

THAI SOLAR ENERGY PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND SEPARATE
FINANCIAL INFORMATION**

30 SEPTEMBER 2018

AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM FINANCIAL INFORMATION

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

I have reviewed the interim consolidated financial information of Thai Solar Energy Public Company Limited and its subsidiaries, and the interim separate financial information of Thai Solar Energy Public Company Limited. These comprise the consolidated and separate statements of financial position as at 30 September 2018, the consolidated and separate statements of comprehensive income for the three-month and nine-month periods then ended, and the related consolidated and separate statements of changes in equity and cash flows for the nine-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim consolidated and separate financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim consolidated and separate financial information based on my review.

Scope of review

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim consolidated and separate financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers ABAS Ltd.

Kajornkiet Aroonpirodkul

Certified Public Accountant (Thailand) No. 3445

Bangkok

13 November 2018

Thai Solar Energy Public Company Limited

Statement of Financial Position

As at 30 September 2018

	Notes	Consolidated financial information		Separate financial information	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		30 September	31 December	30 September	31 December
		2018	2017	2018	2017
		Baht Thousand	Baht Thousand	Baht Thousand	Baht Thousand
Assets					
Current assets					
Cash and cash equivalents		1,176,804	424,752	189,795	32,023
Short-term restricted bank deposits	6	75,460	77,854	9,967	8,860
Short-term investments	7	195,032	71,053	195,032	71,053
Trade and other receivables	8	369,231	190,956	1,843,956	417,606
Short-term loans to others		-	13,041	-	-
Short-term loans to subsidiaries	16 c)	-	-	995,069	2,276,373
Inventories		5,254	-	-	-
Refundable Value Added Tax		147,981	92,769	6	241
Short-term derivatives assets		9,545	10,194	9,545	10,194
Other current assets		155,606	18,957	11,085	10,914
Total current assets		2,134,913	899,576	3,254,455	2,827,264
Non-current assets					
Long-term restricted bank deposits	6	5,843	25,870	1,050	24,070
Long-term loans to subsidiaries	16 d)	-	-	3,390,393	2,232,306
Investments in subsidiaries	9	-	-	798,750	2,339,249
Investments in jointly controlled entities	10	1,758,306	1,750,549	350,000	350,000
Investment property		89,978	88,400	89,978	88,400
Property, plant and equipment	11	6,450,218	5,153,100	582,830	594,805
Intangible assets	12	4,218,781	4,129,635	7,951	5,627
Deferred tax assets		78,092	73,703	77,179	73,173
Long-term derivatives assets		99,969	71,587	99,969	71,587
Receivables from disposal of investments	16 b)	-	-	379,410	-
Other non-current assets		19,237	26,023	2,602	3,910
Total non-current assets		12,720,424	11,318,867	5,780,112	5,783,127
Total assets		14,855,337	12,218,443	9,034,567	8,610,391

Director _____ Director _____

The accompanying notes form part of this interim financial information.

Thai Solar Energy Public Company Limited
Statement of Financial Position (Cont'd)
As at 30 September 2018

	Notes	Consolidated financial information		Separate financial information	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		Baht Thousand	Baht Thousand	Baht Thousand	Baht Thousand
Liabilities and equity					
Current liabilities					
Short-term borrowings from financial institutions	14.1	2,349,283	2,233,048	2,349,283	2,233,048
Construction and other payables	13	508,104	269,486	130,097	85,418
Current portion of finance lease liabilities	14.2	2,595	2,523	2,595	2,523
Current portion of long-term borrowings	14.3	115,116	57,187	-	-
Short-term loan from subsidiary	16 e)	-	-	22,500	22,500
Income tax payable		1,158	1,726	-	-
Other current liabilities		11,739	13,254	1,958	683
Total current liabilities		2,987,995	2,577,224	2,506,433	2,344,172
Non-current liabilities					
Finance lease liabilities	14.2	8,644	10,600	8,644	10,600
Long-term borrowings from financial institutions	14.3	3,789,522	1,846,101	-	-
Debentures	14.5	2,996,979	2,995,173	2,996,979	2,995,173
Employee benefit obligations		8,065	6,076	8,065	6,076
Provision for decommissioning costs		2,455	2,455	2,455	2,455
Deferred tax liabilities		57	-	-	-
Other non-current liabilities		72	72	72	72
Total non-current liabilities		6,805,794	4,860,477	3,016,215	3,014,376
Total liabilities		9,793,789	7,437,701	5,522,648	5,358,548
Equity					
Share capital	19				
Authorised share capital					
Ordinary shares, 2,450,250,000 shares of par Baht 1 each (2017: 2,359,500,000 shares of par Baht 1 each)		2,450,250	2,359,500	2,450,250	2,359,500
Issued and paid-up share capital					
Ordinary shares, 1,905,749,580 shares of paid-up Baht 1 each (2017: 1,815,000,000 shares of paid-up Baht 1 each)		1,905,750	1,815,000	1,905,750	1,815,000
Premium on ordinary shares		727,554	727,554	727,554	727,554
Legal reserve		63,972	62,894	50,894	50,894
Unappropriated retained earnings		2,374,646	2,135,195	827,721	658,395
Other components of equity		(174,042)	(122,053)	-	-
Equity attributable to owners of the parent		4,897,880	4,618,590	3,511,919	3,251,843
Non-controlling interests		163,668	162,152	-	-
Total equity		5,061,548	4,780,742	3,511,919	3,251,843
Total liabilities and equity		14,855,337	12,218,443	9,034,567	8,610,391

The accompanying notes form part of this interim financial information.

Thai Solar Energy Public Company Limited
Statement of Comprehensive Income (Unaudited)
For the three-month period ended 30 September 2018

	Consolidated		Separate	
	financial information		financial information	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Notes	Baht Thousand	Baht Thousand	Baht Thousand	Baht Thousand
Revenue from sales	126,610	49,962	107	-
Subsidy for adders	4,995	-	69	-
Management service income	10,909	10,309	18,891	17,130
Cost of sales and services	(109,841)	(41,997)	(22,747)	(19,786)
Gross profit (loss)	32,673	18,274	(3,680)	(2,656)
Dividends income	16 a) -	-	218,400	91,000
Other income	17 60,974	8,655	68,750	22,162
Administrative expenses	(60,078)	(36,321)	(102,926)	(35,277)
Finance costs	(38,765)	(34,725)	(73,408)	(32,353)
Share of profit from jointly controlled entities	10 133,121	145,295	-	-
Profit before income tax	127,925	101,178	107,136	42,876
Income tax	(1,989)	(440)	2,661	(208)
Profit for the period	125,936	100,738	109,797	42,668
Other comprehensive income (expense):				
Items that will be reclassified subsequently to profit or loss:				
Currency translation differences	(184,742)	(26,477)	-	-
Total comprehensive income (expense) for the period	(58,806)	74,261	109,797	42,668
Profit attributable to:				
Owners of the parent	124,429	100,620	109,797	42,668
Non-controlling interests	1,507	118	-	-
	125,936	100,738	109,797	42,668
Total comprehensive income (expense) attributable to:				
Owners of the parent	(60,324)	74,739	109,797	42,668
Non-controlling interests	1,518	(478)	-	-
	(58,806)	74,261	109,797	42,668
Earnings per share				
Basic earnings per share	0.07	0.06	0.05	0.02

The accompanying notes form part of this interim financial information.

