

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
PADAENG INDUSTRY PUBLIC COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of Padaeng Industry Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of Padaeng Industry Public Company Limited (the “Company”), which comprise the consolidated and separate statements of financial position as at December 31, 2018, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders’ equity, and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Padaeng Industry Public Company Limited and its subsidiaries and of Padaeng Industry Public Company Limited as at December 31, 2018, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters	Audit Responses
<p>Revenue recognition</p> <p>Revenue recognition is relevant to the reported performance of the Company. There is a potential to misstate the allocation of revenue between periods in order to influence reported results. There is opportunity through management override to misstate the allocation of revenue between periods in order to influence reported results. In addition, there is also the risk of error. There is therefore a risk that revenue is materially under- or over-stated.</p> <p>Accounting policy for revenue recognition was disclosed in Note 3.16 to the financial statements.</p>	<p>Key audit procedures were included:</p> <ul style="list-style-type: none"> • Understanding the Company’s revenue recognition process and related internal control procedures. • Evaluating the design and implementation of the Company’s key internal controls and testing the operating effectiveness of such key internal controls on the revenue recognition. • Substantive testing consisted as follows: <ul style="list-style-type: none"> - Performing test of details on a sample of sales transaction during the year and near the end of accounting periods by inspecting delivery documents, delivery terms, volumes and prices. - Performing test of details of credit notes issued after year-end. - Examining material journal entries that were posted to revenue accounts and examining with supporting evidence to ensure correctness.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 our 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 and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

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

BANGKOK
February 22, 2019

Wonlop Vilaivaravit
Certified Public Accountant (Thailand)
Registration No. 6797
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5.1	886,659,189	1,035,010,463	672,484,221	786,088,399
Short-term investments	6	628,893,182	543,677,635	628,893,182	543,677,635
Trade and other current receivables	7	300,863,425	483,585,139	226,173,040	406,488,688
Current portion of long-term loan to other party	8	52,500,000	52,500,000	52,500,000	52,500,000
Inventories	9	504,634,430	567,469,757	503,344,082	565,817,609
Value added tax receivables		75,157,561	79,941,940	755,504	595,550
Non-current assets held for sale	10	632,330	185,559,837	632,330	185,559,837
Other current assets	11	347,553,618	325,390,700	347,390,688	324,909,702
Total current assets		<u>2,796,893,735</u>	<u>3,273,135,471</u>	<u>2,432,173,047</u>	<u>2,865,637,420</u>
NON-CURRENT ASSETS					
Deposits at financial institutions with restriction in use	19	71,362,312	89,956,345	-	-
Advances to related parties	34.3	-	-	457,850	364,500
Advances to joint ventures	34.3	-	252,520	-	-
Investments in subsidiaries	34.1	-	-	192,796,625	192,796,625
Investments in joint ventures	34.2	44,381,371	55,893,462	15,300,000	15,300,000
Long-term investments	12	605,057,701	480,389,912	-	-
Long-term loan to other party	8	-	52,500,000	-	52,500,000
Loans to related parties	34.3	-	-	2,131,649,899	2,272,663,020
Property, plant and equipment	13	2,443,375,433	2,540,692,864	549,247,033	557,334,472
Investment property	10	185,530,653	958,833	185,530,653	958,833
Intangible assets	14	844,775,628	887,395,437	2,653,793	82,327
Goodwill	4	26,482,501	26,482,501	-	-
Other non-current assets	15	1,048,811	992,312	59,531,647	20,109,648
Total non-current assets		<u>4,222,014,410</u>	<u>4,135,514,186</u>	<u>3,137,167,500</u>	<u>3,112,109,425</u>
TOTAL ASSETS		<u><u>7,018,908,145</u></u>	<u><u>7,408,649,657</u></u>	<u><u>5,569,340,547</u></u>	<u><u>5,977,746,845</u></u>

Notes to the financial statement form an integral part of these statements

PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2018

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term loan from financial institutions	17	-	140,702,205	-	-
Trade and other current payables	18	532,822,574	481,668,886	510,116,940	462,629,524
Income tax payable		-	29,365,043	-	29,182,042
Current portion of long-term loans from financial institutions	19	148,610,160	103,696,560	-	-
Current portion of provisions for restoration and rehabilitation expenses	20	36,099,483	118,649,727	36,099,483	118,649,727
Other current liabilities		14,269,820	21,550,262	14,256,603	21,135,973
Total current liabilities		<u>731,802,037</u>	<u>895,632,683</u>	<u>560,473,026</u>	<u>631,597,266</u>
NON-CURRENT LIABILITIES					
Long-term loans from financial institutions	19	1,128,961,965	1,048,860,060	-	-
Provisions for cadmium legal case	36	80,613,750	95,729,375	80,613,750	95,729,375
Provisions for restoration and rehabilitation expenses	20	135,640,570	35,452,481	135,640,570	35,452,481
Provisions for employee benefit	21	35,302,614	43,295,009	35,226,544	43,218,939
Deferred tax liabilities	16	203,345,290	205,253,476	94,383,290	96,291,476
Total non-current liabilities		<u>1,583,864,189</u>	<u>1,428,590,401</u>	<u>345,864,154</u>	<u>270,692,271</u>
TOTAL LIABILITIES		<u>2,315,666,226</u>	<u>2,324,223,084</u>	<u>906,337,180</u>	<u>902,289,537</u>

Notes to the financial statement form an integral part of these statements

PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2018

UNIT : BAHT

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY					
(CONTINUED)					
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital					
Ordinary shares 301,333,333 shares at par value of Baht 10 each	24	<u>3,013,333,330</u>		<u>3,013,333,330</u>	
Ordinary shares 226,000,000 shares at par value of Baht 10 each	24		<u>2,260,000,000</u>		<u>2,260,000,000</u>
Issued and paid-up share capital					
Ordinary shares 226,000,100 shares of Baht 10 each, fully paid - up		2,260,001,000		2,260,001,000	
Ordinary shares 226,000,000 shares of Baht 10 each, fully paid - up			2,260,000,000		2,260,000,000
Premium on share capital		602,415,900	602,413,600	602,415,900	602,413,600
Retained earnings					
Appropriated legal reserve		226,000,000	226,000,000	226,000,000	226,000,000
Unappropriated		1,247,292,738	1,618,250,056	1,202,734,397	1,604,124,855
Exchange differences on translating financial statement		(4,319,789)	(5,155,936)	-	-
Revaluation surplus on assets		373,133,009	382,918,853	373,133,009	382,918,853
Actuarial loss on defined benefit plan		(1,280,939)	-	(1,280,939)	-
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF					
THE PARENT COMPANY		<u>4,703,241,919</u>	<u>5,084,426,573</u>	<u>4,663,003,367</u>	<u>5,075,457,308</u>
TOTAL SHAREHOLDERS' EQUITY		<u>4,703,241,919</u>	<u>5,084,426,573</u>	<u>4,663,003,367</u>	<u>5,075,457,308</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>7,018,908,145</u></u>	<u><u>7,408,649,657</u></u>	<u><u>5,569,340,547</u></u>	<u><u>5,977,746,845</u></u>

Notes to the financial statement form an integral part of these statements

PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
REVENUES					
Revenue from sales and services	27	4,543,697,818	6,025,783,064	4,525,724,118	6,010,768,746
Revenue from sales of electricity	27	330,849,033	143,281,578	-	-
Gain from sales of investment in joint venture		-	40,815,199	-	-
Gain from sales of fixed assets		26,370,560	23,794,030	26,370,560	23,794,030
Gain on short-term investment		-	2,105,426	-	2,105,426
Gain on exchange rate		22,250,521	-	12,424,175	-
Other income		103,882,378	121,407,424	151,776,382	134,516,333
Total revenues		<u>5,027,050,310</u>	<u>6,357,186,721</u>	<u>4,716,295,235</u>	<u>6,171,184,535</u>
EXPENSES					
Cost of sales and services		(4,413,123,206)	(4,755,332,835)	(4,401,744,603)	(4,715,590,899)
Cost of sales of electricity		(165,885,085)	(51,478,893)	-	-
Selling expenses		(25,224,688)	(60,194,173)	(25,224,688)	(59,585,779)
Operating and administrative expenses		(330,096,209)	(442,660,677)	(315,568,351)	(417,591,477)
Loss on short-term investment		(45,133,185)	-	(45,133,185)	-
Loss on exchange rate		-	(24,696,825)	-	(10,029,768)
Finance costs		(76,737,038)	(22,297,586)	-	(272,887)
Total expenses		<u>(5,056,199,411)</u>	<u>(5,356,660,989)</u>	<u>(4,787,670,827)</u>	<u>(5,203,070,810)</u>
Share of profit (loss) of investment in joint ventures on equity method	34.2	(11,512,091)	5,354,018	-	-
Profit (loss) before income tax expense		(40,661,192)	1,005,879,750	(71,375,592)	968,113,725
Income tax expenses	16	(1,103,510)	(100,601,456)	(822,250)	(100,175,242)
Net profit (loss) for the years		<u>(41,764,702)</u>	<u>905,278,294</u>	<u>(72,197,842)</u>	<u>867,938,483</u>

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
Other comprehensive income (loss)					
Items that will be reclassified					
subsequently to profit or loss					
		836,147	28,001	-	-
Items that will not be reclassified					
subsequently to profit or loss					
	21	(1,280,939)	-	(1,280,939)	-
	5.2	-	388,109,342	-	388,109,342
		(1,280,939)	388,109,342	(1,280,939)	388,109,342
Total comprehensive income (loss) for the years					
		(42,209,494)	1,293,415,637	(73,478,781)	1,256,047,825
Net profit (loss) for the years attributable to:					
		(41,764,702)	905,278,294	(72,197,842)	867,938,483
		-	-	-	-
		(41,764,702)	905,278,294	(72,197,842)	867,938,483
Total comprehensive income (loss)					
for the years attributable to:					
		(42,209,494)	1,293,415,637	(73,478,781)	1,256,047,825
		-	-	-	-
		(42,209,494)	1,293,415,637	(73,478,781)	1,256,047,825
Earnings (loss) per share					
	29	(0.18)	4.01	(0.32)	3.84
	29	(0.18)	4.01	(0.32)	3.84

Notes to the financial statement form an integral part of these statements

PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

Notes	CONSOLIDATED FINANCIAL STATEMENTS								
	Equity Attributable to owners of the Parent							Total shareholders' equity	
	Issued and paid-up share capital	Premium on share capital	Other component of shareholders' equity			Retained earnings			Total owners of the Parent
			Exchange differences on translating financial statement	Revaluation surplus on assets	Actuarial on defined benefit plan	Appropriated legal reserve	Unappropriated		
Balance as at January 1, 2017	2,260,000,000	602,413,600	(5,183,937)	-	-	226,000,000	933,778,717	4,017,008,380	4,017,008,380
Dividends paid	25	-	-	-	-	-	(225,997,444)	(225,997,444)	(225,997,444)
Transfer to retained earnings from surplus on assets		-	-	(5,190,489)	-	-	5,190,489	-	-
Total comprehensive income		-	28,001	388,109,342	-	-	905,278,294	1,293,415,637	1,293,415,637
Balance as at December 31, 2017	<u>2,260,000,000</u>	<u>602,413,600</u>	<u>(5,155,936)</u>	<u>382,918,853</u>	<u>-</u>	<u>226,000,000</u>	<u>1,618,250,056</u>	<u>5,084,426,573</u>	<u>5,084,426,573</u>
Balance as at January 1, 2018	2,260,000,000	602,413,600	(5,155,936)	382,918,853	-	226,000,000	1,618,250,056	5,084,426,573	5,084,426,573
Increased ordinary shares	24	1,000	-	-	-	-	-	3,300	3,300
Dividends paid	25	-	-	-	-	-	(338,978,460)	(338,978,460)	(338,978,460)
Transfer to retained earnings from surplus on assets		-	-	(9,785,844)	-	-	9,785,844	-	-
Total comprehensive loss		-	836,147	-	(1,280,939)	-	(41,764,702)	(42,209,494)	(42,209,494)
Balance as at December 31, 2018		<u>2,260,001,000</u>	<u>602,415,900</u>	<u>(4,319,789)</u>	<u>373,133,009</u>	<u>(1,280,939)</u>	<u>226,000,000</u>	<u>1,247,292,738</u>	<u>4,703,241,919</u>

Notes to the financial statement form an integral part of these statements

PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	SEPARATE FINANCIAL STATEMENTS					Total shareholders' equity	
		Issued and paid-up share capital	Premium on share capital	Other component of shareholders' equity		Retained earnings		
				Revaluation surplus on assets	Actuarial on defined benefit plan	Appropriated legal reserve	Unappropriated	
Balance as at January 1, 2017		2,260,000,000	602,413,600	-	-	226,000,000	956,989,553	4,045,403,153
Dividends paid	25	-	-	-	-	-	(225,993,670)	(225,993,670)
Transfer to retained earnings from surplus on assets		-	-	(5,190,489)	-	-	5,190,489	-
Total comprehensive income		-	-	388,109,342	-	-	867,938,483	1,256,047,825
Balance as at December 31, 2017		<u>2,260,000,000</u>	<u>602,413,600</u>	<u>382,918,853</u>	<u>-</u>	<u>226,000,000</u>	<u>1,604,124,855</u>	<u>5,075,457,308</u>
Balance as at January 1, 2018		2,260,000,000	602,413,600	382,918,853	-	226,000,000	1,604,124,855	5,075,457,308
Increased ordinary shares	24	1,000	2,300	-	-	-	-	3,300
Dividends paid	25	-	-	-	-	-	(338,978,460)	(338,978,460)
Transfer to retained earnings from surplus on assets		-	-	(9,785,844)	-	-	9,785,844	-
Total comprehensive loss		-	-	-	(1,280,939)	-	(72,197,842)	(73,478,781)
Balance as at December 31, 2018		<u>2,260,001,000</u>	<u>602,415,900</u>	<u>373,133,009</u>	<u>(1,280,939)</u>	<u>226,000,000</u>	<u>1,202,734,397</u>	<u>4,663,003,367</u>

