

Thai Luxe Enterprises Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2017

Independent Auditor's Report

To the Shareholders of Thai Luxe Enterprises Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Thai Luxe Enterprises Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thai Luxe Enterprises Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Luxe Enterprises Public Company Limited and its subsidiaries and of Thai Luxe Enterprises Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 31 December 2017 show that the Group's current liabilities exceed its current assets by Baht 699 million (Baht 660 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 million that mature in the second and third quarters of 2018 and loans from financial institutions of Baht 409 million and JPY 138 million (Baht 40 million) that mature in the year 2018.

The Company redeemed other investments in bills of exchange amounting to Baht 80 million in February 2018 and 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.

As discussed in Note 20 to the consolidated financial statements, the Company breached a condition in its short-term loan agreement with a local bank. Currently, the Company is in the process of negotiating with the bank and the Company's management believes that the bank will eventually grant a waiver of the breach.

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. My opinion is not modified in respect of this matter.

Emphasis of matters

My opinion is not modified in respect of these matters.

I draw attention to the following Notes to consolidated financial statements.

1. Investment in available-for-sale securities (as at 31 December 2017 amounting to approximately Baht 610 million)

As described in Note 8.1 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 31 December 2017 is approximately Baht 610 million, and represents 44% 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.

2. Investments in the geothermal power plant projects in Japan (as at 31 December 2017 - 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 12.2 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 year ended 31 December 2017, those subsidiaries reported operating losses and the Company informed us that the geothermal power plant projects 4 units are currently operational (2016: 2 units) 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.

3. Investments in geothermal power plant projects in Japan (as at 31 December 2017 - 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 12.2.8 (b) 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 2016). At the acquisition date, the Company recorded the excess of the acquisition cost of those companies over their book values, amounting to Baht 248 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, at the end of the year, 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 profit or loss in the consolidated financial statements for the year 2017. In addition, the Company recognised impairment loss of Baht 119 million on loans to related parties (subsidiaries) in profit or loss in the separate financial statements for the year 2017.

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Business combination

As discussed in the emphasis of matter paragraph no. 3 and Note 12.2.8 (b) to the consolidated financial statements, in August 2017 and September 2017 the subsidiaries of the Group, acquired all of the ordinary shares of 5 companies, which operate geothermal power generation businesses in Japan, with a total investment of Baht 835 million. As at 31 December 2017, the Group provisionally recorded the acquisition using a best estimate of the values of the assets acquired and liabilities assumed, determined by applying the acquisition method. The Group will complete the recording of the acquisition within 2018, and the amount recorded as at 31 December 2017 may change. I have focused on this business acquisition since it is material to the financial statements as a whole and the management needed to exercise substantial judgment to determine the assumptions used as a basis for provisional recognition of the acquisition. Therefore, there is a risk with respect to the recognition and measurement of the assets acquired and liabilities assumed, including the initial difference on the acquisition.

I reviewed the terms and conditions of the agreement and inquired with management as to the nature and objectives of the acquisition in order to assess whether the acquisition meets the definition of a business combination under Thai Financial Reporting Standard 3 (Revised: 2016) Business combinations. I checked the value of the acquisition against supporting documents and related payments to assess whether it reflected the fair value of the consideration transferred and did not include the acquisition-related costs, I evaluated the method and assumptions that the management used in determining the provisionally recognised value of the acquisition and reviewed the disclosures related to the business combination in the notes to consolidated financial statements.

Power plant in Japan, goodwill and loan to related companies

As discussed in the emphasis of matter paragraph regarding investment in geothermal power plants project in Japan and Note 12.2 and Note 18 to consolidated financial statements, the Group has investments in geothermal power plants projects in Japan, comprising 23 power plants with carrying amounts totaling Baht 961 million and, as at 31 December 2017, the Group has goodwill from business combination amounting to Baht 16 million and unallocated costs of business acquisition amounting to Baht 206 million, after deducting impairment provision of Baht 26 million, as presented in the consolidated financial statements. In addition, the Company has loans to related companies (subsidiaries) amounting to Baht 1,516 million after deducting impairment provision of Baht 271 million presented in the separate financial statements. The loans to subsidiaries are for investment in the power plants project in Japan. These transactions are significant to the consolidated and separate financial statements. I have focused my audit on the

consideration of the impairment of goodwill, the geothermal power plants project in Japan and loans to related companies (subsidiaries) because the assessment of impairment based on the estimated recoverable amount is a significant accounting estimate requiring management to exercise a high degree of judgment in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate. There is thus a risk with respect to the amount of impairment loss on goodwill from business combination, the geothermal power plants project and loans to related companies (subsidiaries).

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from all power plant projects, by checking those assumptions to information from various sources and comparing cash flow projections to actual operating results in order to evaluate the exercise of management judgment in preparing the cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the industry. Moreover, I tested the calculation of the realisable value of the projects and reviewed the disclosures made with respect to the impairment assessment for goodwill and unallocated costs of business acquisition.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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'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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 those charged with governance 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 those charged with governance 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 those charged with governance, I determine those matters that were of most significance in the audit of the 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.

I am responsible for the audit resulting in this independent auditor's report.

Sirirat Sricharoensup

Certified Public Accountant (Thailand) No. 5419

EY Office Limited

Bangkok: 28 February 2018

Thai Luxe Enterprises Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	7	48,293,144	73,201,823	14,706,837	25,352,874
Current investments	8				
Trading securities		-	1,027,602,807	-	1,027,602,807
Available-for-sale securities		308,185,887	147,306,550	308,185,887	147,306,550
Others		110,500,000	600,170,159	110,500,000	600,170,159
Trade and other receivables	6, 9	193,785,735	189,729,424	281,581,436	213,848,638
Inventories	10	217,856,536	222,534,893	217,856,536	222,534,893
Other current assets		29,656,199	21,414,883	4,558,464	5,717,700
Total current assets		908,277,501	2,281,960,539	937,389,160	2,242,533,621
Non-current assets					
Restricted bank deposits	11	7,795,693	7,724,545	7,795,693	7,724,545
Investments in subsidiaries	12	-	-	2,999,980	2,999,980
Investment in associate	13	-	531,647	-	-
Other long-term investments	14	858,930,463	5,449,590	858,930,463	5,449,590
Long-term receivables	9	-	-	-	-
Loans to related parties	6	72,451,500	61,590,100	1,515,741,792	539,359,740
Investment properties	15	10,375,601	10,375,601	10,375,601	10,375,601
Property, plant and equipment	16	1,494,455,343	908,688,178	663,222,561	701,879,376
Intangible assets	17	123,466,901	75,093,179	10,436,770	8,252,052
Deferred tax assets	28	39,778,083	43,129,444	34,789,025	37,456,194
Goodwill	18	16,258,117	19,082,209	-	-
Unallocated costs of business acquisition	12.2.8	205,856,070	-	-	-
Advances payment	19	181,845,408	144,641,330	65,053,590	3,600,000
Other non-current assets		10,463,846	11,041,552	4,753,845	5,182,547
Total non-current assets		3,021,677,025	1,287,347,375	3,174,099,320	1,322,279,625
Total assets		3,929,954,526	3,569,307,914	4,111,488,480	3,564,813,246

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

Thai Luxe Enterprises Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	20	408,761,483	-	408,761,483	-
Trade and other payables	6, 21	163,937,528	120,749,437	156,786,127	115,167,978
Short-term loans from related party	6	-	1,539,753	-	-
Current portion of long-term loan	22	40,184,664	-	40,184,664	-
Current portion of debentures	23	983,829,656	496,717,568	983,829,656	496,717,568
Current portion of liabilities under long-term lease agreements	24	1,867,001	918,525	1,867,001	918,525
Income tax payable		2,856,172	116,221	1,846,749	-
Other current liabilities		6,274,934	10,015,248	4,186,916	2,848,173
Total current liabilities		1,607,711,438	630,056,752	1,597,462,596	615,652,244
Non-current liabilities					
Long-term loan - net of current portion	22	606,493,347	-	606,493,347	-
Debentures - net of current portion	23	258,981,251	979,062,132	258,981,251	979,062,132
Liabilities under long-term lease agreements, net of current portion	24	3,057,258	1,491,372	3,057,258	1,491,372
Deferred tax liabilities	28	60,353,509	127,677,459	59,288,137	126,465,983
Provision for long-term employee benefits	25	13,545,242	11,674,288	13,545,242	11,674,288
Total non-current liabilities		942,430,607	1,119,905,251	941,365,235	1,118,693,775
Total liabilities		2,550,142,045	1,749,962,003	2,538,827,831	1,734,346,019

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

Thai Luxe Enterprises Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Shareholders' equity					
Share capital					
Registered					
568,451,520 ordinary shares of Baht 1 each		<u>568,451,520</u>	<u>568,451,520</u>	<u>568,451,520</u>	<u>568,451,520</u>
Issued and fully paid up					
563,050,687 ordinary shares of Baht 1 each		563,050,687	563,050,687	563,050,687	563,050,687
Share premium - ordinary shares		489,124,511	489,124,511	489,124,511	489,124,511
Capital reserve for share-based payment transactions		41,479,200	41,479,200	41,479,200	41,479,200
Retained earnings					
Appropriated - statutory reserve	26	56,845,152	56,845,152	56,845,152	56,845,152
Unappropriated		424,258,522	673,823,682	573,266,420	679,034,993
Other components of shareholders' equity		<u>(194,945,591)</u>	<u>(4,977,321)</u>	<u>(151,105,321)</u>	<u>932,684</u>
Total shareholders' equity		<u>1,379,812,481</u>	<u>1,819,345,911</u>	<u>1,572,660,649</u>	<u>1,830,467,227</u>
Total liabilities and shareholders' equity		<u>3,929,954,526</u>	<u>3,569,307,914</u>	<u>4,111,488,480</u>	<u>3,564,813,246</u>
		-	-	-	-

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

..... Director

Thai Luxe Enterprises Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
Revenues					
Sales		1,822,329,930	1,511,287,889	1,790,732,106	1,500,846,772
Gain on investments in securities		4,818,750	649,045,278	4,818,750	649,045,278
Interest income		26,201,527	39,433,118	92,822,746	56,949,044
Gain on disposal of investments in subsidiary		-	11,106,503	-	-
Gain on disposal of investments in associate		-	21,003,504	-	-
Gain on exchange		-	-	-	6,311,008
Other income		21,515,264	8,305,517	15,876,760	11,213,387
Total revenues		1,874,865,471	2,240,181,809	1,904,250,362	2,224,365,489
Expenses					
Cost of sales		1,521,676,035	1,295,059,325	1,498,393,566	1,286,143,727
Selling expenses		73,876,477	47,523,322	73,875,787	47,523,322
Administrative expenses		218,667,668	161,287,338	182,010,149	146,962,706
Loss on impairment of loan to related parties	6	-	-	118,800,000	152,000,000
Loss on impairment of investments in subsidiaries	12	-	-	-	104,388,734
Loss on impairment of assets	16	15,098,926	71,100,000	12,072,255	71,100,000
Loss on impairment of goodwill	18	-	201,000,000	-	-
Loss on impairment of unallocated costs of business acquisition	12.2.8	25,577,947	-	-	-
Loss on exchange		61,560,185	19,116,677	16,867,159	-
Other expenses	12.2	98,052,877	-	-	-
Total expenses		2,014,510,115	1,795,086,662	1,902,018,916	1,808,118,489
Profit (loss) before share of loss from investments in associates, finance cost and income tax expenses		(139,644,644)	445,095,147	2,231,446	416,247,000
Share of loss from investments in associates	13.2	(613,502)	(15,445,802)	-	-
Profit (loss) before finance cost and income tax expenses		(140,258,146)	429,649,345	2,231,446	416,247,000
Finance cost		(104,974,071)	(73,613,315)	(104,970,215)	(73,556,445)
Profit (loss) before income tax expenses		(245,232,217)	356,036,030	(102,738,769)	342,690,555
Income tax expenses	28	(4,332,943)	(116,319,185)	(3,029,804)	(116,050,789)
Profit (loss) from continued operation for the year		(249,565,160)	239,716,845	(105,768,573)	226,639,766
Discontinued operation					
Loss from discontinued operation for the year	12.1.1	-	(7,402,697)	-	-
Profit (loss) for the year		(249,565,160)	232,314,148	(105,768,573)	226,639,766

