

Thai Solar Energy Company Limited,
its subsidiaries and its jointly controlled entities
Report and consolidated financial statements
31 December 2013

Independent Auditor's Report

To the Shareholders of Thai Solar Energy Company Limited

I have audited the accompanying consolidated financial statements of Thai Solar Energy Company Limited, its subsidiaries and its jointly controlled entities, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Thai Solar Energy Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Solar Energy Company Limited, its subsidiaries and its jointly controlled entities and of Thai Solar Energy Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Siraporn Ouaanunkun
Certified Public Accountant (Thailand) No. 3844

EY Office Limited
(Formerly known as Ernst & Young Office Limited)
Bangkok: 18 February 2014

Thai Solar Energy Company Limited, its subsidiaries and its jointly controlled entities

Statement of financial position

As at 31 December 2013

(Unit: Baht)

	Consolidated financial statements			Separate financial statements			
	As at	As at	As at	As at	As at	As at	
	Note	31 December 2013	31 December 2012 (restated)	1 January 2012	31 December 2013	31 December 2012 (restated)	1 January 2012
Assets							
Current assets							
Cash and cash equivalents		22,900,649	102,953	56,313	6,332,998	63,953	49,119
Restricted bank deposits	7	14,985,719	1,151,434,043	75,159,679	713,880	769,869,071	75,159,679
Trade and other receivables	8	118,135,676	14,021,328	8,566,386	108,020,597	14,411,378	8,487,286
Prepaid income tax		10,346,068	-	-	-	-	-
Value added tax refundable		17,066,273	7,211,378	27,473,750	1,001,744	341,533	27,473,638
Import duty refundable		55,519,947	-	-	-	-	-
Undue input tax		17,562,921	80,512,964	2,554,546	717,802	4,797,560	2,554,546
Prepaid expenses		81,662,276	1,473,404	908,606	1,115,931	1,473,404	908,606
Other current assets		2,329,583	672,836	19,951	1,534,639	672,836	19,951
Total		340,509,112	1,255,428,906	114,739,231	119,437,591	791,629,735	114,652,825
Non-current assets held for sale		-	-	-	-	166,549,613	-
Total current assets		340,509,112	1,255,428,906	114,739,231	119,437,591	958,179,348	114,652,825
Non-current assets							
Pledged bank deposits	9	879,181	777,000	777,000	777,000	777,000	777,000
Investments in subsidiaries	10	-	-	-	53,079,993	300,000,000	-
Investments in jointly controlled entities	11	-	-	-	320,000,060	-	-
Investment properties	12	88,399,605	-	-	88,399,605	-	-
Property, plant and equipment	13	4,682,613,736	3,822,812,293	1,512,239,443	889,154,441	1,873,319,211	1,512,238,676
Deposits for purchase of land		-	9,200,000	-	-	9,200,000	-
Deferred tax assets	22	190,839,323	153,080,812	-	110,498,721	37,390,735	-
Other non-current assets		1,575,527	1,296,255	504,655	1,182,448	1,263,471	504,655
Total non-current assets		4,964,307,372	3,987,166,360	1,513,521,098	1,463,092,268	2,221,950,417	1,513,520,331
Total assets		5,304,816,484	5,242,595,266	1,628,260,329	1,582,529,859	3,180,129,765	1,628,173,156

The accompanying notes are an integral part of the financial statements.

Thai Solar Energy Company Limited, its subsidiaries and its jointly controlled entities

Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

	Consolidated financial statements			Separate financial statements			
	As at	As at	As at	As at	As at	As at	
	Note	31 December 2013	31 December 2012 (restated)	1 January 2012	31 December 2013	31 December 2012 (restated)	1 January 2012
Liabilities and shareholders' equity							
Current liabilities							
Bank overdrafts and short-term loans							
from banks	14	70,294,349	486,237,734	7,823,662	70,294,349	486,237,734	7,823,662
Construction and other payables	15	793,061,624	1,587,356,532	65,192,687	10,685,223	599,695,951	65,131,210
Current portion of long-term loans	16	1,019,565,010	91,324,231	40,007,113	528,315,010	11,663,187	40,007,113
Current portion of hire purchase payables	17	4,105,174	-	-	4,105,174	-	-
Short-term loans from related party	6	20,000,000	-	-	20,000,000	-	-
Income tax payable		11,930,081	-	-	11,930,081	-	-
Undue output tax		5,637,084	298,165	22,897	530,767	298,165	22,897
Other current liabilities		5,298,757	4,754,090	312,952	885,240	926,519	312,952
Total		1,929,892,079	2,169,970,752	113,359,311	646,745,844	1,098,821,556	113,297,834
Liabilities directly associated with							
non-current assets held for sale	6	-	-	-	-	166,549,613	-
Total current liabilities		1,929,892,079	2,169,970,752	113,359,311	646,745,844	1,265,371,169	113,297,834
Non-current liabilities							
Long-term loans, net of current portion	16	2,410,650,030	2,193,284,897	983,878,558	-	571,315,010	983,878,558
Hire purchase payables, net of							
current portion	17	12,614,300	-	-	12,614,300	-	-
Deferred tax liabilities	22	13,664,863	115,690,077	-	13,664,863	115,690,077	-
Other non-current liabilities		5,268,723	1,276,402	178,882	1,692,465	1,276,402	178,882
Total non-current liabilities		2,442,197,916	2,310,251,376	984,057,440	27,971,628	688,281,489	984,057,440
Total liabilities		4,372,089,995	4,480,222,128	1,097,416,751	674,717,472	1,953,652,658	1,097,355,274

The accompanying notes are an integral part of the financial statements.

Thai Solar Energy Company Limited, its subsidiaries and its jointly controlled entities

Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	Note	31 December 2013	31 December 2012 (restated)	1 January 2012	31 December 2013	31 December 2012 (restated)
Shareholders' equity						
Share capital	19					
Registered		1,365,000,000	1,365,000,000	320,000,000	1,365,000,000	1,365,000,000
Issued and paid up		1,021,219,408	649,396,500	320,000,000	1,021,219,408	649,396,500
Share subscription received in advance		92,465,750	278,157,944	273,373,955	92,465,750	278,157,944
Subscription receivables	19	(5,708,417)	(5,552,703)	(5,240,000)	(5,708,417)	(5,552,703)
Deficit		(175,250,252)	(158,284,944)	(57,316,073)	(200,164,354)	(158,284,944)
Other components of shareholders' equity	20	-	(1,343,659)	25,696	-	462,760,310
Total shareholders' equity		932,726,489	762,373,138	530,843,578	907,812,387	1,226,477,107
Total liabilities and shareholders' equity		5,304,816,484	5,242,595,266	1,628,260,329	1,582,529,859	3,180,129,765
		-	-	-	-	-

The accompanying notes are an integral part of the financial statements.

Directors

Thai Solar Energy Company Limited, its subsidiaries and its jointly controlled entities

Statement of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Continuing operations					
Revenues					
Sales		46,527,809	6,041,705	7,951,789	6,041,705
Subsidy for adders		85,542,121	10,927,048	14,240,016	10,927,048
Management service income		8,969,167	-	30,577,989	-
Other income					
Gains on changes in statuses of investments	11	453,426,782	-	-	-
Income from liquidated damages for delay in construction		4,907,415	-	-	-
Others		7,974,464	2,257,505	7,041,700	3,742,283
Total revenues		607,347,758	19,226,258	59,811,494	20,711,036
Expenses					
Cost of sales and services		80,419,409	39,071,991	69,725,606	39,071,991
Administrative expenses		107,869,726	39,116,748	64,327,048	39,116,748
Loss on impairment of property, plant and equipment	13	591,900,236	-	591,900,236	-
Loss on disposals/write-off of property, plant and equipment		7,347,107	15,412,886	7,347,107	15,412,886
Total expenses		787,536,478	93,601,625	733,299,997	93,601,625
Loss before finance cost and tax		(180,188,720)	(74,375,367)	(673,488,503)	(72,890,589)
Finance cost		(83,160,771)	(63,984,239)	(32,434,107)	(65,469,017)
Loss before tax from continuing operations		(263,349,491)	(138,359,606)	(705,922,610)	(138,359,606)
Tax income	22	142,298,240	37,390,735	130,735,055	37,390,735
Loss from continuing operations		(121,051,251)	(100,968,871)	(575,187,555)	(100,968,871)
Discontinued operations					
Profit (loss) of the subsidiaries before changes in their statuses to jointly controlled entities	11	105,429,602	(1,369,355)	-	-
Loss for the year		(15,621,649)	(102,338,226)	(575,187,555)	(100,968,871)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		(15,621,649)	(102,338,226)	(575,187,555)	(100,968,871)

The accompanying notes are an integral part of the financial statements.

