



Auditor's Report and Financial Statements

The Provincial Electricity Authority and its subsidiary

For the year ended December 31, 2016

**สำนักงานการตรวจเงินแผ่นดิน**

---

---



(TRANSLATION)  
AUDITOR'S REPORT

To: The Board of Directors of the Provincial Electricity Authority

**Opinion**

The Office of the Auditor General of Thailand has audited the accompanying consolidated financial statements of the Provincial Electricity Authority and its subsidiary (the Group), and separate financial statements of the Provincial Electricity Authority (the Company), which comprise the consolidated and separate statements of financial position as at December 31, 2016, 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 notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In the Office of the Auditor General of Thailand's opinion, the consolidated and separate financial statements referred to above 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, 2016, and its consolidated and separate financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

**Basis for Opinion**

The Office of the Auditor General of Thailand conducted the audit in accordance with Thai Standards on Auditing (TSAs). The Office of the Auditor General of Thailand's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of the Office of the Auditor General of Thailand's report. The Office of the Auditor General of Thailand is independent of the Group and the Company in accordance with the State Audit Standards issued by the State Audit Commission and the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that are relevant to the Office of the Auditor General of Thailand's audit of the consolidated and separate financial statements, and has fulfilled other ethical responsibilities in accordance with these requirements. The Office of the Auditor General of Thailand believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand's opinion.



(TRANSLATION)

- 2 -

**Other Information**

The management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and the auditor's report thereon. The annual report is expected to be made available to the Office of the Auditor General of Thailand after the date of this auditor's report.

The Office of the Auditor General of Thailand's opinion on the consolidated and separate financial statements does not cover the other information and the Office of the Auditor General of Thailand will not express any form of assurance conclusion thereon.

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

When the Office of the Auditor General of Thailand reads the annual report, if the Office of the Auditor General of Thailand concludes that there is a material misstatement therein, the Office of the Auditor General of Thailand is required to communicate the matter to those charged with governance.

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

The management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the 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.

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

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

**Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

The Office of the Auditor General of Thailand's objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the Office of the Auditor General of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit



(TRANSLATION)

- 3 -

conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, the Office of the Auditor General of Thailand exercises professional judgment and maintain professional skepticism throughout the audit, including:

- Identifies and assesses the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Concludes on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If the Office of the Auditor General of Thailand concludes that a material uncertainty exists, the Office of the Auditor General of Thailand is required to draw attention in the Office of the Auditor General of Thailand auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify the Office of the Auditor General of Thailand's opinion. The Office of the Auditor General of Thailand's conclusions are based on the audit evidence obtained up to the date of the Office of the Auditor General of Thailand auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluates the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Office of the Auditor General of Thailand is responsible for the direction, supervision and performance of the group audit.



(TRANSLATION)

- 4 -

The Office of the Auditor General of Thailand remains solely responsible for the Office of the Auditor General of Thailand's audit opinion.

The Office of the Auditor General of Thailand communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the Office of the Auditor General of Thailand identifies during the Office of the Auditor General of Thailand's audit.

The Office of the Auditor General of Thailand also provides those charged with governance with a statement that the Office of the Auditor General of Thailand has complied with the State Audit Standards and relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on the Office of the Auditor General of Thailand's independence, and where applicable, related safeguards.

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

(Signed) *Vanussanun Thongmeesee*  
(Mrs. Vanussanun Thongmeesee)  
Inspector General 1

(Signed) *Suwimol Dechanukulkij*  
(Miss Suwimol Dechanukulkij)  
Director of Financial Audit Office No. 13

## (TRANSLATION)

- 5 -

## THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

Unit: Baht

	Notes	Consolidated financial statements	
		<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3.1 5.1	2,114,251,315	4,437,899,027
Short-term investments	5.2	21,610,990,901	11,047,000,000
Trade accounts receivable	3.2 5.3	32,006,421,118	33,637,524,486
Materials and supplies	3.3 5.4	2,407,640,602	2,479,507,884
Special-purpose deposits at financial institutions	3.4 5.5	33,172,224,163	34,854,819,163
Accrued revenues	5.6	5,784,083,731	8,842,446,113
Undue input VAT		2,081,321,471	2,219,514,039
Advance payments to suppliers		1,404,359,783	1,580,705,656
Other current assets	5.7	501,968,629	580,162,164
<b>Total Current Assets</b>		<b><u>101,083,261,713</u></b>	<b><u>99,679,578,532</u></b>
<b>Non-current Assets</b>			
Investments in associates	3.5 5.8	272,046,070	241,706,467
Investment property	3.7 5.10	705,798,177	715,013,852
Property, plant and equipment	3.8 5.11	242,498,008,933	232,667,595,872
Constructions in progress	3.9 5.12	30,983,959,223	32,593,887,673
Intangible assets	3.10 5.13	2,590,321,928	1,036,758,458
Other non-current assets	5.14	175,911,340	108,896,963
<b>Total Non-current Assets</b>		<b><u>277,226,045,671</u></b>	<b><u>267,363,859,285</u></b>
<b>Total Assets</b>		<b><u>378,309,307,384</u></b>	<b><u>367,043,437,817</u></b>

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

## (TRANSLATION)

- 6 -

## THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

Unit: Baht

	Notes	Consolidated financial statements	
		Dec. 31, 2016	Dec. 31, 2015
Liabilities and Equity			
<b>Current Liabilities</b>			
Trade accounts payable	5.15	35,806,995,797	38,656,409,644
Current portion of long-term loans	3.11 3.12 5.16 7	5,234,599,704	7,911,662,071
Current portion of finance lease liabilities	5.17	884,896,194	981,968,304
Other payables		314,665,656	543,571,356
Accrued interest payable on loans		730,134,011	828,321,920
Accrued remittance to the Ministry of Finance	5.18	7,094,500,000	6,672,000,000
Advance received per contract		1,544,352,230	1,416,104,473
Deposits payable	5.19	699,433,832	701,196,409
Accrued expenses		3,861,762,911	3,492,177,031
Other current liabilities	5.20	809,467,616	775,332,029
<b>Total Current Liabilities</b>		<b>56,980,807,951</b>	<b>61,978,743,237</b>
<b>Non-current Liabilities</b>			
Long-term loans	3.11 3.12 5.16 7	72,840,392,754	76,370,942,832
Long-term provisions	3.13 5.21	197,639,799	192,209,799
Construction obligations	5.22	9,758,704,314	9,445,293,362
Finance lease liabilities	5.17	2,043,544,704	427,048,106
Deferred revenues	3.14 5.23	46,175,035,148	43,595,839,529
Electricity usage guarantee	3.15 5.24	25,544,476,466	23,654,542,773
Sales and service guarantee		827,592,680	764,763,125
Employee gratuity fund	3.16 5.25	7,876,330	7,082,282
Employee benefit obligations	3.17 5.26	12,832,850,408	11,030,895,417
Other non-current liabilities		235,777,188	93,097,870
<b>Total Non-current Liabilities</b>		<b>170,463,889,791</b>	<b>165,581,715,095</b>
<b>Total Liabilities</b>		<b>227,444,697,742</b>	<b>227,560,458,332</b>
<b>Equity</b>			
Initial capital		87,003,887	87,003,887
Contributions from the government		4,802,500,915	4,802,500,915
Unappropriated retained earnings		145,975,104,840	134,593,474,683
<b>Total Equity</b>		<b>150,864,609,642</b>	<b>139,482,979,485</b>
<b>Total Liabilities and Equity</b>		<b>378,309,307,384</b>	<b>367,043,437,817</b>

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

(Signed) *Tawin Pliansri*  
(Mr. Tawin Pliansri)  
Chairman of the Board of Directors  
The Provincial Electricity Authority

(Signed) *Semsakool Klaikaew*  
(Mr. Semsakool Klaikaew)  
PEA Governor

## (TRANSLATION)

- 7 -

## THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

Unit: Baht

	Notes	Separate financial statements	
		<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3.1 5.1	1,815,000,305	4,063,721,026
Short-term investments	5.2	21,500,000,000	11,047,000,000
Trade accounts receivable	3.2 5.3	31,983,699,504	33,636,753,788
Materials and supplies	3.3 5.4	2,404,645,308	2,475,909,039
Special-purpose deposits at financial institutions	3.4 5.5	33,172,224,163	34,854,819,163
Accrued revenues	5.6	5,778,825,350	8,842,201,419
Undue input VAT		2,081,312,682	2,219,497,193
Advance payments to suppliers		1,404,359,783	1,580,705,656
Other current assets	5.7	501,297,678	663,749,052
<b>Total Current Assets</b>		<b><u>100,641,364,773</u></b>	<b><u>99,384,356,336</u></b>
<b>Non-current Assets</b>			
Investments in subsidiary	3.5 5.9	557,283,750	473,283,750
Investment property	3.7 5.10	705,798,177	715,013,852
Property, plant and equipment	3.8 5.11	242,495,514,744	232,665,233,118
Constructions in progress	3.9 5.12	30,983,959,223	32,593,887,673
Intangible assets	3.10 5.13	2,590,190,312	1,036,699,249
Other non-current assets	5.14	174,597,662	108,208,185
<b>Total Non-current Assets</b>		<b><u>277,507,343,868</u></b>	<b><u>267,592,325,827</u></b>
<b>Total Assets</b>		<b><u>378,148,708,641</u></b>	<b><u>366,976,682,163</u></b>

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



(TRANSLATION)