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

Thai Luxe Enterprises Public Company Limited and its subsidiaries
Statement of comprehensive income (continued)
For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency					
		(37,930,265)	(5,910,005)	-	-
Gain (loss) on changes in value of available-for-sale investments - net of income tax					
		(152,038,005)	6,212,238	(152,038,005)	6,212,238
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax					
		(189,968,270)	302,233	(152,038,005)	6,212,238
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain - net of income tax					
		-	416,283	-	416,283
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax					
		-	416,283	-	416,283
Other comprehensive income for the year					
		(189,968,270)	718,516	(152,038,005)	6,628,521
Total comprehensive income for the year					
		(439,533,430)	233,032,664	(257,806,578)	233,268,287
Profit (loss) attributable to:					
Equity holders of the Company					
Profit (loss) from continued operation					
		(249,565,160)	239,716,845	(105,768,573)	226,639,766
Loss from discontinued operation					
		-	(2,739,868)	-	-
		(249,565,160)	236,976,977	(105,768,573)	226,639,766
Non-controlling interests of the subsidiaries					
Loss from discontinued operation					
		-	(4,662,829)	-	-
		-	(4,662,829)	-	-
		(249,565,160)	232,314,148	-	-
Total comprehensive income attributable to:					
Equity holders of the Company					
Profit (loss) from continued operation					
		(439,533,430)	240,435,361	(257,806,578)	233,268,287
Loss from discontinued operation					
		-	(2,739,868)	-	-
		(439,533,430)	237,695,493	(257,806,578)	233,268,287
Non-controlling interests of the subsidiaries					
Loss from discontinued operation					
		-	(4,662,829)	-	-
		-	(4,662,829)	-	-
		(439,533,430)	233,032,664	-	-
Earnings per share					
30					
Basic profit (loss) per share					
Profit (loss) attributable to equity holders of the Company					
		(0.44)	0.42	(0.19)	0.40
Earnings per share from continued operation					
30					
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company					
		(0.44)	0.43	(0.19)	0.40

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

Thai Luxe Enterprises Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
						Other components of shareholders' equity						
						Other comprehensive income			Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Issued and fully paid-up share capital	Share premium - ordinary shares	Capital reserve for share-based payment transactions	Retained earnings		Exchange differences on translation of financial statements in foreign currency	Surplus (deficit) on changes in value of available-for-sale investments	Surplus on changes in the ownership interests in a subsidiary					
			Appropriated	Unappropriated								
Balance as at 1 January 2016	563,050,687	489,124,511	41,479,200	56,845,152	432,752,352	-	(5,279,554)	3,678,070	(1,601,484)	1,581,650,418	12,450,572	1,594,100,990
Profit (loss) for the year	-	-	-	-	236,976,977	-	-	-	-	236,976,977	(4,662,829)	232,314,148
Other comprehensive income for the year	-	-	-	-	416,283	(5,910,005)	6,212,238	-	302,233	718,516	-	718,516
Total comprehensive income for the year	-	-	-	-	237,393,260	(5,910,005)	6,212,238	-	302,233	237,695,493	(4,662,829)	233,032,664
Subsidiary's share capital increase	-	-	-	-	-	-	-	-	-	-	11,250,000	11,250,000
Sale of investments in subsidiary	-	-	-	-	3,678,070	-	-	(3,678,070)	(3,678,070)	-	(19,037,743)	(19,037,743)
Balance as at 31 December 2016	563,050,687	489,124,511	41,479,200	56,845,152	673,823,682	(5,910,005)	932,684	-	(4,977,321)	1,819,345,911	-	1,819,345,911
												-
Balance as at 1 January 2017	563,050,687	489,124,511	41,479,200	56,845,152	673,823,682	(5,910,005)	932,684	-	(4,977,321)	1,819,345,911	-	1,819,345,911
Loss for the year	-	-	-	-	(249,565,160)	-	-	-	-	(249,565,160)	-	(249,565,160)
Other comprehensive income for the year	-	-	-	-	-	(37,930,265)	(152,038,005)	-	(189,968,270)	(189,968,270)	-	(189,968,270)
Total comprehensive income for the year	-	-	-	-	(249,565,160)	(37,930,265)	(152,038,005)	-	(189,968,270)	(439,533,430)	-	(439,533,430)
Balance as at 31 December 2017	563,050,687	489,124,511	41,479,200	56,845,152	424,258,522	(43,840,270)	(151,105,321)	-	(194,945,591)	1,379,812,481	-	1,379,812,481

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

Thai Luxe Enterprises Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

(Unit: 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
						Surplus (deficit) on changes in value of available-for-sale investments	Total other components of shareholders' equity	
Balance as at 1 January 2016	563,050,687	489,124,511	41,479,200	56,845,152	451,978,944	(5,279,554)	(5,279,554)	1,597,198,940
Profit for the year	-	-	-	-	226,639,766	-	-	226,639,766
Other comprehensive income for the year	-	-	-	-	416,283	6,212,238	6,212,238	6,628,521
Total comprehensive income for the year	-	-	-	-	227,056,049	6,212,238	6,212,238	233,268,287
Balance as at 31 December 2016	<u>563,050,687</u>	<u>489,124,511</u>	<u>41,479,200</u>	<u>56,845,152</u>	<u>679,034,993</u>	<u>932,684</u>	<u>932,684</u>	<u>1,830,467,227</u>
								-
Balance as at 1 January 2017	563,050,687	489,124,511	41,479,200	56,845,152	679,034,993	932,684	932,684	1,830,467,227
Loss for the year	-	-	-	-	(105,768,573)	-	-	(105,768,573)
Other comprehensive income for the year	-	-	-	-	-	(152,038,005)	(152,038,005)	(152,038,005)
Total comprehensive income for the year	-	-	-	-	(105,768,573)	(152,038,005)	(152,038,005)	(257,806,578)
Balance as at 31 December 2017	<u>563,050,687</u>	<u>489,124,511</u>	<u>41,479,200</u>	<u>56,845,152</u>	<u>573,266,420</u>	<u>(151,105,321)</u>	<u>(151,105,321)</u>	<u>1,572,660,649</u>

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

Thai Luxe Enterprises Public Company Limited and its subsidiaries

Cash flows statement

For the year ended 31 December 2017

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities				
Profit (loss) before tax from continued operation	(245,232,217)	356,036,030	(102,738,769)	342,690,555
Add: Loss before tax from discontinued operation	-	(7,453,348)	-	-
Profit (loss) before tax	(245,232,217)	348,582,682	(102,738,769)	342,690,555
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	102,273,563	102,058,708	78,561,768	91,833,660
Amortisation of deferred arrangement fee for bill of exchanges	-	1,001,707	-	1,001,707
Amortisation of deferred arrangement fees for loans and debentures	9,039,116	7,538,309	9,039,116	7,538,309
Bad debts	2,701,274	2,564,507	2,701,274	2,564,507
Allowance for doubtful accounts (reversal)	14,875,177	(1,122,329)	14,875,177	(1,122,329)
Reversal of reduce cost of inventories to net realisable value	(2,154,018)	(4,851,832)	(2,154,018)	(4,950,171)
Write-off on inventories	972,201	-	972,201	-
Unrealised gain on revaluation of trading securities	-	(643,042,983)	-	(643,042,983)
Gain on sales of trading securities	-	(2,334,377)	-	(2,334,377)
Gain on sales of available-for-sale securities	(4,818,750)	(3,658,703)	(4,818,750)	(3,658,703)
Write-off on withholding tax	671,108	-	671,108	-
Write-off on fixed assets	-	44,079	-	44,079
Loss (gain) on sales of equipment	(2,305,621)	159,201	(1,740,854)	173,219
Loss on impairment of loans to related parties	-	-	118,800,000	152,000,000
Loss on impairment of investments in subsidiaries	-	-	-	104,388,734
Loss on impairment of assets	15,098,926	71,100,000	12,072,255	71,100,000
Loss on impairment of goodwill	-	201,000,000	-	-
Loss on impairment of unallocated costs of business acquisition	25,577,947	-	-	-
Gain on disposal of investment in subsidiary	-	(11,106,503)	-	-
Fee for acquisition subsidiaries	97,938,000	-	-	-
Gain on disposal of investment in associate	-	(21,003,504)	-	-
Share of loss from investments in associates	613,502	15,445,802	-	-
Provision for long-term employee benefits	1,870,954	2,951,747	1,870,954	2,796,829
Dividend income from investments in securities	(122,188)	(119,240)	(122,188)	(119,240)
Unrealised on exchange loss (gain)	50,591,010	25,521,556	7,150,373	(6,816,928)
Interest income	(26,201,527)	(39,463,199)	(92,822,746)	(56,949,044)
Interest expenses	93,927,065	65,639,620	93,923,209	64,528,447
Profit from operating activities before changes in operating assets and liabilities	135,315,522	116,905,248	136,240,110	121,666,271

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

Thai Luxe Enterprises Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Operating assets (increase) decrease				
Trade and other receivables/long-term receivables	(43,802,429)	(44,063,388)	(43,069,861)	(40,457,461)
Inventories	5,860,174	124,614,069	5,860,174	126,161,474
Other current assets	9,692,481	3,642,111	1,159,236	4,751,311
Other non-current assets	(93,402)	(3,730,740)	(242,406)	(4,684,141)
Operating liabilities increase (decrease)				
Trade and other payables	28,356,755	(37,269,313)	37,108,617	(27,412,101)
Other current liabilities	(4,421,573)	8,297,430	1,338,743	814,126
Other non-current liabilities	-	(561,690)	-	(561,690)
Cash flows from operating activities	130,907,528	167,833,727	138,394,613	180,277,789
Cash paid for interest expenses	(93,247,647)	(41,772,419)	(93,201,453)	(42,465,034)
Cash paid for income tax	(28,005,912)	(735,068)	(27,706,779)	(629,542)
Net cash flows from operating activities	9,653,969	125,326,240	17,486,381	137,183,213
Cash flows from investing activities				
Increase in restricted bank deposits	(71,148)	(72,337)	(71,148)	(72,337)
Purchases of investments - trading securities	-	(54,527,408)	-	(54,527,408)
Cash receipt from sales of trading securities	-	36,796,661	-	36,796,661
Purchases of investments - available-for-sale securities	(2,474,371,333)	(2,503,263,818)	(2,474,371,333)	(2,503,263,818)
Cash receipt from sales of available-for-sale securities	2,300,407,722	2,220,124,558	2,300,407,722	2,220,124,558
Increase in other current investments	(110,602,995)	(1,057,000,000)	(110,602,995)	(1,057,000,000)
Decrease in other current investments	601,327,397	841,106,655	601,327,397	677,000,000
Increase in loans to related parties	(15,541,400)	(61,590,100)	(1,095,182,052)	(470,539,460)
Cash receipt from repayment of short-term loans				
to related party	-	-	-	160,000,000
Increase in short-term loans to unrelated parties	-	(119,887,200)	-	(119,887,200)
Fee for acquisition subsidiaries (Note 12.2.8)	(97,938,000)	-	-	-
Acquisition of investments in subsidiaries (Note 12.2)	(760,604,880)	(253,064,561)	-	(100,000,000)
Acquisition of investment in associate	-	(23,269,876)	-	(22,500,000)
Cash received from disposal of investment in subsidiary	10,867,072	23,507,778	10,867,072	23,507,778
Cash received from disposal of investment in associate	14,121,858	30,878,142	14,121,858	30,878,142
Cash receipt from redeem held-to-maturity securities	2,000,000	-	2,000,000	-
Acquisition of property, plant and equipment	(163,348,669)	(83,069,769)	(42,951,923)	(28,437,035)
Proceed from sales of equipment	2,344,548	848,290	2,344,548	834,271
Cash paid to settle payables from asset purchase	(65,638,668)	-	(446,907)	-
Acquisition of intangible assets	(5,214,054)	(833,798)	(3,462,813)	(737,498)
Advance for acquisition of power plant	-	(76,063,774)	-	-
Advance for acquisition of assets	(92,447,814)	(3,600,000)	(61,453,590)	(3,600,000)
Advance for acquisition of intangible assets	(5,416,466)	(64,977,556)	-	-
Dividend receipt from investments in securities	122,188	119,240	122,188	119,240
Interest income	22,964,795	31,892,829	24,429,275	27,709,592
Net cash flows used in investing activities	(837,039,847)	(1,115,946,044)	(832,922,701)	(1,183,594,514)

