

# 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 subsidiaries and the balance sheets of the Electricity Generating Authority of Thailand as at December 31, 2006 and 2005, and the related consolidated and the Electricity Generating Authority of Thailand's statements of income, changes in equity, and cash flows for the years then ended. These financial statements are the responsibility of the Electricity Generating Authority of Thailand's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General 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 statements 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 subsidiaries and of the Electricity Generating Authority of Thailand as at December 31, 2006 and 2005, and the results of operations, changes in equity and cash flows for the years then ended in accordance with generally accepted accounting principles.

(Signed) Jaruvan Maintaka  
(Khunying Jaruvan Maintaka)  
Auditor General

(Signed) Jintana Vanichkajorn  
(Jintana Vanichkajorn)  
Director of Audit Office

Office of the Auditor General  
March 1, 2007

**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES**  
**BALANCE SHEETS**  
**AS AT DECEMBER 31, 2006 AND 2005**

Unit : Baht

|  | Notes            | Consolidated    |                 | EGAT Only       |                 |
|--|------------------|-----------------|-----------------|-----------------|-----------------|
|  |                  | 2006            | 2005            | 2006            | 2005            |
| ASSETS   |                  |                 |                 |                 |                 |
| CURRENT ASSETS                                   |                  |                 |                 |                 |                 |
| Cash and cash equivalents                        | 4.3, 5.1         | 20,405,255,889  | 30,629,243,027  | 17,193,855,099  | 26,215,471,646  |
| Short-term investments                           | 5.2              | 32,349,992,478  | 14,895,788,488  | 24,589,629,195  | 10,046,291,677  |
| Current portion of long-term investments         |                  | 344,108,381     | 292,023,274     | —               | —               |
| Trade account receivables - others - net         | 4.4, 5.3         | 34,289,395,792  | 24,601,154,953  | 34,201,812,355  | 24,601,154,953  |
| Trade account receivables - related parties      | 4.4, 4.16, 5.4.1 | 38,790,112      | 31,097,841      | 257,723,608     | 307,892,128     |
| Materials and supplies - net                     | 4.5, 5.5         | 8,321,947,320   | 9,128,853,479   | 6,522,988,235   | 7,044,554,564   |
| Other current assets                             |                  |                 |                 |                 |                 |
| Other account receivables - others - net         | 4.4, 5.6         | 3,771,554,662   | 3,652,252,691   | 3,771,565,311   | 3,652,252,691   |
| Other account receivables - related party        | 4.4, 4.16, 5.4.2 | —               | —               | —               | 510,000         |
| Others   |                  | 6,332,431,476   | 5,328,079,363   | 5,797,651,456   | 5,235,487,403   |
| Total current assets                             |                  | 105,853,476,110 | 88,558,493,116  | 92,335,225,259  | 77,103,615,062  |
| NON-CURRENT ASSETS                               |                  |                 |                 |                 |                 |
| Investment in subsidiaries and joint venture     |                  |                 |                 |                 |                 |
| by using the equity method                       | 3.6, 4.6, 5.7    | —               | —               | 12,037,412,750  | 10,438,306,983  |
| Investment in associated company by using        |                  |                 |                 |                 |                 |
| the equity method                                | 3.6, 4.6, 5.7    | 7,329,721,140   | 6,096,774,851   | 7,329,721,140   | 6,096,774,851   |
| Share of interest in joint venture of subsidiary |                  | 3,985,924,832   | 3,035,731,484   | —               | —               |
| Long-term investments                            |                  | 628,885,161     | 358,125,242     | —               | —               |
| Long-term loans to related party                 |                  | —               | 649,555,838     | —               | —               |
| Land, buildings and equipments - net             | 4.7, 4.8, 5.8    | 255,857,374,450 | 268,359,372,396 | 213,531,165,564 | 224,873,345,027 |
| Intangible assets                                | 4.9, 5.9         | 16,767,368,089  | 16,461,242,012  | 16,761,275,331  | 16,461,242,012  |
| Work under construction                          | 5.10             | 20,044,368,793  | 11,409,990,905  | 20,026,112,614  | 10,564,960,011  |
| Other non-current assets                         | 4.10, 5.11       | 1,361,282,189   | 1,792,156,580   | 1,355,421,581   | 1,786,407,250   |
| Total non-current assets                         |                  | 305,974,924,654 | 308,162,949,308 | 271,041,108,980 | 270,221,036,134 |
| TOTAL ASSETS                                     |                  | 411,828,400,764 | 396,721,442,424 | 363,376,334,239 | 347,324,651,196 |

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, 2006 AND 2005**

Unit : Baht

|   | Notes       | Consolidated    |                 | EGAT Only       |                 |
|---|-------------|-----------------|-----------------|-----------------|-----------------|
|   |             | 2006            | 2005            | 2006            | 2005            |
| LIABILITIES AND EQUITY  |             |                 |                 |                 |                 |
| CURRENT LIABILITIES   |             |                 |                 |                 |                 |
| Trade account payables - others   | 5.12        | 34,866,905,712  | 24,212,116,021  | 28,681,494,524  | 19,315,336,929  |
| Trade account payables - related parties  | 4.16, 5.4.3 | 6,458,822,331   | 6,499,366,728   | 15,136,797,079  | 13,065,396,300  |
| Current portion of long-term loans  | 4.11, 5.14  | 10,756,998,071  | 25,169,615,933  | 7,649,081,967   | 22,357,696,229  |
| Other current liabilities   |             |                 |                 |                 |                 |
| Other account payables  |             | 6,313,007,281   | 9,329,647,142   | 6,057,080,704   | 9,005,965,281   |
| Accrued remittance to the Ministry of Finance                                     | 5.13        | 9,618,061,574   | 8,221,592,871   | 9,618,061,574   | 8,221,592,871   |
| Accrued interest expenses   |             | 1,176,569,704   | 1,425,322,760   | 1,176,569,704   | 1,425,322,760   |
| Others  |             | 8,456,867,193   | 5,254,338,397   | 7,126,485,142   | 4,656,749,719   |
| Total current liabilities   |             | 77,647,231,866  | 80,111,999,852  | 75,445,570,694  | 78,048,060,089  |
| NON-CURRENT LIABILITIES   |             |                 |                 |                 |                 |
| Long-term loans   | 4.11, 5.14  | 103,529,444,860 | 113,981,335,534 | 76,359,410,606  | 83,967,635,176  |
| Provision liabilities for mine reclamation  | 4.12, 5.15  | 1,660,508,008   | 1,612,852,032   | 1,660,508,008   | 1,612,852,032   |
| Other non-current liabilities   | 4.14, 5.16  | 9,261,419,396   | 7,309,535,398   | 9,263,519,396   | 7,309,535,398   |
| Total non-current liabilities   |             | 114,451,372,264 | 122,903,722,964 | 87,283,438,010  | 92,890,022,606  |
| TOTAL LIABILITIES   |             | 192,098,604,130 | 203,015,722,816 | 162,729,008,704 | 170,938,082,695 |
| EQUITY  |             |                 |                 |                 |                 |
| Contribution from the government  | 5.17        | 9,438,307,158   | 9,500,639,921   | 9,438,307,158   | 9,500,639,921   |
| Share of equity from subsidiary and associated company by using the equity method | 3.6, 5.18   | 3,081,683,456   | 3,011,488,985   | 3,081,683,456   | 3,011,488,985   |
| Surplus from royalty on real property service                                     | 4.9.2       | 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  |             | 107,466,200,728 | 83,213,305,402  | 107,466,200,728 | 83,213,305,402  |
| TOTAL EQUITY  |             | 200,647,325,535 | 176,386,568,501 | 200,647,325,535 | 176,386,568,501 |
| MINORITY INTEREST   |             | 19,082,471,099  | 17,319,151,107  | —               | —               |
| TOTAL EQUITY AND MINORITY INTEREST  |             | 219,729,796,634 | 193,705,719,608 | 200,647,325,535 | 176,386,568,501 |
| TOTAL LIABILITIES AND EQUITY  |             | 411,828,400,764 | 396,721,442,424 | 363,376,334,239 | 347,324,651,196 |

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

(Signed) Mr. Pornchai Rujiprapa  
(Mr. Pornchai Rujiprapa)  
Chairman of Board of Directors

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

**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

Unit : Baht

|  | Notes      | Consolidated           |                        | EGAT Only              |                        |
|--|------------|------------------------|------------------------|------------------------|------------------------|
|  |            | 2006                   | 2005                   | 2006                   | 2005                   |
| <b>REVENUES</b>  |            |                        |                        |                        |                        |
| Revenue from electric energy sales   | 4.1        | 329,383,169,103        | 259,719,334,564        | 329,249,760,979        | 259,865,410,743        |
| Revenue from services and other goods sales                                    |            | <u>20,677,649,757</u>  | <u>19,374,712,031</u>  | <u>23,276,686,512</u>  | <u>21,989,958,417</u>  |
| <b>Total revenue from sales and services</b>                                   |            | <u>350,060,818,860</u> | <u>279,094,046,595</u> | <u>352,526,447,491</u> | <u>281,855,369,160</u> |
| <b>COST OF SALES</b>   |            |                        |                        |                        |                        |
| Cost of electric energy sales  | 5.19       | 275,920,285,672        | 238,274,029,846        | 283,783,524,831        | 246,492,809,469        |
| Cost of services and other goods sales   |            | <u>20,405,888,380</u>  | <u>19,311,996,703</u>  | <u>22,759,826,365</u>  | <u>21,634,325,404</u>  |
| <b>Total cost of sales and services</b>  |            | <u>296,326,174,052</u> | <u>257,586,026,549</u> | <u>306,543,351,196</u> | <u>268,127,134,873</u> |
| <b>GROSS PROFIT</b>  |            | 53,734,644,808         | 21,508,020,046         | 45,983,096,295         | 13,728,234,287         |
| <b>SELLING AND ADMINISTRATIVE EXPENSES</b>                                     |            | <u>11,022,410,642</u>  | <u>16,728,441,911</u>  | <u>10,483,513,047</u>  | <u>15,713,421,620</u>  |
| <b>INCOME (LOSS) FROM SALES AND SERVICES</b>                                   |            | <u>42,712,234,166</u>  | <u>4,779,578,135</u>   | <u>35,499,583,248</u>  | <u>(1,985,187,333)</u> |
| <b>OTHER REVENUES</b>  |            |                        |                        |                        |                        |
| Bank interests   | 4.2        | 1,555,634,065          | 883,068,862            | 1,005,809,566          | 604,565,202            |
| Profit on disposal of assets   |            | 120,001,431            | —                      | 120,001,431            | —                      |
| Gains on foreign exchange  | 4.11, 5.20 | 3,873,172,372          | 1,754,136,061          | 3,872,396,131          | 1,753,086,404          |
| Gain from reversal of an impairment loss                                       |            | —                      | 188,000,000            | —                      | 188,000,000            |
| Others   |            | <u>1,033,234,847</u>   | <u>1,442,660,364</u>   | <u>970,586,617</u>     | <u>1,310,554,136</u>   |
| <b>Total other revenues</b>  |            | <u>6,582,042,715</u>   | <u>4,267,865,287</u>   | <u>5,968,793,745</u>   | <u>3,856,205,742</u>   |
| <b>OTHER EXPENSES</b>  |            |                        |                        |                        |                        |
| Loss on impairment of assets   |            | —                      | 15,333,506             | —                      | 15,333,506             |
| Loss on disposal of assets   |            | —                      | 84,582,914             | —                      | 84,582,914             |
| Others   | 5.26       | <u>750,240,421</u>     | <u>11,275,410</u>      | <u>—</u>               | <u>16,998,410</u>      |
| <b>Total other expenses</b>  |            | <u>750,240,421</u>     | <u>111,191,830</u>     | <u>—</u>               | <u>116,914,830</u>     |
| <b>OPERATING INCOME</b>  |            | 48,544,036,460         | 8,936,251,592          | 41,468,376,993         | 1,754,103,579          |
| <b>SHARE OF PROFIT FROM SUBSIDIARIES AND JOINT VENTURE</b>                     |            |                        |                        |                        |                        |
| <b>BY USING THE EQUITY METHOD</b>  | 5.21       | —                      | —                      | 2,904,500,021          | 2,919,026,920          |
| <b>SHARE OF PROFIT FROM ASSOCIATED COMPANY</b>                                 |            |                        |                        |                        |                        |
| <b>BY USING THE EQUITY METHOD</b>  | 5.21       | 1,664,403,050          | 1,166,965,693          | 1,664,403,050          | 1,166,965,693          |
| <b>SHARE OF PROFIT FROM ASSOCIATED COMPANY AND JOINT VENTURE OF SUBSIDIARY</b> |            |                        |                        |                        |                        |
| <b>BY USING THE EQUITY METHOD</b>  |            | <u>727,499,223</u>     | <u>372,010,431</u>     | <u>—</u>               | <u>—</u>               |
| <b>INCOME BEFORE INTEREST EXPENSES</b>   |            | 50,935,938,733         | 10,475,227,716         | 46,037,280,064         | 5,840,096,192          |
| <b>INTEREST EXPENSES</b>   | 4.15, 5.22 | <u>(6,868,867,312)</u> | <u>(7,222,105,334)</u> | <u>(5,403,623,164)</u> | <u>(6,013,222,484)</u> |
| <b>INCOME (LOSS) BEFORE INCOME TAX</b>   |            | 44,067,071,421         | 3,253,122,382          | 40,633,656,900         | (173,126,292)          |
| <b>INCOME TAX</b>  | 5.24       | <u>(75,094,496)</u>    | <u>(89,752,499)</u>    | <u>—</u>               | <u>—</u>               |
| <b>INCOME (LOSS) BEFORE MINORITY INTEREST</b>                                  |            | 43,991,976,925         | 3,163,369,883          | 40,633,656,900         | (173,126,292)          |
| <b>NET INCOME - MINORITY INTEREST</b>  |            | <u>(3,358,320,025)</u> | <u>(3,336,496,175)</u> | <u>—</u>               | <u>—</u>               |
| <b>NET INCOME (NET LOSS)</b>   | 3.6, 5.23  | <u>40,633,656,900</u>  | <u>(173,126,292)</u>   | <u>40,633,656,900</u>  | <u>(173,126,292)</u>   |

