**Note Contents**

1. General information
2. Basis of preparation of the interim financial statements
3. Change in accounting policy
4. Related parties
5. Other investments
6. Trade accounts receivable
7. Investments in associates and joint ventures
8. Investments in subsidiaries
9. Advance payments for investments
10. Property, plant and equipment
11. Interest-bearing liabilities
12. Non-current provisions for employee benefits
13. Segment information and disaggregation of revenue
14. Finance costs
15. Income tax expense
16. Dividends
17. Financial instruments
18. Commitments with non-related parties
19. Events after the reporting period
20. Thai Financial Reporting Standards (TFRS) not yet adopted

These condensed notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were approved and authorised for issue by the Audit Committee, as appointed by the Board of Directors of the Company on 12 November 2019.

1. **General information**

RATCH Group Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 72 Ngamwongwan Road, Bangkhen, Muang Nonthaburi, Nonthaburi, Thailand.

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

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

At the annual general meeting of the shareholders of the Company held on 12 April 2019, the shareholders approved a change of the Company’s name from “Ratchaburi Electricity Generating Holding Public Company Limited” to “RATCH Group Public Company Limited”. The Company has registered the change of name with the Department of Business Development, Ministry of Commerce on 17 April 2019.

The principal businesses of the Company are the investing in companies, whose objectives are to generate and sell electricity and related businesses. Details of the Company’s subsidiaries, associates and joint ventures as at 30 September 2019 and 31 December 2018 were as follows:

|  |  | **Country of** | **Ownership interest** | |
| --- | --- | --- | --- | --- |
| **Name of entities** | **Type of business** | **incorporation** | *(%)* | |
|  |  |  | 30  September | 31  December |
|  |  |  | 2019 | 2018 |
| ***Direct subsidiaries*** |  |  |  |  |
| Ratchaburi Electricity | Generating and selling | Thailand | 99.99 | 99.99 |
| Generating Company Limited | electricity and investing in |  |  |  |
|  | the power energy business |  |  |  |
|  |  |  |  |  |
| Ratchaburi Energy | Investing in the power | Thailand | 99.99 | 99.99 |
| Company Limited | energy business |  |  |  |
|  |  |  |  |  |
| RATCH-Lao Services | Providing operation | Lao PDR | 99.99 | 99.99 |
| Company Limited | maintenance services and |  |  |  |
|  | investing in the related business |  |  |  |
|  |  |  |  |  |
| RH International | Investing in the power | Thailand | 99.99 | 99.99 |
| Corporation Limited | energy business |  |  |  |
|  |  |  |  |  |
| RATCH O&M | Providing operation and | Thailand | 99.99 | 99.99 |
| Company Limited | maintenance services |  |  |  |
|  |  |  |  |  |
| Ratchaburi Alliances | Investing in the power | Thailand | 99.99 | 99.99 |
| Company Limited | energy business |  |  |  |
|  |  |  |  |  |
| ***Direct subsidiaries*** |  |  |  |  |
| Hin Kong Power Holding | Investing in the power | Thailand | 99.99 | - |
| Company Limited | energy business |  |  |  |
|  |  |  |  |  |
| ***Indirect subsidiaries*** |  |  |  |  |
| RH International (Mauritius) | Investing in the power energy | Mauritius | 100 | 100 |
| Corporation Limited | business internationally |  |  |  |
|  |  |  |  |  |
| RH International (Singapore) | Investing in the power energy | Singapore | 100 | 100 |
| Corporation Pte. Ltd. | business internationally |  |  |  |
|  |  |  |  |  |
| RATCH-Australia Corporation | Developing and operating | Australia | 100 | 100 |
| Pty. Ltd. and its subsidiaries | power plant and investing |  |  |  |
|  | in the power energy business |  |  |  |
|  |  |  |  |  |
| RATCH China Power | Investing in the power energy | Hong Kong | 100 | 100 |
| Company Limited | business internationally |  |  |  |
|  |  |  |  |  |
| RE Solar 1 Company Limited | Generating and selling | Thailand | 99.99 | 99.99 |
|  | electricity |  |  |  |
|  |  |  |  |  |
| CN Biomass Company Limited | Generating and selling | Thailand | 99.99 | 99.99 |
|  | electricity |  |  |  |
|  |  |  |  |  |
| PB Biomass Company Limited | Generating and selling | Thailand | 99.99 | 99.99 |
|  | electricity |  |  |  |
|  |  |  |  |  |
| LP Biomass Company Limited | Generating and selling | Thailand | 99.99 | 99.99 |
|  | electricity |  |  |  |
|  |  |  |  |  |
| Hin Kong Power | Generating and selling | Thailand | 99.99 | - |
| Company Limited | electricity |  |  |  |
|  |  |  |  |  |
| ***Direct associates*** |  |  |  |  |
| First Korat Wind | Generating and selling | Thailand | 20 | 20 |
| Company Limited | electricity |  |  |  |
|  |  |  |  |  |
| K.R. TWO Company Limited | Generating and selling | Thailand | 20 | 20 |
|  | electricity |  |  |  |
|  |  |  |  |  |
| ***Indirect associates*** |  |  |  |  |
| Solar Power (Korat 3) | Generating and selling | Thailand | 40 | 40 |
| Company Limited | electricity |  |  |  |
|  |  |  |  |  |
| Solar Power (Korat 4) | Generating and selling | Thailand | 40 | 40 |
| Company Limited | electricity |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| ***Indirect associates*** |  |  |  |  |
| Solar Power (Korat 7) | Generating and selling | Thailand | 40 | 40 |
| Company Limited | electricity |  |  |  |
|  |  |  |  |  |
| ***Direct joint ventures*** |  |  |  |  |
| Chubu Ratchaburi Electric | Providing operation and | Thailand | 50 | 50 |
| Services Company Limited | maintenance services |  |  |  |
|  |  |  |  |  |
| SouthEast Asia Energy Limited | Investing in the power | Thailand | 33.33 | 33.33 |
|  | energy business |  |  |  |
|  |  |  |  |  |
| Smart Infranet Company Limited | Investing in Underground | Thailand | 51 | - |
|  | Optic Fiber Network Project |  |  |  |
|  |  |  |  |  |
| Nam Ngum 3 Power | Generating and selling | Lao PDR | - | 25 |
| Company Limited | electricity |  |  |  |
| (Complete liquidation in 2019) |  |  |  |  |
|  |  |  |  |  |
| Xe-Pian Xe-Namnoy Power | Generating and selling | Lao PDR | 25 | 25 |
| Company Limited | electricity |  |  |  |
|  |  |  |  |  |
| ***Indirect joint ventures*** |  |  |  |  |
| Ratchaburi Power | Generating and selling | Thailand | 25 | 25 |
| Company Limited | electricity |  |  |  |
|  |  |  |  |  |
| Nava Nakorn Electricity | Generating and selling | Thailand | 40 | 40 |
| Generating Company Limited | electricity and steam |  |  |  |
|  |  |  |  |  |
| Ratchaburi World Cogeneration | Generating and selling | Thailand | 40 | 40 |
| Company Limited | electricity and steam |  |  |  |
|  |  |  |  |  |
| Berkprai Cogeneration | Generating and selling | Thailand | 35 | 35 |
| Company Limited | electricity and steam |  |  |  |
|  |  |  |  |  |
| Solarta Company Limited | Generating and selling | Thailand | 49 | 49 |
|  | electricity |  |  |  |
|  |  |  |  |  |
| Songkhla Biomass | Generating and selling | Thailand | 40 | 40 |
| Company Limited | electricity |  |  |  |
|  |  |  |  |  |
| Songkhla Biofuel | Providing material of | Thailand | 40 | 40 |
| Company Limited | biofuel |  |  |  |
|  |  |  |  |  |
| Hongsa Power | Generating and selling | Lao PDR | 40 | 40 |
| Company Limited | electricity |  |  |  |
|  |  |  |  |  |
| Phu Fai Mining | Coal mining and trading | Lao PDR | 37.50 | 37.50 |
| Company Limited |  |  |  |  |
| ***Indirect joint ventures*** |  |  |  |  |
| Asia Water Co., Ltd. | Generating and selling water | Lao PDR | 40 | - |
|  |  |  |  |  |
| PT Medco Ratch Power Riau | Generating and selling | Republic of | 49 | 49 |
|  | electricity | Indonesia |  |  |
|  |  |  |  |  |
| Fareast Renewable | Investing in the power energy | Singapore | 50 | 50 |
| Development Pte. Ltd. | business internationally |  |  |  |
|  |  |  |  |  |
| ***Subsidiary of a direct*** |  |  |  |  |
| ***joint venture*** |  |  |  |  |
| Nam Ngum 2 Power | Generating and selling | Lao PDR | 25 | 25 |
| Company Limited | electricity |  |  |  |
|  |  |  |  |  |
| ***Subsidiary of an indirect*** |  |  |  |  |
| ***joint venture*** |  |  |  |  |
| PT Bajradaya Sentranusa | Generating and selling | Republic of | 26.61 | 26.61 |
|  | electricity | Indonesia |  |  |

1. **Basis of preparation of the interim financial statements**
   1. *Statement of compliance*

The interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis (“interim financial statements”) in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting,* guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2018. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2018.

* 1. *Use of judgements, estimates and accounting policies*

In preparing these interim financial statements, judgements and estimates are made by management in applying the Group’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018, except for revenue recognition which requires additional judgement in determining the timing of the transfer of control - at a point in time or over time - according to the requirements of TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which the Group has initially adopted to replace TAS 18 *Revenue* (“TAS 18”), TAS 11 *Construction Contracts* (“TAS11”) and related interpretations. The Group disclosed the material effect from the change in accounting policy in note 3.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for current period in preparing these interim financial statements before the effective date. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 20.

1. **Change in accounting policy**

The Group has initially applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) from 1 January 2019. TFRS 15 establishes a comprehensive framework for determining how much and when revenue is recognised.

Under TFRS 15, the Group recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Group recognises revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due.

The Group has adopted TFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (1 January 2019). Accordingly, the Group has not restated the information presented for 2018 and presented them as previously reported, under TAS 18, TAS 11 and related interpretations. Additionally, the disclosure requirements under TFRS 15 have not been applied to comparative information.

The detail and quantitative impact of the change in accounting policy are disclosed as follows:

*Revenue from sales of electricity*

Revenue from sales of electricity comprises of revenue from energy payment and revenue from availability payment in terms of operating costs.

Revenue from availability payment in terms of operating costs is a revenue that reflects the fixed operation and maintenance expenses (“Fixed O&M”), maintenance parts expenses and administrative expenses. The availability payment rate is fixed at an amount per Kilowatt based on the availability hours of each year throughout the period of the Power Purchase Agreement. Each Power Purchase Agreement of the Group has different terms and conditions for receiving the revenue from availability payment in terms of operating costs.

Under TAS 18, the subsidiaries recognise revenue from availability payment in terms of operating costs by varying the Contracted Available Hours (“CAH”) in a year and the Base Availability Credit (“BAC”) but the joint ventures recognise revenue from availability payment in terms of operating costs in a year as specified in the agreements. Under TFRS 15, the Group will recognise such revenue by varying the Contracted Available Hours (CAH) in a year and the Base Availability Credit (BAC).

Based on their assessment, management concluded that the revenue recognition under TFRS 15 of the Company and the subsidiaries under TFRS 15 is not different from the current practice. The revenue recognition under TFRS 15 of the joint venture in Lao PDR is different from the revenue recognition under TAS 18, which has an impact on the investments in joint ventures, as accounted for using the equity method, is as follows:

|  |  |  |
| --- | --- | --- |
| ***At 1 January 2019*** |  | **Consolidated**  **financial statements** |
|  |  | *(in thousand Baht)* |
| Retained earnings |  | **(183,790)** |

The following tables summarise the impacts of initial application of TFRS 15 on the consolidated financial statements.

|  |  | **Consolidated financial statements** | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| ***Statement of financial position***  ***at 30 September 2019*** | *Note* | Amounts as reported |  | Adjustments |  | Amounts without adoption of TFRS 15 |
|  |  | *(in thousand Baht)* | | | | |
| ***Assets*** |  |  |  |  |  |  |
| Investments in joint ventures | *7* | **27,569,883** |  | **(13,432)** |  | **27,556,451** |
|  |  |  |  |  |  |  |
| ***Equity*** |  |  |  |  |  |  |
| Unappropriated retained earnings |  | **49,897,390** |  | **(13,432)** |  | **49,883,958** |

| ***Statement of comprehensive income***  ***For the three-month period ended***  ***30 September 2019*** |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Share of profit of associates and  joint ventures |  | **1,154,334** |  | **(4,804)** |  | **1,149,530** |
| **Profit for the period** |  | **1,364,838** |  | **(4,804)** |  | **1,360,034** |
| **Total comprehensive income (expense)**  **for the period** |  | **638,980** |  | **(4,804)** |  | **634,176** |
| **Basic earnings per share *(in Baht)*** |  | **0.94** |  | **(0.00)** |  | **0.94** |

| ***Statement of comprehensive income***  ***For the nine-month period ended***  ***30 September 2019*** |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Share of profit of associates and  joint ventures | *7* | **3,517,291** |  | **(13,432)** |  | **3,503,859** |
| **Profit for the period** |  | **5,058,411** |  | **(13,432)** |  | **5,044,979** |
| **Total comprehensive income (expense)**  **for the period** |  | **2,304,339** |  | **(13,432)** |  | **2,290,907** |
| **Basic earnings per share *(in Baht)*** |  | **3.49** |  | **(0.01)** |  | **3.48** |

There is no material impacts on the consolidated and separate statements of cash flows for the nine-month period ended 30 September 2019 from the adoption of TFRS 15.

