

**THAI SOLAR ENERGY PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2016**

## **Independent Auditor's Report**

To the Shareholders and the Board of Directors of Thai Solar Energy Public Company Limited

### **My opinion**

In my opinion, the consolidated financial statements of Thai Solar Energy Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated financial position of the Group and separate financial position of the Company as at 31 December 2016, and the consolidated and separate financial performance and the consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### **What I have audited**

I have audited the accompanying consolidated financial statements of the Group and separate financial statements of the Company, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the consolidated and separate statements of comprehensive income, changes in 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.

### **Basis for opinion**

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key audit matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determined one key audit matter: Goodwill impairment assessment. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter	How my audit addressed the key audit matter
<p><b><i>Impairment of asset - Thermal plant</i></b></p> <p>Refer to note 4.1 Accounting policies for critical accounting estimates and judgements and note 14 Property plant and equipment.</p> <p>A thermal power plant of the Group cannot operate at full capacity due to technical issues. As required by Thai Accounting Standard 36, the recoverable amount of an asset should be measured when there is an indication that the asset may be impaired. At 31 December 2016, thermal plant had a net book value of Baht 508 million, after deduction of the provision for impairment of Baht 245 million, which represented 6.06% of the total assets. The Group's smallest group of cash-generating units (CGU) was a thermal power plant. Therefore, the management determined that a thermal power plant is a cash-generating unit (CGU), which was subject to impairment testing.</p> <p>Management applied the discounted cash flow approach to determine the recoverable amounts of the thermal power plants. Key assumptions used in the discounted cash flow forecast prepared by management include:</p> <ul style="list-style-type: none"> <li>a. the cash flow forecasts derived from internal forecasts and assumptions about future performance (i.e. long-term growth rate)</li> <li>b. electricity unit production</li> <li>c. the discount rate</li> </ul> <p>Management believed that there will be significant improvement in productivity because the Group was partnering with a technology company to experiment with new technology to enhance productivity. Management concluded that the provisions for impairment already recorded for the thermal plant was adequate.</p> <p>I focused on this area because the assessment of the recoverable amount based on the value in use of the thermal power plant involved judgments of management about the future results of the business, electricity unit production and discounted rate applied to the forecasted future cash flow. Small subjective changes can have a material impact on the value-in-use assessment and any resulting impairment charge.</p>	<p>I understood and evaluated management's impairment models. My procedures included a detailed evaluation of the Group's budgeting procedures (on which forecasts are based) and an assessment of the principles of management's discounted cash flow models.</p> <p>I compared the past performance against business plans used by the Group.</p> <p>I also evaluated management's judgments on key assumptions as follows:</p> <ul style="list-style-type: none"> <li>a. the long-term growth rates in the forecast by comparing them to historical results and available industry data</li> <li>b. electricity unit production used in the model by comparing it with historical data and production capacity</li> <li>c. the discount rate used in the model by assessing the weighted average cost of capital (WACC) of the Group and comparing it to my external research.</li> </ul> <p>I found that the management's key assumptions were justifiable and appropriate in light of the current environment and circumstances.</p>

Key audit matter	How my audit addressed the key audit matter
<p><b><i>Deferred tax asset may not be recovered</i></b></p> <p>Refer to note 4.1 Accounting policies for critical accounting estimates and judgements and note 16 Deferred income tax.</p> <p>As at 31 December 2016, the Group had deferred tax assets of Baht 75.47 million due to losses carried forward. The Group recognised a deferred tax asset for tax losses carried forward to the extent that it is probable that future taxable profits will allow it to be recovered.</p> <p>Management believed that it is probable that the deferred tax assets will be recovered based on its five-year tax computation forecast.</p> <p>Key assumptions used in the five-year tax computation forecast prepared by management included revenue and cost forecasts derived from internal forecasts and assumptions about future performance, such as source of revenue, revenue growth and related costs.</p> <p>I focused on the probability that the deferred tax assets will be utilised against taxable profit during the next five years based on the forecasts and taking into account the expiration of tax losses carried forward. In addition, this area was significant to the audit because of the complexity of the evaluation process, which involved significant management judgement as it was based on assumptions that were affected by expected future market and economic conditions.</p>	<p>I understood and evaluated the Company's five-year tax computation forecast, which was prepared by management, to assess the recoverability of deferred tax assets.</p> <p>I also evaluated key assumptions that management used to calculate the future taxable profits, which are used as a criterion to determine the amount of deferred tax assets including:</p> <ul style="list-style-type: none"> <li>a. assumptions, such as the Company's revenue growth and new business development</li> <li>b. the assessment of potential of new business development reflected in the business plan by examining related documents, i.e. minutes of meetings and agreements, to determine the future taxable profit</li> </ul> <p>For the five-year tax computation forecast, I tested the computation of temporary differences and tax losses available to offset against current and future taxable profits, and ensure that they complied with the tax laws.</p> <p>From the above procedures, I found that the management's assumptions for the five-year tax computation forecast were reasonable. The management's forecast that tax losses can be offset against current and future taxable profits before they expire was supported by available evidence.</p>

### **Other information**

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

## **Responsibilities of the directors for the consolidated and separate financial statements**

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine 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, the directors are responsible for assessing the Group 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 the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

## **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

My 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 my 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, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group 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. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

PricewaterhouseCoopers ABAS Ltd.

**Kajornkiet Aroonpirodkul**  
Certified Public Accountant (Thailand) No. 3445  
Bangkok  
28 February 2017

**Thai Solar Energy Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2016**

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	977,037,378	337,425,538	497,007,854	241,190,936
Restricted bank deposits	8	39,003,239	25,091,922	-	551,565
Short-term investments	9	1,764,966,451	566,807,209	1,764,966,451	566,807,209
Trade and other receivables	10	349,994,275	47,559,313	373,101,211	77,940,169
Short-term loans to others		20,000,000	-	-	-
Short-term loans to subsidiaries	29 c)	-	-	868,172,050	240,399,141
Value added tax refundable		76,184,425	41,490,867	983,242	1,806,954
Other current assets	11	9,024,401	5,227,588	3,756,569	3,188,051
<b>Total current assets</b>		<b>3,236,210,169</b>	<b>1,023,602,437</b>	<b>3,507,987,377</b>	<b>1,131,884,025</b>
<b>Non-current assets</b>					
Long-term restricted bank deposits	8	1,050,000	159,131,000	1,050,000	159,131,000
Investments in subsidiaries	12	-	-	1,390,223,881	596,013,731
Investments in jointly controlled entities	12	1,615,091,815	1,476,668,878	350,000,130	350,000,130
Investment properties	13	88,399,605	88,399,605	88,399,605	88,399,605
Property, plant and equipment	14	2,850,492,019	1,977,474,403	582,459,444	602,246,468
Intangible assets	15	485,541,555	3,621,380	4,155,484	3,604,897
Deferred tax assets	16	76,002,161	105,985,368	75,376,961	105,273,108
Other non-current assets		22,084,415	9,511,637	1,860,243	3,328,099
<b>Total non-current assets</b>		<b>5,138,661,570</b>	<b>3,820,792,271</b>	<b>2,493,525,748</b>	<b>1,907,997,038</b>
<b>Total assets</b>		<b>8,374,871,739</b>	<b>4,844,394,708</b>	<b>6,001,513,125</b>	<b>3,039,881,063</b>

Director \_\_\_\_\_ Director \_\_\_\_\_

The accompanying notes are an integral of these consolidated and separate financial statements.

**Thai Solar Energy Public Company Limited**  
**Statement of Financial Position (Cont'd)**  
**As at 31 December 2016**

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Short-term borrowings from financial institutions	18.1	488,996,539	152,949,889	488,996,539	-
Construction and other payables	17	450,850,927	34,506,196	199,183,704	4,056,427
Current portion of finance lease liabilities	18.2	3,828,454	4,491,620	3,828,454	4,491,620
Current portion of long-term borrowings	18.3	61,663,353	88,749,767	-	39,662,264
Income tax payable		928,932	67,921	-	-
Other current liabilities		3,784,246	3,662,942	2,197,334	2,441,805
<b>Total current liabilities</b>		<b>1,010,052,451</b>	<b>284,428,335</b>	<b>694,206,031</b>	<b>50,652,116</b>
<b>Non-current liabilities</b>					
Finance lease liabilities	18.2	-	3,828,454	-	3,828,454
Long-term borrowings	18.3	728,770,807	511,679,685	-	113,326,373
Long-term loans from subsidiaries	29 e)	-	-	22,500,000	-
Debenture	18.4	2,044,875,000	-	2,044,875,000	-
Employee benefit obligation	19	5,682,756	4,056,985	5,682,756	4,056,985
Other non-current liabilities		72,000	72,000	72,000	72,000
<b>Total non-current liabilities</b>		<b>2,779,400,563</b>	<b>519,637,124</b>	<b>2,073,129,756</b>	<b>121,283,812</b>
<b>Total liabilities</b>		<b>3,789,453,014</b>	<b>804,065,459</b>	<b>2,767,335,787</b>	<b>171,935,928</b>
<b>Equity</b>					
Share capital					
Authorised share capital					
Ordinary shares 1,815,000,000 shares of par Baht 1 each	20	1,815,000,000	1,815,000,000	1,815,000,000	1,815,000,000
Issued and paid-up share capital					
Ordinary shares, 1,815,000,000 shares of called-up Baht 1 each	20	1,815,000,000	1,815,000,000	1,815,000,000	1,815,000,000
Premium on ordinary shares	20	727,554,273	727,554,273	727,554,273	727,554,273
Legal reserve	21	46,825,835	-	40,025,835	-
Retained earnings		1,935,202,673	1,473,294,160	651,597,230	325,390,862
Other components of equity		37,992,370	24,478,025	-	-
Equity attributable to owners of the parent		4,562,575,151	4,040,326,458	3,234,177,338	2,867,945,135
Non-controlling interests		22,843,574	2,791	-	-
<b>Total equity</b>		<b>4,585,418,725</b>	<b>4,040,329,249</b>	<b>3,234,177,338</b>	<b>2,867,945,135</b>
<b>Total liabilities and equity</b>		<b>8,374,871,739</b>	<b>4,844,394,708</b>	<b>6,001,513,125</b>	<b>3,039,881,063</b>

The accompanying notes are an integral of these consolidated and separate financial statements.

**Thai Solar Energy Public Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2016**

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Revenue from sales		160,392,754	87,650,343	764,413	2,820,808
Subsidy for adders		925,440	4,403,520	925,440	4,403,520
Management service income		260,409,056	36,808,625	274,435,912	42,276,388
Cost of sales and services		(149,513,136)	(119,549,722)	(73,775,306)	(86,917,359)
<b>Gross profit</b>		<b>272,214,114</b>	<b>9,312,766</b>	<b>202,350,459</b>	<b>(37,416,643)</b>
Dividends income		41	47	441,950,080	416,850,083
Other income	22	15,477,583	40,177,277	15,147,863	36,879,786
Administrative expenses		(156,549,199)	(87,957,880)	(126,321,054)	(77,423,236)
Finance costs	24	(59,935,251)	(27,847,171)	(28,105,352)	(9,704,625)
Share of profit from investments in jointly controlled entities	12.1	575,922,977	596,578,734	-	-
<b>Profit before income tax</b>		<b>647,130,265</b>	<b>530,263,773</b>	<b>505,021,996</b>	<b>329,185,365</b>
Income tax expense	25	(29,971,852)	(3,666,404)	(29,896,147)	(3,794,503)
<b>Profit for the year</b>		<b>617,158,413</b>	<b>526,597,369</b>	<b>475,125,849</b>	<b>325,390,862</b>
<b>Other comprehensive income for the year:</b>					
Items that will be reclassified subsequently to profit or loss					
Currency translation differences		13,608,683	24,478,025	-	-
<b>Total comprehensive income for the year</b>		<b>630,767,096</b>	<b>551,075,394</b>	<b>475,125,849</b>	<b>325,390,862</b>
<b>Profit attributable to:</b>					
Owners of the parent		617,628,000	526,594,578	475,125,849	325,390,862
Non-controlling interests		(469,587)	2,791	-	-
		<b>617,158,413</b>	<b>526,597,369</b>	<b>475,125,849</b>	<b>325,390,862</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		631,142,345	551,075,394	475,125,849	325,390,862
Non-controlling interests		(375,249)	-	-	-
		<b>630,767,096</b>	<b>551,075,394</b>	<b>475,125,849</b>	<b>325,390,862</b>
<b>Earnings per share</b>	27				
Basic earnings per share		0.34	0.29	0.26	0.18

The accompanying notes are an integral of these consolidated and separate financial statements.

