

# Auditor's Report

## **TO: THE BOARD OF DIRECTORS OF THE ELECTRICITY GENERATING AUTHORITY OF THAILAND**

The Office of the Auditor General of Thailand has audited the accompanying consolidated balance sheets of the Electricity Generating Authority of Thailand and its subsidiaries and the balance sheets of the Electricity Generating Authority of Thailand as at December 31, 2010 and 2009, 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. The Auditor General of Thailand did not audit the financial statements of Ratchaburi Electricity Generating Holding Public Company Limited and EGAT Diamond Service Company Limited, which are the subsidiaries and included in the consolidated financial statements which represented total assets, liabilities, revenues and expenses for the year 2010 constitute 14.90%, 13.24%, 10.73% and 10.49% respectively and for the year 2009 constitute 14.70%, 12.49%, 9.87% and 8.92% respectively. In addition, the Electricity Generating Authority of Thailand's financial statements as at December 31, 2010 and 2009 are included investments in such subsidiaries under cost method of Baht 6,752.95 million and Baht 6,682.98 million respectively. The financial statements of those subsidiaries were audited by the other auditors. The Office of the Auditor General of Thailand received the other auditors' reports and our opinion, insofar as it relates to the amounts included for those subsidiaries, is based on the other auditors' reports.

The Office of the Auditor General of Thailand conducted the audits in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General of Thailand plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Office of the Auditor General of Thailand believes that the audits together with the other auditors' reports 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 auditors' reports, 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 the Electricity Generating Authority of Thailand as at December 31, 2010 and 2009, and the results of operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

(Signed) *Pisit Leelavachirapas*  
(Pisit Leelavachirapas)  
Deputy Auditor General  
Acting Auditor General

(Signed) *Doungporn Muennuch*  
(Doungporn Muennuch)  
Director of Audit Office

*Office of the Auditor General*

March 21, 2011

# Financial Statements

## ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES

### BALANCE SHEETS

AS AT DECEMBER 31, 2010 AND 2009

		Unit : Baht			
	Notes	Consolidated		EGAT	
		2010	2009	2010	2009
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5.1	47,869,614,338	57,005,380,176	36,158,753,679	52,735,684,247
Temporary investments	5.2	20,112,697,834	8,344,455,027	17,469,734,825	90,685,948
Trade accounts receivable - others - net	5.3	36,583,303,137	33,838,448,435	36,533,703,788	33,777,742,515
Trade accounts receivable - related parties	5.4.1	1,683,474,039	2,862,956,674	1,740,766,226	3,122,883,193
Materials and supplies - net	5.5	11,776,774,881	11,131,622,909	10,030,542,266	9,353,486,536
Other current assets					
Other accounts receivable - net	5.6	317,868,968	428,376,665	316,314,095	410,155,823
Derivative assets	5.7.1	189,892,087	281,550,706	189,892,087	281,550,706
Accrued revenue from electric energy sales					
according to automatic tariff adjustment (Ft)	5.13	2,247,307,257	15,920,138,383	2,247,307,257	15,920,138,383
Others		4,038,669,826	3,970,852,483	3,757,491,147	3,868,640,087
<b>Total current assets</b>		<b>124,819,602,367</b>	<b>133,783,781,458</b>	<b>108,444,505,370</b>	<b>119,560,967,438</b>
NON-CURRENT ASSETS					
Investment in subsidiaries and jointly controlled entity	5.8	-	-	7,311,702,585	7,082,977,225
Investment in associated company	5.8	12,465,973,286	11,416,499,969	1,587,550,233	1,587,550,233
Investment in jointly controlled entity of subsidiaries		10,993,708,654	9,493,610,385	-	-
Investment in other entities of subsidiaries		54,656,049	35,105,994	-	-
Other long-term investments		1,669,460,834	469,383,130	-	-
Property, plant and equipment - net	5.9	263,009,446,549	258,639,855,990	230,161,729,738	223,703,933,194
Work under construction	5.10	30,224,623,050	34,681,904,987	29,940,087,315	34,641,575,171
Intangible assets - net	5.11	21,136,835,062	18,979,131,565	20,336,482,255	18,295,706,263
Land awaiting development	5.12	2,118,017,362	2,117,769,362	1,812,795,512	1,812,795,512
Other non-current assets	5.14	2,923,097,308	4,572,337,616	1,738,686,678	2,875,034,464
<b>Total non-current assets</b>		<b>344,595,818,154</b>	<b>340,405,598,998</b>	<b>292,889,034,316</b>	<b>289,999,572,062</b>
<b>TOTAL ASSETS</b>		<b>469,415,420,521</b>	<b>474,189,380,456</b>	<b>401,333,539,686</b>	<b>409,560,539,500</b>

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, 2010 AND 2009

Unit : Baht

	Notes	Consolidated		EGAT	
		2010	2009	2010	2009
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Short-term loans from financial institutions		-	3,000,000,000	-	3,000,000,000
Trade accounts payable - others	5.15	26,909,477,341	30,648,019,708	22,222,331,970	27,052,622,977
Trade accounts payable - related parties	5.4.2	4,176,075,623	10,823,467,064	7,504,877,612	16,044,136,547
Current portion of long - term loans	5.17	20,642,709,687	9,682,825,506	17,025,241,685	6,821,037,520
Current portion of finance lease liabilities		1,474,839	-	-	-
Other current liabilities					
Other accounts payable		5,223,944,088	7,350,475,569	5,189,003,028	7,318,236,181
Accrued remittance to the Ministry of Finance	5.16	8,647,538,956	5,610,229,117	8,647,538,956	5,610,229,117
Accrued interest expenses		1,147,229,452	1,229,813,778	1,147,109,752	1,220,926,640
Derivative liabilities	5.7.2	313,431,871	640,515,705	313,431,871	640,515,705
Accrued expenses		4,681,451,623	3,444,132,669	4,681,451,623	3,444,132,669
Others		5,321,052,052	4,991,018,789	4,011,376,798	3,686,992,534
<b>Total current liabilities</b>		<b>77,064,385,532</b>	<b>77,420,497,905</b>	<b>70,742,363,295</b>	<b>74,838,829,890</b>
NON-CURRENT LIABILITIES					
Long -term loans	5.17	82,905,917,132	104,853,213,795	69,069,890,549	87,438,219,210
Finance lease liabilities		3,259,557	-	-	-
Provision liabilities for mine reclamation	5.18	1,923,308,185	1,857,575,461	1,923,308,185	1,857,575,461
Other non-current liabilities	5.19	11,284,581,198	14,547,300,606	11,302,448,803	14,557,451,085
<b>Total non-current liabilities</b>		<b>96,117,066,072</b>	<b>121,258,089,862</b>	<b>82,295,647,537</b>	<b>103,853,245,756</b>
<b>TOTAL LIABILITIES</b>		<b>173,181,451,604</b>	<b>198,678,587,767</b>	<b>153,038,010,832</b>	<b>178,692,075,646</b>
EQUITY					
Contribution from the government	5.20	9,188,976,106	9,251,308,869	9,188,976,106	9,251,308,869
Surplus from royalty on state property service		474,767,280	474,767,280	474,767,280	474,767,280
Unrealized gain (loss)		(4,262,648)	243,077	(4,262,648)	243,077
Share of equity from subsidiary and associated company by using the equity method	5.21	2,875,330,129	2,941,383,164	-	-
Accrued common share of jointly controlled entity		(23,625,000)	-	-	-
Retained earnings					
Appropriated					
Capital expenditure appropriation		80,186,366,913	80,186,366,913	80,186,366,913	80,186,366,913
Unappropriated		177,642,537,863	157,975,517,626	158,449,681,203	140,955,777,715
<b>TOTAL EGAT'S EQUITY</b>		<b>270,340,090,643</b>	<b>250,829,586,929</b>	<b>248,295,528,854</b>	<b>230,868,463,854</b>
<b>MINORITY INTEREST</b>		<b>25,893,878,274</b>	<b>24,681,205,760</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>296,233,968,917</b>	<b>275,510,792,689</b>	<b>248,295,528,854</b>	<b>230,868,463,854</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>469,415,420,521</b>	<b>474,189,380,456</b>	<b>401,333,539,686</b>	<b>409,560,539,500</b>

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

(Signed) Mr. Sutat Patmasiriwat

(Mr. Sutat Patmasiriwat)

Director and Governor

(Signed) Mrs. Sineenat Sittiratanarangsee

(Mrs. Sineenat Sittiratanarangsee)

Deputy Governor - Account and Finance

**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

		Unit : Baht			
	Notes	Consolidated		EGAT	
		2010	2009	2010	2009
REVENUES					
Revenue from electric energy sales		383,691,007,103	355,630,645,915	383,266,260,061	355,291,193,241
Revenue from sales of other goods and services	5.22	21,754,050,234	18,071,038,112	23,911,189,183	19,898,538,562
Total revenue from sales and services		405,445,057,337	373,701,684,027	407,177,449,244	375,189,731,803
COST OF SALES					
Cost of electric energy sales	5.23	329,922,335,324	309,346,905,480	336,006,042,618	316,428,652,789
Cost of sales of other goods and services	5.24	20,936,964,998	17,412,171,594	23,070,208,974	18,999,284,725
Total cost of sales and services		350,859,300,322	326,759,077,074	359,076,251,592	335,427,937,514
GROSS PROFIT		54,585,757,015	46,942,606,953	48,101,197,652	39,761,794,289
OTHER REVENUES	5.25	3,660,819,203	3,660,555,835	5,470,114,983	5,320,641,551
INCOME BEFORE EXPENSES		58,246,576,218	50,603,162,788	53,571,312,635	45,082,435,840
SELLING EXPENSES		111,558,812	98,140,757	111,558,812	98,140,757
ADMINISTRATIVE EXPENSES		15,219,090,415	13,882,400,911	14,435,712,780	13,273,950,891
MANAGEMENT BENEFIT EXPENSES	5.27	239,260,102	215,998,529	115,066,037	101,669,952
OTHER EXPENSES	5.26	38,764,273	283,423,495	7,345,665	283,423,495
TOTAL EXPENSES		15,608,673,602	14,479,963,692	14,669,683,294	13,757,185,095
SHARE OF PROFIT FROM ASSOCIATED COMPANY	5.28	1,826,337,641	2,449,267,499	-	-
SHARE OF PROFIT FROM JOINTLY CONTROLLED					
ENTITIES OF SUBSIDIARIES		1,443,132,513	1,720,707,697	-	-
INCOME BEFORE FINANCE COSTS AND INCOME TAX		45,907,372,770	40,293,174,292	38,901,629,341	31,325,250,745
FINANCE COSTS	5.29	4,420,176,695	4,528,245,787	3,719,616,014	3,641,052,524
INCOME TAX		1,271,907,209	830,936,727	-	-
NET INCOME	5.30	40,215,288,866	34,933,991,778	35,182,013,327	27,684,198,221
ATTRIBUTABLE TO:					
EGAT		37,355,130,076	31,227,365,638	35,182,013,327	27,684,198,221
MINORITY INTEREST		2,860,158,790	3,706,626,140	-	-
		40,215,288,866	34,933,991,778	35,182,013,327	27,684,198,221

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

(Signed) **Mr. Sutat Patmasiriwat**  
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**Deputy Governor - Account and Finance**

**ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**  
**Consolidated**

	Contribution from the government	Surplus from royalty on state property service	Unrealized gain (loss)	Share of equity from subsidiary and associated company by using the equity method	Accrued common share of jointly controlled entity	Retained earnings	Total EGAT's equity	Minority interest	Unit : Baht Total equity
						appropriated	unappropriated		
Balance as at January 1, 2009	9,313,641,632	474,767,280	-	2,893,267,842	-	80,186,366,913	140,066,339,056	22,535,996,345	255,469,379,068
Depreciation of assets for irrigation	(62,332,763)	-	-	-	-	-	-	-	(62,332,763)
Investments in available-for-sale securities	-	-	-	-	-	-	-	-	-
Realized gain (loss) in equity investments in available-for-sale securities	-	-	243,077	-	-	-	-	-	243,077
Unrealized gain (loss) on adjustment value of investments in marketable securities	-	-	-	130,026,391	-	-	-	-	130,026,391
Adjustment from translation the financial statements of foreign company	-	-	-	(81,911,069)	-	-	-	-	(81,911,069)
Minority interest's investment in subsidiaries	-	-	-	-	-	-	-	193,083,275	193,083,275
Increase in provision for remittance to the Ministry of Finance of 2008	-	-	-	-	-	-	(999,957,951)	-	(999,957,951)
Remittance to the Ministry of Finance of 2009 (Jan 1 - Jun 30, 09)	-	-	-	-	-	-	(6,707,000,000)	-	(6,707,000,000)
Provision for remittance to the Ministry of Finance of 2009 (Jul 1 - Dec 31, 09)	-	-	-	-	-	-	(5,610,229,117)	-	(5,610,229,117)
Net income for the period	-	-	-	-	-	-	31,227,365,638	3,706,626,140	34,933,991,778
Dividend paid	-	-	-	-	-	-	-	(1,754,500,000)	(1,754,500,000)
Balance as at December 31, 2009	9,251,308,869	474,767,280	243,077	2,941,383,164	-	80,186,366,913	157,975,517,626	24,681,205,760	275,510,792,689
Balance as at January 1, 2010	9,251,308,869	474,767,280	243,077	2,941,383,164	-	80,186,366,913	157,975,517,626	24,681,205,760	275,510,792,689
Depreciation of assets for irrigation	(62,332,763)	-	-	-	-	-	-	-	(62,332,763)
Investments in available-for-sale securities	-	-	-	-	-	-	-	-	-
Realized gain (loss) in equity investments in available-for-sale securities	-	-	(4,505,725)	-	-	-	-	-	(4,505,725)
Unrealized gain (loss) on adjustment value of investments in marketable securities	-	-	-	-	-	-	-	-	-
Adjustment from translation the financial statements of foreign company	-	-	-	168,822,175	-	-	-	-	168,822,175
Accrued common share of jointly controlled entity	-	-	-	(234,875,210)	-	-	-	10,388,354	(224,486,856)
Minority interest's investment in subsidiaries	-	-	-	-	(23,625,000)	-	-	-	(23,625,000)
Minority interest's investment in subsidiaries	-	-	-	-	-	-	-	85,525,440	85,525,440
Increase in provision for remittance to the Ministry of Finance of 2009	-	-	-	-	-	-	-	50,974,930	50,974,930
Remittance to the Ministry of Finance of 2010 (Jan 1 - Jun 30, 10)	-	-	-	-	-	-	(770,883)	-	(770,883)
Provision for remittance to the Ministry of Finance of 2010 (Jul 1 - Dec 31, 10)	-	-	-	-	-	-	(9,039,800,000)	-	(9,039,800,000)
Net income for the period	-	-	-	-	-	-	(8,647,538,956)	2,860,158,790	(8,647,538,956)
Dividend paid	-	-	-	-	-	-	37,355,130,076	-	40,215,288,866
Balance as at December 31, 2010	9,188,976,106	474,767,280	(4,262,648)	2,875,330,129	(23,625,000)	80,186,366,913	177,642,537,863	(1,794,375,000)	296,233,968,917

