

THAI SOLAR ENERGY PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2017

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 and separate financial position of the Group and of the Company as at 31 December 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include 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 consolidated and separate 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. These matters were 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 these matters.

Key audit matter	How my audit addressed the key audit matter
<p>Acquisition of investments</p> <p>Refer to note 13 to the financial statements related to investments in subsidiaries and investment in jointly controlled entities.</p> <p>During 2017, the Group purchased solar power plant project with the electricity production capacity of 154.98 MW by acquiring 100 percent of ordinary shares of PurpleSol G.K. and SolarOne G.K. which are companies registered in Japan. Management determined that the acquisition of investments in those 2 companies qualifies as an acquisition of assets and not a business, applying TFRS No. 3 (revised 2016) Business Combination, because the purpose was to obtain certification to operate power plant granted by the Ministry of Economy, Trade and Industry of Japan (METI Certificate), and a plot of land for the location of the solar power plant.</p> <p>Management engaged an independent valuer to identify and assess the preliminary valuation of assets, and liabilities, including the METI Certificate and land and to identify contingent assets and liabilities, if any.</p> <p>At the financial position date, management performed impairment test for METI Certificate and land which was valued at Baht 3,663.06 million and Baht 322.18 million, representing 30% and 3% of the Group's total assets, respectively.</p> <p>I focused on this matter due to the acquisition of the PurpleSol G.K. and SolarOne G.K. was a significant transacte. Total investments represent 33% of the Group's total assets. The size of carrying value of METI Certificate and land arisen from the acquisition is material and the valuation method was complex and involved management's judgement about future results of the solar power plant project and discount rates applied in future cash flows forecasts.</p>	<p>My audit procedures included the followings;</p> <ul style="list-style-type: none"> • I evaluated management's assessment whether the investment that was accounted for as an asset acquisition was appropriate accounting treatment. • I reviewed asset valuation report prepared by independent valuer and challenged independent valuer's approach and key assumptions used. The audit procedures also included evaluating the valuer's competency, independence and objectivity. • I assessed the appropriateness of the management's assumptions used in the future cash flows forecasts provided to independent valuer. I compared selling price of electricity with the conditions in METI Certificate and checked assumed production capacity with the data in the project's technical due diligence report, including assessing the feasibility of the project. In addition, I engaged an auditor expert to assess the reasonableness of the method used whether it was market practice in the industry and to evaluate the discount rate applied in the model. • I reviewed the impairment of METI Certificate and land as on the financial position date, by comparing its carrying value with recoverable amount of using in the power plant project. • I evaluated the adequacy of the related disclosures made in notes to the financial statements. <p>From these procedures, I found that the acquisition of subsidiaries was an asset acquisition and the valuation of assets acquired from this acquisition was appropriate. Additionally, I found that key management's assumptions used in impairment test of METI Certificate and land were reasonable and supported by sufficient evidences.</p>

Key audit matter	How my audit addressed the key audit matter
<p><i>Impairment of asset - Thermal plant</i></p> <p>Refer to note 4.1 Accounting policies for critical accounting estimates and judgements and note 15 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 2017, thermal plant had a net book value of Baht 491.08 million, after deduction of the provision for impairment of Baht 245.32 million, which represented 6.06% of the total assets. The management determined that the 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"> • the cash flow forecasts derived from internal forecasts and assumptions about future performance (i.e. long-term growth rate) • electricity unit production • the discount rate <p>Management concluded that the provisions for impairment already recorded was adequate. In addition, management believed that there will be an improvement in productivity because the thermal power plant has been repaired, and replaced with new equipment.</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 performance, 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"> • the long-term growth rates in the forecast by comparing them to historical results and available industry data • electricity unit production used in the model by comparing it with historical data and production capacity • 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. <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><i>Deferred tax assets may not be recovered</i></p> <p>Refer to note 4.1 Accounting policies for critical accounting estimates and judgements and note 17 Deferred income tax.</p> <p>As at 31 December 2017, the Group has deferred tax assets of Baht 76.31 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 three-year tax computation forecast.</p> <p>Key assumptions used in the three-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 and taking into account the expiration of tax losses carried forward in 2019. 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 Group's three-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 criterion to determine the amount of deferred tax assets including:</p> <ul style="list-style-type: none"> • assumptions, such as the Group's revenue growth and new business development • 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. <p>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 three-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 sufficient 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 and separate 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 2018

Thai Solar Energy Public Company Limited
Statement of Financial Position
As at 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017 Baht	2016 Baht	2017 Baht	2016 Baht
Assets					
Current assets					
Cash and cash equivalents	7	424,752,306	977,037,378	32,023,034	497,007,854
Restricted bank deposits	8	77,853,761	39,003,239	8,860,152	-
Short-term investments	9	71,053,273	1,764,966,451	71,053,273	1,764,966,451
Trade and other receivables	10	190,957,206	349,994,275	417,606,198	373,101,211
Short-term loans to others		13,041,270	20,000,000	-	-
Short-term loans to subsidiaries	30 c)	-	-	2,276,372,707	868,172,050
Value added tax refundable		92,768,461	76,184,425	241,228	983,242
Short-term derivatives assets	11	10,194,000	-	10,194,000	-
Other current assets	12	18,957,229	9,024,401	10,914,187	3,756,569
Total current assets		899,577,506	3,236,210,169	2,827,264,779	3,507,987,377
Non-current assets					
Long-term restricted bank deposits	8	25,870,000	1,050,000	24,070,000	1,050,000
Long-term loans to subsidiary	30 d)	-	-	2,232,305,697	-
Investments in subsidiaries	13.2	-	-	2,339,249,267	1,390,223,881
Investments in jointly controlled entities	13.1	1,750,548,509	1,615,091,815	350,000,130	350,000,130
Investment property	14	88,399,605	88,399,605	88,399,605	88,399,605
Property, plant and equipment	15	5,153,099,831	2,850,492,019	594,804,630	582,459,444
Intangible assets	16	4,129,634,953	485,541,555	5,626,613	4,155,484
Deferred tax assets	17	73,702,662	76,002,161	73,173,307	75,376,961
Long-term derivatives assets	11	71,587,462	-	71,587,462	-
Other non-current assets		26,022,513	22,084,415	3,909,921	1,860,243
Total non-current assets		11,318,865,535	5,138,661,570	5,783,126,632	2,493,525,748
Total assets		12,218,443,041	8,374,871,739	8,610,391,411	6,001,513,125

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 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017 Baht	2016 Baht	2017 Baht	2016 Baht
Liabilities and equity					
Current liabilities					
Short-term borrowings from financial institutions	19.1	2,233,047,945	488,996,539	2,233,047,945	488,996,539
Construction and other payables	18	269,486,370	450,850,927	85,418,000	199,183,704
Current portion of finance lease liabilities	19.2	2,523,423	3,828,454	2,523,423	3,828,454
Current portion of long-term borrowings	19.3	57,186,730	61,663,353	-	-
Current portion of long-term loans from subsidiary	30 e)	-	-	22,500,000	-
Income tax payable		1,726,427	928,932	-	-
Other current liabilities		13,253,458	3,784,246	683,651	2,197,334
Total current liabilities		2,577,224,353	1,010,052,451	2,344,173,019	694,206,031
Non-current liabilities					
Finance lease liabilities	19.2	10,599,556	-	10,599,556	-
Long-term borrowings	19.3	1,846,101,127	728,770,807	-	-
Long-term loans from subsidiary	30 e)	-	-	-	22,500,000
Debentures	19.4	2,995,173,493	2,044,875,000	2,995,173,493	2,044,875,000
Employee benefit obligation	20	6,075,757	5,682,756	6,075,757	5,682,756
Provision for decommissioning costs		2,454,578	-	2,454,578	-
Other non-current liabilities		72,000	72,000	72,000	72,000
Total non-current liabilities		4,860,476,511	2,779,400,563	3,014,375,384	2,073,129,756
Total liabilities		7,437,700,864	3,789,453,014	5,358,548,403	2,767,335,787
Equity					
Share capital					
Authorised share capital					
Ordinary shares 2,359,500,000 shares (2016: 1,815,000,000 shares) of par Baht 1 each	21	2,359,500,000	1,815,000,000	2,359,500,000	1,815,000,000
Issued and paid-up share capital					
Ordinary shares, 1,815,000,000 shares of called-up Baht 1 each	21	1,815,000,000	1,815,000,000	1,815,000,000	1,815,000,000
Premium on ordinary shares	21	727,554,273	727,554,273	727,554,273	727,554,273
Retained earnings					
Appropriated - legal reserve	22	62,894,012	46,825,835	50,894,012	40,025,835
Unappropriated		2,135,195,319	1,935,202,673	658,394,723	651,597,230
Other components of equity		(122,052,836)	37,992,370	-	-
Equity attributable to owners of the parent		4,618,590,768	4,562,575,151	3,251,843,008	3,234,177,338
Non-controlling interests		162,151,409	22,843,574	-	-
Total equity		4,780,742,177	4,585,418,725	3,251,843,008	3,234,177,338
Total liabilities and equity		12,218,443,041	8,374,871,739	8,610,391,411	6,001,513,125

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 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017 Baht	2016 Baht	2017 Baht	2016 Baht
Revenue from sales		188,422,145	160,392,754	-	764,413
Subsidy for adders		-	925,440	-	925,440
Management service fee income		40,581,506	260,409,056	67,865,420	274,435,912
Cost of sales and services		(177,237,832)	(149,513,136)	(84,233,186)	(73,775,306)
Gross profit (loss)		51,765,819	272,214,114	(16,367,766)	202,350,459
Dividends income		41	41	451,500,080	441,950,080
Other income	23	39,304,761	15,477,583	86,659,935	15,147,863
Administrative expenses		(148,685,912)	(156,549,199)	(153,461,091)	(126,321,054)
Finance costs	25	(112,497,729)	(59,935,251)	(148,751,520)	(28,105,352)
Share of profit from investments in jointly controlled entities	13.1	586,956,733	575,922,977	-	-
Profit before income tax		416,843,713	647,130,265	219,579,638	505,021,996
Income tax expense	26	(2,985,333)	(29,971,852)	(2,216,106)	(29,896,147)
Profit for the year		413,858,380	617,158,413	217,363,532	475,125,849
Other comprehensive income for the year:					
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations	20	(62,261)	-	(62,261)	-
Income tax on the above item	17	12,452	-	12,452	-
Items that will be reclassified subsequently to profit or loss					
Currency translation differences		(160,062,057)	13,608,683	-	-
Total comprehensive income for the year		253,746,514	630,767,096	217,313,723	475,125,849
Profit attributable to:					
Owners of the parent		415,758,694	617,628,000	217,363,532	475,125,849
Non-controlling interests		(1,900,314)	(469,587)	-	-
		413,858,380	617,158,413	217,363,532	475,125,849
Total comprehensive income attributable to:					
Owners of the parent		255,663,679	631,142,345	217,313,723	475,125,849
Non-controlling interests		(1,917,165)	(375,249)	-	-
		253,746,514	630,767,096	217,313,723	475,125,849
Earnings per share					
	28				
Basic earnings per share		0.23	0.34	0.12	0.26

