



STRENGTHENING ELECTRICITY SECURITY



Annual Report 2006
Electricity Generating Authority of Thailand

Strengthening Electricity Security

For over 37 years of operation, EGAT has unremittingly developed the national electric power system to provide an efficient, reliable and reasonably-priced electricity service to satisfy the country's growing demand in all circumstances, making Thailand one of the countries which has enjoyed a secure and reliable power supply system.

In the course of operation, EGAT also embraces full responsibility to society and environment. EGAT develops and runs its operations in a way that respects the people, communities and the environment - not only by complying with laws and regulations, but encouraging greater public and community involvement, tending to community needs and public interest, and lending support to society. Its ultimate aim is to contribute to national sustainable growth and prosperity.

For decades, its efficient and reliable electricity service has contributed to the better living of the people countrywide - in urban and rural areas alike, and has driven business, commercial and industrial developments which form the bedrock of the country's economic growth. EGAT prides itself on building up electricity security which drives the country's prosperity, today and tomorrow.

We are committed to further strengthening electricity security for a better quality of life for all.



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Vision

To be a world-class organization in producing and providing electricity and related businesses

Mission

To create and improve the quality of life through reliable and affordable energy and services and in harmony with the environment

Core Values

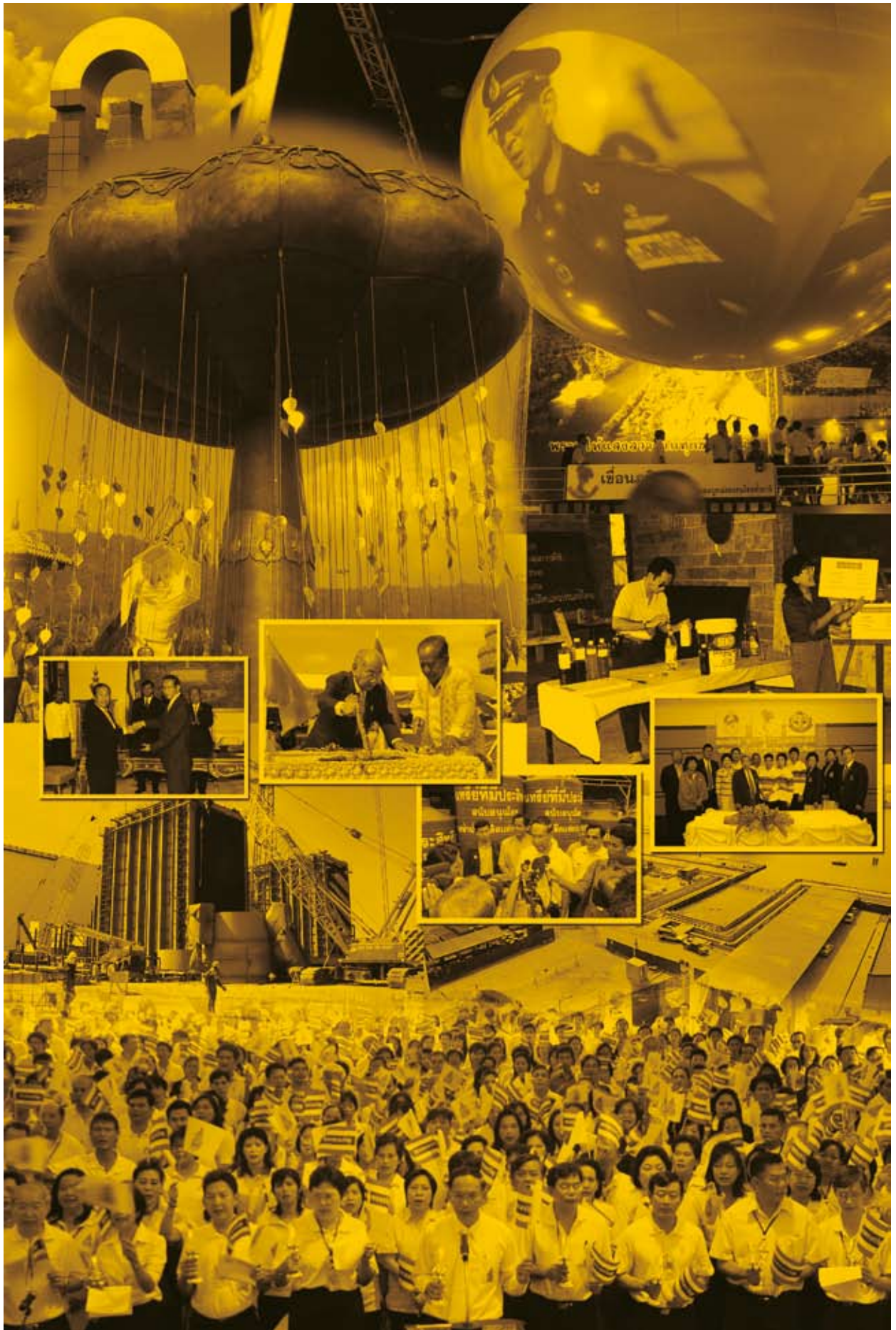
- **Fairness**
- **Integrity**
- **Responsibility and accountability**
- **Mutual respect for people**
- **Commitment to continuous improvement and teamwork**

Strategic Directions

- **Building EGAT into a premium organization**
- **Strengthening core businesses**
- **Seeking opportunities for business growth**
- **Becoming a caring organization for society and environment**
- **Adapting to change**

Financial Overview

| | 2006 | 2005 |
|---|------------|------------|
| Operating Performance (Million Baht) | | |
| Revenues from sales and services | 350,060.82 | 279,094.04 |
| Income from sales and services | 42,712.23 | 4,779.58 |
| Gains on foreign exchange | 3,873.17 | 1,754.14 |
| Interest expenses | 6,868.87 | 7,222.11 |
| Net income (net loss) | 40,633.66 | (173.13) |
| Financial Status (Million Baht) | | |
| Total assets | 411,828.40 | 396,721.44 |
| Land, buildings and equipment - net | 255,857.37 | 268,359.37 |
| Total liabilities | 192,098.60 | 203,015.72 |
| Long-term debts | 103,529.44 | 113,981.34 |
| Equity and minority interest | 219,729.80 | 193,705.72 |
| Financial Ratios | | |
| Ratio of gross profit to net sales (%) | 15.35 | 7.71 |
| Ratio of net profit to net sales (%) | 11.61 | (0.06) |
| Rate of return on assets (%) | 10.05 | (0.04) |
| Debt to equity ratio (Times) | 0.87 | 1.05 |
| Time interest earned (Times) | 7.07 | 1.24 |



Message from Chairman

The quest for energy has continued across the world to support economic development and population increase amidst such challenging issues as soaring oil prices and growing environmental concerns. Asia, in particular, has seen a much higher growth rate of energy consumption than other parts of the world due to its robust economic expansion, rapid growth of urban communities, and changes in lifestyles to modernized ones.

Like other countries in the region, Thailand has seen continuing growth of energy consumption. Over the next 15 years, demand for electricity is projected to increase averagely 5 - 6 percent per annum, a pace higher or close to that of the country's economic growth. By then, Thailand's power demand will grow double the current demand.

Since electricity is a vital engine driving economic and social development and fundamental to the country's competitiveness, a long-term plan for power development has been formulated together with appropriate strategies including efficiency improvement of energy technologies and management without causing environmental implications today and tomorrow.

Thailand has, for decades, enjoyed a satisfactorily secure and stable electric power supply system. Nevertheless, considering the present structure and limitations of energy sources, we need to look for more diversified alternatives for energy such as imported coal, liquefied natural gas (LNG), such renewable energy as solar, wind, biomass, and hydropower, and last but not least, an alternative energy to fossil fuels like nuclear power that also offers the advantage of price stability in the long run.

Wasteful and inefficient consumption of energy and global warming remain the overriding concerns of the world society. Utilization of fossil fuels including natural gas, oil and coal has risen tremendously across the world and tends to grow unabated over next decades despite the international commitments to reducing greenhouse gas emissions under the Kyoto Protocol.

Thailand has to prudently consider the supply-demand energy equilibrium which builds on sufficiency

principles under which the economy can enjoy sustainable growth while taking into account the country's resource restrictions in order to build a roadmap to sustainable energy security in the long run.

In 2006, EGAT's corporate plan was revised to develop strategic directions to guide the organization over the planning period of 2007 - 2011. The new corporate plan focuses more on resource management with a twofold purpose – to be a premium organization providing quality service with low operating cost, and to be a caring organization that helps develop a better quality of life for communities and Thai society while being a dedicated supporter of sustainable energy conservation and doing business with complete environmental compliance according to international best practices.

EGAT received awards and accolades which reflect its achievements both from the operational and social perspectives in 2006. These included two awards from the Outstanding State Enterprise Awards 2006 organized by the Ministry of Finance, namely the Best Managed State Enterprise Award which EGAT has won for the second consecutive year, and the State Enterprise with Outstanding Social Project Award; the Energy Ministry's Thailand Energy Awards 2006 for Best Executive Dedicated to Energy Conservation in the category of designated building; and the Commitment to Energy Saving Award from the 5th Thailand Corporate Excellence Awards 2006 hosted by Thailand Management Association (TMA) and Sasin Graduate Institute of Business Administration of Chulalongkorn University.

Our energy conservation effort will expand further in 2007 under a participatory campaign "Love Our Father of the Nation, Use Energy Wisely". This year-long campaign will be implemented in-house and outside EGAT to encourage EGAT employee and public participation in efficient use of energy and energy saving. The campaign has a twofold objective – to help alleviate the country's energy price crisis

and to pay tribute to His Majesty the King and celebrate His Majesty's 80th Birthday Anniversary which will fall on December 5, 2007.

For operational review, in 2006 the country's power system had an aggregate installed generating capacity of 27,107.21 megawatts (MW), higher than the previous year by 2.48 percent. Of the country's total power capacity, 58.27 percent was the generating capacity from EGAT's power plants totaling 15,794.57 megawatts (MW) and the remaining 41.73 percent was the electric power EGAT purchased from domestic private power producers and neighboring countries totaling 11,312.64 MW.

Energy generation from EGAT's power plants increased 4.53 percent from the prior year to 67,828.32 million kilowatt-hours (kWh), which accounted for 47.78 percent of the country's total generated electricity. Its natural gas-based generation contributed 23.93 percent of the country's total electricity whereas energy from lignite, hydropower, fuel oil and diesel oil accounted for 12.70 percent, 5.60 percent, 5.50 percent, and 0.05 percent of the country's total electricity respectively. Its renewable energy power sources also provided totally 2.56 million kWh of energy. Besides, EGAT also purchased totally 74,119.26 million kWh of energy, or 52.22 percent of the country's total electricity, from domestic private power producers and neighboring countries. Electric energy sales in 2006 increased to 134,084.35 million kWh, higher than the preceding year by 7,057.27 million kWh or 5.56 percent.

EGAT has also developed new transmission system projects and upgraded existing transmission facilities to ensure quality and reliable electricity supply for end users countrywide in all circumstances. Even in time of flood disasters which caused serious damages to several northern and upper central provinces including EGAT transmission facilities and substations in the afflicted areas, EGAT had promptly and efficiently responded to the crisis in accordance with its emergency plan and managed to quickly restore electricity supply to normal conditions. This reflects the high efficiency of EGAT's operations and provides public assurance of adequacy and reliability of its power supply service.

EGAT's successful operation has been significantly attributed to the continued support and trust of public and private sectors, general public, as well as EGAT employees to all of whom EGAT owes its grateful thanks. We will firmly adhere to our commitment to the Thai nation and society in creating and developing a better quality of life for all Thais with our high quality and reasonably-priced electricity service.



(Mr. Pornchai Rujiprapa)

Chairman, Board of Directors

Electricity Generating Authority of Thailand



Report of the Audit Committee

The Audit Committee consists solely of three independent directors. In 2006, the committee membership was changed three times following the appointments of the new Board of Directors, as follows:

1. During January - April 2006, members of the Audit Committee consisted of Mr. Lae Dilokvidhyarat as Chairman, Mr. Chulasingh Vasantasingh and Pol.Lt.Gen. Dumrongsak Nilkuha as members.
2. During May - October 2006, members of the Committee included Mr. Lae Dilokvidhyarat as Chairman, Pol.Lt.Gen. Dumrongsak Nilkuha and Mrs. Gasinee Witoonchart as members.
3. During November - December 2006, the Audit Committee included Mr. Lae Dilokvidhyarat as Chairman, Mr. Chulasingh Vasantasingh and Mr. Vitaya Kotcharug as members.

The Committee has performed its oversight duties in accordance with the authority, duties, and responsibilities set forth in the Audit Committee Charter. During 2006, the Committee met totally 12 times to discuss major issues with EGAT management, relevant divisions, and independent auditors. Its key activities in 2006 are summarized as follows:

1. Review EGAT's financial statements with the Controller Division and independent auditors
2. Review EGAT's risk management and internal control system
3. Discuss with management of core business and administration units to consider risk management and internal control systems and practices as well as the oversight of key activities within their respective units
4. Review and discuss with independent auditors the auditing plans and management letter
5. Approve the structure of the Internal Audit Office including its manpower, internal audit plans, performance assesment and evaluation and review internal audit reports
6. Review the appropriateness of the Audit Committee Charter and the Internal Audit Charter

7. Review the evaluation reports of the Governor's performance for the years 2005 - 2006
8. Prepare and submit the Committee's activity and oversight reports to the Board of Directors, the Ministry of Energy, and the Ministry of Finance
9. Set meeting schedules and forward meeting agendas for the whole year of 2007 to ensure the effectiveness of the meetings. The agendas cover all issues within the remit of the Audit Committee.

The Committee believes that EGAT has maintained the sound corporate governance practices with effective risk management and internal control systems which enabled EGAT's operations to meet the set goals. EGAT's financial statements were prepared in accordance with generally accepted accounting principles and were presented accurately and fairly with adequate information disclosure. The Committee found no material violations nor breach of laws, rules, regulations and EGAT's policies.

In performing its duties, each member of Committee has expressed their opinions independently and made straight recommendations to management and related parties. During the year, the Committee Chairman and members have attended a number of training courses organized by the Thai Institute of Directors Association in order to update their skills and knowledge and to enhance their performance.



(Mr. Lae Dilokvidhyarat)
Chairman of the Audit Committee
January 16, 2007

Economic and Electricity Overview

Economic Overview

The 2006 Thai economy performed slightly better from the previous year. The overall economy grew 5.0 percent, compared with the 4.5 percent growth rate in 2005. Export continued to play a key driving force while imports decelerated sharply following a slowdown in private consumption and public and private investment. The slowdown in domestic demand was due to higher oil prices and rising interest rate. Moreover, growing concerns over domestic situation both in the Southern province unrest and political uncertainty have also dampened people's and investors' confidence.

However, production expanded well in the agricultural and export-oriented manufacturing sectors. Significant increases in manufacturing production were witnessed in food, beverages, electronics, vehi-

cles, and etc. Agricultural production also grew continuously despite the adverse effects from drought at the beginning of the year and heavy floods in various provinces between September and October. Tourism services began to recover strength in 2006 after having seriously been affected by the 2004 Tsunami disaster. On the other hand, other production sectors, such as construction, real estate, wholesale and retail trade, began to decelerate in response to the high oil prices and declining domestic demand.

Electricity Overview

The country's demand for electricity grew at a decelerating rate in tandem with the economic slowdown. Peak generation requirement rose up to 21,064.00 MW on May 4, 2006 at 13.30 hours, higher than the preceding year by 526.50 MW or 2.56 percent. The actual peak demand was much lower than the recent load forecast revised in April 2006 by 4.09 percent. Energy generation requirement throughout the year



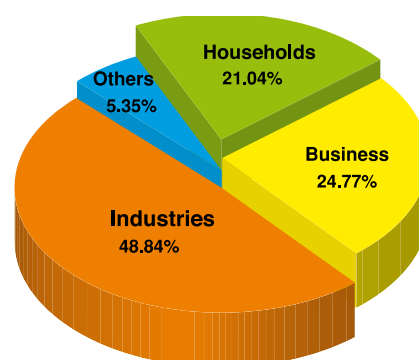
2006 grew in line with the economic growth rate, amounting to 141,947.58 million kWh, higher than the prior year by 5.28 percent, but still lower than earlier forecast by 1.24 percent.

At the end of December 2006, the country's installed generating capacity totaled 27,107.21 MW, of which 58.27 percent was from EGAT's power plants. The remaining 41.73 percent was the generation capacity of private power producers comprising 31.76 percent from domestic independent power producers (IPPs), 7.61 percent from small power producers (SPPs), and 2.36 percent from neighboring countries.

Gross energy generation throughout the year 2006 amounted to 141,947.58 million kWh, of which 47.78 percent was produced by EGAT's power plants and 52.22 percent was energy purchased from private power producers including 39.00 percent from domestic IPPs, 9.58 percent from SPPs, and 3.64 percent from neighboring countries, namely Laos and Malaysia.

Electricity consumption increased 5.52 percent from the prior year to 127,930.30 million kWh. Industrial sector continued to be the biggest consumers accounting for 48.84 percent of the country's total electricity consumption, followed by business or commercial sector (24.77 percent), residential sector (21.04 percent), and other sectors (5.35 percent). Compared with the prior year, the consumption in the industrial and business sectors grew at the slower rates of 4.77 percent and 6.76 percent respectively while residential and other sectors saw the consumption growth rates of 5.61 and 6.41 percent.

2006 Electricity Consumption by Sectors



Electricity Consumption by Sectors

Unit : Million kWh

| | 2004 | 2005 | 2006 |
|-----------------------|-------------------|-------------------|-------------------|
| Industries | 55,861.04 | 59,642.46 | 62,485.53 |
| % Share | 48.53 | 49.19 | 48.84 |
| % Increase | 8.49 | 6.77 | 4.77 |
| Business | 27,583.20 | 29,680.50 | 31,686.62 |
| % Share | 23.97 | 24.48 | 24.77 |
| % Increase | 7.62 | 7.60 | 6.76 |
| Households | 24,538.32 | 25,481.90 | 26,910.57 |
| % Share | 21.32 | 21.02 | 21.04 |
| % Increase | 5.18 | 3.85 | 5.61 |
| Others | 7,118.35 | 6,435.17 | 6,847.57 |
| % Share | 6.18 | 5.31 | 5.35 |
| % Increase (Decrease) | 8.88 | (9.60) | 6.41 |
| Total | 115,100.91 | 121,240.03 | 127,930.30 |
| % Increase | 7.58 | 5.33 | 5.52 |

Source: Energy Policy and Planning Office, Ministry of Energy

Electricity Retail Tariff

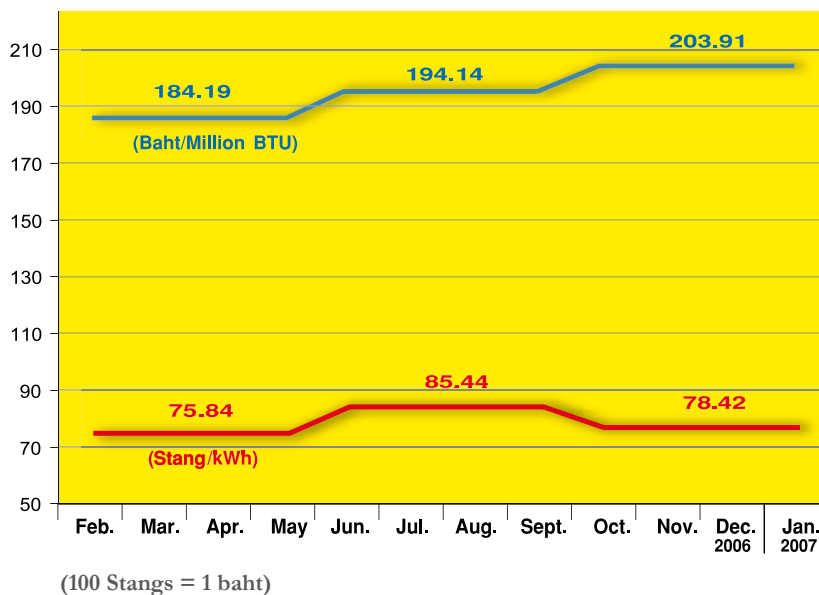
Through the year 2006, natural gas price continued to rise constantly from 184.19 baht/million BTU at the beginning of the year, to 194.14 baht/million BTU, and 203.91 baht/million BTU at the year end. The soaring gas price has significantly affected electricity production cost since nearly 70 percent of the country's electricity generation was based on natural gas.

EGAT has stepped up measures on power management and fuel diversification by increasing generation from such cheaper fuels as coal and hydropower in order to control its operating cost to cause the least effect on end users. It entered into a Pre-Commercial Operation Date (Pre-COD) Agreement with BLC Power Company to bring the latter's new coal-fired power project units 1 - 2 on line sooner than scheduled in the COD. BLC units 1 and 2 started supplying electricity to the system in August and November 2006, a few months sooner than their

COD schedules of October 2006 and February 2007 respectively. EGAT also increased generation from its hydropower plants, except during the flood season when its major reservoirs served to store flood water to help soften the blow of flood disasters to the local people. On the other hand, since the actual investment expenditures of the three power utilities, namely EGAT, MEA and PEA, in the year 2005 were less than the estimated costs used in calculating the tariff structure. The amount difference of 1,008.5 million baht between the estimated and actual investment expenditures was thus given back to end users through the Ft cost reduction.

In all, these factors resulted in the relatively low rise in the Ft tariff from 0.7584 baht/kWh in the billing period of February - May 2006, to 0.8544 baht/kWh in the period of June - September 2006, and down to 0.7842 baht/kWh in the period of October 2006 - January 2007. Added to the average base tariff of 2.25 baht/kWh, the electricity retail tariff charged to end users during those periods amounted to 3.01, 3.10, and 3.04 baht/kWh respectively.

**Natural Gas Price and Ft Tariff
(February 2006 - January 2007)**



Economic and Electricity Outlook for 2007

According to the Office of the National Economic and Social Development Board, the Thai economy is forecast to grow at a slower pace of 4.0 - 5.0 percent in 2007 as a result of the slowdown trend of the world economy which will lead to limited potential for Thailand's export growth, the Thai Baht currency appreciation, as well as the recovery of private investment which is not expected to be fully realized due to the uncertain political situation.

The actual growth of electricity demand in 2005 - 2006 was much lower than earlier projected by the load forecast issued in January 2004 and revised in

April 2006. As a result, the Thailand Load Forecast Sub-Committee updated its projections to be consistent with the changing economic situation and issued a new load forecast in January 2007. According to the new load forecast, electricity peak generation requirements for 2007 - 2008 are projected to grow by 7.14 percent and 6.40 percent whereas energy generation requirements will increase by 6.37 percent and 5.52 percent respectively.



EGAT is committed to continuously improving its efficiency while always being open to opinions and suggestions of all sectors in society in order to build EGAT into a premium organization built on sound and solid corporate governance and ultimately to bring happiness and success to all.

Professional

Operations

For over 37 years, EGAT has successfully generated and provided an adequate, efficient and reasonably-priced electricity supply to meet the country's demand at all time. With the continuous development of generation and transmission systems, EGAT has maintained the high quality of its electricity service while taking into account the least operating cost, state policy as well as environmental protection.

In 2006, despite difficulties and problems it faced in running its operations, such as short supply of natural gas fuel for its power plants, interruptions of power imported from Malaysia, constantly rising prices of fossil fuels, and serious flood disasters, EGAT still continued to efficiently manage the country's power system and satisfactorily controlled its operating cost to have the least effect on consumers. Among measures implemented to cope with the problems included an increase in energy generation from such low cost fuels as coal and hydropower to lessen its dependence on the high priced fuels, management of its reservoir operation to produce more electricity during summer season and reduce its hydropower generation to help absorb flood water during flood disasters in many provinces across the country.

Generation System

EGAT presently is the country's biggest power producer, owning and operating its own power plants in 36 locations countrywide. Under the electricity supply industry's enhanced single buyer (ESB) model, EGAT is also the sole purchaser of electric power from domestic private power producers and from neighboring countries.

At the end of 2006, Thailand's electricity generation capacity increased by 657.04 MW or 2.48 percent from the prior year to 27,107.21 MW, consisting

of the generating capacity of EGAT and of private power producers as follows:

EGAT's Power Plants had a total installed generating capacity of 15,794.57 MW accounting for 58.27 percent of the country's total generation capacity.

Private Power Plants provided totally 11,312.64 MW or 41.73 percent of the country's generating capacity. This included 8,610.34 MW (31.76 percent) from large-scale independent power producers (IPPs), 2,062.30 MW (7.61 percent) from small power producers (SPPs), and 640.00 MW (2.36 percent) from neighboring power utilities in Laos and Malaysia.

The increase of the system installed capacity in 2006 came from private power sources including the commercial operation of BLC Power Company's coal fired power plant unit 1 of 673.25 MW since October 2006, and additional purchase of power from three new SPPs totaling 46.70 MW during the year.

In 2006, system-wide peak generation requirement reached 21,064.00 MW on May 4, 2006 at 13.30 hours, marking an increase of 526.50 MW or 2.56 percent from the previous year. Energy generation requirement grew at a rate close to the prior year. Gross energy generation throughout the year in-



creased 5.28 percent to 141,947.58 million kWh generated by EGAT's power plants and private power sources as follows:

EGAT's Power Plants produced 67,828.32 million kWh of electric energy, accounting for 47.78 percent of the country's total electricity, higher than last year by 4.53 percent. Diverse energy resources were utilized for its generation including natural gas, lignite, hydropower, fuel oil and diesel oil which accounted for 23.93 percent, 12.70 percent, 5.60 percent, 5.50 percent, and 0.05 percent of the country's total electricity respectively. In addition, EGAT's renewable energy power plants also provided totally 2.56 million kWh of energy to the system.

Private Power Plants supplied totally 74,119.26 million kWh of energy, more than the previous year by 5.98 percent. The energy purchased from private power sources, which accounted for 52.22 percent of the country's total generated electricity, comprised 48.58 percent from domestic private power plants and 3.64 percent from neighboring countries.

Fuel Consumption

Natural Gas

In 2006, EGAT entered a purchase agreement to start receiving natural gas from the new Phu Hom Field located between Udon Thani and Khon Kaen provinces. The new gas supply source was for Nam Phong power plant to substitute for the depleting gas supply from the Nam Phong gas field. This enabled Nam Phong power plant to run at full capacity, and thus strengthened the power supply system of the northeastern grid.

In addition, a gas pipeline system for South Bangkok power plant to receive natural gas from the western transmission line has been under construction to accommodate its new power project. This will provide the power plant with greater flexibility in securing natural gas supplies both from the eastern and western gas fields.

Natural gas utilization for EGAT's electricity generation amounted to 312,158.57 million cubic feet in 2006, higher than the previous year by 2.29 percent. The gas supplies came from various gas fields including the Gulf of Thailand, Nam Phong, Sirikit, Phu Hom, as well as Yadana and Yetakun gas fields in Myanmar. Its gas-fired power plants included Bang Pakong, South Bangkok, Wang Noi, Nam Phong, and Lan Krabu power plants. During the year, EGAT also sourced gas supply totaling 110,019.27 million cubic feet for Rayong Electricity Generating Company and Khanom Electricity Generating Company.

Coal

EGAT's Mae Moh Lignite Mine produced and supplied totally 15.82 million tons of lignite to Mae Moh power plant in 2006, less than the previous year by 4.53 percent.

EGAT has collaborated with foreign experts in conducting a feasibility study of mine operation at the depth exceeding 350 meters. The study is part of the preparation for Mae Moh Mine Expansion Project. Initial findings from the study indicated that Mae Moh Mine had sufficient coal deposits to fuel the nearby Mae Moh power plant of which the service life will be extended to 40 years. Additional study will be undertaken at a further depth of 500 meters.



Meanwhile, EGAT has also studied the application of coal gasification technologies, specifically the Integrated Gasification Combined Cycle (IGCC) system in order to develop domestic coal resources as clean fuel for power generation. This gasification technology provides a means for converting coal to a hydrogen-rich synthesis gas for electricity generation without causing detrimental impacts on the environment compared to the conventional coal-fired generation technology.

In addition, EGAT has also studied the feasibility of investment in coal mining projects in foreign countries as well as coal imports in order to secure fuel supplies for its future power plants.

Oil

Fuel oil is used for power generation at EGAT's South Bangkok, Bang Pakong, and Krabi power plants. In 2006, fuel oil consumption at these power plants totaled 1,883.14 million liters, 2.53 percent more than the previous year. The utilization of diesel oil at EGAT's power facilities decreased 56.88 percent to 21.48 million liters in 2006.

Operational Efficiency and Power Plant Maintenance

EGAT has constantly developed its power plant management system to improve the efficiency and performance of its power facilities. To meet this purpose, the Performance Center has been established to link and collect operating data on actual operating status, plant performance and efficiency from all power plants to the Center to provide real time information for decision-making of management and operators, enabling fast and accurate analysis and corrections of failures. Modern and cost-effective maintenance techniques, specifically the Reliability Centered Maintenance (RCM), have been employed. Maintenance plans have been properly adjusted to reduce time for major overhaul of the power plants using low cost fuels in order to increase their availability. These strategic measures have contributed not only to higher availability and reliability of EGAT's power plants, but also to greater cost effectiveness enabling EGAT to control its operating costs to have the least effect on end users despite the sharply rising fuel costs.



Indices of EGAT Power Plant Performance

| | 2005 | 2006 | Increase/ (Decrease) Percentage |
|--------------------------------|-------|-------|---------------------------------------|
| Gross capacity Factor | 46.89 | 49.02 | 2.13 |
| Output Factor | 78.91 | 80.42 | 1.51 |
| Equivalent Availability Factor | 88.72 | 87.78 | (0.94) |
| Planned Outage Factor | 6.94 | 7.10 | 0.16 |
| Unplanned Outage Factor | 3.48 | 4.29 | 0.81 |
| Forced Outage Factor | 1.81 | 1.44 | (0.37) |
| Efficiency | 38.15 | 38.27 | 0.12 |

Transmission System

In addition to generating and acquiring adequate power supply, another equally important mission of EGAT is to operate and control the national transmission grid and transmit electric energy via its high voltage transmission network to meet demand countrywide with adequacy and reliability at a reasonable price.