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, 2010 AND 2009

## EGAT

	Contribution from the government	Surplus from royalty on state property service	Unrealized gain (loss)	Retained earnings appropriated	unappropriated	Unit : Baht Total equity
Balance as at January 1, 2009	9,313,641,632	474,767,280	-	80,186,366,913	126,588,766,562	216,563,542,387
Depreciation of assets for irrigation	(62,332,763)	-	-	-	-	(62,332,763)
Investments in available-for-sale securities						
Realized gain (loss) in equity	-	-	243,077	-	-	243,077
Increase in provision for remittance to the Ministry of Finance of 2008	-	-	-	-	(999,957,951)	(999,957,951)
Remittance to the Ministry of Finance of 2009 (Jan 1 - Jun 30, 09)	-	-	-	-	(6,707,000,000)	(6,707,000,000)
Provision for remittance to the Ministry of Finance of 2009 (Jul 1 - Dec 31, 09)	-	-	-	-	(5,610,229,117)	(5,610,229,117)
Net income for the period	-	-	-	-	27,684,198,221	27,684,198,221
Balance as at December 31, 2009	9,251,308,869	474,767,280	243,077	80,186,366,913	140,955,777,715	230,868,463,854
Balance as at January 1, 2010	9,251,308,869	474,767,280	243,077	80,186,366,913	140,955,777,715	230,868,463,854
Depreciation of assets for irrigation	(62,332,763)	-	-	-	-	(62,332,763)
Investments in available-for-sale securities						
Realized gain (loss) in equity	-	-	(4,505,725)	-	-	(4,505,725)
Increase in provision for remittance to the Ministry of Finance of 2009	-	-	-	-	(770,883)	(770,883)
Remittance to the Ministry of Finance of 2010 (Jan 1 - Jun 30, 10)	-	-	-	-	(9,039,800,000)	(9,039,800,000)
Provision for remittance to the Ministry of Finance of 2010 (Jul 1 - Dec 31, 10)	-	-	-	-	(8,647,538,956)	(8,647,538,956)
Net income for the period	-	-	-	-	35,182,013,327	35,182,013,327
Balance as at December 31, 2010	9,188,976,106	474,767,280	(4,262,648)	80,186,366,913	158,449,681,203	248,295,528,854

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, 2010 AND 2009

Unit : Baht

	Notes	Consolidated		EGAT	
		2010	2009	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income of EGAT		37,355,130,076	31,227,365,638	35,182,013,327	27,684,198,221
Adjustments to reconcile net income to net cash inflows (outflows)					
from operating activities					
Depreciation		20,533,246,330	22,978,426,637	17,982,871,649	20,162,039,678
Donation assets		(94,105)	(95,613)	(94,105)	(95,613)
Amortization of land rights	5.11	521,512	521,512	521,512	521,512
Amortization of computer software rights		161,840,371	58,573,195	160,239,757	57,338,485
Amortization of royalty on state property service	5.11	6,337,356	6,337,356	6,337,356	6,337,356
Amortization of gas pipe system rights	5.11	312,449	312,449	-	-
Amortization of transmission system connection rights	5.11	1,370,165	1,365,551	-	-
Amortization of deferred loan fees		37,186,814	40,968,363	-	-
Amortization of deferred charges of the lignite mine	5.14	5,236,363,976	4,224,592,713	5,236,363,976	4,224,592,713
Doubtful debts		12,811,515	15,042,185	12,811,515	15,042,185
Bad debts recovery		-	(85,214)	-	(85,214)
Bad debts		469,810	-	469,810	-
Allowance for obsolescence on materials and supplies		188,535,130	331,517,794	160,097,904	271,882,985
Profit on disposal of assets		(38,615,431)	(473,998,716)	(36,520,407)	(468,995,065)
Revenue from deferred income	5.19	(421,905,024)	(411,015,604)	(421,905,024)	(411,015,604)
Gains on foreign exchange		(710,417,651)	(1,456,826,862)	(661,702,394)	(1,419,129,511)
Losses (gains) on changes in the fair value of derivatives		(199,942,600)	281,554,005	(199,942,600)	281,554,005
Dividends received from subsidiary	5.8	-	-	(1,468,125,000)	(1,435,500,000)
Dividends received from associated company	5.8	-	-	(702,311,725)	(668,868,310)
Share of profit from associated company	5.28	(1,826,337,641)	(2,449,267,499)	-	-
Share of profit from jointly controlled entities of subsidiary		(1,443,132,513)	(1,720,707,697)	-	-
Net income of minority interest		2,860,158,790	3,706,626,140	-	-
Interest income		(831,624,392)	(432,865,960)	(597,770,104)	(173,238,739)
Interest expenses		4,416,663,118	4,528,245,787	3,717,537,436	3,641,052,524
Income tax		1,271,907,209	830,936,727	-	-
Net income from operating activities before changes in operating assets and liabilities		66,610,785,264	61,287,522,887	58,370,892,883	51,767,631,608
Changes in operating assets (Increase) Decrease					
Trade accounts receivable		(1,696,192,223)	(1,797,912,203)	(1,504,664,462)	(1,997,852,535)
Other accounts receivable		99,995,218	(299,441,208)	83,329,250	(281,192,571)
Materials and supplies		(825,356,227)	(1,800,714,482)	(828,822,759)	(1,916,009,874)
Other current assets		13,669,094,183	3,711,176,991	13,900,909,071	3,577,217,261
Other non-current assets		841,024,372	274,736,630	1,109,654,725	632,351,810
Deferred charges of the lignite mine	5.14	(5,209,670,915)	(4,152,724,382)	(5,209,670,915)	(4,152,724,382)
Changes in operating liabilities Increase (Decrease)					
Trade accounts payable		(10,191,636,754)	1,506,985,825	(13,174,364,830)	983,980,480
Other accounts payable		(6,321,348,704)	(11,418,528,189)	(6,297,522,087)	(11,416,218,102)
Other current liabilities		1,434,755,381	691,159,423	1,561,703,218	696,937,319
Other non-current liabilities		(1,214,296,645)	(698,725,764)	(1,206,579,518)	(688,575,286)
Provision liabilities for mine reclamation		69,431,762	75,664,743	69,431,762	75,664,743
		(9,344,200,552)	(13,908,322,616)	(11,496,596,545)	(14,486,421,137)
Cash receipts from operating		57,266,584,712	47,379,200,271	46,874,296,338	37,281,210,471
Cash receipts on interest		163,344,307	148,356,890	161,923,000	147,713,602
Cash payment on income tax		(1,049,231,039)	(777,524,760)	-	-
Net cash inflows from operating activities		56,380,697,980	46,750,032,401	47,036,219,338	37,428,924,073

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, 2010 AND 2009

Unit : Baht

	Notes	Consolidated		EGAT	
		2010	2009	2010	2009
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Cash payment on temporary investments		(11,775,174,534)	(2,326,788,099)	(17,383,311,524)	(33,399,808)
Cash payment on long-term investments		(1,197,408,625)	(145,445,205)	-	-
Cash receipts on long-term loans to related party		-	62,500,000	-	-
Cash receipts on disposal of assets		144,558,636	592,039,698	140,291,730	580,578,370
Cash payment on property, plant, equipment, work under construction and intangible assets	a	(19,990,401,581)	(16,429,385,908)	(19,310,525,733)	(16,086,924,130)
Cash payment on interest for work under construction	5.29	(628,801,736)	(665,514,450)	(628,801,736)	(665,514,450)
Cash payment on land purchased for future development projects		(48,000)	(459,450)	-	-
Cash payment of refund to contribution	5.19	(2,203,712)	(768,571)	(2,203,712)	(768,571)
Cash receipts on deferred income	5.19	535,075,201	116,536,329	535,075,201	116,536,329
Cash payment on business acquisition	4	(138,406,752)	-	-	-
Cash payment on investments in jointly controlled entity	b	(261,195,705)	(639,875,694)	(78,750,000)	-
Cash payment on investments in subsidiary		-	-	(149,975,360)	(157,977,225)
Cash receipts on investment in subsidiary		65,975,385	157,977,281	-	-
Cash receipts on interest		704,012,903	326,385,500	462,625,495	8,387,863
Dividends received from subsidiary	5.8	-	-	1,468,125,000	1,435,500,000
Dividends received from associated company	5.8	702,311,725	668,868,310	702,311,725	668,868,310
Dividends received from jointly controlled entities of subsidiary		1,057,098,900	228,981,250	-	-
Net cash outflows from investing activities		(30,784,607,895)	(18,054,949,009)	(34,245,138,914)	(14,134,713,312)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Remittance to the Ministry of Finance		(14,650,800,000)	(19,170,000,000)	(14,650,800,000)	(19,170,000,000)
Cash receipts from short-term loans from financial institutions		5,380,000,000	5,670,000,000	-	3,000,000,000
Cash payment of short-term loans from financial institutions		(8,380,000,000)	(2,670,000,000)	(3,000,000,000)	-
Cash payment of long - term loans		(15,166,099,923)	(16,508,191,414)	(11,707,125,123)	(13,202,384,614)
Cash receipts on withdrawal from long - term loans		4,598,500,000	39,000,000,000	4,000,000,000	39,000,000,000
Cash payment on interest		(4,709,250,624)	(4,630,380,113)	(4,001,386,132)	(3,741,193,136)
Cash payment on finance lease liabilities		(1,130,639)	-	-	-
Dividends payable to minority interest of subsidiary		(1,794,375,000)	(1,754,500,000)	-	-
Net cash inflows (outflows) from financing activities		(34,723,156,186)	(63,071,527)	(29,359,311,255)	5,886,422,250
<b>EFFECT FROM FOREIGN EXCHANGE RATE IN CASH AND CASH EQUIVALENTS</b>					
CASH EQUIVALENTS		(8,456,660)	(8,598,380)	(8,456,660)	(8,598,380)
<b>EFFECT FROM REVALUATION IN INVESTMENTS OF CASH AND CASH EQUIVALENTS</b>					
CASH EQUIVALENTS		(243,077)	243,077	(243,077)	243,077
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(9,135,765,838)	28,623,656,562	(16,576,930,568)	29,172,277,708
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		57,005,380,176	28,381,723,614	52,735,684,247	23,563,406,539
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	5.1	47,869,614,338	57,005,380,176	36,158,753,679	52,735,684,247

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, 2010 AND 2009**

**Notes to the statements of cash flows**

**a. Property, Plant, Equipment, Work under Construction and Intangible Assets**

**Consolidated**

During the year 2010, EGAT and its subsidiaries purchased property, plant, equipment, work under construction and intangible assets which total costs are Baht 24,348.91 million comprising the assets of subsidiary purchased by finance lease method amounting to Baht 5.84 million and the remaining assets is in the amount of Baht 24,343.07 million. The purchasing were cash paid amounting to Baht 19,990.40 million and for the remaining unpaid amounting to Baht 4,352.67 million were accounts payable.

During the year 2009, EGAT and its subsidiaries purchased property, plant, equipment, work under construction and intangible assets which total costs are Baht 22,741.18 million. The purchasing were cash paid amounting to Baht 16,429.39 million and for the remaining unpaid amounting to Baht 6,311.79 million were accounts payable.

**EGAT**

During the year 2010, EGAT purchased property, plant, equipment, work under construction and intangible assets which total costs are Baht 23,637.35 million. The purchasing were cash paid amounting to Baht 19,310.53 million and for the remaining unpaid amounting to Baht 4,326.82 million were accounts payable.

During the year 2009, EGAT purchased property, plant, equipment, work under construction and intangible assets which total costs are Baht 22,398.37 million. The purchasing were cash paid amounting to Baht 16,086.92 million and for the remaining unpaid amounting to Baht 6,311.45 million were accounts payable.

#### **b. Additional Payment for Ordinary Shares in the Jointly Controlled Entity**

##### **Consolidated**

During the year 2010, the subsidiary had additional investments in the jointly controlled entity of subsidiary and additional paid for ordinary shares amounting to Baht 373.70 million. However, there was changing of status of the jointly controlled entity to the subsidiary as described in Note 4, so investments in the jointly controlled entity decreased of Baht 112.50 million. Cash payment on investments in the jointly controlled entity for the year ended December 31, 2010 was Baht 261.20 million.

**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, 2010 AND 2009**

**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. EGAT's main business objectives are as follows:

**1.1** To generate, acquire, transmit or distribute electric energy to:

- The Metropolitan Electricity Authority (MEA), the Provincial Electricity Authority (PEA) or other electricity authorities under the law thereon;
- Other electric energy consumers as prescribed by a Royal Decree;
- Neighboring countries

**1.2** To undertake various activities concerning electric energy, energy sources deriving from natural resources and 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. Basis of Financial Statements Presentation**

**2.1 Principles of Financial Statements Preparation**

The consolidated financial statements and the EGAT's financial statements have been 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 notification of the Department of Business Development relating to the requirement of minimum line items in the financial statements, B.E. 2552.

These accounting principles may differ, in certain aspects, from generally accepted accounting principles used in other countries. So the financial statements were prepared, have not 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 include assets, liabilities and equity of various funds, namely Staff Aid Fund, Welfare Loan Fund, Land and Housing Loan Fund and Fund for Conferences on the Electric Power Supply Industry. Subsequently on August 28, 2009, the Board of Directors of EGAT approved to cancel the Fund for Conferences on the Electric Power Supply Industry and assets and equity of fund were transferred to the assets and capital of EGAT.

The consolidated financial statements include the EGAT's financial statements, its three subsidiaries and a jointly controlled entity 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 jointly controlled entity is accounted for by proportionate of EGAT. Significant inter-company transactions and balances are eliminated. Investments in subsidiaries, associated company and the jointly controlled entity have been presented in the EGAT's financial statements under the cost method. Minority interest is separately disclosed in equity. When materiality, accounting policies of its subsidiaries, an associated company, and a jointly controlled entity have been changed to ensure consistency with the accounting policies principles adopted by EGAT.

An English language version of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In case of conflict or difference in the interpretation between the two languages, the financial statements in Thai language shall prevail.

## **2.2 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 book value of assets and liabilities in the consolidated financial statements and the EGAT's financial statements. Actual results may differ from those estimates and assumption.

