

Sermsang Power Corporation Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2017

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 2017, 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 2017, 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.

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 for each matter are described below.

Provision for impairment of investment in subsidiaries

As described in Note 9 to the consolidated financial statements, as at 31 December 2017, the Company had investments in subsidiaries, stated at cost less provision for impairment in the separate financial statements, totaling Baht 1,158 million. In assessing the impairment of these investments, the management needs to exercise substantial judgment to determine the recoverable value which relevant to the projection of future cash flows that are expected to be generated from business operations of subsidiaries and other assumptions used by the management including discount rates and the estimate of future revenue. I therefore draw attention to the audit of this matter.

I assessed and gained an understanding of the cash flow projections of the subsidiaries prepared by the management of the Company and the assumptions used by the management to derive such figures by comparing these assumptions with other available sources of data to assess management's judgement in projecting future cash flows. I also compared the discount rate used by the management with that of the industry and tested the calculation of the recoverable amount of the investment in the subsidiaries in accordance with the financial model used by the management.

Project costs of power plant under construction

As described in the Note 10 to the consolidated financial statements, the subsidiaries carried out construction of the power plant in overseas in 2017. Project costs during the construction phase comprised construction costs, other direct cost and related borrowing costs. 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.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 28 February 2018

Sermuang Power Corporation Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Consolidated financial statements			Separate financial statement			
		As at	As at	As at	As at	As at	
	Note	31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016
			(Restated)			(Restated)	
Assets							
Current assets							
Cash and cash equivalents	7	1,603,392,246	367,356,517	320,377,990	699,493,729	95,893,263	730,035
Trade and other receivables	6, 8	151,364,248	156,766,163	158,183,251	93,263,224	29,595,798	19,616
Short-term loans to related parties	6	-	-	-	302,997,448	7,142,875	3,807,088
Long-term loans to related parties							
- current portion	6	-	-	-	-	24,182,277	-
Other current assets		45,729,526	61,496,416	58,997,063	-	-	-
Total current assets		1,800,486,020	585,619,096	537,558,304	1,095,754,401	156,814,213	4,556,739
Non-current assets							
Revenue Department receivable		246,377,717	155,781,264	96,163,993	2,205,487	-	-
Long-term loans to related parties							
- net of current portion	6	-	-	-	1,162,004,200	502,885,226	59,000,000
Investments in subsidiaries - net	9	-	-	-	1,158,588,208	1,083,137,200	1,057,817,250
Property, plant and equipment	10	5,427,213,145	3,684,952,730	2,963,974,449	1,123,961	826,617	-
Other intangible assets	11	654,207,263	535,996,888	27,139,458	65,780	69,322	-
Prepaid rental		141,002,759	-	-	-	-	-
Deferred tax assets	18	292,862	212,500	25,252	95,854	96,562	-
Other non-current assets		263,605	80,986	4,000	-	-	-
Total non-current assets		6,469,357,351	4,377,024,368	3,087,307,152	2,324,083,490	1,587,014,927	1,116,817,250
Total assets		8,269,843,371	4,962,643,464	3,624,865,456	3,419,837,891	1,743,829,140	1,121,373,989

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 2017

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statement		
		As at	As at	As at	As at	As at	As at
		31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016
		(Restated)			(Restated)		
Liabilities and shareholders' equity							
Current liabilities							
Trade payables and other payables	6, 12	256,695,653	32,958,717	19,620,248	27,162,191	20,147,196	4,287,111
Construction retention		4,036,238	3,474,163	3,474,163	-	-	-
Short-term loans from related parties	6	-	116,838	37,139,913	147,579,940	103,330,650	430,913,999
Current portion of liabilities under finance lease agreements	14	70,241	1,803,079	1,666,677	-	-	-
Current portion of long-term loans	13	510,313,401	362,414,467	578,591,815	-	22,666,938	-
Other current liabilities		11,410,460	10,518,621	10,296,008	1,820,000	1,100,206	-
Total current liabilities		782,525,993	411,285,885	650,788,824	176,562,131	147,244,990	435,201,110
Non-current liabilities							
Liabilities under finance lease agreements - net of current portion	14	-	65,116	1,868,195	-	-	-
Long-term loans - net of current portion	13	4,061,676,194	3,250,790,305	2,175,671,596	-	415,854,299	-
Other non-current liabilities		3,972,501	3,692,653	2,872,382	479,271	482,809	-
Total non-current liabilities		4,065,648,695	3,254,548,074	2,180,412,173	479,271	416,337,108	-
Total liabilities		4,848,174,688	3,665,833,959	2,831,200,997	177,041,402	563,582,098	435,201,110

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 2017

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statement		
		As at	As at	As at	As at	As at	As at
		31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016
		(Restated)			(Restated)		
Shareholders' equity							
Share capital							
Registered							
(2017: 922,000,000 ordinary shares of Baht 1 each)	15						
(2016: 6,916,250 ordinary shares of Baht 100 each)		922,000,000	691,625,000	-	922,000,000	691,625,000	
Issued and paid up							
(2017: 922,000,000 ordinary shares of Baht 1 each)	16	922,000,000	-	-	922,000,000	-	
(2016: 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 paid up before group restructuring							
under the common control		-	-	693,377,869	-	-	
Issued and fully paid up share capital		922,000,000	690,875,000	693,377,869	922,000,000	690,875,000	
Share premium	16	1,511,209,678	-	-	1,511,209,678	-	
Surplus on business combination							
under common control		33,098,414	33,098,414	37,697,867	-	-	
Retained earnings							
Appropriated - statutory reserve	17	40,713,654	-	-	40,713,654	-	
Unappropriated		814,990,512	515,871,796	67,229,562	768,857,310	489,687,533	
						(4,702,121)	
Loss before group restructuring under the common control		-	-	(4,599,453)	-	-	
Other components of shareholders' equity		(14,182,391)	1,774,143	(41,386)	15,847	(315,491)	
Equity attributable to owners of the Company		3,307,829,867	1,241,619,353	793,664,459	3,242,796,489	1,180,247,042	
Non-controlling interests of the subsidiaries		113,838,816	55,190,152	-	-	-	
Total shareholders' equity		3,421,668,683	1,296,809,505	793,664,459	3,242,796,489	1,180,247,042	
Total liabilities and shareholders' equity		8,269,843,371	4,962,643,464	3,624,865,456	3,419,837,891	1,743,829,140	
						1,121,373,989	

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 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statement	
	Note	2017	2016	2017	2016
Revenues					
Sales		283,789,176	285,577,322	-	-
Subsidy for adder		587,913,040	583,595,090	-	-
Service income	6	-	-	36,000,000	36,000,000
Dividend income	6	-	-	359,999,921	506,699,894
Other income	6	5,407,731	7,538,594	51,560,216	15,326,879
Total revenues		877,109,947	876,711,006	447,560,137	558,026,773
Expenses					
Cost of sales	18	167,609,265	169,031,230	-	-
Administrative expenses	18	219,900,694	114,182,810	75,525,379	35,357,460
Total expenses		387,509,959	283,214,040	75,525,379	35,357,460
Profit before finance cost and income tax expenses		489,599,988	593,496,966	372,034,758	522,669,313
Finance cost	6	(146,879,628)	(146,114,356)	(44,182,058)	(28,297,348)
Profit before income tax expenses		342,720,360	447,382,610	327,852,700	494,371,965
Income tax (expenses)	19	(8,114,514)	5,618	(7,969,269)	17,689
Profit for the year		334,605,846	447,388,228	319,883,431	494,389,654
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		(17,631,172)	(714,004)	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods					
Actuarial gain (loss) - net of income tax		199,720	(485,101)	331,338	(315,491)
Other comprehensive income for the year		(17,431,452)	(1,199,105)	331,338	(315,491)
Total comprehensive income for the year		317,174,394	446,189,123	320,214,769	494,074,163
Profit attributable to:					
Equity holders of the Company		339,832,370	448,642,234	319,883,431	494,389,654
Non-controlling interests of the subsidiaries		(5,226,524)	(1,254,006)	-	-
		334,605,846	447,388,228	319,883,431	494,389,654

