

FINANCIAL 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, 2007 and 2006, 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 included in the consolidated financial statements. 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 financial statements. As at December 31, 2007, assets and liabilities of the above subsidiary included in the consolidated financial statements constitute 16.31% and 16.94% and as at December 31, 2006 constitute 17.51% and 19.47%, respectively.

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 the management, as well as evaluating the overall financial statement presentation. The Office of the Auditor General of Thailand believes that the audits together with the other auditor's report as above - mentioned 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, 2007 and 2006, and the results of operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

In expressing an opinion on these financial statements, unconditionally the Office of the Auditor General of Thailand draws attention on Note 5.1, the Electricity Generating Authority of Thailand has changed the accounting policy for investments in subsidiaries, associates and jointly controlled entities presented in the Electricity Generating Authority of Thailand's financial statements from the equity method to the cost method in accordance with the Accounting Standard No.44 (Revised 2007).

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

(Signed) *Ladawan Supaprasert*
(Ladawan Supaprasert)
Acting Director of Audit Office

Office of the Auditor General

March 3, 2008

ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES

BALANCE SHEETS

AS AT DECEMBER 31, 2007 AND 2006

Unit : Baht

	Notes	Consolidated		EGAT only	
		2007	2006	2007	2006 (Restated)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4.3, 6.1	32,573,737,447	20,405,255,889	30,653,716,334	17,193,855,099
Short-term investments	6.2	19,426,371,588	32,349,992,478	10,131,613,809	24,589,629,195
Investment in bills of exchange pledged as collateral		1,000,000	-	-	-
Current portion of long-term investments		545,701,523	344,108,381	-	-
Trade account receivables - others - net	4.4, 5.3, 6.3	39,454,994,637	34,289,395,792	39,397,269,714	34,201,812,355
Trade account receivables - related parties	4.4, 4.17, 5.3, 6.4.1	1,605,161,032	3,165,100,056	2,060,442,636	3,384,033,552
Materials and supplies - net	4.5, 6.5	7,776,021,882	8,321,947,320	5,844,253,935	6,522,988,235
Other current assets					
Other account receivables - net	4.4, 5.3, 6.6	462,298,454	645,244,718	462,576,757	645,255,367
Derivative assets	4.6, 5.2, 6.7.1	177,437,293	-	177,437,293	-
Others		5,625,172,057	6,282,672,672	5,637,139,744	5,747,892,652
Total current assets		107,647,895,913	105,803,717,306	94,364,450,222	92,285,466,455
NON-CURRENT ASSETS					
Investment in subsidiaries and joint venture					
by using the cost method	4.7, 5.1, 6.8	-	-	6,925,000,000	6,875,000,000
Investment in associated company by using the					
cost method	4.7, 5.1, 6.8	-	-	1,587,550,233	1,587,550,233
Investment in associated company by using the					
equity method	4.7, 5.1, 6.8	8,999,575,061	7,329,721,140	-	-
Share of interest in joint venture of subsidiary		5,676,028,712	3,985,924,832	-	-
Long-term loans to related party		17,500,000	-	-	-
Long-term investments - net		116,621,510	628,885,161	-	-
Land, buildings and equipments - net	4.8, 4.9, 6.9	246,326,462,291	255,857,374,450	206,223,158,155	213,531,165,564
Intangible assets	4.10, 6.10	16,682,542,636	16,767,368,089	16,676,762,327	16,761,275,331
Work under construction	6.11	43,096,269,791	20,044,368,793	43,077,206,875	20,026,112,614
Other non-current assets	4.11, 6.12	2,484,024,936	1,411,040,993	1,959,498,233	1,405,180,386
Total non-current assets		323,399,024,937	306,024,683,458	276,449,175,823	260,186,284,128
TOTAL ASSETS		431,046,920,850	411,828,400,764	370,813,626,045	352,471,750,583

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, 2007 AND 2006

Unit : Baht

	Notes	Consolidated		EGAT only	
		2007	2006	2007	2006
					(Restated)
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade account payables - others	6.13	39,495,656,067	34,866,905,712	34,120,579,189	28,681,494,524
Trade account payables - related parties	4.17, 6.4.2	4,574,313,594	6,458,822,331	11,949,396,606	15,136,797,079
Current portion of long - term loans	4.12, 6.15	23,191,937,534	10,756,998,071	19,532,819,831	7,649,081,967
Other current liabilities					
Other account payables		12,185,133,131	6,313,007,281	12,174,071,641	6,057,080,704
Accrued remittance to the Ministry of Finance	6.14	4,393,706,000	9,618,061,574	4,393,706,000	9,618,061,574
Accrued interest expenses		1,108,559,385	1,188,127,458	1,096,615,206	1,176,569,704
Derivative liabilities	4.6, 5.2, 6.7.2	2,746,996,105	-	2,746,996,105	-
Others		7,383,332,119	8,445,309,439	6,975,872,360	7,126,485,142
Total current liabilities		95,079,633,935	77,647,231,866	92,990,056,938	75,445,570,694
NON-CURRENT LIABILITIES					
Long -term loans	4.12, 6.15	80,071,802,681	103,529,444,860	56,560,886,129	76,359,410,606
Provision liabilities for mine reclamation	4.13, 6.16	1,717,922,912	1,660,508,008	1,717,922,912	1,660,508,008
Other non-current liabilities	4.15, 6.17	16,906,899,304	9,261,419,396	16,906,899,304	9,263,519,396
Total non-current liabilities		98,696,624,897	114,451,372,264	75,185,708,345	87,283,438,010
TOTAL LIABILITIES		193,776,258,832	192,098,604,130	168,175,765,283	162,729,008,704
EQUITY					
Contribution from the government	6.18	9,375,974,395	9,438,307,158	9,375,974,395	9,438,307,158
Share of equity from subsidiary and associated company by using the equity method	4.7, 6.19	3,079,319,126	3,081,683,456	-	-
Surplus from royalty on real property service	4.10.2	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		123,540,342,980	107,466,200,728	112,600,752,174	99,643,300,528
TOTAL EGAT'S EQUITY		216,656,770,694	200,647,325,535	202,637,860,762	189,742,741,879
MINORITY INTEREST		20,613,891,324	19,082,471,099	-	-
TOTAL EQUITY		237,270,662,018	219,729,796,634	202,637,860,762	189,742,741,879
TOTAL LIABILITIES AND EQUITY		431,046,920,850	411,828,400,764	370,813,626,045	352,471,750,583

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

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

(Signed) Mr. Sombat Sarntijaree
(Mr. Sombat Sarntijaree)
Governor

ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Unit : Baht

	Notes	Consolidated		EGAT only	
		2007	2006	2007	2006
					(Restated)
REVENUES					
Revenue from electric energy sales	4.1	332,299,858,327	329,383,169,103	331,914,098,364	329,249,760,979
Revenue from sales of other goods and services	6.20	20,049,900,179	20,677,649,757	23,630,031,248	23,276,686,512
Total revenue from sales and services		352,349,758,506	350,060,818,860	355,544,129,612	352,526,447,491
COST OF SALES					
Cost of electric energy sales	6.21	287,389,628,870	275,920,285,672	293,357,346,725	283,783,524,831
Cost of sales of other goods and services	6.22	19,767,960,466	20,405,888,380	22,979,279,963	22,759,826,365
Total cost of sales and services		307,157,589,336	296,326,174,052	316,336,626,688	306,543,351,196
GROSS PROFIT		45,192,169,170	53,734,644,808	39,207,502,924	45,983,096,295
SELLING AND ADMINISTRATIVE EXPENSES		11,162,301,085	11,022,410,642	10,490,667,305	10,483,513,047
INCOME FROM SALES OF GOODS AND SERVICES		34,029,868,085	42,712,234,166	28,716,835,619	35,499,583,248
OTHER REVENUES					
Bank interests	4.2	1,732,529,520	1,555,634,065	1,151,967,994	1,005,809,566
Dividends income	6.8	-	-	1,938,788,064	1,806,651,232
Insurance compensation from fire cause		707,772,479	-	-	-
Profit on disposal of assets		181,582,010	120,001,431	181,582,010	120,001,431
Gains on foreign exchange	4.12, 6.23	1,084,957,645	3,873,172,372	1,084,889,013	3,872,396,131
Others		1,597,572,785	1,033,234,847	1,478,282,132	970,586,617
Total other revenues		5,304,414,439	6,582,042,715	5,835,509,213	7,775,444,977
OTHER EXPENSES					
Loss on investment from EGAT Telecom Co., Ltd.		-	-	-	605,675
Losses on changes in the fair value of derivatives		1,144,673,639	-	1,144,673,639	-
Others		-	750,240,421	-	-
Total other expenses		1,144,673,639	750,240,421	1,144,673,639	605,675
OPERATING INCOME		38,189,608,885	48,544,036,460	33,407,671,193	43,274,422,550
SHARE OF PROFIT FROM ASSOCIATED COMPANY					
BY USING THE EQUITY METHOD	5.1, 6.24	2,168,379,029	1,664,403,050	-	-
SHARE OF PROFIT FROM JOINT VENTURE OF					
SUBSIDIARY BY USING THE EQUITY METHOD		792,631,790	727,499,223	-	-
INCOME BEFORE INTEREST EXPENSES		41,150,619,704	50,935,938,733	33,407,671,193	43,274,422,550
INTEREST EXPENSES	4.16, 6.25	(5,859,183,953)	(6,868,867,312)	(4,463,754,156)	(5,403,623,164)
INCOME BEFORE INCOME TAX		35,291,435,751	44,067,071,421	28,943,917,037	37,870,799,386
INCOME TAX		(97,035,168)	(75,094,496)	-	-
INCOME BEFORE NET INCOME OF MINORITY INTEREST		35,194,400,583	43,991,976,925	28,943,917,037	37,870,799,386
NET INCOME OF MINORITY INTEREST		(3,206,170,226)	(3,358,320,025)	-	-
NET INCOME		31,988,230,357	40,633,656,900	28,943,917,037	37,870,799,386

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

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

(Signed) Mr. Sombat Sarntijaree
(Mr. Sombat Sarntijaree)
Governor

ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
Consolidated

	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 EGAT's equity	Minority interest	Unit : Baht Total equity
		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			
Balance at December 31, 2005	9,500,639,921	2,886,909,938	149,253,085	(24,674,038)	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	-	-	7,861,708	-	7,861,708
Remittance to the Ministry of Finance (Jan - Jun, 06)	-	-	-	-	-	-	(6,762,700,000)	-	(6,762,700,000)
Provision for remittance to the Ministry of Finance (Jul - Dec, 06)	-	-	-	-	-	-	(9,618,061,574)	-	(9,618,061,574)
Net income for the period	-	-	-	-	-	-	40,633,656,900	-	40,633,656,900
Total Equity	9,438,307,158	2,886,909,938	198,282,131	(3,508,613)	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)	80,186,366,913	107,466,200,728	200,647,325,535	19,082,471,099	219,729,796,634
Balance at December 31, 2006	9,438,307,158	2,886,909,938	198,282,131	(3,508,613)	80,186,366,913	107,466,200,728	200,647,325,535	19,082,471,099	219,729,796,634
Adjustment of derivatives as at January 1, 2007	-	-	-	-	-	-	(2,607,343,679)	-	(2,607,343,679)
Increase (Decrease) during the period	(62,332,763)	-	(42,198,912)	39,834,582	-	-	(64,697,093)	593,727,424	529,030,331
Increase provision for remittance to the Ministry of Finance of 2006	-	-	-	-	-	-	(38,426)	-	(38,426)
Remittance to the Ministry of Finance (Jan - Jun, 07)	-	-	-	-	-	-	(8,913,000,000)	-	(8,913,000,000)
Provision for remittance to the Ministry of Finance (Jul - Dec, 07)	-	-	-	-	-	-	(4,393,706,000)	-	(4,393,706,000)
Net income for the period	-	-	-	-	-	-	31,988,230,357	-	31,988,230,357
Total Equity	9,375,974,395	2,886,909,938	156,083,219	36,325,969	80,186,366,913	123,540,342,980	216,656,770,694	19,676,198,523	236,332,969,217
Minority interest	-	-	-	-	-	-	-	937,692,801	937,692,801
Balance at December 31, 2007	9,375,974,395	2,886,909,938	156,083,219	36,325,969	80,186,366,913	123,540,342,980	216,656,770,694	20,613,891,324	237,270,662,018

