

SAAM Energy Development Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2018

## **Independent Auditor's Report**

To the Shareholders of SAAM Energy Development Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of SAAM Energy Development 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 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 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 SAAM Energy Development Public Company Limited and its subsidiaries and of SAAM Energy Development 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 matters**

I draw attention to Note 4 to the financial statements, cumulative impact of prior year adjustment, related to adjust land rental method in accordance with TAS 17 (revised 2017) Lease. Thus, the Group company therefore retrospectively adjust the consolidated and separated statement of financial position as at 31 December 2017, the related consolidated and separated statements of income for the year ended 31 December 2017, presented herein for comparative purpose and to present the consolidated and separated statements of financial position as at 1 January 2017, in order to appropriately reflect the adjustment transaction. My opinion is not qualified in respect of this matter.

## **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.

Siriwan Suratepin  
Certified Public Accountant (Thailand) No. 4604

EY Office Limited  
Bangkok: 11 February 2019

**SAAM Energy Development Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 31 December 2018**

(Unit: Baht)

	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>			
	31 December	31 December	1 January	31 December	31 December	1 January	
	Note	2018	2017	2017	2018	2017	
			(Restated)		(Restated)		
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	8	163,994,904	27,673,311	20,088,559	145,565,733	4,751,558	1,996,455
Trade and other receivables	9	8,611,550	8,758,242	14,895,035	4,943,625	2,886,612	1,319,509
Project in progress	10	10,799,305	694,730	-	-	-	-
Current portion of prepaid land rental expense	12	95,844	95,844	95,844	-	-	-
Short-term loans to related parties	7	-	-	5,500,000	24,905,549	12,314,146	3,850,000
Other current assets		5,689,932	4,774,003	1,141,629	1,720,755	834,015	390,662
<b>Total current assets</b>		<b>189,191,535</b>	<b>41,996,130</b>	<b>41,721,067</b>	<b>177,135,662</b>	<b>20,786,331</b>	<b>7,556,626</b>
<b>Non-current assets</b>							
Investments in subsidiaries	11	-	-	-	116,964,561	116,964,561	116,498,200
Prepaid land rental expense - net of							
current portion	12	8,210,977	8,306,821	8,402,666	-	-	-
Investment properties	13	82,494,500	82,494,500	82,494,500	-	-	-
Property, plant and equipment	14	132,179,023	137,451,395	140,671,211	2,790,248	3,167,780	898,950
Intangible assets	15	85,750	82,293	34,730	79,662	82,383	34,730
Deposit of purchase land and equipment	28.1	26,134,456	26,932,047	27,124,250	-	-	-
Deferred tax assets	23	2,206,643	507,485	565,535	2,129,325	452,560	156,652
Other non-current assets		4,620,487	4,714,334	10,671,558	1,661,250	1,661,250	1,295,000
<b>Total non-current assets</b>		<b>255,931,836</b>	<b>260,488,875</b>	<b>269,964,450</b>	<b>123,625,046</b>	<b>122,328,534</b>	<b>118,883,532</b>
<b>Total assets</b>		<b>445,123,371</b>	<b>302,485,005</b>	<b>311,685,517</b>	<b>300,760,708</b>	<b>143,114,865</b>	<b>126,440,158</b>

The accompanying notes are an integral part of these financial statements



**SAAM Energy Development Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2018**

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	31 December	31 December	1 January	31 December	31 December	1 January
	Note	2018	2017	2018	2017	2017
			(Restated)		(Restated)	
<b>Liabilities and shareholders' equity</b>						
<b>(continued)</b>						
<b>Shareholders' equity</b>						
Share capital	19					
Registered						
300,000,000 ordinary shares of						
Baht 0.50 each						
(31 December 2017: 1,100,000 ordinary						
shares of Baht 100 each)		<u>150,000,000</u>	<u>110,000,000</u>	<u>150,000,000</u>	<u>110,000,000</u>	<u>110,000,000</u>
Issued and fully paid up						
300,000,000 ordinary shares of						
Baht 0.50 each						
(31 December 2017: 1,100,000 ordinary						
shares of Baht 100 each)		150,000,000	110,000,000	150,000,000	110,000,000	110,000,000
Share premium	20	99,418,659	-	99,418,659	-	-
Deficit on business combination under						
common control		(688,926)	(688,926)	-	-	-
Retained earnings						
Appropriated - statutory reserve	21	1,976,346	817,918	1,976,346	817,918	625,418
Unappropriated		47,256,724	50,678,172	19,393,219	23,906,687	11,894,292
Other components of shareholders' equity		(658,745)	(407,800)	-	-	-
Equity attributable to owners of the Company		<u>297,304,058</u>	<u>160,399,364</u>	<u>270,788,224</u>	<u>134,724,605</u>	<u>122,519,710</u>
Non-controlling interests of the subsidiaries		<u>(311,900)</u>	<u>(52,347)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total shareholders' equity</b>		<u>296,992,158</u>	<u>160,347,017</u>	<u>270,788,224</u>	<u>134,724,605</u>	<u>122,519,710</u>
<b>Total liabilities and shareholders' equity</b>		<u>445,123,371</u>	<u>302,485,005</u>	<u>300,760,708</u>	<u>143,114,865</u>	<u>126,440,158</u>
		-	-	-	-	-

The accompanying notes are an integral part of these financial statements

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 Directors  
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**SAAM Energy Development Public Company Limited and its subsidiaries**

**Statement of income**

**For the year ended 31 December 2018**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017 (Restated)	2018	2017 (Restated)
<b>Revenues</b>					
Sales		16,596,842	16,935,002	-	-
Service and rental income		54,923,040	54,923,040	11,359,744	8,426,415
Dividend income from subsidiaries	11	-	-	16,273,505	17,097,882
Other income		212,802	1,618,747	9,686,174	10,162,066
<b>Total revenues</b>		<u>71,732,684</u>	<u>73,476,789</u>	<u>37,319,423</u>	<u>35,686,363</u>
<b>Expenses</b>					
Cost of sales		6,102,690	6,959,349	-	-
Cost of service and rental		14,478,266	13,547,223	3,663,452	3,253,649
Selling and service expenses		418,753	183,044	221,000	183,044
Administrative expenses		25,368,806	24,100,789	20,161,204	16,659,941
Other expenses		1,606,863	-	-	-
<b>Total expenses</b>		<u>47,975,378</u>	<u>44,790,405</u>	<u>24,045,656</u>	<u>20,096,634</u>
<b>Profit before finance cost and income tax income (expenses)</b>					
Finance cost		(5,719,159)	(5,712,458)	(699,234)	(103,421)
<b>Profit before income tax income (expenses)</b>		<u>18,038,147</u>	<u>22,973,926</u>	<u>12,574,533</u>	<u>15,486,308</u>
Income tax income (expenses)	23	(2,852,869)	(3,952,727)	1,671,497	350,444
<b>Profit for the year</b>		<u>15,185,278</u>	<u>19,021,199</u>	<u>14,246,030</u>	<u>15,836,752</u>
<b>Profit attributable to:</b>					
Equity holders of the Company		15,443,314	19,076,624	14,246,030	15,836,752
Non-controlling interests of the subsidiaries		(258,036)	(55,425)		
		<u>15,185,278</u>	<u>19,021,199</u>		
<b>Basic earnings per share (Baht)</b>					
Profit attributable to equity holders of the Company	25	0.070	0.087	0.064	0.072
Weighted average number of ordinary shares (Shares)		<u>221,753,425</u>	<u>220,000,000</u>	<u>221,753,425</u>	<u>220,000,000</u>

