

Sermsang Power Corporation Public Company Limited  
and its subsidiaries  
Report and interim financial statements  
31 March 2019

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

To the shareholders of Sermsang Power Corporation Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Sermsang Power Corporation Public Company Limited and its subsidiaries as at 31 March 2019, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Sermsang Power Corporation Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

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

### **Conclusion**

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

Sirikorn Plernpissiri

Certified Public Accountant (Thailand) No. 5234

EY Office Limited

Bangkok: 14 May 2019

Sermuang Power Corporation Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2019

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statement	
		As at	As at	As at	As at
	Note	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	1,072,486	1,125,130	260,624	356,811
Short-term restricted bank deposits	4	211,155	438,922	4,838	235,071
Trade and other receivables	3, 5	368,933	408,800	142,928	134,597
Unbilled Receivables	6	4,364	32,012	-	-
Short-term loans to related parties	3	-	-	108,363	108,363
Other current assets		9,247	10,081	19	-
<b>Total current assets</b>		1,666,185	2,014,945	516,772	834,842
<b>Non-current assets</b>					
Long-term restricted bank deposits	7	105,025	96,733	10,243	10
Revenue Department receivable		15,814	68,634	-	768
Long-term loans to related parties					
- net of current portion	3	-	-	2,141,078	2,095,078
Investments in subsidiaries - net	8	-	-	2,128,631	1,761,822
Long-term investment		17,079	17,079	-	-
Property, plant and equipment	9	9,107,537	8,352,084	960	1,004
Intangible assets	10	943,929	950,633	45	49
Prepaid rental		130,963	135,997	-	-
Deferred tax assets		543	482	212	182
Other non-current assets		253,099	256,141	-	-
<b>Total non-current assets</b>		10,573,989	9,877,783	4,281,169	3,858,913
<b>Total assets</b>		12,240,174	11,892,728	4,797,941	4,693,755

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

Sermuang Power Corporation Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statement	
		As at	As at	As at	As at
		31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade payables and other payables		815,908	503,820	37,146	35,472
Construction retention		6,757	5,319	-	-
Short-term loans from related parties	3	-	-	104,745	106,095
Share acquisition payable to subsidiary's existing shareholders		9,770	117,504	-	-
Current portion of long-term loans	11	513,562	508,587	83,251	-
Other current liabilities		131,498	11,671	230	1,155
<b>Total current liabilities</b>		<b>1,477,495</b>	<b>1,146,901</b>	<b>225,372</b>	<b>142,722</b>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	11	6,813,603	6,868,208	917,790	780,645
Other non-current liabilities		7,303	19,473	1,057	910
Loss in excess of cost over investments accounted for under equity method in investments in subsidiaries	8	-	-	29,432	235,937
<b>Total non-current liabilities</b>		<b>6,820,906</b>	<b>6,887,681</b>	<b>948,279</b>	<b>1,017,492</b>
<b>Total liabilities</b>		<b>8,298,401</b>	<b>8,034,582</b>	<b>1,173,651</b>	<b>1,160,214</b>

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

**Sermuang Power Corporation Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 March 2019**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statement	
		As at	As at	As at	As at
	Note	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity					
Share capital					
Registered					
922,000,000 ordinary shares of Baht 1 each		922,000	922,000	922,000	922,000
Issued and paid up					
922,000,000 ordinary shares of Baht 1 each		922,000	922,000	922,000	922,000
Share premium		1,511,210	1,511,210	1,511,210	1,511,210
Surplus on business combination		33,098	33,098	33,098	33,098
under common control					
Retained earnings					
Appropriated - statutory reserve	13	64,815	64,815	64,815	64,815
Unappropriated		1,208,081	1,084,056	1,208,081	1,084,056
Other components of shareholders' equity		(114,914)	(81,638)	(114,914)	(81,638)
Equity attributable to owners of the Company		3,624,290	3,533,541	3,624,290	3,533,541
Non-controlling interests of the subsidiaries		317,483	324,605	-	-
Total shareholders' equity		3,941,773	3,858,146	3,624,290	3,533,541
Total liabilities and shareholders' equity		12,240,174	11,892,728	4,797,941	4,693,755

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

Directors

(Unaudited but reviewed)

**Sermuang Power Corporation Public Company Limited and its subsidiaries****Statement of comprehensive income****For the three-month period ended 31 March 2019**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statement	
	Note	2019	2018	2019	2018
<b>Revenues</b>					
Sales		159,648	86,590	-	-
Subsidy for adder		141,391	134,961	-	-
Revenue from construction services		11,630	-	-	-
Service income	3	187	-	7,250	7,250
Other income	3	1,069	837	17,035	7,657
<b>Total revenues</b>		<b>313,925</b>	<b>222,388</b>	<b>24,285</b>	<b>14,907</b>
<b>Expenses</b>					
Cost of sales		94,214	52,590	-	-
Cost of construction		9,880	-	-	-
Administrative expenses		41,087	37,278	13,228	12,508
<b>Total expenses</b>		<b>145,181</b>	<b>89,868</b>	<b>13,228</b>	<b>12,508</b>
<b>Profit before share of profit from investment</b>					
<b>in subsidiaries, finance cost and income tax expense</b>		<b>168,744</b>	<b>132,520</b>	<b>11,057</b>	<b>2,399</b>
Share of profit from investment in subsidiaries	8.2	-	-	124,090	104,854
<b>Profit before finance cost and income tax expenses</b>		<b>168,744</b>	<b>132,520</b>	<b>135,147</b>	<b>107,253</b>
Finance cost		46,066	26,479	11,152	722
<b>Profit before income tax expenses</b>		<b>122,678</b>	<b>106,041</b>	<b>123,995</b>	<b>106,531</b>
Income tax (expenses)	12	19	(49)	30	22
<b>Profit for the period</b>		<b>122,697</b>	<b>105,992</b>	<b>124,025</b>	<b>106,553</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency		(39,070)	3,608	(33,276)	5,466
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Actuarial gain (loss) - net of income tax		-	-	-	-
<b>Other comprehensive income for the period</b>		<b>(39,070)</b>	<b>3,608</b>	<b>(33,276)</b>	<b>5,466</b>
<b>Total comprehensive income for the period</b>		<b>83,627</b>	<b>109,600</b>	<b>90,749</b>	<b>112,019</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		124,025	106,553	124,025	106,553
Non-controlling interests of the subsidiaries		(1,328)	(561)		
		122,697	105,992		

