



Auditor's Report and Financial Statements

The Provincial Electricity Authority and its subsidiary

For the year ended December 31, 2017

สำนักงานการตรวจเงินแผ่นดิน



(TRANSLATION)

AUDITOR'S REPORT

To: The Board of Directors of the Provincial Electricity Authority

Opinion

The State Audit Office of the Kingdom 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, 2017, 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 State Audit Office of the Kingdom 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, 2017, 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 State Audit Office of the Kingdom of Thailand conducted the audit in accordance with Thai Standards on Auditing (TSAs). The State Audit Office of the Kingdom 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 State Audit Office of the Kingdom of Thailand's report. The State Audit Office of the Kingdom 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 that are relevant to the State Audit Office of the Kingdom of Thailand's audit of the consolidated and separate financial statements, and has fulfilled other ethical responsibilities in accordance with these requirements. The State Audit Office of the Kingdom of Thailand believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's opinion.



Other Information

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 State Audit Office of the Kingdom of Thailand after the date of this auditor's report.

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

In connection with the audit of the consolidated and separate financial statements, the State Audit Office of the Kingdom 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 State Audit Office of the Kingdom of Thailand's knowledge obtained in the audit, or otherwise appears to be materially misstated.

When the State Audit Office of the Kingdom of Thailand reads the annual report, if the State Audit Office of the Kingdom of Thailand concludes that there is a material misstatement therein, the State Audit Office of the Kingdom 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

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 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, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group 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 State Audit Office of the Kingdom 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 State Audit Office of the Kingdom of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit 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 State Audit Office of the Kingdom of Thailand exercises professional judgment and maintain professional skepticism throughout the audit. The State Audit Office of the Kingdom of Thailand also:

- 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 State Audit Office of the Kingdom 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 management.
- Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If the State Audit Office of the Kingdom of Thailand concludes that a material uncertainty exists, the State Audit Office of the Kingdom of Thailand is required to draw attention in the State Audit Office of



the Kingdom of Thailand's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify the State Audit Office of the Kingdom of Thailand's opinion. The State Audit Office of the Kingdom of Thailand's conclusions are based on the audit evidence obtained up to the date of the State Audit Office of the Kingdom of Thailand'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 State Audit Office of the Kingdom of Thailand is responsible for the direction, supervision and performance of the group audit. The State Audit Office of the Kingdom of Thailand remains solely responsible for the State Audit Office of the Kingdom of Thailand's audit opinion.

The State Audit Office of the Kingdom 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 State Audit Office of the Kingdom of Thailand identifies during the State Audit Office of the Kingdom of Thailand's audit.

(Signed)

Suporn Gludpare
(Mrs. Suporn Gludpare)
Inspector General

(Signed)

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

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PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

Unit: Baht

	Notes	Consolidated financial statements		
		Dec. 31, 2017	Dec. 31, 2016 (Restated)	Jan. 1, 2016 (Brought forward) (Restated)
Assets				
Current Assets				
Cash and cash equivalents	3.1, 5.1	3,468,958,206	2,114,251,315	4,437,899,027
Short-term investments	5.2	23,048,469,659	21,610,990,901	11,047,000,000
Trade accounts receivable	3.2, 5.3	34,458,968,845	32,006,421,118	33,637,524,486
Other accounts receivable	5.4	648,452,756	392,434,436	429,206,192
Accrued revenues	5.5	4,273,364,139	5,784,083,731	8,842,446,113
Materials and supplies	3.3, 5.6	4,787,529,358	2,407,640,602	2,479,507,884
Special-purpose deposits at financial institutions	3.4, 5.7	36,507,258,445	33,172,224,163	34,854,819,163
Undue input VAT		2,153,924,038	2,081,321,471	2,219,514,039
Advance payments to suppliers		1,966,920,110	1,404,359,783	1,580,705,656
Other current assets		130,870,391	109,534,193	150,955,972
Total Current Assets		111,444,715,947	101,083,261,713	99,679,578,532
Non-current Assets				
Investments in associates	3.5, 5.8	304,541,728	272,046,070	241,706,467
Investments in joint venture	3.5, 5.9	5,434,289	-	-
Investment property	3.7, 5.11	586,023,502	705,798,177	715,013,852
Property, plant and equipment	3.8, 5.12	253,297,161,830	242,498,008,933	232,667,595,872
Constructions in progress	3.9, 5.13	31,016,809,025	30,983,959,223	32,593,887,673
Intangible assets	3.10, 5.14	1,770,503,688	2,590,321,928	1,036,758,458
Other non-current assets	5.15	177,606,694	175,911,340	108,896,963
Total Non-current Assets		287,158,080,756	277,226,045,671	267,363,859,285
Total Assets		398,602,796,703	378,309,307,384	367,043,437,817

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

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PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

		Unit: Baht		
		Consolidated financial statements		
	Notes	Dec. 31, 2017	Dec. 31, 2016 (Restated)	Jan. 1, 2016 (Brought forward) (Restated)
Liabilities and Equity				
Current Liabilities				
Trade accounts payable		37,236,135,661	34,170,463,341	36,837,059,279
Other accounts payable	5.16	2,377,032,197	2,287,885,689	2,537,617,815
Accrued expenses		4,266,445,279	3,861,762,911	3,492,177,031
Current portion of long-term loans	3.11, 3.12, 5.17, 7.2, 7.3	7,538,410,551	5,234,599,704	7,911,662,071
Current portion of finance lease liabilities	5.18	1,020,374,225	884,896,194	981,968,304
Accrued interest payable on loans		697,038,417	730,134,011	828,321,920
Accrued remittance to the Ministry of Finance	5.19	8,164,500,000	7,094,500,000	6,672,000,000
Advance received per contract		1,654,312,436	1,544,352,230	1,416,104,473
Deposits payable	5.20	680,523,212	699,433,832	701,196,409
Other current liabilities	5.21	436,707,317	472,780,039	600,635,935
Total Current Liabilities		64,071,479,295	56,980,807,951	61,978,743,237
Non-current Liabilities				
Long-term loans	3.11, 3.12, 5.17, 7.2, 7.3	68,612,498,966	72,840,392,754	76,370,942,832
Long-term provisions	3.13, 5.22	208,007,755	197,639,799	192,209,799
Construction obligations	5.23	9,272,147,076	9,758,704,314	9,445,293,362
Finance lease liabilities	5.18	1,626,262,403	2,043,544,704	427,048,106
Deferred revenues	3.14, 5.24	48,890,424,439	46,175,035,148	43,595,839,529
Electricity usage guarantee	3.15, 5.25	27,353,866,171	25,544,476,466	23,654,542,773
Sales and service guarantee		869,960,139	827,592,680	764,763,125
Employee gratuity fund	3.16, 5.26	8,637,850	7,876,330	7,082,282
Employee benefit obligations	3.17, 5.27	13,083,695,706	12,832,850,408	11,030,895,417
Other non-current liabilities		275,613,631	235,777,188	93,097,870
Total Non-current Liabilities		170,201,114,136	170,463,889,791	165,581,715,095
Total Liabilities		234,272,593,431	227,444,697,742	227,560,458,332
Equity				
Initial capital		87,003,887	87,003,887	87,003,887
Contributions from the government		4,802,500,915	4,802,500,915	4,802,500,915
Retained earnings				
Appropriated		4,273,341	-	-
Unappropriated		159,436,425,129	145,975,104,840	134,593,474,683
Total Equity		164,330,203,272	150,864,609,642	139,482,979,485
Total Liabilities and Equity		398,602,796,703	378,309,307,384	367,043,437,817

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

Sermsakool Klaikaew
(Mr.Sermsakool Klaikaew)
Director and PEA Governor

Shinsenee Unjitti
(Mrs.Shinsenee Unjitti)
Accounting and Finance Deputy Governor

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PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

Unit: Baht

	Notes	Separate financial statements		
		Dec. 31, 2017	Dec. 31, 2016 (Restated)	Jan. 1, 2016 (Brought forward) (Restated)
Assets				
Current Assets				
Cash and cash equivalents	3.1, 5.1	2,997,425,587	1,815,000,305	4,063,721,026
Short-term investments	5.2	22,935,888,058	21,500,000,000	11,047,000,000
Trade accounts receivable	3.2, 5.3	34,440,165,794	31,983,699,504	33,636,753,788
Other accounts receivable	5.4	644,655,014	391,796,684	512,793,080
Accrued revenues	5.5	4,179,630,107	5,778,825,350	8,842,201,419
Materials and supplies	3.3, 5.6	4,781,185,724	2,404,645,308	2,475,909,039
Special-purpose deposits at financial institutions	3.4, 5.7	36,457,258,445	33,172,224,163	34,854,819,163
Undue input VAT		2,153,787,603	2,081,312,682	2,219,497,193
Advance payments to suppliers		1,970,997,587	1,404,359,783	1,580,705,656
Other current assets		129,963,241	109,500,994	150,955,972
Total Current Assets		110,690,957,160	100,641,364,773	99,384,356,336
Non-current Assets				
Investments in subsidiary	3.6, 5.10	782,283,750	557,283,750	473,283,750
Investment property	3.7, 5.11	586,023,502	705,798,177	715,013,852
Property, plant and equipment	3.8, 5.12	253,294,965,419	242,495,514,744	232,665,233,118
Constructions in progress	3.9, 5.13	31,016,809,025	30,983,959,223	32,593,887,673
Intangible assets	3.10, 5.14	1,770,364,082	2,590,190,312	1,036,699,249
Other non-current assets	5.15	163,611,148	174,597,662	108,208,185
Total Non-current Assets		287,614,056,926	277,507,343,868	267,592,325,827
Total Assets		398,305,014,086	378,148,708,641	366,976,682,163

