

# FINANCIAL REPORT

## AUDITOR'S REPORT

**TO The Board of Directors,  
Electricity Generating Authority of Thailand**

The Office of the Auditor General has audited the accompanying consolidated balance sheets of the Electricity Generating Authority of Thailand and its subsidiary and the balance sheets of the Electricity Generating Authority of Thailand as at September 30, 2003 and 2002, the related consolidated and the Electricity Generating Authority of Thailand's statements of income, changes in equity, and cash flows for the years then ended. These financial statements are the responsibility of the Electricity Generating Authority of Thailand's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General is to express an opinion on these financial statements based on our audits and other auditors' reports. The other auditors have audited the financial statements of Ratchaburi Electricity Generating Holding Public Company Limited, which is the subsidiary company as stated in the consolidated. The Office of the Auditor General has received the other auditors' reports and used them as a basis in auditing and expressing an opinion on the consolidated and the financial statements of the Electricity Generating Authority of Thailand as at September 30, 2003 and 2002.

The Office of the Auditor General conducted the audits in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Office of the Auditor General believes that the audits provide a reasonable basis for the opinion.

In the opinion of the office of the Auditor General based on the audits and the other auditors' reports, the aforementioned consolidated of the Electricity Generating Authority of Thailand and its subsidiary and the financial statements of the Electricity Generating Authority of Thailand present fairly, in all material respect, the financial position as at September 30, 2003 and 2002, the results of their operations, changes in equity and cash flows for the years then ended, in conformity with generally accepted accounting principles.

Without qualifying on the financial statements, the Office of the Auditor General draws attention to the Note 2, 4, 5, 6.3 and 9 relating to principles of consolidation, change in insurance procedure, change in accounting policies, accounting estimates, correction in fundamental errors, an impairment of asset, trade accounts receivable - net and reclassification in financial statements respectively.

(Signed) Lakhana Bunyamanonukul  
(Lakhana Bunyamanonukul)  
Director of Audit Office

(Signed) Launruk Thanee  
(Launruk Thanee)  
Auditor-in-Charge

*Office of the Auditor General  
December 22, 2003*

# BALANCE SHEETS

AS AT SEPTEMBER 30, 2003 AND 2002

Unit : Baht

Notes	Consolidated		EGAT Only	
	2003	2002	2003	2002
				(Restated)
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Bank Balances 6.1	25,235,383,285	22,655,920,415	25,048,596,285	22,617,048,415
Short-term investments in fixed deposits 6.2	7,180,439,595	8,987,211,782	7,080,334,595	8,987,109,782
Short-term investments in promissory notes	68,750,000	606,000,000	-	-
Short-term investments in bills of exchange - Net	300,290,000	-	-	-
Short-term investments pledged as collateral	4,475,756,000	6,014,625,000	-	-
Current portion of long-term investments in bills of exchange	-	9,865,000	-	-
Current portion of long-term investments pledged as collateral	40,584,000	68,012,000	-	-
Trade Accounts Receivable - Net 3.3, 6.3	38,112,559,869	30,670,904,817	38,137,610,831	30,890,798,205
Other Accounts Receivable - Net 3.3, 6.4	804,080,075	1,326,619,884	1,279,640,356	1,326,619,884
Materials and Supplies - Net 3.4, 6.5	5,348,213,125	6,953,037,733	3,944,925,125	5,618,542,733
Other Current Assets	3,570,906,884	2,760,389,176	3,404,799,884	2,583,923,176
<b>Total Current Assets</b>	<b>85,136,962,833</b>	<b>80,052,585,807</b>	<b>78,895,907,076</b>	<b>72,024,042,195</b>
<b>NON-CURRENT ASSETS</b>				
Investment in Subsidiary Company by using the Equity Method 3.5, 6.6	-	-	7,603,462,219	6,763,966,050
Investment in Associated and Joint Venture Companies by using the Equity Method 3.5, 6.6	4,104,839,014	2,899,663,282	4,104,839,014	2,899,663,282
Long-term investments pledged as collateral	1,548,863,000	594,571,000	-	-
Land, Buildings, Plant and Equipment - Net 3.6, 3.7, 6.7	265,560,027,702	262,881,748,003	216,692,566,953	219,651,816,174
Works under Construction 6.8	32,849,223,260	43,604,507,425	32,849,223,260	43,604,507,425
Deferred Charges 3.8, 6.9	19,110,779,396	19,789,110,979	19,110,779,396	19,789,110,979
Deferred loan fees - Net	595,650,000	649,393,000	-	-
Royalty on Real Property Services - Net 3.9, 6.10	285,180,930	291,518,284	285,180,930	291,518,284
Sinking Fund for Redemption of Long Term Debts 3.10, 6.11	15,434,825,502	16,964,236,969	15,434,825,502	16,964,236,969
Loan to the Cooperatives Promotion Department 6.12	19,762,684	20,462,684	19,762,684	20,462,684
Other Non-Current Assets	3,436,000	2,561,000	-	-
<b>Total Non-Current Assets</b>	<b>339,512,587,488</b>	<b>347,697,772,626</b>	<b>296,100,639,958</b>	<b>309,985,281,847</b>
<b>TOTAL ASSETS</b>	<b>424,649,550,321</b>	<b>427,750,358,433</b>	<b>374,996,547,034</b>	<b>382,009,324,042</b>

Notes to financial statements form an integral part of these financial statements.

# BALANCE SHEETS

AS AT SEPTEMBER 30, 2003 AND 2002

Unit : Baht

Notes	Consolidated		EGAT Only	
	2003	2002	2003	2002
				(Restated)
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Electricity Purchased Payable 6.13	13,354,999,995	10,456,766,725	20,674,696,995	15,550,946,725
Accounts payable - trade	4,171,157,757	2,971,548,612	-	-
Accrued Remittance to the Ministry of Finance 6.14	10,540,000,000	9,555,000,000	10,540,000,000	9,555,000,000
Other Accounts Payable	14,391,156,538	14,482,584,816	14,253,906,538	14,078,268,816
Current Portion of Long Term Liabilities 3.11, 6.15	23,958,664,114	24,590,478,539	21,184,607,114	22,800,902,539
Current Portion of Financial Lease 3.7	2,335,169	3,166,463	2,335,169	3,166,463
Value-added tax payable	253,607,000	-	-	-
Accrued Income Tax	9,918,000	-	-	-
Accrued Dividends	59,600,000	-	-	-
Accrued Interest Expenses	2,584,864,051	3,274,986,660	2,584,864,051	3,274,986,660
Other Current Liabilities	7,001,887,372	7,594,364,706	6,950,040,372	7,798,216,706
<b>Total Current Liabilities</b>	<b>76,328,189,996</b>	<b>72,928,896,521</b>	<b>76,190,450,239</b>	<b>73,061,487,909</b>
<b>NON-CURRENT LIABILITIES</b>				
Long-Term Liabilities 3.11, 6.15	164,880,407,886	193,763,225,210	128,383,316,886	159,485,735,210
Provident Fund 3.12, 6.16	24,277,267	23,517,984	24,277,267	23,517,984
Deferred Interest on Long Term Debts 6.15	7,702,000	8,036,900	7,702,000	8,036,900
Provision Liabilities for Mine Reclamation 3.13, 6.17	1,488,686,378	1,444,691,317	1,488,686,378	1,444,691,317
Deferred Income 3.14, 5.3, 6.18	3,523,600,398	2,151,298,893	3,523,600,398	2,151,298,893
Financial Lease - Net 3.7	1,303,680	6,601,849	1,266,680	3,601,849
<b>Total Non-Current Liabilities</b>	<b>169,925,977,609</b>	<b>197,397,372,153</b>	<b>133,428,849,609</b>	<b>163,116,882,153</b>
<b>TOTAL LIABILITIES</b>	<b>246,254,167,605</b>	<b>270,326,268,674</b>	<b>209,619,299,848</b>	<b>236,178,370,062</b>
<b>EQUITY</b>				
Contribution from the Government 6.19	9,640,888,638	9,703,221,401	9,640,888,638	9,703,221,401
Premium on share capital	2,880,286,079	2,880,286,079	2,880,286,079	2,880,286,079
Surplus from Royalty on Real Property Service	474,767,280	474,767,280	474,767,280	474,767,280
Retained Earnings				
Appropriated				
Legal reserve	408,273,822	255,369,979	408,273,822	255,369,979
Capital Expenditure Appropriation	80,186,366,913	80,186,366,913	80,186,366,913	80,186,366,913
Unappropriated	71,655,221,860	52,324,492,995	71,655,221,860	52,324,492,995
Unrealized gain on investments in marketable securities - available for sale - Net	172,226,487	22,279,859	172,226,487	22,279,859
Adjustment from translation the financial statements of foreign company	(40,783,893)	(15,830,526)	(40,783,893)	(15,830,526)
<b>TOTAL EQUITY</b>	<b>165,377,247,186</b>	<b>145,830,953,980</b>	<b>165,377,247,186</b>	<b>145,830,953,980</b>
<b>MINORITY INTEREST</b>	<b>13,018,135,530</b>	<b>11,593,135,779</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>424,649,550,321</b>	<b>427,750,358,433</b>	<b>374,996,547,034</b>	<b>382,009,324,042</b>

Notes to financial statements form an integral part of these financial statements.

(Signed) Mr. Cherdpong Siriwit  
(Mr. Cherdpong Siriwit)  
Chairman of Board of Directors

(Signed) Mr. Sitthiporn Ratanopas  
(Mr. Sitthiporn Ratanopas)  
Governor

# STATEMENTS OF INCOME

FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002

Unit : Baht

Notes	Consolidated		EGAT Only	
	2003	2002	2003	2002
				(Restated)
<b>OPERATING REVENUES</b>				
Revenue from Electric Energy Sales - Net 3.1	230,261,825,166	207,022,003,398	230,400,868,784	207,101,048,712
Revenue from Services	1,345,994,069	773,130,691	2,207,121,149	1,402,975,169
Other Revenues				
Bank Interests 3.2	918,160,201	1,008,541,725	756,330,200	830,017,725
Profit on Sale of Ratchaburi				
Power Plants Project 6.22	-	-	436,743,606	647,633,753
Others	1,056,903,402	986,948,137	937,841,401	371,077,137
Share of Profit from Subsidiary Company by using the Equity Method 6.23	-	-	2,307,621,169	1,142,492,677
Share of Profit from Associated and Joint Venture Companies by using the Equity Method 6.23	1,397,116,625	1,000,215,769	1,397,116,625	1,000,215,769
<b>TOTAL OPERATING REVENUES</b>	<b>234,979,999,463</b>	<b>210,790,839,720</b>	<b>238,443,642,934</b>	<b>212,495,460,942</b>
<b>OPERATING EXPENSES</b>				
Cost of Electric Energy Sales 6.24	180,498,432,822	165,901,723,977	188,891,106,675	171,797,653,909
Cost of Services	901,875,037	589,961,708	1,530,725,057	956,112,998
Selling and Administrative Expenses	9,199,104,508	7,200,595,318	8,839,993,508	6,783,748,318
Other Expenses				
Loss on Disposal of Assets	30,780,454	178,637,017	30,780,454	178,637,017
Loss on Impairment of Asset	611,429,835	-	611,429,835	-
Others	22,808,000	18,377,000	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>191,264,430,656</b>	<b>173,889,295,020</b>	<b>199,904,035,529</b>	<b>179,716,152,242</b>
<b>OPERATING INCOMES</b>	<b>43,715,568,807</b>	<b>36,901,544,700</b>	<b>38,539,607,405</b>	<b>32,779,308,700</b>
<b>GAINS ON FOREIGN EXCHANGE</b> 3.11, 6.25	<b>8,289,073</b>	<b>4,286,331,499</b>	<b>8,289,073</b>	<b>4,286,331,499</b>
<b>INTEREST EXPENSES</b> 3.17, 6.26	<b>(10,462,568,404)</b>	<b>(11,460,427,468)</b>	<b>(8,547,109,404)</b>	<b>(9,683,733,468)</b>
<b>INCOME BEFORE INCOME TAX AND MINORITY INTEREST</b>	<b>33,261,289,476</b>	<b>29,727,448,731</b>	<b>30,000,787,074</b>	<b>27,381,906,731</b>
<b>INCOME TAX</b>	<b>(67,033,000)</b>	<b>(297,012,000)</b>	<b>-</b>	<b>-</b>
<b>INCOME BEFORE MINORITY INTEREST</b>	<b>33,194,256,476</b>	<b>29,430,436,731</b>	<b>30,000,787,074</b>	<b>27,381,906,731</b>
<b>MINORITY INTEREST</b>	<b>(3,193,469,402)</b>	<b>(2,048,530,000)</b>	<b>-</b>	<b>-</b>
<b>NET INCOME</b>	<b>30,000,787,074</b>	<b>27,381,906,731</b>	<b>30,000,787,074</b>	<b>27,381,906,731</b>

Notes to financial statements form an integral part of these financial statements.

