



Auditor's Report and Financial Statements

The Provincial Electricity Authority

For the year ended December 31, 2014

สำนักงานการตรวจเงินแผ่นดิน



(TRANSLATION)
AUDITOR'S REPORT

To the Board of the Directors of the Provincial Electricity Authority

The Office of the Auditor General of Thailand has audited the accompanying consolidated financial statements of the Provincial Electricity Authority and its subsidiary, and separate financial statements of the Provincial Electricity Authority, which comprise the consolidated and separate statements of financial position, as at December 31, 2014, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

The Office of the Auditor General of Thailand's responsibility is to express an opinion on these consolidated and separate financial statements based on the audit. The Office of the Auditor General of Thailand conducted the audit in accordance with Thai Standards on Auditing. Those standards require that the Office of the Auditor General of Thailand comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making



those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

The Office of the Auditor General of Thailand believes that the audit evidence the Office of the Auditor General of Thailand has obtained is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand's audit opinion.

Opinion

In the Office of the Auditor General of Thailand's opinion, the above mentioned consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of the Provincial Electricity Authority and its subsidiary, and separate financial position of the Provincial Electricity Authority, respectively, as at December 31, 2014, and their consolidated and separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

(Signed) *Yupin Chalanonniwat*
(Mrs. Yupin Chalanonniwat)
Inspector General 1
Acting Auditor General

(Signed) *Manee Vacharakijja*
(Mrs. Manee Vacharakijja)
Director of Financial Audit Office No. 13

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THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

Unit: Baht

		Consolidated financial statements		
Notes		Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
			(Restated)	(Ending balance)
				(Restated)
Assets				
Current Assets				
Cash and cash equivalents	5.1 6.1	10,940,091,492	3,078,465,100	1,734,973,330
Trade accounts receivable	5.2 6.2	33,363,636,121	31,365,038,600	31,926,699,005
Materials and supplies	5.3 6.3	2,609,586,238	2,870,330,999	2,799,669,962
Special-purpose deposits at financial institutions	5.4 6.4	32,267,560,045	29,243,070,063	20,471,153,407
Accrued revenues	6.5	3,765,778,714	4,484,878,207	4,326,193,134
Undue input VAT		2,127,161,959	1,801,919,384	2,021,313,770
Advance payments to suppliers		1,616,116,172	1,512,612,016	1,766,045,311
Other current assets	6.6	1,213,447,337	1,317,440,898	1,059,171,165
Total Current Assets		87,903,378,078	75,673,755,267	66,105,219,084
Non-current Assets				
Investments in associates	5.5 6.7	195,092,291	-	-
Investment property	5.7 6.9	74,786,657	72,424,757	693,446,633
Property, plant and equipment	5.8 6.10	225,660,722,594	219,705,876,881	204,744,546,086
Constructions in progress	5.9 6.11	32,324,476,360	29,532,559,615	34,673,329,141
Intangible assets	5.10 6.12	1,923,626,565	2,702,639,731	2,935,074,335
Other non-current assets	6.13	74,550,839	87,525,765	93,599,483
Total Non-current Assets		260,253,255,306	252,101,026,749	243,139,995,678
Total Assets		348,156,633,384	327,774,782,016	309,245,214,762

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

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THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

Unit: Baht

Notes	Consolidated financial statements		
	Dec. 31, 2014	Dec. 31, 2013 (Restated)	Dec. 31, 2012 (Ending balance) (Restated)
Liabilities and Equity			
Current Liabilities			
			4,337,553,013
Bank overdrafts	-	-	
Trade accounts payable	6.14	37,860,786,458	32,334,507,027
Current portion of long-term loans	5.11 5.12 6.15	7,939,965,067	7,395,857,717
Current portion of finance lease liabilities	6.16	973,947,242	1,097,804,259
Other payables		543,916,827	338,151,039
Accrued interest payable on loans		823,989,819	809,261,091
Accrued remittance to the Ministry of Finance	6.17	5,296,000,000	8,561,778,000
Advance received per contract		1,184,645,838	1,056,938,839
Deposits payable	6.18	651,177,436	631,544,628
Accrued expenses		2,960,337,925	3,224,951,479
Other current liabilities	6.19	309,470,256	817,256,530
Total Current Liabilities		58,544,236,868	56,268,050,609
Non-current Liabilities			
Long-term loans	5.11 5.12 6.15	74,313,972,897	71,989,407,090
Long-term provisions	5.13 6.20	2,868,588	8,069,616
Construction obligations	6.21	9,095,110,805	8,990,892,743
Finance lease liabilities	6.16	1,030,834,765	1,588,119,723
Deferred revenues	5.14 6.22	39,716,893,319	36,035,621,414
Electricity usage guarantee	5.15 6.23	22,025,643,420	20,315,665,562
Sales and service guarantee		733,414,868	483,134,381
Employee gratuity fund	5.16 6.24	13,265,202	16,895,856
Employee benefit obligations	5.17 6.25	10,567,490,885	9,995,858,597
Total Non-current Liabilities		157,499,494,749	149,423,664,982
Total Liabilities		216,043,731,617	205,691,715,591
Equity			
Initial capital		87,003,887	87,003,887
Contributions from the government		4,802,500,915	4,802,500,915
Unappropriated retained earnings		127,223,396,965	117,193,561,623
Total Equity		132,112,901,767	122,083,066,425
Total Liabilities and Equity		348,156,633,384	327,774,782,016

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

(Signed) General Viroach Buacharoon
(Viroach Buacharoon)
Chairman of the board of Directors
The Provincial Electricity Authority

(Signed) Satith Rungjiratananon
(Mr. Satith Rungjiratananon)
Deputy Governor
Acting PEA Governor

THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

Unit: Baht

	Notes	Separate financial statements		
		Dec. 31, 2014	Dec. 31, 2013 (Restated)	Dec. 31, 2012 (Ending balance) (Restated)
Assets				
Current Assets				
Cash and cash equivalents	5.1 6.1	10,699,759,898	2,770,464,712	1,663,473,555
Trade accounts receivable	5.2 6.2	33,362,580,753	31,364,675,999	31,923,282,164
Materials and supplies	5.3 6.3	2,609,586,238	2,870,330,999	2,799,669,962
Special-purpose deposits at financial institutions	5.4 6.4	32,267,560,045	29,243,070,063	20,471,153,407
Accrued revenues	6.5	3,765,455,705	4,486,300,207	4,326,193,134
Undue input VAT		2,127,099,623	1,801,903,986	2,021,227,683
Advance payments to suppliers		1,616,116,172	1,512,612,016	1,766,045,311
Other current assets	6.6	1,213,087,568	1,316,279,432	1,057,935,968
Total Current Assets		87,661,246,002	75,365,637,414	66,028,981,184
Non-current Assets				
Investments in subsidiary	5.6 6.8	447,375,000	344,875,000	100,000,000
Investment property	5.7 6.9	74,786,657	72,424,757	693,446,633
Property, plant and equipment	5.8 6.10	225,657,899,909	219,705,506,143	204,744,233,721
Constructions in progress	5.9 6.11	32,324,476,360	29,532,559,615	34,673,329,141
Intangible assets	5.10 6.12	1,923,593,810	2,702,597,575	2,935,074,335
Other non-current assets	6.13	74,550,839	87,479,059	93,552,777
Total Non-current Assets		260,502,682,575	252,445,442,149	243,239,636,607
Total Assets		348,163,928,577	327,811,079,563	309,268,617,791

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

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THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

Unit: Baht

	Notes	Separate financial statements		
		Dec. 31, 2014	Dec. 31, 2013 (Restated)	Dec. 31, 2012 (Ending balance) (Restated)
Liabilities and Equity				
Current Liabilities				
Bank overdrafts		-	-	4,337,553,013
Trade accounts payable	6.14	37,859,460,023	32,334,216,629	34,366,480,934
Current portion of long-term loans	5.11 5.12 6.15	7,939,965,067	7,395,857,717	7,540,233,535
Current portion of finance lease liabilities	6.16	973,325,374	1,097,804,259	1,252,428,152
Other payables		543,991,649	338,151,039	126,365,645
Accrued interest payable on loans		823,989,819	809,261,091	744,296,969
Accrued remittance to the Ministry of Finance	6.17	5,296,000,000	8,561,778,000	4,490,392,000
Advance received per contract		1,184,645,838	1,056,938,839	1,121,703,521
Deposits payable	6.18	651,177,436	631,544,628	1,402,119,737
Accrued expenses		2,957,242,418	3,224,410,919	2,538,355,146
Other current liabilities	6.19	309,414,568	817,052,342	969,651,409
Total Current Liabilities		58,539,212,192	56,267,015,463	58,889,580,061
Non-current Liabilities				
Long-term loans	5.11 5.12 6.15	74,313,972,897	71,989,407,090	66,974,575,041
Long-term provisions	5.13 6.20	2,868,588	8,069,616	25,340,357
Construction obligations	6.21	9,095,110,805	8,990,892,743	7,519,214,443
Finance lease liabilities	6.16	1,028,793,954	1,588,119,723	1,725,810,750
Deferred revenues	5.14 6.22	39,716,893,319	36,035,621,414	33,937,623,249
Electricity usage guarantee	5.15 6.23	22,025,643,420	20,315,665,562	18,521,726,059
Sales and service guarantee		733,055,093	482,848,806	346,140,742
Employee gratuity fund	5.16 6.24	13,265,202	16,895,856	20,802,830
Employee benefit obligations	5.17 6.25	10,567,112,186	9,995,609,735	8,900,502,104
Total Non-current Liabilities		157,496,715,464	149,423,130,545	137,971,735,575
Total Liabilities		216,035,927,656	205,690,146,008	196,861,315,636
Equity				
Initial capital		87,003,887	87,003,887	87,003,887
Contributions from the government		4,802,500,915	4,802,500,915	4,802,500,915
Unappropriated retained earnings		127,238,496,119	117,231,428,753	107,517,797,353
Total Equity		132,128,000,921	122,120,933,555	112,407,302,155
Total Liabilities and Equity		348,163,928,577	327,811,079,563	309,268,617,791

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

THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS-SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

		Unit: Baht			
	Notes	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Revenues					
Operating Revenues					
Sales of electricity energy		450,633,827,020	418,887,943,305	450,633,827,020	418,887,943,305
Other operating revenues		12,427,246,977	12,462,841,800	12,418,953,669	12,461,765,785
Total Operating Revenues	5.19	463,061,073,997	431,350,785,105	463,052,780,689	431,349,709,090
Other revenues		1,954,550,895	2,721,835,495	1,950,936,141	2,720,495,949
Total Revenues		465,015,624,892	434,072,620,600	465,003,716,830	434,070,205,039
Expenses					
Cost of sales and services		416,664,979,769	384,921,628,360	416,655,867,548	384,919,278,462
Administrative expenses		18,733,973,644	19,299,919,725	18,725,511,543	19,291,850,468
Selling expenses		5,665,478,426	5,104,014,298	5,665,478,426	5,104,014,298
Executive remuneration	5.20 6.26	128,558,325	136,188,298	127,086,255	134,972,089
Other expenses		21,656,105	72,984,690	21,656,105	72,984,690
Financial costs	5.21	3,408,907,918	3,469,167,907	3,408,721,933	3,469,167,907
Total Expenses		444,623,554,187	413,003,903,278	444,604,321,810	412,992,267,914
Profit before share of profit of associates		20,392,070,705	21,068,717,322	20,399,395,020	21,077,937,125
Share of profit of associates		30,092,291	-	-	-
Profit for the year	6.27	20,422,162,996	21,068,717,322	20,399,395,020	21,077,937,125
Other comprehensive income :					
Actuarial loss on post-employment benefit plan	5.17 6.25	(124,105,654)	(781,919,725)	(124,105,654)	(781,919,725)
Total comprehensive income for the year		20,298,057,342	20,286,797,597	20,275,289,366	20,296,017,400