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

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PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

Unit: Baht

	Notes	Separate financial statements		
		Dec. 31, 2017	Dec. 31, 2016 (Restated)	Jan. 1, 2016 (Brought forward) (Restated)
Liabilities and Equity				
Current Liabilities				
Trade accounts payable		37,236,135,661	34,170,463,341	36,837,059,279
Other accounts payable	5.16	2,350,018,354	2,249,368,103	2,521,511,418
Accrued expenses		4,190,255,703	3,858,358,447	3,491,747,938
Current portion of long-term loans	3.11, 3.12, 5.17, 7.2, 7.3	7,538,410,551	5,234,599,704	7,911,662,071
Current portion of financial lease liabilities	5.18	1,019,613,245	884,185,050	981,303,446
Accrued interest payable on loans		697,038,417	730,134,011	828,321,920
Accrued remittance to the Ministry of Finance	5.19	8,164,500,000	7,094,500,000	6,672,000,000
Advance received per contract		1,658,201,068	1,544,352,230	1,416,104,473
Deposits payable	5.20	680,523,212	699,433,832	701,196,409
Other current liabilities	5.21	435,617,624	472,167,220	600,613,898
Total Current Liabilities		63,970,313,835	56,937,561,938	61,961,520,852
Non-current Liabilities				
Long-term loans	3.11, 3.12, 5.17, 7.2, 7.3	68,612,498,966	72,840,392,754	76,370,942,832
Long-term provisions	3.13, 5.22	208,007,755	197,639,799	192,209,799
Construction obligations	5.23	9,272,147,076	9,758,704,314	9,445,293,362
Finance lease liabilities	5.18	1,626,174,914	2,042,757,455	425,610,933
Deferred revenues	3.14, 5.24	48,890,424,439	46,175,035,148	43,595,839,529
Electricity usage guarantee	3.15, 5.25	27,353,866,171	25,544,476,466	23,654,542,773
Sales and service guarantee		869,960,139	827,563,280	764,403,350
Employee gratuity fund	3.16, 5.26	8,637,850	7,876,330	7,082,282
Employee benefit obligations	3.17, 5.27	13,082,835,784	12,831,935,361	11,030,227,987
Other non-current liabilities		275,613,631	235,777,188	93,042,182
Total Non-current Liabilities		170,200,166,725	170,462,158,095	165,579,195,029
Total Liabilities		234,170,480,560	227,399,720,033	227,540,715,881
Equity				
Initial capital		87,003,887	87,003,887	87,003,887
Contributions from the government		4,802,500,915	4,802,500,915	4,802,500,915
Unappropriated retained earnings		159,245,028,724	145,859,483,806	134,546,461,480
Total Equity		164,134,533,526	150,748,988,608	139,435,966,282
Total Liabilities and Equity		398,305,014,086	378,148,708,641	366,976,682,163

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

Sermsakool Klaikaew
(Mr.Sermsakool Klaikaew)
Director and PEA Governor

Shinsenee Unjitti
(Mrs.Shinsenee Unjitti)
Accounting and Finance Deputy Governor

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PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

Unit: Baht

	Notes	Consolidated financial statements	
		2017	2016
Revenues			
Sales and service revenues		461,766,460,690	454,647,093,950
Other revenues		2,139,793,423	2,148,163,125
Total Revenues	3.19, 5.29	463,906,254,113	456,795,257,075
Expenses			
Cost of electricity		375,777,159,404	371,670,586,818
Employee compensations		23,474,950,724	23,159,685,094
Employee benefit expenses		1,073,787,472	1,082,621,302
Executives' remunerations	3.20, 5.28	131,215,864	129,249,470
Preventive, repair and maintenance, and construction expenses		4,724,978,825	4,931,190,556
Depreciation and amortization expenses		19,703,082,174	19,007,278,084
Other operating expenses		8,154,582,594	7,663,439,555
Other expenses		349,521,226	176,681,685
Financial costs	3.21, 5.29	3,056,539,682	3,087,743,532
Total Expenses	5.29	436,445,817,965	430,908,476,096
Share of profit of associates	5.29	71,479,316	69,609,603
Profit for the year	5.29	27,531,915,464	25,956,390,582
Other comprehensive income (loss):			
Items that will not be reclassified to profit or loss			
Actuarial loss on post-employment benefit plans	3.17, 5.27	(208,710,201)	(1,543,760,425)
Total comprehensive income for the year		27,323,205,263	24,412,630,157

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

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PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

Unit: Baht

	Notes	Separate financial statements 2017	2016
Revenues			
Sales and service revenues		461,617,736,101	454,593,991,738
Other revenues		2,129,681,061	2,142,563,393
Total Revenues	3.19, 5.29	463,747,417,162	456,736,555,131
Expenses			
Cost of electricity		375,777,159,404	371,670,586,818
Employee compensations		23,459,208,440	23,151,769,338
Employee benefit expenses		1,073,490,065	1,082,332,913
Executives' remunerations	3.20, 5.28	130,191,209	127,517,299
Preventive, repair and maintenance, and construction expenses		4,714,055,241	4,915,980,271
Depreciation and amortization expenses		19,702,087,464	19,006,481,314
Other operating expenses		8,033,029,893	7,629,769,443
Other expenses		349,521,198	176,681,685
Financial costs	3.21, 5.29	3,056,454,964	3,087,612,527
Total Expenses	5.29	436,295,197,878	430,848,731,608
Profit for the year	5.29	27,452,219,284	25,887,823,523
Other comprehensive income (loss):			
Items that will not be reclassified to profit or loss			
Actuarial loss on post-employment benefit plans	3.17, 5.27	(209,062,733)	(1,543,801,197)
Total comprehensive income for the year		27,243,156,551	24,344,022,326

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

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PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

	Notes	Initial Capital and Contributions from the Government	Consolidated financial statements			Total Equity
			Appropriated	Retained Earnings	Unappropriated	
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	5.19	-	-	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	5.19	-	-	(5,944,500,000)	(5,944,500,000)	
Reserve for remittance to the Ministry of Finance from net profit for the year 2016	5.19	-	-	(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 January 1, 2017		4,889,504,802	-	145,975,104,840	150,864,609,642	
Accumulated amount from:						
Adjustment for remittance to the Ministry of Finance for the year 2016 (addition)	5.19	-	-	(611,633)	(611,633)	
Balance after adjustment		4,889,504,802	-	145,974,493,207	150,863,998,009	
Legal reserve		-	4,273,341	(4,273,341)	-	
Interim remittance to the Ministry of Finance from net profit for the year 2017	5.19	-	-	(5,692,500,000)	(5,692,500,000)	
Reserve for remittance to the Ministry of Finance from net profit for the year 2017	5.19	-	-	(8,164,500,000)	(8,164,500,000)	
Total comprehensive income for the year 2017		-	-	27,323,205,263	27,323,205,263	
Balance as at December 31, 2017		4,889,504,802	4,273,341	159,436,425,129	164,330,203,272	

Unit: Baht

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

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PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

	Notes	Initial Capital and Contributions from the Government	Separate financial statements Unappropriated Retained Earnings	Total Equity	Unit: Baht
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	5.19	-	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	5.19	-	(5,944,500,000)	(5,944,500,000)	
Reserve for remittance to the Ministry of Finance from net profit for the year 2016	5.19	-	(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 January 1, 2017		4,889,504,802	145,859,483,806	150,748,988,608	
Accumulated amount from:					
Adjustment for remittance to the Ministry of Finance for the year 2016 (addition)	5.19	-	(611,633)	(611,633)	
Balance after adjustment		4,889,504,802	145,858,872,173	150,748,376,975	
Interim remittance to the Ministry of Finance from net profit for the year 2017	5.19	-	(5,692,500,000)	(5,692,500,000)	
Reserve for remittance to the Ministry of Finance from net profit for the year 2017	5.19	-	(8,164,500,000)	(8,164,500,000)	
Total comprehensive income for the year 2017		-	27,243,156,551	27,243,156,551	
Balance as at December 31, 2017		4,889,504,802	159,245,028,724	164,134,533,526	