(Signed) Mr. Cherdpong Siriwit  
(Mr. Cherdpong Siriwit)  
Chairman of Board of Directors

(Signed) Mr. Sitthiporn Ratanopas  
(Mr. Sitthiporn Ratanopas)  
Governor

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002

Unit : Baht

Consolidated and EGAT Only as at September 30, 2003

	Contribution from the Government	Premium on Share Capital	Surplus from Royalty on Real Property Service	Legal Reserve	Retained Earnings Appropriated	Retained Earnings Unappropriated	Unrealized Gain on Investments in Marketable Securities	Adjustment from Translation the Financial Statements of Foreign Company	Total Equity
Balance at beginning of year	9,703,221,401	2,880,286,079	474,767,280	255,369,979	80,186,366,913	52,324,492,995	22,279,859	(15,830,526)	145,830,953,980
Adjustment	-	-	-	-	-	22,845,634	-	-	22,845,634
Increase (Decrease) during the year	(62,332,763)	-	-	152,903,843	-	(152,903,843)	149,946,628	(24,953,367)	62,660,498
Net Income for the year	-	-	-	-	-	30,000,787,074	-	-	30,000,787,074
Less Provision for Appropriation to the Ministry of Finance	-	-	-	-	-	(10,540,000,000)	-	-	(10,540,000,000)
Balance at end of year	9,640,888,638	2,880,286,079	474,767,280	408,273,822	80,186,366,913	71,655,221,860	172,226,487	(40,783,893)	165,377,247,186

Unit : Baht

Consolidated and EGAT Only as at September 30, 2002

	Contribution from the Government	Premium on Share Capital	Surplus from Royalty on Real Property Service	Legal Reserve	Retained Earnings Appropriated	Retained Earnings Unappropriated	Unrealized Gain on Investments in Marketable Securities	Adjustment from Translation the Financial Statements of Foreign Company	Total Equity
Balance at beginning of year	9,765,554,164	2,874,389,584	474,767,280	134,027,495	80,186,366,913	34,574,928,748	21,846,050	(6,961,910)	128,024,918,324
Increase (Decrease) during the year	(62,332,763)	5,896,495	-	121,342,484	-	(121,342,484)	433,809	(8,868,616)	(64,871,075)
Net Income for the year	-	-	-	-	-	27,381,906,731	-	-	27,381,906,731
Decrease in Appropriation to the Ministry of Finance Year 2001	-	-	-	-	-	44,000,000	-	-	44,000,000
Less Provision for Appropriation to the Ministry of Finance	-	-	-	-	-	(9,555,000,000)	-	-	(9,555,000,000)
Balance at end of year	9,703,221,401	2,880,286,079	474,767,280	255,369,979	80,186,366,913	52,324,492,995	22,279,859	(15,830,526)	145,830,953,980

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002

Unit : Baht

Notes	Consolidated		EGAT Only	
	2003	2002	2003	2002
				(Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income	30,000,787,074	27,381,906,731	30,000,787,074	27,381,906,731
Adjustments to reconcile net income to net cash provided by operating activities				
Operating activities				
Depreciation	16,818,453,188	15,320,388,326	14,380,874,188	13,770,810,326
Amortization of land rights	513,031,157	623,883,769	513,031,157	623,883,769
Loss on impairment of asset	611,429,835	-	611,429,835	-
Amortization of deferred loan fees	53,743,000	53,743,000	-	-
Amortization of deferred charges	4,563,942,727	4,211,224,593	4,563,942,727	4,211,224,593
Amortization of royalty on real property services	6,337,354	6,337,354	6,337,354	6,337,354
Bad and doubtful debts	(28,690,661)	(85,262,534)	(28,690,661)	(85,262,534)
Allowance for obsolescence on materials and supplies	343,405,652	194,281,343	343,405,652	194,281,343
Loss on disposal of assets	30,780,454	178,637,017	30,780,454	178,637,017
Profit on sale of Ratchaburi Power Plants Project	-	-	(436,743,606)	(647,633,753)
Revenue from deferred contributions	(154,865,948)	(53,916,737)	(154,865,948)	(53,916,737)
Gains on foreign exchange	(322,855,664)	(4,590,196,008)	(322,855,664)	(4,590,196,008)
Share of Profit from Subsidiary Company by using the equity method	-	-	(2,307,621,169)	(1,142,492,677)
Share of Profit from Associated and Joint Venture Companies by using the equity method	(1,397,116,625)	(1,000,215,769)	(1,397,116,625)	(1,000,215,769)
Minority interest in subsidiary company	1,424,999,751	1,339,181,079	-	-
Decrease (Increase) in assets				
Trade accounts receivable	(7,439,143,350)	(1,372,345,061)	(7,244,300,923)	(1,453,367,632)
Other accounts receivable	548,580,377	(219,063,555)	73,020,096	(219,063,555)
Materials and supplies	1,261,418,956	1,601,077,020	1,094,914,307	612,616,875
Other current assets	(767,135,759)	(489,392,503)	(1,414,570,172)	(626,446,822)
Other non-current assets	(875,000)	(143,000)	-	-
Deferred charges	(3,320,656,054)	(2,590,578,551)	(3,320,656,054)	(2,590,578,551)
Loan to the Cooperatives Promotion Department	700,000	14,300,000	700,000	14,300,000
Increase (Decrease) in liabilities				
Electricity purchased payable	2,898,233,270	(253,938,418)	5,123,750,270	1,145,910,167
Accounts payable - trade	1,199,609,145	741,794,014	-	-
Other accounts payable	1,041,922,369	(4,157,538,302)	1,308,988,368	(3,856,430,896)
Accrued interest expenses	(690,457,509)	(776,486,783)	(690,457,509)	(776,486,783)
Other current liabilities	(246,506,700)	1,216,234,577	8,313,923	1,194,837,791
Provident fund	759,283	582,938	759,283	582,938
Provision liabilities for mine reclamation	43,995,060	(17,415,291)	43,995,060	(17,415,291)
	16,993,038,308	9,895,172,518	10,786,364,343	4,893,915,165
Net cash inflows from operating activities	<b>46,993,825,382</b>	<b>37,277,079,249</b>	<b>40,787,151,417</b>	<b>32,275,821,896</b>

Notes to financial statements form an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002

Unit : Baht

Notes	Consolidated		EGAT Only	
	2003	2002	2003	2002
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				<b>(Restated)</b>
Decrease in short-term investments in fixed deposits	1,806,772,187	1,903,456,154	1,906,775,187	1,563,458,153
Short-term investments in promissory notes and bills of exchange	236,960,000	(289,900,000)	-	-
Short-term investments pledged as collateral	1,538,869,000	(1,444,131,000)	-	-
Long-term investments in bills of exchange	-	9,431,000	-	-
Long-term investments pledged as collateral	(954,292,000)	(480,764,000)	-	-
Current portion of long-term investments in bills of exchange	9,865,000	(9,865,000)	-	-
Current portion of long-term investments pledged as collateral	27,428,000	(58,313,000)	-	-
Dividend received	334,434,155	334,434,155	1,802,559,155	986,934,155
Cash on sale of Ratchaburi Power Plants Project	-	-	7,562,828,054	18,715,965,000
Cash on disposal of assets	75,425,466	100,796,273	75,425,466	100,796,273
Capital expenditure (including interest)	(11,793,797,300)	(15,440,386,775)	(10,806,045,389)	(13,910,981,421)
Cash on deferred income	1,527,167,453	147,647,870	1,527,167,453	147,647,870
Investments in joint venture company	(17,500,000)	-	(17,500,000)	-
Net cash (outflows) inflows from investing activities	<b>(7,208,668,039)</b>	<b>(15,227,594,323)</b>	<b>2,051,209,926</b>	<b>7,603,820,030</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Remittance to the Ministry of Finance	(9,555,000,000)	(7,470,000,000)	(9,555,000,000)	(7,470,000,000)
Decrease in sinking fund for redemption of long term debts	1,529,411,467	8,810,389,392	1,529,411,467	8,810,389,392
Repayment of short term loans	-	(7,761,045,773)	-	(7,761,045,773)
Repayment of long term liabilities	(34,935,242,281)	(38,103,190,388)	(32,892,783,281)	(37,084,599,388)
Long term liabilities received	5,761,265,804	30,781,406,732	514,724,804	12,065,441,732
Decrease (Increase) in finance lease liabilities	(6,129,463)	(8,304,791)	(3,166,463)	(6,239,791)
Net cash outflows from financing activities	<b>(37,205,694,473)</b>	<b>(13,750,744,828)</b>	<b>(40,406,813,473)</b>	<b>(31,446,053,828)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,579,462,870</b>	<b>8,298,740,098</b>	<b>2,431,547,870</b>	<b>8,433,588,098</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>22,655,920,415</b>	<b>14,357,180,317</b>	<b>22,617,048,415</b>	<b>14,183,460,317</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>25,235,383,285</b>	<b>22,655,920,415</b>	<b>25,048,596,285</b>	<b>22,617,048,415</b>
	3.18, 6.1			
<b>ADDITIONAL CASH FLOWS INFORMATION :</b>				
Cash payment during the year				
Interest expenses	11,807,091,114	14,220,053,422	9,891,632,114	12,443,359,422
Income tax	86,491,000	325,384,000	-	-

Notes to financial statements form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002

## 1. GENERAL INFORMATION

The Electricity Generating Authority of Thailand (EGAT), which is a juristic person, was established by the Electricity Generating Authority of Thailand Act of 1968 and subsequent amendments. The number of employees of EGAT as at September 30, 2003 was 27,620. The objectives are as follows:

- 1.1 To generate, acquire, transmit or distribute electric energy to :
  - The Metropolitan Electricity Authority (MEA), the Provincial Electricity Authority (PEA) or other electricity authorities under the law thereon ;
  - Other electric energy consumers as prescribed by a Royal Decree;
  - Neighbouring countries.

1.2 To undertake various activities concerning electric energy, energy sources deriving from natural resources and undertake business concerning electric energy and other businesses concerning or related to the activities of EGAT, or collaborate with other persons for the said activities.

- 1.3 To produce and sell lignite, or chemicals derived from lignite.

All properties, debts, rights and liabilities as well as other activities of the Yanhee Electricity Authority, the Lignite Authority and the Northeast Electricity Authority were transferred to EGAT. The said properties, when net of debts, became the capital of EGAT.

## 2. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements had presented the account of EGAT and subsidiary company in compliance with the Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries”. As Ratchaburi Electricity Generating Holding Public Company Limited, which EGAT owns 45% of the total fully paid common shares and has effective control over, significant transactions with the subsidiary company have been eliminated.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 REVENUE FROM ELECTRIC ENERGY SALES

Revenue from electric energy sales is recognized according to metered delivery units at the selling point under the contract.

