

SAAM Energy Development Company Limited and  
its subsidiaries  
(formerly known as “Siam Advanced Asset Management  
Company Limited”)  
Report and consolidated financial statements  
31 December 2016



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## **Independent Auditor's Report**

To the Shareholders of SAAM Energy Development Company Limited  
(formerly known as "Siam Advanced Asset Management Company Limited")

### **Opinion**

I have audited the accompanying consolidated financial statements of SAAM Energy Development Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of income, 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 SAAM Energy Development 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 SAAM Energy Development Company Limited and its subsidiaries and of SAAM Energy Development 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.

### **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 under the Royal Patronage of His Majesty the King 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.



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### **Emphasis of matters**

I draw attention to following Note 4 to the financial statements:

- a) As mentioned in Note 4.1 to financial statements, during the current year, the Company changed the basis of preparation of their financial statements from the Thai Financial Reporting Standard applicable to non-publicly accountable entities which used in 2015, to Thai Financial Reporting Standards. Such change require the Group to present the financial statements and make additional disclosure in accordance with Thai Financial Reporting Standards and change in certain accounting policies, with no significant impact to the measurement of transactions.
- b) Moreover, in Note 4.2 to the financial statements, which describes to the previous year adjustments of recording service income and prepaid land rental fee. Thus, the Company has restated the separate financial statements for the year ended 31 December 2015 reflected to these adjustments transactions.

My opinion is not qualified in respect of the above matters.

### **Other Matters**

The separate financial statements of SAAM Energy Development Company Limited for the year ended 31 December 2015, were audited by other auditor who, under her report dated 25 April 2016, expressed an unqualified opinion on those statements.

The consolidated financial statements as at 31 December 2015 and for the year then ended of SAAM Energy Development Company Limited and its subsidiaries for the first time, presented herein as comparative information, were prepared by management which were unaudited and unreviewed.

### **Responsibilities of Management 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.

### **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.



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- 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 the management 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.

The engagement partner on the audit resulting in this independent auditor's report is Miss Siriwan Suratepin.

Siriwan Suratepin

Certified Public Accountant (Thailand) No. 4604

EY Office Limited

Bangkok: 20 April 2017

**SAAM Energy Development Company Limited and its subsidiaries**  
**(formerly known as "Siam Advance Asset Management Company Limited")**

**Statement of financial position**

**As at 31 December 2016**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements			
	Note	31 December 2016	31 December 2015 (Unaudited and unreviewed)	31 December 2016	31 December 2015 (Restated)	1 January 2015
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	8	20,088,559	19,326,798	1,996,455	1,172,551	1,975,537
Trade and other receivables	9	14,895,035	18,330,248	1,319,509	1,091,558	1,012,080
Current portion of prepaid land rental expense	10	95,844	377,490	-	-	-
Short-term loans to related parties	7	5,500,000	5,500,000	3,850,000	600,000	-
Other current assets		1,141,629	24,317	390,662	-	-
<b>Total current assets</b>		<b>41,721,067</b>	<b>43,558,853</b>	<b>7,556,626</b>	<b>2,864,109</b>	<b>2,987,617</b>
<b>Non-current assets</b>						
Investments in subsidiaries	11	-	-	116,498,200	116,498,200	13,498,200
Property, plant and equipment	12	223,165,711	190,557,351	898,950	827,394	1,405,682
Intangible assets	13	34,730	-	34,730	-	-
Prepaid land rental expense - net of current portion	10	8,402,666	8,498,510	-	-	-
Deposit of purchase equipment		27,124,250	64,509,744	-	-	-
Deferred tax assets	22	565,535	1,274,472	156,652	145,131	134,182
Other non-current assets		10,671,558	11,328,036	1,295,000	1,080,500	1,080,500
<b>Total non-current assets</b>		<b>269,964,450</b>	<b>276,168,113</b>	<b>118,883,532</b>	<b>118,551,225</b>	<b>16,118,564</b>
<b>Total assets</b>		<b>311,685,517</b>	<b>319,726,966</b>	<b>126,440,158</b>	<b>121,415,334</b>	<b>19,106,181</b>

The accompanying notes are an integral part of these financial statements



**SAAM Energy Development Company Limited and its subsidiaries**  
**(formerly known as "Siam Advance Asset Management Company Limited")**

**Statement of financial position (continued)**

As at 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements			
	Note	31 December 2016	31 December 2015 (Unaudited and unreviewed)	31 December 2016	31 December 2015 (Restated)	1 January 2015
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Other payables	14	4,604,319	13,476,427	1,681,924	366,368	583,113
Short-term loans	15	7,225,044	20,866,644	-	8,141,400	10,446,200
Current portion of long-term loans from financial institutions	16	13,350,612	10,295,543	-	-	-
Current portion of liabilities under finance lease agreements	17	-	451,487	-	-	1,617,909
Income tax payable		869,748	92,250	-	87,693	64,834
Other current liabilities		1,405,894	617,517	797,748	37,121	9,726
<b>Total current liabilities</b>		<b>27,455,617</b>	<b>45,799,868</b>	<b>2,479,672</b>	<b>8,632,582</b>	<b>12,721,782</b>
<b>Non-current liabilities</b>						
Long-term loans from related parties	7	-	7,000,000	-	-	-
Long-term loans from financial institutions - net of current portion	16	135,338,195	142,523,482	-	-	-
Provision for long-term employee benefits	18	1,023,907	1,101,073	783,261	725,655	670,909
<b>Total non-current liabilities</b>		<b>136,362,102</b>	<b>150,624,555</b>	<b>783,261</b>	<b>725,655</b>	<b>670,909</b>
<b>Total liabilities</b>		<b>163,817,719</b>	<b>196,424,423</b>	<b>3,262,933</b>	<b>9,358,237</b>	<b>13,392,691</b>
<b>Shareholders' equity</b>						
Share capital	19					
Registered						
1,100,000 ordinary shares of Baht 100 each (1 January 2015: 50,000 ordinary shares of Baht 100 each)		110,000,000	110,000,000	110,000,000	110,000,000	5,000,000
Issued and fully paid up						
1,100,000 ordinary shares of Baht 100 each (1 January 2015: 50,000 ordinary shares of Baht 100 each)		110,000,000	110,000,000	110,000,000	110,000,000	5,000,000
Retained earnings						
Appropriated - statutory reserve	20	625,418	-	625,418	-	-
Unappropriated		37,238,642	13,298,130	12,551,807	2,057,097	713,490
Equity attributable to owners of the Company		37,864,060	13,298,130	13,177,225	2,057,097	713,490
Non-controlling interests of the subsidiaries		3,738	4,413	-	-	-
<b>Total shareholders' equity</b>		<b>147,867,798</b>	<b>123,302,543</b>	<b>123,177,225</b>	<b>112,057,097</b>	<b>5,713,490</b>
<b>Total liabilities and shareholders' equity</b>		<b>311,685,517</b>	<b>319,726,966</b>	<b>126,440,158</b>	<b>121,415,334</b>	<b>19,106,181</b>

The accompanying notes are an integral part of these financial statements



Directors



SAAM Energy Development Co., Ltd.