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 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statement	
	Note	2017	2016	2017	2016
Comprehensive income attributable to:					
Equity holder of the Company		323,875,836	450,457,763	320,214,769	494,074,163
Non-controlling interest of the subsidiaries		(6,701,442)	(4,268,640)	-	-
		<u>317,174,394</u>	<u>446,189,123</u>	<u>320,214,769</u>	<u>494,074,163</u>
Earnings per share					
Basic earnings per share	21				
Profit attributable to equity holders of the Company					
(Baht per share)		<u>0.45</u>	<u>64.94</u>	<u>0.42</u>	<u>71.56</u>
Weighted average number of ordinary shares (shares)		753,555,702	6,908,750	753,555,702	6,908,750

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

Sermsang Power Corporation Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
	Note	Issued and paid-up share capital	Deficit before business combination under control common	Premium on ordinary shares	Surplus on business combination under common control	Retained earnings		Other components of shareholders' equity		Total other components of shareholder's equity	Total quity attributable to owners of the company	Non-controlling interests of subsidiaries	Total shareholder's equity
						Appropriated	Unappropriated	Other comprehensive income					
								Retained earning after the combination under common control	Exchange differences on translation of financial statements in foreign currency				
Balance as at 1 January 2016		693,377,869	(4,599,453)	-	37,697,867	-	67,229,562	-	(41,386)	(41,386)	793,664,459	-	793,664,459
Profit for the year		-	-	-	-	-	448,642,234	-	-	-	448,642,234	(1,254,006)	447,388,228
Other comprehensive income for the year		-	-	-	-	-	-	2,300,630	(485,101)	1,815,529	1,815,529	(3,014,634)	(1,199,105)
Total comprehensive income for the year		-	-	-	-	-	448,642,234	2,300,630	(485,101)	1,815,529	450,457,763	(4,268,640)	446,189,123
Transfer equity of subsidiaries before the business combination under common control to surplus on business combination		(2,502,869)	4,599,453	-	(4,599,453)	-	-	-	-	-	(2,502,869)	-	(2,502,869)
Non controlling interest of subsidiaries in share capital of subsidiaries		-	-	-	-	-	-	-	-	-	-	59,458,792	59,458,792
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
Balance as at 1 January 2017		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
Increase in share capital issuance	16	231,125,000	-	1,511,209,678	-	-	-	-	-	-	1,742,334,678	-	1,742,334,678
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
Statutory reserve	17	-	-	-	-	40,713,654	(40,713,654)	-	-	-	-	-	-
Increase in non-controlling interests from the increase in share capital of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-
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

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 2017

(Unit: Baht)

Separate financial statement							
		Issued and	Premium on	Retained earnings		Other components of equity	Total
	Note	paid-up share capital	ordinary shares	Appropriated	Unappropriated	Other comprehensive income	shareholders' equity
Balance as at 1 January 2016		690,875,000	-	-	(4,702,121)	-	686,172,879
Profit for the year		-	-	-	494,389,654	-	494,389,654
Other comprehensive income for the year		-	-	-	-	(315,491)	(315,491)
Total comprehensive income for the year		-	-	-	494,389,654	(315,491)	494,074,163
Balance as at 31 December 2016		690,875,000	-	-	489,687,533	(315,491)	1,180,247,042
Balance as at 1 January 2017		690,875,000	-	-	489,687,533	(315,491)	1,180,247,042
Increase in share capital issuance	16	231,125,000	1,511,209,678	-	-	-	1,742,334,678
Profit for the year		-	-	-	319,883,431	-	319,883,431
Other comprehensive income for the year		-	-	-	-	331,338	331,338
Total comprehensive income for the year		-	-	-	319,883,431	331,338	320,214,769
Transferred to statutory reserve	17	-	-	40,713,654	(40,713,654)	-	-
Balance as at 31 December 2017		922,000,000	1,511,209,678	40,713,654	768,857,310	15,847	3,242,796,489

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statement	
	2017	2016	2017	2016
		(Restated)		(Restated)
Cash flows from operating activities				
Profit before tax	342,720,360	447,382,610	327,852,700	494,371,965
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	119,549,548	119,391,091	192,251	116,951
Gain on disposal of fixed assets	-	(20,670)	-	-
Provision for long-term employee benefits	451,745	329,857	410,635	88,444
Impairment of investment	-	-	34,078,842	-
Unrealised loss on exchange rate	1,028,917	811,662	-	-
Dividend income from subsidiary	-	-	(359,999,921)	(506,699,894)
Interest income	(2,477,272)	(2,566,252)	(51,343,701)	(14,768,985)
Finance cost	146,879,628	146,114,356	44,182,058	28,297,348
Profit (loss) from operating activities before changes in operating assets and liabilities	608,152,926	711,442,654	(4,627,136)	1,405,829
Operating assets (increase) decrease				
Trade and other receivables	6,144,800	1,417,088	(12,670,591)	(16,144,095)
Other current assets	15,096,708	(3,064,745)	-	-
Revenue Department receivable	(90,596,453)	(59,617,271)	(2,205,487)	-
Other non-current assets	(132,688)	(91,226)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	29,563,257	13,338,469	1,910,899	2,425,213
Construction retention	562,075	-	-	-
Other current liabilities	891,839	222,613	719,796	1,100,206
Other non-current liabilities	(371,617)	(167,695)	-	-
Cash flows from operating activities	569,310,847	663,479,887	(16,872,519)	(11,212,847)
Cash paid for corporate income tax	(936,296)	-	(729,464)	-
Net cash flows from (used in) operating activities	568,374,551	663,479,887	(17,601,983)	(11,212,847)

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statement	
	2017	2016 (Restated)	2017	2016 (Restated)
Cash flows from investing activities				
Short-term loans to related parties	-	-	(295,854,573)	(3,335,787)
Long-term loans to related parties	-	-	(634,936,697)	(468,067,504)
Investment in subsidiaries	-	-	(109,529,850)	(25,319,950)
Dividend income from investment in subsidiaries	-	-	359,999,921	506,699,894
Acquisition of property, plant and equipment	(1,815,441,682)	(831,238,225)	(473,854)	(933,825)
Acquisition of intangible assets	(145,835,458)	(510,036,249)	(12,200)	(79,065)
Subsidy from the government	144,903,000	-	-	-
Prepaid rental	(141,002,759)	-	-	-
Interest income	2,477,272	2,566,252	1,076,330	1,336,899
Purchases of subsidiaries from the group of major shareholders	-	(2,502,869)	-	-
Acquisition of non-controlling interest	65,350,106	59,458,792	-	-
Net cash flows from (used in) investing activities	(1,889,549,521)	(1,281,752,299)	(679,730,923)	10,300,662
Cash flows from financing activities				
Short-term loans from related parties	(116,838)	(37,023,075)	44,249,290	(327,583,349)
Liabilities under finance lease agreements	(1,797,954)	(1,666,677)	-	-
Cash receipt from long-term loans from bank	2,174,662,124	1,552,655,143	270,000,000	445,000,000
Repayment of long-term loans from bank	(1,059,441,250)	(583,918,750)	(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)	-
Cash payment of interest and fee expenses	(288,091,538)	(264,081,698)	(32,599,200)	(21,341,238)
Net cash flows from financing activities	2,559,497,826	665,964,943	1,300,933,372	96,075,413
Translation adjustments	(2,287,127)	(714,004)	-	-
Net increase in cash and cash equivalents	1,236,035,729	46,978,527	603,600,466	95,163,228
Cash and cash equivalents at beginning of year	367,356,517	320,377,990	95,893,263	730,035
Cash and cash equivalents at end of year	1,603,392,246	367,356,517	699,493,729	95,893,263