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

(Signed) Mr. Pornchai Rujiprapa  
(Mr. Pornchai Rujiprapa)  
Chairman of Board of Directors

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

**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN EQUITY AND MINORITY INTEREST**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

| Consolidated  |                                  |   |  |   |               |              |   |                   |                  |                |                   | Unit : Baht                        |
|---|----------------------------------|---|--|---|---------------|--------------|---|-------------------|------------------|----------------|-------------------|------------------------------------|
|   | Contribution from the government | Share of equity from subsidiary and associated company by using the equity method |  |   |               |              | Surplus from royalty on real property service | Retained earnings |                  | Total equity   | Minority interest | Total equity and minority interest |
|   |                                  | Premium on share capital  | Unrealized gain on adjustment value of investments in market securities available for sale - net | Adjustment from translation the financial statements of foreign company | Total         | Appropriated |   | Unappropriated    |                  |                |                   |                                    |
| Balance at January 1, 2005  | 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  | 15,657,404,862 | 204,783,509,493   |                                    |
| Increase (Decrease) during the period   | (62,332,763)                     | 6,623,859   | 57,580,012   | 17,391,162  | 81,595,033    | -            | -   | -                 | 19,262,270       | -              | 19,262,270        |                                    |
| Net loss for the period   | -                                | -   | -  | -   | -             | -            | -   | (173,126,292)     | (173,126,292)    | -              | (173,126,292)     |                                    |
| Increase provision for remittance to the Ministry of Finance (Oct. - Dec. 2004) | -                                | -   | -  | -   | -             | -            | -   | (3,868,548)       | (3,868,548)      | -              | (3,868,548)       |                                    |
| Provision for remittance to the Ministry of Finance                             | -                                | -   | -  | -   | -             | -            | -   | (12,581,803,560)  | (12,581,803,560) | -              | (12,581,803,560)  |                                    |
| Total Equity  | 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  | 15,657,404,862 | 192,043,973,363   |                                    |
| Minority interest   | -                                | -   | -  | -   | -             | -            | -   | -                 | -                | 1,661,746,245  | 1,661,746,245     |                                    |
| Balance at December 31, 2005  | 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  | 17,319,151,107 | 193,705,719,608   |                                    |
| Increase (Decrease) during the period   | (62,332,763)                     | -   | 49,029,046   | 21,165,425  | 70,194,471    | -            | -   | -                 | 7,861,708        | -              | 7,861,708         |                                    |
| Net income for the period   | -                                | -   | -  | -   | -             | -            | -   | 40,633,656,900    | 40,633,656,900   | -              | 40,633,656,900    |                                    |
| Remittance to the Ministry of Finance (Jan. - Jun. 2006)                        | -                                | -   | -  | -   | -             | -            | -   | (6,762,700,000)   | (6,762,700,000)  | -              | (6,762,700,000)   |                                    |
| Provision for remittance to the Ministry of Finance (Jul. - Dec. 2006)          | -                                | -   | -  | -   | -             | -            | -   | (9,618,061,574)   | (9,618,061,574)  | -              | (9,618,061,574)   |                                    |
| Total Equity  | 9,438,307,158                    | 2,886,909,938   | 198,282,131  | (3,508,613)   | 3,081,683,456 | 474,767,280  | 80,186,366,913                                | 107,466,200,728   | 200,647,325,535  | 17,319,151,107 | 217,966,476,642   |                                    |
| Minority interest   | -                                | -   | -  | -   | -             | -            | -   | -                 | -                | 1,763,319,992  | 1,763,319,992     |                                    |
| Balance at December 31, 2006  | 9,438,307,158                    | 2,886,909,938   | 198,282,131  | (3,508,613)   | 3,081,683,456 | 474,767,280  | 80,186,366,913                                | 107,466,200,728   | 200,647,325,535  | 19,082,471,099 | 219,729,796,634   |                                    |

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

# ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

### EGAT Only

Unit : Baht

|  | Contribution from<br>the government | Share of equity from subsidiary and associated company by using the equity method |   | Surplus from<br>royalty on real<br>property service | Retained earnings  |             | Total equity   |                  |                  |
|--|-------------------------------------|---|---|---|--|-------------|----------------|------------------|------------------|
|  |                                     | Premium on<br>share capital   | Unrealized gain<br>on adjustment<br>value of<br>investments in<br>market securities<br>available for sale - net |   | Adjustment from<br>translation the<br>financial statements<br>of foreign company | Total       |                | Appropriated     | Unappropriated   |
| Balance at January 1, 2005   | 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<br>Ministry of Finance (Oct. - Dec. 2004) | -                                   | -   | -   | -   | -  | -           | -              | (3,868,548)      | (3,868,548)      |
| Provision for remittance to the<br>Ministry of Finance                             | -                                   | -   | -   | -   | -  | -           | -              | (12,581,803,560) | (12,581,803,560) |
| Balance at December 31, 2005   | 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  |
| Increase (Decrease) during the period  | (62,332,763)                        | -   | 49,029,046  | 21,165,425  | 70,194,471   | -           | -              | -                | 7,861,708        |
| Net income for the period  | -                                   | -   | -   | -   | -  | -           | -              | 40,633,656,900   | 40,633,656,900   |
| Remittance to the Ministry of Finance (Jan. - Jun. 2006)                           | -                                   | -   | -   | -   | -  | -           | -              | (6,762,700,000)  | (6,762,700,000)  |
| Provision for remittance to the<br>Ministry of Finance (Jul. - Dec. 2006)          | -                                   | -   | -   | -   | -  | -           | -              | (9,618,061,574)  | (9,618,061,574)  |
| Balance at December 31, 2006   | 9,438,307,158                       | 2,886,909,938   | 198,282,131   | (3,508,613)   | 3,081,683,456  | 474,767,280 | 80,186,366,913 | 107,466,200,728  | 200,647,325,535  |

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, 2006 AND 2005**

Unit : Baht

|   | Notes | Consolidated          |                       | EGAT Only             |                       |
|---|-------|-----------------------|-----------------------|-----------------------|-----------------------|
|   |       | 2006                  | 2005                  | 2006                  | 2005                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |       |                       |                       |                       |                       |
| Net income (Net loss)   |       | <u>40,633,656,900</u> | <u>(173,126,292)</u>  | <u>40,633,656,900</u> | <u>(173,126,292)</u>  |
| Adjustments to reconcile net income (net loss) to net cash inflows (outflows) from operating activities |       |                       |                       |                       |                       |
| Operating activities  |       |                       |                       |                       |                       |
| Depreciation  |       | 18,876,704,258        | 18,698,697,654        | 16,117,280,322        | 16,058,123,148        |
| 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)              | —                     | (49,500)              |
| Amortization of land rights   | 5.9   | 428,531,072           | 415,434,388           | 428,531,072           | 415,434,388           |
| Amortization of computer software rights  | 5.9   | 30,969,527            | 6,168,210             | 30,969,527            | 6,168,210             |
| Amortization of deferred loan fees  |       | 30,822,296            | 533,810,912           | —                     | —                     |
| Amortization of gas pipe system rights  |       | 156,225               | —                     | —                     | —                     |
| Amortization of deferred charges of the lignite mine  | 5.11  | 3,733,032,926         | 4,626,429,848         | 3,733,032,926         | 4,626,429,848         |
| Amortization of royalty on real property services   | 5.9   | 6,337,358             | 6,337,354             | 6,337,358             | 6,337,354             |
| Doubtful debts  |       | 14,158,168            | 13,317,165            | 14,158,168            | 13,317,165            |
| Bad debts   |       | —                     | 4,794,120,000         | —                     | 4,794,120,000         |
| Allowance for obsolescence on materials and supplies  |       | 109,418,538           | 214,434,258           | 45,309,929            | 105,044,051           |
| Provision for damage loss from fire accident  | 5.26  | 750,240,421           | —                     | —                     | —                     |
| (Profit) Loss on disposal of assets   |       | (120,001,431)         | 80,098,837            | (120,001,431)         | 84,582,914            |
| Revenue from deferred income  | 5.16  | (284,488,414)         | (187,965,578)         | (284,488,414)         | (187,965,578)         |
| Gains on foreign exchange   |       | (4,652,829,328)       | (2,213,579,206)       | (4,652,829,328)       | (2,213,700,250)       |
| Share of profit from subsidiaries and joint venture   |       |                       |                       |                       |                       |
| by using the equity method  | 5.21  | —                     | —                     | (2,904,500,021)       | (2,919,026,920)       |
| Share of profit from associated company   |       |                       |                       |                       |                       |
| by using the equity method  | 5.21  | (1,664,403,050)       | (1,166,965,693)       | (1,664,403,050)       | (1,166,965,693)       |
| Share of profit from associated company and joint venture of subsidiary by using the equity method      |       | (727,499,223)         | (372,010,431)         | —                     | —                     |
| Minority interest in net income   |       | 3,358,320,025         | 3,336,496,175         | —                     | —                     |
| Decrease (Increase) in assets   |       |                       |                       |                       |                       |
| Trade account receivables   |       | (9,720,820,196)       | 17,227,154,396        | (9,575,375,967)       | 17,166,767,392        |
| Other account receivables   |       | (108,640,193)         | (50,699,257)          | (108,140,843)         | (51,209,257)          |
| Materials and supplies  |       | 697,487,621           | (2,820,467,911)       | 476,256,400           | (2,233,505,501)       |
| Other current assets  |       | 458,534,410           | (3,219,240,389)       | 900,722,470           | (2,985,619,574)       |
| Other non-current assets  |       | 100,013,109           | 968,935,834           | 100,124,387           | 934,804,736           |
| Deferred charges of the lignite mine  | 5.11  | (3,324,750,554)       | (3,482,905,543)       | (3,324,750,554)       | (3,482,905,543)       |
| Increase (Decrease) in liabilities  |       |                       |                       |                       |                       |
| Trade account payables  |       | 10,614,245,294        | 9,661,430,745         | 11,437,558,374        | 4,685,597,433         |
| Other account payables  |       | (2,939,990,505)       | 374,431,621           | (2,872,235,221)       | 5,126,871,997         |
| Accrued interest expenses   |       | (248,753,056)         | (190,243,918)         | (248,753,056)         | (190,243,918)         |
| Other current liabilities   |       | 2,452,288,376         | (1,449,843,290)       | 2,469,735,423         | (2,106,733,009)       |
| Other non-current liabilities   |       | (66,195,087)          | 123,660,994           | (64,095,086)          | 123,660,994           |
| Provident fund  |       | 2,804,682             | (8,716,659)           | 2,804,682             | (8,716,659)           |
| Provision liabilities for mine reclamation  |       | 47,655,975            | 41,484,375            | 47,655,975            | 41,484,375            |
|   |       | <u>17,853,349,244</u> | <u>45,787,088,897</u> | <u>9,990,904,042</u>  | <u>36,469,436,109</u> |
| Net cash inflows from operating activities  |       | 58,487,006,144        | 45,613,962,605        | 50,624,560,942        | 36,296,309,817        |

