FINANCIAL REPORT 2018

BANPU
POWER

OUR WAY IN POWERING THE FUTURE

Contents

Report of the Board of Directors' Responsibilities for the Financial Statements

The Board of Directors has placed top priority on supervising the Company's operations to ensure their compliance with good corporate governance policy and overseeing the accuracy, completeness, and adequacy of financial statements and financial information appearing in the annual report. It also has a responsibility to ascertain that the financial statements are carefully prepared in strict compliance with Thai Financial Reporting Standards, which is based on the International Financial Reporting Standards. In addition, the Board of Directors must establish and maintain an effective internal control system to ensure the reliability of its financial statements. The Board has to safeguard the Company's assets with a good protection system to prevent corruption or suspicious operations. Connected transactions which can give rise to possible conflicts of interest are closely monitored to ensure that they are genuine transactions and are reasonably carried out based on the ordinary course of business for the Company's maximum benefits and in compliance with relevant laws and regulations. The Audit Committee has already reported the result of its activities to the Board of Directors and its opinions in the Audit Committee's Report are included in the annual report.

The Board of Directors is of the opinion that the Company's internal control system has been proved to be satisfactory. The Board was able to obtain reasonable assurance on the reliability of the consolidated financial statements as at 31 December 2018, which the auditor conducted an audit in accordance with Thai Standards on Auditing. The auditor is of the opinion that the financial statements present fairly the financial position and the results of its operations and cash flows in conformity with Thai Financial Reporting Standards.

(Assoc. Prof. Dr. Naris Chaiyasoot)
Chairman of the Board of Directors

(Mr. Sutee Sukruan)
Chief Executive Officer

Report of the Audit Committee to Shareholders

Dear Shareholders of Banpu Power Public Company Limited,

The Audit Committee of Banpu Power Public Company Limited consists of 3 independent directors who are competent and have relevant experience in finance and accounting, economics, risk management, engineering and energy as follows:

1) Mr. Yokporn Tantisawetrat	Chairman of the Audit Committee
2) Assoc. Prof. Dr. Naris Chaiyasoot	Member of the Audit Committee
3) Prof. Dr. Bundhit Eua-Aporn	Member of the Audit Committee

Ms. Orawan Phunamsarp is the Head of Internal Audit and the Secretary to the Audit Committee.
The Audit Committee is fully aware of its duties and responsibilities stipulated in the Audit Committee Charter as well as other duties entrusted by the Board of Directors with independence and in compliance with the Best Practice Guidelines for Audit Committee and the regulations of the Stock Exchange of Thailand. The Audit Committee underlines compliance to the principles of good corporate governance, effective and efficient systems of risk management as well as internal control and internal audit to create sustainable value for the organization based on the Three Lines of Defense model.

The Audit Committee has encouraged and supported the Company to formulate Anti-Corruption Practice to create a transparent organization. Banpu Power also declared its intent to participate in Thailand's Private Sector Collection Action Coalition Against Corruption (CAC). Internal Audit Department has reviewed self-evaluation form on anti-corruption measures, and audit results on Banpu Power's monitoring of anti-corruption compliance, which ascertains that the Company has effectively implemented those measures.

In 2018, the Audit Committee convened 8 times at which a quorum was established with the participation of the executives, Internal Audit, and the external auditors in the related agenda. The Audit Committee also held a private meeting with the external auditors without the presence of the management. The results of the Audit Committee meetings were quarterly reported to the Board of Directors. The Audit Committee's main activities can be summarized as follows:

1. **Review of Financial Statements:** The Audit Committee reviewed Banpu Power's quarterly financial statements and the 2018 annual financial statements on major issues, including related party transactions, transactions with a possible conflict of interest, and the appropriateness of accounting policies. The Committee also reviewed key matters, significant changes in accounting, accounting estimates, the disclosure of notes to the financial statements, and the external auditor's observations from the review and audit of the financial statements. The Audit Committee received sufficient explications from auditors, management and related persons and strongly believed that the financial statements were prepared in compliance with laws and financial reporting standards. The disclosure of notes to the financial statements was accurate, sufficient, and timely for the benefit of investors and users of the financial statements.

2. **Review of Internal Control and Internal Audit:** The Audit Committee quarterly reviewed the internal control system based on the report of internal audit results and the follow-up results of Banpu Power Group. The Committee also reviewed self-evaluation based on the Self Evaluation Form formulated by the Office of the Securities and Exchange Commission (SEC). Overall, the Audit Committee concluded that Banpu Power had an adequate, appropriate, and effective internal control system which covered the corporate level as well as activity level.

   The Audit Committee oversaw the Internal Audit Department's operation by approving the annual audit plan and budget. The Committee monitored internal audit results and performance of the department as well as the internal audit service provider (Banpu Public Company Limited, according to the Management Service Agreement). Moreover, the Committee provided advice and monitored audit results against the audit plan by stressing preventive audit measures and monitoring prompt corrective action of significant issues. In 2018, the Internal Audit Department improved the quality of internal audit by hosting a Design Thinking Workshop to foster an understanding of thinking methods and problem-solving.

3. **Review of Regulatory Compliance:** The Audit Committee reviewed the compliance of Banpu Power Group's businesses with applicable laws, rules, and regulations. The Compliance Department is responsible for auditing and monitoring law and regulatory compliance and report compliance issues and monitoring results to the management and the Audit Committee on a regular basis. In addition, the Company reported risk management and internal audit results covering key compliance risks. In 2018, the Compliance Department focused on proactive operation and closely collaborated with other departments to monitor law and regulatory changes in the countries where the Company has invested which may have a significant impact on the Company's business. The overall audit results revealed that there were no significant compliance issues or problems found.

4. **Review of Related Party Transactions:** The Audit Committee reviewed related party transactions or transactions that may have led to conflicts of interests between the Company, its subsidiaries, and other related parties to ensure that the transactions were carried out under fair conditions for the sake of the company's benefits and did not involve the transfer of interest. The transactions must also be fair and reasonable, in compliance with the laws and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

5. **Oversight of Risk Management System:** The Audit Committee reviewed the efficiency and effectiveness of the risk management process and closely monitored key risks that may have posed threats to the Company's business operations. The Audit Committee also quarterly monitored the progress of the management of key risks and changing situations which affected the operation. The Audit Committee has put preventive measures in place, emphasizing systematic and sustainable management which timely responds to rapidly changing business environment and trends. There is a clearly written policy on risk management and the Charter of Risk Management Committee approved by the Board of Directors. The Committee convenes regular meetings to assess risks. The Risk Management Policy was communicated to all units of Banpu Power, its subsidiaries and joint ventures with which they have to comply.

6. **Auditors Nomination and Its Remuneration for 2019:** The Audit Committee considered the selection of auditors based on the evaluation criteria set by the Company, namely independence, quality, professional standard and qualifications in accordance with the Stock Exchange of Thailand's requirements. The Audit Committee proposed the appointment of auditors to the Board of Directors for a further proposal to shareholders for consideration and approval. The following individuals of PricewaterhouseCoopers ABAS Ltd. (PwC) were nominated as the auditors of Banpu Power Public Company Limited for 2019:

1) Ms. Amornrat Pearmpoonvatanasuk,	CPA, License No. 4599; and/or
2) Mr. Pongthawee Ratanakoses,	CPA, License No. 7795; and/or
3) Mr. Vichien Khingmontri,	CPA, License No. 3977

The total audit fee for 2019 was proposed at THB 1,703,363. The Audit Committee also acknowledged the estimated total annual and quarterly audit fees of the Company and its subsidiaries for the amount of THB 14,327,721.

In summary, the Audit Committee independently performed its duties and responsibilities as set forth in the Audit Committee Charter based on their knowledge, capabilities, and prudent consideration for the equitable benefit of the stakeholders. The Audit Committee assured that Banpu Power's financial statements were accurate and complied with financial reporting standards, and there was adequate information disclosure. Banpu Power's business conduct was in line with a sound corporate governance policy, and the Company had an appropriate risk management system as well as effective and adequate internal control and internal audit systems. In addition, Banpu Power properly complied with all laws and regulations relevant to its business operations.

20 February 2019

On behalf of the Audit Committee

(Mr. Yokporn Tantisawetrat)

Chairman of the Audit Committee

Banpu Power Public Company Limited

NO. 2019/006

Bangkok Office
21 February 2019

Re: Management's Discussion and Analysis of the consolidated financial statements for the year ended 31 December 2018

Attention: President
The Stock Exchange of Thailand

Banpu Power Public Company Limited ("the company") hereby submits a consolidated financial statements for the year ended 31 December 2018 which were audited by auditors to the Stock Exchange of Thailand via electronic channel and accordingly to the general public.

The company's management would like to explain its performance for the year ended 31 December 2018 in comparison with the year ended 31 December 2017 and its statement of financial position as of 31 December 2018 compared with the statement of financial position as of 31 December 2017. The analysis topics are as follows;

1. Company performance analysis
2. Consolidated statement of financial position
3. Consolidated statement of cash flows
4. Management discussion & analysis

1. Company Performance Analysis

The analysis and explanation of the Group performance for the year ended 31 December 2018 and 2017 is as follows:

Consolidated statements of Income for year ended 31 December 2018 and 2017

Consolidated financial performance (Unit: Million Baht)	2018	2017
Sales	6,322	6,419
Cost of sales	(5,051)	(4,879)
Gross margin	**1,271**	**1,540**
Administrative expenses	(1,229)	(1,169)
Litigation compensation	(901)	-
Share of profit from joint ventures and an associate	4,767	3,682
Other income	466	657
Financial costs	(229)	(106)
Profit before tax	**4,145**	**4,604**
Income taxes	(293)	(362)
Net profit for the period	**3,852**	**4,242**
Owners of the parent	3,813	4,155
Non-controlling interest	39	87
Basic Earnings per share (Unit: Baht)	**1.250**	**1.364**

1.1 Sales, Costs and Gross Margin

Sales represented electricity, steam and others sales of 3 CHP (Combined Heat and Power) plants and solar power plants in China as below table;

	Power Sold (GWh)		Steam & Others Sold (Million Tons)		Average Coal cost (CNY/Ton)	
100% Basis	2018	2017	2018	2017	2018	2017
Zhending CHP	416.11	419.74	1.64	1.42	522.08	490.95
Luannan CHP	609.10	509.60	1.43	1.23	634.52	595.61
Zouping CHP	465.88	566.99	2.64	3.25	734.66	712.69
Solar Power Plants	185.72	173.73	n/a	n/a	n/a	n/a

	Power tariff (CNY/kWh)		Steam & Others price (CNY/Ton)	
	2018	2017	2018	2017
Zhending CHP	0.34	0.35	117.95	122.43
Luannan CHP	0.37	0.40	87.83	81.36
Zouping CHP	0.41	0.39	99.64	95.16

Sales reported at THB 6,322 million, a net decrease of THB 97 million or 2% compared to last year, was from a decrease of sales from CHP plants of THB 153 million whereas an increase from Solar power plants in China of 56 million.

Combined Heat and Power (CHP) plants in China

A decrease of sales was net result of a decrease of Power sales volume 5.25 GWh, also a decrease of average power tariff by CNY 0.01 per kWh, an average power tariff was CNY 0.37 per kWh (2017: CNY 0.38 per kWh), offset with an increase of steam sales and others as a net result of a decrease of steam sales volume 0.31 million tonnes ,while an increase of average steam price by CNY 2.35 per ton or 3%. An average stream price was CNY 89.97 per ton (2017: CNY 87.62 per ton). An increase of steam price was the effect from an increase in coal price, which coal is the main fuel source of power plants. Furthermore, an increase was from earning subsidy from government according to comply with an ultra-low emission under environmental regulations. Also, there was a foreign exchange rate impact from a depreciation of CNY currency against THB currency compared to prior year, it impacted lessen of revenue in THB currency when converted from revenue in CNY currency. Average exchange rate of CNY/THB in 2018 was 4.8913 (2017: 5.0283).

Solar Power Plants in China

An increase of sales from solar power plants in China was mainly from an increase of sales volume of 11.99 GWh and an increase of average power tariff by 0.09 compared to prior year. Average power tariff per KWh was RMB 0.35 (2017 : CNY 0.29).This year solar power plants in china has operated in full capacity as a whole year, including a new project started during the last quarter. Offset with foreign exchange rate impact as above explanation under topic of CHP plants in China.

Average coal cost

Average coal cost was CNY 639 per ton (2017: CNY 619 per ton), increased by CNY 20 per ton or 3% increase compared to prior year. Coal cost has continuously increased since 4Q16.

Gross margin

Gross margin was 20% (2017: 24%) or 4% decreased from last year, was mainly from an increase of coal price, that coal was a main fuel of CHP plants as above mentioned.

1.2 Administrative expenses reported at THB 1,229 million, an increase of THB 60 million or 5 % compared to 2017 was mainly from the following reasons;

  1.2.1 An increase of consulting fee THB 20 million was mainly from study of feasibility and new investment opportunities in South East Asia (CLMV).

  1.2.2 An increase of cost of management and service of THB 43 million charged from the parent company with new service rate under a master service agreement started since October 2017 of THB 27 million, also from of cost of management and service for CHP plant in China that under construction of THB 16 million.

  1.2.3 An increase of provision for slow moving of inventory of a subsidiary in Thailand of THB 14 million that was nil balance in 2017.

  1.2.4 A net decrease from others of THB 17 million.

1.3 The claims according to the Supreme Court judgement of THB 901 million was litigation compensation that the 3 Defendants has to jointly pay the Plaintiffs the sum of Baht 1,500 million plus interest at the rate of 7.50% per annum, totaling of THB 2,702 million as stated by the Supreme Court judgement on 6 March 2018. The Group has fully paid those claims to the Plaintiffs since 9 March 2018.

1.4 Share of profit from joint ventures and an associate reported at THB 4,767 million consisted of profit sharing from BLCP of THB 1,340 million, Hongsa power plant & PhuFai mining of THB 3,418 million and from Japan Solar Projects THB 36 million, whereas, loss sharing from investment in China power plants that still under construction for some expenses that cannot be capitalized to asset cost according to accounting standards of THB 19 million. And loss sharing from others of THB 8 million.

An increase of profit sharing from joint ventures and an associate by THB 1,085 million or 29% compared to 2017 was from an increase of profit sharing from Hongsa power and PhuFai mining of THB 1,183 million and solar business in Japan and a power plant in China of THB 38 million and THB 18 million. Whereas a decrease of profit sharing from BLCP of THB 147 million due to a decrease of revenue structure according to a power purchase agreement and foreign exchange rate impact from an appreciation of THB currency against USD currency. And a decrease from others of THB 7 million.

1.5 Other income of THB 466 million was comprised of:

1.5.1 Interest income of THB 55 million.

1.5.2 Profit sharing from investment in Solar power plant under form of TK (Tokumei Kumiai) of THB 20 million.

1.5.3 Management fee income of THB 195 million, mainly was fee charged to related companies and joint ventures.

1.5.4 Pipeline connecting fee income charged to new steam customers of CHP plants in China of THB 85 million.

1.5.5 Net gain on exchange rate of THB 19 million was mainly from restructuring of the group's investment and changing of intercompany loan currency according to functional currency of such companies to manage risk of foreign exchange rate fluctuation.

1.5.6 Other income of THB 92 million consisted of government subsidy, ash & slag sales from CHP plants in China of THB 15 million and THB 49 million, respectively and other income of THB 28 million.

1.6 Interest expenses of THB 229 million, an increase of THB 123 million was mainly from an increase of borrowings from financial institutions.

1.7 Corporate income tax of THB 293 million, decreased by THB 69 million compared to 2017 which consists of:

1.7.1 A decrease of THB 96 million from a lower of operating profit from CHP in China.

1.7.2 An increase of THB 27 million from decrease of deferred tax asset of THB 105 million, off-set by decrease of deferred tax liability of THB 78 million. Effect from difference time of profit recognition period between Accounting and Tax principal

1.8 Net profit for the year ended 31 December 2018 reported at THB 3,813 million, decreased from the prior year by THB 342 million.

Basic Earnings per Share reported at THB 1.250 per share, (2017: THB 1.364 per share)

2. Statements of Consolidated Financial Position as of 31 December 2018 in comparison with Statements of Consolidated Financial Position as of 31 December 2017

2.1 Total assets of THB 51,566 million, an increase of THB 3,868 million compared to total assets as of 31 December 2017 with details were mainly described as follows:

- Cash and cash equivalents of THB 1,443 million, an increase of THB 314 million or 28% (See explanation in # 4 Consolidated Statement of Cash Flow).
- Short-term investments represent deposits at financial institutions of subsidiaries in China of THB 104 million, decreased by THB 77 million use for additional investment in expansion of CHP plants in China.