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

Thai Luxe Enterprises Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from financing activities				
Increase in short-term loans from financial institutions	558,200,000	-	558,200,000	-
Repayment of short-term loans from financial institutions	(150,000,000)	(139,639,774)	(150,000,000)	(150,000,000)
Decrease in accounts payable - trust receipts	-	(78,482,500)	-	(78,482,500)
Decrease in short-term loan from related party	(1,539,753)	-	-	-
Decrease in short-term loans from unrelated parties	-	(255,433,180)	-	(255,109,906)
Cash receipt from long-term loan	639,605,797	-	639,605,797	-
Cash receipt from debentures	258,586,325	1,663,852,206	258,586,325	1,663,852,206
Repayment of debentures	(500,000,000)	(200,000,000)	(500,000,000)	(200,000,000)
Repayment of liabilities under long-term lease agreements	(1,601,839)	(1,099,112)	(1,601,839)	(1,099,113)
Net cash flows from financing activities	803,250,530	989,197,640	804,790,283	979,160,687
Decrease in translation adjustments	(773,331)	(19,964,460)	-	-
Net decrease in cash and cash equivalents	(24,908,679)	(21,386,624)	(10,646,037)	(67,250,614)
Cash and cash equivalents at beginning of year	73,201,823	108,492,622	25,352,874	92,603,488
Cash and cash equivalents at end of period from discontinued operation	-	(13,904,175)	-	-
Cash and cash equivalents at end of year	48,293,144	73,201,823	14,706,837	25,352,874
	-	-	-	-
Supplemental cash flows information				
Non-cash items				
Reclassification of current investments in trading securities to available-for-sale securities	1,027,602,807	-	1,027,602,807	-
Reclassification of current investments in available-for-sale securities to trading securities	-	270,599,000	-	270,599,000
Movement in balances of short-term loan to unrelated party due to acquisition of investment in subsidiary	-	220,820,280	-	220,820,280
Acquisition of investment in subsidiary for which paid in advance	-	-	-	13,750,000
Acquisition of power plants for which paid in advance	76,141,598	-	-	-
Acquisition of intangible assets for which paid in advance	46,029,137	-	-	-
Acquisition of assets that have not yet been paid	4,408,884	446,907	4,408,884	446,907
Assets acquired under long-term lease agreements	3,942,000	1,115,300	3,942,000	1,115,300

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

Thai Luxe Enterprises Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2017

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 Fundamental accounting assumptions

As of 31 December 2017, the Group’s current liabilities exceed its current assets by Baht 699 million (Baht 660 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 million that mature in the second and third quarters of 2018 and loans from financial institutions of Baht 409 million and JPY 138 million (Baht 40 million) that mature in the year 2018. The Group’s management has redeemed other investments in bills of exchange amounting to Baht 80 million in February 2018 and 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 of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Thai Luxe Enterprises Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2017</u> Percent	<u>2016</u> Percent
Subsidiaries directly held by the Company				
Tluxe Global Business Co., Ltd.	Distribution of raw material for animal feed	Thailand	100	100
Tluxe Power Co., Ltd	Invest in energy business	Thailand	100	100
Subsidiary held through Tluxe Power Limited				
Tluxe Investments Limited	Invest in energy business	Republic of Mauritius	100	100
Subsidiaries held through Tluxe Investments Limited				
Tluxe Holdings Limited	Invest in energy business	Hong Kong Special Administrative Region	100	100
Geothermal Power A Co., Ltd.	Invest in energy business	Hong Kong Special Administrative Region	100	-
Geothermal Power B Co., Ltd.	Invest in energy business	Hong Kong Special Administrative Region	100	-
Subsidiaries held through Tluxe Holdings Limited				
PPSN Co., Ltd.	Geothermal power generation business	Japan	-	100
Sumo Power Co., Ltd.	Geothermal power generation business	Japan	100	100
Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company	Geothermal power generation business	Japan	100	-
P Green Energy Co., Ltd.	The business consulting and management	Japan	100	-

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2017</u> Percent	<u>2016</u> Percent
Subsidiaries held through				
Geothermal Power A Co., Ltd.				
Fino Binary Power Plant LLC.	Geothermal power generation business	Japan	100	-
NIS Binary Power Plant LLC.	Geothermal power generation business	Japan	100	-
Lena Power Station No.1 LLC.	Geothermal power generation business	Japan	100	-
Subsidiaries held through				
Geothermal Power B Co., Ltd.				
PPSN Co., Ltd.	Geothermal power generation business	Japan	100	-
SNS Power Co., Ltd.	Geothermal power generation business	Japan	100	-
Dual Energy Binary - Power Plant No.1 LLC.	Geothermal power generation business	Japan	100	-
Subsidiary held through				
PPSN Co., Ltd.				
Otomeyama Energy Co., Ltd.	Geothermal power generation business	Japan	-	100
Subsidiaries held through				
Sumo Power Co., Ltd				
Otomeyama Energy Co., Ltd.	Geothermal power generation business	Japan	100	-
S-Power Co., Ltd.	Geothermal power generation business	Japan	100	100
SNS Power Co., Ltd.	Geothermal power generation business	Japan	-	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries and associate under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries’ financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Sales of electricity

Sales of electricity is recognised when the significant risks and rewards passed to the buyer. Sales of electricity is calculated based on actual electricity delivered and in according to the rates and terms set out in the power purchase agreement. Sales of electricity is the invoiced value, excluding value added tax.

Rendering of services

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

Rental income

Rental incomes are recognised as revenue at the amounts as stipulated in the agreements on an accrual basis.

Interest income

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

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (under the first-in, first-out method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, packing materials, supplies and spare parts are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in trading securities are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- f) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rate of government bond adjusted by an appropriate risk factor. The fair value of unit trusts is determined from their net asset value.

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

In the event the Company and its subsidiaries reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Investment properties

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

Depreciation charges of building investment property are valued with reference to its costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment property is included in determining income.

No depreciation is provided for land investment properties.

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

4.7 Property, plant and equipment/Depreciation

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

Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

	<u>The Company</u>	<u>Subsidiaries</u>
Buildings and building improvement	5, 20 years	5, 20 years
Machinery and equipment	5, 10 years	5 - 15 years
Furniture and office equipment	5 years	3, 5 years
Motor vehicles	5 years	5 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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

4.8 Intangible assets

Intangible assets are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The intangible assets with finite useful lives are as follows:

	<u>The Company</u>	<u>Subsidiaries</u>
Computer software	10 years	3 years
Patent	8 years	-
Hot spring rights	-	15 years
Power purchase agreement rights	-	15 - 16 years

No amortisation is provided on software under installation.

4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 Related party transactions

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

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

4.11 Long-term leases

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

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

4.12 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

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

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.14 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Company and its subsidiary have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiary treat these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

4.15 Provisions

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

4.16 Equity-settled share-based payment transactions

The Company recognise the share-based payment transactions at the date on which the options are granted, based on the fair value of the share options. They are recorded as expenses over the vesting period of the share options, and a capital reserve for share-based payment transactions is presented in shareholders' equity.

Estimating fair value for share-based payment transactions requires determination relating to appropriate assumptions, including the expected life of the share options, share price volatility and dividend yield.

4.17 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.18 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.

4.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

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

Impairment of equity investments

The Company treats available-for-sale investments, investments in subsidiaries and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Allowance for impairment of loans

In determining allowance for impairment of loans, the management needs to make judgements and estimates based upon analysis of factors such as the financial position of each debtor, the ability of debtors to make repayment given their operating results, the collection history of the debtors and the prevailing economic conditions.

Property plant and equipment/Depreciation

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

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

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Post-employment benefits under defined benefit plans and other long-term employee benefits

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

6. 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)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of raw materials	-	-	-	1	Average cost plus margin at least 6%
Rental income	-	-	-	3	Contract prices
Interest income	-	-	69	20	3 - 8 percent per annum
<u>Transactions with associated company</u>					
Interest income	2	-	-	-	3 percent per annum
<u>Transactions with related party</u>					
Sales of goods	213	-	213	-	Cost plus contract rate
Interest income	18	22	18	22	5 - 7 percent per annum
Purchase of raw materials	77	-	77	-	Market prices
Consulting fee	2	-	2	-	Contract rate

The balances of the accounts as at 31 December 2017 and 2016 between Company and its related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Other current investments - related party (Note 8)</u>				
Related party (common shareholders and the Company is a shareholder)	-	450,000	-	450,000
Total other current investments - related party	-	450,000	-	450,000
<u>Trade and other receivables - related parties (Note 9)</u>				
Subsidiaries	-	-	95,186	26,434
Associate	3,406	605	-	-
Related party (common director)	16	-	-	-
Related party (common director and shareholders)	11,730	-	11,730	-
Related party (common shareholders and the Company is a shareholder)	-	571	-	571
Related parties (director of subsidiaries)	-	1	-	-
Total trade and other receivables - related parties	15,152	1,177	106,916	27,005
<u>Trade and other payables - related parties (Note 21)</u>				
Related party (common director)	5	47	-	-
Related party (common director and shareholders)	4,250	-	4,250	-
Related parties (director of subsidiaries)	1,179	979	-	-
Total trade and other payables - related parties	5,434	1,026	4,250	-

Loans to related parties

As at 31 December 2017, the balance of loans between the Company and those related parties and the movement are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements			
		Balance as at 1 January 2017	Increase during the year	Translation adjustment	Balance as at 31 December 2017
Loans to related party	Related by				
M-Luxe Energy Co., Ltd	Associate	61,590	15,541	(4,679)	72,452
Total		61,590	15,541	(4,679)	72,452

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.

(Unit: Thousand Baht)

		Separate financial statements			
		Balance as at		Decrease	Balance as at
		1 January	Increase	during the	31 December
Loans to related parties	Related by	2017	during the year	year	2017
Tluxe Power Co., Ltd.	Subsidiary	166,659	-	-	166,659
PPSN Co., Ltd.	Subsidiary	440,972	502,868	(345,054)	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	-	3,810
Total		691,360	1,440,236	(345,054)	1,786,542
Less: Allowance for impairment		(152,000)	(118,800)	-	(270,800)
Long-term loan to related parties - net		539,360	1,321,436	(345,054)	1,515,742

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.

As described in the Note 12.2.8 to the consolidated financial statements, during the current year, the Company assessed the recoverable amount of such geothermal power plant based on value in use calculation using cash flow projections discounted to their present values and it was concluded that the recoverable amount is lower than the carrying amount of the loans. The Company therefore recognised allowance for impairment on loans amounting to Baht 119 million (2016: Baht 152 million) in profit and loss in the separate financial statements for the year ended 31 December 2017.

Short-term loans from related party

As at 31 December 2017, the balance of loans between the Company and a related party and the movement are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements		
		Balance as at	Decrease during	Balance as at
		1 January 2017	the period	31 December 2017
Loans from related party	Related by			
Dual Energy Co., Ltd.	Common director	1,540	(1,540)	-
Total		1,540	(1,540)	-

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and managements as below.

(Unit: Million Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	19	16	14	12
Post-employment benefits	1	1	1	1
Total	<u>20</u>	<u>17</u>	<u>15</u>	<u>13</u>

Employee benefit expenses payable to their directors and management of discontinued operation for the year ended 31 December 2016 amounting to Baht 0.5 million.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	141	351	105	347
Bank deposits	48,152	72,851	14,602	25,006
Total	<u>48,293</u>	<u>73,202</u>	<u>14,707</u>	<u>25,353</u>

As at 31 December 2017, bank deposits in saving accounts carried interests between 0.0 and 0.5 percent per annum (2016: between 0.0 and 0.5 percent per annum).

