



Auditor's Report and Financial Statements

The Provincial Electricity Authority and its subsidiary

For the years ended December 31, 2011 and 2010

สำนักงานการตรวจเงินแผ่นดิน



(TRANSLATION)
AUDITOR'S REPORT

To the Board of Directors of the Provincial Electricity Authority

The Office of the Auditor General of Thailand has audited the accompanying consolidated statements of financial position of the Provincial Electricity Authority and its subsidiary and the separate statements of financial position of the Provincial Electricity Authority as at December 31, 2011 and 2010, and the related consolidated and the separate statements of comprehensive income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Provincial Electricity Authority's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General of Thailand is to express an opinion on these financial statements based on the audits.

The Office of the Auditor General of Thailand conducted the audits in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General of Thailand plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also include assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Office of the Auditor General of Thailand believes that the audits provide a reasonable basis for the opinion.

In the opinion of the Office of the Auditor General of Thailand, the consolidated and the separate financial statements referred to above present fairly, in all material respects, the consolidated and the separate financial position of the Provincial Electricity Authority and its subsidiary and of the Provincial Electricity Authority as at December 31, 2011 and 2010, and the results of operations, the changes in equity and the cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without qualifying opinion on the financial statements, Office of the Auditor General of Thailand draws attention to Note 3 with the Adoption of the New and Revised Thai Financial Reporting Standards and Note 8.2 with Contingent Liabilities.

(Signed) *Pisit Leelavachiropas*
(Mr. Pisit Leelavachiropas)
Deputy Auditor General
Acting Auditor General

(Signed) *Thipvarin Charaschirakul*
(Miss Thipvarin Charaschirakul)
Director of Audit Office

สำนักงานการตรวจเงินแผ่นดิน
Office of the Auditor General
March 15, 2012

THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
 STATEMENTS OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2011 AND 2010

				Unit : Baht	
ASSETS	Notes	Consolidated financial statements		Separate financial statements	
		Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
Current Assets					
Cash and cash equivalents	5.1	1,083,179,392.79	1,861,291,530.02	1,000,010,225.28	1,763,853,090.53
Trade accounts receivable - net	5.2	27,094,682,209.60	23,970,418,165.14	27,086,887,221.04	23,970,418,165.14
Materials and supplies - net	5.3	2,627,452,159.21	2,337,220,100.89	2,627,452,159.21	2,337,220,100.89
Specific purposes at financial institutions	5.4	15,933,341,930.22	13,482,604,310.53	15,933,341,930.22	13,482,604,310.53
Accrued revenues	5.5	23,163,532,679.45	17,753,511,276.61	23,163,532,679.45	17,753,511,276.61
Undue input VAT		1,518,100,664.64	1,550,470,933.15	1,518,012,792.03	1,550,469,650.03
Advance payments to suppliers		2,107,356,234.96	1,657,004,214.83	2,107,356,234.96	1,657,004,214.83
Other current assets	5.6	2,103,188,372.65	772,796,507.12	2,102,380,867.61	772,796,507.12
Total Current Assets		75,630,833,643.52	63,385,317,038.29	75,538,974,109.80	63,287,877,315.68
Non-current Assets					
Investment in subsidiary	5.7	-	-	100,000,000.00	100,000,000.00
Investment property	5.8	541,978,444.78	701,374,043.17	541,978,444.78	701,374,043.17
Property, plant and equipment - net	5.9	193,715,183,912.36	187,327,217,666.07	193,714,774,163.98	187,327,217,666.07
Constructions in progress	5.10	32,885,417,541.63	31,547,656,061.72	32,885,417,541.63	31,547,656,061.72
Intangible assets - net	5.11	927,534,016.82	901,829,502.50	927,534,016.82	901,829,502.50
Other non-current assets	5.12	107,909,164.12	130,647,367.68	107,909,164.12	130,647,367.68
Total Non-current Assets		228,178,023,079.71	220,608,724,641.14	228,277,613,331.33	220,708,724,641.14
Total Assets		303,808,856,723.23	283,994,041,679.43	303,816,587,441.13	283,996,601,956.82

The notes to financial statements are an integral part of these financial statements.

THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011 AND 2010

Liabilities and Equity	Notes	Consolidated financial statements		Separate financial statements	
		Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
Unit : Baht					
Current Liabilities					
Bank overdrafts		1,827,767,744.20	1,586,890,565.95	1,827,767,744.20	1,586,890,565.95
Trade accounts payable	5.13	25,469,641,303.38	25,161,736,975.82	25,462,540,826.18	25,161,736,975.82
Short - term loans		11,191,498,429.58	-	11,191,498,429.58	-
Current portion of long-term loans	5.14	12,654,186,308.44	12,557,975,612.77	12,654,186,308.44	12,557,975,612.77
Other payables		248,767,994.94	325,380,769.51	248,767,994.94	325,380,769.51
Accrued interest expense on loans		784,819,628.68	808,630,211.31	784,819,628.68	808,630,211.31
Accrued remittance to the Ministry of Finance	5.15	4,297,226,000.00	5,412,472,000.00	4,297,226,000.00	5,412,472,000.00
Advance received per contracts		941,573,405.00	722,159,473.60	941,573,405.00	722,159,473.60
Unearned revenues		132,829,174.05	119,168,582.71	132,354,680.20	119,168,582.71
Accrued expenses		2,237,197,501.54	2,285,958,966.55	2,235,638,923.14	2,285,032,847.24
Other current liabilities	5.16	1,767,581,282.52	457,637,316.28	1,767,561,925.22	457,630,216.23
Total Current Liabilities		61,553,088,772.33	49,438,010,474.50	61,543,935,865.58	49,437,077,255.14
Non-current Liabilities					
Long-term loans	5.14	71,371,074,418.92	73,189,430,136.29	71,371,074,418.92	73,189,430,136.29
Long-term provisions	5.17	33,974,508.83	34,179,746.84	33,974,508.83	34,179,746.84
Construction obligations	5.18	5,815,184,875.72	4,829,352,238.16	5,815,184,875.72	4,829,352,238.16
Deferred revenues	5.19	33,004,894,040.68	31,940,387,496.66	33,004,894,040.68	31,940,387,496.66
Electricity usage guarantee	5.20	17,010,222,674.02	15,826,452,954.08	17,010,222,674.02	15,826,452,954.08
Sales and service guarantee		335,499,522.64	269,091,226.26	334,905,051.38	269,091,226.26
Employee gratuity fund	5.21	26,832,900.49	38,543,759.31	26,832,900.49	38,543,759.31
Employee benefit obligations	5.22	8,578,400,714.00	-	8,578,400,714.00	-
Total Non-current Liabilities		136,176,083,655.30	126,127,437,557.60	136,175,489,184.04	126,127,437,557.60
Total Liabilities		197,729,172,427.63	175,565,448,032.10	197,719,425,049.62	175,564,514,812.74
Equity					
Initial capital		87,003,886.67	87,003,886.67	87,003,886.67	87,003,886.67
Contributions from the government		4,802,500,915.46	4,802,500,915.46	4,802,500,915.46	4,802,500,915.46
Unappropriated retained earnings		101,466,984,742.47	103,539,088,845.20	101,484,462,838.38	103,542,582,341.95
Other components of shareholders' equity		(276,805,249.00)	-	(276,805,249.00)	-
Total Equity		106,079,684,295.60	108,428,593,647.33	106,097,162,391.51	108,432,087,144.08
Total Liabilities and Equity		303,808,856,723.23	283,994,041,679.43	303,816,587,441.13	283,996,601,956.82

The notes to financial statements are an integral part of these financial statements.

(Signed) Wiboon Sanguanpong
(Mr. Wiboon Sanguanpong)
Chairman of the Board of Directors
The Provincial Electricity Authority

(Signed) Narongsak Kamales
(Mr. Narongsak Kamales)
PEA Governor

THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

		Unit : Baht			
	Notes	Consolidated financial statements		Separate financial statements	
		Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
Revenues					
Sales of electricity energy		313,701,637,484.99	313,634,201,696.23	313,701,637,484.99	313,634,201,696.23
Other operating revenues		9,833,407,729.35	9,027,814,179.58	9,824,969,770.35	9,027,814,179.58
Total Operating Revenues		<u>323,535,045,214.34</u>	<u>322,662,015,875.81</u>	<u>323,526,607,255.34</u>	<u>322,662,015,875.81</u>
Other income		1,224,081,105.60	1,048,959,477.86	1,223,485,519.78	1,048,844,351.28
Total Revenues		<u>324,759,126,319.94</u>	<u>323,710,975,353.67</u>	<u>324,750,092,775.12</u>	<u>323,710,860,227.09</u>
Expenses					
Cost of sales and services		287,680,588,447.68	285,782,962,752.71	287,673,061,553.68	285,782,962,752.71
Administrative expenses		16,089,801,168.22	15,578,573,672.54	16,074,309,918.24	15,575,295,134.28
Selling expenses		4,665,241,428.05	4,530,871,474.97	4,665,241,428.05	4,530,871,474.97
Executive remuneration	5.23	112,321,838.18	122,916,609.32	112,321,838.18	122,916,609.32
other expenses		724,650,348.76	-	724,650,348.76	-
Financial costs		3,039,210,463.78	2,935,924,804.26	3,039,210,463.78	2,935,924,804.26
Total Expenses		<u>312,311,813,694.67</u>	<u>308,951,249,313.80</u>	<u>312,288,795,550.69</u>	<u>308,947,970,775.54</u>
Net income for the year	5.24	12,447,312,625.27	14,759,726,039.87	12,461,297,224.43	14,762,889,451.55
Other comprehensive income (loss)					
Actuarial gain (loss) for post - employment benefit plan		(276,805,249.00)	-	(276,805,249.00)	-
Net comprehensive income (loss) for the years		<u>12,170,507,376.27</u>	<u>14,759,726,039.87</u>	<u>12,184,491,975.43</u>	<u>14,762,889,451.55</u>

The notes to financial statements are an integral part of these financial statements.

THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

	Consolidated financial statements			Unit : Baht
	Initial Capital and Contributions from the Government	Unappropriated Retained Earnings	Actuarial gain (loss)	Total Equity
Balance as at January 1, 2010	4,889,504,802.13	96,247,571,805.33	-	101,137,076,607.46
Accumulated amount from				
Remittance for year 2009 to the Ministry of Finance (addition)	-	(55,737,000.00)	-	(55,737,000.00)
Balance after adjustments	4,889,504,802.13	96,191,834,805.33	-	101,081,339,607.46
Interim remittance from net income for year 2010 to the Ministry of Finance	-	(3,545,000,000.00)	-	(3,545,000,000.00)
Reserve for remittance from net income for year 2010 to the Ministry of Finance	-	(3,867,472,000.00)	-	(3,867,472,000.00)
Net income for year 2010	-	14,759,726,039.87	-	14,759,726,039.87
Balance as at December 31, 2010	4,889,504,802.13	103,539,088,845.20	-	108,428,593,647.33
Accumulated amount from				
Changes in accounting Policies	-	(8,101,662,728.00)	-	(8,101,662,728.00)
Remittance for year 2010 to the Ministry of Finance (addition)	-	(120,528,000.00)	-	(120,528,000.00)
Balance after adjustments	4,889,504,802.13	95,316,898,117.20	-	100,206,402,919.33
Interim remittance from net income for year 2011 to the Ministry of Finance	-	(3,300,000,000.00)	-	(3,300,000,000.00)
Reserve for remittance from net income for year 2011 to the Ministry of Finance	-	(2,997,226,000.00)	-	(2,997,226,000.00)
Net income for year 2011	-	12,447,312,625.27	(276,805,249.00)	12,170,507,376.27
Balance as at December 31, 2011	4,889,504,802.13	101,466,984,742.47	(276,805,249.00)	106,079,684,295.60

THE PROVINCIAL ELECTRICITY AUTHORITY
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

	Separate financial statements			Unit : Baht
	Initial Capital and Contributions from the Government	Unappropriated Retained Earnings	Actuarial gain (loss)	Total Equity
Balance as at January 1, 2010	4,889,504,802.13	96,247,901,890.40	-	101,137,406,692.53
Accumulated amount from				
Remittance for year 2009 to the Ministry of Finance (addition)	-	(55,737,000.00)	-	(55,737,000.00)
Balance after adjustments	4,889,504,802.13	96,192,164,890.40	-	101,081,669,692.53
Interim remittance from net income for year 2010 to the Ministry of Finance	-	(3,545,000,000.00)	-	(3,545,000,000.00)
Reserve for remittance from net income for year 2010 to the Ministry of Finance	-	(3,867,472,000.00)	-	(3,867,472,000.00)
Net income for year 2010	-	14,762,889,451.55	-	14,762,889,451.55
Balance as at December 31, 2010	4,889,504,802.13	103,542,582,341.95	-	108,432,087,144.08
Accumulated amount from				
Changes in accounting Policies	-	(8,101,662,728.00)	-	(8,101,662,728.00)
Remittance for year 2010 to the Ministry of Finance (addition)	-	(120,528,000.00)	-	(120,528,000.00)
Balance after adjustments	4,889,504,802.13	95,320,391,613.95	-	100,209,896,416.08
Interim remittance from net income for year 2011 to the Ministry of Finance	-	(3,300,000,000.00)	-	(3,300,000,000.00)
Reserve for remittance from net income for year 2011 to the Ministry of Finance	-	(2,997,226,000.00)	-	(2,997,226,000.00)
Net income for year 2011	-	12,461,297,224.43	(276,805,249.00)	12,184,491,975.43
Balance as at December 31, 2011	4,889,504,802.13	101,484,462,838.38	(276,805,249.00)	106,097,162,391.51

The notes to financial statements are an integral part of these financial statements.

THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
Cash Flows from Operating Activities:				
Net income	12,447,312,625.27	14,759,726,039.87	12,461,297,224.43	14,762,889,451.55
Adjustments of net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	13,851,151,612.29	13,348,006,616.94	13,851,074,441.66	13,348,006,616.94
Loss on impairment of assets	16,181,139.44	-	16,181,139.44	-
Bad debts and doubtful accounts	99,016,732.66	(110,604,764.88)	99,016,732.66	(110,604,764.88)
Provision for obsolete materials and supplies	79,320,979.10	(391,519.55)	79,320,979.10	(391,519.55)
Amortization of deferred revenues	(2,928,351,844.40)	(2,851,220,860.79)	(2,928,351,844.40)	(2,851,220,860.79)
Employee benefit obligations	199,932,737.00	-	199,932,737.00	-
Provisions	(205,238.01)	50,294.00	(205,238.01)	50,294.00
Loss (gain) on disposal of assets	122,879,057.51	(121,105,201.22)	122,879,057.51	(121,105,201.22)
Gain on disposal of materials and supplies	(5,418,854.71)	(10,943,256.51)	(5,418,854.71)	(10,943,256.51)
Loss (gain) on foreign exchange	574,253,591.07	(181,062,473.64)	574,253,591.07	(181,062,473.64)
Interest income	(686,091,661.67)	(343,785,546.62)	(685,500,976.06)	(343,670,420.04)
Interest expense	3,025,213,836.43	2,931,131,816.77	3,025,213,836.43	2,931,131,816.77
Net income from operating activities before changes in operating assets and liabilities	26,795,194,711.98	27,419,801,144.37	26,809,692,826.12	27,423,079,682.63
Changes in operating assets (increase) decrease				
Trade accounts receivable	(3,228,553,290.75)	(1,525,260,425.29)	(3,220,758,302.19)	(1,525,260,425.29)
Materials and supplies	(338,717,334.64)	2,309,644,604.28	(338,717,334.64)	2,309,644,604.28
Restricted deposits at financial institutions	(2,450,737,619.69)	(5,701,910,781.48)	(2,450,737,619.69)	(5,701,910,781.48)
Accrued revenues	(5,221,515,079.12)	(9,038,862,242.20)	(5,221,515,079.12)	(9,038,862,242.20)
Interest received	497,585,337.95	263,181,003.27	496,994,652.34	263,065,876.69
Undue input VAT	32,370,268.51	22,367,524.56	32,456,858.00	22,368,675.83
Advance payments to suppliers	(450,352,020.13)	(105,724,095.73)	(450,352,020.13)	(105,724,095.73)
Other current assets	(1,325,466,591.90)	182,904,275.48	(1,324,659,086.86)	183,180,795.48
Other non-current assets	23,085,443.56	10,599,959.56	23,085,443.56	10,599,959.56
Change in operating liabilities increase (decrease)				
Trade accounts payable	307,904,327.56	1,823,196,410.17	300,803,850.36	1,823,196,410.17
Other payables	(76,612,774.57)	5,761,112.61	(76,612,774.57)	5,761,112.61
Advance received per contracts	219,413,931.40	137,053,086.59	219,413,931.40	137,053,086.59
Unearned revenues	13,660,591.34	(63,031,138.46)	13,186,097.49	(63,031,138.46)

The notes to financial statements are an integral part of these financial statements.

THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : Baht

	Notes	Consolidated financial statements		Separate financial statements	
		Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
Accrued expenses		(48,761,465.01)	544,293,553.68	(49,393,924.10)	543,434,184.37
Other current liabilities		1,309,943,966.24	30,102,114.23	1,309,931,708.99	30,095,014.18
Construction obligations		985,832,637.56	482,755,416.67	985,832,637.56	482,755,416.67
Deferred revenues		3,992,858,388.42	3,500,612,918.76	3,992,858,388.42	3,500,612,918.76
Electricity usage guarantee		1,183,769,719.94	1,219,528,321.01	1,183,769,719.94	1,219,528,321.01
Sales and service guarantee		66,408,296.38	48,039,408.11	65,813,825.12	48,039,408.11
Employee gratuity fund		(11,710,858.82)	(166,339.72)	(11,710,858.82)	(166,339.72)
Remittance to the Ministry of Finance		(7,533,000,000.00)	(6,602,230,000.00)	(7,533,000,000.00)	(6,602,230,000.00)
Net cash provided by operating activities		<u>14,742,600,586.21</u>	<u>14,962,655,830.47</u>	<u>14,756,382,939.18</u>	<u>14,965,230,444.06</u>
Cash Flows from Investing Activities:					
Payment of investment in subsidiary		-	-	-	(75,000,000.00)
Payment of property, plant and equipment		(2,068,991,274.21)	(2,186,702,277.47)	(2,068,504,355.20)	(2,186,702,277.47)
Payment for constructions in progress		(19,004,099,071.41)	(21,006,594,262.79)	(19,004,099,071.41)	(21,006,594,262.79)
Interest expense capitalized to constructions in progress		(368,348,812.45)	(440,914,528.80)	(368,348,812.45)	(440,914,528.80)
Proceeds from disposal of property, plant and equipment		2,250.59	115,487.11	2,250.59	115,487.11
Payment of intangible assets		(325,750,069.85)	(444,065,801.36)	(325,750,069.85)	(444,065,801.36)
Proceeds from disposal of investment property		159,521,677.89	62,260,101.93	159,521,677.89	62,260,101.93
Net cash used in investing activities		<u>(21,607,665,299.44)</u>	<u>(24,015,901,281.38)</u>	<u>(21,607,178,380.43)</u>	<u>(24,090,901,281.38)</u>
Cash Flows from Financing Activities:					
Bank overdrafts		240,877,178.25	(2,703,034,263.91)	240,877,178.25	(2,703,034,263.91)
Proceeds from short-term loans		11,191,498,429.58	-	11,191,498,429.58	-
Interest paid		(3,049,024,419.06)	(2,929,618,329.59)	(3,049,024,419.06)	(2,929,618,329.59)
Payment of long-term loans		(12,568,535,612.77)	(13,804,954,500.90)	(12,568,535,612.77)	(13,804,954,500.90)
Proceeds from long-term loans		10,272,137,000.00	25,610,671,000.00	10,272,137,000.00	25,610,671,000.00
Net cash provided by financing activities		<u>6,086,952,576.00</u>	<u>6,173,063,905.60</u>	<u>6,086,952,576.00</u>	<u>6,173,063,905.60</u>
Net increase (decrease) in cash and cash equivalents		<u>(778,112,137.23)</u>	<u>(2,880,181,545.31)</u>	<u>(763,842,865.25)</u>	<u>(2,952,606,931.72)</u>
Cash and cash equivalents at the beginning of periods		<u>1,861,291,530.02</u>	<u>4,741,473,075.33</u>	<u>1,763,853,090.53</u>	<u>4,716,460,022.25</u>
Cash and cash equivalents at the end of periods	5.1	<u>1,083,179,392.79</u>	<u>1,861,291,530.02</u>	<u>1,000,010,225.28</u>	<u>1,763,853,090.53</u>

The notes to financial statements are an integral part of these financial statements.

THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. Operations of PEA

The Provincial Electricity Authority (“PEA”) was established as a state enterprise for public utility under the Provincial Electricity Authority Act B.E. 2503 (1960) and is located at 200 Ngamwongwan Road, Ladyao, Chatuchak, Bangkok 10900. The main objective of PEA is to generate, obtain, distribute and sell electricity energy to people, businesses, and industrial sectors in 74 provinces throughout Thailand, with the exception of Bangkok, Nonthaburi and Samut Prakan provinces.

PEA has extensive transactions and relationships with the Electricity Generating Authority of Thailand (“EGAT”). Most of electricity energy sold to customers by PEA was purchased from EGAT. Accordingly, the financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred if PEA had operated without such affiliations.

2. Basis for Presentation of Financial Statements

2.1 The consolidated and the separate financial statements have been prepared in Thai Baht and in Thai language in accordance with accounting standards and practices generally accepted in Thailand. The accounting transactions of the PEA’s employee gratuity fund are included.

Transactions in the consolidated and the separate financial statements presentation is prepared to comply with Thai Accounting Standard No. 1 (revised 2009) “Presentation of Financial Statements” which are expected to be effective for accounting periods beginning on or after January 1, 2010. PEA has reclassified items in the financial statements for the year ended December 31, 2010, to present for comparison in compliance with the following.

2.2 The Federation of Accounting Professions announced the Accounting Standards and Interpretations that are effective for accounting periods beginning on or after January 1, 2013, are as follows.

Thai Accounting Standards

NO. 12 Income Taxes

NO. 20 (revised 2009) Accounting for Government Grants and Disclosure of Government Assistance

NO. 21 (revised 2009) The Effects of Changes in Foreign Exchange Rate

Thai Standing Interpretations

NO. 10 Government Assistance - No Specific Relation to Operating Activities

NO. 21 Income taxes – Recovery of Revalued Non – Depreciable Assets

NO. 25 Income taxes - Changes the Tax Status of an Enterprise or its Shareholders

The management of PEA and its subsidiary plans to apply financial reporting standards which are effective on the financial statements of PEA and its subsidiary. The management of PEA assessed that these financial reporting standards will not have significant impacts on the financial statements for the period when they are initially applied.

2.3 The consolidated financial statements include financial statements of PEA and PEA Encom International Company Limited after eliminating inter-company transactions. PEA Encom International Co., Ltd. was established in Thailand which controlled by PEA and PEA' s shareholding over 50% of paid – up share capital.

3. The adoption of the new and revised Thai Financial Reporting Standards

For the year ended December 31, 2011, PEA and its subsidiary have been adopted new and revised financial reporting standards issued by Federation of Accounting Professions, which are effective for accounting periods beginning on or after January 1, 2011, to prepare and present the financial statements. These financial reporting standards have no significant impact on the financial statements of PEA and its subsidiary, except for the following financial reporting standards.

3.1 Thai Accounting Standard No. 1 (revised 2009) “Presentation of Financial Statements”

Thai Accounting Standard No. 1 (revised 2009) “Presentation of Financial Statements” has modified regulations of transactions in the financial statements presentation that it has impact on the reclassification in the consolidated and separate financial statements for the year ended December 31, 2010 and the consolidated and separate financial statements for the year ended December 31, 2010 which present to compare.

3.2 Thai Accounting Standard No. 16 (revised 2009) “Property, Plant and Equipment”

In the year ended December 31, 2011, PEA and its subsidiary have applied Thai Accounting Standard No.16 (revised 2009) “Property, Plant and Equipment” to revise estimated useful life of assets to reflect current condition and expected economic benefits in the future. These changes have effect for the consolidated and separate financial statements for the year ended December 31, 2011, increase in depreciation by Baht 396.62 million and decrease in net income by the same amount.

PEA takes the changes have been applied prospectively in accordance with the transitional provisions of the revised standard for the remaining book value of assets as at December 31, 2011. PEA has no change estimated value of fully depreciated assets totalling Baht 0.39 million as at January 1, 2011.

3.3 Thai Accounting Standard No. 19 “Employee Benefits”

For the year ended December 31, 2011, PEA and its subsidiary have initially applied Thai Accounting Standard No. 19 “Employee Benefits” according to the State Enterprise Labor Relations Act and other long – term employee benefits based on actuarial assumptions using the projected unit credit method on the ending of period. PEA and its subsidiary have opted to recognize service costs and interest on obligations by adjustment to the retained earnings as at January 1, 2011, in conformity with change in this accounting standard.

The impacts from this accounting policy has been applied initially on statements of financial position as at January 1, 2011, are as follows.

Statements of financial position	Unit : million Baht	
	Consolidated Financial statements	Separate Financial statements
Retained earnings as at January 1, 2011 (as reported)	103,539.09	103,542.58
Employee benefit obligations	8,101.66	8,101.66
Retained earnings as at January 1, 2011 (after adjustment)	<u>95,437.43</u>	<u>95,440.92</u>

3.4 Thai Accounting Standard No. 40 (revised 2009) “Investment Property”

Since January 1, 2011, PEA and its subsidiary have initially adopted Thai Accounting Standard No. 40 (revised 2009) “Investment Property”. PEA chooses to present the investment property at cost less accumulated depreciation (if any). The consolidated and separate statements of financial position as at December 31, 2011 and 2010, PEA has transferred land to earn rentals amounting to Baht 0.13 million and Baht 0.85 million, respectively, from property, plant and equipment – net to investment property – net.

4. Summary of Significant Accounting Policies

4.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits at banks and financial institutions with original maturities of 3 months or less, excluding deposits at banks used as collateral.

4.2 Allowance for doubtful accounts

Allowance for doubtful accounts is based on potential loss from uncollectible receivables which is estimated from historical collection experiences and a review of the current status of the non-governmental or state enterprise receivables outstanding at the statement of financial position dates, after deducting electricity usage guarantee in accordance with the regulation of the Ministry of Finance regarding "Accounting and Finance of Government Enterprise B.E. 2548 (2005)" and a resolution of PEA's Audit Committee Meeting No. 3/2549 dated on March 10, 2006 as follows:

Overdue period	Percentage of allowance for doubtful accounts
Over 6 months - 1 year	50
Over 1 year	100

Increases and decreases in allowance for doubtful accounts are recognized as expenses or income for the period when incurred.

