

# FINANCIAL REPORT

## (TRANSLATION) AUDITOR'S REPORT

To The Board of Directors of the Electricity Generating Authority of Thailand

The Office of the Auditor General of Thailand 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 December 31, 2005 and 2004, and the related consolidated and the Electricity Generating Authority of Thailand's statements of income, changes in equity, and cash flows for the years ended December 31, 2005 and 2004. 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 of Thailand is to express an opinion on these financial statements based on the audits and the other auditor's report. The other auditor has audited the financial statements of Ratchaburi Electricity Generating Holding Public Company Limited, which is the subsidiary as stated in the consolidated. The Office of the Auditor General of Thailand received the other auditor's report and used it as a basis in auditing and expressing an opinion on the consolidated and the Electricity Generating Authority of Thailand's financial statements.



The Office of the Auditor General of Thailand conducted the audits in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General of Thailand 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 of Thailand believes that the audits provide a reasonable basis for the opinion.

In the opinion of the Office of the Auditor General of Thailand based on the audits and the other auditor's report, the consolidated and the Electricity Generating Authority of Thailand's financial statements referred to above present fairly, in all material respects, the financial position of the Electricity Generating Authority of Thailand and its subsidiary and of the Electricity Generating Authority of Thailand as at December 31, 2005 and 2004, and the results of operations, the changes in equity and the cash flows for the years ended December 31, 2005 and 2004 in accordance with generally accepted accounting principles.

(Signed) Prungsri Chobtham  
(Prungsri Chobtham)  
Auditor-in-Charge  
Acting Director of Audit Office

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

Office of the Auditor General of Thailand  
June 20, 2006



**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES**

**BALANCE SHEETS**

**AS AT DECEMBER 31, 2005 AND 2004**

		Unit : Baht			
	Notes	Consolidated		EGAT Only	
		2005	2004	2005	2004
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4.3, 5.1	30,629,243,027	30,954,238,520	26,215,471,646	30,247,091,416
Short-term investments	5.2	14,895,788,488	12,995,454,337	10,046,291,677	6,536,887,992
Current portion of long-term investments pledged as collateral		292,023,274	1,180,680,207	–	–
Trade account receivables					
– others – net	4.4, 5.3	24,601,154,953	46,612,447,388	24,601,154,953	46,556,686,310
Trade account receivables					
– related party	4.4, 4.17, 5.4.1	31,097,841	41,408,851	307,892,128	313,577,213
Materials and supplies – net	4.5, 5.5	9,128,853,479	6,522,819,826	7,044,554,564	4,916,093,114
Other current assets					
Other account receivables					
– others – net	4.4, 5.6	3,652,252,691	3,614,425,440	3,652,252,691	3,614,425,440
Other account receivables					
– related party	4.4, 4.17, 5.4.2	–	–	510,000	–
Others		5,328,079,363	2,108,838,974	5,235,487,403	2,249,867,830
Total current assets		88,558,493,116	104,030,313,543	77,103,615,062	94,434,629,315
NON-CURRENT ASSETS					
Investment in subsidiary and joint venture					
by using the equity method	4.6, 5.7	–	–	10,438,306,983	8,739,535,133
Investment in associated company					
by using the equity method	4.6, 5.7	6,096,774,851	5,249,535,111	6,096,774,851	5,249,535,111
Share of interest in joint venture of subsidiary		3,035,731,484	2,558,868,197	–	–
Long-term investments		358,125,242	519,506,815	–	–
Long-term loans to related party		649,555,838	406,807,881	–	–
Land, buildings, plants and equipments – net	4.7, 4.8, 5.8	268,359,372,396	273,813,798,814	224,873,345,027	229,082,914,769
Intangible assets	4.9, 5.9	16,461,242,012	16,141,277,407	16,461,242,012	16,141,277,407
Work under construction	5.10	11,409,990,905	11,302,347,753	10,564,960,011	11,001,730,492
Other non-current assets	4.10, 5.11	1,792,156,580	2,833,757,285	1,786,407,250	2,825,503,658
Total non-current assets		308,162,949,308	312,825,899,263	270,221,036,134	273,040,496,570
TOTAL ASSETS		396,721,442,424	416,856,212,806	347,324,651,196	367,475,125,885

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

**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES**  
**BALANCE SHEETS**  
**AS AT DECEMBER 31, 2005 AND 2004**

		Unit : Baht			
	Notes	Consolidated		EGAT Only	
		2005	2004	2005	2004
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade account payables – others	5.12	24,212,116,021	14,974,588,019	19,315,336,929	14,974,588,019
Trade account payables					
– related party	4.17, 5.4.3	6,499,366,728	6,075,463,984	13,065,396,300	12,720,547,776
Current portion of					
long-term liabilities	4.11, 5.14	25,169,615,933	18,618,313,804	22,357,696,229	15,494,362,924
Current portion of financial lease	4.8	–	791,675	–	791,675
Other current liabilities					
Other account payables		9,329,647,142	8,931,592,952	9,005,965,281	3,855,591,760
Accrued remittance to the					
Ministry of Finance	5.13	8,221,592,871	9,567,481,452	8,221,592,871	9,567,481,452
Accrued interest expenses		1,425,322,760	1,615,566,678	1,425,322,760	1,615,566,678
Others		5,254,338,397	6,705,351,478	4,656,749,719	6,763,482,729
Total current liabilities		80,111,999,852	66,489,150,042	78,048,060,089	64,992,413,013
NON-CURRENT LIABILITIES					
Long-term liabilities	4.11, 5.14	113,981,335,534	136,782,874,352	83,967,635,176	104,555,929,322
Provision liabilities for					
mine reclamation	4.12, 5.15	1,612,852,032	1,571,367,658	1,612,852,032	1,571,367,658
Other non-current liabilities	4.14, 5.16	7,309,535,398	7,229,311,261	7,309,535,398	7,229,311,261
Total non-current liabilities		122,903,722,964	145,583,553,271	92,890,022,606	113,356,608,241
TOTAL LIABILITIES		203,015,722,816	212,072,703,313	170,938,082,695	178,349,021,254
EQUITY					
Contribution from the government	5.17	9,500,639,921	9,562,972,684	9,500,639,921	9,562,972,684
Share of equity from subsidiary and					
associated company by using					
the equity method	5.19	3,011,488,985	2,929,893,952	3,011,488,985	2,929,893,952
Surplus from royalty on real property service		474,767,280	474,767,280	474,767,280	474,767,280
Retained earnings					
Appropriated					
Capital expenditure appropriation		80,186,366,913	80,186,366,913	80,186,366,913	80,186,366,913
Unappropriated	4.15, 5.18	83,213,305,402	95,972,103,802	83,213,305,402	95,972,103,802
TOTAL EQUITY		176,386,568,501	189,126,104,631	176,386,568,501	189,126,104,631
MINORITY INTEREST		17,319,151,107	15,657,404,862	–	–
TOTAL LIABILITIES AND EQUITY		396,721,442,424	416,856,212,806	347,324,651,196	367,475,125,885

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

(Signed) **Mr. Norkun Sitthiphong**  
(Mr. Norkun Sitthiphong)  
Member of EGAT Board of Directors chairing the Board Meeting

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

**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

		Unit : Baht			
	Notes	Consolidated		EGAT Only	
		2005	2004	2005	2004
REVENUES					
Revenue from electric energy sales	4.1	259,719,334,564	259,221,546,915	259,865,410,743	259,353,648,593
Revenue from services and other goods sales		19,374,712,031	15,358,016,870	21,989,958,417	19,688,056,760
Total revenue from sales and services		279,094,046,595	274,579,563,785	281,855,369,160	279,041,705,353
COST OF SALES					
Cost of electric energy sales	5.20	238,274,029,846	207,537,200,312	246,492,809,469	215,738,749,766
Cost of services and other goods sales		19,311,996,703	15,472,108,896	21,634,325,404	19,512,360,883
Total cost of sales and services		257,586,026,549	223,009,309,208	268,127,134,873	235,251,110,649
GROSS PROFIT		21,508,020,046	51,570,254,577	13,728,234,287	43,790,594,704
SELLING AND ADMINISTRATIVE EXPENSES		16,728,441,911	12,676,353,119	15,713,421,620	12,170,727,144
INCOME FROM SALES AND SERVICES		4,779,578,135	38,893,901,458	(1,985,187,333)	31,619,867,560
OTHER REVENUES					
Bank interests	4.2	883,068,862	506,696,943	604,565,202	350,818,506
Profit on sale of Ratchaburi Power Plants Project		–	–	–	1,277,963,383
Profit on sale of Lan Krabu Power Plant		–	38,973,418	–	59,959,105
Profit on disposal of assets		–	3,115,186	–	3,115,186
Gains on foreign exchange	4.11, 5.21	1,754,136,061	–	1,753,086,404	–
Gain from reversal of an impairment loss		188,000,000	–	188,000,000	–
Others		1,442,660,364	1,847,810,712	1,310,554,136	1,738,613,771
Total other revenues		4,267,865,287	2,396,596,259	3,856,205,742	3,430,469,951
OTHER EXPENSES					
Losses on foreign exchange	4.11, 5.21	–	646,847,069	–	646,601,298
Loss on impairment assets		15,333,506	–	15,333,506	–
Loss on disposal of assets		84,582,914	–	84,582,914	–
Others		11,275,410	21,356,417	16,998,410	21,356,417
Total other expenses		111,191,830	668,203,486	116,914,830	667,957,715
OPERATING INCOME		8,936,251,592	40,622,294,231	1,754,103,579	34,382,379,796
SHARE OF PROFIT FROM SUBSIDIARIES AND JOINT VENTURE BY USING THE EQUITY METHOD					
	5.22	–	–	2,919,026,920	1,818,967,461
SHARE OF PROFIT FROM ASSOCIATED COMPANY BY USING THE EQUITY METHOD					
	5.22	1,166,965,693	1,315,930,906	1,166,965,693	1,315,930,906
SHARE OF PROFIT (LOSS) FROM ASSOCIATED COMPANY AND JOINT VENTURE OF SUBSIDIARY BY USING THE EQUITY METHOD					
		372,010,431	407,901,835	–	–
INCOME BEFORE INTEREST EXPENSES		10,475,227,716	42,346,126,972	5,840,096,192	37,517,278,163
INTEREST EXPENSES		(7,222,105,334)	(8,209,409,806)	(6,013,222,484)	(6,984,729,435)
INCOME BEFORE INCOME TAX AND MINORITY INTEREST		3,253,122,382	34,136,717,166	(173,126,292)	30,532,548,728
INCOME TAX		(89,752,499)	(36,302,887)	–	–
INCOME BEFORE MINORITY INTEREST		3,163,369,883	34,100,414,279	(173,126,292)	30,532,548,728
MINORITY INTEREST		(3,336,496,175)	(3,567,865,551)	–	–
NET INCOME (NET LOSS)		(173,126,292)	30,532,548,728	(173,126,292)	30,532,548,728