Notes to the financial statement form an integral part of these statements

PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before income tax expense	(40,661,192)	1,005,879,750	(71,375,592)	968,113,725
Adjustments for:				
Depreciation and amortization expenses	147,141,590	156,660,869	11,360,664	89,713,406
Unrealized loss (gain) on foreign currency	(443,217)	32,959,427	4,871,542	(103,706)
Unrealized loss on short-term investment	7,604,714	16,817,433	7,604,714	16,817,432
Provisions for restoration and rehabilitation expenses (reversal)	53,387,294	(54,837,547)	53,387,294	(54,837,547)
Allowance of slow-moving and obsolete stocks (reversal)	(1,946,861)	27,716,497	(1,946,861)	27,716,497
Allowance for diminution of inventories (reversal)	-	(20,571,056)	-	(20,571,056)
Gain from sales of property, plant and equipment	(26,370,560)	(23,794,030)	(26,370,560)	(23,794,030)
Loss from write-off of property, plant and equipment	1,283,589	-	360,025	-
Allowance for fixed assets impairment (reversal)	(101,164)	24,387,273	(101,164)	24,387,273
Allowance diminution in value of investment in subsidiary (reversal)	-	-	-	(246,700)
Gain from sales of investment in joint venture	-	(40,815,198)	-	-
Share of loss (profit) from investment in joint ventures	11,512,091	(5,354,018)	-	-
Provisions for cadmium legal case expenses	4,222,563	23,395,973	4,222,563	23,395,973
Provisions for employee benefit	14,720,360	9,743,680	14,720,360	9,743,680
Finance costs	76,737,038	22,297,586	-	272,887
Interest income	(19,143,020)	(15,417,228)	(69,030,781)	(40,296,262)
Gain (loss) from operating activities before changes in operating assets and liabilities	227,943,225	1,159,069,411	(72,297,796)	1,020,311,572

STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
(Increase) decrease in operating assets				
Trade and other current receivables	185,568,642	(131,407,548)	181,384,787	(91,764,767)
Inventories	64,782,188	1,281,324,660	64,420,388	1,281,324,660
Value added tax receivables	4,784,379	21,428,351	(159,955)	9,856,806
Other current assets	(24,812,088)	80,668,303	(24,741,021)	71,917,805
Deposits at financial institutions with restriction in use	18,594,033	(89,956,345)	-	-
Advance to related party	-	-	(93,350)	-
Advance to joint ventures	252,520	61,420	-	61,420
Other non-current assets	(56,499)	29,270,482	2,467,837	13,025,875
Increase (decrease) in operating liabilities				
Trade and other current payables	22,114,275	(43,600,603)	52,226,674	(47,009,778)
Other current liabilities	22,093,932	(157,733,464)	(6,879,370)	(140,918,242)
Provision for cadmium legal case paid during the year	(19,338,188)	(1,891,598)	(19,338,188)	(1,891,598)
Provisions for restoration and rehabilitation expenses paid during the year	(35,749,449)	(128,958,745)	(35,749,449)	(128,958,745)
Provisions for employee benefit paid during the year	(23,993,694)	(132,869,550)	(23,993,694)	(132,869,550)
Cash received from operating activities	442,183,276	1,885,404,774	117,246,863	1,853,085,458
Interest paid	(76,477,899)	(22,279,781)	-	(272,887)
Income tax paid	(32,386,070)	(144,125,746)	(31,912,479)	(143,556,119)
Net cash flows provided by operating activities	333,319,307	1,718,999,247	85,334,384	1,709,256,452
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash paid for short-term investments	(92,820,261)	(16,791,922)	(92,820,261)	(32,511,404)
Cash received from acquisition	-	156,064,744	-	-
Cash paid for investments in a jointly controlled entities	-	(21,660,000)	-	-
Cash received from sales of investments in joint venture	-	59,062,500	-	59,062,500
Cash paid for long-term investment	(122,652,751)	-	-	-
Cash paid for acquisition	-	-1,112,506,340	-	-
Cash paid for loans to related parties	-	-	(124,000,000)	-1,241,606,310
Cash received from loan to related parties	-	-	256,000,000	-
Cash received from loan to other party	52,500,000	-	52,500,000	-
Interest received	18,375,944	15,379,097	27,762,524	23,476,686
Cash paid for purchase of property, plant and equipment and intangible assets	(8,458,092)	(30,364,274)	(6,152,710)	(19,908,627)
Cash received from sale of property, plant and equipment	26,797,564	30,190,461	26,775,405	29,770,439
Net cash provided by (used in) investing activities	(126,257,596)	(920,625,734)	140,064,958	-1,181,716,716

FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received from increased ordinary shares	3,300	-	3,300	-
Cash paid for short-term loans from financial institutions	(140,702,205)	(211,324,105)	-	(205,006,310)
Cash paid for long-term loans from financial institutions	(153,610,160)	(51,848,280)	-	-
Cash received for long-term loans from financial institutions	277,902,900	-	-	-
Cash paid for long-term loan from other party	-	(142,255,392)	-	-
Dividends paid	(338,978,460)	(225,997,444)	(338,978,460)	(225,993,670)
Net cash used in financing activities	(355,384,625)	(631,425,221)	(338,975,160)	(430,999,980)
Effects from changes in exchange rate				
for cash and cash equivalents	(28,360)	33,449	(28,360)	33,449
Net increase (decrease) in cash and cash equivalents	(148,351,274)	166,981,741	(113,604,178)	96,573,205
Cash and cash equivalents at beginning of the years	1,035,010,463	868,028,722	786,088,399	689,515,194
Cash and cash equivalents at end of the years	886,659,189	1,035,010,463	672,484,221	786,088,399

Notes to the financial statement form an integral part of these statements

PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND IT SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

1. GENERAL INFORMATION

Padaeng Industry Public Company Limited (the “Company”) was established on April 10, 1981 and has been listed on the Stock Exchange of Thailand since July 21, 1987.

The Company’s registered office is at CTI Tower, 26th - 27th floor, 191/18-25 Rachadaphisek Road, Khlong Toei District, Bangkok. The Company operates a zinc mine and a zinc smelter located in the Tak Province and a roaster plant for Calcine located in the Rayong Province since 1987. In early 2017, the Company completely stopped its conventional zinc operation due to depleted zinc at Mae Sod mine. The Company has turned into a metal trading business instead. Subsequently, on November 6, 2018, the Board of Directors meeting of the Company had resolved the resolution to cease metals trading business at the end of the first quarter of 2019 onward. It has also diversified into other business including renewable energy and other businesses.

The operation of Company, subsidiaries and joint ventures are called “the Group”, which have detail as follows:

<u>Company’s name</u>	<u>% Ownership</u>	<u>Relationship</u>	<u>Principal activities</u>	<u>Country of incorporation</u>
Padaeng Properties Co., Ltd.	100.00	Subsidiary	Providing property services	Thailand
PDI Materials Co., Ltd.	100.00	Indirect subsidiary	Trading of various base metals and their by-products	Thailand
PDI Eco Co., Ltd.	100.00	Subsidiary	Eco-managed business	Thailand
PDI Energy Co., Ltd.	100.00	Subsidiary	Expand and diversify into renewable energy business	Thailand
J-Solar Co., Ltd.	100.00	Indirect subsidiary	Solar energy business	Thailand
Century Asset Management KK	100.00	Indirect subsidiary	Solar energy business	Japan
PDI Asia Solar Co., Ltd.	100.00	Indirect subsidiary	Solar energy business	Thailand
PDI Mae Ramat Co., Ltd.	99.99	Indirect subsidiary	Solar energy business	Thailand
Ton Sangkasi Pte Ltd.	100.00	Subsidiary	Holding Company	Singapore
Symbior Elements Pte Ltd.	100.00	Indirect subsidiary	Holding Company	Singapore
ATC Enviro Co., Ltd.	100.00	Indirect subsidiary	Solar energy business	Thailand
P.P. Solar (Nong-No) Co., Ltd.	100.00	Indirect subsidiary	Solar energy business	Thailand
PDI-CRT Co., Ltd.	60.00	Joint ventures	Explore opportunity in waste management	Thailand
PDI Tak Eco Co., Ltd.	51.00	Joint ventures	Waste Management	Thailand

The Group has extensive transactions and relationships with the related company. Accordingly, the financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred had the Group operated without such affiliations.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The Group maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.2 The Group's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2017) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2018 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statements (No.2) B.E. 2559" dated October 11, 2016.
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.
- 2.4 Thai Financial Reporting Standards affecting the presentation and disclosure in the current year financial statements

During the year, the Group has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements, except the following financial reporting standard(s):

Thai Accounting Standard No.7 (Revised 2017) "Statement of Cash Flows"

This revised accounting standard requires the disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This accounting standard requires prospective method for such amendment.

- 2.5 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective
 - 2.5.1 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2019

New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

Thai Financial Reporting Standards (“TFRS”)

TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 15	Revenue from Contracts with Customers

Thai Financial Reporting Standard Interpretation (“TFRIC”)

TFRIC 22	Foreign Currency Transactions and Advance Consideration
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There is the key change to the core principle of TFRS 15, which introduces a 5-step approach to revenue recognition, as follow:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under TFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied. TFRS 15 will supersede the Standards and Interpretations relating to revenue upon its effective date.

Thai Financial Reporting Standards (TFRSs) Revised 2018

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRSs) Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology and reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standard No.28 (Revised 2018) “Investment in Associates and Joint Ventures” clarifies about the election of measurement an investment in an associate or a joint venture at fair value through profit or loss, and clarifies the consideration about the impairment of an investment in an associate or a joint venture. This accounting standard requires retrospective method for such amendment.

Thai Accounting Standard No.40 (Revised 2018) “Investment Property” clarifies about transfers of investment property to, or from, other accounts when, and only when, there is a change in use. This accounting standard requires prospective method for such amendment.

Thai Financial Reporting Standard No.2 (Revised 2018) “Share-based Payment” adds the requirements, which require prospective method for the amendment as follows:

- 1) The requirement about treatment of vesting and non-vesting for a cash-settled share-based payment transaction
- 2) The requirement about share-based payment transactions with a net settlement feature for withholding tax obligations
- 3) The requirement about accounting for a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled

Thai Financial Reporting Standard No.4 (Revised 2018) “Insurance Contracts” determines the option for insurance industry to temporarily exempt from applying Thai Financial Reporting Standard No.9 “Financial Instruments” (“TFRS 9”). An entity can elect to exempt from TFRS 9 for annual periods beginning before January 1, 2022 or before TFRS 17 is effective.

2.5.2 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

Thai Accounting Standards (“TAS”)

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These TFRSs will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Group's management will adopt such TFRSs in the preparation of the Group's financial statements when it becomes effective. The Group's management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies as follows:

3.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand, current deposit accounts, saving deposit accounts, time deposit with maturities not later than 3 months from acquisition date, and without commitments, call notes receivables and term promissory notes with maturities within 3 months from acquisition date and highly liquid short-term investments. This accords with the Notification issued by the Office of the Securities and Exchange Commission.

3.2 Short-term Investments

Investments in marketable securities held for trading are stated at fair value. The Group recognized re-measuring investments in the statements of profit or loss and other comprehensive income.

Investments in debt securities that the Group intends and is able to hold to maturity are stated at amortized cost less impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Investments in debt securities and marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale investments and are stated at fair value, with any resultant gain or loss on re-measuring investments being recognized as other component of owners' equity in owners' equity. The exception is impairment losses, which is recognized in the statements of profit or loss and other comprehensive income. When these investments are disposed, the cumulative gain or loss previously recognized directly in other component of owners' equity in owners' equity is recognized in the statements of profit or loss and other comprehensive income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in the statements of profit or loss and other comprehensive income.

Investments in equity securities which are not marketable are stated at cost, net allowance for impairment, if any.

The fair value of marketable security is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of unit trusts of closed - end fund is determined from their net asset value. The fair value of debentures is calculated by using the latest bid yield as quoted by the Thai Bond Market Association.

The weighted average method is used for computation of the cost of investments in securities. The first in - first out method is used for computation of the cost of investments in derivatives.

Impairment

Loss on impairment, if any, of investments is recognized in the statements of profit or loss and other comprehensive income when the carrying amount exceeds its recoverable value.

3.3 Trade and other receivables

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

3.4 Inventories

Inventories are measured at the lower of cost and net realizable value.

Price of inventory is calculated using the weighted average method for a subsidiary and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity, and manufactured inventories, cost is presented at actual cost per stage-of-completion.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

3.5 Investments

Investments in subsidiaries and associates

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted by using the cost method. Investments in associates in the consolidated financial statements are accounted by using the equity method.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate equals or exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill or right to generate and sell electricity, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment is recognized immediately in profit or loss in the statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss in the statement of profit or loss and other comprehensive income on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from such transactions are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognized as profit or loss in the statement of profit or loss and other comprehensive income.

If the Group disposes a partial of its holding investment, the deemed cost of the sold investment is determined using the weighted average method applied to the carrying value of the total holding of the investment.

3.6 Property, plant and equipment

Recognition and measurement

Land is stated at the revalued value while land improvement, condominium and buildings are stated at the revalued value net of accumulated depreciation and allowance for impairment, if any. Machinery, equipment, vehicle and mine restoration assets are stated at cost, net of accumulated depreciation and allowance for impairment, if any.

The land, land improvement, condominium and buildings reappraisal is performed by independent appraisers. This reappraisal is based on the market value method for land and condominium and the replacement cost method (net of accumulated depreciation) for land improvement and buildings. The increment resulting from the appraisal is recognized as part of equity as “revaluation surplus on assets”. Upon disposal land, land improvement, condominium and buildings, any remaining the revaluation surplus on assets is transferred directly to retained earnings and is not taken into account when calculating the gain or loss on disposal.