Supplemental cash flow information:

Non - cash transaction

Fixed assets increase by replacement	394,263	464,428	-	-
Transfer interest expenses to cost of plant and equipment	50,039,106	-	-	-
Payable for acquisition of fixed assets	193,011,123	-	-	-

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 2017

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 December 2017	31 December 2016
			(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 (Formerly named “Sermsang Sustainable Energy 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 (Formerly named “Sikhiu Biogas 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	-
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	-
Ashita Power 2 GK	Production and distribution of electricity	Japan	100.0	-
Tenuun Gerel Construction LLC	Production and distribution of electricity	Mongolia	73.7	-

- 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 Company invested in subsidiaries as follows

The Company	Investment Amount	
	Currency	(Million)
SS Hidaka No Mori GK	Yen	351.5
GK GSSE	Yen	4.0
Zouen Energy GK	Yen	364.0
Ashita Power 1 GK	Yen	280.0
Ashita Power 2 GK	Yen	120.0

2.2.2 Additional purchase of investment during the year

2.2.2.1 On 9 November 2017, the meeting of the Company's Board of Directors resolved to establish a new subsidiary named Sermsang Sustainable Singapore Private Limited, which is registered in Singapore with the total registered share capital of USD 130,000 (1 USD per share). The Company paid for such share capital of USD 0.13 million on 26 December 2017.

2.2.2.2 During the year 2017, a subsidiary had invested in Tenuun Gerel Construction LLC, which was incorporated in Mongolia and engaged in an operation of a solar power plant in Mongolia. The subsidiary holds 73.7 percent of total shares and the net book value as at the acquisition date was MNT 24.0 million or equivalent to Baht 0.3 million. The subsidiary and minority shareholders of that company paid for the additional share capital of MNT 24,704 million or equivalent to Baht 330 million with the portion of the subsidiary being MNT 21,064 million or equivalent to Baht 282 million.

2.3 The separate financial statements present investments in subsidiaries under the cost 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 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements

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

During the current year, the Federation of Accounting Professions issued a number of 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 management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue and expenses recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

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

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

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. Government grants are recognised when there is reasonable assurance that the grants will be received and all attached conditions will be complied with.

Grants related to assets are presented as a deducting to the value of the related assets and are recognised in profit or loss over the useful life of the assets as a reduced depreciation expense.

Interest income and interest expenses

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

Expenses

Expenses are recognized on an accrual basis.

Dividends

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

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 cost method.

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 capitalised as solar power plants. Such project costs incurred during the construction phase include costs of solar panels, project construction costs, management fees, consulting fees 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	25 years
Office building and building improvement	20 years
Power plants	20, 25 years
Machinery, equipment and spare parts	20, 25 years
Office and plant equipment	5 years
Office and plant furniture and fixtures	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 capitalised 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 amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised 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 amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation 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	20, 25 years
Communication and external electric distribution system	20, 25 years
Computer software	5 years

4.9 Related party transactions

Related parties comprise enterprises and 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 capitalised 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.

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.

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. An impairment loss is recognised in profit or loss.

4.13 Prepaid rental

Prepaid rental are amortised 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 providend 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 post-employment benefits 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.

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 observable 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. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with key management, personnel and related parties. Such transactions, which are summarised 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 end 31 December					
Consolidated		Separate		Pricing policy	
Financial statements		Financial statement			
2017	2016	2017	2016		
<u>Transactions with subsidiary companies</u>					
<i>(eliminated from the consolidated financial statements)</i>					
Service income	-	-	36,000,000	36,000,000	Per agreement
Interest income	-	-	50,397,333	13,706,348	2.0% - MLR+2.1%
Interest expense	-	-	5,237,165	13,444,245	0.90% - 6.225%
Dividend income	-	-	359,999,921	506,699,894	
<u>Transactions with related companies</u>					
Interest income	-	843,413	-	843,413	6.5%, 6.7% per annum
Interest income - director	-	25,225	-	25,225	6.7% per annum
Rental and service expenses	360,000	360,000	360,000	360,000	Per agreement
Professional fee	435,000	437,500	-	-	Per agreement
Interest expense	-	4,691,272	-	4,691,272	1.3% - 6.5% per annum
Interest expense - director	-	191,316	-	191,316	2.0% per annum
Purchase of land - director	6,849,721	-	-	-	With reference to the appraisal value by an independent professional appraiser

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Baht)				
	Consolidated		Separate	
	financial Statements		financial statement	
	2017	2016	2017	2016
Accounts receivables - related parties				
(Note 8)				
Subsidiaries	-	-	27,922,500	14,980,000
Total accounts receivables - related parties	-	-	27,922,500	14,980,000
Interest receivables - related parties				
(Note 8)				
Subsidiaries	-	-	63,719,073	13,451,703
Total interest receivable-related parties	-	-	63,719,073	13,451,703
Other receivable - advance payment				
(Note 8)				
Subsidiaries	-	-	-	476,045
Total other receivable - related companies	-	-	-	476,045
Interest payables - related parties				
(Note 12)				
Subsidiaries	-	-	19,213,087	14,108,991
Total interest payable - related parties	-	-	19,213,087	14,108,991
Accrued rental expense - related parties (Note 12)				
Directors	30,000	-	30,000	-
Related companies (related by common shareholders)	-	360,000	-	360,000
Total accrued rental expense - directors and related parties	30,000	360,000	30,000	360,000

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.

Power purchase agreement

During the year, a subsidiary (Sermasang Infinite Co., Ltd.) entered into Power purchase agreement with a related company (Srinanaporn Marketing Co., Ltd) for 25 years. As at 31 December 2017, the subsidiary has not yet earned income because the project has not been operated.

Loans to related parties and loan from related parties

As at 31 December 2017 and 2016, the balance of loans between the Company and the related parties and their movements are as follows:

(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	-	(166,838)
Total short-term loans from related parties	116,838	-	(166,838)

(Unit: Baht)

Consolidated financial statements			
For year ended 31 December 2016			
Balance as at 1 January 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2016
<u>Short-term loans to related parties</u>			
Uni Power Tech Co., Ltd.	-	83,813,155	(83,813,155)
Primary Energy Co., Ltd.	-	98,582	(98,582)
Related person	-	678,166	(678,166)
Total short-term loans to related parties	-	84,589,903	(84,589,903)

Short-term loans from related parties

Director which are related person	37,139,913	214,169,720	(251,192,795)	116,838
Uni Power Tech Co., Ltd.	-	151,278,373	(151,278,373)	-
Primary Energy Co., Ltd.	-	260,000,000	(260,000,000)	-
Total short-term loans from related parties	37,139,913	625,448,093	(662,471,168)	116,838

(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 to related companies</u>				
<u>Subsidiaries</u>				
Sermsang Solar Company Limited	55,000	-	(55,000)	-
Siam Clean Solutions Company Limited	55,150	-	(55,150)	-
Sermsang Corporation Company Limited	150,000	-	(150,000)	-
S. Global Power Limited	12,481	-	(12,481)	-
Triple P Renewable Company Limited (Formerly named "Sikhiu Biogas Company Limited")	2,109,389	20,000	-	2,129,389
Siam Renewable Power Company Limited	30,000	-	(30,000)	-
Sermsang Infinite Company Limited (Formerly named "Sarmsang Sustainable Energy Company Limited")	-	12,000,000	(12,000,000)	-
Access Energy Company Limited	4,730,855	8,950,000	-	13,680,855
Sermsang International Company Limited	-	307,067,503 ^(a)	(19,880,299)	287,187,204
Total short-term loans to subsidiaries	7,142,875	328,037,503	(32,182,930)	302,997,448
<u>Long-term loans to related Company</u>				
<u>Subsidiary</u>				
Sermsang International Company Limited	527,067,503	942,004,200	(307,067,503) ^(a)	1,162,004,200
Total long-term loans to related companies-subsidiary	527,067,503	942,004,200	(307,067,503)	1,162,004,200

(a) During the year, Company had amended the repayment term of long term loan agreement between Sermsang International Company Limited, Baht 307 million, from 2017-2019 to be at call. Then, as at 31 December 2017, such loan are presented as short-term loans.

