

ELECTRICITY GENERATING PUBLIC COMPANY LIMITED

CONSOLIDATED AND COMPANY

FINANCIAL STATEMENTS

31 December 2004

## **AUDITOR'S REPORT**

To the Shareholders of Electricity Generating Public Company Limited

I have audited the accompanying consolidated and company balance sheets as at 31 December 2004 and 2003, and the related consolidated and company statements of income, changes in shareholders' equity, and cash flows for the years then ended of Electricity Generating Public Company Limited and its subsidiaries ("the Group"), and of Electricity Generating Public Company Limited ("the Company"), respectively. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2004 and 2003, and the consolidated and company results of operations, and cash flows for the years then ended of the Group and of the Company, respectively, in accordance with generally accepted accounting principles.

PRASAN CHUAPHANICH  
Certified Public Accountant  
(Thailand) No. 3051  
PricewaterhouseCoopers ABAS Limited  
Bangkok

25 February 2005

Electricity Generating Public Company Limited

Balance Sheets

As at 31 December 2004 and 2003

|  | Notes | Consolidated                 |                              | Company                      |                              |
|--|-------|------------------------------|------------------------------|------------------------------|------------------------------|
|  |       | 2004<br>Baht                 | 2003<br>Baht                 | 2004<br>Baht                 | 2003<br>Baht                 |
| <b>ASSETS</b>  |       |                              |                              |                              |                              |
| <b>Current Assets</b>  |       |                              |                              |                              |                              |
| Cash and cash equivalents                                    | 5     | 2,688,294,662                | 1,730,769,987                | 1,596,409,755                | 771,787,368                  |
| Short-term investments                                       | 6     |                              |                              |                              |                              |
| - Deposits at financial institutions                         |       | 1,697,681,724                | 2,263,086,838                | 1,088,583,721                | 1,664,238,178                |
| - Marketable securities                                      |       | 232,242,286                  | 520,371,530                  | 171,223,726                  | 481,157,557                  |
| Short-term investments used as collateral                    | 7     |                              |                              |                              |                              |
| - Deposits at financial institutions                         |       | 5,116,367,743                | 6,453,363,026                | -                            | -                            |
| - Marketable securities                                      |       | 1,234,354,006                | 599,618,644                  | -                            | -                            |
| Trade receivables, net                                       | 8     | 300,916,286                  | 313,126,937                  | -                            | -                            |
| Trade receivable from a related party                        | 28    | 2,058,353,736                | 1,331,680,537                | -                            | -                            |
| Dividend receivable from subsidiaries                        |       | -                            | -                            | 1,846,359,243                | 1,198,651,785                |
| Amounts due from related parties                             | 28    | 60,351,726                   | 56,922,021                   | 34,260,443                   | 50,265,993                   |
| Spare parts and supplies, net                                | 9     | 3,436,470,177                | 2,878,128,572                | -                            | -                            |
| Other current assets   | 28    | 284,794,949                  | 357,863,696                  | 34,978,632                   | 30,681,411                   |
| Total Current Assets   |       | <u>17,109,827,295</u>        | <u>16,504,931,788</u>        | <u>4,771,815,520</u>         | <u>4,196,782,292</u>         |
| <b>Non-Current Assets</b>                                    |       |                              |                              |                              |                              |
| Long-term investments in marketable securities<br>and others | 10    | 2,721,444,881                | 3,301,033,617                | 2,727,696,993                | 3,345,842,131                |
| Long-term investments used as collateral                     | 7     |                              |                              |                              |                              |
| - Deposits at financial institutions                         |       | 1,016,570,061                | 1,517,742,847                | -                            | -                            |
| - Marketable securities                                      |       | 52,000,000                   | 1,383,074,768                | -                            | -                            |
| Long-term loans to related parties, net                      | 28    | 671,930,676                  | 32,490,000                   | 846,930,676                  | 32,490,000                   |
| Investments in subsidiaries                                  | 11    | -                            | 493,258                      | 15,139,665,256               | 15,805,338,336               |
| Investment in an associate                                   | 11    | 390,914,094                  | 338,008,946                  | -                            | -                            |
| Interests in joint ventures, net                             | 11    | 7,192,140                    | 30,968,202                   | 4,030,919,828                | 3,201,547,887                |
| Property, plant and equipment, net                           | 12    | 31,283,164,366               | 31,543,404,888               | 747,248,867                  | 793,534,131                  |
| Goodwill, net  | 13    | 1,158,532,024                | 1,289,033,352                | -                            | -                            |
| Other non-current assets, net                                | 14    | 654,775,880                  | 495,437,416                  | 27,725,719                   | 49,865,604                   |
| Total Non-Current Assets                                     |       | <u>37,956,524,122</u>        | <u>39,931,687,294</u>        | <u>23,520,187,339</u>        | <u>23,228,618,089</u>        |
| <b>Total Assets</b>  |       | <u><u>55,066,351,417</u></u> | <u><u>56,436,619,082</u></u> | <u><u>28,292,002,859</u></u> | <u><u>27,425,400,381</u></u> |

For Director .....

Electricity Generating Public Company Limited

Balance Sheets

As at 31 December 2004 and 2003

|  | Notes  | Consolidated          |                       | Company               |                       |
|--|--------|-----------------------|-----------------------|-----------------------|-----------------------|
|  |        | 2004<br>Baht          | 2003<br>Baht          | 2004<br>Baht          | 2003<br>Baht          |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |        |                       |                       |                       |                       |
| <b>Current Liabilities</b>   |        |                       |                       |                       |                       |
| Bank overdrafts and short-term loans from financial institutions                   |        | 75,000,000            | 319,695,900           | -                     | -                     |
| Trade payables   |        | 475,572,404           | 541,240,286           | -                     | -                     |
| Trade payable to a related party   | 28     | 155,859,931           | 75,566,776            | -                     | -                     |
| Amounts due to related parties   | 28     | 29,489,350            | 16,709,196            | 92,681                | 37,753                |
| Current portion of long-term loans from financial institutions and debentures, net | 16, 17 | 3,400,078,411         | 5,677,962,956         | -                     | 1,400,650,000         |
| Current portion of long-term loans from a co-investor in a joint venture           | 15     | 50,000,000            | 50,000,000            | -                     | -                     |
| Other current liabilities  |        |                       |                       |                       |                       |
| - Interest payable   | 28     | 151,936,725           | 160,660,260           | -                     | 21,797,223            |
| - Value added tax payable  |        | 251,645,627           | 154,439,356           | -                     | -                     |
| - Income tax payable   |        | 230,017,821           | 127,132,000           | -                     | -                     |
| - Others   |        | 448,899,797           | 409,991,483           | 122,402,594           | 105,942,966           |
| <b>Total Current Liabilities</b>   |        | <b>5,268,500,066</b>  | <b>7,533,398,213</b>  | <b>122,495,275</b>    | <b>1,528,427,942</b>  |
| <b>Non-Current Liabilities</b>   |        |                       |                       |                       |                       |
| Long-term loans from financial institutions, net                                   | 16     | 15,431,101,852        | 16,450,328,892        | -                     | -                     |
| Debentures, net  | 17     | 4,926,846,523         | 5,559,274,603         | -                     | -                     |
| Long-term loans from a co-investor in a joint venture, net                         | 15     | 125,000,000           | 175,000,000           | -                     | -                     |
| Other non-current liabilities  |        | 211,967,268           | 17,581,614            | -                     | -                     |
| <b>Total Non-Current Liabilities</b>   |        | <b>20,694,915,643</b> | <b>22,202,185,109</b> | <b>-</b>              | <b>-</b>              |
| <b>Total Liabilities</b>   |        | <b>25,963,415,709</b> | <b>29,735,583,322</b> | <b>122,495,275</b>    | <b>1,528,427,942</b>  |
| <b>Shareholders' Equity</b>  |        |                       |                       |                       |                       |
| Share capital  | 18     |                       |                       |                       |                       |
| Authorised share capital   |        | 5,300,000,000         | 5,300,000,000         | 5,300,000,000         | 5,300,000,000         |
| Issued and paid-up share capital   |        | 5,264,650,000         | 5,264,650,000         | 5,264,650,000         | 5,264,650,000         |
| Premium on share capital   | 18     | 8,601,300,000         | 8,601,300,000         | 8,601,300,000         | 8,601,300,000         |
| Retained earnings  |        |                       |                       |                       |                       |
| Appropriated   |        |                       |                       |                       |                       |
| - Legal reserve  | 19     | 530,000,000           | 530,000,000           | 530,000,000           | 530,000,000           |
| - Capital reserve for treasury stock   |        | 52,169,276            | -                     | 52,169,276            | -                     |
| Unappropriated   |        | 13,530,545,410        | 10,474,834,519        | 13,530,545,410        | 10,474,834,519        |
| Unrealised gains on investments in marketable securities - available-for-sale      |        | 359,887,106           | 1,206,631,950         | 408,150,340           | 1,261,160,586         |
| Translation adjustments  |        | (165,138,166)         | (182,803,390)         | (165,138,166)         | (182,803,390)         |
| <b>Total parent's shareholders' equity</b>   |        | <b>28,173,413,626</b> | <b>25,894,613,079</b> | <b>28,221,676,860</b> | <b>25,949,141,715</b> |
| Minority interest  | 20     | 981,691,358           | 858,591,957           | -                     | -                     |
| <b>Total Shareholders' Equity</b>  |        | <b>29,155,104,984</b> | <b>26,753,205,036</b> | <b>28,221,676,860</b> | <b>25,949,141,715</b> |
| <u>Less Treasury stock</u>   |        | <u>(52,169,276)</u>   | <u>(52,169,276)</u>   | <u>(52,169,276)</u>   | <u>(52,169,276)</u>   |
| <b>Total Shareholders' Equity, net</b>   |        | <b>29,102,935,708</b> | <b>26,701,035,760</b> | <b>28,169,507,584</b> | <b>25,896,972,439</b> |
| <b>Total Liabilities and Shareholders' Equity</b>                                  |        | <b>55,066,351,417</b> | <b>56,436,619,082</b> | <b>28,292,002,859</b> | <b>27,425,400,381</b> |

The notes to the consolidated and company financial statements on pages 10 to 50 are an integral part of these financial statements.

**Electricity Generating Public Company Limited**  
**Statements of Income**  
**For the years ended 31 December 2004 and 2003**

|   | Notes  | Consolidated    |                 | Company       |               |
|---|--------|-----------------|-----------------|---------------|---------------|
|   |        | 2004<br>Baht    | 2003<br>Baht    | 2004<br>Baht  | 2003<br>Baht  |
| <b>Revenues</b>   |        |                 |                 |               |               |
| Sales and service income  | 28     | 15,619,522,030  | 15,377,946,042  | -             | -             |
| Cost of sales and services  | 28     | (7,592,661,519) | (6,016,517,135) | -             | -             |
| <b>Gross profit</b>   |        | 8,026,860,511   | 9,361,428,907   | -             | -             |
| Administrative expenses   | 28     | (1,275,985,210) | (1,084,656,185) | (396,833,166) | (398,246,032) |
| <b>Profit (loss) from sales and services</b>                              |        | 6,750,875,301   | 8,276,772,722   | (396,833,166) | (398,246,032) |
| Other income  |        |                 |                 |               |               |
| - Interest income   | 28     | 297,328,054     | 290,510,273     | 93,536,339    | 51,004,726    |
| - Dividend income   |        | 475,214,682     | 479,866,774     | 475,214,682   | 479,800,206   |
| - Others  |        | 79,221,026      | 127,828,790     | 112,295,489   | 79,949,939    |
| Impairment charge   | 12, 14 | 34,220,274      | (170,481,405)   | -             | (66,132,951)  |
| Directors' remuneration   | 24     | (21,829,251)    | (21,757,823)    | (17,499,939)  | (18,404,823)  |
| Currency exchange gains (losses)  |        | 67,103,820      | 707,214,785     | (15,222,981)  | -             |
| <b>Operating profit</b>   |        | 7,682,133,906   | 9,689,954,116   | 251,490,424   | 127,971,065   |
| Share of profit (loss) from subsidiaries, an associate and joint ventures | 11     | 28,635,828      | (545,482,321)   | 4,462,601,416 | 6,001,183,311 |
| <b>Profit before interest and tax</b>                                     |        | 7,710,769,734   | 9,144,471,795   | 4,714,091,840 | 6,129,154,376 |
| Interest expenses   | 28     | (2,219,929,424) | (2,631,117,287) | (52,266,543)  | (135,212,943) |
| Income tax  | 26     | (596,578,876)   | (216,588,719)   | -             | -             |
| <b>Profit before minorities</b>   |        | 4,894,261,434   | 6,296,765,789   | 4,661,825,297 | 5,993,941,433 |
| Profit attributable to minorities   | 20     | 232,436,137     | 302,824,356     | -             | -             |
| <b>Net profit for the year</b>  | 21     | 4,661,825,297   | 5,993,941,433   | 4,661,825,297 | 5,993,941,433 |
| <b>Basic earnings per share</b>   |        |                 |                 |               |               |
| Profit before minorities  | 22     | 9.32            | 11.99           | 8.88          | 11.41         |
| Profit attributable to minorities   |        | 0.44            | 0.58            | -             | -             |
| Net profit for the year   |        | 8.88            | 11.41           | 8.88          | 11.41         |

The notes to the consolidated and company financial statements on pages 10 to 50 are an integral part of these financial statements.

Electricity Generating Public Company Limited  
 Statements of Changes in Shareholders' Equity  
 For the years ended 31 December 2004 and 2003

|   |                                  |                          |                    |                                    |                       |                      |                         |                    |                     | Consolidated          |
|---|----------------------------------|--------------------------|--------------------|------------------------------------|-----------------------|----------------------|-------------------------|--------------------|---------------------|-----------------------|
|   | Issued and paid-up share capital | Premium on share capital | Legal reserve      | Capital reserve for treasury stock | Retained earnings     | Fair value reserve   | Translation adjustments | Minority interest  | Treasury stock      | Total                 |
| Notes   | Baht                             | Baht                     | Baht               | Baht                               | Baht                  | Baht                 | Baht                    | Baht               | Baht                | Baht                  |
| <b>Opening balance as at 1 January 2004</b>   | 5,264,650,000                    | 8,601,300,000            | 530,000,000        | -                                  | 10,474,834,519        | 1,206,631,950        | (182,803,390)           | 858,591,957        | (52,169,276)        | 26,701,035,760        |
| Translation adjustments   | -                                | -                        | -                  | -                                  | -                     | -                    | 17,665,224              | 312,489            | -                   | 17,977,713            |
| Net profit for the year   | -                                | -                        | -                  | 52,169,276                         | 4,661,825,297         | -                    | -                       | -                  | -                   | 4,713,994,573         |
| Capital reserve for treasury stock  | -                                | -                        | -                  | -                                  | (52,169,276)          | -                    | -                       | -                  | -                   | (52,169,276)          |
| Dividends paid  | 23                               | -                        | -                  | -                                  | (1,553,945,130)       | -                    | -                       | (109,652,400)      | -                   | (1,663,597,530)       |
| Unrealised gain (losses) on investments in marketable securities - available-for-sale | -                                | -                        | -                  | -                                  | -                     | (846,744,844)        | -                       | 3,175              | -                   | (846,741,669)         |
| Minority interest   | 20                               | -                        | -                  | -                                  | -                     | -                    | -                       | 232,436,137        | -                   | 232,436,137           |
| <b>Closing balance as at 31 December 2004</b>   | <u>5,264,650,000</u>             | <u>8,601,300,000</u>     | <u>530,000,000</u> | <u>52,169,276</u>                  | <u>13,530,545,410</u> | <u>359,887,106</u>   | <u>(165,138,166)</u>    | <u>981,691,358</u> | <u>(52,169,276)</u> | <u>29,102,935,708</u> |
| <b>Opening balance as at 1 January 2003</b>   | 5,264,650,000                    | 8,601,300,000            | 530,000,000        | -                                  | 5,769,104,168         | 185,797,319          | (75,249,744)            | 724,297,144        | (52,169,276)        | 20,947,729,611        |
| Translation adjustments   | -                                | -                        | -                  | -                                  | -                     | -                    | (107,553,646)           | 801,782            | -                   | (106,751,864)         |
| Net profit for the year   | -                                | -                        | -                  | -                                  | 5,993,941,433         | -                    | -                       | -                  | -                   | 5,993,941,433         |
| Dividends paid  | 23                               | -                        | -                  | -                                  | (1,288,211,082)       | -                    | -                       | (181,593,895)      | -                   | (1,469,804,977)       |
| Unrealised gains on investments in marketable securities - available-for-sale         | -                                | -                        | -                  | -                                  | -                     | 1,020,834,631        | -                       | 97,993             | -                   | 1,020,932,624         |
| Ordinary shares   | 20                               | -                        | -                  | -                                  | -                     | -                    | -                       | 12,164,577         | -                   | 12,164,577            |
| Minority interest   | 20                               | -                        | -                  | -                                  | -                     | -                    | -                       | 302,824,356        | -                   | 302,824,356           |
| <b>Closing balance as at 31 December 2003</b>   | <u>5,264,650,000</u>             | <u>8,601,300,000</u>     | <u>530,000,000</u> | <u>-</u>                           | <u>10,474,834,519</u> | <u>1,206,631,950</u> | <u>(182,803,390)</u>    | <u>858,591,957</u> | <u>(52,169,276)</u> | <u>26,701,035,760</u> |

The notes to the consolidated and company financial statements on pages 10 to 50 are an integral part of these financial statements.

