

THAI SOLAR ENERGY PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2018

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 2018, 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 2018;
- 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. I determine one key audit matter : Impairment of asset - Thermal power plant. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter	How my audit addressed the key audit matter
<p><i>Impairment of asset - Thermal power 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>The management determined that the thermal power plant is a cash-generating unit (CGU), which was subject to impairment test because the electricity production did not meet the expected plan and the thermal power plant has now ceased the operation. Management plans to sell the thermal power plant to third parties.</p> <p>Management assessed the recoverable amount of the assets based on fair value less cost to sell. The fair value was determined from market price of equivalent assets and appraisal report from independent valuer.</p> <p>During 2018, management recognised an additional provision for impairment loss on the thermal power plant amounting to Baht 296 million. At 31 December 2018, the thermal power plant had a net book value of Baht 238.47 million, after the provision for impairment of Baht 545.92 million. Management believed that the provision for impairment was adequate and reflecting the approximate recoverable value of assets.</p> <p>I focused on this area because the assessment of the recoverable amount involved management's judgment about identification of assets expected to be disposed and the carrying value of thermal power plant and loss from impairment were significant to the Group and the separate financial statements.</p>	<p>I understood and evaluated management's impairment models and management's judgments on key assumptions as follows:</p> <ul style="list-style-type: none"> • Inquired management on their plan for disposal of the thermal power plant including identification of assets expected to be disposed. • Assessed the methodologies used by both the management and the independent valuer to estimated fair value of assets. • Tested the accuracy of the data used in calculation model. • Tested the calculation of impairment of asset amount. <p>I found that the management's key assumptions used in assessing the fair value less cost to sell were justifiable and appropriate in light of the current circumstances.</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
27 February 2019

Thai Solar Energy Public Company Limited
Statement of Financial Position
As at 31 December 2018

		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Notes		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	7	561,020,761	424,752,306	209,557,883	32,023,034
Short-term restricted bank deposits	8	74,399,234	77,853,761	11,602,676	8,860,152
Short-term investments	9	459,753	71,053,273	459,753	71,053,273
Trade and other receivables	10	478,067,350	190,957,206	258,869,056	417,606,198
Short-term loans to others		-	13,041,270	-	-
Short-term loans to subsidiaries	31 c)	-	-	335,287,932	2,276,372,707
Inventories		14,452,830	-	-	-
Refundable Value Added Tax		181,178,565	92,768,461	-	241,228
Short-term derivatives assets	11	-	10,194,000	-	10,194,000
Other current assets	12	152,581,949	18,957,229	11,977,634	10,914,187
Total current assets		1,462,160,442	899,577,506	827,754,934	2,827,264,779
Non-current assets					
Long-term restricted bank deposits	8	12,008,535	25,870,000	1,050,000	24,070,000
Long-term loans to subsidiaries	31 d)	-	-	4,333,468,428	2,232,305,697
Receivables from disposal of investments	31 b)	-	-	1,383,683,149	-
Investments in subsidiaries	13.2	-	-	1,198,749,905	2,339,249,267
Investments in jointly controlled entities	13.1	1,787,086,887	1,750,548,509	350,000,130	350,000,130
Investment property	14	89,977,885	88,399,605	89,977,885	88,399,605
Property, plant and equipment	15	6,928,083,195	5,153,099,831	280,233,690	594,804,630
Goodwill	16	17,726,430	-	-	-
Intangible assets	17	4,376,580,242	4,129,634,953	7,679,330	5,626,613
Deferred tax assets	18	2,409,825	73,702,662	-	73,173,307
Long-term derivatives assets	11	-	71,587,462	-	71,587,462
Other non-current assets		13,201,756	26,022,513	2,652,339	3,909,921
Total non-current assets		13,227,074,755	11,318,865,535	7,647,494,856	5,783,126,632
Total assets		14,689,235,197	12,218,443,041	8,475,249,790	8,610,391,411

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 2018

		Consolidated financial statements		Separate financial statements	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
Notes					
Liabilities and equity					
Current liabilities					
Short-term borrowings from financial institutions	20.1	98,794,277	2,233,047,945	98,794,277	2,233,047,945
Construction and other payables	19	278,445,782	269,486,370	42,593,513	85,418,000
Current portion of finance lease liabilities	20.2	2,619,884	2,523,423	2,619,884	2,523,423
Current portion of long-term borrowings	20.3	437,241,304	57,186,730	175,888,656	-
Shore-term loan from subsidiary	31 e)	-	-	22,500,000	22,500,000
Current portion of debentures	20.5	2,048,530,153	-	2,048,530,153	-
Income tax payable		1,349,856	1,726,427	-	-
Other current liabilities		15,484,548	13,253,458	966,918	683,651
Total current liabilities		2,882,465,804	2,577,224,353	2,391,893,401	2,344,173,019
Non-current liabilities					
Finance lease liabilities	20.2	7,979,672	10,599,556	7,979,672	10,599,556
Long-term borrowings from financial institutions	20.3	5,922,634,037	1,846,101,127	2,062,779,803	-
Debentures	20.5	949,065,843	2,995,173,493	949,065,843	2,995,173,493
Employee benefit obligations	21	8,606,509	6,075,757	8,606,509	6,075,757
Provision for decommissioning costs		2,454,578	2,454,578	2,454,578	2,454,578
Deferred tax liabilities	18	1,335,446	-	1,266,952	-
Other non-current liabilities		72,000	72,000	72,000	72,000
Total non-current liabilities		6,892,148,085	4,860,476,511	3,032,225,357	3,014,375,384
Total liabilities		9,774,613,889	7,437,700,864	5,424,118,758	5,358,548,403
Equity					
Share capital					
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)					
	22	2,450,250,000	2,359,500,000	2,450,250,000	2,359,500,000
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)					
	22	1,905,749,580	1,815,000,000	1,905,749,580	1,815,000,000
Premium on ordinary shares	22	727,554,273	727,554,273	727,554,273	727,554,273
Retained earnings					
Appropriated-legal reserve					
	23	63,972,012	62,894,012	50,894,012	50,894,012
Unappropriated retained earnings					
		2,207,230,671	2,135,195,319	366,933,167	658,394,723
Other components of equity					
		(134,119,095)	(122,052,836)	-	-
Equity attributable to owners of the parent		4,770,387,441	4,618,590,768	3,051,131,032	3,251,843,008
Non-controlling interests		144,233,867	162,151,409	-	-
Total equity		4,914,621,308	4,780,742,177	3,051,131,032	3,251,843,008
Total liabilities and equity		14,689,235,197	12,218,443,041	8,475,249,790	8,610,391,411

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 2018

		Consolidated		Separate	
		financial statements		financial statements	
	Notes	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Revenue from sales		496,417,874	188,422,145	1,242,355	-
Subsidy for adders		22,339,621	-	1,499,520	-
Management service fee income		42,610,585	40,581,506	74,351,127	67,865,420
Cost of sales and services		(435,172,853)	(177,237,832)	(88,386,181)	(84,233,186)
Gross profit (loss)		126,195,227	51,765,819	(11,293,179)	(16,367,766)
Dividends income	31 a)	53	41	586,572,101	451,500,080
Other income	24	156,191,219	39,304,761	69,461,144	86,659,935
Administrative expenses		(206,690,163)	(148,685,912)	(204,779,510)	(153,461,091)
Other expenses	15	(296,000,000)	-	(296,000,000)	-
Finance costs	26	(123,240,033)	(112,497,729)	(260,140,885)	(148,751,520)
Share of profit from jointly controlled entities		610,188,427	586,956,733	-	-
Profit (loss) before income tax		266,644,730	416,843,713	(116,180,329)	219,579,638
Income tax	27	(83,576,890)	(2,985,333)	(74,440,259)	(2,216,106)
Profit (loss) for the year		183,067,840	413,858,380	(190,620,588)	217,363,532
Other comprehensive income (loss) for the year:					
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations	21	-	(62,261)	-	(62,261)
Income tax on the above item	18	-	12,452	-	12,452
Items that will be reclassified subsequently to profit or loss:					
Currency translation differences		(4,177,321)	(160,062,057)	-	-
Total comprehensive income (loss) for the year		178,890,519	253,746,514	(190,620,588)	217,313,723
Profit (loss) attributable to:					
Owners of the parent		173,954,320	415,758,694	(190,620,588)	217,363,532
Non-controlling interests		9,113,520	(1,900,314)	-	-
		183,067,840	413,858,380	(190,620,588)	217,363,532
Total comprehensive income (loss) attributable to:					
Owners of the parent		169,656,984	255,663,679	(190,620,588)	217,313,723
Non-controlling interests		9,233,535	(1,917,165)	-	-
		178,890,519	253,746,514	(190,620,588)	217,313,723
Earnings (loss) per share					
Basic earnings (loss) per share	29	0.09	0.22	(0.10)	0.11