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

**SAAM Energy Development 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 statements	
		2018	2017 (Restated)	2018	2017 (Restated)
<b>Profit for the year</b>		<u>15,185,278</u>	<u>19,021,199</u>	<u>14,246,030</u>	<u>15,836,752</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		<u>(250,946)</u>	<u>(407,204)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(250,946)</u>	<u>(407,204)</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss) on defined benefit plan		<u>(150,202)</u>	<u>177,461</u>	<u>(26,338)</u>	<u>272,679</u>
Income tax effect	23	<u>23,847</u>	<u>(30,947)</u>	<u>5,268</u>	<u>(54,536)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(126,355)</u>	<u>146,514</u>	<u>(21,070)</u>	<u>218,143</u>
<b>Other comprehensive income for the year</b>		<u>(377,301)</u>	<u>(260,690)</u>	<u>(21,070)</u>	<u>218,143</u>
<b>Total comprehensive income for the year</b>		<u><u>14,807,977</u></u>	<u><u>18,760,509</u></u>	<u><u>14,224,960</u></u>	<u><u>16,054,895</u></u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		<u>15,066,035</u>	<u>18,815,338</u>	<u><u>14,224,960</u></u>	<u><u>16,054,895</u></u>
Non-controlling interests of the subsidiaries		<u>(258,058)</u>	<u>(54,829)</u>		
		<u><u>14,807,977</u></u>	<u><u>18,760,509</u></u>		

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

**SAAM Energy Development Public Company Limited and its subsidiaries**

**Statement of cash flows**

**For the year ended 31 December 2018**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017 (Restated)	2018	2017 (Restated)
<b>Cash flows from operating activities</b>					
Profit before tax		18,038,147	22,973,926	12,574,533	15,486,308
Adjustments to reconcile net profit before tax to net cash provided by (paid from) operating activities:					
Unrealised (gain) loss on exchange rate		242,515	2,362,526	(278,140)	588,613
Amortisation of prepaid land rental expense	12	95,844	95,845	-	-
Depreciation and amortisation	14, 15	5,415,276	5,625,307	440,561	305,733
Write-off equipment	14	23,405	-	23,405	-
Write-off deposit for the interest purchase	11.2	708,221	-	-	-
Write-off withholding tax deduct at source		2,520	8,689	-	8,689
Write-off project in progress	10	901,671	-	-	-
Increase in provision for long-term employee benefits		202,219	164,490	177,057	138,070
Dividend income	11	-	-	(16,273,505)	(17,097,882)
Interest income		(92,767)	(125,051)	(350,162)	(117,558)
Interest expenses		5,372,400	5,617,713	639,865	52,523
Profit (loss) from operating activities before changes in operating assets and liabilities		30,909,451	36,723,445	(3,046,386)	(635,504)
Operating assets (increase) decrease					
Trade and other receivables		146,692	(158,395)	(1,886,307)	(1,565,920)
Project in progress		(11,002,284)	(237,968)	-	-
Other current assets		(372,385)	(3,088,021)	(341,138)	64,667
Other non-current assets		93,847	5,957,224	-	(366,250)
Operating liabilities increase (decrease)					
Trade and other payables		1,202,967	(866,052)	1,837,483	(858,408)
Other current liabilities		1,576,461	(953,789)	1,488,794	(632,919)
Other non-current liabilities		116,141	109,080	34,619	32,319
Cash flows from (used in) operating activities		22,670,890	37,485,524	(1,912,935)	(3,962,015)
Cash received from interest income		92,767	265,086	215,580	116,375
Cash paid for interest expenses		(5,399,125)	(5,873,183)	(515,394)	(26,838)
Cash received from value added tax refundable		-	6,628,867	-	-
Cash paid for income tax		(4,718,259)	(4,080,553)	(545,602)	(516,709)
<b>Net cash flows from (used in) operating activities</b>		<b>12,646,273</b>	<b>34,425,741</b>	<b>(2,758,351)</b>	<b>(4,389,187)</b>

The accompanying notes are an integral part of these financial statements

**SAAM Energy Development Public Company Limited and its subsidiaries**

**Statement of cash flows (continued)**

**For the year ended 31 December 2018**

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
			(Restated)		(Restated)
<b>Cash flows from investing activities</b>					
Cash paid for acquisition of equipment and intangible assets	14, 15	(169,766)	(2,453,054)	(83,713)	(2,622,216)
Cash paid for deposit of land		(1,455,563)	(2,086,603)	-	-
Cash received from deposit of land refundable		2,086,603	-	-	-
Cash paid for deposit for the interest purchase	11.2	(708,221)	-	-	-
Cash received from settlement of short-term loans to related parties	7	-	5,500,000	11,935,000	1,550,000
Cash paid to provide short-term loans to related parties	7	-	-	(24,284,387)	(10,602,759)
Dividend received from subsidiaries	11	-	-	16,273,505	17,097,882
Cash paid to purchase of investment in subsidiary		-	-	-	(428,617)
Net cash outflow from additional purchase of investment in subsidiaries		-	(338,944)	-	-
Increase in non-controlling interests from established new companies		-	6,054	-	-
<b>Net cash flows from (used in) investing activities</b>		<u>(246,947)</u>	<u>627,453</u>	<u>3,840,405</u>	<u>4,994,290</u>
<b>Cash flows from financing activities</b>					
Cash received from short-term loans from related parties	7	-	-	10,500,000	11,999,000
Cash paid to settle short-term loans from related parties	7	-	(7,225,044)	(10,500,000)	(5,999,000)
Cash received from long-term loans from related parties	7	-	-	17,430,000	-
Cash paid to settle long-term loans from related parties	7	-	-	(3,220,000)	-
Cash received from long-term loans from financial institutions	17	17,430,000	-	-	-
Cash paid to settle long-term loans from financial institutions	17	(18,774,613)	(15,984,292)	-	-
Cash received from increase in share capital	20	144,000,000	-	144,000,000	-
Cash paid for direct costs related to share offering	20	(897,879)	-	(897,879)	-
Dividend paid	27	(17,580,000)	(3,850,000)	(17,580,000)	(3,850,000)
Decrease in non-controlling interest of the subsidiaries from dividend payment		(1,495)	(2,118)	-	-
<b>Net cash flows from (used in) financing activities</b>		<u>124,176,013</u>	<u>(27,061,454)</u>	<u>139,732,121</u>	<u>2,150,000</u>
Increase in translation adjustments		<u>(253,746)</u>	<u>(406,988)</u>	<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>		<u>136,321,593</u>	<u>7,584,752</u>	<u>140,814,175</u>	<u>2,755,103</u>
Cash and cash equivalents at beginning of year		<u>27,673,311</u>	<u>20,088,559</u>	<u>4,751,558</u>	<u>1,996,455</u>
<b>Cash and cash equivalents at end of year</b>		<u>163,994,904</u>	<u>27,673,311</u>	<u>145,565,733</u>	<u>4,751,558</u>
		-	-	-	-
<b>Supplement disclosures of cash flows information</b>					
Non-cash items					
Direct costs related to share offering payable	20	3,683,462	-	3,683,462	-

The accompanying notes are an integral part of these financial statements

SAAM Energy Development Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements

