

Thai Solar Energy Public Company Limited,
its subsidiaries and its jointly controlled entities
Report and consolidated financial statements
31 December 2014

Independent Auditor's Report

To the Shareholders of Thai Solar Energy Public Company Limited

I have audited the accompanying consolidated financial statements of Thai Solar Energy Public Company Limited, its subsidiaries and its jointly controlled entities, which comprise the consolidated statement of financial position as at 31 December 2014, 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 Public 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 judgement, 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 Public Company Limited, its subsidiaries and its jointly controlled entities and of Thai Solar Energy Public Company Limited as at 31 December 2014, 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
Bangkok: 25 February 2015

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

Statement of financial position

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Assets					
Current assets					
Cash and cash equivalents		7,534,582	22,900,649	4,061,247	6,332,998
Short-term restricted bank deposits	7	151,764,712	14,985,719	36,557,183	713,880
Current investments	8	1,231,998,094	-	1,231,998,094	-
Trade and other receivables	9	197,166,765	118,135,676	117,147,159	108,020,597
Short-term loans to subsidiaries	6	-	-	68,453,208	-
Prepaid income tax		11,668,740	10,346,068	1,066,505	-
Value added tax refundable		32,060,958	17,066,273	-	1,001,744
Import duty refundable		15,734,199	55,519,947	-	-
Undue input tax		3,028,991	17,562,921	732,620	717,802
Other current assets		9,596,965	7,068,534	2,731,378	2,650,570
Total current assets		1,660,554,006	263,585,787	1,462,747,394	119,437,591
Non-current assets					
Long-term restricted bank deposits	10	121,467,440	879,181	4,365,000	777,000
Investments in subsidiaries	11	-	-	176,194,963	53,079,993
Investments in jointly controlled entities	12	-	-	350,000,130	320,000,060
Advance payments under					
operating and maintenance contracts		69,051,265	76,923,325	-	-
Investment properties	13	88,399,605	88,399,605	88,399,605	88,399,605
Property, plant and equipment	14	4,742,184,305	4,682,613,736	609,746,587	889,154,441
Deferred tax assets	21	189,631,965	190,839,323	109,067,611	110,498,721
Other non-current assets		10,103,398	1,575,527	6,860,806	1,182,448
Total non-current assets		5,220,837,978	5,041,230,697	1,344,634,702	1,463,092,268
Total assets		6,881,391,984	5,304,816,484	2,807,382,096	1,582,529,859

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

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

Statement of financial position (continued)

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from banks	15	-	70,294,349	-	70,294,349
Construction and other payables	16	169,206,340	793,061,624	14,378,815	10,685,223
Short-term loans from related party	6	-	20,000,000	-	20,000,000
Current portion of hire purchase payables	17	4,294,225	4,105,174	4,294,225	4,105,174
Current portion of long-term loans	18	424,772,416	1,019,565,010	39,663,187	528,315,010
Income tax payable		4,943,617	11,930,081	-	11,930,081
Value added tax payable		39,498,293	-	38,340,415	-
Other current liabilities		18,042,813	10,935,841	4,056,285	1,416,007
Total current liabilities		660,757,704	1,929,892,079	100,732,927	646,745,844
Non-current liabilities					
Hire purchase payables, net of					
current portion	17	8,320,075	12,614,300	8,320,075	12,614,300
Long-term loans, net of current portion	18	2,722,020,696	2,410,650,030	152,988,637	-
Deferred tax liabilities	21	-	13,664,863	-	13,664,863
Other non-current liabilities		2,786,184	5,268,723	2,786,184	1,692,465
Total non-current liabilities		2,733,126,955	2,442,197,916	164,094,896	27,971,628
Total liabilities		3,393,884,659	4,372,089,995	264,827,823	674,717,472

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

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

Statement of financial position (continued)

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Shareholders' equity					
Share capital	19				
Registered		<u>1,815,000,000</u>	<u>1,365,000,000</u>	<u>1,815,000,000</u>	<u>1,365,000,000</u>
Issued and called up		1,815,000,000	1,021,219,408	1,815,000,000	1,021,219,408
Share premium	19	1,266,097,322	-	1,266,097,322	-
Share subscription received in advance		-	92,465,750	-	92,465,750
Subscription receivables		-	(5,708,417)	-	(5,708,417)
Retained earnings (Deficit)		<u>406,246,647</u>	<u>(175,250,252)</u>	<u>(538,543,049)</u>	<u>(200,164,354)</u>
Equity attributable to owners of the Company		3,487,343,969	932,726,489	2,542,554,273	907,812,387
Non-controlling interests of the subsidiary					
of jointly controlled entities		<u>163,356</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>3,487,507,325</u>	<u>932,726,489</u>	<u>2,542,554,273</u>	<u>907,812,387</u>
Total liabilities and shareholders' equity		<u>6,881,391,984</u>	<u>5,304,816,484</u>	<u>2,807,382,096</u>	<u>1,582,529,859</u>
		-	-	-	-

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

Directors

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

Statement of comprehensive income

For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit or loss:					
Continuing operations					
Revenues					
Sales		293,608,622	46,527,809	4,458,818	7,951,789
Subsidy for adders		517,614,014	85,542,121	7,288,320	14,240,016
Management service income		14,022,333	8,969,167	38,666,172	30,577,989
Other income					
Gains on changes in statuses of investments	12	450,000,000	453,426,782	-	-
Income from liquidated damages for delay in construction		64,585,213	4,907,415	-	-
Dividend income from a jointly controlled entity	12	-	-	47,250,004	-
Others		8,861,110	7,974,464	6,932,337	7,041,700
Total revenues		1,348,691,292	607,347,758	104,595,651	59,811,494
Expenses					
Cost of sales and services		239,300,654	80,419,409	88,466,707	69,725,606
Administrative expenses		122,725,881	107,869,726	84,238,148	64,327,048
Loss on impairment of property, plant and equipment	14	250,000,000	591,900,236	250,000,000	591,900,236
Loss on disposals/write-off of property, plant and equipment		-	7,347,107	-	7,347,107
Total expenses		612,026,535	787,536,478	422,704,855	733,299,997
Profit (loss) before finance cost and tax		736,664,757	(180,188,720)	(318,109,204)	(673,488,503)
Finance cost		(158,364,416)	(83,160,771)	(32,740,976)	(32,434,107)
Profit (loss) before tax from continuing operations		578,300,341	(263,349,491)	(350,850,180)	(705,922,610)
Tax income	21	2,958,826	142,298,240	12,233,753	130,735,055
Profit (loss) from continuing operations		581,259,167	(121,051,251)	(338,616,427)	(575,187,555)
Discontinued operations					
Profit of the subsidiaries before changes in their statuses to jointly controlled entities	12	-	105,429,602	-	-
Profit (loss) for the year		581,259,167	(15,621,649)	(338,616,427)	(575,187,555)
Other comprehensive income:					
Actuarial gains		237,732	-	237,732	-
Other comprehensive income for the year		237,732	-	237,732	-
Total comprehensive income for the year		581,496,899	(15,621,649)	(338,378,695)	(575,187,555)
Basic earnings per share					
	23				
Profit (loss) from continuing operations		0.41	(0.13)	(0.24)	(0.63)
Profit (loss) for the year		0.41	(0.02)	(0.24)	(0.63)
Weighted average number of ordinary shares (shares)		1,404,636,807	912,707,376	1,404,636,807	912,707,376

