

**THAI LUXE ENTERPRISES PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
INTERIM FINANCIAL INFORMATION
MARCH 31, 2018
AND INDEPENDENT AUDITOR'S REPORT ON REVIEW
OF INTERIM FINANCIAL INFORMATION**

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Thai Luxe Enterprises Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position as at March 31, 2018, the related consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in shareholders' equity, and the consolidated and separate statements of cash flows for three-month period ended March 31, 2018 and the condensed notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Emphasis of matter

Without expressing a qualified conclusion on the aforementioned interim financial information, I draw attention to the following Notes to the interim consolidated financial statements.

1. Material Uncertainty Related to Going Concern

I draw attention to Note 1.2 of the consolidated financial statements relating to the going concern of the Group. The consolidated statements of financial position as of March 31, 2018 show that the Group's current liabilities exceed its current assets by Baht 779.80 million (Baht 724.88 million for the Company only), and large amounts have been spent on various investments. Moreover, most of the current liabilities are debentures of Baht 986.20 million that mature in the second and third quarters of 2018 and loans from financial institutions of Baht 409.03 million and JPY 174.00 million (Baht 51.56 million). On April, 2018, the Company has paid debenture on due amounting to Baht 386.20 million

and the Group's management is in the process of obtaining additional credit facilities from a financial institution, to be secured by the geothermal power plants in Japan. In addition the Company has started negotiations to obtain additional loan funding and plans to dispose of its available-for-sale investments in order to redeem the debentures and settle its loans and future obligations as they come due. However, currently no loan agreements have been signed and there is still uncertainty.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

2. Investment in available-for-sale securities (as at March 31, 2018 amounting to approximately Baht 505.97 million)

As described in Note 10.1 to the consolidated financial statements, the Company has an investment in the ordinary shares of a related company that is listed on the Market for Alternative Investment (MAI), representing approximately 14% of the total share capital of that company. Some shareholders of the Company are also shareholders of that company. The Company has informed us that the Company has no intention to participate in the management of that company and also has no influence over it. The outstanding balance of this investment as at March 31, 2018 is approximately Baht 505.97 million, and represents 39.16% of the net asset value of the Group. This is considered as an asset with risk being concentrated in only one related company. The value of the investment depends on the operating results and the future market price of this related company and on Company's decisions regarding the sale of the investment.

3. Investments in the geothermal power plant projects in Japan (as at March 31, 2018 - recorded as various types of assets such as property, plant and equipment, intangible assets, advances payments, and goodwill with a net value of approximately Baht 434 million after deducting impairment provision of Baht 182 million)

As described in Note 8.1 to the consolidated financial statements, during the year 2016, Tluxe Holdings Limited, the subsidiary of the Company, acquired all ordinary shares of PPSN Company Limited and Sumo Power Company Limited. Those subsidiaries plan to operate the geothermal power plant projects in Japan. The Company has informed us that the power plants are under construction and power purchase agreements have not yet been made with customers for some of the power plants. During the three-month period ended March 31, 2018 those subsidiaries reported operating losses and the Company informed us that the geothermal power plant projects 4 units (PPSN Company Limited and Sumo Power Company Limited) are currently operational while the remaining 8 units are preparing for operation. In addition, another subsidiary company, SNS Power Company Limited, has acquired another operating power plant. Investment in these projects has been recorded under various types of assets in the consolidated statement of financial position, with a net value of approximately Baht 434 million after deducting impairment provision of Baht 182 million. The recoverability of these investments depends on the successful completion of these projects and the operating results of the projects in the future.

4. Investments in geothermal power plant projects in Japan (as at March 31, 2018 - recorded as various types of assets such as property, plant and equipment, intangible assets, advances payments, and unallocated costs of business acquisition with a net value of approximately Baht 750 million, after deducting impairment provision of Baht 26 million and expenses of Baht 98 million related to the acquisition of the businesses).

As described in Note 8.2 to the consolidated financial statements, in August 2017 and September 2017 Geothermal Power A Company Limited and Geothermal Power B Company Limited, the subsidiaries, invested a total of Baht 835 million in geothermal power plant projects by acquiring all shares of five companies which were incorporated in Japan and have 10 power plants, of which 4 are currently operational. At present, the Company is in the process of assessing the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date and this assessment is to be completed within the period of 12 months from the acquisition date allowed under Thai Financial Reporting Standard No. 3 (revised 2017). At the acquisition date, the Company recorded the excess of the acquisition cost of those companies over their book values, amounting to Baht 231 million, as a separate item in the consolidated statement of financial position under non-current assets and the caption of “Unallocated costs of business acquisition” However, as at March 31, 2018 the Company tested 10 geothermal power plants for impairment and recognised impairment loss on unallocated costs of business acquisition amounting to Baht 26 million. In addition, the Company recognised impairment loss of Baht 119 million on loans to related parties (subsidiaries).

Other matters

The consolidated and separate statements of financial position as at December 31, 2017, of Thai Luxe Enterprises Public Company Limited, presented herewith for comparative purpose only, were audited by another auditor in my firm whose report dated on February 28, 2018, expressed an unqualified opinion on those financial statements the consolidated and separate statements of comprehensive income, changes in shareholders’ equity and cash flows for the three-month periods ended March 31, 2017, presented herewith for comparative purpose only, were reviewed by another auditor in my firm, and concluded that nothing has come to attention that causes to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, “Interim Financial Reporting” in report dated on May 15, 2017.

(Mr. Jadesada Hungsapruerk)

Certified Public Accountant

Registration No. 3759

Karin Audit Company Limited

Bangkok, Thailand

May 15, 2018

THAI LUXE ENTERPRISES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2018

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		March 31, 2018 "UNAUDITED" "REVIEWED"	December 31, 2017 "AUDITED"	March 31, 2018 "UNAUDITED" "REVIEWED"	December 31, 2017 "AUDITED"
Assets					
Current assets					
Cash and cash equivalents		35,261	48,293	9,415	14,707
Current investments	4				
Available - for - sale securities		200,972	308,186	200,972	308,186
Bills of Exchange		120,000	110,500	120,000	110,500
Total current investments		320,972	418,686	320,972	418,686
Trade and other current receivables	3, 5.1	207,749	193,786	299,961	281,581
Inventories	6	231,863	217,857	231,863	217,857
Other current assets		32,881	29,656	10,681	4,558
Total current assets		828,726	908,278	872,892	937,389
Non - current assets					
Investment in associate	9	-	-	-	-
Investments in subsidiaries	8	-	-	3,000	3,000
Other long - term investments	10	802,394	858,930	802,394	858,930
Trade and other non - current receivables	5.2	-	-	-	-
Long - term loans	3	99,056	72,452	1,517,530	1,515,742
Investment properties	11	10,376	10,376	10,376	10,376
Property, plant and equipment	12	1,489,703	1,494,455	654,999	663,223
Goodwill		16,258	16,258	-	-
Other intangible assets	13	125,865	123,467	13,259	10,437
Deferred tax assets		39,493	39,778	34,520	34,789
Other non - current assets					
Restricted bank deposits	7	7,825	7,796	7,825	7,796
Unallocated costs of business acquisition	8.2	205,856	205,856	-	-
Advances payment	14	184,164	181,845	65,709	65,053
Other		10,546	10,464	4,753	4,753
Total other non - current assets		408,391	405,961	78,287	77,602
Total non-current assets		2,991,536	3,021,677	3,114,365	3,174,099
Total assets		3,820,262	3,929,955	3,987,257	4,111,488

