



GROW with **SOLID** and **SUSTAINABILITY** **DEVELOPMENT**

GROW with SOLID and SUSTAINABILITY DEVELOPMENT

13  Projects

All Contracted capacity

231.6 MW

Focus and determine to invest and develop various renewable power projects within both domestically and in Asia. Project under commercial operation with total installed capacity of 90.4 MW and Projects under construction and development with total installed capacity of 141.2 MW.

Thailand 

7 Projects

Contracted capacity

62.1
MW

Japan 

4 Projects

Contracted capacity

103.5
MW

Mongolia 

1 Projects

Contracted capacity

16.4
MW

New
Vietnam 

1 Projects

Contracted capacity

49.6
MW



SERMSANG
POWER CORPORATION



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Financial Highlights

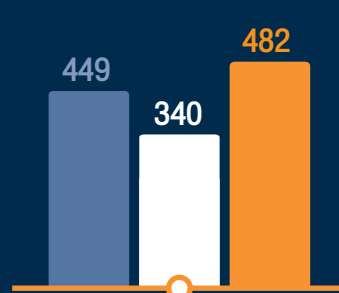
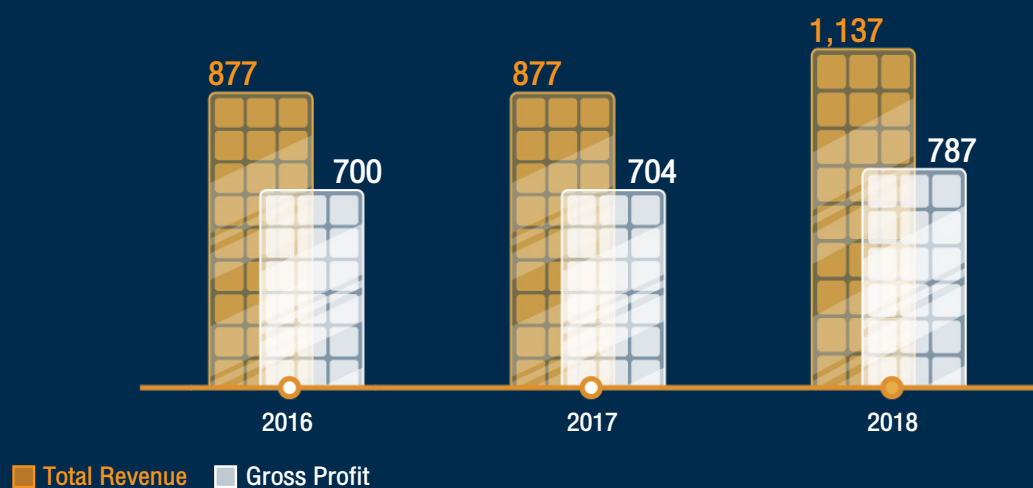
(Million Baht)

P&L Statement	2016	2017	2018
Sale Revenue	869	872	1,096
Other Revenue	8	5	41
Total Revenue	877	877	1,137
Cost of Goods Sold	169	168	342
Gross Profit	700	704	787
SG&A	114	220	167
EBITDA (excluding unrealized FX gain/loss)	732	682	843
Financial Costs	146	147	148
Tax	(0)	8	2
Net Profit to SSP's shareholders	449	340	482
Core Operating Profit to SSP's shareholders	487	472	499

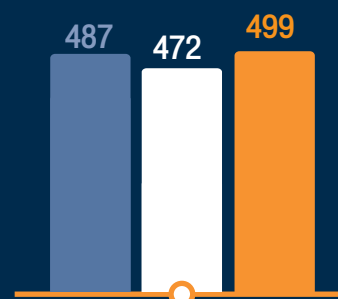


Total Revenue and Gross Profit

(Million Baht)

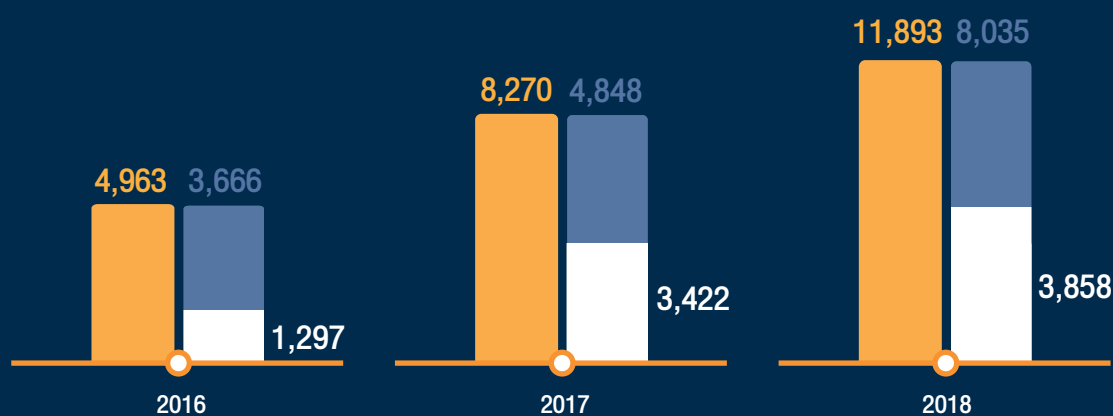


Net Profit



Core Operating Profit

■ 2016 ■ 2017 ■ 2018



■ Total assets ■ Total shareholders' equity ■ Total liabilities

Message from Chairman



Mr. Kamthon Wangudom
Chairman of the Board

With regards to operational results and development of our company for the past year, I considered them to be at satisfactory level, in both financial performance and business growth aspect. In 2018, our Company posted revenue growth of 29.7%, net profit growth of 41.8%, and core operating profit growth of 5.6%.

When considering our business growth aspect last year, we have completed construction and started commercial operations for numbers of projects, including Hidaka project in Japan which started commercial operation in the first quarter, solar rooftop projects in Thailand which started commercial operation in the first and third quarter, Zouen project in Japan which started commercial operation in the third quarter, and WWO solar project which started commercial operation in the fourth quarter. Start of commercial operation of these projects started contributing financially for our results last year.

In addition to start of commercial operation mentioned above, our group entered Vietnam market for investment in Binh Nguyen Solar Farm project, which is currently under construction and scheduled to start commercial operation in the second quarter of 2019. As a result, our group currently have business operation in 4 countries; Thailand, Japan, Mongolia, and Vietnam.

Even though we have expanded our business continuously during the last few years, we continued to maintain our philosophy in developing our business with sustainability, good corporate governance, and value enhancement to shareholders. And we are committed to continue maintaining such philosophies in the future.

Lastly, as a representative of the Board of Directors, I would like to take this opportunity to sincerely thank all customers, shareholders, financial institutions, business partners, surrounding communities, related government agencies, and all stakeholders for all the supports given to business of our group, which result in our solid business fundamentals evidenced today and continuous growth prospect in the future.

Message from CEO

For fiscal year 2018, financial results of Sermsang group were also driven from early stage of contribution from our business development program. We posted total revenue of THB 1,137 million, increased of approximately 29.7%, EBITDA of THB 843 million, increased of approximately 23.6%, and core operating profit of THB 499 million, increased of approximately 5.6%. Management are confident that our projects under construction and development, which have scheduled commercial operation this and following years, will enhance our financial results from the level evidenced today.

With respect to business development of our group, 2018 is another year which we considered as satisfactory and successful year. We completed constructions and started commercial operation numbers of projects, including Hidaka project with installed capacity of 21 MW, solar rooftop projects with installed capacity of 4.4 MW, Zouen projects with installed capacity of 8 MW, WVO solar project with installed capacity of 5 MW. Our total installed capacity increased from 52 MW in 2017 to 90 MW at the end of 2018. In addition, we also successfully closed financing and started construction of Leo 1 project.

During the third quarter of 2018, we decided to invest in Binh Nguyen solar far project in Vietnam, with installed capacity of 49.6 MW. This project is currently under construction and have scheduled commercial operation in the second quarter of 2019.

When looking forward into our business prospects in 2019, we will have additional capacity, which have scheduled commercial operation during the year, including solar farm projects in Mongolia and Vietnam. Such additional capacity will increase our installed capacity from 90 MW at the end of 2018 to 157 MW. Management assessed that such additional capacity will continue to enhance our financial results. Furthermore, we still keep exploring business opportunities both in 4 countries that we now have footprint (Thailand, Japan, Mongolia, and Vietnam) and new markets.

As a representative of management, I would like to thank all of our staffs for their contribution, dedication, and professionalism, which, I believed, a key fundamental to our success evidenced today.



Mr. Varut Tummavaranukub
Chief Executive Officer

Board of Directors



1 Mr. Kamthon Wangudom

Independent Director
Chairman

2 Mr. Viwat Kraipisitkul

Director
Chief of Executive Director
Chief of Risk Committee
Member of Nomination and
Remuneration Committee

3 Prof. Samrieng Mekkiengkrai

Independent Director
Chief of Audit Committee
Chief of Nomination and Remuneration
Committee

4 Mr. Asathai Rattanadilok Na Phuket

Independent Director
Audit Committee



5 Mr. Dhana Bubphavanich

Independent Director
Audit Committee

6 Ms. Thantaporn Kraipisitkul

Director
Member of Executive Committee
Member of Risk Committee
Member of Nomination and
Remuneration Committee
Deputy of Chief of Executive Officer

7 Mr. Tanawat Kraipisitkul

Director
Member of Executive Committee

8 Mr. Varut Tummavarasukub

Director
Member of Executive Committee
Member of Risk Committee
Chief of Executive Officer
Chief of Operation Officer
(Acting for)

9 Mrs. Thanyanee Kraipisitkul

Director

Board of Directors



Mr. Kamthon Wangudom

Age 72 years

Independent Director (16 March 2017)

Chairman (16 March 2017)

Education / Training

- Bachelor of Laws, Thammasat University
- Master of Science (M.Sc.) in Political Science, Northeastern Illinois University, USA
- Chief Executive course "Thammasat Leadership Program (LTP)", Thammasat University
- Chief Executive Course in Energy Technology, Thailand Energy Academy
- Director Accreditation Program (DAP) Course 138/2560, Thai Institute of Directors Association (IOD)
- Role of Chairman Program (RCP) 41/2560, Thai Institute of Directors Association (IOD)

Proportion of holding company share (percentage)

-None-

Relationship between Director and Management

-None-

Experiences

2017 - present	Chairman
	Independent Director
	Serm Sang Power Corporation Public Company Limited
2012 - present	Chairman
	K Global Company Limited
2012 - present	Director
	Petroleum Training Services (PTS) Company Limited
2011 - present	Director
	Panthakit Surat Company Limited
2010 - present	Director
	Member of Audit Committee
	Sapthip Company Limited
2008 - present	Senior Consultant
	CEC International Limited (Thailand Branch)
1990 - present	Director
	Packs Global Trading Company Limited
1977 - present	Director
	Oil-Tex (Thailand) Company Limited

Mr. Viwat Kraipisitkul

Age 62 years

Director (10 June 2015)

Chief of Executive Director (13 October 2015)

Chief of Risk Committee (28 January 2016)

Member of Nomination and Remuneration Committee
(13 October 2015)

Authorized Director²



Education / Training

- Bachelor of Science in Industrial Management Technology, Chandrakasem Rajabhat University, Thailand
- Master Degree in Industrial Technology, Chandrakasem Rajabhat University, Thailand
- Director Accreditation Program (DAP) 128/2559, Thai Institute of Directors Association (IOD)

Proportion of holding company share (percentage) 7.6%

Relationship between Director and Management

Father of Ms. Thantaporn Kraipisitku and Mr. Tanawat Kraipisitkul

Experiences

2015 - present	Director Chief of Executive Director Chief of Risk Committee Member of Nomination and Remuneration Committee Sernsang Power Corporation Public Company Limited	2015 - present	Director Essential Power Company Limited
2016 - present	Director Unity I. Capital Limited	2016 - present	Director Kao Tao Paradise Beach Company Limited
2016 - present	Director SNNP Intertrade Company Limited	2013 - present	Director Sernsang Corporation Company Limited
2015 - present	Director Sernsang Solar Company Limited	2013 - present	Director Triple P Renewable Company Limited
2015 - present	Director Sernsang Infinite Company Limited	2011 - present	Director Absolute Palm Company Limited
		2011 - present	Director K.H. Paper Mill Company Limited
		2010 - present	Chairman Sernsang Palangngan Company Limited
		2003 - present	Director Kim Heng Daily Food Company Limited
		1996 - present	Director Srijaroen Pi boon Pattana Company Limited
		1994 - present	Director Siam Ratchaburi Company Limited
		1991 - present	Director Kim Heng Food Products Company Limited
		1991 - present	Chief of Executive Committee Srinanapom Marketing Company Limited
		2016 - 2017	Chairman Sernsang Power Corporation Public Company Limited
		2015 - 2016	Chief of Executive Officer Sernsang Power Corporation Public Company Limited

Board of Directors



Prof. Samrieng Mekkiengkrai

Age 64 years

Independent Director (28 October 2015)

Chief of Audit Committee (28 October 2015)

Chief of Nomination and Remuneration Committee
(28 October 2015)

Education / Training

- Bachelor of Laws, Chulalongkorn University, Thailand
- Master of Laws (LL.M.), University of Miami, USA
- Certification of The Thai Bar, The Thai Bar Under the Royal Patronage
- Director Certification Program (DCP) 96/2550, Thai Institute of Directors Association (IOD)
- Advanced Audit Committee Program (AACP) 20/2550, Thai Institute of Directors Association (IOD)
- Financial Statement for Directors (FSD) 9/2553, Thai Institute of Directors Association (IOD)
- Monitoring Fraud Risk Management (MFM) 2/2553, Thai Institute of Directors Association (IOD)

Proportion of holding company share (percentage)

-None-

Relationship between Director and Management

-None-

Experiences

- | | |
|-----------------------|--|
| 2015 - present | Independent Director
Chief of Audit Committee
Chief of Nomination and Remuneration Committee
Sermuang Power Corporation Public Company Limited |
| 2016 - present | Director
SM International Law Firm Company Limited |
| 2014 - present | Special Lecturer
Faculty of Law, Chulalongkorn University |
| 2012 - present | Independent Director
Member of Nomination and Remuneration Committee
Unique Engineering and Construction Public Company Limited |
| 2007 - present | Audit Committee
Independent Committee
Remuneration Committee
Chief of Corporate Governance and Nomination Committee
Thaicom Public Company Limited |
| 2010 - 2018 | Executive Director
Office of The Consumer Protection Board of Thailand |
| 1990 - present | Legal Researcher
Chulalongkorn University |
| 2018 - present | Independent Director
HRO ENTEC Company Limited |

Mr. Asathai Rattanadilok Na Phuket

Age 62 years

Independent Director (2 November 2015)

Audit Committee (2 November 2015)



Education / Training

- Bachelors of Law, Ramkhamhaeng University, Thailand
- Master of Political Science, Politics and Government, Thammasat University, Thailand
- PhD in Management Sciences, Rajamangala University of Technology Thanyaburi (RMUTT), Thailand
- Top Executive Program: Vision and Morality Leadership, The Office of Civil Service Commission
- Advanced Certificate Course in Public Administration and Law for Executives, King Prajadhipok's Institute
- Top Executive Program, The Office of Civil Service Commission
- Senior Executives on Criminal Justice Administration, National Academy of Criminal Justice of Judiciary
- Thailand Insurance Leadership Program, Office of Insurance Commission
- Executive Program in Energy Literacy for a Sustainable Future Program (TEA Class 6), Thailand Energy Academy
- Good Governance for Medical Executives Program, The Medical Council of Thailand
- Advanced Political and Electoral Program: APED V, Election Commission of Thailand
- Director Accreditation Program (DAP) 128/2559, Thai Institute of Directors Association (IOD)

Proportion of holding company share (percentage)

-None-

Relationship between Director and Management

-None-

Experiences

- 2015 - present** Independent Director and Audit Committee
Sermuang Power Corporation
Public Company Limited
- 2016 - present** Director
Thailand Privilege Card Company Limited
- 2015 - present** Specialist
Office of the Election Commission of Thailand
- 2013 - 2014** General Director
Department of Land Transportation

Board of Directors



Mr. Dhana Bubphavanich

Age 49 years

Independent Director (28 October 2015)

Audit Committee (28 October 2015)

Education / Training

- Bachelor of Business Administration in Accounting and Finance, Thammasat University
- Master of Science (MS), Finance, Pace University, USA
- Director Accreditation Program (DAP) 87/2554, Thai Institute of Directors Association (IOD)

Proportion of holding company share (percentage)

-None-

Relationship between Director and Management

-None-

Experiences

2015 - present	Independent Director Audit Committee Sermuang Power Corporation Public Company Limited
2017 - 2018	Executive Vice President (Finance) Kulthorn Kirby Public Company Limited
2017 - present	Director Kulthorn Premier Company Limited
2017 - present	Director Kulthorn Kirby Foundry Company Limited
2017 - present	Director Kulthorn Steel Company Limited
2017 - present	Director Kulthorn Materials and Controls Company Limited
2017 - present	Director Kulthorn Metal Products Company Limited
2015 - present	Director The Whitespace Company Limited
2011 - present	Director Master Car Rental Company Limited
2016 - 2017	Director Bevpro Asia Company Limited
2018 - present	Senior Vice President (Finance) Thainamthip Company Limited

Ms. Thantaporn Kraipisitkul

Age 38 years

Director (10 June 2015)

Member of Executive Committee (13 October 2015)

Member of Risk Committee (28 January 2016)

Member of Nomination and Remuneration Committee
(13 October 2015)

Deputy of Chief of Executive Officer (19 April 2017)

Authorized Director²



Education / Training

- Bachelor Degree of Economic Faculty, Thammasat University
- Master Degree of Arts in Business and Managerial Economics, Chulalongkorn University
- MSc of Finance, Imperial College Business School
- Director Accreditation Program (DAP) 128/2559, Thai Institute of Director (IOD)

Proportion of holding company share (percentage) 4.2%

Relationship between Director and Management

Child of Mr. Viwat Kraipisitkul and Mrs. Thanyanee Kraipisitkul

Sister of Mr. Tanawat Kraipisitkul

Experiences

- | | |
|-----------------------|--|
| 2015 - present | Director
Member of Executive Committee
Member of Risk Committee
Member of Nomination and Remuneration Committee
Deputy of Chief of Executive Officer
Sermuang Power Corporation
Public Company Limited |
| 2016 - present | Director
Unity I. Capital Limited |
| 2016 - present | Executive Director
S. Global Power Limited |
| 2016 - present | Executive Director
Surge Energy Limited |
| 2015 - present | Executive Director
Sermuang Infinite Company Limited |
| 2015 - present | Executive Director
Prestige Group Company Limited |
| 2015 - present | Executive Director
Essential Power Company Limited |

- | | |
|-----------------------|--|
| 2015 - present | Director
Grow Global (Thailand) Limited |
| 2014 - present | Executive Director
Sermuang International Company Limited |
| 2014 - present | Executive Director
Siam Renewable Power Company Limited |
| 2014 - present | Executive Director
Sermuang Solar Company Limited |
| 2014 - present | Executive Director
Siam Clean Solution Company Limited |
| 2014 - present | Director
Kao Tao Paradise Beach Company Limited |
| 2014 - present | Director
Plus Energy Company Limited |
| 2014 - present | Director
Principle Power Company Limited |
| 2014 - present | Director
Primary Energy Company Limited |
| 2014 - present | Director
T.K.H. Food Products Company Limited |
| 2014 - present | Director
Uni Power Tech Company Limited |
| 2013 - present | Executive Director
Sermuang Corporation Company Limited |
| 2013 - present | Director
Triple P Renewable Company Limited |
| 2012 - present | Director
Thai Faster Products Company Limited |
| 2011 - present | Director
Sermuang Palangngan Company Limited |
| 2008 - present | Director
T.K.H. Trading and Services Company Limited |
| 2014 - 2016 | Director
Siam Biogas Company Limited |
| 2014 - 2016 | Director
Access Energy Company limited |

Board of Directors



Mr. Tanawat Kraipisitkul

Age 34 years

Director (28 October 2015)

Member of Executive Committee (28 October 2015)

Education / Training

- Bachelor of Engineering (B.Eng.) in Mechanical Engineering, Mahidol University, Thailand
- Master of Business Administration (MBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Director Accreditation Program (DAP) 141/2560, Thai Institute of Directors Association (IOD)
- Energy Science Program for New Generation Executives Thailand Energy Academy, Class 6

Proportion of holding company share (percentage) 3.8%

Relationship between Director and Management

Child of Mr. Viwat Kraipisitkul and Mrs. Thanyanee Kraipisitkul

Brother of Ms. Thantaporn Kraipisitkul

Experiences

2015 - present	Director	2014 - 2017	Uni Power Tech Company Limited
	Member of Executive Committee		Director
	Sernsang Power Corporation	2014 - present	Principle Power Company Limited
	Public Company Limited		Director
2016 - present	Director	2013 - present	Primary Energy Company Limited
	Unity I. Capital Limited		Director
2016 - present	Director	2013 - present	Bangkok Retail Company Limited
	Kim Heng Daily Food Company Limited		Director
2016 - present	Director	2015 - 2018	Viwat Agriculture Company Limited
	S. Global Power Limited		Senior Vice Precedent - Engineering
2016 - present	Director	2013 - present	Sernsang Palangngan Company Limited
	Surge Energy Limited		Director
2015 - present	Director	2015 - present	Sernsang Palangngan Company Limited
	Grow Global (Thailand) Limited		Director
2014 - present	Director	2015 - present	Prestige Group Company Limited
	Kao Tao Paradise Beach Company Limited		Director
2014 - present	Director	2015 - present	Sernsang Infinite Company Limited
	T.K.H. Food Products Company Limited		Director
2014 - present	Director	2014 - present	Essential Power Company Limited
			Director
		2014 - present	Plus Energy Company Limited
			Director
		2014 - present	Siam Clean Solutions Company Limited
			Director
		2014 - present	Siam Renewable Power Company Limited
			Director
		2014 - present	Sernsang Solar Company Limited
			Director
		2014 - present	Sernsang International Company Limited
			Director
		2013 - present	Triple P Renewable Company Limited
			Director
		2013 - present	Sernsang Corporation Company Limited
			Director
		2014 - 2016	Siam Biogas Company Limited
			Director
		2014 - present	Access Energy Company Limited

Mr. Varut Tummavaranukub

Age 36 years

Director (28 October 2015)

Member of Executive Committee (28 October 2015)

Member of Risk Committee (28 January 2016)

Chief of Executive Officer (28 October 2015)

Chief of Operation Officer (Acting for) (13 October 2015)

Authorized Director²



Education / Training

- Bachelor of Science (B.Sc.), Electrical and Computer Engineering, Purdue University, USA
- Master of Science (M.Sc.), Finance, General, Chulalongkorn University, Thailand
- Director Accreditation Program (DAP) 128/2559, Thai Institute of Directors Association (IOD)
- Global Business Leader Class 2
- Chief Executive Course in Energy Technology, Thailand Energy Academy Class 4
- The Leadership for Digital Transformation Thailand Class 2
- Chief Executive Course in Business Development Institute of Business and Industrial Development Class 5

Proportion of holding company share (percentage) 0.003%

Relationship between Director and Management

-None-

Experiences

- 2015 - present** Director
Member of Executive Committee
Member of Risk Committee
Chief of Executive Officer
Chief of Operation Officer (Acting for)
Sermsang Power Corporation
Public Company Limited
- 2017 - present** Director
Chief of Executive Officer
Chief of Operation Officer (Acting for)
Sermsang Palangngan Company Limited
- 2017 - present** Executive Director
Plus Energy Company Limited
- 2017 - present** Director
Sermsang Solar Company Limited

- 2017 - present** Director
Sermsang Infinite Company Limited
- 2016 - present** Executive Director
Access Energy Company Limited
- 2016 - present** Executive Director
Access C Management Limited
- 2016 - present** Executive Director
Triple P Renewable Company Limited
- 2016 - present** Director
Prestige Group Company Limited
- 2016 - present** Director
Siam Clean Solutions Company Limited
- 2016 - present** Director
Siam Renewable Power Company Limited
- 2016 - present** Director
Sermsang Corporation Company Limited
- 2016 - present** Director
Sermsang International Company Limited
- 2015 - present** Executive Director
Seijo Corporation
- 2017 - present** Director
Essential Power Company Limited
- 2014 - present** Director
H.J.Y. Group Company Limited
- 2013 - 2016** Director
TNG Services Company Limited
- 2013 - 2015** Consultant
Sermsang Palangngan Company Limited
- 2013** Director
Sun Rooftop Company Limited
- 2013** Director
Rooftop Solar Energy Company Limited
- 2012 - 2013** Director
Wind Energy Development Company Limited

Board of Directors



Mrs. Thanyanee Kraipisitkul

Age 62 years

Director (28 October 2015)

Education / Training

- Diploma of Marketing, Sahapanich Business Technological Colleg
- Director Accreditation Program (DAP) 143/2560, Thai Institute of Directors Association (IOD)

Proportion of holding company share (percentage)

-None-

Relationship between Director and Management

Mother of Ms. Thantaporn Kraipisitkul and Mr. Tanawat Kraipisitkul

Experiences

2015 - present	Director Sernsang Power Corporation Public Company Limited
2017 - present	Director Access C Management Limited
2016 - present	Director Vertical Holding Company Limited
2016 - present	Director Srinanaporn Marketing Company Limited
2013 - present	Director Vivat Agriculture Company Limited
2013 - present	Director Srisiam Food Products Company Limited
2011 - present	Director T.K.H. Wood Power Company Limited
2007 - present	Director Siam Daily Food Product Company Limited
2003 - present	Director Kim Heng Daily Food Company Limited
2014 - 2016	Director Access Energy Company Limited
2014 - 2015	Director Sernsang Solar Company Limited
2014 - 2015	Director Plus Energy Company Limited
2014 - 2015	Accounting Officer Herman Chan CPA & Co

CONTINUED GROWTH TO THE FUTURE

We plan to invest and develop more overseas projects and also looking for new opportunities to invest renewable power projects to expand in new businesses in the future.