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

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

Statement of cash flows

For the year ended 31 December 2014

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities				
Profit (loss) before tax from continuing operations	578,300,341	(263,349,491)	(350,850,180)	(705,922,610)
Profit before tax of the subsidiaries before changes in their statuses to jointly controlled entities (Note 12)	-	131,090,677	-	-
Profit (loss) before tax	578,300,341	(132,258,814)	(350,850,180)	(705,922,610)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	149,231,216	47,105,591	32,372,830	30,496,343
Allowance for doubtful accounts and loss on write-off bad debts	-	12,138,217	-	12,138,217
Allowance for impairment loss on property, plant and equipment	250,000,000	591,900,236	250,000,000	591,900,236
Loss (gain) on disposals/write-off of property, plant and equipment	(560,746)	7,347,107	(560,746)	7,347,107
Gains on changes in statuses of investments	(450,000,000)	(453,426,782)	-	-
Provision for long-term employee benefits	1,259,451	416,063	1,259,451	416,063
Unrealised loss (gain) on foreign exchange	670,347	9,367,244	(20,370)	-
Unrealised gain on changes in value of current investments	(198,094)	-	(198,094)	-
Dividend income	-	-	(47,250,004)	-
Interest income	(6,542,219)	(3,348,487)	(5,824,147)	(2,634,338)
Finance cost	158,364,416	87,763,523	32,740,976	32,434,107
Profit (loss) from operating activities before changes in operating assets and liabilities	680,524,712	167,003,898	(88,330,284)	(33,824,875)
Operating assets (increase) decrease				
Trade and other receivables	(58,706,463)	(146,189,288)	(45,825,416)	(12,679,930)
Other current assets	45,013,552	(183,273,583)	906,118	2,847,710
Other assets	(8,696,978)	(287,240)	(5,837,514)	(108,480)
Operating liabilities increase (decrease)				
Other payables	(37,824,975)	32,003,565	4,310,122	(568,444,284)
Other current liabilities	46,605,264	9,416,266	40,980,694	191,322
Other non-current liabilities	(3,504,258)	-	72,000	-
Cash flows from (used in) operating activities	663,410,854	(121,326,382)	(93,724,280)	(612,018,537)
Cash paid for corporate income tax	(17,811,429)	(64,739,341)	(12,996,585)	(50,105,024)
Net cash flows from (used in) operating activities	645,599,425	(186,065,723)	(106,720,865)	(662,123,561)

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

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

Statement of cash flows (continued)

For the year ended 31 December 2014

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from investing activities				
Decrease (increase) in restricted bank deposits	(257,367,252)	1,132,583,634	(39,431,303)	769,155,192
Increase in current investments	(1,231,800,000)	-	(1,231,800,000)	-
Increase in short-term loans to subsidiaries	-	-	(68,453,208)	-
Cash paid for acquisition of subsidiary companies	-	-	(123,114,970)	(53,079,993)
Cash paid for acquisition of a jointly controlled entity	-	-	(30,000,070)	(20,000,060)

Acquisition of property, plant and equipment	(1,060,022,766)	(3,611,258,651)	(2,927,325)	(110,859,285)
Acquisition of investment properties	-	(43,131,103)	-	(154,946,308)
Proceeds from disposals of property, plant and equipment	560,747	-	560,747	422,579,778
Proceeds from disposals of investment properties	35,600,000	-	89,000,000	111,000,000
Interest income	1,519,196	3,325,467	773,004	2,633,631
Net cash flows from (used in) investing activities	(2,511,510,075)	(2,518,480,653)	(1,405,393,125)	966,482,955
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans from banks	(70,294,349)	(415,943,385)	(70,294,349)	(415,943,385)
Increase (decrease) in short-term loans from related party	(20,000,000)	20,000,000	(20,000,000)	20,000,000
Repayment of liabilities under hire purchase and finance lease agreements	(4,775,304)	(1,048,362)	(4,775,304)	(1,048,362)
Cash receipt from long-term loans	622,859,284	2,811,312,027	-	-
Repayment of long-term loans	(904,267,500)	(95,500,000)	(336,000,000)	(55,000,000)
Proceeds from share subscription	1,973,120,581	185,975,000	1,973,120,581	185,975,000
Proceeds from other venturer from increase in share capital of a jointly controlled entity	450,000,000	399,999,960	-	-
Proceeds from share subscription of jointly controlled entities' subsidiary attributable to non-controlling interests	171,600	-	-	-
Interest expenses and financial service fee	(196,269,729)	(177,451,168)	(32,208,689)	(32,073,602)
Net cash flows from (used in) financing activities	1,850,544,583	2,727,344,072	1,509,842,239	(298,090,349)
Net increase (decrease) in cash and cash equivalents	(15,366,067)	22,797,696	(2,271,751)	6,269,045
Cash and cash equivalents at beginning of year	22,900,649	102,953	6,332,998	63,953
Cash and cash equivalents at end of year	7,534,582	22,900,649	4,061,247	6,332,998
	-	-	-	-
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 Public Company Limited, its subsidiaries and its jointly controlled entities

Statement of changes in shareholders' equity

For the year ended 31 December 2014

(Unit: Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
	Issued and called up			Share subscription	Subscription	Retained earnings	Other components of	Total equity	Equity attributable	Total
	share capital	Share premium	received in advance	receivables	(Deficit)	business reorganisation	(Differences on	attributable to	to non-controlling	shareholders' equity
						under common control)	owners of	the Company	interests of	
							the subsidiary of		jointly controlled entities	shareholders' equity
							jointly controlled entities			
Balance as at 1 January 2013	649,396,500	-	278,157,944	(5,552,703)	(158,284,944)	(1,343,659)	-	762,373,138	-	762,373,138
Proceeds from share subscription	-	-	180,422,297	5,552,703	-	-	-	185,975,000	-	185,975,000
Called up ordinary shares	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	-	-	-	-	(1,343,659)	1,343,659	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(15,621,649)	-	-	(15,621,649)	-	(15,621,649)
Balance as at 31 December 2013	1,021,219,408	-	92,465,750	(5,708,417)	(175,250,252)	-	-	932,726,489	-	932,726,489
Balance as at 1 January 2014	1,021,219,408	-	92,465,750	(5,708,417)	(175,250,252)	-	-	932,726,489	-	932,726,489
Called up ordinary shares	19 343,780,592	-	(92,465,750)	5,708,417	-	-	-	257,023,259	-	257,023,259
Increase share capital	19 450,000,000	1,266,097,322	-	-	-	-	-	1,716,097,322	-	1,716,097,322
Total comprehensive income for the year	-	-	-	-	581,496,899	-	-	581,496,899	-	581,496,899
Increase in non-controlling interests of the subsidiary of jointly controlled entities	-	-	-	-	-	-	-	-	171,600	171,600
Dividend paid to non-controlling interests of the subsidiary of jointly controlled entities	-	-	-	-	-	-	-	-	(8,244)	(8,244)
Balance as at 31 December 2014	1,815,000,000	1,266,097,322	-	-	406,246,647	-	-	3,487,343,969	163,356	3,487,507,325