**SAAM Energy Development Company Limited and its subsidiaries**  
**(formerly known as "Siam Advance Asset Management Company Limited")**

**Statement of income**

**For the year ended 31 December 2016**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015 (Unaudited and unreviewed)	2016	2015 (Restated)
<b>Revenues</b>					
Sales	23	17,121,270	68,373	-	-
Service income		55,406,880	30,755,040	7,261,116	6,183,600
Dividend income from subsidiaries		-	-	17,197,610	-
Other income		1,262,937	235,648	64,348	134,404
<b>Total revenues</b>		<b>73,791,087</b>	<b>31,059,061</b>	<b>24,523,074</b>	<b>6,318,004</b>
<b>Expenses</b>					
Cost of sales	21	6,826,172	25,452	-	-
Service expenses		12,786,027	10,352,583	2,100,379	2,004,215
Selling and service expenses		2,464,805	2,483,780	221,000	221,000
Administrative expenses		10,623,125	12,145,206	4,513,435	2,214,261
<b>Total expenses</b>		<b>32,700,129</b>	<b>25,007,021</b>	<b>6,834,814</b>	<b>4,439,476</b>
<b>Profit before finance cost and income tax expenses</b>		<b>41,090,958</b>	<b>6,052,040</b>	<b>17,688,260</b>	<b>1,878,528</b>
Finance cost		(6,676,913)	(1,733,733)	(65,109)	(193,213)
<b>Profit before income tax expenses</b>		<b>34,414,045</b>	<b>4,318,307</b>	<b>17,623,151</b>	<b>1,685,315</b>
Income tax expenses	22	(3,572,182)	(217,332)	(89,148)	(341,708)
<b>Profit for the year</b>		<b>30,841,863</b>	<b>4,100,975</b>	<b>17,534,003</b>	<b>1,343,607</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		30,840,174	4,100,056	17,534,003	1,343,607
Non-controlling interests of the subsidiaries		1,689	919		
		<u>30,841,863</u>	<u>4,100,975</u>		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company	24	28.04	8.13	15.94	2.66
Weighted average number of ordinary shares (shares)		1,100,000	504,520	1,100,000	504,520

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



SAAM Energy Development Company Limited and its subsidiaries  
(formerly known as "Slam Advance Asset Management Company Limited")  
Statement of comprehensive income  
For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015 (Unaudited and unreviewed)	2016	2015 (Restated)
<b>Profit for the year</b>		<u>30,841,863</u>	<u>4,100,975</u>	<u>17,534,003</u>	<u>1,343,607</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain on defined benefit plan	18	407,226	-	232,656	-
Income tax effect		<u>(81,444)</u>	<u>-</u>	<u>(46,531)</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>		<u>325,782</u>	<u>-</u>	<u>186,125</u>	<u>-</u>
<b>Other comprehensive income for the year</b>		<u>325,782</u>	<u>-</u>	<u>186,125</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>31,167,645</u>	<u>4,100,975</u>	<u>17,720,128</u>	<u>1,343,607</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		31,165,930	4,100,056	<u>17,720,128</u>	<u>1,343,607</u>
Non-controlling interests of the subsidiaries		<u>1,715</u>	<u>919</u>		
		<u>31,167,645</u>	<u>4,100,975</u>		

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



SAAM Energy Development Company Limited and its subsidiaries  
(formerly known as "Siam Advance Asset Management Company Limited")  
Statement of changes in shareholders' equity  
For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements					
	Equity attributable to owners of the Company			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total
	Issued and paid up share capital	Retained earnings				
	Appropriated - statutory reserve	Unappropriated				
<b>(Unaudited and unreviewed)</b>						
<b>Balance as at 31 December 2014</b>	5,000,000	-	9,198,074	14,198,074	3,494	14,201,568
Profit for the year	-	-	4,100,056	4,100,056	919	4,100,975
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	4,100,056	4,100,056	919	4,100,975
Increase share capital (Note 19)	105,000,000	-	-	105,000,000	-	105,000,000
<b>Balance as at 31 December 2015</b>	<b>110,000,000</b>	<b>-</b>	<b>13,298,130</b>	<b>123,298,130</b>	<b>4,413</b>	<b>123,302,543</b>
<b>(Audited)</b>						
<b>Balance as at 31 December 2015</b>	110,000,000	-	13,298,130	123,298,130	4,413	123,302,543
Profit for the year	-	-	30,840,174	30,840,174	1,689	30,841,863
Other comprehensive income for the year	-	-	325,756	325,756	26	325,782
Total comprehensive income for the year	-	-	31,165,930	31,165,930	1,715	31,167,645
Transferred unappropriated retained earnings to statutory reserve (Note 20)	-	625,418	(625,418)	-	-	-
Dividend paid (Note 26)	-	-	(6,600,000)	(6,600,000)	-	(6,600,000)
Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiaries	-	-	-	-	(2,390)	(2,390)
<b>Balance as at 31 December 2016</b>	<b>110,000,000</b>	<b>625,418</b>	<b>37,238,642</b>	<b>147,864,060</b>	<b>3,738</b>	<b>147,867,798</b>

The accompanying notes are an integral part of these financial statements

**SAAM Energy Development Company Limited and its subsidiaries**  
**(formerly known as "Siam Advance Asset Management Company Limited")**

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

For the year ended 31 December 2016

(Unit: Baht)

	Separate financial statements			Total
	Issued and paid up share capital	Retained earnings		
		Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 31 December 2014 -</b>				
<b>as previously reported</b>	5,000,000	-	238,857	5,238,857
Effects of changes in accounting policys and adjustments of 2014 (Note 4)	-	-	474,633	474,633
<b>Balance as at 31 December 2014 - as restated</b>	5,000,000	-	713,490	5,713,490
Profit for the year (restated)	-	-	1,343,607	1,343,607
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,343,607	1,343,607
Increase share capital (Note 19)	105,000,000	-	-	105,000,000
<b>Balance as at 31 December 2015 - as restated</b>	<u>110,000,000</u>	<u>-</u>	<u>2,057,097</u>	<u>112,057,097</u>
<b>Balance as at 31 December 2015 -</b>				
<b>as previously reported</b>	110,000,000	-	1,546,063	111,546,063
Effects of changes in accounting policys and adjustments of 2015 (Note 4)	-	-	511,034	511,034
<b>Balance as at 31 December 2015 - as restated</b>	110,000,000	-	2,057,097	112,057,097
Profit for the year	-	-	17,534,003	17,534,003
Other comprehensive income for the year	-	-	186,125	186,125
Total comprehensive income for the year	-	-	17,720,128	17,720,128
Transferred unappropriated retained earnings to statutory reserve (Note 20)	-	625,418	(625,418)	-
Dividend paid (Note 26)	-	-	(6,600,000)	(6,600,000)
<b>Balance as at 31 December 2016</b>	<u>110,000,000</u>	<u>625,418</u>	<u>12,551,807</u>	<u>123,177,225</u>