Short- and long-term transmission system development plans, particularly interconnection system expansion, have been implemented continually to maintain reliability and security of the power supply system. Major transmission system projects which were completed and started operation during 2006 included the 230 kV Wang Noi-Saraburi 2 transmission line system, the 230 kV Roi Et 2-Surin 2 transmission line, the 230 kV Bang Saphan-Chumphon 2 transmission line, the 115 kV Lang Suan-Ranong line, and the 230/115 kV Chumphon 2 substation.

The above transmission project achievements resulted in greater power flow capacity of the Central-Northeastern tie line. This coupled with the full operation of Nam Phong power plant which received sufficient gas supply from the new Phu Hom gas field, has sig-

nificantly strengthened the power supply system of northeastern provinces. Besides, transmission constraints in the southern grid system caused by the long distance of the interconnection will be solved soon as the upgrade of the existing Central-Southern tie line from 115 kV to 230 kV achieved good progress in 2006 and will be completed in 2007.

In addition to transmission system expansion, EGAT has also given importance to the maintenance of existing transmission facilities. Innovative technolo-

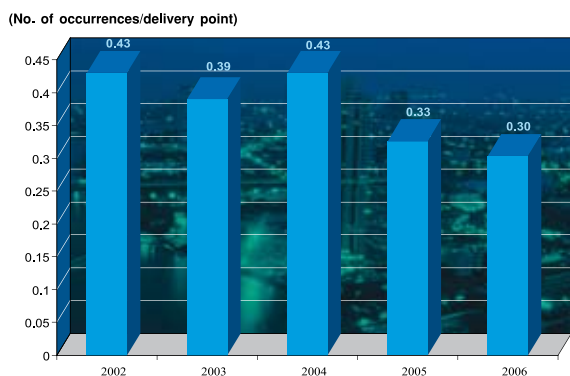


gies and modern equipment have been employed in the maintenance of transmission line and substation facilities, such as the online monitoring system, automatic reclosing system, EGAT SCADA, and special protection system, etc. These measures have resulted in the continuity, quality and reliability of the electricity supply system.

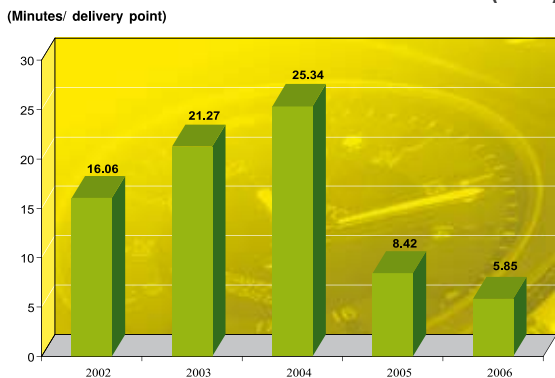
Throughout the year 2006, EGAT has capably managed the power system to provide power supply at acceptable standard levels in terms of frequency, voltage and security. Even in such flood crises that caused extensive damages to northern and central provinces including EGAT's transmission towers and substations in the northern grid, especially its Uttaradit substation which was the most affected and had to be deenergized for public safety, EGAT has, with its emergency plan in place, successfully managed and solved the crises systematically and restored the supply to normalcy within a short time. This reflects well EGAT's efficient operation and provides assurance to end users of the quality and reliability of its power supply system.

The overall performance of EGAT's transmission network improved remarkably in 2006. The efficiency and reliability of its bulk supply system increased much more than prior years. EGAT has satisfactorily prevented and reduced the occurrence and duration of system interruptions. The system interruption severity index (System Minutes) was markedly reduced from the prior year to 1.75 MW-minutes/MW. System average interruption frequency index (SAIFI) was further reduced to 0.30 time/delivery point whereas the system average interruption duration index (SAIDI) decreased satisfactorily to 5.85 minutes/delivery point. Frequency and voltage stability has been well maintained. Frequency was controlled within the band of 49.775 – 50.225 Hertz, representing a frequency deviation of less than 0.45 percent of nominal frequency standard. Frequency deviation exceeding the normal frequency standard measured only 0.0124 percent. System voltage was steadily controlled within the range of $\pm 5\%$ of the nominal voltage. The deviation of voltage that exceeded the normal standard range equaled only 0.00014 percent.

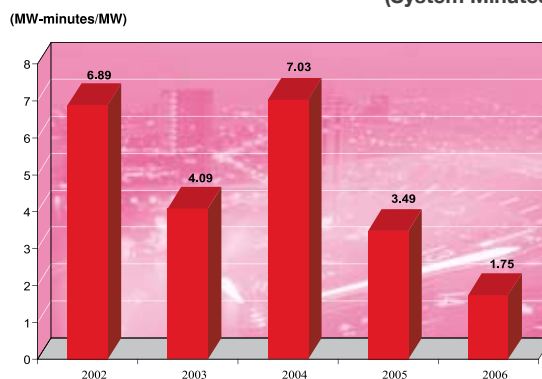
System Average Interruption Frequency Index (SAIFI)



System Average Interruption Duration Index (SAIDI)



System Interruption Severity (System Minutes)



At the end of 2006, EGAT's transmission network comprised 30,091.87 circuit-kilometers of transmission lines and 205 substations with a total transformer capacity of 66,125.84 megavolt-amperes (MVA).

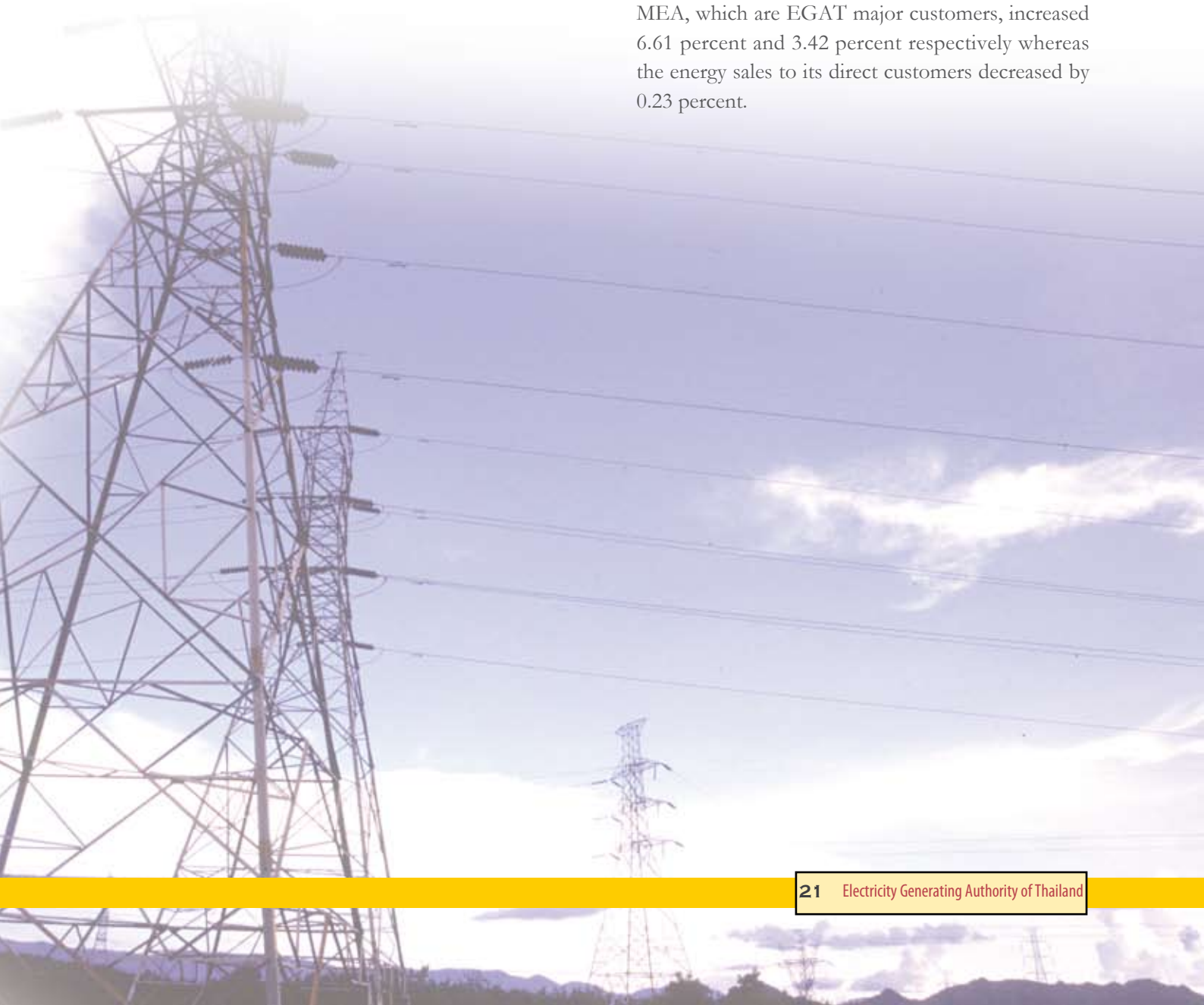
EGAT SCADA – Self Reliant Technology

EGAT has developed its own supervisory control and data acquisition (SCADA) system called "EGAT SCADA" for the efficient control of the power system to replace the ageing imported SCADA system. After the successful operation of the new EGAT SCADA at the Northern Area Control Center in 2004, the replacement of the old control system with the new EGAT SCADA system continued at the other four regional control centers: the Northeastern and the Southern Area Control Centers in 2005 and the Metropolitan Area and the Central Area Control Centers in 2006 respectively.

The EGAT SCADA system which has been continuously developed by EGAT people is another success of EGAT in striving to achieve technological self reliance, enabling EGAT the savings of hundreds of millions baht of investment to be otherwise spent on imported technologies and equipment as well as maintenance and training budgets.

Energy Sales

EGAT's electric energy sales in 2006 increased 5.56 percent from the prior year to 134,084.35 million kWh, consisting of 88,630.33 million kWh of energy sold to the Provincial Electricity Authority (PEA), 42,856.94 million kWh to the Metropolitan Electricity Authority (MEA), 1,587.27 million kWh to a small number of direct customers, and 1,009.81 million kWh to other customers including Laos, Malaysia, standby power supply and other minor customers. Compared to the year 2005, sale volumes to PEA and MEA, which are EGAT major customers, increased 6.61 percent and 3.42 percent respectively whereas the energy sales to its direct customers decreased by 0.23 percent.



Revenue from Energy Sales

EGAT's revenues from electric energy sales which consisted of revenues from the base tariff and revenues from the Automatic Fuel Price Adjustment (Ft) tariff, excluding value added tax, totaled 328,868.21 million baht, an increase of 18.43 percent over the preceding year. Out of its total energy sales revenues, 66.62 percent was from energy sales to PEA, 31.51 percent from sales to MEA, 1.18 percent from sales to direct customers, and the remaining 0.69 percent from sales to other minor customers.

Service Business

In addition to its core business of generation and transmission, EGAT has also provided energy-related services for external customers including private power plants and other industrial plants at home and abroad with its service quality of international standards, modern equipment and technologies, experienced crew, and due care for safety and environment. Scope of its service business mainly covers power plant operation and maintenance (O & M), engineering and project construction consulting service, transmission and distribution system maintenance, parts supply and management service, and chemical supply service, etc.

In 2006, EGAT earned an increasing income from its O & M services for external customers. Its major customers included Ratchaburi Electricity Generating Company Limited, Rayong Electricity Generating Company Limited, Khanom Electricity Generating Company Limited, District Cooling System and Power Plant Company Limited (DCAP), Ratchaburi Power Company Limited, and Electricite du Laos, most of which are under long term exclusive service contracts.

EGAT has also expanded its maintenance service business to reach more customer groups. Additional contract agreements awarded to EGAT and major achievements in 2006 included the following:

- A sub-contract worth 6,800 million baht signed with Chubu Ratchaburi Electric Services Co.,Ltd. (CRESCO) to provide O & M service for CRESCO's Ratchaburi Power Plant for 25 years
- A 4.8 million baht contract awarded by the National Electricity Corporation (NEC) of Sudan to provide training service on power development planning to Sudanese engineers for three months. NEC also awarded a renewed O & M service contract to EGAT.



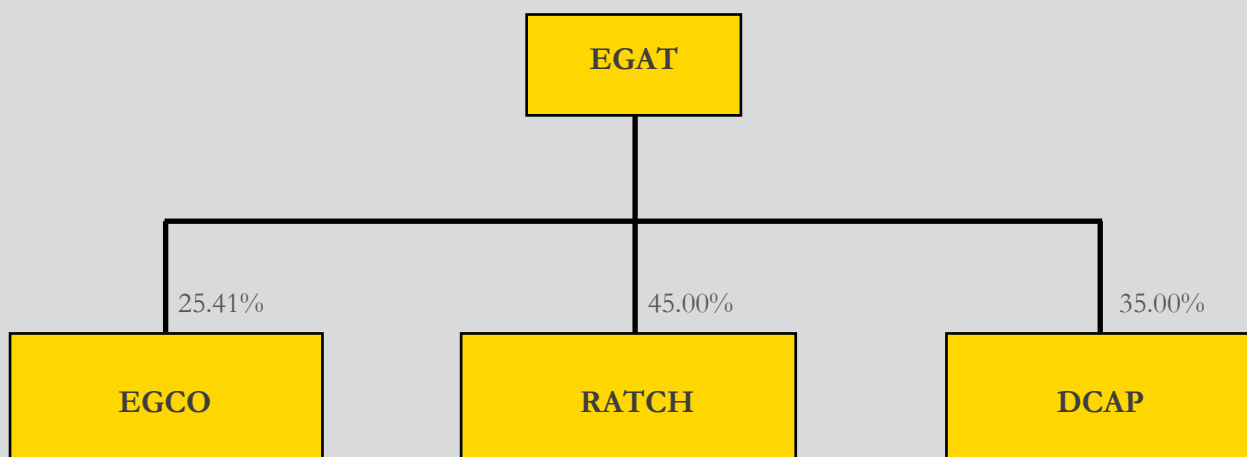
- A 10 million baht contract to develop maintenance management system for the water production and supply system of the Metropolitan Waterworks Authority (MWA) for one year
- A Memorandum of Cooperation signed with Metro Machinery Co.,Ltd. for cooperation in supporting machines, equipment, spare parts and services in dam and reservoir works, including human resource development
- A 2.31 million baht grant from the Multilateral Fund for the Implementation of the Montreal Protocol for the adaptation of EGAT's electrical parts cleaning process to use the environmentally-friendly dry ice blasting as a replacement for ozone-depleting substances
- A 762 million baht contract to provide major maintenance service for the power plant of Rayong Electricity Generating Co.,Ltd. for 8 more years until the end of the plant service life in 2014

- A Memorandum of Cooperation signed with the Metropolitan Electricity Authority (MEA) and the Metropolitan Waterworks Authority (MWA) for the design and installation service of a micro hydro turbine generator at MWA's Lat Phrao Pumping Station. This cooperation is a pilot project for the installation of micro hydro turbine generators to maximize benefits of the water in the water pumping station for electricity generation.

During the year, EGAT has also cooperated with various Thai and foreign institutions and organizations to share and exchange experiences and technical know-how on maintenance works to mutually develop capabilities of both EGAT's and its counterparts' maintenance personnel.



Nature of Business of EGAT and Affiliates



EGAT Business Operation

EGAT is the largest power producer in Thailand. Its operation includes electricity generation, purchase, and transmission, service businesses, and investment in energy-related businesses.

1. Electricity Business

1.1. Generation

EGAT owns and operates various types of generating facilities in 36 locations countrywide. Its generating facilities include thermal, combined cycle, gas turbine, hydropower, diesel, and renewable energy power plants.

1.2. Power Purchase

In addition to operating its own power plants, EGAT also purchases, under long-term power purchase agreements, bulk electricity generated by private power producers, including IPPs, SPPs, as well as

IPPs and utilities in neighboring countries, namely Laos and Malaysia.

1.3. Transmission

EGAT sells and transmits bulk electricity, both generated by its own power plants and purchased from private power sources, via its transmission network at different voltages ranging from 500 kV, 300 kV, 230 kV, 132 kV, 115 kV to 69 kV to two distributing authorities, namely MEA and PEA, who then deliver electricity to their customers countrywide. EGAT also sells electricity directly to a small number of direct customers and to neighboring utilities in Laos and Malaysia.

2. Other Businesses

2.1 Service Business

EGAT also provides energy-related services to external companies and organizations. Its services mainly include power plant operation and maintenance, engineering and construction consulting, survey, transmission and distribution system maintenance, leasing of certain assets, and etc.

2.2 Investment

EGAT primarily invests in power companies and companies which invest in electricity business. As at December 2006, EGAT invested through its subsidiary - Ratchaburi Electricity Generating Holding Public Company Limited, its associated company - Electricity Generating Public Company Limited, and its joint venture - District Cooling System and Power Plant Company Limited.

Business Operation of EGAT Affiliates

Subsidiary

1. Ratchaburi Electricity Generating Holding Public Company Limited (RATCH)

RATCH was set up on March 7, 2000 by EGAT with an initial registered capital of 300 million baht.

As at December 31, 2006, RATCH had issued and paid-up registered capital of 14,500 million baht (1,450 million shares). Its major shareholders included EGAT (45.00%), Banpu Group (14.99%), and others (40.01%).



RATCH itself is a holding company wholly investing through its subsidiaries which RATCH holds 99.99% stake, as follows:

1.1 Ratchaburi Electricity Generating Company Limited

Ratchaburi Electricity Generating Company Limited was established on March 20, 2000 as RATCH's wholly own company to engage in generation business. At present, the Company has a total registered paid-up capital of 18,275 million baht. Its Ratchaburi Power Plant located in Ratchaburi province has a total installed capacity of 3,645 MW from its two 735 MW thermal generating units and three 725 MW blocks of combined cycle power plant.

1.2 Ratchaburi Energy Company Limited

Ratchaburi Energy was set up and wholly owned by RATCH on September 4, 2001 with an initial registered paid-up capital of 190 million baht to invest in electricity generation business and other related businesses especially those utilizing power from renewable energy. On April 7, 2006, the shareholders' meeting of Ratchaburi Energy agreed to decrease its registered capital from 190 to 140 million baht, and to restructure it as a paper company to reduce its administration costs.

At present, Ratchaburi Energy has been working on renewable energy power projects. It presently holds 15% stake in Siam Ethanol Exports Company Limited which engages in the production and export of ethanol by using agricultural products. On January 17, 2006, Ratchaburi Energy signed a Gas Purchase Agreement with PTT Exploration and Production Plc and PTT EP Siam Company Limited in order to buy flare gas, a by-product of crude oil production from Pradu Tao A Oil Field in Sukhothai province. The gas supply will be used as fuel for its 2 MW power project.

1.3 Ratchaburi Gas Company Limited

Ratchaburi Gas was established on December 23, 1996 as RATCH's wholly owned company. With a total registered and paid-up capital of 500 million baht, Ratchaburi Gas presently holds 50% shares in Tri Energy Company Limited, whose 700 MW production capacity accounts for 350 MW of RATCH's equity capacity.

1.4 Ratch Udom Power Company Limited

Ratch Udom was founded on November 20, 2003, with RATCH holding 99.99% stake to invest in power

generation business. With a total registered and paid-up capital of 420.90 million baht, Ratch Udom currently holds 99.99% stake in Ratchaburi Alliances Company Limited.

1.5 Ratchaburi Alliances Company Limited

Ratchaburi Alliances was founded on January 9, 2004. Its objective is to invest in power generation business. With a total registered and paid-up capital of 420.20 million baht, Ratchaburi Alliances presently holds 25% shares in Ratchaburi Power Company Limited, which is now developing a 1,400 MW combined cycle power plant project consisting of two combined cycle blocks of 700 MW each.

Associated Company

1. Electricity Generating Public Company Limited (EGCO)

EGCO, the first IPP in Thailand, was established by EGAT on May 12, 1992 in accordance with the government's privatization policy which encouraged private sector participation in the generation business to help reduce the state's financial burden.

As at December 31, 2006, EGCO's total registered capital amounted to 530 million shares (5,300 million baht), of which 526,465,000 shares (5,264.65 million baht) were issued and paid-up. EGCO's shareholders included EGAT (25.41%), CLP Power Projects (Thailand) Limited (22.42%) and general public (52.17%).

EGCO is structured as a holding company with the purpose of owning shares in electricity generation business and other energy-related businesses. Cur-

rently, EGCO's subsidiaries include the following:

1.1 Rayong Electricity Generating Company Limited (REGCO) owns and operates four blocks of combined cycle power plants with a total installed capacity of 1,232 MW to supply electric power to EGAT under a 20-year power purchase agreement (PPA).

1.2 Khanom Electricity Generating Company Limited (KEGCO) produces and supplies 824 MW of electric power from its two thermal power plants and one combined cycle power plant to EGAT under a long-term PPA.

1.3 EGCO Engineering and Service Company Limited (ESCO) provides operation and maintenance services as well as engineering and construction services for power plants, petrochemical plants, oil refineries and other industries including companies within the EGCO Group itself.

1.4 EGCO International (B.V.I.) Limited (EGCO BVI) is EGCO's vehicle for overseas investment by owning shares in energy businesses.

1.5 Thai LNG Power Corporation Limited (TLPC) runs a liquefied natural gas (LNG) business and also expands its business into power generation business by investing in Small Power Producer (SPP) projects.

1.6 TLP Cogeneration Company Limited (TLP COGEN) is an SPP which sells electricity and steam to industrial plants in Rayong Industrial Park and also

supplies 60 MW of electricity to EGAT under a 21-year PPA. EGCO presently holds 80% stake in TLP COGEN by holding 40% stake directly and holding the other 40% through TLPC.

1.7 EGCO Green Energy Company Limited (EGCO GREEN) focuses its business in environmentally friendly projects. It presently invests in Roi-Et Green Company Limited to develop a rice husk power plant project in Roi Et province.

1.8 Roi-Et Green Company Limited (Roi-Et Green) is 95% owned by EGCO GREEN. Roi-Et Green currently operates a 9.9 MW Roi-Et Green biomass power plant using rice husk as fuel and located in Roi Et province. Roi-Et Green has entered a PPA to sell 8.8 MW of power to EGAT for 21 years under the SPP Program.

1.9 Agro Energy Company Limited (AE) is a wholly-owned company of ESCO to procure and supply agricultural waste such as rice husk to Roi-Et Green Power Plant. At present, AE has been in a legal case against its supplier who failed to deliver rice husk at the contractual price and quantity.

1.10 Egcom Tara Company Limited (ET) produces and supplies water to the Provincial Waterworks Authority of Thailand (PWA). Currently, ESCO is a major shareholder by acquiring 70% stake in ET from EGCO on December 16, 2005.



Joint Venture

District Cooling System and Power Plant Company Limited (DCAP)

DCAP is a joint venture co-founded by EGAT, PTT Plc, and the Metropolitan Electricity Authority (MEA) with 35% 35% and 30% of ownership respectively. Its objective is to generate and sell electricity and cooling water to Suvarnabhumi Airport. As at December 31, 2006, its total registered capital amounted to 1,000 million baht (100 million shares). DCAP had a total installed capacity of 55 megawatts

from its co-generation plant comprising two 20 MW gas turbine units and a 15 MW steam turbine generating unit. For the cooling system, it is Steam Absorption Chiller with a total capacity of 15,000 refrigerant tons by using steam residual from the steam turbine unit. This natural gas-fired co-generation system of electricity and cooling water yields efficiency as high as 60%. Since March 2006, DCAP has commenced to record revenues from electricity and cooling water sales. Suvarnabhumi Airport started commercial operation on September 28, 2006.



EGAT's Investment in Its Affiliates

| Company | Registered Capital (Million Baht) | Ownership (%) | Relationship |
|--|--------------------------------------|---------------|--------------------|
| 1. Ratchaburi Electricity Generating Holding Public Company Limited (RATCH) 19 SCB Park Plaza, Tower 3 East, 20th Fl., Ratchadapisek Road, Jatujak, Bangkok 10900 Tel : 0 2978 5000 Fax: 0 2937 9321 Website: www.ratch.co.th | 14,500 | 45.00 | Subsidiary |
| 2. Electricity Generating Public Company Limited (EGCO) EGCO Tower, 222 Moo 5, Vibhavadi-Rangsit Road, Thungsonghong, Lak Si, Bangkok 10210 Tel : 0 2998 5000 Fax : 0 2998 0956-9 Website: www.egco.com | 5,300 | 25.41 | Associated Company |
| 3. District Cooling System and Power Plant Company Limited (DCAP) 222 Moo 1, Nong-Prue, Bang Phli, Samut Prakan 10540 Tel : 0 2327 4242 Fax : 0 2327 4244 | 1,000 | 35.00 | Joint Venture |



Analysis of Operating Results and Financial Status

1 Analysis of Operating Results of EGAT and Its Subsidiaries

EGAT's main objectives are to generate, transmit and sell electric energy, and also to provide other energy-related services. Its operations are carried out by four groups including Generation Group, Transmission System Group, Development Group and

Corporate Administration Group. EGAT derives revenues mainly from three sources: the sale of electric energy, revenue from services and other goods sales and share of profit from its subsidiaries, associated company and joint venture.

Operating result of EGAT and its subsidiaries in 2006 and 2005 are summarized as follows:

| | 2006 | 2005 | Change | |
|---|--------------|--------------|--------------|------------|
| | Million Baht | Million Baht | Million Baht | Percentage |
| Total revenue from sales and services | 350,060.82 | 279,094.04 | 70,966.78 | 25.43 |
| Revenue from electric energy sales | 329,383.17 | 259,719.33 | 69,663.84 | 26.82 |
| Revenue from services and other goods sales | 20,677.65 | 19,374.71 | 1,302.94 | 6.72 |
| Cost of electric energy sales | 275,920.29 | 238,274.03 | 37,646.26 | 15.80 |
| Cost of services and other goods sales | 20,405.89 | 19,311.99 | 1,093.90 | 5.66 |
| Gross profit | 53,734.64 | 21,508.02 | 32,226.62 | 149.84 |
| Selling and administrative expenses | 11,022.41 | 16,728.44 | (5,706.03) | (34.11) |
| Income from sales and services | 42,712.23 | 4,779.58 | 37,932.65 | 793.64 |
| Gains on foreign exchange | 3,873.17 | 1,754.14 | 2,119.03 | 120.80 |
| Other revenues | 2,708.87 | 2,513.72 | 195.15 | 7.76 |
| Other expenses | 750.24 | 111.19 | 639.05 | 574.73 |
| Share of profit from associated company and share of profit from associated company and joint venture of subsidiaries using the equity method | 2,391.90 | 1,538.98 | 852.92 | 55.42 |
| Interest expenses | 6,868.87 | 7,222.11 | (353.24) | (4.89) |
| Income tax | 75.09 | 89.75 | (14.66) | (16.33) |
| Net income before minority interest | 43,991.97 | 3,163.37 | 40,828.60 | |
| Minority interest | 3,358.32 | 3,336.50 | 21.82 | 0.65 |
| Net income (net loss) | 40,633.65 | (173.13) | 40,806.78 | |

For operating results in 2006, EGAT and its subsidiaries recorded a net income of Baht 40,633.65 million, an increase of Baht 40,806.78 million from a net loss of Baht 173.13 million in 2005. The increase in a net income was mainly because revenue from electric energy sales increased by Baht 69,663.84 million while cost of electric energy sales increased by Baht 37,646.26 million. Selling and administrative expenses decreased by Baht 5,706.03 million. Share of profit from investments under the equity method and gains on foreign exchange increased by Baht 852.92 million and Baht 2,119.03 million respectively. Revenue from electric energy sales increased significantly as, in 2005, EGAT was unable to recognize the Ft revenue for the period January 1 to June 23, 2005 of Baht 21,916.45 million and the period June 24 to September 30, 2005 of Baht 9,119.20 million totaling Baht 31,035.65 million. On August 30, 2005, the Cabinet approved the resolution on the new tariff regime effective October 1, 2005, which was proposed by the National Energy Policy Council's meeting No. 3/2548 (No. 101). In connection with the transition to this new regime, the Cabinet required EGAT to absorb Ft receivables, which we had expected to record as revenue for the period ended June 23, 2005. Besides, the Cabinet resolved on August 30, 2005 that for the period June 24, 2005 to September 30, 2005, EGAT would be permitted to recognize the Ft revenue only to the extent that EGAT collected the amounts during this period.

However, in 2006, EGAT has overcollected Ft revenue due to an overcharge of fuel cost and electricity purchased amounting to Baht 3,911.99 million. This was because in 2006 there was inundation throughout the country and EGAT has adjusted the power generation plan to generate more electricity from hydropower plants. As a result, this amount of Ft revenue will be deducted from the 2007 Ft revenue on the average basis.

1.1 Analysis of revenue from electric energy sales

In 2006, revenue from electric energy sales, which is the primary source of revenue of EGAT and its subsidiaries increased by Baht 69,663.84 million or 26.82% to Baht 329,383.17 million from Baht 259,719.33 million in 2005. This was attributable to an increase in the volume of electric energy sales of 7,068.88 million kWh or 5.57% to 134,080.53 million kWh from 127,011.65 million kWh in 2005. The average electric energy price increased by Baht 0.42 per kWh to 2.46 Baht per kWh from 2.04 Baht per kWh in 2005. This was because in 2006, EGAT recognized the Ft revenue according to the actual amount collected in the period, where as in 2005 EGAT had to bear the Ft burden from the revised Automatic Tariff Adjustment (Ft) formula according to the above mentioned resolution issued by the Cabinet on August 30, 2005.

1.2 Analysis of cost of electric energy sales

In 2006 and 2005, the cost of electric energy sales of EGAT and its subsidiaries consisted of the following components.

| Cost of electric energy sales | 2006 | 2005 | Change | |
|-------------------------------|-------------------|-------------------|------------------|--------------|
| | Million Baht | Million Baht | Million Baht | Percentage |
| Electricity purchased | 111,983.31 | 99,175.37 | 12,807.94 | 12.91 |
| Generating expenses | 27,343.21 | 26,122.57 | 1,220.64 | 4.67 |
| Fuel | 127,058.21 | 103,904.68 | 23,153.53 | 22.28 |
| Transmission expenses | 9,535.56 | 9,071.41 | 464.15 | 5.12 |
| Total | 275,920.29 | 238,274.03 | 37,646.26 | 15.80 |

In 2006, the cost of the electric energy sales increased by Baht 37,646.26 million or 15.80% from the year 2005 due mainly to the following reasons.

