

# FINANCIAL REPORT

## (OFFICIAL TRANSLATION) 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, 2004 and 2003, 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 auditor's report. The other auditor has 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 and used the mentioned other auditor's report for based on the audits and opinion in the consolidated and the financial statements of the Electricity Generating Authority of Thailand.

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 auditor's report, 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, 2004 and 2003, 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 and 8 relating to principles of consolidation, change in accounting estimates 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 12, 2004

**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARY COMPANY**  
**BALANCE SHEETS**  
**AS AT SEPTEMBER 30, 2004 AND 2003**

Unit : Baht

|  | Notes           | Consolidated           |                        | EGAT Only              |                        |
|--|-----------------|------------------------|------------------------|------------------------|------------------------|
|  |                 | 2004                   | 2003<br>(Restated)     | 2004                   | 2003<br>(Restated)     |
| <b>ASSETS</b>  |                 |                        |                        |                        |                        |
| <b>CURRENT ASSETS</b>  |                 |                        |                        |                        |                        |
| Cash and Cash Equivalents  | 3.3, 5.1        | 19,296,914,431         | 25,252,722,565         | 17,783,426,781         | 25,048,596,285         |
| Short-Term Investments   | 5.2             | 5,608,608,321          | 12,025,235,595         | 441,722,321            | 7,080,334,595          |
| Current Portion of Long-Term Investments Pledged<br>as Collateral                  |                 | 409,664,000            | 40,584,000             | -                      | -                      |
| Trade Accounts Receivable - Net  | 3.4, 5.3        | 51,720,988,604         | 38,113,005,086         | 52,321,720,604         | 38,613,616,330         |
| Materials and Supplies - Net   | 3.5, 5.4        | 6,564,678,976          | 5,348,213,125          | 4,899,512,976          | 3,944,925,125          |
| Other Current Assets   |                 |                        |                        |                        |                        |
| Other Accounts Receivable - Net  | 3.4, 5.5        | 2,739,619,687          | 634,234,237            | 2,739,619,687          | 634,234,237            |
| Others   |                 | 3,428,087,053          | 3,542,407,411          | 3,362,825,497          | 3,376,289,415          |
| <b>Total Current Assets</b>  |                 | <b>89,768,561,072</b>  | <b>84,956,402,019</b>  | <b>81,548,827,866</b>  | <b>78,697,995,987</b>  |
| <b>NON-CURRENT ASSETS</b>  |                 |                        |                        |                        |                        |
| Investment in Subsidiary and Joint Venture Companies<br>by using the Equity Method | 3.6, 5.6        | -                      | -                      | 7,886,294,208          | 7,620,803,744          |
| Investment in Associated Company by using the<br>Equity Method                     | 3.6, 5.6        | 5,032,991,199          | 4,087,497,489          | 5,032,991,199          | 4,087,497,489          |
| Share of Interest in Joint Venture of Subsidiary Company                           |                 | 2,396,646,000          | -                      | -                      | -                      |
| Long-Term Investments pledged as collateral  |                 | 1,251,089,000          | 1,548,863,000          | -                      | -                      |
| Long-Term Loans to Related Party - Net   |                 | 378,672,000            | -                      | -                      | -                      |
| Land, Buildings, Plants and Equipments - Net                                       | 3.7, 3.8, 5.7   | 276,161,142,073        | 263,935,135,190        | 230,872,029,829        | 215,067,674,441        |
| Developing Land  | 5.8             | 1,624,887,575          | 1,624,892,512          | 1,624,887,575          | 1,624,892,512          |
| Intangible Assets  | 3.10, 5.9       | 15,985,833,279         | 15,581,434,021         | 15,985,833,279         | 15,581,434,021         |
| Work under Construction  | 3.12, 5.10      | 8,895,126,839          | 32,854,760,927         | 8,715,878,274          | 32,849,223,260         |
| Other Non-Current Assets   |                 |                        |                        |                        |                        |
| Sinking Fund for Redemption of<br>Long Term Debts                                  | 3.9, 3.12, 5.11 | 20,344,316,386         | 15,434,825,502         | 20,344,316,386         | 15,434,825,502         |
| Deferred Charges of the Lignite Mine   | 3.11, 5.12      | 2,731,888,982          | 3,814,526,305          | 2,731,888,982          | 3,814,526,305          |
| Others   |                 | 154,797,943            | 172,996,840            | 146,242,943            | 169,560,840            |
| <b>Total Non-Current Assets</b>  |                 | <b>334,957,391,276</b> | <b>339,054,931,786</b> | <b>293,340,362,675</b> | <b>296,250,438,114</b> |
| <b>TOTAL ASSETS</b>  |                 | <b>424,725,952,348</b> | <b>424,011,333,805</b> | <b>374,889,190,541</b> | <b>374,948,434,101</b> |

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

**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARY COMPANY**  
**BALANCE SHEETS**  
**AS AT SEPTEMBER 30, 2004 AND 2003**

Unit : Baht

|   | Notes                  | Consolidated           |                        | EGAT Only              |                        |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
|   |                        | 2004                   | 2003<br>(Restated)     | 2004                   | 2003<br>(Restated)     |
| <b>LIABILITIES AND EQUITY</b>   |                        |                        |                        |                        |                        |
| <b>CURRENT LIABILITIES</b>  |                        |                        |                        |                        |                        |
| Electricity Purchased Payable   | 5.13                   | 15,983,912,858         | 13,354,999,995         | 23,440,375,858         | 20,674,696,995         |
| Trade Accounts Payable and Other Accounts Payable                                   |                        | 19,642,703,841         | 14,846,660,483         | 14,554,369,249         | 10,532,715,059         |
| Current Portion of Long-Term Liabilities  | 3.12, 5.15             | 20,956,791,240         | 23,958,664,114         | 17,937,561,240         | 21,184,607,114         |
| Current Portion of Financial Lease  | 3.8                    | 1,266,680              | 2,335,169              | 1,266,680              | 2,335,169              |
| Other Current Liabilities   |                        |                        |                        |                        |                        |
| Accrued Remittance to the Ministry of Finance                                       | 5.14                   | 9,781,350,000          | 10,540,000,000         | 9,781,350,000          | 10,540,000,000         |
| Accrued Interest Expenses   |                        | 2,256,637,574          | 2,584,864,051          | 2,256,637,574          | 2,584,864,051          |
| Others  |                        | 9,054,428,603          | 5,768,404,768          | 7,687,989,838          | 5,393,424,018          |
| <b>Total Current Liabilities</b>  |                        | <b>77,677,090,796</b>  | <b>71,055,928,580</b>  | <b>75,659,550,439</b>  | <b>70,912,642,406</b>  |
| <b>NON-CURRENT LIABILITIES</b>  |                        |                        |                        |                        |                        |
| Long-Term Liabilities   | 3.12, 5.15             | 140,629,037,787        | 164,284,757,886        | 107,627,068,787        | 128,383,316,886        |
| Provision Liabilities for Mine Reclamation  | 3.13, 5.16             | 1,557,846,254          | 1,488,686,378          | 1,557,846,254          | 1,488,686,378          |
| Provident Fund  | 3.14, 5.17             | 22,231,352             | 24,277,267             | 22,231,352             | 24,277,267             |
| Other Non-Current Liabilities   |                        |                        |                        |                        |                        |
| Deferred Income   | 3.15, 5.18             | 3,104,307,368          | 3,523,600,398          | 3,104,307,368          | 3,523,600,398          |
| Financial Lease   | 3.8                    | -                      | 1,303,680              | -                      | 1,266,680              |
| Others  | 3.12                   | 3,234,661,178          | 5,237,396,900          | 3,234,661,178          | 5,237,396,900          |
| <b>Total Non-Current Liabilities</b>  |                        | <b>148,548,083,939</b> | <b>174,560,022,509</b> | <b>115,546,114,939</b> | <b>138,658,544,509</b> |
| <b>TOTAL LIABILITIES</b>  |                        | <b>226,225,174,735</b> | <b>245,615,951,089</b> | <b>191,205,665,378</b> | <b>209,571,186,915</b> |
| <b>EQUITY</b>   |                        |                        |                        |                        |                        |
| Contribution from the Government  | 5.19                   | 9,578,555,875          | 9,640,888,638          | 9,578,555,875          | 9,640,888,638          |
| Share of Equity from Subsidiary and Associated Companies by using the Equity Method | 5.22                   | 3,511,996,551          | 3,420,002,495          | 3,511,996,551          | 3,420,002,495          |
| Surplus from Royalty on Real Property Service                                       | 3.10.2                 | 474,767,280            | 474,767,280            | 474,767,280            | 474,767,280            |
| Retained Earnings   |                        |                        |                        |                        |                        |
| Appropriated  |                        |                        |                        |                        |                        |
| Capital Expenditure Appropriation   | 3.18                   | 80,186,366,913         | 80,186,366,913         | 80,186,366,913         | 80,186,366,913         |
| Unappropriated  | 3.16, 3.17, 5.20, 5.21 | 89,931,838,544         | 71,655,221,860         | 89,931,838,544         | 71,655,221,860         |
| <b>TOTAL EQUITY</b>   |                        | <b>183,683,525,163</b> | <b>165,377,247,186</b> | <b>183,683,525,163</b> | <b>165,377,247,186</b> |
| <b>MINORITY INTEREST</b>  |                        | <b>14,817,252,450</b>  | <b>13,018,135,530</b>  | <b>-</b>               | <b>-</b>               |
| <b>TOTAL LIABILITIES AND EQUITY</b>   |                        | <b>424,725,952,348</b> | <b>424,011,333,805</b> | <b>374,889,190,541</b> | <b>374,948,434,101</b> |

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

(Signed) Mr. Chai-anan Samudavanija  
(Mr. Chai-anan Samudavanija)  
Chairman of Board of Directors

(Signed) Mr. Kraisi Karnasuta  
(Mr. Kraisi Karnasuta)  
Governor

**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARY COMPANY**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2004 AND 2003**