- Current and non-current portions of dividend receivables from related parties totaling of THB 7,133 million were receivables from a domestic power business joint venture, decreased by THB 714 million which was net result of received dividend and additional declared dividend during the period by THB 3,106 million and THB 2,392 million, respectively.
- Short-term loan to other companies of THB 2 million represented loan in JPY currency of JPY 9 million.
- Investment in joint ventures and an associate of THB 21,246 million, increased by THB 2,846 million or 15% from additional investment in power business in China and others of THB 335 million and THB 43 million respectively, including net of profit sharing from joint venture and dividend received by THB 2,544 million and unrealized loss on foreign exchange translation at the end of period of THB 76 million.
- Other investments of THB 4,154 million, increased by THB 1,389 million or 50%, represents investments in solar power plants in Japan in form of TK (TOKUMEI KUMIAI) agreements. An increase of THB 1,060 million was from an additional investment during the year, advance for project development of THB 296 million and unrealized gain on foreign exchange translation at the end of year by THB 33 million.
- Net property plant and equipment of THB 12,232 million, an increase of THB 238 million was from purchase of Solar power business in China of THB 240 million, additions of machinery and equipment of CHP plants and solar power plant in China of THB 1,290 million and THB 58 million respectively; net with disposal and transfer of THB 52 million, depreciation charges for the period of THB 578 million and unrealized loss on foreign exchange translation at the end of the period of THB 720 million.
- Other non-current assets of THB 1,846 million, an increase of THB 3 million was mainly from net result of a decrease of advance payment for solar project development in Japan of THB 296 million that was reclassified to other investment, a decrease of land use right of THB 60 million from amortization based on period of right, a decrease of input VAT of solar power plants in China of THB 120 million from utilization as VAT credit during the period. While there were an increase in accrued subsidy income of solar power plants in China of THB 453 million and Japan office rental deposit of THB 11 million and others of THB 15 million.

2.2 Total liabilities of THB 10,385 million, increased by THB 2,472 million compared to total liabilities as of prior year with details were mainly described as follows:

- Short-term loans from financial institutions of THB 1,185 million, a decrease of THB 1,139 million was from additional loans of THB 3,124 million, repayment of THB 4,221 million and unrealized gain on foreign exchange translation at the end of quarter of THB 42 million. Mainly was from loan in CNY currency as a result of a depreciation of CNY currency against THB currency. Average exchange rate of CNY/THB as of 31 Dec 2018 was THB 4.7237 (31 Dec 2017: THB 5.0145)
- Current portion of long-term loans from financial institutions of THB 1,073 million, an increase of THB 725 million or 209%, was net impact from reclassification from non-current portion of THB 1,145 million (including net front end fee), repayment of THB 398 million and unrealized gain on foreign exchange translation at the end of period of THB 22 million.
- Long-term loans from financial institutions of THB 5,465 million, an increase of THB 2,915 million or 114%, was from additional loan THB 4,110 million (including net front end fee), reclassification to current portion of THB 1,145 million and unrealized gain on foreign exchange translation at the end of period of THB 50 million. Mainly was from loan in CNY currency as a result of a depreciation of CNY currency against THB currency.
- Other current liabilities of THB 1,799 million, a decrease of THB 56 million was from a decrease of advance received from residential steam customers of CHP plants in China by THB 8 million. Residential customers would request and pay money for steam before winter and such balance will be amortized according to steam usage during winter time, a decrease of investment purchase payable of THB 68 million and a decrease of accrued expenses and other payables of THB 30 million, respectively; whereas, an increase of assets purchased payables of solar power plants in China by THB 50 million.

2.3 Shareholders' equity of THB 41,181 million, a net increase of THB 1,396 million compared to shareholders' equity as of 31 December 2017 was due to;

- An increase of THB 3,813 million from 12 months net profit
- An increase of THB 66 million from the exercised rights to purchase ordinary shares under BPP-W and BPP-ESOP during the period
- An increase of THB 15 million from reserve for share based payment
- An increase of THB 159 million from changes in fair value of hedged financial instruments
- A decrease of THB 7 million from non-controlling interests
- A decrease of THB 814 million from loss on foreign exchange translation of subsidiaries' financial statements
- A decrease of THB 1,831 million from dividend payment
- A decrease of THB 5 million from share based payment distribution to parent company

3. Statements of Consolidated Cash Flows for the year ended 31 December 2018

Statement of consolidated cash flow for the year ended 31 December 2018 recorded an increase of net cash flow by THB 314 million (included the effect from exchange rate translation loss of THB 44 million) from 31 December 2017. The consolidated cash flows are divided into:

3.1 Net cash outflow from operation activities of THB 800 million with major operating items as follows;

- Collection from sales of power and steam of THB 6,249 million
- Payment to suppliers and contractors of THB 6,575 million
- Interest payment of THB 202 million
- Payment of corporate income tax of THB 250 million
- Other payment of THB 22 million

3.2 Net cash inflow from investing activities of THB 387 million with major items as follows;

- Payment for machine, equipment and project in progress of THB 1,296 million
- Investment in power business in China and solar power business in Japan of THB 1,500 million
- Payment from restricted account of THB 30 million
- Receipts of dividends from joint venture and others of THB 3,126 million
- Receipts from short-term investment of THB 77 million
- Loan to related parties of THB 3 million
- Receipts from interest income and others of THB 13 million

3.3 Net cash inflow from financing activities of THB 770 million comprised of;

- Receipts from short-term and long- term loans from financial institutions of THB 7,285 million
- Repayment of short-term and long-term loans from financial institutions of THB 4,679 million
- Payment for fee and other finance costs of THB 8 million
- Receipts from the exercise rights to purchase ordinary shares under BPP-W and BPP-ESOP of THB 3 million
- Dividend payment of THB 1,831 million

4. Management Discussion and Analysis

Banpu Power reported full year 2018 with continued solid operational performance. During the year, the company improve reliability and efficiency of 2 major assets through successful implementation of improvement program at Hongsa power plant while BLCP power plant completed extended major overhaul or "EMJ" ahead of schedule. The company has achieved total operating capacity of 2,145 MWe. on equity basis from the Commercial Operation Date (COD) of 3 projects including the expansion of Luannan Power Plant Phase 2 and 2 solar power plants in Japan for total of 76.5 MWe.

In 2018, the company achieved operating profit of THB 4,729 million, increased by 9% compared to the previous year. Major contribution for this improvement come from higher contribution from Hongsa Power Plant. The reported EBITDA was THB 5,913 million, an increase of 9% from THB 5,410 million previous year, this reflects the company's ability to maintain solid operational performance and consistent earnings contribution from our assets across Asia-pacific.

The total revenue was THB 6,322 million including revenue from China CHP plants of THB 5,608 million and 6 solar power plants reported revenue of THB 714 million. CHP performance slightly lower than previous year, because of lower demand from our customers at Zouping plant, while demand from both industrial and residential at Zhengding plant and Luannan plant remain strong. Though, many power plants in China still effected from the high domestic coal price environment that on average remain at above 600 CNY/ton, our CHP plants still maintain gross profit margin at 20% from the continued implementation of plant optimization and effective coal inventory management.

The share of profit from joint ventures was reported at THB 4,767 million compared to THB 3,682 million last year or the increase of 29%. This significant improvement of THB 1,085 million, mainly derived from the result of reliability improvement at Hongsa power plant, with Equivalent Availability Factor or EAF reported at 87%. Hongsa power plant reported share of profit of THB 3,418 million (including the unrealized translation loss of THB 24.5 million) compare to THB 2,235 million last year or an increase of 53%. BLCP reported the share of profit of THB 1,340 million (including the unrealized translation loss of THB 55 million and deferred tax expense of THB 83 million) slightly declined compare to THB 1,487 million last year. BLCP already completed its 2 units EMJ activities ahead of plan and able to maintain its operational efficiency at 89%. Solar business in Japan also reported TK distribution amount THB 20 million.

The company continue seeking investment opportunities both conventional and renewable. In 2018, the company expand its business by acquiring additional 80 MW of wind power project in Vietnam, combine with total of 664-MW capacity from committed projects in pipeline which are now under development and construction will brings up total committed capacity reach 2,869 MWe The company continue its business expansion focusing in strategic countries with strong demand growth and support by government policy. We strongly believe that with solid operational footprint in several countries across Asia-pacific, support by strategic synergy among BANPU group, The company will be able to achieve target of 4,300 MWe with at least 20% as renewable by 2025 as planned.

Please be informed accordingly,

Sincerely yours

Sutee Sukruan
Chief Executive Officer

Mr. Banchob Kitchpanich
Tel. 66(0) 2007 6012

Independent Auditor's Report

To the shareholders of Banpu Power Public Company Limited

My opinion

In my opinion, the consolidated financial statements of Banpu Power Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2018;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determine one key audit matter: Business Combination. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter	How my audit addressed the key audit matter

Business combination

As detailed in Note 27 - Business combination, the Group acquired a 100% shareholding of a company incorporated in the People's Republic of China with a total purchase consideration of THB 14.22 million. Management assessed that the acquisition of those shareholdings qualifies as a business combination according to the definition in TFRS 3 "Business Combination".

Management determined that the fair value of total identifiable assets acquired was THB 292.78 million, mainly comprised property, plant and equipment and intangible assets (right to operate the power plant), totalling amount THB 247.44 million. The fair value of the total assumed liabilities was THB 278.56 million. The valuations of total identifiable assets acquired and the total assumed liabilities were performed as a part of the purchase price allocation.

The valuation of the intangible assets which mainly are the right to operate the power plant is being performed by the management. As of the reporting date, the values of the intangible assets have been provisionally determined in accordance with TFRS 3 and pending the final completion of the valuation exercise by the management.

I focused on the identification of the fair values of property, plant and equipment and the intangible assets arising from the business combination because the valuation methodology and assumptions used in the model involves significant judgment made by the management. Key assumptions used for the valuation includes electricity tariffs, assumed capacity of the power plants, profit growth rates, expected changes to operating expenditures, capital structure and market risk obtained from available public information.

The audit procedures of this matter were performed by the component engagement team in the People's Republic of China. I understood and evaluated the work of the component team to obtain sufficient and appropriate audit evidences.

The component team carried out the following procedures in order to obtain evidence for management's assessment of business combination and determination of fair value of identifiable assets acquired and liabilities assumed:

- Reviewed management's assessment that the acquisition of 100% of shareholding of a company incorporated in China should be accounted for as business combination.
- Assessed the appropriateness of the identifiable assets acquired and the liabilities assumed at the acquisition date and also evaluated management's procedures for determining the fair values of the net identifiable assets acquired.
- Tested the calculation of fair values of property, plant and equipment and intangible assets and also challenged management's judgement in relation to the assumptions used in the cash flow forecasting, for example the electricity tariffs, assumed capacity of the power plants, operating expenditures, capital structure by comparing those assumptions to the underlying agreements and external sources.
- Assessed the discount rate, taking into account independently obtained data from available public information of companies in the industry.

As a result of the procedure performed, I determined that the assessment of the acquisition of the investments as the business combination is appropriately performed in accordance with the definition set out in TFRS 3 and the assumptions used in identifying the fair values of property, plant and equipment and the intangible assets arising from the business combination were reasonable and in line with the accounting for the business combination.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

PricewaterhouseCoopers ABAS Ltd.

Amornrat Pearmpoonvatanasuk
Certified Public Accountant (Thailand) No. 4599
Bangkok
21 February 2019

Statement of Financial Position

Banpu Power Public Company Limited

As at 31 December 2018

(Baht'000)

	Notes	Consolidated financial statements 2018	Consolidated financial statements 2017	Separate financial statements 2018	Separate financial statements 2017
Assets					
Current assets		-	-		
Cash and cash equivalents	7	1,442,979	1,129,197	632,450	208,002
Restricted deposits at financial institutions	8	52,012	22,084	-	-
Short-term investments	9	103,921	180,522	-	-
Trade accounts receivable and note receivables	10	1,365,400	1,210,502	-	-
Amounts due from related parties	26	16,941	13,440	325,044	211,838
Current portion of dividend receivables from related parties	26	330,000	714,382	330,000	714,332
Advances to related parties	26	105	16,154	21,860	5,164
Short-term loans to related parties	26	2,603	-	2,260	262,880
Short-term loans to other company		-	257,745	-	-
Fuel		418,135	421,858	-	-
Spare parts and supplies, net		58,567	67,202	-	-
Other current assets	11	437,958	312,362	4,890	4,801
Total current assets		4,228,621	4,345,448	1,316,504	1,407,017
Non-current assets					
Dividend receivables from related parties	26	6,802,860	7,132,811	7,020,329	6,226,326
Advances to related parties	26	181,736	179,705	-	-
Long-term loans to related parties	26	-	-	8,172,724	6,842,494
Investments in subsidiaries	12	-	-	17,409,722	17,409,722
Investments in an associate and joint ventures	12	21,246,355	18,399,943	13,103,254	13,094,363
Other investments	13	4,153,980	2,765,147	-	-
Property, plant and equipment, net	14	12,231,547	11,993,462	2,262	1,151
Deferred income tax assets, net	15	621,180	769,223	6,264	115,830
Goodwill		41,154	41,447	-	-
Rights to operate the power plants, net		212,815	227,479	-	-
Other non-current assets	16	1,845,882	1,842,981	122,667	99,827
Total non-current assets		47,337,509	43,352,198	45,837,222	43,789,713
Total assets		51,566,130	47,697,646	47,153,726	45,196,730

The notes to the consolidated and separate financial statements on pages 27 to 79 are an integral part of these financial statements.

Statement of Financial Position

Banpu Power Public Company Limited

As at 31 December 2018

(Baht'000)

	Notes	Consolidated financial statements 2018	Consolidated financial statements 2017	Separate financial statements 2018	Separate financial statements 2017
Liabilities and equity					
Current liabilities					
Short-term loans from financial institutions	17	1,184,877	2,323,600	320,000	1,750,000
Trade accounts payable		690,923	589,195	-	-
Advances from related parties	26	7,530	3,662	4	-
Current portion of long-term loans from financial institutions, net	19	1,072,958	347,607	694,072	
Income tax payable		35,923	73,488	-	-
Other current liabilities	18	1,798,849	1,854,853	41,223	91,439
Total current liabilities		4,791,060	5,192,405	1,055,299	1,841,439
Non-current liabilities					
Long-term loans from financial institutions, net	19	5,465,056	2,550,111	4,387,489	2,082,231
Deferred income tax liabilities, net	15	94,347	142,021	-	-
Employee benefit obligations		34,525	28,294	30,819	28,294
Total non-current liabilities		5,593,928	2,720,426	4,418,308	2,110,525
Total liabilities		10,384,988	7,912,831	5,473,607	3,951,964

The notes to the consolidated and separate financial statements on pages 27 to 79 are an integral part of these financial statements.

Statement of Financial Position

Banpu Power Public Company Limited

As at 31 December 2018

(Baht'000)

		Consolidated financial statements		Separate financial statements	
	Notes	2018	2017	2018	2017
Liabilities and equity					
Equity					
Share capital	20				
Registered share capital					
3,104,492,000 ordinary shares of Baht 10 each		31,044,920	31,044,920	31,044,920	31,044,920
Issued and paid-up share capital 3,051,021,700 ordinary shares of Baht 10 each (2017: 3,048,355,000 ordinary shares of Baht 10 each)		30,510,217	30,483,550	30,510,217	30,483,550
Premium on share capital	20	7,231,386	7,192,115	7,231,386	7,192,115
Surplus from business combination under common control		(1,970,423)	(1,978,582)	-	-
Reserve for share-based payment	22	32,620	22,932	32,620	22,932
Retained earnings					
Appropriated					
- Legal reserve	21	1,363,200	1,146,200	1,363,200	1,146,200
Unappropriated		6,144,336	4,396,833	2,542,696	2,399,969
Other components of equity		(2,901,686)	(2,256,770)	-	-
Owners of the Company		40,409,650	39,006,278	41,680,119	41,244,766
Non-controlling interests		771,492	778,537	-	-
Total equity		41,181,142	39,784,815	41,680,119	41,244,766
Total liabilities and equity		51,566,130	47,697,646	47,153,726	45,196,730

The notes to the consolidated and separate financial statements on pages 27 to 79 are an integral part of these financial statements.