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 2017

Consolidated financial statements									
Attributable to owners of the parent									
Notes	Issued and paid-up share capital Baht	Premium on ordinary share capital Baht	Retained earnings		Other components of equity		Total owners of the parent Baht	Non-controlling interests Baht	Total Baht
			Appropriated - legal reserve Baht	Unappropriated Baht	Translation of financial statements Baht				
Opening balance at 1 January 2016	1,815,000,000	727,554,273	-	1,473,294,160		24,478,025	4,040,326,458	2,791	4,040,329,249
Change in equity for the year									
Appropriation of legal reserve	22	-	-	46,825,835	(46,825,835)	-	-	-	-
Dividends paid	29	-	-	-	(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
Closing balance at 31 December 2016	<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>
Opening balance at 1 January 2017	1,815,000,000	727,554,273	46,825,835	1,935,202,673		37,992,370	4,562,575,151	22,843,574	4,585,418,725
Change in equity for the year									
Appropriation of legal reserve	22	-	-	16,068,177	(16,068,177)	-	-	-	-
Dividends paid	29	-	-	-	(199,648,062)	-	(199,648,062)	-	(199,648,062)
Total comprehensive income for the year		-	-	-	415,708,885	(160,045,206)	255,663,679	(1,917,165)	253,746,514
Non-controlling interests made additional invested in subsidiaries		-	-	-	-	-	-	141,225,000	141,225,000
Closing balance at 31 December 2017	<u>1,815,000,000</u>	<u>727,554,273</u>	<u>62,894,012</u>	<u>2,135,195,319</u>		<u>(122,052,836)</u>	<u>4,618,590,768</u>	<u>162,151,409</u>	<u>4,780,742,177</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 2017

	Separate financial statements					
	Notes	Issued and paid-up share capital Baht	Premium on ordinary share capital Baht	Retained earnings		Total Baht
				Appropriated - legal reserve Baht	Unappropriated Baht	
Opening balance at 1 January 2016		1,815,000,000	727,554,273	-	325,390,862	2,867,945,135
Change in equity for the year						
Appropriation of legal reserve	22	-	-	40,025,835	(40,025,835)	-
Dividends paid	29	-	-	-	(108,893,646)	(108,893,646)
Total comprehensive income for the year		-	-	-	475,125,849	475,125,849
Closing balance at 31 December 2016		<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>
Opening balance at 1 January 2017		1,815,000,000	727,554,273	40,025,835	651,597,230	3,234,177,338
Change in equity for the year						
Appropriation of legal reserve	22	-	-	10,868,177	(10,868,177)	-
Dividends paid	29	-	-	-	(199,648,053)	(199,648,053)
Total comprehensive income for the year		-	-	-	217,313,723	217,313,723
Closing balance at 31 December 2017		<u>1,815,000,000</u>	<u>727,554,273</u>	<u>50,894,012</u>	<u>658,394,723</u>	<u>3,251,843,008</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 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017 Baht	2016 Baht	2017 Baht	2016 Baht
Cash flows from operating activities					
Profit before income tax		416,843,713	647,130,265	219,579,638	505,021,996
Adjustments for:					
Depreciation	15	81,404,797	68,381,062	20,405,088	21,002,046
Amortisation	16	837,843	400,586	484,530	394,577
Share of profit from investments in jointly controlled entities	13.1	(586,956,733)	(575,922,977)	-	-
Provision for employee benefits obligations	20	3,895,076	1,625,771	3,895,076	1,625,771
Unrealised loss (gain) on exchange		(3,252,884)	47,273	129,916,369	49,457,098
Fair value loss (gain) on trading securities	9	675,160	(566,482)	675,160	(566,482)
Gain on disposal of trading securities	23	(8,649,867)	(1,344,553)	(8,649,867)	(1,344,553)
Write-off intangible assets	16	-	1,676,666	-	1,676,666
Loss from disposal/write-off property, plant and equipment		3,163,848	-	3,163,848	-
Loss from write-off withholding tax		494,059	-	76,204	-
Dividends income	30 a)	(41)	(41)	(451,500,080)	(441,950,080)
Interest income	23	(18,911,219)	(11,152,936)	(69,962,781)	(11,157,648)
Finance cost	25	112,497,729	59,935,251	148,751,520	28,105,352
		2,041,481	190,209,885	(3,165,295)	152,264,743
Changes in operating assets and liabilities					
Trade and other receivables		204,693,313	(222,888,682)	220,843,324	(210,780,413)
Value added tax refundable		(16,584,036)	(18,304,761)	742,014	823,712
Derivatives assets		(81,781,462)	-	(81,781,462)	-
Other current assets		(3,356,254)	6,799,862	(177,290)	978,092
Other non-current assets		(3,939,919)	2,295,576	(2,058,971)	1,620,141
Other payables		(207,140,087)	1,910,792	(16,799,755)	(216,375)
Other current liabilities		9,469,212	822,012	(1,513,683)	(244,470)
Benefit payment		(3,564,336)	-	(3,564,336)	-
Cash flows (used in) from operating activities		(100,162,088)	(39,155,316)	112,524,546	(55,554,570)
<u>Add</u> Income tax received		1,848,081	-	1,723,967	-
<u>Less</u> Income tax paid		(8,794,601)	(1,741,008)	(8,780,499)	(1,546,610)
Net cash (used in) from operating activities		(107,108,608)	(40,896,324)	105,468,014	(57,101,180)

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 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired	13.2	(4,097,762,928)	(115,807,467)	(1,073,275,386)	(614,575,150)
Payment to subscription payables	18	(179,635,000)	-	(179,635,000)	-
Decrease (increase) in restricted bank deposits		(40,650,522)	146,039,851	(8,860,152)	158,632,565
Purchase of short-term investments	9	(2,317,233,343)	(2,006,607,505)	(2,317,233,343)	(2,006,607,505)
Proceeds from disposals of short-term investments		3,996,101,228	810,359,298	3,996,101,228	810,359,298
Short-term loans made to third party		6,958,730	-	-	-
Short-term loans made to subsidiaries	30 c)	-	-	(2,450,286,600)	(710,757,523)
Short-term loan repayments received from subsidiaries	30 c)	-	-	502,963,001	33,574,789
Long-term loans made to subsidiaries	30 d)	-	-	(1,822,252,003)	-
Long-term loans to third party		-	(153,979)	-	(153,979)
Purchase of property, plant and equipment		(1,718,824,863)	(925,067,604)	(28,755,657)	(856,440)
Proceeds from disposals of equipment		8,763,416	-	8,748,354	-
Purchase of intangible asset		(17,749,262)	(11,765,856)	(2,058,379)	(2,621,830)
Interest received		9,420,715	10,356,670	14,089,685	9,977,032
Dividends received		411,250,074	358,750,066	415,700,073	358,750,066
Net cash used in investing activities		<u>(3,939,361,755)</u>	<u>(1,733,896,526)</u>	<u>(2,944,754,179)</u>	<u>(1,964,278,677)</u>
Cash flows from financing activities					
Proceeds from short-term loans from financial institutions, net of financial service fee	19.1	2,227,500,000	866,049,280	2,227,500,000	866,049,280
Repayment to short-term loans to financial institutions	19.1	(490,000,000)	(536,131,039)	(490,000,000)	(383,181,150)
Proceeds from short-term loan from subsidiary		-	-	-	45,000,000
Repayment to short-term loan from subsidiary		-	-	-	(22,500,000)
Repayment to finance lease liabilities		(4,404,112)	(4,775,304)	(4,404,112)	(4,775,304)
Proceeds from long-term borrowings, net of debt issuance cost		1,234,816,926	559,560,573	-	-
Repayment to long-term borrowings	19.3	(120,358,694)	(371,007,982)	-	(154,000,000)
Proceeds from issuance of debentures	19.4	947,862,500	2,044,875,000	947,862,500	2,044,875,000
Non-controlling interests made additional invested in subsidiaries		141,225,000	3,134	-	-
Dividends payment		(199,614,803)	(108,836,968)	(199,614,794)	(108,836,969)
Interest expenses and financial service fee		(171,997,193)	(48,895,706)	(107,040,411)	(5,389,101)
Net cash from financing activities		<u>3,565,029,624</u>	<u>2,400,840,988</u>	<u>2,374,303,183</u>	<u>2,277,241,756</u>
Net increase (decrease) in cash and cash equivalents		(481,440,739)	626,048,138	(464,982,982)	255,861,899
Cash and cash equivalents at beginning of the year		977,037,378	337,425,538	497,007,854	241,190,936
Exchange gain/loss on cash and cash equivalents		7,127,778	(44,981)	(1,838)	(44,981)
Effect of exchange rate changes on translation of financial statements		(77,972,111)	13,608,683	-	-
Cash and cash equivalents at end of the year		<u>424,752,306</u>	<u>977,037,378</u>	<u>32,023,034</u>	<u>497,007,854</u>
Non-cash transaction					
Material non-cash transactions are as follows:					
Payable arising from purchase of investment in subsidiary		-	179,635,000	50,249,985	179,635,000
Payable arising from construction and purchase of equipment		194,559,625	2,071,679	62,498	572,257
Share subscription receivables		-	-	174,499,985	-

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:

725 Metropolis Building, 19th Floor, Sukhumvit Rd., Klongton Nua, Wattana, 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 and biomass to government and private sector.

These consolidated and separate financial statements have been approved for issue by the Board of Directors on 28 February 2018.

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 Revised financial reporting standards, and related interpretations

2.2.1 Revised financial reporting standards and interpretations are effective on 1 January 2017 which are relevant and have a significant impact to the Group.

TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 38 (revised 2016)	Intangible assets
TFRS 11 (revised 2016)	Joint arrangements

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 (revised 2016) in addition to measurement at cost or at fair value (when announced) previously allowed. 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. This standard has no impact to the Group.

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations (Cont'd)

2.2.1 Revised financial reporting standards and interpretations are effective on 1 January 2017 which are relevant and have a significant impact to the Group. (Cont'd)

TAS 28 (revised 2016), the significant change is 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 perform a consolidation at the level of the investment entity associate or joint venture. This standard has no impact to the Group.

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. This standard has no impact to the Group.

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. This standard has no impact to the Group.

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Group. The Group has not yet adopted these revised standards.