### 3.2 INTEREST RECEIVED

Interest received is recognized on a proportional basis according to the time and rate of return on assets.

### 3.3 ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts is assessed by reference to the estimated losses arising from irrecoverable debts, exclusive of government agencies and state enterprises, which have been based on historical results of collection and the present events pertaining to trade accounts receivable at the end of the period. The allowance for doubtful accounts has been calculated on the following basis.

<u>Time Overdue</u>	<u>Percentage of Allowance for Doubtful Accounts</u>
Over 6 months - 1 Year	50%
Over 1 - 2 Years	75%
Over 2 Years	100%



### 3.4 MATERIALS AND SUPPLIES

**3.4.1 Fuel Oil** is shown at average cost.

**3.4.2 Lignite** is shown at average cost.

**3.4.3 Spare parts for power plant and transmission system** are shown at average cost less allowance for obsolescence of stocks designed to write off the parts on a straight-line basis over the useful lives of the main equipment.

**3.4.4 Spare parts for mine equipment** are shown at average cost less allowance for obsolescence of stocks designed, which have not moved for one year or more. The allowances have been calculated at the following rates :

<b>No movement within</b>		<b>Valued ≤ Baht 100,000</b>	<b>Valued &gt; Baht 100,000</b>
		<b>Percentage of allowance for</b>	<b>Percentage of allowance for</b>
		<b>obsolescence of stocks</b>	<b>obsolescence of stocks</b>
1 - 2	Years	5 %	5 %
Over 2 - 5	Years	15 %	10 %
Over 5 - 7	Years	25 %	20 %
Over 7 - 10	Years	75 %	35 %
Over 10	Years	100 %	50 %

**3.4.5 General materials and supplies** are shown at average cost less allowance for obsolescence of stocks design, which have not moved for six months or more. The allowances have been calculated at the following rates:

<b>No movement within</b>	<b>Percentage of allowance for</b>
	<b>obsolescence of stocks</b>
6 - 18 Months	10 %
Over 18 - 30 Months	30 %
Over 30 - 48 Months	50 %
Over 48 - 60 Months	75 %
Over 60 Months	100 %

### 3.5 INVESTMENT IN SUBSIDIARY, ASSOCIATED AND JOINT VENTURE COMPANIES BY USING THE EQUITY METHOD

EGAT accounts for investment in its subsidiary, associated and joint venture companies by using the equity method.

### 3.6 LAND, BUILDINGS, PLANT AND EQUIPMENT - NET

Fixed assets are shown at cost on the date of acquisition or completion of construction after deduction of accumulated depreciation.

Depreciation of fixed assets is provided on a straight-line basis by reference to historical cost and scrap value is one Baht.

The principal annual rates of depreciation used are :

Dams	1.25 %	to	1.33%
Power plants and equipment	4 %	to	7.5 %
Structures	4 %	to	10 %
Transmission system	2.5 %	to	4 %
Mining equipment	4 %	to	20 %
Other plants and equipment	5 %	to	25 %

Depreciation of the Srinagarind, Bang Lang, Vajiralongkorn, Rajjaprabha and Pak Mun dams is included in the statement of income only to the extent that it relates to power generation. The remaining portion relating to irrigation is deducted from capital contribution for supporting construction of these dams.

### **3.7 ASSETS AND LIABILITIES UNDER FINANCING LEASE AGREEMENT**

Assets and liabilities under financing lease agreements are stated at a fair value on the date that the agreement is signed or the present value of the minimum amount to be paid under the agreement, whichever is lower. A portion of lease payments is recognized as a financial expense and the remaining part deducted from the principle over the lease term. Finance lease assets are depreciated by the straight-line method over the estimated useful lives of each asset provided that, if the ownership of the assets is not transferred by the end of the lease term, depreciation is based on the lower of the useful life of the asset and the lease term.

### **3.8 DEFERRED CHARGES**

#### **3.8.1 LAND RIGHTS**

Land rights, which confer the rights to use areas of land but which do not give title to EGAT, are presented as deferred charges and amortized over the expected useful lives of the related assets.

#### **3.8.2 DEFERRED CHARGES OF THE LIGNITE MINE**

##### **3.8.2.1 Overburden Removal Costs**

Overburden removal costs include depreciation of related equipment and a proportion based on the ratio that the volume of overburden removed bears to lignite production, of the administrative expenses at the Mae Moh mine site.

The costs of overburden removal expended in each year are calculated as the product of the weighted average cost per cubic metre of overburden removed, that comes from the quantity of lignite extracted from the mine multiplied by the stripping ratio of 6.8:1 which is the ratio that the total volume of calculated overburden for the whole deposit bears to the total economically mineable reserves.

##### **3.8.2.2 Exploration and Preliminary Development Costs**

The exploration and preliminary development costs are written off in the year in which they are incurred except where they relate to a project included in the Power Development Plan and Long-Term Mining Plan. In such case, these costs are deferred charges and amortized over the life of the mine in the proportion that the quantity of lignite extracted during the year bears to the total economically mineable reserves.

##### **3.8.2.3 Resettlement Costs**

Resettlement costs expended in each year are calculated by dividing the total actual resettlement costs by the total lignite mineable reserves over the useful lives of the power plants multiplied by the quantity of lignite extracted during the year.

##### **3.8.2.4 Maintenance Expenses**

Expenditures on reconditioning of 85 tonne dump trucks are recorded as deferred charges and amortized in the proportion that hours of usage bear to the total hours of usage in one life cycle of reconditioning.

### **3.9 ROYALTY ON REAL PROPERTY SERVICES - NET**

With the approval of the Ministry of Finance, EGAT has been entitled to use the Sirikit dam and surrounding area without charge and in 1990 set up a Royalty on Real Property Services account recognizing partial cost of the dam at Baht 474.77 million. The amount which has been debited to the account equates to the benefits derived from power generation and the accumulated depreciation of Baht 100.86 million written off by being amortized from the Royalty on Real Property Services. The balance of Baht 373.91 million is being amortized over 59 years, which is the remaining balance of the estimated useful life of the dam.

### **3.10 SINKING FUND FOR REDEMPTION OF LONG TERM DEBTS**

EGAT has set up a sinking fund for the redemption of certain loans which are repayable in large sums. Allocations to the fund are made on a planned basis, taking into account EGAT's financial and economic circumstances. Funds are held in fixed deposit accounts separate from operative accounts. By a resolution of the Board of Directors, if EGAT faces liquidity problems, it need not make payments into the fund and may borrow from the fund if necessary.

### **3.11 FOREIGN CURRENCIES**

Transactions dominated in foreign currencies are translated into Thai Baht at the Bank of Thailand's reference exchange rates prevailing on the transaction dates. Assets and liabilities in foreign currencies are translated

into Baht at the exchange rates at the end of accounting period. Gains or losses from foreign exchange are recognized as either revenues or expenses in the year in which they are incurred.

### **3.12 PROVIDENT FUND**

The Provident Fund was established to help employees when they leave the employment of EGAT. EGAT makes monthly payments to the fund at the rate of 10% of salary of employees who are members. This amount is recognized as an expense in the statement of income and the accounting transactions of the fund have been consolidated in the financial statements. The fund's revenues and expenses are recognized as the revenues and expenses of EGAT.

### **3.13 PROVISION LIABILITIES FOR MINE RECLAMATION**

Provision Liabilities for Mine Reclamation was established for reclamation work at the lignite mine in Mae Moh District, Lampang Province. According to the Mining Act, EGAT is obliged to carry out reclamation work when the mine is closed and because of the certainty of its occurrence amounts set aside for this work are recognized as provisions. Such provisions are recognized as expense in EGAT's statement of income and are calculated by taking that proportion of the total estimated cost of reclamation work, adjusted by the annual CPI (Consumer Price Index) rate of inflation, that the quantity of lignite extracted during the year bears to the total economically mineable reserves.

### **3.14 DEFERRED INCOME**

#### **3.14.1 Contributions for Construction Projects**

Cash contributions received from EGAT's direct customers towards the cost of certain construction projects, which will belong to EGAT after completion of the projects, are accounted for as Deferred Contributions and released to revenues over the useful lives of the related assets.

Cash contributions received from independent power producers towards the cost of certain construction projects, which will belong to EGAT after completion of the projects, are accounted for as Deferred Contributions and released to revenues over the period of the power purchase contracts.

The value of contributed assets constructed by independent power producers which have been transferred to EGAT are accounted for as EGAT's assets and contra with deferred contributions which are released to revenues over the period of the power purchase contracts.

#### **3.14.2 Income from Donation**

Income from donation, which is assets or cash received from governments and foreign financial institutions in the form of discount of interest or grants to finance development activities of EGAT specifically identified by donors, is recorded as deferred income in EGAT's liabilities. They are recognized as revenues over the useful lives of the assets or when the expenditures are incurred.

### **3.15 WELFARE FUND**

The Welfare Fund is established for the employees' welfare with EGAT making payments to the fund. Such payments are recognized as expenses in the statement of income and the accounting transactions of the fund have been consolidated in the financial statements. The fund's revenues and expenses are recognized as the revenues and expenses of EGAT. The welfare fund is included in unappropriated - retained earnings.

### **3.16 SPECIFIC PURPOSE FUNDS**

EGAT has established a number of specific purpose funds namely the Property Self Insurance Sinking Funds, EGAT Fund for Developing Affected People's Quality of Life after Project Construction, Human Resource Management Fund and Fund for Conferences on the Electric Power Supply Industry. The assets, liabilities and balances of these funds have been included in the balance sheets, and the revenues and expenses of the funds have been included in the statement of income. The specific purpose funds is included in unappropriated - retained earnings.

#### **3.16.1 Property Self Insurance Sinking Funds**

EGAT has set up Property Self Insurance Sinking Funds to cover damage to power plant, heavy equipment, aeroplane, vehicle, building, and for employees who encounter with hazards or illnesses by performing their duties. The premiums are calculated so as to approximate to premiums that would be payable to an insurance company.

### **3.16.2 EGAT Fund for Developing Affected People's Quality of Life after Project Construction**

EGAT Fund for Developing Affected People's Quality of Life after Project Construction was established in 1995, for helping (improving quality of life and developing careers) affected people after completion of dams, mines, power plants and transmission lines constructed by EGAT. Only the interest earned from the Fund is utilized for this purpose. The initial amount transferred to the Fund in 1996 of Baht 40 million was recognized as expense in EGAT's statement of income.

### **3.16.3 Human Resource Management Fund**

The Human Resource Management Fund was set up in 1998 by making a provision of 10 % (Baht 874 million) of the profit realized on the sale of shares in Electricity Generating Public Company Limited. The Fund is utilized for compensation payable to employees who are affected by the Government's privatization policy and who join the Mutual Separation Scheme.

### **3.16.4 Fund for Conferences on the Electric Power Supply Industry**

In November 1998, the 12<sup>th</sup> Conference on the Electric Power Supply Industry (CEPSI) was organized by EGAT on behalf of the host nation Thailand. CEPSI is a biennial conference and is hosted on a rotational basis by the countries in the Association of the Electricity Supply Industry of East Asia and Western Pacific (AESIEAP).

The Board of Directors of EGAT resolved that the surplus revenue of Baht 31.82 million realized from the conference should be deposited in a separate account to finance any costs incurred by EGAT in organizing or attending future power conferences.

## **3.17 INTEREST EXPENSES**

Interest expenses include commitment charges and other expenses on long term debts. Interest expenses incurred for non current assets that are under construction period are capitalized, while those incurred after the completion of construction period are expensed. Interest expenses on debts for working capital are recognized as expenses in the incurred period.

## **3.18 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as presented in the cash flow statement comprise cash in current accounts, saving accounts and short term fixed deposits (not more than 3 months) including promissory notes and bills of exchange with maturity of three months or less, to which EGAT has full access without any restriction.