The accompanying notes are an integral part of these financial statements

**SAAM Energy Development Company Limited and its subsidiaries**  
**(formerly known as "Siam Advance Asset Management Company Limited")**

**Cash flows statement**

**For the year ended 31 December 2016**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		(Unaudited and unreviewed)		(Unaudited and unreviewed)
<b>Cash flows from operating activities</b>				
Profit before tax	34,414,045	4,318,307	17,623,151	1,685,315
Adjustments to reconcile net profit before tax to net cash provided by (paid from) operating activities:				
Unrealised gain on exchange rate	(980,580)	-	-	-
Gain on disposal of equipment	-	(130,839)	-	(130,839)
Depreciation and amortisation	7,010,170	1,770,755	60,484	578,287
Transfer assets to expenses	129,050	-	-	-
Amortisation of deferred interest under finance lease agreements	15,633	79,045	-	32,420
Amortisation of prepaid land rental expense	377,490	50,000	-	-
Provision for long-term employee benefits	330,060	153,528	290,262	54,746
Dividend income	-	-	(17,197,610)	-
Interest income	(166,466)	(75,465)	(62,841)	(3,549)
Interest expenses	6,612,266	1,604,376	61,142	187,115
Profit from operating activities before changes in operating assets and liabilities	47,741,668	7,769,707	774,588	2,403,495
Operating assets (increase) decrease				
Trade and other receivables	3,545,248	(13,186,034)	(169,725)	(79,478)
Other current assets	(55,766)	63,683	(74,026)	-
Other non-current assets	656,478	(796,268)	(214,500)	-
Operating liabilities increase (decrease)				
Other payables	(8,834,615)	9,806,208	1,315,556	(216,745)
Other current liabilities	788,377	496,594	760,627	27,395
Cash flows from operating activities	43,841,390	4,153,890	2,392,520	2,134,667
Cash received from interest income	56,431	45,465	4,615	3,549
Cash paid for interest expenses	(6,739,177)	(1,192,406)	(61,142)	(187,115)
Cash received from refund value added tax	-	377,786	-	-
Cash paid for income tax	(3,228,737)	(1,828,006)	(551,529)	(329,798)
<b>Net cash from operating activities</b>	<b>33,929,907</b>	<b>1,556,729</b>	<b>1,784,464</b>	<b>1,621,303</b>

The accompanying notes are an integral part of these financial statements

**SAAM Energy Development Company Limited and its subsidiaries**  
**(formerly known as "Siam Advance Asset Management Company Limited")**

**Cash flows statement (continued)**

**For the year ended 31 December 2016**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
		(Unaudited and unreviewed)		(Unaudited and unreviewed)
<b>Cash flows from investing activities</b>				
Cash paid for acquisition of equipment and intangible assets	(1,326,818)	(185,676,702)	(166,770)	-
Proceeds from disposal of equipment	-	130,840	-	130,840
Cash paid for prepaid land rental expense	-	(8,926,000)	-	-
Cash paid for deposit of equipment	-	(64,509,744)	-	-
Cash received from settlement of short-term loan to related parties	-	-	900,000	-
Cash paid to provide loans to related parties	-	(5,500,000)	(4,150,000)	(600,000)
Cash paid for investments in subsidiaries	-	-	-	(103,000,000)
Dividend received from subsidiaries	-	-	17,197,610	-
<b>Net cash from (used in) investing activities</b>	<b>(1,326,818)</b>	<b>(264,481,606)</b>	<b>13,780,840</b>	<b>(103,469,160)</b>
<b>Cash flows from financing activities</b>				
Cash paid to settle short-term loans	(1,141,400)	(304,800)	-	-
Cash received from short-term loans from related parties	1,850,000	12,725,244	-	-
Cash paid to settle short-term loans from related parties	(14,350,200)	(2,000,000)	(8,141,400)	(2,304,800)
Cash received from long-term loans from financial institutions	6,165,324	152,819,025	-	-
Cash paid to settle long-term loans from financial institutions	(10,295,542)	(660,000)	-	-
Cash paid for long-term loan from related parties	(7,000,000)	-	-	-
Payment of liabilities under finance lease agreements	(467,120)	(2,210,873)	-	(1,650,329)
Cash received from increase in share capital	-	105,000,000	-	105,000,000
Dividend paid	(6,600,000)	-	(6,600,000)	-
Decrease in non-controlling interests of the subsidiaries from dividend payment	(2,390)	-	-	-
<b>Net cash from (used in) financing activities</b>	<b>(31,841,328)</b>	<b>265,368,596</b>	<b>(14,741,400)</b>	<b>101,044,871</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>761,761</b>	<b>2,443,719</b>	<b>823,904</b>	<b>(802,986)</b>
Cash and cash equivalents at beginning of year	19,326,798	16,883,079	1,172,551	1,975,537
<b>Cash and cash equivalents at end of year</b>	<b>20,088,559</b>	<b>19,326,798</b>	<b>1,996,455</b>	<b>1,172,551</b>
<b>Supplement disclosures of cash flows information</b>				
Non-cash items				
Assets increased from borrowing cost	-	605,593	-	-
Decrease in deposit of equipment from receiving equipment	38,455,492	-	-	-

The accompanying notes are an integral part of these financial statements

**SAAM Energy Development Company Limited and its subsidiaries  
(formerly known as “Siam Advanced Asset Management Company Limited”)**

**Notes to financial statements**

**For the year ended 31 December 2016**

**1. General information**

SAAM Energy Development Company Limited (“the Company”) is a limited company incorporated and domiciled in Thailand. The Company is principally engaged in identifying locations for the construction of solar power plants. Its registered office address is at 17 Soi Ramkhamhaeng 22, Ramkhamhaeng Road, Huamark, Bangkok, Bangkok.

On 1 December 2016, the Extraordinary Meeting of the Shareholders of the Company passed the resolution to change the Company’s name from “Siam Advanced Asset Management Company Limited” to “SAAM Energy Development Company Limited”. The Company registered the change of its name with the Ministry of Commerce on 6 December 2016.

**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 28 September 2011, 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 Change in basis of preparation

During the current year, the Company changed the basis of preparation of the financial statements from the Thai Financial Reporting Standard applicable to non-publicly accountable entities as used in the 2015 fiscal year to Thai Financial Reporting Standards, in order that the financial statements would provide more useful information and better reflect their financial position, operating results and cash flows, and pursuant to the plan to list in the Stock Exchange of Thailand. The change had no effect to the financial statements, except for the following accounting standards.