Unit : Baht

|   | Notes      | Consolidated           |                        | EGAT Only              |                        |
|---|------------|------------------------|------------------------|------------------------|------------------------|
|   |            | 2004                   | 2003<br>(Restated)     | 2004                   | 2003<br>(Restated)     |
| <b>REVENUES</b>   |            |                        |                        |                        |                        |
| Revenue from Electric Energy Sales  | 3.1        | 254,035,612,534        | 230,334,148,090        | 254,183,943,309        | 230,473,191,708        |
| Revenue from Services and Other Goods Sales   |            | 18,447,293,988         | 1,772,471,111          | 19,248,633,444         | 2,633,598,191          |
| <b>Total Revenue from Sales and Services</b>  |            | <b>272,482,906,522</b> | <b>232,106,619,201</b> | <b>273,432,576,753</b> | <b>233,106,789,899</b> |
| <b>COST OF SALES</b>  |            |                        |                        |                        |                        |
| Cost of Electric Energy Sales   | 5.23       | 201,819,314,704        | 180,305,012,078        | 210,095,020,257        | 188,697,685,931        |
| Cost of Services and Other Goods Sales  |            | 18,331,157,582         | 1,325,884,435          | 18,862,032,431         | 1,954,734,456          |
| <b>Total Cost of Sales and Services</b>   |            | <b>220,150,472,286</b> | <b>181,630,896,513</b> | <b>228,957,052,688</b> | <b>190,652,420,387</b> |
| <b>GROSS PROFIT</b>   |            | <b>52,332,434,236</b>  | <b>50,475,722,688</b>  | <b>44,475,524,065</b>  | <b>42,454,369,512</b>  |
| <b>SELLING AND ADMINISTRATIVE EXPENSES</b>  |            |                        |                        |                        |                        |
|   |            | 12,713,344,412         | 9,464,953,816          | 12,223,945,021         | 9,105,737,176          |
| <b>INCOME FROM SALES AND SERVICES</b>   |            | <b>39,619,089,824</b>  | <b>41,010,768,872</b>  | <b>32,251,579,044</b>  | <b>33,348,632,336</b>  |
| <b>OTHER REVENUES</b>   |            |                        |                        |                        |                        |
| Bank Interests  | 3.2        | 483,476,277            | 918,179,291            | 341,908,143            | 756,330,200            |
| Profit on Sale of Ratchaburi Power Plants Project   | 5.24       | -                      | -                      | 1,544,650,267          | 436,743,606            |
| Profit on Sale of Lan Krabu Power Plant   | 5.25       | 38,973,418             | -                      | 59,959,105             | -                      |
| Gains on Foreign Exchange   | 3.12, 5.27 | -                      | 8,289,073              | -                      | 8,289,073              |
| Others  |            | 1,781,905,653          | 1,248,020,255          | 1,772,765,165          | 1,128,958,255          |
| <b>Total Other Revenues</b>   |            | <b>2,304,355,348</b>   | <b>2,174,488,619</b>   | <b>3,719,282,680</b>   | <b>2,330,321,134</b>   |
| <b>OTHER EXPENSES</b>   |            |                        |                        |                        |                        |
| Losses on Foreign Exchange  | 3.12, 5.27 | 2,951,397,344          | -                      | 2,951,285,452          | -                      |
| Loss on Disposal of Assets  |            | 18,486,682             | 30,780,454             | 18,486,682             | 30,780,454             |
| Loss on Impairment of Asset   |            | -                      | 611,429,835            | -                      | 611,429,835            |
| Others  |            | 331,970,058            | 216,464,422            | 303,203,142            | 193,584,497            |
| <b>Total Other Expenses</b>   |            | <b>3,301,854,084</b>   | <b>858,674,711</b>     | <b>3,272,975,276</b>   | <b>835,794,786</b>     |
| <b>OPERATING INCOME</b>   |            | <b>38,621,591,088</b>  | <b>42,326,582,780</b>  | <b>32,697,886,448</b>  | <b>34,843,158,684</b>  |
| <b>SHARE OF PROFIT FROM SUBSIDIARY AND JOINT VENTURE COMPANIES BY USING THE EQUITY METHOD</b>                       |            |                        |                        |                        |                        |
|   | 5.26       | -                      | -                      | 1,426,490,464          | 2,307,462,694          |
| <b>SHARE OF PROFIT FROM ASSOCIATED COMPANY BY USING THE EQUITY METHOD</b>   |            |                        |                        |                        |                        |
|   | 5.26       | 1,395,078,890          | 1,397,275,100          | 1,395,078,890          | 1,397,275,100          |
| <b>SHARE OF PROFIT FROM ASSOCIATED AND JOINT VENTURE COMPANIES OF SUBSIDIARY COMPANY BY USING THE EQUITY METHOD</b> |            |                        |                        |                        |                        |
|   |            | 214,292,635            | -                      | -                      | -                      |
| <b>INCOME BEFORE INTEREST EXPENSES</b>  |            | <b>40,230,962,613</b>  | <b>43,723,857,880</b>  | <b>35,519,455,802</b>  | <b>38,547,896,478</b>  |
| <b>INTEREST EXPENSES</b>  | 3.19, 5.28 | (8,568,257,500)        | (10,462,568,404)       | (7,320,730,868)        | (8,547,109,404)        |
| <b>INCOME BEFORE INCOME TAX AND MINORITY INTEREST</b>   |            | <b>31,662,705,113</b>  | <b>33,261,289,476</b>  | <b>28,198,724,934</b>  | <b>30,000,787,074</b>  |
| <b>INCOME TAX</b>   | 5.29       | (35,556,876)           | (67,033,000)           | -                      | -                      |
| <b>INCOME BEFORE MINORITY INTEREST</b>  |            | <b>31,627,148,237</b>  | <b>33,194,256,476</b>  | <b>28,198,724,934</b>  | <b>30,000,787,074</b>  |
| <b>MINORITY INTEREST</b>  |            | (3,428,423,303)        | (3,193,469,402)        | -                      | -                      |
| <b>NET INCOME</b>   |            | <b>28,198,724,934</b>  | <b>30,000,787,074</b>  | <b>28,198,724,934</b>  | <b>30,000,787,074</b>  |

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

(Signed) Mr. Chai-anan Samudavanija  
(Mr. Chai-anan Samudavanija)  
Chairman of Board of Directors

(Signed) Mr. Kraisi Karnasuta  
(Mr. Kraisi Karnasuta)  
Governor

Electricity Generating Authority of Thailand

**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARY COMPANY**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2004 AND 2003**

Unit : Baht

| Consolidated and EGAT Only as at September 30, 2004                       |                                     |   |                  |  |  |               |   |                                   |                                     |                 |
|---|-------------------------------------|---|------------------|--|--|---------------|---|-----------------------------------|-------------------------------------|-----------------|
|   | Contribution from<br>the Government | Share of equity from subsidiary and associated companies by using the equity method |                  |  |  | Total         | Surplus from<br>Royalty on Real<br>Property Service | Appropriated<br>retained earnings | Unappropriated<br>retained earnings | Total Equity    |
|   |                                     | Premium on<br>Share Capital   | Legal<br>Reserve | Unrealized gain<br>on adjustment<br>Value of<br>investments in<br>Marketable<br>Securities<br>available for sale - net | Adjustment from<br>translation the<br>financial statements<br>of foreign company |               |   |                                   |                                     |                 |
| Balance at beginning of year  | 9,640,888,638                       | 2,880,286,079   | 408,273,822      | 172,226,487  | (40,783,893)   | 3,420,002,495 | 474,767,280   | 80,186,366,913                    | 71,655,221,860                      | 165,377,247,186 |
| Increase (Decrease) during the year                                       | (62,332,763)                        | -   | 140,258,250      | (81,155,616)   | 32,891,422   | 91,994,056    | -   | -                                 | (140,258,250)                       | (110,596,957)   |
| Net Income for the year   | -                                   | -   | -                | -  | -  | -             | -   | -                                 | 28,198,724,934                      | 28,198,724,934  |
| Increase in Remittance to the Ministry<br>of Finance from 2003 Net Income | -                                   | -   | -                | -  | -  | -             | -   | -                                 | (500,000)                           | (500,000)       |
| Provision for Remittance to the<br>Ministry of Finance                    | -                                   | -   | -                | -  | -  | -             | -   | -                                 | (9,781,350,000)                     | (9,781,350,000) |
| Balance at end of year  | 9,578,555,875                       | 2,880,286,079   | 548,532,072      | 91,070,871   | (7,892,471)  | 3,511,996,551 | 474,767,280   | 80,186,366,913                    | 89,931,838,544                      | 183,683,525,163 |

Unit : Baht

| Consolidated and EGAT Only as at September 30, 2003 (Restated) |                                     |   |                  |  |  |               |   |                                   |                                     |                  |
|--|-------------------------------------|---|------------------|--|--|---------------|---|-----------------------------------|-------------------------------------|------------------|
|  | Contribution from<br>the Government | Share of equity from subsidiary and associated companies by using the equity method |                  |  |  | Total         | Surplus from<br>Royalty on Real<br>Property Service | Appropriated<br>retained earnings | Unappropriated<br>retained earnings | Total Equity     |
|  |                                     | Premium on<br>Share Capital   | Legal<br>Reserve | Unrealized gain<br>on adjustment<br>Value of<br>investments in<br>Marketable<br>Securities<br>available for sale - net | Adjustment from<br>translation the<br>financial statements<br>of foreign company |               |   |                                   |                                     |                  |
| Balance at beginning of year                                   | 9,703,221,401                       | 2,880,286,079   | 255,369,979      | 22,279,859   | (15,830,526)   | 3,142,105,391 | 474,767,280   | 80,186,366,913                    | 52,324,492,995                      | 145,830,953,980  |
| Adjustment   | -                                   | -   | -                | -  | -  | -             | -   | -                                 | 22,845,634                          | 22,845,634       |
| Increase (Decrease)<br>during the year                         | (62,332,763)                        | -   | 152,903,843      | 149,946,628  | (24,953,367)   | 277,897,104   | -   | -                                 | (152,903,843)                       | 62,660,498       |
| Net Income for the year  | -                                   | -   | -                | -  | -  | -             | -   | -                                 | 30,000,787,074                      | 30,000,787,074   |
| Provision for Remittance to the<br>Ministry of Finance         | -                                   | -   | -                | -  | -  | -             | -   | -                                 | (10,540,000,000)                    | (10,540,000,000) |
| Balance at end of year   | 9,640,888,638                       | 2,880,286,079   | 408,273,822      | 172,226,487  | (40,783,893)   | 3,420,002,495 | 474,767,280   | 80,186,366,913                    | 71,655,221,860                      | 165,377,247,186  |

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

**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARY COMPANY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2004 AND 2003**

Unit : Baht

|  | Notes | Consolidated     |                    | EGAT Only        |                    |
|--|-------|------------------|--------------------|------------------|--------------------|
|  |       | 2004             | 2003<br>(Restated) | 2004             | 2003<br>(Restated) |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |       |                  |                    |                  |                    |
| Net income   |       | 28,198,724,934   | 30,000,787,074     | 28,198,724,934   | 30,000,787,074     |
| Adjustments to reconcile net income to net cash provided by operating activities                             |       |                  |                    |                  |                    |
| Operating activities   |       |                  |                    |                  |                    |
| Depreciation   |       | 18,180,426,513   | 16,818,453,188     | 15,599,437,513   | 14,380,874,188     |
| Assets from donation   |       | (332,930)        | -                  | (332,930)        | -                  |
| Amortization of land rights  | 5.9   | 376,326,722      | 513,031,157        | 376,326,722      | 513,031,157        |
| Loss on impairment of asset  |       | -                | 611,429,835        | -                | 611,429,835        |
| Amortization of deferred loan fees   |       | 119,757,000      | 53,743,000         | -                | -                  |
| Amortization of deferred charges of the lignite mine   | 5.12  | 4,422,288,795    | 4,563,942,727      | 4,422,288,795    | 4,563,942,727      |
| Amortization of royalty on real property services  | 5.9   | 6,337,354        | 6,337,354          | 6,337,354        | 6,337,354          |
| Bad and doubtful debts   |       | (67,439,698)     | (28,690,661)       | (67,439,698)     | (28,690,661)       |
| Allowance for obsolescence on materials and supplies   |       | 197,582,495      | 343,405,652        | 197,582,495      | 343,405,652        |
| Loss on disposal of assets   |       | 18,486,682       | 30,780,454         | 18,486,682       | 30,780,454         |
| Profit on sale of Ratchaburi Power Plants Project  | 5.24  | -                | -                  | (1,544,650,267)  | (436,743,606)      |
| Profit on sale of Lan Krabu Power Plant  | 5.25  | (38,973,418)     | -                  | (59,959,105)     | -                  |
| Revenue from deferred contributions  | 5.18  | (21,618,805)     | (154,865,948)      | (21,618,805)     | (154,865,948)      |
| (Gains) Losses on Foreign exchange   |       | 2,902,951,976    | (322,855,664)      | 2,903,324,413    | (322,855,664)      |
| Share of Profit from subsidiary and Joint venture companies by using the Equity Method                       | 5.26  | -                | -                  | (1,426,490,464)  | (2,307,462,694)    |
| Share of Profit from associated company by using the Equity Method   | 5.26  | (1,395,078,890)  | (1,397,275,100)    | (1,395,078,890)  | (1,397,275,100)    |
| Share of Profit from associated and Joint venture companies of subsidiary company by using the Equity Method |       | (214,292,635)    | -                  | -                | -                  |
| Minority interest in Subsidiary Company  |       | 1,799,116,919    | 1,424,999,751      | -                | -                  |
| Decrease (Increase) in assets  |       |                  |                    |                  |                    |
| Trade accounts receivable  |       | (13,610,524,626) | (7,439,588,568)    | (13,710,645,383) | (7,720,306,423)    |
| Other accounts receivable  |       | (2,035,301,229)  | 548,488,173        | (2,035,301,229)  | 548,488,173        |
| Materials and supplies   |       | (1,414,048,347)  | 1,261,418,956      | (878,059,460)    | 1,094,914,307      |
| Other current assets   |       | 114,320,358      | (803,538,805)      | 340,279,404      | (1,394,665,563)    |
| Other non-current assets   |       | 138,602,864      | (24,152,766)       | 143,721,864      | (23,277,766)       |
| Deferred charges of the lignite mine   | 5.12  | (3,289,857,625)  | (3,320,656,054)    | (3,289,857,625)  | (3,320,656,054)    |
| Increase (Decrease) in liabilities   |       |                  |                    |                  |                    |
| Electricity purchased payable  |       | 2,628,912,862    | 2,898,233,270      | 2,765,678,862    | 5,123,750,270      |
| Trade accounts payable   |       | 496,006,243      | 1,199,609,145      | -                | -                  |
| Other accounts payable   |       | 4,275,057,916    | 943,189,073        | 4,009,641,491    | 1,204,717,407      |
| Accrued interest expenses  |       | (328,561,378)    | (690,457,509)      | (328,561,378)    | (690,457,509)      |
| Other current liabilities  |       | 3,286,023,835    | (463,532,003)      | 2,281,360,577    | (208,720,130)      |
| Other non-current liabilities  |       | (406,737,621)    | 325,915,594        | 1,161,531,999    | 325,915,594        |
| Provident fund   |       | (2,045,915)      | 759,283            | (2,045,915)      | 759,283            |
| Provision liabilities for mine reclamation   | 5.16  | 69,159,877       | 43,995,060         | 69,159,877       | 43,995,060         |
|  |       | 16,206,545,294   | 16,942,118,594     | 9,535,116,899    | 10,786,364,343     |
| Net cash inflows from operating activities   |       | 44,405,270,228   | 46,942,905,668     | 37,733,841,833   | 40,787,151,417     |

