

SAAM Energy Development Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2019

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 2019, 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 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

Key audit matters and how audit procedures respond for those matters are described below.

Project in progress

As disclosed in the Note 10 to consolidated financial statements, the subsidiary was in the process of project development. Project in progress comprised the costs and fees of grid application, METI certification, grid interconnection, consultation and other expenses which directly related to project. Management needed to exercise substantial judgment in considering and recording this project in progress.

I directed and supervised the work of the component auditor related to project in progress to obtain sufficient and appropriate audit evidence on the following:

- The recording of purchase and payment transactions related to the project in progress
- Examination the representative samples of project in progress transactions against supporting documents for the additions occurring during the year
- Reviewing whether the recording of project in progress was in accordance with Thai Financial Reporting Standards.

In addition, I reviewed the disclosure of information related to project in progress in the consolidated notes to financial statements.

Investments in subsidiaries

As disclosed in Notes 11 to the consolidated financial statements, as at 31 December 2019, the Company has investments in subsidiaries amounting to Baht 123.7 million, which is a significant amount. In assessing the impairment of this investment the management needs to exercise substantial judgment to make forecasts of operating results and projections of future cash flows from investments, including determination of appropriate discount rates, long-term growth rates and other assumptions.

In order to assess management's identification of the impairment of investments in subsidiaries, I gained an understanding of management's process of selecting a financial model. I also assessed the assumptions applied in preparing plans and projections of cash flows from this investment by gaining an understanding of the process by which the figures were derived, comparing the assumptions with external and internal sources of information regarding the subsidiaries, comparing past cash flows projections with actual operating results. I also evaluated the discount rate used based on analysis of the average cost of capital and other data, tested the calculation of cash flows projections based on the financial model and considered the scope and probability of potential changes in the key assumptions and in particular the discount rates and growth rates applied in preparing the cash flows projections.

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: 17 February 2020

SAAM Energy Development Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Assets					
Current assets					
Cash and cash equivalents	7	51,893,608	163,994,904	17,844,855	145,565,733
Short-term investment	8	81,077,778	-	81,077,778	-
Trade and other receivables	9	8,736,170	8,611,550	8,212,112	4,943,625
Project in progress	10	10,175,658	10,799,305	-	-
Current portion of prepaid land rental expense	12	95,844	95,844	-	-
Short-term loans to related parties	6	-	-	31,204,110	24,905,549
Other current assets		4,933,491	5,689,932	1,489,607	1,720,755
Total current assets		156,912,549	189,191,535	139,828,462	177,135,662
Non-current assets					
Investments in subsidiaries	11	-	-	123,660,561	116,964,561
Prepaid land rental expense - net of					
current portion	12	8,115,132	8,210,977	-	-
Investment properties	13	82,494,500	82,494,500	-	-
Property, plant and equipment	14	122,141,420	132,179,023	2,473,139	2,790,248
Intangible assets	15	75,486	85,750	70,043	79,662
Deposit of purchase land and equipment	26.1	24,461,625	26,134,456	-	-
Deferred tax assets	21	1,941,232	2,206,643	1,858,956	2,129,325
Other non-current assets		4,589,481	4,620,487	1,687,650	1,661,250
Total non-current assets		243,818,876	255,931,836	129,750,349	123,625,046
Total assets		400,731,425	445,123,371	269,578,811	300,760,708

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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	16	3,862,330	9,683,690	1,410,069	6,532,361
Short-term loan from related party	6	-	-	5,500,000	6,000,000
Current portion of long-term loan from related party	6	-	-	-	4,080,000
Current portion of long-term loans from financial institutions	17	17,483,951	20,796,827	-	-
Income tax payable		1,658,068	1,625,201	-	-
Other current liabilities		1,309,581	2,132,715	904,279	1,653,623
Total current liabilities		24,313,930	34,238,433	7,814,348	18,265,984
Non-current liabilities					
Long-term loan from related party - net of current portion	6	-	-	-	10,130,000
Long-term loans from financial institutions - net of current portion	17	82,449,125	110,563,075	-	-
Provision for long-term employee benefits	18	1,876,949	1,363,376	1,332,579	852,047
Other non-current liabilities - rental payable		2,054,163	1,966,329	756,001	724,453
Total non-current liabilities		86,380,237	113,892,780	2,088,580	11,706,500
Total liabilities		110,694,167	148,131,213	9,902,928	29,972,484

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 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Liabilities and shareholders' equity					
(continued)					
Shareholders' equity					
Share capital					
Registered					
300,000,000 ordinary shares of Baht 0.50 each		<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>
Issued and fully paid up					
300,000,000 ordinary shares of Baht 0.50 each		150,000,000	150,000,000	150,000,000	150,000,000
Share premium		99,418,659	99,418,659	99,418,659	99,418,659
Deficit on business combination under					
common control		(688,926)	(688,926)	-	-
Retained earnings					
Appropriated - statutory reserve	19	2,550,840	1,976,346	2,550,840	1,976,346
Unappropriated		40,640,667	47,256,724	7,706,384	19,393,219
Other components of shareholders' equity		<u>(1,523,616)</u>	<u>(658,745)</u>	-	-
Equity attributable to owners of the Company		290,397,624	297,304,058	259,675,883	270,788,224
Non-controlling interests of the subsidiaries		<u>(360,366)</u>	<u>(311,900)</u>	-	-
Total shareholders' equity		<u>290,037,258</u>	<u>296,992,158</u>	<u>259,675,883</u>	<u>270,788,224</u>
Total liabilities and shareholders' equity		<u>400,731,425</u>	<u>445,123,371</u>	<u>269,578,811</u>	<u>300,760,708</u>
		-	-	-	-