THAI LUXE ENTERPRISES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT MARCH 31, 2018

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		March 31, 2018 "UNAUDITED" "REVIEWED"	December 31, 2017 "AUDITED"	March 31, 2018 "UNAUDITED" "REVIEWED"	December 31, 2017 "AUDITED"
Liabilities and shareholders' equity					
Current liabilities					
Short-term borrowings from financial institutions	15	409,034	408,761	409,034	408,761
Trade and other current payables	3, 16	149,918	163,937	145,275	156,786
Current portion of long - term liabilities	17	1,037,895	1,025,882	1,037,895	1,025,882
Current income tax payable		6,241	2,857	1,856	1,847
Other current liabilities		5,440	6,275	3,710	4,188
Total current liabilities		1,608,528	1,607,712	1,597,770	1,597,464
Non - current liabilities					
Long - term borrowings	17	863,598	868,531	863,598	868,531
Defered tax liabilities		42,102	60,354	41,040	59,288
Non - current provisions for employee benefits		13,935	13,545	13,935	13,545
Total non - current liabilities		919,635	942,430	918,573	941,364
Total liabilities		2,528,163	2,550,142	2,516,343	2,538,828

THAI LUXE ENTERPRISES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT MARCH 31, 2018

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
	"UNAUDITED"		"UNAUDITED"	
	Note	"REVIEWED"	"AUDITED"	"REVIEWED"
Shareholders' equity				
Share capital				
Authorized share capital				
568,451,520 ordinary shares of Baht 1 each	568,452	568,452	568,452	568,452
Issued and paid share capital				
563,050,687 ordinary shares of Baht 1 each	563,051	563,051	563,051	563,051
Share premium - ordinary shares	489,124	489,124	489,124	489,124
Capital reserve for share-based payment transactions	41,479	41,479	41,479	41,479
Retained earnings				
Appropriated - Legal reserve	56,845	56,845	56,845	56,845
Unappropriated	403,784	424,259	544,672	573,266
Other components of shareholders' equity	(262,184)	(194,945)	(224,257)	(151,105)
Total shareholders' equity	1,292,099	1,379,813	1,470,914	1,572,660
Total liabilities and shareholders' equity	3,820,262	3,929,955	3,987,257	4,111,488

Director

STATEMENT OF COMPREHENSIVE INCOME

"REVIEWED"

FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2018

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenues					
Revenues from sales		416,053	400,665	403,258	394,338
Other income					
Gain on investments in securities		553	4,731	553	4,731
Interest income		2,379	8,919	6,061	19,732
Gain on foreign exchange		1,647	-	-	-
Other		16,527	3,513	3,683	3,507
Total revenues		437,159	417,828	413,555	422,308
Expenses					
Cost of sales		355,135	336,896	343,912	331,682
Cost of distributions		17,990	13,134	17,990	13,134
Administrative expenses		53,918	45,081	43,572	39,030
Other expenses - Loss on foreign exchange		-	8,971	9,340	5,417
Finance costs		28,930	21,667	28,930	21,663
Total expenses		455,973	425,749	443,744	410,926
Share of loss from investments in associates	9	-	(168)	-	-
Profit (loss) before income tax expenses		(18,814)	(8,089)	(30,189)	11,382
Tax expenses (tax Income)		1,661	4,823	(1,595)	4,715
Profit (loss) for the period		(20,475)	(12,912)	(28,594)	6,667
Other comprehensive income :					
Other comprehensive income to be reclassified					
to profit or loss in subsequent period :					
Exchange differences on translation of financial statements					
in foreign currency		5,913	2,943	-	-
Gain (loss) on changes in value of available - for - sale investments					
- net of income tax		(73,152)	83,737	(73,152)	83,737
Other comprehensive income (expense) for the period		(67,239)	86,680	(73,152)	83,737
Total comprehensive income (expense) for the period		(87,714)	73,768	(101,746)	90,404
Earnings per share					
Basic profit (loss) per share	19	(0.04)	(0.02)	(0.05)	0.01

THAI LUXE ENTERPRISES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

"UNAUDITED"

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

"REVIEWED"

FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2018

(Unit : Thousand Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
					Other components of shareholders' equity					
					Other comprehensive income					
					Exchange		Surplus (deficit)			
					differences on	translation of	on changes	Total other		
					financial	in value of	available - for - sale	shareholders'	Total	
Issued and		Share premium	Capital reserve	Retained earnings		statements in	investments	equity	shareholders'	
fully paid - up	share capital	- ordinary shares	for share - based	payment	Appropriated	Unappropriated	foreign currency	equity	equity	
			transactions							
Balance as at January 1, 2017										
	563,051	489,124	41,479		56,845	673,824	(5,910)	933	(4,977)	1,819,346
Changes in shareholders' equity :										
Total comprehensive income (expense) for the period										
	-	-	-		-	(12,912)	2,943	83,737	86,680	73,768
Balance as at March 31, 2017										
	563,051	489,124	41,479		56,845	660,912	(2,967)	84,670	81,703	1,893,114
Balance as at January 1, 2018										
	563,051	489,124	41,479		56,845	424,259	(43,840)	(151,105)	(194,945)	1,379,813
Changes in shareholders' equity :										
Total comprehensive income (expense) for the period										
	-	-	-		-	(20,475)	5,913	(73,152)	(67,239)	(87,714)
Balance as at March 31, 2018										
	563,051	489,124	41,479		56,845	403,784	(37,927)	(224,257)	(262,184)	1,292,099

THAI LUXE ENTERPRISES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

"UNAUDITED"

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

"REVIEWED"

FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2018

(Unit : Thousand Baht)

	Separate financial statements								
	Issued and fully paid - up share capital	Share premium - ordinary shares	Capital reserve for share - based payment transactions	Retained earnings		Other components of shareholders' equity			
				Appropriated	Unappropriated	Other comprehensive income		Total shareholders' equity	Total shareholders' equity
						Surplus (deficit) on changes in value of available - for - sale investments	Total other components of shareholders' equity		
Balance as at January 1, 2017	563,051	489,124	41,479	56,845	679,035	933	933	1,830,467	
Changes in shareholders' equity :									
Total comprehensive income (expense) for the period	-	-	-	-	6,667	83,737	83,737	90,404	
Balance as at March 31, 2017	<u>563,051</u>	<u>489,124</u>	<u>41,479</u>	<u>56,845</u>	<u>685,702</u>	<u>84,670</u>	<u>84,670</u>	<u>1,920,871</u>	
Balance as at January 1, 2018	563,051	489,124	41,479	56,845	573,266	(151,105)	(151,105)	1,572,660	
Changes in shareholders' equity :									
Total comprehensive income (expense) for the period	-	-	-	-	(28,594)	(73,152)	(73,152)	(101,746)	
Balance as at March 31, 2018	<u>563,051</u>	<u>489,124</u>	<u>41,479</u>	<u>56,845</u>	<u>544,672</u>	<u>(224,257)</u>	<u>(224,257)</u>	<u>1,470,914</u>	

