

ELECTRICITY GENERATING PUBLIC COMPANY LIMITED

CONSOLIDATED AND COMPANY

FINANCIAL STATEMENTS

31 December 2006

## **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 2006 and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the year then ended of Electricity Generating Public Company Limited and its subsidiaries and of Electricity Generating Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated and company financial statements for the year ended 31 December 2005 of Electricity Generating Public Company Limited and its subsidiaries and of Electricity Generating Public Company Limited, respectively, presented herewith for comparative purposes, were audited by another auditor in the same firm as myself and the other auditor expressed an unqualified opinion on those statements in his report dated 17 February 2006.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides 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 2006 and the consolidated and company results of operations and cash flows for the year then ended of Electricity Generating Public Company Limited and its subsidiaries and of Electricity Generating Public Company Limited, respectively in accordance with generally accepted accounting principles.

SUCHART LUENGSURASWAT  
Certified Public Accountant  
(Thailand) No. 2807  
PricewaterhouseCoopers ABAS Limited

Bangkok  
12 February 2007

Electricity Generating Public Company Limited

Balance Sheets

As at 31 December 2006 and 2005

	Notes	Consolidated		Company	
		2006 Baht	2005 Baht	2006 Baht	2005 Baht
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	5	5,848,595,680	8,820,211,798	4,129,760,569	2,627,988,314
Short-term investments	6				
- Deposits at financial institutions		729,616,380	675,820,274	856,435	845,705
- Marketable securities		102,274,434	57,173,830	68,416,715	59,289,590
Short-term investments used as collateral	7				
- Deposits at financial institutions		4,438,815,815	4,360,974,047	-	-
- Marketable securities		26,000,000	26,000,000	-	-
Trade receivables, net	8	363,698,782	304,987,351	-	-
Trade receivable from a related party	29	2,365,898,056	2,248,699,679	-	-
Dividend receivables from subsidiaries		-	-	1,509,294,851	901,593,734
Current portion of long-term loans					
to related parties	29	50,000,000	11,915,049	912,760,000	23,830,098
Amounts due from related parties	29	206,173,416	126,256,543	208,219,242	160,083,224
Spare parts and supplies, net	9	3,665,686,766	3,836,351,893	-	-
Other current assets		707,563,891	540,892,344	14,729,184	14,406,241
Total Current Assets		<u>18,504,323,220</u>	<u>21,009,282,808</u>	<u>6,844,036,996</u>	<u>3,788,036,906</u>
<b>Non-Current Assets</b>					
Long-term investments in marketable securities					
and others	10	2,952,041,733	2,859,356,538	3,005,872,521	2,868,297,503
Long-term investments used as collateral	7				
- Deposits at financial institutions		1,040,300	62,438,351	-	-
- Marketable securities		-	26,000,000	-	-
Long-term loans to related parties, net	29	-	125,000,000	2,567,240,000	1,030,000,000
Investments in subsidiaries	11	-	-	16,054,704,934	19,948,460,774
Investment in an associate	11	428,645,550	395,380,955	-	-
Interests in joint ventures, net	11	6,654,469,880	7,960,213	12,368,538,743	4,053,162,892
Property, plant and equipment, net	12	41,247,180,367	34,749,092,485	708,356,627	738,559,245
Goodwill, net	13	1,014,832,235	1,082,825,603	-	-
Other non-current assets, net	14	1,083,697,391	932,752,880	232,503,375	192,250,881
Total Non-Current Assets		<u>53,381,907,456</u>	<u>40,240,807,025</u>	<u>34,937,216,200</u>	<u>28,830,731,295</u>
<b>Total Assets</b>		<u><u>71,886,230,676</u></u>	<u><u>61,250,089,833</u></u>	<u><u>41,781,253,196</u></u>	<u><u>32,618,768,201</u></u>

For Director .....