- 8 -

## THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

Unit: Baht

	Notes	Separate financial statements	
		Dec. 31, 2016	Dec. 31, 2015
<b>Liabilities and Equity</b>			
<b>Current Liabilities</b>			
Trade accounts payable	5.15	35,768,387,715	38,640,293,663
Current portion of long-term loans	3.11 3.12 5.16 7	5,234,599,704	7,911,662,071
Current portion of finance lease liabilities	5.17	884,185,050	981,303,446
Other payables		314,756,152	543,580,940
Accrued interest payable on loans		730,134,011	828,321,920
Accrued remittance to the Ministry of Finance	5.18	7,094,500,000	6,672,000,000
Advance received per contract		1,544,352,230	1,416,104,473
Deposits payable	5.19	699,433,832	701,196,409
Accrued expenses		3,858,358,447	3,491,747,938
Other current liabilities	5.20	808,854,797	775,309,992
<b>Total Current Liabilities</b>		<b>56,937,561,938</b>	<b>61,961,520,852</b>
<b>Non-current Liabilities</b>			
Long-term loans	3.11 3.12 5.16 7	72,840,392,754	76,370,942,832
Long-term provisions	3.13 5.21	197,639,799	192,209,799
Construction obligations	5.22	9,758,704,314	9,445,293,362
Finance lease liabilities	5.17	2,042,757,455	425,610,933
Deferred revenues	3.14 5.23	46,175,035,148	43,595,839,529
Electricity usage guarantee	3.15 5.24	25,544,476,466	23,654,542,773
Sales and service guarantee		827,563,280	764,403,350
Employee gratuity fund	3.16 5.25	7,876,330	7,082,282
Employee benefit obligations	3.17 5.26	12,831,935,361	11,030,227,987
Other non-current liabilities		235,777,188	93,042,182
<b>Total Non-current Liabilities</b>		<b>170,462,158,095</b>	<b>165,579,195,029</b>
<b>Total Liabilities</b>		<b>227,399,720,033</b>	<b>227,540,715,881</b>
<b>Equity</b>			
Initial capital		87,003,887	87,003,887
Contributions from the government		4,802,500,915	4,802,500,915
Unappropriated retained earnings		145,859,483,806	134,546,461,480
<b>Total Equity</b>		<b>150,748,988,608</b>	<b>139,435,966,282</b>
<b>Total Liabilities and Equity</b>		<b>378,148,708,641</b>	<b>366,976,682,163</b>

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, 2016

		Unit: Baht	
		Consolidated financial statements	
	Notes	<u>2016</u>	<u>2015</u>
<b>Revenues</b>			
Operating Revenues			
Sales of electricity energy		441,458,469,309	451,476,153,871
Other operating revenues		<u>13,188,624,641</u>	<u>12,248,231,622</u>
Total Operating Revenues	3.19	454,647,093,950	463,724,385,493
Other revenues		<u>2,148,163,125</u>	<u>2,103,920,773</u>
Total Revenues		<u>456,795,257,075</u>	<u>465,828,306,266</u>
<b>Expenses</b>			
Operating Expenses			
Cost of electricity		371,670,586,818	388,143,570,850
Employee compensations		23,159,685,094	21,480,065,027
Employee benefit expenses		1,082,621,302	892,043,770
Executive remuneration	3.20 5.27	129,249,470	77,456,073
Preventive, repair and maintenance, and construction expenses		4,704,891,915	4,265,998,991
Depreciation and amortization expenses		19,007,278,084	18,757,361,290
Other operating expenses		<u>7,889,738,196</u>	<u>7,548,369,344</u>
Total operating expenses		427,644,050,879	441,164,865,345
Other expenses		176,681,685	282,122,729
Financial costs	3.21	<u>3,087,743,532</u>	<u>3,313,462,786</u>
Total Expenses		<u>430,908,476,096</u>	<u>444,760,450,860</u>
Share of profit of associates		<u>69,609,603</u>	<u>66,579,176</u>
Profit for the year	5.28	25,956,390,582	21,134,434,582
<b>Other comprehensive income (loss):</b>			
Items that will not be reclassified to profit or loss			
Actuarial loss on post-employment benefit plan	3.17 5.26	<u>(1,543,760,425)</u>	<u>(141,939,554)</u>
<b>Total comprehensive income for the year</b>		<u><u>24,412,630,157</u></u>	<u><u>20,992,495,028</u></u>

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

## (TRANSLATION)

- 10 -

THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2016

		Unit: Baht	
		Separate financial statements	
	Notes	<u>2016</u>	<u>2015</u>
<b>Revenues</b>			
Operating Revenues			
Sales of electricity energy		441,458,469,309	451,476,153,871
Other operating revenues		<u>13,135,522,429</u>	<u>12,231,535,871</u>
Total Operating Revenues	3.19	454,593,991,738	463,707,689,742
Other revenues		<u>2,142,563,393</u>	<u>2,099,109,105</u>
<b>Total Revenues</b>		<u><b>456,736,555,131</b></u>	<u><b>465,806,798,847</b></u>
<b>Expenses</b>			
Operating Expenses			
Cost of electricity		371,670,586,818	388,143,570,850
Employee compensations		23,151,769,338	21,473,125,594
Employee benefit expenses		1,082,332,913	891,755,039
Executive remuneration	3.20 5.27	127,517,299	76,048,348
Preventive, repair and maintenance, and construction expenses		4,705,832,190	4,266,156,316
Depreciation and amortization expenses		19,006,481,314	18,756,575,299
Other operating expenses		<u>7,839,917,524</u>	<u>7,531,833,656</u>
Total operating expenses		427,584,437,396	441,139,065,102
Other expenses		176,681,685	282,122,729
Financial costs	3.21	<u>3,087,612,527</u>	<u>3,313,288,791</u>
<b>Total Expenses</b>		<u><b>430,848,731,608</b></u>	<u><b>444,734,476,622</b></u>
<b>Profit for the year</b>	5.28	<u><b>25,887,823,523</b></u>	<u><b>21,072,322,225</b></u>
<b>Other comprehensive income (loss):</b>			
Items that will not be reclassified to profit or loss			
Actuarial loss on post-employment benefit plan	3.17 5.26	<u>(1,543,801,197)</u>	<u>(141,939,554)</u>
<b>Total comprehensive income for the year</b>		<u><u><b>24,344,022,326</b></u></u>	<u><u><b>20,930,382,671</b></u></u>

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

THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	Consolidated financial statements			Unit: Baht
		Initial Capital and Contributions from the Government	Unappropriated Retained Earnings	Total Equity	
Balance as at January 1, 2015, before adjustment		4,889,504,802	127,223,396,965	132,112,901,767	
Effect from the restatement		-	24,582,690	24,582,690	
Balance as at January 1, 2015, after adjustment		4,889,504,802	127,247,979,655	132,137,484,457	
Accumulated amount from					
Remittance to the Ministry of Finance for the year 2014 (addition)	5.18	-	(3,000,000)	(3,000,000)	
Balance after adjustment		4,889,504,802	127,244,979,655	132,134,484,457	
Interim remittance to the Ministry of Finance from net profit for the year 2015	5.18	-	(3,972,000,000)	(3,972,000,000)	
Remittance to the Ministry of Finance from approximate profit for the year 2015 (addition)	5.18	-	(3,000,000,000)	(3,000,000,000)	
Reserve for remittance to the Ministry of Finance from net profit for the year 2015	5.18	-	(6,672,000,000)	(6,672,000,000)	
Total comprehensive income for the year 2015		-	20,992,495,028	20,992,495,028	
Balance as at January 1, 2016		4,889,504,802	134,593,474,683	139,482,979,485	
Accumulated amount from					
Adjustment for remittance to the Ministry of Finance for the year 2015	5.18	-	8,000,000	8,000,000	
Balance after adjustment		4,889,504,802	134,601,474,683	139,490,979,485	
Interim remittance to the Ministry of Finance from net profit for the year 2016	5.18	-	(5,944,500,000)	(5,944,500,000)	
Reserve for remittance to the Ministry of Finance from net profit for the year 2016	5.18	-	(7,094,500,000)	(7,094,500,000)	
Total comprehensive income for the year 2016		-	24,412,630,157	24,412,630,157	
Balance as at December 31, 2016		4,889,504,802	145,975,104,840	150,864,609,642	

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, 2016

	Notes	Separate financial statements		Unit: Baht
		Initial Capital and Contributions from the Government	Unappropriated Retained Earnings	
Balance as at January 1, 2015, before adjustment		4,889,504,802	127,238,496,119	132,128,000,921
Effect from the restatement		-	24,582,690	24,582,690
Balance as at January 1, 2015, after adjustment		4,889,504,802	127,263,078,809	132,152,583,611
Accumulated amount from				
Remittance to the Ministry of Finance for the year 2014 (addition)	5.18	-	(3,000,000)	(3,000,000)
Balance after adjustment		4,889,504,802	127,260,078,809	132,149,583,611
Interim remittance to the Ministry of Finance from net profit for the year 2015	5.18	-	(3,972,000,000)	(3,972,000,000)
Remittance to the Ministry of Finance from approximate profit for the year 2015 (addition)		-	(3,000,000,000)	(3,000,000,000)
Reserve for remittance to the Ministry of Finance from net profit for the year 2015	5.18	-	(6,672,000,000)	(6,672,000,000)
Total comprehensive income for the year 2015		-	20,930,382,671	20,930,382,671
Balance as at January 1, 2016		4,889,504,802	134,546,461,480	139,435,966,282
Accumulated amount from				
Adjustment for remittance to the Ministry of Finance for the year 2015	5.18	-	8,000,000	8,000,000
Balance after adjustment		4,889,504,802	134,554,461,480	139,443,966,282
Interim remittance to the Ministry of Finance from net profit for the year 2016		-	(5,944,500,000)	(5,944,500,000)
Reserve for remittance to the Ministry of Finance from net profit for the year 2016	5.18	-	(7,094,500,000)	(7,094,500,000)
Total comprehensive income for the year 2016		-	24,344,022,326	24,344,022,326
Balance as at December 31, 2016		4,889,504,802	145,859,483,806	150,748,988,608

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, 2016

	Unit: Baht	
	Consolidated financial statements	
	2016	2015
<b>Cash Flows from Operating Activities:</b>		
Profit for the year	25,956,390,582	21,134,434,582
Adjustments of profit to net cash provided by (used in)		
operating activities:		
Depreciation and amortization	19,170,427,246	18,924,706,824
Bad debts and doubtful accounts	12,151,225	(5,433,333)
Provision for obsolete materials and supplies	29,133,316	(34,835,721)
Amortization of deferred revenues	(3,748,185,276)	(3,635,280,475)
Employee benefit obligations	258,194,567	321,464,978
Long-term provisions	3,447,930	192,802,001
Loss on disposal of assets	33,809,730	79,892,384
Gain on disposal of materials and supplies	(12,970,585)	(13,223,636)
Gain on foreign exchange	(20,950,374)	(31,347,361)
Other non-operating revenues	(105,550)	-
Share of profit of associates	(69,609,603)	(66,579,176)
Interest income	(1,209,899,672)	(1,382,774,270)
Interest expense	3,085,665,151	3,310,997,188
Profit from operating activities before changes in operating assets and liabilities	43,487,498,687	38,794,823,985
Changes in operating assets (increase) decrease		
Trade accounts receivable	1,611,528,581	(250,353,078)
Materials and supplies	327,660,273	952,549,040
Special-purpose deposits at financial institutions	1,682,594,999	(2,587,259,118)
Accrued revenues	2,761,408,621	(5,133,172,033)
Interest received	1,506,853,434	1,439,278,903
Undue input VAT	138,192,568	(92,352,079)
Advance payments to suppliers	176,345,873	35,410,516
Other current assets	85,236,536	614,498,811
Other non-current assets	(66,633,817)	(33,661,717)
Changes in operating liabilities increase (decrease)		
Trade accounts payable	(2,791,223,993)	591,844,995
Other payables	(228,905,700)	(345,472)
Advance received per contract	128,247,757	231,458,634
Deposits payable	(1,762,576)	50,018,973