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, 2007 AND 2006
EGAT Only

	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		Unit : Baht Total equity
		Premium on share capital	Unrealized gain on adjustment value of investments in market securities	Adjustment from translation the financial statements of foreign company	Total	appropriated		unappropriated		
Balance at December 31, 2005 (Before adjustment)	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	
Accumulated from changes in accounting policy	-	(2,886,909,938)	(149,253,085)	24,674,038	(3,011,488,985)	-	-	(5,060,042,686)	(8,071,531,671)	
Balance at December 31, 2005 (After adjustment)	9,500,639,921	-	-	-	-	474,767,280	80,186,366,913	78,153,262,716	168,315,036,830	
Increase (Decrease) during the period	(62,332,763)	-	-	-	-	-	-	-	(62,332,763)	
Remittance to the Ministry of Finance (Jan - Jun, 06)	-	-	-	-	-	-	-	-	(6,762,700,000)	
Provision for remittance to the Ministry of Finance (Jul - Dec, 06)	-	-	-	-	-	-	-	(9,618,061,574)	(9,618,061,574)	
Net income for the period	-	-	-	-	-	-	-	37,870,799,386	37,870,799,386	
Balance at December 31, 2006 (After adjustment)	9,438,307,158	-	-	-	-	474,767,280	80,186,366,913	99,643,300,528	189,742,741,879	
Balance at December 31, 2006 (Before adjustment)	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	
Accumulated from changes in accounting policy	-	(2,886,909,938)	(198,282,131)	3,508,613	(3,081,683,456)	-	-	(7,822,900,200)	(10,904,583,656)	
Balance at December 31, 2006 (After adjustment)	9,438,307,158	-	-	-	-	474,767,280	80,186,366,913	99,643,300,528	189,742,741,879	
Adjustment of derivatives as at January 1, 2007	-	-	-	-	-	-	-	(2,679,720,965)	(2,679,720,965)	
Increase (Decrease) during the period	(62,332,763)	-	-	-	-	-	-	-	(62,332,763)	
Increase provision for remittance to the Ministry of Finance of 2006	-	-	-	-	-	-	-	(38,426)	(38,426)	
Remittance to the Ministry of Finance (Jan - Jun, 07)	-	-	-	-	-	-	-	(8,913,000,000)	(8,913,000,000)	
Provision for remittance to the Ministry of Finance (Jul - Dec, 07)	-	-	-	-	-	-	-	(4,393,706,000)	(4,393,706,000)	
Net income for the period	-	-	-	-	-	-	-	28,943,917,037	28,943,917,037	
Balance at December 31, 2007	9,375,974,395	-	-	-	-	474,767,280	80,186,366,913	112,600,752,174	202,637,860,762	

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, 2007 AND 2006

	Notes	Consolidated		EGAT only	
		2007	2006	2007	2006
					(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income		31,988,230,357	40,633,656,900	28,943,917,037	37,870,799,386
Adjustments to reconcile net income to net cash inflows (outflows) from operating activities					
Depreciation		18,769,698,161	18,876,704,258	15,960,490,138	16,117,280,322
Donation assets		(83,593,124)	-	(83,593,124)	-
Amortization of land rights	6.10	523,675,602	428,531,072	523,675,602	428,531,072
Amortization of computer software rights	6.10	34,688,165	30,969,527	34,688,165	30,969,527
Amortization of royalty on real property service	6.10	6,337,356	6,337,358	6,337,356	6,337,358
Amortization of gas pipe system rights	6.10	312,449	156,225	-	-
Amortization of deferred loan fees		30,822,296	30,822,296	-	-
Amortization of deferred charges of the lignite mine	6.12	3,381,984,945	3,733,032,926	3,381,984,945	3,733,032,926
Doubtful debts		8,805,352	14,158,168	8,805,352	14,158,168
Bad debts		4,500	-	4,500	-
Allowance for obsolescence on materials and supplies		219,629,440	109,418,538	114,772,564	45,309,929
Reserve for loss from fire cause		(211,631,517)	750,240,421	-	-
Profit on disposal of assets		(181,582,010)	(120,001,431)	(181,582,010)	(120,001,431)
Revenue from deferred income	6.17	(361,796,113)	(284,488,414)	(361,796,113)	(284,488,414)
Realized (gains) losses on rate of exchange from repayment of long-term loans		246,224,301	(225,928,913)	246,224,301	(225,928,913)
Unrealized gains on rate of exchange at the end of years from revaluation of assets and liabilities		(900,299,905)	(4,426,900,415)	(900,299,905)	(4,426,900,415)
Unrealized gains on changes in the fair value of derivatives		(110,162,153)	-	(110,162,153)	-
Dividends received from subsidiary	6.8	-	-	(1,370,250,000)	(1,305,000,000)
Dividends received from associated company	6.8	-	-	(568,538,064)	(501,651,232)
Loss on investment from EGAT Telecom Company Limited		-	-	-	605,675
Share of profit from associated company by using the equity method	6.24	(2,168,379,029)	(1,664,403,050)	-	-
Share of profit from joint venture of subsidiary by using the equity method		(792,631,790)	(727,499,223)	-	-
Net income of minority interest		3,206,170,226	3,358,320,025	-	-
Net income from operating activities before changing in assets and liabilities		53,606,507,509	60,523,126,268	45,644,678,591	51,383,053,958
Decrease (Increase) in assets					
Trade account receivables		(3,614,573,901)	(9,902,770,513)	(3,880,780,523)	(9,757,326,285)
Other account receivables		183,049,947	73,310,124	182,782,293	73,809,475
Materials and supplies		326,295,998	697,487,621	563,961,736	476,256,400
Other current assets		(363,643,218)	458,534,410	(910,390,924)	900,722,470
Other non-current assets		(1,095,347,064)	100,013,109	(576,680,969)	100,124,387
Deferred charges of the lignite mine	6.12	(3,236,630,228)	(3,324,750,554)	(3,236,630,228)	(3,324,750,554)
Increase (Decrease) in liabilities					
Trade account payables		2,744,241,618	10,614,245,294	2,251,684,192	11,437,558,374
Other account payables		5,953,871,893	(2,939,990,505)	6,198,736,981	(2,872,235,221)
Accrued interest expenses		(79,568,073)	(245,008,302)	(79,954,498)	(248,753,056)
Other current liabilities		(850,345,803)	2,448,543,622	(150,612,783)	2,469,735,423
Other non-current liabilities		1,075,589,406	(63,390,405)	1,073,489,406	(61,290,404)
Provision liabilities for mine reclamation		57,414,904	47,655,975	57,414,904	47,655,975
		1,100,355,479	(2,036,120,124)	1,493,019,587	(758,493,016)
Net cash inflows from operating activities		54,706,862,988	58,487,006,144	47,137,698,178	50,624,560,942

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, 2007 AND 2006

Unit : Baht

	Notes	Consolidated		EGAT only	
		2007	2006	2007	2006 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) Decrease in short-term investments		12,923,620,890	(17,454,203,990)	14,458,015,386	(14,543,337,519)
Increase in short-term investments pledged as collateral		(1,000,000)	-	-	-
(Increase) Decrease in long-term investments		310,670,509	(322,845,026)	-	-
Investments in subsidiary		-	-	(50,000,000)	-
(Increase) Decrease in long-term loans to related party		(17,500,000)	649,555,838	-	-
Cash on disposal of assets		212,872,567	199,733,582	212,872,567	199,733,582
Capital expenditure (including interest)		(25,077,817,932)	(15,754,404,065)	(24,790,707,922)	(14,975,324,310)
Cash on purchases of land for future development projects		(300,000,000)	-	-	-
Repayment of contributions for construction	6.17	(390,519)	(6,247,782)	(390,519)	(6,247,782)
Cash on deferred income	6.17	432,876,748	688,013,241	432,876,748	688,013,241
Cash on payment for additional share capital and additional paid-up shares of subsidiary		(1,357,275,000)	(440,955,000)	-	-
Dividends received in subsidiary	6.8	-	-	1,370,250,000	1,305,000,000
Dividends received in associated company	6.8	568,538,064	501,651,232	568,538,064	501,651,232
Dividends received from subsidiaries and joint venture of subsidiary		459,802,910	218,260,875	-	-
Refund from EGAT Telecom Co., Ltd.		-	-	-	394,254
Net cash outflows from investing activities		(11,845,601,763)	(31,721,441,095)	(7,798,545,676)	(26,830,117,302)
CASH FLOWS FROM FINANCING ACTIVITIES					
Remittance to the Ministry of Finance		(18,531,100,000)	(14,984,292,871)	(18,531,100,000)	(14,984,292,871)
Repayment of long - term loans		(11,486,929,667)	(24,974,509,316)	(8,348,191,267)	(22,131,767,316)
Withdrawal from long - term loans		1,000,000,000	4,564,250,000	1,000,000,000	4,300,000,000
Dividends payable to minority interest of subsidiary		(1,674,750,000)	(1,595,000,000)	-	-
Net cash outflows from financing activities		(30,692,779,667)	(36,989,552,187)	(25,879,291,267)	(32,816,060,187)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		12,168,481,558	(10,223,987,138)	13,459,861,235	(9,021,616,547)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		20,405,255,889	30,629,243,027	17,193,855,099	26,215,471,646
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4.3, 6.3	32,573,737,447	20,405,255,889	30,653,716,334	17,193,855,099
ADDITIONAL CASH FLOWS INFORMATION :					
Cash payment during the period					
Interest expenses		6,908,076,167	8,142,689,977	5,513,091,445	6,676,558,784
Income tax		119,141,863	65,822,252	-	-

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, 2007 AND 2006

1. General Information

The Electricity Generating Authority of Thailand (EGAT), which is a juristic person, was established by the Electricity Generating Authority of Thailand Act B.E. 2511 (1968) and subsequent amendments. As at December 31, 2007, the number of employees of EGAT was 23,937. 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;
 - Neighbouring countries
- 1.2 To undertake various activities concerning electric energy, energy sources deriving from natural resources and undertakes business concerning electric energy and other businesses concerning or related to the activities of EGAT, or collaborates with other persons for the said activities.
- 1.3 To produce and sell lignite or any chemicals derived from lignite.

All of assets, liabilities, rights, obligations and businesses of the Yanhee Electricity Authority, the Lignite Authority and the Northeast Electricity Authority were transferred to EGAT. Total net assets (net of liabilities) were considered 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, equity of the EGAT was converted into share capital of EGAT Public Company Limited with 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 a 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 at the date of EGAT Plc's establishment registration, which included 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. 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. 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 or any IPO - related activities 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, retrospective since June 24, 2005, the date both 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 and has been winding up with the Department of Business Development, the Ministry of Commerce on November 9, 2006.