Revaluation surplus on assets can neither be offset against deficit nor used for dividend distribution.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in the statement of profit or loss and other comprehensive income.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized as an expense in statement of profit or loss and other comprehensive income as incurred.

Depreciation

Depreciation is calculated on the straight line basis and recognized in statements of profit or loss to write off the cost or the revalued amount of each asset, except for land, to its residual value over the estimated useful life. The estimated useful life of assets are as follows:

	Years
Land improvements	5 - 20
Buildings and Condominium	20 - 50
Machinery and heavy equipment	8 - 25
Equipment, furniture and fixtures	3 - 5
Vehicles	5

No depreciation is provided on land and construction in progress.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Finance costs which occur from borrowings that specified for construction-in-progress projects and equipment installation projects will be capitalized as cost of construction in progress until the project is in ready condition as per management's intended purpose.

Mine restoration assets/residual ponds are amortized on units of production basis using the capacity volume of the residue ponds. Residual value and the estimated useful life of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

3.7 Investment property

Investment property is the property which held to earn for rental or for capital appreciation or both, rather than for sale in the ordinary course of business or use in the production or supply of goods or services or for administrative purposes.

The Company measured investment property initially at its cost, including related transaction costs and less allowance for impairment, if any.

Depreciation is calculated by the straight-line method, based on the estimated useful life of assets. For investment property, the estimate useful live is 20 - 50 years.

3.8 Non-current assets held for sale

Non-current assets are classified as assets held for sale if their book value will be recovered principally through a sale transaction rather than through continuing use.

The group measured non-current assets held for sale by stated at the lower of book value and fair value less costs of sell. Loss from impairment will be recognized as expenses in the statement of profit or loss and other comprehensive income, if any.

3.9 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is as intangible assets. The measurement of goodwill at initial recognition is described in Note 4. Subsequent to the initial recognition, goodwill is measured at cost less allowance for impairment loss. The Group assesses an impairment of goodwill annually, without consideration of indication that such goodwill may be impaired.

3.10 Intangible assets

Intangible assets are computer software, right of using Electrical Pole and transmission line which the Group has amortized as expenses, using straight-line method over useful life with 5 years and 25 years.

Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible asset, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets with indefinite useful lives are tested for impairment when there is an indicator that the asset may be impaired.

3.11 License for Energy Industry and its amortization

The Group recorded initial cost of License for Energy Industry which obtained from business combination at fair value as at business combination date. After initial recognition, License for Energy Industry is presented at cost less accumulated amortization and allowance for impairment, if any.

Amortization

The Group amortizes based on period of agreement for License for Energy Industry by using straight-line method for the remaining period of its subsidiaries since the date which the Group has controls over its subsidiaries.

3.12 Environmental rehabilitation, environmental risk assurance and restoration expenses

Under the terms of the Group's mining and production licenses, it is required to restore mining and production areas to their original conditions. The Group has recognized environmental rehabilitation and risk assurance provisions in respect to these costs as follows:

The Group accounts for environmental restoration and rehabilitation costs by estimating the costs of decommissioning mine properties and mine restoration assets and removal of any related assets and site restoration as part of the cost of restoration assets as at the date the obligation first arises and to the extent that it is first recognized as a provision.

Deferred environmental rehabilitation expenses and environmental risk assurance costs are amortized by the straight-line method over the useful life of mining area. Mine restoration assets are subsequently amortized on a unit-of production basis. The provisions are reviewed regularly and any changes in provisions are recognized as administrative expenses.

The corresponding restoration and rehabilitation provision, of an amount equivalent to the restoration asset created, is reviewed at the end of each reporting period. The provision is measured at the best estimate of the present value amount required to settle the present obligation at the end of the reporting period based on current legal and other requirements and technology, discounted where material using the weighted average cost of capital at the statement of financial position date with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Where there is a change in the expected restoration, rehabilitation or decommissioning costs, an adjustment is recorded against the carrying value of the provision and any related restoration asset, and the effects are recognized in the profit or loss on a prospective basis over the remaining life of the operation. Accretion expenses recognized due to unwinding of the effect of discounting of the restoration provision is included within administrative expenses in the statement of comprehensive income.

3.13 Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated. For goodwill and right to generate and sell electricity, the Group assesses an impairment annually.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized as an expense in the statement of profit or loss and other comprehensive income unless it reverses a previous revaluation credited to equity, in which case it is charged to statement of other comprehensive income.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use or fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized as an expense in the statement of profit or loss and other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.14 Employee benefits

Short-term benefits

The Group recognizes salaries, wages, bonus and social security contribution as expenses when incurred.

Post-employment benefits - defined contribution plan

The Group operates a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and the Group. Contributions to the provident fund and obligations under contribution plan are charged as an expense to the statement of comprehensive income in the period to which they relate.

Post-employment benefits - defined benefit plan

The employee benefits liabilities for severance payment as the labor law is recognized as an expense over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Group in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by actuarial technique using the Projected Unit Credit Method.

When the employee benefits are improved, the portion of the increased benefit relating to past service by employees is recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the average period until the benefits become vested.

When the actuarial assumptions are changed, the Group recognizes all actuarial gains (losses) immediately in other comprehensive income.

3.15 Income tax expenses

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized as income or expense in the statement of profit or loss and other comprehensive income except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill in the consolidated financial statements; the initial recognition of assets or liabilities in a transaction in the consolidated financial statement that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the Company and subsidiaries intends to settle its current tax assets and liabilities on a net basis.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Company recognizes deferred tax liabilities for all taxable temporary differences in the consolidated and separate financial statements.

3.16 Revenue and expenses

Revenue excludes value added taxes and present as net after discount.

Revenue from sales of electricity

Revenue from sales of electricity generated from solar panels includes adder and fuel adjustment charge (Ft rate) net of operating expenses from Provincial Electricity Authority and Electricity Generating Authority is recognized when significant risks and rewards have been transferred to the buyer.

Sales of goods and rendering of services

Revenue from sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. Revenue will not be recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, revenues and costs cannot be measurable and available, or there is certainly probability of sell return.

Other income

Other income is recognized on accrual basis.

Dividend received

Dividend received is recognized on the date the Group's right to receive payments is established.

Interest income

Interest income is recognized in the statement of profit or loss and other comprehensive income on an accrual basis.

Expenses

Expenses are recognized in the statement of profit or loss and other comprehensive income on an accrual basis.

3.17 Finance costs

Finance costs comprise of interest expense on borrowings and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in statement of profit or loss and other comprehensive income using the effective interest method.

3.18 Lease

3.18.1 Operating lease

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged as expenses to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

3.18.2 Finance lease

Leases which the Group has transferred a significant portion of the risks and rewards of ownership to the lessee except for legal are classified as finance leases. The Group recognized leased assets at fair value at the beginning of lease period with obliged liabilities. Depreciation of leased assets is depreciated by straight-line method based on the estimated useful lives of asset. Interest or finance fee and depreciation are recognized as expenses in the statement of profit or loss and other comprehensive income.

3.19 Basic earnings (loss) per share

The calculations of basic earnings (loss) per share were based on the profit for the year attributable to equity holders divided by the weighted average number of ordinary shares held by outsiders outstanding during the year. The calculations of diluted earnings (loss) per share were based on the weighted average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.

3.20 Foreign currencies

Transactions in foreign currencies

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized as profit or loss in statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of transactions.

Foreign entities

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognized as other comprehensive income in the statement of profit or loss and other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

3.21 Derivative financial instruments

Derivative financial instruments are used to manage exposure of fluctuations in foreign exchange, interest rate and product price risks arising from operational, financing and investment activities.

Such derivatives are not recognized on statement of financial position at inception, since they relate to future transactions (or underlying) which are not yet reflected in the financial statements. Gains and losses on those derivative contracts are recognized in the financial statements upon settlement of the transactions. Further details of financial instruments are disclosed in Notes 31.

The Group has no policy to speculate in or engage in the trading of any derivative financial instruments.

3.22 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of TFRS 2 (Revised 2017), leasing transactions that are within the scope of TAS 17 (Revised 2017), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in TAS 2 (Revised 2017) or value in use in TAS 36 (Revised 2017).

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

3.23 Accounting estimated and source of estimation uncertainty

3.23.1 Use of management's critical judgements in applying accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires the Group's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the statements of financial position and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Critical judgments in applying accounting policies are as follows:

(1) Environmental restoration and rehabilitation costs and environmental risk assurance costs

Deferred environmental restoration and rehabilitation expenses and provision for environmental restoration and rehabilitation expenses are recognized in the statement of financial position using the present value of the management's best estimation of future cash flows to be required to settle the expenditures for rehabilitation activities.

Deferred environmental risk assurance expenses and provision for environmental risk assurance expenses are recognized in the statement of financial position using the present value of the instalments plan.

Significant judgment is required in determining the environmental restoration and rehabilitation expenses as there are many transactions and factors that will affect the ultimate liability payable to rehabilitate the mine site. Factors that will affect this liability includes future development, changes in technology, commodity price changes and changes in interest rates.

(2) Useful lives of property, plant and equipment

The Group's management reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. Details of useful lives of the property, plant and equipment are set out in Note 3.6.

(3) Impairment

The Group shall assess the assets balance with definite useful lives are tested for impairment when there is an indicator that the asset may be impaired. For the assets balance with indefinite useful lives are tested for impairment annually or when there is an indicator that the asset may be impaired, the recoverable amounts are estimated.

(4) Recognition of deferred tax assets associated with tax losses carried forward

A deferred tax asset is recognized to the extent that it is probable that it will be utilized in the future and the Company has assessed it to be probable that the Company will generate taxable income sufficient to fully utilize the tax losses that exist.

(5) Provisions for employee benefit

The present value of the provisions for employee benefit depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of such obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group's considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related obligations.

Past service cost related to the plan amendment is recognized as an expense in the income statement when the plan amendment has occurred. The management of the Company [and its subsidiaries] judgmentally considered that an obligation arises only when the legislation is virtually certain to be enacted as drafted. Additional details are set out in Note 21.

3.23.2 Key sources of estimation uncertainty

(1) Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group uses other observable information either directly or indirectly.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 31 and 32.

(2) Calculation of recoverable amount

In the calculation of recoverable amount, the Group's management estimated the future cash flows 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(3) Impairment of right to product and sell electricity

Determining whether right to produce and sell electricity is impaired requires an estimation of the value in use of the cash-generating units to which right to produce and sell electricity has been allocated. The value in use calculation requires the Group's management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value where the actual future cash flows are less than expected, a material impairment loss may arise.

4. ACQUISITION

On September 15, 2017, Padaeng Industry Public Company Limited and its subsidiaries ("the Group") purchased the shares of Symbior Elements Pte. Ltd. ("Symbior") through one of its subsidiary, for 100% of total issued and paid-up share capital, totaling Baht 1,112.51 million from former shareholders of such companies. Such share purchase in the Symbior group, the subsidiaries of Symbior would be considered as indirect subsidiaries of the Group as follows:

- (1) ATC Enviro Co., Ltd.
- (2) P.P.Solar (Nong-No) Co., Ltd.
- (3) Symbior Elements Pte. Ltd.

The net identifiable assets acquired on the date of acquisition were as follows:

	Unit : Million Baht
Cash and cash equivalent	156
Trade and other current receivables	42
Inventories	2
Other current assets	89
Property, plant and equipment	1,724
License for Energy Industry	691
Short-term loans from financial institutions	(147)
Trade and other current payables	(10)
Current portion of long-term loans from financial institutions	(104)
Other current liabilities	(4)
Long-term loans from financial institutions	(1,101)
Loans from related parties	(142)
Deferred tax liabilities	(109)
Total identifiable net assets	1,087
Consideration transferred	1,113
Goodwill	26

Since September 15, 2017, the acquisition date, up to December 31, 2017, the Symbior group had revenue and net income which was included in the financial performance for the year ended December 31, 2017 was as follows:

	Unit : Million Baht	
	<u>Total revenue</u>	<u>Net profit</u>
For the year ended December 31, 2017	63	41

For the preparation of the consolidated financial statements for the year ended December 31, 2017, the Group used the net assets value at the business acquisition date from the interim financial information of Symbior group adjusted with other relevant factors which may affect such value as the consideration received from this business acquisition and recorded the difference amount between the purchasing price and the value of consideration received as goodwill amounting to Baht 26 million.

5. ADDITIONAL CASH FLOW INFORMATION

5.1 Cash and cash equivalents as at December 31, 2018 and 2017 consisted of:

	Unit : Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash on hand	423,921	1,203,616	150,000	200,000
Cash at banks	247,255,404	285,492,484	207,757,189	134,146,843
Highly liquid short-term investments	638,979,864	748,314,363	464,577,032	651,741,556
Total	<u>886,659,189</u>	<u>1,035,010,463</u>	<u>672,484,221</u>	<u>786,088,399</u>

As at December 31, 2018 and 2017, the average interest rates on cash at banks and highly liquid short-term investments are in the range of 0.10% - 3.20% per annum.

5.2 Non-cash transactions are as follows:

	Unit : Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Transferred land, land improvement and buildings to non-current assets held for sale	-	185,559,896	-	185,559,896
Transferred condominium to investment in property	-	983,892	-	983,892
Transferred non-current assets held for sale to investment property	184,571,820	-	184,571,820	-
Land, land improvement, condominium and buildings increased from revaluation	-	485,136,678	-	485,136,678
Less Deferred tax liabilities	-	(97,027,336)	-	(97,027,336)
Revaluation surplus on assets - net of income tax	-	<u>388,109,342</u>	-	<u>388,109,342</u>

6. SHORT-TERM INVESTMENTS

Short-term investments represented investment in debt securities and the deposit in a private fund which invest in trading of derivatives, unit trust and listed securities (see Note 32).

7. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables as at December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Trade receivables - other companies	235,749,197	419,009,591	210,372,978	396,017,726
Other receivables - other companies	12,632,853	13,920,677	6,648,262	6,168,335
Other receivables - related companies	6,726,555	939,646	7,326,555	939,646
Accrued income	17,849,589	16,940,778	-	-
Prepaid expenses	26,068,872	32,029,542	1,019,794	2,953,693
Others	1,836,359	744,905	805,451	409,288
Total	<u>300,863,425</u>	<u>483,585,139</u>	<u>226,173,040</u>	<u>406,488,688</u>

Outstanding trade receivables as at December 31, 2018 and 2017 separated by aging analysis as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Up to 3 months	235,749,197	419,009,591	210,372,978	396,017,726
Total	<u>235,749,197</u>	<u>419,009,591</u>	<u>210,372,978</u>	<u>396,017,726</u>

8. LOAN TO OTHER PARTY

On September 9, 2011, the Company entered into loan agreement with Maesod Clean Energy Co., Ltd. which was Joint Venture. The Company had provided loan to Maesod Clean Energy Co., Ltd. of Baht 105 million in October 2011. The Company was eligible to convert this loan into equity of such joint venture. On February 16, 2017, the Company entered into Share Purchase Agreement with MP Energy Co., Ltd. to sell all shares of Maesod Clean Energy Co., Ltd. In addition, the Company has made the addendum to loan agreement with Maesod Clean Energy Co., Ltd. in the same day. For the outstanding loan of Baht 105 million, the first payment was settled and received on February 16, 2018 of Baht 52.50 million. Subsequently, on February 15, 2019, the Company has fully received the loan of Baht 52.50 million.

9. INVENTORIES

Inventories as at December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Spare parts and consumables	41,548,464	44,764,589	40,258,116	43,112,441
Goods in transit	353,507,687	332,929,217	353,507,687	332,929,217
Finished goods	149,836,395	231,980,928	149,836,395	231,980,928
	544,892,546	609,674,734	543,602,198	608,022,586
<u>Less</u> Allowance for obsolete inventories	(40,258,116)	(42,204,977)	(40,258,116)	(42,204,977)
Total	504,634,430	567,469,757	503,344,082	565,817,609

10. NON-CURRENT ASSETS HELD FOR SALE AND INVESTMENT PROPERTY

Non-current assets held for sale as at December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Cost	334,135,887	2,047,198,222	334,135,887	2,047,198,222
<u>Less</u> Accumulated depreciation	(333,503,557)	(1,830,032,805)	(333,503,557)	(1,830,032,805)
	632,330	217,165,417	632,330	217,165,417
<u>Less</u> Allowance for impairment	-	(31,605,580)	-	(31,605,580)
Total	632,330	185,559,837	632,330	185,559,837

On April 10, 2018, the Company entered into a contract for sell some obsoleted assets including demolishing for Rayong Plant with one contractor. Contract value is Baht 60 million. The Company recognized a partly revenue from demolishing amount of Baht 21.6 million in 2018.

Subsequently, on June 30, 2018, one year after recognized them as non-current assets held for sale, the Company has not been able to procure the potential buyers for land and buildings in Tak and Rayong. Therefore, the Company reclassified them as investment property in amount of Baht 184.57 million. As a result, investment property as at December 31, 2018 and 2017 in consolidated and separate financial statement are Baht 185.53 million and 0.96 million, respectively.

11. OTHER CURRENT ASSETS

Other current assets as at December 31, 2018 and 2017 consisted of:

	Unit : Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Deposits	347,059,594	320,873,206	347,059,594	320,873,206
Others	494,024	4,517,494	331,094	4,036,496
Total	<u>347,553,618</u>	<u>325,390,700</u>	<u>347,390,688</u>	<u>324,909,702</u>

12. LONG-TERM INVESTMENTS

PDI Asia Solar Co., Ltd. (“PDI Asia Solar”), a subsidiary of PDI Energy Co., Ltd., has entered into the Tokumei Kumiai Agreement (“TK Agreement”) dated April 28, 2016 as a TK investor to provide contribution funding equal to 97% of total investment to Green Brilliant Godo Kaisha (“GBGK”) who invest into 13 Megawatts solar farms in Japan. PDI Asia Solar will receive allocated profit distribution as return. A local independent asset management company has been engaged to control assets and monitor the return of the investment.

In March 2018, PDI Asia Solar increased the investment for JPY 412.28 million or Baht 122.65 million. As at December 31, 2018 and 2017, total contributed amounts are Baht 590.46 million and Baht 465.96 million, respectively.

Whereas J-Solar Co., Ltd. (“J-Solar”), a subsidiary of PDI Energy Co., Ltd., has entered into the Equity Interest Transfer Agreement dated April 22, 2016 to invest in Century Asset Management Kabushiki Kaisha (“CKK”) in Japan. CKK has further invested in 3% GBGK shares or JPY 51 million as a non-executive member.

As at December 31, 2018 and 2017, total investment amounts are Baht 14.60 million and Baht 14.43 million, respectively. The control shares were transferred from CKK to ISH Radiant Solar to comply with the related regulations in Japan.

The profit pay to PDI Asia Solar and J-Solar distribution of this long term investment is based on the GBGK’s operation result with the defined period. The profit distribution will reflect the performance of solar power plant and return of capital investment which shown as reduction of investment value accordingly.

13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at December 31, 2018 and 2017 consisted of:

As at December 31, 2018

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS				Balance as at December 31, 2018
	Balance as at January 1, 2018	Addition	(Disposal)	Transfer in/ (out)	
Cost					
Land and Land improvements					
Original cost	341,768,646	-	(16,539)	-	341,752,107
Appraised value	252,104,866	-	(244,911)	-	251,859,955
Buildings and Condominium					
Original cost	73,089,610	235,032	-	-	73,324,642
Appraised value	232,611,790	-	-	-	232,611,790
Machinery and heavy equipment	7,605,781,156	975,079	(1,258,867)	155,921	7,605,653,289
Equipment, furniture and fixtures	472,485,775	135,796	(10,123,642)	-	462,497,929
Vehicles	131,809,247	3,575,475	(12,589,165)	-	122,795,557
Building and machinery under constructions	178,544	900,000	(22,623)	(155,921)	900,000
Mine restoration assets	175,348,496	-	-	-	175,348,496
Total cost	9,285,178,130	5,821,382	(24,255,747)	-	9,266,743,765
Accumulated depreciation					
Land improvements					
Original cost	(93,022,399)	(787,095)	-	-	(93,809,494)
Buildings and Condominium					
Original cost	(58,247,507)	(5,800,341)	-	-	(64,047,848)
Appraised value	(4,770,467)	(9,540,933)	-	-	(14,311,400)
Machinery and heavy equipment	(5,609,782,830)	(84,123,732)	322,557	-	(5,693,584,005)
Equipment, furniture and fixtures	(460,415,325)	(1,435,863)	9,989,131	-	(451,862,057)
Vehicles	(130,004,634)	(197,107)	12,589,153	-	(117,612,588)
Mine restoration assets	(175,348,496)	-	-	-	(175,348,496)
Total Accumulated depreciation	(6,531,591,658)	(101,885,071)	22,900,841	-	(6,610,575,888)
Accumulated provision for impairment	(212,893,608)	-	101,164	-	(212,792,444)
Total Property, plant and equipment	2,540,692,864				2,443,375,433

As at December 31, 2017

Unit : Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	Balance as at January 1, 2017	Addition	Acquired in a business acquisition	(Disposal)	Transfer in/ (out)	Balance as at December 31, 2017
Cost						
Land and Land improvement						
Original cost	808,852,497	-	203,993,700	(679,129,493)	8,051,942	341,768,646
Appraised value	-	252,524,888	-	(420,022)	-	252,104,866
Buildings and Condominium						
Original cost	1,675,590,619	-	-	(1,603,034,287)	533,278	73,089,610
Appraised value	-	232,611,790	-	-	-	232,611,790
Machinery and heavy equipment	6,074,065,843	15,283,525	1,519,852,000	(8,077,993)	4,657,781	7,605,781,156
Equipment, furniture and fixtures	511,105,806	655,869	-	(40,165,539)	889,639	472,485,775
Vehicles	238,005,495	-	-	(106,196,248)	-	131,809,247
Building and machinery under constructions	161,089	14,150,095	-	-	(14,132,640)	178,544
Mine restoration assets	178,761,256	-	-	(3,412,760)	-	175,348,496
Total cost	<u>9,486,542,605</u>	<u>515,226,167</u>	<u>1,723,845,700</u>	<u>(2,440,436,342)</u>	<u>-</u>	<u>9,285,178,130</u>
Accumulated depreciation						
Land improvement						
Original cost	(572,285,686)	(8,182,761)	-	487,446,048	-	(93,022,399)
Buildings and Condominium						
Original cost	(1,618,614,658)	(15,216,896)	-	1,575,584,047	-	(58,247,507)
Appraised value	-	(4,770,467)	-	-	-	(4,770,467)
Machinery and heavy equipment	(5,533,523,801)	(84,147,019)	-	7,887,990	-	(5,609,782,830)
Equipment, furniture and fixtures	(478,819,750)	(5,352,709)	-	23,757,134	-	(460,415,325)
Vehicles	(228,260,584)	(2,185,878)	-	100,441,828	-	(130,004,634)
Mine restoration assets	(172,892,978)	(6,329,485)	-	3,873,967	-	(175,348,496)
Total Accumulated depreciation	<u>(8,604,397,457)</u>	<u>(126,185,215)</u>	<u>-</u>	<u>2,198,991,014</u>	<u>-</u>	<u>(6,531,591,658)</u>
Accumulated provision for impairment	<u>(237,280,881)</u>	<u>(18,454,260)</u>	<u>-</u>	<u>42,841,533</u>	<u>-</u>	<u>(212,893,608)</u>
Total Property, plant and equipment	<u>644,864,267</u>					<u>2,540,692,864</u>

Depreciation for the years ended December 31,

2018	Baht	<u>101,885,071</u>
2017	Baht	<u>126,185,215</u>

As at December 31, 2018

Unit : Baht

SEPARATED FINANCIAL STATEMENTS				
Balance as at January 1, 2018	Addition	(Disposal)	Transfer in/ (out)	Balance as at December 31, 2018
Cost				
Land and Land improvement				
Original cost	34,313,969	-	(16,539)	34,297,430
Appraised value	252,104,866	-	(244,911)	251,859,955
Buildings and Condominium				
Original cost	12,414,966	-	-	12,414,966
Appraised value	232,611,790	-	-	232,611,790
Machinery and heavy equipment				
Equipment, furniture and fixtures	5,688,243,486	-	(211,215)	5,688,032,271
Vehicles	423,918,512	96,600	(10,019,042)	413,996,070
Building and machinery under constructions	115,809,418	3,419,400	(12,589,166)	106,639,652
Mine restoration assets	462	-	(462)	-
Mine restoration assets	175,348,496	-	-	175,348,496
Total cost	6,934,765,965	3,516,000	(23,081,335)	6,915,200,630
Accumulated depreciation				
Buildings and Condominium				
Original cost	(493,521)	(1,028,724)	-	(1,522,245)
Appraised value	(4,770,467)	(9,540,933)	-	(14,311,400)
Machinery and heavy equipment				
Equipment, furniture and fixtures	(5,456,231,233)	-	165,426	(5,456,065,807)
Vehicles	(413,624,965)	(622,957)	9,917,574	(404,330,348)
Mine restoration assets	(114,069,203)	(102,806)	12,589,152	(101,582,857)
Mine restoration assets	(175,348,496)	-	-	(175,348,496)
Total Accumulated depreciation	(6,164,537,885)	(11,295,420)	22,672,152	(6,153,161,153)
Accumulated provision for impairment	(212,893,608)	-	101,164	(212,792,444)
Total Property, plant and equipment	557,334,472			549,247,033

As at December 31, 2017

Unit : Baht

SEPARATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2017	Addition	(Disposal)	Transfer in/ (out)	Balance as at December 31, 2017
Cost					
Land and Land improvement					
Original cost	713,443,462	-	(679,129,493)	-	34,313,969
Appraised value	-	252,524,888	(420,022)	-	252,104,866
Buildings and Condominium					
Original cost	1,615,449,253	-	(1,603,034,287)	-	12,414,966
Appraised value	-	232,611,790	-	-	232,611,790
Machinery and heavy equipment	5,676,981,154	15,281,245	(8,077,993)	4,059,080	5,688,243,486
Equipment, furniture and fixtures	463,209,825	637,369	(40,165,539)	236,857	423,918,512
Vehicles	222,005,666	-	(106,196,248)	-	115,809,418
Building and machinery under constructions	161,089	4,135,310	-	(4,295,937)	462
Mine restoration assets	178,761,256	-	(3,412,760)	-	175,348,496
Total cost	8,870,011,705	505,190,602	(2,440,436,342)	-	6,934,765,965
Accumulated depreciation					
Land improvement					
Original cost	(479,707,221)	(7,738,827)	487,446,048	-	-
Buildings and Condominium					
Original cost	(1,562,470,801)	(13,606,767)	1,575,584,047	-	(493,521)
Appraised value	-	(4,770,467)	-	-	(4,770,467)
Machinery and heavy equipment	(5,413,510,859)	(50,608,364)	7,887,990	-	(5,456,231,233)
Equipment, furniture and fixtures	(432,877,851)	(4,504,248)	23,757,134	-	(413,624,965)
Vehicles	(212,427,735)	(2,083,295)	100,441,827	-	(114,069,203)
Mine restoration assets	(172,892,978)	(6,329,485)	3,873,967	-	(175,348,496)
Total Accumulated depreciation	(8,273,887,445)	(89,641,453)	2,198,991,013	-	(6,164,537,885)
Accumulated provision for impairment	(237,280,881)	(18,454,260)	42,841,533	-	(212,893,608)
Total Property, plant and equipment	358,843,379				557,334,472

Depreciation for the years ended December 31,

2018	Baht	<u>11,295,420</u>
2017	Baht	<u>89,641,453</u>

As at December 31, 2018 and 2017, ATC Enviro Co., Ltd. has mortgaged land, building and power plants in the amount of Baht 1,483.18 million and Baht 1,553.50 million, respectively, as collateral for long-term loans from financial institutions (see Notes 17 and 19).

