Office Term

- (1) The Board of Directors will perform the role of selection and nomination of a person who has appropriate qualifications to hold the office of company director by proposing the name of the person to the Shareholders Meeting for approval of the appointment.
- (2) The Shareholders Meeting will choose a company director in the event that the position of company director has become vacant due to reasons other than expiry of the office term. The Board of Directors shall appoint a person who has competent qualifications to be a substitute company director. However, the substitute company director shall retain office only for the remaining office term of the company director whom he/she replaces.
- (3) At every annual general meeting of shareholders, one third of the total number of directors shall retire from office. If the number of directors is not a multiple of three, then, the number of directors nearest to one third shall retire from office. The directors who shall retire from office in the first and second years after registration of the Company shall be selected by drawing lots. In subsequent years, directors who have held office the longest shall retire.

A director who vacates the position on expiry of the office term may be re-elected to hold the position for another office term. However, the total period of an independent director's term of office shall not exceed nine years unless the Board of Directors is of the opinion that the person should continue to hold the position of independent director of the Company for the maximum benefit of the Company.

Qualification of Board of Directors

- (1) Being a person who has knowledge, ability, integrity, business ethics, and adequate time to perform duties for the Company.
- (2) Having the qualifications and possessing no prohibited characteristics under relevant laws, including possessing no characteristics which indicate inappropriateness for trust in the administration of a business with the public being shareholders, as stipulated in the notifications of the Office of Securities and Exchange Commission, Securities and Exchange Commission, Capital Market Supervisory Board and Stock Exchange of Thailand ("relevant regulations").
- (3) Not being a person who undertakes a business of the same nature and in significant competition with that of the Company or is a significant partner of a partnership or a director of another company undertaking a business of the same nature and in significant competition with those of the Company, whether such undertaking has been carried out for his/her own or others' benefits or not, unless that there is a notice given to the Shareholders Meeting before passing a resolution for appointment.

- (4) An independent director shall have qualifications related to independence as defined by the Company and is in accordance with the guidelines and rules related to the specification of an independent director, and shall be able to supervise the benefits of every shareholder on an equal basis and prevent the dispute of benefits. In addition, the independent director shall attend the meetings of the Board of Directors giving an independent opinion.

In addition, the Company has determined that a director who is not performing the role of an executive director to be independent of the management and the shareholders who have a controlling interest and who does not have any business relationship with the Company that may influence the expression of independent view. An independent director shall have the following additional qualifications:

- (a) Holding not more than one per cent of the total voting shares of the Company, subsidiary companies, associated companies, major shareholders, or controlling persons, with the number of shares held by the director's related persons being counted.
- (b) Being a director who is not or has never been an executive director, employee, staff member, salaried advisor, or controlling person of the Company, subsidiary companies, associated companies, same-level subsidiaries, major shareholders or controlling person unless such characteristics have lapsed for at least two years before being appointed. These prohibited characteristics include the case whereby the independent director used to be a civil servant or advisor of the government who is a major shareholder or a person who controls the Company.
- (c) Being a director who has no relationship by blood or by legal registration under the status of father, mother, spouse, sibling, and child, including the child's spouse or other directors, executives, major shareholders, controlling persons, or persons who are being nominated for appointment as directors, executives, or controlling persons of the Company or subsidiary companies.
- (d) Being a director who does not have or has never had a business relationship with the Company, subsidiaries, associated companies, juristic persons with potential of conflict of interest, major shareholders, or controlling persons in a manner that may hinder the exercise of his/her independent judgment, and not being a person who is or has been a significant shareholder or controlling person of a person with a business relationship with the Company, its subsidiaries, associated companies, juristic persons with potential of conflict of interest, major shareholders, or controlling persons, unless such characteristics have lapsed for at least two years before being appointed.

The business relationship as mentioned includes normal trading transactions for the purpose of business operations, rental or lease of immovable property, transactions related to assets or services or granting or receiving financial assistance by receiving or giving loans, guarantees using assets as debt collateral, including other similar acts that result in the Company or the

party thereof being liable to pay the other at the amount of three per cent or more of Baht 20 million or more, whichever is smaller. The calculation of such liabilities shall be in accordance with the method of connected transaction calculation specified in the criteria on undertaking connected transactions, mutatis mutandis, with the liabilities occurring during the one-year period prior to the date of business relationship with the same person being included.

- (e) Being a director who is not, or has never been, an external auditor of the Company, subsidiary companies, associated companies, major shareholders, or controlling persons, and not a significant shareholder, controlling person, or partner of an audit firm which is an external auditor of the Company, its subsidiaries, associated companies, major shareholder, or controlling person, except in case such characteristics have lapsed for at least two years before being appointed.
- (f) Being a director who is not, or has never been, a provider of any a professional service including legal advisory service or financial advisory service with the service fee thereof exceeding two million Baht per year from the Company, subsidiary companies, associated companies, major shareholders, or controlling persons, and not a significant shareholder, controlling person, or partner of the provider of such professional service, except in case such characteristics have lapsed for at least two years before being appointed.
- (g) Being a director who is not appointed as a representative of a director, major shareholder or shareholder with a relationship to a major shareholder of the Company.
- (h) Not undertaking a business of the same nature and in significant competition with those of the Company or subsidiary companies, nor being a significant partner of a partnership or an executive director, employee, staff member, salaried advisor, or shareholder with over 1 % of the total voting shares of another company undertaking a business of the same nature and in significant competition with those of the Company or subsidiary companies.
- (i) Not having any other characteristics that may hinder the exercise of his/her independent judgment regarding the Company's business operations.

Audit Committee

Composition

The Audit Committee is composed of at least three independent directors. At least one of the audit directors shall be a person with knowledge and experience in accounting and finance to perform the duty of reviewing the reliability of the financial statement.

The Audit Committee shall select one Audit Director to hold the position of Chairman of the Audit Committee and appoint a Secretary to assist in performing its duty by making appointments for meetings, preparing meeting agendas, submission of meeting related documents and recording the minutes of the meetings.

Appointment and Office Term

The Board of Directors or Shareholders Meeting shall appoint an independent director of the Company to be an Audit Director whose office term shall be in accordance with the office term of the Company Directors whereby the Audit Director whose office term has expired can be re-appointed as Audit Director.

In the event that the Audit Director's office has expired or the Audit Director is not able to hold the position until expiry resulting in the number of Audit Directors to be less than three, the Board of Directors or Shareholders Meeting should appoint a new Audit Director to fill the vacancy not later than three months from the date when the number of Audit Directors was incomplete to ensure the continuity of the Audit Committee in performing its duty.

Qualification of Audit Director

- (1) A person who has a competent qualification to perform the role of independent director in accordance with the rules and conditions as specified by the Office of Securities and Exchange Commission, Securities and Exchange Commission, Capital Market Supervisory Board and Stock Exchange of Thailand Notifications.
- (2) Not being a person who has been assigned by the Board of Directors to make decisions regarding the running of the business of the company, parent companies, subsidiary companies, associated companies, same level subsidiary companies, major shareholders or a person who has control of the company.
- (3) Not being a director of the parent company, subsidiary companies or same level companies of the public listed company.
- (4) Having adequate knowledge and experience in performing the duty as an Audit Director and at least one Audit Director shall have adequate knowledge and experience in accounting and finance to be able to review the reliability of the financial statement.

Nomination of directors and high-level executives

Nomination of directors

For the nomination of directors, the Nomination and Remuneration Committee, consisting of 1 independent director from the 3 members of the committee, shall be responsible for screening and selection of qualified persons according to the Company's Articles of Association. The Nomination and Remuneration Committee shall nominate persons with suitable qualifications as the Company's directors. The directors should be professional and with diversity. The committee shall nominate suitable person to the Board of Directors of the Company for their approval. The nominated person shall be proposed to shareholders' meeting for further consideration and appointment as the Company's director according to the prescribed rules.

The Nomination and Remuneration Committee shall consider the appropriate size and composition of the Board of Directors of the Company. The Board of Directors shall be changed or adjusted in line with the ever-changing environment. The directors shall have suitable knowledge, capabilities and qualities. The

Nomination and Remuneration Committee has given the opportunity to directors and shareholders to nominate suitable person as the Company's director.

The appointment of directors by the shareholders' meeting shall follow rules and procedures as set out below.

- (1) In voting for election of director, every shareholder shall have one vote for each share of which he is the holder.
- (2) Each shareholder may exercise all votes he has to elect one or several persons as directors but the number of directors elected shall not exceed the number of directors required at that time.
- (3) In the event of selecting several directors, each shareholder may exercise all his votes to each nominated person. He may not allot his votes to each nominated person unequally.
- (4) The persons receiving the highest votes in their respective order of the votes shall be elected as directors until all of director positions that the Company may have or that are to be elected at such meeting are filled. Where the votes cast for candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the Chairman of the meeting shall have a casting vote.

If the director position becomes vacant for any reason other than retirement by rotation, the Nomination and Remuneration Committee shall select qualified person without prohibited characteristics as prescribed under the laws as replacement director attending the next Board of Directors' Meeting, except where the term of the resigning director is less than 2 months. The replacement director may hold the position of director only for the period equivalent to the remaining term of the resigning director.

Selection of high-level executives

For the nomination of Chief Executive Officer / Chairman of the Executive Committee / Managing Director of the Company, the Nomination and Remuneration Committee shall preliminary screen and find person with suitable knowledge, experience and expertise, which is suitable the Company's business operations. Such person shall have thorough knowledge of the Company's business and be able to manage the work to achieve the Company's targets and objectives. The person nominated by the Nomination and Remuneration Committee shall be further proposed to the Board of Directors of the Company for appointment

Investment and administration policy in subsidiaries and associates

Sakol Energy Public Company Limited has investment and administration policy in subsidiaries and associates by investing in the transaction which is related, resemble, or earns the benefits and supports the transaction of the company in order to reinforcing the stability and the performance of the company.

Moreover, in governing the administration of the subsidiaries and associates, the company will appoint

committee, chief executive, or anyone who doesn't gain any conflict of interest with the transaction of those subsidiaries and associates. This is to enable the company in governing the transaction and the transaction of the subsidiaries and associates like one unit of the company. Therefore, it's determined that the representative must navigate the administration of the subsidiaries and associates in following the relevant law of the concerning transaction of the

the company's qualified and experienced representative as a committee in the relevant invested transaction of that subsidiaries and associates. That representative could be a chair committee, chief executive officer,

The company will closely follow up the performance of the subsidiaries and associates, as well as regulate and audit data and accounting records of the subsidiaries and associates.

subsidiaries and/or associates. In addition, the appointing of the representative as the committee in those subsidiaries and associates must be correspondent with the equity ratio of the company and/or the agreement in case of the associates.

Use of Inside Information Policy

Sakol Energy Public Company Limited gives importance to protection of the use of inside information, whereby the Company has a policy prohibiting the directors, executives, staff and employees of the Company from using information which may affect the price of Company shares, if such a disclosure causes damage to the Company or puts the Company in a disadvantage. This includes using confidential and inside information which is not yet disclosed to the public for his/her own or others gain both directly or indirectly with and without remuneration. The Company has established protection measures on the use of inside information by educating directors and executives on the duty to report their shareholdings, including those shares held by their spouse and their minor children,

to the Office of Securities and Exchange Commission pursuant to procedures prescribed in Section 59 and penalty provision of Section 275 of the Thai Securities and Exchange Act B. E. 2 5 3 5 (1 9 9 2) (including the amendments), including the duty to report on acquisition and disposal of shares held by directors and executives and their spouse and minor children to the Office of Securities and Exchange Commission pursuant to Section 246 and penalty provision of Section 298 of the Thai Securities and Exchange Act B.E.2535 (1992) (including the amendments). The mandatory report is a preparation for the Company, including directors and executives of the Company, to be ready for initial public offering and registration of ordinary shares on the Stock Exchange of Thailand.

Auditor remuneration

The company paid compensation to the auditor of the company. KPMG Phoomchai Audit Ltd. For auditing and reviewing the financial statements of the Company and its subsidiaries as follows

For the fiscal year	Auditor remuneration	Other non-audit fees
For the fiscal year 2016 ended 31 December 2016	Baht 2,064,766	None
For the fiscal year 2017 ending 31 December 2017	Baht 2,723,300	None
For the fiscal year 2018 ended December 31, 2018	Baht 3,267,100	None

However, the person or business related to the auditor and the office of the above auditor is not a person or business related to the company.

Adoption of the Good Corporate Governance Principle for the Listing Companies for the year 2018

The Board of Directors has process to review the adoption of the good corporate governance principle for the listing companies for the year 2018 to in line with the business at least 1 time per annum.

Compliance with good corporate governance principles in other matters

With reference to the good corporate governance regarding the equitable treatment of shareholders, At the 2018 Annual General Meeting of Shareholders, The company therefore allowed shareholders to proceed as follows:

- (1) The company allowed shareholders to propose the agenda for 2018 Annual General Meeting of shareholders in advance, starting from 22 December 2017 until 31 January 2018
- (2) The company allowed shareholders to nominate candidate(s) for the Company's director(s) in advance, starting from 22 December 2017 until 31 January 2018

Which appears that during that time There was no shareholder proposing the matter for consideration to be included in the meeting agenda in advance and no shareholder nominated any person to be elected as a director in advance.

Director Development

To develop knowledge and ability to perform duties of director continually and to create vision which is beneficial for using with the Company's business, the Company encourages its directors to attend the training program organized by Thai Institute of Directors (IOD), the Stock Exchange of Thailand and other institutes including attending seminars to exchange knowledges with specialist on business development substantially by using the good corporate governance principle as significant basis to create the confidence of shareholders and other stakeholders which will lead to the growth of business and the increase of business value in the long-term, the details of trainings and seminars of the year 2018 are as follows:

List of directors	Training / seminar date	Training / seminar course
Prof. Emeritus Dr.Direk Lavansiri	16 July 2018	Corporate Governance Orientation for New Listed Company / The Stock Exchange of Thailand
Assistant professor Dr. Attawoot Papangkorn	16 July 2018	Corporate Governance Orientation for New Listed Company / The Stock Exchange of Thailand
	25-26 October 2018	Risk Management Program for Corporate Leaders (RCL) (14/2018) / Thai Institute of Directors Association (IOD)
Mr. Jakkraphong Sumethchotimetha	26 April 2018	Analyze economic trends From the survey of listed company executives (CEO Survey)/ The Stock Exchange of Thailand
	16 July 2018	Corporate Governance Orientation for New Listed Company / The Stock Exchange of Thailand

List of directors	Training / seminar date	Training / seminar course
	October 2018	Family Business Governance (FBG) / Thai Institute of Directors Association (IOD)
Natthaphatsorn Jiamwijitkul ^{1/}	28 March 2018	Remark : under training
	20 April 2018	Rehearsing understanding of investor warning measures / The Stock Exchange of Thailand
	16 July 2018	Smart Disclosure Program (SDP) / The Stock Exchange of Thailand

Remark : ^{1/} resigned from her director position of the Company Director with the effective from 1 November 2018

List of shares held by directors

No.	List of directors	Number of shares (shares)
1	Prof. Emeritus Dr.Direk Lavansiri	-
	Spouse and underage children	-
2	Pol.Gen. Worapong Chewprecha	-
	Spouse and underage children	-
3	Dr.Witoon Simachokedee	-
	Spouse and underage children	-
4	Mrs. Rawittha Pongnuchit	-
	Spouse and underage children	-
5	Assistant professor Dr. Attawoot Papangkorn	-
	Spouse and underage children	-
6	Mrs. Tanipa Puangjumpa	-
	Spouse and underage children	-
7	Mr. Chutchai Sumethchotimetha	290,760,803
	Spouse and underage children	206,756,858
8	Mrs. Aree Sumethchotimetha	206,756,858
	Spouse and underage children	290,760,803
9	Mr. Jakkraphong Sumethchotimetha	930,661
	Spouse and underage children	-
10	Mr. Thanapon Sumethchotimetha	930,661
	Spouse and underage children	-
11	Miss Natthaphatsorn Jiamwijitkul ^{1/}	-
	Spouse and underage children	-

Remark : It is the information from the share register book closing date as of 28 December 2018

^{1/} resigned from the Company's director with the effective from 1 November 2018

Corporate Social Responsibilities

Overview of corporate social responsibility policy

Sakol Energy Public Company Limited realizes the importance of sustainable business growth under corporate social responsibilities which morally focus on the interested persons, economic, and environment. The company expects that the company's corporate social responsibilities will bring about common interests, along with the growth of business.

Implementation and preparation of report

The Company discloses its corporate social responsibility to its employees by meeting and orientation of employees to create corporate culture and working environment to create understanding and awareness of his or her duty on responsibility of delivery of goods and services with good quality to the consumers and society. The Company discloses its policy on responsibility to society, community and environment through the Company's website: www.sakolenergy.com

As the Company realizes the importance of corporate social responsibilities, the Board of Directors' Meeting of the Company held on 19 October 2016 approved the following corporate social responsibility policies:

1. Fair business operation

The company determines for honest, fair, ethical operation, and trade competition following commercial ethical principal, law, and equal commercial competition, as well as any acts which are against fair competition; such as the search of competitor's confidential data, the demand or the receiving or the reject of any dishonest commercial benefits in purchasing machines etc. Moreover, the company pays respect to the rights of intelligence properties of the others. The company determines that the staff follows the law or the regulations of intelligence properties rights; such as the use of legal computer program etc. The company has project in supporting and creating awareness of staff of all levels to be responsible to the society.