Statement of Comprehensive Income

Banpu Power Public Company Limited

For the year ended at 31 December 2018

(Baht'000)

		Consolidated financial statements		Separate financial statements	
	Notes	2018	2017	2018	2017
Sales		6,322,203	6,419,277	-	-
Cost of sales		(5,051,162)	(4,879,362)	-	-
Gross profit		1,271,041	1,539,915	-	-
Dividend income from a subsidiary and joint ventures	26	-	-	3,526,435	2,433,060
Dividend income from other investments	13	19,496	20,650	-	-
Management fee and others		371,528	672,150	34,941	37,081
Interest income		55,276	48,557	205,409	190,627
Administrative expenses		(1,229,350)	(1,169,042)	(488,772)	(397,747)
Indemnity payment	28.5	(900,685)	-	(900,685)	-
Net gains (losses) on exchange rate		19,247	(84,844)	41,867	(148,296)
Interest expenses		(220,955)	(101,702)	(99,352)	(62,245)
Other financial costs		(7,779)	(3,904)	(7,779)	(3,904)
Share of profit from an associate and joint ventures	12	4,766,978	3,682,246	-	-
Profit before income taxes		4,144,797	4,604,026	2,312,064	2,048,576
Income taxes	15	(292,729)	(361,815)	(112,967)	(11,906)
Profit for the year		3,852,068	4,242,211	2,199,097	2,036,670
Other comprehensive income (expense), net of taxes:					
Items that will not be reclassified to profit or loss					
- Remeasurements of post-employment benefit		(11,779)	-	(10,983)	-
Less Income tax relating to other comprehensive income (expense)		2,356	-	2,196	-
Total items that will not be reclassified to profit or loss, net of taxes		(9,423)	-	(8,787)	-
Items that will be reclassified to profit or loss					
- Share of other comprehensive income (expense) of an associate and joint ventures accounted for using the equity method	12	93,730	(381,007)	-	-
- Translation differences		(785,091)	(366,126)	-	-
Total items that will be reclassified to profit or loss, net of taxes		(691,361)	(747,133)	-	-
Other comprehensive income (expense) for the year, net of taxes		(700,784)	(747,133)	(8,787)	-
Total comprehensive income for the year		3,151,284	3,495,078	2,190,310	2,036,670

The notes to the consolidated and separate financial statements on pages 27 to 79 are an integral part of these financial statements.

Statement of Comprehensive Income

Banpu Power Public Company Limited

For the year ended at 31 December 2018

(Baht'000)

		Consolidated financial statements		Separate financial statements	
	Notes	2018	2017	2018	2017
Profit attributable to:					
Owners of the Company		3,812,668	4,154,634	2,199,097	2,036,670
Non-controlling interests		39,400	87,577	-	-
		3,852,068	4,242,211	2,199,097	2,036,670
Total comprehensive income attributable to:					
Owners of the Company		3,158,329	3,426,383	2,190,310	2,036,670
Non-controlling interests		(7,045)	68,695	-	-
		3,151,284	3,495,078	2,190,310	2,036,670
Earnings per share (Baht)					
Basic earnings per share	24	1.250	1.364	0.721	0.668
Diluted earnings per share	24	1.250	1.363	0.721	0.668

Statement of Changes in Equity

Banpu Power Public Company Limited

For the year ended at 31 December 2018

(Baht'000)

Consolidated financial statements													
		Attributable to owners of the Company											
								Other components of equity					
								Other comprehensive income (expense)					
						Retained earnings							
	Notes	Issued and paid-up share capital	Premium on share capital	Surplus from business combination under common control	Reserve for Share-based payment	Legal reserve	Unappropriated	Cash flow hedge reserve	Translation differences	Total other components of equity	Non-controlling interests	Total equity
Opening balance as at 1 January 2018		30,483,550	7,192,115	(1,978,582)	22,932	1,146,200	4,396,833	(359,491)	(1,897,279)	(2,256,770)	778,537	39,784,815
Proceeds from shares issued	20	26,667	39,271	-	-	-	-	-	-	-	-	65,938
Legal reserve	21	-	-	-	-	217,000	(217,000)	-	-	-	-	-
Disposal of a subsidiary		-	-	8,159	-	-	(8,159)	-	-	-	-	-
Reserve for share-based payment	22	-	-	-	9,688	-	-	-	-	-	-	9,688
Dividend paid	25	-	-	-	-	-	(1,830,583)	-	-	-	-	(1,830,583)
Total comprehensive income (expense) for the period		-	-	-	-	-	3,803,245	169,311	(814,227)	(644,916)	(7,045)	3,151,284
Closing balance as at 31 December 2018		30,510,217	7,231,386	(1,970,423)	32,620	1,363,200	6,144,336	(190,180)	(2,711,506)	(2,901,686)	771,492	41,181,142
Opening balance as at 1 January 2017		30,456,920	7,157,230	(1,978,582)	-	905,200	2,158,914	(546,545)	(981,974)	(1,528,519)	709,842	37,881,005
Proceeds from shares issued	20	26,630	34,885	-	-	-	-	-	-	-	-	61,515
Legal reserve	21	-	-	-	-	241,000	(241,000)	-	-	-	-	-
Reserve for share-based payment	22	-	-	-	22,932	-	-	-	-	-	-	22,932
Dividend paid	25	-	-	-	-	-	(1,675,715)	-	-	-	-	(1,675,715)
Total comprehensive income (expense) for the period		-	-	-	-	-	4,154,634	187,054	(915,305)	(728,251)	68,695	3,495,078
Closing balance as at 31 December 2017		30,483,550	7,192,115	(1,978,582)	22,932	1,146,200	4,396,833	(359,491)	(1,897,279)	(2,256,770)	778,537	39,784,815

The notes to the consolidated and separate financial statements on pages 27 to 79 are an integral part of these financial statements.

Statement of Changes in Equity

Banpu Power Public Company Limited

For the year ended at 31 December 2018

(Baht'000)

		Separate financial statements					
					Retained earnings		
	Notes	Issued and paid-up share capital	Premium on share capital	Reserve for Share-based payment	Legal reserve	Unappropriated	Total equity
Opening balance as at 1 January 2018		30,483,550	7,192,115	22,932	1,146,200	2,399,969	41,244,766
Proceeds from shares issued	20	26,667	39,271	-	-	-	65,938
Legal reserve	21	-	-	-	217,000	(217,000)	-
Reserve for share-based payment	22	-	-	9,688	-	-	9,688
Dividend paid	25	-	-	-	-	(1,830,583)	(1,830,583)
Total comprehensive income for the period		-	-	-	-	2,190,310	2,190,310
Closing balance as at 31 December 2018		30,510,217	7,231,386	32,620	1,363,200	2,542,696	41,680,119
Opening balance as at 1 January 2017		30,456,920	7,157,230	-	905,200	2,280,014	40,799,364
Proceeds from shares issued	20	26,630	34,885	-	-	-	61,515
Legal reserve	21	-	-	-	241,000	(241,000)	-
Reserve for share-based payment	22	-	-	22,932	-	-	22,932
Dividend paid	25	-	-	-	-	(1,675,715)	(1,675,715)
Total comprehensive income for the period		-	-	-	-	2,036,670	2,036,670
Closing balance as at 31 December 2017		30,483,550	7,192,115	22,932	1,146,200	2,399,969	41,244,766

The notes to the consolidated and separate financial statements on pages 27 to 79 are an integral part of these financial statements.

Statement of Cash Flows

Banpu Power Public Company Limited

For the year ended at 31 December 2018

(Baht'000)

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Cash flows from operating activities					
Profit for the year before income taxes		4,144,797	4,604,026	2,312,064	2,048,576
Adjustment to reconcile profit for cash receipts (payments) from operations					
- Depreciation and amortisation		625,202	509,933	714	565
- Provision for slow-moving of spare parts and supplies		15,106	1,469	-	-
- Allowance for doubtful debt		-	81,877	-	-
- Interest income		(55,276)	(48,557)	(205,409)	(190,627)
- Interest expenses		220,955	101,702	99,352	62,245
- Other financial costs		7,779	3,904	7,779	3,904
- Share of profit from an associate and joint ventures	12	(4,766,978)	(3,682,246)	-	-
- Dividend income from a subsidiary and joint ventures	26	-	-	(3,526,435)	(2,433,060)
- Dividend income from other investments	13	(19,496)	(20,650)	-	-
- Loss on disposal investment in an indirect subsidiary		-	301	-	-
- Net losses (gains) on disposal of property, plant and equipment		(1,302)	(795)	(3)	5
- Write-off property, plant and equipment	14	50,678	17,862	-	-
- Share-based payment	22	9,688	22,932	9,688	22,932
- Net unrealised (gains) losses on exchange rate		(89,425)	85,294	(44,487)	148,728
Cash flow before changes in working capital		141,728	1,677,052	(1,346,737)	(336,732)
Changes in working capital (net of effects from acquisition and disposal of subsidiaries)					
- Trade accounts receivable and note receivables		(115,474)	(147,580)	-	-
- Amounts due from related parties		(3,501)	(366)	5,614	(5,097)
- Advances to related parties		14,018	123,385	(16,697)	(5,129)
- Fuel and spare parts		(2,748)	18,781	-	-
- Other current assets		(109,241)	231,834	(89)	(88)
- Other non-current assets		(324,103)	(859,214)	(22,840)	(16,103)
- Trade accounts payable		72,694	195,438	-	-
- Advances from related parties		3,868	1,904	4	-
- Employee benefit obligations		(5,548)	(4,189)	(8,458)	(4,189)
- Other current liabilities		(19,750)	(213,971)	(4,653)	(20,515)
Cash receipts from (used in) operations		(348,057)	1,023,074	(1,393,856)	(387,853)
- Interest paid		(201,573)	(98,468)	(82,124)	(61,924)
- Income tax paid		(249,920)	(288,596)	(1,205)	-
Net cash receipts from (used in) operating activities		(799,550)	636,010	(1,477,185)	(449,777)

The notes to the consolidated and separate financial statements on pages 27 to 79 are an integral part of these financial statements.

Statement of Cash Flows

Banpu Power Public Company Limited

For the year ended at 31 December 2018

(Baht'000)

	Notes	Consolidated financial statements 2018	Consolidated financial statements 2017	Separate financial statements 2018	Separate financial statements 2017
Cash flows from investing activities					
Cash payments for restricted deposits at financial institutions		(29,928)	(12,583)	-	-
Cash receipts from short-term investments		76,601	149,065	-	-
Cash receipts from short-term loans to related parties		-	28,533	265,329	837,390
Cash payments for short-term loans to related parties		(2,710)	-	(2,295)	(2,606,347)
Cash receipts from long-term loans to related parties		-	-	716,539	-
Cash payments for long-term loans to related parties		-	-	(1,982,408)	(544,505)
Cash payments for short-term loans to other company		-	(273,540)	-	-
Cash payments for long-term loans to other company		-	(493,936)	-	-
Cash payments for addition of investments in joint ventures and an associate	12	(377,773)	(993)	(8,891)	(993)
Net cash payments for business combination		(63,309)	(52,126)	-	-
Cash payments for purchase of other investments		(1,059,857)	(326,511)	-	-
Cash payments for purchase of property, plant and equipment	14	(1,298,227)	(2,547,736)	(1,910)	(891)
Cash receipts from disposal of property, plant and equipment	14	2,228	941	37	141
Cash advances for development project		-	(907,858)	-	-
Cash receipts from dividends from a subsidiary and joint ventures		3,106,402	2,660,000	3,111,218	2,660,499
Cash receipts from dividends from other investments	13	19,496	20,650	-	-
Interest received		14,219	58,909	84,969	15,065
Net cash receipts from (used in) investing activities		387,142	(1,697,185)	2,182,588	360,359

The notes to the consolidated and separate financial statements on pages 27 to 79 are an integral part of these financial statements.

Statement of Cash Flows

Banpu Power Public Company Limited

For the year ended at 31 December 2018

(Baht'000)

		Consolidated financial statements		Separate financial statements	
	Notes	2018	2017	2018	2017
Cash flows from financing activities					
Cash receipts from short-term loans from financial institutions		3,174,499	5,732,678	1,665,314	4,970,000
Cash payments for short-term loans from financial institutions		(4,283,601)	(5,868,141)	(3,110,472)	(5,260,000)
Cash receipts from long-term loans from financial institutions	19	4,110,259	2,850,155	3,000,000	2,100,000
Cash payments for long-term loans from financial institutions	19	(394,928)	(80,893)	-	-
Cash payments for other finance costs		(8,448)	(21,673)	(8,448)	(21,673)
Cash receipts from the exercise rights to purchase the Company's ordinary shares under BPP-W and BPP-ESOP		3,234	124,219	3,234	124,219
Dividend paid to shareholders	25	(1,830,583)	(1,675,715)	(1,830,583)	(1,675,715)
Net cash receipts from (used in) financing activities		770,432	1,060,630	(280,955)	(236,831)
Net increase (decrease) in cash and cash equivalents		358,024	(545)	424,448	147,413
Exchange differences on cash and cash equivalents		(44,242)	(23,042)	-	-
Cash and cash equivalents at beginning of the year		1,129,197	1,152,784	208,002	60,589
Cash and cash equivalents at end of the year		1,442,979	1,129,197	632,450	208,002
Non-cash transactions					
Significant non-cash transactions					
Other payables for purchase of property, plant and equipment		718,463	668,303	-	51
Transfer advances for project development of power plants to other investments		295,601	900,000	-	-

The notes to the consolidated and separate financial statements on pages 27 to 79 are an integral part of these financial statements.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

1. General information

Banpu Power Public Company Limited (the Company) is a public company which incorporated and resident in Thailand. The address of the Company's registered office is 1550, Thanapoom Tower 26th Floor, New Petchburi Road, Makkasan, Ratchathewi, Bangkok.

The Company is listed on the Stock Exchange of Thailand. For reporting purpose, the Company and its subsidiaries are referred to as the Group.

The Company is a subsidiary of Banpu Public Company Limited (the Parent) who holds 78.57% of the Company's shares.

The Group is engaged in investments in power businesses in Thailand and overseas.

These consolidated and company financial statements were authorised by Board of Directors on 21 February 2019.

2. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below.

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Account Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except for certain accounts as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 4.

An English version of the consolidated and separate financial statements has been prepared from the consolidated and separate financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language consolidated and separate financial statements shall prevail.

2.2 New financial reporting standards, revised financial reporting standards and related interpretations

2.2.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018

Commencing from 1 January 2018, the Group adopted the revised financial reporting standards effective for annual periods beginning on or after 1 January 2018 and relevant to the Group. The adoption of these standards do not have significant impact on the Group.

2.2.2 New financial reporting standard will become effect for annual periods beginning on or after 1 January 2019. The Group has not yet adopted this standard.

Thai Financial Reporting Standard (TFRS) 15 “Revenue from contracts with customers” provides the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards.

An entity recognises revenue in accordance with that core principle by applying the following steps:
1) Identify the contract(s) with a customer
2) Identify the performance obligations in the contract
3) Determine the transaction price
4) Allocate the transaction price to the performance obligations in the contract
5) Recognise revenue when (or as) the entity satisfies a performance obligation

Key changes to current practice are:
- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) - minimum amounts must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements.
- As with any new standard, there are also increased disclosures.

The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2019 and that comparatives will not be restated. The Group's management is currently assessing the final impact of adoption of this standard.

2.2.3 Revised financial reporting standards are effect for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopted these standards.

TFRS 2 (revised 2018)	Share-based Payment
TFRS 4 (revised 2018)	Insurance Contracts
TAS 28 (revised 2018)	Investments in associates and joint ventures
TAS 40 (revised 2018)	Investment Property
TFRIC 22	Foreign Currency Transactions and Advance Consideration

TFRS 2 (revised 2018) "Share-based Payment", the amendments clarify;

- The measurement basis for cash-settled share-based payments, vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, vesting conditions, other than market conditions, shall be taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction.
- Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature, and
- The accounting for modifications that change an award from cash-settled to equity-settled.

TFRS 4 (revised 2018) has been amended to provide insurance companies an optional exemption from compliance with TFRS 9 and TFRS 7. The exemption is temporarily effective and not mandatory. Entities who choose to use the exemption must follow the 'financial instruments and disclosure for insurance companies' accounting guidelines to be issued by the Federation of Accounting Professions (upon announcement) until TFRS 17 "Insurance Contracts" becomes effective.