Board of Managements



1 Mr. Varut Tummavarasukub
Director
Member of Executive Committee
Member of Risk Committee
Chief of Executive Officer
Chief of Operation Officer (Acting for)

2 Ms. Thantaporn Kraipisitkul
Director
Member of Executive Committee
Member of Risk Committee
Member of Nomination and
Remuneration Committee
Deputy of Chief of Executive Officer

3 Mr. Natthapatt Tanboon-ek
Chief Financial Officer



6



4



5

4 **Ms. Phonkamon Hongwilai**
AVP - Account and Treasury

5 **Mr. Thanatis Thaninkulnipat**
AVP - Finance & Investor Relations

6 **Ms. Sarmornmart Chaiphatikarn**
Company Secretary

Board of Managements



Mr. Varut Tummavarankub

Age 36 years
Director (28 October 2015)
Member of Executive Committee (28 October 2015)
Member of Risk Committee (28 January 2016)
Chief of Executive Officer (28 October 2015)
Chief of Operation Officer (Acting for) (13 October 2015)
Authorized Director²

(See description at the Board of director profile)



Ms. Thantaporn Kraipisitkul

Age 38 years
Director (10 June 2015)
Member of Executive Committee (13 October 2015)
Member of Risk Committee (28 January 2016)
Member of Nomination and Remuneration Committee
(13 October 2015)
Deputy of Chief of Executive Officer (19 April 2017)
Authorized Director²

(See description at the Board of director profile)



Mr. Natthapatt Tanboon-ek

Age 43 years

Chief Financial Officer (24 April 2017)

Education / Training

- Bachelor of Engineerings (Electrical),
Chulalongkorn University
- Master of Business Administration (Finance),
University of Baltimore

Proportion of holding company share (percentage)

-None-

Relationship between Director and Management

-None-

Experiences

2017 - Present	Chief Financial Officer Sermuang Power Corporation PLC.
1996 - Present	Director Dynatex Labs (Thailand) Co., Ltd.
2015 - 2017	Senior Vice President - Treasurer Glow Energy PLC.
2008 - 2015	Vice President - Finance and Investor Relations Glow Energy PLC.

Ms. Phonkamon Hongwilai

Age 33 years

AVP - Account and Treasury (26 June 2017)

Education / Training

- Bachelor of Commerce and Accountancy,
Chulalongkorn University

Proportion of holding company share (percentage)

-None-

Relationship between Director and Management

-None-

Experiences

2017 - Present	AVP - Account and Treasury Sermuang Power Corporation Public Company Limited
2009 - 2017	Audit Manager EY Office Limited

Board of Managements



Mr. Thanatis Thaninkulnipat

Age 37 years

AVP - Finance & Investor Relations (30 August 2017)

Education / Training

- Bachelor of Engineering (B.Eng.) in Electrical Engineering, King Mongkut's Institute of Technology Ladkrabang
- Master of Business Administration (MBA) in Finance, National Institute of Development Administration (NIDA)

Proportion of holding company share (percentage)

-None-

Relationship between Director and Management

-None-

Experiences

2017 - present

AVP - Finance & Investor Relations
Sermuang Power Corporation
Public Company Limited

2015 - 2017

Financial Analysis Manager
Glow Energy Public Company Limited

2010 - 2015

Financial analyst
Glow Energy Public Company Limited



Ms. Sarmornmart Chaiphatikarn

Age 35 years

Company Secretary (13 October 2015)

Education / Training

- Bachelor of Law, Thammasat University
- Lawyer Licence, Lawyers Council of Thailand
- Degree of Barrister at Law, Institute of Legal Education of the Thai Bar Association
- Master of Law, University of Aberdeen
- Notarial Services Attorney Training Course, Lawyers Council of Thailand
- Company Secretary Program (CSP) 69/2559, Thai Institute of Directors Association (IOD)

Experiences

2015 - present

Company Secretary
Sermsang Power Corporation
Public Company Limited

2015

Director
Sermsang Power Corporation
Public Company Limited

2014 - 2015

Corporate and Commercial Lawyer
Sermsang Palangngan Company Limited

2014 - 2015

Director
Cleanovation Energy Company Limited

Proportion of holding company share (percentage)

-None-

Relationship between Director and Management

-None-

Milestone 2018

March



Hidaka project started commercial operation (COD) in the first quarter of 2018. Tenor is 20 years. The Japanese government has supported the cost of Install Energy Storage to store Power and the battery.

July



Do Home project (5 branches) start operation in July 2018.

August



Zouen project started commercial operation (COD) in the fourth quarter.

September



SSP determine the pile position of Binh Nguyen Solar Power in Vietnam. This project is a stock purchase by SI in TTQN company, total 48.6 Million US Dollar.

November



WWO solar project started commercial operation (COD) on 30 November 2018.

Vision, Missions

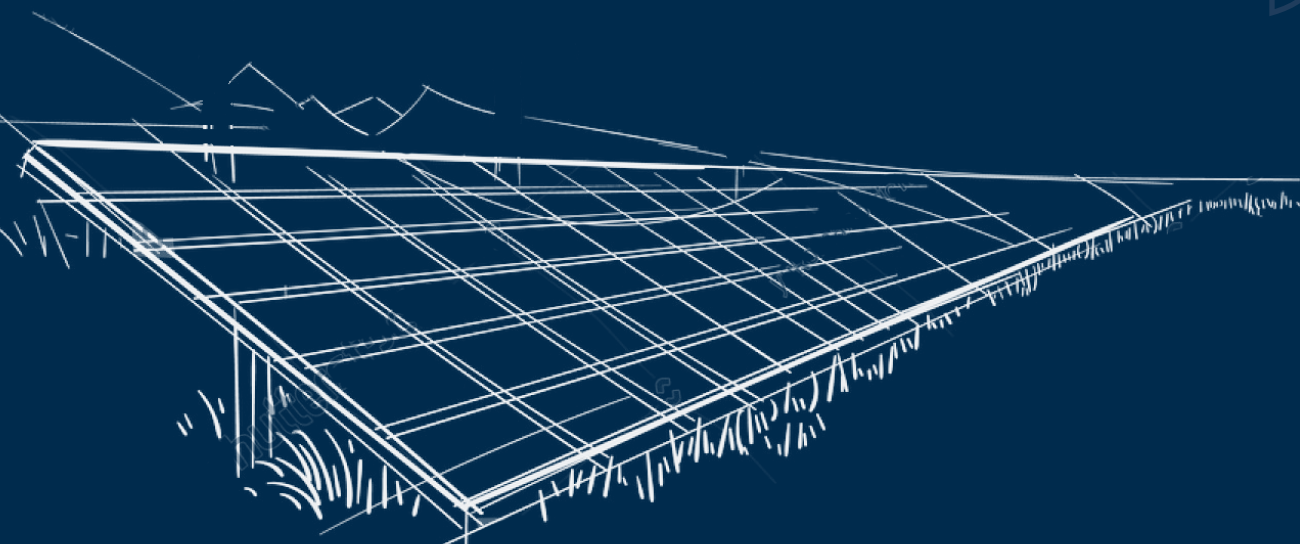
Vision

Sermsang Power Corporation Public Company Limited (“Company” or “SSP”) and its companies within the group has vision as follow:

Moving toward a leading power company in Asia, by engaging in sustainable power production and sourcing, as well as promoting sustainable clean environment for the best benefits of society.

Missions

Our group determines to support our staffs and organization to have roles in sustainable development of the future, by utilizing our expertise in selecting appropriate technologies and dynamically allocating resources to provide solution for efficient and effective sustainable power demand.



Policy and Overview of Business Operation

1. Vision, missions, targets, and strategies of business

1.1 Vision

Sernsang Power Corporation Public Company Limited (“Company” or “SSP”) and its companies within the group has vision as follow:

“Moving toward a leading power company in Asia, by engaging in sustainable power production and sourcing, as well as promoting sustainable clean environment for the best benefits of society”

1.2 Missions

Our group determines to support our staffs and organization to have roles in sustainable development of the future, by utilizing our expertise in selecting appropriate technologies and dynamically allocating resources to provide solution for efficient and effective sustainable power demand.

1.3 Targets and strategies

Our group has targets to be leading power producer utilizing internal technologies in developing projects, in order to support clean and sustainable environment for the best benefits of society. Strategies to achieve our targets can be outlined below:

- (1) Focus and determine to invest and develop various renewable power projects, i.e. solar power, wind power, biomass/biogas power, within both domestically and in Asia, with targeted capacity of 200 MW within 2020.
- (2) Promote and support surrounding communities to participate in our development of projects, by enhancing understandings of renewable power projects, from development to operation phase, supporting job creation in surrounding communities. Our focus is to ensure good living in surrounding communities, as well as co-ordinate with surrounding communities in protecting environment.
- (3) Focus on human resource development to enhance know-how and expertise.

2. Development of the Company

2.1 Overview

In 2012, Kraipitkul family, major shareholder group of Company, has vision on renewable power businesses opportunity, as a result of the announcement of tax and adder scheme (10 years after COD) for SPP and VSPP. As such, they established Sernsang Palang Ngan Co., Ltd. (“SPN”) and applied for SPP capacity with Electricity Generating Authority of Thailand (“EGAT”), and eventually been selected to enter into Power Purchase Agreement (PPA) with EGAT for contracted capacity of 40 MW. The PPA of SPN was signed on 7 June 2013 and SPN project’s construction completed, and started commercial operation (COD) on 2 February 2015.

On 16 June 2015, major shareholders established Sernsang Power Corporation Co, Ltd. (“SSP”), in order to restructure shareholding structure of the group and prepare to be listed in MAI. SSP has objective to be a holding company of other companies within the group, which engage in renewable power and related businesses.

Sernsang Power Corporation Public Company Limited

Subsidiaries
in Thailand **12**

Subsidiaries
in foreign countries **7**

TK
investor **5**

During October 2015 - March 2016, our group engaged in restructuring by having SSP to hold stake in all current companies within the group. As of 31 December 2018, companies within the group consisted of:

Subsidiaries in Thailand

- (1) Sermsang Palang Ngan Co., Ltd. (“SPN”)
- (2) Access Energy Co, Ltd. (“AE”)
- (3) Essential Power Co., Ltd. (“EP”)
- (4) Plus Energy Co., Ltd. (“PE”)
- (5) Prestige Group Co., Ltd. (“PTG”)
- (6) Triple P Renewable Co., Ltd. (“PPP”)
- (7) Sian Clean Solution Co., Ltd. (“SCS”)
- (8) Sian Renewable Power Co., Ltd. (“SRP”)
- (9) Sermsang Solar Co., Ltd. (“SS”)
- (10) Sermsang Corporation Co., Ltd. (“SSC”)
- (11) Sermsang International Co., Ltd. (“SI”)
- (12) Sermsang Infinite Co., Ltd. (“SN”)

Subsidiaries in foreign countries

- (13) S. Global Power Limited¹ (“SGP”)
- (14) Surge Energy Corporation Limited² (“SEG”)
- (15) Access C Management Limited³ (“ACM”)
- (16) Seijo Corporation⁴ (“SJC”)
- (17) Sermsang Sustainable Singapore Private Limited (“SSSG”)
- (18) Tenunn Gerel Construction LLC (“TGC”)
- (19) Truong Thanh Quang Ngai Power and High Technology Joint Stock Company (“TTQN”)

GK Operator (under GK-TK investment structure) that SEG (as TK investor) entered into TK Agreement with

- (20) SS Hidaka No Mori G.K.⁵ (“SSH”)
- (21) GSSE G.K.⁶ (“GSSE”) และ
- (22) Zouen Energy G.K.⁷ (“ZOUEN”)
- (23) Ashita Power 1 G.K.⁸ (“ASP1”)
- (24) Ashita Power 2 G.K.⁹ (“ASP2”)

¹ Established in Hong Kong with 100% shareholding by SI

² Established in Hong Kong with 100% shareholding by SGP

³ Established in Hong Kong with 100% shareholding by AE

⁴ Established in Japan with 100% shareholding by ACM

⁵ Established in Japan; SEG invest in Hidaka project as TK investor under GK-TK structure for 86.9% of total TK investment

⁶ Established in Japan; SEG invest in Yamaga project as TK investor under GK-TK structure for 90% of total TK investment

⁷ Established in Japan; SEG invest in Zouen project as TK investor under GK-TK structure for 100% of total TK investment

⁸ Established in Japan; SEG invest in Leo project as TK investor under GK-TK structure for 100% of total TK investment

⁹ Established in Japan; SEG invest in Leo project as TK investor under GK-TK structure for 100% of total TK investment

2.2 Key development

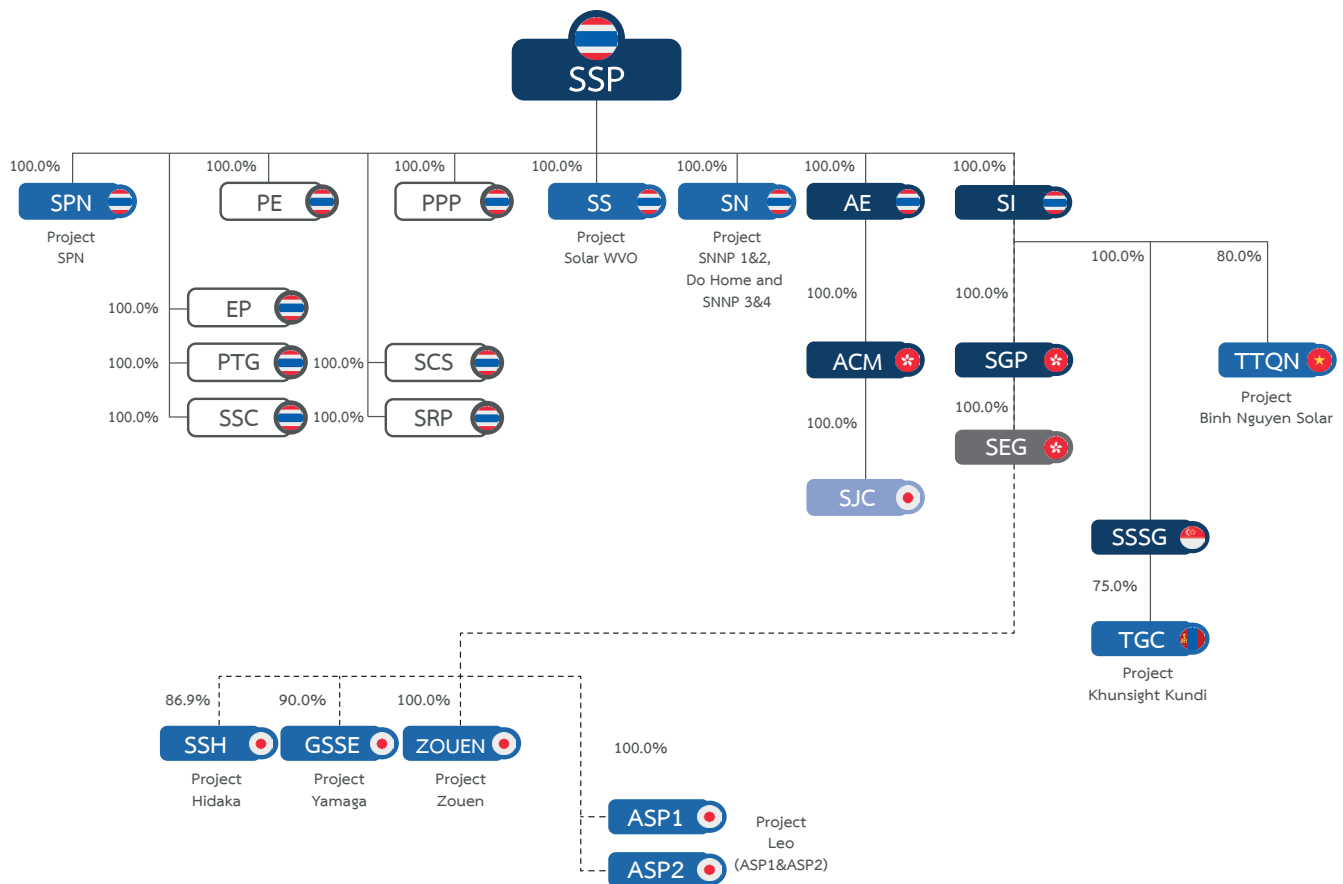
Year	Key Development
2010	<ul style="list-style-type: none"> Mr.Viwat Kraipisitkul and other 2 shareholders (non-related persons) established SPN on 5 January 2010. Eventually, Kraipisitkul family acquire shares from the other 2 shareholders, resulting to 100% shareholding of Kraipisitkul family in SPN. SPN submitted application for non-firm SPP quota to EGAT for the capacity of 40 MW (connected to PEA's grid at Koksumrong substation)
2012	<ul style="list-style-type: none"> Award of SPP quota to SPN with adder of 6.5 THB/kW-h for the period of 10 years after COD.
2013	<ul style="list-style-type: none"> SPN entered in to PPA with EGAT on 7 June 2013, for the contracted capacity of 40.0 MW at 115 kV. Contract tenor is 5 years with each renewal of 5 years period. Adder of 6.5 THB/kW-h for 10 years after COD is contained. SPN obtained BOI's tax privileges on November 2013.
2014	<ul style="list-style-type: none"> SPN entered into key development and construction agreements consisted of: <ol style="list-style-type: none"> EPC contract for design and construction of the plant; Project finance agreements with financial institutions; and O&M contract SPN obtained key licenses for operation of solar power plant, including construction license, control energy production license ("Por.Kor.2"), power production license ("Por.Kor.4"), and factory license ("Lor.Ngor. 4").
2015	<ul style="list-style-type: none"> SPN project's construction completed, and the project start commercial operation (COD) on 2 February 2015, sold to EGAT for the contract capacity of 40.0 MW. Major shareholder group (Kraipisitkul family) established SSP on 16 June 2015, to be holding company of all investment of renewable power and related business of the group. Restructuring of shareholding structure within the group, by having SSP to acquire stakes in SPN, AE, EP, PE, PTG, SCS, SRP, SS, SSC, SI, and SN from major shareholder (Kraipisitkul family and non-related persons). As a result, SS hold 100% stakes in all entities mentioned, to support investment of renewable power and related business in both domestically and in foreign countries of the group. Establishing SGP and SEG in Hong Kong, in August and November of 2015, respectively, to support investment in foreign countries of the group.
2016	<ul style="list-style-type: none"> Establishing ACM in Hong Kong, in March 2016, to support investment in foreign countries of the group. ACM acquired all stakes in SJC and (Japanese subsidiaries) and PPP from related parties, to support future investment in Japan. SEG, 100% subsidiary in Hong Kong, entered into investment (as TK investor) with SSH under GK-TK structure for investment of solar projects in Japan. SEG invested for 86.9% of total TK investment. The project has contracted capacity of 17 MW and located in Hidaka, Hokkaido, Japan. Key development, investment, and construction contracts of Hidaka project was signed during the second and third quarter of 2016. The construction started commenced on August 2016.

Year	Key Development
2016	<ul style="list-style-type: none"> In the fourth quarter of 2016, SEG, 100% subsidiary in Hong Kong, entered into investment (as TK investor) with GSSE under GK-TK structure. SEG invested for 90% of total TK investment. The project has contracted capacity of 30.0 MW.
2017	<ul style="list-style-type: none"> In the first quarter of 2017: <ul style="list-style-type: none"> SN entered in to investment for solar rooftop project. The project is with Srinanaporn Marketing Co., Ltd. (related persons). The installed capacity of project is 384 kW with 25 years tenor. SEG, 100% subsidiary in Hong Kong, entered into investment (as TK investor) with ZOUEN under GK-TK structure. SEG invested for 100% of total TK investment. The project has contracted capacity of 6.0 MW. In the second quarter of 2017: <ul style="list-style-type: none"> Group (through SS), under co-operation with WVO, submitted proposals for solar projects under Co-operative and Government Agency solar scheme 2017, as co-investor. SS is 100% Thai subsidiary. In the third quarter of 2017: <ul style="list-style-type: none"> Group entered into Land Purchase Agreement for Leo project (contracted capacity of 30.0 MW). Key conditions of this agreement included the validity and transfer of METI approval and grid connection approval, and the seller cannot negotiate and/or transfer rights of this project to other parties. Group entered into Framework Agreement for Yamaga 2 project (contracted capacity of 10.0 MW). The group will invest 100% of total TK investment in this project, and will eventually enter into definitive agreement for development and investment in this project. SN entered into another PPA with Srinanaporn Marketing Co., Ltd, for installed capacity of 998 kW. In the fourth quarter of 2017: <ul style="list-style-type: none"> Zouen project started commencing construction in October 2017 Establishing Sermsang Sustainable Singapore Private Limited (SSSG) in Singapore, for supporting investment in foreign countries. The holding of SSSG is through SI. Group entered into agreements related to investment of Khunsight Kundi, in Mongolia, for shareholding stake of 75%. The shareholding in this project is through SSSG. The project has contracted capacity of 15.0 MW, with installed capacity of 16.4 MW. SEG, 100% subsidiary in Hong Kong, entered into investment (as TK investor) with Ashita Power 1 GK and Ashita Power 2 GK under GK-TK structure. SEG invested for 100% of total TK investment in Leo Solar farm project in Japan. The project has contracted capacity of 30.0 MW, with installed capacity of 40.0 MW.

Year	Key Development
2018	<ul style="list-style-type: none"> • In the first quarter of 2018: <ul style="list-style-type: none"> - Hidaka project started commercial operation (COD) in March 2018, sold to Hokkaido Electric Power Co. for the contract capacity of 17.0 MW (with installed capacity of 21.0 MW) - SNNP 1 and SNNP 2 projects start operation in March 2018 • In the third quarter of 2018: <ul style="list-style-type: none"> - Do Home project (5 branches) start operation in July 2018 - Zouen project started commercial operation (COD) in August 2018, sold to Kyushu Electric Power Inc. for the contract capacity of 6.0 MW (with installed capacity of 8.0 MW) - Group entered into agreements related to investment of Binh Nguyen Solar through TTQN in Vietnam, for shareholding stake of 80% and project started commencing construction in October 2018 - Leo (Ashita Power 1) project started commencing construction in September 2018

3. Group structure

As of 31 December, 2018, Group has shareholding structure as follow:



Type of Business

- Generation and Sales of Electricity
- Shell Company for Future Project
- Holding Company
- TK Investor
- Related Business
- GK Company

(Investor can further study our information from annual registration statement (Form 56-1) as shown in www.sec.or.th)

Good Foundation to Continued Growth

We structure the Solar Rooftop project
and Solar Farms in Thailand
and Oversea.

“ **13** Project

Contracted capacity

231.6 MW ”



Business Descriptions

1. Overview and Revenue Structure

Company is a holding company, investing in renewable power and related business in both domestically and in foreign countries. Currently, Company has renewable project as per below.

As of 31 December, 2018, Company and its subsidiaries has project under commercial operation, and under construction and development as follow:

1.1 Project under commercial operation with total installed capacity of 90.4 MW being:

- (1) SPN project (in Thailand): installed capacity of 52.0 MW, started commercial operation in the first quarter of 2015.
- (2) Hidaka project (in Japan): installed capacity of 21.0 MW, started commercial operation in the first quarter of 2018
Zouen project (in Japan): installed capacity of 8.0 MW, started commercial operation in the third quarter of 2018
- (3) Solar Rooftop business projects (in Thailand): which consisted of (1) SNNP1 & SNNP2 project (started commercial operation in the first quarter of 2018), which have total installed capacity of 4.4 MW.
- (4) Do Home project (started commercial operation in the third quarter of 2018).
- (5) WVO solar project (in Thailand): installed capacity of 5.0 MW, started commercial operation in the fourth quarter of 2018

1.2 Projects under construction and development with total installed capacity of 141.2 MW being:

- (1) Solar Rooftop business projects (in Thailand): which consisted of (1) SNNP3 project and (2) SNNP4 project, which have total installed capacity of 0.7 MW.
- (2) Yamaga project (in Japan): installed capacity of 34.5 MW
- (3) Leo project (Ashita Power 1 & Ashita Power 2) (in Japan): total installed capacity of 40.0 MW
- (4) Khunsight Kundi project (in Mongolia): installed capacity of 16.4 MW
- (5) Binh Nguyen Solar project, which is operated through TTQN (in Vietnam) : installed capacity of 49.6 MW

In addition, our group is also exploring investment opportunities for additional renewable energy businesses both in Thailand and foreign countries, i.e. solar rooftop projects, solar farm in Japan, and other projects in ASEAN region.

We consider businesses of our group divided into 2 groups as:

(1) Solar power business, which further divided into

- Solar farm business in Thailand, which consisted of (1) SPN project in Lopburi province, and (2) WVO solar project in Ratchaburi province.
- Solar farm business in foreign countries, which consisted of (1) Hidaka project, (2) Yamaga project, (3) Zouen project, (4) Leo project in Japan , Khunsight Kundi project in Mongolia, and Binh Nguyen Solar project in Vietnam.
- Solar rooftop business in Thailand, which consisted of (1) SNNP1 project (2) SNNP2 project (3) Do Home project (4) SNNP3 project and (5) SNNP4 project.

(2) Other renewable businesses,

i.e. wind farm power plant, biomass power plant, biogas power plant, waste-to-energy power plant, etc. Currently, Company has no investment in other renewable businesses.

