

Sermsang Power Corporation Public Company Limited
and its subsidiaries
Review report and consolidated interim financial statements
30 September 2018

Independent Auditor's Report on Review of Interim Financial Information

To the shareholders of Sermsang Power Corporation Public Company Limited

I have reviewed the accompanying consolidated statements of financial position of Sermsang Power Corporation Public Company Limited and its subsidiaries as at 30 September 2018, the related consolidated statements of comprehensive income for the three-month and nine-month period ended 30 September 2018, and the consolidated statement of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Sermsang Power Corporation Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Emphasis of matter

I draw attention to Note 2 and Note 3 to the financial statements regarding the change in accounting policy for investments in subsidiaries from the cost method to the equity method applied to the separate financial statements. The Company has restated the 2017 financial statements to reflect this change. My conclusion is not qualified in respect of this matter.

Sirikorn Plernpissiri

Certified Public Accountant (Thailand) No. 5234

EY Office Limited

Bangkok: 14 November 2018

Sernsang Power Corporation Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited) (Reclassified)	(Unaudited but reviewed)	(Audited) (Restated)
Assets					
Current assets					
Cash and cash equivalents	5	1,660,797	1,411,243	660,158	699,494
Short-term restricted bank deposits	5	200,112	192,149	-	-
Trade and other receivables	4, 6	474,863	151,364	128,793	93,263
Short-term loans to related parties	4	-	-	309,047	302,997
Other current assets		47,621	45,729	-	-
Total current assets		2,383,393	1,800,485	1,097,998	1,095,754
Non-current assets					
Long-term restricted bank deposits	7	109,211	-	15,011	-
Revenue department receivable		242,964	246,378	1,668	2,205
Long-term loans to related parties	4	-	-	1,836,505	1,162,004
Investments in subsidiaries	8	-	-	1,808,709	1,505,229
Property, plant and equipment	9	7,582,223	5,427,213	1,054	1,124
Intangible assets	10	717,355	654,207	54	66
Prepaid rent		131,940	141,003	-	-
Deferred tax assets	12	434	293	160	96
Other non-current assets		14,906	264	-	-
Total non-current assets		8,799,033	6,469,358	3,663,161	2,670,724
Total assets		11,182,426	8,269,843	4,761,159	3,766,478

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

Sernsang Power Corporation Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited) (Reclassified)	(Unaudited but reviewed)	(Audited) (Restated)
Liabilities and shareholders' equity					
Current liabilities					
Trade payables and other payables		296,279	256,696	30,292	27,162
Short-term loans from related parties	4	-	-	129,968	147,580
Share acquisition payable to subsidiary's existing shareholders		212,598	-	-	-
Retention payable		4,298	4,036	-	-
Current portion of liabilities under finance lease agreements		-	70	-	-
Current portion of long-term loans	11	492,868	510,313	-	-
Other current liabilities		27,760	11,410	1,908	1,820
Total current liabilities		1,033,803	782,525	162,168	176,562
Non-current liabilities					
Long-term loans - net of current portion	11	6,416,744	4,061,676	780,219	-
Other non-current liabilities		4,591	3,973	802	479
Loss in excess of cost over investments accounted for under equity method in investments in subsidiaries	8	-	-	356,791	281,607
Total non-current liabilities		6,421,335	4,065,649	1,137,812	282,086
Total liabilities		7,455,138	4,848,174	1,299,980	458,648

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

Sernsang Power Corporation Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited) (Reclassified)	(Unaudited but reviewed)	(Audited) (Restated)
Shareholders' equity					
Share capital					
Registered					
		922,000	922,000	922,000	922,000
Issued and fully paid up					
		922,000	922,000	922,000	922,000
		1,511,210	1,511,210	1,511,210	1,511,210
		33,098	33,098	33,098	33,098
Retained earnings					
	13	40,714	40,714	40,714	40,714
		1,003,956	814,990	1,003,956	814,990
		(49,799)	(14,182)	(49,799)	(14,182)
		3,461,179	3,307,830	3,461,179	3,307,830
		266,109	113,839	-	-
		3,727,288	3,421,669	3,461,179	3,307,830
		11,182,426	8,269,843	4,761,159	3,766,478

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

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Directors
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Statement of comprehensive income

For the three-month period ended 30 September 2018

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
				(Restated)
Revenues				
Sales	150,336	72,173	-	-
Subsidy for adder	141,101	145,997	-	-
Service income	-	-	7,250	9,000
Other income	1,382	502	9,885	18,697
Total revenues	292,819	218,672	17,135	27,697
Expenses				
Cost of sales	87,961	42,132	-	-
Administrative expenses	46,626	71,352	15,747	7,511
Total expenses	134,587	113,484	15,747	7,511
Profit before share of profit from investment				
in subsidiaries, finance cost and income tax expense	158,232	105,188	1,388	20,186
Share of profit from investment in subsidiaries	8.2	-	-	123,188
Profit before finance cost and income tax expenses	158,232	105,188	124,576	80,885
Finance cost	41,446	43,846	6,104	18,750
Profit before income tax expenses	116,786	61,342	118,472	62,135
Income tax revenue (expense)	12	(347)	(8,018)	21
Profit for the periods	116,439	53,324	118,493	54,104
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	(79,521)	(4,986)	(67,322)	(3,365)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial loss - net of income tax	-	-	-	-
Other comprehensive income (loss) for the periods	(79,521)	(4,986)	(67,322)	(3,365)
Total comprehensive income for the periods	36,918	48,338	51,171	50,739
Profit attributable to:				
Equity holders of the Company	118,493	54,104	118,493	54,104
Non-controlling interests of the subsidiaries	(2,054)	(780)		
	116,439	53,324		

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

Statement of comprehensive income (continued)

For the three-month period ended 30 September 2018

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
				(Restated)
Comprehensive income attributable to:				
Equity holders of the Company	51,171	50,739	51,171	50,739
Non-controlling interests of the subsidiaries	(14,253)	(2,401)		
	<u>36,918</u>	<u>48,338</u>		
Earnings per share				
Basic earnings per share	16			
Profit attributable to equity holders of the Company (Baht per share)	<u>0.13</u>	<u>0.08</u>	<u>0.13</u>	<u>0.08</u>
Weighted average number of ordinary shares (shares)	<u>922,000,000</u>	<u>707,100,066</u>	<u>922,000,000</u>	<u>707,100,066</u>

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

Statement of comprehensive income

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
					(Restated)
Revenues					
Sales		385,693	216,509	-	-
Subsidy for adder		426,119	449,536	-	-
Service income		-	-	21,750	27,000
Other income		4,839	2,111	26,963	44,019
Total revenues		816,651	668,156	48,713	71,019
Expenses					
Cost of sales		221,819	125,462	-	-
Administrative expenses		113,229	148,852	44,445	30,949
Total expenses		335,048	274,314	44,445	30,949
Profit before share of profit from investments					
in subsidiaries, finance cost and income tax expenses		481,603	393,842	4,268	40,070
Share of profit from investments in subsidiaries	8.2	-	-	383,714	278,360
Profit before finance cost and income tax expenses		481,603	393,842	387,982	318,430
Finance cost		103,767	121,200	10,221	43,416
Profit before income tax expenses		377,836	272,642	377,761	275,014
Income tax revenue (expense)	12	(370)	(7,985)	64	(7,990)
Profit for the periods		377,466	264,657	377,825	267,024
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		(44,833)	(8,736)	(35,617)	(6,065)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss - net of income tax		-	-	-	-
Other comprehensive income (loss) for the periods		(44,833)	(8,736)	(35,617)	(6,065)
Total comprehensive income for the periods		332,633	255,921	342,208	260,959
Profit attributable to:					
Equity holders of the Company		377,825	267,024	377,825	267,024
Non-controlling interests of the subsidiaries		(359)	(2,367)		
		377,466	264,657		