The accompanying notes are an integral part of these financial statements

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 Directors

SAAM Energy Development Public Company Limited and its subsidiaries

Statement of income

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Revenues					
Sales		16,889,168	16,596,842	-	-
Service income		41,771,040	41,771,040	11,948,224	11,359,744
Rental income	13	13,152,000	13,152,000	-	-
Dividend income from subsidiaries	11	-	-	10,099,406	16,273,505
Other income		1,512,844	212,802	12,285,595	9,686,174
Total revenues		73,325,052	71,732,684	34,333,225	37,319,423
Expenses					
Cost of sales	20	6,113,574	6,102,690	-	-
Cost of service and rental		12,913,998	14,478,266	3,452,477	3,663,452
Selling and service expenses		221,000	418,753	221,000	221,000
Administrative expenses		28,141,133	25,368,806	18,597,980	20,161,204
Other expenses		30,783	1,606,863	-	-
Total expenses		47,420,488	47,975,378	22,271,457	24,045,656
Profit before finance cost and income tax income (expenses)		25,904,564	23,757,306	12,061,768	13,273,767
Finance cost		(4,591,789)	(5,719,159)	(275,959)	(699,234)
Profit before income tax income (expenses)		21,312,775	18,038,147	11,785,809	12,574,533
Income tax income (expenses)	21	(4,811,538)	(2,852,869)	(295,925)	1,671,497
Profit for the year		16,501,237	15,185,278	11,489,884	14,246,030
Profit attributable to:					
Equity holders of the Company		16,549,113	15,443,314	11,489,884	14,246,030
Non-controlling interests of the subsidiaries		(47,876)	(258,036)		
		<u>16,501,237</u>	<u>15,185,278</u>		
Basic earnings per share (Baht)					
Profit attributable to equity holders of the Company	23	0.055	0.070	0.038	0.064
Weighted average number of ordinary shares (Shares)		<u>300,000,000</u>	<u>221,753,425</u>	<u>300,000,000</u>	<u>221,753,425</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 2019

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the year		<u>16,501,237</u>	<u>15,185,278</u>	<u>11,489,884</u>	<u>14,246,030</u>
Other comprehensive income:					
<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>(864,869)</u>	<u>(250,946)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(864,869)</u>	<u>(250,946)</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss on defined benefit plan		<u>(114,192)</u>	<u>(150,202)</u>	<u>(127,781)</u>	<u>(26,338)</u>
Income tax effect	21	<u>23,518</u>	<u>23,847</u>	<u>25,556</u>	<u>5,268</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(90,674)</u>	<u>(126,355)</u>	<u>(102,225)</u>	<u>(21,070)</u>
Other comprehensive income for the year		<u>(955,543)</u>	<u>(377,301)</u>	<u>(102,225)</u>	<u>(21,070)</u>
Total comprehensive income for the year		<u><u>15,545,694</u></u>	<u><u>14,807,977</u></u>	<u><u>11,387,659</u></u>	<u><u>14,224,960</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>15,593,566</u>	<u>15,066,035</u>	<u><u>11,387,659</u></u>	<u><u>14,224,960</u></u>
Non-controlling interests of the subsidiaries		<u>(47,872)</u>	<u>(258,058)</u>		
		<u><u>15,545,694</u></u>	<u><u>14,807,977</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 2019

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities					
Profit before tax		21,312,775	18,038,147	11,785,809	12,574,533
Adjustments to reconcile net profit before tax to net cash provided by (paid from) operating activities:					
Unrealised (gain) loss on exchange rate		1,665,438	242,515	1,894,007	(278,140)
Amortisation of prepaid land rental expense	12	95,845	95,844	-	-
Depreciation and amortisation	14, 15	5,766,254	5,415,276	446,904	440,561
Write-off equipment		-	23,405	-	23,405
Gain on disposal of equipment		(999)	-	-	-
Loss from impairment of assets	14	4,562,098	-	-	-
Write-off deposit for the interest purchase		-	708,221	-	-
Write-off withholding tax deducted at source		126,734	2,520	-	-
Write-off project in progress	10	30,783	901,671	-	-
Increase in provision for long-term employee benefits		399,381	202,219	352,751	177,057
Dividend income	11	-	-	(10,099,406)	(16,273,505)
Interest income		(1,389,536)	(92,767)	(1,676,313)	(350,162)
Interest expenses		4,415,599	5,372,400	169,194	639,865
Profit (loss) from operating activities before changes in operating assets and liabilities		36,984,372	30,909,451	2,872,946	(3,046,386)
Operating assets (increase) decrease					
Trade and other receivables		(112,114)	146,692	(3,140,513)	(1,886,307)
Project in progress		(30,783)	(11,002,284)	-	-
Other current assets		499,212	(372,385)	320,672	(341,138)
Other non-current assets		31,006	93,847	(26,400)	-
Operating liabilities increase (decrease)					
Trade and other payables		(1,996,773)	1,202,967	(1,463,145)	1,837,483
Other current liabilities		(823,134)	1,576,461	(749,344)	1,488,794
Other non-current liabilities		87,834	116,141	31,548	34,619
Cash flows from (used in) operating activities		34,639,620	22,670,890	(2,154,236)	(1,912,935)
Cash received from withholding tax refundable		736,782	-	516,709	-
Cash paid for income tax		(5,095,401)	(4,718,259)	(606,233)	(545,602)
Net cash flows from (used in) operating activities		30,281,001	17,952,631	(2,243,760)	(2,458,537)