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, 2016

Unit: Baht

	Notes	Consolidated financial statements	
		2016	2015
Accrued expenses		369,585,879	531,839,107
Other current liabilities		36,117,657	462,456,671
Construction obligations		313,410,952	350,182,557
Deferred revenues		6,327,380,895	7,091,459,611
Electricity usage guarantee		1,889,933,693	1,628,899,353
Sales and service guarantee		62,829,555	31,348,257
Employee gratuity fund		794,048	(6,182,920)
Other non-current liabilities		142,679,319	93,042,182
Net cash provided by operating activities		57,959,773,241	44,795,785,178
<b>Cash Flows from Investing Activities:</b>			
Payment of short-term investments		(10,563,990,901)	(11,047,000,000)
Dividend received from associates		39,270,000	19,965,000
Payment of property, plant and equipment		(5,045,693,086)	(3,675,291,136)
Payment of constructions in progress		(20,967,151,708)	(22,011,395,897)
Interest expense capitalized to constructions in progress		(447,373,746)	(404,393,697)
Proceeds from disposal of property, plant and equipment		-	15,651
Payment of intangible assets		(314,884,816)	(65,805,681)
Payment of investment property		(260,280)	(655,500)
Net cash used in investing activities		(37,300,084,537)	(37,184,561,260)
<b>Cash Flows from Financing Activities:</b>			
Interest paid		(3,091,453,370)	(3,188,688,547)
Payment of long-term loans		(10,186,662,071)	(7,939,985,700)
Proceeds from long-term loans		4,000,000,000	10,000,000,000
Payment of financial lease liabilities		(1,096,720,975)	(713,742,136)
Remittance to the Ministry of Finance		(12,608,500,000)	(12,271,000,000)
Net cash used in financing activities		(22,983,336,416)	(14,113,416,383)
Net decrease in cash and cash equivalents		(2,323,647,712)	(6,502,192,465)
Cash and cash equivalents at the beginning of the period		4,437,899,027	10,940,091,492
Cash and cash equivalents at the end of the period	3.1 5.1	2,114,251,315	4,437,899,027

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, 2016

	Unit: Baht	
	Separate financial statements	
	2016	2015
<b>Cash Flows from Operating Activities:</b>		
Profit for the year	25,887,823,523	21,072,322,225
Adjustments of profit to net cash provided by (used in)		
operating activities:		
Depreciation and amortization	19,169,630,476	18,923,920,832
Bad debts and doubtful accounts	12,151,225	(5,433,333)
Provision for obsolete materials and supplies	29,133,316	(34,835,721)
Amortization of deferred revenues	(3,748,185,276)	(3,635,280,475)
Employee benefit obligations	257,906,177	321,176,247
Long-term provisions	3,447,930	192,802,001
Loss on disposal of assets	33,809,730	79,892,384
Gain on disposal of materials and supplies	(12,970,585)	(13,223,636)
Gain on foreign exchange	(20,950,374)	(31,347,361)
Other non-operating revenues	(105,550)	-
Interest income	(1,205,569,760)	(1,379,610,609)
Interest expense	3,085,534,146	3,310,823,194
Profit from operating activities before changes in operating assets and liabilities	43,491,654,978	38,801,205,748
Changes in operating assets (increase) decrease		
Trade accounts receivable	1,633,479,498	(250,637,748)
Materials and supplies	327,056,722	956,147,885
Special-purpose deposits at financial institutions	1,682,594,999	(2,587,259,118)
Accrued revenues	2,765,608,621	(5,133,172,033)
Interest received	1,503,337,209	1,436,036,928
Undue input VAT	138,184,511	(92,397,570)
Advance payments to suppliers	176,345,873	35,410,516
Other current assets	85,494,376	530,780,207
Other non-current assets	(66,008,918)	(33,200,991)
Changes in operating liabilities increase (decrease)		
Trade accounts payable	(2,813,716,093)	577,055,448
Other payables	(228,824,788)	(410,710)
Advance received per contract	128,247,757	231,458,634
Deposits payable	(1,762,576)	50,018,973

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



## (TRANSLATION)

- 16 -

## THE PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit: Baht

	Notes	Separate financial statements	
		2016	2015
Accrued expenses		366,610,509	534,505,521
Other current liabilities		35,526,875	462,434,634
Construction obligations		313,410,952	350,182,557
Deferred revenues		6,327,380,895	7,091,459,611
Electricity usage guarantee		1,889,933,693	1,628,899,353
Sales and service guarantee		63,159,930	31,348,257
Employee gratuity fund		794,048	(6,182,920)
Other non-current liabilities		142,735,006	93,042,182
Net cash provided by operating activities		57,961,244,077	44,706,725,364
<b>Cash Flows from Investing Activities:</b>			
Payment of short-term investments		(10,453,000,000)	(11,047,000,000)
Payment of investment in subsidiary		-	(25,908,750)
Payment of property, plant and equipment		(5,044,782,473)	(3,674,975,651)
Payment of constructions in progress		(20,967,151,708)	(22,011,395,897)
Interest expense capitalized to constructions in progress		(447,373,746)	(404,393,697)
Proceeds from disposal of property, plant and equipment		-	15,651
Payment of intangible assets		(314,794,817)	(65,768,651)
Payment of investment property		(260,280)	(655,500)
Net cash used in investing activities		(37,227,363,024)	(37,230,082,495)
<b>Cash Flows from Financing Activities:</b>			
Interest paid		(3,091,453,370)	(3,188,688,547)
Payment of long-term loans		(10,186,662,071)	(7,939,985,700)
Proceeds from long-term loans		4,000,000,000	10,000,000,000
Payment of financial lease liabilities		(1,095,986,333)	(713,007,494)
Remittance to the Ministry of Finance		(12,608,500,000)	(12,271,000,000)
Net cash used in financing activities		(22,982,601,774)	(14,112,681,741)
Net decrease in cash and cash equivalents		(2,248,720,721)	(6,636,038,872)
Cash and cash equivalents at the beginning of the period		4,063,721,026	10,699,759,898
Cash and cash equivalents at the end of the period	3.1 5.1	1,815,000,305	4,063,721,026

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, 2016

---

1. General Information

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 Provincial Electricity Authority 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 has 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 Thai Financial Reporting Standards and generally accepted accounting principles under 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 3 Summary of Significant Accounting Policies.

Consolidated financial statements include financial statements of Provincial Electricity Authority and financial statements of its subsidiary, PEA Encom International Company Limited after elimination of related company transactions and balances. 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 Notes 5.8 and 5.9, respectively.

Investment in associates are recorded in the consolidated financial statements under the equity method.

Separate financial statements include financial statements of Provincial Electricity Authority which include transactions of PEA Employee Gratuity Fund and investments in subsidiary and associates are recorded under the cost method.

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 are announced in Government Gazette as follows:

**2.2.1 Effective for the current accounting period**

Provincial Electricity Authority has applied Thai accounting standards, Thai financial reporting standards, Thai standing interpretations and Thai financial reporting interpretations, which are newly issued and revised by FAP which are effective for accounting periods beginning on or after January 1, 2016 onward. The management of Provincial Electricity Authority determined that the applications will not have significant impacts on accounting policies and the financial statements of Provincial Electricity Authority and its subsidiary.

**2.2.2 Effective for accounting periods beginning on or after January 1, 2017 are as follows:**

<b>Thai Accounting Standards</b>	<b>Title</b>
No.1 (revised 2016)	Presentation of Financial Statements
No.2 (revised 2016)	Inventories
No.7 (revised 2016)	Statement of Cash Flows
No.8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
No.10 (revised 2016)	Events after the Reporting Period
No.11 (revised 2016)	Construction Contracts
No.12 (revised 2016)	Income Taxes
No.16 (revised 2016)	Property, Plant and Equipment
No.17 (revised 2016)	Leases
No.18 (revised 2016)	Revenue
No.19 (revised 2016)	Employee Benefits
No.20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
No.21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
No.23 (revised 2016)	Borrowing Costs
No.24 (revised 2016)	Related Party Disclosures
No.26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
No.27 (revised 2016)	Separate Financial Statements
No.28 (revised 2016)	Investment in Associates and Joint Ventures
No.29 (revised 2016)	Financial Reporting in Hyperinflationary Economies
No.33 (revised 2016)	Earnings per Share
No.34 (revised 2016)	Interim Financial Reporting
No.36 (revised 2016)	Impairment of Assets
No.37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
No.38 (revised 2016)	Intangible Assets

Thai Accounting Standards (Continued)	Title
No.40 (revised 2016)	Investment Property
No.41 (revised 2016)	Agriculture
No.104 (revised 2016)	Accounting for Troubled Debt Restructurings
No.105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
No.107 (revised 2016)	Financial Instruments Disclosure and Presentation
Thai Financial Reporting Standards	Title
No.2 (revised 2016)	Share-based Payment
No.3 (revised 2016)	Business Combinations
No.4 (revised 2016)	Insurance Contracts
No.5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
No.6 (revised 2016)	Exploration for and Evaluation of Mineral Resources
No.8 (revised 2016)	Operating Segments
No.10 (revised 2016)	Consolidated Financial Statements
No.11 (revised 2016)	Joint Arrangements
No.12 (revised 2016)	Disclosure of Interests in Other Entities
No.13 (revised 2016)	Fair Value Measurement
Thai Standing Interpretations	Title
No.10 (revised 2016)	Government Assistance—No Specific Relation to Operating Activities
No.15 (revised 2016)	Operating Leases—Incentives
No.25 (revised 2016)	Income Taxes—Changes in the Tax Status of an Entity or its Shareholders
No.27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
No.29 (revised 2016)	Service Concession Arrangements: Disclosures
No.31 (revised 2016)	Revenue-Barter Transactions Involving Advertising Services
No.32 (revised 2016)	Intangible Assets—Web Site Costs
Thai Financial Reporting Interpretations	Title
No.1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
No.4 (revised 2016)	Determining whether an Arrangement contains a Lease
No.5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
No.7 (revised 2016)	Applying the Restatement Approach Under TAS29 (revised 2016) Financial Reporting in Hyperinflationary Economies