Thai Solar Energy Public Company Limited  
Statement of Changes in Equity  
For the year ended 31 December 2016

Consolidated financial statements									
Attributable to owners of the parent									
Notes	Called-up share capital Baht	Premium on ordinary capital Baht	Retained earnings		Other components of equity Translation of financial statements Baht	Total owners of the parent Baht	Non-controlling interests Baht	Total Baht	
			Appropriated - legal reserve Baht	Unappropriated Baht					
<b>Opening balance at 1 January 2015</b>	1,815,000,000	1,266,097,322	-	408,153,742	-	3,489,251,064	-	3,489,251,064	
<b>Change in equity for the year</b>									
Compensation of the accumulated loss with share premium	20	-	(538,543,049)	-	538,543,049	-	-	-	
Total comprehensive income for the year		-	-	-	526,597,369	24,478,025	551,075,394	2,791	551,078,185
<b>Closing balance at 31 December 2015</b>	<u>1,815,000,000</u>	<u>727,554,273</u>	<u>-</u>	<u>1,473,294,160</u>	<u>24,478,025</u>	<u>4,040,326,458</u>	<u>2,791</u>	<u>4,040,329,249</u>	
<b>Opening balance at 1 January 2016</b>	1,815,000,000	727,554,273	-	1,473,294,160	24,478,025	4,040,326,458	2,791	4,040,329,249	
<b>Change in equity for the year</b>									
Appropriation of legal reserve	21	-	-	46,825,835	(46,825,835)	-	-	-	
Dividends paid	28	-	-	-	(108,893,652)	-	(108,893,652)	(108,893,652)	
Total comprehensive income for the year		-	-	-	617,628,000	13,514,345	631,142,345	(375,249)	630,767,096
Non-controlling interests in newly acquired subsidiaries		-	-	-	-	-	-	23,216,032	23,216,032
<b>Closing balance at 31 December 2016</b>	<u>1,815,000,000</u>	<u>727,554,273</u>	<u>46,825,835</u>	<u>1,935,202,673</u>	<u>37,992,370</u>	<u>4,562,575,151</u>	<u>22,843,574</u>	<u>4,585,418,725</u>	

The accompanying notes are an integral of these consolidated and separate financial statements.

**Thai Solar Energy Public Company Limited**

**Statement of Changes in Equity (Cont'd)**

**For the year ended 31 December 2016**

	Notes	Separate financial statements				Total Baht
		Issued and called-up share capital Baht	Premium on ordinary capital Baht	Retained earnings		
				Appropriated - legal reserve Baht	Unappropriated Baht	
<b>Opening balance at 1 January 2015</b>		1,815,000,000	1,266,097,322	-	(538,543,049)	2,542,554,273
<b>Change in equity for the year</b>						
Compensation of the accumulated loss with share premium	20	-	(538,543,049)	-	538,543,049	-
Total comprehensive income for the year		-	-	-	325,390,862	325,390,862
<b>Closing balance at 31 December 2015</b>		<u>1,815,000,000</u>	<u>727,554,273</u>	<u>-</u>	<u>325,390,862</u>	<u>2,867,945,135</u>
<b>Opening balance at 1 January 2016</b>		1,815,000,000	727,554,273	-	325,390,862	2,867,945,135
<b>Change in equity for the year</b>						
Appropriation of legal reserve	21	-	-	40,025,835	(40,025,835)	-
Dividends paid	28	-	-	-	(108,893,646)	(108,893,646)
Total comprehensive income for the year		-	-	-	475,125,849	475,125,849
<b>Closing balance at 31 December 2016</b>		<u>1,815,000,000</u>	<u>727,554,273</u>	<u>40,025,835</u>	<u>651,597,230</u>	<u>3,234,177,338</u>

The accompanying notes are an integral of these consolidated and separate financial statements.

**Thai Solar Energy Public Company Limited**

**Statement of Cash Flows**

**For the year ended 31 December 2016**

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
<b>Cash flows from operating activities</b>					
Profit before income tax expense		647,130,265	530,263,773	505,021,996	329,185,365
Adjustments for:					
Depreciation	14	68,381,062	41,898,950	21,002,046	20,770,011
Amortisation	15	400,586	327,424	394,577	321,433
Share of profit from investments in jointly controlled entities	12.1	(575,922,977)	(596,578,734)	-	-
Provision for employee benefits obligations	19	1,625,771	1,342,801	1,625,771	1,342,801
Unrealised loss (gain) on exchange		47,273	(20,314)	49,457,098	(5,904,816)
Fair value gain on trading securities	9	(566,482)	(399,969)	(566,482)	(399,969)
Write-off intangible assets	15	1,676,666	-	1,676,666	-
Loss from writing-off of equipment		-	2,491	-	2,491
Dividends income		(41)	(47)	(441,950,080)	(416,850,083)
Interest income	22	(11,152,936)	(22,038,405)	(11,157,648)	(21,770,406)
Finance cost	24	59,935,251	27,847,171	28,105,352	9,704,625
		191,554,438	(17,354,859)	153,609,296	(83,598,548)
Changes in operating assets and liabilities					
Trade and other receivables		(222,888,682)	(33,869,808)	(210,780,413)	(8,086,603)
Value added tax refundable		(18,304,761)	(9,524,248)	823,712	(1,806,954)
Other current assets		6,799,862	17,235,806	978,092	620,044
Other non-current assets		2,295,576	(2,397,105)	1,620,141	950,725
Other payables		1,910,792	793,001	(216,375)	(10,453,353)
Other current liabilities		822,012	(39,152,016)	(244,470)	(39,954,895)
Cash flows used in operating activities		(37,810,763)	(84,269,229)	(54,210,017)	(142,329,584)
<u>Less</u> Income tax paid		(1,741,008)	(1,898,302)	(1,546,610)	(1,800,171)
Net cash used in operating activities		(39,551,771)	(86,167,531)	(55,756,627)	(144,129,755)

The accompanying notes are an integral of these consolidated and separate financial statements.

**Thai Solar Energy Public Company Limited**  
**Statement of Cash Flows (Cont'd)**  
**For the year ended 31 December 2016**

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
<b>Cash flows from investing activities</b>					
Acquisition of subsidiary, net of cash acquired		(115,807,467)	-	-	-
Decrease (increase) in restricted bank deposits		146,039,851	(125,208,980)	158,632,565	(118,760,383)
Purchase of short-term investments	9	(2,006,607,505)	(1,396,904,836)	(2,006,607,505)	(1,396,904,836)
Proceeds from disposals of short-term investments	9	809,014,745	2,062,495,690	809,014,745	2,062,495,690
Short-term loans made to related parties	29 c)	-	-	(710,757,523)	(298,414,637)
Short-term loan repayments received from related parties	29 c)	-	-	33,574,789	132,353,208
Acquisition of subsidiary	12.2	-	-	(614,575,150)	(419,818,768)
Long-term loans		(153,979)	-	(153,979)	-
Acquisition of property, plant and equipment		(925,067,604)	(936,042,165)	(856,440)	(13,108,036)
Acquisition of intangible asset	15	(11,765,856)	(1,344,350)	(2,621,830)	(1,344,350)
Interest received		10,356,670	24,595,387	9,977,032	24,336,573
Dividends received		358,750,066	464,100,087	358,750,066	464,100,087
Net cash (used in) from investing activities		(1,735,241,079)	91,690,833	(1,965,623,230)	434,934,548
<b>Cash flows from financing activities</b>					
Increase in short-term loans from bank	18.1	866,049,280	152,949,889	866,049,280	-
Repayment to short-term loans from bank	18.1	(536,131,039)	-	(383,181,150)	-
Increase in short-term loan from related party	29 d)	-	-	45,000,000	-
Repayment to short-term loan from related party	29 d)	-	-	(22,500,000)	-
Repayment to finance lease liabilities		(4,775,304)	(4,775,304)	(4,775,304)	(4,775,304)
Cash proceeds from long-term borrowings	18.3	559,881,275	290,620,010	-	-
Repayment to long-term borrowings	18.3	(371,007,982)	(107,935,535)	(154,000,000)	(40,000,000)
Non-controlling interests		3,134	2,791	-	-
Cash proceeds from bonds	18.4	2,044,875,000	-	2,044,875,000	-
Dividends payment		(108,836,968)	-	(108,836,969)	-
Interest expenses and financial service fee		(49,216,408)	(30,647,668)	(5,389,101)	(8,899,800)
Net cash from (used in) financing activities		2,400,840,988	300,214,183	2,277,241,756	(53,675,104)
<b>Net increase in cash and cash equivalents</b>		626,048,138	305,737,485	255,861,899	237,129,689
Cash and cash equivalents at beginning of the year		337,425,538	7,210,028	241,190,936	4,061,247
Exchange losses on cash and cash equivalents		(44,981)	-	(44,981)	-
Effect of exchange rate changes on translation of financial statements		13,608,683	24,478,025	-	-
<b>Cash and cash equivalents at end of the year</b>		<b>977,037,378</b>	<b>337,425,538</b>	<b>497,007,854</b>	<b>241,190,936</b>
<b>Non-cash transaction</b>					
Material non-cash transaction is as follow:					
Payable arising from purchase of investment in subsidiary		179,635,000	-	179,635,000	-

The accompanying notes are an integral of these consolidated and separate financial statements.

## **1 General information**

Thai Solar Energy Public Company Limited (“the Company”) is a Public Company Limited which is incorporated and domiciled in Thailand. The Company is listed on the Stock Exchange of Thailand. Its parent company is P.M. Energy Company Limited (incorporated in Thailand) (“Parent Company”). The address of the Company’s registered office is as follows:

3199 Maleenont Tower, 16th Floor, Rama IV Rd., Klongtan, Klongtoey, Bangkok.

For reporting purposes, the Company, its subsidiaries and Jointly Controlled Entity are referred to as “the Group”.

The principal business operations of the Group are generation and distribution of electricity from solar power to government and private sector.

These consolidated and separate financial statements have been approved for issue by the Board of Directors on 28 February 2017.

## **2 Accounting policies**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

### **2.1 Basis of preparation**

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except trading investments as disclosed in accounting policy.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

### **2.2 New/revised financial reporting standards, and related interpretations**

2.2.1 New/revised financial reporting standards and interpretations are effective on 1 January 2016.

- a) New/revised financial reporting standards and interpretation which have significant changes are relevant to the Group:

TAS 16 (revised 2015)	Property, plant and equipment
TAS 19 (revised 2015)	Employee benefits
TAS 24 (revised 2015)	Related party disclosures
TAS 27 (revised 2015)	Separate financial statements
TAS 36 (revised 2015)	Impairment of assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment property
TFRS 3 (revised 2015)	Business combinations
TFRS 8 (revised 2015)	Operating segments
TFRS 10 (revised 2015)	Consolidated financial statements
TFRS 13 (revised 2015)	Fair value measurement
TFRIC 21 (revised 2015)	Levies

## 2 Accounting policies (Cont'd)

### 2.2 New/revised financial reporting standards, and related interpretations (Cont'd)

2.2.1 New/revised financial reporting standards and interpretations are effective on 1 January 2016. (Cont'd)

- a) New/revised financial reporting standards and interpretation which have significant changes are relevant to the Group: (Cont'd)

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. This standard has no impact to the Group.

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. This standard has no impact to the Group.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. This standard has no impact to the Group, except for disclosures.

TAS 27 (revised 2015) allows an investment entity that is exempted from consolidating its subsidiaries presenting Company as its only financial statements. It requires the investment entity to measure its investment in subsidiaries at fair value through profit or loss. This standard has no impact to the Group.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy and 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption.

TAS 38 (revised 2015), 'Intangible assets' is amended to clarify how the gross carrying amount and the accumulated amortisation are treated where an entity uses the revaluation model. This standard has no impact to the Group.

TAS 40 (revised 2015), 'Investment property' clarifies that TFRS 3 should be applied when determining whether an acquisition of an investment property is a business combination. This standard has no impact to the Group.

TFRS 3 (revised 2015), 'Business combinations' clarifies i) an obligation to pay contingent consideration which meets the definition of a financial instrument as a financial liability or equity, on the basis of the definitions in TAS 32, 'Financial instruments: Presentation' (when announced) or other applicable standards. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss, and ii) TFRS 3 does not apply to the accounting for the formation of any joint venture under TFRS 11. This standard has no impact to the Group.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker. This standard has no impact to the Group, except for disclosures.

**2 Accounting policies (Cont'd)**

**2.2 New/revised financial reporting standards, and related interpretations (Cont'd)**

2.2.1 New/revised financial reporting standards and interpretations are effective on 1 January 2016. (Cont'd)

- a) New/revised financial reporting standards and interpretation which have significant changes are relevant to the Group: (Cont'd)

TFRS10 (revised 2015) 'Consolidated' is amended to define an investment entity and introduce an exception from consolidation. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. . This standard has no impact to the Group.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts (including non-financial contracts) within the scope of TAS 39 (when announced) or TFRS 9 (when announced). This standard has no impact to the Group.