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

(Unaudited but reviewed)

**Sernsang Power Corporation Public Company Limited and its subsidiaries**

**Statement of comprehensive income (continued)**

**For the three-month period ended 31 March 2019**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statement	
	Note	2019	2018	2019	2018
Comprehensive income attributable to:					
Equity holder of the Company		90,749	112,019	90,749	112,019
Non-controlling interest of the subsidiaries		(7,122)	(2,419)		
		83,627	109,600		
Earnings per share					
Basic earnings per share	15				
Profit attributable to equity holders of the Company					
(Baht per share)		0.135	0.116	0.135	0.116
Weighted average number of ordinary shares (shares)		922,000,000	922,000,000	922,000,000	922,000,000

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

(Unaudited but reviewed)

## Sernsang Power Corporation Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
Note						Other components of shareholders' equity		Total other components of shareholder's equity	Total equity attributable to owners of the company	Non-controlling interests of subsidiaries	Total shareholder's equity
	Issued and paid-up share capital	Share premium	Surplus on business combination under common control	Retained earnings		on translation of financial statements in foreign currency	Acturial gain (loss)				
				Appropriated	Unappropriated						
				Statutory reserve	Retained earning						
Balance as at 31 December 2017	922,000	1,511,210	33,098	40,714	814,990	(13,856)	(326)	(14,182)	3,307,830	113,839	3,421,669
Profit for the period	-	-	-	-	106,553	-	-	-	106,553	(561)	105,992
Other comprehensive income for the period	-	-	-	-	-	5,466	-	5,466	5,466	(1,858)	3,608
Total comprehensive income for the period	-	-	-	-	106,553	5,466	-	5,466	112,019	(2,419)	109,600
Increase in non-controlling interests from the increase in share capital of subsidiaries	-	-	-	-	-	-	-	-	-	32,427	32,427
Balance as at 31 March 2018	922,000	1,511,210	33,098	40,714	921,543	(8,390)	(326)	(8,716)	3,419,849	143,847	3,563,696
Balance as at 31 December 2018	922,000	1,511,210	33,098	64,815	1,084,056	(81,311)	(327)	(81,638)	3,533,541	324,605	3,858,146
Profit for the period	-	-	-	-	124,025	-	-	-	124,025	(1,328)	122,697
Other comprehensive income for the period	-	-	-	-	-	(33,276)	-	(33,276)	(33,276)	(5,794)	(39,070)
Total comprehensive income for the period	-	-	-	-	124,025	(33,276)	-	(33,276)	90,749	(7,122)	83,627
Balance as at 31 March 2019	922,000	1,511,210	33,098	64,815	1,208,081	(114,587)	(327)	(114,914)	3,624,290	317,483	3,941,773

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



(Unaudited but reviewed)

## Serm Sang Power Corporation Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

## Separate financial statement

	Note	Issued and paid up share capital	Share premium	Surplus on business combination under common control	Retained earnings		Other components of shareholders' equity			
					Appropriated	Unappropriated	Other comprehensive income			Total shareholders' equity
							Exchange difference on translation of financial statement in foreign currency	Actuarial loss	Total other components of shareholders' equity	
Balance as at 31 December 2017		922,000	1,511,210	33,098	40,714	814,990	(13,856)	(326)	(14,182)	3,307,830
Profit for the period		-	-	-	-	106,553	-	-	-	106,553
Other comprehensive income for the period		-	-	-	-	-	5,466	-	5,466	5,466
Total comprehensive income for the period		-	-	-	-	106,553	5,466	-	5,466	112,019
Balance as at 31 March 2018		922,000	1,511,210	33,098	40,714	921,543	(8,390)	(326)	(8,716)	3,419,849
Balance as at 31 December 2018		922,000	1,511,210	33,098	64,815	1,084,056	(81,311)	(326)	(81,638)	3,533,541
Profit for the period		-	-	-	-	124,025	-	-	-	124,025
Other comprehensive income for the period		-	-	-	-	-	(33,276)	-	(33,276)	(33,276)
Total comprehensive income for the period		-	-	-	-	124,025	(33,276)	-	(33,276)	90,749
Balance as at 31 March 2019		922,000	1,511,210	33,098	64,815	1,208,081	(114,587)	(326)	(114,914)	3,624,290

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

(Unaudited but reviewed)

**Sermuang Power Corporation Public Company Limited and its subsidiaries****Cash flow statement****For the three-month period ended 31 March 2019**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statement</b>	
	2019	2018	2019	2018
		(Reclassified)		(Reclassified)
<b>Cash flows from operating activities</b>				
Profit before tax	122,678	106,041	123,995	106,531
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	62,156	37,408	59	50
Provision for long-term employee benefits	305	236	148	107
Share of profit from investment in subsidiaries	-	-	(124,090)	(104,854)
Unrealised loss on exchange rate	1,065	8,215	-	-
Interest income	(289)	(525)	(16,794)	(7,657)
Finance cost	46,066	26,479	11,152	722
Profit (loss) from operating activities before changes in operating assets and liabilities	231,981	177,854	(5,530)	(5,101)
Operating assets (increase) decrease				
Trade and other receivables	41,932	(36,723)	9,077	(2,121)
Unbilled Receivables	27,648	-	-	-
Other current assets	834	(518)	(19)	(19)
Revenue Department receivable	57,069	(37,129)	768	362
Other non-current assets	8,076	(43,377)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	313,484	335,686	1,155	1,469
Share acquisition payable to subsidiary's existing shareholders	(107,734)	-	-	-
Construction retention	1,438	1,317	-	-
Other current liabilities	26,110	672	(925)	87
Other non-current liabilities	(12,475)	320	-	-
Cash flows from operating activities	588,363	398,102	4,526	(5,323)
Cash paid for corporate income tax	(3,461)	(180)	(615)	(180)
<b>Net cash flows from (used in) operating activities</b>	<b>584,902</b>	<b>397,922</b>	<b>3,911</b>	<b>(5,503)</b>