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, 2006 AND 2005**

Unit : Baht

|   | Notes    | Consolidated            |                         | EGAT Only               |                         |
|---|----------|-------------------------|-------------------------|-------------------------|-------------------------|
|   |          | 2006                    | 2005                    | 2006                    | 2005                    |
| CASH FLOWS FROM INVESTING ACTIVITIES              |          |                         |                         |                         |                         |
| Increase in short-term investments                |          | (17,454,203,990)        | (1,900,334,152)         | (14,543,337,519)        | (3,509,403,685)         |
| Decrease (Increase) in long-term investments      |          | (322,845,026)           | 1,050,038,506           | –                       | –                       |
| Long-term loans to related party                  |          | 649,555,838             | (242,747,957)           | –                       | –                       |
| Cash on disposal of assets                        |          | 199,733,582             | 175,411,486             | 199,733,582             | 164,893,857             |
| Capital expenditure (including interest)          |          | (15,754,404,065)        | (16,022,543,965)        | (14,975,324,310)        | (14,044,752,309)        |
| Refund of contributions for construction          | 5.16     | (6,247,782)             | (841,517)               | (6,247,782)             | (841,517)               |
| Cash on deferred income                           | 5.16     | 688,013,241             | 885,394,510             | 688,013,241             | 885,394,510             |
| Investments in joint venture                      |          | –                       | –                       | –                       | (148,995,000)           |
| Investments in subsidiary                         |          | –                       | –                       | –                       | (999,930)               |
| Investments in joint venture of subsidiary        |          | (440,955,000)           | (588,005,400)           | –                       | –                       |
| Cash on dividend from associated company          | 5.7      | 501,651,232             | 401,320,986             | 501,651,232             | 401,320,986             |
| Cash on dividend from subsidiary                  | 5.7      | –                       | –                       | 1,305,000,000           | 1,370,250,000           |
| Cash on dividend from joint venture of subsidiary |          | 218,260,875             | 483,152,544             | –                       | –                       |
| Refund from subsidiary                            |          | –                       | –                       | 394,254                 | –                       |
| Net cash outflows from investing activities       |          | <u>(31,721,441,095)</u> | <u>(15,759,154,959)</u> | <u>(26,830,117,302)</u> | <u>(14,883,133,088)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES              |          |                         |                         |                         |                         |
| Remittance to the Ministry of Finance             |          | (14,984,292,871)        | (13,931,560,688)        | (14,984,292,871)        | (13,931,560,688)        |
| Repayment of long-term loans                      |          | (24,974,509,316)        | (52,753,079,629)        | (22,131,767,316)        | (15,312,444,136)        |
| Withdrawal from loans                             |          | 4,564,250,000           | 38,181,548,733          | 4,300,000,000           | 3,800,000,000           |
| Cash paid for financial lease liabilities         |          | –                       | (791,675)               | –                       | (791,675)               |
| Dividend paid to minority interest in subsidiary  |          | <u>(1,595,000,000)</u>  | <u>(1,675,919,880)</u>  | <u>–</u>                | <u>–</u>                |
| Net cash outflows from financing activities       |          | <u>(36,989,552,187)</u> | <u>(30,179,803,139)</u> | <u>(32,816,060,187)</u> | <u>(25,444,796,499)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS         |          | (10,223,987,138)        | (324,995,493)           | (9,021,616,547)         | (4,031,619,770)         |
| CASH AND CASH EQUIVALENTS AT                      |          |                         |                         |                         |                         |
| BEGINNING OF PERIOD                               |          | <u>30,629,243,027</u>   | <u>30,954,238,520</u>   | <u>26,215,471,646</u>   | <u>30,247,091,416</u>   |
| CASH AND CASH EQUIVALENTS AT                      |          |                         |                         |                         |                         |
| END OF PERIOD                                     | 4.3, 5.1 | <u>20,405,255,889</u>   | <u>30,629,243,027</u>   | <u>17,193,855,099</u>   | <u>26,215,471,646</u>   |
| ADDITIONAL CASH FLOWS INFORMATION :               |          |                         |                         |                         |                         |
| Cash payment during the period                    |          |                         |                         |                         |                         |
| Interest expenses                                 |          | 8,142,689,977           | 8,272,605,211           | 6,676,558,784           | 7,057,337,731           |
| Income tax  |          | 65,822,252              | 84,555,475              | –                       | –                       |

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, 2006 AND 2005**

**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. As at December 31, 2006, the number of employees of EGAT was 24,209. EGAT's main business 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 ELECTRICITY GENERATING AUTHORITY OF THAILAND**

EGAT was registered as a public company limited 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 on real property for EGAT's operation.

On August 30, 2005, the Cabinet passed a resolution in accordance with the National Energy Policy Council Meeting No. 3/2548 (No. 101), permitting EGAT Plc to increase its share capital from Baht 60,000 million to Baht 80,000 million through an issuance of additional 2,000 million common shares at a par value of Baht 10 per share. EGAT Plc thereby registered an increase in its share capital to Baht 80,000 million with 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 reaching their 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 to revoke 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. So that the Electricity Generating Authority of Thailand Act B.E. 2511 (1968) 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 since inception. However, EGAT Telecom Co.,Ltd., which was registered under the civil and commercial law, is still considered as a juristic person until registration of business cancellation. As at September 29, 2006, EGAT Telecom Co.,Ltd., registered to cancel its business.

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

#### **3.1 PRINCIPLES OF FINANCIAL STATEMENT PREPARATION**

The consolidated financial statements and the financial statements of EGAT were prepared in accordance with generally accepted accounting principles in Thailand under the Accounting Act B.E. 2543 being those Thai accounting standards endorsed under the Accounting Profession Act B.E. 2547 and Department of Commercial Registration's (Department of Business Development) announcement B.E. 2544 "Abstract in Financial Statements".

These accounting principles may differ, in certain aspects, from generally accepted accounting principles used in other countries. So that, the financial statements were prepared, have not intend to present the financial status, operating results and cash flow in accordance with generally accepted accounting principles used in other countries. Consequently, the accompanying consolidated and EGAT's financial statements are prepared based on the assumption that users of these financial statements have an understanding of generally accepted accounting principles and practices used in Thailand.

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

The financial statements of EGAT present the financial position and operating results of all EGAT's businesses, 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 Loan Fund, Land and Housing Loan Fund and Fund for Conferences on the Electric Power Supply Industry.

The consolidated financial statements include the accounts of EGAT, its subsidiary, an associated company and a joint venture undertaking over which EGAT has shared control. In the consolidated financial statement, the subsidiary is recorded by sum up in each line beside the joint venture is recorded in proportion of EGAT. Significant intercompany transactions and balances have been eliminated. Investments in subsidiaries, associated company and joint venture are recorded in the EGAT's financial statements by using the equity method. When necessary, accounting policies of its subsidiaries, associated company, and joint venture have been changed to ensure consistency with the accounting policies principles accepted by EGAT. Minority interests are separately presented in shareholders' equity.

#### **3.2 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 may differ from those estimates.

#### **3.3 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.

### **3.4 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 the future time. The forward exchange contracts are not yet recognized in the financial statements at agreement date but unrealized gain or losses will be recognized in the statements of income on any due date as specified in the contracts.

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

The currency and interest rate swap agreements are financial instruments to prevent the risk from the fluctuations in foreign exchange rates 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 or losses will be recognized in the statements of income on any due date as specified in the contracts.

### **3.6 PRACTICE IN NEW ANNOUNCEMENT OF ACCOUNTING STANDARD**

In October 2006, Federation of Accounting Profession has issued an announcement No. 26/2549 concerning Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries (Amendment No. 1)” which require the change from the equity method of accounting to cost method of accounting for investments in subsidiaries, which has significant influence control and associated company presented in the separated financial statements. (If a company would not like to change to use the cost method of accounting in 2006, the equity method of accounting can be used up to the end of 2006 and the cost method of accounting will be started from January 1, 2007). For EGAT, the cost method of accounting will be used from January 1, 2007. However, if EGAT changes to use the cost method of accounting only for EGAT’s financial statements in 2006, as at December 31, 2006, investments in subsidiaries and associated company would be decreased by Baht 10,904.58 million. Net income for the year ended December 31, 2006 would be decreased by Baht 4,568.90 million and balance equaled to Baht 36,064.76 million. In balance sheets as at December 31, 2006, equity would be decreased by Baht 10,904.58 million and balance equaled to Baht 189,742.74 million.

## **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 power purchase agreement. During the period of January 1 to June 23, 2005, revenue from automatic energy price adjustment (Ft) is recognized according to the accrual basis and calculated from the actual expenses, namely fuel cost, electricity purchased and gains on foreign exchange rate, which incurred in that month. Beside, the invoice for collection, the Ft revenue is recorded according to the Sub-Committee on the Automatic Tariff Adjustment Mechanism (Ft) Regulation approved, which calculated from the actual expenses in the previous 4 months period. During the period of June 24 to December 31, 2005 and the next accounting period, the Ft revenue is recognized according to the invoice for collection, which is calculated from the estimate of fuel cost and electricity purchased in the next 4 months according to Sub-Committee on the Automatic Tariff Adjustment Mechanism (Ft) Regulation approved.

### **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 comprise 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 ACCOUNT RECEIVABLES**

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 account receivables at the end of period. The allowance for doubtful accounts is calculated on the following basis.

| Overdue Period         | Percentage of allowance<br>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 stated at the lower of average cost or net realizable value.

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

4.5.3 **Spare parts for power plant, transmission system and mine equipment** are stated 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 stated at average cost less allowance for obsolescence of stocks designed, which have not moved for six months and above. The allowance is calculated at the following rates:

| No movement within  | Percentage of allowance<br>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 INVESTMENTS IN SUBSIDIARIES, ASSOCIATED COMPANY AND JOINT VENTURE BY USING THE EQUITY METHOD

Investments in subsidiaries, an associated company and a joint venture have been presented by using the equity method. Due to EGAT owned Ratchaburi Electricity Generating Holding Public Company Limited (RHCO) only 45% of the total fully paid-up common share but EGAT has effective control over RHCO so that RHCO is subsidiary of EGAT according to generally accepted accounting principles, which must prepare the consolidated financial statements. According to the Budgeting Law, if EGAT owned over 50%, the Office of the Auditor General has audited this subsidiary. So that the Office of the Auditor General can use other auditor's report as a basis in auditing and expressing an opinion on the consolidated of EGAT and its subsidiaries.

#### 4.7 LAND, BUILDINGS AND EQUIPMENTS - NET

Land, buildings and equipments are stated at cost on the date of acquisition or completion of construction less accumulated depreciation.

Depreciation is calculated on the straight-line method over the estimated useful life of each type of asset with scrap value of one Baht.

The principal annual depreciation rated for each type of asset are as follows:

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

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

When the asset was disposed, EGAT recorded to write off the asset with accumulated depreciation and recognized gain or loss on disposal of asset in the statements of income.

Development expenditure, which is probable to increase the future economic benefits, is recorded as capitalization. Repair and maintenance expenses are charged to the statements of income as in the incurred period.

#### **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 or the present value of the minimum amount to be paid under the agreement, whichever is lower. A portion of lease payments is recognized as a financial expense and the remainder is 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 the ownership of the assets is not transferred by the end of the lease term, the depreciation is based on the shorter of the useful life of the assets or the lease period.

#### **4.9 INTANGIBLE ASSETS**

##### **4.9.1 Land Rights, Computer Software Rights and Gas Piped System Rights**

Land rights, computer software rights and gas piped system rights are amortized over the expected useful lives of the related assets.

##### **4.9.2 Royalty on Real Property Services**

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

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

##### **4.10.1 Overburden Removal Costs**

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 mineable reserves, and multiply by the average cost per cubic meter of overburden removed. In case the actual stripping ratio in each period is more than 6.09, the excess is recorded as the deferred charges. However, the accumulated of overburden removal costs is not more than the deferred charges.

##### **4.10.2 Mineral Resources Exploration and Preliminary Development Costs**

Mineral resources exploration and preliminary development costs are recognized as expenses for the year in which they are incurred. Any exploration done as a part of a 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 in 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 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 license.

#### **4.11 FOREIGN CURRENCIES**

Transactions dominated in foreign currencies are translated into Thai Baht at the Bank of Thailand's reference exchange rates prevailing on the transaction date. Assets and liabilities in foreign currencies are translated into Baht at the exchange rate 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 mine in Mae Moh district, Lampang province and Neuklong district, Krabi province which will arise in the future. According to the Mining Act, EGAT is obliged to carry out reclamation work when the mine is closed and because of the certainty of its occurrence amounts set aside for this work are recognized as provisions. Such provisions are recognized as expense in EGAT's statements of income and are calculated by taking that proportion of the total estimated cost of reclamation work 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 has established the Provident Fund to provide welfare for employees after leaving EGAT. EGAT makes monthly payments to the fund at the rate of 10% of salary of employees who are the 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 matches contributions to the Registered Provident Fund monthly at the rate of 9% of salary of employees, who work less than 20 years, and 10% of salary of employees, who work in the period of 20 years or more. 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 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.

#### 4.16 RELATED PARTIES

Related parties refer to enterprises, that directly or indirectly control, or are controlled by EGAT or are under common control, including subsidiaries, fellow subsidiaries, associated company and joint venture.

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

## 5 SUPPLEMENTARY INFORMATION

### 5.1 CASH AND CASH EQUIVALENTS

|                                       | Consolidated        |                  | EGAT Only        |                  |
|---------------------------------------|---------------------|------------------|------------------|------------------|
|                                       | Dec. 31, 06         | Dec. 31, 05      | Dec. 31, 06      | Dec. 31, 05      |
|                                       | Unit : Million Baht |                  |                  |                  |
| Cash in hand                          | 16.83               | 13.87            | 16.63            | 13.65            |
| Cash at banks                         |                     |                  |                  |                  |
| Current accounts                      | (95.82)             | (169.76)         | (92.00)          | (167.54)         |
| Saving accounts                       | 13,526.02           | 20,521.33        | 13,199.09        | 20,089.83        |
| Fixed deposits not more than 3 months |                     |                  |                  |                  |
| without commitment                    | 6,958.23            | 10,263.80        | 4,070.13         | 6,279.53         |
| Total                                 | <u>20,405.26</u>    | <u>30,629.24</u> | <u>17,193.85</u> | <u>26,215.47</u> |

As at December 31, 2006 cash and bank balances of Baht 17,193.85 million comprised EGAT's working capital of Baht 17,157.74 million, Provident Fund of Baht 3.51 million, Welfare Loan Fund of Baht 28.29 million, Land and Housing Loan Fund of Baht 0.28 million and Fund for Conferences on the Electric Power Supply Industry of Baht 4.03 million.

