

RATCH



RATCHABURI
ELECTRICITY GENERATING
HOLDING PCL.



FINANCIAL
STATEMENTS

2016

Strengthening our fundamentals for long-term growth

Expanding Investment in Infrastructure

Increase Productivity

Strengthening Capability

Clean, Safe & Green

RATCH



RATCHABURI
ELECTRICITY GENERATING
HOLDING PCL.

Vision

To be a leading value-oriented integrated energy company in Asia-Pacific

Mission

- To ensure shareholders' value creation by continuously generating superior financial returns
- To achieve world-class operational excellence and project development
- To be socially and environmentally responsible, conducting business in a fair and sustainable manner and complying with all related laws and regulations
- To provide an enjoyable, secure, and motivating work environment
- To support long-term domestic energy security
- To seek new opportunities and alternatives in related business to generate growth and expand business base for shareholders

Goal

To enhance long-term growth of the business within 2023 by

- Increasing capacity to 10,000 megawatts or equivalent
- Maintaining domestic revenue at no less than 60 percent of the total revenue
- Increasing capacity from renewable energy by no less than 20 percent of the Company's total capacity

Business Strategies

- To continuously improve existing projects' potential
- To focus on developing new power plant projects in the region that the Company has already operated in
- To seek partners for expanding investment in new markets
- To add value by expanding investment in related business
- To enhance and develop corporate strength

Core Values

R Reliability

A Accountability

T Trust

C Challenge

H Happiness



“...Let’s talk about electricity and energy. For electricity and energy, electricity needs energy to generate. We need energy to have electricity. This has been done for a long time. When there is energy shortage, people are told to switch off television. Switch off television and light. Then it is said this measure is effective. Switching off television is fine. If oil is used up, we can still use other sources of fuel. There is other fuel but we have to work hard to generate new sources of fuel. Fuel, which we call oil, will be used up in a few years time, or in tens of years...”

H.M. King Bhumibol Adulyadej’s speech given to well-wishers on the occasion of his birthday at Dusidalai Hall, Chitralada Villa, Dusit Palace on Sunday 4 December 2005.
(Unofficial Translation by Ratchaburi Electricity Generating Holding Public Company Limited)

CONTENTS

06

Financial Overview

08

Message from the Chairman

11

Board of Directors' Report
on Its Responsibility to Financial Report

12

Audit Committee's Report

14

Independent Auditor's Report

18

Financial Statements

107

Management Discussion and Analysis

116

Remuneration for the Auditor's Office

Financial Overview

Profit and Loss Statement		2016*	2015*	2014*	2013*	2012
Total revenue	Million Baht	51,279.88	59,326.30	58,700.32	51,670.20	59,213.35
Earning before interest, taxes, depreciation and amortization (EBITDA) **	Million Baht	9,323.54	8,644.78	10,175.05	10,351.25	14,320.06
The Company's profit for the year	Million Baht	6,165.72	3,187.87	6,279.03	6,514.12	7,726.27
Statement of Financial Position		2016*	2015*	2014*	2013*	2012
Assets	Million Baht	96,391.09	92,605.05	96,235.04	93,874.50	96,810.76
Liabilities	Million Baht	33,938.32	32,185.21	35,035.64	34,748.03	43,079.11
Shareholders' equity	Million Baht	64,452.77	60,419.84	61,199.40	59,126.47	53,731.65
Information about ordinary shares		2016*	2015*	2014*	2013*	2012
Book value per share	Baht	42.98	41.51	41.92	40.20	36.53
Earning per share	Baht	4.25	2.20	4.33	4.49	5.33
Paid dividend per share	Baht	2.35***	2.27	2.27	2.27	2.27
Dividend payment ratio	%	55.27	103.25	52.42	50.53	42.60
Share price at the end of accounting period	Baht	50.00	47.50	58.75	49.00	59.75
Financial ratios (excluding the effect of exchange rate)		2016*	2015*	2014*	2013*	2012
Liquidity ratio	Time	2.40	2.23	1.96	1.06	1.38
Profit to total revenue (excluding fuel cost)	%	40.85	30.28	36.03	37.11	36.72
Return on equity	%	9.81	7.48	9.96	10.44	13.73
Return on total assets ratio	%	6.26	4.61	6.09	6.09	7.35
EBITDA to total assets ratio	%	9.87	9.16	10.70	10.61	14.75
Total debt to equity ratio	Time	0.54	0.53	0.57	0.59	0.80
Net debt to equity ratio	Time	0.19	0.16	0.13	0.22	0.33

Remark: * 2013-2016 information is prepared according to the Thai Financial Reporting Interpretation Committee standard No. 4 (TFRIC 4)
 ** Exclude the effect of exchange rate and finance lease receivables (Baht 1,592.83 million, Baht 3,815.90 million, Baht 3,552.83 million and Baht 3,313.03 million in 2013, 2014, 2015 and 2016 respectively)
 *** Proposed for shareholders' consideration in the Shareholders' Annual General Meeting Year 2560 (B.E.) on 5 April 2017

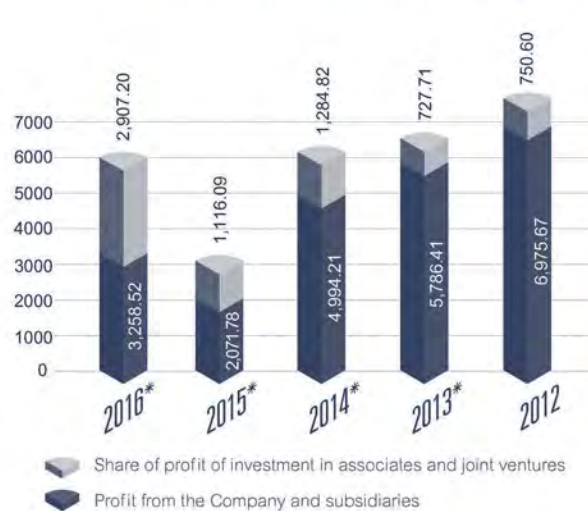
Total Revenue

Million Baht



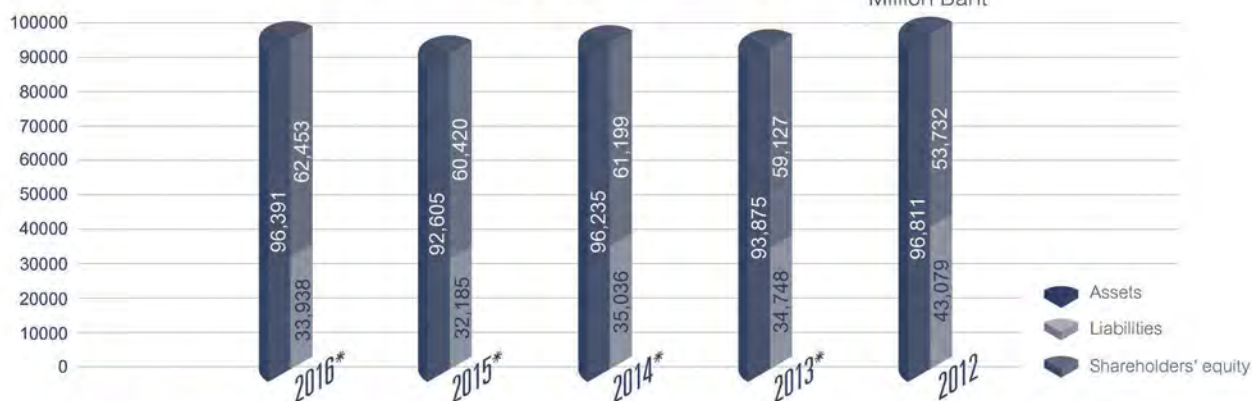
The Company's Profit

Million Baht



Statement of Financial Position

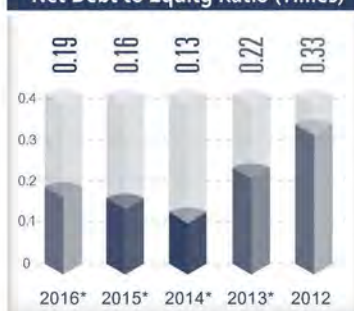
Million Baht



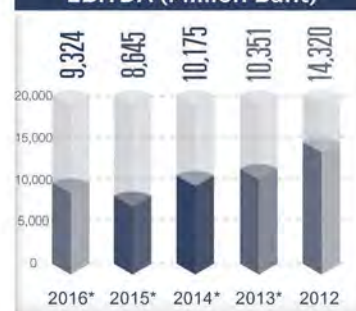
Liquidity Ratio (Times)



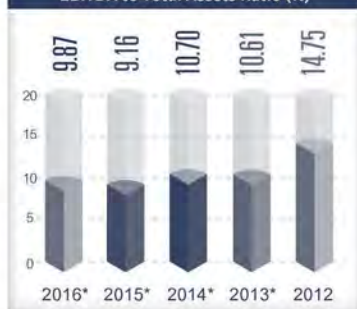
Net Debt to Equity Ratio (Times)



EBITDA (Million Baht)



EBITDA to Total Assets Ratio (%)



Book Value Per Share (Baht)



Earning Per Share (Baht)



Remark: * 2013-2016 information is prepared according to the Thai Financial Reporting Interpretation Committee standard No. 4 (TFRIC 4)

Message from the Chairman



Dear shareholders and stakeholders,

The intense competition in 2016, global economic uncertainty and risks of exchange rate fluctuation and oil price sensitivity that may affect business growths are all great challenges for a business to maintain sustainable growth. The Company has continued our policy to operate business in accordance with the strategic plan focusing on increasing enterprise value and supporting national power security. We have not only directed its efforts to maximize efficiency in asset management and developing new power plants in different regions that is has already been operating but we also sought new partners to increase opportunity to invest in power plants in new markets. In addition, the Company plans to seek opportunities to invest in other related business to drive growth and business expansion in order to create added value to our shareholders.

At present, our electricity generating business continues to enjoy constant growth. The power plants that are operating commercially and generating major income are Ratchaburi Power Plant, Tri Energy Power Plant, Ratchaburi Power's Power Plant, Ratchaburi World SPP Power Plant, Nava Nakorn SPP Power Plant as well as Nam Ngum 2 Hydroelectric Power Plant, and Hongsa Thermal Power Plant in Lao PDR, power plants in Australia and other renewable energy power plants in which we have jointly invested. With the operations of those power plants, the Company's total attribution installed capacity is 6,442 MW and enjoyed the total income of Baht 50,485 million in 2016.

The Company has also accelerated construction projects to ensure that all plants make good progress as scheduled. Projects under development and construction, which have a total attribution installed capacity of 538 MW are, for example, Xe-Pian Xe-Namnoy Hydroelectric Power Plant

in Lao PDR which is scheduled for completion and commercial operation commencement in 2019, the Mount Emerald Wind Farm in Australia with the schedule of completion and commercial operation in 2018 and Berkprai Cogeneration SPP Power Plant.

For new investment projects in 2016, it is noted that the economic growth in the region and the ASEAN Economic Community (AEC) integration have resulted in rising trend in electricity demand. The Company therefore focuses more on risk management when making business decision. In addition to economic situation, currency fluctuation and oil price sensitivity, the Company has added risk assessment for both macro level and project level into the list of factors to be closely monitored. The risk assessment tool at the project level is very crucial to control and limit the degree of risk at the acceptable level. We also consider project stability by focusing on projects with long-term power purchase agreement, which will enhance shareholders' confidence. With both commercially operating and developing power plant projects, the Company's total production capacity as of 31 December 2016 was 6,980 MW.

Considering increasing competition trend in the energy and electricity generating industry, the Company introduced a new policy in 2016 to expand and add value to its investment in infrastructure. The move also supports the government's policy in allowing the private sector to participate in the country's infrastructure development. The Company has partnered with BTS Group Holdings Public Company Limited and Sino-Thai Engineering & Construction Public Company Limited as "BSR Joint Venture" and participated in the bidding of the MRT Pink Line Project (Khao Rai-Min Buri) and the MRT Yellow Line Project (Lat Phrao-Samrong). Both projects are part of the rail system development master plan for Bangkok and suburban areas. The proposals were accepted by

the Mass Rapid Transit Authority of Thailand as the best proposal. Currently, the project is in the negotiation process.

The overall performance in 2016 resulted in satisfactory profitability. This reflects the strength in our investment structure and financial position. The Company and subsidiaries have consolidated income of Baht 51,248 and profit for the year 2016 of Baht 6,166 million, 93.40 per cent increase from the previous year.

The Company has been operating its business by adhering to the good corporate governance principle, moral, ethics, integrity, transparency, responsibilities towards the society and environment and equitable treatment of stakeholders. With this commitment, the Company has participated and certified by the Collective Action Coalition against Corruption Council in 2016. The Company also received important awards from various organizations, including:

1. Sustainability Report Award 2016 by CSR Club under the Thai Listed Company Association for the 4th consecutive year.
2. Investors' Choice Award for the annual general shareholders' meeting assessment, with 100 full score for the 8th consecutive year.
3. Rated "Excellent" for the corporate governance assessment for listed companies in 2016.

In terms of social and environmental responsibility, the Company continued all the projects, including Love Forest and Community Project; Happy Elderly, Healthy Thailand Project; Care@Line Happy Community Network Project, etc. These projects range from energy conservation and resource optimization to promoting community forest as the natural carbon sinks to reduce the impact from the Global Warming, quality of life enhancement for the elderly and awareness raising on health and safety among children.

On behalf of the Company's Board of Directors, the Management and employees, I wish to thank all shareholders and stakeholders for the great supports throughout these years. We are confident that the management under our strategic plan will enable us to grow and become the value-oriented integrated energy company in the Asia Pacific.



(Mr. Sutat Patmasiriwat)
Chairman of the Board of Directors
31 December 2016

Board of Directors' Report on Its Responsibility to Financial Report



The Public Company Act 2535 (B.E.), the Accounting Act 2543 (B.E.), the Securities and Stock Exchange Act 2535 (B.E.) and the Securities and Exchange Commission's Announcement on the Rules, Conditions and Procedure of Financial Information and Company Performance Disclosure require the Board of Directors to prepare financial statements to describe the Company's financial position, operating performance and cash flow in the previous year in an accurate, reasonable and transparent manner for shareholders and investors.

(Mr. Sutat Patmasiriwat)
Chairman of the Board of Directors

The consolidated and separate financial statements as at 31 December 2016 have been audited by the Auditor, KPMG Phoomchai Audit Limited. The Board of Directors provided information and documents to enable the Auditor to examine and express his opinion in conformity with generally accepted auditing standards. His opinion appears in Independent Auditor's Report in this annual report.

In this regard, the Board of Directors has appointed the Audit Committee to review the accounting policies, the quality of the financial statements, the internal control system, and internal audit. The opinions of the Audit Committee also appeared in the Audit Committee's Report in the annual report.

The Board of Directors has provided for and maintained the appropriate and efficient internal control system to reasonably ensure that the financial statements are free from material misstatement, whether due to fraud or error.

The Board of Directors agreed that the overall internal control system in five areas including organizational structure and environment, risk management, control activities, information and communication, and operation monitoring system of the Company was satisfactory and ensured that the consolidated and the separate financial statements for the year ended 31 December 2016 were prepared in conformity with financial reporting standards and in compliance with law and all relevant regulations.

(Mr. Rum Herabat)
Chief Executive Officer

Audit

Committee's Report



The Audit Committee of Ratchaburi Electricity Generating Holding Public Company Limited comprises 3 independent directors, namely (1) Mr. Chavalit Pichalai as the Chairman of the committee, (2) Miss Prapa Puranachote, and (3) Miss Piyathida Praditbatuga as committee members. The three members have been serving the Audit Committee since 2015 and Mrs. Chatsuree Thammakulkrajang, Vice President-Head of Internal Audit Division, serves as the secretary.

All members of the Audit Committee have complete qualifications of Independent Directors and Audit Committee members as stated in the Company's Regulations on the Company's Board of Directors 2015 and the Company's Regulations on Audit Committee 2008. Both of which are compliant with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

In 2016, the Audit Committee convened 7 meetings, including one meeting between the Committee and the auditors without the presence of the Management's representative, and one meeting between the Audit Committee and the Corporate Governance and Social Responsibility Committee (Details on each Committee member's meeting attendance appeared in the Meeting Attendance Table in the Good Corporate Governance Section.) The Management of the Company and its subsidiaries and the auditors participated in the meetings to present information, listen to opinions and suggestions that are useful to the Company's management. The results of each meeting were presented to boards of directors of the Company and its subsidiaries for their acknowledgement.

In 2016, significant activities of the Audit Committee are as follows:

- Reviewing quarterly and annual financial statements of the Company and its subsidiaries prior to presentation to their respective boards of directors.
- Reviewing the sufficiency of internal control system to ensure the Company's effective and efficient operations, enabling the Company to achieve its goals.
- Ensuring that the Company fully conforms to Securities and Exchange Law, rules and regulations of the Stock Exchange of Thailand, and laws related to the Company's business operations.
- Reviewing items that may involve conflict of interest and ensuring that they comply with laws and regulations issued by the Capital Market Supervisory Board and related bodies. Connected transactions or items that may involve conflict of interest were reported to the Audit Committee for approval before it was forwarded to the Board of Directors for consideration. The Company's

Management reported major transactions to the Board on quarterly basis.

- Overseeing the accounting system and financial statements to ensure appropriate internal control system in the entire operation process, covering risks related to corruption and fraud, and ensuring that the control system is completely and efficiently implemented.

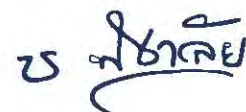
- Reviewing information on risk management system based on the report received from the Risk Management Working Team. Significant risks related to the Company's business are reported in this Annual Report.

- Reviewing the internal audit activities by approving annual audit plan to ensure efficiency and effectiveness, approving annual audit plan, acknowledging the audit report, providing opinions on effective internal control to prevent and reduce possible risks, and making recommendations on improvement monitoring in order to secure appropriate and effective internal control activities.

In summary, the Audit Committee considered that the financial statements prepared by the Company and its subsidiaries clearly meet with generally accepted accounting standard, that the information disclosure is sufficient, accurate, complete and reliable, that the internal control is efficient and sufficient to prevent corruption and conflict of in the internal control system was found and no observation or any issue related to fraud and corruption was found. The operations of the Company and its subsidiaries fully comply with the laws regulating the Securities and the Stock Exchange of Thailand, the Stock Exchange of Thailand's regulations or other related laws. This opinion is also consistent with the auditor's assessment.

At the 1/2016 quarterly meeting held on 22 April 2016, the Private Sector Collective Action Coalition Against Corruption Council certified the Company's membership in Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The certification lasts for 3 years starting from the date of certification. As the Chairman of the Audit Committee, I wish to convey my gratitude to the Corporate Government and Social Responsibility Committee for the collaboration in overseeing all activities related to anti-corruption practice and to all executives and employees for cooperation, support and serious practice of anti-corruption policies. This has earned the Company the CAC certification. This underlines everyone's responsibility to fight against fraudulent act and corruption in all forms.

The Audit Committee approved and appointed Mr.Vairoj Jindamaneepitak (Registration No. 3565) or Mr. Charoen Phosamritlert (Registration No. 4068) or Mr. Waiyawat Kosamarnchaiyakij (Registration No. 6333) of KPMG Poomchai Audit Limited as the auditor of the Company and its subsidiaries in 2017. The total audit fee is Baht 2,365,0000 (including out-of-pocket expenses), Baht 850,000 of which is the Company's audit fee. The Audit Committee proposed the matter to the Board of Directors for further consideration by the shareholders at the shareholders' annual general meeting.



(Mr.Chavalit Pichalai)
Chairman of the Audit Committee
31 December 2016

Independent Auditor's Report

To the Shareholders of Ratchaburi Electricity Generating Holding Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries (the "Group") and of Ratchaburi Electricity Generating Holding Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Emphasis of Matter

I draw attention to Note 32 to the financial statements, which discloses the fair values of the interest rate swap and cross currency swap contracts of subsidiaries. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Impairment of goodwill, right to power purchase agreement, property, plant and equipment and development costs particularly the renewable power generation in Australia

Refer to Notes 12, 14 and 16

The key audit matter	How the matter was addressed in the audit
<p>The Group holds significant amounts of goodwill, right to power purchase agreement, property, plant and equipment and development costs on the consolidated statement of financial position. There is a risk that the carrying values of the Group's goodwill, right to power purchase agreement, property, plant and equipment and development costs balances might exceed its recoverable values.</p> <p>I focused on the estimated value in use of the cash generation units "CGUs" of the operation in Australia, which contains a net book value of goodwill of Baht 297.33 million and net book value of right to power purchase agreement, property, plant and equipment and development costs of Baht 15,064.84 million together representing approximately 16% of total assets, because the determination of future cash flows is highly judgmental and subject to material uncertainty.</p>	<p>My audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> - involving KPMG Sydney to assist in evaluating the appropriateness of discount rates applied, which included comparing the weight average cost of capital with sector averages for the relevant markets in which the Group operate and evaluating the appropriateness of the assumptions applied to key inputs such as contracted revenue, prices, operating costs, inflation rate and long-term growth rates, which included comparing these inputs with externally derived data as well as my knowledge of the client and the industry. In addition, KPMG Sydney performed sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the CGUs; - consulting KPMG valuation specialist to assess the appropriateness of discount rates applied; - performing a stress test, through discussion with the managements of the subsidiary company in Australia, the technical feasibility of completing each project and their commercial prospects; - evaluating the adequacy of the financial statement disclosures.