(TRANSLATION)

- 20 -

Thai Financial Reporting Interpretations (Continued)	Title
No.10 (revised 2016)	Interim Financial Reporting and Impairment
No.12 (revised 2016)	Service Concession Arrangements
No.13 (revised 2016)	Customer Loyalty Programmes
No.14 (revised 2016)	TAS 19 (revised 2016) -The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
No.15 (revised 2016)	Agreements for the Construction of Real Estate
No.17 (revised 2016)	Distributions of Non-cash Assets to Owners
No.18 (revised 2016)	Transfers of Assets from Customers
No.20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
No.21 (revised 2016)	Levies

The management of Provincial Electricity Authority and its subsidiary has assessed that the adoption of these new and revised Thai accounting standards, Thai financial reporting standards, Thai standing interpretations, and Thai financial reporting interpretations as mentioned above, will not have significant impacts on the financial statements for the period when they are initially applied.

### 3. Summary of Significant Accounting Policies

#### 3.1 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.

#### 3.2 Trade accounts receivable

Trade accounts receivable are stated 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 statements 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.

### 3.3 Materials and supplies

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

### 3.4 Special-purpose deposits at financial institutions

Special-purpose deposits at financial institutions consist of:

3.4.1 Special-purpose deposits at financial institutions, which are presented as current assets in the statements of financial position, are deposits to be used within one accounting period and with the specific purposes and conditions which are electricity usage guarantee fund, sinking fund for repayment of bonds, and PEA fund for guarantee of employees' loans. All of which can be used in Provincial Electricity Authority's activities in case of Provincial Electricity having deficits in working capital. Interest from electricity usage guarantee fund is used for benefits of electricity users, interest from KFW Fund is used for scholarships, training, analysis and research. And the subsidies received from government and other governmental agencies are used for projects such as the subsidy from Energy Conservation Policy from the Energy Policy and Planning Office.

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

### 3.5 Investments in associates

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

### 3.6 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, the impairment loss of investment will be recognized in the statements of comprehensive income.

### 3.7 Investment property

Investment property comprises of 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).

### 3.8 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 as construction costs, consisting of material costs, direct labor and construction-related expenses.

(TRANSLATION)

- 22 -

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 of land used in the operation and land acquired for 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 losses 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.

### 3.9 Constructions in progress

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

### 3.10 Intangible assets

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

Impairment loss of intangible assets will be recognized as other operating expenses in the statements of comprehensive income when incurred.

### 3.11 Foreign currency transactions

Foreign currency transactions are translated into Thai Baht by using the exchange rates prevailing at the transaction date. Monetary assets and liabilities at the statements 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 translations are recognized as revenues or expenses for the period when incurred.

(TRANSLATION)

- 23 -

**3.12 Financial instruments**

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

**3.13 Long-term 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 events 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 obligations. The provisions are measured based on 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.

**3.14 Deferred revenues**

**3.14.1** Contributions for constructing electricity distributing 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 distributing 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 completed (the rate is equal to the depreciation rate of Provincial Electricity Authority's electricity distributing system assets).

**3.14.2** 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 acquisition of 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.

**3.14.3** Contribution revenues from foreign financial institutions represent contributions from 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.

**3.14.4** Deferred revenues from rental represent rental income which Provincial Electricity Authority has received in advance from third parties whom rent the raw lands of Provincial Electricity Authority. And, deferred revenues will be recognized as rental income from investment property over the lease period.



### 3.15 Electricity usage guarantee

Electricity usage guarantee is the money that electricity users deposit to Provincial Electricity Authority for guarantee of electricity usage. Provincial Electricity Authority deposits into the bank account named "Electricity Usage Guarantee Fund" to reserve fund for refunding of electricity usage guarantee to electricity users. Any interest income earned is separately deposited in the bank account named "Interest from Electricity Usage Guarantee Fund." Provincial Electricity Authority will use interest of the fund to repaid as interest on deposit for electricity usage guarantee to the electricity users according to the requirement of the Energy Regulatory Commission and will use in activities for public interests and/or beneficial activities for electricity users.

Provincial Electricity Authority has set the Regulation on Supervision of Electricity Usage Guarantee Fund, B.E.2557 (2014) and appointed the committee which is responsible for supervising and controlling an operation of Electricity Usage Guarantee Fund and interest from Electricity Usage Guarantee Fund. Provincial Electricity Authority has to made fund transfer at the amount equal to the net increase in electricity usage guarantee for each month to the "Electricity Usage Guarantee Fund" account. In case of working capital deficiency or liquidity difficulty, Provincial Electricity Authority can use the electricity usage guarantee fund as a working capital under consideration and approval of the Board of Directors of Provincial Electricity Authority. Then, Provincial Electricity Authority will be required to repay to electricity usage guarantee fund for not less than Baht 100 million each month by depositing into the "Electricity Usage Guarantee Fund" account until the amount is fully covered. Also, Provincial Electricity Authority is required to make a payment of interest at the interest rate of savings account for state enterprises specified by Krung Thai Bank Public Company Limited by depositing into the "Interest from Electricity Usage Guarantee Fund". In case of working capital deficiency or liquidity difficulty, the repayment can be postponed under the approval of the Governor and should be reported to the Board of Directors.

### 3.16 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.

### 3.17 Employee benefits

#### 3.17.1 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.

#### 3.17.2 Post-employment benefits

##### 3.17.2.1 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 – 15% 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 5.25.

### 3.17.2.2 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, the estimation of employee benefits are calculated by the actuarial technique using the Projected Unit Credit Method. This method estimate the present value of expected future payments 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 service cost 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.

### 3.17.3 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 recorded these employee benefits by using projected unit credit method which are calculated by the actuary.

### 3.18 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 is able to apply the results of research and development to its operations in the highest efficiency. Provincial Electricity Authority has contributed from its budget as a fund granted to 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.

### 3.19 Revenue recognition

Sales of electricity energy are recognized on a monthly basis in accordance with a cyclical recording of electricity usage units of the customers from 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 based on proportion to 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.

### 3.20 Executive remuneration

Executive remuneration represents the compensation paid to directors and management who have the power to decide which includes both of monetary and remunerations benefit.

### 3.21 Financial costs

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

Interest and other expenses, directly attributable to constructions of buildings and electricity generating and distributing systems, are incurred from loans made specifically for purpose of acquiring fixed assets are capitalized as costs of assets, and interest expense incurred from loans made on general purpose are capitalized as a part of the costs of the assets at the capitalization rate.

Interest and other expenses incurred subsequent to the completion of construction are recognized as expenses for the period in the statements of comprehensive income.

### 3.22 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.

### 3.23 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 amount of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual results may differ from the estimates such as allowance for doubtful accounts, allowance for obsolete materials and supplies and allowance for loss or misstated or lost materials.

### 3.24 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 determination segmentation.

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 from headquarter to each of the operating segments based on actual cost occurred.

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

Assets of each regional area are those assets used in operating activities by each of the operating segment or related activities.

Liabilities of each regional area are those liabilities incurred from operating activities by each of the operating segment and related 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.

## (TRANSLATION)

- 27 -

## 4. Reclassification

Some items presented in statements of financial position as at December 31, 2015 are reclassified in accordance with the presentation of statements of financial position as at December 31, 2016.

Unit: Million Baht

	Consolidated financial statements		
	Before	Reclassified	After
<b>Statements of financial position as at December 31, 2015</b>			
Other current assets	580.85	(0.69)	580.16
Other non-current assets	108.21	0.69	108.90
Other current liabilities	775.39	(0.06)	775.33
Other non-current liabilities	93.04	0.06	93.10

## 5. Supplementary information

## 5.1 Cash and cash equivalents consist of:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Cash	38.58	30.57	38.01	30.55
Cash at banks: - Current accounts	1.26	0.35	1.25	0.35
- Savings accounts	1,841.19	1,114.70	1,775.74	1,032.82
- Fixed deposits	233.22	3,292.28	-	3,000.00
<b>Total</b>	<b>2,114.25</b>	<b>4,437.90</b>	<b>1,815.00</b>	<b>4,063.72</b>

## 5.2 Short-term investments

Short-term investments in the consolidated and separate financial statements are fixed deposits with maturity of 6 months with the financial institutions.

As at December 31, 2016 and 2015, Provincial Electricity Authority and its subsidiary have short-term investments in the consolidated financial statement amounting Baht 21,610.99 million and Baht 11,047.00 million, respectively.

As at December 31, 2016 and 2015, Provincial Electricity Authority has short-term investments in the separate financial statement amounting Baht 21,500.00 million and Baht 11,047.00 million, respectively.