TAS 7 (revised 2017)	Statement of cash Flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The Group's management assessed and considered that the above revised standards will not have a material impact on the Group except for disclosure.

2 Accounting policies (Cont'd)

2.3 New accounting policy

Accounting policy for financial instruments

The Company uses financial instruments to reduce risk from fluctuations of foreign currency and interest rates by establishing the rate which foreign currency asset and liability will be settled. Financial instruments comprise cross currency swap agreements and forward contracts which are recorded in the financial statements on the contract date. Foreign currency transactions are recorded as receivable and payable using average closing rate. Swap are recorded as swap receivable and payable on contract date using average closing date and translated at the end of the period. Unrealised gain or loss from translation is recognised in profit and loss, interest income or expenses from the agreement is recognized based on accrual basis.

2.4 Group accounting - investments in subsidiaries and in joint arrangements

(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.

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) 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.

2 Accounting policies (Cont'd)

2.4 Group accounting - investments in subsidiaries and in joint arrangements (Cont'd)

(3) 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.

List of joint ventures are disclosed in note 13.1.

(4) Separate financial statement

In the separate financial statements, investments in subsidiaries, associates and joint ventures 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.

2.5 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)

2.6 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.

2.7 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.

2.8 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.

2.9 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)

2.10 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.

2.11 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
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 2.13).

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 Accounting policies (Cont'd)

2.12 Intangible assets

2.12.1 Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

2.12.2 Right in Power Purchasing Agreement

Right in Power Purchasing Agreements ("PPAs") comprise of PPA for renewable energy (Biomass project) which the Group signed with Provincial Electricity Authority (PEA) and PPA for generating electricity from solar farm as specified in certification for power distribution granted by Ministry of Economy, Trade and Industry, Japan (METI Certificate). The Group acquired those PPAs from acquisition of subsidiaries. PPAs were amortised by using the straight-line method to allocate their cost to their residual values over their estimated useful lives, 15 years 4 months and 20 years, respectively. Amortisation starts when the Group start their commercial operation.

2.12.3 Right in use of land

Land for the location of The Electricity Generating Authority of Thailand Installed on the ground for government agencies and agricultural cooperatives that is a joint project between a subsidiary with a cooperative in Thailand. A subsidiary agreed to transfer the ownership in this plot of land to that cooperative by the end of the project. The Group remain the right to use such land over the agreement period. Right in use of land was amortised using straight-line method over the contractual period of 25 years.

2.13 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.

2.14 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 Accounting policies (Cont'd)

2.15 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.

2.16 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.

2.17 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 Company and its subsidiaries 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.

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 Accounting policies (Cont'd)

2.18 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. They are included in retained earnings in the statements of changes in equity / presented as a separate item in statements of changes in equity.

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

2.19 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.

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.

2.20 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 recognised as profit or loss systematically throughout the period. Moreover, the Group recognised expenses related to cost which is compensated.

2.21 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.

2 Accounting policies (Cont'd)

2.22 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.

2.23 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.

2.24 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 investments and borrowings were made in the same currency with future cash inflow.

The Company has granted loans denominated in Japanese Yen to its subsidiaries which expose the Company to a currency translation risk. The Company uses a cross currency and interest rate swap contract with a local commercial bank to hedge their exposure to foreign currency risk in connection with the risk.

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

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.

3.1.4 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 2017.

	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Assets				
Financial assets at fair value through profit or loss				
Trading securities (Note 9)	-	30,389,235	-	30,389,235

See disclosure of fair value of investment property, fair value of borrowings and fair value of financial instruments in notes 14, 19 and 11 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.

4.1 Critical accounting estimates and assumptions

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.

(b) Estimated impairment of assets

The Group tests whether asset has suffered any impairment, in accordance with the accounting policy stated in Note 2.13. 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, 7.15 instead of 6.50%), 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.

4 Critical accounting estimates and judgements (Cont'd)

4.1 Critical accounting estimates and assumptions (Cont'd)

(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.

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

Additional information of other key assumptions for retirement benefits obligations other is disclosed in note 20.

Were the discount rate used to differ by 0.5 % from management's estimates, the carrying amount of retirement benefits obligations would be an estimated Baht 0.40 million higher or Baht 0.34 million lower.

4.2 Critical judgements in applying the entity's accounting policies

Consolidation of entities in which the Group holds less than 50%.

Management consider that the Group has de facto control of Bangsawan Green Co., Ltd. even though it has less than 50% of the voting rights. However, the Group is the only shareholder who has the voting right.

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 19).

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. 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

	For the year ended 31 December (Million Baht)									
	Domestic		International		Total		Elimination		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue from operations	277.55	403.31	78.36	48.67	355.91	451.98	(87.60)	(14.78)	268.31	437.20
Dividend income	451.50	441.95	-	-	451.50	441.95	(451.50)	(441.95)	-	-
Cost of operations	(139.33)	(125.21)	(44.20)	(31.86)	(183.53)	(157.07)	6.29	7.56	(177.24)	(149.51)
Operating profit	589.72	720.05	34.16	16.81	623.88	736.86	(532.81)	(449.17)	91.07	287.69
Administrative expenses	(112.20)	(91.52)	(26.73)	(18.80)	(138.93)	(110.32)	3.97	-	(134.96)	(110.32)
Profit(loss)before finance cost, taxes, depreciation and amortisation	477.52	628.53	7.43	(1.99)	484.95	626.54	(528.84)	(449.17)	(43.89)	177.37
Depreciation and amortisation	(5.48)	(3.63)	-	-	(5.48)	(3.63)	-	-	(5.48)	(3.63)
Finance cost	(169.96)	(49.32)	(62.21)	(10.75)	(232.17)	(60.07)	119.67	0.14	(112.50)	(59.93)
Gain(loss) from exchange rate	(69.22)	(42.60)	(10.05)	-	(79.27)	(42.60)	71.03	-	(8.24)	(42.60)
Share of profit from investments in jointly controlled entity	586.96	575.92	-	-	586.96	575.92	-	-	586.96	575.92
Operating results before taxes	819.82	1,108.90	(64.83)	(12.74)	754.99	1,096.16	(338.14)	(449.03)	416.85	647.13
Income tax	(2.25)	(30.12)	(0.74)	0.15	(2.99)	(29.97)	-	-	(2.99)	(29.97)
Net profit (loss)	817.57	1,078.78	(65.57)	(12.59)	752.00	1,066.19	(338.14)	(449.03)	413.86	617.16
Total assets									12,218.44	8,374.87
Total liabilities									7,437.70	3,789.45

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7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Cash on hand	117,924	100,027	60,000	50,000
Cash at bank	424,634,382	976,937,351	31,963,034	496,957,854
	<u>424,752,306</u>	<u>977,037,378</u>	<u>32,023,034</u>	<u>497,007,854</u>

The average effective interest rate on short-term bank deposits was 0.4% per annum (2016: 0.4%).

8 Restricted bank deposits

Short-term restricted bank deposits comprise a reserve bank deposit of the Company which it has opened specifically for the repayments of principles and interests of debentures and pledged saving deposits, pledged deposits in current accounts of 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 of the Company to guarantee its electricity consumption, the pledged saving bank deposits of the subsidiaries for the specific purpose specified in the credit facility agreement, a fixed deposit of the Company pledged to the lender to guarantee the credit facilities of its two subsidiaries and a fixed deposit of one of the subsidiaries which the deposit is bound with a letter of guarantee in respect of certain performance bonds with Provincial Electricity Authority.

9 Short-term investments

The movements of short-term investments are as follows:

	Consolidated and separate financial statements		
	Trading securities Baht	Held-to-maturity due within 1 year Baht	Total Baht
At 1 January 2016	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	520,966,451	1,244,000,000	1,764,966,451
Additions	2,310,000,000	7,233,343	2,317,233,343
Disposals	(2,799,902,056)	(1,187,549,305)	(3,987,451,361)
Transfer out	-	(23,020,000)	(23,020,000)
Re-measuring of investments	(675,160)	-	(675,160)
At 31 December 2017	<u>30,389,235</u>	<u>40,664,038</u>	<u>71,053,273</u>

During 2017, the Company transferred a fixed deposit of Baht 23.02 million to restricted bank deposits to guarantee the credit facilities of its subsidiary.

At 31 December 2017, the summary of fair value of short-term investment is as follows:

	Consolidated and separate financial statements		
	Trading securities Baht	Held-to-maturity due within 1 year Baht	Total Baht
Investment in securities at cost	30,097,944	40,664,038	70,761,982
Changes in value of investments	291,291	-	291,291
	<u>30,389,235</u>	<u>40,664,038</u>	<u>71,053,273</u>

The fair value of investments are based on bid price in liquidity market as at financial statement date. The fair values are within level 2 of the fair value hierarchy.

10 Trade and other receivables

Trade and other receivables as at 31 December 2017 and 2016 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Trade accounts receivable	18,946,067	16,060,019	-	295
<u>Less</u> Provision for impairment of trade receivables	-	-	-	-
Total trade accounts receivable, net	18,946,067	16,060,019	-	295
Amounts due from and advances to related parties (Note 30 b)	3,676,881	225,261,791	90,317,119	266,163,955
Subscription receivables (Note 30 b)	-	-	174,499,990	-
Prepaid Expenses	14,344,448	7,490,441	2,524,886	2,530,416
Dividends receivable (Note 30 b)	119,000,021	78,750,014	119,000,021	83,200,013
Other receivables	15,898,621	3,667,963	14,382,726	3,141,332
Advance payment	19,091,168	18,764,047	16,881,456	18,065,200
Total other receivable	172,011,139	333,934,256	417,606,198	373,100,916
<u>Less</u> Provision for impairment of other receivables	-	-	-	-
Total other receivables, net	172,011,139	333,934,256	417,606,198	373,100,916
Total trade and other receivable	190,957,206	349,994,275	417,606,198	373,101,211

All outstanding trade accounts receivable are not yet due.

11 Derivative Assets

The Company has loaned to subsidiaries denominated in Japanese Yen and has entered into a cross currency and interest rate swap contract with the local commercial bank to hedge the exposure on foreign currency risk.