2. Anti-corruption

The company's operation is based on the transparency and ethics. We insist on the governance and the implementation on the relevant anti-corruption and prevention law. The details are included in the company's anti-corruption and bribery policy.

3. The respect on human rights.

The company supports and respects human's right protection by treating all relevant; staff, community, and surrounded societies with respect in the values of humanity, taking equality and freedom into account, respecting basic rights, and not discriminating on race, nationality, religions, languages, skin colors, genders, age, education, physical or social status. The company has ensured not to take part in any human rights violations; such as child's labors and sexual harassment etc. In addition, the company has supported the watch to ensure the compliance on human right's requirements by accepting opinions and providing channels

for complaints, from the victims, caused from the company's operation and to provide appropriate compensations.

To ensure the effectiveness, the company has organized knowledge management about human rights and created awareness among the company's staff in following human right's principles.

4. Fair labor treatment

The company is aware of the importance of human resource development and fair labor treatment, which is the factor in promoting business value, competitiveness and sustainable growth of the company. The company has determined the policy and guidance as the followings;

1. Respect the rights of staff according to human right's principles, and follow labor law.
2. Ensure fair employment procedure and condition, as well as compensation and the consideration of achievement under fair assessment procedure.
3. Encourage professional development by providing or enrolling staff for relevant trainings and seminars in order to develop knowledge and potentials of staff, as well as good attitude, moral, ethics, and teamwork.
4. Provide welfares for staff as regulated by law; such as social security etc. or non-regulated welfare; such as health and accident insurances etc. It also includes the providing of financial support for staff; such as scholarship for the children of staff, and cremation fund aid etc.
5. Organize annual health check for the staff of all levels by considering risk factors by the range of age, sex, and individual work surroundings.
6. Ensure work safety and hygienic workplace by providing preventive measure, training and promoting safety awareness and good health among staff, always ensure hygiene and safe workplace.
7. Provide chances for staff to share their opinions or file complaints on bias and wrong treatments in the company, as well as the protection for the informers who report the complaints.

5. Customer responsibilities

The company aims to develop products and services of the company and the associates for the utmost customer's satisfaction and benefits, as well as adhering to treat customers with responsibility, honest, and attention like they are family members.

1. The company considers the quality and the effectiveness in providing service. Apart from the quality service management system, the company is also attentive to the management of occupational health and safety to ensure the most quality and effective service provided to customers.

2. The company is attached to the fair marketing by providing the measure to ensure that the customers receive correct, unbiased, clear, or non-exaggerated company's information so they have true and enough information for decision-making.
3. The company takes customer's safety into account and aims to provide quality and safe service according to international safety standard and regulations, and law. There's also the constant service development and improvement to make sure that the customers will be confident in the quality, standard, and the safety of the company's service.
4. The company has provided customer relation system used in contacting with customers, as well as effectively receiving complaints about service quality via telephone in order to instantly answer to the customer's requirements.
5. The company will keep customer's data confidential and will not use it in the inappropriate purposes.
6. The company has organized activities in order to reinforce sustainable customer's relationship with the company

6. Environmental care

The company pays attention to social responsibility in nurturing environment. The company has executed and controlled the production and service of the company and the associates to strictly comply with the relevant law about environmental care as the followings;

1. The company has designed and developed the production procedure of machine, and devices to be able to control and/or reducing pollutions; including waste water, dust, gas, and other wastes.
2. The company has assigned a person in charge of the production procedure, machines and devices control. It has to be ensured that the effects to the environment must not be exceed the standard and utmost benefits from the use of natural resources.
3. The company has determined the policy in reducing the production of garbage and wastes and being cooperative in the appropriate waste disposal methods.
4. The company has organized risk assessment and effects related to environment, health, and safety prior to any joint venture or investment. The company has conducts the business under environmental care concept.
5. The company has policy in using natural resources, materials or equipment effectively and efficiently.
6. The company has measure on reserving natural resources; such as 3 Rs (Reduce, Reuse/Recycles, Replenish)

7. Community or society development

The company is aware of responsibility on society and community. Therefore, there's the policy in helping and developing society as the followings;

1. The company provides supportive policy and appropriate help to society and community, especially the neighboring community around the company.
2. The company provides opportunity for community and all concerned, takes part in sharing opinions for projects which might affect community, as well as sharing opinions or complaints which are resulted from the company's operations.
3. The company is cooperative in standard operation or international agreements formed to protect or reduce effects toward environment.
4. The company has policy in providing educational support to the youths by providing financial supports for extra learning tools for schools, integrated activities, repair and paint school buildings.
5. The company pays attention to the fast and effective responses toward the circumstances which affect the community, society, and environment caused by the company's operations.
6. The company reinforces the consciousness and responsibilities of the staff toward environment and society.

Business operations that affect social responsibility (if any)

-None-

Supporting of Development of Community and Society and Activity for Benefit of Society and Environment

Year 2561 The Company has organized the activity for the benefit of society and environment continually, for examples of the activity for community, society and environment, they can be summarized as follows:

“SKE Love Sharing” Activity

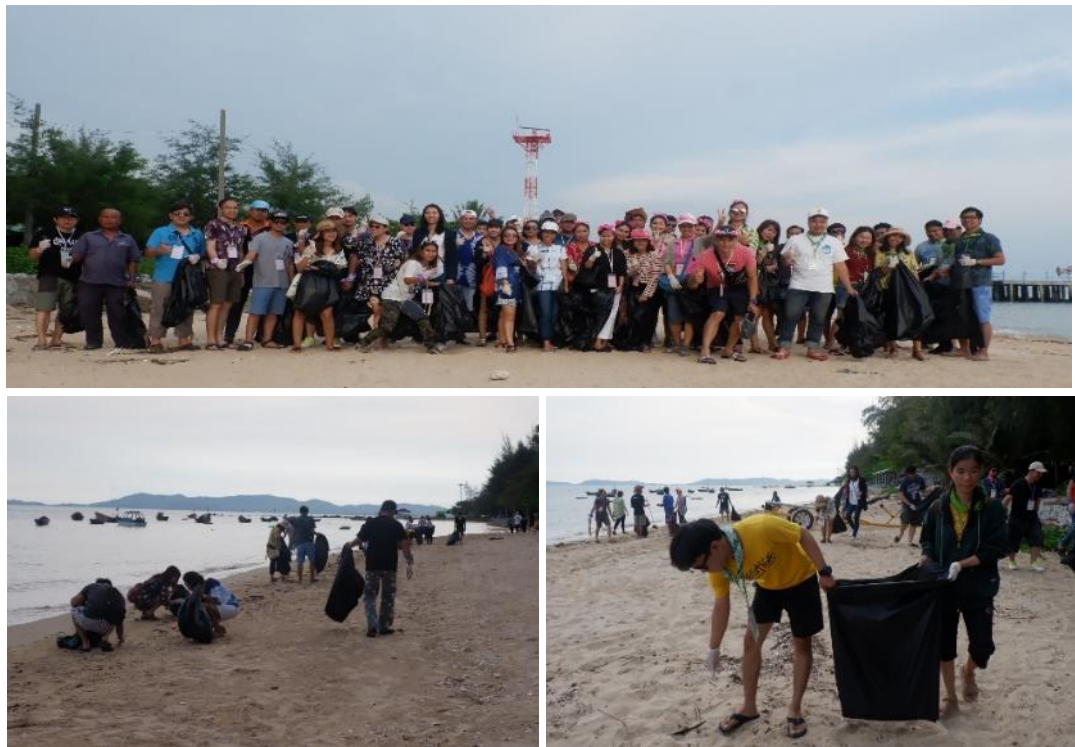
The Company has organized the “SKE Love Sharing” activity as its sharing activity for society by providing money and goods for the Child Welfare Protection Home, Ban Huai Pong Pracha Songkro School 318 Sukhumvit Road, Huai Pong Sub-district, Mueang Rayong District, Rayong Province on 28 September 2018.





2 “CSR Beach Cleaning” Activity

The Company has organized the “CSR Beach Cleaning” activity to compensate the society and create awareness, harmony and public consciousness including create new environment around the beach at Phala beach, Phala Sub-district, Ban Chang District, Rayong Province on 29 September 2018.





3 “Big Cleaning Day” Activity

The Company has organized the “Big Cleaning Day” activity to clean communities nearby the two gas stations which are Private Mother Station of Pathum Thani Province on 14 November 2018 and Private Mother Station of Saraburi Province on 7 November 2018.

Pathum Thani



Saraburi



Internal Control and Risk Management

The Board of Directors' opinions on the Company's internal control system

The Board of Directors of Sakol Energy Public Company Limited recognizes the importance of sufficient and appropriate internal control system. Therefore, the Board of Directors assigned the Company's internal auditor to assess if the Company's internal control system is sufficient and appropriate, and instructed the Audit Committee to: review the Company's internal control evaluation to ensure that the Company's business operation is efficient and effective in terms of exploitation of resources, maintenance of assets, and prevention from and reduction of potential errors; to manage to have accurate and reliable financial reports; and to comply with laws, rules, and regulations relating to the Company's business.

In the Board of Directors' meeting no. 1/2019 held on 22 February 2019, as six members of the Independent Committee attended the meeting, the Board of Directors considered whether the Company's internal control system was sufficient and appropriate, and approved the five elements of a Company's internal control system as proposed by the Audit Committee according to the Securities and Exchange Commission's evaluation: (1) control environment; (2) risk assessment; (3) control activities; (4) information and communication; (5) monitoring activities. The Company's internal control system must meet these five elements to prove that its internal control system is sufficient and appropriate to reduce significant risks associated with business operation. The Board of Directors also approved that there shall be personnel to effectively implement, monitor, control, supervise the internal control system to ensure that the implementation is made in accordance with a good internal audit system standard and with the relevant laws and regulations.

In compliance with the Committee of Sponsoring Organizations of the Treadway Commission (COSO)'s guidance, having considered the evaluation of the Company's internal control systems, the Board of Directors' opinions can be summarized and categorized into five matters as follows:

1. **Control Environment** - The Company set out clear policies, work performance rules, and an organization chart as it gives importance to transparent management, i.e., having good governance.
2. **Risk Assessment** – The Company has formulated a risk management manual as guidance to manage all risks to be at an acceptable level and gives importance to the prevention of fraudulent activities. The Company set out various preventive policies such as anti-corruption and bribery policies and related-party transaction policies;
3. **Control Activities** – The Company has formulated rules and practices on financial, procurement, information and technology, general administration transactions, including the clear scope of powers, duties, and hierarchy approval process so that all employees shall fully comply therewith.
4. **Information & Communication** – The Company gives high importance to its information and communication systems. Currently, the Company is in the process of creating ERP system to

supervise all systems and to ensure that all departments have their clear and systematic work performance under the same standard. Employees also continuously communicate through emails, meetings, and Line application. All employees will be aware of the Company's messages.

5. **Monitoring Activities** – The Company set up monitoring measures to monitor work performance under the supervision hierarchy and work performance by Internal Audit Department and to directly report to the Audit Committee and follow up the results of the improvement according to the issues detected every quarter

Head of Internal Audit

The Audit Committee meeting held on 5 April 2017 has resolved to appoint Ms. Pimol Chonchanachai to act as the manager of Internal Control Unit of the Company. She will responsible for the supervision and monitor of internal control work of the Company commencing from year 2018 onward in replacement of Deloitte Company Limited of which their contract expired

The Audit Committee reviewed and considered the qualifications of Ms. Pimol Chonchanachai Internal Audit Department Manager, Sakol Energy Public Company Limited and found that it is sufficiently qualified to act as the internal audit because its experience in internal audit works. The internal audit's more than 15 years and passed the training program regarding the internal control from many institutions and regulatory bodies includes Association of Internal Auditors of Thailand, The Stock Exchange of Thailand, Federation of Accounting Professions under the Royal Patronage



Related Party Transaction

Summary of related party transactions between the Company and persons who may have conflicts of interest in 2017 and 2018

The Company and its subsidiaries entered into related-party transactions with individuals and juristic entities that may have conflicts of interest as summarized below.

Name of related party	Nature of business	Relationship
1. Tarnsuwan Company Limited	<input type="checkbox"/> Transportation of agricultural products and containers, coal, cement, and NGV	<input type="checkbox"/> Two directors of Tarnsuwan Company Limited are directors of the Company, namely Mr. Chutchai Sumethchotimetha and Mrs. Aree Sumethchotimetha. <input type="checkbox"/> Mrs. Aree Sumethchotimetha is a spouse of Mr. Chutchai Sumethchotimetha. Mrs. Aree Sumethchotimetha is a director and executive of the Company, holding the position of Senior Executive Vice President. <input type="checkbox"/> Mr. Chutchai Sumethchotimetha and Mrs. Aree Sumethchotimetha are major shareholders of Tarnsuwan Company Limited with shareholding of 57.85% and 41.32%, respectively, as of 27 December 2018.
2. PTC Holding Company Limited	<input type="checkbox"/> Distribution of biomass and office space leasing service	<input type="checkbox"/> Three directors of PTC Holding Company Limited are directors of the Company, namely Mrs. Aree Sumethchotimetha Mr. Thanapon Sumethchotimetha and Mr. Jakkraphong Sumethchotimetha. <input type="checkbox"/> Mrs. Aree Sumethchotimetha and Mr. Chutchai Sumethchotimetha are major shareholders of PTC Holding Company Limited with shareholding of 50.00% and 41.67%, respectively, as of 27 December 2018. <input type="checkbox"/> Mr. Jakkraphong Sumethchotimetha is a shareholder of TPC Holding Company Limited with shareholding of 8.33% as of 27 December 2018.

Name of related party	Nature of business	Relationship
3. Mae Krating Power Company Limited	<input type="checkbox"/> produce and sell the electricity by using biomass the installed capacity of 9.90 MW	<input type="checkbox"/> Sakol Energy Public Company Limited holds 80% shares <input type="checkbox"/> There have joint directors of 3 persons includes Mr. Chutchai Sumethchotimetha Mr. Thanapon Sumethchotimetha Mr. Jakkraphong Sumethchotimetha
4. RE Biofuels Company Limited	<input type="checkbox"/> Production and distribution of compressed biomethane gas with the production capacity of 9,000 kilograms per day	<input type="checkbox"/> Sakol Energy Public Company Limited holds 75% shares <input type="checkbox"/> There have joint directors of 3 persons includes Mr. Thanapon Sumethchotimetha
5. Mr. Chutchai Sumethchotimetha	-	<input type="checkbox"/> holds the positions of director and Chief Executive Officer of the Company. <input type="checkbox"/> holds 41.78% of shares in the Company as of 27 December 2018.
6. Mrs. Tanipa Puangjumba	-	<input type="checkbox"/> holds the position of director of the Company.

Details of transactions among the Company, its subsidiaries, and the person who may have conflicts of interest

Name of related party	Type of transaction	Transaction value (Baht)		Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee
		2017	2018	
1. Tarnsuwan Company Limited	<u>Utility fee income</u> Pursuant to the contract made with PTT PCL, the Company operates a private mother station for distribution of natural gas. As a service provider, the Company must provide available space for transportation service providers with concession granted by PTT for utilization as office. Therefore, the Company must provide such service and charge them for utility fees for the service. Utility fees charged to Tarnsuwan Company Limited are at the same rate of utility fees charged to other transportation service providers with concession granted by PTT. - Utility fee income - Accrued income	213,279.00 30,092.00	165,198.00 25,293.73	<u>Opinion of Audit Committee</u> The entry into this transaction is in accordance with terms and conditions of the contract between the Company and PTT and the Company charges the service fees at the same rate as being charged to other companies. This type of fees is also collected by the other private mother stations. Therefore, the Audit Committee is of the view that the transaction is appropriate and is an arm's length transaction.