	Equity attributable to owners of the Company								
	Issued and paid up		Deficit on business combination under common control	Retained earnings		Exchange on translation of financial statements in foreign currency	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	
share capital	Share premium	Appropriated - statutory reserve		Unappropriated	interests of			the subsidiaries	equity
<b>Balance as at 31 December 2016 - as previously reported</b>	110,000,000	-	-	625,418	37,238,642	-	147,864,060	3,738	147,867,798
Effects of adjustments of prior years (Note 4)	-	-	-	-	(1,741,108)	-	(1,741,108)	-	(1,741,108)
<b>Balance as at 31 December 2016 - as restated</b>	110,000,000	-	-	625,418	35,497,534	-	146,122,952	3,738	146,126,690
Profit for the year (Restated)	-	-	-	-	19,076,624	-	19,076,624	(55,425)	19,021,199
Other comprehensive income for the year	-	-	-	-	146,514	(407,800)	(261,286)	596	(260,690)
Total comprehensive income for the year	-	-	-	-	19,223,138	(407,800)	18,815,338	(54,829)	18,760,509
Deficit on business combination under common control	-	-	(688,926)	-	-	-	(688,926)	-	(688,926)
Decrease in non-controlling interests of the subsidiaries from business combination under common control	-	-	-	-	-	-	-	(5,192)	(5,192)
Increase in non-controlling interests of the subsidiaries from establishment new companies	-	-	-	-	-	-	-	6,054	6,054
Transferred unappropriated retained earnings to statutory reserve (Note 21)	-	-	-	192,500	(192,500)	-	-	-	-
Dividend paid (Note 27)	-	-	-	-	(3,850,000)	-	(3,850,000)	-	(3,850,000)
Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiaries	-	-	-	-	-	-	-	(2,118)	(2,118)
<b>Balance as at 31 December 2017- as restated</b>	<u>110,000,000</u>	<u>-</u>	<u>(688,926)</u>	<u>817,918</u>	<u>50,678,172</u>	<u>(407,800)</u>	<u>160,399,364</u>	<u>(52,347)</u>	<u>160,347,017</u>

The accompanying notes are an integral part of these financial statements

SAAM Energy Development Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements

	Equity attributable to owners of the Company								
	Issued and paid up share capital	Share premium	Deficit on business combination under common control	Retained earnings Appropriated - statutory reserve	Unappropriated	Exchange on translation of financial statements in foreign currency	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
<b>Balance as at 31 December 2017 - as previously reported</b>	110,000,000		(688,926)	817,918	52,528,360	(407,800)	162,249,552	(52,347)	162,197,205
Effects of adjustments of prior years (Note 4)	-		-	-	(1,850,188)	-	(1,850,188)	-	(1,850,188)
<b>Balance as at 31 December 2017 - as restated</b>	110,000,000	-	(688,926)	817,918	50,678,172	(407,800)	160,399,364	(52,347)	160,347,017
Increase share capital (Note 19 and 20)	40,000,000	99,418,659	-	-	-	-	139,418,659	-	139,418,659
Profit for the year	-		-	-	15,443,314	-	15,443,314	(258,036)	15,185,278
Other comprehensive income for the year	-		-	-	(126,334)	(250,945)	(377,279)	(22)	(377,301)
Total comprehensive income for the year	-	-	-	-	15,316,980	(250,945)	15,066,035	(258,058)	14,807,977
Transferred unappropriated retained earnings to statutory reserve (Note 21)	-	-	-	1,158,428	(1,158,428)	-	-	-	-
Dividend paid (Note 27)	-	-	-	-	(17,580,000)	-	(17,580,000)	-	(17,580,000)
Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiaries	-	-	-	-	-	-	-	(1,495)	(1,495)
<b>Balance as at 31 December 2018</b>	<u>150,000,000</u>	<u>99,418,659</u>	<u>(688,926)</u>	<u>1,976,346</u>	<u>47,256,724</u>	<u>(658,745)</u>	<u>297,304,058</u>	<u>(311,900)</u>	<u>296,992,158</u>

The accompanying notes are an integral part of these financial statements

SAAM Energy Development Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements				
	Issued and paid up share capital	Share premium	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 31 December 2016 - as previously reported</b>	110,000,000	-	625,418	12,551,807	123,177,225
Effects of adjustments of prior years (Note 4)	-	-	-	(657,515)	(657,515)
<b>Balance as at 31 December 2016 - as restated</b>	110,000,000	-	625,418	11,894,292	122,519,710
Profit for the year (Restated)	-	-	-	15,836,752	15,836,752
Other comprehensive income for the year	-	-	-	218,143	218,143
Total comprehensive income for the year	-	-	-	16,054,895	16,054,895
Transferred unappropriated retained earnings to statutory reserve (Note 21)	-	-	192,500	(192,500)	-
Dividend paid (Note 27)	-	-	-	(3,850,000)	(3,850,000)
<b>Balance as at 31 December 2017 - as restated</b>	110,000,000	-	817,918	23,906,687	134,724,605
<b>Balance as at 31 December 2017 - as previously reported</b>	110,000,000	-	817,918	24,596,521	135,414,439
Effects of adjustments of prior years (Note 4)	-	-	-	(689,834)	(689,834)
<b>Balance as at 31 December 2017 - as restated</b>	110,000,000	-	817,918	23,906,687	134,724,605
Increase share capital (Note 19 and 20)	40,000,000	99,418,659	-	-	139,418,659
Profit for the year	-	-	-	14,246,030	14,246,030
Other comprehensive income for the year	-	-	-	(21,070)	(21,070)
Total comprehensive income for the year	-	-	-	14,224,960	14,224,960
Transferred unappropriated retained earnings to statutory reserve (Note 21)	-	-	1,158,428	(1,158,428)	-
Dividend paid (Note 27)	-	-	-	(17,580,000)	(17,580,000)
<b>Balance as at 31 December 2018</b>	150,000,000	99,418,659	1,976,346	19,393,219	270,788,224

The accompanying notes are an integral part of these financial statements

**SAAM Energy Development Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2018**

**1. General information**

SAAM Energy Development Public Company Limited (“the Company”) was incorporated as a limited company under Thai laws and registered the transformation to a public company under the Public Limited Companies Act on 8 August 2018 and domiciled in Thailand. The Company is principally engaged in developing renewable energy power plant projects for sale including procuring project land and providing related services, and investing in renewable energy power plants. Its registered office address is at Major Tower Thonglor, Room No. 2.2, 10th Floor, 141 Soi Sukhumvit 63 (Ekamai), Sukhumvit Road, Klongton Nua, Wattana, Bangkok.

**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**

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



***Subsidiaries directly held by the Company***

Company's name	Nature of business	Country of incorporation	Percentage of direct shareholding	
			<u>2018</u> Percent	<u>2017</u> Percent
SAAM One Co., Ltd.	Project site procurement and rendering of services	Thailand	99.99	99.99
SAAM Two Co., Ltd.	Project site procurement and rendering of services	Thailand	99.98	99.98
SAAM Three Co., Ltd.	Project site procurement and rendering of services	Thailand	99.99	99.99
SAAM Service Co., Ltd.	Renewable energy related business operations	Thailand	99.97	99.97
SAAM Solar Power One Co., Ltd.	Renewable energy project investment	Thailand	99.99	99.99
SAAM Solar Power Two Co., Ltd.	Renewable energy project investment	Thailand	99.99	99.99
SAAM International Limited	Renewable energy project development for sale and international renewable energy project	Hong Kong	100	100

***Indirect subsidiaries held by the Company's subsidiaries***

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2018</u> Percent	<u>2017</u> Percent
<b>Subsidiaries held by SAAM International Limited</b>				
SAAM Japan Energy GK	Renewable energy project development for sale in Japan and related business	Japan	100	100

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2018</u> Percent	<u>2017</u> Percent
<b>Subsidiaries held by SAAM Japan Energy GK</b>				
Biomass Power One GK	Renewable energy project development for sale	Japan	90	90
Biomass Power Two GK	Renewable energy project development for sale	Japan	90	90
Biomass Power Three GK	Renewable energy project development for sale	Japan	100	100
Biomass Power Four GK	Renewable energy project development for sale	Japan	100	100
Biomass Power Five GK	Renewable energy project development for sale	Japan	100	100
Biomass Power Six GK	Renewable energy project development for sale	Japan	90	90
Biomass Power Seven GK	Renewable energy project development for sale	Japan	90	90
Biomass Power Eight GK	Renewable energy project development for sale	Japan	100	100

- 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) 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.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

- g) 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.
- h) For the books of account, upon acquisition of subsidiaries which under common control (purchase of shares from directors) when the book value of the net assets acquired is lower than the cost of the investment, the difference has been presented in the shareholders' equity under the caption of "Deficit on business combination under common control". When the book value of the net assets acquired is higher than the cost of the investment, the difference has been presented in the shareholders' equity under the caption of "Surplus on business combination under common control".