## **2.3 New and Revised Accounting Standards, Financial Reporting Standards, Interpretation and Framework**

During 2010, The Federation of Accounting Professions (FAP) announced new and revised Accounting Standards, Financial Reporting Standards, Interpretation and Framework in the Royal Thai Government Gazette as follows:

**Effective on or after May 26, 2010**

- Framework (revised 2009)

**Effective for accounting periods on or after January 1, 2011**

- |   |  |
|---|--|
| • Thai Accounting Standard No.1 (revised 2009)  | Presentation of Financial Statements                               |
| • Thai Accounting Standard No.2 (revised 2009)  | Inventories  |
| • Thai Accounting Standard No.7 (revised 2009)  | Statement of Cash Flows  |
| • Thai Accounting Standard No.8 (revised 2009)  | Accounting Policies, Changes in<br>Accounting Estimates and Errors |
| • Thai Accounting Standard No.10 (revised 2009) | Events after the Reporting Period                                  |
| • Thai Accounting Standard No.11 (revised 2009) | Construction Contracts   |
| • Thai Accounting Standard No.16 (revised 2009) | Property, Plant and Equipment                                      |
| • Thai Accounting Standard No.17 (revised 2009) | Leases   |
| • Thai Accounting Standard No.18 (revised 2009) | Revenue  |
| • Thai Accounting Standard No.19                | Employee Benefits  |
| • Thai Accounting Standard No.23 (revised 2009) | Borrowing Costs  |
| • Thai Accounting Standard No.24 (revised 2009) | Related Party Disclosures  |
| • Thai Accounting Standard No.26                | Accounting and Reporting by<br>Retirement Benefit Plans            |
| • Thai Accounting Standard No.27 (revised 2009) | Consolidated and Separate Financial<br>Statements                  |
| • Thai Accounting Standard No.28 (revised 2009) | Investments in Associates  |
| • Thai Accounting Standard No.29                | Financial Reporting in<br>Hyperinflationary Economies              |
| • Thai Accounting Standard No.31 (revised 2009) | Interests in Joint Ventures  |
| • Thai Accounting Standard No.33 (revised 2009) | Earnings per Share   |
| • Thai Accounting Standard No.34 (revised 2009) | Interim Financial Reporting  |
| • Thai Accounting Standard No.36 (revised 2009) | Impairment of Assets   |
| • Thai Accounting Standard No.37 (revised 2009) | Provisions, Contingent Liabilities and<br>Contingent Assets        |
| • Thai Accounting Standard No.38 (revised 2009) | Intangible Assets  |
| • Thai Accounting Standard No.40 (revised 2009) | Investment Property  |

- |  |   |
|--|---|
| • Thai Financial Reporting Standard No.2                   | Share-based Payment   |
| • Thai Financial Reporting Standard No.3<br>(revised 2009) | Business Combinations   |
| • Thai Financial Reporting Standard No.5<br>(revised 2009) | Non-current Assets Held for Sale and<br>Discontinued Operations |
| • Thai Financial Reporting Standard No. 6                  | Exploration for and Evaluation of<br>Mineral Resources          |
| • Thai Financial Reporting Interpretation No.15            | Agreements for the Construction of Real<br>Estate               |

**Effective for accounting periods on or after January 1, 2013**

- |   |   |
|---|---|
| • Thai Accounting Standard No.12                | Income Taxes  |
| • Thai Accounting Standard No.20 (revised 2009) | Accounting for Government Grants<br>and Disclosure of Government Assistance |
| • Thai Accounting Standard No.21 (revised 2009) | The Effects of Changes in<br>Foreign Exchange Rates                         |

Management of EGAT has assessed and expected that the above standards will have no significant effect on the financial statements of EGAT except for Thai Accounting Standard No.19 Employee Benefits. At present, the management is in the process of assessing the potential impact on the financial statements in the year which adopt and apply this standard.

### **3. Significant Accounting Policies**

#### **3.1 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 promissory notes or bills of exchange with maturity of three months or less which EGAT has fully accessed without commitment.

#### **3.2 Accounts Receivable**

Accounts receivable 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 accounts receivable 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:

### **3.2.1 Trade accounts receivable exclusive of government agencies and state enterprises**

<b>Overdue Period</b>	<b>Percentage of allowance for doubtful accounts</b>
Over 6 months - 1 year	50
Over 1 year	100

**3.2.2 Other accounts receivable**, which the overdue period is over 1 year, the percentage of allowance for doubtful accounts is 100.

### **3.3 Materials and Supplies**

**3.3.1 Fuel oil for power plant** is stated at the lower of moving average cost or net realizable value.

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

**3.3.3 Spare parts for power plant 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.

Spare parts for power plant under materials and supplies-net item are namely the spare parts and equipment which are used in maintenance power plants. The portion of main spare parts and equipment for power plants, which has useful lives over 1 year, is stated in equipment for power plants under property, plant and equipment item.

Spare parts for mine equipment are namely component and spare parts which are used with the machine such as component of Terex truck or dug-coal car etc.

**3.3.4 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

General materials and supplies consist of fuel oil for vehicle and machine, general spare parts and office suppliers for operation.

### 3.4 Derivative Assets and Derivative Liabilities

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

At the balance sheets date, the fair value of forward foreign exchange contracts, cross currency and interest rate swap agreements, currency swap agreements and interest rate swap agreements are calculated by financial institutions, which are the contractor of EGAT.

### 3.5 Investments in Subsidiaries, Associated Company and Jointly Controlled Entity

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

Due to EGAT owned Ratchaburi Electricity Generating Holding Public Company Limited (RATCH) and EGAT Diamond Service Co., Ltd., only 45% of the total fully paid-up common share but EGAT has effective control over so that they are subsidiaries EGAT according to generally accepted accounting principles, which must prepared the consolidated financial statements. According to the Budgeting Law, EGAT has to own over 50%. EGAT ,therefore, is deemed to be the state enterprise.

### **3.6 Investments in financial securities**

Investments in financial securities of EGAT comprise of held-to-maturity investments and available-for-sale securities investments.

**3.6.1** Held-to-maturity investments are investments with maturity period. EGAT intends and be able to held to maturity date. It has been included in the current assets and disclosed in cash and cash equivalents and temporary investments in the case of the maturity date of investments is more than 3 months but not more than 1 year.

Held-to-maturity investments are carried in the balance sheet at amortized cost less impairment loss of investments. The difference between purchased prices and maturity value will be amortized using the effective rate of interest method over the remaining useful life of the investments.

**3.6.2** Available-for-sale securities investments are investments held with no identifiable time and may sell for adding liquidity or when interests rate change. It has been included in the current assets and disclosed in cash and cash equivalents and temporary investments in the case of the maturity date of investments is more than 3 months but not more than 1 year.

Available-for-sale securities investments are carried at fair value. Unrealized gain (loss) from value changes is recognized separately in shareholders' equity. When there is sales of available-for-sale securities investments, accumulated changed fair value is recognized in Statements of Income and discloses in gain (loss) from sales of investments.

Investments in financial securities of EGAT is in compliance with the regulations of the Ministry of Finance about Accounting and Finance of state owned enterprise, B.E.2548 section 2 which require the state owned enterprises who want to manage liquidity may elect to invest in short-term financial instruments issued by the Ministry of Finance or government financial institutions.

### **3.7 Property, Plant and Equipment**

Property, Plant and equipment are stated at cost on the date of acquisition or completion of construction less accumulated depreciation.

Depreciation is calculated on the straight - line method in order to reduce the book value of each type of assets over the estimated useful lives with scrap value of one Baht except the land which has infinite useful lives.

The estimates of useful lives for type of EGAT's assets are as follows:

	<b>Years</b>	
Structures	3 years	- 40 years
Reservoirs and dams	6 years 8 months	- 75 years
Power plants	5 years	- 25 years
Equipment for power plants	6 years 3 months	- 25 years
Control system	3 years	- 25 years
Transmission system	3 years	- 40 years
Communication system	5 years	- 20 years
Coal handling system	10 years	- 20 years
Machinery	5 years	- 10 years
Spare parts for mine equipment	20 years	
Vehicles	5 years	- 12 years
Other materials and supplies	3 years	- 10 years

The estimate of useful lives for power plants of subsidiaries is stated according to the power purchasing agreement.

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.

The cost of major inspection was recognized as the part of property, plant and equipment and was amortized according to the expected useful lives. The estimate useful lives of major inspection fee under type of major inspection fee and power plants are as follows:

Type of Power Plants	Type of Major Inspection Fee	
	Major Overhaul : MO	Minor Inspection : MI
	Useful lives (Year)	Useful lives (Year)
- Hydro Power Plants	6 - 12	2 - 4
- Thermal Power Plants	4 - 6	2
- Combined Cycle Power Plants	2 - 6	2 - 3
- Gas Turbine Power Plants	4 - 8	1 - 4
- Lignite Power Plants	8	2

Besides, cost of power plants commissioning after deduction of revenue from electric energy during power plants commissioning as the part of property, plant and equipment in work under construction item.

### 3.8 Assets and Liabilities under Finance Lease Agreements

Assets and liabilities under finance lease agreements are stated at the lower of fair values at inception or present values of the minimum lease payments less accumulated depreciation. A portion of lease payments is recognized as financial expenses 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 lives 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 lives of the assets or the lease period.

### 3.9 Intangible Assets

#### 3.9.1 Land rights

The land rights under transmission line have infinite useful lives because its future economic benefit is uncertain. Other land rights, which can be expected their useful lives, will be amortized according to the certain useful lives.

#### 3.9.2 Computer software rights and software license

Computer software rights of EGAT are amortized as expenses over the expected useful lives not more than 5 years, which are revised the amortization method and the useful lives in every accounting period. The software license is amortized as expenses over the expected useful lives in 5-10 years.

In the year 2009, SAP program is in the process of development and installation. EGAT recorded the cost, which incurred during the development and installation period as the part of the cost of

computer program under the item of work under construction and the recognition of the cost is ended on June 1, 2010 and record as intangible asset, which amortized according to useful lives in 7 years.

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

### **3.9.4 Gas piped system rights**

Gas piped system rights are amortized based on a straight - line method over the expected useful lives in 20 years.

### **3.9.5 Transmission system connection rights**

Transmission system connection rights are amortized based on a straight - line method over the expected useful lives in 8 years.

### **3.9.6 Project development rights**

The incurred costs on development projects are recognized as intangible assets when there are obvious possibilities that the projects will be success. The cost on development projects that has been capitalized is amortized from commencement of the commercial operation based on a straight - line method over the period of its expected benefit.

### **3.9.7 Goodwill**

Goodwill represents the excess of the cost of acquisition of the group of subsidiaries over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary, jointly controlled entity or associated company at the acquisition date.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment. The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

### **3.10 Deferred Charges of the Lignite Mine**

#### **3.10.1 Overburden Removal Costs**

The costs of overburden removal expended in each year are calculated by multiply the quantity of lignite extracted from the mine by the stripping ratio of 6.09:1, which is the ratio of the overburden bears to the total economically 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.

#### **3.10.2 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.

#### **3.10.3 Resettlement Costs**

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

#### **3.10.4 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.

### **3.11 Foreign Currency**

Foreign currency transactions are translated into Thai Baht using the Bank of Thailand's reference exchange rate prevailing at the transaction date. Assets and liabilities dominated in foreign currency are translated into Thai Baht using the exchange rate 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.

### **3.12 Provision Liabilities for Mine Reclamation**

EGAT established provision liabilities for mine reclamation at the lignite mine in Mae Moh District, Lampang Province and Neuklong District, Krabi Province which will arise in the future. According to the Mining Act, EGAT is obliged to carry out reclamation work when the mine is closed and because of the certainty of its occurrence amounts set aside for this work are recognized as provisions. Such provisions are recognized as expense in EGAT's statements of income and are calculated by taking that proportion of the total estimated cost of reclamation work that the quantity of lignite extracted during the year bears to the total economically mineable reserves. The actual cost is deducted from provision liabilities.

### **3.13 Staff AID Fund and Provident Fund**

EGAT has established the Staff AID 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 expense in 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 revenue in EGAT's statements of income of EGAT.

On January 1, 1995, EGAT has set up the Provident Fund in accordance with the Provident Fund Act, B.E. 2530, which the Ministry of finance prescribed the policy that the state owned enterprises contribute to the Provident Fund on a monthly basis at the rate of 9% of salaries of employees with less than 20 years of service, and 11% of salaries of employees with 20 years of service and above. The employees have the privilege to contribute to the Fund at the minimum rate of 3% of salaries but not more than the combined rate that EGAT contributes to the Fund.

Subsequently on July 23, 2008, the Ministry of Finance approved of the additional adjustment of the combined rate to the Provident Fund of employees as follows:

1. Contributes at the rate of 9% of salaries of employees with less than or equal 10 years of service.
2. Contributes at the rate of 10% of salaries of employees with more than 10 years of service but less than 20 years of service.
3. Contributes at the rate of 11% of salaries of employees with more than 20 years of service.

So EGAT had adjusted the combined rate since henceforward August 2008.

### **3.14 Deferred Income**

#### **3.14.1 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.

#### **3.14.2 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 revenue over the useful lives of fixed assets or, in case of cash from donation is recognized according to actual expenditures incurred.

### **3.15 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 tariff adjustment (Ft) is recognized according to the occurred Ft revenue in that period which comprised of the actual collected Ft revenue in accordance with the approval of the Energy Regulatory Commission and recognized the accrued Ft revenue or unearned Ft revenue, which came from the difference of the calculated Ft price under the formula Ft with the collected Ft price in that period.

### **3.16 Revenue from sales of other goods and services**

**3.16.1** Revenue from sales of other goods other than the revenue from electric energy sales comprise of the revenue from fuel providing to affiliates of EGAT and revenue from sales of other goods such as Hydrogen gas, distilled water, chemicals and by products from generating electricity. It is recognized as income upon the delivery of products and when the significant risks and rewards of ownership are transferred to the customers.



**3.16.2** Revenue from services comprise of revenue from running the machinery and power plant maintenance services, communications system and telecommunication services, etc. It is recognized as income by percentage of completion method at the balance sheet date.

### **3.17 Interest Income**

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

### **3.18 Finance Costs**

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

### **3.19 Related Parties**

Related parties refer to individuals or enterprises, that directly or indirectly control, or are controlled by EGAT or are under common control, including entities which hold share capital, subsidiaries, and fellow subsidiaries. Besides, related parties refer to individuals or enterprises, including associated company and shareholder which have directly or indirectly vote and significant influence to EGAT, crucial management, directors or employees of the EGAT.

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

### **3.20 Financial Instruments**

Financial assets presented in the financial statements include cash and cash equivalents, temporary investments, trade accounts receivable - others - net, and trade accounts receivable - related parties. Financial liabilities presented in the financial statements include trade accounts payable - others, trade accounts payable - related parties, other accounts payable and loans. The accounting policies applied to those particular items are separately disclosed in the individual policy statements associated with them.

EGAT uses the financial instruments to mitigate foreign currency risk and fluctuations in interest rate. The main derivative financial instruments consisted of forward foreign exchange contracts and cross currency and interest rate swap agreements.

### **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.

### **Cross currency and interest rate swap agreements**

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

### **3.21 Capital Risk Management**

The subsidiary's objectives of capital management are to safeguard the subsidiary's ability to provide returns for shareholders, to be beneficial for other stakeholders and to maintain proper capital structure to reduce the cost of capital.

## **4. Change of status to subsidiary**

At the meeting of the Board of Directors of Ratchaburi Energy Co.,Ltd, a subsidiary, held on August 18, 2009, the Board approved to acquire 9 million shares of Sustainable Energy Corporation Company Limited ("SEC") for Wind Power Plant Project Development at 60 Mega Watt capacity at Amphur Khao Kor, Phetchabun Province from Ratchaburi Electricity Generating Holding Public Company Limited, amounting to Baht 112.50 million, in the proportion of investment of 30%.

During the 1<sup>st</sup> quarter of 2010, SEC called for additional paid - up share capital. The subsidiary paid for the additional paid-up share capital amounting to Baht 13.50 million, in the proportion of investment of 30%.

During the 3<sup>rd</sup> quarter of 2010, the Board of such subsidiary approved to additionally acquire 6.3 million shares of SEC from Wind Energy Holding Company Limited, amounting to Baht 47.25 million, in the proportion of investment of 21%. The subsidiary paid for the additional paid-up share capital in full amount.

As a result of the additional acquisition, the proportion of investment of the Company had been changed from 30% to 51% and the Group obtained control over SEC, and the assets, liabilities and

operating result of SEC starting from August 1, 2010 have been included in the Group's consolidated financial statements as of and for the year ended December 31, 2010.