Name of related party	Type of transaction	Transaction value (Baht)		Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee
		2017	2018	
2. PTC Holding Company Limited	<p><u>Office lease expenses/other service expenses from office lease</u></p> <p>On 15 December 2015, the Company entered into an office lease agreement. The office is located at No. 444, Olympia Thai Tower, Ratchadapisek Road, Samsenok, Huay Kwang, Bangkok with the aggregate area of 103 square meters. with PTC Holding Company Limited for the term of 1 year, commencing from 1 January 2016 – 31 December 2016. The lease fee is Baht 362 per square meter per month and the service fee is Baht 55,929 per month or Baht 543 per square meter. The scope of services includes: 1) general administration and maintenance service; 2) air conditioning services; 3) services relating to building electrical system; and 4) internal car park service.</p>			Office rental agreement / other service fees with PTC Holding Company Limited terminated the lease agreement on 31 December 2017

Name of related party	Type of transaction	Transaction value (Baht)		Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee
		2017	2018	
	<p>In addition, the Company may use other services with PTC Holding Company free of charge, including telephone and internet, copy machine rental, messenger service, gas cost for messenger service and other consumables.</p> <p>However, other expenses from office lease do not include an expense for lease during non-business hours. Such lease will be charged on a time-charge basis.</p> <p>On 27 December 2016, the Company extended the lease and service agreement for one additional year, commencing from 1 January 2017 – 31 December 2017.</p> <p>The lease area under the renewed agreements is 230 square meters with the increased lease fee of Baht 370 per square meter per month and the service fees of Baht 126,500 per month or equivalent to service fees of Baht 550 per square meter.</p> <ul style="list-style-type: none"> - Office rental income - Other service expenses from office lease 	<p>1,021,200.00</p> <p>1,518,000.00</p>	<p>-</p> <p>-</p>	

Name of related party	Type of transaction	Transaction value (Baht)		Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee
		2017	2018	
3.Mae Krating Power Company Limited	<p><u>Office Rental and Service Fees</u></p> <p>On 13 June 2018, Mae Krating Power Company Limited has entered into the lease agreement for some office space and office supplies. The office is located at 252/108 (B) Muang Thai - Phatra Complex Building, Ratchadaphisek Road, Huai Khwang Sub-district. The space area is approximately 5.8265 sq.m² which is the office space of Sakol Energy Public Company Limited for the business operation of Mae Krating Power Company Limited. The lease term starts from 17 May 2018 to December 2018 with the rental rate of Baht 230 per sq.m², totalling Baht 1,340 (exclusive of VAT). The lessee agreed to pay the rental fees of July in advance and also to pay the rental fees of May to June at the signing of agreement, the total rental fees were Baht 3,328.39</p>			<p><u>The opinion of the Audit Committee</u></p> <p>The Audit Committee is of the opinion that the office lease between the Company and Mae Krating Power Company Limited in respect of leasing of some office space and office supplies has been made in writing and the Company has received the compensation from such office lease at the appropriate rate. Therefore, this transaction can be considered as the normal business operation which is appropriate and beneficial to the overall businesses.</p>

Name of related party	Type of transaction	Transaction value (Baht)		Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee
		2017	2018	
	<p>The Company has entered into the service agreement with Mae Krating Power Company Limited on the same day. The scope of services shall be as follows:</p> <p>(1) general office services, (2) decoration, air-conditioner system, electricity system and security system and (3) other services of which the monthly service fee is Baht 11,600 (exclusive of VAT) which will be paid together with the rental fees. The lessee agreed to pay the service fees of July in advance and also pay the service fees of May to June on the signing of agreement, totalling Baht 27,720.</p> <p>Revenue from office rental and service fees</p>	-	98,902.39	

Name of related party	Type of transaction	Transaction value (Baht)		Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee
		2017	2018	
	<p>The transaction regarding the engagement of advisor for management</p> <p>Mae Krating Power Company Limited has entered into the management agreement with the Company dated 13 June 2018 of which the Company shall act as the advisor for management of construction including accounting, finance, legal, reorganization and general administrative with the service term commencing from 15 May 2018 to December 2018. The monthly service fees is Baht 40,445.46, totalling Baht 305,297.99 (exclusive of VAT). The monthly fees shall be paid on quarterly basis of which the settlement date is every 28th of each quarter. The first payment is 28 June 2018 in the amount of Baht 62,625.23.</p> <p>- Revenue from Management fee</p>	-	305,297.99	<p><u>Opinion of Audit Committee</u></p> <p>The Audit Committee is of the opinion that The Company has acted as the advisor of management for its subsidiaries by entered into the written agreement. Therefore, this transaction can be considered as the normal business operation which will be beneficial to the management of group companies and it is reasonable and beneficial to the overall businesses.</p>

Name of related party	Type of transaction	Transaction value (Baht)		Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee
		2017	2018	
	<p><u>Short-term loans and interest on loans</u></p> <p>In September 2018 Company lend short-term loans not more than 100 Million Baht to Mae Krating Power Company Limited interest rate MOR+0.75%+2% with the repayment period of principle and interest within 23 June 2019 the borrow agrees to pay the check dated in advance to pay the principle with interest at the date of receiving the loan in each period</p> <p><input type="checkbox"/> 1st installment on 24 September 2018, not more than 45 million baht</p> <p><input type="checkbox"/> 2nd installment on 24 October 2018, not more than 30 million baht</p> <p><input type="checkbox"/> 3rd installment on 24 November 2018, not more than 25 million baht</p> <p>- short-term loan</p> <p>- interest receivable</p> <p>- accrued interest</p>			<p><u>Opinion of Audit Committee</u></p> <p>The Audit Committee is of the opinion that the loan to the subsidiary can be made and it was reasonable and beneficial to the overall businesses of the Company and its subsidiaries.</p>
		-	16,000,000.00	
		-	1,443,724.10	
		-	125,470.68	

Name of related party	Type of transaction	Transaction value (Baht)		Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee
		2017	2018	
4.RE Biofuel Company Limited	<p><u>The transaction regarding the engagement of advisor for management</u></p> <p>RE Biofuel Company Limited has entered into the management agreement with the Company dated 13 June 2018 of which the Company shall act as the advisor for management of construction including accounting, finance, legal, reorganization and general administrative with the service term commencing from 8 February 2018 to December 2018. The monthly service fees is Baht 20,542.23 totalling Baht 220,828.98 (exclusive of VAT). The monthly fees shall be paid on quarterly basis of which the settlement date is every 28th of each quarter. The first payment is 28 June 2018 in the amount of Baht 97,575.60.</p> <p>- Revenue from Management fee</p>	-	470,599.38	<p><u>Opinion of Audit Committee</u></p> <p>The Audit Committee is of the opinion that The Company has acted as the advisor of management for its subsidiaries by entered into the written agreement. Therefore, this transaction can be considered as the normal business operation which will be beneficial to the management of group companies and it is reasonable and beneficial to the overall businesses.</p>

Name of related party	Type of transaction	Transaction value (Baht)		Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee
		2017	2018	
	<p><u>Loans and interest on loans</u></p> <p>On April 2018 Company lend short-term loans 12 Million Baht to RE Biofuel Company Limited the repayment period of principle and interest within 7 day since received financial support from the Department of Alternative Energy Development and Efficiency or within 1 year since 18 April 2018 which case happen before with interest charged at the rate of 11 percent per year</p> <p><input type="checkbox"/> On 20 November 2018 Company The company has prepared the memorandum attached to the loan agreement dated 18 April 2018.</p> <p>1) The borrower repayment the principal with interest according to the agreement to the lender within 18 April 2019 Baht 1,171,068.51</p>			<p><u>Opinion of Audit Committee</u></p> <p>The Audit Committee is of the opinion that the loan to the subsidiary this transaction can be considered as the normal business operation which will be beneficial to the management of group companies and it is reasonable and beneficial to the overall businesses.</p>

Name of related party	Type of transaction	Transaction value (Baht)		Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee
		2017	2018	
	<p>2. The parties agreed to extend the term of principal and interest from repayment the principal and interest to the lender within 7 days. From receiving financial support from the Department of Alternative Energy Development or within 1 year since 18 April 2018 which case happen before To Installment of principal and interest on a monthly basis 72 months and Reduce the interest rate of principal according to agreement to 8% per year (Effective rate)</p> <p>- Loan</p> <p>- Interest receivable</p> <p>- Accrued interest</p>	-	<p>12,000,000.00</p> <p>889,643.84</p> <p>889,643.84</p>	

Name of related party	Type of transaction	Transaction value (Baht)		Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee
		2017	2018	
5. Mr. Chutchai Sumethchotimetha	<p><u>Registered Address of Subsidiary's Head Office</u></p> <p>The head office of the Company's subsidiary, SK15, is located at No. 15, Prasertmanukit Road, Sena Nikhom Sub-district, Chatuchak District, Bangkok. Mr. Chutchai Sumethchotimetha, Chief Executive Officer of the Company, has an ownership in such address. However, Mr. Chutchai has given a consent for the subsidiary to use the address as its head office without any contract and without charging any compensation.</p> <p>Head office expense</p> <p><u>Guarantee for loans from commercial banks</u></p> <p>The Company has loans from commercial banks and financial institutions for using in its business operation in the aggregate amount of approximately Baht 495 million and Baht 652.40 million in 2017 and as of 31 December 2018, respectively. The Company's directors who provide personal guarantee for the Company's loans are:</p>	<p>No compensation</p>	<p>No compensation</p>	<p>This transaction is only for the use of address as head office of the Company's subsidiary (SK15) and the Company does not have to pay for any compensation. At present, such subsidiary is in the process of studying feasibility in developing projects in the future. However, once the subsidiary (SK15) has a clear direction on developing projects or can procure new area as office location, SK15 will consider relocating to a new and appropriate address.</p> <p><u>Opinion of Audit Committee</u></p> <p>Audit Committee is of the view that this transaction will not affect the Company and was reasonably made.</p> <p><u>Opinion of Audit Committee</u></p> <p>The directors of the Company enter into the guarantee for facilities of the Company is considered as the normal transaction for obtaining the financing from commercial banks which is beneficial to the Company's business operation. Therefore, the Audit Committee views that such transaction is</p>

Name of related party	Type of transaction	Transaction value (Baht)		Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee
		2017	2018	
	<p>1) Mr. Chutchai Sumethchotimetha and</p> <p>2) Mrs. Tanipa Puangjumba with the total amount of guarantee of Baht 90 million and Baht 35 million On 6 February 2018, the commercial bank has issued the release of guarantee letter of Mr. Chutchai Sumethchotimetha according to the guarantee agreement dated 13 August 2015, the amount of guarantee 87,390,000.- baht</p> <p><input type="checkbox"/> On 22 June 2018, the commercial bank has issued the release of guarantee letter of Mr. Chutchai Sumethchotimetha and Mrs. Tanipa Puangjumba for all facilities of the Company with the additional conditions as follows</p> <ul style="list-style-type: none"> - the Company shall maintain the shareholding ratio of major shareholders of Mr. Chutchai Sumethchotimetha's family of not less than 26% of total shares of the Company - D/E Ratio of not higher than 2 times 			<p>transaction is reasonable and for the benefit of the business.</p> <p>On 31 December 2018, the directors of the Company have been released guarantees of all facilities</p>

Name of related party	Type of transaction	Transaction value (Baht)		Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee
		2017	2018	
	- On 3 August 2018, the commercial bank has issued the release of guarantee letter of Mr. Chutchai Sumethchotimetha and Mrs. Tanipa Puangjumba the amount of guarantee 90,000,000 baht and 35,000,000 baht			
	Mr. Chutchai Sumethchotimetha, Company Director has been a guarantor without charging any compensation.			
	- Guarantee for long-term facility and letter of guarantee in the amount of Baht 87,390,000	No compensation	-	
	- Guarantee for O/D facility in the amount of Baht 7,200,000	No compensation	-	
	- Guarantee for letter of guarantee in the aggregate amount of Baht 50,400,000	No compensation	-	
	- Guarantee for letter of guarantee, O/D facility and P/N facility in the aggregate amount of Baht 90,000,000	No compensation	-	

Name of related party	Type of transaction	Transaction value (Baht)		Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee
		2017	2018	
	<u>Guarantee for Vehicles</u> Mr. Chutchai Sumethchotimetha, the Company's director, provides personal guarantees for vehicle hire purchase and vehicle rental agreements without compensation for the provision of guarantees until expiration of the agreements in 2 July 2015. The summary on guarantees for vehicles with related party is as follows: Guaranteed vehicle rental contract 6,226,107 baht <input type="checkbox"/> On 31 October 2018, the Leasing Company sent the letter of release of the guarantee of Mr. Chutchai Sumethchotimetha for vehicle hire purchase and vehicle rental agreements, Issue dated 2 July 2015	No compensation	-	<u>Opinion of Audit Committee</u> Audit Committee is of the view that the guarantee for the Company's hire purchase transactions by the Company's director is a usual business transaction. the Audit Committee views that such transaction is reasonable and for the benefit of the business. On 31 December 2018, Company's Director has issued the release of guarantee for vehicle hire purchase and vehicle rental agreements
6. Mrs. Tanipa Puangjampa	<u>Guarantee for loans from commercial banks</u> The Company has loans from commercial banks for the use in its business in the aggregate amount of approximately Baht 495 million and Baht 652.40 million in 2017 and 2018, the Company's directors			<u>Opinion of Audit Committee</u> The directors of the Company enter into the guarantee for facilities of the Company is considered as the normal transaction for obtaining the financing from commercial banks which is beneficial to the Company's business

Name of related party	Type of transaction	Transaction value (Baht)		Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee
		2017	2018	
	<p>who provide personal guarantee for the Company's loans are: 1) Mr. Chutchai Sumethchotimetha and 2) Mrs. Tanipa Puangjumba with the total amount of guarantee of Baht 90 million and Baht 35 million, respectively without charging any compensation.</p> <p><input type="checkbox"/> On 6 February 2018, the commercial bank has issued the release of guarantee letter Mrs. Tanipa Puangjumba according to the guarantee agreement dated 13 August 2015, the amount of guarantee 33,610,000 baht</p> <p><input type="checkbox"/> On 22 June 2018, the commercial bank has issued the release of guarantee letter of Mr. Chutchai Sumethchotimetha and Mrs. Tanipa Puangjumba for all facilities of the Company with the additional conditions as follows:</p> <ul style="list-style-type: none"> - the Company shall maintain the shareholding ratio of major shareholders of Mr. Chutchai Sumethchotimetha's family of not less than 26% of total shares of the Company - D/E Ratio of not higher than 2 times 			<p>the Audit Committee views that such transaction is reasonable and for the benefit of the business.</p> <p>On 31 December 2018, the directors of the Company have been released guarantees of all facilities</p>

Name of related party	Type of transaction	Transaction value (Baht)		Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee
		2017	2018	
	<p><input type="checkbox"/> On 3 August 2018, the commercial bank has issued the release of guarantee letter of Mr. Chutchai Sumethotimetha and Mrs. Tanipa Puangjumba according to the guarantee agreement the amount of guarantee 90,000,000 baht and 35,000,000 baht</p> <p>For all guarantees provided by Mrs. Tanipa Puangjumba, the Company's director, there is no compensation from the Company for such provision of guarantees</p> <ul style="list-style-type: none"> - Guarantee for the O/D facility in the amount of Baht 2,800,000 - Guarantee for letter of guarantee in the aggregate amount of Baht 19,600,000 - Guarantee for the letter of guarantee, O/D facility and P/N facility in the aggregate amount of Baht 35,000,000 - Guarantee for the long-term facility and letter of guarantee in the amount of Baht 33,610,000. 	No compensation	-	
		No compensation	-	
		No compensation	-	
		No compensation	-	

Related party transactions

The Company and subsidiaries have related transactions with persons who may have conflicts in 2018 under the principle of considering the transaction as follows

Necessity and reasonableness of related transactions

The Audit Committee Meeting No 1/2019 held on 22 February 2019 considered the information of company's related transactions in the fiscal year ending 31 December 2018 with asking for information from company's executive moreover review the information as specified in the notes to the consolidated financial statements that have been audited by The auditor of the company found that company's related transactions in the fiscal year ending 31 December 2018 Company is considered as the normal transaction according to general trading conditions in the same way that an ordinary person should act with a general contractor in the same situation.

Measures and approval process for related party transactions

The Company will comply with the laws concerning securities and exchange, regulations, notifications, orders, and conditions of the Capital Markets Supervisory Board and the Stock Exchange of Thailand. However, the executives or persons who have conflicts of interest shall not be able to attend a meeting to approve a related-party transaction.

In the event that the above laws stipulate that a related-party transaction must be approved by a resolution of the Board of Directors, the Company shall instruct the Audit Committee to attend the meeting to consider and provide opinions on the necessity to enter into a transaction and reasonableness of the transaction. A transaction with general commercial terms and with non-general commercial terms shall be made according to the followings:

(1) Transactions having general trading conditions

In respect of an entry into a transaction having general trading conditions among the Company and its subsidiaries and executives or a person relating to the Company, the Company shall make a request for approval in principle to the Board of Directors. The Board of Directors may approve that transaction if it is a commercial agreement that are generally done in a similar situation by parties having the same bargaining powers without having influence as a director or executive relating to the Company. The Company shall prepare a summary report on the related transaction to report in the Audit Committee's meeting and the Board of Directors' meeting every quarter.

(2) Transactions having non-general trading conditions

An entry into a transaction having non-general trading conditions must be considered and reviewed by the Audit Committee prior to the consideration and approval by the Board of Directors and/or a shareholders' meeting in accordance with the laws concerning securities and exchange, regulations, notifications, orders, and conditions of the Capital Markets

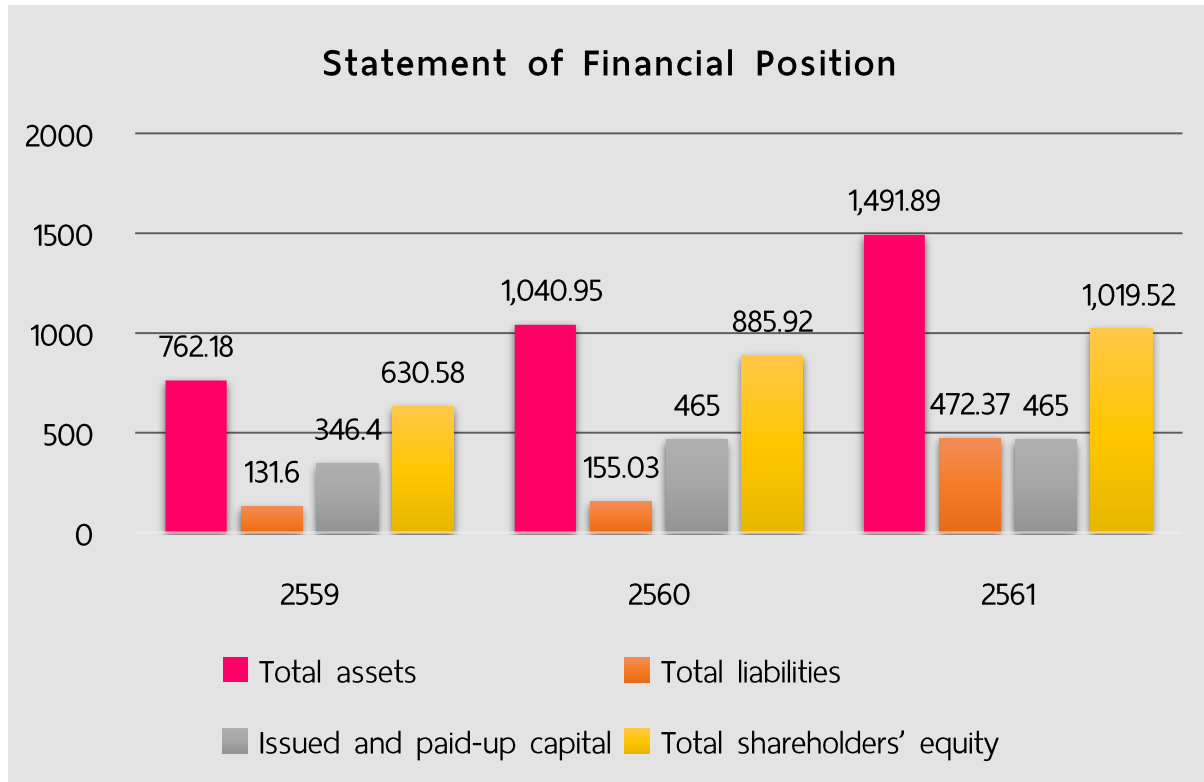
Supervisory Board and the Stock Exchange of Thailand, and regulations concerning disclosure of information related to related-party transactions.