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

**Sermuang Power Corporation Public Company Limited and its subsidiaries****Cash flow statement (continued)****For the three-month period ended 31 March 2019**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statement</b>	
	2019	2018	2019	2018
		(Reclassified)		(Reclassified)
<b>Cash flows from investing activities</b>				
Short-term restricted bank deposits	227,767	(3,341)	230,233	(10)
Long-term restricted bank deposits	(8,292)	(10)	(10,233)	(10)
Short-term loans to related parties	-	-	-	(20,981)
Long-term loans to related parties	-	-	(46,000)	(5,900)
Investment in subsidiaries	-	-	(482,500)	-
Long-term investment	-	-	-	105,000
Acquisition of property, plant and equipment	(905,775)	(613,174)	(11)	(32)
Acquisition of intangible assets	(15,628)	(12,314)	-	-
Subsidy from the government	93,717	-	-	-
Interest income	289	525	-	-
Acquisition of non-controlling interest	-	32,427	-	-
<b>Net cash flows used in investing activities</b>	<b>(607,922)</b>	<b>(595,887)</b>	<b>(308,511)</b>	<b>78,067</b>
<b>Cash flows from financing activities</b>				
Short-term loans from related parties	-	-	(1,350)	(762)
Liabilities under finance lease agreements	-	(70)	-	-
Cash receipt from long-term loans from bank	220,000	185,729	220,000	-
Repayment of long-term loans from bank	(166,055)	(85,097)	-	-
Cash payment of interest and fee expenses	(66,185)	(41,854)	(10,237)	(57)
<b>Net cash flows from (used in) financing activities</b>	<b>(12,240)</b>	<b>58,708</b>	<b>208,413</b>	<b>(819)</b>
<b>Translation adjustments</b>	<b>(17,384)</b>	<b>(732)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(52,644)</b>	<b>(139,989)</b>	<b>(96,187)</b>	<b>71,745</b>
Cash and cash equivalents at beginning of period	1,125,130	1,411,243	356,811	699,494
<b>Cash and cash equivalents at end of period</b>	<b>1,072,486</b>	<b>1,271,254</b>	<b>260,624</b>	<b>771,239</b>
	-	-	-	-
<b>Supplemental cash flow information:</b>				
Non - cash transaction				
Fixed assets increase by replacement	55	85	-	-
Transfer interest expenses to cost of plant and equipment	18,813	16,168	1,826	-

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

**Sernsang Power Corporation Public Company Limited and its subsidiaries**  
**Notes to interim consolidated financial statements**  
**For the three-month period ended 31 March 2019**

**1. General information**

**1.1 Corporate information**

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

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

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

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

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

### 1.3 Basis of preparation on the interim consolidated financial statements

The interim consolidated financial statements include the financial statements of Serm Sang Power Corporation Public Company Limited (“the Company”) and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statement for the year ended 31 December 2018. During the period, there was no change in the composition of group.

Subsidiary companies	Nature of business	Country of incorporation	Percentage of shareholding	
			31 March	31 December
			2019	2018
			(Percentage)	(Percentage)
<b><u>Subsidiary companies which directly held by the Company</u></b>				
Serm Sang Palang Ngan Company Limited	Production and distribution of electricity	Thailand	100	100
Sernsang Corporation Company Limited	Production and distribution of electricity	Thailand	100	100
Sernsang International Company Limited	Investment and consultancy	Thailand	100	100
Access Energy Company Limited	Investment and consultancy	Thailand	100	100
Essential Power Company Limited	Production and distribution of electricity	Thailand	100	100
Sernsang Solar Company Limited	Production and distribution of electricity	Thailand	100	100
Siam Renewable Power Company Limited	Production and distribution of electricity	Thailand	100	100
Plus Energy Company Limited	Production and distribution of electricity	Thailand	100	100
Sernsang Infinite Company Limited	Production and distribution of electricity	Thailand	100	100
Siam Clean Solutions Company Limited	Production and distribution of electricity	Thailand	100	100
Prestige Group Company Limited	Production and distribution of electricity	Thailand	100	100
Triple P Renewable Company Limited	Production and distribution of electricity	Thailand	100	100
<b><u>Subsidiary companies which indirectly held by the Company</u></b>				
S. Global Power Limited	Investment and consultancy	Hong Kong	100	100
Surge Energy Corporation Limited	Investment and consultancy	Hong Kong	100	100
Access C Management Limited	Investment and consultancy	Hong Kong	100	100
Seijo Corporation	Investment and consultancy	Japan	100	100
SS Hidaka No Mori GK	Production and distribution of electricity	Japan	87	87
GK GSSE	Production and distribution of electricity	Japan	90	90
Zouen Energy GK	Production and distribution of electricity	Japan	100	100
Sernsang Sustainable Singapore Private Limited	Investment and consultancy	Singapore	100	100
Ashita Power 1 GK	Production and distribution of electricity	Japan	100	100
Ashita Power 2 GK	Production and distribution of electricity	Japan	100	100
Tenuun Gerel Construction LLC	Production and distribution of electricity	Mongolia	75	75
Truong Thanh Quang Ngai Power and High Technology JSC.	Production and distribution of electricity	Vietnam	80	80

#### 1.3.1 Called up and increase in share capital of subsidiary

During the period, the subsidiary invested in Ashita Power 2 GK amounting to Yen 1 Million.