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

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

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2014

(Unit: Baht)

Separate financial statements							
	Issued and called-up		Share subscription		Retained earnings	Other components of shareholders' equity (Differences on business reorganisation under common control)	Total
Note	share capital	Share premium	received in advance	Subscription receivables	(Deficit)		shareholders' equity
Balance as at 1 January 2013	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	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	-	-	-	-	533,308,145	(533,308,145)	-
Total comprehensive income for the year	-	-	-	-	(575,187,555)	-	(575,187,555)
Balance as at 31 December 2013	1,021,219,408	-	92,465,750	(5,708,417)	(200,164,354)	-	907,812,387
Balance as at 1 January 2014	1,021,219,408	-	92,465,750	(5,708,417)	(200,164,354)	-	907,812,387
Called up ordinary shares	19 343,780,592	-	(92,465,750)	5,708,417	-	-	257,023,259
Increase share capital	19 450,000,000	1,266,097,322	-	-	-	-	1,716,097,322
Total comprehensive income for the year	-	-	-	-	(338,378,695)	-	(338,378,695)
Balance as at 31 December 2014	1,815,000,000	1,266,097,322	-	-	(538,543,049)	-	2,542,554,273

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

Thai Solar Energy Public Company Limited, its subsidiaries and its jointly controlled entities
Notes to consolidated financial statements
For the year ended 31 December 2014

1. General information

Thai Solar Energy Public Company Limited (“the Company”) was a limited company incorporated on 7 July 2008 and domiciled in Thailand and registered the change in the Company’s status to a public company limited, in accordance with the Public Limited Companies Act B.E. 2535, on 18 February 2014. 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 for 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 Public Company Limited (“the Company”), the following subsidiary companies (“the subsidiaries”) and jointly controlled entities (“the jointly controlled entities”):

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2014</u>	<u>2013</u>
			(Percent)	(Percent)
<u>Subsidiaries directly held by the Company</u>				
TSE Rooftop Co., Ltd.	Investment	Thailand	100	100
TSE Operations Co., Ltd.	Provision of maintenance service for power plants	Thailand	100	-

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2014</u> (Percent)	<u>2013</u> (Percent)
<u>Subsidiaries held by TSE Rooftop Co., Ltd.</u>				
Green Rooftop Co., Ltd.	Production and distribution of electricity	Thailand	100	100
Home Rooftop Co., Ltd.	Production and distribution of electricity	Thailand	100	100
Central Rooftop Co., Ltd.	Production and distribution of electricity	Thailand	100	100
North Rooftop Co., Ltd.	Production and distribution of electricity	Thailand	100	100
Clean Solar Co., Ltd.	Production and distribution of electricity	Thailand	100	100
Lucky Solar Co., Ltd.	Production and distribution of electricity	Thailand	100	100
Champ Energy Co., Ltd.	Production and distribution of electricity	Thailand	100	100
Roof Energy Co., Ltd.	Production and distribution of electricity	Thailand	100	100
Win Win Investment Co., Ltd.	Production and distribution of electricity	Thailand	-	100
World Solar Co., Ltd.	Production and distribution of electricity	Thailand	-	100
<u>Subsidiaries held by TSE Operations Co., Ltd.</u>				
Win Win Investment Co., Ltd.	Production and distribution of electricity	Thailand	100	-
World Solar 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	60
<u>Jointly controlled entity held by Thai Solar Renewable Co., Ltd.</u>				
Siam Solar Energy 1 Co., Ltd.	Production and distribution of electricity	Thailand	60	60

- 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 financial reporting standards

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

a) Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29, <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company, its subsidiaries and its jointly controlled entities believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014), *Employee Benefits*

This revised standard requires that the entity recognise actuarial gains and losses arising from post-employment benefits immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company, its subsidiaries and its jointly controlled entities already recognised actuarial gains and losses immediately in other comprehensive income.

TFRS 10, *Consolidated Financial Statements*

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27, *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company, its subsidiaries and its jointly controlled entities have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company, its subsidiaries and its jointly controlled entities believes that this standard will not have any significant impact on the Company's, its subsidiaries' and its jointly controlled entities' financial statements.

TFRS 11, *Joint Arrangements*

TFRS 11 supersedes TAS 31, *Interests in Joint Ventures*. This standard requires an entity to account for an investment in a jointly controlled entity that meets the definition of a joint venture using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

At present, the Company uses the proportionate consolidated method to account for jointly controlled entities when preparing the consolidated financial statements. The management of the Company has assessed the effect of this standard and believe that when it is applied in 2015 and the method of recognising an investment in jointly controlled entities is changed to the equity method, there will be no impact to shareholders' equity and net profit/loss in the financial statements, but only to the presentation in the statements of financial position and the statement of comprehensive income.

TFRS 12, *Disclosure of Interests in Other Entities*

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company, its subsidiaries and its jointly controlled entities.

TFRS 13, *Fair Value Measurement*

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company, its subsidiaries and its jointly controlled entities believes that this standard will not have any significant impact on the Company's, its subsidiaries' and its jointly controlled entities' 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 are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

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.

Dividend income

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

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 accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. 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 under the first-in, first-out method and net realisable value and are charged to production costs whenever consumed.

4.6 Investments

- a) Investments in securities held for trading which are investment units in a mutual fund are stated at fair value determined from their net asset value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in subsidiaries and jointly controlled entities are accounted for in the separate financial statements using the cost method.

The weighted average method is used for computation of the cost of investments.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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 plans

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 other comprehensive income.

4.17 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.

4.18 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, its jointly controlled entities and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with subsidiary companies*</u>					
(eliminated from the consolidated financial statements)					
Management service income	-	-	4	8	Contract price
Transfer power plants under construction	-	-	-	430	Cost price
<u>Transactions with jointly controlled entity</u>					
(proportionately eliminated from the consolidated financial statements)					
Management service income	14	9	35	22	Contract price
<u>Transactions with related companies</u>					
Service expenses	-	2	-	2	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 12 to the consolidated financial statements.

As at 31 December 2014 and 2013, the balances of the accounts between the Company, its subsidiaries and its jointly controlled entities and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Amounts due from and advances to related parties (Note 9)</u>				
Subsidiaries	-	-	61,148	12,823
Jointly controlled entity	1,270	36,810	3,176	92,025
Related companies (related by common shareholders and directors)	-	2	-	2
Total amounts due from and advances to related parties	<u>1,270</u>	<u>36,812</u>	<u>64,324</u>	<u>104,850</u>
<u>Dividend receivable from related party (Note 9)</u>				
Jointly controlled entity	-	-	47,250	-
Total dividend receivable from related party	<u>-</u>	<u>-</u>	<u>47,250</u>	<u>-</u>
<u>Amounts due to related parties (Note 16)</u>				
Subsidiary	-	-	111	-
Venturer in jointly controlled entities	261	249	-	-
Total amounts due to related parties	<u>261</u>	<u>249</u>	<u>111</u>	<u>-</u>

Short-term loans to subsidiaries

As at 31 December 2014 and 2013, the balance of loans between the Company and its subsidiaries and the movement are as follows:

(Unit: Thousand Baht)

Loans to	Separate financial statements			
	Balance as at	During the year		Balance as at
	31 December 2013	Increase	Decrease	31 December 2014
Green Rooftop Co., Ltd.	-	16,300	(9,750)	6,550
Lucky Solar Co., Ltd.	-	36,000	(20,100)	15,900
Champ Energy Co., Ltd.	-	15,400	(12,700)	2,700
North Rooftop Co., Ltd.	-	20,900	(13,133)	7,767
Roof Energy Co., Ltd.	-	35,536	-	35,536
Total	<u>-</u>	<u>124,136</u>	<u>(55,683)</u>	<u>68,453</u>

The above loans to subsidiaries are the promissory notes with maturity within March 2015 and no interest is charged.