TAS 28 (revised 2018) "Investments in Associates and Joint Ventures" the amendment clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

TAS 40 (revised 2018) "Investment Property", the amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

The TFRIC 22 "Foreign Currency Transactions and Advance Consideration" interpretation provides guidance for determining the exchange rate to be used on the initial recognition of a related asset, expense or income where an entity pays or receives an advance consideration in a foreign currency. The interpretation requires an entity to use the exchange rate at the date on which an entity recognises the non-monetary assets, such as prepayments and advances, or non-monetary liability, such as deferred income arising from the advance consideration. If there are multiple advance payments or receipts of payments, the exchange rate is to be used on the date when each non-monetary asset or liability is recognised.

The Group's management has assessed and considered that the above revised standards will not have a material impact on the Group.

2.2.4 The Group of financial instruments reporting standards will become effect for annual periods beginning on or after 1 January 2020. The Group has not yet adopted these standards.

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

The above new standards and interpretations will supersede the following standards:

TAS 101	Bad and Doubtful Debts
TAS 103	Disclosures in the Financial Statements of Bank and Similar Financial Institutions
TAS 104	Accounting for Troubled Debt Restructuring
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 106	Accounting for Investment Companies
TAS 107	Financial Instruments: Disclosure and Presentation

TAS 32 "Financial Instruments: Presentation", provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 "Financial Instruments: Disclosures", provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

TFRS 9 "Financial Instruments", establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow:

- Classification and measurement:
    - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
    - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
    - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
    - Derivatives are classified and measured at fair value through profit or loss.
- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.
- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

TFRIC 16 "Hedges of a Net Investment in a Foreign Operation", clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

TFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with TFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.

The Group's management is currently assessing the impact of initial adoption of these standards.

2.3 Group accounting - Investments in subsidiaries, associates and joint arrangements

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns though its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations except business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measured are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's subsidiaries is shown in Note 12.

2.3.2 Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3.3 Disposal of subsidiaries

When the Group ceases to have control it shall cease to consolidate its subsidiaries. Any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

2.3.4 Business combination under common control

The Group accounts for business combination under common control by measuring acquired assets and liabilities of the acquiree in the proportion of interests under common control at the carrying values of the acquiree presented in the highest level of the consolidation prior to the business combination under common control at the acquisition date. The Group retrospectively adjusted the business combination under common control transactions as if the combination occurred from the beginning of the period for which the financial statements in the previous period are comparatively presented in accordance with the guidance of business combination under common control as issued by the Federation of Accounting Professions.

Costs of business combination under common control are the aggregated amount of fair value of assets transferred, liabilities incurred and equity instruments issued by the acquirer at the date of which the exchange in control occurs. Other costs directly attribute to business combination under common control, such as professional fees of legal advisors and other advisors, registration fees, and costs relating to preparation of information for shareholders, are capitalised as an investment in the separate financial statements while immediately recognised as expenses in the consolidated financial statements in the period of which the business combination occurs.

The difference between costs of business combination under common control and the acquirer's interests in the carrying value of the acquiree is presented as "Surplus arising from business combination under common control" in equity and is derecognised when the investment is disposed and transferred to retained earnings.

2.3.5 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

A list of the Group's associates is shown in Note 12.

2.3.6 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangements.

Joint ventures

A joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement. Interests in joint ventures are accounted for using the equity method in the consolidated financial statements.

A list of the Group's principal joint arrangements is shown in Note 12.

2.3.7 Accounting under the equity method

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates and joint ventures includes goodwill identifies on acquisition.

If the ownership interest in associates and joint ventures is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Profit or loss from a reduced ownership interest in associates and joint ventures is recognised in profit or loss.

The Group's share of its associates and joint ventures' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in associates and joint ventures equals or exceeds its interest in the associates and joint ventures, together with any long-term interests that, in substance, form part of the entity's net investment in the associates or joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates and joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investments in the associates and joint ventures are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investments and its carrying value and recognises the amount adjacent to share of profit (loss) of associates and joint ventures in profit or loss.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3.8 Separate financial statements

In the separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

A test for impairment of investments in subsidiaries, associates and joint ventures are carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to profit or loss.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the Functional Currency). The financial statements are presented in Baht, which is the Company's functional currency and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

(c) Group companies

The results and financial position of all of the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Cash and cash equivalents

In the consolidated and separate statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated and separate statements of financial position.

2.6 Trade accounts receivable and notes receivable

Trade accounts receivable are carried at original invoice amount and subsequently measured at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are recognised in the profit or loss within administrative expenses.

Notes receivable are notes received from customers that are issued by financial institutions from sales of electricity and steam from subsidiaries in the People's Republic of China in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.7 Fuel and spare parts

Fuel and spare parts which are not met conditions of property, plant and equipment are stated at cost less allowance for obsolescence and defective.

Cost of fuel and spare parts are determined by the weighted average method. Fuel comprises coal and diesel.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of fuel and spare parts, such as import duties and transportation charges, less all attributable discounts and allowances. Allowance for obsolete, slow-moving and defective spare parts are reviewed on a specific case.

2.8 Accounting for derivative financial instruments and hedging activities

The Group recognises derivative financial instruments at fair value on the date a derivative financial instrument contract is entered into and subsequently remeasured to their fair value. Changes in fair value of any derivative financial instrument that does not qualify for hedge accounting are recognised in profit and loss within "net gains (losses) from financial derivatives".

When the Group applies hedge accounting, which is appropriate based upon the specific criteria in accordance to hedging, the impact of recording the derivatives is offset to the extent that the hedging relationship is effective. If a hedge is designated and qualified as a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised in other comprehensive income and amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged items affects profit or loss. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. If a hedge is designated and qualified as a fair value hedge, changes in the fair value of derivative financial instruments are recorded in profit or loss, together with any changes in fair value of the hedged items that are attributable to the hedged risk.

2.9 Other investments

Investments other than investments in subsidiaries, associates and joint ventures are classified into three categories: 1) held-to-maturity, 2) available-for-sale and 3) general investments. The classification depends on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- Investments with a fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity.
- Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale.
- Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Available-for-sale investments are subsequently measured at fair value. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised to the profit or loss. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.10 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequently, all plant and equipment are stated at historical cost less accumulated depreciation and allowance for impairment (if any).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful life as follows:

<u>Assets of the Company and subsidiaries</u>	
Power plants and components of power plants	30 years
Building and building improvements	5 to 30 years
Machinery and equipment	30 years
Furniture	3 to 5 years
Office equipment and tools	3 and 5 years
Motor vehicles	5 years
<u>Assets of joint ventures</u>	
Land improvement	10 years or according to lease agreement period
Components of power plants	The shorter of power purchase agreement period or estimated useful lives
Building and building improvements	10 to 25 years
Machinery and equipment	5 to 25 years
Furniture	5 years
Office equipment and tools	3 to 5 years
Motor vehicles	3 and 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the profit or loss.

2.11 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary, joint venture or associated undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position. Goodwill on acquisitions of interests in joint ventures or associates is included in interests in joint ventures and investments in associates and is tested for impairment as part of the overall balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose if impairment testing. The allocation is made to those cash-generating units or group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

2.12 Other non-current assets

2.12.1 Computer software

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 5 years.

2.12.2 Rights to operate the power plants

The rights to operate the power plants arising on acquisition of subsidiaries are amortised over the periods of estimated useful life of the power plants.

2.13 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.14 Long-term leases

The determination of whether an arrangement is or contains a lease shall be based on the substance of the arrangement, and not merely the legal form. It requires an assessment of whether (a) the fulfilment of the arrangement is dependent on the use of specific assets and (b) the arrangement conveys a right to use such assets.

If the arrangement is a lease or contains a lease, payments and other consideration required by the arrangement shall be separated into those for the lease and those for other elements (e.g. for services and the cost of inputs) on the basis of their relative fair values. The lease element of the arrangement shall be classified as a finance lease or an operating lease.

Leases - where the Group is the lessee

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

Long-term leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.15 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be draw down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.16 Employee benefits

The Group operates various post-employment benefits schemes. The Group has both defined benefit and defined contribution plans.

Defined contribution

The Group operates a provident fund that is funded by payments from employees and by the relevant Group companies which are managed by trustee. The Group has no legal or constructive obligations to pay further contributions once the contributions have been paid even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to the provident fund are charged to the profit or loss in the year in which they are due.

Furthermore, the Group contributes to a monthly defined contribution retirement benefit plan administered by the government of the People's Republic of China. The relevant government agencies undertake to assume the retirement benefit obligation payable to all existing and future retired employees under this plan and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to this plan are recognised as an expense in profit or loss when incurred.

Retirement benefits

Employees are entitled to receive benefits reaching normal retirement age under the labour law applicable in Thailand and those countries in which the Group operates, or such other dates of entitlement as may be agreed between the Group and employees. Retirement benefits depend on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of government securities that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement of gains and losses arising from experienced adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

2.17 Share-based payment

The Company operates a number of equity-settled, its share-based compensation plans, under which the Company receives services from employees as consideration for its equity instruments (warrants). The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the warrants granted:

- Including any market performance conditions;
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- Excluding the impact of any non-vesting conditions (for example, the requirement for employees to save or holdings shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of warrants that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Company revises its estimates of the number of warrants that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the warrants are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The grant by the Company of warrants over its equity instruments to the employees of the Parent is treated as a distribution to owner both in the consolidated and separate financial statements and recognised directly to equity at fair value of the warrants as of the grant date.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.19 Current and deferred income taxes

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 Share capital

Ordinary shares with discretionary dividends are classified as equity.

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.21 Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, rebates, discounts and transportation. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Sales of electricity and steam are shown net of output tax and discount. Sales will be recognised upon transmission of electricity and steam at delivery points stipulated in Power Purchase Agreement and Steam Purchase Agreement.

Service income is recognised when services are rendered.

Other revenues are recognised on the following basis:

- Interest income is recognised using the effective interest method.
- Dividend income is recognised when the Group's right to receive payment is established.

2.22 Dividends

Dividends distribution to the Group's shareholder is recognised as a liability in the consolidated and separate financial statements in the period in which the dividends are approved by the Shareholders. Interim dividends are approved by the Board of Directors.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer is the chief operating decision-maker, responsible for allocating resources, assessing performance of the operating segments, and making strategic decisions.

2.24 Group accounting policies for joint ventures' business operations other than above accounting policies

2.24.1 Long-term leases

Leases - where a Group company is the lessor

Leases in which a significant portion of risks and rewards of ownership are retained by the lessee are classified as finance lease. When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Finance lease income (interest income from finance leases) is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Leases in which a significant portion of risks and rewards of ownership are retained by lessor are classified as operating leases. Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income is recognised on a straight-line basis over the lease term.

2.24.2 Revenue recognition

Finance lease income under power purchase agreements is recognised on an effective interest method over the period of the agreements. Rental income from operating lease under power purchase agreements is recognised on a straight-line basis over the period of the agreements.

Service income under finance and operating lease agreements related to power purchase agreements, which comprises servicing income and fuel cost received from leases with respect to the leased assets, is recognised when the services have been rendered.

Contingent rents are recognised in the income statement in the period in which they are incurred. Contingent rent is that portion of lease payments that is not fixed in amount but varies based on a future factor, such as the amount of use or production.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates, the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

3.2 Foreign exchange rate risk

The Group operates internationally and is exposed to foreign exchange rate risk arising from various currency exposures, primarily with respect to US Dollar, Japanese Yen and Chinese Yuan. The Group does not use forward foreign exchange contracts and currency swaps contracts to hedge their exposure to foreign exchange rate risk in connection with their measurement currency.

3.3 Interest rate risk

The Group manages interest rate risk by closely monitoring the trend of interest rates in the world's markets as well as in Thailand. The Group allocates its debt portfolio in either short and long term contracts or loans with fixed and floating interest rates corresponding to their types of investments. The Group does not enter into interest rate swap contract.

3.4 Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit history. Derivative counter parties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

3.5 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping credit lines available.

4. Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During 2018, the Group makes estimates and assumptions concerning the future. The results of accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are fair value estimates and useful lives of intangible assets acquired from business combination.

Fair value and useful lives of intangible assets acquired from business combination

The fair value estimates of these intangible assets acquired from business combination, which is the right to operate the power plant, is based on valuation techniques. The valuation models require significant judgments and assumptions made by the management. Key assumptions used for the valuation includes electricity tariffs, assumed capacity of the power plants, profit growth rates, expected changes to operating expenditures, capital structure and discounted rate. The management must also make assumptions about the useful life of the acquired intangible assets.

5. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

6. Segment information

The Group has one operating segment which is power business. Therefore, the Group presents the segment information based on geographical segment and considers the net profit (loss) from operating before interest expense and income taxes for each segment.

The segment information are as follow:

Baht'000

Consolidated financial statements								
	Power business							
	People's Republic of China	Thailand	Lao People's Democratic Republic	Japan	Head office	Total	Eliminated entries	Total
For the year ended								
31 December 2018								
Sales	6,322,203	-	-	-	-	6,322,203	-	6,322,203
Cost of sales	(5,051,162)	-	-	-	-	(5,051,162)	-	(5,051,162)
Gross profit	1,271,041	-	-	-	-	1,271,041	-	1,271,041
Gross profit margin (%)	20%					20%		20%
Share of profit (loss) from an associate and joint ventures	(18,425)	1,339,539	3,418,094	30,512	(2,742)	4,766,978	-	4,766,978
Administrative expenses	(626,036)	-	-	(115,050)	(233,714)	(974,800)	-	(974,800)
Indemnity payment	-	-	-		(900,685)	(900,685)	-	(900,685)
Interest income	120,249			42	243,703	363,994	(308,718)	55,276
Profit (loss) from operating before interest expenses and income taxes	746,829	1,339,539	3,418,094	(84,496)	(893,438)	4,528,528	(308,718)	4,217,810
Others								128,695
Net gains on exchange rate								19,247
Interest expenses								(220,955)
Income taxes								(292,729)
Non-controlling interests								(39,400)
Profit for the year								
- owner of the Company								3,812,668
Total segmented assets	14,473,085	4,252,749	14,899,117	49,186	-	33,674,137	658,236	34,332,373
Total unallocated assets								17,233,757
Total assets								51,566,130

Baht'000

	Consolidated financial statements							
	Power business							
	People's Republic of China	Thailand	Lao People's Democratic Republic	Japan	Head office	Total	Eliminated entries	Total
For the year ended								
31 December 2017								
Sales	6,419,213	64	-	-	-	6,419,277	-	6,419,277
Cost of sales	(4,879,311)	(51)	-	-	-	(4,879,362)	-	(4,879,362)
Gross profit	1,539,902	13	-	-	-	1,539,915	-	1,539,915
Gross profit margin (%)	24%	20%				24%		24%
Share of profit (loss) from an associate and joint ventures	(36,359)	1,486,897	2,234,646	(2,017)	(921)	3,682,246	-	3,682,246
Administrative expenses	(617,688)	(27)	-	(45,676)	(237,087)	(900,478)	-	(900,478)
Interest income	124,925	1	-	22	286,159	411,107	(362,550)	48,557
Profit (loss) from operating before interest expenses and income taxes	1,010,780	1,486,884	2,234,646	(47,671)	48,151	4,732,790	(362,550)	4,370,240
Others								420,332
Net losses on exchange rate								(84,844)
Interest expenses								(101,702)
Income taxes								(361,815)
Non-controlling interests								(87,577)
Profit for the year								
- owner of the Company								4,154,634
Total segmented assets	14,255,359	3,985,247	12,637,636	29,196	-	30,907,438	663,286	31,570,724
Total unallocated assets								16,126,922
Total assets								47,697,646

Major customers

During the year ended 31 December 2018, revenues from three major customers of approximately CNY 807.93 million or equivalent to THB 3,951.87 million represented 62.51% of the Group's total revenues (2017: revenues from three major customers of approximately CNY 866.65 million or equivalent to THB 4,357.79 million represented 67.89% of the Group's total revenues).

7. Cash and cash equivalents

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash on hand	284	192	5	5
Deposits held at call with banks	1,442,695	1,129,005	632,445	207,997
Total cash and cash equivalents	1,442,979	1,129,197	632,450	208,002

As at 31 December 2018, the interest rates on deposits held at call with banks were 0.30% to 1.30% per annum (2017: 0.01% to 1.30% per annum).