## 1.4 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods 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 adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised 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.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

### **(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

## **Financial reporting standards related to financial instruments**

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

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

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

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

## 2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018.

## 3. Related party transactions

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

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	For the three-month periods ended		For the three-month periods ended		
	31 March		31 March		Pricing policy
	2019	2018	2019	2018	
<b><u>Transactions with subsidiary companies</u></b>					
<i>(eliminated from the consolidated financial statements)</i>					
Service income	-	-	7,250	7,250	Per agreement
Service expenses	-	-	2,550	2,550	Per agreement
Interest income	-	-	16,794	7,657	2.1% - 3.7% per annum
Interest expense	-	-	519	722	2.0% per annum
Dividend income	-	-	-	105,000	
<b><u>Transactions with related companies</u></b>					
Sales	1,275	371	-	-	Per agreement
Rental and service expense	90	90	90	90	Per agreement
Purchase computer software	172	-	-	-	Per agreement

As at 31 March 2019 and 31 December 2018, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial Statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
<b>Accounts receivables</b>				
<b>- related parties (Note 5)</b>				
Subsidiaries	-	-	2,217	20,359
Related company	976	823	-	-
Total accounts receivables - related parties	976	823	2,217	20,359



(Unaudited but reviewed)

	Consolidated		(Unit: Thousand Baht)	
	financial Statements		Separate	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
<b>Accrued service incomes - related parties (Note 5)</b>				
Subsidiaries	-	-	1,338	-
Total accrued service incomes-related parties	-	-	1,338	-
<b>Accrued service expenses - related parties</b>				
Subsidiaries	-	-	2,729	-
Total Accrued service expenses - related parties	-	-	2,729	-
<b>Interest receivables - related parties (Note 5)</b>				
Subsidiaries	-	-	124,057	107,263
Total interest receivable-related parties	-	-	124,057	107,263
<b>Interest payables - related parties</b>				
Subsidiaries	-	-	21,325	20,806
Total interest payable - related parties	-	-	21,325	20,806
<b>Accrued rental expense - director</b>				
Director	30	30	30	30
Total accrued rental expense - director	30	30	30	30

### Service income agreement

The Company entered into service income agreement with two subsidiaries whereby the subsidiaries have to pay service income on 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 (Srinaporn 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 (Srinaporn Marketing Co., Ltd.) for 25 years. As at 31 March 2019, the subsidiary has no revenue from this agreement.

Loans to related parties and loan from related parties

As at 31 March 2019, the balance of loans between the Company and the related parties and their movements are as follows:

(Unit: Thousand Baht)

	Separate financial statement			
	For the three-month periods ended 31 March 2019			
	Balance as at 1 January 2019	Increase during the period	Decrease during the period	Balance as at 31 March 2019
<u>Short-term loans to related parties</u>				
<u>Subsidiaries</u>				
Access Energy Company Limited	19,731	-	-	19,731
Sermasang International Company Limited	88,632	-	-	88,632
Total short-term loans to related parties	108,363	-	-	108,363
<u>Long-term loans to related parties</u>				
<u>Subsidiaries</u>				
Sermasang Solar Company Limited	11,123	49,000	-	60,123
Sermasang International Company Limited	1,970,474	-	-	1,970,474
Access Energy Company Limited	5,500	20,000	-	25,500
Sermasang Infinite Company Limited	107,981	-	(23,000)	84,981
Total long-term loans to related parties	2,095,078	69,000	(23,000)	2,141,078

The Company entered into loan agreements with Sermasang Solar Company Limited. The loans are repayable within 2021, which have interest rate at 3.05% - 3.7% per annum.

The Company entered into loan agreements with Sermasang International Company Limited. The loans are repayable within 2020 - 2027, which have interest rate at 3.05% - 3.7 % per annum.

The Company entered into loan agreements with Sermasang Infinite Company Limited. The loans are repayable within 2021, which have interest rate at 3.05% - 3.7% per annum.

The Company entered into the loan agreement with Access Energy Company Limited. The loans are repayable within 2021 - 2029, which have interest rate at 3.05 - 3.7% per annum.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statement			
	For the three-month periods ended 31 March 2019			
	Balance as at	Increase		Balance as at
	1 January	during the	Decrease during	31 March
	2019	period	the period	2019
<u>Short-term loans from related parties</u>				
Sermasang Corporation Company Limited	76,990	-	(500)	76,490
Essential Power Company Limited	11,599	-	(170)	11,429
Siam Renewable Power Company Limited	2,879	-	(170)	2,709
Plus Energy Company Limited	2,953	-	(170)	2,783
Prestige Group Company Limited	2,155	-	(170)	1,985
Siam Clean Solution Company Limited	9,519	-	(170)	9,349
Total short-term loans to related parties	106,095	-	(1,350)	104,745

Directors and management's benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods		For the three-month periods	
	ended 31 March		ended 31 March	
	2019	2018	2019	2018
Short-term employee benefits	5,724	6,237	5,724	6,237
Post-employment benefits	143	104	143	104
Total	5,867	6,341	5,867	6,341

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Cash	273	3,506	7	4
Bank deposits - Current accounts	30,976	760	162	32
Bank deposits - Saving accounts	1,041,237	1,120,864	260,455	356,775
Total	1,072,486	1,125,130	260,624	356,811

As at 31 March 2019, a subsidiary (Serm Sang Palang Ngan Company Limited) has pledged its bank deposit in savings account amounting to Baht 164.3 million (31 December 2018 Subsidiary: Baht 90.9 million) as security against long-term loans, as discussed in Note 11 to the financial statements, however such subsidiary can withdraw such savings account to use in operation.

**Short-term restricted bank deposits**

As at 31 March 2019, the Company has saving account of Baht 4.8 million (31 December 2018: Baht 235.0 million) that is pledged as collateral to secure long-term loans, the Company shall receive an approval from the bank before withdrawing from such bank accounts as discussed in Note 11 to financial statements.