### 5.2 SHORT-TERM INVESTMENTS (NOT PLEDGED AS COLLATERAL)

|  | Consolidated        |                  | EGAT Only        |                  |
|--|---------------------|------------------|------------------|------------------|
|  | Dec. 31, 06         | Dec. 31, 05      | Dec. 31, 06      | Dec. 31, 05      |
|  | Unit : Million Baht |                  |                  |                  |
| - Government bonds   | 18,559.71           | 453.50           | 18,559.71        | —                |
| - Fixed deposits more than 3 months but less than 6 months | 6,028.42            | 10,044.79        | 6,028.42         | 10,044.79        |
| - Fixed deposits more than 6 months                        | 1.50                | 4,097.50         | 1.50             | 1.50             |
| - Cash receipt   | 3,000.00            | —                | —                | —                |
| - Promissory notes   | 1,500.00            | 300.00           | —                | —                |
| - Bills of exchange  | 3,260.36            | —                | —                | —                |
| Total  | <u>32,349.99</u>    | <u>14,895.79</u> | <u>24,589.63</u> | <u>10,046.29</u> |

Short-term investments that are not pledged as collateral, namely investments in government bonds, fixed deposits more than 3 months but less than 6 months and fixed deposits more than 6 months. EGAT has to follow the regulations of the Ministry of Finance regarding accounting and finance of state owned enterprise B.E. 2548 section 2 of finance which defined state owned enterprise to deposit its money with commercial banks that also are state-owned following the budgeting law. If there is remaining liquidity or desire to manage remaining liquidity to gain higher return than deposit with state owned banks following to the budgeting law of state-owned enterprise, it is possible to invest in short-term financial instruments issued by the Ministry of Finance or financial institutions of government.

### 5.3 TRADE ACCOUNT RECEIVABLES - OTHERS - NET

|   | Unit : Million Baht |                  |                  |                  |
|---|---------------------|------------------|------------------|------------------|
|   | Consolidated        |                  | EGAT Only        |                  |
|   | Dec. 31, 06         | Dec. 31, 05      | Dec. 31, 06      | Dec. 31, 05      |
| Trade account receivables                         |                     |                  |                  |                  |
| Metropolitan Electricity Authority                | 6,124.25            | 6,017.68         | 6,124.25         | 6,017.68         |
| Provincial Electricity Authority                  | 16,505.78           | 11,707.17        | 16,505.78        | 11,707.17        |
| Others  | 697.76              | 550.30           | 638.62           | 550.30           |
|   | <u>23,327.79</u>    | <u>18,275.15</u> | <u>23,268.65</u> | <u>18,275.15</u> |
| Services and others receivable                    | 136.66              | 115.54           | 108.22           | 115.54           |
| Total   | <u>23,464.45</u>    | <u>18,390.69</u> | <u>23,376.87</u> | <u>18,390.69</u> |
| <b>Less :</b> Allowance for doubtful accounts     | 30.77               | 5.89             | 30.77            | 5.89             |
| Balance   | <u>23,433.68</u>    | <u>18,384.80</u> | <u>23,346.10</u> | <u>18,384.80</u> |
| Automatic energy price adjustment (Ft) receivable | 10,855.71           | 6,216.35         | 10,855.71        | 6,216.35         |
| Total   | <u>34,289.39</u>    | <u>24,601.15</u> | <u>34,201.81</u> | <u>24,601.15</u> |

As at December 31, 2006, EGAT recorded an automatic energy price adjustment (Ft) receivable amounting to Baht 10,855.71 million, which comprised of estimated Ft revenue in December 2006 and Ft output VAT amounting to Baht 10,145.52 million and Baht 710.19 million respectively.

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

| Outstanding period                                | Unit : Million Baht                      |                    |                   |                    |                  |                    |                  |                  |
|---|--|--------------------|-------------------|--------------------|------------------|--------------------|------------------|------------------|
|   | Consolidated                             |                    |                   |                    |                  |                    |                  |                  |
|   | 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, 06      | Dec. 31, 05      |
| Undue portion                                     | 22,676.42                                | 1.14               | 650.06            | 90.22              | 23,326.48        | 91.36              | 23,417.84        | 18,280.38        |
| Overdue not more than 6 months                    | 0.13                                     | 0.38               | 0.25              | 2.37               | 0.38             | 2.75               | 3.13             | 101.69           |
| Overdue more than 6 months to 1 year              | —  | —                  | 0.62              | 0.38               | 0.62             | 0.38               | 1.00             | 0.29             |
| Overdue more than 1 year to 2 years               | —  | 0.52               | 0.31              | 0.35               | 0.31             | 0.87               | 1.18             | 2.79             |
| Overdue more than 2 years                         | —  | —                  | —                 | 41.30              | —                | 41.30              | 41.30            | 5.54             |
| Total   | <u>22,676.55</u>                         | <u>2.04</u>        | <u>651.24</u>     | <u>134.62</u>      | <u>23,327.79</u> | <u>136.66</u>      | <u>23,464.45</u> | <u>18,390.69</u> |
| <b>Less :</b> Allowance for doubtful accounts     | —  | —                  | —                 | 30.77              | —                | 30.77              | 30.77            | 5.89             |
| Balance at end of period                          | <u>22,676.55</u>                         | <u>2.04</u>        | <u>651.24</u>     | <u>103.85</u>      | <u>23,327.79</u> | <u>105.89</u>      | <u>23,433.68</u> | <u>18,384.80</u> |
| Automatic energy price adjustment (Ft) receivable |  |                    |                   |                    | 10,855.71        | —                  | 10,855.71        | 6,216.35         |
| Total   |  |                    |                   |                    | <u>34,183.50</u> | <u>105.89</u>      | <u>34,289.39</u> | <u>24,601.15</u> |

| Outstanding period                                | EGAT Only                                |                    |                   |                    |              |                    |            |            |
|---|--|--------------------|-------------------|--------------------|--------------|--------------------|------------|------------|
|   | 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, 06 | Dec 31, 05 |
|   |  |                    |                   |                    |              |                    |            |            |
| Undue portion                                     | 22,676.42                                | 1.14               | 590.92            | 61.78              | 23,267.34    | 62.92              | 23,330.26  | 18,280.38  |
| Overdue not more than 6 months                    | 0.13                                     | 0.38               | 0.25              | 2.37               | 0.38         | 2.75               | 3.13       | 101.69     |
| Overdue more than 6 months to 1 year              | —  | —                  | 0.62              | 0.38               | 0.62         | 0.38               | 1.00       | 0.29       |
| Overdue more than 1 year to 2 years               | —  | 0.52               | 0.31              | 0.35               | 0.31         | 0.87               | 1.18       | 2.79       |
| Overdue more than 2 years                         | —  | —                  | —                 | 41.30              | —            | 41.30              | 41.30      | 5.54       |
| Total   | 22,676.55                                | 2.04               | 592.10            | 106.18             | 23,268.65    | 108.22             | 23,376.87  | 18,390.69  |
| <b>Less : Allowance for doubtful accounts</b>     | —  | —                  | —                 | 30.77              | —            | 30.77              | 30.77      | 5.89       |
| Balance at end of period                          | 22,676.55                                | 2.04               | 592.10            | 75.41              | 23,268.65    | 77.45              | 23,346.10  | 18,384.80  |
| Automatic energy price adjustment (Ft) receivable |  |                    |                   |                    | 10,855.71    | —                  | 10,855.71  | 6,216.35   |
| Total   |  |                    |                   |                    | 34,124.36    | 77.45              | 34,201.81  | 24,601.15  |

## 5.4 RELATED PARTIES TRANSACTIONS

The details of related parties transactions are as follows:

### 5.4.1 Trade account receivables - related parties

|  | Unit : Million Baht |             |             |             |
|--|---------------------|-------------|-------------|-------------|
|  | Consolidated        |             | EGAT Only   |             |
|  | Dec. 31, 06         | Dec. 31, 05 | Dec. 31, 06 | Dec. 31, 05 |
| Subsidiary   |                     |             |             |             |
| - Ratchaburi Electricity Generating Co.,Ltd.       | —                   | —           | 215.14      | 275.27      |
| Total  | —                   | —           | 215.14      | 275.27      |
| Associated companies                               |                     |             |             |             |
| - Khanom Electricity Generating Co.,Ltd.           | 21.01               | 12.54       | 21.01       | 12.54       |
| - Rayong Electricity Generating Co.,Ltd.           | 5.44                | 5.46        | 5.44        | 5.46        |
| - EGCO Engineering and Services Co.,Ltd.           | 5.26                | 10.19       | 5.26        | 10.19       |
| Total  | 31.71               | 28.19       | 31.71       | 28.19       |
| Related parties                                    |                     |             |             |             |
| - Tri Energy Company Limited                       | 0.04                | 0.04        | 0.04        | 0.04        |
| - Thai Oil Power Company Limited                   | —                   | 0.03        | —           | 0.03        |
| Total  | 0.04                | 0.07        | 0.04        | 0.07        |
| Joint venture                                      |                     |             |             |             |
| - District Cooling System and Power Plant Co.,Ltd. | 7.04                | 2.84        | 10.83       | 4.36        |
| Total  | 7.04                | 2.84        | 10.83       | 4.36        |
| Total trade account receivables - related parties  | 38.79               | 31.10       | 257.72      | 307.89      |

Trade account receivables - related parties can be analyzed by categories and outstanding period as follows:

Unit : Million Baht

|                                | Consolidated |                    |             |             |
|--------------------------------|--------------|--------------------|-------------|-------------|
|                                | Energy sales | Service and others | Dec. 31, 06 | Dec. 31, 05 |
| <b>Outstanding period</b>      |              |                    |             |             |
| Undue portion                  | 2.53         | 26.95              | 29.48       | 31.10       |
| Overdue not more than 6 months | —            | 9.31               | 9.31        | —           |
| Total                          | 2.53         | 36.26              | 38.79       | 31.10       |

Unit : Million Baht

|                                | EGAT Only    |                    |             |             |
|--------------------------------|--------------|--------------------|-------------|-------------|
|                                | Energy sales | Service and others | Dec. 31, 06 | Dec. 31, 05 |
| <b>Outstanding period</b>      |              |                    |             |             |
| Undue portion                  | 26.54        | 221.87             | 248.41      | 307.89      |
| Overdue not more than 6 months | —            | 9.31               | 9.31        | —           |
| Total                          | 26.54        | 231.18             | 257.72      | 307.89      |

#### 5.4.2 Other account receivable - related party

Unit : Million Baht

|                                   | Consolidated |             | EGAT Only   |             |
|-----------------------------------|--------------|-------------|-------------|-------------|
|                                   | Dec. 31, 06  | Dec. 31, 05 | Dec. 31, 06 | Dec. 31, 05 |
| Borrowing - EGAT Telecom Co.,Ltd. | —            | —           | —           | 0.51        |

#### 5.4.3 Trade account payables - related parties

Unit : Million Baht

|   | Consolidated |             | EGAT Only   |             |
|---|--------------|-------------|-------------|-------------|
|   | Dec. 31, 06  | Dec. 31, 05 | Dec. 31, 06 | Dec. 31, 05 |
| Independent Power Producers (IPP) and Small Power Producers (SPP) |              |             |             |             |
| Subsidiary  |              |             |             |             |
| - Ratchaburi Electricity Generating Co.,Ltd.                      | —            | —           | 8,669.52    | 6,566.03    |
| Total   | —            | —           | 8,669.52    | 6,566.03    |
| Associated companies  |              |             |             |             |
| - Khanom Electricity Generating Co.,Ltd.                          | 2,323.53     | 2,187.41    | 2,323.53    | 2,187.41    |
| - Rayong Electricity Generating Co.,Ltd.                          | 2,402.89     | 2,245.22    | 2,402.89    | 2,245.22    |
| Total   | 4,726.42     | 4,432.63    | 4,726.42    | 4,432.63    |
| Related parties   |              |             |             |             |
| - Tri Energy Company Limited                                      | 1,716.70     | 1,931.99    | 1,716.70    | 1,931.99    |
| - Thai Oil Power Company Limited                                  | —            | 134.75      | —           | 134.75      |
| Total   | 1,716.70     | 2,066.74    | 1,716.70    | 2,066.74    |
| Joint venture   |              |             |             |             |
| - District Cooling System and Power Plant Co.,Ltd.                | 15.70        | —           | 24.16       | —           |
| Total   | 15.70        | —           | 24.16       | —           |
| Total trade account payables - related parties                    | 6,458.82     | 6,499.37    | 15,136.80   | 13,065.40   |