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 2018

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	Changes in parent's ownership interest in subsidiary Baht	Translation of financial statements Baht			
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									
Non-controlling interests invested in subsidiary	-	-	-	-	-	-	-	141,225,000	141,225,000
Appropriation of legal reserve	23	-	16,068,177	(16,068,177)	-	-	-	-	-
Cash dividends	30	-	-	(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
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>-</u>	<u>(122,052,836)</u>	<u>4,618,590,768</u>	<u>162,151,409</u>	<u>4,780,742,177</u>
Opening balance at 1 January 2018	1,815,000,000	727,554,273	62,894,012	2,135,195,319	-	(122,052,836)	4,618,590,768	162,151,409	4,780,742,177
Change in equity for the year									
Additional investment in subsidiaries by purchasing shares from non-controlling interests	13.2	-	-	-	(7,768,923)	-	(7,768,923)	(27,151,077)	(34,920,000)
Appropriation of legal reserve	23	-	1,078,000	(1,078,000)	-	-	-	-	-
Share dividends	22	90,749,580	-	(90,749,580)	-	-	-	-	-
Cash dividends	30	-	-	(10,091,388)	-	-	(10,091,388)	-	(10,091,388)
Total comprehensive income for the year		-	-	173,954,320	-	(4,297,336)	169,656,984	9,233,535	178,890,519
Closing balance at 31 December 2018	<u>1,905,749,580</u>	<u>727,554,273</u>	<u>63,972,012</u>	<u>2,207,230,671</u>	<u>(7,768,923)</u>	<u>(126,350,172)</u>	<u>4,770,387,441</u>	<u>144,233,867</u>	<u>4,914,621,308</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 2018

Separate financial statements						
			Retained earnings			
	Issued and paid-up share capital	Premium on ordinary share capital	Appropriated - legal reserve	Unappropriated	Total	
Notes	Baht	Baht	Baht	Baht	Baht	
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	23	-	-	10,868,177	(10,868,177)	-
Cash dividends	30	-	-	-	(199,648,053)	(199,648,053)
Total comprehensive income for the year		-	-	-	217,313,723	217,313,723
Closing balance at 31 December 2017	1,815,000,000	727,554,273	50,894,012	658,394,723	3,251,843,008	
Opening balance at 1 January 2018	1,815,000,000	727,554,273	50,894,012	658,394,723	3,251,843,008	
Change in equity for the year						
Share dividends	22	90,749,580	-	-	(90,749,580)	-
Cash dividends	30	-	-	-	(10,091,388)	(10,091,388)
Total comprehensive loss for the year		-	-	-	(190,620,588)	(190,620,588)
Closing balance at 31 December 2018	1,905,749,580	727,554,273	50,894,012	366,933,167	3,051,131,032	

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 2018

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit (loss) before income tax		266,644,730	416,843,713	(116,180,329)	219,579,638
Adjustments for:					
Depreciation	15, 25	145,968,764	81,404,797	26,131,299	20,405,088
Amortisation	17	11,073,552	837,843	1,111,493	484,530
Share of profit from investments in jointly controlled entities	13.1	(610,188,427)	(586,956,733)	-	-
Provision for employee benefits obligations	21	2,652,204	3,895,076	2,652,204	3,895,076
Unrealised (gain) loss on exchange		(2,024,288)	(3,252,884)	(73,463,351)	129,916,369
Fair value loss on trading securities	9	-	675,160	-	675,160
Gain on disposal of trading securities	24	(1,349,250)	(8,649,867)	(1,349,250)	(8,649,867)
Loss (gain) from disposal/write-off equipment		37,848	3,163,848	(18,515)	3,163,848
Loss from impairment of assets	15	296,000,000	-	296,000,000	-
Loss from write-off withholding tax		17,528	494,059	-	76,204
Dividends income	31 a)	(53)	(41)	(586,572,101)	(451,500,080)
Interest income	24	(23,090,909)	(18,911,219)	(24,495,479)	(69,962,781)
Other income		(1,578,280)	-	(3,030,593)	-
Finance cost	26	123,240,033	112,497,729	260,140,885	148,751,520
		207,403,452	2,041,481	(219,073,737)	(3,165,295)
Changes in operating assets and liabilities					
Trade and other receivables		(393,228,292)	204,693,313	(10,822,156)	220,843,324
Inventories		(14,452,830)	-	-	-
Value added tax refundable		(67,167,834)	(16,584,036)	241,228	742,014
Derivatives assets		81,781,462	(81,781,462)	81,781,462	(81,781,462)
Other current assets		(57,076,636)	(3,356,254)	(324,323)	(177,290)
Other non-current assets		13,923,480	(3,939,919)	1,259,199	(2,058,971)
Other payables		35,085,118	(207,140,087)	315,560	(16,799,755)
Other current liabilities		773,786	9,469,212	283,267	(1,513,683)
Employee benefit payments		(121,452)	(3,564,336)	(121,452)	(3,564,336)
Cash flows (used in) from operating activities		(193,079,746)	(100,162,088)	(146,460,952)	112,524,546
Add Income tax received		1,546,610	1,848,081	1,546,610	1,723,967
Less Income tax paid		(12,787,837)	(8,794,601)	(2,279,665)	(8,780,499)
Net cash (used in) from operating activities		(204,320,973)	(107,108,608)	(147,194,007)	105,468,014

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 2018

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired	13.2	(45,909,210)	(4,097,762,928)	(488,700,475)	(1,073,275,386)
Proceeds from disposals of investment in subsidiaries		-	-	424,249,995	-
Payment to subscription payables		-	(179,635,000)	-	(179,635,000)
Increase in restricted bank deposits		(5,603,737)	(40,650,522)	(2,742,524)	(8,860,152)
Purchase of short-term investments	9	(510,971,859)	(2,317,233,343)	(510,971,859)	(2,317,233,343)
Proceeds from disposals of short-term investments		605,934,630	3,996,101,228	605,934,630	3,996,101,228
Short-term loan repayments received from third party		-	6,958,730	-	-
Short-term loans made to subsidiaries	31 c)	-	-	(663,484,810)	(2,450,286,600)
Short-term loan repayments received from subsidiaries	31 c)	-	-	380,741,723	502,963,001
Long-term loans made to subsidiaries	31 d)	-	-	(563,736,515)	(1,822,252,003)
Long-term loan repayments received from subsidiaries	31 d)	-	-	704,565,291	-
Purchase of property, plant and equipment		(2,255,191,134)	(1,718,824,863)	(6,927,944)	(28,755,657)
Proceeds from disposals of equipment		10,118,121	8,763,416	262,615	8,748,354
Purchase of intangible asset		(46,566,950)	(17,749,262)	(3,121,581)	(2,058,379)
Interest received		34,960,193	9,420,715	35,815,425	14,089,685
Dividends received		670,222,116	411,250,074	570,822,098	415,700,073
Net cash (used in) from investing activities		(1,543,007,830)	(3,939,361,755)	482,706,069	(2,944,754,179)
Cash flows from financing activities					
Proceeds from short-term loans from financial institutions, net of financial service fee	20.1	85,986,004	2,227,500,000	85,986,004	2,227,500,000
Repayment to short-term loans from financial institutions	20.1	(2,250,000,000)	(490,000,000)	(2,250,000,000)	(490,000,000)
Repayment to finance lease liabilities	20.2	(2,973,324)	(4,404,112)	(2,973,324)	(4,404,112)
Proceeds from long-term borrowings, net of financial service fee		4,617,387,743	1,234,816,926	2,237,654,703	-
Repayment to long-term borrowings	20.3	(240,296,891)	(120,358,694)	-	-
Proceeds from issuance of debentures	20.5	-	947,862,500	-	947,862,500
Non-controlling interests made additional investment in subsidiaries		-	141,225,000	-	-
Addition investment in subsidiary by purchasing shares from non-controlling interests		(34,920,000)	-	-	-
Cash dividends payment		(10,181,324)	(199,614,803)	(10,181,324)	(199,614,794)
Interest expenses and financial service fee		(218,601,959)	(171,997,193)	(220,489,723)	(107,040,411)
Net cash from (used in) financing activities		1,946,400,249	3,565,029,624	(160,003,664)	2,374,303,183

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 2018

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Net increase (decrease) in cash and cash equivalents	199,071,446	(481,440,739)	175,508,398	(464,982,982)
Cash and cash equivalents at beginning of the year	424,752,306	977,037,378	32,023,034	497,007,854
Exchange gain/loss on cash and cash equivalents	1,084,230	7,127,778	2,026,451	(1,838)
Effect of exchange rate changes on translation of financial statements	(63,887,221)	(77,972,111)	-	-
Cash and cash equivalents at end of the year	561,020,761	424,752,306	209,557,883	32,023,034

Non-cash transactions

Significant non-cash transactions are as follows:

Payable arising from purchase of investment in subsidiary	-	-	249,995	50,249,985
Payable arising from construction and purchase of equipment	119,907,294	194,559,625	2,086,003	62,498
Receivables from disposal of investments	-	-	1,383,683,149	174,499,985
Share dividends	90,749,580	-	90,749,580	-

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 27 February 2019.

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 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 changes and are relevant to the Group.

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes

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.

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

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective.

2.2.2.1 The FAP has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard.

TFRS 15 Revenue from contracts with customers will supersede the following standards:

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

The new standard is based on the principle that revenue is recognized 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 recognizes 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: Recognizes revenue when (or as) the entity satisfies a performance obligation

2 Accounting policies (Cont'd)

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

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.1 The FAP has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard. (Cont'd)

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) - minimum amounts must be recognised if they are not at significant risk of reversal
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements
- As with any new standard, there are also increased disclosures.

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 recognized 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.

Management has assessed the effects of applying the new standard and considered that the above revised standards do not have impact on the Group.

2.2.2.2 Revised financial reporting standards will become effect for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopt these standards.