Thai Solar Energy Public Company Limited
Statement of Comprehensive Income (Unaudited)
For the nine-month period ended 30 September 2018

	Consolidated financial information		Separate financial information	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Notes	Baht Thousand	Baht Thousand	Baht Thousand	Baht Thousand
Revenue from sales	267,587	149,826	1,056	-
Subsidy for adders	9,048	-	1,353	-
Management service income	31,871	30,272	54,946	50,574
Cost of sales and services	(241,928)	(126,454)	(64,492)	(57,701)
Gross profit (loss)	66,578	53,644	(7,137)	(7,127)
Dividends income	16 a) -	-	451,822	332,500
Other income	17 78,459	24,492	152,976	39,474
Administrative expenses	(151,419)	(107,594)	(125,303)	(92,215)
Finance costs	(90,507)	(93,060)	(206,197)	(86,890)
Share of profit from jointly controlled entities	10 446,657	446,599	-	-
Profit before income tax	349,768	324,081	266,161	185,742
Income tax	(6,933)	297	4,006	843
Profit for the period	342,835	324,378	270,167	186,585
Other comprehensive income (expense):				
Items that will be reclassified subsequently to profit or loss:				
Currency translation differences	(51,938)	(42,500)	-	-
Total comprehensive income for the period	290,897	281,878	270,167	186,585
Profit attributable to:				
Owners of the parent	341,370	325,366	270,167	186,585
Non-controlling interests	1,465	(988)	-	-
	342,835	324,378	270,167	186,585
Total comprehensive income attributable to:				
Owners of the parent	289,381	283,803	270,167	186,585
Non-controlling interests	1,516	(1,925)	-	-
	290,897	281,878	270,167	186,585
Earnings per share				
Basic earnings per share	0.18	0.18	0.14	0.10

The accompanying notes form part of this interim financial information.

Thai Solar Energy Public Company Limited
Statement of Changes in Equity (Unaudited)
For the nine-month period ended 30 September 2018

Consolidated financial information								
Attribute to owner of the parent								
Notes	Issued and called-up share capital Baht Thousand	Premium on ordinary capital Baht Thousand	Retained earnings		Other components of equity Translation of financial statements Baht Thousand	Total owners of the parent Baht Thousand	Non-controlling interests Baht Thousand	Total Baht Thousand
			Appropriated - legal reserve Baht Thousand	Unappropriated Baht Thousand				
Opening balance at 1 January 2017	1,815,000	727,554	46,826	1,935,203	37,992	4,562,575	22,844	4,585,419
Change in equity for the period								
Dividends	20	-	-	(199,648)	-	(199,648)	-	(199,648)
Total comprehensive income for the period		-	-	325,366	(41,563)	283,803	(1,925)	281,878
Non-controlling interest invested in subsidiary		-	-	-	-	-	141,225	141,225
Closing balance at 30 September 2017	<u>1,815,000</u>	<u>727,554</u>	<u>46,826</u>	<u>2,060,921</u>	<u>(3,571)</u>	<u>4,646,730</u>	<u>162,144</u>	<u>4,808,874</u>
Opening balance at 1 January 2018	1,815,000	727,554	62,894	2,135,195	(122,053)	4,618,590	162,152	4,780,742
Change in equity for the period								
Share dividends	19	90,750	-	-	-	90,750	-	90,750
Appropriation of legal reserve		-	-	1,078	(1,078)	-	-	-
Dividends	20	-	-	(100,841)	-	(100,841)	-	(100,841)
Total comprehensive income for the period		-	-	341,370	(51,989)	289,381	1,516	290,897
Closing balance at 30 September 2018	<u>1,905,750</u>	<u>727,554</u>	<u>63,972</u>	<u>2,374,646</u>	<u>(174,042)</u>	<u>4,897,880</u>	<u>163,668</u>	<u>5,061,548</u>

The accompanying notes form part of this interim financial information.

Thai Solar Energy Public Company Limited
Statement of Changes in Equity (Unaudited) (Cont'd)
For the nine-month period ended 30 September 2018

	Notes	Separate financial information				Total Baht Thousand
		Issued and called-up share capital Baht Thousand	Premium on ordinary capital Baht Thousand	Retained earnings		
				Appropriated - legal reserve Baht Thousand	Unappropriated Baht Thousand	
Opening balance at 1 January 2017		1,815,000	727,554	40,026	651,597	3,234,177
Change in equity for the period						
Dividends	20	-	-	-	(199,648)	(199,648)
Total comprehensive income for the period		-	-	-	186,585	186,585
Closing balance at 30 September 2017		<u>1,815,000</u>	<u>727,554</u>	<u>40,026</u>	<u>638,534</u>	<u>3,221,114</u>
Opening balance at 1 January 2018		1,815,000	727,554	50,894	658,395	3,251,843
Change in equity for the period						
Share dividends	19	90,750	-	-	-	90,750
Dividends	20	-	-	-	(100,841)	(100,841)
Total comprehensive income for the period		-	-	-	270,167	270,167
Closing balance at 30 September 2018		<u>1,905,750</u>	<u>727,554</u>	<u>50,894</u>	<u>827,721</u>	<u>3,511,919</u>

The accompanying notes form part of this interim financial information.

Thai Solar Energy Public Company Limited
Statement of Cash Flows (Unaudited)
For the nine-month period ended 30 September 2018

	Notes	Consolidated financial information		Separate financial information	
		30 September 2018	30 September 2017	30 September 2018	30 September 2017
		Baht Thousand	Baht Thousand	Baht Thousand	Baht Thousand
Cash flows from operating activities					
Profit before income tax		349,768	324,081	266,161	185,742
Adjustments for:					
Depreciation	11	99,467	60,929	19,494	15,173
Amortisation	12	2,650	619	718	358
Share of profit from jointly controlled entities	10	(446,657)	(446,599)	-	-
Provision for employee benefits obligations		1,989	(731)	1,989	(731)
Unrealised (gain) loss on exchange		(25,981)	(30,236)	(62,196)	16,850
Fair value loss on trading securities	7	69	852	69	852
Gain on disposal of trading securities		(1,267)	-	(1,267)	-
Loss (gain) from disposal of equipment		38	1,404	(19)	1,389
Loss from impairment of assets	11	9,962	-	-	-
Loss from write-off withholding tax		17	494	-	76
Dividends income		-	-	(451,822)	(332,500)
Interest income	17	(21,490)	(11,048)	(108,381)	(29,633)
Other income		(1,578)	-	(3,031)	-
Finance cost		90,507	93,060	206,197	86,890
		57,494	(7,175)	(132,088)	(55,534)
Changes in operating assets and liabilities					
Trade and other receivables		(88,899)	192,740	312,032	222,623
Inventories		(5,254)	-	-	-
Refundable value added tax		(33,971)	3,985	235	789
Other current assets		(63,273)	(2,993)	(5)	(73)
Receivables from disposal of investments		-	-	(379,410)	-
Other non-current assets		6,799	(3,686)	1,306	(2,437)
Other payables		67,334	(222,332)	66,283	9,421
Other current liabilities		(1,515)	4,705	1,274	(882)
Cash flows (used in) generated from operating activities		(61,285)	(34,756)	(130,373)	173,907
<u>Add</u> Income tax received		1,547	1,724	1,547	1,724
<u>Less</u> Income tax paid		(13,552)	(8,919)	(1,714)	(8,303)
Net cash (used in) from operating activities		(73,290)	(41,951)	(130,540)	167,328

The accompanying notes form part of this interim financial information.