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

Statement of comprehensive income (continued)

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
				(Restated)
Comprehensive income attributable to:				
Equity holders of the Company	342,208	260,959	342,208	260,959
Non-controlling interests of the subsidiaries	(9,575)	(5,038)		
	<u>332,633</u>	<u>255,921</u>		
Earnings per share				
Basic earnings per share	16			
Profit attributable to equity holders of the Company (Baht per share)	<u>0.41</u>	<u>0.38</u>	<u>0.41</u>	<u>0.38</u>
Weighted average number of ordinary shares (shares)	<u>922,000,000</u>	<u>696,790,590</u>	<u>922,000,000</u>	<u>696,790,590</u>

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

Sermuang Power Corporation Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the nine-month period ended 30 September 2018

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
	Note	Retained earnings				Other components shareholder's of equity					Total equity attributable to owners of the company	Non-controlling interest of subsidiaries	Total shareholder's equity
		Issued and paid-up share capital	Share premium	Surplus on business combination under common control	Statutory reserve	Unappropriated Retained earnings	Other comprehensive income			Total other components of shareholder's equity			
							Exchange differences on translation of financial statements in foreign currency	Actuarial loss					
Balance as at 31 December 2016		690,875	-	33,098	-	515,872	2,301	(527)		1,774	1,241,619	55,190	1,296,809
Increase in share capital		231,125	1,511,210	-	-	-	-	-	-	-	1,742,335	-	1,742,335
Profit for the period		-	-	-	-	267,024	-	-	-	-	267,024	(2,367)	264,657
Other comprehensive income for the period		-	-	-	-	-	(6,065)	-	-	(6,065)	(6,065)	(2,671)	(8,736)
Total comprehensive income for the period		-	-	-	-	267,024	(6,065)	-	-	(6,065)	260,959	(5,038)	255,921
Statutory reserve	13	-	-	-	24,719	(24,719)	-	-	-	-	-	-	-
Non-controlling interests of the subsidiaries		-	-	-	-	-	-	-	-	-	-	16,523	16,523
Balance as at 30 September 2017		<u>922,000</u>	<u>1,511,210</u>	<u>33,098</u>	<u>24,719</u>	<u>758,177</u>	<u>(3,764)</u>	<u>(527)</u>	<u>(4,291)</u>	<u>3,244,913</u>	<u>66,675</u>	<u>3,311,588</u>	
Balance as at 31 December 2017		922,000	1,511,210	33,098	40,714	814,990	(13,856)	(326)	(14,182)	3,307,830	113,839	3,421,669	
Profit for the period		-	-	-	-	377,825	-	-	-	377,825	(359)	377,466	
Other comprehensive income for the period		-	-	-	-	-	(35,617)	-	(35,617)	(35,617)	(9,216)	(44,833)	
Total comprehensive income for the period		-	-	-	-	377,825	(35,617)	-	(35,617)	342,208	(9,575)	332,633	
Dividend payment	14	-	-	-	-	(188,859)	-	-	-	(188,859)	-	(188,859)	
Non-controlling interests of the subsidiaries		-	-	-	-	-	-	-	-	-	161,845	161,845	
Balance as at 30 September 2018		<u>922,000</u>	<u>1,511,210</u>	<u>33,098</u>	<u>40,714</u>	<u>1,003,956</u>	<u>(49,473)</u>	<u>(326)</u>	<u>(49,799)</u>	<u>3,461,179</u>	<u>266,109</u>	<u>3,727,288</u>	

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

(Unaudited but reviewed)

Sermuang Power Corporation Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

Separate financial statements

Note	Separate financial statements						Other components of shareholders' equity			Total shareholders' equity
	Issued and paid up share capital	Share premium	Surplus on business combination under common control	Retained earnings		Other comprehensive income		Total other components of shareholders' equity		
				Appropriated	Unappropriated	Exchange difference on translation of financial statement in foreign currency	Actuarial loss			
Balance as at 31 December 2016 - as previously reported	690,875	-	-	-	489,687	-	(315)	(315)	1,180,247	
Cumulative effect of change in accounting policy	3	-	33,098	-	26,184	2,301	(212)	2,089	61,371	
Balance as at 31 December 2016 - as restated	690,875	-	33,098	-	515,871	2,301	(527)	1,774	1,241,618	
Increase in share capital	231,125	1,511,210	-	-	-	-	-	-	1,742,335	
Profit for the period (restated)	-	-	-	-	267,024	-	-	-	267,024	
Other comprehensive income for the period	-	-	-	-	-	(6,065)	-	(6,065)	(6,065)	
Total comprehensive income for the period	-	-	-	-	267,024	(6,065)	-	(6,065)	260,959	
Statutory reserve	13	-	-	24,719	(24,719)	-	-	-	-	
Balance as at 30 September 2017	922,000	1,511,210	33,098	24,719	758,176	(3,764)	(527)	(4,291)	3,244,912	
Balance as at 31 December 2017 - as previously reported	922,000	1,511,210	-	40,714	768,857	-	16	16	3,242,797	
Cumulative effect of change in accounting policy	3	-	33,098	-	46,133	(13,856)	(342)	(14,198)	65,033	
Balance as at 31 December 2017 - as restated	922,000	1,511,210	33,098	40,714	814,990	(13,856)	(326)	(14,182)	3,307,830	
Profit for the period	-	-	-	-	377,825	-	-	-	377,825	
Other comprehensive income for the period	-	-	-	-	-	(35,617)	-	(35,617)	(35,617)	
Total comprehensive income for the period	-	-	-	-	377,825	(35,617)	-	(35,617)	342,208	
Dividend payment	14	-	-	-	(188,859)	-	-	-	(188,859)	
Balance as at 30 September 2018	922,000	1,511,210	33,098	40,714	1,003,956	(49,473)	(326)	(49,799)	3,461,179	

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

Cash flow statement

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017 (Reclassified)	2018	2017 (Restated)
Cash flows from operating activities				
Profit before tax	377,836	272,642	377,761	275,014
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	148,993	89,407	154	142
Long-term employee benefits	708	488	323	308
Share of profit from investments in subsidiaries	-	-	(383,714)	(278,360)
Unrealised loss (gain) on exchange rate	12,376	(258)	-	-
Interest income	(3,369)	(765)	(26,923)	(43,803)
Finance cost	103,767	121,200	10,221	43,416
Profit (loss) from operating activities before changes in operating assets and liabilities	640,311	482,714	(22,178)	(3,283)
Operating assets (increase) decrease				
Trade and other receivables	(322,660)	(6,810)	(9,377)	(10,010)
Other current assets	(1,892)	(110,767)	-	(2,323)
Revenue Department receivable	1,953	(72,346)	537	-
Non-current assets	(5,580)	(146,931)	-	-
Increase (decrease) in operating liabilities				
Trade payables and other payables	39,583	7,549	1,047	2,316
Share acquisition payable to subsidiary's existing shareholders	212,598	-	-	-
Retention payable	262	(631)	-	-
Other current liabilities	1,201	3,780	88	564
Other non-current liabilities	(89)	(89)	-	-
Cash flows from (used in) operating activities	565,687	156,469	(29,883)	(12,736)
Cash paid for income tax	(1,351)	(579)	(629)	(541)
Net cash flows from (used in) operating activities	564,336	155,890	(30,512)	(13,277)