CASH FLOWS STATEMENTS

"REVIEWED"

FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2018

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit (loss) before income tax expenses	(18,814)	(8,089)	(30,189)	11,382
Adjustments to reconcile profit (loss) to cash received (paid)				
Adjusted financial costs	28,930	19,221	28,930	19,216
Adjusted trade accounts and other current receivables (increase) decrease	(18,492)	(25,930)	(19,269)	(24,986)
Adjusted inventories (increase) decrease	(13,716)	(30,443)	(13,716)	(30,443)
Adjusted other assets (increase) decrease	(3,306)	207	(6,123)	147
Adjusted trade accounts and other current payable increase (decrease)	(18,214)	53,985	(13,014)	51,878
Adjusted other liabilities increase (decrease)	(835)	(7,892)	(477)	(1,517)
Depreciation and amortization	27,987	23,086	18,387	19,052
Adjusted provisions for employee benefits (reversal)	390	566	390	566
Adjusted unrealised on exchange loss (gain)	(1,647)	5,658	9,340	4,295
Adjusted share of loss (gain) from investments in associates	-	168	-	-
Adjusted bad debts and doubtful accounts (reversal)	5,792	1,207	5,792	1,207
Adjusted loss (gain) sales of non - current asset				
-Gain on sales of available for sale securities	(553)	(4,731)	(553)	(4,731)
-Loss (gain) on sales of equipment	-	(332)	-	(332)
Adjusted other items of profit (loss)				
- Dividend income from investments in securities	-	(122)	-	(122)
- Loss on discontinuance of assets	3,740	-	3,740	-
- Write - off on inventories	(292)	(2,299)	(292)	(2,299)
- Amortisation of deferred arrangement fees for debentures	1,015	2,060	1,015	2,060
- Interest income	(2,379)	(8,919)	(6,061)	(19,732)
Total adjustment to reconcile profit (loss)	8,420	25,490	8,089	14,259
Net cash provided by (used in) operating activities	(10,394)	17,401	(22,100)	25,641
Interest expenses	(29,052)	(19,759)	(29,052)	(19,712)
Tax received (paid)	(16,242)	(275)	(16,376)	(159)
Net cash provided by (used in) operating activities	(55,688)	(2,633)	(67,528)	5,770

CASH FLOWS STATEMENTS (CONTINUED)

"REVIEWED"

FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2018

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Cash paid for purchases other equity instrument				
- Available - for - sale securities	(344,579)	(296,478)	(344,579)	(296,478)
- Other current investments	(90,000)	(80,603)	(90,000)	(80,603)
Cash received from sales other equity instrument				
- available - for - sale securities	435,731	275,862	435,731	275,862
- investments of bill of exchange	80,500	240,000	80,500	240,000
- investment in subsidiaries	-	9,580	-	9,580
- investment in associate	-	12,699	-	12,699
Cash received from property, plant and equipment	-	897	-	897
Cash paid for property, plant and equipment	(9,952)	(14,461)	(9,952)	(14,461)
Cash paid for intangible assets	(3,171)	(402)	(3,171)	(402)
Cash paid for loans to related person or parties	(25,572)	(15,541)	(1,788)	(80,426)
Dividend received	-	122	-	122
Interest income	1,114	8,374	1,158	8,374
Other cash received (paid) from investment activities				
- restricted bank deposits	(30)	(32)	(30)	(32)
- Advance for acquisition of power plant	-	(58,159)	-	-
- Advance for acquisition of assets	(2,320)	(7,200)	(655)	(7,200)
Net cash provided by (used in) investing activities	41,721	74,658	67,214	67,932
Cash flows from financing activities				
Cash paid for loans	(4,304)	(1,540)	(4,304)	-
Cash paid for repayment of liabilities under long - term lease agreements	(674)	(300)	(674)	(300)
Net cash provided by (used in) financing activities	(4,978)	(1,840)	(4,978)	(300)
Net cash and cash equivalents increase (decrease) -				
before effect of exchange rate	(18,945)	70,185	(5,292)	73,402
Effect of exchange rate to cash and cash equivalents	5,913	1,459	-	-
Net in cash and cash equivalents increase (decrease)	(13,032)	71,644	(5,292)	73,402
Cash and cash equivalents at beginning of the period	48,293	73,202	14,707	25,353
Cash and cash equivalents at ending of the period	35,261	144,846	9,415	98,755

CASH FLOWS STATEMENTS (CONTINUED)

"REVIEWED"

FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2018

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Supplemental disclosure of cash flows information				
Non - cash items				
Reclassification of current investments in trading securities				
to available - for - sale securities	-	1,027,603	-	1,027,603
Acquisition of power plants for which paid in advance	-	72,707	-	-
Acquisition of intangible assets for which paid in advance	-	12,595	-	-
Acquisition of assets that have not yet been paid	3,603	5,253	3,603	5,253
Assets acquired under long-term lease agreements	-	1,016	-	1,016

1. GENERAL INFORMATION

1.1. Corporate information

Thai Luxe Enterprises Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of feeds for aquatic animals and pets. The registered office of the Company is at 69/5 Moo 5 Rama 2 Road (Km. 71) Tambol Bangkhantaek, Amphur Muang, Samutsongkhram.

1.2. Going concern

As of 31 March 2018, the Group’s current liabilities exceed its current assets by Baht 779.80 million (Baht 724.88 million for the Company only), and large amounts have been spent on various investments. Moreover, most of the current liabilities are debentures of Baht 986.20 million that mature in the second and third quarters of 2018 and short-term loans from financial institutions of Baht 409.03 million and JPY 174.00 million (Baht 51.56 million) that mature in the year 2018. On April 2018, the Company has paid debentures on due amounting to Baht 386.20 million and the Group’s management is in the process of obtaining additional credit facilities from a financial institution secured by the geothermal power plants in Japan. In addition the Company has started negotiations to obtain additional loan funding and had a plan to dispose of its available-for-sale investments in order to redeem the debentures and settle its loans and future obligations as they come due. However, currently no loan agreement have been signed yet. These circumstances indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. However, the Group’s management are confident that the Group will be able to obtain sufficient additional funds for its operations and to settle future obligations as they come due. The Group’s management therefore believe that the Group will be able to continue as a going concern. Therefore, the financial statements have been prepared under the going concern basis, with assets and liabilities recorded on the basis that the Group will be able to realize its assets and meet its obligations in the ordinary course of business.

