

Sermsang Power Corporation Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2018

Independent Auditor's Report

To the Shareholders of Sermsang Power Corporation Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Sermsang Power Corporation Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Sermsang Power Corporation Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sermsang Power Corporation Public Company Limited and its subsidiaries and of Sermsang Power Corporation Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Emphasis of matter

I draw attention to Note 4.4 and Note 6 to the consolidated 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 prior period's financial statements, presented as comparative information, to reflect this change. My opinion is not modified in respect of this matter.

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Project costs of power plant under construction

As described in the Note 13 to the consolidated financial statements, the subsidiaries carried out construction of the power plant in overseas in 2018. Project costs during the construction phase comprised construction costs, other direct cost and related borrowing costs. As at 31 December 2018, the Group had power plant under construction of THB 3,280 million. These power plant under construction were significant to the statement of financial position. The management needs to exercise substantial judgement with respect to the identification and recording of these project costs and the capitalization of borrowing costs. I therefore draw attention to the audit of this matter.

I directed and supervised the work of the component auditor related to power plant under construction to obtain sufficient and appropriate audit evidence on the following:

- The recording of purchase and payment transactions related to the power plant under construction
- Examination the representative samples of power plant under construction transactions against supporting documents for the additions occurring during the year
- Testing the calculation and the recording of the borrowing costs capitalised to power plant under construction
- Reviewing whether the recording of power plant under construction was in accordance with Thai Financial Reporting Standards.

In addition, I reviewed the disclosure of information related to power plant under construction in the notes to financial statements.

Other Information

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

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

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

In preparing the financial statements, management is responsible for assessing the Group'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 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 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.

I am responsible for the audit resulting in this independent auditor's report.

Sirikorn Plernpissiri
Certified Public Accountant (Thailand) No. 5234

EY Office Limited
Bangkok: 28 February 2019

Sernsang Power Corporation Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statement		
		As at	As at	As at	As at	As at	As at
		31 December 2018	31 December 2017 (Reclassified)	1 January 2017 (Reclassified)	31 December 2018	31 December 2017 (Restated)	1 January 2017 (Restated)
Assets							
Current assets							
Cash and cash equivalents	8, 28	1,125,129,942	1,411,243,320	151,881,862	356,811,446	699,493,729	95,893,263
Short-term restricted bank deposits	8	438,921,606	192,148,926	215,474,655	235,070,746	-	-
Trade and other receivables	7, 9	408,800,346	151,364,248	156,766,163	134,597,000	93,263,224	29,595,798
Unbilled Receivables	10	32,011,994	-	-	-	-	-
Short-term loans to related parties	7	-	-	-	108,362,682	302,997,448	7,142,875
Long-term loans to related parties							
- current portion	7	-	-	-	-	-	24,182,277
Other current assets		10,081,387	45,729,526	61,496,416	-	-	-
Total current assets		2,014,945,275	1,800,486,020	585,619,096	834,841,874	1,095,754,401	156,814,213
Non-current assets							
Long-term restricted bank deposits	11	96,733,344	-	-	10,027	-	-
Revenue Department receivable		68,634,350	246,377,717	155,781,264	767,922	2,205,487	-
Long-term loans to related parties							
- net of current portion	7	-	-	-	2,095,078,346	1,162,004,200	502,885,226
Investments in subsidiaries - net	12	-	-	-	1,761,821,861	1,505,228,615	1,213,835,918
Long-term investment		17,078,655	-	-	-	-	-
Property, plant and equipment	13	8,352,084,134	5,427,213,145	3,684,952,730	1,003,982	1,123,961	826,617
Other intangible assets	14	950,633,439	654,207,263	535,996,888	49,352	65,780	69,322
Prepaid rental		135,996,431	141,002,759	-	-	-	-
Deferred tax assets	21	481,552	292,862	212,500	181,929	95,854	96,562
Other non-current assets		256,141,250	263,605	80,986	-	-	-
Total non-current assets		9,877,783,155	6,469,357,351	4,377,024,368	3,858,913,419	2,670,723,897	1,717,713,645
Total assets		11,892,728,430	8,269,843,371	4,962,643,464	4,693,755,293	3,766,478,298	1,874,527,858

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 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statement		
		As at	As at	As at	As at	As at	As at
		31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
			(Reclassified)	(Reclassified)		(Restated)	(Restated)
Liabilities and shareholders' equity							
Current liabilities							
Trade payables and other payables	7, 15	503,820,045	256,695,653	32,958,717	35,472,200	27,162,191	20,147,196
Construction retention		5,318,625	4,036,238	3,474,163	-	-	-
Short-term loans from related parties	7	-	-	116,838	106,095,175	147,579,940	103,330,650
Share acquisition payable to subsidiary's existing shareholders		117,503,651	-	-	-	-	-
Current portion of liabilities under finance lease agreements	17	-	70,241	1,803,079	-	-	-
Current portion of long-term loans	16	508,586,738	510,313,401	362,414,467	-	-	22,666,938
Other current liabilities		11,671,614	11,410,460	10,518,621	1,155,000	1,820,000	1,100,206
Total current liabilities		1,146,900,673	782,525,993	411,285,885	142,722,375	176,562,131	147,244,990
Non-current liabilities							
Liabilities under finance lease agreements - net of current portion	17	-	-	65,116	-	-	-
Long-term loans - net of current portion	16	6,868,208,595	4,061,676,194	3,250,790,305	780,644,759	-	415,854,299
Other non-current liabilities		19,473,034	3,972,501	3,692,653	909,645	479,273	482,809
Loss in excess of cost over investments accounted for under equity method in investments in subsidiaries	12	-	-	-	235,937,247	281,607,027	69,326,407
Total non-current liabilities		6,887,681,629	4,065,648,695	3,254,548,074	1,017,491,651	282,086,300	485,663,515
Total liabilities		8,034,582,302	4,848,174,688	3,665,833,959	1,160,214,026	458,648,431	632,908,505

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 31 December 2018

(Unit: Baht)

	Consolidated financial statements			Separate financial statement		
	As at	As at	As at	As at	As at	As at
Note	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
		(Reclassified)	(Reclassified)		(Restated)	(Restated)
Shareholders' equity						
Share capital						
Registered						
922,000,000 ordinary shares of Baht 1 each	922,000,000	922,000,000	691,625,000	922,000,000	922,000,000	691,625,000
Issued and paid up						
(2018: 922,000,000 ordinary shares of Baht 1 each)	922,000,000	922,000,000	-	922,000,000	922,000,000	-
(2017: 10,000 ordinary shares, paid up at 25%)	-	-	250,000	-	-	250,000
6,906,250 ordinary shares, paid up at 100%)	-	-	690,625,000	-	-	690,625,000
Issued and fully paid up share capital	922,000,000	922,000,000	690,875,000	922,000,000	922,000,000	690,875,000
Share premium	1,511,209,678	1,511,209,678	-	1,511,209,678	1,511,209,678	-
Surplus on business combination						
under common control	33,098,414	33,098,414	33,098,414	33,098,414	33,098,414	33,098,414
Retained earnings						
Appropriated - statutory reserve	18 64,814,985	40,713,654	-	64,814,985	40,713,654	-
Unappropriated	1,084,056,548	814,990,512	515,871,796	1,084,056,548	814,990,512	515,871,796
Other components of shareholders' equity	(81,638,358)	(14,182,391)	1,774,143	(81,638,358)	(14,182,391)	1,774,143
Equity attributable to owners of the Company	3,533,541,267	3,307,829,867	1,241,619,353	3,533,541,267	3,307,829,867	1,241,619,353
Non-controlling interests of the subsidiaries	324,604,861	113,838,816	55,190,152	-	-	-
Total shareholders' equity	3,858,146,128	3,421,668,683	1,296,809,505	3,533,541,267	3,307,829,867	1,241,619,353
Total liabilities and shareholders' equity	11,892,728,430	8,269,843,371	4,962,643,464	4,693,755,293	3,766,478,298	1,874,527,858
	-	-	-	-	-	-

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

Directors

Sernsang Power Corporation Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statement	
	Note	2018	2017	2018	2017
					(Restated)
Revenues					
Sales		527,649,956	283,789,176	-	-
Subsidy for adder		568,662,965	587,913,040	-	-
Revenue from construction services		32,711,994		-	
Service income	7	159,000	-	29,000,000	36,000,000
Other income	7	8,199,828	5,407,731	48,403,201	51,560,216
Total revenues		1,137,383,743	877,109,947	77,403,201	87,560,216
Expenses					
Cost of sales	20	316,180,844	167,609,265	-	-
Cost of construction	20	25,688,454	-	-	-
Administrative expenses	20	166,832,431	219,900,694	58,589,280	41,446,538
Total expenses		508,701,729	387,509,959	58,589,280	41,446,538
Profit before share of profit from investment					
in subsidiaries, finance cost and income tax expense		628,682,014	489,599,988	18,813,921	46,113,678
Share of profit from investment in subsidiaries	12.2	-	-	483,118,981	345,870,019
Profit before finance cost and income tax expenses		628,682,014	489,599,988	501,932,902	391,983,697
Finance cost	7	(148,157,122)	(146,879,628)	(19,992,367)	(44,182,058)
Profit before income tax expenses		480,524,892	342,720,360	481,940,535	347,801,639
Income tax (expenses)	21	(1,732,434)	(8,114,514)	86,075	(7,969,269)
Profit for the year		478,792,458	334,605,846	482,026,610	339,832,370
Other comprehensive income:					
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods:					
Exchange differences on translation of					
financial statements in foreign currency		(43,848,547)	(17,631,172)	(67,455,967)	(16,156,254)
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods					
Actuarial gain (loss) - net of income tax		-	199,720	-	199,720
Other comprehensive income for the year		(43,848,547)	(17,431,452)	(67,455,967)	(15,956,534)
Total comprehensive income for the year		434,943,911	317,174,394	414,570,643	323,875,836
Profit attributable to:					
Equity holders of the Company		482,026,610	339,832,370	482,026,610	339,832,370
Non-controlling interests of the subsidiaries		(3,234,152)	(5,226,524)	-	-
		478,792,458	334,605,846	482,026,610	339,832,370