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

(Signed) **Mr. Norkun Sitthiphong**  
**(Mr. Norkun Sitthiphong)**  
Member of EGAT Board of Directors chairing the Board Meeting

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

**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

Unit : Baht

Consolidated and EGAT Only as at December 31, 2005									
	Contribution from the Government	Share of equity from subsidiary and associated company by using the equity method				Surplus from royalty on real property service	Appropriated retained earnings	Unappropriated retained earnings	Total Equity
		Premium on share capital	Unrealized gain	Adjustment from	Total				
			on adjustment	translation the					
			value of	financial statements					
			investments in	of foreign company					
marketable									
securities									
available for sale – net									
Balance at beginning of period	9,562,972,684	2,880,286,079	91,673,073	(42,065,200)	2,929,893,952	474,767,280	80,186,366,913	95,972,103,802	189,126,104,631
Increase (Decrease) during the period	(62,332,763)	6,623,859	57,580,012	17,391,162	81,595,033	–	–	–	19,262,270
Net loss for the period	–	–	–	–	–	–	–	(173,126,292)	(173,126,292)
Increase provision for remittance to the									
Ministry of Finance (Oct. to Dec. 2004)	–	–	–	–	–	–	–	(3,868,548)	(3,868,548)
Provision for remittance to the									
Ministry of Finance	–	–	–	–	–	–	–	(12,581,803,560)	(12,581,803,560)
Balance at end of period	9,500,639,921	2,886,909,938	149,253,085	(24,674,038)	3,011,488,985	474,767,280	80,186,366,913	83,213,305,402	176,386,568,501

Unit : Baht

Consolidated and EGAT Only as at December 31, 2004									
	Contribution from the Government	Share of equity from subsidiary and associated company by using the equity method				Surplus from royalty on real property service	Appropriated retained earnings	Unappropriated retained earnings	Total Equity
		Premium on share capital	Unrealized gain on adjustment value of investments in marketable securities available for sale – net	Adjustment from translation the financial statements of foreign company	Total				
Balance at beginning of period	9,625,305,447	2,880,286,079	307,362,107	(46,565,015)	3,141,083,171	474,767,280	80,186,366,913	78,007,036,525	171,434,559,336
Increase (Decrease) during the period	(62,332,763)	–	(215,689,034)	4,499,815	(211,189,219)	–	–	–	(273,521,982)
Net income for the period	–	–	–	–	–	–	–	30,532,548,728	30,532,548,728
Provision for remittance to the Ministry of Finance	–	–	–	–	–	–	–	(12,567,481,451)	(12,567,481,451)
Balance at end of period	9,562,972,684	2,880,286,079	91,673,073	(42,065,200)	2,929,893,952	474,767,280	80,186,366,913	95,972,103,802	189,126,104,631

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



**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	Notes	Consolidated		EGAT Only	
		2005	2004	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (Net loss)		(173,126,292)	30,532,548,728	(173,126,292)	30,532,548,728
Adjustments to reconcile net income (net loss) to net cash inflows (outflows) from operating activities					
Operating activities					
Depreciation		18,698,697,654	18,264,122,673	16,058,123,148	15,679,407,734
Gain from reversal of an impairment loss		(188,000,000)	–	(188,000,000)	–
Loss on impairment of assets		15,333,506	–	15,333,506	–
Asset from donation		(49,500)	(332,930)	(49,500)	(332,930)
Amortization of land rights	5.9	415,434,388	376,963,960	415,434,388	376,963,960
Amortization of computer software rights	5.9	6,168,210	–	6,168,210	–
Amortization of deferred loan fees		533,810,912	161,596,079	–	–
Amortization of deferred charges of the lignite mine	5.11	4,626,429,848	4,584,143,058	4,626,429,848	4,584,143,058
Amortization of royalty on real property services	5.9	6,337,354	6,337,354	6,337,354	6,337,354
Doubtful debts		13,317,165	(69,596,920)	13,317,165	(69,596,920)
Bad debts		4,794,120,000	–	4,794,120,000	–
Allowance for obsolescence on materials and supplies		214,434,258	204,314,446	105,044,051	204,314,446
(Profit) Loss on disposal of assets		80,098,837	(3,115,186)	84,582,914	(3,115,186)
Profit on sale of Ratchaburi Power Plants Project		–	–	–	(1,277,963,383)
Profit on sale of Lan Krabu Power Plant		–	(38,973,418)	–	(59,959,105)
Revenue from deferred contributions	5.16	(187,965,578)	(25,218,381)	(187,965,578)	(25,218,381)
Gains on foreign exchange		(2,213,579,206)	728,077,886	(2,213,700,250)	728,449,670
Share of profit from subsidiaries and joint venture by using the equity method	5.22	–	–	(2,919,026,920)	(1,818,967,461)
Share of profit from associated company by using the equity method	5.22	(1,166,965,693)	(1,315,930,906)	(1,166,965,693)	(1,315,930,906)
Share of (profit) loss from associated company and joint venture of subsidiary by using the equity method		(372,010,431)	(407,901,835)	–	–
Minority interest in subsidiary		3,336,496,175	3,567,865,551	–	–
Decrease (Increase) in assets					
Trade account receivables		17,227,154,396	(7,182,482,647)	17,166,767,392	(7,398,889,931)
Other account receivables		(50,699,257)	(2,905,918,757)	(51,209,257)	(2,445,736,408)
Materials and supplies		(2,820,467,911)	(601,467,738)	(2,233,505,501)	(379,831,652)
Other current assets		(3,219,240,389)	(1,565,065,538)	(2,985,619,574)	(1,779,972,981)
Other non-current assets		968,935,834	91,051,324	934,804,736	92,081,005
Deferred charges of the lignite mine	5.11	(3,482,905,543)	(3,255,307,474)	(3,482,905,543)	(3,255,307,474)
Increase (Decrease) in liabilities					
Trade account payables		9,661,430,745	9,148,174,454	4,685,597,433	16,347,869,521
Other account payables		374,431,621	(303,426,033)	5,126,871,997	(5,445,466,034)
Accrued interest expenses		(190,243,918)	(279,156,619)	(190,243,918)	(279,156,619)
Other current liabilities		(1,449,843,290)	4,276,809,441	(2,106,733,009)	4,654,063,235
Other non-current liabilities		123,660,994	(197,662,689)	123,660,994	1,363,022,290
Provident fund		(8,716,659)	(864,705)	(8,716,659)	(864,705)
Provision liabilities for mine reclamation		41,484,375	66,582,360	41,484,375	66,582,360
		45,787,088,897	23,323,616,810	36,469,436,109	18,546,924,557
Net cash inflows from operating activities		45,613,962,605	53,856,165,538	36,296,309,817	49,079,473,285

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

**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

		Unit : Baht			
	Notes	Consolidated		EGAT Only	
		2005	2004	2005	2004
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in short-term investments		(1,900,334,152)	(828,603,675)	(3,509,403,685)	(124,053,911)
Decrease (Increase) in long-term investments		1,050,038,506	(42,630,874)	–	–
Long-term loans to related party		(242,747,957)	(406,807,881)	–	–
Cash on sale of Lan Krabu Power Plant		–	39,000,000	–	60,000,000
Cash on disposal of assets		175,411,486	68,651,475	164,893,857	68,651,475
Capital expenditure (including interest)		(16,022,543,965)	(11,043,509,103)	(14,044,752,309)	(11,884,532,076)
Refund of contributions for construction	5.16	(841,517)	(452,210,287)	(841,517)	(452,210,287)
Cash on deferred income	5.16	885,394,510	504,635,621	885,394,510	504,635,621
Investments in joint venture		–	–	(148,995,000)	(183,505,000)
Investment in subsidiaries		–	–	(999,930)	–
Investments in joint venture of subsidiaries		(588,005,400)	(427,612,350)	–	–
Cash on dividend from associated company	5.7	401,320,986	401,320,986	401,320,986	401,320,986
Cash on dividend from subsidiaries	5.7	–	–	1,370,250,000	1,239,750,000
Cash on dividend from joint venture of subsidiaries		483,152,544	241,627,477	–	–
Net cash inflows (outflows) from investing activities		(15,759,154,959)	(11,946,138,611)	(14,883,133,088)	(10,369,943,192)
CASH FLOWS FROM FINANCING ACTIVITIES					
Remittance to the Ministry of Finance		(13,931,560,688)	(12,540,500,000)	(13,931,560,688)	(12,540,500,000)
Repayment of long-term liabilities		(52,753,079,629)	(26,054,675,197)	(15,312,444,136)	(23,167,497,937)
Withdrawal from loan		38,181,548,733	4,800,000,000	3,800,000,000	4,800,000,000
Repayment of financial lease liabilities		(791,675)	(2,208,021)	(791,675)	(2,208,021)
Dividend payable to minority interest		(1,675,919,880)	(1,515,249,953)	–	–
Net cash outflows from financing activities		(30,179,803,139)	(35,312,633,171)	(25,444,796,499)	(30,910,205,958)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(324,995,493)	6,597,393,756	(4,031,619,770)	7,799,324,135
CASH AND CASH EQUIVALENTS					
AT BEGINNING OF PERIOD		30,954,238,520	24,356,844,764	30,247,091,416	22,447,767,281
CASH AND CASH EQUIVALENTS					
AT END OF PERIOD	4.3, 5.1	30,629,243,027	30,954,238,520	26,215,471,646	30,247,091,416
ADDITIONAL CASH FLOWS INFORMATION:					
Cash payment during the period					
Interest expenses		8,271,151,896	8,874,300,031	7,057,337,731	7,647,881,292
Income tax		59,480,475	28,868,460	–	–

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



**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**1. GENERAL INFORMATION**

Electricity Generating Authority of Thailand (EGAT), which is a juristic person, was established by the Electricity Generating Authority of Thailand Act B.E. 2511 (1968) and subsequent amendments. The number of employees of EGAT at December 31, 2005 was 24,831. EGAT's 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. EGAT CORPORATIZATION AND SUBSEQUENT REVERSION TO THE STATUS OF STATE ENTERPRISE**

EGAT was registered as a public limited company on June 24, 2005 under the State Enterprise Corporatization Act B.E. 2542 and in compliance with the Cabinet resolutions of February 17, 2004 and May 10, 2005. As a result of the corporatization, assets of the Electricity Generating Authority of Thailand were converted into equity of the newly formed EGAT Public Company Limited. EGAT Plc had an initial registered capital of Baht 60,000 million comprising 6,000 million common shares with a par value of Baht 10 per share. Upon the company registration, all of the businesses, rights, assets and liabilities as well as employees of EGAT state enterprise (SOE) were transferred to EGAT Plc, except for the proprietary rights of certain assets which were transferred to the Ministry of Finance at book value in compliance with a Memorandum of Understanding on the lease and utilization of royalty real property for EGAT's operation.