Short-term loans from related party

As at 31 December 2014 and 2013, the balance of loans between the Company and the related company and the movement are as follows:

(Unit: Thousand Baht)

Loans from	Consolidated and separate financial statements			
	Balance as at	During the year		Balance as at
	31 December 2013	Increase	Decrease	31 December 2014
Director	20,000	-	(20,000)	-
Total	20,000	-	(20,000)	-

Directors and management's benefits

During the years ended 31 December 2014 and 2013, 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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	28	20	28	20
Post-employment benefits	1	1	1	1
Total	29	21	29	21

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 26.4 to the consolidated financial statements.

7. Short-term restricted bank deposits

The Company has pledged bank deposits with the banks to secure the issuance of bank guarantees for electricity utilisation of the Company and letters of credit opened for its subsidiaries. In addition, the Company, its subsidiaries and its jointly controlled entity have pledged and assigned rights of claim in bank deposits to secure their credit facilities with their lenders, which there are term of expense and stages of withdrawal for specially purpose according to the long-term loan agreements.

As at 31 December 2014, bank deposits in saving and fixed accounts carried interests at 0.4 - 2.8 percent per annum (2013: 0.5 percent per annum).

8. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Fixed deposits	1,096,800	-	1,096,800	-
Investments in trading securities, Fair value	135,198	-	135,198	-
Total current investments	<u>1,231,998</u>	<u>-</u>	<u>1,231,998</u>	<u>-</u>

As at 31 December 2014, bank deposits in fixed accounts carried interests at 2.8 - 3 percent per annum.

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade receivables - unrelated parties</u>				
Trade receivables not yet due	185,386	77,351	427	3,023
Total trade receivables - unrelated parties	<u>185,386</u>	<u>77,351</u>	<u>427</u>	<u>3,023</u>
<u>Other receivables</u>				
Amounts due from and advances to related parties (Note 6)	1,270	36,812	64,324	104,850
Dividend receivable from related party (Note 6)	-	-	47,250	-
Other receivables	10,611	12,250	5,246	8,425
Total	<u>11,881</u>	<u>49,062</u>	<u>116,820</u>	<u>113,275</u>
Less: Allowance for doubtful debts	<u>(100)</u>	<u>(8,277)</u>	<u>(100)</u>	<u>(8,277)</u>
Total other receivables, net	<u>11,781</u>	<u>40,785</u>	<u>116,720</u>	<u>104,998</u>
Total trade and other receivables	<u>197,167</u>	<u>118,136</u>	<u>117,147</u>	<u>108,021</u>

10. Long-term restricted bank deposits

The Company and its jointly controlled entity have pledged bank deposits with the banks to secure the issuance of bank guarantees of the Company and its subsidiary and credit cards for filling up fuel of the jointly controlled entity, respectively. In addition, the jointly controlled entity has pledged and assigned rights of claim in bank deposits with a lender to secure its long-term loans, in accordance with conditions stipulated in the long-term loan agreements. Those bank deposits have restrictions on withdrawal in order to reserve cash for loan principal repayment, interest payment and other fee payments.

As at 31 December 2014, bank deposits in saving and fixed accounts carried interests at 0.4 - 2.5 percent per annum (2013: 0.5 percent per annum).

11. Investments in subsidiaries

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

Company's name	Called-up capital		Shareholding percentage		(Unit: Thousand Baht) Cost	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
			(Percent)	(Percent)		
TSE Rooftop Co., Ltd.	172,250	43,000	100	100	175,695	53,080
TSE Operations Co., Ltd.	250	-	100	-	500	-
Total					<u>176,195</u>	<u>53,080</u>

No dividend was received from the above subsidiary companies for the years ended 31 December 2014 and 2013.

Movements of the investments in subsidiaries during the year ended 31 December 2014 are summarised below.

Investments in TSE Rooftop Company Limited

In April 2014, TSE Rooftop Company Limited called up the remaining 75 percent of the value of its 16.8 million ordinary shares at the par value of Baht 10 each, or a total of Baht 126 million and as a result issued and paid-up share capital totals Baht 169 million. This was registered with the Ministry of Commerce on 29 April 2014.

On 2 September 2014, an extraordinary general meeting of the shareholders of TSE Rooftop Company Limited approved an increase of its registered share capital from Baht 169 million (16.9 million ordinary shares at a par value of Baht 10 each) to Baht 182 million (18.2 million ordinary shares at a par value of Baht 10 each), through the issuance of 1.3 million new ordinary shares with a par value of Baht 10. Such company registered the increase in its share capital with the Ministry of Commerce on 11 September 2014, of which 25 percent or a total of Baht 3 million was called up and the balance of share subscription received in advance was Baht 3 million.

Investments in TSE Operations Company Limited

TSE Operations Company Limited has been established in order to run business relating to provision of maintenance service for power plants. The Company invested in 100 percent of 0.1 million ordinary shares of such company at the par value of Baht 10 each, of which such company called up 25 percent or Baht 0.25 million and the Company also made an advance payment for investments amounting to Baht 0.25 million, totaling Baht 0.5 million. Such company registered its incorporation with the Ministry of Commerce on 24 February 2014.

12. Investments in jointly controlled entities

12.1 Details of investments in jointly controlled entities

Investments in jointly controlled entities represent investments in entities which are jointly controlled by the Company and another company. Details of these investments as presented in the separate financial statements are as follows:

Jointly controlled entities	Nature of business	Shareholding percentage		(Unit: Thousand Baht) Cost	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		(Percent)	(Percent)		
Thai Solar Renewable Co., Ltd.	Investment	60	60	350,000	320,000
Siam Solar Energy 1 Co., Ltd.*	Production and distribution of electricity generated from solar energy	-	-	-	-
Total				<u>350,000</u>	<u>320,000</u>

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

In 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. The statuses of Thai Solar Renewable Company Limited and Siam Solar Energy 1 Company Limited have therefore changed from subsidiaries to jointly controlled entities since 3 May 2013.

In December 2013, PTT transferred all of its shares in Thai Solar Renewable Company Limited to Global Power Synergy Public Company Limited.