3. Basis of Financial Statements Presentation

3.1 Principles of Financial Statements Preparation

The consolidated financial statements and the EGAT's financial statements were prepared in accordance with generally accepted accounting principles under the Accounting Act B.E. 2543 being those Thai accounting standards endorsed under the Accounting Profession Act B.E. 2547 and the 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, haven't intend to present the financial position, the results of operations and cash flows 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 as disclosed in the accounting policies.

EGAT's financial statements present the financial position and the results of operations of all EGAT's businesses, which consist of Generation Group, Transmission System Group, Development Group and Corporate Administration Group, and include 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 EGAT's financial statements, its two subsidiaries and a joint venture over which EGAT has shared control. In the consolidated financial statement, the subsidiaries are recorded by sum up on a line-by-line basis with similar items beside the joint venture is accounted for by proportionate of EGAT. Significant inter-company transactions and balances are eliminated. Investments in subsidiaries, associated company and joint venture have been presented in the EGAT's financial statements under the cost method. When necessary, accounting policies of its subsidiaries, an associated company, and a joint venture have been changed to ensure consistency with the accounting policies principles adopted by EGAT. Minority interest is separately disclosed in equity.

3.2 Use of Estimates

The consolidated 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 financial statements. Actual results may differ from those estimates.

3.3 Financial Instruments

Financial assets presented in the financial statements include cash and cash equivalents, short-term investments, trade account receivables - others - net, and trade account receivables - related parties. Financial liabilities presented in the financial statements include trade account payables - others, trade account payables - related parties, and loans. The accounting policies applied to those particular items are separately disclosed in the individual policy statements associated with them.

3.4 Forward Foreign Exchange Contracts

The forward foreign exchange contracts are financial instruments to protect against the risk of exchange rate fluctuations, are agreements enabling EGAT to buy a specific amount of foreign currency at a pre-agreed rate on a fixed future time. The forward foreign exchange contracts are not recognized in the financial statements at agreement date but gains or losses will be recognized in the statements of income on any due dated as specified in the contracts.

3.5 Cross Currency Interest Rate Swap Agreements

The cross currency interest rate swap agreements are financial instruments to protect against the risk of fluctuations in foreign exchange rates and interest rates associated with foreign currencies borrowings. The swap agreements are not recognized in the financial statements at agreement date but gains or losses will be recognized in the statements of income on any due dated as specified in the contracts.

3.6 Amendments to Accounting Standards Effective in 2007 and 2008

During the Year 2007, the Federation of Accounting Professions (FAP) announced the amendments to Thai Accounting Standards (TAS) which were announced in the Government Gazette as follows:

The revised Thai Accounting Standards which have effective date for 2007.

- TAS 44 (revised 2007) “Consolidated and Separate Financial Statements”
- TAS 45 (revised 2007) “Investments in Associates”
- TAS 46 (revised 2007) “Interests in Joint Ventures”

These revised accounting standards are effective for accounting periods beginning on or after January 1, 2007. Consequently, EGAT has changed its method of account the investments in subsidiaries, associates and jointly controlled entities in the separated financial statements from the equity method to the cost method as discussed in Note 5.1.

The revised Thai Accounting Standards which become effective date for 2008.

- TAS 25 (revised 2007) “Cash Flow Statements”
- TAS 29 (revised 2007) “Leases”
- TAS 31 (revised 2007) “Inventories”
- TAS 33 (revised 2007) “Borrowing Costs”
- TAS 35 (revised 2007) “Presentation of Financial Statements”
- TAS 39 (revised 2007) “Accounting Policies, Changes in Accounting Estimates and Errors”
- TAS 41 (revised 2007) “Interim Financial Reporting”
- TAS 43 (revised 2007) “Business Combinations”
- TAS 49 (revised 2007) “Construction Contracts”
- TAS 51 “Intangible Assets”

These revised accounting standards will be effective for accounting periods beginning on or after January 1, 2008.

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. Revenue from automatic energy price adjustment (Ft) is recognized according to the invoice for collection, which is calculated from the estimate of fuel cost and electric energy 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 include cash, cash in current accounts, saving accounts and short term fixed deposits (not more than 3 months) including short-term investments 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. According to the regulations of the Ministry of Finance regarding accounting and finance of state owned enterprise B.E. 2548, which amended the regulations of the Ministry of Finance regarding accounting and finance of state owned enterprise B.E. 2520, the allowance for doubtful accounts are stated as follows:

4.4.1 Trade account receivables exclusive of government agencies and state enterprises

Overdue Period	Percentage of allowance for doubtful accounts
Over 6 months - 1 year	50%
Over 1 year	100%

4.4.2 Other account receivables, which the overdue period is over 1 year, the percentage of allowance for doubtful accounts is 100%.

4.5 Materials and Supplies - Net

4.5.1 Fuel oil is stated at the lower of moving average cost or net realizable value.

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

4.5.3 Spare parts for power plant, transmission system and mine equipment are stated at moving 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 moving 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 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 Derivative Assets and Derivative Liabilities

Derivatives have initial realized based on the fair value at the balance sheet date. Gains or losses from the change fair value are realized in statements of income of that period.

At the balance sheet date, the fair value of forward foreign exchange contracts, cross currency interest rate swap agreements, currency swap agreements and interest rate swap agreements are calculated by the bank, which is the contractor.

4.7 Investments in Subsidiaries, Associated Company and Joint Venture

Investments in subsidiaries, associated company and joint venture have been presented in EGAT's financial statements under the cost method. In the consolidated financial statements, investments in associated company are accounted for by proportionate consolidation under the equity method. Besides, investments in subsidiaries, namely Ratchaburi Electricity Generating Holding Public Company Limited (RATCH) and EGAT International Co., Ltd., and a joint venture, namely District Cooling System and Power Plant Co., Ltd., with share of equity are also eliminated.

Due to EGAT owned Electricity Generating Holding Public Company Limited (RATCH) only 45% of the total fully paid-up common share but EGAT has effective control over RATCH so that RATCH is subsidiary of EGAT according to generally accepted accounting principles, which must prepared the consolidated financial statements. According to the Budgeting Law, if EGAT owned over 50%, the Office of the Auditor General of Thailand has audited this subsidiary. Besides, the Office of the Auditor General of Thailand can be used the other auditor's report as a basis in auditing and expressing an opinion on the consolidated of EGAT and its subsidiaries.

4.8 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 is 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.

4.9 Assets and Liabilities under Financial Lease Agreements

Assets and liabilities under financial lease agreements are stated at the lower of fair values at inception or present values of the minimum lease payments. A portion of lease payments is recognized as a financial expense and the remainder is deducted from the principle over the lease periods. Depreciations of those leased assets are calculated on the straight - line method over the estimated useful life of each type of assets. In case the ownership of the assets is not transferred to the lessee at the end of the lease periods, depreciations are based on the shorter of the useful life of the assets or the lease period.

4.10 Intangible Assets

4.10.1 Land rights, computer software rights and gas piped system rights

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

4.10.2 Royalty on real property service

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 Service at Baht 474.77 million as a Royalty on Real Property Service account. The accumulated depreciation of Baht 100.86 million is recognized as expenses and written off from the Royalty on Real Property Service. The balance of Baht 373.91 million is being amortized over 59 years, which is the remainder estimated useful life of the dam.

4.11 Deferred Charges of the Lignite Mine

4.11.1 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 mineral reserves, and multiply by the average cost per cubic metre 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.

4.11.2 Minerals Resource Exploration and Preliminary Development Costs

Minerals resource 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 in the proportion that the quantity of lignite extracted during the year bears to the total economically mineable reserves.

4.11.3 Resettlement Costs

Resettlement costs expended in each year are calculated by dividing the total actual resettlement costs by the total lignite mineable reserves over the useful lives of the power plants multiplied by the quantity of lignite extracted during the year. The resettlement costs in areas, which are not mined for lignite, will be recognized as expense in the period as incurred.

4.11.4 Mineral Patent Costs

Mineral patent costs paid as an extra to the government are calculated by 0.1% of the total mineral value in 17 patented fields, each of them has value exceeding Baht 50 million. Mineral fields with lesser value are exempted from such patent costs.

Each patent is granted a period of 25 years. Mineral patent costs are recognized as deferred charges and amortized over the period of patent.

4.12 Foreign Currencies

Foreign currency transactions are translated into Thai Baht using the Bank of Thailand's reference exchange rates prevailing at the transaction date. Assets and liabilities dominated in foreign currencies are translated into Thai Baht using the exchange rates at the end of accounting period. Gains or losses on foreign exchange are recognized as either revenues or expenses for all amounts in that accounting period.

4.13 Provision Liabilities for Mine Reclamation

EGAT established provision liabilities for mine reclamation at the lignite mine in Mae Moh District, Lampang Province and Neuklong District, Krabi Province which will arise in the future. According to the Mining Act, EGAT is obliged to carry out reclamation work when the mine is closed and because of the certainty of its occurrence amounts set aside for this work are recognized as provisions. Such provision 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 is deducted from provision liabilities.

4.14 Provident Fund and Registered Provident Fund

EGAT has established the Provident Fund to provide welfare for employees after leaving EGAT. EGAT contributes to the fund on a monthly basis at the rate of 10% of salaries of its employees being the fund's members. Contributions are recognized as an expense in the EGAT's statements of income in full amount and the accounting transactions of the fund have been consolidated in EGAT's financial statements. Interest earned from the assets of the fund is recognized as income in EGAT's statements of income of EGAT.

EGAT has set up the Registered Provident Fund for the employees who are the members. Contributions are made on a monthly basis by EGAT and its employees. EGAT contributes to the Registered Provident Fund on a monthly basis at the rate of 9% of salaries of employees with less than 20 years of service, and 10% of salaries of employees with 20 years of service and above. Contributions are recognized as an expense in EGAT's statements of income in full amount. Assets of the Registered Provident Fund were separated from assets of EGAT and managed by a financial institution authorized by the government according to the Provident Fund Act B.E. 2530.

4.15 Deferred Income

4.15.1 Contributions for Construction

In case cash contributions received from EGAT's direct customers towards project construction, after completion of the project, assets will be owned by EGAT, are accounted for as deferred contributions and released to revenues over the useful lives of the related assets.

In case cash contributions received from independent power producers towards project construction, after completion of the project, assets will be owned by EGAT, are accounted for as deferred contributions and released to revenues over the period of the power purchase contracts.

In the event that independent power producers operates construction and assets of the project are transferred to EGAT after completion, those assets are accounted for as EGAT's assets and matched with deferred contributions which are released to revenues over the period of the power purchase contracts.

4.15.2 Income from Donation

Income from donation, which is assets or cash received from governments and foreign financial institutions in forms of discount of interest or grants to be used for project development of EGAT as identified by donors, is recorded as deferred income under liabilities. Deferred income is recognized as revenues over the useful lives of relevant assets or, in case of cash from donation is recognized according to actual expenditures incurred.

4.16 Interest Expenses

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

4.17 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 ventures.

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

5. Accounting Changes

5.1 Changes in Accounting Policy

In October 2006, the Federation of Accounting Professions 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 equity method of accounting to cost method of accounting for investments in subsidiaries, jointly controlled entities and associates presented in the separated financial statements.

Since January 1, 2007, EGAT has changed from equity method of accounting to cost method of accounting for investments in subsidiaries, jointly controlled entities and associates presented in the separated financial statements and dividend received will be recorded when dividends are declared. Besides, the consolidated financial statement and its subsidiaries, EGAT recorded investments by using the equity method according to accounting standards which are not revised.