On August 30, 2005 the Cabinet passed a resolution in accord with the National Energy Policy Council Meeting No. 3/2548 (No. 101) for EGAT's capital increase from Baht 60,000 million to Baht 80,000 million through an issue of additional 2,000 million common shares at a par value of Baht 10 per share. EGAT Plc thereby registered the capital increase to Baht 80,000 million at the Ministry of Commerce on August 31, 2005. The Company later filed for its listing with the Stock Exchange of Thailand with an initial public offering (IPO) of its shares scheduled for November 16, 2005.

During October 25 – 27, 2005, EGAT Plc offered shares to its employees under the employee share ownership program (ESOP). According to the Cabinet resolution endorsing the proposal of the National Energy Policy Council's Meeting No. 3/2548 (No. 101), the allocation of shares to EGAT employees was based on eight times monthly salaries. Employees eligible for EGAT's share subscription included all EGAT employees in employment at the date of EGAT Plc's establishment registration, EGAT Chief Executive Officer and management, employees retiring at normal retirement age on September 30, 2005, and employees entering an early retirement program known as the Mutual Separation Scheme in 2005. A total of 510,316,168 common shares amounting to Baht 5,103,161,680 were allocated to EGAT employees and management.

However, on November 15, 2005, the Supreme Administrative Court ordered suspension of EGAT's IPO pending the court's further ruling.

On March 23, 2006, the Supreme Administrative Court made a ruling revoking two Royal Decrees B.E. 2548, namely the Royal Decree prescribing powers and rights of EGAT Plc and the Royal Decree repealing the status of EGAT as a state enterprise, as from June 24, 2005, the date both mentioned Royal Decrees were proclaimed.

In compliance with the Cabinet's resolution of March 28, 2006, the Ministry of Energy sought comments from the Office of the Council of State regarding the effects of the Supreme Administrative Court's ruling upon EGAT's operation. The Office of the Council of State notified its comments as follows:

1. Due to the said Court's Ruling, the Cabinet's resolutions of February 17, 2004 and May 10, 2005 are canceled and the two decrees B.E. 2548 have been treated as never existed. Therefore, the EGAT Act B.E. 2511 has remained effective and EGAT has remained the state-owned enterprise. The registration of EGAT Plc has been treated as never occurred. EGAT Plc has therefore never been a juristic person from the start. However, EGAT Telecom Co., Ltd., which was registered under the civil and commercial law, is still considered a juristic person.

2. EGAT's Board of Directors and EGAT's management were appointed in accordance with the EGAT Act B.E. 2511 and therefore, still have power and authorization to execute EGAT business.

3. The transfer of all business, rights, assets and liabilities of EGAT to EGAT Plc or to the Ministry of Finance are treated as never existed. However, the EGAT Telecom Co., Ltd., which is wholly owned by EGAT Plc, is treated as the company wholly owned by EGAT.

4. EGAT employees are still under EGAT's hiring conditions and have all the privileges provided by EGAT. The change of the status of EGAT employees to EGAT Plc employees is treated as never existed.

5. Since EGAT Plc is treated as never been established, therefore, the Cabinet resolution of November 8, 2005 stating that EGAT Plc is able to have their own hiring policy is invalid.

6. As the establishment of EGAT Plc is under the process of EGAT corporatization, EGAT Plc is treated as the same entity as EGAT. Consequently, any hiring contract, i.e. the hiring contract for management, the hiring contract for any consultants etc. executed by EGAT Plc is treated as executed by EGAT.

7. As EGAT Plc is considered as never been established according to the Supreme Administrative Court's ruling, taxes and fees are under EGAT's responsibility.

8. The Electricity Generation Business Committee was established pursuant to the Royal Decree B.E. 2548 prescribing the powers and rights of EGAT Plc to monitor the operations of EGAT Plc. Since the operations of EGAT Plc are the original activities and operations of EGAT SOE, any business affairs and decisions of the Electricity Generation Business Committee which have already been or are being executed still have binding effects on EGAT.

EGAT is also liable for all expenses incurred in the process of its corporatization and privatization. The expenses incurred during October 2003 - March 23, 2006, the starting date when the Cabinet approved in principle for EGAT's corporatization until the Supreme Administrative Court announced its ruling, totaled Baht 303,843,907.17, comprising:

1. Expenses incurred from organizing public hearings amounting to Baht 12,504,133.97.
2. All expenses incurred in the process of corporatization, i.e. permission fees for the IPO, the registration fee for the increase in paid-up capital, filing fees and other annual fees etc. amounting to Baht 39,371,739.04.
3. Meeting allowances for EGAT Board of Directors in proceeding the corporatization of EGAT amounting to Baht 83,000 and all other Board meetings amounting to Baht 4,913,000.
4. Tax, legal and finance consulting fees amounting to Baht 74,759,975.
5. Public relations activities expenses amounting to Baht 96,051,426.26.
6. Local and international roadshow expenses amounting to Baht 31,615,853.31.
7. Other expenses, i.e. audit fee, the share certificate printing expenses, the prospectus transportation fee and others amounting to Baht 44,544,779.59.

### **3. BASIS OF FINANCIAL STATEMENT PRESENTATION**

#### **3.1 CHANGE OF ACCOUNTING PERIOD**

The Board of Directors of EGAT approved in principle during the Meeting No. 15/2547 on October 28, 2004, for the change of EGAT's accounting period previously based on the Government's fiscal year ending September 30 to the calendar year ending December 31, to be effective from January 1, 2005. EGAT's new accounting period was endorsed by the Ministry of Finance as notified by the Ministry's letter No. Gor Kor 0808/432 dated December 14, 2004.

### **3.2 PRINCIPLES OF FINANCIAL STATEMENT PREPARATION**

The consolidated financial statements and the financial statements of EGAT were prepared in accordance with accounting principles generally accepted in Thailand under the Accounting Act B.E. 2543, together with Thai accounting standards endorsed under the Accounting Profession Act B.E. 2547.

These accounting principles may differ, in certain aspects, from generally accepted accounting principles used in other countries. Accordingly, the accompanying financial statements are intended for use by those who are informed about generally accepted accounting principles and practices used in Thailand.

The mentioned financial statements are prepared under the historical cost convention, except explained otherwise under separate accounting policies.

The financial statements of EGAT present the financial position and results of operations of EGAT Headquarters, which consist of Generation Group, Transmission System Group, Development Group and Corporate Administration Group, including assets and liabilities of various funds, namely Provident Fund, Welfare Fund, Land and Housing Loan Fund, Human Resource Management Fund, and Fund for Conferences on the Electric Power Supply Industry.

The consolidated financial statements include the accounts of EGAT, its two subsidiaries, an associated company and a joint venture undertaking over which EGAT has shared control. Accounts of its subsidiaries, associated company and joint venture are recorded in the consolidated financial statements using the equity method. Significant intercompany transactions have been eliminated. When necessary, accounting policies of its subsidiaries, associated company, and joint venture will be changed to agree with those of EGAT. Minority interests are separately presented in shareholders' equity.

### **3.3 USE OF ESTIMATES**

The consolidated financial statements and EGAT's financial statements are prepared in conformity with generally accepted accounting principles in Thailand, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities in the financial statements at the date of the accounts. Actual results could differ from these estimates.

### **3.4 FINANCIAL INSTRUMENTS**

Financial assets presented in the financial statements comprise cash and cash equivalents, short-term investments, trade account receivables – others – net, and trade account receivables – related parties. Financial liabilities presented in the statements include trade account payables – others, trade account payables – related parties, and loans. The accounting policies applied to these items are disclosed separately.

### **3.5 FORWARD EXCHANGE CONTRACTS**

The forward exchange contracts are financial instrument to prevent the risk from the fluctuations in exchange rate, which are agreements to buy foreign currency at a pre-agreed rate in future time. The forward exchange contracts are not yet recognized in the financial statements at agreement date but unrealized gains / losses will be recognized in statements of income on any due date as specified in the contracts.

### **3.6 CURRENCY AND INTEREST RATE SWAP AGREEMENTS**

The currency and interest rate swap agreements are financial instruments to prevent the risk from the fluctuation in exchange and interest rates that related to our borrowings in foreign currencies. The swap agreements are not yet recognized in the financial statements on the transaction date but unrealized gains / losses will be recognized in statements of income on any due date as specified in the contracts.

## 4 SIGNIFICANT ACCOUNTING POLICIES

### 4.1 REVENUE FROM ELECTRIC ENERGY SALES

Revenue from electric energy sales is recognized according to metered delivery units at the selling point under the contract. During the period of January 1 to June 23, 2005, revenue from automatic energy price adjustment (Ft) is recognized according to the actual expenses and would be adjusted when the Sub-Committee on the Automatic Tariff Adjustment Mechanism (Ft) Regulation approved. According to the resolution of the National Energy Policy Council's meeting No. 3/2548 (No. 101) on August 25, 2005, during the period of June 24 to December 31, 2005, the Ft revenue is recognized according to the actual energy sales in the period, which is recollected.

### 4.2 INTEREST RECEIVED

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

### 4.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised of 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.

### 4.4 TRADE ACCOUNT RECEIVABLES

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

Time overdue	Percentage of allowance for doubtful accounts
Over 6 months – 1 year	50%
Over 1 – 2 years	75%
Over 2 years	100%

### 4.5 MATERIALS AND SUPPLIES – NET

**4.5.1 Fuel oil** is shown at the lower of average cost or net realizable value.

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

**4.5.3 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.

**4.5.4 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 allowance has been calculated at the following rates:

No movement within	Percentage of allowance for 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%

### 4.6 INVESTMENT IN SUBSIDIARIES, ASSOCIATED COMPANY AND JOINT VENTURE BY USING THE EQUITY METHOD

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

#### 4.7 LAND, BUILDINGS 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 rated of depreciation used are:

Dams	1.25%	to	1.33%
Power plants and equipment	4%	to	7.5%
Structures	4%	to	10%
Transmission system	2.5%	to	4%
Mining equipment	4%	to	20%
Other plants and equipments	5%	to	33.33%

#### 4.8 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 of 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 or the lease term whichever is lower.