In April and June 2014, Thai Solar Renewable Company Limited increased its registered share capital from Baht 533 million to Baht 583 million, by issuing approximately 5 million new ordinary shares with a par value of Baht 10 to the Company and Global Power Synergy Public Company Limited (the existing shareholders) in proportion to their shareholding, at prices of Baht 10 per share and Baht 385 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 30 million. At the present, the Company and Global Power Synergy Public Company Limited fully invested in ordinary shares of Thai Solar Renewable Company Limited as specified in the agreements. As a result, the Company recognised the gains on changes in statuses of investments in the consolidated statement of comprehensive income for the years ended 31 December 2014 and 2013 amounting to Baht 450 million and Baht 453 million, respectively, or a total of Baht 903 million.

The loss of control in the subsidiaries was 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 statement of comprehensive income for the year ended 31 December 2013 are presented below.

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

Revenue	168,695
Expenses	<u>(33,001)</u>
Profit before finance cost and tax	135,694
Finance cost	<u>(4,603)</u>
Profit before tax	131,091
Tax expenses - Current tax	<u>(25,661)</u>
Profit for the period from discontinued operations	<u>105,430</u>
Basic earnings per share	<u>0.12</u>

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

(Unit: Thousand Baht)

Operating	335,502
Investing	(2,508,798)
Financing	<u>2,173,257</u>
Net cash outflow	<u>(39)</u>

12.2 Dividend received

The Company recognised dividend income from Thai Solar Renewable Company Limited in the separate financial statements for the year ended 31 December 2014 amounting to Baht 47 million (2013: Nil).

12.3 Summarised financial information of jointly controlled entities

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

(Unit: Million Baht)

	As at 31 December	
	<u>2014</u>	<u>2013</u>
Current assets	300	184
Non-current assets	3,731	3,526
	<u>4,031</u>	<u>3,710</u>
Current liabilities	(410)	(1,024)
Non-current liabilities	(2,406)	(2,414)
	<u>(2,816)</u>	<u>(3,438)</u>
Net assets	<u>1,215</u>	<u>272</u>

(Unit: Million Baht)

	For the year ended 31 December	
	<u>2014</u>	<u>2013</u>
Revenues	858	116
Costs of sales	(171)	(25)
Administrative expenses	(38)	(40)
Profit before finance cost and tax	649	51
Finance cost	(129)	(51)
Profit before tax	520	-
Tax income (expenses)	(10)	12
Profit for the year	<u>510</u>	<u>12</u>

As at 31 December 2014, Thai Solar Renewable Company Limited has pledged share certificates of investments in Siam Solar Energy 1 Company Limited, its subsidiary, amounting to approximately Baht 1,080 million (2013: Baht 664 million) (the Company's proportion: Baht 1,080 million, 2013: 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 5,904 million (2013: Baht 5,744 million) (the Company's proportion: Baht 3,542 million, 2013: Baht 3,446 million) and pledged bank deposits amounting to approximately Baht 357 million (2013: Baht 24 million) (the Company's proportion: Baht 214 million, 2013: 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.

13. Investment properties

Movements of the investment property account which are land held for a currently undetermined future use during the years ended 31 December 2014 and 2013 were summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Book value at beginning of year	88,400	-	88,400	-
Acquisitions of assets, 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 at end of year	<u>88,400</u>	<u>88,400</u>	<u>88,400</u>	<u>88,400</u>

The fair value of the investment properties as at 31 December 2014 was Baht 88 million (2013: Baht 88 million).

The Company has pledged all investment properties as collateral against the Company's and a jointly controlled entity's credit facilities received from the commercial bank.

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements								
		Land	Power plants	Office building	Tools and equipment	Furniture and office equipment	Motor vehicles	Power plants under construction	Total
	Land	improvements							
Cost:									
As at 1 January 2013	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
Additions	2,398	-	996	93	624	2,060	229	417,251	423,651
Disposals/write-off	-	-	-	-	-	-	(1,259)	(571,685)	(572,944)
Transfers	-	20,215	1,985,644	-	667	-	-	(2,006,526)	-
Capitalised borrowing costs	-	-	-	-	-	-	-	34,981	34,981
As at 31 December 2014	230,013	23,356	4,592,840	11,207	2,946	7,881	21,255	349,257	5,238,755

(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 2013	-	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
Depreciation for the year	-	100	144,656	357	379	1,176	2,394	-	149,062
Depreciation on disposals/write-off	-	-	-	-	-	-	(1,259)	-	(1,259)
As at 31 December 2014	-	303	217,447	1,069	1,005	3,600	2,932	-	226,356
Allowance for impairment loss:									
As at 1 January 2013	-	-	-	-	-	-	-	-	-
Increase during the year	-	-	-	-	-	-	-	591,900	591,900
As at 31 December 2013	-	-	-	-	-	-	-	591,900	591,900
Increase during the year	-	-	250,000	-	-	-	-	-	250,000
Write-off	-	-	-	-	-	-	-	(571,685)	(571,685)
Transfers	-	20,215	-	-	-	-	-	(20,215)	-
As at 31 December 2014	-	20,215	250,000	-	-	-	-	-	270,215
Net book value:									
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
As at 31 December 2014	230,013	2,838	4,125,393	10,138	1,941	4,281	18,323	349,257	4,742,184
Depreciation for the year									
2013 (Baht 45 million included in cost of sales, and the remaining balance included in administrative expenses)									46,909
2014 (Baht 145 million included in cost of sales, and the remaining balance included in administrative expenses)									149,062

(Unit: Thousand Baht)

Separate 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 2013	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
Additions	-	-	242	93	572	1,689	210	-	2,806
Disposals/write-off	-	-	-	-	-	-	(1,259)	(571,685)	(572,944)
Transfers	-	20,215	-	-	-	-	-	(20,215)	-
As at 31 December 2014	37,552	23,356	871,937	11,207	2,066	5,514	21,236	-	972,868
Accumulated depreciation:									
As at 1 January 2013	-	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
Depreciation for the year	-	100	28,281	357	329	753	2,393	-	32,213
Depreciation on disposals/write-off	-	-	-	-	-	-	(1,259)	-	(1,259)
As at 31 December 2014	-	303	84,695	1,069	950	2,958	2,931	-	92,906

(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 1 January 2013	-	-	-	-	-	-	-	-	-
Increase during the year	-	-	-	-	-	-	-	591,900	591,900
As at 31 December 2013	-	-	-	-	-	-	-	591,900	591,900
Increase during the year	-	-	250,000	-	-	-	-	-	250,000
Write-off	-	-	-	-	-	-	-	(571,685)	(571,685)
Transfers	-	20,215	-	-	-	-	-	(20,215)	-
As at 31 December 2014	-	20,215	250,000	-	-	-	-	-	270,215
Net book value:									
As at 31 December 2013	37,552	2,938	815,281	10,402	873	1,620	20,488	-	889,154
As at 31 December 2014	37,552	2,838	537,242	10,138	1,116	2,556	18,305	-	609,747
Depreciation for the year									
2013 (Baht 28 million included in cost of sales, and the remaining balance included in administrative expenses)									30,306
2014 (Baht 29 million included in cost of sales, and the remaining balance included in administrative expenses)									32,213

During the third quarter of 2013, the Company's management decided to cancel construction of three solar thermal power plants with book values amounting to Baht 592 million. The Company therefore recognised allowance for impairment loss of such power plants under construction in full in the financial statements for the year ended 31 December 2013. Subsequently, the Board of Directors approved to write-off such solar thermal power plants under construction in full in 2014.