A subsidiary has pledged and assigned a right of claim on bank accounts with outstanding balances as at 31 March 2019 totaling approximately Baht 206.3 million (31 December 2018: Baht 203.9 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.

**5. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
<u>Trade receivable - related parties</u>				
Not yet due	976	375	2,217	7,519
Past due				
Up to 3 months	-	448	-	-
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	1,070
Over 1 year	-	-	-	11,770
Total trade receivable - related parties	976	823	2,217	20,359
<u>Trade receivable - unrelated parties</u>				
Not yet due	218,510	181,600	-	-
Past due - not over 3 months	32	37	-	-
Total trade receivable - unrelated parties	218,542	181,637	-	-
<u>Other receivable - related parties</u>				
Interest receivable	-	-	124,057	107,263
Accrued service income	-	-	1,338	-
Total other receivable - related parties	-	-	125,395	107,263
<u>Other receivable - unrelated parties</u>				
Other advance payment	36,235	10,434	4,008	4,693
Advance payment for construction	-	93,558	-	-
Advances to existing shareholders of subsidiaries	13,185	107,048	-	-
Other receivable	99,995	15,300	11,308	2,282
Total other receivable - unrelated parties	149,415	226,340	15,316	6,975
Total trade receivable and other receivable	368,933	408,800	142,928	134,597

**6. Unbilled receivables**

	(Unit: Thousand Baht)	
	31 March 2019	31 December 2018
Project value as per contract	43,642	43,642
Accumulated amount recognised as revenue on percentage of completion basis	43,642	32,012
Less: Value of total billed	39,278	-
Unbilled receivables	4,364	32,012

**7. Long-term restricted bank deposits**

As at 31 March 2019, the Company has savings account of Baht 10.2 million (31 December 2018: Baht 0.01 million) that is pledged as collateral to secure long-term loans as discussed in Note 11 to financial statements.

Subsidiaries in Japan have restricted saving deposits of Yen 330.0 million, or approximately Baht 94.8 million (31 December 2018: 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.

**8. Investments in subsidiaries****8.1 Details of investments in subsidiaries as presented in separate financial statements as at 31 March 2019 and 31 December 2018 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	
	31	31	31	31	31	31	31	31
	March	December	March	December	March	December	March	December
	2019	2018	2019	2018	2019	2018	2019	2018
	(Percentage)	(Percentage)						
<b>Subsidiary companies which directly held by the Company</b>								
Serm Sang Palang Ngan Co., Ltd.	100	100	900,506	900,506	900,506	900,506	1,683,594	1,538,337
Sermsang Corporation Co., Ltd.	100	100	131,312	131,312	131,312	131,312	95,744	95,645
Sermsang International Co., Ltd.	100	100	690,000	210,000	690,000	210,000	213,878	-
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	12,017	12,046
Sermsang Solar Co., Ltd.	100	100	50,000	50,000	50,000	50,000	53,688	49,749
Siam Renewable Power Co., Ltd.	100	100	3,250	3,250	3,250	3,250	2,832	2,904
Sermsang Infinite Co., Ltd.	100	100	72,400	70,000	72,400	70,000	52,204	48,282
Plus Energy Co., Ltd.	100	100	3,250	3,250	3,250	3,250	2,924	3,000
Siam Clean Solutions Co., Ltd.	100	100	10,000	10,000	10,000	10,000	9,665	9,704
Prestige Group Co., Ltd.	100	100	2,500	2,500	2,500	2,500	2,085	2,155
Triple P Renewable Co., Ltd.	100	100	5,300	5,200	5,300	5,200	-	-
Total					1,901,768	1,419,268	2,128,631	1,761,822
					(34,080)	(34,080)	-	-
					1,867,688	1,385,188	2,128,631	1,761,822

(Unaudited but reviewed)

In addition, as at 31 March 2019 and 31 December 2018, investments in subsidiary companies 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)

Separate financial Statements							
Percentage of Shareholding		Paid up Share Capital		Investment at Cost method		Carrying amounts based on equity method	
31	31	31	31	31	31	31	31
March	December	March	December	March	December	March	December
2019	2018	2019	2018	2019	2018	2019	2018
(Percentage)	(Percentage)						
<b><u>Loss in excess of cost over</u></b>							
<b><u>investments accounted for</u></b>							
<b><u>under equity method in</u></b>							
<b><u>investment in subsidiaries</u></b>							
Sermsang International Co., Ltd.	100	100	690,000	210,000	690,000	210,000	- (209,321)
Access Energy Co., Ltd.	100	100	20,000	20,000	20,000	20,000	(29,386) (26,560)
Triple P Renewable Co., Ltd.	100	100	5,300	5,200	5,300	5,200	(46) (56)
<b>Total loss in excess of cost over investments accounted for under equity method in investment in subsidiaries in separate financial statements</b>				<b>715,300</b>	<b>235,200</b>	<b>(29,432)</b>	<b>(235,937)</b>

## 8.2 Share of comprehensive income

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

(Unit: Thousand Baht)

For the three-month periods ended 31 March				
Separate financial statements				
Company Name	Share of profit (loss) from investment in subsidiaries		Share of other comprehensive income from investment in subsidiaries	
	2019	2018	2019	2018
Serm Sang Palang Ngan Co., Ltd.	145,257	132,377	-	-
Sermsang Corporation Co., Ltd.	99	(287)	-	-
Sermsang International Co., Ltd.	(23,177)	(21,684)	(33,623)	5,267
Access Energy Co., Ltd.	(3,173)	(3,154)	347	199
Essential Power Co., Ltd.	(29)	(28)	-	-
Sermsang Solar Co., Ltd.	3,938	(257)	-	-
Siam Renewable Power Co., Ltd.	(72)	(70)	-	-
Sermsang Infinite Co., Ltd.	1,523	(1,765)	-	-
Plus Energy Co., Ltd.	(77)	(65)	-	-
Siam Clean Solutions Co., Ltd.	(39)	(43)	-	-
Prestige Group Co., Ltd.	(70)	(69)	-	-
Triple P Renewable Co., Ltd.	(90)	(101)	-	-
Total	124,090	104,854	(33,276)	5,466