#### 4.9 INTANGIBLE ASSETS

Intangible assets, which comprised of land rights and computer software rights and royalty on real property services are amortized over the expected useful lives of the related assets.

#### 4.10 DEFERRED CHARGES OF THE LIGNITE MINE

##### 4.10.1 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 6.09:1, which is the ratio of the overburden bears to the total economically mineral reserves, and multiply by the average cost per cubic meter of overburden removed according to the study of the lignite mine plan.

##### 4.10.2 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.

##### 4.10.3 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. The resettlement costs for the areas, which are not mined for lignite will be recognized as expense in the period as incurred.



#### **4.10.4 Mineral Royalties**

Mineral royalties paid to the government are calculated at the rate of 0.1% of the value of total mineral reserves in each mining license area which exceeds Baht 50 million. This royalty rate applies to EGAT's 17 mining license areas. Other mining license areas where the appraised values of the mineral reserves are lower than Baht 50 million are exempted from mineral royalty payment.

Each mining license is valid for a period of 25 years. Mineral royalties are recognized as deferred charges and amortized over the period of the license.

#### **4.11 FOREIGN CURRENCIES**

Transactions denominated in foreign currencies are translated into Thai Baht at the Bank of Thailand's reference exchange rates prevailing on the transaction date. Assets and liabilities in foreign currencies are translated into Baht at the exchange rates at the end of accounting period. Gains or losses on foreign exchange are recognized as either revenues or expenses in the year in which they are incurred.

#### **4.12 PROVISION LIABILITIES FOR MINE RECLAMATION**

EGAT established provision liabilities for mine reclamation at the lignite mines in Mae Moh district, Lampang province and Neukhlong 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 that the quantity of lignite extracted during the year bears to the total economically mineable reserves. The actual cost will be deducted from provision liabilities.

#### **4.13 PROVIDENT FUND AND REGISTERED PROVIDENT FUND**

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

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 makes 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. This amount is recognized as an expense in the statements of income in full amount. 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.

#### **4.14 DEFERRED INCOME**

##### **4.14.1 Contributions for Construction Projects**

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

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

The assets which were constructed by independent power producers and 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.



#### 4.14.2 Income from Donation

Income from donation, which is assets or cash received from governments and foreign financial institutions in the form of discount of interest or grants to use for development activities of EGAT especially specified by donors, is recorded as deferred incomes under EGAT's liabilities. Non-current assets are recognized as revenue over the useful lives and cash are recognized when the expenditures are incurred.

#### 4.15 SPECIFIC PURPOSE FUNDS

EGAT has established a specific purpose fund namely Fund for Conferences on the Electric Power Supply Industry. The assets, liabilities and balances of the fund have been included in the balance sheet of EGAT, and the revenues and expenses of the funds have been included in the statements of income. The specific purpose funds are stated in unappropriated – retained earnings.

#### 4.16 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.

#### 4.17 RELATED PARTY

Related parties refer to enterprises that directly or indirectly control or are controlled by EGAT, including EGAT's subsidiaries and their subsidiaries, as well as EGAT's associated company and joint venture.

In considering each possible related party relationship, EGAT attends to the substance of the relationship and not merely the legal form.

### 5. SUPPLEMENTARY INFORMATION

#### 5.1 CASH AND CASH EQUIVALENTS

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Cash in hand	13.87	13.39	13.65	13.18
Cash at banks				
Current accounts	(169.76)	(67.73)	(167.54)	(68.27)
Saving accounts	20,521.33	19,030.32	20,089.83	18,735.09
Fixed deposits not more than 3 months				
without commitment	<u>10,263.80</u>	<u>11,978.26</u>	<u>6,279.53</u>	<u>11,567.09</u>
Total	<u>30,629.24</u>	<u>30,954.24</u>	<u>26,215.47</u>	<u>30,247.09</u>

As at December 31, 2005, cash and bank balances of Baht 26,215.47 million comprised EGAT's working capital of Baht 26,135.49 million, Provident Fund of Baht 15.22 million, Welfare Loan Fund of Baht 45.16 million, Land and Housing Loan Fund of Baht 0.12 million and Specific Purpose Funds of Baht 19.48 million.

## 5.2 SHORT-TERM INVESTMENTS

Unit : Million Baht				
	Consolidated		EGAT Only	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Short-term investments : not pledged as collateral				
– Fixed deposits more than 3 months to 6 months	10,044.79	18.09	10,044.79	18.09
– Fixed deposits more than 6 months	4,097.50	6,518.79	1.50	6,518.79
– Promissory notes	300.00	–	–	–
– Bills of exchange	–	2,681.82	–	–
– Bonds	453.50	–	–	–
	<u>14,895.79</u>	<u>9,218.70</u>	<u>10,046.29</u>	<u>6,536.88</u>
Short-term investment : pledged as collateral				
– Deposits at financial institutions	–	20.13	–	–
– Promissory notes	–	1,471.14	–	–
– Bills of exchange	–	2,285.48	–	–
	<u>–</u>	<u>3,776.75</u>	<u>–</u>	<u>–</u>
Total	<u>14,895.79</u>	<u>12,995.45</u>	<u>10,046.29</u>	<u>6,536.88</u>

## 5.3 TRADE ACCOUNT RECEIVABLES – OTHERS – NET

Unit : Million Baht				
	Consolidated		EGAT Only	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Trade account receivables				
Metropolitan Electricity Authority	6,017.68	7,553.63	6,017.68	7,553.63
Provincial Electricity Authority	11,707.17	14,623.86	11,707.17	14,623.86
Others	<u>550.30</u>	<u>542.49</u>	<u>550.30</u>	<u>542.49</u>
	18,275.15	22,719.98	18,275.15	22,719.98
Services and others receivable	<u>115.54</u>	<u>120.13</u>	<u>115.54</u>	<u>64.37</u>
Total	18,390.69	22,840.11	18,390.69	22,784.35
<b>Less:</b> Allowance for doubtful accounts	<u>5.89</u>	<u>5.56</u>	<u>5.89</u>	<u>5.56</u>
Balance	18,384.80	22,834.55	18,384.80	22,778.79
Automatic energy price adjustment (Ft) receivable	<u>6,216.35</u>	<u>23,777.90</u>	<u>6,216.35</u>	<u>23,777.90</u>
Total	<u>24,601.15</u>	<u>46,612.45</u>	<u>24,601.15</u>	<u>46,556.69</u>

On August 30, 2005, the Cabinet resolved that EGAT had to bear an automatic energy price adjustment (Ft) receivable, which was expected to be accounted as revenue in the accounting period before EGAT would be transformed to the public company according to the resolution of the National Energy Policy Council's meeting No. 3/2548 (No. 101) on August 25, 2005. EGAT has made the adjustment for the accrued Ft receivable at the amount of Baht 27,933.46 million, arising from the current and previous accounting period amounts of Baht 23,139.34 million and Baht 4,794.12 million respectively. (The latter amount of Baht 4,794.12 million was the accrued Ft receivable which EGAT was not permitted to pass on to customers following the conclusion of the Sub-Committee on the Automatic Tariff Adjustment Mechanism (Ft) Regulation on June 17, 2003 to freeze the Ft tariff at the same rate as in the prior period of Baht 0.2612 per unit and the subsequent resolution of the Committee on Energy Policy Administration (CEPA) on December 22, 2003 stipulating that EGAT had to bear the Ft burden to help stabilize the Ft tariff in the period of June 2003 to January 2004 and that the Ft burden would be recognized as accrued income and released to revenue within the next 3 years (within 2006) only when the electricity price decreases.)

As at December 31, 2005 EGAT recorded an automatic energy price adjustment (Ft) receivable amounting to Baht 6,216.35 million, which comprised of the estimated Ft revenue of December 2005 and the Ft output VAT amounting to Baht 5,809.67 million and Baht 406.68 million respectively.

Trade account receivables – others – net can be analyzed by categories and outstanding period as follows:

Unit : Million Baht							
Consolidated							
Outstanding period	State enterprise and Government agencies		Private Companies		Total		
	Energy sales	Service and others	Energy sales	Service and others	Energy sales	Service and others	
							Dec. 31, 2005    Dec. 31, 2004
Undue portion	17,765.12	4.06	454.58	56.62	18,219.70	60.68	18,280.38    22,809.81
Overdue not more than 6 months	0.18	4.68	55.26	41.57	55.44	46.25	101.69    21.63
Overdue more than 6 months to 1 year	–	–	0.01	0.28	0.01	0.28	0.29    2.83
Overdue more than 1 year to 2 years	–	2.02	–	0.77	–	2.79	2.79    0.05
Overdue more than 2 years	–	–	–	5.54	–	5.54	5.54    5.79
Total	17,765.30	10.76	509.85	104.78	18,275.15	115.54	18,390.69    22,840.11
Less: Allowance for doubtful accounts	–	–	–	5.89	–	5.89	5.89    5.56
Balance at end of period	17,765.30	10.76	509.85	98.89	18,275.15	109.65	18,384.80    22,834.55
Automatic energy price adjustment (Ft) receivable					6,216.35	–	6,216.35    23,777.90
Total					24,491.50	109.65	24,601.15    46,612.45

Unit : Million Baht							
EGAT Only							
Outstanding period	State enterprise and Government agencies		Private Companies		Total		
	Energy sales	Service and others	Energy sales	Service and others	Energy sales	Service and others	
							Dec. 31, 2005    Dec. 31, 2004
Undue portion	17,765.12	4.06	454.58	56.62	18,219.70	60.68	18,280.38    22,754.24
Overdue not more than 6 months	0.18	4.68	55.26	41.57	55.44	46.25	101.69    21.44
Overdue more than 6 months to 1 year	–	–	0.01	0.28	0.01	0.28	0.29    2.83
Overdue more than 1 year to 2 years	–	2.02	–	0.77	–	2.79	2.79    0.05
Overdue more than 2 years	–	–	–	5.54	–	5.54	5.54    5.79
Total	17,765.30	10.76	509.85	104.78	18,275.15	115.54	18,390.69    22,784.35
Less: Allowance for doubtful accounts	–	–	–	5.89	–	5.89	5.89    5.56
Balance at end of period	17,765.30	10.76	509.85	98.89	18,275.15	109.65	18,384.80    22,778.79
Automatic energy price adjustment (Ft) receivable					6,216.35	–	6,216.35    23,777.90
Total					24,491.50	109.65	24,601.15    46,556.69

## 5.4 RELATED PARTY TRANSACTIONS

The details of related party transactions are as follows:

### 5.4.1 TRADE ACCOUNT RECEIVABLES – RELATED PARTY

Unit : Million Baht				
	Consolidated		EGAT Only	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Subsidiary				
– Ratchaburi Electricity Generating Co.,Ltd.	–	–	275.27	272.17
Total	–	–	275.27	272.17
Associated companies				
– Electricity Generating Public Company Limited	–	2.94	–	2.94
– Khanom Electricity Generating Co.,Ltd.	12.54	13.43	12.54	13.43
– Rayong Electricity Generating Co.,Ltd.	5.46	8.96	5.46	8.96
– EGCO Engineering and Services Co.,Ltd.	10.19	–	10.19	–
Total	28.19	25.33	28.19	25.33
Related party				
– Tri Energy Company Limited	0.04	0.05	0.04	0.05
– Thai Oil Power Company Limited	0.03	0.03	0.03	0.03
Total	0.07	0.08	0.07	0.08
Joint venture				
– District Cooling System and Power Plant Co.,Ltd.	2.84	15.99	4.36	15.99
Total	2.84	15.99	4.36	15.99
Total	31.10	41.40	307.89	313.57

Trade account receivables – related party can be analyzed by categories and outstanding period as follows:

Unit : Million Baht				
	Consolidated			
	Energy sales	Service and others	Dec. 31, 2005	Dec. 31, 2004
<b>Outstanding period</b>				
Undue portion	2.60	28.50	31.10	41.21
Overdue not more than 6 months	–	–	–	0.19
Total	2.60	28.50	31.10	41.40

  

Unit : Million Baht				
	EGAT Only			
	Energy sales	Service and others	Dec. 31, 2005	Dec. 31, 2004
<b>Outstanding period</b>				
Undue portion	45.26	262.63	307.89	313.38
Overdue not more than 6 months	–	–	–	0.19
Total	45.26	262.63	307.89	313.57

#### 5.4.2 OTHER ACCOUNT RECEIVABLE – RELATED PARTY

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Borrowing – EGAT Telecom Co.,Ltd.	–	–	0.51	–

#### 5.4.3 TRADE ACCOUNT PAYABLES – RELATED PARTY

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Independent Power Producers (IPP) and Small Power Producers (SPP)				
Subsidiary				
– Ratchaburi Electricity Generating Co.,Ltd.	–	–	6,566.03	6,645.08
Total	–	–	6,566.03	6,645.08
Associated companies				
– Khanom Electricity Generating Co.,Ltd.	2,187.41	1,821.82	2,187.41	1,821.82
– Rayong Electricity Generating Co.,Ltd.	2,245.22	2,458.56	2,245.22	2,458.56
Total	4,432.63	4,280.38	4,432.63	4,280.38
Related party				
– Tri Energy Company Limited	1,931.99	1,672.76	1,931.99	1,672.76
– Thai Oil Power Company Limited	134.75	122.33	134.75	122.33
Total	2,066.74	1,795.09	2,066.74	1,795.09
Total	6,499.37	6,075.47	13,065.40	12,720.55

#### 5.4.4 REVENUES AND EXPENSES – RELATED PARTY

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Jan. 1 – Dec. 31, 2005	Jan. 1 – Dec. 31, 2004	Jan. 1 – Dec. 31, 2005	Jan. 1 – Dec. 31, 2004
<b>Revenues</b>				
Energy sales				
– Subsidiary				
– Ratchaburi Electricity Generating Co.,Ltd.	–	–	146.08	132.79
– Associated companies				
– Khanom Electricity Generating Co.,Ltd.	10.86	4.43	10.86	4.43
– Rayong Electricity Generating Co.,Ltd.	9.33	9.03	9.33	9.03
– Related party				
– Tri Energy Company Limited	0.25	0.27	0.25	0.27
– Thai Oil Power Company Limited	0.43	4.32	0.43	4.32
Revenue from services and other goods sales				
– Subsidiary				
– Ratchaburi Electricity Generating Holding Plc.	–	–	–	3.86
– Ratchaburi Electricity Generating Co.,Ltd.	–	–	2,678.08	3,854.13
– Associated companies				
– Electricity Generating Public Company Limited	0.05	5.53	0.05	5.53
– Khanom Electricity Generating Co.,Ltd.	9,097.79	8,815.85	9,097.79	8,815.85
– Rayong Electricity Generating Co., Ltd.	9,358.36	10,267.16	9,358.36	10,267.16
– EGCO Engineering and Services Co.,Ltd.	71.39	16.59	71.39	16.59
– Joint venture				
– District Cooling System and Power Plant Co.,Ltd.	19.61	19.49	30.17	29.99
– Related party				
– Tri Energy Company Limited	0.14	–	0.14	–
– Thai Oil Power Company Limited	0.02	–	0.02	–
<b>Expenses</b>				
Electricity Purchased				
– Subsidiary				
– Ratchaburi Electricity Generating Co.,Ltd.	–	–	44,035.13	39,820.83
– Associated companies				
– Khanom Electricity Generating Co.,Ltd.	13,346.12	12,170.45	31,346.12	12,170.45
– Rayong Electricity Generating Co., Ltd.	14,132.15	14,903.76	14,132.15	14,903.76
– Related party				
– Tri Energy Company Limited	9,818.35	9,117.07	9,818.35	9,117.07
– Thai Oil Power Company Limited	701.58	642.67	701.58	642.67
Cost of services and other goods sales				
– Subsidiary				
– Ratchaburi Electricity Generating Holding Plc.	–	–	–	1.68
– Ratchaburi Electricity Generating Co.,Ltd.	–	–	2,357.10	3,558.06
– Associated companies				
– Electricity Generating Public Company Limited	0.10	4.15	0.10	4.15
– Khanom Electricity Generating Co.,Ltd.	9,083.84	8,781.26	9,083.84	8,781.26
– Rayong Electricity Generating Co., Ltd.	9,340.01	10,192.27	9,340.01	10,192.27
– EGCO Engineering and Services Co.,Ltd.	44.25	7.76	44.25	7.76
– Joint venture				
– District Cooling System and Power Plant Co.,Ltd.	17.46	19.85	26.86	30.54
– Related party				
– Tri Energy Company Limited	0.08	–	0.08	–
– Thai Oil Power Company Limited	0.02	–	0.02	–



## 5.5 MATERIALS AND SUPPLIES – NET

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Fuel oil	4,250.32	2,411.50	3,660.38	1,839.33
Lignite stock	554.82	99.69	554.82	99.69
Spare parts, other materials and supplies	7,835.52	7,309.00	6,231.76	6,274.44
<b>Less:</b> Allowance for obsolescence	<u>3,511.81</u>	<u>3,297.37</u>	<u>3,402.41</u>	<u>3,297.37</u>
Balance at end of period	<u>9,128.85</u>	<u>6,522.82</u>	<u>7,044.55</u>	<u>4,916.09</u>

## 5.6 OTHER ACCOUNT RECEIVABLES – NET

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Employee account receivables	342.67	310.09	342.67	310.09
Other account receivables	3,329.45	3,311.21	3,329.45	3,311.21
<b>Less:</b> Allowance for doubtful accounts	<u>19.87</u>	<u>6.88</u>	<u>19.87</u>	<u>6.88</u>
Balance at end of period	<u>3,652.25</u>	<u>3,614.42</u>	<u>3,652.25</u>	<u>3,614.42</u>

## 5.7 INVESTMENT IN SUBSIDIARIES, ASSOCIATED COMPANY AND JOINT VENTURE BY USING THE EQUITY METHOD

EGAT Only												Unit : Million Baht	
Company	Business	Relationship	Paid-up Share		Investment		Investment				Dividend		
			Capital		Portion		Cost Method		Equity Method				
			Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004	
Ratchaburi Electricity Generating Holding Public Company Limited	Investment in other companies	Subsidiary	Subsidiary	14,500.00	14,500.00	45.00%	45.00%	6,525.00	6,525.00	10,125.60	8,570.70	1,370.25	1,239.75
EGAT Telecom Company Limited	Telecommunications	Subsidiary	–	1.00	–	99.99%	–	0.99	–	0.48	–	–	–
Electricity Generating Public Company Limited	Electricity generating and investment in other companies	Associated	Associated	5,264.65	5,264.65	25.41%	25.41%	1,587.55	1,587.55	6,096.77	5,249.53	401.32	401.32
District Cooling System and Power Plant Company Limited	Power and cooling water producer	Joint venture	Joint venture	1,000.00	1,000.00	35.00%	35.00%	350.00	201.01	312.23	168.84	–	–
								8,463.54	8,313.56	16,535.08	13,989.07	1,771.57	1,641.07

### 5.7.1 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 December 31, 2005, 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.

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

As at December 31, 2005, Electricity Generating Public Company Limited (EGCO) had registered capital of Baht 5,300 million with fully paid up amounting to 526.47 million shares. In the second quarter of the year 2005, EGCO has issued the treasury stock of 1.30 million shares but EGAT did not invest. EGAT's investment was 133.77 million common shares (cost was Baht 1,587.55 million) or 25.41%. (On March 31, 2005, EGAT's investment was 25.47% of the fully paid issued common shares after deduction of treasury stock). EGAT has significant influence but has no effective control over EGCO and EGAT accounts for the investment in EGCO as an investment in associated company.

### **5.7.3 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 with initial registered capital in the amount of Baht 100 million, by issuing 10 million common shares at par value of Baht 10 per share, 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 ventures held extraordinary meetings No. 1/2547 and 2/2547 on February 23, 2004 and March 13, 2004 respectively and passed a resolution to register additional capital amounting to Baht 900 million, by issuing 90 million common shares at par value of Baht 10 per share, to add the total registered capital to Baht 1,000 million. As at December 31, 2005, EGAT had fully paid common shares amounting to Baht 350 million.

### **5.7.4 Investment in EGAT Telecom Company Limited**

On September 19, 2005, EGAT Telecom Company Limited was registered as a juristic person in accordance with the Civil and Commercial Code and had registered capital of Baht 1 million, which was specified a fully paid share capital of 100,000 common shares at par value of Baht 10 per share. EGAT owns 99,993 common shares of Baht 999,930 or 99.99% of fully paid share capital and EGAT accounts for the investment in EGAT Telecom Company Limited as an investment in subsidiary.