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

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Unit: Baht	
	Consolidated financial statements	
	2017	2016
Cash Flows from Operating Activities:		
Profit for the year	27,531,915,464	25,956,390,582
Adjustments of profit to net cash provided by (used in)		
operating activities:		
Depreciation and amortization	19,874,618,267	19,170,427,246
Bad debts and doubtful accounts	13,014,796	12,151,225
Provision for obsolete materials and supplies	(3,675,456)	29,133,316
Amortization of deferred revenues	(3,930,159,376)	(3,748,185,276)
Employee benefit obligations	42,135,097	258,194,567
Long-term provisions	9,884,956	3,447,930
Loss on disposal of assets	147,990,449	33,809,730
Gain on disposal of materials and supplies	(6,378,674)	(12,970,585)
Loss (gain) on foreign exchange	10,555,759	(20,950,374)
Other non-operating revenues	-	(105,550)
Share of profit of associates	(71,479,316)	(69,609,603)
Interest income	(1,154,028,011)	(1,209,899,672)
Interest expense	3,054,550,099	3,085,665,151
Profit from operating activities before changes in operating assets and liabilities	45,518,944,054	43,487,498,687
Changes in operating assets (increase) decrease		
Trade accounts receivable	(2,458,900,055)	1,611,528,581
Other accounts receivable	(262,680,787)	43,814,758
Accrued revenues	(145,396,205)	2,761,408,621
Interest received	1,154,532,175	1,506,853,434
Materials and supplies	(3,578,925,503)	327,660,273
Special-purpose deposits at financial institutions	(3,335,034,281)	1,682,594,999
Undue input VAT	(72,602,567)	138,192,568
Advance payments to suppliers	(562,560,328)	176,345,873
Other current assets	(21,336,197)	41,421,778
Other non-current assets	(1,695,354)	(66,633,817)
Changes in operating liabilities increase (decrease)		
Trade accounts payable	3,065,672,321	(2,666,595,938)
Other accounts payable	20,327,991	37,734,514
Advance received per contract	109,960,206	128,247,757
Deposits payable	(18,910,620)	(1,762,576)

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

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

		Unit: Baht	
		Consolidated financial statements	
	Notes	2017	2016
Accrued expenses		404,682,369	369,585,879
Other current liabilities		(35,589,723)	(125,873,827)
Construction obligations		(486,557,239)	313,410,952
Deferred revenues		6,645,548,667	6,327,380,895
Electricity usage guarantee		1,809,389,705	1,889,933,693
Sales and service guarantee		42,367,459	62,829,555
Employee gratuity fund		761,520	794,048
Other non-current liabilities		39,836,443	142,679,319
Net cash provided by operating activities		47,831,834,051	58,189,050,026
Cash Flows from Investing Activities:			
Payment of short-term investments		(1,437,478,758)	(10,563,990,901)
Payment of investment in associates and joint venture		(5,473,130)	-
Dividend received from associates		39,022,500	39,270,000
Payment of property, plant and equipment		(4,653,567,996)	(5,045,693,086)
Payment of constructions in progress		(22,884,181,044)	(21,196,428,493)
Interest expense capitalized to constructions in progress		(293,320,470)	(447,373,746)
Payment of intangible assets		(25,609,232)	(314,884,816)
Payment of investment property		(425,374)	(260,280)
Net cash used in investing activities		(29,261,033,504)	(37,529,361,322)
Cash Flows from Financing Activities:			
Interest paid		(2,897,866,249)	(3,091,453,370)
Payment of long-term loans		(5,234,638,702)	(10,186,662,071)
Proceeds from long-term loans		3,300,000,000	4,000,000,000
Payment of financial lease liabilities		(1,251,588,705)	(1,096,720,975)
Remittance to the Ministry of Finance		(11,132,000,000)	(12,608,500,000)
Net cash used in financing activities		(17,216,093,656)	(22,983,336,416)
Net increase (decrease) in cash and cash equivalents		1,354,706,891	(2,323,647,712)
Cash and cash equivalents at the beginning of the period		2,114,251,315	4,437,899,027
Cash and cash equivalents at the end of the period	3.1, 5.1	3,468,958,206	2,114,251,315

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

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Unit: Baht	
	Separate financial statements	
	2017	2016
Cash Flows from Operating Activities:		
Profit for the year	27,452,219,284	25,887,823,523
Adjustments of profit to net cash provided by (used in)		
operating activities:		
Depreciation and amortization	19,873,623,557	19,169,630,476
Bad debts and doubtful accounts	13,014,796	12,151,225
Provision for obsolete materials and supplies	(3,675,456)	29,133,316
Amortization of deferred revenues	(3,930,159,376)	(3,748,185,276)
Employee benefit obligations	41,837,690	257,906,177
Long-term provisions	9,884,956	3,447,930
Loss on disposal of assets	147,990,449	33,809,730
Gain on disposal of materials and supplies	(6,378,674)	(12,970,585)
Loss (gain) on foreign exchange	10,555,759	(20,950,374)
Other non-operating revenues	-	(105,550)
Interest income	(1,148,905,787)	(1,205,569,760)
Interest expense	3,054,465,381	3,085,534,146
Profit from operating activities before changes in operating assets and liabilities	45,514,472,579	43,491,654,978
Changes in operating assets (increase) decrease		
Trade accounts receivable	(2,462,818,619)	1,633,479,498
Other accounts receivable	(259,520,796)	44,039,398
Accrued revenues	(56,833,748)	2,765,608,621
Interest received	1,149,323,145	1,503,337,209
Materials and supplies	(3,575,577,163)	327,056,722
Special-purpose deposits at financial institutions	(3,285,034,281)	1,682,594,999
Undue input VAT	(72,474,921)	138,184,511
Advance payments to suppliers	(566,637,805)	176,345,873
Other current assets	(20,462,247)	41,454,978
Other non-current assets	10,986,515	(66,008,918)
Changes in operating liabilities increase (decrease)		
Trade accounts payable	3,065,672,321	(2,666,595,938)
Other accounts payable	31,831,735	15,323,325
Advance received per contract	113,848,838	128,247,757
Deposits payable	(18,910,620)	(1,762,576)

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

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

		Unit: Baht	
		Separate financial statements	
	Notes	2017	2016
Accrued expenses		331,897,256	366,610,509
Other current liabilities		(36,066,597)	(126,464,608)
Construction obligations		(486,557,239)	313,410,952
Deferred revenues		6,645,548,667	6,327,380,895
Electricity usage guarantee		1,809,389,705	1,889,933,693
Sales and service guarantee		42,396,859	63,159,930
Employee gratuity fund		761,520	794,048
Other non-current liabilities		39,836,443	142,735,006
Net cash provided by operating activities		<u>47,915,071,547</u>	<u>58,190,520,862</u>
Cash Flows from Investing Activities:			
Payment of short-term investments		(1,435,888,058)	(10,453,000,000)
Payment of investment in subsidiary		(225,000,000)	-
Payment of property, plant and equipment		(4,652,909,616)	(5,044,782,473)
Payment of constructions in progress		(22,884,181,044)	(21,196,428,493)
Interest expense capitalized to constructions in progress		(293,320,470)	(447,373,746)
Payment of intangible assets		(25,562,689)	(314,794,817)
Payment of investment property		(425,374)	(260,280)
Net cash used in investing activities		<u>(29,517,287,251)</u>	<u>(37,456,639,809)</u>
Cash Flows from Financing Activities:			
Interest paid		(2,897,866,249)	(3,091,453,370)
Payment of long-term loans		(5,234,638,702)	(10,186,662,071)
Proceeds from long-term loans		3,300,000,000	4,000,000,000
Payment of financial lease liabilities		(1,250,854,063)	(1,095,986,333)
Remittance to the Ministry of Finance		(11,132,000,000)	(12,608,500,000)
Net cash used in financing activities		<u>(17,215,359,014)</u>	<u>(22,982,601,774)</u>
Net increase (decrease) in cash and cash equivalents		<u>1,182,425,282</u>	<u>(2,248,720,721)</u>
Cash and cash equivalents at the beginning of the period		<u>1,815,000,305</u>	<u>4,063,721,026</u>
Cash and cash equivalents at the end of the period	3.1, 5.1	<u><u>2,997,425,587</u></u>	<u><u>1,815,000,305</u></u>

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

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. General Information

Provincial Electricity Authority was established as a state enterprise for public utility under 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.

Provincial Electricity Authority has extensive transactions and relationships with 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 Statement 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 Department of Business Development “Definition of the abbreviated components required in the Financial Statements (2nd Edition), B.E. 2559 (2016)”, dated October 11, B.E. 2559 (2016).

The consolidated and the separate financial statements have been prepared under the historical cost convention with the exception as disclosed in Note 3 Summary, 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’s significant 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, investments in joint venture and investments in subsidiary are presented in Notes 5.8, 5.9 and 5.10, respectively.

Investments in associates and joint venture have been presented in the consolidated financial statements under the equity method.

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Separate financial statements include financial statements of Provincial Electricity Authority, which include transactions of PEA Employee Gratuity Fund and investments in subsidiary and associates have been presented in the separate financial statements under the cost method.