**8.3 Dividend received**

During the period, the company received dividend as follows:

Company Name	(Unit: Thousand Baht)	
	Dividend received	
	For the three-month periods ended 31 March	
	2019	2018
Serm Sang Palang Ngan Co., Ltd.	-	105,000
Total	-	105,000

**8.4 Called up and increase in share capital of subsidiaries**

- 8.4.1 During the period, Serm Sang International Company Limited called up of its registered capital amounting to Baht 480 million. The subsidiary had gradually received capital payment until the calling amount on 26 March 2019.
- 8.4.2 During the period, Serm Sang Infinite Company Limited called up of its registered capital amounting to Baht 2.4 million and was received from its shareholders on 19 March 2019.
- 8.4.3 During the period, Triple P Renewable Company Limited called up of its registered capital amounting to Baht 0.1 million and was received from its shareholders on 5 February 2019.



## 9. Property, plant and equipment

The movement in property, plant and equipment for the three-month period ended 31 March 2019 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
31 December 2018	8,900,033	1,479
Additions during the period	921,394	11
Disposals and written off during the period	(56)	-
Exchange differences on translation	(108,955)	-
31 March 2019	9,712,416	1,490
<b>Accumulated depreciation</b>		
31 December 2018	547,949	475
Depreciation for disposals and written off during the period	(9)	-
Depreciation for the period	58,564	55
Exchange differences on transaction	(1,625)	-
31 March 2019	604,879	530
<b>Net book value</b>		
31 December 2018	8,352,084	1,004
31 March 2019	9,107,537	960

As at 31 March 2019, a subsidiary has pledged and mortgaged all property plant and equipment which net book value Baht 2,581.0 million (31 December 2018: Baht 2,609.8 million) as collateral against credit facilities obtained from two financial institutions as discussed in Note 11 to the financial statements.

As at 31 March 2019, a subsidiary in Japan has mortgaged all machineries and equipment of solar power plant which net book value Baht 2,088.4 million (31 December 2018: Baht 2,159.0 million) as collateral against credit facilities obtained from financial institutions as discussed in Note 11 to the financial statements.

As at 31 March 2019, the subsidiaries in Japan capitalised their borrowing costs as construction in progress-power plant totaling to Baht 18.8 million (31 December 2018: Baht 55.1 million).

**10. Intangible assets**

The movement in intangible assets for the three-month period ended 31 March 2019 is presented below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Cost</b>		
31 December 2018	978,605	91
Additions during the period - cost	15,223	-
Exchange differences on translation	(18,794)	-
31 March 2019	975,034	91
<b>Accumulated amortisation</b>		
31 December 2018	14,783	42
Amortisation for the period	3,601	4
Exchange differences on translation	(203)	-
31 March 2019	18,181	46
<b>Provision for impairment</b>		
31 December 2018	(13,189)	-
Exchange differences on translation	265	-
31 March 2019	(12,924)	-
<b>Net book value</b>		
31 December 2018	950,633	49
31 March 2019	943,929	45

## 11. Long-term loans

(Unit: Thousand Baht)								
Loan	Interest rate (percent per annum)	Currency	Repayment schedule	Consolidated		Separate		Note
				financial statements		financial statements		
				31 March 2019	31 December 2018	31 March 2019	31 December 2018	
1)	THBFIX 3 months plus additional rate	Baht	Repayments of principal and interest are to be made on quarterly basis starting from June 2015 and ending in December 2024	1,425,041	1,511,489	-	-	a)
2)	Fixed rate per agreement	Baht	Repayments of principal and interest are to be made on quarterly basis starting from March 2020 and ending in December 2025	800,000	800,000	800,000	800,000	b)
3)	THBFIX 3 months plus additional rate	Baht	Repayments of principal and interest are to be made on quarterly basis starting from March 2020 and ending in December 2025	220,000	-	220,000	-	b)
4)	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	1,605,051	1,661,522	-	-	c)
5)	JPY LIBOR 3 months plus additional rate	Yen	Repayments of principal and interest on quarterly basis and starting from March 2021 to December 2037	1,882,404	1,920,962	-	-	d)
6)	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	648,029	718,947	-	-	e)
7)	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	1,131,879	1,155,064	-	-	f)

(Unit: Thousand Baht)

Loan	Interest rate	Currency	Repayment schedule	Consolidated		Separate		Note
	(percent per annum)			financial statements		financial statements		
				31 March	31 December	31 March	31 December	
				2019	2018	2019	2018	
8)	USD LIBOR 6 months plus additional rate	USD	Repayments of principal and interest are to be made in USD currency on 6 month basis starting from February 2020 to February 2029	-	-	-	-	g)
9)	USD LIBOR 6 months plus additional rate	USD	Repayments of principal and interest are to be made in USD currency on 3 month basis starting from June 2020 to March 2034	-	-	-	-	h)
Total loan from banks				7,712,404	7,767,984	1,020,000	800,000	
Less: Deferred finance charges				(385,239)	(391,189)	(18,959)	(19,355)	
Total				7,327,165	7,376,795	1,001,041	780,645	
Less: Current portion				(513,562)	(508,587)	(83,251)	-	
Long-term loans - net of current portion				6,813,603	6,868,208	917,790	780,645	

**Note:**

- a) As at 31 March 2019, 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 4 and Note 9 to the financial statements.
- b) On 30 March 2018, The Company entered into loans agreements with two commercial banks, total credit facilities amounting to Baht 2,000 million consisting of 2 tranches. First tranche of Baht 800 million is subject to fixed interest rate as per agreement and the second tranche of Baht 1,200 million is charged at THBFIX 3 months plus additional rate. The Company had drawn totaling to Baht 1,020 million (31 December 2018: Baht 800 million). The Company has pledged its dividend account as collateral against credit facilities as discussed in Note 4 and Note 7 to the financial statement.
- c) On 10 August 2016, a subsidiary (SS Hidaka No Mori GK) has entered into loans agreements with financial institutions for the solar power plant project in Japan. The credit facility was Yen 6,362.0 million. As at 31 March 2019, a subsidiary had fully drawn (31 December 2018: Yen 6,362.0 million). All machines and plant equipment for solar power plant have been mortgaged as collateral against credit facilities as discussed in Note 7 and Note 9.