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, 2014

Unit: Baht

	Notes	Consolidated financial statements		
		Initial Capital and Contributions from the Government	Unappropriated Retained Earnings	Total Equity
Balance as at January 1, 2013, before adjustment		4,889,504,802	107,494,237,365	112,383,742,167
Effect from the restatement	3	-	(5,087,339)	(5,087,339)
Balance as at January 1, 2013, after adjustment		4,889,504,802	107,489,150,026	112,378,654,828
Accumulated amount from				
Remittance to the Ministry of Finance for the year 2012 (addition)	6.17	-	(20,608,000)	(20,608,000)
Balance after adjustment		4,889,504,802	107,468,542,026	112,358,046,828
Interim remittance to the Ministry of Finance from net profit for the year 2013	6.17	-	(5,386,000,000)	(5,386,000,000)
Reserve for remittance to the Ministry of Finance from net profit for the year 2013	6.17	-	(5,175,778,000)	(5,175,778,000)
Total comprehensive income for the year 2013		-	20,286,797,597	20,286,797,597
Balance as at December 31, 2013		4,889,504,802	117,193,561,623	122,083,066,425
Accumulated amount from				
Remittance to the Ministry of Finance for the year 2013 (addition)	6.17	-	(21,222,000)	(21,222,000)
Balance after adjustment		4,889,504,802	117,172,339,623	122,061,844,425
Interim remittance to the Ministry of Finance from net profit for the year 2014	6.17	-	(4,951,000,000)	(4,951,000,000)
Reserve for remittance to the Ministry of Finance from net profit for the year 2014	6.17	-	(5,296,000,000)	(5,296,000,000)
Total comprehensive income for the year 2014		-	20,298,057,342	20,298,057,342
Balance as at December 31, 2014		4,889,504,802	127,223,396,965	132,112,901,767

THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014

Unit: Baht

	Notes	Separate financial statements		
		Initial Capital and Contributions from the Government	Unappropriated Retained Earnings	Total Equity
Balance as at January 1, 2013, before adjustment		4,889,504,802	107,522,884,692	112,412,389,494
Effect from the restatement	3	-	(5,087,339)	(5,087,339)
Balance as at January 1, 2013, after adjustment		4,889,504,802	107,517,797,353	112,407,302,155
Accumulated amount from				
Remittance to the Ministry of Finance for the year 2012 (addition)	6.17	-	(20,608,000)	(20,608,000)
Balance after adjustment		4,889,504,802	107,497,189,353	112,386,694,155
Interim remittance to the Ministry of Finance from net profit for the year 2013	6.17	-	(5,386,000,000)	(5,386,000,000)
Reserve for remittance to the Ministry of Finance from net profit for the year 2013	6.17	-	(5,175,778,000)	(5,175,778,000)
Total comprehensive income for the year 2013		-	20,296,017,400	20,296,017,400
Balance as at December 31, 2013		4,889,504,802	117,231,428,753	122,120,933,555
Accumulated amount from				
Remittance to the Ministry of Finance for the year 2013 (addition)	6.17	-	(21,222,000)	(21,222,000)
Balance after adjustment		4,889,504,802	117,210,206,753	122,099,711,555
Interim remittance to the Ministry of Finance from net profit for the year 2014	6.17	-	(4,951,000,000)	(4,951,000,000)
Reserve for remittance to the Ministry of Finance from net profit for the year 2014	6.17	-	(5,296,000,000)	(5,296,000,000)
Total comprehensive income for the year 2014		-	20,275,289,366	20,275,289,366
Balance as at December 31, 2014		4,889,504,802	127,238,496,119	132,128,000,921

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 YEAR ENDED DECEMBER 31, 2014

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash Flows from Operating Activities:				
Profit for the year	20,422,162,996	21,068,717,322	20,399,395,020	21,077,937,125
Adjustments of net profit to net cash provided by (used in) operating activities:				
Depreciation and amortization	17,584,654,401	16,828,414,555	17,583,962,979	16,828,284,504
Bad debts and doubtful accounts	104,299,835	687,935,504	104,299,835	687,935,504
Provision for obsolete materials and supplies	(2,800,441)	10,016,211	(2,800,441)	10,016,211
Amortization of deferred revenues	(3,330,036,169)	(3,176,470,690)	(3,330,036,169)	(3,176,470,690)
Employee benefit obligations	447,526,635	313,334,131	447,396,797	313,187,907
Long-term provisions	(4,550,108)	(17,811,007)	(4,550,108)	(17,811,007)
Loss on disposal of assets	1,179,636	48,337,383	1,179,636	48,337,383
Gain on disposal of materials and supplies	2,285,159	144,886	2,285,159	144,886
Loss (gain) on foreign exchange	(135,469,126)	113,716,996	(135,469,126)	113,716,996
Share of profit of associates	(30,092,291)	-	-	-
Interest income	(1,350,430,414)	(1,226,576,370)	(1,348,215,429)	(1,226,016,654)
Interest expense	3,404,608,783	3,462,129,095	3,404,422,798	3,462,129,095
Profit from operating activities before changes in operating assets and liabilities	37,113,338,896	38,111,888,016	37,121,870,951	38,121,391,260
Changes in operating assets (increase) decrease				
Trade accounts receivable	(2,085,495,559)	(115,882,605)	(2,084,802,792)	(118,936,844)
Materials and supplies	1,627,616,938	259,888,286	1,627,616,938	259,888,286
Special-purpose deposits at financial institutions	(3,024,489,982)	(8,771,916,656)	(3,024,489,982)	(8,771,916,656)
Accrued revenues	720,025,617	(95,575,586)	721,447,617	(96,997,586)
Interest received	1,349,504,290	1,163,466,884	1,347,612,314	1,162,907,168
Undue input VAT	(325,242,576)	219,394,387	(325,195,638)	219,323,697
Advance payments to suppliers	(103,504,156)	253,433,295	(103,504,156)	253,433,295
Other current assets	86,589,123	(269,350,786)	85,787,426	(269,424,517)
Other non-current assets	12,977,568	6,762,276	12,930,862	6,762,276
Changes in operating liabilities increase (decrease)				
Trade accounts payable	5,526,279,431	(2,034,615,700)	5,525,243,394	(2,032,264,305)
Other payables	205,765,788	211,785,394	205,840,610	211,785,394
Advance received per contract	127,707,000	(64,764,683)	127,707,000	(64,764,683)
Deposits payable	19,632,808	(770,575,109)	19,632,808	(770,575,109)

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 YEAR ENDED DECEMBER 31, 2014

Unit: Baht

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Accrued expenses		(264,613,555)	685,019,125	(267,168,501)	686,055,773
Other current liabilities		(508,437,193)	(152,058,801)	(508,288,693)	(152,058,801)
Construction obligations		104,218,062	1,471,678,300	104,218,062	1,471,678,300
Deferred revenues		7,011,308,074	5,274,468,856	7,011,308,074	5,274,468,856
Electricity usage guarantee		1,709,977,859	1,793,939,502	1,709,977,859	1,793,939,502
Sales and service guarantee		250,280,486	136,275,168	250,206,286	136,708,064
Employee gratuity fund		(3,630,655)	(3,906,974)	(3,630,655)	(3,906,974)
Net cash provided by operating activities		49,549,808,264	37,309,352,589	49,554,319,784	37,317,496,396
Cash Flows from Investing Activities:					
Payment of investment in associates		(165,000,000)	-	-	-
Payment of investment in subsidiary		-	-	(102,500,000)	(244,875,000)
Payment of property, plant and equipment		(4,235,408,393)	(4,504,835,496)	(4,235,336,109)	(4,504,651,916)
Payment for constructions in progress		(22,107,520,269)	(20,498,223,809)	(22,107,520,269)	(20,498,223,809)
Interest expense capitalized to constructions in progress		(253,734,558)	(259,399,255)	(253,734,558)	(259,399,255)
Proceeds from disposal of property, plant and equipment		118,573	26,550	118,573	26,550
Payment of intangible assets		(322,695,794)	(731,887,827)	(322,695,794)	(731,840,827)
Payment of investment property		-	(1,023,000)	-	(1,023,000)
Net cash used in investing activities		(27,084,240,441)	(25,995,342,837)	(27,021,668,157)	(26,239,987,257)
Cash Flows from Financing Activities:					
Decrease in bank overdrafts		-	(4,337,553,013)	-	(4,337,553,013)
Interest paid		(3,237,490,917)	(3,201,134,171)	(3,237,490,917)	(3,201,134,171)
Payment of long-term loans		(7,395,857,717)	(11,743,260,765)	(7,395,857,717)	(11,743,260,765)
Proceeds from long-term loans		10,400,000,000	16,500,000,000	10,400,000,000	16,500,000,000
Payment of finance lease liabilities		(836,592,797)	(677,570,033)	(836,007,807)	(677,570,033)
Remittance to the Ministry of Finance		(13,534,000,000)	(6,511,000,000)	(13,534,000,000)	(6,511,000,000)
Net cash used in financing activities		(14,603,941,431)	(9,970,517,982)	(14,603,356,441)	(9,970,517,982)
Net increase in cash and cash equivalents		7,861,626,392	1,343,491,770	7,929,295,186	1,106,991,157
Cash and cash equivalents at beginning of the period		3,078,465,100	1,734,973,330	2,770,464,712	1,663,473,555
Cash and cash equivalents at end of the period	6.1	10,940,091,492	3,078,465,100	10,699,759,898	2,770,464,712

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 YEAR ENDED DECEMBER 31, 2014

1. Operations of Provincial Electricity Authority

The Provincial Electricity Authority 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.

The Provincial Electricity Authority has extensive transactions and relationships with the Electricity Generating Authority of Thailand (EGAT). Most of electricity energy sold to customers by Provincial Electricity Authority 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 Provincial Electricity Authority had operated without such affiliations.

2. Basis of Financial Statements Presentation

2.1 Basis of consolidated and separate financial statements preparation

The consolidated and the separate financial statements have been prepared in accordance with generally accepted accounting principles under the Accounting Act, B.E. 2543 (2000), which include accounting standards under the Accounting Profession Act, B.E. 2547 (2004), including interpretations and guidelines promulgated by the Federation of Accounting Professions (FAP), and the notification of the Department of Business Development "Definition of the abbreviated components required in the Financial Statements, B.E. 2554 (2011)", dated September 28, B.E. 2554 (2011).