Thai Solar Energy Public Company Limited
Statement of Cash Flows (Unaudited) (Cont'd)
For the nine-month period ended 30 September 2018

	Consolidated financial information		Separate financial information	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Notes	Baht Thousand	Baht Thousand	Baht Thousand	Baht Thousand
Cash flows from investing activities				
Payment to investment payables	-	(179,635)	-	(179,635)
Decrease (increase) in restricted bank deposits	22,420	(45,380)	21,914	(22,069)
Purchase of short-term investments	7	(384,146)	(384,146)	(2,317,076)
Proceeds from disposals of short-term investments		261,365	261,365	3,987,451
Decrease in short-term loans	-	6,661	-	-
Short-term loans made to subsidiaries	16 c)	-	(386,634)	(487,185)
Short-term loans repayments received from subsidiaries	16 c)	-	588,024	498,963
Long-term loans made to subsidiaries	16 d)	-	(1,564,255)	(1,058,702)
Long-term loans repayments received from subsidiaries	16 d)	-	1,523,523	-
Acquisition of investments in subsidiaries	9.1	-	(13,701)	(963,275)
Purchases of general investments	-	(1,306,613)	-	(624,827)
Purchases of property, plant and equipment		(1,287,382)	(5,783)	(8,988)
Proceeds from disposals of equipment		272	263	4,169
Purchases of intangible assets		(4,149)	(2,127)	(1,285)
Interest received		22,411	22,060	12,710
Dividends received		352,422	352,422	324,700
Net cash (used in) from investing activities		<u>(1,016,787)</u>	<u>412,925</u>	<u>(835,049)</u>
Cash flows from financing activities				
Proceeds from short-term loans from financial institutions		98,640	98,640	-
Repayment to short-term loans from financial institutions		-	-	(490,000)
Repayment to finance lease liabilities		(2,230)	(2,230)	(3,822)
Proceeds from long-term borrowings, net of financial service fee	14.3	2,101,614	-	-
Repayment to long-term borrowings	14.3	(59,089)	-	-
Proceeds from issuance of debentures		-	-	947,862
Non-controlling interests invested in subsidiaries		-	-	-
Dividends payment		(10,181)	(10,091)	(199,611)
Interest expenses and financial service fee		(291,766)	(210,934)	(42,932)
Net cash from (used in) financing activities		<u>1,836,988</u>	<u>(124,615)</u>	<u>211,497</u>
Net increase (decrease) in cash and cash equivalents		<u>746,911</u>	<u>157,770</u>	<u>(456,224)</u>
Cash and cash equivalents at beginning of the period		424,752	32,023	497,008
Exchange differences on cash and cash equivalents		(5,704)	-	-
Effect of exchange rate change on translation of financial statements		10,845	2	-
Cash and cash equivalents at end of the period		<u>1,176,804</u>	<u>189,795</u>	<u>40,784</u>

Non-cash transactions

Significant non-cash transactions are as follows:

Payable arising from construction and purchases of equipment	390,432	100,030	2,043	451
Issuance of share dividends	90,750	-	90,750	-
Receivable arising from disposal of investments	-	-	1,606,981	-

The accompanying notes form part of this interim financial information.

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 and 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 entities 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.

The interim consolidated and separate financial information was authorised for issue by the Board of Directors on 13 November 2018.

This interim consolidated and separate financial information has been reviewed, not audited.

2 Accounting policies

2.1 Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, statement of comprehensive income, statement of changes in shareholders’ equity and cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. The notes to the financial information are prepared in a condensed format. Additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017.

An English version of the interim consolidated and separate financial information has been prepared from the interim financial information that is in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial information shall prevail.

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2017.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

2.2.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant change and are relevant to the Group:

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 management has assessed and considered that the above revised standards do not have significant impact on the Group.

2.2.2 New financial reporting standards which have been announced but not yet effective.

2.2.2.1 TFRS 15 Revenue from contracts with customers is effective for annual periods beginning on or after 1 January 2019 which is relevant to the Group. The Group has not yet adopted this standard.

TFRS 15	Revenue from contracts with customers
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TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TFRIC 13 (revised 2017)	Customer loyalty programmes
TFRIC 15 (revised 2017)	Agreements for the construction of real estate
TFRIC 18 (revised 2017)	Transfers of assets from customers
TSIC 31 (revised 2017)	Revenue - barter transactions involving advertising services

The new standard is based on the principle that

- revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards
- an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

2 Accounting policies (Cont'd)

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

2.2.2 New financial reporting standards which have been announced but not yet effective. (Cont'd)

2.2.2.1 TFRS 15 Revenue from contracts with customers is effective for annual periods beginning on or after 1 January 2019 which is relevant to the Group. The Group has not yet adopted this standard. (Cont'd)

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures. The Group will first apply this standard for annual reporting periods beginning on or after 1 January 2019. Management is currently assessing the impact from initial application of this standard in detail and has identified the following areas that are likely to be affected:

- extended warranties, which will need to be accounted for as separate performance obligations, which will delay the recognition of a portion of the revenue
- consignment sales where recognition of revenue will depend on the passing of control rather than the passing of risks and rewards
- accounting for cost incurred in fulfilling a contract - certain costs which are currently expensed may need to be recognised as an asset under TFRS 15
- rights of return - TFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligations

2.2.2.2 The group of financial reporting standards relating to financial instruments are effective for annual periods beginning on or after 1 January 2020 which are relevant to the Group. The Group has not yet adopted those standards.

The Group of financial instruments reporting standards consist of the following standards:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

The above new standards will supersede the following standards:

TAS 101	Bad and Doubtful Debts
TAS 104	Accounting for Troubled Debt Restructuring
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 107	Financial Instruments: Disclosure and Presentation

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

2 Accounting policies (Cont'd)

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

2.2.2 New financial reporting standards which have been announced but not yet effective. (Cont'd)

2.2.2.2 The group of financial reporting standards relating to financial instruments are effective for annual periods beginning on or after 1 January 2020 which are relevant to the Group. The Group has not yet adopted those standards. (Cont'd)

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow:

- Classification and measurement:
 - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
 - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
 - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
 - Derivatives are classified and measured at fair value through profit or loss.
- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.
- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

The Group's management is currently assessing the impact of initial adoption of these standards.