4.3 Materials and supplies - net

Materials and supplies are stated at the lower of the cost or net realizable value. Cost is determined using the weighted average cost method. Allowance is made in full for obsolete, materials and supplies under investigation and materials and supplies pending for claim.

4.4 Specific purposes at financial institutions

Specific purposes at financial institutions which are deposits to be used within one accounting period and with the specific purposes and conditions such as use for the benefits of electricity users, use in the Government grant projects, use for training, analysis and research scholarships, etc., such deposits include interest from KFW Fund, interest from electricity usage guarantee, subsidy from Energy Conservation Policy of the Energy Policy and Planning Office and other governmental agencies, deposits that PEA can use as its working capital when having the deficits in working capital such as electricity usage guarantee fund and sinking fund for repayment of bonds, and employees' loan guarantee are classified as specific purposes at financial institutions under current assets.

Specific purposes at financial institutions which are deposits to be used longer than one accounting period and cannot be used for operating activities such as employee gratuity fund, are classified as specific purposes at financial institutions under other non-current assets.

4.5 Investment in subsidiary

Investment in subsidiary is accounted for using the cost method in the separate financial statements.

In case the impairment of investment occurred, impairment losses will be recognized in the statements of comprehensive income.

4.6 Investment property

Investment property comprises property and plant used in the operation but not yet available for use and/or property and plant owned to earn rentals. PEA has selected to measure using the cost method. Subsequently, the investment property is carried at cost less accumulated depreciation (if any).

4.7 Property, plant and equipment

PEA's policies for property, plant and equipment, and depreciation are summarized as follows:

Property, plant and equipment are initially recognized at cost which is calculated from purchase prices plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operation in the manner intended. Self-constructed assets are recorded at construction costs, consisting of material costs, direct labor and construction related expenses.

Property is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses of assets (if any).

Property comprises land used in the operation and land derived by operating objective with certain plan of usage within one year.

Depreciation of plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Percentage per annum
Buildings and constructions	3 and 6.25
Electricity generating systems	3, 5 and 10
Electricity distributing systems	4 - 20
Furniture, tools, equipment and vehicles	4 - 20

When property, plant and equipment impaired, impairment, impairment losses will be recognized in the statements of comprehensive income.

In case of disposal, PEA writes off cost of assets and its accumulated depreciation from the accounts, and recognized gain or loss on disposal of assets as other income or other expenses in the statement of comprehensive income

In 2011, PEA has revised to estimate useful lives of assets by separating each significant component of the assets to reflect current condition and expected economic benefits in the future.

4.8 Constructions in progress

Constructions in progress include construction costs, borrowing costs incurred on directly costs associated with the borrowings for the construction and other costs that directly related to construction or prepare the property for its intended use are completed. Constructions in progress are included to calculate depreciation.

4.9 Intangible assets

Intangible assets comprises computer software licenses that are stated at cost less accumulated amortization and allowance for impairment of intangible assets (if any).

Amortization of computer software licenses is calculated using the straight – line method over the lease period and recognized expenses in the statements of comprehensive income.

Intangible assets impaired will be realized impairment losses as other operating expenses in the statement of comprehensive income when incurred.

4.10 Foreign currency transactions

Foreign currency transactions are translated into Thai Baht by the exchange rates prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Baht at the reference exchange rates announced by the Bank of Thailand at such date. Gains or losses on exchange arising on settlements and translation are recognized as income or expenses for the period when incurred.

4.11 Financial instruments

Financial assets at the statement of financial position dates of PEA include cash and cash equivalents, and trade accounts receivable. Whilst financial liabilities are obligations under contracts including trade accounts payable, other payables, other current liabilities, short-term loans and long-term loans.

4.12 Provisions

PEA recognizes the provisions in the statements of financial position when contingent liabilities arising from legal claims or estimated from past events are created, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and such amount of the obligations can be estimated with sufficient reliability. The actual results may differ from those estimates.

PEA recognizes as a provision should be the best estimate of the expenditure required to settle the present obligation at the statement of financial position date by considering risks and uncertainties that inevitably surround of obligations, to recognize the expected cash flows associated with the present obligation as present value of the expected cash flows associated with that present obligation.

Provisions which due within one year are classified as short-term provisions and provisions which due more than one year are classified as long-term provisions.

4.13 Deferred revenues

4.13.1 Contributions for constructing electricity distribution systems represent cash collected from people who request to use the electricity in order to reduce the burden of PEA for construction of the electricity distribution systems. Ownership of the systems including responsibility maintenance and repair thereof belong to PEA. Such contributions are presented as deferred revenues in the statements of financial position and recognized as revenues at the rate of 5% per annum (equal to the depreciation rate of PEA's electricity distribution systems)

4.13.2 Contribution revenues represent assets received from donation which are used in operations. Most of such assets are electricity distribution systems that the electricity users donate to PEA, which PEA is responsible for maintenance. Such assets are presented as deferred revenues from donated assets in the statement of financial position and recognized as revenues at the rate in accordance with depreciation rates of such assets over their useful lives.

Assets received from donation which are not used in operations are recognized as other non-operating revenues in the statement of comprehensive income in the period of acquisition.

4.13.3 Contribution revenues from foreign financial institutions represent contributions made by foreign financial institutions in form of interest discount for uses for certain purpose of PEA. Such revenues are presented as deferred revenues in the statement of financial position and recognized as revenues based on the actual amount of expenses as incurred.

4.14 Electricity usage guarantee

According to the Regulation of the Provincial Electricity Authority effective from August 23, 2000 regarding "Electricity Usage Guarantee Administration B.E. 2543 (2000)", the Governor has to deposit Baht 600 million of working capital in the bank account named "Electricity Usage Guarantee Fund" to reserve a fund for refunding of electricity usage guarantee to electricity users, and interest income is separately deposited in the bank account named "Interest from Electricity Usage Guarantee Fund." The remaining electricity usage guarantee after deducting reserve for refunding of electricity usage guarantee to electricity users can be used as working capital under the consideration and approval of the Board of Directors of PEA by paying a return to the fund at the same interest rate established by Krung Thai Bank Public Company Limited for savings account of state enterprises by depositing in the "Interest from Electricity Usage Guarantee" account on a monthly basis. PEA also has to transfer its working capital equal to the net increase in electricity usage guarantee in each month to the "Electricity Usage Guarantee Fund" account and to repay electricity usage guarantee fund which was used as working capital to the "Electricity Usage Guarantee Fund" account not less than Baht 100 million each month until the electricity usage guarantee received from electricity users is fully covered. In case of working capital deficiency or liquidity difficulty, the repayment can be postponed with the approval of the Governor and reporting to the Board of Directors. PEA can use interest from electricity usage guarantee fund in activities that are beneficial directly to electricity users and/or other public interests as specified by the Governor and approved by the Board of Directors.

4.15 Employee gratuity fund

PEA establishes employee gratuity fund for the purpose of giving aid to employees in case of termination without guilt in accordance with the Regulations of the Provincial Electricity Authority on Employee Gratuity Fund and Benefit for PEA Employees B.E. 2522 (1979). PEA pays monthly contribution at the rate of 10% of monthly employee salaries and recognizes as an expense in the statements of income. In this regard, the financial statements of PEA include transactions of the fund and also eliminate the related party transactions.

4.16 Employee benefits

4.16.1 Short – term employee benefits

Short – term employee benefits comprise salaries, overtimes, bonuses compensated absences and short – term other benefits. Short – term employee benefits will be recognized as employee expenses in the statement of comprehensive income on accrual basis.

4.16.2 Post - employee benefits

4.16.2.1 Defined contribution plans

PEA has established the provident fund in accordance with the Provident Fund Act B.E. 2530 (1987). Employees have option to pay into the fund accumulated at the rate of 3 – 11% of the salary of each and PEA will pay into the fund at the rate of 9 – 11% of salary of members of the Fund to defined contribution plans. PEA' s contributions are recognized as employee expenses in the statements of comprehensive income. PEA also established employee gratuity fund according to Note 4.15.

4.16.2.2 Defined benefit plans

PEA' s defined benefit plans comprise remuneration under the State Enterprise Labor Relations Act B.E. 2543 (2000), compensation under Labour Law, compensated absences of employees who are dismissed without committing an offense under the law, souvenir for retired employees and other post – employment benefits in accordance with the contract of employment.

Since January 1, 2011, PEA has provisions for defined benefit plans are calculated by the actuarial technique by using projected unit credit method. The estimated future cash flows shall reflect which estimated from the present value of employee salaries, turnover rate, mortality, length of service and other factors.

Actuarial gains / losses occurred will be recognized in the statements of comprehensive income.

4.16.3 Other long – term employment benefits

PEA has estimated other long – term employment benefits based on number of years that employees worked for PEA. PEA accounts these employment benefits by using projected unit credit method which calculated by the actuary.