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

Cash flow statement (continued)

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
		(Reclassified)		(Restated)
Cash flows from investing activities				
Short-term restricted bank deposits	(7,963)	(17,977)	-	-
Long-term restricted bank deposits	(109,211)	-	(15,011)	-
Short-term loans to related parties	-	-	(6,050)	(8,667)
Long-term loans to related parties	-	-	(674,501)	(626,324)
Investment in subsidiaries	-	-	(200)	(87,320)
Dividend income from investment	-	-	120,000	245,000
Acquisition of property, plant and equipment	(2,310,709)	(1,352,667)	(72)	(65)
Acquisition of intangible assets	(80,103)	(160,150)	-	(12)
Government grants	15,148	148,214	-	-
Interest income	3,369	765	1,400	237
Non-controlling interest of the subsidiaries	161,845	16,523	-	-
Net cash flows used in investing activities	(2,327,624)	(1,365,292)	(574,434)	(477,151)
Cash flows from financing activities				
Short-term loans from related parties	-	(117)	(17,612)	50,221
Liabilities under finance lease agreements	(70)	(1,328)	-	-
Cash received from long-term loans	2,973,825	1,765,332	800,000	270,000
Payment of long-term loans	(435,536)	(979,747)	-	(715,000)
Proceeds from increase in share capital	-	1,774,638	-	1,774,638
Cash paid for direct costs related to share offering	-	(5,428)	-	(5,428)
Dividend payment	(188,859)	-	(188,859)	-
Payment of interest expense and bank fee	(300,132)	(222,767)	(27,919)	(32,562)
Net cash flows from financing activities	2,049,228	2,330,583	565,610	1,341,869
Translation adjustments	(36,386)	921	-	-
Net increase (decrease) in cash and cash equivalents	249,554	1,122,102	(39,336)	851,441
Cash and cash equivalents at beginning of period	1,411,243	367,356	699,494	95,893
Cash and cash equivalents at end of period	1,660,797	1,489,458	660,158	947,334
	-	-	-	-

Supplemental cash flow information

Non-cash transactions

Increase in fixed assets by replacement	633	357	-	-
Interest expenses record to cost of property and equipment	36,779	33,946	-	-
Payables for direct costs related to the share offering	-	34,926	-	34,926
Advance paid to subsidiary's existing shareholders	244,861	-	-	-
Share acquisition payable to subsidiary's former shareholders	212,598	-	-	-

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

Sermsang Power Corporation Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the three-month and nine-month periods ended 30 September 2018

1. General information

1.1 Corporate information

Sermsang Power Corporation Public Company Limited (“the Company”) is a company limited incorporated under Thai Laws on 16 June 2015 and domiciled in Thailand. The major shareholder of the Company is a group of ordinary persons in the same family (“the group of major shareholders”) by directly held by their names or held through the company (which its major shareholders were such group persons). The Company is principally engaged in investment, consultancy and provision of services for the power business to related parties. The registered office is at 325/14, Lan Luang Road, Si Yaek Mahanak, Dusit, Bangkok.

In January 2017, the Company was transformed from a limited company to be a public company limited and changed its name from "Sermsang Power Corporation Company Limited." to "Sermsang Power Corporation Public Company Limited".

The Market of Alternative Investment (mai) has approved the listing of the ordinary shares of the Company as securities on the mai, to be traded from 27 September 2017.

1.2 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

1.3 Basis of preparation of the interim consolidated financial statements

The interim consolidated financial statements include the financial statements of Sernsang Power Corporation Public Company Limited (“the Company”) and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statement for the year ended 31 December 2017. During the period, there was no change in the composition of group.

Subsidiary companies	Nature of business	Country of incorporation	Percentage of shareholding	
			30 September 2018 (Percentage)	31 December 2017 (Percentage)
<u>Subsidiary companies which directly held by the Company</u>				
Serm Sang Palang Ngan Company Limited	Production and distribution of electricity	Thailand	100	100
Sernsang Corporation Company Limited	Production and distribution of electricity	Thailand	100	100
Sernsang International Company Limited	Investment and consultancy	Thailand	100	100
Access Energy Company Limited	Investment and consultancy	Thailand	100	100
Essential Power Company Limited	Production and distribution of electricity	Thailand	100	100
Sernsang Solar Company Limited	Production and distribution of electricity	Thailand	100	100
Siam Renewable Power Company Limited	Production and distribution of electricity	Thailand	100	100
Plus Energy Company Limited	Production and distribution of electricity	Thailand	100	100
Sernsang Infinite Company Limited	Production and distribution of electricity	Thailand	100	100
Siam Clean Solutions Company Limited	Production and distribution of electricity	Thailand	100	100
Prestige Group Company Limited	Production and distribution of electricity	Thailand	100	100
Triple P Renewable Company Limited	Production and distribution of electricity	Thailand	100	100
<u>Subsidiary companies which indirectly held by the Company</u>				
S. Global Power Limited	Investment and consultancy	Hong Kong	100	100
Surge Energy Corporation Limited	Investment and consultancy	Hong Kong	100	100
Access C Management Limited	Investment and consultancy	Hong Kong	100	100
Seijo Corporation	Investment and consultancy	Japan	100	100
SS Hidaka No Mori GK	Production and distribution of electricity	Japan	87	87
GK GSSE	Production and distribution of electricity	Japan	90	90
Zouen Energy GK	Production and distribution of electricity	Japan	100	100
Sernsang Sustainable Singapore Private Limited	Investment and consultancy	Singapore	100	100
Ashita Power 1 GK	Production and distribution of electricity	Japan	100	100
Ashita Power 2 GK	Production and distribution of electricity	Japan	100	100
Tenuun Gerel Construction LLC	Production and distribution of electricity	Mongolia	74	74
Truong Thanh Quang Ngai Power and High Technology JSC.	Production and distribution of electricity	Vietnam	80	-

1.3.1 During the period, a subsidiary (Surge Energy Corporation Limited) has invested in subsidiary companies in Japan as follows.

The Company	Investment Amount	
	Currency	(Million)
SS Hidaka No Mori GK	Yen	197.4
GK GSSE	Yen	369.0
Zouen Energy GK	Yen	208.5
Ashita Power 1 GK	Yen	295.0
Ashita Power 2 GK	Yen	51.7

1.3.2 Called up and increase in share capital of subsidiary

On 15 February 2018, Access C Management Limited passed a resolution to increase its registered share capital from 450,000 shares to 650,000 shares at a par value of USD 1. The Company fully paid for the share subscription on 15 and 23 February 2018.

1.3.3 Investment during the period

During the period, a subsidiary of the Company entered into a share purchase agreement with Truong Thanh Quang Ngai Power and High Technology JSC (“TTQN”), a company established in Vietnam, to acquire 20 million shares with a price per share of VND 12,720 totaling VND 254,400 million or equivalent to Baht 357.3 million. As a result, the subsidiary had 80% shareholding in such company. The objective of the share acquisition is to operate a solar power plant business. The subsidiary registered as a major shareholder of TTQN on 26 September 2018. As at the share acquisition date the net asset value of TTQN was VND 250,005 million (or equivalent to Baht 347.5 million).