TFRIC 21, 'Levies', the Interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of TAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain. This standard has no impact to the Group.

- b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group:

There are 40 financial reporting standards with minors changes which do not have impact to the Group.

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards.

- a) Financial reporting standards, which have significant changes and are relevant to the Group:

TAS 1 (revised 2016)	Presentation of financial statements
TAS 16 (revised 2016)	Property, plant and equipment
TAS 19 (revised 2016)	Employee benefits
TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 34 (revised 2016)	Interim financial reporting
TAS 38 (revised 2016)	Intangible assets
TFRS 10 (revised 2016)	Consolidated financial statements
TFRS 11 (revised 2016)	Joint arrangements

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

## 2 Accounting policies (Cont'd)

### 2.2 New/revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards. (Cont'd)

a) Financial reporting standards, which have significant changes and are relevant to the Group: (Cont'd)

TAS 16 (revised 2016), key amendments are 1) The amendments clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate and 2) The amendments include bearer plants in scope of TAS 16.

TAS 19 (revised 2016), the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28. While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

TAS 28 (revised 2016), the significant changes are 1) the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture and 2) the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method.

TAS 34 (revised 2016), the amendments clarify that what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

TFRS 10 (revised 2016), the amendments clarify that: 1) the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities and 2) an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

TFRS 11 (revised 2016), the amendments clarify that 1) the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting and 2) existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained.

The management has assessed and considered that the above revised standards will not have a material impact on the Group.

**2 Accounting policies (Cont'd)**

**2.2 New/revised financial reporting standards, and related interpretations (Cont'd)**

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards. (Cont'd)

- b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group:

There are 47 financial reporting standards with minor changes which do not have any impact to the Group.

**2.3 Group accounting - investments in subsidiaries and associates and interests in joint ventures**

(1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

**2 Accounting policies (Cont'd)**

**2.3 Group accounting - investments in subsidiaries and associates and interests in joint ventures (Cont'd)**

(2) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(3) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(4) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit (loss) of associates in the income statement.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

In the separate financial statements, investments in associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

**2 Accounting policies (Cont'd)**

**2.3 Group accounting - investments in subsidiaries and associates and interests in joint ventures (Cont'd)**

(5) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

List of joint ventures are disclosed in note 12.1.

**2.4 Foreign currency translation**

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the company's functional and the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## **2 Accounting policies (Cont'd)**

### **2.5 Cash and cash equivalents**

In the consolidated and separate statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated and separate statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

### **2.6 Restricted bank deposits**

Restricted bank deposits means all types of bank deposits that are under condition of withdrawal process for specific purpose according to financial agreement and loan facilities agreement with financial institution which provide credit to the Group.

### **2.7 Investments**

Investments other than investments in subsidiaries, and joint ventures are classified into the following three categories: (1) trading investments; (2) held-to-maturity investments; and (3) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
2. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
3. Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of trading investments are recognised in income statement.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the income statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

### **2.8 Trade accounts receivable**

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within selling and administrative costs.

## 2 Accounting policies (Cont'd)

### 2.9 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Land is not depreciated.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

### 2.10 Property, plant and equipment

Property, plant and equipment is measured initially at its cost, including related transaction costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land improvement	25 years
Power plants	5, 25 years
Office buildings	25 years
Tools and equipment	5 years
Fixture and office equipment	3, 5 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in profit or loss.

### 2.11 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**2 Accounting policies (Cont'd)**

**2.12 Leases - where a Group company is the lessee**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

**2.13 Borrowings**

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates by using the effective yield method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

**2.14 Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale or suspended if the development of the asset is suspended.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2.15 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**2 Accounting policies (Cont'd)**

**2.15 Current and deferred income taxes (Cont'd)**

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

**2.16 Employee Benefits**

(a) Provident fund

The Group operates a provident fund, being a defined contribution plan. The assets of which are held in a separate trustee - administered fund. The provident fund is funded by payments from employees and by the Company. Contributions to the provident fund are charged to the statement of comprehensive income in the period to which the contributions relate.

(b) Retirement benefits

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using 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 to the terms of the related retirement liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

**2 Accounting policies (Cont'd)**

**2.17 Provisions**

Provisions, which provisions for employee benefits is not included, are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**2.18 Government Grants**

Grants from the government are recognised according to price subsidy policy where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to the sales of electricity generated from solar power is recognized as profit or loss systematically throughout the period. Moreover, the Group recognised expenses related to cost which is compensated.

**2.19 Share Capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any companies within the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transact costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

**2.20 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Company's activities. Revenue including electricity tariff adders, net of fuel adjustment (Ft) and the Provincial Electricity Authority's operating charges, are the invoiced value, excluding valued added tax of electricity supplied, and after eliminating sales within the Group. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Management service income is recognised when service is completed.

Interest income is recognised using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

## **2 Accounting policies (Cont'd)**

### **2.21 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders and the interim dividend are approved by the Board of Directors.

### **2.22 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that make strategic decisions.

## **3 Financial risk management**

### **3.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the Board of Directors. The Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

#### **3.1.1 Foreign exchange risk**

As the Group generates and distributes electricity from solar power, the Group has entered into Power Plant construction agreement with supplier in foreign countries. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Japanese Yen, in terms of foreign exchange risk arises from future commercial transactions, recognition of assets and liabilities and net investments in foreign operations. However, the Group does not hedge foreign exchange risk as exposure is insignificant.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk, primarily in Japanese Yen. The exposure has not been hedged because investment and borrowings were made in the same currency with future cash inflow.

#### **3.1.2 Interest rate risk**

Interest rate risk of company occurs from credit facilities of commercial bank which is floating rate. Credit terms and interest rates depend on each borrower's creditability that cause the Company exposing to cash flow risk from interest rate.

#### **3.1.3 Major customer reliance risk**

The Group relies on Provincial Electricity Authority (PEA) and Metropolitan Electricity Authority (MEA) who purchase of all electricity generated in specific quantities at specific price based on each specific period according to Power Purchase Agreement, in accordance with Ministry of Energy's policy to encourage production and usage of renewable energy. As a result, agreement termination may significantly impact the Group's operations.

**3 Financial risk management (Cont'd)**

**3.1 Financial risk factors (Cont'd)**

**3.1.4 Risk from generated electricity lower than estimation**

The electricity volume generated from solar power plants might be affected by climate change and natural disaster, forming as a risk of production volume is lower than estimation. In consequence, it may impact to revenue and operating results of the Group as well as other electricity generators in this industry.

**3.1.5 Debt settlement ability risk**

According to credit facilities conditions with commercial bank, the Group has to comply with financial covenants stated in the agreement such as to maintain Debt-to-Equity ratio and maintain Debt service coverage ratio. If the Group cannot maintain those financial covenant, the Group might be called up for immediate debt settlement.

**3.2 Fair value estimation**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 December 2016.

	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss</b>				
Trading securities	520,966,451	-	-	520,966,451
<b>Total assets</b>	<b>520,966,451</b>	<b>-</b>	<b>-</b>	<b>520,966,451</b>

See disclosure of fair value of investment property and borrowings in notes 13 and 18, respectively.

**4 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Property plant and equipment

Management has estimated useful lives and residual value of property plant and equipment. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period and their carrying values are written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount or it will write off technically obsolete or assets that have been abandoned or sold.

#### **4 Critical accounting estimates and judgements (Cont'd)**

(b) Estimated impairment of assets

The Group tests whether asset has suffered any impairment, in accordance with the accounting policy stated in Note 2.11. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. If the estimated cost of capital used in determining the pre-tax discount rate applied to the discounted cash flows had been 10% higher than management's estimates (for example, 10.67 instead of 9.70%), the Group would not have recognised a further impairment against assets.

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(d) Deferred taxes

Deferred tax assets and liabilities are recognised for temporary difference arising between tax bases of assets and liabilities and their carrying amount for accounting purposes as at the end of reporting date. Significant management judgment is used in considering whether it is highly probable that the Group will generate sufficient taxable profits from its future operations to minimise these deferred tax assets. The Group's assumptions regarding the future taxable profits and the anticipated timing of minimise of deductible temporary differences and significant changes in these assumptions from period to period may have a material impact on financial position and results of operations.

(e) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 19.

#### **5 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. In addition, under loan agreement, the Company has to maintain of certain covenants (Note 18).

**Thai Solar Energy Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2016**

**6 Operating segments**

The Group is principally engaged in the production and distribution of electricity generated from solar energy. The operations are carried out in Thailand and commenced operations in Japan during 2015. Segment information is presented in respect of the Group's geography segments which are domestic and international. The two segments presented were classified and reviewed by authorised persons which are Chief Executive Officer and executive committee. The following information is used by authorised persons to evaluate operation of each segment.

**Financial information by geography segment**

	<b>For the year ended 31 December (Million Baht)</b>									
	<b>Domestic</b>		<b>International</b>		<b>Total</b>		<b>Elimination</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Revenue from operations	403.31	163.14	48.67	3.61	451.98	166.75	(14.78)	(5.76)	437.20	160.99
Dividend income	441.95	416.85	-	-	441.95	416.85	(441.95)	(416.85)	-	-
Cost of operations	(125.21)	(123.57)	(31.86)	(1.73)	(157.07)	(125.30)	7.56	5.75	(149.51)	(119.55)
Operating profit	720.05	456.42	16.81	1.88	736.86	458.30	(449.17)	(416.86)	287.69	41.44
Administrative expenses	(91.52)	(81.13)	(18.80)	(2.83)	(110.32)	(83.96)	-	-	(110.32)	(83.96)
Profit(loss)before finance cost, taxes, depreciation and amortisation	628.53	375.29	(1.99)	(0.95)	626.54	374.34	(449.17)	(416.86)	177.37	(42.52)
Depreciation and amortisation	(3.63)	(4.00)	-	-	(3.63)	(4.00)	-	-	(3.63)	(4.00)
Finance cost	(49.32)	(26.82)	(10.75)	(1.03)	(60.07)	(27.85)	0.14	-	(59.93)	(27.85)
Gain(loss) from exchange rate	(42.60)	8.06	-	-	(42.60)	8.06	-	-	(42.60)	8.06
Share of profit from investments in jointly controlled entity	575.92	596.58	-	-	575.92	596.58	-	-	575.92	596.58
Operating results before taxes	1,108.90	949.11	(12.74)	(1.98)	1,096.16	947.13	(449.03)	(416.86)	647.13	530.27
Income tax income (expense)	(30.12)	(3.67)	0.15	-	(29.97)	(3.67)	-	-	(29.97)	(3.67)
<b>Net profit (loss)</b>	<b>1,078.78</b>	<b>945.44</b>	<b>(12.59)</b>	<b>(1.98)</b>	<b>1,066.19</b>	<b>943.46</b>	<b>(449.03)</b>	<b>(416.86)</b>	<b>617.16</b>	<b>526.60</b>
<b>Total assets</b>									<b>8,374.87</b>	<b>4,844.39</b>
<b>Total liabilities</b>									<b>3,789.45</b>	<b>804.07</b>

**7 Cash and cash equivalents**

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Cash on hand	100,027	75,052	50,000	50,000
Cash at bank	976,937,351	337,350,486	496,957,854	241,140,936
	<u>977,037,378</u>	<u>337,425,538</u>	<u>497,007,854</u>	<u>241,190,936</u>

The average effective interest rate on short-term bank deposits was 0.4% per annum (2015: 0.4%).

**8 Restricted bank deposits**

The short-term restricted bank deposits consist of the pledged saving bank deposits of the subsidiaries and the transfer of claims in the deposit accounts to the lender according to the specified expenditure conditions to secure the credit facilities.

The long-term restricted bank deposits consist of the pledged saving bank deposits that the Company use as a guarantee of its electricity consumption.

**9 Short-term investments**

The movements of short-term investments are as follows:

	Consolidated and separate financial statements		
	Trading Baht	Held-to- maturity due within 1 year Baht	Total Baht
At 1 January 2015	135,198,094	1,096,800,000	1,231,998,094
Additions	849,005,000	547,899,836	1,396,904,836
Disposals	(916,955,662)	(1,145,540,028)	(2,062,495,690)
Re-measuring of investments	399,969	-	399,969
At 31 December 2015	67,647,401	499,159,808	566,807,209
Additions	756,000,000	1,250,607,505	2,006,607,505
Disposals	(303,247,432)	(505,767,313)	(809,014,745)
Re-measuring of investments	566,482	-	566,482
At 31 December 2016	<u>520,966,451</u>	<u>1,244,000,000</u>	<u>1,764,966,451</u>

At 31 December 2016, the summary of fair value of short-term investment is as follows:

	Consolidated and separate financial statements		
	Trading Baht	Held-to- maturity due within 1 year Baht	Total Baht
Investment in securities at cost	520,000,000	1,244,000,000	1,764,000,000
Changes in value of investments	966,451	-	966,451
	<u>520,966,451</u>	<u>1,244,000,000</u>	<u>1,764,966,451</u>

The fair value of investments are based on bid price in market liquidity using as at financial statement date. The fair values are within level 1 of the fair value hierarchy.