**Electricity Generating Public Company Limited**

**Balance Sheets**

**As at 31 December 2006 and 2005**

	Notes	Consolidated		Company	
		2006 Baht	2005 Baht	2006 Baht	2005 Baht
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Bank overdrafts and short-term loans from financial institutions		-	109,462,658	-	-
Trade payables		1,034,244,545	750,853,380	-	-
Construction payables		527,146,018	2,459,366,020	-	-
Trade payable to a related party	29	113,957,368	87,566,522	-	-
Amounts due to related parties	29	5,074,018,550	55,302,657	4,645,002,770	2,130,488
Current portion of long-term loans from financial institutions, net	16	1,787,312,801	3,331,375,567	-	-
Debentures due within one year	17	934,519,331	1,317,763,760	-	-
Current portion of long-term loans from other venturer of a joint venture	15	50,000,000	11,915,049	-	-
Other current liabilities					
- Interest payable	29	129,491,427	160,863,295	-	-
- Value added tax payable		184,511,841	157,032,400	-	-
- Income tax payable		532,315,943	178,553,842	-	-
- Others		569,196,574	615,770,294	164,722,307	109,600,794
<b>Total Current Liabilities</b>		<b>10,936,714,398</b>	<b>9,235,825,444</b>	<b>4,809,725,077</b>	<b>111,731,282</b>
<b>Non-Current Liabilities</b>					
Long-term loans from financial institutions, net	16	17,070,897,576	15,090,448,658	-	-
Debentures, net	17	5,402,631,488	3,608,947,723	-	-
Long-term loans from other venturer of a joint venture, net	15	-	125,000,000	-	-
Net liabilities in a joint venture	11	-	-	619,761,174	492,562,122
Other non-current liabilities		1,891,463,232	1,075,356,364	911,982,074	935,620,331
<b>Total Non-Current Liabilities</b>		<b>24,364,992,296</b>	<b>19,899,752,745</b>	<b>1,531,743,248</b>	<b>1,428,182,453</b>
<b>Total Liabilities</b>		<b>35,301,706,694</b>	<b>29,135,578,189</b>	<b>6,341,468,325</b>	<b>1,539,913,735</b>

The notes to the consolidated and company financial statements on pages 11 to 59 are an integral part of these financial statements.

Electricity Generating Public Company Limited

Balance Sheets

As at 31 December 2006 and 2005

	Notes	Consolidated		Company	
		2006 Baht	2005 Baht	2006 Baht	2005 Baht
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> (continued)					
<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
Premium on treasury stock		47,373,035	47,373,035	47,373,035	47,373,035
Retained earnings					
Appropriated					
- Legal reserve	19	530,000,000	530,000,000	530,000,000	530,000,000
Unappropriated		20,199,878,066	16,107,739,744	20,199,878,066	16,107,739,744
Unrealised gains on investments in marketable securities - available-for-sale		780,337,480	587,384,126	810,391,882	624,896,135
Translation adjustments		(13,808,112)	(97,104,448)	(13,808,112)	(97,104,448)
Total parent's shareholders' equity		35,409,730,469	31,041,342,457	35,439,784,871	31,078,854,466
Minority interest	20	1,174,793,513	1,073,169,187	-	-
<b>Total Shareholders' Equity</b>		<b>36,584,523,982</b>	<b>32,114,511,644</b>	<b>35,439,784,871</b>	<b>31,078,854,466</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>71,886,230,676</b>	<b>61,250,089,833</b>	<b>41,781,253,196</b>	<b>32,618,768,201</b>

The notes to the consolidated and company financial statements on pages 11 to 59 are an integral part of these financial statements.

