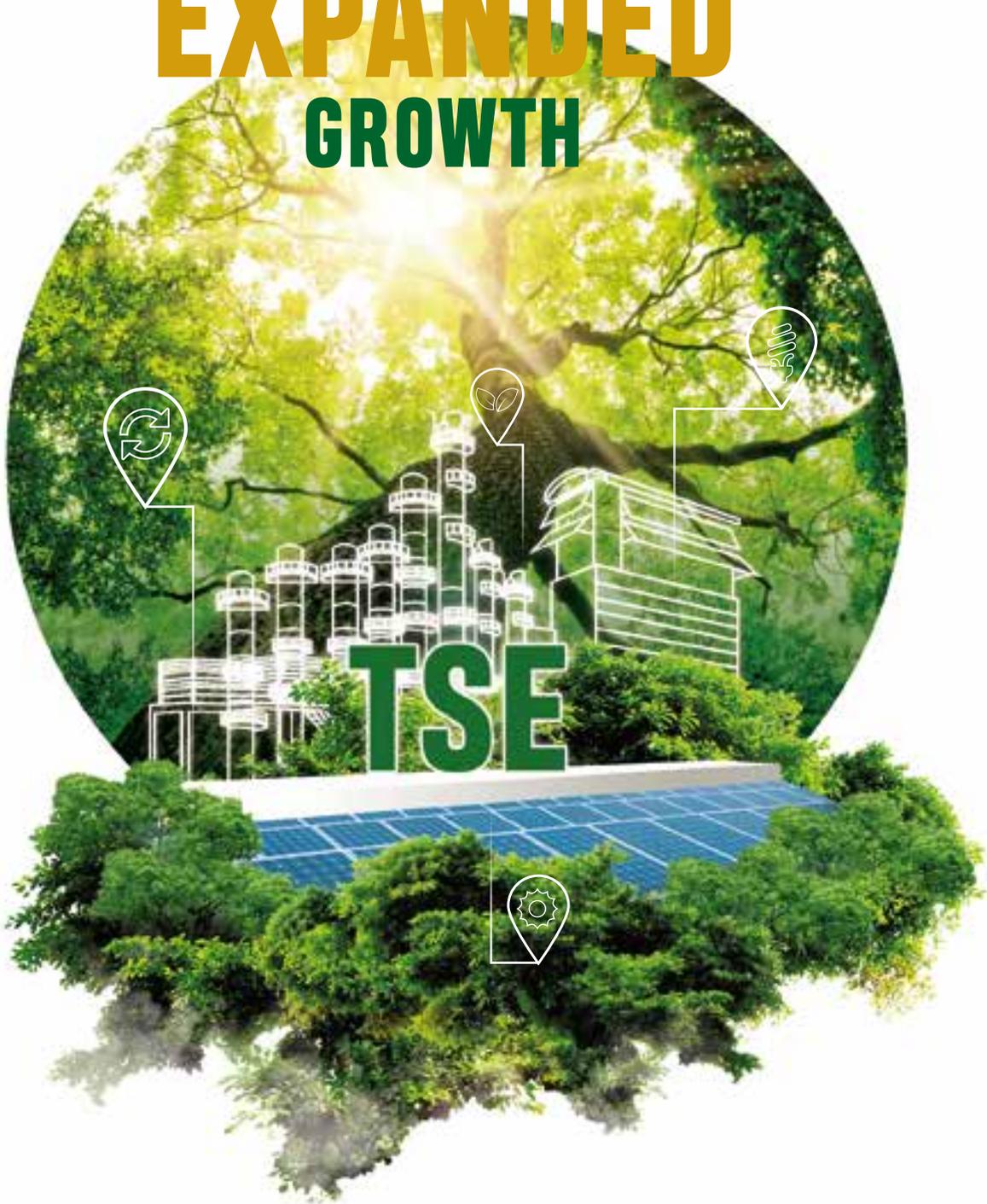


EXPANDED GROWTH



ANNUAL REPORT 2017



www.thaisolarenergy.com

Vision

To become a world-class regional leader in providing renewable energy through reliable technologies to serve both commercial and social societies

**EXPANDED
GROWTH**



Mission

To establish a solid footprint in Thailand in the solar power industry and expand into other renewable energies as well as developing an international solar power business focusing in Asia & Oceania regions

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Message from the Chairman

As one more year has passed, alternative energy is still an important resource that drives global economy and preserve environment. So far, more and more countries have earmarked resources to support research and developments projects on solar energy and other types of alternative energies. Their goal is to ensure availability of power for all people and to strengthen a sustainable energy security for the world community.

The Thai Solar Energy Group always recognizes the importance and the need to develop solar energy production system and other types of alternative energies. We also determine to further expand our business operation with a view to becoming a leader in renewable energy business. This year, we began to use biomass as a fuel for power production and have expand our scope of investment to include a large project in Japan. Currently, the Group has a total of 37 projects with combined production capacity of 298.42 MW and by the end of 2016, we have started the commercial operation distribution for a total of 31 projects with the combined selling capacity of 106.49 MW.

On behalf of the Group's Board of Directors, executives, staff and subsidiaries, I would like to thank the shareholders, customers, partners, business allies and all stakeholders who have been the major parts in providing supports to the Group. May I ensure again that the Group is still determined to expand the business, to be responsible and to uphold the moral principle in corporate governance in order to further build sustainable strength and growth to the Group.



(Dr. Cathleen Maleenont)
Chairman



Message from the Vice Chairman

2017 was another year of dedicating to the mission to provide the solar power industry and other renewable energies in Asia & Oceania region.

We operate our business with confidence that it will maximize benefits to shareholders and the Company. As a result of the investment in the future power generation business in the year 2018, we are delighted to announce that the power plant in Surat Thani province, operated by Bangsawan Green Company Limited, was tested by the Provincial Electricity Authority (PEA) and first synchronized in early February 2018.

The Company committed to efficient management by a team that has expertise in engineering and a long experience in energy and electricity generating, including knowledge and skills in all areas of cost management such as construction cost, administrative cost, financial costs etc. The company is also looking for new investment opportunities, due to technological changes and energy consumption, both domestic and international.

I would like to express my sincere gratitude to all of our stakeholders and shareholders for their trust and support for TSE's operation. The Group is still committed to provide you the best renewable energy to achieve the country's goal of national energy security, good governance and environmental sustainability.



(Dr. Prommin Lertsuridej)
Vice Chairman



Report of the Audit Committee



(Handwritten signature of Mrs. Siripen Sitasuwan)

(Mrs. Siripen Sitasuwan)
Chairman of the Audit Committee

The Audit Committee has been assigned to perform duties by the Group's Board of Directors according to the requirements of the Office of the Securities and Exchange Commission and the Notification of the Securities Exchange of Thailand, as specified in the charter, prescribed by the Board.

The Audit Committee comprises members who are qualified persons and independent members, i.e., Mrs. Siriphen Sitasuwan, Mr. Prasan Chuapanich and Mr. Boonchoo Direksathaporn. The Committee submitted performance report as information and to be reviewed by the Board of Directors at least once in each quarter. The report whose preparation is completed in consultation and with approval of the management, internal audit committee and auditor contains the following essential elements.

1. The review of quarterly and yearly financial reports of the Group in 2017 which was performed to ensure that the financial statement of the Group has been prepared according to the financial report standard with disclosure of adequate, complete and reliable information, including the following 3 key audit matters (KAMs).

- 1) Acquisition of Solar Power Plant Project with a capacity of 154.98 MW, acquired 100% of PurpleSol G.K. and SolarOne G.K. registered in Japan.
- 2) Projection of asset depreciation of thermal power plant and recovery amount, based on the remaining period in power purchase contract. In 2015, the Group set an amount of 250 million Baht as allowance for depreciation of assets in the thermal power plant.
- 3) Weighting the possibility of making tax profit in order to use an amount of 76.31 million Baht deferred corporate income tax to be due in 2019.

The Audit Committee has met with the auditor without participation of the management in order to consult each other on the independence in performing duties and providing opinion by the auditor.

2. The review of appropriateness of rules and regulations and practices related to related transaction and the disclosure of information on such transactions in order to ensure that they are in consistent with notifications, requirements and practical guidance of the Office of the Securities and Exchange Commission and laws related to the business operation of the Group.

3. The review of the report of the internal audit division and the auditor on the Group's internal control system, risk management, corporate governance, anti-money laundering measure to ensure that they are adequately implemented. The Committee also provided recommendations, deemed necessary for development, following up and improving the performance of the management.

4. Assessment of the auditor's performance in 2017 which was in good level with adequate independence. After reviewing the performance, scope and quantity of works in comparison with the remuneration of the auditor in 2016, the Audit Committee, therefore, resolved to recommend to the Board of Directors to seek an approval of the meeting of shareholders to appoint the PwC as the Group's auditor in 2017 for another term.

In general, the Audit Committee views that the Board of Directors and the management of the Group have ethics and determination to carry out the duties in order to achieve the group's business goals and realize the importance of operating the business under corporate good governance, transparency and trustfulness.

Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises 3 members and is chairman by Mr. Prasan Chuapanich, an independent director. In 2017, the Nomination and Remuneration Committee convened 4 meetings and reported the Board on the results of the meetings regularly. Followings are some of important businesses conducted by the Nomination and Remuneration Committee.

1. Qualified persons to be appointed as director and subcommittees to replace those retired by rotation, based on the regulations of the Board of Directors and good corporate governance, considering the proportion and composition of directors. It also includes a variety of expertise and expertise related to the company's business, to drive the business strategy to the most effective and effective.
2. Considered and set remuneration for members of the Board of Directors and committees, based on suitability, duties and responsibilities, performance, business

environment, economic conditions and by comparing with the remuneration of other companies in the same or similar business. The shareholders' meeting approved the remuneration as proposed.

3. Considered the remuneration for top management, based on suitability company performance, individual performance, and inflation.

In realizing the importance of corporate good governance principle, the Nomination and Remuneration Committee has reviewed and monitored the operational progress of the management on regular basis and perform the duties with full ability, carefulness, transparency and independence, based on adequate and appropriate level of corporate good governance that should provide utmost benefit to all stakeholders.

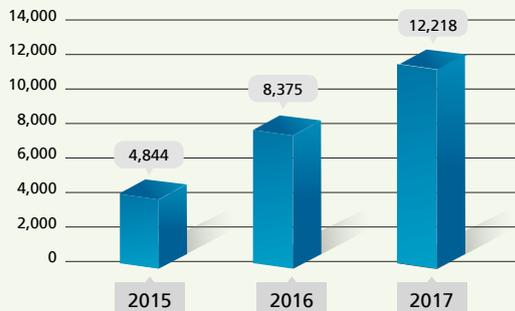
(Handwritten signature of Mr. Prasan Chuapanich)

(Mr. Prasan Chuapanich)
Chairman of the Nomination and Remuneration Committee

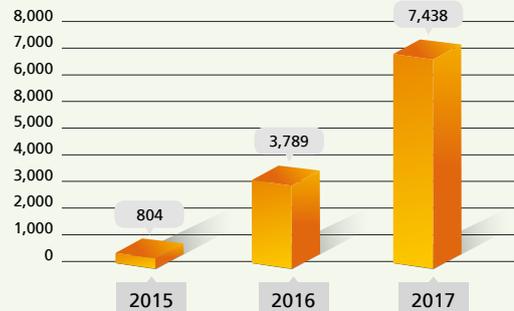


Financial Highlights

Total Assets (Million Baht)



Total Liabilities (Million Baht)



Total Shareholder's Equity (Million Baht)



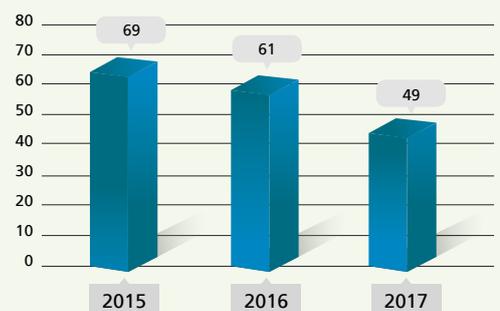
Total Revenues (Million Baht)



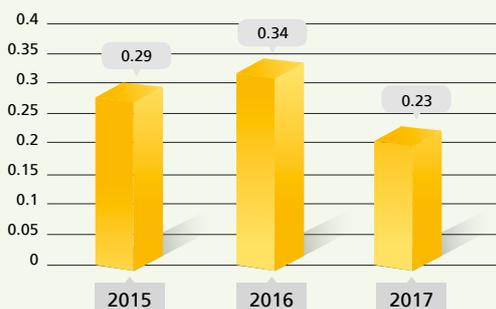
Net Profit (Loss) (Million Baht)



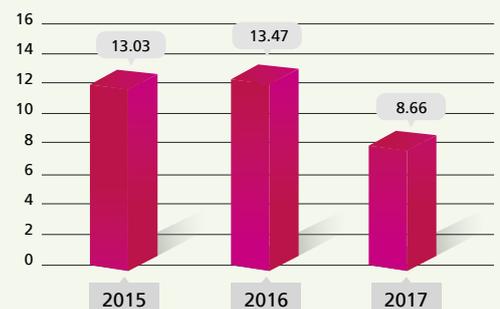
Net Profit Margin (%)



Earning Per Share (Baht)



Return on Equity (%)



The Board of Directors and Management



Miss Cathleen Maleenont (Age 46)

Chairman of Board of Directors, Chairman of the Board of Executive Directors, Chief Executive Officer, Nomination and Remuneration Committee, Authorized Director

Education

- Ed.D. in Institutional Management, Pepperdine University
- M.S.A. in Multinational Commerce, Boston University
- B.A. in Mass Communication, Chulalongkorn University

Related Training Program held by Thai Institute of Directors Association

- Directors Accreditation Program (DAP)
- Directors Certification Program (DCP)

5 years work experience

- 2014 - present Chairman of Board of Directors, Chairman of the Board of Executive Directors, Chief Executive Officer, Nomination and Remuneration Committee and Authorized Director Thai Solar Energy Public Company Limited
- 2011 - 2013 Chief Operating Officer, Thai Solar Energy Public Company Limited

Board member / Management in Listed Company - The Stock Exchange of Thailand

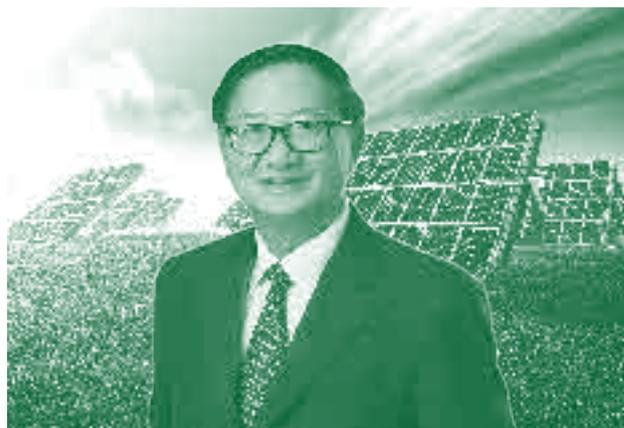
- 2014 - present Chairman of the Risk Management Committee, Wave Entertainment Public Company Limited
- 2006 - present Authorized Director, Wave Entertainment Public Company Limited
- 1999 - present Assistant to Senior Executive Vice President, BEC World Public Company Limited
- 2006 - 2014 Nomination and Remuneration Committee, Wave Entertainment Public Company Limited

Board member / Management in Non - Listed Company - The Stock Exchange of Thailand

- 2013 - present Authorized Director Thai Solar Energy Public Company Limited and Subsidiaries
- 2006 - present Authorized Director, Wave Entertainment Public Company Limited and Subsidiaries

Shareholding (%) ● 0.24

Relation among Family with other Directors and Executives ● None



Mr. Prommin Lertsuridej (Age 63)

Vice Chairman and Independent Director

Education

- National Health Administration, Japan (May - June 1992)
- Clinical Preventive Medicine, The Medical Council of Thailand
- Fellowship in Public Administration Ottawa University and Carleton University, Canada
- Doctor of Medicine (MD), The Faculty of Medicine Ramathibodi Hospital of Mahidol University
- Bachelor of Science Degree Program in Medical Science, Mahidol University

5 years work experience

2014 - present Vice Chairman and Independent Director, Thai Solar Energy Public Company Limited

Board member / Management in Listed Company - The Stock Exchange of Thailand

None

Board member / Management in Non - Listed Company - The Stock Exchange of Thailand

- 2017 - present Advisory Board of Directors, Rama IX Hospital
- 2013 - present Vice President and Chairman of Board of Directors, Shinawatra University
- 2014 - 2017 Board of Directors and Board of Executive Directors, Rama IX Hospital
- 2013 - 2014 Advisor to Strategic Committee for Reconstruction and Future Development (SCRF) Government of Yingluck Shinawatra

Political Positions

- March 2005 - September 2006 Secretary- General to the Prime Minister Ministry of Energy (Thailand)
- February 2003 - March 2005 Deputy prime minister
- October 2002 - February 2003 Secretary-General to the Prime Minister
- February 2001 - October 2002

Royal Thai Decoration

- 2003 Knight Grand Cordon (Special Class) of the Most Exalted Order of the White Elephant.
- 2002 Knight Grand Cordon (Special Class) of the Most Noble Order of the Crown of Thailand.
- 2001 Knight Grand Cross (First Class) of the Most Noble Order of the Crown of Thailand.

Other Royal Decoration

The Most Honourable Order of Seri Paduka Mahkota Brunei (3rd class) (S.M.B.)

Shareholding (%) ● None

Relation among Family with other Director and Executives ● None

The Board of Directors and Management



Mr. Pala Sookawesh (Age 77)

Independent Director

Education

- Honorary Doctorate of Engineering, Chulalongkorn University
- CERT. in Advanced Management Program (AMP), Harvard University U.S.A.
- Diploma, National Defence College, The Joint State - Private Sector Course Class 333
- M.S. Industrial Engineering (Operation Research) Oregon State University U.S.A.
- CERT. in System Analysis in Water Resource Planning, U.S. Army Corp. of Engineers, U.S.A.
- M.Eng. (2nd Class Honors) in Electrical Engineering, Chulalongkorn University

Related Training Program held by Thai Institute of Directors Association

- Directors Accreditation Program (DAP) 14/2004
- Role of the Chairman Program (RCP) 2/2001
- Role of the Compensation Committee (RCC) 3/2007

5 years work experience

2014 - present Independent Director, Thai Solar Energy Public Company Limited

Board member / Management in Listed Company - The Stock Exchange of Thailand

Chairman of the Board of Director, Union Petrochemical Public Company Limited

Board member / Management in Non Listed Company - The Stock Exchange of Thailand

2014 - present - President of Thai Resources and Environmental Management Institute (TREMI)
 - Chairman of The Petroleum Institute of Thailand (PTIT)
 - Vice Chairman of Empire Asia Energy Group

Position in Other Organization / Institutions

2005 - 2013 Director, Thairoil Power Company Limited
 2002 - 2013 Chairman, Bangkok Polyethylene Company Limited
 2001 - 2010 Director, IRPC Public Company Limited
 2003 - 2009 Chairman, Ratchaburi Power Company Limited
 2008 Director, PTT Aromatics and Refining Public Company Limited
 2006 - 2008 Director, PTT Global Chemical Public Company Limited
 2005 - 2008 Chairman, Thai Oleochemicals Company Limited
 2003 - 2008 Director, Thairoil Power Public Company Limited

Royal Thai Decoration

1999 Knight Commander (Second Class) of the Most Noble Order of the Crown of Thailand.
 2000 Grand Companion (Thrid Class, higher grade) of the Most Illustrious Order of Chula Chom Klao.

Shareholding (%)

● None

Relation among Family with other Director and Executives

● None



Mrs. Siripen Sitasuwan (Age 69)

Independent Director and Chairman of Audit Committee

Education

- Master of Business Administration (MBA), Wichita State University, Kansas, USA.
- Bachelor of Art (Commerce), Chulalongkorn University

Related Training Program held by Thai Institute of Directors Association

- Directors Certification Program (DCP) 33/2003
- Role of the compensation Committee (RCC) 4/2007
- Audit Committee Program (ACP) 32/2010

Certifications

- Listed Company Director Essential – Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know, Singapore Institute of Directors
- Listed Company Director Programme - Audit Committee Essentials, Singapore, July 2016
- Listed Company Director Programme – Nominating Committee Essentials, Singapore, July 2016

Awards

- Thailand Best CFO 2002 by Finance Asia Magazine

5 years work experience

2014 - present Independent Director and Chairman of Audit Committee Thai Solar Energy Public Company Limited

1999 - 2007 President and Group CFO
 Shin Corporation Public Company Limited

Board member / Management in Listed Company - The Stock Exchange of Thailand

Present - Independent Director, Chairman of Audit Committee, Nomination and Remuneration Committee
 Thanachart Capital Public Company Limited
 - Independent Director, Audit Committee and Risk Management Committee
 Semsuk Public Company Limited

Board member / Management in Non Listed Company - The Stock Exchange of Thailand

Present - Independent Director, Chairman of the Board of Audit Committee, Nomination and Remuneration Committee
 Fraser and Neave Company Limited

Shareholding (%)

● None

Relation among Family with other Director and Executives

● None

The Board of Directors and Management



Mr. Prasan Chuaphanich (Age : 65)

Independent Director, Audit Committee and Chairman of Nomination and Remuneration Committee

Education

- Bachelor of Accounting (Second Class Honor), Chulalongkorn University
- Diploma in Auditing Chulalongkorn Business School, Chulalongkorn University
- Certified Public Accountant (Thailand)
- Executive Management Program, Ivey School of Business, University of Western Ontario, Canada
- Leading Professional Services Firms Harvard Business School, Boston, U.S.A.

Related Training Program held by Thai Institute of Directors Association

- Director Certification Program (DCP) 119/2009
- Financial Institution Governance Program (FGP 6/2013)
- Board Matters and Trends (BMT) 2/2017

5 years work experience

2014 - present Independent Director,
Member of Audit Committee,
Chairman of the Nomination
and Remuneration
Thai Solar Energy Public Company Limited

Board member / Management in Listed Company - The Stock Exchange of Thailand

- Independent Director / Director to the Audit Committee, PTT Global Chemical Public Company Limited
- Independent Director and Chairman of the Audit Committee, The Siam Commercial Bank Public Company Limited
- Independent Director, Audit Committee and Sustainable Development Management Committee Advanced Info Service Public Company Limited

Position in Other Organization / Institutions

- Chairman of the Board of Directors, Thai Institute of Directors (IOD)
- Director, Public Sector Audit Evaluation Committee (PAEC)
- Commission Member (Accounting) and Audit Committee, Office of Insurance Commission (OIC)
- Expert Member (Accounting) of the Committee on Dumping and Subsidy, Thailand
- CAC Certification Committee Member, The Private Sector Collective Action Coalition Against Corruption (CAC) Certification Committee
- Audit Committee, Mahidol University Council
- Member of IFRS Advisory Council
- President of the Federation of Accounting Professions under the Royal Patronage of His Majesty the King

Shareholding (%)

- None

Relation among Family with other Director and Executives

- None

The Board of Directors and Management



Mr. Boonchoo Direksataporn (Age 71)

Member of Audit Committee and Independent Director

Education

- Bachelor Degree (2nd Class Honors), Faculty of Commerce and Accountancy, Chulalongkorn University
- Certified Public Accountant in England
- Certificate, Program for Management Development [PMD], Harvard Business School USA
- National Defense College, National Defense Course for the Joint State-Private Sectors (Class 10)

Related Training Program held by Thai Institute of Directors Association

- Directors Certification Program (DCP) 14/2002
- Directors Diploma Examination (DDE) 6/2002
- IOD Chartered Director Class (CDC) 5/2009

5 years work experience

2014 – present Member of Audit Committee and Independent Director
Thai Solar Energy Public Company Limited

Position in Other Organization / Institutions

2010 - 2015 Director, Sakol Energy Company Limited
2012 - 2014 Advisor, EGAT International Co., Ltd.

Shareholding (%)

- None

Relation among Family with other Director and Executives

- None



Mr. Somphop Prompanapitak (Age 50)

Director, Board of Executive Directors, Nomination and Remuneration Committee, Chief Operating Officer, Authorized Director

Education

- Master of Business Administration (Management), Kasetsart University
- Master Business Administration (Finance), California State University
- Bachelor of Economics (International Program), Thammasat University

Related Training Program held by Thai Institute of Directors Association

- Director Certification Program : DCP 106/2008
- Director Certification Program Update, DCPU 1/2014
- Company Secretary Program, CSP 31/2009
- Exam-Diploma Examinations 24/2009
- Executive Development Program

5 years work experience

2014 - present Director, Board of Executive Directors, Nomination and Remuneration Committee, Chief Operation Officer, Authorized Director Thai Solar Energy Public Company Limited

2012 - 2013 Chief Financial Officer, Thai Solar Energy Company Limited

Board member / Management in Listed Company - The Stock Exchange of Thailand

None

Board member / Management in Non Listed Company - The Stock Exchange of Thailand

2013 - present Director, Thai Solar Energy Public Company Limited and Subsidiaries

Shareholding (%)

- 0.03

Relation among Family with other Director and Executives

- None

The Board of Directors and Management



Mr. Anutin Charnvirakul (Age 52)

Director

Education

- 2017
 - Tourism Management Program for Executives (TME1)
 - Intermediate Certificate Courses - Good Governance for Medical Executives 1
- 2016
 - Business Revolution and Innovation Network (BRAIN1)
- 2014
 - Top Executive Program in Commerce and Trade (TepCoT9)
- 2014
 - Honorary Doctorate Degree in Management at Suan Sunandha Rajabhat University, Bangkok Thailand
- 2013
 - Judicial Training Institute (JTI.17)
- 2012
 - Thailand Energy Academy (TEA.1)
 - Political and Electoral Development Institute (PED.3)
 - Urban Green Development Institute Bangkok (BMA1)
- 2010
 - Capital Market Academy (CMA.9), Bangkok THAILAND
- 2005
 - Honorary Doctorate Degree in Civil Engineer at Ramkhamhaeng University, Bangkok THAILAND
- 1990
 - Attending Mini MBA Program at Thammasat University, Bangkok THAILAND
- 1985 - 1989
 - B.S. Industrial Engineering, Hofstra University, New York, U.S.A.

Related Training Program held by Thai Institute of Directors Association

- Financial Statement for Directors 1/2008
- Directors Accreditation Program 77/2009

5 years work experience

2017 - Present Director, Thai Solar Energy Public Company Limited

Board member / Management in Listed Company - The Stock Exchange of Thailand

2008 - Present Chairman of the Board, STP&I Public Company Limited
 1995- 2004 Managing Director, Sino-Thai Engineering & Construction Public Company Limited.