TFRS 15 did not have any material impact on the Group’s accounting policies with respect to other revenue streams.

1. **Related parties**

Relationships with subsidiaries, associates and joint ventures are described in notes 7 and 8. Key management and other related parties which have material changes in relationships during the period with were as follows:

| **Name of entities** | **Country of incorporation** | **Nature of relationships** |
| --- | --- | --- |
|  |  |  |
| Hin Kong Power Holding | Thailand | Direct subsidiary, 99.99% shareholding, |
| Company Limited |  | some common directors |
|  |  |  |
| Hin Kong Power Company Limited | Thailand | Indirect subsidiary, 99.99% shareholding |
|  |  | by a direct subsidiary, |
|  |  | some common directors |
|  |  |  |
| Asia Water Co., Ltd. | Lao PDR | Indirect joint venture, 40% shareholding |
|  |  | by a direct subsidiary |

There are no material changes in pricing policies during the nine-month period ended 30 September 2019.

Significant transactions for the three-month and nine-month periods ended 30 September with related parties were as follows:

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Three-month period ended 30 September*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Major shareholder** |  |  |  |  |  |  |  | |
| Revenue from sales of electricity | 7,293,163 |  | 10,010,126 |  | - |  | - | |
| Operation and maintenance service income | 13,233 |  | 13,060 |  | - |  | - | |
| Revenue from finance lease contracts | 721,061 |  | 814,451 |  | - |  | - | |
| Purchase of electricity | 41,967 |  | 43,502 |  | - |  | - | |
| Operation and maintenance service fee | 305,495 |  | 296,127 |  | - |  | - | |
| Management service of fuel | 542 |  | 536 |  | - |  | - | |
| Other service fee | 331 |  | 2,205 |  | - |  | 1,890 | |
|  |  |  |  |  |  |  |  | |
| **Subsidiaries** |  |  |  |  |  |  |  | |
| Management service income | - |  | - |  | 52,164 |  | 26,384 | |
| Interest income | - |  | - |  | 10,561 |  | 18,046 | |
| Dividend income | - |  | - |  | 1,242,029 |  | 1,257,614 | |
|  |  |  |  |  |  |  |  | |
| **Associates** |  |  |  |  |  |  |  | |
| Management service income | 558 |  | 547 |  | 558 |  | 547 | |
|  |  |  |  |  |  |  |  | |
| **Joint ventures** |  |  |  |  |  |  |  | |
| Management service income | 61,737 |  | 59,198 |  | 61,737 |  | 59,198 | |
| Interest income | 2,085 |  | 465 |  | 2,085 |  | 465 | |
| Rental income | 3,017 |  | 3,017 |  | - |  | - | |
| Other income | 7,388 |  | 7,177 |  | - |  | - | |
|  |  |  |  |  |  |  |  | |
| **Key management personnel   compensation** |  |  |  |  |  |  |  | |
| Short-term employee benefits | 33,443 |  | 38,714 |  | 17,429 |  | 20,799 | |
| Post-employment benefits | 1,646 |  | 2,044 |  | 607 |  | 751 | |
| Other long-term benefits | 838 |  | 164 |  | 688 |  | 82 | |
| **Total key management personnel  compensation** | **35,927** |  | **40,922** |  | **18,724** |  | **21,632** | |

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Nine-month period ended 30 September*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Major shareholder** |  |  |  |  |  |  |  |
| Revenue from sales of electricity | 25,004,631 |  | 26,912,354 |  | - |  | - |
| Operation and maintenance service income | 39,552 |  | 38,159 |  | - |  | - |
| Revenue from finance lease contracts | 2,210,615 |  | 2,553,302 |  | - |  | - |
| Purchase of electricity | 113,505 |  | 130,675 |  | - |  | - |
| Operation and maintenance service fee | 921,741 |  | 888,081 |  | - |  | - |
| Management service of fuel | 1,614 |  | 1,601 |  | - |  | - |
| Other service fee | 997 |  | 2,884 |  | 19 |  | 1,914 |
|  |  |  |  |  |  |  |  |
| **Subsidiaries** |  |  |  |  |  |  |  |
| Management service income | - |  | - |  | 129,577 |  | 115,436 |
| Interest income | - |  | - |  | 31,556 |  | 64,157 |
| Dividend income | - |  | - |  | 2,569,341 |  | 2,413,200 |
|  |  |  |  |  |  |  |  |
| **Associates** |  |  |  |  |  |  |  |
| Management service income | 1,674 |  | 1,641 |  | 1,674 |  | 1,641 |
| Dividend income | - |  | - |  | 15,993 |  | 68,861 |
|  |  |  |  |  |  |  |  |
| **Joint ventures** |  |  |  |  |  |  |  |
| Management service income | 181,480 |  | 176,568 |  | 181,480 |  | 176,568 |
| Interest income | 2,895 |  | 1,899 |  | 2,895 |  | 1,899 |
| Dividend income | - |  | - |  | 189,989 |  | 92,079 |
| Rental income | 9,051 |  | 9,051 |  | - |  | - |
| Other income | 23,382 |  | 24,817 |  | - |  | - |
|  |  |  |  |  |  |  |  |
| **Other related parties** |  |  |  |  |  |  |  |
| Dividend income | 894 |  | - |  | 894 |  | - |
| Interest expense | - |  | 23,716 |  | - |  | - |
|  |  |  |  |  |  |  |  |
| **Key management personnel   compensation** |  |  |  |  |  |  |  |
| Short-term employee benefits | 115,327 |  | 123,506 |  | 55,926 |  | 61,532 |
| Post-employment benefits | 5,111 |  | 6,018 |  | 1,822 |  | 2,253 |
| Other long-term benefits | 4,590 |  | 528 |  | 4,499 |  | 248 |
| **Total key management personnel   compensation** | **125,028** |  | **130,052** |  | **62,247** |  | **64,033** |

Balances as at 30 September 2019 and 31 December 2018 with related parties were as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Trade accounts receivable from related party*** | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | 30 September |  | 31 December |  | 30 September |  | 31 December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Major shareholder** |  |  |  |  |  |  |  |
| Electricity Generating Authority of Thailand | 6,019,271 |  | 5,226,926 |  | - |  | - |
| *Less* allowance for doubtful accounts | - |  | - |  | - |  | - |
| **Net** | **6,019,271** |  | **5,226,926** |  | **-** |  | **-** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Reversal of doubtful debts expense for the: |  |  |  |  |  |  |  |
| - Three-month period ended 30 September | **-** |  | **-** |  | **-** |  | **-** |
| - Nine-month period ended 30 September | **-** |  | **(59,646)** |  | **-** |  | **-** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Dividend receivables*** | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | 30 September |  | 31 December |  | 30 September |  | 31 December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Direct associate** |  |  |  |  |  |  |  |
| K.R. TWO Company Limited | - |  | 64,091 |  | - |  | 64,091 |
|  |  |  |  |  |  |  |  |
| **Indirect joint venture** |  |  |  |  |  |  |  |
| Songkhla Biomass Company Limited | 4,000 |  | - |  | - |  | - |
| **Total** | **4,000** |  | **64,091** |  | **-** |  | **64,091** |

| ***Advances to and other current receivables***  ***from related parties*** | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 30 September |  | 31 December |  | 30 September |  | 31 December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Major shareholder** |  |  |  |  |  |  |  |
| Electricity Generating Authority of Thailand | 1,931 |  | 1,618 |  | - |  | - |
|  |  |  |  |  |  |  |  |
| **Direct subsidiaries** |  |  |  |  |  |  |  |
| Ratchaburi Electricity Generating |  |  |  |  |  |  |  |
| Company Limited | - |  | - |  | 9,435 |  | 9,019 |
| Ratchaburi Energy Company Limited | - |  | - |  | 48 |  | 54 |
| RATCH-Lao Services Company Limited | - |  | - |  | 1,005 |  | - |
| RH International Corporation Limited | - |  | - |  | 762 |  | 984 |
| RATCH O&M Company Limited | - |  | - |  | 48 |  | 64 |
| Ratchaburi Alliances Company Limited | - |  | - |  | 120 |  | 161 |
| Hin Kong Power Holding |  |  |  |  |  |  |  |
| Company Limited | - |  | - |  | 56 |  | - |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Indirect subsidiaries** |  |  |  |  |  |  |  |
| RH International (Mauritius) |  |  |  |  |  |  |  |
| Corporation Limited | - |  | - |  | 85 |  | 121 |
| RH International (Singapore) |  |  |  |  |  |  |  |
| Corporation Pte. Ltd. | - |  | - |  | 30,112 |  | 28,788 |
| RATCH-Australia Corporation Pty. Ltd. | - |  | - |  | 203 |  | 417 |
| RATCH China Power Limited | - |  | - |  | 85 |  | 121 |
| RE Solar 1 Company Limited | - |  | - |  | 48 |  | 64 |
| CN Biomass Company Limited | - |  | - |  | 48 |  | 64 |
| PB Biomass Company Limited | - |  | - |  | 48 |  | 64 |
| LP Biomass Company Limited | - |  | - |  | 48 |  | 64 |
| Hin Kong Power Company Limited | - |  | - |  | 640 |  | - |
|  |  |  |  |  |  |  |  |
| **Direct associates** |  |  |  |  |  |  |  |
| First Korat Wind Company Limited | 100 |  | 98 |  | 100 |  | 98 |
| K.R. TWO Company Limited | 100 |  | 98 |  | 100 |  | 98 |
|  |  |  |  |  |  |  |  |
| **Direct joint ventures** |  |  |  |  |  |  |  |
| Chubu Ratchaburi Electric Services |  |  |  |  |  |  |  |
| Company Limited | 928 |  | 920 |  | 928 |  | 920 |
| Xe-Pian Xe-Namnoy Power |  |  |  |  |  |  |  |
| Company Limited | 13,371 |  | 10,986 |  | 13,371 |  | 10,986 |
|  |  |  |  |  |  |  |  |
| **Indirect joint ventures** |  |  |  |  |  |  |  |
| Ratchaburi Power Company Limited | 9,052 |  | 12,403 |  | - | - | - |
| Nava Nakorn Electricity Generating |  |  |  |  |  |  |  |
| Company Limited | 1,094 |  | 1,038 |  | 1,094 |  | 1,038 |
| Berkprai Cogeneration Company Limited | 1,091 |  | 1,029 |  | 1,091 |  | 1,029 |
| Solarta Company Limited | 1,775 |  | 1,696 |  | 1,775 |  | 1,696 |
| Songkhla Biomass Company Limited | - |  | 192 |  | - |  | 192 |
| Hongsa Power Company Limited | - |  | 4,225 |  | - |  | 4,225 |
| PT Medco Ratch Power Riau | 59,578 |  | 17,681 |  | 6,368 |  | - |
| **Total** | **89,020** |  | **51,984** |  | **67,618** |  | **60,267** |