TAS 28 (revised 2018)	Investments in associates and joint ventures
TAS 40 (revised 2018)	Investment Property

TAS 28, the amendment clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

TAS 40, the amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

2 Accounting policies (Cont'd)

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

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 The group of financial reporting standards related to financial instruments is effective for annual periods beginning on or after 1 January 2020. They comprise accounting standards and financial reporting standards as shown below. The early application is permitted only for the period beginning on or after 1 January 2019.

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation

The above new standards will supersede the following standards:

TAS 101	Bad and Doubtful Debts
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.

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 follows:

- 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.

2 Accounting policies (Cont'd)

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

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 The group of financial reporting standards related to financial instruments is effective for annual periods beginning on or after 1 January 2020. They comprise accounting standards and financial reporting standards as shown below. The early application is permitted only for the period beginning on or after 1 January 2019. (Cont'd)

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follows: (Cont'd)

- 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.

TFRIC 16 Hedges of a Net Investment in a Foreign Operation, clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

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

2 Accounting policies (Cont'd)

2.3 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 the 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 intangible 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.

(3) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of 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 Accounting policies (Cont'd)

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

(c) Group companies

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

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

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

2.5 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 recognised based on accrual basis.

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 statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2 Accounting policies (Cont'd)

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.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as transportation charges, less all attributable discounts.

2 Accounting policies (Cont'd)

2.11 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.

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.

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

Land is not depreciated.

2.12 Property, plant and equipment

Property, plant and equipment is stated at historical costs less any accumulated depreciation and any accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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	15 years 4 months - 25 years
Power plants	15 years 4 months - 25 years
Office buildings	25 years
Tools and equipment	5 - 10 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 2.15).

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)

2.13 Goodwill

At the date of acquisition, Goodwill on acquisitions of subsidiaries Note 2.3 (1) is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

2.14 Intangible assets

2.14.1 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.

2.14.2 Right in Power Purchasing Agreement

Right in Power Purchasing Agreements ("PPAs") comprise of PPA for renewable energy (Biomass project) and PPA for generating electricity from solar farm 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.

The Right in Power Purchasing Agreements acquired from the business will be recorded as the asset at its fair value on the date of acquisition. The Right in Power Purchasing Agreements which are not acquired from the business will be recorded as the asset at its cost. The PPAs were amortised by using the straight-line method over the contractual period. Amortisation starts when the Group start their commercial operation as follows:

Right in Power Purchasing Agreements - solar farm	20 years and 25 years
Right in Power Purchasing Agreements - biomass	15 years 4 months and 20 years

2.14.3 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.

2.14.4 Right to use transmission line

The right to use transmission line is the transmission line which is used to connect with the system of Provincial Electricity Authority (PEA) for the Group's benefit of electricity distribution. The ownership in the transmission line will be transferred to the PEA by the end of the project. The Group remains the right to use such transmission line over the agreement period. Right in use of transmission line was amortised using straight-line method over the contractual period of 15 years 4 months and 20 years, respectively. Amortisation starts when the Group start their commercial operation.

2 Accounting policies (Cont'd)

2.15 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.

2.16 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.

2.17 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.

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.

2.18 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 Accounting policies (Cont'd)

2.19 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.

2.20 Employee Benefits

(a) Defined contribution - provident fund

A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions once the contributions have been paid even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the Provident Fund Act, B.E. 2530. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Retirement benefits

The Group operates a defined benefit 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 depends 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.

Remeasurement 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 and are included in retained earnings in the statements of changes in equity.

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

2 Accounting policies (Cont'd)

2.21 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.

2.22 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.

2.23 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.

2.24 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.

2.25 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.

2.26 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 Chief Executive Officer and the Executive Committee 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.

3.1.2 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

See disclosure of fair value of financial instruments, fair value of investment property and fair value of borrowings and in notes 11, 14 and 20 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) Estimated impairment of goodwill

The Group tests annually whether goodwill 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 (note 16).

(b) 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.

(c) Estimated impairment of assets

The Group tests whether asset has suffered any impairment, in accordance with the accounting policy stated in Note 2.15. The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell which was determined with reference to market prices for equivalent assets.

(d) 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.

(e) 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)

(f) 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 21.

Were the discount rate used to differ by 1% from management's estimates, the carrying amount of retirement benefits obligations would be an estimated Baht 1.08 million higher or Baht 0.93 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 the Group has less than 50% of share interests, it 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 20).

6 Operating segments

The principal business operations of the Group are generation and distribution of electricity from solar power and biomass, and operating its business in Thailand and 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 the 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from operations	501.52	183.10	93.56	76.01	595.08	259.11	(33.76)	(30.11)	561.32	229.00
Other income	70.68	94.45	89.01	2.35	159.69	96.80	(3.51)	(57.49)	156.18	39.31
Dividends income	586.57	451.50	-	-	586.57	451.50	(586.57)	(451.50)	-	-
Cost of operations	(383.25)	(139.33)	(64.44)	(44.20)	(447.69)	(183.53)	12.52	6.29	(435.17)	(177.24)
Operating profit	775.52	589.72	118.13	34.16	893.65	623.88	(611.32)	(532.81)	282.33	91.07
Selling and administrative expenses	(443.28)	(112.20)	(51.84)	(26.73)	(495.12)	(138.93)	7.09	3.97	(488.03)	(134.96)
Profit (loss) before finance cost, taxes, depreciation and amortisation	332.24	477.52	66.29	7.43	398.53	484.95	(604.23)	(528.84)	(205.70)	(43.89)
Depreciation and amortisation	(14.61)	(5.48)	-	-	(14.61)	(5.48)	-	-	(14.61)	(5.48)
Finance costs	(317.40)	(169.96)	(18.76)	(62.21)	(336.16)	(232.17)	212.92	119.67	(123.24)	(112.50)
(Loss) gain from exchange rate	(95.37)	(69.22)	-	(10.05)	(95.37)	(79.27)	95.37	71.03	-	(8.24)
Share of profit from investments in jointly controlled entity	610.19	586.96	-	-	610.19	586.96	-	-	610.19	586.96
Operating results before taxes	515.05	819.82	47.53	(64.83)	562.58	754.99	(295.94)	(338.14)	266.64	416.85
Income tax	(73.93)	(2.25)	(9.64)	(0.74)	(83.57)	(2.99)	-	-	(83.57)	(2.99)
Net profit (loss)	441.12	817.57	37.89	(65.57)	479.01	752.00	(295.94)	(338.14)	183.07	413.86
Total assets									14,689.24	12,218.44
Total liabilities									9,774.61	7,437.70

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Cash on hand	2,077,931	117,924	60,000	60,000
Cash at bank	558,942,830	424,634,382	209,497,883	31,963,034
	<u>561,020,761</u>	<u>424,752,306</u>	<u>209,557,883</u>	<u>32,023,034</u>

The average effective interest rate on short-term bank deposits was 0.375% per annum (2017: 0.4%).

8 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, 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 in short-term investments during the year are as follows:

	Consolidated and separate financial statements		
	Trading Baht	Held-to-maturity due within 1 year Baht	Total Baht
At 1 January 2017	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	30,389,235	40,664,038	71,053,273
Additions	510,851,113	120,746	510,971,859
Disposals	(541,240,348)	(63,345,031)	(604,585,379)
Transfer in	-	23,020,000	23,020,000
At 31 December 2018	<u>-</u>	<u>459,753</u>	<u>459,753</u>

During 2017, the Company classified a fixed deposit amounting to Baht 23.02 million to be restricted deposits because the deposit was used to guarantee the credit facilities for a subsidiary. In 2018, such guarantee is no longer required, therefore the deposit was classified back to be short-term investment.

At 31 December 2018, the fair value of short-term investment is as follows:

	Consolidated and separate financial statements
	Held-to-maturity due within 1 year Baht
Investment in securities	<u>459,753</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 2018 and 2017 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Trade receivable	168,206,169	18,946,067	56,518	-
<u>Less</u> Provision for impairment of trade receivables	-	-	-	-
Total trade receivable, net	168,206,169	18,946,067	56,518	-
Amounts due from and advances to related parties (Note 31 b)	3,860,725	3,676,881	93,031,887	90,317,119
Receivable from disposal of investments (Note 31 b)	-	-	-	174,499,990
Prepaid Expenses	31,725,556	14,344,448	1,259,912	2,524,886
Dividends receivable (Note 31 b)	134,750,024	119,000,021	134,750,024	119,000,021
Other receivables	138,769,231	15,898,621	29,277,829	14,382,726
Advance payment	755,645	19,091,168	492,886	16,881,456
Total other receivables	309,861,181	172,011,139	258,812,538	417,606,198
<u>Less</u> Provision for impairment of other receivables	-	-	-	-
Total other receivables, net	309,861,181	172,011,139	258,812,538	417,606,198
Total trade and other receivables	478,067,350	190,957,206	258,869,056	417,606,198

All outstanding trade receivable are not yet due.

11 Derivative Assets

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

As at 31 December 2018 and 2017, net swap contracts receivable are as follows:

	Consolidated and separate financial statements	
	31 December 2018 Baht	31 December 2017 Baht
Swap contracts receivable	-	2,261,992,000
Swap contracts payable	-	(2,180,210,538)
Net swap contracts receivable	-	81,781,462

11 Derivative Assets (Cont'd)

Swap contracts receivable are due as follows:

	Consolidated and separate financial statements	
	31 December 2018 Baht	31 December 2017 Baht
Short-term derivative assets	-	10,194,000
Long-term derivative assets	-	71,587,462
Total swap contracts receivable	-	81,781,462

Net fair values of swap contracts

As at 31 December 2018 and 2017, the net fair values of swap contracts are as follows:

	Consolidated and separate financial statements	
	Fair values	
	31 December 2018 Baht	31 December 2017 Baht
Contracts with positive fair values:	-	82,303,085

During 2018, the Company cancelled the above cross currency swap and interest rate swap contracts and received interest upon the cancellation amounting to Baht 12.77 million.