## **4. CHANGE IN INSURANCE PROCEDURE**

For the year 2003, EGAT has changed the insurance procedure from Property Self-Insurance Sinking Funds to be insured by an insurance company according to the conclusion of the Board of Directors meeting on September 15, 2003. By this conclusion, the Property Self-Insurance Sinking Funds are entirely cancelled and the existing funds are expected to prepay long-term debts and fund EGAT's capital expenditure. The change in insurance procedure has resulted in a decrease in Specific Purpose Funds as shown in Equity and an increase in Retained Earnings (Unappropriated) by Baht 9,302.18 million.

## **5. CHANGE IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, CORRECTION IN FUNDAMENTAL ERRORS AND AN IMPAIRMENT OF ASSET**

For the year 2003, EGAT has changed its accounting policies as the following:

**5.1** The expenses arising out of Take or Pay contracts shown in the statements of income were reclassified from the cost of electricity purchased and fuel expenses to be selling and administrative expenses. This change will not have an impact on net income. The expenses arising out of Take or Pay contracts incurred from the delays in completing the Ratchaburi Power Plants Project by EGAT and the delays in completing Ratchaburi-Wang Noi Natural Gas Pipeline Project by PTT Public Company Limited (PTT). In addition, the demand for natural gas was below the minimum quantity stipulated in the natural gas fuel supply agreement between PTT and the supplier of natural gas from Yadana natural gas field. PTT had to prepay for the shortfall in gas supplied to the Ratchaburi Power Plants Project and incurred

interest on the funds required to meet the prepayments. According to the resolution in the cabinet meeting on July 25, 2000, EGAT must bear the interest costs in the proportion of 12.80%. The expenses arising out of Take or Pay contracts paid by EGAT were Baht 220.54 million and Baht 140.92 million in 2003 and 2002 respectively.

**5.2** Interest expenses and gains (losses) on foreign exchange of long term debts in the lignite mine shown in the statements of income were reclassified from the fuel cost to be interest expenses and gains (losses) on foreign exchange. This change will not have an impact on net income. The interest expenses and gains on foreign exchange in 2003 are Baht 207.98 million and Baht 90.77 million respectively. (In 2002 interest expenses is Baht 383.30 million and gains on foreign exchange is Baht 42.52 million).

**5.3** Changes of the accounting policy in surplus from contributions, which is assets or cash received from governments and foreign financial institutions in the form of discount of interest or grants to finance for development activities of EGAT specifically identified by donors, are presented as part of equity. Provided that the surpluses from contributions are free from any commitments or the commitments have already been terminated, EGAT would recognize the aforementioned surpluses as the revenues in the incurred period. The transactions occurred in prior year were adjusted to retained earnings. The effects of this change have resulted in an increase in revenues and brought forward-retained earnings of 2003 by Baht 76.88 million and Baht 3,673.85 million respectively. Provided that the surplus from contributions has commitment, EGAT would record as the deferred income as part of liabilities. The effect of this change has resulted in an increase in 2003 deferred income by Baht 22.79 million.

**5.4** As PTT Public Company Limited (PTT) for the right to use property surrounding Sai Noi Power Plant for the installation of natural gas pipeline, paid compensations to EGAT, EGAT has recorded this compensation as deferred income and recognized to revenue within the period of 20 years. The accounting policy is changed to recognize such compensations as revenue in full amount, which has resulted in an increase in 2003 retain earnings by Baht 22.85 million and a decrease in deferred income by the same amount.

**5.5** Formerly, the translation of foreign currency transaction of advance to contractors with work in progress was translated into Thai Baht by the Bank of Thailand's reference exchange rate at the balance sheet date and gains (losses) on foreign exchange were recognized as either revenues or expenses in full amount immediately. The accounting policy is changed to translate foreign currency transactions at the date of incurred transactions and without any translation at the end of accounting period. These changes resulted in a decrease in 2003 brought forward-retained earnings by Baht 14.75 million.

For the year 2003, EGAT has changed its accounting estimates as follows:

**5.6** EGAT has reclassified the materials and supplies, which are expected to have future economic benefits of more than one accounting period and are the specific parts of main equipment and able to be renewed, such as an equipment for gas turbine combined cycle power plant, equipment for coal handling systems, from current assets to non-current assets. The calculation of allowance for obsolescence is changed to the calculation of depreciation according to new estimated useful life, which has been calculated beginning October 1, 2002 until the end of useful life that is stipulated by experienced engineer. In 2003, the materials and supplies, which are reclassified as the equipment in non-current assets, are Baht 550.78 million. These changes have resulted in an increase in 2003 depreciation of equipment more than the allowance for obsolescence by Baht 54.29 million and in a decrease in 2003 net income by the same amount.

**5.7** EGAT has reviewed the useful life of transmission line and related equipment because EGAT has planned to demolish the transmission lines and equipment ahead of time for the improvement of the projects, including 11 high voltage transmission lines and National Control Center equipment. The estimated useful life of depreciable equipment has been changed from 25-40 years to 3-5 years since 2003 to the year of demolition. This change has resulted in an increase in 2003 depreciation by Baht 154.93 million and a decrease in 2003 net income by the same amount.

**5.8** In 2003, EGAT has changes in the estimated period of non-movement of general materials and supplies from between one and ten years to between six and sixty months. This has resulted in an increase in 2003 allowance for obsolescence of stocks by Baht 361.94 million and a decrease in 2003 net income by the same amount.

For the year 2003, EGAT corrected fundamental errors as follows:

**5.9** As in 2001, EGAT has received the compensations from Independent Power (Thailand) Company Limited (IPT) for failure to comply with the Power Purchase Agreements (PPAs) regarding the date of operation amounting to Baht 831.60 million. This was recorded as penalty revenue in the full amount but IPT complied with the damages from delay on beginning of Power Purchase Agreements (PPAs) only to the amount of Baht 226.80 million. Therefore, the uncertain compensations amounting to Baht 604.80 million was adjusted to liabilities, which resulted in an increase in liabilities and a decrease in 2003 brought forward retained earnings by Baht 604.80 million .

**5.10** As in 2002, EGAT had accounted three uncertain receivables occurred from non-conformance to the EGAT's scholarship contract while it was in the process of the court's verdict, in the amount of Baht 62.05 million as penalty revenues and prior year expenses adjustment. Therefore, in 2003 EGAT reduced such amount to the receivables and 2003 brought forward-retained earnings in the same amount of Baht 62.05 million.

**5.11** EGAT debited the retention of South Bangkok Combined Cycle Power Plant Block 2, which EGAT has already paid. Also, this resulted in a decrease in the retention by Baht 454.99 million and an increase in 2003 brought forward-retained earnings by the same amount.

For the year 2003, EGAT reviewed the impairment of asset as follows:

**5.12** EGAT impaired the value of land at Tap Sakae, Prachuap Khiri Khan province, to the recoverable amount of land according to the assessment of an independent assessor. This change resulted in an increase in 2003 expenses by Baht 611.43 million and a decrease in 2003 net income by the same amount.

## 6. SUPPLEMENTARY INFORMATION

### 6.1 CASH AND BANK BALANCES

(Unit : Million Baht)

	Consolidated		EGAT Only	
	2003	2002	2003	2002
Cash in hand	12.72	12.88	12.72	12.88
Cash at banks				
Current accounts	(186.00)	(63.97)	(186.00)	(63.97)
Saving accounts	17,614.16	12,613.73	17,427.38	12,574.86
Fixed deposits not more than 3 months				
without any restriction	7,794.50	10,093.28	7,794.50	10,093.28
Total	<u>25,235.38</u>	<u>22,655.92</u>	<u>25,048.60</u>	<u>22,617.05</u>

For the year 2003, cash and bank balances of Baht 25,048.60 million comprises EGAT working capital of Baht 24,938.10 million, Provident Fund of Baht 22.54 million, Welfare Fund of Baht 39.22 million, Housing Loan of Baht 0.02 million and Specific Purpose Funds of Baht 48.72 million.

### 6.2 SHORT-TERM INVESTMENTS IN FIXED DEPOSITS

(Unit : Million Baht)

	Consolidated		EGAT Only	
	2003	2002	2003	2002
Cash at banks : Fixed deposits accounts				
- more than 3 months to 6 months	1,716.82	8,277.56	1,616.72	8,277.46
- more than 6 months	5,463.62	709.65	5,463.62	709.65
Total	<u>7,180.44</u>	<u>8,987.21</u>	<u>7,080.34</u>	<u>8,987.11</u>



As at September 30, 2003 and 2002 the above fixed deposits of Baht 7,080.34 million and Baht 8,987.11 million included Baht 417.35 million and Baht 508.74 million of 3 month fixed deposits respectively with Krung Thai Bank Public Company Limited which are pledged at Bang Kruai Branch as collateral for overdraft facilities in the same amount but not more than Baht 3,000 million.

### 6.3 TRADE ACCOUNTS RECEIVABLE - NET

(Unit : Million Baht)

	Consolidated		EGAT Only	
	2003	2002	2003	2002
Energy sales receivable-State enterprises and government agencies				
Metropolitan Electricity Authority	7,763.08	7,206.28	7,763.08	7,206.28
Provincial Electricity Authority	13,574.27	13,280.89	13,574.27	13,280.89
Others	481.23	480.81	502.48	493.91
	<u>21,818.58</u>	<u>20,967.98</u>	<u>21,839.83</u>	<u>20,981.08</u>
Services and others receivable	135.71	124.76	139.51	331.55
Total	<u>21,954.29</u>	<u>21,092.74</u>	<u>21,979.34</u>	<u>21,312.63</u>
Less : Allowance for doubtful accounts	2.63	5.15	2.63	5.15
	<u>21,951.66</u>	<u>21,087.59</u>	<u>21,976.71</u>	<u>21,307.48</u>
Automatic energy price adjustment (Ft) receivable	16,160.90	9,583.31	16,160.90	9,583.31
At September 30,	<u>38,112.56</u>	<u>30,670.90</u>	<u>38,137.61</u>	<u>30,890.79</u>

For the year 2003, EGAT has accounted an automatic energy price adjustment (Ft) receivable amounting to Baht 16,160.90 million including the receivable in the amount of Baht 4,810.82 million that EGAT cannot recollect. As conclusion of the subcommittee of Fuel Adjustment Clause notice on June 17, 2003 that Ft retail price of Baht 0.2612 per unit was equal to the prior period. Subsequently on December 22, 2003, the Board of Energy Policy concluded that EGAT had to bear the costs to fix the Ft in the period of June 2003 to January 2004, which is recognized as accrued income and release to revenue not more than next 3 years (within 2006) if the energy price decreases.