4.17 Research and technology development fund

PEA establishes research and technology development fund, according to the policy of the Office of the National Economic and Social Development Board to continuously promote and support existing and new research and technology development in high efficiency manner. The fund aims to reduce the dependence and the importation of technology from abroad. Consequently, PEA enables to apply the results of research and development to PEA's operations in the highest efficiency. PEA has contributed from its budget as a funding for domestic education and research and development institutions and business units within PEA.

The contributions of research and technology development occurred will be recognized as an expense.

4.18 Revenue recognition

Sales of electricity energy are recognized on a monthly basis as cycle time recording of electricity usage units from customers' electric meters.

Sales of electricity equipment are recognized when goods are delivered, and ownership is transferred to customers.

Income from constructions for electricity users is recognized in proportion of actual costs incurred.

Deferred contributions for construction is recognized as income at the rate of 5% per annum (equaled to depreciation rate of related assets).

Interest income is recognized on a time proportion basis using the effective yields of interest bearing assets.

4.19 Executive remuneration

Executive remuneration represents the compensation paid to directors and management who have the power to decide, both in monetary and remuneration benefit.

4.20 Financial costs

Financial costs represent costs incurred from seeking operational funds including interest expense and fee paid.

Interest and other expenses incurred on buildings, electricity generating and electricity distributing systems under construction related to long-term loans made specifically for the purpose of acquiring fixed assets are capitalized as costs of asset and related to long – term loans made general purpose are capitalized as part of the cost of that asset at the capitalization rate. Interest and other expenses incurred subsequent to the completion of construction are recognized as expenses in the statements of comprehensive income.

4.21 Related party transactions

Related party transactions are enterprises or individuals that control or are controlled, directly or indirectly by PEA, or are under common control with PEA, including associates and individuals who have directly or indirectly voting rights that result in significant influence PEA, executives, directors or employees and close member of that person's family is related to PEA's executives have control over PEA.

4.22 Use of judgments and significant accounting estimates

To prepare of financial statements in conformity with generally accepted accounting principles, management have to make estimates and several assumptions that affect amounts of revenues, expenses, assets and liabilities and disclosure contingent assets and liabilities. Actual results may differ from estimates such as allowance for doubtful accounts, allowance for obsolete materials and supplies and allowance for loss or misstated or lost materials.

5. Supplementary information

5.1 Cash and cash equivalents consist of:

Unit: Million Baht

	Consolidated		Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>
Cash	44.29	108.42	44.26	108.39
Cash at banks : - Current accounts	47.62	6.14	47.62	6.14
- Savings accounts	991.27	1,746.73	908.13	1,649.32
Total	<u>1,083.18</u>	<u>1,861.29</u>	<u>1,000.01</u>	<u>1,763.85</u>

5.2 Trade accounts receivable – net consist of :

Unit: Million Baht

	Consolidated		Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>
Accounts receivable from sales of electricity - net	25,847.81	23,155.55	25,847.81	23,155.55
Accounts receivable from sales of equipment and rendering of services - net	1,246.87	814.87	1,239.08	814.87
Total	<u>27,094.68</u>	<u>23,970.42</u>	<u>27,086.89</u>	<u>23,970.42</u>

5.2.1 Accounts receivable from sales of electricity – net are as follows :

Unit: Million Baht

Outstanding period	Consolidated and separate financial statements			Dec. 31, 2010 Toal
	Public Sector	Private Sector	Toal	
1 month - 6 months	3,873.35	23,321.12	27,194.47	24,133.12
Over 6 months – 1 year	242.63	93.10	335.73	290.83
Over 1 year	141.07	409.45	550.52	692.89
	<u>4,257.05</u>	<u>23,823.67</u>	<u>28,080.72</u>	<u>25,116.84</u>
<u>Less</u> Undue VAT from sales	<u>271.65</u>	<u>1,555.11</u>	<u>1,826.76</u>	<u>1,637.77</u>
	<u>3,985.40</u>	<u>22,268.56</u>	<u>26,253.96</u>	<u>23,479.07</u>
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>406.15</u>	<u>406.15</u>	<u>323.52</u>
Total	<u>3,985.40</u>	<u>21,862.41</u>	<u>25,847.81</u>	<u>23,155.55</u>

In October 2011 several parts of Thailand had experienced the severe floods. Repayments of receivables from sales of electricity were affected by the floods therefore the Energy Regulatory commission offers measures on providing assistance to energy users and licencees affected by the flood disaster and PEA has agreed to extend term of electricity bill payment for flood victims up to 3 months from the due date. PEA's executives consider that electricity users would be able to pay with in credit terms after the deferral period. As a result, this matter does not significantly affect allowance for doubtful accounts.

5.2.2 Accounts receivable from sales of equipment and rendering of services – net are as follows :

Unit: Million Baht

	Consolidated		Separate	
	financial statements Dec.31, 2011	Dec. 31, 2010	financial statements Dec. 31, 2011	Dec. 31, 2010
Receivables from sales and rendering of services	264.59	109.65	256.80	109.65
Receivables from construction obligations	1,015.61	749.12	1,015.61	749.12
Receivables from construction obligations due from TT&T PLC.	952.69	952.69	952.69	952.69
Other receivables	<u>78.24</u>	<u>27.93</u>	<u>78.24</u>	<u>27.93</u>
	<u>2,311.13</u>	<u>1,839.39</u>	<u>2,303.34</u>	<u>1,839.39</u>
<u>Less</u> Undue VAT from sales	<u>140.22</u>	<u>113.98</u>	<u>140.22</u>	<u>113.98</u>
	<u>2,170.91</u>	<u>1,725.41</u>	<u>2,163.12</u>	<u>1,725.41</u>
<u>Less</u> Allowance for doubtful accounts	<u>924.04</u>	<u>910.54</u>	<u>924.04</u>	<u>910.54</u>
Total	<u>1,246.87</u>	<u>814.87</u>	<u>1,239.08</u>	<u>814.87</u>

Receivables from construction obligations due from TT&T PLC are receivables that were authorized by the Telephone Organization of Thailand to carry out business relating to obtaining permission to put up the distribution poles and lines, payment for expenses relating to such putting up, communicating and coordinating with PEA for expansion of the one million telephone lines within the provinces project.

As at December 31, 2011 receivables from construction obligations due from TT&T PCL amounting to Baht 952.69 million include receivables from construction obligations amounting to Baht 890.36 million and undue output VAT from sales amounting to Baht 62.33 million, which PEA has made full provision of Baht 890.36 million.

PEA prosecuted the civil suit against the Telephone Organization of Thailand (currently, TOT Corporation Public Company Limited) in case of ignoring of making a payment and on November 1, 2001, the public prosecutor filed the accusation against the Telephone Organization of Thailand to the Civil Court as undecided case No. 5389/2544. Subsequently, on May 17, 2006, the Civil Court had an order No. 6554/2545 to the defendant (Telephone Organization of Thailand) to make a payment to the plaintiff (PEA) amounting to Baht 229.77 million with interest at the rate of 7.5% per annum of the principal of Baht 192.25 million from the date the Central Bankruptcy Court had an order to file for rehabilitation (May 5, 2000) onwards until full payment. And the Appeal Court had an order No. 11396/2553 to adjudge to dismiss the plaintiff's plaint. Currently, the lawsuit is in the process of filing to the Supreme Court.

5.3 Materials and supplies - net consist of:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2011	Dec. 31, 2010
Materials and supplies		
Operating materials and supplies	430.15	485.32
Materials and supplies for construction and maintenance	534.42	633.85
Materials and supplies for repair	1,303.23	995.49
Demolition materials and supplies, and obsolete materials and supplies	193.35	209.12
Materials and supplies pending for adjustments	86.25	11.88
	<u>2,547.40</u>	<u>2,335.66</u>
Materials and supplies in transit	173.02	15.20
	<u>2,720.42</u>	<u>2,350.86</u>
<u>Less</u> Allowance for obsolete materials and supplies	6.72	1.75
Allowance for loss or misstated or lost materials and supplies under investigation	86.25	11.89
Total	<u>2,627.45</u>	<u>2,337.22</u>

For the year ended December 31, 2011 and 2010, PEA had recognized expenses (decrease in expenses) amounting to Baht 79.33 million and Baht (0.4) million, respectively.

5.4 Specific purposes at financial institutions consist of:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2011	Dec. 31, 2010
Electricity usage guarantee fund	14,398.24	12,004.84
Sinking fund for repayment of bonds	2.96	0.83
Interest from electricity usage guarantee	1,380.92	1,255.04
Interest from KFW fund	146.85	145.49
Subsidy from Energy Conservation Policy from the Energy Policy and Planning Office and other governmental agencies	4.36	76.37
PEA fund for guarantee of employees' loans	0.01	0.03
Total	<u>15,933.34</u>	<u>13,482.60</u>

Electricity usage guarantee fund and sinking fund for repayment of bonds are deposits at financial institutions that can be used in PEA's activities in case of PEA having deficits in working capital. Interest from electricity usage guarantee, interest from KFW Fund, subsidy from Energy Conservation Policy from the Energy Policy and Planning Office and PEA fund for guarantee of employees' loans are deposits at financial institutions which are restricted for specific purposes as determined by PEA.