8. Current investments

(Unit: Thousand Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>
Investments in trading securities - fair value	-	1,027,603
Investments in available-for-sale securities, cost	307,522	146,142
Add: Gain on changes in value of investments	664	1,165
Investments in available-for-sale securities, fair value	308,186	147,307
Others	110,500	600,170
Total	<u>418,686</u>	<u>1,775,080</u>

8.1 In 2015, 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. The investment was therefore presented as investments in available-for-sale securities. Later, on 24 June 2016, a meeting of the Board of Directors passed a resolution to reclassify the current investment from available-for-sale securities to trading securities and adjust the investment to its fair value as at the reclassification date.

As at 31 December 2016, the investments have fair values amounting to Baht 938 million and unrealised gains on revaluation of investments (computed using the latest bid price of the shares on the MAI as of 30 December 2016) amounting to Baht 653 million are recorded in profit or loss for the year 2016.

During the first quarter of the year 2017, the Company decided to reclassify this current investment back to available-for-sale securities, and considered this investment to be long-term investments, effective from 1 January 2017 because during the period of nearly one year after the reclassification of this investment, the volume of these shares traded by the Company was low and infrequent and assessment showed a lack of evidence to support the reclassification of this investment as trading securities. The Company recognised an unrealised loss on revaluation of the investment during the year ended 31 December 2017 (net of the effect of the issue of warrants by that company in the second quarter of the current year) of approximately Baht 192 million in shareholders' equity, directly through other comprehensive income, based on the difference between the latest bid price of the shares as of 30 December 2016 which was Baht 21.7 per share and the latest bid price of the shares as of the end of the year 2017 which was Baht 14.1 per share. As at 31 December 2017, the investment was presented at its fair value of Baht 610 million as disclosed in the Note 14 to the consolidated financial statements.

In addition, during the first quarter of the year 2017, the Company decided to reclassify its investments in ordinary shares of unrelated companies from trading securities to available-for-sale securities, which are considered to be long-term investments, effective from 1 January 2017. The Company recognised the unrealised loss on the revaluation of investments during the year ended 31 December 2017 of approximately Baht 12 million (net of the effect of the issue of warrants by that company in the first quarter and third quarter of the current year) in shareholders' equity by recording them directly through other comprehensive income based on the difference between the latest bid price of the shares of these companies as of 30 December 2016 and as of the end of the year of 2017. As at 31 December 2017, the fair values of these investments amounted to Baht 75 million as disclosed in the Note 14 to the consolidated financial statements.

8.2 As at 31 December 2016, other current investments are bills of exchange totaling Baht 450 million that were issued by ASIA Capital Group Public Company Limited, a related company carrying interest at rates of 5.4 and 5.9 percent per annum and unsecured. In the first quarter of the year 2017, the related company made payment of Baht 120 million to the Company on the maturity date and the Company made additional investment of Baht 30 million in a bill of exchange issued by this related company. During the year 2017, the terms of these bills of exchange were extended a number of times. Partial settlement of the bills of exchange of Baht 165 million was received in the third quarter of the year 2017 and full settlement of the balance was received by the Company in the fourth quarter of the year 2017.

In addition, the Company had investments in bills of exchange issued by other companies, with outstanding balances totaling Baht 150 million as of 31 December 2016. The Company received partial settlement of Baht 70 million during the first quarter of the year 2017, while the maturity dates of the remaining Baht 80 million have been extended a number of times. In addition, during the fourth quarter of year 2017, the Company invested Baht 30 million in a bill of exchange issued by another company, and as a result, the outstanding balance of bills of exchange as at 31 December 2017 was Baht 110 million with the carrying interest at rates of 5.4 and 6.3 percent per annum. The bills of exchange are unsecured. During the first quarter of the year 2018, partial settlement of the bills of exchange of Baht 80 million was received.

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.

8.3 During the year 2017, the Company sold available-for-sale securities with book values totaling Baht 2,144 million (2016: Baht 2,200 million) and recognised (after tax) gains on the sales amounting to Baht 2 million (2016: Baht 3 million) in profit and loss. This amount included gains transferred from gains (after tax) on valuation of available-for-sale securities recorded in other comprehensive income, amounting to Baht 0.5 million (2016: Baht 0.6 million).

9. Trade and other receivables/long-term receivables

9.1 Trade and other receivables

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
(Unit: Thousand Baht)				
<u>Trade receivables - related party</u>				
Aged on the basis of due dates				
Not yet due	11,730	-	11,730	-
Total trade receivables - related party	11,730	-	11,730	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	140,033	139,406	136,064	137,698
Past due				
Up to 3 months	29,445	23,505	29,445	23,505
3 - 6 months	17,770	1,244	17,770	1,244
6 - 12 months	8,082	2,710	8,082	2,710
Over 12 months	228	1,347	228	1,347
Total	195,558	168,212	191,589	166,504
Less: Allowance for doubtful debts	(17,195)	(4,679)	(17,195)	(4,679)
Total trade receivables - unrelated parties, net	178,363	163,533	174,394	161,825
Total trade receivables - net	190,093	163,533	186,124	161,825
<u>Other receivables</u>				
Account receivable from disposal of investments	-	24,989	-	24,989
Amounts due from related parties	916	161	1,997	2,108
Amounts due from unrelated parties	140	-	140	-
Interest receivable - related parties	2,506	1,016	93,189	24,897
Interest receivable - unrelated parties	131	30	131	30
Total other receivables	3,693	26,196	95,457	52,024
Total trade and other receivables - net	193,786	189,729	281,581	213,849

9.2 Long-term receivables

These represent the balance of long outstanding debts amounting to Baht 58 million (2016: Baht 55 million) due from various trade debtors against whom the Company has taken legal actions. As at 31 December 2017, the Company has set up an allowance for doubtful accounts amounting to Baht 58 million (2016: Baht 55 million) in its accounts by taking into consideration the auction price and the value of the related collaterals.

10. Inventories

(Unit: Thousand Baht)

	Consolidated/Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	42,006	49,397	(2,893)	(4,400)	39,113	44,997
Raw materials	124,423	103,007	(118)	(1,583)	124,305	101,424
Raw materials in transit	18,750	40,844	-	-	18,750	40,844
Packing materials and supplies	17,215	16,083	(2,248)	(3,448)	14,967	12,635
Spare parts	29,363	29,258	(8,641)	(6,623)	20,722	22,635
Total	<u>231,757</u>	<u>238,589</u>	<u>(13,900)</u>	<u>(16,054)</u>	<u>217,857</u>	<u>222,535</u>

During the current year, the Company reversed the write-down of cost of inventories by Baht 2 million, this was reduced the amount of inventories recognised as cost of sales (2016: Baht 5 million).

11. Restricted bank deposits

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

12. Investments in subsidiaries

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

(Unit: Thousand Baht)

Carrying amounts

Company's name	Paid-up capital		Shareholding		Cost		Provision for impairment		Carrying amounts	
	2017	2016	Percentage		of investments		based on cost		2017	2016
			2017	2016	2017	2016	2017	2016		
			(%)	(%)						
Subsidiaries directly held by the Company										
TIUXE Global Business Co., Ltd.	3,000	3,000	100	100	3,000	3,000	-	-	3,000	3,000
TIUXE 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 TIUXE Power Limited										
TIUXE Investments Limited	10*	10*	100	100	-	-	-	-	-	-
Subsidiary held through TIUXE Investments Limited										
TIUXE Holdings Limited	10*	10*	100	100	-	-	-	-	-	-
Geothermal Power A Co., Ltd.	10*	-	100	-	-	-	-	-	-	-
Geothermal Power B Co., Ltd.	10*	-	100	-	-	-	-	-	-	-
Subsidiaries held through TIUXE Holdings Limited										
PPSN Co., Ltd.	-	12,000**	-	100	-	-	-	-	-	-
Sumo Power Co., Ltd.	1,000**	1,000**	100	100	-	-	-	-	-	-
Beppu Tsurumi Onsen Geothermal										
Power Station No.1 Liaison Company	10**	-	100	-	-	-	-	-	-	-
P Green Energy Co., Ltd.	1,000**	-	100	-	-	-	-	-	-	-
Subsidiaries held through Geothermal Power A Co., Ltd.										
Fino Binary Power Plant LLC.	10**	-	100	-	-	-	-	-	-	-
NIS Binary Power Plant LLC.	10**	-	100	-	-	-	-	-	-	-
Lena Power Station No.1 LLC.	5,000**	-	100	-	-	-	-	-	-	-
Subsidiaries held through Geothermal Power B Co., Ltd.										
PPSN Co., Ltd.	12,000**	-	100	-	-	-	-	-	-	-
SNS Power Co., Ltd.	500**	-	100	-	-	-	-	-	-	-
Dual Energy Binary - Power Plant No.1 LLC.	100**	-	100	-	-	-	-	-	-	-
Subsidiary held through PPSN Co., Ltd.										
Otomeyama Energy Co., Ltd.	-	500**	-	100	-	-	-	-	-	-
Subsidiaries held through Sumo Power Co., Ltd.										
Otomeyama Energy Co., Ltd.	500**	-	100	-	-	-	-	-	-	-
S-Power Co., Ltd.	500**	500**	100	100	-	-	-	-	-	-
SNS Power Co., Ltd.	-	500**	-	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

12.1 Subsidiaries directly held by the Company

12.1.1 Nippon Food Products Company Limited

On 24 June 2016, a meeting of the Board of Directors of the Company passed a resolution to approve the Company's sale of all of the Company's 55 percent holding in the ordinary shares of Nippon Food Products Company Limited to an unrelated company. The value of the transaction was Baht 34 million. On 15 July 2016, the Company entered into the "Sale and Purchase Agreement" with the buyer in order to execute this transaction and received payment of 50 percent on the contract date. The remaining balance was to be paid in six installments, beginning in November 2016, and late payment interest rate at a rate of 5 percent per annum will apply. The Company would transfer the remaining ordinary shares upon receipt of payment per the contract. During the second quarter of the current year, the buyer made payment in full, and the Company had already transferred the remaining shares to the buyer.

Revenues and expenses relating to the discontinued operation from disposal of investments in a subsidiary for the year ended 31 December 2016 was detailed below.

	(Unit: Thousand Baht)
	<u>Consolidated financial statements</u>
	For the year ended
	<u>31 December 2016</u>
Revenue from sales and services	145,153
Other revenues	680
Cost of sales and services	(134,697)
Selling expenses	(3,285)
Administrative expenses	(14,244)
Finance cost	(1,060)
Income tax revenue	50
Loss from discontinued operation for the year	<u>(7,403)</u>

12.1.2 Tluxe Power Company Limited

On 18 February 2016, the Company registered the incorporation of a subsidiary under the name of Tluxe Power Company Limited, to invest in energy business with a registered share capital of Baht 100 million (10 million ordinary shares with a par value of Baht 10 each). The Company holds a 100 percent interest in this company. The Company had paid-up share capital at Baht 100 million and the subsidiary already registered its paid-up share capital with the Ministry of Commerce.

In year 2016, the Company estimated the realizable value of its investment in Tluxe Power Co., Ltd. based on a value-in-use calculation using cash flow projections discounted to their present values. It was concluded that the recoverable amount is lower than the carrying amount, and the Company therefore recognised allowance for impairment loss on such investment of Baht 100 million in profit or loss in the separate financial statements for the year 2016.

12.2 Subsidiaries indirectly held by the Company

12.2.1 Tluxe Investments Limited

On 12 April 2016, Tluxe Power Company Limited registered the incorporation of a subsidiary in Republic of Mauritius, name Tluxe Investments Limited, to invest in energy business. It has a registered share capital of USD 10,000 (100 ordinary shares with a par value of USD 100 each) and is 100 percent owned by the subsidiary.

12.2.2 Tluxe Holdings Limited

On 25 April 2016, Tluxe Investments Limited acquired 100 shares of Tluxe Holdings Limited which was incorporated in Hong Kong Special Administrative Region, to invest in energy business, at a price of USD 100 per share, or for a total of USD 10,000 (Baht 0.3 million). This represents a 100 percent interest.