For the year 2003, trade accounts receivable - net of Baht 38,137.61 million can be analyzed by categories and outstanding period as follows :

(Unit : Million Baht)

Outstanding Period	EGAT Only						2003	2002
	State enterprises and government agencies		Private companies		Total			
	Energy sales	Services and others	Energy sales	Services and others	Energy sales	Services and others		
Current portion	21,402.58	9.50	437.19	119.00	21,839.77	128.50	21,968.27	21,203.04
Not more than 6 months	-	-	-	4.16	-	4.16	4.16	95.68
Over 6 months - 1 year	-	-	-	3.39	-	3.39	3.39	1.41
Over 1 year - 2 years	0.06	-	-	0.03	0.06	0.03	0.09	3.57
Over 2 years	-	2.29	-	1.14	-	3.43	3.43	8.93
	<u>21,402.64</u>	<u>11.79</u>	<u>437.19</u>	<u>127.72</u>	<u>21,839.83</u>	<u>139.51</u>	<u>21,979.34</u>	<u>21,312.63</u>
Less : Allowance for doubtful accounts	-	-	-	2.63	-	2.63	2.63	5.15
	<u>21,402.64</u>	<u>11.79</u>	<u>437.19</u>	<u>125.09</u>	<u>21,839.83</u>	<u>136.88</u>	<u>21,976.71</u>	<u>21,307.48</u>
Automatic energy price adjustment (Ft) receivable					<u>16,160.90</u>	-	<u>16,160.90</u>	<u>9,583.31</u>
At September 30,					<u>38,000.73</u>	<u>136.88</u>	<u>38,137.61</u>	<u>30,890.79</u>

#### 6.4 OTHER ACCOUNTS RECEIVABLE - NET

(Unit : Million Baht)

	Consolidated		EGAT Only	
	2003	2002	2003	2002
Employee accounts receivable	599.39	643.74	599.39	643.74
Other accounts receivable	281.70	786.07	757.26	786.07
Less : Allowance for doubtful accounts	77.01	103.19	77.01	103.19
At September 30,	<u>804.08</u>	<u>1,326.62</u>	<u>1,279.64</u>	<u>1,326.62</u>

#### 6.5 MATERIALS AND SUPPLIES - NET

(Unit : Million Baht)

	Consolidated		EGAT Only	
	2003	2002	2003	2002
Fuel oil	1,443.43	2,189.05	1,069.85	1,772.74
Lignite stock	91.72	315.34	91.72	315.34
Spare parts, other materials and supplies	6,920.93	7,213.11	5,891.22	6,294.92
Less : Allowance for obsolescence	3,107.87	2,764.46	3,107.87	2,764.46
At September 30,	<u>5,348.21</u>	<u>6,953.04</u>	<u>3,944.92</u>	<u>5,618.54</u>

In 2003, EGAT has disposed the lignite stock of 1,388,182 tonnes, which are of low worth and high sulfur (J) in the amount of Baht 223.54 million according to conclusion in the Board of Directors of EGAT meeting No. 11/2546 on September 15, 2003.

#### 6.6 INVESTMENT IN SUBSIDIARY, ASSOCIATED AND JOINT VENTURE COMPANIES BY USING THE EQUITY METHOD

(Unit : Million Baht)

Company	Business	Relationship		Paid - Up Share Capital		Investment Portion		Investment				Dividend	
		2003	2002	2003	2002	2003	2002	Cost Method		Equity Method		2003	2002
								2003	2002	2003	2002		
Ratchaburi Electricity Generating Holding Public Company	Investment in other companies	Subsidiary	Subsidiary	14,500.00	14,500.00	45.00%	45.00%	6,525.00	6,525.00	7,603.46	6,763.97	1,468.13	652.50
Electricity Generating Public Company	Investment in other companies	Associate	Associate	5,264.65	5,264.65	25.47%	25.47%	1,587.55	1,587.55	4,087.50	2,899.66	334.43	334.43
District Cooling System and Power Plant Company Limited	Electricity Generating and Cooling Water	Joint Venture	-	50.00	-	35.00%	-	17.50	-	17.34	-	-	-
								<u>8,130.05</u>	<u>8,112.55</u>	<u>11,708.30</u>	<u>9,663.63</u>		



### **6.6.1 Investment in Ratchaburi Electricity Generating Holding Public Company Limited**

On November 30, 1999, the Cabinet approved a resolution on EGAT's private participation plan for the Ratchaburi Power Project. According to the plan, EGAT would set up the Ratchaburi Electricity Generating Holding Company Limited (RHCO) with EGAT holding 100% equity. RHCO would then set up a wholly owned subsidiary, the Ratchaburi Electricity Generating Company Limited (RGCO) to acquire the power plant and related assets of the Ratchaburi Power Project including thermal power plant, combined cycle power plant, common facilities and land. EGAT would be required to mobilize funds from the public by listing RHCO's shares in the Stock Exchange of Thailand (SET). Its shareholding in RHCO would thereafter be reduced to between 44.99% and 49.99%.

On March 7, 2000, RHCO was registered as a limited company with powers to invest in other companies of related objectives and activities. RHCO had an initial registered capital of Baht 300 million fully paid up at par value of Baht 10 per share. On March 20, 2000, RGCO was registered as a limited company with objectives to operate as electric power generator and undertake other related businesses. RHCO holds 100% of the fully paid common shares in RGCO.

On August 18, 2000, RHCO was registered as a public company and increased its registered capital of Baht 300 million by Baht 14,200 million to make a total capital of Baht 14,500 million. On August 23, 2000, RHCO issued 840 million common shares of Baht 10 each fully paid which provided further capital of Baht 8,400 million.

As at September 30, 2000, RHCO had an authorized capital of Baht 14,500 million. The issued and fully paid share capital was 870 million common shares all of which was held by EGAT. EGAT has effective control over RHCO and EGAT accounts for the investment in RHCO as an investment in subsidiary company.

In October 2000, EGAT had 870 million common shares of Baht 10 each amounting to Baht 8,700 million in RHCO and then EGAT sold 217.50 million common shares of Baht 10 each amounting to Baht 2,175 million to EGAT employees and their Registered Provident Fund. EGAT has retained 652.50 million common shares of Baht 10 each amounting to Baht 6,525 million.

Between October 18 and 20, 2000, RHCO issued 580 million common shares at par value of Baht 10 per share by way of an Initial Public Offering (IPO) at Baht 13 per share. On October 26, 2000 all 1,450 million common shares were registered on the Stock Exchange of Thailand.

As at September 30, 2003 RHCO has registered common shares amounting to Baht 14,500 million comprising 1,450 million fully paid common shares. EGAT owns 652.50 million common shares (par value Baht 10 per share or Baht 6,525 million) which is 45% of the total fully paid common shares. EGAT has effective control over RHCO and EGAT accounts for the investment in RHCO as an investment in subsidiary company.

### **6.6.2 Investment in Electricity Generating Public Company Limited**

As at September 30, 2003, Electricity Generating Public Company Limited (EGCO) had 526.47 million fully paid common shares amounting to Baht 5,300 million with the treasury stock of 1.30 million shares. EGAT's investment at that date was 133.77 million common shares (cost was Baht 1,587.55 million) or 25.47% of the fully paid issued common shares after deduction of treasury stock. EGAT has significant influence but has not effective control over EGCO and EGAT accounts for the investment in EGCO as an investment in associated company.

### **6.6.3 Investment in District Cooling System and Power Plant Company Limited**

EGAT has invested with PTT Public Company Limited (PTT) and Metropolitan Electricity Authority (MEA) to found District Cooling System and Power Plant Company Limited (DCAP) to supply the electricity and cooling water system in the Suvarnabhumi International Airport in the portion of 35%, 35% and 30% respectively and the joint venture agreed to have the registered capital amounting to Baht 1,000 million. On April 2, 2003, DCAP was registered as a company and had initial registered capital in the amount of Baht 100 million with 50% paid up. EGAT's investment at that date was Baht 17.50 million and EGAT accounts for the investment in DCAP as an investment in joint venture.

## 6.7 LAND, BUILDINGS, PLANT AND EQUIPMENT - NET

(Unit : Million Baht)

	2002		INCREASE		DECREASE		2003	
Cost	Consolidated	EGAT Only	Consolidated	EGAT Only	Consolidated	EGAT Only	Consolidated	EGAT Only
Land	7,689.24	6,968.27	38.24	38.24	(19.65)	(19.65)	7,707.83	6,986.86
Structure	15,703.28	15,232.99	837.52	832.86	(155.62)	(155.62)	16,385.18	15,910.23
Reservoir, dam	21,802.84	21,802.84	0.52	0.52	(2.46)	(2.46)	21,800.90	21,800.90
Power plants	234,141.11	191,491.12	7,232.41	660.73	(68.92)	(67.74)	241,304.60	192,084.11
Spare parts for power plant	4,441.95	-	2,599.65	879.77	-	-	7,041.60	879.77
Transmission system	103,539.42	103,539.42	8,121.46	8,121.46	(308.10)	(308.10)	111,352.78	111,352.78
Communication system	5,427.22	5,427.22	983.77	983.77	(601.51)	(601.51)	5,809.48	5,809.48
Coal handling system	4,587.49	4,587.49	-	-	(3.88)	(3.88)	4,583.61	4,583.61
Mine equipment	2,237.97	2,237.97	17.16	17.16	(44.53)	(44.53)	2,210.60	2,210.60
Aeroplane and helicopter	49.99	49.99	-	-	-	-	49.99	49.99
Spare parts for mine equipment	-	-	42.85	42.85	-	-	42.85	42.85
Vehicle	2,303.56	2,272.24	244.61	222.49	(129.00)	(129.00)	2,419.17	2,365.73
Other materials and supplies	9,215.97	9,119.95	742.94	729.68	(410.99)	(410.63)	9,547.92	9,439.00
Machine in process	11.48	-	23.54	-	-	-	35.02	-
Total	411,151.52	362,729.50	20,884.67	12,529.53	(1,744.66)	(1,743.12)	430,291.53	373,515.91
Adjustment in consolidated	(2,851.41)						(3,288.16)	
	408,300.11						427,003.37	

	2002		INCREASE		DECREASE		2003	
Accumulated Depreciation	Consolidated	EGAT Only	Consolidated	EGAT Only	Consolidated	EGAT Only	Consolidated	EGAT Only
Land	-	-	-	-	-	-	-	-
Structure	(8,903.52)	(8,858.01)	(658.13)	(634.01)	126.76	126.76	(9,434.89)	(9,365.26)
Reservoir, dam	(5,471.06)	(5,471.06)	(292.20)	(292.20)	0.51	0.51	(5,762.75)	(5,762.75)
Power plants	(85,674.35)	(83,221.26)	(10,176.66)	(8,212.59)	66.55	65.91	(95,784.46)	(91,367.94)
Spare parts for power plant	(94.41)	-	(707.72)	(287.80)	-	-	(802.13)	(287.80)
Transmission system	(27,848.53)	(27,848.53)	(3,881.11)	(3,881.11)	222.32	222.32	(31,507.32)	(31,507.32)
Communication system	(3,447.86)	(3,447.86)	(605.12)	(605.12)	584.03	584.03	(3,468.95)	(3,468.95)
Coal handling system	(2,868.33)	(2,868.33)	(172.44)	(172.44)	2.76	2.76	(3,038.01)	(3,038.01)
Mine equipment	(2,016.23)	(2,016.23)	(47.10)	(47.10)	42.31	42.31	(2,021.02)	(2,021.02)
Aeroplane and helicopter	(49.99)	(49.99)	-	-	33.55	33.55	(16.44)	(16.44)
Spare parts for mine equipment	-	-	(8.58)	(8.58)	-	-	(8.58)	(8.58)
Vehicle	(2,150.13)	(2,137.72)	(65.65)	(57.26)	127.45	127.45	(2,088.33)	(2,067.53)
Other materials and supplies	(7,184.31)	(7,158.69)	(531.60)	(510.52)	369.09	368.90	(7,346.82)	(7,300.31)
Machine in process	-	-	-	-	-	-	-	-
Total	(145,708.72)	(143,077.68)	(17,146.31)	(14,708.73)	1,575.33	1,574.50	(161,279.70)	(156,211.91)
Allowance for impairment of asset	-	-					(611.43)	(611.43)
Adjustment in consolidated	290.36						447.79	
	(145,418.36)						(161,443.34)	
Net book value	262,881.75	219,651.82					265,560.03	216,692.57

On September 30, 2003, EGAT has buildings and equipments with fully depreciation which are to be used and have book value before deduction of accumulated depreciation in the amount of Baht 21,511.91 million. The details are as follows :

(Unit : Million Baht)

	2003	
	Consolidated	EGAT Only
Structure	2,625.55	2,625.55
Power plants	5,999.57	5,999.57
Spare parts for power plant	1,926.91	1,926.91
Transmission system	1,987.33	1,987.33
Communication system	1,221.54	1,221.54
Coal handling system	1,256.67	1,256.67
Mine equipment	1,602.77	1,602.77
Aeroplane and helicopter	49.99	49.99
Vehicle	1,854.25	1,854.25
Other materials and supplies	2,987.33	2,987.33
	<u>21,511.91</u>	<u>21,511.91</u>

## 6.8 WORK UNDER CONSTRUCTION

(Unit : Million Baht)