Recognition of deferred tax assets in Australia

Refer to Note 15

The key audit matter	How the matter was addressed in the audit
<p>The Group has significant recognised deferred tax assets in respect of tax losses. This requires management judgement in estimating future taxable income. There is inherent uncertainty involved in forecasting future taxable profits, which determines the extent to which deferred tax assets are or are not recognised.</p> <p>As at 31 December 2016, the book value of deferred tax asset relate to tax losses is of Baht 481.10 million and represents 0.50% of total assets.</p>	<p>My audit procedures in this areas included, among others;</p> <ul style="list-style-type: none"> - involving KPMG Sydney to assess the recoverability of deferred tax assets; - assessing the reasonableness of forecast future taxable profits using my understanding obtained during my audit, including their consistency with business plans and forecasts used for impairment testing as described in my response to the goodwill key audit matters above; - evaluating the adequacy of the financial statement disclosures.

Valuation of investment in subsidiary in the separate financial statements

Refer to Note 9

The key audit matter	How the matter was addressed in the audit
<p>The Company has an investment in RH International Corporation Limited ("RHIC"), a subsidiary, amounting to Baht 17,650 million which indirectly holds investments in power generation projects in Australia. The recoverability of the investment in RHIC is a key audit matter because the investments in the power generation projects in Australia might be impaired. The determination of the recoverable amount is based on judgement and forecasts of future events which are subject to significant uncertainty.</p> <p>As at 31 December 2016, the book value of the investment in subsidiary in the separate financial statements is of Baht 17,650 million and represents 18% of total assets.</p>	<p>My audit procedures in this areas included, among others;</p> <ul style="list-style-type: none"> - assessing the Company's process for identifying indicators of impairment; - involving KPMG Singapore to evaluate the appropriateness of key assumptions applied in determining the recoverable value of the investments the power generation in Australia and my knowledge of the industry and my understanding obtained during my audit, including their consistency with business plans and forecasts used for impairment testing as described in my response to the goodwill key audit matters above; - evaluating the adequacy of the financial statement disclosures.

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 my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my 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 my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.

- Obtain 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.

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

- Conclude 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate 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.

- Obtain 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. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

Waiyawat L.

(Waiyawat Kosamamchaiyakij)
Certified Public Accountant
Registration No. 6333

KPMG Phoomchai Audit Ltd.
Bangkok
15 February 2017

Statement of financial position

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2016	2015	2016	2015
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	5	9,419,212,345	7,464,524,521	3,106,428,282	5,061,288,403
Current investments	6	3,175,475,498	4,128,295,139	2,970,855,691	4,121,627,495
Trade accounts receivable from related parties	4, 7	7,369,136,556	8,373,022,960	-	-
Trade accounts receivable from other parties	7	195,288,443	114,463,492	-	-
Other receivables		146,212,792	686,406,262	58,316,092	46,888,808
Dividend receivable	11	41,000,000	-	41,000,000	-
Advances to and other receivables from related parties	4	36,363,398	37,406,826	122,359,431	159,674,503
Short-term loans to related parties	4	-	7,600,000	5,400,000,000	9,810,000,000
Current portion of finance lease receivable from related party	4	3,770,047,948	3,195,549,417	-	-
Spare parts and supplies	8	2,053,869,162	1,912,578,579	-	-
Other current assets		96,416,634	63,651,777	29,320,486	4,836,694
Total current assets		26,303,022,776	25,983,498,973	11,728,279,982	19,204,315,903
Non-current assets					
Long-term receivable from related parties	4	5,559,796	3,391,735	37,944,069	5,777,197
Investments in subsidiaries	9	-	-	40,690,558,000	30,040,558,000
Investments in associates	11	1,561,569,970	1,511,107,956	764,604,000	764,604,000
Investments in joint ventures	11	23,867,733,237	16,048,596,249	3,628,691,697	3,146,923,158
Investment in other company		62,299,900	62,299,900	62,299,900	62,299,900
Other long-term investments	6	4,164,580,113	4,667,524,059	430,000,000	393,000,000
Long-term loans to related parties	4	46,947,120	47,294,940	1,628,156,645	2,164,460,939
Property, plant and equipment	12	13,806,678,875	13,479,049,767	649,977,548	726,244,056
Land for future development projects	13	309,207,570	309,207,570	305,389,850	305,389,850
Goodwill	14	297,329,455	299,469,555	-	-
Intangible assets	14	3,932,951,168	4,086,065,567	3,548,844	2,993,113
Finance lease receivable from related party	4	21,225,197,596	24,995,245,543	-	-
Deferred tax assets	15	53,463,264	107,382,133	27,592,938	21,711,385
Other non-current assets	16	754,550,482	1,004,920,375	134,182,989	143,421,819
Total non-current assets		70,088,068,546	66,621,555,349	48,362,946,480	37,777,383,417
Total assets		96,391,091,322	92,605,054,322	60,091,226,462	56,981,699,320

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

Statement of financial position

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	Note	2016	2015	2016	2015
(in Baht)					
Current liabilities					
Short-term loans from financial institutions	17	3,800,000,000	1,900,000,000	3,800,000,000	1,900,000,000
Trade accounts payable to related party	4, 18	1,002,755	21,331,851	-	-
Trade accounts payable to other parties	18	5,552,565,863	6,984,848,950	-	-
Other payables	4, 14, 19	1,332,209,554	1,340,155,531	221,704,780	230,183,464
Current portion of long-term loans					
from financial institutions	17	-	1,200,000,000	-	1,200,000,000
Current portion of financial lease liabilities	17	1,272,586	777,756	-	-
Income tax payable		116,649,445	56,448,301	-	3,795,964
Other current liabilities		142,109,622	154,505,604	22,493,423	29,431,366
Total current liabilities		10,945,809,825	11,658,067,993	4,044,198,203	3,363,410,794
Non-current liabilities					
Long-term loans from related party	4, 17	1,029,085,384	1,071,599,090	-	-
Long-term loans from financial institutions	17	2,567,008,909	-	-	-
Long-term unearned revenue from related party	4	1,884,265	5,489,442	-	-
Debentures	17	17,327,198,043	17,282,351,326	-	-
Financial lease liabilities	17	3,170,965	1,334,797	-	-
Deferred tax liabilities	15	1,804,033,782	1,958,311,454	-	-
Employee benefit obligations	20	158,706,387	122,151,202	131,076,423	101,580,602
Other non-current liabilities		101,425,636	85,909,063	-	-
Total non-current liabilities		22,992,513,371	20,527,146,374	131,076,423	101,580,602
Total liabilities		33,938,323,196	32,185,214,367	4,175,274,626	3,464,991,396
Equity					
Share capital	21				
Authorised share capital		14,500,000,000	14,500,000,000	14,500,000,000	14,500,000,000
Issued and paid-up share capital		14,500,000,000	14,500,000,000	14,500,000,000	14,500,000,000
Share premium	22	1,531,778,000	1,531,778,000	1,531,778,000	1,531,778,000
Difference arising from common control transaction		-	-	221,308,748	221,308,748
Retained earnings					
Appropriated					
Legal reserve	22	1,450,000,000	1,450,000,000	1,450,000,000	1,450,000,000
Unappropriated		47,375,153,080	44,500,930,609	38,235,684,376	35,811,663,420
Other components of equity		(2,535,457,215)	(1,793,188,920)	(22,819,288)	1,957,756
Total equity attributable to owners of the Company		62,321,473,865	60,189,519,689	55,915,951,836	53,516,707,924
Non-controlling interests	10	131,294,261	230,320,266	-	-
Total equity		62,452,768,126	60,419,839,955	55,915,951,836	53,516,707,924
Total liabilities and equity		96,391,091,322	92,605,054,322	60,091,226,462	56,981,699,320

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

Statement of comprehensive income

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2016	2015	2016	2015
				(in Baht)	
Revenue from sale and rendering of services	4	43,087,042,578	52,171,435,868	-	-
Revenue from finance lease contracts	4	4,491,341,200	5,005,332,242	-	-
Cost of sale and rendering of services	4	(41,623,271,506)	(50,616,659,413)	-	-
Gross profit		5,955,112,272	6,560,108,697	-	-
Management service income	4	258,240,751	258,102,833	417,301,299	439,202,320
Dividend income	4, 6, 9, 11	204,719,417	212,067,741	5,843,024,359	5,794,235,306
Interest income	4	164,919,575	338,466,613	476,234,235	575,589,733
Surplus in liquidating distribution from subsidiary	4, 9	-	-	17,300,000	1,800,000
Other income	4, 24	166,424,603	224,798,719	1,305,840	8,725,015
Administrative expenses	4, 25	(1,476,045,264)	(1,567,203,266)	(943,178,440)	(982,218,952)
Net foreign exchange gain (loss)		157,662,359	(1,333,754,825)	(48,455,179)	89,947,542
Finance costs	4, 28	(1,402,436,048)	(1,386,026,215)	(85,200,480)	(72,580,114)
Share of profit of investments					
in associates and joint ventures	11	2,907,196,397	1,116,085,296	-	-
Profit before income tax expense		6,935,794,062	4,422,645,593	5,678,331,634	5,854,700,850
(Income tax expense) reversal	29	(863,242,504)	(1,407,724,577)	37,189,322	(42,217,716)
Profit for the year		6,072,551,558	3,014,921,016	5,715,520,956	5,812,483,134
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Defined benefit plan actuarial losses		(23,180,839)	-	(24,777,044)	-
Share of other comprehensive income of investments					
in joint ventures	11	(8,225,621)	180,771	-	-
		(31,406,460)	180,771	(24,777,044)	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for					
foreign operations		(78,679,113)	25,357,509	-	-
Share of other comprehensive income of investments					
in joint ventures	11	233,696	96,319	-	-
Net change in fair value of available-for-sale investments		(638,271,510)	(528,610,752)	-	-
		(716,716,927)	(503,156,924)	-	-
Other comprehensive income (loss) for the year,					
net of income tax		(748,123,387)	(502,976,153)	(24,777,044)	-
Total comprehensive income for the year		5,324,428,171	2,511,944,863	5,690,743,912	5,812,483,134
Profit (loss) attributable to:					
Owner of the Company		6,165,722,471	3,187,867,044	5,715,520,956	5,812,483,134
Non-controlling interests	10	(93,170,913)	(172,946,028)	-	-
Profit for the year		6,072,551,558	3,014,921,016	5,715,520,956	5,812,483,134
Total comprehensive income (loss) attributable to:					
Owner of the Company		5,423,454,176	2,699,345,131	5,690,743,912	5,812,483,134
Non-controlling interests		(99,026,005)	(187,400,268)	-	-
Total comprehensive income for the year		5,324,428,171	2,511,944,863	5,690,743,912	5,812,483,134
Basic earnings per share (Baht)					
	30	4.25	2.20	3.94	4.01

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

Statement of changes in equity

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Consolidated financial statements

	Retained earnings			Other components of equity							Non-controlling interests	Total equity	
	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Currency translation differences	Share of other comprehensive income of investments in joint ventures	Fair value changes in available-for-sale investments	Defined benefit plan actuarial gains	Total other components of equity	Equity attributable to owners of the Company			
<i>(in Baht)</i>													
Year ended 31 December 2015													
Balance at 1 January 2015	14,500,000,000	1,531,778,000	1,450,000,000	44,604,563,565	(2,665,557,411)	-	1,355,436,843	5,453,561	(1,304,667,007)	60,781,674,558	417,720,534	61,199,395,092	
Dividends to owners of the Company	-	-	-	(3,291,500,000)	-	-	-	-	-	(3,291,500,000)	-	(3,291,500,000)	
Comprehensive income (loss) for the year													
Profit or loss	-	-	-	3,187,867,044	-	-	-	-	-	3,187,867,044	(172,946,028)	3,014,921,016	
Other comprehensive income (loss)	-	-	-	-	39,811,749	277,090	(528,610,752)	-	(488,521,913)	(488,521,913)	(14,454,240)	(502,976,153)	
Total comprehensive income for the year	-	-	-	3,187,867,044	39,811,749	277,090	(528,610,752)	-	(488,521,913)	2,699,345,131	(187,400,268)	2,511,944,863	
Balance at 31 December 2015	14,500,000,000	1,531,778,000	1,450,000,000	44,500,930,609	(2,625,745,662)	277,090	826,826,091	5,453,561	(1,793,188,920)	60,189,519,689	230,320,266	60,419,839,955	

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

Statement of changes in equity

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Consolidated financial statements													
	Note	Retained earnings		Other components of equity							Equity attributable to owners of the Company	Non-controlling interests	Total equity
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Currency translation differences	Share of other comprehensive income of investments in joint ventures	Fair value changes in available-for-sale investments	Defined benefit plan actuarial gains (loss)	Total other components of equity			
(in Baht)													
Year ended 31 December 2016													
Balance at 1 January 2016		14,500,000,000	1,531,778,000	1,450,000,000	44,500,930,609	(2,625,745,662)	277,090	826,836,091	5,453,561	(1,793,188,920)	60,189,519,689	230,320,266	60,419,839,955
Dividends to owners of the Company	31	-	-	-	(3,291,500,000)	-	-	-	-	-	(3,291,500,000)	-	(3,291,500,000)
Comprehensive income (loss) for the year													
Profit or loss		-	-	-	6,165,722,471	-	-	-	-	-	6,165,722,471	(93,170,913)	6,072,551,558
Other comprehensive income		-	-	-	-	(72,824,021)	(7,991,925)	(538,271,510)	(23,180,839)	(742,268,295)	(742,268,295)	(5,855,092)	(748,123,387)
Total comprehensive income (loss) for the year		-	-	-	6,165,722,471	(72,824,021)	(7,991,925)	(538,271,510)	(23,180,839)	(742,268,295)	5,423,454,176	(99,026,005)	5,324,428,171
Balance at 31 December 2016		14,500,000,000	1,531,778,000	1,450,000,000	47,375,153,080	(2,698,569,683)	(7,714,835)	188,554,581	(17,727,278)	(2,535,457,215)	62,321,473,865	131,294,261	62,452,768,126

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

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

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

Statement of changes in equity

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Year ended 31 December 2016							
Balance at 1 January 2016	14,500,000,000	1,531,778,000	221,308,748	1,450,000,000	35,811,663,420	1,957,756	53,516,707,924
Dividends to owners of the Company	31	-	-	-	(3,291,500,000)	-	(3,291,500,000)
Comprehensive income for the year							
Profit	-	-	-	-	5,715,520,956	-	5,715,520,956
Other comprehensive income	-	-	-	-	-	(24,777,044)	(24,777,044)
Total comprehensive income for the year	-	-	-	-	5,715,520,956	(24,777,044)	5,690,743,912
Balance at 31 December 2016	14,500,000,000	1,531,778,000	221,308,748	1,450,000,000	38,235,684,376	(22,819,288)	55,915,951,836

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

Statement of cash flows

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2016	2015	2016	2015
		(in Baht)			
Cash flows from operating activities					
Profit for the year		6,072,551,558	3,014,921,016	5,715,520,956	5,812,483,134
Adjustments for					
Depreciation	12	993,543,806	1,011,430,477	81,563,760	85,631,299
Amortisation	14	309,146,230	284,099,473	1,044,270	1,317,459
Interest income		(164,919,575)	(338,466,613)	(476,234,235)	(575,589,733)
Finance costs		1,402,436,048	1,386,026,215	85,200,480	72,580,114
Provision for obsolescence of spare parts and supplies	8	106,694,319	39,437,780	-	-
Allowance for declining in value of fuel oil (reversal)	8	(255,093,491)	167,387,246	-	-
Unrealised (gain) loss on exchange		144,910,927	814,055,563	9,842,117	(88,542,727)
Dividend income	6, 9, 11	(204,719,417)	(212,067,741)	(5,843,024,359)	(5,794,235,306)
Gain on disposal of intangible assets	4	-	-	-	(2,488,000)
(Gain) loss on disposal of property, plant and equipment		139,849	(122,455,360)	1,382	(5,052,413)
Shares of profit of investments					
in associates and joint ventures	11	(2,907,196,397)	(1,116,085,296)	-	-
Income tax expense (reversal)		863,242,504	1,407,724,577	(37,189,322)	42,217,716
Loss on changes in fair value					
of securities held-for-trading	6	4,765,276	723,799	4,699,179	566,456
Reversal of provision and others		24,714,897	32,050,240	7,015,019	2,867,877
		6,390,216,534	6,368,781,376	(451,560,753)	(448,244,124)
Changes in operating assets and liabilities					
Trade accounts receivable from related parties		1,003,886,404	1,996,962,216	-	-
Trade accounts receivable from other parties		(82,484,390)	7,725,724	-	-
Advances to and other receivables from related parties		598,065	39,390,256	(1,234,120)	4,505,011
Other receivables		551,114,072	(154,243,256)	1,235,414	4,759,477
Finance lease receivable from related party		3,195,549,417	3,427,592,070	-	-
Spare parts and supplies		(8,463,623)	485,615,029	-	-
Other current assets and other non-current assets		251,940,535	360,998,805	28,424,735	28,384,292
Trade account payable to related party		(20,329,096)	(27,985,946)	-	-
Trade accounts payable to other parties		(1,431,190,257)	(1,821,990,969)	-	-
Other payables		(201,613,596)	338,801,746	11,543,886	(16,691,867)
Employee benefit obligation		24,043,735	20,520,019	16,547,439	16,843,118
Other current liabilities and other non-current liabilities		(28,805,148)	(38,060,239)	(17,582,763)	(17,599,007)
Cash from (used in) operating activities		9,644,462,652	11,004,106,831	(412,626,162)	(428,043,100)
Income tax paid		(938,044,324)	(1,747,939,563)	(23,137,711)	(24,543,949)
Net cash from (used in) operating activities		8,706,418,328	9,256,167,268	(435,763,873)	(452,587,049)

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

Statement of cash flows

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2016	2015	2016	2015
		(in Baht)			
Cash flows from investing activities					
Interest received		170,917,270	347,201,330	491,386,968	524,547,262
Dividends received		3,298,411,799	1,269,056,693	5,802,024,359	7,079,089,786
Purchases of plant and equipment		(1,487,231,291)	(132,823,468)	(3,367,907)	(14,559,504)
Sale of property, plant and equipment		587,947	28,715,279	944	6,915,888
Purchase of intangible assets		(54,236,593)	(31,328,896)	-	(1,702,000)
Sale of intangible assets		-	-	-	668,000,000
Net cash outflow in current investments		911,054,366	(479,514,477)	1,109,072,626	(1,612,499,392)
Net cash outflow in other long-term investments		(117,314,167)	(1,123,148,492)	-	(30,000,000)
Decrease in short-term loans to related parties	4	7,600,000	-	15,220,000,000	13,790,000,000
Increase in short-term loans to related parties	4	-	(7,600,000)	(10,810,000,000)	(15,738,000,000)
Decrease in long-term loans to related parties	4	-	-	526,649,517	58,155,621
Increase in long-term loans to related parties	4	-	-	-	(501,830,000)
Cash outflow on acquisition of investments in subsidiary	9	-	-	(10,650,000,000)	-
Cash outflow on acquisition of investments in joint ventures	11	(7,708,753,400)	(6,132,612,794)	(481,768,540)	(258,899,630)
Cash inflow from disposal of investment in joint ventures		-	14,025,450	-	997,589,731
Net cash from (used in) investing activities		(4,978,964,069)	(6,248,029,375)	1,203,997,967	4,966,807,762

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

Statement of cash flows

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2016	2015	2016	2015
		(in Baht)			
Cash flows from financing activities					
Finance costs paid		(1,388,213,825)	(1,308,726,645)	(132,159,594)	(61,650,881)
Dividend paid to owners of the Company		(3,290,934,621)	(3,290,550,459)	(3,290,934,621)	(3,290,550,459)
Proceeds from bills of exchange payables		-	2,700,000,000	-	-
Proceeds from short-term loans from financial institutions		12,390,000,000	24,880,000,000	12,390,000,000	7,180,000,000
Proceeds from long-term loans from financial institutions		2,589,162,213	126,309,581	-	-
Proceeds from issue of debentures	17	-	2,000,000,000	-	-
Repayment of bills of exchange payables		-	(5,200,000,000)	-	-
Repayment of short-term loans from financial institutions		(10,490,000,000)	(25,280,000,000)	(10,490,000,000)	(5,280,000,000)
Repayment of finance lease liability		(1,106,614)	(1,521,583)	-	-
Repayment of long-term loans from related parties		(26,177,235)	-	-	-
Repayment of long-term loans from financial institutions		(1,200,000,000)	(644,800,901)	(1,200,000,000)	-
Redemption of debentures		-	(721,400,000)	-	-
Net cash used in financing activities		(1,417,270,082)	(6,740,690,007)	(2,723,094,215)	(1,452,201,340)
Net increase (decrease) in cash and cash equivalents		2,310,184,177	(3,732,552,114)	(1,954,860,121)	3,062,019,373
Cash and cash equivalents at 1 January		7,464,524,521	10,623,059,474	5,061,288,403	1,999,269,030
Effect of exchange rate changes on balances held in foreign currencies		(355,496,353)	574,017,161	-	-
Cash and cash equivalents at 31 December	5	9,419,212,345	7,464,524,521	3,106,428,282	5,061,288,403

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

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Note Contents

1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Other investments
7	Trade accounts receivable
8	Spare parts and supplies
9	Investments in subsidiaries
10	Non-controlling interests
11	Investments in associates and joint ventures
12	Property, plant and equipment
13	Land for future development projects
14	Goodwill and intangible assets
15	Deferred tax
16	Other non-current assets
17	Interest-bearing liabilities
18	Trade accounts payable
19	Other payables
20	Employee benefit obligations
21	Share capital
22	Additional paid-in capital and reserves
23	Segment information
24	Other income
25	Administrative expenses
26	Employee benefit expenses
27	Expenses by nature
28	Finance costs
29	Income tax expense
30	Earnings per share
31	Dividends
32	Financial instruments
33	Commitments with non-related parties
34	Events after the reporting period
35	Thai Financial Reporting Standards (TFRS) not yet adopted

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 15 February 2017.

1 General information

Ratchaburi Electricity Generating Holding Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 8/8 Moo 2, Ngamwongwan Road, Bangkok, Muang, Nonthaburi, Thailand.

The Company was listed on the Stock Exchange of Thailand in October 2000.