Position in Other Organization / Institutions

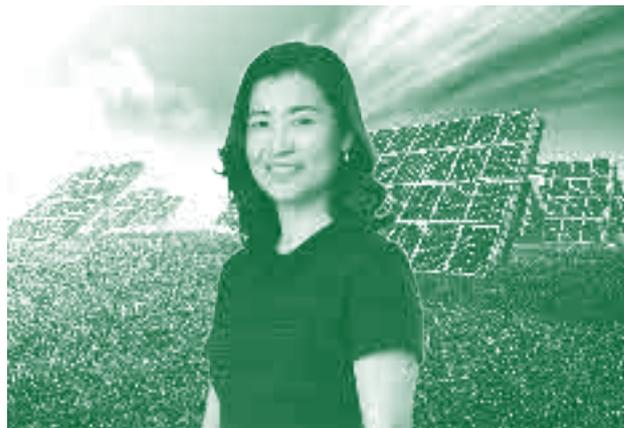
No

Royal Thai Decoration

2010 Knight Grand Cordon (Special Class) of the Most Exalted Order of the White Elephant
 2008 Knight Grand Cordon (First Class) of the Most Noble Order of the Crown of Thailand
 2005 Knight Grand Cross (First Class) of the Most Exalted Order of the White Elephant
 2004 Knight Grand Cross (First Class) of the Most Noble Order of the Crown of Thailand

Shareholding (%) ● None

Relation among Family with other Director and Executives ● None



Mrs. Angkaneer Rerksirisuk (Age 45)

Director

Education

- Master Degree of Accountancy, Financial accounting, Chulalongkorn University
- Bachelor of Business Administration, Accounting, Burapha University

Related Training Program held by Thai Institute of Directors Association

- Directors Accreditation Program (DAP) 138/2017
- Chief Financial Officer Certification Program 19/2015 , organized by the Federation of Accounting Professions. Under the Royal Patronage of his Majesty the King
- Fundamental Practice for Corporate Secretary, organized by Thai Listed Companies Association

5 years work experience

Director, Thai Solar Energy Public Company Limited

Board member / Management in Listed Company - The Stock Exchange of Thailand

2013 ● Chief Financial Officer, WAVE Entertainment Public Company Limited

Position in Other Organization / Institutions

- Present Director and Authorized Director, Efficient English Services Company Limited
- Present Director and Authorized Director, Jeffer Restaurant Company Limited

Shareholding (%) ● None

Relation among Family with other Director and Executives ● None

Management



Mr. Kitiphong Thunnom (Age 50)

Chief Technical Officer

Education

- Master Degree in Business Administration, Chulalongkorn University
- Bachelor degree in Electrical Engineering, Chulalongkorn University

5 years work experience

August 2017 - present Chief Technical Officer / Thai Solar Energy Plc.
 2015 - 2017 Vice President, Business Development Glow Energy Group
 2010 - 2015 Chief Technology Officer, Italian-Thai Power Company Limited (IPC)

Board member / Management in Listed Company - The Stock Exchange of Thailand

None

Position in Other Organization / Institutions

Authorized Director, subsidiaries of the Company

Shareholding (%)

● None

Relation among Family with other Director and Executives

● None



Mr. Nivej Boonwichai (Age 51)

Vice President Engineering and Construction

Education

- Bachelor of Engineering Program in Electrical Engineering, King Mongkut's University of Technology North Bangkok

Work experience for the past 5 years

2014 – present Vice President Engineering and Construction, Thai Solar Energy Public Company Limited

Board member / Management in Listed Company - The Stock Exchange of Thailand

None

Position in Other Organization / Institutions

None

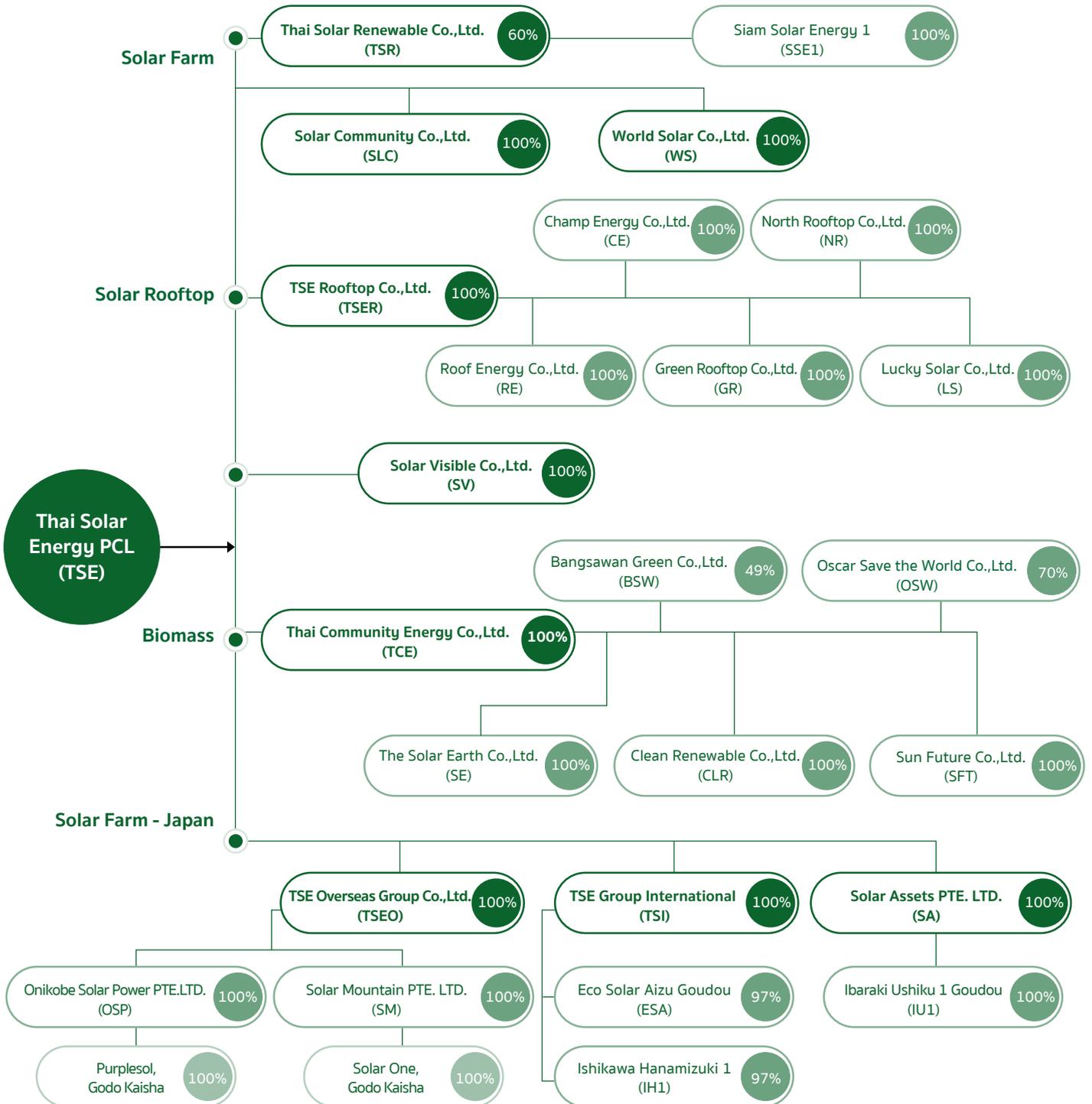
Shareholding (%)

● None

Relation among Family with other Director and Executives

● None

Shareholding Structure



Milestones

2015 Expansion of Business to Asian Region

- Established a subsidiary, the TSE Group International PTE., LTD. (TSI) and Solar Assets PTE., LTD. in Singapore to support the Group's plan to expand business operation to other countries in Asian region. The Company holds 100% of shares in these companies.
- The Company began to negotiate with business partners in Asian region such as those in Japan, the Philippines and Laos, etc. So far, the Company has reached agreement with 2 business partners in Japan, i.e., the Eco Solar Japan and Prospec Holding Inc. The total installed capacity of 42.5 MW (Sell capacity of 36.5 MW) and both of them are self-development projects and jointly development project.
- During the year, the Company Group had 9 Solar Rooftop that additional distributed electricity as Commercial Operation Date at a total selling capacity of 9 MW

On 31 December 2015, the Company Group had 1 Solar Thermal at total selling capacity of 4.5 MW, 10 Solar PV at total selling capacity of 80 MW and 14 Solar Rooftop at total selling capacity of 14 MW that distributed electricity as Commercial Operation Date (COD) for the Provincial Electricity Authority at a total selling capacity of 98.5 MW

2016 Recognition of additional income

- The Group began to recognize additional incomes from a project in Japan whose power distribution on Commercial Operation Date (COD) of 4 project have begun in succession. The total production was 5.24 MW.
- The Group had power distribution on Commercial Operation Date (COD) of 1 project, which are projects for government agencies and agricultural cooperatives in 2015, Bang Saphan District of Prachuap Khiri Khan province, totaling 1 MW.
- The Group has invested in 3 biomass power plant business projects with total selling capacity of 22.2 MW in Nakhon Si Thammarat and Surat Thani Provinces.

As of December 31, 2016, the Group has a total of 36 projects under its operation in and outside of the country that comprise 1 solar thermal project, 18 solar PV projects (11 in the country and 7 in foreign countries), 14 solar rooftop and 3 biomass power plants with a total selling capacity of 143.68 MW. Of these, 30 projects have distributed electricity commercially, including the selling capacity in and outside of the country at the total capacity of 104.74 MW.

2017 Additional Expansion of Business Operation in Japan

- The Group recognized additional revenues from 1 more project in Japan. Total production capacity in Japan is now 6.99 MW.
- The Group made 1 additional investment in Onikoube project with production capacity of 154.98 MW.

As of December 31, 2017, the Group has a total of 37 projects under its operation in and outside of the country that comprise 1 solar thermal project, 19 solar PV projects (11 in the country and 8 in foreign countries), 14 solar rooftop and 3 biomass power plants with a total selling capacity of 298.42 MW. Of these, 31 projects have distributed electricity commercially, including the selling capacity in and outside of the country at the total capacity of 106.49 MW.

Nature of Business

Overview of the Group's Business Operation

The Group operates 3 types of solar energy generation and distribution business: Solar Thermal power plant, Solar PV power plants and Biomass power plants.

1. Solar Thermal Power Plant Project

The Company is the first in Southeast Asia to produce electricity using solar thermal technology. Its thermal power plants have generated electricity output and commercially distributed it to the Provincial Electricity Authority (PEA) at a total selling capacity of 4.5 MW.

2. Solar PV Power Plants Projects

The Group's PV power plants generate and sell electricity using photovoltaic systems which can be categorized as follows:

2.1 Solar PV Farm Projects

♥ Domestic :

The Group has 11 solar farm PV power plant projects with a total selling capacity of 81 Megawatts

♥ Overseas :

The Group has 8 solar power plants in Japan with total selling production capacity of 176.72 MW. So far, 5 of the projects have already distributed electricity as Commercial Operation Date (COD) with the capacity of 6.99 MW. Other projects are under construction and implemented.

2.2 Solar Rooftop Project

The Group has 14 Solar Commercial Rooftop projects, the highest number in Thailand with a total selling capacity of 14 MW, all of which has been commercially distributed as Commercial Operation Date (COD) to the PEA and MEA.

3. Biomass Power Plants Project

The Group has invested in 3 biomass power plants through subsidiaries, i.e., Bang Sawan Green (BSW) and Oscar Save the World (OSW) with total selling capacity of 22.2 MW in Nakhon Si Thammarat and Surat Thani Provinces. All three plants have been licensed to engage in biomass power plant business and have already entered into a contract to sell power supply to the Provincial Electricity Authority (PEA). The group has also entered into the long-term contract to buy fuels such as log and chipped wood from suppliers. The group is confident that the investment in this projects are beneficial to the company and shareholders because of its growth potential in the future and the government's policy to promote the production of alternative energy. The government sector also has the policy to support the production of power from renewable energy. Currently, our power plant at the Bang Savan Green Pcl has passed a test conducted by the Provincial Electricity Authority and had completed the first synchronization since the beginning of February 2018.

The Group operates a business of producing and selling electricity from solar energy for the government sector according to policy to promote the production and use of electricity from alternative energy of the Energy Planning and Policy Office, Ministry of Energy. Through the Group, subsidiaries and the jointly controlled operations totaling 37 projects, with total selling production capacity of 298.42 MW. The details of COD projects are as follows;

Domestic				Overseas (Japan)			
types	number	capacity	COD	types	number	capacity	COD
Thermal	1	4.5 MW	2011	Solar Farm			
Solar Farm	10	80.0 MW	2014	Kuno	1	0.50 MW	2015
Solar Farm Co-op	1	1.0 MW	2016	Shima	1	1.25 MW	2016
Solar Rooftop	14	14.0 MW	2015	Hikeme	1	1.50 MW	2016
Biomass				Ryugasaki	1	1.75 MW	2016
BSW	1	4.6 MW	99.54%	Sakura	1	1.99 MW	2017
OSW I	1	8.8 MW	73.27%	Jyoso	1	1.25 MW	18%
OSW II	1	8.8 MW	73.14%	Hanamizuki	1	13.50 MW	25%
				Onikoube	1	154.98 MW	Pre - development
TOTAL	29	121.7 MW		TOTAL	8	176.72 MW	

COD	26	99.5 MW	
On progress	3	22.2 MW	

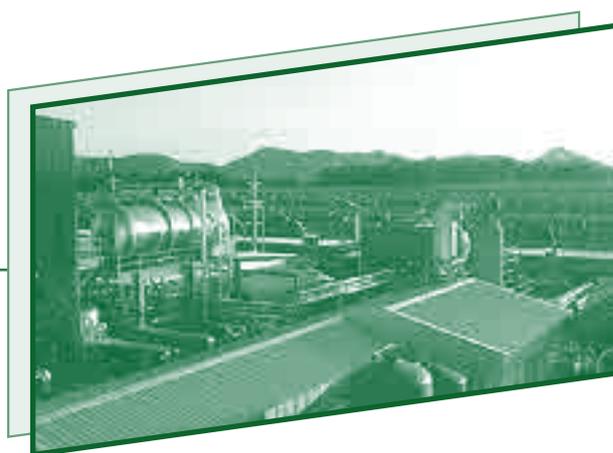
COD	5	6.99 MW	
On progress	3	169.73 MW	

Domestic

26 COD projects with total selling capacity of 99.5 MW

1. Solar Thermal Power Plants

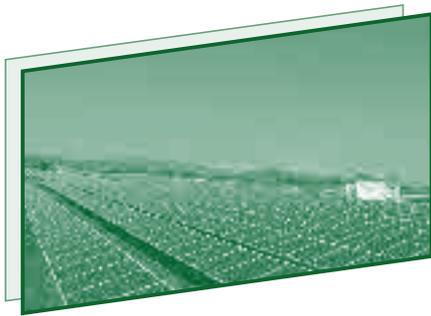
Total of 4.5 MW - 1 Project



TSE 01 Location Don Salap Subdistrict, Huai Krachao District, Kanchanaburi
Selling Capacity 4.5 MW
COD 26 December 2011

2. Solar PV Farm Power Plants

2.1 Total of 81 MW - 11 Projects



PV 01

Location Chong Dan Subdistrict,
Bo Phloi District, Kanchanaburi
Selling Capacity 8 MW
COD 4 September 2013

PV 02

Location Srakrajom Subdistrict,
Don Chedi District, Suphan Buri
Selling Capacity 8 MW
COD 17 July 2013



PV 03

Location Nong Ya Sai Subdistrict,
Nong Ya Sai District, Suphanburi
Selling Capacity 8 MW
COD 28 October 2013

PV 04

Location Nong Krathum Subdistrict,
Doem Bang Nang Buat District, Suphanburi
Selling Capacity 8 MW
COD 21 November 2013



PV 05

Location Nong Krathum Subdistrict,
Doem Bang Nang Buat District, Suphanburi
Selling Capacity 8 MW
COD 21 November 2013

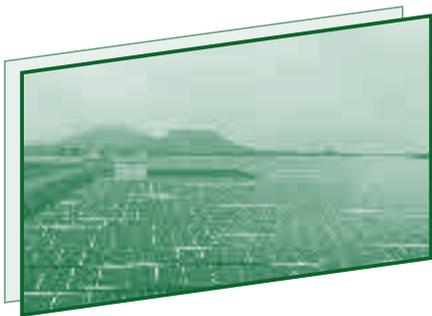
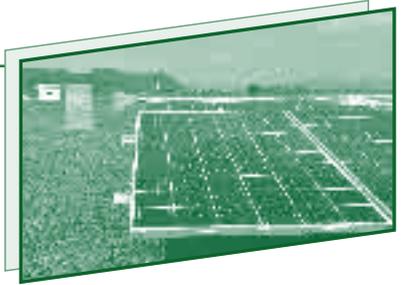


PV 06

Location Nong Phai Subdistrict,
Dan Makham Tia District, Kanchanaburi
Selling Capacity 8 MW
COD 6 June 2014

PV 07

Location Rang Sali Subdistrict,
Tha Muang District, Kanchanaburi
Selling Capacity 8 MW
COD 20 March 2014

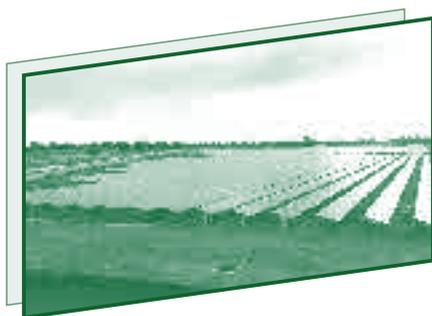
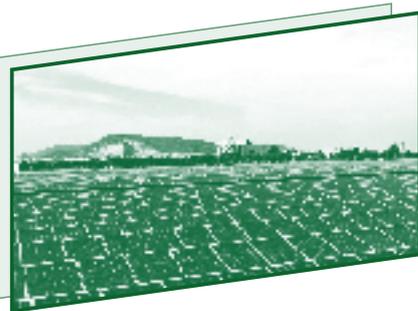


PV 08

Location Rang Wai Subdistrict,
Phanom Tuan District, Kanchanaburi
Selling Capacity 8 MW
COD 6 June 2014

PV 09

Location Nong Ong Subdistrict,
U Thong District, Suphanburi
Selling Capacity 8 MW
COD 4 April 2014



PV 10

Location Wang Luek Subdistrict,
Sam Chuk District, Suphanburi
Selling Capacity 8 MW
COD 30 May 2014

PV 11

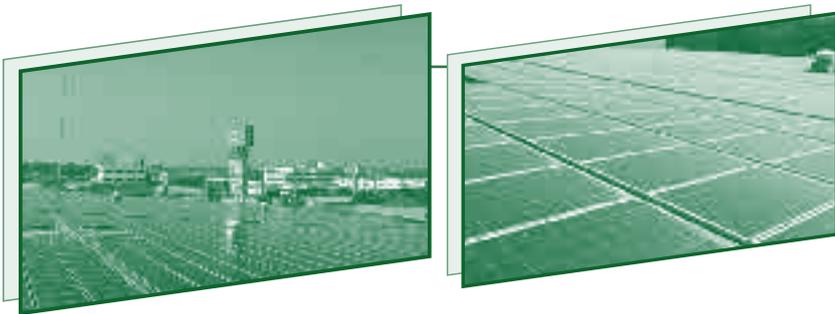
Location Chai Kasem Subdistrict,
Bang Saphan District,
Prachuap Khiri Khan
Selling Capacity 1 MW
COD 29 December 2016



2.2 Solar Rooftop PV Power Plants - Total of 14 MW 14 Projects

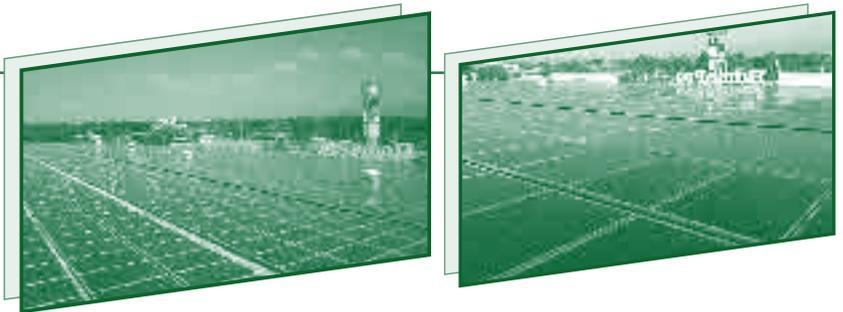
RT 01

Location Homepro, Muang District, Lopburi
Selling Capacity 1 MW
COD 4 September 2014



RT 02

Location Homepro Muang District,
Phrae
Selling Capacity 1 MW
COD 3 February 2015



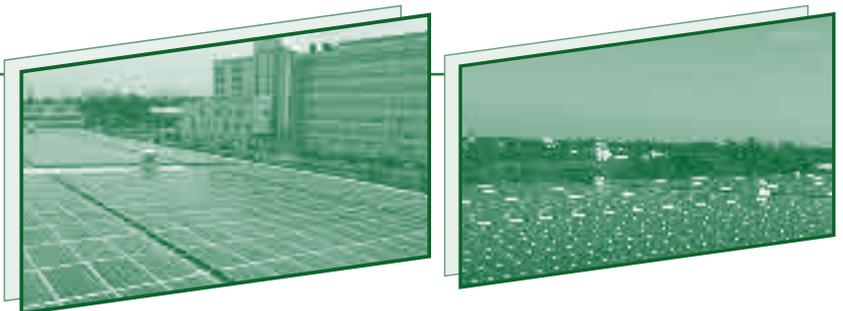
RT 03

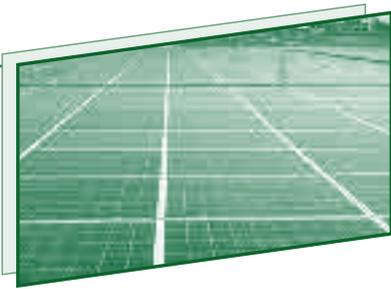
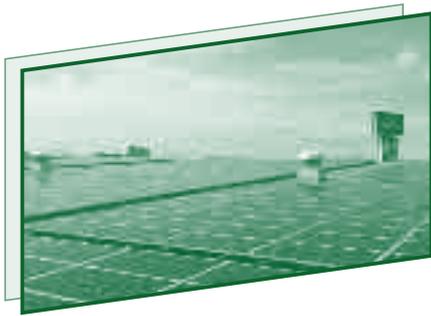
Location Homepro Muang District, Nakhon Sawan
Selling Capacity 1 MW
COD 2 June 2015



RT 04

Location Homepro Muang District,
Chumphon
Selling Capacity 1 MW
COD 4 September 2014



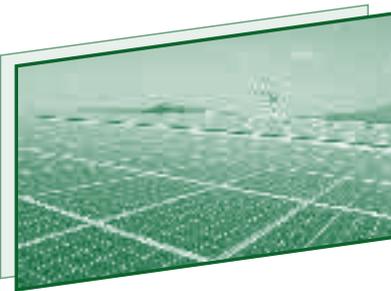
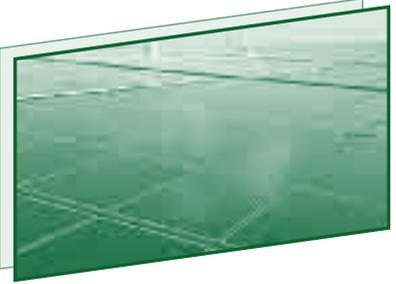
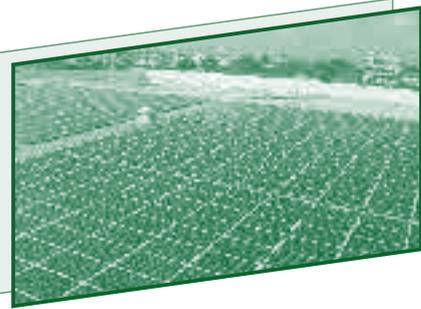


RT 05

Location Homepro Muang District, Surat thani
Selling Capacity 1 MW
COD 8 December 2014

RT 06

Location Homepro
Nakorn Sri Thammarat
Selling Capacity 1 MW
COD 7 July 2015

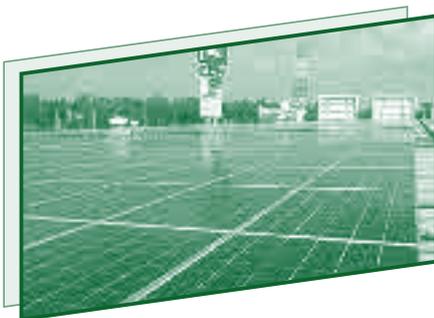


RT 07

Location Homepro Hat Yai, Songklha
Selling Capacity 1 MW
COD 9 October 2015

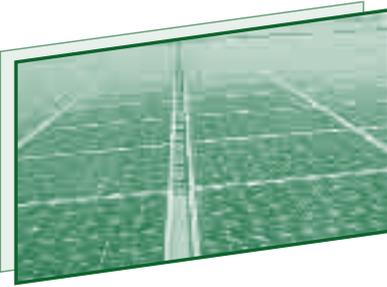
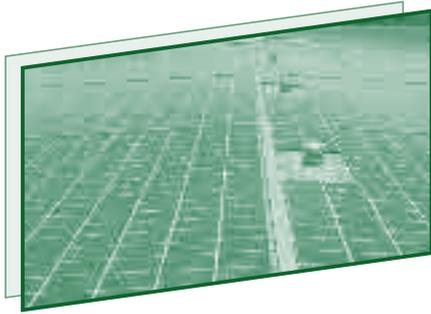
RT 08

Location Homepro Khao Yai,
Nakhon Ratchasima
Selling Capacity 1 MW
COD 13 November 2014



RT 09

Location Homepro Muang District,
Ubon Ratchathani
Selling Capacity 1 MW
COD 16 March 2015

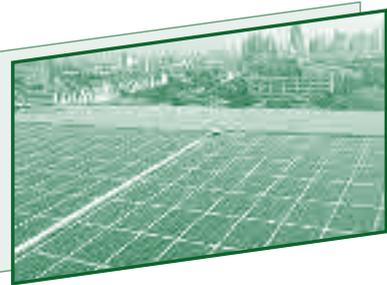


RT 10

Location Homepro Ekamai-Raminthra, Bangkok
Selling Capacity 1 MW
COD 11 February 2015

RT 11

Location Homepro Ratchaphruek, Bangkok
Selling Capacity 1 MW
COD 26 November 2014