- In 2006, the electricity purchased increased by Baht 12,807.94 million from the year 2005 due to an increase in the volume of electricity purchased of 3,214.62 million kWh or 6.80% to 50,466.34 million kWh from 47,251.72 million kWh in 2005. The increased volume includes electricity EGAT purchased from BLCP Power Co.,Ltd., for the first year amounting to 4,032.89 million kWh. The average price of electricity purchased also increased by 0.12 Baht per kWh or 5.71% to 2.22 Baht per kWh from 2.10 Baht per kWh in 2005.

- In 2006, the generating expenses increased by Baht 1,220.64 million from the year 2005 due to an increase in volume of electricity generated by EGAT and its subsidiaries of 3,905.98 million kWh or 4.46%

to 91,481.24 million kWh from 87,575.26 million kWh in 2005. In addition, in 2006 the repair and maintenance expenses increased by Baht 549.45 million from the previous year.



- In 2006, the fuel cost increased by Baht 23,153.53 million from the year 2005 due to an increase in fuel price. Details are as follows:

| Cost of fuel | Million Baht | 2006 | | 2005 | | |
|---------------------|-------------------|--------------|------------------|-------------------|--------------|------------------|
| | | Million Unit | Average per Unit | Million Baht | Million Unit | Average per Unit |
| Natural gas (MBTU) | 88,157.23 | 471.53 | 186.96 | 70,155.62 | 453.83 | 154.58 |
| Heavy oil (Liters) | 31,736.77 | 1,998.16 | 15.88 | 25,788.93 | 1,970.13 | 13.09 |
| Diesel oil (Liters) | 447.27 | 23.66 | 18.90 | 774.70 | 53.41 | 14.51 |
| Lignite (Tons) | 6,716.94 | 15.82 | 424.58 | 7,185.43 | 16.57 | 433.64 |
| Total | 127,058.21 | | | 103,904.68 | | |

1.3 Revenue and cost of services and other goods sales

Revenue from services and other goods sales derives from operation and maintenance services and engineering and construction consulting services rendered to external companies, as well as fuel sales to associated company at cost.

In 2006, EGAT and its subsidiaries recorded revenue from services and other goods sales in the amount of Baht 20,677.65 million, increased by Baht 1,302.94 million or 6.72% from Baht 19,374.71 million in 2005. The increase was primarily attributable to an increase in revenue from services of Baht 115.13 million together with an increase in the price of fuel sales.

In 2006, cost of services and other goods sales totaled Baht 20,405.89 million, increased by Baht 1,093.90 million or 5.66% from the year 2005 (Year 2005: Baht 19,311.99 million).

1.4 Selling and administrative expenses

In 2006, selling and administrative expenses amounted to Baht 11,022.41 million, decreased by Baht 5,706.03 million or 34.11% from Baht 16,728.44 million in 2005 due to a write-off of Ft receivable amounting to Baht 4,794.12 million in 2005. Besides, in 2005 EGAT recorded payments to employees fund to help reduce the impact of corporatization policy by the Ministry of Finance amounting to Baht 175.12 million compared to nil in 2006. In addition, in 2006 the expenses of Mutual Separation Project decreased by Baht 636.40 million to Baht 944.48 million from Baht 1,580.88 million in 2005.

1.5 Gains on foreign exchange

In 2006, gains on foreign exchange amounted to Baht 3,873.17 million, increased by Baht 2,119.04 million or 120.80% from the year 2005. (Year 2005: Baht 1,754.13 million).

1.6 Other expenses

Other expenses was Baht 750.24 million, an increase of Baht 639.05 million from Baht 111.19 million in 2005. This increase was attributable to provision for damage loss from fire accident at flue gas desulfurization of Ratchaburi Thermal Power Plant Unit 1 in the amount of Baht 750.24 million. Compensation discussion with insurance company is under the process.

1.7 Share of profit from associated company and share of profit from associated company and joint venture of subsidiaries by using the equity method

Share of profit under the equity method was Baht 2,391.90 million, an increase of Baht 852.92 million

or 55.42% from Baht 1,538.98 million in 2005. This increase was attributable to an increase in share of profit from associated company of Baht 497.44 million and from share of profit from associated company and joint venture of subsidiaries of Baht 355.48 million.

1.8 Interest expense

In 2006, interest expense was Baht 6,868.87 million, a decrease of Baht 353.23 million or 4.89% from Baht 7,222.10 million in 2005. This decrease was attributable to a decrease in EGAT's interest expense of Baht 609.60 million due to a decrease in long-term debt outstanding, but was offset by an increase in subsidiaries' interest expense of Baht 234.47 million as a result of an increase in interest rate of long-term loans and debenture to 4.60% p.a. in 2006 from 3.50% p.a. in 2005.

2. Analysis of Financial Status of EGAT and Its Subsidiaries

| Financial Status (Million Baht) | Dec. 31, 06 | Dec. 31, 05 | Increase/ (Decrease) | Percentage |
|---------------------------------|-------------|-------------|-------------------------|------------|
| Total assets | 411,828.40 | 396,721.44 | 15,106.96 | 3.81 |
| Total liabilities | 192,098.60 | 203,015.72 | (10,917.12) | (5.38) |
| Equity | 200,647.33 | 176,386.57 | 24,260.76 | 13.75 |
| Minority interest | 19,082.47 | 17,319.15 | 1,763.32 | 10.18 |

As at December 31, 2006, the total assets of EGAT and its subsidiaries increased by Baht 15,106.96 million due mainly to a decrease in cash and cash equivalents amounting to Baht 10,223.99 million and an increase in short-term investments such as fixed deposits, government bonds, cash receipt and bills of exchange amounting to Baht 17,454.20 million. Trade account receivables increased by Baht 9,688.24 million from the year 2005, consisting of Baht 4,798.61 million from the Provincial Electricity Authority and Baht 4,639.36 million from Ft receivable. Stock of fuel oil and lignite decreased by Baht 806.90 million. The land, building and equipment - net decreased by Baht 12,502.00 million due to annual depreciation. Work under construction increased by Baht 8,634.38 million, comprising of Songkhla Combined Cycle Power Plant Project and transmission system amounting to Baht 6,584.68 million and Baht 1,988.75 million respectively. In addition, investments in associated company and investments in associated company and joint venture of subsidiaries by using the equity method increased by Baht 2,183.14 million.

As at December 31, 2006, the total liabilities of EGAT and its subsidiaries decreased by Baht 10,917.12 million, due mainly to a decrease in short-term loans

and long-term loans totaling of Baht 24,864.51 million. Whereas trade account payables increased by Baht 10,654.79 million, comprising electricity purchased of Baht 2,336.33 million and fuel cost of Baht 7,028.01 million.

Equity of EGAT and its subsidiaries excluding minority interest totaled Baht 200,647.33 million, an increase of Baht 24,260.76 million mainly because EGAT and its subsidiaries recorded the net income of Baht 40,633.66 million. However, EGAT made provisions for remittance to the Ministry of Finance for the year 2006 in the amount of Baht 16,380.76 million.

3. *Analysis of Cashflow*

As at December 31, 2006, cash and cash equivalents of EGAT and its subsidiaries amounted to Baht 20,405.25 million, decreased by Baht 10,223.99 million from the year 2005. The details of cash flows from activities are as follows:

| Unit: Million Baht | |
|---|-------------|
| Cash and cash equivalents as at December 31, 2005 | 30,629.24 |
| Net cash inflows from operating activities | 58,487.01 |
| Net cash outflows from investing activities | (31,721.44) |
| Net cash outflows from financing activities | (36,989.55) |
| Cash and cash equivalents as at December 31, 2006 | 20,405.26 |

In 2006, net cash inflows from operating activities totaled Baht 58,487.01 million which was derived from net income of Baht 40,633.66 million and adjusted by such non-cash items as depreciation, gains on foreign exchange totaling Baht 19,889.47 million and a decrease in working capital of Baht 2,036.12 million.

Net cash outflows from investing activities amounted to Baht 31,721.44 million, which was derived from an increase in short-term investments of EGAT and its subsidiaries such as government bonds, cash receipts and bills of exchange amounting to Baht 17,454.20 million, and an increase in long-term investments pledged as collateral amounting to Baht 322.84 million. EGAT invested in construction power plant project and transmission system amounting to Baht 15,754.40 million and subsidiaries' investment in joint venture amounted to Baht 440.96 million. Meanwhile EGAT and its subsidiaries received cash on repayment of long-term loans from related party and cash on disposal of assets amounting to Baht 649.56 million and Baht 199.73 million respectively. EGAT also received cash on deferred income for the con-

tribution to transmission system amounting to Baht 681.76 million and cash on dividend from associated company and joint venture of subsidiaries amounting to Baht 719.91 million.

Net cash outflows from financing activities totaled Baht 36,989.55 million, mainly comprising repayment of long term liabilities amounting to Baht 24,974.51 million, remittance to the Ministry of Finance amounting to Baht 14,984.29 million and dividend payment to minority from subsidiary amounting to Baht 1,595.00 million. Cash used in financing activities was partially offset by cash received from withdrawal from loans of Baht 4,564.25 million.

4. Financial Ratio

Based on the operating result and financial status as of December 31, 2006 and 2005, the financial ratios of EGAT and its subsidiaries are as follows:



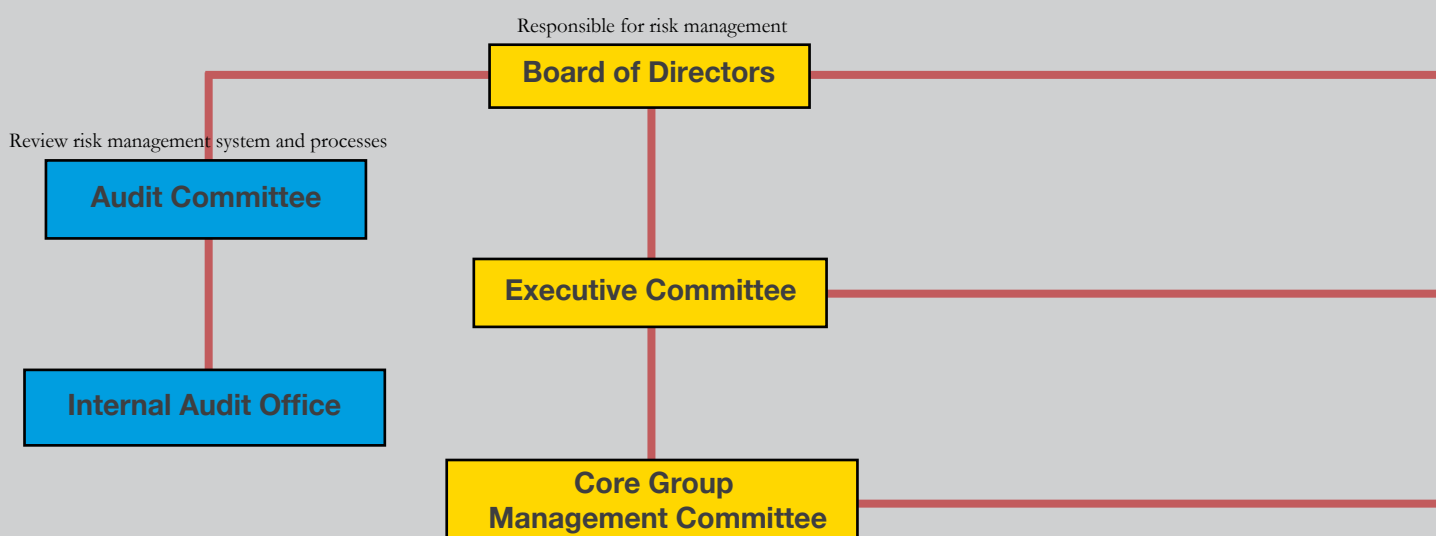
| | | 2006 | 2005 |
|------------------------------------|----------------|-----------|-----------|
| Liquidity Ratio | | | |
| Current ratio | (Time) | 1.36 | 1.11 |
| Quick ratio | (Time) | 1.26 | 0.99 |
| Cash ratio | (Time) | 0.74 | 0.62 |
| Profitability Ratio | | | |
| Ratio of gross profit to net sales | (Percentage) | 15.35 | 7.71 |
| Ratio of net profit to net sales | (Percentage) | 11.61 | (0.06) |
| EBITDA | (Million Baht) | 66,811.00 | 29,671.47 |
| Efficiency Ratio | | | |
| Rate of return on assets | (Percentage) | 10.05 | (0.04) |
| Rate of return on fixed assets | (Percentage) | 22.86 | 6.88 |
| Total asset turnover | (Time) | 0.89 | 0.70 |
| Financial Policy Ratio | | | |
| Debt to equity ratio | (Time) | 0.87 | 1.05 |
| Times interest earned | (Time) | 7.07 | 1.24 |
| Fixed charge coverage (cash basis) | (Time) | 1.34 | 0.70 |

Remark - EBITDA is calculated from net income, which excludes interest expenses, gains (losses) on foreign exchange, depreciation and other amortization items.

Corporate Risk Management

The ruling of March 23, 2006 by the Supreme Administrative Court, which revoked two Royal Decrees B.E. 2548, namely the Royal Decree prescribing the powers and rights of EGAT Public Company Limited and the Royal Decree repealing the status of EGAT as a state enterprise, resulted in EGAT reverting to its previous status of state enterprise. Consequently, the structure of EGAT's risk management has been re-adjusted during the year to be consistent with its status of state enterprise as shown below.

Structure of EGAT's Risk Management



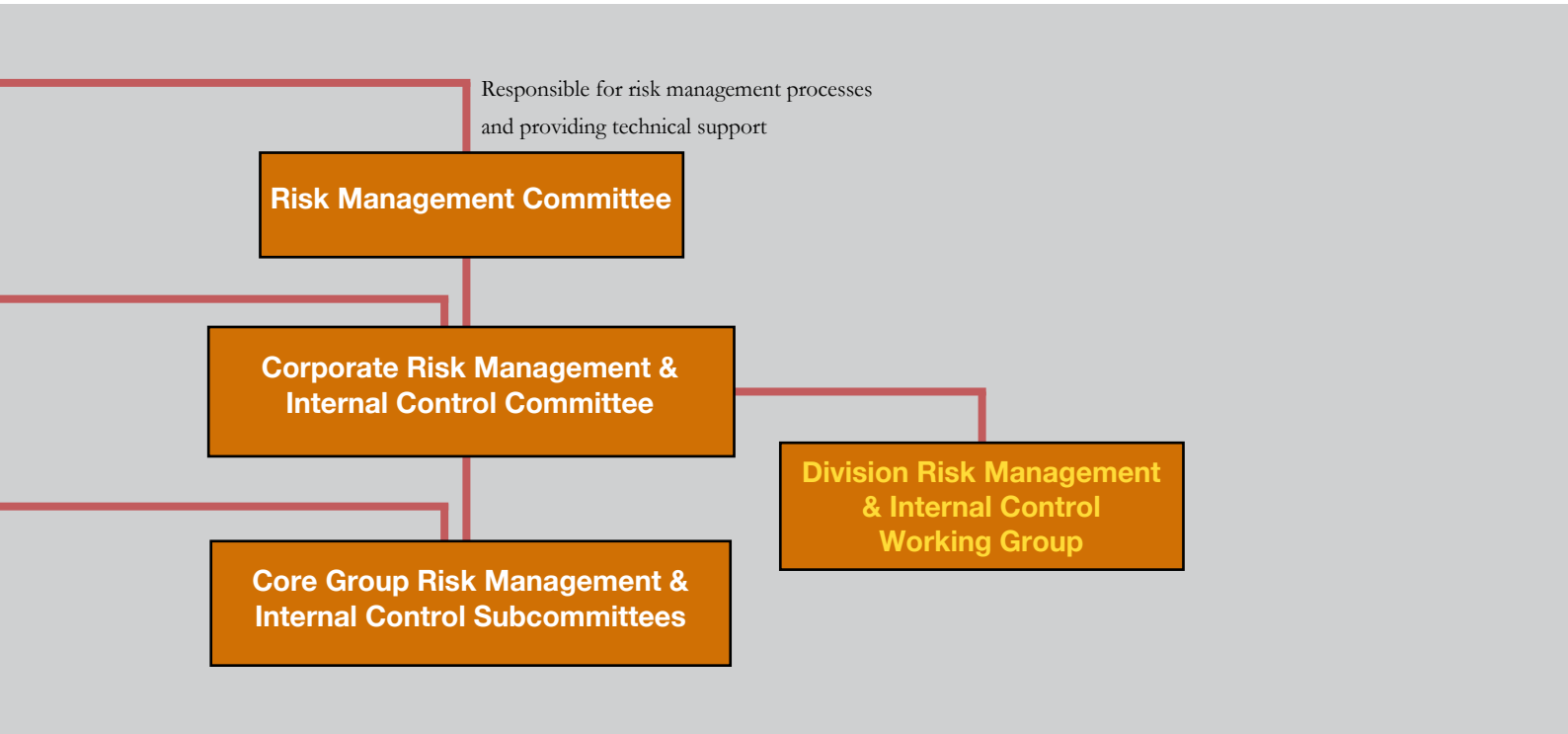
Owing to its present status of state enterprise and its operations which focus primarily on the adequacy and reliability of electricity supply, EGAT's risk exposures caused by internal and external factors in 2006 differed in certain details from those in the prior year as summarized below.

Business Strategy and Competition Risks

To enable EGAT to set appropriate directions for its operations and achieve sustainable growth, EGAT has taken part in preparing a new draft of the Energy Industry Act. It has also closely coordinated with relevant government agencies to provide them with adequate information update necessary for the restructuring of the electricity supply industry and the revision of the electricity tariff structure in the future.

Despite the Cabinet’s resolution which gave approval in principle for EGAT to construct 50 percent of new power capacities planned for service between 2011 - 2015 without having to participate in any bidding process, political uncertainties may cause changes in the government policies concerning proportion of generation by EGAT and private power producers. The current planning of a new power development plan (PDP), for instance, must undergo a public consultation process in which views of all stakeholders are taken into consideration in finalizing the plan without pre-determination of EGAT’s and private power producers’ shares in new power plant construction. In such case, EGAT will need to prepare itself for increased competition in the generation business from the year 2011 onwards.

In addition, final conclusions to be reached in the new Draft Energy Industry Act in the near future may lead to an increasingly competitive industry. To cope with these risks, special preparations will be required to ready EGAT for greater competition in the industry.



Financial Risks

EGAT has managed liquidity risks by acquiring sufficient financial resources to finance its operations and activities both in the short and long run. Loan and interest has also been managed in response to the market.

To minimize its foreign exchange risks, in 2006, EGAT issued domestic bonds to lower its foreign currency debt portion. Other financial instruments used to reduce its exposure to the currency exchange risks included currency and interest rate swaps and forward exchange contracts.



Operational Risks

As a public utility with a prime mission of generating, acquiring and transmitting electricity which is an infrastructure essential for the country development, the adequacy, reliability and security of power supply are therefore the overriding goal of EGAT's operations.

To prevent and minimize its operational risk exposure to supply interruptions and unplanned outage of its power plants, EGAT has adopted a modern preventive-based power plant management system and implemented the reliability-centered maintenance system. These measures have resulted in the improved performance of EGAT's power plants and transmission system in terms of higher efficiency, availability and reliability compared with prior years.

With respect to fuel management risks, a quality management ISO 9001/2000 system has been implemented by Mae Moh lignite mine to control and

ensure the quality of coal production. EGAT has closely coordinated with PTT Plc in order to secure adequate supplies of oil and natural gas for its power generation. Risk control plans and emergency plans have been formulated to reduce its risks that may be caused by failures of the transmission system or malfunctions of the SCADA system caused by terrorism, sabotage, or natural disasters.

For information technology system risk management, EGAT has formulated a 5-year ICT Master Plan to provide a framework for systematic development and management of its ICT systems. The ISO 17799 information security management standard system has also been implemented organizationwide. A comprehensive disaster discovery plan which addresses all critical operations and functions of EGAT has been developed, including the construction of an off-site backup system. The unified Enterprise Resource Planning (ERP) system has currently been implemented to integrate data of all key functions. In addition, EGAT has also encouraged its employees to utilize open source software systems to help save its IT budget.

Human Resource Risks

A return to its status of state enterprise in 2006 has lifted EGAT's urgent risks concerning accelerating the preparedness of its employees for its corporatization. However, the development of its human resources and human resource management has continued with an emphasis on the improvement of its performance-based management system in which the performance assessment of employees of all levels is conducted and rewarding is based on their competencies. Job profiles for all positions have been prepared and include competencies required for individual positions. The information will also be used in improving EGAT's HR management and training programs for EGAT's personnel.

Community and Environmental Risks

EGAT's generation and transmission operations may have effects on the community and the environment in respects of health, local culture and way of life, and agriculture. Its operation and development activities may face oppositions or protests by the local community.

EGAT has made all efforts to create correct understanding and provide factual information on its projects and operations to the local community. Public and community participation has been encouraged to incorporate opinions of the local community and the public into the decision-making process of its power and transmission system construction projects. EGAT has also strictly complied with all applicable environmental laws and regulations. Development of the quality of life and the environment is one of EGAT's priorities. In effort to build community capacity, EGAT provides vocation training, creates jobs and hires local people to create their income. Through its Biological Way of Life for Sustainable Development Project, EGAT provides training and transfers knowledge on sustainable farming and sustainable living to the local community. It also supports and participates in various community development activities to help conserve the environment.

Besides, EGAT has continuously developed renewable energy power projects using wind power, solar energy, geothermal power, and biomass in effort to minimize environmental impacts caused by its operations.

Compliance Risks

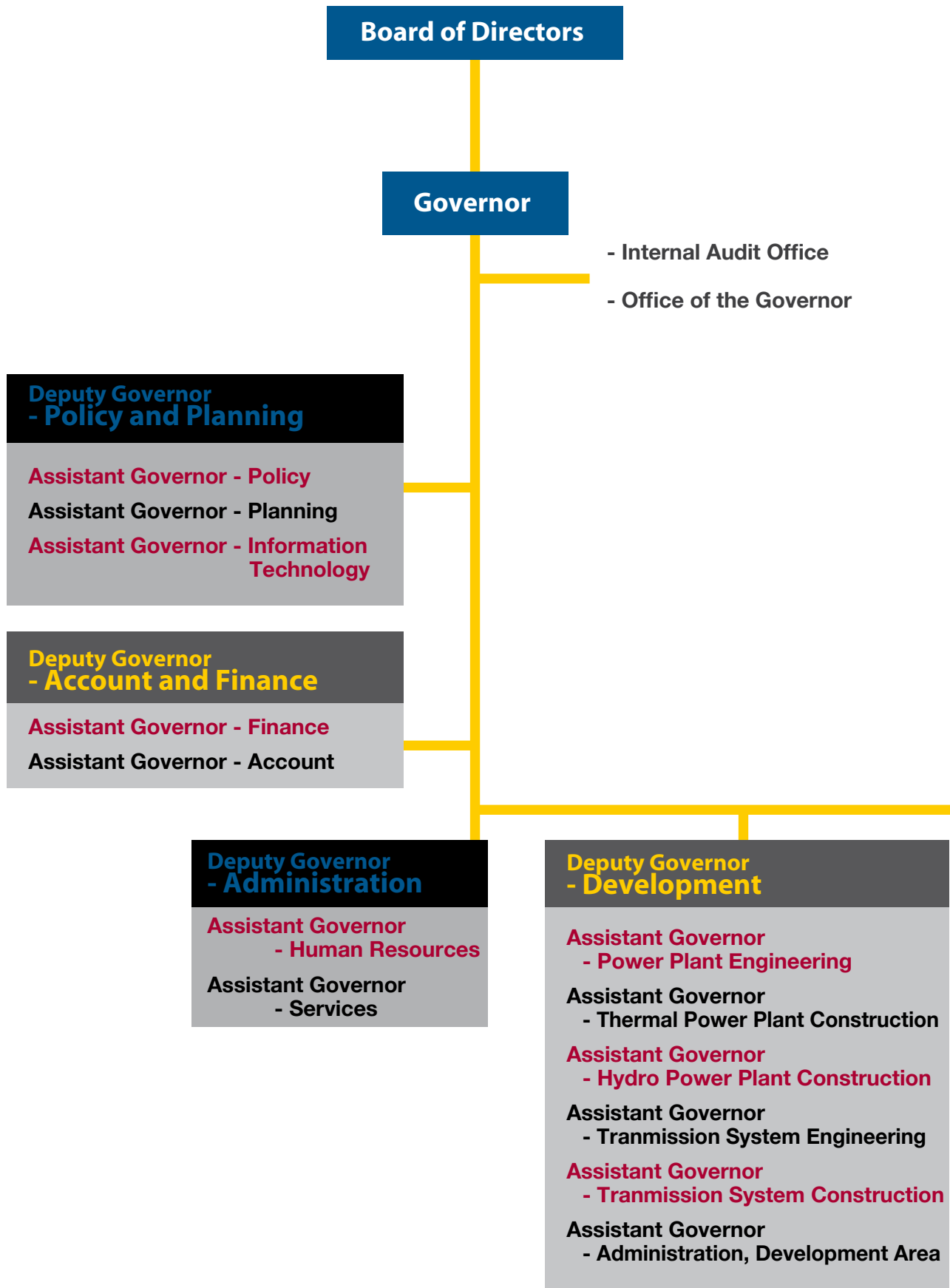
In order to prevent risks of failing to properly comply with various laws and regulations, EGAT has prepared handbooks which contain all applicable laws, rules and regulations required for all of EGAT's operations and activities for EGAT people to refer to. Compliance training has also been provided for concerned employees. Close coordination with regulatory bodies and relevant agencies have been made regularly to discuss and seek advice on compliance issues.

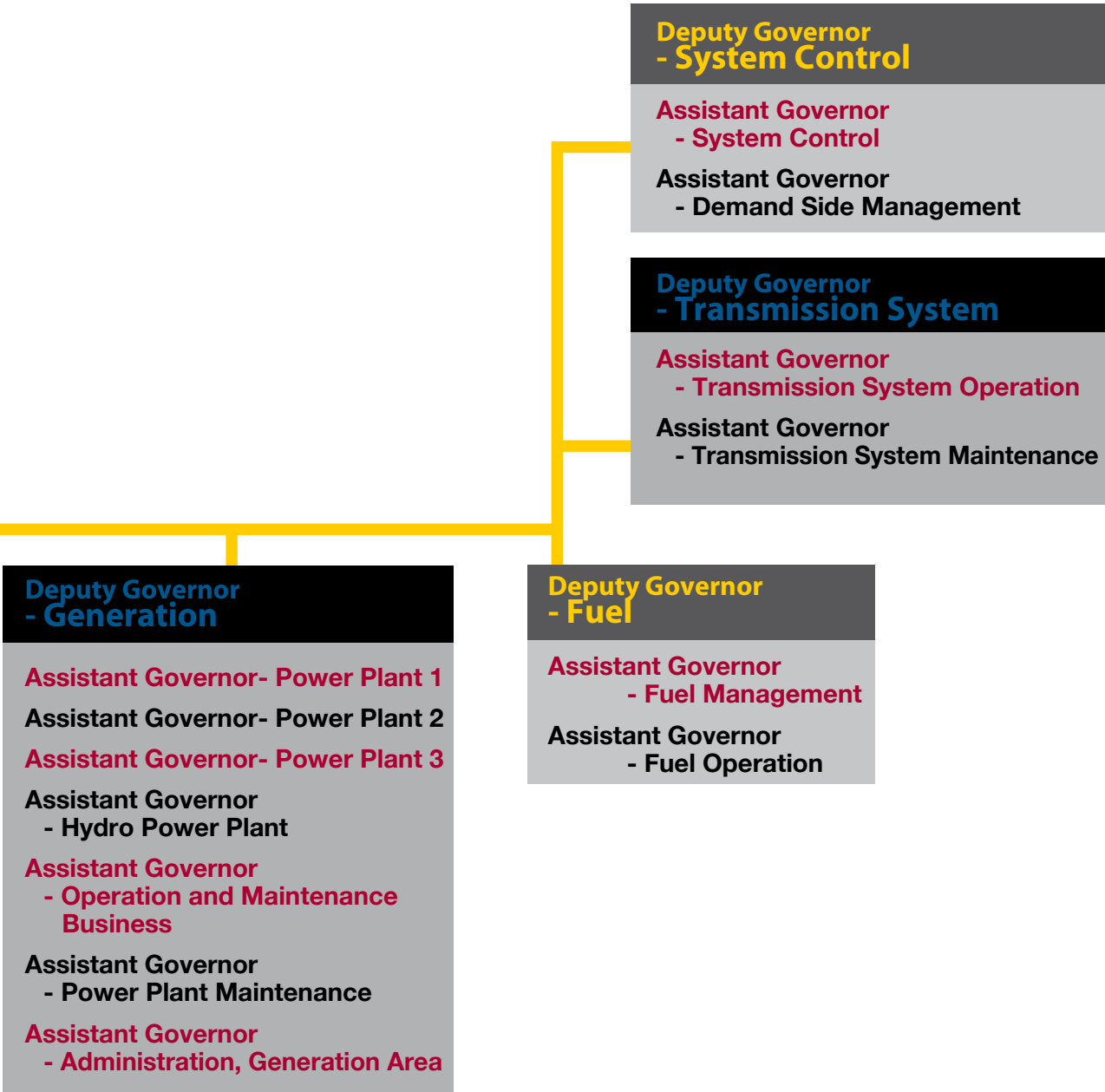
In 2006, the return to its old status of state enterprise has lifted certain compliance risks related to power purchase agreements with its affiliates, VAT calculation for the procurement of fuel supplies for its affiliates, and tax charged on the energy payment (EP) in its purchase of electricity.

Innovations and advanced technologies are vital for EGAT's successful operations. At EGAT, we create a work environment that promotes new ideas and innovations as well as professional development of our employees to drive the organization toward a leader in Thai society that not only achieves operational success but also contributes to a better quality of life of all Thais.