The Company’s major shareholder during the financial year was Electricity Generating Authority of Thailand (“EGAT”) (45% shareholding) which was incorporated in Thailand.

The principal businesses of the Company are the investing in companies, whose objectives are to generate and sell electricity. Details of the Company’s subsidiaries, associates and joint ventures as at 31 December 2016 and 2015 were as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
<i>Direct subsidiaries</i>				
Ratchaburi Electricity Generating Company Limited	Generating and selling electricity and investing in the power energy business	Thailand	99.99	99.99
Ratchaburi Energy Company Limited	Developing and operating power plant and investing in the power energy business	Thailand	99.99	99.99
RATCH-Lao Services Company Limited	Providing operation and maintenance services	Lao PDR	99.99	99.99
RH International Corporation Limited	Investing in the power energy business	Thailand	99.99	99.99
RATCH O&M Company Limited	Providing operation and maintenance services	Thailand	99.99	99.99
Tri Energy Company Limited (In process of liquidation)	Generating and selling electricity	Thailand	99.99	99.99
Ratchaburi Alliances Company Limited	Investing in the power energy business	Thailand	99.99	99.99

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
<i>Indirect subsidiaries</i>				
RH International (Mauritius) Corporation Limited	Investing in the power energy business internationally	Mauritius	100	100
RH International (Singapore) Corporation Pte. Ltd.	Investing in the power energy business internationally	Singapore	100	100
RATCH-Australia Corporation Limited and its subsidiaries	Developing and operating power plant and investing in the power energy business	Australia	80	80
RATCH China Power Company Limited	Investing in the power energy business internationally	Hong Kong	100	100
RE Solar 1 Company Limited	Generating and selling electricity	Thailand	99.99	99.99
CN Biomass Company Limited	Generating and selling electricity	Thailand	99.99	-
PB Biomass Company Limited	Generating and selling electricity	Thailand	99.99	-
LP Biomass Company Limited	Generating and selling electricity	Thailand	99.99	-
<i>Direct associates</i>				
First Korat Wind Company Limited	Generating and selling electricity	Thailand	20	20
K.R. TWO Company Limited	Generating and selling electricity	Thailand	20	20
<i>Direct joint ventures</i>				
Chubu Ratchaburi Electric Services Company Limited	Providing operation and maintenance services	Thailand	50	50
SouthEast Asia Energy Limited	Investing in the power energy business	Thailand	33.33	33.33
Nam Ngum 3 Power Company Limited	Generating and selling electricity	Lao PDR	25	25

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
Direct joint ventures				
KK POWER Company Limited	Generating and selling electricity	Cambodia	50	50
Xe-Pian Xe-Namnoy Power Company Limited	Generating and selling electricity	Lao PDR	25	25
Indirect joint ventures				
Ratchaburi Power Company Limited	Generating and selling electricity	Thailand	25	25
Nava Nakorn Electricity Generating Company Limited	Generating and selling electricity and steam	Thailand	40	40
Ratchaburi World Cogeneration Company Limited	Generating and selling electricity and steam	Thailand	40	40
Solarta Company Limited	Generating and selling electricity	Thailand	49	49
Solar Power (Korat 3) Company Limited	Generating and selling electricity	Thailand	40	40
Solar Power (Korat 4) Company Limited	Generating and selling electricity	Thailand	40	40
Solar Power (Korat 7) Company Limited	Generating and selling electricity	Thailand	40	40
Songkhla Biomass Company Limited	Generating and selling electricity	Thailand	40	40
Songkhla Biofuel Company Limited	Providing material of biofuel	Thailand	40	40
Berkprai Cogeneration Company Limited	Generating and selling electricity and steam	Thailand	35	35
Oversea Green Energy Company Limited	Power plant operating services	Thailand	60	60
RICI International Investment Pte. Ltd.	Investing in the power energy business internationally	Singapore	60	60
Hongsa Power Company Limited	Generating and selling electricity	Lao PDR	40	40

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
<i>Indirect joint ventures</i>				
Phu Fai Mining Company Limited	Coal mining and trading	Lao PDR	37.50	37.50
<i>Subsidiary of a direct joint venture</i>				
Nam Ngum 2 Power Company Limited	Generating and selling electricity	Lao PDR	25	25
<i>Subsidiaries of indirect joint ventures</i>				
Green Energy Japan Kabushiki Kaisha	Power plant operating services	Japan	60	60
Mega Solar Park 3 Gou Godo Kaisha	Generating and selling electricity	Japan	60	60
Good Solar Godo Kaisha	Service lease land to establish power plant	Japan	60	60

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions ("FAP"); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 35.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

Items	Measurement bases
Available-for-sale financial assets	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (n)

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

(c) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 4	Leases: whether an arrangement containing a lease;
Note 9	Investments in subsidiaries and the translation of foreign operations;
Note 11	Investments in associates and joint ventures; and
Note 16	Other non-current assets-Development costs

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 14	Impairment test: key assumptions underlying recoverable amounts;
Note 15	Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and
Note 20	Measurement of defined benefit obligations: key actuarial assumptions.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 13 - land for future development projects
- Note 32 - financial instruments

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Acquisitions from entities under common control

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with the Guideline issued in 2009 by the FAP.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income.

- available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the exchange rates at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are stated at exchange rates at the reporting date.

The revenues and expenses of foreign operation are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) *Derivative financial instruments*

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The Company uses financial instruments to reduce exposure in fluctuation of foreign currency exchange risk. These instruments, which mainly comprise foreign currency forward contracts are not recognised in the financial statement on inception.

Foreign currency forward contracts protect the Group from risks in fluctuation of exchange rates by establishing the future exchange rate at which a foreign currency asset will be realised or a foreign currency liability will be settled. Any increase or decrease in the amount required to realise the assets or settle the liability is offset by a corresponding movement in the value of the forward exchange contract. The gains and losses are therefore offset for financial reporting purposes and are not recognised in the financial statements. The fee incurred in establishing each forward exchange contract is charged to profit or loss in the period in which payment takes place.

Interest rate swap contracts protect the Group from movements in interest rates. Any differential to be paid or received on the interest rate swap contracts is recognised as a component of finance costs as incurred.

(d) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits, saving and highly liquid short-term investments.

(e) *Trade and other accounts receivable*

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) *Spare parts and supplies*

Spare parts and supplies are measured at the lower of cost and net realisable value.

Spare parts comprises fuel oil and spare parts which are used for specific plant equipment in the power plant.

Cost is calculated using the moving average cost principle, and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Allowance for obsolescence of spare parts is calculated using the straight-line method to write-off the balances of spare parts on hand at the year-end over the remaining useful life of the power plant.

(g) Investments

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and joint ventures in the consolidated financial statements are accounted for using the equity method.

Investments in other debt and equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(h) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gain and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income or expense in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. The estimated useful lives are as follows:

Power plant, substations and transmission system	8-45 years
Equipment for power plant	4-30 years
Operating and maintenance equipment and equipment for wind power plant	5 years
Buildings and structures	20-40 years
Building improvements	5 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

(i) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Software licences	3-10	years
Right to use electrical transmission line	8	years
Right to Power Purchase Agreements	20-25	years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) Development expenditure

Development expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the costs can be measured reliably. Other development expenditure is recognised as an expense in profit or loss as incurred. Development expenditure previously recognised as an expense is not recognised as an asset in a subsequent period. Development expenditure that has been capitalised is amortised from commencement of the commercial operation on a straight-line basis over the period of its expected benefit.

(k) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

(n) *Employee benefits*

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity ("Provident Fund") and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension are expensed in profit or loss as the related service is provided by employee.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) *Provisions*

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) *Revenue*

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Revenue from finance lease contracts

Revenue from finance lease contracts are recognised by using the effective interest rate method.

The Company has ceased to recognise revenue from finance lease contracts in profit or loss when lessees have not paid rentals for more than three months.

Revenue from sale of electricity

Revenue from sale of electricity is recognised in profit or loss based on the units of sales delivered at the applicable tariff rates.

Service income

Service income is recognised in profit or loss when the services are provided.

Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Interest and other income

Interest and other income are recognised in profit or loss as it accrues.

(g) Expenses

Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

Deferred financing service fee

Deferred financing service fee is initially recognised at cost and carried at cost less accumulated amortisation. Amortisation is calculated using the effective interest method over the life of the long-term loan agreements and capitalised in power plant during construction. After construction is completed, amortisation is made through profit or loss. Deferred financing service fee is recognised as cost of debt and deducted directly from long-term loans.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

Other expenses

Other expenses are recognised in profit or loss as it accrues.

(r) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) *Basic earnings per share*

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

(t) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries, associates, joint ventures, key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Electricity Generating Authority of Thailand	Thailand	Major shareholder, some common directors
Ratchaburi Electricity Generating Company Limited	Thailand	Direct subsidiary, 99.99% shareholding, some common directors
Ratchaburi Energy Company Limited	Thailand	Direct subsidiary, 99.99% shareholding
RATCH-Lao Services Company Limited	Lao PDR	Direct subsidiary, 99.99% shareholding
RH International Corporation Limited	Thailand	Direct subsidiary, 99.99% shareholding
RATCH O&M Company Limited	Thailand	Direct subsidiary, 99.99% shareholding
Tri Energy Company Limited (In process of liquidation)	Thailand	Direct subsidiary, 99.99% shareholding
Ratchaburi Alliances Company Limited	Thailand	Direct subsidiary, 99.99% shareholding
RH International (Mauritius) Corporation Limited	Mauritius	Indirect subsidiary, 100% shareholding by a direct subsidiary

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Name of entities	Country of incorporation/ nationality	Nature of relationships
RH International (Singapore) Corporation Pte. Ltd.	Singapore	Indirect subsidiary, 100% shareholding by an indirect subsidiary
RATCH-Australia Corporation Limited	Australia	Indirect subsidiary, 80% shareholding by an indirect subsidiary
RATCH China Power Limited	Hong Kong	Indirect subsidiary, 100% shareholding by an indirect subsidiary
RE Solar 1 Company Limited	Thailand	Indirect subsidiary, 99.99% shareholding by a direct subsidiary
CN Biomass Company Limited	Thailand	Indirect subsidiary, 99.99% shareholding by a direct subsidiary
PB Biomass Company Limited	Thailand	Indirect subsidiary, 99.99% shareholding by a direct subsidiary
LP Biomass Company Limited	Thailand	Indirect subsidiary, 99.99% shareholding by a direct subsidiary
First Korat Wind Company Limited	Thailand	Direct associate, 20% shareholding
K.R. TWO Company Limited	Thailand	Direct associate, 20% shareholding
Perth Power Partnership (Kwinana)	Australia	Indirect associate, 30% shareholding by an indirect subsidiary
Chubu Ratchaburi Electric Services Company Limited	Thailand	Direct joint venture, 50% shareholding
SouthEast Asia Energy Limited	Thailand	Direct joint venture, 33.33% shareholding
Nam Ngum 3 Power Company Limited	Lao PDR	Direct joint venture, 25% shareholding
KK POWER Company Limited	Cambodia	Direct joint venture, 50% shareholding
Xe-Pian Xe-Namnoy Power Company Limited	Lao PDR	Direct joint venture, 25% shareholding
Ratchaburi Power Company Limited	Thailand	Indirect joint venture, 25% shareholding by a direct subsidiary
Nava Nakorn Electricity Generating Company Limited	Thailand	Indirect joint venture, 40% shareholding by a direct subsidiary
Ratchaburi World Cogeneration Company Limited	Thailand	Indirect joint venture, 40% shareholding by a direct subsidiary

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Name of entities	Country of incorporation/ nationality	Nature of relationships
Solarta Company Limited	Thailand	Indirect joint venture, 49% shareholding by a direct subsidiary
Solar Power (Korat 3) Company Limited	Thailand	Indirect joint venture, 40% shareholding by a direct subsidiary
Solar Power (Korat 4) Company Limited	Thailand	Indirect joint venture, 40% shareholding by a direct subsidiary
Solar Power (Korat 7) Company Limited	Thailand	Indirect joint venture, 40% shareholding by a direct subsidiary
Songkhla Biomass Company Limited	Thailand	Indirect joint venture, 40% shareholding by a direct subsidiary
Songkhla Biofuel Company Limited	Thailand	Indirect joint venture, 40% shareholding by a direct subsidiary
Berkprai Cogeneration Company Limited	Thailand	Indirect joint venture, 35% shareholding by a direct subsidiary
Oversea Green Energy Company Limited	Thailand	Indirect joint venture, 60% shareholding by a direct subsidiary
RICI International Investment Pte. Ltd.	Singapore	Indirect joint venture, 60% shareholding by an indirect subsidiary
Hongsa Power Company Limited	Lao PDR	Indirect joint venture, 40% shareholding by an indirect subsidiary
Phu Fai Mining Company Limited	Lao PDR	Indirect joint venture, 37.50% shareholding by an indirect subsidiary
Nam Ngum 2 Power Company Limited	Lao PDR	Subsidiary of a direct joint venture, 75% shareholding by a direct joint venture
Broadspectrum Limited (<i>Formerly named Transfield Services Limited</i>)	Australia	Related party of an indirect subsidiary, 20% shareholding of an indirect subsidiary
Key management personnel	Thai/ Australian	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

The pricing policies for transactions are explained further below:

Transactions

Sale of electricity
Revenue from finance lease contracts
Operation and maintenance service income
Management service income
Purchase of goods/ raw materials
Operation and maintenance service fee
Interest income
Other income
Rental income
Interest expense

Pricing policies

Contractually agreed price
Contractually agreed price
Contractually agreed price
Contractually agreed price
Contractually agreed price
Contractually agreed price
Contractually agreed rate
Contractually agreed price
Contractually agreed price
Contractually agreed rate

Significant transactions for the years ended 31 December with related parties were as follows:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
Major Shareholder				
Sale of electricity	40,518,510	49,631,052	-	-
Revenue from finance lease contracts	4,491,341	5,005,332	-	-
Purchase of fuel oil	58,821	992,687	-	-
Purchase of electricity	193,336	203,392	-	-
Operation and maintenance service fee	1,345,265	1,368,741	-	-
Management service of fuel	2,136	2,125	-	-
Other service fee	1,907	4,495	1,163	4,495
Management service income	157	667	-	-
Other service income	50,159	25,193	-	-
Subsidiaries				
Management service income	-	-	162,443	183,750
Dividend income	-	-	5,048,608	5,488,954
Interest income	-	-	360,321	360,906
Surplus in liquidating distribution from subsidiaries	-	-	17,300	1,800
Associates				
Management service income	2,073	2,012	2,073	2,012
Dividend income	-	-	143,000	226,000
Joint ventures				
Operation and maintenance service income	191,123	213,669	-	-
Management service income	255,489	249,889	252,263	247,906
Dividend income	-	-	651,417	79,281
Interest income	2,393	2,240	2,168	1,929
Rental income	12,025	11,725	-	-
Other income	39,225	40,939	77	-
Other related party				
Interest expense	79,014	81,405	-	-

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Key management personnel				
Short-term benefits	161,262	159,357	71,511	69,002
Post-employment benefits	9,619	8,915	2,447	2,278
Long-term benefit	6,374	6,725	3,797	4,750
Total key management personnel	177,255	174,997	77,755	76,030

Balances as at 31 December with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Major Shareholder				
Electricity Generating Authority of Thailand	7,369,137	8,322,259	-	-
Subsidiary of a direct joint venture				
Nam Ngum 2 Power Company Limited	-	50,764	-	-
	7,369,137	8,373,023	-	-
<i>Less allowance for doubtful accounts</i>	-	-	-	-
Net	7,369,137	8,373,023	-	-
Bad and doubtful debts expense for the year	-	-	-	-

<i>Advances to and other receivables from related parties</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Major Shareholder				
Electricity Generating Authority of Thailand	1,873	1,480	-	-
Direct subsidiaries				
Ratchaburi Electricity Generating Company Limited	-	-	71,263	78,761
Ratchaburi Energy Company Limited	-	-	48	32
RH International Corporation Limited	-	-	642	31,254
Ratchaburi Alliances Company Limited	-	-	128	128
Indirect Subsidiaries				
RH International (Singapore) Corporation Pte. Ltd.	-	-	28,453	27,374
RATCH-Australia Corporation Limited	-	-	-	281
RE Solar 1 Company Limited	-	-	-	69
Direct associates				
First Korat Wind Company Limited	186	90	186	90
K.R. TWO Company Limited	186	90	186	90

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Advances to and other receivables from related parties

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
Direct joint ventures				
Chubu Ratchaburi Electric Services Company Limited	913	921	913	921
SouthEast Asia Energy Limited	253	236	252	236
Xe-Pian Xe-Namnoy Power Company Limited	12,111	12,190	12,111	12,190
Indirect joint ventures				
Ratchaburi Power Company Limited	12,468	12,492	-	-
Hongsa Power Company Limited	4,668	5,303	4,668	5,303
Ratchaburi World Cogeneration Company Limited	-	149	-	149
Nava Nakorn Electricity Generating Company Limited	1,067	991	1,067	991
Songkhla Biomass Company Limited	181	311	181	-
Solarta Company Limited	1,536	1,467	1,536	1,467
Oversea Green Energy Company Limited	725	339	725	339
Subsidiary of a direct joint venture				
Nam Ngum 2 Power Company Limited	196	1,348	-	-
Total	36,363	37,407	122,359	159,675

Loans to related parties

	Interest rate		Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015	2016	2015
	(% per annum)		(in thousand Baht)			
Short-term loans						
Direct subsidiaries						
Ratchaburi Electricity Generating Company Limited	2.45 and 4.50	4.50	-	-	5,400,000	6,380,000
RH International Corporation Limited	-	4.50	-	-	-	3,430,000
Indirect joint venture						
Songkhla Biomass Company Limited	-	6.25	-	7,600	-	-
			-	7,600	5,400,000	9,810,000
Less allowance for doubtful accounts			-	-	-	-
Short-term loans to related parties-net			-	7,600	5,400,000	9,810,000

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

<i>Loans to related parties</i>	Interest rate		Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015	2016	2015
	<i>(% per annum)</i>				<i>(in thousand Baht)</i>	
Long-term loans						
Direct subsidiaries						
Ratchaburi Energy Company Limited	4.00	4.50	-	-	325,000	638,000
RATCH-Lao Services Company Limited	3.65	3.65	-	-	1,256,210	1,479,166
Direct joint venture						
Xe-Pian Xe-Namnoy Power Company Limited	4.9962	4.0943	46,947	47,295	46,947	47,295
			46,947	47,295	1,628,157	2,164,461
<i>Less current portion due within one year allowance for doubtful accounts</i>			-	-	-	-
Long-term loans to related parties-net			46,947	47,295	1,628,157	2,164,461

Movements during the years ended 31 December of loans to related parties were as follows:

<i>Loans to related parties</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
			<i>(in thousand Baht)</i>	
Short-term loans				
At 1 January	7,600	-	9,810,000	8,550,000
Increase	-	7,600	10,810,000	15,738,000
Decrease	(7,600)	-	(15,220,000)	(13,790,000)
Transferred to long-term loans	-	-	-	(688,000)
At 31 December	-	7,600	5,400,000	9,810,000
Long-term loans				
At 1 January	47,295	43,196	2,164,461	944,178
Increase	-	-	-	501,830
Decrease	-	-	(526,649)	(58,155)
Transferred from short-term loans	-	-	-	688,000
Exchange rate adjustment	(348)	4,099	(9,655)	88,608
At 31 December	46,947	47,295	1,628,157	2,164,461
Finance lease receivable from related party				
Major Shareholder				
Electricity Generating Authority of Thailand	24,995,245	28,190,795	-	-

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

	Consolidated financial statements					
	Portion due within one year		Portion due after one year		Total	
	2016	2015	2016	2015	2016	2015
	<i>(in thousand Baht)</i>					
Receivables under finance lease contracts	7,420,728	7,384,985	35,740,458	43,161,187	43,161,186	50,546,172
Less unearned interest income	(3,650,680)	(4,189,436)	(14,515,261)	(18,165,941)	(18,165,941)	(22,355,377)
	3,770,048	3,195,549	21,225,197	24,995,246	24,995,245	28,190,795
Less allowance for doubtful accounts	-	-	-	-	-	-
Receivable under finance lease contracts-net	<u>3,770,048</u>	<u>3,195,549</u>	<u>21,225,197</u>	<u>24,995,246</u>	<u>24,995,245</u>	<u>28,190,795</u>

As at 31 December 2016 and 2015, the gross receivable and interest under finance lease contracts were as follows:

	Consolidated financial statements			
	2016		2015	
	Receivable and interest under finance lease contracts	Receivable under finance lease contracts -net	Receivable and interest under finance lease contracts	Receivable under finance lease contracts -net
	<i>(in thousand Baht)</i>			
Portion due within one year	7,420,728	3,770,048	7,384,985	3,195,549
Portion due after one year but within five years	20,718,562	10,661,475	23,657,656	11,855,923
Portion due after five years	15,021,896	10,563,722	19,503,531	13,139,323
	<u>43,161,186</u>	<u>24,995,245</u>	<u>50,546,172</u>	<u>28,190,795</u>
Less unearned interest income	(18,165,941)		(22,355,377)	
Receivable under finance lease contracts-net	<u>24,995,245</u>		<u>28,190,795</u>	

Long-term receivable from related parties

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Direct subsidiaries				
RATCH-Lao Services Company Limited	-	-	29,294	2,071
Ratchaburi Energy Company Limited	-	-	3,090	314
Direct joint venture				
Xe-Pian Xe-Namnoy Power Company Limited	5,560	3,392	5,560	3,392
Total	<u>5,560</u>	<u>3,392</u>	<u>37,944</u>	<u>5,777</u>

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Trade payables to related party

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			

Major Shareholder

Electricity Generating Authority
of Thailand

	1,003	21,332	-	-
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Other payables to related parties ("Other payables")

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			

Major Shareholder

Electricity Generating Authority
of Thailand

	63,949	82,355	700	1,740
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Direct subsidiary

Ratchaburi Electricity
Generating Company Limited

	-	-	340	873
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Indirect subsidiary

RH International (Singapore)
Corporation Pte. Ltd.