12 Other current assets

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Withholding tax deducted at sources	11,310,857	10,344,497	11,066,233	10,327,109
Input VAT undue	140,513,997	8,357,936	211,345	390,618
Others	757,095	254,796	700,056	196,460
	152,581,949	18,957,229	11,977,634	10,914,187

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 2018		
Opening net book amount	1,750,548,509	350,000,130
Share of profit	610,188,427	-
Dividends received	(573,650,049)	-
Closing net book amount	<u>1,787,086,887</u>	<u>350,000,130</u>

Details of jointly controlled entities in 2018 and 2017 are as follows:

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

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

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

Summarised financial information for jointly controlled entities

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

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

13.1 Investment in jointly controlled entities (Cont'd)

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		
	2018 Baht	2017 Baht
Current		
Cash and cash equivalents	1,553,598	2,281,196
Other current assets (excluding cash)	595,092,763	578,058,285
Total current assets	596,646,361	580,339,481
Current financial liabilities (excluding trade payables)	(321,750,000)	(537,750,000)
Other current liabilities (including trade payables)	(265,893,085)	(242,049,395)
Total current liabilities	(587,643,085)	(779,799,395)
Total current net assets	9,003,276	(199,459,914)
Non-current		
Assets	5,016,204,510	5,377,680,138
Financial liabilities	(2,183,290,574)	(2,397,040,574)
Total non-current net assets	2,832,913,936	2,980,639,564
Net assets	2,841,917,212	2,781,179,650

Summarised statement of comprehensive income

Consolidated financial statements of Thai Solar Renewable Co., Ltd. For the year ended 31 December		
	2018 Baht	2018 Baht
Revenue from sales	485,947,325	476,376,575
Subsidy for adders	994,678,516	1,004,356,047
Cost of sales	(297,952,787)	(337,836,613)
Gross profit	1,182,673,054	1,142,896,009
Other income	7,130,872	74,863,474
Administrative expenses	(46,533,713)	(82,182,508)
Finance costs	(124,892,644)	(150,235,956)
Profit before income tax expense	1,018,377,569	985,341,019
Income tax	(1,396,858)	(7,079,798)
Profit from continuing operations after income tax	1,016,980,711	978,261,221

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 2.3), the Group recognised profit or loss 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 jointly controlled entities.

	Thai Solar Renewable Co., Ltd.	
	For the year ended 31 December	
	2018	2017
	Baht	Baht
Summarised financial information		
Closing net assets	2,841,917,212	2,781,179,650
Reconciliation:		
The difference from restructuring business under common control	136,730,717	136,564,757
Non-controlling interests	(169,784)	(163,558)
Closing net assets after reconciliation	2,978,478,145	2,917,580,849
Interest in joint controlled entity (60%)	1,787,086,887	1,750,548,509
Carrying value	1,787,086,887	1,750,548,509

As at 31 December 2018, Thai Solar Renewable Company Limited has pledged share certificates of Siam Solar Energy 1 Company Limited, amounting to Baht 1,080 million (2017: 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 4,974.74 million (2017: Baht 5,205 million) and pledged bank deposits amounting to Baht 360 million (2017: Baht 489 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.

13.2 Investments in subsidiaries

Details of investments as at 31 December 2018 and 2017 are as follows:

	Business	Country of incorporation	Proportion of ordinary shares directly held by parent (%)		Proportion of shares held by non-controlling interests (%)	
			2018	2017	2018	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 Overseas Group Co., Ltd.	Investment	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	-	-
Solar Community Co., Ltd.	Production and distribution of electricity	Thailand	-	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	-	30

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 2018 and 2017 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 (%)	
			2018	2017	2018	2017
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 Solar Visible Co., Ltd.						
Solar Community Co., Ltd.	Production and distribution of electricity	Thailand	100	-	-	-
Infinity Solar Co., Ltd.	Production and distribution of electricity	Thailand	100	-	-	-
Subsidiaries held by Thai Community Energy Co., Ltd.						
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	-	-
Bangsawan Green Co., Ltd.	Production and distribution of electricity	Thailand	49	49	51	51
Oscar Save The World Co., Ltd.	Production and distribution of electricity	Thailand	75	-	25	-
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.	Investment	Singapore	100	100	-	-
Solar Mountain 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	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	-	-
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.

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

13.2 Investments in subsidiaries (Cont'd)

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

	Separate financial statements Baht
Opening net book amount	2,339,249,267
Acquisitions	438,700,485
Transfer debts to equity	52,781,017
Reduction due to restructuring	(1,631,980,864)
Closing net book amount	<u>1,198,749,905</u>

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.

On 22 October 2018, the Group restructured its investments by the Company selling all shares of a subsidiaries being Solar Community Co., Ltd. to Solar Visible 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
Solar Community Co., Ltd.	25.00
	<u>1,631.98</u>

Settlement amounting to Baht 251 million was made, and there is Baht 1,380.98 million outstanding as at 31 December 2018.

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.

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

13.2 Investments in subsidiaries (Cont'd)

Investment in Thai Community Energy Co., Ltd.

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 paid for subscription of 35,000,000 newly issued shares with par value of Baht 100 each, totalling Baht 350 million.

Additional investment under Thai Community Energy Co., Ltd.

Investment in Oscar Save The World Co., Ltd.

On 5 October 2018, the Group further acquired 291,000 ordinary shares of Oscar Save The World Co., Ltd. from Thainakorn Parawood Co., Ltd. at Baht 120 per share totalling Baht 34.92 million, resulting in an increase in the investment proportion of the Group from 70% to 75%. Loss from change in holding interest amounting to Baht 7.77 million was recognised directly in equity attributed to the owners of parent in the consolidated financial statements.

Additional investment under Solar Visible Co., Ltd.

Investment in Infinity Solar Co., Ltd.

On 16 October 2018, the Group acquired 300,000 ordinary shares representing 100% interests in Infinity Solar Company Limited, which operates a ground-mounting solar power plant with the production capacity of 2 MW for a consideration of Baht 50 million. The acquisition is considered as an acquisition of business.

Details of acquisition are as follows:

Consideration at 16 October 2018	Baht
Cash	50,000,000
Contingent consideration	7,000,000
	<u>57,000,000</u>
Recognised amounts of identifiable assets acquired and liabilities assumed	Baht
Cash and cash equivalents	4,090,790
Short-term restricted bank deposits	100,272
Trade receivables	1,554,505
Other current assets	2,598,308
Power Purchase Agreement	31,000,000
Property, plant and equipment	95,400,000
Deferred tax assets	6,214,693
Other non-current assets	1,093,352
Bank overdraft and short-term borrowings from financial institutions	(98,253)
Construction and other payables	(37,149,265)
Long-term borrowings from financial institutions	(58,689,870)
Other current liabilities	(1,457,304)
Deferred tax liabilities	(5,383,658)
Total identifiable net assets	39,273,570
Goodwill (Note 16)	17,726,430
Total	<u>57,000,000</u>

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

13.2 Investments in subsidiaries (Cont'd)

Additional investment under Solar Assets Pte. Ltd.

Investment 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 of acquisition is to obtain land for operating solar power plant in Ishikawa Hanamizuki 1 GK.

Details of acquisition are as follows:

Consideration at 15 February 2018	Baht
Cash	2,888
Recognised amounts of identifiable assets acquired and liabilities assumed	Baht
Cash	2,888
Land	12,996,315
Long-term loan from TSE Group International Pte. Ltd.	(12,996,315)
Net fair value	2,888
Total identifiable net assets	2,888

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.

Changes in investments under Onikoube Solar Powers Pte. Ltd. (formerly "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. (formerly "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.

Additional investments under TSE Group International Pte. Ltd.

Investment in Ishikawa Hanamizuki 1 GK

During 2018, the Group made additional investments in Ishikawa Hanamizuki 1 GK totaling JPY 16 million. The form of investment follows the Godo Kaisha Agreement (GK agreement)*.

Investment 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.

On 14 September 2018, the Group made additional investments amounting to JPY 10.67 million and a reduction amounting to JPY 156.30 million in investments in Eco Solar Aizu GK, 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.