Project	Consolidated		EGAT Only	
	2003	2002	2003	2002
Lam Takhong Pumped Storage Project units 1 - 2	12,451.97	11,905.40	12,451.97	11,905.40
Ratchaburi Combined Cycle Power Plant				
Project block 3	-	7,112.70	-	7,112.70
Krabi Thermal Power Plant Project unit 1	11,535.94	9,746.24	11,535.94	9,746.24
Transmission System	4,978.11	11,066.56	4,978.11	11,066.56
Others	3,883.20	3,773.61	3,883.20	3,773.61
<b>Total</b>	<u>32,849.22</u>	<u>43,604.51</u>	<u>32,849.22</u>	<u>43,604.51</u>

## 6.9 DEFERRED CHARGES

(Unit : Million Baht)

	Consolidated		EGAT Only			
	2003	2002	Land Rights	Lignite mine	Total	
					2003	2002
At October 1,	19,789.11	21,475.62	14,786.81	5,002.30	19,789.11	21,475.62
<b>Add:</b> Increase during the year	4,398.64	3,148.60	1,022.47	3,376.17	4,398.64	3,148.60
	24,187.75	24,624.22	15,809.28	8,378.47	24,187.75	24,624.22
<b>Less:</b> Amortization	5,076.97	4,835.11	513.03	4,563.94	5,076.97	4,835.11
At September 30,	<u>19,110.78</u>	<u>19,789.11</u>	<u>15,296.25</u>	<u>3,814.53</u>	<u>19,110.78</u>	<u>19,789.11</u>

The deferred charges of the lignite mine of Baht 3,814.53 million are as follows :

(Unit : Million Baht)

	Overburden removal costs	Exploration and preliminary development costs	Resettlement costs	Maintenance costs	Total	
					2003	2002
At October 1,	3,636.62	456.68	902.14	6.86	5,002.30	6,556.00
<b>Add :</b> Increase during the year	<u>3,376.17</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,376.17</u>	<u>2,657.52</u>
	7,012.79	456.68	902.14	6.86	8,378.47	9,213.52
<b>Less :</b> Amortization	<u>4,493.46</u>	<u>12.94</u>	<u>50.68</u>	<u>6.86</u>	<u>4,563.94</u>	<u>4,211.22</u>
At September 30,	<u>2,519.33</u>	<u>443.74</u>	<u>851.46</u>	<u>-</u>	<u>3,814.53</u>	<u>5,002.30</u>

#### 6.10 ROYALTY ON REAL PROPERTY SERVICES - NET

(Unit : Million Baht)

	Consolidated		EGAT Only	
	2003	2002	2003	2002
Royalty on real property services in 1990	474.77	474.77	474.77	474.77
<b>Less :</b> Accumulated depreciation 1974 - 1989	<u>100.86</u>	<u>100.86</u>	<u>100.86</u>	<u>100.86</u>
Net book value of royalty on real property services	373.91	373.91	373.91	373.91
<b>Less :</b> Accumulated amortization since 1990	<u>82.40</u>	<u>76.06</u>	<u>82.40</u>	<u>76.06</u>
Amortization for the year	<u>6.33</u>	<u>6.34</u>	<u>6.33</u>	<u>6.34</u>
At September 30,	<u>285.18</u>	<u>291.51</u>	<u>285.18</u>	<u>291.51</u>

#### 6.11 SINKING FUND FOR REDEMPTION OF LONG TERM DEBTS

(Unit : Million Baht)

	Consolidated		EGAT Only	
	2003	2002	2003	2002
At October 1,	16,964.24	25,774.63	16,964.24	25,774.63
<b>Add :</b> Payments into the fund	9,728.55	6,883.17	9,728.55	6,883.17
Interest received	<u>211.21</u>	<u>421.78</u>	<u>211.21</u>	<u>421.78</u>
	26,904.00	33,079.58	26,904.00	33,079.58
<b>Less :</b> Withdrawals to meet debt repayment	<u>11,022.33</u>	<u>15,809.74</u>	<u>11,022.33</u>	<u>15,809.74</u>
Losses from foreign exchange rate	<u>446.84</u>	<u>305.60</u>	<u>446.84</u>	<u>305.60</u>
At September 30,	<u>15,434.83</u>	<u>16,964.24</u>	<u>15,434.83</u>	<u>16,964.24</u>

#### 6.12 LOAN TO THE COOPERATIVES PROMOTION DEPARTMENT

The loan to the Cooperatives Promotion Department arose because EGAT financed the Cooperatives Promotion Department to operate a number of specific cooperatives. Cooperative groups at 3 of EGAT's project sites received interest-free loans from the Cooperatives Promotion Department to support their members affected by the project construction.

(Unit : Million Baht)

	Consolidated		EGAT Only	
	2003	2002	2003	2002
Cooperative group at Vajiralongkorn Dam Project	7.76	7.76	7.76	7.76
Cooperative group at Mae Moh Mine Expansion	-	0.70	-	0.70
Project for Mae Moh Power Plant units 8 and 9	-	-	-	-
Cooperative group at Lam Takhong Pumped	12.00	12.00	12.00	12.00
Storage Project	<u>19.76</u>	<u>20.46</u>	<u>19.76</u>	<u>20.46</u>
Total	<u>19.76</u>	<u>20.46</u>	<u>19.76</u>	<u>20.46</u>

Cooperative groups at Vajiralongkorn Dam and Mae Moh Mine Expansion Project for Mae Moh Power Plant units 8 and 9 were financed with interest-free loans of Baht 13 million and Baht 15 million respectively with a payback period of 10 years from the date on which the Cooperative groups received the first amount from the Cooperatives Promotion Department.

In accordance with the agreement between EGAT and Cooperatives Promotion Department dated June 26, 1996, the Cooperative group at Lam Takhong Pumped Storage Project would be financed with a total interest-free loan of Baht 23 million with a payback period of 15 years from the date on which the Cooperatives Promotion Department received funds from EGAT. Since 1996, EGAT has financed Baht 12 million to Cooperatives Promotion Department.

### 6.13 ELECTRICITY PURCHASED PAYABLE

(Unit : Million Baht)

	Consolidated		EGAT Only	
	2003	2002	2003	2002
Neighbouring Countries' Supply				
Tenaga Nasional Berhad - Malaysia	108.58	13.75	108.58	13.75
Electricite du Laos - Laos	212.43	277.08	212.43	277.08
Houay Ho Power Company Limited - Laos	123.26	152.65	123.26	152.65
Theun Hinboun Power Company Limited - Laos	517.47	484.82	517.47	484.82
Independent Power Producers (IPP)				
Ratchaburi Electricity Generating Company Limited	111.31	32.13	7,431.01	5,126.31
Rayong Electricity Generating Company Limited	1,059.80	828.56	1,059.80	828.56
Khanom Electricity Generating Company Limited	722.10	762.32	722.10	762.32
Independent Power (Thailand) Company Limited	893.43	1,009.92	893.43	1,009.92
Tri Energy Company Limited	1,657.76	1,708.10	1,657.76	1,708.10
Glow IPP Company Limited	1,652.45	183.64	1,652.45	183.64
Eastern Power Electric Company Limited	920.46	-	920.46	-
Small Power Producers (SPP)	5,375.95	5,003.80	5,375.95	5,003.80
Total	<u>13,355.00</u>	<u>10,456.77</u>	<u>20,674.70</u>	<u>15,550.95</u>

### 6.14 ACCRUED REMITTANCE TO THE MINISTRY OF FINANCE

The provision for appropriation to the Ministry of Finance for the year 2003 was Baht 10,540.00 million.

### 6.15 LONG-TERM LIABILITIES

(Unit : Million Baht)

	Consolidated		EGAT Only			
	Balance		Long-Term Liabilities	Current Portion of Long-Term Liabilities	Balance	
	2003	2002			2003	2002
Long Term Debts	160,663.21	188,690.42	144,429.50	20,263.38	124,166.12	154,412.93
Suppliers' Credit	4,217.20	5,072.81	5,138.42	921.22	4,217.20	5,072.81
Total	<u>164,880.41</u>	<u>193,763.23</u>	<u>149,567.92</u>	<u>21,184.60</u>	<u>128,383.32</u>	<u>159,485.74</u>

The details of long-term debts are :

(Unit : Million Baht)

	Consolidated		EGAT Only	
	2003	2002	2003	2002
Local sources				
EGAT Bonds	71,452.91	79,452.91	71,452.91	79,452.91
Government Saving Bank	-	3,022.33	-	3,022.33
Ministry of Finance	126.10	129.71	126.10	129.71
Bank and Financial Institutions	39,271.15	36,067.07	-	-
Total - Local sources	<u>110,850.16</u>	<u>118,672.02</u>	<u>71,579.01</u>	<u>82,604.95</u>

(Unit : Million Baht)

	Consolidated		EGAT Only	
	2003	2002	2003	2002
Foreign sources				
Ministry of Finance	48.70	48.39	48.70	48.39
Bank and Financial Institutions	10,658.09	16,750.97	10,658.09	16,750.97
Export-Import Banks	37,959.85	48,416.24	37,959.85	48,416.24
Commercial Banks	11,952.65	15,925.92	11,952.65	15,925.92
Floating Rate Bonds	202.28	219.37	202.28	219.37
EGAT's Bonds	12,028.92	13,044.90	12,028.92	13,044.90
Total-Foreign sources	72,850.49	94,405.79	72,850.49	94,405.79
Total	183,700.65	213,077.81	144,429.50	177,010.74
Less : Current portion of Long-Term Debts	23,037.44	24,387.39	20,263.38	22,597.81
Balance at September 30,	160,663.21	188,690.42	124,166.12	154,412.93

Included in the loans from the Ministry of Finance of Baht 126.10 million was originating from KFW. By a resolution of the Cabinet, the repayment terms of these loans were deferred for eight years from 1975. Installments of principal have been repaid since 1983. The payment of interest in respect of those eight years has also been deferred and is being paid by equal installments over the remaining terms of the loans commencing in the year 1985. The amount of interest deferred at September 30, 2003 was Baht 7.70 million.

The details of outstanding foreign debts of the bank and financial institutions and the export-import banks are as follows :

(Unit : Million Baht)

	Consolidated		EGAT Only	
	2003	2002	2003	2002
<b>BANK AND FINANCIAL INSTITUTIONS</b>				
International Bank for Reconstruction and Development (IBRD)	-	5,189.08	-	5,189.08
Japan Bank for International Cooperation (JBIC - OECF)	9,798.65	10,546.34	9,798.65	10,546.34
Kuwait Fund for Arab Economic Development (KFAED)	76.31	98.33	76.31	98.33
Nordic Investment Bank (NORDIC)	783.13	917.22	783.13	917.22
Total	10,658.09	16,750.97	10,658.09	16,750.97
<b>EXPORT - IMPORT BANKS</b>				
Kreditanstalt Fur Wiederaufbau (KFW)	3,406.40	3,561.12	3,406.40	3,561.12
Japan Bank for International Cooperation (JBIC - EXIM Bank of Japan)	24,927.72	34,468.13	24,927.72	34,468.13
Export Development Corporation (EDC)	432.61	569.30	432.61	569.30
Swiss Mixed Credit II	76.26	134.45	76.26	134.45
Natexis Banques Populaires	9,116.86	9,683.24	9,116.86	9,683.24
Total	37,959.85	48,416.24	37,959.85	48,416.24

## 6.16 PROVIDENT FUND

(Unit : Million Baht)

	Consolidated		EGAT Only	
	2003	2002	2003	2002
Assets				
Cash at banks	24.94	23.79	24.94	23.79
Accrued interest receivable	0.01	0.13	0.01	0.13
Account receivable	0.25	0.07	0.25	0.07
Total	<u>25.20</u>	<u>23.99</u>	<u>25.20</u>	<u>23.99</u>
Liabilities and fund				
Provident fund	24.28	23.52	24.28	23.52
Revenues over expenses	0.92	0.47	0.92	0.47
Total	<u>25.20</u>	<u>23.99</u>	<u>25.20</u>	<u>23.99</u>
Retirement liabilities (if all members left)	25.20	23.99	25.20	23.99