As at 31 December 2017, balance of long-term loans was Baht 1,162 million had repayment term within December 2019 - December 2020.

(Unit: Baht)

	Separate financial statement			
	For the year ended 31 December 2016			
	Balance as at 1 January 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2016
<u>Short-term loans to related companies</u>				
<u>Subsidiaries</u>				
Sermsang Solar Company Limited	-	55,000	-	55,000
Siam Clean Solutions Company Limited	-	55,150	-	55,150
Sermsang Corporation Company Limited	150,000	-	-	150,000
Sermsang International Company Limited	3,550,516	-	(3,550,516)	-
Sermsang Palang Ngan Company Limited	106,572	-	(106,572)	-
Access C Management Limited	-	3,246	(3,246)	-
S. Global Power Limited	-	42,402,481	(42,390,000)	12,481
Triple P Renewable Company Limited (Formerly named "Sikhiu Biogas Company Limited")	-	2,509,389	(400,000)	2,109,389
Siam Renewable Power Company Limited	-	30,000	-	30,000
Access Energy Company Limited	-	4,730,855	-	4,730,855
Total short-term loans to related companies	3,807,088	49,786,121	(46,450,334)	7,142,875
<u>Short-term loans to director and related companies</u>				
Directors which are related persons	-	678,166	(678,166)	-
Primary Energy Company Limited	-	98,582	(98,582)	-
Uni Power tech Company Limited	-	83,813,155	(83,813,155)	-
Total short-term loans to related companies	-	84,589,903	(84,589,903)	-
Total short-term loans to subsidiaries and related companies	3,807,088	134,376,024	(131,040,237)	7,142,875
<u>Long-term loans to related companies</u>				
<u>Subsidiary</u>				
Sermsang International Company Limited	59,000,000	502,885,226	(34,817,723)	527,067,503
Total long-term loans to related companies - subsidiary	59,000,000	502,885,226	(34,817,723)	527,067,503

(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 (Formerly named " Sermsang Sustainable Energy 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	103,330,650	70,307,511	(26,058,221)	147,579,940

(Unit: Baht)

Separate financial statement				
For the year ended 31 December 2016				
	Balance as at 1 January 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2016
<u>Short-term loans from related parties</u>				
Directors which are related persons	34,670,701	209,400,000	(244,070,701)	-
Sermsang International Company Limited	-	10,000	(10,000)	-
Sermsang Corporation Company Limited	371,862,528	-	(290,042,669)	81,819,859
Access Energy Company Limited	984,152	-	(984,152)	-
Essential Power Company Limited	8,083,372	-	(10,000)	8,073,372
Sermsang Solar Company Limited	3,183,322	-	(1,715,000)	1,468,322
Siam Renewable Power Company Limited	3,188,050	-	(20,000)	3,168,050
Plus Energy Company Limited	3,183,927	-	(10,000)	3,173,927
Sermsang Infinite Company Limited (Formerly named " Sermsang Sustainable Energy Company Limited")	989,820	2,000,000	(400,827)	2,588,993
Prestige Group Company Limited	2,390,784	-	(15,000)	2,375,784
Siam Clean Solution Company Limited	2,377,343	-	(1,715,000)	662,343
Uni Tech Power Company Limited	-	151,278,373	(151,278,373)	-
Primary Energy Company Limited	-	260,000,000	(260,000,000)	-
Total short-term loans from related parties	430,913,999	622,688,373	(950,271,722)	103,330,650

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.

	Consolidated		Separate	
	financial statements		financial statement	
	2017	2016	2017	2016
Short-term employee benefits	24,235,953	20,519,500	24,235,953	20,519,500
Post-employment benefits	395,844	77,191	395,844	77,191
Total	24,631,797	20,596,691	24,631,797	20,596,691

7. Cash and cash equivalents

	Consolidated		Separate	
	financial statements		financial statement	
	2017	2016	2017	2016
Cash	351,967	500,219	15,000	15,000
Bank deposits - Current accounts	3,876,367	4,303,809	60,000	401,615
Bank deposits - Saving accounts	1,599,163,912	362,552,489	699,418,729	95,476,648
Total	1,603,392,246	367,356,517	699,493,729	95,893,263

As at 31 December 2017, a subsidiary has pledged its bank deposit in savings account amounting to Baht 278.9 million (2016: Baht 240 million) as security against long-term loans, as discussed in Note 13 to the financial statements, however such subsidiary can withdraw such savings account to use in power plant project.

8. Trade and other receivables

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statement	
	2017	2016	2017	2016
		(Restated)		(Restated)
<u>Trade receivable - related parties</u>				
Not yet due	-	-	3,210,000	3,210,000
Past due				
Up to 3 months	-	-	3,312,500	3,210,000
3 - 6 months	-	-	3,210,000	3,210,000
6 - 12 months	-	-	5,350,000	5,350,000
Over 1 year	-	-	12,840,000	-
Total trade receivable - related parties	-	-	27,922,500	14,980,000
<u>Trade receivable - unrelated parties</u>				
Not yet due	144,732,528	152,273,156	-	-
Past due - not over 3 months	-	15,114	-	-
Total trade receivable - unrelated parties	144,732,528	152,288,270	-	-
<u>Other receivable - related parties</u>				
Interest receivable	-	-	63,719,073	13,451,703
Total other receivable - related parties	-	-	63,719,073	13,451,703
<u>Other receivable - unrelated parties</u>				
Advance payment	2,048,509	-	216,399	671,333
Other receivable	4,583,211	4,477,893	1,405,252	492,762
Total other receivable - unrelated parties	6,631,720	4,477,893	1,621,651	1,164,095
Total trade receivable and other receivable	151,364,248	156,766,163	93,263,224	29,595,798

9. Investments in subsidiaries

9.1 Details of investments in subsidiaries as presented in separate financial statements as at 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

Company Name	Separate financial Statement					
	Percentage of shareholding		Paid up Share Capital		Investment (Cost method)	
	2017	2016	2017	2016	2017	2016
	(Percentage)	(Percentage)				
Serm Sang Palang Ngan Co., Ltd.	100	100	900,506	900,506	900,506	900,506
Sernsang Corporation Co., Ltd.	100	100	131,312	131,312	131,312	131,312
Sernsang International Co., Ltd.	100	100	10,000	10,000	10,000	10,000
Access Energy Co., Ltd.	100	100	20,000	12,570	20,000	12,570
Essential Power Co., Ltd.	100	100	13,250	8,250	13,250	8,250
Sernsang Solar Co., Ltd.	100	100	50,000	3,250	50,000	3,250
Siam Renewable Power Co., Ltd.	100	100	3,250	3,250	3,250	3,250
Sernsang Infinite Co., Ltd.						
(Formerly named "Sernsang Sustainable Energy Co., Ltd.")	100	100	46,100	3,250	46,100	3,250
Plus Energy Co., Ltd.	100	100	3,250	3,250	3,250	3,250
Siam Clean Solutions Co., Ltd.	100	100	10,000	2,500	10,000	2,500
Prestige Group Co., Ltd.	100	100	2,500	2,500	2,500	2,500
Triple P Renewable Co., Ltd.						
(Formerly named "Sikhiu Biogas Co., Ltd.")	100	100	2,500	2,500	2,500	2,500
					1,192,668	1,083,138
					(34,080)	-
					1,158,588	1,083,138

During the year, the Company received dividend from Sernsang Palang Ngan Company Limited (a subsidiary company) of Baht 360.0 million (2016: Baht 506.7 million).