As at 31 December 2017 and 2016, net swap contract receivables are as follows:

	Consolidated and separate financial statements	
	31 December 2017 Baht	31 December 2016 Baht
Swap contract receivables	2,261,992,000	-
Swap contract payables	(2,180,210,538)	-
Net swap contract receivables	81,781,462	-

11 Derivative Assets (Cont'd)

Swap contracts in the financial statements as at 31 December 2017 and 2016, classified as follows:

	Consolidated and separate financial statements	
	31 December 2017 Baht	31 December 2016 Baht
Short-term derivative assets	10,194,000	-
Long-term derivative assets	71,587,462	-
Total swap contract receivables	<u>81,781,462</u>	<u>-</u>

Net fair values of swap contracts

As at 31 December 2017 and 2016, the net fair values of swap contracts are as follows:

	Consolidated and separate financial statements	
	Fair values	
	31 December 2017 Baht	31 December 2016 Baht
Contracts with positive fair values:	<u>82,303,085</u>	<u>-</u>

12 Other current assets

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Withholding tax deducted at sources	10,344,497	3,768,061	10,327,109	3,346,781
Input VAT undue	8,357,936	313,384	390,618	184,288
Others	254,796	4,942,956	196,460	225,500
	<u>18,957,229</u>	<u>9,024,401</u>	<u>10,914,187</u>	<u>3,756,569</u>

13 Investments in subsidiaries and investment in jointly controlled entities

13.1 Investment in jointly controlled entities

Movement in investments in jointly controlled entities

	Consolidated financial statements Baht	Separate financial statements Baht
For the year ended 31 December 2017		
Opening net book value	1,615,091,815	350,000,130
Share of profit	586,956,733	-
Dividends received	(451,500,039)	-
Closing net book value	<u>1,750,548,509</u>	<u>350,000,130</u>

Details of jointly controlled entities in 2017 and 2016 are as follows:

	Business	Country of incorporation	% Ownership interest 2016	Nature of the relationship	Measurement method
Jointly controlled entity directly held by the Company Thai Solar Renewable Co., Ltd.	Investment holdings	Thailand	60	Note 1	Equity
Jointly controlled entity held by Thai Solar Renewable Co., Ltd. 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.

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

13.1 Investment in jointly controlled entities (Cont'd)

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.

Summarised statement of financial positions

	Consolidated financial statements of Thai Solar Renewable Co., Ltd. As at 31 December	
	2017 Baht	2016 Baht
Current		
Cash and cash equivalents	2,281,196	1,314,018
Other current assets (excluding cash)	578,058,285	554,429,658
Total current assets	<u>580,339,481</u>	<u>555,743,676</u>
Current financial liabilities (excluding trade payables)	(537,750,000)	(537,750,000)
Other current liabilities (including trade payables)	(242,049,395)	(234,129,727)
Total current liabilities	<u>(779,799,395)</u>	<u>(771,879,727)</u>
Non-current		
Assets	5,377,680,138	5,706,471,224
Financial liabilities	(2,397,040,574)	(2,934,790,574)
Net assets	<u>2,781,179,650</u>	<u>2,555,544,599</u>

Summarised statement of comprehensive income

	Consolidated financial statements of Thai Solar Renewable Co., Ltd. For the year ended 31 December	
	2017 Baht	2016 Baht
Revenue from sales	476,376,575	479,801,801
Subsidy for adders	1,004,356,047	998,436,491
Cost of sales	(337,836,613)	(327,599,335)
Gross profit	1,142,896,009	1,150,638,957
Other income	74,863,474	37,997,587
Administrative expenses	(82,182,508)	(45,322,457)
Finance costs	(150,235,956)	(177,710,811)
Profit before income tax expense	985,341,019	965,603,276
Income tax	(7,079,798)	(5,731,647)
Profit from continuing operations after income tax	<u>978,261,221</u>	<u>959,871,629</u>

The information above reflects the amounts presented in the financial statements of the Jointly Controlled Entity (and not the Group's share of those amounts). Under equity method (Note 2.4), 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.

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

13.1 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.

	Thai Solar Renewable Co., Ltd.	
	For the year ended 31 December	
	2017	2016
	Baht	Baht
Summarised financial information		
Closing net assets	2,781,179,650	2,555,544,599
Reconciliation:		
The difference from restructuring business under common control	136,564,757	136,275,093
Non-controlling interests	(163,558)	-
Closing net assets after reconciliation	2,917,580,849	2,691,819,692
Interest in joint controlled entity (60%)	1,750,548,509	1,615,091,815
Carrying value	<u>1,750,548,509</u>	<u>1,615,091,815</u>

As at 31 December 2017, Thai Solar Renewable Company Limited has pledged share certificates of Siam Solar Energy 1 Company Limited, amounting to Baht 1,080 million (2016: 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 5,205 million (2016: Baht 5,436 million) and pledged bank deposits amounting to Baht 489 million (2016: Baht 461 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.

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

13.2 Investments in subsidiaries

Details of investments as at 31 December 2017 and 2016 are as follows:

	Business	Country of incorporation	Proportion of ordinary shares directly held by parent (%)		Proportion of shares held by non-controlling interests (%)	
			2017	2016	2017	2016
Subsidiaries directly held by the Company						
TSE Rooftop Co., Ltd.	Investment	Thailand	100	100	-	-
Solar Visible 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.	Production and distribution of electricity	Thailand	-	100	-	-
Clean Renewable Co., Ltd.	Production and distribution of electricity	Thailand	-	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	70	30	30
TSE Overseas Group Co., Ltd.	Investment	Thailand	100	-	-	-
Solar Community Co., Ltd.	Production and distribution of electricity	Thailand	100	-	-	-
World Solar Co., Ltd.	Production and distribution of electricity	Thailand	100	-	-	-
Thai Community Energy Co., Ltd.	Production and distribution of electricity	Thailand	100	-	-	-
Subsidiaries held by TSE Rooftop Co., Ltd.						
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	-	-
Subsidiaries held by Solar Visible Co., Ltd.						
Thai Community Energy Co., Ltd.	Production and distribution of electricity	Thailand	-	100	-	-
Sun Future Co., Ltd.	Production and distribution of electricity	Thailand	-	100	-	-
Solar Community Co., Ltd.	Production and distribution of electricity	Thailand	-	100	-	-
Subsidiaries held by Thai Community Energy Co., Ltd.						
Bangsawan Green Co., Ltd.	Production and distribution of electricity	Thailand	49	-	51	-
Sun Future Co., Ltd.	Production and distribution of electricity	Thailand	100	-	-	-
The Solar Earth Co., Ltd.	Production and distribution of electricity	Thailand	100	-	-	-
Clean Renewable Co., Ltd.	Production and distribution of electricity	Thailand	100	-	-	-

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

13.2 Investments in subsidiaries (Cont'd)

Details of investments as at 31 December 2017 and 2016 are as follows: (Cont'd)

	Business	Country of incorporation	Proportion of ordinary shares directly held by parent (%)		Proportion of shares held by non-controlling interests (%)	
			2017	2016	2017	2016
Subsidiaries held by TSE Group International. Pte. Ltd.						
Eco Solar Aizu GK	Production and distribution of electricity	Japan	97	97	3	3
Ishikawa Hanamizuki 1 GK	Production and distribution of electricity	Japan	97	97	3	3
Subsidiaries held by Solar Assets Pte. Ltd.						
Ibaraki Ushiku 1 GK	Land lease	Japan	100	100	-	-
Subsidiaries held by TSE Overseas Group Co., Ltd.						
Onikoube Solar Power Pte. Ltd.	Investment	Singapore	100	-	-	-
Solar Mountain Pte. Ltd.	Investment	Singapore	100	-	-	-
Subsidiaries held by Onikoube Solar Power Pte. Ltd.						
PurpleSol GK	Production and distribution of electricity	Japan	100	-	-	-
Subsidiaries held by Solar Mountain Pte. Ltd.						
SolarOne GK	Land lease	Japan	100	-	-	-

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

	Separate financial statements Baht
Opening net book amount	1,390,223,881
Acquisitions	1,073,275,386
Addition from restructuring	50,249,985
Reduction due to restructuring	(174,499,985)
Closing net book amount	<u>2,339,249,267</u>

During 2017, the Group restructured its investments by transferring shares of subsidiaries among the Group's companies at book value of investments. Details of transfers are as follows:

Subsidiaries	Transferors	Transferees	Investment amount Baht million
World Solar Co., Ltd.	TSE Rooftop Co., Ltd.	Thai Solar Energy Plc., Ltd.	0.25
Solar Community Co., Ltd.	Solar Visible Co., Ltd.	Thai Solar Energy Plc., Ltd.	25
Thai Community Energy Co., Ltd.	Solar Visible Co., Ltd.	Thai Solar Energy Plc., Ltd.	25
The Solar Earth Co., Ltd.	Thai Solar Energy Plc., Ltd.	Thai Community Energy Co., Ltd.	0.25
Clean Renewable Co., Ltd.	Thai Solar Energy Plc., Ltd.	Thai Community Energy Co., Ltd.	0.25
Bangsawan Green Co., Ltd.	Thai Solar Energy Plc., Ltd.	Thai Community Energy Co., Ltd.	174
Sun Future Co., Ltd.	Solar Visible Co., Ltd.	Thai Community Energy Co., Ltd.	0.25

Settlement of the proceeds is not yet made.

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

13.2 Investments in subsidiaries (Cont'd)

Additional investments under Thai Solar Energy Plc.

Investments in TSE Group International Pte. Ltd.

The Company made additional payments for the remaining called-up capital of TSE Group International Pte. Ltd. During the first quarter and the second quarter of 2017 amounting to Baht 96.16 million and Baht 123.40 million, respectively.

Investments in Solar Assets Pte. Ltd.

The Company made additional payments for the remaining called-up capital of Solar Assets Pte. Ltd. amounting to Baht 0.19 million during the first quarter.

Investments in TSE Overseas Group Co., Ltd.

On 20 March 2017, the Group has established TSE Overseas Group Co., Ltd. with the total investment of Baht 2.50 million for the purpose to support its international investment in renewable energy. The Company has the voting right of 100 percent in this company and has classified the investment in TSE Overseas Group Co., Ltd. as an investment in subsidiary.

In August 2017 and October 2017, the Company made payments to subscribe for the increase capital amounting to Baht 12.50 million and Baht 500 million, respectively.

Investments in Oscar Save The World Co., Ltd.

On 15 May 2017, the Company made payments for the share subscription payable in 2016 amounting to Baht 179.54 million and for the additional called-up during the second quarter of 2017 of Oscar Save The World Co., Ltd amounting to Baht 79.62 million.

On 16 May 2017, Oscar Save The World Co., Ltd increased its share capital from Baht 225 million to Baht 582 million and the Company made a payment amounting to Baht 249.90 million to subscribe for the increase capital.

Investments in Bangsawan Green Co., Ltd.

On 16 May 2017, Bangsawan Green Co., Ltd increased its share capital from Baht 165 million to Baht 174 million and the Company made a payment amounting to Baht 9 million on 12 June 2017 to subscribe for the increase capital.

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

13.2 Investments in subsidiaries (Cont'd)

Additional investments under TSE Group International Pte. Ltd.

Investments in Ishikawa Hanamizuki 1 GK

The Group made additional investments in Ishikawa Hanamizuki 1 GK totaling JPY 320 million during the second quarter of 2017. The form of investment follows the Godo Kaisha Agreement (GK agreement).