Policy on future related party transactions

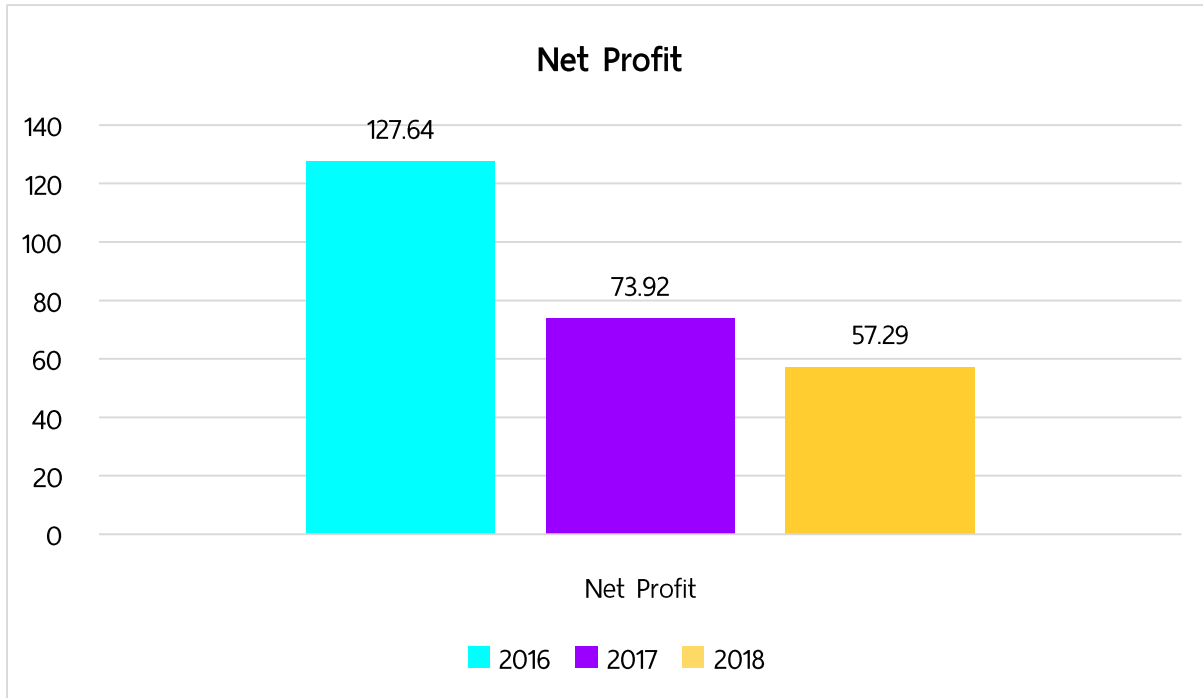
For a related-party transaction that may occur in the future, the Board of Directors shall comply with the laws concerning securities and exchange, regulations, notifications, orders, and conditions of the Capital Markets Supervisory Board and the Stock Exchange of Thailand, and regulations concerning disclosure of information related to related-party transactions of a company or subsidiary under the account standards prescribed by the Federation of Accounting Professions of Thailand

Key Financial Information

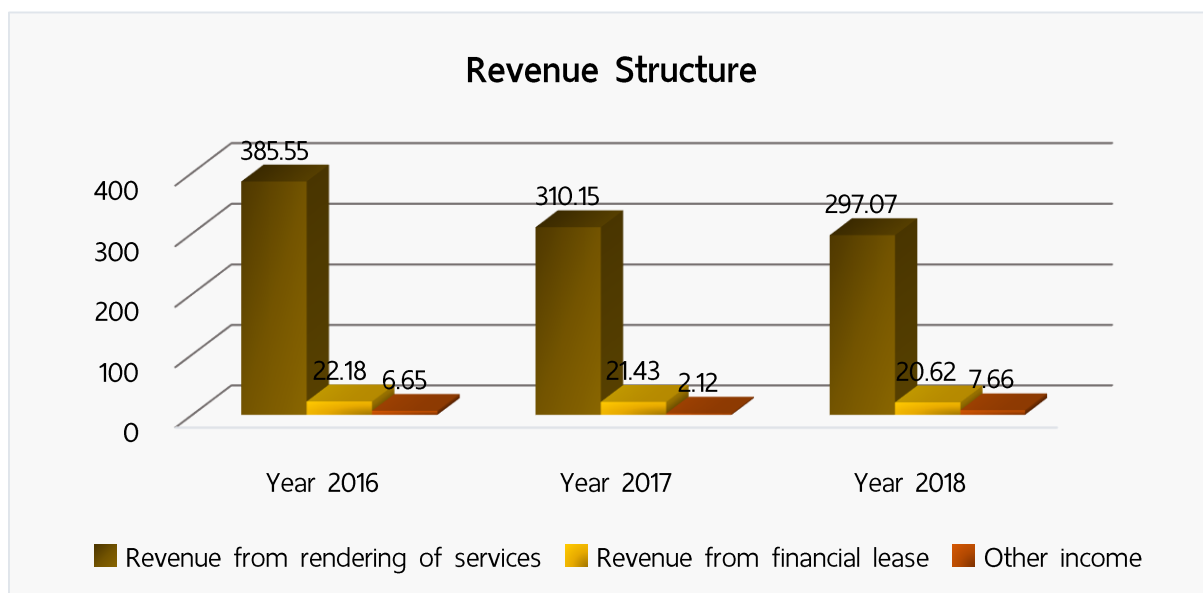
Unit : Baht million



Unit : Baht million



Unit : Baht million



The consolidated and separate financial statements have been prepared in accordance with generally accepted accounting principles under the accounting Act BE 2534, which means financial reporting standards issued under the accounting profession Act BE 2547 and regulations of the Securities and Exchange Commission On the method of preparing and presenting financial reports under the Securities and Exchange Act, consolidated and separate financial statements was prepared using the original cost basis in measuring the value of elements of financial statements except 4 types of investments 1. Trading investments 2. Investments held to maturity 3. Available-for-sale investments 4. General investments Depending on the investment objective, the management will determine the appropriate classification. And review the classification periodically

Auditor's Report

Summary on auditor's report

- ☐ The consolidated financial statements for the year ended 31 December 2016 was audited by Miss Napaporn Sathitthammaporn, Certified Public Accountant Registration Number 7494, KPMG Phoomchai Audit Company Limited. The auditor viewed that the statement of financial position as of 31 December 2016, statement of income and statement of cash flows for the same financial year is correct in all material respects in accordance with financial reporting standards.
- ☐ The consolidated financial statements for the year ended 31 December 2017 was audited by Miss Napaporn Sathitthammaporn, Certified Public Accountant Registration Number 7494, KPMG Phoomchai Audit Company Limited. The auditor viewed that the statement of financial position as of 31 December 2017, statement of income and statement of cash flows for the same financial year is correct in all material respects in accordance with financial reporting standards.
- ☐ The consolidated financial statements for the year ended 31 December 2018 was audited by Mr. Sakda Kaothanthong, Certified Public Accountant Registration Number 4628, KPMG Phoomchai Audit Company Limited. The auditor viewed that the statement of financial position as of 31 December 2018, statement of income and statement of cash flows for the same financial year is correct in all material respects in accordance with financial reporting standards.

Summary on Financial Statements

Sakol Energy Public Company Limited

Statement of Financial Position

Unit : Baht million

	31-Dec-16		31-Dec-17		31-Dec-18	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets						
Cash and cash equivalents	8.57	1.12	21.78	2.09	123.25	8.26
Current investments	96.77	12.70	425.40	40.87	65.52	4.39
Trade account receivable	122.75	16.11	57.27	5.50	42.14	2.82
Current portion of financial lease receivable	20.12	2.64	16.70	1.60	17.60	1.18
Other current receivables	1.18	0.15	1.65	0.16	47.18	3.16
Short-term loan to other party	0.00	0.00	0.00	0.00	2.30	0.15
Current spare parts and supplies	0.91	0.12	1.26	0.12	2.32	0.16
Total current assets	250.30	32.84	524.07	50.34	300.31	20.13
Non-current assets						
Deposits at financial institutions with restrictions on withdrawal					17.40	1.17
Financial lease receivable	221.66	29.08	210.61	20.23	198.66	13.32
Non-current spare parts and supplies	1.29	0.17	1.48	0.14	2.49	0.17
Investment properties	12.12	1.59	171.62	16.49	171.62	11.50
Property, plant and equipment	273.42	35.87	128.31	12.33	676.29	45.33
Intangible asset - net	3.38	0.44	3.89	0.37	116.06	7.78
Good will	0.00	0.00	0.00	0.00	8.08	0.54
Other non-current assets	0.00	0.00	0.98	0.09	0.98	0.07
Total non-current assets	511.87	67.16	516.89	49.66	1,191.58	79.87
Total assets	762.18	100.00	1,040.95	100.00	1,491.89	100.00

Unit : Baht million

	31-Dec-16		31-Dec-17		31-Dec-18	
	Amount	%	Amount	Amount	%	Amount
<u>Liabilities and shareholders' equity</u>						
<u>Current liabilities</u>						
Short-term borrowings from financial institution	0.00	0.00	40.00	3.84	61.26	4.11
Trade accounts payable	31.49	4.13	28.80	2.77	16.99	1.14
Other current payables	14.7	1.93	15.85	1.52	168.60	11.30
Current portion of long-term borrowings from financial institution	14.04	1.84	14.68	1.41	53.24	3.57
Current portion of finance lease and hire purchase liabilities	1.62	0.21	1.08	0.10	0.96	0.06
Total current liabilities	61.85	8.12	100.41	9.65	301.05	20.18
<u>Non-current liabilities</u>						
Long-term borrowings from financial institution	56.25	7.38	41.57	3.99	138.32	9.27
Finance lease and hire purchase liabilities	2.59	0.34	1.51	0.15	0.55	0.04
Deferred tax liabilities	9.80	1.29	9.85	0.95	30.57	2.05
Non-current provisions for employee benefit	1.11	0.15	0.60	0.06	0.79	0.05
Provisions for non-current liability	0.00	0.00	1.09	0.10	1.09	0.07
Total non-current liabilities	69.74	9.15	54.62	5.25	171.32	11.48
Total liabilities	131.60	17.27	155.03	14.89	472.37	31.66

(Unit :Baht million)

	2016		2017		2018	
	Amount	%	Amount	Amount	%	Amount
Shareholders' equity						
Share capital:						
Authorized share capital	465.00	61.01	465.00	44.67	465.00	31.17
Issued and paid share capital	346.40	45.45	465.00	44.67	465.00	31.17
Share premium on ordinary shares	0.00	0.00	297.62	28.59	297.62	19.95
Retained earnings						
Appropriated – legal reserve	22.20	2.91	26.00	2.50	29.30	1.96
Unappropriated	261.52	34.31	96.40	9.26	151.88	10.18
Other components of shareholders' equity	0.46	0.06	0.90	0.09	0.90	0.06
Total shareholders' equity	630.58	82.73	885.92	85.11	944.70	63.32
Non-controlling interests					74.82	5.02
Total shareholders' equity	630.58	82.73	885.92	85.11	1019.52	68.34
Total liabilities and shareholders' equity	762.18	100.00	1,040.95	100.00	1,491.89	100.00

Sakol Energy Public Company Limited
Statement of Income

(Unit :Baht million)

	Financial year ended 31 December					
	2016		2017		2018	
	Amount	%	Amount	Amount	%	Amount
Income						
Revenue from rendering of services	385.55	93.04	310.15	92.94	297.07	91.31
Revenue from financial lease	22.18	5.35	21.43	6.42	20.62	6.34
Other income	6.65	1.60	2.12	0.64	7.66	2.35
Total income	414.38	100.00	333.70	100.00	325.35	100.00
Expenses						
Cost of rendering of services	236.63	57.11	190.13	56.98	186.94	57.46
Administrative expenses	47.74	11.52	61.25	18.36	76.28	23.45
Finance costs	4.11	0.99	8.35	2.50	4.70	1.44
Total expenses	288.49	69.62	259.73	77.83	267.92	82.35
Profit before income tax expense from continuing operations	125.89	30.38	73.98	22.17	57.43	17.65
Tax expense	0.31	0.07	0.06	0.02	(0.13)	(0.04)
Profit for the year from continuing operations	125.58	30.31	73.92	22.15	57.30	17.61
Profit (loss) for the year from discontinued operation – net of tax	2.06	0.50	0.00	0.00	0.00	0.00
Profit for the year	127.64	30.80	73.92	22.15	57.30	17.61

Sakol Energy Public Company Limited

Statement of Cash Flows

(Unit :Baht million)

	Financial year ended 31 December		
	2016	2017	2018
Cash flows from operating activities			
Profit for the year	127.64	73.92	57.29
(Profit) loss for the year from discontinued operation	(2.06)	0.00	0.00
Profit for the year from continuing operations	125.58	73.92	57.29
<i>Adjustments to reconcile profit to cash receipts (payment)</i>			
Tax Expense	0.31	0.06	0.14
Gain on bargain purchase	0.00	0.00	(3.50)
Finance costs	4.11	8.35	4.70
Depreciation and amortization	5.86	5.73	9.26
Gain on disposal of money fund	(0.48)	(0.78)	(1.91)
Unrealized gain on exchange	0.00	0.00	(0.19)
(Gain) losses on disposal of property and equipment	(5.24)	0.22	(0.01)
Provision for employee benefit	0.34	0.60	0.27
Interest income	(0.05)	(0.10)	(0.48)
Cash flows from operating activities before changes in operating assets and liabilities	130.44	87.99	65.58
Changes in operating assets and liabilities			
Trade account receivable	(49.93)	65.49	15.12
Other current receivables	(2.37)	(0.13)	(36.96)
Financial lease receivable	5.23	14.47	11.05
Spare parts and supplies	(0.55)	(0.54)	(2.06)
Other non-current assets	0.00	(0.98)	0.00
Trade accounts payable	(12.56)	(2.69)	(11.81)
Other current payables	4.31	1.08	(5.77)
Provisions for non-current liability	0.00	1.09	0.00
Employee benefit paid	0.00	(0.25)	(0.22)
Taxes paid	(0.34)	(0.42)	(6.04)
Net cash from operating activities	74.23	165.10	28.89

(Unit :Baht million)

	Financial year ended 31 December		
	2016	2016	2016
<u>Cash flows from investing activities</u>			
Proceeds from sale of money fund	283.33	527.55	746.38
Acquisition of money fund	(372.70)	(854.96)	(384.60)
Acquisition of debt securities held to maturity	0.00	0.00	(60.00)
Sale of debt securities held to maturity	0.00	0.00	60.00
Loans to other party	0.00	0.00	(2.30)
Increased in restricted deposits at financial institutions	0.00	0.00	(17.40)
Cash outflow net acquisition of business from cash acquired	0.00	0.00	(88.50)
Proceeds from non-controlling interest of increase share capital in subsidiaries	0.00	0.00	54.96
Proceeds from sale of property and equipment	32.19	0.00	0.02
Acquisition of building and equipment	(2.90)	(20.22)	(386.05)
Acquisition of intangible asset	(3.04)	(0.62)	(1.17)
Net cash from discontinued operation	4.08	0.00	0.00
Interest received	0.05	0.10	0.40
Net cash from (used in) investing activities	(58.98)	(348.15)	(78.26)

(Unit :Baht million)

	Financial year ended 31 December		
	2016	2016	2016
<u>Cash flows from financing activities</u>			
Proceeds from issue of shares	0.00	416.22	0.00
Increased (decreased) from short-term borrowings from financial institutions	0.00	40.00	21.44
Proceeds from long-term borrowings from financial institutions	0.00	0.00	197.05
Repayment of long-term borrowings from financial institutions	(13.52)	(14.04)	(61.73)
Payment by a lessee for reduction of the outstanding liabilities relating to finance lease and hire purchase liabilities	(1.57)	(1.62)	(1.08)
Dividends paid to owners of the Company	0.00	(235.97)	0.00
Interest paid	(4.22)	(8.33)	(4.84)
Net cash from (used in) financing activities	(19.30)	196.26	150.84
Net increase (decrease) in cash and cash equivalents	(4.05)	13.22	101.47
Cash and cash equivalents at 1 January	12.62	8.57	21.78
Cash and cash equivalents at 31 December	8.57	21.78	123.25