Innovative

Organization Chart





Structure of Organizational Management

Pursuant to the Electricity Generating Authority of Thailand (EGAT) Act B.E. 2511, EGAT Board of Directors is composed of the Chairman and other Directors not exceeding ten members, including EGAT Governor who serves as ex-officio Director. Members of the Board of Directors are appointed by the Cabinet with the main responsibilities of setting general policies for and overseeing EGAT's overall operations. To ensure the integrity of governance process, the Board appointed a number of committees to assist the Board in screening tasks for the Board and overseeing specific areas of EGAT's operations. These committees included the Audit

Committee, and Task Screening Committee, Risk Management Committee, Committee for Deputy Governor Nomination, and Committee for Assistant Governor and Division Director Nomination.

At the start of the year 2006 from January 1 through March 22, 2006, EGAT was registered as a limited public company. However, the ruling of March 23, 2006 by the Supreme Administrative Court has nullified EGAT's corporatization and thus reverting EGAT to its previous status of state enterprise.

1. Members of the Board of Directors

1.1 During January 1 - March 22, 2006

| | Name | Position | Appointment Date |
|----|--|-----------------------|--------------------|
| 1 | Mr. Chai-Anan Samudavanija ^{a/} | Chairman | April 7, 2004 |
| 2 | Mr. Norkhun Sitthiphong | Director | April 7, 2004 |
| 3 | Pol.Lt.Gen. Dumrongsak Nilkuha | Director | April 7, 2004 |
| 4 | Mr. Chulasingh Vasantasingh | Director | April 21, 2004 |
| 5 | Mr. Pichai Chunhavajira | Director | August 31, 2004 |
| 6 | Mr. Sujarit Patchimnun | Director | April 7, 2004 |
| 7 | Mrs. Wanee Samphantharak | Director | April 7, 2004 |
| 8 | Mr. Lae Dilokvidhyarat | Director | April 7, 2004 |
| 9 | Mr. Sanit Rangnoi | Director | August 18, 2005 |
| 10 | Mrs. Gasinee Witoonchart | Director | September 16, 2005 |
| 11 | Mr. Kraisi Karnasuta | Director (ex-officio) | September 6, 2004 |

a/ Mr. Chai-Anan Samudavanija resigned from office on February 6, 2006.

1.2 During March 23 - October 23, 2006

| | Name | Position | Appointment Date |
|----|--|-----------------------|-------------------|
| 1 | Mr. Sujarit Patchimnun | Director | April 7, 2004 |
| 2 | Mrs. Wanee Samphantharak | Director | April 7, 2004 |
| 3 | Mr. Norkhun Sitthiphong ^{a/} | Director | April 7, 2004 |
| 4 | Mr. Chulasingh Vasantasingh | Director | April 21, 2004 |
| 5 | Pol.Lt.Gen. Dumrongsak Nilkuha | Director | April 7, 2004 |
| 6 | Mr. Lae Dilokvidhyarat | Director | April 7, 2004 |
| 7 | Mr. Pichai Chunchavajira ^{b/} | Director | August 31, 2004 |
| 8 | Mr. Sanit Rangnoi | Director | August 29, 2006 |
| 9 | Mr. Sun Vithespongse | Director | August 29, 2006 |
| 10 | Mr. Kraisi Karnasuta | Director (ex-officio) | September 6, 2004 |

a/ Mr. Norkhun Sitthiphong acted as Chairman of the Board of Directors as from May 19, 2006.

b/ Mr. Pichai Chunchavajira resigned from office on September 26, 2006.

1.3 During October 24 - December 31, 2006

| | Name | Position | Appointment Date |
|----|------------------------------|-----------------------|-------------------|
| 1 | Mr. Pornchai Rujiprapa | Chairman | October 24, 2006 |
| 2 | Mr. Krit Garnjana-Goonchorn | Director | October 24, 2006 |
| 3 | Mr. Pongpayome Vasaputi | Director | October 24, 2006 |
| 4 | Mr. Lae Dilokvidhyarat | Director | April 7, 2004 |
| 5 | Mr. Vitaya Kotcharug | Director | October 24, 2006 |
| 6 | Mr. Chalernsak Wanichsombat | Director | October 24, 2006 |
| 7 | Mr. Chulasingh Vasantasingh | Director | April 21, 2004 |
| 8 | Mr. Sanit Rangnoi | Director | October 24, 2006 |
| 9 | Mr. Arkhom Termittayapaisith | Director | October 24, 2006 |
| 10 | Lt.Gen. Somphon Virasakdi | Director | October 24, 2006 |
| 11 | Mr. Kraisi Karnasuta | Director (ex-officio) | September 6, 2004 |

2. Composition and Appointment of the Board of Directors

The composition and the principles of selection, appointment, discharge, or retirement from office of the Board of Directors are set forth in the EGAT Act B.E. 2511 and comply with the Qualification Standard of the Director and the Public Enterprise Employee Act B.E. 2518. The summary of context is as follows:

1. The Board of Directors comprises a Chairman and other Directors not exceeding 10 members including EGAT Governor who serves as an ex-officio Director. The Board Chairman and other Board Directors, except for the ex-officio member, are appointed by the Cabinet.
2. The Chairman and Directors who are appointed by the Cabinet and are not ex-officio shall hold office for a term of three years. Retiring members are eligible for re-appointment.
3. In addition to the normal retirement term of service, the Chairman or Director appointed by the Cabinet shall vacate office upon his death, resignation, removal by the Cabinet's resolution, disqualification or holding prohibited attributes.

If the Chairman or Director vacates office before the expiration of his term, the Cabinet may appoint a replacement member to fill the office.

The replacement Chairman or Director shall hold office for the remaining term of the vacating member whom he replaces.

3. Authority and Responsibilities of the Board of Directors

According to the EGAT Act B.E.2511, the Board of Directors has the authority to set policies, oversee EGAT's overall operations and lay down rules and regulations to ensure that EGAT's overall operations meet the organization's objectives. The Board of Directors' main responsibilities are to:

1. Issue corporate governance rules or regulations
2. Issue rules or regulations for the division of functions and work procedures
3. Determine positions, salary and wage rates of EGAT's permanent and temporary employees
4. Monitor and ensure sufficient financial reserve for EGAT's business expansion and investment
5. Approve the appointment, promotion, demotion, salary curtailment, and disciplinary punishment of executive employees of the positions equivalent to Division Directors and higher.

4. Board Meetings

The Board meets regularly on the fourth Friday of each month and may convene additional meetings as circumstances require. An invitation letter together with meeting agenda and additional documents will be sent in advance by the Board Secretary to each Board member 5 working days prior to the meeting date, except in urgent cases, to allow sufficient time for each member to review the issues. Written minutes of all meetings of the Board shall be recorded and kept properly. The minutes, which are approved by the Board of Directors, shall be submitted to the Ministry of Finance for acknowledgement and shall always be open for inspection by any Board member and concerned parties.

5. Authority and Responsibilities of EGAT Governor

The Governor is responsible for managing EGAT's operations as set forth in the EGAT Act B.E.2511 and in compliance with the Government policy, EGAT rules or regulations, and the resolutions of the Board of Directors. The Governor also holds commanding authority over all permanent and temporary employees of EGAT.

6. Board Committees

6.1 Audit Committee

The Board of Directors appointed the following as members of the Audit Committee.

- | | |
|--|------------------------|
| 1. Mr. Lae Dilokvidhayarat | Chairman |
| 2. Mr. Chulasingh Vasantasingh | Member |
| 3. Mr. Vitaya Kotcharug | Member |
| 4. Director of the Internal Audit Office | Secretary (ex-officio) |

Duties and Responsibilities

- | | |
|---|--|
| 1. To review the adequacy and effectiveness of EGAT's internal control and risk management systems | ent auditors and the Internal Audit Office concerning internal controls and risk management |
| 2. To review the reliability and integrity of EGAT's financial statements and information disclosure | |
| 3. To monitor observance of laws, rules and regulations, related policies as well as EGAT Code of Conduct and Ethics | |
| 4. To monitor the effective and efficient use of information technology systems and resources that meets corporate objectives and adds value for the organization | |
| 5. To monitor the executive management's response to the recommendations made by independent | |
| | 6. To supervise the operation of the Internal Audit office and consider with EGAT Governor the appointment, transfer, performance evaluation and salary raise of the Director of the Internal Audit Office |
| | 7. To meet and discuss with independent auditors the results of the annual audit. |
| | 8. To re-assess at least once a year the appropriateness and effectiveness of the Audit Committee Charter and the Internal Audit Charter |
| | 9. To perform any other tasks within the purview of the Audit Committee as assigned by the Board. |

6.2 Task Screening Committee

The Board of Directors appointed the following as members of the Task Screening Committee.

- | | |
|-----------------------------------|----------|
| 1. Mr. Vitaya Kotcharug | Chairman |
| 2. Mr. Chulasingh Vasantasingh | Member |
| 3. Mr. Chalerm Sak Wanichsombat | Member |
| 4. Mr. Arkhom Term pittayapaisith | Member |

Duties and responsibilities

1. To consider and screen all issues concerning EGAT's financial and investment policies and plans as well as annual budget plans proposed by management and recommend to the Board of Directors financial and investment policies and strategies that will be beneficial to EGAT
2. To examine all issues concerning EGAT's procurement and relevant issues proposed by management and recommend to the Board appropriate procurement guidelines that will enhance transparency of EGAT's procurement process and operations and create optimum benefits for EGAT
3. To determine information technology-related policies and monitor overall IT operations and performance to support EGAT's operations and activities.
4. To perform any other tasks assigned by the Board.

6.3 Risk Management Committee

The Board of Directors appointed the following as members of the Risk Management Committee.

- | | |
|--|-----------|
| 1. Mr. Sanit Rangnoi | Chairman |
| 2. Mr. Chalernsak Wanichsombat | Member |
| 3. Lt.Gen. Somphon Virasakdi | Member |
| 4. Ms. Sutharat Angchanpen, Deputy Governor - Development | Secretary |

Duties and Responsibilities

1. To ensure the adequacy and effectiveness of risk management framework, policies and operations which cover the whole breadth of EGAT's operations
2. To review policies and systems used in assessing and evaluating risk management and controls as well as auditing and reporting procedures
3. To oversee and ensure the observance of risk management
4. To review EGAT's risk management reports and information to be submitted to regulatory bodies and the public
5. To perform any other tasks related to risk control and management as assigned by the Board

6.4 Committee for Deputy Governor Nomination

The Board of Directors appointed the following as members of the Committee.

- | | |
|--|----------------------|
| 1. Mr. Pornchai Rujiprapa | Chairman |
| 2. Mr. Lae Dilokvidhayarat | Member |
| 3. Mr. Vitaya Kotcharug | Member |
| 4. Lt.Gen. Somphon Virasakdi | Member |
| 5. Mr. Viravat Chlayon | Member |
| 6. Mr. Kamphuy Jirararuensak | Member |
| 7. Mr. Kraisi Karnasuta, EGAT Governor | Member and Secretary |

Duties and Responsibilities

To consider and recommend candidates for appointment or rotation for the position of Deputy Governor

6.5 Committee for Assistant Governor and Division Director Nomination

During January 1 - October 23, 2006, the Board of Directors appointed the following as members of the Committee.

| | | |
|----|--|-----------|
| 1. | EGAT Governor | Chairman |
| 2. | Mr. Norkun Sitthiphong | Member |
| 3. | Mr. Vitaya Kotcharug | Member |
| 4. | Deputy Governors of all commanding lines | Members |
| 5. | Assistant Governor - Human Resources | Secretary |

During October 24 - December 31, 2006, members of the Committee included:

| | | |
|----|--|-----------|
| 1. | EGAT Governor | Chairman |
| 2. | Mr. Vitaya Kotcharug | Member |
| 3. | Deputy Governors of all commanding lines | Members |
| 4. | Assistant Governor - Human Resources | Secretary |

Duties and Responsibilities

To consider and recommend candidates for appointment or rotation for the positions of Assistant Governor and Division Director or equivalent

7. Board Evaluation

In 2006, Board evaluations have been conducted to assess the effectiveness and performance of the Board and its individual directors in discharging their duties according to the corporate good governance principles.

The evaluation process consisted of a self-assessment and a Board evaluation. For the former, specific areas to be assessed included core competencies, independence, preparedness in discharging duties,

practices as a Director, performance in committee activities, and commitment to the development of the organization. For the Board evaluation, four major issues to be evaluated included meetings and committees, communications skills, governance process, and relationship with management. Results of both evaluations found that the performance of EGAT's individual Directors and of the Board of Directors during the year 2006 was excellent.

Board of Directors

(January 1 – October 23, 2006)



Mr. Chai-Anan Samudavanija
Chairman

Age 62

Education / Training

Ph.D. and M.A., University of Wisconsin (Madison), U.S.A.
B.A., Victoria University of Wellington, New Zealand

Work Experience

1996 - 2006 : Director, Vajiravudh College
2003 - 2005 : Vice President, The Royal Institute of Thailand

Present Positions

- Director, Vajiravudh College
- President, The Royal Institute of Thailand

Chairman of the Board of EGAT since April 7, 2004
Resigned from office on February 6, 2006



Mr. Norkun Sitthiphong
Director

Age 53

Education / Training

Ph.D.(M.E.), Oregon State University, U.S.A.
M.S. (M.E.), Oregon State University, U.S.A.
B.Eng. (Mechanical), Chulalongkorn University
National Defense Regular Course (Class of 47), National Defense College

Work Experience

1998 - 2000 : Vice President for Research Affairs and Property Management, Chiang Mai University
2001 - 2003 : Vice President for Academic Affairs, Chiang Mai University

Present Position

- Deputy Permanent Secretary, Ministry of Energy

Director of EGAT since April 7, 2004
Vacated office on October 23, 2006



Pol.Lt.Gen. Dumrongsak Nilkuha
Director

Age 63

Education / Training

Bachelor of Public Administration (Political Science),
B.P.A.
Finance for Non-Finance Directors Program, Thai Institute of Directors Association (IOD)
Director Accreditation Program (DAP), Thai IOD
Audit Committee Program (ACP), Thai IOD

Work Experience

1998 - 2000 : Assistant Commissioner
2000 - 2002 : Deputy Commissioner
2002 - 2003 : Commissioner of Metropolitan Police Bureau
2003 - 2004 : Vice Chairman of the Board of Directors, Public Warehouse Organization

Director of EGAT since April 7, 2004

Vacated office on October 23, 2006



Mr. Chulasingh Vasantasingh
Director

Age 56

Education / Training

Master of Comparative Law, University of Illinois, U.S.A.
Bachelor of Law (Honors), Chulalongkorn University
Barrister at Law with the School of Thai Bar
National Defense Regular Course (Class of 38), National Defense College
Director Certification Program (DCP), Thai Institute of Directors Association (IOD)
Finance for Non-Finance Directors Program, Thai IOD
Understanding the Fundamental of Financial Statements (UFS) Program, Thai IOD

Work Experience

2000 : Director-General, International Affairs Department, Office of the Attorney General
2002 : Director-General, Department of Attorney General Litigation
2004 : Director-General, Department of Legal Counsel, Office of the Attorney General
2005 : Inspector General, Office of the Attorney General

Present Position

- Deputy Attorney General, Office of the Attorney General

Director of EGAT since April 21, 2004

Reappointed as Director of EGAT on October 24, 2006



Mr. Pichai Chunhavajira
Director

Age 57

Education / Training

MBA. (Finance), Indiana University of Pennsylvania,
U.S.A.
Bachelor of Accounting, Thammasat University
Honorary Doctorate's Degree (Accountancy), Thammasat
University
Public-Private Sectors Joint Program (Class of 4313),
National Defense College

Work Experience

2003 - 2006 : Director and Acting President, Bangchak Petro-
leum Public Company Limited
2004 - 2006 : Member of the Board of Directors, Thai Lube
Base Public Company Limited

Present Position

- Senior Executive Vice President - Corporate Finance
and Accounting, PTT Public Company Limited

Director of EGAT since August 31, 2004

Resigned from office on September 26, 2006



Mr. Sujarit Patchimnun
Director

Age 61

Education / Training

M.A. (Political Science), Thammasat University
B.A. (Political Science), Thammasat University
Director Accreditation Program (DAP), Thai Institute of
Directors Association (IOD)

Work Experience

1993 : Governor of Nakhon Phanom Province
1994 : Governor of Nonthaburi Province
1996 : Governor of Chon Buri Province
2001 : Director-General, Department of Community Devel-
opment
2002 : Director-General, Department of Provincial Adminis-
tration

Present Position

- Permanent Secretary, Ministry of Interior

Director of EGAT since April 7, 2004

Vacated office on October 23, 2006



Mrs. Wanee Samphantharak
Director

Age 62

Education / Training

Ph.D. and M.Sc. (Soil Science), Oregon State University, U.S.A.

B.Sc. (Soil Science), Kasetsart University

Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)

Director Certification Program (DCP), Thai IOD

Work Experience

1989 - 1992 : Specialist, Office of National Economic and Social Development Board

1992 - 1997 : Director, Environmental Policy and Planning Division, Office of Natural Resources and Environmental Policy and Planning

1997 - 2002 : Deputy Secretary-General, Office of Natural Resources and Environmental Policy and Planning

2002 - 2004 : Secretary-General, Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment

Director of EGAT since April 7, 2004

Vacated office on October 23, 2006



Mr. Lae Dilokvidhyarat
Director

Age 59

Education / Training

M.A. (Development Studies), the Institute of Social Studies, The Hague, The Netherlands

B.A. (Political Science) Chulalongkorn University

Audit Committee Program (ACP), Thai Institute of Directors Association (IOD)

Finance for Non-Finance Directors Program (FN), Thai IOD

Director Accreditation Program (DAP), Thai IOD

Director Certification Program (DCP), Thai IOD

Work Experience

1973 - Present : Program Manager, Labor Relations Program for Labor Union Leaders, and Labor Economics and Human Resource Management Program, Faculty of Economics, Chulalongkorn University

: Special Lecturer at universities including Thammasat, Silpakorn, Krirk, and University of the Thai Chamber of Commerce

: Guest Lecturer at several institutions including Institute of Police Administration Development, Directorate of Civil Affairs of the Royal Thai Army School, and National Defense College

Present Position

Associate Professor; Director of Labor and Management Development Center, Faculty of Economics, Chulalongkorn University

Director of EGAT since April 7, 2004

Reappointed as Director of EGAT on October 24, 2006



Mr. Sanit Rangnoi
Director

Age 58

Education / Training

M.Sc. (Industrial Engineering), Pennsylvania State University, U.S.A.

B.Eng. (Industrial Engineering), Chulalongkorn University

B.A. (Economics), Sukhothai Thammathirat University

Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)

Director Certification Program (DCP), Thai IOD

Finance for Non-Finance Director Program (FN), Thai IOD

Work Experience

2003 : Director-General, Comptroller General's Department

2004 - 2006 : Deputy Permanent Secretary, Ministry of Finance

2006 : Director-General, Excise Department

Present Position

- Director-General, Revenue Department, Ministry of Finance

Director of EGAT Plc since August 18, 2005

Director of EGAT since August 29, 2006

Reappointed as Director of EGAT on October 24, 2006



Mrs. Gasinee Witoonchart
Director

Age 59

Education / Training

MBA. (Business Administration), University of Texas at Austin, U.S.A.

B.B.A. (Finance and Banking), Honors, Thammasat University

Work Experience

2000 - 2001 : Member of the Curriculum Improvement Committee, Faculty of Commerce and Accountancy, Thammasat University

2001 - 2004 : Member of the Audit Committee, University Council, Thammasat University

Present Position

- Dean, Faculty of Commerce and Accountancy, Thammasat University

Director of EGAT Plc since September 16, 2005

Vacated office on March 23, 2006



Mr. Sun Vithespongse
Director

Age 52

Education / Training

B.Sc. (Economics), Tasmania University, Australia
National Defense Regular Course (Class of 4616), National Defense College
Director Certification Program (DCP), Thai Institute of Directors Association (IOD)

Work Experience

1996 - 1998 : Alternate Executive Director, World Bank, Washington, U.S.A.
1998 - 1999 : Director, Loan Policy and Management Division, Fiscal Policy Office

Present Position

- Deputy Director-General, Public Debt Management Office, Ministry of Finance

Director of EGAT since August 29, 2006

Vacated office on October 23, 2006



Mr. Kraisi Karnasuta
Director (ex-officio)

Age 59

Education / Training

M.S. (Electrical Engineering), University of Washington, U.S.A.
B.Eng. (Electrical Engineering), Chulalongkorn University National Defense Regular Course (Class of 43), National Defense College
Advanced Management Program (AMP), Harvard Business School, Harvard University, U.S.A.
Director Certification Program (DCP), Thai Institute of Directors Association (IOD)
Understanding the Fundamental of Financial Statements (UFS) Program, Thai IOD

Work Experience

1998 - 2000 : Assistant Governor - Transmission System Operation, EGAT
2000 - 2002 : President, Maintenance Business, EGAT
2002 - 2003 : President, Electricity Generating Public Company Limited (EGCO)
2004 : EGAT Deputy Governor - Policy and Planning
September 2004 : EGAT Governor and Ex-officio Director
June 2005 - March 2006 : Chief Executive Officer, EGAT Plc

Present Position

- EGAT Governor and Ex-officio Director serving as Secretary to the Board of Directors

Board of Directors

(October 24 – December 31, 2006)



Mr. Pornchai Rujiprapa
Chairman

Age 54

Education / Training

- Ph.D., M.Sc. (Regional Economics), University of Pennsylvania, U.S.A.
- M.P.A.(Programming Planning Administration), National Institute of Development Administration (NIDA)
- B.Sc. (Agro-Industry), Kasetsart University
- National Defense Course (Class of 41), National Defense College
- Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)

Work Experience

- 1997 - 1999 : Executive Director, Office of the Regional Economic Development Cooperation Committee, Office of the National Economic and Social Development Board (NESDB)
- 1999 - 2003 : Deputy Secretary-General, National Economic and Social Development Board (NESDB)
- 2003 - 2006 : Deputy Permanent Secretary, Ministry of Energy

Present Position

- Permanent Secretary, Ministry of Energy

Chairman of the Board of EGAT since October 24, 2006



Mr. Krit Garnjana-Goonchorn
Director

Age 58

Education / Training

- Ph.D. (International Law), University of Manchester, U.K.
- Diploma in International Law, University of Manchester, U.K.
- B.A. (Law), University of Oxford, U.K.

Work Experience

- 2001 - 2002 : Deputy Permanent Secretary, Ministry of Foreign Affairs
- 2002 - 2004 : Ambassador Extraordinary and Plenipotentiary of Thailand to the French Republic

Present Position

- Permanent Secretary, Ministry of Foreign Affairs

Director of EGAT since October 24, 2006



Mr. Pongpayome Vasaputi
Director

Age 58

Education / Training

Master of Public Administration (Honors), National Institute of Development Administration (NIDA)
B.A. (Political Science), Honors, Chulalongkorn University

Work Experience

- 2003 - 2004 : Director-General, Department of Local Administration
- 2004 : Director-General, Department of Disaster Prevention and Mitigation
- 2004 - 2005 : Governor of Nakhon Ratchasima Province
- 2005 - 2006 : Inspector General, Ministry of Interior

Present Position

- Permanent Secretary, Ministry of Interior

Director of EGAT since October 24, 2006



Mr. Lae Dilokvidhyarat
Director

Age 59

Education / Training

M.A. (Development Studies), the Institute of Social Studies, The Hague, The Netherlands
B.A. (Political Science) Chulalongkorn University
Audit Committee Program (ACP), Thai Institute of Directors Association (IOD)
Finance for Non-Finance Directors Program (FN), Thai IOD
Director Accreditation Program (DAP), Thai IOD
Director Certification Program (DCP), Thai IOD

Work Experience

- 1973 - Present : Program Manager, Labor Relations Program for Labor Union Leaders, and Labor Economics and Human Resource Management Program, Faculty of Economics, Chulalongkorn University
- : Special Lecturer at universities including Thammasat, Silpakorn, Krirk, and University of the Thai Chamber of Commerce
- : Guest Lecturer at several institutions including Institute of Police Administration Development, Directorate of Civil Affairs of the Royal Thai Army School, and National Defense College

Present Position

Associate Professor; Director of Labor and Management Development Center, Faculty of Economics, Chulalongkorn University

Director of EGAT since April 7, 2004

Reappointed as Director of EGAT on October 24, 2006



Mr. Vitaya Kotcharug
Director

Age 64

Education / Training

B.Eng. (Electrical Engineering) , Chulalongkorn University
Director Accreditation Program (DAP), Thai Institute of
Directors Association (IOD)

Work Experience

1996 - 1997 : President, Mae Moh Power Plant, EGAT
1997 - 2000 : President, Generation Business 2, EGAT
2000 - 2002 : EGAT Governor

Director of EGAT since October 24, 2006

Mr. Chalerm Sak Wanichsombat
Director

Age 58

Education / Training

M.Sc (Soil Science), University of Missouri, U.S.A.
B.Sc. (Soil Science), Kasetsart University
Senior Executive Program 1 (Class of 9), Office of the Civil
Service Commission
Senior Executive Program 2 (Class of 17), Office of the
Civil Service Commission
National Defense Regular Course (Class of 43), National
Defense College

Work Experience

2005 - 2006 : Deputy Permanent Secretary, Ministry of Natu-
ral Resources and Environment
2006 : Deputy Permanent Secretary, Ministry of Natu-
ral Resources and Environment, Acting Secre-
tary-General, Office of Natural Resources and
Environmental Policy and Planning

Present Position

- Director-General, National Park, Wildlife and Plant
Conservation Department, Ministry of Natural Resourc-
es and Environment

Director of EGAT since October 24, 2006



Mr. Chulasingh Vasantasingh
Director

Age 56

Education / Training

Master of Comparative Law, University of Illinois, U.S.A.
Bachelor of Law (Honors), Chulalongkorn University
Barrister at Law with the School of Thai Bar
National Defense Regular Course (Class of 38), National Defense College
Director Certification Program (DCP), Thai Institute of Directors Association (IOD)
Finance for Non-Finance Directors Program (FN), Thai IOD
Understanding the Fundamental of Financial Statements (UFS) Program, Thai IOD

Work Experience

2000 : Director-General, International Affairs Department, Office of the Attorney General
2002 : Director-General, Department of Attorney General Litigation
2004 : Director-General, Department of Legal Counsel, Office of the Attorney General
2005 : Inspector General, Office of the Attorney General

Present Position

- Deputy Attorney General, Office of the Attorney General

Director of EGAT since April 21, 2004

Reappointed as Director of EGAT on October 24, 2006



Mr. Sanit Rangnoi
Director

Age 58

Education / Training

M.Sc. (Industrial Engineering), Pennsylvania State University, U.S.A.
B.Eng. (Industrial Engineering), Chulalongkorn University
B.A. (Economics), Sukhothai Thammathirat University
Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)
Finance for Non-Finance Director Program (FN), Thai Institute of Directors Association (IOD)

Work Experience

2003 : Director-General, Comptroller General's Department
2004 - 2006: Deputy Permanent Secretary, Ministry of Finance
2006 : Director-General, Excise Department

Present Position

- Director-General, Revenue Department, Ministry of Finance

Director of EGAT Plc since August 18, 2005

Director of EGAT since August 29, 2006

Reappointed as Director of EGAT on October 24, 2006



Mr. Arkhom Termpittayapaisith
Director

Age 50

Education / Training

M.A. (Development Economics), Williams College, U.S.A.
 B.A. (Economics), Thammasat University
 National Defense Course (Class of 35), National Defense College

Work Experience

2000 - 2003 : Assistant Secretary-General, National Economic and Social Development Board (NESDB)
 2003 - 2004 : Senior Advisor in Policy and Plan , Office of the National Economic and Social Development Board (NESDB)

Present Positions

- Deputy Secretary-General, National Economic and Social Development Board (NESDB)
- Chief Parliamentary and Liaison Officer
- Chief Information Officer (CIO), Office of the National Economic and Social Development Board (NESDB)

Director of EGAT since October 24, 2006

Lt. Gen. Somphon Virasakdi
Director

Age 56

Education / Training

B.Sc., Royal Cadet Academy
 B.A. (Mass Communications), Sukhothai Thammathirat University
 Chief of Staff Regular Course, Chief of Staff School (Class of 61)
 Chief of Staff Course, Joint Staff College (Class of 37)
 National Defense Regular Course (Class of 45), National Defense College
 Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)
 Director Certification Program (DCP), Thai IOD

Work Experience

2002 - 2003 : Vice Chairman, Narcotics Suppression Committee, Armed Forces Security Center, Supreme Command Headquarters
 2003 - 2005 : Deputy Commanding General, Armed Forces Security Center, Supreme Command Headquarters

Present Position

- Director of Joint Communications, Supreme Command Headquarters

Director of EGAT since October 24, 2006



Mr. Kraisi Karnasuta
Director (ex-officio)

Age 59

Education / Training

M.S. (Electrical Engineering), University of Washington, U.S.A.

B.Eng. (Electrical Engineering), Chulalongkorn University
National Defense Regular Course (Class of 43), National Defense College

Advanced Management Program (AMP), Harvard Business School, Harvard University, U.S.A.

Director Certification Program (DCP), Thai Institute of Directors Association (IOD)

Understanding the Fundamental of Financial Statements (UFS) Program, Thai IOD

Work Experience

1998 - 2000 : Assistant Governor - Transmission System Operation, EGAT

2000 - 2002 : President, Maintenance Business, EGAT

2002 - 2003 : President, Electricity Generating Public Company Limited (EGCO)

2004 : EGAT Deputy Governor - Policy and Planning

September 2004 : EGAT Governor and Ex-officio Director

June 2005 - March 2006 : Chief Executive Officer, EGAT Plc

Present Position

EGAT Governor and Ex-officio Director serving as Secretary to the Board of Directors

Executives



Mr. Kraisi Kamasuta
Governor

Age 59

Education / Training

- M.Sc. in Electrical Engineering, University of Washington, U.S.A.
- Bachelor of Engineering (Electrical Engineering), Chulalongkorn University
- National Defense Regular Course (Class of 43), National Defense College
- Advanced Management Program (AMP), Harvard Business School, U.S.A.
- Director Certification Program (DCP), Thai Institute of Directors Association (IOD)
- Understanding the Fundamental of Financial Statements (UFS) Program, Thai IOD

Work Experience

| | |
|-------------------|---|
| October 24, 2006 | EGAT Governor and Ex-officio Director serving as Secretary to the Board of Directors |
| March 31, 2006 | EGAT Governor |
| June 24, 2005 | EGAT Plc Chief Executive Officer |
| September 6, 2004 | EGAT Governor |
| January 1, 2004 | Deputy Governor - Policy and Planning |
| December 1, 2003 | Deputy Governor under the supervision of the Governor, acting as Chief Planning Officer |
| October 28, 2002 | President, Electricity Generating Public Company Limited (EGCO) |
| October 1, 2000 | President - Maintenance Business, EGAT |



Mr. Ratanapong Jongdamgerng
Deputy Governor - Policy and Planning

Age 57

Education / Training

- MBA. (Business Administration), Thammasat University
- Bachelor of Engineering (Electrical Engineering), Chulalongkorn University
- Executive Information on Financial Market Program, Continuing Education Center (CEC), Chulalongkorn University
- Director Certification Program (DCP), Thai Institute of Directors Association (IOD)
- Senior Executive Development Program - 1, GE Company, U.S.A.
- Management of Public Economy for Executive Course, King Prajadhipok's Institute
- Advanced Management Program (AMP), Harvard Business School, U.S.A.
- Positioning Utility Executives for Change Program, University of Idaho, U.S.A.