2. BASIS FOR INTERIM FINANCIAL STATEMENT PREPARATION AND PRINCIPLES OF CONSOLIDATION

2.1 Basis for interim financial statements preparation

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 34 : “Interim financial reporting” , whereby the Company chooses to present condensed interim financial statements. However, additional line items are presented in the financial statements to bring them into the full format similar to the annual financial statements.

The interim financial statements are prepared to provide information in addition to those included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances to avoid repetition of information previously reported. These interim financial statements should, therefore, be read in conjunction with the financial statements for the year ended December 31, 2017.

The interim financial statements are officially prepared in Thai language. The translation of these statutory financial statements to other language must conform to the Thai financial report.

2.2 Principles of consolidation

The consolidated financial statements have been prepared by including the financial statements of Thai Luxe Enterprises Public Company Limited and its subsidiary and also have been using the same principle of computation as were used in the consolidated statement for the year ended December 31, 2017.

2.3 Significant accounting policies

These interim financial statements have been prepared by using the same accounting policies and methods of computation as were used in the preparation of the financial statements for the year ended December 31, 2017.

The Federation of Accounting Professions has announced the new and amendments to some Thai accounting standards and Thai financial reporting standards, and accounting standard interpretations and financial reporting standards interpretations.

2.3.1 The Thai financial reporting standards which are effective for the preparation of financial statements with accounting periods beginning on or after 1 January 2018. The Company has adopted the application of those standards for preparation of financial statements effective 1 January 2018. These accounting standards and interpretations do not have significant impact on the financial position and results of operations for the period.

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

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

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

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profits.
- 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.

Management has assessed and considered that the above revised standards not have a material impact on the Company.

2.3.2 The Thai financial reporting standards, Thai accounting standard, and financial reporting standards interpretations which Federation Accounting Professions has plan to announce and effective for the preparation of financial statements with accounting periods beginning on or after 1 January 2019 and has not yet early adopted these revised standards as follow;

Thai financial reporting standards no.7	Disclosure for financial instruments
Thai financial reporting standards no.9	Financial instruments
Thai financial reporting standards no.15	Revenue from contracts with customers
Thai accounting standards no.32	Presentation for financial instruments
Thai financial reporting standards interpretation no.16	Hedges for a net investments in a foreign operation
Thai financial reporting standards interpretation no.19	Extinguishing Financial Liabilities with Equity Instruments

2.4 Estimation

When preparing the interim financial statements, management undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation were the same as those applied in the preparation of annual financial statements for the year ended December 31, 2017.

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3. RELATED PARTY TRANSACTIONS

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

(Unit : Million Baht)

	For the three - month period ended 31 March				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	4	11	3 - 8 percent per annum
<u>Transactions with associated company</u>					
Interest income	1	-	-	-	3 percent per annum
<u>Transactions with related companies</u>					
Sales of goods	47	45	47	45	Cost plus contract rate
Interest income	0.7	7	0.7	7	5 - 7 percent per annum
Purchase of raw materials	10	19	10	19	Market prices
Consulting fee	0.4	-	0.4	-	Contract prices

The balances of the accounts as at March 31, 2018 and December 31, 2017 between the Company and its related parties are as follows:

(Unit : Thousand Baht)

	Consolidated				Separate	
	financial statements				financial statements	
	March 31,		December 31,		March 31,	December 31,
	2018		2017		2018	2017
<u>Other current investments – related party</u>						
Related party (common shareholders and the Company is a shareholder)						
	90,000	-	-	90,000	-	-
Total other current investments - related party	90,000	-	-	90,000	-	-

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	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
<u>Trade and other current receivables – related parties</u>				
(Note 5)				
Subsidiaries	-	-	99,441	95,186
Associate	3,967	3,406	-	-
Related party (common director)	36	16	-	-
Related party (common director and shareholders)	22,036	11,730	22,036	11,730
Related party (common shareholders and the Company is a shareholder)	705	-	705	-
Total trade and other receivables – related parties	26,744	15,152	122,182	106,916
<u>Trade and other current payables – related parties</u>				
(Note 16)				
Related party (common director)	5	5	-	-
Related party (common director and shareholders)	7,056	4,250	7,056	4,250
Related parties (director of subsidiaries)	970	1,179	-	-
Total trade and other payables – related parties	8,031	5,434	7,056	4,250

Long – term loans to related party

As at March 31, 2018 the balance of loans between the Company and those related parties and the movement are as follows:

		(Unit : Thousand Baht)			
		Consolidated financial statements			
Loans to related party	Related by	Balance as at January 1, 2018	Increase during the period	Translation adjustment	Balance as at March 31, 2018
M - Luxe Energy Co., Ltd.*	Associate	72,452	-	1,032	73,484
Aulux Power Co., LTD.**	Co-directors	-	25,572	-	25,572
Total		72,452	25,572	1,032	99,056

*The loans to related party carried interest rate at 3 percent per annum and are payable in August 2018 and March 2020.

However, the Company has no plans to call the loans to associate within August 2018, therefore, classified such loans as non-current assets in the financial statements.

** The loans to related party carried interest rate at 3 percent per annum and are payable in March 2020

AS AT MARCH 31, 2018

		(Unit : Thousand Baht)			
		Separate financial statements			
Loans to related parties	Related by	Balance as at January 1, 2018	Increase during the period	Decrease during the period	Balance as at March 31, 2018
Thluxe Power Co., Ltd.	Subsidiary	166,659	-	-	166,659
PPSN Co., Ltd.	Subsidiary	598,786	-	-	598,786
Sumo Power Co., Ltd.	Subsidiary	83,729	-	-	83,729
Geothermal Power A Co., Ltd.	Subsidiary	557,619	-	-	557,619
Geothermal Power B Co., Ltd.	Subsidiary	375,939	-	-	375,939
P Green Energy Co., Ltd	Subsidiary	3,810	1,788	-	5,598
Total		1,786,542	1,788	-	1,788,330
Less : Allowance for impairment		(270,800)	-	-	(270,800)
Long-term loan to related parties - net		1,515,742	1,788	-	1,517,530

The loans to subsidiaries are loans used for investing in the geothermal power plant in Japan. These loans carry interest at rates of 3 – 8 percent per annum and mature on demand. However, the Company has no plans to call the loans within one year, and therefore classified them as non-current assets in the financial statements.

Directors and management’s benefits

For the three-month period ended March 31, 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and managements as below.

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Short – term employee benefits	6,480	4,347	5,202	3,234
Post – employment benefits	224	228	224	228
Total	6,704	4,575	5,426	3,462

4. CURRENT INVESTMENTS

	(Unit : Thousand Baht)	
	Consolidated / Separate financial statements	
	March 31, 2018	December 31, 2017
Investments in trading securities (Mutual Fund)		
Investments in available-for-sale securities, cost	200,244	307,522
Add: Gain on changes in value of investments	728	664
Investments in available-for-sale securities, fair value	200,972	308,186
Bills of exchange	120,000	110,500
Total	<u>320,972</u>	<u>418,686</u>

4.1 Bills of exchange

Movements of the bills of exchange during the three – month period ended March 31, 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated/Separate financial statements
Net book value as at January 1, 2018	110,500
Increase	90,000
Decrease	(80,500)
Net book value as at March 31, 2018	<u>120,000</u>

As at March 31, 2018 bills of exchange was Baht 120 million with the carrying interest at rates of 5.50 and 6.25 percent per annum the bills of exchange are unsecured.