As at December 31, 2018 and 2017, P.P. Solar (Nong-No) Co., Ltd. has mortgaged land and factory in the amount of Baht 70.06 million and Baht 73.97 million, respectively, as collateral for long-term loans from financial institutions (see Notes 17 and 19).

As at December 31, 2018, PDI Mae Ramat Co., Ltd. has mortgaged of land leasing right, building and power plants in the amount of Baht 283.97 million as collateral for long-term loans from financial institutions (see Notes 17 and 19) (2017 : Nil).

Provision for asset impairment

Asset impairment charges represent a write-down in the book value of assets which exceed their estimated recoverable amount based on a review of each asset's fair value less costs to sell and value in use.

Changes in impairment provision movement are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
At January 1,	212,893,608	237,280,881	212,893,608	237,280,881
Reversal during the years	(101,164)	(24,387,273)	(101,164)	(24,387,273)
At December 31,	<u>212,792,444</u>	<u>212,893,608</u>	<u>212,792,444</u>	<u>212,893,608</u>

Unit : Baht

14. INTANGIBLE ASSETS

Intangible assets as at December 31, 2018 and 2017 consisted of:

As at December 31, 2018

	CONSOLIDATED FINANCIAL STATEMENTS				Balance as at December 31, 2018
	Balance as at January 1, 2018	Addition	(Disposal)	Transfer in/(out)	
Cost					
Software Computer	40,495,108	-	-	-	40,495,108
Right of using Electrical Pole and transmission line	4,534,894	-	-	-	4,534,894
License for Energy Industry	912,646,792	-	-	-	912,646,792
Software computer under installation	-	2,636,710	-	-	2,636,710
Total cost	<u>957,676,794</u>	<u>2,636,710</u>	<u>-</u>	<u>-</u>	<u>960,313,504</u>
Accumulated depreciation					
Software Computer	(39,742,145)	(735,879)	-	-	(40,478,024)
Right of using Electrical Pole and transmission line	(729,559)	(181,396)	-	-	(910,955)
License for Energy Industry	(29,809,653)	(44,339,244)	-	-	(74,148,897)
Total accumulated amortization	<u>(70,281,357)</u>	<u>(45,256,519)</u>	<u>-</u>	<u>-</u>	<u>(115,537,876)</u>
Total	<u>887,395,437</u>				<u>844,775,628</u>

Unit : Baht

As at December 31, 2017

Unit : Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	Balance as at January 1, 2017	Acquired in a business acquisition	Addition	(Disposal)	Transfer in/(out)	Balance as at December 31, 2017
Cost						
Software Computer	40,518,758	-	-	(23,650)	-	40,495,108
Right of using Electrical Pole and transmission line	4,534,894	-	-	-	-	4,534,894
License for Energy Industry	221,646,792	691,000,000	-	-	-	912,646,792
Total cost	<u>266,700,444</u>	<u>691,000,000</u>	<u>-</u>	<u>(23,650)</u>	<u>-</u>	<u>957,676,794</u>
Accumulated depreciation						
Software Computer	(39,017,664)	-	(748,130)	23,649	-	(39,742,145)
Right of using Electrical Pole and transmission line	(547,666)	-	(181,893)	-	-	(729,559)
License for Energy Industry	(264,022)	-	(29,545,631)	-	-	(29,809,653)
Total accumulated amortization	<u>(39,829,352)</u>	<u>-</u>	<u>(30,475,654)</u>	<u>23,649</u>	<u>-</u>	<u>(70,281,357)</u>
Total	<u>226,871,092</u>					<u>887,395,437</u>
Amortization for the years ended December 31,						
2018					Baht	<u>45,256,519</u>
2017					Baht	<u>30,475,654</u>

As at December 31, 2018

Unit : Baht

SEPARATE FINANCIAL STATEMENTS					
	Balance as at January 1, 2018	Addition	(Disposal)	Transfer in/(out)	Balance as at December 31, 2018
Cost					
Software Computer	37,123,459	-	-	-	37,123,459
Software computer under installation	-	2,636,710	-	-	2,636,710
Total cost	<u>37,123,459</u>	<u>2,636,710</u>	<u>-</u>	<u>-</u>	<u>39,760,169</u>
Accumulated depreciation					
Software Computer	(37,041,132)	(65,244)	-	-	(37,106,376)
Total accumulated amortization	<u>(37,041,132)</u>	<u>(65,244)</u>	<u>-</u>	<u>-</u>	<u>(37,106,376)</u>
Total	<u>82,327</u>				<u>2,653,793</u>

As at December 31, 2017

Unit : Baht					
SEPARATE FINANCIAL STATEMENTS					
	Balance as at January 1, 2017	Addition	(Disposal)	Transfer in/(out)	Balance as at December 31, 2017
Cost					
Software Computer	37,147,109	-	(23,650)	-	37,123,459
Total cost	37,147,109	-	(23,650)	-	37,123,459
Accumulated depreciation					
Software Computer	(36,992,828)	(71,953)	23,649	-	(37,041,132)
Total accumulated amortization	(36,992,828)	(71,953)	23,649	-	(37,041,132)
Total	154,281				82,327
Amortization for the years ended December 31,					
2018				Baht	65,244
2017				Baht	71,953

As at December 31, 2018 and 2017, in the consolidated financial statements, the significant intangible assets-net in amount of Baht 646.01 million and Baht 680.73 million respectively, represented the value of Power Purchase Agreements from the acquisition of Symbior group on September 15, 2017 and incurred from the acquisition of PDI Mae Ramat Co., Ltd. in December 2016 in amount of Baht 192.48 million and Baht 221.38 million, respectively.

15. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, 2018 and 2017 consisted of:

Unit : Baht				
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Interest receivable	-	-	58,812,334	19,390,337
Other	1,048,811	992,312	719,313	719,311
Total	1,048,811	992,312	59,531,647	20,109,648

16. DEFERRED TAX ASSETS AND LIABILITIES AND INCOME TAX EXPENSES

Deferred tax assets and liabilities as at December 31, 2018 and 2017 consisted of:

	Unit : Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Deferred tax assets	-	-	-	-
Deferred tax liabilities	(203,345,290)	(205,253,476)	(94,383,290)	(96,291,476)

Movements of deferred tax assets and liabilities during the years are as follows :

As at December 31, 2018

	Unit : Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2018	Increase	Decrease	Balance as at December 31, 2018
Deferred tax liabilities				
Fair value adjustment of subsidiaries' assets regarding business acquisition	(108,962,000)	-	-	(108,962,000)
Revaluation surplus on assets	(96,073,242)	-	1,908,186	(94,165,056)
Others	(218,234)	-	-	(218,234)
Total	(205,253,476)	-	1,908,186	(203,345,290)

As at December 31, 2017

	Unit : Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2017	Increase	Decrease	Balance as at December 31, 2017
Deferred tax assets	31,640,000	-	(31,640,000)	-
Total	31,640,000	-	(31,640,000)	-
Deferred tax liabilities				
Fair value adjustment of subsidiaries' assets regarding business acquisition	-	(108,962,000)	-	(108,962,000)
Revaluation surplus on assets	-	(97,027,336)	954,094	(96,073,242)
Others	(218,234)	-	-	(218,234)
Total	(218,234)	(205,989,336)	954,094	(205,253,476)

As at December 31, 2018

Unit : Baht

	SEPARATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2018	Increase	Decrease	
Deferred tax liabilities				
Revaluation surplus on assets	(96,073,242)	-	1,908,186	(94,165,056)
Others	(218,234)	-	-	(218,234)
Total	(96,291,476)	-	1,908,186	(94,383,290)

As at December 31, 2017

Unit : Baht

	SEPARATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2017	Increase	Decrease	
Deferred tax assets	31,640,000	-	(31,640,000)	-
Total	31,640,000	-	(31,640,000)	-
Deferred tax liabilities				
Revaluation surplus on assets	-	(97,027,336)	954,094	(96,073,242)
Others	(218,234)	-	-	(218,234)
Total	(218,234)	(97,027,336)	954,094	(96,291,476)

Deferred income tax assets are recognized for tax loss and carry forwards only to the extent that realization of the related tax benefit through the future taxable profits is probable. The Company has no any unrecognized tax losses to carry forward against future taxable income.

As at December 31, 2018 and 2017, there is no deferred tax assets presented in the consolidated statement of financial position and separate statement of financial position because there is no probable future taxable income which the temporary differences can be utilized.

Income tax expenses

Income tax expenses recognized in statements of profit or loss and other comprehensive income for the years ended December 31, 2018 and 2017 were as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Current tax expense				
Current year	(281,260)	(71,190,347)	-	(70,812,586)
Adjustment for prior years	(2,730,436)	1,274,797	(2,730,436)	1,323,250
	<u>(3,011,696)</u>	<u>(69,915,550)</u>	<u>(2,730,436)</u>	<u>(69,489,336)</u>
Deferred tax expense (income)				
Movements in temporary differences	1,908,186	(30,685,906)	1,908,186	(30,685,906)
Total tax expense	<u>(1,103,510)</u>	<u>(100,601,456)</u>	<u>(822,250)</u>	<u>(100,175,242)</u>

Reconciliation of effective tax rate

	CONSOLIDATED FINANCIAL STATEMENTS			
	2018		2017	
	Rate (%)	Amount	Rate (%)	Amount
Loss (profit) before income tax expense		40,661,192		(1,005,879,750)
<u>Less</u> Benefits from Promotional Privileges		118,863,214		52,214,639
Loss (profit) before income tax expense - net		<u>159,524,406</u>		<u>(953,665,111)</u>
Income tax using applicable tax rate	20.00	31,904,881	20.00	(190,733,022)
Adjustment in respect of prior year		(2,730,436)		1,274,797
Effects of net loss not recognized as deferred tax assets		(39,282,365)		-
Deferred tax relating to origination and reversal of temporary differences		1,908,186		(30,685,906)
Tax effect of income and expenses that are not taxable and not deductible for tax purposes		7,096,224		119,542,675
Income tax expenses	(0.69)	<u>(1,103,510)</u>	10.55	<u>(100,601,456)</u>

				Unit : Baht	
				SEPARATE FINANCIAL STATEMENTS	
		2018		2017	
	Rate (%)	Amount	Rate (%)	Amount	
Loss (profit) before income tax expense		71,375,592		(968,113,725)	
Income tax using applicable tax rate	20.00	14,275,118	20.00	(193,622,745)	
Adjustment in respect of prior year		(2,730,436)		1,323,250	
Effects of net loss not recognized as deferred tax assets		(21,301,430)		-	
Deferred tax relating to origination and reversal of temporary differences		1,908,186		(30,685,906)	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes		7,026,312		122,810,159	
Income tax expenses	(1.15)	(822,250)	10.35	(100,175,242)	

17. SHORT-TERM LOAN FROM FINANCIAL INSTITUTIONS

In consolidated financial statements as at December 31, 2017, the Company's subsidiary had short-term loan from financial institutions in amount of Baht 140.70 million arrangement to fund its operations. The interest rates of the promissory notes are at MLR per annum. Such short-term loan are secured by the same collateral as long-term loan from financial institutions (see Notes 13 and 19). Subsequently, on December 24, 2018 the Company's subsidiary had fully paid such short-term loan. (2018 : Nil)

				Unit : Baht	
Financing arrangements available	CONSOLIDATED		SEPARATE		
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS		
	2018	2017	2018	2017	
Bank overdrafts	40,000,000	40,000,000	40,000,000	40,000,000	
Short-term loans	1,200,000,000	2,440,702,205	1,200,000,000	2,300,000,000	
Bank guarantees	910,116,000	734,440,427	907,076,000	731,400,427	
Total	2,150,116,000	3,215,142,632	2,147,076,000	3,071,400,427	

Reconciliation of liabilities arising from financing activities for years ended December 31, 2018 and 2017 are as follows:

	Unit : Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
As at January 1,	140,702,205	205,006,310	-	205,006,310
Cash flow				
Increases	-	-	-	-
Payment	(140,702,205)	(211,324,105)	-	(205,006,310)
Total cash flow	(140,702,205)	(211,324,105)	-	(205,006,310)
Non-cash flow				
Increases from acquisition	-	147,020,000	-	-
Total non-cash flow	-	147,020,000	-	-
Ending balance for the years	-	140,702,205	-	-

18. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, 2018 and 2017 consisted of:

	Unit : Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Trade accounts payables - others	449,495,982	336,144,489	448,278,802	335,464,146
Other payables - others	8,908,037	12,544,045	7,899,541	11,945,615
Other payable - related parties	85,695	86,004	103,775	98,625
Accrued expenses	23,797,360	72,111,300	11,575,890	56,892,700
Others	50,535,500	60,783,048	42,258,932	58,228,438
Total	532,822,574	481,668,886	510,116,940	462,629,524

19. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

Long-term loans from financial institutions as at December 31, 2018 and 2017 consisted of:

	CONSOLIDATED FINANCIAL STATEMENTS				Unit : Baht
	Long-term loans from financial institutions		Interest rate % Per annum		Condition to maintain financial ratios
	2018	2017	2018	2017	
ATC Enviro Co., Ltd.					
-repayable from June 2016 to 2029 on quarterly basis	1,032,106,300	1,130,613,100	THBFIX6M +3.25%	THBFIX6M +3.25%	Yes
P.P. Solar (Nong-No) Co., Ltd.					
-repayable from December 2013 to 2023 on quarterly basis	11,753,760	21,943,520	THBFIX6M +3.25%	THBFIX6M +3.25%	Yes
PDI Mae Ramat Co., Ltd.					
-repayable from March 2018 to 2027 on quarterly basis	235,796,400	-	THBFIX3M +2.5%	THBFIX3M +2.5%	Yes
Total	1,279,656,460	1,152,556,620			
<u>Less</u> Deferred financing fee	(2,084,335)	-			
	1,277,572,125	1,152,556,620			
<u>Less</u> Current portion of long-term loans	(148,610,160)	(103,696,560)			
	1,128,961,965	1,048,860,060			

Reconciliation of liabilities arising from financing activities for the years ended December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE		Unit : Baht
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS		
	2018	2017	2018	2017	
As at January 1,	1,152,556,620	-	-	-	
Cash flow					
Increases	277,902,900	-	-	-	
Payment	(153,610,160)	(51,848,280)	-	-	
Total cash flow	124,292,740	(51,848,280)	-	-	
Non-cash flow					
Increases from acquisition	-	1,204,404,900			
Amortization of deferred financing fee	722,765	-	-	-	
Total non-cash flow	722,765	1,204,404,900	-	-	
Ending balance for the years	1,277,572,125	1,152,556,620	-	-	

As at December 31, 2018 and 2017, the long-term loan of ATC Enviro Co., Ltd. was guaranteed by deposits at financial institutions of Baht 36.66 million and Baht 86.64 million, respectively, the pledge of its shares held by the shareholders, mortgage of the land, building and power plants (see Note 13) as well as the power purchase agreement with the Provincial Electricity Authority and certain other contract of project under the condition of credit facilities agreement granted by the financial institutions.