## 6.17 PROVISION LIABILITIES FOR MINE RECLAMATION

(Unit : Million Baht)

	Consolidated		EGAT Only			
	2003	2002	Mae Moh	Krabi	2003	2002
At October 1,	1,444.69	1,462.11	1,442.02	2.67	1,444.69	1,462.11
<b>Add :</b> Provision during the year	<u>97.16</u>	<u>94.10</u>	<u>95.84</u>	<u>1.32</u>	<u>97.16</u>	<u>94.10</u>
	1,541.85	1,556.21	1,537.86	3.99	1,541.85	1,556.21
<b>Less :</b> Mine reclamation expenses	48.45	79.28	48.45	-	48.45	79.28
Depreciation	<u>4.71</u>	<u>4.00</u>	<u>4.71</u>	<u>-</u>	<u>4.71</u>	<u>4.00</u>
	1,488.69	1,472.93	1,484.70	3.99	1,488.69	1,472.93
<b>Less :</b> Adjustment for Provision						
Liabilities Krabi Mine	<u>-</u>	<u>28.24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28.24</u>
At September 30,	<u>1,488.69</u>	<u>1,444.69</u>	<u>1,484.70</u>	<u>3.99</u>	<u>1,488.69</u>	<u>1,444.69</u>

## 6.18 DEFERRED INCOMES

(Unit : Million Baht)

	Consolidated		EGAT Only			
	2003	2002	Contributions for Construction Projects	Income from Donation	2003	2002
At October 1,	2,151.30	2,057.57	2,127.16	24.14	2,151.30	2,057.57
<b>Add :</b> Received during the year	<u>1,527.17</u>	<u>147.65</u>	<u>1,527.17</u>	<u>-</u>	<u>1,527.17</u>	<u>147.65</u>
	3,678.47	2,205.22	3,654.33	24.14	3,678.47	2,205.22
<b>Less :</b> Recognized to other revenue	154.87	53.92	153.53	1.34	154.87	53.92
At September 30,	<u>3,523.60</u>	<u>2,151.30</u>	<u>3,500.80</u>	<u>22.80</u>	<u>3,523.60</u>	<u>2,151.30</u>

## 6.19 CONTRIBUTION FROM THE GOVERNMENT

(Unit : Million Baht)

	Consolidated		EGAT Only	
	2003	2002	2003	2002
Capital	6,507.64	6,507.64	6,507.64	6,507.64
Contribution for supporting construction of the Srinagarind, Bang Lang, Vajiralongkorn, Rajjaprabha and Pak Mun Dam	4,364.75	4,364.75	4,364.75	4,364.75
Less : Accumulated depreciation	1,169.17	1,106.84	1,169.17	1,106.84
Depreciation for the year	62.33	62.33	62.33	62.33
	3,133.25	3,195.58	3,133.25	3,195.58
At September 30,	9,640.89	9,703.22	9,640.89	9,703.22

## 6.20 WELFARE FUND

(Unit : Million Baht)

	Consolidated		EGAT Only	
	2003	2002	2003	2002
Assets				
Cash at Banks	39.22	30.09	39.22	30.09
Account receivable - Employees	193.73	197.34	193.73	197.34
Building and equipment - net	49.41	54.29	49.41	54.29
Works under construction	-	0.35	-	0.35
Total	282.36	282.07	282.36	282.07
Liabilities and Fund				
Accrued expenses	-	0.02	-	0.02
Account payable	5.82	6.01	5.82	6.01
Welfare Fund	256.19	256.19	256.19	256.19
Revenues over expenses for the prior years	19.85	17.37	19.85	17.37
Revenues over expenses	0.50	2.48	0.50	2.48
Total	282.36	282.07	282.36	282.07

## 6.21 SPECIFIC PURPOSE FUNDS

(Unit : Million Baht)

	Consolidated		EGAT Only				
	2003	2002	EGAT Fund for Developing Affected People's Quality of Life after Project Construction	Human Resource Management Fund	Fund for Conferences on the Electric Power Supply Industry	TOTAL	
						2003	2002
Assets							
Cash in hand	-	0.27	-	-	-	-	0.27
Cash at banks	505.97	12,491.20	44.57	438.61	22.79	505.97	12,491.20
Accrued insurance premium	-	212.76	-	-	-	-	212.76
Accrued interest receivable	4.46	52.85	0.02	4.24	0.20	4.46	52.85
Other accounts receivable	2.43	1.77	2.43	-	-	2.43	1.77
Total	512.86	12,758.85	47.02	442.85	22.99	512.86	12,758.85



(Unit : Million Baht)

	Consolidated		EGAT Only				
	2003	2002	EGAT Fund for Developing Affected People's Quality of Life after Project Construction	Human Resource Management Fund	Fund for Conferences on the Electric Power Supply Industry	TOTAL	
						2003	2002
Liabilities and Funds							
Accrued claim	-	163.18	-	-	-	-	163.18
Provision for claim	-	675.59	-	-	-	-	675.59
Specific purpose funds	710.38	10,012.56	52.12	626.23	32.03	710.38	10,012.56
Revenues over (under) expenses							
years 2001-2002	(203.67)	1,558.90	(2.83)	(192.33)	(8.51)	(203.67)	1,558.90
Revenues over (under) expenses 2003	6.15	348.62	(2.27)	8.95	(0.53)	6.15	348.62
Total	<u>512.86</u>	<u>12,758.85</u>	<u>47.02</u>	<u>442.85</u>	<u>22.99</u>	<u>512.86</u>	<u>12,758.85</u>

## 6.22 PROFIT ON SALE OF RATCHABURI POWER PLANT PROJECT

According to the asset purchase agreement dated October 9, 2000 for the sale of the Ratchaburi Power Plants, EGAT has transferred Ratchaburi Thermal Power Plant units 1 and 2 facilities and Ratchaburi Combined Cycle Power Plant blocks 1 and 2 facilities in 2001 and 2002 respectively. For the year 2003 Ratchaburi Combined Cycle Power Plant blocks 3 was transferred, therefore, the profits on sale of Ratchaburi Power Plant Project are as follows:

(Unit : Million Baht)

Profit (Loss) on Sale of Ratchaburi Power Plant Project		
<b>Ratchaburi Thermal Power Plant Units 1 and 2</b>		
Decrease in estimated costs for main facilities transferred		477.10
Refund the land rights		(21.67)
<b>Ratchaburi Combined Cycle Power Plant Blocks 1 and 2</b>		
Fuel and equipment in selling price	697.06	
Cost of fuel and equipment and unestimated cost of other assets	(822.81)	(125.75)
<b>Ratchaburi Combined Cycle Power Plant Block 3</b>		
Assets in Selling Price	7,584.49	
Cost of transferred assets	(7,477.43)	107.06
Profit on sale of Ratchaburi Power Plant Project		<u>436.74</u>

## 6.23 SHARE OF PROFIT FROM SUBSIDIARY, ASSOCIATED AND JOINT VENTURE COMPANIES BY USING THE EQUITY METHOD

For the year 2003, EGAT recognized the share of profit from its subsidiary, associated and Joint Venture companies under the equity method in the amount of Baht 2,307.62 million from Ratchaburi Electricity Generating Holding Public Company Limited and Baht 1,397.28 million from Electricity Generating Public Company Limited. Because of the first year in operation of District Cooling System and Power Plant Company Limited (DCAP), EGAT recognized the share of loss in the amount of Baht 0.16 million.

## 6.24 COST OF ELECTRIC ENERGY SALES

(Unit : Million Baht)

	EGAT Only	
	2003	2002
Electricity purchased	112,740.18	93,855.04
Fuel	50,485.27	52,585.18
Generating expenses	17,744.99	18,218.26
Transmission expenses	7,920.67	7,139.17
Total	<u>188,891.11</u>	<u>171,797.65</u>

## 6.25 GAINS (LOSSES) ON FOREIGN EXCHANGE

For the year 2003, an amount of Baht 8.29 million is recorded as gains on foreign exchange as shown in statement of income in the followings:

(Unit : Million Baht)

	Consolidated		EGAT Only	
	2003	2002	2003	2002
Gains (Losses) on rate of exchange from repayment of loans	302.52	802.95	302.52	802.95
Gains (Losses) on rate of exchange from refinancing	-	10.59	-	10.59
Gains (Losses) on rate of exchange at the end of years	190.77	3,782.74	190.77	3,782.74
Gains (Losses) on exchange - others	(485.00)	(309.95)	(485.00)	(309.95)
Total	<u>8.29</u>	<u>4,286.33</u>	<u>8.29</u>	<u>4,286.33</u>

## 6.26 INTEREST EXPENSES

For the year 2003, the total interest expenses of Baht 9,498.68 million has been allocated as follows :

(Unit : Million Baht)

	Consolidated		EGAT Only				
	2003	2002	Interest Expenses	Commitment Charges	Other Expenses Relating to the Loans	Total	
						2003	2002
Capitalized to projects under construction	951.57	2,205.96	928.20	5.16	18.21	951.57	2,205.96
Shown as interest expenses in the statement of income	10,462.57	11,460.43	8,277.54	1.05	268.52	8,547.11	9,683.73
Total	<u>11,414.14</u>	<u>13,666.39</u>	<u>9,205.74</u>	<u>6.21</u>	<u>286.73</u>	<u>9,498.68</u>	<u>11,889.69</u>

## 7. CONTINGENT LIABILITIES

Contingent Liabilities, which are not recorded in the financial statement of EGAT, are as follows:

### 1. Lawsuits

As at September 30, 2003, EGAT has been sued calling for EGAT to pay additional compensation. The Civil Court judged that EGAT was liable for the additional payment of six lawsuits amounting to Baht 274.82 million. At present, EGAT is in the process of appealing the court's verdict.

### 2. Letter of Credit

On September 30, 2003, EGAT has unused letter of credit amounting to approximately Baht 2,726.84 million.

## 8. PROVIDENT FUND

EGAT has set up the Provident Fund for the employees who are the members. Contributions are made monthly from the employees and EGAT. Assets of Provident Fund were separated from EGAT and managed by a financial institution authorized by the government - Fund Manager according to the Provident Fund Act B.E. 2530. Provided that the employees leave from memberships before they have the rights to obtain the EGAT's contributions and other benefits arisen from the Fund, such amounts would be deducted from EGAT's contributions of the next period.

For the year ended September 30, 2003, the EGAT's contributions were charged to the statements of income amounting to Baht 1,007.15 million.

## 9. RECLASSIFICATION IN FINANCIAL STATEMENTS

In 2003, EGAT reclassified the financial presentation in the consolidated and EGAT only financial statement. When necessary, some comparative figures in financial statement of year 2002 have been adjusted to conform with changes in financial presentation.

## 10. LONG-TERM POWER PURCHASE AGREEMENTS

As a result of decreasing the government's investment and encouraging private companies to be involved in generating electricity, the Government approved an investment programme for the generation of electricity by private companies as Independent Power Producers (IPP) who would sell power to EGAT.

EGAT has entered into 53 Power Purchase Agreements at September 30, 2003 with total commitments amounting to approximately Baht 3,138,737 million and total production capacity of 13,894 megawatts.