**Electricity Generating Public Company Limited**  
**Statements of Income**  
**For the years ended 31 December 2006 and 2005**

	Notes	Consolidated		Company	
		2006 Baht	2005 Baht	2006 Baht	2005 Baht
<b>Revenues</b>					
Sales and service income	29	18,020,721,427	16,022,283,753	-	-
Cost of sales and services	29	(8,960,342,840)	(8,151,188,380)	-	-
<b>Gross profit</b>		9,060,378,587	7,871,095,373	-	-
Administrative expenses	29	(1,641,615,496)	(1,417,038,181)	(502,908,447)	(418,520,760)
Write-off development costs		-	(279,758,722)	-	-
<b>Profit (loss) from sales and services</b>		7,418,763,091	6,174,298,470	(502,908,447)	(418,520,760)
Other income					
- Interest income	29	677,175,618	353,197,160	231,151,817	120,097,585
- Dividend income		168,012,976	241,214,217	168,012,976	241,214,217
- Others		157,861,992	210,169,237	203,412,807	297,147,249
Directors' remuneration	24	(30,034,117)	(29,963,120)	(19,361,140)	(17,175,660)
Currency exchange gains (losses)		766,227,654	(285,394,385)	-	52,636,717
<b>Operating profit</b>		9,158,007,214	6,663,521,579	80,308,013	275,399,348
Share of loss exceed interest in a joint venture	11	-	-	(271,762,549)	(501,672,871)
Share of profit from subsidiaries, an associate and interests in joint ventures	11	43,684,263	27,061,091	6,227,274,235	4,318,787,532
<b>Profit before interest and tax</b>		9,201,691,477	6,690,582,670	6,035,819,699	4,092,514,009
Interest expenses	29	(1,557,037,891)	(1,859,116,289)	-	-
Income tax	26	(1,277,174,303)	(475,407,929)	-	-
<b>Profit before minorities</b>		6,367,479,283	4,356,058,452	6,035,819,699	4,092,514,009
Profit attributable to minorities	20	331,659,584	263,544,443	-	-
<b>Net profit for the year</b>	21	6,035,819,699	4,092,514,009	6,035,819,699	4,092,514,009
<b>Basic earnings per share</b>					
Profit before minorities	22	12.09	8.28	11.46	7.78
Profit attributable to minorities		0.63	0.50	-	-
<b>Net profit for the year</b>		11.46	7.78	11.46	7.78

The notes to the consolidated and company financial statements on pages 11 to 59 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 2006 and 2005

Consolidated												
	Notes	Issued and paid-up share capital Baht	Premium on share capital Baht	Premium on treasury stock Baht	Legal reserve Baht	Capital reserve for treasury stock Baht	Retained earnings Baht	Fair value reserve Baht	Translation adjustments Baht	Minority interest Baht	Treasury stock Baht	Total Baht
<b>Opening balance as at 1 January 2006</b>		5,264,650,000	8,601,300,000	47,373,035	530,000,000	-	16,107,739,744	587,384,126	(97,104,448)	1,073,169,187	-	32,114,511,644
Translation adjustments		-	-	-	-	-	-	-	83,296,336	855,166	-	84,151,502
Net profit for the year		-	-	-	-	-	6,035,819,699	-	-	-	-	6,035,819,699
Dividends	23	-	-	-	-	-	(1,943,681,377)	-	-	(230,933,893)	-	(2,174,615,270)
Unrealised gains on investments in												
marketable securities - available-for-sale		-	-	-	-	-	-	192,953,354	-	43,469	-	192,996,823
Minority interest	20	-	-	-	-	-	-	-	-	331,659,584	-	331,659,584
<b>Closing balance as at 31 December 2006</b>		<u>5,264,650,000</u>	<u>8,601,300,000</u>	<u>47,373,035</u>	<u>530,000,000</u>	<u>-</u>	<u>20,199,878,066</u>	<u>780,337,480</u>	<u>(13,808,112)</u>	<u>1,174,793,513</u>	<u>-</u>	<u>36,584,523,982</u>
<b>Opening balance as at 1 January 2005</b>		5,264,650,000	8,601,300,000	-	530,000,000	52,169,276	13,530,545,410	359,887,106	(165,138,166)	981,691,358	(52,169,276)	29,102,935,708
Translation adjustments		-	-	-	-	-	-	-	68,033,718	(1,734,133)	-	66,299,585
Net profit for the year		-	-	-	-	-	4,092,514,009	-	-	-	-	4,092,514,009
Dividends	23	-	-	-	-	-	(1,567,488,951)	-	-	(171,699,966)	-	(1,739,188,917)
Unrealised gains (losses) on investments in												
marketable securities - available-for-sale		-	-	-	-	-	-	189,476,021	-	(144,823)	-	189,331,198
Realised gains from transfer of investments												
from available-for-sale to held-to-maturity		-	-	-	-	-	-	29,410	-	-	-	29,410
Amortisation of gains from transfer of investments												
from available-for-sale to held-to-maturity		-	-	-	-	-	-	37,991,589	-	-	-	37,991,589
Ordinary shares		-	-	-	-	-	-	-	-	1,512,308	-	1,512,308
Treasury stock		-	-	47,373,035	-	(52,169,276)	52,169,276	-	-	-	52,169,276	99,542,311
Minority interest	20	-	-	-	-	-	-	-	-	263,544,443	-	263,544,443
<b>Closing balance as at 31 December 2005</b>		<u>5,264,650,000</u>	<u>8,601,300,000</u>	<u>47,373,035</u>	<u>530,000,000</u>	<u>-</u>	<u>16,107,739,744</u>	<u>587,384,126</u>	<u>(97,104,448)</u>	<u>1,073,169,187</u>	<u>-</u>	<u>32,114,511,644</u>