Movements during the nine-month period ended 30 September 2019 of loans to related parties were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Long-term loans to***  ***related party*** | | **Interest rate** | | | | Consolidated financial statements | | | | | | | | | | | | | | |
|  | | 31  December | 30  September | | | 31  December |  |  | |  | |  | |  | | Exchange rate adjustment | |  | 30  September | |
|  | | 2018 | 2019 | | | 2018 |  | Increase | |  | | Decrease | |  | |  | 2019 | |
|  | | *(% per annum)* | | | | *(in thousand Baht)* | | | | | | | | | | | | | | |
| **Direct joint venture** | |  |  | | |  |  |  | |  | |  | |  | |  | |  |  | |
| Xe-Pain Xe-Namnoy | |  |  | | |  |  |  | |  | |  | |  | |  | |  |  | |
| Power Company | |  |  | | |  |  |  | |  | |  | |  | |  | |  |  | |
| Limited | | 6.58 | 6.26 | | | **42,494** |  | **161,222** | |  | | **-** | |  | | **(4,071)** | |  | **199,645** | |
| ***Long-term loans to***  ***related parties*** | **Interest rate** | | | | Separate financial statements | | | | | | | | | | | | | | | | |
|  | 31  December | | | 30  September | 31  December | |  | |  | |  | |  | |  | | Exchange rate adjustment |  | | 30  September | |
|  | 2018 | | | 2019 | 2018 | |  | | Increase | |  | | Decrease | |  | |  | | 2019 | |
|  | *(% per annum)* | | | | *(in thousand Baht)* | | | | | | | | | | | | | | | | |
| **Direct subsidiaries** |  | | |  |  | |  | |  | |  | |  | |  | |  |  | |  | |
| Ratchaburi Energy |  | | |  |  | |  | |  | |  | |  | |  | |  |  | |  | |
| Company Limited | 4.00 | | | 4.50 | 175,000 | |  | | - | |  | | (131,000) | |  | | - |  | | 44,000 | |
| RATCH-Lao Services |  | | | 3.65 and |  | |  | |  | |  | |  | |  | |  |  | |  | |
| Company Limited | 3.65 | | | 4.50 | 1,049,472 | |  | | 160,196 | |  | | - | |  | | (60,952) |  | | 1,148,716 | |
|  |  | | |  |  | |  | |  | |  | |  | |  | |  |  | |  | |
| **Indirect subsidiary** |  | | |  |  | |  | |  | |  | |  | |  | |  |  | |  | |
| Hin Kong Power |  | | |  |  | |  | |  | |  | |  | |  | |  |  | |  | |
| Company Limited | - | | | 4.50 | - | |  | | 20,000 | |  | | - | |  | | - |  | | 20,000 | |
|  |  | | |  |  | |  | |  | |  | |  | |  | |  |  | |  | |
| **Direct joint venture** |  | | |  |  | |  | |  | |  | |  | |  | |  |  | |  | |
| Xe-Pain Xe-Namnoy |  | | |  |  | |  | |  | |  | |  | |  | |  |  | |  | |
| Power Company |  | | |  |  | |  | |  | |  | |  | |  | |  |  | |  | |
| Limited | 6.58 | | | 6.26 | 42,494 | |  | | 161,222 | |  | | - | |  | | (4,071) |  | | 199,645 | |
| **Total** |  | | |  | **1,266,966** | |  | | **341,418** | |  | | **(131,000)** | |  | | **(65,023)** |  | | **1,412,361** | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Finance lease receivable from***  ***related party*** | Consolidated  **financial statements** | | |  | Separate  financial statements | | |
|  | 30 September |  | 31 December |  | 30 September |  | 31 December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Major shareholder** |  |  |  |  |  |  |  |
| Electricity Generating Authority |  |  |  |  |  |  |  |
| of Thailand | **16,649,086** |  | **17,670,515** |  | **-** |  | **-** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | | | | | | |
|  | Portion due  within one year | | |  | Portion due  after one year | | |  | Total | | |
|  | 30 September |  | 31  December |  | 30 September |  | 31  December |  | 30 September |  | 31  December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | | | | | |
| Receivables under |  |  |  |  |  |  |  |  |  |  |  |
| finance lease contracts | 5,182,989 |  | 3,952,243 |  | 20,860,703 |  | 25,146,057 |  | 26,043,692 |  | 29,098,300 |
| *Less* unearned interest |  |  |  |  |  |  |  |  |  |  |  |
| income | (2,484,170) |  | (2,689,425) |  | (6,910,436) |  | (8,738,360) |  | (9,394,606) |  | (11,427,785) |
|  | **2,698,819** |  | **1,262,818** |  | **13,950,267** |  | **16,407,697** |  | **16,649,086** |  | **17,670,515** |
| *Less* allowance for |  |  |  |  |  |  |  |  |  |  |  |
| doubtful accounts | - |  | - |  | - |  | - |  | - |  | - |
| **Receivable under** |  |  |  |  |  |  |  |  |  |  |  |
| **finance lease** |  |  |  |  |  |  |  |  |  |  |  |
| **contracts-net** | **2,698,819** |  | **1,262,818** |  | **13,950,267** |  | **16,407,697** |  | **16,649,086** |  | **17,670,515** |

The gross receivable and interest under finance lease contracts as at 30 September 2019 and 31 December 2018 were as follow:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | | |
|  | Receivable and |  | Receivable |  | Receivable and |  | Receivable |
|  | interest |  | under finance |  | interest |  | under finance |
|  | under finance |  | lease contracts |  | under finance |  | lease contracts |
|  | lease contracts |  | -net |  | lease contracts |  | -net |
|  | 30 September 2019 | | |  | 31 December 2018 | | |
|  | *(in thousand Baht)* | | | | | | |
| Portion due within one year | 5,182,989 |  | 2,698,819 |  | 3,952,243 |  | 1,262,818 |
| Portion due after one year |  |  |  |  |  |  |  |
| but within five years | 14,787,022 |  | 9,053,147 |  | 17,254,194 |  | 10,363,312 |
| Portion due after five years | 6,073,681 |  | 4,897,120 |  | 7,891,863 |  | 6,044,385 |
|  | **26,043,692** |  | **16,649,086** |  | **29,098,300** |  | **17,670,515** |
| *Less* unearned interest income | (9,394,606) |  |  |  | (11,427,785) |  |  |
| **Receivable under finance** |  |  |  |  |  |  |  |
| **lease contracts-net** | **16,649,086** |  |  |  | **17,670,515** |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Other non-current receivables***  ***from related parties*** | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | 30 September |  | 31 December |  | 30 September |  | 31 December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Direct subsidiaries** |  |  |  |  |  |  |  |
| Ratchaburi Energy Company Limited | - |  | - |  | 158 |  | 3,605 |
| RATCH-Lao Services Company Limited | - |  | - |  | 31,220 |  | 3,405 |
|  |  |  |  |  |  |  |  |
| **Indirect subsidiary** |  |  |  |  |  |  |  |
| Hin Kong Power Company Limited | - |  | - |  | 86 |  | - |
|  |  |  |  |  |  |  |  |
| **Direct joint venture** |  |  |  |  |  |  |  |
| Xe-Pian Xe-Namnoy Power  Company Limited | 12,795 |  | 9,901 |  | 12,795 |  | 9,901 |
| **Total** | **12,795** |  | **9,901** |  | **44,259** |  | **16,911** |

| ***Other current payables to related parties*** | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 30 September |  | 31 December |  | 30 September |  | 31 December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Major shareholder** |  |  |  |  |  |  |  |
| Electricity Generating Authority |  |  |  |  |  |  |  |
| of Thailand | 53,614 |  | 40,958 |  | - |  | 703 |
|  |  |  |  |  |  |  |  |
| **Direct subsidiaries** |  |  |  |  |  |  |  |
| Ratchaburi Electricity Generating |  |  |  |  |  |  |  |
| Company Limited | - |  | - |  | - |  | 310 |
| RATCH-Lao Services Company Limited | - |  | - |  | 350 |  | - |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Indirect subsidiaries** |  |  |  |  |  |  |  |
| RH International (Singapore) |  |  |  |  |  |  |  |
| Corporation Pte. Ltd. | - |  | - |  | 3,931 |  | - |
| RATCH-Australia Corporation Pty. Ltd. | - |  | - |  | - |  | 2,508 |
|  |  |  |  |  |  |  |  |
| **Indirect joint venture** |  |  |  |  |  |  |  |
| Ratchaburi Power Company Limited | 17,222 |  | 15,187 |  | 12,697 |  | 13,679 |
| **Total** | **70,836** |  | **56,145** |  | **16,978** |  | **17,200** |

***Significant agreements with related parties***

***Long-term loans to related parties***

As at 30 September 2019, the Company had outstanding balance of loans to Ratchaburi Energy Company Limited, a direct subsidiary, amounting to Baht 44 million which bear interest at the rate of 4.50 per annum and will be due at call. The Company has no intention to recall the loans from the subsidiary within one year. Therefore, the Company classified the balance of the loans as long-term loans.

As at 30 September 2019, the Company had outstanding balance of loans to RATCH-Lao Services Company Limited, a direct subsidiary, under the existing loan agreement, amounting to U.S. Dollars 32.60 million or equivalent to Baht 988.52 million which bear 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 the loans from the subsidiary within one year. Therefore, the Company classified the balance of the loans as long-term loans.

On 15 March 2019, the Company entered into a new loan agreement with RATCH-Lao Services Company Limited, a direct subsidiary, in an aggregate amount not exceeding Baht 1,287 million which bear interest at the rate of 4.50 per annum. Principle and interest will be due as stipulated in the agreement. As at 30 September 2019, the Company had outstanding balance of new loan to the subsidiary, amounting to Baht 160.20 million. The Company has no intention to recall the loans from the subsidiary within one year. Therefore, the Company classified the balance of the loan as long-term loan.

As at 30 September 2019, the Company had outstanding balance of loan to Hin Kong Power Company Limited, an indirect subsidiary, amounting to Baht 20 million which bear interest at the rate of 4.50 per annum and will be due at call. The Company has no intention to recall the loan from the subsidiary within one year. Therefore, the Company classified the balance of the loan as long-term loan.

As at 30 September 2019, the Company had outstanding balance of loan to Xe-Pian Xe-Namnoy Power Company Limited, a direct joint venture, amounting to U.S. Dollars 1.32 million or equivalent to Baht 40.03 million which bear interest at the rate of 3-Month London Interbank Offered Rate (LIBOR), plus fixed margin per annum. The loan agreement determined the repayment term of principal and interest within 27 years commencing from the joint venture made the first drawdown of loans from financial institutions on 5 February 2014.

On 24 July 2019, the Company entered into a Shareholders’ Loan Agreement with Xe-Pian Xe-Namnoy Power Company Limited, a direct joint venture, for a maximum amount of U.S. Dollars 16.78 million for the purpose of covering additional expenditure of the Xe-Pian Xe-Namnoy Hydroelectric Power Project. The interest rate is 3-Month London Interbank Offered Rate (LIBOR), plus fixed margin per annum. Principle and interest will be due as stipulated in the agreement. As at 30 September 2019, the Company had outstanding balance of loans to the joint venture, amounting to U.S. Dollars 5.26 million or equivalent to Baht 159.62 million.

***Power Purchase Agreement***

On 12 July 2019, Hin Kong Power Company Limited, an indirect subsidiary, entered into a Power Purchase Agreement for Hin Kong Power Project located in Ratchaburi province with EGAT. The agreement is effective from the execution date until the 25-year from the commercial operation date. The project is a combined-cycle power plant project with total contracted capacity of 1,400 Megawatts which is scheduled for commercial operation in 2024 and 2025.

***Construction Supervision Contractor Service Agreement***

On 28 November 2013, the Company entered into a Construction Supervision Contractor Service Agreement with Xe-Pian Xe-Namnoy Power Company Limited, a direct joint venture, for a period of 64 months from the start date. Subsequently on 27 May 2019, the Company had extended the agreement to perform additional service from the ended of existing agreement to 31 December 2019 with additional service fee, amounting to U.S. Dollars 1.80 million.

***Agreement in relation to investment in Chubu Ratchaburi Electric Services Company Limited***

On 29 September 2005, the Company and Chubu Electric Power (Thailand) Company Limited entered into a Shareholders Agreement to set up Chubu Ratchaburi Electric Services Company Limited, a direct joint venture. Under the terms of the shareholders agreement, if Chubu Ratchaburi Electric Services Company Limited requires additional funding exceeding its authorised share capital, the Company agreed to provide financial support in the form of shareholders’ loans or the provision of shareholders guarantees in proportion of investment of 50%. The agreement does not specify the amount of financial support. As at 30 September 2019, the Company has not provided any loans or guarantees under the agreement.

***Sponsor Support Agreement with Northern Bangkok Monorail Company and Eastern Bangkok Monorail Company Limited***

On 9 October 2017, the Company entered into a Sponsor Support Agreement with Northern Bangkok Monorail Company Limited and Eastern Bangkok Monorail Company Limited, investments in other companies. The Company agreed to provide financial support in the form of shareholders’ loans or the provision of shareholders guarantee in proportion of investment of 10%. The agreement does not specify the amount of financial support. As at 30 September 2019, the Company has not provided any loans or guarantees under the agreement.

***Obligations related to Share Purchase Agreement***

The Company has obligations under a Share Purchase Agreement related to the purchase of ordinary shares in two associates. Under the terms of the agreement, other shareholder has additional rights to the Company’s dividend entitlements from those associates.