12.2.3 PPSN Company Limited

- (a) On 11 May 2016, the Company acquired all ordinary shares of PPSN Company Limited, which is engaged in geothermal power generation business in Japan, amounting to approximately JPY 280 million (Baht 90 million). In June 2016, the Company sold the total ordinary shares of PPSN Company Limited to Tluxe Holdings Limited, a subsidiary, amounting to Baht 90 million. Therefore, the Company deems that PPSN Company Limited is a subsidiary of the group company since 11 May 2016 onwards.

The financial statements of PPSN Company Limited have been included in the consolidated financial statement of the Company since the Company gained controlling authority on 11 May 2016. The details of the acquisition are as follows:

	(Unit: Thousand Baht)
Fair values of the net assets as at the acquisition date	(9,497)
Goodwill	99,043
Cost of acquisition of investments in subsidiaries	89,546
Less: Cash and cash equivalents of subsidiaries	(91)
Net cash paid for acquisition of investments in subsidiaries	89,455

As at 31 December 2017, three units of power plant under PPSN Company Limited were already operational (2016: operational 1 unit).

- (b) On 27 June 2017, a meeting of the Company's Board of Directors passed a resolution to approve investments in the geothermal power generation business in Japan, with a total project value of JPY 2,200 million (Baht 675 million), through the acquisition of four companies which were incorporated in Japan (each company has 2 units of power plant), i.e. Fino Binary Power Plant Limited Liability Company, NIS Binary Power Plant Limited Liability Company, Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company and Dual Energy Binary - Power Plant No.1 Limited Liability Company. On 28 June 2017, PPSN Company Limited signed an investment proposal letter with a seller and on 3 July 2017, paid a deposit equal to 20% of the total project cost, amounting to JPY 440 million (Baht 134 million).

Subsequently, on 28 August 2017, the Company signed a share purchase agreement to acquire shares of Fino Binary Power Plant Limited Liability Company and on 4 September 2017, the Company signed share purchase agreements to acquire shares of NIS Binary Power Plant Limited Liability Company, Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company and Dual Energy Binary - Power Plant No.1 Limited Liability Company, made the remaining payments for the ordinary shares of these companies, amounting to JPY 1,760 million (Baht 541 million) and refund the deposits amounting to JPY 440 million (Baht 134 million) to PPSN Company Limited.

The Company assumed control over these companies on 30 August 2017 and 7 September 2017. Therefore, the Company has treated these companies as subsidiaries of the Group since those dates.

Subsequently, on 30 September 2017, the Company restructured its shareholding by selling all of its shares in Fino Binary Power Plant Limited Liability Company and NIS Binary Power Plant Limited Liability Company to Geothermal Power A Company Limited, at a price of Baht 375.9 million, and selling all of its shares in Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company and Dual Energy Binary - Power Plant No.1 Limited Liability Company to Geothermal Power B Company Limited at a price of Baht 375.9 million.

12.2.4 Sumo Power Company Limited

In September 2016, Tluxe Holdings Limited, a subsidiary, invested in ordinary shares of Sumo Power Company Limited, which is engaged in geothermal power generation business in Japan, amounting to approximately JPY 495 million (Baht 165 million).

The financial statements of Sumo Power Company Limited have been included in the consolidated financial statement of the Company since the Company gained controlling authority on 6 September 2016. The details of the acquisition are as follows:

	(Unit: Thousand Baht)
Fair values of the net assets as at the acquisition date	43,334
Goodwill	121,039
Cost of acquisition of investments in subsidiaries	164,373
Less: Cash and cash equivalents of subsidiaries	(764)
Net cash paid for acquisition of investments in subsidiaries	163,609

In March 2017, the Company restructured its shareholding in the Group by Sumo Power Company Limited acquired all 50 ordinary shares of Otomeyama Energy Company Limited from PPSN Company Limited at a price of JPY 10,000 per share, or for a total of JPY 500,000.

As at 31 December 2016, one unit of power plant under Sumo Power Company Limited was already operated and the other 8 units of power plants are under the operating preparation process and power purchase agreements have not yet been made with customer. The subsidiary has no significant progress in the geothermal power plant project further from the end of prior year.

12.2.5 Otomeyama Energy Company Limited

On 23 September 2016, PPSN Company Limited registered the incorporation of a subsidiary in Japan under the name Otomeyama Energy Company Limited, to engage in geothermal power generation business in Japan. It has a registered share capital of JPY 500,000 (50 ordinary shares with a par value of JPY 10,000 each) and is 100 percent owned by the subsidiary.

12.2.6 S-Power Company Limited

On 23 September 2016, Sumo Power Company Limited registered the incorporation of a subsidiary in Japan under the name S-Power Company Limited, to engage in geothermal power generation business in Japan. It has a registered share capital of JPY 500,000 (50 ordinary shares with a par value of JPY 10,000 each) and is 100 percent owned by the subsidiary.

12.2.7 SNS Power Company Limited

On 5 October 2016, Sumo Power Company Limited registered the incorporation of a subsidiary in Japan under the name SNS Power Company Limited, to engage in geothermal power generation business in Japan. It has a registered share capital of JPY 500,000 (50 ordinary shares with a par value of JPY 10,000 each) and is 100 percent owned by the subsidiary.

In March 2017, SNS Power Company Limited had invested in the purchase of one operational power plant.

12.2.8 Geothermal Power A Company Limited and Geothermal Power B Company Limited

- (a) On 8 August 2017, Tluxe Investments Limited registered the incorporation of the subsidiaries in Hong Kong Special Administrative Region, name of Geothermal Power A Company Limited and Geothermal Power B Company Limited, to invest in energy business with a registered share capital of USD 10,000 (100 ordinary shares with a par value of USD 100 each). Tluxe Investments Limited holds a 100 percent interest in these companies.
- (b) On 2 August 2017, a meeting of the Board of Directors of the Company passed a resolution to approve investment in Lena Power Station No.1 Limited Liability Company, which is engaged in geothermal power generation business in Japan, 2 units of power plant under this company, and on 28 August 2017 Geothermal Power A Company Limited signed a share purchase agreement to acquire shares of this company and made payment approximately JPY 530 million (Baht 160 million) for the shares.

Geothermal Power A Company Limited assumed control over such company on 9 September 2017. Therefore, the Company has treated this company as a subsidiary of the Group since that date.

In addition, as described in Note 12.2.3 (b) to the consolidated financial statements, in September 2017, the Company restructured its shareholding in the four new subsidiaries, whereby Geothermal Power A Company Limited was to invest in shares of Fino Binary Power Plant Limited Liability Company and NIS Binary Power Plant Limited Liability Company and Geothermal Power B Company Limited was to invest in shares of Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company and Dual Energy Binary - Power Plant No.1 Limited Liability Company. These companies have been the Group's subsidiaries since August 2017 and September 2017.

The estimated carrying amounts of net assets acquired from those companies as at the Company gained controlling authority are as follows:

(Unit: Thousand Baht)

	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	Total
	As at 30 August 2017	As at 7 September 2017	As at 7 September 2017	As at 7 September 2017	As at 9 September 2017	Total
Cash and cash equivalents	11,972	20,990	20,953	20,987	1	74,903
Other current assets	748	1,023	1,022	1,013	9,194	13,000
Property, plant and equipment	95,874	98,407	98,407	98,407	100,913	492,008
Intangible assets	10,887	-	-	-	-	10,887
Other non-current assets	-	18,224	18,224	18,224	18,348	73,020
Trade and other payables	(9,306)	(19,025)	(19,025)	(19,025)	-	(66,381)
Other current liabilities	(4,068)	(1,978)	(1,928)	(1,947)	(39)	(9,960)
Net asset value	106,107	117,641	117,653	117,659	128,417	587,477
Add: The difference between the cost of business combination and the book value of the subsidiaries' equity	61,950	51,385	51,373	51,367	32,067	248,142
Less: Cash and cash equivalents of subsidiaries	(11,972)	(20,990)	(20,953)	(20,987)	(1)	(74,903)
Net cash payment for acquisition of investment in subsidiaries	156,085	148,036	148,073	148,039	160,483	760,716

The Company incurred expenses related to the acquisition of all shares of the 5 subsidiaries mentioned above totaling approximately JPY 320 million (Baht 98 million), which were recorded under other expenses in profit or loss for the year ended 31 December 2017.

Revenues and profit of the 5 subsidiaries since the acquisition date, which were included in the consolidated statements of comprehensive income for the year ended 31 December 2017, amounted to Baht 10 million and Baht 2 million, respectively.

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 2016). 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:

	(Unit: Kilowatt per hour)
Energy capacity	83 - 100
	(Unit: Percent per annum)
Growth rates	0.1, 1.2
Pre-tax discount rates	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, the Company and its subsidiaries recognised allowance for impairment loss on the geothermal power plant projects amounting to Baht 29 million in profit or loss in the consolidated financial statements for the year ended 31 December 2017. 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, as disclosed in the Note 16 to the consolidated financial statements.

The net book value of unallocated costs of business acquisition as at 31 December 2017 are presented below.

(Unit: Thousand Baht)

	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	Total
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>

The reconciliation of the net book value of unallocated costs of business acquisition for the years 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements
Net book value at beginning of year	-
Increased from acquisition of investments in subsidiaries	248,142
Impairment loss	(25,578)
Exchange difference translation adjustment	(16,708)
Net book value at end of year	<u>205,856</u>

As at 31 December 2017, four power plant under Fino Binary Power Plant Limited Liability Company and Lena Power Station No.1 Limited Liability Company were already operational.

- (c) On 20 October 2017, the Company restructured its shareholding in the Group as follows:
- 1) Tluxe Holdings Limited acquired all share of Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company from Geothermal Power B Company Limited for a total of USD 5.7 million.
 - 2) Geothermal Power B Company Limited acquired all 120,000 ordinary shares of PPSN Company Limited from Tluxe Holdings Limited for a total of USD 2.6 million.
 - 3) Geothermal Power B Company Limited acquired all 50 ordinary shares of SNS Power Company Limited from Sumo Power Company Limited for a total of JPY 0.5 million.

12.2.9 P Green Energy Company Limited

On 2 October 2017, Tluxe Holdings Limited acquired all 100 ordinary shares of P Green Energy Company Limited, which was incorporated in Japan, at a price of JPY 10,000 per share, or for a total of JPY 1 million from a director of the subsidiaries in Japan. This Company is engaged in the business consulting and management. Therefore, the Company has treated this company as a subsidiary of the Group since that date.

Fair values of the identifiable assets acquired and liabilities assumed from P Green Energy Company Limited as at the acquisition date (2 October 2017) were summarised below.

	(Unit: Thousand Baht)
Cash and cash equivalents	296
Other payables	(97)
Other liabilities	(14)
Net assets value	<u>185</u>
Less: Cash and cash equivalents of the subsidiary	<u>(296)</u>
Net cash received from investment in subsidiary	<u>(111)</u>

The Company assessed the fair value of the assets acquired and liabilities assumed at the acquisition date, and concluded that the fair value did not differ from the net book value. The Company recorded the difference between the cash payment made to acquire the investment in P Green Energy Company Limited and the net book value of P Green Energy Company Limited as other expenses in profit and loss for the year ended 31 December 2017.

12.3 Dividend income

During the years ended 31 December 2017 and 2016, no dividends was received from the investments in subsidiaries.

13. Investment in associate

13.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Consolidated		Separate	
					financial statements		financial statements	
					Carrying amounts based on equity method			
2017	2016	2017	2016	2017	2016			
M-Luxe Energy Co., Ltd.	The land development to construct geothermal power plant	Japan	25	25	-	532	-	-
Total					-	532	-	-

(a) On 24 June 2016, a meeting of the Board of Directors of the Company passed a resolution to approve the Company's sale of all of the Company's 45 percent holding in the ordinary shares of NPP Food Incorporation Company Limited to an unrelated company. The value of the transaction was Baht 45 million. On 15 July 2016, the Company entered into the "Sale and Purchase Agreement" with the buyer in order to execute this transaction and received payment of 50 percent on the contract date. The remaining balance was to be paid in six installments, beginning in November 2016, and late payment interest rate at a rate of 5 percent per annum will apply. During the second quarter of the current year the Company was received in full, and the Company has already transferred the remaining shares to the buyer.