The details of net assets which acquired and goodwill which occurred were as follows :

**Unit : Million Baht**

Cash consideration (Cash paid)	173.25
<b>Less</b> Fair value of net assets acquired	(56.16)
Goodwill	<u>117.09</u>

The subsidiary's net assets and liabilities on August 1, 2010 comprised the following:

**Unit : Million Baht**

Cash and cash equivalents	34.84
Other current assets	3.17
Equipment	0.12
Project development costs	67.63
Other non-current assets	0.60
Trade accounts payable	(0.89)
Other liabilities	(1.44)
Net carrying amounts of identifiable assets and liabilities	<u>104.03</u>
<b>Less</b> Minority interest	(50.98)
<b>Add</b> Pre-acquisition loss of associated company before being subsidiary	3.11
Recognized net assets, value on acquisition	<u>56.16</u>
Goodwill on acquisition	<u>117.09</u>
Cash consideration	173.25
<b>Less</b> Cash and cash equivalents in subsidiary	(34.84)
Net cash outflow on acquisition	<u>138.41</u>

## 5. Supplementary Information

### 5.1 Cash and Cash Equivalents

	Unit : Million Baht			
	Consolidated		EGAT	
	Dec 31, 10	Dec 31, 09	Dec 31, 10	Dec 31, 09
Cash on hand	5.77	6.64	5.39	6.36
Cash in banks current and saving accounts	20,315.98	42,495.67	16,026.71	41,732.06
Fixed deposits not more than 3 months	120.02	10,441.39	18.39	10,400.00
Receipts of fixed deposits	1,100.00	600.00	-	-
Bills of exchange	6,219.58	2,864.41	-	-
Bonds not more than 3 months	20,108.26	597.27	20,108.26	597.27
Total	47,869.61	57,005.38	36,158.75	52,735.69

Since the third quarterly of year 2009, EGAT has cash management by overview policy, which included cash in banks of variously fund, namely Staff AID Fund, Welfare Loan Fund, Land and Housing Loan Fund and Fund for Conferences on the Electric Power Supply Industry to the EGAT's working capital. Formerly, each cash in bank of variously fund is divided in separate funds.

On August 28, 2009, the Board of Directors of EGAT approved to cancel the Fund for Conferences on the Electric Power Supply Industry.

Bonds not more than 3 months as at December 31, 2010 and 2009 was held-to-maturity investments in the amount of Baht 20,108.26 million and available-for-sale securities investments in the amount of Baht 597.27 million respectively.

### 5.2 Temporary Investments

	Unit : Million Baht			
	Consolidated		EGAT	
	Dec 31, 10	Dec 31, 09	Dec 31, 10	Dec 31, 09
Fixed deposits more than 3 months but not more than				
12 months	142.05	90.69	100.47	90.69
Receipts of fixed deposits	1,500.00	400.00	-	-
Bills of exchange	1,000.00	4,951.10	-	-
Promissory notes	-	2,902.67	-	-
Debenture	101.39	-	-	-
Bonds more than 3 months	17,369.26	-	17,369.26	-
Total	20,112.70	8,344.46	17,469.73	90.69

Bonds more than 3 months as at December 31,2010 was held-to-maturity investments and available-for-sale securities investments in the amount of Baht 12,429.04 million and Baht 4,940.22 million respectively.

Temporary investments of EGAT, namely investments in bonds, fixed deposits more than 3 months but not more than 12 months. EGAT has followed to 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.

### 5.3 Trade Accounts Receivable - Others - Net

	Unit : Million Baht			
	Consolidated		EGAT	
	Dec 31, 10	Dec 31, 09	Dec 31, 10	Dec 31, 09
Receivable from electric energy sales				
Metropolitan Electricity Authority	11,367.35	10,699.48	11,367.35	10,699.48
Provincial Electricity Authority	23,303.82	21,742.68	23,303.82	21,742.68
Others	1,807.83	1,255.93	1,779.91	1,229.41
	36,479.00	33,698.09	36,451.08	33,671.57
Services and others receivable	154.17	187.51	132.49	153.32
Total	36,633.17	33,885.60	36,583.57	33,824.89
<b>Less : Allowance for doubtful accounts</b>	49.87	47.15	49.87	47.15
Balance	36,583.30	33,838.45	36,533.70	33,777.74

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

		Consolidated						Unit : Million Baht	
		State enterprise and governments agencies		Private companies		Total			
		Electric	Service and others	Electric	Service and others	Electric	Service and others		
Outstanding period		energy sales		energy sales		energy sales		Dec 31, 10	Dec 31, 09
Undue portion		34,478.01	11.40	430.67	51.60	34,908.68	63.00	34,971.68	33,822.91
Overdue not more than 6 months		1,570.08	13.34	0.16	25.19	1,570.24	38.53	1,608.77	9.83
Overdue more than 6 months to 1 year		0.02	-	0.05	0.11	0.07	0.11	0.18	4.06
Overdue more than 1 year		-	-	0.01	52.53	0.01	52.53	52.54	48.80
Total		36,048.11	24.74	430.89	129.43	36,479.00	154.17	36,633.17	33,885.60
Less : Allowance for doubtful accounts		-	-	0.03	49.84	0.03	49.84	49.87	47.15
Balance		36,048.11	24.74	430.86	79.59	36,478.97	104.33	36,583.30	33,838.45

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

Unit : Million Baht

EGAT

Outstanding period	EGAT						
	State enterprise and governments agencies		Private companies		Total		
	Electric energy sales	Service and others	Electric energy sales	Service and others	Electric energy sales	Service and others	
Undue portion	34,478.01	11.40	402.75	29.92	34,880.76	41.32	Dec 31, 10
Overdue not more than 6 months	1,570.08	13.34	0.16	25.19	1,570.24	38.53	Dec 31, 09
Overdue more than 6 months to 1 year	0.02	-	0.05	0.11	0.07	0.11	33,762.20
Overdue more than 1 year	-	-	0.01	52.53	0.01	52.53	9.83
Total	36,048.11	24.74	402.97	107.75	36,451.08	132.49	4.06
Less : Allowance for doubtful accounts	-	-	0.03	49.84	0.03	49.84	48.80
Balance	36,048.11	24.74	402.94	57.91	36,451.05	82.65	33,824.89
							47.15
							33,777.74

## 5.4 Related Parties Transactions

The companies that have transactions with EGAT as at December 31, 2010 are as follows:

Company	Country of Incorporation/ Nationality	Relationship
EGAT International Co.,Ltd.	Thailand	Subsidiary, EGAT has 99.99% shareholding
EGAT Diamond Service Co.,Ltd.	Thailand	Subsidiary, EGAT has 45% shareholding
Ratchaburi Electricity Generating Holding Plc.	Thailand	Subsidiary, EGAT has 45% shareholding
District Cooling System and Power Plant Co.,Ltd.	Thailand	Jointly controlled entity of EGAT, EGAT has 35% shareholding
Electricity Generating Plc.	Thailand	Associated company, EGAT has 25.41% shareholding
Ratchaburi Electricity Generating Co., Ltd.	Thailand	Subsidiary of Ratchaburi Electricity Generating Holding Plc.
Ratchaburi Gas Co.,Ltd.	Thailand	Subsidiary of Ratchaburi Electricity Generating Holding Plc.
Ratch Udom Power Co.,Ltd.	Thailand	Subsidiary of Ratchaburi Electricity Generating Holding Plc.
Ratchaburi Energy Co., Ltd.	Thailand	Subsidiary of Ratchaburi Electricity Generating Holding Plc.
RH International Corporation Ltd.	Thailand	Subsidiary of Ratchaburi Electricity Generating Holding Plc.
RATCH-Lao Services Co., Ltd.	Lao PDR	Subsidiary of Ratchaburi Electricity Generating Holding Plc.
Khanom Electricity Generating Co., Ltd.	Thailand	Related party of EGAT
EGCO Engineering and Services Co.,Ltd.	Thailand	Related party of EGAT
EGCO International (B.V.I) Ltd.	Thailand	Related party of EGAT
Gulf Electric Plc.	Thailand	Related party of EGAT
BLCP Power Co., Ltd. (BLCP)	Thailand	Related party of EGAT
Tri Energy Co., Ltd.	Thailand	Related party of EGAT
Ratchaburi Power Co., Ltd.	Thailand	Related party of EGAT
Nam Ngum 2 Power Co., Ltd.	Lao PDR	Related party of EGAT
SouthEast Asia Energy Ltd.	Thailand	Related party of EGAT
Hongsa Power Co.,Ltd.	Lao PDR	Related party of EGAT
Phufai Mining Co.,Ltd.	Lao PDR	Related party of EGAT



The details of related parties transactions are as follows:

#### 5.4.1 Trade accounts receivable - related parties

Unit : Million Baht

	Consolidated					
	Dec 31, 10			Dec 31, 09		
	Electric energy sales	Service and others	Total	Electric energy sales	Service and others	Total
Associated company						
- Electricity Generating Plc.	1.96	521.35	523.31	2.52	1,112.04	1,114.56
Total	1.96	521.35	523.31	2.52	1,112.04	1,114.56
Jointly controlled entity						
- District Cooling System and Power Plant Co.,Ltd.	-	10.58	10.58	-	5.00	5.00
Total	-	10.58	10.58	-	5.00	5.00
Related parties						
- Khanom Electricity Generating Co., Ltd.	0.39	1,114.49	1,114.88	1.00	1,710.35	1,711.35
- EGCO Engineering and Services Co.,Ltd.	-	0.11	0.11	-	0.32	0.32
- BLCP Power Co., Ltd. (BLCP)	13.67	0.01	13.68	22.14	-	22.14
- Tri Energy Co., Ltd.	0.19	-	0.19	0.05	-	0.05
- Ratchaburi Power Co., Ltd.	6.93	0.30	7.23	7.67	1.33	9.00
- Nam Ngum 2 Power Co., Ltd.	0.88	9.59	10.47	-	0.53	0.53
- Hongsa Power Co.,Ltd.	-	3.02	3.02	-	-	-
Total	22.06	1,127.52	1,149.58	30.86	1,712.53	1,743.39
Total trade accounts receivable - related parties	24.02	1,659.45	1,683.47	33.38	2,829.57	2,862.95

Unit : Million Baht

	EGAT					
	Dec 31, 10			Dec 31, 09		
	Electric energy sales	Service and others	Total	Electric energy sales	Service and others	Total
Subsidiaries						
- Ratchaburi Electricity Generating Holding Plc.	-	0.89	0.89	-	5.25	5.25
- Ratchaburi Electricity Generating Co., Ltd.	39.84	9.25	49.09	42.90	208.22	251.12
- RATCH-Lao Services Co., Ltd.	-	5.92	5.92	-	0.86	0.86
- EGAT Diamond Service Co.,Ltd.	-	5.28	5.28	-	-	-
Total	39.84	21.34	61.18	42.90	214.33	257.23
Associated company						
- Electricity Generating Plc.	1.96	521.35	523.31	2.52	1,112.04	1114.56
Total	1.96	521.35	523.31	2.52	1,112.04	1114.56
Jointly controlled entity						
- District Cooling System and Power Plant Co.,Ltd.	-	16.28	16.28	-	7.70	7.70
Total	-	16.28	16.28	-	7.70	7.70
Related parties						
- Khanom Electricity Generating Co., Ltd.	0.39	1,114.49	1,114.88	1.00	1,710.35	1,711.35
- EGCO Engineering and Services Co.,Ltd.	-	0.11	0.11	-	0.32	0.32
- BLC Power Co., Ltd. (BLC)	13.67	0.01	13.68	22.14	-	22.14
- Tri Energy Co., Ltd.	0.19	-	0.19	0.05	-	0.05
- Ratchaburi Power Co., Ltd.	6.93	0.30	7.23	7.67	1.33	9.00
- Nam Ngum 2 Power Co., Ltd.	0.88	-	0.88	-	0.53	0.53
- Hongsa Power Co.,Ltd.	-	3.02	3.02	-	-	-
Total	22.06	1,117.93	1,139.99	30.86	1,712.53	1,743.39
Total trade accounts receivable - related parties	63.86	1,676.90	1,740.76	76.28	3,046.60	3,122.88

Trade accounts receivable - related parties can be analyzed by categories and aging schedule as follows:

Outstanding period	Unit : Million Baht			
	Consolidated			
	Electric energy sales	Service and others	Dec 31, 10	Dec 31, 09
Undue portion	22.84	1,655.49	1,678.33	2,862.86
Overdue not more than 6 months	1.18	3.96	5.14	0.09
Total	24.02	1,659.45	1,683.47	2,862.95

Unit : Million Baht

	EGAT			
	Electric			
Outstanding period	energy sales	Service and others	Dec 31, 10	Dec 31, 09
Undue portion	62.68	1,661.13	1,723.81	3,122.79
Overdue not more than 6 months	1.18	15.77	16.95	0.09
Total	63.86	1,676.90	1,740.76	3,122.88

#### 5.4.2 Trade accounts payable - related parties

	Unit : Million Baht			
	Consolidated		EGAT	
	Dec 31, 10	Dec 31, 09	Dec 31, 10	Dec 31, 09
Independent Power Producers (IPP) and				
Small Power Producers (SPP)				
Subsidiaries				
- Ratchaburi Electricity Generating Co.,Ltd.	-	-	3,312.10	5,207.65
- Ratchaburi Energy Co., Ltd.	-	-	6.63	5.61
Total	-	-	3,318.73	5,213.26
Associated company				
- Electricity Generating Plc.	716.02	1,769.32	716.02	1,769.32
Total	716.02	1,769.32	716.02	1,769.32
Jointly controlled entity				
- District Cooling System and Power Plant Co., Ltd.	18.70	13.75	28.77	21.16
Total	18.70	13.75	28.77	21.16
Related parties				
- Khanom Electricity Generating Co., Ltd.	1,141.18	2,072.12	1,141.18	2,072.12
- BLCP Power Co., Ltd. (BLCP)	594.66	1,913.82	594.66	1,913.82
- Tri Energy Co., Ltd.	643.90	1,926.21	643.90	1,926.21
- Ratchaburi Power Co., Ltd.	1,020.74	3,128.25	1,020.74	3,128.25
- Nam Ngum 2 Power Co., Ltd.	40.88	-	40.88	-
Total	3,441.36	9,040.40	3,441.36	9,040.40
Total trade accounts payable - related parties	4,176.08	10,823.47	7,504.88	16,044.14