As at 30 September 2018, TTQN has registered paid-up share capital of 25 million shares with a par value of 10,000 VND per share, totaling of VND 250,000 million or equivalent to Baht 347.5 million.

As at 30 September 2018, the subsidiary made share payment to the existing shareholders amounting to VND 102,000 million (or equivalent to Baht 144.4 million). The remaining balance was recorded as “share acquisition payable to subsidiary’s existing shareholders” totaling VND 152,400 million (or equivalent to Baht 212.6 million).

1.4 New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019 and a set of standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standard are summarized below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

Thai Financial Reporting Standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when it is adopted.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017 except for the following.

During the current period, the Company decided to change its accounting treatment for investments in subsidiaries in the separate financial statements from the cost method to the equity method, effective from 1 January 2018, and has restated the comparative financial statements of the prior period to reflect the effects of the changes. The cumulative effects of the change in accounting policy is presented in Note 3 to the financial statements.

3. Cumulative effect of change in accounting policies

As described in Note 2 to the financial statements, the Company has changed its accounting policy. The cumulative effect of the change in accounting policies is presented as a separate item in the statement of changes in shareholders' equity.

The amounts of the adjustments affecting the statement of financial position and the statement of comprehensive income are summarised below.

(Unaudited but reviewed)

(Unit: Thousand Baht)

Separate financial statements

	As at 30 September 2018	As at 31 December 2017	As at 31 December 2016
Statements of financial position			
Increase in investment in subsidiaries	649,921	346,641	130,699
Increase in loss in excess of cost over investments accounted for under equity method in investment in subsidiaries	(356,791)	(281,607)	(69,326)
Increase in unappropriated retained earnings	309,848	46,134	26,184
Increase in surplus on business combination under common control	33,098	33,098	33,098
Increase (decrease) in other components of shareholders' equity	(49,816)	(14,198)	2,091

(Unit: Thousand Baht)

For the three-month period ended
30 September

	2018	2017
Statements of comprehensive income		
Profit or loss:		
Share gain from investment in subsidiaries	123,188	60,699
Decrease in dividend income	-	(125,000)
Increase (decrease) in net profit	123,188	(64,301)
Other comprehensive income:		
Decrease in share of other comprehensive income from investments in subsidiaries	(67,322)	(3,365)
Earnings per share (Baht)		
Increase (decrease) in basic earnings per share	0.14	(0.10)

(Unit: Thousand Baht)

For the nine-month period ended
30 September

	2018	2017
Statements of comprehensive income		
Profit or loss:		
Share gain from investment in subsidiaries	383,714	278,360
Decrease in dividend income	(120,000)	(245,000)
Increase in net profit	263,714	33,360
Other comprehensive income:		
Decrease in share of other comprehensive income from investments in subsidiaries	(35,617)	(6,065)
Earnings per share (Baht)		
Increase in basic earnings per share	0.29	0.04

4. Related party transactions

During the period, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarized below, arose in the ordinary course of business and were concluded on commercial terms and based agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	For the three-month		For the three-month		
	periods ended		periods ended		
	30 September		30 September		
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
<i>(eliminated from the consolidated financial statements)</i>					
Service income	-	-	7,250	9,000	Per agreement
Dividend income	-	-	-	125,000	
Interest income	-	-	9,853	18,654	2.0% - MLR+2.1% per annum
Interest expense	-	-	689	1,658	2.0% - 6.225% per annum
Service expense	-	-	2,550	-	Per agreement
<u>Transactions with related</u>					
<u>person and related parties</u>					
Sales	1,229	-	-	-	Per agreement
Rental and service expenses	136	90	90	90	Per agreement
Purchase of land	-	6,849	-	-	With reference to the appraisal value by an independent professional appraiser

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	For the nine-month		For the nine-month		
	periods ended		periods ended		
	30 September		30 September		
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
<i>(eliminated from the consolidated financial statements)</i>					
Service income	-	-	21,750	27,000	Per agreement
Dividend income	-	-	120,000	245,000	
Interest income	-	-	25,523	43,696	2.0% - MLR+2.1% per annum
Interest expense	-	-	2,140	4,471	2.0% - 6.225% per annum
Service expense	-	-	7,650	-	Per agreement
<u>Transactions with related person and related parties</u>					
Sales	2,862	-	-	-	Per agreement
Professional fee	-	435	-	-	Per agreement
Rental and service expenses	372	270	270	270	Per agreement
Purchase of land	-	6,849	-	-	With reference to the appraisal value by an independent professional appraiser

As at 30 September 2018 and 31 December 2017, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial Statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
Accounts receivables				
- related parties (Note 6)				
Subsidiaries	-	-	27,897	27,923
Related company	907	-	-	-
Total accounts receivables - related parties	907	-	27,897	27,923
Interest receivables - related parties				
(Note 6)				
Subsidiaries	-	-	89,243	63,719
Total interest receivables - related parties	-	-	89,243	63,719

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial Statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Accrued service income - related parties (Note 6)				
Subsidiaries	-	-	1,337	-
Total accrued service income - related parties	-	-	1,337	-
Accrued service expense - related parties				
Subsidiaries	-	-	2,728	-
Total accrued service expense - related parties	-	-	2,728	-
Interest payables - related parties				
Subsidiaries	-	-	21,296	19,213
Total interest receivable-related parties	-	-	21,296	19,213
Accrued rental expense - director				
Director	30	30	30	30
Total accrued rental expense - director	30	30	30	30

Service income agreements

The Company entered into service income agreements with two subsidiaries whereby the subsidiaries have to pay service income as stated in the agreement.

A subsidiary entered into service income agreement with the Company whereby the Company has to pay service income as stated in the agreement.

Power purchase agreement

A subsidiary (Sermasang Infinite Company Limited) entered into Power Purchase Agreement with a related company (Srinanaporn Marketing Company Limited) for a period of 25 years. The subsidiary has commenced to generate revenue since March 2018.

Loans to related parties and loans from related parties

As at 30 September 2018, the balance of loans between the Company and the related parties and their movements are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	For the nine-month period ended 30 September 2018			
	Balance as at 1 January 2018	Increase during the period	Decrease during the period	Balance as at 30 September 2018
<u>Short-term loans to related parties</u>				
<u>Subsidiaries</u>				
Triple P Renewable Company Limited	2,129	-	-	2,129
Access Energy Company Limited	13,681	6,050	-	19,731
Sermsang International Company Limited	287,187	-	-	287,187
Total short-term loans to subsidiaries	<u>302,997</u>	<u>6,050</u>	<u>-</u>	<u>309,047</u>
<u>Long-term loans to related parties</u>				
<u>Subsidiaries</u>				
Sermsang International Company Limited	1,162,004	584,470	-	1,746,474
Access Energy Company Limited	-	50	-	50
Sermsang Infinite Company Limited	-	89,981	-	89,981
Total long-term loans to subsidiaries	<u>1,162,004</u>	<u>674,501</u>	<u>-</u>	<u>1,836,505</u>

The Company entered into long-term loan agreements with Sermsang International Company Limited. The loans are repayable within 2019 - 2028, which has interest rate at 2.1% per annum.

The Company entered into long-term loan agreements with Sermsang Infinite Company Limited. The loans are repayable within 2021, which has interest rate at 2.1% per annum.