### **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

### **TAS 19 Employee Benefits**

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period retrospectively as though the Company and its subsidiaries initially recorded these employee benefit expenses. The change has the effect of decreasing the profit of the Company and its subsidiaries for the year 2016 and 2015 by Baht 0.3 million and Baht 0.2 million, respectively (Separate financial statements: decreasing profit by Baht 0.3 million, 2015: Baht 0.1 million). The cumulative effect of the changes in the accounting policy has been presented in Note 4 to the financial statements.

## 2.3 Basis of consolidation

- a) The consolidated financial statements include the financial statements of SAAM Energy Development Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016 Percent	2015 Percent
SAAM One Co., Ltd.	To identify locations for solar power plant construction	Thai	99.99	99.99
SAAM Two Co., Ltd.	To identify locations for solar power plant construction	Thai	99.98	99.98
SAAM Three Co., Ltd.	To identify locations for solar power plant construction	Thai	99.99	99.99
SAAM Lopburi One Co., Ltd.	To identify locations for solar power plant construction	Thai	99.97	99.97
SAAM Solar Power One Co., Ltd.	To produce and distribute of electricity generated from solar energy	Thai	99.99	99.99
SAAM Solar Power Two Co., Ltd.	To produce and distribute of electricity generated from solar energy	Thai	99.99	99.99

- b) 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.
- c) 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.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- 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.

- 2.4 The separate financial statements present investments in subsidiaries under the cost method.



### **3. New financial reporting standards**

#### **a. Financial reporting standards that became effective in the current year**

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

#### **b. Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

#### **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

At present, the management of the Company is evaluating the impact of this standard to the financial statements in the year when it is adopted.

#### 4. Effects of changes in accounting policies and prior year adjustments of financial statements

##### 4.1 Cumulative effect of changes in accounting policies due to change in basis of preparation of the financial statements

During the current year, the Company changed the basis of preparation of the financial statements from the Thai Financial Reporting Standard applicable to non-publicly accountable entities for used in the 2015 fiscal year to Thai Financial Reporting Standards. As a result, the Group has to adopt TAS 12 Income Taxes and TAS 19 Employee Benefits, as described in Note 2.2 to the financial statements.

The Group had restated the statements of financial position as at 31 December 2015 and 1 January 2015 and the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year ended 31 December 2015, presented herein as comparative information, in order to reflect the effect of the change in basis of preparation. In addition, the Group applied this basis in the preparation of the consolidated statements of financial position as at 31 December 2015 and 1 January 2015, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year ended 31 December 2015 for the first time, presented herein as comparative information. The cumulative effect of the change in basis of preparation has been separately presented in the statement of changes in shareholders' equity.

##### 4.2 Cumulative impact of prior year adjustments

4.2.1 As at 31 December 2015, the Company did not record the prepaid land rental expenses of Baht 71,318 resulting in overstatement of cost of service for the year ended 31 December 2015 by Baht 71,318.

4.2.2 The Company did not record service income on an accrual basis in the financial statements for the years 2015 and 2014, resulting in understatement of service income and accrual income by Baht 1,020,240 and Baht 1,011,360, respectively.

The amounts of adjustments affecting the financial statements are summarised below.

(Unit: Thousand Baht)

	Separate financial statements		
	As at 31 December 2016	As at 31 December 2015	As at 1 December 2015
<b>Statement of financial position</b>			
Increase in other receivable	-	1,092	1,011
Increase in deferred tax assets	157	145	134
Increase in provision for long-term employee benefits	(783)	(726)	(671)
(Increase) decrease in unappropriated retained earnings	626	(511)	(475)

(Unit: Thousand Baht)

	Separate financial statements	
	For the year ended 31 December	
	2016	2015
<b>Statements of comprehensive income</b>		
<b>Profit or loss:</b>		
Increase in service income	-	9
Decrease in land rental expense	-	71
Increase in employee benefit expenses	(57)	(55)
Decrease in income tax expense	58	11
Increase in basic earnings per share (Baht)	-	0.01
<b>Other comprehensive income:</b>		
Increase in actuarial gain - net of income tax	186	-

In addition, certain amounts in the separate financial statements for the year ended 31 December 2015 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity.

## 5. Significant accounting policies

### 5.1 Revenue recognition

#### *Sales*

Sales of electricity is recognised based on the amount of electricity produced and the agreed tariff (Feed-in Tariff).

#### *Rendering of services*

The Company and its subsidiaries recognise revenue from identifying power plant locations and maintenance of power plant equipment based on the rates and periods as stipulated in the agreements.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

#### *Dividends*

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

## **5.2 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.

## **5.3 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.

## **5.4 Investments**

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

## **5.5 Property, plant and equipment/Depreciation**

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

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amount, on the straight-line basis over the following estimated useful lives:

Power plant	20	years
Building and building improvement	20	years
Tool and equipment	5	years
Furniture and office equipment	5	years
Motor vehicle	5	years

Depreciation is included in determining income. No depreciation is provided on land and assets under construction.

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.

## 5.6 Borrowing costs

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

## 5.7 Intangible assets

Intangible assets acquired is stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any).

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

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

	<u>Useful lives</u>
Computer software	10 years

## 5.8 Related party transactions

Related parties comprise individuals or enterprises 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.

## 5.9 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant and 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.

#### **5.10 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company and its subsidiaries' 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.

#### **5.11 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 on annual basis. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. An impairment loss is recognised in profit or loss.

## **5.12 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 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 treats these severance payment obligations as a defined benefit plan.

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

## **5.13 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.

## **5.14 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.

### **5.15 Derivatives**

The Company and its subsidiary company have no policy to speculate in or engage in the trading of any financial derivative instruments, other than for managing the interest rate risks. The subsidiary company has entered into interest swap agreements to mitigate such exposure.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently recognised at fair value, which is determined by reliable financial institutions. Gains on losses arising from changes in the fair value of the contracts are recognised in the income statement.

### **5.16 Fair value measurement**

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



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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

## **6. 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:

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### **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.

### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position 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 recognised in the statement of financial position and disclosures of fair value hierarchy.

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### **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.

