



PROVINCIAL ELECTRICITY AUTHORITY  
AND ITS SUBSIDIARY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018



(TRANSLATION)  
AUDITOR'S REPORT

**To: The Board of Directors of Provincial Electricity Authority**

**Opinion**

The State Audit Office of the Kingdom of Thailand has audited the accompanying consolidated financial statements of Provincial Electricity Authority and its subsidiary (the Group), and separate financial statements of Provincial Electricity Authority (the Company), which comprise the consolidated and separate statements of financial position as at December 31, 2018, 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 Provincial Electricity Authority and its subsidiary, and separate financial position of Provincial Electricity Authority, respectively, as at December 31, 2018, 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.

English translation of the Auditor's Report has not been reviewed by the State Audit Office of the Kingdom of Thailand



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.

English translation of the Auditor's Report has not been reviewed by the State Audit Office of the Kingdom of Thailand.



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.

English translation of the Auditor's Report has not been reviewed by the State Audit Office of the Kingdom of Thailand.



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)

Monthien Charoenpol  
(Mr. Monthien Charoenpol)  
Deputy Auditor General

(Signed)

Suwimol Dechanukulkij  
(Miss. Suwimol Dechanukulkij)  
Financial and Procurement Audit Office No. 17

May 27, 2019

English translation of the Auditor's Report has not been reviewed by the State Audit Office of the Kingdom of Thailand.

(TRANSLATION)

- 5 -

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

Unit: Baht

	Notes	Consolidated financial statements		
		Dec. 31, 2018	Dec. 31, 2017 (Restated)	Jan. 1, 2017 (Brought forward) (Restated)
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	3.1, 5.1	3,427,643,764	3,468,958,206	2,114,251,315
Short-term investments	5.2	18,615,735,678	23,048,469,659	21,610,990,901
Trade accounts receivable	3.2, 4.2, 5.3	35,805,167,877	33,989,665,291	31,498,089,648
Other current receivables	5.4	736,140,735	648,452,756	392,434,436
Accrued revenues	5.5	1,968,193,881	4,273,364,139	5,784,083,731
Materials and supplies	3.3, 4.2, 5.6	2,145,836,307	1,893,215,115	1,871,268,070
Special-purpose deposits at financial institutions	3.4, 5.7	39,868,420,674	36,507,258,445	33,172,224,163
Undue input VAT		2,536,466,914	2,153,924,038	2,081,321,471
Advance payments to suppliers		1,729,475,224	1,966,920,110	1,404,359,783
Other current assets		304,937,453	130,870,391	109,534,193
Non-current assets held for sale	5.8	4,860,892	-	-
<b>Total Current Assets</b>		<b>107,142,879,399</b>	<b>108,081,098,150</b>	<b>100,038,557,711</b>
<b>Non-current Assets</b>				
Investments in associates	3.5, 5.9	366,595,672	304,541,728	272,046,070
Investments in joint venture	3.5, 5.10	5,386,039	5,434,289	-
Other non-current receivables	4.1	83,140,138	66,370,952	91,941,184
Constructions in progress	3.7, 4.2, 5.12	42,477,599,986	33,911,123,268	31,520,331,755
Investment property	3.8, 5.13	555,540,242	586,023,502	705,798,177
Property, plant and equipment	3.9, 5.14	263,478,587,553	253,297,161,830	242,498,008,933
Intangible assets	3.10, 5.15	1,021,866,224	1,770,503,688	2,590,321,928
Other non-current assets	4.1, 5.16	110,540,888	111,235,742	83,970,156
<b>Total Non-current Assets</b>		<b>308,099,256,742</b>	<b>290,052,394,999</b>	<b>277,762,418,203</b>
<b>Total Assets</b>		<b>415,242,136,141</b>	<b>398,133,493,149</b>	<b>377,800,975,914</b>

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

English translation of the financial statements has not been reviewed by the State Audit Office of the Kingdom of Thailand.

(TRANSLATION)

- 6 -

## PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

Unit: Baht				
Consolidated financial statements				
	Notes	Dec. 31, 2018	Dec. 31, 2017	Jan. 1, 2017
			(Restated)	(Brought forward) (Restated)
<b>Liabilities and Equity</b>				
<b>Current Liabilities</b>				
Trade accounts payable	4.2	47,577,187,663	38,064,425,597	34,214,228,498
Other current payables	5.17	4,332,306,900	2,377,032,197	2,287,885,689
Accrued expenses		3,871,353,830	4,266,445,279	3,861,762,911
Current portion of long-term loans	3.11, 3.12, 5.18, 7.2, 7.3	7,831,840,812	7,538,410,551	5,234,599,704
Current portion of finance lease liabilities	5.19	1,160,554,883	1,020,374,225	884,896,194
Accrued interest payable on loans		630,942,467	697,038,417	730,134,011
Accrued remittance to the Ministry of Finance	5.20	8,511,500,000	8,164,500,000	7,094,500,000
Advance received per contract	4.2	1,153,583,242	1,392,436,381	1,262,949,830
Deposits payable	5.21	330,539,830	680,523,212	699,433,832
Other current liabilities	4.2, 5.22	295,579,531	322,845,013	357,253,692
<b>Total Current Liabilities</b>		<b>75,695,389,158</b>	<b>64,524,030,872</b>	<b>56,627,644,361</b>
<b>Non-current Liabilities</b>				
Long-term loans	3.11, 3.12, 5.18, 7.2, 7.3	63,747,736,688	68,612,498,966	72,840,392,754
Other non-current payables	4.1	72,363,165	70,186,665	96,015,485
Long-term provisions	3.13, 5.23	243,083,436	208,007,755	197,639,799
Construction obligations	4.2, 5.24	9,094,159,731	9,064,719,577	9,531,775,244
Finance lease liabilities	5.19	1,084,912,615	1,626,262,403	2,043,544,704
Deferred revenues	3.14, 5.25	51,032,361,727	48,890,424,439	46,175,035,148
Electricity usage guarantee	3.15, 5.26	29,240,737,965	27,353,866,171	25,544,476,466
Sales and service guarantee	4.2	902,964,486	938,352,507	899,353,870
Employee benefit obligations	3.17, 5.27	12,974,244,938	13,083,695,706	12,832,850,408
Other non-current liabilities	3.16, 4.1, 5.28	276,416,636	214,064,816	147,638,033
<b>Total Non-current Liabilities</b>		<b>168,668,981,387</b>	<b>170,062,079,005</b>	<b>170,308,721,911</b>
<b>Total Liabilities</b>		<b>244,364,370,545</b>	<b>234,586,109,877</b>	<b>226,936,366,272</b>

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

English translation of the financial statements has not been reviewed by the State Audit Office of the Kingdom of Thailand.

(TRANSLATION)

- 7 -

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

				Unit: Baht		
				Consolidated financial statements		
	Note	<u>Dec. 31, 2018</u>	<u>Dec. 31, 2017</u>	<u>Jan. 1, 2017</u>		
			(Restated)	(Brought forward)		
				(Restated)		
<b>Equity</b>						
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		6,089,030	4,273,341	-		
Unappropriated	4.2	165,982,171,764	158,653,605,129	145,975,104,840		
<b>Total Equity</b>		<u>170,877,765,596</u>	<u>163,547,383,272</u>	<u>150,864,609,642</u>		
<b>Total Liabilities and Equity</b>		<u>415,242,136,141</u>	<u>398,133,493,149</u>	<u>377,800,975,914</u>		

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

(Mr.Sompong Preeprem)  
Director and Governor

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

English translation of the financial statements has not been reviewed by the State Audit Office of the Kingdom of Thailand.

(TRANSLATION)

- 8 -

## PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

Unit: Baht

	Notes	Separate financial statements		
		Dec. 31, 2018	Dec. 31, 2017 (Restated)	Jan. 1, 2017 (Brought forward) (Restated)
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	3.1, 5.1	2,542,238,359	2,997,425,587	1,815,000,305
Short-term investments	5.2	18,501,756,571	22,935,888,058	21,500,000,000
Trade accounts receivable	3.2, 4.2, 5.3	35,798,896,612	33,970,862,240	31,475,368,034
Other current receivables	5.4	712,577,221	644,655,014	391,796,684
Accrued revenues	5.5	1,947,890,424	4,179,630,107	5,778,825,350
Materials and supplies	3.3, 4.2, 5.6	2,140,515,454	1,886,871,481	1,868,272,776
Special-purpose deposits at financial institutions	3.4, 5.7	39,818,420,674	36,457,258,445	33,172,224,163
Undue input VAT		2,535,751,252	2,153,787,603	2,081,312,682
Advance payments to suppliers		1,698,836,478	1,970,997,587	1,404,359,783
Other current assets		302,798,781	129,963,241	109,500,994
Non-current assets held for sale	5.8	4,860,892	-	-
<b>Total Current Assets</b>		<b>106,004,542,718</b>	<b>107,327,339,363</b>	<b>99,596,660,771</b>
<b>Non-current Assets</b>				
Investments in subsidiary	3.6, 5.11	1,441,283,750	782,283,750	557,283,750
Other non-current receivables	4.1	77,049,093	66,370,952	91,941,184
Constructions in progress	3.7, 4.2, 5.12	42,206,717,303	33,911,123,268	31,520,331,755
Investment property	3.8, 5.13	555,540,242	586,023,502	705,798,177
Property, plant and equipment	3.9, 5.14	263,476,335,170	253,294,965,419	242,495,514,744
Intangible assets	3.10, 5.15	1,021,610,884	1,770,364,082	2,590,190,312
Other non-current assets	4.1, 5.16	96,937,573	97,240,196	82,656,478
<b>Total Non-current Assets</b>		<b>308,875,474,015</b>	<b>290,508,371,169</b>	<b>278,043,716,400</b>
<b>Total Assets</b>		<b>414,880,016,733</b>	<b>397,835,710,532</b>	<b>377,640,377,171</b>

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

English translation of the financial statements has not been reviewed by the State Audit Office of the Kingdom of Thailand.

(TRANSLATION)

- 9 -

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

Unit: Baht

Separate financial statements

	Notes	<u>Dec. 31, 2018</u>	<u>Dec. 31, 2017</u>	<u>Jan. 1, 2017</u>
			(Restated)	(Brought forward)
				(Restated)
<b>Liabilities and Equity</b>				
<b>Current Liabilities</b>				
Trade accounts payable	4.2	47,577,187,663	38,064,425,597	34,214,228,498
Other current payables	5.17	4,271,898,689	2,350,018,354	2,249,368,103
Accrued expenses		3,837,532,200	4,190,255,703	3,858,358,447
Current portion of long-term loans	3.11, 3.12, 5.18, 7.2, 7.3	7,831,840,812	7,538,410,551	5,234,599,704
Current portion of financial lease liabilities	5.19	1,160,406,174	1,019,613,245	884,185,050
Accrued interest payable on loans		630,942,467	697,038,417	730,134,011
Accrued remittance to the Ministry of Finance	5.20	8,511,500,000	8,164,500,000	7,094,500,000
Advance received per contract	4.2	1,153,583,242	1,396,325,013	1,262,949,830
Deposits payable	5.21	330,539,830	680,523,212	699,433,832
Other current liabilities	4.2, 5.22	290,960,694	321,755,320	356,640,873
<b>Total Current Liabilities</b>		<b><u>75,596,391,771</u></b>	<b><u>64,422,865,412</u></b>	<b><u>56,584,398,348</u></b>
<b>Non-current Liabilities</b>				
Long-term loans	3.11, 3.12, 5.18, 7.2, 7.3	63,747,736,688	68,612,498,966	72,840,392,754
Other non-current payables	4.1	72,363,165	70,186,665	96,015,485
Long-term provisions	3.13, 5.23	243,083,436	208,007,755	197,639,799
Construction obligations	4.2, 5.24	9,094,159,731	9,064,719,577	9,531,775,244
Finance lease liabilities	5.19	1,084,912,615	1,626,174,914	2,042,757,455
Deferred revenues	3.14, 5.25	51,032,361,727	48,890,424,439	46,175,035,148
Electricity usage guarantee	3.15, 5.26	29,240,737,965	27,353,866,171	25,544,476,466
Sales and service guarantee	4.2	902,982,166	938,352,507	899,324,470
Employee benefit obligations	3.17, 5.27	12,972,725,917	13,082,835,784	12,831,935,361
Other non-current liabilities	3.16, 4.1, 5.28	276,416,636	214,064,816	147,638,033
<b>Total Non-current Liabilities</b>		<b><u>168,667,480,046</u></b>	<b><u>170,061,131,594</u></b>	<b><u>170,306,990,215</u></b>
<b>Total Liabilities</b>		<b><u>244,263,871,817</u></b>	<b><u>234,483,997,006</u></b>	<b><u>226,891,388,563</u></b>

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

English translation of the financial statements has not been reviewed by the State Audit Office of the Kingdom of Thailand.