As at December 31, 2018 and 2017, ATC Enviro Co., Ltd. had contract for hedging interest rate from floating rate to be fixed rate set at 75% of the remaining principal amount which the fixed rate is at 5.70% per annum.

As at December 31, 2018 and 2017, the long-term loan of P.P. Solar (Nong-No) Co., Ltd. was guaranteed by deposits at financial institutions of Baht 10.09 million and Baht 3.32 million, respectively, and the mortgage of the land and factory (see Note 13).

As at December 31, 2018, the long-term loan of PDI Mae Ramat Co., Ltd. was guaranteed by the pledge of its shares held by the shareholders, deposits at financial institutions of Baht 24.61 million, the mortgage of land leasing right, building and power plants as well as the power purchase agreement with the Provincial Electricity Authority and certain other contract of project under the condition of credit facilities agreement granted by the financial institution. The loan agreement has been entered in May 2017 and the loan amount of Baht 280.71 million was drawdown on February 12, 2018 (see Note 13).

As at December 31, 2018, PDI Mae Ramat Co., Ltd. had contract for hedging interest rate from floating rate to be fixed rate set at 60% of the remaining principal amount which the fixed rate is at 4.55% per annum.

Certain loan agreements stipulate certain covenants such as maintenance of a net debt to equity ratio and the maintenance of debt service coverage ratio.

As at December 31, 2018 and 2017, the subsidiaries were able to maintain certain debt covenants as stipulated in the agreements.

20. PROVISIONS FOR RESTORATION AND REHABILITATION EXPENSES

Provisions for restoration and rehabilitation expenses as at December 31, 2018 and 2017 consisted of:

	Unit : Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
As at January 1,	154,102,208	337,898,500	154,102,208	337,898,500
Accretion expense during the years	53,567,319	26,621,780	53,567,319	26,621,780
Reversal of provisions	(180,025)	(81,459,327)	(180,025)	(81,459,327)
Amounts utilized	(35,749,449)	(128,958,745)	(35,749,449)	(128,958,745)
Ending balance for the years	171,740,053	154,102,208	171,740,053	154,102,208
<u>Less</u> Current portion of provisions restoration and rehabilitation expenses	(36,099,483)	(118,649,727)	(36,099,483)	(118,649,727)
Provisions for restoration and rehabilitation expenses	<u>135,640,570</u>	<u>35,452,481</u>	<u>135,640,570</u>	<u>35,452,481</u>

The provision for restoration and rehabilitation costs represent amounts provided for 1) the estimated costs of restoration of cadmium and residue ponds at Tak and 2) rehabilitation and environmental risk assurance of the mined area in the Mae Sod in accordance with the government regulations and the Company's commitments. The estimated costs of decommissioning mine properties and residual ponds including removing any related assets and site restoration are included in the cost of restoration and rehabilitation assets as at the date the obligation first arises in conjunction with a related liability recognized in the same amount. This restoration asset is subsequently amortized on a unit-of-production basis. For environmental rehabilitation and environmental risk assurance assets, they are subsequently amortized on a straight-line basis. Accretion expense is recognized to reflect the change in present value of the liability.

In 2017, the Company has reversed provision for restoration and rehabilitation expenses to reflect management judgment relating to the reduction of estimated liabilities relating to assets for environmental restoration of Baht 59 million and reduction from completion residual pond decommission of Baht 22 million.

The Company obtained the Forestry Land Permit ("Permit") from the Royal Forestry Department ("RFD") for mining operations since 1982. Each permission period of such Permits is valid for maximum 10 years and can renew after each expiration period. Referring to the conditions of Permit, the Company is required to reforest and maintain planted forest area equivalent to 3 times of the granted land area within the period of Permit or when notified by the provincial office or RFD. In case the Company fails to execute reforestation, the Company shall make payment to the RFD at the rate specified by the RFD. The regulations have been revised regularly since the first permitting. The Company already paid compensation of reforestation when receiving the first Permit and its renewal on the same area. The Company remains convinced that it complied with the regulations correctly.

Due to the mine closure, the Company is in the process of relinquishing the land to the RFD. The Company has been informed by the RFD to pay an additional compensation equivalent to 3 times of the granted area on the same permitted land. The Company is in the process to verify if these claims are legitimate. Such impact of the compensation was estimated approximately Baht 62 million in Mae Sod area. The Company recorded the provisions for restoration and rehabilitation expenses in amount of Baht 53 million.

21. PROVISIONS FOR EMPLOYEE BENEFIT

Provisions for employee benefit in the statements of financial position as at December 31, 2018 and 2017 consisted of:

	Unit : Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Provisions for employee benefit as at January 1,	43,295,009	166,420,879	43,218,939	166,344,809
Included in profit or loss:				
Current service cost	11,482,233	7,112,044	11,482,233	7,112,044
Interest cost	3,238,127	2,631,636	3,238,127	2,631,636
Provision for employee benefit (Paid)	(23,993,694)	(132,869,550)	(23,993,694)	(132,869,550)
Included in other comprehensive income :				
Actuarial loss on defined benefit plan	1,280,939	-	1,280,939	-
Provisions for employee benefit as at December 31,	<u>35,302,614</u>	<u>43,295,009</u>	<u>35,226,544</u>	<u>43,218,939</u>

The result of change in significant assumptions that affect the present value of the post-employment benefit obligations as at December 31, 2018 and 2017 are summarized below:

	Unit : Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Increase (Decrease)	Increase (Decrease)	Increase (Decrease)	Increase (Decrease)
Discount rate - decrease by 0.5%	1,343,002	1,395,442	1,343,002	1,395,442
Discount rate - increase by 0.5%	(1,256,045)	(1,308,929)	(1,256,045)	(1,308,929)
Salary increase rate - decrease by 0.5%	(1,364,333)	(1,288,412)	(1,364,333)	(1,288,412)
Salary increase rate - increase by 0.5%	1,447,677	1,358,725	1,447,677	1,358,725
Turnover rate - decrease by 0.5%	1,552,429	1,403,944	1,552,429	1,403,944
Turnover rate - increase by 0.5%	(1,456,783)	(1,323,315)	(1,456,783)	(1,323,315)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit Method at the end of the report period, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

Provisions for employee benefit in the statements of financial position as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Post-employment benefit plan				
Present value of obligations	35,302,614	43,295,009	35,226,544	43,218,939
Provisions for employee benefit - recognized in statement of financial position	35,302,614	43,295,009	35,226,544	43,218,939

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. The management of the Group judgmentally consider that plan amendment is occurred and recognized past service cost as an expense when the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act. The Group have recorded the effect of such plan amendment and already recognized past service cost as an expense of Baht 7.21 million in the income statement for the year ended December 31, 2018.

The principal assumptions used in determining provision for retirement benefit on an actuarial basis as at December 31, 2018 and 2017 (expressed as weighted averages) are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Discount rate (%)	2.81	2.81	2.81	2.81
Salary increase rate (%)	5.00	5.00	5.00	5.00
Turnover rate (%)	0-13	0-13	0-13	0-13

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase rate and turnover rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

22. RESERVES

Other components of equity comprise:

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Legal reserve

Section 116 of the Public Limited Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit less the accumulated losses brought forward, if any, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered capital. The legal reserve is not available for dividend distribution.

Revaluation surplus on assets

The land, land improvement, condominium and buildings reappraisal is performed by independent appraisers. The increment resulting from the appraisal is recognized as part of equity as “revaluation surplus on assets”.

23. PROVIDENT FUND

On June 27, 1990 the Company and its subsidiaries set up a provident fund for those employees who elected to participate. The contributions from the employees are deducted from their monthly salaries, and the Company and its subsidiaries matches the individuals’ contributions. At the present, the provident fund is managed by Kasikorn Asset Management Company Limited, authorized financial institution in accordance with the Provident Fund Act B.E. 2530 (1987).

For the years ended December 31, 2018 and 2017, the Company and its subsidiaries has contributed approximately Baht 6.66 million and Baht 15.94 million, respectively, in consolidated financial statements.

24. SHARE CAPITAL

On April 24, 2018, the Annual General Shareholders' Meeting for the year 2017 passed resolutions to increase of the registered capital of the Company from Baht 2,260,000,000 to be Baht 3,013,333,330 by issuing newly 75,333,333 ordinary shares with the par value of Baht 10 per share for offer of warrants to purchase newly issued ordinary shares of the Company no.1 (PDI-W1) to the existing shareholders at the ratio of 3 ordinary shares to 1 unit of warrants with the offering price at zero Baht. The exercise ratio of warrant is 1 unit for 1 ordinary share with the exercise price of Baht 33. The Company has sold warrants on June 27, 2018.

Type of Securities	Date of Issue of Warrants	Exercise Price (Baht per share)	Exercise Ratio	Number of ordinary shares reserved to accommodate for exercise of warrants (Share)	Number of Offering Warrants (Unit)	Maturity date Warrants	Exercise period
PDI-W1	May 15, 2018	33	1:1	75,333,333	75,333,333	May 15, 2021	15 th of November and 15 th of May

On November 15, 2018, the existing shareholder subscribed for new ordinary shares 100 units as the warrant ratio 1.00 : 1.00 at the price of Baht 33 per share, totalling Baht 3,300. As a result, the company had issued and paid-up share capital increased by Baht 1,000 from Baht 2,260,000,000 to Baht 2,260,001,000. The Company has already registered such issued and paid-up share capital with the Ministry of Commerce on November 30, 2018.

25. DIVIDEND

On April 24, 2018, the Annual General Meeting of Shareholders passed a resolution to pay a dividend from operations of Baht 1.50 per share, in the total amount of Baht 338.98 million. The Company paid the dividend on May 21, 2018.

On April 25, 2017, the Annual General Meeting of Shareholders passed a resolution to pay a dividend from operations of Baht 1.00 per share, in the total amount of Baht 225.99 million. The Company paid the dividend on May 18, 2017.

26. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2018 and 2017 consists of:

	Unit: Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017*	2018	2017*
Movement in inventories	62,835,327	1,286,817,953	62,473,527	1,288,470,101
Inventories, raw materials, spare parts and consumables used	4,351,206,482	2,844,810,745	4,339,271,076	2,880,847,314
Transportation expenses	25,224,688	60,194,173	25,224,688	59,585,779
Employee benefits expense	134,612,368	365,232,067	134,071,168	364,308,993
Utility expenses	14,169,502	300,211,718	12,595,216	299,050,074
Depreciation and amortization expenses	147,141,590	156,660,869	11,360,664	89,713,406
Other operating expenses	244,272,416	320,435,878	202,674,488	220,822,256
Finance costs	76,737,038	22,297,586	-	272,887

* There are reclassification to conform to the classification used in current year financial statement

27. PROMOTIONAL PRIVILEGES ACCORDING TO INVESTMENT PROMOTION ACT

The Subsidiaries have been granted certain rights and privileges as a promoted industry under the Industrial Investment Promotion Act of B.E. 2520, as follows:

PDI Mae Ramat Co., Ltd.			
Promotional Privileges No./ Dated	Effective date	Activities	Major rights and conditions
No. 2011(1)/2556 Dated July 16, 2013	March 19, 2013	Electricity from solar energy sector 7.1 Public utilities and basic services	(a) Exemption from payment of import duty and tax on machinery approved by the Board of Investment. (b) Exemption from corporate income tax for the profit earned under promotional privileges, defined time of 8 years from the date operating income is first derived. (c) If the operating loss is incurred the period of exemption corporate income tax, the Company shall be granted permission to deduct such annual loss from net income of subsequent period that exempted from corporate income tax for a period not exceeding 5 years from the date of the expiration of that period. (d) Exemption the dividend from the operation to be promoted which exempt the income tax expense as (b) include in the corporate income tax through period has been promoted. (e) A 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of 5 years, commencing from the expiry date in (b) above; and (f) Double deduction of transportation expenses, electricity expenses and water expenses for a period of 10 years from the date on which the income is first derived from such operations. (g) Be allowed to deduct investments in the installation or construction of facilities, 25% of the investment apart from normal depreciation.