#### 5.4.4 Revenues and Expenses - Related Parties

Unit : Million Baht

|  | Consolidated         |                      | EGAT Only            |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | Jan. 1 - Dec. 31, 06 | Jan. 1 - Dec. 31, 05 | Jan. 1 - Dec. 31, 06 | Jan. 1 - Dec. 31, 05 |
| <b>Revenues</b>                                    |                      |                      |                      |                      |
| Energy sales                                       |                      |                      |                      |                      |
| - Subsidiary                                       |                      |                      |                      |                      |
| - Ratchaburi Electricity Generating Co.,Ltd.       | —                    | —                    | 106.21               | 146.08               |
| - Associated companies                             |                      |                      |                      |                      |
| - Khanom Electricity Generating Co.,Ltd.           | 4.49                 | 10.86                | 4.49                 | 10.86                |
| - Rayong Electricity Generating Co.,Ltd.           | 10.16                | 9.33                 | 10.16                | 9.33                 |
| - Related parties                                  |                      |                      |                      |                      |
| - Tri Energy Company Limited                       | 0.27                 | 0.25                 | 0.27                 | 0.25                 |
| - Thai Oil Power Company Limited                   | —                    | 0.43                 | —                    | 0.43                 |
| Revenue from services and other goods sales        |                      |                      |                      |                      |
| - Subsidiary                                       |                      |                      |                      |                      |
| - Ratchaburi Electricity Generating Co.,Ltd.       | —                    | —                    | 2,742.30             | 2,678.08             |
| - Associated companies                             |                      |                      |                      |                      |
| - Electricity Generating Public Co.,Ltd.           | —                    | 0.05                 | —                    | 0.05                 |
| - Khanom Electricity Generating Co.,Ltd.           | 9,802.67             | 9,097.79             | 9,802.67             | 9,097.79             |
| - Rayong Electricity Generating Co.,Ltd.           | 9,694.83             | 9,358.36             | 9,694.83             | 9,358.36             |
| - EGCO Engineering and Services Co.,Ltd.           | 14.17                | 71.39                | 14.17                | 71.39                |
| - Joint venture                                    |                      |                      |                      |                      |
| - District Cooling System and Power Plant Co.,Ltd. | 31.99                | 19.61                | 49.22                | 30.17                |
| - Related parties                                  |                      |                      |                      |                      |
| - 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.       | —                    | —                    | 50,251.73            | 44,035.13            |
| - Associated companies                             |                      |                      |                      |                      |
| - Khanom Electricity Generating Co.,Ltd.           | 14,811.40            | 13,346.12            | 14,811.40            | 13,346.12            |
| - Rayong Electricity Generating Co.,Ltd.           | 14,911.42            | 14,132.15            | 14,911.42            | 14,132.15            |
| - Related parties                                  |                      |                      |                      |                      |
| - Tri Energy Company Limited                       | 9,475.93             | 9,818.35             | 9,475.93             | 9,818.35             |
| - Thai Oil Power Company Limited                   | —                    | 701.58               | —                    | 701.58               |
| Cost of services and other goods sales             |                      |                      |                      |                      |
| - Subsidiary                                       |                      |                      |                      |                      |
| - Ratchaburi Electricity Generating Co.,Ltd.       | —                    | —                    | 2,353.88             | 2,357.10             |
| - Associated companies                             |                      |                      |                      |                      |
| - Electricity Generating Public Co.,Ltd.           | —                    | 0.10                 | —                    | 0.10                 |
| - Khanom Electricity Generating Co.,Ltd.           | 9,790.72             | 9,083.84             | 9,790.72             | 9,083.84             |
| - Rayong Electricity Generating Co.,Ltd.           | 9,687.78             | 9,340.01             | 9,687.78             | 9,340.01             |
| - EGCO Engineering and Services Co.,Ltd.           | 5.34                 | 44.25                | 5.34                 | 44.25                |
| - Joint venture                                    |                      |                      |                      |                      |
| - District Cooling System and Power Plant Co.,Ltd. | 32.12                | 17.46                | 49.41                | 26.86                |
| - Related parties                                  |                      |                      |                      |                      |
| - 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, 06         | Dec. 31, 05     | Dec. 31, 06     | Dec. 31, 05     |
| Fuel oil                                  | 3,698.78            | 4,250.32        | 3,076.48        | 3,660.38        |
| Lignite stock                             | 883.23              | 554.82          | 883.23          | 554.82          |
| Spare parts, other materials and supplies | 7,361.16            | 7,835.52        | 6,011.00        | 6,231.76        |
| <b>Less : Allowance for obsolescence</b>  | <u>3,621.22</u>     | <u>3,511.81</u> | <u>3,447.72</u> | <u>3,402.41</u> |
| Balance at end of period                  | <u>8,321.95</u>     | <u>9,128.85</u> | <u>6,522.99</u> | <u>7,044.55</u> |

## 5.6 OTHER ACCOUNT RECEIVABLES - NET

|   | Unit : Million Baht |                 |                 |                 |
|---|---------------------|-----------------|-----------------|-----------------|
|   | Consolidated        |                 | EGAT Only       |                 |
|   | Dec. 31, 06         | Dec. 31, 05     | Dec. 31, 06     | Dec. 31, 05     |
| Employee account receivables                  | 365.27              | 342.67          | 365.27          | 342.67          |
| Other account receivables                     | 3,415.42            | 3,329.45        | 3,415.44        | 3,329.45        |
| <b>Less : Allowance for doubtful accounts</b> | <u>9.14</u>         | <u>19.87</u>    | <u>9.14</u>     | <u>19.87</u>    |
| Balance at end of period                      | <u>3,771.55</u>     | <u>3,652.25</u> | <u>3,771.57</u> | <u>3,652.25</u> |

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

| Unit : Million Baht  |                                  |               |               |                       |             |                    |             |                 |                 |                  |                  |                 |                 |
|--|----------------------------------|---------------|---------------|-----------------------|-------------|--------------------|-------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|
| EGAT Only  |                                  |               |               |                       |             |                    |             |                 |                 |                  |                  |                 |                 |
| Company  | Business                         | Relationship  |               | Paid-up share capital |             | Investment portion |             | Investment      |                 |                  |                  | Dividend        |                 |
|  |                                  | Dec. 31, 06   | Dec. 31, 05   | Dec. 31, 06           | Dec. 31, 05 | Dec. 31, 06        | Dec. 31, 05 | Cost method     |                 | Equity method    |                  | Dec. 31, 06     | Dec. 31, 05     |
|  |                                  |               |               |                       |             |                    |             | Dec. 31, 06     | Dec. 31, 05     | Dec. 31, 06      | Dec. 31, 05      |                 |                 |
| 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        | 11,763.60        | 10,125.60        | 1,305.00        | 1,370.25        |
| EGAT Telecom Company Limited                                     | Telecommunications               | Subsidiary    | Subsidiary    | —                     | 1.00        | —                  | 99.99%      | —               | 0.99            | —                | 0.48             | —               | —               |
| 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%      | <u>350.00</u>   | <u>350.00</u>   | <u>273.81</u>    | <u>312.23</u>    | <u>—</u>        | <u>—</u>        |
|  |                                  |               |               |                       |             |                    |             | <u>6,875.00</u> | <u>6,875.99</u> | <u>12,037.41</u> | <u>10,438.31</u> | <u>1,305.00</u> | <u>1,370.25</u> |
| Electricity Generating Public Company Limited                    | Investment in other companies    | Associated    | Associated    | 5,264.65              | 5,264.65    | 25.41%             | 25.41%      | <u>1,587.55</u> | <u>1,587.55</u> | <u>7,329.72</u>  | <u>6,096.77</u>  | <u>501.65</u>   | <u>401.32</u>   |
|  |                                  |               |               |                       |             |                    |             | <u>8,462.55</u> | <u>8,463.54</u> | <u>19,367.13</u> | <u>16,535.08</u> | <u>1,806.65</u> | <u>1,771.57</u> |

### 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-up 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-up 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-up 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, 2006, RHCO has registered common shares amounting to Baht 14,500 million comprising 1,450 million fully paid-up 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-up 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, 2006, Electricity Generating Public Company Limited (EGCO) has 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-up 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, 2006, EGAT had fully paid-up 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-up 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-up share capital and EGAT accounts for the investment in EGAT Telecom Company Limited as an investment in subsidiary.

On September 29, 2006, EGAT Telecom Co., Ltd., registered to cancel its business and has been winding up with Department of Business Development, Ministry of Commerce on November 9, 2006.

## 5.8 LAND, BUILDINGS AND EQUIPMENTS - NET

Unit : Million Baht

| Cost   | Consolidated |          |            |            |             | EGAT Only  |          |            |             |
|--|--------------|----------|------------|------------|-------------|------------|----------|------------|-------------|
|  | Jan. 1, 06   | Increase | Adjust     | Decrease   | Dec. 31, 06 | Jan. 1, 06 | Increase | Decrease   | Dec. 31, 06 |
| Land   | 5,876.93     | 27.97    | —          | (0.01)     | 5,904.89    | 5,125.48   | 27.97    | (0.01)     | 5,153.44    |
| Land awaiting development                                      | 2,236.23     | —        | —          | —          | 2,236.23    | 2,236.23   | —        | —          | 2,236.23    |
| Structure  | 18,412.94    | 789.69   | —          | (113.28)   | 19,089.35   | 17,922.65  | 742.15   | (113.28)   | 18,551.52   |
| Reservoir, dam   | 28,481.89    | 3.44     | —          | —          | 28,485.33   | 28,481.89  | 3.44     | —          | 28,485.33   |
| Power plants   | 255,544.32   | 2,390.34 | 6,074.57   | (44.37)    | 263,964.86  | 205,909.51 | 154.91   | (44.37)    | 206,020.05  |
| Spare parts for power plant                                    | 11,817.57    | 502.98   | (6,074.57) | (1,224.07) | 5,021.91    | 4,486.65   | 154.03   | —          | 4,640.68    |
| Transmission system  | 120,297.32   | 2,095.42 | —          | (399.07)   | 121,993.67  | 120,297.32 | 2,095.42 | (399.07)   | 121,993.67  |
| Communication system   | 6,684.87     | 681.78   | —          | (72.68)    | 7,293.97    | 6,684.87   | 681.78   | (72.68)    | 7,293.97    |
| Coal handling system   | 4,537.22     | 0.60     | —          | —          | 4,537.82    | 4,537.22   | 0.60     | —          | 4,537.82    |
| Mine equipment   | 2,290.13     | 97.80    | —          | —          | 2,387.93    | 2,290.13   | 97.80    | —          | 2,387.93    |
| Aeroplane and helicopter                                       | 49.99        | 12.26    | —          | —          | 62.25       | 49.99      | 12.26    | —          | 62.25       |
| Spare parts for mine equipment                                 | 42.85        | —        | —          | —          | 42.85       | 42.85      | —        | —          | 42.85       |
| Vehicle  | 2,614.33     | 214.01   | —          | (139.08)   | 2,689.26    | 2,537.69   | 201.56   | (128.36)   | 2,610.89    |
| Other materials and supplies                                   | 10,023.67    | 920.40   | —          | (369.37)   | 10,574.70   | 9,874.67   | 908.96   | (363.97)   | 10,419.66   |
| Total  | 468,910.26   | 7,736.69 | —          | (2,361.93) | 474,285.02  | 410,477.15 | 5,080.88 | (1,121.74) | 414,436.29  |
| Adjustment in consolidated from profit on sale of power plants | (4,818.34)   |          |            |            | (4,839.33)  | —          |          |            | —           |
| Total  | 464,091.92   |          |            |            | 469,445.69  | 410,477.15 |          |            | 414,436.29  |

| Accumulated depreciation                                       | Consolidated |             |            |          |              | EGAT only    |             |          |              |
|--|--------------|-------------|------------|----------|--------------|--------------|-------------|----------|--------------|
|  | Jan. 1, 06   | Increase    | Adjust     | Decrease | Dec. 31, 06  | Jan. 1, 06   | Increase    | Decrease | Dec. 31, 06  |
| Structure  | (10,760.36)  | (729.18)    | —          | 102.66   | (11,386.88)  | (10,634.74)  | (702.34)    | 102.66   | (11,234.42)  |
| Reservoir, dam   | (6,622.13)   | (425.85)    | —          | —        | (7,047.98)   | (6,622.13)   | (425.85)    | —        | (7,047.98)   |
| Power plants   | (114,732.57) | (11,352.01) | (1,738.74) | 29.18    | (127,794.14) | (105,821.05) | (8,651.91)  | 29.18    | (114,443.78) |
| Spare parts for power plant                                    | (3,754.64)   | (554.05)    | 1,738.74   | —        | (2,569.95)   | (2,015.83)   | (553.97)    | —        | (2,569.80)   |
| Transmission system  | (40,440.76)  | (4,413.33)  | —          | 312.08   | (44,542.01)  | (40,440.76)  | (4,413.33)  | 312.08   | (44,542.01)  |
| Communication system   | (4,499.77)   | (579.99)    | —          | 68.98    | (5,010.78)   | (4,499.77)   | (579.99)    | 68.98    | (5,010.78)   |
| Coal handling system   | (3,310.55)   | (157.76)    | —          | —        | (3,468.31)   | (3,310.55)   | (157.76)    | —        | (3,468.31)   |
| Mine equipment   | (2,074.23)   | (64.01)     | —          | —        | (2,138.24)   | (2,074.23)   | (64.01)     | —        | (2,138.24)   |
| Aeroplane and helicopter                                       | (35.00)      | (5.61)      | —          | —        | (40.61)      | (35.00)      | (5.61)      | —        | (40.61)      |
| Spare parts for mine equipment                                 | (31.62)      | (3.29)      | —          | —        | (34.91)      | (31.62)      | (3.29)      | —        | (34.91)      |
| Vehicle  | (2,069.84)   | (186.20)    | —          | 131.33   | (2,124.71)   | (2,045.60)   | (170.12)    | 126.11   | (2,089.61)   |
| Other materials and supplies                                   | (7,736.04)   | (591.04)    | —          | 365.63   | (7,961.45)   | (7,633.75)   | (574.73)    | 362.57   | (7,845.91)   |
| Total  | (196,067.51) | (19,062.32) | —          | 1,009.86 | (214,119.97) | (185,165.03) | (16,302.91) | 1,001.58 | (200,466.36) |
| Adjustment in consolidated from profit on sale of power plants | 773.73       |             |            |          | 970.41       | —            |             |          | —            |
|  | (195,293.78) |             |            |          | (213,149.56) | (185,165.03) |             |          | (200,466.36) |
| Impairment of land awaiting development                        | (423.43)     |             |            |          | (423.43)     | (423.43)     |             |          | (423.43)     |
| Impairment of Power Plant                                      | (15.33)      |             |            |          | (15.33)      | (15.33)      |             |          | (15.33)      |
| Net book value   | 268,359.38   |             |            |          | 255,857.37   | 224,873.36   |             |          | 213,531.17   |