Additional investments under TSE Overseas Group Co., Ltd.

Investments in Onikoube Solar Power Pte. Ltd.

On 26 April 2017, the Group has established Onikoube Solar Power Pte. Ltd. for the purpose of supporting its investment in a solar power plant project in Japan and made a payment for the investment totalling Baht 4.89 million on 1 September 2017. The Group has the voting right of 100 percent in this company and classified the investment in Onikoube Solar Power Pte. Ltd. as subsidiary.

During 2017, the Group made the payment amounting to Baht 1,075.71 million to subscribe for the increase capital.

Investments in Solar Mountain Pte. Ltd.

On 26 April 2017, the Group has established Solar Mountain Pte. Ltd. for the purpose of land leasing for operation of solar power and made a payment for the investment totalling Baht 4.89 million on 1 September 2017. The Group has the voting right of 100 percent in this company and classified the investment in Solar Mountain Pte. Ltd. as subsidiary.

Additional investments under Onikoube Solar Power Pte. Ltd.

Investments in PurpleSol GK

During 2017, the Company and Onikoube Solar Power Pte. Ltd. acquired the ordinary shares of PurpleSol G.K. under the solar power plant project purchasing agreement for a consideration amounting to JPY 12,740 million, equivalent to Baht 3,776.77 million, and obtained the transfer of 100 percent of ordinary shares of PurpleSol G.K. on 3 October 2017. The purpose of the acquisition is to acquire certification to operate power plant granted by the Ministry of Economy, Trade and Industry of Japan (METI Certificate). Management has determined applying the framework provided in TFRS No. 3 (revised 2016) Business combination, that in substance, this investment is an acquisition of asset being METI Certificate.

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

13.2 Investments in subsidiaries (Cont'd)

Additional investments under Onikoube Solar Power Pte. Ltd. (Cont'd)

Investments in PurpleSol GK (Cont'd)

Details of acquisition are as follows:

Consideration at 3 October 2017	Baht
Cash	3,776,766,630
Recognised amounts of identifiable assets acquired and liabilities assumed	Baht
Cash and cash equivalents	1
Account and other receivables	3,558
Construction in progress	113,753,459
Construction and other payables	(48,025)
Net fair value	113,708,993
Intangible assets: Power Purchase Agreements	3,663,057,637
Total identifiable net assets	3,776,766,630

Additional investments under Solar Mountain Pte. Ltd.

Investments in SolarOne GK

During 2017, the subsidiary has acquired the ordinary shares of SolarOne G.K. under the solar power plant project purchasing agreement for a consideration amounting to JPY 1,083 million or Baht 321.05 million and obtained the transfer of 100 percent of ordinary shares of SolarOne G.K. The purpose of the acquisition is to obtain land to operate the aforementioned solar power plant project thereon. Management has determined that in substance, this investment is an acquisition of asset being the plot of land.

Details of acquisition are as follows:

Consideration at 3 October 2017	Baht
Cash	321,054,809
Recognised amounts of identifiable assets acquired and liabilities assumed	Baht
Cash and cash equivalents	58,510
Account and other receivables	1,897
Construction in progress	322,183,609
Construction and other payables	(1,189,207)
Net fair value	321,054,809
Total identifiable net assets	321,054,809

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

13.2 Investments in 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 material non-controlling interests being Oscar Save The World Co., Ltd.

Summarised statement of financial position

	Oscar Save The World Co., Ltd.	
	As at 31 December 2017 Baht	As at 31 December 2016 Baht
Current		
Assets	162,855,480	29,933,072
Liabilities	(157,695,782)	(281,193,889)
Total current net assets	5,159,698	(251,260,817)
Non-current		
Assets	1,054,340,799	327,242,398
Liabilities	(519,698,163)	-
Total non-current net assets	534,642,636	327,242,398
Net assets	539,802,334	75,981,581

Summarised statement of comprehensive income

	Oscar Save The World Co., Ltd.	
	For the year ended 31 December 2017 Baht	For the period from 26 August to 31 December 2016 Baht
Revenue	970,753	644,278
Net loss	(6,929,247)	(1,394,745)
Other comprehensive income	-	-
Total comprehensive expense	(6,929,247)	(1,394,745)
Total comprehensive expense allocated to non-controlling interests	(2,078,774)	(418,423)
Dividends paid to non-controlling interests	-	-

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

13.2 Investments in subsidiaries (Cont'd)

Summarised statement of cash flows

	Oscar Save The World Co., Ltd.	
	For the year ended 31 December 2017 Baht	For the period from 26 August to 31 December 2016 Baht
Cash flow from operating activities		
Net cash (used in) generated from operating activities	(153,003,001)	12,933,794
Net cash used in investing activities	(695,044,421)	(58,095,911)
Net cash generated from financing activities	946,075,803	44,000,000
Net increase (decrease) in cash and cash equivalents	98,028,381	(1,162,117)
Cash and cash equivalents at beginning of year	3,030,416	4,192,533
Cash and cash equivalents at end of year	<u>101,058,797</u>	<u>3,030,416</u>

14 Investment property

	Consolidated and Separate financial statements	
	2017 Baht	2016 Baht
Cost	108,614,923	108,614,923
<u>Less</u> Provision for impairment	<u>(20,215,318)</u>	<u>(20,215,318)</u>
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>

There is no movement in investment property during 2017.

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	
	2017 Baht	2016 Baht
Rental income	418,500	418,500
Direct operating expense relating to rental income	6,612	6,612
Operating expense not relating to rental income	7,898	8,076

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15 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	
At 1 January 2016									
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)
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
Year ended 31 December 2016									
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	-	4,039,923	-	9,809,013	725,008	-	865,228,707	949,248,460
Disposals/write-off, net	-	-	(787,000)	-	-	-	-	-	(787,000)
Transfer-in (out)	-	-	529,552,883	-	-	-	-	(545,056,340)	(15,503,457)
Depreciation charge	-	(60,511)	(64,081,719)	(225,307)	(549,253)	(1,171,387)	(2,292,885)	-	(68,381,062)
Closing net book amount	250,211,940	1,834,953	1,697,236,193	6,528,367	10,506,772	4,898,754	13,520,452	865,754,588	2,850,492,019
At 31 December 2016									
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)
Net book amount	250,211,940	1,834,953	1,697,236,193	6,528,367	10,506,772	4,898,754	13,520,452	865,754,588	2,850,492,019

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15 Property, plant and equipment (Cont'd)

	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	
Year ended 31 December 2017									
Opening net book amount	250,211,940	1,834,953	1,697,236,193	6,528,367	10,506,772	4,898,754	13,520,452	865,754,588	2,850,492,019
Exchange differences	(14,163,766)	-	(30,972,023)	-	-	-	-	(74,439,960)	(119,575,749)
Acquisition of subsidiaries (Note 13.2)	322,183,609	-	-	-	-	-	-	113,753,459	435,937,068
Additions	5,621,179	-	85,500	-	724,725	1,050,699	39,089,245	2,034,859,276	2,081,430,624
Disposals/write-off, net	-	-	-	-	(15,082)	(56)	(11,912,126)	-	(11,927,264)
Transfer-in (out)	-	-	38,829,898	-	226,361	(175,693)	-	(40,732,636)	(1,852,070)
Depreciation charge	-	(60,352)	(74,935,770)	(224,715)	(1,420,141)	(2,467,962)	(2,295,857)	-	(81,404,797)
Closing net book amount	563,852,962	1,774,601	1,630,243,798	6,303,652	10,022,635	3,305,742	38,401,714	2,899,194,727	5,153,099,831
At 31 December 2017									
Cost	563,852,962	3,141,059	2,139,096,614	11,206,916	13,319,317	10,405,613	39,796,007	2,899,194,727	5,680,013,215
Less Accumulated depreciation	-	(484,444)	(263,533,863)	(1,743,803)	(3,054,582)	(6,990,307)	(1,189,807)	-	(276,996,806)
Less Provision for impairment	-	(882,014)	(245,318,953)	(3,159,461)	(242,100)	(109,564)	(204,486)	-	(249,916,578)
Net book amount	563,852,962	1,774,601	1,630,243,798	6,303,652	10,022,635	3,305,742	38,401,714	2,899,194,727	5,153,099,831

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15 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
At 1 January 2016									
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	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
Year ended 31 December 2016									
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)
Closing net book amount	37,552,064	1,834,953	507,933,005	6,528,367	826,578	2,659,512	13,520,452	11,604,513	582,459,444
At 31 December 2016									
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)
Net book amount	37,552,064	1,834,953	507,933,005	6,528,367	826,578	2,659,512	13,520,452	11,604,513	582,459,444
Year ended 31 December 2017									
Opening net book amount	37,552,064	1,834,953	507,933,005	6,528,367	826,578	2,659,512	13,520,452	11,604,513	582,459,444
Additions	-	-	-	-	215,999	1,042,353	22,760,760	20,643,364	44,662,476
Disposals/write-off, net	-	-	-	-	(20)	(56)	(11,912,126)	-	(11,912,202)
Depreciation charge	-	(60,352)	(16,850,775)	(224,715)	(298,024)	(1,044,599)	(1,926,623)	-	(20,405,088)
Closing net book amount	37,552,064	1,774,601	491,082,230	6,303,652	744,533	2,657,210	22,442,463	32,247,877	594,804,630
At 31 December 2017									
Cost	37,552,064	3,141,059	872,007,952	11,206,916	2,594,244	8,188,508	23,467,522	32,247,877	990,406,142
<u>Less</u> Accumulated depreciation	-	(484,444)	(135,606,769)	(1,743,803)	(1,607,611)	(5,421,734)	(820,573)	-	(145,684,934)
<u>Less</u> Provision for impairment	-	(882,014)	(245,318,953)	(3,159,461)	(242,100)	(109,564)	(204,486)	-	(249,916,578)
Net book amount	37,552,064	1,774,601	491,082,230	6,303,652	744,533	2,657,210	22,442,463	32,247,877	594,804,630

15 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 capitalised and included as "Additions" for Baht 34.13 million (2016: Baht 12.23 million). The Group used the capitalisation rates of 1.25% to 6.00% per annum (2016: 2.91% to 6.00% per annum) to calculate the borrowing costs for the capitalisation. The capitalisation 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	
	2017 Baht million	2016 Baht million	2017 Baht million	2016 Baht million
Cost of sales and services	76.42	64.75	17.21	17.48
Administrative expense	4.98	3.63	3.20	3.52
	<u>81.40</u>	<u>68.38</u>	<u>20.41</u>	<u>21.00</u>

A provision for impairment of a thermal power plant amounting to Baht 249.92 million (2016: Baht 250 million) has been provided 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	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Cost of assets under the finance lease	22,760,759	20,526,000	22,760,759	20,526,000
<u>Less</u> Accumulated depreciation	<u>(371,334)</u>	<u>(7,143,302)</u>	<u>(371,334)</u>	<u>(7,143,302)</u>
Net book amount	<u>22,389,425</u>	<u>13,382,698</u>	<u>22,389,425</u>	<u>13,382,698</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	
		2017	2016	2017	2016
Power plants	Baht	787,915,670	367,177,258	-	-
Power plants	USD	457,023	1,523,000	-	-
Power plants	Yen	4,544,111,562	5,125,808,653	-	-
Machinery	Euro	51,503	51,503	51,503	51,503

The subsidiaries have pledged assets with the net book value amounting to Baht 3,680 million (2016: Baht 1,574 million) as collaterals for credit facilities which they received from the commercial bank.