The effects of the changes in accounting policy, EGAT has applied the retrospective adjustments that presented for comparative purpose on the EGAT's balance sheet as at December 31, 2006. The change of the method used from the equity method to the cost method, investments decreased by Baht 10,904.58 million and retained earnings decreased by Baht 7,822.90 million. Share of equity from subsidiaries and associated company by using the equity method decreased by Baht 3,081.68 million, which total equity decreased by Baht 10,904.58 million. For the effects of EGAT's statements of income for the year ended December 31, 2006, EGAT is recognized dividend received from subsidiary and associated company in the amount of Baht 1,305 million and Baht 501.65 million respectively and is recognized share of loss from investment in EGAT Telecom Co., Ltd. in the amount of Baht 0.61 million. Besides, EGAT is not recognized share of profit from investments in subsidiaries, associated company and joint venture in the amount of Baht 4,568.90 million. As a result, net income for the year ended December 31, 2006 decreased by Baht 2,762.86 million.

These changes reflect changes in accounting policy. There is no effect on the preparation of the consolidated financial statements.

5.2 Accounting for Derivatives

In year 2007, EGAT has initial adopted the exposure draft of accounting for derivatives by the accounting standards committee of the Federation of Accounting Professions under The Royal Patronage of His Majesty the King. EGAT also immediately changes in accounting for derivatives as stated in the mention exposure draft. As at beginning year 2007, EGAT has recognized derivative assets or derivative liabilities based on the fair value at the balance sheet and has restated the 2007 beginning retain earnings in the EGAT's financial statements in the amount of Baht 2,679.72 million, which offset the fair value as at the beginning year 2007 compared to the formerly fair value of nil that EGAT didn't record derivatives in the financial statements but disclosed in Notes to the financial statements.

In case EGAT has applied the retrospective adjustments in the same period of the prior separate financial statements, unrealized losses on change in the fair value of derivatives for the year ended December 31, 2006 was Baht 1,418.14 million and net income for the same period decreased by Baht 1,418.14 million. As at December 31, 2006, derivative assets and derivative liabilities are recorded in the amount of Baht 143.89 million and Baht 2,823.61 million respectively.

Disclosure of derivatives is discussed in Notes 4.6 and 6.7.

5.3 Changes in Accounting Estimates

Henceforward 2007, EGAT has immediately changed in accounting estimates of the allowance for doubtful debts of trade account receivables exclusive of government agencies and state enterprises at the balance sheet date. The change of percentage of allowance for doubtful debts is 100% for the trade account receivables, which the overdue period is over 1 year from 75% for the trade account receivables, which the overdue period is over 1-2 years and 100% for the trade account receivables, which the overdue period is over 2 years. Besides, change of percentage of allowance for doubtful debts is 100% for the other account receivables, which the overdue period is over 1 year from 100% for the other account receivables, which the overdue period is over 2 years. These changes are under the regulations of the Ministry of Finance regarding accounting and finance of state owned enterprise B.E. 2548 item 7, which amended the regulations of the Ministry of Finance regarding accounting and finance of state owned enterprise B.E. 2520.

The effect of changes in accounting estimates of the allowance for doubtful debts, the doubtful debts for the year ended December 31, 2007 increased by Baht 0.18 million.

6. Supplementary Information

6.1 Cash and Cash Equivalents

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec 31, 07	Dec 31, 06	Dec 31, 07	Dec 31, 06
Cash in hand	18.00	16.83	17.70	16.63
Cash at banks current and saving accounts	3,015.53	13,430.20	2,745.73	13,107.09
Fixed deposits not more than 3 months	4,649.92	6,958.23	3,000.00	4,070.13
Government bonds not more than 3 months	24,890.29	-	24,890.29	-
Total	32,573.74	20,405.26	30,653.72	17,193.85

As at December 31, 2007 cash and cash equivalents of Baht 30,653.72 million comprised EGAT's working capital of Baht 30,613.69 million, Provident Fund of Baht 2.39 million, Welfare Loan Fund of Baht 36.02 million, Land and Housing Loan Fund of Baht 0.01 million and Fund for Conferences on the Electric Power Supply Industry of Baht 1.61 million.

6.2 Short - Term Investments (Not Pledged as Collateral)

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec 31, 07	Dec 31, 06	Dec 31, 07	Dec 31, 06
- Fixed deposits less than 1 year	11,981.61	9,029.92	10,131.61	6,029.92
- Government bonds	-	18,559.71	-	18,559.71
- Promissory notes	-	1,500.00	-	-
- Bills of exchange	7,444.76	3,260.36	-	-
Total	19,426.37	32,349.99	10,131.61	24,589.63

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 followed to the 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 to the budgeting law. If there is remaining liquidity or desire to manage remaining liquidity to gain higher reward 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.

6.3 Trade Account Receivables - Others - Net

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec 31, 07	Dec 31, 06	Dec 31, 07	Dec 31, 06
Trade account receivables				
Metropolitan Electricity Authority	6,146.85	6,124.25	6,146.85	6,124.25
Provincial Electricity Authority	21,119.28	16,505.78	21,119.28	16,505.78
Others	796.85	697.76	770.15	638.62
	<u>28,062.98</u>	<u>23,327.79</u>	<u>28,036.28</u>	<u>23,268.65</u>
Services and others receivable	166.00	136.66	134.97	108.22
Total	<u>28,228.98</u>	<u>23,464.45</u>	<u>28,171.25</u>	<u>23,376.87</u>
Less : Allowance for doubtful accounts	39.69	30.77	39.69	30.77
Balance	<u>28,189.29</u>	<u>23,433.68</u>	<u>28,131.56</u>	<u>23,346.10</u>
Automatic energy price adjustment (Ft)				
receivable	11,265.71	10,855.71	11,265.71	10,855.71
Total	<u>39,455.00</u>	<u>34,289.39</u>	<u>39,397.27</u>	<u>34,201.81</u>

As at December 31, 2007, EGAT recorded an automatic energy price adjustment (Ft) receivable amounting to Baht 11,265.71 million, which comprised of estimated Ft revenue in December 2007 and Ft output VAT amounting to Baht 10,528.70 million and Baht 737.01 million respectively.

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

		Consolidated						Unit : Million Baht
		State enterprise and governments agencies		Private companies		Total		
Outstanding period		Electric	Service and others	Electric	Service and others	Electric	Service and others	
		energy sales		energy sales		energy sales		
Undue portion		27,107.48	1.36	955.32	86.49	28,062.80	87.85	23,417.84
Overdue not more than 6 months		0.04	9.35	0.12	25.28	0.16	34.63	3.13
Overdue more than 6 months to 1 year		-	-	-	2.19	-	2.19	1.00
Overdue more than 1 year		-	-	0.02	41.33	0.02	41.33	42.48
Total		27,107.52	10.71	955.46	155.29	28,062.98	166.00	23,464.45
Less : Allowance for doubtful accounts		-	-	-	39.69	-	39.69	30.77
Balance at end of period		27,107.52	10.71	955.46	115.60	28,062.98	126.31	23,433.68
Automatic energy price adjustment (Ft) receivable						11,265.71	-	10,855.71
Total						39,328.69	126.31	34,289.39

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

		EGAT Only						Unit : Million Baht	
		State enterprise and governments agencies		Private companies		Total			
Outstanding period		Electric	energy sales	Service and others	Electric	energy sales	Service and others	Dec 31, 07	Dec 31, 06
		energy sales	Service and others	energy sales	Service and others	energy sales	Service and others		
Undue portion		27,107.48	1.36	928.62	55.46	28,036.10	56.82	28,092.92	23,330.26
Overdue not more than 6 months		0.04	9.35	0.12	25.28	0.16	34.63	34.79	3.13
Overdue more than 6 months to 1 year		-	-	-	2.19	-	2.19	2.19	1.00
Overdue more than 1 year		-	-	0.02	41.33	0.02	41.33	41.35	42.48
Total		27,107.52	10.71	928.76	124.26	28,036.28	134.97	28,171.25	23,376.87
Less : Allowance for doubtful accounts		-	-	-	39.69	-	39.69	39.69	30.77
Balance at end of period		27,107.52	10.71	928.76	84.57	28,036.28	95.28	28,131.56	23,346.10
Automatic energy price adjustment (Ft) receivable						11,265.71	-	11,265.71	10,855.71
Total						39,301.99	95.28	39,397.27	34,201.81

6.4 Related Parties Transactions

The details of related parties transactions are as follows:

6.4.1 Trade account receivables - related parties

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec 31, 07	Dec 31, 06	Dec 31, 07	Dec 31, 06
Subsidiaries				
- Ratchaburi Electricity Generating Holding Plc.,	-	-	0.27	0.27
- Ratchaburi Electricity Generating Co., Ltd.	-	-	451.67	214.87
Total	-	-	451.94	215.14
Associated companies				
- Khanom Electricity Generating Co., Ltd.	934.04	1,682.23	934.04	1,682.23
- Rayong Electricity Generating Co., Ltd.	631.97	1,470.53	631.97	1,470.53
- EGCO Engineering and Services Co., Ltd.	5.95	5.26	5.95	5.26
Total	1,571.96	3,158.02	1,571.96	3,158.02
Related parties				
- Tri Energy Co., Ltd.,	0.05	0.04	0.05	0.04
- Ratchaburi Power Co., Ltd.	26.94	-	26.94	-
Total	26.99	0.04	26.99	0.04
Joint venture				
- District Cooling System and Power Plant Co., Ltd.	6.21	7.04	9.55	10.83
Total	6.21	7.04	9.55	10.83
Total trade account receivables - related parties	1,605.16	3,165.10	2,060.44	3,384.03

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

Outstanding period	Unit : Million Baht			
	Consolidated			
	Electric			
	energy sales	Service and others	Dec 31, 07	Dec 31, 06
Undue portion	24.81	1,569.12	1,593.93	3,155.79
Overdue not more than 6 months	-	11.23	11.23	9.31
Total	24.81	1,580.35	1,605.16	3,165.10

Unit : Million Baht

	EGAT Only			
	Electric		Dec 31, 07	Dec 31, 06
	energy sales	Service and others		
Outstanding period				
Undue portion	55.98	1,983.34	2,039.32	3,374.72
Overdue not more than 6 months	-	21.12	21.12	9.31
Total	55.98	2,004.46	2,060.44	3,384.03

6.4.2 Trade account payables - related parties

Unit : Million Baht

	Consolidated		EGAT Only	
	Dec 31, 07	Dec 31, 06	Dec 31, 07	Dec 31, 06
Independent Power Producers (IPP) and Small Power Producers (SPP)				
Subsidiaries				
- Ratchaburi Electricity Generating Co., Ltd.	-	-	7,361.93	8,669.52
- Ratchaburi Energy Co., Ltd.	-	-	4.50	-
Total	-	-	7,366.43	8,669.52
Associated companies				
- Khanom Electricity Generating Co., Ltd.	1,609.27	2,323.53	1,609.27	2,323.53
- Rayong Electricity Generating Co., Ltd.	1,226.56	2,402.89	1,226.56	2,402.89
Total	2,835.83	4,726.42	2,835.83	4,726.42
Related parties				
- Tri Energy Co., Ltd.,	1,722.41	1,716.70	1,722.41	1,716.70
Total	1,722.41	1,716.70	1,722.41	1,716.70
Joint venture				
- District Cooling System and Power Plant Co., Ltd.	16.07	15.70	24.72	24.16
Total	16.07	15.70	24.72	24.16
Total trade account payables - related parties	4,574.31	6,458.82	11,949.39	15,136.80