Electricity Generating Public Company Limited  
 Statements of Changes in Shareholders' Equity  
 For the years ended 31 December 2004 and 2003

| Note   | Company                          |                          |                                    |                    |                       |                      |                         |                     |                       |
|--|----------------------------------|--------------------------|------------------------------------|--------------------|-----------------------|----------------------|-------------------------|---------------------|-----------------------|
|  | Issued and paid-up share capital | Premium on share capital | Capital reserve for treasury stock | Legal reserve      | Retained earnings     | Fair value reserve   | Translation adjustments | Treasury stock      | Total                 |
|  | Baht                             | Baht                     | Baht                               | Baht               | Baht                  | Baht                 | Baht                    | Baht                | Baht                  |
| <b>Opening balance as at 1 January 2004</b>                                    | 5,264,650,000                    | 8,601,300,000            | -                                  | 530,000,000        | 10,474,834,519        | 1,261,160,586        | (182,803,390)           | (52,169,276)        | 25,896,972,439        |
| Translation adjustments  | -                                | -                        | -                                  | -                  | -                     | -                    | 17,665,224              | -                   | 17,665,224            |
| Net profit for the year  | -                                | -                        | 52,169,276                         | -                  | 4,661,825,297         | -                    | -                       | -                   | 4,713,994,573         |
| Capital reserve for treasury stock   | -                                | -                        | -                                  | -                  | (52,169,276)          | -                    | -                       | -                   | (52,169,276)          |
| Dividends paid   | 23                               | -                        | -                                  | -                  | (1,553,945,130)       | -                    | -                       | -                   | (1,553,945,130)       |
| Unrealised losses on investments in marketable securities - available-for-sale | -                                | -                        | -                                  | -                  | -                     | (853,010,246)        | -                       | -                   | (853,010,246)         |
| <b>Closing balance as at 31 December 2004</b>                                  | <u>5,264,650,000</u>             | <u>8,601,300,000</u>     | <u>52,169,276</u>                  | <u>530,000,000</u> | <u>13,530,545,410</u> | <u>408,150,340</u>   | <u>(165,138,166)</u>    | <u>(52,169,276)</u> | <u>28,169,507,584</u> |
| <b>Opening balance as at 1 January 2003</b>                                    | 5,264,650,000                    | 8,601,300,000            | -                                  | 530,000,000        | 5,769,104,168         | 249,931,927          | (75,249,744)            | (52,169,276)        | 20,287,567,075        |
| Translation adjustments  | -                                | -                        | -                                  | -                  | -                     | -                    | (107,553,646)           | -                   | (107,553,646)         |
| Net profit for the year  | -                                | -                        | -                                  | -                  | 5,993,941,433         | -                    | -                       | -                   | 5,993,941,433         |
| Dividends paid   | 23                               | -                        | -                                  | -                  | (1,288,211,082)       | -                    | -                       | -                   | (1,288,211,082)       |
| Unrealised gains on investments in marketable securities - available-for-sale  | -                                | -                        | -                                  | -                  | -                     | 1,011,228,659        | -                       | -                   | 1,011,228,659         |
| <b>Closing balance as at 31 December 2003</b>                                  | <u>5,264,650,000</u>             | <u>8,601,300,000</u>     | <u>-</u>                           | <u>530,000,000</u> | <u>10,474,834,519</u> | <u>1,261,160,586</u> | <u>(182,803,390)</u>    | <u>(52,169,276)</u> | <u>25,896,972,439</u> |

The notes to the consolidated and company financial statements on pages 10 to 50 are an integral part of these financial statements.

**Electricity Generating Public Company Limited**  
**Statements of Cash Flows**  
**For the years ended 31 December 2004 and 2003**

|  | Notes  | Consolidated  |                 | Company         |                 |
|--|--------|---------------|-----------------|-----------------|-----------------|
|  |        | 2004<br>Baht  | 2003<br>Baht    | 2004<br>Baht    | 2003<br>Baht    |
| <b>Cash flows from operating activities</b>  |        |               |                 |                 |                 |
| Net profit for the year  |        | 4,661,825,297 | 5,993,941,433   | 4,661,825,297   | 5,993,941,433   |
| Adjustments to reconcile net profit to net cash provided by operations:                          |        |               |                 |                 |                 |
| - Depreciation and amortisation of goodwill  |        | 2,528,919,794 | 3,067,815,537   | 53,010,216      | 64,985,183      |
| - Impairment charge  | 12, 14 | (34,220,274)  | 170,481,405     | -               | 66,132,951      |
| - Write-off goodwill   | 13     | 43,286,192    | -               | -               | -               |
| - Write-off development costs  |        | 76,920,966    | 147,454,328     | -               | -               |
| - Write-off bad debt   |        | 22,960,494    | -               | -               | -               |
| - Allowance for obsolescence   |        | 12,165,128    | 28,726,924      | -               | -               |
| - Unrealised currency exchange (gains) losses  |        | (71,952,827)  | (718,716,365)   | 14,857,812      | -               |
| - Lossess (gains) on disposals of property, plant and equipment                                  |        | 3,533,216     | (3,492,700)     | 944,372         | (478,995)       |
| - Dividends received from other companies  |        | (475,214,682) | (479,800,206)   | (475,214,682)   | (479,800,206)   |
| - Shares of (profit) loss from subsidiaries, an associate and joint ventures                     | 11     | (28,635,828)  | 545,482,321     | (4,462,601,416) | (6,001,183,311) |
| - Minority interest  | 20     | 232,436,137   | 302,824,356     | -               | -               |
| - Others   |        | (4,301,625)   | 7,623,413       | -               | -               |
| Cash flows before changes in operating assets and liabilities                                    |        | 6,967,721,988 | 9,062,340,446   | (207,178,401)   | (356,402,945)   |
| Changes in operating assets and liabilities: (excluding the effects of acquisition and disposal) |        |               |                 |                 |                 |
| - Short-term and long-term investments used as collateral  |        | 2,481,526,063 | 70,306,139      | -               | -               |
| - Trade receivables and Trade receivable from a related party                                    |        | (708,136,550) | 362,031,049     | -               | -               |
| - Amounts due from related parties   |        | 5,193,258     | (45,750,911)    | 48,838,493      | (38,549,272)    |
| - Spare parts and supplies   |        | (485,119,227) | (1,964,717,481) | -               | -               |
| - Other current assets   |        | (105,914,010) | (66,072,517)    | (37,130,176)    | 847,455         |
| - Other non-current assets   |        | 32,394,708    | 35,466,489      | 22,099,887      | 34,240,970      |
| - Trade payables and trade payable to a related party  |        | 200,581,826   | (250,986,960)   | -               | -               |
| - Amounts due to related parties   |        | (33,458,774)  | 11,671,295      | 54,929          | 37,753          |
| - Other current liabilities  |        | 179,400,742   | 47,066,208      | (5,836,620)     | (13,681,795)    |
| - Other non-current liabilities  |        | 66,000        | 9,143,391       | -               | -               |
| Net cash receipts (payments) from operating activities   |        | 8,534,256,024 | 7,270,497,148   | (179,151,888)   | (373,507,834)   |

The notes to the consolidated and company financial statements on pages 10 to 50 are an integral part of these financial statements.



**Electricity Generating Public Company Limited**  
**Statements of Cash Flows**  
**For the years ended 31 December 2004 and 2003**

|  | Notes  | Consolidated           |                        | Company                |                        |
|--|--------|------------------------|------------------------|------------------------|------------------------|
|  |        | 2004<br>Baht           | 2003<br>Baht           | 2004<br>Baht           | 2003<br>Baht           |
| <b>Cash flows from investing activities</b>                            |        |                        |                        |                        |                        |
| Acquisition of subsidiaries, net of cash acquired                      |        | -                      | (93,658,578)           | -                      | -                      |
| Proceeds from reduction of authorised share capital of a subsidiary    |        | -                      | -                      | -                      | 100,000,000            |
| Investments in subsidiaries and interest in a joint venture            | 11     | -                      | (92,614,136)           | (882,020,000)          | (172,470,346)          |
| Net (purchases) disposals of short-term investments                    |        | 812,203,120            | (1,842,758,990)        | 889,265,698            | (1,614,178,498)        |
| Net (purchases) disposals of long-term investments                     |        | (230,283,668)          | 5,057,676              | (230,283,668)          | (32,972,661)           |
| Net purchases of property, plant and equipment                         |        | (2,149,604,956)        | (785,694,474)          | (7,629,324)            | (16,543,023)           |
| Advance payment to a subcontractor                                     |        | -                      | (34,387,633)           | -                      | -                      |
| Loans and advances made to related parties                             |        | (755,693,489)          | (21,091,376)           | (929,298,489)          | -                      |
| Proceed from loans to a related party                                  |        | 50,000,000             | -                      | 100,000,000            | -                      |
| Payment on investment in a subsidiary of a joint venture               |        | (158,951,200)          | -                      | -                      | -                      |
| Dividends received from subsidiaries and a joint venture               | 11     | -                      | -                      | 4,542,621,476          | 3,858,774,219          |
| Dividends received from other companies                                |        | 475,214,682            | 479,800,206            | 475,214,682            | 479,800,206            |
| Others   |        | (17,293,030)           | 453,092                | -                      | -                      |
| Net cash receipts (payments) from investing activities                 |        | <u>(1,974,408,541)</u> | <u>(2,384,894,213)</u> | <u>3,957,870,375</u>   | <u>2,602,409,897</u>   |
| <b>Cash flows from financing activities</b>                            |        |                        |                        |                        |                        |
| Proceeds from issue of ordinary shares from minorities                 | 20     | -                      | 12,164,577             | -                      | -                      |
| Payments on finance lease  |        | (1,281,087)            | -                      | -                      | -                      |
| Net proceed (payment) from short-term loans                            |        | (244,687,540)          | (166,827,632)          | -                      | -                      |
| Net payment on short-term loan from a co-investor in a joint venture   | 15     | -                      | (250,000,000)          | -                      | -                      |
| Proceeds from long-term loans from financial institutions              | 16     | 2,073,514,068          | 3,319,797,052          | -                      | -                      |
| Payments on long-term loans from financial institutions and debentures | 16, 17 | (5,861,602,257)        | (6,798,536,013)        | (1,400,650,000)        | (1,295,000,000)        |
| Proceed from long-term loan from a co-investor in a joint venture      |        | 50,000,000             | -                      | -                      | -                      |
| Payment on long-term loan from a co-investor in a joint venture        | 15     | (50,000,000)           | (50,000,000)           | -                      | -                      |
| Dividends paid to shareholders   | 23     | (1,571,312,994)        | (1,479,044,078)        | (1,553,446,100)        | (1,287,476,944)        |
| Payment on advances to a related party                                 |        | -                      | (3,982,400)            | -                      | -                      |
| Net cash payments on financing activities                              |        | <u>(5,605,369,810)</u> | <u>(5,416,428,494)</u> | <u>(2,954,096,100)</u> | <u>(2,582,476,944)</u> |
| <b>Net increase (decrease) in cash and cash equivalents</b>            |        |                        |                        |                        |                        |
| Beginning balance  |        | 954,477,673            | (530,825,559)          | 824,622,387            | (353,574,881)          |
| Effects of exchange rate changes                                       |        | 1,730,769,987          | 2,274,707,433          | 771,787,368            | 1,125,362,249          |
| Ending balance   |        | <u>3,047,002</u>       | <u>(13,111,887)</u>    | <u>-</u>               | <u>-</u>               |
|  |        | <u>2,688,294,662</u>   | <u>1,730,769,987</u>   | <u>1,596,409,755</u>   | <u>771,787,368</u>     |

The notes to the consolidated and company financial statements on pages 10 to 50 are an integral part of these financial statements.

**Electricity Generating Public Company Limited**  
**Statements of Cash Flows**  
**For the years ended 31 December 2004 and 2003**

|   | Note | Consolidated         |                      | Company              |                    |
|---|------|----------------------|----------------------|----------------------|--------------------|
|   |      | 2004<br>Baht         | 2003<br>Baht         | 2004<br>Baht         | 2003<br>Baht       |
| <b>Cash and cash equivalents are made up as follows:</b>                              |      |                      |                      |                      |                    |
| - Cash in hand and deposits at financial institutions                                 |      | 811,419,326          | 1,501,208,960        | 120,451,185          | 200,159,481        |
| - Short-term investments - maturity within three months                               |      | 1,876,875,336        | 229,561,027          | 1,475,958,570        | 571,627,887        |
|   |      | <u>2,688,294,662</u> | <u>1,730,769,987</u> | <u>1,596,409,755</u> | <u>771,787,368</u> |
| <b>Supplementary information for cash flows:</b>                                      |      |                      |                      |                      |                    |
| Interest paid   |      | 2,167,566,958        | 2,627,323,359        | 21,037,519           | 153,960,581        |
| Tax paid  |      | 258,490,436          | 23,840,439           | -                    | -                  |
| <b>Non-cash transactions</b>  |      |                      |                      |                      |                    |
| Acquisition of a subsidiary   |      | -                    | 317,902,000          | -                    | -                  |
| Increase in property, plant and equipment by other payables                           |      | 25,414,944           | 9,307,276            | -                    | -                  |
| Reclassification of utilised capital spare parts to property, plant and equipment     | 12   | 350,990,173          | -                    | -                    | -                  |
| Reclassification of unutilised capital spare parts from property, plant and equipment | 12   | 437,169,030          | -                    | -                    | -                  |

## **1 General information**

Electricity Generating Public Company Limited (“the Company”) is a public limited company, incorporated and resident in Thailand. The address of its registered office is 15<sup>th</sup> Floor EGCO Tower, 222 Moo 5, Vibhavadi Rangsit Road, Tungsonghong, Laksi, Bangkok 10210.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries, an associate and joint ventures are referred to as “the Group”.

The principal business operation of the Group is the generation of electricity for sale to the government sector and industrial users both in Thailand and overseas.