3 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

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4 Operating segments

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 nine-month period ended 30 September (Million Baht)									
	Domestic		International		Total		Elimination		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from operations	411.09	181.67	85.90	63.89	496.99	245.56	(111.86)	(40.97)	385.13	204.59
Dividends income	451.82	332.50	-	-	451.82	332.50	(451.82)	(332.50)	-	-
Cost of operations	(202.07)	(98.81)	(44.68)	(31.57)	(246.75)	(130.38)	4.83	3.93	(241.92)	(126.45)
Operating profit	660.84	415.36	41.22	32.32	702.06	447.68	(558.85)	(369.54)	143.21	78.14
Selling and administrative expenses	(115.75)	(82.32)	(39.28)	(6.45)	(145.03)	(88.77)	3.86	3.13	(141.17)	(85.64)
Profit (loss) before finance cost, taxes, depreciation and amortisation	555.09	333.04	1.94	25.87	557.03	358.91	(554.99)	(366.41)	2.04	(7.50)
Depreciation and amortisation	(10.25)	(3.37)	-	-	(10.25)	(3.37)	-	-	(10.25)	(3.37)
Finance costs	(235.31)	(102.99)	(103.37)	(19.87)	(338.68)	(122.86)	248.17	29.80	(90.51)	(93.06)
(Loss) gain from exchange rate	(18.83)	(18.07)	(7.43)	(0.51)	(26.26)	(18.58)	28.09	-	1.83	(18.58)
Share of profit from investments in jointly controlled entity	446.66	446.59	-	-	446.66	446.59	-	-	446.66	446.59
Operating results before taxes	737.36	655.20	(108.86)	5.49	628.50	660.69	(278.73)	(336.61)	349.77	324.08
Income tax	4.00	0.83	(10.93)	(0.53)	(6.93)	0.30	-	-	(6.93)	0.30
Net profit	741.36	656.03	(119.79)	4.96	621.57	660.99	(278.73)	(336.61)	342.84	324.38
Total assets									14,855.34	9,515.30
Total liabilities									9,793.79	4,706.43

5 Fair value

Financial instruments are 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 financial assets that are measured at fair value at 30 September 2018.

	Consolidated and Separate financial information
	Level 2 Baht Thousand
Asset	
Trading securities	171,073

6 Restricted bank deposits

Short-term restricted bank deposits comprise saving deposits specially for repayment of debenture's principals and interest, pledged saving deposits and 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 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.

7 Short-term investments

	Consolidated and Separate financial information			
	30 September 2018		31 December 2017	
	Cost Baht Thousand	Fair value Baht Thousand	Cost Baht Thousand	Fair value Baht Thousand
Short-term investments comprise:				
1. Trading securities	170,851	171,073	30,098	30,389
2. Held-to-maturity investments	23,959	23,959	40,664	40,664
Total	194,810	195,032	70,762	71,053
<u>Less</u> Revaluation adjustments	-	-	-	-
Total short-term investments	<u>194,810</u>	<u>195,032</u>	<u>70,762</u>	<u>71,053</u>

During the nine-month period ended 30 September 2018, movements of short-term investments are as follows:

	Consolidated and Separate financial information		
	Trading Baht Thousand	Held-to-maturity due within 1 year Baht Thousand	Total Baht Thousand
	Opening net book amount	30,389	40,664
Addition	360,851	23,295	384,146
Disposal	(220,098)	(40,000)	(260,098)
Change in fair value	(69)	-	(69)
Closing net book amount	<u>171,073</u>	<u>23,959</u>	<u>195,032</u>

8 Trade and other receivables

Trade and other receivables as at 30 September 2018 and 31 December 2017 comprise the following:

	Consolidated financial information		Separate financial information	
	30 September 2018 Baht Thousand	31 December 2017 Baht Thousand	30 September 2018 Baht Thousand	31 December 2017 Baht Thousand
Trade receivables	89,274	18,946	169	-
<u>Less</u> Provision for impairment of trade receivables	-	-	-	-
Total trade receivables, net	89,274	18,946	169	-
Amounts due from and advances to related parties (Note 16 b)	3,861	3,677	175,995	90,317
Receivables from disposal of investments (Note 16 b)	-	-	1,403,523	174,500
Prepaid expenses	12,096	14,344	1,726	2,525
Dividends receivable (Note 16 b)	218,400	119,000	218,400	119,000
Other receivables	12,806	15,898	12,196	14,383
Advance payment	19,189	19,091	18,342	16,881
Deposits	13,605	-	13,605	-
Total other receivables	279,957	172,010	1,843,787	417,606
<u>Less</u> Provision for impairment of other receivables	-	-	-	-
Total other receivables, net	279,957	172,010	1,843,787	417,606
Total trade and other receivables	369,231	190,956	1,843,956	417,606

All outstanding trade receivables are not yet due.

9 Investments in subsidiaries

9.1 Movements of investments in subsidiaries

	Separate financial information Baht Thousand
For the nine-month period ended 30 September 2018	
Opening net book amount	2,339,249
Acquisitions	13,701
Transfer debts to equity	52,781
Reduction due to restructuring	(1,606,981)
Closing net book amount	<u>798,750</u>

9.1.1 Changes in investments under Thai Solar Energy Plc.

On 15 March 2018, the Group restructured its investments by the Company selling all shares of a subsidiary being Oscar Save The World Co., Ltd. to Thai Community Energy Co., Ltd. at book value of investments.

On 20 June 2018, the Group restructured its investments by the Company selling all shares of 2 subsidiaries being Solar Assets Pte. Ltd. and TSE Group International Pte. Ltd. to TSE Overseas Group Co., Ltd. at book value of investments.

Details are as follows:

Subsidiaries	Investment amount Baht Million
Oscar Save The World Co., Ltd.	629.16
Solar Assets Pte. Ltd.	129.37
TSE Group International Pte. Ltd.	848.45
	<u>1,606.98</u>

Settlement of the proceeds is not yet made.

Investment in Solar Assets Pte. Ltd.

Solar Assets Pte. Ltd. increased its share capital amounting to Baht 13.70 million from Baht 62.89 million to Baht 76.59 million and the Company made a full payment to subscribe for the increased capital on 21 May 2018.

On 6 June 2018, the Company entered into Loan Conversion Agreement with Solar Assets Pte. Ltd. to transfer long-term loan amounting to JPY 184.19 million, equivalent to Baht 52.78 million, to subscribe for 184.19 million ordinary shares at par value of JPY 1 each in Solar Assets Pte. Ltd. Solar Assets Pte. Ltd. registered the capital increase on 8 June 2018.

9.1.2 Additional investments under Solar Assets Pte. Ltd.

Investments in Ibaraki Ushiku 2 GK

On 15 February 2018, the Group acquired 100 percent of ordinary shares of Ibaraki Ushiku 2 GK totaling JPY 9,999 equivalent to Baht 2,888. The purpose acquisition is to obtain land for operating solar power plant in Ishikawa Hanamizuki 1 GK.

9 Investments in subsidiaries (Cont'd)

9.1 Movements of investments in subsidiaries (Cont'd)

9.1.2 Additional investments under Solar Assets Pte. Ltd. (Cont'd)

Details of acquisition are as follows:

Consideration at 15 February 2018	Baht Thousand
Cash	3
Recognised amounts of identifiable assets acquired and liabilities assumed	Baht Thousand
Cash	3
Land	12,996
Long-term loan from TSE Group International Pte. Ltd.	(12,996)
Net fair value	3
Total identifiable net assets	3

9.1.3 Changes in investment under TSE Overseas Group Co., Ltd.

On 21 June 2018, Onikoube Solar Power Pte. Ltd. ("Onikoube") merged into Solar Mountain Pte. Ltd. ("Solar Mountain") by transferring its assets and liabilities at net book value amounting to Baht 2,412.94 million to Solar Mountain without consideration, and all shares of Onikoube are cancelled. On 3 August 2018, Solar Mountain Pte. Ltd. changed its name to Onikoube Solar Power Pte. Ltd.