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

Sernsang Power Corporation Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statement	
	Note	2018	2017	2018	2017
					(Restated)
Comprehensive income attributable to:					
Equity holder of the Company		414,570,643	323,875,836	414,570,643	323,875,836
Non-controlling interest of the subsidiaries		20,373,268	(6,701,442)	-	-
		434,943,911	317,174,394	414,570,643	323,875,836
Earnings per share					
Basic earnings per share	23				
Profit attributable to equity holders of the Company					
(Baht per share)		0.52	0.45	0.52	0.45
Weighted average number of ordinary shares (shares)		922,000,000	753,555,702	922,000,000	753,555,702

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

Sermasang Power Corporation Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
		Other components of shareholders' equity										
		Other comprehensive income										
		Surplus		Retained earnings		Exchange differences		Total	Total equity		Total	
		Issued and	on business			on translation of		other components	attributable	Non-controlling	Total	
		paid-up	combination under	Appropriated	Unappropriated	financial statements		of shareholder's	to owners	interests of subsidiaries	shareholder's	
Note		share capital	common control	Statutory reserve	Retained earning	in foreign currency	Acturial gain (loss)	equity	of the company		equity	
Balance as at 31 December 2016		690,875,000	-	33,098,414	-	515,871,796	2,300,630	(526,487)	1,774,143	1,241,619,353	55,190,152	1,296,809,505
Profit for the year		-	-	-	-	339,832,370	-	-	-	339,832,370	(5,226,524)	334,605,846
Other comprehensive income for the year		-	-	-	-	-	(16,156,254)	199,720	(15,956,534)	(15,956,534)	(1,474,918)	(17,431,452)
Total comprehensive income for the year		-	-	-	-	339,832,370	(16,156,254)	199,720	(15,956,534)	323,875,836	(6,701,442)	317,174,394
Increase in share capital		231,125,000	1,511,209,678	-	-	-	-	-	-	1,742,334,678	-	1,742,334,678
Statutory reserve	18	-	-	-	40,713,654	(40,713,654)	-	-	-	-	-	-
Increase in non-controlling interests from the increase in share capital of subsidiaries		-	-	-	-	-	-	-	-	-	65,350,106	65,350,106
Balance as at 31 December 2017		922,000,000	1,511,209,678	33,098,414	40,713,654	814,990,512	(13,855,624)	(326,767)	(14,182,391)	3,307,829,867	113,838,816	3,421,668,683
Balance as at 31 December 2017		922,000,000	1,511,209,678	33,098,414	40,713,654	814,990,512	(13,855,624)	(326,767)	(14,182,391)	3,307,829,867	113,838,816	3,421,668,683
Profit for the year		-	-	-	-	482,026,610	-	-	-	482,026,610	(3,234,152)	478,792,458
Other comprehensive income for the year		-	-	-	-	-	(67,455,967)	-	(67,455,967)	(67,455,967)	23,607,420	(43,848,547)
Total comprehensive income for the year		-	-	-	-	482,026,610	(67,455,967)	-	(67,455,967)	414,570,643	20,373,268	434,943,911
Statutory reserve	18	-	-	-	24,101,331	(24,101,331)	-	-	-	-	-	-
Dividend payment	19	-	-	-	-	(188,859,243)	-	-	-	(188,859,243)	-	(188,859,243)
Increase in non-controlling interests from the increase in share capital of subsidiaries		-	-	-	-	-	-	-	-	-	190,392,777	190,392,777
Balance as at 31 December 2018		922,000,000	1,511,209,678	33,098,414	64,814,985	1,084,056,548	(81,311,591)	(326,767)	(81,638,358)	3,533,541,267	324,604,861	3,858,146,128

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 (continued)

For the year ended 31 December 2018

(Unit: Baht)

Seperate financial statements

	Note	Other components of shareholders' equity							
		Other comprehensive income							
		Exchange difference							
		on translation of							
		Issued and paid up	Share	Surplus on	Retained earnings		financial statement	Total other	Total
		share capital	premium	business combination	Appropriated	Unappropriated	in foreign currency	components of	shareholders'
				under common control				shareholders' equity	equity
Balance as at 31 December 2016 - as previously reported		690,875,000	-	-	-	489,687,533	-	(315,491)	1,180,247,042
Cumulative effect of change in accounting policy	6	-	-	33,098,414	-	26,184,263	2,300,630	(210,996)	61,372,311
Balance as at 31 December 2016 - as restated		690,875,000	-	33,098,414	-	515,871,796	2,300,630	(526,487)	1,241,619,353
Profit for the year (restated)		-	-	-	-	339,832,370	-	-	339,832,370
Other comprehensive income for the year		-	-	-	-	-	(16,156,254)	199,720	(15,956,534)
Total comprehensive income for the year		-	-	-	-	339,832,370	(16,156,254)	199,720	323,875,836
Increase in share capital		231,125,000	1,511,209,678	-	-	-	-	-	1,742,334,678
Statutory reserve	18	-	-	-	40,713,654	(40,713,654)	-	-	-
Balance as at 31 December 2017		922,000,000	1,511,209,678	33,098,414	40,713,654	814,990,512	(13,855,624)	(326,767)	3,307,829,867
Balance as at 31 December 2017 - as previously reported		922,000,000	1,511,209,678	-	40,713,654	768,857,310	-	15,847	3,242,796,489
Cumulative effect of change in accounting policy	6	-	-	33,098,414	-	46,133,202	(13,855,624)	(342,614)	65,033,378
Balance as at 31 December 2017 - as restated		922,000,000	1,511,209,678	33,098,414	40,713,654	814,990,512	(13,855,624)	(326,767)	3,307,829,867
Profit for the year		-	-	-	-	482,026,610	-	-	482,026,610
Other comprehensive income for the year		-	-	-	-	-	(67,455,967)	-	(67,455,967)
Total comprehensive income for the year		-	-	-	-	482,026,610	(67,455,967)	-	414,570,643
Statutory reserve	18	-	-	-	24,101,331	(24,101,331)	-	-	-
Dividend payment	19	-	-	-	-	(188,859,243)	-	-	(188,859,243)
Balance as at 31 December 2018		922,000,000	1,511,209,678	33,098,414	64,814,985	1,084,056,548	(81,311,591)	(326,767)	3,533,541,267

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

Sernsang Power Corporation Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statement	
	2018	2017 (Reclassified)	2018	2017 (Restated)
Cash flows from operating activities				
Profit before tax	480,524,892	342,720,360	481,940,535	347,801,639
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	213,510,147	119,549,548	207,764	192,251
Provision for long-term employee benefits	943,445	451,745	430,450	410,635
Share of profit from investment in subsidiaries	-	-	(483,118,971)	(345,870,019)
Unrealised loss on exchange rate	15,803,783	1,028,917	-	-
Interest income	(5,882,279)	(2,477,272)	(47,903,519)	(51,343,701)
Finance cost	148,157,122	146,879,628	19,992,368	44,182,058
Profit (loss) from operating activities before changes in operating assets and liabilities	853,057,110	608,152,926	(28,451,373)	(4,627,137)
Operating assets (increase) decrease				
Trade and other receivables	(256,095,563)	6,144,800	3,391,606	(12,670,591)
Unbilled Receivables	(32,011,994)	-	-	-
Other current assets	35,648,139	15,096,708	-	-
Revenue Department receivable	176,640,775	(90,596,453)	1,437,565	(2,205,487)
Other non-current assets	(250,871,317)	(132,688)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	245,856,230	29,563,257	6,716,862	1,910,899
Share acquisition payable to subsidiary's existing shareholders	117,503,651	-	-	-
Construction retention	1,282,387	562,075	-	-
Other current liabilities	261,153	891,839	(665,000)	719,796
Other non-current liabilities	(118,940)	(371,617)	-	-
Cash flows from operating activities	891,151,631	569,310,847	(17,570,340)	(16,872,520)
Cash paid for corporate income tax	(1,838,702)	(936,296)	(1,181,056)	(729,464)
Net cash flows from (used in) operating activities	889,312,929	568,374,551	(18,751,396)	(17,601,984)

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

Sernsang Power Corporation Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statement	
	2018	2017	2018	2017
		(Reclassified)		(Restated)
Cash flows from investing activities				
Short-term restricted bank deposits	(246,772,680)	23,325,729	(235,070,746)	-
Long-term restricted bank deposits	(96,733,343)	-	(10,027)	-
Short-term loans to related parties	-	-	194,634,766	(295,854,573)
Long-term loans to related parties	-	-	(933,074,146)	(634,936,697)
Investment in subsidiaries	-	-	(226,599,946)	(109,529,850)
Long-term investment	(17,078,655)	-	-	-
Dividend income from investment in subsidiaries	-	-	339,999,924	359,999,921
Acquisition of property, plant and equipment	(3,067,917,504)	(1,815,441,682)	(71,357)	(473,854)
Acquisition of intangible assets	(300,649,430)	(145,835,458)	-	(12,200)
Subsidy from the government	14,676,029	144,903,000	-	-
Prepaid rental	-	(141,002,759)	-	-
Interest income	5,882,279	2,477,272	4,359,115	1,076,330
Acquisition of non-controlling interest	190,392,777	65,350,106	-	-
Net cash flows used in investing activities	(3,518,200,527)	(1,866,223,792)	(855,832,417)	(679,730,923)
Cash flows from financing activities				
Short-term loans from related parties	-	(116,838)	(41,484,765)	44,249,290
Liabilities under finance lease agreements	(70,241)	(1,797,954)	-	-
Cash receipt from long-term loans from bank	3,479,166,702	2,174,662,124	800,000,000	270,000,000
Repayment of long-term loans from bank	(542,148,927)	(1,059,441,250)	-	(715,000,000)
Proceeds from increase in share capital	-	1,774,637,500	-	1,774,637,500
Cash payment of direct costs related to share offering	-	(40,354,218)	-	(40,354,218)
Dividend payment	(188,859,243)	-	(188,859,243)	-
Cash payment of interest and fee expenses	(366,497,270)	(288,091,538)	(37,754,462)	(32,599,199)
Net cash flows from financing activities	2,381,591,021	2,559,497,826	531,901,530	1,300,933,373
Translation adjustments	(38,816,801)	(2,287,127)	-	-
Net increase in cash and cash equivalents	(286,113,378)	1,259,361,458	(342,682,283)	603,600,466
Cash and cash equivalents at beginning of year	1,411,243,320	151,881,862	699,493,729	95,893,263
Cash and cash equivalents at end of year	1,125,129,942	1,411,243,320	356,811,446	699,493,729
	-	-	-	-