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

**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARY COMPANY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2004 AND 2003**

Unit : Baht

|   | Notes    | Consolidated     |                    | EGAT Only        |                    |
|---|----------|------------------|--------------------|------------------|--------------------|
|   |          | 2004             | 2003<br>(Restated) | 2004             | 2003<br>(Restated) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                           |          |                  |                    |                  |                    |
| Decrease in short-term investments                                    |          | 6,416,627,274    | 3,582,601,187      | 6,638,612,274    | 1,906,775,187      |
| Long-term investments pledged as collateral                           |          | 297,774,000      | (954,292,000)      | -                | -                  |
| Current portion of long-term investments in bills of exchange         |          | -                | 9,865,000          | -                | -                  |
| Current portion of long-term investments pledged as collateral        |          | (369,080,000)    | 27,428,000         | -                | -                  |
| Long-term loans to related party                                      |          | (378,672,000)    | -                  | -                | -                  |
| Dividend received   | 5.6      | 401,320,986      | 334,434,155        | 1,641,070,986    | 1,802,559,155      |
| Cash on dividend from Joint venture of subsidiary company             |          | 324,181,000      | -                  | -                | -                  |
| Cash on sale of Ratchaburi Power Plants Project                       |          | -                | -                  | -                | 7,562,828,054      |
| Cash on sale of Lan Krabu Power Plant                                 | 5.25     | 39,000,000       | -                  | 60,000,000       | -                  |
| Cash on disposal of assets  |          | 56,868,914       | 75,425,466         | 56,868,914       | 75,425,466         |
| Capital expenditure (including interest)                              |          | (9,284,614,430)  | (11,743,038,306)   | (10,732,956,770) | (10,806,045,389)   |
| Refund of contributions for construction                              | 5.18     | (438,000,000)    | -                  | (438,000,000)    | -                  |
| Cash on deferred income   | 5.18     | 41,666,708       | 1,527,167,453      | 41,666,708       | 1,527,167,453      |
| Investments in Joint venture company                                  |          | -                | -                  | (78,750,000)     | (17,500,000)       |
| Investments in Joint venture of subsidiary company                    |          | (2,506,534,365)  | -                  | -                | -                  |
| Net cash inflows (outflows) from investing activities                 |          | (5,399,461,913)  | (7,140,409,045)    | (2,811,487,888)  | 2,051,209,926      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                           |          |                  |                    |                  |                    |
| Remittance to the Ministry of Finance                                 |          | (10,540,500,000) | (9,555,000,000)    | (10,540,500,000) | (9,555,000,000)    |
| (Increase) Decrease in sinking fund for redemption of long term debts |          | (4,909,490,883)  | 1,529,411,467      | (4,909,490,883)  | 1,529,411,467      |
| Repayment of long - term liabilities                                  |          | (34,711,151,885) | (34,935,242,281)   | (31,937,095,885) | (32,892,783,281)   |
| Long - term liabilities received                                      |          | 5,201,898,488    | 5,761,265,804      | 5,201,898,488    | 514,724,804        |
| Repayment of financial lease liabilities                              |          | (2,372,169)      | (6,129,463)        | (2,335,169)      | (3,166,463)        |
| Net cash outflows from financing activities                           |          | (44,961,616,449) | (37,205,694,473)   | (42,187,523,449) | (40,406,813,473)   |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>           |          | (5,955,808,134)  | 2,596,802,150      | (7,265,169,504)  | 2,431,547,870      |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                 |          | 25,252,722,565   | 22,655,920,415     | 25,048,596,285   | 22,617,048,415     |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                       | 3.3, 5.1 | 19,296,914,431   | 25,252,722,565     | 17,783,426,781   | 25,048,596,285     |
| <b>ADDITIONAL CASH FLOWS INFORMATION :</b>                            |          |                  |                    |                  |                    |
| Cash payment during the year  |          |                  |                    |                  |                    |
| Interest expenses   |          | 9,118,911,569    | 11,807,091,114     | 7,869,645,569    | 9,891,632,114      |
| Income tax  |          | 36,662,000       | 86,491,000         | -                | -                  |

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

**ELECTRICITY GENERATING AUTHORITY OF THAILAND  
AND SUBSIDIARY COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2004 AND 2003**

**1. GENERAL INFORMATION**

Electricity Generating Authority of Thailand (EGAT), which is a juristic person, was established by the Electricity Generating Authority of Thailand Act 1968 and subsequent amendments. The number of employees of EGAT at September 30, 2004 was 26,046. 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;
- Neighboring 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". EGAT owns 45% of the total fully paid common shares of Ratchaburi Electricity Generating Holding Public Company Limited, which is a subsidiary company, and has effective control over. In addition to included the account of EGAT and Joint Venture in compliance with the Accounting Standard No. 46 "Financial Reporting of Interests in Joint Ventures". EGAT owns 35% of the total fully paid common shares of District Cooling System and Power Plant Company Limited, which is a joint venture, and has jointly control with PTT Public Company Limited (PTT) and Metropolitan Electricity Authority (MEA) on economic activities. The significant transactions have been eliminated in consolidated financial statements.

**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 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash, 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 which EGAT has fully access without commitment.

**3.4 ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The allowance for doubtful accounts are 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.

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

### 3.5 MATERIALS AND SUPPLIES

**3.5.1 Fuel Oil** is shown at the lower of average cost or net realizable value.

**3.5.2 Lignite** is shown at the lower of average cost or net realizable value.

**3.5.3 Spare parts for Power Plant, Transmission System and Mine Equipment** are shown at average cost less allowance for obsolescence of stocks designed to write off the parts on a straight-line method over the useful lives of the main equipment.

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

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

### 3.6 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.

### 3.7 LAND, BUILDINGS, PLANTS AND EQUIPMENTS - 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 equipments | 4 % to 7.5 %     |
| Structures                  | 4 % to 10 %      |
| Transmission system         | 2.5 % to 4 %     |
| Mining equipment            | 4 % to 20 %      |
| Other plants and equipments | 5 % to 33.33 %   |

Depreciation of the Srinagarind, Bang Lang, Vajiralongkorn, Rajjaprabha and Pak Mun dams are included in the statements 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.

### 3.8 ASSETS AND LIABILITIES UNDER FINANCIAL LEASE AGREEMENT

Assets and liabilities under financial lease agreements are stated at a fair price 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 principal over the lease term. Finance lease assets are depreciated by the straight-line method over the estimated useful lives of each asset provided. In case of the ownership of the assets is not transferred by the end of the lease term, the depreciation is based on the useful life of the asset and the lease term whichever is lower.

### **3.9 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, in conformity with 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.

### **3.10 INTANGIBLE ASSETS**

#### **3.10.1 Land Rights**

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

#### **3.10.2 Royalty on Real Property Services - Net**

In 1990, with the approval of the Ministry of Finance, EGAT has been entitled to use the Sirikit dam and surrounding area without charge and recognized cost of the dam in portion that use for generating electric power and surplus from Royalty on Real Property Services at Baht 474.77 million as a Royalty on Real Property Services account. The accumulated depreciation of Baht 100.86 million is recognized as expenses and written off from the Royalty on Real Property Services. The balance of Baht 373.91 million is being amortized over 59 years, which is the remaining estimated useful life of the dam.

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

#### **3.11.1 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 by multiply the quantity of lignite extracted from the mine by the stripping ratio of 6.8:1, which is the ratio of the overburden bears to the total economically mineable reserves, and multiply by the average cost per cubic meter of overburden removed.

#### **3.11.2 Exploration for Mineral Resources and Preliminary Development Costs**

Exploration for Mineral Resources and Preliminary Development Costs are recognized as expenses in the year they are incurred except the Exploration, that its results are included in the Power Development Plan and Long-Term Mining Plan, are recognized as 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.

#### **3.11.3 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.

#### **3.11.4 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.

### **3.12 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.

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

EGAT established Provision Liabilities for Mine Reclamation at the lignite mine in Mae Moh district, Lampang province and Neuklong district, Krabi province which will arise in the future. 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 statements 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 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 statements 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.

### **3.15 DEFERRED INCOME**

#### **3.15.1 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.

#### **3.15.2 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 use for development activities of EGAT especially identified by donors, is recorded as deferred incomes under EGAT's liabilities. Non-current assets are recognized as revenues over the useful lives and cash are recognized when the expenditures are incurred.

### **3.16 WELFARE FUND**

The Welfare Fund is established for the employee's welfare with EGAT making payments to the fund. Such payments are recognized as expenses in the statements 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 stated included in unappropriated - retained earnings.

### **3.17 SPECIFIC PURPOSE FUNDS**

EGAT has established a number of specific purpose funds namely 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 statements of income. The specific purpose funds stated included in unappropriated - retained earnings.

#### **3.17.1 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.

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

In November 1998, the 12th 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.

### 3.18 RETAINED EARNINGS APPROPRIATED

EGAT appropriated the earnings for expansion of business from 1981 to 1997 excluded 1996 according to the conclusion of the Board of Directors and approved by the Ministry of Finance.

### 3.19 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 after the completion of construction period are expensed. Interest expenses on debts for working capital are recognized as expenses in the incurred period.

## 4. CHANGE IN ACCOUNTING ESTIMATES

EGAT has changed the calculation of allowance for obsolescence of stocks designed Spare parts for Mine Equipment which have not moved for one year or more at the rate 5-50% and 5-100% of the categorized items that greater than Baht 100,000 and not greater than Baht 100,000 respectively, to write off the spare parts on a straight-line method over the useful lives of the main equipment. This change has resulted in an increase in materials and supplies by Baht 86.12 million from the prior method.

## 5. SUPPLEMENTARY INFORMATION

### 5.1 CASH AND CASH EQUIVALENTS

|  | (Unit : Million Baht) |           |           |           |
|--|-----------------------|-----------|-----------|-----------|
|  | Consolidated          |           | EGAT Only |           |
|  | 2004                  | 2003      | 2004      | 2003      |
| Cash in hand   | 14.13                 | 30.06     | 13.92     | 12.72     |
| Cash at banks  |                       |           |           |           |
| Current accounts   | (206.98)              | (186.00)  | (205.82)  | (186.00)  |
| Saving accounts  | 15,058.00             | 17,614.16 | 14,894.04 | 17,427.38 |
| Fixed deposits not more than 3 months without commitment | 4,431.76              | 7,794.50  | 3,081.29  | 7,794.50  |
| Total  | 19,296.91             | 25,252.72 | 17,783.43 | 25,048.60 |

For the year 2004, cash and bank balances of Baht 17,783.43 million comprising working capital of EGAT Baht 17,704.54 million, Provident Fund of Baht 22.83 million, Welfare Fund of Baht 30.01 million, Land and Housing Loan Fund of Baht 0.40 million and Specific Purpose Funds of Baht 25.65 million.

### 5.2 SHORT-TERM INVESTMENTS

|  | (Unit : Million Baht) |           |           |          |
|--|-----------------------|-----------|-----------|----------|
|  | Consolidated          |           | EGAT Only |          |
|  | 2004                  | 2003      | 2004      | 2003     |
| Short-term investments : Not pledged as collateral |                       |           |           |          |
| - Fixed deposits more than 3 months to 6 months    | -                     | 1,716.82  | -         | 1,616.72 |
| - Fixed deposits more than 6 months                | 441.72                | 5,046.27  | 441.72    | 5,040.27 |
| - Promissory notes                                 | -                     | 68.75     | -         | -        |
| - Bills of exchange                                | 39.85                 | 300.29    | -         | -        |
|  | 481.57                | 7,132.13  | 441.72    | 6,662.99 |
| Short-term investments : Pledged as collateral     |                       |           |           |          |
| - Fixed deposits                                   | 1,556.18              | 417.35    | -         | 417.35   |
| - Promissory notes                                 | 2,742.67              | 1,188.94  | -         | -        |
| - Bills of exchange                                | 828.19                | 3,286.82  | -         | -        |
|  | 5,127.04              | 4,893.11  | -         | 417.35   |
| Total  | 5,608.61              | 12,025.24 | 441.72    | 7,080.34 |

### 5.3 TRADE ACCOUNTS RECEIVABLE - NET

(Unit : Million Baht)

|   | Consolidated |           | EGAT Only |           |
|---|--------------|-----------|-----------|-----------|
|   | 2004         | 2003      | 2004      | 2003      |
| Energy sales receivable-State enterprises and government agencies |              |           |           |           |
| Metropolitan Electricity Authority                                | 10,035.99    | 7,763.08  | 10,035.99 | 7,763.08  |
| Provincial Electricity Authority                                  | 16,013.65    | 13,574.27 | 16,013.65 | 13,574.27 |
| Others  | 546.29       | 481.23    | 546.29    | 502.48    |
|   | 26,595.93    | 21,818.58 | 26,595.93 | 21,839.83 |
| Services and others receivable                                    | 106.27       | 136.16    | 707.00    | 615.52    |
| Total   | 26,702.20    | 21,954.74 | 27,302.93 | 22,455.35 |
| <b>Less : Allowance for doubtful accounts</b>                     | 5.18         | 2.63      | 5.18      | 2.63      |
|   | 26,697.02    | 21,952.11 | 27,297.75 | 22,452.72 |
| Automatic energy price adjustment (Ft) receivable                 | 25,023.97    | 16,160.90 | 25,023.97 | 16,160.90 |
| At September 30,  | 51,720.99    | 38,113.01 | 52,321.72 | 38,613.62 |

As at September 30, 2004 and 2003, EGAT has accounted an automatic energy price adjustment (Ft) receivable amounting to Baht 4,794.12 million, which EGAT has not been permitted to pass on to customers. 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 this Ft in the period of June 2003 to January 2004, which is recognized as accrued income and released to revenue not more than next 3 years (within 2006) if the energy price decreases.