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 2019

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities					
Cash paid for acquisition of equipment and intangible assets	14, 15	(280,486)	(169,766)	(120,176)	(83,713)
Proceed from disposal of equipment		1,000	-	-	-
Cash paid for deposit of land		-	(1,455,563)	-	-
Cash received from deposit of land refundable		-	2,086,603	-	-
Cash paid for deposit for the interest purchase		-	(708,221)	-	-
Cash received from settlement of short-term loans to related parties	6	-	-	1,500,000	11,935,000
Cash paid to provide short-term loans to related parties	6	-	-	(9,448,014)	(24,284,387)
Dividend received from subsidiaries	11			10,099,406	16,273,505
Cash paid for share incremental in subsidiaries	11.2	-	-	(6,696,000)	-
Current investment increase	8	(81,077,778)	-	(81,077,778)	-
Cash received from interest income		1,377,030	92,767	1,303,785	215,580
Net cash flows from (used in) investing activities		<u>(79,980,234)</u>	<u>(154,180)</u>	<u>(84,438,777)</u>	<u>4,055,985</u>
Cash flows from financing activities					
Cash received from short-term loans from related parties	6	-	-	-	10,500,000
Cash paid to settle short-term loans from related parties	6	-	-	(500,000)	(10,500,000)
Cash received from long-term loans from related parties	6	-	-	-	17,430,000
Cash paid to settle long-term loans from related parties	6	-	-	(14,210,000)	(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	(31,426,826)	(18,774,613)	-	-
Cash received from increase in share capital		-	144,000,000	-	144,000,000
Cash paid for direct costs related to share offering		(3,683,462)	(897,879)	(3,683,462)	(897,879)
Dividend paid	25	(22,500,000)	(17,580,000)	(22,500,000)	(17,580,000)
Cash paid for interest expenses		(4,549,331)	(5,399,125)	(144,879)	(515,394)
Decrease in non-controlling interest of the subsidiaries from dividend payment		(594)	(1,495)	-	-
Net cash flows from (used in) financing activities		<u>(62,160,213)</u>	<u>118,776,888</u>	<u>(41,038,341)</u>	<u>139,216,727</u>
Increase in translation adjustments		(241,850)	(253,746)	-	-
Net increase (decrease) in cash and cash equivalents		<u>(112,101,296)</u>	<u>136,321,593</u>	<u>(127,720,878)</u>	<u>140,814,175</u>
Cash and cash equivalents at beginning of year		163,994,904	27,673,311	145,565,733	4,751,558
Cash and cash equivalents at end of year		<u>51,893,608</u>	<u>163,994,904</u>	<u>17,844,855</u>	<u>145,565,733</u>

Supplement disclosures of cash flows information

Non-cash items

Direct costs related to share offering payable	-	3,683,462	-	3,683,462
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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 2019

(Unit: Baht)

Consolidated financial statements									
Equity attributable to owners of the Company									
			Retained earnings		Exchange on	Total equity	Equity	Total	
	Issued and	Deficit on	Appropriated -	Unappropriated	translation of	attributable to	attributable to	shareholders'	
	paid up	business	statutory	reserve	financial statements	owners of	non-controlling	equity	
	share capital	combination	reserve		in foreign	the Company	interests of		
		under common	control		currency		the subsidiaries		
	Share premium	control	reserve	Unappropriated					
Balance as at 31 December 2017	110,000,000	-	(688,926)	817,918	50,678,172	(407,800)	160,399,364	(52,347)	160,347,017
Increase share capital	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 19)	-	-	-	1,158,428	(1,158,428)	-	-	-	-
Dividend paid (Note 25)	-	-	-	-	(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)
Balance as at 31 December 2018	<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>
Balance as at 31 December 2018	150,000,000	99,418,659	(688,926)	1,976,346	47,256,724	(658,745)	297,304,058	(311,900)	296,992,158
Profit for the year	-	-	-	-	16,549,113	-	16,549,113	(47,876)	16,501,237
Other comprehensive income for the year	-	-	-	-	(90,676)	(864,871)	(955,547)	4	(955,543)
Total comprehensive income for the year	-	-	-	-	16,458,437	(864,871)	15,593,566	(47,872)	15,545,694
Transferred unappropriated retained earnings									
to statutory reserve (Note 19)	-	-	-	574,494	(574,494)	-	-	-	-
Dividend paid (Note 25)	-	-	-	-	(22,500,000)	-	(22,500,000)	-	(22,500,000)
Decrease in non-controlling interests of the subsidiaries									
from dividend payment of subsidiaries	-	-	-	-	-	-	-	(594)	(594)
Balance as at 31 December 2019	<u>150,000,000</u>	<u>99,418,659</u>	<u>(688,926)</u>	<u>2,550,840</u>	<u>40,640,667</u>	<u>(1,523,616)</u>	<u>290,397,624</u>	<u>(360,366)</u>	<u>290,037,258</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 2019

(Unit: Baht)

	Separate financial statements				
	Issued and paid up		Retained earnings		Total
	share capital	Share premium	Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2017	110,000,000	-	817,918	23,906,687	134,724,605
Increase share capital	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 19)	-	-	1,158,428	(1,158,428)	-
Dividend paid (Note 25)	-	-	-	(17,580,000)	(17,580,000)
Balance as at 31 December 2018	<u>150,000,000</u>	<u>99,418,659</u>	<u>1,976,346</u>	<u>19,393,219</u>	<u>270,788,224</u>
Balance as at 31 December 2018	150,000,000	99,418,659	1,976,346	19,393,219	270,788,224
Profit for the year	-	-	-	11,489,884	11,489,884
Other comprehensive income for the year	-	-	-	(102,225)	(102,225)
Total comprehensive income for the year	-	-	-	11,387,659	11,387,659
Transferred unappropriated retained earnings to statutory reserve (Note 19)	-	-	574,494	(574,494)	-
Dividend paid (Note 25)	-	-	-	(22,500,000)	(22,500,000)
Balance as at 31 December 2019	<u>150,000,000</u>	<u>99,418,659</u>	<u>2,550,840</u>	<u>7,706,384</u>	<u>259,675,883</u>