Supplemental cash flow information:

Non - cash transaction

Fixed assets increase by replacement	651,552	394,263	-	-
Transfer interest expenses to cost of plant and equipment	55,135,634	50,039,106	-	-
Payable for acquisition of fixed assets	22,217,559	193,011,123	-	-
Advance paid to subsidiary's existing shareholders	107,048,142	-	-	-
Share acquisition payable to subsidiary's former shareholders	117,503,651	-	-	-

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

Sernsang Power Corporation Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2018

1. General information

Sernsang 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 shareholders 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 by the company (which its major shareholders were such group persons). The Company is principally engaged in investment, consultancy and service providers regarding to the power business to related companies. 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 " Sernsang Power Corporation Company Limited" to be "Sernsang 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.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of Sermsang Power Corporation Public Company Limited (“the Company”) and the following subsidiary companies (“the Subsidiaries”):

Subsidiary companies	Nature of business	Country of incorporation	Percentage of shareholding	
			31	31
			December 2018	December 2017
			(Percentage)	(Percentage)
Subsidiary companies directly held by the Company				
Serm Sang Palang Ngan Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Sermsang Corporation Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Sermsang International Company Limited	Investment and consultancy	Thailand	100.0	100.0
Access Energy Company Limited	Investment and consultancy	Thailand	100.0	100.0
Essential Power Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Sermsang Solar Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Siam Renewable Power Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Plus Energy Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Sermsang Infinite Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Siam Clean Solutions Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Prestige Group Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Triple P Renewable Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Subsidiary companies indirectly held by the Company				
S. Global Power Limited	Investment and consultancy	Hong Kong	100.0	100.0
Surge Energy Corporation Limited	Investment and consultancy	Hong Kong	100.0	100.0
Access C Management Limited	Investment and consultancy	Hong Kong	100.0	100.0
Sermsang Sustainable Singapore Private Limited	Investment and consultancy	Singapore	100.0	100.0
Seijo Corporation	Investment and consultancy	Japan	100.0	100.0
SS Hidaka No Mori GK	Production and distribution of electricity	Japan	87.0	87.0
GK GSSE	Production and distribution of electricity	Japan	90.0	90.0
Zouen Energy GK	Production and distribution of electricity	Japan	100.0	100.0
Ashita Power 1 GK	Production and distribution of electricity	Japan	100.0	100.0
Ashita Power 2 GK	Production and distribution of electricity	Japan	100.0	100.0
Tenuun Gerel Construction LLC	Production and distribution of electricity	Mongolia	75.0	73.7
Truong Thanh Quang Ngai Power and High Technology JSC.	Production and distribution of electricity	Vietnam	80.0	-

- a) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same period and significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.2.1 Increase in investment in subsidiaries during the year

During the year, the subsidiaries invested in the following companies;

(Unit: Million)

The Company	Investment Amount		
	Currency	2018	2017
SS Hidaka No Mori GK	Yen	197.4	351.5
GK GSSE	Yen	684.0	4.0
Zouen Energy GK	Yen	208.5	364.0
Ashita Power 1 GK	Yen	295.0	280.0
Ashita Power 2 GK	Yen	51.7	120.0
Tenuun Gerel Construction LLC	MNT	21,318.5	21,064.5

- #### 2.2.2
- 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.

2.2.3 Additional investment during the year

During the year, 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 (80% of registered share capital) shares at a price of VND 12,720 per share totaling VND 254,400 million or equivalent to Baht 357.3 million, from existing Shareholders. 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). The Company’s controlling interest was 80% totaling VND 200,000 (or equivalent to Baht 278 million). The difference between net asset value of TTQN under the Company’s controlling interest and the purchase price of shares to be recorded as intangible assets amounted to Baht 79.3 million.

As at 31 December 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 31 December 2018, the subsidiary made share payment to the existing shareholders amounting to VND 170,707.9 million (or equivalent to Baht 240.7 million). The remaining balance was recorded as “share acquisition payable to subsidiary’s existing shareholders” totaling VND 83,692 million (or equivalent to Baht 117.5 million).

2.3 The separate financial statements present investments in subsidiaries under the equity method.

3. New financial reporting standards

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

During the year, 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 for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarized below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

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 recognised 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 believe that this standard will not have any significant impact on the financial statements when it is initially applied.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

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 amortized 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 they are adopted.

4. Significant accounting policies

4.1 Revenue and expenses recognition

Revenue from sale of electricity

Revenue from sale of electricity is recognised in the income statement based on the delivery unit at the specified rate.

Subsidy for adder are recognised when there is a reasonable assurance that the subsidy will be received and the Company and its subsidiaries will comply with all attached conditions.

Government grants are recognised when there is reasonable assurance that the grants will be received and all attached conditions will be complied with. The subsidy relating to income are recognised as income in profit and loss. The subsidy relating to specific expenses are deferred and recognised in profit or loss on a systematic basis over the periods in which the Company and its subsidiaries recognises as expenses the related costs for which the subsidy are intended to compensate.

Grants related to property, plant and equipment are presented as non-current liabilities because there are conditions under agreements to fulfill. When conditions are fulfilled, grants are deducted from the value of related assets and are recognised in profit or loss over the useful lives of the assets as a reduced depreciation expense.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Revenues from construction services

The Company and its subsidiaries recognised revenue from construction service on a percentage of completion basis. The percentage of completion is measured by completion of physical proportion of the contract work. The recognised revenue which not yet due per the contract has been presented under the caption of “Unbilled receivables” in the statement of financial position.

The excess of the amount billed to a customer over the value of the construction contract in progress is presented as “Construction revenue received in advance” under current liabilities.

Interest income and interest expenses

Interest income and interest expense are recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividend is established.

Cost of construction

Cost of construction includes cost of material and equipment and expenses which are calculated from the percentage of completion. Contracts of which incurred construction cost exceeds calculated cost of construction under percentage of completion, and cost of project of which revenue has not yet been recognised are shown as “Construction contracts in progress” under current assets in the statement of financial position, while contracts of which calculated cost of construction exceeds incurred cost of construction are shown as “Accrued construction costs” under current liabilities in the statement of financial position.

Expenses

Expenses are recognised on an accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the equity method.

During the year, the Company decided to change accounting method of investment in subsidiaries from cost method to equity method from 1 January 2018 onward. The Company has restated the prior year's financial statements, presented for comparative purposes, to reflect the results of the above change. The cumulative effect of the change in accounting policy is presented in Note 6 to the financial statements.

Long-term investment is non-marketable equity securities, which are stated at cost net of allowance for impairment loss (if any).

4.5 Power plants under construction

All expenditures and other related expenses incurred during the construction of the solar power plants to make the plants operational are capitalized as solar power plants. Such project costs incurred during the construction phase include materials and equipments, project construction costs, management fees, consulting fees, direct costs and borrowing costs.

4.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs less residual values (if any) on the straight-line basis over the following estimated useful lives:

Land improvements	20, 25 years
Office building and building improvement	20 years
Power plants	20, 25 years
Solar roof system	25 years
Machinery, equipment and spare parts	20, 25 years
Equipment, tools, furniture and fixtures	3, 5, 10, 20 years
Vehicles	5 years

Depreciation is included in determining income. No depreciation is provided on land, work under construction and machinery under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Intangible assets

Intangible assets are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortized on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method of such intangible assets are reviewed at least at each financial year end. The amortization expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Electric distribution linkage right	25 years
Communication and external electric distribution system	20, 25 years
Computer software	5 years

4.9 Related party transactions

Related parties comprise enterprises or individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.10 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period, if the Company expects to not purchase such assets at the end of the contract.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

4.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

When the settlement of a monetary item borrowing from or lending to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until loan settlement.

4.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.13 Prepaid rental

Prepaid rental are amortized on the straight-line basis over the lease period.

4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined Contribution plans

The Company, the subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust and the Company's contributions are recognized as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

4.15 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Derivatives

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

Forward exchange contracts

The Company and subsidiaries record transactions related to foreign currency forward contracts in the income statement when such contract has been utilised and disclose the amount of the contract and the fair value of the contract in the notes to the financial statements.

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both), liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

6. Cumulative effect of change in accounting policies

As described in Note 4.4 to the financial statements, the Company has changed its accounting policy related to investment in subsidiaries in the separate financial statements from cost method to equity method. The cumulative effect of the change in accounting policy 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 summarized below.

	(Unit: Baht)		
	Separate financial statements		
	As at 31 December 2018	As at 31 December 2017	As at 1 January 2017
Statements of financial position			
Increase in investment in subsidiaries	376,633,716	346,640,407	130,698,718
Increase in loss in excess of cost over investments accounted for under equity method in investment in subsidiaries	(235,937,247)	(281,607,028)	(69,326,407)
Increase in unappropriated retained earnings	189,252,260	46,133,203	26,184,263
Increase in surplus on business combination under common control	33,098,414	33,098,414	33,098,414
Increase (decrease) in other components of shareholders' equity	(81,654,205)	(14,198,238)	2,089,634
			(Unit: Baht)
		For the year ended 31 December	
		2018	2017
Statements of comprehensive income:			
Increase in share gain from investment in subsidiaries		483,118,981	345,870,018
Decrease in dividend income		(339,999,924)	(359,999,921)
Decrease in administrative expenses		-	34,078,843
Increase in net profit		143,119,057	19,948,940
Other comprehensive income:			
Decrease in share of other comprehensive income from investments in subsidiaries		(67,455,967)	(16,156,254)
Decrease in actuarial gain (loss) - net of income tax		-	(131,618)
Earnings per share (Baht)			
Increase in basic earnings per share		0.16	0.03

7. Related party transactions

During the year, the Company and its subsidiaries had significant business transactions with key management, personnel and 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: Baht)

For the year ended 31 December					
	Consolidated		Separate		Pricing policy
	Financial statements		Financial statement		
	2018	2017	2018	2017	
<u>Transactions with subsidiary companies</u>					
<i>(eliminated from the consolidated financial statements)</i>					
Service income	-	-	29,000,000	36,000,000	Per agreement
Interest income	-	-	45,297,919	50,397,333	2.0% - 8.7%
Dividend income	-	-	339,999,924	359,999,921	
Interest expense	-	-	2,754,235	5,237,165	0.9% - 6.225%
Service expense	-	-	10,200,000	-	Per agreement
<u>Transactions with related companies</u>					
Sales	4,045,318	-	-	-	Per agreement
Rental and service expenses	507,023	360,000	360,000	360,000	Per agreement
Professional fee	-	435,000	-	-	Per agreement
Purchase of land - director	-	6,849,721	-	-	With reference to the appraisal value by an independent professional appraiser
Purchase computer software	766,500	-	-	-	Per agreement