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 2018 Baht	As at 31 December 2017 Baht
Current		
Assets	266,842,246	162,855,480
Liabilities	(306,256,436)	(157,695,782)
Total current net assets	(39,414,190)	5,159,698
Non-current		
Assets	1,868,702,223	1,054,340,799
Liabilities	(1,264,264,590)	(519,698,163)
Total non-current net assets	604,437,633	534,642,636
Net assets	565,023,443	539,802,334
Non-controlling interests (25%, 30%)	141,225,860	161,940,700

Summarised statement of comprehensive income

	Oscar Save The World Co., Ltd.	
	For the year ended 31 December 2018 Baht	For the period from 26 August to 31 December 2017 Baht
Revenue	187,133,898	970,753
Net profit (loss)	25,221,109	(6,929,247)
Other comprehensive income	-	-
Total comprehensive income (expense)	25,221,109	(6,929,247)
Total comprehensive expense allocated to non-controlling interests	6,466,237	(2,078,774)
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 2018 Baht	For the period from 26 August to 31 December 2017 Baht
Cash flow from operating activities		
Net cash used in operating activities	(111,080,464)	(153,003,001)
Net cash used in investing activities	(826,843,764)	(695,044,421)
Net cash generated from financing activities	860,965,691	946,075,803
Net (decrease) increase in cash and cash equivalents	(76,958,537)	98,028,381
Cash and cash equivalents at beginning of year	101,058,797	3,030,416
Cash and cash equivalents at end of year	24,100,260	101,058,797

14 Investment property

	Consolidated and Separate financial statements	
	2018 Baht	2017 Baht
Cost	110,193,203	108,614,923
<u>Less</u> Provision for impairment	(20,215,318)	(20,215,318)
Net book amount	89,977,885	88,399,605
Fair value	124,420,100	112,493,525

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	
	2018 Baht	2017 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	9,577	7,898

15 Property, plant and equipment

	Consolidated financial statements								
	Land Baht	Land improvement Baht	Power plants Baht	Office buildings Baht	Tools and equipment Baht	Office equipment Baht	Vehicles Baht	Asset under construction Baht	Total Baht
At 1 January 2017									
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	<u>250,211,940</u>	<u>1,834,953</u>	<u>1,697,236,193</u>	<u>6,528,367</u>	<u>10,506,772</u>	<u>4,898,754</u>	<u>13,520,452</u>	<u>865,754,588</u>	<u>2,850,492,019</u>
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	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	<u>563,852,962</u>	<u>1,774,601</u>	<u>1,630,243,798</u>	<u>6,303,652</u>	<u>10,022,635</u>	<u>3,305,742</u>	<u>38,401,714</u>	<u>2,899,194,727</u>	<u>5,153,099,831</u>
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
<u>Less</u> Accumulated depreciation	-	(484,444)	(263,533,863)	(1,743,803)	(3,054,582)	(6,990,307)	(1,189,807)	-	(276,996,806)
<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	<u>563,852,962</u>	<u>1,774,601</u>	<u>1,630,243,798</u>	<u>6,303,652</u>	<u>10,022,635</u>	<u>3,305,742</u>	<u>38,401,714</u>	<u>2,899,194,727</u>	<u>5,153,099,831</u>

15 Property, plant and equipment (Cont'd)

	Consolidated financial statements								
	Land Baht	Land improvement Baht	Power plants Baht	Office buildings Baht	Tools and equipment Baht	Office equipment Baht	Vehicles Baht	Asset under construction Baht	Total Baht
Year ended 31 December 2018									
Opening 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
Exchange differences	5,017,022	-	7,627,681	-	-	64	-	19,990,700	32,635,467
Acquisition of subsidiaries (Note 13.2)	23,196,315	7,540,000	77,660,000	-	-	-	-	-	108,396,315
Additions	17,367,078	178,674	9,136,691	111,159	969,161	2,814,187	13,364,486	2,136,597,367	2,180,538,803
Disposals/write-off, net	-	-	(9,685,535)	-	-	(470,434)	-	-	(10,155,969)
Transfer-in (out)	-	47,336,150	2,351,878,007	18,765,158	5,677,570	3,614,636	13,701,477	(2,535,435,486)	(94,462,488)
Depreciation charge	-	(1,005,757)	(128,230,827)	(3,767,902)	(2,121,573)	(2,260,216)	(8,582,489)	-	(145,968,764)
Impairment charge	-	(1,021,094)	(291,254,193)	(3,620,918)	(26,749)	(74,698)	(2,348)	-	(296,000,000)
Closing net book amount	<u>609,433,377</u>	<u>54,802,574</u>	<u>3,647,375,622</u>	<u>17,791,149</u>	<u>14,521,044</u>	<u>6,929,281</u>	<u>56,882,840</u>	<u>2,520,347,308</u>	<u>6,928,083,195</u>
At 31 December 2018									
Cost	609,433,377	58,195,883	4,574,328,943	30,083,233	19,966,047	14,872,170	66,861,970	2,520,347,308	7,894,088,931
<u>Less</u> Accumulated depreciation	-	(1,490,201)	(390,380,175)	(5,511,705)	(5,176,154)	(7,758,627)	(9,772,296)	-	(420,089,158)
<u>Less</u> Provision for impairment	-	(1,903,108)	(536,573,146)	(6,780,379)	(268,849)	(184,262)	(206,834)	-	(545,916,578)
Net book amount	<u>609,433,377</u>	<u>54,802,574</u>	<u>3,647,375,622</u>	<u>17,791,149</u>	<u>14,521,044</u>	<u>6,929,281</u>	<u>56,882,840</u>	<u>2,520,347,308</u>	<u>6,928,083,195</u>

Thai Solar Energy Public Company Limited
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15 Property, plant and equipment (Cont'd)

	Separate financial statements								
	Land Baht	Land improvement Baht	Power plants Baht	Office buildings Baht	Tools and equipment Baht	Office equipment Baht	Vehicles Baht	Asset under construction Baht	Total Baht
At 1 January 2017									
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
Year ended 31 December 2018									
Opening 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
Additions	-	-	-	111,159	22,300	1,855,113	-	5,815,887	7,804,459
Disposals/write-off, net	-	-	-	-	-	(244,100)	-	-	(244,100)
Transfer-in (out)	-	-	15,440,387	18,765,158	-	3,614,636	-	(37,820,181)	-
Depreciation charge	-	(60,423)	(17,574,610)	(3,767,902)	(288,378)	(1,876,338)	(2,563,648)	-	(26,131,299)
Impairment charge	-	(1,021,094)	(291,254,193)	(3,620,918)	(26,749)	(74,698)	(2,348)	-	(296,000,000)
Closing net book amount	37,552,064	693,084	197,693,814	17,791,149	451,706	5,931,823	19,876,467	243,583	280,233,690
At 31 December 2018									
Cost	37,552,064	3,141,059	887,448,339	30,083,233	2,616,544	12,227,812	23,467,522	243,583	996,780,156
<u>Less</u> Accumulated depreciation	-	(544,867)	(153,181,379)	(5,511,705)	(1,895,989)	(6,111,727)	(3,384,221)	-	(170,629,888)
<u>Less</u> Provision for impairment	-	(1,903,108)	(536,573,146)	(6,780,379)	(268,849)	(184,262)	(206,834)	-	(545,916,578)
Net book amount	37,552,064	693,084	197,693,814	17,791,149	451,706	5,931,823	19,876,467	243,583	280,233,690

15 Property, plant and equipment (Cont'd)

Borrowing costs incurring from the borrowings for the construction of the power plants during the year were capitalised and included as "Additions" for Baht 75.95 million (2017: Baht 34.13 million). The Group used the capitalisation rates of 1.25% to 6.07% 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.

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

	Consolidated financial statements		Separate financial statements	
	2018 Baht million	2017 Baht million	2018 Baht million	2017 Baht million
Cost of sales and services	131.36	76.42	17.92	17.21
Administrative expense	14.61	4.98	8.21	3.20
	<u>145.97</u>	<u>81.40</u>	<u>26.13</u>	<u>20.41</u>

In 2018, an additional provision for impairment on a thermal power plant amounting to Baht 296 million has been provided because the recoverable amount was lower than the carrying value. Provision for impairment as at 31 December 2018 was amounting to Baht 545.92 million (2017: Baht 249.92 million). The recoverable amount represents fair value with referencing to market price of equivalent assets, less costs to sell, and appraisal report from an independent appraiser.

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

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Cost of assets under the finance lease	22,760,759	22,760,759	22,760,759	22,760,759
<u>Less</u> Accumulated depreciation	<u>(2,885,886)</u>	<u>(371,334)</u>	<u>(2,885,886)</u>	<u>(371,334)</u>
Net book amount	<u>19,874,873</u>	<u>22,389,425</u>	<u>19,874,873</u>	<u>22,389,425</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	
		2018	2017	2018	2017
Power plants	Baht	64,400,000	787,915,670	64,400,000	-
Power plants	USD	400	457,023	-	-
Power plants	Yen	201,500,000	4,544,111,562	-	-
Machinery	Euro	-	51,503	-	51,503

The subsidiaries have pledged assets with the net book value amounting to Baht 5,522 million (2017: Baht 3,680 million) as collaterals for credit facilities which they received from the commercial bank.

16 Goodwill

Goodwill of Baht 17.73 million arising from the acquisition of Infinity Solar Co., Ltd. which operates a ground-mounting solar power plant (Note 13.2).

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a contractual period. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

Gross margin ¹	64.0 %
Growth rate ²	(0.5) %
Discount rate ³	9.0 %

¹ Budgeted gross margin.

² Weighted average growth rate used to extrapolate cash flows beyond the budget period.

³ Pre-tax discount rate applied to the cash flow projections.