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, 2017 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, 2018 are as follows:

Thai Accounting Standards	Title
No.1 (revised 2017)	Presentation of Financial Statements
No.2 (revised 2017)	Inventories
No.7 (revised 2017)	Statement of Cash Flows
No.8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
No.10 (revised 2017)	Events after the Reporting Period
No.11 (revised 2017)	Construction Contracts
No.12 (revised 2017)	Income Taxes
No.16 (revised 2017)	Property, Plant and Equipment
No.17 (revised 2017)	Leases
No.18 (revised 2017)	Revenue
No.19 (revised 2017)	Employee Benefits
No.20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
No.21 (revised 2017)	The Effects of Changes in Foreign Exchange Rate
No.23 (revised 2017)	Borrowing Costs
No.24 (revised 2017)	Related Party Disclosures
No.26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
No.27 (revised 2017)	Separate Financial Statements

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Thai Accounting Standards (Continued)	Title
No.28 (revised 2017)	Investments in Associates and Joint Ventures
No.29 (revised 2017)	Financial Reporting in Hyperinflationary Economies
No.33 (revised 2017)	Earnings per Share
No.34 (revised 2017)	Interim Financial Reporting
No.36 (revised 2017)	Impairment of Assets
No.37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
No.38 (revised 2017)	Intangible Assets
No.40 (revised 2017)	Investment Property
No.41 (revised 2017)	Agriculture
Thai Financial Reporting Standards	Title
No.2 (revised 2017)	Share-based Payment
No.3 (revised 2017)	Business Combinations
No.4 (revised 2017)	Insurance Contracts
No.5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
No.6 (revised 2017)	Exploration for and Evaluation of Mineral Resources
No.8 (revised 2017)	Operating Segments
No.10 (revised 2017)	Consolidated Financial Statements
No.11 (revised 2017)	Joint Arrangements
No.12 (revised 2017)	Disclosure of Interests in Other Entities
No.13 (revised 2017)	Fair Value Measurement
Thai Standing Interpretations	Title
No.10 (revised 2017)	Government Assistance - No Specific Relation to Operating Activities
No.15 (revised 2017)	Operating Leases - Incentives
No.25 (revised 2017)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
No.27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
No.29 (revised 2017)	Service Concession Arrangements: Disclosures
No.31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
No.32 (revised 2017)	Intangible Assets - Web Site Costs

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Thai Financial Reporting Interpretations	Title
No.1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
No.4 (revised 2017)	Determining whether an Arrangement contains a Lease
No.5 (revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
No.7 (revised 2017)	Applying the Restatement Approach Under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies
No.10 (revised 2017)	Interim Financial Reporting and Impairment
No.12 (revised 2017)	Service Concession Arrangements
No.13 (revised 2017)	Customer Loyalty Programmes
No.14 (revised 2017)	TAS 19 (revised 2017) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
No.15 (revised 2017)	Agreements for the Construction of Real Estate
No.17 (revised 2017)	Distributions of Non-cash Assets to Owners
No.18 (revised 2017)	Transfers of Assets from Customers
No.20 (revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
No.21 (revised 2017)	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

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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 statements of financial position, are deposits to be used within one accounting period and with the specific purposes and conditions. Special-purpose deposits comprises of electricity usage guarantee fund, sinking fund for repayment of bonds, and restricted cash. All of which can be used in Provincial Electricity Authority’s activities in case of Provincial Electricity Authority having the deficits in working capital. Interest from electricity usage guarantee fund is used for benefits of electricity users and KFW special fund is used for scholarships, training, analysis and research.

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 and joint venture

Investments in associates and joint venture 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 measure 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.

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 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.

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 accounts payable, 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 who 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 on 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 benefit obligations

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 5.26.

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, unused portion of personal leaves of employees, 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 Executives' remunerations

Executives' remunerations represent 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 expense 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.

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.

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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 trade accounts payable, 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.

4. Reclassification

Some items presented in statements of financial position as at December 31, 2016 and January 1, 2016 are reclassified in accordance with the presentation of statements of financial position as at December 31, 2017, which are summarized as follows:

			Unit: Million Baht	
			Consolidated financial statements	
Items	Previously shown items	Reclassified as	<u>Dec. 31, 2016</u>	<u>Jan. 1, 2016</u>
Accounts payable - domestic	Trade accounts payable	Other accounts payable	733.58	780.10
Suspense payable - unbilled	Trade accounts payable	Other accounts payable	902.95	1,039.24
			Unit: Million Baht	
			Separate financial statements	
Items	Previously shown items	Reclassified as	<u>Dec. 31, 2016</u>	<u>Jan. 1, 2016</u>
Accounts payable - domestic	Trade accounts payable	Other accounts payable	694.98	763.99
Suspense payable - unbilled	Trade accounts payable	Other accounts payable	902.95	1,039.24

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Some items presented in statements of comprehensive income for the year ended December 31, 2016 are reclassified in accordance with the presentation on statements of comprehensive income for the year ended December 31, 2017.

Unit: Million Baht			
Consolidated financial statements			
Items	Previously shown items	Reclassified as	<u>Dec. 31, 2016</u>
Service fee paid on lump sum basis	Other operating expenses	Preventive, repair, maintenance and construction expenses	226.30

Unit: Million Baht			
Separate financial statements			
Items	Previously shown items	Reclassified as	<u>Dec. 31, 2016</u>
Service fee paid on lump sum basis	Other operating expenses	Preventive, repair, maintenance and construction expenses	210.15

5. Supplementary information

5.1 Cash and cash equivalents consist of:

Unit: Million Baht				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>
Cash	41.26	38.58	41.25	38.01
Cash at banks: - Current accounts	1.27	1.26	1.27	1.25
- Savings accounts	3,190.54	1,841.19	2,954.91	1,775.74
- Fixed deposits	<u>235.89</u>	<u>233.22</u>	<u>-</u>	<u>-</u>
Total	<u>3,468.96</u>	<u>2,114.25</u>	<u>2,997.43</u>	<u>1,815.00</u>

5.2 Short-term investments

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

As at December 31, 2017 and 2016, Provincial Electricity Authority and its subsidiary have short-term investments in the consolidated financial statement amounting Baht 23,048.47 million and Baht 21,610.99 million, respectively.

As at December 31, 2017 and 2016, Provincial Electricity Authority has short-term investments in the separate financial statement amounting Baht 22,935.89 million and Baht 21,500.00 million, respectively.

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5.3 Trade accounts receivable consist of:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>
Accounts receivable from sales of electricity	32,912.02	30,498.37	32,912.02	30,498.37
Account receivable from sales of equipment and rendering services	<u>1,546.95</u>	<u>1,508.05</u>	<u>1,528.14</u>	<u>1,485.33</u>
Total	<u>34,458.97</u>	<u>32,006.42</u>	<u>34,440.16</u>	<u>31,983.70</u>

5.3.1 Accounts receivable from sales of electricity are as follows:

	Unit: Million Baht			
	Consolidated and separate financial statements			
	<u>Dec. 31, 2017</u>			<u>Dec. 31, 2016</u>
	<u>Public Sector</u>	<u>Private Sector</u>	<u>Total</u>	<u>Total</u>
Outstanding period				
1 month - 6 months	3,931.53	31,005.48	34,937.01	32,292.41
Over 6 months - 1 year	62.43	38.79	101.22	139.02
Over 1 year	<u>83.84</u>	<u>1,395.39</u>	<u>1,479.23</u>	<u>1,484.57</u>
	4,077.80	32,439.66	36,517.46	33,916.00
<u>Less</u> Undue output VAT	<u>(265.08)</u>	<u>(2,102.57)</u>	<u>(2,367.65)</u>	<u>(2,195.91)</u>
	3,812.72	30,337.09	34,149.81	31,720.09
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>(1,237.79)</u>	<u>(1,237.79)</u>	<u>(1,221.72)</u>
Total	<u>3,812.72</u>	<u>29,099.30</u>	<u>32,912.02</u>	<u>30,498.37</u>

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	
	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>
Receivables from sales and rendering services	335.24	429.35	316.43	406.07
Receivables from construction obligations	1,135.24	997.31	1,135.24	997.31
Other accounts receivable	<u>247.86</u>	<u>267.16</u>	<u>247.86</u>	<u>267.16</u>
	1,718.34	1,693.82	1,699.53	1,670.54
<u>Less</u> Undue output VAT	<u>(109.32)</u>	<u>(107.85)</u>	<u>(109.32)</u>	<u>(107.30)</u>
	1,609.02	1,585.97	1,590.21	1,563.24
<u>Less</u> Allowance for doubtful accounts	<u>(62.07)</u>	<u>(77.92)</u>	<u>(62.07)</u>	<u>(77.92)</u>
Total	<u>1,546.95</u>	<u>1,508.05</u>	<u>1,528.14</u>	<u>1,485.32</u>

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5.4 Other accounts receivable consist of:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Other accounts receivable	615.81	361.57	615.81	360.95
Prepaid expenses	32.64	30.87	28.84	30.85
Total	648.45	392.44	644.65	391.80

5.5 Accrued revenues consist of:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Accrued interest	427.92	428.42	426.95	427.37
Accrued revenues from the				
Power Development Fund	3,549.47	5,153.51	3,549.47	5,153.51
Other accrued revenues	295.97	202.15	203.21	197.95
Total	4,273.36	5,784.08	4,179.63	5,778.83