The Company decided to extend the maturity dates of these bills of exchange because the Company wants to manage its liquidity and is determining the uses of funds in accordance with its geothermal power generation project. The Company has assessed the creditworthiness of the issuers of these bills of exchange and believes that the bills of exchange will be settled in the future, without any default.

- 4.2 During the three – month period ended March 31, 2018 the Company sold available–for–sale securities with book value totaling Baht 394.28 million (2017 : Baht 254.0 million) and recognised gains on the sales amounting to Baht 0.55 million (2017 : Baht 1.3 million) in profit and loss.

5. TRADE AND OTHER CURRENT RECEIVABLES

5.1 Trade and other current receivables

(Unit : Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
<u>Trade receivables – related party</u>				
Aged on the basis of due dates				
Not yet due	22,036	11,730	22,036	11,730
Total trade receivables – related party	22,036	11,730	22,036	11,730
<u>Trade receivables – unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	156,178	140,033	152,952	136,064
Past due				
Up to 3 months	20,393	29,445	20,393	29,445
3 – 6 months	7,074	17,770	7,074	17,770
6 – 12 months	16,565	8,082	16,565	8,082
Over 12 months	3,060	228	3,060	228
Total	203,270	195,558	200,044	191,589
Less: Allowance for doubtful debts	(22,987)	(17,195)	(22,987)	(17,195)
Total trade receivables - unrelated parties, net	180,283	178,363	177,057	174,394
Total trade receivables - net	202,319	190,093	199,093	186,124
<u>Other current receivables</u>				
Amounts due from related parties	911	916	2,024	1,997
Amounts due from unrelated parties	618	140	618	140
Interest receivable - related parties	3,797	2,506	98,122	93,189
Interest receivable - unrelated parties	104	131	104	131
Total other receivables	5,430	3,693	100,868	95,457
Total trade and other current receivables - net	207,749	193,786	299,961	281,581

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5.2 Trade and other non-current receivables

These represent the balance of long outstanding debts amounting to Baht 58.72 million due from various trade debtors against whom the Company has taken legal actions. As at March 31, 2018 the Company has set up an allowance for doubtful accounts amounting to Baht 58.72 million in its accounts by taking into consideration the auction price and the value of the related collaterals.

6. INVENTORIES

Movements in the reduction of inventory to net realisable value account during the three – month period ended March 31, 2018 is summarised below.

	(Unit : Thousand Baht)
	Consolidated/Separate financial statements
Balance as at January 1, 2018	13,900
Reversal of reduction of inventory to net realisable value	292
Balance as at March 31, 2018	14,192

7. RESTRICTED BANK DEPOSITS

These represent fixed deposits pledged with the banks to guaranteed electricity use.

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8. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as presented in separate financial statements as at March 31, 2018 and December 31, 2017 are as follows:

Company's name	(Unit: Thousand Baht)									
	Paid-up capital		Shareholding		Cost		Provision for impairment of investments		Carrying amounts based on cost method - net	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)						
Subsidiaries directly held by the Company										
Thuxe Global Business Co., Ltd.	3,000	3,000	100	100	3,000	3,000	-	-	3,000	3,000
Thuxe Power Co., Ltd	100,000	100,000	100	100	100,000	100,000	(100,000)	(100,000)	-	-
Investments in subsidiaries directly held by the Company - net					103,000	103,000	(100,000)	(100,000)	3,000	3,000
Subsidiary held through Thuxe Power Limited										
Thuxe Investments Limited	10*	10*	100	100	-	-	-	-	-	-
Subsidiary held through Thuxe Investments Limited										
Thuxe Holdings Limited	10*	10*	100	100	-	-	-	-	-	-
Geothermal Power A Co., Ltd.	10*	10*	100	100	-	-	-	-	-	-
Geothermal Power B Co., Ltd.	10*	10*	100	100	-	-	-	-	-	-
Subsidiaries held through Thuxe Holdings Limited										
Sumo Power Co., Ltd.	1,000**	1,000**	100	100	-	-	-	-	-	-
Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company	10**	10**	100	100	-	-	-	-	-	-
P Green Energy Co., Ltd.	1,000**	1,000**	100	100	-	-	-	-	-	-
Subsidiaries held through Geothermal Power A Co., Ltd.										
Fino Binary Power Plant LLC.	10**	10**	100	100	-	-	-	-	-	-
NIS Binary Power Plant LLC.	10**	10**	100	100	-	-	-	-	-	-
Lena Power Station No.1 LLC.	5,000**	5,000**	100	100	-	-	-	-	-	-
Subsidiaries held through Geothermal Power B Co., Ltd.										
PPSN Co., Ltd.	12,000**	12,000**	100	100	-	-	-	-	-	-
SNS Power Co., Ltd.	500**	500**	100	100	-	-	-	-	-	-
Dual Energy Binary - Power Plant No.1 LLC.	100**	100**	100	100	-	-	-	-	-	-
Subsidiaries held through Sumo Power Co., Ltd										
Otomeyama Energy Co., Ltd.	500**	500**	100	100	-	-	-	-	-	-
S-Power Co., Ltd.	500**	500**	100	100	-	-	-	-	-	-
Total investments in subsidiaries - net					103,000	103,000	(100,000)	(100,000)	3,000	3,000

* Unit: Thousand US dollar

** Unit: Thousand Yen

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- 8.1 Investments in the geothermal power plant projects in Japan (as at March 31, 2018 - recorded as various types of assets such as property, plant and equipment, intangible assets, advances payments, and goodwill with a net value of approximately Baht 434 million after deducting impairment provision of Baht 182 million)

during the year 2016, Thuxe Holdings Limited, the subsidiary of the Company, acquired all ordinary shares of PPSN Company Limited and Sumo Power Company Limited. Those subsidiaries plan to operate the geothermal power plant projects in Japan that the power plants are under construction and power purchase agreements have not yet been made with customers for some of the power plants. During for the three – month ended March 31, 2018 those subsidiaries reported operating losses and the Company. As at March 31, 2018 the company has the geothermal power plant projects 4 units (PPSN Company Limited and Sumo Power Company Limited) are currently operational while the remaining 8 units are preparing for operation. In addition, another subsidiary company, SNS Power Company Limited, has acquired another operating power plant. Investment in these projects has been recorded under various types of assets in the consolidated statement of financial position, with a net value of approximately Baht 434 million after deducting impairment provision of Baht 182 million. The recoverability of these investments depends on the successful completion of these projects and the operating results of the projects in the future.