The notes to the consolidated and company financial statements on pages 11 to 59 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 2006 and 2005

										Company
	Issued and paid-up share capital	Premium on share capital	Premium on treasury stock	Legal reserve	Capital reserve for treasury stock	Retained earnings	Fair value reserve	Translation adjustments	Treasury stock	Total
Note	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Opening balance as at 1 January 2006</b>	5,264,650,000	8,601,300,000	47,373,035	530,000,000	-	16,107,739,744	624,896,135	(97,104,448)	-	31,078,854,466
Translation adjustments	-	-	-	-	-	-	-	83,296,336	-	83,296,336
Net profit for the year	-	-	-	-	-	6,035,819,699	-	-	-	6,035,819,699
Dividends	23	-	-	-	-	(1,943,681,377)	-	-	-	(1,943,681,377)
Unrealised gains on investments in marketable securities - available-for-sale	-	-	-	-	-	-	185,495,747	-	-	185,495,747
<b>Closing balance as at 31 December 2006</b>	<u>5,264,650,000</u>	<u>8,601,300,000</u>	<u>47,373,035</u>	<u>530,000,000</u>	<u>-</u>	<u>20,199,878,066</u>	<u>810,391,882</u>	<u>(13,808,112)</u>	<u>-</u>	<u>35,439,784,871</u>
<b>Opening balance as at 1 January 2005</b>	5,264,650,000	8,601,300,000	-	530,000,000	52,169,276	13,530,545,410	408,150,340	(165,138,166)	(52,169,276)	28,169,507,584
Translation adjustments	-	-	-	-	-	-	-	68,033,718	-	68,033,718
Net profit for the year	-	-	-	-	-	4,092,514,009	-	-	-	4,092,514,009
Dividends	23	-	-	-	-	(1,567,488,951)	-	-	-	(1,567,488,951)
Unrealised gains on investments in marketable securities - available-for-sale	-	-	-	-	-	-	216,745,795	-	-	216,745,795
Treasury stock	-	-	47,373,035	-	(52,169,276)	52,169,276	-	-	52,169,276	99,542,311
<b>Closing balance as at 31 December 2005</b>	<u>5,264,650,000</u>	<u>8,601,300,000</u>	<u>47,373,035</u>	<u>530,000,000</u>	<u>-</u>	<u>16,107,739,744</u>	<u>624,896,135</u>	<u>(97,104,448)</u>	<u>-</u>	<u>31,078,854,466</u>

The notes to the consolidated and company financial statements on pages 11 to 59 are an integral part of these financial statements



**Electricity Generating Public Company Limited**  
**Statements of Cash Flows**  
**For the years ended 31 December 2006 and 2005**