## **7. Related party transactions**

During the years, the Company and its subsidiaries had significant business transactions with related parties, principally in respect of the provision of services and loans. The pricing policies for these related party transactions are summarised as follows:

1. Management fees are charged at the amount stated in the agreement.
2. Interest on loans are charged at 1.5 - 2 percent per annum.
3. Dividend income is recognised when declared and the right to receive the dividends is established.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Transactions with subsidiary companies</u>				
(eliminated from the consolidated financial statements)				
Management income	-	-	1,227	-
Interest income	-	-	51	-
Dividend income (Note 11)	-	-	17,198	-
<u>Transactions with related companies</u>				
Interest income	105	30	7	-
Interest expenses	347	336	61	126

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Advance to related parties (Note 9)</u>				
Director	-	28	-	-
Total advance to related parties	-	28	-	-
<u>Accrued interest income - related parties (Note 9)</u>				
Subsidiaries	-	-	51	-
Director	140	30	7	-
Total accrued interest income - related parties	140	30	58	-
<u>Accrued interest expense - related parties (Note 14)</u>				
Director	140	455	-	-
Total accrued interest expense - related parties	140	455	-	-
<u>Advance from related parties (Note 14)</u>				
Director	-	1,981	-	-
Total advance to related parties	-	1,981	-	-

Loans to related parties and loans from related parties

As at 31 December 2016 and 2015, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements			
Short-term loans to		Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
Director		5,500	-	-	5,500
Total		5,500	-	-	5,500

(Unit: Thousand Baht)

		Separate financial statements			
Short-term loans to	Related by	Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
SAAM Solar Power One Co., Ltd.	Subsidiary	-	3,850	-	3,850
SAAM Three Co., Ltd.	Subsidiary	600	300	(900)	-
Total		600	4,150	(900)	3,850

(Unit: Thousand Baht)

		Consolidated financial statements			
Short-term loans from		Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
Directors		19,725	1,850	(14,350)	7,225
Total		19,725	1,850	(14,350)	7,225

(Unit: Thousand Baht)

		Separate financial statements			
Short-term loans from		Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
Director		7,000	-	(7,000)	-
Total		7,000	-	(7,000)	-

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
Long-term loans from				
Director	7,000	-	(7,000)	-
Total	7,000	-	(7,000)	-

### Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	1,490	2,670	900	600
Post-employment benefits	731	726	731	726
Total	2,221	3,396	1,631	1,326

### Service and management agreements

In September 2016, the Company entered into the service management agreements with four subsidiary companies (SAAM One Co., Ltd., SAAM Two Co., Ltd., SAAM Three Co., Ltd. and SAAM Lopburi One Co., Ltd.) that are effective from October 2016 until cancelled by each party. Under the agreements, the subsidiary companies have to pay monthly service fee at the rates as stipulated in the agreement.

## 8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Bank deposits	20,089	19,327	1,996	1,173
Total	20,089	19,327	1,996	1,173

As at 31 December 2016, bank deposits in saving accounts carried interests at 0.375 percent per annum (2015: 0.375 percent per annum).

## 9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
				(Restated)
<b>Trade accounts receivables - unrelated parties</b>				
Not yet due	6,224	73	1,045	-
Total trade accounts receivable - unrelated parties	6,224	73	1,045	-
Total trade accounts receivable	6,224	73	1,045	-
<b>Other receivables</b>				
Advance to directors (Note 7)	-	28	-	-
Advance to unrelated party	-	50	-	-
Accrued interest income - related parties (Note 7)	140	30	58	-
Accrued income - unrelated parties	1,418	5,183	43	1,020
Prepaid expenses	581	456	172	72
Value added tax refundable	6,531	6,467	-	-
Custom receivable	-	6,043	-	-
Other receivables - unrelated parties	1	-	1	-
Total other receivables	8,671	18,257	274	1,092
Total trade and other receivables	14,895	18,330	1,319	1,092

## 10. Prepaid land rental expense

During the year 2015, SAAM Three Co., Ltd., a subsidiary company, entered into ninety-year land lease agreement with an individual. The subsidiary company prepaid the land rental cost of Baht 8.6 million in full and amortising the land rental as expense on a straight-line basis over term of the agreement, at a rate of Baht 0.1 million per annum. As at 31 December 2016, the subsidiary has remaining of prepaid land rental expenses of Baht 8.5 million (2015: Baht 8.6 million).

## 11. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the years	
	2016	2015	2016	2015	2016	2015	2016	2015
			(%)	(%)				
SAAM One Co., Ltd	4,000	4,000	100	100	4,000	4,000	6,000	-
SAAM Two Co., Ltd	1,500	1,500	100	100	1,500	1,500	5,499	-
SAAM Three Co., Ltd	30,000	30,000	100	100	30,000	30,000	3,000	-
SAAM Lopburi One Co., Ltd	1,000	1,000	100	100	1,000	1,000	2,699	-
SAAM Solar Power One Co., Ltd	40,000	40,000	100	100	39,999	39,999	-	-
SAAM Solar Power Two Co., Ltd	40,000	40,000	100	100	39,999	39,999	-	-
Total					116,498	116,498	17,198	-

### 11.1 Changes in share capital of subsidiary companies

- a) On 2 June 2015, the Extraordinary Meeting of the shareholders of SAAM Three Co., Ltd., a subsidiary company, passed a special resolution to increase its registered share capital from Baht 5 million (50,000 ordinary shares of Baht 100 each) to Baht 30 million (300,000 ordinary shares of Baht 100 each) by issuing 250,000 ordinary shares with a par value of Baht 100 each. The subsidiary company registered the increase of share capital with the Ministry of Commerce on 20 July 2015.
- b) On 27 July 2015, the Extraordinary Meeting of the shareholders of SAAM Solar Power One Co., Ltd., a subsidiary company, passed a special resolution to increase its registered share capital from Baht 1 million (10,000 ordinary shares of Baht 100 each) to Baht 40 million (400,000 ordinary shares of Baht 100 each) by issuing 390,000 ordinary shares with a par value of Baht 100 each. The subsidiary company registered the increase of share capital with the Ministry of Commerce on 4 August 2015.
- c) On 27 July 2015, the Extraordinary Meeting of the shareholders of SAAM Solar Power Two Co., Ltd., a subsidiary company, passed a special resolution to increase its registered share capital from Baht 1 million (10,000 ordinary shares of Baht 100 each) to Baht 40 million (400,000 ordinary shares of Baht 100 each) by issuing 390,000 ordinary shares with a par value of Baht 100 each. The subsidiary company registered the increase of share capital with the Ministry of Commerce on 4 August 2015.

## 11.2 Purchase of investment

On 15 December 2016, the Extraordinary Meeting of the shareholders of the Company passed a special resolution approving the purchase of newly issued 99,998 ordinary shares with a par value of HKD 1 each of Solar Investment International Limited in Hongkong, representing a 100% interest in that company, in order to support the expansion that is to occur in Japan and for future tax benefits.

Subsequently, on 4 January 2017, this company registered the increase of its share capital from HKD 1 to HKD 100,000.

## 11.3 Changes in name of company

On 15 December 2016, the Extraordinary Meeting of the shareholders of the Company passed the resolution to Solar Investment International Limited to change the company's name from "Solar Investment International Limited" to "SAAM International Limited". Subsequently, that company registered the change of its name with the Company Registry in Hongkong on 10 January 2017.