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

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

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 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**

During the current year, 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 summarised below.

## **IFRS 15 Revenue from Contracts with Customers**

IFRS 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
IFRIC 13 (revised 2017)	Customer Loyalty Programmes
IFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
IFRIC 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 recognized 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 amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

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

**4. Cumulative impact of prior year adjustment**

During year 2018, the Company and its subsidiaries considered the recognition of operating leases of land on a straight-line basis over the lease period. The Company and its subsidiaries previously recorded the land rental expenses on an actual basis in the financial statements, and it was noted that the Company and its subsidiaries under recorded land rental expenses. The Company and its subsidiaries therefore decided to retrospectively adjust the consolidated and separated statement of financial position as at 31 December 2017, and the related consolidated and separated statements of income for the year ended 31 December 2017, presented herein for comparative purpose and to present the consolidated and separated statement of financial position as at 1 January 2017, in order to appropriately reflect the adjustment transaction.

The amounts of adjustment affecting the consolidated and separated financial statements are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
31 December	1 January	31 December	1 January	
	2017	2017	2017	2017
<b>Statement of financial position</b>				
Increase in other non-current liabilities	1,850	1,741	689	657
Decrease in unappropriated retained earnings	1,850	1,741	689	657

	(Unit: Thousand Baht)	
	For the year ended	
	31 December 2017	
	Consolidated	Separate
	financial	financial
	statements	statements
<b>Statement of income</b>		
Increase in cost of services and rental	109	32
Decrease in net profit	109	32
Decrease in basic earnings per share (Baht)	0.0005	0.0001

## 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 procuring power plant locations and maintenance of power plant equipment based on the rates and periods as stipulated in the agreements.

#### *Rental income*

Income from rental of power plant locations is recognised on an accrual basis based on a straight-line basis over the lease term.

### *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 Inventories**

Project in progress is cost of project of which revenue has not yet been recognised. Project in progress is valued at the actual cost which are comprised the costs and fees of grid application, METI certification, grid interconnection, consultation and other expenses which directly related to project.

## **5.5 Investments**

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

## **5.6 Investment properties**

Investment properties are land and measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any).

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

## 5.7 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	25	years
Building and building improvement	10 and 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.

## 5.8 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



## **5.9 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.

## **5.10 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.

## **5.11 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.

## 5.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries performs impairment reviews in respect of and the property, plant and equipment and the project in progress 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 and its subsidiaries 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.

## 5.13 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 defined benefit plans are recognised immediately in other comprehensive income.

## **5.14 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.

## **5.15 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.

## **5.16 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.

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.

## **5.17 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.

## **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.

## **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.

## **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 and operation fee are charged at the amount stated in the agreements.
2. Interest on loans are charged at 0.05 – 3.00 percent per annum and MLR - 0.40 percent per annum (2017: 0.05 - 3.00 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Transactions with subsidiary companies</u>				
(eliminated from the consolidated financial statements)				
Service income	-	-	2,517	826
Management income	-	-	9,216	9,465
Dividend income (Note 11)	-	-	16,273	17,098
Interest income	-	-	327	103
Purchase of fixed assets	-	-	-	280
Interest expenses	-	-	640	53
<u>Transactions with related companies</u>				
Interest income	-	36	-	-
Interest expenses	-	69	-	-

As at 31 December 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b><u>Trade accounts receivable - related parties (Note 9)</u></b>				
Subsidiaries	-	-	2,524	-
Total Trade accounts receivable - related parties	-	-	2,524	-
<b><u>Accrued interest income - related parties (Note 9)</u></b>				
Subsidiaries	-	-	194	60
Total accrued interest income - related parties	-	-	194	60
<b><u>Advance from related parties (Note 16)</u></b>				
Director	-	138	-	-
Total advance to related parties	-	138	-	-
<b><u>Accrued interest expense - related parties (Note 16)</u></b>				
Subsidiaries	-	-	150	26
Total accrued interest expense - related parties	-	-	150	26

### Loans to related parties and loans from related parties

As at 31 December 2018 and 2017, the balance of loans between the Company and those related companies and the movement are as follows:

#### Short-term loans to related parties

		(Unit: Thousand Baht)				
		Separate financial statements				
Short-term loans to	Related by	Balance as at 31 December 2017	During the year		Unrealised gain on exchange rate	Balance as at 31 December 2018
			Increase	Decrease		
SAAM International Limited	Subsidiary	9,714	24,084	(9,135)	242	24,905
SAAM Solar Power One Co., Ltd.	Subsidiary	2,600	-	(2,600)	-	-
SAAM Three Co., Ltd.	Subsidiary	-	200	(200)	-	-
Total short-term loans to related parties		12,314	24,284	(11,935)	242	24,905

## Short-term loans from related parties

(Unit: Thousand Baht)

Short-term loans from	Related by	Separate financial statements			
		Balance as at	During the year		Balance as at
		31 December 2017	Increase	Decrease	31 December 2018
SAAM Solar Power Two Co., Ltd.	Subsidiary	6,000	-	-	6,000
SAAM One Co., Ltd.	Subsidiary	-	6,000	(6,000)	-
SAAM Three Co., Ltd.	Subsidiary	-	2,500	(2,500)	-
SAAM Two Co., Ltd.	Subsidiary	-	2,000	(2,000)	-
Total short-term loans from related parties		6,000	10,500	(10,500)	6,000

## Long-term loan from related party

(Unit: Thousand Baht)

Long-term loan from	Related by	Separate financial statements			
		Balance as at	During the period		Balance as at
		31 December 2017	Increase	Decrease	31 December 2018
SAAM Three Co., Ltd.	Subsidiary	-	17,430	(3,220)	14,210
Total long-term loan from related party		-	17,430	(3,220)	
Less: Current portion					(4,080)
Long-term loan from related party - net of current portion					10,130

During the year 2018, the Company entered into a long-term loan agreement with SAAM Three Co., Ltd., a subsidiary company, with a credit facility of Baht 20 million. The loan bears interest at the rate of MLR - 0.40 percent per annum for 2 years commencing from the loan agreement date, and after 2 years the interest rate will be MLR + 0.10 percent per annum. The Company shall repay the principal with interest on a monthly basis on the 7th day of each month in 60 installments with the first installment due on 7 May 2018.



## Directors and management's benefits

During the years ended 31 December 2018 and 2017, 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	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	5,320	4,800	5,320	4,800
Post-employment benefits	132	626	132	626
Total	<u>5,452</u>	<u>5,426</u>	<u>5,452</u>	<u>5,426</u>

## Service and management agreements

The Company entered into the service management agreements with three subsidiary companies (SAAM One Co., Ltd, SAAM Two Co., Ltd and SAAM Three 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 agreements.

## Project's right transfer

In May 2017, SAAM Service Co., Ltd, a subsidiary company, and the counterparty of the project with respect to produce and distribute electricity generated from solar energy in Lopburi with a company, entered into an agreement to transfer the right and duties under the above agreement to the Company. The Company is obliged to comply with certain conditions as stated in the agreement which is effective on 1 June 2017 onwards. As a result of the right transferring, the Company paid totaling Baht 0.7 million to the subsidiary for land leasehold right purchase, land guarantee and fixed assets acquisition.