## 5.3 Trade accounts receivable consist of:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Accounts receivable from sales of electricity	30,498.37	32,445.78	30,498.37	32,445.78
Accounts receivable from sales of equipment and rendering of services	1,508.05	1,191.74	1,485.33	1,190.97
<b>Total</b>	<b>32,006.42</b>	<b>33,637.52</b>	<b>31,983.70</b>	<b>33,636.75</b>

## 5.3.1 Accounts receivable from sales of electricity are as follows:

Unit: Million Baht

	Consolidated and separate financial statements			Dec. 31, 2015
	Dec. 31, 2016		Total	
Outstanding period	Public Sector	Private Sector	Total	Total
1 month - 6 months	3,737.92	28,554.49	32,292.41	34,328.34
Over 6 months - 1 year	60.61	78.41	139.02	129.13
Over 1 year	107.82	1,376.75	1,484.57	1,534.63
	3,906.35	30,009.65	33,916.00	35,992.10
Less Undue VAT from sales	253.49	1,942.42	2,195.91	2,329.69
	3,652.86	28,067.23	31,720.09	33,662.41
Less Allowance for doubtful accounts	-	1,221.72	1,221.72	1,216.63
Total	3,652.86	26,845.51	30,498.37	32,445.78

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

Unit: Million Baht

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Receivables from sales and rendering of services	429.35	287.72	406.07	286.95
Receivables from construction obligations	997.31	916.54	997.31	916.54
Other receivables	267.16	148.23	267.16	148.23
	1,693.82	1,352.49	1,670.54	1,351.72
Less Undue VAT from sales	107.85	88.33	107.30	88.33
	1,585.97	1,264.16	1,563.24	1,263.39
Less Allowance for doubtful accounts	77.92	72.42	77.92	72.42
Total	1,508.05	1,191.74	1,485.32	1,190.97

(TRANSLATION)

- 29 -

5.4 Materials and supplies consist of:

	Consolidated		Unit: Million Baht Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
Materials and supplies				
Operating materials and supplies	499.61	585.51	499.61	585.51
Materials and supplies for construction and maintenance	572.68	542.81	569.69	539.21
Materials and supplies for repair	1,100.89	1,092.80	1,100.89	1,092.80
Demolition materials and supplies, and obsolete materials and supplies	245.30	263.66	245.30	263.66
Materials and supplies pending for adjustments	70.02	47.35	70.02	47.35
	<u>2,488.50</u>	<u>2,532.13</u>	<u>2,485.51</u>	<u>2,528.53</u>
Materials and supplies in transit	7.82	6.93	7.82	6.93
	<u>2,496.32</u>	<u>2,539.06</u>	<u>2,493.33</u>	<u>2,535.46</u>
<u>Less</u> Allowance for obsolete materials and supplies	18.66	12.20	18.66	12.20
Allowance for loss or misstated or lost materials and supplies under investigation	70.02	47.35	70.02	47.35
	<u>70.02</u>	<u>47.35</u>	<u>70.02</u>	<u>47.35</u>
Total	<u>2,407.64</u>	<u>2,479.51</u>	<u>2,404.65</u>	<u>2,475.91</u>

For the years ended December 31, 2016 and 2015, allowance for obsolete materials and supplies and allowance for material losses or materials and supplies under investigation are recognized as expenses and decrease in expenses amounting to Baht 29.13 million and Baht (34.84) million, respectively.

## 5.5 Special-purpose deposits at financial institutions consist of:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2016	Dec. 31, 2015
Electricity usage guarantee fund (Note 5.24)		
Current accounts	0.001	0.001
Savings accounts	0.012	0.012
Fixed deposits	25,380.96	23,475.64
	<u>25,380.97</u>	<u>23,475.65</u>
Sinking fund for repayment of bonds		
Current accounts	0.001	0.001
Savings accounts	6.44	10.37
Fixed deposits	2,205.00	5,161.46
	<u>2,211.44</u>	<u>5,171.83</u>
Interest from electricity usage guarantee fund		
Current accounts	0.001	0.001
Savings accounts	29.10	9.88
Fixed deposits	4,149.72	3,476.89
	<u>4,178.82</u>	<u>3,486.77</u>
Interest from KFW fund		
Current accounts	0.001	0.001
Savings accounts	33.27	15.52
Fixed deposits	139.21	139.21
	<u>172.48</u>	<u>154.73</u>
Subsidy from energy conservation policy from the Energy Policy and Planning Office and other governmental agencies		
Savings accounts	-	0.003
	<u>-</u>	<u>0.003</u>
PEA fund for guarantee of employees' loans		
Current accounts	0.004	0.004
Savings accounts	1,228.50	2,565.83
	<u>1,228.50</u>	<u>2,565.83</u>
Total	<u>33,172.22</u>	<u>34,854.82</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.

## (TRANSLATION)

- 31 -

## 5.6 Accrued revenues consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Accrued interest	428.42	725.38	427.37	725.13
Accrued revenues from the Power Development Fund	5,153.51	7,933.34	5,153.51	7,933.34
Other accrued revenues	202.15	183.73	197.95	183.73
<b>Total</b>	<b>5,784.08</b>	<b>8,842.45</b>	<b>5,778.83</b>	<b>8,842.20</b>

Unit: Million Baht

As at December 31, 2016 and 2015, accrued revenues from the Power Development Fund partly includes refundable VAT from the Power Development Fund amounting to Baht 1,655.61 million and Baht 1,536.61 million, respectively.

## 5.7 Other current assets consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Employee receivables	73.04	118.35	73.01	118.35
Other receivables	361.57	406.55	360.95	406.25
Prepaid expenses	30.87	22.66	30.85	106.55
Suspense accounts	36.46	32.57	36.46	32.57
Inter-account between PEA and Employee Gratuity Fund	0.03	0.03	0.03	0.03
<b>Total</b>	<b>501.97</b>	<b>580.16</b>	<b>501.30</b>	<b>663.75</b>

Unit: Million Baht

## 5.8 Investments in associates

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

As at December 31, 2016 and 2015, investments in associates consist of:

<u>Associates</u>	Dec. 31, 2016		Dec. 31, 2015	
	Cost	Equity	Cost	Equity
	Method	Method	Method	Method
1. Solar Power (Surin 1) Co., Ltd.	41.25	70.04	41.25	63.02
2. Solar Power (Surin 2) Co., Ltd.	41.25	66.04	41.25	58.57
3. Solar Power (KhonKaen 10) Co., Ltd	41.25	67.11	41.25	59.45
4. Solar Power (Loei 2) Co., Ltd	41.25	68.86	41.25	60.67
	<b>165.00</b>	<b>272.05</b>	<b>165.00</b>	<b>241.71</b>

Unit: Million Baht



### 5.9 Investments in subsidiary

Investments in subsidiary in the separate financial statements represent the investments 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 investments in subsidiary are recorded under the cost method.

As at December 31, 2016 and 2015, Provincial Electricity Authority has investments in subsidiary presented in the separate financial statements of Baht 557.28 million and Baht 473.28 million, respectively.

### 5.10 Investment property consist of:

	Unit: Million Baht		
	<u>Consolidated and separate financial statements</u>		
	<u>Land and land improvements</u>	<u>Vacant building</u>	<u>Total</u>
<b>Cost</b>			
As at January 1, 2016	282.45	474.99	757.44
- Additions	6.98	-	6.98
As at December 31, 2016	<u>289.43</u>	<u>474.99</u>	<u>764.42</u>
<b>Accumulated depreciation</b>			
As at January 1, 2016	-	42.43	42.43
- Additions	-	16.19	16.19
As at December 31, 2016	<u>-</u>	<u>58.62</u>	<u>58.62</u>
<b>Net book value</b>			
As at December 31, 2015	<u>282.45</u>	<u>432.56</u>	<u>715.01</u>
As at December 31, 2016	<u>289.43</u>	<u>416.37</u>	<u>705.80</u>

As at December 31, 2016 and 2015, according to the appraisal value announced by the Treasury department, land has total fair value of Baht 482.57 million and Baht 1,049.17 million, respectively, and buildings have fair value of Baht 193.30 million and Baht 174.28 million, respectively.

Provincial Electricity Authority has rental income on investment property for the years ended December 31, 2016 and 2015, amounting to Baht 25.08 million and Baht 23.24 million, respectively. The acquisition cost of land used for rental as at December 31, 2016 and 2015, are Baht 137.69 million.

## (TRANSLATION)

- 33 -

## 5.11 Property, plant and equipment consist of:

Unit: Million Baht

	Consolidated financial statements							Total
	Land and land improvements	Buildings and constructions	Electricity generating systems	Electricity distributing systems	Furniture, tools and equipment	Vehicles	Vehicles under Finance leases	
<b>Cost</b>								
As at January 1, 2016	11,086.29	14,309.20	2,263.89	395,029.98	18,358.64	8,556.70	758.86	450,363.56
- Additions	945.27	516.50	33.83	28,018.06	2,637.30	999.57	348.78	33,499.31
- Decreases	23.20	99.78	3.24	6,317.90	505.99	419.68	-	7,369.79
As at December 31, 2016	12,008.36	14,725.92	2,294.48	416,730.14	20,489.95	9,136.59	1,107.64	476,493.08
<b>Accumulated depreciation</b>								
As at January 1, 2016	1,207.07	5,161.44	989.70	192,224.76	10,924.14	6,981.28	207.57	217,695.96
- Additions	134.32	452.30	81.16	19,115.74	1,378.26	604.79	196.42	21,962.99
- Decreases	3.79	44.30	2.64	4,791.56	485.51	335.96	0.12	5,663.88
As at December 31, 2016	1,337.60	5,569.44	1,068.22	206,548.94	11,816.89	7,250.11	403.87	233,995.07
<b>Net book value</b>								
As at December 31, 2015	9,879.22	9,147.76	1,274.19	202,805.22	7,434.50	1,575.42	551.29	232,667.60
As at December 31, 2016	10,670.76	9,156.48	1,226.26	210,181.20	8,673.06	1,886.48	703.77	242,498.01

## (TRANSLATION)

- 34 -

Unit: Million Baht

	Separate financial statements							Total
	Land and land improvements	Buildings and constructions	Electricity generating systems	Electricity distributing systems	Furniture, tools and equipment	Vehicles	Vehicles under Finance leases	
<b>Cost</b>								
As at January 1, 2016	11,086.29	14,309.20	2,263.89	395,029.98	18,357.58	8,556.71	755.79	450,359.44
- Additions	945.27	516.50	33.83	28,018.06	2,636.40	999.56	348.78	33,498.40
- Decreases	23.20	99.78	3.24	6,317.90	506.00	419.68	-	7,369.80
As at December 31, 2016	12,008.36	14,725.92	2,294.48	416,730.14	20,487.98	9,136.59	1,104.57	476,488.04
<b>Accumulated depreciation</b>								
As at January 1, 2016	1,207.07	5,161.44	989.70	192,224.76	10,923.54	6,981.27	206.43	217,694.21
- Additions	134.32	452.30	81.16	19,115.74	1,378.09	604.80	195.79	21,962.20
- Decreases	3.79	44.30	2.64	4,791.56	485.51	335.96	0.12	5,663.88
As at December 31, 2016	1,337.60	5,569.44	1,068.22	206,548.94	11,816.12	7,250.11	402.10	233,992.53
<b>Net book value</b>								
As at December 31, 2015	9,879.22	9,147.76	1,274.19	202,805.22	7,434.04	1,575.44	549.36	232,665.23
As at December 31, 2016	10,670.76	9,156.48	1,226.26	210,181.20	8,671.86	1,886.48	702.47	242,495.51

Plant and equipment that are fully depreciated but are continuing use for Provincial Electricity Authority and its subsidiary as at December 31, 2016 and 2015, are Baht 0.75 million and Baht 0.63 million, respectively.