	Notes	Consolidated		Company	
		2006 Baht	2005 Baht	2006 Baht	2005 Baht
<b>Cash flows from operating activities</b>					
Net profit for the year		6,035,819,699	4,092,514,009	6,035,819,699	4,092,514,009
Adjustments to reconcile net profit to net cash provided by operations:					
- Depreciation and amortisation		2,778,795,374	2,707,557,323	47,508,014	43,425,825
- Impairment charge	12	-	2,500,000	-	-
- Write-off development costs		-	279,758,722	-	-
- Allowance for obsolescence		27,063,923	35,658,646	-	-
- Amortisation of losses from transfer of investments from available-for-sale to held to maturity		-	41,706,452	-	-
- Unrealised currency exchange (gains) losses		(690,903,261)	395,300,875	-	(32,242,288)
- Gains on disposals of property, plant and equipment		(1,828,317)	(3,919,314)	(427,002)	(1,751,434)
- Dividends received from other companies		(168,012,976)	(241,214,217)	(168,012,976)	(241,214,217)
- Share of loss exceed interest in a joint venture	11	-	-	271,762,549	501,672,871
- Shares of profit from subsidiaries, an associate and interests in joint ventures	11	(43,684,263)	(27,061,091)	(6,227,274,235)	(4,318,787,532)
- Minority interest	20	331,659,584	263,544,443	-	-
- Others		11,344,233	(667,520)	-	-
Cash flows before changes in operating assets and liabilities		8,280,253,996	7,545,678,328	(40,623,951)	43,617,234
Changes in operating assets and liabilities: (excluding the effects of acquisition and disposal)					
- Short-term and long-term investments used as collateral		429,694	2,919,135,144	-	-
- Trade receivables and trade receivable from a related party		(195,901,197)	(186,136,195)	-	-
- Amounts due from related parties		(60,117,006)	(119,735,540)	(48,136,018)	(125,822,780)
- Spare parts and supplies		(174,910,941)	(593,314,307)	-	-
- Other current assets		(423,736,061)	(209,535,613)	(322,942)	20,572,391
- Other non-current assets		31,542,966	(166,871,251)	(40,292,494)	(164,565,164)
- Trade payables and trade payable to a related party		783,992,795	(532,564)	-	-
- Amounts due to related parties		(10,889,875)	24,869,856	(2,127,717)	2,037,807
- Other current liabilities		218,545,801	(12,701,686)	55,384,932	(12,450,050)
- Other non-current liabilities		(150,882,121)	146,039,473	-	-
Net cash receipts (payments) from operating activities		8,298,328,051	9,346,895,645	(76,118,190)	(236,610,562)

The notes to the consolidated and company financial statements on pages 11 to 59 are an integral part of these financial statements.

**Electricity Generating Public Company Limited**  
**Statements of Cash Flows**  
**For the years ended 31 December 2006 and 2005**