Trade accounts receivable - net can be analyzed by categories and outstanding period as follows:

(Unit : Million Baht)

| Outstanding Period                                | Consolidated                             |                    |                   |                    |              |                    | 2004      | 2003      |
|---|--|--------------------|-------------------|--------------------|--------------|--------------------|-----------|-----------|
|   | State enterprise and government agencies |                    | Private companies |                    | Total        |                    |           |           |
|   | Energy Sales                             | Service and Others | Energy Sales      | Service and Others | Energy Sales | Service and Others |           |           |
| Undue portion                                     | 26,120.17                                | 13.32              | 475.53            | 73.84              | 26,595.70    | 87.16              | 26,682.86 | 21,943.67 |
| Overdue not more than 6 months                    | 0.18                                     | 4.35               | 0.05              | 8.76               | 0.23         | 13.11              | 13.34     | 4.16      |
| Overdue more than 6 months to 1 year              | -  | 2.05               | -                 | 0.76               | -            | 2.81               | 2.81      | 3.39      |
| Overdue more than 1 year to 2 years               | -  | -                  | -                 | 0.05               | -            | 0.05               | 0.05      | 0.09      |
| Overdue more than 2 years                         | -  | -                  | -                 | 3.14               | -            | 3.14               | 3.14      | 3.43      |
|   | 26,120.35                                | 19.72              | 475.58            | 86.55              | 26,595.93    | 106.27             | 26,702.20 | 21,954.74 |
| <b>Less : Allowance for doubtful accounts</b>     | -  | -                  | -                 | 5.18               | -            | 5.18               | 5.18      | 2.63      |
|   | 26,120.35                                | 19.72              | 475.58            | 81.37              | 26,595.93    | 101.09             | 26,697.02 | 21,952.11 |
| Automatic energy price adjustment (Ft) receivable |  |                    |                   |                    | 25,023.97    | -                  | 25,023.97 | 16,160.90 |
| At September 30,                                  |  |                    |                   |                    | 51,619.90    | 101.09             | 51,720.99 | 38,113.01 |

(Unit : Million Baht)

| Outstanding Period                                | EGAT Only                                |                    |                   |                    |                  |                    | 2004             | 2003             |
|---|--|--------------------|-------------------|--------------------|------------------|--------------------|------------------|------------------|
|   | State enterprise and government agencies |                    | Private companies |                    | Total            |                    |                  |                  |
|   | Energy Sales                             | Service and Others | Energy Sales      | Service and Others | Energy Sales     | Service and Others |                  |                  |
| Undue portion                                     | 26,120.17                                | 13.32              | 475.53            | 674.57             | 26,595.70        | 687.89             | 27,283.59        | 22,444.28        |
| Overdue not more than 6 months                    | 0.18                                     | 4.35               | 0.05              | 8.76               | 0.23             | 13.11              | 13.34            | 4.16             |
| Overdue more than 6 months to 1 year              | -  | 2.05               | -                 | 0.76               | -                | 2.81               | 2.81             | 3.39             |
| Overdue more than 1 year to 2 years               | -  | -                  | -                 | 0.05               | -                | 0.05               | 0.05             | 0.09             |
| Overdue more than 2 years                         | -  | -                  | -                 | 3.14               | -                | 3.14               | 3.14             | 3.43             |
|   | <u>26,120.35</u>                         | <u>19.72</u>       | <u>475.58</u>     | <u>687.28</u>      | <u>26,595.93</u> | <u>707.00</u>      | <u>27,302.93</u> | <u>22,455.35</u> |
| <b>Less</b> : Allowance for doubtful accounts     | -  | -                  | -                 | 5.18               | -                | 5.18               | 5.18             | 2.63             |
|   | <u>26,120.35</u>                         | <u>19.72</u>       | <u>475.58</u>     | <u>682.10</u>      | <u>26,595.93</u> | <u>701.82</u>      | <u>27,297.75</u> | <u>22,452.72</u> |
| Automatic energy price adjustment (Ft) receivable |  |                    |                   |                    | 25,023.97        | -                  | 25,023.97        | 16,160.90        |
| At September 30,                                  |  |                    |                   |                    | <u>51,619.90</u> | <u>701.82</u>      | <u>52,321.72</u> | <u>38,613.62</u> |

**5.4 MATERIALS AND SUPPLIES - NET**

(Unit : Million Baht)

|   | Consolidated    |                 | EGAT Only       |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 2004            | 2003            | 2004            | 2003            |
|   | Fuel oil        | 2,406.53        | 1,443.43        | 1,844.00        |
| Lignite stock                             | 75.81           | 91.72           | 75.81           | 91.72           |
| Spare parts, other materials and supplies | 7,387.79        | 6,920.93        | 6,285.15        | 5,891.22        |
| <b>Less</b> : Allowance for obsolescence  | 3,305.45        | 3,107.87        | 3,305.45        | 3,107.87        |
| At September 30,                          | <u>6,564.68</u> | <u>5,348.21</u> | <u>4,899.51</u> | <u>3,944.92</u> |

**5.5 OTHER ACCOUNTS RECEIVABLE - NET**

(Unit : Million Baht)

|   | Consolidated                 |               | EGAT Only       |               |
|---|------------------------------|---------------|-----------------|---------------|
|   | 2004                         | 2003          | 2004            | 2003          |
|   | Employee accounts receivable | 282.59        | 457.12          | 282.59        |
| Other accounts receivable                     | 2,463.96                     | 254.12        | 2,463.96        | 254.12        |
| <b>Less</b> : Allowance for doubtful accounts | 6.93                         | 77.01         | 6.93            | 77.01         |
| At September 30,                              | <u>2,739.62</u>              | <u>634.23</u> | <u>2,739.62</u> | <u>634.23</u> |

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

(Unit : Million Baht)

| Company  | Business   | Relationship  | EGAT Only             |           |                    |        |             |          |               |           |           |          |          |
|--|--|---------------|-----------------------|-----------|--------------------|--------|-------------|----------|---------------|-----------|-----------|----------|----------|
|  |  |               | Paid-Up Share Capital |           | Investment Portion |        | Investment  |          |               |           | Dividend  |          |          |
|  |  |               | 2004                  | 2003      | 2004               | 2003   | Cost Method |          | Equity Method |           | 2004      | 2003     |          |
|  |  |               |                       |           |                    | 2004   | 2003        | 2004     | 2003          | 2004      | 2003      |          |          |
| 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      | 7,820.02  | 7,603.46  | 1,239.75 | 1,468.13 |
| Electricity Generating Public Company                    | Electricity Generating and investment in other companies | Associate     | Associate             | 5,264.65  | 5,264.65           | 25.47% | 25.47%      | 1,587.55 | 1,587.55      | 5,032.99  | 4,087.50  | 401.32   | 334.43   |
| District Cooling System and Power Plant Company Limited  | Power and cooling water producer                         | Joint Venture | Joint Venture         | 275.00    | 50.00              | 35.00% | 35.00%      | 96.25    | 17.50         | 66.27     | 17.34     | -        | -        |
|  |  |               |                       |           |                    |        |             | 8,208.80 | 8,130.05      | 12,919.28 | 11,708.30 | 1,641.07 | 1,802.56 |

### 5.6.1 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 share 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, 2004, 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.

### 5.6.2 Investment in Electricity Generating Public Company Limited

As at September 30, 2004, 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.

### 5.6.3 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.

Subsequently, the venture which has set up the extraordinary meetings No. 1/2547 and 2/2547 on February 23, 2004 and March 13, 2004 respectively passed a resolution to pay up 25% of registered additional capital amounting to Baht 900 million. EGAT paid share of the capital commitment amounting to Baht 78.75 million. As at September 30, 2004, EGAT has fully paid common shares amounting to Baht 96.25 million. In addition by the meeting No.8 on September 17, 2004, the conclusion of Board of Directors recollected the additional capital from the ventures that EGAT paid the additional capital amounting to Baht 104.76 million on October 12, 2004.

## 5.7 LAND, BUILDINGS, PLANTS AND EQUIPMENTS - NET

(Unit : Million Baht)

| Cost   | Consolidated      |                  |                   |                   | EGAT Only         |                  |                   |                   |
|--|-------------------|------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
|  | 2003              | Increase         | Decrease          | 2004              | 2003              | Increase         | Decrease          | 2004              |
| Land   | 5,471.51          | 28.31            | (0.22)            | 5,499.60          | 4,750.53          | 28.31            | (0.22)            | 4,778.62          |
| Structure  | 16,385.18         | 1,209.59         | (41.50)           | 17,553.27         | 15,910.23         | 1,200.87         | (41.50)           | 17,069.60         |
| Reservoir, dam   | 21,800.90         | 6,680.97         | -                 | 28,481.87         | 21,800.90         | 6,680.97         | -                 | 28,481.87         |
| Power plants   | 241,304.60        | 19,231.80        | (562.30)          | 259,974.10        | 192,084.11        | 19,191.93        | (562.30)          | 210,713.74        |
| Spare parts for power plant                                    | 7,041.60          | 1,660.43         | -                 | 8,702.03          | 879.77            | 1,250.81         | -                 | 2,130.58          |
| Transmission system  | 111,352.78        | 1,787.07         | (237.03)          | 112,902.82        | 111,352.78        | 1,787.07         | (237.03)          | 112,902.82        |
| Communication system   | 5,809.48          | 561.66           | (14.41)           | 6,356.73          | 5,809.48          | 561.66           | (14.41)           | 6,356.73          |
| Coal handling system   | 4,583.61          | 51.09            | (125.25)          | 4,509.45          | 4,583.61          | 51.09            | (125.25)          | 4,509.45          |
| Mine equipment   | 2,210.60          | 44.51            | -                 | 2,255.11          | 2,210.60          | 44.51            | -                 | 2,255.11          |
| 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  | 2,419.17          | 176.33           | (114.81)          | 2,480.69          | 2,365.73          | 159.68           | (114.81)          | 2,410.60          |
| Other materials and supplies                                   | 9,547.92          | 665.55           | (549.57)          | 9,663.90          | 9,439.00          | 655.76           | (549.42)          | 9,545.34          |
| Machine in process   | 35.02             | -                | (19.11)           | 15.91             | -                 | -                | -                 | -                 |
| <b>Total</b>   | <b>428,055.21</b> | <b>32,097.31</b> | <b>(1,664.20)</b> | <b>458,488.32</b> | <b>371,279.58</b> | <b>31,612.66</b> | <b>(1,644.94)</b> | <b>401,247.30</b> |
| Adjustment in consolidated from Profit on sale of Power Plants | (3,288.16)        |                  |                   | (4,832.81)        | -                 |                  |                   | -                 |
|  | <u>424,767.05</u> |                  |                   | <u>453,655.51</u> | <u>371,279.58</u> |                  |                   | <u>401,247.30</u> |