(TRANSLATION)

- 10 -

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

Unit: Baht

	Note	Separate financial statements		
		Dec. 31, 2018	Dec. 31, 2017 (Restated)	Jan. 1, 2017 (Brought forward) (Restated)
<b>Equity</b>				
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	4.2	165,726,640,114	158,462,208,724	145,859,483,806
<b>Total Equity</b>		<b>170,616,144,916</b>	<b>163,351,713,526</b>	<b>150,748,988,608</b>
<b>Total Liabilities and Equity</b>		<b>414,880,016,733</b>	<b>397,835,710,532</b>	<b>377,640,377,171</b>

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

(Mr.Sompong Preeprem)  
Director and Governor

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

English translation of the financial statements has not been reviewed by the State Audit Office of the Kingdom of Thailand.

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2018

		Unit: Baht	
		Consolidated financial statements	
	Notes	2018	2017
		(Restated)	
<b>Revenues</b>			
Sales and service revenues	4.2	497,658,241,704	481,151,040,602
Other revenues	4.2	1,865,169,953	1,971,213,511
<b>Total Revenues</b>	3.19, 5.30	<b>499,523,411,657</b>	<b>483,122,254,113</b>
<b>Expenses</b>			
Cost of electricity	4.2	417,876,920,354	395,775,979,404
Employee compensations		22,586,009,650	23,474,950,724
Employee benefit expenses		1,160,168,355	1,073,787,472
Executives' remunerations	3.20, 5.29	129,499,151	131,215,864
Preventive, repair and maintenance, and construction expenses		5,325,584,401	4,724,978,825
Depreciation and amortization expenses		20,219,997,889	19,703,082,174
Other operating expenses		8,563,627,726	8,154,582,594
Other expenses		145,951,853	349,521,226
Financial costs	3.21, 5.30	2,903,470,985	3,056,539,682
<b>Total Expenses</b>	5.30	<b>478,911,230,364</b>	<b>456,444,637,965</b>
Share of profit of associates and joint venture	5.30	71,138,194	71,479,316
<b>Profit before tax</b>	5.30	<b>20,683,319,487</b>	<b>26,749,095,464</b>
Income tax expense		1,050,852	-
<b>Profit for the year</b>		<b>20,682,268,635</b>	<b>26,749,095,464</b>
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss			
Loss on available-for-sale investments		(1,717,770)	-
Items that will not be reclassified to profit or loss			
Actuarial loss on post-employment benefit plans	3.17, 5.27	(168,541)	(208,710,201)
<b>Total comprehensive income for the year</b>		<b>20,680,382,324</b>	<b>26,540,385,263</b>

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

English translation of the financial statements has not been reviewed by the State Audit Office of the Kingdom of Thailand.

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2018

Unit: Baht

	Notes	Separate financial statements	
		2018	2017 (Restated)
<b>Revenues</b>			
Sales and service revenues	4.2	497,474,413,667	481,002,316,012
Other revenues	4.2	1,841,418,926	1,961,101,150
<b>Total Revenues</b>	3.19, 5.30	<b>499,315,832,593</b>	<b>482,963,417,162</b>
<b>Expenses</b>			
Cost of electricity	4.2	417,876,920,354	395,775,979,404
Employee compensations		22,561,809,855	23,459,208,440
Employee benefit expenses		1,159,677,798	1,073,490,065
Executives' remunerations	3.20, 5.29	128,062,306	130,191,209
Preventive, repair and maintenance, and construction expenses		5,324,413,262	4,714,055,241
Depreciation and amortization expenses		20,218,832,710	19,702,087,464
Other operating expenses		8,380,579,193	8,033,029,893
Other expenses		145,951,853	349,521,198
Financial costs	3.21, 5.30	2,903,436,102	3,056,454,964
<b>Total Expenses</b>	5.30	<b>478,699,683,433</b>	<b>456,294,017,878</b>
<b>Profit for the year</b>	5.30	<b>20,616,149,160</b>	<b>26,669,399,284</b>
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss			
Loss on available-for-sale investments		(1,717,770)	-
Items that will not be reclassified to profit or loss			
Actuarial loss on post-employment benefit plans	3.17, 5.27	-	(209,062,733)
<b>Total comprehensive income for the year</b>		<b>20,614,431,390</b>	<b>26,460,336,551</b>

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

English translation of the financial statements has not been reviewed by the State Audit Office of the Kingdom of Thailand.

(TRANSLATION)

- 13 -

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2018

Unit: Baht

	Notes	Consolidated financial statements			Total Equity
		Initial Capital and Contributions from the Government	Retained Earnings Appropriated	Unappropriated	
<b>Balance as at January 1, 2017</b>		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)		-	-	(611,633)	(611,633)
<b>Balance after adjustment</b>		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	5.20	-	-	(5,692,500,000)	(5,692,500,000)
Reserve for remittance to the Ministry of Finance from net profit for the year 2017	5.20	-	-	(8,164,500,000)	(8,164,500,000)
Total comprehensive income for the year 2017		-	-	26,540,385,263	26,540,385,263
<b>Balance as at January 1, 2018</b>		4,889,504,802	4,273,341	158,653,605,129	163,547,383,272
Legal reserve		-	1,815,689	(1,815,689)	-
Interim remittance to the Ministry of Finance from net profit for the year 2018	5.20	-	-	(4,838,500,000)	(4,838,500,000)
Reserve for remittance to the Ministry of Finance from net profit for the year 2018	5.20	-	-	(8,511,500,000)	(8,511,500,000)
Total comprehensive income for the year 2018		-	-	20,680,382,324	20,680,382,324
<b>Balance as at December 31, 2018</b>		4,889,504,802	6,089,030	165,982,171,764	170,877,765,596

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

English translation of the financial statements has not been reviewed by the State Audit Office of the Kingdom of Thailand.

(TRANSLATION)

- 14 -

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2018

Unit: Baht

		Separate financial statements		Total Equity
	Notes	Initial Capital and Contributions from the Government	Unappropriated Retained Earnings	
<b>Balance as at January 1, 2017</b>		<b>4,889,504,802</b>	<b>145,859,483,806</b>	<b>150,748,988,608</b>
Accumulated amount from:				
Adjustment for remittance to the Ministry of Finance for the year 2016 (addition)	5.20	-	(611,633)	(611,633)
<b>Balance after adjustment</b>		<b>4,889,504,802</b>	<b>145,858,872,173</b>	<b>150,748,376,975</b>
Interim remittance to the Ministry of Finance from net profit for the year 2017	5.20	-	(5,692,500,000)	(5,692,500,000)
Reserve for remittance to the Ministry of Finance from net profit for the year 2017	5.20	-	(8,164,500,000)	(8,164,500,000)
Total comprehensive income for the year 2017		-	26,460,336,551	26,460,336,551
<b>Balance as at January 1, 2018</b>		<b>4,889,504,802</b>	<b>158,462,208,724</b>	<b>163,351,713,526</b>
Interim remittance to the Ministry of Finance from net profit for the year 2018	5.20	-	(4,838,500,000)	(4,838,500,000)
Reserve for remittance to the Ministry of Finance from net profit for the year 2018	5.20	-	(8,511,500,000)	(8,511,500,000)
Total comprehensive income for the year 2018		-	20,614,431,390	20,614,431,390
<b>Balance as at December 31, 2018</b>		<b>4,889,504,802</b>	<b>165,726,640,114</b>	<b>170,616,144,916</b>

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

English translation of the financial statements has not been reviewed by the State Audit Office of the Kingdom of Thailand.

## PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Unit: Baht	
	Consolidated financial statements	
Note	2018	2017
<b>Cash Flows from Operating Activities:</b>		
Profit for the year	20,683,319,487	26,749,095,464
Adjustments of profit to net cash provided by (used in)		
operating activities:		
Depreciation and amortization	20,423,759,226	19,874,618,267
Bad debts and doubtful accounts	(57,327,470)	13,014,796
Provision for obsolete materials and supplies	(1,812,799)	(3,675,456)
Amortization of deferred revenues	(4,166,471,744)	(3,930,159,376)
Contribution revenues	(2,229,165)	-
Employee benefit obligations	(109,619,310)	42,135,097
Long-term provisions	37,538,392	9,884,956
(Gain) loss on disposal of assets	(18,999,066)	147,990,449
Loss (gain) on disposal of materials and supplies	4,505,350	(6,378,674)
(Gain) loss on foreign exchange	(32,921,465)	10,555,759
Other non-operating revenues	(3,474,341)	-
Revenues from renting or using other assets	(6,916,636)	-
Share of profit of associates	(71,138,194)	(71,479,316)
Interest income	(1,085,297,599)	(1,154,028,011)
Interest expense	2,901,766,235	3,054,550,099
Profit from operating activities before changes in operating assets and liabilities	38,494,680,901	44,736,124,054
Changes in operating assets (increase) decrease		
Trade accounts receivable	(1,721,198,130)	(2,497,927,971)
Other current receivables	(70,870,487)	(262,680,787)
Accrued revenues	2,156,865,867	(145,396,205)
Interest received	1,233,181,855	1,154,532,175
Materials and supplies	217,964,803	380,122,950
Special-purpose deposits at financial institutions	(3,361,162,230)	(3,335,034,281)
Undue input VAT	(382,542,876)	(72,602,567)

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

English translation of the financial statements has not been reviewed by the State Audit Office of the Kingdom of Thailand.

