

(Translation)

RH 100 / 2015

February 24, 2015

Subject : Audited Financial Statements for the year ended December 31, 2014

To: President
The Stock Exchange of Thailand

Reference : The Stock Exchange of Thailand's regulation in 2001 on preparation and submission of financial statements and transactions relating to financial position and operating results of listed companies

Attachments : A copy of financial statements of Ratchaburi Electricity Generating Holding Public Company Limited and its subsidiaries for the year ended December 31, 2014 and independent Auditor's Report on financial statements

We, Ratchaburi Electricity Generating Holding Public Company Limited ("the Company"), are pleased to submit herewith the financial statements for the year ended December 31, 2014 and independent auditor's report on the financial information. The operating results for the year ended December 31, 2014 compared to those for the year ended December 31, 2013 (restated) are as follows:

The operating result according to the consolidated financial statements of the Company and its subsidiaries for the year 2014 showed the profit of Baht 6,279.03 million or Baht 4.33 per share, decreasing by Baht 235.09 million or 3.6 per cent, compared to the profit of Baht 6,514.12 million or Baht 4.49 per share of the year 2013 (restated). The significant differences were as follows:-

1. Change in Thai Financial Reporting Standard

According to the Federation of Accounting Professions which required listed companies to prepare financial statements in accordance with Thai Financial Reporting Standard, the Company including Ratchaburi Electricity Generating Co., Ltd., a subsidiary, and Ratchaburi Power Co., Ltd., a jointly-controlled entity, have adopted Thai Financial Reporting Interpretation Committee no.4 ("TFRIC 4") "Determining whether an Arrangement Contains a Lease" that requires Thai Accounting Standard no. 17 ("TAS 17") "Leases" to be applied since January 1, 2014 onward. Such subsidiary and jointly-controlled entities have signed Power Purchase Agreements with Electricity Generating Authority of Thailand which determined to be agreements containing finance lease. This resulted in the change in presentation of financial statement, as follow:-

1.1 Statements of Comprehensive Income

The revenue from Availability Payment ("AP") in terms of debt financing charge and equity financing charge would be recorded as revenue from financial leases using the effective interest rate method. In the year 2014, the Company recorded the revenue from financial leases in the amount of Baht 5,567.74 million.

Still, the recognition of the revenue from AP in terms of charging for operation and maintenance, reimbursement, other costs and energy payment would be unchanged.

1.2 Statement of Financial Position

Some spare parts and supplies, property plant and equipment and intangible assets would be recorded as financial lease receivables at outstanding amount, net of unearned interest income less allowance for doubtful accounts. As at December 31, 2014, the Company recorded financial lease receivables in the amount of Baht 31,618.39 million. In addition, deferred tax assets and investments in jointly-controlled and associate entities decreased in the amount of Baht 189.91 million and Baht 217.47 million, respectively. Then, the retained earnings increased in the amount of Baht 2,698.69 million.

Effects to consolidated financial statements

(Million Baht)

Description	TFRIC4	Previous Method	Increase/ (Decrease)
Statements of comprehensive income for the year 2014			
Revenue from sale and rendering of services	49,402.01	58,668.91	(9,266.90) (1)
Revenue from financial leases	5,567.74	-	5,567.74
Cost of sale and rendering of services	47,913.68	50,769.54	(2,855.86) (2)
Other income	856.90	899.75	(42.85)
Administrative expenses	1,697.10	1,720.03	(22.93)
Share of profit of jointly-controlled and associate entities	1,284.82	1,337.07	(52.25)
Income tax expense	1,269.38	1,295.94	(26.56)
Profit for the year attributable to the Company	6,279.03	7,167.94	(888.91)
Statement of financial position as at December 31, 2014			
Financial lease receivables	31,618.39	-	31,618.39
Spare parts and supplies/ Property, plant and equipment/ Intangible assets	21,491.64	50,003.95	(28,512.31)
Investments in jointly-controlled entities	10,535.02	10,752.49	(217.47)
Deferred tax assets	51.62	241.53	(189.91)
Unappropriated retained earnings	44,604.56	41,905.87	2,698.69
Total assets / Total liabilities and equity	96,235.04	93,536.35	2,698.69

(1) The difference would be recognized as revenue from financial leases.

(2) The difference was the depreciation of power plants and equipment, which would be recorded as financial lease receivables in the statement of financial position.

2. Gain on bargain purchase the shares of Tri Energy Co., Ltd.

On January 28, 2014, Ratchaburi Gas Co., Ltd., a subsidiary, acquired an additional 49.99 per cent of the common shares of Tri Energy Co., Ltd. ("TECO"), at USD 21.32 million or equivalent to Baht 703.43 million. As a result, the percentage held of TECO increased from 50 per cent to 99.99 per cent of the issued and paid up capital. The Company recognized gain on bargain purchase from such transaction in the amount of Baht 797.29 million, which derived from gain on bargain purchase in the amount of Baht 2,257.02 million deducted by difference from fair value adjustment of previously held equity interest in TECO in the amount of Baht 1,459.73 million. On August 1, 2014, TECO completed the transfer of its entire business to Ratchaburi Electricity Generating Co., Ltd. ("RG"), a subsidiary. As a result, RG has 2 power plants in its operation which are Ratchaburi Power Plants at installed capacity of 3,645 megawatts and Tri Energy Power Plant at installed capacity of 700 megawatts.