## 8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	138	215	20	1
Bank deposits	163,856	27,458	145,546	4,751
Total	<u>163,994</u>	<u>27,673</u>	<u>145,566</u>	<u>4,752</u>

As at 31 December 2018, bank deposits in saving accounts carried interests at 0.375 percent per annum (2017: 0.375 percent per annum).

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade accounts receivables - related parties</u>				
(Note 7)				
Aged on the basis of due dates				
Not yet due	-	-	2,524	-
Total trade accounts receivable - related parties	-	-	2,524	-
<u>Trade accounts receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	7,054	6,295	1,577	1,577
Total trade accounts receivable - unrelated parties	7,054	6,295	1,577	1,577
<u>Other receivables</u>				
Accrued interest income - related parties				
(Note 7)				
Accrued income	769	1,069	-	-
Prepaid expenses	774	1,393	646	1,250
Value added tax refundable	11	1	-	-
Other receivables - unrelated parties	3	-	3	-
Total other receivables	1,557	2,463	843	1,310
Total trade and other receivables	8,611	8,758	4,944	2,887

## 10. Project in progress

The net book value of project in progress as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements							
	Cost		Reduce cost to net realisable value		Translation adjustment		Project in progress-net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Grid application	442	313	(190)	-	1	-	253	313
Grid interconnection	8,451	-	-	-	-	-	8,451	-
Consultation fee	1,583	-	-	-	-	-	1,583	-
Others	1,221	382	(711)	-	2	-	512	382
Total	11,697	695	(901)	-	3	-	10,799	695

During the current year, the subsidiary companies reduce cost of project in progress by Baht 0.9 million (2017: Nil), to reflect the net realisable value. This was presented in other expenses in the consolidated income statement. Since the subsidiary companies considered that those projects did not have a future economic benefits.

## 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	
	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)				
SAAM One Co., Ltd	4,000	4,000	100	100	4,000	4,000	6,999	7,000
SAAM Two Co., Ltd	1,500	1,500	100	100	1,500	1,500	3,874	4,799
SAAM Three Co., Ltd	30,000	30,000	100	100	30,000	30,000	3,300	3,300
SAAM Service Co., Ltd	1,000	1,000	100	100	1,000	1,000	500	1,999
SAAM Solar Power One Co., Ltd	40,000	40,000	100	100	39,999	39,999	1,600	-
SAAM Solar Power Two Co., Ltd	40,000	40,000	100	100	39,999	39,999	-	-
SAAM International Limited	100 HKD	100 HKD	100	100	466	466	-	-
Total					<u>116,964</u>	<u>116,964</u>	<u>16,273</u>	<u>17,098</u>

### 11.1 Establishment of new companies

On 9 May 2018, a meeting of the Company's Board of Directors No. 2/2018 passed a resolution approving the establishment of two new subsidiaries in Taiwan, in order to implement the renewable energy plant project. The new subsidiaries have an initial registered capital of TWD 100,000, with the Company to hold 100 percent.

As at 31 December 2018, the Company has not established such new subsidiaries.

### 11.2 Purchase of investment

On 9 May 2018, a meeting of the Company's Board of Directors No. 2/2018 acknowledged a resolution of a meeting of the Company's Board of Executive Committee No. 4/2018 on 3 May 2018 to approve the wholly purchase of membership interests of SOMA Kyodo Self-Generation Development GK by Biomass Power Eight GK, a subsidiary company, from an existing membership, at amounting to JPY 42.4 million, as mutually agreed price as stipulated in an interest purchase agreement, representing a 100% interest in this company. The subsidiary company paid deposit for the interest purchase amounting to JPY 2.4 million or equivalent to Baht 0.7 million.

Subsequently, the subsidiary company and the existing membership were in agreement to terminate this interest purchase agreement which was effective on 31 August 2018 onwards. In addition, the subsidiary company agreed to settle the deposit to a penalty for termination of the interest purchase agreement in whole amount to the existing membership. Therefore, the subsidiary company had wrote-off this deposit as other expenses in the income statement for the current year.

## 12. Prepaid land rental expense

During the year 2015, SAAM Three Co., Ltd., a subsidiary company, entered into ninety-year land lease agreement with the landlord. The subsidiary company prepaid the land rental of Baht 8.6 million in full and amortised 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 stipulated in the agreement, after 10 years of the transfer restriction period, the remaining prepaid land rental will be treated as the amount of land purchase. As at 31 December 2018, the subsidiary has remaining prepaid land rental expenses of Baht 8.3 million (2017: Baht 8.5 million).

## 13. Investment property

Investment properties of a subsidiary company are land at cost of Baht 82.5 million and are located in Phetchaburi and Prachuap Khiri Khan provinces which are rental for solar power plant. The terms of the rental agreements are generally 25 years.

The subsidiary company has rental income related to these rental agreements for the year ended 31 December 2018 and 2017 as follows.

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>	
	<u>2018</u>	<u>2017</u>
Rental income	13,152	13,152

As at 31 December 2018, the subsidiary company has pledged its land which net book value amounting to approximately Baht 82.5 million (2017: Baht 82.5 million) as collateral against credit facilities received from a financial institution in Note 17 to the financial statements.

The fair value of the investment properties as disclosure as at 31 December 2018 and 2017 stated below:

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>	
	<u>2018</u>	<u>2017</u>
Land	138,206	139,906

The fair value of the above investment properties have been determined based on valuation performed by an accredited independent valuer. The fair value of the land held for rent and the land held for development have been determined using the income approach and market approach, respectively. Key assumptions used in the valuation include yield rate, inflation rate and long-term growth in real rental rates.

## 14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land	Power plant	Buildings	Tool and equipment	Furniture	Motor vehicles	Assets	
			and building improvement		and office equipment		under construction	
<b>Cost:</b>								
31 December 2016	10,730	127,902	5,061	46	224	8,635	4,604	157,202
Additions	-	-	-	132	825	-	1,440	2,397
Transfer in (out)	-	-	1,482	-	-	-	(1,482)	-
31 December 2017	10,730	127,902	6,543	178	1,049	8,635	4,562	159,599
Additions	-	-	-	88	69	-	-	157
Disposals/write-off	-	-	-	-	(27)	-	-	(27)
31 December 2018	10,730	127,902	6,543	266	1,091	8,635	4,562	159,729
<b>Accumulated depreciation:</b>								
31 December 2016	-	5,998	1,823	9	66	8,635	-	16,531
Depreciation for the year	-	5,083	348	26	160	-	-	5,617
31 December 2017	-	11,081	2,171	35	226	8,635	-	22,148
Depreciation for the year	-	5,083	74	43	206	-	-	5,406
Accumulated depreciation of Disposals/write-off assets	-	-	-	-	(4)	-	-	(4)
31 December 2018	-	16,164	2,245	78	428	8,635	-	27,550
<b>Net book value:</b>								
31 December 2017	10,730	116,821	4,372	143	823	-	4,562	137,451
31 December 2018	10,730	111,738	4,298	188	663	-	4,562	132,179
<b>Depreciation for the year</b>								
2017 (Baht 5.4 million included in cost of service, and the balance in administrative expenses)								5,617
2018 (Baht 5.4 million included in cost of service, and the balance in administrative expenses)								5,406

(Unit: Thousand Baht)

	Separate financial statements					Total
	Buildings and building improvement	Tool and equipment	Furniture and office equipment	Motor vehicles	Assets under construction	
<b>Cost:</b>						
31 December 2016	1,175	-	90	4,435	42	5,742
Additions	247	21	858	-	1,440	2,566
Transfer in (out)	1,482	-	-	-	(1,482)	-
31 December 2017	2,904	21	948	4,435	-	8,308
Additions	-	8	69	-	-	77
Disposals/write-off	-	-	(27)	-	-	(27)
31 December 2018	2,904	29	990	4,435	-	8,358
<b>Accumulated depreciation:</b>						
31 December 2016	406	-	2	4,435	-	4,843
Depreciation for the year	167	2	128	-	-	297
31 December 2017	573	2	130	4,435	-	5,140
Depreciation for the year	222	6	204	-	-	432
Accumulated depreciation of Disposals/write-off assets	-	-	(4)	-	-	(4)
31 December 2018	795	8	330	4,435	-	5,568
<b>Net book value:</b>						
31 December 2017	2,331	19	818	-	-	3,168
31 December 2018	2,109	21	660	-	-	2,790
<b>Depreciation for the year</b>						
2017 (Baht 70 thousand included in cost of service, and the balance in administrative expenses)						297
2018 (Baht 78 thousand included in cost of service, and the balance in administrative expenses)						432

14.1 As at 31 December 2018, 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 8.7 million (2017: Baht 8.7 million) (The Company only: Baht 4.4 million, 2016: Baht 4.4 million).