## (TRANSLATION)

- 35 -

## 5.12 Constructions in progress consist of:

Unit: Million Baht

Consolidated and separate financial statements				
Constructions in progress				
	PEA capital budget	Partially funded by electricity users	Funded by interest from electricity usage guarantee	Total
As at January 1, 2016	27,874.73	4,718.61	0.55	32,593.89
- Additions	15,053.91	6,515.28	-	21,569.19
- Decreases	17,067.75	6,110.90	0.47	23,179.12
<b>As at December 31, 2016</b>	<b>25,860.89</b>	<b>5,122.99</b>	<b>0.08</b>	<b>30,983.96</b>

Unit: Million Baht

Consolidated and separate financial statements				
Constructions in progress				
	PEA capital budget	Partially funded by electricity users	Funded by interest from electricity usage guarantee	Total
As at January 1, 2015	27,315.19	5,009.29	-	32,324.48
- Additions	15,683.30	6,590.95	0.56	22,274.81
- Decreases	15,123.76	6,881.63	0.01	22,005.40
<b>As at December 31, 2015</b>	<b>27,874.73</b>	<b>4,718.61</b>	<b>0.55</b>	<b>32,593.89</b>

## 5.13 Intangible assets consist of:

Unit: Million Baht

	Consolidated financial statements		
	Computer software licenses	Finance lease assets	Total
<b>Cost</b>			
As at January 1, 2016	3,160.95	3,428.31	6,589.26
- Additions	326.64	2,201.31	2,527.95
- Decreases	14.24	2,428.31	3,442.55
As at December 31, 2016	3,473.35	2,201.31	5,674.66
<b>Accumulated amortization</b>			
As at January 1, 2016	2,806.53	2,745.97	5,552.50
- Additions	214.51	757.92	972.43
- Decreases	8.86	3,431.73	3,440.59
As at December 31, 2016	3,012.18	72.16	3,084.34
<b>Net book value</b>			
As at December 31, 2015	354.42	682.34	1,036.76
As at December 31, 2016	461.17	2,129.15	2,590.32

Unit: Million Baht

	Separate financial statements		
	Computer software licenses	Finance lease assets	Total
<b>Cost</b>			
As at January 1, 2016	3,160.87	3,428.31	6,589.18
- Additions	326.55	2,201.31	2,527.86
- Decreases	14.25	3,428.30	3,442.55
As at December 31, 2016	3,473.17	2,201.32	5,674.49
<b>Accumulated amortization</b>			
As at January 1, 2016	2,806.51	2,745.97	5,552.48
- Additions	214.49	757.92	972.41
- Decreases	8.86	3,431.73	3,440.59
As at December 31, 2016	3,012.14	72.16	3,084.30
<b>Net book value</b>			
As at December 31, 2015	354.36	682.34	1,036.70
As at December 31, 2016	461.03	2,129.16	2,590.19

Intangible assets that are fully amortized but are continuing use for Provincial Electricity Authority and its subsidiary as at December 31, 2016 and 2015, are Baht 0.005 million and Baht 0.004 million, respectively.

## (TRANSLATION)

- 37 -

## 5.14 Other non-current assets consist of:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Employee receivables	66.53	71.20	66.53	71.20
Long-term receivables	91.94	22.40	91.94	22.40
Deferred expenses	13.44	6.01	13.44	6.01
Retentions and deposits	2.64	2.51	2.64	2.51
Withholding taxes	1.31	0.69	-	-
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	0.03	2.46	0.03	2.46
Fixed deposits	-	3.61	-	3.61
<b>Total</b>	<b>175.91</b>	<b>108.90</b>	<b>174.60</b>	<b>108.21</b>

## 5.15 Trade accounts payable consist of:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Accounts payable for electricity	34,170.46	36,837.06	34,170.46	36,837.06
Accounts payable-domestic	733.58	780.11	694.98	763.99
Suspense payable-unbilled	902.95	1,039.24	902.95	1,039.24
<b>Total</b>	<b>35,806.99</b>	<b>38,656.41</b>	<b>35,768.39</b>	<b>38,640.29</b>

Consolidated and separate financial statements as at December 31, 2016 and 2015, suspense payable-unbilled amounting to Baht 902.95 million and Baht 1,039.24 million, respectively, represent payable for goods or services received but Provincial Electricity Authority has not received invoices from payables.

## (TRANSLATION)

- 38 -

5.16 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, 2016	Dec. 31, 2015
<b>Domestic loans</b>					
- Ministry of Finance	1988 – 2031	Canadian Dollar	Interest free	233.79	246.69
	2013– 2016	Baht	2.9050*	-	2,625.00
- Bonds	2005 – 2040	Baht	2.40 – 6.84	77,250.00	80,662.00
Total domestic loans				<u>77,483.79</u>	<u>83,533.69</u>
<b>Foreign loans</b>					
- Financial institutions	2000- 2020	Euro	2.00	330.11	437.59
	2007- 2023	Euro	8.00 **	261.09	311.32
Total foreign loans				<u>591.20</u>	<u>748.91</u>
Total long-term loans				78,074.99	84,282.60
<u>Less</u> Current portion				<u>5,234.60</u>	<u>7,911.66</u>
Total				<u><u>72,840.39</u></u>	<u><u>76,370.94</u></u>

\* 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, Krung Thai Bank Public Company Limited, Kasikom Bank Public Company Limited 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.

Provincial Electricity Authority has obtained loans to construct buildings, electricity generating and distributing systems. The borrowing costs that directly attributable to the construction of qualifying assets and incurred from loans made for specific purposes are capitalized as costs of assets at interest rates of 2.40 - 6.84% per annum.

Interest expenses on loans for the years ended December 31, 2016 and 2015, amounting to Baht 3,440.64 million and Baht 3,597.41 million, respectively, are capitalized as cost of construction in progress amounting to Baht 447.37 million and Baht 404.39 million and are recognized as expenses in the statements of comprehensive income for Baht 2,993.27 million and Baht 3,193.02 million, respectively.

## 5.17 Finance lease liabilities consist of:

Unit: Million Baht

Consolidated financial statements						
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
	Present value of finance lease liabilities					
- Computer software systems	666.22	837.07	1,525.24	-	2,191.46	837.07
- Vehicles	218.68	144.90	518.31	427.05	736.99	571.95
<b>Total</b>	<b>884.90</b>	<b>981.97</b>	<b>2,043.55</b>	<b>427.05</b>	<b>2,928.45</b>	<b>1,409.02</b>

Unit: Million Baht

Separate financial statements						
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
	Present value of finance lease liabilities					
- Computer software systems	666.22	837.07	1,525.24	-	2,191.46	837.07
- Vehicles	217.97	144.23	517.52	425.61	735.49	569.84
<b>Total</b>	<b>884.19</b>	<b>981.30</b>	<b>2,042.76</b>	<b>425.61</b>	<b>2,926.95</b>	<b>1,406.91</b>

## 5.17.1 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, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
	Finance lease liabilities	795.60	862.13	1,652.40	-	2,448.00
<u>Less</u> Future financial charge	129.38	25.06	127.16	-	256.54	25.06
Present value of finance lease liabilities	<b>666.22</b>	<b>837.07</b>	<b>1,525.24</b>	<b>-</b>	<b>2,191.46</b>	<b>837.07</b>



## (TRANSLATION)

- 40 -

## 5.17.2 Finance lease liabilities – vehicles

Unit: Million Baht

	Consolidated financial statements					
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Finance lease liabilities	264.69	181.79	571.63	474.57	836.32	656.36
Less Future financial charge	46.01	36.89	53.32	47.52	99.33	84.41
Present value of finance lease liabilities	<u>218.68</u>	<u>144.90</u>	<u>518.31</u>	<u>427.05</u>	<u>736.99</u>	<u>571.95</u>

Unit: Million Baht

	Separate financial statements					
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Finance lease liabilities	263.89	180.99	570.81	473.01	834.70	654.00
Less Future financial charge	45.92	36.76	53.29	47.40	99.21	84.16
Present value of finance lease liabilities	<u>217.97</u>	<u>144.23</u>	<u>517.52</u>	<u>425.61</u>	<u>735.49</u>	<u>569.84</u>

## 5.18 Accrued remittance to the Ministry of Finance consist of:

Unit: Million Baht

## Consolidated and separate financial statements

	Dec. 31, 2016	Dec. 31, 2015
Beginning balance	6,672.00	5,296.00
Adjustment for remittance to the Ministry of Finance in 2015	(8.00)	-
Additional remittance to the Ministry of Finance in 2014	-	3.00
Reserve for remittance to public revenues 45% of net profit	13,039.00	10,644.00
Additional remittance to the Ministry of Finance in 2015	-	3,000.00
Remit to public revenues during the year	(12,608.50)	(12,271.00)
<b>Total</b>	<u>7,094.50</u>	<u>6,672.00</u>

Adjustment for remittance to the Ministry of Finance in 2016 amounting to Baht 8.00 million is an adjustment made for which Provincial Electricity Authority has estimated remittance for excess than the amount which Ministry of Finance has specified.

Additional remittance to the Ministry of Finance in 2015 amounting to Baht 3.00 million is the amount which the Ministry of Finance considers Provincial Electricity Authority to made an additional remittance based on the year 2014 estimation.

## (TRANSLATION)

- 41 -

## 5.19 Deposits payable consist of:

Unit: Million Baht

	Consolidated and separate financial statements	
	Dec. 31, 2016	Dec. 31, 2015
Accrued remittance to the Power Development Fund	350.75	341.68
Pending repayment electricity usage guarantee	238.00	223.05
Other deposits payable	110.68	136.47
<b>Total</b>	<b>699.43</b>	<b>701.20</b>

## 5.20 Other current liabilities consist of:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Unearned revenues	336.69	174.70	336.69	174.70
Retentions and deposits	351.80	444.14	351.21	444.14
Withholding tax payable	0.03	0.02	-	-
Suspense accounts	118.80	152.34	118.80	152.34
Provisions	2.15	4.13	2.15	4.13
<b>Total</b>	<b>809.47</b>	<b>775.33</b>	<b>808.85</b>	<b>775.31</b>

## 5.21 Long-term provisions

Consolidated and separate financial statements as at December 31, 2016 and 2015, amounting to Baht 197.64 million and Baht 192.21 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 Provincial Electricity Authority will be obliged to the liabilities for 32 lawsuits and 29 lawsuits, respectively.