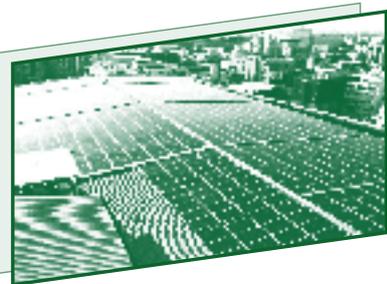
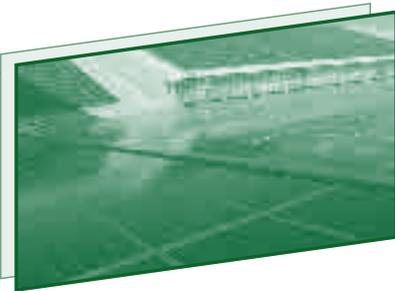
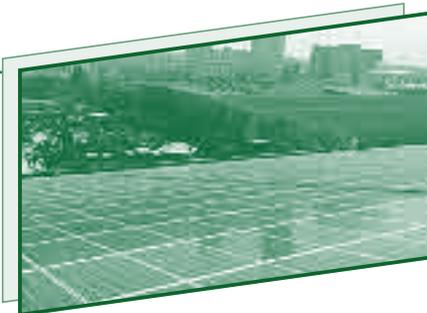


RT 12

Location The Mall Thapra, Bangkok
Selling Capacity 1 MW
COD 16 July 2015

RT 13

Location The Mall Bangkapi, Bangkok
Selling Capacity 1 MW
COD 28 July 2015

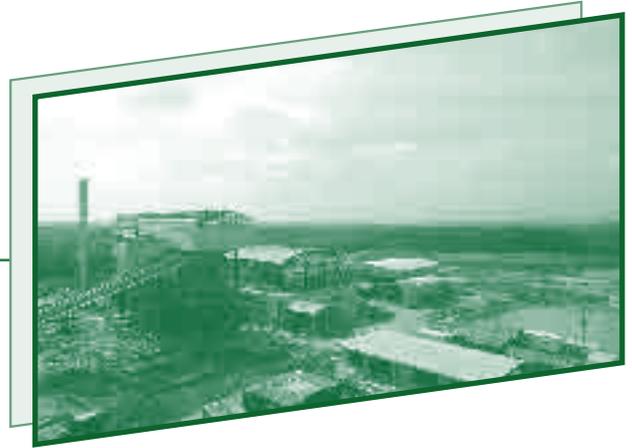


RT 14

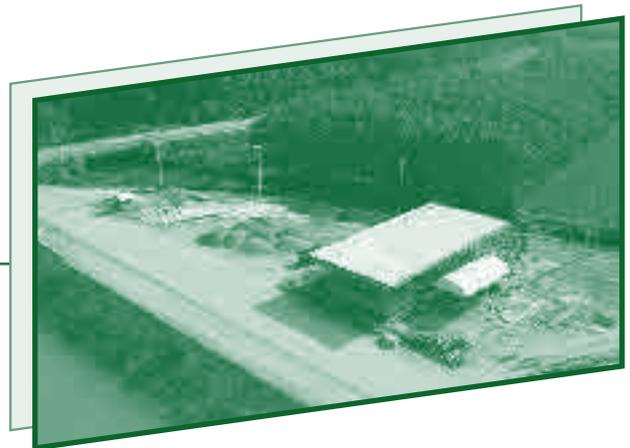
Location The Mall Ngamwongwan, Bangkok
Selling Capacity 1 MW
COD 24 August 2015

3. Biomass Power Plants Project

The number of projects under construction is 3 with total selling capacity of 22.2 MW



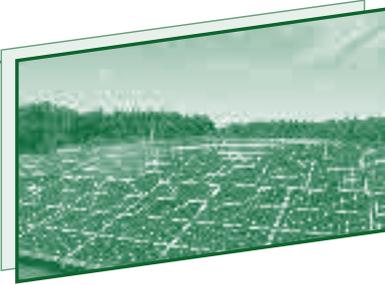
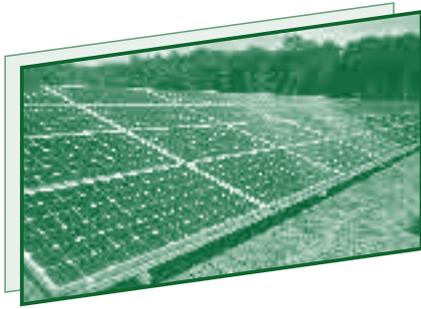
Bangsawan Surat Thani 4.6 MW
First Synchronizing, February 2018



OSW1, OSW2 Nakhon Si Thammarat 17.6 MW (8.8 MW / 1 project)

Overseas

1. 5 COD projects with total selling capacity of 6.99 MW



Kuno Project

: Ibaraki, Japan 0.5 MW

COD : 18 August 2015

Shima Project

: Toyama, Japan 1.25 MW

COD : 1 March 2016



Hikeme Project

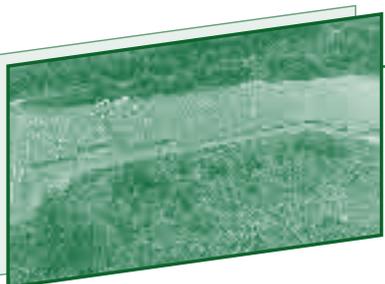
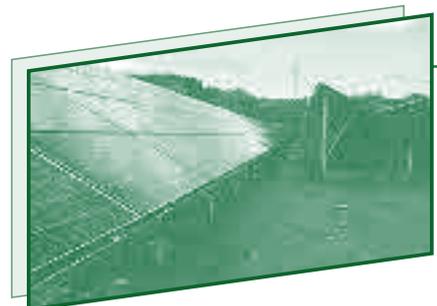
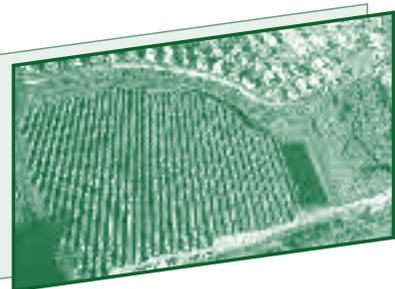
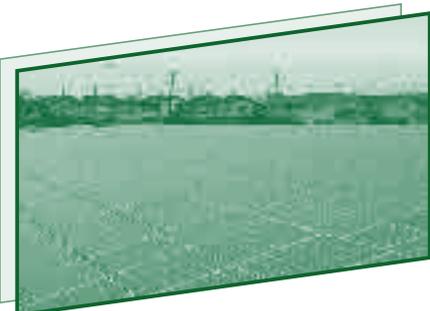
: Fukui, Japan 1.50 MW

COD : 1 April 2016

Ryugasaki Project

: Ibaraki, Japan 1.75MW

COD : 1 September 2016

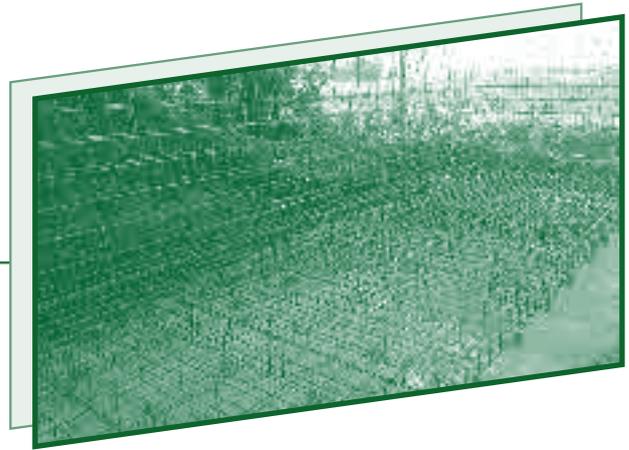


Sakura Project

: Toyama, Japan 1.99 MW

COD : 2 November 2017

2. The number of projects under construction is 3 with total selling capacity 169.73 MW



Jyoso Project
: Ibaraki, Japan 1.25 MW



Hanamizuki Project
: Ishikawa, Japan 13.50 MW



Onikoube Project
: Miyaki, Japan 154.98 MW

Marketing and Competitiveness

Competitive Strategy

Efficient management by a team that has expertise in engineering and a long experience in energy and electricity generating, including knowledge and skills in all areas of cost management such as construction cost, administrative cost, and financial costs etc.

1. Strict process of EPC Contractors selection. The selected EPC Contractors must be trustworthy and have internationally-accepted professional record to ensure that each power plant is able to produce enough electricity according to the supply contracts that the Group has entered with the MEA and the PEA.
2. The EPC Contractors, hired by the Group shall have a world-class team of experts with experience and expertise in the field of civil engineering and installation of solar power plants, including the technical consultant to help in the process of checking and evaluating the projects during the construction process. This is to ensure that the efficiency and consistency of the Group's electricity generation capability is in high level.
3. Focusing on quality control of electricity generation process in order to ensure maximum efficiency in generating and delivering electricity supply as agreed upon in the contracts.
4. Earning stable and consistent revenue from electricity generation.
5. Establishing business relationship with allies that have good reputation, stable financial status and expertise in energy and related businesses.
6. Acquiring support in the form of loans for the projects from financial institutions.

Target Customers and Distribution Channels

◆ Domestic

The Group's solar power plant projects are categorized as very small power producer or VSPP that provides electricity supply to Metropolitan Electricity Authority (MEA) and the Provincial Electricity Authority (PEA) according to the contracts, totaling 29 projects. Therefore, the Group's distribution channels are the electricity connection points from each project to the supply stations and electricity system of the MEA and PEA. The amount of power supply, distributed to MEA and PEA is calculated from the electricity units, passing through the meter at the power distribution point of each project. The MEA and PEA then distribute the electricity to the general public.

◆ Overseas

The Group now has solar power plant projects in Japan that generate electricity supply for regional utility Group who oversees public utilities in each region in Japan according to the power supply contract. Therefore, the Group's distribution channels are the electricity connection points from each project to the supply stations and electricity system of each region. From there, the electricity supply is distributed to the general public.

Products and Services

1. Contractors

◆ Domestic

Solar Thermal

The Group is the first one in Southeast Asia to use the Direct Steam CSP technology. This technology uses the steam from a parabolic trough as a thermal conductor instead of oil. Apart from being a cost saving renewable energy, water is safe and does not create pollution. However, it has an inferior quality relating to heat storage. For the beginning phase, the Group has hired a German Group to be the Engineering, Procurement and Construction (EPC) contractor.

Solar PV

When hiring EPC Contractors, the Group has a strict process in selecting the contractors in order to ensure that the Group's power plants can efficiently, safely and cost-effectively produce electricity.

In addition, for large-scale projects, the Group has hired the OWL technical consultant to provide consultancy from the beginning process of hiring contractors to the completion of the construction. The consultant's duty is to check the scope of work, investing fund and other conditions in the contracts to ensure that they conform to each project's objective and are reasonable. The consultant also needs to ensure that the contractors delivered each project and performed their works according to the contracts. The Group also hired the EPC Contractor who has expertise in designing and construction.

Solar Rooftop

The Group procured essential supplies such as solar cells and power converters, etc., directly from suppliers by itself. The Group also hires sub-contractors with experience, skills and potential, appropriate for each location of the projects.

Moreover, the Group hired a technical consultant, the Excellence Engineer International to provide the Group with consultancy on contractor's engineering construction design and quality control for the construction from the beginning until completion. This is to ensure that contractors deliver quality work according to the contracts.

Biomass Power Plant

The Group has a strict process of EPC Contractors selection to ensure that its power plants will be able to produce electricity efficiently, safely and cost-effectively.

For the 3 biomass power plant projects to be implemented at the same time in the country, the Group has hired the Engineering Evolution, JERA Power (Thailand), and Tractable as technical consultants to provide consulting services that ranges from the process of hiring sub-contractors to the construction of the projects until the completion. This is to ensure that the scope of work, investment fund and conditions in the contract are in consistent with the objectives of each project and the project will be completed according to the time frame, specified in the contract. The Group also hired the EPC Contractor who has expertise in designing and construction.

♥ Overseas

Solar PV

For overseas projects, the Group has hired MottMacDonald and VectorCautro to provide the technical consults. The Group also has legal and business consultants to provide consults since the process of applying for license and hiring the contractor and an ally, Prospec Holding Inc., who has expertise and experience in construction of solar power plant.

2. Procurement of Raw Materials

Solar Power Plant Projects

Main raw material

Solar PV

The main raw material for power generation is the solar energy whose supply is unlimited, depending on geography and climate. For procurement of main equipment, the Group joins hands with its EPC contractors to select all main equipment used in the Group's power plant projects.

Solar Rooftop

As for Commercial Rooftop PV power plant projects, the Group procures the main equipment by itself by purchasing directly from manufacturers using experience gained from the construction of Solar Farm PV power plants.

Biomass

The main raw material for biomass power plant project is rubber wood slaps which are abundant in the South. In the case of a shortage in the supply of rubber wood slaps or an increase of their costs, the alternative raw material is the empty palm bunches which are also abundant in the southern regions. The price of rubber wood slaps is relative to the price of raw rubber latex. In the past few years, the price of raw rubber latex was low and thus, causing the price of rubber wood slaps to be low as well. Rubber planters would cut down the rubber trees when they provide lesser rubber latex which is when the trees are 20-25 years old. The price of rubber wood also varies according to the seasons. The price in summer would be relatively lower because it is easier for the planters to cut the tree and make delivery to the buyers than in rainy season. The important equipment, required for the power plant project was jointly selected by the group and the EPS Contractor.

3. Hiring of O&M Contractors

Solar Power Plant Projects

Solar PV

In order to ensure the smooth and integrated operations, the Group hired O&M contractors and EPC contractors for the power plants at the same time. For big projects, the EPC contractors are also acting as O&M contractors for that particular project which allows easier management for the projects because they will have the expertise with their own technology. The scope of work operations and the contractors' qualifications are defined in the TOR which is part of the EPC contract.

Solar Rooftop

As for Commercial Rooftop PV Power Plants, the Group shall take responsibility in the operations and maintenance management by itself, using experienced employees who undergone training for the said management from the EPC contractors.

Biomass

Since the production process of biomass project is much more complicated than the solar power project, the Group has, therefore, planned to contract out the management and maintenance works to a third party as a comprehensive package. The hiring will be made through a selection process whose detail has been included in the Term of Reference (TOR). The company to be selected must have expertise and experience in biomass project management.

Environment Impacts

The Group complies with the standards related to the studies on preventive and correctional measures for environmental impacts called “Environmental Safety Assessment” or “ESA” which is a measure that plays an important role in environmental impact control. The study has to be strictly implemented before starting construction of the solar power plant projects. In addition, it has to be undertaken according to measures related to environmental impact mitigation and tracking together with examining environmental quality. The said performance needs to be reported to relevant departments regularly.

The Group also operates its business based on ISO 9001:2015 and ISO 14001:2015 which are both international standards. As for the Solar thermal and Solar PV power plants, the Group has established regulations and best practices in relation to environmental concerns according to laws, appropriateness and accountability. These are to ensure that the Group’s solar energy productions are operated without creating pollution whether it is noise, heat or air; and there will be no negative impact to local community and the country as a whole.

Risk Factors

Risk factors related to the Group's operation that may have a significant impact on the Group, and its risks prevention guidelines are as follows:

1. Risk related to business operation

1.1 Risk from the lower-than-expected electricity output

Usually the electricity output of solar power plants may be affected by both external and internal factors. Significant internal factors include, for example, the efficiency and useful life span of equipment that ranges from solar collectors trough, solar modules, wind turbines, to transformers. Moreover, there are also the loss of output and the technical problems that could occur during the electricity generating process. The significant external factors include solar intensity, changes in climate, and natural disasters such as floods, storms and fire etc. These risk factors can cause the Group to be unable to generate electricity output that is less than expected and may pose a direct effect on the revenue and business performance of the Group and other operators in the industry.

Before commencing the construction of the solar PV power plant, the Group hired Owl Energy Limited ("OWL"), a technical consulting firm with extensive experience in solar power to conduct the feasibility study and to be a consultant for the process of selecting the EPC Contractor including the controlling and overseeing of the construction of the power plant to be in accordance with the construction drawings, time frame and agreement. In addition, the EPC Contractor provides an output performance guarantee to the Group for the period of 10 operating years and also provides warranty to major equipment to minimize this risk.

1.2 Risk from reliance on major customers

The Group's 2 major customers are MEA and PEA who buy all of the electricity supply, generated by the Group according to the PPA that determines fixed output and purchase price for each period, based on the policy to support alternative energy of the Energy Policy and Planning Office, Ministry of Energy. Therefore, if these 2 customers terminate the PPA, it may have a critical impact on the Group's business operation.

However, the Group has 2 types of PPA, distinguished by the contract period. The first type is a 5-year contract, automatically renewable for 5-years each until the contract expires or is terminated and the second type, the 25-year contract. The Group strictly complies with the terms and conditions in the PPA, and the government promotes the renewable energy business which should make the Group be able to renew the contract.

1.3 Risk from reliance of on EPC Contractor

The Group hires an EPC Contractor to design, procure equipment, and construct each of the power plants. These assigned tasks require EPC contractor who has experience, expertise, technology knowledge and strong financial status because the EPC contractor tend to be the owner of technology, required by those power plant to generate electricity and act as the guarantor of efficiency and effectiveness of power production. Moreover, such contractor may be the manufacturer and distributor of some of the equipment to the power plant. Therefore, the Group faces a risk from reliance on EPC Contractor in a case where the EPC Contractor has difficulties in operation or other factors that may affect its financial status causing the risk of not being in compliance with terms and conditions,

stipulated in the EPC contract. This situation might affect the revenue, expenses and performance of the Group.

Thai Solar Energy Public Company Limited At present, the Group has an internal team that can handle basic repair and maintenance of the equipment.

As for backup/replacement equipment, the Group is able to procure enough of them to maintain normal and uninterrupted operation.

The Group has put in place a stringent selection process for EPC Contractor and engages technical consultants with solar power plant experience to act as advisors in the selection and hiring of EPC contractor, including the monitoring and supervising of the construction of power plants to ensure that it is in accordance with the drawing plan and the agreement.

In selecting the contractor, the Group initially focuses on each contractor's technical information such as qualifications (experience, expertise, technology know how, and financial status), efficiency and effectiveness of the equipment, warranty (electricity output and equipment), and services. After all of those factors have been considered, the Group, then, concentrates on pricing to ensure that it has hired a contractor of high quality at reasonable price.

1.4 Interest rate Risk

It is a general characteristic in solar power generating industry that the power plant companies tend to take out loan from commercial banks in the form of project financing with D/E ratio in the range of 2:1 to 3:1 and with floating interest rates whereby the loan period and interest rate are subject to credit worthiness of the borrower. Thus, the Group faces a risk from interest rate volatility as does any other operator in the business.

1.5 Insolvency Risk

The source of operating fund of most of solar power plants is a loan. The power plant operator, therefore, has an obligation to pay interest and repay the principal to the commercial bank when they are due, and comply with financial conditions, specified in the loan agreement. If the business operation is not good or the Group cannot comply with such financial conditions, it may face the risk of not being able to pay interest or repay the principal when they are due or may be subject to a demand to repay the whole debt amount immediately as any other operator in the industry may face.

According to the loan agreement, the Group has to maintain debt service coverage ratio (DSCR) of not less than 1.1. The lending bank shall conduct an audit half-yearly.

As of 31 December 2017, DSCR is equal to 3.60 which it conform with loan agreement's condition, the Group can pay interest and principal according to the repayment schedule.

Moreover, the management has adjusted the financial restructure and analyzed, studied, and sought new technology in order to improve the efficiency of its thermal power plant operation. The Group also tries to develop its PV projects in order to create revenue to the Group as soon as possible. Since, the yearly minimum electricity output from these solar farm PV projects have been guaranteed by EPC contractor, the Group is positive in its ability to repay loans and loans interests within the due period.

1.6 Risk from changes in policy of the government or relevant agencies

The Group faces a risk from changes in policy of the government or relevant agencies like any other solar power plants operators such as changes in power development plan in relation to the renewable energy, supporting measure for renewable energy, conditions for the electricity purchase, conditions of permit for factory operation (Ror Ngo 4) or environmental permit etc.

However, the Group realizes this risk and tries to reduce the risk by carefully studying the information on changes of governmental policy or other government agencies and conducting a feasibility study of the projects as well as taking into account relevant rules and regulations thoroughly and continuously.

1.7 Exchange Rate Risk

In accordance with our expanding in capacity overseas, there are revenue, loan, investment costs and expenses in a foreign rate as a result having the Group an exchange rate risk. In 2017, the Group invested totally 10,822.56 Million Japanese Yen or equal 3,140.34 Million Thai Baht (using average selling exchange rate of the Bank of Thailand on 31st December 2017.) In the future, the Group will increasingly invest in overseas which will cause more of assets and liabilities in foreign rate. In conclusion, the foreign rate from overseas investments could affect the Group performance. The Group has a main policy to managed the exchange rate risk by financing loan the same foreign rate as its income to minimize the effect of the risk (Natural Hedge). The Company also uses financial instruments to reduce the risk of fluctuations in foreign exchange rates and interest rates. The exchange rate will be used to receive repayment in foreign currency. Financial instruments comprise cross currency swap and forward contracts which help to hedge the risk of both interest rates and foreign exchange rates.

1.8 Risk from investment in new projects

The Group has a plan to invest in new solar power projects including solar farms, solar commercial rooftops, solar residential rooftops, and other renewable power projects through both its own investment or joint- investment in Thailand and other countries. The performance from such projects should create secured long-term revenue and provide risk diversification for the Group. The plan is also in line with the government's policy to promote the use of renewable and alternative energy.

However, since these are new projects that have to undergo several operational stages such as a feasibility study, land procurement, execution of electricity purchasing contract, seeking source of funds etc., the Group faces many risks from these new projects such as risks related to the increasing price of land, price competition, selection of locations for operations such as rooftop solar module, storage etc. In addition, there are also risks from entering into electricity selling and buying contract, risk from seeking source of funds, risk from fluctuation of exchange rates for overseas investment projects, risks from a delay in projects' operations, and risk from investment returns that are lower than expected, etc.

Being aware of the above-mentioned risks, the Group, therefore, opts to develop a strict investment policy and regularly monitors the progress of the projects. Moreover, the responsible management will report the progress to the executive committee every month.

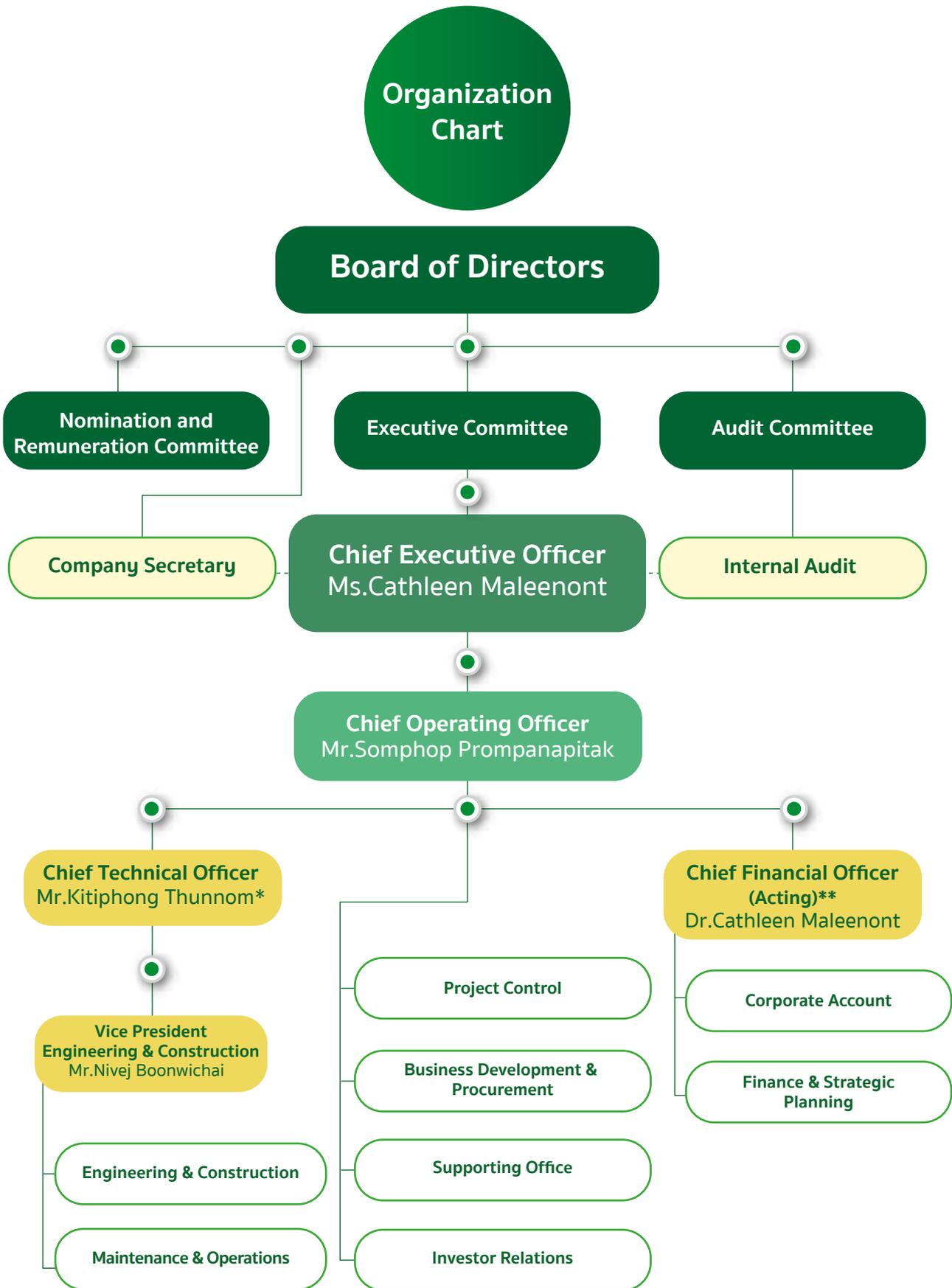
2. Business management risks

2.1 Risk relating to major shareholders holding more than 50% of total paid-up shares

Group's major shareholder is Dr. Cathleen's group who collectively holds 962,896,810 shares or 53.1 of the total paid-up shares. Thus, this group of shareholders can control the majority of voting rights. As a result, other shareholders of the Group have the risk related to their inability to gather sufficient voting rights to maintain checks and balances with respect to agendas proposed by the major shareholder.