- d) On 28 June 2017, a subsidiary (GK GSSE) entered into loan agreement with financial institutions, total credit facilities amounting to Yen 10,023.0 million. As at 31 March 2019, the subsidiary had drawn Yen 6,554.2 million (31 December 2018: Yen 6,554.2 million).
- e) On 17 November 2017, a subsidiary (Zouen Energy GK) entered into loan agreement with financial institutions, total credit facilities amounting to Yen 2,453.0 million. As at 31 March 2019, a subsidiary had fully drawn. All machines and plant equipment for solar power plant have been mortgaged as collateral against credit facilities as discussed in Note 7 and Note 9 to financial statement.
- 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 March 2019, the subsidiary had drawn Yen 3,941.0 million (31 December 2018: Yen 3,941.0 million)
- g) On 20 March 2019, a subsidiary (Tenuun Gerel Construction LLC) entered into loan agreement with financial institution and the company acts as the guarantor. The total credit facility was USD 18.7 million. As at 31 March 2019, the subsidiary had not withdrawn such loan.
- h) On 28 March 2019, a subsidiary (Truong Thanh Quang Ngai Power and High Technology JSC.) entered into loan agreement with the financial institution for the solar power plant project in Vietnam. The credit facility was totaling USD 32.5 million. As at 31 March 2019, the subsidiary had not withdrawn such loan.

The loan agreements contains 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 condition in loan agreement and notify the bank.

As at 31 March 2019, the Company and its subsidiaries have undrawn credit facility amounting to Baht 1,020.0 million, Yen 11,463.3 million and USD 51.2 million (the company: Baht 980.0 million) (The Company and its subsidiaries: 31 December 2018: Yen 1,240.0 million and Yen 11,463.3 million and the Company: Baht 1,200.0 million).

**12. Income tax expenses (revenue)**

Income tax expenses (revenue) for the three-month periods ended 31 March 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For three-month periods ended 31 March		For three-month periods ended 31 March	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Interim corporate income tax charge	42	96	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences and others	(61)	(47)	(30)	(22)
<b>Income tax expenses (revenue) reported in the statement of comprehensive income</b>	<b>(19)</b>	<b>49</b>	<b>(30)</b>	<b>(22)</b>

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For three-month periods ended 31 March		For three-month periods ended 31 March	
	2019	2018	2019	2018
Accounting profit before tax	122,678	106,041	123,995	106,531
Applicable tax rate	0%, 10%, 15%, 16.5%, 17%, 20%	0%, 15%, 16.5%, 20%	20%	20%
Accounting profit before corporate income tax multiplied by income tax rate	24,962	21,805	24,799	21,306
Effects of:				
Promotional privileges (Note 14)	(29,881)	(26,458)	-	-
Non-deductible expenses	370	226	72	100
Exempted revenue	-	-	(24,818)	(20,971)
Utilised tax losses	(565)	(487)	(83)	(457)
Tax losses for the period that were not recognised as deferred tax assets	5,095	4,963	-	-
<b>Income tax expenses (revenue) reported in the statement of comprehensive income</b>	<b>(19)</b>	<b>49</b>	<b>(30)</b>	<b>(22)</b>

The amounts of income tax relating to each component of other comprehensive income for the periods ended 31 March 2019 and 2018 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2019	2018	2019	2018
Actuarial loss	-	-	-	-
<b>Income tax expense as reported in the statement of comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The components of deferred tax assets are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
<b>Deferred tax assets</b>				
Provision for long-term employee benefits	542	482	211	182

### 13. Statutory reserve

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

### 14. 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 <sup>st</sup> 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 periods ended 31 March 2019 and 2018, divided between promoted and non-promoted operations, are summarised below.

(Unit: Million Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	2019	2018	2019	2018	2019	2018
Sales	84.0	68.0	75.6	18.6	159.6	86.6
Subsidy for adder	141.4	135.0	-	-	141.4	135.0
Revenue from construction service	-	-	11.6	-	11.6	-
Service income	-	-	0.2	-	0.2	-
Others	-	-	1.1	0.8	1.1	0.8
Total	225.4	203.0	88.5	19.4	313.9	222.4



## **15. Earnings per share**

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

## **16. 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 organised 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.

**Segment Information**

The following tables present revenue and profit regarding the Company and its subsidiaries' operating segments for the period ended 31 March 2019 and 2018.