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

	(Unit: Baht)			
	Consolidated		Separate	
	financial Statements		financial statement	
	2018	2017	2018	2017
Accounts receivables - related parties				
(Note 9)				
Subsidiaries	823,032	-	20,358,546	27,922,500
Total accounts receivables - related parties	823,032	-	20,358,546	27,922,500
Interest receivables - related parties				
(Note 9)				
Subsidiaries	-	-	107,263,400	63,719,073
Total interest receivable - related parties	-	-	107,263,400	63,719,073
Interest payables - related parties				
(Note 15)				
Subsidiaries	-	-	20,806,234	19,213,087
Total interest payable - related parties	-	-	20,806,234	19,213,087
Accrued rental expense - related parties (Note 15)				
Directors	30,000	30,000	30,000	30,000
Total accrued rental expense - directors and related parties	30,000	30,000	30,000	30,000

Service income agreements

The Company entered into service income agreements with two subsidiaries whereby the subsidiaries have to pay service income on a monthly basis 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

On 15 August 2017, a subsidiary (Sermsang Infinite Co., Ltd.) entered into Power purchase agreement with a related company (Srinanaporn Marketing Co., Ltd) for 25 years. The subsidiary has commenced to generate revenue since March 2018.

On 17 August 2018, a subsidiary (Sermsang Infinite Co., Ltd.) entered into Power purchase agreement with a related company (Srinanaporn Marketing Co., Ltd.) for 25 years. As at 31 December 2018, the subsidiary has no revenue from this agreement.

Loans to related parties and loan from related parties

As at 31 December 2018 and 2017, the balance of loans between the Company and the related parties and their movements are as follows:

(Unit: Baht)

	Separate financial statement		
	For the year ended 31 December 2018		
	Balance as at	Increase	Balance as at
	1 January 2018	during the year	31 December 2018
		Decrease	
		during the year	
<u>Short-term loans to related companies</u>			
<u>Subsidiaries</u>			
Triple P Renewable Company Limited	2,129,389	-	(2,129,389)
Access Energy Company Limited	13,680,855	6,050,000	-
Sermsang International Company Limited	287,187,204	-	(198,555,377)
Total short-term loans to subsidiaries	302,997,448	6,050,000	(200,684,766)
<u>Long-term loans to related Company</u>			
<u>Subsidiary</u>			
Sermsang Solar Company Limited	-	11,122,867	-
Sermsang International Company Limited	1,162,004,200	808,470,000	-
Access Energy Company Limited	-	5,500,000	-
Sermsang Infinite Company Limited	-	107,981,279	-
Total long-term loans to related companies-subsidiary	1,162,004,200	933,074,146	-

The Company entered into long-term loan agreements with Sermsang Solar Company Limited. The loans are repayable within 2021, which has interest rate at 3.7% per annum.

The Company entered into long-term loan agreements with Sermsang International Company Limited. The loans are repayable within 2020 - 2027, which has interest rate at 2.1% - 3.7 % 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% - 3.7% 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% - 3.7% per annum.

(Unit: Baht)

	Separate financial statement			
	For the year ended 31 December 2017			
	Balance as at	Increase	Decrease	Balance as at
	1 January 2017	during	the year	31 December
		the year	during the year	2017
<u>Short-term loans to related companies</u>				
<u>Subsidiaries</u>				
Sernsang Solar Company Limited	55,000	-	(55,000)	-
Siam Clean Solutions Company Limited	55,150	-	(55,150)	-
Sernsang Corporation Company Limited	150,000	-	(150,000)	-
S. Global Power Limited	12,481	-	(12,481)	-
Triple P Renewable Company Limited	2,109,389	20,000	-	2,129,389
Siam Renewable Power Company Limited	30,000	-	(30,000)	-
Sernsang Infinite Company Limited	-	12,000,000	(12,000,000)	-
Access Energy Company Limited	4,730,855	8,950,000	-	13,680,855
Sernsang International Company Limited	-	307,067,503	(19,880,299)	287,187,204
Total short-term loans to subsidiaries	<u>7,142,875</u>	<u>328,037,503</u>	<u>(32,182,930)</u>	<u>302,997,448</u>
<u>Long-term loans to related Company</u>				
<u>Subsidiary</u>				
Sernsang International Company Limited	<u>527,067,503</u>	<u>942,004,200</u>	<u>(307,067,503)</u>	<u>1,162,004,200</u>
Total long-term loans to related companies-subsidiary	<u>527,067,503</u>	<u>942,004,200</u>	<u>(307,067,503)</u>	<u>1,162,004,200</u>

(Unit: Baht)

Separate financial statement				
For the year ended 31 December 2018				
	Balance as at 1 January 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2018
<u>Short-term loans from related parties</u>				
Sermsang Corporation Company Limited	78,060,108	-	(1,070,000)	76,990,108
Essential Power Company Limited	11,598,772	-	-	11,598,772
Sermsang Solar Company Limited	40,717,104	1,000,000	(41,717,104)	-
Siam Renewable Power Company Limited	3,049,737	-	(170,000)	2,879,737
Plus Energy Company Limited	3,122,927	-	(170,000)	2,952,927
Sermsang Infinite Company Limited	17,661	-	(17,661)	-
Prestige Group Company Limited	2,324,784	-	(170,000)	2,154,784
Siam Clean Solution Company Limited	8,688,847	1,000,000	(170,000)	9,518,847
Total short-term loans from related parties	<u>147,579,940</u>	<u>2,000,000</u>	<u>(43,484,765)</u>	<u>106,095,175</u>

(Unit: Baht)

Separate financial statement				
For the year ended 31 December 2017				
	Balance as at 1 January 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2017
<u>Short-term loans from related parties</u>				
Sermsang Corporation Company Limited	81,819,859	-	(3,759,751)	78,060,108
Essential Power Company Limited	8,073,372	10,000,000	(6,474,600)	11,598,772
Sermsang Solar Company Limited	1,468,322	46,750,000	(7,501,218)	40,717,104
Siam Renewable Power Company Limited	3,168,050	-	(118,313)	3,049,737
Plus Energy Company Limited	3,173,927	-	(51,000)	3,122,927
Sermsang Infinite Company Limited	2,588,993	5,417,661	(7,988,993)	17,661
Prestige Group Company Limited	2,375,784	-	(51,000)	2,324,784
Siam Clean Solution Company Limited	662,343	8,139,850	(113,346)	8,688,847
Total short-term loans from related parties	<u>103,330,650</u>	<u>70,307,511</u>	<u>(26,058,221)</u>	<u>147,579,940</u>

(Unit: Baht)

Consolidated financial statements			
For year ended 31 December 2018			
Balance as at 1 January 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2018
<u>Short-term loans from related parties</u>			
Director which are related person	-	-	-
Total short-term loans from related parties	-	-	-

(Unit: Baht)

Consolidated financial statements			
For year ended 31 December 2017			
Balance as at 1 January 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2017
<u>Short-term loans from related parties</u>			
Director which are related person	116,838	-	(116,838)
Total short-term loans from related parties	116,838	-	(116,838)

Directors and management's benefits

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statement	
	2018	2017	2018	2017
Short-term employee benefits	23,708,936	24,235,953	23,708,936	24,235,953
Post-employment benefits	415,096	395,844	415,096	395,844
Total	24,124,032	24,631,797	24,124,032	24,631,797

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

Cash and cash equivalents

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statement	
	2018	2017	2018	2017
	(Reclassified)			
Cash	3,505,783	351,967	4,481	15,000
Bank deposits - Current accounts	760,298	3,876,367	31,849	60,000
Bank deposits - Saving accounts	1,120,863,861	1,407,014,986	356,775,116	699,418,729
Total	1,125,129,942	1,411,243,320	356,811,446	699,493,729

As at 31 December 2018, a subsidiary has pledged its bank deposit in savings account amounting to Baht 90.9 million (31 December 2017 Subsidiary: Baht 86.8 million) as security against long-term loans, as discussed in Note 16 to the financial statements, however such subsidiary can withdraw such savings account to use in power plant project.

Short-term restricted bank deposits

As at 31 December 2018, the Company has saving account of Baht 235.0 million that is pledged as collateral to secure long-term loans as discussed in Note 16 to financial statements.

A subsidiary has pledged and assigned a right of claim on bank accounts with outstanding balances as at 31 December 2018 totaling approximately Baht 203.9 million (31 December 2017: Baht 192.1 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.

9. Trade and other receivables

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statement	
	2018	2017	2018	2017
<u>Trade receivable - related parties</u>				
Not yet due	375,145	-	7,518,546	3,210,000
Past due				
Up to 3 months	447,887	-	-	3,312,500
3 - 6 months	-	-	-	3,210,000
6 - 12 months	-	-	1,070,000	5,350,000
Over 1 year	-	-	11,770,000	12,840,000
Total trade receivable - related parties	823,032	-	20,358,546	27,922,500
<u>Trade receivable - unrelated parties</u>				
Not yet due	181,600,341	144,732,528	-	-
Past due - not over 3 months	36,692	-	-	-
Total trade receivable - unrelated parties	181,637,033	144,732,528	-	-
<u>Other receivable - related parties</u>				
Interest receivable	-	-	107,263,400	63,719,073
Total other receivable - related parties	-	-	107,263,400	63,719,073
<u>Other receivable - unrelated parties</u>				
Other advance payment	10,434,399	2,048,509	4,693,315	216,399
Advance payment for construction	93,557,744	-	-	-
Advances to existing shareholders of subsidiaries	107,048,142	-	-	-
Other receivable	15,299,996	4,583,211	2,281,739	1,405,252
Total other receivable - unrelated parties	226,340,281	6,631,720	6,975,054	1,621,651
Total trade receivable and other receivable	408,800,346	151,364,248	134,597,000	93,263,224

10. Unbilled receivables

	(Unit : Baht)	
	2018	2017
Project value as per contract	43,642,155	-
Accumulated amount recognized as revenue on percentage of completion basis	32,011,994	-
Less : Value of total billed	-	-
Unbilled receivables	32,011,994	-

11. Long-term restricted bank deposits

As at 31 December 2018, the Company has savings account of Baht 0.01 million that is pledged as collateral to secure long-term loans as discussed in Note 16 to financial statements.