14.2 The subsidiaries have pledged their land and construction amounting to approximately Baht 122.5 million (2017: Baht 127.6 million) as collateral against credit facilities received from financial institutions as described in Note 17 to the financial statements.

## 15. Intangible assets

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cost	104	91	98	91
Less: Accumulated amortisation	(18)	(9)	(18)	(9)
Net book value	86	82	80	82

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	82	35	82	35
Acquisition of computer software	13	56	7	56
Less: Amortisation for the year	(9)	(9)	(9)	(9)
Net book value at end of year	86	82	80	82

## 16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade accounts payable	552	524	67	69
Accrued expenses	2,845	2,587	1,463	429
Other payables	5,233	337	4,830	251
Advance from related parties (Note 7)	-	138	-	-
Accrued interest expense - related parties (Note 7)	-	-	150	26
Accrued interest expense	819	845	-	-
Value added tax payable	235	317	22	112
Total trade and other payables	9,684	4,748	6,532	887

## 17. 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 2018 and 2017 are summarised below:

						(Unit: Thousand Baht)	
						Consolidated	
						financial statements	
No.	Lender	Credit facilities (Million Baht)	Significant terms and conditions of loan agreements			2018	2017
			Repayment term	Collateral	Interest rate (percent per annum)		
<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 classified as investment properties of the subsidiary company	MLR - 1.5	37,486	46,888
2.	Bank	20	60 monthly installments with the first installment due on 7 May 2018.	Mortgage the land and construction of two shareholders of subsidiary company	MLR - 0.5 for 2 years commencing from the first drawdown date, and after 2 years the interest will be MLR	14,710	-
<b>SAAM Solar Power One Co., Ltd.</b>							
3.	Bank	95.2	51 quarterly installments with the first installment due on 7 April 2016.	Mortgaged of the subsidiary company's ordinary shares, land and construction thereon	BIBOR 3 month + 2	79,164	85,817
Total long-term loans from financial institution						131,360	132,705
Less : current portion						(20,797)	(16,055)
Long-term loans from financial institutions - net of current portion						110,563	116,650



Movement in the long-term loans account during the years ended 31 December 2018 and 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2018</u>	<u>2017</u>
<b>Balance at beginning of year</b>	132,705	148,689
Plus: Addition during the year	17,430	-
Less: Repayment	<u>(18,775)</u>	<u>(15,984)</u>
<b>Balance at end of year</b>	<u>131,360</u>	<u>132,705</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 2016 until 7 July 2021.

#### 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Provision for long-term employee benefits at beginning of year</b>	1,011	1,024	649	783
Included in profit or loss:				
Current service cost	187	162	164	115
Interest cost	15	27	13	23
Reversal of past service costs	-	(25)	-	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	9	156	9	132
Financial assumptions changes	3	10	3	7
Experience adjustments	<u>138</u>	<u>(343)</u>	<u>14</u>	<u>(411)</u>
<b>Provision for long-term employee benefits at end of year</b>	<u>1,363</u>	<u>1,011</u>	<u>852</u>	<u>649</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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Administrative expenses	202	189	177	138
<b>Total expenses recognised in profit or loss</b>	<b>202</b>	<b>189</b>	<b>177</b>	<b>138</b>

The Company and its subsidiaries expect to pay long-term employee benefits during the next year Baht 0.59 million (2017: Baht 0.47 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 7 - 13 years (Separate financial statements: 13 years) (2017: 8.5 - 13.7 years (Separate financial statements: 13.7 years).

Significant actuarial assumptions are summarised below:

	(Unit: Percentage per year)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.40 - 2.92	2.39 - 2.96	2.92	2.96
Salary increase rate	4.00	4.00	4.00	4.00
Turnover rate	1.91 - 22.92	1.91 - 22.92	1.91 - 22.92	1.91 - 22.92

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

	(Unit: Thousand Baht)			
	As at 31 December 2018			
	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	(44)	48	(39)	41
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Salary increase rate	93	82	80	(72)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Turnover rate	(68)	77	(59)	66

(Unit: Thousand Baht)

As at 31 December 2017

	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	(33)	35	(28)	30
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Salary increase rate	69	(61)	59	(52)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Turnover rate	(52)	58	(43)	48

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 0.14 million (The Company only: Baht 0.13 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

## 19. Share capital

On 4 August 2018, the Extraordinary General Meeting of the Company's shareholders No. 1/2018 passed the following special resolutions.

- a) To approve the transformation of the Company from a limited company to a public company and list the Company on the MAI.
- b) To approve the change in the par value of ordinary shares of the Company from Baht 100 per share to Baht 0.50 per share, resulting in an increased, the number of shares from 1.1 million shares to 220 million shares.

- c) To approve the increase in the Company's registered share capital from Baht 110 million (220 million ordinary shares of Baht 0.50 per share after the par value is changed as discussed in b) above) to Baht 150 million (300 million ordinary shares of Baht 0.50 per share) through the issuance of 80 million new ordinary shares with a par value of Baht 0.50 each to be reserved for initial public offering after the Company listed on the MAI.

The Company registered its transformation to SAAM Energy Development Public Company Limited and change in the par value of the Company's ordinary shares, and the increase in share capital with the Ministry of Commerce on 8 August 2018.

## **20. Issued and paid up share capital**

In December 2018, the Company made an initial public offering for 80 million of newly issued ordinary shares at the price of Baht 1.80 per share for total proceeds of Baht 144 million, resulting in share premium amounting to Baht 99.4 million, net of direct cost attributable to the share offering and related income tax totaling Baht 4.6 million. The Company received full settlement of the additional share capital on 28 December 2018.

On 2 January 2019, the Company registered an increase of its issued and paid-up share capital from Baht 110 million (220 million ordinary shares of Baht 0.50 per share) to Baht 150 million (300 million ordinary shares of Baht 0.50 per share) with the Ministry of Commerce. In addition, the MAI approved the 300 million ordinary shares of Baht 0.50 per share as listed securities for trading on 7 January 2019.

## **21. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. During the year 2018, the Company set additional the statutory reserve by Baht 1.2 million (2017: Baht 0.2 million).

As at 31 December 2018, the Company set the statutory reserve totaling Baht 2.0 million (2017: Baht 0.8 million).

## 22. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
		(Restated)		(Restated)
Salaries and wages and other employee benefits	11,574	10,632	8,057	6,983
Depreciation	5,733	5,617	431	297
Land rental expenses	3,030	3,309	1,308	1,119
Security expenses	5,010	4,989	823	671
Commission expenses	221	183	221	183
Profession service expenses	7,870	7,996	5,471	5,058

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.