8. Restricted deposits at financial institutions

As at 31 December 2018, restricted deposits at financial institutions amounting to CNY 11.01 million or equivalent to THB 52.01 million represented deposits held at bank as reserve for serving of bank acceptance bills for a subsidiary in the People's Republic of China (2017: CNY 4.40 million or equivalent to THB 22.08 million).

9. Short-term investments

As at 31 December 2018, short-term investments represented fixed deposits at financial institutions in the People's Republic of China with maturities within 180 days which bore interest at the rates of 2.80% to 3.30% per annum (2017: 2.30% to 3.35% per annum).

10. Trade accounts receivable and note receivables

As at 31 December, trade accounts receivable and note receivables consist of:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts receivable - third parties	1,348,437	1,196,831	-	-
Note receivables	16,963	13,671	-	-
Total trade accounts receivable and note receivables	1,365,400	1,210,502	-	-

Note receivables represent note receivables from sales of power and steam of subsidiaries in China which are issued by a financial institution to guarantee the possessors to get money on the maturity date of note receivables. Note receivables are non-interest bearing.

Trade accounts receivable and note receivables are aged as follows:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts receivable and				
note receivables under credit term	925,091	801,838	-	-
Trade accounts receivable due for payment			-	-
- Less than 3 months	325,800	396,532	-	-
- Over 3 months but less than 6 months	114,509	12,132	-	-
- Over 6 months but less than 12 months	-	-	-	-
- Over 12 months	-	-	-	-
Total trade accounts receivable and				
note receivables	1,365,400	1,210,502	-	-

11. Other current assets

Other current assets consist of:

(Baht'000)

	Consolidated financial information		Separate financial information	
	2018	2017	2018	2017
Prepaid expenses	30,960	33,922	3,640	3,724
Advance for prepayment	34,835	6,244	-	11
Accrued interest income	542	7,529	-	-
Value added tax receivables	309,813	210,713	193	151
Prepaid income tax	10,311	8,058	1,057	571
Other receivables	51,497	45,896	-	344
Total other current assets	437,958	312,362	4,890	4,801

12. Investments in subsidiaries, an associate and joint ventures

Investments in subsidiaries, an associate and joint ventures are as follows:

(Baht'000)

	Consolidated financial statements (Equity method)		Separate financial statements (Cost method)	
	2018	2017	2018	2017
Subsidiaries				
Banpu Coal Power Ltd.	-	-	5,921,587	5,921,587
Banpu Renewable Energy Co., Ltd.	-	-	955,647	955,647
Banpu Power International Limited	-	-	10,527,673	10,527,673
Banpu Power (Japan) Co., Ltd.	-	-	4,815	4,815
Total investments in subsidiaries - cost method	-	-	17,409,722	17,409,722
Joint ventures				
BLCP Power Ltd.	6,089,171	6,089,171	-	-
Hongsa Power Company Limited	13,092,534	13,092,534	13,092,534	13,092,534
Phu Fai Mining Company Limited	836	836	836	836
Aizu Energy Pte. Ltd.	788,115	758,979	-	-
Shanxi Lu Guang Power Co., Ltd.	1,397,966	1,145,546	-	-
Digital Energy Solutions Corporation	5,129	-	-	-
Associate				
PT. ITM Banpu Power	9,884	993	9,884	993
Total investments in joint ventures and an associate - cost method	21,383,635	21,088,059	13,103,254	13,094,363
Add Cumulative equity account of investments in an associate and joint ventures	(137,280)	(2,688,116)	-	-
Total investments in an associate and joint ventures	21,246,355	18,399,943	13,103,254	13,094,363

As at 31 December 2018, under the conditions of loans for project finance of joint ventures, the Group pledges its investments in a subsidiary and three joint ventures with a cost of THB 12,010.76 million and USD 370.82 million (2017: THB 12,010.76 million and USD 370.82 million), as collateral for loans from financial institutions of such joint ventures.

12.1 Changes in investments in subsidiaries, an associate and joint ventures

Movements of investments in subsidiaries, an associate and joint ventures for the years ended 31 December are as follows:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Opening balance	18,399,943	17,268,261	30,504,085	30,498,277
Additions of investments	377,773	290,071	8,891	5,808
Dividend income from joint ventures	(2,392,069)	(2,459,628)	-	-
Add Share of profit from an associate and joint ventures	4,766,978	3,682,246	-	-
Share of other comprehensive income (expense) from an associate and joint ventures				
- Cash flow hedge reserve	169,311	187,054	-	-
- Translation differences	(75,581)	(568,061)	-	-
Closing balance	21,246,355	18,399,943	30,512,976	30,504,085

a) Additional investments

Consolidated financial statements

During the year ended 31 December 2017, additionally investments are as follows:

The Group additionally invested in Aizu Energy Pte. Ltd., a joint venture, in the same percentage of shareholding, the Group has converted short-term loans to a related party amounting to JPY 943.86 million or equivalent to THB 289.08 million to the investment in such joint venture.

The Group invested in PT. ITM Banpu Power, an associate, with a cost of USD 0.03 million or equivalent to THB 0.99 million. The Group has direct shareholding owning 30% of registered share capital in such associate. The Group paid the whole amount for such shares.

During the year ended 31 December 2018, additionally investments are as follows:

The Group additionally invested in Aizu Energy Pte. Ltd., a joint venture, in the same proportion of shareholding, with a cost of JPY 100.13 million or equivalent to THB 29.13 million. The Group paid the whole amount for such shares.

The Group invested in Digital Energy Solutions Corporation (DES), which is incorporated in Japan and its business objective is to invest in solar power business in Japan. The Group had 35% shareholding of registered share capital of DES. The total amount of investment is JPY 17.50 million or equivalent to THB 5.14 million. The Group classified such investment as a joint venture, according to management structure defined by the Shareholder's agreement. Also, finance strategy and operation decision will be taken or resolved with the consent from shareholders or the shareholder representative.

The Group additionally invested in PT. ITM Banpu Power, an associate, in the same proportion of shareholding, with a cost of USD 0.27 million or equivalent to THB 8.90 million. The Group paid the whole amount for such shares.

The Group additionally invested in Shanxi Lu Guang Power Co., Ltd., a joint venture, in the same proportion of shareholding, with a cost of CNY 67.50 million or equivalent to THB 334.60 million. The Group paid the whole amount for such shares.

Separate financial statements

During the year ended 31 December 2017, the Company had invested in PT. ITM Banpu Power, an associate, with a cost of USD 0.03 million or equivalent to THB 0.99 million. The Company has direct shareholding owning 30% of registered share capital in such associate. The Company paid the whole amount for such shares.

During the year ended 31 December 2018, the Company additionally invested in PT. ITM Banpu Power, an associate, in the same proportion of shareholding, with a cost of USD 0.27 million or equivalent to THB 8.90 million. The Company paid the whole amount for such shares.

b) Establishment of new subsidiaries

Consolidated financial statements

During the year ended 31 December 2018, Banpu Renewable Energy Co., Ltd., a subsidiary, has established BRE Singapore Pte. Ltd., which is a limited company incorporated in Singapore. The Group owned 100% of shareholding in such subsidiary with registered share capital of USD 0.70 million or equivalent to THB 23.20 million. The business objective is to invest in renewable energy business. The Group paid fully amount of share capital.

c) Significant restrictions

As at 31 December 2018, restricted deposits at bank amounting to CNY 11.01 million or equivalent to THB 52.01 million represent deposits held at bank as reserve for serving of bank acceptance bills for a subsidiary in the People's Republic of China (2017: CNY 4.40 million or equivalent to THB 22.08 million).

d) Dividend income from joint ventures

During the year ended 31 December 2018, dividend income from joint ventures in the consolidated financial information represented the dividend income from BLCP Power Limited, Hongsa Power Company Limited and Phu Fai Mining Company Limited amounting to THB 1,050 million, THB 981.60 million and USD 11.06 million or equivalent to THB 360.47 million, respectively. (2017: dividend income from joint ventures represented the dividend income from BLCP Power Limited and Hongsa Power Company Limited amounting to THB 1,499.63 million and THB 960 million, respectively).

The Company has provided standby letters of credit, issued by commercial banks on behalf of the Company, amounting to THB 1,120 million and USD 22 million or equivalent to THB 713.90 million as a guarantee for lenders of Hongsa Power Company Limited.

12.2 Investments in subsidiaries

List of subsidiaries of the Group is disclosed in Note 12.4.

As at 31 December 2018 and 2017, the group had the following subsidiary that has significant non-controlling interests as follows;

Name of company	Country	Business	Proportion of ordinary shares held by the Group (%)	Proportion of shares held by non-controlling interests (%)
Zouping Peak CHP Co., Ltd.	People's Republic of China	Power and steam production and trading	70.00	30.00

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for a subsidiary that has non-controlling interests that is material to the Group. The information below is the amount before inter-company eliminations.

Summarised statements of financial position

(Baht'000)

	Zouping Peak CHP Co., Ltd.	
As at 31 December	2018	2017
Current assets	992,713	999,364
Current liabilities	1,232,611	1,209,611
Current net assets	(239,898)	(210,247)
Non-current assets	2,924,043	3,061,455
Non-current liabilities	103,859	247,185
Non-current net assets	2,820,184	2,814,270
Net assets	2,580,286	2,604,023
Accumulated non-controlling interests	774,086	781,207

Summarised statements of comprehensive income

(Baht'000)

	Zouping Peak CHP Co., Ltd.	
For the years ended 31 December	2018	2017
Revenue	2,225,015	2,667,353
Profit before income tax	165,254	391,456
Income tax expense	(33,922)	(99,533)
Post-tax profit from continuing operations	131,332	291,923
Other comprehensive income (expense)	(108,626)	(43,809)
Total comprehensive income (expense)	22,706	248,114
Total comprehensive income (expense) allocated to non-controlling interests	6,812	74,434
Dividend paid to non-controlling interests	-	-

Summarised statement of cash flows

(Baht'000)

	Zouping Peak CHP Co., Ltd.	
For the years ended 31 December	2018	2017
Cash flow from operating activities		
Cash generated from operations	265,575	600,172
Interest paid	(36,024)	(22,563)
Income tax paid	(31,936)	(97,291)
Net cash generated from operating activities	197,615	480,318
Net cash used in investing activities	(157,222)	(1,180,227)
Net cash generated from (used in) financing activities	(43,946)	591,340
Net decrease in cash and cash equivalents	(3,553)	(108,569)
Cash and cash equivalents at beginning of year	13,620	125,179
Exchange differences on cash and cash equivalents	(667)	(2,990)
Cash and cash equivalents at end of year	9,400	13,620

12.3 Investments in joint ventures

Set out below are the joint ventures, which are material to the Group. The joint ventures as listed below are held directly by the Group and has voting right in proportion of the ordinary shares.

				Percent of ownership interest	
Name of company	Country	Business	Measurement method	2018 %	2017 %
BLCP Power Limited	Thailand	Power production and trading	Equity	50.00	50.00
Hongsa Power Company Limited	Lao PDR	Power concession	Equity	40.00	40.00

Commitments and contingent liabilities in respect of joint ventures

As at 31 December, the Group has commitments relating to investment in joint ventures as disclosed in Note 28.2.

Significant commitments in the ownership proportion of joint ventures of the Group are as follows:

(Million Baht)

	Consolidated financial statements	
	2018	2017
Letter of Guarantee	68	68
Commitments on significant contracts	17,521	20,381
Total	17,589	20,449

Summarised financial information for joint ventures

Set out below are the summarised financial information which are significant joint ventures and accounted for using the equity method.

Summarised statements of financial position

(Baht'000)

	BLCP Power Limited		Hongsa Power Company Limited		Total	
As at 31 December	2018	2017	2018	2017	2018	2017
Current assets						
Cash and cash equivalents	59,700	95,236	8,786,011	8,222,194	8,845,711	8,317,430
Deposits at financial institutions used as collateral	5,900,983	6,965,123	2,140,697	2,163,866	8,041,680	9,128,989
Current portion of finance lease receivable, net	1,989,997	3,578,988	4,774,104	4,647,928	6,764,101	8,226,916
Other current assets	4,889,061	4,739,742	5,387,227	4,640,696	10,276,288	9,380,438
Total current assets	12,839,741	15,379,089	21,088,039	19,674,684	33,927,780	35,053,773
Non-current assets						
Finance lease receivable, net	8,947,944	10,518,065	80,274,261	83,434,189	89,222,205	93,952,254
Property, plant and equipment, net	3,079,062	1,873,572	3,441,239	2,739,006	6,520,301	4,612,578
Other assets	3,231,439	3,250,607	10,748,209	9,271,131	13,979,648	12,521,738
Total non-current assets	15,258,445	15,642,244	94,463,709	95,444,326	109,722,154	111,086,570
Current liabilities						
Current portion of long-term loans, net	1,269,731	2,868,769	5,595,274	5,159,474	6,865,005	8,028,243
Other current liabilities (including trade payables)	16,672,258	17,311,041	2,972,939	2,598,818	19,645,197	19,909,859
Total current liabilities	17,941,989	20,179,810	8,568,213	7,758,292	26,510,202	27,938,102
Non-current liabilities						
Long-term loans, net	866,561	2,140,516	69,922,261	75,695,927	70,788,822	77,836,443
Other liabilities	949,959	896,335	921,527	1,291,863	1,871,486	2,188,198
Total non-current liabilities	1,816,520	3,036,851	70,843,788	76,987,790	72,660,308	80,024,641
Net assets	8,339,677	7,804,672	36,139,747	30,372,928	44,479,424	38,177,600

Summarised statements of comprehensive income

(Baht'000)

	BLCP Power Limited		Hongsa Power Company Limited		Total	
For the years ended 31 December	2018	2017	2018	2017	2018	2017
Sales and services	14,757,837	14,969,435	21,953,745	20,841,071	36,711,582	35,810,506
Cost of sales and services	(11,092,637)	(11,338,729)	(8,105,140)	(7,373,125)	(19,197,777)	(18,711,854)
Depreciation and amortisation	(114,441)	(118,251)	(67,472)	(74,807)	(181,913)	(193,058)
Interest income	56,116	74,293	137,074	123,807	193,190	198,100
Interest expense not included other finance cost	(175,434)	(316,131)	(5,231,428)	(5,445,831)	(5,406,862)	(5,761,962)
Net unrealised gains (losses) on exchange rate	(74,736)	(952,609)	177,764	534,519	103,028	(418,090)
Profit before income tax	2,899,606	2,433,651	7,797,541	5,200,002	10,697,147	7,633,653
Income tax expense	(220,524)	540,141	-	-	(220,524)	540,141
Profit for the year	2,679,082	2,973,792	7,797,541	5,200,002	10,476,623	8,173,794
Other comprehensive income (expense)	(44,077)	(957,590)	423,278	467,635	379,201	(489,955)
Total comprehensive income (expense)	2,635,005	2,016,202	8,220,819	5,667,637	10,855,824	7,683,839
Dividends from joint ventures	2,100,000	2,999,255	2,454,000	2,400,000	4,554,000	5,399,255

The information above reflects the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the Group and the joint ventures (and not the Group's share of those amounts).

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in joint ventures.

(Baht'000)

	BLCP Power Limited		Hongsa Power Company Limited		Total	
	2018	2017	2018	2017	2018	2017
Opening net assets	7,804,672	8,787,725	30,372,928	27,105,291	38,177,600	35,893,016
Dividend paid	(2,100,000)	(2,999,255)	(2,454,000)	(2,400,000)	(4,554,000)	(5,399,255)
Profit for the year	2,679,082	2,973,792	7,797,541	5,200,002	10,476,623	8,173,794
Other comprehensive income (expense)	(44,077)	(957,590)	423,278	467,635	379,201	(489,955)
Closing net assets	8,339,677	7,804,672	36,139,747	30,372,928	44,479,424	38,177,600
Ownership percentage in joint ventures (%)	50	50	40	40	-	-
Interests in joint ventures	4,169,838	3,902,336	14,455,898	12,149,171	18,625,736	16,051,507
Impact of changes in functional currency of joint venture	82,911	82,911	216,053	216,053	298,964	298,964
Closing carrying value	4,252,749	3,985,247	14,671,951	12,365,224	18,924,700	16,350,471

Individually immaterial joint ventures

In addition to the interests in joint ventures disclosed above, the Group also has interests in a number of individually immaterial joint ventures that are accounted for using the equity method.