Subsidiaries in Japan have restricted saving deposits of Yen 330.0 million, or approximately Baht 96.7 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.

12. Investments in subsidiaries

12.1 Details of investments in subsidiaries as presented in separate financial statements as at 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)								
Company Name	Separate financial Statements						Carrying amounts based on equity method	
	Percentage of Shareholding		Paid up Share Capital		Investment at Cost method			
	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	1,538,337	1,308,259
Serm Sang Corporation Co., Ltd.	100	100	131,312	131,312	131,312	131,312	95,645	96,631
Serm Sang International Co., Ltd.	100	100	210,000	10,000	210,000	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	12,046	12,155
Serm Sang Solar Co., Ltd.	100	100	50,000	50,000	50,000	50,000	49,749	49,381
Siam Renewable Power Co., Ltd.	100	100	3,250	3,250	3,250	3,250	2,904	3,185
Serm Sang Infinite Co., Ltd.	100	100	70,000	46,100	70,000	46,100	48,281	20,070
Plus Energy Co., Ltd.	100	100	3,250	3,250	3,250	3,250	3,000	3,260
Siam Clean Solutions Co., Ltd.	100	100	10,000	10,000	10,000	10,000	9,704	9,858
Prestige Group Co., Ltd.	100	100	2,500	2,500	2,500	2,500	2,155	2,430
Triple P Renewable Co., Ltd.	100	100	5,200	2,500	5,200	2,500	-	-
Total					1,419,268	1,192,668	1,761,821	1,505,229
Less: Provision for impairment of investment					(34,080)	(34,080)	-	-
					1,385,188	1,158,588	1,761,821	1,505,229

In addition, as at 31 December 2018 and 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	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Percentage)	(Percentage)						(Restated)
<u>Loss in excess of cost over investments accounted for under equity method in investment in subsidiaries</u>								
Serm Sang International Co., Ltd.	100	100	210,000	10,000	210,000	10,000	(209,321)	(268,468)
Access Energy Co., Ltd.	100	100	20,000	20,000	20,000	20,000	(26,560)	(10,790)
Triple P Renewable Co., Ltd.	100	100	5,200	2,500	5,200	2,500	(56)	(2,349)
Total loss in excess of cost over investments accounted for under equity method in investment in subsidiaries in separate financial statements					235,200	32,500	(235,937)	(281,607)

12.2 Share of comprehensive income

During the year, 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 year ended 31 December			
	Separate financial statements			
	Share of profit (loss) from investment in subsidiaries		Share of other comprehensive income from investment in (loss) subsidiaries	
	2018	2017	2018	2017
		(Restated)		(Restated)
Serm Sang Palang Ngan Co., Ltd.	570,078	572,130	-	-
Serm Sang Corporation Co., Ltd.	(986)	984	-	-
Serm Sang International Co., Ltd.	(73,593)	(194,390)	(67,261)	(16,739)
Access Energy Co., Ltd.	(15,575)	(18,902)	(195)	583
Essential Power Co., Ltd.	(109)	(1,059)	-	-
Serm Sang Solar Co., Ltd.	368	37	-	-
Siam Renewable Power Co., Ltd.	(281)	6	-	-
Serm Sang Infinite Co., Ltd.	4,311	(13,415)	-	-
Plus Energy Co., Ltd.	(259)	43	-	-
Siam Clean Solutions Co., Ltd.	(154)	587	-	-
Prestige Group Co., Ltd.	(275)	27	-	-
Triple P Renewable Co., Ltd.	(406)	(178)	-	-
Total	483,119	345,870	(67,456)	(16,156)

12.3 Dividend income

During the year, the Company received dividend as follows:

Company Name	(Unit: Thousand Baht)	
	Dividend income	
	For the year ended 31 December	
	2018	2017
Serm Sang Palang Ngan Co., Ltd.	340,000	360,000
Total	340,000	360,000

12.4 Called up and increase in share capital of subsidiaries

12.4.1 As at 26 September 2018, the Extraordinary General Meeting of Shareholders No. 1/2018 of Sermsang International Company Limited passed the resolution to increase the capital from Baht 10 million to Baht 810 million by issuing 8 million new ordinary shares at a par value of Baht 100 each. Sermsang 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.

12.4.2 As at 11 December 2018, the Extraordinary General Meeting of shareholders No. 1/2018 of Sermsang Infinite Company Limited passed the resolution to increase the capital from Baht 50 million to Baht 130 million by issuing Baht 0.8 million new ordinary shares at a per value of Baht 100 each. Sermsang Infinite Co., Ltd. called up share capital at 25 percent or amounting to Baht 20 million. In addition, Baht 3.9 million was called up and received on 11 December 2018.

12.4.3 During the year, Triple P Renewable Co., Ltd. called up of its registered capital amounting to Baht 2.7 million and was received from its shareholders on 20 September 2018 and 6 December 2018.

12.5 Non-controlling Interests

12.5.1 Detail of subsidiaries (indirectly held by the Company) that have material non-controlling interests.

Subsidiaries	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Gain (loss) allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Percentage)	(Percentage)						
SS Hidaka No Mori GK	13.0	13.0	(54,851)	(43,241)	2,417	(2,827)	-	-
GK GSSE	10.0	10.0	(41,950)	(19,697)	(249)	(1,869)	-	-
Tenuun Gerel								
Construction LLC.	25.0	26.3	(159,840)	(50,891)	(1,927)	(531)	-	-
Truong Thanh Quang								
Ngai Power and High								
Technology JSC.	20.0	-	(67,954)	-	(3,475)	-	-	-

12.5.2 Summarized financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling interests.

Summarized information about financial position

	SS Hidaka No Mori GK		GK GSSE		Tenuun Gerel Construction LLC		Truong Thanh Quang Ngai Power and High Technology JSC	
	2018	2017	2018	2017	2018	2017	2018	2017
Current assets	100,900	10,892	118,798	82,824	26,655	282,865	199,436	-
Non- current assets	1,912,940	1,793,625	2,133,335	979,106	760,235	266,906	141,131	-
Current liabilities	132,383	181,274	8,495	10,846	132,829	197,403	795	-
Non - current liabilities	1,491,161	1,294,813	1,824,213	854,147	14,699	-	-	-

Summarized information about comprehensive income

(Unit: Thousand Baht)

	For the year ended 31 December							
	SS Hidaka No Mori GK		GK GSSE		Tenuun Gerel Construction LLC		Truong Thanh Quang Ngai Power and High Technology JSC	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	194,061	21	6	-	1,358	244	38	-
Profit (Loss)	18,593	(21,744)	(2,486)	(18,692)	(7,709)	(1,709)	(9,524)	-
Other comprehensive income (loss)	3,754	(21,621)	4,916	(12,645)	(56,739)	1,499	(4,897)	-
Total comprehensive income (loss)	22,347	(43,365)	2,430	(31,337)	(64,448)	(210)	(14,421)	-

Summarized information about cash flow

(Unit: Thousand Baht)

	For the year ended 31 December							
	SS Hidaka No Mori GK		GK GSSE		Tenuun Gerel Construction LLC		Truong Thanh Quang Ngai Power and High Technology JSC	
	2018	2017	2018	2017	2018	2017	2018	2017
Cash flow from operating activities	171,768	(85,211)	(81,010)	4,186	5,739	4,186	(209,068)	-
Cash flow from investment activities	(176,751)	(391,922)	(1,073,141)	(73,714)	(561,658)	(73,714)	(141,100)	-
Cash flow from financing activities	144,286	471,026	1,190,125	320,558	339,328	320,558	354,200	-
Net increase (decrease) in cash and cash equivalents	139,303	(6,107)	35,974	251,030	(216,591)	251,030	4,032	-

13. Property plant and equipment

(Unit: Baht)

Consolidated financial statements										
	Land	Land improvement	Office building and building improvement	Power Plants	Solar roof system	Machinery, equipment and spare part	Equipment, tools, furniture and fixtures	Vehicles	Power plants under construction	Total
Cost										
1 January 2017	156,832,890	138,634,466	5,590,239	491,839,907	-	2,271,589,375	2,770,418	7,264,953	837,878,133	3,912,400,381
Additions	72,451,500	-	-	-	-	394,263	482,234	-	1,985,558,897	2,058,886,894
Disposals	-	-	-	-	-	(394,263)	-	-	-	(394,263)
Subsidy from the government	-	-	-	-	-	-	-	-	(144,903,000)	(144,903,000)
Exchange differences on translation of financial statements in foreign currency	-	-	-	-	-	-	-	-	(52,987,761)	(52,987,761)
31 December 2017	229,284,390	138,634,466	5,590,239	491,839,907	-	2,271,589,375	3,252,652	7,264,953	2,625,546,269	5,773,002,251
Additions	-	-	-	-	-	651,552	1,235,454	-	3,121,817,684	3,123,704,690
Disposals	-	-	-	-	-	(651,552)	-	-	-	(651,552)
Transferred in/(out)	-	104,927,014	2,789,306	274,014,814	105,809,627	1,970,440,921	11,980,450	-	(2,469,962,132)	-
Exchange differences on translation of financial statements in foreign currency	820,750	-	-	-	-	-	-	-	3,157,279	3,978,029
31 December 2018	230,105,140	243,561,480	8,379,545	765,854,721	105,809,627	4,242,030,296	16,468,556	7,264,953	3,280,559,100	8,900,033,418
Accumulated depreciation										
1 January 2017	-	10,604,587	533,593	37,622,384	-	173,735,257	615,123	4,336,707	-	227,447,651
Depreciation for the year	-	5,545,379	279,512	19,673,596	-	90,902,040	538,857	1,440,535	-	118,379,919
Depreciation on disposals	-	-	-	-	-	(38,464)	-	-	-	(38,464)
31 December 2017	-	16,149,966	813,105	57,295,980	-	264,598,833	1,153,980	5,777,242	-	345,789,106
Depreciation for the year	-	7,824,267	291,739	29,544,828	2,356,239	159,556,536	1,291,588	1,382,385	-	202,247,582
Depreciation on disposals	-	-	-	-	-	(87,404)	-	-	-	(87,404)
31 December 2018	-	23,974,233	1,104,844	86,840,808	2,356,239	424,067,965	2,445,568	7,159,627	-	547,949,284
Net book value										
31 December 2017	229,284,390	122,484,500	4,777,134	434,543,927	-	2,006,990,542	2,098,672	1,487,711	2,625,546,269	5,427,213,145
31 December 2018	230,105,140	219,587,247	7,274,701	679,013,913	103,453,388	3,817,962,331	14,022,988	105,326	3,280,559,100	8,352,084,134
Depreciation for the year										
2017 (Baht 116,396,526 included in cost of sales, and the remaining balance included in administrative expense)										118,379,919
2018 (Baht 200,154,274 included in cost of sales, and the remaining balance included in administrative expense)										202,247,582