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 2019

1. General information

SAAM Energy Development Public Company Limited (“the Company”) is a public company incorporated 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>2019</u> Percent	<u>2018</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	99.99	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>2019</u> Percent	<u>2018</u> Percent
Subsidiaries held by SAAM International Limited				
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>2019</u> Percent	<u>2018</u> Percent
Subsidiaries held by SAAM Japan Energy GK				
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 Group 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 Group have adopted the revised (revised 2018) and new financial reporting standards and interpretations 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 adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are 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
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

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

This standard does not have any significant impact on the Group's financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

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

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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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 Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

TFRS 16 Leases

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

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

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales

Sales of electricity is recognised based on the amount of electricity produced and the agreed tariff (Feed-in Tariff) at the point in time when control of the electricity is transferred to the customer.

Rendering of services

Revenue from procuring power plant locations and maintenance of power plant equipment is recognised over time when services have been rendered 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.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 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.

4.5 Investments

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

4.6 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.

4.7 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	5, 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.

4.8 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

4.9 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.

4.10 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.

4.11 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At the end of each reporting period, the Group 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 Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.13 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 Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group 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.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

4.14 Provisions

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

4.15 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 Group recognises 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 Group reviews and reduces 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.16 Derivatives

The Group has 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.

4.17 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 Group applies 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 Group measures 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 Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

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

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.

6. Related party transactions

During the years, the Group 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 - 1.25 percent per annum and MLR - 0.40 percent per annum (2018: 0.05 - 3.00 percent per annum and MLR - 0.40 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Transactions with subsidiary companies</u>				
(eliminated from the consolidated financial statements)				
Service income	-	-	3,105	2,517
Management income	-	-	10,368	9,216
Dividend income (Note 11)	-	-	10,099	16,273
Interest income	-	-	363	327
Other service income	-	-	119	-
Interest expenses	-	-	169	640
<u>Transactions with related companies</u>				
Dividend paid	1	-	-	-

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade accounts receivable - related parties (Note 9)</u>				
Subsidiaries	-	-	5,405	2,524
Total trade accounts receivable - related parties	-	-	5,405	2,524
<u>Accrued interest income - related parties (Note 9)</u>				
Subsidiaries	-	-	533	194
Total accrued interest income - related parties	-	-	533	194
<u>Accrued interest expense - related parties (Note 16)</u>				
Subsidiaries	-	-	174	150
Total accrued interest expense - related parties	-	-	174	150

Loans to related parties and loans from related parties

As at 31 December 2019 and 2018, 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 2018	During the year		Unrealised loss on exchange rate	Balance as at 31 December 2019
			Increase	Decrease		
SAAM International Limited	Subsidiary	24,905	3,448	-	(1,649)	26,704
SAAM One Co., Ltd.	Subsidiary	-	1,000	(1,000)	-	-
SAAM Two Co., Ltd.	Subsidiary	-	500	(500)	-	-
SAAM Three Co., Ltd.	Subsidiary	-	4,500	-	-	4,500
Total short-term loans to related parties		24,905	9,448	(1,500)	(1,649)	31,204

Short-term loan from related party

		(Unit: Thousand Baht)			
		Separate financial statements			
Short-term loan from	Related by	Balance as at 31 December 2018	During the year		Balance as at 31 December 2019
			Increase	Decrease	
SAAM Solar Power Two Co., Ltd.	Subsidiary	6,000	-	(500)	5,500
Total short-term loan from related party		6,000	-	(500)	5,500

Long-term loan from related party

(Unit: Thousand Baht)

Long-term loan from	Related by	Separate financial statements			
		Balance as at 31 December 2018	During the year		Balance as at 31 December 2019
			Increase	Decrease	
SAAM Three Co., Ltd.	Subsidiary	14,210	-	(14,210)	-
Total long-term loan from related party		14,210	-	(14,210)	-
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.

Subsequently, the Company fully paid such long-term loan to the subsidiary in February 2019.

Directors and management's benefits

During the year ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2019	2018
Short-term employee benefits	4,760	5,320
Post-employment benefits	156	132
Total	4,916	5,452

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.

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash	105	138	8	20
Bank deposits	51,789	163,856	17,837	145,546
Total cash and cash equivalents	<u>51,894</u>	<u>163,994</u>	<u>17,845</u>	<u>145,566</u>

As at 31 December 2019, bank deposits in saving accounts carried interests at 0.375 percent per annum (2018: 0.375 percent per annum).

8. Current investments

As at 31 December 2019, the Company has current investments which were fixed deposits at bank. The fixed deposits carried interest at 1.40 percent per annum and will be matured within 2020 (2018: nil).

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade accounts receivables - related parties</u>				
(Note 6)				
Aged on the basis of due dates				
Not yet due	-	-	5,405	2,524
Total trade accounts receivable - related parties	-	-	5,405	2,524
<u>Trade accounts receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	6,831	7,054	1,577	1,577
Total trade accounts receivable - unrelated parties	6,831	7,054	1,577	1,577
<u>Other receivables</u>				
Advance to employee	10	-	10	-
Accrued interest income - related parties				
(Note 6)	-	-	533	194
Accrued interest income - unrelated parties	13	-	13	-
Accrued income	1,023	769	-	-
Prepaid expenses	825	774	674	646
Value added tax refundable	34	11	-	-
Other receivables - unrelated parties	-	3	-	3
Total other receivables	<u>1,905</u>	<u>1,557</u>	<u>1,230</u>	<u>843</u>
Total trade and other receivables	<u>8,736</u>	<u>8,611</u>	<u>8,212</u>	<u>4,944</u>