The Group has operations in over two countries and employs over 916 people (2003: 885 people).

## **2 Accounting policies**

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below.

### **2.1 Basis of preparation**

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E.2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The Group adopted Thai Accounting Standard no. 51, Intangible Assets in 2003, prior to its effective date.

The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying consolidated and company financial statements are therefore not intended to present the financial position, results of operations and cash flows in accordance with jurisdictions other than Thailand. Consequently, these consolidated and company financial statements are only addressed to those who are informed about Thai generally accepted accounting principles and practices.

The consolidated and company financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

For the convenience of the user, an English translation of the consolidated and company financial statements has been prepared from the statutory financial statements that are issued in the Thai language.

**2 Accounting policies (continued)**

**2.2 Group accounting – investments in subsidiaries, an associate and interests in joint ventures**

**2.2.1 Investments in subsidiaries**

Subsidiaries, which are those entities in which the Group has power to govern the financial and operating policies are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiaries acquired is recorded as goodwill (see Note 2.9.1 for the accounting policy on goodwill). Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless costs cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements investments in subsidiaries are reported using the equity method of accounting.

A list of the Group's principal subsidiaries and the financial effects of the acquisitions and disposals of subsidiaries is shown in Note 11.

**2.2.2 Investments in associates**

Investments in associates are accounted for using the equity method of accounting in the consolidated financial statements. Under this method the Group's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are entities over which the Group generally has significant influence, but which it does not control. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's investment in associates includes goodwill (net of accumulated amortisation) on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associates.

In the Company's separate financial statements the equity method is applied to account for investments in associates.

A list of the Group's principal associates is shown in Note 11.

**2 Accounting policies (continued)**

**2.2.3 Interests in joint ventures**

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation in the consolidated financial statements. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that it is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

In the Company's separate financial statements, the equity method is applied to account for interests in joint ventures.

A list of the Group's principal joint ventures is shown in Note 11.

**2.3 Foreign currency translation**

Items included in the financial statements of each entity in the Group are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of income. Liabilities which are covered by currency swap contracts are translated into Thai Baht at the contract rate.

Translation differences on investments in debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses in the income statement, except for translation differences on available-for-sale investments which are included in the fair value reserve in equity.

Statements of income and cash flows of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year and balance sheets are translated at the exchange rates ruling on the balance sheet date. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, accumulated currency translation differences are recognised in the statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

**2 Accounting policies (continued)**

**2.4 Financial instruments**

Financial assets carried in the balance sheets include cash and cash equivalents, investments, trade receivables and trade receivable from a related party. Financial liabilities carried in the balance sheet include trade payables, trade payable from a related party, loans and debentures. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group is also party to financial instruments that reduce exposure to fluctuations in foreign currency exchange and interest rates. These instruments, which comprise interest rate swap contracts and currency and interest rate swap contract, are not recognised in the consolidated and company financial statements on inception.

Interest rate swap contracts protect the Group from movements in interest rates. Any differential to be paid or received on interest rate swap contracts is recognised as a component of interest expenses as incurred.

Currency and interest rate swap contract protects the Group from movements in exchange rates and interests rates. Any differential in interest rate to be paid or received is recognised as a component of interest expense as incurred. Gains or losses are therefore offset for financial reporting purposes and are not recognised in the consolidated financial statements.

Disclosures about financial instruments to which the Group is a party are provided in Note 27.

**2.5 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at financial institutions, short-term highly liquid investments with maturities of three months or less and bank overdrafts.

**2.6 Trade receivables**

Trade receivables are carried at the original invoice amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivables and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

**2.7 Spare parts and supplies**

Spare parts and supplies are stated at cost less allowance for obsolescence. Cost is calculated based on the moving average basis. The spare parts are categorised as "specific spare parts", which are used for specific plant equipment in power plants and "common spare parts", for general use.

The allowance for specific spare parts is calculated by dividing the balances of specific spare parts on hand at the year end by the number of years remaining under the Power Purchase Agreements with the Electricity Generating Authority of Thailand, except for capital spare parts whose estimated useful life is more than one year. Carrying amount is considered and when it is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the use of the asset and the amount obtainable from the sale of the asset less any costs of disposal.

The allowance for common spare parts is generally provided based on an aging analysis.

**2 Accounting policies (continued)**

**2.8 Other investments**

Investments other than investments in subsidiaries, associates and interests in joint ventures are classified into the following three categories: held-to-maturity, available-for-sale and general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the balance sheet date which are classified as current assets. Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Investments in non-marketable equity securities are classified as general investments.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investments. Cost of investment includes transaction costs. Available-for-sale investments are subsequently carried at fair value. Held-to-maturity investments are carried at amortised cost using the effective yield method. Unrealised gain and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity. The fair value of investments is based on the quoted bid price by reference to the Stock Exchange of Thailand and the Thai Bond Dealing Centre. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment in securities.

General investments are carried at cost less impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the consolidated and company statements of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the consolidated and company statements of income. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

**2.9 Intangible assets**

**2.9.1 Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary undertakings or joint ventures at the date of acquisition. Goodwill on acquisitions of subsidiaries or joint ventures is reported in the consolidated balance sheet as an intangible asset. Goodwill is amortised using the straight-line method over its estimated useful life. Management determines the estimated useful life of goodwill based on its evaluation of the respective companies at the time of the acquisition, considering factors such as existing market share, potential growth and other factors inherent in the acquired companies.

Goodwill arising on acquisitions of the Group is amortised over its estimated useful life, which is between 3.5 and 20 years.

At each balance sheet date the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of goodwill is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

**2 Accounting policies (continued)**

**2.9 Intangible assets (continued)**

**2.9.2 Development expenditure**

Development expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development expenditure previously recognised as an expense is not recognised as an asset in a subsequent period. Development expenditure that has been capitalised is amortised from the commencement of the commercial operation on a straight-line basis over the power plants' life.

**2.10 Property, plant and equipment**

All property, plant and equipment is initially recorded at cost. All plant and equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated using the straight-line method to write off the cost of each asset to their residual values over their estimated useful life, except for land which is considered to have an indefinite life, as follows:

|   | <b>Years</b>      |
|---|-------------------|
| Power plants                              | 15, 18, 20 and 21 |
| Water plants and transmission line        | 30                |
| Buildings and structures                  | 10 and 20         |
| Substation and transmission system        | 20 and 21         |
| Operating and maintenance equipment       | 5                 |
| Office equipment, furniture and computers | 3, 5 and 10       |
| Motor vehicles                            | 5                 |

Capital spare parts whose estimated useful life is more than 1 year are capitalised and depreciated using the straight line method over the estimated useful life when used in major repair and maintenance processes. The capital spare parts, which are replaced by the major overhaul will be removed and recorded as spare parts and supplies at the net book value at the date of replacement.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repair and maintenance expenses are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the property for its intended use. All other borrowing costs are expensed. The borrowing costs include:

- Interest on long-term loans;
- Amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- Certain currency translation differences arising from foreign currency borrowings but limited to the amount which would have been incurred had the loan been in Thai Baht.



**2 Accounting policies (continued)**

**2.11 Borrowings**

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated and company statements of income over the period of the borrowings.

**2.12 Income taxes**

The Group calculates income taxes in accordance with the Revenue Code and records income taxes on an accrual basis. The Group does not recognise income taxes payable or receivable in future periods in respect of temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the consolidated or company financial statements.

**2.13 Employee benefits**

The Group operates a provident fund that is a defined contribution plan, the assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and by the relevant Group companies. Contributions to the provident fund are charged to the consolidated and company statements of income in the year to which they relate.

**2.14 Treasury stock**

Treasury stock is carried at cost and shown as a deduction from total shareholders' equity. Gains on disposal of treasury stock are determined by reference to its carrying amount and are taken to "Premium on treasury stock". Losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to "Premium on treasury stock" and "Retained earnings" consecutively.

**2.15 Revenue recognition**

Sales are recognised on delivery of electricity and customer acceptance. Sales are shown net of sales taxes and discounts, and after eliminating sales within the Group.

Revenue from construction service is recognised according to the percentage of completion method based on the ratio of actual cost incurred to the total estimated cost of the relevant contract. Revenue from other services is recognised when the services have been rendered in accordance with the terms of the agreements or invoices have been issued.

Interest income is recognised on an accrual basis unless collectibility is in doubt.

Dividend income is recognised when the shareholder's right to receive payment is established.

**2.16 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

---

**2 Accounting policies (continued)**

**2.17 Dividends**

Dividends are recorded in the consolidated and company financial statements in the period in which they are approved by the shareholders and the Board of Directors.

**2.18 Segment reporting**

The segmental reporting has been prepared based on the Company's method of internal reporting, which desegregates its business by geographical areas.

**3 Statements of cash flows**

Changes in short-term and long-term investments used as collateral are included in the statement of cash flows as cash flows from operating activities because proceeds from sales of electricity must be maintained as short-term and long-term investments used as collateral in accordance with the Master Agreements and loan agreements as described in Note 7.

**4 Segment information**

**Financial information by geographical segment**

**For the year ended 31 December 2004**

|  | <b>Thailand<br/>Baht</b> | <b>Philippines<br/>Baht</b> | <b>Consolidated<br/>Baht</b> |
|--|--------------------------|-----------------------------|------------------------------|
| Revenue from sales and service income                  | 14,902,330,021           | 717,192,009                 | 15,619,522,030               |
| Cost of sales and services                             | (7,364,148,319)          | (228,513,200)               | (7,592,661,519)              |
| Segment results  | 7,538,181,702            | 488,678,809                 | 8,026,860,511                |
| Administrative expenses                                | (1,182,390,106)          | (115,424,355)               | (1,297,814,461)              |
| A reversal of impairment charge                        | 34,220,274               | -                           | 34,220,274                   |
| Other income   | 813,778,591              | 37,985,171                  | 851,763,762                  |
| Currency exchange gains (losses)                       | 73,783,466               | (6,679,646)                 | 67,103,820                   |
| Operating profit                                       | 7,277,573,927            | 404,559,979                 | 7,682,133,906                |
| Shares of profit from an associate and a joint venture | 28,635,828               | -                           | 28,635,828                   |
| Interest expenses                                      | (2,146,654,996)          | (73,274,428)                | (2,219,929,424)              |
| Profit before tax                                      | 5,159,554,759            | 331,285,551                 | 5,490,840,310                |
| Income tax   | (460,306,303)            | (136,272,573)               | (596,578,876)                |
| Profit before minority interest                        | 4,699,248,456            | 195,012,978                 | 4,894,261,434                |
| Minority interest                                      | 94,281,454               | 138,154,683                 | 232,436,137                  |
| Net profit   | 4,604,967,002            | 56,858,295                  | 4,661,825,297                |
| Segment assets   | 53,105,459,059           | 1,960,892,358               | 55,066,351,417               |

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**4 Segment information** (continued)

**Financial information by geographical segment** (continued)

| <b>For the year ended 31 December 2003</b>         | <b>Thailand<br/>Baht</b> | <b>Philippines<br/>Baht</b> | <b>Consolidated<br/>Baht</b> |
|--|--------------------------|-----------------------------|------------------------------|
| Revenue from sales and service income              | 14,485,608,916           | 892,337,126                 | 15,377,946,042               |
| Cost of sales and services                         | (5,780,686,344)          | (235,830,791)               | (6,016,517,135)              |
| Segment results                                    | 8,704,922,572            | 656,506,335                 | 9,361,428,907                |
| Administrative expenses                            | (991,404,688)            | (115,009,320)               | (1,106,414,008)              |
| Impairment charge                                  | (170,481,405)            | -                           | (170,481,405)                |
| Other income                                       | 853,601,526              | 44,604,311                  | 898,205,837                  |
| Currency exchange gains (losses)                   | 738,034,428              | (30,819,643)                | 707,214,785                  |
| Operating profit                                   | 9,134,672,433            | 555,281,683                 | 9,689,954,116                |
| Shares of loss from associates and a joint venture | (545,482,321)            | -                           | (545,482,321)                |
| Interest expenses                                  | (2,546,850,379)          | (84,266,908)                | (2,631,117,287)              |
| Profit before tax                                  | 6,042,339,733            | 471,014,775                 | 6,513,354,508                |
| Income tax   | (159,017,326)            | (57,571,393)                | (216,588,719)                |
| Profit before minority interest                    | 5,883,322,407            | 413,443,382                 | 6,296,765,789                |
| Minority interest                                  | 72,833,339               | 229,991,017                 | 302,824,356                  |
| Net profit   | 5,810,489,068            | 183,452,365                 | 5,993,941,433                |
| Segment assets                                     | 54,275,446,684           | 2,161,172,398               | 56,436,619,082               |

**5 Cash and cash equivalents**

As at 31 December 2004 the interest rates on saving accounts were 0.25 % to 1.75% per annum (2003: 0.25% to 3.75% per annum) and the interest rate on deposits held at call with financial institutions were 0.25% to 4% per annum (2003: 0.5% to 3.9% per annum).

**6 Short-term investments**

Short-term investments comprised deposits at financial institutions and marketable securities.

*Deposits at financial institutions*

Deposits at financial institutions of the Group mainly comprise deposits at financial institutions and promissory notes issued by local financial institutions. As at 31 December 2004 these bear interest at rates from 0.25% to 4% per annum (2003: 0.5% to 3.9% per annum).

*Marketable securities*

|   | <b>Consolidated</b>  |                      | <b>Company</b>       |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | <b>2004<br/>Baht</b> | <b>2003<br/>Baht</b> | <b>2004<br/>Baht</b> | <b>2003<br/>Baht</b> |
| <b>Available-for-sale</b>                       |                      |                      |                      |                      |
| Debt securities                                 | 220,815,684          | 508,895,498          | 159,797,124          | 469,681,525          |
| Changes in fair value of investments            | 11,426,602           | 11,476,032           | 11,426,602           | 11,476,032           |
| Short-term investments in marketable securities | 232,242,286          | 520,371,530          | 171,223,726          | 481,157,557          |

**7 Short-term and long-term investments used as collateral**

**Subsidiaries of the Company**

Deposits at financial institutions used as collateral are those of Rayong Electricity Generating Company Limited (REGCO) and Khanom Electricity Generating Company Limited (KEGCO), and comprise cash reserves required to be maintained under their loan and debenture agreements for the purpose of repayment of principal and interest due within one year, and as a reserve to minimise exchange rate risk. These cash reserves are provided from the proceeds of sales of electricity. As at 31 December 2004, these cash reserves were Baht 2,084 million (2003: Baht 4,137 million). The remaining balance of short-term and long-term investments used as collateral of Baht 2,804 million (2003: Baht 2,033 million) represents collateralised deposits maintained in accordance with the loan agreements, but which can be used subject to certain lender approvals. During the year, the lenders allowed KEGCO to pledge a letter of credit issued on behalf of the Company instead of providing the partial cash reserves for both US Dollar and Thai Baht Debt Service Reserve Accounts (D/R Accounts).

The cash reserve for minimising exchange risk represents deposits in US Dollars. The two subsidiaries have to provide this reserve until the account equals the lower of 25% of the aggregate outstanding unhedged US Dollar loans or an amount of US Dollars 103 million. During the year, the lenders allowed KEGCO not to provide the cash reserve for Foreign Exchange Reserve Account (FX Reserve Account). Thus, the remaining reserve balance of US Dollars 26 million as at 31 December 2004 was for REGCO only.

**Subsidiaries of Gulf**

Gulf's deposits at financial institutions used as collateral of Baht 1,006 million are mainly for five subsidiaries and have been pledged as collateral to secure credit facilities according to long-term loan agreements. However, withdrawals can be made from the pledged accounts to provide working capital in the normal course of business of the subsidiaries. The two of Gulf's subsidiaries are constructing their power plants and, therefore, have no earnings from sales of electricity. They will provide the reserves when they commence commercial operation.