As of 31 December, 2016, 2017, and 2018, the revenue structure of our group can be summarized as follow:

Revenue	Consolidated Financial Statement					
	Fiscal year ended 31 Dec 2016		Fiscal year ended 31 Dec 2017		Fiscal year ended 31 Dec 2018	
	Amount (MTHB)	%	Amount (MTHB)	%	Amount (MTHB)	%
Revenue from Solar Farm business in Thailand and Japan						
Revenue from electricity tariff (base tariff + Ft) ¹	285.6	32.6	283.8	32.4	292.5	25.7
Revenue from Adder	583.6	66.6	587.9	67.0	568.7	50.0
Sale revenue from electricity sale in Thailand	869.2	99.1	871.7	99.4	861.2	75.7
Sale revenue from electricity sale in Japan	-	-	-	-	235.1	20.7
Total Sale Revenue	869.2	99.1	871.7	99.4	1,096.3	96.4
EPC Construction revenue and service	-	-	-	-	32.9	2.9
Other Revenue ²	7.5	0.9	5.4	0.6	8.2	0.7
Total Revenue	876.7	100.0	877.1	100.0	1,137.4	100.0

Remark : ¹ included revenue from solar rooftop and Solar WVO projects in Thailand (from 2018 onward)

² other revenue included (but not limited to) import tax, interest revenue, and revenue related to power development fund.



2. Business descriptions

2.1 Products and Services

(1) Solar Farm business in Thailand SPN Project

SPN entered in to PPA with EGAT for the contracted capacity of 40.0 MW. SPN's PPA is non-firm type, which means no minimum power requirement to supply to EGAT. PPA is 5-years period, and can be extended for 5 years per extension. Adder for this project is 6.5 THB/kW-h for the period of 10 years after Commercial Operation Date (COD). Company has policy to extend the PPA contract until the end of the project, which is typically 25 years period.



SPN Project

SPN project has key details as follow:

Subject	Details
Project Company	SPN
Shareholding by Company	100%
Location	Koksamrong, Lopburi, Thailand
Area	889-0-55 Rai
Installed/Contracted capacity	52/40 MW
Off taker	EGAT
Tariff	Base tariff + Ft + Adder of 6.5 THB/kW-h
Status	Under commercial operation
COD	2 February 2015
Solar panel technology	Thin Film Silicon

**SPN
PROJECTS**

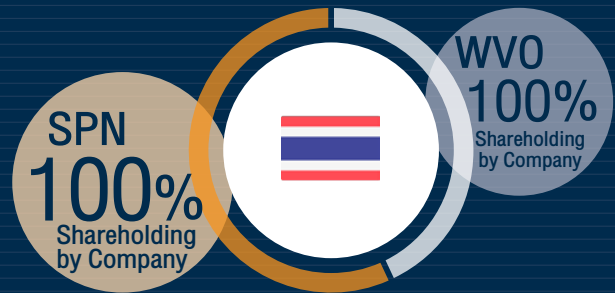


Installed

52 MW

40
MW

Contracted
capacity



WVO solar project (in Ratchaburi)

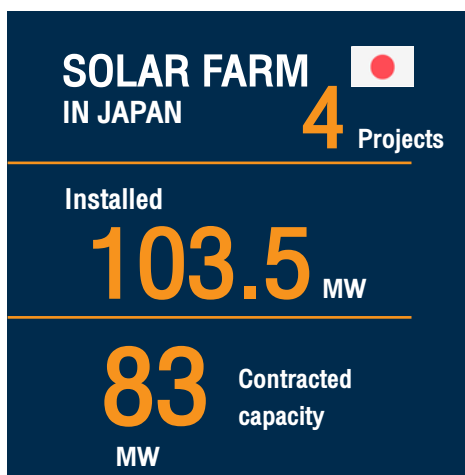
WVO solar project (in Ratchaburi) is invested through SS (our Thai subsidiary) as co-investor with War Veteran Organization of Thailand (WVO) as owner of the project. This project is under Co-operative and government entity solar scheme 2017.

**WVO SOLAR PROJECT
(IN RATCHABURI)**

Installed
5
MW

5
Contracted capacity
MW

Subject	Details
Project Company	SS
Shareholding by Company	100%
Location	Ratchaburi, Thailand
Area	51 Rai
Installed/Contracted capacity	5/5 MW
Off taker	PEA
Tariff	Feed-in Tariff of 4.12 THB/kW-h (25 years flat for the whole period)
Status	Under commercial operation
COD	30 November 2018
Solar panel technology	Poly Crystalline Silicon



Hidaka Project

(2) Solar farm business in foreign countries

Currently, solar farm business in foreign countries consisted of investment in projects in Japan Mongolia and Vietnam, as follows

Solar farm business in Japan

Investment in solar farm business in Japan is under GK-TK structure, as follow:

Project	Hidaka	Yamaga	Zouen	Leo
Project Company	SSH	GSSE	ZOUEN	Ashita Power 1 Ashita Power 2
Investment proportion (of total TK investment)	86.9%	90.0%	100%	100%
Type of Business	Solar Farm	Solar Farm	Solar Farm	Solar Farm
Location	Hokkaido Prefecture	Kumamoto Prefecture	Kumamoto Prefecture	Shizuoka Prefecture
Installed Capacity	21.0 MW	34.5 MW	8.0 MW	40.0 MW
Contracted Capacity	17.0 MW	30.0 MW	6.0 MW	30.0 MW
Tenor	20 years	20 years	20 years	20 years
Expected COD	Commercial operation in 1 st quarter 2018	2020	Commercial operation in 3 rd quarter 2018	2021-2022



*Investment proportion

Solar farm business in Mongolia

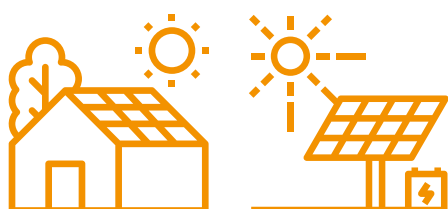
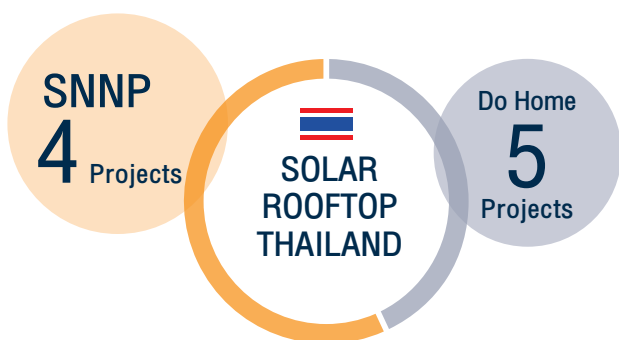
Currently, Company has 1 solar farm project in Mongolia, with following key details:

Project
Khunsight Kundi

Installed
16.4
MW

15.0
MW
Contracted capacity

Project	Khunsight Kundi
Project Company	Tenuun Gerel Construction LLC (TGC)
Shareholding proportion	75.0%
Type of Business	Solar farm
Location	Khunsight, TUV, Mongolia (approx. 40 KM on the south of Ulanbaatar (capital of Mongolia))
Installed capacity	16.4 MW
Contracted capacity	15.0 MW
Tenor	12 years (based on current PPA)
Expected COD	1 st quarter of 2019



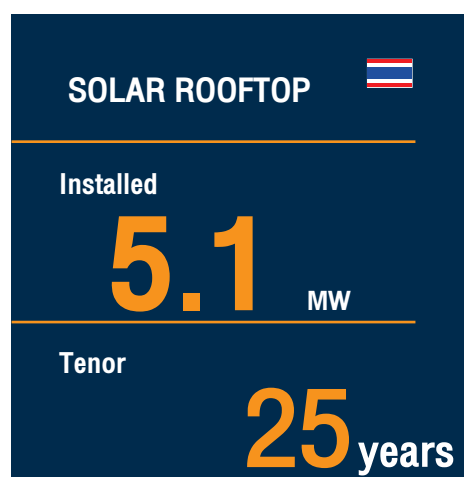
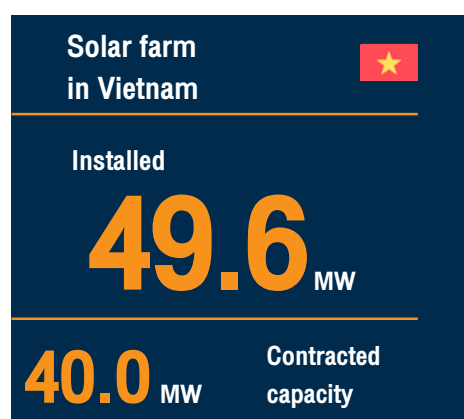
Binh Nguyen Solar Project



Solar farm business in Vietnam

Currently, Company has 1 solar farm project in Vietnam, with following key details:

Project	Binh Nguyen Solar
Project Company	Truong Thanh Quang Ngain Power and High Technology Joint Stock Company (TTQN)
Shareholding proportion	80.0%
Type of Business	Solar Farm
Location	Quan Ngai, Vietnam
Installed capacity	49.6 MW
Contracted capacity	40.0 MW
Tenor	20 years
Expected COD	2 nd quarter of 2019





(3) Solar Rooftop business in Thailand

Project	SNNP 1	SNNP 2	Do Home	SNNP 3	SNNP 4
Project Company	SN				
Shareholding proportion	100%	100%	100%	100%	100%
Type of Business	Solar Rooftop	Solar Rooftop	Solar Rooftop	Solar Rooftop	Solar Rooftop
Location	Samut Sakorn	Ratchaburi	(5 branches) Bang Bua Thong, Rama II, Nakhon Ratchsrima, Khon Kaen, and Chiang Mai	Samut Sakorn	Samut Sakorn
Installed capacity	0.384 MW	0.998 MW	total 3.0 MW	0.384 MW	0.307 MW
Tenor	25 years	25 years	25 years	25 years	25 years
Expected COD	Commercial operation in 1 st quarter 2018	Commercial operation in 1 st quarter 2018	Commercial operation in 1 st quarter 2018	1 st quarter 2019	1 st quarter 2019



Picture of SPN Project in Lopburi province,
Thailand, with contracted capacity of 40.0 MW
(Under commercial operation)



Picture of Hidaka project in Hokkaido, Japan,
with contracted capacity of 17.0 MW
(Under commercial operation)



Picture of Zouen project in Kumamoto, Japan,
with contracted capacity of 6.0 MW
(Under commercial operation)





Picture of SNNP1 project in Samut Sakorn province,
Thailand, with installed capacity of 384 kW
(Under commercial operation)



Picture of SNNP2 project in Ratchaburi province,
Thailand, with installed capacity of 998 kW
(Under commercial operation)



Picture of Do Home project in Thailand,
with total installed capacity of 3,000 kW (5 branches)
(Under commercial operation)



Picture of WVO Solar project in Ratchaburi province,
Thailand, with contracted capacity of 5.0 MW
(Under commercial operation)



3. Market and Competition

3.4 Strategies

The Company has strategies for competition and expansion of renewable and related businesses consisted of (1) enhance efficiency of existing projects, (2) seeking to develop new renewable power projects organically, and (3) inorganic growth by merger and acquisition with details below:

(1) Enhance efficiency of existing projects, in order to maximize return from investment

- **Selection of technology:** our strategy is to select appropriate and quality technology and equipment, in order to ensure stabilized power generation.
- For our current solar project, we choose solar panel from world class suppliers who are reputable solar panel producer, with proven expertise in both production and technology development for solar power plant. Panel producer also provided PV Output Warranty.
- **Selection of project location:** our strategy is to select project location based on following factors (1) appropriate solar radiation, the Company will select the location of project based on appropriate solar radiation in order to get appropriate project return for shareholder and our Company group (2) geographical characteristics, i.e. land slope, soil strength, elevation level, and risks from natural disaster, (3) atmosphere (i.e. temperature), and (4) no grid connection constraints (in order to control development and construction cost)
- **Selection of EPC contractor and O&M service provider:** we focus on selection of ECP contractor and O&M service provider to have leading, experienced, reputable, financially strong contractor and service provider, as well as appropriate cost, in order to ensure reliable power generation and expected investment returns.
- **Monitoring:** we focus close monitoring and reporting of O&M service providers.

(2) Organic Growth

- **Domestic projects:** Company has readiness both in terms of human resources and capital to capture business opportunities if and when arisen. We also keep monitoring government policy related to renewable power especially Power Development (PDP) and Alternative Energy Development Plan (AEDP), as well as business opportunities they may arise from such policy.
- **Project in foreign countries:** Our Business Development team has experiences and expertise in renewable power industry, and continually study business opportunities having support from government, i.e. solar farm in Japan, Mongolia, and Vietnam opportunities in other countries in South East Asia, etc.

(3) Inorganic Growth

- Company may consider acquire wholly or partially renewable projects both in Thailand and foreign countries. Our focus included projects under development, projects under construction, and projects under commercial operation. Such acquisition on one hand will enable us to grow our business more quickly, but on the other hand also depends on benefits that will bring to Company and our shareholders from each opportunity.

3.2 Customers

Currently, the Company engages in solar farm business with customers being Electricity Generating Authority of Thailand (EGAT), Provincial Electricity Authority of Thailand (PEA), industrial users, utility companies in Japan, i.e. Hokkaido Electric Power Co., Limited, Kyushu Electric Power Co., Inc., and Tokyo Electric Power Company Holdings, Inc., and National Dispatch Center (NDC) and Electricity of Vietnam (EVN), a state-owned enterprise which play a key role in purchasing electricity in Mongolia and Vietnam etc.

In addition, for future business expansion in renewable power of the Company, we focus to enter into medium to long-term agreement with credible and financially strong off-takers, ie. Government agency, industrial users, or government concessionaire, in order to ensure long-term income with limited risk.

4. Environmental Impacts

For solar power projects in Thailand, the Company has complied to related regulations regarding environment, as part of license application and maintenance for construction and operation of our solar plants. In this regard, solar power plant does not require to engage in Environmental Impact Assessment (EIA) study.

However, required environmental report depends on type and installed capacity as follows:

Installed capacity	Type	
	Thermal	Non-Thermal
10 MW and more	EIA / EHIA	CoP
5 -10 MW	CoP + ESA	CoP + ESA
1,000 kVA and more	CoP	CoP

Note: The manual of power production – power production license, power distribution system and power distribution issued by Energy Regulation Commission (ERC), permit and license department.

For solar power projects in Japan, we have strictly followed and complied with environmental regulations and related laws, during construction license and operational license process. Regulation and related laws may be different on each part of Japan. We have established working team to study and engage in necessary actions in order to ensure strict compliance.

5. Undelivered Work

-Nil-

6. Future projects

As of 31 December 2018, Company and its subsidiaries has project under construction as follow:

- (1) Solar projects in Thailand: 2 projects, which consisted of Solar rooftop project, with total installed capacity of 0.7 MW (SNNP3 and SNNP4)
- (2) Solar projects in Japan: 2 projects consisted of
 - Yamaga project: installed capacity of 34.5 MW
 - Leo (Ashita Power 1) project: installed capacity of 26.0 MW
- (3) Solar project in Mongolia: 1 project, being Khunsight Kundi, with installed capacity of 16.4 MW
- (4) Solar project in Vietnam: 1 project, being Binh Nguyen Solar with installed capacity of 49.6 MW

(Investor can further study our information from annual registration statement (Form 56-1) as shown in www.sec.or.th)

Risk Factors

Risk factors as described below are some key factors that may negatively affect our business, financial status, operational performance, business opportunities, and price of our securities. In addition, there may be additional factors that we may not foresee currently, or may, in our view, not be material factor at current circumstance.

Forward-looking statements contained below, i.e. “believe(d)”, “estimate(d)”, “expect(ed)”, “plan(ned)”, “intend(ed)”, “project(ed)”, or financial projection, future project(s), performance projection/expectation, business operation, business expansion plan, change in related laws and regulations, and all other estimated/expected factors in the future, are our opinion at current circumstance. They are not factor to guarantee our business operation and future circumstance in any aspects. As such, future actual circumstance may be substantially/significantly deviate from our opinion.

Key risk factors of our business consist of (1) Risk associated to our Holding Company status, (2) Risk associated to business operation, (3) Risk associated to management of our business, (4) Financial Risk, (5) Risk associated to new projects and (6) Risk associated to common shares of the Company, can be divided into more details:

1. Risks associated to our Holding Company status

Company is a holding company in nature, without its own revenue generating operation. Therefore, its operational results and dividend payment depend on operation and dividend stream of subsidiaries. Currently, Company hold stakes in subsidiaries in Thailand and foreign countries, totaling 24 companies, which invested through GK-TK structure for solar projects in Japan for 5 companies.

Subsidiaries in Thailand has dividend payment policy for at least 70% of net profit, after deducting applicable income tax and required legal reserve, based on company-only financial statement of each company. Subsidiaries in foreign countries has dividend payment policy for at least 40% of net profit or retained earnings, after deducting reserves legally required, based on company-only financial

statement of each company. However, subsidiaries may not be able to pay dividend to its shareholders due to certain constraints, i.e. conditions from loan agreement(s) with financial institution(s), requirement to reserve fund for expansion, and changes in laws/regulations of domicile country, etc. In such case, there may be impact to Company’s dividend revenue, which may result in negative impact to its financial results and financial status.

As of 31 December 2018, Sermsang Palang Ngan Company Limited (SPN), a subsidiary operating solar farm in Thailand (SPN project), has project finance loan with financial institutions. The conditions of such loan include certain debt serviceability and financial covenants to be satisfied before payment of dividend. Therefore, Company has risk in case that SPN cannot pay dividend as a result of breach in debt serviceability or financial covenants, as well as cannot comply with terms and conditions of such loan agreement. Nevertheless, since start of commercial operation, SPN has sufficient financial results and liquidity to continually pay dividend to shareholders.

For Solar farm project in Japan as of 31 December 2018, Hidaka and Zouen projects have started commercial operation. Whereas Leo and Yamaga projects have been under construction. Company invests in these projects through GK-TK structure. Payment of sharing of profit from operation of these project is governed by TK agreement, entered into between Operator and TK investors, as well as conditions of project finance loan with financial institutions. Therefore, it has similar risk to SPN project as mentioned above.

For solar rooftop project in Thailand as of 31 December 2018, SNNP1, SNNP2, and Do home projects have started commercial operation. Whereas SNNP3 and SNNP4 projects have been under construction. Company invested in these projects through SN, currently without project finance loan at project company. Therefore, SN has currently no constraints arisen from loan condition. However, SN may have additional risk on dividend payment ability if the performance of the project is not per expectation, or in case that Company decide to procure project finance facilities for

the project, and may result into governance of dividend payment similar to SPN project as mentioned above.

For Kunsight Kundi project, solar farm in Mongolia, and Binh Nguyen Solar Project, solar farm in Vietnam, as of 31 December 2018, they are currently under construction. Company and other shareholders plan to use capital from project finance facilities for the project. Therefore, the project may have governance in dividend payment similar to SPN project as mentioned above.

2. Risks associated to business operation

Our group of companies currently engages in (1) generation and sell of renewable power in Thailand and foreign countries and (2) related business to renewable power generation and sell.

Our group has project under commercial operation phase and under construction phase. Therefore, we have risks associated to business operation as follow:

2.1 Risks on operation of solar power plant

Risks from lower radiation than expected level

Solar power plant heavily relies on solar radiation on its power generation. If the solar radiation is lower, which may be as a result of cloud, deviated atmosphere, etc, our plants may not be able to generate power at expected level. In such case, there may be negative effect to our financial results and financial status. Therefore, our group of companies has risks associated to solar radiation level, similar to other solar power producers.

However, location of our solar power plant in Thailand is close to equator, which typically has higher solar radiation level.

Moreover, in site location assessment both in Thailand and in foreign countries, we studied historical data on solar radiation of each location, typically for 25-28 years track record from accountable source, i.e. from Ministry of Energy, NASA, New Energy Industrial Development Organization (NEDO), Meteonorm, etc. Our focus is to ensure that site

is located on location having appropriate radiation level to allow materialization of expected return on investment.

We also typically consider hiring technical advisor to assess various technical factors, i.e. solar radiation, site characteristics, and appropriate equipment for the project to be used for our investment decision.

Risks from higher/faster degradation than expected level

Solar panel is one of the key equipment of solar power plant. If the solar panel is degraded faster, or at higher level, than expected level, it may result in lower power generation of the plant and negatively affect financial results and financial status of the group of companies.

However, we have key warranty of our power plant as follow:

Project under commercial operation phase

- **Sermasang Solar (SPN) project (Thailand)**

- (1) Warranty of panel: 10 years from commercial operation date by EPC contractor.
- (2) Performance Ratio Warranty: 10 years and divided into 2 phase, being (1) from year 1-7 from commercial operation date by EPC contractor and (2) year 8-10 from commercial operation date O&M provider.
- (3) PV Output Warranty: 25 years from commercial operation date by EPC contractor.
- (4) Product Warranty: 5-10 years, depending on type of equipment, from commercial operation date by EPC contractor.
- (5) Warranted Plant Availability: 10 years from commercial operation date by O&M provider.

- **Hidaka project and Zouen project (Japan)**

- (1) Warranty of panel: 10 years from commercial operation date for Hidaka project and 2 years from commercial operation date for Zouen project by EPC contractor and/or panel manufacturer.
- (2) PV Output Warranty: 25 years from commercial operation date for Hidaka project and 20 years from commercial operation date for Zouen project by EPC contractor and/or panel manufacturer.
- (3) Warranty of quality of construction: 2 years from completion of project construction by EPC contractor.

- **SNNP1, SNNP2, and Do Home projects (Thailand)**

- (1) Warranty of panel: 10 years from commercial operation date by EPC contractor and/or panel manufacturer.
- (2) PV Output Warranty: 25 years from commercial operation date by EPC contractor and/or panel manufacturer.
- (3) Warranty of quality of construction: 3 years from completion of project construction by EPC contractor.

- **Solar WVO Project (Thailand)**

- (1) Warranty of panel: 10 years from commercial operation date by EPC contractor and/or panel manufacturer.
- (2) PV Output Warranty: 25 years from commercial operation date by EPC contractor and/or panel manufacturer.
- (3) Warranty of quality of construction: 5 years from completion of project construction. By EPC contractor

Projects under construction

- **Yamaga and Leo projects (Japan)**

- (1) Warranty of panel: 10 years from commercial operation date for Yamaga project and 15 years from commercial operation date for Leo project by EPC contractor and/or panel manufacturer.
- (2) PV Output Warranty: 25 years from commercial operation date by EPC contractor and/or panel manufacturer.
- (3) Warranty of quality of construction: 2 years from completion of project construction. By EPC contractor

- **Khunsight Kundi project (Mongolia)**

- (1) Warranty of panel: 10 years from commercial operation date by EPC contractor and/or panel manufacturer.
- (2) PV Output Warranty: 20 years from commercial operation date by EPC contractor and/or panel manufacturer.
- (3) Warranty of quality of construction: 3 years from completion of project construction. By EPC contractor.

- **Binh Nguyen Solar project (Vietnam)**

- (1) Warranty of panel: 10 years from commercial operation date by EPC contractor and/or panel manufacturer.
- (2) PV Output Warranty: 25 years from commercial operation date by EPC contractor and/or panel manufacturer
- (3) Warranty of quality of construction: 2 years from completion of project construction. By EPC contractor.

- **SNNP3 and SNNP4 projects (Thailand)**

- (1) Warranty of panel: 10 years from commercial operation date by EPC contractor and/or panel manufacturer.
- (2) PV Output Warranty: 25 years from commercial operation date by EPC contractor and/or panel manufacturer
- (3) Warranty of quality of construction: 3 years from completion of project construction. By EPC contractor.

Risks related to efficiency and reliability of power production process

Key factors affecting efficiency and reliability of power generation process includes (1) performance of key equipment in generation process, (2) weather conditions, (3) inefficiency of panel due to hot weather, and (3) internal and external factors affecting availability of the plant (for example, internal factors such as technical issues, external factors such as stability and maintenance outage of transmission line, etc.)

However, for SPN project, we chose Thin Film Silicon technology, which, in our view, is suitable for hot weather. We also manage such risks by (1) employing Supervisory Control and Data Acquisition (SCADA) system for 24-hours monitoring of plant operation, in order to timely identify and resolve any interruption, (2) ensure frequent inspection and maintenance, (3) secure warranty of key equipment.

For solar projects in Japan, Mongolia, and Vietnam, we chose Poly Crystalline technology, which, in our view, is suitable for weather. Moreover, we also contracted experienced O&M service provider and/or managed standard O&M team to mitigate such risks.

Risks related to dependence on EPC contractor

We contracted EPC contractor for design, procure equipment, and construction of our solar power plant. Our direction is to select EPC contractor who (1) have experience and expertise in related fields, i.e. design and procure equipment of power plant, (2) have technological know-how, (3) have strong financial status. Such criteria are important to ensure sufficient technical and financial sufficient to complete our projects. If EPC contractor has financial/liquidity constraints, it may cause some risk such as (1) difficulty in enforcing compensation per contract (2) delay in construction from planned schedule, which may cause additional expenses that can negatively affect financial results and status of Company and (3) non-claimable damage warranty due to not in accordance with contract.

We have strict criteria in selecting EPC contractor for both projects in Thailand and projects in foreign countries. We consider various aspects of their proposal, including experience, expertise, technical know-how, financial results and status, effectiveness and efficiency of proposed equipment, scope of warranty, and acceptance of financial institutions financing the projects, in order to ensure quality EPC contractor with suitable costs.

Risks associated to increase costs of operation and maintenance of the plant

Project under commercial operation

For SPN project, which is under commercial operation, we contracted O&M service provider for operation and maintenance of SPN project for 10 years. When contract duration due, if the service fee meaningfully increases for extension period, there may be negative impact to our financial results and status of Company.

However, if we consider that extension of such service will result in meaningful increase of costs, we may consider (1) open for bidding of O&M service provider to select the best proposal, or (2) employing our staffs for maintenance (since our staffs have closely worked with O&M service providers and we are confident that our staffs have sufficient to engage in these activities efficiently).

For Hidaka and Zouen project, which is under commercial operation, we contracted O&M service provider for operation and maintenance as well. Therefore, the projects will have similar risk to same as SPN project above.