Thai Solar Energy Company Limited, its subsidiaries and its jointly controlled entities

Statement of comprehensive income (continued)

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Profit (loss) attributable to:					
Equity holders of the Company		(15,621,649)	(100,968,871)	(575,187,555)	(100,968,871)
Shareholders of subsidiaries before business combination under common control		-	(1,369,355)	-	-
		<u>(15,621,649)</u>	<u>(102,338,226)</u>	<u>(575,187,555)</u>	<u>(100,968,871)</u>
Basic earnings per share					
	24				
Loss from continuing operations attributable to equity holders of the Company		<u>(1.33)</u>	<u>(1.89)</u>	<u>(6.30)</u>	<u>(1.89)</u>
Loss for the year attributable to equity holders of the Company		<u>(0.17)</u>	<u>(1.89)</u>	<u>(6.30)</u>	<u>(1.89)</u>
Weighted average number of ordinary shares (shares)		<u>91,270,738</u>	<u>53,321,635</u>	<u>91,270,738</u>	<u>53,321,635</u>

The accompanying notes are an integral part of the financial statements.

Thai Solar Energy Company Limited, its subsidiaries and its jointly controlled entities

Statement of cash flows

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Cash flows from operating activities					
Loss before tax from continuing operations		(263,349,491)	(138,359,606)	(705,922,610)	(138,359,606)
Profit (loss) before tax of the subsidiaries before changes in their statuses to jointly controlled entities	11	131,090,677	(1,369,355)	-	-
Loss before tax		(132,258,814)	(139,728,961)	(705,922,610)	(138,359,606)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:					
Depreciation and amortisation		47,105,591	30,157,183	30,496,343	30,156,648
Allowance for doubtful accounts and loss on write-off bad debts		12,138,217	1,492,795	12,138,217	1,492,795
Allowance for impairment loss on property, plant and equipment		591,900,236	-	591,900,236	-
Loss on disposals/write-off of property, plant and equipment		7,347,107	15,413,333	7,347,107	15,412,886
Gains on changes in statuses of investments		(453,426,782)	-	-	-
Provision for long-term employee benefits		416,063	1,276,402	416,063	1,276,402
Long-term provision		3,376,157	-	-	-
Unrealised loss (gain) on foreign exchange		9,367,244	(23,996)	-	(23,996)
Interest income		(3,348,487)	(176,516)	(2,634,338)	(1,661,293)
Finance cost		87,763,523	64,036,242	32,434,107	65,469,017
Profit (loss) from operating activities before changes in operating assets and liabilities		170,380,055	(27,553,518)	(33,824,875)	(26,237,147)
Operating assets (increase) decrease					
Trade and other receivables		(146,189,288)	(6,947,737)	(12,679,930)	(7,416,888)
Other current assets		(183,273,583)	(58,913,728)	2,847,710	23,671,409
Other assets		(287,240)	(10,144,090)	(108,480)	(10,111,090)
Operating liabilities increase (decrease)					
Other payables		32,003,565	2,096,838	(568,444,284)	577,050,969
Other current liabilities		6,040,109	4,912,768	191,322	1,085,197
Cash flows from (used in) operating activities		(121,326,382)	(96,549,467)	(612,018,537)	558,042,450
Cash paid for corporate income tax		(64,739,341)	(43,682)	(50,105,024)	(43,682)
Net cash flows from (used in) operating activities		(186,065,723)	(96,593,149)	(662,123,561)	557,998,768

The accompanying notes are an integral part of the financial statements.

Thai Solar Energy Company Limited, its subsidiaries and its jointly controlled entities

Statement of cash flows (continued)

For the year ended 31 December 2013

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash flows from investing activities				
Decrease (increase) in restricted bank deposits	1,132,685,815	(1,076,274,364)	769,155,192	(694,709,393)
Increase in pledged bank deposits	(102,181)	-	-	-
Cash paid for acquisition of a subsidiary company	-	-	(53,079,993)	(300,000,000)
Cash paid for acquisition of a jointly controlled entity	-	-	(20,000,060)	-
Acquisition of property, plant and equipment	(3,611,258,651)	(813,568,293)	(110,859,285)	(594,197,140)
Acquisition of investment properties	(43,131,103)	-	(154,946,308)	-
Proceeds from disposals of property, plant and equipment	-	1,158,879	422,579,778	1,158,879
Proceeds from disposals of investment properties	-	-	111,000,000	-
Advance receipt from disposals of land	-	-	-	745,000,000
Interest income	3,325,467	176,516	2,633,631	176,516
Net cash flows from (used in) investing activities	(2,518,480,653)	(1,888,507,262)	966,482,955	(842,571,138)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from banks	(415,943,385)	478,414,072	(415,943,385)	478,414,072
Repayment of liabilities under hire purchase and finance lease agreements	(1,048,362)	(334,296)	(1,048,362)	(334,296)
Cash receipt from long-term loans	2,811,312,027	1,779,874,726	-	51,268,452
Repayment of long-term loans	(95,500,000)	(509,716,375)	(55,000,000)	(509,716,375)
Cash receipt from short-term loans from related party	20,000,000	-	20,000,000	-
Proceeds from share subscription	185,975,000	333,867,786	185,975,000	333,867,786
Proceeds from other venturer from increase in share capital of a jointly controlled entity	399,999,960	-	-	-
Interest expenses and financial service fee	(177,451,168)	(96,958,862)	(32,073,602)	(68,912,435)
Net cash flows from (used in) financing activities	2,727,344,072	1,985,147,051	(298,090,349)	284,587,204
Net increase in cash and cash equivalents	22,797,696	46,640	6,269,045	14,834
Cash and cash equivalents at beginning of year	102,953	56,313	63,953	49,119
Cash and cash equivalents at end of year	22,900,649	102,953	6,332,998	63,953
	-	-	-	-
Supplemental cash flow information:				
Non-cash transactions				
Transfer deposits for purchase of land to land and investment properties	5,200,000	-	5,200,000	-
Purchase of vehicles under hire purchase agreements	17,447,100	-	17,447,100	-

The accompanying notes are an integral part of the financial statements.

Thai Solar Energy Company Limited, its subsidiaries and its jointly controlled entities

Statement of changes in shareholders' equity

For the year ended 31 December 2013

(Unit: Baht)

Consolidated financial statement						
		Issued and paid-up	Share subscription		Other components of shareholders' equity (Differences on business reorganisation under common control)	Total
Note	share capital	received in advance	Subscription receivables	Deficit		
Balance as at 31 December 2011	320,000,000	273,373,955	(5,240,000)	(57,316,073)	25,696	530,843,578
Increase in share capital	19 274,000,000	(273,373,955)	(626,045)	-	-	-
Proceeds from share subscription	-	333,867,786	-	-	-	333,867,786
Called up ordinary shares	19 55,396,500	(55,709,842)	313,342	-	-	-
Total comprehensive income for the year	-	-	-	(100,968,871)	(1,369,355)	(102,338,226)
Balance as at 31 December 2012	<u>649,396,500</u>	<u>278,157,944</u>	<u>(5,552,703)</u>	<u>(158,284,944)</u>	<u>(1,343,659)</u>	<u>762,373,138</u>
Balance as at 31 December 2012 - as previously reported	594,000,000	333,867,786	(5,866,045)	(158,284,944)	(117,033,736)	646,683,061
Reclassification	31 55,396,500	(55,709,842)	313,342	-	115,690,077	115,690,077
Balance as at 31 December 2012 - as restated	649,396,500	278,157,944	(5,552,703)	(158,284,944)	(1,343,659)	762,373,138
Proceeds from share subscription	-	180,422,297	5,552,703	-	-	185,975,000
Called up ordinary shares	19 371,822,908	(366,114,491)	(5,708,417)	-	-	-
Transfer the differences on business reorganisation under common control to retained earnings due to changes in statuses of subsidiaries to jointly controlled entities	20 -	-	-	(1,343,659)	1,343,659	-
Total comprehensive income for the year	-	-	-	(15,621,649)	-	(15,621,649)
Balance as at 31 December 2013	<u>1,021,219,408</u>	<u>92,465,750</u>	<u>(5,708,417)</u>	<u>(175,250,252)</u>	<u>-</u>	<u>932,726,489</u>

The accompanying notes are an integral part of the financial statements.