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018

Unit: Baht

	Note	Consolidated financial statements	
		2018	2017
Advance payments to suppliers		237,444,886	(562,560,328)
Other current assets		(174,067,062)	(21,336,197)
Other non-current receivables		(63,226,892)	25,570,231
Other non-current assets		694,854	(27,265,586)
Changes in operating liabilities increase (decrease)			
Trade accounts payable		9,512,762,066	3,850,197,099
Other current payables		2,363,794,554	20,327,991
Advance received per contract		(238,853,140)	129,486,551
Deposits payable		(349,983,382)	(18,910,620)
Accrued expenses		(396,142,302)	404,682,369
Other current liabilities		(29,728,192)	(33,925,679)
Other non-current payables		2,176,500	(25,828,820)
Construction obligations		29,440,154	(467,055,667)
Deferred revenues		6,103,840,858	6,645,548,667
Electricity usage guarantee		1,886,871,794	1,809,389,705
Sales and service guarantee		(35,388,020)	38,998,637
Employee gratuity fund		(5,733,472)	761,520
Other non-current liabilities		68,085,292	65,665,263
Net cash provided by operating activities		<u>55,478,908,199</u>	<u>51,790,882,504</u>
<b>Cash Flows from Investing Activities:</b>			
Proceeds from (paid in) short-term investments		4,434,490,551	(1,437,478,758)
Payment of investment in associates and joint venture		(32,200,000)	(5,473,130)
Dividend received from associates		41,332,500	39,022,500
Payment of constructions in progress		(35,752,373,443)	(26,843,229,497)
Payment of investment property		(1,950,000)	(425,374)
Payment of property, plant and equipment		(2,451,890,587)	(4,653,567,996)
Interest expense capitalized to constructions in progress		(205,597,461)	(293,320,470)
Payment of intangible assets		(22,018,435)	(25,609,232)
Net cash used in investing activities		<u>(33,990,206,875)</u>	<u>(33,220,081,957)</u>

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

English translation of the financial statements has not been reviewed by the State Audit Office of the Kingdom of Thailand.

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018

		Unit: Baht	
		Consolidated financial statements	
	Notes	2018	2017
<b>Cash Flows from Financing Activities:</b>			
Interest paid		(2,794,876,955)	(2,897,866,249)
Payment of long-term loans		(7,538,410,551)	(5,234,638,702)
Proceeds from long-term loans		3,000,000,000	3,300,000,000
Payment of financial lease liabilities		(1,193,728,260)	(1,251,588,705)
Remittance to the Ministry of Finance		(13,003,000,000)	(11,132,000,000)
Net cash used in financing activities		(21,530,015,766)	(17,216,093,656)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(41,314,442)</b>	<b>1,354,706,891</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>3,468,958,206</b>	<b>2,114,251,315</b>
<b>Cash and cash equivalents at the end of the period</b>	3.1, 5.1	<b>3,427,643,764</b>	<b>3,468,958,206</b>
<b>Non-cash items</b>			
Payables from purchases of property, plant and equipment		60,933,908	29,356,628
Payables from purchases of constructions in progress		619,110,891	1,059,208,022

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

English translation of the financial statements has not been reviewed by the State Audit Office of the Kingdom of Thailand.

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Unit: Baht	
	Separate financial statements	
Note	2018	2017
<b>Cash Flows from Operating Activities:</b>		
Profit for the year	20,616,149,160	26,669,399,284
Adjustments of profit to net cash provided by (used in)		
operating activities:		
Depreciation and amortization	20,422,594,047	19,873,623,557
Bad debts and doubtful accounts	(57,327,470)	13,014,796
Provision for obsolete materials and supplies	(1,812,799)	(3,675,456)
Amortization of deferred revenues	(4,166,471,744)	(3,930,159,376)
Contribution revenues	(2,229,165)	-
Employee benefit obligations	(110,109,868)	41,837,690
Long-term provisions	37,538,392	9,884,956
(Gain) loss on disposal of assets	(18,999,066)	147,990,449
Loss (gain) on disposal of materials and supplies	4,505,350	(6,378,674)
(Gain) loss on foreign exchange	(32,921,465)	10,555,759
Other non-operating revenues	(3,474,341)	-
Interest income	(1,077,778,111)	(1,148,905,787)
Interest expense	2,901,731,352	3,054,465,381
Profit from operating activities before changes in operating assets and liabilities	38,511,394,272	44,731,652,579
Changes in operating assets (increase) decrease		
Trade accounts receivable	(1,734,124,619)	(2,501,846,535)
Other current receivables	(51,104,716)	(259,520,796)
Accrued revenues	2,083,131,833	(56,833,748)
Interest received	1,226,385,960	1,149,323,145
Materials and supplies	216,942,023	383,471,290
Special-purpose deposits at financial institutions	(3,361,162,230)	(3,285,034,281)
Undue input VAT	(381,963,649)	(72,474,921)

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

English translation of the financial statements has not been reviewed by the State Audit Office of the Kingdom of Thailand.

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018

		Unit: Baht	
	Note	Separate financial statements	
		2018	2017
Advance payments to suppliers		272,161,109	(566,637,805)
Other current assets		(172,835,540)	(20,462,247)
Other non-current receivables		(64,077,914)	25,570,231
Other non-current assets		302,622	(14,583,717)
Changes in operating liabilities increase (decrease)			
Trade accounts payable		9,512,762,066	3,850,197,099
Other current payables		2,330,400,186	31,831,735
Advance received per contract		(242,741,772)	133,375,183
Deposits payable		(349,983,382)	(18,910,620)
Accrued expenses		(352,723,503)	331,897,256
Other current liabilities		(33,257,336)	(34,402,553)
Other non-current payables		2,176,500	(25,828,820)
Construction obligations		29,440,154	(467,055,667)
Deferred revenues		6,103,840,858	6,645,548,667
Electricity usage guarantee		1,886,871,794	1,809,389,705
Sales and service guarantee		(35,370,340)	39,028,037
Employee gratuity fund		(5,733,472)	761,520
Other non-current liabilities		68,085,292	65,665,263
Net cash provided by operating activities		55,458,816,196	51,874,120,000
<b>Cash Flows from Investing Activities:</b>			
Proceeds from (paid in) short-term investments		4,435,888,058	(1,435,888,058)
Payment of investment in subsidiary		(659,000,000)	(225,000,000)
Payment of constructions in progress		(35,481,490,759)	(26,843,229,497)
Payment of investment property		(1,950,000)	(425,374)
Payment of property, plant and equipment		(2,450,713,703)	(4,652,909,616)
Interest expense capitalized to constructions in progress		(205,597,461)	(293,320,470)
Payment of intangible assets		(21,858,435)	(25,562,689)
Net cash used in investing activities		(34,384,722,300)	(33,476,335,704)

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

English translation of the financial statements has not been reviewed by the State Audit Office of the Kingdom of Thailand.

## PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

Unit: Baht

	Notes	Separate financial statements	
		2018	2017
<b>Cash Flows from Financing Activities:</b>			
Interest paid		(2,794,876,955)	(2,897,866,249)
Payment of long-term loans		(7,538,410,551)	(5,234,638,702)
Proceeds from long-term loans		3,000,000,000	3,300,000,000
Payment of financial lease liabilities		(1,192,993,618)	(1,250,854,063)
Remittance to the Ministry of Finance		(13,003,000,000)	(11,132,000,000)
Net cash used in financing activities		(21,529,281,124)	(17,215,359,014)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(455,187,228)</b>	<b>1,182,425,282</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>2,997,425,587</b>	<b>1,815,000,305</b>
<b>Cash and cash equivalents at the end of the period</b>	3.1, 5.1	<b>2,542,238,359</b>	<b>2,997,425,587</b>
<b>Non-cash items</b>			
Payables from purchases of property, plant and equipment		60,933,908	29,356,628
Payables from purchases of constructions in progress		619,110,891	1,059,208,022

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

English translation of the financial statements has not been reviewed by the State Audit Office of the Kingdom of Thailand.

PROVINCIAL ELECTRICITY AUTHORITY AND ITS SUBSIDIARY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

---

**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 (2<sup>nd</sup> 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, of Significant Accounting Policies.

Consolidated financial statements include financial statements of Provincial Electricity Authority and financial statements of its subsidiary, PEA Encom International Company Limited after elimination of related company’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 5.9, 5.10 and 5.11, respectively.

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

Separate financial statements include financial statements of Provincial Electricity Authority, which include transactions of PEA Employee Gratuity Fund and investments in subsidiary and associates 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, 2018 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, 2019 are as follows:

Thai Accounting Standards	Title
No.1 (revised 2018)	Presentation of Financial Statements
No.2 (revised 2018)	Inventories
No.7 (revised 2018)	Statement of Cash Flows
No.8 (revised 2018)	Accounting Policies, Changes in Accounting Estimates and Errors
No.10 (revised 2018)	Events after the Reporting Period
No.12 (revised 2018)	Income Taxes
No.16 (revised 2018)	Property, Plant and Equipment
No.17 (revised 2018)	Leases
No.19 (revised 2018)	Employee Benefits
No.20 (revised 2018)	Accounting for Government Grants and Disclosure of Government Assistance
No.21 (revised 2018)	The Effects of Changes in Foreign Exchange Rates
No.23 (revised 2018)	Borrowing Costs
No.24 (revised 2018)	Related Party Disclosures
No.26 (revised 2018)	Accounting and Reporting by Retirement Benefit Plans
No.27 (revised 2018)	Separate Financial Statements
No.28 (revised 2018)	Investment in Associates and Joint Ventures
No.29 (revised 2018)	Financial Reporting in Hyperinflationary Economies
No.33 (revised 2018)	Earnings per Share
No.34 (revised 2018)	Interim Financial Reporting
No.36 (revised 2018)	Impairment of Assets
No.37 (revised 2018)	Provisions, Contingent Liabilities and Contingent Assets
No.38 (revised 2018)	Intangible Assets
No.40 (revised 2018)	Investment Property
No.41 (revised 2018)	Agriculture

<b>Thai Financial Reporting Standards</b>	<b>Title</b>
No.1 (revised 2018)	First-time Adoption of Thai Financial Reporting Standards
No.2 (revised 2018)	Share-based Payment
No.3 (revised 2018)	Business Combinations
No.4 (revised 2018)	Insurance Contracts
No.5 (revised 2018)	Non-current Assets Held for Sale and Discontinued Operations
No.6 (revised 2018)	Exploration for and Evaluation of Mineral Resources
No.8 (revised 2018)	Operating Segments
No.10 (revised 2018)	Consolidated Financial Statements
No.11 (revised 2018)	Joint Arrangements
No.12 (revised 2018)	Disclosure of Interests in Other Entities
No.13 (revised 2018)	Fair Value Measurement
No.15 (revised 2018)	Revenue from Contracts with Customers
<b>Thai Standing Interpretations</b>	<b>Title</b>
No.10 (revised 2018)	Government Assistance - No Specific Relation to Operating Activities
No.15 (revised 2018)	Operating Leases - Incentives
No.25 (revised 2018)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
No.27 (revised 2018)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
No.29 (revised 2018)	Service Concession Arrangements: Disclosures
No.32 (revised 2018)	Intangible Assets - Web Site Costs
<b>Thai Financial Reporting Interpretations</b>	<b>Title</b>
No.1 (revised 2018)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
No.4 (revised 2018)	Determining whether an Arrangement contains a Lease
No.5 (revised 2018)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
No.7 (revised 2018)	Applying the Restatement Approach Under TAS 29 (revised 2018) Financial Reporting in Hyperinflationary Economies

Thai Financial Reporting Interpretations (Continued)	Title
No.10 (revised 2018)	Interim Financial Reporting and Impairment
No.12 (revised 2018)	Service Concession Arrangements
No.14 (revised 2018)	TAS 19 (revised 2018) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
No.17 (revised 2018)	Distributions of Non-cash Assets to Owners
No.20 (revised 2018)	Stripping Costs in the Production Phase of a Surface Mine
No.21 (revised 2018)	Levies
No.22 (revised 2018)	Foreign Currency Transactions and Advance Consideration

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

### 3. Summary of Significant Accounting Policies

#### 3.1 Cash and cash equivalents

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

#### 3.2 Trade accounts receivable

Trade accounts receivable are stated at net realizable value. Allowance for doubtful accounts are based on contingent loss from uncollectible receivables which are estimated from historical collection experiences and a review of the current status of the non-governmental or state enterprise receivables outstanding at the statements of financial position date, after deducting electricity usage guarantee in accordance with the regulation of the Ministry of Finance regarding “Accounting and Finance of Government Enterprise, B.E. 2548 (2005)” and a resolution of PEA’s Audit Committee Meeting No. 3/2549 dated on March 10, 2006 as follows:

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

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

### 3.3 Materials and supplies

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

### 3.4 Special-purpose deposits at financial institutions

Special-purpose deposits at financial institutions consist of:

**3.4.1** Special-purpose deposits at financial institutions, which are presented as **current assets** in 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 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.