**10 Trade and other receivables**

Trade and other receivables as at 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Trade accounts receivable	16,060,019	14,219,119	295	5,900
<u>Less</u> Provision for impairment of trade receivables	-	-	-	-
Total trade accounts receivable, net	16,060,019	14,219,119	295	5,900
Amounts due from and advances to related parties (Note 29 b)	225,261,791	5,001,004	226,163,955	55,363,499
Prepaid Expenses	7,490,441	8,620,200	2,530,416	3,502,046
Dividends receivable (Note 29 b)	78,750,014	-	83,200,013	-
Other receivables	3,667,963	3,214,927	43,141,332	2,791,192
Advance payment	18,764,047	16,504,063	18,065,200	16,277,532
Total other receivable	333,934,256	33,340,194	373,100,916	77,934,269
<u>Less</u> Provision for impairment of other receivables	-	-	-	-
Total other receivables, net	333,934,256	33,340,194	373,100,916	77,934,269
Total trade and other receivable	349,994,275	47,559,313	373,101,211	77,940,169

All outstanding trade accounts receivable are not due.

**11 Other current assets**

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Withholding tax deducted at sources	3,768,061	3,273,217	3,346,781	2,866,675
Input VAT undue	313,384	1,136,301	184,288	135,738
Others	4,942,956	818,070	225,500	185,638
	9,024,401	5,227,588	3,756,569	3,188,051

12 Investments in subsidiaries and investment in jointly controlled entities

12.1 Investment in jointly controlled entities

Movement in investments in jointly controlled entities

	Consolidated financial statements Baht	Separate financial statements Baht
<b>For the year ended 31 December 2016</b>		
Opening net book value	1,476,668,878	350,000,130
Share of profit	575,922,977	-
Dividends received	(437,500,040)	-
Closing net book value	<u>1,615,091,815</u>	<u>350,000,130</u>

Details of jointly controlled entities in 2016 and 2015 are as follows:

	Business	Country of incorporation	% Ownership interest 2016	Nature of the relationship	Measurement method
<b>Jointly controlled entity directly held by the Company</b>					
Thai Solar Renewable Co., Ltd.	Investment holdings	Thailand	60	Note 1	Equity
<b>Jointly controlled entity held by Thai Solar Renewable Co., Ltd.</b>					
Siam Solar Energy 1 Co., Ltd.*	Generation and distribution of electricity	Thailand	60	Note 1	Equity

\* The Company directly holds one share and the remaining shareholding portions are held by Thai Solar Renewable Company Limited.

Thai Solar Renewable Co., Ltd. is investment holding company and Siam Solar Energy 1 Co., Ltd. engages in the generation and distribution of electricity from solar energy. These companies are private companies and their shares are not traded. These companies were joint controlled entities held by the Company and Global Power Synergy Public Company Limited.

**Summarised financial information for jointly controlled entities**

Financial statements of Siam Solar Energy 1 Co., Ltd., subsidiary of Thai Solar Renewable Co., Ltd., was included in the consolidated financial statements of Thai Solar Renewable Co., Ltd.

Set out below are the summarised consolidated financial statements for Thai Solar Renewable Co., Ltd. and Siam Solar Energy 1 Co., Ltd.

12 Investments in subsidiaries and investment in jointly controlled entities (Cont'd)

12.1 Investment in jointly controlled entities (Cont'd)

Summarised statement of financial positions

	<b>Consolidated financial statements</b>	
	<b>Thai Solar Renewable Co., Ltd.</b>	
	<b>As at 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>Baht</b>	<b>Baht</b>
<b>Current</b>		
Cash and cash equivalents	1,314,018	1,674,932
Other current assets(excluding cash)	554,429,658	435,559,302
<b>Total current assets</b>	<b>555,743,676</b>	<b>437,234,234</b>
Current financial liabilities (excluding trade payables)	(537,750,000)	(537,750,000)
Other current liabilities(including trade payables)	(234,129,727)	(76,129,043)
<b>Total current liabilities</b>	<b>(771,879,727)</b>	<b>(613,879,043)</b>
<b>Non-current</b>		
Assets	5,706,471,224	5,974,146,685
Financial liabilities	(2,934,790,574)	(3,472,540,575)
<b>Net assets</b>	<b>2,555,544,599</b>	<b>2,324,961,301</b>

Summarised statement of comprehensive income

	<b>Consolidated financial statements</b>	
	<b>Thai Solar Renewable Co., Ltd.</b>	
	<b>For the year ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>Baht</b>	<b>Baht</b>
Revenue from sales	479,801,801	539,317,679
Subsidy for adders	998,436,491	1,030,383,802
Cost of sales	(327,599,335)	(329,084,638)
<b>Gross profit</b>	<b>1,150,638,957</b>	<b>1,240,616,843</b>
Other income	37,997,587	13,628,005
Administrative expenses	(45,322,457)	(44,066,466)
Finance costs	(177,710,811)	(213,295,183)
<b>Profit before income tax expense</b>	<b>965,603,276</b>	<b>996,883,199</b>
Tax income	(5,731,647)	(2,585,310)
<b>Profit from continuing operations after income tax expense</b>	<b>959,871,629</b>	<b>994,297,889</b>

The information above reflects the amounts presented in the financial statements of the Jointly Controlled Entity adjusted for differences in accounting policies between the Group and the joint ventures (and not the Group's share of those amounts). Under equity method (Note 2.3), the Group recognised profit or losses of the Jointly Controlled Entities in Statement of Comprehensive Income within share of profit from investments in jointly controlled entities according to the Group's interest in the Jointly Controlled Entity.

12 Investments in subsidiaries and investment in jointly controlled entities (Cont'd)

12.1 Investment in jointly controlled entities (Cont'd)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in joint ventures.

	<b>Thai Solar Renewable Co., Ltd.</b>	
	<b>For the year ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>Baht</b>	<b>Baht</b>
<b>Summarised financial information</b>		
<b>Opening net assets 1 January</b>	2,324,961,301	2,025,514,617
Profit for the year	959,871,629	994,297,889
Dividends received	(729,288,331)	(694,865,205)
Non-controlling interests	-	14,000
<b>Closing net assets</b>	<b>2,555,544,599</b>	<b>2,324,961,301</b>
<b>Reconciliation:</b>		
The difference from restructuring business under common control	136,275,093	136,167,496
Non-controlling interests	-	(14,000)
<b>Closing net assets after reconciliation</b>	<b>2,691,819,692</b>	<b>2,461,114,797</b>
Interest in joint controlled entity (60%)	<u>1,615,091,815</u>	<u>1,476,668,878</u>
Carrying value	<u>1,615,091,815</u>	<u>1,476,668,878</u>

Thai Solar Renewable Company Limited has pledged share certificates of Siam Solar Energy 1 Company Limited, amounting to Baht 1,080 million (2015: Baht 1,080 million) as collateral for its subsidiary's credit facilities granted by a commercial bank. In addition, Siam Solar Energy 1 Company Limited has mortgaged land with construction thereon and machinery with a total net book value of Baht 5,436 million (2015: Baht 5,673 million) and pledged bank deposits amounting to Baht 461 million (2015: Baht 336 million) as collateral for credit facilities granted by a commercial bank.

The Company has pledged all share certificates of the investment in the jointly controlled entities with the lender as the collateral for the credit facilities which the jointly controlled entity are granted from the commercial bank.

12 Investments in subsidiaries and investment in jointly controlled entities (Cont'd)

12.2 Principal subsidiaries

Details of investments as at 31 December 2016 are as follows:

	Business	Country of incorporation	Proportion of ordinary shares directly held by parent (%)		Proportion of shares held by non-controlling interests (%)	
			2016	2015	2016	2015
<b>Subsidiaries directly held by the Company</b>						
TSE Rooftop Co., Ltd.	Investment	Thailand	100	100	-	-
Solar Visible Co., Ltd. ("Formerly TSE Operations Co., Ltd.")	Provision of maintenance service for power plants	Thailand	100	100	-	-
TSE Group International. Pte. Ltd.	Investment	Singapore	100	100	-	-
Solar Assets Pte. Ltd.	Investment	Singapore	100	100	-	-
The Solar Earth Co., Ltd. ("Formerly Central Rooftop Co., Ltd.")	Production and distribution of electricity	Thailand	100	100	-	-
Clean Renewable Co., Ltd. ("Formerly Clean Solar Co., Ltd.")	Production and distribution of electricity	Thailand	100	100	-	-
Bangsawan Green Co., Ltd.	Production and distribution of electricity	Thailand	49	-	51	-
Oscar Save The World Co., Ltd.	Production and distribution of electricity	Thailand	70	-	30	-
<b>Subsidiaries held by TSE Rooftop Co., Ltd.</b>						
Green Rooftop Co., Ltd.	Production and distribution of electricity	Thailand	100	100	-	-
North Rooftop Co., Ltd.	Production and distribution of electricity	Thailand	100	100	-	-
Lucky Solar Co., Ltd.	Production and distribution of electricity	Thailand	100	100	-	-
Champ Energy Co., Ltd.	Production and distribution of electricity	Thailand	100	100	-	-
Roof Energy Co., Ltd.	Production and distribution of electricity	Thailand	100	100	-	-
World Solar Co., Ltd.	Production and distribution of electricity	Thailand	100	-	-	-
<b>Subsidiaries held by Solar Visible Co., Ltd.</b>						
Thai Community Energy Co., Ltd. ("Formerly Win Win Investment Co., Ltd.")	Production and distribution of electricity	Thailand	100	100	-	-
Sun Future Co., Ltd. ("Formerly Home Rooftop Co., Ltd.")	Production and distribution of electricity	Thailand	100	100	-	-
Solar Community Co., Ltd.	Production and distribution of electricity	Thailand	100	100	-	-
World Solar Co., Ltd.	Production and distribution of electricity	Thailand	-	100	-	-
<b>Subsidiaries held by TSE Group International. Pte. Ltd.</b>						
Eco Solar Aizu GK	Production and distribution of electricity	Japan	97	97	3	-
Ishikawa Hanamizuki 1 GK	Production and distribution of electricity	Japan	97	-	3	-
<b>Subsidiaries held by Solar Assets Pte. Ltd.</b>						
Ibaraki Ushiku 1 GK	Land lease	Japan	100	100	-	-

12 Investments in subsidiaries and investment in jointly controlled entities (Cont'd)

12.2 Principal subsidiaries (Cont'd)

Movements of investments in subsidiaries during the year are as follow:

	<b>Separate financial statements Baht</b>
Opening net book amount	596,013,731
Acquisitions during the period	794,210,150
Closing net book amount	<u>1,390,223,881</u>

**Additional investments under Thai Solar Energy Plc.**

**Investments in TSE Group International Pte. Ltd.**

The Company made additional payment for the remaining called-up capital of TSE Group International Pte. Ltd. amounting to Baht 266.87 million during the first quarter of 2016.

**Investments in Solar Assets Pte. Ltd.**

The Company made additional payment for the remaining called-up capital of Solar Assets Pte. Ltd. amounting to Baht 62.70 million during the first quarter of 2016.

**Investments in Bangsawan Green Co., Ltd.**

On 14 July 2016, the Company has established Bangsawan Green Co., Ltd. for the purposes of generating and distributing electricity from biomass power plants. The total investment is Baht 1 million. The Company has the voting right of 100 percent in this company and classified the investment in Bangsawan Green Co. Ltd. as subsidiary.

On 1 November 2016, Bangsawan Green Co., Ltd. increased its capital from Baht 1 million to Baht 165 million. The Company has made payments for capital increase for the total of Baht 165 million during the year.

12 Investments in subsidiaries and investment in jointly controlled entities (Cont'd)

12.2 Principal subsidiaries (Cont'd)

**Investments in Oscar Save The World Co., Ltd.**

On 26 August 2016, the Company has acquired 70 percent of ordinary shares of Oscar Save the World Co., Ltd. from Thai Nakorn Parawood Co., Ltd. for a consideration of Baht 299.64 million. The payment has been made during the year for Baht 120 million, with the remaining acquisition payable of Baht 179.64 million (Note 17). However, those shares were transferred to the Company on 26 August 2016.