(b) On 12 September 2016, PPSN Company Limited establish M-Luxe Energy Company Limited to engage in the land development to construct geothermal power plant in Japan, with a registered share capital of JPY 10 million (1,000 ordinary shares with a par value of JPY 10,000 each). The subsidiary holds a 25 percent interest in this company.

Subsequently, on 15 September 2017, the Company restructured its shareholder of associate company, whereby Tluxe Power Company Limited was to acquire all 250 ordinary shares of M-Luxe Energy Company Limited at a price of JPY 10,000 per share, or for a total of JPY 2.5 million from PPSN Company Limited.

13.2 Share of comprehensive income and dividend received

During the year, the Company recognised share of loss from investment in associated company amounting to Baht 0.6 million in the consolidated financial statement (2016: Baht 15 million). The associated company did not pay dividends during the years 2017 and 2016.

13.3 Summarised financial information about material associate

Summarised information about financial position

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	2,765	3,093
Other current assets	6	18
Property	66,076	61,590
Other payables	(3,545)	(975)
Short-term loans from related party	(57,961)	(61,590)
Income tax payable	(21)	(5)
Other current liabilities	-	(4)
Long-term loans from related party	(14,490)	-
Net assets	(7,170)	2,127
Shareholding percentage (%)	25	25
Proportion based on equity method in assets - net	(1,792)	532
Unrecognised share of losses	1,792	-
Carrying amounts of associate based on equity method	-	532

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the year ended 31 December	
	<u>2017</u>	<u>2016</u>
Loss for the year	(9,578)	(1,010)
Other comprehensive income	(13)	(295)
Total comprehensive income	(9,591)	(1,305)

13.4 Aggregate amount of share of comprehensive income from other associate

	(Unit: Million Baht)	
	For the year ended 31 December	
	<u>2017</u>	<u>2016</u>
Share of comprehensive income:		-
Post-tax loss from discontinued operations	-	(15)
Total comprehensive income	-	(15)

13.5 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 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
M-Luxe Energy Co., Ltd.	2	-	3	-
Total	<u>2</u>	<u>-</u>	<u>3</u>	<u>-</u>

14. Other long-term investments

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2017</u>	<u>2016</u>
Held-to-maturity debt securities	-	2,000
Investments in available-for-sale securities, cost	1,045,004	-
Less: Loss on changes in value of investments	(189,524)	-
Investments in available-for-sale securities, fair value	<u>855,480</u>	<u>-</u>
Other investments, cost	5,000	5,000
Less: Provision for impairment of investment	(1,550)	(1,550)
Other investments, net	<u>3,450</u>	<u>3,450</u>
Total	<u>858,930</u>	<u>5,450</u>

- 14.1 During the first quarter of the year 2017, the Company reclassified the investment in ordinary shares of ASIA Capital Group Public Company Limited, a related company, and the investments in ordinary shares of unrelated companies from current investments - trading securities to available-for-sale securities and treated them as long-term investments, as mentioned in Note 8.1 to the consolidated financial statements.
- 14.2 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 20 to the consolidated financial statements.
- 14.3 During the year ended 31 December 2017, the Company sold available-for-sale securities with book value totaling Baht 152 million (2016: nil) and recognised (after tax) gain on the sale amounting to Baht 1 million (2016: nil).

15. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 are presented below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	Land not being used in operation/ land for rent	Office building for rent	Total
31 December 2017:			
Cost	10,928	38,417	49,345
<u>Less</u> Accumulated depreciation	-	(38,417)	(38,417)
<u>Less</u> Allowance for impairment loss	(552)	-	(552)
Net book value	<u>10,376</u>	<u>-</u>	<u>10,376</u>
31 December 2016:			
Cost	10,928	38,417	49,345
<u>Less</u> Accumulated depreciation	-	(38,417)	(38,417)
<u>Less</u> Allowance for impairment loss	(552)	-	(552)
Net book value	<u>10,376</u>	<u>-</u>	<u>10,376</u>

The reconciliations of the net book value of investment properties for the years 2017 and 2016 are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	10,376	3,365	10,376	11,244
Depreciation charged	-	-	-	(868)
Transfer from land and building for rent to investment properties	-	7,011	-	-
Net book value at end of year	<u>10,376</u>	<u>10,376</u>	<u>10,376</u>	<u>10,376</u>

During the year 2016, the Company has reclassified the Company's land and building that are rented by the Nippon Food Products Company Limited as investment properties due to the disposal of its investment in subsidiary company.

The fair value of the investment properties as at 31 December 2017 and 2016 stated below:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial	
	statements	
	<u>2017</u>	<u>2016</u>
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.

16. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Buildings and building improvement	Power plant, machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
Cost:							
1 January 2016	119,400	617,361	1,069,976	57,435	34,001	6,079	1,904,252
Additions	14,749	3,727	9,327	3,666	1,553	50,343	83,365
Disposals/write-off	-	(1,828)	(7,145)	(1,037)	(1,985)	-	(11,995)
Increased from acquisition of investments in subsidiaries	12,931	-	-	909	-	162,474	176,314
Transfers	-	2,844	138,883	363	-	(142,090)	-
Building and equipment of subsidiary disposed during the year	-	(16,089)	(69,948)	(9,161)	(3,487)	(194)	(98,879)
Reclassified land and building for rent to investment properties	(7,011)	(38,417)	-	-	-	-	(45,428)
Exchange difference on translation adjustment	(1,442)	-	(6,975)	(43)	-	(4,206)	(12,666)
31 December 2016	138,627	567,598	1,134,118	52,132	30,082	72,406	1,994,963
Additions	609	2,030	95,204	5,775	6,649	137,603	247,870
Disposals	-	-	(2,240)	(1,023)	(7,339)	-	(10,602)
Increased from acquisition of investments in subsidiaries							
(Note 12.2.8 (b))	30,391	-	99,857	-	-	371,795	502,043
Transfers	-	26,042	204,748	733	-	(231,523)	-
Exchange difference on translation adjustment	(2,972)	(4)	(26,570)	(51)	-	(15,778)	(45,375)
31 December 2017	166,655	595,666	1,505,117	57,566	29,392	334,503	2,688,899

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Buildings and building improvement	Power plant, machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
Accumulated depreciation:							
1 January 2016	-	288,628	661,469	46,386	28,948	-	1,025,431
Depreciation for the year	-	26,272	66,326	4,581	1,975	-	99,154
Depreciation on disposals/write-off	-	(1,766)	(6,167)	(1,025)	(1,986)	-	(10,944)
Increased from acquisition of investments in subsidiaries	-	-	-	41	-	-	41
Building and equipment of subsidiary disposed during the year	-	(9,933)	(43,065)	(7,488)	(2,669)	-	(63,155)
Reclassified land and building for rent to investment properties	-	(38,417)	-	-	-	-	(38,417)
Exchange difference on translation adjustment	-	-	(1,187)	(15)	-	-	(1,202)
31 December 2016	-	264,784	677,376	42,480	26,268	-	1,010,908
Depreciation for the year	-	25,415	63,810	4,134	1,835	-	95,194
Depreciation on disposals	-	-	(2,202)	(1,022)	(7,339)	-	(10,563)
Increased from acquisition of investments in subsidiaries							
(Note 12.2.8 (b))	-	-	10,036	-	-	-	10,036
Exchange difference on translation adjustment	-	-	(1,449)	(19)	-	-	(1,468)
31 December 2017	-	290,199	747,571	45,573	20,764	-	1,104,107

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Buildings and building improvement	Power plant, machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
Allowance for impairment loss:							
1 January 2016	209	2,300	1,758	-	-	-	4,267
Increase during year	-	-	71,100	-	-	-	71,100
31 December 2016	209	2,300	72,858	-	-	-	75,367
Increase during year	1,635	169	13,295	-	-	-	15,099
Exchange difference on translation adjustment	-	-	(129)	-	-	-	(129)
31 December 2017	1,844	2,469	86,024	-	-	-	90,337
Net book value:							
31 December 2016	138,418	300,514	383,884	9,652	3,814	72,406	908,688
31 December 2017	164,811	302,998	671,522	11,993	8,628	334,503	1,494,455
Depreciation for the year							
2016 (Baht 83 million included in manufacturing cost, and the balance in administrative expenses)							99,154
2017 (Baht 80 million included in manufacturing cost, and the balance in administrative expenses)							95,194

(Unit: Thousand Baht)

Separate financial statements

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
Cost:							
1 January 2016	112,389	565,290	1,002,850	48,876	31,369	5,627	1,766,401
Additions	62	2,047	6,505	3,365	1,553	16,467	29,999
Disposals/write-off	-	(1,828)	(7,145)	(1,037)	(1,740)	-	(11,750)
Transfers	-	2,089	14,116	-	-	(16,205)	-
31 December 2016	112,451	567,598	1,016,326	51,204	31,182	5,889	1,784,650
Additions	286	1,447	3,325	5,645	6,649	33,951	51,303
Disposals/write-off	-	-	(2,240)	(1,023)	(8,439)	-	(11,702)
Transfers	-	26,042	10,175	733	-	(36,950)	-
31 December 2017	112,737	595,087	1,027,586	56,559	29,392	2,890	1,824,251
Accumulated depreciation:							
1 January 2016	-	241,778	620,742	39,173	26,627	-	928,320
Depreciation for the year	-	24,772	59,052	4,065	1,893	-	89,782
Depreciation on disposals/write-off	-	(1,766)	(6,167)	(1,025)	(1,740)	-	(10,698)
31 December 2016	-	264,784	673,627	42,213	26,780	-	1,007,404
Depreciation for the year	-	25,395	46,097	3,933	1,858	-	77,283
Depreciation on disposals/write-off	-	-	(2,201)	(1,023)	(7,874)	-	(11,098)
31 December 2017	-	290,179	717,523	45,123	20,764	-	1,073,589

(Unit: Thousand Baht)

Separate financial statements

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	Total
Allowance for impairment loss:							
1 January 2016	209	2,300	1,758	-	-	-	4,267
Increase during year	-	-	71,100	-	-	-	71,100
31 December 2016	209	2,300	72,858	-	-	-	75,367
Increase during year	1,635	169	10,268	-	-	-	12,072
31 December 2017	1,844	2,469	83,126	-	-	-	87,439
Net book value:							
31 December 2016	112,242	300,514	269,841	8,991	4,402	5,889	701,879
31 December 2017	110,893	302,439	226,937	11,436	8,628	2,890	663,222
Depreciation for the year							
2016 (Baht 75 million included in manufacturing cost, and the balance in administrative expenses)							89,782
2017 (Baht 63 million included in manufacturing cost, and the balance in administrative expenses)							77,283

During the year 2017, the Company recognised losses on impairment of property, plant and equipment amounting to Baht 12 million in profit or loss in the separate financial statements for the year ended 31 December 2017 (2016: Baht 71 million) because the recoverable amount of assets was lower than their carrying amount.

In addition, as described in Note 12.2.8 to the consolidated financial statements, the subsidiary evaluated the impairment of power plant, machinery and equipment for the geothermal power generation in Japan and noted that the recoverable amount of the assets was lower than the carrying amount therefore the subsidiary recognised loss on impairment of power plant, machinery and equipment amounting to Baht 3 million in profit or loss in the consolidated financial statements for the year ended 31 December 2017.

As at 31 December 2017, the Company had equipment and motor vehicles with net book values of Baht 7 million (2016: Baht 3 million), which were acquired under financial lease agreements.

As at 31 December 2017, 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 667 million (2016: Baht 594 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 22 to the consolidated financial statements.

As at 31 December 2017, property, plant and equipment included land, machinery and construction in progress of 23 geothermal power plant in Japan with net book values totaling Baht 763 million (net of impairment loss amounting to Baht 3 million) and construction in progress of 7 wind power plants with net book values totaling Baht 67 million.

17. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 are presented below.