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

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5.6 Materials and supplies consist of:

	Consolidated		Unit: Million Baht Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>
Materials and supplies				
Operating materials and supplies	1,216.97	499.61	1,216.97	499.61
Materials and supplies for construction and maintenance	2,161.95	572.68	2,155.61	569.69
Materials and supplies for repair	1,119.00	1,100.89	1,119.00	1,100.89
Demolition materials and supplies, and obsolete materials and supplies	302.90	245.30	302.90	245.30
Materials and supplies pending for adjustments	61.36	70.02	61.36	70.02
	<u>4,862.18</u>	<u>2,488.50</u>	<u>4,855.84</u>	<u>2,485.51</u>
Materials and supplies in transit	<u>10.36</u>	<u>7.82</u>	<u>10.36</u>	<u>7.82</u>
	<u>4,872.54</u>	<u>2,496.32</u>	<u>4,866.20</u>	<u>2,493.33</u>
<u>Less</u> Allowance for obsolete materials and supplies	(23.65)	(18.66)	(23.65)	(18.66)
Allowance for loss or misstated or lost materials and supplies under investigation	<u>(61.36)</u>	<u>(70.02)</u>	<u>(61.36)</u>	<u>(70.02)</u>
Total	<u>4,787.53</u>	<u>2,407.64</u>	<u>4,781.19</u>	<u>2,404.65</u>

For the years ended December 31, 2017 and 2016, allowance for obsolete materials and supplies and allowance for loss or misstated or lost materials and supplies under investigation are recognized as decrease in expense and expense amounting to Baht (3.67) million and Baht 29.13 million, respectively.

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5.7 Special-purpose deposits at financial institutions consist of:

	Consolidated		Unit: Million Baht Separate	
	financial statements		financial statements	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Electricity usage guarantee fund (Note 5.25)				
Current accounts	0.001	0.001	0.001	0.001
Savings accounts	0.012	0.012	0.012	0.012
Fixed deposits	27,207.37	25,380.96	27,207.37	25,380.96
	<u>27,207.38</u>	<u>25,380.97</u>	<u>27,207.38</u>	<u>25,380.97</u>
Sinking fund for repayment of bonds				
Current accounts	0.001	0.001	0.001	0.001
Savings accounts	779.40	6.44	779.40	6.44
Fixed deposits	2,030.49	2,205.00	2,030.49	2,205.00
	<u>2,809.89</u>	<u>2,211.44</u>	<u>2,809.89</u>	<u>2,211.44</u>
Interest from electricity usage guarantee fund				
Current accounts	0.001	0.001	0.001	0.001
Savings accounts	10.27	29.10	10.27	29.10
Fixed deposits	4,563.37	4,149.72	4,563.37	4,149.72
	<u>4,573.64</u>	<u>4,178.82</u>	<u>4,573.64</u>	<u>4,178.82</u>
KFW special fund				
Current accounts	0.001	0.001	0.001	0.001
Savings accounts	16.44	33.27	16.44	33.27
Fixed deposits	169.21	139.21	169.21	139.21
	<u>185.65</u>	<u>172.48</u>	<u>185.65</u>	<u>172.48</u>
Restricted cash				
Current accounts	0.004	0.004	0.004	0.004
Savings accounts	1,680.70	1,228.50	1,680.70	1,228.50
Fixed deposits	50.00	-	-	-
	<u>1,730.70</u>	<u>1,228.50</u>	<u>1,680.70</u>	<u>1,228.50</u>
Total	<u>36,507.26</u>	<u>33,172.22</u>	<u>36,457.26</u>	<u>33,172.22</u>

Electricity usage guarantee fund, restricted cash for guarantee of employees' loans and sinking fund for repayment of bonds are deposited 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 and KFW special fund are deposited at financial institutions which are restricted for specific purposes as determined by Provincial Electricity Authority.

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

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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 to generate and sell electricity energy to Provincial Electricity Authority 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, 2017 and 2016, investments in associates consist of:

<u>Associates</u>	Unit: Million Baht			
	Dec. 31, 2017		Dec. 31, 2016	
	Cost Method	Equity Method	Cost Method	Equity Method
1. Solar Power (Surin 1) Co., Ltd.	41.25	77.99	41.25	70.04
2. Solar Power (Surin 2) Co., Ltd.	41.25	74.36	41.25	66.04
3. Solar Power (KhonKaen 10) Co., Ltd	41.25	75.24	41.25	67.11
4. Solar Power (Loei 2) Co., Ltd	41.25	76.95	41.25	68.86
	<u>165.00</u>	<u>304.54</u>	<u>165.00</u>	<u>272.05</u>

5.9 Investments in joint venture

Investments in joint venture in the consolidated financial statements is the investment of PEA Encom International Company Limited, the subsidiary of Provincial Electricity Authority, which has entered into a joint venture agreement in the name of PEA Encom Fah Chai joint venture to install and provide service on solar cell electricity generating system on March 8, 2017. The investment accounts for 25% of registered capital amounting to Baht 5.47 million and are calculated using the equity method.

As at December 31, 2017 and 2016, investments in joint venture consists of:

<u>Joint venture</u>	Unit: Million Baht			
	Dec. 31, 2017		Dec. 31, 2016	
	Cost Method	Equity Method	Cost Method	Equity Method
PEA Joint Venture Encom Fah Chai	5.47	5.43	-	-
Total	<u>5.47</u>	<u>5.43</u>	<u>-</u>	<u>-</u>

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5.10 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, 2017 and 2016, the investments in subsidiary presented in the separate financial statements of Baht 782.28 million and Baht 557.28 million, respectively.

5.11 Investment property consist of:

Unit: Million Baht

	Consolidated and separate financial statements		
	Land and land improvements	Vacant building	Total
Cost			
As at January 1, 2017	289.43	474.99	764.42
- Additions	0.24	2.16	2.40
- Decrease	(104.33)	-	(104.33)
As at December 31, 2017	<u>185.34</u>	<u>477.15</u>	<u>662.49</u>
Accumulated depreciation			
As at January 1, 2017	-	58.62	58.62
- Additions	-	17.85	17.85
As at December 31, 2017	<u>-</u>	<u>76.47</u>	<u>76.47</u>
Net book value			
As at December 31, 2016	<u>289.43</u>	<u>416.37</u>	<u>705.80</u>
As at December 31, 2017	<u>185.34</u>	<u>400.68</u>	<u>586.02</u>

As at December 31, 2017 and 2016, according to the appraisal value announced by the Treasury department, land has total fair value of Baht 444.16 million and Baht 482.57 million, respectively, and buildings have fair value of Baht 194.81 million and Baht 193.30 million, respectively.

Provincial Electricity Authority has rental income on investment property for the years ended December 31, 2017 and 2016, amounting to Baht 25.21 million and Baht 25.08 million, respectively. The acquisition cost of land used for rentals as at December 31, 2017 and 2016, are Baht 137.46 million and Baht 137.69 million, respectively.

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5.12 Property, plant and equipment consist of:

Unit: Million Baht

	Consolidated financial statements							
	Land and land improvements	Buildings and constructions	Electricity generating systems	Electricity distributing systems	Furniture, tools and equipment	Vehicles	Vehicles under Finance leases	Total
Cost								
As at January 1, 2017	12,008.36	14,725.92	2,294.48	416,730.14	20,487.95	9,136.59	1,107.64	476,493.08
- Additions	1,215.36	623.54	41.67	26,219.48	1,454.75	780.00	581.57	30,916.37
- Disposals/decreases	(324.43)	(38.64)	(14.55)	(2,376.84)	(275.37)	(34.16)	(10.57)	(3,074.56)
As at December 31, 2017	12,899.29	15,310.82	2,321.60	440,572.78	21,669.33	9,882.43	1,678.64	504,334.89
Accumulated depreciation								
As at January 1, 2017	1,337.60	5,569.44	1,068.22	206,548.94	11,816.89	7,250.11	403.87	233,995.07
- Additions	130.73	472.06	82.34	16,711.85	1,430.18	334.36	267.12	19,428.64
- Disposals/decreases	(7.71)	(36.66)	(5.72)	(2,038.42)	(252.23)	(34.68)	(10.56)	(2,385.98)
As at December 31, 2017	1,460.62	6,004.84	1,144.84	221,222.37	12,994.84	7,549.79	660.43	251,037.73
Net book value								
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
As at December 31, 2017	11,438.67	9,305.98	1,176.76	219,350.41	8,674.49	2,332.64	1,018.21	253,297.16

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Unit: Million Baht

	Separate financial statements							
	Land and land improvements	Buildings and constructions	Electricity generating systems	Electricity distributing systems	Furniture, tools and equipment	Vehicles	Vehicles under Finance leases	Total
Cost								
As at January 1, 2017	12,008.36	14,725.92	2,294.48	416,730.14	20,487.98	9,136.59	1,104.57	476,488.04
- Additions	1,215.36	623.54	41.67	26,219.48	1,454.09	780.00	581.57	30,915.71
- Disposals/decreases	(324.43)	(38.64)	(14.55)	(2,376.84)	(275.37)	(34.16)	(10.57)	(3,074.56)
As at December 31, 2017	12,899.29	15,310.82	2,321.60	440,572.78	21,666.70	9,882.43	1,675.57	504,329.19
Accumulated depreciation								
As at January 1, 2017	1,337.60	5,569.44	1,068.22	206,548.94	11,816.12	7,250.11	402.10	233,992.53
- Additions	130.73	472.06	82.34	16,711.85	1,429.83	334.36	266.51	19,427.68
- Disposals/decreases	(7.71)	(36.66)	(5.72)	(2,038.42)	(252.23)	(34.68)	(10.56)	(2,385.98)
As at December 31, 2017	1,460.62	6,004.84	1,144.84	221,222.37	12,993.72	7,549.79	658.05	251,034.23
Net book value								
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
As at December 31, 2017	11,438.67	9,305.98	1,176.76	219,350.41	8,672.98	2,332.64	1,017.52	253,294.96

The fully depreciated plant and equipment that continue to be used by Provincial Electricity Authority and its subsidiary as at December 31, 2017 and 2016, are amounting to Baht 0.88 million and Baht 0.75 million, respectively.