### 3.8 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).

### 3.9 Property, plant and equipment

Provincial Electricity Authority's policies for property, plant and equipment, and depreciation are summarized as follows:

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

(TRANSLATION)

- 26 -

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 incomes or other expenses in the statements of comprehensive income.

### 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 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 belongs 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 Revenues from transferring of operating assets** represent assets received from donations 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 acquisitions 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 donations, which are not used in operations are recognized as other non-operating revenues in the statements of comprehensive income in the period of acquisitions.

**3.14.3 Contribution revenues from foreign financial institutions** represent contributions from foreign financial institutions in forms 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 Provincial Electricity Authority on Employee Gratuity Fund and Benefit for PEA Employees, B.E. 2522 (1979). Provincial Electricity Authority pays monthly contribution at the rate of 10% of employee salaries and recognizes as an expense in the statements of comprehensive income of Provincial Electricity Authority. In this regard, transactions of employee gratuity fund are included in the financial statements of Provincial Electricity Authority and also eliminate the related party transactions.

### **3.17 Employee benefits obligation**

#### **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. Moreover, Provincial Electricity Authority has also established employee gratuity fund according to Note 5.28.

##### **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.

### **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, longterm 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. Presentation, retrospective restatement, and reclassification of the financial statements

## 4.1 Presentation of the financial statements

Provincial Electricity Authority has made a new presentation of the financial statements to be in accordance with the notification of Department of Business Development “ Definition of the abbreviated components required in the Financial Statements (2<sup>nd</sup> Edition), B.E. 2559 (2016)”. Items presented in statements of financial position as at December 31, 2017 and as at January 1, 2017 are adjusted to be in accordance with the presentation of statements of financial position as at December 31, 2018.

Unit: Million Baht

	Consolidated financial statements		
	Before	Adjustment on a new presentation	After
<b>Statements of financial position</b>			
<b>As at December 31, 2017</b>			
Other non-current receivables	-	66.37	66.37
Other non-current assets	177.61	(66.37)	111.24
Other non-current payables	-	70.19	70.19
Employee gratuity fund	8.64	(8.64)	-
Other non-current liabilities	275.61	(70.19)	205.42
		8.64	214.06
<b>Statements of financial position</b>			
<b>Balance as at January 1, 2017</b>			
Other non-current receivables	-	91.94	91.94
Other non-current assets	175.91	(91.94)	83.97
Other non-current payables	-	96.02	96.02
Employee gratuity fund	7.88	(7.88)	-
Other non-current liabilities	235.78	(96.02)	139.76
		7.88	147.64

Unit: Million Baht

	Separate financial statements		
	Before	Adjustment on a new presentation	After
<b>Statements of financial position</b>			
<b>As at December 31, 2017</b>			
Other non-current receivables	-	66.37	66.37
Other non-current assets	163.61	(66.37)	97.24
Other non-current payables	-	70.19	70.19
Employee gratuity fund	8.64	(8.64)	-
Other non-current liabilities	275.61	(70.19)	205.42
		8.64	214.06

Unit: Million Baht

	Separate financial statements		
	Before	Adjustment on a new presentation	After
<b>Statements of financial position</b>			
<b>Balance as at January 1, 2017</b>			
Other non-current receivables	-	91.94	91.94
Other non-current assets	174.60	(91.94)	82.66
Other non-current payables	-	96.02	96.02
Employee gratuity fund	7.88	(7.88)	-
Other non-current liabilities	235.78	(96.02)	139.76
		7.88	147.64

#### 4.2 Retrospective restatement and reclassification of the financial statements

##### 4.2.1 Retrospective restatement of the financial statements

Provincial Electricity Authority has restated the financial statements retroactively due to accounting records on receivables from construction obligations and fines from investment made under budgeted plans. The retrospective restatement has affected the statements of financial position in the consolidated and the separate financial statements as at December 31, 2017 and January 1, 2017, the statements of comprehensive income in the consolidated and the separate financial statements and the statements of changes in equity in the consolidated and the separate financial statements for the year ended December 31, 2017.

##### 4.2.2 Reclassification of the financial statements

Some of items presented in the statements of financial position as at December 31, 2017 and January 1, 2017, and the statements of comprehensive income for the year ended December 31, 2017 are reclassified in accordance with the presentation of the statements of financial position as at December 31, 2018 and the statements of comprehensive income for the year ended December 31, 2018.

Unit: Million Baht

	Consolidated financial statements			After
	Before	Retrospective restatement	Reclassification	
<b>Statements of financial position</b>				
<b>As at December 31, 2017</b>				
Trade accounts receivable	34,458.97	(469.30)	-	33,989.67
Materials and supplies	4,787.53	-	(2,894.31)	1,893.22
Constructions in progress	31,016.81	-	2,894.31	33,911.12
Trade accounts payable	37,236.14	782.82	45.47	38,064.43
Advance received per contract	1,654.31	(261.87)	-	1,392.44
Other current liabilities	436.71	-	(113.86)	322.85
Construction obligations	9,272.15	(207.43)	-	9,064.72
Sales and service guarantee	869.96	-	68.39	938.35
Unappropriated retained earnings	159,436.43	(782.82)	-	158,653.61

Unit: Million Baht

	Consolidated financial statements			After
	Before	Retrospective restatement	Reclassification	
<b>Statements of financial position</b>				
<b>Beginning balance as at January 1, 2017</b>				
Trade accounts receivable	32,006.42	(508.33)	-	31,498.09
Materials and supplies	2,407.64	-	(536.37)	1,871.27
Constructions in progress	30,983.96	-	536.37	31,520.33
Trade accounts payable	34,170.46	-	43.77	34,214.23
Advance received per contract	1,544.35	(281.40)	-	1,262.95
Other current liabilities	472.78	-	(115.53)	357.25
Construction obligations	9,758.70	(226.93)	-	9,531.77
Sales and service guarantee	827.59	-	71.76	899.35

**Statements of comprehensive income****For the year ended December 31, 2017**

Sales and service revenues	461,766.46	-	19,384.58	481,151.04
Other revenues	2,139.79	-	(168.58)	1,971.21
Cost of electricity	375,777.16	782.82	19,216.00	395,775.98

**Statement of changes in equity****Balance as at December 31, 2017**

Unappropriated retained earnings	159,436.43	(782.82)	-	158,653.61
Total equity	164,330.20	(782.82)	-	163,547.38

Unit: Million Baht

	Separate financial statements			After
	Before	Retrospective restatement	Reclassification	
<b>Statements of financial position</b>				
<b>As at December 31, 2017</b>				
Trade accounts receivable	34,440.16	(469.30)	-	33,970.86
Materials and supplies	4,781.18	-	(2,894.31)	1,886.87
Constructions in progress	31,016.81	-	2,894.31	33,911.12
Trade accounts payable	37,236.14	782.82	45.47	38,064.43
Advance received per contract	1,658.20	(261.88)	-	1,396.32

## (TRANSLATION)

- 34 -

Unit: Million Baht

	Separate financial statements			
	Before	Retrospective restatement	Reclassification	After
Other current liabilities	435.62	-	(113.86)	321.76
Construction obligations	9,272.15	(207.43)	-	9,064.72
Sales and service guarantee	869.96	-	68.39	938.35
Unappropriated retained earnings	159,245.03	(782.82)	-	158,462.21
<b>Statements of financial position</b>				
<b>Beginning balance as at January 1, 2017</b>				
Trade accounts receivable	31,983.70	(508.33)	-	31,475.37
Materials and supplies	2,404.64	-	(536.37)	1,868.27
Constructions in progress	30,983.96	-	536.37	31,520.33
Trade accounts payable	34,170.46	-	43.77	34,214.23
Advance received per contract	1,544.35	(281.40)	-	1,262.95
Other current liabilities	472.17	-	(115.53)	356.64
Construction obligations	9,758.70	(226.93)	-	9,531.77
Sales and service guarantee	827.56	-	71.76	899.32
<b>Statements of comprehensive income</b>				
<b>For the year ended December 31, 2017</b>				
Sales and service revenues	461,617.74	-	19,384.58	481,002.32
Other revenues	2,129.68	-	(168.58)	1,961.10
Cost of electricity	375,777.16	782.82	19,216.00	395,775.98
<b>Statement of changes in equity</b>				
<b>Balance as at December 31, 2017</b>				
Unappropriated retained earnings	159,245.03	(782.82)	-	158,462.21
Total equity	164,134.53	(782.82)	-	163,351.71

## 5. Supplementary information

## 5.1 Cash and cash equivalents consist of:

	Consolidated		Unit: Million Baht Separate	
	financial statements		financial statements	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Cash	37.49	41.26	37.49	41.25
Cash at banks: - Current accounts	2.66	1.27	2.66	1.27
- Savings accounts	2,948.51	3,190.54	2,502.09	2,954.91
- Fixed deposits	438.98	235.89	-	-
<b>Total</b>	<b>3,427.64</b>	<b>3,468.96</b>	<b>2,542.24</b>	<b>2,997.43</b>

## 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 12 months, short-term debt instruments which are zero-coupon bonds and available-for-sale securities.

As at December 31, 2018 and 2017, Provincial Electricity Authority and its subsidiary have short-term investments in the consolidated financial statement amounting Baht 18,615.74 million and Baht 23,048.47 million, respectively.

As at December 31, 2018 and 2017, Provincial Electricity Authority has short-term investments in the separate financial statement amounting Baht 18,501.76 million and Baht 22,935.89 million, respectively.

Provincial Electricity Authority has received 352,725 ordinary shares from WP Energy Public Company Limited on March 22, 2018, at a price of Baht 9.85 per share, amounting to Baht 3.47 million, which are presented as short-term investments in the consolidated financial statements. As at December 31, 2018, the ordinary shares have a fair value of Baht 4.98 per share.