The consolidated and the separate financial statements have been prepared under the historical cost convention with the exception as disclosed in Note 5 Summary of Significant Accounting Policies.

The consolidated financial statements include the separate financial statements such as the financial statements of Provincial Electricity Authority and PEA Employee Gratuity Fund, and the financial statements of its subsidiary, PEA Encom International Company Limited after elimination of related company transactions, PEA Encom International Co., Ltd. was established in Thailand in which Provincial Electricity Authority has controlled and held over 50% of paid-up share capital.

Shareholding proportion and amount of investments in associates and investments in subsidiary are presented in Note 6.7 and 6.8, respectively.

This English translation of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 Thai Accounting Standards, Thai Financial Reporting Standards, Thai Standing Interpretations and Thai Financial Reporting Interpretations announced in the Government Gazette as follows:

2.2.1 Effective for accounting periods beginning on or after January 1, 2015

Thai Accounting Standards	Title
- No.1 (revised 2014)	Presentation of Financial Statements
- No.2 (revised 2014)	Inventories
- No.7 (revised 2014)	Statement of Cash Flows
- No.8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
- No.10 (revised 2014)	Events after the Reporting Period
- No.11 (revised 2014)	Construction Contracts
- No.12 (revised 2014)	Income Taxes
- No.16 (revised 2014)	Property, Plant and Equipment
- No.17 (revised 2014)	Leases
- No.18 (revised 2014)	Revenue
- No.19 (revised 2014)	Employee Benefits
- No.20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
- No.21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates
- No.23 (revised 2014)	Borrowing Costs
- No.24 (revised 2014)	Related Party Disclosures
- No.26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans
- No.27 (revised 2014)	Separate Financial Statements
- No.28 (revised 2014)	Investments in Associates and Joint Ventures
- No.29 (revised 2014)	Financial Reporting in Hyperinflationary Economies
- No.33 (revised 2014)	Earnings Per Share
- No.34 (revised 2014)	Interim Financial Reporting

Thai Accounting Standards	Title
- No.36 (revised 2014)	Impairment of Assets
- No.37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
- No.38 (revised 2014)	Intangible Assets
- No.40 (revised 2014)	Investment Property
Thai Financial Reporting Standards	Title
- No.2 (revised 2014)	Share-based Payment
- No.3 (revised 2014)	Business Combinations
- No.4 (revised 2014)	Insurance Contracts
- No.5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
- No.6 (revised 2014)	Exploration for and Evaluation of Mineral Resources
- No.8 (revised 2014)	Operating Segments
- No.10 (revised 2014)	Consolidated Financial Statements
- No.11 (revised 2014)	Joint Arrangements
- No.12 (revised 2014)	Disclosure of Interests in Other Entities
- No.13 (revised 2014)	Fair Value Measurement
Thai Standing Interpretations	Title
- No.10 (revised 2014)	Government Assistance - No Specific Relation to Operating Activities
- No.15 (revised 2014)	Operating Leases - Incentives
- No.25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
- No.27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- No.29 (revised 2014)	Service Concession Arrangements: Disclosures
- No.31 (revised 2014)	Revenue - Barter Transactions Involving Advertising Services
- No.32 (revised 2014)	Intangible Assets - Web Site Costs
Thai Financial Reporting Interpretations	Title
- No.1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities

Thai Financial Reporting Interpretations	Title
- No.4 (revised 2014)	Determining whether an Arrangement contains a Lease
- No.5 (revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- No.7 (revised 2014)	Applying the Restatement Approach under TAS 29 (revised 2014) Financial Reporting in Hyperinflationary Economies
- No.10 (revised 2014)	Interim Financial Reporting and Impairment
- No.12 (revised 2014)	Service Concession Arrangements
- No.13 (revised 2014)	Customer Loyalty Programs
- No.14 (revised 2014)	TAS 19 Employee Benefits-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- No.15 (revised 2014)	Agreements for the Construction of Real Estate
- No.17 (revised 2014)	Distributions of Non-cash Assets to Owners
- No.18 (revised 2014)	Transfers of Assets from Customers
- No.20 (revised 2014)	Stripping Costs in the Production Phase of a Surface Mine

2.2.2 Effective for accounting periods beginning on or after January 1, 2016

Thai Financial Reporting Standards	Title
- No.4 (revised 2014)	Insurance Contracts

The management of Provincial Electricity Authority and its subsidiary plans to apply Thai Accounting Standards, Thai Financial Reporting Standards, Thai Standing Interpretations and Thai Financial Reporting Interpretations listed in Note 2.2.1 and 2.2.2 which are relevant to Provincial Electricity Authority and its subsidiary. The period for an initial application of the standards and interpretations to the financial statements of Provincial Electricity Authority and its subsidiary will be based on an effective date for each of the standards and interpretations, accordingly. The management of Provincial Electricity Authority assesses that these financial reporting standards will not have significant impacts on the financial statements for the period when they are initially applied.

3. Impacts on adoption of new and revised accounting standards on financial statements

Since January 1, 2014, Provincial Electricity Authority and its subsidiary have applied Thai Accounting Standards, Thai Financial Reporting Standards, Thai Standing Interpretations and Thai Financial Reporting Interpretations which are newly issued and revised by FAP. These standards and interpretations will be effective for accounting periods beginning on or after January 1, 2014 onward. The applications will not have any significant impact on the financial statements of Provincial Electricity Authority and its subsidiary, with an exception of TAS 17 Leases (revised 2012) which are applied on retrospective basis and have an effect on assets, liabilities and retained earnings.

Provincial Electricity Authority has a change in accounting policy for vehicle lease agreement from operating lease agreement to finance lease agreement. The effect on the amendment to the new standard on the consolidated and separate statements of financial position as at December 31, 2013 and 2012, the consolidated and separate statements of comprehensive income and the consolidated and separate statements of changes in equity for the years ended December 31, 2013 and 2012, can be summarized as followed:

	Unit: Million Baht		
	Consolidated financial statements		
	Before adjustment	Adjustment	After adjustment
Statements of financial position as at December 31, 2013			
Property, plant and equipment	219,470.10	235.77	219,705.87
Current portion of finance lease liabilities	1,024.31	73.49	1,097.80
Finance lease liabilities	1,423.30	164.82	1,588.12
Unappropriated retained earnings	117,196.10	(2.53)	117,193.57
Statements of financial position as at December 31, 2012			
Property, plant and equipment	204,641.29	103.26	204,744.55
Current portion of finance lease liabilities	1,208.83	43.60	1,252.43
Finance lease liabilities	1,661.07	64.74	1,725.81
Unappropriated retained earnings	107,494.24	(5.09)	107,489.15

(TRANSLATION)

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Unit: Million Baht

	Consolidated financial statements		
	Before adjustment	Adjustment	After adjustment
Statements of comprehensive income for the year ended December 31, 2013			
Cost of sales and services	384,925.94	(4.31)	384,921.63
Administrative expenses	19,309.43	(9.51)	19,299.92
Selling expenses	5,105.52	(1.50)	5,104.02
Financial costs	3,456.39	12.78	3,469.17
Profit for the years	21,066.16	2.55	21,068.71
Total comprehensive income for the year	20,284.24	2.55	20,286.79
Statements of changes in equity			
Balance as at January 1, 2013			
Unappropriated retained earnings	107,494.24	(5.09)	107,489.15
Total equity	112,383.74	(5.09)	112,378.65
Statements of changes in equity			
Balance as at December 31, 2013			
Unappropriated retained earnings	117,196.10	(2.53)	117,193.57
Total equity	122,085.60	(2.53)	122,083.07
	Separate financial statements		
	Before adjustment	Adjustment	After adjustment
Statements of financial position as at December 31, 2013			
Property, plant and equipment	219,469.73	235.77	219,705.50
Current portion of finance lease liabilities	1,024.31	73.49	1,097.80
Finance lease liabilities	1,423.30	164.82	1,588.12
Unappropriated retained earnings	117,233.96	(2.53)	117,231.43
Statements of financial position as at December 31, 2012			
Property, plant and equipment	204,640.98	103.26	204,744.24
Current portion of finance lease liabilities	1,208.83	43.60	1,252.43
Finance lease liabilities	1,661.07	64.74	1,725.81
Unappropriated retained earnings	107,522.88	(5.09)	107,517.79

(TRANSLATION)

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Unit: Million Baht

	Separate financial statements		
	Before adjustment	Adjustment	After adjustment
Statement of comprehensive income for the year ended December 31, 2013			
Cost of sales and services	384,923.59	(4.31)	384,919.28
Administrative expenses	19,301.36	(9.51)	19,291.85
Selling expenses	5,105.52	(1.50)	5,104.02
Financial costs	3,456.39	12.78	3,469.17
Profit for the years	21,075.38	2.55	21,077.93
Total comprehensive income for the year	20,293.46	2.55	20,296.01
Statements of changes in equity Balance as at January 1, 2013			
Unappropriated retained earnings	107,522.88	(5.09)	107,517.79
Total equity	112,412.39	(5.09)	112,407.30
Statements of changes in equity Balance as at December 31, 2013			
Unappropriated retained earnings	117,233.96	(2.53)	117,231.43
Total equity	122,123.47	(2.53)	122,120.94

4. Reclassification

Some items presented in statements of financial position as at December 31, 2013 and 2012, are reclassified in accordance with the presentation of statements of financial position as at December 31, 2014, as follow:

Item	Originally classified	Reclassified	Unit: Million Baht	
			Consolidated and separate financial statements	
			Dec. 31, 2013	Dec. 31, 2012
Deposits at Krung Thai Bank as guarantee of employees' loans	Cash and cash equivalents	Special-purpose deposits at financial institutions	1,167.35	1,483.27

5. Summary of Significant Accounting Policies

5.1 Cash and cash equivalents

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

5.2 Trade accounts receivable

Trade accounts receivable are carried at net realizable value. Allowance for doubtful accounts are based on contingent loss from uncollectible receivables which are 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 date, 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.

5.3 Materials and supplies

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, materials and supplies under investigation and materials and supplies pending for claim.

5.4 Special-purpose deposits at financial institutions

Special-purpose deposits at financial institutions based on:

5.4.1 Special-purpose deposits at financial institutions, which are presented as current assets in statements of financial position, are deposits to be used within one accounting period and with the specific purposes and conditions which are subsidy received from government and other governmental agencies for projects such as subsidy from Energy Conservation Policy from the Energy Policy and Planning Office, interest from electricity usage guarantee fund for benefits of electricity users, and interest from KFW Fund for scholarships on training, analysis and research.

For electricity usage guarantee fund, PEA fund for guarantee of employees' loans and sinking fund for repayment of bonds, Provincial Electricity Authority can employ as working capital when having working capital deficiency.