9.2 Change the name of subsidiaries

On 11 January 2017, the Extraordinary Meeting of the shareholders No. 2/ 2017 of Sernsang Sustainable Energy Company Limited passed the resolution to change the Company name to be Sernsang Infinite Company Limited.

On 31 March 2017, the Extraordinary Meeting of the shareholders No. 2/2017 of Sikhiu Biogas Company Limited passed the resolution to change the Company name to be Triple P Renewable Company Limited.

9.3 Called up and increase in share capital of subsidiaries

9.3.1 On 25 September 2017, Access Energy Company Limited has called up of its registered capital and the Company paid for the share subscription of Baht 3.8 million.

On 14 December 2017, Access Energy Company Limited has called up of its registered capital and the Company paid for the share subscription of Baht 3.3 million. Later on 28 December 2017, this Company has called up of its registered capital and the Company paid for the share subscription of Baht 0.3 million.

9.3.2 On 9 May 2017, the Extraordinary General Meeting of the shareholders No. 2/2017 of Essential Power Company Limited passed a resolution to increase its registered share capital from Baht 30.0 million to Baht 50.0 million by issuing 200,000 ordinary shares at a par value of Baht 100 each. Essential Power Company Limited called up of its increase registered share capital of Baht 5.0 million and the Company paid for the share subscription of Baht 5.0 million on 16 May 2017.

9.3.3 On 8 May 2017, Sermsang Solar Company Limited has called up 75% of the registered capital and the Company paid for the share subscription of Baht 6.7 million. Subsequently on 15 May 2017, the Extraordinary General Meeting of the shareholders No. 2/2017 of Sermsang Solar Company Limited passed a resolution to increase its registered share capital from Baht 10.0 million to Baht 50.0 million by issuing 400,000 ordinary shares at a par value of Baht 100 each. Sermsang Solar Company Limited called up of its increase registered share capital of Baht 40.0 million and the Company fully paid for the share subscription on 17 May 2017.

9.3.4 On 6 February 2017, Sermsang Infinite Company Limited has called up 75% of its registered capital and the Company paid for the share subscription of Baht 6.7 million. Subsequently on 12 June 2017, the Extraordinary General Meeting of the shareholders No. 3/2017 of Sermsang Infinite Company Limited passed a resolution to increase its registered share capital from Baht 10.0 million to Baht 20.0 million by issuing 100,000 ordinary shares at a par value of Baht 100 each. Sermsang Infinite Company Limited called up of its increase registered share capital of Baht 10.0 million and the Company fully paid for the share subscription on 13 June 2017.

On 24 July 2017, the Extraordinary Meeting of the shareholders No. 4/2017 of Sermsang Infinite Company Limited passed the resolution to approve the increase of its registered share capital from Baht 20.0 million to Baht 50.0 million by issuing 300,000 ordinary shares with a par value of Baht 100 each. Sermsang Infinite Company Limited called up of total increase registered share capital which is Baht 7.5 million. The Company paid in the called-up share of Baht 7.5 million on 24 July 2017.

On 6 December 2017, Sermsang Infinite Company Limited has called up for its increase share capital, amounting to Baht 4.8 million. Later on 23 December 2017, increase share capital which is Baht 13.8 million has been called. The Company paid in the called-up shares on 6 and 23 December 2017.

- 9.3.5 On 8 May 2017, Siam Clean Solutions Company Limited has called up 75% of its registered capital and the Company paid for the share subscription of Baht 7.5 million.

9.4 Non-controlling Interests

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

Subsidiaries	(Unit: thousand Baht)							
	Proportion of equity		Accumulated balance		Loss allocated to		Dividend paid to	
	interest held by		of non-controlling		non-controlling		non-controlling	
	non-controlling		interests		interests during the		interests during the	
	2017	2016	2017	2016	2017	2016	2017	2016
	(%)	(%)						
SS Hidaka No Mori GK	13.0	13.0	(43,241)	(32,496)	(2,827)	(1,090)	-	-
GK GSSE	10.0	10.0	(19,697)	(22,694)	(1,869)	(164)	-	-
Tenuun Gerel Construction LLC.	26.3	-	(50,891)	-	(531)	-	-	-

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

Summarised information about financial position

(Unit: thousand Baht)

	SS Hidaka No Mori GK		GK GSSE		Tenuun Gerel Construction LLC	
	2017	2016	2017	2016	2017	2016
Current assets	10,892	16,628	82,824	3	282,865	-
Non- current assets	1,793,625	1,235,222	979,106	227,929	266,906	-
Current liabilities	181,274	6,308	10,846	1,015	197,403	-
Non - current liabilities	1,294,813	998,993	854,147	-	-	-

Summarised information about comprehensive income

(Unit: thousand Baht)

For the year ended 31 December

	SS Hidaka No Mori GK		GK GSSE		Tenuun Gerel Construction LLC	
	2017	2016	2017	2016	2017	2016
Revenue	21	24	-	9	244	-
Profit (Loss)	(21,744)	(8,384)	(18,692)	(1,640)	(1,709)	-
Other comprehensive income	(21,621)	(2,616)	(12,645)	(398)	1,499	-
Total comprehensive income	(43,365)	(11,000)	(31,337)	(2,038)	(210)	-

Summarised information about comprehensive income

(Unit: thousand Baht)

For the year ended 31 December

	SS Hidaka No Mori GK		GK GSSE		Tenuun Gerel Construction LLC	
	2017	2016	2017	2016	2017	2016
Cash flow from operating activities	(85,211)	(120,711)	4,186	(21,506)	4,186	-
Cash flow from investment activities	(391,922)	(861,654)	(73,714)	21,506	(73,714)	-
Cash flow from financing activities	471,026	998,993	320,558	-	320,558	-
Net increase in cash and cash equivalents	(6,107)	16,628	251,030	-	251,030	-

10. Property plant and equipment

(Unit: Baht)

	Consolidated financial statements								
	Land	Land improvement	Office building and building improvement	Power Plant	Machinery, equipment and spare part	Furniture, fixtures and equipment	Vehicles	Power plants under construction	Total
Cost									
1 January 2016	156,832,890	138,634,466	5,590,239	491,839,907	2,271,589,375	1,478,667	7,264,953	-	3,073,230,497
Additions	-	-	-	-	464,428	1,291,751	-	837,878,133	839,634,312
Disposals	-	-	-	-	(464,428)	-	-	-	(464,428)
31 December 2016	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
Accumulated depreciation									
1 January 2016	-	5,059,208	254,081	17,948,788	82,892,351	205,448	2,896,172	-	109,256,048
Depreciation for the year	-	5,545,379	279,512	19,673,596	90,863,575	409,675	1,440,535	-	118,212,272
Depreciation on disposals	-	-	-	-	(20,669)	-	-	-	(20,669)
31 December 2016	-	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
Net book value									
31 December 2016	156,832,890	128,029,879	5,056,646	454,217,523	2,097,854,118	2,155,295	2,928,246	837,878,133	3,684,952,730
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
Depreciation for the year									
2017 (Baht 116,395,436 included in cost of sales, and the remaining balance included in administrative expense									118,212,272
2016 (Baht 116,396,526 included in cost of sales, and the remaining balance included in administrative expense									118,379,919