	Notes	Consolidated		Company	
		2006 Baht	2005 Baht	2006 Baht	2005 Baht
<b>Cash flows from investing activities</b>					
Proceeds from sale of investment in a subsidiary	11	-	-	-	935,620,333
Payments on investments in subsidiaries, subsidiary of a joint venture and interest in a joint venture	11, 28	(2,000,000,000)	18,003,872	(3,624,655,000)	(4,670,577,192)
Proceeds from capital decreased of a subsidiary	11	-	-	4,517,800,000	-
Net cash receipts (payments) on deposits at financial institutions		19,857,618	2,031,972,640	(10,730)	1,838,540,888
Net cash receipts (payments) from short-term investments		(122,106,152)	144,144,788	(1,170,040)	110,624,270
Net cash receipts from long-term investments		37,010,262	54,729,730	39,729,730	39,729,730
Net purchases of property, plant and equipment		(10,241,322,703)	(2,927,840,393)	(16,838,393)	(32,944,769)
Loans and advances made to related parties		-	(380,958,406)	(2,600,000,000)	(1,253,944,542)
Proceed from loans to related parties	29	86,915,049	824,045,580	173,830,098	1,079,287,407
Dividends received from subsidiaries and a joint venture	11	8,910,001	21,826,157	4,864,598,640	5,199,740,042
Dividends received from other companies		168,012,976	241,214,217	168,012,976	241,214,217
Others		(22,981,833)	(45,246,909)	-	-
Net cash receipts (payments) from investing activities		<u>(12,065,704,782)</u>	<u>(18,108,724)</u>	<u>3,521,297,281</u>	<u>3,487,290,384</u>
<b>Cash flows from financing activities</b>					
Proceeds from increase in share capital from other venturer of a joint venture		320,117,098	397,319,252	-	-
Proceeds from issue of ordinary shares from minority of a subsidiary of a joint venture	20	-	2,089,500	-	-
Payments on finance lease		(7,066,181)	(5,017,885)	-	-
Net proceed (payment) from short-term loans		(109,462,658)	34,462,658	-	-
Proceeds from long-term loans from financial institutions and debentures	16, 17	13,759,135,436	2,915,266,902	-	-
Payments on long-term loans from financial institutions and debentures	16, 17	(10,896,656,157)	(3,421,231,313)	-	-
Proceeds from long-term loan from other venturer of a joint venture		-	256,897,965	-	-
Payments on long-term loan from other venturer of a joint venture		(86,915,049)	(540,008,625)	-	-
Payments of financing fee	16, 17	(174,343,597)	(395,906,184)	-	-
Proceeds from treasury stock		-	99,542,310	-	99,542,310
Dividends paid to shareholders	23	(2,149,606,666)	(1,706,531,475)	(1,943,406,836)	(1,567,840,701)
Net cash receipts (payments) from financing activities		<u>655,202,226</u>	<u>(2,363,116,895)</u>	<u>(1,943,406,836)</u>	<u>(1,468,298,391)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		<u>(3,112,174,505)</u>	<u>6,965,670,026</u>	<u>1,501,772,255</u>	<u>1,782,381,430</u>
Beginning balance		8,820,211,798	1,850,946,791	2,627,988,314	845,606,884
Effects of exchange rate changes		140,558,387	3,594,981	-	-
Ending balance		<u>5,848,595,680</u>	<u>8,820,211,798</u>	<u>4,129,760,569</u>	<u>2,627,988,314</u>

The notes to the consolidated and company financial statements on pages 11 to 59 are an integral part of these financial statements.

**Electricity Generating Public Company Limited**  
**Statements of Cash Flows**  
**For the years ended 31 December 2006 and 2005**

	Note	Consolidated		Company	
		2006 Baht	2005 Baht	2006 Baht	2005 Baht
<b>Cash and cash equivalents are made up as follows:</b>					
- Cash in hand and deposits at financial institutions		1,386,718,734	5,798,409,420	304,825,509	85,114,989
- Short-term investments - maturities within three months		4,461,876,946	3,021,802,378	3,824,935,060	2,542,873,325
		<u>5,848,595,680</u>	<u>8,820,211,798</u>	<u>4,129,760,569</u>	<u>2,627,988,314</u>
<b>Supplementary information for cash flows:</b>					
Interest paid		1,713,936,875	1,995,975,587	-	-
Tax paid		624,505,471	444,064,681	-	-
<b>Non-cash transactions</b>					
Reclassification of utilised capital spare parts to property, plant and equipment	12	737,540,713	257,618,702	-	-
Reclassification of unutilised capital spare parts from property, plant and equipment	12	453,588,972	65,903,234	-	-
Increase in property, plant and equipment by other payables		7,451,994	2,817,804,161	-	-

The notes to the consolidated and company financial statements on pages 11 to 59 are an integral part of these financial statements.

## **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 sales to the government sector and industrial users both in Thailand and overseas.

The Group has operations in over three countries and employs over 973 people (2005: 969 people).

These consolidated and company financial statements were authorised for issue by the President on 12 February 2007.