5.4.2 Special-purpose deposit at financial institutions, which are presented as non-current assets in statements of financial position, are deposits to be used longer than one accounting period, and cannot be used for operating activities such as PEA Employee Gratuity Fund.

5.5 Investments in associates

Investments in associates are presented in the consolidated financial statements under the equity method.

5.6 Investments in subsidiary

Investments in subsidiary are presented in the separate financial statements under the cost method.

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

5.7 Investment property

Investment property comprises property and plant acquired for used in the operation but has not been utilized and/or property and plant owned to earn rentals. Provincial Electricity Authority has adopted to measured using the cost method. Subsequently investment property is presented at cost after deducting accumulated depreciation (if any).

5.8 Property, plant and equipment

Provincial Electricity Authority'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 - 20
Electricity distributing systems	4 - 20
Furniture, tools, equipment and vehicles	4 - 20

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

In case of disposal, Provincial Electricity Authority writes off cost of assets and its accumulated depreciation from the accounts, and recognizes gain or loss on disposal of assets as other income or other expenses in the statements of comprehensive income.

5.9 Constructions in progress

Constructions in progress include construction costs, borrowing costs incurred on direct costs associated with the borrowings for the construction and other costs that are directly related to construction or preparation of the property for its intended use. Constructions in progress are not included in calculation of depreciation.

5.10 Intangible assets

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

Amortization of computer software licenses and computer software systems for core business is calculated using the straight-line method over the lease period and recognized as expenses in the statements of comprehensive income.

Intangible assets which are impaired will be recognized as other operating expenses in the statements of comprehensive income when incurred.

5.11 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 statement of financial position date which are 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 revenues or expenses for the period when incurred.

5.12 Financial instruments

Financial assets at the statement of financial position date of Provincial Electricity Authority comprise cash and cash equivalents, and trade accounts receivable. Whilst financial liabilities are obligations under contracts comprising trade accounts payable, other payables, other current liabilities, short-term loans and long-term loans.

5.13 Provisions

Provincial Electricity Authority records the provisions in the statements of financial position if Provincial Electricity Authority has contingent liabilities arising from legal claims or result of a past event which is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and it can be estimated with sufficient reliability. The actual results may differ from those estimates.

Provincial Electricity Authority recognizes the provisions with 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. The provisions are measured expected cash flows associated with the present obligation as present value of the expected cash flows associated with that present obligation.

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

5.14 Deferred revenues

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

5.14.2 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 Provincial Electricity Authority, which Provincial Electricity Authority is responsible for maintenance. Such assets are presented as deferred revenues from donated assets in the statements 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 statements of comprehensive income in the period of acquisition.

5.14.3 Contribution revenues from foreign financial institutions represent contributions made by foreign financial institutions in form of interest discount to be used for various purposes of Provincial Electricity Authority. Such revenues are presented as deferred revenues in the statements of financial position and recognized as revenues based on the actual amount of expenses incurred.

5.15 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 the Provincial Electricity Authority by paying a return to the fund at the same interest rate of savings account established by Krung Thai Bank Public Company Limited for state enterprises by depositing into the “Interest from Electricity Usage Guarantee Fund” account on a monthly basis. Provincial Electricity Authority also has to transfer its working capital equal to the net increase in electricity usage guarantee for each month to the “Electricity Usage Guarantee Fund” account and repay to electricity usage guarantee fund which was used as working capital for not less than Baht 100 million each month by depositing into the “Electricity Usage Guarantee Fund” account 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 under the approval of the Governor and reporting to the Board of Directors. Interest from electricity usage guarantee fund in activities that are directly beneficial to electricity users and/or other public interests as specified by the Governor and approved by the Board of Directors.

5.16 Employee gratuity fund

Provincial Electricity Authority has established 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). Provincial Electricity Authority pays monthly contribution at the rate of 10% of employee salaries and recognizes as an expense in the statements of comprehensive income of Provincial Electricity Authority. In this regard, transactions of employee gratuity fund are included in the financial statements of Provincial Electricity Authority and also eliminate the related party transactions.

5.17 Employee benefits

5.17.1 Short-term employee benefits

Short-term employee benefits comprise salaries, overtimes, bonuses, compensated absences and other short-term benefits in accordance with the contract of employment. Short-term employee benefits will be recognized as employee expenses in the statements of comprehensive income on accrual basis.

5.17.2 Post-employment benefits

5.17.2.1 Defined contribution plan

Provincial Electricity Authority has established the provident fund in accordance with the Provident Fund Act, B.E. 2530 (1987) which employees have option to pay into the fund accumulated at the rate of 3 – 11% of the salary of each and Provincial Electricity Authority will pay into the fund at the rate of 9 – 11% of salary of members of the fund to defined contribution plans.

Provincial Electricity Authority’s contributions are recognized as employee expenses in the statements of comprehensive income. Provincial Electricity Authority has also established employee gratuity fund according to Note 6.24.

5.17.2.2 Defined benefit plan

Provincial Electricity Authority's defined benefit plan comprises remuneration under the State Enterprise Labor Relations Act, B.E. 2543 (2000), compensation under Labor 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 plan are calculated by the actuarial technique by using projected unit credit method. The estimated future cash flows shall reflect which are calculated on the basis of employee salaries, turnover rate, mortality, length of service and other factors.

Provincial Electricity Authority recognizes provisions for defined benefit plan in the statements of financial position at net present value of employee benefit obligations based on unrecognized past services and fair value of project assets (if any). Provincial Electricity Authority also recognizes defined benefit plan expenses as expenses related to employment in the statements of comprehensive income.

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

5.17.3 Other long-term employee benefits

Provincial Electricity Authority has given a welfare for employees who work for the complete agreed period as other long-term employee benefits. Provincial Electricity Authority accounts these employee benefits by using projected unit credit method which calculated by the actuary.

5.18 Technology research and development fund

Provincial Electricity Authority has established technology research and 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 technology research and development in highly efficient manner. The fund aims to reduce the dependence and importation of technology from abroad. Consequently, Provincial Electricity Authority enables to apply the results of research and development to Provincial Electricity Authority's operations in the highest efficiency. Provincial Electricity Authority has contributed from its budget as a fund for domestic educational institutions, domestic research and development institutions and business units within Provincial Electricity Authority.

The contributions of technology research and development are recognized as an expense when incurred.

5.19 Revenue recognition

Sales of electricity energy are recognized on a monthly basis in accordance with a cyclical recording of electricity usage units from the customers' electric meters.

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

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

Deferred contributions for construction are recognized as income at the rate of 5% per annum (equal to depreciation rate of Provincial Electricity Authority's electricity distributing system assets).

Interest income is recognized as it accrues on a time proportion basis taking into account the principal amount outstanding and the effective interest rate.

5.20 Executive remuneration

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

5.21 Financial costs

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

Interest and other expenses incurred from constructions of buildings and electricity generating and distributing systems related to loans made specifically for the purpose of acquiring fixed assets are capitalized as costs of assets and related to 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.

5.22 Related party transactions

Related parties are individuals or enterprises that control or are controlled, directly or indirectly by Provincial Electricity Authority, or are under common control with Provincial Electricity Authority. Moreover, related parties also include associates and individuals who have direct or indirect voting rights that result in significant influence on Provincial Electricity Authority, executives, directors or employees and close member of that person's family is related to Provincial Electricity Authority's executives who have control over Provincial Electricity Authority.

5.23 Use of judgments and significant accounting estimates

To prepare of financial statements in conformity with generally accepted accounting principles, management has 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.

5.24 Operating Segments

Provincial Electricity Authority presents operating segments by geographical areas in which Provincial Electricity Authority's management, administration and financial reporting structure are criteria for determining segmentation.

(TRANSLATION)

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Provincial Electricity Authority has 5 geographical segments which include northern, northeastern, central, southern areas and headquarter. Each area is responsible for distributing electricity in its own area. The headquarter is responsible for setting policies and plans as well as providing all necessary materials to the regional areas.

According to PEA accounting policies for operating segments, each of the operating segments recognize revenues based on the amount of electricity sold in its own areas. Provincial Electricity Authority also allocates its cost of sales each of the operating segments based on actual cost occurred.

Operating income of each segment derives from total revenues deducted cost of sales and operating expenses.

Assets of each regional area are those assets used in related operating activities.

Liabilities of each regional area are those liabilities used in related operating activities except accounts payable-electricity, long-term loans, accrued remittance to the Ministry of Finance and liabilities under financial leases which the headquarter does not allocate those items to each of the operating segments.

6. Supplementary information

6.1 Cash and cash equivalents consist of:

	Unit: Million Baht			
	Consolidated		Separate financial	
	financial statements		financial statements	
	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Cash	34.04	55.14	34.04	55.10
Cash at banks: - Current accounts	32.88	1.19	32.88	1.19
- Savings accounts	10,690.80	3,022.14	10,632.84	2,714.17
- Fixed deposits	182.37	-	-	-
Total	<u>10,940.09</u>	<u>3,078.47</u>	<u>10,699.76</u>	<u>2,770.46</u>

6.2 Trade accounts receivable consist of:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Accounts receivable from sales of electricity	32,195.34	29,982.64	32,195.34	29,982.64
Accounts receivable from sales of equipment and rendering of services	1,168.30	1,382.40	1,167.24	1,382.04
Total	<u>33,363.64</u>	<u>31,365.04</u>	<u>33,362.58</u>	<u>31,364.68</u>

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6.2.1 Accounts receivable from sales of electricity are as follows:

Unit: Million Baht

Outstanding period	Consolidated and separate financial statements			Dec. 31, 2013 Total
	Dec. 31, 2014		Total	
	Public Sector	Private Sector		
1 month - 6 months	4,211.23	29,743.01	33,954.24	31,427.45
Over 6 months – 1 year	247.58	47.66	295.24	458.24
Over 1 year	146.36	1,361.44	1,507.80	1,429.44
	4,605.17	31,152.11	35,757.28	33,315.13
<u>Less</u> Undue VAT from sales	296.09	2,015.66	2,311.75	2,158.42
	4,309.08	29,136.45	33,445.53	31,156.71
<u>Less</u> Allowance for doubtful accounts	-	1,250.19	1,250.19	1,174.07
Total	4,309.08	27,886.26	32,195.34	29,982.64

6.2.2 Accounts receivable from sales of equipment and rendering of services are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
	Receivables from sales and rendering of services	263.74	679.43	262.68
Receivables from construction obligations	868.10	775.41	868.10	775.41
Receivables from construction obligations due from TT&T Plc	938.76	938.76	938.76	938.76
Other receivables	192.17	96.61	192.17	96.61
	2,262.77	2,490.21	2,261.71	2,489.85
<u>Less</u> Undue VAT from sales	147.77	162.56	147.77	162.56
	2,115.00	2,327.65	2,113.94	2,327.29
<u>Less</u> Allowance for doubtful accounts	946.70	945.25	946.70	945.25
Total	1,168.30	1,382.40	1,167.24	1,382.04

Receivables from construction obligations due from TT&T Plc are receivables that were authorized by the Telephone Organization of Thailand [at present, TOT corporation Public Company Limited] to carry out business relating to obtain a permission to put up the distribution poles and electric power lines, to make a payment and to communicate and coordinate with Provincial Electricity Authority on project for expansion of the one million telephone lines within the provincial region. The outstanding balance of the receivables from construction obligations is at Baht 1,129.07 million. Provincial Electricity Authority has filed a request for debt settlement to official receiver at rehabilitation office of Legal Execution Department. And, the official receiver ordered TT&T Plc to make a payment to Provincial Electricity Authority amounting to Baht 229.77 million with an interest at the rate of 7.5% per annum on the principal amount of receivable of Baht 192.25 million from May 5, 2000 onward, which is the date when the Central Bankruptcy Court had an order to file for rehabilitation. Provincial Electricity Authority claims the right to file a statement of defense to the Central Bankruptcy Court and the Supreme Court, respectively. The courts adjudicated to affirm the official receiver order. So, TT&T Plc has settled its debt by issuing its ordinary shares amounting to Baht 267.73 million to Provincial Electricity Authority on September 30, 2002.