Thai Solar Energy Company Limited, its subsidiaries and its jointly controlled entities

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2013

(Unit: Baht)

Separate financial statement						
		Issued and paid-up	Share subscription		Other components of shareholders' equity (Differences on business reorganisation under common control)	Total
Note	share capital	received in advance	Subscription receivables	Deficit		
Balance as at 31 December 2011	320,000,000	273,373,955	(5,240,000)	(57,316,073)	-	530,817,882
Increase in share capital	19 274,000,000	(273,373,955)	(626,045)	-	-	-
Proceeds from share subscription	-	333,867,786	-	-	-	333,867,786
Called up ordinary shares	19 55,396,500	(55,709,842)	313,342	-	-	-
Differences from sales of land to a former subsidiary, net of tax	20 -	-	-	-	462,760,310	462,760,310
Total comprehensive income for the year	-	-	-	(100,968,871)	-	(100,968,871)
Balance as at 31 December 2012	<u>649,396,500</u>	<u>278,157,944</u>	<u>(5,552,703)</u>	<u>(158,284,944)</u>	462,760,310	<u>1,226,477,107</u>
Balance as at 31 December 2012 - as previously reported	594,000,000	333,867,786	(5,866,045)	(158,284,944)	462,760,310	1,226,477,107
Reclassification	31 55,396,500	(55,709,842)	313,342	-	-	-
Balance as at 31 December 2012 - as restated	649,396,500	278,157,944	(5,552,703)	(158,284,944)	462,760,310	1,226,477,107
Proceeds from share subscription	-	180,422,297	5,552,703	-	-	185,975,000
Called up ordinary shares	19 371,822,908	(366,114,491)	(5,708,417)	-	-	-
Differences from sales of land to a former subsidiary, net of tax	-	-	-	-	70,547,835	70,547,835
Transferred the differences on business reorganisation under common control to retained earnings due to changes in statuses of subsidiaries to jointly controlled entities	20 -	-	-	533,308,145	(533,308,145)	-
Total comprehensive income for the year	-	-	-	(575,187,555)	-	(575,187,555)
Balance as at 31 December 2013	<u>1,021,219,408</u>	<u>92,465,750</u>	<u>(5,708,417)</u>	<u>(200,164,354)</u>	-	<u>907,812,387</u>

The accompanying notes are an integral part of the financial statements.

Thai Solar Energy Company Limited, its subsidiaries and its jointly controlled entities
Notes to consolidated financial statements
For the year ended 31 December 2013

1. General information

Thai Solar Energy Company Limited (“the Company”) is a private company incorporated and domiciled in Thailand. Its parent company is P.M. Energy Company Limited, which was incorporated in Thailand. The Company is principally engaged in the production and distribution of electricity generated from solar energy to the state enterprises and private sectors. The registered office of the Company is at 3199, Maleenont Tower, 16th floor, Rama IV Road, Klongtan, Klongtoey, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Thai Solar Energy Company Limited (“the Company”), the following subsidiary companies (“the subsidiaries”) and the following jointly controlled entities (“the jointly controlled entities”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2013</u>	<u>2012</u>
			(Percent)	(Percent)
<u>Subsidiary directly held by the Company</u>				
TSE Rooftop Co., Ltd.	Investment	Thailand	100	-
<u>Subsidiaries held by TSE Rooftop Co., Ltd.</u>				
Green Rooftop Co., Ltd.	Production and distribution of electricity	Thailand	100	-
Home Rooftop Co., Ltd.	Production and distribution of electricity	Thailand	100	-

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2013</u> (Percent)	<u>2012</u> (Percent)
Central Rooftop Co., Ltd.	Production and distribution of electricity	Thailand	100	-
North Rooftop Co., Ltd.	Production and distribution of electricity	Thailand	100	-
Win Win Investment Co., Ltd.	Production and distribution of electricity	Thailand	100	-
Clean Solar Co., Ltd.	Production and distribution of electricity	Thailand	100	-
Lucky Solar Co., Ltd.	Production and distribution of electricity	Thailand	100	-
World Solar Co., Ltd.	Production and distribution of electricity	Thailand	100	-
Champ Energy Co., Ltd.	Production and distribution of electricity	Thailand	100	-
Roof Energy Co., Ltd.	Production and distribution of electricity	Thailand	100	-
<u>Jointly controlled entity directly held by the Company</u>				
Thai Solar Renewable Co., Ltd.*	Investment	Thailand	60	100
<u>Jointly controlled entity directly held by Thai Solar Renewable Co., Ltd.</u>				
Siam Solar Energy 1 Co., Ltd.*	Production and distribution of electricity	Thailand	60	100

* On 3 May 2013, the statuses of Thai Solar Renewable Company Limited and Siam Solar Energy 1 Company Limited have changed from subsidiaries to jointly controlled entities as mentioned in Note 11 to the consolidated financial statements.

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) Jointly controlled entities are consolidated applying the proportionate consolidation method as from being the date on which the Company assumed joint control, and continue to be consolidated until the date when such joint control ceases.
- d) The financial statements of its subsidiaries and its jointly controlled entities are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company, its subsidiaries and its jointly controlled entities have been eliminated from the consolidated financial statements.

2.3 The separate financial statements, which present investments in its subsidiaries and its jointly controlled entities under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

a) Accounting standards that became effective in the current accounting year

Accounting Standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for TAS 12, *Income Taxes*, which the Company, its subsidiaries and its jointly controlled entities have already adopted such standard since 2012.

b) Accounting standards that will become effective in the future

	<u>Effective date</u>
Accounting Standards:	
TAS 1 (revised 2012) Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012) Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012) Income Taxes	1 January 2014
TAS 17 (revised 2012) Leases	1 January 2014
TAS 18 (revised 2012) Revenue	1 January 2014
TAS 19 (revised 2012) Employee Benefits	1 January 2014

	<u>Effective date</u>
TAS 21 (revised 2012) The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012) Related Party Disclosures	1 January 2014
TAS 28 (revised 2012) Investments in Associates	1 January 2014
TAS 31 (revised 2012) Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012) Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012) Impairment of Assets	1 January 2014
TAS 38 (revised 2012) Intangible Assets	1 January 2014
Financial Reporting Standards:	
TFRS 2 (revised 2012) Share-based Payment	1 January 2014
TFRS 3 (revised 2012) Business Combinations	1 January 2014
TFRS 4 Insurance Contracts	1 January 2016
TFRS 5 (revised 2012) Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012) Operating Segments	1 January 2014
Accounting Standard Interpretations:	
TSIC 15 Operating Leases - Incentives	1 January 2014
TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29 Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32 Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7 Applying the Restatement Approach under TAS 29, <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014

		<u>Effective date</u>
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The management of the Company, its subsidiaries and its jointly controlled entities has assessed the effect of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations and believes that they are not relevant to the business of the Company, its subsidiaries and its jointly controlled entities or do not have any significant impact on the financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales, which include electricity tariff adders but are net of fuel adjustment charges (Ft) and PEA operating charges, are the invoiced value, excluding value added tax, of goods supplied.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

4.2 Government grants

Government grants are recognised where there is a reasonable assurance that the grant will be received and the Company, its subsidiaries and its jointly controlled entities will comply with all attached conditions. Government grants relating to specific expenses are deferred and recognised in profit or loss on a systematic basis over the periods in which the Company, its subsidiaries and its jointly controlled entities recognise as expenses the related costs for which the grants are intended to compensate. Government grants related to assets are recognised as deferred income and then recognised in profit or loss over the useful life of the asset.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Trade account receivable

Trade account receivable is stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivable. The allowance is generally based on collection experience and analysis of debt aging.

4.5 Inventories

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of cost, which is determined by First-in First-out method, and net realisable value and are charged to production costs whenever consumed.

4.6 Investments

Investments in subsidiaries and jointly controlled entities are accounted for in the separate financial statements using the cost method.

4.7 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The profit (loss) after taxes from discontinued operations is reported separately from profit (loss) after taxes from continuing operations in the statement of comprehensive income of the reporting period and of the comparable period.

Property, plant equipment once classified as held for sale are not depreciated.

4.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any).

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the year when the asset is derecognised.

4.9 Power plants under construction

All expenditures and other related expenses incurred during the construction of the solar power plants to make the plants operational are capitalised as solar power plants. Such project costs incurred during the construction phase include costs of solar panels, project construction costs, management fees, consulting fees and borrowing costs.

4.10 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs less residual values (if any) on the straight-line basis over the following estimated useful lives:

Land improvements	25 years
Power plants	5, 25 years
Office building	25 years
Tools and equipment	5 years
Furniture and office equipment	3, 5 years
Motor vehicles	5 years

Depreciation is included in determining income. No depreciation is provided on land and power plants under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the year they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.12 Computer software

Computer software is stated at cost less accumulated amortisation and any accumulated impairment losses (if any).

The computer software is amortised on the straight-line basis over the estimated useful life of 5 years and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such computer software are reviewed at least at each financial year end. The amortisation expense is recognised in profit or loss.

4.13 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, its subsidiaries and its jointly controlled entities, whether directly or indirectly, or which are under common control with the Company, its subsidiaries and its jointly controlled entities.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company, its subsidiaries and its jointly controlled entities that gives them significant influence over the Company, its subsidiaries and its jointly controlled entities, key management personnel, directors, and officers with authority in the planning and direction of the Company's, its subsidiaries' and its jointly controlled entities' operations.

4.14 Long-term leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

4.15 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. The balances of monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange differences are included in determining income.