6.4.3 Revenues and expenses - related parties

Unit : Million Baht

	Consolidated		EGAT Only	
	Jan 1 - Dec 31, 07	Jan 1 - Dec 31, 06	Jan 1 - Dec 31, 07	Jan 1 - Dec 31, 06
Revenues				
Electric energy sales				
Subsidiary				
- Ratchaburi Electricity Generating Co., Ltd.	-	-	127.71	106.21
Associated companies				
- Khanom Electricity Generating Co., Ltd.	4.43	4.49	4.43	4.49
- Rayong Electricity Generating Co., Ltd.	12.31	10.16	12.31	10.16
Related parties				
- Tri Energy Co., Ltd.,	0.25	0.27	0.25	0.27
- Ratchaburi Power Co., Ltd.	29.42	-	29.42	-
Revenue from sale of goods and other services				
Subsidiaries				
- Ratchaburi Electricity Generating Co., Ltd.	-	-	3,592.41	2,742.30
- Ratchaburi Energy Co., Ltd.	-	-	0.21	-
Associated companies				
- Electricity Generating Public Co.,Ltd.	0.05	-	0.05	-
- Khanom Electricity Generating Co., Ltd.	11,441.82	9,802.67	11,441.82	9,802.67
- Rayong Electricity Generating Co., Ltd.	7,370.37	9,694.83	7,370.37	9,694.83
- EGCO Engineering and Services Co.,Ltd.	43.93	14.17	43.93	14.17
Joint venture				
- District Cooling System and Power Plant Co.,Ltd	68.43	31.99	105.27	49.22
Related parties				
- Ratchaburi Power Co., Ltd.	41.88	-	41.88	-
Expenses				
Electric energy purchased				
Subsidiaries				
- Ratchaburi Electricity Generating Co., Ltd.	-	-	43,807.61	50,251.73
- Ratchaburi Energy Co., Ltd.	-	-	13.08	-
Associated companies				
- Khanom Electricity Generating Co., Ltd.	15,554.21	14,811.40	15,554.21	14,811.40
- Rayong Electricity Generating Co., Ltd.	10,702.54	14,911.42	10,702.54	14,911.42
Joint venture				
- District Cooling System and Power Plant Co.,Ltd	56.72	108.95	87.26	167.62
Related parties				
- Tri Energy Co., Ltd.,	10,414.22	9,475.93	10,414.22	9,475.93
Cost of sale of goods and other services				
Subsidiaries				
- Ratchaburi Electricity Generating Co., Ltd.	-	-	3,154.16	2,353.88
- Ratchaburi Energy Co., Ltd.	-	-	0.12	-
Associated companies				
- Electricity Generating Public Co.,Ltd.	0.03	-	0.03	-
- Khanom Electricity Generating Co., Ltd.	11,426.02	9,790.72	11,426.02	9,790.72
- Rayong Electricity Generating Co., Ltd.	7,366.70	9,687.78	7,366.70	9,687.78
- EGCO Engineering and Services Co.,Ltd.	26.27	5.34	26.27	5.34
Joint venture				
- District Cooling System and Power Plant Co.,Ltd	105.90	32.12	162.92	49.41
Related parties				
- Ratchaburi Power Co., Ltd.	37.08	-	37.08	-

6.5 Materials and Supplies - Net

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec 31, 07	Dec 31, 06	Dec 31, 07	Dec 31, 06
Fuel oil	3,318.96	3,698.78	2,717.57	3,076.48
Lignite stock	820.09	883.23	820.09	883.23
Spare parts, other materials and supplies	7,477.82	7,361.16	5,869.09	6,011.00
Less : Allowance for obsolescence	3,840.85	3,621.22	3,562.50	3,447.72
Balance at end of period	<u>7,776.02</u>	<u>8,321.95</u>	<u>5,844.25</u>	<u>6,522.99</u>

6.6 Other Account Receivables - Net

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec 31, 07	Dec 31, 06	Dec 31, 07	Dec 31, 06
Employee account receivables	365.04	365.27	365.04	365.27
Other account receivables	106.28	289.11	106.56	289.13
Less : Allowance for doubtful accounts	9.03	9.14	9.03	9.14
Balance at end of period	<u>462.29</u>	<u>645.24</u>	<u>462.57</u>	<u>645.26</u>

6.7 Derivative Assets and Derivative Liabilities

6.7.1 Derivative Assets

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec 31, 07	Dec 31, 06	Dec 31, 07	Dec 31, 06
Cross currency interest rate swap agreements	177.44	-	177.44	-
Total	<u>177.44</u>	<u>-</u>	<u>177.44</u>	<u>-</u>

6.7.2 Derivative Liabilities

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec 31, 07	Dec 31, 06	Dec 31, 07	Dec 31, 06
Forward foreign exchange contracts	1.21	-	1.21	-
Cross currency interest rate swap agreements	2,731.84	-	2,731.84	-
Currency swap agreements	13.95	-	13.95	-
Total	<u>2,747.00</u>	<u>-</u>	<u>2,747.00</u>	<u>-</u>

[illegible]

6.8.1 Investment in Ratchaburi Electricity Generating Holding Public Company Limited

On November 30, 1999, EGAT would set up the Ratchaburi Electricity Generating Holding Company Limited (RHCO) according to the Cabinet's resolution on private section participation plan for the Ratchaburi Power Project by issuing shares for public offering. EGAT would be required to conduct an initial public offering for RHCO, and registered in the Stock Exchange of Thailand (SET). After registering in the SET, EGAT owns in RHCO by 44.99% to 49.99%. Subsequently in 2000, RHCO was registered as a public company which was listing in SET and issued common shares for public offering.

As at December 31, 2007, the Ratchaburi Electricity Generating Holding Public Company Limited (RATCH) has registered capital of Baht 14,500 million comprising 1,450 million fully issued and paid-up common shares. EGAT owns 652.50 million common shares (cost at Baht 6,525 million) which are 45% of the total fully issued and paid-up capital. EGAT has effective control over RATCH; investment in RATCH is recorded as investment in subsidiary.

6.8.2 Investment in Electricity Generating Public Company Limited

As at December 31, 2007, EGAT invests in the Electricity Generating Public Company Limited (EGCO). EGCO has registered capital of Baht 5,300 million comprising 526.47 million fully issued and paid - up common shares. In the second quarter of the year 2005, EGCO issued treasury stock of 1.30 million shares to the public, while EGAT did not purchase any of those shares. EGAT held 133.77 million common shares in EGCO (cost at Baht 1,587.55 million) which are 25.41% of the total fully issued and paid-up capital. (On March 31, 2005, EGAT's investment in EGCO was 25.47% of the total fully issued and paid-up capital after deduction of treasury stock) EGAT has significant influence but no effective control over EGCO. Therefore, investment in EGCO is recorded as investment in associated company.

6.8.3 Investment in District Cooling System and Power Plant Company Limited

EGAT, PTT Public Company Limited (PTT) and the Metropolitan Electricity Authority (MEA) have jointly invested in District Cooling System and Power Plant Company Limited (DCAP) to provide electricity and cooling water system to the Suvarnabhumi International Airport with the investment proportion of 35%, 35% and 30% respectively. All parties to the joint venture agreed that DCAP had total registered capital of Baht 1,000 million with initial registered capital of Baht 100 million. On April 2, 2003, DCAP was registered as a company with initial registered capital of 10 million common shares with a par value of Baht 10 per share, 50% of which were paid-up. On that date, EGAT paid Baht 17.50 million and recorded investment in DCAP as an investment in joint venture.

Subsequently, parties to the joint venture held extraordinary shareholders' meetings No. 1/2547 and 2/2547 on February 23, 2004 and March 13, 2004 respectively. The meeting passed a resolution to increase DCAP's share capital by Baht 900 million through an issuance of 90 million common shares with a par value of Baht 10 per share, resulting in the total registered capital of Baht 1,000 million. As at December 31, 2007, EGAT owns fully paid-up common shares in DCAP amounting to Baht 350 million.

6.8.4 Investment in EGAT Telecom Company Limited

On September 19, 2005, EGAT Telecom Company Limited was registered as a juristic person according to the Civil and Commercial Code with the registered capital of Baht 1 million, comprising 100,000 common shares with a par value of Baht 10 per share. EGAT owns 99,993 common shares (cost at Baht 999,930) which are 99.99% of the total fully issued and paid-up capital. Investment in EGAT Telecom Company Limited is recorded for as investment in subsidiary.

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

6.8.5 Investment in EGAT International Company Limited

On December 18, 2007, EGAT International Company Limited was registered as a juristic person according to the Civil and Commercial Code with the registered capital of Baht 50 million, comprising 5 million common shares with a par value of Baht 10 per share. EGAT owns 5 million common shares (cost at Baht 50 million) which are 100% of the total fully issued and paid-up capital. Investment in EGAT International Company Limited is recorded for as investment in subsidiary.

On November 29, 2007, the meeting of Board of Directors of EGAT No. 13/2550 passed a resolution to jointly invest in Nam Ngiep 1 Hydro Power Plant Project of 261 MW., which is in Lao People's Democratic Republic by EGAT or EGAT International Company Limited according to the proportionate investment of 30% or 32% in the amount of Baht 1,542.30 million or Baht 1,645.20 million. Subsequently in January 22, 2008, the Ministry of Energy approved the jointly investment in the mentioned project. So that in 2008, EGAT will be expectedly increase the capital of Baht 86.40 million for investment in the above project.

6.9 Land, Buildings and Equipments - Net

Unit : Million Baht

Cost	Consolidated				EGAT Only			
	Jan 1, 07	Increase	Decrease	Dec 31, 07	Jan 1, 07	Increase	Decrease	Dec 31, 07
Land	5,904.89	394.50	-	6,299.39	5,153.44	394.50	-	5,547.94
Land awaiting development	2,236.23	300.00	-	2,536.23	2,236.23	-	-	2,236.23
Structure	19,089.35	1,419.81	(37.27)	20,471.89	18,551.52	1,417.29	(37.24)	19,931.57
Reservoir, dam	28,485.33	40.37	-	28,525.70	28,485.33	40.37	-	28,525.70
Power plants	263,964.86	573.33	(581.06)	263,957.13	206,020.05	214.25	(579.82)	205,654.48
Spare parts for power plant	5,021.91	388.25	(340.83)	5,069.33	4,640.68	388.25	(50.87)	4,978.06
Transmission system	121,993.67	5,810.25	(264.73)	127,539.19	121,993.67	5,810.25	(264.73)	127,539.19
Communication system	7,293.97	160.10	(122.39)	7,331.68	7,293.97	160.10	(122.39)	7,331.68
Coal handling system	4,537.82	-	-	4,537.82	4,537.82	-	-	4,537.82
Mine equipment	2,387.93	195.96	(3.13)	2,580.76	2,387.93	195.96	(3.13)	2,580.76
Aeroplane and helicopter	62.25	68.00	(6.90)	123.35	62.25	68.00	(6.90)	123.35
Spare parts for mine equipment	42.85	-	-	42.85	42.85	-	-	42.85
Vehicle	2,689.26	162.73	(124.81)	2,727.18	2,610.89	156.09	(119.40)	2,647.58
Other materials and supplies	10,574.70	640.14	(369.73)	10,845.11	10,419.66	626.32	(368.12)	10,677.86
Total	474,285.02	10,153.44	(1,850.85)	482,587.61	414,436.29	9,471.38	(1,552.60)	422,355.07
Adjustment in consolidated from								
profit on sale of power plants	(4,839.33)			(4,839.33)	-			-
Total	469,445.69			477,748.28	414,436.29			422,355.07