In addition, Provincial Electricity Authority has authorized the public prosecutor to file the civil case against the Telephone Organization of Thailand to make a payment amounting to Baht 1,133.82 million as undecided case No. 5389/2544 on November 1, 2001. The Civil Court had an order No. 6554/2545 on May 17, 2006, has affirmed the order of official receiver. Subsequently, the chief prosecutor has appealed to the Court of Appeal, and the Court of Appeal had an order No. 11396/2553 on July 23, 2010, to adjudge to dismiss the plaintiff's plaint. Currently, the lawsuit is in the process of filing to the Supreme Court.

As at December 31, 2014, receivables from construction obligations due from TT&T Plc amounting to Baht 938.76 million include receivables from construction obligations amounting to Baht 877.35 million and undue output VAT from sales amounting to Baht 61.41 million, which Provincial Electricity Authority has made full provision of Baht 877.35 million.

6.3 Materials and supplies consist of:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2014	Dec. 31, 2013
Materials and supplies		
Operating materials and supplies	475.36	735.11
Materials and supplies for construction and maintenance	566.62	654.85
Materials and supplies for repair	1,363.74	1,278.81
Demolition materials and supplies, and obsolete materials and supplies	207.49	203.07
Materials and supplies pending for adjustments	85.70	85.68
	<u>2,698.91</u>	<u>2,957.52</u>
Materials and supplies in transit	5.06	10.00
	<u>2,703.97</u>	<u>2,967.52</u>
<u>Less</u> Allowance for obsolete materials and supplies	8.68	11.52
Allowance for loss or misstated or lost materials and supplies under investigation	85.70	85.67
Total	<u>2,609.59</u>	<u>2,870.33</u>

For the years ended December 31, 2014 and 2013, allowance for materials and supplies is recognized as expenses (decrease in expenses) amounting to Baht (2.80) million and Baht 10.02 million, respectively.

6.4 Special-purpose deposits at financial institutions consist of:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2014	Dec. 31, 2013
Electricity usage guarantee fund (Note 6.23)		
Current accounts	0.001	0.001
Savings accounts	0.012	0.012
Fixed deposits	21,864.62	20,177.05
	<u>21,864.63</u>	<u>20,177.06</u>
Sinking fund for repayment of bonds		
Current accounts	0.001	0.001
Savings accounts	2,585.44	463.45
Fixed deposits	3,031.12	5,110.00
	<u>5,616.56</u>	<u>5,573.45</u>

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	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2014	Dec. 31, 2013
Interest from electricity usage guarantee fund		
Current accounts	0.001	0.001
Savings accounts	25.49	1.67
Fixed deposits	2,801.06	2,167.97
	<u>2,826.55</u>	<u>2,169.64</u>
Interest from KFW fund		
Current accounts	0.002	0.002
Savings accounts	13.18	22.08
Fixed deposits	132.21	132.21
	<u>145.39</u>	<u>154.29</u>
Subsidy from energy conservation policy from the Energy Policy and Planning Office and other governmental agencies		
Savings accounts	20.88	1.05
	<u>20.88</u>	<u>1.05</u>
PEA fund for guarantee of employees' loans		
Current accounts	0.004	0.004
Savings accounts	1,793.55	1,167.58
	<u>1,793.55</u>	<u>1,167.58</u>
Total	<u>32,267.56</u>	<u>29,243.07</u>

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

Sinking fund for repayment of bonds is used as PEA guarantee for repayment of bonds at the maturity date. Provincial Electricity Authority will periodically deposit to the account for repayment of bonds with maturity period within 3 years.

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6.5 Accrued revenues consist of:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Accrued interest	781.88	780.96	781.56	780.96
Accrued revenues from the				
Power Development Fund	2,827.89	3,534.34	2,827.89	3,534.34
Other accrued revenues	156.01	169.58	156.01	171.00
Total	<u>3,765.78</u>	<u>4,484.88</u>	<u>3,765.46</u>	<u>4,486.30</u>

6.6 Other current assets consist of:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Employee receivables	79.27	91.51	79.27	91.51
Other receivables	411.35	1,119.90	411.33	1,119.28
Prepaid expenses	17.75	50.16	17.64	49.75
Suspense accounts	704.14	55.74	704.14	55.74
Inter-account between PEA and Sport Authority of Thailand (SAT)	0.71	-	0.71	-
Withholding income tax	0.23	0.13	-	-
Total	<u>1,213.45</u>	<u>1,317.44</u>	<u>1,213.09</u>	<u>1,316.28</u>

6.7 Investments in associates

Investments in associates in the consolidated financial statements represent the investments which PEA Encom International Company Limited, the subsidiary of Provincial Electricity Authority, has invested in 4 solar power plants projects since May 12, 2014, which has acquired 25% shareholding for each companies. Investments in associates are accounted using the equity method.

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As at December 31, 2014, investments in associates consists of:

Unit: Million Baht

<u>Associates</u>	Business Sector	Classification of shares	Dec. 31, 2014	
			Cost Method	Equity Method
1. Solar Power (Surin 1) Co., Ltd.	Electricity generation and distribution	Ordinary Share	41.25	48.67
2. Solar Power (Surin 2) Co., Ltd.	Electricity generation and distribution	Ordinary Share	41.25	48.94
3. Solar Power (KhonKaen 10) Co., Ltd	Electricity generation and distribution	Ordinary Share	41.25	48.65
4. Solar Power (Loei 2) Co., Ltd	Electricity generation and distribution	Ordinary Share	41.25	48.83
		Total	165.00	195.09

6.8 Investments in subsidiary

Investments in subsidiary represented an investment in PEA Encom International Company Limited. The Company is 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. Provincial Electricity Authority has acquired 100% shareholding of its ordinary shares. The investment in subsidiary is accounted using the cost method.

As at December 31, 2014 and 2013, Provincial Electricity Authority has investments in subsidiary in the separate financial statements of Baht 447.38 million and Baht 344.88 million, respectively.

6.9 Investment property

As at December 31, 2014, investment property consists of:

Unit: Million Baht

	Consolidated and separate financial statements			
	Cost			Ending balance as at Dec. 31, 2014
	Beginning balance as at Jan. 1, 2014	Additions	Decreases	
Land and land improvements	72.42	2.37	-	74.79
Total	72.42	2.37	-	74.79

As at December 31, 2013, investment property consists of:

Unit: Million Baht

	Consolidated and separate financial statements			Ending balance as at Dec. 31, 2013
	Cost			
	Beginning balance as at Jan. 1, 2013	Additions	Decreases	
Land and land improvements	693.45	-	621.03	72.42
Total	693.45	-	621.03	72.42

As at December 31, 2014 and 2013, according to the appraisal value announced by the Treasury department, investment property has total fair value of Baht 295.83 million and Baht 289.53 million, respectively.

Provincial Electricity Authority has rental income on land for the years ended December 31, 2014 and 2013, amounting to Baht 3.84 million and Baht 2.90 million, respectively. The acquisition costs of land used for rental are Baht 42.72 million.

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6.10 Property, plant and equipment

As at December 31, 2014, property, plant and equipment consist of:

	Consolidated financial statements						Property, plant and equipment as at Dec. 31, 14	
	Cost			Accumulated depreciation				
	Beginning balance as at Jan. 1, 14	Additions	Ending balance as at Dec. 31, 14	Decreases	Beginning balance as at Jan. 1, 14	Additions		Ending balance as at Dec. 31, 14
Land and land improvements	10,250.03	560.99	10,755.96	55.06	1,001.47	104.09	1,103.24	9,652.72
Buildings and constructions	13,283.49	386.35	13,655.62	14.22	4,315.50	416.16	4,723.24	8,932.38
Electricity generating systems	2,194.25	53.52	2,237.23	10.54	832.05	83.56	905.75	1,331.48
Electricity distributing systems	355,343.75	21,287.25	373,865.69	2,765.31	164,803.00	14,677.91	177,827.61	196,038.08
Furniture, tools and equipment	16,997.99	1,012.56	17,558.07	452.48	9,062.00	1,291.22	9,937.67	7,620.40
Vehicles	8,369.66	885.46	9,098.86	156.26	6,719.27	432.60	7,013.20	2,085.66
Total	406,439.17	24,186.13	427,171.43	3,453.87	186,733.29	17,005.54	201,510.71	225,660.72

Unit: Million Baht

	Separate financial statements						Property, plant and equipment as at Dec. 31, 14	
	Cost			Accumulated depreciation				
	Beginning balance as at Jan. 1, 14	Additions	Ending balance as at Dec. 31, 14	Decreases	Beginning balance as at Jan. 1, 14	Additions		Ending balance as at Dec. 31, 14
Land and land improvements	10,250.03	560.99	10,755.96	55.06	1,001.47	104.09	1,103.24	9,652.72
Buildings and constructions	13,283.49	386.35	13,655.62	14.22	4,315.50	416.16	4,723.24	8,932.38
Electricity generating systems	2,194.25	53.52	2,237.23	10.54	832.05	83.56	905.75	1,331.48
Electricity distributing systems	355,343.75	21,287.25	373,865.69	2,765.31	164,803.00	14,677.91	177,827.61	196,038.08
Furniture, tools and equipment	16,997.32	1,012.49	17,557.33	452.48	9,061.70	1,291.08	9,937.23	7,620.10
Vehicles	8,369.66	882.40	9,095.80	156.26	6,719.27	432.06	7,012.66	2,083.14
Total	406,438.50	24,183.00	427,167.63	3,453.87	186,732.99	17,004.86	201,509.73	225,657.90

Unit: Million Baht

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As at December 31, 2013, property, plant and equipment consist of:

	Consolidated financial statements						Property, plant and equipment as at Dec. 31, 13	
	Cost			Accumulated depreciation				
	Beginning balance as at Jan. 1, 13	Additions	Ending balance as at Dec. 31, 13	Decreases	Beginning balance as at Jan. 1, 13	Additions		Ending balance as at Dec. 31, 13
Land and land improvements	9,108.27	1,142.56	10,250.03	0.80	905.28	96.61	1,001.47	9,248.56
Buildings and constructions	12,637.76	658.61	13,283.49	12.88	3,919.05	402.50	4,315.50	8,967.99
Electricity generating systems	2,120.00	95.48	2,194.25	21.23	751.74	99.06	832.05	1,362.20
Electricity distributing systems	330,423.36	26,513.05	355,343.75	1,592.66	152,488.04	13,540.01	164,803.00	190,540.75
Furniture, tools and equipment	15,512.59	1,784.22	16,997.99	298.82	8,099.87	1,259.88	9,062.00	7,935.99
Vehicles	7,558.86	905.13	8,369.66	94.33	6,452.32	360.27	6,719.27	1,650.39
Total	377,360.84	31,099.05	406,439.17	2,020.72	172,616.30	15,758.33	186,733.29	219,705.88

	Separate financial statements						Property, plant and equipment as at Dec. 31, 13	
	Cost			Accumulated depreciation				
	Beginning balance as at Jan. 1, 13	Additions	Ending balance as at Dec. 31, 13	Decreases	Beginning balance as at Jan. 1, 13	Additions		Ending balance as at Dec. 31, 13
Land and land improvements	9,108.27	1,142.56	10,250.03	0.80	905.28	96.61	1,001.47	9,248.56
Buildings and constructions	12,637.76	658.61	13,283.49	12.88	3,919.05	402.50	4,315.50	8,967.99
Electricity generating systems	2,120.00	95.48	2,194.25	21.23	751.74	99.06	832.05	1,362.20
Electricity distributing systems	330,423.36	26,513.05	355,343.75	1,592.66	152,488.04	13,540.01	164,803.00	190,540.75
Furniture, tools and equipment	15,512.10	1,784.04	16,997.32	298.82	8,099.69	1,259.76	9,061.70	7,935.62
Vehicles	7,558.86	905.13	8,369.66	94.33	6,452.32	360.27	6,719.27	1,650.39
Total	377,360.35	31,098.87	406,438.50	2,020.72	172,616.12	15,758.21	186,732.99	219,705.51

Fixed assets that are fully depreciated but are continuing use for Provincial Electricity Authority and its subsidiary as at December 31, 2014 and 2013, are Baht 0.51 million and Baht 0.44 million, respectively.

6.11 Constructions in progress

As at December 31, 2014, constructions in progress consist of:

Unit: Million Baht

	Consolidated and separate financial statements			
	Beginning	Additions	Decreases	Ending
	balance as at			balance as at
	Jan. 1, 2014	Dec. 31, 2014		
Constructions in progress				
- Provincial Electricity Authority capital budget	25,062.68	15,307.78	13,055.27	27,315.19
- Partially funded by electricity users	4,469.77	6,142.87	5,603.35	5,009.29
- Funded by interest from electricity usage guarantee	0.11	0.02	0.13	-
Total	29,532.56	21,450.67	18,658.75	32,324.48

As at December 31, 2013, constructions in progress consist of:

Unit: Million Baht

	Consolidated and separate financial statements			
	Beginning	Additions	Decreases	Ending
	balance as at			balance as at
	Jan. 1, 2013	Dec. 31, 2013		
Constructions in progress				
- Provincial Electricity Authority capital budget	31,610.86	14,477.03	21,025.21	25,062.68
- Partially funded by electricity users	3,034.43	6,320.20	4,884.86	4,469.77
- Funded by interest from electricity usage guarantee	28.04	0.28	28.21	0.11
Total	34,673.33	20,797.51	25,938.28	29,532.56

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6.12 Intangible assets

As at December 31, 2014, intangible assets consist of:

Unit: Million Baht

	Consolidated financial statements							
	Cost				Accumulated amortization			
	Beginning balance as at Jan. 1, 14	Additions	Decreases	Ending balance as at Dec. 31, 14	Beginning balance as at Jan. 1, 14	Additions	Decreases	Ending balance as at Dec. 31, 14
Computer software licenses	2,880.14	229.21	22.29	3,087.06	2,209.61	341.91	22.29	2,529.23
Computer software systems for core business	3,325.51	40.48	-	3,365.99	1,293.40	717.06	10.27	2,000.19
Total	6,205.65	269.69	22.29	6,453.05	3,503.01	1,058.97	32.56	4,529.42

Unit: Million Baht

	Separate financial statements							
	Cost				Accumulated amortization			
	Beginning balance as at Jan. 1, 14	Additions	Decreases	Ending balance as at Dec. 31, 14	Beginning balance as at Jan. 1, 14	Additions	Decreases	Ending balance as at Dec. 31, 14
Computer software licenses	2,880.09	229.21	22.29	3,087.01	2,209.60	341.91	22.29	2,529.22
Computer software systems for core business	3,325.51	40.48	-	3,365.99	1,293.40	717.06	10.27	2,000.19
Total	6,205.60	269.69	22.29	6,453.00	3,503.00	1,058.97	32.56	4,529.41

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As at December 31, 2013, intangible assets consist of:

Unit: Million Baht

	Consolidated financial statements									
	Cost					Accumulated amortization				
	Beginning balance as at Jan. 1, 13	Additions	Decreases	Ending balance as at Dec. 31, 13	Beginning balance as at Jan. 1, 13	Additions	Decreases	Ending balance as at Dec. 31, 13	Intangible assets as at Dec. 31, 13	
Computer software licenses	2,587.57	295.96	3.39	2,880.14	1,733.23	479.83	3.45	2,209.61	670.53	
Computer software systems for core business	2,675.22	650.29	-	3,325.51	594.49	698.91	-	1,293.40	2,032.11	
Total	5,262.79	946.25	3.39	6,205.65	2,327.72	1,178.74	3.45	3,503.01	2,702.64	

Unit: Million Baht

	Separate financial statements									
	Cost					Accumulated amortization				
	Beginning balance as at Jan. 1, 13	Additions	Decreases	Ending balance as at Dec. 31, 13	Beginning balance as at Jan. 1, 13	Additions	Decreases	Ending balance as at Dec. 31, 13	Intangible assets as at Dec. 31, 13	
Computer software licenses	2,587.57	295.91	3.39	2,880.09	1,733.23	479.82	3.45	2,209.60	670.49	
Computer software systems for core business	2,675.22	650.29	-	3,325.51	594.49	698.91	-	1,293.40	2,032.11	
Total	5,262.79	946.20	3.39	6,205.60	2,327.72	1,178.73	3.45	3,503.00	2,702.60	

Intangible assets that are fully amortized but are continuing use for Provincial Electricity Authority and its subsidiary as at December 31, 2014 and 2013, are approximately Baht 0.004 million and Baht 0.002 million, respectively.

6.13 Other non-current assets consist of:

Unit: Million Baht

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Employee receivables	63.66	54.64	63.66	54.64
Deferred expenses	1.14	10.09	1.14	10.09
Retentions and deposits	3.34	2.02	3.34	1.97
PEA Employee Gratuity Fund				
Cash	0.004	0.004	0.004	0.004
Current accounts	0.011	0.011	0.011	0.011
Savings accounts	0.045	0.77	0.045	0.77
Fixed deposits	6.35	20.00	6.35	20.00
Total	74.55	87.53	74.55	87.48

6.14 Trade accounts payable consist of:

Unit: Million Baht

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Accounts payable-electricity	36,406.64	31,040.24	36,406.64	31,040.24
Accounts payable-domestic	655.18	534.10	653.85	533.81
Accounts payable-foreign	-	0.03	-	0.03
Suspense payable-unbilled	798.97	760.14	798.97	760.14
Total	37,860.79	32,334.51	37,859.46	32,334.22

Consolidated and separate financial statements as at December 31, 2014 and 2013, suspense payable-unbilled amounting to Baht 798.97 million and Baht 760.14 million, respectively, represent payables for goods or services received but Provincial Electricity Authority has not received invoices from payable. Therefore, such payables are recorded as accounts payable.

6.15 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, 2014	Dec. 31, 2013
Domestic loans					
- Financial institutions	2003 – 2014	Baht	2.325 *	-	282.72
- Ministry of Finance	1988 – 2031	Canadian Dollar	Interest free	286.83	333.33
	2013 – 2023	Baht	3.668 **	2,975.00	3,325.00
- Bonds	2004 – 2029	Baht	2.98 – 6.84	78,099.00	74,291.00
Total domestic loans				81,360.83	78,232.05
Foreign loans					
- Financial institutions	2000 - 2020	Euro	2.00	538.06	710.23
	2007 - 2023	Euro	8.00 ***	355.05	442.99
Total foreign loans				893.11	1,153.22
Total long-term loans				82,253.94	79,385.27
Less Current portion				7,939.97	7,395.86
Total				74,313.97	71,989.41

* Thanachart Bank Public Company Limited, borrowing interest rate equals to the three-month fixed deposit interest rate for individual person plus 0.7% per annum.

** Borrowing interest rate equals to reference interest rate (average minimum six-month fixed deposit rate for individual person during seven days of Bangkok Bank Public Company Limited, KrungThai Bank Public Company Limited, Kasikorn Bank Public Company and Siam Commercial Bank Public Company Limited) plus 1.68% per annum.

*** Borrowing interest rate of 8% per annum under the loan contract which includes interest expense that Provincial Electricity Authority paid to KFW fund at the rate of 6% per annum, and that are recorded as interest expense at the rate of 2% per annum.

PEA has obtained loan to construct building, electricity generating and electricity distributing system related to loans made specific purpose are capitalized as cost of assets at interest rates of 2.325% – 6.84% per annum.

Interest expenses on loans for the years 2014 and 2013, amounting to Baht 3,505.95 million and Baht 3,542.17 million, respectively, were capitalized as cost of construction in progress amounting to Baht 253.73 million and Baht 259.40 million and were recognized as expenses in the statements of comprehensive income for Baht 3,252.22 million and Baht 3,264.77 million, respectively.