4.16 Impairment of assets

At the end of each reporting period, the Company, its subsidiaries and its jointly controlled entities perform impairment reviews in respect of the property, plant and equipment and other assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the entity could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.17 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plan

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

4.18 Provisions

Provisions are recognised when the Company, its subsidiaries and its jointly controlled entities have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.19 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company, its subsidiaries and its jointly controlled entities recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company, its subsidiaries and its jointly controlled entities review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company, its subsidiaries and its jointly controlled entities record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Property, plant and equipment/Depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the buildings and equipment and to review estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plan

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

During the years, the Company, its subsidiaries and its jointly controlled entities had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiaries and its jointly controlled entities and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
<u>Transactions with subsidiary companies*</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	-	1	MLR-1 percent per annum
Management service income	-	-	8	-	Contract price
<u>Transactions with jointly controlled entity</u>					
(proportionately eliminated from the consolidated financial statements)					
Management service income	9	-	22	-	Contract price
<u>Transactions with related companies</u>					
Service expenses	2	16	2	16	Contract price
Advertising expenses	1	-	1	-	Market price

* On 3 May 2013, the statuses of Thai Solar Renewable Company Limited and Siam Solar Energy 1 Company Limited have changed from subsidiaries to jointly controlled entities as mentioned in Note 11 to the consolidated financial statements.

As at 31 December 2013 and 2012, the balances of the accounts between the Company, its subsidiaries, its jointly controlled entities and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Amounts due from related parties (Note 8)</u>				
Subsidiaries*	-	-	12,823	390
Jointly controlled entity	36,810	-	92,025	-
Related companies (related by common shareholders and directors)	2	2,921	2	2,921
Total amounts due from related parties	<u>36,812</u>	<u>2,921</u>	<u>104,850</u>	<u>3,311</u>
<u>Amounts due to related parties (Note 15)</u>				
Subsidiary*	-	-	-	574,870
Venturer in jointly controlled entities	249	-	-	-
Related company (related by common shareholders and directors)	-	121	-	-
Total amounts due to related parties	<u>249</u>	<u>121</u>	<u>-</u>	<u>574,870</u>
<u>Liabilities directly associated with non-current assets held for sale</u>				
Subsidiary*	-	-	-	166,550
Total liabilities directly associated with non-current assets held for sale	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,550</u>

* On 3 May 2013, the statuses of Thai Solar Renewable Company Limited and Siam Solar Energy 1 Company Limited have changed from subsidiaries to jointly controlled entities as mentioned in Note 11 to the consolidated financial statements.

Short-term loans from related party

As at 31 December 2013 and 2012, the balance of loans between the Company and the related company and the movement are as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements			Balance as at 31 December 2013
	Balance as at 31 December 2012	During the year		
		Increase	Decrease	
Director	-	45,000	(25,000)	20,000
Total	-	45,000	(25,000)	20,000

Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Company, its subsidiaries and its jointly controlled entities had employee benefit expenses to their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Short-term employee benefits	20	12	20	12
Post-employment benefits	1	1	1	1
Total	21	13	21	13

7. Restricted bank deposits

These represent saving deposits pledged and assigned rights of claim to secure the credit facilities of the Company and its jointly controlled entity with their lenders, which there is term of expense and stages of withdrawal for specially purpose according to the long-term loan agreements.

As at 31 December 2013, bank deposits in saving accounts carried interests at 0.5 percent per annum (2012: 0.6 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Trade receivable - unrelated party</u>				
Trade receivable not yet due	77,351	2,064	3,023	2,064
Total trade receivable - unrelated party	77,351	2,064	3,023	2,064
<u>Other receivables</u>				
Amounts due from related parties (Note 6)	36,812	2,921	104,850	3,311
Other receivables	12,250	9,346	8,425	9,346
Total	49,062	12,267	113,275	12,657
Less: Allowance for doubtful debts	(8,277)	(310)	(8,277)	(310)
Total other receivables, net	40,785	11,957	104,998	12,347
Total trade and other receivables	118,136	14,021	108,021	14,411

9. Pledged bank deposits

These balances represent saving deposits pledged with the banks to guarantee the Company's electricity use and a jointly controlled entity's credit cards for filling up fuel.

10. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
			(Percent)	(Percent)		
Thai Solar Renewable Co., Ltd.	-	300,000	-	100	-	300,000
TSE Rooftop Co., Ltd.	43,000	-	100	-	53,080	-
Total					53,080	300,000

No dividend was received from the above subsidiary companies for the years ended 31 December 2013 and 2012.

Movements of the investments in subsidiaries during the year ended 31 December 2013 are summarised below.

Investments in Thai Solar Renewable Company Limited

On 3 May 2013, the status of Thai Solar Renewable Company Limited has changed from a subsidiary to a jointly controlled entity as mentioned in Note 11 to the consolidated financial statements.

Investments in TSE Rooftop Company Limited

On 31 July 2013, a meeting of the Company's Board of Directors approved a resolution to establish TSE Rooftop Company Limited in order to run business relating to production and distribution of electricity generated from solar rooftop energy. The Company invested in 100 percent of 16.9 million ordinary shares of such company at the par value of Baht 10 each, of which such company called up 25 percent or Baht 43 million, and the Company also made an advance payment for investments amounting to Baht 10 million, totaling Baht 53 million. Such company registered its incorporation with the Ministry of Commerce on 6 September 2013 and it subsequently invested 100 percent of shareholding in new 10 subsidiaries.

11. Investments in jointly controlled entities

11.1 Details of investments in jointly controlled entities

Details of investments in jointly controlled entities as presented in the separate financial statements as at 31 December 2013 are as follows:

(Unit: Thousand Baht)			
Jointly controlled entities	Nature of business	Shareholding percentage (Percent)	Cost
Thai Solar Renewable Co., Ltd.	Investment	60	320,000
Siam Solar Energy 1 Co., Ltd.	Production and distribution of electricity generated from solar energy	-	-*
Total			320,000

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

On 27 February 2013, the Company entered into the shareholders agreement and share subscription agreement with PTT Public Company Limited ("PTT") for the purpose of joint investment in Thai Solar Renewable Company Limited, for onward investment in Siam Solar Energy 1 Company Limited, to produce and distribute electricity generated from solar energy for the state enterprises and private sectors. The Company and PTT hold 60 percent and 40 percent shareholdings, respectively, with the investment amounting to Baht 350 million and Baht 1,450 million, respectively.

In December 2012, the Company invested in 30 million ordinary shares with a par value of Baht 10, or 60 percent of all shares of Thai Solar Renewable Company Limited, amounting to Baht 300 million, while PTT invested in 20 million ordinary shares with a par value of Baht 10, at a price of Baht 20 per share, representing 40 percent of all shares of such company, amounting to Baht 400 million in May 2013. Thai Solar Renewable Company Limited registered the increase in its share capital from Baht 300 million to Baht 500 million with the Ministry of Commerce on 3 May 2013. According to the shareholders agreement, the Company and PTT have joint control over such companies, and the statuses of Thai Solar Renewable Company Limited and Siam Solar Energy 1 Company Limited have therefore changed from subsidiaries to jointly controlled entities. Effective from 3 May 2013, the Company reclassified its investments in these companies from investments in subsidiaries, for which consolidated financial statements were prepared, to investments in jointly controlled entities, for which consolidated financial statements are prepared by applying the proportionate consolidation method, and derecognised the other venturer's share of assets and liabilities of the subsidiaries.

In November 2013, Thai Solar Renewable Company Limited increased its registered share capital from Baht 500 million to Baht 533 million, by issuing approximately 3 million new ordinary shares with a par value of Baht 10 to the Company and PTT (the existing shareholders) in proportion to their shareholding, at prices of Baht 10 per share and Baht 210 per share, respectively, as specified in the share subscription agreement. The Company has already made payment for the shares in proportion to its shareholding, amounting to Baht 20 million.

In the separate financial statements, the Company recorded the initial value of investments in jointly controlled entities, which are accounted for using the cost method, at the book value of the investments at the date when control was lost.

In the consolidated financial statements, the Company recorded the initial value of the investments in jointly controlled entities at the fair value at the date when control was lost. Of the difference between the fair value and the Company's interest in such companies on that date, totaling Baht 904 million, Baht 453 million was recognised as gains on changes in statuses of investments in the statement of comprehensive income for the year ended 31 December 2013 and the remainder will be recognised when PTT makes payments in accordance with the share subscription agreement. In addition, such jointly controlled entities are consolidated applying the proportionate consolidation method, as from the date on which the Company assumed joint control.

The loss of control in the subsidiaries is treated as a deemed disposal that meets the definition of a discontinued operation in accordance with Thai Financial Reporting Standard 5, *Non-current Assets Held for Sale and Discontinued Operations*.

The operating results of the former subsidiaries before 3 May 2013 included in the consolidated statements of comprehensive income for the years ended 31 December 2013 and 2012 are presented below.