## 12. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land	Power plant	Buildings and building improvement	Tool and equipment	Furniture and office equipment	Motor vehicles	Assets under construction	Total
<b>Cost:</b>								
31 December 2014	-	-	4,931	16	86	9,035	-	14,068
Additions	93,225	88,399	130	-	40	-	4,488	186,282
Disposals	-	-	-	-	-	(400)	-	(400)
31 December 2015	93,225	88,399	5,061	16	126	8,635	4,488	199,950
Additions	-	39,503	-	30	98	-	116	39,747
31 December 2016	93,225	127,902	5,061	46	224	8,635	4,604	239,697
<b>Accumulated depreciation:</b>								
31 December 2014	-	-	957	2	19	7,045	-	8,023
Depreciation for the year	-	24	362	3	22	1,359	-	1,770
Accumulated depreciation on disposals	-	-	-	-	-	(400)	-	(400)
31 December 2015	-	24	1,319	5	41	8,004	-	9,393
Depreciation for the year	-	5,974	375	4	25	631	-	7,009
Transfer in	-	-	129	-	-	-	-	129
31 December 2016	-	5,998	1,823	9	66	8,635	-	16,531
<b>Net book value:</b>								
31 December 2015	93,225	88,375	3,742	11	85	631	4,488	190,557
31 December 2016	93,225	121,904	3,238	37	158	-	4,604	223,166
<b>Depreciation for the year</b>								
2015 (Baht 0.6 million included in cost of service, and the balance in administrative expenses)								1,770
2016 (Baht 6.3 million included in cost of service, and the balance in administrative expenses)								7,009



(Unit: Thousand Baht)

## Separate financial statements

	Buildings and building improvement	Furniture and office equipment	Motor vehicles	Assets under construction	Total
<b>Cost:</b>					
31 December 2014	1,175	-	4,835	-	6,010
Disposals	-	-	(400)	-	(400)
31 December 2015	1,175	-	4,435	-	5,610
Additions	-	90	-	42	132
31 December 2016	1,175	90	4,435	42	5,742
<b>Accumulated depreciation:</b>					
31 December 2014	289	-	4,316	-	4,605
Depreciation for the year	59	-	519	-	578
Accumulated depreciation on disposals	-	-	(400)	-	(400)
31 December 2015	348	-	4,435	-	4,783
Depreciation for the year	58	2	-	-	60
31 December 2016	406	2	4,435	-	4,843
<b>Net book value:</b>					
31 December 2015	827	-	-	-	827
31 December 2016	769	88	-	42	899
<b>Depreciation for the year</b>					
2015 (Baht 59 thousand included in cost of service, and the balance in administrative expenses)					578
2016 (Baht 58 thousand included in cost of service, and the balance in administrative expenses)					60

- 12.1 As at 31 December 2015, the subsidiary had vehicle with net book value of Baht 0.5 million (2016: Nil) which was acquired under finance lease agreements.
- 12.2 As at 31 December 2016, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 8.6 million (2015: Baht 4.4 million) (The Company only: Baht 4.4 million, 2015: Baht 4.4 million).
- 12.3 The subsidiaries have pledged their land and construction amounting to approximately Baht 215.1 million (2015: Baht 181.6 million) as collateral against credit facilities received from financial institutions as described in Note 16 to the financial statements.

### 13. Intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements/ Separate financial statements	
	Computer software	
	2016	2015
Cost	35	-
Less: Accumulated amortisation	-	-
Net book value	35	-

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements/ Separate financial statements	
	2016	2015
Net book value at beginning of year	-	-
Acquisition of computer software	35	-
Net book value at end of year	35	-

#### 14. Other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
				(Restated)
Accrued expenses	2,617	1,654	1,140	314
Other payables	710	8,435	520	-
Accrued interest expense to related parties (Note 7)	140	455	-	-
Accrued interest expense	961	773	-	-
Value added tax payable	176	178	22	52
Advance from directors (Note 7)	-	1,981	-	-
Total other payables	4,604	13,476	1,682	366

#### 15. Short-term loans

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term loans from individuals	-	1,141	-	1,141
Short-term loans from directors (Note 7)	7,225	19,725	-	7,000
Total short-term loans	7,225	20,866	-	8,141

As at 31 December 2016 the subsidiaries have short-term loans from directors which carries interest at a rate of 1.5 - 3 percent per annum (2015: the Company and its subsidiaries have short-term loans from directors which carries interest at a rate of 1.5 - 3 percent per annum).

Short-term loans as at 31 December 2015 from individual carries interest at a rate of 1.5 percent per annum (2016: Nil).

## 16. Long-term loans from financial institution / current portion of long-term loans

The detail of long-term loans from financial institution as at 31 December 2016 and 2015 are summarised below:

No.	Lender	Credit facilities (Million Baht)	Significant terms and conditions of loan agreements		Interest rate (percent per annum)	Consolidated financial statements	
			Repayment term	Collateral		2016	2015
<u>Subsidiaries</u>							
<b>SAAM Three Co., Ltd.</b>							
1.	Bank	70	76 monthly installments with the first installment due on 7 April 2016.	Land of the company	MLR - 1.5	55,888	63,784
<b>SAAMI Solar Power One Co., Ltd.</b>							
2.	Bank	95.2	51 quarterly installments with the first installment due on 7 April 2016.	Mortgage of the company's ordinary shares, land and construction thereon	BIBOR 3 month + 2	92,801	89,035
Total loans from financial institution						148,689	152,819
Less : current portion						(13,351)	(10,296)
Long term loans - net of current portion						135,338	142,523

Movement in the long-term loans account during the years ended 31 December 2016 and 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2016</u>	<u>2015</u>
<b>Balance at beginning of year</b>	152,819	660
Plus: Addition during the year	6,165	152,819
Less: Repayment	(10,295)	(660)
<b>Balance at end of year</b>	<u>148,689</u>	<u>152,819</u>

The loan agreements contain several covenants which, among other things, require the two subsidiaries to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

During the year 2016, SAAM Solar Power One Co., Ltd., a subsidiary company, entered into an interest rate swap contract with a local commercial bank to swap the interest rate on half of the balance of a long-term loan from that bank from a rate of BIBOR 3 month per annum, to fixed interest rate of 2.41 percent per annum. The contract is effective from 7 July 2017 until 7 July 2021.