Details of acquisition are as follows:

<b>Consideration at 26 August 2016</b>	<b>Baht</b>
Cash	120,000,000
Share payable	179,635,000
Total consideration	299,635,000
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	<b>Baht</b>
Cash and cash equivalents	4,192,533
Short-term restricted bank deposits	1,870,168
Short-term loans to non-related parties	20,000,000
Value added tax refundable	885,340
Other current assets	9,038,336
Property, plant and equipment	27,028,211
Cost of Power Purchase Agreement	226,760,000
Other non-current assets	14,716,068
Construction and other payables	(226,906,698)
Short-term loans from related parties	(173,500)
Other current liabilities	(34,131)
Net fair value	77,376,327
Non-controlling interest	(23,212,898)
Intangible assets: Power Purchase Agreements	245,471,571
Total identifiable net assets	299,635,000

**Additional investments under TSE Group International Pte. Ltd.**

**Investments in Ishikawa Hanamizuki 1 GK**

During 2016, the Group invested in Ishikawa Hanamizuki 1 GK totaling Yen 1,510 million for the purpose of generating and distributing electricity from solar power in Japan. The form of investment follows the Godo Kaisha Agreement (GK agreement) which indicates that operating profits and losses will be distributed among the investors and the operator in the proportion of 97 percent and 3 percent, respectively.

**Additional investments under TSE Rooftop Co., Ltd.**

**Investments in World Solar Co., Ltd.**

On 24 August 2016, TSE Rooftop Co., Ltd. acquired entire ordinary shares of World Solar Co., Ltd. from Solar Visible Co. Ltd. for a consideration of Baht 0.25 million.

The total non-controlling interest as at 31 December 2016 is Baht 22.84 million, of which Baht 22.79 million is for Oscar Save The World Co., Ltd. The non-controlling interest in respect of Eco Solar Aizu GK and Ishikawa Hanamizuki 1 GK are not material.

12 Investments in subsidiaries and investment in jointly controlled entities (Cont'd)

12.2 Principal subsidiaries (Cont'd)

**Summarised financial information on subsidiaries with material non-controlling interests**

Set out below are the summarised financial information for a subsidiary that has non-controlling interests that are material to the Group being Oscar Save The World Co., Ltd.

**Summarised statement of financial position**

	<b>Oscar Save The World Co., Ltd.</b>	
	<b>31 December 2016</b>	<b>26 August 2016</b>
	<b>Baht</b>	<b>Baht</b>
Current		
Assets	29,933,072	35,986,377
Liabilities	(281,193,889)	(227,114,329)
Total current net assets	<u>(251,260,817)</u>	<u>(191,127,952)</u>
Non-current		
Assets	327,242,398	268,504,279
Liabilities	-	-
Total non-current net assets	<u>327,242,398</u>	<u>268,504,279</u>
Net assets	<u>75,981,581</u>	<u>77,376,327</u>

**Summarised statement of comprehensive income**

	<b>Oscar Save The World Co., Ltd.</b>	
	<b>For the period from</b>	
	<b>26 August to</b>	
	<b>31 December 2016</b>	
	<b>Baht</b>	
Revenue		644,278
Loss before income tax		(1,394,745)
Income tax expense		-
Post-tax loss from continuing operations		(1,394,745)
Other comprehensive income		-
Total comprehensive expense		<u>(1,394,745)</u>
Total comprehensive expense allocated to non-controlling interests		(418,423)
Dividends paid to non-controlling interests		-

	<b>Oscar Save The World Co., Ltd.</b>	
	<b>For the period from</b>	
	<b>26 August to</b>	
	<b>31 December 2016</b>	
	<b>Baht</b>	
<b>Cash flow from operating activities</b>		
Cash generated from operations		13,091,011
Interest paid		(79,079)
Income tax paid		(78,138)
Net cash generated from operating activities		<u>12,933,794</u>
Net cash used in investing activities		(58,095,911)
Net cash used in financing activities		<u>44,000,000</u>
Net decrease in cash and cash equivalents		(1,162,117)
Cash, cash equivalents at beginning of year		<u>4,192,533</u>
Cash and cash equivalents at end of year		<u>3,030,416</u>

The information above is the amount before inter-company eliminations.

13 Investment property

	Consolidated and Separate financial statements	
	2016 Baht	2015 Baht
<b>As at 1 January</b>		
Cost	108,614,923	88,399,605
<u>Less</u> Provision for impairment	(20,215,318)	-
Net book amount	<u>88,399,605</u>	<u>88,399,605</u>
<b>For the year ended 31 December</b>		
Opening net book amount	88,399,605	88,399,605
Transferred in	-	20,215,318
Adjustment of provision for impairment	-	(20,215,318)
Closing net book amount	<u>88,399,605</u>	<u>88,399,605</u>
<b>As at 31 December</b>		
Cost	108,614,923	108,614,923
<u>Less</u> Provision for impairment	(20,215,318)	(20,215,318)
Net book amount	<u>88,399,605</u>	<u>88,399,605</u>
Fair value	<u>112,493,525</u>	<u>112,493,525</u>

The fair value of investment properties are based on property valuation using market comparison approach. The fair values are within level 2 of the fair value hierarchy.

Amounts recognised in profit and loss that are related to investment property are as follows:

	Consolidated and Separate financial statements	
	2016 Baht	2015 Baht
Rental income	418,500	291,230
Direct operating expense arising from investment property which generated annual rental income	6,612	6,612
Direct operating expense arising from investment property which did not generate annual rental income	8,076	8,419

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14 Property, plant and equipment

	Consolidated financial statements								Total Baht
	Land Baht	Land improvement Baht	Power plants Baht	Office buildings Baht	Tools and equipment Baht	Office equipment Baht	Vehicles Baht	Asset under construction Baht	
<b>At 1 January 2015</b>									
Cost	37,552,064	23,356,377	1,111,388,546	11,206,916	2,118,085	5,702,627	21,236,363	349,895,248	1,562,456,226
<u>Less</u> Accumulated depreciation	-	(303,236)	(86,499,285)	(1,069,090)	(952,903)	(2,965,171)	(2,931,272)	-	(94,720,957)
<u>Less</u> Provision for impairment	-	(20,215,318)	(250,000,000)	-	-	-	-	-	(270,215,318)
Net book amount	<u>37,552,064</u>	<u>2,837,823</u>	<u>774,889,261</u>	<u>10,137,826</u>	<u>1,165,182</u>	<u>2,737,456</u>	<u>18,305,091</u>	<u>349,895,248</u>	<u>1,197,519,951</u>
<b>Year ended 31 December 2015</b>									
Opening net book amount	37,552,064	2,837,823	774,889,261	10,137,826	1,165,182	2,737,456	18,305,091	349,895,248	1,197,519,951
Additions	114,652,627	-	932,107	-	743,431	2,032,200	-	701,527,566	819,887,931
Disposals	-	-	(1,075,780)	-	(1,866)	(626)	-	-	(1,078,272)
Transfer-in (out)	-	(20,215,318)	512,357,354	-	-	-	-	(512,357,354)	(20,215,318)
Capitalised borrowing costs	-	-	355,528	-	-	-	-	2,688,215	3,043,743
Depreciation charge	-	(60,345)	(38,017,089)	(224,691)	(365,523)	(944,552)	(2,286,750)	-	(41,898,950)
Allowance for impairment - Transfer-in (out)	-	19,333,304	4,681,047	(3,159,461)	(294,212)	(140,356)	(205,004)	-	20,215,318
Closing net book amount	<u>152,204,691</u>	<u>1,895,464</u>	<u>1,254,122,428</u>	<u>6,753,674</u>	<u>1,247,012</u>	<u>3,684,122</u>	<u>15,813,337</u>	<u>541,753,675</u>	<u>1,977,474,403</u>

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14 Property, plant and equipment (Cont'd)

	Consolidated financial statements								
	Land Baht	Land improvement Baht	Power plants Baht	Office buildings Baht	Tools and equipment Baht	Office equipment Baht	Vehicles Baht	Asset under construction Baht	Total Baht
<b>At 31 December 2015</b>									
Cost	152,204,691	3,141,059	1,623,957,755	11,206,916	2,849,566	7,601,037	21,236,363	541,753,675	2,363,951,062
<u>Less</u> Accumulated depreciation	-	(363,581)	(124,516,374)	(1,293,781)	(1,308,342)	(3,776,559)	(5,218,022)	-	(136,476,659)
<u>Less</u> Provision for impairment	-	(882,014)	(245,318,953)	(3,159,461)	(294,212)	(140,356)	(205,004)	-	(250,000,000)
<b>Net book amount</b>	<b>152,204,691</b>	<b>1,895,464</b>	<b>1,254,122,428</b>	<b>6,753,674</b>	<b>1,247,012</b>	<b>3,684,122</b>	<b>15,813,337</b>	<b>541,753,675</b>	<b>1,977,474,403</b>
<b>Year ended 31 December 2016</b>									
Opening net book amount	152,204,691	1,895,464	1,254,122,428	6,753,674	1,247,012	3,684,122	15,813,337	541,753,675	1,977,474,403
Exchange differences	3,194,240	-	(25,610,322)	-	-	-	-	3,828,546	(18,587,536)
Acquisition of subsidiaries	25,367,200	-	-	-	-	1,661,011	-	-	27,028,211
Additions	69,445,809	-	183,200	-	9,809,013	725,008	-	856,856,600	937,019,630
Disposals	-	-	(787,000)	-	-	-	-	-	(787,000)
Transfer-in (out)	-	-	529,552,883	-	-	-	-	(545,056,340)	(15,503,457)
Capitalised borrowing costs	-	-	3,856,723	-	-	-	-	8,372,107	12,228,830
Depreciation charge	-	(60,511)	(64,081,719)	(225,307)	(549,253)	(1,171,387)	(2,292,885)	-	(68,381,062)
<b>Closing net book amount</b>	<b>250,211,940</b>	<b>1,834,953</b>	<b>1,697,236,193</b>	<b>6,528,367</b>	<b>10,506,772</b>	<b>4,898,754</b>	<b>13,520,452</b>	<b>865,754,588</b>	<b>2,850,492,019</b>
<b>At 31 December 2016</b>									
Cost	250,211,940	3,141,059	2,131,153,239	11,206,916	12,658,579	9,987,056	21,236,363	865,754,588	3,305,349,740
<u>Less</u> Accumulated depreciation	-	(424,092)	(188,598,093)	(1,519,088)	(1,857,595)	(4,947,946)	(7,510,907)	-	(204,857,721)
<u>Less</u> Provision for impairment	-	(882,014)	(245,318,953)	(3,159,461)	(294,212)	(140,356)	(205,004)	-	(250,000,000)
<b>Net book amount</b>	<b>250,211,940</b>	<b>1,834,953</b>	<b>1,697,236,193</b>	<b>6,528,367</b>	<b>10,506,772</b>	<b>4,898,754</b>	<b>13,520,452</b>	<b>865,754,588</b>	<b>2,850,492,019</b>

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14 Property, plant and equipment (Cont'd)

	Separate financial statements								Total Baht
	Land Baht	Land improvement Baht	Power plants Baht	Office buildings Baht	Tools and equipment Baht	Office equipment Baht	Vehicles Baht	Asset under construction Baht	
<b>At 1 January 2015</b>									
Cost	37,552,064	23,356,378	871,937,952	11,206,915	2,065,585	5,513,826	21,236,363	-	972,869,083
<u>Less</u> Accumulated depreciation	-	(303,237)	(84,695,840)	(1,069,089)	(949,998)	(2,957,741)	(2,931,273)	-	(92,907,178)
<u>Less</u> Provision for impairment	-	(20,215,318)	(250,000,000)	-	-	-	-	-	(270,215,318)
Net book amount	<u>37,552,064</u>	<u>2,837,823</u>	<u>537,242,112</u>	<u>10,137,826</u>	<u>1,115,587</u>	<u>2,556,085</u>	<u>18,305,090</u>	<u>-</u>	<u>609,746,587</u>
<b>Year ended 31 December 2015</b>									
Opening net book amount	37,552,064	2,837,823	537,242,112	10,137,826	1,115,587	2,556,085	18,305,090	-	609,746,587
Additions	-	-	70,000	-	616,279	1,687,482	-	10,898,623	13,272,384
Disposals	-	-	-	-	(1,866)	(626)	-	-	(2,492)
Transfer-in (out)	-	(20,215,318)	-	-	-	-	-	-	(20,215,318)
Depreciation charge	-	(60,345)	(17,005,092)	(224,691)	(340,342)	(852,792)	(2,286,749)	-	(20,770,011)
Allowance for impairment-Transfer in (out)	-	19,333,303	4,681,047	(3,159,461)	(294,211)	(140,356)	(205,004)	-	20,215,318
Closing net book amount	<u>37,552,064</u>	<u>1,895,463</u>	<u>524,988,067</u>	<u>6,753,674</u>	<u>1,095,447</u>	<u>3,249,793</u>	<u>15,813,337</u>	<u>10,898,623</u>	<u>602,246,468</u>
<b>At 31 December 2015</b>									
Cost	37,552,064	3,141,059	872,007,952	11,206,916	2,669,914	7,067,518	21,236,363	10,898,623	965,780,409
<u>Less</u> Accumulated depreciation	-	(363,582)	(101,700,932)	(1,293,781)	(1,280,255)	(3,677,369)	(5,218,022)	-	(113,533,941)
<u>Less</u> Provision for impairment	-	(882,014)	(245,318,953)	(3,159,461)	(294,212)	(140,356)	(205,004)	-	(250,000,000)
Net book amount	<u>37,552,064</u>	<u>1,895,463</u>	<u>524,988,067</u>	<u>6,753,674</u>	<u>1,095,447</u>	<u>3,249,793</u>	<u>15,813,337</u>	<u>10,898,623</u>	<u>602,246,468</u>