Management determined budgeted gross margin based on past performance. The weighted average growth rates used are consistent with the forecasts throughout contractual period. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

17 Intangible assets

	Consolidated financial statements					Total Baht
	Software Baht	Power purchase agreement Baht	Right to use - land Baht	Right to use- transmission line Baht	Works in progress Baht	
At 1 January 2017						
Cost	2,760,512	472,231,571	9,144,026	-	2,852,000	486,988,109
<u>Less</u> Accumulated amortisation	(1,446,554)	-	-	-	-	(1,446,554)
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 subsidiary	-	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
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
Year ended 31 December 2018						
Opening net book amount	1,529,599	4,099,516,270	8,796,701	15,690,883	4,101,500	4,129,634,953
Exchange differences	-	40,566,161	-	-	-	40,566,161
Additions	806,090	181,226,617	-	2,021,852	2,398,121	186,452,680
Transfer - in (out)	4,677,500	-	-	-	(4,677,500)	-
Acquisition of a subsidiary (Note 13.2)	-	31,000,000	-	-	-	31,000,000
Amortisation charge	(1,117,659)	(9,276,290)	(365,761)	(313,842)	-	(11,073,552)
Closing net book amount	5,895,530	4,343,032,758	8,430,940	17,398,893	1,822,121	4,376,580,242
At 31 December 2018						
Cost	8,950,261	4,352,309,049	9,144,026	17,712,734	1,822,121	4,389,938,191
Less accumulated amortisation	(3,054,731)	(9,276,290)	(713,086)	(313,842)	-	(13,357,949)
Net book amount	5,895,530	4,343,032,759	8,430,940	17,398,892	1,822,121	4,376,580,242

17 Intangible assets (Cont'd)

	Separate financial statements		
	Computer software Baht	Works in progress Baht	Total Baht
At 1 January 2017			
Cost	2,730,552	2,852,000	5,582,552
<u>Less</u> accumulated amortisation	(1,427,068)	-	(1,427,068)
Net book amount	1,303,484	2,852,000	4,155,484
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	1,525,113	4,101,500	5,626,613
At 31 December 2017			
Cost	3,436,711	4,101,500	7,538,211
Accumulated amortisation	(1,911,598)	-	(1,911,598)
Net book amount	1,525,113	4,101,500	5,626,613
Year ended 31 December 2018			
Opening net book amount	1,525,113	4,101,500	5,626,613
Additions	766,090	2,398,120	3,164,210
Transfer-in (out)	4,677,500	(4,679,500)	-
Amortisation charge	(1,111,493)	-	(1,111,493)
Closing net book amount	5,857,210	1,822,120	7,679,330
At 31 December 2018			
Cost	8,880,301	1,822,120	10,702,421
<u>Less</u> accumulated amortisation	(3,023,091)	-	(3,023,091)
Net book amount	5,857,210	1,822,120	7,679,330

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 181.23 million (2017: Baht 46.32 million). The Group used the capitalisation rates of 3.42% to 6.07% 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 to its intended use.

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

	Consolidated financial statements		Separate financial statements	
	2018 Baht million	2017 Baht million	2018 Baht million	2017 Baht million
Cost of sales and services	9.96	0.35	-	-
Administrative expense	1.11	0.49	1.11	0.48
	11.07	0.84	1.11	0.48

18 Deferred income taxes

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

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 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	11,080,917	43,359,403	1,721,301	41,279,259
	<u>11,080,917</u>	<u>79,609,163</u>	<u>1,721,301</u>	<u>77,529,019</u>
Deferred tax liabilities:				
Deferred tax liabilities to be recovered within 12 month	(1,504,410)	(3,874,602)	(1,504,410)	(3,874,602)
Deferred tax asset to be recovered after more than 12 month	(8,502,128)	(2,031,899)	(1,483,843)	(481,110)
	<u>(10,006,538)</u>	<u>(5,906,501)</u>	<u>(2,988,253)</u>	<u>(4,355,712)</u>
Deferred taxes - net	<u>1,074,379</u>	<u>73,702,662</u>	<u>(1,266,952)</u>	<u>73,173,307</u>

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

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
At 1 January	73,702,662	76,002,161	73,173,307	75,376,961
Charged/(credited) to profit or loss	(73,457,736)	(2,309,022)	(74,440,259)	(2,216,106)
Charged/(credited) directly to equity	831,035	12,452	-	12,452
Exchange differences	(1,582)	(2,929)	-	-
At 31 December	<u>1,074,379</u>	<u>73,702,662</u>	<u>(1,266,952)</u>	<u>73,173,307</u>

18 Deferred income taxes (Cont'd)

The movements 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 2018	76,313,867	1,215,152	2,080,144	79,609,163
Charged/(credited) to profit or loss	(76,187,070)	506,149	938,316	(74,742,605)
Charged/(credited) directly to equity	-	-	6,214,693	6,214,693
Exchange differences	(1,421)	-	1,087	(334)
At 31 December 2018	125,376	1,721,301	9,234,240	11,080,917
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	76,313,867	1,215,152	2,080,144	79,609,163
Consolidated financial statements				
	Deferred debt issuance Baht	Depreciation expense of Power plant Baht	Other Baht	Total Baht
Deferred tax liabilities				
At 1 January 2018	(4,355,712)	(6,875,768)	5,324,979	(5,906,501)
Charged/(credited) to profit or loss	(51,154)	(327,307)	1,663,330	1,284,869
Charged/(credited) directly to equity	-	-	(5,383,658)	(5,383,658)
Exchange differences	(854,613)	1,620,393	(767,028)	(1,248)
At 31 December 2018	(5,261,479)	(5,582,682)	837,623	(10,006,538)
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	(4,355,712)	(6,875,768)	5,324,979	(5,906,501)

18 Deferred income taxes (Cont'd)

The movements 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 2018	76,313,867	1,215,152	77,529,019
Charged/(credited) to profit or loss	(76,313,867)	506,149	(75,807,718)
At 31 December 2018	-	1,721,301	1,721,301
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	76,313,867	1,215,152	77,529,019

	Separate financial statements Deferred debt issuance cost Baht
Deferred tax liabilities	
At 1 January 2018	(4,355,712)
Charged/(credited) to profit or loss	1,367,459
At 31 December 2018	(2,988,253)
At 1 January 2017	(1,025,000)
Charged/(credited) to profit or loss	(3,330,712)
At 31 December 2017	(4,355,712)

Presentation in the statements of financial position is as follows:

At 31 December	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Deferred income tax assets	2,409,825	73,702,662	-	73,173,307
Deferred income tax liabilities	(1,335,446)	-	(1,266,952)	-
Deferred income tax, net	1,074,379	73,702,662	(1,266,952)	73,173,307

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 175.41 million (2017: Baht 57.40 million) in respect of losses carry forward amounting to Baht 877 million (2017: Baht 287 million).

18 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
2019	508,710,830	497,480,676
2020	87,991,426	76,722,994
2021	62,981,427	53,390,602
2022	217,347,964	210,429,201
	<u>877,031,647</u>	<u>838,023,473</u>

19 Construction and other payables

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Amounts due to related parties (Note 31 b)	667,187	702,187	-	-
Construction payables and retention guarantee	119,949,922	194,559,625	2,086,003	62,498
Other payables	55,966,786	14,873,570	4,907,315	5,998,955
Payables from acquisition of investments (Note 31 b)	-	-	249,995	50,249,985
Accrued expenses	101,861,887	59,350,988	35,350,200	29,106,562
	<u>278,445,782</u>	<u>269,486,370</u>	<u>42,593,513</u>	<u>85,418,000</u>

20 Borrowings

20.1 Short-term borrowings from financial institutions

	Consolidated and Separate financial statements	
	2018 Baht	2017 Baht
Short-term borrowings from financial institutions	98,794,277	2,233,047,945

Movements in short-term borrowings from financial institutions during 2018 and 2017 are analysed as follows:

	Consolidated and separate financial statements	
	2018 Baht	2017 Baht
Opening amount as at 1 January	2,233,047,945	488,996,539
Cash inflows (outflows):		
Additions	100,000,000	2,250,000,000
Financial service fee	(11,250,000)	(22,500,000)
Discount on note payables	(2,763,996)	-
Repayment of borrowings	(2,250,000,000)	(490,000,000)
Non-cash changes:		
Amortisation of financial service fee	28,202,055	5,547,945
Amortisation of discount on note payables	1,558,273	1,003,461
Closing amount as at 31 December	<u>98,794,277</u>	<u>2,233,047,945</u>

20 Borrowings (Cont'd)

20.2 Finance lease liabilities

The present value of finance lease liabilities is as follows:

	Consolidated and Separate financial statements	
	2018 Baht	2017 Baht
Not later than 1 year	2,619,884	2,523,423
Later than 1 year but not later than 5 years	7,979,672	10,599,556
	<u>10,599,556</u>	<u>13,122,979</u>

The movements in finance lease can be analysed as follows:

	Consolidated and Separate financial statements		
	Finance lease payables	Deferred interest	Finance lease liabilities
At 1 January 2017	3,908,558	(80,104)	3,828,454
Cash outflows:			
Repayment	(4,404,112)	-	(4,404,112)
Non-cash changes:			
Additions under finance lease	14,866,620	(1,289,820)	13,576,800
Amortised deferred interest	-	121,837	121,837
At 31 December 2017	<u>14,371,066</u>	<u>(1,248,087)</u>	<u>13,122,979</u>
At 1 January 2018	14,371,066	(1,248,087)	13,122,979
Cash outflows:			
Repayment	(2,973,324)	-	(2,973,324)
Non-cash changes:			
Amortised deferred interest	-	449,901	449,901
At 31 December 2018	<u>11,397,742</u>	<u>(798,186)</u>	<u>10,599,556</u>

20.3 Long-term borrowings from financial institutions

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Current portion of long-term borrowings	437,241,304	57,186,730	175,888,656	-
Long-term borrowings payable between 1 to 5 years	3,482,748,527	1,040,655,504	175,888,656	-
Long-term borrowings payable more than 5 years	<u>2,439,885,510</u>	<u>805,445,623</u>	<u>1,886,891,147</u>	-
	<u>6,359,875,341</u>	<u>1,903,287,857</u>	<u>2,238,668,459</u>	-

The long-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, pledge of the Company's shares that held by P.M. Energy Company Limited, shares of subsidiaries, and the right to receive dividends from subsidiaries and jointly controlled companies.