(Unit: Baht)

	Separate financial statement		
	Construction in process	Office Equipment	Total
Cost			
1 January 2016	-	-	-
Addition	-	933,825	933,825
31 December 2016	-	933,825	933,825
Addition	408,256	65,597	473,853
31 December 2017	408,256	999,422	1,407,678
Accumulated depreciation			
1 January 2016	-	-	-
Depreciation for the year	-	107,208	107,208
31 December 2016	-	107,208	107,208
Depreciation for the year	-	176,509	176,509
31 December 2017	-	283,717	283,717
Net book value			
31 December 2016	-	826,617	826,617
31 December 2017	408,256	715,705	1,123,961
Depreciation for the year			
2016 (All included in administrative expenses)	-	107,208	107,208
2017 (All included in administrative expenses)	-	176,509	176,509

As at 31 December 2017, a subsidiary has mortgaged all property plant and equipment which net book value of Baht 2,726.4 million (2016: Baht 2,843.0 million) as collateral against credit facilities obtained from financial institutions as discussed in Note 13 to the financial statements.

As at 31 December 2017 and 2016, a subsidiary had vehicle with net book value of Baht 1.5 million (2016: Baht 2.9 million) which were acquired under finance lease agreements.

During the year ended at 31 December 2017, the subsidiaries in Japan capitalized its borrowing costs as construction in progress - power plant totaling to Baht 50 million (2016: Baht 7.9 million).

During the year, a subsidiary in Japan received subsidy from the government amounting to Yen 500.0 million or Baht 144.9 million. The subsidy was related to assets. The subsidiary thus presents such subsidy income deducted from the construction in progress - power plant.

11. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

(Unit: Baht)

Consolidated financial statements					
	Electric distribution linkage right	Communication and external electric distribution system	Computer software	Communication and external electric distribution system and right under construction	Total
Cost					
1 January 2016	6,900,000	21,098,772	186,722	-	28,185,494
Additions	-	33,388,797	248,029	476,399,423	510,036,249
31 December 2016	6,900,000	54,487,569	434,751	476,399,423	538,221,743
Addition during the period - 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
Accumulated depreciation					
1 January 2016	251,803	769,961	24,272	-	1,046,036
Amortisation for the year	276,000	843,951	58,868	-	1,178,819
31 December 2016	527,803	1,613,912	83,140	-	2,224,855
Amortisation 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
Net book value					
31 December 2016	6,372,197	52,873,657	351,611	476,399,423	535,996,888
31 December 2017	6,096,197	113,637,338	361,270	534,112,458	654,207,263

All amortisation expense for the years 2017 and 2016 included in administrative expense.

Communication and external electric distribution system and electric distribution linkage right and license in Japan had not yet been amortised because the Power Plant is under construction. The amortisation will start when the commercial operation of the Electricity Generating Business commences.

(Unit: Baht)

	Separate financial statement	
	Computer software	Total
Cost		
1 January 2016	-	-
Additions	79,065	79,065
31 December 2016	79,065	79,065
Additions	12,200	12,200
31 December 2017	91,265	91,265
Accumulated amortisation		
1 January 2016	-	-
Amortisation for the year	9,743	9,743
31 December 2016	9,743	9,743
Amortisation for the year	15,742	15,742
31 December 2017	25,485	25,485
Net book value		
31 December 2016	69,322	69,322
31 December 2017	65,780	65,780

All amortisation expense included in administrative expense

12. Trade and other payables

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statement	
	2017	2016	2017	2016
Trade payable - related parties	-	65,000	-	-
Trade payable - unrelated parties	11,206,441	9,674,679	-	71,660
Other payable - unrelated parties	207,347,724	3,235,489	2,572,410	937,681
Accrued interest expense - subsidiaries	-	-	19,213,087	14,108,991
Accrued expense - related parties	30,000	360,000	30,000	360,000
Accrued expense - unrelated parties	38,111,488	19,623,549	5,346,694	4,668,864
Total	256,695,653	32,958,717	27,162,191	20,147,196

13. Long-term loans

(Unit: Baht)

Loan	Interest rate	Currency	Repayment schedule	Consolidated financial				Note
	(percent per annum)			statements		Separate financial statement		
				2017	2016	2017	2016	
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	1,850,527,500	2,194,968,750	-	-	a)
2)	MLR plus additional rate	Baht	Repayments of interest is to be made on quarterly basis and repayments of principal is to be made on semi-annual basis starting from March 2018 to September 2024 or repayment the total principal within 31 December 2017 depend on the condition as stipulated in loan agreement	-	445,000,000	-	445,000,000	b)
3)	JPY LIBOR 3 months plus additional rate	Yen	Repayments of interest on quarterly basis and repayments of principal in Yen currency starting from September 2018 to June 2036	1,565,507,089	1,107,655,143	-	-	c)
4)	JPY LIBOR 3 months plus additional rate	Yen	Repayments of interest on quarterly basis and repayments of principal in Yen currency starting from March 2021 to December 2037	938,806,830	-	-	-	d)
5)	JPY LIBOR 3 months plus additional rate	Yen	Repayments of interest on quarterly basis and repayments of principal in Yen currency starting from March 2019 to December 2035	442,740,104	-	-	-	e)
Total loan from banks				4,797,581,523	3,747,623,893	-	445,000,000	
Less: Deferred finance charges				(225,591,928)	(134,419,121)	-	(6,478,763)	
Total				4,571,989,595	3,613,204,772	-	438,521,237	
Less: Current portion				(510,313,401)	(362,414,467)	-	(22,666,938)	
Long-term loans - net of current portion				4,061,676,194	3,250,790,305	-	415,854,299	

Note:

- a) As at 31 December 2017, the subsidiary (Serm Sang Palang Ngan Company Limited) had pledged all of deposit in saving account, property, plant and equipment as collateral against credit facilities obtained from two commercial banks as discussed in Note 7 and Note 10 to financial statements.
- b) During the year of 2017, the Company had repaid loans to a bank. The credit facilities was secured by dividend to be received from a subsidiary.
- c) On 10 August 2016, the subsidiary (SS Hidaka No Mori GK) entered into loan agreement with financial institutions for the solar power plant project in Japan, total credit facilities amounting to Yen 6,362.0 million. As at 31 December 2017, the subsidiary had drawn Yen 5,401.9 million (2016: Yen 3,596.9 million).
- d) On 28 June 2017, the subsidiary (GK GSSE) entered into loan agreement with financial institutions, total credit facilities amounting to Yen 10,023.0 million. As at 31 December 2017, the subsidiary had drawn Yen 3,239.4 million.
- e) On 17 November 2017, the subsidiary (Zouen Energy GK) entered into loan agreement with financial institutions, total credit facilities amounting to Yen 2,453.0 million. As at 31 December 2017, the subsidiary had drawn Yen 1,527.7 million

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

As at 31 December 2017, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 1,705.0 million and Yen 8,668.9 million (the Company: Baht 1,665.0 million) (2016: the Company and subsidiaries: Baht 1,395.0 million and Yen 2,765.1 million and the Company: Baht 1,355.0 million).