6.16 Finance lease liabilities consist of:

Unit: Million Baht

Consolidated financial statements						
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Finance lease liabilities						
- Computer software systems	868.24	1,024.31	700.21	1,423.30	1,568.45	2,447.61
- Vehicles	105.71	73.49	330.62	164.82	436.33	238.31
Total	973.95	1,097.80	1,030.83	1,588.12	2,004.78	2,685.92

Unit: Million Baht

Separate financial statements						
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Finance lease liabilities						
- Computer software systems	868.24	1,024.31	700.21	1,423.30	1,568.45	2,447.61
- Vehicles	105.09	73.49	328.58	164.82	433.67	238.31
Total	973.33	1,097.80	1,028.79	1,588.12	2,002.12	2,685.92

6.16.1 Finance lease liabilities—computer software systems

Unit: Million Baht

Consolidated and separate financial statements						
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Finance lease liabilities	947.45	1,153.20	724.94	1,526.30	1,672.39	2,679.50
Less deferred interest expense	(79.21)	(128.89)	(24.73)	(103.00)	(103.94)	(231.89)
Net	868.24	1,024.31	700.21	1,423.30	1,568.45	2,447.61

6.16.2 Finance lease liabilities-vehicles

Unit: Million Baht

	Consolidated financial statements					
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Finance lease						
liabilities	134.32	88.61	373.02	186.38	507.34	274.99
Less deferred						
interest expense	(28.61)	(15.12)	(42.40)	(21.56)	(71.01)	(36.68)
Net	105.71	73.49	330.62	164.82	436.33	238.31

Unit: Million Baht

	Separate financial statements					
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Finance lease						
liabilities	133.52	88.61	370.73	186.38	504.25	274.99
Less deferred						
interest expense	(28.43)	(15.12)	(42.15)	(21.56)	(70.58)	(36.68)
Net	105.09	73.49	328.58	164.82	433.67	238.31

6.17 Accrued remittance to the Ministry of Finance consist of:

Unit: Million Baht

	Consolidated and Separate financial statements	
	Dec. 31, 2014	Dec. 31, 2013
Beginning balance	8,561.78	4,490.39
Additional remittance to the Ministry of Finance	21.22	20.61
Remit to public revenues 45% of net profit	10,247.00	10,561.78
Remit to public revenues during the year	(13,534.00)	(6,511.00)
Total	5,296.00	8,561.78

Additional remittance to the Ministry of Finance is an adjustment made for the amount of accrued remittance to the ministry of finance for which Provincial Electricity Authority has made provision for less than the amount which Ministry of Finance has specified.

6.18 Deposits payable consist of:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2014	Dec. 31, 2013
Accrued remittance to the Power Development Fund	337.06	317.30
Pending repayment electricity usage guarantee	202.44	183.13
Other deposits payable	111.68	131.11
Total	651.18	631.54

6.19 Other current liabilities consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Unearned revenues	142.07	100.96	142.01	100.76
Retentions and deposits	116.60	302.27	116.60	302.27
Suspense accounts	50.13	413.18	50.13	413.18
Inter-account between Provincial Electricity Authority and PEA Employee Gratuity Fund	-	0.82	-	0.82
Provisions	0.67	0.02	0.67	0.02
Total	309.47	817.25	309.41	817.05

6.20 Long-term provisions

Consolidated and separate financial statements as at December 31, 2014 and 2013, amounting to Baht 2.87 million and Baht 8.07 million, respectively, represent the provisions that Provincial Electricity Authority was filed in litigation as a defendant, which Provincial Electricity Authority assesses the status of the lawsuits and estimates that 19 lawsuits and 18 lawsuits, respectively.

6.21 Construction obligations

Consolidated and separate financial statements as at December 31, 2014 and 2013, amounting to Baht 9,095.11 million and Baht 8,990.89 million, respectively, represent the obligations of Provincial Electricity Authority to expand the electricity distributing areas for electricity users which the electricity users have fully or partially funded the construction costs. The ownership of the assets belong to Provincial Electricity Authority.

6.22 Deferred revenues consist of:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2014	Dec. 31, 2013
Contributions for construction	38,179.60	34,551.86
Deferred revenues from donated assets	1,537.29	1,483.76
Total	39,716.89	36,035.62

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

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2014	Dec. 31, 2013
Electricity usage guarantee fund (Note 6.4)	21,864.63	20,177.06
Electricity usage guarantee-additional deposits by Provincial Electricity Authority	161.01	138.61
Total	22,025.64	20,315.67

6.24 Employee Gratuity Fund

As at December 31, 2014 and 2013, Employee Gratuity Fund are as follows:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2014	Dec. 31, 2013
Beginning balance	16.90	20.80
<u>Add</u> Contributions during the year	0.64	0.77
Payments for shortage from PEA	1.92	0.99
Excess of revenues over expenses for the year	0.34	0.67
	19.80	23.23
<u>Less</u> Payments to employees and provident fund	6.19	5.66
Repayments for surplus of the gratuity fund over obligations	0.34	0.67
Ending balance of fund equal to obligations to be paid to resigned employees	13.27	16.90

6.25 Employee benefit obligations

Employee benefits of Provincial Electricity Authority and its subsidiary consist of post-employment benefits 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, 2014 and 2013, employee benefit obligations are as follows:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Post-employment benefits under defined benefit plans				
Retirement pension	9,408.14	8,892.53	9,407.76	8,892.28
Retirement souvenir gifts	137.34	130.35	137.34	130.35
Accumulate vacation leave upon retirement	940.85	889.28	940.85	889.28
Total post-employment benefits under defined benefit plans	10,486.33	9,912.16	10,485.95	9,911.91
Other long-term employee benefits				
Souvenir gift for long tenure	81.16	83.70	81.16	83.70
Total other long-term employee benefits	81.16	83.70	81.16	83.70
Total	10,567.49	9,995.86	10,567.11	9,995.61

Post-employment benefits under defined benefit plans and other long-term employee benefits in the statements of comprehensive income as at December 31, 2014 and 2013, are as follows:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Current service costs	437.91	424.29	437.79	424.15
Interest on obligations	399.83	400.53	399.82	400.52
Actual cost	(390.21)	(511.48)	(390.21)	(511.48)
Actuarial losses	124.10	781.92	124.10	781.92
Total	571.63	1,095.26	571.50	1,095.11

Movement in the present value of provisions for employee benefits for the year ended December 31, 2014 and 2013, are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Beginning balance of provision for employee benefits	9,995.86	8,900.60	9,995.61	8,900.50
Current service costs	437.91	424.29	437.79	424.15
Interest on obligations	399.83	400.53	399.82	400.52
Actual cost	(390.21)	(511.48)	(390.21)	(511.48)
Actuarial losses	124.10	781.92	124.10	781.92
Ending balance of provision for employee benefits	10,567.49	9,995.86	10,567.11	9,995.61

Actuarial assumptions used to the calculation of provisions under post-employment benefits plan as at December 31, 2014 and 2013, are as follows:

	Consolidated and Separate financial statements	
	Dec. 31, 2014 (percentage)	Dec. 31, 2013 (percentage)
Discount rate	4.00	4.00
Future salary incremental rate	7.50	7.50
Employee turnover rate	0.29	0.29

For the post-employment benefits under defined contribution plans, Provincial Electricity Authority has established the provident fund. The fund is monthly contributed by salary of employee and by Provincial Electricity Authority. PEA registers provident fund in accordance with the Provident Fund Act, B.E. 2530 (1987).

For the year ended December 31, 2014 and 2013, Provincial Electricity Authority contributes to the provident fund amounting to Baht 1,392.76 million and Baht 1,332.41 million, respectively.

6.26 Executives' remunerations consist of:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Directors' remunerations	23.18	29.22	21.71	28.00
Management's remunerations	105.38	106.97	105.38	106.97
Total	128.56	136.19	127.09	134.97

6.27 Operational results

6.27.1 Operating results for the years ended December 31, 2014 and 2013, are as follows:

	Unit: Million Baht			
	Consolidated financial statements			
	Dec. 31, 2014	Dec. 31, 2013	Increase (Decrease)	Percentage
Operating revenues	463,061.07	431,350.78	31,710.29	7.35
Cost of sales and services	416,664.98	384,921.62	31,743.35	8.25
Gross profit	46,396.09	46,429.16	(33.06)	(0.07)
Administrative expenses	18,733.97	19,299.92	(565.95)	(2.93)
Selling expenses	5,665.48	5,104.01	561.47	11.00
Directors' remuneration	128.56	136.19	(7.63)	(5.60)
Operating income	21,868.08	21,889.04	(20.95)	(0.10)
Other revenues	1,954.55	2,721.83	(767.29)	(28.19)
Other expenses	21.65	72.98	(51.33)	(70.33)
Financial costs	3,408.91	3,469.17	(60.26)	(1.74)
Share of profits of associates	30.09	-	30.09	100.00
Profit for the year	20,422.16	21,068.72	(646.56)	(3.07)

For the year ended December 31, 2014, Provincial Electricity Authority and its subsidiary have profit of Baht 20,422.16 million which decreases from the same period of prior year by Baht 646.56 million. The decrease is attributable to decrease in operating income by Baht 20.95 million, decrease in other revenues by Baht 767.29 million, decrease in other expenses by Baht 51.33 million and decrease in financial costs by Baht 60.26 million and increase in share of profits of associates by Baht 30.09 million.

Unit: Million Baht

	Separate financial statements		Increase (Decrease)	Percentage
	Dec. 31, 2014	Dec. 31, 2013		
Operating revenues	463,052.78	431,349.71	31,703.07	7.35
Cost of sales and services	416,655.87	384,919.28	31,736.59	8.24
Gross profit	46,396.91	46,430.43	(33.52)	(0.07)
Administrative expenses	18,725.51	19,291.85	(566.34)	(2.94)
Selling expenses	5,665.48	5,104.02	561.46	11.00
Directors' remuneration	127.09	134.97	(7.88)	(5.84)
Operating income	21,878.83	21,899.59	(20.76)	(0.09)
Other revenues	1,950.94	2,720.50	(769.56)	(28.29)
Other expenses	21.66	72.98	(51.32)	(70.32)
Financial costs	3,408.72	3,469.17	(60.45)	(1.74)
Profit for the year	20,399.39	21,077.94	(678.55)	(3.22)

For the year ended December 31, 2014, Provincial Electricity Authority has profit of Baht 20,399.39 million which decreases from the same period of prior year by Baht 678.55 million. The decrease is attributable to decrease in operating income by Baht 20.76 million, decrease in other revenues by Baht 769.56 million, decrease in other expenses by Baht 51.32 million and decrease in financial costs by Baht 60.45 million.

The National Telecommunications Commission allowed Provincial Electricity Authority to operate the third type of telecommunication business (fiber optic) since March 1, 2007. In the year 2014, Provincial Electricity Authority has revenues from telecommunication business amounting to Baht 271.72 million which are included in other operating revenues.

According to the resolution of Energy Regulatory Commission No. ERC 5502/3289.2 dated on July 31, 2012, the committee has agreed on refunding interest from electricity usage guarantee fund in the form of interest payment on an annual basis from Provincial Electricity Authority to customers who has paid the deposit in cash. The amount of refund is based on annual average interest rate of Krung Thai Bank Public Company Limited's savings account for the state enterprises to the electricity user of medium general services, of large general services and of specific business services. In the case of power meter has been cut out of power supply and customers who discontinued using the electricity services during the year, this benefit would not be given. In the year 2014, Provincial Electricity Authority has refunded the benefit to the customers amounting to Baht 20.48 million and recorded as other expenses.

Provincial Electricity Authority has been allowed to run broadcasting business for providing assistance on broadcasting. The service includes a rental electric pole for putting up cable line by National Broadcasting and Telecommunications Commission since December 16, 2013 to December 15, 2028. In the year 2014, Provincial Electricity Authority has revenues on rental of electric pole for putting up cable line from Cable TVs business amounting to Baht 25.47 million.