Short-term investments and long-term investments used as collateral comprise deposits at financial institutions and marketable securities.

*Deposits at financial institutions used as collateral*

As at 31 December 2004, short-term and long-term deposits under these reserves bear interest at the rates of 1.5% - 2.33% per annum for the foreign currency deposits (2003: 0.9%-2.26% per annum) and 0.25% - 6.5% per annum for the Thai Baht deposits (2003: 0.25%-8% per annum).

*Short-term investments in marketable securities used as collateral*

|  | <b>Consolidated</b>       |                           |                      |
|--|---------------------------|---------------------------|----------------------|
|  | <b>31 December 2004</b>   |                           |                      |
|  | <b>Available-for-sale</b> | <b>Current portion of</b> |                      |
|  | <b>Baht</b>               | <b>investments</b>        | <b>Total</b>         |
|  | <b>Baht</b>               | <b>held-to-maturity</b>   | <b>Baht</b>          |
|  | <b>Baht</b>               | <b>Baht</b>               | <b>Baht</b>          |
| Debt securities  | 1,230,799,583             | 41,575,422                | 1,272,375,005        |
| Changes in fair value of investments                               | (38,020,999)              | -                         | (38,020,999)         |
| Short-term investments in marketable securities used as collateral | <u>1,192,778,584</u>      | <u>41,575,422</u>         | <u>1,234,354,006</u> |

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**7 Short-term and long-term investments used as collateral (continued)**

*Short-term investments in marketable securities used as collateral (continued)*

|   | <b>Consolidated<br/>31 December 2003</b> |   |                       |
|---|--|---|-----------------------|
|   | <b>Available-for-sale<br/>Baht</b>       | <b>Current portion of<br/>investments<br/>held-to-maturity<br/>Baht</b> | <b>Total<br/>Baht</b> |
| Debt securities   | 545,567,803                              | 54,036,152  | 599,603,955           |
| Changes in fair value of investments                                  | 14,689                                   | -   | 14,689                |
| Short-term investments in<br>marketable securities used as collateral | <u>545,582,492</u>                       | <u>54,036,152</u>   | <u>599,618,644</u>    |

*Long-term investments in marketable securities used as collateral*

|  | <b>Consolidated<br/>31 December 2004</b> |                                  |                       |
|--|--|----------------------------------|-----------------------|
|  | <b>Available-for-sale<br/>Baht</b>       | <b>Held-to-maturity<br/>Baht</b> | <b>Total<br/>Baht</b> |
| Debt securities  | -  | 52,000,000                       | 52,000,000            |
| Changes in fair value of investments                                 | -  | -                                | -                     |
| Long-term investments in<br>marketable securities used as collateral | <u>-</u>                                 | <u>52,000,000</u>                | <u>52,000,000</u>     |

|  | <b>Consolidated<br/>31 December 2003</b> |                                  |                       |
|--|--|----------------------------------|-----------------------|
|  | <b>Available-for-sale<br/>Baht</b>       | <b>Held-to-maturity<br/>Baht</b> | <b>Total<br/>Baht</b> |
| Debt securities  | 1,322,916,997                            | 93,570,000                       | 1,416,486,997         |
| Changes in fair value of investments                                 | (33,412,229)                             | -                                | (33,412,229)          |
| Long-term investments in<br>marketable securities used as collateral | <u>1,289,504,768</u>                     | <u>93,570,000</u>                | <u>1,383,074,768</u>  |

The above held-to-maturity investments are due within 2-3 years.

The Group had engaged an International Fund Manager to manage funds in US Dollar denominated Collateral Accounts. Most funds are invested in short-term and long-term marketable debt securities under the investment guidelines stipulated in the loan agreements with the Group's lenders.

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**8 Trade receivables, net**

|  | <b>Consolidated</b> |                    | <b>Company</b> |             |
|--|---------------------|--------------------|----------------|-------------|
|  | <b>2004</b>         | <b>2003</b>        | <b>2004</b>    | <b>2003</b> |
|  | <b>Baht</b>         | <b>Baht</b>        | <b>Baht</b>    | <b>Baht</b> |
| Trade receivables                              | 304,251,286         | 316,461,937        | -              | -           |
| <u>Less</u> Allowance for doubtful receivables | (3,335,000)         | (3,335,000)        | -              | -           |
| Trade receivables, net                         | <u>300,916,286</u>  | <u>313,126,937</u> | -              | -           |

Outstanding trade receivables as at 31 December can be analysed as follows:

|  | <b>Consolidated</b> |                    | <b>Company</b> |             |
|--|---------------------|--------------------|----------------|-------------|
|  | <b>2004</b>         | <b>2003</b>        | <b>2004</b>    | <b>2003</b> |
|  | <b>Baht</b>         | <b>Baht</b>        | <b>Baht</b>    | <b>Baht</b> |
| Up to 3 months                                 | 287,385,400         | 273,952,471        | -              | -           |
| 3 – 6 months                                   | 8,772,276           | 21,040,673         | -              | -           |
| 6 – 12 months                                  | 7,560,949           | -                  | -              | -           |
| Over 12 months                                 | 532,661             | 21,468,793         | -              | -           |
|  | <u>304,251,286</u>  | <u>316,461,937</u> | -              | -           |
| <u>Less</u> Allowance for doubtful receivables | (3,335,000)         | (3,335,000)        | -              | -           |
| Trade receivables, net                         | <u>300,916,286</u>  | <u>313,126,937</u> | -              | -           |

**9 Spare parts and supplies, net**

|  | <b>Consolidated</b>  |                      | <b>Company</b> |             |
|--|----------------------|----------------------|----------------|-------------|
|  | <b>2004</b>          | <b>2003</b>          | <b>2004</b>    | <b>2003</b> |
|  | <b>Baht</b>          | <b>Baht</b>          | <b>Baht</b>    | <b>Baht</b> |
| Fuel                                   | 355,662,995          | 316,840,382          | -              | -           |
| Specific spare parts                   |                      |                      |                |             |
| - Capital spare parts                  | 1,311,386,023        | 846,966,457          | -              | -           |
| - Other specific spare parts           | 1,804,023,233        | 1,775,780,394        | -              | -           |
| Common spare parts                     | 70,680,517           | 81,268,999           | -              | -           |
| Spare parts in transit                 | 55,730,694           | 15,018,843           | -              | -           |
|  | <u>3,597,483,462</u> | <u>3,035,875,075</u> | -              | -           |
| <u>Less</u> Allowance for obsolescence | (161,013,285)        | (157,746,503)        | -              | -           |
| Spare parts and supplies, net          | <u>3,436,470,177</u> | <u>2,878,128,572</u> | -              | -           |

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**10 Long-term investments in marketable securities and others**

|   | <b>Consolidated</b>  |                      | <b>Company</b>       |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | <b>2004</b>          | <b>2003</b>          | <b>2004</b>          | <b>2003</b>          |
|   | <b>Baht</b>          | <b>Baht</b>          | <b>Baht</b>          | <b>Baht</b>          |
| <b>Available-for-sale</b>                                 |                      |                      |                      |                      |
| Debt securities   | 360,304,357          | 137,726,769          | 372,821,872          | 192,141,254          |
| Equity securities   | 1,905,222,903        | 1,859,346,693        | 1,905,222,903        | 1,859,346,693        |
| Changes in fair value of investments                      | 443,617,621          | 1,291,660,155        | 437,352,218          | 1,282,054,184        |
| Total long-term investments in marketable securities      | 2,709,144,881        | 3,288,733,617        | 2,715,396,993        | 3,333,542,131        |
| Other equity securities                                   | 12,300,000           | 12,300,000           | 12,300,000           | 12,300,000           |
| Long-term investments in marketable securities and others | <u>2,721,444,881</u> | <u>3,301,033,617</u> | <u>2,727,696,993</u> | <u>3,345,842,131</u> |

**11 Investments in subsidiaries and an associate and interests in joint ventures, net**

|   | <b>Consolidated</b> |                    | <b>Company</b>        |                       |
|---|---------------------|--------------------|-----------------------|-----------------------|
|   | <b>2004</b>         | <b>2003</b>        | <b>2004</b>           | <b>2003</b>           |
|   | <b>Baht</b>         | <b>Baht</b>        | <b>Baht</b>           | <b>Baht</b>           |
| Investments in subsidiaries   | -                   | 493,258            | 15,139,665,256        | 15,805,338,336        |
| Investments in an associate   | 390,914,094         | 338,008,946        | -                     | -                     |
| Interests in joint ventures   | 7,192,140           | 30,968,202         | 4,425,325,993         | 3,609,680,838         |
| <u>Less</u> Provision for impairment  | -                   | -                  | (394,406,165)         | (408,132,951)         |
| Investments in subsidiaries and an associate and interests in joint ventures, net | <u>398,106,234</u>  | <u>369,470,406</u> | <u>19,170,585,084</u> | <u>19,006,886,223</u> |

The movements in investments in subsidiaries and an associate and interests in joint ventures can be analysed as follows:

|  | <b>2004</b>         |                       |
|--|---------------------|-----------------------|
|  | <b>Consolidated</b> | <b>Company</b>        |
|  | <b>Baht</b>         | <b>Baht</b>           |
| Opening net book value   | 369,470,406         | 19,006,886,223        |
| Increase in share capital of a joint venture (Note 11.4)                           | -                   | 882,020,000           |
| Share of profit of investments in subsidiaries and an associate and joint ventures | 28,635,828          | 4,462,601,416         |
| Dividends received from subsidiaries and a joint venture                           | -                   | (5,190,329,104)       |
| Change in fair value of marketable securities available-for-sale of a subsidiary   | -                   | (8,258,675)           |
| Translation adjustments  | -                   | 17,665,224            |
| Closing net book value   | <u>398,106,234</u>  | <u>19,170,585,084</u> |

The percentage of holdings in subsidiaries and an associate and interests in joint ventures is unchanged from 2003.

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**11 Investments in subsidiaries and an associate and interests in joint ventures, net (continued)**

11.1 The principal subsidiaries, which are all incorporated in Thailand except EGCO International B.V.I, which is incorporated in the British Virgin Islands, are as follows:

|   |   | <b>Company</b>                                |  |                                     |                                       |                              |
|---|---|---|--|-------------------------------------|---------------------------------------|------------------------------|
|   |   | <b>31 December 2004</b>                       |  |                                     |                                       |                              |
| <b>Business</b>   |   | <b>Paid-up<br/>share capital<br/>Baht'000</b> | <b>Portion of<br/>Investment<br/>(%)</b> | <b>Cost<br/>Method<br/>Baht'000</b> | <b>Equity<br/>Method<br/>Baht'000</b> | <b>Dividend<br/>Baht'000</b> |
|   |   |   | (Including indirect<br>holding)          |                                     |                                       |                              |
| Rayong Electricity Generating Co., Ltd.                                     | Electricity generating  | 4,700,000                                     | 99.99                                    | 4,700,000                           | 6,565,810                             | 3,104,029                    |
| Khanom Electricity Generating Co., Ltd.                                     | Electricity generating  | 4,850,000                                     | 99.99                                    | 4,850,000                           | 5,821,158                             | 1,980,882                    |
| EGCO Engineering and Service Co., Ltd. and its subsidiary and joint venture | Power plant operation and maintenance services  | 250,000                                       | 99.99                                    | 250,000                             | 281,567                               | 56,968                       |
| - Subsidiary  |   |   |  |                                     |                                       |                              |
| - Agro Energy Co., Ltd.   | Trading / delivery services of natural scrap  |   | 99.99                                    |                                     |                                       |                              |
| - Joint venture   |   |   |  |                                     |                                       |                              |
| - Amata Power-Esco Service Co., Ltd.  | Power plant operation   |   | 50.00                                    |                                     |                                       |                              |
| Egcom Tara Co., Ltd.  | Tap water business  | 345,000                                       | 70.00                                    | 398,475                             | 382,613                               | -                            |
| EGCO Green Energy Co., Ltd. and its subsidiary                              | Investing in biomass fueled electricity generating plant                                  | 139,384                                       | 74.00                                    | 129,500                             | 142,719                               | -                            |
| - Roi-Et Green Co., Ltd.  | Develop, design, construct and test operation of husk fueled electricity generating plant |   | 95.00                                    |                                     |                                       |                              |
| EGCO International B.V.I  | Investing in power energy projects  | -   | 99.99                                    | -                                   | 593,889                               | -                            |
| Thai LNG Power Corporation Limited and its subsidiary                       | Investing in power energy projects  | 525,000                                       | 100.00                                   | 525,000                             | 509,410                               | -                            |
| - TLP Cogeneration Co.,Ltd.   | Electricity generating  | 1,060,000                                     | 80.00                                    | 424,000                             | 842,499                               | -                            |
|   |   |   |  | <u>11,276,975</u>                   | <u>15,139,665</u>                     | <u>5,141,879</u>             |



**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**11 Investments in subsidiaries and an associate and interests in joint ventures, net** (continued)

11.1 The principal subsidiaries, which are all incorporated in Thailand except EGCO International B.V.I, which is incorporated in the British Virgin Islands, are as follows: (continued)

|   |   | <b>Company</b>                                |  |                                     |                                       |                              |
|---|---|---|--|-------------------------------------|---------------------------------------|------------------------------|
|   |   | <b>31 December 2003</b>                       |  |                                     |                                       |                              |
| <b>Business</b>   |   | <b>Paid-up<br/>share capital<br/>Baht'000</b> | <b>Portion of<br/>Investment<br/>(%)</b> | <b>Cost<br/>Method<br/>Baht'000</b> | <b>Equity<br/>Method<br/>Baht'000</b> | <b>Dividend<br/>Baht'000</b> |
|   |   |   | (Including indirect<br>holding)          |                                     |                                       |                              |
| Rayong Electricity Generating Co., Ltd.                                     | Electricity generating  | 4,700,000                                     | 99.99                                    | 4,700,000                           | 7,216,975                             | 2,572,268                    |
| Khanom Electricity Generating Co., Ltd.                                     | Electricity generating  | 4,850,000                                     | 99.99                                    | 4,850,000                           | 6,183,211                             | 1,078,438                    |
| EGCO Engineering and Service Co., Ltd. and its subsidiary and joint venture | Power plant operation and maintenance services  | 250,000                                       | 99.99                                    | 250,000                             | 297,562                               | 44,192                       |
| - Subsidiary  |   |   |  |                                     |                                       |                              |
| - Agro Energy Co., Ltd.   | Trading / delivery services of natural scrap  |   | 99.99                                    |                                     |                                       |                              |
| - Joint venture   |   |   |  |                                     |                                       |                              |
| - Amata Power-Esco Service Co., Ltd.  | Power plant operation   |   | 50.00                                    |                                     |                                       |                              |
| Egcom Tara Co., Ltd.  | Tap water business  | 345,000                                       | 70.00                                    | 398,475                             | 328,743                               | -                            |
| EGCO Green Energy Co., Ltd. and its subsidiary                              | Investing in biomass fueled electricity generating plant                                  | 139,384                                       | 74.00                                    | 129,500                             | 120,167                               | -                            |
| - Roi-Et Green Co., Ltd.  | Develop, design, construct and test operation of husk fueled electricity generating plant |   | 95.00                                    |                                     |                                       |                              |
| EGCO International B.V.I  | Investing in power energy projects  | -   | 99.99                                    | -                                   | 536,265                               | -                            |
| Thai LNG Power Corporation Limited and its subsidiary                       | Investing in power energy projects  | 525,000                                       | 100.00                                   | 525,000                             | 516,460                               | -                            |
| - TLP Cogeneration Co.,Ltd.   | Electricity generating  | 1,060,000                                     | 80.00                                    | 424,000                             | 605,955                               | -                            |
|   |   |   |  | <u>11,276,975</u>                   | <u>15,805,338</u>                     | <u>3,694,898</u>             |

The investment in Agro Energy Company Limited was accounted for under the equity method but not consolidated in the consolidated financial statements as at 31 December 2004 and 2003 because its financial statements were not material to the Group.