1. **Other investments**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | 30 September |  | 31 December |  | 30 September |  | 31 December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Current investments*** |  |  |  |  |  |  |  |
| Short-term deposits at financial |  |  |  |  |  |  |  |
| institutions | 373,230 |  | 1,425,000 |  | - |  | - |
| Debt securities held for trading | 460,367 |  | 500,202 |  | 427,526 |  | 467,761 |
| Other debt securities held to maturity | 303,671 |  | 303,894 |  | 300,000 |  | 300,000 |
| **Total** | **1,137,268** |  | **2,229,096** |  | **727,526** |  | **767,761** |
|  |  |  |  |  |  |  |  |
| ***Other long-term investments*** |  |  |  |  |  |  |  |
| Equity securities available for sale | 2,024,322 |  | 2,538,934 |  | - |  | - |
| Other debt securities held to maturity | 113,000 |  | 113,000 |  | 113,000 |  | 113,000 |
| **Total** | **2,137,322** |  | **2,651,934** |  | **113,000** |  | **113,000** |

As at 30 September 2019, held to maturity investments in consolidated and separate financial statements have annual interest rates of 0.5% to 5.2% *(31 December 2018: 0.5% to 5.2%)* and mature in 1 to 3 years.

Movements during the nine-month period ended 30 September 2019 of marketable equity and debt securities were as follows:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | | | | | | | |
|  | At  31 December  2018 |  | Purchase |  | Disposal |  | Valuation adjustment |  | At  30 September 2019 |
|  | *(in thousand Baht)* | | | | | | | | |
| ***Current investments*** |  |  |  |  |  |  |  |  |  |
| Debt securities held for trading | **500,202** |  | **436,047** |  | **(479,591)** |  | **3,709** |  | **460,367** |
|  |  |  |  |  |  |  |  |  |  |
| ***Other long-term investments*** |  |  |  |  |  |  |  |  |  |
| Equity securities available for sale | **2,538,934** |  | **-** |  | **-** |  | **(514,612)** |  | **2,024,322** |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | | | | | | |
|  | At  31 December 2018 |  | Purchase |  | Disposal |  | Valuation adjustment |  | At  30 September 2019 |
|  | *(in thousand Baht)* | | | | | | | | |
| ***Current investments*** |  |  |  |  |  |  |  |  |  |
| Debt securities held for trading | **467,761** |  | **436,047** |  | **(479,591)** |  | **3,309** |  | **427,526** |

***Dividend income from equity securities available for sale***

During the nine-month period ended 30 September 2019, the Group had received dividend income in proportion of investment in equity securities available for sale amounting to Baht 99.99 million.

1. **Trade accounts receivable**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | 30 September |  | 31 December |  | 30 September |  | 31 December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Related party** (Note 4) |  |  |  |  |  |  |  |
| Within credit terms | 6,019,271 |  | 5,226,926 |  | - |  | - |
| *Less* allowance for doubtful accounts | - |  | - |  | - |  | - |
|  | **6,019,271** |  | **5,226,926** |  | **-** |  | **-** |
|  |  |  |  |  |  |  |  |
| **Other parties** |  |  |  |  |  |  |  |
| Within credit terms | 235,446 |  | 273,604 |  | - |  | - |
| Overdue: |  |  |  |  |  |  |  |
| Less than 3 months | - |  | 73,799 |  | - |  | - |
| 3-6 months | - |  | 56,954 |  | - |  | - |
|  | **235,446** |  | **404,357** |  | **-** |  | **-** |
| *Less* allowance for doubtful accounts | - |  | - |  | - |  | - |
|  | **235,446** |  | **404,357** |  | **-** |  | **-** |
| **Net** | **6,254,717** |  | **5,631,283** |  | **-** |  | **-** |

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

1. **Investments in associates and joint ventures**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| ***Nine-month period ended 30 September*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| At 1 January | 30,722,141 |  | 25,315,902 |  | 5,417,661 |  | 5,044,942 |
| Impact of changes in accounting policies |  |  |  |  |  |  |  |
| (net of tax) - TFRS 15 | (183,790) |  | - |  | - |  | - |
| Share of profit of associates and |  |  |  |  |  |  |  |
| joint ventures | 3,517,291 |  | 3,700,021 |  | - |  | - |
| Share of other comprehensive |  |  |  |  |  |  |  |
| income (expense) of associates and |  |  |  |  |  |  |  |
| joint ventures | (526,276) |  | 178,759 |  | - |  | - |
| Additions investments in joint ventures | 262,993 |  | 332,172 |  | 83,880 |  | 322,172 |
| Write-off investment in joint venture | - |  | - |  | (452) |  | - |
| Dividend income | (3,373,712) |  | (2,174,319) |  | - |  | - |
| Exchange rate adjustment | (1,216,093) |  | (140,556) |  | - |  | - |
| Others | - |  | 15,196 |  | - |  | - |
| **At 30 September** | **29,202,554** |  | **27,227,175** |  | **5,501,089** |  | **5,367,114** |

Investments in associates and joint ventures as at 30 September 2019 and 31 December 2018, and dividend income from those investments for the nine-month periods ended 30 September were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | | | | | | | | | | | | | | |
|  | Ownership interest | | Paid-up capital | | Cost | | |  | Equity | | |  | Dividend income for the  nine-month periods ended | | | |
|  | 30 September | 31 December | 30 September | 31 December | 30 September |  | 31 December |  | 30 September |  | 31 December |  | 30 September | | | |
|  | 2019 | 2018 | 2019 | 2018 | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 | |  | 2018 |
|  | *(%)* | | *(in thousand Baht)* | | | | | | | | | | | | | |
| ***Direct associates*** |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |
| First Korat Wind |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |
| Company Limited | 20 | 20 | 1,996,020 | 1,996,020 | 399,204 |  | 399,204 |  | 425,760 |  | 415,025 |  | | 10,395 |  | 43,137 |
| K.R. TWO Company Limited | 20 | 20 | 1,827,000 | 1,827,000 | 365,400 |  | 365,400 |  | 383,981 |  | 373,245 |  | | 5,598 |  | 25,724 |
|  |  |  |  |  | **764,604** |  | **764,604** |  | **809,741** |  | **788,270** |  | | **15,993** |  | **68,861** |
|  |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |
| ***Indirect associates*** |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |
| Solar Power (Korat 3) |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |
| Company Limited | 40 | 40 | 188,750 | 188,750 | 75,500 |  | 75,500 |  | 149,588 |  | 138,242 |  | | 13,439 |  | 9,815 |
| Solar Power (Korat 4) |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |
| Company Limited | 40 | 40 | 199,250 | 199,250 | 79,700 |  | 79,700 |  | 158,026 |  | 145,667 |  | | 10,441 |  | 6,057 |
| Solar Power (Korat 7) |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |
| Company Limited | 40 | 40 | 188,750 | 188,750 | 75,500 |  | 75,500 |  | 148,017 |  | 137,044 |  | | 13,288 |  | 10,116 |
| Perth Power Partnership |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |
| (Kwinana) | 30 | 30 | 2,311,167 | 2,311,167 | 618,531 |  | 618,531 |  | 367,299 |  | 419,671 |  | | 37,183 |  | 24,563 |
|  |  |  |  |  | **849,231** |  | **849,231** |  | **822,930** |  | **840,624** |  | | **74,351** |  | **50,551** |
| **Total** |  |  |  |  | **1,613,835** |  | **1,613,835** |  | **1,632,671** |  | **1,628,894** |  | | **90,344** |  | **119,412** |
|  |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | | | | | | | | | | | | | |
|  | Ownership interest | | Paid-up capital | | Cost | | |  | Equity | | |  | Dividend income for the  nine-month period ended | | |
|  | 30 September | 31 December | 30 September | 31 December | 30 September |  | 31 December |  | 30 September |  | 31 December |  | 30 September | | |
|  | 2019 | 2018 | 2019 | 2018 | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(%)* | | *(in thousand Baht)* | | | | | | | | | | | | |
| ***Direct joint ventures*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Chubu Ratchaburi Electric |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Services Company Limited | 50 | 50 | 20,000 | 20,000 | 10,000 |  | 10,000 |  | 87,755 |  | 71,384 |  | 5,000 |  | 15,000 |
| SouthEast Asia Energy |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Limited | 33.33 | 33.33 | 6,606,750 | 6,606,750 | 2,202,250 |  | 2,202,250 |  | 2,796,364 |  | 2,832,873 |  | 184,989 |  | 77,079 |
| Smart Infranet |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Company Limited | 51 | - | 1,000 | - | 510 |  | - |  | 510 |  | - |  | - |  | - |
| Nam Ngum 3 Power |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Company Limited \* | - | 25 | - | 1,808 | - |  | 452 |  | - |  | - |  | - |  | - |
| Xe-Pian Xe-Namnoy Power |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Company Limited | 25 | 25 | 10,094,900 | 9,761,419 | 2,523,725 |  | 2,440,355 |  | 2,004,792 |  | 2,268,588 |  | - |  | - |
|  |  |  |  |  | **4,736,485** |  | **4,653,057** |  | **4,889,421** |  | **5,172,845** |  | **189,989** |  | **92,079** |
| ***Indirect joint ventures*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ratchaburi Power |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Company Limited | 25 | 25 | 7,325,000 | 7,325,000 | 1,831,250 |  | 1,831,250 |  | 3,517,241 |  | 3,670,968 |  | 295,000 |  | 225,000 |
| Nava Nakorn Electricity |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Generating Company |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Limited | 40 | 40 | 1,550,000 | 1,550,000 | 620,000 |  | 620,000 |  | 611,577 |  | 735,578 |  | 160,000 |  | 144,000 |
| Ratchaburi World |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cogeneration |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Company Limited | 40 | 40 | 2,500,000 | 2,500,000 | 1,000,000 |  | 1,000,000 |  | 1,289,145 |  | 1,283,102 |  | 90,000 |  | 200,000 |
| Berkprai Cogeneration |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Company Limited | 35 | 35 | 1,331,000 | 1,331,000 | 465,850 |  | 465,850 |  | 470,354 |  | 433,236 |  | - |  | - |
| Solarta Company Limited | 49 | 49 | 1,100,000 | 1,100,000 | 545,960 |  | 545,960 |  | 1,421,337 |  | 1,314,475 |  | 36,652 |  | 37,730 |
| Songkhla Biomass |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Company Limited | 40 | 40 | 246,000 | 246,000 | 98,400 |  | 98,400 |  | 153,120 |  | 149,162 |  | 24,000 |  | 16,000 |
| Songkhla Biofuel |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Company Limited | 40 | 40 | 1,000 | 1,000 | 400 |  | 400 |  | 336 |  | 342 |  | - |  | - |
| Hongsa Power |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Company Limited | 40 | 40 | 32,324,715 | 32,324,715 | 12,929,886 |  | 12,929,886 |  | 12,218,762 |  | 13,517,057 |  | 2,209,968 |  | 981,600 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Consolidated financial statements** | | | | | | | | | | | | | | |
|  | Ownership interest | | Paid-up capital | | Cost | | |  | Equity | | |  | Dividend income for the  nine-month periods ended | | |
|  | 30 September | 31 December | 30 September | 31 December | 30 September |  | 31 December |  | 30 September |  | 31 December |  | 30 September | | |
|  | 2019 | 2018 | 2019 | 2018 | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(%)* | | *(in thousand Baht)* | | | | | | | | | | | | |
| ***Indirect joint ventures*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Phu Fai Mining |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Company Limited | 37.50 | 37.50 | 1,679 | 1,679 | 630 |  | 630 |  | 122,103 |  | 109,864 |  | 222,999 |  | 358,498 |
| Asia Water Co., Ltd. | 40 | - | 447,783 | - | 179,113 |  | - |  | 179,113 |  | - |  | - |  | - |
| PT Medco Ratch Power Riau | 49 | 49 | 7,762 | 7,762 | 3,803 |  | 3,803 |  | 114,354 |  | 50,901 |  | - |  | - |
| Fareast Renewable |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Development Pte. Ltd. | 50 | 50 | 2,849,190 | 2,849,190 | 2,688,569 |  | 2,688,569 |  | 2,583,020 |  | 2,655,717 |  | 54,760 |  | - |
|  |  |  |  |  | **20,363,861** |  | **20,184,748** |  | **22,680,462** |  | **23,920,402** |  | **3,093,379** |  | **1,962,828** |
| **Total** |  |  |  |  | **25,100,346** |  | **24,837,805** |  | **27,569,883** |  | **29,093,247** |  | **3,283,368** |  | **2,054,907** |

All associates and joint ventures were incorporated in Thailand and Overseas (see Note 1).