- 8.2 Investments in geothermal power plant projects in Japan (as at March 31, 2018 - recorded as various types of assets such as property, plant and equipment, intangible assets, advances payments, and unallocated costs of business acquisition with a net value of approximately Baht 750 million, after deducting impairment provision of Baht 26 million and expenses of Baht 98 million related to the acquisition of the businesses).

At present, the Company are in the process of assessing the fair value of identifiable assets acquired and liabilities assumed at the acquisition date to allocate costs of the business acquisition to such identifiable items. The assessment process is ongoing and mainly relates to the identification and valuation of intangible assets and certain tangible assets. It is to be completed within the period of 12 months from the acquisition date allowed under Financial Reporting Standard 3 (revised 2017). During the measurement period, the Company will retrospectively adjust the provisional amounts recognised at the acquisition date, to recognise additional assets or liabilities, and adjust earnings to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The Company therefore recorded the excess of the acquisition cost of those companies over their book value as a separate item in the consolidated statement of financial position under the caption of “Unallocated costs of business acquisition”.

During the year 2017, the Company and its subsidiaries tested all geothermal power plant projects in Japan for impairment, by comparing the carrying amounts and recoverable amounts of the CGUs. The Company and its subsidiaries determined the recoverable amounts of the CGUs on a value-in-use basis, by preparing projections of the cash flows that are expected to be generated from each group of assets in the future, with reference to financial projections approved by the management, under the key assumption that the power purchase agreements of the power plant projects would cover a period of 15 years. Other key assumptions of the value in use calculation can be summarised as follows:

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Energy capacity (Unit : Kilowatt per hour)	83 - 100
Growth rates (Unit : Percent per annum)	0.1, 1.2
Pre-tax discount rates (Unit : Percent per annum)	3.0

The management determined growth rates based on long-term inflation rate and discount rates is the pre-tax rate that reflects the risks specific to each CGU.

Based on the impairment review of the assets above, In 2017 the Company and its subsidiaries recognised allowance for impairment loss on the geothermal power plant projects amounting to Baht 29 million. This consisted of allowance for impairment loss amounting to Baht 26 million on new geothermal power plant projects that were purchased during the year 2017, and for which the costs of business acquisition are in the process of being allocated, which is recorded as impairment loss on unallocated costs of business acquisition, and allowance for impairment loss of Baht 3 million on power plant, machinery and equipment, the net book value of unallocated costs of business acquisition as at March 31, 2018 and December 31, 2017 are presented below.

(Unit: Thousand Baht)

	As at March 31, 2018 and December 31, 2017					Total
	Fino Binary Power Plant Limited Liability Company	NIS Binary Power Plant Limited Liability Company	Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company	Dual Energy Binary - Power Plant No.1 Limited Liability Company	Lena Power Station No.1 Limited Liability Company	
Unallocated costs of business acquisition	57,771	47,143	47,133	47,126	31,896	231,069
Less: Allowance for impairment loss	(17,678)	(2,318)	(2,029)	(3,188)	-	(25,213)
Unallocated costs of business acquisition - net	<u>40,093</u>	<u>44,825</u>	<u>45,104</u>	<u>43,938</u>	<u>31,896</u>	<u>205,856</u>

8.3 Dividend income

During the three – month period ended March 31, 2018 and 2017, no dividend was received from the investments in subsidiaries.

9. INVESTMENTS IN ASSOCIATE

Company's name	Shareholding percentage		(Unit: Thousand Baht)	
			Consolidated financial statements	
			Carrying amounts based	
			on equity method	
	March 31, 2018 (%)	December 31, 2017 (%)	March 31, 2018	December 31, 2017
M-Luxe Energy Co., Ltd.	25	25	-	-
Total			-	-

9.1 Investment in associate with capital deficit

The Company recognised share of losses from investment in 1 associates, as listed below, until the value of the investments approached zero. Subsequent losses incurred by those associates have not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of those associates. The amount of such unrecognised share of losses is set out below.

Associate company	(Unit: Million Baht)			
	Unrecognised share of losses			
	Share of losses during the years		Cumulative share of losses up to December 31,	
	2018	2017	2018	2017
M-Luxe Energy Co., Ltd.	0.15	2.00	3.15	3.00
Total	0.15	2.00	3.15	3.00

10. OTHER LONG-TERM INVESTMENTS

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	March 31, 2018	December 31, 2017
Investments in available-for-sale securities – cost	1,077,986	1,045,004
Less: Loss on changes in value of investments	(279,042)	(189,524)
Investments in available-for-sale securities – fair value	798,944	855,480
Other investments – cost	5,000	5,000
Less: Provision for impairment of investment	(1,550)	(1,550)
Other investments – net	3,450	3,450
Total	802,394	858,930

10.1 The Company invested in ordinary shares of ASIA Capital Group Public Company Limited, a related company listed on the Market for Alternative Investment (MAI). The investment in these shares represents approximately 14 percent of that company’s paid-up share capital, and some shareholders of the Company are also shareholders of this company. The Company has no intention to take part in the management of this company and has no influence over it. As at 31 March 2018, the investments have approximately Baht 505.97 million is 39.16 % of net assets of the Group this is concentration risk asset in only one related company. The value of the Company's investments depends on the operating results and future market prices of related company and the company will decide to sell this investment.

10.2 The Company pledged some of the ordinary shares of ASIA Capital Group Public Company Limited as collateral against short-term credit facilities granted by a financial institution as mentioned in Note 15 to the consolidated financial statements.

11. INVESTMENT PROPERTIES

The fair value of the investment properties stated below:

	(Unit : Thousand Baht)	
	Consolidated/Separate financial statements	
	March 31, 2018	December 31, 2017
Land not being used in operation/land for rent	32,793	32,793
Office building for rent	32,105	32,105

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent value. The fair value of the land not being used in operation has been determined based on market prices, while that of the land and office using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

12. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment account during the three-month period ended March 31, 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at January 1, 2018	1,494,455	663,223
Acquisitions during period - at cost	13,554	13,554
Disposals during period - at cost	(5,411)	(5,411)
Disposals during period - at accumulated depreciation	1,671	1,671
Depreciation for period	(26,331)	(18,038)
Exchange difference on translation adjustment	11,765	-
Net book value as at March 31, 2018	<u>1,489,703</u>	<u>654,999</u>

As at March 31, 2018 certain items of buildings and equipment of the Company were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 732.76 million.

The Company have pledge of land, buildings and equipment with net book values approximately Baht 363 million as collateral against credit facilities received from financial institutions as disclosed in the Note 17.1 to the consolidated financial statements.