## **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 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.

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

### **2.2 Accounting Standard effective from 1 January 2007**

According to the notification of Federation of Accounting Professions No. 26/2549 dated on 11 October 2006 and No. 32/2549 dated on 3 November 2006 in relation to the amendment of TAS 44 “Consolidated financial statements and accounting for investment in subsidiaries” and TAS 45 “Accounting for investments in Associates” which require the change from the equity method of accounting to cost method of accounting for the investment in subsidiaries and associates presented in the separated financial statements. According to the cost method of accounting, income from the investment will be recognised when dividends are declared. The notification is mandatory from 1 January 2007. The Company also applies the cost method of accounting for interest in joint venture presented in the separate financial statements.

**2 Accounting policies (continued)**

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

**2.3.1 Investments in subsidiaries**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which its control is transferred to the Group. They are de-consolidated from the date that the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in the business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (see Note 2.10.1 for the accounting policy on goodwill).

Intercompany transactions, balances and unrealised gains or losses on transactions between group companies are eliminated; unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are reported by 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 are shown in Note 11.

**2.3.2 Investments in associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost in the consolidated and company financial statements. The Group's investment in associates includes goodwill (net of accumulated amortisation) identified on acquisition. The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in fair value reserves is recognised in fair value reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other the Group's obligations or payments that are made on behalf of the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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. Accounting policies of associates have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

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

**2 Accounting policies** (continued)

**2.3 Group accounting – investments in subsidiaries and an associate and interests in joint ventures**  
(continued)

**2.3.3 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 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 and the financial effects of the acquisitions and disposals of joint ventures are shown in Note 11.

**2.4 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 currencies 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 consolidated and company statements of income. Liabilities which are covered by foreign currency forward contracts or currency and interest 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 currency exchange gains and losses in the consolidated and company statements of income. Translation differences on available-for-sale investments in equity securities are included in the revaluation 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 consolidated and company statements 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)**

**2.5 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 also parties to financial instruments that reduce exposure to fluctuations in foreign currency exchange and interest rates. These instruments, which comprise interest rate swap contracts, foreign currency forward 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 the 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.

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

**2.6 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 and short-term highly liquid investments with maturities of three months or less from the date of acquisition.

**2.7 Trade receivables**

Trade receivables are recognised initially at original invoice amount and subsequently measured at the remaining 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 and the amount expected to be collectible. Bad debts are recognised in the consolidated and company statements of income as part of administrative expenses.

**2.8 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", which are used 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 Electricity Generating Authority of Thailand ("EGAT"), except 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)**

**2.9 Other investments**

Investments other than investments in subsidiaries and 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 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.

Held-to-maturity investments are carried at amortised cost using the effective yield method.

Available-for-sale investments are subsequently carried at fair value. Unrealised gains 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 Center. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the consolidated and company income statements 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.

**2.10 Intangible assets**

**2.10.1 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 undertaking 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.



**2 Accounting policies** (continued)

**2.10 Intangible assets** (continued)

**2.10.1 Goodwill** (continued)

Goodwill arising on acquisitions of the Group is amortised over the periods of Power Purchase Agreements with Electricity Generating Authority of Thailand and of Water Supply Agreement with Provincial Waterworks Authority (“PWA”), which are between 3.5 and 25 years.

At each balance sheet date the Group assesses whether there is any indication of impairment on separately recognised goodwill. 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.

**2.10.2 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.

**2.11 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 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 pipe 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 one year are capitalised and depreciated using the straight-line method over the estimated useful life between 6 years and 12 years 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 consolidated and company statements of income 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 performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

**2 Accounting policies** (continued)

**2.11 Property, plant and equipment** (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the consolidated and company statements of income.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. 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.