Sakol Energy Public Company Limited

Key Financial Ratios

Financial Ratios	2016	2017	2018
Current ratio (times)	4.05	5.22	1.00
Quick ratio (times)	3.69	5.02	0.77
Cash flow liquidity ratio (times)	1.13	2.04	0.14
Account receivable turnover (times)	3.94	3.45	5.98
Average collection period (days)	91.31 ^{/5}	104.48 ^{/5}	60.23 ^{/5}
Inventory turnover (times) ^{/1}	n/a	n/a	n/a
Average inventory turnover (days) ^{/1}	n/a	n/a	n/a
Account payable turnover (times)	6.27	6.31	8.17
Payment period (days)	57.45	57.07	44.09
Cash cycle (days) ^{/5}	33.85 ^{/5}	47.41 ^{/5}	16.14 ^{/5}
Gross profit margin (%)	38.62	38.70	37.07
Operating profit margin (%)	33.72	26.54	20.92
Other profit margin	1.60	0.64	2.36
Cash to profit margin (%)	57.10	200.56 ^{/6}	46.50 ^{/6}
Net profit margin (%)	30.80	22.15	17.61
Return on equity (%)	22.53	9.75	6.26
Return on assets (%)	17.98	8.20	4.52
Return on fixed assets (%)	24.78	18.29	10.66
Assets turnover (times)	0.58	0.37	0.26
Debt to equity ratio (times)	0.21	0.17	0.46
Interest coverage ratio (times)	19.12	20.79	7.17
Debt service coverage ratio (times) ^{/3}	3.53	0.34	(0.06)
Dividend payout ratio (%) ^{/4}	192.10	0.00	87.74

- Remarks:
- ^{/1} As the Company and its subsidiaries operate natural gas compression service, they do not have remaining inventory.
 - ^{/2} Cash cycle of the Company and its subsidiaries during 2016 – 2018 calculated from average collection period minus payment period.
 - ^{/3} The Company's debt service coverage ratio is less than 1, due to the Company and its subsidiaries use cash to pay for the purchase of land, buildings and equipment in the Mae Krating Power Plant project and the sale of biogas methane (CBG) as well as the Company and its subsidiaries bringing cash to refund for long-term loans to financial institutions in order to reduce financial costs in 2018. From the consolidated financial statements of the year 2018, financial costs are decreased from 2017.
 - ^{/4} Dividend payout ratio is calculated from dividend paid from operating performance of the Company divided by profit attributable to equity holders of the Company under the separate financial statements.
 - ^{/5} The company has average collection period and the cash cycle is at a better turnover level if compared from the past 2 years ago (2017 and 2016), because the company has ability to collect the receivable is faster than 2 years ago. In 2018 the company can collect the receivable within 60.23 days. In 2017 the company can collect the receivable within 104.48 days and in 2016 the **company can collect the** receivable within 91.31 days. The payment period is slightly faster than the past 2 years ago, causing the Cash Cycle to be necessary for working capital from financial institutions for additional circulating in the company. For covering about average collection period from PTT specified, repayment in the contract for 30 days. Which, trade payable and other trade payable the repayment schedule for only 30 days as well.
 - ^{/6} As of December 31, 2018, the Company had a decrease in cash flow from operations of Baht 136.21 million, resulting in a decrease in cash to profit ratio from the previous year. Partly due to lower profitability from the previous year. With the company having the costs and expenses from adding branches at Muang Thai Phatra Building at Ratchadaphisek Road

Management Discussion and Analysis (MD&A)

Overview of Previous Operating Performance

The Company was incorporated to provide NGV compression service for NGV trailers of PTT Public Company Limited (“PTT”), after being awarded by PTT for setting-up private mother stations in Pathum Thani Province and Saraburi Province for the contract term of 20 years.

At present, the Company has 2 private mother stations which are: (1) Pathum Thani Private Mother Station located in Chiang Rak Noi, Samkhok, Pathum Thani, with the maximum compress natural gas capacity of 350 tons per day, and (2) Saraburi Private Mother Station located in Tah Maprang, Kaeng Khoi, Saraburi, with the maximum compress natural gas capacity of 400 tons per day.

From 1 January 2016, the Company and its subsidiaries changed the financial reporting standard used for preparation of consolidated financial statements for the year ended 31 December 2016, 31 December 2017, and 31 December 2018. The implementation of such financial reporting standard has caused changes to certain accounting policies of the group company, including the interpretation of Thai Financial Reporting Interpretations Committee 4 (TFRIC4) regarding determination whether an agreement is, or contains, a lease. The interpretation specifies that an agreement that meets the following criteria is, or contains, a lease: (1) the fulfilment of the agreement depends upon a specific asset; or (2) the agreement conveys a right to control the use of the underlying asset. Such interpretation includes arrangements that do not take the legal form of a lease. The Company and its subsidiaries have implemented the interpretation of such financial reporting standard as the Company has the Gas Compression Contract with PTT which contains financial lease.

As for the past operating performance, the revenue of the Company and its subsidiaries mainly derived from natural gas compression service to PTT. Such business generates reliable stream of revenue as it is a service pursuant to a long-term contract with guaranteed minimum quantity and specific formula for compensation. The total revenue of the Company and its subsidiaries for the year ended 31 December 2016 and 2017 is Baht 414.38 million and Baht 333.70 million respectively. In 2017, the Company and its subsidiaries have revenues decreased of Baht 80.68 million, compared to the previous year. The decrease in revenue was a result the decrease in quantity of compressed natural gas by the Company. Due to the need to use natural gas from all parts of the whole country was decreasing, according to the increasing market price of NGV natural gas, the demand for natural gas has decreased.

For the financial year ended 31 December 2018, the Company and its subsidiaries generated total revenue of Baht 325.35 million, a decrease of Baht 8.35 million or 2.50% mainly due to: 1) the decrease in revenue from improvement of natural gas quality as a result of lower proportion of inert gas to NGV since PTT had a policy to increase heating value (Wobbe index). However, such heating value (Wobbe index) is still at the appropriate level as prescribed by the Department of Energy, where the appropriate heating value of NGV is 37 to 42 MJ/m³, 2) lower quantity of compressed natural gas partially due to decrease in demand from users,

and 3) decrease in service fees, as calculated by the prescribed formula, for natural gas compression service and improvement of natural gas quality service.

Analysis of Operating Performance

Revenue

Total revenue of the Company and its subsidiaries consists of revenue from provision of natural gas compression service to PTT, which is main income of the Company and its subsidiaries. The quantity of natural gas compressed by the Company does not vary much from year to year as the Company has only one customer, which is PTT, and the long-term contract with PTT clearly specifies minimum quantity of natural gas compressed by the Company. An increase or decrease in quantity of compressed natural gas in each year is a result of demand for natural gas at that time.

Under the Gas Compression Contract with PTT, the Company will receive income based on actual quantity of compressed natural gas. The service fee is divided into 2 parts:

1) Availability payment (AP) is a fixed compensation for the whole period of the contract term. It is paid to the Company for construction costs of private mother station, including financial costs incurred and as return for the Company (capacity costs). The Company receives this type of revenue as revenue from financial lease.

2) Energy payment (EP) is a variable compensation, which is based on actual compression and improvement of natural gas quality. The Company records this type of revenue as revenue from rendering of service.

The main revenue of the Company and its subsidiaries consists of: 1) revenue from provision of natural gas compression service, and 2) revenue from financial lease since the Company and its subsidiaries implemented the interpretation of Thai Financial Reporting Interpretations Committee 4 (TFRIC4) as mentioned above.

The revenue structure of the Company and its subsidiaries for the year 2016 to 2018 is as follows:

	2016		2017		2018	
	(audited)		(audited)		(audited)	
	Baht million	%	Baht million	%	Baht million	%
Revenue						
Revenue from rendering of services	385.55	93.04	310.15	92.94	297.07	91.31
Revenue from financial lease	22.18	5.35	21.43	6.42	20.62	6.34
Other income ¹	6.65 ²	1.60	2.12	0.64	7.66	2.35
Total income	414.38	100.00	333.70	100.00	325.35	100.00

Remarks: ¹ Other income includes profits from sale of money fund, interest received, and lease and utility income.

² An increase of other income in the year 2018 was due to other income increased from the previous year.

Since the financial reporting standards that allow the fair valuation period shall not exceed one year from the date of purchase of investment causing different recognition of the consideration paid to the fair value assessed by an independent appraiser is a gain from the purchase at a price lower than the fair value of Baht 3.50 million from the Mae Krating Project

1. Revenue from rendering of services

The revenue from rendering of services for the year 2017 was Baht 310.15 million, a decrease of Baht 75.40 million or 19.56% compared to that of the previous year due to: 1) the decrease in revenue from improvement of natural gas quality as a result of lower proportion of inert gas to NGV since PTT had a policy to increase heating value (Wobbe index). However, such heating value (Wobbe index) is still at the appropriate level as prescribed by the Department of Energy, where the appropriate heating value of NGV is 37 to 42 MJ/m³, 2) lower quantity of compressed natural gas partially due to decrease in demand from users, and 3) decrease in service fees, as calculated by the prescribed formula, for natural gas compression service and improvement of natural gas quality service.

The revenue from rendering of services for the year 2018 was Baht 297.07 million, a decrease of Baht 13.08 million or 4.22% compared to that of the previous year due to: 1) the decrease in revenue from improvement of natural gas quality as a result of lower proportion of inert gas to NGV since PTT had a policy to increase heating value (Wobbe index). However, such heating value (Wobbe index) is still at the appropriate level as prescribed by the Department of Energy, where the appropriate heating value of NGV is 37 to 42 MJ/m³, 2) lower quantity of compressed natural gas partially due to decrease in demand from users, and 3) decrease in service fees, as calculated by the prescribed formula, for natural gas compression service and improvement of natural gas quality service.

2. Revenue from financial lease

The change by the Company of its accounting policy through implementation of the interpretation of Thai Financial Reporting Interpretations Committee 4 (TFRIC4) affects the Company's financial statements, where the Company must record assets under financial lease contract as financial lease receivable in its statement of financial position in the amount equivalent to net investment under financial lease contract. Financial lease receivable is assets which give financial income to the Company in order to compensate and provide return for investment and provision of service. The Company will record revenue pursuant to financial lease contract according to the actual interest being charged.

For the financial year ended 31 December 2016 and 2017, the Company and its subsidiaries generated revenue from financial lease in the amount of Baht 22.18 million and Baht 21.43 million or 5.35% and 6.42% of the total revenue respectively. The decrease in revenue from financial lease was due to the normal characteristic of financial lease contract.

For the year ending 31 December 2017 and 2018, the Company and its subsidiaries generated income from financial leases in the amount of Baht 21.43 million and Baht 20.62 million respectively or 6.42% and

6.34% of the total income respectively. The decrease in revenue from financial leases was due to the normal characteristic of financial lease contract.

3. Other income

The Company and its subsidiaries generate other income which include: 1) utility income from lease of area to other company, 2) interest received, 3) profits from sale of money fund. Money fund was invested for the purpose of managing cash in the account and the fund selected has high liquidity and low risk, and 4) other income includes income from sale of scrap.

For the financial year ended 31 December 2017, the Company and its subsidiaries generated other income equivalent to Baht 2.12 million. The decrease in other income compared to that of the previous year was due to the Company's record of profits from sale of land in May 2016, while there was no sale of land in 2017.

For the year ending 31 December 2018, the Company and its subsidiaries generated other income equivalent to Baht 7.66 million. Other income increased from the previous year, since the financial reporting standards that allow the fair valuation period shall not exceed one year from the date of purchase of investment causing different recognition of the consideration paid to the fair value assessed by an independent appraiser is a gain from the purchase at a price lower than the fair value of Baht 3.5 million from the Mae Krating Project in addition, the company and the subsidiary has gain from the sale of open-end funds increased from the previous year of Baht 1.13 million. And also have other income such as interest received, utility income, revenue from scrap sales increased of Baht 0.91 million, etc.

Cost of rendering of services, gross profit and gross margin

1. Cost of rendering of services

Cost of rendering of services of the Company and its subsidiaries includes costs required in compressing natural gas. The major cost of rendering of services is electricity fees from provision of natural gas compression service which is charged based on the conditions determined by Provincial Electricity Authority ("PEA"). PEA charges fees based on actual usage and inert gas used in improving quality of natural gas. The major cost of rendering of services can be divided into the followings:

	2016		2017		2018	
	(audited)		(audited)		(audited)	
	Baht million	%	Baht million	%	Baht million	%
<u>Cost of rendering of services</u>						
Cost from provision of natural gas compression service	214.89	90.81	169.78	89.3	165.13	88.33
Salary and employee benefits	7.71	3.26	8.42	4.43	8.69	4.65
Other cost of rendering of services	14.03	5.93	11.93	6.27	13.12	7.02
Total cost of rendering of services	236.63	100	190.13	100	186.94	100

Cost of rendering of services consists of:

1.1. Cost from provision of natural gas compression service

Cost from provision of natural gas compression service consists of: 1) electricity fees charged in accordance with the conditions determined by PEA, which is charged for actual usage. Under the Gas Compression Contract with PTT, the Company stands by for production 24 hours a day. Therefore, the electricity fees vary over on-peak and off-peak, depending on the demand for natural gas and the number of natural gas trailer trucks of PTT that uses the Company's natural gas compression service, and 2) cost of inert gas used for improvement of natural gas quality, which is calculated based on actual quantity of inert gas used and unit price as referenced under the long-term sale and purchase inert gas contract.

1.2. Another cost of rendering of services is salary and employee benefits of the relevant employees. The Company's policy is to adjust such cost based on capabilities and performance of each employee, including considering employee benefits on various aspects and ensure that they are at similar level with benefits provided by companies within the same business. This is in line with the Company's human resource policy.

1.3. Other cost of rendering of services such as depreciation, cost for repair of equipment and tools. The Company and its subsidiaries have routine maintenance plan, including preventive maintenance for its equipment and tools in order to ensure that they are in good working conditions.

For 2017, cost of rendering of services of the Company and its subsidiaries was Baht 190.13 million, a decrease of Baht 46.50 million or 19.65%. The decrease was consistent with the revenues for the year and was caused by decrease in inert gas price and electricity charge. In addition, the Company's salary increased due to additional number of employees hired by the Company and annual adjustment of salary.

For 2018, cost of rendering of services of the Company and its subsidiaries was Baht 186.94 million, a decrease of Baht 3.19 million or 1.68%. The decrease was consistent with the revenues for the year and was caused by decrease in inert gas price and electricity charge. In addition, the company still has a higher cost of services in part of other service costs. Because of the cost of repairing machines more with the lifetime of the machines used in the gas compression process maintenance is more as the machine's age rate.

2. Gross profit and gross margin

	2016		2017		2018	
	(audited)		(audited)		(audited)	
	Baht million	%	Baht million	%	Baht million	%
Revenue from rendering of services	385.55	100	310.15	100	297.07	100
Cost of rendering of services	236.63	61.38	190.13	61.3	186.94	62.93
Gross profit	148.91	38.62	120.02	38.7	110.13	37.07

For the year 2017, gross profit of the Company and its subsidiaries was Baht 120.02 million, a decrease of Baht 28.89 million or 19.40% year-on-year. This was mainly due to decrease in revenue from natural gas compression service as a result of decrease in quantity of natural gas compressed by the Company. In addition, quantity of inert gas used for improvement of natural gas quality was reduced as a result of PTT's policy and decrease in service fees for natural gas compression service and improvement of natural gas quality service. However, gross profit margin for the year 2017 was 38.70%, which is at a similar level compared to the previous year.

For the year 2018, gross profit of the Company and its subsidiaries was Baht 110.13 million, a decrease of Baht 9.89 million or 8.24% year-on-year. This was mainly due to decrease in revenue from natural gas compression service as a result of decrease in quantity of natural gas compressed by the Company. In addition, quantity of inert gas used for improvement of natural gas quality was reduced as a result of PTT's policy and decrease in service fees for natural gas compression service and improvement of natural gas quality service. However, gross profit margin for the year 2018 was 37.07%, which is at a similar level compared to the previous year.

Administrative expenses, operating profit and operating margin

1. Administrative expenses

Administrative expenses mainly consist of employee remuneration. The Company's policy is to adjust salary based on capabilities and performance of each employee, including considering employee benefits on various aspects and ensure that they are at similar level with companies within the same business, in line with the Company's human resource policy. Other administrative expenses include office rental and service fees, advisory fees, auditing fees, and depreciation.

In 2016, administrative expenses of the Company and its subsidiaries was Baht 47.74 million, an increase of Baht 8.47 million or 21.56% compared to the previous year. This was mainly due to increase in personnel cost, salary and employee benefits. There was adjustment to base salary and increase of employee welfare, including directors' remuneration which increased according to the number of meetings of the Company's board of directors and subcommittees during 2016. In addition, the Company's other expenses increased due to holding of public hearing by its subsidiary for the purpose of constructing biomass power plant.

For the year 2017, administrative expenses of the Company and its subsidiaries was Baht 61.25 million, an increase of Baht 13.51 million or 28.31% year-on-year. This was mainly due to higher personnel costs as a result of additional number of employees hired during the year and the annual adjustment of salary. In addition, the Company relocated its office and expanded lease area in order to accommodate for future growth. Therefore, the Company's lease has increased. The Company also incurred additional costs relating to listing on the Stock Exchange of Thailand including advisory fees for public relations, listing fees and audit fees.