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5.13 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, 2017	25,860.89	5,122.99	0.08	30,983.96
- Additions	18,494.93	6,343.73	0.02	24,838.68
- Decreases	(18,328.41)	(6,477.32)	(0.10)	(24,805.83)
As at December 31, 2017	<u>26,027.41</u>	<u>4,989.40</u>	<u>-</u>	<u>31,016.81</u>

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)
As at December 31, 2016	<u>25,860.89</u>	<u>5,122.99</u>	<u>0.08</u>	<u>30,983.96</u>

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5.14 Intangible assets consist of:

Unit: Million Baht

	Consolidated financial statements		
	Computer software licenses	Finance lease assets	Total
Cost			
As at January 1, 2017	3,473.35	2,201.31	5,674.66
- Additions	25.68	-	25.68
- Disposals/decreases	(99.10)	-	(99.10)
As at December 31, 2017	<u>3,399.93</u>	<u>2,201.31</u>	<u>5,601.24</u>
Accumulated amortization			
As at January 1, 2017	3,012.18	72.16	3,084.34
- Additions	185.11	660.34	845.45
- Disposals/decreases	(99.05)	-	(99.05)
As at December 31, 2017	<u>3,098.24</u>	<u>732.50</u>	<u>3,830.74</u>
Net book value			
As at December 31, 2016	<u>461.17</u>	<u>2,129.15</u>	<u>2,590.32</u>
As at December 31, 2017	<u>301.69</u>	<u>1,468.81</u>	<u>1,770.50</u>

Unit: Million Baht

	Separate financial statements		
	Computer software licenses	Finance lease assets	Total
Cost			
As at January 1, 2017	3,473.17	2,201.32	5,674.49
- Additions	25.63	-	25.63
- Disposals/decreases	(99.10)	-	(99.10)
As at December 31, 2017	<u>3,399.70</u>	<u>2,201.32</u>	<u>5,601.02</u>
Accumulated amortization			
As at January 1, 2017	3,012.14	72.16	3,084.30
- Additions	185.07	660.34	845.41
- Disposals/decreases	(99.05)	-	(99.05)
As at December 31, 2017	<u>3,098.16</u>	<u>732.50</u>	<u>3,830.66</u>
Net book value			
As at December 31, 2016	<u>461.03</u>	<u>2,129.16</u>	<u>2,590.19</u>
As at December 31, 2017	<u>301.54</u>	<u>1,468.82</u>	<u>1,770.36</u>

The fully amortized intangible assets that continue to be used by Provincial Electricity Authority and its subsidiary as at December 31, 2017 and 2016, are amounting to Baht 0.005 million.

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5.15 Other non-current assets consist of:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Employee receivables	72.21	66.53	72.21	66.53
Long-term receivables	66.37	91.94	66.37	91.94
Deferred expenses	21.85	13.44	21.85	13.44
Retentions and deposits	15.01	2.64	2.84	2.64
Withholding taxes	1.83	1.31	-	-
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	0.32	0.03	0.32	0.03
Total	177.61	175.91	163.61	174.60

5.16 Other accounts payable consist of:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Accounts payable for goods or services - domestic	929.75	733.58	902.84	694.98
Suspense payable - unbilled	843.42	902.95	843.42	902.95
Other accounts payable	282.18	314.67	282.08	314.75
Unearned revenues	321.68	336.69	321.68	336.69
Total	2,377.03	2,287.89	2,350.02	2,249.37

Consolidated and separate financial statements as at December 31, 2017 and 2016, suspense payable-unbilled amounting to Baht 843.42 million and Baht 902.95 million, respectively, represent payable for goods or services received but Provincial Electricity Authority has not received invoices from payables.

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5.17 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, 2017	Dec. 31, 2016
Domestic loans					
- Ministry of Finance	1988 - 2031	Canadian Dollar	Interest free	210.91	233.79
- Bonds	2005 - 2040	Baht	2.40 - 6.84	75,460.00	77,250.00
Total domestic loans				<u>75,670.91</u>	<u>77,483.79</u>
Foreign loans					
- Financial institutions	2000 - 2020	Euro	2.00	248.83	330.11
	2007 - 2023	Euro	8.00 *	231.17	261.09
Total foreign loans				<u>480.00</u>	<u>591.20</u>
Total long - term loans				76,150.91	78,074.99
<u>Less</u> Current portion				<u>7,538.41</u>	<u>5,234.60</u>
Total				<u>68,612.50</u>	<u>72,840.39</u>

* Borrowing interest rate of 8% per annum under the loan contract includes interest expense that Provincial Electricity Authority paid to KFW special 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 cost of assets at interest rates of 2.40 - 6.84% per annum.

Interest expenses on loans for the years ended December 31, 2017 and 2016, amounting to Baht 3,158.09 million and Baht 3,440.64 million, respectively, are capitalized as cost of construction in progress amounting to Baht 293.32 million and Baht 447.37 million and are recognized as expenses in the statements of comprehensive income for Baht 2,864.77 million and Baht 2,993.27 million, respectively.

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5.18 Finance lease liabilities consist of:

Unit: Million Baht

Consolidated financial statements						
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Present value of finance lease liabilities						
- Computer software systems	709.76	666.22	876.68	1,525.24	1,586.44	2,191.46
- Vehicles	310.61	218.68	749.58	518.31	1,060.19	736.99
Total	1,020.37	884.90	1,626.26	2,043.55	2,646.63	2,928.45

Unit: Million Baht

Separate financial statements						
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Present value of finance lease liabilities						
- Computer software systems	709.76	666.22	876.68	1,525.24	1,586.44	2,191.46
- Vehicles	309.86	217.97	749.49	517.52	1,059.35	735.49
Total	1,019.62	884.19	1,626.17	2,042.76	2,645.79	2,926.95

5.18.1 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, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Finance lease liabilities	795.60	795.60	918.00	1,652.40	1,713.60	2,448.00
Less Future financial charge	(85.84)	(129.38)	(41.32)	(127.16)	(127.16)	(256.54)
Present value of finance lease liabilities	709.76	666.22	876.68	1,525.24	1,586.44	2,191.46

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5.18.2 Finance lease liabilities – vehicles

Unit: Million Baht

Consolidated financial statements						
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
	Finance lease liabilities	376.09	264.69	832.94	571.63	1,209.03
<u>Less</u> Future financial charge	(65.48)	(46.01)	(83.36)	(53.32)	(148.84)	(99.33)
Present value of finance lease liabilities	310.61	218.68	749.58	518.31	1,060.19	736.99

Unit: Million Baht

Separate financial statements						
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
	Finance lease liabilities	375.30	263.89	832.85	570.81	1,208.15
<u>Less</u> Future financial charge	(65.44)	(45.92)	(83.36)	(53.29)	(148.80)	(99.21)
Present value of finance lease liabilities	309.86	217.97	749.49	517.52	1,059.35	735.49

5.19 Accrued remittance to the Ministry of Finance consist of:

Unit: Million Baht

	Consolidated and separate financial statements	
	Dec. 31, 2017	Dec. 31, 2016
Beginning balance	7,094.50	6,672.00
Adjustment for remittance to the Ministry of Finance	(1,655.00)	(8.00)
Reserve for remittance to public revenues 45% of net profit	13,857.00	13,039.00
Remit to public revenues during the year	(11,132.00)	(12,608.50)
Total	8,164.50	7,094.50

Adjustment for remittance to the Ministry of Finance in the year 2017 amounting to Baht 1,655.00 million is an item that the State Enterprise Policy Office has conceded to use a VAT obligation in connection with a free electricity subsidy for the underprivileged users policy amounting to Baht 1,655.61 million as a deduction from remittance to Ministry of Finance in the year 2016. Meanwhile, Provincial Electricity Authority sets the additional provision on accrued remittance to the Ministry of Finance in the year 2016 amounting to Baht 0.61 million.