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16 Intangible assets

	Consolidated financial statements					
	Software Baht	Power purchase agreement Baht	Right to use - land Baht	Right to use- transmission line Baht	Construction in progress Baht	Total Baht
At 1 January 2016						
Cost	2,518,682	-	-	-	2,148,666	4,667,348
<u>Less</u> Accumulated amortisation	(1,045,968)	-	-	-	-	(1,045,968)
Net book amount	1,472,714	-	-	-	2,148,666	3,621,380
Year ended 31 December 2016						
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)
Closing net book amount	1,313,958	472,231,571	9,144,026	-	2,852,000	485,541,555
At 31 December 2016						
Cost	2,760,512	472,231,571	9,144,026	-	2,852,000	486,988,109
Accumulated amortisation	(1,446,554)	-	-	-	-	(1,446,554)
Net book amount	1,313,958	472,231,571	9,144,026	-	2,852,000	485,541,555
Year ended 31 December 2017						
Opening net book amount	1,313,958	472,231,571	9,144,026	-	2,852,000	485,541,555
Exchange differences	-	(82,089,946)	-	-	-	(82,089,946)
Additions	706,159	46,317,008	-	15,690,883	1,249,500	63,963,550
Acquisition of a subsidiary (Note 13.2)	-	3,663,057,637	-	-	-	3,663,057,637
Amortisation charge	(490,518)	-	(347,325)	-	-	(837,843)
Closing net book amount	1,529,599	4,099,516,270	8,796,701	15,690,883	4,101,500	4,129,634,953
At 31 December 2017						
Cost	3,466,671	4,099,516,270	9,144,026	15,690,883	4,101,500	4,131,919,350
<u>Less</u> accumulated amortisation	(1,937,072)	-	(347,325)	-	-	(2,284,397)
Net book amount	1,529,599	4,099,516,270	8,796,701	15,690,883	4,101,500	4,129,634,953

16 Intangible assets (Cont'd)

	Separate financial statements		
	Computer software Baht	Construction in progress Baht	Total Baht
At 1 January 2016			
Cost	2,488,722	2,148,666	4,637,388
<u>Less</u> 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>
Year ended 31 December 2016			
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>
At 31 December 2016			
Cost	2,730,552	2,852,000	5,582,552
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>
Year ended 31 December 2017			
Opening net book amount	1,303,484	2,852,000	4,155,484
Additions	706,159	1,249,500	1,955,659
Amortisation charge	(484,530)	-	(484,530)
Closing net book amount	<u>1,525,113</u>	<u>4,101,500</u>	<u>5,626,613</u>
At 31 December 2017			
Cost	3,436,711	4,101,500	7,538,211
<u>Less</u> accumulated amortisation	(1,911,598)	-	(1,911,598)
Net book amount	<u>1,525,113</u>	<u>4,101,500</u>	<u>5,626,613</u>

Borrowing costs incurring from the borrowings specifically for arranging the power purchase agreement to its intended use were capitalised and included as "Additions" for Baht 46.32 million (2016: nil). The Group used the capitalisation rates of 4.23% to 5.57% per annum (2016: nil) to calculate the borrowing costs for the capitalisation. The capitalisation rate is the actual rate of the borrowings which were used for arranging the power purchase agreement to its intended use.

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

	Consolidated financial statements		Separate financial statements	
	2017 Baht million	2016 Baht million	2017 Baht million	2016 Baht million
Cost of sales and services	0.35	-	-	-
Administrative expense	0.49	0.40	0.48	0.39
	<u>0.84</u>	<u>0.40</u>	<u>0.48</u>	<u>0.39</u>

17 Deferred income taxes

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

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Deferred tax assets:				
Deferred tax asset to be recovered within 12 months	36,249,760	-	36,249,760	-
Deferred tax asset to be recovered after more than 12 months	43,359,403	78,445,578	41,279,259	76,401,961
	<u>79,609,163</u>	<u>78,445,578</u>	<u>77,529,019</u>	<u>76,401,961</u>
Deferred tax liabilities:				
Deferred tax liabilities to be recovered within 12 month	(3,874,602)	(386,516)	(3,874,602)	(386,516)
Deferred tax asset to be recovered after more than 12 month	(2,031,899)	(2,066,901)	(480,110)	(638,484)
	<u>(5,906,501)</u>	<u>(2,453,417)</u>	<u>(4,355,712)</u>	<u>(1,025,000)</u>
Deferred taxes - net	<u>73,702,662</u>	<u>76,002,161</u>	<u>73,173,307</u>	<u>75,376,961</u>

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

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
At 1 January	76,002,161	105,985,368	75,376,961	105,273,108
Charged/(credited) to profit or loss	(2,309,022)	(29,974,006)	(2,216,106)	(29,896,147)
Charged/(credited) directly to equity	12,452	-	12,452	-
Exchange differences	(2,929)	(9,201)	-	-
At 31 December	<u>73,702,662</u>	<u>76,002,161</u>	<u>73,173,307</u>	<u>75,376,961</u>

17 Deferred income taxes (Cont'd)

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

	Consolidated financial statements			
	Tax losses Baht	Retirement benefits Baht	Others Baht	Total Baht
Deferred tax assets				
At 1 January 2017	75,405,201	1,136,551	1,913,826	78,455,578
Charged/(credited) to profit or loss	909,409	66,149	179,802	1,155,360
Charged/(credited) directly to equity	-	12,452	-	12,452
Exchange differences	(743)	-	(13,484)	(14,227)
At 31 December 2017	<u>76,313,867</u>	<u>1,215,152</u>	<u>2,080,144</u>	<u>79,609,163</u>
At 1 January 2016	104,461,710	811,397	712,261	105,985,368
Charged/(credited) to profit or loss	(29,046,959)	325,154	1,205,963	(27,515,842)
Exchange differences	(9,550)	-	(4,398)	(13,948)
At 31 December 2016	<u>75,405,201</u>	<u>1,136,551</u>	<u>1,913,826</u>	<u>78,455,578</u>
	Consolidated financial statements			
	Deferred debt issuance Baht	Depreciation expense of Power plant Baht	Other Baht	Total Baht
Deferred tax liabilities				
At 1 January 2017	(1,025,000)	(3,675,048)	2,246,631	(2,453,417)
Charged/(credited) to profit or loss	(3,330,712)	(3,527,283)	3,393,613	(3,464,382)
Exchange differences	-	326,563	(315,265)	11,298
At 31 December 2017	<u>(4,355,712)</u>	<u>(6,875,768)</u>	<u>5,324,979</u>	<u>(5,906,501)</u>
At 1 January 2016	-	-	-	-
Charged/(credited) to profit or loss	(1,025,000)	(3,833,276)	2,400,112	(2,458,164)
Exchange differences	-	158,228	(153,481)	4,747
At 31 December 2016	<u>(1,025,000)</u>	<u>(3,675,048)</u>	<u>2,246,631</u>	<u>(2,453,417)</u>

17 Deferred income taxes (Cont'd)

The movement in deferred tax assets and liabilities during the year are as follows: (Cont'd)

	Separate financial statements		
	Tax losses Baht	Retirement benefits Baht	Total Baht
Deferred tax assets			
At 1 January 2017	75,265,410	1,136,551	76,401,961
Charged/(credited) to profit or loss	1,048,457	66,149	1,114,606
Charged/(credited) directly to equity	-	12,452	12,452
At 31 December 2017	<u>76,313,867</u>	<u>1,215,152</u>	<u>77,529,019</u>
At 1 January 2016	104,461,711	811,397	105,273,108
Charged/(credited) to profit or loss	<u>(29,196,301)</u>	<u>325,154</u>	<u>(28,871,147)</u>
At 31 December 2016	<u>75,265,410</u>	<u>1,136,551</u>	<u>76,401,961</u>

	Separate financial statements	
	Deferred debt issuance cost Baht	Total Baht
Deferred tax liabilities		
At 1 January 2017	(1,025,000)	(1,025,000)
Charged/(credited) to profit or loss	<u>(3,330,712)</u>	<u>(3,330,712)</u>
At 31 December 2017	<u>(4,355,712)</u>	<u>(4,355,712)</u>
At 1 January 2016	-	-
Charged/(credited) to profit or loss	<u>(1,025,000)</u>	<u>(1,025,000)</u>
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	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
At 31 December				
Deferred income tax assets	73,702,662	76,002,161	73,173,307	75,376,961
Deferred income tax liabilities	-	-	-	-
Deferred income tax, net	<u>73,702,662</u>	<u>76,002,161</u>	<u>73,173,307</u>	<u>75,376,961</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 57.40 million (2016: Baht 45.24 million) in respect of losses carry forward amounting to Baht 287 million (2016: Baht 226 million).

17 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
2018	8,758,469	-
2019	127,190,640	115,911,340
2020	88,068,608	76,722,994
2021	62,981,427	53,390,602
	<u>286,999,144</u>	<u>246,024,936</u>

18 Construction and other payables

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Amounts due to related parties (Note 30 b)	702,187	229,260,000	-	-
Construction payables and retention guarantee	194,559,625	2,787,111	62,498	572,257
Other payables	14,873,570	5,758,345	5,998,955	2,223,238
Subscription payables (Note 30 b)	-	179,635,000	50,249,985	179,635,000
Accrued expenses	59,350,988	33,410,471	29,106,562	16,753,209
	<u>269,486,370</u>	<u>450,850,927</u>	<u>85,418,000</u>	<u>199,183,704</u>

19 Borrowings

19.1 Short-term borrowings from financial institutions

	Consolidated and Separate financial statements	
	2017 Baht	2016 Baht
Short-term borrowings from financial institutions	2,233,047,945	488,996,539

Movements in short-term borrowings from financial institutions for the years ended 31 December 2017 and 2016 are analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Opening amount as at 1 January	488,996,539	152,949,889	488,996,539	-
Additions	2,250,000,000	873,181,150	2,250,000,000	873,181,150
Repayment of borrowings	(490,000,000)	(536,131,039)	(490,000,000)	(383,181,150)
Financial service fee	(22,500,000)	-	(22,500,000)	-
Amortisation of financial service fee	5,547,945	-	5,547,945	-
Discount on note payables	-	(7,131,870)	-	(7,131,870)
Amortisation of discount on note payables	1,003,461	6,128,409	1,003,461	6,128,409
Closing amount as at 31 December	<u>2,233,047,945</u>	<u>488,996,539</u>	<u>2,233,047,945</u>	<u>488,996,539</u>

The short-term borrowings from financial institution are secured by the pledge of shares of subsidiaries and the right to received dividends from subsidiaries and jointly controlled entity.