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

---

**11 Investments in subsidiaries and an associate and interests in joint ventures, net** (continued)

11.2 The principal associate, which is incorporated in Thailand, is as follows:

|                             |                        | Portion of<br>Investment<br>(%) | 31 December 2004        |                           | Consolidated<br>31 December 2003 |                           |
|-----------------------------|------------------------|---------------------------------|-------------------------|---------------------------|----------------------------------|---------------------------|
|                             |                        |                                 | Cost method<br>Baht'000 | Equity method<br>Baht'000 | Cost method<br>Baht'000          | Equity method<br>Baht'000 |
| Business                    |                        |                                 |                         |                           |                                  |                           |
| Amata-EGCO Power<br>Limited | Electricity generating | 14.85                           | 200,475                 | 390,914                   | 200,475                          | 338,009                   |
|                             |                        |                                 | <u>200,475</u>          | <u>390,914</u>            | <u>200,475</u>                   | <u>338,009</u>            |

11.3 The principal joint ventures, which are all incorporated in Thailand, except Conal Holdings Corporation and Nam Theun 2 Power Company, which are incorporated in the Philippines and in the Republic of Laos, respectively, are as follows:

|                                       |   | Portion of<br>Investment<br>(%) | 31 December 2004        |                           | Consolidated<br>31 December 2003 |                           |
|---------------------------------------|---|---------------------------------|-------------------------|---------------------------|----------------------------------|---------------------------|
|                                       |   |                                 | Cost method<br>Baht'000 | Equity method<br>Baht'000 | Cost method<br>Baht'000          | Equity method<br>Baht'000 |
| Business                              |   |                                 |                         |                           |                                  |                           |
| Amata Power-Esco<br>Service Co., Ltd. | Power plant operation                         | 50                              | 1,000                   | 7,192                     | 1,000                            | 6,187                     |
| Nam Theun 2 Power<br>Company Limited  | Electricity generating<br>(development phase) | 25                              | 753,249                 | -                         | 753,249                          | 24,781                    |
|                                       |   |                                 | <u>754,249</u>          | <u>7,192</u>              | <u>754,249</u>                   | <u>30,968</u>             |

The investments in Amata Power-Esco Service Company Limited and Nam Theun 2 Power Company Limited were accounted for under the equity method but not proportionately consolidated in the consolidated financial statements as at 31 December 2004 and 2003 because their financial statements were not material to the Group.

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**11 Investments in subsidiaries and an associate and interests in joint ventures, net (continued)**

11.3 The principal joint ventures, which are all incorporated in Thailand, except Conal Holdings Corporation and Nam Theun 2 Power Company, which are incorporated in the Philippines and in the Republic of Laos, respectively, are as follows: (continued)

|   |   | <b>Company</b>                                |  |                                     |                                       |                              |
|---|---|---|--|-------------------------------------|---------------------------------------|------------------------------|
|   |   | <b>31 December 2004</b>                       |  |                                     |                                       |                              |
| <b>Business</b>   |   | <b>Paid-up<br/>share capital<br/>Baht'000</b> | <b>Portion of<br/>Investment<br/>(%)</b> | <b>Cost<br/>Method<br/>Baht'000</b> | <b>Equity<br/>Method<br/>Baht'000</b> | <b>Dividend<br/>Baht'000</b> |
| EGCO Joint Ventures and<br>Development Co., Ltd (EGCO JD) | Investing in power<br>energy business         | 696,720                                       | 50.00                                    | 348,360                             | 605,454                               | 48,450                       |
| Gulf Electric Public Co., Ltd.(Gulf)                      | Investing in power<br>energy business         | 5,874,040                                     | 50.00                                    | 3,112,020                           | 3,160,610                             | -                            |
| Conal Holdings Corporation (Conal)                        | Investing in power<br>energy business         | 729,320                                       | 40.00                                    | 1,002,467                           | 659,262                               | 57,624                       |
| Nam Theun 2 Power Company Limited                         | Electricity generating<br>(development phase) | 10,565  | 25.00                                    | 753,249                             | -                                     | -                            |
|   |   |   |  | <u>5,216,096</u>                    | <u>4,425,326</u>                      | <u>106,074</u>               |
| <u>Less</u> Provision for impairment                      |   |   |  | <u>-</u>                            | <u>(394,406)</u>                      | <u>-</u>                     |
|   |   |   |  | <u>5,216,096</u>                    | <u>4,030,920</u>                      | <u>106,074</u>               |
|   |   | <b>Company</b>                                |  |                                     |                                       |                              |
|   |   | <b>31 December 2003</b>                       |  |                                     |                                       |                              |
| <b>Business</b>   |   | <b>Paid-up<br/>share capital<br/>Baht'000</b> | <b>Portion of<br/>Investment<br/>(%)</b> | <b>Cost<br/>Method<br/>Baht'000</b> | <b>Equity<br/>Method<br/>Baht'000</b> | <b>Dividend<br/>Baht'000</b> |
| EGCO Joint Ventures and<br>Development Co., Ltd (EGCO JD) | Investing in power<br>energy business         | 696,720                                       | 50.00                                    | 348,360                             | 548,781                               | 55,100                       |
| Gulf Electric Public Co., Ltd.(Gulf)                      | Investing in power<br>energy business         | 4,110,000                                     | 50.00                                    | 2,230,000                           | 2,366,060                             | 102,750                      |
| Conal Holdings Corporation (Conal)                        | Investing in power<br>energy business         | 729,320                                       | 40.00                                    | 1,002,467                           | 670,059                               | 157,579                      |
| Nam Theun 2 Power Company Limited                         | Electricity generating<br>(development phase) | 10,565  | 25.00                                    | 753,249                             | 24,781                                | -                            |
|   |   |   |  | <u>4,334,076</u>                    | <u>3,609,681</u>                      | <u>315,429</u>               |
| <u>Less</u> Provision for impairment                      |   |   |  | <u>-</u>                            | <u>(408,133)</u>                      | <u>-</u>                     |
|   |   |   |  | <u>4,334,076</u>                    | <u>3,201,548</u>                      | <u>315,429</u>               |

**11 Investments in subsidiaries and an associate and interests in joint ventures, net** (continued)

11.4 Principal movements in interests in joint ventures occurring during the year ended 31 December 2004

**Gulf**

Gulf issued 176.40 million new ordinary shares at a par value of Baht 10 per share which were priced at Baht 10 per share. The Group purchased all new shares issued in the same proportion as its original investment.

**The subsidiaries of Gulf**

(a) Gulf Yala Green Company Limited (GYG)

In March 2004, GYG called for additional paid-up share capital at Baht 4.20 each from 20 million shares, totalling Baht 84 million. The Group paid for additional paid-up shares in the same proportion as its original investment

(b) Gulf Power Generation Company Limited (GPG)

In September 2004, GPG called for additional paid-up share capital for 20 million shares at Baht 3.65 each, totalling Baht 73 million. The Group paid for additional paid-up shares in the same proportion as its original investment.

(c) Gulf Energy Company Limited (GEN) and Gulf IPP Company Limited (GIPP)

In October 2004, Gulf Energy Company Limited and Gulf IPP Company Limited were established for holding the investment in Gulf Power Generation Company Limited with a registered share capital of 82 million common shares each, with a par value of Baht 10 per share and were priced at Baht 10 each, totalling Baht 820 million. The Group had transferred all its investment in GPG to GEN by exchanging with 50% of common shares in GEN. Then, GEN transferred all its investment in GPG to GIPP by swapping with all common shares in GIPP. As a result, GEN and GIPP became indirect joint ventures of the Group.

In November 2004 and December 2004, GEN issued 120 million new common shares and 200,000 shares, respectively, with a par value of Baht 10 per share. The Group purchased all the new shares issued in the same proportion as its original investment.

In November 2004 and December 2004, GIPP issued 120 million new common shares and 100,000 shares, respectively, with a par value of Baht 10 per share. The Group purchased all the new shares issued in the same proportion as its original investment.

(d) SPP General Services Company Limited (SPP)

In October 2004, SPP was established with 90,000 common shares with a par value of Baht 10 per share and were priced at Baht 10 each, totalling Baht 900,000. The three subsidiaries of Gulf purchased all the new shares at issued at 33.33% each. As a result, SPP became an indirect joint venture of the Group.



**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

---

**11 Investments in subsidiaries and an associate and interests in joint ventures, net** (continued)

11.5 The Group's share of the assets, liabilities, revenues and expenses of the joint ventures (continued)

|  | <b>2003</b>  |  |  |
|--|--|--|--|
|  | <b>EGCO Joint Venture<br/>and Development<br/>Company Limited<br/>Million Baht</b> | <b>Gulf Electric Public<br/>Company Limited<br/>Million Baht</b> | <b>Conal Holdings<br/>Corporation<br/>Million Baht</b> |
| <b>Balance sheets</b>                      |  |  |  |
| C u r r e n t   a s s e t s                | 150  | 1,165  | 882  |
| Non-current assets                         | 751  | 5,676  | 1,279  |
| Current liabilities                        | (56)   | (1,074)  | (318)  |
| Non-current liabilities                    | (297)  | (3,474)  | (1,043)  |
| Net assets                                 | <u>548</u>   | <u>2,293</u>   | <u>800</u>   |
| <b>For the year ended 31 December 2003</b> |  |  |  |
|  | <b>Million Baht</b>  | <b>Million Baht</b>  | <b>Million Baht</b>                                    |
| <b>Profit and Loss</b>                     |  |  |  |
| R e v e n u e s                            | 339  | 2,682  | 707  |
| Expenses                                   | (199)  | (2,314)  | (524)  |
| N e t   p r o f i t                        | <u>140</u>   | <u>368</u>   | <u>183</u>   |
| Joint venture proportion (%)               | 50   | 50   | 40   |

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**12 Property, plant and equipment, net**

**Consolidated**

|   | Land<br>Baht         | Buildings<br>and land improvements<br>Baht | Power plants, substation,<br>transmission system and<br>water plants<br>Baht | Equipment and motor<br>vehicles<br>Baht | Construction in progress<br>Baht | Total<br>Baht         |
|---|----------------------|--|--|---|----------------------------------|-----------------------|
| <b>At 31 December 2003</b>              |                      |  |  |   |                                  |                       |
| Cost                                    | 1,834,894,065        | 3,567,584,778                              | 42,391,022,104   | 445,258,674                             | 50,502,816                       | 48,289,262,437        |
| <u>Less</u> Accumulated<br>depreciation | -                    | (1,272,464,775)                            | (15,195,613,144)   | (277,779,630)                           | -                                | (16,745,857,549)      |
| Net book value                          | <u>1,834,894,065</u> | <u>2,295,120,003</u>                       | <u>27,195,408,960</u>  | <u>167,479,044</u>                      | <u>50,502,816</u>                | <u>31,543,404,888</u> |
| <b>Year ended 31 December 2004</b>      |                      |  |  |   |                                  |                       |
| Opening net book value                  | 1,834,894,065        | 2,295,120,003                              | 27,195,408,960   | 167,479,044                             | 50,502,816                       | 31,543,404,888        |
| Translation adjustments                 | (312,932)            | (180,530)                                  | (33,074,507)   | (99,722)                                | 2,384,497                        | (31,283,194)          |
| Additions                               | 151,673,391          | 4,910,463                                  | 81,578,401   | 38,941,249                              | 2,229,375,803                    | 2,506,479,307         |
| Capitalisation of capital spare parts   | -                    | -  | 350,990,173  | -                                       | -                                | 350,990,173           |
| Transfer capital spare parts out        | -                    | -  | (437,169,030)  | -                                       | -                                | (437,169,030)         |
| Disposals, net                          | (91,244,384)         | (1,830,153)                                | (54,537,069)   | (1,110,989)                             | (50,478,189)                     | (199,200,784)         |
| Transfer                                | -                    | 2,021,031                                  | 125,407,518  | (125,714)                               | (127,302,835)                    | -                     |
| Impairment charge (Note 21)             | -                    | -  | (10,500,000)   | -                                       | -                                | (10,500,000)          |
| Depreciation charge<br>(Note 21)        | -                    | (181,954,556)                              | (2,200,363,686)  | (57,238,752)                            | -                                | (2,439,556,994)       |
| Closing net book value                  | <u>1,895,010,140</u> | <u>2,118,086,258</u>                       | <u>25,017,740,760</u>  | <u>147,845,116</u>                      | <u>2,104,482,092</u>             | <u>31,283,164,366</u> |
| <b>At 31 December 2004</b>              |                      |  |  |   |                                  |                       |
| Cost                                    | 1,895,010,140        | 3,571,818,877                              | 42,531,068,510   | 493,852,733                             | 2,104,482,092                    | 50,596,232,352        |
| <u>Less</u> Accumulated<br>depreciation | -                    | (1,453,732,619)                            | (17,502,827,750)   | (346,007,617)                           | -                                | (19,302,567,986)      |
| Provision for<br>impairment             | -                    | -  | (10,500,000)   | -                                       | -                                | (10,500,000)          |
| Net book value                          | <u>1,895,010,140</u> | <u>2,118,086,258</u>                       | <u>25,017,740,760</u>  | <u>147,845,116</u>                      | <u>2,104,482,092</u>             | <u>31,283,164,366</u> |

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**12 Property, plant and equipment, net (continued)**

|                                      | <b>Company</b>       |  |  |                       |
|--------------------------------------|----------------------|--|--|-----------------------|
|                                      | <b>Land<br/>Baht</b> | <b>Buildings and<br/>land improvement<br/>Baht</b> | <b>Equipment and<br/>vehicles<br/>Baht</b> | <b>Total<br/>Baht</b> |
| <b>At 31 December 2003</b>           |                      |  |  |                       |
| Cost                                 | 284,429,029          | 619,834,930  | 179,443,922                                | 1,083,707,881         |
| <u>Less</u> Accumulated depreciation | -                    | (156,661,978)                                      | (133,511,772)                              | (290,173,750)         |
| Net book value                       | <u>284,429,029</u>   | <u>463,172,952</u>                                 | <u>45,932,150</u>                          | <u>793,534,131</u>    |
| <b>Year ended 31 December 2004</b>   |                      |  |  |                       |
| Opening net book value               | 284,429,029          | 463,172,952  | 45,932,150                                 | 793,534,131           |
| Additions                            | -                    | -  | 7,108,000                                  | 7,108,000             |
| Disposals/Transfer                   | -                    | (270,964)  | (152,083)                                  | (423,047)             |
| Depreciation charge (Note 21)        | -                    | (31,672,540)                                       | (21,297,677)                               | (52,970,217)          |
| Closing net book value               | <u>284,429,029</u>   | <u>431,229,448</u>                                 | <u>31,590,390</u>                          | <u>747,248,867</u>    |
| <b>At 31 December 2004</b>           |                      |  |  |                       |
| Cost                                 | 284,429,029          | 619,473,510  | 183,295,921                                | 1,087,198,460         |
| <u>Less</u> Accumulated depreciation | -                    | (188,244,062)                                      | (151,705,531)                              | (339,949,593)         |
| Net book value                       | <u>284,429,029</u>   | <u>431,229,448</u>                                 | <u>31,591,390</u>                          | <u>747,248,867</u>    |

As at 31 December 2004, land, buildings and equipment amounting to Baht 28,221 million have been mortgaged and pledged as collateral in accordance with the loan agreements and debentures, as described in Notes 16 and 17.