6.27.2 Transaction classified by expense characteristics.

Some transactions include in the statements of comprehensive income for the years ended December 31, 2014 and 2013, classified by expense characteristics are as follows:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Depreciation of property, plant and equipment	16,527.06	15,640.42	16,526.37	15,640.30
Amortization of intangible assets	1,048.71	1,178.68	1,048.70	1,178.67
Employee expenses	23,180.43	22,513.82	23,173.29	22,508.43

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6.28 Financial information of operating segments

6.28.1 Statements of Financial position of operating segments are as follows:

Information from statements of financial position	North		Northeast		Central		South		Headquarter		Consolidated financial Statements	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
	Unit: Million Baht											
Trade accounts receivable	4,719.90	4,734.14	4,664.82	4,414.41	17,745.88	16,653.99	5,907.14	5,328.50	325.90	234.00	33,363.64	31,365.04
Other current assets	1,090.11	1,052.14	1,419.26	1,380.56	1,085.00	1,140.41	903.19	852.10	50,042.18	39,883.51	54,539.74	44,308.72
Property, plant and equipment	48,248.18	46,425.96	49,290.56	47,578.88	70,165.32	67,651.24	55,167.97	55,056.92	2,788.69	2,992.87	225,660.72	219,705.87
Other non-current assets	6,018.50	6,263.51	5,863.08	5,748.44	11,619.36	10,220.55	6,686.70	5,827.02	4,404.89	4,335.63	34,592.53	32,395.15
Total Assets	60,076.69	58,475.75	61,237.72	59,122.29	100,615.56	95,666.19	68,665.00	67,064.54	57,561.66	47,446.01	348,156.63	327,774.78
Current Liabilities	39,930.52	39,479.58	45,868.90	45,053.59	(112,878.80)	(88,434.12)	22,154.97	23,888.22	63,468.65	36,280.78	58,544.24	56,268.05
Long-term loans	-	-	-	-	-	-	-	-	74,313.97	71,989.41	74,313.97	71,989.41
Other non-current liabilities	15,954.09	14,751.46	18,806.55	16,879.94	29,005.68	26,786.15	16,742.99	15,774.48	2,676.21	3,242.23	83,185.52	77,434.26
Total Liabilities	55,884.61	54,231.04	64,675.45	61,933.53	(83,873.12)	(61,647.97)	38,897.96	39,662.70	140,458.83	111,512.42	216,043.73	205,691.72
Equity	4,192.08	4,244.71	(3,437.73)	(2,811.24)	184,488.68	157,314.16	29,767.04	27,401.84	(82,897.17)	(64,066.41)	132,112.90	122,083.06
Total Liabilities and Equity	60,076.69	58,475.75	61,237.72	59,122.29	100,615.56	95,666.19	68,665.00	67,064.54	57,561.66	47,446.01	348,156.63	327,774.78

(TRANSLATION)

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6.28.2 Operational results of operating segments are as follows:

	Unit: Million Baht																	
	North			Northeast			Central			South			Headquarter			Consolidated financial Statements		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013		
Information from statements																		
of comprehensive income																		
Sales of electricity energy	65,362.12	60,780.73	69,449.20	63,240.94	238,297.10	222,666.62	77,525.41	72,199.65	-	-	450,633.83	418,887.94						
Other operating revenues	2,724.36	2,683.31	2,913.47	2,940.37	3,811.42	3,937.75	2,831.12	2,754.99	146.87	146.42	12,427.24	12,462.84						
Other revenues	50.40	111.06	40.92	194.58	176.31	307.26	92.14	121.56	1,594.78	1,987.38	1,954.55	2,721.84						
Total revenues	68,136.88	63,575.10	72,403.59	66,375.89	242,284.83	226,911.63	80,448.67	75,076.20	1,741.65	2,133.80	465,015.62	434,072.62						
Cost of sales and services	63,575.19	58,911.70	67,948.08	61,816.73	210,334.61	194,660.03	74,030.99	68,860.73	776.11	672.44	416,664.98	384,921.63						
Administrative expenses	3,243.40	3,857.26	3,423.70	3,388.33	3,430.71	3,338.93	2,883.31	2,928.59	5,752.85	5,786.81	18,733.97	19,299.92						
Selling expenses	1,332.06	1,240.00	1,645.94	1,465.61	1,271.71	1,183.10	1,121.84	1,001.28	293.93	214.02	5,665.48	5,104.01						
Executive remuneration	7.17	6.24	7.04	6.90	6.88	7.02	6.46	6.16	101.01	109.87	128.56	136.19						
Other expenses	2.69	1.90	(24.11)	13.14	35.73	2.69	12.89	52.11	(5.55)	3.14	21.65	72.98						
Financial costs	2.88	1.20	3.20	1.26	4.14	2.04	4.64	1.98	3,394.05	3,462.69	3,408.91	3,469.17						
Total expenses	68,163.39	64,018.30	73,003.85	66,691.97	215,083.78	199,193.81	78,060.13	72,850.85	10,312.40	10,248.97	444,623.55	413,003.90						
Operating income	(26.51)	(443.20)	(600.26)	(316.08)	27,201.05	27,717.82	2,388.54	2,225.35	(8,570.75)	(8,115.17)	20,392.07	21,068.72						
Share of profits of associates	-	-	-	-	-	-	-	-	30.09	-	-	-						
Profit (loss) for the year	(26.51)	(443.20)	(600.26)	(316.08)	27,201.05	27,717.82	2,388.54	2,225.35	(8,540.66)	(8,115.17)	20,422.16	21,068.72						
Other comprehensive income (loss)	(26.13)	(168.49)	(26.23)	(175.61)	(26.52)	(161.90)	(23.35)	(131.88)	(21.87)	(144.04)	(124.10)	(781.92)						
Total comprehensive income (loss)	(52.64)	(611.69)	(626.49)	(491.69)	27,174.53	27,555.92	2,365.19	2,093.47	(8,562.53)	(8,259.21)	20,298.06	20,286.80						

7. Related party transactions

Significant related party transactions are as follows:

7.1 **Assets and Liabilities**, as at December 31, 2014 and 2013, significant related party transactions are as follows:

Item/ Company's name	Relation	Unit: Million Baht				
		Consolidated financial statements		Separate Financial statements		
		Dec. 2014	31, Dec. 31, 2013	Dec. 2014	31, Dec. 31, 2013	Dec. 31, 2013
Accrued revenues						
PEA Encom International Co., Ltd.	Subsidiary	-	-	-	1.42	
Investments in associates						
Solar Power (Surin1) Co., Ltd.	Subsidiary's associate	48.67	-	-	-	
Solar Power (Surin2) Co., Ltd.	Subsidiary's associate	48.94	-	-	-	
Solar Power (Khonkaen10) Co., Ltd.	Subsidiary's associate	48.65	-	-	-	
Solar Power (Loei2) Co., Ltd.	Subsidiary's associate	48.83	-	-	-	
Investments in subsidiary						
PEA Encom International Co., Ltd.	Subsidiary	-	-	447.38	344.88	
Accounts payable						
EGAT	Related party	30,569.51	27,050.95	30,569.51	27,050.95	
Other payable						
PEA Encom International Co., Ltd.	Subsidiary	-	-	0.07	-	

7.2 Revenues and expenses, related party transaction as at December 31, 2013 and 2012, are as follows:

Item/ Company's name	Relation	Unit: Million Baht			
		Consolidated financial statements		Separate Financial statements	
		Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Other operating revenues					
PEA Encom International Co., Ltd.	Subsidiary	-	-	1.37	1.42
Cost of electricity					
EGAT	Related Party	372,100.03	352,434.67	372,100.03	352,434.67
Solar Power (Surin1) Co., Ltd.	Subsidiary's associate	68.95	-	-	-
Solar Power (Surin2) Co., Ltd.	Subsidiary's associate	67.96	-	-	-
Solar Power (Khonkaen10) Co., Ltd.	Subsidiary's associate	77.40	-	-	-
Solar Power (Loei2) Co., Ltd.	Subsidiary's associate	84.07	-	-	-
Employee expenses					
PEA Encom International Co., Ltd.	Subsidiary	-	-	0.56	-
Maintenance Cost					
PEA Encom International Co., Ltd.	Subsidiary	-	-	1.64	-

8. Disclosure of financial instruments

8.1 Credit risk

Credit risk arises when accounts receivable do not comply with the terms and conditions of credit agreements, causing losses to Provincial Electricity Authority. Also, a concentration exposure in credit portfolios is regarded as an important aspect of credit risk. Most of Provincial Electricity Authority 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 Provincial Electricity Authority has no credit risk.

In case of financial assets recognition in the statements of financial position, book values of the assets presented in the statements of financial position represent the maximum amount of exposure to the credit risk that Provincial Electricity Authority may experience.

8.2 Interest rate risk

Interest rate risk arises when interest rate changes and may have a negative effect on operations of Provincial Electricity Authority, however, most of Provincial Electricity Authority's loans have fixed interest rates and Provincial Electricity Authority's loans are not significant amount except as mentioned in Note 6.15.

8.3 Foreign exchange rate risk

Foreign exchange rate risk arises when there is a change in foreign exchange rates and may effect on Provincial Electricity Authority and its subsidiary's financial position in current and following years. However, most of Provincial Electricity Authority's transactions are incurred in Thai Baht, therefore, changes in foreign exchange rate do not have significant impact on Provincial Electricity Authority and its subsidiary's assets and liabilities.

8.4 Fair value of financial Instruments

Provincial Electricity Authority and its subsidiary estimate fair value of financial Instruments 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 due to their short-term period of settlement.

9. Contingent liabilities

As at December 31, 2014 and 2013, Provincial Electricity Authority was sued 81 cases and 84 cases, respectively, with total amount in dispute of Baht 18,787.43 million and Baht 18,734.62 million, respectively.

The cases Provincial Electricity Authority was filed in lawsuits partly are as follows:

1) Provincial Electricity Authority was filed in lawsuits on lease computer software packages for the core business.

Portalnet co., Ltd., is authorized by its joint venture partner SPIES, sues Provincial Electricity Authority to the Central Administrative Court on November 22, 2010, on cost of using computer software prior to the commencement period of computer software leasing of Baht 1,868.71 million plus the interest at the rate of 7.5 percent per annum from the date of filing the petition onwards. The Central Administrative Court has dismissed the case. Currently, the case is on the proceedings of the Supreme Administrative Court.

2) The dispute between D and J Clean Energy Systems Co., Ltd. (plaintiff) and Provincial Electricity Authority (defendant) according to the case No. 119/2554.

D and J Clean Energy Systems co., Ltd. (plaintiff) has entered into VSPP electricity sale contracts of 122 contracts in total. The plaintiff submitted claim with the Arbitration Institute according to the case No. 119/2554. The plaintiff requested to change the focusing solar collector. Provincial Electricity Authority ignored the request, therefore, the plaintiff concluded that Provincial Electricity Authority broke the sale agreement and caused them damages. The plaintiff asked for the

compensation by Baht 57,837.42 million. Subsequently, the plaintiff decreases the amount in dispute to Baht 16,619.34 million. Currently, the case is on the proceedings of the Arbitration Institute.

PEA legal department predicts that Provincial Electricity Authority will win both cases.

10. Approval of PEA financial statements

These financial statements were approved by PEA governor on March 20, 2015.