## 5.8 LAND, BUILDINGS AND EQUIPMENTS – NET

### 5.8.1 LAND, BUILDINGS AND EQUIPMENTS – NET (EXCLUDING LAND AWAITING DEVELOPMENT)

Unit : Million Baht

Cost	Consolidated				EGAT Only			
	Jan. 1, 2005	Increase	Decrease	Dec. 31, 2005	Jan. 1, 2005	Increase	Decrease	Dec. 31, 2005
Land	5,503.83	373.10	–	5,876.93	4,782.85	342.63	–	5,125.48
Structure	17,603.41	1,098.17	(288.64)	18,412.94	17,118.31	1,092.98	(288.64)	17,922.65
Reservoir, dam	28,481.87	0.02	–	28,481.89	28,481.87	0.02	–	28,481.89
Power plants	259,976.02	751.69	(5,183.39)	255,544.32	210,715.15	371.76	(5,177.40)	205,909.51
Spare parts for power plant	8,728.49	3,133.83	(44.75)	11,817.57	2,130.58	2,356.07	–	4,486.65
Transmission system	112,976.55	7,758.84	(438.07)	120,297.32	112,976.55	7,758.84	(438.07)	120,297.32
Communication system	6,614.49	349.88	(279.50)	6,684.87	6,614.49	349.88	(279.50)	6,684.87
Coal handling system	4,537.22	–	–	4,537.22	4,537.22	–	–	4,537.22
Mine equipment	2,259.71	63.26	(32.84)	2,290.13	2,259.71	63.26	(32.84)	2,290.13
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	2,469.67	310.22	(165.56)	2,614.33	2,399.58	274.80	(136.69)	2,537.69
Other materials and supplies	9,684.68	684.71	(345.72)	10,023.67	9,548.93	671.38	(345.64)	9,874.67
Machine in process	1.28	34.30	(35.58)	–	–	–	–	–
Total	<u>458,930.06</u>	<u>14,558.02</u>	<u>(6,814.05)</u>	<u>466,674.03</u>	<u>401,658.08</u>	<u>13,281.62</u>	<u>(6,698.78)</u>	<u>408,240.92</u>
Adjustment in consolidated from profit on sale of power plants	<u>(4,832.96)</u>			<u>(4,818.34)</u>	<u>–</u>			<u>–</u>
	<u>454,097.10</u>			<u>461,855.69</u>	<u>401,658.08</u>			<u>408,240.92</u>

Unit : Million Baht

Accumulated Depreciation	Consolidated				EGAT Only			
	Jan. 1, 2005	Increase	Decrease	Dec. 31, 2005	Jan. 1, 2005	Increase	Decrease	Dec. 31, 2005
Land	–	–	–	–	–	–	–	–
Structure	(10,256.89)	(714.13)	210.66	(10,760.36)	(10,156.42)	(688.98)	210.66	(10,634.74)
Reservoir, dam	(6,194.74)	(427.39)	–	(6,622.13)	(6,194.74)	(427.39)	–	(6,622.13)
Power plants	(108,391.83)	(10,884.99)	4,528.92	(114,747.90)	(101,485.95)	(8,879.35)	4,528.92	(105,836.38)
Spare parts for power plant	(2,084.97)	(1,680.39)	10.72	(3,754.64)	(903.13)	(1,112.70)	–	(2,015.83)
Transmission system	(36,521.16)	(4,262.15)	342.55	(40,440.76)	(36,521.16)	(4,262.15)	342.55	(40,440.76)
Communication system	(4,183.30)	(544.69)	228.22	(4,499.77)	(4,183.30)	(544.69)	228.22	(4,499.77)
Coal handling system	(3,132.51)	(178.04)	–	(3,310.55)	(3,132.51)	(178.04)	–	(3,310.55)
Mine equipment	(2,073.34)	(33.73)	32.84	(2,074.23)	(2,073.34)	(33.73)	32.84	(2,074.23)
Aeroplane and helicopter	(26.07)	(8.93)	–	(35.00)	(26.07)	(8.93)	–	(35.00)
Spare parts for mine equipment	(10.88)	(20.74)	–	(31.62)	(10.88)	(20.74)	–	(31.62)
Vehicle	(2,077.73)	(156.80)	164.69	(2,069.84)	(2,040.37)	(141.34)	136.11	(2,045.60)
Other materials and supplies	(7,562.09)	(513.96)	340.01	(7,736.04)	(7,486.45)	(487.29)	339.99	(7,633.75)
Total	<u>(182,515.51)</u>	<u>(19,425.94)</u>	<u>5,858.61</u>	<u>(196,082.84)</u>	<u>(174,214.32)</u>	<u>(16,785.33)</u>	<u>5,819.29</u>	<u>(185,180.36)</u>
Adjustment in consolidated from profit on sale of power plants	<u>593.06</u>			<u>773.73</u>	<u>–</u>			<u>–</u>
	<u>(181,922.45)</u>			<u>(195,309.11)</u>	<u>(174,214.32)</u>			<u>(185,180.36)</u>
Net book value	<u>272,174.65</u>			<u>266,546.58</u>	<u>227,443.76</u>			<u>223,060.56</u>

On December 31, 2005, 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 32,156.42 million. The details are as follows:

Unit : Million Baht

	EGAT Only
	Dec. 31, 2005
Structure	3,776.49
Reservoir, dam	5.45
Power plants	12,233.06
Spare parts for power plants	12.59
Transmission system	4,023.67
Communication system	1,664.26
Coal handling system	1,260.17
Mine equipment	1,823.24
Spare parts for mine equipment	25.68
Vehicle	1,732.66
Other materials and supplies	<u>5,599.15</u>
Total	<u>32,156.42</u>

### 5.8.2 LAND AWAITING DEVELOPMENT

EGAT has had the land awaiting development planned to be the construction sites of its new power plants to support additional demand of electric energy. However, due to the change in power development planning, construction of these power plants has been postponed. As at December 31, 2005, the value of the land awaiting development totaled Baht 1,812.80 million, consisting of:

- Land at Ao-Phai, Chonburi province of 195,200 square meters (122 Rai) was Baht 9.05 million.
- Land at Tap Sakae, Prachuap Khiri Khan province of 6,446,400 square meters (4,029 Rai) was Baht 2,223.43 million.

In 2003, EGAT impaired the value of the land at Tap Sakae as appraised by an independent assessor and recorded an impairment loss at Tap Sakae in the amount of Baht 611.43 million. As a result, on March 31, 2005, the net book value of the land was Baht 1,612 million. In 2005, an impairment analysis of the land was undertaken by an independent assessor and found that at June 23, 2005, the value of the land at Tap Sakae was higher than its book value by Baht 188 million. EGAT therefore recognized the market value as profit on impairments, which reversed the loss on impairment assets previously incurred, and also accounted the additional book value amounting to Baht 188 million in the period of January 1, 2005 to June 23, 2005.

On December 31, 2005 the net book value of land at Tap Sakae was Baht 1,800 million.

- Land surrounding Thanon Phet Kaseam Carrier Gas Station, Ratchaburi province of 59,200 square meters (37 Rai) was Baht 3.75 million.

### 5.9 INTANGIBLE ASSETS

Unit : Million Baht

	Consolidated					EGAT Only				
	Land rights	Computer software	Royalty on real property services	Total		Land rights	Computer software	Royalty on real property services	Total	
				Dec. 31, 2005	Dec. 31, 2004				Dec. 31, 2005	Dec. 31, 2004
Balance at beginning of period	15,864.02	–	277.26	16,141.28	15,518.71	15,864.02	–	277.26	16,141.28	15,518.71
<b>Add:</b> Increase during the period	<u>651.52</u>	<u>96.37</u>	<u>–</u>	<u>747.89</u>	<u>1,005.88</u>	<u>651.52</u>	<u>96.37</u>	<u>–</u>	<u>747.89</u>	<u>1,005.88</u>
	16,515.54	96.37	277.26	16,889.17	16,524.59	16,515.54	96.37	277.26	16,889.17	16,524.59
<b>Less :</b> Amortization	<u>415.43</u>	<u>6.16</u>	<u>6.34</u>	<u>427.93</u>	<u>383.31</u>	<u>415.43</u>	<u>6.16</u>	<u>6.34</u>	<u>427.93</u>	<u>383.31</u>
Balance at end of period	<u>16,100.11</u>	<u>90.21</u>	<u>270.92</u>	<u>16,461.24</u>	<u>16,141.28</u>	<u>16,100.11</u>	<u>90.21</u>	<u>270.92</u>	<u>16,461.24</u>	<u>16,141.28</u>

## 5.10 WORK UNDER CONSTRUCTION

Project	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Transmission System Expansion Project	5,957.51	7,947.52	5,957.51	7,947.52
Others	5,452.48	3,354.83	4,607.45	3,054.21
Total	11,409.99	11,302.35	10,564.96	11,001.73

## 5.11 OTHER NON-CURRENT ASSETS

### – DEFERRED CHARGES OF THE LIGNITE MINE

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Balance at beginning of period	2,518.40	3,796.00	2,518.40	3,796.00
<b>Add:</b> Increase during the period	3,495.59	3,255.30	3,495.59	3,255.30
Depreciation	71.41	51.24	71.41	51.24
	6,085.40	7,102.54	6,085.40	7,102.54
<b>Less:</b> Amortization	4,626.43	4,584.14	4,626.43	4,584.14
Adjustment of the expense of the prior year	12.68	–	12.68	–
Balance at end of period	1,446.29	2,518.40	1,446.29	2,518.40
<b>– OTHERS</b>	345.87	315.36	340.12	307.10
Total	1,792.16	2,833.76	1,786.41	2,825.50

## 5.12 TRADE ACCOUNT PAYABLES – OTHERS

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Neighboring countries' supply	1,861.15	1,465.91	1,861.15	1,465.91
Independent Power Producers (IPP)	4,511.53	2,882.84	4,511.53	2,882.84
Small Power Producers (SPP)	6,551.95	5,459.75	6,551.95	5,459.75
Trade payable – gas and fuel	6,386.45	5,166.09	6,386.45	5,166.09
Others	4,901.03	–	4.25	–
Total	24,212.11	14,974.59	19,315.33	14,974.59

### 5.13 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 subsidiaries, associated company and joint venture by using the equity method, profit on sale of Ratchaburi Power Plants Project for the annual remittance to the Ministry of Finance. However, the remittance may vary based on reviews by the Ministry of Finance.

As at January 1, 2005, the accrued remittance to the Ministry of Finance was Baht 9,567.48 million. During the period of January 1, 2005 to June 23, 2005, EGAT has the addition of provision amounting to Baht 3.87 million and remitted to the Ministry of Finance in March and April 2005 amounting to Baht 9,571.35 million.

On August 30, 2005, the Cabinet passed a resolution concurring with the conclusion of the National Energy Policy Council derived from the meeting No. 3/2548 (No. 101), requiring that EGAT had to bear the accrued Ft receivable, which was expected to be accounted as revenue in the period before EGAT was transformed to the public company. However, the result from the mentioned recording was not included in calculating net income for the appropriations of bonus for the Board of Directors and employees and the remittance to the Ministry of Finance according to the mentioned Cabinet resolution. As at June 23, 2005, EGAT accounted the accrued remittance to the Ministry of Finance amounting to Baht 4,360.58 million by computing from the net income for the period of January 1, 2005 to June 23, 2005 according to the mentioned basis and remitted to the Ministry of Finance in September 2005 the amount of Baht 4,360.21 million.