In addition, the management of the Company considered setting up allowance for impairment loss of a solar thermal power plant amounting to Baht 250 million in 2014 because its recoverable amount is less than its carrying amount. The recoverable amount was based on value in use which the cash flows were discounted at a rate of 6 percent.

As at 31 December 2014, subsidiaries and a jointly controlled entity had an outstanding balance of work under construction of new power plants amounting to Baht 344 million (2013: Baht 1,538 million) (The Company only: Nil). The construction has been financed with loans from commercial banks. Borrowing costs amounting to Baht 35 million were capitalised during the year ended 31 December 2014 (2013: Baht 95 million) (The Company only: Nil, 2013: Baht 1 million). The weighted average rates of 5 percent has been used to determine the amount of borrowing costs eligible for capitalisation (2013: 5 - 6 percent).

As at 31 December 2014, the Company had vehicles with net book values of Baht 18 million (2013: Baht 20 million) which were acquired under hire purchase agreements.

As at 31 December 2014, certain items of the Company's equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 3 million (2013: Nil).

The Company, its subsidiaries and its jointly controlled entity have pledged their property, plant and equipment amounting to approximately Baht 4,585 million (2013: Baht 4,312 million) (The Company only: Baht 588 million, 2013: Baht 866 million) as collateral against credit facilities received from the commercial banks.

In January and February 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 regarding construction in accordance with the regulatory policy. The construction of some projects resumed since March 2014.

15. Bank overdrafts and short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated		Separate	
		financial statements		financial statements	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Bank overdrafts	MOR	-	16,564	-	16,564
Short-term loans from banks	MLR	-	53,730	-	53,730
Total		-	<u>70,294</u>	-	<u>70,294</u>

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.

16. Construction and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Amounts due to related parties (Note 6)	261	249	111	-
Construction payables and retention guarantee	130,157	769,217	117	287
Other payables	12,117	3,331	3,811	648
Accrued expenses	<u>26,671</u>	<u>20,265</u>	<u>10,340</u>	<u>9,750</u>
Total construction and other payables	<u>169,206</u>	<u>793,062</u>	<u>14,379</u>	<u>10,685</u>

17. Hire purchase payables

Details of hire purchase payables as presented in the consolidated and separate financial statements as at 31 December 2014 and 2013 are as follows:

	(Unit: Thousand Baht)	
	<u>2014</u>	<u>2013</u>
Hire purchase payables	13,459	18,234
Less: Deferred interest expenses	(845)	(1,515)
Total	<u>12,614</u>	<u>16,719</u>
Less: Current portion	(4,294)	(4,105)
Hire purchase payables, net of current portion	<u><u>8,320</u></u>	<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.

Future minimum payments required under the hire purchase agreements were as follows:

	(Unit: Million Baht)		
	<u>As at 31 December 2014</u>		
	Less than		
	1 year	1 - 5 years	Total
Future minimum payments under hire purchase agreements	5	9	14
Deferred interest expenses	(1)	-	(1)
Present value of minimum payments under hire purchase agreements	<u>4</u>	<u>9</u>	<u>13</u>

	(Unit: Million Baht)		
	<u>As at 31 December 2013</u>		
	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 loans

(Unit: Thousand Baht)

Loan	Interest rate (percent per annum)	Repayment schedule	Consolidated		Separate	
			financial statements	financial statements	financial statements	financial statements
			<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
1	MLR-1.75	Semi-annual installments as from September 2012 to December 2020	192,652	528,315	192,652	528,315
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	2,728,824	2,781,900	-	-
3	MLR-1.75	Within December 2015	-	120,000	-	-
4	1st year: MLR-2 2nd - 4th years: MLR-1.5 5th year onwards: MLR-1	Quarterly installments as from December 2014 to September 2026	194,017	-	-	-
5	MLR	Within October 2015	31,300	-	-	-
Total			3,146,793	3,430,215	192,652	528,315
Less: Current portion			(424,772)	(1,019,565)	(39,663)	(528,315)
Long-term loans, net of current portion			<u>2,722,021</u>	<u>2,410,650</u>	<u>152,989</u>	<u>-</u>

Movements of the long-term loan account during the years ended 31 December 2014 and 2013 were summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Book value at beginning of year	3,430,215	2,284,609	528,315	582,978
Additional borrowings	622,859	2,811,312	-	-
Repayments	(904,267)	(95,500)	(336,000)	(55,000)
Financial service fee	(3,989)	-	-	-
Amortisation of financial service fee	1,975	1,983	337	337
Derecognised the subsidiaries' liabilities due to loss of control during the year	-	(1,572,189)	-	-
Book value at end of year	<u>3,146,793</u>	<u>3,430,215</u>	<u>192,652</u>	<u>528,315</u>

In June 2014, subsidiaries entered into long-term loan agreements with a local commercial bank to obtain a loan facility of Baht 397 million in order to finance their obligations in respect of solar rooftop panel installation projects.

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

The loan agreements contain several covenants which, among other things, imposed on the Company, its subsidiaries 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 debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

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 received a waiver letter in February 2014. 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 2014, the long-term credit facilities of the subsidiaries and jointly controlled entity which have not yet been drawn down amounted to Baht 165 million (2013: Baht 403 million) (in proportionate of the Company's interest in the jointly controlled entity) (The Company only: Nil).

19. Share capital

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	<u>2014</u>	<u>2013</u>
<u>Registered</u>		
1,815,000,000 ordinary shares of Baht 1 each (2013: 136,500,000 ordinary shares of Baht 10 each)	1,815,000	1,365,000
Total	<u>1,815,000</u>	<u>1,365,000</u>
<u>Issued and called up</u>		
320,000,000 ordinary shares of Baht 1 each, fully paid up (2013: 32,000,000 ordinary shares of Baht 10 each, fully called up)	320,000	320,000
1,495,000,000 ordinary shares of Baht 1 each, fully paid up (2013: 104,500,000 ordinary shares of Baht 10 each, 67 percent paid up)	1,495,000	701,219
Total	<u>1,815,000</u>	<u>1,021,219</u>

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 Baht 1,815 million through the issuance of 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.

On 30 April 2014, the annual general meeting of the Company's shareholders approved the allocation of 450 million unissued registered ordinary shares at a par value of Baht 1 each for the initial public offering not over 428 million shares and to a specific investor under a private placement scheme not over 22 million shares.

On 21, 22 and 24 October 2014, the Company made public and specific offerings of the 450 million additional shares at a price of Baht 3.90 per share, or for a total of Baht 1,755 million and on 27 October 2014 received payment of this share capital increment. The Company registered the increase in its paid-up capital with the Ministry of Commerce on 28 October 2014. The Company incurred expenses relating to the share offering amounting to approximately Baht 39 million, net of tax, and these expenses were recorded as a deduction against share premium.

On 30 October 2014, the Stock Exchange of Thailand approved the listing of the ordinary shares of the Company in the Market for Alternative Investment (“mai”).

20. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Salaries and wages and other employee benefits	64,279	41,107	68,003	46,408
Depreciation and amortisation	149,231	47,106	32,373	30,496
Loss on impairment of property, plant and equipment	250,000	591,900	250,000	591,900
Loss on disposals/write-off of property, plant and equipment	-	7,347	-	7,347
Doubtful accounts and loss on write-off bad debts	-	12,138	-	12,138
Loss on exchange rate	7,833	20,432	-	130
Production guarantee	18,714	3,576	-	-
Repair and maintenance expenses of power plants	12,758	4,058	904	1,889
Professional fees	15,614	56,270	3,665	21,485

21. Income tax

Tax expenses (income) for the years ended 31 December 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Current income tax:</u>				
Current income tax charge	9,499	50,816	-	62,035
<u>Deferred tax:</u>				
Relating to origination and reversal of temporary differences	<u>(12,458)</u>	<u>(193,114)</u>	<u>(12,234)</u>	<u>(192,770)</u>
Tax income reported in the statement of comprehensive income	<u>(2,959)</u>	<u>(142,298)</u>	<u>(12,234)</u>	<u>(130,735)</u>

The amounts of income tax recorded directly to other components of shareholders' equity for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Deferred tax relating to differences on business reorganisation under common control				
	-	-	-	(17,637)
	-	-	-	(17,637)

The reconciliation between accounting profit (loss) and tax income is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Accounting profit (loss) before tax	578,300	(263,349)	(350,850)	(705,923)
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	115,660	(52,670)	(70,170)	(141,185)
Effects of:				
Tax savings from the promotional privileges (Note 22)	(96,149)	(12,568)	(525)	(591)
Non-deductible expenses and taxable income	10,853	11,520	10,494	11,041
Additional expenses deductions allowed and exemption of income	(8,242)	-	(16,975)	-
Deductible temporary differences and tax losses for the year which were not recognised as deferred tax assets during the year	64,919	2,105	64,942	-
Gains on changes in statuses of investments which were not recognised as deferred tax liabilities during the year	(90,000)	(90,685)	-	-
Tax income reported in the statement of comprehensive income	<u>(2,959)</u>	<u>(142,298)</u>	<u>(12,234)</u>	<u>(130,735)</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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Deferred tax assets</u>				
Allowance for doubtful accounts	20	1,655	1,635	(1,593)
Allowance for impairment loss of property, plant and equipment	4,043	108,505	104,462	(108,505)
Provision for long-term employee benefits	543	339	(204)	(84)
Long-term provision	-	337	337	(337)
Differences on business reorganisation under common control	79,996	79,996	-	-
Effects of long-term lease contracts	568	7	(561)	(7)
Unused tax losses	104,462	-	(104,462)	37,074
Total	<u>189,632</u>	<u>190,839</u>	<u>1,207</u>	<u>(73,452)</u>
<u>Deferred tax liabilities</u>				
Differences on business reorganisation under common control	-	(13,665)	(13,665)	(119,662)
Total	<u>-</u>	<u>(13,665)</u>	<u>(13,665)</u>	<u>(119,662)</u>
Net	<u>189,632</u>	<u>177,174</u>	<u>(12,458)</u>	<u>(193,114)</u>

(Unit: Thousand Baht)

	Separate financial statements			
	Statement of financial position		Statement of comprehensive income	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Deferred tax assets</u>				
Allowance for doubtful accounts	20	1,655	1,635	(1,593)
Allowance for impairment loss of property, plant and equipment	4,043	108,505	104,462	(108,505)
Provision for long-term employee benefits	543	339	(204)	(84)
Unused tax losses	104,462	-	(104,462)	37,074
Total	<u>109,068</u>	<u>110,499</u>	<u>1,431</u>	<u>(73,108)</u>
<u>Deferred tax liabilities</u>				
Differences on business reorganisation under common control	-	(13,665)	(13,665)	(119,662)
Total	<u>-</u>	<u>(13,665)</u>	<u>(13,665)</u>	<u>(119,662)</u>
Net	<u>109,068</u>	<u>96,834</u>	<u>(12,234)</u>	<u>(192,770)</u>

As at 31 December 2014, the Company, its subsidiaries and its jointly controlled entities have deductible temporary differences and unused tax losses totaling Baht 332 million (2013: Baht 11 million) (The Company only: Baht 325 million, 2013: Nil). No deferred tax assets have been recognised on these amounts as the Company and certain subsidiaries have been granted tax privileges by the Board of Investment and certain subsidiaries and a jointly controlled entity have determined that they may not be able to utilise the deductible temporary differences and unused tax losses because they do not yet have any taxable profits and they are unable to estimate the benefit they would generate from utilisation of such deductible temporary differences and unused tax losses.

22. Promotional privileges

The Company, its subsidiaries 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, solar rooftop energy and solar energy, respectively, pursuant to the following investment promotion certificates:

Certificate Number	Approval date	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>Subsidiaries</i>		
1178(1)/2557	29 January 2014	4 September 2014
1179(1)/2557	29 January 2014	Not yet generated revenue
1180(1)/2557	29 January 2014	Not yet generated revenue
1181(1)/2557	29 January 2014	Not yet generated revenue
1182(1)/2557	29 January 2014	Not yet generated revenue
1183(1)/2557	29 January 2014	Not yet generated revenue
1184(1)/2557	29 January 2014	26 November 2014
1185(1)/2557	29 January 2014	Not yet generated revenue
1186(1)/2557	29 January 2014	8 December 2014
1187(1)/2557	29 January 2014	Not yet generated revenue
1188(1)/2557	29 January 2014	4 September 2014
1189(1)/2557	29 January 2014	13 November 2014
1190(1)/2557	29 January 2014	Not yet generated revenue
2035(1)/2557	28 July 2014	Not yet generated revenue

* *The Company is in the process to cancel this investment promotion certificate.*

Certificate Number	Approval date	Date of first income derived
<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	6 June 2014
1697(1)/2556	5 March 2013	20 March 2014
1698(1)/2556	5 March 2013	4 April 2014
1699(1)/2556	5 March 2013	30 May 2014
1758(1)/2556	5 March 2013	6 June 2014

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 begin 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, its subsidiaries' 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 2014 and 2013 totally resulted from promoted operations.

23. 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 after reflecting the effect of stock split as mentioned in Note 19 to the consolidated financial statements.

For comparative purposes, the prior basic earnings per share has been re-calculated to reflect the effect of the stock split.

24. 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 the Board of Directors.

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 Metropolitan 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.

25. 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 2014, the Company contributed Baht 1 million (2013: Baht 1 million) to the fund.

26. Commitments and contingent liabilities

26.1 Power purchase agreements

As at 31 December 2014, the Company, its subsidiaries and its jointly controlled entity have 25 power purchase agreements with the Provincial Electricity Authority (“PEA”) and the Metropolitan Electricity Authority (“MEA”) (2013: 24 agreements) (The Company only: 1 agreement, 2013: 1 agreement). Currently, the Company, its subsidiaries and its jointly controlled entity have commenced their production and distribution of electricity for the PEA and MEA under 16 power purchase agreements (The Company only: 1 agreement).