However, the Group has set up management structure that comprises personnel with knowledge and capability, a clear scope of roles and responsibilities, and assigned authorities to the board members and the management, based on clarity and transparency. Moreover, the Group has prescribed measures on transactions related to directors, major shareholders, parties with controlling power as well as parties with conflict of interest. These parties are not allowed to vote when it involves their interests. This is to ensure that the business operation of the Group is carried out transparently. In addition, the Group appoints 6 independent directors from a total of 10 directors to ensure checks and balances as well as effectiveness of the Group's management.

Organization Chart



* Appointed on 1 August 2017

** Appointed by the BOD on 28 February 2018

Corporate Governance

The Group operates the business under ethical principles and legal compliance and standard and code of good practices that the Group has laid out as policies for the Board members, executives and employees to comply with according to the corporate good governance and code of good practice guidance. The Group also posts these policies on its web site: www.thaisolarenergy.com under the topic: Investment Relation–Corporate Governance. Except for some of the principles that the Company has chosen, it is different from the SET’s guidelines.

SET Guideline	The company’ explanation
The Chairman of the Board should be an Independent director	Chairman of the Board is not an independent director The Chairman of the Board is a visionary, experienced, Knowledgeable in business and can provide independent Opinions.
The Chairman of the Board and the Chief Executive Officer should not be the same person	The Company has the same person who serves as the Chairman of the Board and the Chief Executive Officer ♥ Under the Board structure, more than half of the Board members are independent directors and the company has set a clear scope of authority, duties and responsibilities of the Board members and the Chief Executive Officer. Moreover, the approval process and operation of business are in accordance with the rules and regulations on approval process, reviewed and approved by the Board of Directors
The Board should set a term of not more than 9 years for the independent director	The Company doesn’t set a consecutive term for the independent director ♥ The Company is in the process of setting a guideline on this
The Board should set a rule that the board members are able to serve in positions of not more than 5 other listed companies	The Company doesn’t set the for how many other companies that the board members can serve ♥ The Nomination and Remuneration shall review and set the qualifications, knowledge, capability and availability of time to perform duties in order to use as guidelines for appointment of board members
The members of Nomination and Remuneration Committee should all be independent directors	The members of Nomination and Remuneration Committee are independent directors and members of Executive Director ♥ The Chairman of the Nomination and Remuneration is an independent director who is able to provide independent opinion
Company should lay out a policy that the board meeting quorum requires the presence of at least 2/3 of the total number of the board members.	Company does not lay out a policy on quorum of meeting. ♥ In the board meeting, the company adheres to a practice prescribed under the public company act. However, at every board meeting, the number of attending board members is at least 2/3.

Rights of Shareholders

Putting the rights of shareholders as the first priority, the Group conducts the business to assure the shareholders that they can fully exercise the following basic rights. Every shareholder is entitled to the rights and equitable treatment detailed below

- Right to purchase, sell, or transfer stocks and to be sufficiently informed
- The right to an equitable dividend
- Right to receive sufficient information via the Company website or SET website or other channels indicated by the Company
- The right to propose meeting agenda in advance so that it can be included in the meeting agenda and the right to nominate a person to be member of the board at the annual general meeting of the shareholders.

(More detail can be found in the company's annual report (Form 56-1) posted on: www.sec.or.th or www.thaisolarenergy.com)

Equitable Treatment of Shareholders

The Company shall equally and fairly treat all shareholders, including managerial, non-managerial, foreign and individual shareholders under the following principles:

- The Company shall arrange to timely provide the information on date, time, venue and agenda of shareholders' meetings, opinions of the board and detail to support the review of each agenda, including all of the information related to the businesses that the shareholders must review and make a decision in the shareholders' meeting in the Company's website in advance with adequate preparation time. The information is the same as the documents sent to the shareholders who are entitled to attend the meeting and vote.
- The Company shall grant the shareholders the right to propose agenda for the shareholders' meeting in advance of the meeting and to nominate a person to be selected as member of the Board and to submit any question to be responded by the meeting through the Company's website before the meeting.
- The Company shall conduct the meeting according to the agenda, provided in the letter of invitation. The member of management team who are also the shareholders may not propose any unnecessary additional business to the meeting, especially the type of business that requires the shareholders to spend a lot of time to review it before making a decision.
- Company shall facilitate small shareholders who want to nominate member of the Board of Directors by setting up a convenient channel to submit the nominee's background or letter of consent to the Selection and Remuneration Committee, according to the rules and procedures and steps, prescribed by the Company.
- Company shall facilitate the shareholders who cannot attend the shareholders meeting in person but want to cast the vote through a proxy. For this purpose, Company shall have at least 1 independent director available as proxy to attend the meeting and cast the vote on behalf of the shareholder.
- Company shall require that the voting on all agenda shall use the ballot and shall notify the meeting of how the ballots would be collected, especially on an important agenda such as the appointment of individual member of the Board of Directors, related transaction, significant acquisition and disposal of assets, etc.

The shareholder's Meeting

The company's board convenes the ordinary shareholders' annual general meeting once within 4 months after the end of the accounting period and may call an extraordinary shareholders' meeting if it is necessary to propose urgent agenda on a special case basis. Such agenda must be one that affects the shareholders' interest or related to legal enforcement.

The Chairman of the Board, executives and auditor shall be present at the meeting to provide information and responses to inquiries related to the agenda. Before the meeting, the company shall inform the shareholders of their rights according to the company's Articles of Association, meeting procedures, voting method and the rights to express opinions or to raise questions in the meeting according to the agenda and proposed businesses.

After the meeting, the Group shall complete the minutes of the shareholders meeting within 14 days. The minutes shall include adequate information, including the questions and answers during the meeting. The shareholders who did not attend the meeting may read the minutes from the company's web site.

Roles of Stakeholders

The Group realizes the importance roles of stakeholder and equally treats all stakeholders including internal stakeholders such as employees, and external stakeholders such as customers, trading partners, creditors, competitors and the public. The group establishes policies and guidelines for dealing with each group of stakeholders as part of its corporate governance policy and ethics. The details are as follow;

Shareholders

The Group shall equally treat all shareholders and shall provide related information that significantly benefits the shareholders. Moreover, the Group also realizes the importance of the shareholders' benefits and be responsible for them by operating the business with integrity, transparency and fairness.

Employees

In realizing that the employees are the key factor that drives target achievement, the Company formulates the policies to fairly treat the employees in many aspects, including opportunity, remuneration, appointment, transfer, and capacity development. The Company offers the compensation, based on a fair and measurable assessment of performance under the regulations, prescribed by the Company. The remuneration and benefits of employees are examined and reviewed to ensure that they are in line with the industry's standard. The Company also promotes and develops its employees to be knowledgeable and capable on a regular basis by sending them to attend training in related work units.

The Group announces policies on remuneration and welfare in the working rules and regulations, including the provision of additional welfare during the year.

Customers

The Group adheres to the principles of good faith, credibility and mutual trust, focuses on the problems and needs of the customers, be responsible and cares for their maximum satisfaction and emphasizes a long-term relationship and cooperation with the customers.

Creditors

The Group shall make an utmost effort to honor all the conditions that it has agreed with the creditors, based on good faith and strict compliance to contractual obligations. It also follows up on the related financial ratio in order to protect mutual benefits and success. In a case that the Group is unable to comply with any of the obligations, it shall inform the creditor in advance in order to jointly find a solution.

Business Partners

The Group treats business partner in good faith and equal manner in order to ensure appropriate and fair business transaction, sustainable development and long-term partnership. The selection of our partner is based on conditions such as pricing, quality, environmental protection and prevention, technical and legal expertise, trust-worthiness, adherence on correctness and not detrimental to our company's reputation.

Business Competitors

The Company treats the competitors under fair rules and refrains from violating secret or dishonestly or improperly seeking competitors' confidential information or slandering them.

Communities and Society

The Company and employees adhere to the principle of conducting the business responsibly and for the benefits the society and communities. The Company also has the duty to cordially treat and support the local communities to improve their quality of life as well as to be responsible for a fair and equitable operation of its business. Moreover, the Company also uses green technology to promote sustainable development.

Related Government Agencies

It is the Company's duty to comply with the related and enacted law and regulations and to support activities of the government agencies on appropriate occasions. The Company also adheres to conducting the business that is fair and in compliant with the related laws, rules, regulations and notifications in countries where the Company operates the business.

Disclosure and transparency

The Company has a policy to fully, accurately, promptly and transparently disclose the related and important information, either financial or non-financial information, and other information that may affect the stock prices or the investor's or stakeholders' decision in compliance with the standard of The Stock Exchange of Thailand or the Security and Exchange Commission. Therefore, all parties will equally receive the information through various channels, such as the report to The Stock Exchange of Thailand or the Security and Exchange Commission and the Company's website. The Company also has the investor relations officers to communicate with the investors or shareholders, including institutional and individual investors.

The Company has the policy to prevent and eliminate any potential conflicts of interest that may occur in the future and to review the connected transactions between the Company and/or subsidiaries and any potential conflicting individuals to ensure compliance with related laws, regulations and declarations.

In a case that board members, executives and/or major shareholders of the Group in a manner that may cause a conflict of interest with the Group and/or its subsidiaries, it must be reported to the Board.

The Group has a policy to restrain board members, executives and/or major shareholders from engaging in similar or competing business that may affect the competitiveness of the Group.

In a case that the board member, executive and/or major shareholder holds shares in other company whose business is similar to that of the Group or its subsidiaries, it must be reported to the audit committee to provide opinions and propose the case for a review by the Board.

Communication with Shareholders or Investors.

The Group has set up a channel to accept complaint cases and/or opinions and provided a direct access to senior executive through email address: info@thaisolarenergy.com . The Group also set up the informant protection program that prevents disclosure of personal information of the informant and keeps them confidential. The internal control department of the Group is responsible for collection the complaint cases and submit them to the Audit Committee for further investigation. If the case affects the company, it shall be further submitted for review by the board.

Responsibilities of the Board

The Board of Directors is responsible for the shareholders by conducting and supervising the operation of the business to ensure that it is in compliance with the objectives, and guideline to maximize the benefits for the shareholders, by taking into account the benefits of all stakeholders, including compliance with the laws, objectives, articles of association of the Company and resolution of the shareholders meeting in good faith. The Board shall also protect the short-term and long-term interest of the stakeholders.

The Company has 4 committees: Board of Directors, Audit Committee, Nomination and Remuneration Committee and Executive Committee.

Board of Directors

As of December 31, 2017, Board of Directors consisted of the following 9 directors:

Name	Surname	Position	Date First Appointed
Ms.Cathleen	Maleenont	Chairman of the Board Member of Nomination and Remuneration Committee	18 February 2014
Mr.Prommin	Lertsuridej	Vice Chairman of the Board Independent Director	18 February 2014
Mr.Pala	Sookawesh	Independent Director	18 February 2014
Mrs.Siripen	Sitasuwan	Independent Director Chairman of the Audit Committee	18 February 2014
Mr.Prasan	Chuaphanich	Independent Director Member of the Audit Committee Chairman of Nomination and Remuneration Committee	18 February 2014
Mr.Boonchoo	Direksathapon	Independent Director Member of the Audit Committee	18 February 2014
Mr.Somphop	Prompanapitak	Director Member of Nomination and Remuneration Committee Company Secretary	18 February 2014 11 August 2016
Mr. Anutin	Charnvirakul	Director	1 May 2017
Mrs. Angkanee	Rerksirisuk	Director	23 May 2017

Authorized Signatories

Ms.Cathleen Maleenont and Mr.Somphop Prompanapitak or Mrs. Angkanee Rerksirisuk have been designated as the Company's authorized signatories. Validation of all documents requires the signatures of any two of these four directors along with the Company's seal.

The roles and responsibilities of the Board

1. Perform duties and control the operations of the Group with accountability, carefulness and integrity and in accordance with laws, objectives and regulations of the Group as well as the resolution of Board of Directors meeting and shareholders meeting for the benefit of the Group and shareholders.
2. Review and set the vision, policies, strategies, business directions, business plan, budgets and investment fund of the Group including supervising and controlling the management team to undertake their duties efficiently and effectively and in accordance with the aforementioned policies. Inspect, monitor, and review the operation of Group regularly and continuously to ensure it is in line with the business plan and budget and earns optimum benefit to the Company and shareholders.
3. Supervise, monitor and evaluate operating performance of the Group operations and performance of the management regularly to ensure that they are in line with the prescribed objectives and plan.
4. Arrange corporate good governance policy and regularly monitor and evaluate the results of implementation of such policy. The corporate good governance policy is reviewed at least once a year
5. Arrange appropriate accounting, financial reporting, risk managing and internal auditing systems that are efficient, credible and suitable to the operation of the Group operations. Set up adequate and suitable internal control system in the Group operations and a mechanism to audit, monitor and assess the performance of such system.
6. Review and approve transactions relating to the acquisition or disposal of assets, new business investment, and any operations required by laws, notification, and related rules and regulation
7. Review and/or provide opinion on the carrying out of related transaction and/or all transactions of the Group operations in case where the value of such transaction does not fall under a condition to be reviewed or approved by shareholders meeting in order to be in compliance with the laws, notification, rules and regulations.
8. Manage operations to ensure compliance with regulations of the Securities and Exchange Stock of Thailand and any related laws and to ensure that the disclosure of information that may cause conflict of interest between the stakeholders is done correctly and completely.
9. Promptly report to the Company, if the Board was found that there have been or may be a conflict of interest from making an agreement or acquiring or selling of the shares of the Group operations by upholding the interest of the shareholders and stakeholders as the utmost priority. In a case where a board member has a conflict of interest in any forms when involving in any transaction with the Group operations, that Board member shall have be entitled to vote to approve such transaction.
10. Disseminate and disclose appropriate data to stakeholders, parties that may have conflict of interest and other related parties accurately, completely, appropriately and punctually.
11. Generate accurate and complete financial report within a prescribed timeline as well as to approve a quarterly and annual budget.
12. Arrange to include a report of Audit Committee in annual report of the Company. The report must cover the important auditing areas, required under the code of best practice for directors of listed companies in the Stock Exchange of Thailand.

13. Authorize one or more directors or other individuals to jointly or separately undertake one or multiple tasks on behalf of Board of Directors. However, such authorization must be under scope of legal authority of the Board of Directors and the scope of authority and duties of the attorney must be clearly defined. However, such authorization must not enable any member of Board of Directors or attorney to consider and approve any transaction or take any action that he/she or the party with conflict of interest (as defined in the Notification of The Securities and Exchange Commission) in any form with the Company or subsidiaries except in the case of granting the approval normal business transactions with general trading conditions and the Board of Directors have already approved such transaction in principle in accordance with the Securities and Exchange Commission Act.
14. Appoint a person to serve as a Director of the Company when the position is vacant due to certain circumstance other than the end of the term. The appointee must have required qualifications for a director and must not have prohibited characters stated in the Public Limited Company Act, B.E. 2535 (including its amendments), Securities and Exchange Commission Act, B.E. 2535 (including its amendment) as well as notification, related regulations and/or rules.
15. Approve remuneration for the director as proposed by the Nomination and Remuneration Committee and propose that remuneration for approval at the shareholders meeting.
16. Appoint sub-committee to assist in the management, supervision and internal control of the Company when required and deemed suitable.
17. Arrange to have a charter of sub-committee and review and approve changes of rules in the charter as deemed appropriate and to make it up-to-date.
18. Appoint a executive with qualification according to the definition by Securities and Exchange Commission and/ or Capital Market Supervisory Board and approve the remuneration.
19. Determine organizational structure as well as scope of authority, duties and responsibilities of the management and the succession plan for CEO.
20. Review salary structure, criteria and methodology for annual salary adjustment.
21. Appoint the Company Secretary to ensure that Board of Directors and the Company comply with relevant laws and regulations and approve remuneration for the Company Secretary
22. Set up a channel to receive professional opinions from independent consultant as deemed appropriate so the Board of Directors can use the input for decision making process and the Company shall be responsible for all the incurred expenses
23. Review and approve the selection and nomination of independent individual to be serve as an auditor of the Company as proposed by Audit Committee.
24. Review, determine and make changes to the name of director who is the Company's authorized signatories.
25. Review and approve interim dividend payment to shareholders when the Company is considered to have sufficient profit to do so and report the dividend payment to shareholders in the next shareholders meeting.
26. Encourage committee members and directors to attend courses/ seminars of Thai Institute of Directors that are related to the duties and responsibilities of committee members or directors.

Board Tenure

In accordance with the Company's Articles of Association, one-third of the board members, namely the directors who have served the longest, shall retire at each annual general meeting of shareholders. If the total number of board members is not a multiple of three, the number of persons nearest to one-third shall retire. All directors who retire from office are eligible for re-appointment.

If a vacancy arises on the Board for reasons other than the expiration of a director's term of office, the Board will, at the next scheduled meeting, select a temporary replacement, choosing a person with the appropriate qualifications in accordance with the Public Limited Companies and related laws. The temporary replacement must be approved by a vote of not less than three-quarters of the remaining directors, and will hold the position only until the normal expiration of the departed director's term of office. If this is less than two (2) months, no temporary replacement will be appointed.

The selection of new director must be screened and approved by the Nomination and Remuneration Committee.

The Reappointment of Retiring Board Member

The Nomination and Remuneration Committee shall consider many factors such as experience, expertise, time to devote to the duty, meeting attendance, etc. In the General Shareholders Meeting in 2017, Ms. Cathleen Maleenont and Mrs. Siripen Sitasuwan were reappointed to the serve one more term according to the opinions and reviewing process of the Nomination and Remuneration Committee.

The Board Meetings

The Company sets the rules and regulations for the Board meetings as follows:

- The Board has scheduled the meetings in advance at least once every quarter and extraordinary meetings as deemed necessary and appropriate. More than half of all directors must attend the meeting to constitute the quorum.
- The meeting agendas are set in advance and the secretary will make sure that every director receives the materials in advance and has enough time to review the documents in order to prepare to express opinions or cast the vote. Summary of important businesses to be reviewed at the meeting shall be included in the agenda and meeting documents to be attached with meeting invitation. Each must be notified at least 7 days in advance.
- The Chairman has the duty to allocate enough time for the management to prepare documents for discussion and for the Board to discuss important topics as well as to provide opportunity and to encourage each director to express the opinions before summarizing the comments, expressed at the meetings.
- In considering the meeting agendas, the directors with conflicts of interest in those agendas are not entitled to vote and cannot be present in the meeting during the review of that agenda.
- Every meeting must be recorded in a written form of minutes that must be verified by the Board must kept in a file, ready to be inspected by the Board or related parties.

Meeting Attendance

Name	Surname	AGM 2017	EGM 1/2017	BOD Meeting
Ms. Cathleen	Maleenont	attend	attend	6/7
Mr.Prommin	Lertsuridej	attend	absent	7/7
Mr.Pala	Sookawesh	absent	attend	6/7
Mrs.Siripen	Sitasuwan	attend	absent	6/7
Mr.Prasan	Chuaphanich	absent	attend	4/7
Mr.Boonchoo	Direksathapon	attend	absent	5/7
Mr.Somsak	Woravijak*	absent	---	1/7
Mr.Matthew	Kichodhan **	absent	---	0/7
Mr.Vic	Kichodhan ****	attend	---	5/7
Mr.Somphop	Prompanapitak	attend	attend	7/7
Mr.Anutin	Charnvirakul ***	---	attend	1/7
Mrs. Angkane	Rerksirisuk ***	---	attend	3/7

* Retired by rotation

** Resigned on 27 March 2017

*** Starting date 1 May 2017

**** Resigned on 13 June 2017

The reserve key matters for the Board

- Annual Business Plan and Investment
- Review the Company's investment project
- The spending of management spending budget
- Entering into important contract that contain general trading conditions.
- Borrowing and guarantee agreement with the bank
- Organizational structure and appointment of Chief Executive Officer and senior management
- Dividend and interim dividend payment

Enhancing the Directors' knowledge and business outlook

The Board focuses its endeavour on enhancing the directors' knowledge. Each director shall have a chance to attend training courses, hosted by various agencies to increase the knowledge and expand point of view.

Board's self-evaluation

The Company shall arrange self- evaluation for the Board members every year in order to allow them to evaluate their performance in the past year and to find a way to improve their efficiency for the following years.

Business Ethics

The Board of Directors operates the business under ethical principle and complies with standard laws and code of good practice as follows;

1. Operate the business by adhering to the principle of good faith, transparency and equity under the law, rules and regulations related to the business operation.
2. Perform duties with knowledge, skills, determination and cautiousness and strive to improve knowledge and fully apply the knowledge and skills to the management.
3. Disclose data and information completely, correctly and transparently according to the law, rules and regulations of corporate governance.
4. Treat the stakeholders such as shareholders, customers, competitors, partners, creditors, employees and the general public fairly and equally and correctly and completely disclose information to related parties.
5. Respect and adhere to the practices under the basic principle of human right and dignity without depriving or discriminating against the right of any individual.
6. Arrange to set up adequate and proper internal control system and develop a clear and effective system and mechanism for auditing, controlling and balancing the use of authority.
7. Adhere to business practices that are in compliance with the laws related to safety and health in the work place.
8. Promote and support activities that are beneficial to society, culture and tradition.
9. Set the rules to ensure that all employees have the duties and responsibilities to comply with the working rules and regulations of the Company and related laws.

* The company discloses detail on Business Ethics in the website: www.thaisolarenergy.com under the topic of "Investors Relations-Corporate Good Governance".

Company Secretary

Currently, Mr. Sompop Prompapat, Chief Operating Officer, as a company secretary, Mr. Somphop Prompanapitak graduated with an MBA in Management from Kasetsart University, Master Business Administration (Finance) from California State University and a Bachelor Degree in Economics (English program) from Thammasat University. And has completed the 31/2009 Company Secretary Program, organized by the Institute of Directors (IOD).

Duties and responsibilities of the Company Secretary

1. report of the Company, notices of meeting appointment of shareholders, minutes of shareholders meeting
2. Keep the report relating to stakes holding, submitted by the directors or the management
3. Perform other businesses as prescribed by Capital Market Supervisory Board

4. Submit copy of stakes holding report as prescribed in Section 89/14 of the Securities and Exchange Commission Act B.E. 1992 (amended), prepared by directors, to Chairman of Audit Committee within 7 business days from the day the Company has received the report
5. Perform any other duties and responsibilities specified in the Securities and Exchange Commission Act B.E. 1992 (amended)

The Audit Committee

Review the Group's financial reporting, the Group's internal control system, risk management system, compliance, select a person to be the Group's auditor, the connected transactions or the transactions that are required in the laws and regulations of the stock exchange or capital market in order to ensure that the disclosure of information by the Group and the report, prepared by the Audit Committee is correct and transparent.

As of 31 December 2017, the Audit Committee consists of 3 directors as follows:

Name	Surname	Position	Meeting Attended
Mrs.Siripen	Sitasuwan	Chairman of the Audit Committee	4/4
Mr.Prasan	Chuaphanich	Member of the Audit Committee	2/4
Mr.Boonchoo	Direksathapon	Member of the Audit Committee	3/4

Ms.Patsachol Oupkaew as Secretary of Audit Committee

All three members of Audit Committee possess sufficient accounting and financial knowledge and experience to review the accuracy of the Company's financial statement.

1. Mrs. Siripen Sitasuwan is currently a Chairman of Audit Committee and Independent Director for other leading companies in Thailand and overseas. She received the Best CFO Award in 2002 from the Asia Best CFO survey conducted by Finance Asia magazine.
2. Mr. Prasan Chuapanich is currently the President of the Federation of Accounting Professions. He also serves as a member of Audit Committee and Independent Director for leading listed companies. He holds many key positions in various organizations in insurance business, education sector and associations. In addition, he used to serve as an Executive Chairman of Price Waterhouse Coopers, Thailand and Co-Executive Chairman of Price Waterhouse Coopers, Southeast Asia Peninsula Region.
3. Mr. Boonchoo Direksatapon has experience in auditing financial report. He is a CPA (Certified Public Accountant) in England and used to hold key position in accounting and finance departments of power generating business, e.g., Deputy Director of Accounting Department, Deputy Governor of Accounting and Finance Department of Electricity Generating Authority of Thailand. In addition, he used to serve as director, member of audit committee and independent director for many leading listed companies in Thailand.

Scope of authority, duties and responsibilities of the Audit Committee

1. Review the financial reporting and ensure that it is accurate and adequate.
2. Review the internal control system, internal audit system and enterprise risk to ensure that they are suitable and effective. Ensure the independence of internal audit unit as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other units in charge of an internal audit
3. Review the Company's compliance with the securities and exchange law, the regulations of the Stock Exchange of Thailand, and laws relating to the Company's business
4. Consider, select, and nominate an independent person to be the auditor, and to propose remuneration for the auditor.
5. Review the connected transactions or the transactions that may cause conflicts of interest to ensure that they are in compliance with the laws and regulations of the Stock Exchange of Thailand and that the transactions are reasonable and for the utmost benefit.
6. Perform other action, assigned by the Board of Directors with the consent of the Audit Committee.
7. In performing the duty, if it is found or suspected that the following transaction or action have been made and may pose significant impact on the financial and operational standing of the Group, the Audit Committee shall report to the Board of Directors to improve or make correction within a time frame, deemed appropriate by the Audit Committee.
 - (1) Transactions that may cause conflict of interest
 - (2) Corruption or irregularity or key weaknesses in the internal control
 - (3) Breach of the regulations of the securities and exchange law and regulations of the Stock Exchange of Thailand or other regulations related to its business operation

If the Board of Directors or management does not improve or rectify the situations within the above-specified period, one of the Audit Committee's members may report the matters to the Securities and Exchange Commission or the Stock Exchange of Thailand.

In performing duties, the Audit Committee may seek advice from independent advisor or specialist of other professions as deemed appropriate under the expense of the Group and will be used as an input for the Audit Committee to make decision.

Nomination and Remuneration Committee

Consider and select a qualified person to be nominated as a new member of the Board or chief of staff, based on the selection criteria or methods that are appropriate and transparent to the board meeting or the shareholders meeting for approval. The committee also has a duty to review the direction and set the remuneration for members of the Board and chief executive officer, based on remuneration criteria and methods that are just, reasonable and approved by the board or shareholders meeting.