(Baht'000)

	Consolidated financial statements	
	2018	2017
Aggregate carrying amount of individually immaterial joint ventures, which are accounted for using equity method	2,321,655	2,049,472
Aggregate amounts of the reporting entity's share of:		
Profit for the year	308,422	115,349
Other comprehensive income (expense)	(53,542)	(89,265)
Total comprehensive income (expense)	254,880	26,084

12.4 List of subsidiaries, an associate and joint ventures

Name of company	Country	Business	Percentage of direct shareholding 2018 (%)	2017 (%)
Direct shareholding				
Subsidiaries				
- Banpu Coal Power Limited	Thailand	Investment in power	99.99	99.99
- Banpu Renewable Energy Co., Ltd.	Thailand	Investment in renewable energy	99.99	99.99
- Banpu Power International Co., Ltd.	Republic of Mauritius	Investment in power	100.00	100.00
- Banpu Power (Japan) Co., Ltd.	Thailand	Investment in renewable energy	100.00	100.00
Joint arrangement - Joint ventures				
- Hongsa Power Company Limited	Lao PDR	Power concession	40.00[1]	40.00[1]
- Phu Fai Mining Company Limited	Lao PDR	Mining concession	37.50[1]	37.50[1]
An associate				
- PT. ITM Banpu Power	Republic of Indonesia	Investment in power	30.00	30.00
Indirect - shareholding			-	
1) Banpu Coal Power Limited and a joint venture				
- BLCP Power Limited	Thailand	Power production and trading	50.00[1]	50.00[1]
2) Banpu Renewable Energy Co., Ltd. and subsidiaries and a joint venture are as follows;				
Subsidiaries				
- Banpu Renewable Singapore Pte. Ltd. and a subsidiary and a joint venture are as follows	Singapore	Investment in renewable energy	100.00	100.00

Name of company	Country	Business	Percentage of direct shareholding 2018 (%)	Percentage of direct shareholding 2017 (%)
Subsidiaries				
- Banpu Power Trading GK	Japan	Power trading	100.00	-
Joint arrangement - Joint venture				
- Digital Energy Solutions Corporation	Japan	Power trading	35.00	-
- Akira Energy Limited and a subsidiary	Hong Kong	Investment in power	100.00	100.00
- Akira Energy (South) Limited	Hong Kong	Investment in power	100.00	100.00
- BRE Singapore Pte. Ltd. and a subsidiary	Singapore	Investment in renewable energy	100.00	-
- BPP Vinh Chau Wind Power Limited Liability Company	The Socialist Republic of Vietnam	Wind power generation	100.00	-
- Macao Deyuan Energy-Saving & Environmental Protection Technology Company Limited	People's Republic of China	Investment in power	-	100.0
- BPP Renewable Investment (China) Co.,Ltd. and subsidiaries	People's Republic of China	Investment in renewable energy	100.00	100.00
- Anqiu Huineng New Energy Co., Ltd.	People's Republic of China	Solar power generation	100.00	100.00
- Weifang Tian'en Jinshan Comprehensive Energy Co., Ltd.	People's Republic of China	Solar power generation	100.00	100.00
- Dongping Haoyuan Solar Power Generation Co., Ltd.	People's Republic of China	Solar power generation	100.00	100.00
- Anqiu City Hui'en PV. Technology Co.,Ltd.	People's Republic of China	Solar power generation	100.00	100.00
- Jiaxing Deyuan Energy-Saving Technology Co., Ltd.	People's Republic of China	Solar power generation	100.00	100.00
- Feicheng Xingyu Solar Power PV Technology Co., Ltd.	People's Republic of China	Solar power generation	100.00	-
Joint arrangement - Joint venture				
- Aizu Energy Pte. Ltd.	Singapore	Investment in renewable energy	75.00[1]	75.00[1]

Name of company	Country	Business	Percentage of direct shareholding 2018 (%)	2017 (%)
3) Banpu Power International Co., Ltd. and subsidiaries and joint ventures are as follows				
Subsidiaries				
- Banpu Power Investment Co., Ltd. and subsidiaries are as follows	Singapore	Investment in power	100.00	100.00
Subsidiaries				
- Shijiazhuang Chengfeng Cogen Co., Ltd.	People's Republic of China	Power and steam production and trading	100.00	100.00
- Zouping Peak Pte. Ltd. and a subsidiary	Singapore	Investment in power	100.00	100.00
- Zouping Peak CHP Co., Ltd.	People's Republic of China	Power and steam production and trading	70.00	70.00
- Banpu Investment (China) Co., Ltd. and subsidiaries	People's Republic of China	Investment in power	100.00	100.00
Subsidiaries				
- Tangshan Banpu Heat & Power Co., Ltd.	People's Republic of China	Power and steam production and trading	12.08[(2)]	12.08[(2)]
- Banpu Power Trading (Shandong) Co., Ltd.	People's Republic of China	Power trading	100.00	100.00
- Banpu Power Trading (Hebei) Co., Ltd.	People's Republic of China	Power trading	100.00	100.00
- Pan-Western Energy Corporation LLC and a subsidiary	Cayman Islands	Investment in power	100.00	100.00
- Tangshan Banpu Heat & Power Co., Ltd.	People's Republic of China	Power and steam production and trading	87.92[(2)]	87.92[(2)]
Joint arrangement - Joint venture				
- Shanxi Lu Guang Power Co., Ltd.	People's Republic of China	Power and steam production and trading	30.00[(1)]	30.00[(1)]

[(1)] Shareholder agreement of joint ventures of the Group has determined the management structure including strategic financial decision and operation which has voting right from the shareholders or the representative of each parties. The Group classifies as investments in joint ventures.

[(2)] The Group holds investments in Tangshan Banpu Heat & Power Co., Ltd. 100% of registered shares by Banpu Investment (China) Co., Ltd. and Pan-Western Energy Corporation LLC in the proportion of 12.08% and 87.92%, respectively.

13 Other investments

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cost method				
General investments				
Goudou Kaisha SFJ	117,358	116,252	-	-
Goudou Kaisha MNP	241,797	215,656	-	-
Goudou Kaisha YMG	698,374	690,551	-	-
Goudou Kaisha Sirius Solar Japan 8	313,781	301,774	-	-
Goudou Kaisha Woodlake	1,083,377	561,817	-	-
Goudou Kaisha Univergy 100	352,111	286,919	-	-
Goudou Kaisha Sirius Solar Japan 11	552,727	426,708	-	-
Goudou Kaisha Univergy 49	162,992	158,409	-	-
Goudou Kaisha Okei Photovoltaic Generation Plant	298,936	-	-	-
Goudou Kaisha J&A Energy	325,466	-	-	-
Renewable Japan Co., Ltd.	7,061	7,061	-	-
Total other investments	4,153,980	2,765,147	-	-

(Baht'000)

	Consolidated financial statements
	General investments
For the year ended 31 December 2017	
Opening book value	1,077,955
Addition investments	928,535
Additions from transfer advances for project development of power plant	900,000
Translation differences	(141,343)
Closing book value	2,765,147
For the year ended 31 December 2018	
Opening book value	2,765,147
Addition investments	1,059,857
Additions from transfer advances for project development of power plant	295,601
Translation differences	33,375
Closing book value	4,153,980

During the end of year 2018, the Group entered into the Tokumei Kumiai ("TK") Investment Agreement to develop two additional solar power plant projects which were Goudou Kaisha Okei Photovoltaic Generation Plant and Goudou Kaisha J&A Energy totalling JPY 2,130.42 million or equivalent to THB 624.40 million. (2017: five additional solar power plant projects totalling JPY 5,988.92 million or equivalent to THB 1,812.85 million).

Dividend income from other company

Consolidated financial statements

During 2018, dividend income from other company are dividend income from Goudou Kaisha SFJ amounting to JPY 67.16 million or equivalent to THB 19.50 million (2017: Goudou Kaisha SFJ JPY 67.33 million or equivalent to THB 20.65 million).

14. Property, plant and equipment, net

(Baht'000)

	Consolidated financial statements						
	Building and infrastructures	Machinery and equipment	Furniture and office equipment	Tools	Motor vehicles	Construction in progress	Total
At 1 January 2017							
Cost	2,971,387	9,951,095	21,847	44,260	61,386	792,341	13,842,316
Less Accumulated depreciation	(1,561,365)	(3,750,567)	(15,848)	(32,464)	(38,842)	-	(5,399,086)
Net book amount	1,410,022	6,200,528	5,999	11,796	22,544	792,341	8,443,230
For the year ended 31 December 2017							
Opening net book amount	1,410,022	6,200,528	5,999	11,796	22,544	792,341	8,443,230
Additions	594,395	1,689,564	4,173	4,717	7,188	300,325	2,600,362
Additions from business acquisition	-	1,514,549	-	-	-	368,804	1,883,353
Disposals - Net book value	-	(2,879)	(146)	-	-	-	(3,025)
Written-off - Net book value	(3,825)	(14,037)	-	-	-	-	(17,862)
Transfer in (out)	362,979	(395,364)	-	-	-	(156,627)	(189,012)
Depreciation charge	(91,254)	(354,054)	(2,680)	(5,469)	(9,279)	-	(462,736)
Translation differences	(39,412)	(192,712)	(135)	(308)	(587)	(27,694)	(260,848)
Closing net book amount	2,232,905	8,445,595	7,211	10,736	19,866	1,277,149	11,993,462
At 31 December 2017							
Cost	3,848,272	12,422,865	24,439	47,620	63,254	1,277,149	17,683,599
Less Accumulated depreciation	(1,615,367)	(3,977,270)	(17,228)	(36,884)	(43,388)	-	(5,690,137)
Net book amount	2,232,905	8,445,595	7,211	10,736	19,866	1,277,149	11,993,462

Property, plant and equipment, net (continued)

(Baht'000)

	Consolidated financial statements						
	Building and infrastructures	Machinery and equipment	Furniture and office equipment	Tools	Motor vehicles	Construction in progress	Total
For the year ended 31 December 2018							
Opening net book amount	2,232,905	8,445,595	7,211	10,736	19,866	1,277,149	11,993,462
Additions	123	4,925	2,184	3,564	4,077	1,333,514	1,348,387
Additions from business acquisition	-	232,249	-	94	970	6,597	239,910
Disposals - Net book value	-	-	(35)	-	(891)	-	(926)
Written-off - Net book value	(321)	(6,636)	(268)	-	-	(43,453)	(50,678)
Transfer in (out)	323,284	1,089,309	8,263	6,388	3,195	(1,430,842)	(403)
Depreciation charge	(110,823)	(449,216)	(3,192)	(6,350)	(8,496)	-	(578,077)
Translation differences	(136,268)	(512,492)	(275)	(746)	(1,083)	(69,264)	(720,128)
Closing net book amount	2,308,900	8,803,734	13,888	13,686	17,638	1,073,701	12,231,547
At 31 December 2018							
Cost	3,937,218	12,986,517	32,401	51,409	60,721	1,073,701	18,141,967
Less Accumulated depreciation	(1,628,318)	(4,182,783)	(18,513)	(37,723)	(43,083)	-	(5,910,420)
Net book amount	2,308,900	8,803,734	13,888	13,686	17,638	1,073,701	12,231,547

Property, plant and equipment, net (continued)

(Baht'000)

	Separate financial statements
	Furniture and office equipment
At 1 January 2017	
Cost	2,084
Less Accumulated depreciation	(1,164)
Net book amount	920
For the year ended 31 December 2017	
Opening net book amount	920
Additions	942
Disposals - Net book value	(146)
Depreciation charge	(565)
Closing net book amount	1,151
At 31 December 2017	
Cost	2,737
Less Accumulated depreciation	(1,586)
Net book amount	1,151
For the year ended 31 December 2018	
Opening net book amount	1,151
Additions	1,859
Disposals - Net book value	(34)
Depreciation charge	(714)
Closing net book amount	2,262
At 31 December 2018	
Cost	4,503
Less Accumulated depreciation	(2,241)
Net book amount	2,262

15. Deferred income taxes and income tax

Corporate income tax for the years ended 31 December 2018 and 2017 are calculated based on the net profit (tax base) which excludes the interests in joint ventures. The rates are as follows:

(Baht'000)

	2018	2017
Thailand	20%	20%
People's Republic of China	0% to 25%	0% to 25%
Mauritius Island	15%	15%
Japan	23.4%	23.4%
Singapore	17%	17%
Hong Kong Special Administrative Region of the People's Republic of China	16.5%	16.5%
Macau Special Administrative Region of the People's Republic of China	0% to 12%	0% to 12%
The Socialist Republic of Vietnam	20%	-

15.1 Deferred income tax assets and liabilities

15.1.1 The analysis of current portion and non-current portion of deferred tax assets and liabilities is as follows:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred income tax assets:				
Deferred income tax asset to be recovered within 12 months	17,509	198,683	-	-
Deferred income tax asset to be recovered after 12 months	603,671	570,540	6,264	115,830
	621,180	769,223	6,264	115,830
Deferred income tax liabilities:				
Deferred income tax liability to be recovered within 12 months	-	(22,320)	-	-
Deferred income tax liability to be recovered after 12 months	(94,347)	(119,701)	-	-
	(94,347)	(142,021)	-	-
Deferred income taxes, net	526,833	627,202	6,264	115,830

Deferred income tax assets are recognised for tax loss carry forwards only to the extent that realisation of the related tax benefit through the future taxable profit is probable. The Group did not recognised deferred income tax assets amounting to THB 449.80 million from tax losses of THB 2,248.98 million that could be carried forward against future taxable income, these tax losses will be expired in 2023 (2017: deferred income tax asset amounting to THB 284.00 million from tax loss of THB 1,420.01 million will be expired in 2022).

15.1.2 The movements of deferred income tax assets and liabilities are as follows:

(Baht'000)

	Consolidated financial statements					
	At 1 January 2018	Charged to profit or loss	Charged to other comprehensive income or expense	Arising from business combination	Translation differences	At 31 December 2018
Deferred income tax assets:						
Employee benefit obligation	5,658	(1,109)	2,356	-	-	6,905
Loss carry forward	110,550	(110,550)	-	-	-	-
Depreciation of building and machinery	584,773	(7,570)	-	-	(25,430)	551,773
Accrued expense and others	68,242	(1,825)	-	-	(3,915)	62,502
Total	769,223	(121,054)	2,356	-	(29,345)	621,180
Deferred income tax liabilities:						
Fair value uplift from the business combination	(90,269)	-	-	(1,538)	3,124	(88,683)
Amortisation of fair value of plant and equipment from the acquisition of power plants	29,687	2,599	-	-	(206)	32,080
Connection fee	(77,551)	39,866	-	-	3,829	(33,856)
Others	(3,888)	-	-	-	-	(3,888)
Total	(142,021)	42,465	-	(1,538)	6,747	(94,347)
Net	627,202	(78,589)	2,356	(1,538)	(22,598)	526,833

(Baht'000)

	Consolidated financial statements					
	At 1 January 2017	Charged to profit or loss	Charged to other comprehensive income or expense	Arising from business combination	Translation differences	At 31 December 2017
Deferred income tax assets:						
Employee benefit obligation	6,496	(838)	-	-	-	5,658
Loss carry forward	121,240	(10,690)	-	-	-	110,550
Depreciation of building and machinery	623,913	(23,173)	-	-	(15,967)	584,773
Accrued expense and others	67,304	2,764	-	-	(1,826)	68,242
Total	818,953	(31,937)	-	-	(17,793)	769,223
Deferred income tax liabilities:						
Fair value uplift from the business combination	(78,627)	-	-	(16,579)	4,937	(90,269)
Amortisation of fair value of plant and equipment from the acquisition of power plants	29,973	2,791	-	-	(3,077)	29,687
Connection fee	(56,918)	(22,737)	-	-	2,104	(77,551)
Others	(3,888)	-	-	-	-	(3,888)
Total	(109,460)	(19,946)	-	(16,579)	3,964	(142,021)
Net	709,493	(51,883)	-	(16,579)	(13,829)	627,202

(Baht'000)

Separate financial statements				
	At 1 January 2018	Charged to profit or loss	Charged to other comprehensive income or expense	At 31 December 2018
Deferred income tax assets:				
Employee benefit obligation	5,658	(1,690)	2,196	6,164
Loss carry forward	110,550	(110,550)	-	-
Other	(378)	478	-	100
Total	115,830	(111,762)	2,196	6,264

(Baht'000)

Separate financial statements				
	At 1 January 2017	Charged to profit or loss	Charged to other comprehensive income or expense	At 31 December 2017
Deferred income tax assets:				
Employee benefit obligation	6,496	(838)	-	5,658
Loss carry forward	121,240	(10,690)	-	110,550
Other	-	(378)	-	(378)
Total	127,736	(11,906)	-	115,830

15.2 Income taxes

15.2.1 Income taxes for the years ended 31 December are as follows:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current tax	210,148	305,742	1,205	-
Withholding tax from dividends	3,992	4,190	-	-
Deferred tax	78,589	51,883	111,762	11,906
Total income taxes	292,729	361,815	112,967	11,906

15.2.2 The tax on the Group's profit before taxes differs from the theoretical amount that would arise using the basic tax rate of the home country of the company as follows:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit before taxes	4,144,797	4,604,026	2,312,064	2,048,576
Tax calculated at a tax rate of 20%	828,959	920,805	462,412	409,715
Tax effect of:				
Income not subject to tax	(792,238)	(800,860)	(490,031)	(486,612)
Expenses not deductible for tax purpose	28,324	38,604	3,736	6,169
Withholding tax from dividends	3,992	4,190	-	-
Recognition of previously unrecognised tax losses	(8,276)	(3,231)	-	-
Tax losses for which no deferred				
income tax asset was recognised	88,781	118,562	25,095	71,944
Write-off deferred tax assets	110,550	10,690	110,550	10,690
Tax effect from different tax rates of				
foreign entities	41,873	68,015	-	-
Others	(9,236)	5,040	1,205	-
Income taxes	292,729	361,815	112,967	11,906

Weighted average tax rate of the Group is 7.06% (2017: 7.86%).