As at December 31, 2006, EGAT has buildings and equipments fully depreciation, while being in use and has book value before deduction of accumulated depreciation in the amount of Baht 35,772.71 million. The details are as follows:

|                                | Unit : Million Baht |
|--------------------------------|---------------------|
|                                | <u>EGAT Only</u>    |
|                                | <u>Dec. 31, 06</u>  |
| Structure                      | 4,378.85            |
| Reservoir, dam                 | 5.45                |
| Power plants                   | 12,603.24           |
| Spare parts for power plant    | 311.63              |
| Transmission system            | 5,089.08            |
| Communication system           | 2,055.41            |
| Coal handling system           | 1,799.02            |
| Mine equipment                 | 1,922.41            |
| Spare parts for mine equipment | 25.68               |
| Vehicle                        | 1,672.44            |
| Other materials and supplies   | 5,909.50            |
| Total                          | <u>35,772.71</u>    |

As at December 31, 2006, EGAT has had the land awaiting development planned to be the construction sites of its new power plants to support the additional demand of electric energy. However, due to the change in power development planning, construction of these power plants has been postponed. 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 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 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 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 reverse the loss on impairment assets previously incurred, and also accounted the additional book value amounting to Baht 188 million. As at December 31, 2006, the net book value of land at Tap Sakae was Baht 1,800 million.

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

## 5.9 INTANGIBLE ASSETS

|  | Consolidated     |                                |   |                               |                      | Unit : Million Baht |
|--|------------------|--------------------------------|---|-------------------------------|----------------------|---------------------|
|  | Land<br>rights   | Computer<br>software<br>rights | Royalty on<br>real property<br>services | Gas piped<br>system<br>rights | Total<br>Dec. 31, 06 | Dec. 31, 05         |
| Balance at beginning of period           | 16,100.11        | 90.21                          | 270.92                                  | —                             | 16,461.24            | 16,141.28           |
| <b>Add :</b> Increase during the period  | 530.03           | 86.10                          | —                                       | 6.25                          | 622.38               | 747.89              |
| Transfer from work<br>under construction | —                | 149.74                         | —                                       | —                             | 149.74               | —                   |
|  | 16,630.14        | 326.05                         | 270.92                                  | 6.25                          | 17,233.36            | 16,889.17           |
| <b>Less :</b> Amortization               | 428.53           | 30.97                          | 6.34                                    | 0.15                          | 465.99               | 427.93              |
| Balance at end of period                 | <u>16,201.61</u> | <u>295.08</u>                  | <u>264.58</u>                           | <u>6.10</u>                   | <u>16,767.37</u>     | <u>16,461.24</u>    |

Unit : Million Baht

|   | EGAT Only        |                          |                                   | Total            |                  |
|---|------------------|--------------------------|-----------------------------------|------------------|------------------|
|   | Land rights      | Computer software rights | Royalty on real property services | Dec. 31, 06      | Dec. 31, 05      |
| Balance at beginning of period          | 16,100.11        | 90.21                    | 270.92                            | 16,461.24        | 16,141.28        |
| <b>Add :</b> Increase during the period | 530.03           | 86.10                    | —                                 | 616.13           | 747.89           |
| Transfer from work under construction   | —                | 149.74                   | —                                 | 149.74           | —                |
|   | 16,630.14        | 326.05                   | 270.92                            | 17,227.11        | 16,889.17        |
| <b>Less :</b> Amortization              | 428.53           | 30.97                    | 6.34                              | 465.84           | 427.93           |
| Balance at end of period                | <u>16,201.61</u> | <u>295.08</u>            | <u>264.58</u>                     | <u>16,761.27</u> | <u>16,461.24</u> |

## 5.10 WORK UNDER CONSTRUCTION

Unit : Million Baht

| Project   | Consolidated     |                  | EGAT Only        |                  |
|---|------------------|------------------|------------------|------------------|
|   | Dec. 31, 06      | Dec. 31, 05      | Dec. 31, 06      | Dec. 31, 05      |
| Expand Transmission System Project                        | 7,946.26         | 5,957.51         | 7,946.26         | 5,957.51         |
| Songkhla Combined Cycle Power Plant Project               | 6,718.28         | 133.60           | 6,718.28         | 133.60           |
| South Bangkok Combined Cycle Power Plant Project - Unit 3 | 478.99           | 5.22             | 478.99           | 5.22             |
| Bang Pakong Combined Cycle Power Plant Project - Unit 5   | 15.16            | —                | 15.16            | —                |
| North Bangkok Combined Cycle Power Plant Project - Unit 1 | 9.43             | —                | 9.43             | —                |
| Others  | 4,876.25         | 5,313.66         | 4,857.99         | 4,468.63         |
| Total   | <u>20,044.37</u> | <u>11,409.99</u> | <u>20,026.11</u> | <u>10,564.96</u> |

On June 7, 2005 and October 25, 2005, the Cabinet approved Songkhla Combined Cycle Power Plant Project amounting to Baht 16,423.65 million and South Bangkok Combined Cycle Power Plant Project - Unit 3 amounting to Baht 15,873.35 million respectively.

On July 25, 2006 and December 12, 2006, the Cabinet approved Bang Pakong Combined Cycle Power Plant Project - Unit 5 amounting to Baht 16,736.50 million and North Bangkok Combined Cycle Power Plant Project - Unit 1 amounting to Baht 17,547.00 million respectively.

As at December 31, 2006, the percentage of completion of the new power plant are as follows:

### Percentage of Completion

|   |       |
|---|-------|
| Songkhla Combined Cycle Power Plant Project               | 74.09 |
| South Bangkok Combined Cycle Power Plant Project - Unit 3 | 22.80 |

## 5.11 OTHER NON-CURRENT ASSETS

### - DEFERRED CHARGES OF THE LIGNITE MINE

Unit : Million Baht

|  | Consolidated    |                 | EGAT Only       |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | Dec. 31, 06     | Dec. 31, 05     | Dec. 31, 06     | Dec. 31, 05     |
| Balance at beginning of period           | 1,446.29        | 2,518.40        | 1,446.29        | 2,518.40        |
| <b>Add :</b> Increase during the period  | 3,324.75        | 3,495.59        | 3,324.75        | 3,495.59        |
| Depreciation                             | 77.42           | 71.41           | 77.42           | 71.41           |
|  | 4,848.46        | 6,085.40        | 4,848.46        | 6,085.40        |
| <b>Less :</b> Amortization               | 3,733.03        | 4,626.43        | 3,733.03        | 4,626.43        |
| Adjustment the expense of the prior year | —               | 12.68           | —               | 12.68           |
| Balance at end of period                 | <u>1,115.43</u> | <u>1,446.29</u> | <u>1,115.43</u> | <u>1,446.29</u> |
| <b>- OTHERS</b>                          | 245.85          | 345.87          | 239.99          | 340.12          |
| Total                                    | <u>1,361.28</u> | <u>1,792.16</u> | <u>1,355.42</u> | <u>1,786.41</u> |

## 5.12 TRADE ACCOUNT PAYABLES - OTHERS

|                                   | Unit : Million Baht |                  |                  |                  |
|-----------------------------------|---------------------|------------------|------------------|------------------|
|                                   | Consolidated        |                  | EGAT Only        |                  |
|                                   | Dec. 31, 06         | Dec. 31, 05      | Dec. 31, 06      | Dec. 31, 05      |
| Neighboring countries' supply     | 1,408.63            | 1,861.15         | 1,408.63         | 1,861.15         |
| Independent Power Producers (IPP) | 7,391.91            | 4,511.53         | 7,391.91         | 4,511.53         |
| Small Power Producers (SPP)       | 6,460.42            | 6,551.95         | 6,460.42         | 6,551.95         |
| Trade payable - fuel and others   | 13,414.46           | 6,386.45         | 13,414.46        | 6,386.45         |
| Others                            | 6,191.48            | 4,901.03         | 6.07             | 4.25             |
| Total                             | <u>34,866.90</u>    | <u>24,212.11</u> | <u>28,681.49</u> | <u>19,315.33</u> |

## 5.13 ACCRUED REMITTANCE TO THE MINISTRY OF FINANCE

EGAT has accrued the appropriation of 35% on EGAT's annual net income before provisions for bonus, which adjusted by share of profits or losses from subsidiaries, associated company and joint venture by using the equity method and dividend received for the annual remittance to the Ministry of Finance. However, the remittance may vary upon the review by the Ministry of Finance.

As at January 1, 2006, EGAT has accrued remittance to the Ministry of Finance amounting to Baht 8,221.59 million and remitted in May 2006 amounting to Baht 4,500 million. For operating result of the six months period ended on June 30, 2006, EGAT computed the provision for remittance to the Ministry of Finance at the 40% amounting to Baht 6,762.70 million and remitted to the Ministry of Finance on October 25, 2006. In addition on December 29, 2006, EGAT have already remitted the remittance to the Ministry of Finance amounting to Baht 3,721.59 million.

As at December 31, 2006, EGAT has total provision for remittance to the Ministry of Finance amounting to Baht 16,380.76 million, calculating from 40% of net income. For the operating result of first half-year, EGAT has already remitted to the Ministry of Finance amounting to Baht 6,762.70 million so as at December 31, 2006, the accrued remittance to the Ministry of Finance equals to Baht 9,618.06 million.

## 5.14 LONG-TERM LOANS

|                   | Unit : Million Baht |                       |                        |                   |
|-------------------|---------------------|-----------------------|------------------------|-------------------|
|                   | Consolidated        |                       | EGAT Only              |                   |
|                   | Current portion     |                       | Current portion        |                   |
|                   | Long-term<br>loans  | of long-term<br>loans | Balance<br>Dec. 31, 06 | Dec. 31, 05       |
| Long-term loans   | 112,822.49          | 10,173.40             | 102,649.09             | 112,300.52        |
| Suppliers' credit | 1,463.95            | 583.60                | 880.35                 | 1,680.82          |
| Total             | <u>114,286.44</u>   | <u>10,757.00</u>      | <u>103,529.44</u>      | <u>113,981.34</u> |

  

|                   | Unit : Million Baht |                       |                        |                  |
|-------------------|---------------------|-----------------------|------------------------|------------------|
|                   | EGAT Only           |                       | EGAT Only              |                  |
|                   | Current portion     |                       | Current portion        |                  |
|                   | Long-term<br>loans  | of long-term<br>loans | Balance<br>Dec. 31, 06 | Dec. 31, 05      |
| Long-term loans   | 82,544.54           | 7,065.48              | 75,479.06              | 82,286.82        |
| Suppliers' credit | 1,463.95            | 583.60                | 880.35                 | 1,680.82         |
| Total             | <u>84,008.49</u>    | <u>7,649.08</u>       | <u>76,359.41</u>       | <u>83,967.64</u> |