Accumulated depreciation	Consolidated				EGAT Only			
	Jan 1, 07	Increase	Decrease	Dec 31, 07	Jan 1, 07	Increase	Decrease	Dec 31, 07
Structure	(11,386.88)	(1,176.53)	34.45	(12,528.96)	(11,234.42)	(1,149.38)	34.41	(12,349.39)
Reservoir, dam	(7,047.98)	(426.11)	-	(7,474.09)	(7,047.98)	(426.11)	-	(7,474.09)
Power plants	(127,794.14)	(11,285.30)	470.64	(138,608.80)	(114,443.78)	(8,529.82)	470.48	(122,503.12)
Spare parts for power plant	(2,569.95)	(523.75)	12.55	(3,081.15)	(2,569.80)	(523.67)	12.55	(3,080.92)
Transmission system	(44,542.01)	(4,487.81)	240.62	(48,789.20)	(44,542.01)	(4,487.81)	240.62	(48,789.20)
Communication system	(5,010.78)	(483.24)	119.90	(5,374.12)	(5,010.78)	(483.24)	119.90	(5,374.12)
Coal handling system	(3,468.31)	(114.83)	-	(3,583.14)	(3,468.31)	(114.83)	-	(3,583.14)
Mine equipment	(2,138.24)	(137.33)	3.12	(2,272.45)	(2,138.24)	(137.33)	3.12	(2,272.45)
Aeroplane and helicopter	(40.61)	(20.05)	6.90	(53.76)	(40.61)	(20.05)	6.90	(53.76)
Spare parts for mine equipment	(34.91)	(3.25)	-	(38.16)	(34.91)	(3.25)	-	(38.16)
Vehicle	(2,124.71)	(222.48)	123.48	(2,223.71)	(2,089.61)	(206.63)	119.40	(2,176.84)
Other materials and supplies	(7,961.45)	(526.21)	365.04	(8,122.62)	(7,845.91)	(515.52)	363.47	(7,997.96)
Total	(214,119.97)	(19,406.89)	1,376.70	(232,150.16)	(200,466.36)	(16,597.64)	1,370.85	(215,693.15)
Adjustment in consolidated from								
profit on sale of power plants	970.41			1,167.10	-			-
Total	(213,149.56)			(230,983.06)	(200,466.36)			(215,693.15)
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	255,857.37			246,326.46	213,531.17			206,223.16

As at December 31, 2007 and 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 39,939.44 million and Baht 35,772.71 million respectively. The details are as follows:

	Unit : Million Baht	
	EGAT Only	
	Dec 31, 07	Dec 31, 06
Structure	4,925.34	4,378.85
Reservoir, dam	5.45	5.45
Power plants	13,985.96	12,603.24
Spare parts for power plant	773.88	311.63
Transmission system	5,784.95	5,089.08
Communication system	2,679.40	2,055.41
Coal handling system	1,805.17	1,799.02
Mine equipment	2,051.27	1,922.41
Aeroplane and helicopter	32.41	-
Spare parts for mine equipment	25.68	25.68
Vehicle	1,646.12	1,672.44
Other materials and supplies	6,223.81	5,909.50
	<u>39,939.44</u>	<u>35,772.71</u>

As at December 31, 2007 and 2006, EGAT has had the land awaiting development of Baht 1,812.80 million appropriated for construction of new power plants to support the additional demand of electric energy. Due to the change in power development planning, the construction of new power plants has been postponed. Details of the land awaiting development are as follows:

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

- Land at Tap Sakae, Prachuap Khiri Khan Province of 6,446,400 square meters (4,029 Rai) is valued at 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 of land 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. On June 23, 2005, EGAT found that the impairment loss of Baht 611.43 million was excessive, and that the true appraised value of land at Tap Sakae was Baht 188 million higher than its existing book value. Therefore, EGAT recognized a Baht 188 million impairment profit on land to reverse loss on impairment assets, and recorded an increase in book value of land at Tap Sakae by Baht 188 million. As at December 31, 2007 and 2006, net book value of land at Tap Sakae is Baht 1,800 million.

- Land surrounding Carrier Gas Station on Phet Kaseam Road at Ratchaburi Province of 59,200 square meters (37 Rai) is valued at Baht 3.75 million.

6.10 Intangible Assets

Unit : Million Baht

	Consolidated					
	Land	Computer	Royalty on	Gas piped	Total	
	rights	software	real property	system		
		rights	service	rights	Dec 31, 07	Dec 31, 06
Balance at beginning of period	16,201.61	295.08	264.58	6.10	16,767.37	16,461.24
Add: Increase during the period	433.76	38.29	-	-	472.05	622.38
Transfer from work in process	-	8.14	-	-	8.14	149.74
	16,635.37	341.51	264.58	6.10	17,247.56	17,233.36
Less : Amortization	523.68	34.69	6.33	0.32	565.02	465.99
Balance at end of period	16,111.69	306.82	258.25	5.78	16,682.54	16,767.37

Unit : Million Baht

	EGAT Only				
	Land	Computer	Royalty on	Total	
	rights	software	real property		
		rights	service	Dec 31, 07	Dec 31, 06
Balance at beginning of period	16,201.61	295.08	264.58	16,761.27	16,461.24
Add: Increase during the period	433.76	38.29	-	472.05	616.13
Transfer from work in process	-	8.14	-	8.14	149.74
	16,635.37	341.51	264.58	17,241.46	17,227.11
Less : Amortization	523.68	34.69	6.33	564.70	465.84
Balance at end of period	16,111.69	306.82	258.25	16,676.76	16,761.27

6.11 Work under Construction

Project	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec 31,07	Dec 31,06	Dec 31,07	Dec 31,06
Expand Transmission System Project	7,303.76	7,946.26	7,303.76	7,946.26
Jana Combined Cycle Power Plant Project	12,317.90	6,718.28	12,317.90	6,718.28
South Bangkok Combined Cycle Power Plant Project - Unit 3	8,307.00	478.99	8,307.00	478.99
Bang Pakong Combined Cycle Power Plant Project - Unit 5	8,588.74	15.16	8,588.74	15.16
North Bangkok Combined Cycle Power Plant Project - Unit 1	354.60	9.43	354.60	9.43
Others	6,224.27	4,876.25	6,205.21	4,857.99
Total	43,096.27	20,044.37	43,077.21	20,026.11

On June 7, 2005 and October 25, 2005, the cabinet approved Jana Combined Cycle Power Plant Project (Songhla) 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 million respectively.

As at December 31, 2007, the percentage of completion of the new power plant are as follows:

	Percentage of Completion
- Jana Combined Cycle Power Plant Project	96.10
- South Bangkok Combined Cycle Power Plant Project - Unit 3	87.93
- Bang Pakong Combined Cycle Power Plant Project - Unit 5	75.31
- North Bangkok Combined Cycle Power Plant Project - Unit 1	16.40

6.12 Other Non-Current Assets

- Deferred Charges of The Lignite Mine

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec 31,07	Dec 31,06	Dec 31,07	Dec 31,06
Balance at beginning of period	1,115.43	1,446.29	1,115.43	1,446.29
Add : Increase during the period	3,236.63	3,324.75	3,236.63	3,324.75
Depreciation	82.44	77.42	82.44	77.42
	4,434.50	4,848.46	4,434.50	4,848.46
Less: Amortization	3,381.98	3,733.03	3,381.98	3,733.03
Balance at end of period	1,052.52	1,115.43	1,052.52	1,115.43
- Others	1,431.51	295.61	906.98	289.75
Total	2,484.03	1,411.04	1,959.50	1,405.18

6.13 Trade Account Payables - Others

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Dec 31,07	Dec 31,06	Dec 31,07	Dec 31,06
Neighbouring countries' supply	1,454.27	1,408.63	1,454.27	1,408.63
Independent Power Producers (IPP)	9,047.75	7,391.91	9,047.75	7,391.91
Small Power Producers (SPP)	6,855.99	6,460.42	6,855.99	6,460.42
Trade payable - fuel	16,759.96	13,414.46	16,759.96	13,414.46
Others	5,377.68	6,191.48	2.61	6.07
Total	39,495.65	34,866.90	34,120.58	28,681.49

6.14 Accrued Remittance to The Ministry of Finance

In the accounting period of 2007, EGAT calculated the remittance to the Ministry of Finance in the appropriation of 40% on EGAT's net income before provisions for bonus. The calculation is changed from the rate of 40% on EGAT's net income before provisions for bonus and after the adjusting entry of share of profits or losses from subsidiaries, associated company and joint venture by using the equity method and dividend received. Because in 2007, EGAT has changed in accounting policy regarding investments in subsidiaries, jointly controlled entities and associates from the equity method to the cost method for the separate financial statements and recognized the dividend received when are declared. However, the amount of remittance may vary based upon the review by the Ministry of Finance.

As at January 1, 2007, EGAT has accrued remittance to the Ministry of Finance in the amount of Baht 9,618.06 million and incurred additional remittance provision of Baht 0.04 million. On April 2007 and May 2007, EGAT sent the remittance to the Ministry of Finance in the amount of Baht 4,000 million and Baht 5,618.10 million respectively. For the operating result of the six-months period ended June 30, 2007, EGAT recorded the provision for remittance to the Ministry of Finance in the amount of Baht 8,913 million which was remitted to the Ministry of Finance in October 31, 2007.

As at December 31, 2007, EGAT recorded the provision for remittance of the operating result in year 2007 amounting to Baht 13,306.71 million. As EGAT paid the remittance of the operating result in first half year amounting to Baht 8,913 million, the outstanding balance of accrued remittance to the Ministry of Finance as at December 31, 2007 equals Baht 4,393.71 million.