The Company entered into long-term loan agreements with Access Energy Company Limited. The loans are repayable within 2021, which has interest rate at 2.1% per annum.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	For the nine-month period ended 30 September 2018			
	Balance as at 1 January 2018	Increase during the period	Decrease during the period	Balance as at 30 September 2018
<u>Short-term loans from related parties</u>				
<u>Subsidiaries</u>				
Sermsang Corporation Company Limited	78,060	-	(970)	77,090
Essential Power Company Limited	11,599	-	-	11,599
Sermsang Solar Company Limited	40,717	1,000	(17,944)	23,773
Siam Renewable Power Company Limited	3,050	-	(170)	2,880
Plus Energy Company Limited	3,123	-	(170)	2,953
Sermsang Infinite Company Limited	18	-	(18)	-
Prestige Group Company Limited	2,324	-	(170)	2,154
Siam Clean Solutions Company Limited	8,689	1,000	(170)	9,519
Total short-term loans from related parties	<u>147,580</u>	<u>2,000</u>	<u>(19,612)</u>	<u>129,968</u>

Directors and management's benefits

During the period, the Company and its subsidiaries had employee benefit expenses to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	2018	2017	2018	2017
Short-term employee benefits	6,388	6,246	6,388	6,246
Post-employment benefits	104	98	104	98
Total	<u>6,492</u>	<u>6,344</u>	<u>6,492</u>	<u>6,344</u>

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the nine-month period ended 30 September		For the nine-month period ended 30 September	
	2018	2017	2018	2017
Short-term employee benefits	18,762	19,557	18,762	19,557
Post-employment benefits	311	297	311	297
Total	<u>19,073</u>	<u>19,854</u>	<u>19,073</u>	<u>19,854</u>

5. Cash and cash equivalents/Short-term restricted bank deposits**Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Reclassified)		
Cash	3,478	352	4	15
Bank deposits - Current accounts	1,872	3,876	498	60
Bank deposits - Saving accounts	1,655,447	1,407,015	659,656	699,419
Total	<u>1,660,797</u>	<u>1,411,243</u>	<u>660,158</u>	<u>699,494</u>

A subsidiary has pledged its savings account amounting to Baht 204.5 million (31 December 2017: Baht 86.8 million) as collateral to secure long-term loans as discussed in Note 11 to the financial statements. A subsidiary is able to withdraw such savings account to use for its operation.

Short-term restricted bank deposits

A subsidiary has pledged and assigned a right of claim on bank accounts with outstanding balances as at 30 September 2018 totaling approximately Baht 200 million (31 December 2017: Baht 192 million) with lenders to secure long-term loans of the Company, in accordance with conditions stipulated in the long-term loan agreements as discussed. Those bank accounts have restrictions on withdrawal for a purpose of loan principal and interest payment due within 6 months.

6. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<u>Trade receivable - unrelated parties</u>				
Not yet due	202,730	144,732	-	-
Past due - up to 3 months	708	-	-	-
Total trade receivable - unrelated parties	203,438	144,732	-	-
<u>Trade receivable - related parties</u>				
Not yet due	460	-	2,217	3,210
Past due				
Up to 3 months	447	-	-	3,313
3 - 6 months	-	-	-	3,210
6 - 12 months	-	-	4,280	5,350
Over 1 year	-	-	21,400	12,840
Total trade receivable - related parties	907	-	27,897	27,923
<u>Other receivable - unrelated parties</u>				
Advance paid to subsidiary's existing shareholders	244,861	-	-	-
Others	25,657	6,632	10,316	1,621
Total other receivable - unrelated parties	270,518	6,632	10,316	1,621
<u>Other receivable - related parties</u>				
Interest receivables	-	-	89,243	63,719
Accrued service income	-	-	1,337	-
Total other receivable - related parties	-	-	90,580	63,719
Total trade receivable and other receivable	474,863	151,364	128,793	93,263

7. Long-term restricted bank deposits

As at 30 September 2018, the Company has savings account of Baht 15.0 million that is pledged as collateral to secure long-term loans as discussed in Note 11 to financial statements.

Subsidiaries in Japan have restricted saving deposits of Yen 330.0 million, or approximately Baht 94.2 million, under the long-term loan agreements with banks. The subsidiaries have requested to obtain permission from the bank on withdrawal of the such restricted deposits.

8. Investments in subsidiaries

8.1 Details of investments in subsidiaries as presented in the separate financial statement as at 30 September 2018 and 31 December 2017 are as follows:

(Unit: Thousand Baht)

Company Name	Separate financial Statements							
	Percentage of Shareholding		Paid up Share Capital		Investment at Cost method		Carrying amounts based on equity method	
	30	31	30	31	30	31	30	31
	September	December	September	December	September	December	September	December
2018	2017	2018	2017	2018	2017	2018	2017	
(Percentage)	(Percentage)						(Restated)	
Subsidiary companies which directly held by the Company								
Serm Sang Palang Ngan Co., Ltd.	100	100	900,506	900,506	900,506	900,506	1,614,835	1,308,259
Sermsang Corporation Co., Ltd.	100	100	131,312	131,312	131,312	131,312	95,884	96,631
Sermsang International Co., Ltd.	100	100	10,000	10,000	10,000	10,000	-	-
Access Energy Co., Ltd.	100	100	20,000	20,000	20,000	20,000	-	-
Essential Power Co., Ltd.	100	100	13,250	13,250	13,250	13,250	12,073	12,155
Sermsang Solar Co., Ltd.	100	100	50,000	50,000	50,000	50,000	48,825	49,381
Siam Renewable Power Co., Ltd.	100	100	3,250	3,250	3,250	3,250	2,975	3,185
Sermsang Infinite Co., Ltd.	100	100	46,100	46,100	46,100	46,100	19,086	20,070
Plus Energy Co., Ltd.	100	100	3,250	3,250	3,250	3,250	3,066	3,260
Siam Clean Solutions Co., Ltd.	100	100	10,000	10,000	10,000	10,000	9,741	9,858
Prestige Group Co., Ltd.	100	100	2,500	2,500	2,500	2,500	2,224	2,430
Triple P Renewable Co., Ltd.	100	100	2,700	2,500	2,700	2,500	-	-
Total					1,192,868	1,192,668	1,808,709	1,505,229
Less: provision for impairment of investment					(34,080)	(34,080)	-	-
					<u>1,158,788</u>	<u>1,158,588</u>	<u>1,808,709</u>	<u>1,505,229</u>

In addition, as at 30 September 2018 and 31 December 2017, investments in subsidiaries with a deficit in shareholders' equity were presented under the caption "Loss in excess of cost over investments accounted for under equity method in investment in subsidiaries" in the financial statements are as follows:

(Unit: Thousand Baht)

Company Name	Separate financial Statements							
	Percentage of Shareholding		Paid up Share Capital		Investment at Cost method		Carrying amounts based on equity method	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2018	2017	2018	2017	2018	2017	2018	2017
	(Percentage)	(Percentage)						(Restated)
Loss in excess of cost over investments accounted for under equity method in investment in subsidiaries								
Semsang International Co., Ltd.	100	100	10,000	10,000	10,000	10,000	(332,791)	(268,468)
Access Energy Co., Ltd.	100	100	20,000	20,000	20,000	20,000	(21,546)	(10,790)
Triple P Renewable Co., Ltd.	100	100	2,700	2,500	2,700	2,500	(2,454)	(2,349)
Total loss in excess of cost over investments accounted for under equity method in investment in subsidiaries in separate financial statements					32,700	32,500	(356,791)	(281,607)