On December 31, 2005, EGAT computed the provision for remittance to the Ministry of Finance in the amount of Baht 12,581.80 million from 40% of its 2005 net income according the mentioned basis. Because EGAT has already remitted to the Ministry of Finance the amount of Baht 4,360.21 million, EGAT recorded the provision for remittance to the Ministry of Finance as at December 31, 2005 amounting to Baht 8,221.59 million.

### 5.14 LONG-TERM LOANS

Unit : Million Baht

	Consolidated		EGAT Only			
	Balance		Long-Term	Current Portion	Balance	
	Dec. 31, 2005	Dec. 31, 2004	Loans	of Long-Term Loans	Dec. 31, 2005	Dec. 31, 2004
Long-term loans	112,300.52	133,499.00	103,281.81	20,994.99	82,286.82	101,272.06
Suppliers' credit	1,680.82	3,283.87	3,043.53	1,362.71	1,680.82	3,283.87
Total	113,981.34	136,782.87	106,325.34	22,357.70	83,967.64	104,555.93



## LONG – TERM LOANS

	Consolidated			
	Dec. 31, 2005		Dec. 31, 2004	
	Foreign Currencies Unit : million	Million Baht	Foreign Currencies Unit : million	Million Baht
<b>Local sources secured by the Ministry of Finance:</b>				
<b>EGAT bonds</b>				
Fixed rate due within 2020	–	46,270.03	–	49,020.03
		<u>46,270.03</u>		<u>49,020.03</u>
<b>Local sources unsecured by the Ministry of Finance:</b>				
<b>Ministry of Finance</b>				
Fixed rate due within 2027	–	118.56	–	122.38
<b>EGAT bonds</b>				
Fixed rate due within 2020	–	14,900.00	–	15,100.00
<b>Debenture</b>				
Fixed rate due within 2008	–	5,827.38	–	–
Fixed rate due within 2007 and Floating rate due within 2010	–	2,997.25	–	–
<b>Bank and financial institutions</b>				
Floating rate due within 2015	–	23,495.24	–	35,242.39
Fixed rate due within 2018	–	505.75	–	108.50
		<u>47,844.18</u>		<u>50,573.27</u>
<b>Foreign sources secured by the Ministry of Finance:</b>				
<b>Borrowings</b>				
<b>US Dollars:</b>				
Floating rate due within 2015	15.63	643.36	17.19	673.79
Fixed rate due within 2011	4.48	184.42	32.38	1,269.55
<b>Japanese Yen:</b>				
Fixed rate due within 2013	67,145.63	23,573.82	82,659.91	31,312.40
<b>Euro:</b>				
Fixed rate due within 2015	0.78	38.22	0.95	51.04
Fixed rate due within 2037	102.96	5,039.84	118.08	6,315.24
<b>Swiss Franc:</b>				
Fixed rate due within 2006	0.19	6.07	0.66	22.74
<b>Canadian Dollars:</b>				
Fixed rate due within 2010	4.37	155.11	5.34	173.37
		<u>29,640.84</u>		<u>39,818.13</u>
<b>Bonds</b>				
<b>US Dollars:</b>				
Fixed rate due within 2005	–	–	5.05	197.78
Fixed rate due within 2008	300.00	12,352.38	300.00	11,760.75
		<u>12,352.38</u>		<u>11,958.53</u>
<b>Total</b>		136,107.43		151,369.96
<b>Less:</b> Current portion of long-term loans		23,806.91		17,870.96
<b>Balance</b>		<u>112,300.52</u>		<u>133,499.00</u>



	EGAT Only			
	Dec. 31, 2005		Dec. 31, 2004	
	Foreign Currencies Unit : million	Million Baht	Foreign Currencies Unit : million	Million Baht
<b>Local sources secured by the Ministry of Finance:</b>				
<b>EGAT bonds</b>				
Fixed rate due within 2020	–	46,270.03	–	49,020.03
		<u>46,270.03</u>		<u>49,020.03</u>
<b>Local sources unsecured by the Ministry of Finance:</b>				
<b>Ministry of Finance</b>				
Fixed rate due within 2027	–	118.56	–	122.38
<b>EGAT bonds</b>				
Fixed rate due within 2020	–	14,900.00	–	15,100.00
		<u>15,018.56</u>		<u>15,222.38</u>
<b>Foreign sources secured by the Ministry of Finance:</b>				
<b>Borrowings</b>				
<b>US Dollars:</b>				
Floating rate due within 2015	15.63	643.36	17.19	673.79
Fixed rate due within 2011	4.48	184.42	32.38	1,269.55
<b>Japanese Yen:</b>				
Fixed rate due within 2013	67,145.63	23,573.82	82,659.91	31,312.40
<b>Euro:</b>				
Fixed rate due within 2015	0.78	38.22	0.95	51.04
Fixed rate due within 2037	102.96	5,039.84	118.08	6,315.24
<b>Swiss Franc:</b>				
Fixed rate due within 2006	0.19	6.07	0.66	22.74
<b>Canadian Dollars:</b>				
Fixed rate due within 2010	4.37	155.11	5.34	173.37
		<u>29,640.84</u>		<u>39,818.13</u>
<b>Bonds</b>				
<b>US Dollars:</b>				
Fixed rate due within 2005	–	–	5.05	197.78
Fixed rate due within 2008	300.00	12,352.38	300.00	11,760.75
		<u>12,352.38</u>		<u>11,958.53</u>
<b>Total</b>		103,281.81		116,019.07
<b>Less:</b> Current portion of long-term loans		<u>20,994.99</u>		<u>14,747.01</u>
<b>Balance</b>		<u>82,286.82</u>		<u>101,272.06</u>

As at December 31, 2005 and 2004, long-term loans can be classified by interest rate as follows:

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Floating rate	24,138.60	36,113.96	643.36	871.57
Fixed rate	111,968.83	115,256.00	102,638.45	115,147.50
<b>Total</b>	<u>136,107.43</u>	<u>151,369.96</u>	<u>103,281.81</u>	<u>116,019.07</u>



Interest rates as at December 31, 2005 are as follows:

	<b>Consolidated</b>	<b>EGAT Only</b>
EGAT bonds – local source	3.295% to 11.250%	3.295% to 11.250%
EGAT bonds – foreign source	7.00%	7.00%
Borrowings – local source	3.000% to 6.3125%	3.000%
Borrowings – foreign source	0.000% to 8.000%	0.000% to 8.000%
Debenture	3.670%	

#### 5.15 PROVISION LIABILITIES FOR MINE RECLAMATION

	<b>Consolidated</b>		<b>EGAT Only</b>	
	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2004</b>	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2004</b>
Balance at beginning of period	1,571.37	1,504.79	1,571.37	1,504.79
<b>Add:</b> Provision during the period	107.85	100.21	107.85	100.21
	1,679.22	1,605.00	1,679.22	1,605.00
<b>Less:</b> Mine reclamation expenses	61.93	29.28	61.93	29.28
Depreciation	4.44	4.35	4.44	4.35
Balance at end of period	1,612.85	1,571.37	1,612.85	1,571.37

#### 5.16 OTHER NON-CURRENT LIABILITIES

##### – DEFERRED INCOME

	<b>Consolidated</b>		<b>EGAT Only</b>	
	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2004</b>	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2004</b>
Balance at beginning of period	3,525.79	3,499.93	3,525.79	3,499.93
<b>Add :</b> Received during the period	885.39	504.63	885.39	504.63
	4,411.18	4,004.56	4,411.18	4,004.56
<b>Less :</b> Recognized to other revenue	187.97	25.22	187.97	25.22
Refund to contributor	0.84	452.21	0.84	452.21
Decrease in depreciation	1.34	1.34	1.34	1.34
Balance at end of period	4,221.03	3,525.79	4,221.03	3,525.79
<b>– OTHERS</b>	3,088.50	3,703.52	3,088.50	3,703.52
Total	7,309.53	7,229.31	7,309.53	7,229.31

#### 5.17 CONTRIBUTION FROM THE GOVERNMENT

	<b>Consolidated</b>		<b>EGAT Only</b>	
	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2004</b>	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2004</b>
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	1,309.42	1,247.09	1,309.42	1,247.09
Depreciation for the period	62.33	62.33	62.33	62.33
	2,993.00	3,055.33	2,993.00	3,055.33
Balance at end of period	9,500.64	9,562.97	9,500.64	9,562.97

**5.18 SPECIFIC PURPOSE FUNDS** are the Funds proposing for electric energy activities.

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Assets				
Cash and cash equivalents	19.48	7.54	19.48	7.54
Short-term investment	–	458.31	–	458.31
Accrued interest receivable	0.06	6.76	0.06	6.76
Total	19.54	472.61	19.54	472.61
Liabilities and funds				
Specific purpose funds	32.03	658.26	32.03	658.26
Revenues under expenses prior years	(11.88)	(190.47)	(11.88)	(190.47)
Revenues over (under) expenses	(0.61)	4.82	(0.61)	4.82
Total	19.54	472.61	19.54	472.61

EGAT implemented the 2005 Mutual Separation Scheme, which has effect since August 1, 2005, paid from Human Resource Management Fund amounting to Baht 940.48 million to the applicants. So, as at September 30, 2005, EGAT closed the Human Resource Management Fund.