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

\* The joint venture completed the liquidation process in 2019.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | | | | | | | | | | | | | | | | | | |
|  | Ownership interest | | Paid-up capital | | |  | Cost | | |  | Impairment | | |  | At cost-net | | |  | Dividend income for the | | |
|  | 30 | 31 | 30 |  | 31 |  | 30 |  | 31 |  | 30 |  | 31 |  | 30 |  | 31 |  | nine-month periods ended | | |
|  | September | December | September |  | December |  | September |  | December |  | September |  | December |  | September |  | December |  | 30 September | | |
|  | 2019 | 2018 | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(%)* | | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | |
| ***Associates*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| First Korat Wind |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Company Limited | 20 | 20 | 1,996,020 |  | 1,996,020 |  | 399,204 |  | 399,204 |  | - |  | - |  | 399,204 |  | 399,204 |  | 10,395 |  | 43,137 |
| K.R. TWO Company Limited | 20 | 20 | 1,827,000 |  | 1,827,000 |  | 365,400 |  | 365,400 |  | - |  | - |  | 365,400 |  | 365,400 |  | 5,598 |  | 25,724 |
| **Total** |  |  |  |  |  |  | **764,604** |  | **764,604** |  | **-** |  | **-** |  | **764,604** |  | **764,604** |  | **15,993** |  | **68,861** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Joint ventures*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Chubu Ratchaburi Electric |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Services Company Limited | 50 | 50 | 20,000 |  | 20,000 |  | 10,000 |  | 10,000 |  | - |  | - |  | 10,000 |  | 10,000 |  | 5,000 |  | 15,000 |
| 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 |  | 184,989 |  | 77,079 |
| Smart Infranet Company |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Limited | 51 | - | 1,000 |  | - |  | 510 |  | - |  | - |  | - |  | 510 |  | - |  | - |  | - |
| Nam Ngum 3 Power |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Company Limited \* | - | 25 | - |  | 1,808 |  | - |  | 452 |  | - |  | - |  | - |  | 452 |  | - |  | - |
| Xe-Pian Xe-Namnoy Power |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Company Limited | 25 | 25 | 10,094,900 |  | 9,761,419 |  | 2,523,725 |  | 2,440,355 |  | - |  | - |  | 2,523,725 |  | 2,440,355 |  | - |  | - |
| **Total** |  |  |  |  |  |  | **4,736,485** |  | **4,653,057** |  | **-** |  | **-** |  | **4,736,485** |  | **4,653,057** |  | **189,989** |  | **92,079** |

All associates and joint ventures were incorporated in Thailand and Overseas (see Note 1).

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

\* The joint venture completed the liquidation process in 2019.

***Investment in Smart Infranet Company Limited***

On 27 June 2019, the Company and ALT Telecom Public Company Limited have registered a company namely “Smart Infranet Company Limited” in order to operate Underground Optic Fiber Network Project. Its registered capital is Baht 1 million *(comprising 100,000 ordinary shares at par value of Baht 10 per share)*. The Company paid for paid-up share capital of Baht 10 per share, amounting to Baht 0.51 million, in proportion of investment of 51%.

***Investment in Asia Water Co., Ltd.***

On 19 December 2018, RATCH-Lao Services Company Limited, a direct subsidiary, entered into a Sales and Purchase Agreement with a local company in Lao PDR to acquire a 40% equity interest of the registered shares in Asia Water Co., Ltd., incorporated in Lao PDR, for U.S. Dollars 5.80 million in order to operates the Sandin Water Supply Project in Lao PDR. The share payment is divided into 2 installments. Subsequently on 3 January 2019, the subsidiary made advance payment 10% of share payment for 1st installment amounting to U.S. Dollars 0.58 million or equivalent to Baht 18.92 million and made payment 90% of share payment for the last installment in September 2019 amounting to U.S. Dollars 5.22 million or equivalent to Baht 160.19 million. As a result, Asia Water Co., Ltd. is a joint venture of the Group.

***Investment in Fareast Renewable Development Pte. Ltd.***

On 6 December 2018, RH International (Singapore) Corporation Pte. Ltd. (“RHIS”), an indirect subsidiary, has purchased the existing ordinary shares and the additional ordinary shares of Fareast Renewable Development Pte. Ltd. (“FRD”), incorporated in Singapore, from Fareast Green Energy Pte. Ltd., the existing shareholder, in order to participate in the operation of Asahan-1 Hydroelectric Power Plant (“Asahan-1”) in the Republic of Indonesia, which operated by PT Bajradaya Sentranusa (“BDSN”) in proportion of investment of 50% of issued and paid-up share capital, for a consideration of U.S. Dollars 81.92 million or equivalent to Baht 2,688.57 million. As a result, FRD is a joint venture of the Group.

After the transactions are completed, the shareholder structure of FRD comprises the Group 50% and Fareast Green Energy Pte. Ltd. 50%. The shareholder structure of BDSN comprises FRD 53.21% (the Group held an indirect investment through RHIS and FRD at approximately 26.61%) and minority interest 46.79%.

As at 30 September 2019, the Group had completed the fair value assessment of the acquired business and had adjusted the acquisition accounting which reflect from new information obtained as follows:

*Identifiable assets acquired and liabilities assumed*

|  |  | **Fair value** |  |  |  | **Fair value** |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **before adjusted** |  | **Adjustments** |  | **after adjusted** |
|  |  | *(in thousand Baht)* | | | | |
| Cash and cash equivalents |  | 966,272 |  | (526) |  | 965,746 |
| Derivative assets |  | 148,336 |  | (21,544) |  | 126,792 |
| Trade and other receivables |  | 435,994 |  | (238) |  | 435,756 |
| Property, plant and equipment |  | 1,738 |  | - |  | 1,738 |
| Finance lease receivable |  | 18,558,212 |  | (10,122) |  | 18,548,090 |
| Loans |  | (6,584,524) |  | 3,590 |  | (6,580,934) |
| Trade and other payables |  | (308,886) |  | 168 |  | (308,718) |
| Current tax payable |  | (11,690) |  | (36,542) |  | (48,232) |
| Deferred tax liabilities |  | (2,696,648) |  | (50,126) |  | (2,746,774) |
| Non-current provisions for employee benefits |  | (11,098) |  | 520 |  | (10,578) |
| Other long-term provisions |  | (131,366) |  | 72 |  | (131,294) |
| **Net identifiable assets acquired and** |  |  |  |  |  |  |
| **liabilities assumed** |  | **10,366,340** |  | **(114,748)** |  | **10,251,592** |
| Non-controlling interests |  | (5,181,212) |  | 53,872 |  | (5,127,340) |
| **Net** |  | **5,185,128** |  | **(60,876)** |  | **5,124,252** |
|  |  |  |  |  |  |  |
| Interest acquired *(%)* |  |  |  |  |  | 50 |
| **Fair values of identifiable assets acquired** |  |  |  |  |  |  |
| **and liabilities assumed** |  |  |  |  |  | **2,562,126** |
| Goodwill arising from the acquisition |  |  |  |  |  | 125,530 |
| **Total consideration - paid** |  |  |  |  |  | **2,687,656** |

***Increase in share capital and additional paid-up share capital***

During the nine-month period ended 30 September 2019, joint ventures increased in share capital and called for additional paid-up share capital. The Group paid for the share capital in proportion of investments as follows:

|  |  |  |
| --- | --- | --- |
| **Name of entities** | **Description** | **Amount** |
|  |  | *(in million Baht)* |
| ***Direct joint ventures*** |  |  |
| Smart Infranet Company Limited | Increased in share capital | 0.51 |
| Xe-Pian Xe-Namnoy Power  Company Limited \* | Additional paid-up share capital | 83.37 |
|  |  |  |
| ***Indirect joint venture*** |  |  |
| Asia Water Co., Ltd. | Increased in share capital | 179.11 |

\* The direct joint venture called fully paid-up share capital in March 2019.

***Progress of Saddle Dam D collapse***

On 23 July 2018, the Saddle Dam D of Xe-Pian Xe-Namnoy Hydroelectric Power Project, located in Champasak district, Lao PDR, of Xe-Pain Xe-Namnoy Power Company Limited, a direct joint venture, collapsed. The Saddle Dam fractured which caused the water flow to the downstream area. The joint venture evacuated the people residing around the affected area for safety. The project also has a standard insurance package in accordance with the loan agreement, including all risk insurance for construction, third-party liability insurance, and delay start-up insurance. The costs incurred as a result of the collapse are primarily the responsibility by the contractor in charge of engineering, procurement and construction (EPC). The joint venture together with its insurers and the Government of Lao PDR appointed a National Investigation Committee to investigate the situation. Subsequently on 28 May 2019, the Government of Lao PDR and the National Investigation Committee announced the result of investigation is not force majeure as stipulated in the Concession Agreement. Currently, the joint venture is during the process of claiming the compensation and related damages from the EPC contractor. However, the construction is still ongoing and expected to start commercial operation in December 2019.

1. **Investments in subsidiaries**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Separate  financial statements | | |
| ***Nine-month period ended 30 September*** | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | |
| At 1 January | 40,690,558 |  | 40,690,558 |
| Acquisitions | 4,000 |  | - |
| **At 30 September** | **40,694,558** |  | **40,690,558** |

Investments in subsidiaries as at 30 September 2019 and 31 December 2018, and dividend income from those investments for the nine-month periods ended 30 September were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Separate financial statements** | | | | | | | | | | | | | | | | | | | | | | | |
|  | Ownership interest | |  | Paid-up capital | | |  | Cost | | |  | Impairment | | |  | At cost - net | | |  | Dividend income for the | | |
|  | 30 | 31 |  | 30 |  | 31 |  | 30 |  | 31 |  | 30 |  | 31 |  | 30 |  | 31 |  | nine-month periods ended | | |
|  | September | December |  | September |  | December |  | September |  | December |  | September |  | December |  | September |  | December |  | 30 September | | |
|  | 2019 | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(%)* | |  | *(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 |  | 2,274,341 |  | 2,188,200 |
| 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 |  | 17,650,000 |  | 17,650,000 |  | 17,650,000 |  | - |  | - |  | 17,650,000 |  | 17,650,000 |  | - |  | - |
| RATCH O&M |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Company Limited | 99.99 | 99.99 |  | 2,500 |  | 2,500 |  | 2,500 |  | 2,500 |  | - |  | - |  | 2,500 |  | 2,500 |  | - |  | - |
| Ratchaburi Alliances |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Company Limited | 99.99 | 99.99 |  | 420,200 |  | 420,200 |  | 420,200 |  | 420,200 |  | - |  | - |  | 420,200 |  | 420,200 |  | 295,000 |  | 225,000 |
| Hin Kong Power Holding |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Company Limited | 99.99 | - |  | 4,000 |  | - |  | 4,000 |  | - |  | - |  | - |  | 4,000 |  | - |  | - |  | - |
| **Total** |  |  |  |  |  |  |  | **40,694,558** |  | **40,690,558** |  | **-** |  | **-** |  | **40,694,558** |  | **40,690,558** |  | **2,569,341** |  | **2,413,200** |

All subsidiaries were incorporated in Thailand, except RATCH-Lao Services Company Limited which was incorporated in the Lao PDR.

***Increase in share capital of RATCH-Australia Corporation Pty. Ltd.***

On 5 April 2019, RH International (Singapore) Corporation Pte. Ltd., an indirect subsidiary, paid for increase in share capital of RATCH-Australia Corporation Pty. Ltd., a subsidiary of the indirect subsidiary, totalling Australian Dollars 19 million or equivalent to Baht 429.59 million, in proportion of investment of 100%.

On 4 July 2019, RH International (Singapore) Corporation Pte. Ltd., an indirect subsidiary, paid for increase in share capital of RATCH-Australia Corporation Pty. Ltd., a subsidiary of the indirect subsidiary, totalling Australian Dollars 56.10 million or equivalent to Baht 1,204.59 million, in proportion of investment of 100%.

***Registration of a subsidiary of the Company***

On 24 May 2019, the Company has registered a subsidiary namely “Hin Kong Power Holding Company Limited” to invest in power energy business. Its registered capital is Baht 4 million *(comprising 400,000 ordinary shares at par value of Baht 10 per share)*. The Company paid for paid-up share capital of Baht 10 per share, amounting to Baht 4 million, in proportion of investment of 99.99%.

***Registration of a subsidiary of Hin Kong Power Holding Company Limited***

On 28 May 2019, Hin Kong Power Holding Company Limited, a direct subsidiary, has registered a subsidiary namely “Hin Kong Power Company Limited” to generate and sell electricity. Its registered capital is Baht 4 million *(comprising 400,000 ordinary shares at par value of Baht 10 per share).* The direct subsidiary paid for paid-up share capital of Baht 10 per share, amounting to Baht 4 million, in proportion of investment of 99.99%.

1. **Advance payments for investments**

***Investment in Riau Combined-Cycle Power Plant Project***

On 8 May 2017, Ministry of Energy and Mineral Resources of the Republic of Indonesia, approved a Power Purchase Agreement between PT PLN (PERSESO) and PT Medco Ratch Power Riau (“MRPR”), an indirect joint venture, to develop the Riau Combined-Cycle Power Plant Project in the Republic of Indonesia. Subsequently, MRPR called for advance payments for investment from the Group for project development. As at 30 September 2019, the Group had an outstanding balance of advance payments for investment amounting to U.S. Dollars 34.68 million or equivalent to Baht 1,060.93 million.