8.2 Share of comprehensive income

During the period, the Company has recognised its share of profit (loss) from investments in subsidiaries in the separate financial statements as follows:

(Unit: Thousand Baht)

Company Name	For the three-month periods ended 30 September			
	Separate financial statements			
	Share of profit (loss) from investment in subsidiaries		Share of other comprehensive income from investment in subsidiaries	
	2018	2017	2018	2017
		(Restated)		(Restated)
Serm Sang Palang Ngan Co., Ltd.	141,361	143,481	-	-
Semsang Corporation Co., Ltd.	(191)	268	-	-
Semsang International Co., Ltd.	(15,308)	(74,525)	(67,909)	(19,737)
Access Energy Co., Ltd.	(4,039)	(4,727)	587	16,372
Essential Power Co., Ltd.	(27)	52	-	-
Semsang Solar Co., Ltd.	(147)	(454)	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the three-month periods ended 30 September

Company Name	Separate financial statements			
	Share of profit (loss) from investment in subsidiaries		Share of other comprehensive income from investment in subsidiaries	
	2018	2017	2018	2017
		(Restated)		(Restated)
Siam Renewable Power Co., Ltd.	(71)	(19)	-	-
Sermsang Infinite Co.,Ltd.	1,881	(3,330)	-	-
Plus Energy Co., Ltd.	(65)	11	-	-
Siam Clean Solutions Co., Ltd.	(36)	(11)	-	-
Prestige Group Co., Ltd.	(69)	7	-	-
Triple P Renewable Co., Ltd.	(101)	(54)	-	-
Total	123,188	60,699	(67,322)	(3,365)

(Unit: Thousand Baht)

For the nine-month periods ended 30 September

Company Name	Separate financial statements			
	Share of profit (loss) from investment in subsidiaries		Share of other comprehensive income from investment in subsidiaries	
	2018	2017	2018	2017
		(Restated)		(Restated)
Serm Sang Palang Ngan Co., Ltd.	426,577	439,349	-	-
Sermsang Corporation Co., Ltd.	(747)	1,679	-	-
Sermsang International Co., Ltd.	(28,527)	(135,998)	(35,796)	(22,437)
Access Energy Co., Ltd.	(10,935)	(14,448)	179	16,372
Essential Power Co., Ltd.	(82)	(1,112)	-	-
Sermsang Solar Co., Ltd.	(556)	(659)	-	-
Siam Renewable Power Co., Ltd.	(211)	(4)	-	-
Sermsang Infinite Co.,Ltd.	(984)	(10,248)	-	-
Plus Energy Co., Ltd.	(194)	32	-	-
Siam Clean Solutions Co., Ltd.	(116)	(97)	-	-
Prestige Group Co., Ltd.	(206)	20	-	-
Triple P Renewable Co., Ltd.	(305)	(154)	-	-
Total	383,714	278,360	(35,617)	(6,065)

8.3 Dividend income

During the period, the company received dividend as follows:

(Unit: Thousand Baht)

Company Name	Dividend income			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2018	2017	2018	2017
Serm Sang Palang Ngan Co., Ltd.	-	125,000	120,000	245,000
Total	-	125,000	120,000	245,000

9. Property, plant and equipment

The movements of property, plant and equipment for the nine-month period ended 30 September 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Cost		
31 December 2017	5,773,002	1,408
Additions during the period	2,348,121	71
Disposal and written off during the period	(633)	-
Exchange differences on translation	(50,996)	-
30 September 2018	8,069,494	1,479
Accumulated depreciation		
31 December 2017	345,789	284
Depreciation of disposal and written off during the period	(85)	-
Depreciation for the period	141,567	141
30 September 2018	487,271	425
Net book value		
31 December 2017	5,427,213	1,124
30 September 2018	7,582,223	1,054

As at 30 September 2018, a subsidiary has pledged and mortgaged all property plant and equipment with net book value of Baht 2,639.2 million (31 December 2017: Baht 2,726.4 million) as collateral against credit facilities obtained from two financial institutions as discussed in Note 11 to the financial statements.

As at 30 September 2018, two subsidiaries in Japan has mortgaged all machineries and equipment of solar power plant with net book value of Baht 2,087.8 million as collateral against credit facilities obtained from financial institutions as discussed in Note 11 to the financial statements.

As at 30 September 2018, a subsidiary had vehicle with net book value of Baht 0.4 million (31 December 2017: Baht 1.5 million) which was acquired under finance lease agreements.

During the period, the Company and its subsidiaries in Japan capitalised their borrowing costs as construction in progress-power plant totaling to Baht 36.8 million (31 December 2017: Baht 50.0 million).

10. Intangible assets

The movements in intangible assets for the nine-month period ended 30 September 2018 is presented below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Cost		
31 December 2017	657,640	91
Additions during the period - Cost	80,103	-
Exchange differences on translation	(9,445)	-
30 September 2018	<u>728,298</u>	<u>91</u>
Accumulated amortisation		
31 December 2017	3,433	25
Amortisation for the period	7,510	12
30 September 2018	<u>10,943</u>	<u>37</u>
Net book value		
31 December 2017	<u>654,207</u>	<u>66</u>
30 September 2018	<u>717,355</u>	<u>54</u>

11. Long-term loans

					(Unit: Thousand Baht)			
Loan	Interest rate (percent per annum)	Currency	Repayment schedule	Consolidated financial		Separate financial		Notes
				statements		statements		
				30	31	30	31	
				September	December	September	December	
				2018	2017	2018	2017	
1)	THBFIX 3 months plus additional rate	Baht	Repayments of principal and interest are to be made on quarterly basis starting from June 2015 and ending in December 2024	1,589,833	1,850,527	-	-	a)
2)	Fixed rate per agreement	Baht	Repayments of principal and interest are to be made on quarterly basis starting from March 2020 and ending in December 2025	800,000	-	800,000	-	b)
3)	JPY LIBOR 3 months plus additional rate	Yen	Repayments of principal and interest are to be made in Yen currency on quarterly basis starting from September 2018 and ending in June 2036	1,641,224	1,565,507	-	-	c)
4)	JPY LIBOR 3 months plus additional rate	Yen	Repayments of principal and interest are to be made in Yen currency on quarterly basis starting from March 2021 to December 2037	1,435,369	938,807	-	-	d)
5)	JPY LIBOR 3 months plus additional rate	Yen	Repayments of principal and interest are to be made in Yen currency on quarterly basis starting from March 2019 to December 2035	700,221	442,740	-	-	e)
6)	JPY LIBOR 6 months plus additional rate	Yen	Repayments of principal and interest are to be made in Yen currency on 6 month basis starting from June 2022 to December 2038	1,124,978	-	-	-	f)
Total loan from banks				7,291,625	4,797,581	800,000	-	
Less: Deferred finance charges				(382,013)	(225,592)	(19,781)	-	
Total				6,909,612	4,571,989	780,219	-	
Less: Current portion				(492,868)	(510,313)	-	-	
Long-term loans - net of current portion				6,416,744	4,061,676	780,219	-	

Note:

- a) As at 30 September 2018, a subsidiary (Serm Sang Palang Ngan Co., Ltd.) had pledged the bank saving account and mortgaged property, plant and equipment with two commercial banks as discussed in Note 5 and Note 9 to the financial statements.
- b) On 30 March 2018, The Company entered into loans agreements with two commercial banks, total credit facilities amounting to Baht 2,000 million consisting of 2 tranches. First tranche of Baht 800 million is subject to fixed interest rate as per agreement and the second tranche of Baht 1,200 million is charged at THBFIX 3 months plus additional rate. The Company had drawn totaling to Baht 800 million. The Company has pledged its dividend account as collateral against credit facilities as discussed in note 7 to the financial statement.
- c) On 10 August 2016, a subsidiary (SS Hidaka No Mori GK) has entered into loan agreements with financial institutions for the solar power plant project in Japan. The credit facilities was Yen 6,362.0 million. As at 30 September 2018, a subsidiary had fully drawn (31 December 2017: Yen 5,401.9 million). All machines and plant equipment for solar power plant have been mortgaged and long-term restricted bank deposits have been pledged as collateral against credit facilities as discussed in Note 7 and Note 9 to the financial statements.
- d) On 28 June 2017, a subsidiary (GK GSSE) entered into loan agreement with financial institution, total credit facility amounting to Yen 10,023.0 million. As at 30 September 2018, the subsidiary had drawn Yen 5,028.4 million (31 December 2017: Yen 3,239.4 million).
- e) On 17 November 2017, a subsidiary (Zouen Energy GK) entered into loan agreement with financial institution, total credit facility amounting to Yen 2,453.0 million. As at 30 September 2018, the subsidiary had fully drawn (31 December 2017: Yen 1,527.7 million). All machines and plant equipment for solar power plant have been mortgaged and long-term restricted bank deposits have been pledged as collateral against credit facilities as discussed in Note 7 and Note 9 to the financial statements.
- f) On 14 September 2018, a subsidiary (Ashita Power GK1) entered into loan agreement with financial institution, total credit facility amounting to Yen 11,935.5 million. As at 30 September 2018, the subsidiary had drawn Yen 3,941.0 million.

The loan agreements contain several covenants which, among other things; require the Company and its subsidiaries to maintain debt-to-equity ratio at the rate stipulated in the agreement, and the dividend payment is required to meet the conditions in loan agreements and notify the bank.

As at 30 September 2018, the Company and its subsidiaries have undrawn credit facilities amounting to Baht 1,240.0 million and Yen 12,989.1 million (The Company and its subsidiaries: 31 December 2017: Yen 1,705.0 million and Yen 8,668.9 million and the Company: Baht 1,665.0 million).

12. Income tax expenses (revenue)

Income tax expenses (revenue) for the three-month and nine-month periods ended 30 September 2018 and 2017 are made up as follows:

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax charge	395	-	-	-
Effects of expenses related to share offering on income tax	-	8,051	-	8,051
Deferred tax:				
Relating to origination and reversal of temporary differences and others	(48)	(33)	(21)	(20)
Income tax expense (revenue) reported in the statement of comprehensive income	347	8,018	(21)	8,031

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax charge	512	32	-	-
Effects of expenses related to share offering on income tax	-	8,051	-	8,051
Deferred tax:				
Relating to origination and reversal of temporary differences and others	(142)	(98)	(64)	(61)
Income tax expense (revenue) reported in the statement of comprehensive income	370	7,985	(64)	7,990

The reconciliation between accounting profit (loss) and income tax expense is shown below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	2018	2017	2018	2017
				(Restated)
Accounting profit before tax	116,786	61,342	118,472	62,135
Applicable tax rate	0%, 10%, 15%, 16.5%, 17%, 20%	0%, 15%, 16.5%, 20%	20%	20%
Accounting profit before corporate income tax multiplied by income tax rate	24,129	13,001	23,695	12,428
Effects of:				
Promotional privileges (Note 15)	(28,254)	(28,679)	-	-
Non-deductible expenses	294	260	88	53
Tax effects related to direct costs attributable to the share offering	-	8,051	-	8,051
Exempted revenue	-	-	(24,637)	(12,140)
Tax losses for the period, that were not recognised as deferred tax assets/(utilised) and additional expense deductions allowed	4,178	15,385	833	(361)
Income tax expense (revenue) reported in the statement of comprehensive income	347	8,018	(21)	8,031

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2018	2017	2018	2017
Accounting profit before tax	<u>377,836</u>	<u>272,642</u>	<u>377,761</u>	<u>275,014</u>
				(Restated)
Applicable tax rate	0%, 10%, 15%, 16.5%, 17%, 20%	0%, 15%, 16.5%, 20%	20%	20%
Accounting profit before corporate income tax multiplied by income tax rate	76,289	56,048	75,552	55,003
Effects of:				
Promotional privileges (Note 15)	(85,262)	(87,816)	-	-
Non-deductible expenses	909	811	229	85
Tax effects related to direct costs attributable to the share offering	-	8,051	-	8,051
Exempted revenue	-	-	(76,742)	(55,672)
Tax losses for the period, that were not recognised as deferred tax assets/(utilised) and additional expense deductions allowed	<u>8,434</u>	<u>30,891</u>	<u>897</u>	<u>523</u>
Income tax expenses (revenue) reported in the statement of comprehensive income	<u>370</u>	<u>7,985</u>	<u>(64)</u>	<u>7,990</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Actuarial loss	-	-	-	-
Income tax expense as reported in the statement of comprehensive income	-	-	-	-

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Actuarial loss	-	-	-	-
Income tax expense as reported in the statement of comprehensive income	-	-	-	-

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
Deferred tax assets				
Provision for long-term employee benefits	434	293	160	96

13. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

14. Dividend payment

On 30 April 2018, the Annual General Meeting of the shareholders passed a resolution to approve a dividend payment from the 2017 earning of Baht 0.205 per share, totaling Baht 188.9 million. The dividend was paid to shareholders in May 2018.

15. Promotional privileges

A subsidiary (Sermasang Palang Ngan Co., Ltd.) has received promotional privileges from the Board of Investment for the production of electricity generated from solar energy, pursuant to the investment promotion certificate No. 2645(1)/2556 issued on 19 November 2013. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (2 February 2015) and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

A subsidiary (Sermasang Infinite Co., Ltd) has received promotional privileges from the Board of Investment for the production of electricity generated from solar energy rooftop, pursuant to the investment promotion certificates as follows.

No. 60-1446-1-00-1-0 issued on 20 December 2017

No. 61-0246-1-00-1-0 issued on 9 March 2018

No. 61-0796-1-00-1-0 issued on 5 July 2018

No. 61-0797-1-00-1-0 issued on 5 July 2018

No. 61-0798-1-00-1-0 issued on 5 July 2018

No. 61-0799-1-00-1-0 issued on 5 July 2018

No. 61-0800-1-00-1-0 issued on 5 July 2018

Subject to certain imposed conditions, the privileges include an exemption from corporate income tax that up to 100 percentage of investment excluding land and working capital for a period of 8 years from the date the promoted operations begin generating revenues (1 March 2018, 12 March 2018 and 1 July 2018, respectively).

A subsidiary (Sermasang Solar Co., Ltd) has received promotional privileges from the Board of Investment for the production of electricity generated from solar energy, pursuant to the investment promotion certificate No. 61-0508-1-00-10 issued on 3 May 2018. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax on profits from the promoted business, not exceeding 100% of total investment exclude land and working capital for a term of 8 years from commercial operation date. As at 30 September 2018, the subsidiary has not yet started operation.

The subsidiaries' operating revenues and subsidy for adder as presented in statement of comprehensive income for the nine-month periods ended 30 September 2018 and 2017 are revenues from promoted operations of Baht 642.6 million and Baht 666.0 million, respectively.