19 Borrowings (Cont'd)

19.2 Finance lease liabilities

The present value of finance lease liabilities is as follows:

	Consolidated and Separate financial statements	
	2017 Baht	2016 Baht
Not later than 1 year	2,523,423	3,828,454
Later than 1 year but not later than 5 years	10,599,556	-
	<u>13,122,979</u>	<u>3,828,454</u>

19.3 Long-term borrowings from financial institutions

	Consolidated and Separate financial statements	
	2017 Baht	2016 Baht
Current portion of long-term borrowings	57,186,730	61,663,353
Long-term borrowings payable between 1 to 5 years	1,040,655,504	347,344,551
Long-term borrowings payable more than 5 years	805,445,623	381,426,256
	<u>1,903,287,857</u>	<u>790,434,160</u>

The long-term borrowings are secured by the pledge and the assignment of rights over the Group's bank deposits, land with construction thereon, machinery, the assignment of rights under all project agreements and 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 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 any other entities and maintenance of certain debt to equity and debt service coverage ratios.

Movements in long-term borrowings from financial institutions for the years ended 31 December 2017 and 2016 are analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Opening amount as at 1 January	790,434,160	600,429,452	-	152,988,637
Additions	1,274,479,236	559,881,275	-	-
Repayment of borrowings	(120,358,694)	(371,007,982)	-	(154,000,000)
Financial service fee	(43,299,015)	(320,702)	-	-
Amortisation of financial service fee	2,032,170	1,452,117	-	1,011,363
Closing amount as at 31 December	<u>1,903,287,857</u>	<u>790,434,160</u>	-	-

19 Borrowings (Cont'd)

19.3 Long-term borrowings from financial institutions (Cont'd)

The contractual interest rates of the long-term borrowings at the statement of financial position date are as follows :

	Consolidated financial statements	
	31 December 2017 %	31 December 2016 %
Long-term loans for the construction of solar power plants	MLR - 1.5 TIBOR + 2.85 TIBOR+1.22	MLR - 1.5 MLR - 2 TIBOR+2.85
Long-term loans for the construction of biomass power plants	4.75	-

19.4 Debentures

	Consolidated and Separate financial statements	
	2017 Baht	2016 Baht
Current portion of debentures	-	-
Debentures payable between 1 to 5 years	2,995,173,493	2,044,875,000
Total	<u>2,995,173,493</u>	<u>2,044,875,000</u>

Movements in debentures for the year ended 31 December 2017 and 2016 are analysed as follows:

	Consolidated and Separate financial statements	
	2017 Baht	2016 Baht
Opening amount as at 1 January	2,044,875,000	-
Issuance of debentures	950,000,000	2,050,000,000
Deferred issuance cost	(2,137,500)	(5,125,000)
Amortisation of issuance cost	2,435,993	-
Closing amount as at 31 December	<u>2,995,173,493</u>	<u>2,044,875,000</u>

19 Borrowings (Cont'd)

19.4 Debentures (Cont'd)

2017

On 5 April 2017, the Company issued name-registered certificate of unsubordinated and unsecured bonds totalling 950,000 units with the fixed interest of 4.50% 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 950 million.

2016

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 million.

19.5 Fair value

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

	Consolidated financial statements			
	Carrying amounts		Fair value	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Long-term borrowings	1,903,287,857	790,434,160	1,821,525,742	680,919,693
Debentures	2,995,173,493	2,044,875,000	3,014,102,581	2,045,057,450
	Separate financial statements			
	Carrying amounts		Fair value	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Debentures	2,995,173,493	2,044,875,000	3,014,102,581	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 1.87% - 4.84% (2016: 2.91% - 4.78%) and are within level 2 of the fair value hierarchy.

19.6 Interest rates

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Bank borrowings	1.87% - 4.84%	2.91% - 4.78%	-	-
Financial lease liabilities	3.76%	2.35% - 2.45%	3.76%	2.35% - 2.45%
Bonds	4.23% - 4.58%	4.29%	4.23% - 4.58%	4.29%

20 Employee benefit obligations

	Consolidated and Separate financial statements	
	2017 Baht	2016 Baht
Statement of financial position:		
Retirement benefits		
Liability in the statement of financial position	6,075,757	5,682,756
Profit or loss charge included in operating profit for:		
Retirement benefits	3,895,076	1,625,771
Remeasurement for:		
Retirement benefits	62,261	-

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

	Consolidated and Separate financial statements	
	2017 Baht	2016 Baht
At 1 January	5,682,756	4,056,985
Current service cost	1,610,694	1,494,327
Past service cost	2,100,262	-
Interest expense	184,120	131,444
Remeasurements:		
Gain from change in demographic assumptions	(744,700)	-
Loss from change in financial assumptions	398,821	-
Experience loss	408,140	-
Payment from plan:		
Benefit payment	(3,564,336)	-
At 31 December	6,075,757	5,682,756

The principal actuarial assumptions used were as follows:

	Consolidated and Separate financial statements	
	2017 %	2016 %
Discount rate	2.72	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			
	2017	2016	Increase in assumption		Decrease in assumption	
			2017	2016	2017	2016
Discount rate	0.50%	0.50%	Decrease by 5.63%	Decrease by 5.47%	Increase by 6.58%	Increase by 5.88%
Salary growth rate	0.50%	0.50%	Increase by 6.42%	Increase by 5.81%	Decrease by 5.62%	Decrease by 5.45%

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.

20 Employee benefit obligations (Cont'd)

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 25.20 years.

21 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 2017	1,815,000,000	1,815,000,000	1,815,000,000	727,554,273	2,542,554,273
Register new ordinary shares	544,500,000	-	-	-	544,500,000
At 31 December 2017	<u>2,359,500,000</u>	<u>1,815,000,000</u>	<u>1,815,000,000</u>	<u>727,554,273</u>	<u>2,542,554,273</u>

On 11 May 2017, the shareholders at the Extraordinary Shareholders' Meeting passed a resolution to authorise and register 544,500,000 new ordinary shares with a par value of Baht 1 per share.

At 31 December 2017, the total authorised number of ordinary shares is 2,359,500,000 shares (2016: 1,815,000,000 shares) with a par value of Baht 1 per share (2016: Baht 1 per share). 1,815,000,000 shares are issued and fully paid (2016: 1,815,000,000 shares).

22 Legal reserve

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
At 1 January	46,825,835	-	40,025,835	-
Appropriation during the year	16,068,177	46,825,835	10,868,177	40,025,835
At 31 December	<u>62,894,012</u>	<u>46,825,835</u>	<u>50,894,012</u>	<u>40,025,835</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.

23 Other income

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Rental income	1,213,693	1,210,156	1,210,155	1,210,156
Service income	239,770	739,770	239,770	739,770
Interest income	18,911,219	11,152,936	69,962,781	11,157,648
Realised gain on disposal of trading securities	8,649,867	1,344,553	8,649,867	1,344,553
Other income	10,290,212	1,030,168	6,597,362	695,736
	<u>39,304,761</u>	<u>15,477,583</u>	<u>86,659,935</u>	<u>15,147,863</u>

24 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	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Salary ,wages and employees benefits	108,022,470	80,469,585	96,928,907	80,469,585
Depreciation	81,404,797	68,381,062	20,405,088	21,002,046
Loss on exchange rate	8,244,402	42,602,886	52,098,877	42,528,875
Loss from disposals	3,163,848	-	3,163,848	-
Professional fees	43,975,050	36,818,350	23,615,804	18,446,698
Operation and maintenance of power plants	1,957,309	7,684,778	140,856	600,798

25 Finance costs

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Interest on bank borrowings	103,811,498	51,519,129	140,645,744	27,093,989
Financial service fees	8,564,394	8,224,286	7,983,939	1,011,363
Others	121,837	191,836	121,837	-
	<u>112,497,729</u>	<u>59,935,251</u>	<u>148,751,520</u>	<u>28,105,352</u>

26 Income tax

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Current tax on profits for the year	676,311	(2,154)	-	-
Deferred tax (Note 17)	2,309,022	29,974,006	2,216,106	29,896,147
	<u>2,985,333</u>	<u>29,971,852</u>	<u>2,216,106</u>	<u>29,896,147</u>

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26 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	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Profit before tax	416,843,713	647,130,265	219,579,638	505,021,996
Tax calculated at a tax rate of 17% and 20% (2016: 17% and 20%)	83,368,743	129,426,053	43,915,928	101,004,399
Tax effect of:				
Foreign tax rate difference	(1,706,211)	2,548,891	-	-
Jointly controlled entities' results reported net of tax	(117,391,346)	(115,184,595)	-	-
Tax exemption for income under BOI	(6,819,329)	(5,410,802)	-	-
Income subject to tax	8,533,585	8,406,944	8,447,441	8,284,577
Income not subject to tax	(8)	(8)	(90,300,016)	(88,390,016)
Expenses not deductible for tax purpose	2,825,480	3,024,099	688,345	1,219,061
Expense deducted at greater amount	(4,323,993)	(5,548,065)	(2,620,108)	(2,900,243)
Tax losses for which no deferred income tax asset was recognised	46,002,175	11,291,904	42,084,516	10,678,639
Utilisation of previously unrecognised tax losses	(273,432)	(73,424)	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	92,916	77,859	-	-
Unrealised (loss) gain from intercompany transactions	(10,735,669)	1,415,150	-	-
Adjustment in respect of prior periods	-	(2,154)	-	-
Tax charge	<u>2,985,333</u>	<u>29,971,852</u>	<u>2,216,106</u>	<u>29,896,147</u>

27 Promotional privileges

The Group is granted with 29 certificates of promotional privileges from the Board of Investment for the production of electricity generated from solar power and biomass, the privilege include an exemption of import duty on imported machinery, an exemption for corporate income tax for a period of 8 years from the date the promoted operation commenced generating revenue (the commercial operation date).

The Group's operating revenue from sales and subsidy for adders as per the statements of comprehensive income for the years ended 31 December 2017 and 2016 wholly derive from promoted operations.

28 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 21).