### 5.4.3 Revenues and expenses - related parties

	Unit : Million Baht			
	Consolidated		EGAT	
	Jan 1 - Dec 31, 10	Jan 1 - Dec 31, 09	Jan 1 - Dec 31, 10	Jan 1 - Dec 31, 09
<b>Revenues</b>				
Revenue from electric energy sales				
Subsidiary				
- Ratchaburi Electricity Generating Co.,Ltd.	-	-	161.26	183.07
Associated company				
- Electricity Generating Plc.	10.72	4.87	10.72	4.87
Related parties				
- Khanom Electricity Generating Co., Ltd.	4.26	4.67	4.26	4.67
- Rayong Electricity Generating Co.,Ltd.	-	7.49	-	7.49
- BLCP Power Co., Ltd. (BLCP)	44.98	46.72	44.98	46.72
- Tri Energy Co., Ltd.,	0.47	0.25	0.47	0.25
- Ratchaburi Power Co., Ltd.	34.55	34.52	34.55	34.52
- Nam Ngum 2 Power Co., Ltd.	4.00	-	4.00	-
Revenue from sales of other goods and services				
Subsidiaries				
- Ratchaburi Electricity Generating Holding Plc.	-	-	8.28	9.18
- Ratchaburi Electricity Generating Co.,Ltd.	-	-	2,335.09	1,902.25
- Ratchaburi Energy Co., Ltd.	-	-	0.05	0.05
- RATCH-Lao Services Co., Ltd.	-	-	28.95	5.19
- EGAT International Co.,Ltd.	-	-	0.51	8.22
- EGAT Diamond Service Co.,Ltd.	-	-	4.85	-
Associated company				
- Electricity Generating Plc.	9,140.03	1,813.21	9,140.03	1,813.21
Jointly controlled entity				
- District Cooling System and Power Plant Co.,Ltd.	70.71	63.10	108.78	97.08
Related parties				
- Khanom Electricity Generating Co., Ltd.	11,041.53	10,785.89	11,041.53	10,785.89
- Rayong Electricity Generating Co.,Ltd.	-	4,204.56	-	4,204.56
- EGCO Engineering and Services Co.,Ltd.	19.45	8.44	19.45	8.44
- BLCP Power Co., Ltd. (BLCP)	2.50	-	2.50	-
- Ratchaburi Power Co., Ltd.	10.74	9.40	10.74	9.40
- Nam Ngum 2 Power Co., Ltd.	1.24	2.74	1.24	2.74
- Hongsa Power Co.,Ltd.	4.92	-	4.92	-

Unit : Million Baht

	Consolidated		EGAT	
	Jan 1 - Dec 31, 10	Jan 1 - Dec 31, 09	Jan 1 - Dec 31, 10	Jan 1 - Dec 31, 09
<b>Expenses</b>				
Electric energy purchased				
Subsidiaries				
- Ratchaburi Electricity Generating Co.,Ltd.	-	-	42,103.51	35,313.60
- Ratchaburi Energy Co., Ltd.	-	-	33.88	31.10
Associated company				
- Electricity Generating Plc.	11,606.36	3,039.93	11,606.36	3,039.93
Jointly controlled entity				
- District Cooling System and Power Plant Co.,Ltd.	82.44	93.27	126.83	143.49
Related parties				
- Khanom Electricity Generating Co., Ltd.	13,629.51	13,054.32	13,629.51	13,054.32
- Rayong Electricity Generating Co.,Ltd.	-	6,565.31	-	6,565.31
- BLCP Power Co., Ltd. (BLCP)	17,647.53	19,674.10	17,647.53	19,674.10
- Tri Energy Co., Ltd.	10,252.55	9,590.75	10,252.55	9,590.75
- Ratchaburi Power Co., Ltd.	18,444.25	20,264.37	18,444.25	20,264.37
- Nam Ngum 2 Power Co., Ltd.	54.59	-	54.59	-
Cost of sales of other goods and services				
Subsidiaries				
- Ratchaburi Electricity Generating Holding Plc.	-	-	3.23	2.70
- Ratchaburi Electricity Generating Co., Ltd.	-	-	2,064.78	1,532.68
- Ratchaburi Energy Co., Ltd.	-	-	0.02	0.02
- RATCH-Lao Services Co., Ltd.	-	-	27.93	0.94
- EGAT International Co.,Ltd.	-	-	0.03	10.22
- EGAT Diamond Service Co.,Ltd.	-	-	3.49	-
Associated company				
- Electricity Generating Plc.	9,127.13	1,862.83	9,127.13	1,862.83
Jointly controlled entity				
- District Cooling System and Power Plant Co.,Ltd.	62.68	64.72	96.43	99.57
Related parties				
- Khanom Electricity Generating Co., Ltd.	11,116.73	10,779.06	11,116.73	10,779.06
- Rayong Electricity Generating Co.,Ltd.	-	4,187.03	-	4,187.03
- EGCO Engineering and Services Co.,Ltd.	1.63	9.68	1.63	9.68
- BLCP Power Co., Ltd. (BLCP)	0.61	-	0.61	-
- Ratchaburi Power Co., Ltd.	5.67	5.69	5.67	5.69
- Nam Ngum 2 Power Co., Ltd.	1.01	2.51	1.01	2.51
- Hongsa Power Co.,Ltd.	1.43	-	1.43	-

## 5.5 Materials and Supplies - Net

	Unit : Million Baht			
	Consolidated		EGAT	
	Dec 31, 10	Dec 31, 09	Dec 31, 10	Dec 31, 09
Fuel oil for power plant	4,291.79	4,598.12	3,580.74	3,920.40
Lignite stock	2,476.02	2,104.14	2,476.02	2,104.14
Spare parts, other materials and supplies	9,702.60	8,934.47	8,221.66	7,416.73
<b>Less : Allowance for obsolescence</b>	<b>4,693.64</b>	<b>4,505.11</b>	<b>4,247.88</b>	<b>4,087.78</b>
Balance	<u>11,776.77</u>	<u>11,131.62</u>	<u>10,030.54</u>	<u>9,353.49</u>

## 5.6 Other Accounts Receivable - Net

	Unit : Million Baht			
	Consolidated		EGAT	
	Dec 31, 10	Dec 31, 09	Dec 31, 10	Dec 31, 09
Employee accounts receivable	102.04	191.98	102.04	191.98
Other accounts receivable	240.99	251.47	239.43	233.25
<b>Less : Allowance for doubtful accounts</b>	<b>25.16</b>	<b>15.07</b>	<b>25.16</b>	<b>15.07</b>
Balance	<u>317.87</u>	<u>428.38</u>	<u>316.31</u>	<u>410.16</u>

## 5.7 Derivative Assets and Derivative Liabilities

### 5.7.1 Derivative Assets

	Unit : Million Baht			
	Consolidated		EGAT	
	Dec 31, 10	Dec 31, 09	Dec 31, 10	Dec 31, 09
Cross currency and interest rate swap agreements	185.19	279.15	185.19	279.15
Interest rate swap agreements	4.70	2.40	4.70	2.40
Total	<u>189.89</u>	<u>281.55</u>	<u>189.89</u>	<u>281.55</u>

### 5.7.2 Derivative Liabilities

	Unit : Million Baht			
	Consolidated		EGAT	
	Dec 31, 10	Dec 31, 09	Dec 31, 10	Dec 31, 09
Cross currency and interest rate swap agreements	256.21	569.10	256.21	569.10
Currency swap agreements	52.97	71.13	52.97	71.13
Interest rate swap agreements	4.25	0.29	4.25	0.29
Total	<u>313.43</u>	<u>640.52</u>	<u>313.43</u>	<u>640.52</u>

## 5.8 Investment in Subsidiaries, Associated Company and Jointly Controlled Entity by using the Cost Method in EGAT's Financial Statements and the Equity Method in Consolidated Financial Statements

Company	EGAT										Consolidated	
	Relationship		Issued and Paid-up capital		Investment portion		Cost method		Dividend		Equity method	
	Dec 31,10	Dec 31,09	Dec 31,10	Dec 31,09	Dec 31,10	Dec 31,09	Dec 31,10	Dec 31,09	Jan 1 - Dec 31,10	Jan 1 - Dec 31,09	Dec 31,10	Dec 31,09
Ratchaburi Electricity Generating Holding Plc.	Subsidiary		14,500.00	14,500.00	45.00%	45.00%	6,525.00	6,525.00	1,468.13	1,435.50	-	-
EGAT International Co., Ltd.	Subsidiary		130.00	50.00	100.00%	100.00%	130.00	50.00	-	-	-	-
EGAT Diamond Service Co., Ltd.	Subsidiary		506.56	351.06	45.00%	45.00%	227.95	157.98	-	-	-	-
District Cooling System and Power Plant Co.,Ltd.	Jointly controlled entity	Jointly controlled entity	1,225.00*	1,000.00	35.00%	35.00%	428.75	350.00	-	-	-	-
Electricity Generating Plc.	Associated company	Associated company	5,264.65	5,264.65	25.41%	25.41%	1,587.55	1,587.55	702.31	668.86	12,465.97	11,416.50
			8,899.25	8,670.53			7,311.70	7,082.98	1,468.13	1,435.50	12,465.97	11,416.50

\* Comprise of fully paid-up capital amounting to Baht 1,157.50 million and accrued common share amounting to Baht 67.50 million

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

On November 30, 1999, EGAT would set up 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.

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.

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

Electricity Generating Public Company Limited (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.

### **5.8.3 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. DCAP has registered capital of Baht 1,000 million comprising 100 million fully issued and paid-up common shares. EGAT owns 35 million common shares (cost at Baht 350 million). EGAT recorded investment in DCAP as an investment in jointly controlled entity.

On April 1, 2008 and April 21, 2008, DCAP held the annual meeting of 2008 and the extraordinary shareholders' meetings No. 1/2551 respectively. The meeting passed a resolution to increase DCAP's capital by Baht 670 million through an issuance of 67 million common shares with a par value of Baht 10 per share, resulting in the total registered capital of Baht 1,670 million. As at May 30, 2008 that DCAP has the additional capital for extension the generating capacity, which the cost of investment is approximate Baht 1,816 million. On October 13, 2009, the Cabinet has been approved the mentioned project and on April 27, 2010, DCAP call to first paid-up additional capital from shareholder in the amount of Baht 225 million. DCAP has been received from two shareholders in the amount of Baht 157.50 million and has the accrued common share in the amount of Baht 67.50 million.

On December 31, 2010, EGAT has investments in District Cooling System and Power Plant Co.,Ltd. of 42.875 million common shares in the amount of Baht 428.75 million.

#### **5.8.4 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.

Because the company has planned to assess, study and develop Hutgyi Hydro Power Plant Project, has coal assessment plan and has planned to study about suitability in development of other projects in the future therefore EGAT proposed jointly own business plan which was the additional authorized share capital of Baht 320 million comprising a credit limit of investment disbursement in the year 2010, 2011 and 2012 in the amount of Baht 80 million, Baht 170 million and Baht 70 million respectively. Minister of Energy acknowledged that additional share capital on August 4, 2010 and the

company called for the payment of the additional authorized share capital for the year 2010 from EGAT of Baht 80 million and EGAT paid for these shares on November 1, 2010.

On December 31, 2010, the company has registered ordinary share capital of Baht 130 million comprising 13 million ordinary shares with a par value of Baht 10 per share and paid for these shares in full.

#### **5.8.5 Investment in EGAT Diamond Service Company Limited**

On December 15, 2009, EGAT Diamond Service Company Limited was registered as a juristic person according to the Civil and Commercial Code with the registered capital of Baht 623 million, comprising 6.23 million common shares with a par value of Baht 100 per share. The company has paid - up common shares in the amount of Baht 506.56 million at a par value of Baht 81.31 each. The company received a payment for shares in the amount of Baht 351.06 million at a par value of Baht 56.35 each and Baht 155.50 million at a par value of Baht 24.96 each on December 15, 2009 and September 1, 2010 respectively.

EGAT has jointly invested with Mitsubishi Heavy Industries, Co., Ltd., Mitsubishi Corporation and Ratchaburi Electricity Generating Holding Public Company Limited in the investment proportion of 45%, 30%, 15% and 10% respectively. EGAT held 2.8035 million common share (Cost at Baht 280.35 million), which were the paid - up capital in the amount of Baht 227.95 million. EGAT's subsidiary, Ratchaburi Electricity Generating Holding Plc. held 0.623 million common share (Cost at Baht 62.30 million), which were the paid - up capital in the amount of Baht 50.65 million.

## 5.9 Property, Plant and Equipment - Net

	Consolidated														Unit : Million Baht	
	Land	Structures	Reservoirs and dams	Power plants	Equipment for power plants	Control system	Transmission system	Communication system	Coal handling system	Machinery	Spare parts for mine equipment	Vehicles	Other materials and supplies	Deferred charges of major inspection fee	Adjustment in consolidated from profit on sale power plants	Total
Cost as at Jan 1, 10	6,922.86	24,938.35	28,602.85	294,449.28	15,114.27	838.78	135,466.78	6,459.39	4,839.52	5,485.34	42.85	2,819.39	8,516.49	208.48	(4,839.33)	529,865.30
Increase during the period	583.07	1.11	-	3.75	-	-	10.33	4.22	-	142.67	-	112.07	534.02	-	-	1,391.24
Adjustment	0.26	(1.13)	-	-	-	-	-	(4.03)	-	0.68	-	0.20	5.08	-	-	1.06
Transferred from work under construction	-	654.48	6.08	12,349.13	6,789.64	-	1,673.82	328.19	556.03	3.70	-	-	20.13	1,336.43	-	23,717.63
Transferred type	-	7.93	-	(270.79)	-	-	267.40	6.14	9.68	(6.58)	-	1.35	(15.13)	-	-	-
Disposal	(0.12)	(201.58)	-	(9.63)	-	(12.19)	(550.87)	(192.52)	(5.27)	(130.07)	-	(200.12)	(261.73)	-	-	(1,564.10)
Cost as at Dec 31, 10	7,506.07	25,399.16	28,608.93	306,521.74	21,903.91	826.59	136,867.46	6,601.39	5,399.96	5,495.74	42.85	2,732.89	8,798.86	1,544.91	(4,839.33)	553,411.13
Accumulated depreciation / Amortization																
as at Jan 1, 10	-	(14,627.94)	(8,342.70)	(159,593.63)	(8,693.69)	(635.46)	(58,718.00)	(5,119.86)	(3,957.63)	(4,698.40)	(42.85)	(2,241.17)	(6,073.92)	(25.35)	1,560.48	(271,210.12)
Depreciation/ Amortization for the year	-	(936.81)	(434.74)	(11,338.54)	(1,549.07)	(67.02)	(4,641.66)	(365.92)	(143.70)	(180.69)	-	(189.42)	(576.78)	(411.50)	196.69	(20,639.16)
Adjustment	-	(0.04)	-	-	-	-	-	3.81	-	-	-	-	0.68	-	-	4.45
Transferred type	-	(11.49)	-	125.85	-	-	(123.01)	(5.96)	(9.68)	15.41	-	(9.44)	18.32	-	-	-
Disposal	-	199.33	-	5.55	-	8.14	470.69	182.90	5.28	130.03	-	198.20	258.36	-	-	1,458.48
Accumulated depreciation / Amortization																
as at Dec 31, 10	-	(15,376.95)	(8,777.44)	(170,800.77)	(10,242.76)	(694.34)	(63,011.98)	(5,305.03)	(4,105.73)	(4,733.65)	(42.85)	(2,241.83)	(6,373.34)	(436.85)	1,757.17	(290,386.35)
Accumulated impairment																
As at Jan 1, 10	-	-	-	(15.33)	-	-	-	-	-	-	-	-	-	-	-	(15.33)
As at Dec 31, 10	-	-	-	(15.33)	-	-	-	-	-	-	-	-	-	-	-	(15.33)
Net book value																
As at Dec 31, 09	6,922.86	10,310.41	20,260.15	134,840.32	6,420.58	203.32	76,748.78	1,339.53	881.89	786.94	-	578.22	2,442.57	183.13	(3,278.85)	258,639.85
As at Dec 31, 10	7,506.07	10,022.21	19,831.49	135,705.64	11,661.15	132.25	73,855.48	1,296.36	1,294.23	762.09	-	491.06	2,425.52	1,108.06	(3,082.16)	263,009.45