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13. INTANGIBLE ASSETS

Movements of the intangible assets accounts during the three-month period ended March 31, 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at January 1, 2018	123,467	10,437
Acquisitions during period	3,171	3,171
Amortisation for the period	(1,656)	(349)
Exchange difference on translation adjustment	883	-
Net book value as at March 31, 2018	<u>125,865</u>	<u>13,259</u>

14. ADVANCES PAYMENT

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Advance payment for construction of geothermal power plants	30,275	29,850	-	-
Advance payment for construction of wind power plants	-	-	-	-
Advance payment for Hot spring rights	88,180	86,942	-	-
Advance payment for assets	<u>65,709</u>	<u>65,053</u>	<u>65,709</u>	<u>65,053</u>
Total	<u>184,164</u>	<u>181,845</u>	<u>65,709</u>	<u>65,053</u>

On December 13, 2017 a meeting of the Board of Directors of the Company passed a resolution to approve investment in 9 units of geothermal power plant in Japan, with a total project value of JPY 2,700 million (Baht 786 million). As at March 31, 2018 and December 31, 2017 Sumo Power Company Limited, a subsidiary, has paid a deposit of JPY 103 million (Baht 30 million) for 2 units of power plant.

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15. SHORT-TERM LOAN FROM FINANCIAL INSTITUTIONS

	Interest rate (% per annum)	Maturity date	(Unit: Thousand Baht)	
			Consolidated/Separate financial statements	
			March 31, 2018	December 31, 2017
Promissory note	4.8	8 August 2018	180,000	180,000
Short-term loan	5.8	5 September 2018	229,034	228,761
Total			409,034	408,761

Short-term loan amounting to Baht 229 million are secured by the pledge of ordinary shares of ASIA Capital Group Public Company Limited with a value of not less than 1.2 times the credit facility, as mentioned in Note 10.2 to the consolidated financial statements.

The loan agreements contain several covenants which, among other things, require the Company to maintain a debt-to-equity ratio.

16. TRADE AND OTHER PAYABLES

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Trade payables - related party	6,787	3,980	6,787	3,980
Trade payables - unrelated parties	87,513	87,010	87,513	87,010
Other payables - related parties	970	1,179	-	-
Other payables - unrelated parties	14,271	13,675	11,231	8,239
Other payables for purchases of assets	2,365	4,409	2,365	4,409
Accrued interest - related party	5	5	-	-
Accrued interest - unrelated parties	12,749	12,384	12,121	12,381
Accrued expenses - related party	269	270	269	270
Accrued expenses - unrelated parties	24,989	41,025	24,989	40,497
Total trade and other payables	149,918	163,937	145,275	156,786

THAI LUXE ENTERPRISES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIE
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“REVIEWED”

17. LONG-TERM BORROWINGS

As at March 31, 2018 and December 31, 2017 are as follows.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2018	2017
Long-term loans		
Long-term loans from financial institutions	652,061	646,678
Debentures	1,243,806	1,242,811
Liabilities under hire purchase and financial lease agreements	5,626	4,924
Total long-term loans	<u>1,901,493</u>	<u>1,894,413</u>
Less: Current portion of long - term		
Long-term loans from financial institutions	(51,557)	(40,185)
Debentures	(984,081)	(983,830)
Liabilities under hire purchase and financial lease agreements	(2,257)	(1,867)
Total current portion of long - term	<u>(1,037,895)</u>	<u>(1,025,882)</u>
	<u>863,598</u>	<u>868,531</u>

17.1 Long from financial institutions

Movements of the long-term loans account during the three-month period ended March 31, 2018 are as follows:

	(Unit: Thousand Baht)
	Consolidated/ financial statements
Balance as at January 1, 2018	646,678
Add: Increase	-
Less Payment	(4,304)
Exchange differences on translation adjustment	9,941
Deferred financial fee	(254)
Balance as at March 31, 2018	<u>652,061</u>

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		(Unit: Thousand Baht)	
		Consolidated/Separate financial statements	
Interest rate (% per annum)	Maturity date	March 31, 2018	December 31, 2017
JPY LIBOR (3 months) plus 3%	Repayable in monthly installments commencing from the fourth month after the loan is drawn down (November 2017), with 35 installments of JPY 14.5 million each and the balance payable in the thirty-sixth installment	652,061	646,678
Less: Portion due within one year		(51,557)	(40,185)
Long-term loan - net of current portion		600,504	606,493

In accordance with the conditions specified in the agreement, this loan amounting to JPY 2,205 million (Baht 647 million) is secured by the pledge of land and buildings of the Company and the Company has to mortgage property of the geothermal power plant projects in Japan, pledge power purchases agreements and shares of the companies that own the geothermal power plant projects, pledge or transfer the rights in the electricity revenue accounts of 4 of the companies, which consist of 8 power plants.

The loan agreements contain several covenants which, among other things, require the Company to maintain a debt-to-equity ratio.

17.2 Debentures

		(Unit: Thousand Baht)	
		Consolidated/Separate financial statements	
		March 31, 2018	December 31, 2017
Debentures		1,246,700	1,246,700
Less: Deferred arrangement fee for debentures		(2,894)	(3,889)
Debentures - net of arrangement fee		1,243,806	1,242,811
Less: Portion due within one year		(984,081)	(983,830)
Debentures - net of current portion		259,725	258,981

AS AT MARCH 31, 2018

Movements of the debentures accounts during the three-month period ended March 31, 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated/Separate financial statements
Balance as at January 1, 2018	1,246,700
Issuance of debentures	-
Redemption of debentures	-
Balance as at March 31, 2018	<u>1,246,700</u>

As at March 31, 2018 the balance of the debentures issued by the Company is Baht 1,247 million consists of registered, unsubordinated and unsecured debentures, which do not have a debenture holders' representative. Such debentures were offered to investors by private placement. The debentures pay interest every 3 months. Significant details are as follows:

Issue date	Units	Par value per unit (Baht)	Total value (Million Baht)	Interest rate (% per annum)	Maturity date
30 April 2016	386,200	1,000	386	5.4	30 April 2018
28 July 2016	200,000	1,000	200	5.0	30 July 2018
5 August 2016	400,000	1,000	400	5.0	5 August 2018
26 July 2017	260,500	1,000	261	6.3	26 July 2019

The conditions regarding the rights and obligations of the debenture issuer stipulate certain covenants, pertaining to matters such as the maintenance of debt-to-equity ratio.

On April 30, 2018, the Company has paid debentures on due amounting to Baht 386.20 million with whole amount.

18. PROMOTIONAL PRIVILEGES

The Company has received promotional privileges which approved by the Board of Investment for the manufacture and distribution of feeds for aquatic animals, pursuant to the investment promotion certificate No. 2091 (2)/2554 issued on August 31, 2011. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (June 1, 2012) with the corporate income tax exempted capped at the amount of capital investment made, excluding in land and working capital. They also include a reduction of import duty on imported machinery as approved by the Board of Investment and an exemption from income tax on dividend paid to the shareholders from the profit of the promoted activities during the corporate income tax exemption period.