10. Project in progress

The net book value of project in progress as at 31 December 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Translation adjustment		Project in progress-net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Grid application	252	252	(14)	1	238	253
Grid interconnection	8,451	8,451	(494)	-	7,957	8,451
Consultation fee	1,583	1,583	(93)	-	1,490	1,583
Others	510	510	(19)	2	491	512
Total	10,796	10,796	(620)	3	10,176	10,799

During the current year, the subsidiary companies write-off project in progress by Baht 0.03 million (2018: Baht 0.90 million). 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:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding		Cost		Dividend received	
			percentage				during the years	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
			(%)	(%)				
SAAM One Co., Ltd	4,000	4,000	100	100	4,000	4,000	2,400	6,999
SAAM Two Co., Ltd	1,500	1,500	100	100	1,500	1,500	1,799	3,874
SAAM Three Co., Ltd	30,000	30,000	100	100	30,000	30,000	3,900	3,300
SAAM Service Co., Ltd	2,250	1,000	100	100	2,250	1,000	-	500
SAAM Solar Power One Co., Ltd	40,000	40,000	100	100	39,999	39,999	2,000	1,600
SAAM Solar Power Two Co., Ltd	40,000	40,000	100	100	39,999	39,999	-	-
SAAM International Limited	HKD 1.5	HKD 0.1	100	100	5,912	466	-	-
	million	million						
Total					123,660	116,964	10,099	16,273

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 2019, the Company has not established such new subsidiaries.

11.2 The new issuance of the subsidiaries' share capital

a) On 6 September 2019, the Extraordinary General Meeting of SAAM Service Co., Ltd. No. 1/2019 passed the special resolutions to approve the increase in registered share capital from Baht 1 million to Baht 6 million through the issuance of 50,000 new ordinary shares with a par value of Baht 100 each. The Company purchased such new shares in order to maintain its 100% interest in SAAM Service Co., Ltd., a subsidiary company. The subsidiary company called for payment of share capital at 25 percent of new shares, and the Company paid Baht 1.3 million for the share subscription on 9 September 2019.

The subsidiary company registered the increase in share capital with the Ministry of Commerce on 12 September 2019.

b) On 7 November 2019, a meeting of the Company's Board of Directors No. 4/2019 passed a resolution approving the increase in registered share capital of SAAM International Limited, a subsidiary company, from HKD 0.1 million to HKD 1.5 million through the issuance of 1.4 million new ordinary shares with a par value of HKD 1 each. The Company purchased such new shares in order to maintain its 100% interest in SAAM International Limited, a subsidiary company. The subsidiary company called for payment of share capital at 100 percent of new shares, and the Company paid HKD 1.4 million or equivalent to Baht 5.4 million for the share subscription on 20 December 2019.

The subsidiary company registered the increase in share capital on 28 November 2019.

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 2019, the subsidiary has remaining prepaid land rental expenses of Baht 8.2 million (2018: Baht 8.3 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 2019 and 2018 as follows.

	(Unit: Thousand Baht)	
	<u>Consolidated financial statements</u>	
	<u>2019</u>	<u>2018</u>
Rental income	13,152	13,152

As at 31 December 2019, the subsidiary company has pledged its land which net book value amounting to approximately Baht 82.5 million (2018: 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 2019 and 2018 stated below:

	(Unit: Thousand Baht)	
	<u>Consolidated financial statements</u>	
	<u>2019</u>	<u>2018</u>
Land	138,206	138,206

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							
	Land	Power plant	Buildings	Tool and equipment	Furniture	Motor vehicles	Assets	Total
			and building improvement		and office equipment		under construction	
Cost:								
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
Additions	-	-	-	73	55	-	152	280
Transfer in (out)	-	-	152	-	-	-	(152)	-
Disposals/write-off	-	-	-	-	(20)	-	-	(20)
31 December 2019	10,730	127,902	6,695	339	1,126	8,635	4,562	159,989
Accumulated depreciation:								
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
Depreciation for the year	-	5,083	408	58	207	-	-	5,756
Accumulated depreciation of disposals/write-off assets	-	-	-	-	(20)	-	-	(20)
31 December 2019	-	21,247	2,653	136	615	8,635	-	33,286
Allowance for impairment loss								
31 December 2018	-	-	-	-	-	-	-	-
Increase during the year	-	-	-	-	-	-	4,562	4,562
31 December 2019	-	-	-	-	-	-	4,562	4,562
Net book value:								
31 December 2018	10,730	111,738	4,298	188	663	-	4,562	132,179
31 December 2019	10,730	106,655	4,042	203	511	-	-	122,141
Depreciation for the year								
2018 (Baht 5.4 million included in cost of service, and the balance in administrative expenses)								5,406
2019 (Baht 5.4 million included in cost of service, and the balance in administrative expenses)								5,756

(Unit: Thousand Baht)

	Separate financial statements					Total
	Buildings and building improvement	Tool and equipment	Furniture and office equipment	Motor vehicles	Assets under construction	
Cost:						
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
Additions	-	29	55	-	36	120
Transfer in (out)	36	-	-	-	(36)	-
31 December 2019	2,940	58	1,045	4,435	-	8,478
Accumulated depreciation:						
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
Depreciation for the year	223	8	206	-	-	437
31 December 2019	1,018	16	536	4,435	-	6,005
Net book value:						
31 December 2018	2,109	21	660	-	-	2,790
31 December 2019	1,922	42	509	-	-	2,473
Depreciation for the year						
2018 (Baht 78 thousand included in cost of service, and the balance in administrative expenses)						432
2019 (Baht 83 thousand included in cost of service, and the balance in administrative expenses)						437

14.1 As at 31 December 2019, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 8.6 million (2018: Baht 8.7 million) (The Company only: Baht 4.4 million (2018: Baht 4.4 million)).