Borrowing costs from two subsidiaries of Gulf of Baht 9.5 million (2003: Baht 13 million), arising on financing specifically entered into for the construction of new power plants, were capitalised during the year and are included in 'Additions' in the consolidated financial statements. A capitalisation rate of 4.75% (2003: 4.5%) was used representing the actual borrowing cost of the loan used to finance the power plants.

**13 Goodwill, net**

**For the year ended 31 December 2004**

|                         | <b>Consolidated<br/>Baht</b> |
|-------------------------|------------------------------|
| Opening net book value  | 1,289,033,352                |
| Amortisation            | (86,958,146)                 |
| Write off goodwill      | (43,286,192)                 |
| Translation adjustments | (256,990)                    |
| Closing net book value  | <u>1,158,532,024</u>         |

Goodwill written off in this year is in respect of Samutprakarn Cogeneration Company Limited and Nong Khae Cogeneration Company Limited, which are wholly owned subsidiaries of the joint venture - Gulf. Subsequent to acquisition and the initial determination of goodwill, adjustment has been made to the fair value of certain receivables acquired, resulting in adjustment being made against goodwill, being a reduction of goodwill of Baht 43 million.



**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**14 Other non-current assets, net**

|                                      | <b>Consolidated</b> |                    | <b>Company</b>    |                   |
|--------------------------------------|---------------------|--------------------|-------------------|-------------------|
|                                      | <b>2004</b>         | <b>2003</b>        | <b>2004</b>       | <b>2003</b>       |
|                                      | <b>Baht</b>         | <b>Baht</b>        | <b>Baht</b>       | <b>Baht</b>       |
| Deposits                             | 14,985,738          | 12,602,847         | 11,490,166        | 8,493,166         |
| Refundable tax                       | 158,386,505         | 64,479,765         | 5,137,672         | 41,175,771        |
| Advance to subcontractor             | 33,709,183          | 34,387,633         | -                 | -                 |
| Land and advances for Khaeng Khoi2   | 347,828,180         | 352,336,046        | -                 | -                 |
| Others                               | 159,494,454         | 135,979,579        | 11,097,881        | 196,667           |
|                                      | <u>714,404,060</u>  | <u>599,785,870</u> | <u>27,725,719</u> | <u>49,865,604</u> |
| <u>Less</u> Provision for impairment | (59,628,180)        | (104,348,454)      | -                 | -                 |
|                                      | <u>654,775,880</u>  | <u>495,437,416</u> | <u>27,725,719</u> | <u>49,865,604</u> |

As at 31 December 2004, land purchased for the Bo Nok Project, which is operated by a subsidiary of Gulf, is shown as other non-current assets in these consolidated financial statements of Baht 348 million (2003: Baht 348 million). The project was postponed by the Thai government on 10 May 2002. The subsidiary of Gulf submitted a new power plant proposal to the Electricity Generating Authority of Thailand (“EGAT”) on 13 October 2003, which made significant changes to the original proposal by switching the fuel from coal to gas, changing the location of the Bo Nok project to Saraburi province, revising the proposed tariff rate and also changing the project name to “Khaeng Khoi2”.

On 28 October 2004, the subsidiary of Gulf entered into a new Power Purchase Agreement with EGAT which allows relocation to the new location, Saraburi province, and a switch of fuel to be natural gas. The land, which is included in ‘Other non-current assets’, amounting to Baht 348 million, and was acquired for the purpose of leasing by the subsidiary to operate the Bo Nok project, has been appraised by an independent appraiser. The appraised value is Baht 288 million. However, the Group already set up an impairment loss for land of Baht 104 million in the consolidated financial statements for the year ended 31 December 2003. Therefore, a reversal of the impairment loss of Baht 44 million has been recognised in the consolidated financial statements in the current year.

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**15 Long-term loans from a co-investor in a joint venture**

| As at 31 December                                 | Consolidated       |                    | Company      |              |
|---|--------------------|--------------------|--------------|--------------|
|   | 2004<br>Baht       | 2003<br>Baht       | 2004<br>Baht | 2003<br>Baht |
| Electric Power Development Co., Ltd               |                    |                    |              |              |
| - Current portion of long-term loans              | 50,000,000         | 50,000,000         | -            | -            |
| - Long-term loans                                 | 125,000,000        | 175,000,000        | -            | -            |
| Total loans from a co-investor in a joint venture | <u>175,000,000</u> | <u>225,000,000</u> | <u>-</u>     | <u>-</u>     |

Long-term loans from a co-investor in a joint venture bear fixed interest at the rates of 5%, 5.25% and 5.75% per annum for the first three years and at the fixed deposit rate plus a certain margin for subsequent years. Principal and interest are repayable on an annual and quarterly basis, respectively.

**16 Long-term loans, net**

The long-term loans are as follows:

|  | Consolidated          |                       | Company      |              |
|--|-----------------------|-----------------------|--------------|--------------|
|  | 2004<br>Baht          | 2003<br>Baht          | 2004<br>Baht | 2003<br>Baht |
| <b>Current portion of long-term loans, net</b> |                       |                       |              |              |
| US Dollars                                     | 2,112,037,902         | 2,572,035,902         | -            | -            |
| Filipino Peso                                  | 12,536,587            | 12,889,857            | -            | -            |
| Thai Baht                                      | 614,669,090           | 617,502,804           | -            | -            |
| Japanese Yen                                   | 36,656,687            | 36,102,109            | -            | -            |
| <u>Less</u> Deferred financing fee             | <u>(6,627,855)</u>    | <u>(6,638,141)</u>    | -            | -            |
|  | <u>2,769,272,411</u>  | <u>3,231,892,531</u>  | -            | -            |
| <b>Long-term loans, net</b>                    |                       |                       |              |              |
| US Dollars                                     | 10,578,848,773        | 12,834,558,820        | -            | -            |
| Filipino Peso                                  | 49,379,450            | 63,660,780            | -            | -            |
| Thai Baht                                      | 4,600,693,232         | 3,272,647,322         | -            | -            |
| Japanese Yen                                   | 403,987,227           | 347,562,332           | -            | -            |
| <u>Less</u> Deferred financing fee             | <u>(201,806,830)</u>  | <u>(68,100,362)</u>   | -            | -            |
|  | <u>15,431,101,852</u> | <u>16,450,328,892</u> | -            | -            |
| Total long-term loans, net                     | <u>18,200,374,263</u> | <u>19,682,221,423</u> | <u>-</u>     | <u>-</u>     |

After taking account of interest rate swaps, the weighted average effective interest rate exposure of the long-term loans of the Group was approximately USD: 8.36% , YEN: 2.76% , PESO: 11.44% , THB: 11.07%.

**16 Long-term loans, net (continued)**

Long-term loans are secured liabilities. The long-term loans are secured over land, buildings, power plants and equipment of subsidiaries and joint ventures. The subsidiaries and joint ventures have to maintain cash reserves which are provided from the proceeds of sales of electricity for the purpose of repayment of principal and interest due within one year and as a reserve for minimising the exchange risk (referred to Note 7). In addition, the Power Purchase Agreements, the Asset Purchase Agreements, the Major Maintenance Agreements, insurance policies and other related agreements with the lenders have been assigned as collateral in accordance with the conditions under the Master Agreements.

The interest rate exposure on the long-term loans of the Group is as follows:

|                            | <b>Consolidated</b>   |                       | <b>Company</b> |             |
|----------------------------|-----------------------|-----------------------|----------------|-------------|
|                            | <b>2004</b>           | <b>2003</b>           | <b>2004</b>    | <b>2003</b> |
|                            | <b>Baht</b>           | <b>Baht</b>           | <b>Baht</b>    | <b>Baht</b> |
| Long-term loans, net       |                       |                       |                |             |
| - at fixed rates           | 11,891,256,755        | 12,599,083,606        | -              | -           |
| - at floating rates        | 6,309,117,508         | 7,083,137,817         | -              | -           |
| Total long-term loans, net | <u>18,200,374,263</u> | <u>19,682,221,423</u> | -              | -           |

The movements in the long-term loans can be analysed as follows:

|  | <b>Consolidated</b>   | <b>Company</b> |
|--|-----------------------|----------------|
|  | <b>Baht</b>           | <b>Baht</b>    |
| <b>For the year ended 31 December 2004</b> |                       |                |
| Opening net book amount                    | 19,682,221,423        | -              |
| Additions of long-term loans               | 2,073,514,068         | -              |
| Repayments of long-term loans              | (3,413,909,752)       | -              |
| Unrealised exchange gains                  | (123,219,490)         | -              |
| Amortisation of deferred financing fee     | 8,359,851             | -              |
| Translation adjustments                    | (26,591,837)          | -              |
| Closing net book amount                    | <u>18,200,374,263</u> | -              |

Principal movements in long-term loans during the year ended 31 December 2004 are as follows:

**Subsidiaries of the Company**

- (a) TLP Cogeneration Company Limited has additionally drawn down loans of US Dollars 0.3 million and Thai Baht 17 million, bearing interest at the rates of LIBOR plus a certain margin and MLR plus a certain margin, respectively. Principal is repayable on a semi-annual basis from 2004 to 2014. Interest of US Dollar and Thai Baht loans is repayable on a semi-annual and monthly basis, respectively. The loans are secured by the mortgage of land and construction thereon and a pledge of power plant equipment and investments in promissory notes. In March 2004, the subsidiary refinanced both of US Dollar and Thai Baht loans to change the interest rate from a floating rate to a fixed rate of 4.915% plus a certain margin for US Dollar loans and at 3.75% per annum for the first two years, at 4% per annum for the third following years and MLR plus certain margin for the remaining period for Thai Baht loans, which will be effective for the remaining repayment period.
- (b) Roi-Et Green Company Limited has drawn down Japanese Yen 232 million. The interest rate is fixed at the rate of 3.25% per annum and principal and interest are repayable semi-annually from 2004 to 2016. The loans are secured by the mortgage of land and construction thereon and a pledge of power plant equipment and investments in promissory notes.

**16 Long-term loans, net (continued)**

**A subsidiary of Gulf**

A subsidiary of Gulf entered into the Common Terms Agreement, Onshore Facilities Agreement, Shareholders Undertaking and, Sponsors Undertaking Agreement on 15 November 2004 with a total credit facility of US Dollars 154 million and Baht 6,425 million, bearing interest at the rates of LIBOR plus a certain margin and FDR plus a certain margin per annum, respectively. In addition, the Company has also been provided with facilities for working capital and letters of guarantee totalling Baht 578 million, bearing interest at the fixed rate of 1.25% per annum.

The principal of US Dollar and Thai Baht loans is repayable on a quarterly basis commencing from August 2008. The interest on US Dollar and Thai Baht loans is repayable on a quarterly and monthly basis, respectively.

These loans are secured loans by the mortgage of land and construction thereon including a pledge of power plant machinery and equipment, which are under construction. In addition, deposits at financial institutions, the Power Purchase Agreement, Fuel Supply Contract, EPC contract and other contracts related to credit facilities have been pledged as collateral in accordance with the Credit Facilities Agreement.

Maturity of long-term loans is as follows:

|  | <b>Consolidated</b> |                | <b>Company</b> |             |
|--|---------------------|----------------|----------------|-------------|
|  | <b>2004</b>         | <b>2003</b>    | <b>2004</b>    | <b>2003</b> |
|  | <b>Baht</b>         | <b>Baht</b>    | <b>Baht</b>    | <b>Baht</b> |
| Within 1 year                                | 2,769,272,411       | 3,231,892,531  | -              | -           |
| Later than 1 year and not later than 5 years | 10,366,824,588      | 11,623,543,784 | -              | -           |
| Later than 5 years                           | 5,064,277,264       | 4,826,785,108  | -              | -           |
|  | 18,200,374,263      | 19,682,221,423 | -              | -           |

**Credit facilities**

As at 31 December 2004, the available credit facilities for long-term loans from financial institutions were US Dollar 167.34 million and, Thai Baht 5,910 million.

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**17 Debentures**

The debentures are debentures in Thai Baht of the Company and its two subsidiaries as follows:

|                               | <b>Consolidated</b>  |                      | <b>Company</b> |                      |
|-------------------------------|----------------------|----------------------|----------------|----------------------|
|                               | <b>2004</b>          | <b>2003</b>          | <b>2004</b>    | <b>2003</b>          |
|                               | <b>Baht</b>          | <b>Baht</b>          | <b>Baht</b>    | <b>Baht</b>          |
| Current portion of debentures | 630,806,000          | 2,446,070,425        | -              | 1,400,650,000        |
| Debentures, net               | 4,926,846,523        | 5,559,274,603        | -              | -                    |
| <b>Total debentures</b>       | <b>5,557,652,523</b> | <b>8,005,345,028</b> | <b>-</b>       | <b>1,400,650,000</b> |

After taking account of interest rate swaps, the weighted average effective interest rate exposure of the debentures of the Group and the Company was approximately 12.27% and 7.46%, respectively.

Debentures of Baht 5.6 billion are secured liabilities. The subsidiaries are required to maintain reserves for principal and interest due within one year as described in Note 7 and to pledge the relevant assets and agreements as collateral as described in Note 28.

The movements of debentures can be analysed as follows:

| <b>For the year ended 31 December 2004</b> | <b>Consolidated</b>  | <b>Company</b>  |
|--|----------------------|-----------------|
|  | <b>Baht</b>          | <b>Baht</b>     |
| Opening amount                             | 8,005,345,028        | 1,400,650,000   |
| Issue of debentures                        | -                    | -               |
| Repayments of debentures                   | (2,447,692,505)      | (1,400,650,000) |
| <b>Closing amount</b>                      | <b>5,557,652,523</b> | <b>-</b>        |

Maturity of debentures is as follows:

|  | <b>Consolidated</b>  |                      | <b>Company</b> |                      |
|--|----------------------|----------------------|----------------|----------------------|
|  | <b>2004</b>          | <b>2003</b>          | <b>2004</b>    | <b>2003</b>          |
|  | <b>Baht</b>          | <b>Baht</b>          | <b>Baht</b>    | <b>Baht</b>          |
| Within 1 year                                | 630,806,000          | 2,446,070,425        | -              | 1,400,650,000        |
| Later than 1 year but not later than 5 years | 3,516,419,427        | 3,339,028,477        | -              | -                    |
| Later than 5 years                           | 1,410,427,096        | 2,220,246,126        | -              | -                    |
| <b>Total</b>                                 | <b>5,557,652,523</b> | <b>8,005,345,028</b> | <b>-</b>       | <b>1,400,650,000</b> |

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**18 Share capital and premium on share capital**

|                     | Number of<br>shares | Ordinary<br>shares<br>Baht | Premium on<br>share capital<br>Baht | Total<br>Baht         |
|---------------------|---------------------|----------------------------|-------------------------------------|-----------------------|
| At 1 January 2003   | 526,465,000         | 5,264,650,000              | 8,601,300,000                       | 13,865,950,000        |
| Issue of shares     | -                   | -                          | -                                   | -                     |
| At 31 December 2003 | 526,465,000         | 5,264,650,000              | 8,601,300,000                       | 13,865,950,000        |
| Issue of shares     | -                   | -                          | -                                   | -                     |
| At 31 December 2004 | <u>526,465,000</u>  | <u>5,264,650,000</u>       | <u>8,601,300,000</u>                | <u>13,865,950,000</u> |

The total authorised number of ordinary shares is 530,000,000 shares (2003: 530,000,000 shares) with a par value of Baht 10 per share (2003: Baht 10 per share). 526,465,000 shares are issued and fully paid up.