For Solar WVO and Solar Rooftop project, which is under commercial operation, company groups do operation and maintenance. Therefore, the projects may have risk in operating and maintenance expenses higher than estimation.

Projects under construction

For Yamaga project and Leo project in Japan, operators are under negotiation process with O&M service providers. Therefore project may has risk in operating and maintenance expenses higher than estimation.

For Khunsight Kundi project in Mongolia, Project Company will do operation and maintenance. Therefore, project may have risk in operating and maintenance expenses higher than estimation, and

For Binh Nguyen Solar project in Vietnam, still under consideration either Project Company will do operation and maintenance, or contract O&M service provider for operation and maintenance. Therefore project may has risk in operating and maintenance expenses higher than estimation.

Risks associated to additional costs from warranty extension

Key equipment of solar power plant are (1) PV module, (2) inverter, and (3) transformer. Such key equipment are under warranty of EPC contractors and/or equipment manufacturer (depends on case-by-case and practices of each countries).

If we decided to extend such warranty, there may be additional costs arisen from such extension.

In addition, details of equipment warranty for each project were mention in 2.2.3 and 3.2.1.2 Risks from higher/faster degradation than expected level.

Risks associated to dependence on key customers

Generally, our solar farm and solar rooftop projects entered into power purchase agreement for medium to long-term tenor with key customers as follow:

Project	Customer (Off taker)	Contract period	Status of contract	Scheduled Commercial Operation Date
Project under commercial operation				
Sermsang Solar (SPN)	Electricity Generation Authority of Thailand (EGAT)	5 years; can be extended for 5 years per extension	Signed	Started commercial operation
Hidaka	Hokkaido Electric Power Company Limited	20 years	Signed	Started commercial operation
Zouen	Kyushu Electric Power Co., Inc	20 years	Signed	Started commercial operation
SNNP1 and SNNP2	Srinanaporn Marketing Co., Ltd.	25 years	Signed	Started commercial operation
Do Home	Dohome PLC.	25 years	Signed	Started commercial operation
Solar WVO	Provincial Electricity Authority (PEA)	25 years	Signed	Started commercial operation
Projects under construction				
Yamaga	Kyushu Electric Power Co., Inc	20 years	Under process	Within 2020
SNNP3 and SNNP4	Srinanaporn Marketing Co., Ltd.	25 years	Signed	Within 1 st quarter 2019
Khunsight Kundi	National Dispatch Center (of Mongolia)	12 years	Signed	Within 1 st quarter 2019
Binh Nguyen Solar	Vietnam Electricity (EVN)	20 years	Signed	Within 2 nd quarter 2019
Leo (Ashita Power 1 & Ashita Power 2)	Tokyo Electric Power Company Holdings, Inc	20 years	Under process	2021-2022

Based on projects described above, if customers evoke their contractual rights to terminate power purchase agreement, it may cause significant negative effects to our financial results and status of Company.

However, we have controlling and monitoring process on operation of our plant, including compliance of key standard required by customers, to ensure strict compliance with requirements under power purchase agreement and related laws and regulations.

In addition, we have policy to explore business expansion opportunities in the area of renewable energy, within both Thailand and more foreign countries, in order to mitigate risks from dependence of limited numbers of customers.

Risks associated to natural disasters and force majeure

Currently, we engage in solar power business in Thailand, Japan, Mongolia and Vietnam. If natural disasters or force majeure events, i.e. disruption of power system, flood, storm, snowstorm, fire, earth quake, or terrorism events, occurs in the area that our projects locate, there may be disruption of our plants' operation, or damages to our properties. Such disruption or damages may negatively affect our financial results and status.

In selecting project site and location, we have studied historical statistics related to natural disasters, in order to ensure that site and location of our projects located in low risk area. In addition, we also acquire insurance coverage to limit financial impacts that may arise from natural disasters.

Risks associated to insufficient insurance coverage

We have policy to acquire insurance coverage for our business operation, in order to mitigate risks from losses and/or damages of our core assets. However, we still have risks from (1) uncoverage events of insurance policy, i.e. wars and terrorism, or inadequate insured amount, or (2) inability of insurance company to pay compensation per insurance policy. Such risks may have negative effects to our financial results and status.

However, we have policy to acquire insurance coverage in comparable level to other players in industries and in accordance with conditions required by financial institutions and/or project finance lenders, with aims to optimize maximum coverage under appropriate cost.

2.2 Risks associated to engagement of business in Thailand

Risks associated to dependence on key management positions

Knowledge, experiences, and expertise of human resources are important factors for engaging in renewable energy business, especially for the top management positions. If we cannot retain such management, or cannot find suitable replacement, there may be risks in continuity of operation of our businesses.

Risks associated to change in policy of government and other related government agencies

Currently, we engaged in renewable energy business and entered into power purchase agreement with EGAT and PEA. If government or other related government agencies change or terminate conditions in renewable energy purchase, it may affect our power purchase agreement and negatively effect to our financial results and status.

In addition, as we have plan to expand renewable energy business in Thailand, as well as in foreign countries, if government or other related government agencies change policy related to renewable energy, i.e. change of (1) Power Development Plan (PDP) or Alternative Energy Development Plan (AEDP), (2) regulations related to power business licenses, and (3) environmental laws and regulations, there may be negative effect to our operation or prospects of our business expansion in the future.

Our management and team, which comprised of competent and experienced personnel, continually monitor development related to policy of government and related government agencies, in order to develop plan to cope with prospected changes in laws/regulations. We also focus on business development in foreign countries to mitigate risks discussed above.

Risks associated to compliance with related business licenses

Our business operation is under supervision/regulation of related government agencies, who issue related license to us, i.e. Ministry of Industry, ERC, etc. If we cannot comply with conditions of licenses, regulations, and orders of such agencies, as a result of force majeure or other reasons, it may cause suspension or termination of our licenses and/or result in legal obligations under applicable laws, and may result in significant negative effects to our financial results and status.

However, we have working team to monitor compliance of our operation to applicable laws and regulations, conditions of licenses, and orders of regulatory agencies. Also, we have risk management and internal control to monitor our operational activities to ensure such compliance.

Risks associated to compliance with applicable laws and regulations

Renewable energy business in Thailand is governed by applicable laws and regulations of many government authorities, i.e. city planning act, factory act, energy industry act, laws and regulations related to environment, pollution, waste management, health and safety, etc. If we failed to comply with applicable laws and regulations, it may cause our operation disrupted, suspended, incurring additional cost, or resulting in legal obligations, and may result in significant negative effects to our financial results and status.

We are fully aware on importance of strict compliance to applicable laws and regulations, and have tried to mitigate associated risks by (1) strictly follow applicable laws and regulations and (2) set-up working team to study and monitor changes/development of applicable laws and regulations. Moreover, we also consider hiring legal advisor for complicated case.

2.3 Risks associated to power business in Japan

Risks associated to incompliance to applicable laws and regulations

For solar power business in Japan of our group, Operator, as an owner of the project, shall strictly follow-up applicable laws and regulations. We have tried to the maximum extent to ensure such compliance. However, should there be any change, amendment, change in interpretation of such laws and regulations in the future, we may have risks in incompliance which can result in legal obligations, revocation of licenses, or suspension of operation of the plant (temporarily or permanently).

During the project development process, we select, and let Operator appoints, Asset Manager for the project. Asset Manager has duty to monitor and follow operation of all service providers to ensure strict compliance of applicable laws and regulations.

Moreover, we also set-up working team to study and monitor change/development in applicable laws and regulations, in order to ensure strict compliance.

Risks associated to effects from curtailment for the project in Japan

In general, for business operation of solar farm in Japan, we shall enter into power purchase agreement with utility company operating in zone our solar farm located. The power purchase agreements have tenor of 20 years. Under such agreement, projects don't have contractual obligation to sell electricity to utility company, whereas utility company has contractual obligation to purchase all electricity generated by the project.

However, in early 2015, the Agency of Natural Resources and Energy (ANRE) of Japan announced decree to govern purchase of electricity from power producers, including curtailment measure. With such regulations, utility company has rights to curtail power purchased from renewable power producers for not more than 360 hours per year, without compensation. In addition, the regulation also gave rights for unlimited curtailment to certain utility company. Utility company shall officially announce curtailment for acknowledgement of power producer.

Utility companies who are purchaser of power generated from Hidaka project (being Hokkaido Electric Power Company Limited), and Yamaga and Zouen (being Kyushu Electric Power Co, Inc.) are in the area for unlimited curtailment.

With circumstance mentioned above, there is risk associated to loss of revenue resulted from curtailment.

We took such curtailment factor into consideration from feasibility study stage of solar projects in Japan. We have policy to (1) hire technical advisor to study in details on expected curtailment level to be imposed to each project, (2) co-ordinate with utility company as power purchaser of each project (if any), in order to have sufficient information before make investment decision for each project.

For Hidaka, Yamaga and Zouen projects, we have considered study from technical advisor regarding curtailment, and found that the projects are feasible and have justifiable returns on investment.

Risks associated to procurement of Chief Electrical Engineer for supervision of operation of solar projects in Japan

The Electricity Business Act of Japan dictate that Operator shall have Chief Electrical Engineer to supervise safety measures during construction, operation, and maintenance of the power plant. Level of certification required for eligible Chief Electrical Engineer is determined by size of power plant. Therefore, there may be risks from delay in procuring Chief Electrical Engineer for the project, which may result in delay of start commercial operation or increased cost to the project.

However, for our solar projects in Japan, it's duty of Asset Manager to procure Chief Electrical Engineer for each project. We have contracted reputable, experienced, and financially sound Asset Manager, which is also accepted by financial institutions financing the project.

risks associated to involvement in operation fo solar farm projects in Japan

Currently, we invested in 5 solar farm projects in Japan through GK-TK structure, which is appropriate structure for the purpose of managing tax for investment in Japan. We invested in GK-TK structure as TK investor through SEG, 100% Hong Kong subsidiary of Company.

Under GK-TK structure, and in accordance to clause 536 of Commercial Code of Japan (contribution by silent partner and right and obligations), SEG as TK investor shall be silent investor. If applicable conditions satisfied, Operator and investor will obtain certain tax privileges: investment return distribution from Operator to TK investor (TK Distribution) could be used as taxable expenses of Operator.

However, Operator has obligation to make Withholding Tax for 20.42% of investment return distribution from TK Distribution made.

SEG, as TK investor, will not involve in operation and decisions in day-to-day operations of the projects. We establish governance of solar farm projects in Japan through selection of credible and experienced business partners for operation of the project. In addition, we decide on objectives provisions of key contracts related to operation including (1) TK agreement between operator and TK investor and (2) all key agreements related to development and operation of the project during project development phase, including financing, EPC contract, and appointment of Asset Manager whereas such agreements are key factors to success factor to control and management of the projects, in order to ensure the benefits to Company and its shareholders.

However, even though GK-TK investment structure is widely used and governed under clear legal framework, if SEG as TK investors engage in activities that can be deemed as having involvement in operation of the project, it may affect to requirement for silent investor under GK-TK structure. As such, there is a risk that the status of Operator can be re-characterized to be normal corporation (NK; nin-i-kumiai), which will result in loss of tax privileges. If that is the case, the TK Distribution that Operator made to SEG will not be taxable expenses, and resulted into additional tax burden, penalty, surcharge, and other associated costs, to the project which may lead to lower investment return than expected.

Currently, solar projects in Japan have started commercial operation (for Hidaka and Zouen projects). TK Distribution has been made from Operator to TK investor.

3. Risks associated to management of our business

Risks associated to control of shareholders resolution by major shareholders

As of 31 December, 2018, Kraipisitkul family holds stake in Company for 70.7% of paid-up capital. Moreover, members of the family also hold positions of director, authorized director, and management of the Company. Therefore, such major shareholder has power to control management of Company, including most of the shareholders resolutions. Most of the shareholders resolutions required more than half of vote, including appointment of directors, except the resolutions required by laws to obtain more than $\frac{3}{4}$ of the vote. As such, minority shareholders may not be able to collect vote against proposal of major shareholders to shareholders meeting.

However, our Company has management structure comprising of staffs with knowledge and competency, and set-up clear and transparent scope, duties, and responsibilities of board of directors and management. In addition, we also established measures regarding related party transactions (for example, persons who has conflict of interest to the related party transactions shall have no rights to vote for such transactions), in order to ensure transparency of our business operation.

Our board of directors consisted of 4 independent directors. 3 of independence directors are members of our audit committee, whereas another independent director holds position of Chairman of the board of directors. One of the roles of independent directors is to consider key transactions before propose to shareholders meeting, in order to make good balance in management of our business and create confidence to minority shareholders that all transactions shall be for the purpose of company's benefits.

4. Financial Risks

4.1 Risks associated to fluctuation of interest rate

SPN project has been financed under long-term project finance structure, with Thai financial institutions. The interest of such financing is float rate in nature, being float benchmark rate plus fixe credit spread. If the float benchmark rate significantly changes over time, it may have negative effects to our financial results and status.

However, we have also entered into Interest Rate Swap (IRS) for majority of our exposure level throughout loan tenor period, in order to lower our risk exposure to interest rate fluctuation.

For the solar projects in Japan both under commercial operation and under construction, we have entered into long-term project finance facilities with Japanese financial institutions. The interest rate of such financing is also float rate in nature: float benchmark rate plus fixed credit spread. However, the float benchmark rate applied to current loan is close to zero. Therefore, we may consider enter into IRS after commercial operation and during construction of the plant.

Moreover, our risk committee will also set-up policy and guideline for risk management in various aspects, including interest rate risk.

4.2 Risks associated to fluctuation in foreign exchange rate

In general, part of investment in renewable projects will be incurred in foreign currencies. Therefore, if foreign exchange rate significantly deviated from estimates in our investment budget, i.e. increasing investment amount required in Thai Baht as a result of Thai Baht depreciation, it may have negative effects to our financial results and status.

For investment in Solar farm in Japan both under commercial operation and under construction, we invest, as TK investor, in Japanese Yen currency. After commercial operation, distribution from such investment will also be in Japanese Yen currency.

For investment in Khunsight Kundi project in Mongolia, we invest in project company based on US Dollar currency. After commercial operation, revenue from electricity selling will be adjusted with exchange rate between Mongolian

Tugrik and US Dollar currency, whereas the payment of such revenue will be in Mongolian Tugrik currency (MNT). For investment in Binh Nguyen Solar project in Vietnam, we invest in project company based on US Dollar currency. After commercial operation, revenue from electricity selling will be adjusted with exchange rate between Vietnamese Dong and US Dollar currency, whereas the payment of such revenue will be in Vietnamese Dong currency (VND).

Therefore, if foreign exchange rate significantly fluctuated, values of investment and/or distribution from investment, i.e. TK distribution for projects under GK-TK structure or dividend received (in case of investment in Mongolia and Vietnam), may be substantially deviated from our projection/plan, which may negatively affect our financial results and status.

In the future, we may consider use distribution received from investment in Japan to invest in other investment in Japan, in order to create natural hedge position of foreign exchange risks for future investment.

However, majority of investment in renewable power project is normally in project finance scheme, with debt proportion of approximately 70-90% of total investment (with equity proportion of 10-30%). We have policy to procure long-term financing for the project under the same currency as revenue stream, in order to mitigate risks from fluctuation of foreign exchange rate.

Moreover, our risk committee will also set-up policy and guideline for risk management in various aspects, including foreign exchange rate risk. We also have policy to utilize financial instruments to manage foreign exchange rate risks.

4.3 Risks associated to debt serviceability

For investment of solar projects, we used long-term project finance facilities for approximately 70-75% for projects in Thailand, 80-90% for projects in Japan, and 70-75% for project in Mongolia and Vietnam (based on current estimate and plan), of the total investment amount.

As such, we have debt servicing obligations, i.e. interest payment and principal repayments, for such project finance facilities as agreed in agreement. If the operation of the plant is significantly deviated from expected financial projection, we may have risks in debt serviceability or to satisfy required financial covenants, which may result in acceleration of debt repayment to be fully repaid immediately.

However, renewable energy business generally has relatively stable cash flow from operation. We also make long-term financial plan and closely monitor the operation, in order to ensure our debt serviceability and strictly compliance to applicable covenants of loan agreement.

We have complied to financial covenants of all loan agreements entered into. In addition, since commercial operation of SPN project, SPN comfortably service its debt in accordance to its loan agreement.

4.4 risks associated to dividend payment ability

Ability to pay dividend of Company in the future depends on various factors, i.e. cash flow from operation, satisfaction of conditions of loan agreement with financial institution, reserve of capital for investment/business expansion, etc. Therefore, if such factors significantly change and affect our ability to pay dividend, there is risk that we cannot pay dividend at the level indicated in our dividend payment policy.

However, since the commercial operation of SPN project, Solar VVO and Solar farm in Japan (both Hidaka and Zouen projects), Company has financial results and liquidity sufficient for dividend payment to shareholders. In addition, we expected that after the Initial Public Offering, we will have more flexibility in accessing capital to support funding required for our business expansion. In addition, since the projects the company invested have started and will start commercial operation continually, the risk associated with dividend paymentability may be reduced with such circumstance.

5. Risks associated to new projects

5.1 Risks associated to expected investment return

We have target to continually expand our business. As of 31 December 2018, we have six projects under construction, with total installed capacity of 127.2 MW. Therefore, three are risks associated to expansion: the investment is not in-line with our expectation and/or loss of opportunity in new projects and/or loss of investment in such projects.

Nevertheless, before making investment decisions in projects, we have conducted feasibility study of the project, including projection of revenue/cost/return of the projects, with various investment and assumptions scenario. However, if the factors affecting development and operation of project substantially deviated from our estimates, our expected return from investment and/or opportunity to invest in other projects and/or return of our capital may be affected, for example:

- (1) Total investment cost is higher than estimated, i.e. from higher land cost and/or EPC cost and/or contractor cost
- (2) Constraints in land procurement and/or approval for grid connection, which may result in loss of opportunity in other projects and/or loss of investment
- (3) Delayed of development and construction of the project
- (4) Operating results of the projects are not in accordance with the plan, i.e. as a result of
 - Power generation and/or sale volume is lower than expected
 - Key operating assumptions, i.e. solar radiation level, are significantly different from expected
 - Operating and associate costs are significantly different from expected

However, we have experience and expertise in developing and managing power project, and have conducted feasibility of the project with key steps as follow:

- (1) Selection of credible business partners who have experience in solar power and/or renewable energy in Thailand and Japan
- (2) Consider return on investment in various scenario (sensitivity analysis), including worst case scenario, in order to assess impact to Company in the worst case. In addition, we also evaluate projects by also adding contingency for investment amount.

- (3) Conduct in due diligence and may consider hiring advisors in various area (case-by-case), i.e.

- (3.1) Technical advisor/engineer: to (1) assess solar radiation from historical statistic data, (2) assess feasibility of the project, (3) give key technical/engineering advise for development of the project, and (4) monitor development/construction process to ensure timely implementation of the plan
- (3.2) Legal advisor: to provide advise related to legal and procedure requirement related to investment, to investigate/check status of key documents (i.e. land deed, project documents, licenses) and compliance to applicable regulations
- (3.3) Other advisors, i.e. financial advisor, accounting and tax advisor, etc.: to ensure compliance with applicable regulations and reasonable transaction costs.

The information from above study shall be submitted to the board and/or approver for investment decision.

5.2 Risks associated to compliance to power purchase agreements and licenses in Thailand

We continually seek for investment opportunity for renewable power business in Thailand. In developing renewable power business in Thailand, we shall strictly comply with requirements of power purchase agreement, i.e. application of applicable licenses. If we cannot comply to all requirements of power purchase agreement, as well as other applicable laws and regulations (i.e. laws and regulations related to city planning, building and construction, energy business, etc), it may affect start of commercial operation of projects, which may result in lower growth/delay of revenue and profit contribution from new projects.

However, we have working team with knowledge and experience and have procedure to ensure that our operation will be in accordance with required duties under power purchase agreement and applicable laws and regulations.

5.3 Risks associated to financing of the projects

Financing of the project consisted of both loan from financial institution(s) and equity injection of the shareholders. If we cannot procure capital for both debt and equity portion, it may cause prospect of investments significantly different from planned.

However, we have experience in project development and good relationship with many financial institutions. After the Initial Public Offering, we will have improved financial structure. And after commercial operation of projects under construction/development, we should have more debt capacity also. Both factors should lead to better access to capital market.

5.4 Risks associated to land procurement

We need to procure land for development, construction, and operation of our renewable power plants. As such, there are associated risks in this aspect including procurement of sufficient size in location/area required by power purchase agreement, higher land cost than expected, which may lead to delay of projects/start of commercial operation of the project.

However, we have working team with expertise in land procurement to ensure appropriate site location with justifiable/appropriate cost. In general, we will procure land directly from owner to ensure appropriateness of acquisition cost.

5.5 Risks associated to renewable energy business in foreign countries

We have policy to pursue investment in renewable energy business in foreign countries. As such, we have risks associated to change in economic, social, political, legal, and policy related to renewable energy of the countries we are to invest. The risks factors include risks arisen from inflation, currency convertibility, foreign exchange. In addition, sufficiency of competent staffs to oversee investment in foreign countries is also key risk factor.

However, we have studied and considered investment

opportunities in many countries in order to reduce risks mentioned above. We also focus to prepare for managing renewable businesses in foreign countries, by hiring advisors during development process and acquiring competent staffs to support business expansion to foreign countries.

6. Risks associated to common shares of the Company

6.1 Risks associated for foreign shareholding limitation

Based on our Company Regulation, foreign shareholding is limited at 49.0% of total paid-up capital. Moreover, foreign ownership is also governed by Thai laws, i.e. Foreign Business Act 1999. Therefore, liquidity and price of our common shares may be negatively affected by this factor, especially when foreign ownership reach the limit, which may affect ability to register shares under foreign shareholders. If that's the case, foreign shareholders may not know in advance whether share registrar will reject to register share under their names or not.

(Investor can further study our information from annual registration statement (Form 56-1) as shown in www.sec.or.th)

General Information

General Information

1) Company Name and Location

Company name	:	Sermsang Power Corporation Public Company Limited (SSP)
Type of Business	:	Holding Company
Registered Number	:	0107560000010
Registered /Paid up Capital	:	922,000,000 Baht
Share	:	922,000,000 Shares
Pare values	:	1.0 Baht

Head Office Location	:	325/14 Lanluang Road, Mahanak Square, Dusit, Bangkok 10300
Tel	:	0 2628 0991-2
Fax	:	0 2628 0993

Website	:	http://www.sermsang.com
Company secretary	:	0 2628 0991-2 # 257
e-mail	:	sarmornmart.c@sermsang.co.th
Investor relations	:	0 2628 0991-2 # 162
e-mail	:	natthapatt@sermsang.co.th, thanatis.t@sermsang.co.th

2) Subsidiaries company hold stakes more than 50 per cent

(including the company invested through GK-TK structure more than 50 per cent, and hold stakes through GK-TK structure direct and indirect) are shown name and location as follow;

Company Name	Type of Business	%Stake	Head Office Location	Tel
1. Sermsang Palang Ngan Co., Ltd. ("SPN")	Solar Farm Power Plant in SPN Project	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
2. Access Energy Co, Ltd. ("AE")	Holding Company	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
3. Essential Power Co., Ltd. ("EP")	No operation	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
4. Plus Energy Co., Ltd. ("PE")	No operation	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
5. Prestige Group Co., Ltd. ("PTG")	No operation	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
6. Triple P Renewable Co., Ltd. ("PPP")	No operation	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
7. Sian Clean Solution Co., Ltd. ("SCS")	No operation	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
8. Sian Renewable Power Co., Ltd. ("SRP")	No operation	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2

	Company Name	Type of Business	%Stake	Head Office Location	Tel
9.	Sernsang Solar Co., Ltd. (“SS”)	Solar Farm Power Plant in Solar WVO project	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
10.	Sernsang Corporation Co., Ltd. (“SSC”)	Renewable energy Project	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
11.	Sernsang International Co., Ltd. (“SI”)	Holding Company	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
12.	Sernsang Infinite Co., Ltd. (“SN”)	Solar Rooftop Power Plant	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
13.	S. Global Power Limited (“SGP”)	Holding Company	100%	Room 2101 Hong Kong Trade Centre, 161-7 Des Voeux Road, Central, Hong Kong	
14.	Surge Energy Corporation Limited (“SEG”)	Solar Farm Power Plant in Japan as TK investor	100%	Suite 1803-4, 18/F., St. George’s Building, No. 2 Ice House Street, Central, Hong Kong	
15.	Access C Management Limited (“ACM”)	Holding Company	100%	Room 2804, 28/F., Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong	
16.	Seijo Corporation (“SJC”)	Operates other related business	100%	5-1 Kabutochou, Nihonbashi, Chuo-Ku, Tokyo	
17.	Sernsang Sustainable Singapore Private Limited (“SSSG”)	Holding Company	100%	1 Raffles Place #28-02 One Raffles Place Singapore 048616	
18.	Tenunn Gerel Construction LLC (“TGC”)	Solar Farm Power Plant in Mongolia	75%	Building 4-37, 2 nd Micro District, 1 st Khoroo, Bayangol District, Ulaanbaatar 210646, Mongolia	
19.	SS Hidaka No Mori G.K. (“SSH”)	Solar Farm Power Plant in Japan	86.9% ¹	1-1-7 Moto Akasaka, Minato-Ku, Tokyo, Japan	
20.	GSSE G.K. (“GSSE”)	Solar Farm Power Plant in Japan	90% ¹	4-2-3 Akasaka, Minato, Tokyo 107-0052, Japan	
21.	Zouen Energy G.K. (“ZOUEN”)	Solar Farm Power Plant in Japan	100% ¹	1-1-7 Moto Akasaka, Minato-Ku, Tokyo, Japan	
22.	Ashita Power 1 G.K. (ASP1)	Solar Farm Power Plant in Japan	100% ¹	1-1-7 Moto Akasaka, Minato-Ku, Tokyo, Japan	
23.	Ashita Power 2 G.K. (ASP2)	Solar Farm Power Plant in Japan	100% ¹	1-1-7 Moto Akasaka, Minato-Ku, Tokyo, Japan	
24.	Truong Thanh Quang Ngai Power and High Technology Joint Stock Company (TTQN)	Solar Farm Power Plant in Vietnam	80% ¹	92 Le Loi Street, Chanh Lo Ward, Quang Ngai City, Quang Ngai Province, Vietnam	

Remark: ¹ Investment portion of TK-GK Structure (in Japan)

(Investor can further study our information from annual registration statement (Form 56-1) as shown in www.sec.or.th)

Shareholders

Registered capital and paid up capital

As of 31 December 2018, The Company has registered capital of 922,000,000 common shares with par value of baht 1.0, and has paid up capital of baht 922,000,000 with par value of 1.0 baht.