## 23. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Current income tax charge	4,527	3,926	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,675)	27	(1,671)	(350)
<b>Income tax (income) expense reported in the statement of income</b>	<u>2,852</u>	<u>3,953</u>	<u>(1,671)</u>	<u>(350)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial gain (loss) on defined benefit plan	(24)	31	(5)	54
	<u>(24)</u>	<u>31</u>	<u>(5)</u>	<u>54</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u> (Restated)	<u>2018</u>	<u>2017</u> (Restated)
Accounting profit before tax	18,038	22,973	12,575	15,486
Applicable tax rate	0% - 20%	0% - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	4,862	4,152	2,515	3,097
Effects of changes in the tax rates	Effects of:			
Promotional privileges (Note 24)	(1,274)	(1,104)	-	-
Utilisation of tax loss carried forward	-	(80)	-	-
Exemption from corporate income tax	-	(90)	-	-
Non-deductible expenses	39	390	6	10
Additional expense deductions allowed	(937)	(45)	(937)	(44)
Income not subject to tax	-	-	(3,255)	(3,420)
Others	122	147	-	7
Total	(2,050)	(782)	(4,186)	(3,447)
Unrecognised tax losses as deferred tax assets	40	583	-	-
Income tax (income) expense reported in the statement of income	2,852	3,953	(1,671)	(350)

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Deferred tax assets</b>				
Provision for long-term employee benefits	248	185	170	130
Unused tax loss	1,959	323	1,959	323
Total deferred tax assets	2,207	508	2,129	453

As at 31 December 2018, two subsidiary companies have the unused tax losses amounting to Baht 4.5 million (2017: Baht 4.2 million) will be expired by 2019 - 2023. The deferred tax assets have not been recognised as the subsidiary companies believe that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

#### 24. 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 2019
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>2018</u>	<u>2017</u>
BOI promoted	16,597	16,935
Non-BOI promoted	-	-
Total sale	<u>16,597</u>	<u>16,935</u>

## 25. 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, after adjusting the number of ordinary shares in proportion to the change in par value from Baht 100 each to Baht 0.50 each as discussed in Note 19 to the financial statements. The number of ordinary share is adjusted as if the share split had occurred at the beginning of the earliest period reported.

## 26. 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.

## 26.1 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 2018 and 2017, respectively.

	Development service		Distribute of electricity		Adjustments and eliminations		(Unit: Thousand Baht) Consolidated financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
		(Restated)						(Restated)
Revenue from sales, services and rental	60,476	57,477	16,597	16,935	(5,554)	(2,554)	71,519	71,858
Cost of sales, services and rental	(14,865)	(14,767)	(6,103)	(6,959)	388	1,220	(20,580)	(20,506)
Gross profit	<u>45,611</u>	<u>42,710</u>	<u>10,494</u>	<u>9,976</u>	<u>(5,166)</u>	<u>(1,334)</u>	<u>50,939</u>	<u>51,352</u>
Other income							213	1,619
Selling and servicing expenses							(419)	(183)
Administrative expenses							(25,369)	(24,101)
Other expenses							(1,607)	-
Finance cost							(5,719)	(5,712)
Income tax expenses							(2,853)	(3,953)
Non-controlling interests of the subsidiaries							258	55
Profit for the year							<u>15,443</u>	<u>19,077</u>

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

	Development service		Distribute of electricity		Adjustments and eliminations		(Unit: Thousand Baht) Consolidated financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
		(Restated)						(Restated)
<b>Assets</b>								
Trade accounts receivables	12,675	7,106	1,638	879	(7,259)	(1,690)	7,054	6,295
Accrued revenue	-	-	769	1,069	-	-	769	1,069
Investment properties	82,495	82,495	-	-	-	-	82,495	82,495
Property, plant and equipment	5,285	5,470	127,039	132,126	(145)	(145)	132,179	137,451
Deposit for purchase of land and equipment	1,455	2,087	24,679	24,845	-	-	26,134	26,932
Others	379,851	176,217	18,901	18,938	(202,260)	(146,912)	196,492	48,243
<b>Total assets</b>	<b>481,761</b>	<b>273,375</b>	<b>173,026</b>	<b>177,857</b>	<b>(209,664)</b>	<b>(148,747)</b>	<b>445,123</b>	<b>302,485</b>
<b>Total liabilities</b>	<b>158,557</b>	<b>80,423</b>	<b>80,784</b>	<b>89,741</b>	<b>(91,210)</b>	<b>(29,876)</b>	<b>148,131</b>	<b>140,288</b>
Decrease to non-current assets excluded deferred tax assets	(1,009)	(864)	(5,247)	(7,365)	-	(1,188)	(6,256)	(9,417)

### Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Revenue from external customers		
Thailand	71,519	71,858
<b>Total</b>	<b>71,519</b>	<b>71,858</b>
Non-current assets (other than deferred tax assets)		
Thailand	252,270	257,837
Japan	1,455	2,144
<b>Total</b>	<b>253,725</b>	<b>259,981</b>

### Major customers

For the year 2018, the Company and its subsidiaries have revenue from two major customers in amount of Baht 54.9 million arising from development service segment and Baht 16.6 million, arising from distribute of electricity segment, (2017: Baht 57.5 million arising from development service segment and Baht 16.9 million arising from distribute of electricity segment).

## 27. Dividends

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<b>2018</b>				
Interim dividend paid on net income as at 30 June 2018	Board of Director Meeting on 12 October 2018	3.1	0.01	25 October 2018
Interim dividend paid on earnings as at 31 December 2017	Board of Director Meeting on 14 November 2018	14.5	0.07	13 December 2018
<b>Total dividends paid for 2018</b>		<b>17.6</b>	<b>0.08</b>	
<b>2017</b>				
Interim dividend paid on earnings as at 30 September 2017	Extraordinary Meeting of shareholders on 15 November 2017	3.9	3.5	27 November 2017
<b>Total dividends paid for 2017</b>		<b>3.9</b>	<b>3.5</b>	

## 28. Commitments and contingencies

The Company and its subsidiaries have commitments and contingent liabilities other than those disclosed in other notes as follows;

### 28.1 Capital commitments

On 12 May 2015, SAAM Solar Power Two Co., Ltd, a subsidiary company, entered into 25-year power purchase agreement with a government unit with respect to the purchase of solar power generated by the ground-mount solar plant located in Amuphur Deelung, Lopburi province which to commence commercial electricity sale by 31 December 2015.

Subsequently on 21 May 2015, an event of force majeure occurred, causing the subsidiary company to relocate the solar power plant to Phetchaburi province. The committee of the government unit agreed that it was a force majeure event but they did not to approve the relocation of the solar power plant. As a result, the subsidiary failed to commence commercial electricity sale by the specified date. The government unit then sent a letter to the subsidiary, notifying its intention to cancel the power purchase agreement. However during the year 2015, the subsidiary had entered into many following agreements in order to set up this solar power plant.

a) A solar power plant construction contract

The subsidiary company entered into a solar power plant construction contract with a company to comply with a condition stipulated in the power purchase agreement at a total cost Baht 27.6 million. As at 31 December 2018, the subsidiary partially paid for the construction cost to that company amounting to Baht 4.8 million (31 December 2017: Baht 4.8 million). The subsidiary presented this construction cost under “Construction in progress” amounting to Baht 3.5 million (31 December 2017: Baht 3.5 million) and “Deposit for equipment” amounting to Baht 1.3 million (31 December 2017: Baht 1.3 million) in the consolidated statement of financial position. The subsidiary had remaining commitments in respect of the solar power plant construction contract by the completed milestone totaling Baht 22.8 million (31 December 2017: Baht 22.8 million)

b) Equipment supply contract

The subsidiary company entered into Main Equipment Supply contract with a foreign company for the main equipment related to the construction of the solar power plant at a total cost USD 2.8 million. As at 31 December 2018, the subsidiary company paid for a deposit for the equipment to that company amounting to USD 0.7 million or equivalent to Baht 23.4 million (31 December 2017: Baht 23.6 million). The subsidiary company presented this deposit for main equipment under “Deposit for equipment” in the consolidated statement of financial position. The subsidiary company had remaining commitments in respect of the Main Equipment Supply contract by the completed milestone totaling USD 2.1 million (31 December 2017: USD 2.1 million).