Power Producers	Company	Capacity (megawatt)	Remaining Contract Period (Years)	Amount (Million Baht)	Availability Payment (AP) (Million Baht)	Energy Payment (EP) (Million Baht)
Power Project Developers in Lao People's Democratic Republic						
Theun Hinboun Power Company Limited	1	214	19 (2004 - 2022)	46,666	-	46,666
Houay Ho Power Company Limited	1	126	26 (2004 - 2029)	28,736	-	28,736
Independent Power Producers (IPP)						
Rayong Electricity Generating Company Limited (REGCO)	1	1,168	11 (2004 - 2014)	141,577	39,275	102,302
Khanom Electricity Generating Company Limited (KEGCO)	1	818	13 (2004 - 2016)	132,512	37,394	95,118
Tri Energy Company Limited (TECO)	1	700	17 (2004 - 2020)	114,204	35,722	78,482
Eastern Power Electric Company Limited (EPEC)	1	350	20 (2004 - 2023)	85,838	33,973	51,865
Independent Power (Thailand) Company Limited (IPT)	1	700	22 (2004 - 2025)	159,315	43,811	115,504
Ratchaburi Electricity Generating Company Limited (RGC)	1	3,504	24 (2004 - 2027)	707,213	205,001	502,212
Glow IPP Company Limited (BOWIN)	1	713	22 (2004 - 2025)	173,780	53,057	120,723
GULF Power Generation Company Limited (GULF)	1	734	26 (2007 - 2032)	184,140	67,279	116,861
Union Power Development Company Limited (UPDC)	1	1,400	26 (2008 - 2033)	342,361	108,699	233,662
BLCP Power Company Limited (BLCP)	1	1,347	27 (2006 - 2032)	342,077	192,553	149,524
Small Power Producers (SPP)	41	2,120	15 - 25 Years	680,318	231,024	449,294
Total	53	13,894		3,138,737	1,047,788	2,090,949

## **11. ADDITIONAL DISCLOSURE**

### **11.1 UNUSED ASSETS**

The following EGAT's power plants are being shut down and treated as "cold standby" more than one year after they had been used for a long time. To put in service, it must be notified three months in advance.

1. Mae Moh Thermal Power Plant Units 1-3 with the total installed capacity of 225 Megawatts have been shut down since March 2000, presented the book value as at September 30, 2003 in the amount of Baht 160.20 million.

2. Bang Pakong Combined Cycle Power Plant Block 1 with the total installed capacity of 380.30 Megawatts has been shut down since March 2001, presented the book value as at September 30, 2003 in the amount of Baht 308.21 million.

3. North Bangkok Thermal Power Plant with the total installed capacity of 225 Megawatts has been shut down since October 2000, presented the book value as at September 30, 2003 in the amount of Baht 164.65 million.

### **11.2 DEVELOPING LAND**

EGAT has two areas of developing land, which are planned to construct the new power plants to support the additional demand of electric energy. Because of the change in production development planning, the construction of new power plants will be postponed. Two areas of developing land are as follows:

1. Land at Ao-Phai, Chonburi Province of 195,200 square meters (122 Rai) of Baht 9.05 million.

2. Land at Tap Sakae, Prachuap Khiri Khan Province of 6,446,400 square meters (4,029 Rai) of Baht 2,223.43 million, which EGAT has impaired the value of land appraised by an independent assessor. EGAT recorded impairment loss at Tap Sakae in the amount of Baht 611.43 million. As a result, the net book value of land was Baht 1,612 million. (Note to F/S No. 5.12)

### **11.3 DISPUTE UNDER THE CONSIDERATION BY THE ARBITRATOR**

EGAT has claimed Mitsui & Co., Ltd., the contractor of the Ratchaburi Combined Cycle Blocks 1-3, for the late delivery and non-conformance to the contract in the amount of Baht 5,888.81 million (comprised of USD 16.01 million, JPY 14, 229.08 million and Baht 86.44 million). At the same time, Mitsui & Co., Ltd., has claimed EGAT in the amount of Baht 8,807.58 million ( USD 219.66 million) for the additional requirement from the contract. This dispute is being reviewed by the arbitrator.

# F INANCIAL REVIEW

## OPERATING PERFORMANCE

In 2003 the net income before gains on foreign exchange and interest expense of Electricity Generating Authority of Thailand, which excluded the subsidiary company amounted to Baht 38,539.61 million, increased by Baht 5,760.30 million or 17.57% from Baht 32,779.31 million in 2002.

Net income amounted to Baht 30,000.79 million, increased by Baht 2,618.88 million or 9.56% from Baht 27,381.91 million in 2002. The details are as follows:

### 1. OPERATING REVENUES

In 2003, the operating revenues increased by Baht 25,948.18 million or 12.21% from 2002. The details are as follows:

1.1 Revenue from electric energy sales amounted to Baht 230,400.87 million, increased by Baht 23,299.82 million or 11.25% from Baht 207,101.05 million in 2002 because the electric energy sales volume amounted to 110,675.60 million kWh, increased by 8,189.91 million kWh or 7.99% from 102,485.69 million kWh in 2002. The electric energy sales price was 2.08 Baht per kWh, increased by 0.06 Baht per kWh from 2.02 Baht per kWh in 2002.

1.2 Revenue from services amounted to Baht 2,207.12 million, increased by Baht 804.14 million or 57.32% from Baht 1,402.98 million in 2002. This was principally due to the income of the combustion system improvement at Ratchaburi Power Plant from Ratchaburi Electricity Generating Company Limited in the amount of Baht 315.00 million.

1.3 Other revenues were Baht 5,835.65 million, an increase of Baht 1,844.21 million or 46.20% from 2002, which comprised of:

- Share of profit from subsidiary, associated and joint venture companies by the equity method increased by Baht 1,562.03 million due to the increase in operating performances.

- Miscellaneous revenues increased by Baht 566.76 million. The main reasons were the revenues from penalty of non-transmitted electric energy to EGAT within the commercial operating date paid by Glow IPP Company Limited and penalty of non-conformance to contract of Flue Gas Desulfurization Plant for Mae Moh Power Plant Units 4-7 paid by Marubeni Company Limited. The total penalty was Baht 595.50 million.

- Bank interests decreased by Baht 73.69 million.

- Profit on Sale of Ratchaburi Power Plants decreased by Baht 210.89 million.

### 2. OPERATING EXPENSES

Operating expenses increased by Baht 20,187.88 million or 11.23% from 2002. The details are as follows:

2.1 Cost of electric energy sales was Baht 188,891.11 million, an increase of Baht 17,093.45 million or 9.95% from Baht 171,797.65 million in 2002, which comprised of:

- Electricity purchased amounted to Baht 112,740.18 million, increased by Baht 18,885.14 million or 20.12% from Baht 93,855.04 million in 2002 as the electricity purchased volume increased by 10,606.35 million kWh or 22.51%. The electricity purchased price was 1.95 Baht per kWh, decreased by 0.04 Baht per kWh from 1.99 Baht per kWh in 2002.

- Fuel cost amounted to Baht 50,485.27 million, decreased by Baht 2,099.92 million or 3.99% from Baht 52,585.19 million in 2002 because the electricity generated decreased by 2,257.58 million kWh or 3.69%.

- Electricity generating expenses amounted to Baht 17,744.99 million, decreased by Baht 473.26 million or 2.60% from Baht 18,218.25 million in 2002.

- Transmission expenses amounted to Baht 7,920.67 million, increased by Baht 781.50 million or 10.95% from Baht 7,139.17 million in 2002.

2.2 Cost of services amounted to Baht 1,530.72 million, increased by Baht 574.61 million or 60.10% from Baht 956.11 million in 2002. This was principally due to cost of performing combustion system improvement contract at Ratchaburi Power Plant of Ratchaburi Electricity Generating Company Limited.

2.3 Selling and administrative expenses were Baht 8,839.99 million, an increase of Baht 2,056.24 million or 30.31% from Baht 6,783.75 million in 2002. The increased expenses comprised of:

- Selling and administrative expenses increased by Baht 653.91 million, which were transferred from the expenses of the construction supporting departments due to a decrease in EGAT's construction projects.

- There was an expense of disposal of the lignite, which is of low efficiency and high sulfur (J) in the amount of Baht 223.54 million.

- In 2003, the expense arising out of Take or Pay from the natural gas fuel supply agreement with Myanmar, which EGAT bears the interest costs of the prepayments by PTT Public Company Limited (PTT), was Baht 220.54 million, increased by Baht 79.62 million.

- In 2003, provision of bonus for employees and members of the Board of Directors increased by Baht 751.65 million from 2002 due to an increase in operating performance.

2.4 Other expenses comprised of:

- Losses on disposal of assets amounted to Baht 30.78 million, decreased by Baht 147.86 million or 82.77% from Baht 178.64 million in 2002. The materiality in 2003 was the disposal of assets in transmission system, which were no longer useful, while in 2002, was the disposal of assets at Nong Chok Power Plant, which is not movable to rebuild at Lan Krabu Power Plant.

- In 2003 loss on impairment of asset amounted to Baht 611.43 million, which was the revaluation on land at Tap Sakae, Prachuap Khiri Khan province.

### 3. GAINS ON FOREIGN EXCHANGE

In 2003, EGAT recorded gains on foreign exchange amounting to Baht 8.29 million. As in 2002, an amount of Baht 4,286.33 million was recorded as gains on foreign exchange, which comprised of:

(Unit: Million Baht)

	2003	2002
Gains arising on repayment of loans	302.52	802.95
Gains on rate of exchange from refinancing	-	10.59
Gains on translation of receivables and debts at the end of years	190.77	3,782.74
Losses on rate of exchange from bank deposits (USD) and others	(485.00)	(309.95)
Total	<u>8.29</u>	<u>4,286.33</u>

Rate of Exchange		Sept. 30, 2003	Sept. 30, 2002	Sept. 28, 2001
		(Baht)	(Baht)	(Baht)
1	USD	40.0964	43.4830	44.5307
100	JPY	36.2668	35.8037	37.4721
1	EURO	46.7736	42.8997	40.8844

#### 4. INTEREST EXPENSES

In 2003, interest expenses amounted to Baht 8,547.11 million, decreased by Baht 1,136.62 million or 11.74% from Baht 9,683.73 million in 2002 due to a decrease in long-term liabilities.

#### 5. FINANCIAL POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2003

EGAT's total assets of Baht 374,996.55 million decreased by Baht 7,012.78 million or 1.84% from Baht 382,009.32 million in 2002 due to the transfer of the Ratchaburi Combined Cycle Power Plant Block 3 to Ratchaburi Electricity Generating Company Limited in November 2002 under the assets purchase agreement dated October 9, 2000. In addition, the trade accounts receivable increased by Baht 7,246.81 million or 23.46% due to an increase in electric energy sales volumes.

EGAT's total liabilities of Baht 209,619.30 million decreased by Baht 26,559.07 million or 11.25% from Baht 236,178.37 million in 2002 due to a decrease in long term liabilities, which excluded the current portion amounting to Baht 31,102.42 million (including a prepayment amount of Baht 10,211.45 million). In addition, the electricity purchased payable increased by Baht 5,123.75 million or 32.95% due to an increase in the electricity purchased volumes.

The total equity was Baht 165,377.25 million, an increase of Baht 19,546.29 million or 13.40% from Baht 145,830.95 million in 2002.

#### 6. CASH FLOW

Cash flow activities are as follows:

	2003	2002
	(Million Baht)	(Million Baht)
Net cash inflows from operating activities	40,787.15	32,275.82
Net cash inflows from investing activities	2,051.21	7,603.82
Net cash outflows from financing activities	(40,406.81)	(31,446.05)
Net increase in cash and cash equivalents	2,431.55	8,433.59
Cash and cash equivalents at beginning of year	22,617.05	14,183.46
Cash and cash equivalents at end of year	25,048.60	22,617.05

#### 7. REMUNERATION FOR BOARD OF DIRECTORS

In 2003, the remuneration for the Board of Directors of EGAT comprised of:

Meeting allowance	666,000	Baht
Bonus	3,200,806	Baht
Total	3,866,806	Baht

#### 8. AUDIT FEE

In 2003, EGAT paid the audit fee in the amount of Baht 1,000,000 to the Office of the Auditor General and it is the first year that the quarterly financial statements have been reviewed. (In 2002, the audit fee was Baht 700,000.)