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14 Property, plant and equipment (Cont'd)

	Separate financial statements								Total Baht
	Land Baht	Land improvement Baht	Power plants Baht	Office buildings Baht	Tools and equipment Baht	Office equipment Baht	Vehicles Baht	Asset under construction Baht	
<b>Year ended 31 December 2016</b>									
Opening net book amount	37,552,064	1,895,463	524,988,067	6,753,674	1,095,447	3,249,793	15,813,337	10,898,623	602,246,468
Additions	-	-	-	-	97,994	411,138	-	705,890	1,215,022
Depreciation charge	-	(60,510)	(17,055,062)	(225,307)	(366,863)	(1,001,419)	(2,292,885)	-	(21,002,046)
<b>Closing net book amount</b>	<b>37,552,064</b>	<b>1,834,953</b>	<b>507,933,005</b>	<b>6,528,367</b>	<b>826,578</b>	<b>2,659,512</b>	<b>13,520,452</b>	<b>11,604,513</b>	<b>582,459,444</b>
<b>At 31 December 2016</b>									
Cost	37,552,064	3,141,059	872,007,952	11,206,916	2,767,908	7,478,657	21,236,363	11,604,513	966,995,432
<u>Less</u> Accumulated depreciation	-	(424,092)	(118,755,994)	(1,519,088)	(1,647,118)	(4,678,789)	(7,510,907)	-	(134,535,988)
<u>Less</u> Provision for impairment	-	(882,014)	(245,318,953)	(3,159,461)	(294,212)	(140,356)	(205,004)	-	(250,000,000)
<b>Net book amount</b>	<b>37,552,064</b>	<b>1,834,953</b>	<b>507,933,005</b>	<b>6,528,367</b>	<b>826,578</b>	<b>2,659,512</b>	<b>13,520,452</b>	<b>11,604,513</b>	<b>582,459,444</b>

**14 Property, plant and equipment (Cont'd)**

Borrowing costs incurring from the borrowings specifically for the construction of the power plants constructed during the year were capitalized and included as "Additions" for Baht 12.23 million (2015: Baht 3.0 million). The Group used the capitalisation rates of 2.91% to 6.00% per annum (2015: 4.525% to 4.75%) to calculate the borrowing costs for the capitalisation. The capitalization rate is the actual rate of the borrowings which were used for the construction.

Depreciation expense has been recognised in the statement of comprehensive income as follows;

	Consolidated financial statements		Separate financial statements	
	2016 Baht million	2015 Baht million	2016 Baht million	2015 Baht million
Cost of sales and services	64.75	37.90	17.48	41.40
Administrative expense	3.63	4.00	3.52	3.37
	<u>68.38</u>	<u>41.90</u>	<u>21.00</u>	<u>44.77</u>

At 31 December 2016, the Company recorded provisions for impairment of a thermal power plant amounting to Baht 250 million since the recoverable amount was lower than the carrying value.

Leased assets included above, where the Group is a lessee under finance leases, comprise vehicles:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Cost of assets under the finance lease	20,526,000	20,526,000	20,526,000	20,526,000
<u>Less</u> Accumulated depreciation	<u>(7,143,302)</u>	<u>(4,935,877)</u>	<u>(7,143,302)</u>	<u>(4,935,877)</u>
Net book amount	<u>13,382,698</u>	<u>15,590,123</u>	<u>13,382,698</u>	<u>15,590,123</u>

**Capital commitments**

Capital commitments exist as at the date of the statement of financial position but not included in the financial statements are as follows:

	Currency	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Power plants	Yen	367,177,258	-	-	-
Power plants	US Dollar	1,523,000	-	-	-
Power plants	Yen	5,125,808,653	7,329,840,672	-	-
Machinery	Euro	51,503	51,503	51,503	51,503

As at 31 December 2016, the Company has the balance of the vehicles under hire purchase agreements with net book value amounting to Baht 13 million (2015: Baht 16 million).

The subsidiaries have pledged assets with the net book value amounting to Baht 1,574 million (2015: Baht 1,077 million) as collaterals for credit facilities which they received from the commercial bank.

15 Intangible assets

Consolidated financial statements

	Software Baht	Power purchase agreement Baht	Right to use - land Baht	Construction in progress Baht	Total Baht
<b>At 1 January 2015</b>					
Cost	1,174,332	-	-	2,148,666	3,322,998
<u>Less</u> Accumulated amortisation	(718,544)	-	-	-	(718,544)
<b>Net book amount</b>	<b>455,788</b>	<b>-</b>	<b>-</b>	<b>2,148,666</b>	<b>2,604,454</b>
<b>Year ended 31 December 2015</b>					
Opening net book amount	455,788	-	-	2,148,666	2,604,454
Additions	1,344,350	-	-	-	1,344,350
Disposals	(327,424)	-	-	-	(327,424)
<b>Closing net book amount</b>	<b>1,472,714</b>	<b>-</b>	<b>-</b>	<b>2,148,666</b>	<b>3,621,380</b>
<b>At 31 December 2015</b>					
Cost	2,518,682	-	-	2,148,666	4,667,348
Accumulated amortisation	(1,045,968)	-	-	-	(1,045,968)
<b>Net book amount</b>	<b>1,472,714</b>	<b>-</b>	<b>-</b>	<b>2,148,666</b>	<b>3,621,380</b>
<b>Year ended 31 December 2016</b>					
Opening net book amount	1,472,714	-	-	2,148,666	3,621,380
Additions	241,830	-	9,144,026	2,380,000	11,765,856
Acquisition of subsidiary	-	472,231,571	-	-	472,231,571
Disposals	-	-	-	(1,676,666)	(1,676,666)
Amortisation charge	(400,586)	-	-	-	(400,586)
<b>Closing net book amount</b>	<b>1,313,958</b>	<b>472,231,571</b>	<b>9,144,026</b>	<b>2,852,000</b>	<b>485,541,555</b>
<b>At 31 December 2016</b>					
Cost	2,760,512	472,231,571	9,144,026	2,852,000	486,988,109
<u>Less</u> accumulated amortisation	(1,446,554)	-	-	-	(1,446,554)
<b>Net book amount</b>	<b>1,313,958</b>	<b>472,231,571</b>	<b>9,144,026</b>	<b>2,852,000</b>	<b>485,541,555</b>

Amortisation of Baht 400,586 (2015: Baht 327,424) was included in administrative expenses.

15 Intangible assets (Cont'd)

	Separate financial statements		
	Software Baht	Construction in progress Baht	Total Baht
<b>At 1 January 2015</b>			
Cost	1,144,372	2,148,666	3,293,038
<u>Less</u> Accumulated amortisation	(711,058)	-	(711,058)
Net book amount	<u>433,314</u>	<u>2,148,666</u>	<u>2,581,980</u>
<b>Year ended 31 December 2015</b>			
Opening net book amount	433,314	2,148,666	2,581,980
Additions	1,344,350	-	1,344,350
Disposals	(321,433)	-	(321,433)
Closing net book amount	<u>1,456,231</u>	<u>2,148,666</u>	<u>3,604,897</u>
<b>At 31 December 2015</b>			
Cost	2,488,722	2,148,666	4,637,388
Accumulated amortisation	(1,032,491)	-	(1,032,491)
Net book amount	<u>1,456,231</u>	<u>2,148,666</u>	<u>3,604,897</u>
<b>Year ended 31 December 2016</b>			
Opening net book amount	1,456,231	2,148,666	3,604,897
Additions	241,830	2,380,000	2,621,830
Disposals	-	(1,676,666)	(1,676,666)
Amortisation charge	(394,577)	-	(394,577)
Closing net book amount	<u>1,303,484</u>	<u>2,852,000</u>	<u>4,155,484</u>
<b>At 31 December 2016</b>			
Cost	2,730,552	2,852,000	5,582,552
<u>Less</u> accumulated amortisation	(1,427,068)	-	(1,427,068)
Net book amount	<u>1,303,484</u>	<u>2,852,000</u>	<u>4,155,484</u>

Amortisation of Baht 394,577 (2015: Baht 321,433) was included in administrative expenses.

16 Deferred income taxes

The analysis of deferred tax assets and liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
<b>Deferred tax assets:</b>				
Deferred tax asset to be recovered within 12 months	-	15,245,683	-	15,245,683
Deferred tax asset to be recovered after more than 12 months	78,445,578	90,739,685	76,401,961	90,027,425
	<u>78,445,578</u>	<u>105,985,368</u>	<u>76,401,961</u>	<u>105,273,108</u>
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be recovered within 12 month	(386,516)	-	(386,516)	-
Deferred tax asset to be recovered after more than 12 month	(2,066,901)	-	(638,484)	-
	<u>(2,453,417)</u>	<u>-</u>	<u>(1,025,000)</u>	<u>-</u>
<b>Deferred taxes - net</b>	<u>76,002,161</u>	<u>105,985,368</u>	<u>75,376,961</u>	<u>105,273,108</u>

The gross movement and the deferred income tax account is as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
At 1 January	105,985,368	109,635,743	105,273,108	109,067,611
Charged/(credited) to profit or loss	(29,974,006)	(3,650,375)	(29,896,147)	(3,794,503)
Exchange differences	(9,201)	-	-	-
At 31 December	<u>76,002,161</u>	<u>105,985,368</u>	<u>75,376,961</u>	<u>105,273,108</u>

The movement in deferred tax assets and liabilities during the year are as follows:

	Consolidated financial statements				
	Tax losses Baht	Provision for impairment of investment property Baht	Retirement benefits Baht	Others Baht	Total Baht
<b>Deferred tax assets</b>					
At 1 January 2016	104,461,710	-	811,397	712,261	105,985,368
Charged/(credited) to profit or loss	(28,978,179)	-	325,154	1,137,183	(27,515,842)
Exchange differences	(13,948)	-	-	-	(13,948)
At 31 December 2016	<u>75,469,583</u>	<u>-</u>	<u>1,136,551</u>	<u>1,849,444</u>	<u>78,455,578</u>
At 1 January 2015	104,461,710	4,043,064	542,836	588,133	109,635,743
Charged/(credited) to profit or loss	-	(4,043,064)	268,561	124,128	(3,650,375)
At 31 December 2015	<u>104,461,710</u>	<u>-</u>	<u>811,397</u>	<u>712,261</u>	<u>105,985,368</u>

16 Deferred income taxes (Cont'd)

The movement in deferred tax assets and liabilities during the year are as follows:

	Consolidated financial statements			
	Deferred debt issuance Baht	Depreciation expense of Power plant Baht	Other Baht	Total Baht
<b>Deferred tax liabilities</b>				
At 1 January 2016	-	-	-	-
Charged/(credited) to profit or loss	(1,025,000)	(1,358,934)	(74,230)	(2,458,164)
Exchange differences	-	-	4,747	4,747
At 31 December 2016	<u>(1,025,000)</u>	<u>(1,358,934)</u>	<u>(69,483)</u>	<u>(2,453,417)</u>

	Separate financial statements				
	Tax losses Baht	Provision for impairment of investment property Baht	Retirement benefits Baht	Others Baht	Total Baht
<b>Deferred tax assets</b>					
At 1 January 2016	104,461,711	-	811,397	-	105,273,108
Charged/(credited) to profit or loss	(29,196,301)	-	325,154	-	(28,871,147)
At 31 December 2016	<u>75,265,410</u>	<u>-</u>	<u>1,136,551</u>	<u>-</u>	<u>76,401,961</u>
At 1 January 2015	104,461,711	4,043,063	542,837	20,000	109,067,611
Charged/(credited) to profit or loss	-	(4,043,063)	268,560	(20,000)	(3,794,503)
At 31 December 2015	<u>104,461,711</u>	<u>-</u>	<u>811,397</u>	<u>-</u>	<u>105,273,108</u>

	Separate financial statements	
	Deferred debt issuance cost Baht	Total Baht
<b>Deferred tax liabilities</b>		
At 1 January 2016	-	-
Charged/(credited) to profit or loss	(1,025,000)	(1,025,000)
At 31 December 2016	<u>(1,025,000)</u>	<u>(1,025,000)</u>

Presentation in the statements of financial position is as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
At 31 December				
Deferred income tax assets	76,002,161	105,958,368	75,376,961	105,273,108
Deferred income tax liabilities	-	-	-	-
Deferred income tax, net	<u>76,002,161</u>	<u>105,958,368</u>	<u>75,376,961</u>	<u>105,273,108</u>

Deferred income tax assets and liabilities are offset when the income taxes related to the same fiscal authority. Deferred tax assets and deferred tax liabilities in the consolidated financial position are presented at net amount of assets and liabilities incurred in each entity.