6.15 Long - Term Loans

	Unit : Million Baht			
	Consolidated		EGAT Only	
	Current portion		Current portion	
	Long - term loans	of long - term loans	Balance Dec 31,07	Dec 31,06
Long - term loans	102,400.87	22,619.93	79,780.94	102,649.09
Suppliers' credit	862.87	572.01	290.86	880.35
Total	103,263.74	23,191.94	80,071.80	103,529.44

	Unit : Million Baht			
	EGAT Only		EGAT Only	
	Current portion		Current portion	
	Long - term loans	of long - term loans	Balance Dec 31,07	Dec 31,06
Long - term loans	75,230.83	18,960.80	56,270.03	75,479.06
Suppliers' credit	862.87	572.01	290.86	880.35
Total	76,093.70	19,532.81	56,560.89	76,359.41

Long - Term Loans

	Consolidated			
	Dec 31,07		Dec 31, 06	
	Foreign	Million Baht	Foreign	Million Baht
	currencies		currencies	
	Unit : million		Unit : million	
Local sources secured by the Ministry of Finance:				
EGAT bonds				
Fixed rate due within 2020	-	35,800.00	-	37,800.00
		<u>35,800.00</u>		<u>37,800.00</u>
Local sources unsecured by the Ministry of Finance:				
Ministry of Finance loans				
Fixed rate due within 2027	-	110.55	-	114.61
EGAT bonds				
Fixed rate due within 2020	-	13,100.00	-	12,900.00
Debenture				
Fixed rate due within 2008	-	1,165.70	-	3,496.54
Fixed rate since July 29, 2005 - July 28, 2007	-	-	-	2,997.86
Floating rate since July 29, 2007 and due within 2010	-	2,998.47	-	-
Bank and financial institutions				
Floating rate due within 2015	-	22,235.87	-	23,013.55
Fixed rate due within 2018	-	770.00	-	770.00
		<u>40,380.59</u>		<u>43,292.56</u>
Foreign sources secured by the Ministry of Finance:				
Borrowings				
US Dollars:				
Floating rate due within 2007	-	-	14.06	509.50
Fixed rate due within 2011	2.85	96.58	3.66	132.77
Japanese Yen:				
Fixed rate due within 2013	39,706.46	11,900.66	51,941.04	15,882.89
Euro:				
Fixed rate due within 2015	0.61	30.14	0.69	33.16
Fixed rate due within 2037	79.47	3,943.41	87.84	4,195.96
Canadian Dollars:				
Fixed rate due within 2010	2.43	83.99	3.40	106.41
		<u>16,054.78</u>		<u>20,860.69</u>
Bonds				
US Dollars:				
Fixed rate due within 2008	300.00	10,165.50	300.00	10,869.24
		<u>10,165.50</u>		<u>10,869.24</u>
Total		<u>102,400.87</u>		<u>112,822.49</u>
Less Current portion of long-term loans		22,619.93		10,173.40
Balance		<u>79,780.94</u>		<u>102,649.09</u>

	EGAT Only			
	Dec 31,07		Dec 31, 06	
	Foreign	Million Baht	Foreign	Million Baht
	currencies		currencies	
	Unit : million		Unit : million	
Local sources secured by the Ministry of Finance:				
EGAT bonds				
Fixed rate due within 2020	-	35,800.00	-	37,800.00
		35,800.00		37,800.00
Local sources unsecured by the Ministry of Finance:				
Ministry of Finance loans				
Fixed rate due within 2027	-	110.55	-	114.61
EGAT bonds				
Fixed rate due within 2020	-	13,100.00	-	12,900.00
		13,210.55		13,014.61
Foreign sources secured by the Ministry of Finance:				
Borrowings				
US Dollars:				
Floating rate due within 2007	-	-	14.06	509.50
Fixed rate due within 2011	2.85	96.58	3.66	132.77
Japanese Yen:				
Fixed rate due within 2013	39,706.46	11,900.66	51,941.04	15,882.89
Euro:				
Fixed rate due within 2015	0.61	30.14	0.69	33.16
Fixed rate due within 2037	79.47	3,943.41	87.84	4,195.96
Canadian Dollars:				
Fixed rate due within 2010	2.43	83.99	3.40	106.41
		16,054.78		20,860.69
Bonds				
US Dollars:				
Fixed rate due within 2008	300.00	10,165.50	300.00	10,869.24
		10,165.50		10,869.24
Total		75,230.83		82,544.54
Less: Current portion of long-term loans		18,960.80		7,065.48
Balance		56,270.03		75,479.06

As at December 31, 2007 and 2006, long - term loans can be classified by interest rate as follows:

Unit : Million Baht				
	Consolidated		EGAT Only	
	Dec 31, 07	Dec 31,06	Dec 31, 07	Dec 31,06
Floating rate	25,234.34	23,523.05	-	509.50
Fixed rate	77,166.53	89,299.44	75,230.83	82,035.04
Total	<u>102,400.87</u>	<u>112,822.49</u>	<u>75,230.83</u>	<u>82,544.54</u>

Interest rates as at December 31, 2007 are as follows:

	Consolidated	EGAT Only
EGAT bonds - local sources	3.295% to 8.554%	3.295% to 8.554%
EGAT bonds - foreign sources	7.000%	7.000%
Borrowings - local sources	3.000% to 7.125%	3.000%
Borrowings - foreign sources	0.000% to 8.000%	0.000% to 8.000%
Debenture	3.670%	

6.16 Provision Liabilities for Mine Reclamation

Unit : Million Baht				
	Consolidated		EGAT Only	
	Dec 31, 07	Dec 31,06	Dec 31, 07	Dec 31,06
Balance at beginning of period	1,660.51	1,612.85	1,660.51	1,612.85
Add : Provision during the period	96.47	102.81	96.47	102.81
	<u>1,756.98</u>	<u>1,715.66</u>	<u>1,756.98</u>	<u>1,715.66</u>
Less : Mine reclamation expenses	35.36	50.83	35.36	50.83
Depreciation	3.70	4.32	3.70	4.32
Balance at end of period	<u>1,717.92</u>	<u>1,660.51</u>	<u>1,717.92</u>	<u>1,660.51</u>

6.17 Other Non-Current Liabilities

- Deferred Income

	Consolidated		Unit : Million Baht EGAT Only	
	Dec 31, 07	Dec 31,06	Dec 31, 07	Dec 31,06
Balance at beginning of period	4,616.97	4,221.03	4,616.97	4,221.03
Add : Contribution received	432.88	688.01	432.88	688.01
	5,049.85	4,909.04	5,049.85	4,909.04
Less : Recognized to other revenue	361.80	284.48	361.80	284.48
Refund to contributor	0.39	6.25	0.39	6.25
Decrease in depreciation	1.34	1.34	1.34	1.34
Balance at end of period	4,686.32	4,616.97	4,686.32	4,616.97
- Others	12,220.58	4,644.45	12,220.58	4,646.55
Total	16,906.90	9,261.42	16,906.90	9,263.52

6.18 Equity

Contribution from the Government

	Consolidated		Unit : Million Baht EGAT Only	
	Dec 31, 07	Dec 31,06	Dec 31, 07	Dec 31,06
Capital	6,507.64	6,507.64	6,507.64	6,507.64
Contribution for supporting construction of the				
Srinagarind, Bang Lang, Vajiralongkorn, Rajjaprabha				
and Pak Mun Dam	4,364.75	4,364.75	4,364.75	4,364.75
Less : Accumulated depreciation	1,434.08	1,371.75	1,434.08	1,371.75
Depreciation for the period	62.33	62.33	62.33	62.33
	2,868.34	2,930.67	2,868.34	2,930.67
Balance at end of period	9,375.98	9,438.31	9,375.98	9,438.31

6.19 Share of Equity from Subsidiary and Associated Company by using the Equity Method

	Unit : Million Baht Consolidated	
	Dec 31, 07	Dec 31,06
Premium on share capital	2,886.91	2,886.91
Unrealized gain on revaluation of investments in		
market securities available for sale - net	156.08	198.28
Difference from translation the financial statements		
of foreign company	36.33	(3.51)
Total	3,079.32	3,081.68

6.20 Revenue from Sales of Other Goods and Services

Unit : Million Baht

	Consolidated		EGAT Only	
	Jan 1 - Dec 31, 07	Jan 1 - Dec 31, 06	Jan 1 - Dec 31, 07	Jan 1 - Dec 31, 06
Revenue from telecommunication				
services	186.33	-	186.33	-
Others	19,863.57	20,677.65	23,443.70	23,276.69
Total	<u>20,049.90</u>	<u>20,677.65</u>	<u>23,630.03</u>	<u>23,276.69</u>

EGAT has the revenue from telecommunication business, which has been approved to operate telecommunication business by The National Telecommunications Commission on March 15, 2007.

6.21 Cost of Electric Energy Sales

Unit : Million Baht

	Consolidated		EGAT Only	
	Jan 1 - Dec 31, 07	Jan 1 - Dec 31, 06	Jan 1 - Dec 31, 07	Jan 1 - Dec 31, 06
Electric energy purchased	133,956.30	111,983.31	177,807.54	162,414.68
Fuel	114,730.74	127,058.21	82,105.92	89,065.80
Generating expenses	28,778.19	27,343.21	23,519.48	22,767.48
Transmission expenses	9,924.40	9,535.56	9,924.40	9,535.56
Total	<u>287,389.63</u>	<u>275,920.29</u>	<u>293,357.34</u>	<u>283,783.52</u>

6.22 Cost of Sales of Other Goods and Services

Unit : Million Baht

	Consolidated		EGAT Only	
	Jan 1 - Dec 31, 07	Jan 1 - Dec 31, 06	Jan 1 - Dec 31, 07	Jan 1 - Dec 31, 06
Cost of telecommunication services	6.83	-	6.83	-
Others	19,761.13	20,405.89	22,972.45	22,759.83
Total	<u>19,767.96</u>	<u>20,405.89</u>	<u>22,979.28</u>	<u>22,759.83</u>

EGAT recorded cost of telecommunication services to dual with revenue from telecommunication services since March 15, 2007 that EGAT has received the approval to operate telecommunication business by The National Telecommunications Commission.

6.23 Gains on Foreign Exchange

Unit : Million Baht				
	Consolidated		EGAT Only	
	Jan 1 - Dec 31, 07	Jan 1 - Dec 31, 06	Jan 1 - Dec 31, 07	Jan 1 - Dec 31, 06
Gains on rate of exchange from repayment of long term loans	190.88	225.93	190.88	225.93
Gains on rate of exchange at the end of years from revaluation of assets and liabilities	900.30	4,426.90	900.30	4,426.90
Losses on rate of exchange at the end of years from translating foreign deposit account (USD)	(34.20)	(877.25)	(34.20)	(877.25)
Others	27.97	97.59	27.91	96.82
Total	<u>1,084.95</u>	<u>3,873.17</u>	<u>1,084.89</u>	<u>3,872.40</u>

6.24 Share of Profit from Subsidiaries, Associated Company and Joint Venture by using the Equity Method in the Consolidated Financial Statements

In year 2007, EGAT recognized a Baht 2,168.38 million share of profit from its associated company, Electricity Generating Public Company Limited and a Baht 2,814.72 million share of profit or loss of its subsidiaries and joint venture. The latter amount comprises a Baht 2,818.52 million share of profit of Ratchaburi Electricity Generating Holding Public Company Limited, a Baht 0.24 million share of loss of EGAT International Company Limited and a Baht 3.56 million share of loss of District Cooling System and Power Plant Company Limited. As share of profit or loss from subsidiaries and joint venture are inter-company transactions, therefore, these are not presented in the consolidated financial statements.

6.25 Interest Expenses

Unit : Million Baht				
	Consolidated			
	Interest expenses	Expenses relating to the loans	Total Jan 1 - Dec 31, 07	Jan 1 - Dec 31, 06
Capitalized to projects under construction	168.29	0.17	168.46	178.14
Interest expenses in the statements of income	5,855.82	3.36	5,859.18	6,868.87
Total	<u>6,024.11</u>	<u>3.53</u>	<u>6,027.64</u>	<u>7,047.01</u>

Unit : Million Baht				
	EGAT Only			
	Interest expenses	Expenses relating to the loans	Total Jan 1 - Dec 31, 07	Jan 1 - Dec 31, 06
Capitalized to projects under construction	168.29	0.17	168.46	178.14
Interest expenses in the statements of income	4,460.39	3.36	4,463.75	5,403.62
Total	<u>4,628.68</u>	<u>3.53</u>	<u>4,632.21</u>	<u>5,581.76</u>

6.26 Fire Accident at Bang Pakong Combined Cycle Power Plant - Unit 1

On August 2, 2006, 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. In 2006, EGAT has recognized expenses related to accident recovery amounting to Baht 24.58 million. In the period of January 1 to December 31, 2007, EGAT recorded the mentioned expenses in the amount of Baht 65.61 million and has been completely renovated in December 2007.