Regarding the above mentioned occurrence of forced majeure and commitments, on 28 July 2016, the subsidiary company filed a lawsuit against the government unit and other two units with the Central Administrative Court, seeking either the enforcement of the power purchase agreement or the compensation for damages arising upon related commitments under agreements. Currently, the lawsuit is under the consideration of the Central Administrative Court. The Group’s management considered an opinion of a legal counsel, the commitments under the agreements and consequences from terminating related contracts early and believed that the construction in progress and the deposit for the main equipment are valuable until the litigation process is finalised. In addition, in case of early termination of the Main Equipment Supply contract, the subsidiary has the right to receive a full refund. Therefore as at 31 December 2018, the Group’s management therefore decided not to set up a provision for impairment of these assets in the consolidated financial statements.

## 28.2 Commitment for sell and purchase of land agreement

SAAM Three Co., Ltd., a subsidiary company, entered into to sell and to purchase land agreement with a third party who was an owner of the land where the solar power plant was to be located at a total cost Baht 14.6 million (31 December 2017: Baht 14.6 million). Currently, the subsidiary company was in a process of land fill and solar power plant construction. The subsidiary was obligated to pay to the land owner the rental amounting to Baht 0.3 million per year (31 December 2017: Baht 0.3 million).

## 28.3 Land commitments

The Company and its subsidiaries entered into lease agreements in respect of the lease of land for solar power plant operation services provided to a company. The terms of the land lease agreements are the earlier of 18 to 25 years and the end of the service agreements.

As at 31 December 2018 and 2017, the remaining terms of these land lease agreements are 9 to 14 years. Future minimum lease payments required under these land lease agreements are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Payable:				
In up to 1 year	2.4	2.4	0.9	0.9
In over 1 and up to 5 years	11.9	11.7	5.4	5.3
In over 5 years	21.5	24.6	6.6	8.0

As at 31 December 2018 and 2017, the Company and its subsidiaries have future minimum of service income expected to be received under these land rental agreements as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Service income:				
In up to 1 year	30.4	30.4	8.8	8.8
In over 1 and up to 5 years	121.5	121.5	35.4	35.4
In over 5 years	221.6	252.0	42.1	51.0

## 28.4 Operating lease commitment

The Company entered into a three-year agreement with respect to office space rental and related facility service for the Group operation. This agreement will expire in December 2019. The Company is obliged to pay a monthly rental and service fee approximately Baht 0.07 million (31 December 2017: Baht 0.07 million).

## 28.5 Service commitment

The Company entered into a long-term agreement with a third party for land and solar power plant management in Phetchaburi province. This agreement will expire in 2030. The Company is obliged to pay a yearly service fee totaling approximately Baht 0.2 million (31 December 2017: Baht 0.2 million).

## 29. Fair value hierarchy

As at 31 December 2018 and 2017, 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 2018			
	Level 1	Level 2	Level 3	Total
<b>Financial assets disclosed at fair value</b>				
Investment properties	-	138.2	-	<b>138.2</b>
<b>Financial liabilities disclosed at fair value</b>				
Derivatives				
Interest rate swap contract	-	0.3	-	<b>0.3</b>

  

	(Unit: Million Baht)			
	Consolidated Financial Statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
<b>Financial assets disclosed at fair value</b>				
Investment properties	-	139.9	-	<b>139.9</b>
<b>Financial liabilities disclosed at fair value</b>				
Derivatives				
Interest rate swap contract	-	0.8	-	<b>0.8</b>

### **30. Financial instruments**

#### **30.1 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 and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do 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 and 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 borrowings. Most of the Company and its subsidiaries' 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: Thousand Baht)

## Consolidated Financial Statements

	Fixed interest rate		Floating interest rate				Non- interest bearing		Total		Effective interest rate	
	within 1 year										rate	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
												(% per annum)
<b>Financial Assets</b>												
Cash and cash equivalent	-	-	163,995	27,673	-	-	163,995	27,673	0.375	0.375		
Trade and other receivables	-	-	-	-	8,612	8,758	8,612	8,758	-	-		
	-	-	163,995	27,673	8,612	8,758	172,607	36,431				
<b>Financial liabilities</b>												
Trade and other payables	-	-	-	-	9,684	4,748	9,684	4,748	-	-		
Long-term loans from financial institutions	-	-	131,360	132,705	-	-	131,360	132,705	MLR - 0.5,	MLR - 1.5	MLR - 1.5	
									and	and		
									BIBOR 3	BIBOR 3		
									month + 2	month + 2		
	-	-	131,360	132,705	9,684	4,748	141,044	137,453				

(Unit: Thousand Baht)

## Separate Financial Statements

	Fixed interest rate		Floating interest rate				Non- interest bearing		Total		Effective interest rate	
	within 1 year										rate	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
												(% per annum)
<b>Financial Assets</b>												
Cash and cash equivalent	-	-	145,566	4,752	-	-	145,566	4,752	0.375	0.375		
Trade and other receivables	-	-	-	-	4,944	2,887	4,944	2,887	-	-		
Short-term loans to related parties	24,906	12,314	-	-	-	-	24,906	12,314	1.25 - 3.00	1.25 - 3.00		
	24,906	12,314	145,566	4,752	4,944	2,887	175,416	19,953				
<b>Financial liabilities</b>												
Trade and other payables	-	-	-	-	6,532	887	6,532	887	-	-		
Short-term loans from related parties	6,000	6,000	-	-	-	-	6,000	6,000	1.25	1.25		
Long-term loans from related parties	-	-	14,210	-	-	-	14,210	-	MLR-0.4	-		
	6,000	6,000	14,210	-	6,532	887	26,742	6,887				



### **Foreign currency risk**

The Company and the subsidiaries exposure to foreign currency risk arises mainly from loan and purchase of equipment that is denominated in foreign currencies.

As at 31 December 2018 and 2017, the balances of financial assets denominated in foreign currencies are summarised below.

Foreign currency	Consolidated		Separate		Exchange rate as at	
	financial statements		financial statements		31 December	
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
<b>Financial assets</b>						
US dollar	0.7	0.7	-	-	32.2848	32.5146
Yen	-	-	91.5	30.3	0.2892	0.2860
HK dollar	-	-	0.2	0.2	4.1023	4.1421

### **Interest rate risk**

SAAM Solar Power One Co., Ltd., 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 17 as below.

Consolidated Financial Statements			
Currency	Loan	Interest	Maturity date
	(Million)	(Percent per annum)	
<b>As at 31 December 2018</b>			
Baht	40.4	Exchange of interest at BIBOR 3 month to interest at 2.41 per annum	7 January 2019
<b>As at 31 December 2017</b>			
Baht	43.5	Exchange of interest at BIBOR 3 month to interest at 2.41 per annum	8 January 2018

## **30.2 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.

### **31. 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 2018, the Group's debt-to-equity ratio was 0.50:1 (2017: 0.86:1) and the Company's was 0.11:1 (2017: 0.06:1).

### **32. Events after the reporting period**

On 31 January 2019, SAAM Three Co., Ltd, a subsidiary company, submitted a letter to a financial institution requesting to fully repay a remaining principal under a long-term loan agreement in order to comply the Company's objective of financing by the offering of additional shares. The subsidiary intends to repay such long-term loan on 15 February 2019.

### **33. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised director on 11 February 2019.