14.2 The subsidiaries have pledged their land and construction amounting to approximately Baht 117.4 million (2018: Baht 122.5 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 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cost	104	104	98	98
Less: Accumulated amortisation	(29)	(18)	(28)	(18)
Net book value	<u>75</u>	<u>86</u>	<u>70</u>	<u>80</u>

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	86	82	80	82
Acquisition of computer software	-	13	-	7
Less: Amortisation for the year	(11)	(9)	(10)	(9)
Net book value at end of year	<u>75</u>	<u>86</u>	<u>70</u>	<u>80</u>

16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade accounts payable	500	552	76	67
Accrued expenses	2,187	2,845	945	1,463
Other payables	178	5,233	110	4,830
Accrued interest expense - related parties (Note 6)	-	-	174	150
Accrued interest expense	685	819	-	-
Value added tax payable	312	235	105	22
Total trade and other payables	<u>3,862</u>	<u>9,684</u>	<u>1,410</u>	<u>6,532</u>

17. Long-term loans from financial institutions / current portion of long-term loans

The detail of long-term loans from financial institutions as at 31 December 2019 and 2018 are summarised below:

							(Unit: Thousand Baht)	
							Consolidated	
No.	Lender	Credit facilities (Million Baht)	Significant terms and conditions of loan agreements			financial statements		
			Repayment term	Collateral	Interest rate (percent per annum)	2019	2018	
<u>Subsidiaries</u>								
SAAM Three Co., Ltd.								
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	27,650	37,486	
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	
SAAM Solar Power One Co., Ltd.								
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	72,283	79,164	
Total long-term loans from financial institutions						99,933	131,360	
Less: current portion						(17,484)	(20,797)	
Long-term loans from financial institutions - net of current portion						82,449	110,563	

Movement in the long-term loans account during the years ended 31 December 2019 and 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2019</u>	<u>2018</u>
Balance at beginning of year	131,360	132,705
Plus: Addition during the year	-	17,430
Less: Repayment	<u>(31,427)</u>	<u>(18,775)</u>
Balance at end of year	<u>99,933</u>	<u>131,360</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.

On 15 February 2019, SAAM Three Co., Ltd, a subsidiary company, fully paid a long-term loan from bank, with a credit facility of Baht 20 million, in order to comply the Company's objective of financing by the offering of additional shares.

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Provision for long-term employee benefits at beginning of year	1,363	1,011	852	649
Included in profit or loss:				
Current service cost	236	187	203	164
Interest cost	27	15	23	13
Past service cost	137	-	127	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	9	-	9
Financial assumptions changes	152	3	142	3
Experience adjustments	<u>(38)</u>	<u>138</u>	<u>(14)</u>	<u>14</u>
Provision for long-term employee benefits at end of year	<u>1,877</u>	<u>1,363</u>	<u>1,333</u>	<u>852</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 0.1 million (The Company only: Baht 0.1 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in the income statement of the current year.

The Group expects to pay long-term employee benefits during the next year Baht 0.6 million (2018: Baht 0.6 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 7 - 14 years (Separate financial statements: 14 years) (2018: 7 - 13 years (Separate financial statements: 13 years)).

Significant actuarial assumptions are summarised below:

	(Unit: Percentage per year)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Discount rate	1.51 - 1.84	2.40 - 2.92	1.84	2.92
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 2019 and 2018 are summarised below:

	(Unit: Thousand Baht)			
	As at 31 December 2019			
	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	(71)	76	(64)	69
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Salary increase rate	148	(132)	132	(118)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Turnover rate	(105)	118	(94)	105

(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

19. 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 2019, the Company set additional the statutory reserve by Baht 0.6 million (2018: Baht 1.2 million).

As at 31 December 2019, the Company set the statutory reserve totaling Baht 2.6 million (2018: Baht 2.0 million).

20. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Salaries and wages and other employee benefits	10,460	10,194	10,460	10,194
Servicing expenses	9,871	10,159	1,909	1,960
Depreciation	5,756	5,733	437	431
Land rental expenses	3,029	3,030	1,307	1,308
Commission expenses	221	221	221	221
Professional service expenses	4,341	7,870	2,364	5,471

In addition, the Group has expenses that are other expenses by nature, but which are not included in the above; such as insurance premiums, other fees and other expenses.

21. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Current income tax charge	4,523	4,527	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	289	(1,675)	296	(1,671)
Income tax (income) expense reported in profit or loss	<u>4,812</u>	<u>2,852</u>	<u>296</u>	<u>(1,671)</u>

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

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax relating to actuarial loss on defined benefit plan	(24)	(24)	(26)	(5)
	<u>(24)</u>	<u>(24)</u>	<u>(26)</u>	<u>(5)</u>

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

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting profit before tax	21,313	18,038	11,786	12,575
Applicable tax rate	0% - 20%	0% - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	4,675	4,862	2,357	2,515
Adjustment in respect of income tax of previous year	8	-	-	-
Effects of changes in the tax rates				
Effects of:				
Promotional privileges (Note 22)	(1,398)	(1,274)	-	-
Non-deductible expenses	1,270	39	9	6
Additional expense deductions allowed	(50)	(937)	(50)	(937)
Income not subject to tax	-	-	(2,020)	(3,255)
Others	220	122	-	-
Total	42	(2,050)	(2,061)	(4,186)
Unrecognised tax losses as deferred tax assets	87	40	-	-
Income tax (income) expense reported in profit or loss	<u>4,812</u>	<u>2,852</u>	<u>296</u>	<u>(1,671)</u>

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Provision for long-term employee benefits	348	248	266	170
Unused tax loss	1,593	1,959	1,593	1,959
Total deferred tax assets	1,941	2,207	1,859	2,129

As at 31 December 2019, two subsidiary companies have the unused tax losses amounting to Baht 5.7 million (2018: Baht 4.5 million) will be expired by 2020 - 2024. 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.