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	For the period as from 1 January 2013 to 2 May 2013	For the year ended 31 December 2012
Revenue	168,695	186
Expenses	(33,001)	(1,503)
Profit (loss) before finance cost and tax	135,694	(1,317)
Finance cost	(4,603)	(52)
Profit (loss) before tax	131,091	(1,369)
Tax expenses:		
Current tax	(25,661)	-
Profit (loss) for the period from discontinued operations	105,430	(1,369)
Basic earnings (loss) per share	1.16	(0.03)

The net cash flows incurred by the former subsidiaries before 3 May 2013 included in the consolidated statement of cash flows for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Thousand Baht)

	For the period as from 1 January 2013 to 2 May 2013	For the year ended 31 December 2012
Operating	335,502	(654,585)
Investing	(2,508,798)	(1,345,936)
Financing	2,173,257	2,000,560
Net cash inflow (outflow)	(39)	39

11.2 Dividend received

No dividend was received from the above jointly controlled entities for the year ended 31 December 2013.

11.3 Summarised financial information of jointly controlled entities

The Company's proportionate shares of the assets and liabilities in Thai Solar Renewable Company Limited and Siam Solar Energy 1 Company Limited as at 31 December 2013, according to proportion under the shareholders agreement, are as follows:

	(Unit: Million Baht)
Current assets	261
Non-current assets	3,449
	<hr/>
	3,710
Current liabilities	(1,024)
Non-current liabilities	(2,414)
	<hr/>
	(3,438)
	<hr/>
Net assets	272
	<hr/> <hr/>

The Company's proportionate shares of the revenue and expenses in Thai Solar Renewable Company Limited and Siam Solar Energy 1 Company Limited for the period as from 3 May 2013 to 31 December 2013, according to proportion under the shareholders agreement, are as follows:

	(Unit: Million Baht)
Revenues	116
Costs of sales	(25)
Administrative expenses	(40)
	<hr/>
Profit before finance cost and tax	51
Finance cost	(51)
	<hr/>
Profit before tax	-
Tax income	12
	<hr/>
Profit for the period	12
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As at 31 December 2013, Thai Solar Renewable Company Limited has pledged all share certificates of investments in Siam Solar Energy 1 Company Limited, its subsidiary, amounting to approximately Baht 664 million (the Company's proportion: Baht 664 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 approximately Baht 5,744 million (the Company's proportion: Baht 3,446 million) and pledged bank deposits amounting to approximately Baht 24 million (the Company's proportion: Baht 14 million), as collateral for credit facilities granted by a commercial bank.

The Company has pledged all share certificates of investments in jointly controlled entities with a lender as collateral against a jointly controlled entity's credit facilities received from the commercial bank.

12. Investment properties

Movements of the investment property account which are land held for a currently undetermined future use during the year ended 31 December 2013 were summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Book value as at 1 January 2013	-	-
Acquisitions, at cost	46,131	157,946
Transfer from property, plant and equipment	42,269	42,269
Disposals, book value at disposal date	-	(111,815)
Book value as at 31 December 2013	<u>88,400</u>	<u>88,400</u>

The fair value of the investment properties as at 31 December 2013 was Baht 88 million.

The Company has pledged all investment properties as collateral against credit facilities received from the commercial bank.

13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Land		Power plants	Office building	Tools and equipment	Furniture and	Motor vehicles	Power plants	Total
	Land	improvements				office equipment		under construction	
Cost:									
As at 1 January 2012	79,821	3,141	865,529	9,800	1,217	3,055	4,182	549,336	1,516,081
Additions	166,550	-	641	-	362	571	-	2,166,992	2,335,116
Disposals/write-off	-	-	(2,125)	-	(79)	(552)	(2,918)	(15,126)	(20,800)
Transfers	-	-	1,374	1,314	278	-	-	(2,966)	-
Capitalised borrowing costs	-	-	-	-	-	-	-	24,159	24,159
As at 31 December 2012	246,371	3,141	865,419	11,114	1,778	3,074	1,264	2,722,395	3,854,556
Additions	134,814	-	1,592	-	167	3,088	21,021	2,822,357	2,983,039
Disposals/write-off	-	-	-	-	(290)	-	-	(7,155)	(7,445)
Transfers	-	-	1,739,189	-	-	-	-	(1,739,189)	-
Transfer to investment properties	(42,269)	-	-	-	-	-	-	-	(42,269)
Capitalised borrowing costs	-	-	-	-	-	-	-	94,678	94,678
Derecognised the subsidiaries' assets									
due to loss of control during the year	(111,301)	-	-	-	-	(341)	-	(1,417,850)	(1,529,492)
As at 31 December 2013	227,615	3,141	2,606,200	11,114	1,655	5,821	22,285	2,475,236	5,353,067

(Unit: Thousand Baht)

Consolidated financial statements

	Land	Land improvements	Power plants	Office building	Tools and equipment	Furniture and office equipment	Motor vehicles	Power plants under construction	Total
Accumulated depreciation:									
As at 1 January 2012	-	1	379	4	134	1,203	2,120	-	3,841
Depreciation for the year	-	104	28,032	362	314	690	503	-	30,005
Depreciation on disposals/write-off	-	-	-	-	(39)	(393)	(1,670)	-	(2,102)
As at 31 December 2012	-	105	28,411	366	409	1,500	953	-	31,744
Depreciation for the year	-	98	44,380	346	315	926	844	-	46,909
Depreciation on disposals/write-off	-	-	-	-	(98)	-	-	-	(98)
Derecognised the subsidiaries' assets due to loss of control during the year	-	-	-	-	-	(2)	-	-	(2)
As at 31 December 2013	-	203	72,791	712	626	2,424	1,797	-	78,553
Allowance for impairment loss:									
As at 31 December 2012	-	-	-	-	-	-	-	-	-
Increase during the year	-	-	-	-	-	-	-	591,900	591,900
As at 31 December 2013	-	-	-	-	-	-	-	591,900	591,900
Net book value:									
As at 31 December 2012	246,371	3,036	837,008	10,748	1,369	1,574	311	2,722,395	3,822,812
As at 31 December 2013	227,615	2,938	2,533,409	10,402	1,029	3,397	20,488	1,883,336	4,682,614
Depreciation for the year									
2012 (Baht 28 million included in cost of sales, and the remaining balance included in administrative expenses)									30,005
2013 (Baht 45 million included in cost of sales, and the remaining balance included in administrative expenses)									46,909

(Unit: Thousand Baht)

Separate financial statements

	Land	Land improvements	Power plants	Office building	Tools and equipment	Furniture and office equipment	Motor vehicles	Power plants under construction	Total
Cost:									
As at 1 January 2012	79,821	3,141	865,529	9,800	1,217	3,054	4,182	549,336	1,516,080
Additions	-	-	641	-	362	571	-	386,553	388,127
Disposals/write-off	-	-	(2,125)	-	(79)	(551)	(2,918)	(15,126)	(20,799)
Transfers	-	-	1,374	1,314	278	-	-	(2,966)	-
Capitalised borrowing costs	-	-	-	-	-	-	-	21,655	21,655
As at 31 December 2012	79,821	3,141	865,419	11,114	1,778	3,074	1,264	939,452	1,905,063
Additions	-	-	1,592	-	6	751	21,021	85,629	108,999
Disposals/write-off	-	-	-	-	(290)	-	-	(429,735)	(430,025)
Transfers	-	-	4,684	-	-	-	-	(4,684)	-
Transfer to investment properties	(42,269)	-	-	-	-	-	-	-	(42,269)
Capitalised borrowing costs	-	-	-	-	-	-	-	1,238	1,238
As at 31 December 2013	37,552	3,141	871,695	11,114	1,494	3,825	22,285	591,900	1,543,006
Accumulated depreciation:									
As at 1 January 2012	-	1	379	4	134	1,203	2,120	-	3,841
Depreciation for the year	-	104	28,032	362	314	690	503	-	30,005
Depreciation on disposals/write-off	-	-	-	-	(39)	(393)	(1,670)	-	(2,102)
As at 31 December 2012	-	105	28,411	366	409	1,500	953	-	31,744
Depreciation for the year	-	98	28,003	346	310	705	844	-	30,306
Depreciation on disposals/write-off	-	-	-	-	(98)	-	-	-	(98)
As at 31 December 2013	-	203	56,414	712	621	2,205	1,797	-	61,952

(Unit: Thousand Baht)

Separate financial statements

	Land	Land improvements	Power plants	Office building	Tools and equipment	Furniture and office equipment	Motor vehicles	Power plants under construction	Total
Allowance for impairment loss:									
As at 31 December 2012	-	-	-	-	-	-	-	-	-
Increase during the year	-	-	-	-	-	-	-	591,900	591,900
As at 31 December 2013	-	-	-	-	-	-	-	591,900	591,900
Net book value:									
As at 31 December 2012	<u>79,821</u>	<u>3,036</u>	<u>837,008</u>	<u>10,748</u>	<u>1,369</u>	<u>1,574</u>	<u>311</u>	<u>939,452</u>	<u>1,873,319</u>
As at 31 December 2013	<u>37,552</u>	<u>2,938</u>	<u>815,281</u>	<u>10,402</u>	<u>873</u>	<u>1,620</u>	<u>20,488</u>	<u>-</u>	<u>889,154</u>
Depreciation for the year									
2012 (Baht 28 million included in cost of sales, and the remaining balance included in administrative expenses)									<u>30,005</u>
2013 (Baht 28 million included in cost of sales, and the remaining balance included in administrative expenses)									<u>30,306</u>

During the third quarter of 2013, the Company's management decided to cancel construction of three solar thermal power plants with book values as at 31 December 2013 amounting to Baht 592 million. The Company therefore recognised allowance for impairment loss of such power plants under construction in full.