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

26.2 Capital commitments

As at 31 December 2014, 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 69 million and US Dollars 1 million (2013: Baht 378 million and US Dollars 2 million) (The Company only: Nil) relating to the construction of power plants.

26.3 Operating lease and other commitments

As at 31 December 2014, 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 entity have entered into several operating lease agreements in respect of the lease of office building space, motor vehicles, equipment and the lease of rooftop space and other building space in order to install solar panels. The terms of the agreements are generally between 3 and 26 years.

As at 31 December 2014 and 2013, future minimum lease payments required under these operating lease contracts were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Payable:				
In up to 1 year	11	12	2	3
In over 1 and up to 5 years	38	36	2	2
In over 5 years	170	167	-	-

In addition, under agreements to lease rooftop space and other building space, the 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 relating to acquisition of power businesses which the future payment was in accordance with the agreement.
- c) The Company has entered into a consulting agreement relating to an investment in a solar energy business in Japan which the future payment was in accordance with the agreement.

- 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) 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 2014 amounting to approximately Baht 3 million (in proportionate of the Company's interest in the jointly controlled entity) (2013: Baht 1 million) were recognised as expenses.
- e) A jointly controlled entity has commitments in respect of engineering, procurement and construction contracts relating to construction of the jointly controlled entity's three power plants with a company not over Baht 138 million (2013: Baht 171 million). The contracts specify that the jointly controlled entity is to make payment 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.
- f) 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) for the period of 10 years from the commercial operation date.
- g) 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) for the period of 7 years from the commercial operation date.
- h) The Company has outstanding commitment in respect of uncalled portion of investments in the subsidiaries of approximately Baht 11 million (2013: Baht 126 million).

26.4 Guarantees

- a) The Company has guaranteed bank credit facilities of its subsidiaries and its related company amounting to Baht 397 million and Baht 510 million (2013: Nil and Baht 510 million), respectively.
- b) As at 31 December 2014, there were outstanding bank guarantees of approximately Baht 11 million (2013: Baht 16 million) (The Company only: Baht 7 million, 2013: Baht 7 million) issued by banks on behalf of the Company, its subsidiaries 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 9 million (2013: Baht 15 million) (The Company only: Baht 5 million, 2013: Baht 6 million) to guarantee contractual performance and Baht 2 million (2013: Baht 1 million) (The Company only: Baht 2 million, 2013: Baht 1 million) to guarantee electricity use which are guaranteed by the Company's bank deposits.

26.5 Litigation

The Company was sued by a shareholder seeking damages for two civil cases totaling Baht 1,000 million resulting from the Company's sale of that shareholder's shares in arrears by auction. The Bangkok South Civil Court and the Court of Appeals dismissed the first case on 30 July 2013 and 18 June 2014, respectively, and the second case on 7 October 2013 and 12 January 2015, respectively. At present, the litigant is in the process of submitting a petition to the Supreme Court.

On 15 October 2014, the Bangkok South Criminal Court dismissed the criminal case in association with revocation of the share auction as mentioned above and also struck the civil case out of the case-list. Therefore, the management believes that Company will not suffer any losses.

27. Financial instruments

27.1 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, current investments, trade and other receivables, short-term loans to, bank overdrafts, construction and other payables, hire purchase payables, short-term 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 accounts receivable, loans 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 their 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 2014 and 2013, 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)	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<u>Financial Assets</u>												
Cash and cash equivalent	-	-	-	-	6	23	2	-	8	23	0.4	0.5
Restricted bank deposits	138	-	-	-	135	16	-	-	273	16	0.4 - 2.8	0.5
Current investments	1,097	-	-	-	-	-	135	-	1,232	-	2.8 - 3	-
Trade and other receivables	-	-	-	-	-	-	197	118	197	118	-	-
	<u>1,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141</u>	<u>39</u>	<u>334</u>	<u>118</u>	<u>1,710</u>	<u>157</u>		
<u>Financial liabilities</u>												
Bank overdrafts and short-term												
loans from banks	-	-	-	-	-	70	-	-	-	70	MOR	MOR, MLR
Construction and other payables	-	-	-	-	-	-	169	793	169	793	-	-
Short-term loans from related party	-	-	-	-	-	-	-	20	-	20	-	-
Hire purchase payables	4	4	9	13	-	-	-	-	13	17	4 - 5	4 - 5
Long-term loans	-	-	-	-	3,147	3,430	-	-	3,147	3,430	MLR-2 to MLR	MLR-1.9 to MLR-1.5
	<u>4</u>	<u>4</u>	<u>9</u>	<u>13</u>	<u>3,147</u>	<u>3,500</u>	<u>169</u>	<u>813</u>	<u>3,329</u>	<u>4,330</u>		

(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)	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<u>Financial Assets</u>												
Cash and cash equivalent	-	-	-	-	3	6	1	-	4	6	0.4	0.5
Restricted bank deposits	-	-	-	-	41	2	-	-	41	2	0.4	0.5
Current investments	1,097	-	-	-	-	-	135	-	1,232	-	2.8 - 3	-
Trade and other receivables	-	-	-	-	-	-	117	108	117	108	-	-
Short-term loans to subsidiaries	-	-	-	-	-	-	68	-	68	-	-	-
	<u>1,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44</u>	<u>8</u>	<u>321</u>	<u>108</u>	<u>1,462</u>	<u>116</u>		
<u>Financial liabilities</u>												
Bank overdrafts and short-term												
loans from banks	-	-	-	-	-	70	-	-	-	70	MOR	MOR, MLR
Construction and other payables	-	-	-	-	-	-	14	11	14	11	-	-
Short-term loans from related party	-	-	-	-	-	-	-	20	-	20	-	-
Hire purchase payables	4	4	9	13	-	-	-	-	13	17	4 - 5	4 - 5
Long-term loans	-	-	-	-	193	528	-	-	193	528	MLR-1.8	MLR-1.8
	<u>4</u>	<u>4</u>	<u>9</u>	<u>13</u>	<u>193</u>	<u>598</u>	<u>14</u>	<u>31</u>	<u>220</u>	<u>646</u>		

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 2014, the Company, its subsidiaries and its jointly controlled entities have financial liabilities denominated in foreign currencies which are unhedged against exchange rate risk as follows:

Foreign currency	Consolidated		Separate		Exchange rate	
	financial statements	financial statements	financial statements	financial statements	Exchange rate	Exchange rate
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	(Baht per 1 foreign currency unit)
US dollar	3	14	-	-	33.1132	32.9494
Japanese yen	10	-	10	-	0.2765	-

27.2 Fair values of financial instruments

Since the majority of the Company, 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.

28. 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 banks and the Company, its subsidiaries and its jointly controlled entity.

As at 31 December 2014, the Group's debt-to-equity ratio was 1:1 (2013: 5:1) and the Company's was 0.1:1 (2013: 1:1).

29. Events after the reporting period

On 11 February 2015, the Company has established TSE Group International Pte. Ltd. which was incorporated in Singapore in order to invest in renewable energy businesses in other countries. The Company invested in 100 percent of ordinary shares of such company.

30. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 25 February 2015.