Unit : Million Baht

	EGAT													Total
	Land	Structures	Reservoirs and dams	Power plants	Equipment for power plants	Control system	Transmission system	Communication system	Coal handling system	Machinery for mine equipment	Vehicles	Other materials and supplies	Deferred charges of major inspection fee	
Cost as at Jan 1, 10	6,171.41	24,381.16	28,602.85	235,807.16	15,098.44	838.78	135,466.78	6,459.39	4,839.52	5,485.34	2,778.34	8,297.52	208.48	474,478.02
Increase during the period	233.46	0.37	-	-	-	-	10.33	4.22	-	142.67	98.35	520.11	-	1,009.51
Adjustment	0.26	(1.13)	-	-	-	-	-	(4.03)	-	0.68	0.20	5.08	-	1.06
Transferred from work under construction	-	652.68	6.08	12,280.08	6,789.64	-	1,673.82	328.19	556.03	3.70	-	8.35	1,336.43	23,635.00
Transferred type	-	7.93	-	(270.79)	-	-	267.40	6.14	9.68	(6.58)	1.35	(15.13)	-	-
Disposal	(0.12)	(201.58)	-	(9.40)	-	(12.19)	(550.87)	(192.52)	(5.27)	(130.07)	(188.59)	(250.82)	-	(1,541.43)
Cost as at Dec 31, 10	6,405.01	24,839.43	28,608.93	247,807.05	21,888.08	826.59	136,867.46	6,601.39	5,399.96	5,495.74	2,689.65	8,565.11	1,544.91	497,582.16
Accumulated depreciation / Amortization as at Jan 1, 10	-	(14,392.76)	(8,342.70)	(137,963.28)	(8,693.69)	(635.46)	(58,718.00)	(5,119.86)	(3,957.63)	(4,698.40)	(2,215.15)	(5,953.63)	(25.35)	(250,758.76)
Depreciation/Amortization for the year	-	(907.92)	(434.74)	(8,653.03)	(1,549.07)	(67.02)	(4,641.66)	(365.92)	(143.70)	(180.69)	(183.67)	(549.86)	(411.50)	(18,088.78)
Adjustment	-	(0.04)	-	-	-	-	-	3.81	-	-	-	0.68	-	4.45
Transferred type	-	(11.49)	-	125.85	-	-	(123.01)	(5.96)	(9.68)	15.41	(9.44)	18.32	-	-
Disposal	-	199.33	-	5.48	-	8.14	470.69	182.90	5.28	130.03	188.58	247.56	-	1,437.99
Accumulated depreciation / Amortization as at Dec 31, 10	-	(15,112.88)	(8,777.44)	(146,484.98)	(10,242.76)	(694.34)	(63,011.98)	(5,305.03)	(4,105.73)	(4,733.65)	(2,219.68)	(6,236.93)	(436.85)	(267,405.10)
Accumulated impairment														
As at Jan 1, 10	-	-	-	(15.33)	-	-	-	-	-	-	-	-	-	(15.33)
As at Dec 31, 10	-	-	-	(15.33)	-	-	-	-	-	-	-	-	-	(15.33)
Net book value														
As at Dec 31, 09	6,171.41	9,988.40	20,260.15	97,828.55	6,404.75	203.32	76,748.78	1,339.53	881.89	786.94	563.19	2,343.89	183.13	223,703.93
As at Dec 31, 10	6,405.01	9,726.55	19,831.49	101,306.74	11,645.32	132.25	73,855.48	1,296.36	1,294.23	762.09	469.97	2,328.18	1,108.06	230,161.73

As at December 31, 2010 and 2009, EGAT has buildings and equipment fully accumulated depreciation, while being in use. The cost value of these assets before deduction of accumulated depreciation were Baht 85,639.82 million and Baht 72,545.76 million respectively.

The details are as follows:

	Unit : Million Baht	
	EGAT	
	Dec 31, 10	Dec 31, 09
Structures	7,364.95	6,897.88
Reservoirs and dams	8.40	8.40
Power Plants	44,672.00	34,011.14
Equipment for power plants	6,536.88	6,155.18
Control system	323.70	133.35
Transmission system	10,596.39	10,127.52
Communication system	3,425.03	3,026.22
Coal handling system	2,691.46	2,376.53
Machinery	4,029.30	4,020.15
Spare parts for mine equipment	42.85	42.85
Vehicles	1,754.40	1,681.53
Other materials and supplies	4,194.46	4,065.01
Total	<u>85,639.82</u>	<u>72,545.76</u>

## 5.10 Work under construction

Consolidated															Unit : Million Baht	
Structures	Reservoirs and dams	Power plants	Equipment for power plants	Control system	Transmission system and exploration	Communication system	Coal handling system	Machinery	Other materials and supplies	Major inspection fee	Computer software rights	Materials for work under construction of transmission system	Materials in transportation	Total		
802.16	175.02	16,356.02	736.20	18.11	7,750.10	449.36	784.04	-	9.73	855.13	730.04	2,512.19	3,503.81	34,681.91		
923.27	260.04	1,422.39	-	21.04	10,164.99	357.56	372.74	50.84	43.77	1,970.04	624.61	5,208.24	9,169.16	30,588.69		
(1.02)	-	(673.84)	674.86	-	-	-	-	3.70	(3.70)	-	-	-	-	-		
1,724.41	435.06	17,104.57	1,411.06	39.15	17,915.09	806.92	1,156.78	54.54	49.80	2,825.17	1,354.65	7,720.43	12,672.97	65,270.60		
Transferred to property, plant, equipment and intangible assets	(654.48)	(12,349.13)	(1,411.06)	-	(1,679.72)	(328.19)	(556.03)	(3.70)	(20.13)	(1,336.43)	(1,354.05)	-	(5,355.86)	(25,054.86)		
Transferred to work under construction of transmission system	-	-	-	-	-	-	-	-	-	-	-	(4,730.45)	(1,488.65)	(6,219.10)		
Transferred to materials for work under construction of transmission system	-	-	-	-	-	-	-	-	-	-	-	-	(3,740.80)	(3,740.80)		
Transferred to materials and supplies	-	-	-	-	-	-	-	-	-	-	-	(31.22)	-	(31.22)		
Carry forward as at Dec 31, 10	1,069.93	428.98	4,755.44	39.15	16,235.37	478.73	600.75	50.84	29.67	1,488.74	0.60	2,958.76	2,087.66	30,224.62		
EGAT															Unit : Million Baht	
Structures	Reservoirs and dams	Power plants	Equipment for power plants	Control system	Transmission system and exploration	Communication system	Coal handling system	Machinery	Other materials and supplies	Major inspection fee	Computer software rights	Materials for work under construction of transmission system	Materials in transportation	Total		
801.11	175.02	16,317.05	736.20	18.11	7,750.10	449.36	784.04	-	9.42	855.13	730.04	2,512.19	3,503.81	34,641.58		
809.29	260.04	1,271.85	-	21.04	10,164.99	357.56	372.74	-	32.30	1,970.04	624.61	5,208.24	9,169.16	30,261.86		
(1.02)	-	(673.84)	674.86	-	-	-	-	3.70	(3.70)	-	-	-	-	-		
1,609.38	435.06	16,915.06	1,411.06	39.15	17,915.09	806.92	1,156.78	3.70	38.02	2,825.17	1,354.65	7,720.43	12,672.97	64,903.44		
Transferred to property, plant, equipment and intangible assets	(652.68)	(12,280.08)	(1,411.06)	-	(1,679.72)	(328.19)	(556.03)	(3.70)	(8.35)	(1,336.43)	(1,354.05)	-	(5,355.86)	(24,972.23)		
Transferred to work under construction of transmission system	-	-	-	-	-	-	-	-	-	-	-	(4,730.45)	(1,488.65)	(6,219.10)		
Transferred to materials for work under construction of transmission system	-	-	-	-	-	-	-	-	-	-	-	-	(3,740.80)	(3,740.80)		
Transferred to materials and supplies	-	-	-	-	-	-	-	-	-	-	-	(31.22)	-	(31.22)		
Carry forward as at Dec 31, 10	956.70	428.98	4,634.98	39.15	16,235.37	478.73	600.75	-	29.67	1,488.74	0.60	2,958.76	2,087.66	29,940.09		

EGAT had work under construction project as follows:

Project	Unit : Million Baht			
	Consolidated		EGAT	
	Dec 31, 10	Dec 31, 09	Dec 31, 10	Dec 31, 09
Expand Transmission System Project	19,000.24	10,032.14	19,000.24	10,032.14
Chana Combined Cycle Power Plant Project	40.26	0.71	40.26	0.71
Bang Pakong Combined Cycle Power Plant Project - Block 5	121.33	138.52	121.33	138.52
North Bangkok Combined Cycle Power Plant Project - Block 1	188.32	12,088.93	188.32	12,088.93
Enterprise Resource Planning	-	725.08	-	725.08
Others	10,874.47	11,696.53	10,589.94	11,656.20
Total	30,224.62	34,681.91	29,940.09	34,641.58

On June 7, 2005 and October 25, 2005, the Cabinet approved Chana Combined Cycle Power Plant Project (Songkla) amounting to Baht 16,423.65 million and South Bangkok Combined Cycle Power Plant Project - Block 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 - Block 5 amounting to Baht 16,736.50 million and North Bangkok Combined Cycle Power Plant Project - Block 1 amounting to Baht 17,547 million respectively.

As at December 31, 2010, the percentages of completion of the new power plants are as follows:

#### Percentages of Completion

- Chana Combined Cycle Power Plant Project	100
- South Bangkok Combined Cycle Power Plant Project - Block 3	100
- Bang Pakong Combined Cycle Power Plant Project - Block 5	100
- North Bangkok Combined Cycle Power Plant Project - Block 1	100

In the part of power plants of Chana Combined Cycle Power Plant Project, South Bangkok Combined Cycle Power Plant Project - Block 3, Bang Pakong Combined Cycle Power Plant Project - Block 5 and North Bangkok Combined Cycle Power Plant Project - Block 1 are completed and transferred to asset, which its commercial operation have been commenced on July 15, 2008, March 1, 2009, September 16, 2009 and November 19, 2010 respectively.

Even if EGAT announced commercial operation, EGAT has incomplete construction in the part of the additional surrounding development in the power plants (Facilities) that will be transferred to asset after completion.

North Bangkok Combined Cycle Power Plant Project - Block 1 was test run during January 1, 2010 to November 18, 2010, which EGAT recorded consumed fuel cost in test run period in the amount of Baht 1,736.99 million; meanwhile EGAT had revenue from electric energy sales in test run in the amount of Baht 2,475.52 million.

Since 2007, EGAT had established Enterprise Resource Planning (EGAT - ERP) by introduction of software package on SAP Program for use in the design and process linking of various main data system of EGAT and had officially introduced Enterprise Recourse Planning on November 2, 2009 in order that this will be on time for accounting closing and prepared the financial statements on time to the stipulation. However, in the year 2009 and during January 1, 2010 to May 31, 2010, there were some systems, which must be adjust that they don't transferred to asset. On June 1, 2010, EGAT transferred costs of EGAT-ERP Project in the amount of Baht 1,333.75 million to intangible asset - computer software rights which was amortized over the estimated useful lives of the asset in 7 years from the date which be ready to be used.



# 5.11 Intangible Assets - Net

Unit : Million Baht

	Consolidated						Total
	Land rights	Computer software rights and software license	Royalty on state property service	Gas piped system rights	Transmission system connection rights	Project development rights	Goodwill
Cost as at Jan 1, 10	21,752.51	373.04	474.77	6.25	10.92	665.51	-
Increase during the period	831.18	20.56	-	-	0.46	-	117.09
Transferred from work under construction	5.90	1,354.05	-	-	-	-	-
Disposal	-	(51.78)	-	-	-	-	-
Cost as at Dec 31, 10	22,589.59	1,695.87	474.77	6.25	11.38	665.51	117.09
Accumulated amortization as at Jan 1, 10	(3,836.15)	(233.99)	(229.20)	(1.10)	(3.43)	-	-
Amortization for the year	(0.52)	(162.27)	(6.34)	(0.31)	(1.37)	-	-
Disposal	-	51.05	-	-	-	-	-
Accumulated amortization as at Dec 31, 10	(3,836.67)	(345.21)	(235.54)	(1.41)	(4.80)	-	-
<b>Net book value</b>							
As at Dec 31, 09	17,916.36	139.05	245.57	5.15	7.49	665.51	-
As at Dec 31, 10	18,752.92	1,350.66	239.23	4.84	6.58	665.51	117.09

Unit : Million Baht

	EGAT				Total
	Land rights	Computer software rights and software license	Royalty on state property service		
Cost as at Jan 1, 10	21,752.51	359.79	474.77		22,587.07
Increase during the period	831.18	17.91	-		849.09
Transferred from work under construction	5.90	1,354.05	-		1,359.95
Disposal	-	(51.78)	-		(51.78)
Cost as at Dec 31, 10	22,589.59	1,679.97	474.77		24,744.33
Accumulated amortization as at Jan 1, 10	(3,836.15)	(226.01)	(229.20)		(4,291.36)
Amortization for the year	(0.52)	(160.68)	(6.34)		(167.54)
Disposal	-	51.05	-		51.05
Accumulated amortization as at Dec 31, 10	(3,836.67)	(335.64)	(235.54)		(4,407.85)
<b>Net book value</b>					
As at Dec 31, 09	17,916.36	133.78	245.57		18,295.71
As at Dec 31, 10	18,752.92	1,344.33	239.23		20,336.48

## 5.12 Land Awaiting Development

	Unit : Million Baht			
	Consolidated		EGAT	
	Dec 31, 10	Dec 31, 09	Dec 31, 10	Dec 31, 09
Balance at the beginning of period	2,541.20	2,867.65	2,236.23	2,563.14
<b>Add :</b> Increase during the period	0.25	0.46	-	-
<b>Less:</b> Transferred type with other assets	-	326.91	-	326.91
	2,541.45	2,541.20	2,236.23	2,236.23
<b>Less:</b> Accumulated impairment	423.43	423.43	423.43	423.43
Balance at the end of period	2,118.02	2,117.77	1,812.80	1,812.80

As at December 31, 2010, 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 with accumulated impairment in the amount of Baht 423.43 million. As a result, the net book value of land was Baht 1,800 million.
- Land surrounding Carrier Gas Station on Phet Kasem Road at Ratchaburi Province of 59,200 square meters (37 Rai) is valued at Baht 3.75 million.

### **5.13 Accrued Revenue from Electric Energy Sales According to Automatic Tariff**

#### **Adjustment (Ft)**

EGAT has the accrued Ft revenue from electric energy sales according to automatic tariff adjustment (Ft) as at January 1, 2010 amounting to Baht 15,920.14 million. During the year the accrued Ft revenue decreased by Baht 13,672.83 million (the accrued Ft revenue increased by Baht 253.24 million and decreased by Baht 13,926.07 million from received payment of the previous accrued Ft revenue). So, on December 31, 2010, EGAT has the accrued Ft revenue amounting to Baht 2,247.31 million. EGAT has changed the transaction presentation which used to disclose in the non-current assets to disclose in the current assets because the accrued Ft revenue are recovered amounting to Baht 13,926.07 million and expected balance as at December 31, 2010 to be recovered within 12 months from the period 2010.