Deferred income tax assets are recognised for tax loss carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of Baht 45.24 million (2015: Baht 26.05 million) in respect of losses carry forward amounting to Baht 226 million (2015: Baht 130 million).

16 Deferred income taxes (Cont'd)

A summary of the tax losses carried forward and the expiry dates are set out below:

Expiry year	Consolidated financial statements Baht	Separate financial statements Baht
2017	9,795,373	-
2018	127,854,409	115,911,340
2019	88,568,909	76,722,994
	<u>226,218,691</u>	<u>192,634,334</u>

17 Construction and other payables

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Amounts due to related parties (Note 29 b)	229,260,000	-	-	408,737
Construction payables and retention guarantee	2,787,111	8,964,757	572,257	39,300
Other payables	5,758,345	2,325,267	2,223,238	547,470
Subscription payables	179,635,000	-	179,635,000	-
Accrued expenses	33,410,471	23,216,172	16,753,209	3,060,920
	<u>450,850,927</u>	<u>34,506,196</u>	<u>199,183,704</u>	<u>4,056,427</u>

18 Borrowings

18.1 Short-term borrowings

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Short-term borrowings from bank	488,996,539	152,949,889	488,996,539	-

Movements in short-term borrowings from financial institutions for the years ended 31 December 2016 and 2015 are analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Opening amount as at 1 January	152,949,889	-	-	-
Additional borrowings	873,181,150	152,949,889	873,181,150	-
Repayment of borrowings	(536,131,039)	-	(383,181,150)	-
Discount on note payables	(7,131,870)	-	(7,131,870)	-
Amortisation for discount on note payables	6,128,409	-	6,128,409	-
Closing amount as at 31 December	<u>488,996,539</u>	<u>152,949,889</u>	<u>488,996,539</u>	<u>-</u>

18 Borrowings (Cont'd)

18.2 Finance lease liabilities

The present value of finance lease liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Not later than 1 year	3,828,454	4,491,620	3,828,454	4,491,620
Later than 1 year but not later than 5 years	-	3,828,454	-	3,828,454
	<u>3,828,454</u>	<u>8,320,074</u>	<u>3,828,454</u>	<u>8,320,074</u>

18.3 Long-term borrowings

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Current portion of long-term borrowings	61,663,353	88,749,767	-	39,662,264
Long-term borrowings payable between 1 to 5 years	347,344,551	377,374,224	-	113,326,373
Long-term borrowings payable more than 5 years	381,426,256	134,305,461	-	-
	<u>790,434,160</u>	<u>600,429,452</u>	<u>-</u>	<u>152,988,637</u>

Movements in long-term borrowings from financial institutions for the years ended 31 December 2016 and 2015 are analysed as follows

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Opening amount as at 1 January	600,429,452	417,968,768	152,988,637	192,651,824
Additional borrowings	559,881,275	290,620,010	-	-
Repayment of borrowings	(371,007,982)	(107,935,535)	(154,000,000)	(40,000,000)
Financial service fee	(320,702)	(1,146,200)	-	-
Amortisation for financial service fee	1,452,117	922,409	1,011,363	336,813
Closing amount as at 31 December	<u>790,434,160</u>	<u>600,429,452</u>	<u>-</u>	<u>152,988,637</u>

Subsidiaries entered into long-term loan agreements with a local commercial bank with credit facility of Baht 561 million for solar rooftop panel installation projects. These long-term loans carried interest at MLR minus a stipulated margin per annum. The long-term loans of Baht 521 million are repayable in quarterly installments from December 2014 to September 2026, at the percentage specified in the loan agreements. The loan of Baht 32 million is repayable within October 2015 and the loan of Baht 4 million is repayable within September 2016. During the year the subsidiaries cancelled credit limit of the loan amounting to Baht 4 million.

The loans are secured by the pledge and the assignment of rights over the Group's bank deposits, the mortgage of the Group's land with construction thereon and the Group's machinery, the assignment of rights under all project agreements of the Group, the pledge of the Company's shares held by the parent company, certain shares held by the subsidiaries and the jointly controlled entities' shares held by the Company and guarantees provided by the Company, the subsidiaries' director and a shareholder of the parent company.

18 Borrowings (Cont'd)

18.3 Long-term borrowings (Cont'd)

Subsidiaries entered into long-term loan agreements with an international commercial bank to obtain a loan facility of Yen 1,198 million in order to finance their obligations in respect of power plant construction projects. The long-term loans carry interest at three-month interest rate of Tokyo market plus a stipulated margin per annum. The long-term loan principal is repayable in quarterly installments from September 2016 to June 2033, at the percentage specified in the loan agreements.

The loan agreements contain covenants imposed on the Group as specified in the agreements, related to such matters as dividend payment, reduction of share capital, merger or consolidation with other entities and maintenance of certain debt to equity and debt service coverage ratios.

**Borrowing facilities**

The Group and the Company have the following undrawn committed borrowing facilities:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Floating rate				
Expiring beyond one year	-	3,705,476	-	-

18.4 Bonds

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Current portion of long-term borrowing	-	-	-	-
Long-term borrowing payable between 1 to 5 years	2,044,875,000	-	2,044,875,000	-
Total	2,044,875,000	-	2,044,875,000	-

Movements in bonds for the year ended 31 December 2016 and 2015 are analysed as follows

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Carrying amount as at 1 January	-	-	-	-
Issued bond	2,050,000,000	-	2,050,000,000	-
Deferred debt issuance cost	(5,125,000)	-	(5,125,000)	-
Carrying amount as at 31 December	2,044,875,000	-	2,044,875,000	-

On 28 October 2016, the Company issued name-registered certificate of unsubordinated and unsecured bonds totalling 2,050,000 units with the fixed interest of 4.20% per annum payable every 6 months. The issued bonds have the face value of Baht 1,000. The bond will be redeemed within three years after the issuance date at the amount Baht 2,050,000,000.

18 Borrowings (Cont'd)

The carrying amounts and fair values of certain long-term borrowings are as follows:

	Consolidated financial statements			
	Carrying amounts		Fair value	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Long-term borrowings	790,434,160	511,679,685	680,919,693	487,111,177
Bonds	2,044,875,000	-	2,045,057,450	-
	Separate financial statements			
	Carrying amounts		Fair value	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Long-term borrowings	-	113,326,373	-	107,553,353
Bonds	2,044,875,000	-	2,045,057,450	-

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant.

The fair values of non-current borrowings are based on discounted cash flows using a discount rate based upon the borrowing rate of 2.91% - 4.78% (2015: 4.75% - 4.97%) and are within level 2 of the fair value hierarchy.

The effective interest rates at the statement of financial position date were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Bank borrowings	2.91%-4.78%	2.17%-6.75%	-	4.75%-5.00%
Financial lease liabilities	2.35%-2.45%	2.35%-2.45%	2.35%-2.45%	2.35%-2.45%
Bonds	4.29%	-	4.29%	-

19 Employee benefit obligations

	Consolidated and Separate financial statements	
	2016 Baht	2015 Baht
Statement of financial position		
Retirement benefits	5,682,756	4,056,985
Profit or loss charge included in operating profit for:		
Retirement benefits	1,625,771	1,342,801

The movement in the defined benefit obligation over the year is as follows:

	Consolidated and Separate financial statements	
	2016 Baht	2015 Baht
At 1 January	4,056,985	2,714,184
Current service cost	1,494,327	1,254,869
Interest expense	131,444	87,932
At 31 December	5,682,756	4,056,985

19 Employee benefit obligations (Cont'd)

The principal actuarial assumptions used were as follows:

	Consolidated and Separate financial statements	
	2016 %	2015 %
Discount rate	3.24	3.24
Salary growth rate	3.00 - 4.00	3.00 - 4.00

The sensitivity analyses of significant actuarial assumptions in pension liability calculations.

	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	2016	2015	2016	2015	2016	2015
Discount rate	0.50%	0.50%	Decrease by 5.47%	Decrease by 5.85%	Increase by 5.88%	Increase by 6.30%
Salary growth rate	0.50%	0.50%	Increase by 5.81%	Increase by 6.23%	Decrease by 5.45%	Decrease by 5.84%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Through its defined benefit retirement plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields                      A decrease in Government bond yields will increase plan liabilities.

Inflation risk                                      Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities.

The weighted average duration of the defined benefit obligation is 26.06 years.

Expected maturity analysis of undiscounted retirement:

	Consolidated and Separate financial statements				
	Less than a year Baht	Between 1 - 2 years Baht	Between 2 - 5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2016 Retirement benefits	-	351,157	118,244	97,675,176	98,144,577

20 Share capital

	Consolidated and Separate financial statements				
	Number of shares Shares	Issued and paid Shares	Ordinary shares Baht	Share premium Baht	Total Baht
At 1 January 2015	1,815,000,000	1,815,000,000	1,815,000,000	1,266,097,322	3,081,097,322
Compensate of deficits	-	-	-	(538,543,049)	(538,543,049)
At 31 December 2015	<u>1,815,000,000</u>	<u>1,815,000,000</u>	<u>1,815,000,000</u>	<u>727,554,273</u>	<u>2,542,554,273</u>
At 31 December 2016	<u>1,815,000,000</u>	<u>1,815,000,000</u>	<u>1,815,000,000</u>	<u>727,554,273</u>	<u>2,542,554,273</u>

At 31 December 2016, the total authorised number of ordinary shares is 1,815,000,000 shares (2015: 1,815,000,000 shares) with a par value of Baht 1 per share (2015: Baht 1 per share). All issued shares are fully paid.

At the Annual General Meeting of shareholders held on 29 April 2015, resolution was passed to approve the compensation of the accumulated loss of Baht 538.54 million from the share premium. Upon the compensation, the Company will have no accumulated loss with the remaining share premium of Baht 727.55 million.

21 Legal reserve

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
At 1 January	-	-	-	-
Appropriation during the year	46,825,835	-	40,025,835	-
At 31 December	<u>46,825,835</u>	<u>-</u>	<u>40,025,835</u>	<u>-</u>

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable.

22 Other income

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Rental income	1,210,156	1,641,331	1,210,156	1,359,308
Service income	739,770	424,051	739,770	424,052
Interest income	11,152,936	22,038,405	11,157,648	21,770,406
Gain on disposal of equipment	-	3,203	-	-
Realised gain on foreign exchange	-	8,055,842	-	6,565,990
Realised gain on disposal of trading securities	1,344,553	2,449,307	1,344,553	2,449,307
Other income	1,030,168	5,565,138	695,736	4,310,723
	<u>15,477,583</u>	<u>40,177,277</u>	<u>15,147,863</u>	<u>36,879,786</u>

**23 Expense by nature**

The following expenditure items, classified by nature, have been charged in arriving at the operating profit:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Salary ,wages and employees benefits	80,469,585	79,449,019	80,469,585	79,449,019
Depreciation	68,381,062	41,898,950	21,002,046	20,770,011
Loss on exchange rate	42,602,886	-	42,528,875	-
Professional fees	36,818,350	24,292,613	18,446,698	21,282,098
Operation and maintenance of power plants	7,684,778	1,467,522	600,798	1,213,694

**24 Finance costs**

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Bank borrowings	51,519,129	26,110,793	27,093,989	9,367,812
Financial service fees	8,224,286	1,594,062	1,011,363	336,813
Others	191,836	142,316	-	-
Total	59,935,251	27,847,171	28,105,352	9,704,625

**25 Income tax**

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Bank borrowings	51,519,129	26,110,793	27,093,989	9,367,812

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Tax expense (revenue)				
Current tax on profits for the year	(2,154)	16,029	-	-
Deferred tax (note 16)	29,974,006	3,650,375	29,896,147	3,794,503
Total income tax expense	29,971,852	3,666,404	29,896,147	3,794,503

**25 Income tax (Cont'd)**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Profit before tax	647,130,265	530,263,773	505,021,996	329,185,365
Tax calculated at a tax rate of 20% (2015: 20%)	129,426,053	106,052,754	101,004,399	65,837,073
Tax effect of:				
Foreign tax rate difference	2,548,891	(16,521)	-	-
Joint ventures' results reported net of tax	(115,184,595)	(119,315,747)	-	-
Tax exemption for income under BOI	(5,410,802)	(4,968,918)	-	-
Income subject to tax	8,406,944	2,577,964	8,284,577	2,515,387
Income not subject to tax	(8)	-	(88,390,016)	(83,370,017)
Expenses not deductible for tax purpose	3,024,099	3,155,740	1,219,061	2,133,005
Expense deducted at greater amount	(5,548,065)	(4,354,577)	(2,900,243)	(3,120,584)
Tax losses for which no deferred income tax asset was recognised	11,291,904	16,492,646	10,678,639	15,756,576
Utilisation of previously unrecognized tax losses	(73,424)	-	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	77,859	4,043,063	-	4,043,063
Unrealised gain from intercompany transaction	1,415,150	-	-	-
Adjustment in respect of prior periods	(2,154)	-	-	-
Tax charge	<u>29,971,852</u>	<u>3,666,404</u>	<u>29,896,147</u>	<u>3,794,503</u>

**26 Promotional privileges**

The Company, its subsidiaries and its jointly controlled entity have received several certificates of promotional privileges from the Board of Investment for the generation of electricity generated from concentrated solar thermal energy, solar rooftop energy and solar energy, respectively.