	-	-	3,276	3,286
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Indirect joint ventures

Ratchaburi Power Company
Limited

	16,007	16,285	14,499	14,819
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Nava Nakorn Electricity
Generating Company Limited

	254	-	254	-
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Other related party

Broadspectrum Limited

	78,046	83,926	-	-
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Total

	158,256	182,566	19,069	20,718
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Long-term unearned revenue from related party

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			

Major Shareholder

Electricity Generating Authority
of Thailand

	1,884	5,489	-	-
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Long-term loans from other related party

	Interest rate		Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015	2016	2015
	(% per annum)		(in thousand Baht)			
Broadspectrum Limited	7.4100	7.5583	1,029,085	1,071,599	-	-

Less current portion of long-term loans

Long-term loans from related party-net

	-	-	-	-	-	-
	1,029,085	1,071,599	-	-	-	-

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Movements during the years ended 31 December of long-term loans from other related party were as follows:

<i>Long-term loans from other related party</i>	Consolidated financial statements		Separate financial statements	
	2016	2015 (in thousand Baht)	2016	2015
At 1 January	1,071,599	1,095,465	-	-
Decrease	(26,177)	-	-	-
Exchange rate adjustment	(16,337)	(23,866)	-	-
At 31 December	1,029,085	1,071,599	-	-

Significant agreements with related parties

Short-term loans to related party

As at 31 December 2016, the Company had outstanding balance of loans to Ratchaburi Electricity Generating Company Limited, a direct subsidiary, amounting to Baht 5,400 million which bears interest at the rate of 2.45 and 4.50 per annum and will be due in the 2nd quarter of 2017.

Long-term loans to related parties

As at 31 December 2016, the Company had outstanding balance of loans to Ratchaburi Energy Company Limited, a direct subsidiary, amounting to Baht 325 million which bears interest at the rate of 4.00 per annum and will be due at call. The Company has no intention to recall such loans from the subsidiary within one year. Therefore, the Company classified the balance of such loans as long-term loans.

As at 31 December 2016, the Company had the outstanding balance of loans to RATCH-Lao Services Company Limited, a direct subsidiary, amounting to U.S. Dollars 35.32 million, or equivalent to Baht 1,256.21 million which bears interest at the rate of 3.65 per annum. Principle and interest will be due as stipulated in the agreement. The Company has no intention to recall such loans from the subsidiary within one year. Therefore, the Company classified the balance of such loans as long-term loans.

The Company granted loans to Xe-Pian Xe-Namnoy Power Company Limited, a direct joint venture, amounting to U.S. Dollars 1.32 million, in the proportion of investment of 25%, or equivalent to Baht 46.95 million which bears interest at the rate as stipulated in the agreement. The loans agreement determines the repayment term of principal and interest within 27 years from such joint venture was approved the first utilization of loans from financial institutions which on 5 February 2014 and when the outstanding of unpaid-up share capital under Lao Holding State Enterprise's Equity Facility principal is to be fully paid.

Long-term loans from related party

As at 31 December 2016, RATCH-Australia Corporation Limited, an indirect subsidiary, had outstanding long-term loans from other related party in Australia amounting to Australian Dollars 39.74 million or equivalent to Baht 1,029.08 million which bears interest at the floating rate of Bank Bill Swap Bid Rate (BBSY), announced by Reuters, plus fixed margin per annum and will be payable on demand from 10 years after implementation date (2 May 2011). Therefore, the Group classified such loans as long-term loans.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Power Purchase Agreement

On 9 October 2000, Ratchaburi Electricity Generating Company Limited, a direct subsidiary, entered into the Power Purchase Agreement with EGAT for the period of 25 years, whereby the subsidiary will deliver the Net Electrical Generation from the Thermal Generating Units 1 and 2 and the Combined Cycle Generating Blocks 1, 2 and 3 to EGAT as defined in the agreements. Under the Power Purchase Agreement, the subsidiary will receive revenue from EGAT comprising of an Availability Payment (AP) and an Energy Payment (EP). The Availability Payment (AP) covers repayment of principal and interest of loan, equity return for shareholders, fixed expenses in operation and maintenance, and administrative expenses. Such expenses will be adjusted to cover the change of interest rate, Consumer Price Index and exchange rate. The Energy Payment (EP) covers production costs comprising of fuel costs, variable costs in operation and maintenance, which will be adjusted in accordance with the fuel price, efficiency ratio and Consumer Price Index.

On 22 May 1997, Tri Energy Company Limited, a direct subsidiary, entered into the Power Purchase Agreement with EGAT for the period of 20 years. Subsequently on 1 August 2014, Tri Energy Company Limited transferred its entire business including Power Purchase Agreement with EGAT to Ratchaburi Electricity Generating Company Limited.

On 3 December 2008, Ratchaburi Energy Company Limited, a direct subsidiary, entered into the 2 Megawatts Power Purchase Agreement with EGAT. Subsequently on 1 April 2016, Ratchaburi Energy Company Limited, a direct subsidiary, has operated to sell PTO-A power plant and STN-A power plant, included to the entire assets, contracts, and any claims involved with the whole process of power production by natural gas operated by both power plants to a local company, amounting to Baht 205 million (excluded VAT).

Operation and Maintenance Agreement and Other Service Agreement

On 7 January 2009, Ratchaburi Electricity Generating Company Limited, a direct subsidiary, entered into the Operation and Maintenance Agreement with EGAT whereby EGAT will operate and provide general maintenance services including major overhaul for the subsidiary. The contract is effective from 1 January 2009 until the termination dates of the Power Purchase Agreements for Thermal Generating units and Combined Cycle Generating units. The total operation and general maintenance charge including services charges for major maintenance are approximately Baht 16,608.16 million, adjusted by the annual Consumer Price Index.

Fuel Management Service Agreement

On 1 July 2012, Ratchaburi Electricity Generating Company Limited, a direct subsidiary, entered into the Fuel Management Service Agreement with EGAT whereby EGAT will coordinate the supply and delivery of fuel (Heavy Oil), according to subsidiary and in line with EGAT's power dispatching plan. The contract is effective from 1 July 2012 until 30 June 2013, and the contract will be extended every year. The management service fee as stipulated in the agreement.

Land Lease Agreement and Common Facility Agreement

On 7 June 2004 and 21 October 2005, Ratchaburi Electricity Generating Company Limited, a direct subsidiary, entered into the Land Lease Agreement with Ratchaburi Power Company Limited, an indirect joint venture, to lease an area of 145 rais in the Ratchaburi Power Plant area for a power plant project to Ratchaburi Power Company Limited for the period of 25 years and 3 months commencing from Ratchaburi Power Company Limited's commercial operation date.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

On 25 November 2005, Ratchaburi Electricity Generating Company Limited, a direct subsidiary, entered into the Common Facility Agreement with Ratchaburi Power Company Limited, an indirect joint venture, whereby the subsidiary will provide certain facilities, utilities, services, right to use and access rights relating to the construction and operation of the facility to Ratchaburi Power Company Limited as defined in the agreement. This agreement is effective from the signing date in the agreement and will be expired on the expiry date of the Land Lease Agreement dated 7 June 2004.

Management Service Agreement

On 27 February 2004, the Company entered into the Management Service Agreement with Ratchaburi Power Company Limited, an indirect joint venture, whereby the Company will receive management fee from Ratchaburi Power Company Limited amounting to U.S. Dollars 2.5 million per annum for the period of 25 years and 3 months commencing from the commercial operation date of the first unit of Ratchaburi Power Company Limited with total contract value of U.S. Dollars 63.12 million.

Agreements in relation to investments in Chubu Ratchaburi Electric Services Company Limited

On 29 September 2005, the Company and Chubu Electric Power (Thailand) Company Limited, entered into the Shareholders Agreement to set up Chubu Ratchaburi Electric Services Company Limited, a direct joint venture, and made the first payment of paid-up capital in proportion of each equity holder totaling Baht 10 million. In addition, under this Shareholders Agreement, should Chubu Ratchaburi Electric Services Company Limited require additional funding exceeding its registered capital, the Company agreed to provide financial support in the form of shareholder loans or any guarantees to Chubu Ratchaburi Electric Services Company Limited in proportion of the Company's shareholding of 50%. There are no specific amounts of financial supports specified in the agreement. As at 31 December 2016, the Company has not provided any loans or guarantees according to the agreement.

Agreements in relation to Nam Ngum 2 Power Plant

On 26 May 2006, the Company entered into the Service Agreement with Nam Ngum 2 Power Company Limited, a subsidiary of a direct joint venture, for the Project development, Construction and Operation and Maintenance Agreement whereby the Company will receive management fee from Nam Ngum 2 Power Company Limited amounting to Baht 25 million per annum commencing from the commercial operation date until the end of the concession period under the concession agreement.

On 25 June 2009, RATCH-Lao Services Company Limited, a direct subsidiary, entered into the Operation and Maintenance Agreement of the hydroelectric power plant with Nam Ngum 2 Power Company Limited, a subsidiary of a direct joint venture. In consideration thereof, RATCH-Lao Service Company Limited will provide building maintenance, facilities and other management services. On 26 June 2009, RATCH-Lao Services Company Limited entered into the Subcontract Agreement on operation and maintenance of such hydroelectric power plant with EGAT.

On 3 September 2012, RATCH-Lao Services Company Limited, a direct subsidiary, entered into the Major Maintenance Agreement with Nam Ngum 2 Power Company Limited, a subsidiary of a direct joint venture. The core business to testing electricity generator, maintenance and consulting services. On 4 September 2012, RATCH-Lao Services Company Limited entered into the Subcontract Agreement on preventive maintenance services with EGAT.

Subsequently on 1 April 2016, RATCH-Lao Services Company Limited, a direct subsidiary, transferred its right under the Operation and Maintenance Agreement and Major Maintenance Agreement to Nam Ngum 2 Power Company Limited, a subsidiary of a direct joint venture, and receive compensation of Baht 134.71 million from Nam Ngum 2 Power Company Limited in April 2016.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Personnel Providing Service for Operation and Maintenance Agreement

On 10 September 2013, RATCH-Lao Services Company Limited, a direct subsidiary, entered into the Personnel Providing Service for Operation and Maintenance Agreement with EGAT. Such subsidiary will operate for recruitment and provide personnel as condition specified in the agreement for operation and maintenance of Hongsa Mine Mount Power Plant in Lao PDR for the period of 40 months. The agreement is effective from March 2014 and will expire on June 2017 with total contract value of Baht 87 million.

Construction Supervision Contractor Service Agreement

On 28 November 2013, the Company entered into the Construction Supervision Contractor Service Agreement with Xe-Pian Xe-Namnoy Power Company Limited, a direct joint venture, for control and management the construction of Xe-Pian Xe-Namnoy Hydroelectric Power Plant Project located in Champassak and Attopeu districts, Lao PDR. The Company will receive management fee amounting to U.S. Dollars 10.96 million or equivalent to Baht 328 million for the period of 64 months.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Cash on hand	379	618	100	100
Cash at banks-current accounts	4,966,883	1,308,833	920	2,135
Cash at banks-savings accounts	951,950	836,084	215,408	364,053
Highly liquid short-term investments	3,500,000	5,318,990	2,890,000	4,695,000
Cash and cash equivalents in the statement of financial position	9,419,212	7,464,525	3,106,428	5,061,288

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	3,753,801	5,093,757	3,017,106	4,841,462
United States Dollars (USD)	2,298,483	657,019	89,322	219,826
Australian Dollars (AUD)	3,186,996	1,102,103	-	-
Singapore Dollars (SGD)	112,948	604,586	-	-
Lao Kip (LAK)	66,984	7,060	-	-
Total	9,419,212	7,464,525	3,106,428	5,061,288

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

6 Other investments

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Current investments				
Short-term deposits at financial institutions	2,670,000	3,650,000	2,500,000	3,650,000
Debt securities held-for-trading	482,475	418,295	447,856	411,627
Debt securities held-to-maturity	23,000	60,000	23,000	60,000
	<u>3,175,475</u>	<u>4,128,295</u>	<u>2,970,856</u>	<u>4,121,627</u>
Other long-term investments				
Equity securities available-for-sale	3,730,280	4,270,193	-	-
Debt securities held-to-maturity	434,300	397,331	430,000	393,000
	<u>4,164,580</u>	<u>4,667,524</u>	<u>430,000</u>	<u>393,000</u>
Total	<u>7,340,055</u>	<u>8,795,819</u>	<u>3,400,856</u>	<u>4,514,627</u>

The currency denomination of other investments as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	3,605,475	4,521,295	3,400,856	4,514,627
United States Dollars (USD)	4,300	4,331	-	-
Lao Kip (LAK)	3,730,280	4,270,193	-	-
Total	<u>7,340,055</u>	<u>8,795,819</u>	<u>3,400,856</u>	<u>4,514,627</u>

Movements during the years ended 31 December of marketable equity and debt securities were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Current investment				
Debt securities held-for-trading				
At 1 January	418,295	435,851	411,627	399,695
Purchases during the year	545,281	361,914	510,882	341,189
Sales during the year	(476,336)	(378,746)	(469,954)	(328,689)
Valuation adjustment	(4,765)	(724)	(4,699)	(568)
At 31 December	<u>482,475</u>	<u>418,295</u>	<u>447,856</u>	<u>411,627</u>
Other long-term investment				
Equity securities available-for-sale				
At 1 January	4,270,193	3,575,434	-	-
Purchases during the year	117,314	1,093,148	-	-
Valuation adjustment	(657,227)	(398,389)	-	-
At 31 December	<u>3,730,280</u>	<u>4,270,193</u>	<u>-</u>	<u>-</u>

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Dividend income from equity securities available-for-sale

During the year 2016, the Group had received dividend income in the investment proportion of equity securities available-for-sale amounting to Baht 204.72 million (2015: Baht 212.07 million).

7 Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
Related parties (Note 4)	7,369,137	8,373,023	-	-
Other parties	195,288	114,463	-	-
Total	7,564,425	8,487,486	-	-
Less allowance for doubtful accounts	-	-	-	-
Net	7,564,425	8,487,486	-	-
Bad and doubtful debts expense for the year	-	-	-	-

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
Related parties				
Within credit terms	7,210,076	8,335,764	-	-
Overdue:				
Less than 3 months	33,453	16,065	-	-
3-6 months	30,609	19,621	-	-
6-12 months	62,919	1,573	-	-
Over 12 months	32,080	-	-	-
	7,369,137	8,373,023	-	-
Less allowance for doubtful accounts	-	-	-	-
	7,369,137	8,373,023	-	-
Other parties				
Within credit terms	194,330	112,754	-	-
Overdue:				
Less than 3 months	-	26	-	-
3-6 months	-	149	-	-
6-12 months	-	955	-	-
Over 12 months	958	579	-	-
	195,288	114,463	-	-
Less allowance for doubtful accounts	-	-	-	-
	195,288	114,463	-	-
Net	7,564,425	8,487,486	-	-

The normal credit term granted by the Group is not exceeding 1 month.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

The currency denomination of trade accounts receivable as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	7,369,137	8,380,505	-	-
Australian Dollars (AUD)	195,288	106,981	-	-
Total	7,564,425	8,487,486	-	-

8 Spare parts and supplies

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Fuel oil	1,147,106	1,076,707	-	-
Spare parts	1,889,173	1,979,094	-	-
Spare parts in transit	11,688	1,194	-	-
Total	3,047,967	3,056,995	-	-
Less allowance for obsolescence				
spare parts and suppliers	(944,639)	(839,864)	-	-
allowance for declining in value				
of fuel oil	(49,459)	(304,552)	-	-
Net	2,053,869	1,912,579	-	-
Spare parts and supplies recognised as an expense in 'cost of sales of goods':				
- Cost	1,025,246	1,727,317	-	-
- Write-down to net realisable value	104,775	206,825	-	-
- Reversal of write-down	(255,093)	-	-	-
Net	874,928	1,934,142	-	-

9 Investments in subsidiaries

	Separate financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
At 1 January	30,040,558	30,040,558
Additions investment	10,650,000	-
At 31 December	40,690,558	30,040,558

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Investments in subsidiaries as at 31 December 2016 and 2015, and dividend income from those investments for the years then ended were as follows:

	Separate financial statements											
	Ownership interest (%)		Paid-up capital		Cost		Impairment		At cost-net		Dividend income	
					2016	2015	2016	2015	2016	2015		
(in thousand Baht)												
Subsidiaries												
Ratchaburi Electricity Generating Company Limited	99.99	99.99	21,900,000	21,900,000	21,900,000	21,900,000	-	-	21,900,000	21,900,000	4,338,608	3,863,954
Ratchaburi Alliances Company Limited	99.99	99.99	420,200	420,200	420,200	420,200	-	-	420,200	420,200	710,000	1,625,000
Ratchaburi Energy Company Limited	99.99	99.99	640,000	640,000	640,000	640,000	-	-	640,000	640,000	-	-
RATCH-Lao Services Company Limited	99.99	99.99	77,858	77,858	77,858	77,858	-	-	77,858	77,858	-	-
RH International Corporation Limited*	99.99	99.99	17,650,000	7,000,000	17,650,000	7,000,000	-	-	17,650,000	7,000,000	-	-
RATCH O&M Company Limited	99.99	99.99	2,500	2,500	2,500	2,500	-	-	2,500	2,500	-	-
Total					40,690,558	30,040,558	-	-	40,690,558	30,040,558	5,048,608	5,488,954

*Please see note to the financial statement - 14 Impairment testing for CGUs containing goodwill.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Increase in share capital of RH International Corporation Limited

At the extraordinary shareholders' meeting of RH International Corporation Limited, a subsidiary, held on 7 March 2016, the shareholders approved to increase the authorised share capital from Baht 7,000 million (*comprising 700 million shares at par value of Baht 10 per share*) to Baht 17,650 million (*comprising 1,765 million shares at par value of Baht 10 per share*) by issuance of new ordinary shares totaling 1,065 million shares at par value of Baht 10 per share. The Company paid for the share capital totaling Baht 10,650 million, in the proportion of investment of 99.99%.

Registration of the subsidiaries of Ratchaburi Energy Company Limited

On 3 May 2016, Ratchaburi Energy Company Limited, a subsidiary, has established CN Biomass Company Limited, PB Biomass Company Limited and LP Biomass Company Limited in order to invest in renewable energy projects. The registered capital of each company was Baht 20 million, (*comprising 2 million shares at par value of Baht 10 per share*). Such subsidiary paid for paid-up share capital of Baht 2.50 each, totaling Baht 15 million, in the proportion of investment 99.99%.

Increase in share capital of RATCH China Power Limited

At the Board of Directors meeting of RATCH China Power Limited, an indirect subsidiary, held on 17 February 2016, the Board approved to increase the authorised share capital from U.S. Dollar 1 (*comprising 1 shares at par value of U.S. Dollar 1 per share*) to U.S. Dollars 12,000 (*comprising 12,000 shares at par value of U.S. Dollar 1 per share*) by issuance of new ordinary shares totaling 11,999 shares at par value of U.S. Dollar 1 per share. On 24 May 2016 RH International (Singapore) Corporation Pte. Ltd., an indirect subsidiary, paid for the share capital totaling U.S. Dollars 11,999 million or equivalent to Baht 0.42 million, in the proportion of investment of 100%.

Increase in share capital of RH International (Mauritius) Corporation Limited

At the Board of Directors meeting of RH International (Mauritius) Corporation Limited, an indirect subsidiary, held on 25 February 2016, the Board approved to increase the authorised share capital from U.S. Dollars 224.13 million (*comprising 224.13 million shares at par value of U.S. Dollar 1 per share*) to U.S. Dollars 524.13 million (*comprising 524.13 million shares at par value of U.S. Dollar 1 per share*) by issuance of new ordinary shares totaling 300 million shares at par value of U.S. Dollar 1 per share. On 15 March 2016 RH International Corporation Limited, a direct subsidiary, paid for the share capital totaling U.S. Dollars 300 million or equivalent to Baht 10,661.15 million, in the proportion of investment of 100%.