The major shareholders (refer to shareholders's closing date as of 6 December 2018) are as follow;

List of Shareholder	As of 6 December 2018	
	Amount (share)	Stake (per cent)
1. Primary Energy Limited ("PME") ¹	276,650,000	30.0
2. Unity I. Capital Limited ("UNITY") ²	174,070,000	18.9
3. Mr. Viwat Kraipisitkul	69,623,500	7.6
4. Ms. Thantaporn Kraipisitkul	38,330,700	4.2
5. Mr. Tanawat Kraipisitkul	34,600,900	3.8
6. Mr. Piyawat Kraipisitkul	34,580,900	3.8
7. CREDIT SUISSE AG, SINGAPORE BRANCH	22,000,000	2.4
8. Mr. Sitthichai Duangdusadee	20,406,300	2.2
9. Mrs. Kanuengwat Apisaksirikul	15,875,800	1.7
10. Thai Life Insurance Public Company Limited	10,850,000	1.2
11. Others	225,011,900	24.2
Total	922,000,000	100.0

Remark: ¹ PME is the company which was set up in Thailand, Shareholders are (1) Mr. Viwat Kraipisitkul (2) Ms. Thantaporn Kraipisitkul (3) Mr. Piyawat Kraipisitkul and (4) Mr. Tanawat Kraipisitkul respectively,

² UNITY is the company which was set up in Hong Kong, Shareholders are (1) Mr. Viwat Kraipisitkul (2) Ms. Thantaporn Kraipisitkul (3) Mr. Piyawat Kraipisitkul and (4) Mr. Tanawat Kraipisitkul respectively.

(Investor can further study our information from annual registration statement (Form 56-1) as shown in www.sec.or.th)

Dividend Payment Policy

1. Dividend payment policy of Company

Board of directors may consider pay annual dividend of the Company with approval of shareholders meeting, except in case of payment of interim dividend of which the board of directors may consider the payment if consider that the Company has sufficient profit but shall report to shareholder meeting.

Company has dividend payment policy for the amount not less than 40% of net profit of company-only financial statement, after deducting corporate income tax, legal reserves, and other reserves. Nevertheless, board of directors will also consider payment of dividend based on various factors for the best benefit of shareholders, i.e. financial status of company, reserve for future investment of the Company, reserves for debt repayment and working capital of the Company, net income of consolidated financial statement, Adjusted Operating Profit, as well as the effect to operation of Company.

2. Dividend payment policy of subsidiaries in Thailand

Our subsidiaries in Thailand have dividend payment policy of not less than 70% of net profit of company-only financial statement, after deducting corporate income tax, legal reserves, and other reserves. Nevertheless, board of directors will also consider payment of dividend based on various factors for the best benefit of shareholders, i.e. financial results and status of subsidiary, reserves for future investment, reserves for debt repayment and working capital, and effect to operation of subsidiary.

3. Dividend payment policy of subsidiaries in foreign countries

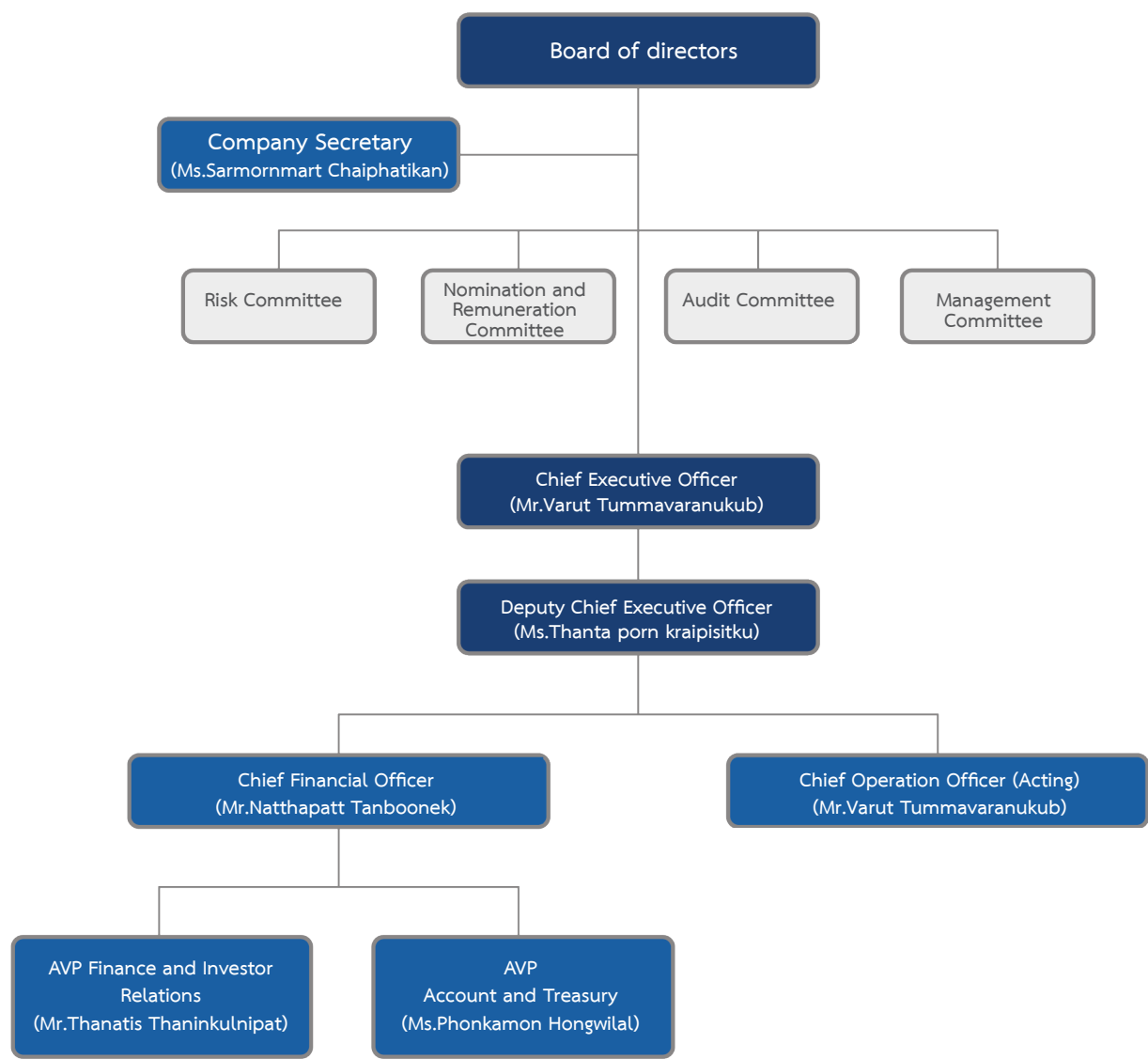
Our subsidiaries in foreign countries have dividend payment policy of not less than 40% of net profit or retained earnings of company-only financial statement, after deducting corporate income tax, legal reserves, and other reserves. Nevertheless, board of directors will also consider payment of dividend based on various factors for the best benefit of shareholders, i.e. financial results and status of subsidiary, reserves for future investment, reserves for debt repayment and working capital, and effect to operation of subsidiary.

(Investor can further study our information from annual registration statement (Form 56-1) as shown in www.sec.or.th)

Management

1. Management structure of Comapny

1.1 Organization structure



1.2 Board of directors

As of 31 December 2018, Management structure of the Company consisted of Board of Directors and 4 sub-committee consisted of (1) Audit Committee (2) Risk Committee (3) Nomination and Remuneration Committee and (4) Management Committee with details as follow:

Board of directors

Name		Position
1. Mr.Kamthon	Wangudom	Chairman/ independent director
2. Mr.Viwat	Kraipisitkul	Director/Chairman of Management Committee/Chairman of Risk Committee/member of Nomination and Remuneration Committee
3. Mr.Samrieng	Mekkriengkrai	Independent director/Chairman of Audit Committee/Chairman of Nomination and Remuneration Committee
4. Mr. Thana	Buphawanit	Independent director/member of Audit Committee
5. Mr.AsathaiRatta	nadilok Na Phuket	Independent director/member of Audit Committee
6. Ms.Thantaporn	Kraipisitkul	Director/member of Management Committee/member of Nomination and Remuneration Committee/Deputy Chief Executive Officer
7. Mr.Tanawat	Kraipisitkul	Director/member of Management Committee
8. Mr.Varut	Tummavaranakub	Director/member of Management Committee/member of Risk Committee/Chief Executive Officer/Acting Chief Operating Officer
9. Mrs.Thanyanee	Kraipisitkul	Director

Audit Committee

Name		Position
1. Mr. Samrieng	Mekkriengkrai	Chairman of Audit Committee
2. Mr. Thana	Buphawanit	Member of Audit Committee
3. Mr. AsathaiRat	tanadilok Na Phuket	Member of Audit Committee

Risk Committee

Name		Position
1. Mr. Viwat	Kraipisitkul	Chairman of Risk Committee
2. Ms.Thantaporn	Kraipisitkul	Member of Risk Committee
3. Mr.Varut	Tummavaranakub	Member of Risk Committee

Nomination and Remuneration Committee (NRC)

Name		Position
1. Mr. Samrieng	Mekkriengkrai	Chairman of Nomination and Remuneration Committee
2. Mr. Viwat	Kraipisitkul	Member of Nomination and Remuneration Committee
3. Ms.Thantaporn	Kraipisitkul	Member of Nomination and Remuneration Committee

Management Committee

Name		Position
1. Mr. Viwat	Kraipisitkul	Chairman of Management Committee
2. Ms.Thantaporn	Kraipisitkul	Member of Management Committee
3. Mr.Tanawat	Kraipisitkul	Member of Management Committee
4. Mr.Varut	Tummavaranakub	Member of Management Committee

- **Authorized directors**

Authorized directors of Company are Mr. Viwat Kraipisitkul/ Ms. ThantapornKraipisitkul / Mr. Varut Tummavaranakub,Two (out of three)directors co-sign and with company seal can entered into transaction and binding the Company.

- **Board of directors meeting**

Meeting of the board of directors

Name		Attendance/total meeting	
		Ended 31 December 2017	Ended 31 December 2018
1. Mr. Kamthon	Wangudom	6/10	7/7
2. Mr. Viwat	Kraipisitkul	7/10	5/7
3. Mr. Samrieng	Mekkriengkrai	10/10	7/7
4. Mr. Thana	Buphawanit	9/10	7/7
5. Mr. Asathai	Rattanadilok Na Phuket	9/10	6/7
6. Ms.Thantaporn	Kraipisitkul	9/10	7/7
7. Mr.Tanawat	Kraipisitkul	10/10	3/7
8. Mr.Varut	Tummavaranakub	10/10	4/7
9. Mrs.Thanyanee	Kraipisitkul	7/10	6/7

Meeting of the Audit Committee

Name		Attendance/total meeting	
		Ended 31 December 2017	Ended 31 December 2018
1. Mr. Samrieng	Mekkriengkrai	8/10	5/5
2. Mr. Thana	Buphawanit	8/10	5/5
3. Mr. Asathai	Rattanadilok Na Phuket	8/10	4/5

Meeting of the Management Committee

Name		Attendance/total meeting	
		Ended 31 December 2017	Ended 31 December 2018
1. Mr. Viwat	Kraipisitkul	3/4	3/3
2. Ms. Thantaporn	Kraipisitkul	3/4	3/3
3. Mr. Tanawat	Kraipisitkul	4/4	3/3
4. Mr. Varut	Tummavararakub	4/4	2/3

Meeting of the Nomination and Remuneration Committee

Name		Attendance/total meeting	
		Ended 31 December 2017	Ended 31 December 2018
1. Mr. Samrieng	Mekkriengkrai	2/2	1/1
2. Mr. Viwat	Kraipisitkul	2/2	1/1
3. Ms. Thantaporn	Kraipisitkul	2/2	1/1

1.3 Management

As of 31 December 2018, Management of Company of 5 persons consists of

Name		Position
1. Mr.Varut	Tummavaranukub	Chief Executive Officer/Acting Chief Operation Officer
2. Ms.Thantaporn	Kraipisitkul	Deputy Chief Executive Officer
3. Mr.Natthapatt	Tanboon-ek	Chief Financial Officer
4. Ms. Phonkamon	Hongwilai	Assistant Vice President – Accounting
5. Mr.Thanatis	Thaninkulnipat	Assistant Vice President – Finance and Investor Relations

Note: Mr.Thanawat Kairapisitkul resigned from the position of Senior Vice President Business Development on 30 September 2018

1.4 Company Secretary

Board of directors, as per meeting number 2/2016 on 13 October, 2016, appointed Ms.Sarmornmart Chaiphatikarn to be Company secretary of Company.

1.5 Remuneration of directors and management

Remuneration of directors

(1) Monetary remuneration

Shareholders meeting, as per annual general meeting of 2018 on 30 April 2018, approved remuneration of Board of Directors, Audit Committee, Management Committee, Nomination and Remuneration Committee for year 2018 with details as follows:

Directors who is not Management of Company

Company has policy to pay remuneration to directors who is not management of Company with details as follow:

Position	Meeting allowance (THB/meeting)		Monthly remuneration (THB/month)	
	2017	2018	2017	2018
Board of Directors				
- Chairmanoftheboard	24,000.0	24,000.0	30,000.0	30,000.0
- Directors	20,000.0	20,000.0	20,000.0	20,000.0
Audit Committee				
- Chairmanofcommittee	24,000.0	24,000.0	-	-
- Membersofcommittee	20,000.0	20,000.0	-	-
Management Committee				
- Chairmanofcommittee	24,000.0	24,000.0	-	-
- Membersofcommittee	20,000.0	20,000.0	-	-
Nomination and Remuneration Committee				
- Chairmanofcommittee	24,000.0	24,000.0	-	-
- Membersofcommittee	20,000.0	20,000.0	-	-
Risks Committee				
- Chairmanofcommittee	24,000.0	24,000.0	-	-
- Membersofcommittee	20,000.0	20,000.0	-	-

Directors who is management of Company

Company has policy to pay remuneration for management or employee of Company holding director position.

Remuneration of Management

(1) Monetary remuneration

For fiscal year 2017 and 2018, the Company paid remuneration to management as follow:

Type	Remuneration (THB)	
	Ended 31 December 2017	Ended 31 December 2018
Number of management (persons)	6	5
Salary and bonus (THB)	21,596,310.7	23,331,500
Contribution to provident fund and others (THB)	1,767,485.9	1,255,532.2

Note: Mr.Thanawat Kairapisitkul resigned from the position of Senior Vice President Business Development on 30 September 2018

(2) Non-monetary remuneration

-None-

2. Personnel of ourgroup

2.1 Numbers of personnel

As of the end of fiscal year 2017 and 2018, we have total personnel of 23 and 28 persons respectively as follow:

Department	Number of personnel (persons)	
	Ended 31 December 2017	Ended 31 December 2018
Business development	6	5
Engineering	6	12
Accounting and Finance	6	6
Office admin and Human resource	5	5
Total	23	28

Remuneration of personnel

Remuneration of personnel (exclude manage) of Company and subsidiaries for fiscal year 2017 and 2018 is 34,338,930.5 THB and 40,710,480.2 THB, respectively. Such remuneration includes salary, bonus, allowance, contribution to provident fund, contribution to social security fund, etc.

(Investor can further study our information from annual registration statement (Form 56-1) as shown in www.sec.or.th)

Corporate Governance

1. Corporate governance policy

We fully realized importance of good corporate governance as important mechanism to enhance our operation to be efficient and sustainable, which will create the best benefits to all stakeholders from employee, shareholders, investors, and other stakeholders. Therefore, the board of directors has considered and approved corporate governance policies/guidelines covering key aspects, i.e. structure, roles, duties, and responsibilities of board of director, as well as clear, transparent, and controllable management practices of management, in order to enhance confidence that our operation being fair and for the best benefits of all stakeholders.

The board of directors focus on corporate governance in 5 sections as follows:

Section 1: the rights of shareholders

Company focus on importance of the rights of shareholders, not only for the rights as indicated by laws, but also for the actions promoting shareholders to exercise its rights, as well as avoiding the actions prohibiting shareholders to exercise its rights. The fundamental rights of shareholders include buy/sell/transfer of shares, profit distribution, access to sufficient information announced by Company, attendance on shareholders meeting to vote on key agendas (i.e. appointment/removal of director(s), appointment of auditor, payment of dividend, amendment of company's regulation and memorandum of association, increase/decrease of capital, other key/special transactions, etc.)

Section 2: the equitable treatment of shareholders

Company has policy for fair treatment to all shareholders for both management and non-management shareholders, for both major and minority shareholders, for both Thai and foreign shareholders, in order to ensure fair and equal treatment.

1 the rights of shareholders

2 the equitable treatment of shareholders

3 roles of stakeholders

4 disclosure and transparency

5 responsibilities of the Board of Directors

Section 3: roles of stakeholders

Company focus on importance of roles of all stakeholders. In our business operation, we consider rights of all stakeholders and establish policy and guideline toward treatment of various stakeholders, including employee, shareholders, customers, trade counterparties, lenders, society, and environment.

Section 4: disclosure and transparency

Board of directors focus on disclosure of and transparency on information announced by Company, for both financial and non-financial information. Such disclosure shall be correct, transparent, complete, on timely manner, and in compliance to regulations of SEC and SET. The information to be disclosed cover also information that may have effect to price of our securities and be important consideration for investors and other stakeholders.

Section 5: responsibilities of the Board of Directors

(1) Structure of the board of directors

Board of directors shall consist of at least 5 members, with independent directors of at least 3 persons and at least 1/3 of total number of directors (as per regulations of SEC and SET). The members of the board consist of experienced expert from various fields, i.e. business, accounting, and finance, which related to and involved our business operation.

(2) Sub-committee

Board of directors appointed 4 sub-committee: Audit Committee, Nomination and Remuneration Committee, Risk Committee, and Management Committee, in order to scrutinize and enhance business operation of Company as per established duties and responsibilities.

(3) Rolesdutiesandresponsibilitiesofdirectors

(3.1) Corporategovernance

Company has intention to maintain high standard on good corporate governance, by focusing on good corporate governance announced by SET in 2012. We also announced guidelines related to good corporate governance, as approved by the board of directors, within our organization for strict compliance to such guidelines.

(3.2) Businessethics

Company has issued business ethics guideline, as approved by board of directors. We also announced such guideline internally and require strict compliance of directors, management, employees.

(3.3) Conflictofinterests

Transactions with related parties, which may result in conflict of interests, shall be considered by Audit Committee in details. Key related-parties transaction shall be approved by the board of directors and/or shareholders meeting, depending on type and size of transaction per regulations of the Capital Market Supervisory Board. The member of the board or management who has conflict of interest to the transaction shall not be involved in decision making of such transaction.

(3.4) Internalcontrolsystem

Company focus on importance of effective internal control system. Board of directors assigned Audit Committee to oversee internal control system of Company and its subsidiaries, including 5 areas: organization and environment, risk management, management practices, information system, and monitoring process. Audit Committee shall report the Board of Directors on assessment of internal control system.

(3.5) Channels for communication (whistleblowing)

Board of Directors set-up clear practices for whistleblower to report any alleged corruption practices through our website (www.sermsang.com), or directly to Company's internal control officer. Such notification shall be directly report to dependent directors or Audit Committee for investigation and report to the Board of Directors.

(3.6) Riskmanagement policy

Board of Directors approved risk management policy covering the operation of our organization. Management is responsible to implement such policy and frequently reports back to the Board of Directors.

(3.7) Control of operation of subsidiaries/affiliates

As for our business as Holding Company, we focus on control of business operation of our subsidiaries and affiliates as indicated in our investment policy.

Company assigned directors and assigned personnel, who has experience and expertise in our business, to represent Company and resume position of director in subsidiaries/affiliates, in order to control their operation and report results back to the board of directors quarterly. Proportion of our board of directors in subsidiaries/affiliates shall be in-line with proportion of shareholding in such entities. In addition, board of directors shall approve key policies and control measures of such entity.

2. Structure of the Board of Directors and sub-committee

Company has Board of Directors and 4 sub-committee, consisted of Audit Committee, Risk Committee, Nomination and Remuneration Committee, and Management Committee. Board of Directors approved clear scope, authorities, duties, and responsibilities of the Board of Directors and sub-committee.

Scope, authorities, duties, and responsibilities of the Board of Directors

- 1) Perform its duties in accordance to applicable laws, objectives and regulations of Company, board resolution, shareholders resolution, and with responsibility, carefulness, and honesty.
- 2) Consider and approve vision, strategy, business direction, business policy, objective, guideline, operation plan, and budget of Company and subsidiaries, as prepared and proposed by Management Committee and management.
- 3) Monitor and follow-up on results of operation of Management Committee, Chairman of the board, Chairman of Management Committee, Chief Executive Officer, management, and other persons as assigned by the Board of Directors, as well as to compare to policy set by the board.
- 4) Monitor and follow-up continually on operation of Company and subsidiaries/affiliates, in order to follow on operational and budget plan of Company.
- 5) Ensure that Company and subsidiaries/affiliates use appropriate and efficient accounting system, as well as to establish sufficient internal control system.
- 6) Prepare balance sheet and profit and loss statement, as of end of fiscal year, of Company and subsidiaries to present to shareholders meeting for approval.
- 7) Consider and approve selection and appointment of auditor of Company and subsidiaries, as well as consider appropriate compensation, as per proposed by Audit Committee, before propose to shareholders meeting for approval.
- 8) Establish written corporate governance policy, as well as effective implementation, in order to ensure that Company has fair and responsible conduct to all stakeholders.
- 9) Consider and approve qualified persons, who has no prohibited qualification as per applicable laws, to be director of Company, in case of vacancy arisen from the reason of term expiration. In addition, to consider appointment of director position in case of vacancy from term expiration, as well as to consider appropriate remuneration to propose for shareholders' approval.
- 10) Appoint sub-committee, including Audit Committee, Management Committee, Nomination and Remuneration Committee, Risk Committee, and other sub-committees, as well as consider and approve authorities of such sub-committee in order to support engagement of the board.
- 11) Consider and appoint/amend authorized directors of Company.
- 12) Consider and appoint management and Company Secretary, as per definition of SEC or Capital Market Supervisory Board, as well as consider remuneration as proposed by Nomination and Remuneration Committee
- 13) Seek professional opinion forum outside organization for benefits of decision making
- 14) Promote directors and management of Company to attend seminar, hosted by Thai Institute of Directors (IOD), related to duties and responsibilities of directors and management.
- 15) Monitor operation of companies within the group to ensure efficiency and best benefits to all stakeholders.
- 16) Set-up annual general meeting of shareholders within 4 months after the end of each fiscal year
- 17) Set-up board of directors meeting for at least every three months.
- 18) Prepare annual report and financial statement of Company and subsidiaries, to show financial/operation results and financial status for consideration and approval of shareholders meeting.
- 19) Monitor management and operation of business engagement of Company and subsidiaries to ensure compliance with policies, including but not limited to measures to ensure full compliance of subsidiaries (in case of change in directors of subsidiaries) to Company's policies, public company acts, civil laws, securities laws, as well as related regulations of SEC, SET, and Capital Market Supervisory Board (i.e. connected transaction, acquisition and disposal of asset). In addition, to also establish sufficient internal control mechanism.

3. Auditor's Fee

Audit Fee

Audit fee of Company and subsidiaries are as follow:

Audit Fee	31 December 2017 (THB)	31 December 2018 (THB)
Company	2,045,000.0	2,415,000.0
Subsidiaries	3,653,300.0	7,347,295.0
Total	5,698,300.0	9,762,295.0

Non-Audit Fee

Non-audit fee, i.e. tax advisory fee for investment in foreign countries, for fiscal year 2017 and 2018 are THB 491,318.6 and 270,998.3 THB respectively.

(Investor can further study our information from annual registration statement (Form 56-1) as shown in www.sec.or.th)

Corporate Social Responsibility

Overall policy

Company conducts business under good corporate governance framework, with focus on transparency and accountability. We focus on business development with balance in economically, social, and environmental aspects. We determine to be and maintain status as good corporate citizen, by engaging business in sustainable direction. We try to manage and grow our business in the way that is acceptable to society, under basis of ethic and good corporate governance, as well as focus to efficiently create justifiable return to our shareholders by considering impacts to all stakeholders.

With our focus on Corporate Social Responsibility, we established policies related to this aspect as follow:

1. Engagement of our business in fair and ethical nature

We addressed measures to take care of effects to stakeholders in Ethics Charter, by considering our responsibilities to stakeholders, including shareholders, employees, customers, trade counterparties, contractual counterparties, society, and environment. We fully support free and fair trade, and try to avoid transactions that may cause conflict of interests, breach of intellectual properties, and any forms of corruptions.