## 5.14 Other Non-Current Assets

### - Deferred Charges of the Lignite Mine

Unit : Million Baht

	Consolidated				
	Overburden removal costs	Minerals resource exploration and preliminary development costs	Resettlement costs	Mineral Patent costs	Total
Deferred charges as at Jan 1, 10	73,828.78	645.67	1,988.44	50.76	76,513.65
Increase during the period	5,172.15	-	-	37.52	5,209.67
Deferred charges as at Dec 31, 10	79,000.93	645.67	1,988.44	88.28	81,723.32
Amortization as at Jan 1, 10	(73,828.78)	(273.51)	(1,477.79)	(21.85)	(75,601.93)
Increase during the period	(5,172.15)	(10.10)	(51.46)	(2.66)	(5,236.37)
Amortization as at Dec 31, 10	(79,000.93)	(283.61)	(1,529.25)	(24.51)	(80,838.30)
Net book value					
As at Dec 31, 09	-	372.16	510.65	28.91	911.72
As at Dec 31, 10	-	362.06	459.19	63.77	885.02
- Others					
As at Dec 31, 09					3,660.62
As at Dec 31, 10					2,038.08
- Total other non-current assets					
As at Dec 31, 09					4,572.34
As at Dec 31, 10					2,923.10

Unit : Million Baht

	EGAT				
	Overburden removal costs	Minerals resource exploration and preliminary development costs	Resettlement costs	Mineral Patent costs	Total
Deferred charges as at Jan 1, 10	73,828.78	645.67	1,988.44	50.76	76,513.65
Increase during the period	5,172.15	-	-	37.52	5,209.67
Deferred charges as at Dec 31, 10	79,000.93	645.67	1,988.44	88.28	81,723.32
Amortization as at Jan 1, 10	(73,828.78)	(273.51)	(1,477.79)	(21.85)	(75,601.93)
Increase during the period	(5,172.15)	(10.10)	(51.46)	(2.66)	(5,236.37)
Amortization as at Dec 31, 10	(79,000.93)	(283.61)	(1,529.25)	(24.51)	(80,838.30)
Net book value					
As at Dec 31, 09	-	372.16	510.65	28.91	911.72
As at Dec 31, 10	-	362.06	459.19	63.77	885.02
- Others					
As at Dec 31, 09					1,963.31
As at Dec 31, 10					853.67
- Total other non-current assets					
As at Dec 31, 09					2,875.03
As at Dec 31, 10					1,738.69

### 5.15 Trade Accounts Payable - Others

	Unit : Million Baht			
	Consolidated		EGAT	
	Dec 31, 10	Dec 31, 09	Dec 31, 10	Dec 31, 09
Neighbouring countries' supply	1,425.64	651.85	1,425.64	651.85
Independent Power Producer : IPP	3,754.82	7,912.99	3,754.82	7,912.99
Small Power Producer : SPP	5,038.64	6,749.47	5,038.64	6,749.47
Trade payable - fuel	8,068.59	9,164.10	8,068.59	9,164.10
Others	8,621.79	6,169.61	3,934.64	2,574.21
Total	26,909.48	30,648.02	22,222.33	27,052.62

### 5.16 Accrued Remittance to the Ministry of Finance

In the year 2010, the Ministry of Finance prescribes that EGAT has to calculate the accrued remittance to the Ministry of Finance in 45% of net income before provision of bonus expenses but formerly, it was 40%. However, the amount of remittance may vary depending on the revision from the Ministry of Finance.

As at January 1, 2010, EGAT has accrued remittance to the Ministry of Finance in the amount of Baht 5,610.23 million. EGAT increased in provision for remittance to the Ministry of Finance in the amount of Baht 0.77 million and on April 9, 2010, EGAT remit to the Ministry of Finance in the amount of Baht 5,611 million.

As at December 31, 2010, EGAT recorded the provision for the remittance to the Ministry of Finance for the year 2010 in the amount of Baht 17,687.34 million. However, on October 29, 2010, EGAT remitted for the six months ended June 30, 2010 in the amount of Baht 9,039.80 million therefore EGAT has accrued remittance to the Ministry of Finance in the amount of Baht 8,647.54 million as at December 31, 2010.

### 5.17 Long - Term Loans

	Unit : Million Baht			
	Consolidated		EGAT	
	Dec 31, 10	Dec 31, 09	Dec 31, 10	Dec 31, 09
Long - term loans	103,548.63	114,536.04	86,095.13	94,259.26
Less Current portion of long - term loans	20,642.71	9,682.83	17,025.24	6,821.04
Balance	82,905.92	104,853.21	69,069.89	87,438.22

## Long - Term Loans

	Consolidated			
	Dec 31, 10		Dec 31, 09	
	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 2010 - 2020	-	19,300.00	-	22,300.00
		19,300.00		22,300.00
Local sources unsecured by the Ministry of Finance:				
Ministry of Finance loans				
Fixed rate due within 2010 - 2027	-	97.62	-	102.06
EGAT bonds				
Fixed rate due within 2010 - 2024	-	58,100.00	-	58,100.00
Debenture				
Floating rate since July 29, 2007 and due within 2010	-	-	-	749.91
Other financial institutions				
Fixed rate due within 2010 - 2012	-	2,000.00	-	3,000.00
Floating rate due within 2010 - 2020	-	17,453.50	-	18,889.87
Fixed rate due within 2010 - 2019	-	-	-	637.00
		77,651.12		81,478.84
Foreign sources secured by the Ministry of Finance:				
Borrowings				
US Dollars:				
Fixed rate due within 2010 - 2011	0.41	12.33	1.22	40.94
Japanese Yen:				
Fixed rate due within 2010 - 2013	11,574.13	4,331.25	20,951.57	7,660.08
Euro:				
Fixed rate due within 2010 - 2014	0.35	13.97	0.43	20.88
Fixed rate due within 2010 - 2037	55.66	2,239.96	62.74	3,019.70
Canadian Dollars:				
Fixed rate due in 2010	-	-	0.49	15.60
		6,597.51		10,757.20
Total		103,548.63		114,536.04
Less: Current portion of long-term loans		20,642.71		9,682.83
Balance		82,905.92		104,853.21

	EGAT			
	Dec 31, 10		Dec 31, 09	
	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 2010 - 2020	-	19,300.00	-	22,300.00
		19,300.00		22,300.00
Local sources unsecured by the Ministry of Finance:				
Ministry of Finance loans				
Fixed rate due within 2010 - 2027	-	97.62	-	102.06
EGAT bonds				
Fixed rate due within 2010 - 2024	-	58,100.00	-	58,100.00
Other financial institutions				
Fixed rate due within 2010 - 2012	-	2,000.00	-	3,000.00
		60,197.62		61,202.06
Foreign sources secured by the Ministry of Finance:				
Borrowings				
US Dollars:				
Fixed rate due within 2010 - 2011	0.41	12.33	1.22	40.94
Japanese Yen:				
Fixed rate due within 2010 - 2013	11,574.13	4,331.25	20,951.57	7,660.08
Euro:				
Fixed rate due within 2010 - 2014	0.35	13.97	0.43	20.88
Fixed rate due within 2010 - 2037	55.66	2,239.96	62.74	3,019.70
Canadian Dollars:				
Fixed rate due in 2010	-	-	0.49	15.60
		6,597.51		10,757.20
Total		86,095.13		94,259.26
Less: Current portion of long-term loans		17,025.24		6,821.04
Balance		69,069.89		87,438.22

As at December 31, 2010 and 2009, long - term loans can be classified by interest rate as follows:

Unit : Million Baht				
	Consolidated		EGAT	
	Dec 31, 10	Dec 31, 09	Dec 31, 10	Dec 31, 09
Floating rate	17,453.50	19,639.78	-	-
Fixed rate	86,095.13	94,896.26	86,095.13	94,259.26
Total	103,548.63	114,536.04	86,095.13	94,259.26

Interest rate of long-term loans as at December 31, 2010 are as follows:

	Consolidated	EGAT
EGAT bonds - local sources	1.700% to 8.554%	1.700% to 8.554%
Borrowings - local sources	2.900% to 3.8437%	2.900% to 3.000%
Borrowings - foreign sources	0.000% to 8.000%	0.000% to 8.000%

#### 5.18 Provision Liabilities for Mine Reclamation

Unit : Million Baht				
	Consolidated		EGAT	
	Dec 31, 10	Dec 31, 09	Dec 31, 10	Dec 31, 09
Balance at the beginning of period	1,857.58	1,785.62	1,857.58	1,785.62
<b>Add :</b> Increase during the period	97.31	110.40	97.31	110.40
	1,954.89	1,896.02	1,954.89	1,896.02
<b>Less :</b> Mine reclamation expenses	27.88	34.73	27.88	34.73
Depreciation	3.70	3.71	3.70	3.71
Balance at the end of period	1,923.31	1,857.58	1,923.31	1,857.58



## 5.19 Other Non-Current Liabilities

### - Deferred Income

			Unit : Million Baht	
	Consolidated		EGAT	
	Dec 31, 10	Dec 31, 09	Dec 31, 10	Dec 31, 09
Balance at the beginning of period	5,297.85	5,594.43	5,297.85	5,594.43
<b>Add :</b> Contribution received	535.07	116.54	535.07	116.54
Accrued revenue-Deferred contribution	160.42	-	160.42	-
	5,993.34	5,710.97	5,993.34	5,710.97
<b>Less :</b> Recognized to other revenue	421.91	411.01	421.91	411.01
Refund to contributor	2.20	0.77	2.20	0.77
Decrease in depreciation	1.34	1.34	1.34	1.34
Balance at the end of period	5,567.89	5,297.85	5,567.89	5,297.85
- Retention	3,018.61	5,321.90	3,018.61	5,321.90
- Provision for contributions to provident fund	738.41	602.44	738.41	602.44
- Cash received from breaking and agreement in case of conflict	840.72	840.72	840.72	840.72
- <b>Others</b>	1,118.95	2,484.39	1,136.82	2,494.54
Total	11,284.58	14,547.30	11,302.45	14,557.45

## 5.20 Equity

### - Contribution from The Government

			Unit : Million Baht	
	Consolidated		EGAT	
	Dec 31, 10	Dec 31, 09	Dec 31, 10	Dec 31, 09
Capital	6,507.64	6,507.64	6,507.64	6,507.64
Contribution for supporting construction of the Srinagarind, Bang Lang, Vajiralongkorn, Rajjaprabha and Pak Mun Dam	4,364.75	4,364.75	4,364.75	4,364.75
<b>Less :</b> Accumulated depreciation	1,621.08	1,558.75	1,621.08	1,558.75
Depreciation for the period	62.33	62.33	62.33	62.33
	2,681.34	2,743.67	2,681.34	2,743.67
Balance	9,188.98	9,251.31	9,188.98	9,251.31

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

	Unit : Million Baht	
	Consolidated	
	Dec 31, 10	Dec 31, 09
Premium on share capital	2,886.91	2,886.91
Unrealized gain on adjustment value of investments in marketable securities available for sale	307.35	138.53
Adjustment from translation the financial statements of foreign company	(318.93)	(84.06)
Total	2,875.33	2,941.38

## 5.22 Revenue from Sales of Other Goods and Services

	Unit : Million Baht			
	Consolidated		EGAT	
	Jan 1 - Dec 31,10	Jan 1 - Dec 31,09	Jan 1 - Dec 31,10	Jan 1 - Dec 31,09
Revenue from telecommunication				
services	359.56	353.40	359.56	353.40
Revenue from fuel providing	19,923.53	16,639.98	21,336.75	17,254.36
Revenue from running the machinery				
and maintenance services	872.68	661.12	1,869.90	2,005.69
Others	598.28	416.54	344.98	285.09
Total	21,754.05	18,071.04	23,911.19	19,898.54

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

## 5.23 Cost of Electric Energy Sales

	Unit : Million Baht			
	Consolidated		EGAT	
	Jan 1 - Dec 31,10	Jan 1 - Dec 31,09	Jan 1 - Dec 31,10	Jan 1 - Dec 31,09
Electric energy purchased	163,364.77	165,308.59	205,715.10	200,827.94
Fuel	129,894.95	104,808.25	98,434.99	81,481.72
Generating expenses	27,494.50	29,293.89	22,687.83	24,182.81
Transmission expenses	9,168.12	9,936.18	9,168.12	9,936.18
Total	329,922.34	309,346.91	336,006.04	316,428.65

## 5.24 Cost of Sales of Other Goods and Services

	Unit : Million Baht			
	Consolidated		EGAT	
	Jan 1 - Dec 31,10	Jan 1 - Dec 31,09	Jan 1 - Dec 31,10	Jan 1 - Dec 31,09
Cost of telecommunication services	8.21	11.40	8.21	11.40
Cost of fuel providing	19,923.53	16,639.98	21,336.75	17,254.36
Cost of running the machinery				
and maintenance services	835.36	586.64	1,551.86	1,549.15
Others	169.86	174.15	173.39	184.38
Total	20,936.96	17,412.17	23,070.21	18,999.29

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.

## 5.25 Other Revenues

			Unit : Million Baht	
	Consolidated		EGAT	
	Jan 1 - Dec 31,10	Jan 1 - Dec 31,09	Jan 1 - Dec 31,10	Jan 1 - Dec 31,09
Interest income	831.99	432.87	598.13	173.24
Devidend income	-	-	2,170.44	2,104.36
Profit on disposal of assets	38.61	474.00	36.52	469.00
Gains on foreign exchange	710.42	1,456.83	661.70	1,419.13
Gains on changes in the fair value of derivatives	199.94	-	199.94	-
Contribution income	329.80	340.25	329.80	340.25
Fine income	780.09	327.08	780.09	327.08
Others	769.97	629.53	693.49	487.58
Total	3,660.82	3,660.56	5,470.11	5,320.64

## 5.26 Other Expenses

			Unit : Million Baht	
	Consolidated		EGAT	
	Jan 1 - Dec 31,10	Jan 1 - Dec 31,09	Jan 1 - Dec 31,10	Jan 1 - Dec 31,09
Losses on changes in the fair value of derivatives	-	281.55	-	281.55
Others	38.76	1.87	7.35	1.87
Total	38.76	283.42	7.35	283.42

## 5.27 Management Benefit Expenses

Management benefit expenses in the consolidated statements of income and the EGAT's statements of income consisted of salary and bonus for management, who have effective decision-making including meeting allowance for the committee. One part is presented in the cost of electric energy sales and the other part is separately presented from administrative expenses, which the details are as follow:

			Unit : Million Baht	
	Consolidated		EGAT	
	Jan 1-Dec 31,10	Jan 1-Dec 31,09	Jan 1-Dec 31,10	Jan 1-Dec 31,09
Management benefit expenses in cost of electric energy sales	22.82	22.55	22.82	22.55
Management benefit expenses seperated from administrative expenses	239.26	216.00	115.07	101.67
Total	262.08	238.55	137.89	124.22

## 5.28 Share of Profit from Subsidiaries, Associated Company and Jointly Controlled Entity

In year 2010, EGAT recognized a Baht 1,826.34 million share of profit from its associated company, Electricity Generating Plc., and a Baht 2,517.22 million share of profit from its subsidiaries and jointly controlled entity. The latter amount comprises a Baht 2,544.47 million share of profit from Ratchaburi electricity Generating Holding Plc., a Baht 15.03 million share of loss of EGAT International Co.,Ltd., a Baht 5.17 million share of loss from EGAT Diamond Service Co., Ltd., and a Baht 7.05 million share of loss from District Cooling System and Power Plant Co., Ltd. As share of profit from subsidiaries and jointly controlled entity are inter-company transaction, therefore, these are not present in the consolidated financial statements.