14. Liabilities under finance lease agreements

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statement	
	2017	2016	2017	2016
Liabilities under finance lease agreements	70,725	1,929,970	-	-
Less: Deferred interest expenses	(484)	(61,775)	-	-
Total	70,241	1,868,195	-	-
Less: Current portion	(70,241)	(1,803,079)	-	-
Liabilities under finance lease agreements				
- net of current portion	-	65,116	-	-

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.

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	Over		Total
	1 year	1 - 5 years	5 years	
Future minimum lease payments	70,725	-	-	70,725
Deferred interest expenses	(484)	-	-	(484)
Present value of future minimum lease payments	70,241	-	-	70,241

(Unit: Baht)

	Consolidated financial statements			
	As at 31 December 2016			
	Less than	Over		Total
	1 year	1 - 5 years	5 years	
Future minimum lease payments	1,864,370	65,600	-	1,929,970
Deferred interest expenses	(61,291)	(484)	-	(61,775)
Present value of future minimum lease payments	1,803,079	65,116	-	1,868,195

15. Share capital

On 11 January 2017, the Extraordinary General Meeting of shareholders No.1/2017 of the Company passed the resolutions as follows:

- a) Approving the adjustment of par value from Baht 100 each to at Baht 1 each. After this adjustment, the number of ordinary shares would increase from 6,916,250 shares to 691,625,000 shares. The Company registered the change in its par value with the Ministry of Commerce on 12 January 2017.
- b) Approving capital increase, from Baht 691,625,000 (691,625,000 ordinary shares of Baht 1 each) to Baht 922,000,000 (922,000,000 ordinary shares of Baht 1 each) by issuing 230,375,000 new ordinary shares at a par value of Baht 1 each. The increase of capital is to accommodate the public offering. The Company registered the capital increase with the Ministry of Commerce on 12 January 2017.

16. Issued and paid up share capital

- a) According to the resolution of the Board of Directors' meeting held on 27 December 2016, the resolution was to call up share capital amounting to Baht 750,000. The Company received share subscription from its shareholders on 19 January 2017, then the Company has the paid-up share capital of Baht 691.6 million.
- b) In September 2017, the Company made an initial public offering for 230,375,000 of newly issued ordinary shares at the price of Baht 7.7 per share for total proceeds of Baht 1,773.9 million, resulting in share premium amounting to Baht 1,511.2 million, net of direct cost attributable to the share offering and related income tax of Baht 32.3 million (income tax of Baht 8.0 million). The Company received full settlement of the additional share capital on 25 September 2017.

17. 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 40.7 million from its operating result of the year 2017 to the statutory reserve.

18. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statement	
	2017	2016	2017	2016
Salaries and wages and other employee benefits	61,544,530	48,516,485	27,379,835	25,383,084
Depreciation and amortization expenses	119,549,548	119,391,091	192,252	116,951
Repair and maintenance of power plant	38,237,496	37,994,827	-	-
Professional fees	11,909,153	15,454,668	8,969,903	3,545,782
Bank charges	2,907,091	2,277,067	1,447,644	1,166,227
Land lease	31,516,046	7,060,937	-	-
Provision for impairment of investment	-	-	34,078,842	-

19. Income tax expenses (revenue)

Income tax expenses (revenue) of the Group for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statement	
	2017	2016	2017	2016
Current income tax:				
Corporate income tax charge for the year	193,411	60,353	-	-
Effects of income tax related to the expenses from share offering (Note 16)	8,051,396	-	8,051,396	-
Deferred tax:				
Relating to origination and reversal of temporary differences and others	(130,293)	(65,971)	(82,127)	(17,689)
Income tax expense (revenue) reported in the statement of comprehensive income	8,114,514	(5,618)	7,969,269	(17,689)

The amount of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Actuarial loss (gain)	49,930	(131,622)	82,835	(78,873)
Income tax expense (revenue)				
reported in the statement of				
other comprehensive income	49,930	(131,622)	82,835	(78,873)

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

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statement	
	2017	2016	2017	2016
Accounting profit before tax	342,720,360	447,382,610	327,852,700	494,371,965
Applicable tax rate	0%, 10%, 15%, 16.5%, 20%	0%, 15%, 16.5%, 20%	20%	20%
Accounting profit before corporate income tax multiplied by income tax rate	80,853,963	92,968,050	65,570,540	98,874,393
Effects of:				
Promotional privileges (Note 20)	(114,357,354)	(109,187,691)	-	-
Non-deductible expenses	7,782,370	676,837	6,949,425	139,402
Exempted revenue	-	-	(71,999,984)	(101,339,979)
Utilized tax losses	(658,402)	(897,049)	-	-
Tax losses for the year, that were not recognised as deferred tax assets	34,493,937	16,434,235	7,449,288	2,308,495
Tax income expense (revenue) reported in the statement of comprehensive income	8,114,514	(5,618)	7,969,269	(17,689)

The components of deferred tax assets are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statement	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Deferred tax assets				
Provision for long-term employee benefits	292,862	212,500	95,854	96,562

As at 31 December 2017, the Company and its subsidiaries have unused tax losses totaling Baht 263 million (the Company: Baht 54 million) (2016: the Company and its subsidiaries: Baht 103 million and the Company: Baht 16 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 utilisation of the temporary differences and unused tax losses.

As at 31 December 2017, unused tax losses totaling Baht 263 million, such tax losses will be expired within 2018 - 2022.

20. Promotional privileges

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

The subsidiary's operating revenues and subsidy for adder as presented in statement of comprehensive income for the year ended 31 December 2017 and 2016 are wholly revenues from promoted operations.

21. 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.

22. 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. The chief operating decision maker has been identified the Company's management.

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

Geographical segments

The Company and its subsidiaries operate in Thailand, Hong Kong, Singapore, Japan and Mongolia. The operations in Hong Kong, Singapore, Japan and Mongolia do not generate revenues. In financial reporting, revenues as presented in the financial statements are geographical segments. Non-current assets (exclusive of financial instruments and deferred tax assets) are set out in table below.

Country	(Unit: Million Baht)	
	Consolidated financial statements	
	31 December 2017	31 December 2016
Thailand	2,806	2,873
Japan	3,150	1,348
Mongolia	267	-
Total	6,223	4,221

Major customers

For the year 2017 and 2016, the Company and its subsidiaries have one major customer with revenue was Baht 871.7 million (2016: Baht 869.2 million).

23. 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 2017, the Company and its subsidiaries recorded the contributions amounting to approximately Baht 1.5 million, the Company: Baht 0.8 million. (2016: the Company and its subsidiaries: Baht 0.9 million, the Company: Baht 0.5 million).

24. Commitments and contingent liabilities

24.1 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).

24.2 Capital commitments

As at 31 December 2017, the subsidiaries in Japan had capital commitments of Yen 10,264.1 million (2016: Yen 4,264.0 million), relating to the project development, land purchase and licenses. The subsidiary in Mongolia had capital commitments of MNT 28.82 million, relating to the project development, machinery and equipment purchase.

24.3 Land lease commitments

As at 31 December 2017, the subsidiaries in Japan have land lease commitments for the 20 years starting from 2016 or 2017. The annual rent are totaling Yen 151.1 million (2016: Yen 129.6 million).

24.4 Service agreement

As at 31 December 2017 and 2016, the Company and subsidiary have commitment for service agreements in Thailand which have the remaining schedule repayments as follows:

	(Unit Million Baht)	
	31 December	31 December
	2017	2016
Payable		
In up to 1 year	39	41
In over 1 year and up to 5 years	160	198
In over 5 years	88	133
Total	287	372

As at 31 December 2017, the subsidiaries in Japan have long-term service commitments related to several service agreements. The service fee expenses are Yen 61.7 million per year (2016: Yen 28.3 million).