(Unit: Baht)

	Separate financial statement		
	Construction in process	Office equipment and fixtures	Total
Cost			
1 January 2017	-	933,825	933,825
Addition	408,256	65,597	473,853
31 December 2017	408,256	999,422	1,407,678
Addition	-	71,357	71,357
31 December 2018	408,256	1,070,779	1,479,035
Accumulated depreciation			
1 January 2017	-	107,208	107,208
Depreciation for the year	-	176,509	176,509
31 December 2017	-	283,717	283,717
Depreciation for the year	-	191,336	191,336
31 December 2018	-	475,053	475,053
Net book value			
31 December 2017	408,256	715,705	1,123,961
31 December 2018	408,256	595,726	1,003,982
Depreciation for the year			
2017 (All included in administrative expenses)			176,509
2018 (All included in administrative expenses)			191,336

As at 31 December 2018, a subsidiary has mortgaged all land, property plant and equipment which net book value of Baht 2,609.8 million (2017: Baht 2,726.4 million) as collateral against credit facilities obtained from financial institutions as discussed in Note 16 to the financial statements.

As at 31 December 2018, two subsidiaries in Japan has mortgaged all machineries and equipment of solar power plant with net book value of Baht 2,159.0 million as collateral against credit facilities obtained from financial institutions as discussed in Note 16 to the financial statements.

As at 31 December 2018, a subsidiary had vehicle with net book value of Baht 0.1 million (2017: Baht 1.5 million) which were acquired under finance lease agreements.

During the year ended at 31 December 2018, the Company and subsidiaries in Japan capitalized their borrowing costs as construction in progress - power plant totaling to Baht 55.1 million (2017: Baht 50 million).

14. Intangible assets

The net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

(Unit: Baht)

	Consolidated financial statements					Total
	Electric distribution linkage right	Communication and external electric distribution system	Computer software	Communication and external electric distribution system and right and license under construction	Software during development	
Cost						
1 January 2017	6,900,000	54,487,569	434,751	476,399,423	-	538,221,743
Addition during the year - cost	-	63,574,906	97,800	82,162,749	-	145,835,455
Exchange differences on translation of financial statements in foreign currency	-	(1,967,274)	-	(24,449,714)	-	(26,416,988)
31 December 2017	6,900,000	116,095,201	532,551	534,112,458	-	657,640,210
Addition during the year - Cost	-	439,390	74,133	312,558,413	766,500	313,838,436
Transferred in/(out)	-	268,921,773	-	(268,921,773)	-	-
Exchange differences on translation of financial statements in foreign currency	-	-	-	7,126,714	-	7,126,714
31 December 2018	6,900,000	385,456,364	606,684	584,875,812	766,500	978,605,360
Accumulated depreciation						
1 January 2017	527,803	1,613,912	83,140	-	-	2,224,855
Amortization for the year	276,000	843,951	88,141	-	-	1,208,092
31 December 2017	803,803	2,457,863	171,281	-	-	3,432,947
Amortization for the year	276,000	10,968,527	105,442	-	-	11,349,969
31 December 2018	1,079,803	13,426,390	276,723	-	-	14,782,916
Provision for impairment	-	-	-	(13,189,005)	-	(13,189,005)
Net book value						
31 December 2017	6,096,197	113,637,338	361,270	534,112,458	-	654,207,263
31 December 2018	5,820,197	372,029,974	329,961	571,686,807	766,500	950,633,439
Amortization for the year						
2017 (All is included in administrative expense)						1,208,092
2018 (Baht 10,124,577 included in cost of sales, and the remaining balance included in administrative expense)						11,349,969

Communication and external electric distribution system and electric distribution linkage right and license had not yet been amortized because the Power Plants are under construction. The amortization will start when the commercial operation of the Electricity Generating Business commences.

(Unit: Baht)

	Separate financial statement	
	Computer software	Total
Cost		
1 January 2017	79,065	79,065
Additions	12,200	12,200
31 December 2017	91,265	91,265
Additions	-	-
31 December 2018	91,265	91,265
Accumulated amortization		
1 January 2017	9,743	9,743
Amortization for the year	15,742	15,742
31 December 2017	25,485	25,485
Amortization for the year	16,428	16,428
31 December 2018	41,913	41,913
Net book value		
31 December 2017	65,780	65,780
31 December 2018	49,352	49,352
Amortization for the year		
2017 (All included in administrative expense)		15,742
2018 (All included in administrative expense)		16,428

15. Trade and other payables

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statement	
	2018	2017	2018	2017
Trade payable - related parties	15,089	-	5,457,000	-
Trade payable - unrelated parties	247,986,997	11,206,441	-	-
Other payable - unrelated parties	137,973,288	207,347,724	4,106,889	2,572,410
Accrued interest expense - subsidiaries	-	-	20,806,234	19,213,087
Accrued expense - related parties	30,000	30,000	30,000	30,000
Accrued expense - unrelated parties	117,814,671	38,111,488	5,072,077	5,346,694
Total	503,820,045	256,695,653	35,472,200	27,162,191

16. Long-term loans

(Unit: Baht)

Interest rate			Consolidated financial					
Loan	(percent per annum)	Currency	Repayment schedule	statements		Separate financial statement		Note
				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 to December 2024	1,511,489,250	1,850,527,500	-	-	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	800,000,000	-	800,000,000	-	b)
3)	JPY LIBOR 3 months plus additional rate	Yen	Repayments of principal and interest are to be made on quarterly basis starting from September 2018 to June 2036	1,661,521,541	1,565,507,089	-	-	c)
4)	JPY LIBOR 3 months plus additional rate	Yen	Repayments of principal and interest are to be made on quarterly basis starting from March 2021 to December 2037	1,920,962,458	938,806,830	-	-	d)
5)	JPY TIBOR 3 months plus additional rate	Yen	Repayments of principal and interest are to be made on quarterly basis starting from March 2019 to December 2035	718,947,317	442,740,104	-	-	e)
6)	JPY TIBOR 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	1,155,063,749	-	-	-	f)
Total loan from banks				7,767,984,315	4,797,581,523	800,000,000	-	
Less: Deferred finance charges				(391,188,982)	(225,591,928)	(19,355,241)	-	
Total				7,376,795,333	4,571,989,595	780,644,759	-	
Less: Current portion				(508,586,738)	(510,313,401)	-	-	
Long-term loans - net of current portion				6,868,208,595	4,061,676,194	780,644,759	-	

(Unit: Baht)

	Consolidated financial statements	Separate financial statement
Balance as at 1 January 2018	4,571,989,595	-
Add: Additional borrowings	3,479,166,702	800,000,000
Less: Repayment	(542,148,927)	-
Less: Finance charges	(182,281,969)	(20,089,549)
Add: Amortization of financial charges	19,077,456	734,308
Unrealized (gain) / loss on exchange	30,992,476	-
Balance as at 31 December 2018	7,376,795,333	780,644,759

Note:

- a) As at 31 December 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 8 and Note 13 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 8 and Note 11 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 31 December 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 11 and Note 13 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 31 December 2018, the subsidiary had drawn Yen 6,554.2 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 31 December 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 11 and Note 13 to the financial statements.
- f) On 14 September 2018, a subsidiary (Ashita Power 1 GK) entered into loan agreement with financial institution, total credit facility amounting to Yen 11,935.5 million. As at 31 December 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 31 December 2018, the Company and its subsidiaries have undrawn credit facilities amounting to Baht 1,240.0 million and Yen 11,463.3 million (The Company: Baht 1,200.0 million) (2017: The Company and its subsidiaries: Yen 1,705.0 million and Yen 8,668.9 million and the Company: Baht 1,665.0 million).

17. Liabilities under finance lease agreements

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statement	
	2018	2017	2018	2017
Liabilities under finance lease agreements	-	70,725	-	-
Less: Deferred interest expenses	-	(484)	-	-
Total	-	70,241	-	-
Less: Current portion	-	(70,241)	-	-
Liabilities under finance lease agreements				
- net of current portion	-	-	-	-

A subsidiary (Sermuang Corporation Co., Ltd) has entered into the finance lease agreements for rental of vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

As at 31 December 2018, the subsidiary has no future minimum lease payments required under the finance lease agreement due to the subsidiary fully paid in 2018.

As at 31 December 2017, future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Baht)				
Consolidated financial statements				
As at 31 December 2017				
	Less than 1 year	1 - 5 years	Over 5 years	Total
Future minimum lease payments	70,725	-	-	70,725
Deferred interest expenses	(484)	-	-	(484)
Present value of future minimum lease payments	70,241	-	-	70,241

18. 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.

The Company set aside net income of Baht 24 million from its operating result of the year 2018 to the statutory reserve.