7. Community Development Fund around Power Plant

On June 19, 2007, the Cabinet passed a resolution which:

1. Approved the guidelines and the procedure on the establishment of the Community Development Fund around Power Plant. The Cabinet's resolution also stipulated that the fund establishment shall be completed within December 31, 2007.
2. Assigned the Ministry of Energy together with the Ministry of Interior, the Ministry of Finance, the Ministry of Industry and the Office of the Council of State to jointly undertake the drafting of rules for the selection of the committee members of the Community Development Fund around Power Plant Management Committee and rules for the establishment of the Community Development Fund around Power Plant to serve as a model without delay.
3. Appointed a Subcommittee to review the fund establishment and the taxation system for environmental taxes to eliminate duplication of tax collections. The Subcommittee to be chaired by the Permanent Secretary of Energy shall consist of representatives from the Ministry of Industry, the Ministry of Energy, the Ministry of Natural Resources and Environment, the Fiscal Policy Office and the Comptroller General's Department.

According to the guidelines and the procedure on the establishment of the Community Development Fund around Power Plant which were approved by the Cabinet, all power plants which have entered power purchase agreements with electricity utilities for the sales of 6 MW of electricity or greater are required to pay into the Fund at rates varying according to the fuels used as follows: 1.0 Satang/kWh for natural gas-fired power plants, 1.5 Satang/kWh for fuel oil- and diesel oil-fired power plants, 2.0 Satang/kWh for coal and lignite-fired power plants, 0.0 Satang/kWh for wind turbine and solar energy power plants, 1.0 Satang/kWh for power plants utilizing biomass, agricultural residual and municipal waste and 2.0 Satang/kWh for hydropower plants. For the power projects with commercial operation dates after January 1, 2011, in addition to the payment to the fund as specified above, during the construction period, they are also required to pay to the Community Development Fund around Power Plant a tax based on their individual planned capacity, at a rate of Baht 50,000/MW per year, or no less than Baht 500,000 per year. Payments to the Fund shall be:

1. Included as part of the terms and conditions in the new solicitation for power purchase from independent power producers (IPPs) under the government's policy on power purchase from IPP.
2. Added to the electricity purchase prices under the Regulations of Power Purchase from Small Power Producers (SPPs) and Very Small Power Producers (VSPPs).
3. For the power plants with commercial operation dates before January 1, 2011, these additional costs shall be passed through to consumers via the Ft (automatic tariff adjustment) charge.

Each individual power producer is liable to pay directly to the Fund since July 1, 2007. However, in the period between July 1, 2007 and December 31, 2010 when the Funds of those power plants have not yet been established, EGAT would be responsible for paying into the Fund and recover the costs from Ft revenue.

The Sub-Committee on the Automatic Tariff Adjustment Mechanism (Ft) during the meeting of June 12, 2007, approved the definition amendment of the term "fuel costs and power purchase costs" described in the Ft formula to also cover the pass-through of other expenses specified by the Government's policy (i.e. contributions paid to the Community Development Fund around Power Plant, the pass-through of the "adder" to the power purchase prices that the power utilities pay to SPPs and VSPPs using renewable, and etc.) The Sub-Committee also assigned EGAT to prepare a report on electricity tariff calculation based on the Ft formula which includes detailed payments to the Community Development Fund around Power Plant by each individual power plant.

Resulting from the above-mentioned Cabinet's resolution, EGAT recorded, for the year period ending December 31, 2007, its contributions to the Fund totaling Baht 439.47 million as part of its generating expenses and also recorded an additional cost of Baht 448.24 million to its costs of electric energy purchased from IPPs and SPPs. On the other hand, cash recovered from the Ft revenue has been deposited in a separate deposit account.

8. Contingent Assets

Contingent assets excluded from EGAT's financial statements, occurred from switching transmission line in north area of Suvarnabhumi International Airport. EGAT and Airports of Thailand Public Company Limited (AOT) have jointly obligated in half-and-half of the demolition and switching transmission line expenditure in north area of Suvarnabhumi International Airport according to the approval by the Cabinet, which has been formerly paid by EGAT. At present EGAT has been completely conducted and is in the procession of collect from AOT by approximately of Baht 269.57 million.

9. Contingent Liabilities

As at December 31, 2007, contingent liabilities excluded from EGAT's financial statements, are the calling for EGAT to pay additional compensation. The Civil Court judged that EGAT was liable for the additional payment of 50 lawsuits amounting to Baht 351.34 million. EGAT is now appealing for the court's verdict.

10. Agreements

10.1 Long-Term Power Purchase Agreements

As a result of the government's policy on decreasing the government's investment burden and encouraging private sector to be involved in the power generation industry, the Government approved an investment programme for the power generation in new project by private sector known as Independent Power Producers (IPP) who will sell power to EGAT.

As at December 31, 2007 EGAT has entered into 51 Power Purchase Agreements with total commitments amounting to approximately Baht 4,001,781 million and total production capacity of 16,393 megawatts.

Power producers	Company	Capacity (megawatt)	Remaining contract		Amount	Availability	Energy
			period (years)	(Million Baht)	payment (AP) (Million Baht)	payment(EP) (Million Baht)	
Power Project Developers in Lao People's Democratic Republic							
Theun Hinboun Power Company Limited	1	440	32	2008-2039	138,998	-	138,998
Houay Ho Power Company Limited	1	126	22	2008-2029	22,495	-	22,495
Num Theun Project 2	1	920	26	2009-2034	222,543	-	222,543
Num Ngum Project 2	1	454	27	2011-2037	116,269	-	116,269
Independent Power Producers (IPP)							
Rayong Electricity Generating Company Limited(REGCO)	1	1,232	7	2008-2014	92,770	18,099	74,671
Khanom Electricity Generating Company Limited (KEGCO)	1	818	9	2008-2016	91,169	18,116	73,053
Tri Energy Company Limited (TECO)	1	700	13	2008-2020	105,534	19,904	85,630
Eastern Power Electric Company Limited (EPEC)	1	350	16	2008-2023	76,102	21,587	54,515
Independent Power (Thailand) Company Limited (IPT)	1	700	18	2008-2025	152,149	28,470	123,679
Ratchaburi Electricity Generating Company Limited (RGCO)	1	3,481	20	2008-2027	880,388	161,501	718,887
Glow IPP Company Limited (GIPP)	1	713	21	2008-2028	189,684	39,189	150,495
Gulf Power Generation Company Limited (GULF)	1	1,468	26	2008-2033	500,364	114,179	386,185
Ratchaburi Power Company Limited (RPCL)	1	1,400	26	2008-2033	468,431	99,693	368,738
BLCP Power Company Limited (BLCP)	1	1,347	25	2008-2032	351,632	152,403	199,229
Small Power Producers (SPP)	37	2,244	15-25 Years		593,253	152,789	440,464
Total	51	16,393			4,001,781	825,930	3,175,851

10.2 Letter of Credit

As at December 31, 2007, EGAT has unused letters of credit, which are not expired, amounting to approximately Baht 6,448.03 million.

11. Disclosure of Financial Instruments

EGAT uses the financial instruments to decrease uncertainty from uncontrollable outside factors. The mainly of derivative financial instruments consisted of currency swap agreements, interest rate swap agreements and forward foreign exchange contracts.

11.1 Cross Currency Interest Rate Swap Agreements

EGAT uses the cross currency interest rate swap agreements to mitigate foreign currency risk and fluctuations in interest rates which are inherent foreign currency borrowings. The agreements are not recognized in the financial statements on the agreement date.

EGAT has entered into several cross currency interest rate swap agreements with a maturity of 4 - 10 years. The terms and remaining foreign currency amount under the cross currency interest rate swap agreements at December 31, 2007 and 2006 are as follows:

Terms of cross currency interest rate swap agreements	Unit : Million Baht	
	Dec 31, 07	Dec 31, 06
Yen 9,979 million / Baht 3,692 million	2,272.36	2,840.45
Yen 19,899 million / Baht 7,283 million	4,161.89	5,202.37
Yen 11,424 million / Baht 4,145 million	2,127.68	2,659.60
Yen 10,000 million / Baht 3,575 million	-	1,021.43
Yen 6,712 million / Baht 2,456 million	1,688.99	1,996.08
Yen 12,196 million / Baht 4,463 million	3,090.39	3,777.14
Yen 1,093 million / Baht 365 million	243.48	304.35
Yen 1,469 million / Baht 489 million	326.15	407.69
Yen 1,286 million / Baht 428 million	285.54	356.92
Yen 1,179 million / Baht 390 million	283.82	354.78
Yen 6,680 million / USD 61 million	889.96	1,585.95
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	406.64	609.95
Total	<u>23,796.90</u>	<u>29,136.71</u>

To reduce the risk from fluctuations in foreign exchange rate, EGAT has the continue cross currency interest rate 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 cross currency interest rate 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, 07	Dec 31, 06
More than 1 year - 5 years	8,909.96	10,627.38
More than 5 years	14,886.94	18,509.33
Total	<u>23,796.90</u>	<u>29,136.71</u>

11.2 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 and aren't realized in financial statements on the agreement date.

The interest rate swap agreement of Yen 20,000 million is 1.50% p.a.. The maturity period of interest rate swap agreement is arranged to be equal to the period of loan agreement, which is 7 years.

As at December 31, 2007 the balance of interest rate swap agreement is nil because the maturity period is ended but December 31, 2006, the balance of interest rate swap agreement is Baht 873.68 million.

11.3 Forward Foreign Exchange Contracts

EGAT has conducted a forward foreign exchange contracts to mitigate the risk of fluctuations in foreign exchange rates associated with foreign loan repayment, the electric energy purchased from foreign countries and letter of credit payment. Forward foreign exchange contracts are agreement to buy foreign currency at a pre-agreed exchange rate on a specified future time and aren't realized in the financial statements on the contract date.

EGAT has conducted a forward foreign exchange contracts for foreign USD currency repayment of USD 3.500 million equivalents to Baht 119.02 million.

As at December 31, 2007 and 2006, the amount and foreign exchange rate under the forward foreign exchange contracts are as follows:

Unit : Million Baht		
	Dec 31, 07	Dec 31, 06
Exchange rate : THB 34.005 - 35.626 = USD 1	119.02	8.74
Exchange rate : THB 0.3066 = JPY 1	-	2.24
Total	<u>119.02</u>	<u>10.98</u>

11.4 Fair Value of Financial Instruments

As at December 31, 2007 and 2006, contract price and fair value of long - term loans and derivative financial instrument are as follows:

	Unit : Million Baht			
	Dec 31, 07		Dec 31, 06	
	Contract price	Fair value	Contract price	Fair value
Long - term loans - local sources	49,010.55	52,138.62	50,814.61	52,936.17
Long - term loans - foreign sources	27,083.15	27,902.91	33,193.88	33,272.63
Forward foreign exchange contracts	-	1.21	-	(0.18)
Cross currency interest rate swap agreements	-	2,554.40	-	2,486.49
Currency swap agreements	-	13.95	-	189.12
Interest rate swap agreements	-	-	-	4.28

EGAT calculated fair value of long- term loans and fixed rate bonds as the present value of the estimated future cash flow, which based on the nearby term discount rate. Forward foreign exchange contracts, cross currency interest rate swaps agreements, currency swap agreements and interest rate swap agreements are calculated by financial institutions, which are contractor of EGAT.

12. Reclassification Transactions

EGAT reclassified some transactions in the consolidated and EGAT's financial statements for the year ended December 31, 2006 for conformity with the presentation of the consolidated and EGAT's financial statements for the year ended December 31, 2007.