Increase in share capital of RH International (Singapore) Corporation Pte. Ltd

At the Board of Directors meeting of RH International (Singapore) Corporation Pte. Ltd, an indirect subsidiary, held on 7 March 2016, the Board approved to increase the authorised share capital from U.S. Dollars 223.83 million (*comprising 223.83 million shares at par value of U.S. Dollar 1 per share*) to U.S. Dollars 523.83 million (*comprising 523.83 million shares at par value of U.S. Dollar 1 per share*) by issuance of new ordinary shares totaling 300 million shares at par value of U.S. Dollar 1 per share. On 15 March 2016 RH International (Mauritius) Corporation Limited, an indirect subsidiary, paid for the share capital totaling U.S. Dollars 300 million or equivalent to Baht 10,661.15 million, in the proportion of investment of 100%.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Dividend income from subsidiaries

During the year 2016, at the Board of Directors/Shareholders' meeting of the subsidiaries, the Board/Shareholders approved the appropriation of the interim and annual dividend as follows:

Name of entities	Date of Directors/Shareholders' meeting	Baht per share	Amount (in million Baht)	Date of dividend payment
Ratchaburi Alliances Company Limited	31 March 2016	7.38	310.00	1 April 2016
	20 September 2016	9.52	400.00	21 September 2016
Ratchaburi Electricity Generating Company Limited	1 April 2016	0.09	198.78	4 April 2016
	31 May 2016	0.54	1,173.68	2 June 2016
	18 August 2016	1.01	2,200.00	31 August 2016
	14 November 2016	0.35	766.15	1 December 2016

10 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	31 December 2016
	RATCH-Australia Corporation Limited
	(in thousand Baht)
Non-controlling interest percentage	20%
Current assets	3,540,886
Investments in associate	539,216
Non-current assets	15,064,843
Current liabilities	(1,208,938)
Non-current liabilities	(17,279,537)
Net assets	656,470
Carrying amount of non-controlling interest	131,294
Revenue	2,329,273
Loss	(465,855)
Other comprehensive income (loss)	(29,275)
Total comprehensive income (loss)	(495,130)
Loss allocated to non-controlling interest	(93,171)
Other comprehensive income (loss) allocated to non-controlling interest	(5,855)
Cash flows from operating activities	598,116
Cash flows from investing activities	(186,044)
Cash flows from financing activities	
(dividends to non-controlling interest: nil)	1,935,864
Net increase in cash and cash equivalents	2,347,936

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

	31 December 2015
	RATCH- Australia Corporation Limited
	(in thousand Baht)
Non-controlling interest percentage	20%
Current assets	1,326,275
Investments in associate	573,965
Non-current assets	15,038,721
Current liabilities	(641,971)
Non-current liabilities	(15,145,389)
Net assets	1,151,601
Carrying amount of non-controlling interest	230,320
Revenue	2,253,960
Loss	(864,730)
Other comprehensive income (loss)	(72,270)
Total comprehensive income (loss)	(937,000)
Loss allocated to non-controlling interest	(172,946)
Other comprehensive income (loss) allocated to non-controlling interest	(14,454)
Cash flows from operating activities	238,874
Cash flows from investing activities	6,713
Cash flows from financing activities (dividends to non-controlling interest: nil)	(214,168)
Net increase in cash and cash equivalents	31,419

11 Investments in associates and joint ventures

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
At 1 January	17,559,704	11,493,398	3,911,527	4,636,374
Share of net profits of investments in associates and joint ventures	2,907,196	1,116,085	-	-
Share of other comprehensive income of investments in joint ventures	(7,992)	277	-	-
Additions investments in joint ventures	7,708,753	6,132,612	481,769	258,899
Disposals of investments in joint ventures	-	(13,972)	-	(983,746)
Dividend income	(3,134,692)	(1,056,989)	-	-
Exchange rate adjustment	396,334	92,450	-	-
Others	-	(204,157)	-	-
At 31 December	25,429,303	17,559,704	4,393,296	3,911,527

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Investments in associates and joint ventures as at 31 December 2016 and 2015, and dividend income from those investments for the years then ended, were as follows:

Consolidated financial statements													
Ownership interest		Paid-up capital		Cost		Equity		Impairment		At equity-net		Dividend income	
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
(%)		(in thousand Baht)											
<i>Direct associates</i>													
First Korat Wind Company Limited	20	20	1,996,020	1,996,020	399,204	563,974	518,312	-	-	563,974	518,312	80,000	122,000
	20	20	1,827,000	1,827,000	365,400	458,380	418,831	-	-	458,380	418,831	63,000	104,000
K.R. TWO Company Limited					764,604	1,022,354	937,143	-	-	1,022,354	937,143	143,000	226,000
<i>Indirect associates</i>													
Perth Power Partnership (Kwinana)*	24	24	2,311,167	2,311,167	618,531	539,216	573,965	-	-	539,216	573,965	124,197	118,099
					618,531	539,216	573,965	-	-	539,216	573,965	124,197	118,099
Total					1,383,135	1,561,570	1,511,108	-	-	1,561,570	1,511,108	267,197	344,099
<i>Direct joint ventures</i>													
Chubu Ratchaburi Electric Services Company Limited	50	50	20,000	20,000	10,000	83,207	88,545	-	-	83,207	88,545	48,000	-
	33.33	33.33	6,606,750	6,606,750	2,202,250	2,627,138	3,057,122	-	-	2,627,138	3,057,122	603,417	79,281
SouthEast Asia Energy Limited													
Nam Ngum 3 Power Company Limited	25	25	1,808	1,808	452	-	-	-	-	-	-	-	-
KK POWER Company Limited	50	50	30,892	30,892	15,446	15,156	15,156	(15,156)	(15,156)	-	-	-	-
Xe-Pian Xe-Namnoy Power Company Limited	25	25	6,203,936	4,691,562	1,415,990	1,653,052	1,101,568	-	-	1,653,052	1,101,568	-	-
					3,644,138	4,378,553	4,262,391	(15,156)	(15,156)	4,363,397	4,247,235	651,417	79,281
<i>Indirect joint ventures</i>													
Ratchaburi Power Company Limited	25	25	7,325,000	7,325,000	1,831,250	3,826,999	4,068,125	-	-	3,826,999	4,068,125	700,000	480,000
Hongsa Power Company Limited	40	40	32,324,715	15,049,532	12,929,886	11,835,324	4,561,566	-	-	11,835,324	4,561,566	1,165,206	-

*30% shareholding by an indirect subsidiary

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Consolidated financial statements														
Ownership interest	Paid-up capital		Cost		Equity		Impairment		At equity-net		Dividend income			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015		
(in thousand Baht)														
Indirect joint ventures														
Phu Fai Mining Company Limited	37.50	37.50	1,679	1,679	630	630	134,904	26,439	-	-	134,904	26,439	-	-
Nava Nakorn Electricity Generating Company Limited	40	40	1,525,000	1,002,000	610,000	400,800	622,312	353,839	-	-	622,312	353,839	-	-
Ratchaburi World Cogeneration Company Limited	40	40	2,500,000	2,500,000	1,000,000	1,000,000	1,149,329	1,162,009	-	-	1,149,329	1,162,009	244,000	-
Solarata Company Limited	49	49	1,100,000	1,100,000	545,960	545,960	1,025,646	929,351	-	-	1,025,646	929,351	81,399	51,744
Solar Power (Korat 3) Company Limited	40	40	188,750	188,750	75,500	75,500	116,713	99,621	-	-	116,713	99,621	10,268	33,824
Solar Power (Korat 4) Company Limited	40	40	199,250	199,250	79,700	79,700	117,157	97,905	-	-	117,157	97,905	6,296	33,553
Solar Power (Korat 7) Company Limited	40	40	188,750	188,750	75,500	75,500	112,252	93,649	-	-	112,252	93,649	8,909	34,488
Songkhla Biomass Company Limited	40	40	246,000	246,000	98,400	98,400	124,181	76,244	-	-	124,181	76,244	-	-
Songkhla Biofuel Company Limited	40	40	1,000	1,000	400	400	366	366	-	-	366	366	-	-
Berkprai Cogeneration Company Limited	35	35	333,500	25,750	116,462	8,750	114,648	8,551	-	-	114,648	8,551	-	-
Oversea Green Energy Company Limited	60	60	16,000	16,000	9,600	9,600	12,235	8,371	-	-	12,235	8,371	-	-
RICI International Investment Pte. Ltd.	60	60	510,947	510,947	306,568	306,568	312,270	315,325	-	-	312,270	315,325	-	-

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

	Ownership interest (%)		Paid-up capital		Cost		Impairment (in thousand Baht)		At cost - net		Dividend income	
			2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Associates												
First Korat Wind Company Limited	20	20	1,996,020	1,996,020	399,204	399,204	-	-	399,204	399,204	80,000	122,000
K.R. TWO Company Limited	20	20	1,827,000	1,827,000	365,400	365,400	-	-	365,400	365,400	63,000	104,000
Total					764,604	764,604	-	-	764,604	764,604	143,000	226,000
Joint ventures												
Chubu Ratchaburi Electric Services Company Limited	50	50	20,000	20,000	10,000	10,000	-	-	10,000	10,000	48,000	-
SouthEast Asia Energy Limited	33.33	33.33	6,606,750	6,606,750	2,202,250	2,202,250	-	-	2,202,250	2,202,250	603,417	79,281
Nam Ngum 3 Power Company Limited	25	25	1,808	1,808	452	452	-	-	452	452	-	-
KK POWER Company Limited	50	50	30,892	30,892	15,446	15,446	(15,446)	(15,446)	-	-	-	-
Xe-Pian Xe-Namnoy Power Company Limited	25	25	6,203,936	4,691,562	1,415,990	934,221	-	-	1,415,990	934,221	-	-
Total					3,644,138	3,162,369	(15,446)	(15,446)	3,628,692	3,146,923	651,417	79,281

None of the Company's associates and joint ventures are publicly listed and consequently do not have published price quotations.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Restructuring of investments

At the Board of Directors meeting of the Company, held on 21 October 2013, the Board approved to redefine business strategy of the Group and approved to dispose the investment between the Company and subsidiaries. During 2015, the Company sold investment in joint ventures comprise Hongsa Power Company Limited and Phu Fai Mining Company Limited to RH International (Singapore) Corporation Pte. Ltd., an indirect subsidiary. The gain on disposal of those investment amounting to Baht 13.84 million was recognised in the equity in the separate statements of the financial position as at 31 December 2015.

Additional paid-up share capital and increased the authorised share capital

During the year 2016, the joint ventures called for additional paid-up share capital and increased the authorised share capital. The Group paid for such share capital in the proportion of investments as follows:

Name of entities	Description	Amount (in million Baht)
Direct joint venture		
Xe-Pian Xe-Namnoy Power Company Limited	Called for additional paid-up share capital	481.77
Indirect joint ventures		
Hongsa Power Company Limited	Called for additional paid-up share capital	6,910.07
Nava Nakorn Electricity Generating Company Limited	Called for additional paid-up share capital and increased the authorised share capital	209.20
Berkprai Cogeneration Company Limited	Called for increased the authorised share capital	107.71

Dividend income from associates and joint ventures

During the year 2016, at the Board of Directors/ Shareholders' meeting of the associates and joint ventures, the Board/ Shareholders approved the appropriation of the interim and annual dividend as follows:

Name of entities	Date of Directors/ Shareholders' meeting	Baht per share	Amount (in million Baht)	Date of dividend payment
Direct associates				
First Korat Wind Company Limited	20 April 2016	1.45	58.00	19 May 2016
	24 November 2016	0.55	22.00	February 2017*
K.R. TWO Company Limited	20 April 2016	1.20	44.00	19 May 2016
	24 November 2016	0.52	19.00	February 2017*

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Name of entities	Date of Directors/ Shareholders' meeting	Baht per share	Amount (in million Baht)	Date of dividend payment
<i>Direct joint ventures</i>				
Chubu Ratchaburi Electric Services Company Limited	28 March 2016	90.00	18.00	29 March 2016
	14 December 2016	150.00	30.00	19 December 2016
SouthEast Asia Energy Limited	23 September 2016	2.74	603.42	2 November 2016

*Both associates have postponed date of dividend payment from 31 January 2017 to within February 2017.

Name of entities	Date of Directors/ Shareholders' meeting	Baht per share	Amount (in million Baht)	Date of dividend payment
<i>Indirect joint ventures</i>				
Solarta Company Limited	14 March 2016	10.50	47.33	31 March 2016
		4.73	9.27	31 March 2016
	18 August 2016	4.60	20.74	31 August 2016
		2.07	4.06	31 August 2016
Ratchaburi Power Company Limited	18 March 2016	16.38	300.00	31 March 2016
	19 August 2016	21.84	400.00	21 September 2016
Ratchaburi World Cogeneration Company Limited	28 March 2016	1.44	144.00	1 April 2016
	28 July 2016	1.00	100.00	30 September 2016
Solar Power (Korat 3) Company Limited	18 April 2016	0.14	1.06	19 April 2016
	19 May 2016	0.36	2.72	21 June 2016
	10 August 2016	0.43	3.25	27 September 2016
	22 November 2016	0.43	3.25	20 December 2016
Solar Power (Korat 4) Company Limited	18 April 2016	0.08	0.64	19 April 2016
	19 May 2016	0.13	1.03	21 June 2016
	10 August 2016	0.24	1.91	27 September 2016
	22 November 2016	0.34	2.71	20 December 2016
Solar Power (Korat 7) Company Limited	18 April 2016	0.25	1.89	19 April 2016
	19 May 2016	0.23	1.74	21 June 2016
	10 August 2016	0.36	2.72	27 September 2016
	22 November 2016	0.34	2.57	20 December 2016

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Name of entities	Date of Directors/ Shareholders' meeting	Baht per share	Amount (in million Baht)	Date of dividend payment
Indirect joint ventures				
Hongsa Power Company Limited	25 August 2016	20.64	765.21	30 August 2016
	1 November 2016	10.79	400.00	30 November 2016

During the year 2016, RATCH-Australia Corporation Limited, an indirect subsidiary, received dividend in the proportion of investment in Perth Power Partnership (Kwinana) in amounting to Australian Dollars 4.80 million or equivalent to Baht 124.20 million (2015: Australian Dollars 4.50 million or equivalent to Baht 118.09 million.).

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Associates and joint ventures

The following table summarises the financial information of the associates and joint ventures as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

	Ratchaburi Power Company Limited		Hongsa Power Company Limited	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Revenue	20,515,045	23,178,094	15,495,786	5,410,238
Profit from continuing operations	1,835,499	1,973,989	2,990,453	(677,431)
Other comprehensive income (loss)	-	-	(22,745)	-
Total comprehensive income (loss) (100%)	1,835,499	1,973,989	2,967,708	(677,431)
Total comprehensive income (loss) (25% and 40% hold)	458,875	493,497	1,187,083	(270,972)
Group's share of total comprehensive income (loss)	458,875	493,497	1,187,083	(270,972)
Current assets	9,305,363	10,853,185	18,671,991	9,309,767
Non-current assets	12,757,937	14,311,930	100,638,720	98,606,944
Current liabilities	(4,345,578)	(5,026,201)	(7,242,605)	(7,968,203)
Non-current liabilities	(4,024,833)	(5,606,087)	(83,438,531)	(88,707,505)
Net assets (100%)	13,692,889	14,532,827	28,629,575	11,241,003
Group's share of net assets (25% and 40% hold)	3,423,222	3,633,207	11,451,830	4,496,401
Effect of movements in exchange rates and others	403,777	434,918	383,494	65,165
Carrying amount of interest in joint ventures	3,826,999	4,068,125	11,835,324	4,561,566

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Immaterial associates and joint ventures

The following is summarised financial information for the Group's interest in immaterial associates and joint ventures based on the amounts reported in the Group's consolidated financial statements:

	Immaterial Associates		Immaterial Joint ventures	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Carrying amount of interests in immaterial associates and joint ventures	1,561,570	1,511,108	8,205,410	7,418,905
Group's share of:				
- Profit from continuing operations	308,486	285,133	943,654	608,427
- Other comprehensive income	-	-	1,106	277
- Total comprehensive income	<u>308,486</u>	<u>285,133</u>	<u>944,760</u>	<u>608,704</u>

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

12 Property, plant and equipment

	Consolidated financial statements					
	Land	Buildings, structures and building improvements	Power plants, substation & transmission system and operating & maintenance equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Assets under construction and installation
						Total
Cost						
At 1 January 2015	1,384,202	452,887	23,035,331	574,882	44,049	25,497,460
Additions	-	-	348,246	13,277	-	378,640
Transfers	-	-	15,416	6,140	-	-
Disposals	(21,456)	-	(188,551)	(11,533)	(20,653)	(242,193)
Effect of movements in exchange rates	(11,575)	9,651	(464,677)	(79)	-	(466,680)
At 31 December 2015	1,351,171	462,538	22,745,765	582,687	23,396	25,167,227
Additions	-	3,447	217,358	12,446	-	1,507,125
Transfers	-	985	138,468	-	-	-
Disposals	-	-	(2,796)	(13,133)	(3,430)	(19,359)
Effect of movements in exchange rates	(3,331)	(1,532)	(339,096)	(85)	-	(361,004)
At 31 December 2016	1,347,840	465,438	22,759,699	581,915	19,966	26,293,989

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Consolidated financial statements

	Land	Buildings, structures and building improvements	Power plants, substation & transmission system and operating & maintenance equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Total
Accumulated depreciation and impairment losses							
At 1 January 2015	-	89,027	10,570,660	318,788	38,775	-	11,017,250
Depreciation charge for the year	-	23,592	901,772	83,717	2,348	-	1,011,429
Disposals	-	-	(119,126)	(10,803)	(18,637)	-	(148,566)
Effect of movements in exchange rates	-	(592)	(191,326)	(18)	-	-	(191,936)
At 31 December 2015 and 1 January 2016	-	112,027	11,161,980	391,684	22,486	-	11,688,177
Depreciation charge for the year	-	23,758	889,004	80,496	286	-	993,544
Disposals	-	-	(2,795)	(12,498)	(3,338)	-	(18,631)
Effect of movements in exchange rates	-	(794)	(174,950)	(36)	-	-	(175,780)
At 31 December 2016	-	134,991	11,873,239	459,646	19,434	-	12,487,310
Net book value							
At 1 January 2015	1,384,202	363,860	12,464,671	256,094	5,274	6,109	14,480,210
At 31 December 2015 and 1 January 2016	1,351,171	350,511	11,583,785	191,003	910	1,670	13,479,050
At 31 December 2016	1,347,840	330,447	10,886,460	122,269	532	1,119,131	13,806,679

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

	Separate financial statements					Total
	Land	Buildings, structures and building improvements	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Assets under construction and installation	
Cost						
At 1 January 2015	295,993	309,636	446,939	20,628	-	1,073,196
Additions	-	-	9,243	-	5,180	14,423
Transfers	-	-	3,510	-	(3,510)	-
Disposals	-	-	(10,014)	(19,668)	-	(29,682)
At 31 December 2015 and 1 January 2016	295,993	309,636	449,678	960	1,670	1,057,937
Additions	-	-	5,300	-	-	5,300
Disposals	-	-	(208)	-	-	(208)
At 31 December 2016	295,993	309,636	454,770	960	1,670	1,063,029
Accumulated depreciation						
At 1 January 2015	-	25,129	231,188	16,848	-	273,165
Depreciation charge for the year	-	12,386	71,921	1,325	-	85,632
Disposals	-	-	(9,298)	(17,806)	-	(27,104)
At 31 December 2015 and 1 January 2016	-	37,515	293,811	367	-	331,693
Depreciation charge for the year	-	12,386	68,986	192	-	81,564
Disposals	-	-	(205)	-	-	(205)
At 31 December 2016	-	49,901	362,592	559	-	413,052
Net book value						
At 1 January 2015	295,993	284,507	215,751	3,780	-	800,031
At 31 December 2015 and 1 January 2016	295,993	272,121	155,867	593	1,670	726,244
At 31 December 2016	295,993	259,735	92,178	401	1,670	649,977

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2016 amounting to Baht 1,350 million and Australian Dollars 40 million (2015: Baht 1,307 million and Australian Dollars 36 million).

Security

As at 31 December 2016 RATCH-Australia Corporation Company Limited, an indirect subsidiary, has mortgaged land, building and power plant and has pledged power plant's equipment of two power plants with a net book value of Australian Dollars 100 million or equivalent to Baht 2,589.16 million (2015: Australian Dollars 100 million or equivalent Baht 2,629.96 million) were subject to secure long-term loans (see note 17).

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

13 Land for future development projects

At 31 December 2016, land for future development projects includes plots of land of 317 rai located at Sam Khok district, Pathum Thani province. Presenting at cost amounting to Baht 309 million, the Group is considering for future development which not recently finalized yet.

However, the Group has engaged an independent appraiser (TAP Valuation Company Limited) to evaluate the price of the land in January 2017 by using the market comparison approach (Market approach). The market value is amounting to approximately Baht 310 million which is higher than the book value, therefore, no impairment loss is recognised in year 2016.

Measurement of fair value

Fair value hierarchy

The fair value of the property for future project development is evaluated by an independent valuation from the appropriate profession outsider who has extensive experience in the valuation of such categories. Independent property appraiser regularly estimates the fair value of land for future development project.

Fair value measurement of the future development project amounting to Baht 309.73 million is fair value measurement hierarchy in level 3 of the criteria, the data applied in the valuation techniques using market prices.

14 Goodwill and intangible assets

	Consolidated financial statements					Total
	Right to use electrical transmission line	Software licences	License on project development (in thousand Baht)	Goodwill from business acquisition	Right to power purchase agreement	
Cost						
At 1 January 2015	29,697	94,374	665,512	648,900	5,586,314	7,024,797
Additions	-	31,329	-	-	-	31,329
Disposals	(29,697)	-	-	-	-	(29,697)
Effect of movements in exchange rates	-	(2,247)	56,260	25,937	(121,702)	(41,752)
At 31 December 2015 and 1 January 2016	-	123,456	721,772	674,837	5,464,612	6,984,677
Additions	-	2,634	-	-	212,810	215,444
Effect of movements in exchange rates	-	(823)	(5,158)	(2,140)	(90,441)	(98,562)
At 31 December 2016	-	125,267	716,614	672,697	5,586,981	7,101,559

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

	Consolidated financial statements					Total
	Right to use electrical transmission line	Software licences	License on project development (in thousand Baht)	Goodwill from business acquisition	Right to power purchase agreement	
Accumulated amortisation and impairment losses						
At 1 January 2015	17,204	50,731	-	375,367	1,925,943	2,369,245
Amortisation charge for the year	3,014	16,001	6,920	-	258,163	284,098
Disposals	(20,218)	-	-	-	-	(20,218)
Effect of movements in exchange rates	-	(152)	131	-	(33,962)	(33,983)
At 31 December 2015 and at 1 January 2016	-	66,580	7,051	375,367	2,150,144	2,599,142
Amortisation charge for the year	-	16,797	26,565	-	265,784	309,146
Effect of movements in exchange rates	-	(708)	380	-	(36,682)	(37,010)
At 31 December 2016	-	82,669	33,996	375,367	2,379,246	2,871,278
Net book value						
At 1 January 2015	12,493	43,643	665,512	273,533	3,660,371	4,655,552
At 31 December 2015 and at 1 January 2016	-	56,876	714,721	299,470	3,314,468	4,385,535
At 31 December 2016	-	42,598	682,618	297,330	3,207,735	4,230,281

	Separate financial statements		
	Software licences	License on project development (in thousand Baht)	Total
Cost			
At 1 January 2015	21,105	665,512	686,617
Additions	1,702	-	1,702
Disposals	-	(665,512)	(665,512)
At 31 December 2015 and 1 January 2016	22,807	-	22,807
Additions	1,600	-	1,600
At 31 December 2016	24,407	-	24,407
Accumulated amortisation			
At 1 January 2015	18,496	-	18,496
Amortisation charge for the year	1,318	-	1,318
At 31 December 2015 and at 1 January 2016	19,814	-	19,814
Amortisation charge for the year	1,044	-	1,044
At 31 December 2016	20,858	-	20,858
Net book value			
At 1 January 2015	2,609	665,512	668,121
At 31 December 2015 and at 1 January 2016	2,993	-	2,993
At 31 December 2016	3,549	-	3,549

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Share Sale and Purchase Agreement of Mount Emerald Wind Farm Pty. Ltd.