1. **Property, plant and equipment**

Acquisitions, disposals and transfers of property, plant and equipment during the nine-month period ended 30 September 2019 were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statement** | | | | |  | Separate financial statements | | | | |
|  | Acquisitions and  transfers in  - at cost |  | Disposals  and transfers  out - net  book value |  | Exchange rate  adjustment |  | Acquisitions and  transfers in  - at cost |  | Disposals  and transfers  out - net  book value |  | Exchange rate  adjustment |
|  | *(in thousand Baht)* | | | | | | | | | | |
| Land | - |  | - |  | (19,450) |  | - |  | - |  | - |
| Buildings, structures and building improvements | 1,999 |  | - |  | (6,161) |  | - |  | - |  | - |
| Power plants, substation |  |  |  |  |  |  |  |  |  |  |  |
| & transmission systems and |  |  |  |  |  |  |  |  |  |  |  |
| operating & maintenance equipment | 2,203,350 |  | - |  | (1,605,520) |  | - |  | - |  | - |
| Furniture, fixtures and office equipment | 2,093 |  | (16) |  | (113) |  | 1,158 |  | (16) |  | - |
| Vehicles | 40 |  | - |  | - |  | - |  | - |  | - |
| Assets under construction and installation | 1,524,721 |  | (1,878,506) |  | (121,879) |  | - |  | - |  | - |
| **Total** | **3,732,203** |  | **(1,878,522)** |  | **(1,753,123)** |  | **1,158** |  | **(16)** |  | **-** |

*Security*

As at 30 September 2019, RATCH-Australia Corporation Pty. Ltd., an indirect subsidiary, had mortgaged land, buildings and power plants and pledged power plant equipment of 5 power plants with a net book value of Australian Dollars 746.92 million or equivalent to Baht 15,429.36 million *(31 December 2018: Australian Dollars 686.57 million or equivalent to Baht 15,698.35 million)* as collateral for long-term loans from financial institutions.

1. **Interest-bearing liabilities**

As at 30 September 2019, RH International (Singapore) Corporation Pte. Ltd., an indirect subsidiary, had outstanding short-term loans from financial institution in Singapore amounting to U.S. Dollars 45 million or equivalent to Baht 1,376.64 million which bear interest at the rate of 6-Month London Interbank Offered Rate (LIBOR), plus fixed margin per annum and which will be repayable within 1 year *(31 December 2018: nil).*

As at 30 September 2019, RATCH-Australia Corporation Pty. Ltd., an indirect subsidiary, had outstanding long-term loans from financial institutions in Australia amounting to Australian Dollars 292.01 million or equivalent to Baht 6,032.08 million with interest at a floating rate of Bank Bill Swap Bid Rate (BBSY), announced by Reuters, plus a fixed margin per annum and which will be repayable within 5 years during October 2018 to May 2023 *(31 December 2018: Australian Dollars 308.32 million or equivalent to Baht 7,049.62 million).*

As at 30 September 2019, Ratchaburi Electricity Generating Company Limited, a direct subsidiary, had outstanding debentures which are unsecured and unsubordinated debentures without a debenture holders’ representative in the name-registered certificate, amounting to Baht 2,000 million with interest at a fixed rate of 3.50% per annum. The debentures have a repayment period of 7 years and will be due for redemption in 2022 *(31 December 2018: Baht 2,000 million).*

As at 30 September 2019, RH International (Singapore) Corporation Pte. Ltd., an indirect subsidiary, had outstanding debentures named “US$ 300,000,000 4.50% notes due 2028” amounting to U.S. Dollars 300 million or equivalent to Baht 9,177.57 million with interest at a fixed rate of 4.50% per annum. The debentures have a repayment period of 10 years and will be due for redemption in 2028. The repayment of the debentures is guaranteed by the Company *(31 December 2018: U.S. Dollars 300 million or equivalent to Baht 9,734.94 million and the existing debentures U.S. Dollars 107 million or equivalent to Baht 3,472.13 million which were redeemed in April 2019).*

As at 30 September 2019, RH International (Singapore) Corporation Pte. Ltd., an indirect subsidiary, had outstanding debentures, which are unsecured and unsubordinated, amounting to Japan Yen 15,000 million or equivalent to Baht 4,249.21 million with interest at a fixed rate of 2.72% per annum. The debentures have a repayment period of 15 years and will be due for redemption in 2026. The repayment of the debentures is guaranteed by the Company *(31 December 2018: Japan Yen 15,000 million or equivalent to Baht 4,405.06 million).*

As at 30 September 2019, Mount Emerald Wind Farm Pty. Ltd., an indirect subsidiary, had outstanding long-term loans from financial institutions in Australia amounting to Australian Dollars 228.82 million or equivalent to Baht 4,726.87 million with interest at a floating rate of Bank Bill Swap Bid Rate (BBSY), announced by Reuters, plus a fixed margin per annum and which will be repayable within 5 years during December 2018 to November 2023 *(31 December 2018: Australian Dollars 236.42 million or equivalent to Baht 5,405.66 million).*

As at 30 September 2019, RATCH-Australia Collinsville Solar PV Pty. Ltd., an indirect subsidiary, had outstanding long-term loans from financial institutions in Australia amounting to Australian Dollars 55.57 million or equivalent to Baht 1,147.92 million with interest at a floating rate of Bank Bill Swap Bid Rate (BBSY), announced by Reuters, plus a fixed margin per annum and which will be repayable within 5 years during June 2018 to December 2023 *(31 December 2018: Australian Dollars 54.68 million or equivalent to Baht 1,250.35 million).*

As at 30 September 2019, Collector Wind Farm Pty. Ltd., an indirect subsidiary, had outstanding long-term loans from financial institutions in Australia amounting to Australian Dollars 40.19 million or equivalent to Baht 830.20 million with interest at a floating rate of Bank Bill Swap Bid Rate (BBSY), announced by Reuters, plus a fixed margin per annum and which will be repayable within 5 years during June 2021 to May 2024 *(31 December 2018: nil).*

As at 30 September 2019, the Group had unutilised credit facilities totalling Baht 28,617.53 million,   
U.S. Dollars 250 million and Australian Dollars 186.45 million *(31 December 2018: Baht 31,802 million, U.S. Dollars 235 million and Australian Dollars 24.63 million).*

The Group must comply with certain conditions in those agreements including maintaining certain key financial ratios.

1. **Non-current provisions for employee benefits**

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in the second quarter of 2019. As a result of this change, the provision for retirement benefits as at 30 September 2019 as well as past service cost recognised during the nine-month period then ended in the consolidated and separate financial statements increased by an amount of Baht 34.75 million and Baht 28.95 million, respectively.

1. **Segment information and disaggregation of revenue**

The Group has 4 reportable segments, as described below, which are the Group’s strategic divisions. The strategic divisions offer different products and services, and are managed separately. 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 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Information about reportable segments*** | | | | | | | | | | | | | | | | | | | |
|  | **Consolidated financial statements** | | | | | | | | | | | | | | | | | | |
|  | **Domestic Electricity Generating** | | |  | **Renewable Energy** | | | **International Power Projects** | | | |  | **Others** | | |  | **Total** | | |
| ***Three-month period ended 30 September*** | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | |
| Revenue from sales and  rendering of services | 7,293,163 |  | 10,010,126 |  | - |  | - |  | 780,556 |  | 668,602 |  | - |  | - |  | 8,073,719 |  | 10,678,728 |
| Revenue from finance lease contracts | 721,061 |  | 814,451 |  | - |  | - |  | - |  | - |  | - |  | - |  | 721,061 |  | 814,451 |
| Cost of sales and rendering of services | (7,291,499) |  | (9,741,216) |  | - |  | - |  | (459,756) |  | (346,630) |  | - |  | - |  | (7,751,255) |  | (10,087,846) |
| ***Gross profit*** | **722,725** |  | **1,083,361** |  | **-** |  | **-** |  | **320,800** |  | **321,972** |  | **-** |  | **-** |  | **1,043,525** |  | **1,405,333** |
| Management service income | - |  | - |  | - |  | - |  | - |  | - |  | 62,527 |  | 59,790 |  | 62,527 |  | 59,790 |
| Interest income | 17,188 |  | 9,494 |  | 18 |  | 54 |  | 12,106 |  | 32,574 |  | 25,469 |  | 21,000 |  | 54,781 |  | 63,122 |
| Dividend income | - |  | - |  | - |  | - |  | - |  | 71,194 |  | - |  | - |  | - |  | 71,194 |
| Other income | 10,986 |  | 10,370 |  | 155 |  | 119 |  | 11,067 |  | (2,582) |  | 3,873 |  | 43 |  | 26,081 |  | 7,950 |
| Administrative expenses | (66,486) |  | (54,366) |  | (90) |  | (1,283) |  | (95,536) |  | (95,833) |  | (206,791) |  | (233,045) |  | (368,903) |  | (384,527) |
| Net foreign exchange gain (loss) | 5,805 |  | 10,375 |  | - |  | - |  | (167,208) |  | (32,315) |  | (2,082) |  | (9,723) |  | (163,485) |  | (31,663) |
| Finance costs | (17,516) |  | (17,180) |  | - |  | - |  | (203,850) |  | (320,424) |  | - |  | 68 |  | (221,366) |  | (337,536) |
| Share of profit of associates and |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| joint ventures | 128,608 |  | 161,680 |  | 92,883 |  | 95,274 |  | 931,273 |  | 823,380 |  | 1,570 |  | 3,696 |  | 1,154,334 |  | 1,084,030 |
| ***Profit (loss) before income tax expense*** | **801,310** |  | **1,203,734** |  | **92,966** |  | **94,164** |  | **808,652** |  | **797,966** |  | **(115,434)** |  | **(158,171)** |  | **1,587,494** |  | **1,937,693** |
| (Tax expense) income | (164,969) |  | (235,953) |  | - |  | - |  | (58,244) |  | (21,127) |  | 557 |  | (82) |  | (222,656) |  | (257,162) |
| ***Profit (loss) for the period*** | **636,341** |  | **967,781** |  | **92,966** |  | **94,164** |  | **750,408** |  | **776,839** |  | **(114,877)** |  | **(158,253)** |  | **1,364,838** |  | **1,680,531** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | | | | | | | | | | | | | | | | | |
|  | **Domestic Electricity Generating** | | |  | **Renewable Energy** | | | **International Power Projects** | | | |  | **Others** | | |  | **Total** | | |
| ***Three-month period ended 30 September*** | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | |
| ***Disaggregation of revenue*** |  | | | | | | | | | | | | | | | | | | |
| **Primary geographical markets** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Thailand | 7,293,163 |  | 10,010,126 |  | - |  | - |  | - |  | - |  | - |  | - |  | 7,293,163 |  | 10,010,126 |
| Australia | - |  | - |  | - |  | - |  | 767,323 |  | 655,542 |  | - |  | - |  | 767,323 |  | 655,542 |
| Other countries | - |  | - |  | - |  | - |  | 13,233 |  | 13,060 |  | - |  | - |  | 13,233 |  | 13,060 |
| **Total** | **7,293,163** |  | **10,010,126** |  | **-** |  | **-** |  | **780,556** |  | **668,602** |  | **-** |  | **-** |  | **8,073,719** |  | **10,678,728** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Major products and service lines** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Product | 7,293,163 |  | 10,010,126 |  | - |  | - |  | 767,323 |  | 655,542 |  | - |  | - |  | 8,060,486 |  | 10,665,668 |
| Service | - |  | - |  | - |  | - |  | 13,233 |  | 13,060 |  | - |  | - |  | 13,233 |  | 13,060 |
| **Total** | **7,293,163** |  | **10,010,126** |  | **-** |  | **-** |  | **780,556** |  | **668,602** |  | **-** |  | **-** |  | **8,073,719** |  | **10,678,728** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Timing of revenue recognition** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At a point in time | 7,293,163 |  | 10,010,126 |  | - |  | - |  | 767,323 |  | 655,542 |  | - |  | - |  | 8,060,486 |  | 10,665,668 |
| Over time | - |  | - |  | - |  | - |  | 13,233 |  | 13,060 |  | - |  | - |  | 13,233 |  | 13,060 |
| **Total** | **7,293,163** |  | **10,010,126** |  | **-** |  | **-** |  | **780,556** |  | **668,602** |  | **-** |  | **-** |  | **8,073,719** |  | **10,678,728** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Information about reportable segments*** |  | | | | | | | | | | | | | | | | | | |
|  | **Consolidated financial statements** | | | | | | | | | | | | | | | | | | |
|  | **Domestic Electricity Generating** | | |  | **Renewable Energy** | | | **International Power Projects** | | | |  | **Others** | | |  | **Total** | | |
| ***Nine-month period ended 30 September*** | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | |
| Revenue from sales and  rendering of services | 25,004,631 |  | 26,912,354 |  | - |  | - |  | 2,379,372 |  | 1,745,125 |  | - |  | - |  | 27,384,003 |  | 28,657,479 |
| Revenue from finance lease contracts | 2,210,615 |  | 2,553,302 |  | - |  | - |  | - |  | - |  | - |  | - |  | 2,210,615 |  | 2,553,302 |
| Cost of sales and rendering of services | (23,985,075) |  | (26,239,638) |  | - |  | - |  | (1,366,825) |  | (1,042,904) |  | - |  | - |  | (25,351,900) |  | (27,282,542) |
| ***Gross profit*** | **3,230,171** |  | **3,226,018** |  | **-** |  | **-** |  | **1,012,547** |  | **702,221** |  | **-** |  | **-** |  | **4,242,718** |  | **3,928,239** |
| Management service income | - |  | - |  | - |  | - |  | - |  | - |  | 183,470 |  | 178,490 |  | 183,470 |  | 178,490 |
| Interest income | 42,768 |  | 17,027 |  | 174 |  | 100 |  | 46,825 |  | 68,111 |  | 73,770 |  | 61,747 |  | 163,537 |  | 146,985 |
| Dividend income | - |  | - |  | - |  | - |  | 99,988 |  | 187,178 |  | 894 |  | - |  | 100,882 |  | 187,178 |
| Other income | 34,184 |  | 43,795 |  | 602 |  | 299 |  | 11,067 |  | - |  | 5,348 |  | 825 |  | 51,201 |  | 44,919 |
| Administrative expenses | (184,399) |  | (183,110) |  | (2,615) |  | (2,587) |  | (292,740) |  | (232,865) |  | (680,181) |  | (743,708) |  | (1,159,935) |  | (1,162,270) |
| Net foreign exchange gain (loss) | 23,395 |  | 18,995 |  | - |  | - |  | (355,348) |  | (567,469) |  | (17,182) |  | (2,073) |  | (349,135) |  | (550,547) |
| Finance costs | (50,496) |  | (51,238) |  | - |  | - |  | (902,814) |  | (851,143) |  | - |  | - |  | (953,310) |  | (902,381) |
| Share of profit of associates and |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| joint ventures | 309,844 |  | 536,692 |  | 280,775 |  | 214,129 |  | 2,905,301 |  | 2,940,922 |  | 21,371 |  | 8,278 |  | 3,517,291 |  | 3,700,021 |
| ***Profit (loss) before income tax expense*** | **3,405,467** |  | **3,608,179** |  | **278,936** |  | **211,941** |  | **2,524,826** |  | **2,246,955** |  | **(412,510)** |  | **(496,441)** |  | **5,796,719** |  | **5,570,634** |
| (Tax expense) income | (692,520) |  | (702,093) |  | - |  | - |  | (48,629) |  | 53,266 |  | 2,841 |  | (1,452) |  | (738,308) |  | (650,279) |
| ***Profit (loss) for the period*** | **2,712,947** |  | **2,906,086** |  | **278,936** |  | **211,941** |  | **2,476,197** |  | **2,300,221** |  | **(409,669)** |  | **(497,893)** |  | **5,058,411** |  | **4,920,355** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | | | | | | | | | | | | | | | | | |
|  | **Domestic Electricity Generating** | | |  | **Renewable Energy** | | | **International Power Projects** | | | |  | **Others** | | |  | **Total** | | |
| ***Nine-month period ended 30 September*** | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | |
| ***Disaggregation of revenue*** |  | | | | | | | | | | | | | | | | | | |
| **Primary geographical markets** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Thailand | 25,004,631 |  | 26,912,354 |  | - |  | - |  | - |  | - |  | - |  | - |  | 25,004,631 |  | 26,912,354 |
| Australia | - |  | - |  | - |  | - |  | 2,339,820 |  | 1,706,966 |  | - |  | - |  | 2,339,820 |  | 1,706,966 |
| Other countries | - |  | - |  | - |  | - |  | 39,552 |  | 38,159 |  | - |  | - |  | 39,552 |  | 38,159 |
| **Total** | **25,004,631** |  | **26,912,354** |  | **-** |  | **-** |  | **2,379,372** |  | **1,745,125** |  | **-** |  | **-** |  | **27,384,003** |  | **28,657,479** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Major products and service lines** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Product | 25,004,631 |  | 26,912,354 |  | - |  | - |  | 2,339,820 |  | 1,706,966 |  | - |  | - |  | 27,344,451 |  | 28,619,320 |
| Service | - |  | - |  | - |  | - |  | 39,552 |  | 38,159 |  | - |  | - |  | 39,552 |  | 38,159 |
| **Total** | **25,004,631** |  | **26,912,354** |  | **-** |  | **-** |  | **2,379,372** |  | **1,745,125** |  | **-** |  | **-** |  | **27,384,003** |  | **28,657,479** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Timing of revenue recognition** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At a point in time | 25,004,631 |  | 26,912,354 |  | - |  | - |  | 2,339,820 |  | 1,706,966 |  | - |  | - |  | 27,344,451 |  | 28,619,320 |
| Over time | - |  | - |  | - |  | - |  | 39,552 |  | 38,159 |  | - |  | - |  | 39,552 |  | 38,159 |
| **Total** | **25,004,631** |  | **26,912,354** |  | **-** |  | **-** |  | **2,379,372** |  | **1,745,125** |  | **-** |  | **-** |  | **27,384,003** |  | **28,657,479** |