## 5.22 Construction obligations

Consolidated and separate financial statements as at December 31, 2016 and 2015, amounting to Baht 9,758.70 million and Baht 9,445.29 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.

## (TRANSLATION)

- 42 -

## 5.23 Deferred revenues consist of:

Unit: Million Baht

	Consolidated and separate financial statements	
	Dec. 31, 2016	Dec. 31, 2015
Contributions for construction	44,161.03	41,609.63
Deferred revenues	1,618.92	1,576.46
Deferred rental revenue	395.09	409.75
<b>Total</b>	<b>46,175.04</b>	<b>43,595.84</b>

5.24 Electricity usage guarantee represents 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 statement	
	Dec. 31, 2016	Dec. 31, 2015
Electricity usage guarantee fund (Note 5.5)	25,380.97	23,475.65
Electricity usage guarantee - additional deposits by Provincial Electricity Authority	163.51	178.89
<b>Total</b>	<b>25,544.48</b>	<b>23,654.54</b>

## 5.25 Employee Gratuity Fund

As at December 31, 2016 and 2015, Employee Gratuity Fund is as follows:

Unit: Million Baht

	Consolidated and separate financial statements	
	Dec. 31, 2016	Dec. 31, 2015
Beginning balance	7.08	13.27
<u>Add</u> Contributions during the year	1.12	0.44
Deficit in the plan	-	0.46
(Deficit) excess of revenues over expenses for the year	(0.02)	0.13
	8.18	14.30
<u>Less</u> Payments to employees and provident fund	-	7.09
Surplus in the plan	0.32	-
(Refunds) repayments for (shortage) surplus of the gratuity fund over obligations	(0.02)	0.13
<b>Ending balance of fund equal to obligations to be paid to resigned employees</b>	<b>7.88</b>	<b>7.08</b>

## (TRANSLATION)

- 43 -

## 5.26 Employee benefit obligations

Employee benefits of Provincial Electricity Authority and its subsidiary consist of post-employment benefits including 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, 2016 and 2015, employee benefit obligations are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Post-employment benefits under defined benefit plans				
Retirement pension	11,037.75	9,738.10	11,036.84	9,737.43
Retirement souvenir gifts	318.91	198.71	318.91	198.71
Accumulate vacation leave remains at retirement	1,104.82	973.79	1,104.82	973.79
<b>Total post-employment benefits under defined benefit plans</b>	<b>12,461.48</b>	<b>10,910.60</b>	<b>12,460.57</b>	<b>10,909.93</b>
Other long-term employee benefits				
Souvenir gifts for long tenure	371.37	120.30	371.37	120.30
<b>Total other long-term employee benefits</b>	<b>371.37</b>	<b>120.30</b>	<b>371.37</b>	<b>120.30</b>
<b>Total</b>	<b>12,832.85</b>	<b>11,030.90</b>	<b>12,831.94</b>	<b>11,030.23</b>

Post-employment benefits under defined benefit plans and other long-term employee benefits presented in the statements of comprehensive income as at December 31, 2016 and 2015, are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Current service costs	647.42	471.39	647.16	471.12
Interest cost	441.23	422.71	441.21	422.69
Actual cost	(830.46)	(572.63)	(830.46)	(572.63)
Actuarial losses	1,543.76	141.94	1,543.80	141.94
<b>Total</b>	<b>1,801.95</b>	<b>463.41</b>	<b>1,801.71</b>	<b>463.12</b>

## (TRANSLATION)

- 44 -

Movement in the present value of the provisions for benefit plans for the years ended December 31, 2016 and 2015, are as follows:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
Beginning balance of the defined benefit obligations	11,030.90	10,567.49	11,030.23	10,567.11
Current service costs	647.42	471.39	647.16	471.12
Interest cost	441.23	422.71	441.21	422.69
Actual cost	(830.46)	(572.63)	(830.46)	(572.63)
Actuarial losses on post-employment benefit plans	1,543.76	141.94	1,543.80	141.94
Ending balance of the defined benefit obligations	<u>12,832.85</u>	<u>11,030.90</u>	<u>12,831.94</u>	<u>11,030.23</u>

Actuarial assumptions used to the calculation of provisions under post-employment benefit plans as at December 31, 2016 and 2015, are as follows:

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
	(percentage)	(percentage)
Discount rate	3.13	4.00
Inflation rate	2.50	-
Future salary incremental rate	7.00 – 9.00	7.50
Employee turnover rate	0.00 – 7.00	0.30
Mortality rate	Thai mortality table for the year 2008, adjusted for estimation of death rate at 3.00 per year	Thai mortality table for the year 2008

## (TRANSLATION)

- 45 -

The sensitivity analysis for main assumptions used for the estimation based on actuarial science, which is used for defined the present value of obligation under the defined benefit plans as at December 31, 2016, are as followed:

Unit: Million Baht

	Change in present value of defined benefit obligation		
	Percent	Increasing rate	Decreasing rate
Discount rate	1	(1,097.68)	1,300.15
Inflation rate	1	67.91	(59.11)
Future salary incremental rate	1	1,297.49	(1,120.36)
Employee turnover rate	20	(79.94)	81.36
Mortality rate	1	69.38	(78.61)

Employee benefits expected to be paid

Year	Unit: Million Baht
2017	983.68
2018	1,148.64
2019	1,382.12
2020	1,374.76
2021	1,305.02
2022	1,200.61
2023	1,140.85
2024	1,103.86
2025	991.27
2026	1,003.40
2027 onward	35,125.08

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. Provincial Electricity Authority registered provident fund in accordance with the Provident Fund Act, B.E. 2530 (1987).

For the years ended December 31, 2016 and 2015, Provincial Electricity Authority contributes to the provident fund amounting to Baht 1,532.75 million and Baht 1,462.24 million, respectively.

## 5.27 Executives' remunerations consist of:

Unit: Million Baht

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Directors' remunerations	17.41	13.84	15.68	12.43
Management's remunerations	111.84	63.62	111.84	63.62
<b>Total</b>	<b>129.25</b>	<b>77.46</b>	<b>127.52</b>	<b>76.05</b>

## 5.28 Operating results

Operating results for the years ended December 31, 2016 and 2015, are as follows:

Unit: Million Baht

Consolidated financial statements				
	Dec. 31, 2016	Dec. 31, 2015	Increase (Decrease)	Percentage
Operating revenues	454,647.09	463,724.38	(9,077.29)	(1.96)
Operating expenses	427,644.05	441,164.87	(13,520.82)	(3.06)
Operating income	27,003.04	22,559.51	4,443.53	19.70
Other revenues	2,148.16	2,103.92	44.24	2.10
Other expenses	176.68	282.12	(105.44)	(37.37)
Financial costs	3,087.74	3,313.46	(225.72)	(6.81)
Share of profits of associates	69.61	66.58	3.03	4.55
<b>Profit for the year</b>	<b>25,956.39</b>	<b>21,134.43</b>	<b>4,821.96</b>	<b>22.82</b>

For the year ended December 31, 2016, Provincial Electricity Authority and its subsidiary have profit of Baht 25,956.39 million which increases from the same period of prior year by Baht 4,821.96 million and by 22.82% from the year 2015. The increase is attributable to increase in operating income by Baht 4,443.53 million, increase in other revenues by Baht 44.24 million, decrease in other expenses by Baht 105.44 million and decrease in financial costs by Baht 225.72 million, and increase in share of profits of associates by Baht 3.03 million.

Unit: Million Baht

Separate financial statements				
	Dec. 31, 2016	Dec. 31, 2015	Increase (Decrease)	Percentage
Operating revenues	454,593.99	463,707.69	(9,113.70)	(1.97)
Operating expenses	427,584.44	441,139.07	(13,554.63)	(3.07)
Operating income	27,009.55	22,568.62	4,440.93	19.68
Other revenues	2,142.56	2,099.11	43.45	2.07
Other expenses	176.68	282.12	(105.44)	(37.37)
Financial costs	3,087.61	3,313.29	(225.68)	(6.81)
<b>Profit for the year</b>	<b>25,887.82</b>	<b>21,072.32</b>	<b>4,815.50</b>	<b>22.85</b>

For the year ended December 31, 2016, Provincial Electricity Authority has profit of Baht 25,887.82 million which increases from the same period of prior year by Baht 4,815.50 million and by 22.85% from the year 2015. The increase is attributable to increase in operating income by Baht 4,440.93 million, increase in other revenues by Baht 43.45 million, decrease in other expenses by Baht 105.44 million and decrease in financial costs by Baht 225.68 million.

(TRANSLATION)

- 47 -

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 2016, Provincial Electricity Authority has revenues from telecommunication business amounting to Baht 189.95 million which are included in other operating revenues.

Provincial Electricity Authority has received license to operate broadcasting business for providing assistance on broadcasting. The service includes a rental of electric pole for putting up cable line by National Broadcasting and Telecommunications Commission beginning from December 16, 2015 to December 15, 2029. In the year 2016, Provincial Electricity Authority has revenues on rental of electric pole for putting up cable line from Cable TVs business amounting to Baht 19.06 million.

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 2016, Provincial Electricity Authority has refunded the benefit to the customers amounting to Baht 22.08 million and recorded as other expenses.

According to the resolution of Energy Regulatory Commission No. ERC 5502/35088 dated on June 19, 2014 and No. ERC 5502/38907 dated on October 14, 2014, the committee has agreed on refunding interest from electricity usage guarantee fund to user of residential general service and of small general service, according to the concept of refunding interest to user of medium general service, of large general service, and of specific business services. The refunding will be made on every 5 years basis. The amount of refunding interest is calculated from the period beginning from January 2015 to December 2019 and the interest will be paid within the first quarter of the year 2020. In the year 2016, Provincial Electricity Authority is obliged to refund interest to the customers amounted to Baht 68.44 million and recorded as other expenses.