During the year 2016, RATCH-Australia Corporation Company Limited ("RAC"), an indirect subsidiary, entered into a Share Sale and Purchase Agreement with Port Bajool Pty. Ltd. to acquire an additional 50% interest in Mount Emerald Wind Farm Pty. Ltd. ("Mount Emerald") in Australia for a consideration of Australian Dollars 8 million or equivalent Baht 212.81 million. The registered capital of Mount Emerald was Australian Dollars 2, (comprising 2 ordinary shares at par value of Australian Dollars 1 per share). RAC will pay the consideration at the completion date, which date as RAC and Port Bajool Pty. Ltd. agreed in the Agreement, 25% of the Purchase Price the remaining 75% of the Purchase Price within 160 days from the completion date. As at 31 December 2016, an amount of Australian Dollars 6 million or equivalent Baht 155.35 million remains outstanding.

In the consolidated financial statements, the transaction is accounted for as an asset acquisition because Mount Emerald consists of intangible assets in the form of a Power Purchase Agreement with Ergon Energy Queensland and a Development Approval.

Impairment testing for CGUs containing goodwill

The recoverable amounts for goodwill, right to power purchase agreement, property, plant and equipment and development costs in Australia (CGU) have been determined using the value in use models. The key assumptions used in the estimation of the recoverable amount included the discount rate which was a post-tax measure estimated based on 7 year historic average of 10 year bond rate sourced from Reserve Bank Australia (RBA) as a proxy for the risk free rate as this is in line with the principle underlying the Capital Asset Pricing Model (CAPM) theory with debt leveraging of 60% for Thermal power stations and 50% for Wind Farm power station with discount rate of 6.70% and 6.75% respectively and the cash flow projections were prepared using the external information, which included sales volumes, prices, operating costs, inflation rate and long-term growth rates for the period over the remaining of the power purchase agreements.

For the purposes of impairment testing, goodwill has been allocated to the Group's as follows.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Toora Wind Farm	265,559	267,471	-	-
Multiple units without significant goodwill	31,771	31,999	-	-
Total	297,330	299,470	-	-

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(%)			
Discount rate-Thermal power stations	6.70	6.77	-	-
Discount rate-Wind Farm power stations	6.75	6.37	-	-

The discount rate was a post-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Revenue projection

Projections of all revenues for each power plant assets have been made as stated in the Power Purchase Agreements while applying the projections of revenue from external information for the post power purchase agreement periods. Assumptions included tariff from thermal power plants and wind farms, carbon credit prices, nature gas prices, electricity demands, exchange rate, inflation and other related factors.

The impairment test has been prepared by the management of RATCH-Australia Corporation Limited ("RAC") from information of the contracts entered with the counterparties while forecasting revenue and expenses from the external source and the possible together with systematic parameters and conservative approaches are used for its calculation. The RAC's management have also conducted many sensitivity tests from most conservative approaches to more aggressive assumptions. They produced the same results that no impairment charges are required for all RAC's assets and development projects.

The Group considered that any reasonably possible change in the above key assumptions would not lead to an impairment being recognised as there was significant headroom exists. In addition, no impact to the investments in subsidiary in the separate financial statements.

15 Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Total	5,509,161	6,321,728	(7,259,732)	(8,172,657)
Set off of tax	(5,455,698)	(6,214,346)	5,455,698	6,214,346
Net deferred tax assets (liabilities)	53,463	107,382	(1,804,034)	(1,958,311)

	Separate financial statements			
	Assets		Liabilities	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Total	27,593	21,711	-	-
Set off of tax	-	-	-	-
Net deferred tax assets	27,593	21,711	-	-

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Movements in total deferred tax assets and liabilities during the year were as follows:

	At 1 January 2016	Consolidated financial statements (Charged) / credited to:			At 31 December 2016
		Profit or loss	Other comprehensive income (in thousand Baht)	Exchange differences	
Deferred tax assets					
Allowance for obsolescence and declining in value of spare parts and supplies	264,129	(28,773)	-	(46)	235,310
Property, plant and equipment	5,424,425	(663,662)	-	-	4,760,763
Employee benefit obligations	25,420	1,820	4,635	-	31,875
Finance leases liabilities	89	28	-	-	117
Losses carry forward	607,665	(121,331)	-	(5,238)	481,096
Total	6,321,728	(811,918)	4,635	(5,284)	5,509,161

Deferred tax liabilities					
Property, plant and equipment	(2,387,458)	150,787	-	35,121	(2,201,550)
Finance lease receivable from related party	(5,638,159)	639,110	-	-	(4,999,049)
Others	(147,040)	87,116	-	791	(59,133)
Total	(8,172,657)	877,013	-	35,912	(7,259,732)

	At 1 January 2015	Consolidated financial statements (Charged) / credited to:			At 31 December 2015
		Profit or loss	Other comprehensive income (in thousand Baht)	Exchange differences	
Deferred tax assets					
Allowance for obsolescence and declining in value of spare parts and supplies	222,764	41,365	-	-	264,129
Property, plant and equipment	6,129,626	(705,201)	-	-	5,424,425
Employee benefit obligations	22,019	3,401	-	-	25,420
Finance leases liabilities	70	19	-	-	89
Losses carry forward	1,081,510	(449,253)	-	(24,592)	607,665
Total	7,455,989	(1,109,669)	-	(24,592)	6,321,728

Deferred tax liabilities					
Property, plant and equipment	(2,609,382)	162,819	-	59,105	(2,387,458)
Finance lease receivable from related party	(6,323,677)	685,518	-	-	(5,638,159)
Others	(236,639)	84,689	-	4,910	(147,040)
Total	(9,169,698)	933,026	-	64,015	(8,172,657)

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

		Separate financial statements		
		(Charged)/ credited to:		
	At 1 January 2016	Profit or loss	Other comprehensive income	At 31 December 2016
		(in thousand Baht)		
Deferred tax assets				
Employee benefit obligations	21,711	1,333	4,548	27,593
Total	21,711	1,333	4,548	27,593

		Separate financial statements		
		(Charged)/ credited to:		
	At 1 January 2015	Profit or loss	Other comprehensive income	At 31 December 2015
		(in thousand Baht)		
Deferred tax assets				
Employee benefit obligations	18,819	2,892	-	21,711
Total	18,819	2,892	-	21,711

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
Temporary differences	3,089	3,089	3,089	3,089
Loss carry forward	254,500	258,290	-	-
Total	257,589	261,379	3,089	3,089

Significant estimates

As at 31 December 2016, the Group has deferred tax assets in amounting to Baht 481 million which relates to carried forward tax losses of a subsidiary in oversea operation. Such subsidiary has incurred the losses over the past years however the Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on business plans and budgets which approved by management of subsidiary. Such subsidiary is expected to generate taxable income in the future such losses is unlimited and no expired date.

16 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
Development costs-Nam Ngum 3 Project	129,782	139,051	129,782	139,051
Development costs for renewable energy project	218,839	378,047	-	-
Deferred expense under contractual service agreement	383,663	461,826	-	-
Others	22,266	25,996	4,401	4,371
Total	754,550	1,004,920	134,183	143,422

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Hydro Power Plant Project-Nam Ngum3

During the year 2008, the Company entered into a Shareholders Agreement with the other three shareholders, GMS Lao Company Limited, Marubeni Corporation and Lao Holding State Enterprise, to develop and operate the Hydro Power Plant Project-Nam Ngum 3 and established Nam Ngum 3 Power Company Limited under the policies and laws of Lao PDR. The Company hold 25% of such company's ordinary shares.

During the year 2013, the Project cannot get approval of Ministry of Planning and Investment of Lao PDR to extend the concession for development which had been expired on 29 March 2013 as result of the changes in the Energy Development Plan of Lao PDR. The Project is in process of negotiation with the Lao Government to transfer and sell the assets and the ultimate outcome cannot presently be determined. Therefore, the asset's recoverable amount has been estimated and impairment loss amounting to Baht 315 million was recognised in the administrative expense for the year ended 31 December 2013.

During the year 2016, the Company has reimbursed the development costs from Lao PDR in amounting to U.S. Dollar 0.26 million or equivalent to Baht 9.27 million.

At 31 December 2016, the Company has outstanding development costs that will be reimburse from Lao PDR in amounting to U.S Dollar 3.68 million or equivalent to Baht 129.78 million.

Renewable energy projects

The Group is developing the generating and selling projects from renewable energy in Australia.

The Group has capitalised a project development costs as intangible assets concerning to wind farm power project in Australia, which has received development approval from the local authorities and the management believes that those projects can be operating in the near future and the total amount of the present value of future cash flows will not be lower than the carrying value.

*Please see note to the financial statement - 14 Impairment testing for CGUs containing goodwill.

17 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Current				
Short-term loans from financial institutions -unsecured	3,800,000	1,900,000	3,800,000	1,900,000
Current portion of long-term loans from financial institutions net of deferred financing fees-unsecured	-	1,200,000	-	1,200,000
Current portion of finance lease liabilities	1,273	778	-	-
Total current interest-bearing liabilities	3,801,273	3,100,778	3,800,000	3,100,000

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Non-current				
Long-term loans from related party				
-unsecured (Note 4)	1,029,085	1,071,599	-	-
Long-term loans from financial institutions				
net of deferred financing fees-secured	2,567,009	-	-	-
Debentures				
net of deferred financing fees-unsecured	17,327,198	17,282,351	-	-
Financial lease liabilities	3,171	1,335	-	-
Total non-current				
interest-bearing liabilities	20,926,463	18,355,285	-	-

The periods to maturity of interest-bearing liabilities net of deferred financing fees, excluding finance lease liabilities, as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Within one year	3,800,000	3,100,000	3,800,000	3,100,000
After one year but within five years	13,299,775	10,802,511	-	-
After five years	7,623,517	7,551,439	-	-
Total	24,723,292	21,453,950	3,800,000	3,100,000

The currency denomination of interest-bearing liabilities net of deferred financing fees, excluding finance lease liabilities, as at 31 December was as follows:

	Consolidated Financial statements		Separate Financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	5,798,376	5,098,061	3,800,000	3,100,000
United States Dollar (USD)	10,732,766	10,802,512	-	-
Australian Dollar (AUD)	3,596,094	1,071,599	-	-
Japanese Yen (JPY)	4,596,056	4,481,778	-	-
Total	24,723,292	21,453,950	3,800,000	3,100,000

As at 31 December 2016, the Company had outstanding short-term loans from the local financial institutions amounting to Baht 3,800 million which bear interests at the rate of 1.63% to 1.71% per annum and will be repayable within the 3rd quarter of 2017 (2015: Baht 3,100 million).

As at 31 December 2016, Ratchaburi Electricity Generating Company Limited, a direct subsidiary, had outstanding debentures which are unsubordinated and unsecured debentures without a debenture holders' representative in the name-registered certificate amounting to Baht 2,000 million which bears interest at the fixed rate of 3.50% per annum. Such debentures for the period of 7 years and will be due for redemption in 2022 (2015: Baht 2,000 million).

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

As at 31 December 2016, RH International (Singapore) Corporation Pte. Ltd., an indirect subsidiary, had outstanding debentures amounting to U.S. Dollars 300 million or equivalent to Baht 10,749.21 million (2015: U.S. Dollars 300 million or equivalent to Baht 10,826.58 million) which bears interest at the fixed rate 3.50% per annum. Such debentures for the period of 5 years and will be due for redemption in 2019. The issue of the notes is guaranteed by the Company.

As at 31 December 2016, RH International (Singapore) Corporation Pte. Ltd., an indirect subsidiary, had outstanding debentures amounting to JPY 15,000 million or equivalent to Baht 4,606.04 million (2015: JPY 15,000 million or equivalent to Baht 4,493.03 million) which bears interest at the fixed rate 2.72% per annum. Such debentures are unsubordinated, unsecured for the period of 15 years and will be due for redemption in 2026. The issue of the notes is guaranteed by the Company.

As at 31 December 2016, RATCH-Australia Corporation Limited, an indirect subsidiary, had outstanding long-term loans from financial institutions in Australia amounting to Australian Dollars 100 million or equivalent to Baht 2,589.16 million which bears interest at the floating rate of Bank Bill Swap Bid Rate (BBSY), announced by Reuters, plus fixed margin per annum and will be payable in 2018.

On 1 November 2016, Mount Emerald Wind Farm Pty. Ltd., an indirect subsidiary, entered into a Syndicated Facility Agreement with financial institutions in Australia to acquire loan facility in the aggregate amount of Australian Dollars 258.30 million or equivalent to Baht 6,687.81 million for the development of Mount Emerald. As at 31 December 2016, such indirect subsidiary had unutilised credit facilities totaling Australian Dollars 258.30 million or equivalent to Baht 6,687.81 million.

As at 31 December 2016, the Group had unutilised short-term credit facilities totaling Baht 12,200 million U.S. Dollars 124 million and Australian Dollars 258.30 million (2015: Baht 14,200 million, U.S. Dollars 100 million and Australian Dollars 100 million, respectively).

The Group has to comply with certain conditions in accordance with those agreements including maintaining certain key financial ratios.

18 Trade account payables

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		(in thousand Baht)			
Related parties	4	1,003	21,332	-	-
Other parties		5,552,566	6,984,849	-	-
Total		5,553,569	7,006,181	-	-

The currency denomination of trade accounts payable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
Thai Baht (THB)	5,396,998	6,942,352	-	-
Australian Dollar (AUD)	156,571	63,829	-	-
Total	5,553,569	7,006,181	-	-

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

19 Other payables

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Other payables					
to related parties	4	158,256	182,566	19,069	20,718
Accrued finance costs		325,525	301,392	-	23,358
Other payables and other accrued expenses		848,428	856,197	202,636	186,107
Total		1,332,209	1,340,155	221,705	230,183

The currency denomination of other payables as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	637,246	735,859	201,095	201,348
United States Dollars (USD)	181,029	282,508	20,575	27,625
Australian Dollars (AUD)	457,398	269,719	-	-
Japanese Yen (JPY)	52,266	49,293	-	1,210
Others	4,270	2,776	35	-
Total	1,332,209	1,340,155	221,705	230,183

20 Employee benefit obligations

Employee benefit obligations as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Current (included in other payables)				
Unused vacation leave	15,000	14,377	6,888	6,976
Non-current				
Post-employment benefits	158,706	122,151	131,076	101,581

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Movement in the employee benefit obligations for the years ended 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Unused vacation leave				
At 1 January	14,377	12,648	6,976	5,443
Include in profit or loss:				
Increase	9,341	2,264	1,171	1,923
Decrease	(8,635)	(416)	(1,259)	(390)
	<u>706</u>	<u>1,848</u>	<u>(88)</u>	<u>1,533</u>
Include in other comprehensive income				
Effect of movements in exchange rates	(83)	(119)	-	-
At 31 December	<u>15,000</u>	<u>14,377</u>	<u>6,888</u>	<u>6,976</u>
Post-employment benefits				
At 1 January	122,151	106,271	101,581	88,652
Include in profit or loss:				
Current service cost and interest on obligation	24,142	18,332	15,377	15,309
Included in other comprehensive income				
Actuarial loss and others	23,181	-	22,743	-
Effect of movements in exchange rates	(81)	(72)	-	-
	<u>23,100</u>	<u>(72)</u>	<u>22,743</u>	<u>-</u>
Others				
Benefits paid	(10,687)	(2,380)	(8,625)	(2,380)
At 31 December	<u>158,706</u>	<u>122,151</u>	<u>131,076</u>	<u>101,581</u>

Expense recognised in administrative expense for the years ended 31 December as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Unused vacation leave	9,341	2,264	1,171	1,923
Post-employment benefits	24,142	18,332	15,377	15,309
Total	<u>33,483</u>	<u>20,596</u>	<u>16,548</u>	<u>17,232</u>

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Actuarial losses recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Experience adjustment	12,061	-	13,789	-
Financial assumptions	6,027	-	4,797	-
Demographic assumption	5,093	-	4,157	-
Total	23,181	-	22,743	-

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(%)</i>			
Discount rate	3.18	4.3	3.18	4.3
Future salary growth	4 to 8	5 and 8	6.5 to 8	8
Turnover rate	0 to 10	0 to 7	0 to 10	0 to 7

Assumptions regarding future mortality have been based on published statistics and mortality tables.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the employee benefit obligations by the amounts shown below.

	Consolidated		Separate	
	financial statements		financial statements	
	<i>(in thousand Baht)</i>			
Employee benefit obligations 31 December 2016	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(12,710)	15,092	(9,627)	11,243
Future salary growth (1% movement)	14,363	(12,395)	10,662	(9,362)
Turnover rate (20% movement)	(4,708)	5,161	(3,275)	3,534
Future mortality (1% movement)	698	(792)	506	(566)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

21 Share capital

	Par value per share (in Baht)	2016		2015	
		Number	Baht (thousand shares/ thousand Baht)	Number	Baht
Authorised					
At 1 January					
- ordinary shares	10	1,450,000	14,500,000	1,450,000	14,500,000
At 31 December					
- ordinary shares	10	<u>1,450,000</u>	<u>14,500,000</u>	<u>1,450,000</u>	<u>14,500,000</u>
Issued and paid-up					
At 1 January					
- ordinary shares	10	1,450,000	14,500,000	1,450,000	14,500,000
At 31 December					
- ordinary shares	10	<u>1,450,000</u>	<u>14,500,000</u>	<u>1,450,000</u>	<u>14,500,000</u>

22 Additional paid-in capital and reserves

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations and shall be reclassified from equity to profit or loss when the gain or loss on disposal in a foreign operation is recognised.

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

23 Segment information

The Group has four reportable segments, as described below, which are the Group’s strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group’s reportable segments.

Segment 1	Domestic Electricity Generating
Segment 2	Renewable Energy
Segment 3	International Power Projects
Segment 4	Others

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Segment information-Principle business

	Domestic Electricity Generating		Renewable Energy		International Power Projects (in thousand Baht)		Others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from sale and rendering of services	40,518,511	49,612,490	-	66,123	2,568,532	2,492,823	-	-	43,087,043	52,171,436
Revenue from finance lease contracts	4,491,341	5,005,332	-	-	-	-	-	-	4,491,341	5,005,332
Cost of sale and rendering of services	(40,025,330)	(48,931,692)	-	(47,616)	(1,597,942)	(1,637,351)	-	-	(41,623,272)	(50,616,659)
Gross profit	4,984,522	5,686,130	-	18,507	970,590	855,472	-	-	5,955,112	6,560,109
Management service income	-	-	-	-	3,382	2,650	254,859	255,453	258,241	258,103
Dividend income	-	-	-	-	204,720	212,068	-	-	204,720	212,068
Interest income	15,476	63,855	401	571	33,117	59,344	115,925	214,696	164,919	338,466
Other income	110,462	95,039	6,832	117,480	46,812	6,043	2,319	6,237	166,425	224,799
Administrative expenses	(233,485)	(236,449)	(2,681)	(7,228)	(298,306)	(344,107)	(941,573)	(979,419)	(1,476,045)	(1,567,203)
Net foreign exchange gain (loss)	13,910	16,846	-	-	178,219	(1,351,925)	(34,467)	1,324	157,662	(1,333,755)
Finance costs	(65,755)	(139,444)	-	-	(1,251,481)	(1,174,002)	(85,200)	(72,580)	(1,402,436)	(1,386,026)
Share of profit of investment in associates and joint ventures	747,852	614,374	534,260	435,322	1,583,323	57,264	41,761	9,125	2,907,196	1,116,085
Profit (loss) before income tax expense	5,572,982	6,100,351	538,812	564,652	1,470,376	(1,677,193)	(646,376)	(565,164)	6,935,794	4,422,646
(Income tax expense) reversal	(1,003,333)	(1,179,903)	-	-	102,901	(185,604)	37,189	(42,218)	(863,243)	(1,407,725)
Profit (loss) for the year	4,569,649	4,920,448	538,812	564,652	1,573,277	(1,862,797)	(609,187)	(607,382)	6,072,551	3,014,921

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Total assets of each segment information as at 31 December 2016 and 2015 were as follow:

	Domestic Electricity Generating	Renewable Energy	International Power Projects (in thousand Baht)	Others	Total
31 December 2016	42,545,372	2,577,436	43,289,496	7,978,787	96,391,091
31 December 2015	46,042,922	2,513,981	32,995,086	11,053,065	92,605,054

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Geographical information

	Revenues		Assets	
	2016	2015	2016	2015
	(in thousand Baht)			
Thailand	45,009,852	54,683,945	57,568,108	53,256,439
Australia	2,329,273	2,253,960	19,144,946	16,938,961
Other countries	239,259	238,863	19,678,037	22,409,654
Total	47,578,384	57,176,768	96,391,091	92,605,054

Major customer

Revenue from one customer of the Group's domestic electricity generating segment represents approximately Baht 45,010 million of the Group's total revenues (2015: 54,636 million).