Work Experience

| | |
|-----------------|---|
| October 1, 2006 | Deputy Governor - Policy and Planning |
| March 31, 2006 | Assistant Governor - Information Technology |
| June 24, 2005 | Assistant Chief Executive Officer - Information Technology |
| October 1, 2004 | Assistant Governor - Information Technology |
| October 1, 2003 | Assistant Governor - Administration and Finance - Transmission System Group |
| October 6, 2000 | Assistant Governor - Power Purchase |



Mrs. Surang Boontanon
Deputy Governor - Account and Finance

Age 59

Education / Training

- Bachelor of Commerce and Accountancy, Chulalongkorn University
- Executive Information on Financial Market Program, Continuing Education Center (CEC), Chulalongkorn University
- Director Certification Program (DCP), Thai Institute of Directors Association (IOD)
- Senior Executive Development Program - 1, GE Company, U.S.A.
- Finance for Executives Program, Kellogg School of Management

Work Experience

- | | |
|-----------------|---|
| October 1, 2006 | Deputy Governor - Account and Finance |
| March 31, 2006 | Assistant Governor - Administration and Finance - Generation Group |
| June 24, 2005 | Executive Vice President - Administration and Finance - Generation Business |
| October 1, 2003 | Assistant Governor - Administration and Finance - Generation Group |



Mr. Apichart Dilogsophon
Deputy Governor - Administration

Age 57

Education / Training

- MBA. (Business Administration), Kasetsart University
- B.Eng. (Civil Engineering), Chulalongkorn University
- Executive Information on Financial Market Program, Continuing Education Center (CEC), Chulalongkorn University
- Director Certification Program (DCP), Thai Institute of Directors Association (IOD)
- Senior Executive Development Program - 1, GE Company, U.S.A.
- Positioning Utility Executives for Change Program, University of Idaho, U.S.A.

Work Experience

- | | |
|-----------------|--|
| October 1, 2006 | Deputy Governor - Administration, acting as EGAT Spokesman |
| March 31, 2006 | Assistant Governor – Services |
| October 1, 2005 | Assistant Chief Executive Officer - Services |
| June 24, 2005 | Executive Vice President - Demand Side Management |
| October 1, 2004 | Assistant Governor - Demand Side Management |



Ms. Sutharat Angchanpen
Deputy Governor - Development

Age 59

Education / Training

- B.Eng. (Electrical Engineering) 2nd Class Honor, Chulalongkorn University
- Director Certification Program (DCP), Thai Institute of Directors Association (IOD)
- Management of Public Economy for Executive Course, King Prajadhipok's Institute

Work Experience

| | |
|-----------------|---|
| October 1, 2006 | Deputy Governor - Development |
| March 31, 2006 | Deputy Governor - Transmission System Development |
| October 1, 2005 | Senior Executive Vice President - Transmission System Development |
| June 24, 2005 | Senior Executive Vice President - System Control |
| October 1, 2004 | Deputy Governor - System Control |
| October 1, 2003 | Assistant Governor - System Control |
| October 1, 2001 | Assistant Governor - Transmission System Maintenance |



Mr. Sombat Sarntijaree
Deputy Governor - Generation

Age 57

Education / Training

- Master of Engineering (Mechanical Engineering), Lamar University, U.S.A.
- B.Eng. (Mechanical Engineering), Kasetsart University
- Director Certification Program (DCP), Thai Institute of Directors Association (IOD)
- Senior Executive Development Program - 1, GE Company
- Public Law and Management Course, King Prajadhipok's Institute
- Senior Executive Program (SEP), Sasin Graduate Institute of Business Administration of Chulalongkorn University

Work Experience

| | |
|-----------------|---|
| October 1, 2006 | Deputy Governor – Generation |
| March 31, 2006 | Deputy Governor - Operation and Maintenance |
| August 1, 2005 | Senior Executive Vice President - Operation and Maintenance |
| June 24, 2005 | Executive Vice President - Power Plant 1 |
| October 1, 2003 | Assistant Governor - Power Plant 1 |
| October 6, 2000 | Vice President - Generation Business 1 - Power Plant |



Mr. Payap Pongpirodom
Deputy Governor - Fuel

Age 58

Education / Training

- Master of Engineering (Geotechnical Engineering), Asian Institute of Technology (AIT)
- B.Eng. (Civil Engineering), 2nd Class Honor, Chulalongkorn University
- Senior Executive Development Program - 1, GE Company, U.S.A.
- Executive Information on Financial Market Program, Continuing Education Center (CEC), Chulalongkorn University
- Director Certification Program (DCP), Thai Institute of Directors Association (IOD)
- Senior Management Development Program, Harvard Business School Alumni Club of Malaysia

Work Experience

| | |
|-----------------|---|
| October 1, 2006 | Deputy Governor - Fuel |
| March 31, 2006 | Assistant Governor - Solid Fuel Operation |
| June 24, 2005 | Executive Vice President - Fuel |
| October 1, 2003 | Assistant Governor - Solid Fuel Operation |
| October 6, 2000 | Vice President - Fuel Business - Planning and Development |



Mr. Chamnong Wongsawang
Deputy Governor - Transmission System

Age 60

Education / Training

- B.Eng. (Electrical Power Engineering), 2nd Class Honor, Chulalongkorn University
- Director Certification Program (DCP), Thai Institute of Directors Association (IOD)
- Public Law and Management Course, King Prajadhipok's Institute

Work Experience

| | |
|-----------------|---|
| March 31, 2006 | Deputy Governor - Transmission System |
| June 24, 2005 | Senior Executive Vice President - Transmission System |
| October 1, 2003 | Deputy Governor - Transmission System |
| October 1, 2001 | Assistant Governor - Transmission System Operation |



Mr. Vinit Tangnoi
Deputy Governor - System Control

Age 55

Education / Training

- M.Sc. in Industrial Engineering, University of Texas, U.S.A.
- B.Eng. (Mechanical Engineering), Kasetsart University
- Director Certification Program (DCP), Thai Institute of Directors Association (IOD)
- Senior Executive Development Program - 1, GE Company, U.S.A.
- Advanced Management Program, Harvard Business School, U.S.A.
- Senior Executive Program (SEP), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Army War College Regular Program, Institute of Army Academics

Work Experience

| | |
|-----------------|--|
| March 31, 2006 | Deputy Governor - System Control |
| October 1, 2005 | Senior Executive Vice President - System Control |
| June 24, 2005 | Assistant Chief Executive Officer - Planning |
| October 1, 2004 | Assistant Governor - Policy and Planning |
| October 1, 2003 | Assistant Governor - Fuel Management |

Executives Posted to EGAT's Affiliates



Mr. Narong Sitasuwan

Age 58

Engineer Level 14 under supervision of the Governor, Appointed as Managing Director, Ratchaburi Electricity Generating Holding Public Company Limited (RATCH)

Education / Training

- M.Sc. (Mechanical and Aerospace Engineering), Illinois Institute of Technology, U.S.A.
- B.Eng. (Mechanical Engineering), 2nd Class Honor, Chulalongkorn University
- Director Certification Program (DCP), Thai Institute of Directors Association (IOD)
- Positioning Utility Executives for Change Program, University of Idaho, U.S.A.

Work Experience

| | |
|-------------------|--|
| April 21, 2006 | Engineer Level 14 under the supervision of the Governor, Appointed as Managing Director, Ratchaburi Electricity Generating Holding Public Company Limited (RATCH) |
| March 31, 2006 | Senior Deputy Governor - Generation Group, EGAT |
| June 24, 2005 | President - Generation Business, EGAT |
| October 1, 2003 | Senior Deputy Governor - Generation Group |
| November 15, 2002 | President - Maintenance Business |
| October 1, 1998 | Vice President - Maintenance Business |



Mr. Visit Akravinek

Age 58

Engineer Level 14 under supervision of the Governor, Appointed as President, Electricity Generating Public Company Limited (EGCO)

Education / Training

- Master of Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- B.Eng. (Electrical Engineering), Chulalongkorn University
- Director Certification Program (DCP), Thai Institute of Directors Association (IOD)
- Management of Public Economy for Executive Course, King Prajadhipok's Institute

Work Experience

| | |
|-------------------|---|
| March 31, 2006 | Engineer Level 14 under the supervision of the Governor, Appointed as President, Electricity Generating Public Company Limited (EGCO) |
| August 1, 2005 : | Engineer Level 14 under the supervision of the Chief Executive Officer, Appointed as President, Electricity Generating Public Company Limited (EGCO) |
| June 24, 2005 : | Senior Executive Vice President - Operation and Maintenance, EGAT |
| October 1, 2003 : | Deputy Governor - Operation and Maintenance |
| October 1, 1999 : | Vice President - Generation Business 1 - Bang Pakong Power Plant |

Executives Retiring during the Year



Mr. Kamphuy Jiraruensak
Senior Deputy Governor - Transmission System Group

(October 1, 2003 - September 30, 2006)
Reaching retirement age on October 1, 2006



Mr. Kitti Sirikwin
Senior Deputy Governor - Development Group

(October 1, 2005 - September 30, 2006)
Reaching retirement age on October 1, 2006



Mr. Boonchoo Direksathapon
Senior Deputy Governor - Generation Group

(May 19, 2006 - September 30, 2006)
Reaching retirement age on October 1, 2006



Mr. Santad Jirayuwat
Deputy Governor - Account and Finance

(March 31, 2006 - September 30, 2006)
Reaching retirement age on October 1, 2006

Deputy Governor - Finance
(October 1, 2003 - March 30, 2006)

Deputy Governor - Account and Finance
(October 1, 2002 - September 30, 2003)



Mr. Paiboon Thepmongkol
Deputy Governor - Power Plant

(October 1, 2003 - September 30, 2006)
Reaching retirement age on October 1, 2006



Mr. Sahai Rakyao

Deputy Governor - Fuel

(October 1, 2003 - September 30, 2006)

Reaching retirement age on October 1, 2006



Mr. Pichai Chulpongstorn

Deputy Governor - Administration

Acting as Secretary to Board of Directors and EGAT Spokesman

(March 31, 2006 - September 30, 2006)

Reaching retirement age on October 1, 2006

Deputy Governor - Human Resources and Administration

Acting as Secretary to the Board of Directors and EGAT Spokesman

(October 1, 2003 - November 29, 2005)



Mr. Kajornsak Hotrabhavananda

Deputy Governor - Planning

(March 31, 2006 - September 30, 2006)

Reaching retirement age on October 1, 2006

Deputy Governor - Policy and Planning

(September 16, 2004 - March 30, 2006)



Mr. Vudtichai Eksangsri

Deputy Governor - Power Plant Development

(October 1, 2005 - September 30, 2006)

Reaching retirement age on October 1, 2006

Our decades of expertise and experiences which span a whole breadth of the electricity industry greatly contribute to our high flexibility and adaptability in planning and coping with new challenges in the dynamically changing industry.

Flexible

Corporate Governance

EGAT recognizes the importance of good governance for the organization's sustained growth. Key principles of good governance have been adopted and strictly observed to enhance the transparency and integrity of governance and management and also to provide a fundamental basis for corporate efficiency and effectiveness improvement. In 2006, the Board of Directors decided to develop the corporate governance code to provide guidance for the Board of Directors, management, and employees in performing their respective duties in order to enhance management transparency and systemic business practices and development. EGAT's corporate governance code also complies with the international best practices of good corporate governance including key principles as follows:

1. Responsibility for one's duty
2. Accountability with sufficient competency and efficiency
3. Equitable treatment to all stakeholders
4. Transparency in all operations
5. Clear vision and strategies that lead to the organization's objectives and goals.
6. Ethics in business operations.

The Board of Directors and management have fully applied the above principles in overseeing and managing all operations of EGAT.

Board of Directors

EGAT Board of Directors consists of senior executives from relevant government agencies, experts with relevant experiences, and EGAT Governor who serves as an ex-officio director. Each member of the Board has freedom to express ideas and make decision independently, and discharges their duties with honesty and transparency. To increase the efficiency and integrity of the governance process, the Board appointed a number of committees each comprising directors possessing relevant professional expertise and acumen. These committees included Audit Committee, Task Screening Committee, Risk Management Committee, and Committee for Deputy Governor Nomination.

During 2006, the Board of Directors met totally 14 times: 13 times for regular monthly meetings and once for an extraordinary meeting. A Board meeting schedule is set in advance on a yearly basis to enable all members to attend all meetings. An invitation letter together with meeting agenda and relevant meeting materials are sent to each Director at least five business days before the date of the meeting, except in urgent cases.

During the year, the Board had reviewed and approved the corporate plan, crucial corporate policies and strategies. It also monitored the performance of management and prepared the Board Responsibility

Statement for the integrity of EGAT's financial disclosures in the annual report which included EGAT's and consolidated financial statements prepared in conformity with generally accepted accounting principles as well as other financial information disclosed in the corporate annual report. The Board of Directors viewed that the adequacy and effectiveness of EGAT's internal controls provided a reasonable basis for the Board to be assured that EGAT's and consolidated financial statements were accurate and reliable and disclosed adequate information.

With the visionary leadership of its Board of Directors, EGAT won two prestigious prizes in the Outstanding State Enterprise Awards 2006: the Best Managed State Enterprise Award and the State Enterprise with Outstanding Social Projects Award. Both accolades of pride have reflected EGAT's efficient management and operations consistent with international best practices as well as its commitment to returning benefits to society.

Meeting Attendance of the Board of Directors and Committees (January 1 - March 22, 2006)

| Name | Board of Directors | Audit Committee | Executive Committee | Committee for Deputy Governor Nomination | Risk Management Committee |
|--|--------------------|-----------------|---------------------|--|---------------------------|
| (Times of attendance/ total number of meetings held during the stated period) | | | | | |
| 1. Mr. Chai-Anan Samudavanija ^{a/} | 1/1 | — | — | — | — |
| 2. Mr. Norkun Sitthiphong | 3/3 | — | 4/4 | — | — |
| 3. Pol.Lt.Gen. Dumrongsak Nilkuha | 3/3 | 3/3 | — | — | — |
| 4. Mr. Chulasingh Vasantasingh | 1/3 | — | 3/4 | — | — |
| 5. Mr. Pichai Chunhavajira | 2/3 | — | 2/4 | — | — |
| 6. Mr. Sujarit Patchimnun | 1/3 | — | — | — | — |
| 7. Mrs. Wanee Samphantharak | 3/3 | — | 4/4 | — | — |
| 8. Mr. Lae Dilokvidhyarat | 3/3 | 3/3 | — | — | — |
| 9. Mr. Sanit Rangnoi | 3/3 | — | — | — | — |
| 10. Mrs. Gasinee Witoonchart | 2/3 | 3/3 | — | — | — |
| 11. Mr. Kraisi Karnasuta | 3/3 | — | 4/4 | — | — |

a/ Mr. Chai-Anan Samudavanija resigned from office on February 6, 2006.

Meeting Attendance of the Board of Directors and Committees (March 23 - October 23, 2006)

| Name | Board of Directors | Audit Committee | Task Screening Committee | Risk Management Committee | Committee for Deputy Governor Nomination | Committee for Assistant Governor and Division Director Nomination |
|---|--------------------|-------------------|--------------------------|---------------------------|--|---|
| (Times of attendance/total number of meetings held during the stated period) | | | | | | |
| 1. Mr. Sujarit Patchimnun | 4/8 | — | — | — | — | — |
| 2. Mrs. Wanee Samphantharak | 8/8 | — | 8/8 | — | — | — |
| 3. Mr. Norkun Sithiphong | 8/8 | — | 8/8 | — | 2/2 | 2/2 |
| 4. Mr. Chulasingh Vasantasingh | 6/8 | 5/6 ^{a/} | 7/8 | — | — | — |
| 5. Pol.Lt.Gen. Dumrongsak Nilkuha | 8/8 | 7/7 | 8/8 | — | 2/2 | — |
| 6. Mr. Lae Dilokvidhyarat | 7/8 | 7/7 | — | — | 2/2 | — |
| 7. Mr. Pichai Chunchavajira | 3/8 | — | — | — | — | — |
| 8. Mr. Sanit Rangnoi | 2/2 ^{b/} | — | — | — | — | — |
| 9. Mr. Sun Vithespongse | 1/1 ^{c/} | — | — | — | — | — |
| 10. Mr. Kraisi Karnasuta | 8/8 | — | — | — | 2/2 | 2/2 |

a/ Mr. Chulasingh Vasantasingh was re-appointed as member of the Audit Committee on April 28, 2006.

b/ Mr. Sanit Rangnoi was re-appointed as member of the Board of Directors on August 29, 2006.

c/ Mr. Sun Vithespongse was appointed as member of the Board of Directors on August 29, 2006.

Meeting Attendance of the Board of Directors and Committees (October 24 - December 31, 2006)

| Name | Board of Directors | Audit Committee | Task Screening Committee | Risk Management Committee | Committee for Deputy Governor Nomination | Committee for Assistant Governor and Division Director Nomination |
|--|--------------------|-----------------|--------------------------|---------------------------|--|---|
| (Times of attendance/ total number of meetings held during the stated period) | | | | | | |
| 1. Mr. Pornchai Rujiprapa | 3/3 | — | — | — | — | — |
| 2. Mr. Krit Garnjana-Goonchorn | 0/3 | — | — | — | — | — |
| 3. Mr. Pongpayome Vasaputi | 1/3 | — | — | — | — | — |
| 4. Mr. Lae Dilokvidhyarat | 3/3 | 2/2 | — | — | — | — |
| 5. Mr. Vitaya Kotcharug | 3/3 | 2/2 | 2/2 | — | — | — |
| 6. Mr. Chalernsak Wanichsombat | 3/3 | — | 1/2 | — | — | — |
| 7. Mr. Chulasingh Vasantasingh | 2/3 | 2/2 | 2/2 | — | — | — |
| 8. Mr. Sanit Rangnoi | 3/3 | — | — | — | — | — |
| 9. Mr. Arkhom Termittayapaisith | 3/3 | — | 2/2 | — | — | — |
| 10. Lt.Gen. Somphon Virasakdi | 3/3 | — | — | — | — | — |
| 11. Mr. Kraisi Karnasuta | 3/3 | — | — | — | — | — |

Financial and Management Reports

The Audit Committee had reviewed with the Director of the Controller Division and independent auditors, EGAT's financial reports which included annual and quarterly financial statements. The Audit Committee had the same opinion as the independent auditors of the Office of the Auditor General of Thailand that EGAT's and consolidated financial statements were presented, in all material respects, with accuracy, reliability and in conformity with generally accepted accounting principles. The Committee had also reviewed with the Director of the Controller Division monthly financial reports.

For management information systems, EGAT has been implementing a unified Enterprise Resource Planning (ERP) system based on SAP software to integrate and automate all key business processes and operations of EGAT covering a total of 11 modules, namely financial management which includes accounting, controlling, accounts receivable, accounts payable, asset management, cash management and financial management; human resource management; supplier relationship management; purchasing and inventory management; production planning; project management; plant maintenance; sales and distribution; executive information system; strategic enterprise management; and enterprise portal. The new SAP ERP system will improve EGAT working processes, increase efficiency in utilization of the organization's resources, and support the strategic decision-making process of executives.

Internal Control and Audit

Internal Control System

The Board recognizes the importance of the internal control system and exercises supervision and control to ensure the adequacy and efficiency of EGAT's internal control system and procedures commensurate with the acceptable corporate risk exposure limits that enable EGAT's operations to meet its objectives and strategic goals efficiently. The Board also provides

assurance of the integrity and reliability of financial reports and information systems as well as the observance of laws, policies, rules and regulations, and EGAT Code of Conduct and Ethics.

EGAT's internal control system conforms to the orders of the State Audit Commission which are consistent with international best practices. EGAT has established organization structure composed of layers of management with appropriate delegation of authority and responsibilities. It has also laid down rules and regulations covering all operations and human resources management. EGAT Code of Conduct and Ethics have also been established to provide guidance for the Board of Directors, management and all employees in performing their respective duties properly. The Board of Directors and management have led by example in performing their duties with integrity and accountability. They have also ensured the establishment of the sound control environment and the implementation of risk management with adequate and effective risk control activities being exercised across the organization. There have been adequate information and effective communication to ensure that all employees fully understand and adhere to policies and procedures affecting their duties and responsibilities and that relevant information reaches appropriate personnel. Monitoring of the internal control system has been regularly conducted to assess and ensure the adequacy of and compliance with the set policies and procedures. The Internal Audit Office is responsible for monitoring and evaluating independently the internal control system and reporting the results of its evaluations including recommendations to management for further actions.

Internal Audit

EGAT's Internal Audit Office is responsible for providing assurance and advice in order to maximize values and improve EGAT's performance to meet its goals. Its duties include assessing and improving the effectiveness of risk management process, internal control procedures and governance of operations and activities of all units of EGAT. The Internal Audit Office independently performs its duties of auditing according to its annual audit plan approved by the Audit Committee and EGAT Governor and in conformity with the Internal Auditing Profession Standards.

The Internal Audit Office together with management prepare the audit plan in accordance with the risk assessment. Results of the audit and recommendations are reported to the executives of each unit. Quarterly reports on the results of the internal audit and actions taken by management in response to the Office's recommendations are submitted to the Audit Committee, the Governor, and the Board of Directors. In case of any finding of fraudulence, malpractice or any action that may have material impact on EGAT, such finding will be immediately reported directly to the concerned executives.

Audit Committee and Independent Auditors

EGAT Audit Committee consists of three independent directors. Its duties and responsibilities are to oversee and review the adequacy and effectiveness of EGAT's internal control and risk management systems and internal audit; the integrity and reliability of EGAT's financial reports and information disclosure; compliance with all applicable laws, rules and regulations, EGAT Code of Conduct and Ethics including the code on conflict of interest.

The Audit Committee met, on a monthly basis, totally 12 times during 2006 with forward meeting agendas being set at the start of the year.

The Office of the Auditor General of Thailand is EGAT's external auditor performing the auditing independently. In 2006, the Auditor viewed that EGAT had in place adequate and effective internal control processes and its financial reports were presented fairly in all material aspects and in accordance with generally accepted accounting principles.

Risk Management

EGAT has set policies for the implementation of integrated risk management across the organization. The corporate risk management structure is composed of the Risk Management Committee, the Corporate Risk Management and Internal Control Committee responsible for the oversight of the corporate overall

risk management, and the Core Group Risk Management and Internal Control Subcommittee of each commanding line and the Division Risk Management and Internal Control Working Groups responsible for monitoring and implementing risk management processes and activities in their respective areas. Risk management manuals are provided for all commanding lines and divisions to provide consistent guidelines for practices across the organization.

Information Disclosure and Transparency

EGAT makes it a priority policy to disclose financial as well as non-financial information in a sufficient, regular, and timely manner to all concerned parties with equality and fairness. Its channels of information disclosure include the following:

1. EGAT Information Center equipped with a Call Center system to disseminate information in accordance with the Official Information Act B.E. 2540
2. EGAT official website (www.egat.co.th) complete with a web board to disseminate key information on EGAT's operations and activities
3. A real time information system located at the lobby of the Governor's Office Building at EGAT Headquarters which is also linked directly to the Ministry of Energy Operation Center and the Prime Minister Operation Center



4. A database system for management has been developed as a support tool for executive decision-making and to support the Government data exchange in accordance with the development plan on data network system between EGAT and the government agencies

5. Divisional information liaisons have been appointed to communicate additional information with employees within their respective divisions inside EGAT.

Equitable Treatment to Stakeholders

EGAT has recognized the right of all stakeholders - both the internal ones, i.e. employees, executives, and subsidiaries; and the external ones, i.e. customers, trading counterparts, competitors, creditors, public sector, and related agencies, as well as general public and society. EGAT has complied with all applicable laws, rules and regulations and has ensured that the rights of all stakeholders are well protected and that they get equal and fair access to EGAT's information disclosure.

Code of Conduct and Ethics

The Board has performed its duties with honesty, transparency and accountability, in full compliance with the Code of Conduct and Ethics for the State Enterprise Board of Directors. All Directors have devoted themselves to performing their duties with full competence in the best interest of the organization and of the country without seeking personal benefits from their office.

EGAT management and employees have strictly observed EGAT Code of Conduct and Ethics which applies to the entire organization and covers the corporate culture and values, EGAT's business ethics, ethical guidelines for employees, and advice when encountering compliance problems.



Power Development

The present national Power Development Plan - PDP 2004 which covers a 12-year period of 2004 - 2015 was approved by the Cabinet on August 24, 2004. Under the PDP 2004, EGAT was granted an approval for developing four power projects to add new capacities to the country's power system between the years 2008 - 2010 as follows:

| Project | Location (Province) | Fuel | Installed Capacity (MW) | Operation Schedule |
|---|---------------------|-------------|-------------------------|--------------------|
| Chana (Songkhla) combined cycle power plant | Songkhla | Natural gas | 700 | 2008 |
| South Bangkok combined cycle block 3 | Samut Prakan | Natural gas | 700 | 2009 |
| Bang Pakong combined cycle block 5 | Chachoengsao | Natural gas | 700 | 2009 |
| North Bangkok combined cycle block 1 | Nonthaburi | Natural gas | 700 | 2010 |

In addition to the above-mentioned power projects to be developed by EGAT, the Power Development Plan 2004 also includes the renovation of EGAT's old hydropower plants, renewable energy development projects, transmission system expansion projects, and a number of power projects to be undertaken by EGAT or IPPs or neighboring countries.

However, actual electricity demand growth during 2004 - 2006 was lower than projected in the previous load forecast on which the PDP 2004 was based. Therefore, the Thailand Load Forecast Sub-Committee has revised its load projections to be consistent with the actual economic conditions and future outlook. New capacities to be added to the power system during 2011 - 2015 therefore will come from EGAT, IPPs, SPPs, and power purchase from neighboring countries.

Renewable Energy Development

The current power development plan also includes the national renewable portfolio standard (RPS) strategy which requires that 5 percent of new power capacities be derived from renewable energy. EGAT has an RPS obligation of 140 MW that accompanies its four 700 MW combined cycle power projects to be completed in 2008 - 2010. To meet this RPS obligation, its renewable energy planning includes two schemes: one involves a number of renewable energy projects totaling 81.7 MW to be invested and developed by EGAT and another covers the power purchase of about 60 MW from renewable energy-fuelled SPPs through bidding process. EGAT's own renewable energy projects consist of six small hydropower projects totaling 78.7 MW to be developed downstream of the irrigation dams of the Royal Irrigation Department including Pasak Jolasid Dam, Khun Dan Prakan Chon Dam, Chao Phya Dam,

Naresuan Dam, Quae Noi Dam, and Mae Klong Dam, solar cell power projects totaling 1 MW, and wind turbine power projects totaling 2 MW.

However, the Cabinet's resolution of December 12, 2006 endorsed EGAT's plan for the development of its own renewable energy power projects totaling 81.7 MW, but ruled out its proposed plan for power purchase from SPPs using renewable energy through competitive bidding process for the reason that new regulations for power purchase from SPPs have already been revised to include the incentive mechanism in the form of energy payment adder for SPPs using renewable energy. Therefore, EGAT can instead opt to support the government's renewable energy generation promotion measures through this additional tariff or "Adder" mechanism in order to meet the 5% RPS requirement.

Research and Development

Recognizing the importance of research and development to its operations, EGAT has continuously pursued R & D activities with a division established particularly to carry out R & D functions. This also complies well with the current national policy which requires that a state agency allots an outlay for research and development activities in the amount equal to a minimum of 3 percent of its net income and a minimum of 2 percent of each investment project exceeding 5,000 million baht. EGAT's R & D efforts have significantly contributed to the efficiency improvement of its generation system and facilities, added values from generation process, energy efficiency and sustainable energy development.

To further strengthen its R & D performance, a new R & D Steering Committee has been set up since October 2005 to drive new R & D projects and initiatives with aims to:

- Reduce EGAT's import of spare parts, equipment and technologies
- Develop new energy technologies for its generation system
- Increase efficiency and reduce operating costs, and
- Minimize environmental impacts caused by EGAT's operations and activities

The Committee provides a framework for EGAT's new R & D projects including criteria for R & D project proposals and selection, budget allocation for R & D projects, as well as monitoring and evaluating to ensure efficiency and cost-effectiveness of EGAT's R & D projects and their consistency with the Government's R & D policy.

Renovation Projects for Old Hydropower Plants

Renovation of the generators at five hydropower plants which had been in service for over 30 years

will be implemented successively in order to extend service life of those plants and increase their operational efficiency and availability while reducing maintenance cost in the long run. With a total investment of 1,837 million baht, the renovation of the hydropower plants will be completed in 2010.

| Hydropower Plant | Location (Province) | Installed Energy (MW) | Output Capacity (Million kWh) |
|------------------|---------------------|-----------------------|-------------------------------|
| Ubol Ratana | Khon Kaen | 25.2 | 53.6 |
| Nam Pung | Sakon Nakhon | 6 | 16.9 |
| Chulabhorn | Chaiyaphum | 40 | 97.1 |
| Sirindhorn | Ubon Ratchathani | 36 | 81.2 |
| Kaeng Krachan | Phetchaburi | 19 | 69.9 |

Transmission System Projects

In addition to power expansion projects to strengthen the generation system, EGAT has also planned transmission expansion projects to ensure continuity and reliability of the power supply service and to meet future growth. Its transmission development includes transmission projects in various parts of the country as well as interconnection system projects to accommodate additional power import from neighboring countries. Major transmission system projects include the following:

1. Transmission Expansion Project for the Greater Bangkok Area, Phase 2

A continuation from Phase 1, the Transmission Expansion Project for the Greater Bangkok Area, Phase 2 will upgrade the existing 230 kV facilities into 500 kV to increase transmission capacity and reliability of the power supply system within the area, and accommodate the expansion of MEA's distribution systems. This 9,170 million baht transmission expansion project will be due for service around 2008 - 2010.