As at 31 December 2013, the Company and its jointly controlled entity had an outstanding balance of work under construction of new power plants of approximately Baht 1,538 million (in proportionate of the Company's interest in the jointly controlled entity) (2012: Baht 2,722 million) (The Company only: Nil, 2012: Baht 939 million). Construction of the power plants has been financed with loans from a commercial bank and borrowing costs totaling approximately Baht 95 million were capitalised during the year ended 31 December 2013 (2012: Baht 24 million) (The Company only: Baht 1 million, 2012: Baht 22 million). The weighted average rates used to determine the amount of borrowing costs eligible for capitalisation were 5 - 6 percent (2012: 5 - 6 percent).

As at 31 December 2013, the Company had vehicles under hire purchase agreements with net book values amounting to Baht 20 million (2012: Nil).

The Company and its jointly controlled entity have pledged assets amounting to approximately Baht 4,312 million (2012: Baht 3,820 million) (The Company only: Baht 866 million, 2012: Baht 1,870 million) as collateral against credit facilities received from the commercial bank.

14. Bank overdrafts and short-term loans from banks

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Bank overdrafts	MOR	MOR	16,564	15,702	16,564	15,702
Short-term loans from banks	MLR	MLR-1	53,730	470,536	53,730	470,536
Total			<u>70,294</u>	<u>486,238</u>	<u>70,294</u>	<u>486,238</u>

(Unit: Thousand Baht)

As at 31 December 2013, bank overdrafts are secured by the pledge and the assignment of rights over the Company's bank deposits, the mortgage of the Company's land with construction thereon, the pledge and the mortgage of the Company's machinery, the assignment of rights under all project agreements, the pledge of the Company's shares held by the parent company and guarantees issued by a shareholder of the parent company. Short-term loans from bank resulting from issuing the promissory notes with maturity in February 2014 are secured by the Company's director.

15. Construction and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Amounts due to related parties (Note 6)	249	121	-	574,870
Construction payables	765,283	1,506,323	172	3,985
Retention guarantee	3,934	75,302	115	16,571
Accrued expenses	20,265	3,146	9,750	1,805
Others	3,331	2,465	648	2,465
Total construction and other payables	<u>793,062</u>	<u>1,587,357</u>	<u>10,685</u>	<u>599,696</u>

16. Long-term loans

Loan	Interest rate (percent per annum)	Repayment schedule	(Unit: Thousand Baht)			
			Consolidated		Separate	
			financial statements		financial statements	
			<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
1	MLR-1.75	Semi-annual installments as from September 2012 to December 2020	528,315	582,978	528,315	582,978
2*	1st - 2nd years: MLR-1.9 3rd - 5th years: MLR-1.75 6th year onwards: MLR-1.5	Semi-annual installments as from December 2013 to June 2023	2,781,900	1,611,246	-	-
3	MLR-1.75	Within December 2015	120,000	90,385	-	-
Total			3,430,215	2,284,609	528,315	582,978
Less: Current portion			<u>(1,019,565)</u>	<u>(91,324)</u>	<u>(528,315)</u>	<u>(11,663)</u>
Long-term loans, net of current portion			<u>2,410,650</u>	<u>2,193,285</u>	<u>-</u>	<u>571,315</u>

* A jointly controlled entity entered into long-term loan agreements in December 2012.

Movements of the long-term loan account during the year ended 31 December 2013 were summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2013	2,284,609	582,978
Additional borrowings	2,811,312	-
Repayments	(95,500)	(55,000)
Amortisation of financial service fee	1,983	337
Derecognised the subsidiaries' liabilities due to loss of control during the year	(1,572,189)	-
Balance as at 31 December 2013	<u>3,430,215</u>	<u>528,315</u>

The balance of the long-term loans presented net of deferred financial service fee.

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

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

The Company has to maintain the required debt service coverage ratio of no more than 1.10 as stipulated in the loan agreement. However, as at 31 December 2013, the ratio was (1). Due to this, the lender may exercise certain rights stipulated in the loan agreement, including the right to call the loan immediately. The Company requested a waiver in respect of compliance with covenant from the bank and expects to receive a waiver letter in February 2013. To comply with the Thai Financial Reporting Standards, the Company classified the whole balance of such loan as at 31 December 2013 as current liabilities in the statement of financial position.

As at 31 December 2013, the long-term credit facilities of the jointly controlled entity which have not yet been drawn down amounted to Baht 403 million (in proportionate of the Company's interest in the jointly controlled entity) (2012: Nil) (The Company only: Nil, 2012: Baht 3,140 million).

17. Hire purchase payables

Details of hire purchase payables as presented in the consolidated and separate financial statements as at 31 December 2013 are as follows:

	(Unit: Thousand Baht)
Hire purchase payables	18,234
Less: Deferred interest expenses	(1,515)
Total	<u>16,719</u>
Less: Current portion	(4,105)
Hire purchase payables, net of current portion	<u><u>12,614</u></u>

Hire purchase payables consist of amounts payable under various vehicle hire purchase agreements, with fixed payments to be made in 48 monthly installments.

As at 31 December 2013, future minimum payments required under the hire purchase agreements were as follows:

	(Unit: Million Baht)		
	Less than 1 year	1 - 5 years	Total
Future minimum payments under hire purchase agreements	5	13	18
Deferred interest expenses	(1)	(1)	(2)
Present value of minimum payments under hire purchase agreements	<u>4</u>	<u>12</u>	<u>16</u>

18. Long-term provision

As at 31 December 2013, a jointly controlled entity recognised long-term provision of Baht 4 million (in proportionate of the Company's interest in the jointly controlled entity) (2012: Nil), presented under the caption of "Other non-current liabilities" in the statement of financial position, in respect of engineering, procurement and construction contracts relating to construction of the jointly controlled entity's three power plants with a company. The contracts specify that the jointly controlled entity is to make payment at the end of tenth year to that company at the contract rate if the actual sales of electricity in each year are greater than those guaranteed by that company, for a period of 10 years after the commercial operation date (to date, such three power plants have started commercial operation during the year 2013). However, the maximum amount of the payments is Baht 59 million per a power plant.

19. Share capital

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	31 December 2013	31 December 2012 (restated)	1 January 2012
<u>Registered</u>			
32,000,000 ordinary shares of Baht 10 each	320,000	320,000	320,000
104,500,000 ordinary shares of Baht 10 each	1,045,000	1,045,000	-
Total	1,365,000	1,365,000	320,000
<u>Issued and paid up</u>			
32,000,000 ordinary shares of Baht 10 each, fully paid up	320,000	320,000	320,000
104,500,000 ordinary shares of Baht 10 each, 67 percent paid up (31 December 2012: 32 percent)	701,219	329,397	-
Total	1,021,219	649,397	320,000

On 9 June 2011, an extraordinary general meeting of the shareholders of the Company approved an increase of the Company's registered share capital from Baht 320 million to Baht 1,365 million, through the issuance of 104.5 million new ordinary shares with a par value of Baht 10. The Company registered the increase in its share capital with the Ministry of Commerce on 14 March 2012, of which 26 percent or a total of Baht 274 million was called up and received full payments from shareholders in December 2012.

In June 2012, the Company called up an additional share capital of Baht 55 million which received full payments from shareholders in September 2012, and as a result issued and paid-up share capital as at 31 December 2012 totaled Baht 649 million. This was registered with the Ministry of Commerce on 29 June 2012.

In April 2013, the Company called up an additional share capital of Baht 354 million which received full payments from shareholders in April 2013. This was registered with the Ministry of Commerce on 9 April 2013.

In August 2013, the Company called up an additional share capital of Baht 18 million which received payments in advance from shareholders in April 2013, and as a result issued and paid-up share capital as at 31 December 2013 totals Baht 1,021 million. This includes subscription receivables amounting to Baht 6 million. This was registered with the Ministry of Commerce on 20 August 2013.

In February 2014, the Company called up an additional share capital of Baht 344 million which received full payments from shareholders and as a result issued and paid-up share capital totals Baht 1,365 million. This was registered with the Ministry of Commerce on 13 February 2014.

On 3 December 2013, an extraordinary general meeting of the shareholders of the Company passed the following resolutions.

- a) Approved a change in the Company's status from a company limited to a public company limited, in accordance with the Public Limited Companies Act B.E. 2535.
- b) Approved the change of the value of its ordinary shares from 136.5 million shares at Baht 10 each to 1,365 million shares at Baht 1 each.
- c) Approved the increase of its registered capital from Baht 1,365 million to not over Baht 1,815 million through the issuance of not over 450 million shares at a par value of Baht 1 each to reserve for the initial public offering.