## LONG-TERM LOANS

|  | Consolidated                            |                   |   |                   |
|--|---|-------------------|---|-------------------|
|  | Dec. 31, 06                             |                   | Dec. 31, 05                             |                   |
|  | Foreign<br>currencies<br>Unit : Million | Million Baht      | Foreign<br>currencies<br>Unit : Million | Million Baht      |
| <b>Local sources secured by the Ministry of Finance:</b>     |   |                   |   |                   |
| <b>EGAT bonds</b>  |   |                   |   |                   |
| Fixed rate due within 2020                                   | —                                       | <u>37,800.00</u>  | —                                       | <u>46,270.03</u>  |
|  |   | <u>37,800.00</u>  |   | <u>46,270.03</u>  |
| <b>Local sources unsecured by the Ministry of Finance:</b>   |   |                   |   |                   |
| <b>Ministry of Finance</b>                                   |   |                   |   |                   |
| Fixed rate due within 2027                                   | —                                       | 114.61            | —                                       | 118.56            |
| <b>EGAT bonds</b>  |   |                   |   |                   |
| Fixed rate due within 2020                                   | —                                       | 12,900.00         | —                                       | 14,900.00         |
| <b>Debenture</b>   |   |                   |   |                   |
| Fixed rate due within 2008                                   | —                                       | 3,496.54          | —                                       | 5,827.38          |
| Fixed rate due within 2007 and Floating rate due within 2010 | —                                       | 2,997.86          | —                                       | 2,997.25          |
| <b>Bank and financial institutions</b>                       |   |                   |   |                   |
| Floating rate due within 2015                                | —                                       | 23,013.55         | —                                       | 23,495.24         |
| Fixed rate due within 2018                                   | —                                       | <u>770.00</u>     | —                                       | <u>505.75</u>     |
|  |   | <u>43,292.56</u>  |   | <u>47,844.18</u>  |
| <b>Foreign sources secured by the Ministry of Finance:</b>   |   |                   |   |                   |
| <b>Borrowings</b>  |   |                   |   |                   |
| <b>US Dollars:</b>   |   |                   |   |                   |
| Floating rate due within 2015                                | 14.06                                   | 509.50            | 15.63                                   | 643.36            |
| Fixed rate due within 2011                                   | 3.66                                    | 132.77            | 4.48                                    | 184.42            |
| <b>Japanese Yen:</b>   |   |                   |   |                   |
| Fixed rate due within 2013                                   | 51,941.04                               | 15,882.89         | 67,145.63                               | 23,573.82         |
| <b>Euro:</b>   |   |                   |   |                   |
| Fixed rate due within 2015                                   | 0.69                                    | 33.16             | 0.78                                    | 38.22             |
| Fixed rate due within 2037                                   | 87.84                                   | 4,195.96          | 102.96                                  | 5,039.84          |
| <b>Swiss Franc:</b>  |   |                   |   |                   |
| Fixed rate due within 2006                                   | 0.08                                    | —                 | 0.19                                    | 6.07              |
| <b>Canadian Dollars:</b>                                     |   |                   |   |                   |
| Fixed rate due within 2010                                   | 3.40                                    | <u>106.41</u>     | 4.37                                    | <u>155.11</u>     |
|  |   | <u>20,860.69</u>  |   | <u>29,640.84</u>  |
| <b>Bonds</b>   |   |                   |   |                   |
| <b>US Dollars:</b>   |   |                   |   |                   |
| Fixed rate due within 2008                                   | 300.00                                  | <u>10,869.24</u>  | 300.00                                  | <u>12,352.38</u>  |
|  |   | <u>10,869.24</u>  |   | <u>12,352.38</u>  |
| <b>Total</b>   |   | <u>112,822.49</u> |   | <u>136,107.43</u> |
| <b>Less : Current portion of long-term loans</b>             |   | <u>10,173.40</u>  |   | <u>23,806.91</u>  |
| <b>Balance</b>   |   | <u>102,649.09</u> |   | <u>112,300.52</u> |

|  | EGAT Only          |                  |                    |                  |
|--|--------------------|------------------|--------------------|------------------|
|  | Dec. 31, 06        |                  | Dec. 31, 05        |                  |
|  | Foreign currencies | Million Baht     | Foreign currencies | Million Baht     |
|  | Unit : Million     |                  | Unit : Million     |                  |
| <b>Local sources secured by the Ministry of Finance:</b>   |                    |                  |                    |                  |
| <b>EGAT bonds</b>  |                    |                  |                    |                  |
| Fixed rate due within 2020                                 | –                  | <u>37,800.00</u> | –                  | <u>46,270.03</u> |
|  |                    | <u>37,800.00</u> |                    | <u>46,270.03</u> |
| <b>Local sources unsecured by the Ministry of Finance:</b> |                    |                  |                    |                  |
| <b>Ministry of Finance</b>                                 |                    |                  |                    |                  |
| Fixed rate due within 2027                                 | –                  | 114.61           | –                  | 118.56           |
| <b>EGAT bonds</b>  |                    |                  |                    |                  |
| Fixed rate due within 2020                                 | –                  | <u>12,900.00</u> | –                  | <u>14,900.00</u> |
|  |                    | <u>13,014.61</u> |                    | <u>15,018.56</u> |
| <b>Foreign sources secured by the Ministry of Finance:</b> |                    |                  |                    |                  |
| <b>Borrowings</b>  |                    |                  |                    |                  |
| <b>US Dollars:</b>   |                    |                  |                    |                  |
| Floating rate due within 2015                              | 14.06              | 509.50           | 15.63              | 643.36           |
| Fixed rate due within 2011                                 | 3.66               | 132.77           | 4.48               | 184.42           |
| <b>Japanese Yen:</b>                                       |                    |                  |                    |                  |
| Fixed rate due within 2013                                 | 51,941.04          | 15,882.89        | 67,145.63          | 23,573.82        |
| <b>Euro:</b>   |                    |                  |                    |                  |
| Fixed rate due within 2015                                 | 0.69               | 33.16            | 0.78               | 38.22            |
| Fixed rate due within 2037                                 | 87.84              | 4,195.96         | 102.96             | 5,039.84         |
| <b>Swiss Franc:</b>  |                    |                  |                    |                  |
| Fixed rate due within 2006                                 | 0.08               | –                | 0.19               | 6.07             |
| <b>Canadian Dollars:</b>                                   |                    |                  |                    |                  |
| Fixed rate due within 2010                                 | 3.40               | <u>106.41</u>    | 4.37               | <u>155.11</u>    |
|  |                    | <u>20,860.69</u> |                    | <u>29,640.84</u> |
| <b>Bonds</b>   |                    |                  |                    |                  |
| <b>US Dollars:</b>   |                    |                  |                    |                  |
| Fixed rate due within 2008                                 | 300.00             | <u>10,869.24</u> | 300.00             | <u>12,352.38</u> |
|  |                    | <u>10,869.24</u> |                    | <u>12,352.38</u> |
| <b>Total</b>   |                    | 82,544.54        |                    | 103,281.81       |
| <b>Less : Current portion of long-term loans</b>           |                    | <u>7,065.48</u>  |                    | <u>20,994.99</u> |
| <b>Balance</b>   |                    | <u>75,479.06</u> |                    | <u>82,286.82</u> |

As at December 31, 2006 and 2005, long-term loans can be classified by interest rate as follows:

|               | Unit : Million Baht |                   |                  |                   |
|---------------|---------------------|-------------------|------------------|-------------------|
|               | Consolidated        |                   | EGAT Only        |                   |
|               | Dec. 31, 06         | Dec. 31, 05       | Dec. 31, 06      | Dec. 31, 05       |
| Floating rate | 23,523.05           | 24,138.60         | 509.50           | 643.36            |
| Fixed rate    | 89,299.44           | 111,968.83        | 82,035.04        | 102,638.45        |
| Total         | <u>112,822.49</u>   | <u>136,107.43</u> | <u>82,544.54</u> | <u>103,281.81</u> |

Interest rates as at December 31, 2006 are as follows:

|                             | Consolidated      | EGAT Only        |
|-----------------------------|-------------------|------------------|
| EGAT bonds - local source   | 3.295% to 11.250% | 3.295% to 8.554% |
| EGAT bonds - foreign source | 7.00%             | 7.00%            |
| Borrowings - local source   | 3.000% to 7.7500% | 3.00%            |
| Borrowings - foreign source | 0.000% to 8.000%  | 0.000% to 8.000% |
| Debenture                   | 3.67%             |                  |

## 5.15 PROVISION LIABILITIES FOR MINE RECLAMATION

|                                   | Consolidated        |             | EGAT Only   |             |
|-----------------------------------|---------------------|-------------|-------------|-------------|
|                                   | Unit : Million Baht |             |             |             |
|                                   | Dec. 31, 06         | Dec. 31, 05 | Dec. 31, 06 | Dec. 31, 05 |
| Balance at beginning of period    | 1,612.85            | 1,571.37    | 1,612.85    | 1,571.37    |
| Add : Provision during the period | 102.81              | 107.85      | 102.81      | 107.85      |
|                                   | 1,715.66            | 1,679.22    | 1,715.66    | 1,679.22    |
| Less : Mine reclamation expenses  | 50.83               | 61.93       | 50.83       | 61.93       |
| Depreciation                      | 4.32                | 4.44        | 4.32        | 4.44        |
| Balance at end of period          | 1,660.51            | 1,612.85    | 1,660.51    | 1,612.85    |

## 5.16 OTHER NON-CURRENT LIABILITIES

### - DEFERRED INCOME

|                                    | Consolidated        |             | EGAT Only   |             |
|------------------------------------|---------------------|-------------|-------------|-------------|
|                                    | Unit : Million Baht |             |             |             |
|                                    | Dec. 31, 06         | Dec. 31, 05 | Dec. 31, 06 | Dec. 31, 05 |
| Balance at beginning of period     | 4,221.03            | 3,525.79    | 4,221.03    | 3,525.79    |
| Add : Received during the period   | 688.01              | 885.39      | 688.01      | 885.39      |
|                                    | 4,909.04            | 4,411.18    | 4,909.04    | 4,411.18    |
| Less : Recognized to other revenue | 284.48              | 187.97      | 284.48      | 187.97      |
| Refund to contributor              | 6.25                | 0.84        | 6.25        | 0.84        |
| Decrease in depreciation           | 1.34                | 1.34        | 1.34        | 1.34        |
| Balance at end of period           | 4,616.97            | 4,221.03    | 4,616.97    | 4,221.03    |
| - OTHERS                           | 4,644.45            | 3,088.50    | 4,646.55    | 3,088.50    |
| Total                              | 9,261.42            | 7,309.53    | 9,263.52    | 7,309.53    |

## 5.17 EQUITY

### CONTRIBUTION FROM THE GOVERNMENT

|   | Consolidated        |             | EGAT Only   |             |
|---|---------------------|-------------|-------------|-------------|
|   | Unit : Million Baht |             |             |             |
|   | Dec. 31, 06         | Dec. 31, 05 | Dec. 31, 06 | Dec. 31, 05 |
| Capital   | 6,507.64            | 6,507.64    | 6,507.64    | 6,507.64    |
| Contribution for supporting construction of the<br>Srinagarind, Bang Lang, Vajiralongkorn, Rajjaprabha<br>and Pak Mun Dam | 4,364.75            | 4,364.75    | 4,364.75    | 4,364.75    |
| Less : Accumulated depreciation   | 1,371.75            | 1,309.42    | 1,371.75    | 1,309.42    |
| Depreciation for the period   | 62.33               | 62.33       | 62.33       | 62.33       |
|   | 2,930.67            | 2,993.00    | 2,930.67    | 2,993.00    |
| Balance at end of period  | 9,438.31            | 9,500.64    | 9,438.31    | 9,500.64    |

## 5.18 SHARE OF EQUITY FROM SUBSIDIARIES AND ASSOCIATED COMPANY BY USING THE EQUITY METHOD

|   | Consolidated        |             | EGAT Only   |             |
|---|---------------------|-------------|-------------|-------------|
|   | Unit : Million Baht |             |             |             |
|   | Dec. 31, 06         | Dec. 31, 05 | Dec. 31, 06 | Dec. 31, 05 |
| Premium on share capital  | 2,886.91            | 2,886.91    | 2,886.91    | 2,886.91    |
| Unrealized gain on adjustment value of investments in<br>marketable securities available for sale - net | 198.28              | 149.25      | 198.28      | 149.25      |
| Adjustment from translation the financial statements<br>of foreign company                              | (3.51)              | (24.67)     | (3.51)      | (24.67)     |
| Total   | 3,081.68            | 3,011.49    | 3,081.68    | 3,011.49    |

## 5.19 COST OF ELECTRIC ENERGY SALES

|                       | Unit : Million Baht  |                      |                      |                      |
|-----------------------|----------------------|----------------------|----------------------|----------------------|
|                       | Consolidated         |                      | EGAT only            |                      |
|                       | Jan. 1 - Dec. 31, 06 | Jan. 1 - Dec. 31, 05 | Jan. 1 - Dec. 31, 06 | Jan. 1 - Dec. 31, 05 |
| Electricity purchased | 111,983.31           | 99,175.37            | 162,414.68           | 143,210.33           |
| Fuel                  | 127,058.21           | 103,904.68           | 89,065.80            | 72,423.14            |
| Generating expenses   | 27,343.21            | 26,122.57            | 22,767.48            | 21,787.93            |
| Transmission expenses | 9,535.56             | 9,071.41             | 9,535.56             | 9,071.41             |
| Total                 | <u>275,920.29</u>    | <u>238,274.03</u>    | <u>283,783.52</u>    | <u>246,492.81</u>    |

## 5.20 GAINS ON FOREIGN EXCHANGE

|  | Unit : Million Baht  |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | Consolidated         |                      | EGAT only            |                      |
|  | Jan. 1 - Dec. 31, 06 | Jan. 1 - Dec. 31, 05 | Jan. 1 - Dec. 31, 06 | Jan. 1 - Dec. 31, 05 |
| Gains on rate of exchange from<br>repayment of long term debts   | 225.93               | 280.55               | 225.93               | 280.55               |
| Gains on rate of exchange at the end of years<br>from translating account receivable<br>and account payable    | 4,426.90             | 1,933.25             | 4,426.90             | 1,933.25             |
| Losses on rate of exchange at the end of years<br>from translating foreign deposit account (USD)<br>and others | (779.66)             | (459.66)             | (780.43)             | (460.71)             |
| Total  | <u>3,873.17</u>      | <u>1,754.14</u>      | <u>3,872.40</u>      | <u>1,753.09</u>      |

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

In 2006, EGAT recognized the share of profit from its associated, Electricity Generating Public Company Limited in the amount of Baht 1,664.40 million and from its subsidiaries and joint venture in the amount of Baht 2,904.50 million, which recognized the share of profit from Ratchaburi Electricity Generating Holding Public Company Limited in the amount of Baht 2,943.00 million and the share of loss from District Cooling System and Power Plant in the amount of Baht 38.42 million and the share of loss from EGAT Telecom Co.,Ltd., in the amount of Baht 0.08 million for the last period due to it was registered to cancel its business on September 29, 2006.