AS AT MARCH 31, 2018

In addition, the Company has received promotional privileges which approved by the Board of Investment for the manufacture and distribution of feeds for aquatic animals, pursuant to the investment promotion certificate No. 1856 (2)/2556 issued on June 19, 2013 and the investment promotion certificate No. 1131 (2)/2558 issued on February 4, 2015. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (the investment promotion certificate No. 1856(2)/2556 has not yet generated revenues and the investment promotion certificate No. 1311(2)/2558 has revenues generate on April 30, 2015) with the corporate income tax exempted capped at the amount of capital investment made, excluding in land and working capital. They also include a reduction of import duty on imported machinery as approved by the Board of Investment, an exemption from income tax on dividend paid to the shareholders from the profit of the promoted activities during the corporate income tax exemption period, and permission to deduct 25 percent of the amount in invested in the installation of facilities in addition to normal depreciation.

19. EARNINGS PER SHARE

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

The following table sets forth the computation of basic earnings (loss) per share for the three-month periods ended March 31, 2018 and 2017:

	For the three-month period ended March 31,			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Earnings per share				
Profit (loss) for the period attributable to equity holders of the Company (Thousand Baht)	(20,475)	(12,912)	(28,594)	6,667
Weighted average number of ordinary shares (Thousand shares)	563,051	563,051	563,051	563,051
Earnings (loss) per share (Baht)	(0.04)	(0.02)	(0.05)	0.01

20. SEGMENT INFORMATION

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

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments as follows:

1. Aquatic animal feed segment
2. Pets food segment
3. Production and distribution of electricity segment

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

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The following tables present revenue and profit (loss) information regarding the Company’s and its subsidiaries’ operating segments for the three-month periods ended March 31, 2018 and 2017, respectively.

(Unit: Million Baht)

	For the three-month periods ended 31 March											
	Domestic				Overseas				Eliminations		Consolidated	
	Aquatic animal feed		Pets food		Production and distribution of electricity		Total segments		2018	2017	2018	2017
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from external customers	356	350	47	45	13	6	416	401	-	-	416	401
Total revenues	356	350	47	45	13	6	416	401	-	-	416	401
Results												
Segment profit (loss)	(3)	10	1	1	(11)	(5)	(13)	6	-	-	(13)	6
Gain (loss) on investments in securities											1	5
Interest income											2	9
Other income (expenses)											20	(6)
Share of loss from investments in associates											-	-
Finance cost											(28)	(22)
Loss before income tax expenses											(18)	(8)
Income tax expenses											(2)	(5)
Loss for the period from continued operation											(20)	(13)
Loss from discontinued operation for the period											-	-
Loss for the period											(20)	(13)

21. COMMITMENTS AND CONTINGENT LIABILITIES

21.1 Power purchase agreements

As at March 31, 2018 a subsidiary entered into PPA with an unrelated company. The PPA is effective for a period of 15 years starting from scheduled commercial operation date. The sales quantity and its price must be complied with the agreement.

21.2 Hot springs service agreement

As at March 31, 2018 the overseas subsidiaries have commitments in respect of power plant hot springs service agreements made with an unrelated company, amounting to approximately JPY 0.4 million per month per power plant for periods of 15 years from the commercial operation dates.

In November 2017 and January 2018, the subsidiaries entered into a memorandum of understanding with an unrelated company to waive hot springs service charges, in accordance with the conditions specified in the agreement.

21.3 Power plant operation and maintenance agreement

As at March 31, 2018 an overseas subsidiary has commitments in respect of power plant operation and maintenance agreements made with an unrelated company, amounting to approximately JPY 0.1 million per month per power plant for periods of 5 years starting from a project awarded date, which can be extended every 5 years, and has maximum duration of 15 years, under the same conditions.

21.4 Property rights of land agreement

As at March 31, 2018 an overseas subsidiary has commitments in respect of property rights of land agreement with an unrelated company to operate in a project of electricity production from wind power amounting to approximately JPY 0.1 million per month per power plant. The term of this agreement is 21 years starting from an agreement signing date.

21.5 Capital Commitments

As at March 31, 2018 the Company had capital commitments of approximately Baht 5 million (2017: Baht 7 million), relating to acquisition and installation of machinery and equipment. In addition, the overseas subsidiaries had capital commitments of approximately JPY 1,854 million (December 31, 2017: JPY 1,981 million), relating to the construction of power plant.

21.6 Purchase of raw material commitments

As at March 31, 2018 the Company had purchase commitments of USD 1.75 million (December 31, 2017: JPY 2 million) in respect of the purchase of raw materials for aquatic animal feed.

21.7 Lease and services commitments

The Company has entered into several lease agreements in respect of office building space and service agreement and vehicle rental. The terms of the agreements are generally between 1 and 3 years.

Future minimum lease payments required under these non-cancellable leases and services contracts were as follows.

	(Unit: Million Baht)	
	March 31, 2018	December 31, 2017
Payable:		
In up to 1 year	8	9
In over 1 and up to 2 years	-	-

21.8 Long-term property lease commitment

As at March 31, 2018 the Company had space lease contracts commitments of approximately Baht 7.2 million for a one-stop pet service center. The term of the lease is 18 years, starting from the date the possession of assets is delivered. At present, the leased space is under construction and has yet been delivered.

21.9 Guarantees

As at March 31, 2018 the Company were outstanding bank guarantees of approximately Baht 8.4 million (December 31, 2017: Baht 8 million), issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee are relating to guarantee electricity use.

22. FINANCIAL INSTRUMENTS

22.1 Foreign currency risk

The company and its subsidiaries have significant outstanding balances of financial liabilities denominated in foreign currencies are as follows:

Foreign currencies	Financial liabilities		Average exchange rate	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	-	31.23	32.68
Japanese yen	2,190.50	-	0.29	0.29

As at December 31, 2017

Foreign currency	Bought amount	Contractual exchange rate bought	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2.7	34.79 - 35.64	14 March 2017 - 16 June 2017

22.2 Fair value hierarchy

As at March 31, 2018 and December 31, 2017, the Company had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

		(Unit: Million Baht)							
		Consolidated/Separate financial statements							
		Level 1		Level 2		Level 3		Total	
		March	December	March	December	March	December	March	December
		31, 2018	31, 2017	31, 2018	31, 2017	31, 2018	31, 2017	31, 2018	31, 2017
Financial assets measured at fair value									
Held for trade investments									
Equity instruments		-	-	-	-	-	-	-	-
Available-for-sale investments									
Equity instruments		799	855	-	-	-	-	799	855
Debt instruments*		-	-	201	308	-	-	201	308
Other current investments									
Bill of exchanges		-	-	120	110	-	-	120	110
Financial assets for which fair value are disclosed									
Investment properties		-	-	10	10	55	55	65	65
Financial liabilities for which fair value are disclosed									
Debentures		-	-	1,244	1,243	-	-	1,244	1,243

* Level 2 - The fair value determined by using the net asset value as published by the Asset Management

During the current year, there were not transfer within the fair value hierarchy.

23. CAPITAL MANAGEMENT

The primary objective of the Company’s capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at March 31, 2018 the Group's debt-to-equity ratio was 1.96:1 (December 31, 2017: 1.85:1) and the Company's was 1.68:1 (December 31, 2017: 1.61:1).

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company’s authorised director on May 15, 2018.