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net profit attributable to ordinary shareholders of the company (Baht)	415,758,694	617,628,000	217,363,532	475,125,849
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)	0.23	0.34	0.12	0.26

There are no potential dilutive ordinary shares issuing during 2017 and 2016.

29 Dividends

2017

On 19 April 2017, the Annual General Meeting of Shareholders approved a dividend payment in respect of operating results for the year 2016 to shareholders at Baht 0.11 per share, totaling Baht 199.65 million. The dividends were paid on 17 May 2017.

2016

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 108.89 million. The dividends were paid on 25 May 2016.

30 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 13.

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	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Subsidiaries				
Management service income	-	-	25,603,911	12,346,856
Operation and maintenance income	-	-	1,680,000	1,680,000
Service income	-	-	52,028	500,000
	-	-	27,335,939	14,526,856
Jointly Controlled Entity				
Management service income	40,581,509	38,649,056	40,581,509	38,649,056
Rental income	432,000	432,000	432,000	432,000
Dividends income	41	41	451,500,080	441,950,080
	41,013,550	39,081,097	492,513,589	481,031,136
Related parties				
Management service income	-	221,760,000	-	221,760,000
Rental income	277,889	277,889	277,889	277,889
Service income	185,259	185,259	185,259	185,259
Other income	30,521	28,180	30,521	28,180
	493,669	222,251,328	493,669	222,251,328

30 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	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Amounts due from and advances to related parties (Note 10)				
Subsidiaries	-	-	89,640,238	40,902,164
Jointly controlled entities	3,676,881	3,501,791	3,676,881	3,501,791
Related parties	-	221,760,000	-	221,760,000
	<u>3,676,881</u>	<u>225,261,791</u>	<u>90,317,119</u>	<u>266,163,955</u>
Dividends receivable (Note 10)				
Subsidiaries	-	-	-	4,449,999
Jointly controlled entities	119,000,021	78,750,014	119,000,021	78,750,014
	<u>119,000,021</u>	<u>78,750,014</u>	<u>119,000,021</u>	<u>83,200,013</u>
Share subscription receivable (Note 10)				
Subsidiaries	-	-	174,499,990	-
	<u>-</u>	<u>-</u>	<u>174,499,990</u>	<u>-</u>
Amounts due to related parties (Note 18)				
Related parties	702,187	229,260,000	-	-
	<u>702,187</u>	<u>229,260,000</u>	<u>-</u>	<u>-</u>
Share subscription payable (Note 18)				
Subsidiaries	-	179,635,000	50,249,985	179,635,000
	<u>-</u>	<u>179,635,000</u>	<u>50,249,985</u>	<u>179,635,000</u>

c) Short-term loans to subsidiaries

For the year ended 31 December	Separate financial statements	
	2017 Baht	2016 Baht
Short-term loans to subsidiaries	<u>2,276,372,707</u>	<u>868,172,050</u>

Movements in loans to subsidiaries are analysed as follows:

	Separate financial statements	
	2017 Baht	2016 Baht
Opening net book amount	868,172,050	240,399,141
Additions	2,450,286,600	710,757,523
Repayment received	(502,963,001)	(33,574,789)
Transferred to long-term loan (Note 30 d)	(508,771,942)	-
Foreign currency translation differences	(30,351,000)	(49,409,825)
Closing net book amount	<u>2,276,372,707</u>	<u>868,172,050</u>

30 Related party transactions (Cont'd)

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

c) Short-term loans to subsidiaries (Cont'd)

Short-term loans to subsidiaries are non-bearing interest promissory notes denominated in Thai Baht with maturity within December 2018.

Short-term loans to another subsidiary are in form of loan agreements denominated in Singapore Dollar, Japanese Yen and US Dollar with no interest and due for repayment at call.

On 20 July 2017, the Company have granted loans to subsidiary in form of loan agreement denominated in Japanese Yen equivalent to Baht 300 million. The Company has entered into a cross currency swap and interest rate swap agreement with a local commercial bank effective on 20 July 2017 to received Baht 300 million on the maturity date of loan, with the fixed interest rate of 1.41% per annum.

On 3 October 2017, the Company have granted loans to subsidiary in form of loan agreement denominated in Japanese Yen equivalent to Baht 891 million. The Company has entered into a cross currency swap and interest rate swap agreement with a local commercial bank effective on 4 October 2017 to receive Baht 891 million on the maturity date of loan, with the fixed interest rate of 0.90% per annum.

d) Long-term loans to subsidiaries

For the year ended 31 December	Separate financial statements	
	2017 Baht	2016 Baht
Long-term loans to subsidiaries	2,232,305,697	-

Movements in loans to subsidiaries are analysed as follows:

	Separate financial statements	
	2017 Baht	2016 Baht
Opening net book amount	-	-
Additions	1,822,252,003	-
Transferred from short-term loan (Note 30 c)	508,771,942	-
Foreign currency translation differences	(98,718,248)	-
Closing net book amount	2,232,305,697	-

Long-term loans to subsidiaries are in a form of loan agreement denominated in Japanese Yen with the fixed interest rate of 4.75% per annum and have maturity within June 2021.

Short-term loans to another subsidiary are in form of loan agreements denominated in Singapore Dollar, Japanese Yen and US Dollar with no interest and due for repayment at call.

On 4 July 2017, the Company has granted loans to 2 subsidiaries in form of loan agreements denominated in Japanese Yen equivalent to Baht 1,071 million. The Company has entered into a cross currency swap and interest rate swap agreement with a local commercial bank effective on 4 July 2017 to receive Baht 1,071 million on the maturity date of loan, with the fixed interest rate of 1.69% per annum.

30 Related party transactions (Cont'd)

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

e) Long-term loan from subsidiary

	Separate financial statements	
	2017 Baht	2016 Baht
Current portion of long-term loans from subsidiary	22,500,000	-
Long-term loans from subsidiary repayable between 1 to 5 years	-	22,500,000
	<u>22,500,000</u>	<u>22,500,000</u>

Movements in long-term loans from subsidiary for the year ended 31 December 2017 and 2016 are analysed as follows:

	Separate financial statements	
	2017 Baht	2016 Baht
Opening net book amount	22,500,000	-
Transferred from short-term loan	-	22,500,000
Closing net book amount	<u>22,500,000</u>	<u>22,500,000</u>

Long-term loans from subsidiary are repayable within September 2018 and there is no interest thereon.

f) Key management compensation

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Short-term employee benefits	31,980,423	22,968,200	21,209,375	22,968,200
Post-employment benefits	164,860	1,119,651	164,860	1,119,651
	<u>32,145,283</u>	<u>24,087,851</u>	<u>21,374,235</u>	<u>24,087,851</u>

31 Commitments and contingencies

31.1 Power purchase agreements

Domestic

As at 31 December 2017, the Group has 29 power purchase agreements with the Provincial Electricity Authority (“PEA”) and the Metropolitan Electricity Authority (“MEA”) (2016: 29 agreements). Currently, the Group has commenced the production and distribution of electricity under 26 power purchase agreements. The agreements are summarised as follows:

	Number of agreements	Production capacity MW	Description
Production and distribution of electricity	11	84.5	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.
	14	14	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.
	1	1	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).
Not yet production and distribution of electricity	3	21.9	The power purchase agreements require the subsidiaries to sell electricity generated from biomass to the PEA under the Feed-in Tariff system (FIT) granted for periods of 15 years 4 months and the Feed-in Tariff system (FIT) premium granted for periods of 8 years commencing from the commercial operation date. The biomass power plants under the contract during the construction.

Overseas

As at 31 December 2017, subsidiaries operating in Japan have 4 power purchase agreements (2016: 4 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 project which have not yet commence generating and distributing the electricity. The agreements are summarised as follows:

	Number of agreements	Production capacity MW	Description
Production and distribution of electricity	4	5.24	The power purchase agreements of the subsidiaries operating in Japan with the power purchasing agencies. 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.
Not yet production and distribution of electricity	3	16.74	The power purchase agreements of the subsidiaries operating in Japan with the power purchasing agencies. 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 the commercial operation date.

31 Commitments and contingencies (Cont'd)

31.2 Operating lease commitments - where the Group is the lessee

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 2017 and 2016, future minimum lease payments required under these operating lease contracts were as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Not later than 1 year	22,057,238	22,317,493	12,805,532	7,653,260
Later than 1 year but not later than 5 years	53,195,076	56,800,726	17,216,088	4,771,200
Later than 5 years	145,696,274	220,909,243	-	-
	<u>220,948,588</u>	<u>300,027,462</u>	<u>30,021,620</u>	<u>12,424,460</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.

31.3 Contracts and other commitments

- a) A jointly controlled entity has commitments in respect of a management service agreement with the other venturer amounting to 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 fees for the year ended 31 December 2017 amounting to Baht 3 million (2016: Baht 3 million) (in proportionate of the Company's interest in the jointly controlled entity) were recognised as expenses.
- b) A jointly controlled entity has commitments in respect of the operation and maintenance agreements of seven power plants with a company, amounting to Baht 9 million per annum for the period of 10 years from the commercial operation date. The fees for the year ended 31 December 2017 amounting to approximately Baht 5 million (2016: Baht 5 million) (in proportionate of the Company's interest in the jointly controlled entity) were recognised as expenses.
- c) A jointly controlled entity has commitments in respect of the operation monitoring and maintenance agreements of ten power plants with a company since January 2013, amounting to Baht 2 million per annum for the period of 7 years from the commercial operation dates.
- d) A jointly controlled entity has commitments in respect of the operation and maintenance agreements of three power plants with a company, amounting to Baht 8 million per annum for the period of 5 years from June 2017. The fees for the year ended 31 December 2017 amounting to Baht 3 million per annum (2016: nil) (in proportionate of the Company's interest in the jointly controlled entity) were recognised as expenses.
- e) A subsidiary has an obligation to pay management fee 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 2017, the subsidiary has recognised the total management expenses based on the specified contract as construction in progress during the year amounting to Baht 8 million (2016: Baht 3 million).
- f) A subsidiary has the commitment according to the operation monitoring and maintenance agreement of power plants with a company with the fee of USD 52,000 (2016: USD 98,800).
- g) A subsidiary has the commitment according to the operation monitoring and maintenance agreement of power plants with a company with the fee of USD 62,500 (2016: nil).

31 Commitments and contingencies (Cont'd)

31.4 Guarantees

- a) The Company has provided guarantees for bank credit facilities of its subsidiaries amounting to Baht 23 million (2016: Baht 561 million).
- b) As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 9 million (2016: 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.

32 Events after the reporting period

On 8 January 2018, the Board of Directors' Meeting of the subsidiary approved a dividend payment in respect of operating results for the year 2017 to the shareholders at Baht 0.71 per share, totaling Baht 12.92 million. The dividends are payable on 25 January 2018.