As of December 31, 2017, the Nomination and Remuneration Committee consisted of 3 members as follows:

Name	Surname	Position	Meeting Attended
Mr.Prasan	Chupanich	Chairman of Nomination and Remuneration Committee and Independent Director	2/4
Ms.Cathleen	Maleenont	Member of Nomination and Remuneration Committee	4/4
Mr.Somphop	Prompanapitak	Member of Nomination and Remuneration Committee	4/4

Ms.Malai Jiruangrit as Secretary of Nomination and Remuneration Committee

Scope of authority, duties and responsibilities of the Nomination and Remuneration Committee

1. Consider to ensure that the organization structure, qualification of directors, Chief Executive Officer and sub-committees are suitable for the Company's business
2. Select the candidates to be nominated as new director or Chairman of Executive Director by determining the criteria or credible and transparent selection methods before proposing for consideration and approval by the Board of Directors meeting and/or shareholders meeting
3. Set direction on how to determine remuneration and other benefits for director, member of Executive Committee and Chief Executive Officer both in terms of monetary and non-monetary benefits. There must be criteria for fair and reasonable remuneration in line with operating results of the Group and other companies in the same industry to be proposed for consideration and approval by the Board of Directors meeting and/ or shareholders meeting
4. Review and approve overall annual remuneration of the Group and subsidiaries
5. Review and approve the reward, salary adjustment, remuneration and special bonus other than annual bonus for senior management
6. Report the performance of Nomination and Remuneration Committee to Board of Directors and prepare Nomination and Remuneration report, signed by Chairman of Nomination and Remuneration Committee, to be disclosed in the annual report
7. Perform other assignments, delegated by the Board of Directors which are related to recruiting and determining remuneration of director, member of Executive Committee and Chief Executive Officer

The Executive Committee

Oversee the management and day-to-day business operation for the benefit of the Group and to ensure that they are in line with the policies, vision, mission, objectives, business plan, business strategies and budget agreed and approved by Board of Directors. In addition, Executive Committee is in charge of screening all the businesses before proposing them to Board of Directors for approval or consent.

As of December 31, 2017, the Executive Committee consisted of 3 directors as follows:

Name	Surname	Position	Meetings Attended
Ms.Cathleen	Maleenont	Chairman of The Executive Committee	9/9
Mr.Somphop	Prompanapitak	Member of Executive Committee	9/9
Mr.Kitiphong	Thunnom *	Member of Executive Committee	1/9

* Appointed on September 2017

Ms. Nottaporn Thiengprathes as Secretary of Executive Committee

Scope of authority, duties and responsibilities of Executive Committee

1. Oversee the management and day-to-day business operation for the benefit of the Company and to ensure that they are in line with the policies, vision, mission, objectives, business plan, business strategies and budget agreed and approved by Board of Directors. In addition, Executive Committee is in charge of screening all the businesses before proposing them to Board of Directors for approval or consent
2. Oversee to ensure that there is internal control system and appropriate and careful risk control and management system which align with recommendations of Audit Committee.
3. Review business plan, budget, annual expenditure, investment plan, and corporate social responsibility (CSR) plan of the Group to be in line with the laid out policies and strategies and propose to Board of Directors for approval
4. Review the Company's operating performance summary report and present it to Board of Directors quarterly
5. Employ, appoint, transfer or dismiss top executive management
6. Determine overall annual remuneration policy of the Group in order to propose to Nomination and Remuneration Committee for approval
7. Determine reward, salary adjustment, remuneration and special bonus other than annual bonus for top executive management level in order to propose to Nomination and Remuneration Committee for approval
8. Negotiate and enter into the contract and/or any transactions, which are regarded as the normal business operation, within the budget limit per transaction and per year as authorized by the Board of Directors
9. Approve loan/ loan between Group and subsidiaries within credit limit per transaction and per year as authorized by Board of Directors

10. Approve the entering into loan contract between the Company and any commercial banks within credit limit per transaction and per year as authorized by Board of Directors
11. Order, issue rules, criteria, notification and internal memorandum concerning business operation to ensure that it is in line with the Company's policies and to the benefit as well as to maintain the well-regarded rules of the organization
12. The meeting of the Executive Committee to consider any operations under the scope of power, as prescribed in this order must consist of at least half of the Executive members to be considered as a quorum that can undertake any aforesaid businesses.
13. In casting the voting at Executive Committee meeting, each director has the right to give 1 vote. If the number of votes is equal, the Chairman of Executive Committee will exercise the right to give 1 vote and that will determine the final result.
14. Any resolution of Executive Committee requires a supporting vote of at least half of all the eligible voters in that particular meeting.
15. An Executive Committee Meeting should be called only when needed and deemed appropriate. Any of directors may call for special meeting other than regular one provided that he informs the agenda of the meeting well in advance to allow enough time for other directors to review the agenda
16. Executive Committee may appoint a working committee and/or any individuals to take charge of screening matters to be presented to Executive Committee or undertaking any tasks beneficial to the working of Executive Committee or to act on behalf as delegated by Executive Committee under its scope of authority and duties
17. Perform other tasks, assigned and authorized by Board of Directors
18. Issue sub-power of attorney and/or authorize other individual to undertake the tasks on behalf of Executive Committee. Such sub-power of attorney and/or authorization must be under the scope authority, stated in the Group's power of attorney and/ or regulations, rules or resolution of Board of Directors. However, such authorization under the scope of authority of the Executive Committee must not be a granting of sub-power of attorney to any director or attorney who may have conflict of interest with the Group in any forms to approve the transactions. In such case, the Executive Committee shall not have the authority to approve the transactions. Instead, the committee needs to propose the transactions to Board of Directors meeting and /or shareholders meeting to evaluate and give consent except if that transaction is regarded as normal businesses of the Company and have the same criteria as when dealing with outside parties (arm's length transactions)

Management Team

As of December 31, 2017, The Company has 4 executives according to the definition of the “management” of the Office of the Securities as follows:

Name	Surname	Position
Ms.Cathleen	Maleenont	Chief Executive Officer
Mr.Somphop	Prompanapitak	Chief Operating Officer
Mr.Kitiphong	Thunnom	Chief Technical Officer
Mr. Nivej	Boonwichai	Vice President Engineering and Construction

*Mr.Worapong Woottipruk, CFO, resigned on 19 December 2017

Scope of authority, duties and responsibilities of Chief Executive Officer

1. Manage overall business, finance, marketing, human resources and other operations in pursuance to the policies and business plan as agreed and authorized by Executive Committee and/or Board of Directors
2. Consider to set up a working committee to assist in business operation or problem solving in pursuance to the policies of the Company
3. Approve all the expenses incurred in the plans which have been approved by Board of Directors and/or Executive Committee
4. Arrange to ensure that the Group has a suitable internal control system in pursuance to the directions given of the Audit Committee
5. Arrange to ensure that there is suitable risk management and control system that comply with the direction given by Executive Committee and/or Audit Committee
6. Carry out overall Management of human resource, oversee the tasks undertaken by the employees to ensure that they are in compliance with the policies and rules including the principle of corporate good governance and encourage the employees to acquire more knowledge, competency and capability in order to increase capability of the organization
7. Appoint and dismiss employee or staff in the position below Chief Executive Officer and to dismiss employees or staff, approved by Board of Directors or Executive Committee
8. Negotiate and enter into a contract and/or any transaction, regarded as normal business operation, within the budget limit per transaction and per year as authorized by Board of Directors
9. Approve the opening of the branch and/or new representative office and establish new subsidiary under relevant laws/rules and regulations
10. Approve a borrowing/ loan between Group and subsidiaries within credit limit per transaction and per year as authorized by Board of Directors
11. Approve the entering into a loan contract between Group and any commercial bank within credit limit per transaction and per year as authorized by Board of Directors
12. Approve the opening of bank account with any commercial bank

13. Making order, issue rules, criteria, notification and memorandum concerning business operation in pursuance to the policies and for the benefit of the Company
14. Summarize and report important transactions, undertaken within the scope of authority of Chief Executive Officer to Executive Committee and/or Board of Directors respectively.
15. Approve the connected transactions that are under normal business conditions, e.g., trading goods at market price and with the same conditions as general customers, under policies approved by Board of Directors and in pursuance with the regulations of Stock Exchange of Thailand
16. Perform other tasks as delegated and authorized by Executive Committee and/or the Board of Directors.
17. Issue sub-power of attorney and/or authorize other individual to undertake the tasks on behalf of Executive Committee. Such sub-power of attorney and/or authorization must be under the scope authority, stated in the Company's power of attorney and/ or regulations, rules or resolution of Board of Directors. However, such authorization under the scope of authority of the Executive Committee must not be a granting of sub-power of attorney to any director or attorney who may have conflict of interest with the Group in any forms to approve the transactions. In such case, the Executive Committee shall not have the authority to approve the transactions. Instead, the committee needs to propose the transactions to Board of Directors meeting and/ or shareholders meeting to evaluate and give consent except if that transaction is regarded as normal businesses of the Group and have the same criteria as when dealing with outside parties (arm's length transactions)

Recruiting and Appointing the Directors and Top Management

The Nomination and Remuneration Committee has a duty to review the expertise and qualifications of the director to be appointed by preferring person who has ability, experience, good career record, outstanding leadership, vision, good moral, ethics and positive attitude towards the organization and can contribute enough time to the operation of the business.

Criteria for the Nomination

1. Director

The Nomination and Remuneration Committee considers candidates for the position of director from the business-related knowledge or considers from among the major shareholders, whose experience can benefit the Group or from the shareholder who holds voting shares at a total of not less than 5% of the total number of voting shares of the Group on the date that the agenda is submitted or nominates a person who is qualified to be appointed as a director in advance. The person must be fully qualified as specified in the Public Limited Group Act, B. E. 2535, the Securities and Exchange Act, the notifications of the Securities and Exchange Commission, the notice of Capital Market Supervisory Board, and the related notifications, rules and/or regulations. However, the appointment of new director must be approved by the Board and/ or the shareholders' meeting according to the Company's articles of associations.

2. Independent Director

The Nomination and Remuneration Committee shall select a person to serve as an independent director by considering his/her qualifications, stipulated in the Public Limited Companies Act B.E. 1992, the Securities and Exchange Act, the Notifications of the Securities and Exchange Commission, the notifications of the Capital Market Supervisory Board, and other related notifications, rules and/or regulations. The number of independent directors should be more than three or at least one third of total directors, depending on which one is higher.

The qualifications of independent directors

Independent directors must not own, take part in managing, or have benefit in the Group that may affect their independent decision. The Independent directors should have the following qualifications:

1. Holdings share not more than 1% of the total number of voting shares of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person including shares held by related persons of the independent director
2. Not be nor have been an executive director, officer, employee, controlling person or advisor who receives a salary, of the Company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing status ended not less than two years prior to the date of appointment. This restriction shall not apply to an independent director who has been a government officer or an advisor to a government authority that is a major shareholder or controlling person of the Company.
3. Not be a person related by blood or registration under law, such as a father, mother, spouse, sibling, or child, including spouses of children, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiaries
4. Not have nor have had a business relationship with the Company, subsidiary, affiliate, major shareholder or controlling person, in a manner which may interfere with his or her independent judgment, and neither being nor having been a substantial shareholder or controlling person of any entity having business relationship with the Company, subsidiary, affiliate, major shareholder or controlling person who may have a conflict of interest unless the foregoing status ended not less than two years prior to the date of appointment. The term “business relationship” mentioned above includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for the value of connected transactions under the Notification of the Capital Market Supervising Committee Re: Rules on Connected Transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness occurring during the course of one year prior to the date on which the business relationship with the person commences.
5. Neither be nor have been an auditor of the Company, subsidiary, affiliate, major shareholder or controlling person nor be a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing relationship ended not less than two years from the date of appointment.

6. Neither be nor have been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding two million baht from the Company, subsidiary, affiliate, major shareholder or controlling person, and neither be nor have been a substantial shareholder, controlling person or partner of the professional advisor unless the foregoing relationship ended not less than two years from the date of appointment.
7. Not be appointed as a representative of the Company's directors, the major shareholder or any other shareholder who is a related person to the major shareholder.
8. Not conduct any business which of the same nature as the Company's or its subsidiaries' businesses and is in competition with them in any material respect, nor be a substantial partner, shareholder holding more than one percent of the voting shares, director, employee, officer or advisor of any company whose business is of the same nature as the Company's or its subsidiaries' businesses, and is in competition with them in any material respect.
9. Not have any characteristics which make him or her incapable of expressing independent opinions with regard to the Company's business affairs. The independent directors may be appointed by the Board to make a decision on the operation as the collective decision.

In case that the appointed independent directors have/had the business relations or provide/provided professional service whose fee is higher than that, specified in No 4 or No 6, the Board may provide leniency if it deems that the appointment does not affect the performance or independent judgment and the Company discloses the following information in the invitation letter to the shareholders' meetings under the agenda for appointing the independent directors.

- A. The nature of business relations or professional service that disqualifies the nominees
- B. The reason and necessity for appointing that nominee as an independent director
- C. The Board's opinion in nominating that particular person as an independent director

3. Audit Committee

The Audit Committee must be appointed by the Board of Directors and must be the Company's directors. The Committee consists of at least three independent committee members and the Board appoints one Audit Committee member as the Chairman of Audit Committee. At least one member must know and have experience in accounting or finance to review the credibility of the financial report.

The Audit Committee's qualifications must meet the criteria of the Securities and Exchange Commission, the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand, and other related laws.

The qualifications of the Audit Committee Members:

1. Appointed by the Board or shareholders' meetings as Audit Committee members
2. All of them must be the independent directors
3. Not being the director assigned by the Board to make a decision on the operation of the Company, subsidiary, affiliate, same-level subsidiary, major shareholder or person with management power.
4. Not being a director in the holding company, subsidiary, affiliate, same-level subsidiary (only listed company)

5. Having the same duties as prescribed in the notification of the stock exchange of Thailand, under the rule of Audit Committee's qualifications and scope of work
6. Having enough knowledge and experience to work as an Audit Committee members. However, at least one knowledgeable and experienced Audit Committee member must be able to review the credibility of financial report.
7. The Board appoints the Chairman of Audit Committee or allows all appointed Audit Committees members to elect the Chairman.

4. Executive Committee

The Board of Directors appoints the Executive Committee, based on knowledge, ability and experience related to the business.

5. Top Management

The Executive Committee shall consider and select persons to serve as top management, based on their knowledge, ability and experience related to the business.

Corporate Governance Policy for subsidiary, affiliate and Joint-Ventured

The Company supervises the operation of subsidiary, affiliate and joint-ventured as follows:

1. Assigning the qualified or experienced director or the management, approved by the Board, to serve as a representing director in a subsidiary, affiliate and joint-ventured in order to set the key policy in management and control the operation of those companies.
2. Supervising the subsidiary, affiliate and joint-ventured to formulate the connected transaction policy with the potential stakeholders or the parties with potential conflicts of interest. The policy must be in line and in compliance with the related laws, rules, regulations, notices and memos.
3. Supervising the subsidiary, affiliate and joint-ventured to prepare financial report that reflects the financial status and actual business performance, based on the accurate, comprehensive and sufficient accounting information that meets the generally accepted accounting standard. Also, the report on connected transactions between those companies and the potential stakeholders or the parties with potential conflicts of interest as well as report on acquisition and disposition assets should be prepared and presented to the Board of Directors for their acknowledgement at least twice a year.
4. Arranging for the subsidiary, affiliate and joint-ventured to request the internal audit unit or outsourced auditors to formulate and monitor the annual internal audit plan, approved by the Audit Committee and the report on audit outcome and suggestions on internal audit system to see how effective the Group's internal control is and how well the employees, management and directors comply with the internal control system. These findings are, then, submitted to the Board of subsidiary and affiliate on a case-by-case basis and in proper timeline.

Supervising on the Usage of Internal Information

To ensure the company's corporate good governance system, the Board considers and approves the good governance policy on the usage of inside information, as follows:

1. To educate the Board and the management, including the manager of accounting or finance department or equivalent and higher level, about the preparation and submission of the reports on securities holding and the change of securities holding to the Securities and Exchange Commission based on Section 59 and Penalty Section 275 of the Securities and Exchange Act B.E. 1992 (as amended). The company secretary must be informed every time in order to further inform the related parties.
2. To ensure that the directors, management, internal auditors and the management-level staff who are accounting or finance manager or higher prepare and submit the reports on their and their spouse's holding of the company's security, including the holding by their children under legal age, starting from the date they are appointed as the director and/or management. They must also report any changes in security holding to The Securities and Exchange Commission. Everything must be done within the indicated timeline or within 30 days after they are appointed as the director and/or management. The report on changing security holding must be made within three days, starting from the date of purchasing, selling, transferring, and receiving the stocks. The company's secretary must summarize and report the security holding and any changes to the Board Meeting within the proper time. The executive directors and the management-level staff who are accounting or finance manager or higher and related operators should be informed of the significant inside information that affects the change in stock price. They must suspend the company's stock trade before publicizing the financial report or status until the company discloses the information to the public. The company will inform the director and management in writing, including the management-level staff who are accounting or finance manager or higher, to stop trading the stocks at least 30 days before disclosing the information to the public and another 24 hours at least after the disclosure. Furthermore, they are not allowed to disclose the significant information to other parties.
3. To ensure that the Board, management, employees and workers shall maintain internal information confidential unless when using that information for managing the company's business or for complying with the related law.
4. The Board, management, employees and workers will neither directly or indirectly disclose the inside information nor use its title to bring inside information or significant information that they have learned during the operation but has not been publicly disclosed to illegally seek the benefits or disclose the information to outside parties for their own benefits and the related parties'. They must do it without any regards for the return or their own benefits.
5. To ensure that the Board, management, employees and workers will not sell, purchase, transfer or receive the company's stocks by using its confidential and/or inside information and/or will not do any transactions by using the confidential and/or inside information in the way that may either directly or indirectly damage the company. This includes the spouse and children under legal age of the Board, management, employees and workers. Anyone who violates this rule is considered serious misconduct.

6. To lay down the guideline on ethics in using the company's information technology and internal communication are set to control and maintain the information safety in the information technology system and/or prevent the outsiders from accessing the information. In addition, the access level is set for each level of employees and workers to suit their titles, roles and responsibilities
7. Set the penalty measures according to the company's regulations when the management, employees, workers or related parties use the internal information to act in the way that may damage the company. The penalty is based on the intention and severity of that misconduct

Connected transactions

The Company realizes the importance of conducting business transaction transparently and in a manner that is beneficial to the company. It, therefore, strives to prevent transaction that may cause a conflict of interest, connected transaction or inter-transaction by setting the following policies.

1. The management and employees shall comply with the Company's Ethical Guidelines which must be strictly adhered to so that the operation shall be credible and trustful by all stakeholders. The Company also publish the information to ensure that all employees comply with the guideline.
2. The directors and the management shall informed of the relations and connected transactions related to activities that may cause a conflict of interest.
3. The connected transactions shall be presented to be reviewed by the Audit Committee before further submitting to be approved by the Board of Directors in pursuance to the corporate good governance policy and the rules and regulations on supervision on corporate governance, prescribed by the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

Internal Control

The Audit Committee, at its meeting on November 14, 2017, reviewed the adequacy of the Group's internal control system in pursuance to the concept of COSO (The Committee of Sponsoring Organization of the Treadway Commission) which comprises 5 components and 17 sub-principles. This has enabled the Group to lay out practical guidelines that are appropriate with the operation of the Group. The Group's Board of Directors viewed that the Group's internal control system is adequate and efficient and found no significant weakness in the internal control system. The Board also arranged to set up adequate and efficient monitoring system to follow up and control the operation of the Group and its subsidiaries.

Followings are the components of internal control system:

1. Control Environment.

The Board of Directors is independent from the management team and has set a clear and appropriate scope of approval authority of board members, chief executive officer and the Group's personnel. The Board also developed organizational structure that includes a clear line of command and responsibility.

2. Risk Assessment

The Group operates its business under acceptable risk appetite in order to achieve the objectives and to respond to the expectation of all stakeholders.

3. Control Activities

The Group includes control activities in policies and operational steps at all level of operation in the organization and under the control environment that includes approval authority, reviewing and allocation of responsibilities.

4. Information & Communication

The Group supports the use of quality information and adequate disclosure of information to the connected parties both inside and outside of the organization.

5. Monitoring Activities

Monitoring and assessment activities are implemented on a regular basis in the Group by manager of each department. The Group has internal audit work unit that provides support to the Internal Audit Committee in the area of internal control supervision to ensure that the Group's internal control is adequately efficient and effective.

Internal Audit

The Board of Directors has set up Internal Audit unit as an independent work unit under the leadership of Ms. Phansachol Upakaew, the Manager of Internal Audit Division. Her duties includes reporting the internal control results directly to the Audit Committee and the preparation of yearly audit plan by taking into account significant risk factors that may affect the achievement of the Group's business objectives. This yearly audit plan is reviewed and approved by the Audit Committee who also follows up on the results of the audit and performance of the internal audit division on quarterly basis. The work of internal audit division is based on the international standard of professional internal audit association and is implemented within the scope of duties that is independent and fair. It must also receive adequate support in the area of necessary resources.

Compliance Unit

The Company has established a Compliance Department headed by Ms.Nottaporn Thiengrathes. The Company has established a Compliance Department headed by Ms.Nottaporn Thiengrates, Assistant Vice President, Supporting Office Department. Her main responsibility is to ensure that the Company complies with the Securities & Exchange Act and all related regulations

Corporate Social Responsibility

The Company Group have the policy to operate the business under the principle Corporate Social Responsibility (CSR) with an awareness and realization on the importance of promoting activities for the benefits of surrounding communities and for protection of environment on a continuing basis. It is our intention to collaborate with those concerned and to foster good relationship that is the result of mutual acceptance and trust, including the realization on the impacts on those stakeholders such as shareholders, employees, local community, customers, partners, government agencies, general public and the country. We also strive to promote attitude and organizational culture so that our employees have social responsibility with the ultimate goal of happy co-existence between the business, community and society and to make a sustainable progress towards the future together.

o Operation and Preparation of Report

In realizing the Company Group's emphasis on responsibility, the Board of Director has adopted policy guideline on social responsibility for the management to implement as follows.

1. Manage the business operation of the Group honestly with transparency and accountability aiming for business growth and the quality of life of employees, community, social and environment protection, including the protection of interest of all stakeholders.
2. Give priority to basic human rights to promote the respect of rights and freedom without discrimination, promote equality, no unfair treatment, based on gender and class. Not employing child labor and opposing all kinds of corruptions.
3. Promote and educate all employees on social and environment responsibility to be used as guideline to jointly develop social and environmental responsibility throughout the organization.
4. Promote a two-way communication and public relations on project or social and environment activities between community and stakeholders by giving them the opportunity to participate in such activities as deemed appropriate, e.g., the public hearings in surrounding community to find the initial environmental effect (IEE) and to inform and create awareness among the people in the community on the impacts of the construction of power plant and energy production process on people who live in the community and on environment.
5. Publicize the innovation in generating electricity from renewable energy of the Company group for those who are interested in developing it for the benefit of society and environment. Presently, people who are interested in learning about solar energy generation technology are attending the classes.

o CSR and Environment Promotion Activities

Thai Solar Energy Group has operated the business that includes the participation in social, community and environmental activities as part of our goal to develop a sustainable organization. Moreover, the Group also recognize the importance of creating and providing happiness to school-age children and youth who would be an important force in taking care of the society and the country in the future.



Oscar Save the World Co., Ltd. joined the "Children Day" activities and donated bicycle as present for the children at the Na Chaliang Tambon Administrative Office, Nakhon Si Thammarat.

Bang Sawan Green Co., Ltd., donated dolls, sweets and drinks for the 2018 Children Day activity at the Child Care Center, Bang Sawan Tambon Municipality, Surat Thani.



Siam Solar Energy 1 Co., Ltd., SSE1-PV01 branch joined the Children Day activity at Ban Wang Yai School, Chong Dan Sub-district, Bor Ploy district, Kanchanaburi.

Siam Solar Energy 1 Co., Ltd., SSE1-PV02 branch joined Children Day activity by donating 3 bicycles at Sra Krajom Tambon Municipality, Don Chedi district, Suphan Buri.



Siam Solar Energy 1 Co., Ltd., SSE1-PV03 branch joined Children Day activity by donating sweets at Wat Banlang School, Nong Ya Sai Sub-district, Nong Ya Sai district, Suphan Buri.





Siam Solar Energy 1 Co., Ltd.,
SSE1-PV04, PVO5
branch joined the Children Day activity
at Wat Nong Kratum School, Doem Bang
Nang Buat district, Suphan Buri.



Siam Solar Energy 1 Co., Ltd.,
SSE1-PV06
branch joined Children Day activity
at Ban Nong Phai School, Nong Phai
sub-district, Nong Phai district,
Kanchanaburi.

Siam Solar Energy 1 Co., Ltd.,
SSE1-PV07
branch joined Children Day activity
at Wat Khun Thaitharam School,
Rang Sali sub-district, Tha Muang district,
Kanchanaburi.



Siam Solar Energy 1 Co., Ltd., SSE1-PV08
branch joined Children Day
activity at Ban Tao It School,
Rang Wai sub-district,
Phanom Thuan district,
Kanchanaburi.



Siam Solar Energy 1 Co., Ltd.,
SSE1-PV10
branch joined Children Day activity
at Wat Nang Phim School, Wang Luk
sub-district, Sam Chuk district,
Suphan Buri.



Thai Solar Energy Pcl.
provided budget for the children day
activities at Don Salab
Tambon Administrative Office,
Huai Krachao district, Kanchanaburi



The Group also organized other activities to promote social and environment well-being throughout 2017 such as:

January 2017

- Oscar Save the World Co., Ltd. made a donation to help to help the victims of natural disaster in Nakhon Si Thammarat province.
- Solar Community Co., Ltd. made a donation to help the victims of natural disaster in Prachuap Khiri Khan province.

February 2017

- Siam Solar Energy 1 Co., Ltd., SSE1-PV02 and PV07 branches supported a charity bowling tournament, organized by the Manager Club of the Provincial Electricity Authority

April 2017

- Siam Solar Energy 1 Co., Ltd., SSE1-PV03 branch donated sport wears to Moo Ban Banlang in Nong Ya Sai Sub-district, Nong Ya Sai district, Suphan Buri province.

June 2017

- Bang Sawan Green Co., Ltd. made a donation to support the “Thod Phapa” religious ceremony at Wat Manao Wan Temple in Nakhon Si Thammarat province.
- Thai Solar Energy Pcl. made a donation to support the Buddhist Lent’s “Candle Procession” ceremony at Huai Krachao, Kanchanaburi province.

July 2017

- Oscar Save the World made a donation to support a charity bowling tournament, organized by the Department of Industrial Works.

August 2017

- Thai Solar Energy Pcl. made a donation to help victims of natural disaster through the Office of the Prime Minister.
- Oscar Save the World Co., Ltd. made a donation to the Red Cross activity, organized by the Land Department.

September 2017

- Bang Sawan Green Co., Ltd. donated sport wears to Bang Sawan Tambon Municipality.
- Bang Sawan Green Co., Ltd. made a donation to support the “Thod Kathin” religious ceremony at Wat Chanthanaram Temple, Bang Sawan Sub-district, Phra Sang district, Surat Thani province.
- Oscar Save the World Co., Ltd. made a donation to support the “Thod Kathin” religious ceremony at Wat Na Chaliang Temple, Nakhon Si Thammarat province.