**19 Legal reserve**

|                               | Consolidated       |                    | Company            |                    |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
|                               | 2004<br>Baht       | 2003<br>Baht       | 2004<br>Baht       | 2003<br>Baht       |
| Opening balance               | 530,000,000        | 530,000,000        | 530,000,000        | 530,000,000        |
| Appropriation during the year | -                  | -                  | -                  | -                  |
| Closing balance               | <u>530,000,000</u> | <u>530,000,000</u> | <u>530,000,000</u> | <u>530,000,000</u> |

Under the Public Companies Act B.E.2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

**20 Minority interest**

|  | Consolidated       |                    | Company      |              |
|--|--------------------|--------------------|--------------|--------------|
|  | 2004<br>Baht       | 2003<br>Baht       | 2004<br>Baht | 2003<br>Baht |
| Opening balance  | 858,591,957        | 724,297,144        | -            | -            |
| Additional paid-up share capital of subsidiaries and a joint venture | -                  | 12,164,577         | -            | -            |
| Shares of net profit of subsidiaries and joint ventures              | 232,436,137        | 302,824,356        | -            | -            |
| Change in fair value of investment                                   | 3,175              | 97,993             | -            | -            |
| Translation adjustments  | 312,489            | 801,782            | -            | -            |
| Dividend payment of a joint venture                                  | (109,652,400)      | (181,593,895)      | -            | -            |
| Closing balance  | <u>981,691,358</u> | <u>858,591,957</u> | <u>-</u>     | <u>-</u>     |

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**21 Net profit**

The following items have been charged in arriving at net profit:

|   | <b>Consolidated</b> |               | <b>Company</b> |             |
|---|---------------------|---------------|----------------|-------------|
|   | <b>2004</b>         | <b>2003</b>   | <b>2004</b>    | <b>2003</b> |
|   | <b>Baht</b>         | <b>Baht</b>   | <b>Baht</b>    | <b>Baht</b> |
| Depreciation on property, plant and equipment (Note 12) | 2,439,556,994       | 2,960,455,516 | 52,970,217     | 64,945,183  |
| Major repair and maintenance expense                    | 843,729,993         | 581,614,120   | -              | -           |
| Staff costs   | 782,740,551         | 778,046,883   | 170,201,542    | 195,162,419 |
| Impairment charge (Notes 12)                            | 10,500,000          | 170,481,405   | -              | 66,132,951  |
| A reversal of an impairment loss (Note 14)              | (44,720,274)        | -             | -              | -           |

**22 Earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, net of treasury stock.

|  | <b>Consolidated</b> |                    | <b>Company</b>     |                    |
|--|---------------------|--------------------|--------------------|--------------------|
|  | <b>2004</b>         | <b>2003</b>        | <b>2004</b>        | <b>2003</b>        |
| Net profit attributable to shareholders (Baht)             | 4,661,825,297       | 5,993,941,433      | 4,661,825,297      | 5,993,941,433      |
| Number of ordinary share in issue (share)                  | 526,465,000         | 526,465,000        | 526,465,000        | 526,465,000        |
| <u>Less</u> Treasury stock (share)                         | <u>(1,300,000)</u>  | <u>(1,300,000)</u> | <u>(1,300,000)</u> | <u>(1,300,000)</u> |
| Weighted average number of ordinary share in issue (share) | <u>525,164,200</u>  | <u>525,164,200</u> | <u>525,164,200</u> | <u>525,164,200</u> |
| Basic earnings per share (Baht)                            | <u>8.88</u>         | <u>11.41</u>       | <u>8.88</u>        | <u>11.41</u>       |

There are no dilutive potential ordinary shares in issue during the periods presented, so no diluted earnings per share is presented.

**23 Dividends**

The Annual General Shareholders' meeting on 26 April 2004 approved the payment of dividends in respect of the operating results for the second half of the year ended 2003 for 525,164,200 shares at Baht 1.50 per share, totalling Baht 788 million. These dividends were paid to the shareholders in May 2004 (2003: Dividends for 525,164,200 shares of Baht 1.25 each, totalling Baht 656 million).

The Board of Directors' meeting on 23 August 2004 approved the payment of an interim dividend in respect of the operating results for the six-month period ended 30 June 2004 for 525,164,200 shares at Baht 1.50 per share, totalling Baht 788 million. These dividends were paid to shareholders in September 2004. (2003: Dividends for 525,164,200 shares of Baht 1.25 each, totalling Baht 656 million).

In addition, the Company reversed long-outstanding dividend payable, payable to foreign investors, who were unable to exercise rights to receive such dividends amounting to approximately Baht 22 million during this year (2003: Baht 25 million).

**24 Directors' remuneration**

Directors' remuneration in the consolidated and company statements of income for the year ended 31 December 2004 amounted to Baht 22 million and Baht 17 million, respectively, comprised meeting fees and bonus. Expenses were approved at the Annual General Meeting of Shareholders (2003: Baht 22 million and Baht 18 million in the consolidated and company statements of income, respectively).

**25 Employee benefits**

The Group has provident funds for those employees who apply to join. The contributions comprise the employees and the Group's contributions at the same rate. The funds are managed by authorised fund managers in accordance with the Provident Fund Act B.E. 2530.

**26 Promotional privileges**

Rayong Electricity Generating Company Limited (REGCO), Khanom Electricity Generating Company Limited (KEGCO), TLP Cogeneration Company Limited (TLP Cogen), Egcom Tara Company Limited (TARA) and Roi-Et Green Company Limited (Roi-Et), which are the Company's subsidiaries, have received promotional privileges from the Office of the Board of Investment under promotion certificates issued on 15 June 1995, 6 November 1996, 7 June 1999, 6 December 2000 and 19 October 2001, respectively, in respect of generating electricity and tap water. Under these privileges, these subsidiaries have received exemption from certain taxes and duties as detailed in the certificates including exemption from corporate income tax for a period of 8 years from the date of first earning revenue. As a promoted entity these subsidiaries are required to comply with the terms and conditions as specified in the promotion certificates.

The promotional privileges of REGCO and KEGCO with regard to the 8-year corporate income tax exemption expired on 20 April 2003 and 26 September 2004, respectively. Consequently, REGCO and KEGCO are eligible for corporate income taxes at the rate of 50% of the normal corporate income rate for a period of 5 years beyond the 8-year corporate income tax exemption.

Four subsidiaries of Gulf have been granted promotional privileges by the Office of the Board of Investment for the generation and distribution of electricity. Under these privileges, these subsidiaries have received exemption from corporate income tax for a period of 8 years from the date of first earning revenue from the promoted activities. As a promoted entity these subsidiaries are required to comply with the terms and conditions as specified in the promotion certificates. In addition, one of the four subsidiaries has requested for promotional privileges for the generation and distribution of electricity for the Khaeng Khoi2 project. However, the approval has not yet been finalised until the date of this report.

The three subsidiaries of Conal have been registered with the BOI under the Omnibus Investments Code of 1987 as new operators of power generating plants on a pioneer status. Under the terms and conditions of the registration, the three subsidiaries are entitled to certain tax and non-tax incentives, including income tax holiday for a period of 6 years up to 1999 for one subsidiary and 2003 for the other two subsidiaries.





**27 Financial instruments (continued)**

**(a) Financial assets and liabilities (continued)**

Foreign currency assets represent cash and cash equivalents, trade receivables, US Dollars deposits with financial institutions and investments in US Dollars for the future payments of foreign currency liabilities. Foreign currency liabilities represent trade payables, other payables, interest payable and long-term loans.

As at 31 December 2004 the Group has not entered into any forward exchange contracts to cover its exchange risk to long-term loans in US Dollars, which net of deposits in US Dollars amounted to US Dollars 195 million (2003: US Dollar 297 million).

**Objectives and significant terms and conditions**

In order to manage risks arising from fluctuations in interest rates and currency exchange rates, the Group uses the following derivative financial instruments.

**Interest rate swap contracts**

Interest rate swap contracts are entered into to manage exposures to fluctuations in interest rates on specific transactions. As at 31 December 2004 the fixed interest rates under the swaps for long-term loans of US Dollars 83 million was 8.0275% per annum (2003: US Dollars 117 million at the rates between 8.0275%-8.22% per annum) and of Baht 330 million was 8% per annum (2003: Baht 480 million at 8% per annum).

The remaining notional principal amounts of the outstanding interest rate swap contracts at 31 December were:

|   | <b>Consolidated</b>  |                      | <b>Company</b> |                      |
|---|----------------------|----------------------|----------------|----------------------|
|   | <b>2004</b>          | <b>2003</b>          | <b>2004</b>    | <b>2003</b>          |
|   | <b>Baht</b>          | <b>Baht</b>          | <b>Baht</b>    | <b>Baht</b>          |
| Within 1 year                                   | 941,209,500          | 3,139,717,574        | -              | 1,400,650,000        |
| Later than 1 year<br>but not later than 5 years | 2,622,996,750        | 4,059,368,500        | -              | -                    |
|   | <u>3,564,206,250</u> | <u>7,199,086,074</u> | <u>-</u>       | <u>1,400,650,000</u> |

**Currency and interest rate swap**

A swap contract is entered into to manage exposure to fluctuations in foreign currency exchange and interest rates on specific transactions. As at 31 December 2004 the long-term loans of US Dollars 50 million have a fixed exchange rate of Baht 25.23 per US Dollar 1 (2003: US Dollars 60 million was fixed at Baht 25.23 per US Dollar 1) and a fixed interest rate of 11% per annum (2003: 11% per annum). The agreement is effective from 19 June 1996 to 14 June 2008.

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**27 Financial instruments (continued)**

**(a) Financial assets and liabilities (continued)**

The remaining notional principal amounts of the outstanding currency and interest rate swap contract at 31 December were:

|   | <b>Consolidated</b>  |                      | <b>Company</b> |             |
|---|----------------------|----------------------|----------------|-------------|
|   | <b>2004</b>          | <b>2003</b>          | <b>2004</b>    | <b>2003</b> |
|   | <b>Baht</b>          | <b>Baht</b>          | <b>Baht</b>    | <b>Baht</b> |
| Within 1 year                                   | 302,760,000          | 252,300,000          | -              | -           |
| Later than 1 year<br>but not later than 5 years | 958,740,000          | 1,261,500,000        | -              | -           |
|   | <u>1,261,500,000</u> | <u>1,513,800,000</u> | <u>-</u>       | <u>-</u>    |

**(b) Credit risk**

The Group has no significant concentrations of credit risk relating to its cash and investments. The Group places its cash and investments with high quality institutions. The Group's policy is designed to limit exposure with any one institution and to invest its excess cash in low risk investment accounts. The Group has not experienced any losses on such accounts.

**(c) Fair value**

The carrying amounts of the following financial assets and financial liabilities approximate their fair values: cash and cash equivalents, investments, trade receivables and payables, amounts due from and due to related companies, other receivables and payables, and short-term loans due to the short maturities of these instruments.

The contract amounts and fair values of certain long-term loans and debentures are as follows:

|                 | <b>31 December 2004</b> |                     |                         |                     |
|-----------------|-------------------------|---------------------|-------------------------|---------------------|
|                 | <b>Consolidated</b>     |                     | <b>Company</b>          |                     |
|                 | <b>Contract amounts</b> | <b>Fair values</b>  | <b>Contract amounts</b> | <b>Fair values</b>  |
|                 | <b>Million Baht</b>     | <b>Million Baht</b> | <b>Million Baht</b>     | <b>Million Baht</b> |
| Long-term loans | 18,409                  | 19,243              | -                       | -                   |
| Debentures      | 5,558                   | 6,820               | -                       | -                   |

  

|                 | <b>31 December 2003</b> |                     |                         |                     |
|-----------------|-------------------------|---------------------|-------------------------|---------------------|
|                 | <b>Consolidated</b>     |                     | <b>Company</b>          |                     |
|                 | <b>Contract amounts</b> | <b>Fair values</b>  | <b>Contract amounts</b> | <b>Fair values</b>  |
|                 | <b>Million Baht</b>     | <b>Million Baht</b> | <b>Million Baht</b>     | <b>Million Baht</b> |
| Long-term loans | 19,757                  | 14,242              | -                       | -                   |
| Debentures      | 8,005                   | 9,685               | 1,401                   | 1,447               |

**27 Financial instruments (continued)**

**(c) Fair value**

The fair values of long-term loans are estimated by discounting the future contractual cash flows at the current market rates available to the Group.

The fair values of debentures are estimated by discounting the future contractual cash flows at the market interest rate available on the latest trading date in the Bond Dealing Center quoted bid price within the balance sheet date.

The fair values of the derivative financial instruments at the balance sheet are as follows:

| For the year ended 31 December  | Consolidated |              | Company      |              |
|---------------------------------|--------------|--------------|--------------|--------------|
|                                 | 2004         | 2003         | 2004         | 2003         |
|                                 | Million Baht | Million Baht | Million Baht | Million Baht |
| Favourable (Unfavorable)        |              |              |              |              |
| interest rate swaps             | 258          | (514)        | -            | 14           |
| Favorable currency and interest |              |              |              |              |
| rate swap                       | 520          | 608          | -            | -            |

The fair values of interest rate swap contracts and currency and interest rate swap contract have been calculated using rates quoted by the Group's bankers to terminate the contracts at the balance sheet date, except for the contract that prohibits early termination. The fair value of such contract approximates the original contract.

**28 Related party transactions**

Major shareholders of the Company are the Electricity Generating Authority of Thailand (EGAT) and CLP Power Projects (Thailand) Limited. They hold 25.41% and 22.42%, of the Company's shares, respectively. The remaining Company shares are widely held.

Information on the Company's subsidiaries, associates, and joint ventures is stated in Note 11.

The following material transactions were carried out with related parties:

**(a) Sales of electricity**

| For the years ended 31 December                | Consolidated |              | Company      |              |
|--|--------------|--------------|--------------|--------------|
|  | 2004         | 2003         | 2004         | 2003         |
|  | Million Baht | Million Baht | Million Baht | Million Baht |
| Sales of electricity                           |              |              |              |              |
| - Electricity Generating Authority of Thailand | 13,105       | 13,151       | -            | -            |

**28 Related party transactions (continued)**

**(a) Sales of electricity (continued)**

**Subsidiaries of the Company**

Two subsidiaries of the Company, Rayong Electricity Generating Company Limited (REGCO) and Khanom Electricity Generating Company Limited (KEGCO), have entered into Power Purchase Agreements (PPAs) with EGAT. The agreements are effective for periods of 15 and 20 years, respectively. According to the resolutions of the Cabinet meetings dated 15 February 1994 with REGCO and 23 January 1996 with KEGCO, the electricity revenues from such agreements are calculated on a "Cost plus basis". There is a limitation on sales of electricity to third parties as specified in the agreements. These agreements have been pledged as collateral with the subsidiaries lenders under the Master Agreements.

In addition, these two subsidiaries are eligible to take into consideration and receive compensation for exchange rate effects by adjusting the formulae for calculation of electricity sold to EGAT each month pertaining to "The First Amendment to the Power Purchase Agreements" dated 30 January 1998 over the periods of the PPAs. Compensation for the years ended 31 December 2004 and 2003 amounted to Baht 1,007 million and Baht 1,012 million respectively.

Under the PPAs, EGAT has to bear the natural gas cost until the subsidiaries enter into a natural gas purchase agreement with PTT Public Company Limited. To date, the subsidiaries have not entered into such purchase agreements. Therefore, the calculation of revenues from the portion of energy sales of electricity does not include a calculation of the natural gas cost.

**Subsidiaries of Gulf**

Three subsidiaries of Gulf have entered into Power Purchase Agreements (PPAs) with EGAT. According to the agreements, these subsidiaries must start to sell electricity to EGAT by September 1998, August 1999 and October 2000, with the sales quantity and electricity rates in compliance with the agreement. These agreements are effective for a period of 21 years each, commencing from the first commercial operation dates.