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.

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5.20 Deposits payable consist of:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2017	Dec. 31, 2016
Accrued remittance to the Power Development Fund	356.67	350.75
Pending repayment electricity usage guarantee	224.29	238.00
Other deposits payable	99.56	110.68
Total	680.52	699.43

5.21 Other current liabilities consist of:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Retentions and deposits	328.71	351.80	328.13	351.21
Withholding tax payable	0.51	0.03	-	-
Suspense accounts	105.82	118.80	105.82	118.80
Provisions	1.67	2.15	1.67	2.15
Total	436.71	472.78	435.62	472.16

5.22 Long-term provisions

Consolidated and separate financial statements as at December 31, 2017 and 2016, amounting to Baht 208.01 million and Baht 197.64 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 39 lawsuits and for 32 lawsuits, respectively.

5.23 Construction obligations

Consolidated and separate financial statements as at December 31, 2017 and 2016, amounting to Baht 9,272.15 million and Baht 9,758.70 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.

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5.24 Deferred revenues consist of:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2017	Dec. 31, 2016
Contributions for construction	46,920.98	44,161.03
Deferred revenues	1,588.98	1,618.92
Deferred rental revenue	380.46	395.09
Total	48,890.42	46,175.04

5.25 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 statements	
	Dec. 31, 2017	Dec. 31, 2016
Electricity usage guarantee fund (Note 5.7)	27,207.38	25,380.97
Electricity usage guarantee - additional deposits by Provincial Electricity Authority	146.49	163.51
Total	27,353.87	25,544.48

5.26 Employee Gratuity Fund

As at December 31, 2017 and 2016, Employee Gratuity Fund is as follows:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2017	Dec. 31, 2016
Beginning balance	7.88	7.08
<u>Add</u> Contributions during the year	0.33	1.12
Deficit in the plan	0.43	-
Deficit of revenues over expenses for the year	(0.03)	(0.02)
	8.61	8.18
<u>Less</u> Surplus in the plan	-	0.32
Refunds for shortage in the gratuity fund over obligations	(0.03)	(0.02)
Ending balance of fund equal to obligations to be paid to resigned employees	8.64	7.88

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5.27 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, 2017 and 2016, employee benefit obligations are as follows:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>
Post-employment benefits under defined benefit plans				
Retirement pension	11,247.53	11,037.75	11,246.67	11,036.84
Retirement souvenir gifts	326.43	318.91	326.43	318.91
Accumulate vacation leave remains at retirement	<u>1,128.51</u>	<u>1,104.82</u>	<u>1,128.51</u>	<u>1,104.82</u>
Total post-employment benefits under defined benefit plans	12,702.47	12,461.48	12,701.61	12,460.57
Other long-term employee benefits				
Souvenir gifts for completing agreed period	<u>381.23</u>	<u>371.37</u>	<u>381.23</u>	<u>371.37</u>
Total other long-term employee benefits	381.23	371.37	381.23	371.37
Total	<u>13,083.70</u>	<u>12,832.85</u>	<u>13,082.84</u>	<u>12,831.94</u>

Post-employment benefits under defined benefit plans and other long-term employee benefits presented in the statements of comprehensive income as at December 31, 2017 and 2016, are as follows:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>
Current service costs	674.45	647.42	674.18	647.16
Interest cost	400.33	441.23	400.30	441.23
Actual cost	(1,032.64)	(830.46)	(1,032.64)	(830.46)
Actuarial losses on post-employment benefit plans	<u>208.71</u>	<u>1,543.76</u>	<u>209.06</u>	<u>1,543.80</u>
Total	<u>250.85</u>	<u>1,801.95</u>	<u>250.90</u>	<u>1,801.71</u>

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Movement in the present value of the provisions for benefit plans for the years ended December 31, 2017 and 2016, are as follows:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>
Beginning balance of the defined benefit obligations	12,832.85	11,030.90	12,831.94	11,030.23
Current service costs	674.45	647.42	674.18	647.16
Interest cost	400.33	441.23	400.30	441.21
Actual cost	(1,032.64)	(830.46)	(1,032.64)	(830.46)
Actuarial losses on post-employment benefit plans	<u>208.71</u>	<u>1,543.76</u>	<u>209.06</u>	<u>1,543.80</u>
Ending balance of the defined benefit obligations	<u>13,083.70</u>	<u>12,832.85</u>	<u>13,082.84</u>	<u>12,831.94</u>

Actuarial assumptions used for the calculation of provisions under post-employment benefit plans as at December 31, 2017 and 2016, are as follows:

	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>
	(percentage)	(percentage)
Discount rate	3.13	3.13
Inflation rate	2.50	2.50
Salary growth rate	7.00 – 9.00	7.00 – 9.00
Employee turnover rate	0.00 – 7.00	0.00 – 7.00
Mortality rate	Thai mortality table for the year 2017	Thai mortality table for the year 2008, adjusted for estimation of death rate at 3.00 per year

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The sensitivity analysis for main assumptions used for the estimation based on actuarial science, which is used to determine the present value of obligation under the defined benefit plans as at December 31, 2017, are as follows:

	Unit: Million Baht		
	Change in present value of defined benefit obligation		
	Percent	Increase in rate	Decrease in rate
Discount rate	1	(1,116.37)	1,332.08
Inflation rate	1	38.73	(33.20)
Salary growth rate	1	1,486.21	(1,270.47)
Employee turnover rate	20	(91.94)	93.90
Mortality rate	1	78.35	(89.37)

Employee benefits expected to be paid

Year	Unit: Million Baht
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, 2017 and 2016, Provincial Electricity Authority contributes to the provident fund amounting to Baht 1,549.03 million and Baht 1,532.75 million, respectively.

5.28 Executives' remunerations consist of:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Directors' remunerations	15.71	17.41	14.68	15.68
Management's remunerations	115.51	111.84	115.51	111.84
Total	131.22	129.25	130.19	127.52

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5.29 Operating results

Operating results for the years ended December 31, 2017 and 2016 are as follows:

Unit: Million Baht

	Consolidated financial statements			
	Dec. 31, 2017	Dec. 31, 2016	Increase (Decrease)	Percentage
Operating revenues	461,766.46	454,647.09	7,119.37	1.57
Operating expenses	433,039.76	427,644.05	5,395.71	1.26
Operating income	28,726.70	27,003.04	1,723.66	6.38
Other revenues	2,139.79	2,148.16	(8.37)	(0.39)
Other expenses	349.52	176.68	172.84	97.83
Financial costs	3,056.54	3,087.74	(31.20)	(1.01)
Share of profits of associates	71.48	69.61	1.87	2.69
Profit for the year	27,531.91	25,956.39	1,575.52	6.07

For the year ended December 31, 2017, Provincial Electricity Authority and its subsidiary have profit of Baht 27,531.91 million which increases from the same period of prior year by Baht 1,575.52 million and by 6.07% from the year 2016. The increase is attributable to increase in operating income by Baht 1,723.66 million, decrease in other revenues by Baht 8.37 million, increase in other expenses by Baht 172.84 million and decrease in financial costs by Baht 31.20 million, and increase in share of profits of associates by Baht 1.87 million.

Unit: Million Baht

	Separate financial statements			
	Dec. 31, 2017	Dec. 31, 2016	Increase (Decrease)	Percentage
Operating revenues	461,617.73	454,593.99	7,023.74	1.55
Operating expenses	432,889.22	427,584.44	5,304.78	1.24
Operating income	28,728.51	27,009.55	1,718.96	6.36
Other revenues	2,129.68	2,142.56	(12.88)	(0.60)
Other expenses	349.52	176.68	172.84	97.83
Financial costs	3,056.45	3,087.61	(31.16)	(1.01)
Profit for the year	27,452.22	25,887.82	1,564.40	6.04

For the year ended December 31, 2017, Provincial Electricity Authority has profit of Baht 27,452.22 million which increases from the same period of prior year by Baht 1,564.40 million and by 6.04% from the year 2016. The increase is attributable to increase in operating income by Baht 1,718.96 million, decrease in other revenues by Baht 12.88 million, increase in other expenses by Baht 172.84 million and decrease in financial costs by Baht 31.16 million.

Office of The National Broadcasting and Telecommunications Commission allowed Provincial Electricity Authority to operate the third type of telecommunication business (fiber optic) since March 1, 2007. For the year 2017, Provincial Electricity Authority has revenues from telecommunication business amounting to Baht 157.96 million which are recognized as other operating revenues.

Provincial Electricity Authority has received license to operate broadcasting and television business No. B1-F22051-0004-56 in providing assistance on broadcasting and television. The service includes a rental of electric pole for putting up cable line by National Broadcasting and Telecommunications Commission beginning from December 16, 2013 to December 15, 2028. For the year 2017 and 2016, Provincial Electricity Authority has revenues on rental of electric pole for putting up cable line from Cable TVs business amounting to Baht 20.08 million and Baht 19.06 million, respectively.

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 the electricity user of medium general services, of large general services and of specific business services 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. 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. For the year 2017, Provincial Electricity Authority has refunded the benefit to the customers amounting to Baht 23.45 million and recorded as other expenses.