5.5 Accrued revenues consist of:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2011	Dec. 31, 2010
Accrued interest	307.88	119.37
Accrued revenues from discount on electricity according to Cabinet's Resolution	20,532.66	17,430.71
Accrued revenues from the Power Development Fund	2,115.86	-
Other accrued revenues	207.13	203.43
Total	<u>23,163.53</u>	<u>17,753.51</u>

5.6 Other current assets consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	Dec.31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Employee receivables	94.51	92.36	94.51	92.36
Other receivables	426.77	645.38	426.37	645.38
Prepaid expenses	25.40	25.78	24.99	25.78
Electricity compensation	1,539.86	-	1,539.86	-
Suspense accounts	16.65	9.28	16.65	9.28
Total	<u>2,103.19</u>	<u>772.80</u>	<u>2,102.38</u>	<u>772.80</u>

5.7 Investment in subsidiary

As at December 31, 2011, and 2010 investment in subsidiary amounting to Baht 100 million.

Investment in subsidiary represented an investment in PEA Encom International Company Limited. The Company registered in Thailand with a purpose of investing in electricity-related businesses and conducting training services concerning electricity systems and other private organizations both domestically and internationally. The authorized share capital in amount of Baht 100 million by issuing 10 million ordinary shares at a par value of Baht 10, PEA acquired its shareholding of 100%. The investment in subsidiary is accounted using the cost method.

5.8 Investment property – net consist of :

Unit: Million Baht

Consolidated and separate financial statements

Items	cost				Accumulated Depreciation				Investment property-net as at Dec. 31, 11
	Beginning balance as at Jan. 1, 11	Additions	Decreases	Ending balance as at Dec. 31, 11	Beginning balance as at Jan. 1, 11	Additions	Decreases	Ending balance as at Dec. 31, 11	
Land and land improvements	701.37	32.87	192.26	541.98	-	-	-	-	541.98
Total	701.37	32.87	192.26	541.98	-	-	-	-	541.98

Unit : Million Baht

Consolidated and separate financial statements

Items	cost				Accumulated Depreciation				Investment property-net as at Dec. 31, 10
	Beginning balance as at Jan. 1, 10	Additions	Decreases	Ending balance as at Dec. 31, 10	Beginning balance as at Jan. 1, 10	Additions	Decreases	Ending balance as at Dec. 31, 10	
Land and land improvements	762.78	42.08	103.49	701.37	-	-	-	-	701.37
Total	762.78	42.08	103.49	701.37	-	-	-	-	701.37

As at December 31, 2011 and 2010, according to The Treasury Department, investment properties have fair value of Baht 900.73 million and Baht 1,092.48 million, respectively.

PEA has land rental income as at December 31, 2011 and 2010, amounting to Baht 0.60 million and Baht 0.20 million, respectively.

5.9 Property, plant and equipment – net consist of :

Unit : Million Baht

Consolidated financial statements

Items	cost				Accumulated Depreciation				Allowance For impairment	Property, plant and equipment-net as at Dec 31, 11
	Beginning balance as at Jan. 1, 11	Additions	Decreases	Ending balance as at Dec. 31, 11	Beginning balance as at Jan. 1, 11	Additions	Decreases	Ending balance as at Dec. 31, 11		
Land and land improvements	8,390.78	448.41	76.71	8,762.48	732.30	84.51	2.88	813.93	-	7,948.55
Buildings and constructions	11,431.91	520.22	12.60	11,939.53	3,193.49	365.72	9.06	3,550.15	-	8,389.38
Electricity generating systems	1,979.94	53.65	0.03	2,033.56	595.67	74.18	0.02	669.83	-	1,363.73
Electricity distributing systems	292,720.48	18,493.45	1,839.12	309,374.81	131,275.92	12,067.85	1,569.02	141,774.75	15.96	167,584.10
Furniture, tools and equipment	14,194.72	727.55	389.69	14,532.58	6,720.50	950.09	353.95	7,316.64	0.22	7,215.72
Vehicles	7,154.50	349.86	79.47	7,424.89	6,027.23	262.75	78.79	6,211.19	-	1,213.70
Total	335,872.33	20,593.14	2,397.62	354,067.85	148,545.11	13,805.10	2,013.72	160,336.49	16.18	193,715.18

Unit : Million Baht

Separate financial statements

Items	cost				Accumulated Depreciation				Allowance For impairment	Property, plant and equipment-net as at Dec 31, 11
	Beginning balance as at Jan. 1, 11	Additions	Decreases	Ending balance as at Dec. 31, 11	Beginning balance as at Jan. 1, 11	Additions	Decreases	Ending balance as at Dec. 31, 11		
Land and land improvements	8,390.78	448.41	76.71	8,762.48	732.30	84.51	2.88	813.93	-	7,948.55
Buildings and constructions	11,431.91	520.22	12.60	11,939.53	3,193.49	365.72	9.06	3,550.15	-	8,389.38
Electricity generating systems	1,979.94	53.65	0.03	2,033.56	595.67	74.18	0.02	669.83	-	1,363.73
Electricity distributing systems	292,720.48	18,493.45	1,839.12	309,374.81	131,275.92	12,067.85	1,569.02	141,774.75	15.96	167,584.10
Furniture, tools and equipment	14,194.72	727.06	389.69	14,532.09	6,720.50	950.01	353.95	7,316.56	0.22	7,215.31
Vehicles	7,154.50	349.86	79.47	7,424.89	6,027.23	262.75	78.79	6,211.19	-	1,213.70
Total	335,872.33	20,592.65	2,397.62	354,067.36	148,545.11	13,805.02	2,013.72	160,336.41	16.18	193,714.77

As at December 31, 2011 PEA had recognized impairment of assets which affected by severe floods in Thailand as impairment loss of assets amounting to Baht 16.18 million in the consolidated and separate statements of comprehensive income comprised cost of assets Baht 52.87 million and accumulated depreciation Baht 36.69 million.

Unit : Million Baht

Consolidated and separate financial statements

Items	cost				Accumulated Depreciation				Property, plant and equipment-net as at Dec 31, 11
	Beginning balance as at Jan. 1, 11	Additions	Decreases	Ending balance as at Dec. 31, 11	Beginning balance as at Jan. 1, 11	Additions	Decreases	Ending balance as at Dec. 31, 11	
	Land and land improvements	8,024.27	368.80	2.29	8,390.78	650.20	82.79	0.69	
Buildings and constructions	9,924.92	1,516.33	9.34	11,431.91	2,856.53	344.12	7.16	3,193.49	8,238.42
Electricity generating systems	2,140.19	850.05	1,010.30	1,979.94	526.92	92.61	23.86	595.67	1,384.27
Electricity distributing systems	276,858.38	17,225.70	1,363.60	292,720.48	120,900.64	11,322.15	946.87	131,275.92	161,444.56
Furniture, tools and equipment	13,190.20	1,307.46	302.94	14,194.72	6,047.59	947.49	274.58	6,720.50	7,474.22
Vehicles	6,989.83	223.63	58.96	7,154.50	5,824.22	261.97	58.96	6,027.23	1,127.27
Total	317,127.79	21,491.97	2,747.43	335,872.08	136,806.10	13,051.13	1,312.12	148,545.11	187,327.22

Fixed assets that are fully depreciated but are continuing use for PEA and its subsidiary as at December 31, 2011 and 2010, are Baht 0.40 million and Baht 0.39 million, respectively.

5.10 Constructions in progress consist of :

Unit : Million Baht

Consolidated and separate financial statements

Items	Beginning balance as at Jan. 1, 2011	Additions	Decreases	Ending balance as at Dec. 31, 2011
1. Construction in Progress (PEA capital budget)	29,611.56	20,341.16	19,608.47	30,344.25
2. Construction in Progress (Partially funded by electricity users)	1,935.04	4,196.44	3,594.70	2,536.78
3. Construction in Progress (Funded by interest from electricity usage guarantee)	1.06	4.39	1.06	4.39
Total	31,547.66	24,541.99	23,204.23	32,885.42

Unit : Million Baht

Consolidated and separate financial statements

Items	Beginning balance as at Jan. 1, 2010	Additions	Decreases	Ending balance as at Dec. 31, 2010
1. Construction in Progress (PEA capital budget)	21,650.23	22,561.36	14,600.03	29,611.56
2. Construction in Progress (Partially funded by electricity users)	2,142.57	3,492.43	3,699.96	1,935.04
3. Construction in Progress (Funded by interest from electricity usage guarantee)	-	1.06	-	1.06
Total	23,792.80	26,054.85	18,299.99	31,547.66

5.11 Intangible assets – net consist of :

Unit : Million Baht

Consolidated and separate financial statements

Item	cost				Accumulated Amortization				Intangible assets – net as at Dec 31, 11
	Beginning balance as at Jan. 1, 11	Additions	Decreases	Ending balance as at Dec. 31, 11	Beginning balance as at Jan. 1, 11	Additions	Decreases	Ending balance as at Dec. 31, 11	
Computer software licenses	1,968.12	337.01	1.26	2,303.87	1,066.29	311.32	1.27	1,376.34	927.53

Unit : Million Baht

Consolidated and separate financial statements

Item	cost				Accumulated Depreciation				Intangible assets – net as at Dec 31, 10
	Beginning balance as at Jan. 1, 11	Additions	Decreases	Ending balance as at Dec. 31, 11	Beginning balance as at Jan. 1, 11	Additions	Decreases	Ending balance as at Dec. 31, 11	
Computer software licenses	1,515.93	454.05	1.86	1,968.12	732.21	335.94	1.86	1,066.29	901.83

Intangible assets that are fully amortized but are continuing use for PEA and its subsidiary as at December 31, 2011 and 2010, are approximately Baht 0.002 million and Baht 0.002 million, respectively.