(Unit : Million Baht)

| Accumulated<br>Depreciation                                       | Consolidated      |             |          |                   | EGAT Only         |             |          |                   |
|---|-------------------|-------------|----------|-------------------|-------------------|-------------|----------|-------------------|
|   | 2003              | Increase    | Decrease | 2004              | 2003              | Increase    | Decrease | 2004              |
| Land  | -                 | -           | -        | -                 | -                 | -           | -        | -                 |
| Structure   | (9,434.89)        | (699.50)    | 38.85    | (10,095.54)       | (9,365.26)        | (674.92)    | 38.85    | (10,001.33)       |
| Reservoir, dam  | (5,762.75)        | (314.41)    | -        | (6,077.16)        | (5,762.75)        | (314.41)    | -        | (6,077.16)        |
| Power plants  | (95,784.46)       | (10,474.97) | 557.20   | (105,702.23)      | (91,367.94)       | (8,485.56)  | 557.20   | (99,296.30)       |
| Spare parts for power plant                                       | (802.13)          | (1,090.00)  | -        | (1,892.13)        | (287.80)          | (558.71)    | -        | (846.51)          |
| Transmission system   | (31,507.32)       | (4,177.78)  | 174.45   | (35,510.65)       | (31,507.32)       | (4,177.78)  | 174.45   | (35,510.65)       |
| Communication system  | (3,468.95)        | (582.85)    | 13.73    | (4,038.07)        | (3,468.95)        | (582.85)    | 13.73    | (4,038.07)        |
| Coal handling system  | (3,038.01)        | (174.69)    | 125.07   | (3,087.63)        | (3,038.01)        | (174.69)    | 125.07   | (3,087.63)        |
| Mine equipment  | (2,021.02)        | (42.18)     | -        | (2,063.20)        | (2,021.02)        | (42.18)     | -        | (2,063.20)        |
| Aeroplane and helicopter  | (16.44)           | (7.70)      | -        | (24.14)           | (16.44)           | (7.70)      | -        | (24.14)           |
| Spare parts for mine equipment                                    | (8.58)            | (1.84)      | -        | (10.42)           | (8.58)            | (1.84)      | -        | (10.42)           |
| Vehicle   | (2,088.33)        | (103.63)    | 114.80   | (2,077.16)        | (2,067.53)        | (90.59)     | 114.80   | (2,043.32)        |
| Other materials and supplies                                      | (7,346.82)        | (643.59)    | 544.75   | (7,445.66)        | (7,300.31)        | (620.90)    | 544.66   | (7,376.55)        |
| Total   | (161,279.70)      | (18,313.14) | 1,568.85 | (178,023.99)      | (156,211.91)      | (15,732.13) | 1,568.76 | (170,375.28)      |
| Adjustment in consolidated from<br>Profit on sale of Power Plants | 447.79            |             |          | 529.62            | -                 |             |          | -                 |
|   | (160,831.91)      |             |          | (177,494.37)      | (156,211.91)      |             |          | (170,375.28)      |
| <b>Net book value</b>   | <b>263,935.14</b> |             |          | <b>276,161.14</b> | <b>215,067.67</b> |             |          | <b>230,872.02</b> |

On September 30, 2004, 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 25,546.30 million. The details are as follows:

(Unit : Million Baht)

|                              | 2004             |                  |
|------------------------------|------------------|------------------|
|                              | Consolidated     | EGAT Only        |
| Structure                    | 3,320.05         | 3,320.05         |
| Reservoir, dam               | 5.45             | 5.45             |
| Power plants                 | 8,241.49         | 8,241.49         |
| Transmission system          | 2,782.07         | 2,782.07         |
| Communication system         | 1,450.19         | 1,450.19         |
| Coal handling system         | 1,260.17         | 1,260.17         |
| Mine equipment               | 1,747.11         | 1,747.11         |
| Vehicle                      | 1,850.09         | 1,850.09         |
| Other materials and supplies | 4,889.68         | 4,889.68         |
| Total                        | <u>25,546.30</u> | <u>25,546.30</u> |

## 5.8 DEVELOPING LAND

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

- Land at Ao-Phai, Chon Buri province of 195,200 square meters (122 Rai) of Baht 9.05 million.
- 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.

## 5.9 INTANGIBLE ASSETS

(Unit : Million Baht)

|                                       | Consolidated |                                   |            |           | EGAT Only   |                                   |            |           |
|---------------------------------------|--------------|-----------------------------------|------------|-----------|-------------|-----------------------------------|------------|-----------|
|                                       | Land Rights  | Royalty on Real Property Services | Total 2004 | 2003      | Land Rights | Royalty on Real Property Services | Total 2004 | 2003      |
| At October 1,                         | 15,296.25    | 285.18                            | 15,581.43  | 15,078.32 | 15,296.25   | 285.18                            | 15,581.43  | 15,078.32 |
| <b>Add</b> : Increase during the year | 787.07       | -                                 | 787.07     | 1,022.47  | 787.07      | -                                 | 787.07     | 1,022.47  |
|                                       | 16,083.32    | 285.18                            | 16,368.50  | 16,100.79 | 16,083.32   | 285.18                            | 16,368.50  | 16,100.79 |
| <b>Less</b> : Amortization            | 376.33       | 6.34                              | 382.67     | 519.36    | 376.33      | 6.34                              | 382.67     | 519.36    |
| At September 30,                      | 15,706.99    | 278.84                            | 15,985.83  | 15,581.43 | 15,706.99   | 278.84                            | 15,985.83  | 15,581.43 |

## 5.10 WORK UNDER CONSTRUCTION

(Unit : Million Baht)

| Project  | Consolidated |           | EGAT Only |           |
|--|--------------|-----------|-----------|-----------|
|  | 2004         | 2003      | 2004      | 2003      |
| Lam Takhong Pumped Storage Project units 1 - 2 | -            | 12,451.97 | -         | 12,451.97 |
| Krabi Thermal Power Plant Project unit 1       | -            | 11,535.94 | -         | 11,535.94 |
| Transmission System Expansion Project          | 6,836.19     | 4,978.11  | 6,836.19  | 4,978.11  |
| Others   | 2,058.94     | 3,888.74  | 1,879.69  | 3,883.20  |
| Total  | 8,895.13     | 32,854.76 | 8,715.88  | 32,849.22 |

## 5.11 SINKING FUND FOR REDEMPTION OF LONG TERM DEBTS

(Unit : Million Baht)

|                                     | Consolidated |           | EGAT Only |           |
|-------------------------------------|--------------|-----------|-----------|-----------|
|                                     | 2004         | 2003      | 2004      | 2003      |
| At October, 1                       | 15,434.83    | 16,964.24 | 15,434.83 | 16,964.24 |
| <b>Add</b> : Payments into the fund | 19,979.86    | 9,728.55  | 19,979.86 | 9,728.55  |
| Interest received                   | 163.11       | 211.21    | 163.11    | 211.21    |
|                                     | 35,577.80    | 26,904.00 | 35,577.80 | 26,904.00 |
| <b>Less</b> : Borrowing - EGAT      | 4,000.00     | -         | 4,000.00  | -         |
| Withdrawals for debt repayment      | 11,220.24    | 11,022.33 | 11,220.24 | 11,022.33 |
| Losses on foreign exchange rate     | 13.24        | 446.84    | 13.24     | 446.84    |
| At September 30,                    | 20,344.32    | 15,434.83 | 20,344.32 | 15,434.83 |

## 5.12 DEFERRED CHARGES OF THE LIGNITE MINE

(Unit : Million Baht)

|                                       | Consolidated |          | EGAT Only |          |
|---------------------------------------|--------------|----------|-----------|----------|
|                                       | 2004         | 2003     | 2004      | 2003     |
| At October, 1                         | 3,814.53     | 5,002.30 | 3,814.53  | 5,002.30 |
| <b>Add</b> : Increase during the year | 3,289.86     | 3,320.66 | 3,289.86  | 3,320.66 |
| Depreciation                          | 49.79        | 55.51    | 49.79     | 55.51    |
|                                       | 7,154.18     | 8,378.47 | 7,154.18  | 8,378.47 |
| <b>Less</b> : Amortization            | 4,422.29     | 4,563.94 | 4,422.29  | 4,563.94 |
| At September 30,                      | 2,731.89     | 3,814.53 | 2,731.89  | 3,814.53 |

### 5.13 ELECTRICITY PURCHASED PAYABLE

(Unit : Million Baht)

|                                   | Consolidated |           | EGAT Only |           |
|-----------------------------------|--------------|-----------|-----------|-----------|
|                                   | 2004         | 2003      | 2004      | 2003      |
| Neighboring Countries' Supply     | 1,427.95     | 961.74    | 1,427.95  | 961.74    |
| Independent Power Producers (IPP) | 8,819.53     | 7,017.31  | 16,276.00 | 14,337.01 |
| Small Power Producers (SPP)       | 5,736.43     | 5,375.95  | 5,736.43  | 5,375.95  |
| Total                             | 15,983.91    | 13,355.00 | 23,440.38 | 20,674.70 |

### 5.14 ACCRUED REMITTANCE TO THE MINISTRY OF FINANCE

EGAT has accrued the appropriation of 35% on EGAT's annual net income after adjusted by provisions for bonus, share of profit from subsidiary, associated and joint venture companies by using the equity method, dividend received, profit on sale of Ratchaburi Power Plants Project and Lan Krabu power plant for the annual remittance to the Ministry of Finance. However, the remittance may vary on the basis of reviews by the Ministry of Finance.

The provision for remittance to the Ministry of Finance for the year 2004 was Baht 9,781.35 million.

### 5.15 LONG - TERM LIABILITIES

(Unit : Million Baht)

|                   | Consolidated |            | EGAT Only             |  |            |            |
|-------------------|--------------|------------|-----------------------|--|------------|------------|
|                   | Balance      |            | Long-Term Liabilities | Current Portion of Long-Term Liabilities | Balance    |            |
|                   | 2004         | 2003       |                       |  | 2004       | 2003       |
| Long-Term Debts   | 136,993.98   | 160,067.56 | 121,186.81            | 17,194.80                                | 103,992.01 | 124,166.12 |
| Suppliers' Credit | 3,635.06     | 4,217.20   | 4,377.82              | 742.76                                   | 3,635.06   | 4,217.20   |
| Total             | 140,629.04   | 164,284.76 | 125,564.63            | 17,937.56                                | 107,627.07 | 128,383.32 |

## LONG-TERM DEBTS

|   | Consolidated                         |                   |                                      |                   |
|---|--------------------------------------|-------------------|--------------------------------------|-------------------|
|   | 2004                                 |                   | 2003                                 |                   |
|   | Foreign Currencies<br>Unit : million | Million Baht      | Foreign Currencies<br>Unit : million | Million Baht      |
| <b>Local sources secured by the Ministry of Finance :</b>   |                                      |                   |                                      |                   |
| <b>EGAT Bonds</b>   |                                      |                   |                                      |                   |
| Fixed rate due within 2020                                  | -                                    | 51,446.63         | -                                    | 57,152.91         |
|   |                                      | <u>51,446.63</u>  |                                      | <u>57,152.91</u>  |
| <b>Local sources unsecured by the Ministry of Finance :</b> |                                      |                   |                                      |                   |
| <b>Ministry of Finance</b>                                  |                                      |                   |                                      |                   |
| Fixed rate due within 2027                                  | -                                    | 122.38            | -                                    | 126.10            |
| <b>EGAT Bonds</b>   |                                      |                   |                                      |                   |
| Fixed rate due within 2019                                  | -                                    | 15,100.00         | -                                    | 14,300.00         |
| <b>Bank and Financial Institutions</b>                      |                                      |                   |                                      |                   |
| Floating rate due within 2015                               | -                                    | 35,961.70         | -                                    | 38,675.50         |
| Fixed rate due within 2018                                  | -                                    | 59.50             | -                                    | -                 |
|   |                                      | <u>51,243.58</u>  |                                      | <u>53,101.60</u>  |
| <b>Foreign sources secured by the Ministry of Finance :</b> |                                      |                   |                                      |                   |
| <b>Borrowings</b>   |                                      |                   |                                      |                   |
| <b>US Dollars :</b>   |                                      |                   |                                      |                   |
| Floating rate due within 2015                               | 17.97                                | 747.40            | 19.53                                | 783.13            |
| Fixed rate due within 2011                                  | 45.93                                | 1,910.41          | 106.81                               | 4,282.84          |
| <b>Japanese Yen :</b>                                       |                                      |                   |                                      |                   |
| Fixed rate due within 2013                                  | 86,204.15                            | 32,454.23         | 133,886.54                           | 48,556.36         |
| <b>Euro :</b>   |                                      |                   |                                      |                   |
| Fixed rate due within 2015                                  | 0.95                                 | 49.07             | 1.04                                 | 48.70             |
| Fixed rate due within 2037                                  | 125.64                               | 6,460.65          | 141.28                               | 6,607.97          |
| <b>Swiss Franc :</b>  |                                      |                   |                                      |                   |
| Fixed rate due within 2006                                  | 0.98                                 | 32.61             | 2.51                                 | 76.26             |
| <b>Canadian Dollars :</b>                                   |                                      |                   |                                      |                   |
| Fixed rate due within 2010                                  | 5.34                                 | 175.33            | 6.31                                 | 187.72            |
| <b>Kuwaiti Dinar :</b>                                      |                                      |                   |                                      |                   |
| Fixed rate due within 2007                                  | -                                    | -                 | 0.56                                 | 76.31             |
|   |                                      | <u>41,829.70</u>  |                                      | <u>60,619.29</u>  |
| <b>Bonds</b>  |                                      |                   |                                      |                   |
| <b>US Dollars :</b>   |                                      |                   |                                      |                   |
| Floating rate due within 2005                               | 5.05                                 | 209.84            | 5.05                                 | 202.28            |
| Fixed rate due within 2008                                  | 300.00                               | 12,478.26         | 300.00                               | 12,028.92         |
|   |                                      | <u>12,688.10</u>  |                                      | <u>12,231.20</u>  |
| <b>Total</b>  |                                      | <u>157,208.01</u> |                                      | <u>183,105.00</u> |
| <b>Less : Current portion of long-term debts</b>            |                                      | <u>20,214.03</u>  |                                      | <u>23,037.44</u>  |
| Balance at September 30,                                    |                                      | <u>136,993.98</u> |                                      | <u>160,067.56</u> |