2. 500 kV Transmission Project to accommodate power purchase from Laos' Nam Ngum 2 Hydroelectric Project

The project involves the construction of 500 kV transmission lines on the Thai side from Nong Khai province, the interconnection point with Laos' transmission line, to Udon Thani 3 substation, totaling 80 kilometers in length. The 3,215 million baht transmission line project scheduled for service in 2010 is to accommodate EGAT's power purchase from Nam Ngum 2 hydroelectric project in Laos.

3. Transmission Expansion Project, Phase 11

The project involves a package of transmission system expansion projects in provincial areas to maintain reliability of the power supply system and support the expansion of PEA's distribution grids to cope with the increasing demand countrywide. In 2006, preparatory works have been underway to submit the project report for the government's approval. The project with a total investment of 23,000 million baht will be completed between the years 2009 - 2011.

4. 500 kV Transmission Project to accommodate power import from Laos' Nam Ngum 3 and Nam Theun 1 Hydroelectric Projects

The project involves the construction of 500 kV transmission lines on the Thai border to accommodate power import from power projects in Laos under the framework of an MOU signed between the Governments of Thailand and Lao People's Democratic Republic for the power purchase of 5,000 MW from Lao PDR. In 2006, EGAT has finalized the negotiation on power purchase agreement which was followed by the signing of an MOU on tariff rates with the developers of Nam Ngum 3 and Nam Theun 1 power projects on December 18, 2006.

The project features the construction of 500 kV lines linking Chaiyaphum 2 substation with Nam Phong 2 substation and Namphong 2-Udon Thani 3 transmission line, and a 500 kV bypass transmission line linking Udon Thani 3 with Chaiyaphum 2 substations. The project is scheduled for operation in 2012.

5. 500 kV Northern-Northeastern Transmission System Project

This 500 kV interconnection project linking Tha Tako substation in the North with Chaiyaphum 2 substation in the Northeast will enable greater electricity transfer from northern and central grids to northeastern grid and will also accommodate future power imports from hydroelectric projects in Laos, and thus boosting energy security of northeastern provinces. The project will be completed in 2012.

Other Projects

EGAT has also pursued the feasibility study of several other power development projects. Among those projects is Hutgyi hydropower project which is one of the hydropower projects to be constructed on the Salween and Tanaosri river basins under an MOU on hydropower development signed between the Governments of Thailand and Myanmar in 2005. The Thai-Myanmar Coordination Committee agreed to select Hutgyi project for feasibility study. In November 2005, EGAT then started a preliminary site survey of the project.

In February 2006, a detailed geological and hydrological study and topographical mapping have been undertaken. In July 2006, EGAT entered into agreement with Sinohydro Corporation from the People's Republic of China for the joint investment and development of Hutgyi hydropower project. Subsequently, in November 2006, the Environment Research Institute Chulalongkorn University was engaged to conduct an environmental impact study of the project. The project implementation has progressed well as planned.

Organization and Human Resource Development

EGAT has further flattened its organizational structure to better serve its future mission. Effective since October 1, 2006, the command layer of senior deputy governors has been removed and the lines of core business and functional areas, each headed by Deputy Governor, have been reduced from ten to eight command lines as follows:

1. Policy and Planning
2. Account and Finance
3. Administration
4. Development
5. Generation
6. Fuel
7. Transmission System
8. System Control

The new streamlined and flattened organizational structure will allow greater autonomy in decision-making and complete management within each business or functional area.

Information and Communication Technology (ICT) Management

EGAT formulates a 5-year information and communication technology (ICT) master plan to provide a framework for the development and management of its ICT to support the corporate objectives and operations. The plan is reviewed every year to better respond to the changing situations. In 2006, the

ICT master plan (2006 - 2010) has been formulated in accordance with EGAT's 2006 business plan and the strategic guidelines provided by the National ICT Master Plan (2002 - 2006). Key ICT strategies under the present master plan include:

1. ICT for business administration and work process improvement
2. ICT for internal and external information service improvement
3. ICT for business and commercial transactions
4. ICT for building up a knowledge-based learning society
5. Development of EGAT Geographical Information System (GIS)
6. Development and standardization of EGAT ICT infrastructure

Major progress in EGAT's ICT development in 2006 included the implementation of a unified Enterprise Resource Planning (ERP) system, the organization-wide implementation of the information security



management systems referring to ISO 17799 security standards, efficiency improvement of the office automation applications, and the promotion of open source software utilization organizationwide. The latter has particularly saved EGAT's IT budget over 60 million baht in 2006 and reduced its risk exposure to violations of software licenses.

Enterprise Resource Planning (ERP) System

After years of preparatory studies for the deployment of an Enterprise Resource Planning (ERP) system, EGAT then started the implementation of a unified ERP system for the entire organization in late 2006. The implementation process to be completed by 2008 involves the design, development and implementation of EGAT ERP system based on SAP software. EGAT ERP system will create a single, on-line and real time data platform which integrates its front- and back-office functions. The ERP system will cover a total of eleven modules: financial management, human resource management, purchasing and inventory management, production planning, project management, plant maintenance, sales and distribution, executive information system, supplier relationship management, strategic enterprise management and enterprise portal.

EGAT ERP system will improve EGAT's working processes, increase efficiency in utilization of the organization's resources, increase personnel's ability in data analysis, and help reduce capital equipment and maintenance costs. In addition, the new system will also support the strategic decision-making process of executives and can effectively support future extension of EGAT's ICT network.

Planning and preparations for the ERP implementation have been continuously and carefully undertaken since 2004, starting from business and operation process analysis, organizational restructuring, EGAT's IT systems, communication across the organization, software selection, etc. This is to ensure a successful implementation of EGAT ERP system which will enhance EGAT's efficiency in serving Thai society reliably.

Human Resource Management

EGAT believes that employees are human capital critical to the organization's successful operation. Treating individual employees with respect and giving them equal opportunity will boost their confidence and courage to express their opinions and creativity and build up their self-esteem in discharging their respective duties at full potentials. EGAT people are encouraged to foster five desired corporate brand personality traits: Professional, Caring, Flexible, Innovative and Trustworthy - the traits commonly known among EGAT people as "PC-FIT".

Recognizing its employees as the most valuable resources to drive EGAT toward its goal of becoming a world-class organization, EGAT gives high values to human resource management focusing on empowerment through shared responsibilities in the



workplace. A more proactive working style has been adopted to enhance creativity and motivation among EGAT people while developing leadership skills and a new culture of teamwork which will lead EGAT toward a learning organization.

In 2006, EGAT has continuously developed its human resource management (HRM), focusing on the improvement of its performance based management system and competency based management system, performance appraisal system based on competency, development of new generation management teams, and development of learning organization on human resource management and development as well as other knowledge related to EGAT's operations.

Business and operational plans have also been developed to drive EGAT toward its five strategic directions which include: strengthening core businesses, seeking opportunities for business growth, building EGAT into a premium organization, becoming a caring organization for society and environment, and becoming more dynamic and adaptable to change.

Human Resource Development

Human resources are absolutely critical for the success of an organization, especially in the face of rapid changes in the industry. It is of utmost importance to add value of its people to best meet the organization's current and future needs in order to become a world-class organization. Among keys to achieve its goal are through continuing employee development and training and strengthening teamwork spirit which will help develop their potentials and performance to support EGAT's vision and operations more effectively.

In 2006, EGAT has planned its human resource development (HRD) to support the corporate vision, core values, brand personalities, and EGAT's 14 corporate core competencies. HRD programs are designed and customized to cover the targeted employees of all groups and levels. Training road maps have been designed to best meet the needs of individual position competency needs. Major training

and development programs provided for EGAT's people in 2006 include:

- Young Generation Development Program & In Search of EGAT Excellent Team Program
- Get Ready Program
- Management Development Program
- Leadership Development Program
- Executive Development Program
- Preparation for Professional Leader Program
- Senior Executive Development Programs for Assistant Governors and for Division Directors
- Orientation Program for new employees
- General training for employees of all levels

In addition, EGAT's senior executives have been dispatched to comprehensive executive education

programs organized by outside institutions at home and abroad, such as Senior Executive Program of Sasin Graduate Institute of Business Administration of Chulalongkorn University, Advanced Management Program of Harvard Business School in USA, etc. in order to prepare them to address the challenges of the changing world more effectively and efficiently.

Other development tools have also been used for employee development, such as experiential learning through technical and study visits, technical conferences and seminars abroad for the exchanges of knowledge and experiences with leading international companies, experts, academics, and their industry peers. During 2006, a number of EGAT employees of all managerial levels have been dispatched for study visits and international conferences in several countries including Australia, China, Hong Kong, India, Japan, and U.S.A.



EGAT is committed to moving on, side by side with communities and society, conducting our business with integrity and social responsibility. Our aim is to build community capacity and develop the quality of life and the environment.

Caring

Environmental Responsibility



With a commitment to providing electricity supply in an environmentally responsible manner, EGAT had updated its corporate environmental policy in 2006. The intention was to modernize its environmental policy which has been in use since 1999 to better reflect the current changes of environmental issues and social demand.

Its updated environmental policy was announced in commemoration of the World Environment Day on June 5, 2006. In addition to regulatory compliance to protect and minimize impacts upon the environment and natural resources, new focuses of EGAT's 2006 environmental policy are to increase appropriate proportion of renewable and alternative energy in electricity generation, and to promote EGAT's facilities as learning centers and models of best practices in the areas of advanced power technology, environmental management and social responsibility. EGAT encourages all of its power plants to be certified and maintain the standardized environmental management system. Energy efficiency and energy conservation still remain EGAT's invested efforts to be implemented within the organization and for society as a whole. Moreover, EGAT encourages public participation process where concerns and opinions of the

public and all stakeholders will be taken into account in EGAT's operations. Considerable support is also given to research and development in searching for further improvements in operational efficiency and environmental management. These principles and approach will be pursued by all EGAT's employees at all levels.



Environmental Impact Assessment

On June 7, 2006, an environmental impact assessment (EIA) of Bang Pakong Combined Cycle Block 5 was approved by the National Environmental Board (NEB). A project environmental mitigation program was developed based on the recommendations from EIA, comments and conditions attached to the approval by NEB, the experts committee, and the Office of Natural Resources and Environmental Policy and Planning. The principal measures included curbing NO_x emission by halting generation from combined cycle blocks 1 & 2 and strictly controlling NO_x emission from thermal plant units 1 - 4. Continuous stack emission monitoring system (CEMS) is to be installed with real time monitors displaying the measurement at communities surrounding the power plant and linking the data to concerned regulatory agencies such as Industrial Works Department and Pollution Control Department.

To prevent impact from thermal discharge from power plant cooling system, closed cycle cooling water system is selected as a suitable measure to reduce the temperature of cooling water at the final discharge point to the receiving water, Bang Pakong River, to be in compliance with the Industrial Effluent Water Quality Standard. Also, the real time cooling water temperature monitoring will be displayed to public in front of the power plant and at the surrounding communities. All these measures taken will result in the decrease of total substances emissions from Bang Pakong Power Plant and positively contribute to the improvement of overall environmental quality.

Environmental and Social Action Plan

Construction of South Bangkok Combined Cycle Block 3 Project

In 2006, an environmental and social action plan was developed based on the environmental protection and mitigation measures, and environmental quality monitoring programs recommended in the EIA report. This action plan will provide a framework and recommended practical approaches for all concerned agencies and departments to carry out their works in a manner consistent with the directives and conditions attached to an EIA approved by the National Environmental Board. The Cabinet approved the construction of South Bangkok Power Plant Block 3 project on October 25, 2005. The project's environmental and social action plan to be implemented during the 4-year construction period (2006-2009) comprises of 4 work programs: 1) Public Relations and Public Participation Program 2) Environmental Impact Mitigation Measures 3) Environmental Quality Monitoring, and 4) Community Relations Program.

In addition, the Governor of Samut Prakan Province has established and chaired the Joint Monitoring Committee to oversee the project's environmental works and quality of life development for the surrounding communities. The committee members of 20 in total, are represented by concerned agencies and stakeholders such as government agencies, local administration, community leaders, public advocates, management of educational institutions, and from EGAT as the project developer. Throughout the construction period, the committee will closely monitor the project's environmental and social works and provide constructive comments, opinions and recommendations aiming to ensure proper project implementation with minimal environmental impact and benefit contribution to surrounding community.

Construction of Chana Power Plant Project

Highlights of environmental and social action plan for Chana Power Plant Project during 2006 are as follows:

1. Baseline Data of Aquatic Ecosystem and Fishery Resource Utilization in Natab Canal

The study is aimed to evaluate the present status and environmental impact assessment of aquatic ecosystem and fisheries resources utilization in Natab canal prior to the construction of the 700 MW Chana Power Plant in order to develop guidelines to minimize impacts according to sustainable development. The 26-km canal is divided into 4 parts and 9 stations for



sampling of data collection using standard methods. The data collection was monthly conducted from May 2005 to April 2006.

The results from this study reveal that the water quality of Natab canal can be classified as Class 3 of the Surface Water Standard Guideline and Class 4 of the Coastal Sea Water Standard Guideline, suitable for growth and reproduction of aquatic animals including fresh- and brackish-water and marine animals. Water salinity and flood play significant roles in various water quality and biodiversity variation. Diversity index, standing crop, fish catch and abundance of fish larvae in the central part of the canal - the



area between Ban Thung Kuad and Ma Ngon, was significantly higher than those in downstream, mouth of river and coastal zone and associated with monthly rainfall. Fishermen along Natab canal numbered 1,906 and annual fish catch approximated 1,835 metric tons. The average income of a fisherman was 75,000 - 480,000 baht per year.

Anticipated impacts of the project to the ecosystem can be summarized into 3 categories: 1) the impinge-

ment and entrainment of microscopic aquatic animals and planktonic organisms, 2) the discharge of warm water into the canal, and 3) chemical reagents contamination. Controlling of water pump velocity, water temperature, use of closed water system and releasing mixed species of fish can minimize these negative impacts. Therefore, further studies are needed to monitor and evaluate the impacts to the environment and quality of life of the people around the Natab canal watershed.

2. Baseline Data Development for Socio-economic Characteristics and Way of Life of the Community along Natab Canal.

Attitude survey was conducted in 2006 as part of the study to develop baseline data. About 1,000 households from communities residing in 5 sub-districts along the Natab Canal were randomly included in the survey. As high as 75 percent of these households indicated that they recognize the need for the construction of Chana Power Plant project and agree to have the power plant located in Chana district. The rest of 25 percent still disagree with the construction of the project.

The issues of concern by local stakeholders focus mainly on the environmental impacts from water pumping and thermal discharge in the power plant cooling system process which may affect the aquatic life and fingerlings in the Natab Canal, and the construction activities of earth clearing as well as land filling may increase the flooding levels in the vicinity of the project area.

The attitude survey of the community surrounding the project site significantly reflects the attitudes of

the local people toward the project and community participation in receiving project information and communicating their concerns and opinions on the project development. These information and feedbacks will be of good use for EGAT in the continual improvement of the project environmental management.

3. Environmental Inspection Subcommittee

Songkhla Province has officially set up the Environmental Inspection Subcommittee for Chana Power Plant. This subcommittee is chaired by the Director of Regional Environmental Office Region 16 and comprises of other 11 members representing local concerned agencies and stakeholders. Through this channel, local administration and communities will directly participate in the project monitoring to ensure that environmental impact protection and mitigation measures are implemented appropriately. This participatory process will enhance the community capacity, creating a learning process and first-hand observation in environmental management and monitoring technologies in the area of air and water quality monitoring as well as noise level measurement.

EGAT's Environment Day 2006

In commemoration of the 60th Anniversary of His Majesty King Bhumibol's Accession to the Throne, EGAT's Environment Day was held during June 6 – 8, 2006 at its Headquarters under the theme "Following His Majesty's Footprint of Sustainable Development in Electricity Development for Country Prosperity". During this event, EGAT had com-

municated its environmental and social policy and achievements to all employees and the public at large. The showcases marking the event included a signatory for a tribute to His Majesty the King, an announcement of EGAT's updated corporate Environmental Policy 2006, technical seminars and panel discussions, exhibition, open competition on nature drawings, creative reproduction of waste and recycling materials, environmental article writing competition, and making environmental resolutions.

This event marked the first EGAT's Environment Day celebration ever organized and it was successfully attended by participants from academic institutions, private sectors, former EGAT's executives,



press and media, and the people from surrounding communities. Feedbacks received from the event will be useful for the environmental and public participation activities of EGAT in the future.

Corporate Social Responsibility

EGAT has emphasized the importance of corporate social responsibility in all operations and activities to enhance a better quality of life for all and to safeguard the environment. Built on this value, it has conducted operations and activities in a manner that meets ethical and legal expectations and respects people, communities and the environment. Its ultimate aim is to contribute to happiness and success of the entire nation.

Throughout the year 2006, EGAT has continuously contributed to the good of communities and society in various ways, i.e. community development, energy



conservation, educational promotion, support for religious institutions, environmental conservation, assistance and donations for disaster victims and the underprivileged, and many other social services. Major social contribution projects implemented in 2006 are described below.

Biological Way of Life for Sustainable Development Project

For years, EGAT has continuously implemented a Biological Way of Life for Sustainable Development Project to promote and transfer knowledge and know-how on sustainable and self-reliant livelihood based on the royal philosophy of Sufficiency

Economy. Training and demonstrations of simple techniques for biological agriculture and applications of effective microorganisms (EM) have been provided to local administration agencies, agricultural colleges, and particularly local communities in the vicinity of EGAT's power plants and transmission facilities across the country. The project focuses on four areas, including agriculture, fishery, livestock, and environmental conservation.

In 2006, EGAT has partnered with the Office of the Vocational Education Commission to provide support and technical training to totally 89 agricultural and technology colleges, fishery colleges and industrial and community education colleges countrywide which run lead projects to serve as models for rural schools in their locality. With the success of these pilot projects, EGAT has expanded its project to 176 schools in remote areas facing poverty and malnutrition problems to help them launch agriculture for school lunch programs in which teachers and students practice biological farming in schools and use the outputs as raw materials for lunch cooking. It has also collaborated with the Fourth Army Area Command in providing training on biological agriculture to 16 Ponoh Islamic religious schools in four southern border provinces of Thailand.

In addition to the alternative agriculture, EGAT has also promoted many other applications of the EM technology in environmental care, i.e. waste treatment, waste water treatment, remediation of polluted waterways, odor control, etc. Dissemination of knowledge and technology is made through various activities and media including training, lectures, demonstrations, exhibitions, manuals, as well as the project website: www.chivavithee.net.

EGAT's Biological Way of Life for Sustainable Development Project has applied the royal philosophy of Sufficiency Economy in promoting a simple and sustainable way of life friendly to the environment and ecosystem. The project also helps building com-

munity capacity, reviving the traditional values of generosity and collaboration within community and society, and promoting local knowledge and wisdom, as well as continuous learning.



This social project of EGAT has achieved enormous success and has proven to contribute to the good of communities in many parts of the country. The project success has also been testified by many awards it has received over years, including the Best State Enterprise Awards 2006 for Outstanding Social Project which EGAT received from the Ministry of Finance in November 2006.

Reforestation Project

EGAT's reforestation project was launched in 1994 in a national campaign to commemorate the Fiftieth Anniversary of His Majesty King Bhumibol's Accession to the Throne. Recognizing the importance of the restoration of degraded forests and forest preservation, EGAT has continuously implemented its reforestation project which, to date, has covered a total area of 384,000 rai (or 61,440 hectares) of degraded forests. Over 90 percent of these areas are located

in head water forests in the conserved forest areas in northern and southern provinces devastated by slash-and-burn intrusions. The remainder includes mangrove forest areas in southern coastal provinces on the Andaman shores including Krabi, Phang-Nga, and Satun provinces. At the end of 2006, EGAT's plantation progressed to cover a total area of 374,400 rai (or 59,904 ha) which accounted for 97 percent of EGAT's targeted areas for reforestation.

In effort to achieve sustainable success of the reforestation project, EGAT has also provided support and joined force with local communities in various development programs aiming to build community capacity and raise awareness among the local people and particularly the youth on natural resource and environmental conservation and enhance community participation in preserving forests in their locality.

Years of EGAT's unremitting effort to restore the Thai forest to its fertility are flourishing as EGAT has, after years of tree maintenance, handed over the reforested areas to the Royal Forest Department. EGAT's reforestation project has been widely acclaimed by many public and private organizations as a successful social project contributing to natural resource and environmental conservation, with over 160 awards won over the past years, including the 2000 Honorary Silver Conch (Sung Ngerm) Award, the 2003 Award for Outstanding National Social Project in the category of natural resource and environmental conservation, presented by the National Identity Board under the Prime Minister's Office, and etc.

EGAT's Reforestation Project

| Area of Forest Plantation | Number of area (Rai) | Percentage |
|--|----------------------|------------|
| Head water forest area | 371,500 | 97 |
| Mangrove forest area | 8,500 | 2 |
| Other areas, i.e. temple, school compounds | 4,000 | 1 |

| Project Achievement at December 31, 2006 | Number of area (Rai) | Percentage |
|---|----------------------|------------|
| Completed forest plantation | 374,400 | 97 |
| • Reforested areas handed over to the Royal Forest Department | 346,700 | 90 |
| • Reforested areas under maintenance period | 27,300 | 7 |
| Ongoing plantation | 9,600 | 3 |

Demand Side Management

Demand Side Management (DSM) is one of the vital works that EGAT has implemented along with its major mission of power generation and transmission in order to sustain energy for the country and the world.

Its DSM Program has been implemented since 1993 under the program called “Together in Conservation”. The program was designed to promote the efficient use of electricity in all key sectors including residential, commercial, and industrial sectors and to cultivate an energy conservation mindset among young generations. A wide range of DSM programs have successfully been implemented including the Energy-Efficient Label No. 5 Program for several energy-efficient electrical appliances and such attitude creation programs as Green Learning Room Program.

In 2006, DSM Program continued to achieve overwhelming success with the cumulative savings of 1,365 MW peak demand and 7,702 million kWh of energy as well as a reduction of 5.4 million tons of carbon dioxide emissions.

In a national campaign for energy saving in the Government sector, EGAT has been designated by the Ministry of Energy to be on the Technical Subcommittee on National Energy Saving to transfer knowledge and provide training to personnel of various government agencies. EGAT has also served as specialist in the Technical and Vocational Energy Saving



Team to help create and increase the number of new technical advisors to extend the energy saving program to business and industrial sectors countrywide.

Among key DSM programs implemented in 2006 is the Peak Cut Program. Key campaigns launched under this program included Air-Conditioner Cleaning Campaign and Peak Cut in the Northeast Campaign. For the former, EGAT has partnered with key ministries and major companies to campaign for air-conditioner cleaning in their respective office buildings in the summer. Meanwhile, activities have been undertaken to reduce peak load in four northeastern provinces, namely Nakhon Ratchasima, Khon Kaen, Udon Thani and Ubon Ratchathani, which account for 55 percent of the total electricity consumption in this region of the country.

For the residential sector, EGAT has issued new Energy-Efficient Label No. 5 (2006) to further raise energy-efficiency standards of the new models of electrical appliances including refrigerators and air conditioners. The new models of single-door and two-door refrigerators and air conditioners with Label No. 5: Version 2006 can save energy by 50, 33, and 22 percent more than the old model ones respectively.

During the year, EGAT has successively run promotion campaigns under its Nutritious Brown Rice Program to promote the consumption of brown rice, which not only contributes to good health of the Thai people, but also reduces energy used in the milling process. Its activities included participating in community and social events on various occasions to serve free easy dish of hot brown rice topped with Thai-styled omelet to audiences and participants. Campaigns under the Nutritious Brown Rice Program have gained widespread popularity, particularly in such sports events as charity running events where a brown rice dish has become a logo of EGAT in the eyes of runners.

To create positive attitude and consciousness among younger generation, EGAT has installed totally 420 Green Learning Rooms at schools across the country, with over 600,000 young students having joined Green Learning Room activities. In late October 2006, the Green Learning Room in the Globalization Age Contest 2006 was held to give teachers and students opportunities to share their creative ideas for the development of their Green Learning Room.

EGAT has collaborated with the Royal Chitralada Project, a Royal Private Development Project, to pursue further study on the development of a cooling system fuelled by rice husk at Chitralada Palace. The project won the second runner-up prize in the category of Outstanding Off-Grid Connected Renewable Power Project in the Thailand Energy Awards 2006. In addition, it has also supported the Royal Chitralada Project in a study on the development of physic nut (*Jatropha curcas L.*) as substitute fuel for diesel engines used in electricity and heat generation.

EGAT's dedicated effort on energy conservation has been broadly acclaimed locally and internationally. In 2006, EGAT has won the Thailand Energy Awards 2006 in the category of the Outstanding Executive for Energy Conservation in the Designated Factory and the 5th Thailand Corporate Excellence Awards 2006 in the category of Commitment to Energy Conservation Award.

Lab School Project

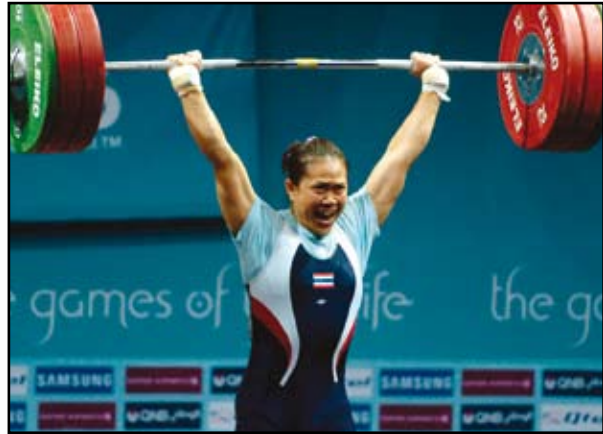
Recognizing the importance of education and learning to the national development, EGAT has continu-



ously provided support to educational institutions and students of all levels. Among its educational promotion activities is the Lab School Project, or commonly known as One District, One Dream School, a Government project aimed to improve the quality of schools to ensure that every district has at least one high quality school to be the role model for other schools in their locality. EGAT has continuously provided financial support to 32 selected schools under the project since 2004.

Funds given to the selected schools are used mainly to develop teaching and learning facilities including computers, libraries and laboratories. In addition to the improvement of school management and environment and teaching techniques, the project also focuses on developing students' creative and analytical thinking capabilities as well computer and language skills.

Sports Promotion



EGAT has provided financial support for the third consecutive year to two amateur sport associations, namely the Petangue Association of Thailand and the Thai Amateur Weightlifting Association with an aim to help raise the standards of sports and promote the development of athletic talents and potentials of Thai players. The Thai Amateur Weightlifting Association, in particular, has successfully developed its players who have won in international competition events, bringing great success and recognition to Thailand in the field of sports.



Grand Celebrations of the 60th Anniversary of HM the King's Accession to the Throne

In 2006, EGAT has joined the nation to celebrate the most auspicious occasion of the Diamond Jubilee of His Majesty King Bhumibol Adulyadej's Accession to the Throne. EGAT organized and joined hands with public and private sectors to organize a variety of events throughout the year 2006 to honor our beloved King. It has proudly supported and participated in organizing the country's Grand Exhibition to celebrate the occasion at Impact Arena, Muang Thong Thani, Bangkok during May - June 2006 and the spectacular Royal Flora Ratchaphruek 2006 held in northern Chiang Mai province from November 2006 through January 2007.



EGAT has also partnered with local administration and communities near its sites in diverse community development programs specifically organized to commemorate the country's auspicious event. One of these social projects is a Clean and Clear Canal Project which EGAT in collaboration with the local administration of Nonthaburi Province has organized to help improve the water quality of polluted canals in the municipalities of Nonthaburi. EGAT has also transferred knowledge and know-how on the applications of effective micro-organisms (EM) for sustainable farming and sustainable living to the local communities. The project aims to improve the environmental quality and return cleanness and clarity to canals and waterways.

In addition, EGAT also provides donations for charity organizations on various occasions. In 2006, several parts of the country had been heavily hit by flood disasters. EGAT had provided donations and aid including mobile medical service, food, clothing, medicine, and other necessities to help relieve the plight of flood victims in several provinces.

Events



HRH Princess Somsawali presided over the 2nd EGAT Speech Contest Awarding Ceremony at the Impact Arena Exhibition and Convention Center, Muang Thong Thani, on June 3, 2006. As part of EGAT's activities to celebrate the 60th Anniversary of His Majesty the King's Accession to the Throne, the speech contest program is aimed to promote among adolescents the royal philosophy of self-sufficient way of life. In this event, EGAT also presented a donation for charity to HRH Princess Somsawali.



EGAT co-sponsored the APEC Clean Fossil Energy Technical and Policy Seminar held under the theme "Clean Coal - Diversifying and Securing Thailand's Energy Future" at Wienglakor Hotel in Lampang province during February 22 - 25, 2006. The seminar was organized by APEC Expert Group on Clean Fossil Energy with participants from 21 APEC member countries.



EGAT joined public and private sectors in organizing a grand exhibition at the Impact Arena Exhibition and Convention Center, Muang Thong Thani during May 26 - June 4, 2006 to commemorate the 60th Anniversary of His Majesty the King's Accession to the Throne. EGAT's exhibit showcases, under the theme "The Great King Who Lights up all Thais' lives", its successful hydropower developments and other development projects implemented under the royal initiatives.

To honor our beloved King, EGAT also participated in the Royal Flora Ratchaphruek 2006 Exhibition held in Chiang Mai during November 1, 2006 - January 31, 2007.