The Company registered the significant matters described above with the Ministry of Commerce on 18 February 2014.

20. Differences on business reorganisation under common control

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements	
	31 December 2013	31 December 2012 (restated)	1 January 2012	31 December 2013	31 December 2012
Differences on acquisition of the former subsidiary companies	-	(1,344)	26	-	-
Differences from sales of land to a former subsidiary company, net of tax	-	-	-	-	462,760
Total	-	(1,344)	26	-	462,760

In December 2012, the Company entered into agreements to sell land to Siam Solar Energy 1 Company Limited, its former subsidiary. Since such transaction was a part of an internal restructuring of the group, the Company recorded the differences between the cash receipt and the carrying value of such land amounting to Baht 533 million, net of tax amounting to Baht 133 million (2012: Baht 463 million and Baht 116 million, respectively), as a separate item in shareholders' equity. In June and September 2013, the Company transferred legal ownership of certain land to such company and the remaining is in the process of transferring legal ownership to such company.

As the statuses of Thai Solar Renewable Company Limited and Siam Solar Energy 1 Company Limited have changed to jointly controlled entities during the current year as mentioned in Note 11 to the consolidated financial statements, the Company transferred the differences on business reorganisation under common control to retained earnings in full.

21. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Salary and wages and other employee benefits	41,107	19,122	46,408	19,122
Depreciation and amortisation	47,106	30,157	30,496	30,157
Loss on exchange rate	20,432	-	130	-
Loss on impairment of property, plant and equipment	591,900	-	591,900	-
Loss on disposals/write-off of property, plant and equipment	7,347	15,413	7,347	15,413
Doubtful accounts and loss on write-off bad debts	12,138	1,493	12,138	1,493
Professional fees	56,270	6,471	21,485	5,691

22. Income tax

Tax expenses (income) for the years ended 31 December 2013 and 2012 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Current income tax:</u>				
Current income tax charge	50,816	-	62,035	-
<u>Deferred tax:</u>				
Relating to origination and reversal of temporary differences	(193,114)	(42,999)	(192,770)	(42,999)
Effects of changes in the applicable tax rates	-	5,608	-	5,608
Tax income reported in the statement of comprehensive income	<u>(142,298)</u>	<u>(37,391)</u>	<u>(130,735)</u>	<u>(37,391)</u>

The amounts of income tax recorded directly to other components of shareholders' equity for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Deferred tax relating to differences on business reorganisation under common control	-	-	(17,637)	(133,044)
Effects of changes in the applicable tax rates	-	-	-	17,354
	<u>-</u>	<u>-</u>	<u>(17,637)</u>	<u>(115,690)</u>

Reconciliation between tax income and the product of accounting loss multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012 is as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Accounting loss before tax	(263,349)	(138,360)	(705,923)	(138,360)
Applicable tax rate	20%	23%	20%	23%
Accounting loss before tax multiplied by applicable tax rate	(52,670)	(31,823)	(141,185)	(31,823)
Effects of changes in the applicable tax rates	-	5,608	-	5,608
Effects of:				
Promotional privileges (Note 23)	(12,568)	(743)	(591)	(743)
Non-deductible expenses	11,520	585	11,041	585
Utilisation of previously unrecognised tax losses	-	(11,018)	-	(11,018)
Deductible temporary differences and tax losses for the year which were not recognised as deferred tax assets during the year	2,105	-	-	-
Gains on changes in statuses of investments which were not recognised as deferred tax liabilities during the year	(90,685)	-	-	-
Tax income reported in the statement of comprehensive income	<u>(142,298)</u>	<u>(37,391)</u>	<u>(130,735)</u>	<u>(37,391)</u>

The components of deferred tax assets and liabilities presented in the statement of financial position and deferred tax expenses (income) recognised in the statement of comprehensive income are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Statement of financial position		Statement of comprehensive income	
	<u>2013</u>	<u>2012</u> (restated)	<u>2013</u>	<u>2012</u>
<u>Deferred tax assets</u>				
Allowance for doubtful accounts	1,655	62	(1,593)	(62)
Allowance for impairment loss of property, plant and equipment	108,505	-	(108,505)	-
Provision for long-term employee benefits	339	255	(84)	(255)
Long-term provision	337	-	(337)	-
Differences on business reorganisation under common control	79,996	115,690	-	-
Effects of long-term lease contracts	7	-	(7)	-
Unused tax loss	-	37,074	37,074	(37,074)
Total	<u>190,839</u>	<u>153,081</u>	<u>(73,452)</u>	<u>(37,391)</u>
<u>Deferred tax liabilities</u>				
Differences on business reorganisation under common control	(13,665)	(115,690)	(119,662)	-
Total	<u>(13,665)</u>	<u>(115,690)</u>	<u>(119,662)</u>	<u>-</u>
Net	<u>177,174</u>	<u>37,391</u>	<u>(193,114)</u>	<u>(37,391)</u>

(Unit: Thousand Baht)

	Separate financial statements			
	Statement of		Statement of	
	financial position		comprehensive income	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Deferred tax assets</u>				
Allowance for doubtful accounts	1,655	62	(1,593)	(62)
Allowance for impairment loss of property, plant and equipment	108,505	-	(108,505)	-
Provision for long-term employee benefits	339	255	(84)	(255)
Unused tax loss	-	37,074	37,074	(37,074)
Total	<u>110,499</u>	<u>37,391</u>	<u>(73,108)</u>	<u>(37,391)</u>
<u>Deferred tax liabilities</u>				
Differences on business reorganisation under common control	<u>(13,665)</u>	<u>(115,690)</u>	<u>(119,662)</u>	<u>-</u>
Total	<u>(13,665)</u>	<u>(115,690)</u>	<u>(119,662)</u>	<u>-</u>
Net	<u>96,834</u>	<u>(78,299)</u>	<u>(192,770)</u>	<u>(37,391)</u>

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company, its subsidiaries and its jointly controlled entities have reflected the changes in the income tax rates in their deferred tax calculation, as presented above.

As at 31 December 2013, its subsidiaries and its jointly controlled entities have deductible temporary differences and unused tax losses totaling Baht 11 million (2012: Baht 1 million), on which deferred tax assets have not been recognised as its subsidiaries and its jointly controlled entities believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

23. Promotional privileges

The Company and its jointly controlled entity have received promotional privileges from the Board of Investment for the production of electricity generated from concentrated solar thermal energy and solar photovoltaic energy, respectively, pursuant to the following promotion certificates:

Certificate Number	Dated	Date of first income derived
<i>The Company</i>		
1454(1)/2553	15 July 2009	26 December 2011
1616(1)/2555	25 November 2011	Not yet generated revenue
<i>Jointly controlled entity</i>		
1691(1)/2556	25 December 2012	4 September 2013
1692(1)/2556	25 December 2012	17 July 2013
1693(1)/2556	25 December 2012	28 October 2013
1694(1)/2556	25 December 2012	21 November 2013
1695(1)/2556	25 December 2012	21 November 2013
1696(1)/2556	5 March 2013	Not yet generated revenue
1697(1)/2556	5 March 2013	Not yet generated revenue
1698(1)/2556	5 March 2013	Not yet generated revenue
1699(1)/2556	5 March 2013	Not yet generated revenue
1758(1)/2556	5 March 2013	Not yet generated revenue

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

The Company's and its jointly controlled entity's operating revenue from sales and subsidy for adders as presented in the statement of comprehensive income for the years ended 31 December 2013 and 2012 totally resulted from promoted operations.

24. Basic earnings per share

Basic earnings per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

25. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Chief Executive Officer.

The one main reportable operating segment of the Company, its subsidiaries and its jointly controlled entities is production and distribution of electricity generated from solar energy to the Provincial Electricity Authority and the single geographical area of their operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

26. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by Provident Fund of Siam Commercial Master Fund registered, will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company contributed Baht 1 million (2012: Nil) to the fund.

27. Commitments and contingent liabilities

27.1 Power purchase agreements

As at 31 December 2013, the Company, its subsidiaries and its jointly controlled entity have 24 power purchase agreements with the Provincial Electricity Authority (“PEA”) and the Metropolitan Electricity Authority (“MEA”) (2012: 14 agreements) (The Company only: 1 agreement, 2012: 8 agreements). In January 2013, the Company amended 4 power purchase agreements in order to transfer all rights and obligations of the agreements to Siam Solar Energy 1 Company Limited, its former subsidiary. Currently, the Company and its jointly controlled entity have commenced their production and distribution of electricity for the PEA under 6 power purchase agreements (The Company only: 1 agreement).

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

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

27.2 Capital commitments

As at 31 December 2013, the Company, its subsidiaries and its jointly control entity (in proportionate of the Company's interest in the jointly controlled entity) had capital commitments of approximately Baht 378 million and US Dollars 2 million (2012: Baht 1,782 million, Euro 3 million and US Dollars 30 million) (The Company only: Nil, 2012: Baht 325 million and Euro 3 million) relating to the construction of power plants.