ATC Enviro Co., Ltd.			
Promotional Privileges No./ Dated	Effective date	Activities	Major rights and conditions
58-2350-1-00-1-0 Dated October 20, 2015	September 8, 2015	Electricity from solar energy sector 7.1.1.2 : production of electricity and steam from renewable energy except biomass	(a) Exemption from payment of import duty and tax on machinery approved by the Board of Investment. (b) Exemption from corporate income tax for the profit earned under promotional privileges, defined time of 8 years from the date operating income is first derived. (c) If the operating loss is incurred the period of exemption corporate income tax, the Company shall be granted permission to deduct such annual loss from net income of subsequent period that exempted from corporate income tax for a period not exceeding 5 years from the date of the expiration of that period. (d) Exemption the dividend from the operation to be promoted which exempt the income tax expense as (b) include in the corporate income tax through period has been promoted. (e) Be allowed to transfer cash to aboard as foreign currency.
58-2351-1-00-1-0 Dated October 20, 2015	September 14, 2015		
58-2352-1-00-1-0 Dated October 20, 2015	September 14, 2015		
58-2353-1-00-1-0 Dated October 20, 2015	September 8, 2015		
58-2354-1-00-1-0 Dated October 20, 2015	September 8, 2015		

P.P. Solar (Nong-No) Co., Ltd.			
Promotional Privileges No./ Dated	Effective date	Activities	Major rights and conditions
1416(1)/2555 Dated April 14, 2012	February 27, 2012	Electricity from solar energy sector 7.1 Public utilities and basic services	(a) Exemption from payment of import duty and tax on machinery approved by the Board of Investment. (b) Exemption from corporate income tax for the profit earned under promotional privileges, defined time of 8 years from the date operating income is first derived. The exemption of corporate income tax must not over Baht 398.20 million. Thus, this will be varied by the investment excluding actual cost of land and working capital at the opening date under privilege project. (c) If the operating loss is incurred the period of exemption corporate income tax, the Company shall be granted permission to deduct such annual loss from net income of subsequent period that exempted from corporate income tax for a period not exceeding 5 years from the date of the expiration of that period. (d) Exemption the dividend from the operation to be promoted which exempt the income tax expense as (b) include in the corporate income tax through period has been promoted. (e) A 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of 5 years, commencing from the expiry date in (b) above; and (f) Double deduction of transportation expenses, electricity expenses and water expenses for a period of 10 years from the date on which the income is first derived from such operations. (g) Be allowed to deduct investments in the installation or construction of facilities, 25% of the investment apart from normal depreciation. (h) Be allowed to transfer cash to aboard as foreign currency.

As promoted companies, the subsidiaries must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenues from promoted and non-promoted businesses for the years ended December 31, 2018 and 2017 are summarized as follows:

Unit: Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2018			2017		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
Revenues						
Revenue from sales and services	-	4,543,697,818	4,543,697,818	-	6,025,783,064	6,025,783,064
Revenue from sales of electricity	269,076,434	-	269,076,434	85,446,738	-	85,446,738
Revenue from government granted - adder	61,772,599	-	61,772,599	57,834,840	-	57,834,840
Other income	-	152,503,459	152,503,459	-	188,122,079	188,122,079
Total revenues	<u>330,849,033</u>	<u>4,696,201,277</u>	<u>5,027,050,310</u>	<u>143,281,578</u>	<u>6,213,905,143</u>	<u>6,357,186,721</u>

Unit: Baht

	SEPARATE FINANCIAL STATEMENTS					
	2018			2017		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
Revenues						
Revenue from sales and services	-	4,525,724,118	4,525,724,118	-	6,010,768,746	6,010,768,746
Other income	-	190,571,117	190,571,117	-	160,415,789	160,415,789
Total revenues	<u>-</u>	<u>4,716,295,235</u>	<u>4,716,295,235</u>	<u>-</u>	<u>6,171,184,535</u>	<u>6,171,184,535</u>

28. BANK GUARANTEES

The Company and subsidiaries have given letters of guarantee in the ordinary course of business issued by banks as at December 31, 2018 and 2017 consists of:

Unit: Million

Guarantees	Currency	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2018	2017	2018	2017
		Electricity	Baht	251.83	263.02
Zinc metal	United States Dollar	0.53	-	0.53	-
Solar farm	Yen	-	2,408.41	-	2,408.41
Other	Baht	7.11	11.43	4.11	8.43

29. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

The calculations of basic and diluted earnings (loss) per share for the years ended December 31, 2018 and 2017 were based on the income (loss) for the years attributable to ordinary shareholders of the Company and the number of weighted ordinary shares which held by shareholders as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2018	2017	2018	2017
Basic earnings (loss) per share				
Profit (loss) attributable to owners of the Company (Million Baht)	(42)	905	(72)	868
Weighted average number of ordinary shares (Million shares)	226	226	226	226
Basic earnings (loss) per share (Baht)	(0.18)	4.01	(0.32)	3.84
Diluted earnings (loss) per share				
Weighted average number of ordinary shares used in calculation				
of basic earnings (loss) per share (Million shares)	226	226	226	226
Effect of exercised warrants to purchase ordinary shares	-	-	-	-
Weighted average number of ordinary shares used in				
the calculation of diluted earnings (loss) per share (Million shares)	226	226	226	226
Diluted earnings (loss) per share (Baht)	(0.18)	4.01	(0.32)	3.84

30. COMMITMENTS AND CONTINGENT LIABILITY

Minimum lease payments as at December 31, 2018 and 2017 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2018	2017	2018	2017
Not later than 1 year	1,869,085	1,204,706	877,479	713,040
Later than 1 year but not later than 5 years	5,403,014	1,966,665	1,436,590	-
Later than 5 years	15,617,795	7,784,714	-	-
Total	22,889,894	10,956,085	2,314,069	713,040

Unit : Baht

31. FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The Group is exposed to normal business risks from changes in interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or use derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital Management

The Board of Directors' policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest Rate Risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group is primarily exposed to interest rate risk from its borrowings. The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. As a general rule, the Company has a credit risk management policy of obtaining credit insurance or collateral from the customers before commencing trade. The collateral may include bank guarantees or cash guarantees. The management does not expect that there is significant loss from uncollectable customers.

31.1 Forward exchange contracts

The Company entered into forward exchange contracts to reduce foreign exchange exposure. As at December 31, 2018 and 2017, the outstanding forward exchange contracts are summarized as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT							
As at December 31, 2018							
Agreement	Currency	Notional amount (Million)	Deliverable Period	Deliverable amount (Million Baht)	Net fair value profit (loss) (Million Baht)	Fair value hierarchy	Valuation techniques and key inputs
Purchase	USD	12.03	January - February 2019	394.76	(3.47)	2	Discounted cash flow ¹
Sell	USD	6.57	January - February 2019	213.65	1.59	2	Discounted cash flow ¹

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT							
As at December 31, 2017							
Agreement	Currency	Notional amount (Million)	Deliverable Period	Deliverable amount (Million Baht)	Net fair value profit (loss) (Million Baht)	Fair value hierarchy	Valuation techniques and key inputs
Purchase	USD	12.50	January - March 2018	409.34	(0.59)	2	Discounted cash flow ¹
Sell	USD	0.85	February - April 2018	32.98	(0.25)	2	Discounted cash flow ¹

¹ The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

31.2 Forward zinc contracts

The Company entered into forward zinc contracts with a financial institution to reduce fluctuation of zinc's index exposure relating to London Metal Exchange. As at December 31, 2018 and 2017, the outstanding forward zinc contracts are summarized as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT						
As at December 31, 2018						
Agreement	Zinc (Metric ton)	Effective date	Currency	Net fair value Profit (loss) (Million)	Fair value hierarchy	Valuation techniques and key inputs
Purchase	1,550	January - February 2019	USD	(0.04)	2	Discounted cash flow ²
Sell	2,600	January - February 2019	USD	0.13	2	Discounted cash flow ²

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT						
As at December 31, 2017						
Agreement	Zinc (Metric ton)	Effective date	Currency	Net fair value Profit (loss) (Million)	Fair value hierarchy	Valuation techniques and key inputs
Purchase	2,875	January 2018	USD	0.39	2	Discounted cash flow ²
Sell	3,300	January 2018	USD	(1.06)	2	Discounted cash flow ²

² The estimated future cash flows is from zinc price (from observable price index of London Metal Exchange at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

31.3 Interest rate swap contracts

The Company's subsidiaries entered into interest rate swap contracts to reduce interest rate exposure. The outstanding interest rate swap contracts as at December 31, 2018 and 2017, are summarized as follows:

CONSOLIDATED FINANCIAL STATEMENT							
As at December 31, 2018							
Related agreement	Contract balance amount (Million Baht)	Duration of transaction	Interest rate Per Loan agreement	Interest rate per Swap agreement	Fair value Gain (loss) (Million Baht)	Fair value hierarchy	Valuation techniques and key inputs
Long-term loans from financial institutions	141.48	March 8, 2018 to March 31, 2025	THBFIX3M +2.50%	4.55%	(0.51)	2	Discounted cash flow ³
Long-term loans from financial institutions	772.30	January 31, 2016 to December 31, 2021	THBFIX6M +3.25%	5.70%	(11.81)	2	Discounted cash flow ³

CONSOLIDATED FINANCIAL STATEMENT							
As at December 31, 2017							
Related agreement	Contract balance amount (Million Baht)	Duration of transaction	Interest rate per Loan agreement	Interest rate per Swap agreement	Fair value Gain (loss) (Million Baht)	Fair value hierarchy	Valuation techniques and key inputs
Long-term loans from financial institutions	975.00	January 31, 2016 to December 31, 2021	THBFIX6M +3.25%	5.70%	(17.94)	2	Discounted cash flow ³

³ The estimated future cash flows is from interest exchange rates (from observable interest exchange rates at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the market risk of various products.

32. FAIR VALUE MEASUREMENTS

Certain financial assets and liabilities of the Group and the Company are measured at fair value as at December 31, 2018 and 2017. The following table gives information about how the fair values of these financial assets and liabilities are determined.

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
Financial assets and liabilities	Fair value		Carrying amount		Fair value hierarchy	Valuation techniques and key inputs
	2018	2017	2018	2017		
Financial assets						
Short-term investments						
Derivatives	176.05	209.68	176.05	209.68	2	Latest bid prices of the last working day of the reporting period as quoted on the Futures exchange of Thailand
Unit trust	32.81	70.17	32.81	70.17	2	Net asset values of the last working day of the reporting period.
Listed securities	204.29	216.80	204.29	216.80	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand.
Listed securities (Foreign)	45.74	47.02	45.74	47.02	1	Latest bid prices of the last working day of the reporting period as quoted in an active market.
Fixed deposit	100.00	-	100.00	-	3	The carrying amount is approximate their fair values due to the relatively short-term maturity.
Bill of exchange	70.00	-	70.00	-	3	The carrying amount is approximate their fair values due to the relatively short-term maturity.
Financial liabilities						
Current portion of long-term loans from financial institutions	148.61	103.69	148.61	103.69	3	Fair value of long-term borrowings from financial institutions bearing fixed interest rate are determined by discounted cash flows method.
Long-term loans from financial institutions	1,128.96	1,048.86	1,128.96	1,048.86	3	Future cash flows are discounted using cost of debts of the Group. For long-term borrowings from financial institutions with floating interest rate, the fair values approximate their carrying values.

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

Financial assets and liabilities	Fair value		Carrying amount		Fair value hierarchy	Valuation techniques and key inputs
	2018	2017	2018	2017		
Financial assets						
Short-term investments						
Derivatives	176.05	209.68	176.05	209.68	2	Latest bid prices of the last working day of the reporting period as quoted on the Futures exchange of Thailand
Unit trust	32.81	70.17	32.81	70.17	2	Net asset values of the last working day of the reporting period.
Listed securities	204.29	216.80	204.29	216.80	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand.
Listed securities (Foreign)	45.74	47.02	45.74	47.02	1	Latest bid prices of the last working day of the reporting period as quoted in an active market.
Fixed deposit	100.00	-	100.00	-	3	The carrying amount is approximate their fair values due to the relatively short-term maturity.
Bill of exchange	70.00	-	70.00	-	3	The carrying amount is approximate their fair values due to the relatively short-term maturity.

Valuation technique for financial instruments not measured at fair value of the Group and the Company are as follows:

Cash and cash equivalents, trade and other current receivables, loan to other party, advances to related parties, advances to joint ventures, other current assets, short-term loans from financial institutions, trade and other current payables, and other current liabilities stated in the statements of financial position approximate their fair values due to the relatively short-term maturity of these financial instruments.

Long-term investments had not significantly different from the carrying values stated in the statements of financial position.