October 2017

- Siam Solar Energy 1 Co., Ltd., SSE1-PV08 branch made a donation to support the “Thod Kathin” religious ceremony at Wat Ko Sai Charoen Temple, Rang Wai Sub-district, Phanom Tuan district, Kanchanaburi province.
- Siam Solar Energy 1 Co., Ltd., SSE1-PV04 branch made a donation to support the “Thod Kathin” religious ceremony at Wat Nong Kratum Temple, Nong Kratum Sub-district, Doem Bang Nang Buat district, Suphan Buri province.

November 2017

- Siam Solar Energy 1 Co., Ltd., SSE1-PV07 branch made a donation to support the Red Cross activity at Kanchanaburi province.

Anti-Corruption Policy

The Company manages the business by adhering on the principle of corporate food governance with transparency, fairness and accountability. The places a priority on social and environmental responsibilities and all of stakeholders regularly reviews compliance with its anti-corruption policy as well as improving the guidelines and regulations in doing its business in accordance with changes in business environment, rules, regulations and laws. The Group requires the directors, management team, and all employees of the Company / subsidiaries/ jointly controlled entities/ and affiliates to strictly follow the anti-corruption policy in order to create a clear practical guideline and to develop the Company as a sustainable organization.

Roles and Responsibilities

1. The Board of Directors has duty and responsibility to lay out policies and to ensure that an effective system is set up to support anti-corruption policies, including the reviewing of the appropriateness of the systems and other measures in accordance with changes in business, rules, regulations and laws.
2. The audit committee has the responsibility to review the financial and accounting reporting system, internal control and internal auditing to ensure that the business operation is up to international standard of high precision, appropriateness, modern and efficient.
3. CEO and the management team have the duties and responsibilities to promote and support the anti-corruption policy in order to ensure that the management realizes and communicates with all staffs and relevant parties on the importance of anti-corruption policy.

Practical Guidelines

1. The Board of Directors, management team, and employees at all levels must comply with the anti – corruption policy and are prohibited to be involved with corruption either directly or indirectly.
2. Employees shall not ignore or neglect when witnessing any act which can be considered as a corruption. If such incidents occur, the employees must report those suspicious acts to their supervisors or responsible party, including giving full cooperation in the investigation of the case.
3. The Company will protect and provide a fair treatment to employees who refuse to participate in corruption and employees who inform the corruption cases.
4. The Company will keep confidential and protect informants from harassment both during the process of investigation and afterwards.
5. The person who committed a corruption act is also considered as violating the code of ethics which is subject to disciplinary action, prescribed in the rules and regulations. In addition, if such conduct is against the laws, the offender shall also be subject to legal penalty.
6. The Board of Directors, the management team, and employees at all level must beware and proceed with careful discretion of the following issues:
 - 6.1. The giving of gifts and entertaining the clients. Giving or receiving of gifts and entertaining the clients must be arranged in accordance with the Company's rules and regulations.

6.2. Charity donations or supporting funds. Giving or receiving a charity donation or supporting fund must be made transparently and accordance with the laws

the Group has signed the Declaration of the Collective Action Coalition of Thai Private Sector Against Corruption with a view to provide cooperation to the social sector, the press and international organization in creating a standard for transparent business practice. At present, the Group is in the process of preparing and improving the anti-corruption policies to cover all the related criteria, based on discretion and appropriate consideration.

Dividend Policy

o The Company's dividend policy

The dividend policy is to pay dividends at a rate of not less than 40% of the net profit on the Company's financial statement after deduction of corporate income tax, and all reserves required by law and the Company's articles of association. However, the dividend payment is subject to change depending on cash flow, financial performance, future business plans, terms and conditions for business expansion, the needs for capital spending each year, and any other terms and conditions in relevant agreements or contracts for which the Company has contractual obligations, as well as other necessity and appropriateness, deemed by Board of Directors.

The dividend payment mentioned above must be approved by the shareholders meeting, except in the case of an interim dividend payment which the Board of Directors may consider paying from time to time if the Board deems that the Company has earned reasonable profit and can afford to do so.

o The subsidiaries dividend policy

The dividend payment policy for subsidiaries and jointly controlled entities is based on cash flow, financial performance, future business plan, terms and conditions for business expansion, funding needs, and financial position of each subsidiary and jointly controlled entity, and any other dividend restriction stipulated in loan agreements, debentures or other relevant agreements each subsidiary or jointly controlled entity obliges, as well as, the necessity and appropriateness that may be deemed by the Board of Directors of each entity.

The dividend payment mentioned above must get approval from shareholders at the general meeting of shareholders based on each subsidiary's/ jointly controlled entity's Board of Directors' proposal.

Securities Holding of Director & Executives

Name	Surname	Position	Share- holding (%)	Changes during 2017		Share- holding (%)
				Increase	Decrease	
			31 Dec 2016			31 Dec 2017
Ms. Cathleen	Maleenont	Chairman of the Board Chairman of the Executive Committee Member of Nomination and Remuneration Committee	0.17	0.07	---	0.24
Mr.Prommin	Lertsuridej	Independent Director Vice Chairman of the Board	---	---	---	---
Mr.Pala	Sookawesh	Independent Director	---	---	---	---
Mrs.Siripen	Sitasuwan	Independent Director Chairman of the Audit Committee	---	---	---	---
Mr. Prasan	Chuapanich	Independent Director Member of the Audit Committee Chairman of Nomination and Remuneration Committee	---	---	---	---
Mr.Boonchoo	Direksathaporn	Independent Director Member of the Audit Committee	---	---	---	---
Mr.Somphop	Prompanapitak	Director Member of the Executive Committee Member of Nomination and Remuneration Committee Chief Operating Officer	---	0.03	---	0.03
Mr.Anutin	Charnvirakul	Director	---	---	---	---
Mrs. Angkanee	Rerksirisuk	Director	---	---	---	---
Mr. Kitiphong	Thunnom	Chief Technical Officer	---	---	---	---
Mr.Nivej	Boonwichai	Vice President Engineering and Construction	---	---	---	---

Note: Information on shareholding of the first 4 directors and the management is in accordance with the definition of the Securities and Exchange Commission, including the shareholding of spouse and children who have not reached legal age.

Remuneration for Directors and Executives

The Board of Directors assigns the Nomination and Remuneration Committee to determine and set the remuneration and other benefits both monetary and non-monetary remuneration for the directors, members of the Executive Committee and chief executive officer by determining the criteria and payment methods that are fair and reasonable and in consistent with the business operational performance of the Group and other companies in the industry. The recommendations of the Nomination and Remuneration Committee are submitted for a review and decision by the Board of Directors or the shareholders meeting.

Director's Remuneration

At the Annual General Meeting of Shareholders for 2017, held on 19 April 2017, the shareholders approved total remuneration for members of the Board and its board committees in the forms of monthly remuneration and meeting allowance according to the number of meeting actually attended. Followings are the detail of the remuneration.

Position	Monthly retainer	Meeting Allowance
Board of Directors		
• Chairman	35,000	35,000
• Vice Chairman	30,000	25,000
• Directors	20,000	20,000
Audit Committee		
• Chairman	25,000	35,000
• Directors	20,000	20,000
Nomination and Remuneration Committee		
• president	----	30,000
• Committee	----	15,000

In 2017, the Company paid Director's Compensation for the amount 4.885 million baht

Name	Surname	Position	Remuneration 2017
Ms.Cathleen	Maleenont	Chairman of the Board Member of Nomination and Remuneration	690,000
Mr.Prommin	Learsuridej	Independent Director Vice Chairman of the Board	535,000
Mr.Pala	Sookawesh	Independent Director	360,000
Mrs.Siripen	Sitasuwan	Independent Director and Chairman of the Audit Committee	800,000
Mr.Prasan	Chupanich	Independent Director Member of the Audit Committee Chairman of Nomination and Remuneration Committee	660,000
Mr.Boonchoo	Direksathaporn	Independent Director Member of the Audit Committee	640,000
Mr.Somphop	Prompanapitak	Director Executive Committee Member of Nomination and Remuneration Committee	440,000
Mr.Anutin	Charnvirakul	Director	180,000
Mrs. Angkanee	Rerksirisuk	Director	220,000
*Mr.Somsak	Woravijak	Director	80,000
*Mr.Matthew	Kichodhan	Director	60,000
*Mr.Vic	Kichodhan	Director	220,000

* Mr.Somsak Woravijak retired by rotation on April 19, 2017

* Mr.Matthew Kichodhan resigned on March 27, 2017

* Mr.Vic Kichodhan resigned on June 13, 2017

Executives' Remuneration

	Nature of Remuneration	Objective
Salary	Salary and other fringe benefits such as provident fund	To maintain knowledgeable and capable executives
Annual remuneration	Annual Bonus	enhance morale and encouragement in return for their diligence, industrious efforts and devotion to the success and performance of the Group

In 2017, the Company paid a monetary remuneration including salary, bonus and other remuneration to top management for a total of 22 million baht.

Remuneration	2017	
	Number (Person)	Remuneration (Million Baht)
Salary and Bonus	5	17
Other remuneration such as providence fund	5	5
Total	5	22

The Board of Directors' Responsibility for Financial Reporting

The Board of Directors is responsible for the preparation of consolidated and separate financial statements of Thai Solar Energy Public Company Limited and its subsidiaries and jointly controlled entity, including the financial information presented in this annual report. The aforementioned financial statements are prepared in accordance with Thai Financial Reporting Standards, using careful judgment and the best estimations. Important information is adequately and transparently disclosed in the notes to financial statements for the Company's shareholders and investors. The Board is also responsible for internal control activities that the Board deemed necessary for the preparation of overall and specific financial statements that do not contain any information that is significantly contradictory to the fact, either by fraudulent intention or by mistake.

The Board of Directors has appointed the Audit Committee to be responsible for reviewing the accounting policy, financial reports, risk management, internal controls, internal audit and disclosure of connected transactions. All the Audit Committee's opinions on these issues have been presented in the 2017 Audit Committee Report, included in this annual report.

The consolidated and separate financial statements of the Company and its subsidiaries and jointly controlled entity have been examined by an external auditor, Mr. Kajornkiet Aroonpirodkul (CPA No. 3445) of PricewaterhouseCoopers ABAS Limited. To facilitate the auditing process, the Group's Board of Directors provided information and documents so the auditor is able to audit and express an opinion in accordance with generally accepted auditing standards. The external auditor's opinion is presented in the auditor's report included in this annual report.

The Board of Directors believes that the Company's overall internal control system has functioned at a satisfactory level and rendered credibility and reliability to the financial statements of the consolidated and separate financial statements of the Company and its subsidiaries and jointly controlled entity for the year ended 31 December 2017. The Board of Directors also believes that all these financial statements have been prepared in accordance with the related Thai Financial Reporting Standards and related regulations.



(Ms. Cathleen Maleenont)
Chairman of the Board and
Chief Executive Officer

Auditing

Appointment of Auditor

The Audit Committee has the responsibility to screen and select the auditor and auditing fee by inviting auditing firms to submit their past works to be selected and proposed to the Board of Directors who would further submit the recommended auditor and auditor's fee to be approved by the ordinary shareholders meeting each year. The appointed audit firm and auditor must be able to work independently without any relation or stake with the Group, major shareholder or any party, related to these persons. The 2017 ordinary shareholders meeting resolved to appoint the following persons on behalf of PricewaterhouseCoopers ABAS Co., Ltd. as the Company's auditors:

Auditors	CPA No.
1. Miss Sakuna Yaemsakul	4906
2. Mrs.Nattaporn Phan-Udom	3430
3. Mr. Pisit Tangthanakul	4095

Any person is allowed to be an auditor and provide opinions toward the Company's financial statements. In the event that such certified public accountants cannot perform duties, PricewaterhouseCoopers ABAS Co., Ltd. can replace with other certified public accountants of PricewaterhouseCoopers ABAS Co., Ltd.

However, PwC has provided the Certified Public Accountant, Mr.Kajornkiet Aroonpirodkul CPA No. 3445 as an auditor, expressing an opinion on the Company's financial statements for the year 2017

Audit Fee

In 2017, the Group paid audit fees as follows.

	2017
Thai Solar Energy Public Company Limited	883,400
Subsidiaries	3,280,750
Total Audit Fee	4,164,150

Non – Audit Fee

The Group has paid a fee to the auditor from the PricewaterhouseCoopers ABAS Ltd., to audit and prepare audit report related to the compliance audit of BOI certificate, issued by the Thailand Board of Investment at an amount of 750,000 Baht

Related Party Transaction

Detail of Related Party Transactions in 2016 and 2017

Persons which may have conflict of interest/ nature of business/nature of relationship	Nature of Transactions	Transaction Value		Necessity and Reasonableness of the transaction
		2016	2017	
<p>1. P.M. Energy Company Limited (“PME”)</p> <p><u>Nature of the business</u> Investment in renewable energy with the Head Office located at 3199 Maleenont Tower, 15th floor, Rama4 Road, Klongtan Klongtoey, Bangkok</p> <p><u>Relationship with the Company</u></p> <ul style="list-style-type: none"> • A major shareholder of the Company. As of 31 December 2017 PME held 42.8% share in TSE • The director who is in the management team: <p>Dr. Cathleen Maleenont (Director, Chairman of Executive Committee and Chief Executive Officer of TSE) is a director and major shareholder of PME. Dr. Cathleen held 100% of PME as of 31 December 2017</p> <p>Mr.Somphop Prompanapitak (Director, Executive Committee and Chief Operating Officer of TSE) is a director of PME</p>	<p>Guarantee without Charge</p> <p>PME guarantees a loan by TSE shares as loan collateral from one of the commercial banks in order to use the fund for a thermal project development</p> <ul style="list-style-type: none"> • Guarantee (Overdraft and long-term loan) 	-	-	<p>The Group had a loan from one commercial bank to be used for development of thermal power plant. Part of the loan was guaranteed by the company’s shares, held by PME which was in consistent with the requirement of the commercial bank that provided the loan and there was no cost incurred from such guarantee.</p> <p><u>Opinions of the Audit Committee</u> Since that loan had been paid off in 2016, it was therefore deemed that no connected transaction has incurred.</p>

Measures or procedures for approving related party transactions and policy for potential related party transactions in the future

1. The Company's/subsidiaries' related party transactions with stakeholders or persons who may have a conflict of interest with the Company and / or its subsidiaries are required to be processed according to laws, regulations, announcements or notifications, rules and requirements, and related circular letters as per the following:

- 1) Securities and Exchange Act B.E.1992
- 2) Notification of the Capital Market Supervisory Board, Tor Chor. 21/2551: Rules on Connected Transactions
- 3) Notification of the SEC on Disclosure of Information and Operation of Listed Company for Related Parties Transactions B.E., 2003
- 4) Regulations of SET on Guidelines, Conditions, and Practice Relating to Information and Operations Disclosure of Listed Companies
- 5) Requirements related to disclosure of information of connected transactions in the note to financial statements which are prepared by a certified audit committee, and form of company's annual report (56-1 form), including related notifications from Capital Market Supervisory Board and SEC, circular letter and other related laws and regulations

2. Any related party transaction which may be considered as a transaction needing an approval from the Company's Board of Directors or resolution from a general shareholders meeting must be screened and considered by Audit Committee before presenting them to the Company's Board of Directors or general shareholders meeting for approval, depending on the cases. This is to ensure that the said related party transactions do not have an aim to transfer the Company's and/or its subsidiaries' assets. The Audit Committee's point of views must at least cover the following issue:

- 1) Whether the transaction reflects proper rationale and mutual benefit to the Company and/or subsidiaries.
- 2) Whether the pricing and mutual conditions of transaction reflect fairness by comparing the price and other returns with the market price or price offered from external parties of price valuation by an independent appraiser.
- 3) Whether conditions related to the transaction are appropriate by comparing conditions on payment and other returns to normal business conditions.

In a case where the Audit Committee has no expertise in screening related party transactions, the committee may seek advice from an independent expert or the Company's auditor to use as supporting material for its consideration before presenting the transactions to the Company's Board of Directors or general meeting of shareholders, whichever case may be.

3. The Company and or/its subsidiaries must prevent directors and stakeholder who have interests in such transactions to participate in the meeting and/or vote on that agenda. The company shall disclose information on related party transactions in note to financial statements which are already reviewed or certified by the Company's auditor

4. For all of related party transactions, the management may have authority to approve such transactions if the transactions have business agreements and conditions as if a person of ordinary prudence may proceed with contractor counterpart within the same situation based on business bargaining power without using authority of director, management, or related person. The Company also needs to prepare a summary report on related

party transactions which have a value of more than THB 10 million baht and report to the Company's Board of Directors within an appropriate timeframe.

The Company has established an approval procedure for related party transactions of the Company, jointly controlled entities and/or subsidiaries, directors, management, stakeholder or persons who may have a conflict of interest that have normal business conditions as follows:

1. In the case of minor connected or related transactions that have normal business conditions, the management is obliged to consider and give approval.
2. In the case of medium and large connected or related transactions that have normal business conditions, the Company's Board of Directors will be the one to consider and give approval.
 - Minor transaction refers to transactions with a value equal to or less than THB 1 million, or equal to or less than 0.03% of net tangible assets whichever is higher.
 - Medium transaction refers to transactions with a value of more than THB 1 million but less than THB 20 million, or more than 0.03% but less than 3% of net tangible assets whichever is higher.
 - Large transaction refers to transactions with a value equal to or more than THB 20 million or more than 3% of net tangible assets whichever is higher.

Management Discussion and Analysis

Major Events in 2017 That Affect Financial Statement

1. The Commercial Operation Distribution of Cooperatives Project

In January 2017, the construction of the land-based solar power project of the Cooperatives with production capacity of 1.0 MW in Prachuap Khiri Khan Province was completed and the commercial operation distribution has already started.

2. The Expansion of Investment in Japan.

The Group started to expand its business operation to Asia Region by investing in 7 projects to build land-based solar power plants in Japan with a total capacity of 21.74 MW. Currently, the projects in Japan have progressed according to the plan and 5 of them have started commercial operation distribution (COD) at a total selling capacity of 6.99 MW. Other projects are under construction and arrangement.

In 2017, the Group purchased a solar power plant project with production capacity of 154.98 MW in Japan. The Group is confident that such investment will be beneficial to the company and shareholders because it was an investment in the business with growth potential in the future and was the biggest investment project of the Group in Japan.

Report on the Analysis of Operational Performance under the Consolidated Financial Statement

1. Revenue from sales and service provision

The total revenue of the Group from the sales of power from land-based solar power projects in Japan, 5 of which have started the commercial operation distribution with a combined selling capacity of 6.99 MW. As a result, a total of 73.18 million Baht of revenue was recognized by the Group from its solar power plant projects in Japan in 2017. The earning represents an increase of 45.61 million Baht or 60.44%, compared with the same period of the previous year.

Also, an amount of 7.97 million Baht or an increase from the previous year in which no revenue incurred was recognized from a new solar power project with a capacity of 1 MW in Prachuap Khiri Khan whose commercial operation distribution (COD) has started in 2017.

At the same time, a decrease has incurred from special transaction, i.e., the income from managing the biomass power plant projects, recognized by the Group at an amount of 221.8 million Baht in 2016 has caused the total revenue from sales and services of the Group and its subsidiaries in 2017 to drop to 229 million Baht which was lower than the previous year's revenue of 421.73 million Baht. This represents a decrease of 192.73 million Baht or 45.69% (The total amount is exclusive of the amount of 586.95 million Baht revenue from 80 MW solar power project whose operational result has been recognized as the dividend of profit from the jointly controlled operations.)

2. Cost of sales and services

The total cost of sales and services of the Group in 2017 was 177.24 million Baht, an increase of 27.73 million Baht or 18.55 from that of 149.51 million Baht in the previous year. The main attributions included the the recognition of depreciation value and the lease of roof in solar rooftop projects that began to distribute more electricity on commercial operation distribution (COD) basis and an increase in salary and wages as a result of business expansion both in the country and overseas.

The Group's preliminary profit in 2017 was 22.60% or a decrease from 64.55% in 2016. The decrease in preliminary profit occurred because the revenue from biomass power plant management service that incurred in 2016 was an item that did not incur in 2017.

3. Sales and Administrative Expenses.

The Group's administrative expenses in 2017 was 148.69 million Baht, a decrease of 7.86 million Baht or 5.02% over that of 156.55 million Baht in the previous year due in part to the recognition of currency exchange rate of net investment fund for foreign organizations in the shareholder's equity in 2017 that caused a drop in the Group's currency loss by 34.35 million Baht and an increase in staff salary expense as the business operation expanded.

4. Finance Cost

Finance cost for 2017 was 112.50 million Baht or an increase of 52.56 million Baht or 87.68%, compared with 59.94 million Baht in the same period last year. The increase was the result of the issuance of debentures by the Group in order to generate capital for investment in biomass power plant project in Japan and from the accounting policies and practical guidelines in which expenses related to land-based power plants in Japan can be booked as the cost of power plant under construction when the aforementioned loan has been paid for the construction. However, whereas the capital generated from the issuance of debentures is still awaiting to be

paid for the construction cost, the entire incurred interest must be booked as the expense in the financial statement. So far, the Group has booked some of the lending cost as the cost of the power plant under construction.

5. Share of Profit from Jointly-Controlled Operations

According to the accounting policy with regards to an investment in subsidiaries and jointly controlled entities, the company recognizes an investment in jointly controlled entities, which own and manage 80 MW solar farm, based on equity method.

Operational Performance of jointly controlled entities based on equity method

Unit: Mil. Bht.

Line Items	Dec 31		Increase (Decrease)	
	2017	2016	Amt.	%
Revenues	1,555.59	1,516.24	39.35	2.59
Costs and Expenses	(577.33)	(556.37)	(20.96)	(3.76)
Net profit	978.26	959.87	18.39	1.91
Profit sharing from jointly controlled entities (60%)	586.95	575.92	11.03	1.91

Normal operating profit of joint controlled entities for 2017 was 978.26 million Baht which was an increase of 18.39 million Baht or 1.91% from 959.87 million Baht in the same period last year. The operational result of the said jointly controlled entities was divided on the basis of equity method in which the profit from the jointly controlled entities (60%) in 2017 was 586.95 million Baht, or an increase of 11.03 million Baht or 1.91% from 575.92 million Baht in last year.

6. Net profit for the Year

In 2017, the net profit of the Group was 413.86 million Baht or a decrease of 203.30 million Baht or 32.94% against that of 617.16 million Baht in the previous year because the Group has a special transaction which was the revenue of 221.8 million Baht from biomass power plant management service that did not incur 2017 and an increase in financial cost from overseas investment.

Total profit of the Group in 2017 was 253.75 million Baht, a decrease of 173.67 million Baht compared with net profit of 630.77 million Baht in 2016 due mainly to the difference in conversion of financial statement value.

7. Return on Equity (ROE)

The Group's return on equity has decreased. In 2017 and 2016, the ROE was at 8.46% and 13.47%, respectively. This is because in 2017, the Group did not have a 221.8 million Baht special transaction and the financial cost has increased.

Analysis of Financial Position and Consolidated Financial Budget

1. Analysis of assets

As of December 31, 2017 and 2016, the total assets were 12,218.44 million Baht and 8,374.87 million Baht, respectively. The total asset of the Group increased by 3,843.57 million Baht or 45.89%. The details were as follows;

Unit : THB million

Line Items	30 December		Increase (Decrease)	
	2017	2016	Amount	%
Current Assets	899.58	3,236.21	(2,336.63)	(72.20)
Non-current Assets	11,318.86	5,138.66	6,180.20	120.27
Total Assets	12,218.44	8,374.87	3,843.57	45.89

- 1) As of December 31, 2017, the current assets were 899.58 million Baht, a decrease of 2,336.63 million Baht or 72.20 % from 3,236.21 million Baht as at December 31, 2016 because the Group has invested in a solar power project in Japan and supported investment fund for its subsidiaries.
- 2) As of December 31, 2017, non-current assets were 11,318.86 million Baht or an increase by 6,180.20 million Baht or 120.27% from 5,138.66 million Baht as at December 31, 2016. The increase was the result of investment in solar power projects in Japan and the progress of the projects under construction both in the country and overseas.

2. Analysis of liabilities and shareholders' equity

As of December 31, 2017 the total liabilities and shareholders' equity were 12,218.44 million Baht, an increase of 3,843.57 million Baht or 45.89% from 8,374.87 million Baht as at December 31, 2016. The details were as follows;

Unit : THB million

Line Items	31 December		Increase (Decrease)	
	2017	2016	Amount	%
Liabilities	7,437.70	3,789.45	3,648.25	96.27
Shareholders' equity	4,780.74	4,585.42	195.32	4.26
Total Liabilities	12,218.44	8,374.87	3,843.57	45.89

- 1) As of December 31, 2017, the total liabilities of the Group were 7,437.70 million Baht, an increase by 3,648.25 million Baht or 96.27% from 3,789.45 million Baht as at December 31, 2016 due mainly to the issuance of debentures and loans to support investment projects such as biomass power plant and solar power plants projects. Details of reasons:
 - On April 5, 2017, the Group issued the name, unsubordinated, unsecured debentures without holder's representative service, amounting 950 million Baht with 3 year maturity period.
 - Short-term loan from banks increased at an amount of 2,250 million Baht.
- 2) As of December 31, 2017, the Group's total equity was 4,780.74 million Baht or an increase by 195.32 million Baht or 4.26% from 4,585.42 million Baht as at December 31, 2016 because of the continuing increase in net profit. The Group's net profit in 2017 is 415.71 million Baht which caused the amount of retained earnings of the Group to increase from 1,935.20 million Baht in 2016 to 2,135.19 in 2017. As a result, the shareholders' meeting in 2017 approved the share dividend of 0.11 Baht per share, totaling 199.65 million Baht.

3) Appropriateness of Capital Structure

The Group's debt/equity ratio was still low at 1.56 in 2017 which is higher than that in 2016 by 0.83%. The change in debt/equity ratio was mainly the result of an increase in debt after the Group issued debentures at the end of 2016 to support its investment project.

Analysis Report on Cash Flow in Consolidated Financial Statement

The balance of cash flow and cash equivalent in the consolidated financial statement as of December 31, 2017 was 424.75 million Baht or a decrease of 552.29 million Baht from 977.04 million Baht as of December 31, 2016 due to the following reasons.

- 1) Net cash of 107.10 million Baht was used for operational activities.
- 2) Net cash of 3,939.36 million Baht was used in investment activities.
- 3) Net cash of 3,565.02 million Baht was used in capital generating activities
- 4) Impacts from currency translation exposure, amounting 70.85 million Baht.