5.29 Financial Information of Operating Segments

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

	Unit: Million Baht																	
	North			Northeast			Central			South			Headquarter			Consolidated financial Statements		
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015		
Information from statements of financial position																		
Trade accounts receivable	4,413.78	4,811.27	4,761.70	4,957.81	16,716.47	17,684.70	5,574.76	5,898.11	539.71	285.63	32,006.42	33,637.52						
Other current assets	923.80	1,032.11	1,445.50	1,448.12	981.30	1,030.56	858.45	824.23	64,867.79	61,707.03	69,076.84	66,042.05						
Property, plant and equipment	52,577.96	49,839.73	52,698.09	50,677.12	76,325.72	73,418.15	57,705.58	55,884.85	3,190.66	2,847.75	242,498.01	232,667.60						
Other non-current assets	4,898.40	6,207.22	5,674.57	5,835.04	11,414.85	10,999.10	8,243.68	8,337.47	4,496.54	3,317.44	34,728.04	34,696.27						
<b>Total Assets</b>	<b>62,813.94</b>	<b>61,890.33</b>	<b>64,579.86</b>	<b>62,918.09</b>	<b>105,438.34</b>	<b>103,132.51</b>	<b>72,382.47</b>	<b>70,944.66</b>	<b>73,094.70</b>	<b>68,157.85</b>	<b>378,309.31</b>	<b>367,043.44</b>						
Current Liabilities	40,092.19	40,256.99	46,587.97	46,643.49	(172,075.10)	(140,577.60)	18,723.54	20,866.38	123,652.21	94,789.49	56,980.81	61,978.75						
Long-term loans	-	-	-	-	-	-	-	-	72,840.39	76,370.94	72,840.39	76,370.94						
Other non-current liabilities	18,258.61	17,169.96	22,086.07	20,301.03	33,857.53	31,264.86	19,351.60	18,216.84	4,069.69	2,258.08	97,623.50	89,210.77						
<b>Total Liabilities</b>	<b>58,350.80</b>	<b>57,426.95</b>	<b>68,674.04</b>	<b>66,944.52</b>	<b>(138,217.57)</b>	<b>(109,312.74)</b>	<b>38,075.14</b>	<b>39,083.22</b>	<b>200,562.29</b>	<b>173,418.51</b>	<b>227,444.70</b>	<b>227,560.46</b>						
Equity	4,463.14	4,463.38	(4,094.18)	(4,026.43)	243,655.91	212,445.25	34,307.33	31,861.44	(127,467.59)	(105,260.66)	150,864.61	139,482.98						
<b>Total Liabilities and Equity</b>	<b>62,813.94</b>	<b>61,890.33</b>	<b>64,579.86</b>	<b>62,918.09</b>	<b>105,438.34</b>	<b>103,132.51</b>	<b>72,382.47</b>	<b>70,944.66</b>	<b>73,094.70</b>	<b>68,157.85</b>	<b>378,309.31</b>	<b>367,043.44</b>						

5.29.2 Operating results of operating segments are as follows:

	Unit: Million Baht															
	North			Northeast			Central			South			Headquarter		Consolidated Financial Statements	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	
Sales of electricity energy	64,424.24	66,338.68	70,085.47	70,667.83	231,224.22	237,842.89	75,724.54	76,626.75	-	-	441,458.47	451,476.15				
Other operating revenues	2,714.66	2,658.49	3,314.42	2,882.38	4,079.35	3,749.90	2,609.29	2,676.50	470.91	280.96	13,188.63	12,248.23				
Other revenues	73.64	154.81	81.75	80.91	503.32	155.29	129.39	207.09	1,360.06	1,505.82	2,148.16	2,103.92				
<b>Total revenues</b>	<b>67,212.54</b>	<b>69,151.98</b>	<b>73,481.64</b>	<b>73,631.12</b>	<b>235,806.89</b>	<b>241,748.08</b>	<b>78,463.22</b>	<b>79,510.34</b>	<b>1,830.97</b>	<b>1,786.78</b>	<b>456,795.26</b>	<b>465,828.30</b>				
Cost of electricity	55,864.14	58,541.19	61,232.63	62,746.26	190,208.27	200,448.08	64,365.55	66,408.04	-	-	371,670.59	388,143.57				
Employee compensations	4,756.99	4,409.02	5,244.10	4,768.77	5,067.79	4,755.02	4,203.02	3,799.01	3,887.79	3,748.25	23,159.69	21,480.07				
Employee benefit expenses	229.54	189.79	249.87	204.90	252.06	200.09	202.08	159.54	149.07	137.72	1,082.62	892.04				
Executive remuneration	6.42	4.35	7.17	4.78	6.55	3.94	6.49	4.49	102.62	59.90	129.25	77.46				
Preventive, repair and maintenance, and construction expenses	779.52	754.79	686.22	767.71	1,512.53	1,123.95	917.89	992.72	808.73	626.83	4,704.89	4,266.00				
Depreciation and amortization expenses	3,881.71	3,737.69	4,068.33	3,990.98	5,414.38	5,495.67	4,322.85	4,237.86	1,320.01	1,295.16	19,007.28	18,757.36				
Other operating expenses	1,343.43	1,200.92	1,716.72	1,726.56	1,680.36	1,632.29	1,651.40	1,686.54	1,497.83	1,302.06	7,889.74	7,548.37				
Other expenses	41.54	16.91	(21.34)	(18.99)	76.18	83.67	64.60	103.01	15.70	97.52	176.68	282.12				
Financial costs	8.65	6.77	7.28	7.45	9.48	9.30	9.29	8.29	3,053.04	3,281.65	3,087.74	3,313.46				
<b>Total expenses</b>	<b>66,911.94</b>	<b>68,861.43</b>	<b>73,190.98</b>	<b>74,198.42</b>	<b>204,227.60</b>	<b>213,752.01</b>	<b>75,743.17</b>	<b>77,399.50</b>	<b>10,834.79</b>	<b>10,549.09</b>	<b>430,908.48</b>	<b>444,760.45</b>				
Share of profit of associates	-	-	-	-	-	-	-	-	69.61	66.58	69.61	66.58				
<b>Profit (loss) for the year</b>	<b>300.60</b>	<b>290.55</b>	<b>290.66</b>	<b>(567.30)</b>	<b>31,579.29</b>	<b>27,996.07</b>	<b>2,720.05</b>	<b>2,110.84</b>	<b>(8,934.21)</b>	<b>(8,695.73)</b>	<b>25,956.39</b>	<b>21,134.43</b>				
Other comprehensive income (loss)	(300.84)	(18.94)	(358.40)	(20.21)	(368.64)	(39.02)	(274.16)	(16.98)	(241.72)	(46.79)	(1,543.76)	(141.94)				
<b>Total comprehensive income for the year</b>	<b>(0.24)</b>	<b>271.61</b>	<b>(67.74)</b>	<b>(587.51)</b>	<b>31,210.65</b>	<b>27,957.05</b>	<b>2,445.89</b>	<b>2,093.86</b>	<b>(9,175.93)</b>	<b>(8,742.52)</b>	<b>24,412.63</b>	<b>20,992.49</b>				

## (TRANSLATION)

- 50 -

## 6. Related party transactions

Significant related party transactions are as follows:

6.1 Assets and liabilities, as at December 31, 2016 and 2015, significant related party transactions are as follows:

Unit: Million Baht

Item/Company's name	Relationship	Consolidated		Separate	
		financial statements		financial statements	
		<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
<b>Investments in associates</b>					
Solar Power (Surin1) Co., Ltd.	Subsidiary's associate	70.04	63.02	-	-
Solar Power (Surin2) Co., Ltd.	Subsidiary's associate	66.03	58.57	-	-
Solar Power (Khonkaen10) Co., Ltd.	Subsidiary's associate	67.11	59.45	-	-
Solar Power (Loei2) Co., Ltd.	Subsidiary's associate	68.86	60.67	-	-
<b>Investments in subsidiary</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	557.28	473.28
<b>Prepaid expenses</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	-	84.00
<b>Accounts payable</b>					
EGAT	Related party	26,780.07	31,115.25	26,780.07	30,115.25
<b>Other payable</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	0.09	0.01

6.2 Revenues and expenses, related party transaction for the years ended December 31, 2016 and 2015, are as follows:

Unit: Million Baht

Item/Company's name	Relationship	Consolidated		Separate	
		financial statements		financial statements	
		<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
<b>Other operating revenues</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	0.73	0.93
<b>Cost of electricity</b>					
EGAT	Related Party	345,347.64	366,067.43	345,347.64	366,067.43
Solar Power (Surin1) Co., Ltd.	Subsidiary's associate	128.05	136.80	-	-
Solar Power (Surin2) Co., Ltd.	Subsidiary's associate	128.93	137.53	-	-
Solar Power (Khonkaen10) Co., Ltd.	Subsidiary's associate	122.19	125.97	-	-
Solar Power (Loei2) Co., Ltd.	Subsidiary's associate	118.23	122.21	-	-
<b>Employee expenses</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	0.18	0.33
<b>Maintenance Cost</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	0.96	0.16

## 7. Disclosure of financial instruments

### 7.1 Credit risk

Credit risk arises when accounts receivable do not comply with the terms and conditions of credit agreements, causing losses to Provincial Electricity Authority. Also, a concentration exposure in credit portfolios is regarded as an important aspect of credit risk. Most of Provincial Electricity Authority's accounts receivable are juristic person and natural person, however, there has been no significant losses that affects PEA financial statements in the past. Therefore, it is assumed that 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 of breach of contract by Provincial Electricity Authority.

### 7.2 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 5.16

### 7.3 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.

### 7.4 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 investments, trade accounts receivable and trade accounts payable have book values approximate of their fair value due to their short-term period of settlement.

## 8. Contingent liabilities

As at December 31, 2016 and 2015, Provincial Electricity Authority was sued 1,751 cases and 83 cases, respectively, with total amount in dispute of Baht 4,566.32 million and Baht 2,193.70 million, respectively.

Provincial Electricity Authority was filed in lawsuits including a lawsuit on lease computer software packages for using in its 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 an accrued 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. And, PEA legal department predicts that Provincial Electricity Authority will win the case.

## 9. Approval of financial statements

These financial statements were approved for issuance by PEA Governor on March 16, 2017

---