16. Other non-current assets

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Value added tax receivable	390,220	510,888	122,094	98,807
Withholding tax receivable	744	-	571	1,017
Advances for project development of power plants	-	292,807	-	-
Accrued income	1,061,274	607,856	-	-
Deposits	24,232	7,460	-	-
Land used right, net	349,902	409,529	-	-
Others	19,510	14,441	2	3
Total other non-current assets	1,845,882	1,842,981	122,667	99,827

17. Short-term loans from financial institutions

Consolidated financial statements

As at 31 December 2018, the Group had unsecured short-term loans from financial institutions in China of CNY 183.09 million or equivalent to THB 864.88 million, and financial institutions in Thailand of THB 320 million (2017: CNY 114.39 million or equivalent to THB 573.60 million and Baht loan of THB 1,750 million). These loans bore interest at the rate of 2.07% to 5.22% per annum (2017: 1.70% to 5.22% per annum) and due for repayment within one year.

Separate financial statements

As at 31 December 2018, the Company had unsecured short-term loans from financial institutions in Thailand of THB 320 million (2017: Baht loan of THB 1,750 million). These loans bore interest at the rate of 2.07% per annum (2017: 1.70% to 1.85% per annum) and due for repayment within one year.

The fair value of short-term loans from financial institutions approximated their carrying amount, as short-term borrowings had a short period of maturity.

18. Other current liabilities

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accrued expenses	699,578	715,334	38,222	86,337
Advance from customers	277,962	285,494	-	-
Advance from other company	-	75	-	-
Value added tax payable	4,097	11,588	201	81
Withholding tax payable	8,402	15,753	2,800	4,970
Other payables for purchase of property, plant and equipment	718,463	668,303	-	51
Payables for purchase of investments	90,347	158,306	-	-
Total other current liabilities	1,798,849	1,854,853	41,223	91,439

19. Long-term loans from financial institutions, net

Long-term loans from financial institutions consist of:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Long-term local currency loans	5,100,000	2,100,000	5,100,000	2,100,000
Long-term foreign currency loans	1,456,453	815,487	-	-
Less Deferred financing service fee	(18,439)	(17,769)	(18,439)	(17,769)
Less Current portion of long-term loans from financial institutions	(1,072,958)	(347,607)	(694,072)	-
Long-term loans from financial institutions	5,465,056	2,550,111	4,387,489	2,082,231

Movement of long-term loans from financial institutions are as follows:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Opening balance	2,897,718	161,238	2,082,231	-
Cash flow:				
Additions	4,110,259	2,850,155	3,000,000	2,100,000
Repayment	(394,928)	(80,893)	-	-
Deferred financing service fees	(7,510)	(21,010)	(7,510)	(21,010)
Other non-cash movements:				
Amortisation of deferred financing service fees	6,840	3,241	6,840	3,241
Net losses (gains) on exchange rate	(2,654)	(8,965)	-	-
Translation differences	(71,711)	(6,048)		
Closing balance	6,538,014	2,897,718	5,081,561	2,082,231

As at 31 December, long-term loans from financial institutions are unsecured liabilities as detailed below.

Consolidated financial statements

		2018		2017			
No.	Currency	Original currency (Million)	Million Baht	Original currency (Million)	Million Baht	Interest rate	Due of loan payment
1	THB	2,100.00	2,100.00	2,100.00	2,100.00	THBFIX plus applicable fixed margin	Repayment every 6 months commencing 27 June 2019 to expiry of agreement on 27 December 2021
2	THB	1,500.00	1,500.00	-	-	THBFIX plus applicable fixed margin	Repayment every 6 months commencing 21 August 2022 to expiry of agreement on 21 August 2025
3	THB	1,500.00	1,500.00	-	-	THBFIX plus applicable fixed margin	Repayment every 6 months commencing 20 December 2022 to expiry of agreement on 20 December 2025
4	USD	-	-	3.00	98.04	BBA LIBOR plus applicable fixed margin	Repayment every 6 months commencing 24 December 2016 which fully repaid before maturity date
5	CNY	53.73	253.78	72.65	364.32	BBA LIBOR plus applicable fixed margin	Repayment every 3 months commencing 21 February 2018 to expiry of agreement on 21 August 2020
6	CNY	43.87	207.22	62.67	314.26	BBA LIBOR plus applicable fixed margin	Repayment every 6 months commencing 11 June 2018 to expiry of agreement on 9 June 2020
7	CNY	5.43	25.63	7.75	38.86	BBA LIBOR plus applicable fixed margin	Repayment every 6 months commencing 11 June 2018 to expiry of agreement on 9 June 2020
8	CNY	2.01	9.49	-	-	BBA LIBOR plus applicable fixed margin	Repayment every 6 months commencing 11 June 2018 to expiry of agreement on 9 June 2020
9	CNY	203.30	960.33	-	-	BBA LIBOR plus applicable fixed margin	Repayment every 6 months commencing 11 April 2018 to expiry of agreement on 11 January 2027
			6,556.45		2,915.48		

Separate financial statement

		2018		2017			
No.	Currency	Original currency (Million)	Million Baht	Original currency (Million)	Million Baht	Interest rate	Due of loan payment
1	THB	2,100.00	2,100.00	2,100.00	2,100.00	THBFIX plus applicable fixed margin	Repayment every 6 months commencing 27 June 2019 to expiry of agreement on 27 December 2021
2	THB	1,500.00	1,500.00	-	-	THBFIX plus applicable fixed margin	Repayment every 6 months commencing 21 August 2022 to expiry of agreement on 21 August 2025
3	THB	1,500.00	1,500.00	-	-	THBFIX plus applicable fixed margin	Repayment every 6 months commencing 20 December 2022 to expiry of agreement on 20 December 2025
			5,100.00		2,100.00		

Weighted average effective interest rate of long-term loans from financial institutions of the Group is as follows:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018 (%)	2017 (%)	2018 (%)	2017 (%)
THB	2.87	0.97	2.87	0.97
USD	-	4.69	-	-
CNY	5.70	4.87	-	-

Interest rate risk of long-term loans of the Group is as follows:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
At fixed rates	-	-	-	-
At floating rates	6,556,453	2,915,487	5,100,000	2,100,000
Total loans	6,556,453	2,915,487	5,100,000	2,100,000

The fair value of long-term borrowings approximated their carrying amount, as the impact of discounting is not significant. The fair values are based on discounted cash flows using a discount rate based upon the market borrowing rate as at the reporting date and are within level 2 of the fair value hierarchy.

Maturities of long-term loans from financial institutions are as follows:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Within 1 year	1,078,885	347,607	700,000	-
Later than 1 year but not later than 5 years	1,596,125	2,567,880	1,400,000	2,100,000
Later than 5 years	3,881,443	-	3,000,000	-
Total loans	6,556,453	2,915,487	5,100,000	2,100,000

20. Share capital and premium on share capital

		Issued and paid-up share capital			
	Number of registered shares (Share)	Number of shares (Share)	Ordinary shares (Baht'000)	Premium on share capital (Baht'000)	Total (Baht'000)
As at 1 January 2017	3,095,692,000	3,045,692,000	30,456,920	7,157,230	37,614,150
Less Decrease of registered share capital	(21,200,000)	-	-	-	-
Add Increase of registered share capital	30,000,000	-	-	-	-
Warrant exercised	-	2,663,000	26,630	34,885	61,515
As at 31 December 2017	3,104,492,000	3,048,355,000	30,483,550	7,192,115	37,675,665
As at 1 January 2018	3,104,492,000	3,048,355,000	30,483,550	7,192,115	37,675,665
Add Warrant exercised	-	2,666,700	26,667	39,271	65,938
As at 31 December 2018	3,104,492,000	3,051,021,700	30,510,217	7,231,386	37,741,603

Change in number of registered shares and warrant issuance to shareholders of the Company

During the year ended 31 December 2018, warrants issued under BPP-W and BPP-ESOP have been exercised and the Company has received the additional paid-up share capital as follows;

Exercise date	Number of warrants exercised (Unit)	Number of ordinary shares issued (Share)	Ordinary shares (Baht'000)	Date registered the additional paid-up share capital with the Ministry of Commerce	Effective date as registered securities of SET
29 December 2017	2,526,700	2,526,700	25,267	5 January 2018	9 January 2018
30 March 2018	140,000	140,000	1,400	5 April 2018	10 April 2018
	2,666,700	2,666,700	26,667		

21. Legal reserve

(Baht'000)

	Consolidated and separate financial statements
As at 1 January 2017	905,200
Appropriation during the year	241,000
As at 31 December 2017	1,146,200
As at 1 January 2018	1,146,200
Appropriation during the year	217,000
As at 31 December 2018	1,363,200

Under the Public Limited Company Act, B.E. 2535, the Company is required to set aside statutory reserve of at least 5 percent of its net profit after accumulated deficit brought forward (if any) until the reserve reaches not less than 10 percent of the registered capital. The legal reserve is non-distributable.

22. Share-based payment

At the Annual General Shareholders' meeting on 3 April 2017, the shareholders approved the issuance of the ordinary shares to the directors and employees of the Company and subsidiaries ("BPP-ESOP") based on their position, duty, and responsibility towards the Company and its subsidiaries. The terms and condition of the rights to purchase ordinary

Descriptions	Detail		
Number of issued and offered shares	Not exceeding 30,000,000 shares. 18,300,000 shares to be allocated and not exceeding 11,700,000 shares which the ad-hoc Compensation Committee will consider and allocate as appropriate.		
Term of the plan	Not exceeding 5 years from the date of approval by the shareholders' meeting of the Company. The offering will be completed within 19 October 2021.		
Period of the offering	The Company will make the primary offering within 1 year from the approval date by the shareholders' meeting.		
Exercise price, period and conditions	**Exercise price (Baht per share)**	**Exercise period**	**Number of exercised shares**
	23.10	The date of issue and offering ordinary shares to 19 Oct 2021	10% of the total allocated shares
	25.20	From 19 October 2017 to 19 October 2021	15% of the total allocated shares
	27.30	From 19 October 2018 to 19 October 2021	20% of the total allocated shares
	29.40	From 19 October 2019 to 19 October 2021	25% of the total allocated shares
	31.50	From 19 October 2020 to 19 October 2021	30% of the total allocated shares
Subscription dates	ESOP can exercise 4 times a year on the last business day of March, June, September and December from the first exercise date, except for the last exercise date, which is 19 October 2021.		

At the Annual General Shareholders' meeting on 2 April 2018, the shareholders approved the new issuance of the ordinary shares of the Company under the Employee Stock Option Plan for directors and employees of the Company and subsidiaries (BPP-ESOP) to a director in the amount of 300,000 shares.

The Group has no legal or constructive obligation to repurchase or settle the rights to purchase ordinary shares in cash.

The Company recognised and presented the rights to purchase ordinary shares for the selected directors and employees of Banpu group under BPP-W and the rights to purchase ordinary shares for the directors and employees of the Company and subsidiaries under BPP-ESOP totalling of THB 9.69 million in the statement of income and statement of changes in equity for the year ended 31 December 2018 (2017: THB 22.93 million).

The number of the rights to purchase ordinary shares and the related weighted average exercise prices are as follows:

	Consolidated and separate financial statements			
		2018		2017
	Weighted average exercise price (Baht per share)	Unit	Weighted average exercise price (Baht per share)	Unit
At 1 January 2018	28.90	41,910,300	28.35	28,800,000
Granted during the period	29.09	300,000	28.35	18,300,000
Exercised during the period	23.10	(140,000)	23.94	(5,189,700)
At 31 December 2018	28.92	42,070,300	28.90	41,910,300

For share-based payment to the directors and employees of the Company and subsidiaries under BPP-ESOP, the weighted average fair value of granted the rights during the period determined using the Black-Scholes valuation model was THB 2.11 per unit. The significant inputs into the model were a weighted average share price of THB 25.75 at the grant date, exercise price was THB 23.10 to THB 31.50, volatility of 20%, dividend yield of 4.60%, an expected life of 5 years, and an annual risk-free interest rate of 2.13%.

As at on 31 December 2018, the Company received additional paid-up share capital from the exercise right under BPP-W and BPP-ESOP as follows;

Exercise date	Number of warrants exercised (Unit)	Number of ordinary shares issued (Share)	Ordinary shares (Baht'000)	Date registered the additional paid-up share capital with the Ministry of Commerce	Effective date as registered securities of SET
30 March 2018	140,000	140,000	1,400	5 April 2018	10 April 2018
Total	140,000	140,000	1,400		

23. Expenses by nature

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Coal consumption	3,455,531	3,482,750	-	-
Staff costs	942,714	865,661	95,336	130,380
Depreciation and amortisation	616,099	500,944	714	565
Operating leases	45,348	38,796	1,760	1,722
Professional fee	124,572	95,681	44,379	48,657
Management fee	144,000	117,000	292,116	165,163

24. Earnings per share

24.1 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issued and paid-up during the year.

Basic earnings per share for the years ended 31 December are as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net profit attributable to ordinary shareholders of the Company (Baht'000)	3,812,668	4,154,634	2,199,097	2,036,670
Weighted average ordinary shares (Thousand shares)	3,050,958	3,046,975	3,050,958	3,046,975
Basic earnings per share (Baht)	1.250	1.364	0.721	0.668

24.2 Diluted earnings per share

The diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: the Company's warrants. A calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average market price during the period of the Company's shares) based on the monetary value of the subscription rights attached to outstanding warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the portion of warrants which the exercise prices are lower than the average market price of the Company's shares have been exercised.

Diluted earnings per share for the years ended 31 December are as follows:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net profit attributable to ordinary shareholders of the Company (Baht'000)	3,812,668	4,154,634	2,199,097	2,036,670
Weighted average ordinary shares (Thousand shares)	3,050,958	3,046,975	3,050,958	3,046,975
Adjustment for:				
Assumed conversion of warrants	101	588	101	588
Weighted average number of ordinary shares for diluted earnings per share	3,051,059	3,047,563	3,051,059	3,047,563
Diluted earnings per share (Baht)	1.250	1.363	0.721	0.668

25. Dividend paid

At the Annual General Shareholders' meeting on 2 April 2018, the shareholders approved a payment of final dividends of 2017 of THB 0.30 per share for 3,051,021,700 shares, totalling of THB 915.31 million. The Thailand Securities Depository Company Limited notified the Company that certain shareholders were not entitled to receive dividend totalling of THB 28,710. The Company paid such dividend to the shareholders on 26 April 2018.

At the Board of Directors' meeting on 31 August 2018, the Board of Directors approved a payment of interim dividends of 2018 of THB 0.30 per share for 3,051,021,700 shares, totalling of THB 915.31 million. The Thailand Securities Depository Company Limited notified the Company that certain shareholders were not entitled to receive dividend totalling of THB 870 The Company paid such dividend to the shareholders on 26 September 2018.