5.12 Other non-current assets consist of :

Unit : Million Baht

Consolidated and separate financial statements

	<u>Dec 31, 2011</u>	<u>Dec 31, 2010</u>
Employee receivables	64.68	75.72
Referred expenses	11.01	11.60
Retentions and deposits	4.82	3.37
PEA employee gratuity fund	27.40	39.96
Total	<u>107.91</u>	<u>130.65</u>

5.13 Trade accounts payable consist of :

Unit : Million Baht

	Consolidated		Separate	
	financial statements		financial statements	
	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
Accounts payable - electricity	23,679.13	23,623.26	23,679.13	23,623.26
Accounts payable - domestic	763.35	629.88	756.25	629.88
Accounts payable - foreign	25.40	3.37	25.40	3.37
Accounts payable - unbilled	1,001.76	905.23	1,001.76	905.23
Total	25,469.64	25,161.74	25,462.54	25,161.74

Consolidated and separate financial statements as at December 31, 2011 and 2010, suspense payables – unbilled amounting to Baht 1,001.76 million and Baht 905.23 million, respectively, represent payables for goods or services received but not recorded as accounts payable.

5.14 Long – term loans are as follows :

Unit : Million Baht

Consolidated and separate financial statements

Type of Loans	Repayment Terms	Currency	Fixed Interest Rate Per Contract (%)	Dec. 31, 2011	Dec. 31, 2010
Domestic loans					
- Financial institutions	2003 – 2014	Baht	2.70 – 2.77 *	1,155.84	1,592.44
	2011 – 2013	Baht	Government subsidy	9,424.04	13,010.67
- Ministry of Finance	1988 – 2031	Canadian Dollar	Interest free	378.38	388.14
- Bonds	2003 – 2027	Baht	2.57 – 6.844	66,015.00	63,622.03
Total domestic loans				76,973.26	78,613.28
Foreign loans					
- Financial institutions	2003 - 2027	Yen	2.20 - 2.70	5,696.16	5,647.57
	2002 - 2012	US Dollar	Interest free	7.80	22.29
	1991 - 2020	Euro	2.00	863.28	953.05
	2007 - 2023	Euro	8.00 **	484.76	511.22
Total foreign loans				7,052.00	7,134.13
Total long-term loans				84,025.26	85,747.41
Less Current portion				12,654.19	12,557.98
Total				71,371.07	73,189.43

* Siam Commercial Bank Public Company Limited, borrowing interest rate equals to six-month fixed deposit interest rate for personal plus 0.970% per annum and Thanachart Bank Public Company Limited, borrowing interest rate of two contracts equals to three-month fixed deposit interest rate for personal plus 0.7% per annum.

** Borrowing interest rate of 8% per annum under the contract included interest expense that PEA paid to KFW fund at the rate of 6% per annum.

*** Domestic loans are loans borrowed to compensate for government' s cost of living reduction measure. Government is responsible for both principle and interest.

PEA used loan borrowed to construct building, electricity generating and electricity distribution system related to loans made specific purpose are capitalized as cost of assets with interest rates of 2.20% – 6.84% per annum.

Interest expense on loans for the years 2011 and 2010 amounting to Baht 3,390.76 million and Baht 3,371.50 million, respectively, were capitalized as cost of construction in progress amounting to Baht 368.35 million and Baht 441.74 million and were recognized as expenses in the Statements of Comprehensive Income for Baht 3,022.41 million and Baht 2,929.76 million, respectively.

5.15 Accrued remittance to the Ministry of Finance

As at December 31, 2011 and 2010, PEA estimated the remittance to the Ministry of Finance of Baht 6,297.23 million and Baht 7,412.47 million, respectively, at 45% of net income for the years 2011 and 2010 before directors and employees bonus amounting to Baht 13,993.84 million and Baht 16,472.16 million, respectively. During the year 2011, PEA remitted money for half year net income of year 2011 amounting to Baht 2,000 million to the Ministry of Finance. The remaining balance of accrued remittance to the Ministry of Finance is Baht 4,297.23 million as at December 31, 2011.

5.16 Other current liabilities consist of :

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
Accrued remittance to the Power				
Development Fund	1,193.57	-	1,193.57	-
Deposits payable	119.54	108.37	119.54	108.37
Retentions and deposits	192.72	200.49	192.72	200.49
Pending repayment electricity				
usage guarantee	110.12	110.88	110.12	110.88
Taxes	0.02	0.01	-	-
Suspense accounts	151.02	37.83	151.02	37.83
Inter – account between PEA				
and SAT	0.03	0.06	0.03	0.06
Provisions	0.56	-	0.56	-
Total	1,767.58	457.64	1,767.56	457.63

5.17 Long – term provisions

Consolidated and separate financial statements as at December 31, 2011 and 2010, amounting to Baht 33.97 million and Baht 34.18 million, respectively, represent the provisions that PEA was filed in litigation as a defendant, which PEA assessed the status of the lawsuits and estimated that 23 lawsuits and 22 lawsuits, respectively.

5.18 Construction obligations

Consolidated and separate financial statements as at December 31, 2011 and 2010, amounting to Baht 5,815.18 million and Baht 4,829.35 million, respectively, represent the obligations for PEA to expand the electricity distribution areas for electricity users which the electricity users fully or partially funded the construction costs. The ownership of the assets belongs to PEA.

5.19 Deferred revenues consist of:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2011	Dec. 31, 2010
Contributions for construction	31,652.90	30,636.69
Deferred revenues from donated assets	1,351.99	1,303.70
Total	33,004.89	31,940.39

5.20 Electricity usage guarantee represent cash received from electricity users to guarantee their electricity usage, which are deposited at financial institutions and used as working capital as follows:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2011	Dec. 31, 2010
Current accounts	0.001	0.001
Savings accounts	0.013	0.002
Fixed deposits	14,398.23	12,004.84
Electricity usage guarantee - used as PEA's working capital	2,400.00	3,600.00
Electricity usage guarantee - additional deposits by PEA	211.98	221.61
Total	17,010.22	15,826.45

As at December 31, 2011 and 2010, electricity usage guarantee-used as PEA's working capital was Baht 2,400 million and Baht 3,600 million, respectively, approved by the Board of Directors of PEA by paying a return to the fund at the same interest rate established by Krung Thai Bank Public Company Limited for savings account of state enterprises (currently interest rate of 0.25% - 0.5% per annum) by depositing in the Interest from Electricity Usage Guarantee account on a monthly basis. The principal is payable by depositing in the Electricity Usage Guarantee account not less than Baht 100 million each month.

5.21 Employee gratuity fund

As at December 31, 2011 and 2010, employee gratuity fund are as follows :

		Unit: Million Baht	
		Consolidated and separate financial statements	
		<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>
Beginning balance		38.54	38.71
<u>Add</u>	Contributions during the years	1.51	1.65
	Payments for shortage from PEA	2.91	3.94
	Excess of revenues over expenses for the years	<u>0.64</u>	<u>0.74</u>
		43.60	45.04
<u>Less</u>	Payments to employees and provident fund	8.12	5.76
	Payments to provident fund	8.01	-
	Repayments for surplus of the gratuity fund over obligations	<u>0.64</u>	<u>0.74</u>
Ending balance of fund equal to obligations to be paid to resigned or retired employees		<u><u>26.83</u></u>	<u><u>38.54</u></u>

5.22 Employee benefit obligations

Employee benefits of PEA and its subsidiary consist of post – employee include defined contribution plans (provident fund), defined benefit plans and other long – term employee benefits according to the State Enterprise Labor Relations Act B.E. 2543 (2000). As at December 31, 2011, employee benefit obligations are as follows:

		Unit: Million Baht
		Consolidated and separate financial statements
		<u>Dec. 31, 2011</u>
Post – employment benefits under defined benefit plans		
	Retirement pension	7,577.63
	Souvenir when retired	127.05
	Vacation leave remains when retired	<u>757.83</u>
	Total post – employment benefits under defined benefit plans	8,462.51
Other long – term employee benefits		
	Souvenir due to working for long time	<u>115.89</u>
	Total other long – term employee benefits	115.89
Total		<u><u>8,578.40</u></u>