#### 17. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2016</u>	<u>2015</u>
Liabilities under finance lease agreements	-	467
Less: Deferred interest expenses	-	(16)
Total	-	451
Less: Portion due within one year	-	451
Liabilities under finance lease agreements - net of current portion	<u>-</u>	<u>-</u>

The subsidiary company had entered into the finance lease agreements with a leasing company for rental of motor vehicles for use in its operations, whereby it was committed to pay rental on a monthly basis. The terms of the agreements were generally 5 years. During the year 2016, the subsidiary company fully paid the liabilities under finance lease agreements.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Thousand Baht)		
	Consolidated		
	financial statements		
	As at 31 December 2015		
	Less than	1 - 5	
	1 year	years	Total
Future minimum lease payments	467	-	467
Deferred interest expenses	(16)	-	(16)
Present value of future minimum lease payments	451	-	451

#### 18. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
				(Restated)
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	1,101	948	726	671
Included in profit or loss:				
Current service cost	292	136	261	50
Interest cost	38	17	29	5
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(184)	-	(235)	-
Financial assumptions changes	(63)	-	(57)	-
Experience adjustments	(160)	-	59	-
<b>Provision for long-term employee benefits</b>				
<b>at end of year</b>	<u>1,024</u>	<u>1,101</u>	<u>783</u>	<u>726</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
				(Restated)
Administrative expenses	330	153	290	55
Total expenses recognised in profit or loss	<u>330</u>	<u>153</u>	<u>290</u>	<u>55</u>

The Company and its subsidiaries do not expect to pay long-term employee benefits during the next year.

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 6.6 - 15.8 years (Separate financial statements: 7.5 years).

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, retrospectively as though the Company and its subsidiaries initially recorded these employee benefit expenses

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	Consolidated	Separate
	financial statements	financial statements
Discount rate	2.46 - 2.88	2.67
Salary increase rate	3.50	3.50
Turnover rate	0 - 20	0 - 20

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase (decrease) in liabilities		Increase (decrease) in liabilities	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(59.9)	64.7	(49.5)	53.3
Salary increase rate	58.9	(55.3)	48.8	(46.0)
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Turnover rate	(30.0)	30.7	(21.4)	21.7

## 19. Share capital

On 20 July 2015, the Extraordinary Meeting of the shareholders of the Company, passed a special resolution to increase its registered share capital from Baht 5 million (50,000 ordinary shares of Baht 100 each) to Baht 110 million (1,100,000 ordinary shares of Baht 100 each) by issuing 1,050,000 ordinary shares with a par value of Baht 100 each. The Company registered the increase of share capital with the Ministry of Commerce on 27 July 2015.

## 20. Statutory reserve

According to the Thai Civil and Commercial Code, the Company is required to set aside to a statutory reserve an amount equal to at least five percent of its net profit each time the Company pays out a dividend, until such reserve reaches ten percent of its registered share capital. The statutory reserve cannot be used for dividend payment. During the year 2016, the Company set the statutory reserve by Baht 0.6 million (2015: Nil).

## 21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Salaries and wages and other employee benefits	6,050	6,647	1,759	1,662
Depreciation	7,009	1,770	60	578
Land rental expenses	3,110	2,324	810	739
Security expenses	4,759	3,664	472	476
Commission expenses	2,465	2,824	221	221
Profession service expenses	3,765	463	2,260	50

In addition, the Company and its subsidiaries have expenses that are other expenses by nature, but which are not included in the above; such as insurance premiums and other expenses.

## 22. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
				(Restated)
<b>Current income tax:</b>				
Current income tax charge	2,945	1,254	147	364
Adjustment in respect of income tax of previous year	-	(11)	-	(11)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	627	(1,026)	(58)	(11)
<b>Income tax expense reported in the statement of comprehensive income</b>	<u>3,572</u>	<u>217</u>	<u>89</u>	<u>342</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
				(Restated)
Deferred tax relating to actuarial gain on defined benefit plan	81	-	46	-
	<u>81</u>	<u>-</u>	<u>46</u>	<u>-</u>



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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u> (Restated)
Accounting profit before tax	34,414	4,318	17,623	1,685
Applicable tax rate	0% - 20%	0% - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	4,917	1,054	3,525	337
Adjustment in respect of income tax of previous year	-	(11)	-	(11)
Effects of changes in the tax rates	Effects of:			
Promotional privileges (Note 23)	(1,123)	-	-	-
Additional recognition of deferred tax assets from tax losses	-	(995)	-	-
Exemption from corporate income tax	-	(90)	-	-
Non-deductible expenses	(207)	294	19	22
Additional expense deductions allowed	(6)	(1)	(6)	(1)
Income not subject to tax	-	-	(3,440)	-
Others	(9)	(34)	(9)	(5)
Total	(1,345)	(826)	(3,436)	16
Income tax expense reported in the statement of comprehensive income	3,572	217	89	342

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Deferred tax assets</b>				
Provision for long-term employee benefits	205	220	157	145
Unused tax loss	361	1,054	-	-
Total deferred tax assets	566	1,274	157	145

The unused tax losses amounting to Baht 1.8 million will expired by 2021.

### 23. Promotional privileges

Subsidiaries have been granted promotional privileges under the Investment Promotion Act B.E. 2520 by the Board of Investment under certain significant conditions. Significant privileges of the subsidiary companies are as follows:

Details	SAAM Solar Power One Co., Ltd.	SAAM Solar Power Two Co., Ltd.
1. Certificate No.	59-0032-0-00-2-0	59-0033-0-00-2-0
2. Promotional privileges for	Produce of electricity generated from solar energy	Produce of electricity generated from solar energy
3. The significant privileges are:		
3.1 Exemption from corporate income tax on net income from promoted operations for a period of 8 years commencing as from the date of first earning operating income. Furthermore, 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.	Commencing until 29 December 2023	Has not yet exercised
3.2 Exemption from income tax on dividends paid from the income of the promoted operations for which corporate income tax is exempted, throughout the corporate income tax exemption.	Granted	Granted
3.3 Exemption from import duty on imported machinery for use in production as approved by the Board.	Ended on 6 July 2018	Ended on 6 July 2018
4. Date of first earning operating income	30 December 2015	Has not yet exercised

The subsidiaries are required to comply with certain significant conditions under BOI certificates.

The subsidiary companies' operating revenues for the years are producing of electricity generated from solar energy which could be divided between BOI promoted activities and Non-BOI promoted activities.

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
BOI promoted	17,121	68
Non-BOI promoted	-	-
Total sale	<u>17,121</u>	<u>68</u>

#### **24. 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.

#### **25. Segment information**

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

For management purposes, the Company and its subsidiaries are organised into business units based on its services and have two reportable segments as follows:

1. Development service

Development of renewable energy projects for customer

2. Distribute of electricity

Development and management for own solar energy project

No operating segments have been aggregated to form 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 on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the Company and its subsidiaries financing activities (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

## 25.1 The results of operations separated by business segment

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2016 and 2015, respectively.