For the year 2018, administrative expenses were of the Company and its subsidiaries was Baht 76.29 million, an increase of Baht 15.04 million or increased by 24.56% compared to the previous year. mainly due to higher personnel expenses. According to higher wages paid to employees with a higher annual salary adjustment from the policy. In addition, the company hired consultants on acquisitions and additional projects such as Mae Krating Power Plant Project and Bio Methane Gas Project (CBG). Therefore, the business has an increase in advisory fees from the previous year.

2. Operating profit and operating margin

	2016		2017		2018	
	(audited)		(audited)		(audited)	
	Baht million	%	Baht million	%	Baht million	%
Gross profit	148.91	38.62	120.02	38.7	110.13	37.07
Revenue from financial lease	22.18	5.75	21.43	6.91	20.62	6.94
Other income	6.65	1.72	2.12	0.68	7.66	2.58
Administrative expenses	47.74	12.38	61.25	19.75	76.29	25.68
Operating profit	130.01	33.72	82.32	26.54	62.12	20.91

Remark: The above calculation of percentage is based on percentage of revenue from rendering of services.

For the year 2017, operating profit of the Company and its subsidiaries was Baht 82.32 million, a decrease of Baht 47.69 million or 36.68% decrease year-on-year. The decrease in operating profit was due to: 1) decrease in quantity of inert gas used for improvement of natural gas quality in line with decrease in quantity of compressed natural gas, 2) decrease in quantity of natural gas compressed by the Company, and 3) decrease in service fees, as calculated by the prescribed formula, for natural gas compression service and improvement of natural gas quality service. The decrease in operating profit was also caused by increase in administrative expenses such as personnel costs, annual adjustment of base salary, and payment of employee remuneration and benefits such as bonus. In addition, the Company relocated its office and expanded lease area in order to accommodate for future growth. Therefore, the Company's lease has increased. The Company also incurred additional costs relating to listing on the Stock Exchange of Thailand. Due to the foregoing reasons, operating margin for the year 2017 was 26.54%, decreasing from operating margin for the year 2016 of 33.72%

For the year 2018, operating profit of the Company and its subsidiaries was Baht 62.12 million, a decrease of Baht 20.20 million or 24.54% decrease year-on-year. The decrease in operating profit was due to: 1) decrease in quantity of inert gas used for improvement of natural gas quality in line with decrease in quantity of compressed natural gas, 2) decrease in quantity of natural gas compressed by the Company, and 3) decrease in service fees, as calculated by the prescribed formula, for natural gas compression service and improvement of natural gas quality service. The decrease in operating profit was also caused by the increased

administrative expenses such as higher personnel expenses due to higher wages paid by the annual salary adjustment from the policy. Including the payment of compensation and other benefits such as bonuses. There is an increase in consulting fees from the previous year. For the main reasons as above. According to the foregoing reasons, operating margin for the year 2018 was 20.91%, decreasing from previous year and from operating margin for the year 2017 of 26.54%

Finance costs, net profit, and net profit margin

1. Finance costs

For the year 2017, finance costs of the Company and its subsidiaries was Baht 8.35 million, an increase of finance costs year-on-year due to the additional short-term loan from financial institution borrowed by the Company during the year to be used as working capital. As of 31 December 2017, the outstanding balance of short-term loan from financial institution was Baht 40.00 million.

For the year 2018 and 2017, the Company and its subsidiaries incurred finance costs of Baht 4.70 million and Baht 8.35 million, respectively. The decrease of financial costs compared to the last year is due to since during the year, the Company refund about long-term loans to financial institutions. Result is reducing the interest rate calculation from financial institutions.

2. Net profit and net profit margin

In 2017, net profit of the Company and its subsidiaries was Baht 73.92 million, a decrease of Baht 53.72 million or 42.09% decrease year-on-year. This was due to a decrease in revenue from rendering of services in the year 2017 of Baht 75.40 million. The operating profit of the Company and its subsidiaries had decreased by Baht 47.69 million compared to the previous year, which was a result of decrease in revenue from rendering of services and increase in administrative expenses from hiring additional employees, annual adjustment of base salary, relocation of office and expansion of lease area to accommodate future growth, and other expenses relating to listing the Company's shares on the Stock Exchange of Thailand. The net profit margin for the year 2017 was 22.15%, a decrease compared to the previous year.

In 2018, the net profit of the Company and its subsidiaries was Baht 57.29 million, a decrease of Baht 16.63 million or 22.49% compared to the previous year. The decrease resulted from the decrease in revenue from services and the increase in administrative expenses due to the company hire independent experts to evaluate new projects that occurred in 2018, such as the Mae Krating Power Plant Project and the sale of compressed bio-methane gas (CBG).

Analysis on Financial Position

Assets

The total assets of the Company and its subsidiaries mainly consist of property, plant and equipment, financial lease receivable, and current investments. As of 31 December 2016, 2017, and 2018, the total assets

of the Company and its subsidiaries were Baht 762.18 million, Baht 1,040.95 million, and Baht 1,491.89 million respectively. The details of which are as follows:

Item	31-Dec-16		31-Dec-17		31-Dec-18	
	Baht million	%	Baht million	%	Baht million	%
Current assets	250.31	32.84	524.07	50.34	300.31	20.13
Non-current assets	511.87	67.16	516.89	49.66	1,191.58	79.87
Total assets	762.18	100	1,040.95	100	1,491.89	100

As of 31 December 2017, the Company and its subsidiaries had current assets in the amount of Baht 524.07 million, an increase of Baht 273.76 million from the amount of current assets as of 31 December 2016 or an increase of 109.37% due to the increase in net current investments. The non-current assets as of 31 December 2017 was Baht 516.89 million, which is close to the amount of non-current assets of Baht 511.87 million as of the year 2016.

As of 31 December 2018, the Company and its subsidiaries had current assets in the amount of Baht 300.31 million, a decrease of Baht 223.76 million from the amount of current assets as of 31 December 2017 or a decrease of 42.70% due to the decrease in net current investments. The non-current assets as of 31 December 2018 was Baht 1,191.58 million, an increase of Baht 674.69 million from the amount of non-current assets as of 31 December 2017 or an increase of 130.53%. Due to the Company and its subsidiaries bringing current investment and loans from financial institutions in the form of short and long term to invest in subsidiaries in the construction project of Mae Krating Power Plant, the project to sell bio-methane gas (CBG) and others Therefore is the main reason for the overall picture of the assets to increase from the previous year.

Cash and cash equivalent

Cash and cash equivalent of the Company and its subsidiaries as of 31 December 2016, 2017, and 2018 were Baht 8.57 million, Baht 21.78 million, and Baht 123.25 million respectively, or 1.12%, 2.09%, and 8.26% of the total assets respectively. Cash and cash equivalent consists of cash and bank deposit and short-term investment with high level of liquidity.

As of 31 December 2017, cash and cash equivalent of the Company and its subsidiaries was equivalent to Baht 21.78 million, an increase by Baht 13.22 million or 154.28% increase as a result of receipt of proceeds from sale of money fund.

As at 31 December 2018, cash and cash equivalents of the Company and its subsidiaries was equivalent to Baht 123.25 million, an increased by Baht 101.47 million or increased by 465.89%, mainly due to the company has a policy to loan money from financial institutions to invest in the construction project of Mae Krating Power Plant and the project to sell compressed Bio-methane gas (CBG), the Company and its

subsidiaries are therefore required to procure about Land. Buildings and equipment to support the expansion of such as the project.

Current investment

The Company and its subsidiaries manage their cash by investing in fixed deposit with financial institutions and short-term fixed-income, which is low risk and generate fixed return, in order to generate additional value to the Company and its subsidiaries. As of 31 December 2015, 2016 and 2017, current investment of the Company and its subsidiaries were Baht 6.53 million, Baht 96.77 million, and Baht 425.40 million respectively or 0.99%, 12.70%, and 40.87% of the total assets respectively.

As of 31 December 2017, current investment of the Company and its subsidiaries was equivalent to Baht 425.40 million, an increase by Baht 328.63 million or 339.60% increase from that of the previous year. This was mainly due to cash management by the Company in accordance with policy of the Company and its subsidiaries. The significant transaction was proceeds from initial public offerings (IPO).

As of 31 December 2018, current investment of the Company and its subsidiaries was equivalent to Baht 65.52 million, a decrease by Baht 359.88 million or 84.60% decrease from that of the previous year. The main reason is from the cash management used in the operation according to the company's policy. And subsidiaries have important items such as the use of current investments to invest in the Mae Krating power plant project and selling compressed Bio-methane gas (CBG) project.

Trade account receivable and other current receivables

Trade account receivable

As of 31 December 2016, 2017, and 2018, trade account receivable was equivalent to Baht 122.75 million, Baht 57.27 million, and Baht 42.14 million respectively, accounting for 16.11%, 5.50%, and 2.82% of the total assets respectively. The only trade account receivable of the Company is PTT. The credit term given to PTT is 30 days from the date on which the Company correctly and completely submits invoice and all other related documents to PTT.

As of 31 December 2017, trade account receivable of the Company and its subsidiaries was equivalent to Baht 57.27 million, a decrease by Baht 65.49 million from that as of 31 December 2016 or 53.35% decrease year-on-year. This was mainly due to delay in payment of trade account receivable by PTT, which was caused by the Company's conversion into public limited company. At present, trade account receivable of the Company is being paid according to the normal term.

As of 31 December 2018, trade account receivable of the Company and its subsidiaries was equivalent to Baht 42.14 million, a decrease by Baht 15.13 million from that as of 31 December 2017 or 26.42% decrease year-on-year. This was mainly due to the decrease in revenue from gas compression service from the previous year, resulting in a decrease in the amount of trade account receivables compared to 2017

Other current receivables

Other current receivables consist of prepaid expenses, account receivables, and other receivables from related business and other business, which mainly arise from unpaid lease, utility and insurance premium. As of 31 December 2016, 2017, and 2018, other current receivables of the Company and its subsidiaries was equivalent to Baht 1.18 million, Baht 1.65 million and Baht 47.18 million respectively, accounting for 0.15%, 0.16%, and 3.16% of the total assets respectively. The normal credit term given by the Company is 30 days.

1. Financial lease receivable

(Unit : Baht million)	As of 31 December		
	2016	2017	2018
Financial lease receivable due within one year	20.12	16.70	17.59
Financial lease receivable due within one to five years	49.91	54.03	58.57
Financial lease receivable due over five years	171.75	156.58	140.09
Net	241.78	227.31	216.25

Since the Company entered into the Gas Compression Contract with PTT for the provision of natural gas compression service for natural gas trailer trucks of PTT, the Company must comply with terms and conditions under such contract. Such contract is deemed as financial lease contract pursuant to the interpretation of Thai Financial Reporting Interpretations Committee 4 (TFRIC4), where the Company must record assets under financial lease contract as financial lease receivable, the details of which are as set out below.

As of 31 December 2016, 2017, and 2018, financial lease receivable of the Company and its subsidiaries was equivalent to Baht 241.78 million, Baht 227.31 million, and Baht 216.25 million respectively. The gradual decrease in financial lease receivable was due to receipt of payment of AP from PTT.

Investment properties

Investment properties consist of trade properties for lease to third party. In 2016, the group company recategorized its accounting item by specifying certain plot of land in Nakornsawan Province as investment properties because holding of such properties is for the purpose of seeking profits through lease. As a result, investment properties of the group company as of 31 December 2016 was equivalent to Baht 12.12 million.

As of 31 December 2017, investment properties of the Company and its subsidiaries was in the amount of Baht 171.62 million, an increase by Baht 159.50 million from that as of 31 December 2016. This was mainly due to the recategorization of land in Songkhla Province and Nakornsawan Province with the book value of Baht 159.50 million as investment properties since the group company leases part of the land to third party and is not currently using such land.

As of 31 December 2018, investment properties of the Company and its subsidiaries was in the amount of Baht 171.62 million, there is no change at all for investment properties compared from as of 31 December 2017.

Property, plant and equipment

Property, plant and equipment of the Company and its subsidiaries as of 31 December 2016, 2017, and 2018 was Baht 273.42 million, Baht 128.31 million, and Baht 676.29 million respectively, accounting for 35.87%, 12.33%, and 45.33% of the total assets. The details of property, plant and equipment are as set out below.

(Unit : Baht Million)	31 December		
	2016	2017	2018
Land	238.13	78.63	80.33
Buildings and structures	6.02	5.69	28.78
Machinery and equipment	16.67	18.03	18.61
Electricity system	0.54	1.98	6.80
Equipment and tools	0.41	0.33	0.94
Fixture and office supplies	2.34	10.71	9.00
Vehicles	8.38	5.73	3.23
Construction in progress	0.94	7.21	528.60
Total	273.42	128.31	676.29

As of 31 December 2017, property, plant and equipment of the Company and its subsidiaries was equivalent to Baht 128.31 million, a decrease of Baht 145.11 million or 53.07% decrease from that as of 31 December 2016 due to the transfer of land in Songkhla Province and Nakornsawan Province with the book value of Baht 159.50 million as investment properties since the group company leases part of the land to third party and is not utilizing such land. In addition, during the year, the Company and its subsidiaries purchased building and equipment which include decoration and new office supplies, gas filling station (Trailer Bay) and improvement on electricity system and machinery in order to increase efficiency.

As at 31 December 2018, property, plant and equipment of the Company and its subsidiaries was equivalent to Baht 676.29 million, an increased of Baht 547.99 million or an increase of 427.08% compared to 31 December 2017, because the Company and its subsidiaries have a construction project for Mae Krating Power Plant and construction of a CBG gas station. And then we needed to import and purchase about land, buildings and equipment for operation in business, resulting property, plant and equipment was increased from 2017.

2. Intangible asset

Intangible asset consists of copyright in computer software, which is amortized with straight-line amortization method according to the contract term. Intangible asset of the Company and its subsidiaries as of 31 December 2016, 2017 and 2018 was equivalent to Baht 3.38 million, Baht 3.89 million, and Baht 116.07 million respectively, or accounting for 0.44%, 0.37% and 7.78% of the total assets respectively.

As of 31 December 2016, intangible asset of the Company and its subsidiaries increased from as of 31 December 2015 by Baht 2.96 million or 709.65% increase due to investment by the Company in additional enterprise resource planning to accommodate for listing of the Company's shares on the stock exchange and increase work efficiency of the group company.

As of 31 December 2017, intangible asset of the Company and its subsidiaries increased from as of 31 December 2016 by Baht 0.51 million or 15.01% increase due to additional purchase of copyright in Microsoft Office program.

As of 31 December 2018, intangible asset of the Company and its subsidiaries increased from as of 31 December 2017 by Baht 112.18 million or 2,883.80% increase due to the company has changed the fair value of the property Net acquired on the date of purchase about investment from selling of compressed Bio-methane gas (CBG) project of RE Biofuel Co., Ltd

Capital Structure of the Company

Liabilities

The total liabilities of the Company and its subsidiaries as of 31 December 2015, 2016, and 2017 was equivalent to Baht 154.98 million, Baht 131.60 million, and Baht 155.03 million respectively, which account for 23.57%, 17.27%, and 14.89% of the total assets respectively. Majority of the liabilities are trade accounts payable, short-term borrowings and long-term borrowings, the details of which are as set out below.

Items	31 December 2016		31 December 2017		31 December 2018	
	Baht million	%	Baht million	%	Baht million	%
Current liabilities	61.85	47.00	100.41	64.77	301.05	63.73
Non-current liabilities	69.74	53.00	54.62	35.23	171.32	36.27
Total liabilities	131.60	100.00	155.03	100.00	472.37	100.00

As of 31 December 2017, current liabilities of the Company and its subsidiaries was equivalent to Baht 100.41 million, accounting for 64.77% of the total liabilities. Current liabilities of the Company and its subsidiaries increased by Baht 38.56 million or 62.33% increase from that as of 31 December 2016 due to increase in short-term borrowings from financial institution. Non-current liabilities as of 31 December 2017 was equivalent to Baht 54.62 million or a decrease of Baht 15.12 million or 21.68% from that as of 31 December 2016. The decrease

of non-current liabilities was due to repayment by the Company and its subsidiaries of the amount of long-term borrowings to financial institution, which was due and payable.

As at 31 December 2018, current liabilities of the Company and its subsidiaries was equivalent to Baht 301.05 million, accounting for 63.73% of the total liabilities. of the Company and its subsidiaries increased by Baht 200.64 million or 199.82% compared from 31 December 2017, due to the increase in short-term loans from financial institutions. For non-current liabilities as of December 31, 2018 was equivalent to Baht 171.32 million an increase by Baht 116.70 million or 213.66% compared from 31 December 2017, due to the company And subsidiaries additional about loan from financial institutions to invest in the construction project of Mae Krating Power Plant and selling bio-methane gas (CBG) in during 2018.

Details of significant liabilities of the Company and its subsidiaries can be summarized as follows:

Trade accounts payable and other current payables

Trade accounts payable mainly consist of accounts payable for inert gas and account payable for electricity. Other current payables mainly consist of value added taxes and accrued employee bonus. As of 31 December 2016, 2017 and 2018, trade accounts payable of the Company and its subsidiaries was equivalent to Baht 31.49 million, Baht 28.80 million, and Baht 16.99 million respectively, accounting for 4.13%, 2.77% and 1.14% of the total assets respectively. Other current payables of the Company and its subsidiaries as of 31 December 2016, 2017, and 2018 was equivalent to Baht 14.70 million, Baht 15.85 million, and Baht 168.60 million respectively, accounting for 1.93%, 1.52%, and 11.30% of the total assets respectively.