## LONG-TERM DEBTS

|   | EGAT Only                            |                   |                                      |                   |
|---|--------------------------------------|-------------------|--------------------------------------|-------------------|
|   | 2004                                 |                   | 2003                                 |                   |
|   | Foreign Currencies<br>Unit : million | Million Baht      | Foreign Currencies<br>Unit : million | Million Baht      |
| <b>Local sources secured by the Ministry of Finance :</b>   |                                      |                   |                                      |                   |
| <b>EGAT Bonds</b>   |                                      |                   |                                      |                   |
| Fixed rate due within 2020                                  | -                                    | 51,446.63         | -                                    | 57,152.91         |
|   |                                      | <u>51,446.63</u>  |                                      | <u>57,152.91</u>  |
| <b>Local sources unsecured by the Ministry of Finance :</b> |                                      |                   |                                      |                   |
| <b>Ministry of Finance</b>                                  |                                      |                   |                                      |                   |
| Fixed rate due within 2027                                  | -                                    | 122.38            | -                                    | 126.10            |
| <b>EGAT Bonds</b>   |                                      |                   |                                      |                   |
| Fixed rate due within 2019                                  | -                                    | 15,100.00         | -                                    | 14,300.00         |
|   |                                      | <u>15,222.38</u>  |                                      | <u>14,426.10</u>  |
| <b>Foreign sources secured by the Ministry of Finance :</b> |                                      |                   |                                      |                   |
| <b>Borrowings</b>   |                                      |                   |                                      |                   |
| <b>US Dollars :</b>   |                                      |                   |                                      |                   |
| Floating rate due within 2015                               | 17.97                                | 747.40            | 19.53                                | 783.13            |
| Fixed rate due within 2011                                  | 45.93                                | 1,910.41          | 106.81                               | 4,282.84          |
| <b>Japanese Yen :</b>                                       |                                      |                   |                                      |                   |
| Fixed rate due within 2013                                  | 86,204.15                            | 32,454.23         | 133,886.54                           | 48,556.36         |
| <b>Euro :</b>   |                                      |                   |                                      |                   |
| Fixed rate due within 2015                                  | 0.95                                 | 49.07             | 1.04                                 | 48.70             |
| Fixed rate due within 2037                                  | 125.64                               | 6,460.65          | 141.28                               | 6,607.97          |
| <b>Swiss Franc :</b>  |                                      |                   |                                      |                   |
| Fixed rate due within 2006                                  | 0.98                                 | 32.61             | 2.51                                 | 76.26             |
| <b>Canadian Dollars :</b>                                   |                                      |                   |                                      |                   |
| Fixed rate due within 2010                                  | 5.34                                 | 175.33            | 6.31                                 | 187.72            |
| <b>Kuwaiti Dinar :</b>                                      |                                      |                   |                                      |                   |
| Fixed rate due within 2007                                  | -                                    | -                 | 0.56                                 | 76.31             |
|   |                                      | <u>41,829.70</u>  |                                      | <u>60,619.29</u>  |
| <b>Bonds</b>  |                                      |                   |                                      |                   |
| <b>US Dollars :</b>   |                                      |                   |                                      |                   |
| Floating rate due within 2005                               | 5.05                                 | 209.84            | 5.05                                 | 202.28            |
| Fixed rate due within 2008                                  | 300.00                               | 12,478.26         | 300.00                               | 12,028.92         |
|   |                                      | <u>12,688.10</u>  |                                      | <u>12,231.20</u>  |
| <b>Total</b>  |                                      | 121,186.81        |                                      | 144,429.50        |
| <b>Less : Current portion of long-term debts</b>            |                                      | 17,194.80         |                                      | 20,263.38         |
| Balance at September 30,                                    |                                      | <u>103,992.01</u> |                                      | <u>124,166.12</u> |

As at September 30, 2004 and 2003, long-term debts can be classified by interest rate as follows

(Unit : Million Baht)

|               | Consolidated |            | EGAT Only  |            |
|---------------|--------------|------------|------------|------------|
|               | 2004         | 2003       | 2004       | 2003       |
| Floating rate | 36,918.94    | 39,660.91  | 957.24     | 985.41     |
| Fixed rate    | 120,289.07   | 143,444.09 | 120,229.57 | 143,444.09 |
| Total         | 157,208.01   | 183,105.00 | 121,186.81 | 144,429.50 |

Interest rates as at September 30, 2004 are as follows :

|                             | Consolidated        | EGAT Only           |
|-----------------------------|---------------------|---------------------|
| EGAT bonds - local source   | 3.290 % to 14.100 % | 3.290 % to 14.100 % |
| EGAT bonds - foreign source | 5.250 % to 7.000 %  | 5.250 % to 7.000 %  |
| Borrowings - local source   | 3.000 % to 5.750 %  | 3.000 %             |
| Borrowings - foreign source | 0.000 % to 8.000 %  | 0.000 % to 8.000 %  |

#### 5.16 PROVISION LIABILITIES FOR MINE RECLAMATION

(Unit : Million Baht)

|   | Consolidated |          | EGAT Only |          |
|---|--------------|----------|-----------|----------|
|   | 2004         | 2003     | 2004      | 2003     |
| At October 1,                           | 1,488.69     | 1,444.69 | 1,488.69  | 1,444.69 |
| <b>Add</b> : Provision during the year  | 96.91        | 97.16    | 96.91     | 97.16    |
|   | 1,585.60     | 1,541.85 | 1,585.60  | 1,541.85 |
| <b>Less</b> : Mine reclamation expenses | 23.31        | 48.45    | 23.31     | 48.45    |
| Depreciation                            | 4.44         | 4.71     | 4.44      | 4.71     |
| At September 30,                        | 1,557.85     | 1,488.69 | 1,557.85  | 1,488.69 |

#### 5.17 PROVIDENT FUND

(Unit : Million Baht)

|  | Consolidated |       | EGAT Only |       |
|--|--------------|-------|-----------|-------|
|  | 2004         | 2003  | 2004      | 2003  |
| <b>Assets</b>                                |              |       |           |       |
| Cash and cash equivalents                    | 22.83        | 24.94 | 22.83     | 24.94 |
| Accrued interest receivable                  | -            | 0.01  | -         | 0.01  |
| Accrued contribution                         | 0.60         | 0.25  | 0.60      | 0.25  |
| Total  | 23.43        | 25.20 | 23.43     | 25.20 |
| <b>Liabilities and fund</b>                  |              |       |           |       |
| Provident fund                               | 22.23        | 24.28 | 22.23     | 24.28 |
| Revenues over expenses                       | 1.20         | 0.92  | 1.20      | 0.92  |
| Total  | 23.43        | 25.20 | 23.43     | 25.20 |
| Retirement liabilities (if all members left) | 23.43        | 25.20 | 23.43     | 25.20 |

## 5.18 DEFERRED INCOME

(Unit : Million Baht)

|   | Consolidated |          | EGAT Only |          |
|---|--------------|----------|-----------|----------|
|   | 2004         | 2003     | 2004      | 2003     |
| At October 1,                             | 3,523.60     | 2,151.30 | 3,523.60  | 2,151.30 |
| <b>Add</b> : Received during the year     | 41.67        | 1,527.17 | 41.67     | 1,527.17 |
| Previous revenue adjustment               | 76.12        | -        | 76.12     | -        |
|   | 3,641.39     | 3,678.47 | 3,641.39  | 3,678.47 |
| <b>Less</b> : Recognized to other revenue | 97.74        | 154.87   | 97.74     | 154.87   |
| Refund to contributor                     | 438.00       | -        | 438.00    | -        |
| Decrease in depreciation                  | 1.34         | -        | 1.34      | -        |
| At September 30,                          | 3,104.31     | 3,523.60 | 3,104.31  | 3,523.60 |

## 5.19 CONTRIBUTION FROM THE GOVERNMENT

(Unit : Million Baht)

|   | Consolidated |          | EGAT Only |          |
|---|--------------|----------|-----------|----------|
|   | 2004         | 2003     | 2004      | 2003     |
| 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 |
| <b>Less</b> : Accumulated depreciation  | 1,231.50     | 1,169.17 | 1,231.50  | 1,169.17 |
| Depreciation for the year   | 62.33        | 62.33    | 62.33     | 62.33    |
|   | 3,070.92     | 3,133.25 | 3,070.92  | 3,133.25 |
| At September 30,  | 9,578.56     | 9,640.89 | 9,578.56  | 9,640.89 |

## 5.20 WELFARE FUND

(Unit : Million Baht)

|  | Consolidated |        | EGAT Only |        |
|--|--------------|--------|-----------|--------|
|  | 2004         | 2003   | 2004      | 2003   |
| <b>Assets</b>                              |              |        |           |        |
| Cash and cash equivalents                  | 30.01        | 39.22  | 30.01     | 39.22  |
| Account receivable - employees             | 201.44       | 193.73 | 201.44    | 193.73 |
| Building and equipment - net               | 47.44        | 49.41  | 47.44     | 49.41  |
| Total                                      | 278.89       | 282.36 | 278.89    | 282.36 |
| <b>Liabilities and Funds</b>               |              |        |           |        |
| Account payable                            | 0.02         | 5.82   | 0.02      | 5.82   |
| Account payable - EGAT                     | 1.17         | -      | 1.17      | -      |
| Welfare Fund                               | 256.19       | 256.19 | 256.19    | 256.19 |
| Revenues over expenses for the prior years | 20.35        | 19.85  | 20.35     | 19.85  |
| Revenues over expenses                     | 1.16         | 0.50   | 1.16      | 0.50   |
| Total                                      | 278.89       | 282.36 | 278.89    | 282.36 |

## 5.21 SPECIFIC PURPOSE FUNDS

(Unit : Million Baht)

|  | Consolidated  |               | EGAT Only                      |  |               |               |
|--|---------------|---------------|--------------------------------|--|---------------|---------------|
|  | 2004          | 2003          | Human Resource Management Fund | Fund for Conferences on the Electric Power Supply Industry | Total         |               |
|  |               |               |                                |  | 2004          | 2003          |
| <b>Assets</b>                                  |               |               |                                |  |               |               |
| Cash and cash equivalents                      | 25.65         | 6.24          | 5.50                           | 20.15  | 25.65         | 6.24          |
| Short-term investment                          | 440.22        | 455.16        | 440.22                         | -  | 440.22        | 455.16        |
| Accrued interest receivable                    | 4.83          | 4.44          | 4.80                           | 0.03   | 4.83          | 4.44          |
| <b>Total</b>                                   | <b>470.70</b> | <b>465.84</b> | <b>450.52</b>                  | <b>20.18</b>   | <b>470.70</b> | <b>465.84</b> |
| <b>Liabilities and Funds</b>                   |               |               |                                |  |               |               |
| Specific purpose funds                         | 658.26        | 658.26        | 626.23                         | 32.03  | 658.26        | 658.26        |
| Revenues over (under) expenses years 2000-2003 | (192.42)      | (200.84)      | (183.38)                       | (9.04)   | (192.42)      | (200.84)      |
| Revenues over (under) expenses 2004            | 4.86          | 8.42          | 7.67                           | (2.81)   | 4.86          | 8.42          |
| <b>Total</b>                                   | <b>470.70</b> | <b>465.84</b> | <b>450.52</b>                  | <b>20.18</b>   | <b>470.70</b> | <b>465.84</b> |