## 5.3 Trade accounts receivable consist of:

	Consolidated		Unit: Million Baht Separate	
	financial statements		financial statements	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Accounts receivable from sales of electricity	34,625.25	32,912.02	34,625.25	32,912.02
Accounts receivable from sales of equipment and rendering services	1,179.92	1,077.65	1,173.65	1,058.84
<b>Total</b>	<b>35,805.17</b>	<b>33,989.67</b>	<b>35,798.90</b>	<b>33,970.86</b>

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

Unit: Million Baht

Outstanding period	Consolidated and Separate financial statements			
	Dec. 31, 2018			Dec. 31, 2017
	<u>Public Sector</u>	<u>Private Sector</u>	<u>Total</u>	<u>Total</u>
1 month - 6 months	4,413.32	32,035.02	36,448.34	34,937.01
Over 6 months - 1 year	311.07	69.00	380.07	101.22
Over 1 year	117.14	1,349.43	1,466.57	1,479.23
	4,841.53	33,453.45	38,294.98	36,517.46
<u>Less</u> Undue output VAT	(315.63)	(2,169.11)	(2,484.74)	(2,367.65)
	4,525.90	31,284.34	35,810.24	34,149.81
<u>Less</u> Allowance for doubtful accounts	-	(1,184.99)	(1,184.99)	(1,237.79)
<b>Total</b>	<b>4,525.90</b>	<b>30,099.35</b>	<b>34,625.25</b>	<b>32,912.02</b>

## 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, 2018</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2018</u>	<u>Dec. 31, 2017</u>
Accounts receivable from sales and rendering services	390.72	335.24	384.70	316.43
Accounts receivable from construction obligations	531.02	633.09	531.02	633.09
Other accounts receivable	410.06	247.86	409.16	247.86
	1,331.80	1,216.19	1,324.88	1,197.38
<u>Less</u> Undue output VAT	(86.51)	(76.47)	(85.86)	(76.47)
	1,245.29	1,139.72	1,239.02	1,120.91
<u>Less</u> Allowance for doubtful accounts	(65.37)	(62.07)	(65.37)	(62.07)
<b>Total</b>	<b>1,179.92</b>	<b>1,077.65</b>	<b>1,173.65</b>	<b>1,058.84</b>

## 5.4 Other current receivables consist of:

Unit: Million Baht

	Consolidated		Separate	
	financial statements		financial statements	
	<u>Dec. 31, 2018</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2018</u>	<u>Dec. 31, 2017</u>
Other accounts receivable	717.73	615.81	699.49	615.81
Prepaid expenses	18.41	32.64	13.09	28.84
<b>Total</b>	<b>736.14</b>	<b>648.45</b>	<b>712.58</b>	<b>644.65</b>

## 5.5 Accrued revenues consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Accrued interest	279.62	427.92	278.34	426.95
Accrued revenues from the Power Development Fund	1,384.15	3,549.47	1,384.15	3,549.47
Other accrued revenues	304.42	295.97	285.40	203.21
<b>Total</b>	<b>1,968.19</b>	<b>4,273.36</b>	<b>1,947.89</b>	<b>4,179.63</b>

## 5.6 Materials and supplies consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Materials and supplies				
Operating materials and supplies	41.80	37.84	41.80	37.84
Materials and supplies for construction and maintenance	395.66	448.40	390.34	442.06
Materials and supplies for repair Demolition materials and supplies, and obsolete materials and supplies	1,255.72	1,119.00	1,255.72	1,119.00
Materials and supplies pending for adjustments	53.80	61.36	53.80	61.36
	2,218.58	1,969.50	2,213.26	1,963.16
Materials and supplies in transit	10.45	8.72	10.45	8.72
	2,229.03	1,978.22	2,223.71	1,971.88
<u>Less</u> Allowance for obsolete materials and supplies	(29.39)	(23.65)	(29.39)	(23.65)
Allowance for loss or misstated or lost materials and supplies under investigation	(53.80)	(61.36)	(53.80)	(61.36)
<b>Total</b>	<b>2,145.84</b>	<b>1,893.21</b>	<b>2,140.52</b>	<b>1,886.87</b>

For the years ended December 31, 2018 and 2017, allowance for obsolete materials and supplies and allowance for loss or misstated or lost materials and supplies under investigation are recognized as a reversal of expenses amounting to Baht 1.81 million and Baht 3.67 million, respectively.

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

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Electricity usage guarantee fund (Note 5.26)				
Current accounts	0.001	0.001	0.001	0.001
Savings accounts	0.013	0.012	0.013	0.012
Fixed deposits	29,096.46	27,207.37	29,096.46	27,207.37
	<u>29,096.48</u>	<u>27,207.38</u>	<u>29,096.48</u>	<u>27,207.38</u>
Sinking fund for repayment of bonds				
Current accounts	0.001	0.001	0.001	0.001
Savings accounts	1,282.41	779.40	1,282.41	779.40
Fixed deposits	930.00	2,030.49	930.00	2,030.49
	<u>2,212.41</u>	<u>2,809.89</u>	<u>2,212.41</u>	<u>2,809.89</u>
Interest from electricity usage guarantee fund				
Current accounts	0.001	0.001	0.001	0.001
Savings accounts	29.92	10.27	29.92	10.27
Fixed deposits	5,173.65	4,563.37	5,173.65	4,563.37
	<u>5,203.57</u>	<u>4,573.64</u>	<u>5,203.57</u>	<u>4,573.64</u>
KFW special fund				
Current accounts	0.001	0.001	0.001	0.001
Savings accounts	33.21	16.44	33.21	16.44
Fixed deposits	169.21	169.21	169.21	169.21
	<u>202.42</u>	<u>185.65</u>	<u>202.42</u>	<u>185.65</u>
Restricted cash				
Current accounts	0.004	0.004	0.004	0.004
Savings accounts	3,103.54	1,680.70	3,103.54	1,680.70
Fixed deposits	50.00	50.00	-	-
	<u>3,153.54</u>	<u>1,730.70</u>	<u>3,103.54</u>	<u>1,680.70</u>
<b>Total</b>	<b><u>39,868.42</u></b>	<b><u>36,507.26</u></b>	<b><u>39,818.42</u></b>	<b><u>36,457.26</u></b>

Electricity usage guarantee fund, sinking fund for repayment of bonds and restricted cash are deposits at financial institutions that can be used in Provincial Electricity Authority's activities in case of Provincial Electricity Authority have deficits in working capital. Interest from electricity usage guarantee fund and interest from KFW 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.

Restricted cash is used as a guarantee for Provincial Electricity Authority's employee loans. Provincial Electricity Authority has to maintain a balance of savings accounts at an average of Baht 3,100 million per month.

## (TRANSLATION)

- 39 -

## 5.8 Non-current assets held for sale consist of:

Unit: Million Baht

	Consolidated and separate financial statements						
	Land and land improvements	Buildings and constructions	Electricity generating systems	Electricity distributing systems	Furniture, tools and equipment	Vehicles	Total
<b>Cost</b>							
As at January 1, 2018	-	-	-	-	-	-	-
- Additions	1.01	0.01	1.20	102.91	128.06	64.26	297.45
- Disposals/decreases	(0.90)	(0.01)	-	(12.22)	(52.24)	(10.34)	(75.71)
As at December 31, 2018	0.11	-	1.20	90.69	75.82	53.92	221.74
<b>Accumulated depreciation</b>							
As at January 1, 2018	-	-	-	-	-	-	-
- Additions	0.85	0.01	1.19	98.81	125.22	64.26	290.34
- Disposals/decreases	(0.80)	(0.01)	-	(11.48)	(50.83)	(10.34)	(73.46)
As at December 31, 2018	0.05	-	1.19	87.33	74.39	53.92	216.88
<b>Net book value</b>							
As at December 31, 2017	-	-	-	-	-	-	-
As at December 31, 2018	0.06	-	0.01	3.36	1.43	-	4.86

### 5.9 Investments in associates

Investments in associates in the consolidated financial statements represent the investments of PEA Encom International Company Limited, the subsidiary of the Provincial Electricity Authority. PEA Encom International Company Limited has invested in 4 solar power plants projects on May 12, 2014, 3 power plants projects from biomass fuel on September 10, 2018 and September 14, 2018 and 1 Bacho Biogas Project on November 8, 2018 with a purpose of generating and selling electricity energy to Provincial Electricity Authority. Investments in associates are accounted using the equity method.

As at December 31, 2018 and 2017, investments in associates in the consolidated financial statements consist of:

	Proportion of Investment (percent)	Unit: Million Baht			
		Dec. 31, 2018		Dec. 31, 2017	
		Cost Method	Equity Method	Cost Method	Equity Method
<b>Associates</b>					
1. Solar Power (Surin 1) Co., Ltd.	25	41.25	85.34	41.25	77.99
2. Solar Power (Surin 2) Co., Ltd.	25	41.25	82.70	41.25	74.36
3. Solar Power (KhonKaen 10) Co., Ltd.	25	41.25	83.45	41.25	75.24
4. Solar Power (Loei 2) Co., Ltd.	25	41.25	84.79	41.25	76.95
5. Pracharath Biomass Narathiwat Co., Ltd.	40	2.40	2.31	-	-
6. Pracharath Biomass Maelan Co., Ltd.	40	2.40	2.27	-	-
7. Pracharath Biomass Bannangsata Co., Ltd.	40	2.40	2.27	-	-
8. Thai Serm Suk Energy Co., Ltd.	25	25.00	23.47	-	-
<b>Total</b>		<b>197.20</b>	<b>366.60</b>	<b>165.00</b>	<b>304.54</b>

### 5.10 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 and are accounted using the equity method.

As at December 31, 2018 and 2017, investments in joint venture in the consolidated financial statements consists of:

	Proportion of Investment (percent)	Unit: Million Baht			
		Dec. 31, 2018		Dec. 31, 2017	
		Cost Method	Equity Method	Cost Method	Equity Method
<b>Joint venture</b>					
PEA Encom Fah Chai joint venture	25	5.47	5.39	5.47	5.43
<b>Total</b>		<b>5.47</b>	<b>5.39</b>	<b>5.47</b>	<b>5.43</b>

### 5.11 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, 2018 and 2017, the investments in subsidiary presented in the separate financial statements of Baht 1,441.28 million and Baht 782.28 million, respectively.

### 5.12 Constructions in progress consist of:

Unit: Million Baht

Consolidated 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, 2018	18,294.20	4,989.40	-	23,283.60
- Additions	25,688.76	6,437.68	-	32,126.44
- Decreases	(18,213.31)	(5,991.64)	-	(24,204.95)
	<u>25,769.65</u>	<u>5,435.44</u>	<u>-</u>	<u>31,205.09</u>
Materials and supplies				11,271.16
Work in progress				<u>1.35</u>
<b>As at December 31, 2018</b>				<b><u>42,477.60</u></b>

Unit: Million Baht

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, 2018	18,294.20	4,989.40	-	23,283.60
- Additions	25,417.88	6,437.68	-	31,855.56
- Decreases	(18,213.31)	(5,991.64)	-	(24,204.95)
	<u>25,498.77</u>	<u>5,435.44</u>	<u>-</u>	<u>30,934.21</u>
Materials and supplies				11,271.16
Work in progress				<u>1.35</u>
<b>As at December 31, 2018</b>				<b><u>42,206.72</u></b>

Unit: Million Baht

Consolidated and separate financial statements				
Constructions in progress				
	PEA capital budget	Partially funded by electricity users	Funded by interest from electricity usage guarantee	Total
As at January 1, 2017	19,728.78	5,122.99	0.08	24,851.85
- Additions	16,893.83	6,343.73	0.02	23,237.58
- Decreases	(18,328.41)	(6,477.32)	(0.10)	(24,805.83)
	<u>18,294.20</u>	<u>4,989.40</u>	<u>-</u>	<u>23,283.60</u>
Materials and supplies				10,625.89
Work in progress				<u>1.63</u>
<b>As at December 31, 2017</b>				<b><u>33,911.12</u></b>

Materials and supplies and work in progress presented in constructions in progress are the materials and supplies which PEA has purchased with specific purposes for use in the projects.