9.1.4 Changes in investments under Onikoube Solar Powers Pte. Ltd. (previously "Solar Mountain Pte. Ltd.")

On 1 July 2018, PurpleSol GK ("PurpleSol") merged into SolarOne GK ("SolarOne") (both are subsidiaries of Onikoube Solar Power Pte. Ltd. (previously "Solar Mountain Pte. Ltd.)) by transferring PurpleSol's assets and liabilities at net book value amounting to Baht 122.35 million to SolarOne without consideration, and all shares of PurpleSol are cancelled. SolarOne GK then changed its name to PurpleSol GK on the same day.

9.1.5 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 16 million during the first quarter of 2018. The form of investment follows the Godo Kaisha Agreement (GK agreement)*.

Investments in Eco Solar Aizu GK

On 17 April 2018, the Group converted long-term loan amounting to JPY 52.59 million to additional investments in Eco Solar Aizu GK.

During the third quarter of 2018, the Group made additional investments in Eco Solar Aizu GK amounting to JPY 10.67 million.

On 14 September 2018, the Group made a reduction in investments in Eco Solar Aizu GK amounting to JPY 156.30 million, to reduce the excess of investment requirement.

The form of the above investments follows the Godo Kaisha Agreement (GK Agreement)*.

* The Godo Kaisha Agreement (GK Agreement) agrees that operating profits and losses will be distributed between the investors and the operator at the proportion of 97 percent and 3 percent, respectively.

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9 Investments in subsidiaries (Cont'd)

9.2 Details of investments in subsidiaries

Details of investments are as follows:

	Business	Country of incorporation	% Ownership interest	
			30 September 2018	31 December 2017
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
Solar Assets Pte. Ltd.	Investment	Singapore	-	100
Oscar Save The World Co., Ltd.	Production and distribution of electricity	Thailand	-	70
TSE Overseas Group Co., Ltd.	Investment	Thailand	100	100
Solar Community Co., Ltd.	Production and distribution of electricity	Thailand	100	100
World Solar Co., Ltd.	Production and distribution of electricity	Thailand	100	100
Thai Community Energy Co., Ltd.	Production and distribution of electricity	Thailand	100	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
Subsidiaries held by Thai Community Energy Co., Ltd.				
Bangsawan Green Co., Ltd.	Production and distribution of electricity	Thailand	49	49
Sun Future Co., Ltd.	Production and distribution of electricity	Thailand	100	100
The Solar Earth Co., Ltd.	Production and distribution of electricity	Thailand	100	100
Clean Renewable Co., Ltd.	Production and distribution of electricity	Thailand	100	100
Oscar save the world Co., Ltd.	Production and distribution of electricity	Thailand	70	-
Subsidiaries held by TSE Overseas Group Co., Ltd.				
TSE Group International Pte. Ltd.	Investment	Singapore	100	-
Solar Assets Pte. Ltd.	Investment	Singapore	100	-
Onikoube Solar Power Pte. Ltd. (previously "Solar Mountain Pte. Ltd.")	Investment	Singapore	100	100
Onikoube Solar Power Pte. Ltd.	Investment	Singapore	-	100
Subsidiaries held by TSE Group International. Pte. Ltd.				
Eco Solar Aizu GK	Production and distribution of electricity	Japan	97	97
Ishikawa Hanamizuki 1 GK	Production and distribution of electricity	Japan	97	97
Subsidiaries held by Solar Assets Pte. Ltd.				
Ibaraki Ushiku 1 GK	Land lease	Japan	100	100
Ibaraki Ushiku 2 GK	Land lease	Japan	100	-
Subsidiaries held by Onikoube Solar Power Pte. Ltd.				
(previously "Solar Mountain Pte. Ltd.")				
PurpleSol GK (previously "SolarOne GK")	Production and distribution of electricity	Japan	100	100
Subsidiaries held by Onikoube Solar Power Pte. Ltd. *				
PurpleSol GK **	Production and distribution of electricity	Japan	-	100

* Onikoube Solar Power Pte. Ltd. merged into Solar Mountain Pte. Ltd. on 21 June 2018.

** PurpleSol GK merged into SolarOne GK on 1 July 2018.

10 Investments in jointly controlled entities

Movements of investments in jointly controlled entities

	Consolidated financial information Baht Thousand	Separate financial information Baht Thousand
For the nine-month period ended 30 September 2018		
Opening net book amount	1,750,549	350,000
Share of profit	446,657	-
Dividends received	(438,900)	-
Closing net book amount	<u>1,758,306</u>	<u>350,000</u>

Thai Solar Renewable Company Limited, jointly controlled entity, has pledged share certificates of investments in Siam Solar Energy 1 Company Limited, its subsidiary, with the carrying value of Baht 1,080 million (31 December 2017: Baht 1,080 million) as collateral for the subsidiary's credit facilities granted by a commercial bank. In addition, Siam Solar Energy 1 Company Limited has mortgaged its land including constructions thereon and machinery with a total net book value of Baht 5,030 million (31 December 2017: Baht 5,205 million) and the bank deposits amounting to Baht 489 million (31 December 2017: Baht 489 million), as collateral for credit facilities granted by a commercial bank.

Details of investments are as follows:

	Business	Country of incorporation	% Ownership interest	
			30 September 2018	31 December 2017
Jointly controlled entity directly held by the Company				
Thai Solar Renewable Co., Ltd.	Investment holdings	Thailand	60	60
Jointly controlled entity held by Thai Solar Renewable Co., Ltd.				
Siam Solar Energy 1 Co., Ltd.*	Generation and distribution of electricity	Thailand	60	60

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

11 Property, plant and equipment

Property, plant and equipment for the nine-month period ended 30 September 2018 have the following movements:

	Consolidated financial information Baht Thousand	Separate financial information Baht Thousand
For the nine-month period ended 30 September 2018		
Opening net book amount	5,153,100	594,805
Additions from acquisition of subsidiaries (Note 9.1.2)	12,996	-
Additions	1,542,056	7,763
Disposals / write-off, net	(310)	(244)
Transfer-out	(94,462)	-
Depreciation charge	(99,467)	(19,494)
Impairment	(9,962)	-
Foreign Currency translation differences	(53,733)	-
Closing net book amount	<u>6,450,218</u>	<u>582,830</u>

Borrowing costs incurring from the borrowings for the construction of the power plants during the period were capitalised and included as "Additions" for Baht 58.80 million (2017: Baht 34.13 million). The Group used the capitalisation rates of 1.25% to 5.57% per annum (2017: 1.25% 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.

11 Property, plant and equipment (Cont'd)

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 information		Separate financial information	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
Power plant	Baht Thousand	142,916	787,916	64,400	-
Power plant	Yen Thousand	1,521,000	4,544,112	-	-
Power plant	USD Thousand	-	457	-	-
Machinery	Euro Thousand	-	52	-	52

As at 30 September 2018, the Company has vehicles under hire purchase agreements with net book value amounting to Baht 20.51 million (31 December 2017: Baht 22.39 million).

The Company's subsidiaries have pledged their assets with the net book value amounting to Baht 4,967 million (31 December 2017: Baht 3,680 million) as collateral for credit facilities received from the commercial bank.