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.

20 Borrowings (Cont'd)

20.3 Long-term borrowings from financial institutions

Movements in long-term borrowings from financial institutions during 2018 and 2017 are analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Opening amount as at 1 January	1,903,287,857	790,434,160	-	-
Cash inflows (outflows):				
Additions	4,644,151,500	1,274,479,236	2,250,000,000	-
Financial service fee	(26,763,757)	(43,299,015)	(12,345,297)	-
Repayment of borrowings	(240,296,891)	(120,358,694)	-	-
Non-cash changes:				
Foreign currency translation differences	13,446,774	-	-	-
Acquisition of subsidiary (Note 13.2)	58,689,870	-	-	-
Amortisation of financial service fee	7,359,988	2,032,170	1,013,756	-
Closing amount as at 31 December	<u>6,359,875,341</u>	<u>1,903,287,857</u>	<u>2,238,668,459</u>	<u>-</u>

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

	Consolidated financial statements	
	31 December 2018 %	31 December 2017 %
Long-term loans for the construction of solar power plants	MLR - 1.5 TIBOR + 3.00 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

20.4 Borrowing Facilities

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

	Currency	Consolidated financial statements		Separate financial statements	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
Floating rate					
Expiring beyond one year	Baht Thousand	448,926,230	1,174,467,657	200,000,000	-
Floating rate					
Expiring beyond one year	Yen Thousand	390,000,000	3,300,000,000	-	-
Fixed rate					
Expiring beyond one year	Baht Thousand	7,241,041	67,053,731	-	-

20 Borrowings (Cont'd)

20.5 Debentures

	Consolidated and Separate financial statements	
	2018 Baht	2017 Baht
Current portion of debentures	2,048,530,153	-
Debentures payable between 1 to 5 years	949,065,843	2,995,173,493
	<u>2,997,595,996</u>	<u>2,995,173,493</u>

Movements in debentures during 2018 and 2017 are analysed as follows:

	Consolidated and Separate financial statements	
	2018 Baht	2017 Baht
Opening amount as at 1 January	2,995,173,493	2,044,875,000
Cash inflows (outflows):		
Issuance of debentures	-	950,000,000
Deferred issuance cost	-	(2,137,500)
Non-cash changes:		
Amortisation of issuance cost	2,422,503	2,435,993
Closing amount as at 31 December	<u>2,997,595,996</u>	<u>2,995,173,493</u>

As at 31 December 2018, outstanding debentures comprise name-registered certificate of unsubordinated and unsecured debentures totalling 2,050,000 units and 950,000 units with the fixed interest of 4.20% and 4.50% per annum, respectively, with the interest payable every 6 months. Debentures have the face value of Baht 1,000. The debentures amounting to Baht 2,050 million and Baht 950 million will be redeemed on 28 October 2019 and 5 April 2020, respectively.

20 Borrowings (Cont'd)

20.6 Fair value

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

	Consolidated financial statements			
	Carrying amounts		Fair value	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Long-term borrowings	6,359,875,341	1,903,287,857	6,230,409,722	1,821,525,742
Debentures	2,997,595,996	2,995,173,493	2,999,409,190	3,014,102,581
	Separate financial statements			
	Carrying amounts		Fair value	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Long-term borrowings	2,238,668,459	-	2,167,492,686	-
Debentures	2,997,595,996	2,995,173,493	2,999,409,190	3,014,102,581

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 rates of 1.87% - 6.15% (2017: 1.87% - 4.84%) and are within level 2 of the fair value hierarchy.

20.7 Interest rates

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Bank borrowings	1.87% - 6.15%	1.87% - 4.84%	3.05%	-
Financial lease liabilities	3.76%	3.76%	3.76%	3.76%
Debentures	4.29% - 4.58%	4.23% - 4.58%	4.29% - 4.58%	4.23% - 4.58%

21 Employee benefit obligations

	Consolidated and Separate financial statements	
	2018 Baht	2017 Baht
Statement of financial position:		
Retirement benefits		
Liability in the statement of financial position	8,606,509	6,075,757
Profit or loss charge included in operating profit for:		
Retirement benefits	2,652,204	3,895,076
Remeasurement for:		
Retirement benefits	-	62,261

21 Employee benefit obligations (Cont'd)

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

	Consolidated and Separate financial statements	
	2018 Baht	2017 Baht
At 1 January	6,075,757	5,682,756
Current service cost	2,486,936	1,610,694
Past service cost	-	2,100,262
Interest expense	165,268	184,120
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	(121,452)	(3,564,336)
At 31 December	8,606,509	6,075,757

The principal actuarial assumptions used were as follows:

	Consolidated and Separate financial statements	
	2018 %	2017 %
Discount rate	2.72	2.72
Salary growth rate	3.00 - 4.00	3.00 - 4.00

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

	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	2018	2017	2018	2017	2018	2017
Discount rate	1%	1%	Decrease by 10.80%	Decrease by 11.26%	Increase by 12.54%	Increase by 13.15%
Salary growth rate	1%	1%	Increase by 13.33%	Increase by 12.84%	Decrease by 11.63%	Decrease by 11.23%

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.

21 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.

Expected maturity analysis of undiscounted retirement:

As at 31 December 2018

	Consolidated and Separate financial statements				
	Less than a year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	Total Baht
Retirement benefits	-	-	1,236,565	181,457,520	182,694,085

22 Share capital

	Consolidated and Separate financial statements				
	Number of shares Shares	Issued and paid Shares	Issued and paid up 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)	-	-	-	-
At 31 December 2017	2,359,500,000	1,815,000,000	1,815,000,000	727,554,273	2,542,554,273
Capital reduction	(544,500,000)	-	-	-	-
Register new ordinary shares	635,250,000	-	-	-	-
Share dividends	-	90,749,580	90,749,580	-	90,749,580
At 31 December 2018	2,450,250,000	1,905,749,580	1,905,749,580	727,554,273	2,633,303,853

On 11 May 2017, the shareholders at the Extraordinary Shareholders' Meeting passed a resolution to increase the authorised and registered 544,500,000 new ordinary shares with a par value of Baht 1 each.

On 20 April 2018, the shareholders at the Annual General Meeting of Shareholders passed a resolution to reduce 544,500,000 ordinary shares and to increase the authorised and registered 635,250,000 new ordinary shares with a par value of Baht 1 each. The shareholders also approved share dividends in respect of operating results of 2017 distributed to the shareholders at the ratio of 20 ordinary shares: 1 dividend share with the total amount of Baht 90.75 million.

At 31 December 2018, the total authorised number of ordinary shares is 2,450,250,000 shares (2017: 2,359,500,000 shares) with a par value of Baht 1 each (2017: Baht 1 each). 1,905,749,580 shares are issued and fully paid (2017: 1,815,000,000 shares).

23 Legal reserve

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
At 1 January	62,894,012	46,825,835	50,894,012	40,025,835
Appropriation during the year	1,078,000	16,068,177	-	10,868,177
At 31 December	63,972,012	62,894,012	50,894,012	50,894,012

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.

24 Other income

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Rental income	962,014	1,213,693	962,014	1,210,155
Service income	1,591,580	239,770	1,591,580	239,770
Gain on disposal of assets	18,515	-	18,515	-
Interest income	23,090,909	18,911,219	24,495,479	69,962,781
Realised gain on disposal of trading securities	1,349,250	8,649,867	1,349,250	8,649,867
Compensation for cancellation of share purchase agreement	38,000,000	-	38,000,000	-
Insurance claims	65,669,217	-	-	-
Other income	25,509,734	10,290,212	3,044,306	6,597,362
	156,191,219	39,304,761	69,461,144	86,659,935

25 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	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Salary ,wages and employees benefits	139,061,637	108,022,470	116,784,030	96,928,907
Depreciation	145,968,764	81,404,797	26,131,299	20,405,088
Loss on exchange rate	47,475	8,244,402	65,893,001	52,098,877
Loss from disposals	-	3,163,848	-	3,163,848
Professional fees	97,675,990	43,975,050	36,800,546	23,615,804
Operation and maintenance of power plants	14,196,444	1,957,309	375,402	140,856

26 Finance costs

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Interest on bank borrowings	80,363,882	103,811,498	228,502,571	140,645,744
Financial service fees	42,876,151	8,564,394	31,638,314	7,983,939
Others	-	121,837	-	121,837
	<u>123,240,033</u>	<u>112,497,729</u>	<u>260,140,885</u>	<u>148,751,520</u>

27 Income tax

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Current tax on profits for the year	3,618,329	676,311	-	-
Deferred tax (Note 18)	73,457,736	2,309,022	74,440,259	2,216,106
Adjustments in respect of prior year	6,500,825	-	-	-
	<u>83,576,890</u>	<u>2,985,333</u>	<u>74,440,259</u>	<u>2,216,106</u>

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	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Profit (loss) before tax	266,644,730	416,843,713	(116,180,329)	219,579,638
Tax calculated at a tax rate of 20% (2017: 20%)	53,328,946	83,368,743	(23,236,066)	43,915,928
Tax effect of:				
Foreign tax rate difference	(6,096,144)	(1,706,211)	-	-
Jointly controlled entities' results reported net of tax	(122,037,685)	(117,391,346)	-	-
Tax exemption for income under BOI	(11,299,288)	(6,819,329)	-	-
Income subject to tax	27,152,630	8,533,585	20,017,086	8,447,441
Income not subject to tax	(11)	(8)	(117,314,420)	(90,300,016)
Expenses not deductible for tax purpose	66,127,315	2,825,480	64,350,602	688,345
Expense deducted at greater amount	(6,637,074)	(4,323,993)	(5,035,118)	(2,620,108)
Tax losses for which no deferred income tax asset was recognised	68,318,456	46,002,175	61,217,916	42,084,516
Utilisation of previously unrecognised tax losses	(64,447)	(273,432)	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	73,457,736	92,916	74,440,259	-
Unrealised (loss) gain from intercompany transactions	(65,174,369)	(10,735,669)	-	-
Adjustment in respect of prior periods	6,500,825	-	-	-
Tax charge	<u>83,576,890</u>	<u>2,985,333</u>	<u>74,440,259</u>	<u>2,216,106</u>

28 Promotional privileges

The Group is granted with 30 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 2018 and 2017 wholly derive from promoted operations.