2. Anti-Corruption

We focus to make our business engagement transparent with full consideration of anti-corruption principle. We established anti-corruption policy, to be guideline for protect and ban engagement in activities that may become corruption. We try to promote culture of anti-corruption within our organization, in order to create full awareness the harm of corruption and allow anti-corruption policy materialized. Key details of our anti-corruption policies include:

- (1) Prohibit directors, management, and all employees to act, avoid to act, or use their authorities with bad intention, to breach laws, to breach ethic principle, in order to gain corrupted interests in any forms, i.e. demand, receive, offer any assets or benefits from government authorities or any counterparties of our business.
- (2) Set-up gift and entertainment policy as part of ethics and business engagement guideline of Company. All employees shall not offer, demand, accept, or consent to receive gifts or entertainment treatment which may be considered as bribe and corruption. If case of receiving gifts, it shall be on reasonable basis, should not be cash or cash equivalent, and shall be transparent and auditable.
- (3) For the procurement process, key details of the transaction, i.e. objective of the transaction, payment process, and engagement in contract, shall be based on appropriate authorization level and with clear supporting documents.
- (4) Communicate anti-corruption policy to all level within the group of companies, through various channels, i.e. seminar, internal communication channel, in order to create awareness and appropriate implementation.
- (5) Establish communication channel or whistleblower to report suspected case. Identity of whistleblower shall be strictly protected and classified. Appointment of investigator shall be made for all reported case.
- (6) Continually develop anti-corruption policy to be aligned with related and applicable laws and ethic principle. There should be frequent assessment on activities that may have high exposure to potential corruption, as well as establishing mitigation measures and communicating throughout organization.

3. Human rights

We highly value principle of human rights. We intend to have equal treatment principle for both inside and outside our organization. We respect both direct and indirect human rights of individual, including nationality, birth place, race, sex, age, skin color, religious, status, and family clan. We closely monitor within organization related to human rights treatment.

We have policy to not involve in any activities related to forced labor and child labor. We have policy to respect and treat all stakeholders based on principle of human rights.

4. Treatment of our human resources

We have policy to create and maintain happy family-like work environment, with respect on each other throughout organization. Our human resource management intend to take care of our staffs in various stages, i.e. seeking candidates, human resource development, manage appropriate remuneration and compensation package, etc. We also support staffs for development of skills, in order to enhance career development.

5. Responsibilities to consumers

We determine to deliver quality products, with efficient generation process. We supply reliable power into electricity grid of our customers, being Electricity Generation Authority of Thailand and utility companies in foreign countries.

6. Environment protection

We strictly follow laws and regulations related to environmental management, and have policy to protect environment. We have considered safety to environment in all business process, from business development to commercial operation stage.

7. Social and community development

We have policy to engage in businesses that are beneficial to economy and society, and to focus in being good corporate citizen. We determine in fully complying with applicable laws and regulations. We also determine in developing/enhancing quality of life for communities our site located along with growth of the Company, which is



Water seservior of our solar power plant

per ethic guidelines of our business. For example, in developing project location of our current project, we took into account water supply system for agricultural and consumption purpose of surrounding communities during design of our project.

We have policy to maintain good relationship with surrounding communities. We continually support activities of surrounding communities, with consideration of appropriateness of, the best benefits for, and sustainability of the program.

8. Innovation related to social responsibilities

We have policy to develop innovation for business operation from framework of social responsibilities, for the purpose of creating competitiveness of business and society. We will assess business process to identify risks and negative impacts to environment and society, and identify mitigation plan to minimize such impacts. We also

study and analyze our process, in order to develop innovation and explore sustainable development of our businesses. In addition, if we are success in developing innovation which will be beneficial to competitiveness of business and society, we will disclose our innovation to promote implementation of other players.



Scholarships for Children's Day activities at the Wang Khon Khwang Sub district Administrative Organization Kindergarten



Supporting activities for Songkran Day at Wang Khon Khwang Sub district Administrative Organization



Construction and maintenance of check dam near our solar power plant

(Investor can further study our information from annual registration statement (Form 56-1) as shown in www.sec.or.th)



Internal Control Risk Management

1. Conclusion of Board of Directors' Opinion about the Company's Internal Control System

The Company realizes about the importance of internal control appropriately and adequacy for the management to be in line with goal, purpose, law and related regulations efficiency which help protect to manage the risk management or other damage may occur in the company and stakeholder, it could be protected the asset from the corruption, damage and preparing the accuracy and reliability of accounting report.

The Board of Directors assigned the Audit Committee (AC) to review the appropriate and effective of internal control to ensure that the company's internal control system has an adequate, appropriate and compliance with COSO internal control framework (The Committee of Sponsoring Organization of the Treadway Commission), which will cover the Management Control, the Operational Control, the Accounting and Financial Control and compliance with law and regulations of compliance control.

In the Board of Directors meeting 07/2016 dated 27 December 2016, Audit Committee (AC) and Independent Director participated in the meeting, the Board of Directors assessed the adequacy of the internal control systems, which interrogate the information from management and related parties by comparing a guidance of internal control under the concept of Committee of Sponsoring Organization of the Treadway Commission (COSO) as details follow:

- (1) Control Environment
- (2) Risk Assessment
- (3) Control Activities
- (4) Information and Communication
- (5) Monitoring Activities

The Audit committee and Board of Directors have the opinions that the company has the internal control systems, staff adequately and appropriately to manage under the internal control systems effectively, and monitoring the operations of the subsidiaries which protect the assets of the Company and the subsidiaries from directors or the management abuse of asset spending. For internal control in other topics, the Committee considers that the Company has internal control adequately and appropriately as well.

2. Head of company's internal audit and Head of company's operation control

2.1 Head of company's internal audit

The Company has appointed Dharmniti company limited to be head of internal audit of the company to review the company's internal control for 2016 2017 and 2018 respectively. The Dharmniti will review, monitor and assess the company's internal control process following yearly monitoring plan, and there are the report and recommendation for improving to be in line with plan and policy of the company's internal control, and the following 5 components of COSO as above

2.2 The appointment of Audit Committee about an adequacy of Head of internal audit

The Audit Committee has appointed, Head of internal audit who has appropriate educational background, experienced, knowledge and ability performed for the internal audit efficiency.

2.3 The guideline of consider approving, dismissal and transferring of Head of internal audit

In order to consider approving, dismissal and transferring of the incumbent as a head of internal audit of the company must be approved from the Audit Committee which is in order to charter of The Audit Committee's Company and approved by the Board of Directors

(Investor can further study our information from annual registration statement (Form 56-1) as shown in www.sec.or.th)

Related Party Transactions

1. Related Transactions

Related parties transactions between the Group and individual or juristic person, which may have conflict of interest, for the year ended 31 December 2018 can be summarized as follows;

Individual/juristic person, which may have conflict of interest	Nature of transactions	Transactions value for Year ended 31 December 2018 (Baht)	Necessity and Reasonableness of the Transaction	Opinion of Audit Committee
1. Mr. Viwat Kraipisitkul	<ul style="list-style-type: none"> <u>Office rental</u> SSP rented the office building from Mr. Viwat Kraipisitkul <u>Office rental payable</u> 	360,000 30,000	<ul style="list-style-type: none"> Since May 2016, SSP rented the 250 m2 office space from Mr. Viwat Kraipisitkul, as the Group head office. The rental term is 3 years. Rental rate and terms are as specified in the agreement. 	<ul style="list-style-type: none"> Such transaction supports the Company's normal business operation and the transaction is necessity and benefits the Company. The Company compared rate and terms with comparable property in nearby area. The rental rate and term does not make the Company lose benefits
2. Logic Spark Co., Ltd ("LGS")	<u>Program and application under development</u> SN paid the software and development fee to LGS	766,500	<ul style="list-style-type: none"> Since the Group has policy to expand its business into solar rooftop system projects through its subsidiary, SN. Therefore, SN engaged LGS to provide software and application for such rooftop system projects. This transaction are in accordance with general trading conditions with third parties. 	<ul style="list-style-type: none"> Such transaction supports SN's normal business operation and the transaction is necessity and benefits the Group business expansion plan. The service rate and conditions are reasonable and comparable to those of other service providers in the market The Group selected the advisor through competitive bidding process as specified in the Company's procurement manual for solar rooftop power plant project
3. Srinaporn Marketing Co., Ltd.	<ul style="list-style-type: none"> <u>Rooftop rental</u> <u>Rooftop rental payable</u> 	147,023.32 -0-	<ul style="list-style-type: none"> Since August 2017, SN rented the roof space from Srinaporn Marketing Co., Ltd, for the solar rooftop power plant project. Rental rate and terms are as specified in the agreement. 	<ul style="list-style-type: none"> Such transaction supports SN's normal business operation and the transaction is necessity and benefits the Group business expansion plan.

Individual/juristic person, which may have conflict of interest	Nature of transactions	Transactions value for Year ended 31 December 2018 (Baht)	Necessity and Reasonableness of the Transaction	Opinion of Audit Committee
4. Srinanaporn Marketing Co., Ltd	<ul style="list-style-type: none"> • <u>Revenue</u> • <u>accounts receivables</u> 	4,045,318 823,032	<ul style="list-style-type: none"> • Since August 2017, SN rented the roof space from Srinanaporn Marketing Co., Ltd. The service rate and conditions are reasonable and comparable to those of other service providers in the market. 	<ul style="list-style-type: none"> • Such transaction supports SN's normal business operation and the transaction is necessity and benefits the Group business expansion plan. The service rate and conditions are reasonable and comparable to those of other service providers in the market.

2. Measurements and Procedures for Approval of Related parties transactions

The meeting of the Board of Directors of the company approved the policy on entering into related parties transactions to allow the transactions between the company and/or its subsidiaries with the individuals or juristic persons that may have conflicts in a transparent manner. Also, it can maintain the benefits of the company group, so this can be summarized as follows.

The related parties transactions or connected transactions of the company group shall comply with the rules of the Securities and Exchange Act and the notification of the Capital Market Supervisory Board about the rules of connected transaction. Moreover, the notification of the Board of Governors of the Stock Exchange of Thailand about the disclosure of information and other actions of the registered companies in regard to the connected transactions and other related rules of the Securities and Exchange Commission and/or the Stock Exchange of Thailand shall comply with the conditions about the disclosure the related parties transactions in the Notes to Financial Statements audited by the company's auditors and the Annual Information Form (Form 56-1).

In case the law requires the company group to get approved from the meeting of the Board of Directors and/or the shareholders (as the case may be) before entering into any connected transactions, the company shall arrange the Audit Committee to consider and comment on such transactions. The opinions of the Audit Committee are also presented in the meeting of the Board of Directors and/or

the shareholders (as the case may be) to ensure that the proposed transactions are in the best interest of the company group.

In the event that the related party transaction of the company and/or its subsidiaries with individuals who have a stake or may have conflicts about benefits in the future, the Audit Committee will give opinions on the necessity of entering into the transaction and the appropriateness of the price of such transaction based on the conditions. It is in line with normal business operations in the industry, and the prices will be compared with outsiders or market prices. If the Audit Committee does not have the expertise to consider the related parties transactions, the Company will arrange the independent experts or the auditors of the company to give comments on such transaction to be used for the decision of the Audit Committee, Board of Directors or shareholders as the case may be. The stakeholders are not allowed to vote for the approval of the transaction. Also, related party transactions will be disclosed in the notes of financial statements audited or reviewed by the company's auditors.

In principle, the management department can approve such transactions if those transactions have trade agreements in the same way that a man should deal with a general partner in the same situation. With bargaining power on trades without the influence of being a committee, executive or related person, the company will prepare a summary report of such transaction to present in the next meeting of Board of Directors.

3. Policy and Trend of Future Related Parties Transactions

For entering into a connected transaction between the company and/or its subsidiaries, it has a stake or may have a conflict about benefits. The company will comply with the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand which become effective.

If the company and/or its subsidiaries aims to enter into a connected transaction with the connected person who have a stake or may have the conflict about benefits in the future, the company will strictly abide by the policies and procedures mentioned above. The Audit Committee has provided guidance for consideration on the necessity of the transaction to the company's operations. The committee not only consider the comparison of the prices with comparable items which have been done with outsiders (if any) but also the significance of the size of the transaction.

However, if there is a connected transaction, the company will arrange the Audit Committee to comment on the appropriateness of such transaction. In the event that the Audit Committee does not have the expertise to consider any related parties transactions, the company will provide knowledgeable persons or specialized expertise such as auditors or independent property appraisers to give an opinion on related parties transactions. The opinion of the Audit Committee or the persons with special expertise will be used for the decision of the Board of Directors or shareholders as the case may be. Therefore, the company can ensure that such transaction will not be transference or transfer of benefits between the company and/or its subsidiaries or shareholders of the company, but it is the transaction that the company considers the highest benefit of all shareholders.

(Investor can further study our information from annual registration statement (Form 56-1) as shown in www.sec.or.th)

Financial Highlights

Investors are recommend to study financial statement and note to financial statement as of December 31, 2016, 2017, and 2018 along with analyzation and explanation in this highlight. Moreover values shown in table may difference from the summation value due to digits rounding.

Nevertheless, financial ratio calculation is based on formula that generally use along the same industry and 56-1 guidebook, expect those formula that specified.

1. Auditor's Report

The auditor's reports are as follows;

Financial statement	Opinion of Auditor
The consolidated financial statements of Sermuang Power Corporation Public Company Limited and its subsidiaries (the Group), and the separate financial statement of Sermuang Power Corporation Public Company Limited as at 31 December 2016	In my opinion, the financial position of Sermuang Power Corporation Public Company Limited and its subsidiaries and of Sermuang Power Corporation Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.
The consolidated financial statements of Sermuang Power Corporation Public Company Limited and its subsidiaries (the Group), and the separate financial statement of Sermuang Power Corporation Public Company Limited as at 31 December 2017	In my opinion, the financial position of Sermuang Power Corporation Public Company Limited and its subsidiaries and of Sermuang 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.
The consolidated financial statements of Sermuang Power Corporation Public Company Limited and its subsidiaries (the Group), and the separate financial statement of Sermuang Power Corporation Public Company Limited as at 31 December 2018	In my opinion, the financial position of Sermuang Power Corporation Public Company Limited and its subsidiaries and of Sermuang Power Corporation Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

2. Financial Statements for the year ended 31 December 2016, 2017, and 2018

2.3 Statement of financial position

Statement of financial position	Consolidate Financial Statement as of December 31,					
	2016		2017		2018	
	MTHB	%	MTHB	%	MTHB	%
Asset						
Current assets						
Cash and cash equivalents	367.4	7.4	1,603.4	19.4	1,125.1	9.5
Short-term restricted bank deposits	-	-	-	-	438.9	3.7
Trade and other receivables	156.8	3.2	151.4	1.8	408.8	3.4
Unbilled Receivables	-	-	-	-	32.0	0.3
Short-term loans to related parties	-	-	-	-	-	-
Other current assets	61.5	1.2	45.7	0.6	10.1	0.1
Total current assets	585.6	11.8	1,800.5	21.8	2,014.9	16.9
Non-current assets						
Long-term restricted bank deposits	-	-	-	-	96.7	0.8
Revenue Department receivable	155.8	3.1	246.4	3.0	68.6	0.6
Long-term loans to related parties	-	-	-	-	-	-
Long-term investment	-	-	-	-	17.1	0.1
Property, plant and equipment	3,685.0	74.3	5,427.2	65.6	8,352.1	70.2
Other intangible assets	536.0	10.8	654.2	7.9	950.6	8.0
Prepaid rental	-	-	141.0	1.7	136.0	1.1
Deferred tax assets	0.2	0.0	0.3	0.0	0.5	0.0
Other non-current assets	0.1	0.0	0.3	0.0	256.1	2.2
Total non-current assets	4,377.0	88.2	6,469.4	78.2	9,848.5	83.1
Total assets	4,962.6	100.0	8,269.8	100.0	11,892.7	100.0

Statement of financial position (Continued)	Consolidate Financial Statement as of December 31,					
	2016		2017		2018	
	MTHB	%	MTHB	%	MTHB	%
Liabilities and shareholders' equity						
Current liabilities						
Trade payables and other payables	33.0	0.7	256.7	3.1	503.8	4.2
Construction retention	3.5	0.1	4.0	0.0	5.3	0.0
Short-term loans from related parties	0.1	0.0	-	-	-	-
Share acquisition payable to subsidiary's existing shareholders	-	-	-	-	117.5	1.0
Current portion of liabilities under	1.8	0.0	0.1	0.0	-	-
finance lease agreements	362.4	7.3	510.3	6.2	508.6	4.3
Current portion of long-term loans	-	-	-	-	-	-
Other current liabilities	10.5	0.2	11.4	0.1	11.7	0.1
Total current liabilities	411.3	8.3	782.5	9.5	1,146.9	9.6
Non-current liabilities						
Liabilities under finance lease agreements - net of current portion	0.1	0.0	-	-	-	-
Long-term loans - net of current portion	3,250.8	65.5	4,061.7	49.1	6,868.2	57.8
Other non-current liabilities	3.7	0.1	4.0	0.0	19.5	0.2
Total non-current liabilities	3,254.5	65.6	4,065.6	49.2	6,887.7	57.9
Total liabilities	3,665.8	73.9	4,848.2	58.6	8,034.6	67.6
Shareholders' equity						
Issued and fully paid up share capital	690.9	13.9	922.0	11.1	922.0	7.8
Share premium	-	-	1,511.2	18.3	1,511.2	12.7
Surplus on business combination under common control	33.1	0.7	33.1	0.4	33.1	0.3
Unappropriated	515.9	10.4	815.0	9.9	1,084.1	9.1
Appropriated - statutory reserve	-	-	40.7	0.5	64.8	0.5

Statement of financial position (Continued)	Consolidate Financial Statement as of December 31,					
	2016		2017		2018	
	MTHB	%	MTHB	%	MTHB	%
Other components of shareholders' equity	1.8	0.0	(14.2)	(0.2)	(81.6)	(0.7)
Equity attributable to owners of the Company	1,241.6	25.0	3,307.8	40.0	3,533.5	29.7
Non-controlling interests of the subsidiaries	55.2	1.1	113.8	1.4	324.6	2.7
Total shareholders' equity	1,296.8	26.1	3,421.7	41.4	3,858.1	32.4
Total liabilities and shareholders' equity	4,962.6	100.0	8,269.8	100.0	11,892.7	100.0

2.2 Statement of profit or loss and other comprehensive income

Statement of financial position (Continued)	Consolidate Financial Statement as of December 31,					
	2016		2017		2018	
	MTHB	%	MTHB	%	MTHB	%
Revenues						
Sales	285.6	32.6	283.8	32.4	527.6	46.4
Subsidy for adder	583.6	66.6	587.9	67.0	568.7	50.0
Revenue from construction services	-	-	-	-	32.7	2.9
Service income	-	-	-	-	0.2	0.0
Other income	7.5	0.9	5.4	0.6	8.2	0.7
Total revenues	876.7	100.0	877.1	100.0	1,137.4	100.0
Expenses						
Cost of sales	169.0	19.3	167.6	19.1	316.2	27.8
Cost of construction	-	-	-	-	25.7	2.3
Administrative expenses	114.2	13.0	219.9	25.1	166.8	14.7
Total expenses	283.2	32.3	387.5	44.2	508.7	44.7
Profit (loss) before finance cost and income tax expenses	593.5	67.7	489.6	55.8	628.7	55.3
Finance cost	146.1	16.7	146.9	16.7	148.2	13.0
Profit (loss) before income tax expenses	447.4	51.0	342.7	39.1	480.5	42.2
Income tax (expenses)	0.0	0.0	8.1	0.9	1.7	0.2
Profit (loss) for the year	447.4	51.0	334.6	38.1	478.8	42.1

2.3 Statement of Cash Flow

Statement of Cash flow	Consolidate Financial Statement as of December 31,		
	2016	2017	2018
	MTHB	MTHB	MTHB
Cash flows from operating activities			
Profit (loss) before tax	447.4	342.7	480.5
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortization	119.4	119.5	213.5
Provision for long-term employee benefits	0.3	0.5	0.9
Unrealized loss on exchange rate	0.8	1.0	15.8
Interest income	(2.6)	(2.5)	(5.9)
Finance cost	146.1	146.9	148.2
Profit (loss) from operating activities before changes in operating assets and liabilities	711.4	608.2	853.1
Operating assets (increase) decrease			
Trade and other receivables	1.4	6.1	(256.1)
Unbilled Receivables	0.0	0.0	(32.0)
Other current assets	(3.1)	15.1	35.6
Revenue Department receivable	(59.6)	(90.6)	176.6
Other non-current assets	(0.1)	(0.1)	(250.9)
Operating liabilities increase (decrease)			
Trade and other payables	13.3	29.6	245.9
Share acquisition payable to subsidiary's existing shareholders	0.0	0.0	117.5
Construction retention	0.0	0.6	1.3
Other current liabilities	0.2	0.9	0.3
Other non-current liabilities	(0.2)	(0.4)	(0.1)
Cash paid for corporate income tax	0.0	(0.9)	(1.8)
Net cash flows from (used in) operating activities	663.5	568.4	889.3

Statement of Cash flow	Consolidate Financial Statement as of December 31,		
	2016	2017	2018
	MTHB	MTHB	MTHB
Cash flows from investing activities			
Short-term restricted bank deposits	0.0	0.0	(246.8)
Long-term restricted bank deposits	0.0	0.0	(96.7)
Long-term investment	0.0	0.0	(17.1)
Acquisition of property, plant and equipment	(831.2)	(1,815.4)	(3,067.9)
Acquisition of intangible assets	(510.0)	(145.8)	(300.6)
Subsidy from the government	0.0	144.9	14.7
Prepaid rental	0.0	(141.0)	0.0
Interest income	2.6	2.5	5.9
Purchases of subsidiaries from the group of major shareholders	(2.5)	0.0	0.0
Acquisition of non-controlling interest	59.5	65.4	190.4
Net cash flows used in investing activities	(1,281.8)	(1,889.5)	(3,518.2)
Cash flows from financing activities			
Short-term loans from related parties	(37.0)	(0.1)	0.0
Liabilities under finance lease agreements	(1.7)	(1.8)	(0.1)
Cash receipt from long-term loans from bank	1,552.7	2,174.7	3,479.2
Repayment of long-term loans from bank	(583.9)	(1,059.4)	(542.1)
Proceeds from increase in share capital	0.0	1,774.6	0.0
Cash payment of direct costs related to share offering	0.0	(40.4)	0.0
Dividend payment	0.0	0.0	(188.9)
Cash payment of interest and fee expenses	(264.1)	(288.1)	(366.5)
Net cash flows from financing activities	666.0	2,559.5	2,381.6
Translation adjustments	(0.7)	(2.3)	(38.8)
Net increase in cash and cash equivalents	47.0	1,236.0	(286.1)
Cash and cash equivalents at beginning of year	320.4	367.4	1,411.2
ผลต่างจากการแปลงค่าทางการเงิน	(0.7)	(2.3)	(38.8)
Cash and cash equivalents at end of year	367.4	1,603.4	1,125.1

3. Financial Ratio

Financial Ratio	Consolidate Financial Statement as of December 31,		
	2016	2017	2018
	MTHB	MTHB	MTHB
Liquidity Ratio			
Current ratio (Times)	1.4	2.3	1.8
Quick ratio (Times)	1.3	2.2	1.7
Cash flow current ratio (Times)	1.2	1.0	0.9
Receivable turnover (Times)	5.6	5.7	3.8
Average collection period (Days)	64.7	63.6	94.4
Inventory turnover (Times)	N/A	N/A	N/A
Average selling period (Days)	N/A	N/A	N/A
Payable turnover (Times)	8.8	7.2	2.0
Average payment period (Days)	40.8	49.9	176.5
Cash cycle (Days)	23.9	13.8	(82.1)
Profitability Ratio			
Gross profit margin (%)	80.6%	80.8%	69.7%
Operating profit margin (%)	68.3%	56.2%	55.7%
Other profit margin (%)	0.9%	0.6%	0.7%
Cash to profit margin (%)	111.8%	116.1%	141.5%
Net profit margin (%)	51.0%	38.1%	42.1%
Return on equity (%)	42.8%	14.2%	13.2%
Efficiency Ratio			
Return on assets (%)	10.4%	5.1%	4.7%
Return on fixed assets (%)	17.0%	10.0%	10.0%
Total asset turnover (Times)	0.2	0.1	0.1
Financial Ratio			
Debt to equity ratio (Times)	2.83	1.42	2.08
Interest coverage ratio (Times)	2.51	1.94	2.42
Commitment coverage ratio (Times)	0.30	0.17	0.20
Dividend pay-out ratio (%)	N/A	N/A	39.2%

(Investor can further study our information from annual registration statement (Form 56-1) as shown in www.sec.or.th)

Management's Discussion and Analysis

1. Overview of past performance

As of 31 December 2018, our group engages in renewable power business, for projects both in Thailand and foreign countries. We had 7 project under commercial operation, Sermuang Palang Ngan (SPN) located in Lopburi province with 52 MW installed capacity, Hidaka and Zouen projects with 21 MW & 8 MW installed capacity in Japan, 3 solar rooftop projects (SNNP1, SNNP2 and DoHome) 4.4 MW and Solar WVO project 5 MW in Thailand, total installed capacity of 90.4 MW under commercial operation and 6 projects under construction, with totaled installed capacity of 127.2 MW.

For fiscal year ended 31 December 2016, 2017, and 2018, we have electricity sale revenue of 869.2 MTHB, 871.7 MTHB and 1,096.3 MTHB, respectively.. Comparing fiscal year 2017 and 2016, we have increased electricity sale revenue mainly as a result of increased sale volume, despite lower average tariff (Base tariff plus Ft) comparing to that of 2016. Comparing fiscal year 2018 and 2017, increased sale revenue is mainly as a result of contribution from the new projects commercial operation in above mentioned, despite lower electricity sale volume of SPN project.

For fiscal year ended 31 December 2016, 2017, and 2018, we have total revenue of 876.7 MTHB, 877.1 MTHB and 1,137.4 MTHB respectively. Comparing fiscal year 2017 and 2016, slightly increased total revenue is mainly driven by increased sale volume, despite lower average tariff. Comparing fiscal year 2018 and 2017, increased revenue is mainly as a result of contribution from the new projects commercial operation in above mentioned. However, there were the EPC construction revenues of 32.7 MTHB from Solar rooftop in Thailand.