EGAT in collaboration with the local administration of Nonthaburi Province launched the Clean and Clear Canal Project to commemorate the Diamond Jubilee of His Majesty's Accession to the Throne. Under this project, EGAT has provided technical support to help treat and clean water in canals in the municipalities of Nonthaburi by using EM technology for wastewater treatment. Picture shows EGAT Governor Kraisi Karnasuta (center - right) presenting tanks of EM and facilities to the Governor of Nonthaburi Province Mr. Pranai Suwanrath (center - left) on June 6, 2006.



Dr. Sumet Tantivechkul (right), Secretary-General of the Chai Pattana Foundation presented the 5th Thailand Corporate Excellence Awards in the category of Commitment to Energy Saving to EGAT represented by Deputy Governor - System Control, Mr. Vinit Tangnoi (left) on October 4, 2006. The awarding ceremony was held by Thailand Management Association and Sasin Graduate Institute of Business Administration of Chulalongkorn University.

(Top - Right) EGAT Senior Deputy Governor - Transmission System, Mr. Kamphuy Jiraruensak (second from left) received the Thailand Energy Awards 2006 in the category of Outstanding Executive Dedicated to Energy Conservation on July 5, 2006. In this event, EGAT's Cooling System Development Project fuelled by rice husk at the Royal Chitralada Project site also won the second runner-up prize in the category of the Outstanding Non-Grid Connected Renewable Power Project.



EGAT held a seminar with IPPs, SPPs and EGAT's subsidiary companies during August 17 - 18, 2006 at Regent Cha-am Hotel in Phetchaburi province. The event attended by over 300 participants from private power companies and government agencies provided a venue for private and public sectors to exchange information and opinions regarding the power supply industry.



EGAT Governor Kraisi Karnasuta officiated the operation of EGAT's new water treatment system at EGAT Headquarters on September 19, 2006. With EGAT's commitment to sound environmental management, the new high efficiency system was installed to cope with the increasing effluent from the existing office buildings as well as a new office building in the compound of EGAT Headquarters to be open soon.



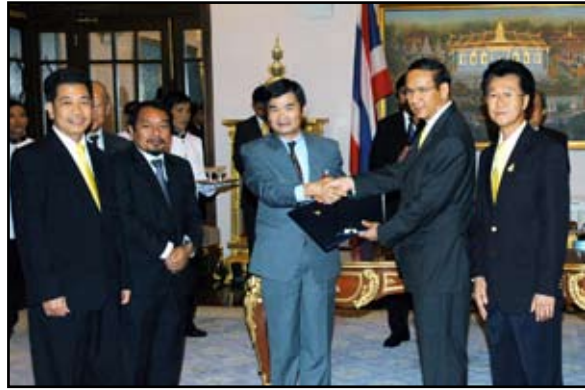
EGAT executives dispatched EGAT's mobile medical units and a convoy of lorries bringing food, basic necessities and medicine in a relief operation to help the local people suffering from flood disasters in several northern and central provinces.



On November 15, 2006, EGAT received two awards in the Best State Enterprise Awards 2006, namely the Best Managed State Enterprise Award, which EGAT has received for the second consecutive year, and the State Enterprise with Outstanding Social Project in recognition of EGAT's Biological Way of Life for Sustainable Development Project.



The Minister of Energy, Mr. Piyasvasti Amranand paid an inspection visit to EGAT Headquarters on November 27, 2006 to observe the construction site and the progress of North Bangkok power plant project and its gas pipeline receiving station in the compound of EGAT Headquarters. The new 700 MW power plant will be due for service in 2010.



Prime Minister General Surayud Chulanont and Prime Minister Buasorn Bupphawan of Lao People's Democratic Republic presided over the MOU signing ceremony between Thailand and Lao PDR on December 18, 2006. Under the MOU signed by Thailand's Energy Minister Mr. Piyasvasti Amranand and Lao Minister on Energy and Minerals Mr. Borsaikam Wongdara, Thailand will increase the purchase of electricity from Laos from 3,000 MW to 5,000 MW within 2015.

In this event, EGAT by Governor Kraisi Karnasuta also signed an MOU on power purchase agreement with the developers of the 523 MW Nam Theun 1 hydroelectric project and the 440 MW Nam Ngum 3 hydroelectric project scheduled for service in 2013.



On December 25, 2006, EGAT Governor Kraisi Karnasuta and executives signed an agreement on the shared commitment for energy conservation by all core business and administration units within EGAT with a target to further cut down the in-house electricity consumption in the year 2007 by 10 percent compared with the year 2004.

Key Statistical Data

System Installed Generating Capacity

| Type of Power Plant | 2006 | | 2005 | | Increase/(Decrease) |
|--------------------------------------|------------------|---------------|------------------|---------------|---------------------|
| | MW | Percentage | MW | Percentage | Percentage |
| EGAT's Power Plants | | | | | |
| Thermal | 6,370.00 | 23.50 | 6,370.00 | 24.08 | — |
| Combined cycle | 5,146.95 | 18.99 | 5,146.95 | 19.46 | — |
| Hydropower | 3,424.18 | 12.63 | 3,424.18 | 12.95 | — |
| Gas turbine | 847.00 | 3.13 | 847.00 | 3.20 | — |
| Diesel | 5.40 | 0.02 | 5.40 | 0.02 | — |
| Renewable energy | 1.04 | — | 1.04 | — | — |
| Subtotal | 15,794.57 | 58.27 | 15,794.57 | 59.71 | — |
| Purchase from | | | | | |
| Domestic private power plants | | | | | |
| IPPs | 8,610.34 | 31.76 | 8,000.00 | 30.25 | 7.63 |
| SPPs | 2,062.30 | 7.61 | 2,015.60 | 7.62 | 2.32 |
| Neighboring countries | | | | | |
| Laos | 340.00 | 1.25 | 340.00 | 1.29 | — |
| EGAT-TNB Interconnection | | | | | |
| System | 300.00 | 1.11 | 300.00 | 1.13 | — |
| Subtotal | 11,312.64 | 41.73 | 10,655.60 | 40.29 | 6.17 |
| Grand Total | 27,107.21 | 100.00 | 26,450.17 | 100.00 | 2.48 |

Monthly Peak Generation Requirement

| Month | Monthly Peak Generation Requirement (MW) | | Increase/(Decrease) | |
|---|--|------------------|---------------------|-------------|
| | 2006 | 2005 | MW | Percentage |
| January | 18,879.20 | 18,261.20 | 618.00 | 3.38 |
| February | 19,695.70 | 18,940.00 | 755.70 | 3.99 |
| March | 20,744.80 | 20,221.50 | 523.30 | 2.59 |
| April | 20,531.30 | 20,537.50 | (6.20) | (0.03) |
| May | 21,064.00 * | 20,536.80 | 527.20 | 2.57 |
| June | 20,439.30 | 19,237.50 | 1,201.80 | 6.25 |
| July | 20,040.30 | 18,960.10 | 1,080.20 | 5.70 |
| August | 19,869.70 | 19,039.40 | 830.30 | 4.36 |
| September | 20,213.50 | 18,775.90 | 1,437.60 | 7.66 |
| October | 20,052.30 | 18,758.70 | 1,293.60 | 6.90 |
| November | 20,443.60 | 19,092.40 | 1,351.20 | 7.08 |
| December | 20,092.20 | 18,449.70 | 1,642.50 | 8.90 |
| Yearly Peak Generation Requirement | 21,064.00 | 20,537.50 | 526.50 | 2.56 |

* Peak generation requirement occurred on May 4, 2006 at 13.30 hours.

Monthly Energy Generation Requirement

| Month | Monthly Energy Generation Requirement (Million kWh) | | Increase | |
|--------------|--|-------------------|-----------------|-------------|
| | 2006 | 2005 | MW | Percentage |
| January | 10,758.91 | 10,232.12 | 526.79 | 5.15 |
| February | 10,791.13 | 10,365.10 | 426.03 | 4.11 |
| March | 12,720.04 | 11,878.09 | 841.95 | 7.09 |
| April | 11,627.47 | 11,309.41 | 318.06 | 2.81 |
| May | 12,436.41 | 12,355.34 | 81.07 | 0.66 |
| June | 12,180.67 | 11,640.59 | 540.08 | 4.64 |
| July | 12,272.51 | 11,420.14 | 852.37 | 7.46 |
| August | 12,233.18 | 11,470.80 | 762.38 | 6.65 |
| September | 11,885.17 | 11,251.67 | 633.50 | 5.63 |
| October | 12,013.14 | 11,546.81 | 466.33 | 4.04 |
| November | 11,925.30 | 11,024.35 | 900.95 | 8.17 |
| December | 11,103.65 | 10,332.56 | 771.09 | 7.46 |
| Total | 141,947.58 | 134,826.98 | 7,120.60 | 5.28 |

Gross Energy Generation and Purchase

| Source | 2006 | | 2005 | | Increase/ (Decrease) Percentage |
|--------------------------------------|-------------------|---------------|-------------------|---------------|---------------------------------------|
| | Million kWh | Percentage | Million kWh | Percentage | |
| EGAT's Power Plants | | | | | |
| Natural Gas | 33,962.69 | 23.93 | 33,065.96 | 24.52 | 2.71 |
| Lignite | 18,027.68 | 12.70 | 18,334.51 | 13.60 | (1.67) |
| Hydropower | 7,950.05 | 5.60 | 5,671.18 | 4.21 | 40.18 |
| Fuel Oil | 7,808.42 | 5.50 | 7,640.01 | 5.67 | 2.20 |
| Diesel Oil | 76.92 | 0.05 | 175.73 | 0.13 | (56.23) |
| Renewable energy | 2.56 | – | 2.26 | – | 13.16 |
| Subtotal | 67,828.32 | 47.78 | 64,889.65 | 48.13 | 4.53 |
| Purchase from | | | | | |
| Domestic private power plants | | | | | |
| - IPPs | 55,362.65 | 39.00 | 51,989.60 | 38.56 | 6.49 |
| - SPPs | 13,600.24 | 9.58 | 13,571.59 | 10.06 | 0.21 |
| Neighboring Countries | | | | | |
| - IPPs | 1,950.77 | 1.38 | 1,778.46 | 1.32 | 9.69 |
| - Neighboring utilities | 3,205.60 | 2.26 | 2,597.68 | 1.93 | 23.40 |
| Subtotal | 74,119.26 | 52.22 | 69,937.33 | 51.87 | 5.98 |
| Grand Total | 141,947.58 | 100.00 | 134,826.98 | 100.00 | 5.28 |

Energy Sales

| Customers | 2006 | | 2005 | | Increase/ (Decrease) Percentage |
|--|-------------------|---------------|-------------------|---------------|---------------------------------------|
| | Million kWh | Percentage | Million kWh | Percentage | |
| Metropolitan Electricity Authority (MEA) | 42,856.94 | 31.96 | 41,439.84 | 32.62 | 3.42 |
| Provincial Electricity Authority (PEA) | 88,630.33 | 66.10 | 83,135.37 | 65.45 | 6.61 |
| Direct customers | 1,587.27 | 1.18 | 1,590.89 | 1.25 | (0.23) |
| Standby power supply | 109.85 | 0.08 | 50.41 | 0.04 | 117.91 |
| Electricite du Laos (EDL) | 586.01 | 0.44 | 494.20 | 0.39 | 18.58 |
| Tenaga Nasional Berhad (TNB) - Malaysia | 0.12 | – | 1.16 | – | (89.65) |
| Other minor customers | 313.83 | 0.24 | 315.21 | 0.25 | (0.44) |
| Total | 134,084.35 | 100.00 | 127,027.08 | 100.00 | 5.56 |

Average Energy Sales Price

| Customers | 2006 | 2005 | Increase/ (Decrease) Percentage |
|--|-------------|-------------|---------------------------------------|
| | Baht/kWh | Baht/kWh | |
| Metropolitan Electricity Authority (MEA) | 2.42 | 2.30 | 5.22 |
| Provincial Electricity Authority (PEA) | 2.47 | 2.13 | 15.96 |
| Direct customers | 2.44 | 2.19 | 11.42 |
| Standby power supply | 4.68 | 5.65 | (17.17) |
| Other minor customers | 1.58 | 1.57 | 0.64 |
| Overall Average Sales Price * | 2.46 | 2.04 | 20.59 |

* Excluding inter-company transactions between EGAT and subsidiary

Transmission System

| Voltage Level (kV) | Line Length (Circuit-kilometers) | 2006 | | 2005 | | |
|-----------------------|-------------------------------------|--------------------------|--|-------------------------------------|--------------------------|--|
| | | Number of Substations | Transformer Capacity Capacity (MVA) | Line Length (Circuit-kilometers) | Number of Substations | Transformer Capacity Capacity (MVA) |
| 500 | 3,432.90 | 9 | 12,449.98 | 3,337.76 | 9 | 12,049.98 |
| 230 | 12,797.64 | 64 | 38,360.04 | 12,134.46 | 59 | 37,760.04 |
| 132 | 8.71 | – | 133.40 | 8.71 | – | 133.40 |
| 115 | 13,777.56 | 130 | 14,726.24 | 13,703.09 | 131 | 14,652.24 |
| 69 | 52.07 | 2 | 108.00 | 52.07 | 2 | 108.00 |
| 300 (HVDC) | 22.99 | – | 348.18 | 22.99 | – | 348.18 |
| Total | 30,091.87 | 205 | 66,125.84 | 29,259.08 | 201 | 65,051.84 |

Fuel Consumption

| Type of Fuel | 2006 | 2005 | Increase/(Decrease) Percentage |
|------------------------------------|------------|------------|-----------------------------------|
| Natural gas * (million cubic feet) | 312,158.57 | 305,156.01 | 2.29 |
| Fuel oil (million liters) | 1,883.14 | 1,836.74 | 2.53 |
| Lignite (million tons) | 15.82 | 16.57 | (4.53) |
| Diesel oil (million liters) | 21.48 | 49.81 | (56.88) |

* Excluding gas supply provided for REGCO, KEGCO and RGCO

Reservoir Operation

| Operation | | 2006 | 2005 | Increase/ (Decrease) Percentage |
|--|------------------------|--------|--------|---------------------------------------|
| Total reservoir capacity ^{a/} | (million cubic meters) | 62,330 | 62,330 | – |
| Total storage at year end ^{a/} | (million cubic meters) | 56,132 | 51,185 | 8.81 |
| Total water inflow ^{a/} | (million cubic meters) | 41,727 | 31,907 | 23.53 |
| Total water release ^{a/} | (million cubic meters) | 38,811 | 29,114 | 24.99 |
| - Passed through generators | | 34,690 | 25,523 | 26.43 |
| - Extra release without passing through generators | | 905 | 516 | 42.98 |
| - Extra release for irrigation | | 278 | 425 | (52.88) |
| - Evaporation | | 2,938 | 2,650 | 9.80 |
| Generated energy ^{b/} | (million kWh) | 7,950 | 5,671 | 28.67 |
| Water used for energy generation ^{c/} | (cubic meters/kWh) | 4.92 | 5.05 | (2.64) |
| Water pumped back to upper reservoir ^{d/} | (million cubic meters) | 696 | 540 | 22.41 |

a/ Excluding Tha Thung Na, Pak Mun, and Lam Takhong Dams

b/ All of EGAT's hydropower plants including Khiri Than Dam of the Department of Alternative Energy Development and Efficiency

c/ Excluding Tha Thung Na, Pak Mun, Lam Takhong and other small hydropower plants

d/ Upper reservoir of Lam Takhong Dam

Workforce

| Educational Level | at December 31, 2006 | | at December 31, 2005 | | (Decrease) Percentage |
|-------------------------------|------------------------|---------------|------------------------|---------------|--------------------------|
| | Number of Employees | Percentage | Number of Employees | Percentage | |
| Bachelor's degree and higher | 6,747 | 27.87 | 6,780 | 27.30 | (0.49) |
| Higher vocational certificate | 6,440 | 26.60 | 6,483 | 26.11 | (0.66) |
| Vocational certificate | 4,509 | 18.63 | 4,690 | 18.89 | (3.86) |
| Others | 6,513 | 26.90 | 6,878 | 27.70 | (5.31) |
| Total | 24,209 | 100.00 | 24,831 | 100.00 | (2.50) |

Fully aware that electricity is energy essential to all economic activities and everyday life of every household, EGAT makes it a top priority to maintain and ensure the adequacy, continuity and reliability of its electricity supply service to reach the entire nation – the service the entire nation can always count on.

Trustworthy

Financial Report

(TRANSLATION) AUDITOR'S REPORT

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

The Office of the Auditor General of Thailand has audited the accompanying consolidated balance sheets of the Electricity Generating Authority of Thailand and its subsidiaries and the balance sheets of the Electricity Generating Authority of Thailand as at December 31, 2006 and 2005, and the related consolidated and the Electricity Generating Authority of Thailand's statements of income, changes in equity, and cash flows for the years then ended. These financial statements are the responsibility of the Electricity Generating Authority of Thailand's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General of Thailand is to express an opinion on these financial statements based on the audits and the other auditor's report. The other auditor has audited the financial statements of Ratchaburi Electricity Generating Holding Public Company Limited, which is the subsidiary as stated in the consolidated. The Office of the Auditor General of Thailand received the other auditor's report and used it as a basis in auditing and expressing an opinion on the consolidated and the Electricity Generating Authority of Thailand's financial statements.

The Office of the Auditor General of Thailand conducted the audits in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General of Thailand plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. The Office of the Auditor General of Thailand believes that the audits provide a reasonable basis for the opinion.

In the opinion of the Office of the Auditor General of Thailand based on the audits and the other auditor's report, the consolidated and the Electricity Generating Authority of Thailand's financial statements referred to above present fairly, in all material respects, the financial position of the Electricity Generating Authority of Thailand and its subsidiaries and of the Electricity Generating Authority of Thailand as at December 31, 2006 and 2005, and the results of operations, changes in equity and cash flows for the years then ended in accordance with generally accepted accounting principles.

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

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

Office of the Auditor General
March 1, 2007

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

Unit : Baht

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

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

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

Unit : Baht

| | Notes | Consolidated | | EGAT Only | |
|---|-------------|------------------------|------------------------|------------------------|------------------------|
| | | 2006 | 2005 | 2006 | 2005 |
| LIABILITIES AND EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Trade account payables - others | 5.12 | 34,866,905,712 | 24,212,116,021 | 28,681,494,524 | 19,315,336,929 |
| Trade account payables - related parties | 4.16, 5.4.3 | 6,458,822,331 | 6,499,366,728 | 15,136,797,079 | 13,065,396,300 |
| Current portion of long-term loans | 4.11, 5.14 | 10,756,998,071 | 25,169,615,933 | 7,649,081,967 | 22,357,696,229 |
| Other current liabilities | | | | | |
| Other account payables | | 6,313,007,281 | 9,329,647,142 | 6,057,080,704 | 9,005,965,281 |
| Accrued remittance to the Ministry of Finance | 5.13 | 9,618,061,574 | 8,221,592,871 | 9,618,061,574 | 8,221,592,871 |
| Accrued interest expenses | | 1,176,569,704 | 1,425,322,760 | 1,176,569,704 | 1,425,322,760 |
| Others | | 8,456,867,193 | 5,254,338,397 | 7,126,485,142 | 4,656,749,719 |
| Total current liabilities | | <u>77,647,231,866</u> | <u>80,111,999,852</u> | <u>75,445,570,694</u> | <u>78,048,060,089</u> |
| NON-CURRENT LIABILITIES | | | | | |
| Long-term loans | 4.11, 5.14 | 103,529,444,860 | 113,981,335,534 | 76,359,410,606 | 83,967,635,176 |
| Provision liabilities for mine reclamation | 4.12, 5.15 | 1,660,508,008 | 1,612,852,032 | 1,660,508,008 | 1,612,852,032 |
| Other non-current liabilities | 4.14, 5.16 | 9,261,419,396 | 7,309,535,398 | 9,263,519,396 | 7,309,535,398 |
| Total non-current liabilities | | <u>114,451,372,264</u> | <u>122,903,722,964</u> | <u>87,283,438,010</u> | <u>92,890,022,606</u> |
| TOTAL LIABILITIES | | <u>192,098,604,130</u> | <u>203,015,722,816</u> | <u>162,729,008,704</u> | <u>170,938,082,695</u> |
| EQUITY | | | | | |
| Contribution from the government | 5.17 | 9,438,307,158 | 9,500,639,921 | 9,438,307,158 | 9,500,639,921 |
| Share of equity from subsidiary and associated company by using the equity method | 3.6, 5.18 | 3,081,683,456 | 3,011,488,985 | 3,081,683,456 | 3,011,488,985 |
| Surplus from royalty on real property service | 4.9.2 | 474,767,280 | 474,767,280 | 474,767,280 | 474,767,280 |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Capital expenditure appropriation | | 80,186,366,913 | 80,186,366,913 | 80,186,366,913 | 80,186,366,913 |
| Unappropriated | | 107,466,200,728 | 83,213,305,402 | 107,466,200,728 | 83,213,305,402 |
| TOTAL EQUITY | | <u>200,647,325,535</u> | <u>176,386,568,501</u> | <u>200,647,325,535</u> | <u>176,386,568,501</u> |
| MINORITY INTEREST | | <u>19,082,471,099</u> | <u>17,319,151,107</u> | <u>–</u> | <u>–</u> |
| TOTAL EQUITY AND MINORITY INTEREST | | <u>219,729,796,634</u> | <u>193,705,719,608</u> | <u>200,647,325,535</u> | <u>176,386,568,501</u> |
| TOTAL LIABILITIES AND EQUITY | | <u>411,828,400,764</u> | <u>396,721,442,424</u> | <u>363,376,334,239</u> | <u>347,324,651,196</u> |

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

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

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

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

Unit : Baht

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

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

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

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

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

Unit: Baht

| | Contribution from the government | Share of equity from subsidiary and associated company by using the equity method | | | | Surplus from royalty on real property service | Retained earnings | | Total equity | Minority interest | Total equity and minority interest |
|---|----------------------------------|---|--|---|---------------|---|-------------------|------------------|------------------|-------------------|------------------------------------|
| | | Premium on share capital | Unrealized gain on adjustment value of investments in market securities available for sale - net | Adjustment from translation the financial statements of foreign company | Total | | Appropriated | Unappropriated | | | |
| Balance at January 1, 2005 | 9,562,972,684 | 2,880,286,079 | 91,673,073 | (42,065,200) | 2,929,893,952 | 474,767,280 | 80,186,366,913 | 95,972,103,802 | 189,126,104,631 | 15,657,404,862 | 204,783,509,493 |
| Increase (Decrease) during the period | (62,332,763) | 6,623,859 | 57,580,012 | 17,391,162 | 81,595,033 | - | - | - | 19,262,270 | - | 19,262,270 |
| Net loss for the period | - | - | - | - | - | - | - | (173,126,292) | (173,126,292) | - | (173,126,292) |
| Increase provision for remittance to the Ministry of Finance (Oct. - Dec. 2004) | - | - | - | - | - | - | - | (3,868,548) | (3,868,548) | - | (3,868,548) |
| Provision for remittance to the Ministry of Finance | - | - | - | - | - | - | - | (12,581,803,560) | (12,581,803,560) | - | (12,581,803,560) |
| Total Equity | 9,500,639,921 | 2,886,909,938 | 149,253,085 | (24,674,038) | 3,011,488,985 | 474,767,280 | 80,186,366,913 | 83,213,305,402 | 176,386,568,501 | 15,657,404,862 | 192,043,973,363 |
| Minority interest | - | - | - | - | - | - | - | - | - | 1,661,746,245 | 1,661,746,245 |
| Balance at December 31, 2005 | 9,500,639,921 | 2,886,909,938 | 149,253,085 | (24,674,038) | 3,011,488,985 | 474,767,280 | 80,186,366,913 | 83,213,305,402 | 176,386,568,501 | 17,319,151,107 | 193,705,719,608 |
| Increase (Decrease) during the period | (62,332,763) | - | 49,029,046 | 21,165,425 | 70,194,471 | - | - | - | 7,861,708 | - | 7,861,708 |
| Net income for the period | - | - | - | - | - | - | - | 40,633,656,900 | 40,633,656,900 | - | 40,633,656,900 |
| Remittance to the Ministry of Finance (Jan. - Jun. 2006) | - | - | - | - | - | - | - | (6,762,700,000) | (6,762,700,000) | - | (6,762,700,000) |
| Provision for remittance to the Ministry of Finance (Jul. - Dec. 2006) | - | - | - | - | - | - | - | (9,618,061,574) | (9,618,061,574) | - | (9,618,061,574) |
| Total Equity | 9,438,307,158 | 2,886,909,938 | 198,282,131 | (3,508,613) | 3,081,683,456 | 474,767,280 | 80,186,366,913 | 107,466,200,728 | 200,647,325,535 | 17,319,151,107 | 217,966,476,642 |
| Minority interest | - | - | - | - | - | - | - | - | - | 1,763,319,992 | 1,763,319,992 |
| Balance at December 31, 2006 | 9,438,307,158 | 2,886,909,938 | 198,282,131 | (3,508,613) | 3,081,683,456 | 474,767,280 | 80,186,366,913 | 107,466,200,728 | 200,647,325,535 | 19,082,471,099 | 219,729,796,634 |

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

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

EGAT Only

Unit : Baht

| | Contribution from the government | Share of equity from subsidiary and associated company by using the equity method | | | | Surplus from royalty on real property service | Retained earnings | | Total equity |
|---|----------------------------------|---|--|---|---------------|---|-------------------|------------------|------------------|
| | | Premium on share capital | Unrealized gain on adjustment value of investments in market securities available for sale - net | Adjustment from translation the financial statements of foreign company | Total | | Appropriated | Unappropriated | |
| Balance at January 1, 2005 | 9,562,972,684 | 2,880,286,079 | 91,673,073 | (42,065,200) | 2,929,893,952 | 474,767,280 | 80,186,366,913 | 95,972,103,802 | 189,126,104,631 |
| Increase (Decrease) during the period | (62,332,763) | 6,623,859 | 57,580,012 | 17,391,162 | 81,595,033 | - | - | - | 19,262,270 |
| Net loss for the period | - | - | - | - | - | - | - | (173,126,292) | (173,126,292) |
| Increase provision for remittance to the Ministry of Finance (Oct. - Dec. 2004) | - | - | - | - | - | - | - | (3,868,548) | (3,868,548) |
| Provision for remittance to the Ministry of Finance | - | - | - | - | - | - | - | (12,581,803,560) | (12,581,803,560) |
| Balance at December 31, 2005 | 9,500,639,921 | 2,886,909,938 | 149,253,085 | (24,674,038) | 3,011,488,985 | 474,767,280 | 80,186,366,913 | 83,213,305,402 | 176,386,568,501 |
| Increase (Decrease) during the period | (62,332,763) | - | 49,029,046 | 21,165,425 | 70,194,471 | - | - | - | 7,861,708 |
| Net income for the period | - | - | - | - | - | - | - | 40,633,656,900 | 40,633,656,900 |
| Remittance to the Ministry of Finance (Jan. - Jun. 2006) | - | - | - | - | - | - | - | (6,762,700,000) | (6,762,700,000) |
| Provision for remittance to the Ministry of Finance (Jul. - Dec. 2006) | - | - | - | - | - | - | - | (9,618,061,574) | (9,618,061,574) |
| Balance at December 31, 2006 | 9,438,307,158 | 2,886,909,938 | 198,282,131 | (3,508,613) | 3,081,683,456 | 474,767,280 | 80,186,366,913 | 107,466,200,728 | 200,647,325,535 |

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

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

Unit : Baht

| | Notes | Consolidated | | EGAT Only | |
|---|-------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 2006 | 2005 | 2006 | 2005 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Net income (Net loss) | | <u>40,633,656,900</u> | <u>(173,126,292)</u> | <u>40,633,656,900</u> | <u>(173,126,292)</u> |
| Adjustments to reconcile net income (net loss) to net cash inflows (outflows) from operating activities | | | | | |
| Operating activities | | | | | |
| Depreciation | | 18,876,704,258 | 18,698,697,654 | 16,117,280,322 | 16,058,123,148 |
| Gain from reversal of an impairment loss | | – | (188,000,000) | – | (188,000,000) |
| Loss on impairment of assets | | – | 15,333,506 | – | 15,333,506 |
| Asset from donation | | – | (49,500) | – | (49,500) |
| Amortization of land rights | 5.9 | 428,531,072 | 415,434,388 | 428,531,072 | 415,434,388 |
| Amortization of computer software rights | 5.9 | 30,969,527 | 6,168,210 | 30,969,527 | 6,168,210 |
| Amortization of deferred loan fees | | 30,822,296 | 533,810,912 | – | – |
| Amortization of gas pipe system rights | | 156,225 | – | – | – |
| Amortization of deferred charges of the lignite mine | 5.11 | 3,733,032,926 | 4,626,429,848 | 3,733,032,926 | 4,626,429,848 |
| Amortization of royalty on real property services | 5.9 | 6,337,358 | 6,337,354 | 6,337,358 | 6,337,354 |
| Doubtful debts | | 14,158,168 | 13,317,165 | 14,158,168 | 13,317,165 |
| Bad debts | | – | 4,794,120,000 | – | 4,794,120,000 |
| Allowance for obsolescence on materials and supplies | | 109,418,538 | 214,434,258 | 45,309,929 | 105,044,051 |
| Provision for damage loss from fire accident | 5.26 | 750,240,421 | – | – | – |
| (Profit) Loss on disposal of assets | | (120,001,431) | 80,098,837 | (120,001,431) | 84,582,914 |
| Revenue from deferred income | 5.16 | (284,488,414) | (187,965,578) | (284,488,414) | (187,965,578) |
| Gains on foreign exchange | | (4,652,829,328) | (2,213,579,206) | (4,652,829,328) | (2,213,700,250) |
| Share of profit from subsidiaries and joint venture | | | | | |
| by using the equity method | 5.21 | – | – | (2,904,500,021) | (2,919,026,920) |
| Share of profit from associated company | | | | | |
| by using the equity method | 5.21 | (1,664,403,050) | (1,166,965,693) | (1,664,403,050) | (1,166,965,693) |
| Share of profit from associated company and joint venture of subsidiary by using the equity method | | (727,499,223) | (372,010,431) | – | – |
| Minority interest in net income | | 3,358,320,025 | 3,336,496,175 | – | – |
| Decrease (Increase) in assets | | | | | |
| Trade account receivables | | (9,720,820,196) | 17,227,154,396 | (9,575,375,967) | 17,166,767,392 |
| Other account receivables | | (108,640,193) | (50,699,257) | (108,140,843) | (51,209,257) |
| Materials and supplies | | 697,487,621 | (2,820,467,911) | 476,256,400 | (2,233,505,501) |
| Other current assets | | 458,534,410 | (3,219,240,389) | 900,722,470 | (2,985,619,574) |
| Other non-current assets | | 100,013,109 | 968,935,834 | 100,124,387 | 934,804,736 |
| Deferred charges of the lignite mine | 5.11 | (3,324,750,554) | (3,482,905,543) | (3,324,750,554) | (3,482,905,543) |
| Increase (Decrease) in liabilities | | | | | |
| Trade account payables | | 10,614,245,294 | 9,661,430,745 | 11,437,558,374 | 4,685,597,433 |
| Other account payables | | (2,939,990,505) | 374,431,621 | (2,872,235,221) | 5,126,871,997 |
| Accrued interest expenses | | (248,753,056) | (190,243,918) | (248,753,056) | (190,243,918) |
| Other current liabilities | | 2,452,288,376 | (1,449,843,290) | 2,469,735,423 | (2,106,733,009) |
| Other non-current liabilities | | (66,195,087) | 123,660,994 | (64,095,086) | 123,660,994 |
| Provident fund | | 2,804,682 | (8,716,659) | 2,804,682 | (8,716,659) |
| Provision liabilities for mine reclamation | | 47,655,975 | 41,484,375 | 47,655,975 | 41,484,375 |
| | | <u>17,853,349,244</u> | <u>45,787,088,897</u> | <u>9,990,904,042</u> | <u>36,469,436,109</u> |
| Net cash inflows from operating activities | | <u>58,487,006,144</u> | <u>45,613,962,605</u> | <u>50,624,560,942</u> | <u>36,296,309,817</u> |

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

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

Unit : Baht

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

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

ELECTRICITY GENERATING AUTHORITY OF THAILAND AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

1. GENERAL INFORMATION

Electricity Generating Authority of Thailand (EGAT), which is a juristic person, was established by the Electricity Generating Authority of Thailand Act B.E. 2511 (1968) and subsequent amendments. As at December 31, 2006, the number of employees of EGAT was 24,209. EGAT's main business objectives are as follows:

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

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

1.2 To undertake various activities concerning electric energy, energy sources deriving from natural resources and undertake business concerning electric energy and other businesses concerning or related to the activities of EGAT, or collaborate with other persons for the said activities.