**5.19 SHARE OF EQUITY FROM SUBSIDIARIES AND ASSOCIATED COMPANY BY USING THE EQUITY METHOD**

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
Premium on share capital	2,886.91	2,880.29	2,886.91	2,880.29
Unrealized gain on adjustment value of investments				
in marketable securities available for sale – net	149.25	91.67	149.25	91.67
Adjustment from translation the financial statements				
of foreign company	(24.67)	(42.06)	(24.67)	(42.06)
Total	3,011.49	2,929.90	3,011.49	2,929.90

**5.20 COST OF ELECTRIC ENERGY SALES**

	Unit : Million Baht			
	Consolidated		EGAT only	
	Jan. 1– Dec. 31, 2005	Jan. 1– Dec. 31, 2004	Jan. 1– Dec. 31, 2005	Jan. 1– Dec. 31, 2004
Electricity purchased	99,175.37	90,005.41	143,210.33	129,719.44
Fuel	103,904.68	84,716.49	72,423.14	56,597.99
Generating expenses	26,122.57	23,886.85	21,787.93	20,492.87
Transmission expenses	9,071.41	8,928.45	9,071.41	8,928.45
Total	238,274.03	207,537.20	246,492.81	215,738.75

## 5.21 GAINS (LOSSES) ON FOREIGN EXCHANGE

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Jan. 1 – Dec. 31, 2005	Jan. 1 – Dec. 31, 2004	Jan. 1 – Dec. 31, 2005	Jan. 1 – Dec. 31, 2004
Gains (Losses) on rate of exchange from repayment of long term debts	280.55	(88.85)	280.55	(88.85)
Gains (Losses) on rate of exchange at the end of years from translating account receivable and account payable	1,933.25	(639.60)	1,933.25	(639.60)
Gains (Losses) on rate of exchange at the end of years from translating foreign deposit account (USD) and others	(459.66)	81.60	(460.71)	81.85
Total	<u>1,754.14</u>	<u>(646.85)</u>	<u>1,753.09</u>	<u>(646.60)</u>

## 5.22 SHARE OF PROFIT FROM SUBSIDIARIES, ASSOCIATED COMPANY AND JOINT VENTURE BY USING THE EQUITY METHOD

For 2005, EGAT recognized the share of profit from its associated company – Electricity Generating Public Company Limited in the amount of Baht 1,166.96 million and from its subsidiaries and joint venture in the amount of Baht 2,919.03 million, which recognized the share of profit from Ratchaburi Electricity Generating Holding Public Company Limited in the amount of Baht 2,925.15 million and the share of loss from District Cooling System and Power Plant in the amount of Baht 5.60 million and the share of loss from EGAT Telecom Co.,Ltd., in the amount of Baht 0.52 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 and the share of loss from EGAT Telecom Co.,Ltd., in EGAT's statements of income. As these transactions are intercompany transactions with subsidiary and joint venture, therefore, these are not presented in the consolidated financial statements.

## 5.23 INTEREST EXPENSES

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Jan. 1 – Dec. 31, 2005	Jan. 1 – Dec. 31, 2004	Interest Expenses	Total
			Other Expenses Relating to the Loans	Jan. 1 – Dec. 31, 2005 Jan. 1 – Dec. 31, 2004
Capitalized to projects				
under construction	341.73	248.31	341.30	0.43 341.73 248.31
Interest expenses in the statements of income	<u>7,222.10</u>	<u>8,209.41</u>	<u>6,006.03</u>	<u>7.19</u> <u>6,013.22</u> <u>6,984.73</u>
Total	<u>7,563.83</u>	<u>8,457.72</u>	<u>6,347.33</u>	<u>7.62</u> <u>6,354.95</u> <u>7,233.04</u>

## 5.24 OPERATING RESULT

For 2005, EGAT has a net loss in the amount of Baht 173.13 million.

According to the Cabinet resolution of August 30, 2005 which concurred with the resolution of the National Energy Policy Council's meeting No. 3/2548 (No. 101) regarding the criteria in determining the new electricity tariff structure including an automatic energy price adjustment, EGAT had to bear the accrued Ft receivable, which was expected to be accounted as revenue in the period before EGAT's corporatization. As from June 24, 2005, EGAT has recognized Ft revenue in the actual collection period. Resulting from the mentioned recording, EGAT lost the Ft revenue for the period of January 1, 2005 to June 23, 2005 in the amount of Baht 21,916.45 million and the period of June 24, 2005 to September 30, 2005 in the amount of Baht 9,119.20 million. The total Ft revenue lost in the period of January 1, 2005 through September 30, 2005 totaled Baht 31,035.65 million. Had EGAT received this Ft revenue, the net loss in the amount of Baht 173.13 million would have been changed to a net income in the amount of Baht 30,862.52 million.

## 5.25 INCOME TAX

As a state enterprise, EGAT is exempted from the corporate income tax. By virtue of the provisions of the Investment Promotion Act B.E. 2520, Ratchaburi Electricity Generating Co.,Ltd., which is a subsidiary company of Ratchaburi Electricity Generating Holding Public Company Limited, has been exempted from payment of corporate 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 specified in the promotional certificates.

## 6. CONTINGENT LIABILITIES

Contingent liabilities, which are not recorded in the financial statements of EGAT are as follows:

1. As at December 31, 2005, EGAT had been sued calling for EGAT to pay additional compensation. The Civil Court judged that EGAT was liable for the additional payment of 54 lawsuits amounting to Baht 370.13 million. At present, EGAT is in the process of appealing the court's verdict.

2. Ratchaburi Energy Co.,Ltd., a subsidiary of Ratchaburi Electricity Generating Holding Public Company Limited, has called for the compensation from EGAT amounting to Baht 26.12 million as EGAT notified the Company that EGAT would develop and operate by itself the Mini Hydroelectric Power Plant Project downstream of Pa Sak Chonlasit Dam and would pay the compensation for the part which EGAT can make further use. This resulted in the cancellation on December 19, 2005 of the power purchase agreement earlier signed between Ratchaburi Energy Co.,Ltd., and EGAT on February 1, 2005.

As at December 31, 2005, EGAT and Royal Irrigation Department were in the process of considering the concession of the Mini Hydroelectric Power Plant Project downstream of Pa Sak Chonlasit Dam. This made EGAT unable to proceed with the project until the concession contract will be signed. As a result, the decision on the compensation for the Ratchaburi Energy Co., Ltd., cannot yet be made.

## 7 AGREEMENTS

### 7.1 LONG-TERM POWER PURCHASE AGREEMENTS

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

As at December 31, 2005, EGAT entered into 56 Power Purchase Agreements with total commitments amounting to approximately Baht 4,092,365 million and total production capacity of 15,548 megawatts.



Power producers	Company	Capacity (megawatts)	Remaining contract period (years)		Amount (Million Baht)	Availability payment (AP) (Million Baht)	Energy payment (EP) (Million Baht)
Power Project Developers in Lao People's Democratic Republic							
Theun Hinboun Power Company Limited	1	214	18	2006 – 2023	45,911	–	45,911
Houay Ho Power Company Limited	1	126	24	2006 – 2029	28,125	–	28,125
Nam Theun Project 2	1	920	25	2010 – 2034	244,568	–	244,568
Independent Power Producers (IPP)							
Rayong Electricity Generating Company Limited (REGCO)	1	1,168	9	2006 – 2014	128,496	27,746	100,750
Khanom Electricity Generating Company Limited (KEGCO)	1	818	11	2006 – 2016	120,903	28,221	92,682
Tri Energy Company Limited (TECO)	1	700	15	2006 – 2020	119,707	29,564	90,143
Eastern Power Electric Company Limited (EPEC)	1	350	18	2006 – 2023	85,869	29,833	56,036
Independent Power (Thailand) Company Limited (IPT)	1	700	20	2006 – 2025	164,514	38,827	125,687
Ratchaburi Electricity Generating Company Limited (RGC)	1	3,481	22	2006 – 2027	954,741	171,156	783,585
Glow IPP Company Limited (GIPP)	1	713	23	2006 – 2028	201,423	51,426	149,997
Gulf Power Generation Company Limited (GPG)	1	1,468	27	2007 – 2033	479,868	126,849	353,019
Ratchaburi Power Company Limited (RPCL)	1	1,400	26	2008 – 2033	449,494	112,367	337,127
BLCP Power Company Limited (BLCP)	1	1,347	27	2006 – 2032	407,465	198,536	208,929
Small Power Producers (SPP)	43	2,143	15 – 25 Years		661,281	200,645	460,636
Total	56	15,548			4,092,365	1,015,170	3,077,195

## 7.2 Letter of Credit

On December 31, 2005, EGAT has unused letters of credit, which are not expired, amounting to approximately Baht 6,407.75 million.

## 8. 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.

### 8.1 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.

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 December 31, 2005 and 2004 were as follows:



Terms of cross currency swap agreements	Unit : Million Baht	
	Dec. 31, 2005	Dec. 31, 2004
Yen 12,283 million / USD 115 million	–	3,901.25
Yen 22,743 million / USD 213 million	–	7,223.34
Yen 9,979 million / Baht 3,692 million	3,408.54	–
Yen 19,899 million / Baht 7,283 million	6,242.84	–
Yen 11,424 million / Baht 4,145 million	3,191.52	3,723.44
Yen 10,000 million / Baht 3,575 million	2,042.86	3,064.29
Yen 6,712 million / Baht 2,456 million	2,303.17	–
Yen 12,196 million / Baht 4,463 million	4,463.89	–
Yen 6,680 million / USD 61 million	2,523.30	2,402.44
Baht 3,731 million / USD 149 million	–	1,062.03
USD 127 million / Yen 14,850 million	1,042.72	2,250.13
USD 100 million / Baht 4,090 million	4,090.00	4,090.00
USD 100 million / Baht 3,930 million	3,930.00	3,930.00
EURO 26 million / Baht 1,220 million	813.28	1,016.60
Total	<u>34,052.12</u>	<u>32,663.52</u>

The maturity of agreements can be analyzed as follows:

	Unit : Million Baht	
	Dec. 31, 2005	Dec. 31, 2004
More than 1 year – 5 years	13,628.88	15,736.86
More than 5 years	<u>20,423.24</u>	<u>16,926.66</u>
Total	<u>34,052.12</u>	<u>32,663.52</u>

## 8.2 INTEREST RATE SWAP AGREEMENTS

EGAT is aware of the interest rate risk from the interest rate movements in the market, therefore, EGAT has prevented 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 December 31, 2005 and 2004, the amount and period of interest rate swap agreements are as follows:

	Unit : Million Baht	
	Dec. 31, 2005	Dec. 31, 2004
5 years	1,042.72	2,250.13
7 years	<u>2,006.20</u>	<u>3,246.94</u>
Total	<u>3,048.92</u>	<u>5,497.07</u>

## 8.3 FORWARD EXCHANGE CONTRACTS

EGAT has conducted a forward exchange contracts to decrease the risk from the fluctuations in the rate of exchange for the foreign loan repayment 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.

On December 31, 2005, EGAT did not have any forward exchange contract. On December 31, 2004, EGAT conducted a forward exchange contract for the purchase of electricity from foreign country in the amount of USD 7.35 million (Exchange rate : THB 38.9930 – 39.0600 = USD 1 ) or equivalent to Baht 286.87 million.





## AUDIT FEE

EGAT's financial statements are audited by the Office of the Auditor General of Thailand. For fiscal year 2005 (January - December 2005), audit fees and expenses total Baht 1,600,000 comprising Baht 1,000,000 fee for the annual audit and Baht 600,000 fees for the reviews of quarterly financial statements totaling three quarters, or Baht 200,000 for each quarter.