Post – employment benefits under defined benefit plans and other long – term employment benefits in the statements of comprehensive income as at December 31, 2011, are as follows :

	Unit: Million Baht
Consolidated and separate financial statements	
	<u>Dec. 31, 2011</u>
Current service costs	99.69
Interest on obligations	100.24
Actuarial gains / losses	<u>276.81</u>
Total	<u>476.74</u>

Movement in the present value of provisions for employee benefits for the year ended December 31, 2011, are as follows :

	Unit: Million Baht
Consolidated and separate financial statements	
	<u>Dec. 31, 2011</u>
Beginning balance of provisions for employee benefits	8,101.66
Current service costs	99.69
Interest on obligations	100.24
Actuarial gains / losses	<u>276.81</u>
Ending balance of provisions for employee benefits	<u>8,578.40</u>

Actuarial assumptions for the calculation of provisions under post – employment benefits plan as at December 31, 2011, are as follows :

	Consolidated and separate financial statements
	<u>Dec. 31, 2011</u>
Discount rate	4.50%
Future salary incremental rate	7.50%
Employee turnover rate	0.43%

Post – employment benefits under defined contribution plans, PEA has established the provident fund. The fund is monthly contributed by employees and by PEA. PEA registered provident fund in accordance with the Provident Fund Act B.E. 2530 (1987).

For the year ended December 31, 2011 and 2010, PEA contributed to the provident fund amounting to Baht 1,256.84 million and Baht 1,183.41 million, respectively.

5.23 Executives' remunerations

Executives' remunerations consists of :

		Unit: Million Baht	
		Consolidated and separate financial statements	
		Dec. 31, 2011	Dec. 31, 2010
Directors' remunerations		14.09	21.94
Management's remunerations		98.23	100.98
Total		112.32	122.92

5.24 Operational results

5.24.1 Operating results for the 12 - month period ended December 31, 2011 and 2010, are as follows :

		Unit: Million Baht			
		Consolidated and separate financial statements			
		Dec 31, 2011	Dec 31, 2010	Increase (Decrease)	Percentage
Operating revenues		323,535.04	322,662.01	873.03	0.27
Cost of sales and services		287,680.59	285,782.96	1,897.63	0.66
Gross profit		35,854.45	36,879.05	(1,024.60)	(2.78)
Administrative expenses		16,089.80	15,578.57	511.23	3.28
Selling expenses		4,665.24	4,530.87	134.37	2.97
Directors' remuneration		112.32	122.92	(10.60)	(8.62)
Operating income		14,987.09	16,646.69	(1,659.60)	(9.97)
Other revenues		1,224.08	1,048.96	175.12	16.69
Other expenses		724.65	-	724.65	100.00
Financial costs		3,039.21	2,935.92	103.29	3.52
Net income		12,447.31	14,759.73	(2,312.42)	(15.67)

In the year 2011, PEA and its subsidiary have net income of Baht 12,447.31 million which decreased from the same period of prior year by Baht 2,312.42 million. The decrease is attributable to decrease in operating income by Baht 1,659.60 million, increase in other revenues by Baht 175.12 million, increase in other expenses by Baht 724.65 million and increase in financial costs by Baht 103.29 million.

Unit: Million Baht

	Separate financial statements			
	Dec 31, 2011	Dec 31, 2010	Increase (Decrease)	Percentage
Operating revenues	323,526.61	322,662.02	864.59	0.27
Cost of sales and services	287,673.06	285,782.96	1,890.10	0.66
Gross profit	35,853.55	36,879.06	(1,025.51)	(2.78)
Administrative expenses	16,074.31	15,575.29	499.02	3.20
Selling expenses	4,665.24	4,530.87	134.37	2.97
Directors' remuneration	112.32	122.92	(10.60)	(8.62)
Operating income	15,001.68	16,649.98	(1,648.30)	(9.90)
Other revenues	1,223.48	1,048.84	174.64	16.65
Other expenses	724.65	-	724.65	100.00
Financial costs	3,039.21	2,935.93	103.28	3.52
Net income	12,461.30	14,762.89	(2,301.59)	(15.59)

In the year 2011, PEA has net income of Baht 12,461.30 million which decreased from the same period of prior year by Baht 2,301.59 million. The decrease is attributable to decrease in operating income by Baht 1,648.30 million, increase in other revenues by Baht 174.64 million, increase in other expenses by Baht 724.65 million and increase in financial costs by Baht 103.28 million.

The National Telecommunications Commission allowed PEA to run telecommunication business since March 1, 2007. In the year 2011, PEA had revenue from telecommunication business amounting to Baht 526.32 million which was included in other operating revenues.

5.24.2 Transaction classified by expense characteristics.

Some transactions included in the statements of comprehensive income for the year ended December 31, 2011 and 2010 classified by expense characteristics as follows :

	Unit : Million Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
Depreciation of property, plant and equipment	13,539.84	13,012.07	13,539.76	13,012.07
Amortization of intangible assets	311.31	335.94	311.31	335.94
Impairment losses of assets	16.18	-	16.18	-
Employee expenses	20,228.87	19,895.44	20,228.22	19,895.44

6. Related party transactions

As at December 31, 2011 and 2010, significant related party transactions are as follows :

Unit : Million Baht

Item/Company name	Relation	Consolidated		Separate	
		financial statements		financial statements	
		<u>Dec 31,2011</u>	<u>Dec 31,2010</u>	<u>Dec 31,2011</u>	<u>Dec 31,2010</u>
Investment in subsidiary					
PEA Encom International Co. Ltd.	Subsidiary	100	100	100	100
Accounts payable					
EGAT	Related party	22,390.08	22,959.30	22,390.08	22,959.30

Related party transaction as at December 31, 2011 and 2010 are as follow :

Item/Company name	Relation	Consolidated		Separate	
		financial statements		financial statements	
		<u>Dec 31,2011</u>	<u>Dec 31,2010</u>	<u>Dec 31,2011</u>	<u>Dec 31,2010</u>
Cost of electricity					
EGAT	Related party	272,497.96	275,117.19	272,497.96	275,117.19

7. Disclosure of financial instruments

7.1 Credit risk

Credit risk arises when accounts receivable do not comply with the terms and conditions of credit agreements, causing losses to PEA. Most of PEA's accounts receivable are juristic person and natural person however, there has been no significant losses that affects PEA financial statements in the past. Therefore, it is assumed that PEA has no credit risk.

In case of financial assets recognition in the statements of financial position, book value of the assets is the maximum risk that PEA may experience.

7.2 Interest rate risk

Interest rate risk arises when interest rate changes and may negative effect on operations of PEA. However, most of PEA's loans have fixed interest rate and PEA loans are not significant amount except mentioned in Note 5.14.

7.3 Foreign exchange rate risk

Foreign exchange rate risk arises when there is a change in foreign exchange rates and may affect current and following years of PEA and its subsidiary's financial position. However, most of PEA transactions occur in Thai Baht therefore changes in foreign exchange rate do not have significant impact on PEA and its subsidiary's assets and liabilities that PEA owns in foreign currency.

7.4 Fair value of financial Instruments

PEA and its subsidiary estimate fair value by using following assumptions.

Cash and cash equivalents, short – term investment, trade accounts receivable, Bank overdrafts, short – term loans and trade accounts payable have book values approximate their fair value since they will be due in short – term.

8. Commitments and contingent liabilities

8.1 Commitments

As at December 31, 2011, PEA has commitments from outstanding letter of credit of Baht 30.76 million. However as at December 31, 2010 PEA has no commitments.

8.2 Contingent liabilities

As at December 31, 2011 and 2010, PEA was sued 73 cases and 72 cases, respectively with total capital funds Baht 1,995.08 million and Baht 2,006.64 million, respectively. These amounts were recorded as contingent liabilities.

PEA was filed in lawsuits partly due to lease computer software packages for the core business from Portalnet co., Ltd., authorized by SPIES, sued PEA to the Central Administrative Court on November 22, 2010, accordingly PEA has obligations for the lease computer software packages for Baht 1,868.61 million plus the interest at the rate of 7.5 percent per annum sued the next day onwards. The Central Administrative Court issued summons to PEA to submit the affidavit with evidence to the court. Later on, prosecutor, Administrative Court Office, Office of the Attorney General, is an authorized person to defend the administrative case, submit deposition to the Administrative Court. Currently the case is on the proceedings of the Central Administrative Court.

9. Reclassification

Certain items in consolidated and separate financial statements as at December 31, 2010, have been reclassified to conform to the presentation in consolidated and separate financial statements as at December 31, 2011, as follow:

Item	Previous classification	Reclassification	Unit : Million Baht
			Consolidated and separate financial statements
			<u>Dec 31, 2010</u>
Inventory	Inventory	Property, plant and equipment	4,577.21
Land	Property, plant and equipment	Investment property	0.85