For fiscal year ended 31 December 2016, 2017, and 2018, we have cost of goods sold of 169.0 MTHB, 167.6 MTHB and 341.9 MTHB respectively. Comparing fiscal year 2017 and 2016, the decrease is only 1.4 MTHB or 0.8%. Comparing fiscal year 2018 and 2017, increasing by 174.3 MTHB or 104.0%. the increased of cost of goods sold is mainly as a result of contribution from the new projects commercial operation and costs of EPC construction from Solar rooftop in Thailand in above mentioned.

For fiscal year ended 31 December 2016, 2017, and 2018, we have gross profit of 700.1 MTHB, 704.1 MTHB and 787.3 MTHB respectively. The gross profit margin are 80.6%, 80.8% and 69.7% respectively. Comparing fiscal year 2017 and 2016, the gross profit slightly increased due to higher sale revenue and lower cost of goods sold. Comparing fiscal year 2018 and 2017, the increased gross profit is mainly as a result of increase in electricity sale volume from the new projects.

For fiscal year ended 31 December 2016, 2017, and 2018, we have net profit of 447.4 MTHB, 334.6 MTHB and 478.8 MTHB respectively. The net profit margin are 51.0%, 38.1% and 42.1% respectively. Comparing fiscal year 2017 and 2016, the decrease is mainly driven by increase in unrealized foreign exchange loss, increase in SG&A, and uncapitalized cost during construction and development of solar projects in Japan. Comparing fiscal year 2018 and 2017, the increase is mainly as a result of increase in electricity sale volume from the new projects started commercial operation in 2018 and decrease in administrative expenses as a result of expenses during construction has been capitalized as capital expenditures from 2018 onwards, despite increase in cost of sale.

For fiscal year ended 31 December 2016, 2017, and 2018, we have Core Operating Profit of 487.2 MTHB, 472.1 MTHB and 498.7 MTHB respectively. Core Operating Profit is key indicator management and board of directors used for determining operational results of our group, and as one of criteria to consider dividend payment of the Company. As of 31 December 2016, 2017, and 2018, our total assets are 4,962.6 MTHB, 8,269.8 MTHB and 11,892.7 MTHB respectively. The increase of our assets reflects the investment in assets in both projects started operating in 2018 and the under construction/ development, For fiscal year 2016, 2017, and 2018, we have return on assets ratio (ROA) of 10.4%, 5.1% and 4.7% respectively, However, we have assets in the under construction which did not start commercial operation and not generate revenue yet in 2017 and 2018.

As of 31 December 2016, 2017, and 2018, our total liabilities are 3,665.8 MTHB, 4,848.2 MTHB and 8,034.6 MTHB respectively, whereas our total shareholders' equity (excluded minority's interests) are 1,241.6 MTHB, 3,307.8 MTHB and 3,533.5 MTHB, respectively. The Debt-to-Equity ratio is at 2.95 times, 1.47 times and 2.27 times respectively.

For fiscal year 2016, 2017, and 2018, we have return to equity ratio of 42.8%, 14.2% and 13.2% respectively.

2. Analysis of operating results and Financial status for fiscal year 2016 2017 and 2018

2.1 Analysis of operating results

Revenue

For fiscal year ended 31 December 2016, 2017, and 2018, we have electricity sale revenue of 869.2 MTHB, 871.7 MTHB and 1,096.3 MTHB respectively. Comparing fiscal year 2017 and 2016, we have increased electricity sale revenue

mainly as a result of increased sale volume, despite lower average tariff. Comparing fiscal year 2018 and 2017, the increase is mainly from new projects started commercial operation, which are 2 projects in Japan being Hidaka and Zouen, and 3 rooftop & 1 solar farm projects in Thailand, being SNNP1, SNNP2, DoHome and Solar WVO in 2018, as well as increase in average tariff of SPN project by 0.8%, despite lower electricity sale volume of SPN project by 3.3%.

For fiscal year ended 31 December 2016, 2017, and 2018, we have total revenue of 876.7 MTHB, 877.1 MTHB and 1,137.4 MTHB respectively. Other revenues included interest revenue, import tax, revenue related to power development fund etc. In 2018, there were the EPC construction revenues and service of 32.9 MTHB from Solar rooftop in Thailand.

Revenue Structure	Consolidate Financial Statement As of December, 31					
	2016		2017		2018	
	Amount (Million Baht)	%	Amount (Million Baht)	%	Amount (Million Baht)	%
Sale revenue from electricity rate (base tariff + Ft) and FiT rate ¹	285.6	32.6	283.8	32.4	292.5	25.7
Sale revenue from Adder	583.6	66.6	587.9	67.0	568.7	50.0
Sale revenue from electricity sale in Thailand	869.2	99.1	871.7	99.4	861.2	75.7
Sale revenue from electricity sale in Japan	-	-	-	-	235.1	20.7
Sale revenue from electricity sale	869.2	99.1	871.7	99.4	1,096.3	96.4
EPC Construction revenue on Solar rooftop and Service income	-	-	-	-	32.9	2.9
Other revenues ²	7.5	0.9	5.4	0.6	8.2	0.7
Total sale revenues	876.7	100.0	877.1	100.0	1,137.4	100.0

Remark: ¹ Included revenue from solar rooftop and Solar WVO projects in Thailand (from 2018 onward)

² other revenue included (but not limited to) import tax, interest revenue, and revenue related to power development fund.

Sale revenue from electricity sale comprised of (1) sale revenue from grid tariff (Base Tariff + Ft) (2) sale revenue from Adder and (3) sale revenue from Feed in Tariff rate (FIT) for 2 Japan projects (Hidaka and Zouen) and Solar WVO in Thailand.

Project	Total Contract Capacity (MWh)	Electricity Volume (MWh)		
		As of 31 December 2016	As of 31 December 2017	As of 31 December 2018
Solar Farm Project in Thailand (SPN, WVO Projects) (45 MW contract)	MWh	89,783.9	90,448.2	88,065.3
Solar Farm Project in Japan (Hidaka, Zouen Projects) (24 MW contract)	MWh	-	-	20,490.7
Solar Rooftop Project in Thailand (SNNP1, SNNP2 & DoHome) (4.4 MW contract)	MWh	-	-	3,062.5
Average Tariff Rate ¹ Solar farm in Thailand (Baht/KWh)		3.18	3.14	3.22
Average Tariff Rate – Solar farm in Japan (Baht/KWh)		-	-	11.47
Average Tariff Rate – Solar Rooftop in Thailand (Baht/KWh)		-	-	2.85

Remark: ¹ excluded Adder of 6.5 Baht/kWh

For fiscal year ended 31 December 2016, 2017, and 2018, we have sale volume of 89,783.9 MWh, 90,448.2 MWh and 88,065.3 MWh respectively for both SPN and Solar WVO projects in Thailand. In 2018, we have sale volume from the new projects started commercial operation which are 2 Japan projects (Hidaka and Zouen) and Solar Rooftop projects in Thailand of 20,490.7 MWh and 3,062.5 MWh respectively. Comparing fiscal year 2017 and 2016, increased sale volume by 0.74%. Comparing fiscal year 2018 and 2017, the increase is mainly as a result of the contribution from the new projects started commercial operation during 2018

For fiscal year ended 31 December 2016, 2017, and 2018, average tariff rate of 3.18, 3.14 and 3.22 Baht/KWh (excluded Adder of 6.5 THB/kwh), respectively. The increase is mainly as a result of higher average electricity tariff, which FT increase continually.

Cost of Sales

For fiscal year ended 31 December 2016, 2017, and 2018, we have cost of good sales of 169.0 MTHB, 167.6 MTHB and 341.9 MTHB respectively. Comparing fiscal year 2017 and 2016, the decrease is only by 0.8% . Comparing fiscal year 2018 and 2017, increasing by 104.0. The increasing is mainly as a result of depreciation and amortization from new projects started commercial operation in 2018 and costs of EPC Construction from Solar rooftop in above mentioned.

Cost of sales comprised of (1) depreciation and amortization, (2) operating and maintenance cost of solar plant, and (3) other costs (i.e. electricity cost, salary and bonus, insurance fee and costs of EPC Construction from Solar rooftop).

Cost of sales	Consolidate Financial Statement As of December, 31					
	2016		2017		2018	
	Amount (Million Baht)	%	Amount (Million Baht)	%	Amount (Million Baht)	%
Depreciation and amortization	119.4	70.6	119.5	71.3	213.5	62.5
Operating and maintenance cost	38.0	22.5	38.2	22.8	58.3	17.1
Others ¹	11.6	6.9	9.8	5.9	70.1	20.5
Cost of sales	169.0	100.0	167.6	100	341.9	100.0

Remark: ¹ Others included (but not limited to) electricity, salary and bones, insurance fee, land lease and costs of EPC construction on Solar rooftop of 25.7 million Baht.

Gross Profit

For fiscal year ended 31 December 2016, 2017, and 2018, we have gross profit of 700.1 MTHB 704.1 MTHB and 787.3 MTHB respectively. The gross profit margin are 80.6% 80.8% and 69.7% respectively. Comparing fiscal year 2017 and 2016, the gross profit increased due to higher sale revenue and lower cost of goods sold, whereas average tariff decreased from 3.18 Baht/KWh to 3.14 Baht/KWh. Comparing fiscal year 2018 and 2017, the increase is mainly as a result of increase in electricity sale volume from the new projects started commercial operation in 2018 and average tariff (excluded Adder of 6.5 THB/kwh) increased from 3.14 Baht/KWh to 3.22 Baht/KWh

Cost of sales	Consolidate Financial Statement As of December, 31					
	2016		2017		2018	
	Amount (Million Baht)	%	Amount (Million Baht)	%	Amount (Million Baht)	%
Sale revenue from electricity sale	869.2	100.0	871.7	100	1,129.2	100.0
Cost of sales	169.0	19.4	167.6	19.2	341.9	30.3
Gross profit	700.1	80.6	704.1	80.8	787.3	69.7

Administrative Expenses

For fiscal year ended 31 December 2016, 2017, and 2018, we have administrative expenses of 114.2 MTHB, 219.9 MTHB and 166.8 MTHB respectively. Comparing fiscal year 2017 and 2016, the increase is mainly as a result of (1) increase of staff expenses as a result of increase of headcount to support business expansion both locally and internationally, (2) increase of expenses for project development and solar power plant project in Japan (3) Uncapitalized construction cost of project under construction (i.e. land lease during construction) and (4) Unrealized foreign exchange loss (which is recorded as administrative expenses for fiscal year 2017). The expenses during construction has been capitalized as capital expenditures from 2018 onwards and decrease of unrealized foreign exchange loss comparing to 2017, although, the increased general administrative expenses from new projects started operating and additional development projects in 2018 including unrealized impairment provision of 13.2 MTHB booked in 2018.

Administrative expenses (Unit : MTHB)	Consolidate Financial Statement As of December, 31		
	2016	2017	2018
Unrealized FX (gain)/ loss	19.0	72.8	0.6
Land lease during construction	7.1	31.5	0.0
General G&A expenses ¹	88.1	115.6	166.3
Administrative expenses	114.2	219.9	166.8

Remarks: ¹ General G&A expenses included unrealized impairment provision of 13.2 MTHB in 2018

Financial Costs

For fiscal year ended 31 December 2016, 2017, and 2018, we have financial costs of 146.1 MTHB, 146.9 MTHB and 148.2 MTHB respectively. Financial costs consist of interest expense (mostly floating interest rate) and interest rate swap expenses (which is converted to fixed rate from float rate). the increase of financial cost (both fiscal year 2017 and 2018) is mainly driven by the drawn down of long-term loan from both Thailand and Japanese financial institution for project investment.

Financial costs	Consolidate Financial Statement As of December, 31		
	2016	2017	2018
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
Interest expense	109.5	112.8	116.7
Interest Rate Swap (IRS)	36.6	34.1	31.5
Financial costs	146.1	146.9	148.2

Net Profit (attributed to company's shareholders)

For fiscal year ended 31 December 2016, 2017, and 2018, we have net profit (attributed to company's shareholders) of 448.6 MTHB, 339.8 MTHB and 482.0 MTHB respectively. The net profit margin are 51.2%, 38.1% and 42.4% respectively. Comparing fiscal year 2017 and 2016, the decrease of net profit is mainly driven by increase in unrealized foreign exchange loss, increase in general and administration cost (SG&A), and uncapitalized cost during construction and development of solar projects in Japan, whereas higher sale volume and decrease in cost of sales. Comparing fiscal year 2018 and 2017, the increase of net profit is mainly as a result of the contribution from the new projects started commercial operation during 2018 and decrease of general administrative expenses, despite increase in cost of sale.

Core Operating Profit (COP)

Core Operating Profit (COP) is the key performance indicator of management and board of directors for evaluating company's financial results, and be used for considering dividend payment decision, along with the dividend policy of the company.

Core Operating Profit is adjusted from net profit attribute to company's shareholder by the items as follows.

Core Operating Profit (Unit: Million Baht)	Consolidate Financial Statement As of December, 31		
	2016	2017	2018
Net profit distribution to SSP's shareholders	448.6	339.8	482.0
Unrealized foreign exchange (gain)/loss	19.0	72.8	0.6
Uncapitalized land lease during construction and interest for SSP's equity loan (excluding minority interest)	19.6	51.5	0.0
Deferred tax (revenue)/expenses	(0.05)	8.0	(0.19)
Uncapitalized development cost	-	-	3.2
Unrealized impairment provision	-	-	13.2
Core Operating Profit (to SSP's shareholders)	487.2	472.1	498.7

For fiscal year ended 31 December 2016, 2017, and 2018, we have Core Operating Profit of 487.2 MTHB, 472.1 MTHB and 498.7 MTHB respectively. The COP margin are 55.6% , 53.8% and 43.8% respectively. Comparing fiscal year 2017 and 2016, the slightly decrease is mainly as a result of increase in general administrative expenses. Comparing fiscal year 2018 and 2017, the increase of Core Operating Profit is mainly as a result of the contribution from the new projects started commercial operation during 2018.

3. Financial status

Assets

Key assets of our group are Property Plant and Equipment (PP&E), which mainly for the operation of our solar power projects, i.e. land, land improvement, power plant and equipment, etc. As of 31 December 2016, 2017, and 2018, we have PP&E of approximately 74.3%, 65.6% and 70.2% of total assets, respectively.

As of 31 December 2016, 2017, and 2018, our total assets are 4,962.6 MTHB, 8,269.8 MTHB and 11,892.7 MTHB, respectively. The increase of our assets reflects the project investment. in both projects started operating in 2018 and the under construction/ development above mentioned.

Asset	Consolidate Financial Statement as of December 31					
	2016		2017		2018	
	MTHB	%	MTHB	%	MTHB	%
Current assets						
Cash and cash equivalents	367.4	7.4	1,603.4	19.4	1,125.1	9.5
Current assets						
Cash and cash equivalents	-	-	-	-	438.9	3.7
Trade and other receivables	156.8	3.2	151.4	1.8	408.8	3.4
Unbilled Receivables						
Short-term loans to related parties	-	-	-	-	32.0	0.3
Other current assets	61.5	1.2	45.7	0.6	10.1	0.1
Total current assets	585.6	11.8	1,800.5	21.8	2,014.9	16.9

Asset	Consolidate Financial Statement as of December 31					
	2016		2017		2018	
	MTHB	%	MTHB	%	MTHB	%
Non-current assets						
Long-term restricted bank deposits	-	-	-	-	96.7	0.8
deposits	155.8	3.1	246.4	3.0	68.6	0.6
Revenue Department receivable	-	-	-	-	-	-
Long-term investment	-	-	-	-	17.1	0.1
Property, plant and equipment	3,685.0	74.3	5,427.2	65.6	8,352.1	70.2
Other intangible assets	536.0	10.8	654.2	7.9	950.6	8.0
Prepaid rental	-	-	141.0	1.7	136.0	1.1
Deferred tax assets	0.2	0.0	0.3	0.0	0.5	0.0
Other non-current assets	0.1	0.0	0.3	0.0	256.1	2.2
Total non-current assets	4,377.0	88.2	6,469.4	78.2	9,877.8	83.1
Total Assets	4,962.6	100.0	8,269.8	100.0	11,892.7	100.0

Cash and Cash Equivalent

As of 31 December 2016, 2017, and 2018, our cash and cash equivalent are 367.4 MTHB, 1,603.4 MTHB and 1,125.1 MTHB, respectively. Comparing at year end 2018 and 2017, the decrease is mainly as a result of the usage of fund for the under construction/ development in both Thailand foreign countries after fund raised from IPO during the third quarter 2017

Property Plant and Equipment (PP&E)

As of 31 December 2016, 2017, and 2018, our PP&E are 3,685.0 MTHB, 5,427.2 MTHB and 8,352.1 MTHB, respectively. The increase reflects our project investment in both projects started operating in 2018 and the under construction.

Intangible Assets

As of 31 December 2016, 2017, and 2018, our intangible assets are 536.0 MTHB, 654.2 MTHB and 950.6 MTHB respectively. The increase is mainly driven by the record of 1) Communication and external electric distribution system, (2) Communication and external electric distribution system and right and license under construction (Japan, Mongolia and Vietnam projects).

Liabilities

As of 31 December 2016, 2017, and 2018, our total liabilities are 3,665.8 MTHB, 4,848.2 MTHB and 8,034.6 MTHB respectively. Comparing at year end 2017 and 2016, the increase is mainly driven by the drawn down of long-term loan from financial institutions in Japan, despite the repayment of Company's long-term loan (approx. 715 MTHB) with fund raised from IPO during the third quarter 2017. Comparing at year end 2018 and 2017, the increase is mainly a result of higher long-term borrowing from both Thailand and Japanese financial institution for the project investment.

Liabilities	Consolidate Financial Statement as of December 31					
	2016		2017		2018	
	MTHB	%	MTHB	%	MTHB	%
Current liabilities						
Trade payables and other payables	33.0	0.9	256.7	5.3	503.8	6.3
Construction retention	3.5	0.1	4.0	0.1	5.3	0.1
Short-term loans from related parties	0.1	0.0	0.0	0.0	0.0	0.0
Share acquisition payable to subsidiary's existing shareholders	-	-	-	-	117.5	1.5
Current portion of liabilities under finance lease agreements	1.8	0.0	0.1	0.0	0.0	0.0
Current portion of long-term loans	362.4	9.9	510.3	10.5	508.6	6.3
Other current liabilities	10.5	0.3	11.4	0.2	11.7	0.1
Total current liabilities	411.3	11.2	782.5	16.1	1,146.9	14.3
Non-current liabilities						
Liabilities under finance lease agreements - net of current portion	0.1	0.0	0.0	0.0	0.0	0.0
Long-term loans - net of current portion	3,250.8	88.7	4,061.7	83.8	6,868.2	85.5
Other non-current liabilities	3.7	0.1	4.0	0.1	19.5	0.2
Total non-current liabilities	3,254.5	88.8	4,065.6	83.9	6,887.7	85.7
Total Liabilities	3,665.8	100.0	4,848.2	100.0	8,034.6	100.0

Long-term loans from financial institutions

As of 31 December 2016, 2017, and 2018, our long-term loan are 3,613.2 MTHB, 4,572.0 MTHB and 7,376.8 MTHB respectively or 98.6%, 94.3% and 91.8% of total liabilities, respectively. Comparing yearend 2018 and 2017, the increase of long-term loan is mainly driven from drawn down of long-term loan from both Thailand and Japanese financial institutions for the investment, despite the repayment of SPN's long-term loan.

Shareholders' Equity

As of 31 December 2016, 2017, and 2018, our shareholders' equity is 1,296.8 MTHB, 3,421.7 and 3,858.1 MTHB respectively. The increase in 2017 is mainly as a result of both profit contribution from SPN project and fund raised from IPO during the third quarter of 2017. The increase in 2018 is mainly as a result of profit contribution from the projects during 2018

Shareholders' equity	Consolidate Financial Statement as of December 31					
	2016		2017		2018	
	MTHB	%	MTHB	%	MTHB	%
Shareholders' equity						
Issued and fully paid up share capital	690.9	53.3	922.0	26.9	922.0	23.9
Share premium	-	-	1,511.2	44.2	1,511.2	39.2
Surplus on business combination under common control	33.1	2.6	33.1	1.0	33.1	0.9
Retained earnings						
Appropriated - statutory reserve	-	-	40.7	1.2	64.8	1.7
Unappropriated	515.9	39.8	815.0	23.8	1,084.1	28.1
Other components of shareholders' equity	1.8	0.1	(14.2)	(0.4)	(81.6)	(2.1)
Equity attributable to owners of the Company	1,241.6	95.7	3,307.8	96.7	3,533.5	91.6
Non-controlling interests of the subsidiaries	55.2	4.3	113.8	3.3	324.6	8.4
Total shareholders' equity	1,296.8	100.0	3,421.7	100.0	3,858.1	100.0

Liquidity Analysis

Cash Flow Statement	Consolidate Financial Statement As of December, 31		
	2016	2017	2018
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
Profit (loss) from operating activities before changes in operating assets and liabilities	711.4	608.2	853.1
Operating assets/liabilities (increase) decrease	(48.0)	(38.8)	(38.1)
Net cash flows from (used in) operating activities	663.5	568.4	889.3
Net cash flows from (used in) investing activities	(1,281.8)	(1,889.5)	(3,518.2)
Net cash flows from (used in) financing activities	666.0	2,559.5	2,381.6
Translation adjustments	(0.7)	(2.3)	(38.8)
Net increase (decrease) in cash and cash equivalents	47.0	1,236.0	(286.1)
Cash and cash equivalents at beginning of year	320.4	367.4	1,411.2
Cash and cash equivalents at end of year	367.4	1,603.4	1,125.1

Cash flow from operation

For fiscal year 2016, 2017, and 2018, we have cash flow from operation of 663.5 MTHB, 568.4 MTHB and 889.3 MTHB, respectively. Comparing 2017 and 2016, the decrease is mainly as a result of decrease in operating profit before change in working capital as the increased of general administrative expenses and expenses during construction for solar project in Japan which are not capitalized as part of asset value. Comparing 2018 and 2017, the increase is mainly as a result of increase in operating profit before change in working capital as from the new projects.

Cash flow from investment

For fiscal year 2016, 2017, and 2018, we have cash flow used for investment of 1,281.8 MTHB, 1,889.5 MTHB and 3,518.2 MTHB respectively. The increase in cash flow used for investment reflects our project investment in Thailand, Japan, Mongolia and Vietnam.

Cash flow from financing

For fiscal year 2016, 2017, and 2018, we have cash flow from financing of 666.0 MTHB, 2,559.5 MTHB and 2,381.6 MTHB respectively. The increase of both 2017 and 2018 in cash flow from financing reflects the drawn down of long-term loan from both Thailand and Japan financial institution for investment in the under construction/ development.

3. Key financial ratio

Liquidity Ratio	Consolidate Financial Statement As of December, 31		
	2016	2017	2018
Current ratio (Times)	1.4	2.3	1.8
Average collection period (days)	64.7	63.6	94.4
Average payment period (days)	40.8	49.9	176.5

Remark: ¹ Calculated by 360 (days) / (Net sale / Account receivable and other receivable)

Comparing fiscal year 2017 and 2016, Company had higher current ratio from 1.4 times to 2.3 times, mainly driven from increase of cash and cash equivalent, due to proceed from fund raised from IPO during the third quarter of 2017. Comparing fiscal year 2018 and 2017, Company had lower current ratio from 2.3 times to 1.8 times, mainly driven from increase of account payables and other payables, due to the new projects started commercial operation during 2018.

Profitability ratio

Profitability Ratio	Consolidate Financial Statement As of December, 31		
	2016	2017	2018
Gross Profit Margin (%)	80.6	80.8	69.7
Other Profit Margin (%)	0.9	0.6	0.7
Net Profit Margin (%)	51.0	38.1	42.1
Return on Equity (%)	42.8	14.2	13.2

Comparing fiscal year 2017 and 2016, Company had higher gross profit, but lower net profit. The return to equity ratio was significantly lowered, as a result of both lower net profit of 2017 and increased shareholders' equity (reflecting IPO during the third quarter of 2017). Comparing fiscal year 2018 and 2017, Company had lower gross profit as a result of lower profit from new project started commercial operation during 2018 but higher net profit margin from a lower of general administrative expenses, which has been capitalized as capital expenditures from 2018 onwards.

Efficiency ratio

Efficiency Ratio	Consolidate Financial Statement As of December, 31		
	2016	2017	2018
Return on Assets (%)	10.4	5.1	4.7
Return on Fixed Assets (%)	17.0	10.0	10.0

Comparing fiscal year 2017 and 2016, Company had lower return on assets and return on fixed assets. Main driver is the increase of assets from investment in solar farm, which did not start commercial operation and not generate revenue yet in 2016 and 2017. Comparing fiscal year 2018 and 2017, Company had lower return on assets because some project did not start commercial operation and not fully generate revenue in year.

Financial status ratio

Financial Ratio	Consolidate Financial Statement As of December, 31		
	2016	2017	2018
Debt to Equity (Times)	2.8	1.4	2.1
Interest Coverage (Times)	2.5	2.0	2.4
Dividend Payout (%)	N/A	N/A	39.2

Comparing fiscal year 2017 and 2016, Company had lower debt to equity ratio. The main driver is increased shareholder's equity, resulted from both contributed net profit for the year 2016 and additional equity from IPO during the third quarter of 2017, despite increase in long-term loan for the project investment. Company had lower interest coverage ratio, as a result of higher financial costs due to increased long-term loan for the under construction. Comparing fiscal year 2018 and 2017, Consolidated Debt to Equity ratio is 1.4 times and 2.1 times respectively, and the Separate Debt to Equity ratio is 0.14 times and 0.33 times respectively. Company had higher debt to equity ratio, as a result of higher long-term borrowing from both Thailand and Japanese financial institution for the investment in projects under construction/development. Company had higher interest coverage ratio, as a result of increase in operating profit before change in working capital as from the new projects started commercial operation during 2018.