## 5.22 SHARE OF EQUITY FROM SUBSIDIARY AND ASSOCIATED COMPANIES BY USING THE EQUITY METHOD

(Unit : Million Baht)

|  | Consolidated    |                 | EGAT Only       |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2004            | 2003            | 2004            | 2003            |
| Premium on share capital   | 2,880.29        | 2,880.29        | 2,880.29        | 2,880.29        |
| Legal reserve  | 548.53          | 408.27          | 548.53          | 408.27          |
| Unrealized gain on adjustment value of investments in marketable securities available for sale - net | 91.07           | 172.22          | 91.07           | 172.22          |
| Adjustment from translation the financial statements of foreign company                              | (7.89)          | (40.78)         | (7.89)          | (40.78)         |
| <b>Total</b>   | <b>3,512.00</b> | <b>3,420.00</b> | <b>3,512.00</b> | <b>3,420.00</b> |

## 5.23 COST OF ELECTRIC ENERGY SALES

(Unit : Million Baht)

|                       | Consolidated      |                   | EGAT Only         |                   |
|-----------------------|-------------------|-------------------|-------------------|-------------------|
|                       | 2004              | 2003              | 2004              | 2003              |
| Electricity purchased | 89,105.42         | 76,841.95         | 127,357.97        | 112,740.18        |
| Fuel                  | 84,765.87         | 76,160.47         | 55,935.78         | 50,291.85         |
| Generating expenses   | 19,664.66         | 19,381.92         | 18,517.91         | 17,744.99         |
| Transmission expenses | 8,283.36          | 7,920.67          | 8,283.36          | 7,920.67          |
| <b>Total</b>          | <b>201,819.31</b> | <b>180,305.01</b> | <b>210,095.02</b> | <b>188,697.69</b> |

#### 5.24 PROFIT ON SALE OF RATCHABURI POWER PLANTS PROJECT

According to the assets purchase agreement dated October 9, 2000 for the sale of the Ratchaburi Power Plants, EGAT has transferred Ratchaburi Thermal Power Plants units 1 and 2 facilities and Ratchaburi Combined Cycle Power Plants blocks 1 and 2 facilities in 2001 and 2002 respectively. For the year 2003 Ratchaburi Combined Cycle Power Plants Block 3, which is the final block, was transferred. For the year 2004, the additional profits on sale of Ratchaburi Power Plants Project are recorded as follows:

| (Unit : Million Baht)   |                 |
|---|-----------------|
| Profit on Sale of Ratchaburi Power Plants Project                                 |                 |
| Adjustment the additional profit on sale of Thermal Power Plant Units 1-2         | 179.74          |
| Adjustment the additional profit on sale of Combined Cycle Power Plant Blocks 1-2 | 1,287.97        |
| Adjustment the additional profit on sale of Combined Cycle Power Plant Block 3    | 76.94           |
| Total of profit on sale of Ratchaburi Power Plants Project                        | <u>1,544.65</u> |

EGAT recognized the profit on sale of Ratchaburi Power Plants Project as the revenue in the EGAT's statements of income. As this transaction is intercompany transaction with subsidiary company, it has been eliminated and is not presented in consolidated financial statements.

#### 5.25 PROFIT ON SALE OF LAN KRABU POWER PLANT

EGAT has sold Lan Krabu gas turbine power plant units 7-8 with the transformers, which are set up with the District Cooling System and Power Plant Company Limited, for Baht 60 million on May 19, 2004, and has transferred them on June 7, 2004. Therefore, the profits on sale of Lan Krabu gas turbine power plant are as follows:

| (Unit : Million Baht)          |               |                             |                   |
|--------------------------------|---------------|-----------------------------|-------------------|
|                                | Cost          | Accumulated<br>Depreciation | Net Book<br>Value |
| Gas turbine power plant unit 7 | 84.92         | 84.90                       | 0.02              |
| Gas turbine power plant unit 8 | 89.55         | 89.53                       | 0.02              |
| Total                          | <u>174.47</u> | <u>174.43</u>               | <u>0.04</u>       |

| (Unit : Million Baht)                               |              |
|---|--------------|
| Cash on sale of Lan Krabu gas turbine power plant   | 60.00        |
| <b>Less :</b> Net book value                        | 0.04         |
| Profit on sale of Lan Krabu gas turbine power plant | <u>59.96</u> |

EGAT recognized the total profit on sale of Lan Krabu gas turbine power plant as the revenue in the EGAT's statements of income. In the consolidated financial statements, EGAT recognized only the share of interest of PTT PublicCompany Limited (PTT) and Metropolitan Electricity Authority (MEA), which are 65% of the mentioned profit.

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

For the year 2004, EGAT recognized the share of profit from its subsidiary, associated and joint venture companies under the equity method in the amount of Baht 1,456.31 million from Ratchaburi Electricity Generating Holding Public Company Limited, and Baht 1,395.08 million from Electricity Generating Public Company Limited and the share of loss from District Cooling System and Power Plant in the amount of Baht 29.82 million.

EGAT recognized the share of profit from Ratchaburi Electricity Generating Holding Public Company Limited and the share of loss from District Cooling System and Power Plant in the EGAT's statements of income. As these transactions are intercompany transactions with subsidiary and joint venture companies, therefore, these are not presented in the consolidated financial statements.

## 5.27 GAINS (LOSSES) ON FOREIGN EXCHANGE

(Unit : Million Baht)

|  | Consolidated |          | EGAT Only  |          |
|--|--------------|----------|------------|----------|
|  | 2004         | 2003     | 2004       | 2003     |
| Gains (Losses) on rate of exchange from repayment of loans   | (229.78)     | 302.52   | (229.78)   | 302.52   |
| Gains (Losses) on rate of exchange at the end of years from translating account receivable and account payable   | (2,673.17)   | 190.77   | (2,673.54) | 190.77   |
| Gains (Losses) on rate of exchange at the end of years from translating foreign deposit account (USD) and others | (48.45)      | (485.00) | (47.96)    | (485.00) |
| Total  | (2,951.40)   | 8.29     | (2,951.28) | 8.29     |

## 5.28 INTEREST EXPENSES

(Unit : Million Baht)

|   | Consolidated |           | EGAT Only         |                    |                                      | Total    |          |
|---|--------------|-----------|-------------------|--------------------|--------------------------------------|----------|----------|
|   | 2004         | 2003      | Interest Expenses | Commitment Charges | Other Expenses Relating to the Loans | 2004     | 2003     |
| Capitalized to projects under construction    | 264.36       | 951.57    | 261.86            | -                  | 2.50                                 | 264.36   | 951.57   |
| Interest expenses in the statements of income | 8,568.26     | 10,462.57 | 7,302.19          | 0.19               | 18.35                                | 7,320.73 | 8,547.11 |
| Total   | 8,832.62     | 11,414.14 | 7,564.05          | 0.19               | 20.85                                | 7,585.09 | 9,498.68 |

## 5.29 INCOME TAX

As EGAT is the state enterprise, which is exempted from the corporate income tax. By virtue of the provisions of the Industrial Investment Promotional Act B.E. 2520, Ratchaburi Electricity Generating Co., Ltd., which is a subsidiary company of Ratchaburi Electricity Generating Holding Public Company Limited, was exempted from payment of income tax for a period of 8 years from the start of commercial operations (October 31, 2000 for the Thermal Generating Power Plant and April 18, 2002 for the Combined Cycle Generating Power Plant). As a promoted company, the company must comply with certain terms and conditions as provided by the Act.

## 6. CONTINGENT LIABILITIES

Contingent Liabilities, which are not recorded in the financial statements of EGAT, are lawsuits. As at September 30, 2004, EGAT has been sued calling for EGAT to pay additional compensation. The Civil Court judged that EGAT was liable for the additional payment of 43 lawsuits amounting to Baht 334.50 million. At present, EGAT is in the process of appealing the court's verdict.

## 7. REGISTERED PROVIDENT FUND

EGAT has set up the Registered Provident Fund for the employees who are the members. Contributions are made monthly from the employees and EGAT. EGAT matches contributions to the Registered Provident Fund monthly at the rate of 9% of salary of employees, who work less than 20 years, and 10% of salary of employees, who work in the period of 20 years or more. Assets of the Registered Provident Fund were separated from EGAT and managed by a financial institution authorized by the government according to the Provident Fund Act B.E.2530.

## 8. RECLASSIFICATION IN FINANCIAL STATEMENTS

In 2004, EGAT reclassified the financial presentation in the consolidated and EGAT only financial statements. When necessary, some comparative figures in financial statements of year 2003 have been adjusted to conform with changes in financial presentation.

## 9. AGREEMENTS

### 9.1 LONG-TERM POWER PURCHASE AGREEMENTS

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

EGAT has entered into 55 Power Purchase Agreements at September 30, 2004 with total commitments amounting to approximately Baht 3,925,652 million and total production capacity of 15,540 megawatts.

| Power Producers  | Company  | Capacity<br>(megawatt) | Remaining Contract |               | Amount<br>(Million Baht) | Availability<br>Payment (AP)<br>(Million Baht) | Energy<br>Payment (EP)<br>(Million Baht) |           |
|--|--|------------------------|--------------------|---------------|--------------------------|--|--|-----------|
|  |  |                        | Period<br>(Years)  |               |                          |  |  |           |
| Power Project Developers in Lao People's Democratic Republic |  |                        |                    |               |                          |  |  |           |
|  | Theun Hinboun Power Company Limited                      | 1                      | 214                | 18            | 2005 - 2022              | 46,969   | -  | 46,969    |
|  | Houay Ho Power Company Limited                           | 1                      | 126                | 25            | 2005 - 2029              | 29,375   | -  | 29,375    |
|  | Num Theun Project 2                                      | 1                      | 920                | 26            | 2009 - 2034              | 245,551  | -  | 245,551   |
| Independent Power Producers (IPP)                            |  |                        |                    |               |                          |  |  |           |
|  | Rayong Electricity Generating Company Limited (REGCO)    | 1                      | 1,168              | 10            | 2005 - 2014              | 124,602  | 33,197                                   | 91,405    |
|  | Khanom Electricity Generating Company Limited (KEGCO)    | 1                      | 818                | 12            | 2005 - 2016              | 117,991  | 32,568                                   | 85,423    |
|  | Tri Energy Company Limited (TECO)                        | 1                      | 700                | 17            | 2005 - 2021              | 106,874  | 33,430                                   | 73,444    |
|  | Eastern Power Electric Company Limited (EPEC)            | 1                      | 350                | 19            | 2005 - 2023              | 81,559   | 32,455                                   | 49,104    |
|  | Independent Power (Thailand) Company Limited (IPT)       | 1                      | 700                | 21            | 2005 - 2025              | 151,713  | 42,030                                   | 109,683   |
|  | Ratchaburi Electricity Generating Company Limited (RGCO) | 1                      | 3,481              | 23            | 2005 - 2027              | 919,608  | 187,597                                  | 732,011   |
|  | Glow IPP Company Limited (BOWIN)                         | 1                      | 713                | 21            | 2005 - 2025              | 164,380  | 50,898                                   | 113,482   |
|  | GULF Power Generation Company Limited (GULF)             | 1                      | 1,468              | 27            | 2007 - 2033              | 457,992  | 126,754                                  | 331,238   |
|  | Union Power Development Company Limited (UPDC)           | 1                      | 1,400              | 26            | 2008 - 2033              | 430,812  | 112,099                                  | 318,713   |
|  | BLCP Power Company Limited (BLCP)                        | 1                      | 1,347              | 27            | 2006 - 2032              | 367,519  | 196,733                                  | 170,786   |
| Small Power Producers (SPP)                                  |  | 42                     | 2,135              | 15 - 25 Years |                          | 680,707  | 241,093                                  | 439,614   |
| Total  |  | 55                     | 15,540             |               |                          | 3,925,652                                      | 1,088,854                                | 2,836,798 |

## 9.2 LETTER OF CREDIT

On September 30, 2004, EGAT has unused letter of credit, which are not expired, amounting to approximately Baht 3,757.87 million.

## 10. FINANCIAL INSTRUMENTS

EGAT has exposed risk from outside uncertain factors through the derivative instruments such as currency swap agreements, interest rate swap agreements and forward exchange contracts.

### 10.1 CURRENCY SWAP AGREEMENTS

EGAT uses the currency swap agreements to reduce the risk from foreign currency exposure on foreign currency denominated borrowings. The currency swap agreements are not recognized in the financial statements on the transaction date. Monetary assets and liabilities in foreign currency on the balance sheets date are translated into Thai Baht by using the Fx rate specified in such agreement outstanding. Gains (losses) on early termination of each agreement or on repayment are taken to the statements of income.