**(b) Service income**

| For the years ended 31 December                | Consolidated |              | Company      |              |
|--|--------------|--------------|--------------|--------------|
|  | 2004         | 2003         | 2004         | 2003         |
|  | Million Baht | Million Baht | Million Baht | Million Baht |
| Service income                                 |              |              |              |              |
| - Electricity Generating Authority of Thailand | 84           | 53           | -            | -            |

EGCO Engineering and Service Company Limited has entered into Subcontract for Major Maintenance Agreements with EGAT to provide major maintenance services, repair services, administrative services, and additional services related to the power plants. The compensation for such services is calculated on a "Cost plus Basis". The agreements are effective for a period of 6 years commencing from 26 January 2001 and 26 July 2002.

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**28 Related party transactions (continued)**

**(c) Major maintenance expenses**

| For the years ended 31 December | Consolidated |              | Company      |              |
|---------------------------------|--------------|--------------|--------------|--------------|
|                                 | 2004         | 2003         | 2004         | 2003         |
|                                 | Million Baht | Million Baht | Million Baht | Million Baht |

Major maintenance expenses

|  |     |     |   |   |
|--|-----|-----|---|---|
| - Electricity Generating Authority of Thailand | 482 | 298 | - | - |
|--|-----|-----|---|---|

Two subsidiaries of the Company, REGCO and KEGCO, have entered into Major Maintenance Agreements with EGAT in order for the latter to provide major maintenance services, repair services, administrative services and additional services related to the subsidiaries' power plants. The price for such services is calculated under the agreements on a "Cost plus basis" and will be adjusted annually according to the Consumer Price Index. The agreements have been extended for a period of 6 years, commencing from 7 December 2000 and 19 June 2002 for REGCO and KEGCO, respectively. These agreements have been pledged as collateral with the lenders under the Master Agreements.

**(d) Trade receivable from and trade payable to a related party**

| As at 31 December | Consolidated |              | Company      |              |
|-------------------|--------------|--------------|--------------|--------------|
|                   | 2004         | 2003         | 2004         | 2003         |
|                   | Million Baht | Million Baht | Million Baht | Million Baht |

Trade receivable

|  |       |       |   |   |
|--|-------|-------|---|---|
| - Electricity Generating Authority of Thailand | 2,058 | 1,332 | - | - |
|--|-------|-------|---|---|

Outstanding trade receivable as at 31 December can be analysed as follows:

|                |              |              |          |          |
|----------------|--------------|--------------|----------|----------|
| Up to 3 months | 2,046        | 1,330        | -        | -        |
| 3-6 months     | 9            | 1            | -        | -        |
| 6-12 months    | 2            | -            | -        | -        |
| Over 12 months | 1            | 1            | -        | -        |
|                | <u>2,058</u> | <u>1,332</u> | <u>-</u> | <u>-</u> |

Trade payable

|  |     |    |   |   |
|--|-----|----|---|---|
| - Electricity Generating Authority of Thailand | 156 | 76 | - | - |
|--|-----|----|---|---|

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

**28 Related party transactions (continued)**

**(e) Amounts due from and amounts due to related parties**

| As at 31 December                               | Consolidated         |                      | Company              |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 2004<br>Million Baht | 2003<br>Million Baht | 2004<br>Million Baht | 2003<br>Million Baht |
| <u>Amounts due from related parties</u>         |                      |                      |                      |                      |
| <u>Subsidiaries</u>                             |                      |                      |                      |                      |
| - Electricity Generating Public Co.,Ltd.        | -                    | 2                    | -                    | 2                    |
| - Rayong Electricity Generating Co., Ltd.       | -                    | -                    | -                    | 10                   |
| - Khanom Electricity Generating Co., Ltd.       | 4                    | 6                    | 2                    | 10                   |
| - EGCO Engineering and Service Co., Ltd.        | 2                    | 9                    | -                    | 8                    |
| - Egcom Tara Co., Ltd.                          | -                    | -                    | -                    | 1                    |
| - TLP Cogeneration Co.,Ltd.                     | -                    | -                    | -                    | 5                    |
| - Roi-Et Green Co., Ltd.                        | -                    | -                    | -                    | 2                    |
| <u>Joint ventures</u>                           |                      |                      |                      |                      |
| - EGCO Joint Ventures and Development Co., Ltd. | 17                   | 19                   | -                    | 1                    |
| - Conal Holdings Corporation                    | 5                    | 10                   | -                    | -                    |
| - Nam Theun 2 Power Company Limited             | 19                   | -                    | 19                   | -                    |
| <u>Associate</u>                                |                      |                      |                      |                      |
| - Amata-EGCO Power Co., Ltd.                    | 13                   | 11                   | 13                   | 11                   |
|   | <u>60</u>            | <u>57</u>            | <u>34</u>            | <u>50</u>            |
| <u>Amounts due to related parties</u>           |                      |                      |                      |                      |
| <u>Subsidiary</u>                               |                      |                      |                      |                      |
| - Egcom Tara Co., Ltd.                          | 6                    | -                    | -                    | -                    |
| <u>Joint ventures</u>                           |                      |                      |                      |                      |
| - EGCO Joint Venture and Development Co., Ltd.  | 7                    | 1                    | -                    | -                    |
| - Conal Holdings Corporation                    | 16                   | 16                   | -                    | -                    |
|   | <u>29</u>            | <u>17</u>            | <u>-</u>             | <u>-</u>             |

**28 Related party transactions (continued)**

**(f) Loan to an associate and joint ventures**

| As at 31 December                      | Consolidated         |                      | Company              |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 2004<br>Million Baht | 2003<br>Million Baht | 2004<br>Million Baht | 2003<br>Million Baht |
| <u>Loan to an associate</u>            |                      |                      |                      |                      |
| - Amata-EGCO Power Co., Ltd.           | 32                   | 32                   | 32                   | 32                   |
| <u>Loan to joint ventures</u>          |                      |                      |                      |                      |
| - Gulf Electric Public Company Limited |                      |                      |                      |                      |
| - Current portion of long-term loan    | 50                   | -                    | -                    | -                    |
| - Long-term loan, net                  | 125                  | -                    | 350                  | -                    |
|  | <u>175</u>           | <u>-</u>             | <u>350</u>           | <u>-</u>             |
| - Nam Theun 2 Power Company Limited    |                      |                      |                      |                      |
|  | 465                  | -                    | 465                  | -                    |
|  | <u>672</u>           | <u>32</u>            | <u>847</u>           | <u>32</u>            |

The loan to Amata-EGCO Power Company Limited is a long-term loan which was given on commercial terms and conditions. The repayment of principal and interest of these loans is restricted until certain conditions specified in the loan agreements, such as a required amount of cash reserves, are met.

The Company entered into a Credit Facility Agreement with Gulf Electric Public Company Limited (GEC) on 24 February 2004 to provide a term loan of Baht 450 million to GEC for the prepayment of a long-term loan with a local financial institution. Principal is repayable within 5 years at Baht 100 million per year, commencing 30 June 2005. The interest rates are fixed at 5.25% and 5.75% per annum for the first two years and at FDR plus 4% per annum for the remaining period. The interest is repayable on a quarterly basis.

The Company also entered into a Sponsors Loan Agreement with Nam Theun 2 Power Company Limited (NTPC) on 19 December 2003 to provide a sponsor loan for the Nam Theun 2 Hydroelectric project of US Dollars 24 million. The sponsor loan bears interest at LIBOR plus a certain margin. The repayment date of this loan together with interest is the earlier of 24 months from the signing date of this agreement and the date of the proceeds of the first drawdown, and the issuance of a notice declaring the outstanding loans made by non-defaulting shareholders. As at 31 December 2004, the Company has provided the loan to NTPC at a total amount of US Dollars 11.90 million.



**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2004 and 2003**

---

**28 Related party transactions (continued)**

**(g) Investments in debentures issued by a subsidiary and the Company's debentures held by the subsidiaries and related interests**

| As at 31 December                                     | Consolidated         |                      | Company              |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 2004<br>Million Baht | 2003<br>Million Baht | 2004<br>Million Baht | 2003<br>Million Baht |
| Investments in debentures                             |                      |                      |                      |                      |
| - Khanom Electricity Generating Co., Ltd.             | -                    | -                    | 47                   | 53                   |
| Interest receivable                                   |                      |                      |                      |                      |
| - Khanom Electricity Generating Co., Ltd.             | -                    | -                    | 1                    | 1                    |
| The Company's debentures held by                      |                      |                      |                      |                      |
| - Rayong Electricity Generating Co., Ltd.             | -                    | -                    | -                    | 14                   |
| - Khanom Electricity Generating Co., Ltd.             | -                    | -                    | -                    | 128                  |
| Interest payable                                      |                      |                      |                      |                      |
| - Khanom Electricity Generating Co., Ltd.             | -                    | -                    | -                    | 2                    |
| <b>For the years ended 31 December</b>                |                      |                      |                      |                      |
| Interest income on investments in debentures of       |                      |                      |                      |                      |
| - Khanom Electricity Generating Co., Ltd.             | -                    | -                    | 9                    | 10                   |
| Interest expenses on the Company's debentures held by |                      |                      |                      |                      |
| - Rayong Electricity Generating Co., Ltd.             | -                    | -                    | 1                    | 2                    |
| - Khanom Electricity Generating Co., Ltd.             | -                    | -                    | 5                    | 14                   |

**29 Commitments and contingent liabilities**

**Commitments and contingent liabilities of the Company**

- (a) As at 31 December 2004, the Company has commitments under Sponsor Support Agreements, which were made in respect of loans of subsidiaries and an associate totalling Baht 805 million.
- (b) As at 31 December 2004, the Company has commitments under Counter Guarantee and Standby Letters of Credit issued on behalf of the Company to a subsidiary and joint ventures of Baht 4,838 million.
- (c) On 30 December 2004, the Company entered into the Revolving Credit Facility Agreement with two foreign financial institutions to obtain the revolving credit facility up to US Dollars 100 million for a period of 5 years as a financial resource used for prospective projects of the Company.
- (d) As a credible, high-quality company, the Company is committed to administering its obligations in compliance with good corporate governance. The contingent liabilities are considered, in term of default risk, into two categories: low risk and high risk liabilities. The Company has, accordingly, set up a reserve fund of 10% of high risk liabilities totaling Baht 407 million. As at 31 December 2004, the Company has fully reserved such fund. This is included in cash and cash equivalents in the balance sheet.

**29 Commitments and contingent liabilities (continued)**

**Significant agreements**

**Power Purchase Agreements (PPAs) and Energy Conversion Agreements (ECAs)**

The subsidiaries of the Company, of Gulf and joint ventures of EGCO JD have entered into Power Purchase Agreements (PPAs) with the Electricity Generating Authority of Thailand (EGAT) for periods between 15-25 years. According to the PPAs, these subsidiaries have to provide securities, totalling Baht 671 million, in the form of bank guarantees against the early cancellation of, and conformity with, the agreements. The collateral is to be returned to such subsidiaries upon the expiry of the agreements.

Under the ECAs with the National Power Corporation (NPC) entered into by the subsidiaries of Conal which are effective for periods of 10-18 years, a subsidiary of Conal shall transfer to NPC all its rights, title and interest in the power stations without any compensation upon the expiration of the specified periods in the agreements. The ECAs of another two subsidiaries may be renewed upon the sole option of NPC. All aforementioned subsidiaries are eligible to receive the compensation amounts from NPC, in the event of amendment, modification or repeal of any Filipino laws or any government regulations that will materially reduce, prejudice or otherwise adversely affect these subsidiaries' interest in the project or the power plant/station, and/ or these subsidiaries' economic return on their investments.

**Water Supply Agreement**

A subsidiary of the Company has entered into a water supply agreement with the Provincial Waterworks Authority (PWA) for a period of 30 years. Under the agreement, the subsidiary has to produce water for sale to Ratchaburi and Samut Songkram Waterworks. PWA has the obligation to purchase water at the minimum volume and price as agreed.

**Fuel Purchase Agreements**

Subsidiaries of the Company, of Gulf and joint ventures of EGCO JD have entered into the gas purchase agreements with PTT Public Company Limited. These agreements are effective for periods between 16-26 years and can be extended for another 4-5 years.

A subsidiary of the Company has entered into the sales/ purchase of heavy fuel oil agreement with PTT Public Company Limited. The agreement shall be effective for a period of 3 years from 1 January 2005 to 31 December 2008 and can be extended by one year automatically (in the event that there is no cancellation of the automatic extension). In addition, the other subsidiary of the Company has also entered into a Fuel Supply Agreement (Rice Husk) with a related company. The agreement is effective for a period of 21 years.

A subsidiary of Gulf has entered into a Fuel Supply Agreement with one of its shareholders. The agreement is effective for a period of 25 years.

**Long-Term Parts Agreements**

The two subsidiaries of the Company have entered into long-term parts agreements with a supplier. Under the agreements, the subsidiaries have committed to purchase a number of gas turbines as specified in the agreements. The agreements, totalling US Dollars 58 million, are each effective for a period of 6 years. As at 31 December 2004, the total outstanding contract balances were US Dollars 10 million.

**29 Commitments and contingent liabilities (continued)**

**Significant agreements (continued)**

**Operation and Maintenance Agreements**

A subsidiary of the Company has entered into an operation and maintenance agreements for gas turbines with a customer. The agreement, totalling Baht 20 million is effective for a period of 4 years. In addition, the subsidiary has also entered into a supply of spare parts and maintenance services agreement with Republic of Sudan National Electricity Corporation, totalling US Dollars 8 million, which is effective from the execution date to March 2007.

The subsidiaries of Gulf have entered into long-term spare parts agreements with a supplier. The agreements, totalling US Dollars 14 million and Baht 59 million, are each effective for a period of 12 years commencing from 1999 to 2011. During the year 2004, the subsidiaries have entered into the amended and restated contracts with the existing supplier in order to reduce the service fee to US Dollars 8.83 million with a period of 12 years, commencing from 1 January 2005. As at 31 December 2004, the total outstanding contract balances were US Dollars 8.83 million.

**Capital expenditure**

The two subsidiaries of Gulf have entered into the EPC Contract, Construction Contract and, Supply Contract. Total contracts, totalling US Dollars 151.52 million, CHF 322.44 million, Euros 124.54 million, Japanese Yen 59.88 million and, Baht 3,495.36 million, are effective for a periods of 2.5 to 3.5 years. As at 31 December 2004, the Group had outstanding capital expenditure under contracted but not recognised in the consolidated financial statements for the total amount of US Dollars 64.66 million, CHF 137.88 million, Euros 53.25 million, Japanese Yen 26.95 million and, Baht 1,462 million.

**30 Privatisation**

**Thailand**

At the beginning of the year, the Cabinet put off the privatization plan and listing of EGAT on the Stock Exchange of Thailand (SET) from originally scheduled. On 22 April 2004, The National Energy Policy Committee (NEPC) has approved to establish the regulatory body for electricity industry (Electricity Commission of Thailand, ECT). It is expecting that EGAT privatization and the establishment of regulatory body will be completed in 2005. As at 31 December 2004, the effects of the laws on the Group cannot presently be determined

**The Philippines**

RA No. 9136, otherwise known as "the Electricity Power Industry Reform Act of 2001" (the Act) became effective on 26 June 2001, providing for the privatisation of the National Power Corporation (NPC) and the restructuring of the electric power industry. Subsequently, additional laws with regard to the NPC privatisation were announced and became effective on 22 March 2003. Such laws are currently in the process of being complied with the rules and regulations stipulated in the Act. In November 2004, the electricity market corporation entity was incorporated to undertake the preparatory work and initial operation of the wholesale electricity spot market and to act as its governing body. As at 31 December 2004, the effects of the laws on the Group cannot presently be determined.