22. 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 2020
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>2019</u>	<u>2018</u>
BOI promoted	16,889	16,597
Non-BOI promoted	-	-
Total sale	<u>16,889</u>	<u>16,597</u>

23. Earnings per share

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

24. Segment information

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

For management purposes, the Group is 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 Group financing activities (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

24.1 The results of operations separated by business segment

The following tables present revenue and profit information regarding the Group's operating segments for the years ended 31 December 2019 and 2018, respectively.

	Development service		Distribute of electricity		Adjustments and eliminations		Consolidated financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Unit: Thousand Baht)							
Revenue from sales, services and rental	59,790	60,476	16,889	16,597	(4,867)	(5,554)	71,812	71,519
Cost of sales, services and rental	(13,997)	(14,865)	(6,113)	(6,103)	1,083	388	(19,027)	(20,580)
Gross profit	<u>45,793</u>	<u>45,611</u>	<u>10,776</u>	<u>10,494</u>	<u>(3,784)</u>	<u>(5,166)</u>	<u>52,785</u>	<u>50,939</u>
Other income							1,513	213
Selling and servicing expenses							(221)	(419)
Administrative expenses							(28,141)	(25,369)
Other expenses							(31)	(1,607)
Finance cost							(4,592)	(5,719)
Income tax expenses							(4,812)	(2,853)
Non-controlling interests of the subsidiaries							48	258
Profit for the year							<u>16,549</u>	<u>15,443</u>

24.2 Assets separate by business segment are as follows:

	Development service		Distribute of electricity		Adjustments and eliminations		Consolidated financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Unit: Thousand Baht)							
Assets								
Trade accounts receivables	16,996	12,675	1,415	1,638	(11,580)	(7,259)	6,831	7,054
Accrued revenue	-	-	1,023	769	-	-	1,023	769
Investment properties	82,495	82,495	-	-	-	-	82,495	82,495
Property, plant and equipment	4,896	5,285	117,390	127,039	(145)	(145)	122,141	132,179
Deposit for purchase of land and equipment	1,456	1,455	23,006	24,679	-	-	24,462	26,134
Others	<u>347,273</u>	<u>379,851</u>	<u>21,324</u>	<u>18,901</u>	<u>(204,818)</u>	<u>(202,260)</u>	<u>163,779</u>	<u>196,492</u>
Total assets	<u>453,116</u>	<u>481,761</u>	<u>164,158</u>	<u>173,026</u>	<u>(216,543)</u>	<u>(209,664)</u>	<u>400,731</u>	<u>445,123</u>
Total liabilities	<u>127,058</u>	<u>158,557</u>	<u>73,567</u>	<u>80,784</u>	<u>(89,931)</u>	<u>(91,210)</u>	<u>110,694</u>	<u>148,131</u>
Decrease to non-current assets excluded deferred tax assets	(3,959)	(1,009)	(11,322)	(5,247)	3,434	-	(11,847)	(6,256)

Geographic information

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

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Revenue from external customers		
Thailand	<u>71,812</u>	<u>71,519</u>
Total	<u>71,812</u>	<u>71,519</u>
Non-current assets (other than deferred tax assets)		
Thailand	240,422	252,270
Japan	<u>1,456</u>	<u>1,455</u>
Total	<u>241,878</u>	<u>253,725</u>

Major customers

For the year 2019, the Group has revenue from two major customers in amount of Baht 54.9 million arising from development service segment and Baht 16.9 million, arising from distribute of electricity segment, (2018: Baht 54.9 million arising from development service segment and Baht 16.6 million arising from distribute of electricity segment).

25. Dividends

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>	<u>Paid on</u>
		(Million Baht)	(Baht)	
<u>2019</u>				
Interim dividend paid on earnings as at 31 December 2018	Annual General Meeting of shareholders on 24 April 2019	7.5	0.025	22 May 2019
Interim dividend paid on earnings as at 30 June 2019	Board of Director Meeting on 9 August 2019	7.5	0.025	5 September 2019
Interim dividend paid on net income as at 30 September 2019	Board of Director Meeting on 7 November 2019	<u>7.5</u>	<u>0.025</u>	5 December 2019
Total dividends paid for 2019		<u>22.5</u>	<u>0.075</u>	

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>2018</u>				
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
Total dividends paid for 2018		<u>17.6</u>	<u>0.08</u>	

26. Commitments and contingencies

The Group has commitments and contingent liabilities other than those disclosed in other notes as follows;

26.1 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 2019, the subsidiary partially paid for the construction cost to that company amounting to Baht 4.8 million (2018: Baht 4.8 million). The subsidiary presented this construction cost under “Asset under construction” amounting to Baht 3.5 million (2018: Baht 3.5 million) and “Deposit for equipment” amounting to Baht 1.3 million (2018: 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 (2018: 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 2019, the subsidiary company paid for a deposit for the equipment to that company amounting to USD 0.7 million or equivalent to Baht 21.7 million (2018: Baht 23.4 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 (2018: 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.

Subsequently on 25 September 2019, the Central Administrative Court pronounced a verdict to dismiss the lawsuit. The Group’s management is of the opinion that this lawsuit has not been finalised and the subsidiary has a right to file an appeal with the Supreme Administrative Court against the verdict of the Central Administrative Court within the applicable limitation of legal terms. Therefore on 25 October 2019, the subsidiary company lodged an appeal against the Central Administrative Court’s verdict with the Supreme Administrative Court.