27.3 Operating lease and other commitments

As at 31 December 2013, the Company, its subsidiaries and its jointly controlled entities have commitments in respect of the following operating lease and service agreements as well as other commitments:

- a) The Company, its subsidiaries and its jointly controlled entities have entered into several operating lease agreements in respect of the lease of office building space, motor vehicles and equipment and the lease of rooftop space and other building space in order to install solar panels. The terms of the agreements are generally between 3 and 25 years.

As at 31 December 2013 and 2012, future minimum lease payments required under these operating lease contracts were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Payable:				
In up to 1 year	12	4	3	3
In over 1 and up to 5 years	36	6	2	5
In over 5 years	167	-	-	-

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

- b) The Company has entered into a financial advisory service agreement for providing advices to the Company in listing its securities in the Stock Exchange of Thailand and public offering process which the future payment was in accordance with the agreement (2012: Nil).
- c) The Company has entered into a financial advisory service agreement for providing advices to the Company relating to acquisition of power businesses which the future payment was in accordance with the agreement (2012: Nil).
- d) A jointly controlled entity has commitments in respect of a management service agreement with the other venturer amounting to approximately Baht 4 million per annum (in proportionate of the Company's interest in the jointly controlled entity) (2012: Nil) 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 2013 amounting to approximately Baht 1 million (in proportionate of the Company's interest in the jointly controlled entity) were recognised as expenses.
- e) A jointly controlled entity has commitments in respect of the operation and maintenance agreements of seven power plants with a company, amounting to approximately Baht 5 million per annum (in proportionate of the Company's interest in the jointly controlled entity) (2012: Nil) for the period of 10 years from the commercial operation date.
- f) A jointly controlled entity has commitments in respect of monitoring the operation and maintenance agreements of ten power plants with a company, amounting to approximately Baht 1 million per annum (in proportionate of the Company's interest in the jointly controlled entity) (2012: Nil) for the period of 7 years from the commercial operation date.
- g) The Company has outstanding commitment in respect of uncalled portion of investments in the subsidiary of approximately Baht 126 million (2012: Nil).

27.4 Guarantees

As at 31 December 2013, there were outstanding bank guarantees of approximately Baht 16 million (2012: Baht 23 million) (The Company only: Baht 7 million, 2012: Baht 13 million) issued by banks on behalf of the Company and its jointly control entity (in proportionate of the Company's interest in the jointly controlled entity) in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 15 million (2012: Baht 21 million) (The Company only: Baht 6 million, 2012: Baht 11 million) to guarantee contractual performance which are guaranteed by the Company's director, the parent company's shareholder and a related company's bank deposit and Baht 1 million (2012: Baht 2 million) (The Company only: Baht 1 million, 2012: Baht 2 million) to guarantee electricity use which are guaranteed by the Company's bank deposit.

27.5 Litigation

The Company was sued by a shareholder seeking damages amounting to Baht 1,000 million resulting from the Company's sale of that shareholder's shares by auction. On 7 October 2013, the Bangkok South Civil Court dismissed the case, and the plaintiff is in the process of filing an appeal with the Court. However, the management believes that Company will win the case and not suffer any losses.

28. Financial instruments

28.1 Financial risk management

The Company's, its subsidiaries' and its jointly controlled entities' financial instruments, as defined under Thai Accounting Standard 107, *Financial Instruments: Disclosure and Presentations*, principally comprise cash and cash equivalents, restricted bank deposits, trade and other receivables, pledged bank deposits, bank overdrafts and short-term loans from banks, construction and other payables, short-term loans from related party, hire purchase payables and long-term loans. The financial risks associated with these financial instruments and how they are managed are described below.

Credit risk

The Company, its subsidiaries and its jointly controlled entities are exposed to credit risk primarily with respect to trade and other receivables since the majority of sales are supplied to a limited number of customers. However, due to those customers' creditworthiness, the Company, its subsidiaries and its jointly controlled entities do not anticipate material losses from their debt collection.

Interest rate risk

The Company's, its subsidiaries' and its jointly controlled entities' exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, hire purchase payables and short-term and long-term loans. However, since most of the Company's, its subsidiaries' and its jointly controlled entities' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

As at 31 December 2013 and 2012, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements											
	Fixed interest rates				Floating		Non-interest		Total		Effective interest rate	
	Within 1 year		1-5 years		interest rate		bearing				(percent per annum)	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<u>Financial Assets</u>												
Cash and cash equivalent	-	-	-	-	23	-	-	-	23	-	0.5	0.6
Restricted bank deposits	-	-	-	-	15	1,151	-	-	15	1,151	0.5	0.6
Trade and other receivables	-	-	-	-	-	-	118	14	118	14	-	-
Pledged bank deposits	-	-	-	-	1	1	-	-	1	1	0.5	0.6
	-	-	-	-	39	1,152	118	14	157	1,166		
<u>Financial liabilities</u>												
Bank overdrafts and short-term												
loans from banks	-	-	-	-	70	486	-	-	70	486	MOR, MLR	MOR, MLR-1
Construction and other payables	-	-	-	-	-	-	793	1,587	793	1,587	-	-
Short-term loans from related party	-	-	-	-	-	-	20	-	20	-	-	-
Hire purchase payables	4	-	13	-	-	-	-	-	17	-	4 - 5	-
Long-term loans	-	-	-	-	3,430	2,285	-	-	3,430	2,285	MLR-1.9 to MLR-1.5	MLR-1.9 to MLR-1.5
	4	-	13	-	3,500	2,771	813	1,587	4,330	4,358		

(Unit: Million Baht)

Separate financial statements

	Fixed interest rates				Floating		Non-interest		Total		Effective interest rate	
	Within 1 year		1-5 years		interest rate		bearing				(percent per annum)	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<u>Financial Assets</u>												
Cash and cash equivalent	-	-	-	-	6	-	-	-	6	-	0.5	0.6
Restricted bank deposits	-	-	-	-	1	770	-	-	1	770	0.5	0.6
Trade and other receivables	-	-	-	-	-	-	108	14	108	14	-	-
Pledged bank deposits	-	-	-	-	1	1	-	-	1	1	0.5	0.6
	-	-	-	-	8	771	108	14	116	785		
<u>Financial liabilities</u>												
Bank overdrafts and short-term												
loans from banks	-	-	-	-	70	486	-	-	70	486	MOR, MLR	MOR, MLR-1
Construction and other payables	-	-	-	-	-	-	11	600	11	600	-	-
Short-term loans from related party	-	-	-	-	-	-	20	-	20	-	-	-
Hire purchase payables	4	-	13	-	-	-	-	-	17	-	4 - 5	-
Long-term loans	-	-	-	-	528	583	-	-	528	583	MLR-1.9 to MLR-1.5	MLR-1.9 to MLR-1.5
	4	-	13	-	598	1,069	31	600	646	1,669		

Foreign currency risk

The Company's, its subsidiaries' and its jointly controlled entities' exposure to foreign currency risk arises mainly from purchase of assets that are denominated in foreign currencies. As at 31 December 2013, the Company, its subsidiaries and its jointly controlled entities have financial liabilities denominated in foreign currencies amounting to US Dollars 14 million (2012: Euro 0.04 million) (The Company only: Nil, 2012: Euro 0.04 million) which are unhedged against exchange rate risk. The average exchange rate as at 31 December 2013 was Baht 32.9494 per US Dollar 1 (2012: Baht 40.8603 per Euro 1).

28.2 Fair values of financial instruments

Since the majority of the Company's, its subsidiaries' and its jointly controlled entities' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

29. Capital management

The primary objective of the Company's, its subsidiaries' and its jointly controlled entities' capital management is to ensure that they have appropriate capital structure in order to support their business, maximise shareholder value and comply with the covenants as stipulated in the long-term loan agreements made between the commercial bank and the Company and its jointly controlled entity.

As at 31 December 2013, the Group's debt-to-equity ratio was 5:1 (2012: 6:1) and the Company's was 1:1 (2012: 3:1).

30. Events after the reporting period

In January 2014, the subsidiaries' solar rooftop panel installation projects were temporarily suspended in certain areas, in order to wait for the relevant government agencies to reach an agreement on regulatory policy.

31. Reclassification

The reclassification for the proper presentation is as follows:

(Unit: Thousand Baht)

	As at 31 December 2012			
	Consolidated		Separate	
	financial statements		financial statements	
	As reclassified	As previously report	As reclassified	As previously report
Deferred tax assets	153,081	37,391	37,391	37,391
Issued and paid up share capital	649,397	594,000	649,397	594,000
Share subscription received in advance	278,158	333,868	278,158	333,868
Subscription receivables	(5,553)	(5,866)	(5,553)	(5,866)
Other components of shareholders' equity	(1,344)	(117,034)	462,760	462,760

The reclassifications had no effect to previously report profit.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 18 February 2014.