16. Earnings per share

Basic earnings per share in the separate financial statement is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

17. Segment information

The Company and its subsidiaries are principally engaged in the production and distribution of electricity from solar energy including an investment in this business. Management of the Company considered that the group has one operation segment. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment.

18. Commitments and contingent liabilities

18.1 Power purchase agreement

On 7 June 2013, a subsidiary (Serm Sang Palang Ngan Company Limited) entered into power purchase agreement with Electricity Generating Authority of Thailand ("EGAT"). The agreement covered the periods of five years and it will be renewable for a period of five years. According to electricity sale to EGAT, the subsidiary will be granted a subsidy for adder at Baht 6.5 per kilowatt-hour for the period of ten years starting from the first commercial date (2 February 2015).

On 31 March 2017, a subsidiary in Japan (SS Hidaka No Mori GK) entered into power purchase agreement with Hokkaido Electric Power Company Limited for 20 years. According to electricity sale, the subsidiary requires to comply with agreement conditions.

On 26 February 2018, a subsidiary (Serm Sang Solar Co., Ltd.) entered into power purchase agreement with Provincial Electricity Authority ("PEA") for 25 years. According to electricity sale to PEA, the subsidiary requires to comply with conditions in the agreement.

On 3 August 2018, a subsidiary in Japan (Zouen Energy) entered into power purchase agreement with Kyushu Electric KK for 20 years. According to electricity sale, the subsidiary requires to comply with agreement conditions.

A subsidiary (Serm Sang Infinite Co., Ltd.) entered into power purchase agreements with a company (a non-related party) for a period of 25 years. The subsidiary has commenced to generate revenue since July 2018.

18.2 Capital Commitments

As at 30 September 2018, the subsidiaries had capital commitments relating to the project development, land purchase, licenses, machinery and equipment purchase as follows.

Country	Currency	(Unit Million)	
		30 September 2018	31 December 2017
Thailand	Baht	92.5	-
Japan	Yen	13,226.9	10,264.1
Mongolia	MNT	22,114.0	28.8
Vietnam	VND	315,317.0	-
	US Dollar	23.1	-

18.3 Land Lease Agreement

A subsidiary in Japan has entered into long-term land lease agreement since 2017 - 2018 that has period of 20 years and a total rental expense per year is Yen 151.1 million (31 December 2017: Yen 151.1 million).

18.4 Service Agreement

As at 30 September 2018 and 31 December 2017, the Company and its subsidiaries have future minimum lease payment required under these non-cancellable operating leases contracts as follows:

	(Unit Million Baht)	
	30 September 2018	31 December 2017
Payable		
In up to 1 year	40	39
In over 1 year and up to 5 years	163	160
In over 5 years	55	88
Total	258	287

As at 30 September 2018, the subsidiaries in Japan entered into various service agreements and the service expenses are Yen 76.6 million per year (31 December 2017: Yen 61.7 million).

18.5 Operation and Management Agreement

During the period, subsidiaries in Japan entered into operation and management agreement of the power plant. The remaining commitment of these contracts are as follows.

	(Unit Million Yen)
	<u>30 September 2018</u>
Payable	
In up to 1 year	44
In over 1 year and up to 5 years	87
In over 5 years	<u>419</u>
Total	<u><u>550</u></u>

18.6 Share capital of subsidiaries

As at 30 September 2018, the Company has commitments in respect of the unissued and uncalled portion of the subsidiaries' registered share capital amounting to Baht 517.4 million (31 December 2017: Baht 517.6 million).

A subsidiary in Hong Kong has a commitment to pay for investment in subsidiaries in Japan of Yen 1,726.6 million (31 December 2017: Yen 2,611.8 million).

A subsidiary in Singapore has a commitment to pay for investment in subsidiary in Mongolia of USD 2.2 million (31 December 2017: USD 8.6 million).

18.7 Bank Guarantees

As at 30 September 2018, there were outstanding bank guarantees of Baht 32.7 million, issued by bank on behalf of the Company and its subsidiaries in order to guarantee contracted performance to state enterprises, and Baht 31.0 million issued on behalf of the Company (31 December 2017: the Company and the subsidiaries of Baht 85.3 million, and the Company of Baht 72.0 million).

18.8 Derivatives

- a) As at 30 September 2018 and 31 December 2017, subsidiaries have the interest rate swap contracts as follows:

	Contract value		Received interest rate	Paid interest rate	Due date
	30 September 2018	31 December 2017			
1.	Baht 238 Million	Baht 278 Million	Floating interest rate, THBFIX-REUTERS 3 months plus 2 percent per annum	Fixed interest rate 5.795 percent per annum	30 December 2024
2.	Baht 795 Million	Baht 925 Million	Floating interest rate, THBFIX-REUTERS 3 months plus 2 percent per annum	Fixed interest rate 5.710 percent per annum	30 December 2024
3.	Yen 2,998.4 Million	-	Floating interest rate, JPY-TIBOR 6 months	Fixed interest rate 0.82 percent per annum	30 December 2038

b) Forward exchange contracts

As at 30 September 2018, subsidiaries had outstanding forward exchange contracts, of which details are presented below.

As at 30 September 2018			
Currency	Maturity Date	Contractual exchange rate (Baht per 1 foreign currency unit)	Bought amount
US Dollar	13 November 2018	32.14	US Dollar 0.5 Million
US Dollar	15 November 2018	32.02	US Dollar 0.5 Million
US Dollar	30 November 2018	31.87	US Dollar 2.9 Million
US Dollar	13 May 2019	31.98	US Dollar 0.5 Million
US Dollar	15 May 2019	31.85	US Dollar 0.5 Million

18.9 Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from cash at banks, account receivable - Revenue Department, advance to shareholders' account payable, shares payable and loan from financial institutions that are denominated in foreign currencies. As at 30 September 2018 and 31 December 2017, the balances of financial assets and liabilities denominated in foreign currencies which have not hedged any foreign currency risk are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
Japanese yen	3,180,245	1,649,528	16,056,103	9,536,125	0.28546	0.28981
US dollar	3,595	11,745	3,692	5,926	32.40655	32.68090
Singapore dollar	30	30	-	3	23.70170	24.45025
Mongolia	23,176	33,383	11,831	333,146	0.01267	0.01344
Euro	-	-	-	50	37.72060	39.02725
Vietnam Dong	187,195,107	-	152,429,500	-	0.00139	-

19. Events after the reporting period

19.1 Capital increase of subsidiary

As at 26 September 2018, the Extraordinary General Meeting of Shareholders No. 1/2018 of Sermasang International passed the resolution to increase the capital from 10 million to 810 million by issuing 8 million new ordinary shares at a par value of Baht 100 each. Sermasang International Co.,Ltd called up share capital at 25 percent or amounting to Baht 200 million. The Company received share subscription from its shareholders on 2 October 2018.

In November, subsidiaries in foreign countries increase their capitals totaling USD 5.09 million.

20. Reclassification

Certain reclassifications were made to the financial position as at 31 December 2017 to conform to the classifications used in the financial position as at 30 September 2018 as follows:

	(Unit Thousand Baht)	
	As at 31 December 2017	
	Consolidated financial statements	
	As reclassified	As previously reported
Cash and cash equivalents	1,411,243	1,603,392
Short-term restricted bank deposits	192,149	-

The reclassifications had no effect to previously reported profit or shareholders' equity.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 November 2018.