	Development service		Distribute of electricity		Adjustments and eliminations		(Unit: Thousand Baht) Consolidated financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	Revenue from sales and services	56,634	30,755	17,121	68	(1,227)	-	72,528
Cost of sales and services	(12,786)	(10,353)	(6,826)	(25)	-	-	(19,612)	(10,378)
Gross profit	<u>43,848</u>	<u>20,402</u>	<u>10,295</u>	<u>43</u>	<u>(1,227)</u>	<u>-</u>	<u>52,916</u>	<u>20,445</u>
Other income								
Selling and servicing expenses							1,263	236
Administrative expenses							(2,465)	(2,484)
Other expenses							(10,623)	(12,145)
Finance cost							(6,677)	(1,734)
Income tax expenses							(3,572)	(217)
Non-controlling interests of the subsidiaries							(2)	(1)
Profit for the year							<u>30,840</u>	<u>4,100</u>

## 25.2 Assets separate by business segment are as follows:

	Development service		Distribute of electricity		Adjustments and eliminations		(Unit: Thousand Baht) Consolidated financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<b>Assets</b>							
Trade accounts receivables	5,416	-	808	73	-	-	6,224	73
Accrued revenue	179	5,183	1,430	30	(51)	-	1,558	5,213
Property, plant and equipment	85,954	86,964	137,212	103,593	-	-	223,166	190,557
Deposit fee of purchase equipment	-	-	27,124	64,510	-	-	27,124	64,510
Others	149,848	153,491	24,113	22,981	(120,347)	(117,098)	53,614	59,374
Total assets	<u>241,397</u>	<u>245,638</u>	<u>190,687</u>	<u>191,187</u>	<u>(120,398)</u>	<u>(117,098)</u>	<u>311,686</u>	<u>319,727</u>
Total liabilities	<u>62,260</u>	<u>84,973</u>	<u>105,458</u>	<u>112,051</u>	<u>(3,900)</u>	<u>(600)</u>	<u>163,818</u>	<u>196,424</u>
Additions (decrease) to non-current assets other than financial instrument and deferred tax assets	(528)	192,401	(4,966)	168,915	-	(103,000)	(5,494)	258,316

### Geographic information

The Company and its subsidiaries operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

### Major customers

For the year 2016, the Company and its subsidiaries have revenue from two major customers in amount of Baht 56.6 million arising from development service segment and Baht 17.1 million, arising from distribute of electricity segment, (2015: Baht 30.8 million derived from a major customer, arising from development service segment).

## 26. Dividends

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>	<u>Paid on</u>
		(Million Baht)	(Baht)	
<b><u>2016</u></b>				
Interim dividend paid on earnings as at 30 September 2016	Board of Director Meeting on 8 November 2016	6.6	6.0	28 December 2016
<b>Total dividends paid for 2016</b>		<u>6.6</u>	<u>6.0</u>	

For the year 2015, the Company did not announced dividends payment.

## 27. Commitments and contingent liabilities

The Company and its subsidiaries have entered into several lease agreements in respect of land, office building space and facilities. The terms of the agreements are generally between 1 and 25 years.

As at 31 December 2016 and 2015, future minimum lease payments required under these operating leases contracts were as follows.

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Payable:				
In up to 1 year	4.3	3.1	1.6	0.7
In over 1 and up to 5 years	16.2	14.1	5.3	3.4
In over 5 years	44.4	48.2	6.5	7.5

## 28. Fair value hierarchy

As at 31 December 2016, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated Financial Statements			
As at 31 December 2016			
Level 1	Level 2	Level 3	Total
<b>Financial liabilities measured at fair value</b>			
Derivatives			
Interest rate swap contract	-	0.1	-
			<b>0.1</b>

As at 31 December 2015, the Company and its subsidiaries did not have the assets and liabilities were measured at fair value.

## 29. Financial instruments

### 29.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. However, the Company and its subsidiaries have high concentrations of credit risk since their customers base consist of a few, large customers. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans 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 long-term borrowings. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2016 and 2015, 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: Thousand Baht)

## Consolidated Financial Statements

	Fixed interest rates						Effective interest rate		
	Within 1 year		Over 5 years		Non- interest bearing		Total		
	2016	2015	2016	2015	2016	2015	2016	2015	
<b>Financial Assets</b>									
Cash and cash equivalent	-	-	-	-	19,327	-	20,089	19,327	0.375
Trade and other receivables	-	-	-	-	-	14,895	14,895	18,330	-
Short-term loans to related parties	-	-	-	-	5,500	-	5,500	5,500	1.5
	-	-	-	-	24,827	14,895	40,484	43,157	
									(% per annum.)
<b>Financial liabilities</b>									
Other payables	-	-	-	-	-	4,604	4,604	13,476	-
Short-term loans	-	-	-	-	20,867	-	7,225	20,867	1.5 - 3
Long-term loans from related parties	-	-	-	-	7,000	-	-	7,000	3
Long-term loans from financial institutions	13,351	10,296	79,579	79,344	63,179	-	148,689	152,819	MLR-1.5 and BIBOR 3
									MLR-1.5 and BIBOR 3
									month +2
	13,351	10,296	79,579	79,344	63,179	4,604	160,518	194,162	month +2

(Unit: Thousand Baht)

## Separate Financial Statements

	Fixed interest rates				Floating interest rate		Non- interest bearing		Total		Effective interest rate	
	Within 1 year		Over 5 years		2016	2015	2016	2015	2016	2015	2016	2015
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Financial Assets</b>												
Cash and cash equivalent	-	-	-	-	1,996	1,173	-	-	1,996	1,173	0.375	0.375
Trade and other receivables	-	-	-	-	-	-	1,319	1,092	1,319	1,092	-	-
Short-term loans to related parties	-	-	-	-	3,850	600	-	-	3,850	600	1.5	2.0
	-	-	-	-	5,846	1,773	1,319	1,092	7,165	2,865		
<b>Financial liabilities</b>												
Other payables	-	-	-	-	-	-	1,682	366	1,682	366	-	-
Short-term loans	-	-	-	-	-	8,141	-	-	-	8,141	-	1.5
	-	-	-	-	-	8,141	1,682	366	1,682	8,507		



### **Foreign currency risk**

The subsidiaries exposure to foreign currency risk arises mainly from purchase equipment that is denominated in foreign currencies.

As at 31 December 2016 and 2015, the balances of financial assets denominated in foreign currencies are summarised below.

Consolidated Financial Statements				
Currency	Financial assets		Average exchange rate	
	2016	2015	2016	2015
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.7	0.7	35.6588	35.9233

### **Interest rate risk**

A subsidiary company has an interest rate swap contract to swap the interest on half of the balance of a long-term loans from bank as described in Note 16 as below.

Consolidated Financial Statements			
Currency	Loan	Interest	Maturity date
	(Million)	(Percent per annum)	
<b>As at 31 December 2016</b>			
Baht	46.4	Exchange of interest at BIBOR 3 month to interest at 2.41 per annum	9 January 2017

As at 31 December 2015, the Company and its subsidiaries have not entered into an interest rate swap contract.

## **29.2 Fair values of financial instruments**

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

**30. 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 maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 1.11:1 (2015: 1.59:1) and the Company's was 0.03:1 (2015: 0.08:1).

**31. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised director on 20 April 2017.