(Unit: Thousand Baht)

Consolidated financial statements

	2017					2016						
	Computer software	Patent	Hot spring rights	Power purchase agreement right	Software under installation	Total	Computer software	Patent	Hot spring rights	Power purchase agreement right	Software under installation	Total
Cost	18,302	470	74,504	45,905	1,609	140,790	16,400	470	19,955	48,779	48	85,652
<u>Less</u> Accumulated amortisation	(9,178)	(246)	(3,460)	(3,945)	-	(16,829)	(7,950)	(187)	(776)	(1,152)	-	(10,065)
<u>Less</u> Allowance for impairment	(494)	-	-	-	-	(494)	(494)	-	-	-	-	(494)
Net book value	<u>8,630</u>	<u>224</u>	<u>71,044</u>	<u>41,960</u>	<u>1,609</u>	<u>123,467</u>	<u>7,956</u>	<u>283</u>	<u>19,179</u>	<u>47,627</u>	<u>48</u>	<u>75,093</u>

(Unit: Thousand Baht)

Separate financial statements

	2017				2016			
	Computer software	Patent	Software under installation	Total	Computer software	Patent	Software under installation	Total
Cost	18,259	470	1,609	20,338	16,357	470	48	16,875
<u>Less</u> Accumulated amortisation	(9,161)	(246)	-	(9,407)	(7,942)	(187)	-	(8,129)
<u>Less</u> Allowance for impairment	(494)	-	-	(494)	(494)	-	-	(494)
Net book value	<u>8,604</u>	<u>224</u>	<u>1,609</u>	<u>10,437</u>	<u>7,921</u>	<u>283</u>	<u>48</u>	<u>8,252</u>

The reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	75,093	8,918	8,252	8,697
Acquisition	51,243	833	3,463	737
Increased from acquisition of investments in subsidiaries (Note 12.2.8 (b))	10,887	73,200	-	-
Decreased from disposal of investments in subsidiaries	-	(213)	-	-
Amortisation	(7,107)	(2,904)	(1,278)	(1,182)
Exchange difference translation adjustment	(6,649)	(4,741)	-	-
Net book value at end of year	<u>123,467</u>	<u>75,093</u>	<u>10,437</u>	<u>8,252</u>

18. Goodwill

The Company allocated goodwill acquired through business combinations to the cash generating units (CGUs) for annual impairment testing as follows:

	(Unit: Thousand Baht)		
	PPSN	Sumo Power	Total
	Company Limited	Company Limited	
As at 31 December 2017			
Goodwill	89,695	105,634	195,329
Less: Allowance for impairment loss	(88,623)	(90,448)	(179,071)
Goodwill - net	<u>1,072</u>	<u>15,186</u>	<u>16,258</u>
As at 31 December 2016			
Goodwill	99,043	121,039	220,082
Less: Allowance for impairment loss	(97,500)	(103,500)	(201,000)
Goodwill - net	<u>1,543</u>	<u>17,539</u>	<u>19,082</u>

The reconciliation of the net book value of goodwill for the years 2017 and 2016 are presented below.

	(Unit: Thousand Baht)	
	<u>Consolidated financial statements</u>	
	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	19,082	-
Increased from acquisition of investments in subsidiaries	-	220,082
Impairment loss	-	(201,000)
Exchange difference translation adjustment	(2,824)	-
Net book value at end of year	<u>16,258</u>	<u>19,082</u>

The Company determined the recoverable amounts of the CGUs based on value-in-use, by preparing projections of the cash flows that are expected to be generated from that group of assets in the future, with reference to financial projections approved by the management. These cash flow projections cover a period of 15 years, in accordance with the term of the power purchase agreements. On this basis, in year 2017, it was determined that the recoverable amount of the CGUs is more than net carrying amount. (2016: recognised allowance for impairment loss on goodwill amounting to Baht 201 million in profit or loss in the consolidated financial statements for year 2016).

Key assumptions used in value in use calculation are summarised below:

	(Unit: Kilowatt per hour)	
	<u>2017</u>	<u>2016</u>
Energy capacity	83 - 100	105
	(Unit: Percent per annum)	
	<u>2017</u>	<u>2016</u>
Growth rates	0.1, 1.2	0.1
Pre-tax discount rates	3.0	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.

19. Advances payment

(Unit: Thousand Baht)

	Consolidated financial		Separate	
	statements		financial statements	
	2017	2016	2017	2016
Advance payment for construction of geothermal power plants	29,850	76,064	-	-
Advance payment for construction of wind power plants	-	7,699	-	-
Advance payment for Hot spring rights	86,942	57,278	-	-
Advance payment for assets	65,053	3,600	65,053	3,600
Total	181,845	144,641	65,053	3,600

On 13 December 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 31 December 2017, Sumo Power Company Limited, a subsidiary, has paid a deposit of JPY 103 million (Baht 30 million) for 2 units of power plant.

20. Short-term loan from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)	Maturity date	Consolidated/Separate financial statements	
			2017	2016
Promissory note	4.8	8 February 2018	180,000	-
Short-term loan	5.8	5 September 2018	228,761	-
Total			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 14.2 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. As at 31 December 2017, the Company was unable to maintain the debt-to-equity ratio stipulated in the loan agreement, which constitutes a breach of the agreement. As a result, the bank may demand payment of the loan immediately and charge interest on the defaulted loan principal at the default rate. Currently, the Company's management is in process of negotiating with the bank to provide a waiver from compliance with the agreement and the Company's management believes that this event will not have a significant impact on the Company because the bank lender will grant the waiver.

21. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade payables - related party	3,980	-	3,980	-
Trade payables - unrelated parties	87,010	75,719	87,010	73,966
Other payables - related parties	1,179	979	-	-
Other payables - unrelated parties	13,675	9,862	8,239	7,265
Other payables for purchases of assets	4,409	447	4,409	447
Accrued interest - related party	5	47	-	-
Accrued interest - unrelated parties	12,384	11,834	12,381	11,834
Accrued expenses - related party	270	-	270	-
Accrued expenses - unrelated parties	41,025	21,861	40,497	21,656
Total trade and other payables	<u>163,937</u>	<u>120,749</u>	<u>156,786</u>	<u>115,168</u>

22. Long-term loan

		(Unit: Thousand Baht)	
		Consolidated/Separate financial	
		statements	
Interest rate	Maturity date	2017	2016
(% per annum)			
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	646,678	-
Total		646,678	-
Less: Portion due within one year		(40,185)	-
Long-term loan - net of current portion		<u>606,493</u>	<u>-</u>

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.

23. Debentures

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	<u>2017</u>	<u>2016</u>
Debentures	1,246,700	1,486,200
Less: Deferred arrangement fee for debentures	(3,889)	(10,420)
Debentures - net of arrangement fee	1,242,811	1,475,780
Less: Portion due within one year	(983,830)	(496,718)
Debentures - net of current portion	<u>258,981</u>	<u>979,062</u>

Movements in the debentures account during the year ended 31 December 2017 are summarised below:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	<u>2017</u>	<u>2016</u>
Balance as at 1 January	1,475,780	-
Issuance of debentures	260,500	1,686,200
Deferred arrangement fee for debentures	(1,914)	(17,778)
Amortisation of deferred arrangement fee for debentures	8,445	7,358
Redemption of debentures	(500,000)	(200,000)
Balance as at 31 December	<u>1,242,811</u>	<u>1,475,780</u>

As at 31 December 2017, the balance of the debentures issued by the Company is Baht 1,247 million (2016: Baht 1,486 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:

<u>Issue date</u>	<u>Units</u>	<u>Par value per unit</u>	<u>Total value</u>	<u>Interest rate</u>	<u>Maturity date</u>
		(Baht)	(Million Baht)	(% per annum)	
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.

24. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements	
	<u>2017</u>	<u>2016</u>
Liabilities under finance lease agreements	5,133	2,630
Less : Deferred interest expenses	(209)	(220)
Total	4,924	2,410
Less : Portion due within one year	(1,867)	(918)
Liabilities under finance lease agreements - net of current portion	<u>3,057</u>	<u>1,492</u>

The Company has entered into the finance lease agreements with leasing companies for rental of equipments and vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 2 and 4 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

	Consolidated/Separate financial statements					
	Less than 1 year		1-4 years		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Future minimum lease payments	2	1	3	1	5	2
Deferred interest expenses	-	-	-	-	-	-
Present value of future minimum lease payments	<u>2</u>	<u>1</u>	<u>3</u>	<u>1</u>	<u>5</u>	<u>2</u>

25. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company and subsidiary and other long-term employee benefit plan, namely long service awards, were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of year	11,674	10,874	11,674	9,959
Included in profit or loss:				
Current service cost	1,958	1,930	1,958	1,787
Interest cost	304	251	304	240
Actuarial loss	-	296	-	296
Past service costs and gains or losses on settlement	806	474	806	474
Included in other comprehensive income:				
Actuarial gain arising from				
Financial assumptions changes	-	(153)	-	(153)
Experience adjustments	-	(367)	-	(367)
Decrease from disposal of investments				
in subsidiary	-	(1,069)	-	-
Benefits paid during the year	(1,197)	(562)	(1,197)	(562)
Provision for long-term employee benefits at end of year	13,545	11,674	13,545	11,674

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cost of sales	1,092	854	1,092	785
Selling and administrative expenses	1,976	2,097	1,976	2,012
Total expenses recognised in profit or loss	3,068	2,951	3,068	2,797

The Company expect to pay Baht 0.4 million of long-term employee benefits during the next year (2016: Baht 0.6 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 10 years (2016: 10 years).

Significant actuarial assumptions are summarised below:

	Consolidated/Separate financial statements	
	2017	2016
	(% per annum)	(% per annum)
Discount rate	2.7	2.7
Salary increase rate	5.0	5.0
Turnover rate	0.0 - 35.0	0.0 - 35.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated/ Separate financial statements			
	2017		2016	
	Increase	Decrease	Increase	Decrease
Discount rate (Increase/decrease 1%)	(761)	835	(699)	773
Salary increase rate (Increase/decrease 1%)	840	(774)	697	(643)
Turnover rate (Increase/decrease 20%)	(1,406)	1,821	(1,084)	1,392

26. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

27. Expenses by nature

Significant expenses classified by nature are as follow:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries and wages and other employee benefits	158,607	168,472	153,107	134,721
Depreciation	95,194	100,096	77,283	90,650
Amortisation	7,107	2,904	1,278	1,182
Raw materials and consumables used	1,241,341	1,083,259	1,241,341	1,083,259
Changes in inventories of finished goods and work in process	7,391	20,920	7,391	7,799

28. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Current income tax charge	30,569	65	29,554	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(26,236)	116,203	(26,524)	116,051
Add: Deferred tax revenues of discontinued operation	-	51	-	-
Total deferred tax	(26,236)	116,254	(26,524)	116,051
Income tax expense reported in the statement of comprehensive income	4,333	116,319	3,030	116,051

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2017</u>	<u>2016</u>
Deferred tax on (gain) loss from the change in value of available-for-sale investments	37,987	(1,553)
Deferred tax on actuarial gain	-	(104)
	37,987	(1,657)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit gain (loss) before tax	(245,232)	356,036	(102,739)	342,691
Applicable tax rate (percent)	20	20	20	20
Accounting profit (loss) before tax multiplied by income tax rate	(49,046)	71,207	(20,548)	68,538
The difference in the tax rates of the subsidiaries abroad	(571)	(4,323)	-	-
Gain from sales of investments in subsidiary and associate	-	(6,422)	-	-
Share of loss from investments in associate	123	3,089	-	-
Utilisation of previously unrecognised deferred tax assets on tax loss	(201)	-	(201)	-
Allowance for impairment loss of goodwill	-	40,200	-	-
Allowance for impairment loss of unallocated costs of business acquisition	5,116	-	-	-
Expenses related to acquisition subsidiaries	19,611	-	-	-
Temporary differences and tax loss for the year which unrecognised to deferred tax assets	12,497	8,877	23,760	50,400
Effects of:				
Utilisation of previously unrecognised deferred tax assets on impairment of investments in subsidiary	-	(3,732)	-	(3,732)
Non-deductible expenses	16,777	5,699	915	1,362
Additional expense deductions allowed	(896)	(517)	(896)	(517)
Others	923	2,241	-	-
Total	16,804	3,691	19	(2,887)
Income tax expenses reported in the statement of comprehensive income	4,333	116,319	3,030	116,051

The tax rates enacted at the end of the reporting period of the subsidiaries in overseas countries is 16.5% - 33.8% (2016: 27.4%)

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for doubtful accounts	14,955	11,980	14,955	11,980
Allowance for diminution in value of inventories	2,780	3,211	2,780	3,211
Allowance for impairment on plant and equipment	14,345	14,237	14,345	14,237
Fair value of equipment through business combination	4,989	5,673	-	-
Provision for long-term employee benefits	2,709	2,335	2,709	2,335
Unused tax loss	-	5,693	-	5,693
Total	39,778	43,129	34,789	37,456
Deferred tax liabilities				
Unrealised gain from revaluation of trading securities	-	124,149	-	124,149
Unrealised gain from revaluation of available-for-sale securities	58,107	233	58,107	233
Intangible assets acquired through business combination	1,066	1,211	-	-
Deferred arrangement fees for loans and debentures	1,181	2,084	1,181	2,084
Total	60,354	127,677	59,288	126,466

As at 31 December 2017, the subsidiaries have tax deductible temporary differences unused tax losses totaling JPY 396 million (2016: JPY 118 million), on which deferred tax assets have not been recognised as the subsidiaries believes future taxable profits may not be sufficient to allow utilisation of the tax deductible temporary differences and unused tax losses.