19. 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

20. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statement	
	2018	2017	2018	2017
				(Restated)
Salaries and wages and other employee benefits	68,076,146	61,544,530	26,577,122	27,379,835
Depreciation and amortization expenses	213,354,567	119,549,548	207,764	192,252
Repair and maintenance of power plant	61,401,452	38,237,496	-	-
Professional fees	24,987,634	11,909,153	10,137,764	8,969,903
Bank charges	5,998,777	2,907,091	4,352,148	1,447,644
Land lease	17,588,633	31,516,046	-	-
Construction Cost	25,688,454	-	-	-
Gain/(loss) on exchange rate	553,168	77,767,215	(40,154)	37,620
Provision for impairment of intangible assets	13,165,710	-	-	-

21. Income tax expenses (revenue)

Income tax expenses (revenue) of the Group for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statement	
	2018	2017	2018	2017
Current income tax:				
Corporate income tax charge for the year	1,921,123	193,411	-	-
Effects of income tax related to the expenses from share offering	-	8,051,396	-	8,051,396
Deferred tax:				
Relating to origination and reversal of temporary differences and others	(188,689)	(130,293)	(86,075)	(82,127)
Income tax expense (revenue) reported in the statement of comprehensive income	1,732,434	8,114,514	(86,075)	7,969,269

The amount of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statement	
	2018	2017	2018	2017
Actuarial loss (gain)	-	49,930	-	82,835
Income tax expense (revenue) reported in the statement of other comprehensive income	-	49,930	-	82,835

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statement	
	2018	2017	2018	2017
				(Restated)
Accounting profit before tax	480,524,892	342,720,360	481,940,535	347,801,639
	0%, 10%, 15%, 16.5%, 17%,	0%, 10%, 15%, 16.5%, 20%	20%	20%
Applicable tax rate	20%	16.5%, 20%	20%	20%
Accounting profit before corporate income tax multiplied by income tax rate	99,010,591	80,853,963	96,388,107	69,560,328
Effects of:				
Promotional privileges (Note 22)	(113,943,594)	(114,357,354)	-	-
Non-deductible expenses	2,122,605	7,782,370	397,005	6,949,425
Exempted revenue	-	-	(96,623,796)	(75,989,772)
Utilised tax losses	(1,920,099)	(658,402)	-	-
Tax losses for the year, that were not recognised as deferred tax assets	16,462,931	34,493,937	(247,391)	7,449,288
Tax income expense (revenue) reported in the statement of comprehensive income	1,732,434	8,114,514	(86,075)	7,969,269

The components of deferred tax assets are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statement	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Deferred tax assets				
Provision for long-term employee				
benefits	481,552	292,862	181,929	95,854

As at 31 December 2018, the Company and its subsidiaries have unused tax losses totaling Baht 271 million (the Company: Baht 53 million) (2017: the Company and its subsidiaries: Baht 263 million and the Company: Baht 54 million), on which deferred tax assets have not been recognised as the Company and its subsidiaries believe that future taxable profits may not be sufficient to allow utilization of the temporary differences and unused tax losses.

As at 31 December 2018, unused tax losses totaling Baht 271 million, such tax losses will be expired within 2019 - 2023.

22. Promotional privileges

Its subsidiaries have been granted the promotional privileges under the Investment Promotional Act, B.E. 2520 by the Board of Investment under each promotion certificate as follows:

Company's name	Certificates		1 st Income Date	Privileges
	No.	Dated		
Sermsang Palang Ngan Co., Ltd.	2645(1)/2556	19 November 2013	2 February 2015	A), B), D)
Sermsang Infinite Co., Ltd	60-1446-1-00-1-0	20 December 2017	12 March 2018	C), D)
	61-0246-1-00-1-0	9 March 2018	1 March 2018	C), D)
	61-0796-1-00-1-0	5 July 2018	1 July 2018	C), D)
	61-0797-1-00-1-0	5 July 2018	1 July 2018	C), D)
	61-0798-1-00-1-0	5 July 2018	1 July 2018	C), D)
	61-0799-1-00-1-0	5 July 2018	1 July 2018	C), D)
	61-0800-1-00-1-0	5 July 2018	1 July 2018	C), D)
Sermsang Solar Co., Ltd	61-0508-1-00-10	3 May 2018	30 November 2018	C), D)

Subject to certain imposed conditions, the privileges include the following:

- A) The privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues.
- B) 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.
- C) 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.
- D) In case of an accumulated losses incurred during the corporate income tax exemption period, the subsidiary is allowed to utilise the losses as a deduction against net income for a period of 5 years after the expiry of the tax exemption period, whether from any one year or from several years.

The Company and its subsidiaries have operating revenues for the years ended 31 December 2018 and 2017, divided between promoted and non-promoted operations, are summarized below.

(Unit: Million Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	2018	2017	2018	2017	2018	2017
Sales	292.5	283.8	235.1	-	527.6	283.8
Subsidy for adder	568.7	587.9	-	-	568.7	587.9
Revenue from construction						
service	-	-	32.7	-	32.7	-
Service income	0.2	-	-	-	0.2	-
Total	861.4	871.7	267.8	-	1,129.2	871.7

23. Earnings per share

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

24. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organized into business units based on their products and have three reportable segments as follows:

1. Production and distribution of electricity from solar power plants
2. Electricity distribution and installation services relating to the solar roof system
3. Others (investment, consultancy and others)

No operating segments have been aggregated to from the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2018.

(Unit: Thousand Baht)

	Production and distribution of electricity from solar power plants		Electricity distribution and installation services relating to the solar roof system		Others		Eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Electricity selling from operations	1,087,582	871,702	8,889	-	-	-	-	-	1,096,471	871,702
Revenue from construction services	-	-	32,712	-	-	-	-	-	32,712	-
Other income	1,805	1,884	-	-	53,678	38,681	(53,166)	(37,635)	2,317	2,930
Total revenue and other income	1,089,387	873,586	41,601	-	53,678	38,681	(53,166)	(37,635)	1,131,500	874,632
Operating profit	689,543	628,757	5,964	(13,342)	(64,003)	(163,703)	(8,705)	(35,411)	622,799	487,123
Interest income	3,427	2,023	41	56	115,403	142,472	(112,988)	(142,074)	5,883	2,477
Finance costs	(138,523)	(107,861)	(1,694)	(128)	(128,010)	(180,904)	120,070	142,013	(148,157)	(146,880)
Finance costs, net	(135,096)	(105,838)	(1,653)	(72)	(12,607)	(38,432)	7,082	(61)	(142,274)	(144,403)
Profit before income tax expense	554,447	522,919	4,311	(13,414)	(76,610)	(202,135)	(1,623)	35,350	480,525	342,720
Income tax benefit (expense)	(1,870)	(110)	-	-	86	(8,024)	52	20	(1,732)	(8,114)
Profit for the year	<u>552,577</u>	<u>522,809</u>	<u>4,311</u>	<u>(13,414)</u>	<u>(76,524)</u>	<u>(210,159)</u>	<u>(1,571)</u>	<u>35,370</u>	<u>478,793</u>	<u>334,606</u>

(Unit: Thousand Baht)

	Production and distribution of electricity from solar power plants		Electricity distribution and installation services relating to the solar roof system		Others		Eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
As at 31 December										
Segment assets										
Property, plant and equipment	8,158,708	5,312,767	109,779	38,948	74,861	75,498	8,736	-	8,352,084	5,427,213
Other intangible assets	873,188	653,952	1,202	-	246	255	75,997	-	950,633	654,207
Long-term investment	-	-	-	-	17,079	-	-	-	17,079	-
Unallocated assets	-	-	-	-	-	-	-	-	2,572,932	2,188,423
Total assets									11,892,728	8,269,843
Segment liabilities										
Loans	6,607,273	4,571,990	107,981	-	6,014,667	3,591,005	(5,353,126)	(3,591,005)	7,376,795	4,571,990
Unallocated liabilities	-	-	-	-	-	-	-	-	657,787	276,185
Total liabilities									8,034,582	4,848,175

Geographical segments

The Company and its subsidiaries operate in Thailand, Hong Kong, Singapore, Japan, Mongolia and Vietnam. The operations in Hong Kong, Singapore, Mongolia and Vietnam do not generate revenues.

Geographic information segment

(Unit: Million Baht)		
Consolidated financial statements		
Revenue from the external customers	31 December 2018	31 December 2017
Thailand	894	872
Japan	235	-
Total	1,129	872

(Unit: Million Baht)		
Consolidated financial statements		
Non current assets*	31 December 2018	31 December 2017
Thailand	2,871	2,806
Japan	5,817	3,150
Hongkong	29	-
Mongolia	760	267
Vietnam	217	-
Total	9,695	6,223

*Other than financial instrument and deferred tax asset

Major customers

For the year 2018 and 2017, the Company and its subsidiaries have three major customers with revenue was Baht 1,085.2 million (2017: Baht 871.7 million).

25. Provident fund

The Company and its subsidiaries and its employee have jointly established a provident fund in accordance with the provident fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 2 - 10 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited will be paid to employees upon termination in accordance with the fund rules.

During the year of 2018, the Company and its subsidiaries recorded the contributions amounting to approximately Baht 1.7 million, the Company Baht 0.8 million. (2017: the Company and its subsidiaries: Baht 1.5 million, the Company: Baht 0.8 million).

26. Commitments and contingent liabilities

26.1 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.

As at 29 December 2017, 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.

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.

26.2 Capital commitments

As at 31 December 2018, the subsidiaries had capital commitments relating to the project development, land purchase, machinery and equipment purchase and licenses as follows.

(Unit: Million)			
Country	Currency	31 December 2018	31 December 2017
Thailand	Baht	37.4	-
Japan	Yen	11,057.9	10,264.1
Mongolia	MNT	2,709.5	28.8
Vietnam	US Dollar	23.1	-

26.3 Land lease commitments

As at 31 December 2018, subsidiaries in Japan have land lease commitments for the 20 years starting from 2017 or 2018. The annual rent are totaling Yen 153.2 million (2017: Yen 151.1 million).

26.4 Service agreement

As at 31 December 2018 and 2017, the Company and subsidiaries have commitment for service agreements in Thailand which have the remaining schedule repayments as follows:

	(Unit Million Baht)	
	31 December 2018	31 December 2017
Payable		
In up to 1 year	42	39
In over 1 year and up to 5 years	173	160
In over 5 years	44	88
Total	259	287

As at 31 December 2018, subsidiaries in Japan have long-term service commitments related to several service agreements. The service fee expenses are Yen 83.0 million per year (2017: Yen 61.7 million).

26.5 Operation and Management Agreement

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

	(Unit Million Yen)
	31 December 2018
Payable	
In up to 1 year	35
In over 1 year and up to 5 years	87
In over 5 years	413
Total	535

26.6 Share capital of subsidiaries

As at 31 December 2018, the Company has a commitment in respect of the unissued and uncalled portion of the subsidiaries' registered share capital amounting to Baht 1,171.0 million (2017: Baht 517.6 million).

A subsidiary in Hong Kong has a commitment to pay for investment in subsidiaries in Japan of Yen 1,411.6 million (2017: Yen 2,611.8 million).