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 the EGAT's statements of income. As these transactions are intercompany transactions with subsidiaries and joint venture, therefore, these are not presented in the consolidated financial statements.

## 5.22 INTEREST EXPENSES

Unit : Million Baht

|   | Consolidated      |                                      |                      |                      |
|---|-------------------|--------------------------------------|----------------------|----------------------|
|   | Interest expenses | Other expenses relating to the loans | Total                |                      |
|   |                   |                                      | Jan. 1 - Dec. 31, 06 | Jan. 1 - Dec. 31, 05 |
| Capitalized to projects under construction    | 177.10            | 1.04                                 | 178.14               | 341.73               |
| Interest expenses in the statements of income | 6,863.73          | 5.14                                 | 6,868.87             | 7,222.10             |
| Total   | <u>7,040.83</u>   | <u>6.18</u>                          | <u>7,047.01</u>      | <u>7,563.83</u>      |

Unit : Million Baht

|   | EGAT only         |                                      |                      |                      |
|---|-------------------|--------------------------------------|----------------------|----------------------|
|   | Interest expenses | Other expenses relating to the loans | Total                |                      |
|   |                   |                                      | Jan. 1 - Dec. 31, 06 | Jan. 1 - Dec. 31, 05 |
| Capitalized to projects under construction    | 177.10            | 1.04                                 | 178.14               | 341.73               |
| Interest expenses in the statements of income | 5,398.48          | 5.14                                 | 5,403.62             | 6,013.22             |
| Total   | <u>5,575.58</u>   | <u>6.18</u>                          | <u>5,581.76</u>      | <u>6,354.95</u>      |

## 5.23 OPERATING RESULT

In 2006, net income of EGAT amounted to Baht 40,633.66 million increased from 2005 by Baht 40,806.79 million. In 2005, EGAT has net loss of Baht 173.13 million as on August 30, 2005, the Cabinet approved the proposed resolution regarding the criteria in determining the electricity tariff structure including the impact of an automatic energy price adjustment submitted by the National Energy Policy Council's Meeting No. 3/2548 (No.101), 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 September 30, 2005 in the amount of Baht 31,035.65 million. Besides, EGAT wrote off the accrued Ft receivable for the prior accounting period of 2005 amounting to Baht 4,794.12 million according to the previously mentioned Cabinet's conclusion. Moreover, in 2006, EGAT recognized gains on foreign exchange amounting to Baht 3,872.40 million which was greater than year 2005 that recognized Baht 1,753.09 million of gains on foreign exchange by amounting to Baht 2,119.31 million.

## 5.24 INCOME TAX

As a state enterprise, EGAT is exempted from the corporate income tax. By virtue of the provisions of the Industrial Investment Promotional Act B.E. 2520, Ratchaburi Electricity Generating Co.,Ltd., which is a subsidiary of Ratchaburi Electricity Generating Holding Public Company Limited and District Cooling System and Power Plant Company Limited, which is a joint venture, have been exempted from payment of income tax for a period of 8 years from the start of commercial operations (October 31, 2000 for the Thermal Generating Power Plant, April 18, 2002 for the Combined Cycle Generating Power Plant and June 2006 which District Cooling System and Power Plant Company Limited has operating revenue). As a promoted company, the company must comply with certain terms and conditions as specified in the promotional certificates.

## 5.25 FIRE ACCIDENT AT BANG PAKONG COMBINED CYCLE POWER PLANT - UNIT 1

On August 2, 2006, at 8.30 am there was fire accident at Turbine Boiler Feed Pump no. 101, surrounding Bang Pakong Combined Cycle Power Plant - Unit 1. Such equipment was in insurance policy coverage of EGAT with the cost to cover Baht 4,000 million except the first damage of Baht 500 million that will not be covered. Approximate damage loss and recovery period was Baht 96.14 million and 10 months respectively. EGAT has set up the committee to inquire who is responsible. EGAT has recognized expenses related to accident recovery amounting to Baht 24.58 million in 2006 and has not made any contract to fix such equipment.

## 5.26 PROVISION FOR DAMAGE LOSS DUE TO FIRE ACCIDENT

As a consequence of the fire accident at flue gas desulfurization of thermal power plant unit 1 of Ratchaburi Electricity Generating Co.,Ltd., which is subsidiary of Ratchaburi Electricity Generating Holding Public Company Limited on October 13, 2005. Ratchaburi Electricity Generating Co.,Ltd., has recovered the flue gas desulfurization during 2006, however the recovery has not yet completed as of December 31, 2006. The damage loss from this fire accident was partially compensated by insurance company. For the rest of compensation it was in the process of reaching conclusion about cost to cover that will be used in calculation of damage loss compensation. As at December 31, 2006, Ratchaburi Electricity Generating Co.,Ltd., estimated and set up provision for damage loss amounting to Baht 750 million from such recovery contract.

## 6. CONTINGENT LIABILITIES

As at December 31, 2006, contingent liabilities, which are not recorded in the financial statements are the calling for EGAT to pay additional compensation. The Civil Court judged that EGAT was liable for the additional payment of 52 lawsuits amounting to Baht 367.18 million. At present EGAT is in the process of appealing the court's verdict.

## 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 generating electricity, 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, 2006 EGAT entered into 60 Power Purchase Agreements with total commitments amounting to approximately Baht 4,200,238 million and total production capacity of 16,111 megawatts.

| Power producers  | Company | Capacity<br>(megawatt) | Remaining contract |             | Amount<br><br>(Million Baht) | Availability   | Energy         |
|--|---------|------------------------|--------------------|-------------|------------------------------|----------------|----------------|
|  |         |                        | period             |             |                              | payment (AP)   | payment(EP)    |
|  |         |                        | (years)            |             |                              | (Million Baht) | (Million Baht) |
| Power Project Developers in Lao People's Democratic Republic |         |                        |                    |             |                              |                |                |
| Theun Hinboun Power Company Limited                          | 1       | 220                    | 17                 | 2007 - 2023 | 39,866                       | –              | 39,866         |
| Houay Ho Power Company Limited                               | 1       | 126                    | 23                 | 2007 - 2029 | 25,277                       | –              | 25,277         |
| Nam Theun Project 2  | 1       | 920                    | 25                 | 2010 - 2034 | 229,548                      | –              | 229,548        |
| Nam Ngum Project 2   | 1       | 454                    | 27                 | 2011 - 2037 | 119,906                      | –              | 119,906        |
| Independent Power Producers (IPP)                            |         |                        |                    |             |                              |                |                |
| Rayong Electricity Generating Company Limited (REGCO)        | 1       | 1,170                  | 8                  | 2007 - 2014 | 108,171                      | 22,043         | 86,128         |
| Khanom Electricity Generating Company Limited (KEGCO)        | 1       | 818                    | 10                 | 2007 - 2016 | 109,120                      | 22,373         | 86,747         |
| Tri Energy Company Limited (TECO)                            | 1       | 700                    | 14                 | 2007 - 2020 | 115,076                      | 23,857         | 91,219         |
| Eastern Power Electric Company Limited (EPEC)                | 1       | 350                    | 17                 | 2007 - 2023 | 82,209                       | 24,825         | 57,384         |
| Independent Power (Thailand) Company Limited (IPT)           | 1       | 700                    | 19                 | 2007 - 2025 | 161,369                      | 32,269         | 129,100        |
| Ratchaburi Electricity Generating Company Limited (RGC0)     | 1       | 3,481                  | 21                 | 2007 - 2027 | 980,878                      | 176,472        | 804,406        |
| Glow IPP Company Limited (BOWIN)                             | 1       | 713                    | 22                 | 2007 - 2028 | 199,581                      | 43,980         | 155,601        |
| Gulf Electric Company Limited (GULF)                         | 1       | 1,468                  | 27                 | 2007 - 2033 | 502,622                      | 120,532        | 382,090        |
| Ratchaburi Power Company Limited (RPCL)                      | 1       | 1,400                  | 26                 | 2008 - 2033 | 469,437                      | 104,602        | 364,835        |
| BLCP Power Company Limited (BLCP)                            | 1       | 1,347                  | 26                 | 2007 - 2032 | 384,002                      | 171,828        | 212,174        |
| Small Power Producers (SPP)                                  | 46      | 2,244                  | 15 - 25 Years      |             | 673,176                      | 182,246        | 490,930        |
| Total  | 60      | 16,111                 |                    |             | 4,200,238                    | 925,027        | 3,275,211      |

## 7.2 LETTER OF CREDIT

As at December 31, 2006, EGAT has unused letters of credit, which are not expired, amounting to approximately Baht 5,044.58 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, 2006 and 2005 are as follows:

| Terms of cross currency swap agreements | Unit : Million Baht |                  |
|---|---------------------|------------------|
|   | Dec. 31, 06         | Dec. 31, 05      |
| Yen 9,979 million / Baht 3,692 million  | 2,840.45            | 3,408.54         |
| Yen 19,899 million / Baht 7,283 million | 5,202.37            | 6,242.84         |
| Yen 11,424 million / Baht 4,145 million | 2,659.60            | 3,191.52         |
| Yen 10,000 million / Baht 3,575 million | 1,021.43            | 2,042.86         |
| Yen 6,712 million / Baht 2,456 million  | 1,996.08            | 2,303.17         |
| Yen 12,196 million / Baht 4,463 million | 3,777.14            | 4,463.89         |
| Yen 1,093 million / Baht 365 million    | 304.35              | —                |
| Yen 1,469 million / Baht 489 million    | 407.69              | —                |
| Yen 1,286 million / Baht 428 million    | 356.92              | —                |
| Yen 1,179 million / Baht 390 million    | 354.78              | —                |
| Yen 6,680 million / USD 61 million      | 1,585.95            | 2,523.30         |
| USD 127 million / Yen 14,850 million    | —                   | 1,042.72         |
| 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         |
| EUR 26 million / Baht 1,220 million     | 609.95              | 813.28           |
| Total                                   | <u>29,136.71</u>    | <u>34,052.12</u> |

To reduce the risk from foreign currency exposure, EGAT has the continue currency swap agreements of Yen 9,979 million / Baht 3,692 million and Yen 19,899 million / Baht 7,283 million from the residual amount of currency swap agreements of Yen 12,283 million / USD 115 million and Yen 22,743 million / USD 213 million respectively.

The maturity of agreements can be analyzed as follows :

|                            | Unit : Million Baht |                  |
|----------------------------|---------------------|------------------|
|                            | Dec. 31, 06         | Dec. 31, 05      |
| More than 1 year - 5 years | 10,627.38           | 13,628.88        |
| More than 5 years          | <u>18,509.33</u>    | <u>20,423.24</u> |
| Total                      | <u>29,136.71</u>    | <u>34,052.12</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 agreement of Yen 20,000 million is 1.50% p.a. The period of interest rate swap agreements is equal to the period loan agreement, which is 7 years.

As at December 31, 2006 and 2005, the maturity periods and amounts of interest rate swap agreements are as follows:

|         | Unit : Million Baht |                 |
|---------|---------------------|-----------------|
|         | Dec. 31, 06         | Dec. 31, 05     |
| 5 years | —                   | 1,042.72        |
| 7 years | <u>873.68</u>       | <u>2,006.20</u> |
| Total   | <u>873.68</u>       | <u>3,048.92</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, the purchase of electricity from foreign country and payment by letter of credit. The forward exchange contracts are agreement to buy foreign currency at a pre-agreed future exchange rate in time specified in the contracts.

EGAT has conducted a forward exchange contracts in the amount of JPY 7.299 million equivalent to Baht 2.238 million and USD 0.245 million equivalent to Baht 8.744 million for payment by letter of credit.

As at December 31, 2005, EGAT did not have any forward exchange contracts but as at December 31, 2006, EGAT has a forward exchange contracts as follows:

|                                    | Unit : Million Baht |             |
|------------------------------------|---------------------|-------------|
|                                    | Dec. 31, 06         | Dec. 31, 05 |
| Exchange rate : THB 35.626 = USD 1 | 8.74                | —           |
| Exchange rate : THB 0.3066 = JPY 1 | <u>2.24</u>         | <u>—</u>    |
| Total                              | <u>10.98</u>        | <u>—</u>    |

# Audit Fee

EGAT's financial statements are audited by the Office of the Auditor General of Thailand. For fiscal year 2006, audit fees and expenses total Baht 1,900,000 comprising Baht 1,000,000 fee for the annual audit, Baht 600,000 fees for the reviews of quarterly financial statements totaling three quarters or Baht 200,000 for each quarter and Baht 300,000 fees for the audits of account unbundling.