1.3 To produce and sell lignite or chemicals derived from lignite.

All properties, debts, rights and liabilities as well as other activities of the Yanhee Electricity Authority, the Lignite Authority and the Northeast Electricity Authority were transferred to EGAT. The said properties, when net of debts, became the capital of EGAT.

2. EGAT CORPORATIZATION AND SUBSEQUENT REVERSION TO THE ELECTRICITY GENERATING AUTHORITY OF THAILAND

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

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

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

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

On March 23, 2006, the Supreme Administrative Court made a ruling to revoke two Royal Decrees B.E. 2548, namely the Royal Decree prescribing powers and rights of EGAT Plc and the Royal Decree repealing the status of EGAT as a state enterprise, as from June 24, 2005, the date both mentioned Royal Decrees were proclaimed. So that the Electricity Generating Authority of Thailand Act B.E. 2511 (1968) has remained effective and EGAT has remained the state-owned enterprise. The registration of EGAT Plc has been treated as never occurred. EGAT Plc has therefore never been a juristic person since inception. However, EGAT Telecom Co.,Ltd., which was registered under the civil and commercial law, is still considered as a juristic person until registration of business cancellation. As at September 29, 2006, EGAT Telecom Co.,Ltd., registered to cancel its business.

3 BASIS OF FINANCIAL STATEMENT PRESENTATION

3.1 PRINCIPLES OF FINANCIAL STATEMENT PREPARATION

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

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

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

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

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

3.2 USE OF ESTIMATES

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

3.3 FINANCIAL INSTRUMENTS

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

3.4 FORWARD EXCHANGE CONTRACTS

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

3.5 CURRENCY AND INTEREST RATE SWAP AGREEMENTS

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

3.6 PRACTICE IN NEW ANNOUNCEMENT OF ACCOUNTING STANDARD

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

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 REVENUE FROM ELECTRIC ENERGY SALES

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

4.2 INTEREST RECEIVED

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

4.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash, cash in current accounts, saving accounts and short-term fixed deposits (not more than 3 months) including promissory notes and bills of exchange with maturity of three months or less which EGAT has fully access without commitment.

4.4 ACCOUNT RECEIVABLES

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

| Overdue Period | Percentage of allowance for doubtful accounts |
|------------------------|--|
| Over 6 months - 1 year | 50% |
| Over 1 - 2 years | 75% |
| Over 2 years | 100% |

4.5 MATERIALS AND SUPPLIES - NET

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

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

4.5.3 **Spare parts for power plant, transmission system and mine equipment** are stated at average cost less allowance for obsolescence of stocks designed to write off the parts on a straight-line method over the useful lives of the main equipment.

4.5.4 **General materials and supplies** are stated at average cost less allowance for obsolescence of stocks designed, which have not moved for six months and above. The allowance is calculated at the following rates:

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

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

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

4.7 LAND, BUILDINGS AND EQUIPMENTS - NET

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

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

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

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

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

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

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

4.8 ASSETS AND LIABILITIES UNDER FINANCIAL LEASE AGREEMENT

Assets and liabilities under financial lease agreements are stated at a fair price on the date that the agreement is signed or the present value of the minimum amount to be paid under the agreement, whichever is lower. A portion of lease payments is recognized as a financial expense and the remainder is deducted from the principal over the lease term. Finance lease assets are depreciated by the straight-line method over the estimated useful lives of each asset provided. In case the ownership of the assets is not transferred by the end of the lease term, the depreciation is based on the shorter of the useful life of the assets or the lease period.

4.9 INTANGIBLE ASSETS

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

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

4.9.2 Royalty on Real Property Services

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

4.10 DEFERRED CHARGES OF THE LIGNITE MINE

4.10.1 Overburden Removal Costs

The costs of overburden removal expended in each year are calculated by multiply the quantity of lignite extracted from the mine by the stripping ratio of 6.09:1, which is the ratio of the overburden bears to the total economically mineable reserves, and multiply by the average cost per cubic meter of overburden removed. In case the actual stripping ratio in each period is more than 6.09, the excess is recorded as the deferred charges. However, the accumulated of overburden removal costs is not more than the deferred charges.

4.10.2 Mineral Resources Exploration and Preliminary Development Costs

Mineral resources exploration and preliminary development costs are recognized as expenses for the year in which they are incurred. Any exploration done as a part of a Power Development Plan and Long-Term Mining Plan, are recognized as deferred charges and amortized over the life of the mine in the proportion that the quantity of lignite extracted during the year bears to the total economically mineable reserves.

4.10.3 Resettlement Costs

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

4.10.4 Mineral Royalties

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

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

4.11 FOREIGN CURRENCIES

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

4.12 PROVISION LIABILITIES FOR MINE RECLAMATION

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

4.13 PROVIDENT FUND AND REGISTERED PROVIDENT FUND

EGAT has established the Provident Fund to provide welfare for employees after leaving EGAT. EGAT makes monthly payments to the fund at the rate of 10% of salary of employees who are the members. This amount is recognized as an expense in the statement of income and the accounting transactions of the fund have been consolidated in the financial statements. The fund's revenues are recognized as the revenues in the statements of income of EGAT.

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

4.14 DEFERRED INCOME

4.14.1 Contributions for Construction Projects

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

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

The assets which were constructed by independent power producers and have been transferred to EGAT are accounted for as EGAT's assets and contra with deferred contributions which are released to revenues over the period of the power purchase contracts.

4.14.2 Income from Donation

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

4.15 INTEREST EXPENSES

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

4.16 RELATED PARTIES

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

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

5 SUPPLEMENTARY INFORMATION

5.1 CASH AND CASH EQUIVALENTS

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

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

5.2 SHORT-TERM INVESTMENTS (NOT PLEDGED AS COLLATERAL)

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

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

5.3 TRADE ACCOUNT RECEIVABLES - OTHERS - NET

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

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

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

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

EGAT Only

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

5.4 RELATED PARTIES TRANSACTIONS

The details of related parties transactions are as follows:

5.4.1 Trade account receivables - related parties

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

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

Unit : Million Baht

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

Unit : Million Baht

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

5.4.2 Other account receivable - related party

Unit : Million Baht

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

5.4.3 Trade account payables - related parties

Unit : Million Baht

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

5.4.4 Revenues and Expenses - Related Parties

Unit : Million Baht

| | Consolidated | | EGAT Only | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Jan. 1 - Dec. 31, 06 | Jan. 1 - Dec. 31, 05 | Jan. 1 - Dec. 31, 06 | Jan. 1 - Dec. 31, 05 |
| Revenues | | | | |
| Energy sales | | | | |
| - Subsidiary | | | | |
| - Ratchaburi Electricity Generating Co.,Ltd. | – | – | 106.21 | 146.08 |
| - Associated companies | | | | |
| - Khanom Electricity Generating Co.,Ltd. | 4.49 | 10.86 | 4.49 | 10.86 |
| - Rayong Electricity Generating Co.,Ltd. | 10.16 | 9.33 | 10.16 | 9.33 |
| - Related parties | | | | |
| - Tri Energy Company Limited | 0.27 | 0.25 | 0.27 | 0.25 |
| - Thai Oil Power Company Limited | – | 0.43 | – | 0.43 |
| Revenue from services and other goods sales | | | | |
| - Subsidiary | | | | |
| - Ratchaburi Electricity Generating Co.,Ltd. | – | – | 2,742.30 | 2,678.08 |
| - Associated companies | | | | |
| - Electricity Generating Public Co.,Ltd. | – | 0.05 | – | 0.05 |
| - Khanom Electricity Generating Co.,Ltd. | 9,802.67 | 9,097.79 | 9,802.67 | 9,097.79 |
| - Rayong Electricity Generating Co.,Ltd. | 9,694.83 | 9,358.36 | 9,694.83 | 9,358.36 |
| - EGCO Engineering and Services Co.,Ltd. | 14.17 | 71.39 | 14.17 | 71.39 |
| - Joint venture | | | | |
| - District Cooling System and Power Plant Co.,Ltd. | 31.99 | 19.61 | 49.22 | 30.17 |
| - Related parties | | | | |
| - Tri Energy Company Limited | – | 0.14 | – | 0.14 |
| - Thai Oil Power Company Limited | – | 0.02 | – | 0.02 |
| Expenses | | | | |
| Electricity Purchased | | | | |
| - Subsidiary | | | | |
| - Ratchaburi Electricity Generating Co.,Ltd. | – | – | 50,251.73 | 44,035.13 |
| - Associated companies | | | | |
| - Khanom Electricity Generating Co.,Ltd. | 14,811.40 | 13,346.12 | 14,811.40 | 13,346.12 |
| - Rayong Electricity Generating Co.,Ltd. | 14,911.42 | 14,132.15 | 14,911.42 | 14,132.15 |
| - Related parties | | | | |
| - Tri Energy Company Limited | 9,475.93 | 9,818.35 | 9,475.93 | 9,818.35 |
| - Thai Oil Power Company Limited | – | 701.58 | – | 701.58 |
| Cost of services and other goods sales | | | | |
| - Subsidiary | | | | |
| - Ratchaburi Electricity Generating Co.,Ltd. | – | – | 2,353.88 | 2,357.10 |
| - Associated companies | | | | |
| - Electricity Generating Public Co.,Ltd. | – | 0.10 | – | 0.10 |
| - Khanom Electricity Generating Co.,Ltd. | 9,790.72 | 9,083.84 | 9,790.72 | 9,083.84 |
| - Rayong Electricity Generating Co.,Ltd. | 9,687.78 | 9,340.01 | 9,687.78 | 9,340.01 |
| - EGCO Engineering and Services Co.,Ltd. | 5.34 | 44.25 | 5.34 | 44.25 |
| - Joint venture | | | | |
| - District Cooling System and Power Plant Co.,Ltd. | 32.12 | 17.46 | 49.41 | 26.86 |
| - Related parties | | | | |
| - Tri Energy Company Limited | – | 0.08 | – | 0.08 |
| - Thai Oil Power Company Limited | – | 0.02 | – | 0.02 |

5.5 MATERIALS AND SUPPLIES - NET

| | Unit : Million Baht | | | |
|---|---------------------|-----------------|-----------------|-----------------|
| | Consolidated | | EGAT Only | |
| | Dec. 31, 06 | Dec. 31, 05 | Dec. 31, 06 | Dec. 31, 05 |
| Fuel oil | 3,698.78 | 4,250.32 | 3,076.48 | 3,660.38 |
| Lignite stock | 883.23 | 554.82 | 883.23 | 554.82 |
| Spare parts, other materials and supplies | 7,361.16 | 7,835.52 | 6,011.00 | 6,231.76 |
| Less : Allowance for obsolescence | <u>3,621.22</u> | <u>3,511.81</u> | <u>3,447.72</u> | <u>3,402.41</u> |
| Balance at end of period | <u>8,321.95</u> | <u>9,128.85</u> | <u>6,522.99</u> | <u>7,044.55</u> |

5.6 OTHER ACCOUNT RECEIVABLES - NET

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

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

| Company | Business | Relationship | Unit : Million Baht | | | | | | | | | | | |
|--|----------------------------------|---------------|-----------------------|-------------|--------------------|-------------|-------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|--|
| | | | EGAT Only | | | | | | | | | | | |
| | | | Paid-up share capital | | Investment portion | | Investment | | | | Dividend | | | |
| | | | Dec. 31, 06 | Dec. 31, 05 | Dec. 31, 06 | Dec. 31, 05 | Cost method | | Equity method | | Dec. 31, 06 | Dec. 31, 05 | | |
| Ratchaburi Electricity Generating Holding Public Company Limited | Investment in other companies | Subsidiary | Subsidiary | 14,500.00 | 14,500.00 | 45.00% | 45.00% | 6,525.00 | 6,525.00 | 11,763.60 | 10,125.60 | 1,305.00 | 1,370.25 | |
| EGAT Telecom Company Limited | Telecommunications | Subsidiary | Subsidiary | - | 1.00 | - | 99.99% | - | 0.99 | - | 0.48 | - | - | |
| District Cooling System and Power Plant Company Limited | Power and cooling water producer | Joint venture | Joint venture | 1,000.00 | 1,000.00 | 35.00% | 35.00% | 350.00 | 350.00 | 273.81 | 312.23 | - | - | |
| | | | | | | | | <u>6,875.00</u> | <u>6,875.99</u> | <u>12,037.41</u> | <u>10,438.31</u> | <u>1,305.00</u> | <u>1,370.25</u> | |
| Electricity Generating Public Company Limited | Investment in other companies | Associated | Associated | 5,264.65 | 5,264.65 | 25.41% | 25.41% | 1,587.55 | 1,587.55 | 7,329.72 | 6,096.77 | 501.65 | 401.32 | |
| | | | | | | | | <u>8,462.55</u> | <u>8,463.54</u> | <u>19,367.13</u> | <u>16,535.08</u> | <u>1,806.65</u> | <u>1,771.57</u> | |

5.7.1 Investment in Ratchaburi Electricity Generating Holding Public Company Limited

On November 30, 1999, the Cabinet approved a resolution on EGAT's private participation plan for the Ratchaburi Power Project. According to the plan, EGAT would set up the Ratchaburi Electricity Generating Holding Company Limited (RHCO) with EGAT holding 100% equity. RHCO would then set up a wholly owned subsidiary, the Ratchaburi Electricity Generating Company Limited (RGCO) to acquire the power plant and related assets of the Ratchaburi Power Project including thermal power plant, combined cycle power plant, common facilities and land. EGAT would be required to mobilize funds from the public by listing RHCO's share in the Stock Exchange of Thailand (SET). Its shareholding in RHCO would thereafter be reduced to between 44.99% and 49.99%.

On March 7, 2000, RHCO was registered as a limited company with powers to invest in other companies of related objectives and activities. RHCO had an initial registered capital of Baht 300 million fully paid-up at par value of Baht 10 per share. On March 20, 2000, RGCO was registered as a limited company with objectives to operate as electric power generator and undertake other related businesses. RHCO holds 100% of the fully paid-up common shares in RGCO.

On August 18, 2000, RHCO was registered as a public company and increased its registered capital of Baht 300 million by Baht 14,200 million to make a total capital of Baht 14,500 million. On August 23, 2000, RHCO issued 840 million common shares of Baht 10 each fully paid-up which provided further capital of Baht 8,400 million.

As at September 30, 2000, RHCO had an authorized capital of Baht 14,500 million. The issued and fully paid-up share capital was 870 million common shares all of which was held by EGAT. EGAT has effective control over RHCO and EGAT accounts for the investment in RHCO as an investment in subsidiary company.

In October 2000, EGAT had 870 million common shares of Baht 10 each amounting to Baht 8,700 million in RHCO and then EGAT sold 217.50 million common shares of Baht 10 each amounting to Baht 2,175 million to EGAT employees and their Registered Provident Fund. EGAT has retained 652.50 million common shares of Baht 10 each amounting to Baht 6,525 million.

Between October 18 and 20, 2000, RHCO issued 580 million common shares at par value of Baht 10 per share by way of an Initial Public Offering (IPO) at Baht 13 per share. On October 26, 2000, all 1,450 million common shares were registered on the Stock Exchange of Thailand.

As at December 31, 2006, RHCO has registered common shares amounting to Baht 14,500 million comprising 1,450 million fully paid-up common shares. EGAT owns 652.50 million common shares (par value Baht 10 per share or Baht 6,525 million) which is 45% of the total fully paid-up common shares. EGAT has effective control over RHCO and EGAT accounts for the investment in RHCO as an investment in subsidiary.

5.7.2 Investment in Electricity Generating Public Company Limited

As at December 31, 2006, Electricity Generating Public Company Limited (EGCO) has registered capital of Baht 5,300 million with fully paid-up amounting to 526.47 million shares. In the second quarter of the year 2005, EGCO has issued the treasury stock of 1.30 million shares but EGAT did not invest. EGAT's investment was 133.77 million common shares (cost was Baht 1,587.55 million) or 25.41%. (On March 31, 2005, EGAT's investment was 25.47% of the fully paid-up issued common shares after deduction of treasury stock.) EGAT has significant influence but has no effective control over EGCO and EGAT accounts for the investment in EGCO as an investment in associated company.

5.7.3 Investment in District Cooling System and Power Plant Company Limited

EGAT has invested with PTT Public Company Limited (PTT) and Metropolitan Electricity Authority (MEA) to found District Cooling System and Power Plant Company Limited (DCAP) to supply the electricity and cooling water system in the Suvarnabhumi International Airport in the portion of 35%, 35% and 30% respectively and the joint venture agreed to have the registered capital amounting to Baht 1,000 million. On April 2, 2003, DCAP was registered as a company with initial registered capital in the amount of Baht 100 million, by issuing 10 million common shares at par value of Baht 10 per share, with 50% paid-up. EGAT's investment at that date was Baht 17.50 million and EGAT accounts for the investment in DCAP as an investment in joint venture.

Subsequently, the ventures held extraordinary meetings No. 1/2547 and 2/2547 on February 23, 2004 and March 13, 2004 respectively and passed a resolution to register additional capital amounting to Baht 900 million, by issuing 90 million common shares at par value of Baht 10 per share, to add the total registered capital to Baht 1,000 million. As at December 31, 2006, EGAT had fully paid-up common shares amounting to Baht 350 million.

5.7.4 Investment in EGAT Telecom Company Limited

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

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

5.8 LAND, BUILDINGS AND EQUIPMENTS - NET

Unit : Million Baht

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

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

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

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

As at December 31, 2006, EGAT has had the land awaiting development planned to be the construction sites of its new power plants to support the additional demand of electric energy. However, due to the change in power development planning, construction of these power plants has been postponed. The value of the land awaiting development totaled Baht 1,812.80 million, consisting of:

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

- Land at Tap Sakae, Prachuap Khiri Khan Province of 6,446,400 square meters (4,029 Rai) was Baht 2,223.43 million. In 2003, EGAT impaired the value of land at Tap Sakae as appraised by an independent assessor and recorded an impairment loss at Tap Sakae in the amount of Baht 611.43 million. As a result, on March 31, 2005 the net book value of land was Baht 1,612 million. In 2005, an impairment analysis of the land was undertaken by an independent assessor and found that at June 23, 2005, the value of land at Tap Sakae was higher than its book value by Baht 188 million. EGAT therefore recognized the market value as profit on impairments, which reverse the loss on impairment assets previously incurred, and also accounted the additional book value amounting to Baht 188 million. As at December 31, 2006, the net book value of land at Tap Sakae was Baht 1,800 million.

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

5.9 INTANGIBLE ASSETS

Unit : Million Baht

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

Unit : Million Baht

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

5.10 WORK UNDER CONSTRUCTION

Unit : Million Baht

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

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

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

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

Percentage of Completion

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

5.11 OTHER NON-CURRENT ASSETS

- DEFERRED CHARGES OF THE LIGNITE MINE

Unit : Million Baht

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

5.12 TRADE ACCOUNT PAYABLES - OTHERS

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

5.13 ACCRUED REMITTANCE TO THE MINISTRY OF FINANCE

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

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

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

5.14 LONG-TERM LOANS

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

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

LONG-TERM LOANS

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

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

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

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

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

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

5.15 PROVISION LIABILITIES FOR MINE RECLAMATION

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

5.16 OTHER NON-CURRENT LIABILITIES

- DEFERRED INCOME

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

5.17 EQUITY

CONTRIBUTION FROM THE GOVERNMENT

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

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

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

5.19 COST OF ELECTRIC ENERGY SALES

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

5.20 GAINS ON FOREIGN EXCHANGE

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

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

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

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

5.22 INTEREST EXPENSES

Unit : Million Baht

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

Unit : Million Baht

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

5.23 OPERATING RESULT

In 2006, net income of EGAT amounted to Baht 40,633.66 million increased from 2005 by Baht 40,806.79 million. In 2005, EGAT has net loss of Baht 173.13 million as on August 30, 2005, the Cabinet approved the proposed resolution regarding the criteria in determining the electricity tariff structure including the impact of an automatic energy price adjustment submitted by the National Energy Policy Council's Meeting No. 3/2548 (No.101), EGAT had to bear the accrued Ft receivable, which was expected to be accounted as revenue in the period before EGAT's corporatization. As from June 24, 2005, EGAT has recognized Ft revenue in the actual collection period. Resulting from the mentioned recording, EGAT lost the Ft revenue for the period of January 1, 2005 to September 30, 2005 in the amount of Baht 31,035.65 million. Besides, EGAT wrote off the accrued Ft receivable for the prior accounting period of 2005 amounting to Baht 4,794.12 million according to the previously mentioned Cabinet's conclusion. Moreover, in 2006, EGAT recognized gains on foreign exchange amounting to Baht 3,872.40 million which was greater than year 2005 that recognized Baht 1,753.09 million of gains on foreign exchange by amounting to Baht 2,119.31 million.

5.24 INCOME TAX

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

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

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

5.26 PROVISION FOR DAMAGE LOSS DUE TO FIRE ACCIDENT

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

6. CONTINGENT LIABILITIES

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

7. AGREEMENTS

7.1 LONG-TERM POWER PURCHASE AGREEMENTS

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

As at December 31, 2006 EGAT entered into 60 Power Purchase Agreements with total commitments amounting to approximately Baht 4,200,238 million and total production capacity of 16,111 megawatts.

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

7.2 LETTER OF CREDIT

As at December 31, 2006, EGAT has unused letters of credit, which are not expired, amounting to approximately Baht 5,044.58 million.

8. FINANCIAL INSTRUMENTS

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

8.1 CURRENCY SWAP AGREEMENTS

EGAT uses the currency swap agreements to reduce the risk from foreign currency exposure on foreign currency denominated borrowings. The currency swap agreements are not recognized in the financial statements on the transaction date.

EGAT has entered into several currency swap agreements for periods of 4 - 10 years. The remaining terms and foreign currency amount receivable of the outstanding cross currency swap agreements at December 31, 2006 and 2005 are as follows:

| Terms of cross currency swap agreements | Unit : Million Baht | |
|---|---------------------|------------------|
| | Dec. 31, 06 | Dec. 31, 05 |
| Yen 9,979 million / Baht 3,692 million | 2,840.45 | 3,408.54 |
| Yen 19,899 million / Baht 7,283 million | 5,202.37 | 6,242.84 |
| Yen 11,424 million / Baht 4,145 million | 2,659.60 | 3,191.52 |
| Yen 10,000 million / Baht 3,575 million | 1,021.43 | 2,042.86 |
| Yen 6,712 million / Baht 2,456 million | 1,996.08 | 2,303.17 |
| Yen 12,196 million / Baht 4,463 million | 3,777.14 | 4,463.89 |
| Yen 1,093 million / Baht 365 million | 304.35 | – |
| Yen 1,469 million / Baht 489 million | 407.69 | – |
| Yen 1,286 million / Baht 428 million | 356.92 | – |
| Yen 1,179 million / Baht 390 million | 354.78 | – |
| Yen 6,680 million / USD 61 million | 1,585.95 | 2,523.30 |
| USD 127 million / Yen 14,850 million | – | 1,042.72 |
| USD 100 million / Baht 4,090 million | 4,090.00 | 4,090.00 |
| USD 100 million / Baht 3,930 million | 3,930.00 | 3,930.00 |
| EUR 26 million / Baht 1,220 million | 609.95 | 813.28 |
| Total | <u>29,136.71</u> | <u>34,052.12</u> |

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

The maturity of agreements can be analyzed as follows :

| | Unit : Million Baht | |
|----------------------------|---------------------|------------------|
| | Dec. 31, 06 | Dec. 31, 05 |
| More than 1 year - 5 years | 10,627.38 | 13,628.88 |
| More than 5 years | <u>18,509.33</u> | <u>20,423.24</u> |
| Total | <u>29,136.71</u> | <u>34,052.12</u> |

8.2 INTEREST RATE SWAP AGREEMENTS

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

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

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

| | Unit : Million Baht | |
|---------|---------------------|-----------------|
| | Dec. 31, 06 | Dec. 31, 05 |
| 5 years | – | 1,042.72 |
| 7 years | <u>873.68</u> | <u>2,006.20</u> |
| Total | <u>873.68</u> | <u>3,048.92</u> |

8.3 FORWARD EXCHANGE CONTRACTS

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

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

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

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

Audit Fee

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

Remuneration for Directors

The remuneration for directors is stated at Ministry of Finance's rate. Directors who are given multiple duties and responsibilities such as Audit Committee, Executive Committee, Committee for Deputy Governor Nomination, Committee for Assistant Governor and Division Director Nomination, Remuneration Committee, Task Screening Committee and Business Relations Committee are given remuneration that is accordingly higher. Remuneration for directors for the year ended December 31, 2006 totaled to Baht 4,380,112.64. The details are as follows:

| Name | Meeting | Bonus | Unit : Million Baht |
|------------------------------------|---------------------|---------------------|---------------------|
| | | | Total |
| 1. Mr. Pornchai Rujiprapa | 37,500.00 | – | 37,500.00 |
| 2. Mr. Pongpayome Vasaputi | 10,000.00 | – | 10,000.00 |
| 3. Mr. Vitaya Kotcharug | 75,000.00 | – | 75,000.00 |
| 4. Mr. Chalernsak Wanichsombat | 40,000.00 | – | 40,000.00 |
| 5. Mr. Arkhom Tempittayapaisith | 50,000.00 | – | 50,000.00 |
| 6. Lt. Gen. Somphon Virasakdi | 30,000.00 | – | 30,000.00 |
| 7. Mr. Chai-Anan Samudavanija | 25,000.00 | 321,797.95 | 346,797.95 |
| 8. Mr. Sujarit Patchimnun | 50,000.00 | 178,688.36 | 228,688.36 |
| 9. Mrs. Wanee Samphantharak | 180,000.00 | 257,438.36 | 437,438.36 |
| 10. Mr. Norkhun Sitthiphong | 213,750.00 | 257,438.36 | 471,188.36 |
| 11. Mr. Chulasingh Vasantasingh | 252,500.00 | 257,438.36 | 509,938.36 |
| 12. Pol.Lt.Gen. Dumrongsak Nilkuha | 250,000.00 | 257,438.36 | 507,438.36 |
| 13. Mr. Lae Dilokvidhyarat | 357,500.00 | 257,438.36 | 614,938.36 |
| 14. Mr. Pichai Chunhavajira | 70,000.00 | 207,469.18 | 277,469.18 |
| 15. Mr. Sanit Rangnoi | 70,000.00 | 117,082.19 | 187,082.19 |
| 16. Mrs. Gasinee Witoonchart | 70,000.00 | 91,695.21 | 161,695.21 |
| 17. Mr. Sun Vithespongse | 10,000.00 | – | 10,000.00 |
| 18. Mr. Kraisi Karnasuta | <u>127,500.00</u> | <u>257,437.95</u> | <u>384,937.95</u> |
| Total | <u>1,918,750.00</u> | <u>2,461,362.64</u> | <u>4,380,112.64</u> |

Trustworthy

Fully aware that electricity is energy essential to all economic activities and everyday life of every household, EGAT makes it a top priority to maintain and ensure the adequacy, continuity and reliability of its electricity supply service to reach the entire nation – the service the entire nation can always count on.

Innovative

Innovations and advanced technologies are vital for EGAT's successful operations. At EGAT, we create a work environment that promotes new ideas and innovations as well as professional development of our employees to drive the organization toward a leader in Thai society that not only achieves operational success but also contributes to a better quality of life of all Thais.

Flexible

Our decades of expertise and experiences which span a whole breadth of the electricity industry greatly contribute to our high flexibility and adaptability in planning and coping with new challenges in the dynamically changing industry.

Caring

EGAT is committed to moving on, side by side with communities and society, conducting our business with integrity and social responsibility. Our aim is to build community capacity and develop the quality of life and the environment.

Professional

EGAT is committed to continuously improving its efficiency while always being open to opinions and suggestions of all sectors in society in order to build EGAT into a premium organization built on sound and solid corporate governance and ultimately to bring happiness and success to all.



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