The unused tax losses of the subsidiaries amounting to JPY 199 million will expire by 2026.

29. 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 31 August 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 (1 June 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.

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 19 May 2013 and the investment promotion certificate No. 1131 (2)/2558 issued on 4 February 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 30 April 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.

The Company's operating revenues for the years ended 31 December 2017 and 2016, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sales						
Domestic sales	342,056	287,300	1,448,150	1,213,547	1,790,206	1,500,847
export sales	-	-	526	-	526	-
Total sales	<u>342,056</u>	<u>287,300</u>	<u>1,448,676</u>	<u>1,213,547</u>	<u>1,790,732</u>	<u>1,500,847</u>

30. Earnings per share

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

The following table sets forth the computation of basic earnings per share:

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Earnings per share				
Profit (loss) for the year attributable to equity holders of the Company (Thousand Baht)	(249,565)	236,977	(105,769)	226,640
Weighted average number of ordinary shares (Thousand shares)	563,051	563,051	563,051	563,051
Earnings (loss) per share (Baht)	(0.44)	0.42	(0.19)	0.40
Earnings per share from continued operation				
Profit (loss) for the year attributable to equity holders of the Company (Thousand Baht)	(249,565)	239,717	(105,769)	226,640
Weighted average number of ordinary shares (Thousand shares)	563,051	563,051	563,051	563,051
Earnings (loss) per share (Baht)	(0.44)	0.43	(0.19)	0.40

31. 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.

The following tables present revenue and loss information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2017 and 2016, respectively.

(Unit: Million Baht)

	Domestic				Overseas				Total segments		Eliminations		Consolidated	
	Aquatic animal feed		Pets food		Manufacturing and distributing frozen food		Production and distribution of electricity		2017	2016	2017	2016	2017	2016
	2017	2016	2017	2016	2017	2016	2017	2016						
Revenue from external customers	1,577	1,380	213	121	-	-	32	10	1,822	1,511	-	-	1,822	1,511
Total revenue	1,577	1,380	213	121	-	-	32	10	1,822	1,511	-	-	1,822	1,511
Results														
Segment profit (loss)	35	18	1	2	-	-	(28)	(12)	8	8	-	-	8	8
Gain on investments in securities													5	649
Gain on disposal of investment in subsidiary													-	11
Gain on disposal of investment in associate													-	21
Interest income													26	39
Other expenses													(138)	(11)
Loss on impairment of assets													(15)	(71)
Loss on impairment of goodwill													-	(201)
Loss on unallocated costs of business acquisition													(26)	-
Share of loss from investments in associates													(1)	(15)
Finance cost													(105)	(74)
Profit (loss) before income tax expenses													(246)	(356)
Income tax expenses													(4)	(117)
Profit (loss) from continued operation for the year													(250)	(239)
Loss from discontinued operation for the year					-	(7)							-	(7)
Profit (loss) for the year													(250)	232

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Thailand	1,790,732	1,500,929
Japan	31,598	10,359
Total	<u>1,822,330</u>	<u>1,511,288</u>

Non-current assets

(other than financial instruments, deferred tax assets, net defined benefit assets and rights arising under insurance contracts)

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Thailand	753,842	737,739
Japan	1,288,879	437,164
Total	<u>2,042,721</u>	<u>1,174,903</u>

Major customers

For the years 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

32. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its employees contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by American International Assurance Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 2 million (2016: Baht 2 million) were recognised as expenses.

33. Commitments and contingent liabilities

33.1 Power purchase agreements

As at 31 December 2017, 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.

33.2 Hot springs service agreement

As at 31 December 2017, 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.

33.3 Power plant operation and maintenance agreement

As at 31 December 2017, 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.

33.4 Property rights of land agreement

As at 31 December 2017, 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.

33.5 Capital Commitments

As at 31 December 2017, the Company had capital commitments of approximately Baht 7 million (2016: Baht 17 million), relating to acquisition and installation of machinery and equipment. In addition, the overseas subsidiaries had capital commitments of approximately JPY 1,981 million (2016: JPY 1,918 million), relating to the construction of power plant.

33.6 Purchase of raw material commitments

As at 31 December 2017, the Company had purchase commitments of USD 2 million (2016: JPY 9 million) in respect of the purchase of raw materials for aquatic animal feed.

33.7 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)	
	As at 31 December	
	<u>2017</u>	<u>2016</u>
Payable:		
In up to 1 year	9	7
In over 1 and up to 2 years	-	4

33.8 Long-term property lease commitment

As at 31 December 2017, 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.

33.9 Guarantees

As at 31 December 2017, the Company were outstanding bank guarantees of approximately Baht 8 million (2016: 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.

34. Fair value hierarchy

As at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016	2017	2016	2017	2016
Financial assets measured at fair value								
Held for trade investments								
Equity instruments	-	1,028	-	-	-	-	-	1,028
Available-for-sale investments								
Equity instruments	855	-	-	-	-	-	855	-
Debt instruments*	-	-	308	147	-	-	308	147
Other current investments								
Bill of exchanges	-	-	110	600	-	-	110	600
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	-	-	1,249	1,476	-	-	1,249	1,476

* 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.

35. Financial instruments

35.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, investments, trade and other receivables, restricted bank deposits, loans, short-term loans, trade and other payables, long-term loan, debentures and liabilities under long-term lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to other investments, trade and other receivables, and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of other current investments, trade and other receivables, and loans as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries are exposure to interest rate risk relates primarily to its cash at banks, investments, loans, short-term loans, long-term loans, debentures and liabilities under long-term lease agreements. Most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities as at 31 December 2017 and 2016 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements

	Fixed interest rates						Floating		Non-interest		Total		Effective	
	Within 1 year		1 - 5 years		Over 5 years		interest rate		Bearing				interest rate	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
													(% p.a.)	(% p.a.)
Financial Assets														
Cash and cash equivalents	-	-	-	-	-	-	47	72	1	1	48	73	0.0 - 0.5	0.0 - 0.5
Current investments														
Trading securities	-	-	-	-	-	-	-	-	-	1,028	-	1,028	-	-
Available-for-sale securities	-	-	-	-	-	-	-	-	308	147	308	147	-	-
Others	110	600	-	-	-	-	-	-	-	-	110	600	5.4, 6.3	5.4, 5.9
Trade and other receivables	-	-	-	-	-	-	-	-	194	190	194	190	-	-
Restricted bank deposits	8	8	-	-	-	-	-	-	-	-	8	8	1.0	1.0
Other long-term investments	-	-	-	-	-	2	-	-	859	3	859	5	-	4.4
Long-term loan to related party	-	-	72	62	-	-	-	-	-	-	72	62	3.0	3.0
	118	608	72	62	-	2	47	72	1,362	1,369	1,599	2,113		
Financial liabilities														
Short-term loans from financial institutions	409	-	-	-	-	-	-	-	-	-	409	-	4.8, 5.8	-
Trade and other payables	-	-	-	-	-	-	-	-	164	121	164	121	-	-
Short-term loans from related party	-	2	-	-	-	-	-	-	-	-	-	2	-	3.0
Long-term loan	-	-	-	-	-	-	647	-	-	-	647	-	JPY LIBOR (3 months) plus 3%	-
Debentures	984	497	259	979	-	-	-	-	-	-	1,243	1,476	5.0 - 6.3	5.0 - 5.5
Liabilities under long-term lease agreements	2	1	3	1	-	-	-	-	-	-	5	2	1.1 - 8.5	2.7 - 7.1
	1,395	500	262	980	-	-	647	-	164	121	2,468	1,601		

(Unit: Million Baht)

Separate financial statements

	Fixed interest rates						Floating		Non-interest		Total		Effective	
	Within 1 year		1 - 5 years		Over 5 years		interest rate		bearing				interest rate	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
													(% p.a.)	(% p.a.)
Financial Assets														
Cash and cash equivalents	-	-	-	-	-	-	14	24	1	1	15	25	0.0-0.5	0.1 - 0.5
Current investments														
Trading securities	-	-	-	-	-	-	-	-	-	1,028	-	1,028	-	-
Available-for-sale securities	-	-	-	-	-	-	-	-	308	147	308	147	-	-
Others	110	600	-	-	-	-	-	-	-	-	110	600	5.4, 6.3	5.4, 5.9
Trade and other receivables	-	-	-	-	-	-	-	-	281	214	281	214	-	-
Restricted bank deposits	8	8	-	-	-	-	-	-	-	-	8	8	0.9	1.0
Other long-term investments	-	-	-	-	-	2	-	-	859	3	859	5	-	4.4
Long-term loans to related parties	-	-	1,516	539	-	-	-	-	-	-	1,516	539	2.5 - 8.0	2.5 - 8.0
	118	608	1,516	539	-	2	14	24	1,449	1,393	3,097	2,566		
Financial liabilities														
Short-term loans from financial														
institutions	409	-	-	-	-	-	-	-	-	-	409	-	4.8 - 5.8	-
Trade and other payables	-	-	-	-	-	-	-	-	156	115	156	115	-	-
Long-term loan	-	-	-	-	-	-	647	-	-	-	647	-	JPY LIBOR	-
													(3 months) plus	
													3%	
Debentures	984	497	259	979	-	-	-	-	-	-	1,243	1,476	5.0 - 6.3	5.0 - 5.5
Liabilities under long-term lease														
agreements	2	1	3	1	-	-	-	-	-	-	5	2	1.1 - 8.5	2.7 - 7.1
	1,395	498	262	980	-	-	647	-	156	115	2,460	1,593		

Foreign currency risk

The Company exposure to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies. The Company seek to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2017 and 2016, the balances of financial liabilities denominated in foreign currencies are summarised below.

Foreign currencies	Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2017</u> (Million)	<u>2016</u> (Million)	<u>2017</u> (Baht per 1 foreign currency unit)	<u>2016</u>
US dollar	-	1	32.68	35.83
Japanese yen	-	3	0.29	0.31

As at 31 December 2016, the Company had foreign exchange contracts outstanding are summarised below.

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

35.2 Fair values of financial instruments

Since the majority of the Company and its subsidiary's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates. Loans given to and loans from others mostly bear interest rates close to the market rates, their fair value is not expected to be materially different from the amounts presented in statements of financial position.

36. 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 31 December 2017, the Group's debt-to-equity ratio was 1.85:1 (2016: 0.96:1) and the Company's was 1.61:1 (2016: 0.95:1).

37. Event after the reporting period

On 25 January 2018, a meeting of the Board of Directors of the Company passed a resolution to approve investment in 20 units of wind power in Japan, with a project value of JPY 758 million (Baht 220 million).

38. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised director on 28 February 2018.