Subject to certain imposed conditions, the privileges include an exemption of import duty on imported machinery, an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (the commercial operation date) and a 50-percent reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

The Company's and its subsidiaries' operating revenue from sales and subsidy for adders as per the statements of comprehensive income for the years ended 31 December 2016 and 2015 wholly derive from promoted operations.

## 27 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the company by the weighted average number of ordinary shares in issue during the year (Note 20).

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net profit attributable to ordinary shareholders of the company (Baht)	617,628,000	526,594,578	526,594,578	325,390,862
Weighted average number of ordinary shares outstanding (Shares)	1,815,000,000	1,815,000,000	1,815,000,000	1,815,000,000
Basic earnings per share (Baht per share)	0.34	0.29	0.26	0.18

There are no potential dilutive ordinary shares issuing during 2016 and 2015.

## 28 Dividends

On 27 April 2016, the Annual General Meeting of Shareholders approved a dividend payment in respect of operating results for the year 2015 to shareholders at Baht 0.06 per share, totaling Baht 108.9 million. The dividends were paid on 25 May 2016.

## 29 Related party transactions

The Company is controlled by P.M. Energy Company Limited (incorporated in Thailand) which owns 43% of the Company's shares. The remaining 57% of the shares are held by Wave Entertainment (Public) Company Limited, Sino-Thai Engineering & Construction Public Company Limited and individual shareholders. The significant investments in subsidiaries, and joint ventures are set out in note 12.

The following material transactions were carried out with related parties:

### a) Sales of goods and services

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
<b>Subsidiaries</b>				
Management service income	-	-	12,346,856	4,252,704
Operation and maintenance income	-	-	1,680,000	1,215,058
Service income	-	-	500,000	-
	-	-	14,526,856	5,467,762
<b>Jointly Controlled Entity</b>				
Management service income	38,649,056	36,808,625	38,649,056	36,808,625
Rental income	432,000	432,000	432,000	432,000
Other income	-	712,403	-	712,403
Dividends income	41	47	441,950,080	416,850,083
	39,081,097	37,953,075	481,031,136	454,803,111
<b>Related parties</b>				
Management service income	221,760,000	-	221,760,000	-
Rental income	277,889	208,417	277,889	208,417
Service income	185,259	138,944	185,259	138,944
Other income	28,180	30,765	28,180	30,765
	222,251,328	378,126	222,251,328	378,126

29 Related party transactions (Cont'd)

The following material transactions were carried out with related parties: (Cont'd)

b) Outstanding balances arising from sales/purchases of goods/services

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
<b>Amounts due from and advances to related parties (Note 10)</b>				
Subsidiaries	-	1,626,729	40,902,164	51,989,224
Jointly controlled entities	3,501,791	3,374,275	3,501,791	3,374,275
Related parties	221,760,000	-	221,760,000	-
	<u>225,261,791</u>	<u>5,001,004</u>	<u>266,163,255</u>	<u>55,363,499</u>
<b>Dividends receivable (Note 10)</b>				
Subsidiaries	-	-	4,449,999	-
Jointly controlled entities	78,750,014	-	78,750,014	-
	<u>78,750,014</u>	<u>-</u>	<u>83,200,013</u>	<u>-</u>
<b>Amounts due to related parties (Note 17)</b>				
Subsidiaries	-	-	-	408,737
Related parties	229,260,000	-	-	-
	<u>229,260,000</u>	<u>-</u>	<u>-</u>	<u>408,737</u>

c) Short-term loans to subsidiaries

For the year ended 31 December	Separate financial statements	
	2016 Baht	2015 Baht
Short-term loans to subsidiaries	868,172,050	240,399,141

Movements in loans to subsidiaries are analysed as follows:

	Separate financial statements	
	2016 Baht	2015 Baht
Opening net book amount	240,399,141	68,453,208
Addition	710,757,523	298,414,637
Repayment of borrowings	(33,574,789)	(132,353,208)
Foreign currency translation differences	(49,409,825)	5,884,504
Closing net book amount	<u>868,172,050</u>	<u>240,399,141</u>

Loans to subsidiaries are in form of promissory notes and loan agreement with maturity within December 2017 and carrying interest at 6% per annum.

29 Related party transactions (Cont'd)

d) Short-term loan from subsidiaries

For the year ended 31 December	Separate financial statements	
	2016 Baht	2015 Baht
Short-term loans from subsidiaries	-	-

Movements in loans from subsidiaries are analysed as follows:

	Separate financial statements	
	2016 Baht	2015 Baht
Opening net book amount	-	-
Addition	45,000,000	-
Repayment of borrowings	(22,500,000)	-
Transferred to long-term loan (Note 29 e)	(22,500,000)	-
Closing net book amount	-	-

Short-term loans from subsidiaries are in form of promissory notes. There is no interest thereon. During the year the Company transferred short-term loan to long-term loan amounting to Baht 22.5 million.

e) Long-term loan from subsidiaries

	Separate financial statements	
	2016 Baht	2015 Baht
Long-term loans from subsidiaries	22,500,000	-

Movements in loans from subsidiaries are analysed as follows:

	Separate financial statements	
	2016 Baht	2015 Baht
<b>For the year ended 31 December</b>		
Opening net book amount	-	-
Transferred from short-term loan (Note 29 d)	22,500,000	-
Closing net book amount	22,500,000	-

Long-term loans from subsidiaries are in form of promissory notes with maturity within September 2018. There is no interest thereon.

f) Key management compensation

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Short-term employee benefits	22,968,200	24,168,000	22,968,200	24,168,000
Post-employment benefits	1,119,651	1,111,639	1,119,651	1,111,639
	<u>24,087,851</u>	<u>25,279,639</u>	<u>24,087,851</u>	<u>25,279,639</u>

### 30 Commitments and contingencies

#### 30.1 Power purchase agreements

##### Domestic

As at 31 December 2016, the Group has 29 power purchase agreements with the Provincial Electricity Authority ("PEA") and the Metropolitan Electricity Authority ("MEA") (2015: 25 agreements). Currently, the Group has commenced the production and distribution of electricity to the PEA and MEA under 25 power purchase agreements.

The power purchase agreements require the Company and its jointly controlled entity to sell electricity in a specified quantity and at a stipulated price as defined in the agreements. The agreements are for a period of 5 years and will be automatically renewed every 5 years until the contract termination. In the electricity selling to the PEA, the Company and its jointly controlled entity have also been granted an adder amounting to Baht 6.50 - 8 per kilowatt-hour (Company: Baht 8 per kilowatt-hour) for the period of 10 years commencing from the commercial operation date.

The power purchase agreements require subsidiaries to sell electricity generated from solar rooftops to the PEA and the MEA under the Feed-in Tariff system (FiT) granted for periods of 25 years starting from December 2013.

The power purchase agreements of another subsidiary require the subsidiary to sell electricity generated from the solar farms to the PEA under the Feed-in Tariff system (FiT) granted for periods of 25 years starting from commercial operation dates (COD).

The power purchase agreements of another subsidiary require the subsidiary to sell electricity generated from biomass to the PEA under the Feed-in Tariff system (FiT) until the contract is terminated. The biomass power plant mentioned in the contract is under construction.

##### Overseas

As at 31 December 2016, subsidiaries operating in Japan have 4 power purchase agreements with the power purchasing agencies, of which the power plants have already commenced generating and distributing the electricity. In addition, the subsidiaries have another 3 power purchase agreements for the projects which have not yet commenced generating and distributing the electricity.

The power purchase agreements are conditioned to sell the electricity generated from solar energy under the Feed-in Tariff (FiT) for the periods of 20 years starting from August 2015.

#### 30.2 Operating lease commitments - where the Group is the lessee

- a) The Company and its subsidiaries have entered into several lease agreements in respect of the lease of office building space, motor vehicles, equipment and the lease of rooftop space and other building space in order to install solar cells. The terms of the agreements are generally between 3 and 26 years.

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Not later than 1 year	22,317,493	15,346,783	7,653,260	4,869,200
Later than 1 year but not later than 5 years	56,800,726	50,525,145	4,771,200	7,460,300
Later than 5 years	220,909,243	198,841,131	-	-
	<u>300,027,462</u>	<u>264,713,059</u>	<u>12,424,460</u>	<u>12,329,500</u>

In addition, under agreements of leasing rooftop spaces and other building spaces, subsidiaries have commitments to pay rent at the higher of a percentage of sales and the minimum amounts specified in the agreements.

**30 Commitments and contingencies (Cont'd)**

**30.3 Contracts and other commitments**

- a) A jointly controlled entity has commitments in respect of a management service agreement with the other venturer amounting to approximately Baht 6 million per annum for a period of 10 years from May 2013, with the service fee to increase on an annual basis at the rate specified in the agreement. The fee for the year ended 31 December 2016 amounting to Baht 3 million (2015: Baht 3 million) were recognised as expenses.
- b) A jointly controlled entity has commitments in respect of the operation and maintenance agreements of three power plants with a company, amounting to approximately Baht 81 million (2015: Baht 106 million) which a joint venture have committed to pay for the excess output if actual electricity output is greater than secured output guarantee throughout the period of 10 years from the commercial operation dates.
- c) A jointly controlled entity has commitments in respect of the operation and maintenance agreements of seven power plants with a company, amounting to approximately Baht 5 million per annum for the period of 10 years from the commercial operation date.
- d) A jointly controlled entity has commitments in respect of monitoring the operation and maintenance agreements of ten power plants with a company, amounting to approximately Baht 1 million per annum (2015: Baht 1 million per annum) (in proportionate of the Company's interest in jointly controlled entities) for the period of 7 years from the commercial operation dates.
- e) According to the management agreement, one of the subsidiaries has an obligation to its capital investor totalling Baht 8 million per annum since September 2016. The management fee will be increased annually according to the percentage specified in the contract. For the year ended 31 December 2016, the subsidiary has the total management expenses based on the specified contract which were capitalised as construction in progress during the period for the amount of Baht 3 million (2015: nil).
- f) One of the subsidiaries has the commitment according to the operation and maintenance agreement of power plants with a company with the balance of 98,800 dollars (2015: nil). The agreement has the period of 2 years from the commercial operation dates.

**30.4 Guarantees**

- a) The Company has provided guarantees for bank credit facilities of its subsidiaries amounting to Baht 561 million (2015: Baht 690 million).
- b) As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 9 million (2015: Baht 9 million) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business.

**30.5 Litigation**

The Company was sued by a shareholder seeking damages amounting to Baht 1,000 million resulting from the Company's sale of that shareholder's shares in arrears by auction. The Bangkok South Civil Court dismissed the case on 6 August 2013. On 18 June 2014 the Court of Appeals ordered the Civil Court to pre-judge. At present, this case is currently under the Supreme Court's proceedings.

On 15 October 2014, the Bangkok South Criminal Court dismissed the criminal case in association with revocation of the share auction as mentioned above and ordered to dismiss civil case relating to this criminal case out of the case-list. On 15 October 2015, the Appeal Court has judged to consent with the judgement of the Civil Court to dismiss such criminal case. Therefore, the management believes that Company will not suffer any losses. At present, this case is currently under the Supreme Court's proceedings.

**31 Events after the reporting period**

On 20 February 2017, the Board of Directors approved a new investment in the solar farm power plant project located at Onikoube, Miyagi Prefecture in Japan with the electricity production capacity of 154.98 MW according to certification granted by Ministry of Economy, Trade and Industry of Japan. The investment form is a joint venture between the Company and Sino-Thai Engineering and Construction Public Company Limited (as a Joint investment partner) in the proportion of the total investment of 60% to 40%. The total investment of the project is approximately Yen 61,240 million or Baht 19,658 million.