Independent Auditor's Report

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

My opinion

In my opinion, the consolidated financial statements of Thai Solar Energy Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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

Key audit matter

How my audit addressed the key audit matter

Impairment of asset - Thermal plant

Refer to note 4.1 Accounting policies for critical accounting estimates and judgements and note 15 Property plant and equipment.

A thermal power plant of the Group cannot operate at full capacity due to technical issues. As required by Thai Accounting Standard 36, the recoverable amount of an asset should be measured when there is an indication that the asset may be impaired. At 31 December 2017, thermal plant had a net book value of Baht 491.08 million, after deduction of the provision for impairment of Baht 245.32 million, which represented 6.06% of the total assets. The management determined that the thermal power plant is a cash-generating unit (CGU), which was subject to impairment testing.

Management applied the discounted cash flow approach to determine the recoverable amounts of the thermal power plants. Key assumptions used in the discounted cash flow forecast prepared by management include:

- the cash flow forecasts derived from internal forecasts and assumptions about future performance (i.e. long-term growth rate)
- electricity unit production
- the discount rate

Management concluded that the provisions for impairment already recorded was adequate. In addition, management believed that there will be an improvement in productivity because the thermal power plant has been repaired, and replaced with new equipment.

I focused on this area because the assessment of the recoverable amount based on the value in use of the thermal power plant involved judgments of management about the future results of the performance, electricity unit production and discounted rate applied to the forecasted future cash flow. Small subjective changes can have a material impact on the value-in-use assessment and any resulting impairment charge.

I understood and evaluated management's impairment models. My procedures included a detailed evaluation of the Group's budgeting procedures (on which forecasts are based) and an assessment of the principles of management's discounted cash flow models.

I compared the past performance against business plans used by the Group.

I also evaluated management's judgments on key assumptions as follows:

- the long-term growth rates in the forecast by comparing them to historical results and available industry data
- electricity unit production used in the model by comparing it with historical data and production capacity
- the discount rate used in the model by assessing the weighted average cost of capital (WACC) of the Group and comparing it to my external research.

I found that the management's key assumptions were justifiable and appropriate in light of the current environment and circumstances.

Key audit matter	How my audit addressed the key audit matter
<p><i>Deferred tax assets may not be recovered</i></p> <p>Refer to note 4.1 Accounting policies for critical accounting estimates and judgements and note 17 Deferred income tax.</p> <p>As at 31 December 2017, the Group has deferred tax assets of Baht 76.31 million due to losses carried forward. The Group recognised a deferred tax asset for tax losses carried forward to the extent that it is probable that future taxable profits will allow it to be recovered.</p> <p>Management believed that it is probable that the deferred tax assets will be recovered based on its three-year tax computation forecast.</p> <p>Key assumptions used in the three-year tax computation forecast prepared by management included revenue and cost forecasts derived from internal forecasts and assumptions about future performance, such as source of revenue, revenue growth and related costs.</p> <p>I focused on the probability that the deferred tax assets will be utilised and taking into account the expiration of tax losses carried forward in 2019. In addition, this area was significant to the audit because of the complexity of the evaluation process, which involved significant management judgement as it was based on assumptions that were affected by expected future market and economic conditions.</p>	<p>I understood and evaluated the Group’s three-year tax computation forecast, which was prepared by management, to assess the recoverability of deferred tax assets.</p> <p>I also evaluated key assumptions that management used to calculate the future taxable profits, which are used as criterion to determine the amount of deferred tax assets including:</p> <ul style="list-style-type: none"> • assumptions, such as the Group’s revenue growth and new business development • the assessment of potential of new business development reflected in the business plan by examining related documents, i.e. minutes of meetings and agreements, to determine the future taxable profit. <p>I tested the computation of temporary differences and tax losses available to offset against current and future taxable profits, and ensure that they complied with the tax laws.</p> <p>From the above procedures, I found that the management’s assumptions for the three-year tax computation forecast were reasonable. The management’s forecast that tax losses can be offset against current and future taxable profits before they expire was supported by sufficient evidence.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor’s report thereon. The annual report is expected to be made available to me after the date of this auditor’s report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



Kajornkiet Aroonpirodkul
Certified Public Accountant (Thailand)
No. 3445
Bangkok
28 February 2018

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

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

The accompanying notes are an integral of these consolidated and separate financial statements.

Thai Solar Energy Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2017

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

The accompanying notes are an integral of these consolidated and separate financial statements.

Thai Solar Energy Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2017

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

The accompanying notes are an integral of these consolidated and separate financial statements.

Thai Solar Energy Public Company Limited
Statement of Changes in Equity (Cont'd)
For the year ended 31 December 2017

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

The accompanying notes are an integral of these consolidated and separate financial statements.

Thai Solar Energy Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2017

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

The accompanying notes are an integral of these consolidated and separate financial statements.

Thai Solar Energy Public Company Limited
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2017

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

The accompanying notes are an integral of these consolidated and separate financial statements.

1 General information

Thai Solar Energy Public Company Limited (“the Company”) is a Public Company Limited which is incorporated and domiciled in Thailand. The Company is listed on the Stock Exchange of Thailand. Its parent company is P.M. Energy Company Limited (incorporated in Thailand) (“Parent Company”). The address of the Company’s registered office is as follows:

725 Metropolis Building, 19th Floor, Sukhumvit Rd., Klongton Nua, Wattana, Bangkok.

For reporting purposes, the Company, its subsidiaries and Jointly Controlled Entity are referred to as “the Group”.

The principal business operations of the Group are generation and distribution of electricity from solar power and biomass to government and private sector.

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

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except trading investments as disclosed in accounting policy.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 Revised financial reporting standards, and related interpretations

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

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

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28 (revise 2016) in addition to measurement at cost or at fair value (when announced) previously allowed. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. This standard has no impact to the Group.

2 Accounting policies (Cont'd)

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

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

TAS 28 (revised 2016), the significant change is the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and perform a consolidation at the level of the investment entity associate or joint venture. This standard has no impact to the Group.

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated. This standard has no impact to the Group.

TFRS 11 (revised 2016), the amendments clarify that 1) the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting and 2) existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. This standard has no impact to the Group.

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

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

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

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

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

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

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

2 Accounting policies (Cont'd)

2.3 New accounting policy

Accounting policy for financial instruments

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

2.4 Group accounting - investments in subsidiaries and in joint arrangements

(1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

(2) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2 Accounting policies (Cont'd)

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

(3) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

List of joint ventures are disclosed in note 13.1.

(4) Separate financial statement

In the separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

(c) Group companies

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

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

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

2 Accounting policies (Cont'd)

2.6 Cash and cash equivalents

In the consolidated and separate statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated and separate statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.7 Restricted bank deposits

Restricted bank deposits means all types of bank deposits that are under condition of withdrawal process for specific purpose according to financial agreement and loan facilities agreement with financial institution which provide credit to the Group.

2.8 Investments

Investments other than investments in subsidiaries, and joint ventures are classified into the following three categories: (1) trading investments; (2) held-to-maturity investments; and (3) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (1) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
- (2) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
- (3) Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of trading investments are recognised in income statement.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the income statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.9 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within selling and administrative costs.

2 Accounting policies (Cont'd)

2.10 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

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

Land is not depreciated.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

2.11 Property, plant and equipment

Property, plant and equipment is measured initially at its cost, including related transaction costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land improvement	25 years
Power plants	5, 25 years
Office buildings	25 years
Tools and equipment	5 years
Office equipment	3, 5 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.13).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in profit or loss.

2 Accounting policies (Cont'd)

2.12 Intangible assets

2.12.1 Computer software

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

2.12.2 Right in Power Purchasing Agreement

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

2.12.3 Right in use of land

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

2.13 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.14 Leases - where a Group company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

2 Accounting policies (Cont'd)

2.15 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates by using the effective yield method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

2.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale or suspended if the development of the asset is suspended.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.17 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Accounting policies (Cont'd)

2.18 Employee Benefits

(a) Provident fund

The Group operates a provident fund, being a defined contribution plan. The assets of which are held in a separate trustee - administered fund. The provident fund is funded by payments from employees and by the Company. Contributions to the provident fund are charged to the statement of comprehensive income in the period to which the contributions relate.

(b) Retirement benefits

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity / presented as a separate item in statements of changes in equity.

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

2.19 Provisions

Provisions, which provisions for employee benefits is not included, are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Government Grants

Grants from the government are recognised according to price subsidy policy where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to the sales of electricity generated from solar power is recognised as profit or loss systematically throughout the period. Moreover, the Group recognised expenses related to cost which is compensated.

2.21 Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 Accounting policies (Cont'd)

2.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Company's activities. Revenue including electricity tariff adders, net of fuel adjustment (Ft) and the Provincial Electricity Authority's operating charges, are the invoiced value, excluding valued added tax of electricity supplied, and after eliminating sales within the Group. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Management service income is recognised when service is completed.

Interest income is recognised using the effective interest method.

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

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders and the interim dividend are approved by the Board of Directors.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that make strategic decisions.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the Board of Directors. The Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

3.1.1 Foreign exchange risk

As the Group generates and distributes electricity from solar power, the Group has entered into Power Plant construction agreement with supplier in foreign countries. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Japanese Yen, in terms of foreign exchange risk arises from future commercial transactions, recognition of assets and liabilities and net investments in foreign operations. However, the Group does not hedge foreign exchange risk as investments and borrowings were made in the same currency with future cash inflow.

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

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.2 Interest rate risk

Interest rate risk of company occurs from credit facilities of commercial bank which is floating rate. Credit terms and interest rates depend on each borrower's creditability that cause the Company exposing to cash flow risk from interest rate.

3.1.3 Major customer reliance risk

The Group relies on Provincial Electricity Authority (PEA) and Metropolitan Electricity Authority (MEA) who purchase of all electricity generated in specific quantities at specific price based on each specific period according to Power Purchase Agreement, in accordance with Ministry of Energy's policy to encourage production and usage of renewable energy. As a result, agreement termination may significantly impact the Group's operations.

3.1.4 Risk from generated electricity lower than estimation

The electricity volume generated from solar power plants might be affected by climate change and natural disaster, forming as a risk of production volume is lower than estimation. In consequence, it may impact to revenue and operating results of the Group as well as other electricity generators in this industry.

3.1.5 Debt settlement ability risk

According to credit facilities conditions with commercial bank, the Group has to comply with financial covenants stated in the agreement such as to maintain Debt-to-Equity ratio and maintain Debt service coverage ratio. If the Group cannot maintain those financial covenant, the Group might be called up for immediate debt settlement.

3.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 December 2017.

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

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

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Property plant and equipment

Management has estimated useful lives and residual value of property plant and equipment. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period and their carrying values are written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount or it will write off technically obsolete or assets that have been abandoned or sold.

(b) Estimated impairment of assets

The Group tests whether asset has suffered any impairment, in accordance with the accounting policy stated in Note 2.13. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. If the estimated cost of capital used in determining the pre-tax discount rate applied to the discounted cash flows had been 10% higher than management's estimates (for example, 7.15 instead of 6.50%), the Group would not have recognised a further impairment against assets.

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(d) Deferred taxes

Deferred tax assets and liabilities are recognised for temporary difference arising between tax bases of assets and liabilities and their carrying amount for accounting purposes as at the end of reporting date. Significant management judgment is used in considering whether it is highly probable that the Group will generate sufficient taxable profits from its future operations to minimise these deferred tax assets. The Group's assumptions regarding the future taxable profits and the anticipated timing of minimise of deductible temporary differences and significant changes in these assumptions from period to period may have a material impact on financial position and results of operations.

4 Critical accounting estimates and judgements (Cont'd)

4.1 Critical accounting estimates and assumptions (Cont'd)

(e) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

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

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

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

4.2 Critical judgements in applying the entity's accounting policies

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

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

5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. In addition, under loan agreement, the Company has to maintain of certain covenants (Note 19).

Thai Solar Energy Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

7 Cash and cash equivalents

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

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

8 Restricted bank deposits

Short-term restricted bank deposits comprise a reserve bank deposit of the Company which it has opened specifically for the repayments of principles and interests of debentures and pledged saving deposits, pledged deposits in current accounts of subsidiaries and the transfer of claims in the deposit accounts to the lender according to the specified expenditure conditions to secure the credit facilities.

The long-term restricted bank deposits consist of the pledged saving bank deposits of the Company to guarantee its electricity consumption, the pledged saving bank deposits of the subsidiaries for the specific purpose specified in the credit facility agreement, a fixed deposit of the Company pledged to the lender to guarantee the credit facilities of its two subsidiaries and a fixed deposit of one of the subsidiaries which the deposit is bound with a letter of guarantee in respect of certain performance bonds with Provincial Electricity Authority.

9 Short-term investments

The movements of short-term investments are as follows:

	Consolidated and separate financial statements		
	Trading securities Baht	Held-to-maturity due within 1 year Baht	Total Baht
At 1 January 2016	67,647,401	499,159,808	566,807,209
Additions	756,000,000	1,250,607,505	2,006,607,505
Disposals	(303,247,432)	(505,767,313)	(809,014,745)
Re-measuring of investments	566,482	-	566,482
At 31 December 2016	520,966,451	1,244,000,000	1,764,966,451
Additions	2,310,000,000	7,233,343	2,317,233,343
Disposals	(2,799,902,056)	(1,187,549,305)	(3,987,451,361)
Transfer out	-	(23,020,000)	(23,020,000)
Re-measuring of investments	(675,160)	-	(675,160)
At 31 December 2017	<u>30,389,235</u>	<u>40,664,038</u>	<u>71,053,273</u>

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

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

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

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

10 Trade and other receivables

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

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

All outstanding trade accounts receivable are not yet due.

11 Derivative Assets

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

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

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

11 Derivative Assets (Cont'd)

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

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

Net fair values of swap contracts

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

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

12 Other current assets

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

13 Investments in subsidiaries and investment in jointly controlled entities

13.1 Investment in jointly controlled entities

Movement in investments in jointly controlled entities

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

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

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

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

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

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

13.1 Investment in jointly controlled entities (Cont'd)

Summarised financial information for jointly controlled entities

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

Set out below are the summarised consolidated financial statements for Thai Solar Renewable Co., Ltd.

Summarised statement of financial positions

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

Summarised statement of comprehensive income

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

The information above reflects the amounts presented in the financial statements of the Jointly Controlled Entity (and not the Group's share of those amounts). Under equity method (Note 2.4), the Group recognised profit or losses of the Jointly Controlled Entities in Statement of Comprehensive Income within share of profit from investments in jointly controlled entities according to the Group's interest in the Jointly Controlled Entity.

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

13.1 Investment in jointly controlled entities (Cont'd)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in joint ventures.

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

As at 31 December 2017, Thai Solar Renewable Company Limited has pledged share certificates of Siam Solar Energy 1 Company Limited, amounting to Baht 1,080 million (2016: Baht 1,080 million) as collateral for its subsidiary's credit facilities granted by a commercial bank. In addition, Siam Solar Energy 1 Company Limited has mortgaged land with construction thereon and machinery with a total net book value of Baht 5,205 million (2016: Baht 5,436 million) and pledged bank deposits amounting to Baht 489 million (2016: Baht 461 million) as collateral for credit facilities granted by a commercial bank.

The Company has pledged all share certificates of the investment in the jointly controlled entities with the lender as the collateral for the credit facilities which the jointly controlled entity are granted from the commercial bank.

Thai Solar Energy Public Company Limited
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13 Investments in subsidiaries and investment in jointly controlled entities (Cont'd)

13.2 Investments in subsidiaries

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

	Business	Country of incorporation	Proportion of ordinary shares directly held by parent (%)		Proportion of shares held by non-controlling interests (%)	
			2017	2016	2017	2016
Subsidiaries directly held by the Company						
TSE Rooftop Co., Ltd.	Investment	Thailand	100	100	-	-
Solar Visible Co., Ltd.	Provision of maintenance service for power plants	Thailand	100	100	-	-
TSE Group International. Pte. Ltd.	Investment	Singapore	100	100	-	-
Solar Assets Pte. Ltd.	Investment	Singapore	100	100	-	-
The Solar Earth Co., Ltd.	Production and distribution of electricity	Thailand	-	100	-	-
Clean Renewable Co., Ltd.	Production and distribution of electricity	Thailand	-	100	-	-
Bangsawan Green Co., Ltd.	Production and distribution of electricity	Thailand	-	49	-	51
Oscar Save The World Co., Ltd.	Production and distribution of electricity	Thailand	70	70	30	30
TSE Overseas Group Co., Ltd.	Investment	Thailand	100	-	-	-
Solar Community Co., Ltd.	Production and distribution of electricity	Thailand	100	-	-	-
World Solar Co., Ltd.	Production and distribution of electricity	Thailand	100	-	-	-
Thai Community Energy Co., Ltd.	Production and distribution of electricity	Thailand	100	-	-	-
Subsidiaries held by TSE Rooftop Co., Ltd.						
Green Rooftop Co., Ltd.	Production and distribution of electricity	Thailand	100	100	-	-
North Rooftop Co., Ltd.	Production and distribution of electricity	Thailand	100	100	-	-
Lucky Solar Co., Ltd.	Production and distribution of electricity	Thailand	100	100	-	-
Champ Energy Co., Ltd.	Production and distribution of electricity	Thailand	100	100	-	-
Roof Energy Co., Ltd.	Production and distribution of electricity	Thailand	100	100	-	-
World Solar Co., Ltd.	Production and distribution of electricity	Thailand	-	100	-	-
Subsidiaries held by Solar Visible Co., Ltd.						
Thai Community Energy Co., Ltd.	Production and distribution of electricity	Thailand	-	100	-	-
Sun Future Co., Ltd.	Production and distribution of electricity	Thailand	-	100	-	-
Solar Community Co., Ltd.	Production and distribution of electricity	Thailand	-	100	-	-
Subsidiaries held by Thai Community Energy Co., Ltd.						
Bangsawan Green Co., Ltd.	Production and distribution of electricity	Thailand	49	-	51	-
Sun Future Co., Ltd.	Production and distribution of electricity	Thailand	100	-	-	-
The Solar Earth Co., Ltd.	Production and distribution of electricity	Thailand	100	-	-	-
Clean Renewable Co., Ltd.	Production and distribution of electricity	Thailand	100	-	-	-

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

13.2 Investments in subsidiaries (Cont'd)

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

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

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

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

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

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

Settlement of the proceeds is not yet made.

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

13.2 Investments in subsidiaries (Cont'd)

Additional investments under Thai Solar Energy Plc.

Investments in TSE Group International Pte. Ltd.

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

Investments in Solar Assets Pte. Ltd.

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

Investments in TSE Overseas Group Co., Ltd.

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

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

Investments in Oscar Save The World Co., Ltd.

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

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

Investments in Bangsawan Green Co., Ltd.

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

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

13.2 Investments in subsidiaries (Cont'd)

Additional investments under TSE Group International Pte. Ltd.

Investments in Ishikawa Hanamizuki 1 GK

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

Additional investments under TSE Overseas Group Co., Ltd.

Investments in Onikoube Solar Power Pte. Ltd.

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

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

Investments in Solar Mountain Pte. Ltd.

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

Additional investments under Onikoube Solar Power Pte. Ltd.

Investments in PurpleSol GK

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

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

13.2 Investments in subsidiaries (Cont'd)

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

Investments in PurpleSol GK (Cont'd)

Details of acquisition are as follows:

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

Additional investments under Solar Mountain Pte. Ltd.

Investments in SolarOne GK

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

Details of acquisition are as follows:

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

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

13.2 Investments in subsidiaries (Cont'd)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for a subsidiary that has material non-controlling interests being Oscar Save The World Co., Ltd.

Summarised statement of financial position

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

Summarised statement of comprehensive income

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

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

13.2 Investments in subsidiaries (Cont'd)

Summarised statement of cash flows

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

14 Investment property

	Consolidated and Separate financial statements	
	2017 Baht	2016 Baht
Cost	108,614,923	108,614,923
<u>Less</u> Provision for impairment	(20,215,318)	(20,215,318)
Net book amount	88,399,605	88,399,605
Fair value	112,493,525	112,493,525

There is no movement in investment property during 2017.

The fair value of investment properties are based on property valuation using market comparison approach. The fair values are within level 2 of the fair value hierarchy.

Amounts recognised in profit and loss that are related to investment property are as follows:

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

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15 Property, plant and equipment

	Consolidated financial statements									
	Land Baht	Land improvement Baht	Power plants Baht	Office buildings Baht	Tools and equipment Baht	Office equipment Baht	Vehicles Baht	Asset under construction Baht	Total Baht	
At 1 January 2016										
Cost	152,204,691	3,141,059	1,623,957,755	11,206,916	2,849,566	7,601,037	21,236,363	541,753,675	2,363,951,062	
Less Accumulated depreciation	-	(363,581)	(124,516,374)	(1,293,781)	(1,308,342)	(3,776,559)	(5,218,022)	-	(136,476,659)	
Less Provision for impairment	-	(882,014)	(245,318,953)	(3,159,461)	(294,212)	(140,356)	(205,004)	-	(250,000,000)	
Net book amount	152,204,691	1,895,464	1,254,122,428	6,753,674	1,247,012	3,684,122	15,813,337	541,753,675	1,977,474,403	
Year ended 31 December 2016										
Opening net book amount	152,204,691	1,895,464	1,254,122,428	6,753,674	1,247,012	3,684,122	15,813,337	541,753,675	1,977,474,403	
Exchange differences	3,194,240	-	(25,610,322)	-	-	-	-	3,828,546	(18,587,536)	
Acquisition of subsidiaries	25,367,200	-	-	-	-	1,661,011	-	-	27,028,211	
Additions	69,445,809	-	4,039,923	-	9,809,013	725,008	-	865,228,707	949,248,460	
Disposals/write-off.net	-	-	(787,000)	-	-	-	-	-	(787,000)	
Transfer-in (out)	-	-	529,562,883	-	-	-	-	(545,056,340)	(15,503,457)	
Depreciation charge	-	(60,511)	(64,081,719)	(225,307)	(549,253)	(1,171,387)	(2,292,885)	-	(68,381,062)	
Closing net book amount	250,211,940	1,834,953	1,697,236,193	6,528,367	10,506,772	4,898,754	13,520,452	865,754,588	2,850,492,019	
At 31 December 2016										
Cost	250,211,940	3,141,059	2,131,153,239	11,206,916	12,658,579	9,987,056	21,236,363	865,754,588	3,305,349,740	
Less Accumulated depreciation	-	(424,092)	(188,598,093)	(1,519,088)	(1,857,595)	(4,947,946)	(7,510,907)	-	(204,857,721)	
Less Provision for impairment	-	(882,014)	(245,318,953)	(3,159,461)	(294,212)	(140,356)	(205,004)	-	(250,000,000)	
Net book amount	250,211,940	1,834,953	1,697,236,193	6,528,367	10,506,772	4,898,754	13,520,452	865,754,588	2,850,492,019	

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15 Property, plant and equipment (Cont'd)

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

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15

Property, plant and equipment (Cont'd)

	Separate financial statements								Total Baht
	Land Baht	Land improvement Baht	Power plants Baht	Office buildings Baht	Tools and equipment Baht	Office equipment Baht	Vehicles Baht	Asset under construction Baht	
At 1 January 2016									
Cost	37,552,064	3,141,059	872,007,952	11,206,916	2,669,914	7,067,518	21,236,363	10,898,623	965,780,409
Less Accumulated depreciation	-	(363,582)	(101,700,932)	(1,293,781)	(1,280,255)	(3,677,369)	(5,218,022)	-	(113,533,941)
Less Provision for impairment	-	(882,014)	(245,318,953)	(3,159,461)	(294,212)	(140,356)	(205,004)	-	(250,000,000)
Net book amount	37,552,064	1,895,463	524,988,067	6,753,674	1,095,447	3,249,793	15,813,337	10,898,623	602,246,468
Year ended 31 December 2016									
Opening net book amount	37,552,064	1,895,463	524,988,067	6,753,674	1,095,447	3,249,793	15,813,337	10,898,623	602,246,468
Additions	-	-	-	-	97,994	411,138	-	705,890	1,215,022
Depreciation charge	-	(60,510)	(17,055,062)	(225,307)	(366,863)	(1,001,419)	(2,292,885)	-	(21,002,046)
Closing net book amount	37,552,064	1,834,953	507,933,005	6,528,367	826,578	2,659,512	13,520,452	11,604,513	582,459,444
At 31 December 2016									
Cost	37,552,064	3,141,059	872,007,952	11,206,916	2,767,908	7,478,657	21,236,363	11,604,513	966,995,432
Less Accumulated depreciation	-	(424,092)	(118,755,994)	(1,519,088)	(1,647,118)	(4,678,789)	(7,510,907)	-	(134,535,988)
Less Provision for impairment	-	(882,014)	(245,318,953)	(3,159,461)	(294,212)	(140,356)	(205,004)	-	(250,000,000)
Net book amount	37,552,064	1,834,953	507,933,005	6,528,367	826,578	2,659,512	13,520,452	11,604,513	582,459,444
Year ended 31 December 2017									
Opening net book amount	37,552,064	1,834,953	507,933,005	6,528,367	826,578	2,659,512	13,520,452	11,604,513	582,459,444
Additions	-	-	-	-	215,999	1,042,353	22,760,760	20,643,364	44,662,476
Disposals/write-off, net	-	-	-	-	(20)	(56)	(11,912,126)	-	(11,912,202)
Depreciation charge	-	(60,352)	(16,850,775)	(224,715)	(298,024)	(1,044,599)	(1,926,623)	-	(20,405,088)
Closing net book amount	37,552,064	1,774,601	491,082,230	6,303,652	744,533	2,657,210	22,442,463	32,247,877	594,804,630
At 31 December 2017									
Cost	37,552,064	3,141,059	872,007,952	11,206,916	2,594,244	8,188,508	23,467,522	32,247,877	990,406,142
Less Accumulated depreciation	-	(484,444)	(135,606,769)	(1,743,803)	(1,607,611)	(5,421,734)	(820,573)	-	(145,684,934)
Less Provision for impairment	-	(882,014)	(245,318,953)	(3,159,461)	(242,100)	(109,564)	(204,486)	-	(249,916,578)
Net book amount	37,552,064	1,774,601	491,082,230	6,303,652	744,533	2,657,210	22,442,463	32,247,877	594,804,630

15 Property, plant and equipment (Cont'd)

Borrowing costs incurring from the borrowings specifically for the construction of the power plants constructed during the year were capitalised and included as "Additions" for Baht 34.13 million (2016: Baht 12.23 million). The Group used the capitalisation rates of 1.25% to 6.00% per annum (2016: 2.91% to 6.00% per annum) to calculate the borrowing costs for the capitalisation. The capitalisation rate is the actual rate of the borrowings which were used for the construction.