However, during the year ended 31 December 2019, the Group’s management proceeded to set up a provision for impairment of power plant under construction totaling Baht 4.6 million which was presented under “Asset under construction” in the consolidated statement of financial position as discussed in Note 14 to the financial statements.

Currently, the lawsuit is under the consideration of the Supreme Administration Court. The Group’s management considered an opinion of the Company’s legal counsel, the commitments under the agreements and consequences from terminating related contracts early and believed that the deposits 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 2019, the Group’s management therefore decided not to set up a provision for impairment of these assets in the consolidated financial statements.

26.2 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 (2018: 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 (2018: Baht 0.3 million).

26.3 Land commitments

The Group 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 2019 and 2018, the remaining terms of these land lease agreements are 8 to 13 years. Future minimum lease payments required under these land lease agreements are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Payable:				
In up to 1 year	2.5	2.4	0.9	0.9
In over 1 and up to 5 years	12.1	11.9	5.5	5.4
In over 5 years	18.4	21.5	5.2	6.6

As at 31 December 2019 and 2018, the Group has 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	
	2019	2018	2019	2018
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	191.3	221.6	33.3	42.1

26.4 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 2022. The Company is obliged to pay a monthly rental and service fee approximately Baht 0.08 million (2018: Baht 0.07 million).

26.5 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 (2018: Baht 0.2 million).

27. Fair value hierarchy

As at 31 December 2019 and 2018, the Group 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 2019				
Level 1	Level 2	Level 3	Total	
Financial assets disclosed at fair value				
Investment properties	-	138.2	-	138.2
Financial liabilities disclosed at fair value				
Derivatives				
Interest rate swap contract	-	0.6	-	0.6

(Unit: Million Baht)

Consolidated Financial Statements				
As at 31 December 2018				
Level 1	Level 2	Level 3	Total	
Financial assets disclosed at fair value				
Investment properties	-	138.2	-	138.2
Financial liabilities disclosed at fair value				
Derivatives				
Interest rate swap contract	-	0.3	-	0.3

28. Financial instruments

28.1 Financial risk management

The Group's 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 Group is exposed to credit risk primarily with respect to trade accounts receivable, loans and other receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. However, the Group has high concentrations of credit risk since its 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 Group's exposure to interest rate risk relates primarily to its cash at banks and borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2019 and 2018, 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		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	(% per annum)	
Financial Assets												
Cash and cash equivalent	-	-	51,894	163,995	-	-	51,894	163,995	0.375	0.375		
Short-term investment	81,078	-	-	-	-	-	81,078	-	1.40	-		
Trade and other receivables	-	-	-	-	8,736	8,612	8,736	8,612	-	-		
	<u>81,078</u>	<u>-</u>	<u>51,894</u>	<u>163,995</u>	<u>8,736</u>	<u>8,612</u>	<u>141,708</u>	<u>172,607</u>				
Financial liabilities												
Trade and other payables	-	-	-	-	3,862	9,684	3,862	9,684	-	-		
Long-term loans from financial institutions	-	-	99,933	131,360	-	-	99,933	131,360	MLR - 1.5 and BIBOR 3 month + 2	MLR - 1.5 and BIBOR 3 month + 2		
	<u>-</u>	<u>-</u>	<u>99,933</u>	<u>131,360</u>	<u>3,862</u>	<u>9,684</u>	<u>103,795</u>	<u>141,044</u>				

(Unit: Thousand Baht)

Separate Financial Statements

	Fixed interest rate		Floating interest rate				Non- interest bearing		Total		Effective interest rate	
	within 1 year										rate	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	(% per annum)	
Financial Assets												
Cash and cash equivalent	-	-	17,845	145,566	-	-	17,845	145,566	0.375	0.375		
Short-term investment	81,078	-	-	-	-	-	81,078	-	1.40	-		
Trade and other receivables	-	-	-	-	8,212	4,944	8,212	4,944	-	-		
Short-term loans to related parties	31,204	24,906	-	-	-	-	31,204	24,906	1.25	1.25 - 3.00		
	<u>112,282</u>	<u>24,906</u>	<u>17,845</u>	<u>145,566</u>	<u>8,212</u>	<u>4,944</u>	<u>138,339</u>	<u>175,416</u>				
Financial liabilities												
Trade and other payables	-	-	-	-	1,410	6,532	1,410	6,532	-	-		
Short-term loans from related parties	5,500	6,000	-	-	-	-	5,500	6,000	1.25	1.25		
Long-term loan from related party	-	-	-	14,210	-	-	-	14,210	-	MLR-0.4		
	<u>5,500</u>	<u>6,000</u>	<u>-</u>	<u>14,210</u>	<u>1,410</u>	<u>6,532</u>	<u>6,910</u>	<u>26,742</u>				

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from loan and purchase of equipment that are denominated in foreign currencies.

As at 31 December 2019 and 2018, 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	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Financial assets						
US dollar	0.7	0.7	-	-	29.9767	32.2848
Yen	-	-	115.8	91.5	0.2723	0.2892
HK dollar	-	-	0.2	0.2	3.8328	4.1023

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 loan from bank as described in Note 17 as below.

Consolidated Financial Statements			
Currency	Loan	Interest	Maturity date
	(Million)	(Percent per annum)	
As at 31 December 2019			
Baht	37.3	Exchange of interest at BIBOR 3 month to interest at 2.41 percent per annum	7 January 2020
As at 31 December 2018			
Baht	40.4	Exchange of interest at BIBOR 3 month to interest at 2.41 percent per annum	7 January 2019

28.2 Fair values of financial instruments

Since the majority of the Group's 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.

29. Capital management

The primary objective of the Group's 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 2019, the Group's debt-to-equity ratio was 0.38:1 (2018: 0.50:1) and the Company's was 0.04:1 (2018: 0.11:1).

30. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised director on 17 February 2020.