1. **Finance costs**

|  |  | Consolidated  financial statements | | |  | | Separate  financial statements | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Three-month period ended 30 September*** |  | 2019 |  | 2018 |  | | 2019 | |  | | 2018 | |
|  |  | *(in thousand Baht)* | | | | | | | | | | |
| Interest expense - Bank loans |  | 327,530 |  | 308,339 | |  | | - | |  | | - |
| Amortisation of transaction costs capitalised |  | 8,250 |  | 8,947 | |  | | - | |  | | - |
| Change in fair value of derivatives -   ineffective portion |  | (114,990) |  | 20,250 | |  | | - | |  | | - |
| Other finance costs |  | 576 |  | - | |  | | - | |  | | - |
| **Total finance costs** |  | **221,366** |  | **337,536** | |  | | **-** | |  | | **-** |

|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Nine-month period ended 30 September*** | *Note* | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| ***Interest expense:*** |  |  |  |  |  |  |  |  |
| Related party | *4* | - |  | 23,716 |  | - |  | - |
| Bank loans |  | 1,040,011 |  | 951,529 |  | - |  | - |
| **Total interest expense** |  | **1,040,011** |  | **975,245** |  | **-** |  | **-** |
| Amortisation of transaction costs capitalised |  | 28,799 |  | 33,424 |  | - |  | - |
| Change in fair value of derivatives -   ineffective portion |  | (117,314) |  | (184,731) |  | - |  | - |
| Loss on repurchase of debentures |  | - |  | 78,443 |  | - |  | - |
| Other finance costs |  | 1,814 |  | - |  | - |  | - |
| **Total finance costs** |  | **953,310** |  | **902,381** |  | **-** |  | **-** |

1. **Income tax expense**

Income tax expense is recognised based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period. The Group’s consolidated effective tax rate in respect of continuing operations for the nine-month period ended 30 September 2019 was 12.74% *(30 September 2018: 11.67%).* This change in effective tax rate was caused mainly by the different treatment for accounting and taxation purposes of certain items of income and expenses.

1. **Dividends**

The dividends paid by the Company to the shareholders are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Approval date | Payment schedule | Dividend rate  per share |  | Amount |
|  |  |  | *(Baht)* |  | *(in million Baht)* |
| *2019* |  |  |  |  |  |
| Annual dividend | 5 April 2019 | April 2019 | 2.40 |  | 3,480 |
| Interim dividend | 22 August 2018 | September 2018 | (1.15) |  | (1,667) |
| Additional dividend |  |  | 1.25 |  | 1,813 |
| Interim dividend | 23 August 2019 | September 2019 | 1.15 |  | 1,667 |
| **Total dividend** |  |  |  |  | **3,480** |
|  |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Approval date | Payment schedule | Dividend rate  per share |  | Amount |
|  |  |  | *(Baht)* |  | *(in million Baht)* |
| *2018* |  |  |  |  |  |
| Annual dividend | 5 April 2018 | April 2018 | 2.40 |  | 3,480 |
| Interim dividend | 21 August 2017 | September 2017 | (1.15) |  | (1,667) |
| Additional dividend |  |  | 1.25 |  | 1,813 |
| Interim dividend | 22 August 2018 | September 2018 | 1.15 |  | 1,667 |
| **Total dividend** |  |  |  |  | **3,480** |

1. **Financial instruments**

***Carrying amounts 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.

|  | **Consolidated financial statements** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Carrying amount |  | Fair value | | | | | | |
|  |  |  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
|  | *(in thousand Baht)* | | | | | | | | |
| **30 September 2019** |  |  |  |  |  |  |  |  |  |
| ***Financial assets measured***  ***at fair value*** |  |  |  |  |  |  |  |  |  |
| ***Current*** |  |  |  |  |  |  |  |  |  |
| Debt securities held for trading | 460,367 |  | - |  | 460,367 |  | - |  | 460,367 |
|  |  |  |  |  |  |  |  |  |  |
| ***Non-current*** |  |  |  |  |  |  |  |  |  |
| Available for sale investments | 2,024,322 |  | 2,024,322 |  | - |  | - |  | 2,024,322 |
| Derivative assets | 303,470 |  | - |  | 303,470 |  | - |  | 303,470 |
|  |  |  |  |  |  |  |  |  |  |
| ***Financial liabilities measured***  ***at fair value*** |  |  |  |  |  |  |  |  |  |
| ***Current*** |  |  |  |  |  |  |  |  |  |
| Derivative liabilities | (136,176) |  | - |  | (136,176) |  | - |  | (136,176) |
|  |  |  |  |  |  |  |  |  |  |
| ***Non-current*** |  |  |  |  |  |  |  |  |  |
| Derivative liabilities | (773,540) |  | - |  | (773,540) |  | - |  | (773,540) |
|  |  |  |  |  |  |  |  |  |  |
| ***Financial liabilities not measured***  ***at fair value*** |  |  |  |  |  |  |  |  |  |
| ***Current*** |  |  |  |  |  |  |  |  |  |
| Short-term loans from  financial institution | (1,376,636) |  | - |  | (1,376,636) |  | - |  | (1,376,636) |
| Current portion of |  |  |  |  |  |  |  |  |  |
| long-term loans from |  |  |  |  |  |  |  |  |  |
| financial institutions | (944,906) |  | - |  | (944,906) |  | - |  | (944,906) |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **30 September 2019** |  |  |  |  |  |  |  |  |  |
| ***Financial liabilities not measured***  ***at fair value*** |  |  |  |  |  |  |  |  |  |
| ***Non-current*** |  |  |  |  |  |  |  |  |  |
| Long-term loans from |  |  |  |  |  |  |  |  |  |
| financial institutions | (11,693,009) |  | - |  | (11,693,009) |  | - |  | (11,693,009) |
| Debentures | (15,399,067) |  | - |  | (17,078,994) |  | - |  | (17,078,994) |
|  |  |  |  |  |  |  |  |  |  |
| **31 December 2018** |  |  |  |  |  |  |  |  |  |
| ***Financial assets measured***  ***at fair value*** |  |  |  |  |  |  |  |  |  |
| ***Current*** |  |  |  |  |  |  |  |  |  |
| Debt securities held for trading | 500,202 |  | - |  | 500,202 |  | - |  | 500,202 |
| Derivative assets | 10,618 |  | - |  | 10,618 |  | - |  | 10,618 |
|  |  |  |  |  |  |  |  |  |  |
| ***Non-current*** |  |  |  |  |  |  |  |  |  |
| Available for sale investments | 2,538,934 |  | 2,538,934 |  | - |  | - |  | 2,538,934 |
| Derivative assets | 226,403 |  | - |  | 226,403 |  | - |  | 226,403 |
|  |  |  |  |  |  |  |  |  |  |
| ***Financial liabilities measured***  ***at fair value*** |  |  |  |  |  |  |  |  |  |
| ***Current*** |  |  |  |  |  |  |  |  |  |
| Derivative liabilities | (15,428) |  | - |  | (15,428) |  | - |  | (15,428) |
|  |  |  |  |  |  |  |  |  |  |
| ***Non-current*** |  |  |  |  |  |  |  |  |  |
| Derivative liabilities | (358,117) |  | - |  | (358,117) |  | - |  | (358,117) |
|  |  |  |  |  |  |  |  |  |  |
| ***Financial liabilities not measured***  ***at fair value*** |  |  |  |  |  |  |  |  |  |
| ***Current*** |  |  |  |  |  |  |  |  |  |
| Current portion of |  |  |  |  |  |  |  |  |  |
| long-term loans from |  |  |  |  |  |  |  |  |  |
| financial institutions | (939,377) |  | - |  | (939,377) |  | - |  | (939,377) |
| Debentures due within one year | (3,471,390) |  | - |  | (3,501,133) |  | - |  | (3,501,133) |
|  |  |  |  |  |  |  |  |  |  |
| ***Non-current*** |  |  |  |  |  |  |  |  |  |
| Long-term loans from |  |  |  |  |  |  |  |  |  |
| financial institutions | (12,633,425) |  | - |  | (12,633,425) |  | - |  | (12,633,425) |
| Debentures | (16,107,245) |  | - |  | (17,079,688) |  | - |  | (17,079,688) |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | | | | | | |
|  | Carrying amount |  | Fair value | | | | | | |
|  |  |  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
|  | *(in thousand Baht)* | | | | | | | | |
| **30 September 2019** |  |  |  |  |  |  |  |  |  |
| ***Financial assets measured  at fair value*** |  |  |  |  |  |  |  |  |  |
| ***Current*** |  |  |  |  |  |  |  |  |  |
| Debt securities held for trading | 427,526 |  | - |  | 427,526 |  | - |  | 427,526 |
|  |  |  |  |  |  |  |  |  |  |
| **31 December 2018** |  |  |  |  |  |  |  |  |  |
| ***Financial assets measured  at fair value*** |  |  |  |  |  |  |  |  |  |
| ***Current*** |  |  |  |  |  |  |  |  |  |
| Debt securities held for trading | 467,761 |  | - |  | 467,761 |  | - |  | 467,761 |