24 Other income

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
Compensation from operation and maintenance agreement of power plant	53,564	37,289	-	-
Compensation from terminate power purchase agreement	35,209	-	-	-
Gain on disposal of asset	583	122,455	-	5,053
Others	77,069	65,055	1,306	3,672
Total	166,425	224,799	1,306	8,725

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

25 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Personnel	639,385	624,263	446,992	420,445
Administrative	445,145	511,514	257,852	272,201
Consulting and professional fees	132,676	167,088	105,878	126,192
Depreciation and amortisation	139,801	124,621	82,608	86,949
Public relation	58,570	74,913	38,417	56,442
Premise tax	35,315	32,562	784	892
Donation	19,301	30,917	10,647	19,098
Loss on disposal of spare parts and equipment	5,852	1,325	-	-
Total	1,476,045	1,567,203	943,178	982,219

26 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Management				
Directors' remuneration	10,694	12,907	7,979	8,699
Wages and salaries	109,743	107,336	33,621	31,967
Contribution to defined benefit plans	9,619	8,915	2,447	2,278
Others	47,199	45,839	33,708	33,086
	<u>177,255</u>	<u>174,997</u>	<u>77,755</u>	<u>76,030</u>
Other employees				
Wages and salaries	295,558	300,773	230,872	224,683
Contribution to defined benefit plans	21,706	20,778	18,886	17,975
Others	144,866	127,715	119,479	101,757
	<u>462,130</u>	<u>449,266</u>	<u>369,237</u>	<u>344,415</u>
Total	639,385	624,263	446,992	420,445

Defined contribution plans

The Group in Thailand joined the contributory employees' provident fund of EGAT established for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employee at rates ranging from 5% to 15% of their basic salaries and by the Group at rates ranging from 5% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entities and is managed by a licensed Fund Manager.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

27 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
Fuel costs	36,447,009	44,631,250	-	-
Operation and maintenance service fee	1,592,147	1,677,785	-	-
Depreciation and amortisation	1,142,969	1,502,355	82,608	86,949
Spare parts and repair expenses	1,389,636	1,930,297	-	-
Other costs	706,399	626,635	-	-
Administrative expenses	505,612	576,319	269,283	292,191
Employee benefit expenses	639,385	624,263	446,992	420,445
Insurance premium	484,913	372,958	-	-
Consulting and professional fees	132,676	167,088	105,878	126,192
Public relation	58,570	74,913	38,417	56,442

28 Finance costs

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
Related party					
Interest expense	4	79,014	81,405	-	-
Other parties					
Interest expense		1,280,876	1,258,524	85,200	72,580
Amortisation of financing fees		42,546	46,097	-	-
Total		1,402,436	1,386,026	85,200	72,580

29 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
Current tax expense					
Current year		971,234	1,223,177	3,613	21,795
Under (over) provided in prior years		(38,262)	7,905	(34,921)	23,315
		932,972	1,231,082	(31,308)	45,110
Deferred tax expense					
Movements in temporary differences	15	(69,730)	176,643	(5,881)	(2,892)
Total income tax expense		863,242	1,407,725	(37,189)	42,218

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Reconciliation of effective tax rate

	Consolidated financial statements			
	2016	2015		
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		6,935,794		4,422,646
Income tax using the Thai corporation tax rate	20	1,387,159	20	884,529
Effect from income not subject to tax-dividend income		(590,082)		(160,261)
Effect from expense not deductible for tax purposes and income and expense recognised in the different period between accounting and tax		96,613		543,389
Under (over) provided in prior years		(38,262)		7,905
Current year losses for which no deferred tax asset was recognised		32,745		3
Derecognition of previously recognised unutilised tax losses		(22,608)		(27,966)
Effect of the different basis of income tax calculation in other countries		(2,323)		160,126
Total	12	863,242	32	1,407,725

	Separate financial statements			
	2016	2015		
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		5,678,332		5,854,701
Income tax using the Thai corporation tax rate	20	1,135,667	20	1,170,940
Effect from income not subject to tax-dividend income		(1,168,605)		(1,158,847)
Effect from expense not deductible for tax purposes and income and expense recognised in the different period between accounting and tax		(2,050)		6,810
Current year losses for which no deferred tax asset was recognised		32,720		-
Under (over) provided in prior years		(34,921)		23,315
Total	-	(37,189)	0.77	42,218

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

30 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2016 and 2015 were based on the net profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht/ thousand shares)</i>			
Profit for the year attributable to ordinary shareholders of the Company (basic)	6,165,722	3,187,867	5,715,521	5,812,483
Number of ordinary shares outstanding	1,450,000	1,450,000	1,450,000	1,450,000
Earnings per share (basic) <i>(in Baht)</i>	4.25	2.20	3.94	4.01

31 Dividends

At the Board of Directors meeting of the Company held on 24 August 2016, the Board approved the appropriation of interim dividend of Baht 1.10 per share, totaling Baht 1,595 million. The interim dividend was paid to shareholders in September 2016.

At the annual general meeting of the shareholders of the Company held on 7 April 2016, the shareholders approved the appropriation of dividend of Baht 2.27 per share, totaling Baht 3,292 million, from the net profit of 2015 after deducting the interim dividend of Baht 1.10 per share, totaling Baht 1,595 million, paid to shareholders in September 2015 from the net profit for the six-month period ended 30 June 2015. The net of such dividend amounting to Baht 1,697 million was paid to shareholders in April 2016.

At the Board of Directors meeting of the Company held on 17 August 2015, the Board approved the appropriation of interim dividend of Baht 1.10 per share, totaling Baht 1,595 million. The interim dividend was paid to shareholders in September 2015.

At the annual general meeting of the shareholders of the Company held on 10 April 2015, the shareholders approved the appropriation of dividend of Baht 2.27 per share, totaling Baht 3,292 million, from the net profit of 2014 after deducting the interim dividends of Baht 1.10 per share, totaling Baht 1,595 million, paid to shareholders in September 2014 from the net profit for the six-month period ended 30 June 2014. The net of such dividend amounted to Baht 1,697 million was paid to shareholders in April 2015.

32 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because debt securities and loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (see note 17). The Group mitigates this risk by ensuring that the majority of its debt securities and borrowings are at fixed interest rates and uses derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on specific debt securities and borrowings.

The effective interest rates of debt securities and loans receivable as at 31 December and the periods in which the loans receivable and debt securities mature or re-price were as follows:

	Effective interest rate (% per annum)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
		(in thousand Baht)			
2016					
Current					
Debt securities held-for-trading	1.47 to 3.14	123,019	359,456	-	482,475
Non-current					
Long-term loans to related party	4.77	-	-	46,947	46,947
Total		<u>123,019</u>	<u>359,456</u>	<u>46,947</u>	<u>529,422</u>
2015					
Current					
Debt securities held-for-trading	1.49 to 3.27	134,435	283,860	-	418,295
Short-term loans to related party	6.25	7,600	-	-	7,600
Non-current					
Long-term loans to related party	3.88	-	-	47,295	47,295
Total		<u>142,035</u>	<u>283,860</u>	<u>47,295</u>	<u>473,190</u>

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

	Effective interest rate (% per annum)	Separate financial statements			
Within 1 year		After 1 year but within 5 years	After 5 years	Total	
(in thousand Baht)					
2016					
Current					
Debt securities held-for-trading	1.47 to 3.14	88,400	359,456	-	447,856
Short-term loans to related party	2.45 to 4.50	5,400,000	-	-	5,400,000
Non-current					
Long-term loans to related parties	3.66 to 4.77	-	1,581,210	46,947	1,628,157
Total		<u>5,488,400</u>	<u>1,940,666</u>	<u>46,947</u>	<u>7,476,013</u>
2015					
Current					
Debt securities held-for-trading	1.49 to 3.27	127,767	283,860	-	411,627
Short-term loans to related parties	4.50	9,810,000	-	-	9,810,000
Non-current					
Long-term loans to related parties	3.65 to 3.86	-	2,117,166	47,295	2,164,461
Total		<u>9,937,767</u>	<u>2,401,026</u>	<u>47,295</u>	<u>12,386,088</u>

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

	Effective interest rate (% per annum)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
		(in thousand Baht)			
2016					
Current					
Short-term loans from financial institutions	1.63 to 1.71	3,800,000	-	-	3,800,000
Non-current					
Long-term loans from related party	7.73	-	-	1,029,085	1,029,085
Long-term loans from financial institutions	4.05	-	2,567,009	-	2,567,009
Debentures	2.72 to 3.55	-	10,732,766	6,594,432	17,327,198
Total		3,800,000	13,299,775	7,623,517	24,723,292

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

	Effective interest rate (% per annum)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
		(in thousand Baht)			
2015					
Current					
Short-term loans from financial institutions	1.63 to 1.66	1,900,000	-	-	1,900,000
Current portion of long-term loans from financial institutions	4.00	1,200,000	-	-	1,200,000
Non-current					
Long-term loans from related party	8.01	-	-	1,071,599	1,071,599
Debentures	2.72 to 3.55	-	10,802,511	6,479,840	17,282,351
Total		3,100,000	10,802,511	7,551,439	21,453,950

	Effective interest rate (% per annum)	Within 1 year	Separate financial statements			Total
			After 1 year but within 5 years	After 5 years		
			(in thousand Baht)			
2016						
Current						
Short-term loans from financial institutions	1.63 to 1.71	<u>3,800,000</u>	<u>-</u>	<u>-</u>	<u>3,800,000</u>	
2015						
Current						
Short-term loans from financial institutions	1.63 to 1.66	1,900,000	-	-	1,900,000	
Current portion of long-term loans from financial institutions	4.00	<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>	
Total		3,100,000	-	-	3,100,000	

Foreign currency risk

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<i>(in thousand Baht)</i>				
United States Dollars				
Long-term investments	4,300	4,331	-	-
Long-term loans to related parties	46,947	47,295	1,303,157	1,526,461
Debentures	(10,732,766)	(10,802,512)	-	-

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
<i>Lao Kip</i>				
Equity securities available-for-sale	3,730,280	4,270,193	-	-
<i>Australian Dollars</i>				
Trade accounts receivables	195,288	106,981	-	-
Long-term loans from related party	(1,029,085)	(1,071,599)	-	-
Long-term loans from financial institution	(2,567,009)	-	-	-
<i>Japan Yen</i>				
Debentures	(4,596,056)	(4,481,779)	-	-
Net balance sheet exposure	(14,948,101)	(11,927,090)	1,303,157	1,526,461
Cross currency swap contract	4,606,036	4,493,031	-	-
Net exposure	(10,342,065)	(7,434,059)	1,303,157	1,526,461

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. The Group has concentrations of credit risk since most of its revenues are contracted under long-term agreements with a small number of parties. However counterparties are generally government authorities and large public or private corporations and the risk perceived is low.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

	Carrying amount	Consolidated financial statements			
Fair value			Total		
Level 1		Level 2		Level 3	
(in thousand Baht)					
31 December 2016					
<i>Financial assets measured at fair value</i>					
<i>Current</i>					
Debt securities held-for-trading	482,475	482,475	-	-	482,475
<i>Non-current</i>					
Equity securities available-for-sale	3,730,280	3,730,280	-	-	3,730,280
<i>Financial liabilities not measured at fair value</i>					
<i>Non-current</i>					
Long-term loans from financial institutions	(2,567,009)	-	(2,567,009)	-	(2,567,009)
Debentures	(17,327,198)	-	(18,127,181)	-	(18,127,181)
<i>Contracts</i>					
Interest rate swap and cross currency swap contracts*	-	-	(3,454,696)	-	(3,454,696)
31 December 2015					
<i>Financial assets measured at fair value</i>					
<i>Current</i>					
Debt securities held-for-trading	418,295	418,295	-	-	418,295
<i>Non-current</i>					
Equity securities available-for-sale	4,270,193	4,270,193	-	-	4,270,193
<i>Financial liabilities not measured at fair value</i>					
<i>Current</i>					
Current portion of long-term loans from financial institution	(1,200,000)	-	(1,225,115)	-	(1,225,115)
<i>Non-current</i>					
Debentures	(17,282,351)	-	(17,978,775)	-	(17,978,775)
<i>Contracts</i>					
Forward contracts	-	-	1,082	-	1,082
Interest rate swap and cross currency swap contracts*	-	-	(3,927,012)	-	(3,927,012)

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

	Carrying amount	Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
		(in thousand Baht)			
31 December 2016					
<i>Financial assets measured at fair value</i>					
<i>Current</i>					
Debt securities held-for-trading	447,856	447,856	-	-	447,856
31 December 2015					
<i>Financial assets measured at fair value</i>					
<i>Current</i>					
Debt securities held-for-trading	411,627	411,627	-	-	411,627
<i>Financial assets not measured at fair value</i>					
<i>Current</i>					
Current portion of long-term loans from financial institution	(1,200,000)	-	(1,225,115)	-	(1,225,115)

*Movements during the year ended 31 December 2016 of fair value of interest rate swap and cross currency swap contracts were as follows:

	Consolidated financial statements <i>(in thousand Baht)</i>
At 1 January 2016	(3,927,012)
Decrease	472,316
At 31 December 2016	(3,454,696)

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments not measured at fair value

Type	Valuation technique
Long-term loans from financial institutions	<i>Discounted cash flows:</i> The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.
Debentures	<i>Discounted cash flows:</i> The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

Type

Interest rate swap and cross currency swap contracts

Valuation technique

Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

33 Commitments with non-related parties

Power Purchase Agreement

On 17 June 2010 and 8 February 2011 Ratchaburi Energy Company Limited, a direct subsidiary, entered into the 0.9 and 3.6 Megawatts Power Purchase Agreement respectively with Provincial Electricity Authority (“PEA”). Subsequently on 1 April 2016, such direct subsidiary has operated to sell PTO-A power plant and STN-A power plant, included to the entire assets, contracts and any claims involved with the whole process of power production by natural gas operated by both power plants to a local company, amounting to Baht 205 million (excluded VAT).

Operation and Maintenance Agreement

On 21 November 2014, Ratchaburi Energy Company Limited, a direct subsidiary, entered into an Operation and Maintenance Agreement with a supplier. Subsequently on 1 April 2016, such subsidiary has operated to sell PTO-A power plant and STN-A power plant, included to the entire assets, contracts, and any claims involved with the whole process of power production by natural gas operated by both power plants to a local company, amounting to Baht 205 million (excluded VAT).

On 30 June 2000, Tri Energy Company Limited, a direct subsidiary, entered into an Operation and Maintenance Agreement with a supplier. According to the agreement, such supplier will act as an operator to perform the operation and maintenance of the power plant. The agreement is effective for a period of 20 years. Subsequently on 1 August 2014, such subsidiary has transferred its entire business including Operation and Maintenance Agreement with a supplier to Ratchaburi Electricity Generating Company Limited.

Fuel Purchase Agreements

On 27 October 2000, Ratchaburi Electricity Generating Company Limited, a direct subsidiary, entered into a Gas Sales Agreement with PTT Public Company Limited (“PTT”) for the period of 25 years whereby PTT will supply natural gas to the subsidiary at an agreed quantity and price.

On 1 June 2004, Ratchaburi Electricity Generating Company Limited, a direct subsidiary, entered into a Diesel Purchase Agreement with PTT Public Company Limited (“PTT”), for the period of 3 years which can be extended for a period of 1 year until the end of the contract unless without 6 months advance written notice designated the intention to terminate the contract from PTT. PTT would sell diesel to the subsidiary at the agreed quantity and price as stated in the contract.

On 17 January 2006, Ratchaburi Energy Company Limited, a direct subsidiary, entered into a Gas Sales Agreement (gas is a by-product from crude oil production) with PTTEP Siam Company Limited and PTT Exploration and Production Public Company Limited for its 2 Megawatts power plant project (PTO-A) and 0.9 Megawatts power plant project (PTO-A (EX)).

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

On 29 June 2011, Ratchaburi Energy Company Limited, a direct subsidiary, entered into a Gas Sales Agreement (gas is a by-product from crude oil production) with PTTEP Siam Company Limited and PTT Exploration and Production Public Company Limited for its 3.6 Megawatts power plant project (STN-A).

Subsequently on 1 April 2016, such subsidiary has operated to sell PTO-A power plant and STN-A power plant, included to the entire assets, contracts and any claims involved with the whole process of power production by natural gas operated by both power plants to a local company, amounting to Baht 205 million (excluded VAT).

On 22 May 1997, Tri Energy Company Limited, a direct subsidiary, entered into Gas Sales Agreement with PTT Public Company Limited ("PTT") for the period 20 years. Subsequently on 1 August 2014, such subsidiary has transferred its entire business including the Gas Sales Agreement with PTT to Ratchaburi Electricity Generating Company Limited.

Contractual Service Agreement

On 29 December 2005, Ratchaburi Electricity Generating Company Limited, a direct subsidiary, entered into a Contractual Service Agreement for the Combined Cycle Generating Power Plant between the subsidiary and the Consortium of General Electric International Operations Co., Inc. and GE Energy Parts, Inc. The agreement is effective from the agreement date until the end of the operation of gas turbine according to Power Purchase Agreement in year 2027 with a total contract price of U.S. Dollars 428.60 million with adjustments as conditions specified in the agreement. During 1st quarter of 2014, parties reduced price and conditions into amendment which has been effective since February 2014, made the total contract price amounting to U.S. Dollars 418.21 million. As at 31 December 2016, such subsidiary has outstanding commitments amounting to U.S. Dollars 184.08 million (2015: U.S. Dollars 202.04 million).

In addition, in accordance with the agreement, such subsidiary is required to open a letter of credit amounting to U.S. Dollars 6 million. As at 31 December 2016, such subsidiary had an unused letter of credit amounting to U.S. Dollars 6 million (2015: U.S. Dollars 6 million).

Interest rate swap and cross currency swap contracts

As at 31 December 2016, the Group has various interest rate swap and cross currency swap contracts with financial institutions for hedge interest rate and foreign exchange exposure of long-term debts for Baht currency totaling Baht 1,000 million, U.S. Dollars currency totaling U.S. Dollars 300 million, Japan Yen currency totaling Japan Yen 15,000 million and Australian Dollars currency totaling Australian Dollars 454.02 million. (2015: Baht currency totaling Baht 1,000 million, U.S. Dollars currency totaling U.S. Dollars 300 million, Japan Yen currency totaling Japan Yen 15,000 million and Australian Dollars currency totaling Australian Dollars 463.08 million). All counterparties agree to pay the interest and the notional amount according to terms and conditions of the contracts.

Letter of guarantee

As at 31 December 2016, the Company and the subsidiaries had commitments from letter of guarantee issued by financial institutions for the Company and subsidiaries to compliance with agreement conditions in the amount of Baht 94.05 million U.S. Dollars 1.09 million and Australian Dollars 0.70 million (2015: Baht 94.40 million and U.S. Dollars 1.09 million).

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

As at 31 December 2016, the Company and subsidiaries had commitments from Standby Letter of Credit issued by financial institutions for Debt Service Reserve Guarantee and equity contribution in joint ventures in the amount of Baht 505.43 million and U.S. Dollars 23.50 million (2015: *Baht 105.43 million and U.S. Dollars 137.54 million*).

Capital commitment

As at 31 December 2016, the Company had outstanding capital commitments amounting to Baht 2.86 million (2015: *Baht 1.36 million*).

As at 31 December 2016, Xe-Pian Xe-Namnoy Power Company Limited, a direct joint venture, had outstanding capital commitment on the significant agreement in the investment proportion under Technical Consulting Agreement Construction Agreement for a Hydroelectric Power Plant Project and other service agreement of U.S. Dollars 43.76 million (2015: *U.S. Dollars 96.45 million*).

As at 31 December 2016, Mount Emerald Wind Farm Pty. Ltd., an indirect subsidiary, had outstanding capital commitment on the significant agreement in the investment proportion under Engineering Procurement & Construction Contract for Wind Farm of U.S. Dollars 28 million Australian Dollars 134.66 million and Euro Dollars 82.94 million.

Pledge of share agreement

The Company has pledged all of share certificates of First Korat Wind Company Limited and K.R. Two Company Limited, direct associates, as collateral for loans from such associates.

The Group has pledged all of share certificates of Ratchaburi Power Company Limited, Hongsa Power Company Limited, Solarta Company Limited, Ratchaburi World Cogeneration Company Limited, Xe-Pian Xe-Namnoy Power Company Limited and Nava Nakorn Electricity Generating Company Limited, joint ventures, as collateral for loans from such joint ventures.

The Company has pledged all of share certificates of SouthEast Asia Energy Limited, a direct joint venture, and such joint venture has pledged partially of share certificates of Nam Ngum 2 Power Company Limited, a subsidiary of such joint venture, as collateral for loans from Nam Ngum 2 Power Company Limited.

Significant litigation

In the year 2014, the plaintiff filed a lawsuit against the Company based on the allegations that the Company had breached the joint development agreement for bidding of a Power Plant Project. The plaintiff demanded the Company to pay damage. The management of the Company is confident that all of the Company's action have not been in accordance with the allegations of the plaintiff and has much more confidence in strong defences. Therefore, the Company does not record a contingent liability in respect of this case. As at 31 December 2016, this case is under the consideration of the Court.

34 Events after the reporting period

On 13 January 2017, the Company paid for the additional paid-up capital of Xe-Pian Xe-Namnoy Power Company Limited, a direct joint venture, the Company paid for the additional paid-up capital amounting to U.S. Dollars 2.49 million or equivalent to Baht 87.25 million, in the proportion of investment of 25%.

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

On 14 February 2017, the Company paid for the additional paid-up capital of Xe-Pian Xe-Nammoy Power Company Limited, a direct joint venture, the Company paid for the additional paid-up capital amounting to U.S. Dollars 2.37 million or equivalent to Baht 83.40 million, in the proportion of investment of 25%.

At the Board of Directors' meeting of the Company, held on 15 February 2017, the Board approved to submit for approval at the Annual General Meeting of the Shareholders, a full year 2016 dividend payment at the rate of Baht 2.35 per share, totaling Baht 3,407.50 million, from the net profit of 2016 after deducting the interim dividends of Baht 1.10 per share, totaling Baht 1,595 million. The balance of dividend amounting to Baht 1,812.50 million is subject to the approval of the Shareholders at the Annual General Meeting on 5 April 2017.