### 5.13 Investment property consist of:

Unit: Million Baht

Consolidated and separate financial statements			
	Land and land improvements	Vacant building	Total
<b>Cost</b>			
As at January 1, 2018	185.34	477.15	662.49
- Additions	2.12	-	2.12
- Decreases	(16.37)	-	(16.37)
As at December 31, 2018	<u>171.09</u>	<u>477.15</u>	<u>648.24</u>
<b>Accumulated depreciation</b>			
As at January 1, 2018	-	76.47	76.47
- Additions	-	16.23	16.23
As at December 31, 2018	<u>-</u>	<u>92.70</u>	<u>92.70</u>
<b>Net book value</b>			
As at December 31, 2017	<u>185.34</u>	<u>400.68</u>	<u>586.02</u>
As at December 31, 2018	<u>171.09</u>	<u>384.45</u>	<u>555.54</u>

As at December 31, 2018 and 2017, according to the appraisal value announced by the Treasury department, land has total fair value of Baht 449.90 million and Baht 444.16 million, respectively, and buildings have fair value as at December 31, 2018 and 2017 of Baht 180.83 million.

Provincial Electricity Authority has rental income on investment property for the years ended December 31, 2018 and 2017, amounting to Baht 28.54 million and Baht 21.55 million, respectively. The acquisition cost of land used for rentals as at December 31, 2018 and 2017, are Baht 42.21 million and Baht 46.57 million, respectively.

## (TRANSLATION)

- 43 -

## 5.14 Property, plant and equipment consist of:

	Consolidated financial statements							Unit: Million Baht
	Land and land improvements	Buildings and constructions	Electricity generating systems	Electricity distributing systems	Furniture, tools and equipment	Vehicles	Vehicles under Finance leases	
<b>Cost</b>								
As at January 1, 2018	12,899.29	15,310.82	2,321.60	440,572.78	21,669.33	9,882.43	1,678.64	504,334.89
- Additions	1,831.70	1,008.72	269.34	25,507.52	1,374.52	289.94	559.88	30,841.62
- Disposals/decreases	(187.78)	(59.25)	(1.04)	(2,269.80)	(107.74)	(11.87)	(202.07)	(2,839.55)
- Assets held for sale	(0.11)	-	(1.20)	(90.69)	(75.82)	(53.92)	-	(221.74)
As at December 31, 2018	14,543.10	16,260.29	2,588.70	463,719.81	22,860.29	10,106.58	2,036.45	532,115.22
<b>Accumulated depreciation</b>								
As at January 1, 2018	1,460.62	6,004.84	1,144.84	221,222.37	12,994.84	7,549.79	660.43	251,037.73
- Additions	130.29	499.80	100.02	16,859.89	1,475.77	377.63	375.08	19,818.48
- Disposals/decreases	(5.83)	(12.61)	(0.18)	(1,680.66)	(89.48)	(11.87)	(202.07)	(2,002.70)
- Assets held for sale	(0.05)	-	(1.19)	(87.33)	(74.39)	(53.92)	-	(216.88)
As at December 31, 2018	1,585.03	6,492.03	1,243.49	236,314.27	14,306.74	7,861.63	833.44	268,636.63
<b>Net book value</b>								
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
As at December 31, 2018	12,958.07	9,768.26	1,345.21	227,405.54	8,553.55	2,244.95	1,203.01	263,478.59

## (TRANSLATION)

- 44 -

Unit: Million Baht

	Separate financial statements						Total	
	Land and land improvements	Buildings and constructions	Electricity generating systems	Electricity distributing systems	Furniture, tools and equipment	Vehicles		Vehicles under Finance leases
<b>Cost</b>								
As at January 1, 2018	12,899.29	15,310.82	2,321.60	440,572.78	21,666.70	9,882.43	1,675.57	504,329.19
- Additions	1,831.70	1,008.72	269.34	25,507.52	1,373.34	289.94	559.88	30,840.44
- Disposals/decreases	(187.78)	(59.25)	(1.04)	(2,269.80)	(107.73)	(11.87)	(202.07)	(2,839.54)
- Assets held for sale	(0.11)	-	(1.20)	(90.69)	(75.82)	(53.92)	-	(221.74)
As at December 31, 2018	14,543.10	16,260.29	2,588.70	463,719.81	22,856.49	10,106.58	2,033.38	532,108.35
<b>Accumulated depreciation</b>								
As at January 1, 2018	1,460.62	6,004.84	1,144.84	221,222.37	12,993.72	7,549.79	658.05	251,034.23
- Additions	130.29	499.80	100.02	16,859.89	1,475.27	377.63	374.47	19,817.37
- Disposals/decreases	(5.83)	(12.61)	(0.18)	(1,680.66)	(89.48)	(11.87)	(202.07)	(2,002.70)
- Assets held for sale	(0.05)	-	(1.19)	(87.33)	(74.39)	(53.92)	-	(216.88)
As at December 31, 2018	1,585.03	6,492.03	1,243.49	236,314.27	14,305.12	7,861.63	830.45	268,632.02
<b>Net book value</b>								
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
As at December 31, 2018	12,958.07	9,768.26	1,345.21	227,405.54	8,551.37	2,244.95	1,202.93	263,476.33

The fully depreciated plant and equipment that continue to be used by Provincial Electricity Authority and its subsidiary as at December 31, 2018 is amounting to Baht 168.12 million.

## 5.15 Intangible assets consist of:

Unit: Million Baht

	Consolidated financial statements		
	Computer software licenses	Finance lease assets	Total
<b>Cost</b>			
As at January 1, 2018	3,399.93	2,201.31	5,601.24
- Additions	40.61	-	40.61
- Disposals/decreases	(0.51)	-	(0.51)
As at December 31, 2018	3,440.03	2,201.31	5,641.34
<b>Accumulated amortization</b>			
As at January 1, 2018	3,098.24	732.50	3,830.74
- Additions	128.90	660.34	789.24
- Disposals/decreases	(0.51)	-	(0.51)
As at December 31, 2018	3,226.63	1,392.84	4,619.47
<b>Net book value</b>			
As at December 31, 2017	301.69	1,468.81	1,770.50
As at December 31, 2018	213.40	808.47	1,021.87

Unit: Million Baht

	Separate financial statements		
	Computer software licenses	Finance lease assets	Total
<b>Cost</b>			
As at January 1, 2018	3,399.70	2,201.32	5,601.02
- Additions	40.45	-	40.45
- Disposals/decreases	(0.51)	-	(0.51)
As at December 31, 2018	3,439.64	2,201.32	5,640.96
<b>Accumulated amortization</b>			
As at January 1, 2018	3,098.16	732.50	3,830.66
- Additions	128.86	660.34	789.20
- Disposals/decreases	(0.51)	-	(0.51)
As at December 31, 2018	3,226.51	1,392.84	4,619.35
<b>Net book value</b>			
As at December 31, 2017	301.54	1,468.82	1,770.36
As at December 31, 2018	213.13	808.48	1,021.61

The fully amortized intangible assets that continue to be used by Provincial Electricity Authority and its subsidiary as at December 31, 2018 is amounting to Baht 0.005 million.

## 5.16 Other non-current assets consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Employee receivables	70.81	72.21	70.81	72.21
Deferred expenses	22.72	21.85	22.72	21.85
Retentions and deposits	15.14	15.01	2.74	2.84
Withholding taxes	1.20	1.83	-	-
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	0.66	0.32	0.66	0.32
<b>Total</b>	<b>110.54</b>	<b>111.24</b>	<b>96.94</b>	<b>97.24</b>

## 5.17 Other current payables consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Accounts payable for goods or				
services - domestic	2,592.44	929.75	2,532.81	902.84
Suspense payable - unbilled	655.01	843.42	655.01	843.42
Other accounts payable	765.59	282.18	765.06	282.08
Unearned revenues	319.27	321.68	319.02	321.68
<b>Total</b>	<b>4,332.31</b>	<b>2,377.03</b>	<b>4,271.90</b>	<b>2,350.02</b>

Consolidated and separate financial statements as at December 31, 2018 and 2017, suspense payable-unbilled amounting to Baht 655.01 million and Baht 843.42 million, respectively, represent payable for goods or services received but Provincial Electricity Authority has not received invoices from payables.

## 5.18 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, 2018	Dec. 31, 2017
<b>Domestic loans</b>					
- Ministry of Finance	1988 – 2031	Canadian Dollar	Interest free	177.17	210.91
- Bonds	2005 – 2040	Baht	2.40 – 6.84	<u>71,070.00</u>	<u>75,460.00</u>
Total domestic loans				<u>71,247.17</u>	<u>75,670.91</u>
<b>Foreign loans</b>					
- Financial institutions	2000 - 2020	Euro	2.00	149.09	248.83
	2007 - 2023	Euro	8.00 *	<u>183.32</u>	<u>231.17</u>
Total foreign loans				<u>332.41</u>	<u>480.00</u>
Total long - term loans				71,579.58	76,150.91
<u>Less</u> Current portion				<u>(7,831.84)</u>	<u>(7,538.41)</u>
<b>Total</b>				<b><u>63,747.74</u></b>	<b><u>68,612.50</u></b>

\* 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, 2018 and 2017, amounting to Baht 2,934.38 million and Baht 3,158.09 million are capitalized as cost of constructions in progress amounting to Baht 205.60 million and Baht 293.32 million and are recognized as expenses in the statements of comprehensive income for Baht 2,728.78 million and Baht 2,864.77 million, respectively.

## 5.19 Finance lease liabilities consist of:

Unit: Million Baht

Consolidated financial statements						
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
	Present value of finance lease liabilities					
- Computer software systems	756.43	709.76	181.45	876.68	937.88	1,586.44
- Vehicles	382.92	310.61	878.96	749.58	1,261.88	1,060.19
- Other assets	21.20	-	24.50	-	45.70	-
Total	<b>1,160.55</b>	<b>1,020.37</b>	<b>1,084.91</b>	<b>1,626.26</b>	<b>2,245.46</b>	<b>2,646.63</b>

Unit: Million Baht

Separate financial statements						
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
	Present value of finance lease liabilities					
- Computer software systems	756.43	709.76	181.45	876.68	937.88	1,586.44
- Vehicles	382.77	309.86	878.96	749.49	1,261.73	1,059.35
- Other assets	21.20	-	24.50	-	45.70	-
Total	<b>1,160.40</b>	<b>1,019.62</b>	<b>1,084.91</b>	<b>1,626.17</b>	<b>2,245.31</b>	<b>2,645.79</b>

## 5.19.1 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, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
	Finance lease liabilities	795.60	795.60	183.60	918.00	979.20
<u>Less</u> Future financial charge	(39.17)	(85.84)	(2.15)	(41.32)	(41.32)	(127.16)
Present value of finance lease liabilities	<b>756.43</b>	<b>709.76</b>	<b>181.45</b>	<b>876.68</b>	<b>937.88</b>	<b>1,586.44</b>

## 5.19.2 Finance lease liabilities – vehicles

Unit: Million Baht

	Consolidated financial statements					
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Finance lease liabilities	460.76	376.09	975.44	832.94	1,436.20	1,209.03
<u>Less</u> Future financial charge	(77.84)	(65.48)	(96.48)	(83.36)	(174.32)	(148.84)
<b>Present value of finance lease liabilities</b>	<b>382.92</b>	<b>310.61</b>	<b>878.96</b>	<b>749.58</b>	<b>1,261.88</b>	<b>1,060.19</b>

Unit: Million Baht

	Separate financial statements					
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Finance lease liabilities	460.61	375.30	975.44	832.85	1,436.05	1,208.15
<u>Less</u> Future financial charge	(77.84)	(65.44)	(96.48)	(83.36)	(174.32)	(148.80)
<b>Present value of finance lease liabilities</b>	<b>382.77</b>	<b>309.86</b>	<b>878.96</b>	<b>749.49</b>	<b>1,261.73</b>	<b>1,059.35</b>

## 5.19.3 Finance lease liabilities – other assets

Unit: Million Baht

	Consolidated and separate financial statements					
	Within 1 year		After 1 year but within 5 years		Total	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Finance lease liabilities	26.79	-	26.69	-	53.48	-
<u>Less</u> Future financial charge	(5.59)	-	(2.19)	-	(7.78)	-
<b>Present value of finance lease liabilities</b>	<b>21.20</b>	<b>-</b>	<b>24.50</b>	<b>-</b>	<b>45.70</b>	<b>-</b>

## (TRANSLATION)

- 50 -

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

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2018	Dec. 31, 2017
Beginning balance	8,164.50	7,094.50
Adjustment for remittance to the Ministry of Finance for the year 2017	-	(1,655.00)
Reserve for remittance to public revenues	13,350.00	13,857.00
Remit to public revenues during the year	(13,003.00)	(11,132.00)
<b>Total</b>	<b>8,511.50</b>	<b>8,164.50</b>

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.