***Interest rate swap and cross currency swap contracts***

The Group entered into various interest rate swap and cross currency swap contracts with financial institutions to manage exposure of fluctuations in interest rates and foreign currency risk on borrowings. The notional amounts of the outstanding interest rate swap and cross currency swap contracts as at 30 September 2019 comprises Baht currency totalling Baht 1,000 million, Japan Yen currency totalling Japan Yen 15,000 million and Australian Dollars currency totalling Australian Dollars 548.74 million *(31 December 2018: Baht currency totalling Baht 1,000 million, U.S. Dollars currency totalling U.S. Dollars 200 million, Japan Yen currency totalling Japan Yen 15,000 million and Australian Dollars currency totalling Australian Dollars 571.84 million).* All counterparties agreed to pay the interest and the principle amount in accordance with the terms and conditions specified in the contracts.

**Measurement of fair values**

When measuring the fair value of an asset or a liability, the Group uses observable market 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.

***Valuation techniques and significant unobservable inputs***

The following tables show the valuation techniques used in measuring Level 2 fair values at 30 September 2019 and 31 December 2018 for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

**Financial instruments measured at fair value**

| **Type** |  | **Valuation technique** |
| --- | --- | --- |
| Debt securities held  for trading |  | *Market comparison/ discounted cash flow:* The fair value is estimated considering (i) current or recent quoted prices for identical securities in markets that are not active and (ii) a net present value calculated using discount rates derived from quoted prices of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor. |
|  |  |  |
| Foreign currency   forward contracts |  | *Forward pricing:* The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies. |
|  |  |  |
| Interest rate swap   contracts |  | *Swap models:* The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices. |
|  |  |  |
| Cross currency swap  contracts |  | *Black-Scholes model/ discounted cash flows* |

**Financial instruments not measured at fair value**

| **Type** |  | **Valuation technique** |
| --- | --- | --- |
| Other financial   liabilities |  | *Discounted cash flows:* The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. |

1. **Commitments with non-related parties**

***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 power plants with a consortium of General Electric International Operations Company Inc. and GE Energy Parts, Inc. The agreement is effective from the agreement date until the end of the operation of the gas turbine according to the Power Purchase Agreement in 2027 with a total value of U.S. Dollars 428.60 million. Subsequently in 2014, all parties agreed to reduce the price and amend the conditions of the agreement effective from February 2014. The total value of the agreement is U.S. Dollars 418.21 million. As at 30 September 2019, the subsidiary had outstanding commitments amounting to U.S. Dollars 123.79 million *(31 December 2018: U.S. Dollars 139.84 million)*.

In addition, in accordance with the agreement, the subsidiary is required to open a letter of credit amounting to U.S. Dollars 6 million. As at 30 September 2019, the subsidiary had an outstanding unused letter of credit amounting to U.S. Dollars 6 million *(31 December 2018: U.S. Dollars 6 million).*

***Generator Rotor Lease Agreement***

On 1 December 2015, Ratchaburi Electricity Generating Company Limited, a direct subsidiary, entered into a Generator Rotor Lease Agreement for the Combined Cycle power plants with General Electric International Operations Company Inc. The agreement is effective from the agreement date until June 2020 with a total value of U.S. Dollars 2.10 million. The subsidiary has made advance payment under the terms of the agreement amounting to U.S. Dollars 1 million. Subsequently in 2017, both parties agreed to reduce the price and amend the conditions of the agreement effective from October 2017. The total value of the agreement is U.S. Dollars 1.98 million. As at 30 September 2019, the subsidiary had outstanding commitments amounting to U.S. Dollars 0.18 million *(31 December 2018: U.S. Dollars 0.37 million).*

***Letters of guarantee***

As at 30 September 2019, the Company and its subsidiaries had commitments from letters of guarantee issued by financial institutions for the Company and its subsidiaries to comply with certain conditions in agreements in the amount of Baht 794.41 million, U.S. Dollars 12.88 million and Australian Dollars 20.82 million *(31 December 2018: Baht 94.41 million, U.S. Dollars 11.50 million and Australian Dollars 15.24 million).*

***Standby Letters of Credit***

As at 30 September 2019, the Company and its subsidiaries had commitments from Standby Letters of Credit issued by financial institutions for Debt Service Reserve Guarantees and equity contributions in joint ventures in the amount of Baht 1,600 million, U.S. Dollars 24.50 million and Australian Dollars 145 million *(31 December 2018: Baht 1,600 million and U.S. Dollars 24.50 million).*

***Unused of credit facilities***

As at 30 September 2019, the Company and its subsidiaries had unused of credit facilities totalling Baht 2,290.12 million, U.S. Dollars 913.70 million, Australian Dollars 96.62 million and Euro 150 million *(31 December 2018: Baht 1,793.89 and U.S. Dollars 900.35 million).*

***Capital commitment***

As at 30 September 2019, the Company had outstanding capital commitments amounting to Baht 6.45 million *(31 December 2018: nil).*

As at 30 September 2019, RATCH-Australia Corporation Pty. Ltd. and its subsidiaries, an indirect subsidiary, had outstanding capital commitments under Engineering Procurement & Construction Contracts for Wind Farm and Solar Power and other service agreements amounting to Australian Dollars 239 million *(31 December 2018: Australian Dollars 12.29 million).*

***Pledge of share certificate agreements***

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

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

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

Fareast Renewable Development Pte. Ltd., an indirect joint venture, has pledged partial share certificates of PT Bajradaya Sentranusa, a subsidiary of the joint venture, as collateral for loans of PT Bajradaya Sentranusa.

The Company has pledged all share certificates of Northern Bangkok Monorail Company Limited and Eastern Bangkok Monorail Company Limited, investments in other companies, as collateral for loans of those companies.

***Significant litigation***

In 2014, a plaintiff filed a lawsuit against the Company based on the allegations that the Company had breached the joint development agreement for bidding of the 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 defenses. Therefore, the Company did not recognise a contingent liability in respect of this case. On 25 October 2018, the Court issued a judgement to dismiss the claim made by the plaintiff for this case. Subsequently on 25 April 2019, the plaintiff appealed to the Court. Currently, the Company is during the process of requesting an extension period for filling the notice of appeal.

In 2019, the Company obtained a summons and a copy of a complaint of the Central Intellectual Property and International Trade Court regarding a civil lawsuit filed by a local company as a plaintiff, alleging that the Company has infringed upon its trade secrets when running Hongsa Power Plant Project in Lao PDR, whereby the claim amount in the complaint is Baht 6,457.10 million. The Company has authorised the lawyer to proceed with the legal defense for the Company, and has submitted the answer to the complaint. Subsequently on 30 August 2019, the Court has scheduled a pre-trail hearing for case management and oral opening statements. 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 defenses. Therefore, the Company did not recognise a contingent liability in respect of this case.

1. **Events after the reporting period**

***Investment in Yandin Wind Farm***

On 26 July 2019, RATCH-Australia Corporation Pty. Ltd., an indirect subsidiary, entered into a Sales and Purchase Agreement of shares and units trust in the 214 Megawatts Yandin Wind Farm in Australia. The subsidiary has purchased ordinary shares in Yandin WF Holding Pty Ltd and investment units in Yandin WF Holding Unit Trust, in proportion of investment of 70% from the companies in Australia, amounting to Australian Dollar 53.31 million. The project is scheduled for commercial operation in September 2020 with a 15 years Power Purchase Agreement with a company in Australia. Subsequently on 10 October 2019, the subsidiary paid for paid-up share capital, in proportion of investment of 70%, amounting to Australian Dollars 53.31 million or equivalent to Baht 1,087.94 million.

***Acquisition of subsidiary***

On 20 August 2019, the Company entered into a Share Purchase Agreement to acquire the ordinary shares and preferred shares of Navanakorn Electric Company Limited, in proportion of investment of 99.97% of issued and paid-up share capital to operate Navanakorn Electric Company Limited’s power plant. Subsequently on 1 October 2019, the Company acquired the ordinary shares and preferred shares of such company by paying for shares to the existing shareholders, amounting to Baht 1,866.05 million. On that day, the Company entered into a loan agreement with such company, in an aggregate amount not exceeding Baht 197.35 million with bear interest at the rate of 4.50% per annum. Principle and interest will be due as stipulated in the agreement.

After such transactions are completed, the shareholder structure of such company comprises the Company 99.97% and minority interest 0.03%.

Navanakorn Electric Company Limited’s power plant is a gas-fired SPP cogeneration power plant with power generating capacity of 110 Megawatts and steam generating capacity of 10 Tons per hour. It is located in the south of Navanakorn Industrial Promotion Zone, Pathum Thani Province. The power plant has been commercially operating since 31 October 2013 and has a power purchase agreement with EGAT for a period of 25 years ending in 2038. Management believes that the investment in such subsidiary will enable the Group expands the investment opportunity in line with the Group’s strategy with the goal to generate sustainable growth of the Group.

Management is in the process of determining the fair value of the business which expected that the fair value of assets acquired and assumed liabilities would not have a significant difference.

On 25 October 2019, the shareholders of the subsidiary approved a change of the Company’s name from “Navanakorn Electric Company Limited” to “RATCH Cogeneration Company Limited”. The subsidiary has registered the change of name with the Department of Business Development, Ministry of Commerce on 4 November 2019.

***Long-term loans to related party***

On 1 October 2019, the Company had loan to Xe-Pain Xe-Namnoy Power Company Limited, a direct joint venture, under shareholders’ loan agreement, amounting to U.S. Dollars 2.96 million or equivalent to Baht 89.55 million.

On 1 November 2019, the Company had loan to Xe-Pain Xe-Namnoy Power Company Limited, a direct joint venture, under shareholders’ loan agreement, amounting to U.S. Dollars 1.65 million or equivalent to Baht 49.59 million.

***Dissolution of subsidiaries***

At the Board of Directors meeting of CN Biomass Company Limited, PB Biomass Company Limited and LP Biomass Company Limited, indirect subsidiaries, held on 17 October 2019, the Board approved for the dissolution of the indirect subsidiaries.

***Increase in share capital of RATCH-Australia Corporation Pty. Ltd.***

On 25 October 2019, RH International (Singapore) Corporation Pte. Ltd., an indirect subsidiary, paid for increase in share capital of RATCH-Australia Corporation Pty. Ltd., a subsidiary of the indirect subsidiary, totalling Australian Dollars 15 million or equivalent to Baht 310.33 million, in proportion of investment of 100%.

1. **Thai Financial Reporting Standards (TFRS) not yet adopted**

A number of new and revised TFRS which are relevant to the Group’s operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS which become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

| **TFRS** | **Topic** |
| --- | --- |
| TFRS 7\* | Financial Instruments: Disclosures |
| TFRS 9\* | Financial Instruments |
| TFRS 16 | Leases |
| TAS 32\* | Financial Instruments: Presentation |
| TFRIC 16\* | Hedges of a Net Investment in a Foreign Operation |
| TFRIC 19\* | Extinguishing Financial Liabilities with Equity Instruments |

*\* TFRS - Financial instruments standards*

1. ***TFRS - Financial instruments standards***

These TFRSs establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRSs are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

1. ***TFRS 16 Leases***

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is presently considering the potential impact of adopting and initially applying those TFRSs on the financial statements.