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

	Consolidated financial statements		Separate financial statements	
	2017 Baht million	2016 Baht million	2017 Baht million	2016 Baht million
Cost of sales and services	76.42	64.75	17.21	17.48
Administrative expense	4.98	3.63	3.20	3.52
	<u>81.40</u>	<u>68.38</u>	<u>20.41</u>	<u>21.00</u>

A provision for impairment of a thermal power plant amounting to Baht 249.92 million (2016: Baht 250 million) has been provided since the recoverable amount was lower than the carrying value.

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

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Cost of assets under the finance lease	22,760,759	20,526,000	22,760,759	20,526,000
<u>Less</u> Accumulated depreciation	<u>(371,334)</u>	<u>(7,143,302)</u>	<u>(371,334)</u>	<u>(7,143,302)</u>
Net book amount	<u>22,389,425</u>	<u>13,382,698</u>	<u>22,389,425</u>	<u>13,382,698</u>

Capital commitments

Capital commitments exist as at the date of the statement of financial position but not included in the financial statements are as follows:

	Currency	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Power plants	Baht	787,915,670	367,177,258	-	-
Power plants	USD	457,023	1,523,000	-	-
Power plants	Yen	4,544,111,562	5,125,808,653	-	-
Machinery	Euro	51,503	51,503	51,503	51,503

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

Intangible assets

	Consolidated financial statements					
	Software Baht	Power purchase agreement Baht	Right to use - land Baht	Right to use - transmission line Baht	Construction in progress Baht	Total Baht
At 1 January 2016						
Cost	2,518,682	-	-	-	2,148,666	4,667,348
Less: Accumulated amortisation	(1,045,968)	-	-	-	-	(1,045,968)
Net book amount	1,472,714	-	-	-	2,148,666	3,621,380
Year ended 31 December 2016						
Opening net book amount	1,472,714	-	-	-	2,148,666	3,621,380
Additions	241,830	-	9,144,026	-	2,380,000	11,765,856
Acquisition of subsidiary	-	472,231,571	-	-	-	472,231,571
Disposals	-	-	-	-	(1,676,666)	(1,676,666)
Amortisation charge	(400,586)	-	-	-	-	(400,586)
Closing net book amount	1,313,958	472,231,571	9,144,026	-	2,852,000	485,541,555
At 31 December 2016						
Cost	2,760,512	472,231,571	9,144,026	-	2,852,000	486,988,109
Accumulated amortisation	(1,446,554)	-	-	-	-	(1,446,554)
Net book amount	1,313,958	472,231,571	9,144,026	-	2,852,000	485,541,555
Year ended 31 December 2017						
Opening net book amount	1,313,958	472,231,571	9,144,026	-	2,852,000	485,541,555
Exchange differences	-	(82,089,946)	-	-	-	(82,089,946)
Additions	706,159	46,317,008	-	15,690,883	1,249,500	63,963,550
Acquisition of a subsidiary (Note 13.2)	-	3,663,057,637	-	-	-	3,663,057,637
Amortisation charge	(490,518)	-	(347,325)	-	-	(837,843)
Closing net book amount	1,529,599	4,099,516,270	8,796,701	15,690,883	4,101,500	4,129,634,953
At 31 December 2017						
Cost	3,466,671	4,099,516,270	9,144,026	15,690,883	4,101,500	4,131,919,350
Less: accumulated amortisation	(1,937,072)	-	(347,325)	-	-	(2,284,397)
Net book amount	1,529,599	4,099,516,270	8,796,701	15,690,883	4,101,500	4,129,634,953

16 Intangible assets (Cont'd)

	Separate financial statements		
	Computer software Baht	Construction in progress Baht	Total Baht
At 1 January 2016			
Cost	2,488,722	2,148,666	4,637,388
Less accumulated amortisation	(1,032,491)	-	(1,032,491)
Net book amount	1,456,231	2,148,666	3,604,897
Year ended 31 December 2016			
Opening net book amount	1,456,231	2,148,666	3,604,897
Additions	241,830	2,380,000	2,621,830
Disposals	-	(1,676,666)	(1,676,666)
Amortisation charge	(394,577)	-	(394,577)
Closing net book amount	1,303,484	2,852,000	4,155,484
At 31 December 2016			
Cost	2,730,552	2,852,000	5,582,552
Accumulated amortisation	(1,427,068)	-	(1,427,068)
Net book amount	1,303,484	2,852,000	4,155,484
Year ended 31 December 2017			
Opening net book amount	1,303,484	2,852,000	4,155,484
Additions	706,159	1,249,500	1,955,659
Amortisation charge	(484,530)	-	(484,530)
Closing net book amount	1,525,113	4,101,500	5,626,613
At 31 December 2017			
Cost	3,436,711	4,101,500	7,538,211
Less accumulated amortisation	(1,911,598)	-	(1,911,598)
Net book amount	1,525,113	4,101,500	5,626,613

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

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

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

17 Deferred income taxes

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

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

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

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

17 Deferred income taxes (Cont'd)

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

	Consolidated financial statements			
	Tax losses Baht	Retirement benefits Baht	Others Baht	Total Baht
Deferred tax assets				
At 1 January 2017	75,405,201	1,136,551	1,913,826	78,455,578
Charged/(credited) to profit or loss	909,409	66,149	179,802	1,155,360
Charged/(credited) directly to equity	-	12,452	-	12,452
Exchange differences	(743)	-	(13,484)	(14,227)
At 31 December 2017	76,313,867	1,215,152	2,080,144	79,609,163
At 1 January 2016	104,461,710	811,397	712,261	105,985,368
Charged/(credited) to profit or loss	(29,046,959)	325,154	1,205,963	(27,515,842)
Exchange differences	(9,550)	-	(4,398)	(13,948)
At 31 December 2016	75,405,201	1,136,551	1,913,826	78,455,578

	Consolidated financial statements			
	Deferred debt issuance Baht	Depreciation expense of Power plant Baht	Other Baht	Total Baht
Deferred tax liabilities				
At 1 January 2017	(1,025,000)	(3,675,048)	2,246,631	(2,453,417)
Charged/(credited) to profit or loss	(3,330,712)	(3,527,283)	3,393,613	(3,464,382)
Exchange differences	-	326,563	(315,265)	11,298
At 31 December 2017	(4,355,712)	(6,875,768)	5,324,979	(5,906,501)
At 1 January 2016	-	-	-	-
Charged/(credited) to profit or loss	(1,025,000)	(3,833,276)	2,400,112	(2,458,164)
Exchange differences	-	158,228	(153,481)	4,747
At 31 December 2016	(1,025,000)	(3,675,048)	2,246,631	(2,453,417)

17 Deferred income taxes (Cont'd)

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

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

	Separate financial statements	
	Deferred debt issuance cost Baht	Total Baht
Deferred tax liabilities		
At 1 January 2017	(1,025,000)	(1,025,000)
Charged/(credited) to profit or loss	(3,330,712)	(3,330,712)
At 31 December 2017	<u>(4,355,712)</u>	<u>(4,355,712)</u>
At 1 January 2016	-	-
Charged/(credited) to profit or loss	(1,025,000)	(1,025,000)
At 31 December 2016	<u>(1,025,000)</u>	<u>(1,025,000)</u>

Presentation in the statements of financial position is as follows:

At 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Deferred income tax assets	73,702,662	76,002,161	73,173,307	75,376,961
Deferred income tax liabilities	-	-	-	-
Deferred income tax, net	<u>73,702,662</u>	<u>76,002,161</u>	<u>73,173,307</u>	<u>75,376,961</u>

Deferred income tax assets and liabilities are offset when the income taxes related to the same fiscal authority. Deferred tax assets and deferred tax liabilities in the consolidated financial position are presented at net amount of assets and liabilities incurred in each entity.

Deferred income tax assets are recognised for tax loss carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of Baht 57.40 million (2016: Baht 45.24 million) in respect of losses carry forward amounting to Baht 287 million (2016: Baht 226 million).

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17 Deferred income taxes (Cont'd)

A summary of the tax losses carried forward and the expiry dates are set out below:

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

18 Construction and other payables

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

19 Borrowings

19.1 Short-term borrowings from financial institutions

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

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

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

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

19 Borrowings (Cont'd)

19.2 Finance lease liabilities

The present value of finance lease liabilities is as follows:

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

19.3 Long-term borrowings from financial institutions

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

The long-term borrowings are secured by the pledge and the assignment of rights over the Group's bank deposits, land with construction thereon, machinery, the assignment of rights under all project agreements and pledge of the Company's shares held by the parent company, certain shares held by the subsidiaries and the jointly controlled entities' shares held by the Company and guarantees provided by the Company.

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

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

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

19 Borrowings (Cont'd)

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

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

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

19.4 Debentures

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

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

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

19 Borrowings (Cont'd)

19.4 Debentures (Cont'd)

2017

On 5 April 2017, the Company issued name-registered certificate of unsubordinated and unsecured bonds totalling 950,000 units with the fixed interest of 4.50% per annum payable every 6 months. The issued bonds have the face value of Baht 1,000. The bond will be redeemed within three years after the issuance date at the amount Baht 950 million.

2016

On 28 October 2016, the Company issued name-registered certificate of unsubordinated and unsecured bonds totalling 2,050,000 units with the fixed interest of 4.20% per annum payable every 6 months. The issued bonds have the face value of Baht 1,000. The bond will be redeemed within three years after the issuance date at the amount Baht 2,050 million.

19.5 Fair value

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

	Consolidated financial statements			
	Carrying amounts		Fair value	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Long-term borrowings	1,903,287,857	790,434,160	1,821,525,742	680,919,693
Debentures	2,995,173,493	2,044,875,000	3,014,102,581	2,045,057,450
	Separate financial statements			
	Carrying amounts		Fair value	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Debentures	2,995,173,493	2,044,875,000	3,014,102,581	2,045,057,450

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant.

The fair values of non-current borrowings are based on discounted cash flows using a discount rate based upon the borrowing rate of 1.87% - 4.84% (2016: 2.91% - 4.78%) and are within level 2 of the fair value hierarchy.

19.6 Interest rates

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

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

20 Employee benefit obligations

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

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

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

The principal actuarial assumptions used were as follows:

	Consolidated and Separate financial statements	
	2017 %	2016 %
Discount rate	2.72	3.24
Salary growth rate	3.00 - 4.00	3.00 - 4.00

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

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2017	2016	2017	2016	2017	2016
Discount rate	0.50%	0.50%	Decrease by 5.63%	Decrease by 5.47%	Increase by 6.58%	Increase by 5.88%
Salary growth rate	0.50%	0.50%	Increase by 6.42%	Increase by 5.81%	Decrease by 5.62%	Decrease by 5.45%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

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20 Employee benefit obligations (Cont'd)

Through its defined benefit retirement plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields	A decrease in Government bond yields will increase plan liabilities.
Inflation risk	Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities.

The weighted average duration of the defined benefit obligation is 25.20 years.

21 Share capital

Consolidated and Separate financial statements

	Number of shares	Issued and paid	Ordinary shares	Share premium	Total
	Shares	Shares	Baht	Baht	Baht
At 1 January 2017	1,815,000,000	1,815,000,000	1,815,000,000	727,554,273	2,542,554,273
Register new ordinary shares	544,500,000	-	-	-	544,500,000
At 31 December 2017	<u>2,359,500,000</u>	<u>1,815,000,000</u>	<u>1,815,000,000</u>	<u>727,554,273</u>	<u>2,542,554,273</u>

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

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

22 Legal reserve

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

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable.

23 Other income

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

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24 Expense by nature

The following expenditure items, classified by nature, have been charged in arriving at the operating profit:

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

25 Finance costs

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

26 Income tax

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

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26 Income tax (Cont'd)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

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

27 Promotional privileges

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

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

28 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the company by the weighted average number of ordinary shares in issue during the year (Note 21).

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net profit attributable to ordinary shareholders of the company (Baht)	415,758,694	617,628,000	217,363,532	475,125,849
Weighted average number of ordinary shares outstanding (Shares)	1,815,000,000	1,815,000,000	1,815,000,000	1,815,000,000
Basic earnings per share (Baht per share)	0.23	0.34	0.12	0.26

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

29 Dividends

2017

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

2016

On 27 April 2016, the Annual General Meeting of Shareholders approved a dividend payment in respect of operating results for the year 2015 to shareholders at Baht 0.06 per share, totaling Baht 108.89 million. The dividends were paid on 25 May 2016.

30 Related party transactions

The Company is controlled by P.M. Energy Company Limited (incorporated in Thailand) which owns 43% of the Company's shares. The remaining 57% of the shares are held by Wave Entertainment (Public) Company Limited, Sino-Thai Engineering & Construction Public Company Limited and individual shareholders. The significant investments in subsidiaries, and joint ventures are set out in Note 13.

The following material transactions were carried out with related parties:

a) Sales of goods and services

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Subsidiaries				
Management service income	-	-	25,603,911	12,346,856
Operation and maintenance income	-	-	1,680,000	1,680,000
Service income	-	-	52,028	500,000
	-	-	27,335,939	14,526,856
Jointly Controlled Entity				
Management service income	40,581,509	38,649,056	40,581,509	38,649,056
Rental income	432,000	432,000	432,000	432,000
Dividends income	41	41	451,500,080	441,950,080
	41,013,550	39,081,097	492,513,589	481,031,136
Related parties				
Management service income	-	221,760,000	-	221,760,000
Rental income	277,889	277,889	277,889	277,889
Service income	185,259	185,259	185,259	185,259
Other income	30,521	28,180	30,521	28,180
	493,669	222,251,328	493,669	222,251,328

30 Related party transactions (Cont'd)

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

b) Outstanding balances arising from sales/purchases of goods/services

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

c) Short-term loans to subsidiaries

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

Movements in loans to subsidiaries are analysed as follows:

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

30 Related party transactions (Cont'd)

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

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

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

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

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

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

d) Long-term loans to subsidiaries

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

Movements in loans to subsidiaries are analysed as follows:

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

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

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

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

30 Related party transactions (Cont'd)

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

e) Long-term loan from subsidiary

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

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

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

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

f) Key management compensation

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

31 Commitments and contingencies

31.1 Power purchase agreements

Domestic

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

	Number of agreements	Production capacity MW	Description
Production and distribution of electricity	11	84.5	The power purchase agreements require the Company and its jointly controlled entity to sell electricity in a specified quantity and at a stipulated price as defined in the agreements. The agreements are for a period of 5 years and will be automatically renewed every 5 years until the contract termination. In the electricity selling to the PEA, the Company and its jointly controlled entity have also been granted an adder amounting to Baht 6.50 - 8 per kilowatt-hour (Company: Baht 8 per kilowatt-hour) for the period of 10 years commencing from the commercial operation date.
	14	14	The power purchase agreements require subsidiaries to sell electricity generated from solar rooftops to the PEA and the MEA under the Feed-in Tariff system (FIT) granted for periods of 25 years starting from December 2013.
	1	1	The power purchase agreements of another subsidiary require the subsidiary to sell electricity generated from the solar farms to the PEA under the Feed-in Tariff system (FIT) granted for periods of 25 years starting from commercial operation dates (COD).
Not yet production and distribution of electricity	3	21.9	The power purchase agreements require the subsidiaries to sell electricity generated from biomass to the PEA under the Feed-in Tariff system (FIT) granted for periods of 15 years 4 months and the Feed-in Tariff system (FIT) premium granted for periods of 8 years commencing from the commercial operation date. The biomass power plants under the contract during the construction.

Overseas

As at 31 December 2017, subsidiaries operating in Japan have 4 power purchase agreements (2016: 4 agreements) with the power purchasing agencies, of which the power plants have already commenced generating and distributing the electricity. In addition, the subsidiaries have another 3 power purchase agreements for the project which have not yet commence generating and distributing the electricity. The agreements are summarised as follows:

	Number of agreements	Production capacity MW	Description
Production and distribution of electricity	4	5.24	The power purchase agreements of the subsidiaries operating in Japan with the power purchasing agencies. The power purchase agreements are conditioned to sell the electricity generated from solar energy under the Feed-in Tariff (FiT) for the periods of 20 years starting from August 2015.
Not yet production and distribution of electricity	3	16.74	The power purchase agreements of the subsidiaries operating in Japan with the power purchasing agencies. The power purchase agreements are conditioned to sell the electricity generated from solar energy under the Feed-in Tariff (FiT) for the periods of 20 years starting from the commercial operation date.

31 Commitments and contingencies (Cont'd)

31.2 Operating lease commitments - where the Group is the lessee

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of office building space, motor vehicles, equipment and the lease of rooftop space and other building space in order to install solar cells. The terms of the agreements are generally between 3 and 26 years.

As at 31 December 2017 and 2016, future minimum lease payments required under these operating lease contracts were as follows:

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

In addition, under agreements of leasing rooftop spaces and other building spaces, subsidiaries have commitments to pay rent at the higher of a percentage of sales and the minimum amounts specified in the agreements.

31.3 Contracts and other commitments

- a) A jointly controlled entity has commitments in respect of a management service agreement with the other venturer amounting to Baht 6 million per annum for a period of 10 years from May 2013, with the service fee to increase on an annual basis at the rate specified in the agreement. The fees for the year ended 31 December 2017 amounting to Baht 3 million (2016: Baht 3 million) (in proportionate of the Company's interest in the jointly controlled entity) were recognised as expenses.
- b) A jointly controlled entity has commitments in respect of the operation and maintenance agreements of seven power plants with a company, amounting to Baht 9 million per annum for the period of 10 years from the commercial operation date. The fees for the year ended 31 December 2017 amounting to approximately Baht 5 million (2016: Baht 5 million) (in proportionate of the Company's interest in the jointly controlled entity) were recognised as expenses.
- c) A jointly controlled entity has commitments in respect of the operation monitoring and maintenance agreements of ten power plants with a company since January 2013, amounting to Baht 2 million per annum for the period of 7 years from the commercial operation dates.
- d) A jointly controlled entity has commitments in respect of the operation and maintenance agreements of three power plants with a company, amounting to Baht 8 million per annum for the period of 5 years from June 2017. The fees for the year ended 31 December 2017 amounting to Baht 3 million per annum (2016: nil) (in proportionate of the Company's interest in the jointly controlled entity) were recognised as expenses.
- e) A subsidiary has an obligation to pay management fee to its capital investor totalling Baht 8 million per annum since September 2016. The management fee will be increased annually according to the percentage specified in the contract. For the year ended 31 December 2017, the subsidiary has recognised the total management expenses based on the specified contract as construction in progress during the year amounting to Baht 8 million (2016: Baht 3 million).
- f) A subsidiary has the commitment according to the operation monitoring and maintenance agreement of power plants with a company with the fee of USD 52,000 (2016: USD 98,800).
- g) A subsidiary has the commitment according to the operation monitoring and maintenance agreement of power plants with a company with the fee of USD 62,500 (2016: nil).

31 **Commitments and contingencies (Cont'd)**

31.4 Guarantees

- a) The Company has provided guarantees for bank credit facilities of its subsidiaries amounting to Baht 23 million (2016: Baht 561 million).
- b) As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 9 million (2016: Baht 9 million) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business.

32 **Events after the reporting period**

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

General Information

Capital and Major Shareholders

Securities

As of December 31 2017, the company registered capital is 2,359.50 million Baht, divided into 2,359.50 million shares with a par value of 1 Baht. The paid – up capital was 1,815 million Baht.

Shareholders

The company’s shareholding structure as of the latest book closure date on December 29 2017, prepared by Thailand Securities Depository Co., Ltd. is as follows:

	Number of shareholders	Number of shares	Percentage
Thai securities holders	7,343	1,620,920,710	89.31
Foreign securities holders	25	194,079,290	10.69
Total	7,368	1,815,000,000	100.00

List of top ten major shareholders of the Company

	Name	Number of shares	Percentage
1.	Ms. Cathleen Group**		
	P.M. Energy Co.,Ltd. (“PME”) /1	676,746,810	37.286
	UBS AG SINGAPORE BRANCH /2	100,000,000	5.510
	Wave Entertainment Public Co.,Ltd. (“WAVE”) /3	181,750,000	10.014
	Ms. Cathleen Maleenont	4,400,000	0.242
	Total	962,896,810	53.052
2.	Shino – Thai Engineering & Construction Public.,Ltd.	181,500,000	10.000
3.	CREDIT SUISSE AG, SINGAPORE BRANCH	39,357,100	2.168
4.	CITIBANK NOMINEES SINGAPORE PTE LTD-S.A PBG CLIENTS SG	38,000,000	2.094
5.	Ms. Uraivan Saelee	23,750,000	1.309
6.	Bualuang Long Term Equity Fund	22,863,800	1.260
7.	The Bualuang infrastructure Retirement Mutual Fund	22,779,700	1.255
8.	Ms. Nattawan Piyamahachote	16,867,200	0.929
9.	The EGAT Employee Provident Fund	12,701,900	0.700
10.	Ms. Orayaporn Karnchanacharee	11,800,000	0.650

* The grouping is referred to the definition of related persons according to Kor.Jor.17/2551 dated 15 December 2009; not referring related persons under section 258 of The Securities Exchange of Thailand Act B.E. 2535 (including the adjustment)

/1 PME operates its business by investing in renewable energy companies. Its major shareholder as of December 31, 2017 was Dr. Cathleen Maleenont holding 100 %

/2 UBS AG Singapore is the custodian of TSE – F for PME

/3 WAVE operates its business by copyright owner and distributor Thai dramas of Channel 3, Organizer of concerts and other event.

Information of the Company Group and reference persons

Company	Nature of Business	Registered Capital (Million Baht)	Paid – up Capital (Million Baht)	Percentage
Address of Company 725 Metropolis Building 19 th Floor, Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110 Thailand.				
Address of subsidiaries 3199 Maleenont Tower, 16 th floor, Rama IV Road, Klongtan,Klongtoey, Bamgkok 10110				
Solar Farm Business				
Thai Solar Renewable Co., Ltd. – TSR	Holding Company	583.33	583.33	60
Joint controlled company – held through TSR				
Siam Solar Energy 1 Co., Ltd. – SSE1	Generation and distribution of electricity from solar energy	1,800	1,800	100
Solar Visible Co., Ltd. – SV		202	51.5	100
Solar Community Co., Ltd. – SLC		100	25	100
World Solar Co., Ltd. – WS		1	0.25	100
Solar Rooftop				
TSE Rooftop Co.,Ltd. - TSER	Holding Company	182	182	100
Subsidiaries				
Champ Energy Co., Ltd. – CE	Generation and Distribution of electricity from solar commercial rooftop	52	52	100
North Rooftop Cp., Ltd. – NR		39	39	100
Roof Energy Co., Ltd. – RE		39	39	100
Green Rooftop Co., Ltd. – GR		26	26	100
Lucky Solar Co., Ltd. – LS		26	26	100

Company	Nature of Business	Registered Capital (Million Baht)	Paid – up Capital (Million Baht)	Percentage
Biomass Business				
Thai Community Energy Co.,Ltd. - TCE	Holding Company	100	25	100
<i>Subsidiaries</i>				
Sun Future Co.,Ltd. - SFT	Generation and Distribution of electricity from Biomass	1	0.25	100
The Solar Earth Co.,Ltd. - SE		1	0.25	100
Clean Renewable Co.,Ltd. - CLR		1	0.25	100
Bang Sawan Green Co.,Ltd. - BSW		174	174	49
Oscar Save the World - OSW		582	582	70
Solar Japan				
TSE Overseas Group Co.,Ltd. - TSEO	Holding Company	515	515	100
<i>Subsidiary of TSEO</i>				
Onikobe Solar Power PTE.LTD – OSP	Holding Company	200,000	200,000	100
Address 41 Middle Road #04-00 Boon Sing Building , Singapore (188950)		SGD	SGD	
<i>Subsidiary of OSP</i>				
Purplesol ,Godo Kaisha - PPS	Generation and Distribution of electricity	393.9	393.9	100
Address Toshida Building 3F, 1-6-11 Ginza, Chuaku, Tokyo		Mil. JPY	Mil. JPY	
<i>Subsidiary of TSEO</i>				
Solar Mountain PTE.LTD - SM	Holding Company	200,000	200,000	100
Address 41 Middle Road #04-00 Boon Sing Building , Singapore (188950)		SGD	SGD	
<i>Subsidiary of SM</i>				
SolarOne, Godo Kaisha -SLO	Land lease	1 Yen	1 Yen	100
Address Toshida Building 3F, 1-6-11 Ginza, Chuaku, Tokyo				

Company	Nature of Business	Registered Capital (Million Baht)	Paid – up Capital (Million Baht)	Percentage
Subsidiaries - Overseas				
TSE Group International PTE. LTD. – TSI <u>Address</u> 41 Middle Road #04-00 Boon Sing Building , Singapore (188950)	Holding Company	24.6 Million SGD and 710 Mil. JPY	24.6 Million SGD and 710 Mil. JPY	100
<i>Subsidiaries</i>				
Eco Solar Aizu Godo Kaisha – ESA Ishikawa Hanamizuki No.1 Godo Kaisha – IH1 <u>Address</u> 3F Hayashi Building, 3-34-1 Aoto, Katsushika-ku, Tokyo, Japan	Generation and distribution of electricity from solar energy	10,000 Yen 10,000 Yen	10,000 Yen 10,000 Yen	97 97
Solar Assets PTE. LTD. - SA <u>Address</u> 41 Middle Road #04-00 Boon Sing Building , Singapore (188950)	Holding Company	2.4 Million SGD	2.4 Million SGD	100
<i>Subsidiaries</i>				
Ibaraki Ushiku 1 Godo Kaisha – IU1 <u>Address</u> 3F Hayashi Building, 3-34-1 Aoto, Katsushika-ku, Tokyo, Japan	Land lease	10,000 Yen	10,000 Yen	100

Reference persons

Security registrar

The Thailand Securities Depository Co., Ltd.
93 Ratchadaphisek Road, Dindaeng,
Bangkok 10400
Tel : 0 209 9000 Fax : 0 209 9991
Call Center 0 209 9999
Website : www.set.or.th/tsd
E-Mail : SETContactCenter@set.or.th

Auditor

Mr.Kajornkiet Aroonpirodkul
Certificated Public Accountant (Thailand) No.3445
PricewaterhouseCoopers ABAS Ltd.
15th floor, Bangkok City Tower, 179/74-80
South Sathorn Road, Bangkok 10120
Tel : 0 2344 1000 , 0 2824 5000
Fax : 0 2286 5050
Website : www.pwc.com/th

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Tel : 0 2645 5555

Siam Commercial Bank Public Co.,Ltd.

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Tel : 0 2777 7777

Kasikorn Bank Public Co.,Ltd.

1 Soi Ratburana 27/1, Ratburana Road,
Bangkok 10140
Tel : 0 2222 0000