According to the resolution of Energy Regulatory Commission No. ERC 5502/๓5088 dated on June 19, 2014 and No. ERC 5502/๓8907 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. In case that the users' power meter has been cut out of power supply but the electricity supply service agreement has not been terminated, the users are still entitled to receive the refunding interest. 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 2017, Provincial Electricity Authority is obliged to refund interest to the customers amounted to Baht 66.31 million and recorded as other expenses.

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5.30 Financial Information of Operating Segments

5.30.1 Statement of Financial position of operating segments are as follows:

Information from statements of financial position	Unit: Million Baht																	
	North			Northeast			Central			South			Headquarter			Consolidated financial Statements		
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016		
Trade accounts receivable	4,690.40	4,413.78	5,142.96	4,761.70	17,792.25	16,716.47	6,216.97	5,574.76	616.39	539.71	34,458.97	32,006.42						
Other current assets	876.14	923.80	1,026.30	1,445.50	1,030.56	981.30	901.63	858.45	73,151.12	64,867.79	76,985.75	69,076.84						
Property, plant and equipment	54,595.14	52,577.96	54,772.80	52,698.09	80,437.87	76,325.72	60,422.46	57,705.58	3,068.89	3,190.66	253,297.16	242,498.01						
Other non-current assets	4,859.56	4,898.40	5,884.16	5,674.57	11,120.12	11,414.85	7,035.88	8,243.68	4,961.20	4,496.54	33,860.92	34,728.04						
Total Assets	65,021.24	62,813.94	66,826.22	64,579.86	110,380.80	105,438.34	74,576.94	72,382.47	81,797.60	73,094.70	398,602.80	378,309.31						
Current Liabilities	40,781.92	40,092.19	46,858.25	46,587.97	(201,485.87)	(172,075.10)	17,731.47	18,723.54	160,185.71	123,652.21	64,071.48	56,980.81						
Long-term loans	-	-	-	-	-	-	-	-	68,612.50	72,840.39	68,612.50	72,840.39						
Other non-current liabilities	18,993.57	18,258.61	23,517.57	22,086.07	35,793.30	33,857.53	19,869.89	19,351.60	3,414.29	4,069.69	101,588.62	97,623.50						
Total Liabilities	59,775.49	58,350.80	70,375.82	68,674.04	(165,692.57)	(138,217.57)	37,601.36	38,075.14	232,212.50	200,562.29	234,272.60	227,444.70						
Equity	5,245.75	4,463.14	(3,549.60)	(4,094.18)	276,073.37	243,655.91	36,975.58	34,307.33	(150,414.90)	(127,467.59)	164,330.20	150,864.61						
Total Liabilities and Equity	65,021.24	62,813.94	66,826.22	64,579.86	110,380.80	105,438.34	74,576.94	72,382.47	81,797.60	73,094.70	398,602.80	378,309.31						

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5.30.2 Operating results of operating segments are as follows:

	Unit: Million Baht																	
	North			Northeast			Central			South			Headquarter			Consolidated financial Statements		
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016		
Information from statements of comprehensive income																		
Sales and service revenues	68,286.34	67,138.90	74,791.87	73,399.89	238,667.88	235,303.57	79,546.45	78,333.83	473.92	470.91	461,766.46	454,647.10						
Other revenues	111.51	73.64	153.64	81.75	385.72	503.32	180.96	129.39	1,307.96	1,360.06	2,139.79	2,148.16						
Total revenues	68,397.85	67,212.54	74,945.51	73,481.64	239,053.60	235,806.89	79,727.41	78,463.22	1,781.88	1,830.97	463,906.25	456,795.26						
Cost of electricity	56,335.66	55,864.14	61,970.60	61,232.63	192,104.18	190,208.27	65,366.72	64,365.55	-	-	375,777.16	371,670.59						
Employee compensations	4,771.30	4,756.99	5,238.45	5,244.10	5,303.64	5,067.79	4,247.83	4,203.02	3,913.73	3,887.79	23,474.95	23,159.69						
Employee benefit expenses	217.63	229.54	235.27	249.87	259.92	252.06	200.93	202.08	160.04	149.07	1,073.79	1,082.62						
Executives' remunerations	7.34	6.42	7.34	7.17	7.03	6.55	6.62	6.49	102.88	102.62	131.21	129.25						
Preventive, repair and maintenance, and construction expenses	844.64	779.52	829.87	686.22	1,369.68	1,512.53	867.56	917.89	813.23	808.73	4,724.98	4,704.89						
Depreciation and amortization expenses	4,041.22	3,881.71	4,263.94	4,068.33	5,667.18	5,414.38	4,508.07	4,322.85	1,222.67	1,320.01	19,703.08	19,007.28						
Other operating expenses	1,341.37	1,343.43	1,770.09	1,716.72	1,775.57	1,680.36	1,700.11	1,651.40	1,567.44	1,497.83	8,154.58	7,889.74						
Other expenses	7.10	41.54	29.38	(21.34)	91.56	76.18	113.81	64.60	107.67	15.70	349.52	176.68						
Financial costs	5.87	8.65	4.91	7.28	8.67	9.48	9.94	9.29	3,027.15	3,053.04	3,056.54	3,087.74						
Total expenses	67,572.13	66,911.94	74,349.85	73,190.98	206,587.43	204,227.60	77,021.59	75,743.17	10,914.81	10,834.79	436,445.81	430,908.48						
Share of profit of associates	-	-	-	-	-	-	-	-	71.48	69.61	71.48	69.61						
Income (loss) for the year	825.72	300.60	595.66	290.66	32,466.17	31,579.29	2,705.82	2,720.05	(9,061.45)	(8,994.21)	27,531.92	25,956.39						
Other comprehensive loss	(43.11)	(300.84)	(51.08)	(358.40)	(48.70)	(368.64)	(37.57)	(274.16)	(28.25)	(241.72)	(208.71)	(1,543.76)						
Total comprehensive income (loss) for the year	782.61	(0.24)	544.58	(67.74)	32,417.47	31,210.65	2,668.25	2,445.89	(9,089.70)	(9,175.93)	27,323.21	24,412.63						

(TRANSLATION)

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6. Related party transactions

Significant related party transactions are as follows:

6.1 Assets and liabilities, as at December 31, 2017 and 2016, significant related party transactions are as follows:

Item/Company's name	Relationship	Unit: Million Baht			
		Consolidated financial statements		Separate financial statements	
		<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>
Investments in associates					
Solar Power (SR1) Co., Ltd.	Subsidiary's associate	77.99	70.04	-	-
Solar Power (SR2) Co., Ltd.	Subsidiary's associate	74.36	66.03	-	-
Solar Power (KK10) Co., Ltd.	Subsidiary's associate	75.24	67.11	-	-
Solar Power (LO2) Co., Ltd.	Subsidiary's associate	76.95	68.86	-	-
Investments in joint venture					
PEA Encom Fah chai	Subsidiary's joint venture	5.43	-	-	-
Investments in subsidiary					
PEA Encom International Co., Ltd.	Subsidiary	-	-	782.28	557.28
Advance payments to suppliers					
PEA Encom International Co., Ltd.	Subsidiary	-	-	4.68	-
Undue input VAT					
PEA Encom International Co., Ltd.	Subsidiary	-	-	0.55	-
Trade accounts payable					
EGAT	Related party	28,199.66	26,780.07	28,199.66	26,780.07
Other accounts payable					
PEA Encom International Co., Ltd.	Subsidiary	-	-	0.01	0.09
Accrued expenses					
PEA Encom International Co., Ltd.	Subsidiary	-	-	8.46	-

(TRANSLATION)

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6.2 Revenues and expenses, related party transaction for the years ended December 31, 2017 and 2016, are as follows:

Item/Company's name	Relationship	Unit: Million Baht			
		Consolidated financial statements		Separate financial statements	
		<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>
Other operating revenues					
PEA Encom International Co., Ltd.	Subsidiary	-	-	0.73	0.73
Cost of electricity					
EGAT	Related Party	341,649.63	345,347.64	341,649.63	345,347.64
Solar Power (SR1) Co., Ltd.	Subsidiary's associate	129.93	128.05	-	-
Solar Power (SR2) Co., Ltd.	Subsidiary's associate	128.27	128.93	-	-
Solar Power (KK10) Co., Ltd.	Subsidiary's associate	119.47	122.19	-	-
Solar Power (LO2) Co., Ltd.	Subsidiary's associate	113.75	118.23	-	-
Employee expenses					
PEA Encom International Co., Ltd.	Subsidiary	-	-	-	0.18
Maintenance cost					
PEA Encom International Co., Ltd.	Subsidiary	-	-	0.96	0.96
Construction expenses					
PEA Encom International Co., Ltd.	Subsidiary	-	-	31.11	-

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 5.17.

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, 2017 and 2016, Provincial Electricity Authority was sued at 2,382 cases and at 1,751 cases, respectively, with total amount in dispute of Baht 35,422.69 million and Baht 4,566.32 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 April 2, 2018.