12 Intangible assets

	Consolidated financial information Baht Thousand	Separate financial information Baht Thousand
For the nine-month period ended 30 September 2018		
Opening net book amount	4,129,635	5,627
Additions	145,559	3,042
Amortisation	(2,650)	(718)
Exchange differences	(53,763)	-
Closing net book amount	<u>4,218,781</u>	<u>7,951</u>

Borrowing costs incurring from the borrowings specifically for developing the power plant projects to its intended use were capitalised and included as "Additions" for Baht 140.49 million (2017: Baht 46.32 million). The Group used the capitalisation rates of 4.23% to 5.57% per annum (2017: 4.23% to 5.57% per annum) to calculate the borrowing costs for the capitalisation. The capitalisation rate is the actual rate of the borrowings which were used for developing the power plant projects.

13 Construction and other payables

	Consolidated financial information		Separate financial information	
	30 September 2018 Baht Thousand	31 December 2017 Baht Thousand	30 September 2018 Baht Thousand	31 December 2017 Baht Thousand
Trade account payables	9,028	-	-	-
Amounts due to related parties (Note 16 b)	737	702	-	-
Construction payables and retention guarantee	390,432	194,560	3,525	62
Other payables	15,328	14,873	6,550	5,999
Payables from acquisition of investments (Note 16 b)	-	-	50,250	50,250
Accrued expenses	32,783	32,301	11,119	3,117
Accrued interest	59,796	27,050	58,653	25,990
	<u>508,104</u>	<u>269,486</u>	<u>130,097</u>	<u>85,418</u>

14 Borrowings

14.1 Short-term borrowings from financial institutions

	Consolidated and Separate financial information	
	30 September 2018 Baht Thousand	31 December 2017 Baht Thousand
Short-term borrowings from financial institutions	2,349,283	2,233,048

The short-term borrowings from financial institution are secured by the pledge and the assignment of rights over the Group's bank deposits, certain shares held by the subsidiaries and the jointly controlled entity's shares held by the Company and the right to receive dividends from subsidiaries and jointly controlled entity.

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.

Movements in short-term borrowings from financial institution are analysed as follows:

	Consolidated and Separate financial information Baht Thousand
For the nine-month for the period ended 30 September 2018	
Opening net book amount	2,233,048
Additions	100,000
Discount on notes payable	(1,360)
Financial service fee	(11,250)
Amortisation of financial service fee	27,956
Amortisation of discount on notes payables	889
Closing net book amount	2,349,283

14.2 Finance lease liabilities

The present value of finance lease liabilities is as follows:

	Consolidated and Separate financial information	
	30 September 2018 Baht Thousand	31 December 2017 Baht Thousand
Not later than 1 year	2,595	2,523
Later than 1 year but not later than 5 years	8,644	10,600
	11,239	13,123

14 Borrowings (Cont'd)

14.3 Long-term borrowings from financial institutions

	Consolidated financial information	
	30 September 2018 Baht Thousand	31 December 2017 Baht Thousand
Current portion of long-term borrowings	115,116	57,187
Long-term borrowings repayable between 1 to 5 years	1,485,079	1,267,964
Long-term borrowings repayable more than 5 years	2,304,443	578,137
	<u>3,904,638</u>	<u>1,903,288</u>

The long-term borrowings from financial institutions are secured by the pledge and the assignment of rights over the Group's bank deposits, land with construction thereon and machinery, the assignment of rights under all project agreements and pledge of the certain shares held by the subsidiaries 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 are analysed as follows:

	Consolidated financial information Baht Thousand
For the nine-month period ended 30 September 2018	
Opening net book amount	1,903,288
Foreign currency translation differences	(44,758)
Additions	2,112,393
Repayment of borrowings	(59,089)
Financial service fee	(10,779)
Amortisation of financial service fee	3,583
Closing net book amount	<u>3,904,638</u>

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

	Consolidated financial statements	
	30 September 2018 %	31 December 2017 %
Long-term loans for the construction of solar power plants	MLR - 1.5 TIBOR + 2.00 TIBOR + 1.22	MLR - 1.5 TIBOR + 2.85 TIBOR + 1.22
Long-term loans for the construction of biomass power plants	4.75	4.75

14 Borrowings (Cont'd)

14.4 Borrowing Facilities

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

	Currency	Consolidated financial statements		Separate financial statements	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
Floating rate					
Expiring beyond one year	Baht Thousand	435,195	1,174,468	-	-
Floating rate					
Expiring beyond one year	Yen Thousand	690,000	3,300,000	-	-
Fixed rate					
Expiring beyond one year	Baht Thousand	17,778	67,054	-	-

14.5 Debentures

	Consolidated and Separate financial information	
	30 September 2018 Baht Thousand	31 December 2017 Baht Thousand
Current portion of debentures	-	-
Debentures payable between 1 to 5 years	2,996,979	2,995,173
Total	2,996,979	2,995,173

Movements in debentures are analysed as follows:

	Consolidated and Separate financial information Baht Thousand
For the nine-month period ended 30 September 2018	
Opening net book amount	2,995,173
Amortisation of issuance cost	1,806
Closing net book amount	2,996,979

As at 30 September 2018, the Company has name-registered certificate of unsubordinated and unsecured bonds totalling 2,050,000 units and 950,000 units outstanding with the fixed interest of 4.20% and 4.50% per annum, respectively, 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 amounting to Baht 3,000 million.

15 Promotional privileges and income tax

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 presented in the statements of comprehensive income for the nine-month periods ended 30 September 2018 and 2017 totally resulted from promoted operations in Thailand according to the information of operating segments disclosed in Note 4.

Income tax

The interim income tax expense is accrued based on management's estimate using the tax rate that would be applicable to expected total annual earnings. The estimated average annual tax rate used is 1.98%.

16 Related party transactions

The Company is controlled by P.M. Energy Company Limited (incorporated in Thailand) which owns 41% of the Company's shares. The remaining 59% 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 jointly controlled entities are set out in note 9 and note 10, respectively.

The following material transactions were carried out with related parties:

a) Sales of goods and services

For the three-month period ended	Consolidated financial information		Separate financial information	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	Baht Thousand	Baht Thousand	Baht Thousand	Baht Thousand
Subsidiaries				
Management service income	-	-	7,647	6,401
Operation and maintenance income	-	-	420	420
Other income	-	-	12,922	-
	-	-	20,989	6,821
Jointly controlled entity				
Management service income	10,825	10,309	10,825	10,309
Rental income	113	108	113	108
Dividends income	-	-	218,400	91,000
	10,938	10,417	229,338	101,417
Related parties				
Rental income	-	69	-	69
Service income	-	46	-	46
Other income	-	8	-	8
	-	123	-	123
For the nine-month period ended	Consolidated financial information		Separate financial information	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	Baht Thousand	Baht Thousand	Baht Thousand	Baht Thousand
Subsidiaries				
Management service income	-	-	21,900	19,041
Operation and maintenance income	-	-	1,260	1,260
Dividends income	-	-	12,922	-
Other income	-	-	-	52
	-	-	36,082	20,353
Jointly controlled entity				
Management service income	31,786	30,272	31,786	30,272
Rental income	340	324	340	324
Service income	1,532	-	1,532	-
Dividends income	-	-	451,822	332,500
	33,658	30,596	485,480	363,096
Related parties				
Rental income	70	208	70	208
Service income	46	139	46	139
Other income	10	23	10	23
	126	370	126	370