As of 31 December 2017, trade accounts payable of the Company and its subsidiaries was Baht 28.80 million, a decrease of Baht 2.69 million or 8.54% decrease year-on-year due to decrease in quantity of inert gas used for mixing with NGV according to PTT's policy and decrease in inert gas price. As of 31 December 2017, other current payables of the Company and its subsidiaries was Baht 15.85 million, an increase of Baht 1.15 million or 7.84% increase year-on-year. This was mainly due to increase in accrued employee bonus, accrued office decoration expenses, and increase in audit fees.

As at 31 December 2018, trade accounts payable of the Company and its subsidiaries was Baht 16.99 million, a decrease of Baht 11.81 million or 41.00% about decrease as a result of the amount of inert gas used in the mix with NGV decreased, according to PTT's policy and lower inert gas prices also. For other current liability of the company and subsidiaries as at December 31, 2018 totaled of Baht 168.60 million an increased by Baht 152.75 million or increased by 963.72% compared to the previous year. mainly caused by the Company and its subsidiaries was there are more payable from the construction project of Mae Krating Power Plant, such as power plant construction payable. Payable for importing machinery etc.

Borrowings from financial institution

Borrowings from financial institution of the Company and its subsidiaries are for the purpose of investment in new projects or expansion of existing business. All borrowings are in Thai Baht currency.

Item	As of 31 December		
	2016	2017	2018
Borrowings due and payable within one year	14.04	54.68	114.50
Borrowings due and payable after one year, but not exceeding 5 years	56.25	41.57	138.32
Total borrowings from financial institution	70.29	96.25	252.82

As of 31 December 2017, net borrowings of the Company and its subsidiaries was Baht 96.25 million, an increase of Baht 25.96 million or 36.93% increase year-on-year due to short-term borrowings to be used as working capital.

As of 31 December 2018, net borrowings of the Company and its subsidiaries was Baht 252.82 million, an increase of Baht 156.57 million or 162.67% increase year-on-year due to short-term borrowings to be used as working capital.

1. Finance lease and hire purchase liabilities

Finance lease and hire purchase liabilities of the Company and its subsidiaries consists of financial lease payable and hire purchase payable for vehicles. As of 31 December 2016, 2017, and 2018, finance lease and hire purchase liabilities was equivalent to Baht 4.21 million, Baht 2.59 million, and Baht 1.51 million respectively.

As of 31 December 2017, finance lease and hire purchase liabilities of the Company and its subsidiaries was Baht 2.59 million, a decrease by Baht 1.62 million from that as of 31 December 2016 or 38.55% year-on-year decrease due to partial payment of liabilities under financial lease contract and hire-purchase contract.

As of 31 December 2018, finance lease and hire purchase liabilities of the Company and its subsidiaries was Baht 1.57 million, a decrease by Baht 1.02 million from that as of 31 December 2017 or 39.38% year-on-year decrease due to partial payment of liabilities under financial lease contract and hire-purchase contract.

2. Deferred tax liabilities

(Unit : Baht million)	As of 31 December		
	2016	2017	2018
Deferred tax liabilities			
- Difference in revenue recognition between accounting and tax in respect of revenue from financial lease contract	9.05	9.12	9.36
- Property, plant, and equipment	0.71	0.70	0.06
- Intangible assets	0.00	0.00	20.58
- Deferred interest expense	0.00	0.00	0.56
- Financial lease liabilities	0.03	0.03	0.01
Net	9.80	9.85	30.57

The Accounting Standards 12 regarding income taxes requires that Company and its subsidiaries record deferred tax assets and deferred tax liabilities under the financial statements by calculating temporary differences between carrying amount of assets and liabilities and tax base of assets and liabilities in order to calculate tax consequences. The Company and its subsidiaries have implemented such policy retrospectively in order to comply with this accounting standards.

As of 31 December 2017, deferred tax liabilities of the Company and its subsidiaries was Baht 9.85 million, a minor difference compared to that as of 31 December 2016.

As at December 31, 2018, deferred tax liability the Company and its subsidiaries was Baht 30.57 million. Changes from December 31, 2017, increased by Baht 20.72 million, representing an increase of 210.36%. The minimum wage for a company that has been from The Board of investment of Thailand who has been supported by the Board of Investment in 2019, with additional tax losses from the project of Mae Krating Power Plant and others.

Shareholders' Equity

Shareholders' equity of the Company and its subsidiaries consists of: 1) issued and paid-up share capital, 2) share premium on ordinary shares, 3) appropriated and unappropriated retained earnings, and 4) other components of shareholders' equity.

As at the end of year 2016, 2017, and 2018, shareholders' equity of the Company and its subsidiaries was equivalent to Baht 630.58 million, Baht 885.92 million, and Baht 1,019.52 million, the details of which are as set out below.

As of 31 December 2017, shareholders' equity of the Company and its subsidiaries increased by Baht 255.34 million or 40.49% from that as of 31 December 2016 due to the initial public offering (IPO). Consequently, the issued and paid-up capital of the Company increased by Baht 118.60 million to Baht 465 million and the share premium on ordinary shares was equivalent to Baht 297.62 million. In addition, unappropriated retained earnings of the Company and its subsidiaries decreased due to dividend payment. On 6 March 2017, the shareholders of the Company resolved to approve payment of dividend of Baht 0.3406 per share, totaling Baht 235.97 million. Such payment of dividend was in accordance with dividend policy of the Company.

As of 31 December 2018, shareholders' equity of the Company and its subsidiaries increased by Baht 133.60 million or 15.08% from that as of 31 December 2017 due to the company expanded a new business and then the company was purchasing power plants and other related businesses in 2018, causing the Company and its subsidiaries has a non-controlling interests from the previous year. In addition, the Company and its subsidiaries there is an increase in unappropriated retained earnings. Due to increased profitability in the year

Analysis on cash flows of the Company and its subsidiaries

(Unit : Baht million)	2016	2017	2018
Net cash from operating activities	74.23	165.10	28.89
Net cash from (used in) investing activities	(58.98)	(348.15)	(78.26)
Net cash from (used in) financing activities	(19.30)	196.26	150.84
Net increase (decrease) in cash and cash equivalents	(4.05)	13.22	101.47

1. Net cash from operating activities

As of 31 December 2016, 2017, and 2018, net cash from operating activities of the Company and its subsidiaries was equivalent to Baht 74.23 million, Baht 165.10 million, and Baht 28.89 million respectively.

As of 31 December 2016, net cash from operating activities of the Company and its subsidiaries was equivalent to Baht 74.23 million mainly due to decrease in trade account receivable from conversion from private limited company to public limited company and such conversion required change to the Gas Compression Contract with PTT which delayed the payment by PTT to the Company and its subsidiaries.

As of 31 December 2017, net cash from operating activities of the Company and its subsidiaries was equivalent to Baht 165.10 million mainly due to increase in operating profits of the Company and its subsidiaries and decrease in trade account receivable by Baht 65.49 million. Therefore, causing the Company and its subsidiaries to have more cash flow from operating activities than in the previous year.

As of 31 December 2018, net cash from operating activities of the Company and its subsidiaries was equivalent to Baht 28.89 million, a decreased by Baht 136.21 million or 82.50% from that as of 31 December 2017. Mainly due to the decrease in profits from the operations of the company and subsidiaries. also the increase in other receivables Which is other receivable from the Mae Krating Power Plant project that occurred end of year in 2018, which has already been followed up in early 2019

2. Net cash from investing activities

As of 31 December 2016, 2017, and 2018, net cash from (used in) investing activities of the Company and its subsidiaries was equivalent to Baht (58.98) million, Baht (348.15) million, Baht (78.26) million respectively, the details of which are set out below.

As of 31 December 2016, net cash used in investing activities of the Company and its subsidiaries was equivalent to Baht 58.98 million mainly due to purchase of net current investment of Baht 89.37 million as cash management in accordance with policy of the Company and its subsidiaries. In addition, during May 2016, the Company's subsidiary sold plot of land for consideration of Baht 32.19 million.

As of 31 December 2017, net cash used in investing activities of the Company and its subsidiaries was equivalent to Baht 348.15 million mainly due to increase in net current investment by Baht 327.41 million. The investment is in accordance with cash management policy of the Company and its subsidiaries. The significant

transaction during the year is proceeds from initial public offering (IPO) and cash paid for purchase of building and equipment, namely decoration expenses and new office supplies, construction of gas filling station (Trailer Bay) and improvement on electricity system and machinery to increase work efficiency.

As of 31 December 2018, net cash used in investing activities of the Company and its subsidiaries was equivalent to Baht 78.26 million mainly due to decrease in net current investment by Baht 361.78 million. Which comes from the company and its subsidiaries to use the current investment in new business for purchasing about land, buildings and equipment in the project between 2018 and the old projects that are still in operation as promised.

3. Net cash from financing activities

For the financial year ended 31 December 2016, 2017, and 2018, net cash from (used in) financing activities of the Company and its subsidiaries was Baht (19.30) million, Baht 196.26 million, and Baht 150.84 million respectively.

For the financial year ended 31 December 2016, net cash used in financing activities of the Company and its subsidiaries was Baht 19.30 million. The major financing activity was the partial repayment of loan from financial institution in the amount of Baht 13.52 million.

For the financial year ended 31 December 2017, net cash from financing activities of the Company and its subsidiaries was Baht 196.26 million as a result of cash receipt from initial public offering (IPO) . In addition, the Company and its subsidiaries paid dividend to shareholders in March 2017.

For the financial year ended 31 December 2018, net cash from financing activities of the Company and its subsidiaries was Baht 150.84 million as a result is additional cash received from short-term and long-term loans from financial institutions during end of year in 2018 to reserve for investment business activities in accordance with the policies of the Company and its subsidiaries.

Key Financial Ratio Analysis

1. Liquidity ratio

☐ Current ratio, quick ratio and cash flow liquidity ratio

As of 31 December 2016, the Company and its subsidiaries had current ratio of 4.05 times, quick ratio of 3.69 times, and cash flow liquidity ratio of 1.13 times. Current ratio and quick ratio as of 31 December 2016 had increased from those as of 31 December 2015 due to increase in current assets, decrease in current liabilities. The cash flow liquidity ratio had decreased due to increase in trade account payable.

For the financial year ended 31 December 2017, the Company and its subsidiaries had current ratio of 5.22 times, quick ratio of 5.02 times, and cash flow liquidity ratio of 2.04 times. Current ratio and quick ratio as of 31 December 2017 had increased from those as of 31 December 2016 due to increase in current investment from proceeds from initial public offering (IPO). The cash flow liquidity ratio had increased due to decrease in trade account payable.

For the financial year ended 31 December 2018, the Company and its subsidiaries had current ratio of 1.00 times, quick ratio of 0.77 times, and cash flow liquidity ratio of 0.14 times. Current ratio and quick ratio as of 31 December 2018 had decreased from those as of 31 December 2017 Due to the current investment that was reduced, for purchasing of assets for investment in new businesses, such as buildings, land, machinery and equipment. Therefore, causing the overall liquidity of the Company and its subsidiaries to decrease

□ Average collection period and average payment period

Item	31 December		
	2016	2017	2018
Average collection period (days)	91.31 ^{/1}	104.48 ^{/1}	60.20 ^{/1}
Average payment period (days)	57.45	57.07	44.12
Cash cycle (days)	33.85 ^{/1}	47.41 ^{/1}	9.61 ^{/1}

Remark: ^{/1} The Company has average lower collection period and cash cycle than normal, because the company has passed the crisis of converting from a limited company to be a public company in 2017. That has allowed the company to have measures to control the account receivable "PTT" for collection period. and the payment of trade account payables was balancing to be more balanced with a concise financial management plan Causing the Company and its subsidiaries to have a cash cycle in a lower period from the previous year.

The Company and its subsidiaries have average collection period as of 31 December 2016, 2017, and 2018 equivalent to 91.31 days, 104.48 days, and 60.20 days respectively. PTT has a credit term of 30 days from the receipt date of invoice and all other related documents and the invoice is sent to PTT on a monthly basis within 5th day of the subsequent month. Therefore, the average collection period of the Company is about 60 – 65 days. For the year 2017, the Company and its subsidiaries have longer average collection period due to conversion from private limited company to public limited company which required change to the contract with PTT. Such event caused a delay in payment of service fees from PTT to the Company and its subsidiaries.

The average payment period of the Company and its subsidiaries as of 31 December 2016, 2017, and 2018 is equivalent to 57.45 days, 57.07 days, and 44.12 days respectively. The average payment period of the group company ranges between 50 – 60 days for which the Company and its subsidiaries at a better level for payment period during 2016, 2017, and 2018.

Cash cycle of the Company and its subsidiaries in the year 2016, 2017, and 2018 is 33.85 days, 47.41 days, and 9.61 days respectively. Since 2017, the Company and its subsidiaries have a longer average collection period due to conversion from private limited company to public limited company which required change to the contract with PTT. Such event caused a delay in payment of service fees from PTT to the Company and its subsidiaries. As a result, cash cycle had significantly increased. However, after trade account receivable was paid by PTT, cash cycle is back to normal level.

2. Efficiency ratio

For the financial year ended 31 December 2016, 2017, and 2018, return on assets of the Company and its subsidiaries is equivalent to 17.98%, 8.20%, and 4.52% respectively. Return on fixed assets is equivalent to 24.78%, 18.29%, and 8.88% respectively. Assets turnover is equivalent to 0.58 times, 0.37 times, and 0.26 times respectively. Such ratios are in the lower order respectively. Because during the year 2018, the Company and its subsidiaries had lower operating results for the above reasons mentioned earlier. And another part reason is the Company and its subsidiaries are in the process of investing in the purchase of properties for using in the Mae Krating Power Plant Project and the sale of compressed Bio-methane gas (CBG). In 2018, according to the business plan The Company and its subsidiaries will begin sales activities since 2nd quarter 2019 from business planing.

2. Financial policy ratio

Interest coverage ratio

For the financial year ended 31 December 2016, 2017, and 2018, interest coverage ratio of the Company and its subsidiaries is equivalent to 19.12 times, 20.79 times, and 6.63 times respectively. As of 31 December 2018, interest coverage ratio of the Company and its subsidiaries is lower than normal due to cashflow from operating activities of the company was decreasing. Due to the increase in account receivables from new projects in the year 2018 that were not converted to be cash. In addition, the Company and its subsidiaries with a decrease in operating profit from 2018 also.

Debt to equity ratio

Sources of fund of the Company and its subsidiaries mainly consist of loan from financial institution and shareholders' equity. As of 31 December 2016, 2017, and 2018, debt to equity ratio of the Company and its subsidiaries is equivalent to 0.21%, 0.17% and 0.46% respectively.

For the financial year ended 31 December 2017, debt to equity ratio of the Company and its subsidiaries had decreased due to initial public offering during the end of the year.

For the financial year ended 31 December 2018, debt to equity ratio of the Company and its subsidiaries had increased due to total liability was increasing by Baht 317.34 million. Therefore causing the average proportion to increase significantly from the previous year

Factors which may affect operating performance and financial position in the future

1) Expiration of the Gas Compression Contracts with PTT

Since the contract term of the natural gas compression service contracts with PTT in respect of both stations, namely Pathum Thani Private Mother Station and Saraburi Private Mother Station is 20 years and the contracts will expire in 2029 and 2030 respectively. If such contracts expire and not being renewed, the Company's revenue may be affected. However, upon the end of the contract term of 20 years and if PTT does not negotiate for new contracts, the contract term in respect Pathum Thani Private Mother Station shall be automatically extended for another period of 1 – 5 years and the contract term in respect Saraburi Private Mother Station shall be automatically extended for another period of 2 years.

The Company is of the view that in the future NGV will still be in demand, given fuel is at a low price similar to present, and although there is a gap between price of NGV and fuel. However, NGV continues to be in demand for logistics industry, which will provide the Company with the opportunity to negotiate new contracts with PTT in the future, subject to consideration of PTT.

In respect of development of new business, the Company plan to operate in the business of producing and selling electricity using biomass as fuel with a capacity of 9.90 MW to sell electricity at the maximum amount of 8.00 MW of electricity to the Provincial Electricity Authority. Located in the area of Moo 3, Ban Mae Krating Subdistrict, Phai Ton District, Rong Kwang District, Phrae Province, on behalf of Mae Krating Power Company Limited, a subsidiary of Sakol Energy Public Company Limited. One more business is Business of producing and selling Compressed Bio-methane Gas with a capacity of 9,000 kg / day on behalf of RE Biofuel Company Limited, a subsidiary of the Company. By the bio-methane gas generating station (CBG) located in Chum Phuang district Both of these new businesses will commence operations with the expected revenue coming in the second quarter of 2019, which will create more revenue for the organization in the future.

Natural gas price versus regular gasoline price

The increase in world regular gasoline price is one of the factors which has generated interests for NGV from consumers as there is a significant price difference between NGV and regular gasoline. However, consumers are now increasingly turning backs on NGV as the price of regular gasoline becomes lower and the price of NGV becomes higher. If the demand for NGV decreases, future revenue of the Company shall be affected. However, the major consumers of NGV are freight and trucks, which still have more demand for NGV than regular gasoline due to lower costs, even though the price of regular gasoline becomes lower.

Fluctuation in service fees for natural gas compression from PTT

The service fees for natural gas compression collected from PTT consist of 2 main parts: (1) availability payment (AP), a fixed compensation for the whole period of the contract term, and (2) energy payment (EP), a variable compensation which varies each year based on electricity price, exchange rate, Consumer Price Index, and Road Freight Transport Index. Such variable will cause increase or decrease in the Company's operating results. The results of sensitivity analysis on revenue, costs of services, and net profits assuming circumstances where there are changes to electricity price, Consumer Price Index, and exchange rate are set out below.