As at 31 December 2018, a subsidiary in Singapore has no commitment to pay for investment in a subsidiary in Mongolia (2017: USD 8.6 million).

26.7 Bank guarantees

As at 31 December 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 of such bank guarantees were the Company's. (2017: The Company and its subsidiaries of Baht 85.3 million and the Company of Baht 72.0 million).

26.8 Derivatives

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

Contract value		Received interest rate	Paid interest rate	Due date
31 December 2018	31 December 2017			
1. Baht 227 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 756 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 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 31 December 2018, subsidiaries had outstanding forward exchange contracts, of which details are presented below.

As at 31 December 2018			
Currency	Maturity Date	Contractual exchange rate (Baht per 1 foreign currency unit)	Bought amount
US Dollar	25 January 2019	32.80	US Dollar 0.03 Million
US Dollar	25 February 2019	32.95	US Dollar 0.05 Million
US Dollar	13 May 2019	31.98	US Dollar 0.50 Million
US Dollar	15 May 2019	31.85	US Dollar 0.50 Million

27. Financial instruments

27.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, restricted bank deposits, trade and other receivables, unbilled receivables, Revenue Department receivable, loans, share acquisition payable to subsidiary's existing shareholders, trade and other payables, construction retention, borrowing and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described follow.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables which mainly sell to a few customers. However, the Company does not expect to incur material financial losses from uncollectible debts since the debtor has ability of repayment. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks and lending and long-term borrowings. Most of their financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2018 and 2017, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

(Unit: Baht)

Consolidated financial statements					
As at 31 December 2018					
	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial Assets					
Cash and cash equivalents	-	1,121,040,672	4,089,270	1,125,129,942	0.01% - 6.17%
Short-term restricted bank deposits	-	438,921,606	-	438,921,606	0.37%
Long-term restricted bank deposits	-	96,733,344	-	96,733,344	0.01% - 0.37%
Trade and other receivables	-	-	304,808,202	304,808,202	
Unbilled receivables	-	-	32,011,994	32,011,994	
Revenue Department receivable	-	-	68,634,350	68,634,350	
Long-term investment	-	-	17,078,655	17,078,655	
	-	1,656,695,622	426,622,471	2,083,318,093	

(Unit: Baht)

Consolidates financial statements						
As at 31 December 2018						
	Fixed interest rate			Floating interest rate	Non-interest bearing	Effective interest rate
	Within 1 year	1 - 5 years	Over 5 years			
Financial liabilities						(% per annum)
Trade and other payables	-	-	-	-	503,820,045	503,820,045
Share acquisition payable to subsidiary's existing shareholders	-	-	-	-	117,503,651	117,503,651
Construction retention	-	-	-	-	5,318,625	5,318,625
Long-term loans	-	535,941,690	244,703,069	6,596,150,574	-	7,376,795,333
	-	535,941,690	244,703,069	6,596,150,574	626,642,321	8,003,437,654
Financial Derivatives						
Interest rate swap contracts						
- Fixed interest rate	223,886,813	605,811,375	152,769,825	-	-	982,468,013
- Floating interest rate	-	-	-	982,468,013	-	982,468,013

(Unit: Yen)

Consolidates financial statements						
As at 31 December 2018						
	Fixed interest rate			Floating interest rate	Non-interest bearing	Effective interest rate
	Within 1 year	1 - 5 years	Over 5 years			
Financial Derivatives						
- Fixed interest rate	-	-	2,998,395,218	-	-	2,998,395,218
- Floating interest rate	-	-	-	2,998,395,218	-	2,998,395,218

(Unit: Baht)

Consolidated financial statements					
As at 31 December 2017					
	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate
					(% per annum)
Financial Assets					
Cash and cash equivalents	-	1,407,014,986	4,228,334	1,411,243,320	0.37% - 0.40%
Short-term restricted bank deposits	-	192,148,926	-	192,148,926	0.37%
Trade and other receivables	-	-	149,315,739	149,315,739	-
Revenue Department receivable	-	-	246,377,717	246,377,717	-
	-	1,599,163,912	399,921,790	1,999,085,702	

(Unit: Baht)

Consolidates financial statements

As at 31 December 2017

	Fixed interest rate			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial liabilities							
Trade and other payables	-	-	-	-	256,695,653	256,695,653	-
Construction retention	-	-	-	-	4,036,238	4,036,238	-
Liabilities under finance lease agreements	70,241	-	-	-	-	70,241	5.75%
Long-term loans	-	-	-	4,571,989,595	-	4,571,989,595	2.34% - 3.61%
	<u>70,241</u>	<u>-</u>	<u>-</u>	<u>4,571,989,595</u>	<u>260,731,891</u>	<u>4,832,791,727</u>	
Financial Derivatives							
Interest rate swap contracts							
- Fixed interest rate	220,374,863	677,806,350	304,661,662	-	-	1,202,842,875	5.71%, 5.8%
- Floating interest rate	-	-	-	1,202,842,875	-	1,202,845,875	THBFIX 3M+2%

(Unit: Baht)

Separate financial statement

As at 31 December 2018

	Fixed interest rate			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial Assets							
Cash and cash equivalents	-	-	-	356,775,116	36,330	356,811,446	0.37% - 0.40%
Short-term restricted bank deposits	-	-	-	235,070,746	-	235,070,746	0.37%
Long-term restricted bank deposits	-	-	-	10,027	-	10,027	0.37%
Trade and other receivables	-	-	-	-	129,903,685	129,903,685	
Revenue Department receivable	-	-	-	-	767,922	767,922	
Short-term loans to related parties	-	-	-	108,362,682	-	108,362,682	
Long-term loans to related parties	-	-	-	2,095,078,346	-	2,095,078,346	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,795,296,917</u>	<u>130,707,937</u>	<u>2,926,004,854</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	35,472,200	35,472,200	
Short-term loans from related parties	106,095,175	-	-	-	-	106,095,175	2.00%
Long-term loans	-	535,941,690	244,703,069	-	-	780,644,759	4.33%
	<u>106,095,175</u>	<u>535,941,690</u>	<u>244,703,069</u>	<u>-</u>	<u>35,472,200</u>	<u>922,212,134</u>	

(Unit: Baht)

Separate financial statement							
As at 31 December 2017							
	Fixed interest rate			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial Assets							
Cash and cash equivalents	-	-	-	699,418,729	75,000	699,493,729	0.37%
Trade and other receivables	-	-	-	-	93,046,825	93,046,825	-
Revenue Department receivable	-	-	-	-	2,205,487	2,205,487	-
Short-term loans to related parties	302,997,448	-	-	-	-	302,997,448	2.10%
Long-term loans to related parties	-	1,162,004,200	-	-	-	1,162,004,200	2.10%
	<u>302,997,448</u>	<u>1,162,004,200</u>	<u>-</u>	<u>699,418,729</u>	<u>95,327,312</u>	<u>2,259,747,689</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	27,162,191	27,162,191	-
Short-term loans from related parties	147,579,940	-	-	-	-	147,579,940	2%
	<u>147,579,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,162,191</u>	<u>174,742,131</u>	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from cash in foreign currency, revenue department receivable, advanced payment, share acquisition payable to subsidiary's existing shareholders and loans from financial institutions that are denominated in foreign currencies. As at 31 December 2018 and 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	
	2018	2017	2018	2017	2018	2017
					(Baht per 1 foreign currency unit)	
Japanese yen	3,264,460,354	1,649,528,302	18,235,081,807	9,536,125,550	0.2930890	0.2898060
US dollar	1,175,327	11,745,321	4,095,185	5,926,643	32.449800	32.680900
Singapore dollar	30,390	30,390	5,000	3,000	23.694250	24.450250
MNT	28,873,362	33,383,466	22,401,793	333,145,782	0.0122790	0.013439
Euro	-	-	-	50,858	37.125200	39.027250
VND	81,325,775,075	-	84,261,201,125	-	0.0013970	-

27.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair values are not expected to be materially different from the amounts presented in statement of financial position.

As at 31 December 2018, the fair value of interest rate swap contract of a subsidiary was negative amounting to Baht 50 million, (31 December 2017: Baht 76 million) which was referenced by the counterparty bank. Such fair value was categorised within Level 2 of the fair value hierarchy.

As at 31 December 2018, the fair value of interest rate-swap contract of a subsidiary in Japan was negative amounting to Yen 262 million which was referenced by the counter party bank. Such fair value was categorized with in Level 2 of the fair value hieraechy.

As at 31 December 2018, the fair value of forward exchange contracts of a subsidiary in Thailand was positive amounting Baht 0.13 million which was referenced by the counter party bank. Such fair value was categorized with in Level 2 of the fair value hieraechy.

28. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximize shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 2.1 (2017: 1.4). The Company has debt-to-equity ratio was 0.3 (2017: 0.05).

29. Reclassification

During the year, the Company reclassify as follows

(Unit : Baht)

	Consolidated financial statements		Separated financial statement	
	1 January 2017		1 January 2017	
	As previously reported		As previously reported	
	As previously reported	As reclassified	As previously reported	As reclassified
Financial statement				
Cash and cash equivalents	367,356,517	151,881,862	95,893,263	95,893,263
Short-term restricted bank deposits	-	215,474,655	-	-

(Unit : Baht)

	Consolidated financial statements		Separated financial statement	
	31 December 2017		31 December 2017	
	As previously reported		As previously reported	
	As previously reported	As reclassified	As previously reported	As reclassified
Financial statement				
Cash and cash equivalents	1,603,392,246	1,411,243,320	699,493,729	699,493,729
Short-term restricted bank deposits	-	192,148,926	-	-

(Unit : Baht)

	Consolidated financial statements		Separated financial statement	
	2017		2017	
	As previously reported		As previously reported	
		As reclassified		As reclassified
Cashflow statement				
Cash flows from operating activities				
Cash and cash equivalents				
at the beginning of the year	367,356,517	151,881,862	-	-
Short-term restricted bank deposits	-	23,325,729	-	-
Cash and cash equivalents				
at the end of the year	1,603,392,246	1,411,243,320	699,493,729	699,493,729

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

30. Events after the reporting period

30.1 Investment in subsidiary

In January and February 2019, the Company invested in its subsidiary amounting to Baht 110 million and Baht 30 million respectively.

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2019.