3. Revenue from sale and rendering of services (excluded fuel costs)

Revenue from sale and rendering of services (excluded fuel costs at Baht 42,622.74 million) for the year 2014 was Baht 6,779.27 million, decreasing by Baht 764.64 million or 10.1 per cent from Baht 7,543.91 million in the year 2013. The main reason was the revenue from sale of Ratchaburi Power Plants decreased in the amount of Baht 993.35 million. This resulted from the shutdown for planned maintenance in the year 2014 was less than that of the previous year which decreased Base Availability Credit in 2014 comparing to 2013, as specified in Power Purchase Agreement.

4. Cost of sale and rendering of services (excluded fuel costs)

Cost of sales and rendering of services (excluded fuel costs at Baht 42,622.74 million) for the year 2014 was Baht 5,290.94 million, increasing by Baht 257.95 million or 5.1 per cent from Baht 5,032.99 million in the year 2013. The main reason was, in the year 2014, the cost of sales and rendering of services of Tri Energy Power Plant was consolidated in the amount of Baht 531.35 million. While the shutdowns for planned maintenance in the year 2014 that were less than those of the previous year offset the cost of sales and rendering of services of power plants of a subsidiary in Australia and Ratchaburi Power Plants in the amount of Baht 184.82 million and Baht 111.18 million, respectively.

5. Interest income and gain on sale of other long-term receivable

Interest income for the year 2014 were Baht 267.82 million, decreasing by Baht 143.53 million or 34.9 per cent from Baht 411.35 million in the year 2013. The main reason was, in the year 2013, RATCH-Australia Corporation Co., Ltd. ("RAC"), a subsidiary in Australia, recorded interest income of Scheduled Payment Option Agreement from the sale of an investment in Loy Yang A Power Plant in the amount of Baht 163.36 million. Later on, RAC has already sold such agreement in June 2013 and recorded gain on sale of such agreement in the amount of Baht 645.83 million.

6. Other income

Other income for the year 2014 was Baht 856.90 million, increasing by Baht 449.33 million or 110.3 per cent from Baht 407.57 million in the year 2013. The main reason was the reversal of the deferred consideration payable and reimbursement the project development of RATCH-Australia Corporation Co., Ltd. in the amount of Baht 440.24 million since the counterparty failed to meet investment criteria in the agreement.

7. Administrative expenses

Administrative expenses for the year 2014 was Baht 2,206.64 million, increasing by Baht 467.66 million or 26.9 per cent from Baht 1,738.98 million in the year 2013. The main reasons were as follows;

7.1 In the year 2014, the Company recognized impairment loss on a renewable power plant in Australia in the amount of Baht 509.55 million due to its current trading performance declining.

7.2 In the year 2014, the Company recognized loss on disposal of the investment in Sustainable Energy Corporation Co., Ltd., an indirect subsidiary which develops of a wind farm project in Phetchabun Province, in the amount of Baht 142.11 million.

7.3 In the year 2013, the development cost of Nam Ngum 3 Hydro Power Plant Project was written off in the amount of Baht 315 million due to the cancellation of project development contract by Lao PDR government. In addition, the development cost of Koh Kong Power Plant Project was written off in the total amount of Baht 29.14 million.

8. Gain on exchange rate

In the year 2014, the Company recorded gain on exchange rate in the amount of Baht 347.99 million, decreasing by Baht 356.12 million or 50.6 per cent from Baht 704.11 million in the year 2013. The main reason was the decrease in gain on exchange rate of JPY bond due to the depreciation of Japanese Yen currency compared to the previous year.

9. Finance Costs

Finance costs for the year 2014 were Baht 1,518.45 million, decreasing by Baht 114.94 million or 7.0 per cent from Baht 1,633.39 million in the year 2013. The main reason was interest expenses of Ratchaburi Electricity Generating Co., Ltd. decreased in the amount of Baht 124.40 million due to the principal repayments during the year.

10. Share of profits in jointly-controlled and associated entities

Share of profits in jointly-controlled and associated entities for the year 2014 was Baht 1,284.82 million, increasing by Baht 557.11 million or 76.6 per cent from Baht 727.71 million in the year 2013. The main reasons were as follows;

10.1 In the year 2014, the effect of exchange rate increased the operating results of 3 jointly-controlled entities which are Hongsa Power Co., Ltd., Ratchaburi Power Co., Ltd., and SouthEast Asia Energy Ltd., in proportion, in the amount of Baht 293.33 million, Baht 106.66 million, and Baht 88.05 million, respectively.

10.2 The operating result of Ratchaburi Power Co., Ltd. increased in the amount of Baht 105.03 million. The main reason was the revenue from Availability Payment of its Power Plant, in the portion of 25 per cent, increased in the amount of Baht 109.98 million, as specified in Power Purchase Agreement.

11. Income tax expense

Income tax expense in the year 2014 was Baht 1,269.38 million, decreasing by Baht 163.86 million or 11.4 per cent from Baht 1,433.24 million in the year 2013. The main reason was the decrease in profit before tax of Ratchaburi Electricity Generating Co., Ltd. decreased the income tax expense in the amount of Baht 215.31 million.

The statement of financial position of the Company and its subsidiaries as at December 31, 2014 showed total assets in the amount of Baht 96,235.04 million, increasing by Baht 2,360.54 million or 2.5 per cent from Baht 93,874.50 million as at December 31, 2013.

Please be informed accordingly.

Sincerely yours,

(Mr. Wutthichai Tankuranand)

Chief Finance Officer

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