Change to Electricity Price ^{1/}	Year 2018	Increase			Decrease		
		5%	10%	15%	-5%	-10%	-15%
Revenue from rendering of services	297.07	308.95	320.84	332.72	285.19	273.30	261.42
Cost of services	186.2	190.25	194.31	198.36	182.15	178.09	174.04
Net profits	63.6	71.43	79.26	87.08	55.77	47.94	40.12
Changes to net profits	-	12.31%	24.62%	36.92%	-12.31%	-24.62%	-36.92%

Change to Consumer Price Index ^{2/}	Year 2018	Increase			Decrease		
		5%	10%	15%	-5%	-10%	-15%
Revenue from rendering of services	297.07	299.30	301.53	303.75	294.84	292.61	290.39
Cost of services	186.2	187.25	188.30	189.35	185.15	184.10	183.05
Net profits	63.6	64.78	65.95	67.13	62.42	61.25	60.07
Changes to net profits	-	1.85%	3.70%	5.55%	-1.85%	-3.70%	-5.55%

Change to Exchange Rate ^{3/}	Year 2018	Increase			Decrease		
		5%	10%	15%	-5%	-10%	-15%
Revenue from rendering of services	297.07	297.81	298.56	299.30	296.33	295.58	294.84
Cost of services	186.2	186.20	186.20	186.20	186.20	186.20	186.20
Net profits	63.6	64.34	65.09	65.83	62.86	62.11	61.37
Changes to net profits	-	1.17%	2.34%	3.50%	-1.17%	-2.34%	-3.50%

Remarks^{1/} The calculation of energy payment (EP) under the formula uses electricity price of the previous year, i.e. electricity price in the year 2017 will be used for calculation of revenue from rendering of services in the year 2018. The changes in the above table is an increase/decrease of electricity price from the year 2017 according to the specified formula. The changes to electricity price, which affect cost of services under the table above, uses the actual electricity price in 2018 for calculation.

^{2/} The calculation of energy payment (EP) under the formula uses Consumer Price Index of the previous year, i.e. Consumer Price Index in the year 2016 will be used for calculation of revenue from rendering of services in the year 2018. The changes in the above table is an increase/decrease of Consumer Price Index from the year 2017 according to the specified formula. The changes to Consumer Price Index, which affect cost of services under the table above, uses only costs of employee salary for calculation.

^{3/} The calculation of energy payment (EP) under the formula uses exchange rate of the previous year, i.e. exchange rate in the year 2017 will be used for calculation of revenue from rendering of services in the year 2018. The changes in the above table is an increase/decrease of exchange rate from the year 2017 according to the specified formula. The changes to exchange rate, which affect cost of services under the table above, uses only costs of importing spare parts for calculation.

The above information indicates that electricity costs is a major variable. An increase or decrease in electricity costs will have the most impact to operating performance of the Company, compared to changes in Consumer Price Index or exchange rate. An increase in costs of services in the current year (t) will not be

reflected in revenue from rendering of service in the current year (t), but such variable costs will be reflected in revenue from rendering of service in the following year (t+1) in respect of Energy Payment as calculated under the formula for calculating natural gas compression service fees. Therefore, fluctuation in service fees due to variable factor will not have significant impact on the Company's operating results in the long-run.

Road Freight Transport Index, which affects only revenue from improvement of natural gas quality, will not affect cost of service or gross profits because the Company uses the same formula in calculating cost of purchasing inert gas and revenue from PTT.

However, the Company records availability payment, which is part of the revenue from providing natural gas compression service to PTT and a fixed compensation for the whole contract term with no fluctuation based on other variables.

Sakol Energy Public Company Limited
and its Subsidiaries

Financial statement for the year ended

31 December 2018

and

Independent Auditor's Report



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Independent Auditor's Report

To the Shareholders of Sakol Energy Public Company Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



(Sakda Kaothanthong)
Certified Public Accountant
Registration No. 4628

KPMG Phoomchai Audit Ltd.
Bangkok
22 February 2019

Sakol Energy Public Company Limited and its subsidiaries**Statement of financial position**

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2018	2017	2018	2017
		(Baht)			
Current assets					
Cash and cash equivalents	6	123,253,757	21,784,847	79,376,882	21,560,870
Current investments	7	65,522,474	425,397,906	12,958,954	393,570,060
Trade account receivable	8	42,141,896	57,266,248	42,141,896	57,266,248
Current portion of financial lease receivable	10	17,593,351	16,703,019	17,593,351	16,703,019
Other receivables	5, 9	47,180,928	1,653,209	11,204,978	1,618,111
Current portion of long-term loans to related parties	5	-	-	1,217,046	-
Short-term loans to related party	5	-	-	16,000,000	-
Short-term loans to other party		2,300,000	-	-	-
Current spare parts and supplies		2,317,791	1,261,144	2,317,791	1,261,144
Total current assets		300,310,197	524,066,373	182,810,898	491,979,452
Non-current assets					
Deposits at financial institutions with restrictions on withdrawal	28	17,399,074	-	15,599,074	-
Investments in subsidiaries	11	-	-	507,839,400	201,999,400
Financial lease receivable	10	198,662,236	210,607,323	198,662,236	210,607,323
Long-term loans to related parties	5	-	-	155,782,954	-
Non-current spare parts and supplies		2,490,568	1,484,198	2,490,568	1,484,198
Investment properties	12	171,617,614	171,617,614	-	-
Property, plant and equipment	13	676,296,057	128,309,598	128,941,123	128,309,598
Intangible asset	4	116,056,719	3,886,347	4,873,460	3,886,347
Goodwill	4, 14	8,077,363	-	-	-
Other non-current assets		982,916	982,316	982,316	982,316
Total non-current assets		1,191,582,547	516,887,396	1,015,171,131	547,269,182
Total assets		1,491,892,744	1,040,953,769	1,197,982,029	1,039,248,634

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

Sakol Energy Public Company Limited and its subsidiaries**Statement of financial position**

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

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

Sakol Energy Public Company Limited and its subsidiaries**Statement of financial position**

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

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

Sakol Energy Public Company Limited and its subsidiaries**Statement of income**

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

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

Sakol Energy Public Company Limited and its subsidiaries**Statement of comprehensive income**

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

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

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

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

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

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

Consolidated financial statements									
	Note	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Equity attributable to owners of the parent	Non-controlling interests	Total equity	
				Legal reserve	Unappropriated				
									(Bath)
Year ended 31 December 2018									
Balance at 1 January 2018		465,000,000	297,618,600	26,000,000	96,401,183	904,738	885,924,521	-	885,924,521
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests through business combination	4	-	-	-	-	-	-	21,350,086	21,350,086
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	-	54,960,000	54,960,000
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	76,310,086	76,310,086
Comprehensive income for the year									
Profit		-	-	-	58,780,073	-	58,780,073	(1,487,597)	57,292,476
Other comprehensive income		-	-	-	-	(6,820)	(6,820)	158	(6,662)
Total comprehensive income for the year		-	-	-	58,780,073	(6,820)	58,773,253	(1,487,439)	57,285,814
Transfer to legal reserve									
Balance at 31 December 2018	19	465,000,000	297,618,600	3,300,000	151,881,256	-	944,697,774	74,822,647	1,019,520,421

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

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

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

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

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

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

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

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Sakol Energy Public Company Limited and its subsidiaries**Statement of cash flows**

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

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

Sakol Energy Public Company Limited and its subsidiaries**Statement of cash flows**

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

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

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

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

These notes form an integral part of the financial statements.

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

1 General Information

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

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

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

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

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

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

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

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

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

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

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

(b) Basis of measurement

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

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

(c) Functional and presentation currency

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

(d) Use of judgements and estimates

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

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

(i) Judgements

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

(ii) Assumptions and estimation uncertainties

Measurement of fair values

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

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

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

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

Significant valuation issues are reported to the Group's Audit Committee.

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

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

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

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

- | | |
|----------------------------------|-------------------------|
| <input type="checkbox"/> Note 4 | Acquisition of business |
| <input type="checkbox"/> Note 12 | Investment property |
| <input type="checkbox"/> Note 27 | Financial instruments |

3 Significant accounting policies

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

(a) Basis of consolidation

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

Business combinations

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

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

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

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

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

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

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

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

Subsidiaries

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

Non-controlling interests

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

Transactions eliminated on consolidation

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

(b) Foreign currency transactions

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

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

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

(c) Cash and cash equivalents

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

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

(d) Trade account receivable and other receivable

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

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

(e) Financial lease receivables

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

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

(f) Spare parts and supplies

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

(g) Investments

Investments in subsidiaries

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

Investments in debt and equity securities

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

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

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

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

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

Disposal of investments

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

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

(h) Investment properties

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

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

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

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

(i) Property, plant and equipment

Recognition and measurement

Owned assets

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

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

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

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

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

Leased assets

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

Subsequent costs

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

Depreciation

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

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

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

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

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

(j) Intangible asset

Goodwill

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

Other intangible assets

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

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Subsequent expenditure

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

Amortization

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

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

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

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

(k) Impairment

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

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

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

Calculation of recoverable amount

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

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

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Reversals of impairment

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

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

(l) Interest-bearing liabilities

Interest-bearing liabilities are recognized initially at cost.

(m) Trade accounts payable and other payables

Trade accounts payable and other payables are stated at cost.

(n) Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

Termination benefits

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

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Short-term employee benefits

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

(o) Provisions

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

(p) Revenue

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

Rendering of services

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

Revenue from financial leases

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

Rental income

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

Interest income and other income

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

(q) Finance costs

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

(r) Lease payments

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

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

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Determining whether an arrangement contains a lease

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

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

(s) Income tax

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

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

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

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

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

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

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

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

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

(t) Earnings per share

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

(u) Segment reporting

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

4 Acquisitions of business

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

(a) RE BioFuels Company Limited

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

Management believes the acquisition will expand a renewable energy business.

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

Identifiable assets acquired and liabilities assumed

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

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

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

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

Goodwill

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

Acquisition-related costs

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

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

(b) Mae Krating Power Co., Ltd.

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

Management believes the acquisition will expand a renewable energy business.

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

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Identifiable assets acquired and liabilities assumed

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

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

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

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

Acquisition-related costs

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

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

5 Related parties

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

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Relationships with subsidiaries, key management and other related parties were as follows:

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

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

Transactions	Pricing policies
Management income	Contractual rates
Rental and utility income	Contractual rates
Interest income	Contractual rates
Other service income	Contractual rates
Other income	Contractual rates
Rental expense	Contractual rates
Other service expense	Contractual rates

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

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

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

<i>Other receivables from related party</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Other related party				
Transuwan Company Limited	25	30	25	30
Short-term loans to related party				
Subsidiary				
Mae Krating Power Company Limited	-	-	16,000	-

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

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

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

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

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

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

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

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

Guarantees

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

Sakol Energy Public Company Limited and its subsidiaries
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6 Cash and cash equivalents

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

7 Current investments

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

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

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

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

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

8 Trade account receivable

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

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

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

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9 Other receivables

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

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10 Financial lease receivable

	Consolidated/ Separate financial statements					
	Within one year		After one year but within five years		After five years	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Financial lease receivable	37,320	37,321	126,690	126,690	190,850	222,522
Less deferred interest income	(19,727)	(20,618)	(68,119)	(72,664)	(50,758)	(65,941)
Net	17,593	16,703	58,571	54,026	140,092	156,581
					216,256	227,310

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.

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11 Investments in subsidiaries

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

Acquisition of subsidiaries and increase in share capital of subsidiaries

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

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

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Investments in subsidiaries as at 31 December 2018 and 2017 and dividend income from those investments for the years then ended, were as follows:

	Type of business	Ownership interest		Separate financial statements			Cost		Dividend income	
		2018	2017	Paid share capital			2018	2017	2018	2017
		99.99	99.99	2018	2017	2018	2018	2017	2018	2017
Subsidiaries										
SK15 Company Limited	Rental of property	99.99	99.99	140,000	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	61,999	-	-
RE Biofuels Company Limited	Production and distribution of compressed bio-methane gas	75.00	-	15,000	-	20,000	-	-	-	-
Mae Krating Power Company Limited	Production and distribution of electricity	80.00	-	282,300	-	285,840	-	-	-	-
Total				499,300	202,000	507,839	201,999	201,999	-	-

All 4 subsidiaries were incorporated in Thailand.

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

Sakol Energy Public Company Limited and its subsidiaries**Notes to the financial statements****For the year ended 31 December 2018****12 Investment properties**

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

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

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

Measurement of fair value

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

Security

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

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13 Property, plant, and equipment

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

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	Consolidated financial statements						
	Land	Buildings and constructions	Machinery and equipment	Electrical System	Tools	Furniture, fixtures and office equipment	Total
						(in thousand Baht)	
<i>Net book value</i>							
At 1 January 2017							
Owned assets	238,130	6,018	16,671	538	413	2,336	267,377
Assets under finance leases	-	-	-	-	-	-	6,042
	238,130	6,018	16,671	538	413	2,336	273,419
At 31 December 2017 and 1 January 2018							
Owned assets	78,634	5,693	18,030	1,982	324	10,707	123,518
Assets under finance leases	-	-	-	-	-	-	4,792
	78,634	5,693	18,030	1,982	324	10,707	128,310
At 31 December 2018							
Owned assets	80,334	28,782	18,612	6,789	943	9,000	674,593
Assets under finance leases	-	-	-	-	-	-	1,703
	80,334	28,782	18,612	6,789	943	9,000	676,296

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For the year ended 31 December 2018

	Separate financial statements						
	Land	Buildings and constructions	Machinery and equipment	Electrical System	Tools and office equipment (in thousand Baht)	Vehicles	Assets under construction
Cost							Total
At 1 January 2017	78,634	8,137	21,071	634	2,319	16,037	938
Additions	-	-	202	-	93	-	17,081
Disposal	-	-	(120)	-	(93)	-	(131)
Transfer	-	92	2,449	1,587	-	-	(10,674)
At 31 December 2017 and 1 January 2018	78,634	8,229	23,602	2,221	2,319	16,037	7,214
Additions	-	845	-	-	332	51	7,264
Disposal	-	-	-	-	(27)	-	-
Transfer	-	12,438	2,040	-	-	-	(14,478)
At 31 December 2018	78,634	21,512	25,642	2,221	2,624	16,088	165,005
Depreciation							
At 1 January 2017	-	2,119	4,400	96	1,906	7,662	-
Depreciation charge for the year	-	417	1,203	143	181	2,649	-
Disposal	-	-	(31)	-	(92)	-	-
At 31 December 2017 and 1 January 2018	-	2,536	5,572	239	1,995	10,311	-
Depreciation charge for the year	-	1,209	1,458	222	154	2,543	-
Disposal	-	-	-	-	(27)	-	-
At 31 December 2018	-	3,745	7,030	461	2,122	12,854	-
							36,064

**Net book value
At 1 January 2017**

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

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

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

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For the year ended 31 December 2018

14 Goodwill

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

Impairment test of book value of goodwill

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

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

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

Discount rate

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

Terminal value growth rate

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

Budgeted earnings before interest, income tax, depreciation and amortization

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

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

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For the year ended 31 December 2018

15 Interest-bearing liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Finance lease and hire purchase liabilities

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

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

16 Other payables

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

17 Deferred tax liabilities

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

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Movements in deferred tax liabilities during the year were as follows:

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

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

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

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

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

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

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

18 Share capital

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

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Ordinary shares offering

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

Share premium

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

19 Reserves

Appropriations of profit and/or retained earnings

Legal reserve

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

Other components of equity

Fair value changes in available-for-sale investments

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

20 Segment information

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

Segment 1	Natural gas compression service
Segment 2	Others

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

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

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Information about reportable segments

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

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Geographical segments

The Group is managed and operates only in Thailand. There are no revenues derived from, or assets located in, foreign countries.

Major customer

Revenue from one customer of the Group's segment 1 represents approximately Baht 317.69 million (2017: Baht 331.58 million) of the Group's total revenues.

21 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Salaries and wages	36,614	34,400	34,526	34,400
Defined contribution plans	1,679	1,067	1,645	1,067
Defined benefit plans	274	349	274	349
Others	6,242	4,739	6,033	4,739
Total	44,809	40,555	42,478	40,555

Defined benefit plan

The Group operates a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 15% of their basic salaries and by the Group at rates ranging from 4% to 7% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

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22 Expenses by nature

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

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

23 Income tax

Income tax recognized in profit or loss

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

Reconciliation of effective tax rate

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

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

24 Promotional privileges

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

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

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

Summary of revenue from promoted and non-promoted businesses:

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

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	Separate financial statements					
	2018			2017		
	Promoted business	Non- promoted business	Total (in thousand Baht)	Promoted business	Non- promoted business	Total
Total revenue	134,612	190,179	324,791	287,074	46,069	333,143

25 Basic earnings per share

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

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

26 Dividends

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

27 Financial instruments

Financial risk management policies

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

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

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Capital management

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

Interest rate risk

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

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

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

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

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

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

Credit risk

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

Liquidity risk

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

Carrying amount and fair values

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

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

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

28 Commitments with non-related parties

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

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

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

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

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

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

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

29 Events after the reporting period

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

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

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

30 Financial reporting standards not yet adopted

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

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

* TFRS - Financial instruments standards

(a) TFRS 15 Revenue from Contracts with Customers

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

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

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(b) TFRS - Financial instruments standards

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

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

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