35 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Troubled Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 2 (revised 2016)	Share-based Payment

Notes to the financial statements

Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries

TFRS	Topic
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 10 (revised 2016)	Government Assistance – No Specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases – Incentives
TSIC 25 (revised 2016)	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (revised 2016)	Disclosure – Service Concession Arrangements
TSIC 31 (revised 2016)	Revenue – Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016) <i>Employee Benefits</i> – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2016)	Levies
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities
FAP Announcement no. 91/2559	Accounting guidance for insurance business to designate financial instruments as financial instruments measured at fair value through profit or loss

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

Management Discussion and Analysis

1. Significant events of the year 2016

1.1 The Participation in Biddings of the MRT Pink Line Project (Khae Rai - Min Buri) and the MRT Yellow Line Project (Lat Phrao - Samrong)

On November 7, 2016, the Company, BTS Group Holding Public Company Limited and Sino-Thai Engineering & Construction Public Company Limited have jointly submitted the proposals under the name of "BSR Joint Venture" for the biddings of the MRT Pink Line Project (Khae Rai - Min Buri), having a total track length of 34.5 kilometers, and the MRT Yellow Line Project (Lat Phrao - Samrong), having a total track length of 30.4 kilometers, to Mass Rapid Transit Authority of Thailand ("MRTA"). Both projects are under the Public-Private Partnership (PPP) framework.

On December 14, 2016, MRTA notified that BSR Joint Venture was the bidder who proposed the best offer for the MRT Pink Line Project and the MRT Yellow Line Project. At the moment, BSR Joint Venture is in the process of negotiation pursuant to the procedures stated in the Private Investments in State Undertakings Act B.E. 2556 (2013).

1.2 Signing of Power Purchase Agreement of Mount Emerald Wind Farm Power Project

On June 28, 2016, RATCH-Australia Corporation Company Limited ("RAC"), an indirect subsidiary, entered into a Share Sale and Purchase Agreement with Port Bajool Pty. Ltd. to acquire an additional 50% interest in Mount Emerald Wind Farm Pty. Ltd. ("Mount Emerald") in Australia for a consideration of Australian Dollars 8 million or equivalent Baht 207.13 million. After the acquisition, RAC will hold 100 percent interest in Mount Emerald, which will enable the company to recognize more revenue and profits from the project.

On November 1, 2016, Mount Emerald has signed financial agreements for Mount Emerald Wind Farm Project's development with financial institutions in Australia. The total loan amount is Australian Dollars 258.30 million or equivalent to Baht 6,687.80 million.

Mount Emerald is located in the north of Queensland, Australia. Its installed capacity is 180 megawatts. The project cost is approximately AUD 400 million. The Project is expected to commercially operated in 2018.

Management Discussion and Analysis

1.3 Commercial Operation of Nava Nakorn Electricity Generating Company Limited's SPP Power Plant

Nava Nakorn Electricity Generating Company Limited's SPP Power Plant with 139.13 megawatts installed capacity, which Ratchaburi Electricity Generating Company Limited (the Company's wholly owned subsidiary) held 40 percent stake or equivalent to the Company's attribution installed capacity of 55.65 megawatts, has commenced commercial operation since June 3, 2016. The Project is located in Nava Nakorn Industrial Promotion Zone, Klong Nueng Sub-district, Klong Luang District, Pathumthani Province.

1.4 Transfer of Rights in a Subsidiary's Operation and Maintenance Agreement

On April 1, 2016, RATCH-Lao Services Company Limited, the Company's wholly owned direct subsidiary, has transferred its right to operate and maintain Nam Ngum 2 Hydroelectric Power Plant to Nam Ngum 2 Power Company Limited, a subsidiary of a direct joint venture (SouthEast Asia Energy Limited) in exchange for a Baht 134.71 million in April 2016.

1.5 Sale of Pratu Thao Power Plant and Sao Thian-A Power Plant

Ratchaburi Energy Company Limited, the Company's wholly owned direct subsidiary, has sold Pratu Thao Power Plant and Sao Thian-A Power Plant with the installed capacity of 2.65 megawatts and 3.60 megawatts, respectively, including assets, contracts, and rights related to such both power plants' electricity generation from natural gas to UAC Energy Company Limited at the amount of Baht 205 million (excluding VAT). Ratchaburi Energy Company Limited has received full payment on April 1, 2016.

1.6 The Commencement of Commercial Operation of Hongsa Thermal Power Project Unit 3

On March 2, 2016, Hongsa Thermal Power Plant in Lao PDR, held 40 percent stake by RH International (Singapore) Corporation PTE., a subsidiary, has commenced commercial operation of the unit 3 of its power plant as scheduled. As a result, all 3 units of Hongsa Thermal Power Plant are commercially operated, with the total installed capacity of 1,878 megawatts, 751.20 megawatts of which the Company's attribution.

1.7 Purchase of EDL-Generation Public Company's Shares in Stock Exchange of Lao PDR

In February 2016, RH International (Singapore) Corporation PTE. Ltd. ("RHIS") purchased the shares of EDL-Generation Public Company ("EDL-Gen") in Stock Exchange of Lao PDR for 4.51 million shares; as a result, RHIS has held the shares of EDL-Gen in the totaling of 74.92 million shares (4.46 percent) and the proportion of Company's shareholding in EDL-Gen through RATCH-Lao Services Co., Ltd. and RHIS increased to 10.11 percent.

Management Discussion and Analysis

2. Operation performance according to consolidated financial statement

Unit : Million Baht

	2016	2015	Increase (Decrease)	%
Revenue from sale and rendering of services (excluded Fuel Cost)	6,287.22	7,206.37	(919.15)	(12.8)
Revenue from financial leases	4,491.34	5,005.33	(513.99)	(10.3)
Share of profit of associate entities and joint ventures	2,907.20	1,116.09	1,791.11	160.5
Other incomes	794.30	1,033.44	(239.14)	(23.1)
Total revenues	14,480.06	14,361.23	118.83	0.8
Cost of sale and rendering of services (excluded Fuel Cost)	4,823.45	5,651.59	(828.14)	(14.7)
Administrative expenses	1,476.04	1,567.21	(91.17)	(5.8)
Finance costs	1,402.44	1,386.03	16.41	1.2
Income tax expense	863.24	1,407.73	(544.49)	(38.7)
Total expenses	8,565.17	10,012.56	(1,447.39)	(14.5)
	5,914.89	4,348.67	1,566.22	36.0
Non-controlling Interests	93.17	172.95	(79.78)	(46.1)
Profit Attributable to Owner of the Company before exchange rate	6,008.06	4,521.62	1,486.44	32.9
Gain (loss) on exchange rate	157.66	(1,333.75)	1,491.41	111.8
Profit Attributable to Owner of the Company	6,165.72	3,187.87	2,977.85	93.4
Earnings per share (Baht)	4.25	2.20		
Fuel Cost	36,799.82	44,965.07		

The operating result according to the consolidated financial statements of the Company and its subsidiaries for the year 2016 showed the profit of Baht 6,165.72 million or Baht 4.25 per share, compared to the profit of Baht 3,187.87 million or Baht 2.20 per share of the year 2015, which showed a increase in profit of Baht 2,977.85 million, or 93.4 percent. The significant transactions were as follows:-

2.1 Revenue from Sales and Rendering of Services (excluding fuel costs)

Revenue from sale and rendering of services (excluding fuel costs of Baht 36,799.82 million) for the year 2016 was Baht 6,287.22 million, decreasing by Baht 919.15 million or 12.8 percent from revenue from sale and rendering of services (excluding fuel costs of Baht 44,965.07 million) of Baht 7,206.37 million in the year 2015. The main reason was the decrease in revenue from sale of Ratchaburi Electricity Generating

Management Discussion and Analysis

Company Limited, a subsidiary, in the amount of Baht 939.90 million due to the decrease in Base Availability Credit in 2016 comparing to 2015, as specified in the Power Purchase Agreement.

2.2 Revenue from Finance Leases Contracts

Revenue from finance leases contracts for the year 2016 was Baht 4,491.34 million, decreasing by Baht 513.99 million from 5,005.33 million or 10.3 percent in the year 2015. The decrease was from the recognition of lease receivable, in accordance with the Effective Interest Method.

2.3 Cost of sale and rendering of services (excluding fuel costs)

Cost of sale and rendering of services (excluding fuel costs of Baht 36,799.82 million) for the year 2016 was Baht 4,823.45 million, decreasing by Baht 828.14 million, or 14.7 percent from revenue from Sale and rendering of services (excluding fuel costs of Baht 44,965.07 million) Baht 5,651.59 million in the year 2015. The main reason was from the decrease in cost of sale of Ratchaburi Electricity Generating Company Limited by Baht 752.28 million since the shutdowns for planned maintenance in the year 2016 were less than those of the year 2015.

2.4 The effect of exchange rate

In the year 2016, the Company recorded gain on exchange rate of Baht 157.66 million. On the other hand, in the year 2015, the Company recorded loss on exchange rate of Baht 1,333.75 million. The main reason of loss on exchange rate, in the year 2015, was the significant appreciation of US dollar currency which resulted in the extraordinary decrease of net asset value in other currencies.

2.5 Share of profits of associated entities and joint ventures

Share of profits in associate entities and joint ventures for the year 2016 was Baht 2,907.20 million, increasing by Baht 1,791.11 million or 160.5 percent from Baht 1,116.09 million in the year 2015. The main reasons were as follows:-

2.5.1 The operating result of Hongsa Power Company Limited ("HPC"), a joint venture, in a portion of 40 percent increased in the amount of Baht 1,467.15 million; as well as, the operation result of Phu Fai Mining Company Limited, a joint venture for coal mining and trading to HPC, in a portion of 37.5 increased in the amount of Baht 81.61 million, since Hongsa Power Plants commenced its commercial operation for 3 units on June 2, 2015, November 2, 2015, and March 2, 2016, respectively.

Management Discussion and Analysis

2.5.2 The operating result of Ratchaburi World Cogeneration Co., Ltd., a joint venture, in a portion of 40 percent, increased in the amount of Baht 95.80 million since the power plant has commenced commercial operation for all 2 units on November 1, 2014 and March 1, 2015, respectively.

2.5.3 The operating result of Navanakorn Electricity Generating Company Limited, a joint venture, in a portion of 40 percent, increased in the amount of Baht 74.01 million since the power plant has commenced commercial operation on June 3, 2016.

2.5.4 The operating result of Songkhla Biomass Company Limited, a joint venture, in a portion of 40 percent, increased in the amount of Baht 61.92 million since the power plant has commenced commercial operation on November 9, 2015.

2.6 Income tax expense

Income tax expense in the year 2016 was Baht 863.24 million, decreasing by Baht 544.49 million or 38.7 percent from Baht 1,407.73 million in the year 2015. The main reason was, in the year 2016, the decrease in tax profit of Ratchaburi Electricity Generating Company Limited decreased its tax expense in the amount of Baht 178.98 million. In addition, in the year 2015, RATCH-Australia Corporation Co., Ltd., a subsidiary, had an adjustment of income tax expense in the amount of Baht 217.69 million.

Management Discussion and Analysis

3. Analysis of Statements of Financial Position

3.1 Analysis of Assets

As at December 31, 2016, the total assets were Baht 96,391.09 million, increasing by Baht 3,786.04 million or 4.1 percent from Baht 92,605.05 million as at December 31, 2015. The details were as follows:

(Million Baht)

	Dec 31, 2016	Dec 31, 2015	Increase (Decrease)	%
Current assets	26,303.02	25,983.50	319.52	1.2
Non-current assets	70,088.07	66,621.55	3,466.52	5.2
Total Assets	96,391.09	92,605.05	3,786.04	4.1

3.1.1 Cash and cash equivalents increased in the amount of Baht 1,954.69 million. The details are described in no.4. On the other hand, current investments decreased in the amount of Baht 952.82 million.

3.1.2 Trade accounts receivable from related parties decreased in the amount of Baht 1,003.88 million due to the lower of natural gas price, compared to that of the previous year.

3.1.3 Investments in joint ventures increased in the amount of Baht 7,819.13 million due to the additional investments and additional paid-up share capital, in the company's proportion, as follows:

Million Baht

- Hongsa Power Co., Ltd.	6,910.07
- Xe-Pian Xe-Namnoy Power Co., Ltd.	481.77
- Navanakorn Electricity Generating Co., Ltd.	209.20
- Berkprai Cogeneration Co., Ltd.	107.71

3.1.4 Financial lease receivables from related party decreased in the amount of Baht 3,195.55 million.

Management Discussion and Analysis

3.2 Analysis of Liabilities

As at December 31, 2016, total liabilities were Baht 33,938.32 million, increasing by Baht 1,753.11 million or 5.4 percent from Baht 32,185.21 million as at December 31, 2015. The details were as follows:

	(Million Baht)		
	Dec 31, 2016	Dec 31, 2015	Increase (Decrease) %
Current Liabilities	10,945.81	11,658.07	(712.26) (6.1)
Non-Current Liabilities	22,992.51	20,527.14	2,465.37 12.0
Liabilities	33,938.32	32,185.21	1,753.11 5.4

3.2.1 Short-term loans from financial institutions increased in the amount of Baht 1,900 million due to the liquidity management during the period.

3.2.2 Trade accounts payable to other parties decreased in the amount of Baht 1,432.28 million due to the lower of natural gas price, compared to that of the previous year.

3.2.3 The Company made a long-term loan repayment during the period in the amount of Baht 1,200 million.

3.2.4 RATCH-Australia Corporation Limited received long-term loan from financial institutes in the amount of AUD 100 million.

3.3 Analysis of Equity

As at December 31, 2016, equity was Baht 62,452.77 million, increasing by Baht 2,032.93 million or 3.4 percent from Baht 60,419.84 million as at December 31, 2015. The main reasons were as follows:

3.3.1 The profit of the year 2016 in the amount of Baht 6,165.72 million

3.3.2 The dividend payment during the year 2016 in the amount of Baht 2.27 per share decreased retained earnings in the amount of Baht 3,291.50 million.

Management Discussion and Analysis

3.3.3 Other components of equity decreased in the amount of Baht 742.27 million. The main reason was a loss on fair value changes in investment in EDL-Generation Public Company in the amount of Baht 638.27 million. In addition, currency translation differences decreased the equity in the amount of Baht 72.82 million.

3.3.4 Non-controlling interests decreased by Baht 99.03 million.

4. Analysis of Cash Flows

Cash and cash equivalents of the Company and its subsidiaries as at December 31, 2016 were Baht 9,419.21 million, increasing by Baht 1,954.69 million from Baht 7,464.52 million on December 31, 2015. The details were summarized below:

	(Million Baht)
Net cash from operating activities	8,706.42
Net cash used in investing activities	(4,978.96)
Net cash used in financing activities	(1,417.27)
Effect of exchange rate changes on balances held in foreign currencies	(355.50)
Net cash increase (decrease) during the year	<u>1,954.69</u>

4.1 Net cash from operating activities increased cash flow in the amount of Baht 8,706.42 million. The reason was the operating result of the year 2016 increased cash in the amount of Baht 6,390.2 million. In addition, the change in operating assets and liabilities increased cash in the amount of Baht 2,316.21 million.

4.2 Net cash used in investing activities decreased cash flow in the amount of Baht 4,978.96 million. The main reasons were as follow:-

4.2.1 In the year 2016, the Company additionally invested in joint ventures in the total amount of Baht 7,708.75 million, mainly in Hongsa Power Co., Ltd. and Xe-Pian Xe-Namnoy Power Co., Ltd. in the amount of Baht 6,910.07 million and Baht 481.77 million, respectively.

4.2.2 In the year 2016, the Company received dividends from joint ventures, associate entities, and EDL-Gen in the total amount of Baht 3,298.41 million.

Management Discussion and Analysis

4.3 Net cash used in financing activities decreased cash flow in the amount of Baht 1,417.27 million.

The main reasons were as follow:-

4.3.1 The dividend payment to shareholders during the year 2016 in the amount of Baht 3,290.93 million.

4.3.2 The Company made a long-term loan repayment during the period in the amount of Baht 1,200 million.

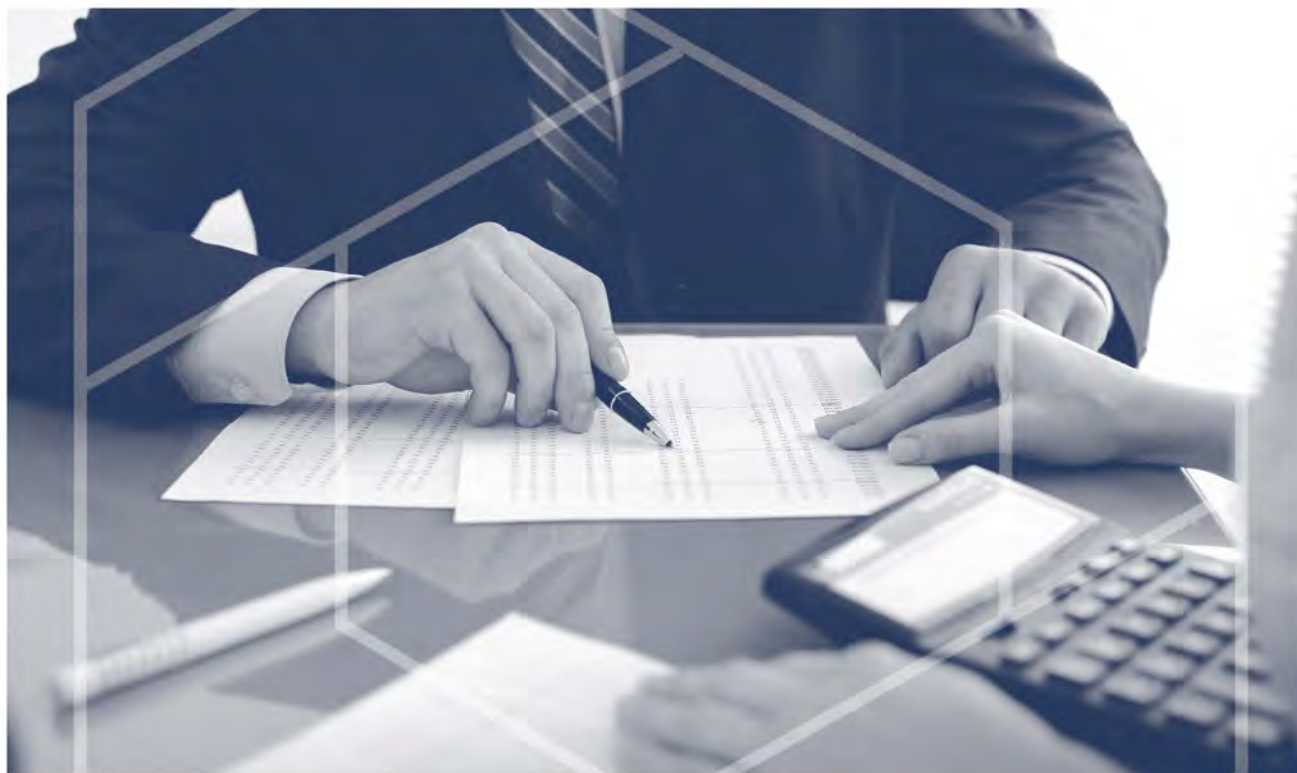
4.3.3 RATCH-Australia Corporation Limited received long-term loan from financial institutes in the amount of AUD 100 million.

5. Significant Financial Ratios (Excluded the effect of foreign exchange rate)

Ratios		2016	2015
1) Current Ratio	(Times)	2.40	2.23
2) Net Profit to Total Revenue (excluded fuel costs)	(%)	40.85	30.28
3) Return on Equity	(%)	9.81	7.48
4) Return on Assets	(%)	6.26	4.61
5) EBITDA *	(Million Baht)	9,324	8,645
6) EBITDA to Total Assets	(%)	9.87	9.16
7) Debt to Equity Ratio	(Times)	0.54	0.53
8) Debt Service Coverage Ratio	(Times)	3.27	3.65
9) Book Value per Share	(Baht)	42.98	41.51

* Not included the change in lease receivable (Million Baht) 3,313.03 3,552.83

Remuneration for the Auditor's Office



Audit Fee

The Company and its subsidiaries, namely Ratchaburi Electricity Generating Company Limited, Ratchaburi Energy Company Limited, Ratchaburi Alliances Company Limited, RH International Corporation Limited, RATCH-Lao Services Company Limited, RATCH O&M Company Limited, RE Solar 1 Company Limited, CN Biomass Company Limited, PB Biomass Company Limited and LP Biomass Company Limited recorded the total of Baht 2,193,000 payment (not included Baht 60,000 out-of-pocket expenses) made to the auditor's office in the past fiscal year. This included the Company's audit fee of Baht 810,000 and the subsidiaries' audit fee of Baht 1,383,000 (not included Baht 60,000 out-of-pocket expenses) which each subsidiary was responsible for its own audit fee. The Company did not pay audit fee to the auditor, person or any business related to the auditor and the auditor's office in the past year.

Non Audit Fee

The Company hired other businesses related to the auditor's office as consultant for specific purpose totaling Baht 3,750,000 payment (not included Baht 8,223 out-of-pocket expenses). The Company had already recorded this entire amount as an accounting expense during the year.

In hiring persons or businesses related to the auditor's office for other services than auditing, the Management had reported to the Audit Committee that such services did not cause conflict of interest and not include own auditing. As a result the auditor continue to maintain independence and fairness in performing duty.

RATCH



RATCHABURI
ELECTRICITY GENERATING
HOLDING PCL.

Truly care for the environment,
Ratchaburi Electricity Generating Holding Public Company Limited
chooses only paper made from trees grown specially for pulp making,
under sustainable forest management and environmentally friendly production process.
The paper is light-weighted, thus reducing energy consumption during transporation.
Soy ink is used for printing, which reduces carbon dioxide emission.
It is chemical free and is not health-hazardous.



RATCH



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