16 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 and services

	Consolidated financial information		Separate financial information	
	30 September 2018 Baht Thousand	31 December 2017 Baht Thousand	30 September 2018 Baht Thousand	31 December 2017 Baht Thousand
Amounts due from and advances to related parties				
Subsidiaries	-	-	172,134	86,640
Jointly controlled entity	3,861	3,677	3,861	3,677
	<u>3,861</u>	<u>3,677</u>	<u>175,995</u>	<u>90,317</u>
Receivables from disposal of investments				
Subsidiaries (including in current assets)	-	-	1,403,523	174,500
Subsidiaries (including in non-current assets)	-	-	379,410	-
	<u>-</u>	<u>-</u>	<u>1,782,933</u>	<u>174,500</u>
Dividends receivable				
Jointly controlled entity	218,400	119,000	218,400	119,000
Amounts due to related parties				
Related parties	<u>737</u>	<u>702</u>	<u>-</u>	<u>-</u>
Payables from acquisition of investments				
Subsidiaries	<u>-</u>	<u>-</u>	<u>50,250</u>	<u>50,250</u>

16 Related party transactions (Cont'd)

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

c) Short-term loans to subsidiaries

	Separate financial information	
	30 September 2018 Baht Thousand	31 December 2017 Baht Thousand
Short-term loans to subsidiaries	995,069	2,276,373

Movements in loans to subsidiaries are analysed as follows:

	Separate financial information Baht Thousand
For the nine-month period ended 30 September 2018	
Opening net book amount	2,276,373
Additions	386,634
Repayment received	(588,024)
Transferred to long-term loan (Note 16 d)	(1,075,712)
Foreign currency translation differences	(4,202)
Closing net book amount	995,069

Loans to subsidiaries comprise non-bearing interest promissory notes and promissory notes that carry interest at the rate of 5% per annum, denominated in Thai Baht with maturity within July 2019.

Loans to another subsidiary are in form of loan agreement denominated in Thai Baht due for repayment at call. Loans carry fixed interest at the rate of 6% per annum.

Loans to another subsidiary are in form of loan agreements denominated in Japanese Yen with maturity within October 2018 and due for repayment at call, respectively. Loans carry fixed interest at the rate of 4.75% per annum.

The Company has renewed the cross currency swap and interest rate swap agreement with a local commercial bank effective on 22 January 2018 to receive Baht 288 million on the maturity date of loan, with the fixed interest rate of 0.92% per annum. The swap is relating to loans to a subsidiary denominated in Japanese Yen equivalent to Baht 288 million.

d) Long-term loans to subsidiaries

	Separate financial information	
	30 September 2018 Baht Thousand	31 December 2017 Baht Thousand
Long-term loans to subsidiaries	3,390,393	2,232,306

16 Related party transactions (Cont'd)

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

d) Long-term loans to subsidiaries (Cont'd)

Movements in loans to subsidiaries are analysed as follows:

	Separate financial information Baht Thousand
For the nine-month period ended 30 September 2018	
Opening net book amount	2,232,306
Addition	1,564,255
Repayment received	(1,523,523)
Transferred from short-term loan (Note 16 c)	1,075,712
Foreign currency translation differences	41,643
	<u>3,390,393</u>
Closing net book amount	<u>3,390,393</u>

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

Long-term loans to another subsidiary are in form of loan agreements denominated in Thai Baht with no interest and due for repayment at call.

Long-term loans to another subsidiary are in form of loan agreements denominated in Japanese Yen with a fixed interest rate of 4.75% per annum and due for repayment at call.

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

The Company has renewed the cross currency swap and interest rate swap agreement with a local commercial bank effective on 23 July 2018 to receive Baht 295 million on the maturity date of loan, with the fixed interest rate of 1.35% per annum. The swap is relating to loans to 2 subsidiaries denominated in Japanese Yen equivalent to Baht 295 million.

e) Short-term loan from subsidiary

	Separate financial information	
	30 September 2018	31 December 2017
	Baht Thousand	Baht Thousand
Short-term loans from subsidiary	<u>22,500</u>	<u>22,500</u>

During the third quarter of 2018, long-term loan from subsidiary was converted to short-term loan in form of a promissory note with no interest and due for repayment within September 2019.

16 Related party transactions (Cont'd)

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

f) Key management compensation

For the three-month period ended	Consolidated financial information		Separate financial information	
	30 September 2018 Baht Thousand	30 September 2017 Baht Thousand	30 September 2018 Baht Thousand	30 September 2017 Baht Thousand
Subsidiaries				
Short-term employee benefits	5,186	5,028	5,146	5,028
Post-employment benefits	337	211	337	211
	<u>5,523</u>	<u>5,239</u>	<u>5,483</u>	<u>5,239</u>
For the nine-month period ended	Consolidated financial information		Separate financial information	
	30 September 2018 Baht Thousand	30 September 2017 Baht Thousand	30 September 2018 Baht Thousand	30 September 2017 Baht Thousand
Subsidiaries				
Short-term employee benefits	24,859	16,118	15,775	16,118
Post-employment benefits	944	-	944	-
	<u>25,803</u>	<u>16,118</u>	<u>16,719</u>	<u>16,118</u>

17 Other income

For the three-month period ended	Consolidated financial information		Separate financial information	
	30 September 2018 Baht Thousand	30 September 2017 Baht Thousand	30 September 2018 Baht Thousand	30 September 2017 Baht Thousand
Rental income	218	303	218	303
Service income	-	60	-	60
Interest income	6,305	5,982	30,000	20,810
Realised gain on foreign exchange	5,456	-	-	-
Fair value gain on trading securities	532	972	532	972
Compensation for cancellation of share purchase agreement	38,000	-	38,000	-
Other income	10,463	1,338	-	17
	<u>60,974</u>	<u>8,655</u>	<u>68,750</u>	<u>22,162</u>
For the nine-month period ended	Consolidated financial information		Separate financial information	
	30 September 2018 Baht Thousand	30 September 2017 Baht Thousand	30 September 2018 Baht Thousand	30 September 2017 Baht Thousand
Rental income	743	909	743	907
Service income	1,591	180	1,592	180
Interest income	21,490	11,048	108,381	29,633
Realised gain on foreign exchange	1,829	-	-	-
Gain on disposal of assets	19	-	19	-
Fair value gain on trading securities	1,198	8,473	1,198	8,473
Compensation for cancellation of share purchase agreement	38,000	-	38,000	-
Other income	13,589	3,882	3,043	281
	<u>78,459</u>	<u>24,492</u>	<u>152,976</u>	<u>39,474</u>

18 Commitments and contingencies

18.1 Power purchase agreements

Domestic

As at 30 September 2018, the Group has 29 power purchase agreements with the Provincial Electricity Authority (“PEA”) and the Metropolitan Electricity Authority (“MEA”) (31 December 2017: 29 agreements). Currently, the Group has commenced the production and distribution of electricity under 28 power purchase agreements. The agreements are summarised as follows:

	The electricity generated system	Company	Number of agreement	Production capacity MW	Electricity rate (Baht/kilowatt-hour)	The term of the agreements
Production and distribution of electricity	Renewable energy	Company	1	4.5	Peak period amounting to Baht 4.21 and off-peak period amounting to Baht 2.63 for the quantity which do not exceed the capacity factor and peak period amounting to Baht 4.22 and off-peak period amounting to Baht 2.36 for the quantity which exceed the capacity factor and the Company had also been granted an adder amounting to Baht 8 granted for a period of 10 years commencing from commercial operation date (COD).	The agreements are for a period of 5 years and will be automatically renewed every 5 years until the contract termination.
	Solar farms	Jointly controlled entities	10	80	Peak period amounting to Baht 4.21 and off-peak period amounting to Baht 2.63 for the quantity which do not exceed the capacity factor and peak period amounting to Baht 4.22 and off-peak period amounting to Baht 2.36 for the quantity which exceed the capacity factor and the Company had also been granted an adder amounting to Baht 6.50 granted for a period of 10 years commencing from commercial operation date (COD).	The agreements are for a period of 5 years and will be automatically renewed every 5 years until the contract termination.
	Solar rooftops	Subsidiaries	14	14	Feed-in Tariff system (FIT) amounting to Baht 6.16.	The agreements are for a period of 25 years commencing from commercial operation date (COD).
	Solar farms	Subsidiary	1	1	Feed-in Tariff system (FIT) amounting to Baht 5.66.	The agreements are for a period of 25 years commencing from commercial operation date (COD).
	Biomass energy	Subsidiary	1	4.6	Feed-in Tariff system (FIT) amounting to Baht 4.24 and Feed-in Tariff system (FIT) Premium amounting to Baht 0.3 granted for a period of 8 years commencing from commercial operation date (COD).	The agreements are for a period of 20 years commencing from commercial operation date (COD).
	Biomass energy	Subsidiary	1	8.8	Feed-in Tariff system (FIT) amounting to Baht 4.24 and Feed-in Tariff system (FIT) Premium amounting to Baht 0.3 granted for a period of 8 years commencing from commercial operation date (COD).	The agreements are for a period of 15 years 4 months commencing from commercial operation date (COD).
Under development and construction	Biomass energy	Subsidiary	1	8.8	Feed-in Tariff system (FIT) amounting to Baht 4.24 and Feed-in Tariff system (FIT) Premium amounting to Baht 0.3 granted for a period of 8 years commencing from commercial operation date (COD).	The agreements are for a period of 15 years 4 months commencing from commercial operation date (COD).

Overseas

As at 30 September 2018, subsidiaries operating in Japan have 6 power purchase agreements with the power purchasing agencies, of which the power plants have already commenced generating and distributing the electricity (31 December 2017: 4 agreements). In addition, the subsidiaries have another 1 power purchase agreements for the project which have not yet commenced generating and distributing the electricity (31 December 2017: 3 agreements). The agreements are summarised as follows:

	The electricity generated system	Company	Number of agreement	Production capacity MW	Electricity rate (Baht/kilowatt-hour)	The term of the agreements
Production and distribution of electricity	Solar farms	Subsidiary	6	8.24	Feed-in Tariff system (FIT) amounting to Yen 32 - 36.	The agreements are for a period of 20 years starting from commercial operation date (COD).
Under development and construction	Solar farms	Subsidiary	1	13.5	Feed-in Tariff system (FIT) amounting to Yen 36.	The agreements are for a period of 20 years starting from commercial operation date (COD).

18 Commitments and contingencies (Cont'd)

18.2 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 30 September 2018 and 31 December 2017, future minimum lease payments required under these operating lease contracts were as follows:

	Consolidated financial information		Separate financial information	
	30 September 2018 Baht Thousand	31 December 2017 Baht Thousand	30 September 2018 Baht Thousand	31 December 2017 Baht Thousand
Not later than 1 year	20,902	22,057	11,577	12,806
Later than 1 year but not later than 5 years	46,720	53,195	10,348	17,216
Later than 5 years	139,372	145,696	-	-
	<u>206,994</u>	<u>220,948</u>	<u>21,925</u>	<u>30,022</u>

In addition, under agreements to lease rooftop space and other building space, subsidiaries have commitments to pay rental fee at the higher of a percentage of sales and minimum amounts as specified in the agreements.

18.3 Contracts and other commitments

During the period ended 30 September 2018, the Group does not have new contracts and other commitments other than those disclosed in Note 31.3 to the 2017 annual financial statements.

18.4 Guarantees

As at 30 September 2018, there were outstanding bank guarantees of Baht 10 million (31 December 2017: 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.

19 Share Capital

For the nine-month period ended 30 September 2018

	Number of ordinary shares Thousand Share	Ordinary shares Thousand Baht	Share premium Thousand Baht	Total Thousand Baht
Opening net book amount	1,815,000	1,815,000	727,554	2,542,554
Issue of share dividends	90,750	90,750	-	90,750
Closing net book amount	<u>1,905,750</u>	<u>1,905,750</u>	<u>727,554</u>	<u>2,633,304</u>

On 20 April 2018, the Annual General Meeting of Shareholders approved a dividend payment in respect of operating result for the year 2017 to shareholders in form of share dividends at the proportion of 20 share to 1 share dividend for totaling Baht 90.75 million.

20 Dividends

2018

On 20 April 2018, the Annual General Meeting of Shareholders approved a dividend payment in respect of operating results for the year 2017 to shareholders in form of share dividends in a ratio of 20 existing shares to 1 share dividend for totalling Baht 90.75 million and in form of cash dividends at Baht 0.00556 per share for totalling Baht 10.09 million with the total approved dividends of Baht 100.84 million. The dividends were paid to shareholders on 18 May 2018.

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, totalling Baht 199.65 million. The dividends were paid on 17 May 2017.

21 Events after the reporting period

- a) On 2 October 2018, the Company cancelled a cross currency swap and interest rate swap agreement with a local commercial bank relating to a loan to a subsidiary denominated in Japanese Yen equivalent to Baht 891 million. The Company received interest upon the cancellation amounting to Baht 7.35 million.
- b) On 3 October 2018, the Company has entered into a loan agreement with a financial institution amounting to Baht 2,450 million with an interest rate of TIBOR + 3% to repay the loan from another financial institution totalling Baht 2,250 million on the same date. The first principal repayment is due in 6 months from the first drawn down and every 6 months afterward until completion in October 2021.
- c) On 5 October 2018, a subsidiary made a payment to Thainakorn Parawood Co., Ltd. to purchase 291,000 ordinary shares of Oscar Save The World Co., Ltd. at 120 Baht per share totalling Baht 34.92 million, resulting in an increase in the investment proportion of the Group from 70% to 75%.
- d) On 16 October 2018, a subsidiary made a payment amounting to Baht 50 million to acquire ordinary shares of Infinity Solar Company Limited, which operates a solar farm with the production capacity of 2 MW.
- e) On 18 October 2018, the Company paid for additional called-up capital of Thai Community Energy Co., Ltd. for 10,000,000 shares at Baht 75 each to the full amount of par value, totalling Baht 75 million and acquired 35,000,000 newly issued shares with par value of Baht 100 each, totalling Baht 350 million. The Company fully paid for share subscription.