(Unit: Thousand Baht)

	Production and distribution of electricity from solar power plants		Electricity distribution, service and installation relating to the solar roof system		Others		Eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Electricity selling from operations	297,006	221,179	4,033	372	-	-	-	-	301,039	221,551
Revenue from construction services	-	-	11,630	-	-	-	-	-	11,630	-
Other income	412	288	379	1	13,615	13,032	(13,439)	(13,009)	967	312
Total revenue and other income	297,418	221,467	16,042	373	13,615	13,032	(13,439)	(13,009)	313,636	221,863
Operating profit	186,349	155,094	2,521	(1,720)	(55,412)	81,573	34,997	(102,952)	168,455	131,995
Interest income	163	697	-	-	42,172	19,158	(42,046)	(19,330)	289	525
Finance costs	(38,809)	(26,477)	(717)	(44)	(50,400)	(19,001)	43,860	19,043	(46,066)	(26,479)
Finance costs, net	(38,646)	(25,780)	(717)	(44)	(8,228)	157	1,814	(287)	(45,777)	(25,954)
<b>Profit before income tax expense</b>	147,703	129,314	1,804	(1,764)	(63,640)	81,730	36,811	(103,239)	122,678	106,041
Income tax benefit (expense)	(29)	(84)	-	-	30	22	18	13	19	(49)
<b>Profit for the year</b>	147,674	129,230	1,804	(1,764)	(63,610)	81,752	36,829	(103,226)	122,697	105,992

## 17. Commitments and contingent liabilities

### 17.1 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.

### 17.2 Capital Commitments

As at 31 March 2019 and 31 December 2018, the subsidiaries in Japan had capital commitments relating to the project development, land purchase and licenses as follows

Country	Currency	(Unit: Million)	
		31 March 2019	31 December 2018
Thailand	Baht	4.9	37.4
Japan	Yen	11,022.9	11,057.9
Mongolia	MNT	1,262.6	2,709.5
Vietnam	US Dollar	20.9	23.1
	Vietnam Dong	277,041.5	-

**17.3 Land Lease Agreement**

As at 31 March 2019, a subsidiary in Japan has entered into long-term land lease agreement since 2018 - 2019 that has period 20 years approximately and a total rental expense per year is Yen 153.2 million (31 December 2018: Yen 153.2 million).

**17.4 Service Agreement**

As at 31 March 2019 and 31 December 2018, the Company and its subsidiaries have commitment for service agreements in Thailand which have the remaining schedule repayments as follows:

	(Unit Million Baht)	
	31 March 2019	31 December 2018
Payable		
In up to 1 year	51	42
In over 1 year and up to 5 years	174	173
In over 5 years	33	44
Total	258	259

As at 31 March 2019, the subsidiaries in Japan have long-term service commitments related to several service agreements amounting to Yen 83.0 million per year (31 December 2018: Yen 83.0 million).

**17.5 Operation and Management Agreement**

As at 31 March 2019 and 31 December 2018, 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 March 2019	31 December 2018
Payable		
In up to 1 year	20	35
In over 1 year and up to 5 years	89	87
In over 5 years	407	413
Total	516	535

**17.6 Share capital of subsidiaries**

As at 31 March 2019, the Company has commitments in respect of the unissued and uncalled portion of the subsidiaries' registered share capital amounting to Baht 688.5 million (31 December 2018: Baht 1,171.0 million)

A subsidiary in Hong Kong has a commitment to pay for investment in subsidiaries in Japan of Yen 1,410.6 million (31 December 2018: Yen 1,411.6 million).

**17.7 Bank Guarantees**

As at 31 March 2019, in order to guarantee contracted performance to state enterprises there were outstanding bank guarantees of Baht 32.7 million, issued by bank on behalf of the Company and its subsidiaries, and Baht 31.0 million of such were the Company's (31 December 2018: the Company and the subsidiaries of Baht 32.7 million, and the Company of Baht 31.0 million).

**17.8 Derivatives**

- a) As at 31 March 2019 and 31 December 2018, a subsidiary (Sermsang Palang Ngan Company Limited) has the interest rate swap contracts as follows:

Contract value		Received interest rate	Paid interest rate	Due date
31 March 2019	31 December 2018			
1. Baht 214 Million	Baht 227 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 713 Million	Baht 756 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. Baht 2,998 Million	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 March 2019 and 31 December 2018, subsidiaries had outstanding forward exchange contracts, of which details are presented below.

As at 31 March 2019			
Currency	Maturity Date	Contractual exchange rate (Baht per 1 foreign currency unit)	Bought amount
US Dollar	13 May 2019	31.98	US Dollar 0.50 Million
US Dollar	15 May 2019	31.85	US Dollar 0.50 Million
US Dollar	14 January 2020	31.52	US Dollar 1.36 Million
US Dollar	14 January 2020	31.52	US Dollar 5.65 Million

  

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

**17.9 Foreign currency risk**

The Company and its subsidiaries' exposure risk arise mainly from cash in foreign currency, purchase of assets, account receivable - revenue department, accounts payable, share acquisition payable to subsidiary's existing shareholders and loan from financial institution that are denominated in foreign currencies. As at 31 March 2019 and 31 December 2018, 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	
	31 March	31 December	31 March	31 December	31 March	31 December
	2019	2018	2019	2018	2019	2018
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
Japanese yen	2,834,121	3,264,460	17,593,326	18,235,082	0.2872060	0.2930890
US dollar	1,662	1,175	1,750	4,095	31.811700	32.449800
Singapore dollar	30	30	5	5	23.471050	23.694250
Mongolia	17,759	28,873	1,010	22,402	0.0120802	0.0122790
Vietnam Dong	257,185,369	81,325,775	446,964,111	84,261,201	0.0013780	0.0013970

## 18. Events after the reporting period

### 18.1 Dividend payment

On 29 April 2019, the Annual General Meeting of the shareholders passed a resolution to approve a dividend payment from the 2018 earnings of Baht 0.217 per share, totaling Baht 200 million. The dividend will be paid to shareholders in May 2019.

### 18.2 Debenture Offering

On 29 April 2019, the Annual General Meeting of the shareholders passed a resolution to approve the issuance and placement of the Company's debenture within the limit of Baht 4,000 million to provide flexibility in financing arrangement for the Company's working capital. The Company has not issued debentures according to the above resolution.

### 18.3 Amendments to the law relating to the legal severance pay rates

On 5 April 2019, the Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 0.4 million (The Company: Baht 0.2 million). As a result, the Company and its subsidiaries will reflect the effect of the change by recognising past service costs as expenses in the income statement of the period in which the law is effective, which is the second quarter of 2019.

## 19. Approval of financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 May 2019.