## 5.21 Deposits payable consist of:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2018	Dec. 31, 2017
Accrued remittance to the Power Development Fund	0.26	356.67
Pending repayment electricity usage guarantee	245.48	224.29
Other deposits payable	84.80	99.56
<b>Total</b>	<b>330.54</b>	<b>680.52</b>

## 5.22 Other current liabilities consist of:

	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Retentions and deposits	255.29	260.32	251.09	259.74
Withholding tax payable	0.42	0.51	-	-
Suspense accounts	35.74	60.35	35.74	60.35
Short-term provision (Note 5.23)	4.13	1.67	4.13	1.67
<b>Total</b>	<b>295.58</b>	<b>322.85</b>	<b>290.96</b>	<b>321.76</b>

## 5.23 Long-term provisions

	Unit: Million Baht
	Consolidated and separate financial statements
	Dec 31, 2018
As at January 1, 2018	209.68
- Increase	43.33
- Decrease	(0.55)
- Reversal	(5.25)
	<u>247.21</u>
<u>Less</u> Short-term provision (Note 5.22)	(4.13)
<b>As at December 31, 2018</b>	<b><u>243.08</u></b>

Long-term provisions as at December 31, 2018 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 52 lawsuits. Provincial Electricity Authority expects that it will be required to pay the compensation to the damage of the cases within one year for 9 lawsuits, which are classified as other current liabilities, amounting to Baht 4.13 million (Note 5.22).

## 5.24 Construction obligations

Consolidated and separate financial statements as at December 31, 2018 and 2017, amounting to Baht 9,094.16 million and Baht 9,064.72 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 belongs to Provincial Electricity Authority.

## 5.25 Deferred revenues consist of:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2018	Dec. 31, 2017
Contributions for construction	49,147.88	46,920.98
Deferred revenues	1,518.64	1,588.98
Deferred rental revenues	365.84	380.46
<b>Total</b>	<b><u>51,032.36</u></b>	<b><u>48,890.42</u></b>

5.26 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, 2018	Dec. 31, 2017
Electricity usage guarantee fund (Note 5.7)	29,096.48	27,207.38
Electricity usage guarantee - additional deposits by Provincial Electricity Authority	144.26	146.49
<b>Total</b>	<b><u>29,240.74</u></b>	<b><u>27,353.87</u></b>

**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, 2018 and 2017, employee benefit obligations are as follows:

	Consolidated		Unit: Million Baht Separate	
	financial statements		financial statements	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Post-employment benefits under defined benefit plans				
Retirement pension	11,136.12	11,247.53	11,134.61	11,246.67
Retirement souvenir gift	324.10	326.43	324.10	326.43
Accumulate vacation leave remains at retirement	1,118.79	1,128.51	1,118.79	1,128.51
<b>Total post-employment benefits under defined benefit plans</b>	<b>12,579.01</b>	<b>12,702.47</b>	<b>12,577.50</b>	<b>12,701.61</b>
Other long-term employee benefits				
Souvenir gifts for completing agreed period	395.23	381.23	395.23	381.23
<b>Total other long-term employee benefits</b>	<b>395.23</b>	<b>381.23</b>	<b>395.23</b>	<b>381.23</b>
<b>Total</b>	<b>12,974.24</b>	<b>13,083.70</b>	<b>12,972.73</b>	<b>13,082.84</b>

Post-employment benefits under defined benefit plans and other long-term employee benefits presented in the statements of comprehensive income for the years ended December 31, 2018 and 2017, are as follows:

	Consolidated		Unit: Million Baht Separate	
	financial statements		financial statements	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Current service costs	752.39	674.45	751.93	674.18
Interest cost	409.64	400.33	409.61	400.30
Actuarial losses on post-employment benefit plans	0.16	208.71	-	209.06
<b>Total</b>	<b>1,162.19</b>	<b>1,283.49</b>	<b>1,161.54</b>	<b>1,283.54</b>

Provincial Electricity Authority and its subsidiary have current service costs for the years ended December 31, 2018 and 2017 in the consolidated financial statements amounting to Baht 752.39 million and Baht 674.45 million, which are employee benefit expenses amounting to Baht 750.53 million and Baht 673.47 million and cost of constructions in progress amounting to Baht 1.86 million and Baht 0.98 million, respectively.

## (TRANSLATION)

- 53 -

Provincial Electricity Authority has current service costs for the years ended December 31, 2018 and 2017 in the separate financial statements amounting to Baht 751.93 million and Baht 674.18 million, which are employee benefit expenses amounting to Baht 750.07 million and Baht 673.20 million and costs of constructions in progress amounting to Baht 1.86 million and Baht 0.98 million, respectively.

Movement in the present value of the provisions for benefit plans for the years ended December 31, 2018 and 2017, are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Beginning balance of the defined benefit obligations	13,083.70	12,832.85	13,082.84	12,831.94
Current service costs	752.39	674.45	751.93	674.18
Interest cost	409.64	400.33	409.61	400.30
Actual cost	(1,271.65)	(1,032.64)	(1,271.65)	(1,032.64)
Actuarial losses on post-employment benefit plans	0.16	208.71	-	209.06
<b>Ending balance of the defined benefit obligations</b>	<b>12,974.24</b>	<b>13,083.70</b>	<b>12,972.73</b>	<b>13,082.84</b>

Actuarial assumptions used for the calculation of provisions under post-employment benefit plans for the year ended December 31, 2018 and 2017, are as follows:

	Dec. 31, 2018	Dec. 31, 2017
	(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 2017

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, 2018, are as followed:

	Change in present value of defined benefit obligation		
	Percent	Increase in rate	Decrease in rate
Discount rate	1	(1,141.95)	1,371.30
Inflation rate	1	42.48	(36.07)
Salary growth rate	1	1,652.64	(1,398.52)
Employee turnover rate	20	(103.50)	105.96
Mortality rate	1	87.15	(100.08)

## Employee benefits expected to be paid

Year	Unit: Million Baht
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, 2018 and 2017, Provincial Electricity Authority contributes to the provident fund amounting to Baht 1,516.66 million and Baht 1,549.03 million, respectively.

## 5.28 Other non-current liabilities consist of:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2018	Dec. 31, 2017
Employee gratuity fund	2.90	8.64
Other non-current liabilities	273.52	205.42
<b>Total</b>	<b>276.42</b>	<b>214.06</b>

As at December 31, 2018 and 2017, Employee Gratuity Fund is as follows:

	Unit: Million Baht	
	Consolidated and separate financial statements	
	Dec. 31, 2018	Dec. 31, 2017
Beginning balance	8.64	7.88
<u>Add</u> Contributions during the year	0.29	0.33
Deficit in the plan	0.72	0.43
Deficit of revenues over expenses for the year	(0.02)	(0.03)
	9.63	8.61
<u>Add</u> Refunds for shortage in the gratuity fund over obligation	0.02	0.03
<u>Less</u> Payments to provident fund	(6.75)	-
<b>Ending balance of fund equal to obligations to be paid to resigned employees</b>	<b>2.90</b>	<b>8.64</b>

## (TRANSLATION)

- 55 -

## 5.29 Executives' remunerations consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Directors' remunerations	16.31	15.71	14.87	14.68
Management's remunerations	113.19	115.51	113.19	115.51
<b>Total</b>	<b>129.50</b>	<b>131.22</b>	<b>128.06</b>	<b>130.19</b>

Unit: Million Baht

## 5.30 Operating results

Operating results for the years ended December 31, 2018 and 2017 are as follows :

	Consolidated financial statements			
	Dec. 31, 2018	Dec. 31, 2017	Increase (Decrease)	Percentage
		(Adjusted)		
Operating revenues	497,658.24	481,151.04	16,507.20	3.43
Operating expenses	475,861.81	453,038.58	22,823.23	5.04
Operating income	21,796.43	28,112.46	(6,316.03)	(22.47)
Other revenues	1,865.17	1,971.21	(106.04)	(5.38)
Other expenses	145.95	349.52	(203.57)	(58.24)
Financial costs	2,903.47	3,056.54	(153.07)	(5.01)
Share of profits of associates	71.14	71.48	(0.34)	(0.48)
Income tax expense	1.05	-	1.05	100.00
<b>Profit for the year</b>	<b>20,682.27</b>	<b>26,749.09</b>	<b>(6,066.82)</b>	<b>(22.68)</b>

Unit: Million Baht

For the year ended December 31, 2018, Provincial Electricity Authority and its subsidiary have profit of Baht 20,682.27 million which decreases from the same period of prior year by Baht 6,066.82 million and by 22.68% from the year 2017. The decrease is attributable to decrease in operating income by Baht 6,316.03 million, decrease in other revenues by Baht 106.04 million, decrease in other expenses by Baht 203.57 million, decrease in financial costs by Baht 153.07 million and decrease in share profits of associates by Baht 0.34 million.

	Separate financial statements			
	Dec. 31, 2018	Dec. 31, 2017	Increase (Decrease)	Percentage
		(Adjusted)		
Operating revenues	497,474.41	481,002.31	16,472.10	3.42
Operating expenses	475,650.29	452,888.04	22,762.25	5.03
Operating income	21,824.12	28,114.27	(6,290.15)	(22.37)
Other revenues	1,841.42	1,961.10	(119.68)	(6.10)
Other expenses	145.95	349.52	(203.57)	(58.24)
Financial costs	2,903.44	3,056.45	(153.01)	(5.01)
<b>Profit for the year</b>	<b>20,616.15</b>	<b>26,669.40</b>	<b>(6,053.25)</b>	<b>(22.70)</b>

Unit: Million Baht

(TRANSLATION)

- 56 -

For the year ended December 31, 2018, Provincial Electricity Authority has profit of Baht 20,616.15 million which decreases from the same period of prior year by Baht 6,053.25 million and by 22.70% from the year 2017. The decrease is attributable to decrease in operating income by Baht 6,290.15 million, decrease in other revenues by Baht 119.68 million, decrease in other expenses by Baht 203.57 million and decrease in financial costs by Baht 153.01 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 2018, Provincial Electricity Authority has revenues from telecommunication business amounting to Baht 150.96 million which are recognized as sales and service 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 2018 and 2017, Provincial Electricity Authority has revenues on rental of electric pole for putting up cable line from Cable TVs business amounting to Baht 19.94 million and Baht 20.08 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 2018, Provincial Electricity Authority has refunded the benefit to the customers amounting to Baht 27.17 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 2018, Provincial Electricity Authority is obliged to refund interest to the customers amounted to Baht 69.16 million and recorded as other expenses.