At the Annual General Shareholders' meeting on 3 April 2017, the shareholders approved a payment of final dividends of 2016 of THB 0.25 per share for 3,045,692,000 shares, totalling of THB 761.42 million. The Thailand Securities Depository Company Limited notified the Company that certain shareholders were not entitled to receive dividend totalling of THB 0.09 million. The Company paid such dividend to the shareholders on 26 April 2017.

At the Board of Directors' meeting on 30 August 2017, the shareholders approved a payment of interim dividends of 2017 of THB 0.30 per share for 3,048,235,000 shares, totalling of THB 914.47 million. The Thailand Securities Depository Company Limited notified the Company that certain shareholders were not entitled to receive dividend totalling of THB 0.09 million. The Company paid such dividend to the shareholders on 27 September 2017.

26. Related party transactions

The Company is controlled by Banpu Public Company Limited (the Parent), which is domiciled in Thailand. The Parent holds 78.57% of the Company's shareholding.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The pricing policies for transactions between the Parent, subsidiaries, associate, joint ventures and related parties are set out below:

- Management income represents fee charged to the parent company, joint ventures, and related parties for rendering the management services in the normal course of business. The fees are based on the service provided and the agreed rate in accordance with the conditions in agreement.
- Management expenses represent fee charged from the parent company and a subsidiary for rendering the management services in the normal course of business. The fees are based on the service provided and the agreed rate in accordance with the conditions in agreement.
- For loans, borrowings, interest income and interest expenses, the Group charges interest by considering the average cost of borrowings and market interest rate.
- Advance to/from related parties represent the advance payment for related parties which will be reimbursed within the normal credit term.

The following significant transactions were carried out with related parties:

26.1 Transactions during the years ended 31 December are as follows:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Purchase	-	72,223	-	-
Dividend income				
- Subsidiary	-	-	2,184,366	1,473,060
- Joint ventures	-	-	1,342,069	960,000
Total dividend income from related parties	-	-	3,526,435	2,433,060
Interest income				
- Subsidiaries	-	-	202,832	189,890
- Joint venture	36	4,093	-	-
Total interest income from related parties	36	4,093	202,832	189,890

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Management fee				
- The Parent	32,927	31,066	-	-
- Joint ventures	57,896	39,519	33,690	35,991
- Related parties	103,779	112,987	-	-
Total management fee charged to related parties	194,602	183,572	33,690	35,991
Management expenses				
- The Parent	144,000	117,000	144,000	117,000
- Subsidiary	-	-	148,116	48,163
Total management expenses to related parties	144,000	117,000	292,116	165,163

26.2 Amounts due from related parties as at 31 December consist of:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Interest receivable				
- Subsidiaries	-	-	318,852	200,032
- Joint venture	36	-	-	-
Total Interest receivables	36	-	318,852	200,032
Other receivables				
- The Parent	3,915	-	-	-
- Joint venture	6,192	11,806	6,192	11,806
- Related parties	6,798	1,634	-	-
Total other receivables	16,905	13,440	6,192	11,806
Total amount due from related parties	16,941	13,440	325,044	211,838
Dividend receivables				
Dividend receivables - Current				
- Subsidiary	-	-	330,000	713,737
- Joint venture	330,000	714,382	-	595
	330,000	714,382	330,000	714,332
Dividend receivables - Non current				
- Subsidiary	-	-	7,019,938	6,225,935
- Joint venture	6,802,860	7,132,811	391	391
	6,802,860	7,132,811	7,020,329	6,226,326
Total dividend receivables from related parties	7,132,860	7,847,193	7,350,329	6,940,658

26.3 Advances to and loans to related parties as at 31 December consist of:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Advances to - Current				
- Subsidiaries	-	-	21,797	5,148
- Related parties	105	16,154	63	16
Total advances to related parties - Current	105	16,154	21,860	5,164
Advances to a joint venture - Non current	181,736	179,705	-	-

Advances to a joint venture which represent in non-current assets are advances for project development of solar power plant in Japan.

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term loans to				
- Subsidiaries	-	-	2,260	262,880
- Joint venture	2,603	-	-	-
Total short-term loans to related parties	2,603	-	2,260	262,880
Long-term loans to related parties	-	-	8,172,724	6,842,494

Short-term loans to subsidiaries are unsecured promissory notes which details are as follows:

Consolidated financial statements

		31 December 2018			31 December 2017			
No.	Currency	Currency in promissory note (Million)	Million Baht	Average interest rate per annum	Currency in promissory note (Million)	Million Baht	Average interest rate per annum	Repayment term
1	JPY	9.00	2.60	2.64%	-	-	-	25 June 2019
Total			2.60			-		

Separate financial statements

		31 December 2018			31 December 2017			
No.	Currency	Currency in promissory note (Million)	Million Baht	Average interest rate per annum	Currency in promissory note (Million)	Million Baht	Average interest rate per annum	Repayment term
1	CNY	-		-	18.34	90.81	3.15%	At call
2	CNY	-		-	34.75	172.07	4.35%	18 November 2018
3	USD	0.07	2.26	4.84%	-	-	-	6 December 2019
Total			2.26			262.88		

The fair value of short-term loans to related parties approximated their carrying amount, as short-term loans to related parties had a short period of maturity.

Movements of short-term loans to related parties for the years ended 31 December are as follows:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Opening balance	-	238,100	262,880	4,943,753
Additions	2,710	169,034	2,295	2,606,347
Repayments	-	(28,533)	(265,329)	(837,390)
Reclassify to investment	-	(289,076)	-	(4,815)
Reclassify to advance	-	(93,744)	-	-
Reclassify to loans	-	-	-	(6,319,437)
Gains (Losses) on exchange rate	(107)	4,219	2,414	(125,578)
Closing balance	2,603	-	2,260	262,880

Long-term loans to related parties are unsecured promissory notes which details are as follows:

		2018			2017			
No.	Currency	Currency in promissonote (Million)	Million Baht	Average interest rate per annum	Currency in promissonote (Million)	Million Baht	Average interest rate per annum	Repayment term
1	THB	4,315.01	4,315.01	4.25%	4,315.01	4,315.01	2.30% to 2.62%	Repayment at the end of contract 30 November 2023
2	THB	1,740.00	1,740.00	4.25%	-	-	-	Repayment at the end of contract 30 November 2023
3	THB	3.00	3.00	4.25%	-	-	-	Repayment at the end of contract 30 November 2023
4	THB	60.00	60.00	4.25%	-	-	-	Repayment at the end of contract 30 November 2023
5	THB	25.00	25.00	4.25%	-	-	-	Repayment at the end of contract 30 November 2023
6	THB	26.00	26.00	4.25%	-	-	-	Repayment at the end of contract 30 November 2023
7	THB	10.00	10.00	4.25%	-	-	-	Repayment at the end of contract 30 November 2023
8	THB	36.00	36.00	4.25%	-	-	-	Repayment at the end of contract 30 November 2023
9	THB	75.00	75.00	4.25%	-	-	-	Repayment at the end of contract 30 November 2023
10	THB	30.00	30.00	4.25%	-	-	-	Repayment at the end of contract 18 December 2023
11	USD	-	-	-	2.32	75.38	2.62%	Repayment at the end of contract 31 October 2022
12	USD	11.00	355.14	4.84%	-	-		Repayment at the end of contract 5 March 2023
13	USD	7.70	248.59	4.84%	-	-	-	Repayment at the end of contract 5 October 2023
14	USD	1.71	55.21	4.84%	-	-	-	Repayment at the end of contract 19 November 2023
15	USD	4.40	142.05	4.84%	-	-	-	Repayment at the end of contract 30 November 2023
16	JPY	-	-	-	4,664.57	1,333.98	2.17% to 2.65%	Repayment at the end of contract 31 October 2022
17	JPY	99.83	28.87	4.25%	-	-	-	Repayment at the end of contract 30 November 2023
18	JPY	413.48	119.58	4.25%	-	-	-	Repayment at the end of contract 30 November 2023
19	JPY	1,551.00	448.57	4.25%	-	-	-	Repayment at the end of contract 30 November 2023
20	CNY	97.50	454.70	4.25%	225.80	1,118.12	2.35 to 2.62%	Repayment at the end of contract 30 November 2023
Total			8,172.72			6,842.49		

The fair values of long-term loans to related parties are based on discounted cash flows using a discount rate based upon the market borrowing rate as at the reporting date and are within level 2 of the fair value hierarchy. As at 31 December 2018 and 2017, the fair values of long-term loans to related parties approximated their carrying amount.

Movements of long-term loans to related parties for the years ended 31 December are as follows:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Opening balance	-	-	6,842,494	-
Additions	-	-	1,982,408	544,505
Repayment	-	-	(716,539)	-
Reclassify to loans	-	-	-	6,319,437
Gain (loss) on exchange rate	-	-	64,361	(21,448)
Closing balance	-	-	8,172,724	6,842,494

26.4 Advances from related parties as at 31 December consist of:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Advances from the Parent	7,486	3,231	-	-
Advances from related party	44	431	4	-
Total advances from related parties	7,530	3,662	4	-

26.5 Key management compensation

Key management compensation for the years ended 31 December are detailed as follows:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Salary and other short-term benefits	46,491	56,247	46,491	56,247
Post-employment benefits	1,434	1,750	1,434	1,750
Share-based payments	761	6,767	761	6,767
	48,686	64,764	48,686	64,764

In addition, the Group paid management fee to the Parent for the year ended 31 December 2018 of THB 144 million (2017: THB 117 million). Part of the fee is considered as performing key management of the Group.

27. Business combination

Investment during the year ended 31 December 2018

On 7 December 2018, BPP Renewable Investment (China) Co., Ltd. which is a subsidiary of the Group completed to acquire 100% of shareholding in Feicheng Xingyu Solar Power PV Technology Co., Ltd. (Xingyu) from a third party. Xingyu is incorporated in the People's Republic of China with the business objective of solar power generation. The Group paid CNY 3 million or equivalent to THB 14.22 million for such shareholding.

The details of total purchase consideration and fair value of net assets acquired at the acquisition date are as follows:

	Baht'000
Fair value of net assets acquired	
Cash and cash equivalents	5,920
Trade accounts receivable	39,423
Property, plant and equipment	239,910
Intangible assets (Right to operate the power plant)	7,529
Trade accounts payable	(29,034)
Short-term loans	(243,677)
Deferred income tax liabilities	(1,543)
Other assets less other liabilities	(4,306)
Total fair value of net assets acquired	14,222

As at 31 December 2018, the Group has been under the process of determining fair value of the net assets acquired and reviewing purchase price allocation (PPA). The purchase price over net assets' carrying value may be the right to operate the power plant. However, it is subjected to further adjustments depending on the determination of fair value and the result of the PPA, which is expected to be finalised within 12 months from the acquisition date. Right to operate the power plants will be amortised by straight-line method over the estimated useful life of such power plant.

28. Commitment, significant contracts and contingent liabilities

28.1 Letter of Guarantee

As at 31 December, the Group has obligations with banks as follows;

(Million)

	Consolidated and separate financial statement	
	2018 (Original currency)	2017 (Original currency)
Letter of Guarantee		
- US Dollar	22.00	22.00
- Thai Baht	1,360.00	1,365.05
- Japanese Yen	390.00	390.00

28.2 Capital commitments

As at 31 December, the Group had capital expenditure and capital commitments to provide funding that were not recognised in the financial statement is as follows:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Property, plant and equipment	854,346	945,497	-	-
Investments in a joint venture*	727,699	1,110,977	-	-
Investment in solar power plants	1,802,064	2,370,777	-	-
	3,384,109	4,427,251	-	-

*The Group has capital commitment to provide funding if called as the proportionate of investments in accordance with the arrangement of a joint venture in People's Republic of China.

28.3 Operating lease commitments

As at 31 December, the Group has entered into office rental and equipment and service contracts. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

(Baht'000)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Not later than 1 year	32,537	31,146	2,850	585
Later than 1 year but not later than 5 years	88,683	64,578	3,891	-
Later than 5 years	206,643	209,953	-	-
	327,863	305,677	6,741	585

28.4 Litigation

In 2007, a group of individuals and corporate entities (Plaintiffs), who were ex-developers of a coal mine and a power plant in Lao PDR (Hongsa Project), filed a civil lawsuit against the Company, Banpu International Limited, the Parent and three members of the Parent's management as defendants, based on the allegations that the Defendants had deceptively entered into a joint development agreement with the Plaintiffs for the purpose of gaining access to the information of the Hongsa Project, and had, in bad faith, misinformed the Government of Lao PDR (GOL) to terminate their Hongsa Project concessions in order that the Company could directly enter into a concession contract with the GOL. The Plaintiffs demanded the Defendants to pay damages of THB 2,000 million for the value of the Hongsa Project information, another THB 2,000 million for the investment costs to the studies and expenditures in the Hongsa Project, and THB 59,500 million for the lost profits due to the GOL having terminated the Hongsa Project concessions, totaling THB 63,500 million plus interest on this amount.

On 20 September 2012, the Civil Court issued a judgement that the Defendants did not breach the joint development agreement; the Plaintiffs breached the joint development agreement; the Defendants committed a wrongful act by using the Plaintiffs' information of the Hongsa Project (for the development of a 600-MW power plant) to develop the 1,800-MW power plant, and adjudicated that the Company and the Parent pay to the Plaintiffs compensation for damages of THB 2,000 million for the value of the information, another THB 2,000 million for the investment costs to the studies and expenditures in the Hongsa

Project, totaling THB 4,000 million plus 7.5% interest per annum from the date of plaint until fully paid, and for loss of profits of THB 860 million per year for years 2015 - 2027 and THB 1,380 million On 9 September 2014, the Civil Court announced the judgement of the Appeal Court whereby the Plaintiff's complaint was dismissed. The grounds for dismissal were that the Defendants which are the Company and Banpu Public Company Limited (the Parent) had always acted in good faith before and after the Joint Development Agreement was entered into, and that the Defendants did not commit a wrongful act against the Plaintiffs. The Appeal Court also found that it was the Plaintiffs that breached the Joint Development Agreement, and that the Defendants had no obligation to return to the Plaintiffs the documents in which the information relating to the Plaintiff's Hongsa Project contains. The Plaintiffs has filed with the Supreme Court a petition against the judgement of the Appeal Court and the Defendants submitted an answer to the Plaintiff's petition on 17 February 2015.

On January 2018, a summon was issued by the Civil Court to hear the Supreme Court judgement on 6 March 2018. The Supreme Court judgement was read as summarised below:

1. In respect of the claim that the Defendants deceived the Plaintiffs in entering into the Preliminary Agreement and the Joint Development Agreement with an intention to acquire the project information of the Plaintiffs, the Court considered that the Plaintiffs had approached the Defendants to develop the Project and the Defendants acted in good faith in entering into the Agreements with its true intention to develop the Hongsa Project, but not to deceptively acquire the information as alleged.
2. In respect of the claim that the Defendants terminated a contract with a contractor to delay the Hongsa Project to result in the Lao Government terminating the concession agreements with the Plaintiffs, the Court considered that the Defendants terminated the contractor in good faith for the benefit of the Hongsa Project.
3. In respect of the claim that the Defendants induced the Lao Government to terminate the concession agreements with the Plaintiffs, the Court considered that the Defendants was in good faith and did not do so. The termination of the concession agreements by the Lao Government was resulting from the acts of the Plaintiffs since the Lao Government was concerned that the Hongsa Project would not be succeeded in the hands of the Plaintiffs as they were seen incapable, which would be detrimental to the benefit of Laos and its people.
4. In respect of the claim that the Defendants used the project information of the Plaintiffs, the Court considered that the Defendant which are the Company, Banpu International Limited and the Parent utilised the project information of the Plaintiffs as base for developing a new 1,800-2MW power project without the Plaintiffs' consent, and therefore ordered the Defendants to jointly pay the Plaintiffs the sum of THB 1,500 million plus interest at the rate of 7.50% per annum calculated from 3 July 2007.

Subsequently, the Company jointly with Banpu International Limited and the Parent paid the damages plus interest to the Plaintiffs in full on 9 March 2018. The Company bore one third of the damages, amounting to THB 900.68 million and recognised in the consolidated and separate statements of comprehensive income for the year ended 31 December 2018.

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