29 Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net profit (loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the distribution of shares dividends (Note 22). For comparison purposes, the number of ordinary shares used in the calculations of earnings per share for the year ended 31 December 2017 are adjusted as if the shares dividends had been distributed at the beginning of 2017.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net profit (loss) attributable to ordinary shareholders of the company (Baht)	173,954,320	415,758,694	(190,620,588)	217,363,532
Weighted average number of ordinary shares outstanding (Shares)	1,905,749,580	1,905,749,580	1,905,749,580	1,905,749,580
Basic earnings (loss) per share (Baht per share)	0.09	0.22	(0.10)	0.11

There are no potential dilutive ordinary shares issuing during 2018 and 2017.

30 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 forms of shares dividend at the ratio of 20 ordinary shares: 1 dividend share, totaling Baht 90.75 million and cash dividend at Baht 0.00556 per share, totaling 10.09 million. The dividends were paid 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, totaling Baht 199.65 million. The dividends were paid on 17 May 2017.

31 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 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	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Subsidiaries				
Management service income	-	-	30,060,541	25,603,911
Operation and maintenance income	-	-	1,680,000	1,680,000
Service income	-	-	-	52,028
Dividends income	-	-	12,921,999	-
	-	-	44,662,540	27,335,939
Jointly Controlled Entity				
Management service income	42,610,585	40,581,509	42,610,585	40,581,509
Rental income	453,600	432,000	453,600	432,000
Other income	1,531,637	-	1,531,637	-
Dividends income	53	41	573,650,102	451,500,080
	44,595,875	41,013,550	618,245,924	492,513,589
Related parties				
Rental income	69,472	277,889	69,472	277,889
Service income	46,315	185,259	46,315	185,259
Other income	10,205	30,521	10,205	30,521
	125,992	493,669	125,992	493,669

31 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	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Amounts due from and advances to related parties (Note 10)				
Subsidiaries	-	-	89,171,162	86,640,238
Jointly controlled entities	3,860,725	3,676,881	3,860,725	3,676,881
Related parties	-	-	-	-
	<u>3,860,725</u>	<u>3,676,881</u>	<u>93,031,887</u>	<u>90,317,119</u>
Dividends receivable (Note 10)				
Jointly controlled entities	134,750,024	119,000,021	134,750,024	119,000,021
	<u>134,750,024</u>	<u>119,000,021</u>	<u>134,750,024</u>	<u>119,000,021</u>
Receivables from disposal of investments				
Subsidiaries				
- Including in trade and other receivables (Note 10)	-	-	-	174,499,990
- Including in non-current assets	-	-	1,383,683,149	-
	<u>-</u>	<u>-</u>	<u>1,383,683,149</u>	<u>174,499,990</u>
Receivables from disposal of investments were made from the Group's restructuring (Note 13.2).				
Amounts due to related parties (Note 19)				
Related parties	667,187	702,187	-	-
	<u>667,187</u>	<u>702,187</u>	<u>-</u>	<u>-</u>
Payables from acquisition of investments (Note 19)				
Subsidiaries	-	-	249,995	50,249,985
	<u>-</u>	<u>-</u>	<u>249,995</u>	<u>50,249,985</u>

31 Related party transactions (Cont'd)

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

c) Short-term loans to subsidiaries

For the year ended 31 December	Separate financial statements	
	2018 Baht	2017 Baht
Short-term loans to subsidiaries	335,287,932	2,276,372,707

Movements in loans to subsidiaries are analysed as follows:

	Separate financial statements	
	2018 Baht	2017 Baht
Opening net book amount	2,276,372,707	868,172,050
Additions	663,484,810	2,450,286,600
Repayment received	(380,741,723)	(502,963,001)
Transferred to long-term loan (Note 31 d)	(2,226,045,802)	(508,771,942)
Foreign currency translation differences	2,217,940	(30,351,000)
Closing net book amount	335,287,932	2,276,372,707

Loans to subsidiaries are non-bearing interest promissory notes denominated in Thai Baht with maturity within December 2019.

Loans to subsidiaries are promissory notes denominated in Thai Baht due for repayment at call. Loans carry interest at the rate of 6% per annum.

d) Long-term loans to subsidiaries

For the year ended 31 December	Separate financial statements	
	2018 Baht	2017 Baht
Long-term loans to subsidiaries	4,333,468,428	2,232,305,697

Movements in loans to subsidiaries are analysed as follows:

	Separate financial statements	
	2018 Baht	2017 Baht
Opening net book amount	2,232,305,697	-
Additions	563,736,515	1,822,252,003
Repayment received	(704,565,291)	-
Transferred from short-term loan (Note 31 c)	2,226,045,802	508,771,942
Transferred debts to equity (Note 13.2)	(52,781,017)	-
Foreign currency translation differences	68,726,722	(98,718,248)
Closing net book amount	4,333,468,428	2,232,305,697

Long-term loans to subsidiaries are in form of 4 loan agreements, denominated in Japanese Yen with no interest. 3 agreements are due for repayment at call and 1 agreement 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 and US Dollar with no interest and due for repayment at call.

The management do not have intention to call these loans within next 12 months.

31 Related party transactions (Cont'd)

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

e) Short-term loan from subsidiary

	Separate financial statements	
	2018 Baht	2017 Baht
Short-term loan from subsidiary	22,500,000	22,500,000

Short-term loan from subsidiary is in form of a promissory note with no interest and due for repayment within September 2019.

f) Key management compensation

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Short-term employee benefits	43,181,211	31,980,423	22,085,600	21,209,375
Post-employment benefits	1,254,474	164,860	1,254,475	164,860
	<u>44,435,685</u>	<u>32,145,283</u>	<u>23,340,075</u>	<u>21,374,235</u>

32 Commitments and contingencies

32.1 Power purchase agreements

Domestic

As at 31 December 2018, the Group has 30 power purchase agreements with the Provincial Electricity Authority ("PEA") and the Metropolitan Electricity Authority ("MEA") (2017: 29 agreements). Currently, the Group has commenced the production and distribution of electricity under 30 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
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	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	Subsidiary	2	3	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	2	17.6	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 15 years 4 months commencing from commercial operation date (COD).

32 Commitments and contingencies (Cont'd)

32.1 Power purchase agreements (Cont'd)

Overseas

As at 31 December 2018, subsidiaries operating in Japan have 6 power purchase agreements (2017: 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 2 power purchase agreements and right to develop for the power purchase agreement (2017: 3 agreements) for the projects which have not yet commenced generating and distributing the electricity. 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	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	Subsidiary	2	168.48	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).

32.2 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 2018 and 2017, future minimum lease payments required under these operating lease contracts were as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Not later than 1 year	20,088,646	22,057,238	12,086,704	12,805,532
Later than 1 year but not later than 5 years	43,486,307	53,195,076	10,069,239	17,216,088
Later than 5 years	137,247,452	145,696,274	-	-
	<u>200,822,405</u>	<u>220,948,588</u>	<u>22,155,943</u>	<u>30,021,620</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.

32 Commitments and contingencies (Cont'd)

32.3 Contracts and other commitments

- a) A jointly controlled entity has commitments in respect of a management service agreement with the other venture 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 2018 amounting to Baht 4 million (2017: 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 2018 amounting to approximately Baht 5 million (2017: 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 2018 amounting to Baht 5 million per annum (2017: Baht 3 million) (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 2018, 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 (2017: Baht 8 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 200 (2017: USD 62,500).

32.4 Guarantees

As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 8 million (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.

33 Events after the reporting period

- a) On 21 January 2019, the Board of Directors' Meeting of the subsidiary approved a dividend payment in respect of operating results for the year 2018 to the shareholders at Baht 0.65 per share, totalling Baht 11.83 million. The dividends will be paid on 13 February 2019.
- b) On 31 January 2019, the Executive Committee's meeting of the Company approved to cease operations of the thermal power plant. The Company announced to the plant's employees on 11 February 2019 and cease its operation on 16 February 2019.
- c) On 27 February 2019, the Board of Directors' Meeting approved the reduction of registered capital by reducing 544,500,420 unissued and non-offering shares, and approved the issuance of new shares of 571,724,874 shares at par value of 1 Baht each for General Mandate. The registered share capital will be amounting to Baht 2,477.47 million.
- d) On 27 February 2019, the Board of Directors' Meeting approved the issuance and offering of debentures for the amount not exceeding Baht 3,000 million.