EGAT has entered into several currency swap agreements for periods of 4 - 10 years. The remaining terms and foreign currency amount receivable of the outstanding cross currency swap agreements at September 30, 2004 were as follows:

| Terms of Cross Currency Swap Agreements | (Unit : Million Baht) |           |
|---|-----------------------|-----------|
|   | EGAT Only             |           |
|   | 2004                  | 2003      |
| Yen 12,283 Million / USD 115 Million    | 4,139.26              | -         |
| Yen 22,743 Million / USD 213 Million    | 8,216.78              | -         |
| Yen 11,424 Million / Baht 4,145 Million | 3,723.44              | -         |
| Yen 10,000 Million / Baht 3,575 Million | 3,064.29              | -         |
| Yen 9,163 Million / USD 87 Million      | -                     | 1,322.32  |
| Yen 6,680 Million / USD 61 Million      | 2,549.01              | -         |
| Baht 3,731 Million / USD 149 Million    | 1,690.24              | 2,715.62  |
| USD 127 Million / Yen 14,850 Million    | 2,795.37              | 3,769.93  |
| USD 100 Million / Baht 4,090 Million    | 4,090.00              | 4,090.00  |
| USD 100 Million / Baht 3,930 Million    | 3,930.00              | -         |
| EURO 26 Million / Baht 1,220 Million    | 1,118.26              | -         |
| Total                                   | 35,316.65             | 11,897.87 |

The maturity of contracts can be analyzed as follows :

|                            | (Unit : Million Baht) |                  |
|----------------------------|-----------------------|------------------|
|                            | EGAT Only             |                  |
|                            | 2004                  | 2003             |
| More than 1 year - 5 years | 16,428.67             | 7,859.93         |
| More than 5 years          | 18,887.98             | 4,037.94         |
| Total                      | <u>35,316.65</u>      | <u>11,897.87</u> |

## 10.2 INTEREST RATE SWAP AGREEMENTS

EGAT is aware of the interest rate risk from the interest rate movements in the market, therefore, EGAT has protected such risk by interest rate swap agreements.

The interest rate swap agreements of Yen 20,000 Million and Yen 14,850 Million are 1.50% p.a. and 0.6335% p.a. respectively. The period of interest rate swap agreements are equal to the period loan agreement, which is 7 years and 5 years respectively.

As at September 30, 2004 and 2003, the amount and period of interest rate swap agreements are as follows:

|              | (Unit : Million Baht) |                 |
|--------------|-----------------------|-----------------|
|              | EGAT Only             |                 |
|              | 2004                  | 2003            |
| 5 Years      | 2,795.37              | 3,769.93        |
| Over 5 Years | 3,226.98              | 4,144.78        |
| Total        | <u>6,022.35</u>       | <u>7,914.71</u> |

## 10.3 FORWARD EXCHANGE CONTRACTS

EGAT has conducted a forward exchange contract to decrease the risk from the fluctuations in the rate of exchange for the foreign loan repayment, the payment for the goods and services in foreign currency and the purchase of electricity from foreign country. The forward exchange contracts are agreement to buy foreign currency at a pre-agreed future exchange rate in time specified in the contracts.

EGAT has conducted the forward exchange contracts for repayment foreign loan in the amount of Yen 1,094.32 million equivalent to Baht 410.79 million and for purchased electricity in the amount of USD 2.06 million equivalent to Baht 85.67 million.

As at September 30, 2004 and 2003, the detail of forward exchange contracts are as follows:

|  | (Unit : Million Baht) |          |
|--|-----------------------|----------|
|  | EGAT Only             |          |
|  | 2004                  | 2003     |
| Rate of exchange : THB 0.374 - 0.376 = JPY 1   | 410.79                | -        |
| Rate of exchange : THB 41.270 - 41.574 = USD 1 | 85.67                 | -        |
| Total  | <u>496.46</u>         | <u>-</u> |

## 11 ADDITIONAL DISCLOSURE

### 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, the book value as at September 30, 2004 was Baht 87.92 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, the book value as at September 30, 2004 was Baht 111.30 million.

# FINANCIAL REVIEW

## OPERATING PERFORMANCE

In 2004 the net income before gains or losses on foreign exchange and interest expense of Electricity Generating Authority of Thailand, which excluded its subsidiary company amounted to Baht 38,470.74 million, decreased by Baht 68.87 million or 0.18% from Baht 38,539.61 million in 2003.

Net income amounted to Baht 28,198.72 million, decreased by Baht 1,802.06 million or 6.01% from Baht 30,000.79 million in 2003. The details are as follows:

### 1. REVENUES

In 2004, the revenues increased by Baht 40,839.86 million or 17.01% from 2003. The details are as follows:

1.1 Revenue from electric energy sales amounted to Baht 254,183.94 million, increased by Baht 23,710.75 million or 10.29% from Baht 230,473.19 million in 2003 because the electric energy sales volume amounted to 118,662.53 million kWh, increased by 7,903.69 million kWh or 7.14% from 110,758.84 million kWh in 2003, but the average electric energy sales price was 2.14 Baht per kWh, increased by 0.06 Baht per kWh from 2.08 Baht per kWh in 2003.

1.2 Revenue from services and other goods sales amounted to Baht 19,248.63 million, increased by Baht 16,615.03 million from Baht 2,633.60 million in 2003, as in 2004, EGAT has changed a presentation of the purchased fuel gas, which was bought from PTT Public Company Limited and was transferred to its associated companies at historical cost. The mentioned item previously shown as a portion of the electricity purchased has been reclassified as revenue and cost from services and other goods sales by the same amount of Baht 14,255.13 million. In addition, in 2004, EGAT also started selling fuel oil to the Ratchaburi Electricity Generating Company Limited at historical cost amounting to Baht 3,243.83 million. In 2003, the revenue from combustion system improvement service at Ratchaburi Power Plant from Ratchaburi Electricity Generating Company Limited amounted to Baht 800.00 million.

1.3 Other revenues totaled Baht 3,719.28 million, increased by Baht 1,397.25 million or 60.17% from 2003, which comprised of:

- Bank interests decreased by Baht 414.42 million or 54.79% as the short-term investments in deposit account decreased by Baht 6,638.61 million or 93.76%.
- Profit on sale of Ratchaburi Power Plants increased by Baht 1,107.91 million because EGAT has received the compensation of Baht 1,378.92 million for the delay of power plant construction.
- Profit on sale of Lan Krabu Power Plant was Baht 59.96 million.
- Miscellaneous revenues increased by Baht 643.80 million as EGAT has received the penalty fee for the construction delay of Ratchaburi Power Plant, in addition to the compensation, in the amount of Baht 861.01 million.

1.4 Share of profit from subsidiary, associated and joint venture companies by the equity method in the period of October 2003 to September 2004 was Baht 2,821.57 million, decreased by Baht 883.17 million or 23.84% from 2003, which comprised of:

- Share of profit from its subsidiary company, Ratchaburi Electricity Generating Holding Public Company Limited, decreased by Baht 851.31 million.
- Share of profit from its associated company, Electricity Generating Public Company Limited, decreased by Baht 2.20 million.
- Share of loss from its joint venture company, District Cooling System and Power Plant Company Limited, increased by Baht 29.66 million.

### 2. EXPENSES

In 2004 the expenses increased by Baht 40,908.74 million or 20.39% from 2003. The details are as follows:

2.1 Cost of electric energy sales was Baht 210,095.02 million, increased by Baht 21,397.33 million or 11.34% from Baht 188,697.69 million in 2003. The details are as follows:

- Electricity purchased amounted to Baht 127,357.97 million, increased by Baht 14,617.79 million or 12.97% from Baht 112,740.18 million in 2003 because the electricity purchased volume increased by 8,436.88 million kWh or 14.63%

but the average electricity purchased price was 1.93 Baht per kWh, decreased by 0.02 Baht per kWh from 1.95 Baht per kWh in 2003.

- Fuel cost amounted to Baht 55,935.78 million, increased by Baht 5,643.93 million or 11.22% from Baht 50,291.85 million in 2003 due to change in the power generation plan. The volume of electricity generated increased by 251.60 million kWh or 0.43% from 2003.

- Electricity generating expenses amounted to Baht 18,517.91 million, increased by Baht 772.92 million or 4.36% from Baht 17,744.99 million in 2003.

- Transmission expenses amounted to Baht 8,283.36 million, increased by Baht 362.69 million or 4.58% from Baht 7,920.67 million in 2003.

2.2 Cost of services and other goods sales amounted to Baht 18,862.03 million, increased by Baht 16,907.30 million from Baht 1,954.73 million in 2003. The causes were explained in the item of revenue from services and other goods sales.

2.3 Selling and administrative expenses were Baht 12,223.95 million, increased by Baht 3,118.21 million or 34.24% from Baht 9,105.74 million in 2003. The increased expenses comprised of:

- In 2004, EGAT amortized the expense of exploration, which was the portion of the work under construction in non-current assets, to the expenses in 2004 in the amount of Baht 567.21 million since it was excluded from the power development plan.

- In 2004, EGAT recorded the expenses of Mutual Separation Project in the amount of Baht 1,519.27 million.

- In 2004, provision of bonus increased by Baht 76.05 million from 2003.

2.4 Other expenses amounted to Baht 312.69 million, decreased by Baht 514.10 million or 61.51% from Baht 835.79 million in 2003 due to the assessment in an impairment of developing land amounting to Baht 611.43 million.

### 3. GAINS (LOSSES) ON FOREIGN EXCHANGE

In 2004, EGAT recorded losses on foreign exchange amounting to Baht 2,951.28 million, compared with gains on foreign exchange of Baht 8.29 million in 2003 as shown in the following detail.

|  |  |  | (Unit: Million Baht) |          |
|--|--|--|----------------------|----------|
|  |  |  | 2004                 | 2003     |
| Gains (Losses) on rate of exchange at the end of years from repayment loans                                    |  |  | (229.78)             | 302.52   |
| Gains (Losses) on rate of exchange at the end of years from translating account receivable and account payable |  |  | (2,673.54)           | 190.77   |
| Losses on rate of exchange at the end of years from translating foreign deposit account (USD) and others items |  |  | (47.96)              | (485.00) |
| Total  |  |  | (2,951.28)           | 8.29     |

| Rate of Exchange |      | Sept. 30, 2004<br>(Baht) | Sept. 30, 2003<br>(Baht) | Sept. 30, 2002<br>(Baht) |
|------------------|------|--------------------------|--------------------------|--------------------------|
| 1                | USD  | 41.5942                  | 40.0964                  | 43.4830                  |
| 100              | JPY  | 37.6481                  | 36.2668                  | 35.8037                  |
| 1                | EURO | 51.4206                  | 46.7736                  | 42.8997                  |

### 4. INTEREST EXPENSES

In 2004, interest expenses amounted to Baht 7,320.73 million, decreased by Baht 1,226.38 million or 14.35% from Baht 8,547.11 million in 2003 due to a decrease in long-term liabilities.

## 5. FINANCIAL POSITION AT SEPTEMBER 30, 2004

EGAT's total assets of Baht 374,889.19 million decreased by Baht 59.24 million or 0.02% from Baht 374,948.43 million in 2003.

EGAT's total liabilities of Baht 191,205.67 million decreased by Baht 18,365.52 million or 8.76% from Baht 209,571.19 million in 2003 due to a decrease in long-term liabilities, which included the current portion, by Baht 24,003.29 million (including the prepayment amount of Baht 11,868.38 million). In addition, the electricity purchased payable increased by Baht 2,765.68 million or 13.38%.

The total equity was Baht 183,683.53 million, increased by Baht 18,306.28 million or 11.07% from Baht 165,377.25 million in 2003.

## 6. CASH FLOW

Cash flow activities are as follows:

|   | 2004<br>(Million Baht) | 2003<br>(Million Baht) |
|---|------------------------|------------------------|
| Net cash inflows from operating activities            | 37,733.84              | 40,787.15              |
| Net cash inflows (outflows) from investing activities | (2,811.49)             | 2,051.21               |
| Net cash outflows from financing activities           | (42,187.52)            | (40,406.81)            |
| Net increase (decrease) in cash and cash equivalents  | (7,265.17)             | 2,431.55               |
| Cash and cash equivalents at beginning of year        | 25,048.60              | 22,617.05              |
| Cash and cash equivalents at end of year              | <u>17,783.43</u>       | <u>25,048.60</u>       |

## 7. REMUNERATION FOR BOARD OF DIRECTORS

In 2004, the remuneration for the Board of Directors of EGAT comprised of:

|                   |                  |      |
|-------------------|------------------|------|
| Meeting allowance | 887,500          | Baht |
| Bonus             | 2,005,481        | Baht |
| Total             | <u>2,892,981</u> | Baht |

## 8. AUDIT FEE

In 2004, audit fee to the Office of the Auditor General was Baht 1,600,000 (Baht 1,450,000 in 2003).