## 5.29 Finance Costs

	Unit : Million Baht			
	Consolidated			
	Interest	Expenses relating	Total	
	expenses	to the loans	Jan 1 - Dec 31, 10	Jan 1 - Dec 31, 09
Capitalized to work under construction	628.80	0.31	629.11	665.51
Finance costs in the statements of				
income	4,416.66	3.52	4,420.18	4,528.25
Total	5,045.46	3.83	5,049.29	5,193.76

				Unit : Million Baht
				EGAT
	Interest	Expenses relating	Total	
	expenses	to the loans	Jan 1 - Dec 31, 10	Jan 1 - Dec 31, 09
Capitalized to work under construction	628.80	0.31	629.11	665.51
Finance costs in the statements of				
income	3,717.54	2.08	3,719.62	3,641.05
Total	4,346.34	2.39	4,348.73	4,306.56

### 5.30 Performance of EGAT

The performance of EGAT in net income of 2010 was Baht 35,182.01 million. EGAT recorded the provision of expenses and liabilities of bonus for employees and directors in the amount of Baht 4,123.18 million for the 2010 financial statements.

In April 2010, the Ministry of Finance approved EGAT to allocate the 2009 net income for bonus payment to the employees and directors in the amount of Baht 3,171.94 million. So, EGAT recorded the difference of the provision of bonus in 2009 in the amount of Baht 3,108.89 million and bonus of 2009 which approved in the year 2010 in the amount of Baht 63.05 million as the expenses in the year 2010.

### 5.31 Expenses by Nature

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
			<b>EGAT</b>	
	<b>Jan 1 -Dec 31,10</b>	<b>Jan 1 -Dec 31,09</b>	<b>Jan 1 -Dec 31,10</b>	<b>Jan 1 -Dec 31,09</b>
Electric energy purchased	163,364.77	165,308.59	205,715.10	200,827.94
Work performed by the entity and capitalized	(17,762.69)	(21,571.54)	(17,762.69)	(21,571.54)
Raw materials and consumables used	103,631.28	89,867.46	104,425.47	89,706.04
Management benefit expenses	262.08	238.55	137.89	124.22
Employee benefit expenses	26,718.72	25,369.68	26,495.83	25,231.73
Depreciation of property, plant and equipment	20,563.55	22,809.48	18,013.18	20,189.78
Amortization of intangible assets	170.72	67.41	167.44	64.50
Hire and maintenance expenses	4,010.90	4,151.32	3,056.84	3,593.50
Other expenses	65,508.64	54,998.09	33,496.87	31,018.95
<b>Total</b>	<b>366,467.97</b>	<b>341,239.04</b>	<b>373,745.93</b>	<b>349,185.12</b>

## 6. Community Development Fund around Power Plant

On June 19, 2007, the Cabinet passed a resolution to approve the guidelines and the procedure on the establishment of the Community Development Fund around Power Plant. The Cabinet's resolution also stipulated that all power plants which have entered power purchase agreements with electricity utilities to

pay into the Fund at rates varying according to the fuels used. 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.

On June 28, 2010, there was a meeting of National Energy Policy Committee 2/2010 (131<sup>st</sup>) which agreed with the procedures for community development fund around power plant and electricity development fund. The committee approved EGAT that has the license of electricity generating and collect cash of community around the power plant which has not the fund around the power plant to remit the cash to electricity development fund for distributing to the enterprise in accordance with the article 97(3). Energy Regulatory Commission (ERC) had to distribute the cash back to the community around the power plant. Besides, according to the resolution of National Energy Policy Committee 3/2010 (132<sup>nd</sup>), it agreed with the procedures for community development fund around power plant in the changing past that approved to stop cash transfer to community development fund around power plant from December 1, 2010. Moreover, EGAT had to maintain the remaining cash of that fund and remit the money to the office of Energy Regulatory Commission later.

In the year 2010, EGAT recorded its contributions to the Fund totaling Baht 1,870.34 million which recorded as generating expenses of Baht 916.86 million for electricity generating from power plant

of EGAT and a Baht 941.66 million recorded as electric energy purchased expenses for electricity purchased from major private power producer and small private power producer. EGAT also recorded as work under construction cost of Baht 11.82 million for North Bangkok combined cycle power plant in the part of machines which have been tested but not run yet (from January 1, 2010 to November 18, 2010). After running the machinery from November 19, 2010, it had recorded as generating expenses. On the other hand, cash recovered from the Ft revenue has been deposited in a separate deposit account.

Contributions to the fund capitalized to work under construction of North Bangkok combined cycle power plant. It was in line with resolution of National Energy Policy Committee (NEPC) that specified for Power Plant which distributed electricity before January 1, 2011 had to contribute to the fund following the set rate (Natural gas 0.01 Baht per unit produced). North Bangkok combined cycle power plant planned to distribute electricity before January 1, 2011 therefore it had to contribute to the fund. Normally, contributions to the fund were consistent with the period that power plant noticed to operate. Contributions to the fund recorded as generating expenses but EGAT postponed the period which noticed to operate. However, contributions to community development fund around power plant had to pay following the prior plan noticed to operate. Because there was electricity distribution since the first synchronize that calculated from electricity produced in that period.

On February 28, 2011, the office of Energy Regulation Commission (OERC) issued OERC 5502/0774.1 which notified that regulatory guidelines of Energy Regulation Commission about electricity development fund in the year 2010 had been effective after December 21, 2010. Transitory provision item 31 determines that EGAT has to remit the remaining money of community development fund around power plant with interests (if any) to the fund within 10 working days from the day realized from OERC by separating money collected from each person who has the license of electricity generating including the amount for allocate to be expenses in accordance with the article 97(3) for the provinces that the person who has the license settles. On December 31, 2010, EGAT has remaining money of community development fund around power plant in the amount of Baht 533.23 million.

On March 17, 2011, EGAT remit the remaining money with interests to electricity development fund in the amount of Baht 533.48 million.

## **7. Contingent Asset**

Contingent asset, which disclosed in EGAT's financial statements as at December 31, 2010 and 2009, 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. During the year 2008, EGAT has received the payment from AOT in the amount of Baht 215.19 million. The residual amount of Baht 54.38 million, EGAT revoked the part amount of Baht 5.89 million and has been collected from AOT.

On July 30, 2010, EGAT received the letter of AOT which notified that on June 30, 2010, the board of director passed a resolution that EGAT had to responsible for demolishing expenses of transmission line in the north area of Suvarnabhumi international Airport solely because EGAT improved transmission line against Air Navigation Act, B.E.2497 and AOT will notify feedback to EGAT and Ministry of Transport for the next proceeding. However, it was in the process of EGAT's consideration.

## **8. Contingent Liabilities**

As at December 31, 2010, contingent liabilities excluded from EGAT's financial statements, are the calling for EGAT to pay additional compensation, which the details are as follows:

1. The Civil Court judged that EGAT was liable for the additional payment of 22 lawsuits amounting to Baht 254.46 million in case of calling for compensation of land rights and violation. EGAT is now appealing for the court's verdict.



2. On March 4, 2008, the Administrative Court at Chiangmai Province judged that EGAT repay the compensation for health and sanitation of 110 affected people in the area, which are impacted from dust and sulfur dioxide in the amount of Baht 246,900 per person including interest at the rate of 7.5% per annual. EGAT estimated the approximately compensation and interest amounting to Baht 24.72 million and Baht 10.53 million respectively. The total amounts that EGAT will be pay amounting to approximately Baht 35.25 million. EGAT is now appealing for the court's verdict.

3. On March 4, 2008, the Administrative Court at Chiangmai Province judged that EGAT did not proceed according to the regulations and requirements of environment impact protection and mitigation in patent of coal mine. The court judged that EGAT is committed to practice under the principle of patent etc., village emigration, reforestation in golf course, mitigation of affected dust and environmental assessment report is submitted every two years. Due to, there are not obvious the compensation to the government and claimant, so, EGAT does not determined the compensation.

## **9. Commitments**

### **9.1 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, 2010, EGAT has entered into 67 Power Purchase Agreements with total commitments amounting to approximately Baht 5,588,086 million and total production capacity of 21,605 megawatts. The details are as follows:

Power producers	Company	Capacity (megawatt)	Remaining life of contract (years)		Amount	Availability	Energy
					payment (AP)	payment (AP)	payment (EP)
					(Million Baht)	(Million Baht)	(Million Baht)
Power Project Developers in Lao People's Democratic Republic							
Theun Hinboun Power Company Limited	1	440	29	2011-2039	125,705	-	125,705
Houay Ho Power Company Limited	1	126	19	2011-2029	17,675	-	17,675
Nam Theun Project 2	1	920	25	2011-2035	205,233	-	205,233
Nam Ngum Project 2	1	454	27	2011-2037	110,704	-	110,704
Independent Power Producers (IPP)							
Electricity Generating Public Company Limited							
As formerly, Rayong Electricity Generating Company Limited(REGCO)							
	1	1,162	4	2011-2014	44,502	8,214	36,288
Khanom Electricity Generating Company Limited (KEGCO)	1	818	6	2011-2016	61,440	9,535	51,905
Tri Energy Company Limited (TECO)	1	700	10	2011-2020	79,604	9,383	70,221
Eastern Power Electric Company Limited (EPEC)	1	350	13	2011-2023	59,260	11,792	47,468
Independent Power (Thailand) Company Limited (IPT)	1	700	15	2011-2025	131,213	20,845	110,368
Ratchaburi Electricity Generating Company Limited (RGCO)	1	3,541	17	2011-2027	760,386	112,199	648,187
Glow IPP Company Limited (GIPP)	1	713	17	2011-2027	160,300	27,267	133,033
Gulf Power Generation Company Limited (GULF)	1	1,468	23	2011-2033	461,619	91,038	370,581
Ratchaburi Power Company Limited (RPCL)	1	1,400	23	2011-2033	456,870	75,343	381,527
BLCP Power Company Limited (BLCP)	1	1,347	22	2011-2032	266,524	102,276	164,248
Gheco one Company Limited (GHECO ONE)	1	660	26	2011-2036	294,571	110,674	183,897
Siam energy Company Limited (SEC)	1	1,600	25	2015-2039	572,043	111,999	460,044
Power generation supply Company Limited (PGS)	1	1,600	26	2014-2039	566,406	100,654	465,752
Small Power Producers (SPP)	50	3,606	15-25 Years		1,214,031	267,975	946,056
Total	67	21,605			5,588,086	1,059,194	4,528,892

## **9.2 Fuel purchase agreements**

EGAT has entered to 7 fuel purchase agreements, which the details are as follows:

**9.2.1** There are 4 agreements of gas purchase agreement for power plant in the totaled amount of Baht 1,803,702 million, which the remaining life of contract more than 4 years to 21 years and 7 months. The rest of amount as contract is valued at Baht 822,481 million.

**9.2.2** There are 3 agreements of fuel oil purchase agreement, which the details are as follows:

- The amount as contract of fuel oil purchase agreement since 2009 to 2011 is Baht 11,653 million and the remaining life of contract is 5 months. The rest of amount as contract is valued at Baht 3,395 million.

- The amount as contract of diesel fuel purchase agreement for generation since May 2003 to May 2011 is approximately Baht 3,939 million, which the completion term of contract is the informed date by EGAT to abolish the contract. The rest of amount as contract in May 2011 is valued at Baht 289 million.

- The amount as contract of gasoline purchase agreement for vehicle since May 2003 to May 2011 is approximately Baht 1,293 million, which the completion term of contract is the informed date by EGAT to abolish the contract. The rest of amount as contract in May 2011 is valued at Baht 192 million.

## **9.3 Hire - purchase agreements**

EGAT has entered to the local and foreign hire - purchase agreements, which the details are as follows:

**9.3.1** There are 144 agreements of local hire - purchase agreements and their amount as contract is Baht 43,464.51 million with the remaining life of contract in 1 month to 9 years and 2 months. The rest of amount as contract is approximately Baht 33,960.85 million.

**9.3.2** There are 120 agreements of foreign hire - purchase agreements and their amount as contract is Baht 39,360.95 million. Some contracts have the remaining life of contract in 1 month to 2 years and 1 month and some contracts are not indicated the contract period. The rest of amount as contract from the conversion of foreign currency under the average buying exchanged rate on December 30, 2010, which announced by the Bank of Thailand was approximately Baht 12,983.78 million.

#### **9.4 Letter of Credit**

On December 31, 2010, EGAT has unused letter of credit, which are not expired amounting to approximately Baht 7,655.06 million.

### **10. Disclosure of Financial Instruments**

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

#### **10.1 Cross currency and interest rate swap agreements**

EGAT uses the cross currency and interest rate swap agreements to mitigate foreign currency risk and fluctuations in interest rate 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 and interest rate swap agreements with a maturity of 4 - 10 years. The term and remaining foreign currency amount under the cross currency and interest rate swap agreements at December 31, 2010 and 2009 are as follows:

	Unit : Million Baht	
Terms of cross currency and interest rate swap agreements	Dec 31, 10	Dec 31, 09
Yen 9,979 million / Baht 3,692 million	568.08	1,136.18
Yen 19,899 million / Baht 7,283 million	1,040.47	2,080.94
Yen 11,424 million / Baht 4,145 million	531.92	1,063.84
Yen 6,712 million / Baht 2,456 million	767.72	1,228.35
Yen 12,196 million / Baht 4,463 million	1,030.13	1,716.88
Yen 1,093 million / Baht 365 million	60.87	121.74
Yen 1,469 million / Baht 489 million	81.54	163.08
Yen 1,286 million / Baht 428 million	71.38	142.77
Yen 1,179 million / Baht 390 million	70.96	141.91
	<u>4,223.07</u>	<u>7,795.69</u>

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

The maturity of agreements can be analyzed as follows :

	Unit : Million Baht	
	Dec 31, 10	Dec 31, 09
More than 5 years	4,223.07	7,795.69
	<u>4,223.07</u>	<u>7,795.69</u>

## 10.2 Forward Foreign Exchange Contracts

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

As at December 31, 2010 and 2009, EGAT did not have any forward foreign exchange contracts.

### 10.3 Fair Value of Financial Instruments

As at December 31, 2010 and 2009, contract price and fair value of short - term loans , long - term loans and derivative are as follows:

	Unit : Million Baht			
	Dec 31, 10		Dec 31, 09	
	Contract price	Fair value	Contract price	Fair value
Short - term loans - local sources	-	-	3,000.00	2,996.87
Long - term loans - local sources	79,497.62	83,039.82	83,502.06	85,966.71
Long - term loans - foreign sources	6,597.51	6,634.80	10,757.20	10,814.39
Cross currency and interest rate swap agreements	-	71.02	-	289.95
Currency swap agreements	-	52.97	-	71.13
Interest rate swap agreements	-	(0.45)	-	(2.11)

EGAT calculated fair value of short-term loans, long-term loans and derivative 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 and interest rate swap agreements, currency swap agreements and interest rate swap agreements are calculated by financial institutions, which are contractor of EGAT.

### 11. Reclassification Transactions

EGAT reclassified some transactions in the consolidated and EGAT's financial statements for the year ended December 31, 2009 for conformity with the presentation of the consolidated and EGAT's financial statements for the year ended December 31, 2010.

### 12. Issuance Dated of Financial Statements

Governor of EGAT approved these financial statements for issuance on March 21, 2011.