33. OPERATING SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments. The primary format in segment information report is based on the type of products. The Management analyse and review the internal management report which reported the performance of the Group as a whole in order to assess performance and allocate resources. The performance assessment of the reportable segment is based on a measure of revenue, cost of goods sold, gross margin and earnings before financial cost, income tax, depreciation and amortization. The following is financial information relating to this operating segment:

Operating segment, based on business segments, in the consolidated financial statements for the years ended December 31, 2018 and 2017 are as follows:

Unit : Thousand Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
	Zinc Metal		Renewable Energy		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues from sales and services	4,525,724	6,010,769	-	-	17,974	15,014	4,543,698	6,025,783
Revenue from sales of electricity	-	-	330,849	143,282	-	-	330,849	143,282
Other income	147,601	184,256	2,866	1,365	2,036	2,501	152,503	188,122
Total revenue	<u>4,673,325</u>	<u>6,195,025</u>	<u>333,715</u>	<u>144,647</u>	<u>20,010</u>	<u>17,515</u>	<u>5,027,050</u>	<u>6,357,187</u>
Total expenses							(5,056,199)	(5,356,661)
Share of profit (loss) of investment in joint ventures on equity method							(11,512)	5,354
Profit (loss) before income tax expense							(40,661)	1,005,880
Income tax expense							(1,104)	(100,602)
Net profit (loss) for the years							<u>(41,765)</u>	<u>905,278</u>

Operating segment, based on business segments, in the consolidated financial statements as at December 31, 2018 and 2017 are as follows:

Unit : Thousand Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
	Zinc Metal		Renewable Energy		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Total assets for reportable segments	3,181,247	4,884,313	3,663,247	2,456,290	174,414	68,047	7,018,908	7,408,650
Total liabilities for reportable segments	906,337	901,102	1,407,025	1,421,217	2,304	1,904	2,315,666	2,324,223

34. RELATED PARTIES TRANSACTIONS

The Company, subsidiaries and joint ventures are called “the Group”, which have detail as follows:

34.1 Investments in subsidiaries as at December 31, 2018 and 2017 are as follows:

	As at December 31, 2018				As at December 31, 2017			
	Consolidated financial statements		Separate financial statements		Consolidated financial statements		Separate financial statements	
	Equity	Paid-up capital	% ownership investment	Cost	Equity	Paid-up capital	% ownership investment	Cost
Padaeng Properties Co., Ltd.	-	80,000,000	100	80,000,000	-	80,000,000	100	80,000,000
PDI Eco Co., Ltd.	-	12,500,000	100	12,499,925	-	12,500,000	100	12,499,925
PDI Energy Co., Ltd.	-	100,050,000	100	100,050,000	-	100,050,000	100	100,050,000
Ton Sangkasi Pte Ltd.	-	246,700	100	246,700	-	246,700	100	246,700
Total	-			192,796,625	-			192,796,625

34.2 Investments in joint ventures as at December 31, 2018 and 2017 are as follows:

	As at December 31, 2018				As at December 31, 2017			
	Consolidated financial statements		Separate financial statements		Consolidated financial statements		Separate financial statements	
	Equity	Paid-up capital	% ownership investment	Cost	Equity	Paid-up capital	% ownership investment	Cost
PDI-CRT Co., Ltd.	37,870,386	89,000,000	60	-	42,745,290	89,000,000	60	-
PDI Tak Eco Co., Ltd.	6,510,985	30,000,000	51	15,300,000	13,148,172	30,000,000	51	15,300,000
Total	44,381,371			15,300,000	55,893,462			15,300,000

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		
	2018	2017	2018	2017	
	As at January 1,		55,893,462	47,126,745	15,300,000
Investment in joint ventures		-	21,660,000	-	-
Sales of investment in joint ventures		-	(18,247,301)	-	(236,249,800)
Share of (loss) profit from operation of joint ventures		(11,512,091)	5,354,018	-	-
Disposal of allowance diminution in value of investment		-	-	-	177,187,300
Ending balance for the years	44,381,371	55,893,462	15,300,000	15,300,000	

Maesod Clean Energy Co., Ltd.

Due to limitation of economic feed supply to produce ethanol and the consecutive losses since starting operation, the Company's Board of Directors dated August 4, 2016 decided to divest the investment in Maesod Clean Energy Co., Ltd. As at December 31, 2016, the Company has agreed in principle to sell the Company's 35% interest in Maesod Clean Energy Co., Ltd. to MP Energy Co., Ltd., one of Maesod Clean Energy Co., Ltd.'s shareholders with the value of Baht 59.06 million. The Company recorded allowance for impairment of remaining investment of Baht 177.18 million. Subsequently, the Company entered into the Share Purchase Agreement ("SPA") on February 16, 2017. The Company has received the payment accordingly on the same day.

PDI-CRT Co., Ltd.

On November 18, 2016, PDI-CRT has increased its registered capital into Baht 79,000,000 with additional 2,700,000 shares with par value of 10 Baht per share, of which Baht 2.50 per share was paid.

Subsequently, in March 2017, the additional share of 3.75 Baht per share was paid, totally Baht 10,125,000.

Subsequently, in May 2017, the additional share of 3.75 Baht per share was paid, totally Baht 10,125,000.

In September 2017, PDT-CRT has increased its registered capital into Baht 89,000,000 with addition 1,000,000 shares with par value of Baht 10 per share, which Baht 5 per share was paid. Subsequently, in October 2017, the additional share of Baht 5 per share was paid, totally Baht 5,000,000.

34.3 Significant transactions and balances

Related parties are those parties linked to the Group by common shareholders or directors. Transactions with related parties are conducted at the pricing policy based on the normal course of business conditions.

The pricing policies for particular types of transactions are explained further below:

	Pricing policies
Sales of goods and services	At market price which is the same rate as general client
Purchases of goods and services	At agreed price which approximates market value
Expenses	At market price

Significant transactions with related parties for the years ended December 31, 2018 and 2017 are as follows:

		Unit : Baht			
		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
Relationship		2018	2017	2018	2017
Sales of goods and services					
Padaeng Properties Co., Ltd.	Subsidiary	-	-	2,040,000	396,000
PDI Material Co., Ltd.	Indirect subsidiary	-	-	600,000	7,859,995
PDI Mae Ramat Co., Ltd.	Indirect subsidiary	-	-	2,400,000	-
ATC Enviro Co., Ltd.	Indirect subsidiary	-	-	6,000,000	-
P.P. Solar (Nong-No) Co., Ltd.	Indirect subsidiary	-	-	1,200,000	-
PDI Tak Eco Co., Ltd.	Joint ventures	1,537,500	-	1,537,500	-
PDI-CRT Co., Ltd.	Joint ventures	7,996,500	-	7,996,500	-
Total		<u>9,534,000</u>	<u>-</u>	<u>21,774,000</u>	<u>8,255,995</u>
Interest income					
PDI Energy Co., Ltd.	Subsidiary	-	-	2,188,910	4,737,799
Ton Sangkasi Co., Ltd.	Subsidiary	-	-	30,751,647	6,159,088
PDI Asia Solar Co., Ltd.	Indirect subsidiary	-	-	6,466,388	5,443,813
Country Group Securities Public Company Limited	Related by common director	8,252,549	6,910,753	7,134,551	5,573,779
Total		<u>8,252,549</u>	<u>6,910,753</u>	<u>46,541,496</u>	<u>21,914,479</u>
Purchases of goods and services fee					
Padaeng Properties Co., Ltd.	Subsidiary	-	-	872,587	950,848
MFC Asset Management Public Company Limited	Related by common director	1,053,434	849,642	1,053,434	849,642
Total		<u>1,053,434</u>	<u>849,642</u>	<u>1,926,021</u>	<u>1,800,490</u>

Significant balances with related parties as at December 31, 2018 and 2017 are as follows:

		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
		Unit : Baht			
	Relationship				
Other receivables - related parties					
PDI Material Co., Ltd.	Indirect subsidiary	-	-	600,000	-
PDI-CRT Co., Ltd.	Joint ventures	6,726,555	939,646	6,726,555	939,646
Total		6,726,555	939,646	7,326,555	939,646
Advances to related parties					
PDI Eco Co., Ltd.	Subsidiary	-	-	307,795	307,795
PDI Energy Co., Ltd.	Subsidiary	-	-	93,350	-
J-Solar Co., Ltd.	Indirect subsidiary	-	-	56,705	56,705
Total		-	-	457,850	364,500
Advances to joint ventures					
PDI-CRT Co., Ltd.	Joint ventures	-	252,520	-	-
Loans to related parties					
PDI Energy Co., Ltd.	Subsidiary	-	-	200,332,114	456,332,114
Ton Sangkasi Co., Ltd.	Subsidiary	-	-	1,266,261,075	1,275,274,196
PDI Asia Solar Co., Ltd.	Indirect subsidiary	-	-	665,056,710	541,056,710
Total		-	-	2,131,649,899	2,272,663,020
Interest receivable					
PDI Energy Co., Ltd	Subsidiary	-	-	7,043,786	4,854,876
Ton Sangkasi Co., Ltd.	Subsidiary	-	-	36,817,626	6,050,926
PDI Asia Solar Co., Ltd.	Indirect subsidiary	-	-	14,950,922	8,484,535
Country Group Securities Public Company Limited	Related by common directors	1,028,053	277,223	898,782	237,985
Total		1,028,053	277,223	59,711,116	19,628,322
Other payables - related parties					
Padaeng Properties Co., Ltd.	Subsidiary	-	-	18,080	12,621
MFC Asset Management Public Company Limited	Related by common directors	85,695	86,004	85,695	86,004
Total		85,695	86,004	103,775	98,625

Investment with Country Group Securities Public Company Limited, as a counter party as at December 31, 2018 and 2017 consisted of:

		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
		Unit : Baht			
Buy-sell back of corporate debentures		359,663,152	196,131,924	268,569,923	182,198,776
Bill of exchange - term is less than 3 months		20,000,000	90,000,000	20,000,000	90,000,000
Bill of exchange - term is more than 3 months		70,000,000	-	70,000,000	-
Total		449,663,152	286,131,924	358,569,923	272,198,776

35. KEY MANAGEMENT COMPENSATION

Benefit expenses to management of the Group both monetary and non-monetary were presented as part of “Employee benefit expenses”.

Management benefit expenses for the years ended December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Short-term employee benefits	45,126,245	47,389,620	45,126,245	47,389,620
Post-employee benefits and termination benefits	12,759,342	2,503,000	12,759,342	2,503,000
Total	<u>57,885,587</u>	<u>49,892,620</u>	<u>57,885,587</u>	<u>49,892,620</u>

36. LITIGATION

As at December 31, 2018 and 2017, the Company has 4 outstanding litigation cases and 5 outstanding litigation cases, respectively, which have been under the court consideration. The Company, together with another defendant had been filed by a group of villagers (“plaintiffs”) in the Mae Tao basin, Mae Sod District, Tak Province for all cases with the same accusation that cadmium contamination in the area was caused by the mining operations of both defendants. The plaintiffs initially claimed the compensation at Baht 3,223 million and Baht 3,949 million, respectively.

Management of the Company considered that the Company’s environmental measurement is complied with the regulations and requirements of the authorities. The Company recognized provision for such compensation which the Company expected to pay for all litigation cases included interest at the rate 7.5 percent per annum from the date of complains in the total amount of Baht 80.61 million and Baht 95.73 million in the statement of financial position as at December 31, 2018 and 2017. Detail of litigation cases are as follow:

36.1 Case No. 63/2552

The original claim amount of this case is Baht 1,095 million. On May 27, 2015, the Bangkok South Civil Court ordered both defendants to pay compensation to the plaintiffs who hold the Cadmium patient’s card issued by the Mae Sod Hospital at the total amount of Baht 4 million which shall be shared equally by both defendants.

The Company appealed its judgment to the Appeal Court. Subsequently, on April 18, 2017, the judgment of Appeal Court also ruled the both defendants to pay compensation by increasing the amount of compensation into Baht 36.60 million. The Company is responsible for Baht 18.30 million. This case is currently under the processes of submitting dika appeal of the Company.

36.2 Case No. 64/2552

The original claim amount of this case is Baht 836 million. On September 29, 2014, the Bangkok South Civil Court ordered the both defendants to pay compensation to the plaintiffs who hold the Cadmium patient's card issued by the Mae Sod Hospital at the total amount of Baht 8.20 million which shall be shared equally by both defendants. The Company is responsible for Baht 4.10 million.

The Company appealed its judgment to the Appeal Court. Subsequently, on November 24, 2016, the Appeal Court rendered the judgment ordering both defendants to pay compensation to plaintiffs with the same amount ruled by the judgment of First Court. This case is currently under the processes of submitting dika appeal of the Company.

36.3 Case No. 65/2552

The original claim amount of this case is Baht 1,064 million. On December 22, 2016, the Bangkok South Civil Court ruled judgment in the same manner above and ordered both defendants to pay compensation at the total amount of Baht 99 million. The Company is responsible for Baht 49.50 million. The Company appealed its judgment to the Appeal Court on May 19, 2017. This case is currently pending for the Appeal Court proceeding.

36.4 Case No. 9/2553

On February 28, 2014, the Bangkok South Civil Court ruled judgment in the same manner above, which its original claim is Baht 228 million as damage compensation. The First Court ordered both defendants to pay compensation at the total amount of Baht 2.48 million. The Company is responsible for Baht 1.24 million.

Subsequently, on July 12, 2016, the Appeal Court ruled judgment both defendants pay compensation at the amount of Baht 1.09 million.

The Company appealed its judgment to the Supreme Court which the Supreme Court already accepted a dika appeal of the Company. As requested for a stay of execution the Company also placed Baht 1.89 million cashier cheque with court to guarantee performance of the Company upon judgment of the Appeal Court. This case is pending for the Supreme Court proceeding.

36.5 Case No. 66/2552

The original claim amount of this case is Baht 726 million. On September 20, 2013, the Bangkok South Civil Court ordered both defendants to pay compensation at the total amount of Baht 9.60 million. The Company is responsible for Baht 4.80 million.

The Company appealed its judgment to the Appeal Court. Subsequently, on March 9, 2016, the Appeal Court ruled judgment ordering both defendants to pay compensation to the plaintiffs in the total amount of Baht 22.18 million. The Company is responsible for Baht 11.09 million. The Company already submitted the dika appeal.

On November 13, 2018, the Bangkok South Civil Court has read to the Parties the judgement of the Supreme Court to confirm the judgement of the Appeal Court paying the compensation to plaintiffs in total amount of Baht 11.09 million together with the interest at 7.5% per year since January 20, 2009 until fulfilled. The Company has fully paid the compensation to plaintiffs on November, 2018.

37. RECLASSIFICATIONS

Certain reclassifications have been made in the financial statements for the year ended December 31, 2017, to conform to the classification used in current year's financial statements. Such reclassifications have no effect to previously reported assets, liabilities, net profit, total comprehensive income and shareholders' equity. The reclassifications are as follows:

	CONSOLIDATED STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
	As at December 31, 2017			As at December 31, 2017		
	Previous presentation	Reclassifications	Current presentation	Previous presentation	Reclassifications	Current presentation
Unit : Baht						
Statements of financial position						
Intangible asset	887,313,110	82,327	887,395,437	-	82,327	82,327
Other non-current assets	1,074,639	(82,327)	992,312	20,191,975	(82,327)	20,109,648
Trade and other current payables	480,236,591	1,432,295	481,668,886	461,197,229	1,432,295	462,629,524
Accrued electricity expenses	1,432,295	(1,432,295)	-	1,432,295	(1,432,295)	-
Statements of profit or loss and other comprehensive income						
Other income	123,512,850	(2,105,426)	121,407,424	136,621,759	(2,105,426)	134,516,333
Gain on short-term investment	-	2,105,426	2,105,426	-	2,105,426	2,105,426

38. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the authorized directors of the Company on February 22, 2019.