## (TRANSLATION)

- 57 -

## 5.31 Financial Information of Operating Segments

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

	Unit: Million Baht											
	North		Northeast		Central		South		Headquarter		Consolidated financial Statements	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
<b>Information from statements of financial position</b>												
Trade accounts receivable	5,284.10	4,633.52	5,655.31	5,083.23	17,962.66	17,704.67	6,420.34	6,114.43	482.76	453.82	35,805.17	33,989.67
Other current assets	520.82	462.39	614.87	608.34	874.59	723.61	685.85	596.95	68,641.58	71,700.14	71,337.71	74,091.43
Property, plant and equipment	56,963.92	54,595.14	56,474.47	54,772.80	84,820.96	80,437.87	62,199.04	60,422.46	3,020.20	3,068.89	263,478.59	253,297.16
Other non-current assets	7,763.61	5,273.30	9,325.32	6,302.12	13,015.91	11,427.07	8,093.89	7,340.56	6,421.94	6,412.18	44,620.67	36,755.23
<b>Total Assets</b>	<b>70,532.45</b>	<b>64,964.35</b>	<b>72,069.97</b>	<b>66,766.49</b>	<b>116,674.12</b>	<b>110,293.22</b>	<b>77,399.12</b>	<b>74,474.40</b>	<b>78,566.48</b>	<b>81,635.03</b>	<b>415,242.14</b>	<b>398,133.49</b>
Current Liabilities	46,063.53	40,739.69	51,034.84	46,829.77	(224,984.17)	(201,515.61)	18,125.23	17,695.92	185,455.96	160,774.26	75,695.39	64,524.03
Long-term loans	-	-	-	-	-	-	-	-	63,747.74	68,612.50	63,747.74	68,612.50
Other non-current liabilities	19,424.20	18,978.91	24,853.69	23,486.32	37,225.57	35,735.46	20,678.33	19,802.90	2,739.45	3,445.99	104,921.24	101,449.58
Total Liabilities	65,487.73	59,718.60	75,888.53	70,316.09	(187,758.60)	(165,780.15)	38,803.56	37,498.82	251,943.15	232,832.75	244,364.37	234,586.11
Equity	5,044.72	5,245.75	(3,818.56)	(3,549.60)	304,432.72	276,073.37	38,595.56	36,975.58	(173,376.67)	(151,197.72)	170,877.77	163,547.38
<b>Total Liabilities and Equity</b>	<b>70,532.45</b>	<b>64,964.35</b>	<b>72,069.97</b>	<b>66,766.49</b>	<b>116,674.12</b>	<b>110,293.22</b>	<b>77,399.12</b>	<b>74,474.40</b>	<b>78,566.48</b>	<b>81,635.03</b>	<b>415,242.14</b>	<b>398,133.49</b>

## (TRANSLATION)

- 58 -

## 5.31.2 Operational results of operating segments are as follows:

	Unit: Million Baht											
	North		Northeast		Central		South		Headquarter		Consolidated financial Statements	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
<b>Information from statements of comprehensive income</b>												
Sales and service revenues	73,216.52	71,064.34	81,036.50	77,860.95	255,841.03	248,913.08	86,838.06	82,838.49	726.13	474.18	497,658.24	481,151.04
Other revenues	86.64	100.85	151.82	142.32	198.49	281.50	62.00	138.84	1,366.22	1,307.70	1,865.17	1,971.21
<b>Total revenues</b>	<b>73,303.16</b>	<b>71,165.19</b>	<b>81,188.32</b>	<b>78,003.27</b>	<b>256,039.52</b>	<b>249,194.58</b>	<b>86,900.06</b>	<b>82,977.33</b>	<b>2,092.35</b>	<b>1,781.88</b>	<b>499,523.41</b>	<b>483,122.25</b>
Cost of electricity	62,396.61	59,103.00	69,142.81	65,028.36	213,016.39	202,245.16	73,321.11	68,616.64	-	782.82	417,876.92	395,775.98
Employee compensations	4,562.33	4,771.30	5,097.74	5,238.45	5,051.79	5,303.64	4,075.04	4,247.83	3,799.11	3,913.73	22,586.01	23,474.95
Employee benefit expenses	236.08	217.63	268.68	235.27	275.15	259.92	214.28	200.93	165.98	160.04	1,160.17	1,073.79
Executives' remunerations	7.57	7.34	7.00	7.34	6.52	7.03	6.43	6.62	101.98	102.88	129.50	131.21
Preventive, repair and maintenance, and construction expenses	814.48	844.64	898.05	829.87	1,428.29	1,369.68	1,059.30	867.56	1,125.46	813.23	5,325.58	4,724.98
Depreciation and amortization expenses	4,114.49	4,041.22	4,270.06	4,263.94	5,959.31	5,667.18	4,651.60	4,508.07	1,224.54	1,222.67	20,220.00	19,703.08
Other operating expenses	1,331.66	1,341.37	1,733.02	1,770.09	1,883.77	1,775.57	1,911.40	1,700.11	1,703.78	1,567.44	8,563.63	8,154.58
Other expenses	19.32	7.10	21.57	29.38	36.75	91.56	18.82	113.81	49.49	107.67	145.95	349.52
Financial costs	21.66	5.87	18.35	4.91	22.20	8.67	22.10	9.94	2,819.16	3,027.15	2,903.47	3,056.54
<b>Total expenses</b>	<b>73,504.20</b>	<b>70,339.47</b>	<b>81,457.28</b>	<b>77,407.61</b>	<b>227,680.17</b>	<b>216,728.41</b>	<b>85,280.08</b>	<b>80,271.51</b>	<b>10,989.50</b>	<b>11,697.63</b>	<b>478,911.23</b>	<b>456,444.63</b>
Share of profit of associates	-	-	-	-	-	-	-	-	71.14	71.48	71.14	71.48
<b>Profit before tax</b>	<b>(201.04)</b>	<b>825.72</b>	<b>(268.96)</b>	<b>595.66</b>	<b>28,359.35</b>	<b>32,466.17</b>	<b>1,619.98</b>	<b>2,705.82</b>	<b>(8,826.01)</b>	<b>(9,844.27)</b>	<b>20,683.32</b>	<b>26,749.10</b>
Income tax expense	-	-	-	-	-	-	-	-	1.05	-	1.05	-
<b>Income (loss) for the year</b>	<b>(201.04)</b>	<b>825.72</b>	<b>(268.96)</b>	<b>595.66</b>	<b>28,359.35</b>	<b>32,466.17</b>	<b>1,619.98</b>	<b>2,705.82</b>	<b>(8,827.06)</b>	<b>(9,844.27)</b>	<b>20,682.27</b>	<b>26,749.10</b>
Other comprehensive loss	-	(43.11)	-	(51.08)	-	(48.70)	-	(37.57)	(1.89)	(28.25)	(1.89)	(208.71)
<b>Total comprehensive income (loss) for the year</b>	<b>(201.04)</b>	<b>782.61</b>	<b>(268.96)</b>	<b>544.58</b>	<b>28,359.35</b>	<b>32,417.47</b>	<b>1,619.98</b>	<b>2,668.25</b>	<b>(8,828.95)</b>	<b>(9,872.52)</b>	<b>20,680.38</b>	<b>26,540.39</b>

## (TRANSLATION)

- 59 -

## 6. Related party transactions

Significant related party transactions are as follows:

6.1 Assets and liabilities, as at December 31, 2018 and 2017, significant related party transactions are as follows:

Unit: Million Baht

Item/Company's name	Relationship	Consolidated		Separate	
		financial statements		financial statements	
		<u>Dec. 31, 2018</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2018</u>	<u>Dec. 31, 2017</u>
<b>Accounts receivable from sales of equipment and rendering of services</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	0.18	-
<b>Investments in associates</b>					
Solar Power (SR1) Co., Ltd.	Subsidiary's associate	85.34	77.99	-	-
Solar Power (SR2) Co., Ltd.	Subsidiary's associate	82.70	74.36	-	-
Solar Power (KK10) Co., Ltd.	Subsidiary's associate	83.45	75.24	-	-
Solar Power (LO2) Co., Ltd.	Subsidiary's associate	84.79	76.95	-	-
Pracharath Biomass Narathiwat Co., Ltd.	Subsidiary's associate	2.31	-	-	-
Pracharath Biomass Maelan Co., Ltd.	Subsidiary's associate	2.27	-	-	-
Pracharath Biomass Bannangsata Co., Ltd.	Subsidiary's associate	2.27	-	-	-
Thai Serm Suk Energy Co., Ltd.	Subsidiary's associate	23.47	-	-	-
<b>Investments in joint venture</b>					
PEA Encom Fah chai	Subsidiary's joint venture	5.39	5.43	-	-
<b>Investments in subsidiary</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	1,441.28	782.28
<b>Advance payments to suppliers</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	-	4.68
<b>Undue input VAT</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	-	0.55
<b>Trade accounts payable</b>					
EGAT	Related party	33,952.00	28,199.66	33,952.00	28,199.66
<b>Other accounts payable</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	0.02	0.01
<b>Deferred revenues</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	0.01	-
<b>Accrued expenses</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	-	8.46
<b>Sales and service guarantee</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	0.02	-

## (TRANSLATION)

- 60 -

6.2 Revenues and expenses, related party transaction for the years ended December 31, 2018 and 2017, are as follows:

Unit: Million Baht

Item/Company's name	Relationship	Consolidated		Separate	
		financial statements		financial statements	
		Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
<b>Other operating revenues</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	1.24	0.73
<b>Other revenues</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	1.15	-
<b>Cost of electricity</b>					
EGAT	Related Party	357,004.52	341,649.63	357,004.52	341,649.63
Solar Power (SR1) Co., Ltd.	Subsidiary's associate	127.02	129.93	127.02	129.93
Solar Power (SR2) Co., Ltd.	Subsidiary's associate	125.58	128.27	125.58	128.27
Solar Power (KK10) Co., Ltd.	Subsidiary's associate	119.77	119.47	119.77	119.47
Solar Power (LO2) Co., Ltd.	Subsidiary's associate	116.12	113.75	116.12	113.75
<b>Maintenance cost</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	0.06	0.96
<b>Construction expenses</b>					
PEA Encom International Co., Ltd.	Subsidiary	-	-	6.32	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 5.18.

### **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, 2018, Provincial Electricity Authority was filed in litigation as a defendant for 2,467 cases in which dispute amount are totaling at Baht 41,487.13 million. Provincial Electricity Authority expects that the court's judgment will not cause any damage and hold no liabilities. Details of litigation cases are as follows:

8.1 Litigation cases, which the injured person file the complaint against Provincial Electricity Authority to demolish assets or to complete the pending construction, are at 47 cases and the claimed compensation is amounting to Baht 25.49 million.

8.2 Litigation cases, which the injured person claim for damage against Provincial Electricity Authority regarding worker employment and employee benefits, are at 2,296 cases and the claimed compensation is amounting to Baht 8,153.98 million.

8.3 Litigation cases, which the injured person claim for damage against Provincial Electricity Authority for cases that others persons or plaintiffs are damaged from Provincial Electricity Authority's assets, are at 18 cases and the claimed compensation is amounting to Baht 173.99 million.

8.4 Litigation cases, which the injured person claim for damage against Provincial Electricity Authority regarding breaking contract of sales and infringement of right, are at 106 cases and the claimed compensation is amounting to Baht 33,133.67 million.

## **9. Event after the reporting period**

On January 3, 2019, the tropical storm, Pabuk had passed through the south of Thailand, causing damage to Provincial Electricity Authority's electricity distribution systems. The expense to restore the damage from the disaster is amounting to Baht 41.56 million.

## **10. Approval of financial statements**

These financial statements were approved for issuance by PEA Governor on May 27, 2019.