As of 31 December 2016, 2017 and 2018, the companies in the group (where applicable) maintain financial covenants with the conditions of loan agreements. The Company's loan agreement considers financial covenant based on the separate financial statement (i.e. Debt to Equity ratio is not exceed 2.0 times). The company maintain financial covenants with the conditions of loan agreement.

(Investor can further study our information from annual registration statement (Form 56-1) as shown in www.sec.or.th)

Independent Auditor's Report

To the Shareholders of Sermuang Power Corporation Public Company Limited

Opinion

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

Basis for Opinion

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

Emphasis of matter

I draw attention to Note 4.4 and Note 6 to the consolidated financial statements regarding the change in accounting policy for investments in subsidiaries from the cost method to the equity method applied to the separate financial statements. The Company has restated the prior period's financial statements, presented as comparative information, to reflect this change. My opinion is not modified in respect of this matter.

Key Audit Matters

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

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

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

Project costs of power plant under construction

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

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

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

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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



Sirikorn Plernpissiri
Certified Public Accountant (Thailand) No. 5234

EY Office Limited
Bangkok: 28 February 2019

Sernsang Power Corporation Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

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

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

Sernsang Power Corporation Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

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

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

Sernsang Power Corporation Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

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

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

Sernsang Power Corporation Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

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

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

Sermuang Power Corporation Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2018

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

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

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
	Note	Issued and paid-up share capital	Share premium	Surplus on business combination under common control	Retained earnings			Other components of shareholders' equity			Total equity attributable to owners of the company	Non-controlling interests of subsidiaries	Total shareholder's equity
					Appropriated	Unappropriated	Statutory reserve	Actual gain (loss)	Exchange differences on translation of financial statements in foreign currency	Total other components of shareholder's equity			
Balance as at 31 December 2016													
Profit for the year		690,875,000	-	33,098,414	-	515,871,796	-	2,300,630	(528,487)	1,774,143	1,241,619,353	55,190,152	1,296,809,505
Other comprehensive income for the year		-	-	-	-	339,832,370	-	-	-	-	339,832,370	(5,226,524)	334,605,846
Total comprehensive income for the year		-	-	-	-	-	-	(16,156,254)	199,720	(15,956,534)	(15,956,534)	(1,474,918)	(17,431,452)
Increase in share capital		231,125,000	1,511,209,678	-	-	339,832,370	-	(16,156,254)	199,720	(15,956,534)	323,875,836	(6,701,442)	317,174,394
Statutory reserve	18	-	-	-	-	40,713,654	(40,713,654)	-	-	-	1,742,334,678	-	1,742,334,678
Increase in non-controlling interests from the increase in share capital of subsidiaries		-	-	-	-	-	-	-	-	-	-	65,350,106	65,350,106
Balance as at 31 December 2017													
		922,000,000	1,511,209,678	33,098,414	40,713,654	814,990,512	-	(13,855,624)	(326,767)	(14,182,391)	3,307,829,867	113,838,816	3,421,668,683
Balance as at 31 December 2017													
Profit for the year		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	
Other comprehensive income for the year		-	-	-	-	482,026,610	-	-	-	482,026,610	(3,234,152)	478,792,458	
Total comprehensive income for the year		-	-	-	-	-	(67,455,967)	-	(67,455,967)	(67,455,967)	23,607,420	(43,848,547)	
Statutory reserve	18	-	-	-	-	482,026,610	(67,455,967)	-	(67,455,967)	414,570,643	20,373,268	434,943,911	
Dividend payment	19	-	-	-	24,101,331	(24,101,331)	-	-	-	(188,859,243)	-	-	
Increase in non-controlling interests from the increase in share capital of subsidiaries		-	-	-	-	(188,859,243)	-	-	-	(188,859,243)	-	-	
Balance as at 31 December 2018													
		922,000,000	1,511,209,678	33,098,414	64,814,985	1,084,056,548	(81,311,591)	(326,767)	(81,638,359)	3,553,541,267	324,604,861	3,858,146,128	

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

Sernsang Power Corporation Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

Separate financial statements												(Unit: Baht)
Note	Issued and paid up share capital	Share premium	Surplus on business combination under common control	Other components of shareholders' equity							Total shareholders' equity	
				Retained earnings		Exchange difference on translation of financial statement in foreign currency	Actuarial loss	Total other components of shareholders' equity				
				Appropriated	Unappropriated							

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

Sernsang Power Corporation Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2018

(Unit: Baht)

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

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

Sernsang Power Corporation Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statement	
	2018	2017	2018	2017
		(Reclassified)		(Restated)
Cash flows from investing activities				
Short-term restricted bank deposits	(246,772,680)	23,325,729	(235,070,746)	-
Long-term restricted bank deposits	(96,733,343)	-	(10,027)	-
Short-term loans to related parties	-	-	194,634,766	(295,854,573)
Long-term loans to related parties	-	-	(933,074,146)	(634,936,697)
Investment in subsidiaries	-	-	(226,599,946)	(109,529,850)
Long-term investment	(17,078,655)	-	-	-
Dividend income from investment in subsidiaries	-	-	339,999,924	359,999,921
Acquisition of property, plant and equipment	(3,067,917,504)	(1,815,441,682)	(71,357)	(473,854)
Acquisition of intangible assets	(300,649,430)	(145,835,458)	-	(12,200)
Subsidy from the government	14,676,029	144,903,000	-	-
Prepaid rental	-	(141,002,759)	-	-
Interest income	5,882,279	2,477,272	4,359,115	1,076,330
Acquisition of non-controlling interest	190,392,777	65,350,106	-	-
Net cash flows used in investing activities	(3,518,200,527)	(1,866,223,792)	(855,832,417)	(679,730,923)
Cash flows from financing activities				
Short-term loans from related parties	-	(116,838)	(41,484,765)	44,249,290
Liabilities under finance lease agreements	(70,241)	(1,797,954)	-	-
Cash receipt from long-term loans from bank	3,479,166,702	2,174,662,124	800,000,000	270,000,000
Repayment of long-term loans from bank	(542,148,927)	(1,059,441,250)	-	(715,000,000)
Proceeds from increase in share capital	-	1,774,637,500	-	1,774,637,500
Cash payment of direct costs related to share offering	-	(40,354,218)	-	(40,354,218)
Dividend payment	(188,859,243)	-	(188,859,243)	-
Cash payment of interest and fee expenses	(366,497,270)	(288,091,538)	(37,754,462)	(32,599,199)
Net cash flows from financing activities	2,381,591,021	2,559,497,826	531,901,530	1,300,933,373
Translation adjustments	(38,816,801)	(2,287,127)	-	-
Net increase in cash and cash equivalents	(286,113,378)	1,259,361,458	(342,682,283)	603,600,466
Cash and cash equivalents at beginning of year	1,411,243,320	151,881,862	699,493,729	95,893,263
Cash and cash equivalents at end of year	1,125,129,942	1,411,243,320	356,811,446	699,493,729
	-	-	-	-
Supplemental cash flow information:				
Non - cash transaction				
Fixed assets increase by replacement	651,552	394,263	-	-
Transfer interest expenses to cost of plant and equipment	55,135,634	50,039,106	-	-
Payable for acquisition of fixed assets	22,217,559	193,011,123	-	-
Advance paid to subsidiary's existing shareholders	107,048,142	-	-	-
Share acquisition payable to subsidiary's former shareholders	117,503,651	-	-	-

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

Notes to consolidated financial statements

For the year ended 31 December 2018

1. General information

Sermsang Power Corporation Public Company Limited (“the Company”) is a company limited incorporated under Thai Laws on 16 June 2015 and domiciled in Thailand. The major 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 "Sermsang Power Corporation Company Limited" to be "Sermsang Power Corporation Public Company Limited".

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

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”):

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

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

2.2.1 Increase in investment in subsidiaries during the year

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

(Unit: Million)

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

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

2.2.3 Additional investment during the year

During the year, a subsidiary of the Company entered into a share purchase agreement with Truong Thanh Quang Ngai Power and High Technology JSC (“TTQN”), a company established in Vietnam, to acquire 20 million (80% of registered share capital) shares at a price of VND 12,720 per share totaling VND 254,400 million or equivalent to Baht 357.3 million, from existing Shareholders. The objective of the share acquisition is to operate a solar power plant business. The subsidiary registered as a major shareholder of TTQN on 26 September 2018. As at the share acquisition date the net asset value of TTQN was VND 250,005 million (or equivalent to Baht 347.5 million). The Company’s controlling interest was 80% totaling VND 200,000 (or equivalent to Baht 278 million). The difference between net asset value of TTQN under the Company’s controlling interest and the purchase price of shares to be recorded as intangible assets amounted to Baht 79.3 million.

As at 31 December 2018, TTQN has registered paid-up share capital of 25 million shares with a par value of 10,000 VND per share, totaling of VND 250,000 million or equivalent to Baht 347.5 million.

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

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

3. New financial reporting standards

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

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

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

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

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

TFRS 15 Revenue from Contracts with Customers

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

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

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

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

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

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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

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

4. Significant accounting policies

4.1 Revenue and expenses recognition

Revenue from sale of electricity

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

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

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

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

Rendering of services

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

Revenues from construction services

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

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

Interest income and interest expenses

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

Dividends

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

Cost of construction

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

Expenses

Expenses are recognised on an accrual basis.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Investments

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

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

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

4.5 Power plants under construction

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

4.6 Property, plant and equipment/Depreciation

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

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

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

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

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

4.7 Borrowing costs

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

4.8 Intangible assets

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

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

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

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

4.9 Related party transactions

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

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

4.10 Long-term leases

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

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

4.11 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

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

4.12 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.13 Prepaid rental

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

4.14 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined Contribution plans

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

Defined benefit plans

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

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

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

4.15 Provisions

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

4.16 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.17 Derivatives

Interest rate swap contracts

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

Forward exchange contracts

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

4.18 Fair value measurement

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

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

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

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

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

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

5. Significant accounting judgements and estimates

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

Property, plant and equipment/Depreciation

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

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

Intangible assets

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

Post-employment benefits under defined benefit plans

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

Fair value of financial instruments

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

6. Cumulative effect of change in accounting policies

As described in Note 4.4 to the financial statements, the Company has changed its accounting policy related to investment in subsidiaries in the separate financial statements from cost method to equity method. The cumulative effect of the change in accounting policy is presented as a separate item in the statement of changes in shareholders' equity.

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

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

7. Related party transactions

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

(Unit: Baht)

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

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

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

Service income agreements

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

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

Power purchase agreement

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

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

Loans to related parties and loan from related parties

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

(Unit: Baht)

	Separate financial statement			
	For the year ended 31 December 2018			
	Balance as at 1 January 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2018
<u>Short-term loans to related companies</u>				
<u>Subsidiaries</u>				
Triple P Renewable Company Limited	2,129,389	-	(2,129,389)	-
Access Energy Company Limited	13,680,855	6,050,000	-	19,730,855
Sermsang International Company Limited	287,187,204	-	(198,555,377)	88,631,827
Total short-term loans to subsidiaries	302,997,448	6,050,000	(200,684,766)	108,362,682
<u>Long-term loans to related Company</u>				
<u>Subsidiary</u>				
Sermsang Solar Company Limited	-	11,122,867	-	11,122,867
Sermsang International Company Limited	1,162,004,200	808,470,000	-	1,970,474,200
Access Energy Company Limited	-	5,500,000	-	5,500,000
Sermsang Infinite Company Limited	-	107,981,279	-	107,981,279
Total long-term loans to related companies-subsiary	1,162,004,200	933,074,146	-	2,095,078,346

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

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

The Company entered into long-term loan agreements with Sermsang Infinite Company Limited. The loans are repayable within 2021, which has interest rate at 2.1% - 3.7% per annum.

The Company entered into long-term loan agreements with Access Energy Company Limited. The loans are repayable within 2021, which has interest rate at 2.1% - 3.7% per annum.

(Unit: Baht)

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

(Unit: Baht)

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

(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>				
Sermasang 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
Sermasang 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
Sermasang Infinite Company Limited	2,588,993	5,417,661	(7,988,993)	17,661
Prestige Group Company Limited	2,375,784	-	(51,000)	2,324,784
Siam Clean Solution Company Limited	662,343	8,139,850	(113,346)	8,688,847
Total short-term loans from related parties	103,330,650	70,307,511	(26,058,221)	147,579,940

(Unit: Baht)

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

(Unit: Baht)

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

Directors and management's benefits

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

(Unit: Baht)

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

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

Cash and cash equivalents

(Unit: Baht)

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

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

Short-term restricted bank deposits

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

A subsidiary has pledged and assigned a right of claim on bank accounts with outstanding balances as at 31 December 2018 totaling approximately Baht 203.9 million (31 December 2017: Baht 192.1 million) with lenders to secure long-term loans of the Company, in accordance with conditions stipulated in the long-term loan agreements as discussed. Those bank accounts have restrictions on withdrawal for a purpose of loan principal and interest payment due within 6 months.

9. Trade and other receivables

(Unit: Baht)

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

10. Unbilled receivables

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

11. Long-term restricted bank deposits

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

Subsidiaries in Japan have restricted saving deposits of Yen 330.0 million, or approximately Baht 96.7 million, under the long-term loan agreements with banks. The subsidiaries have requested to obtain permission from the bank on withdrawal of the such restricted deposits.

12. Investments in subsidiaries

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

(Unit: Thousand Baht)								
Company Name	Separate financial Statements						Carrying amounts based on equity method	
	Percentage of Shareholding		Paid up Share Capital		Investment at Cost method			
	2018	2017	2018	2017	2018	2017	2018	2017
	(Percentage)	(Percentage)						(Restated)
Subsidiary companies which directly held by the Company								
Serm Sang Palang Ngan Co., Ltd.	100	100	900,506	900,506	900,506	900,506	1,538,337	1,308,259
Sernsang Corporation Co., Ltd.	100	100	131,312	131,312	131,312	131,312	95,645	96,631
Sernsang International Co., Ltd.	100	100	210,000	10,000	210,000	10,000	-	-
Access Energy Co., Ltd.	100	100	20,000	20,000	20,000	20,000	-	-
Essential Power Co., Ltd.	100	100	13,250	13,250	13,250	13,250	12,046	12,155
Sernsang Solar Co., Ltd.	100	100	50,000	50,000	50,000	50,000	49,749	49,381
Siam Renewable Power Co., Ltd.	100	100	3,250	3,250	3,250	3,250	2,904	3,185
Sernsang Infinite Co., Ltd.	100	100	70,000	46,100	70,000	46,100	48,281	20,070
Plus Energy Co., Ltd.	100	100	3,250	3,250	3,250	3,250	3,000	3,260
Siam Clean Solutions Co., Ltd.	100	100	10,000	10,000	10,000	10,000	9,704	9,858
Prestige Group Co., Ltd.	100	100	2,500	2,500	2,500	2,500	2,155	2,430
Triple P Renewable Co., Ltd.	100	100	5,200	2,500	5,200	2,500	-	-
Total					1,419,268	1,192,668	1,761,821	1,505,229
Less: Provision for impairment of investment					(34,080)	(34,080)	-	-
					1,385,188	1,158,588	1,761,821	1,505,229

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

(Unit: Thousand Baht)

Company Name	Separate financial Statements							
	Percentage of Shareholding		Paid up Share Capital		Investment at Cost method		Carrying amounts based on equity method	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Percentage)	(Percentage)						(Restated)
<u>Loss in excess of cost over investments accounted for under equity method in investment in subsidiaries</u>								
Serm Sang International Co., Ltd.	100	100	210,000	10,000	210,000	10,000	(209,321)	(268,468)
Access Energy Co., Ltd.	100	100	20,000	20,000	20,000	20,000	(26,560)	(10,790)
Triple P Renewable Co., Ltd.	100	100	5,200	2,500	5,200	2,500	(56)	(2,349)
Total loss in excess of cost over investments accounted for under equity method in investment in subsidiaries in separate financial statements					235,200	32,500	(235,937)	(281,607)

12.2 Share of comprehensive income

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

(Unit: Thousand Baht)

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

12.3 Dividend income

During the year, the Company received dividend as follows:

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

12.4 Called up and increase in share capital of subsidiaries

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

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

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

12.5 Non-controlling Interests

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

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

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

Summarized information about financial position

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

Summarized information about comprehensive income

(Unit: Thousand Baht)

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

Summarized information about cash flow

(Unit: Thousand Baht)

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

13. Property plant and equipment

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

(Unit: Baht)

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

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

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

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

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

14. Intangible assets

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

(Unit: Baht)

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

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

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

15. Trade and other payables

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

16. Long-term loans

(Unit: Baht)

Loan	Interest rate (percent per annum)	Currency	Repayment schedule	Consolidated financial statements		Separate financial statement		Note
				2018	2017	2018	2017	
1)	THBFIX 3 months plus additional rate	Baht	Repayments of principal and interest are to be made on quarterly basis starting from June 2015 to December 2024	1,511,489,250	1,850,527,500	-	-	a)
2)	Fixed rate per agreement	Baht	Repayments of principal and interest are to be made on quarterly basis starting from March 2020 and ending in December 2025	800,000,000	-	800,000,000	-	b)
3)	JPY LIBOR 3 months plus additional rate	Yen	Repayments of principal and interest are to be made on quarterly basis starting from September 2018 to June 2036	1,661,521,541	1,565,507,089	-	-	c)
4)	JPY LIBOR 3 months plus additional rate	Yen	Repayments of principal and interest are to be made on quarterly basis starting from March 2021 to December 2037	1,920,962,458	938,806,830	-	-	d)
5)	JPY TIBOR 3 months plus additional rate	Yen	Repayments of principal and interest are to be made on quarterly basis starting from March 2019 to December 2035	718,947,317	442,740,104	-	-	e)
6)	JPY TIBOR 6 months plus additional rate	Yen	Repayments of principal and interest are to be made in Yen currency on 6 month basis starting from June 2022 to December 2038	1,155,063,749	-	-	-	f)
Total loan from banks				7,767,984,315	4,797,581,523	800,000,000	-	
Less: Deferred finance charges				(391,188,982)	(225,591,928)	(19,355,241)	-	
Total				7,376,795,333	4,571,989,595	780,644,759	-	
Less: Current portion				(508,586,738)	(510,313,401)	-	-	
Long-term loans - net of current portion				6,868,208,595	4,061,676,194	780,644,759	-	

(Unit: Baht)

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

Note:

- a) As at 31 December 2018, a subsidiary (Serm Sang Palang Ngan Co., Ltd.) had pledged the bank saving account and mortgaged property, plant and equipment with two commercial banks as discussed in Note 8 and Note 13 to the financial statements.
- b) On 30 March 2018, The Company entered into loans agreements with two commercial banks, total credit facilities amounting to Baht 2,000 million consisting of 2 tranches. First tranche of Baht 800 million is subject to fixed interest rate as per agreement and the second tranche of Baht 1,200 million is charged at THBFIX 3 months plus additional rate. The Company had drawn totaling to Baht 800 million. The Company has pledged its dividend account as collateral against credit facilities as discussed in Note 8 and Note 11 to the financial statement.
- c) On 10 August 2016, a subsidiary (SS Hidaka No Mori GK) has entered into loan agreements with financial institutions for the solar power plant project in Japan. The credit facilities was Yen 6,362.0 million. As at 31 December 2018, a subsidiary had fully drawn (31 December 2017: Yen 5,401.9 million). All machines and plant equipment for solar power plant have been mortgaged and long-term restricted bank deposits have been pledged as collateral against credit facilities as discussed in Note 11 and Note 13 to the financial statements.
- d) On 28 June 2017, a subsidiary (GK GSSE) entered into loan agreement with financial institution, total credit facility amounting to Yen 10,023.0 million. As at 31 December 2018, the subsidiary had drawn Yen 6,554.2 million (31 December 2017: Yen 3,239.4 million).

- e) On 17 November 2017, a subsidiary (Zouen Energy GK) entered into loan agreement with financial institution, total credit facility amounting to Yen 2,453.0 million. As at 31 December 2018, the subsidiary had fully drawn (31 December 2017: Yen 1,527.7 million). All machines and plant equipment for solar power plant have been mortgaged and long-term restricted bank deposits have been pledged as collateral against credit facilities as discussed in Note 11 and Note 13 to the financial statements.
- f) On 14 September 2018, a subsidiary (Ashita Power 1 GK) entered into loan agreement with financial institution, total credit facility amounting to Yen 11,935.5 million. As at 31 December 2018, the subsidiary had drawn Yen 3,941.0 million.

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

As at 31 December 2018, the Company and its subsidiaries have undrawn credit facilities amounting to Baht 1,240.0 million and Yen 11,463.3 million (The Company: Baht 1,200.0 million) (2017: The Company and its subsidiaries: Yen 1,705.0 million and Yen 8,668.9 million and the Company: Baht 1,665.0 million).

17. Liabilities under finance lease agreements

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

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

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

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

(Unit: Baht)

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

18. Statutory reserve

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

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

19. Dividend Payment

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

20. Expenses by nature

Significant expenses classified by nature are as follows:

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

21. Income tax expenses (revenue)

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

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

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

(Unit: Baht)

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

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

(Unit: Baht)

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

The components of deferred tax assets are as follows:

(Unit: Baht)

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

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

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

22. Promotional privileges

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

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

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

- A) The privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues.
- B) A 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.
- C) The privileges include an exemption from corporate income tax that up to 100 percentage of investment excluding land and working capital for a period of 8 years from the date the promoted operations begin generating revenues.
- D) In case of an accumulated losses incurred during the corporate income tax exemption period, the subsidiary is allowed to utilise the losses as a deduction against net income for a period of 5 years after the expiry of the tax exemption period, whether from any one year or from several years.

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

(Unit: Million Baht)

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

23. Earnings per share

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

24. Segment information

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

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

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

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

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

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

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

Geographical segments

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

Geographic information segment

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

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

*Other than financial instrument and deferred tax asset

Major customers

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

25. Provident fund

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

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

26. Commitments and contingent liabilities

26.1 Power purchase agreement

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

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

As at 29 December 2017, a subsidiary (Serm Sang Infinite Co., Ltd.) entered into power purchase agreements with a company (a non-related party) for a period of 25 years. The subsidiary has commenced to generate revenue since July 2018.

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

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

26.2 Capital commitments

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

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

26.3 Land lease commitments

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

26.4 Service agreement

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

	(Unit Million Baht)	
	31 December 2018	31 December 2017
Payable		
In up to1 year	42	39
In over 1 year and up to 5 years	173	160
In over 5 years	44	88
Total	259	287

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

26.5 Operation and Management Agreement

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

	(Unit Million Yen)
	31 December 2018
Payable	
In up to1 year	35
In over 1 year and up to 5 years	87
In over 5 years	413
Total	535

26.6 Share capital of subsidiaries

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

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

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

26.7 Bank guarantees

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

26.8 Derivatives

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

Contract value		Received interest rate	Paid interest rate	Due date
31 December 2018	31 December 2017			
1. Baht 227 Million	Baht 278 Million	Floating interest rate, THBFIX-REUTERS 3 months plus 2 percent per annum	Fixed interest rate 5.795 percent per annum	30 December 2024
2. Baht 756 Million	Baht 925 Million	Floating interest rate, THBFIX-REUTERS 3 months plus 2 percent per annum	Fixed interest rate 5.710 percent per annum	30 December 2024
3. Yen 2,998 Million	-	Floating interest rate, JPY-TIBOR 6 months	Fixed interest rate 0.82 percent per annum	30 December 2038

- b) Forward exchange contracts

As at 31 December 2018, subsidiaries had outstanding forward exchange contracts, of which details are presented below.

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

27. Financial instruments

27.1 Financial risk management

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

Credit risk

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

Interest rate risk

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

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

(Unit: Baht)

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

(Unit: Baht)

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

(Unit: Yen)

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

(Unit: Baht)

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

(Unit: Baht)

Consolidates financial statements

As at 31 December 2017

	Fixed interest rate			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial liabilities							
Trade and other payables	-	-	-	-	256,695,653	256,695,653	-
Construction retention	-	-	-	-	4,036,238	4,036,238	-
Liabilities under finance lease agreements	70,241	-	-	-	-	70,241	5.75%
Long-term loans	-	-	-	4,571,989,595	-	4,571,989,595	2.34% - 3.61%
	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%, 5.8%
- Floating interest rate	-	-	-	1,202,842,875	-	1,202,845,875	THBFIX 3M+2%

(Unit: Baht)

Separate financial statement

As at 31 December 2018

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

(Unit: Baht)

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

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from cash in foreign currency, revenue department receivable, advanced payment, share acquisition payable to subsidiary's existing shareholders and loans from financial institutions that are denominated in foreign currencies. As at 31 December 2018 and 2017, the balances of financial assets and liabilities denominated in foreign currencies which have not hedged any foreign currency risk are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2018	2017	2018	2017	2018	2017
(Baht per 1 foreign currency unit)						
Japanese yen	3,264,460,354	1,649,528,302	18,235,081,807	9,536,125,550	0.2930890	0.2898060
US dollar	1,175,327	11,745,321	4,095,185	5,926,643	32.449800	32.680900
Singapore dollar	30,390	30,390	5,000	3,000	23.694250	24.450250
MNT	28,873,362	33,383,466	22,401,793	333,145,782	0.0122790	0.013439
Euro	-	-	-	50,858	37.125200	39.027250
VND	81,325,775,075	-	84,261,201,125	-	0.0013970	-

27.2 Fair values of financial instruments

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

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

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

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

28. Capital management

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

29. Reclassification

During the year, the Company reclassified as follows

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

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

(Unit : Baht)

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

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

30. Events after the reporting period

30.1 Investment in subsidiary

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

31. Approval of financial statements

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



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