24.5 Share capital of subsidiaries

As at 31 December 2017, the Company has a commitment in respect of the unissued and uncalled portion of the subsidiaries' registered share capital amounting to Baht 517.6 million (2016: Baht 527.8 million), a subsidiary in Hong Kong has a commitment to pay for investment in subsidiaries in Japan of Yen 2,611.8 million (2016: Yen 1,967.3 million) and a subsidiary in Singapore has a commitment to pay for investment in a subsidiary in Mongolia of USD 8.6 million.

24.6 Bank guarantees

As at 31 December 2017, there were outstanding bank guarantees of Baht 85.3 million issued by bank on behalf of the Company and its subsidiaries in order to guarantee contracted performance to state enterprises and Baht 72 million of such bank guarantees were the Company's. (2016: The Company and its subsidiaries of Baht 3.35 million)

24.7 Derivatives

- a) As at 31 December 2017 and 31 December 2016, a subsidiary (Serm Sang Palang Ngan Company Limited) has the interest rate swap contracts as follows:

Contract value		Received interest rate	Paid interest rate	Due date
31 December 2017	31 December 2016			
1 Baht 278 Million	Baht 329 Million	Floating interest rate, THBFIX-REUTERS 3 months + 2 percent per annum	Fixed interest rate 5.795 percent per annum	30 December 2024
2 Baht 925 Million	Baht 1,097 Million	Floating interest rate, THBFIX-REUTERS 3 months + 2 percent per annum	Fixed interest rate 5.710 percent per annum	30 December 2024

25. Financial instruments

25.1 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, trade and other receivables, Revenue Department receivable, loans, 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 2017 and 2016, 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 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	-	1,599,163,912	4,228,334	1,603,392,246	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	
Within 1 year	1 - 5 years	Over 5 years					
Financial liabilities							(% per annum)
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%
	70,241	-	-	4,571,989,595	260,731,891	4,832,791,727	
Financial Derivatives							
Interest rate swap contracts							
- Fixed interest rate	220,374,863	677,806,350	304,661,662	-	-	1,202,842,875	5.71% , 5.795%
- Floating interest rate	-	-	-	1,202,842,875	-	1,202,845,875	3.20% - 3.61%

(Unit: Baht)

Consolidated financial statements

As at 31 December 2016

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum.)
Financial Assets					
Cash and cash equivalents	-	362,552,489	4,804,028	367,356,517	0.37%
Trade and other receivables	-	-	156,766,163	156,766,163	-
Revenue Department receivable	-	-	155,781,264	155,781,264	-
	-	362,552,489	317,351,455	679,903,944	

(Unit: Baht)

Consolidated financial statements

As at 31 December 2016

	Fixed interest rate			Floating	Non-interest	Total	Effective
	Within 1 year	1 - 5 year	Over 5 year	interest rate	bearing		interest rate (% per annum.)
Financial liabilities							
Trade and other payables	-	-	-	-	32,958,717	32,958,717	-
Construction retention	-	-	-	-	3,474,163	3,474,163	-
Loans from related parties	116,838	-	-	-	-	116,838	
Liabilities under finance lease agreements	1,803,079	65,116	-	-	-	1,868,195	5.75%
Long-term loans	-	-	-	3,613,204,772	-	3,613,204,772	2.78% - 6.35%
	1,919,917	65,116	-	3,613,204,772	36,432,880	3,651,622,685	
Financial Derivatives							
Interest rate swap contracts							
- Fixed interest rate	223,886,813	898,181,213	304,661,662	-	-	1,426,729,688	5.71%, 5.795%
- Floating interest rate	-	-	-	1,426,729,688	-	1,426,729,688	3.48% - 3.78%

(Unit: Baht)

Separate financial statement

As at 31 December 2017

	Fixed interest rate			Floating	Non-interest	Total	Effective
	Within 1 year	1 - 5 years	Over 5 years	interest rate	bearing		interest rate (% per annum.)
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%
	302,997,448	1,162,004,200	-	699,418,729	95,327,312	2,259,747,689	
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%
	147,579,940	-	-	-	27,162,191	174,742,131	

(Unit: Baht)

Separate financial statements							
As at 31 December 2016							
	Fixed interest rate						
	Within		Over	Floating	Non-interest		Effective
	1 year	1 - 5 years	5 years	interest rate	bearing	Total	interest rate
							(% per annum)
<u>Financial Assets</u>							
Cash and cash equivalents	-	-	-	95,476,648	416,615	95,893,263	0.37%
Trade and other receivables	-	-	-	-	28,924,465	28,924,465	
Short-term loans to related parties	7,142,875	-	-	-	-	7,142,875	2%, 6.70%
Long-term loans to related parties	24,182,277	502,885,226	-	-	-	527,067,503	2%, 6.70%
	<u>31,325,152</u>	<u>502,885,226</u>	<u>-</u>	<u>95,476,648</u>	<u>29,341,080</u>	<u>659,028,106</u>	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	20,147,196	20,147,196	-
Construction retention							
Short-term loans from related parties	103,330,650	-	-	-	-	103,330,650	2%, 6.225%
Long-term loans	-	-	-	438,521,237	-	438,521,237	6.35%
	<u>103,330,650</u>	<u>-</u>	<u>-</u>	<u>438,521,237</u>	<u>20,147,196</u>	<u>561,999,083</u>	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from revenue department receivable, cash in foreign currency and loans from financial institutions that are denominated in foreign currencies. As at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016	2017	2016
(Baht per 1 foreign currency unit)						
Japanese yen	1,649,528,302	550,173,728	9,536,126,550	3,267,840,859	0.2898060	0.3079505
US dollar	11,745,321	103,006	5,926,643	-	32.680900	35.830650
Singapore dollar	30,390	30,410	3,000	-	24.450250	24.801000
MNT	33,383,466	-	333,145,782	-	0.013439	0.014476
Euro	-	-	50,858	-	39.027250	37.757650

25.2 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 2017, the fair value of interest rate swap contract of a subsidiary was negative amounting to Baht 76 million, (31 December 2016: Baht 79 million) which was referenced by the counterparty bank. Such fair value was categorised within Level 2 of the fair value hierarchy.

26. 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 2017, the Group's debt-to-equity ratio was 1.4 (2016: 2.8). The Company has debt-to-equity ratio was 0.05 (2016: 0.5).

27. Reclassification

During the year, the Company reclassify as follows

(Unit : Baht)				
	Consolidated		Seperated	
	financial statements		financial statement	
	1 January 2016		1 January 2016	
	As previously		As previously	
	reported	As reclassified	reported	As reclassified
Financial statement				
Trade and other receivables	155,564,665	158,183,251	-	19,616
Other current assets	61,615,649	58,997,063	19,616	-

(Unit : Baht)				
	Consolidated		Seperated	
	financial statements		financial statement	
	31 December 2016		31 December 2016	
	As previously		As previously	
	reported	As reclassified	reported	As reclassified
Financial statement				
Trade and other receivables	152,288,945	156,766,163	14,980,000	29,595,798
Other current assets	65,973,634	61,496,416	14,615,798	-

(Unit : Baht)

	Consolidated		Seperated	
	financial statements		financial statement	
	1 January 2016		1 January 2016	
	As previously		As previously	
	reported	As reclassified	reported	As reclassified
Cashflow statement				
Cash flows from operating activities				
Trade and other receivables	3,275,720	1,417,088	(14,980,000)	(1,644,095)
Other current assets	(4,923,377)	(3,064,745)	(1,164,095)	-

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

28. Events after the reporting period

28.1 Investment in subsidiary

In February 2018, a subsidiary invested in its subsidiary amounting to USD 200,000.

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2018.