**2.12 Impairment of assets**

Property, plant and equipment and other non-financial assets, including goodwill and intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.13 Leases**

Leases of equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated and company statements of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated and company statements of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**2.14 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 Accounting policies (continued)**

**2.15 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.

**2.16 Provisions**

Provisions, which exclude the provisions relating to employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

**2.17 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.

**2.18 Revenue recognition**

Sales under the Power Purchase Agreements ("PPA") comprise Availability Payments and Energy Payments. Availability Payments are recognised according to the terms set out in the Power Purchase Agreement, net amount of sales taxes and discounts. Energy Payments are calculated based on electricity delivered. The Electricity and Steam Sales/Purchase Agreements with industrial users are recognised on delivery of electricity and steam and customers acceptance. Sales are shown net of sales taxes and discounts and after eliminating sales within the Group.

Revenue from construction service is recognised using the percentage of completion method. The stage of completion is measured by reference to the relationship contracts costs incurred for work performed to date bear to the estimated total costs for the 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.

**2.19 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 Company, 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 2006 and 2005**

**2 Accounting policies (continued)**

**2.20 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.

**2.21 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 2006**

	<b>Thailand Baht</b>	<b>Lao People's Democratic Republic Baht</b>	<b>Philippines Baht</b>	<b>Consolidated Baht</b>
Revenue from sales and service income	17,344,316,802	-	676,404,625	18,020,721,427
Cost of sales and services	(8,807,427,703)	-	(152,915,137)	(8,960,342,840)
Segment results	8,536,889,099	-	523,489,488	9,060,378,587
Administrative expenses and directors' remuneration	(1,533,987,302)	(51,749,345)	(85,912,966)	(1,671,649,613)
Other income	914,934,146	2,947,023	85,169,417	1,003,050,586
Currency exchange gains (losses)	991,751,315	(222,960,228)	(2,563,433)	766,227,654
Operating profit (loss)	8,909,587,258	(271,762,550)	520,182,506	9,158,007,214
Share of profit from an associate and interests in joint ventures	43,684,263	-	-	43,684,263
Interest expenses	(1,485,515,075)	-	(71,522,816)	(1,557,037,891)
Profit (loss) before tax	7,467,756,446	(271,762,550)	448,659,690	7,644,653,586
Income tax	(1,135,199,488)	-	(141,974,815)	(1,277,174,303)
Profit (loss) before minority interest	6,332,556,958	(271,762,550)	306,684,875	6,367,479,283
Minority interest	169,784,330	-	161,875,254	331,659,584
Net profit (loss)	<u>6,162,772,628</u>	<u>(271,762,550)</u>	<u>144,809,621</u>	<u>6,035,819,699</u>
Segment assets	66,747,910,449	3,350,965,725	1,787,354,502	71,886,230,676

**Electricity Generating Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2006 and 2005**

**4 Segment information (continued)**

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

**For the year ended 31 December 2005**

	<b>Thailand Baht</b>	<b>Lao People's Democratic Republic Baht</b>	<b>Philippines Baht</b>	<b>Consolidated Baht</b>
Revenue from sales and service income	15,220,370,764	-	801,912,989	16,022,283,753
Cost of sales and services	(7,857,191,432)	-	(293,996,948)	(8,151,188,380)
Segment results	7,363,179,332	-	507,916,041	7,871,095,373
Administrative expenses and directors' remuneration	(1,125,863,309)	(220,994,071)	(100,143,921)	(1,447,001,301)
Write-off development costs	-	(279,758,722)	-	(279,758,722)
Other income	759,460,207	2,542,223	42,578,184	804,580,614
Currency exchange gains (losses)	(284,667,733)	(3,462,301)	2,735,649	(285,394,385)
Operating profit (loss)	6,712,108,497	(501,672,871)	453,085,953	6,663,521,579
Share of profit from an associate and interests in joint ventures	27,061,091	-	-	27,061,091
Interest expenses	(1,788,150,287)	-	(70,966,002)	(1,859,116,289)
Profit (loss) before tax	4,951,019,301	(501,672,871)	382,119,951	4,831,466,381
Income tax	(407,920,954)	-	(67,486,975)	(475,407,929)
Profit (loss) before minority interest	4,543,098,347	(501,672,871)	314,632,976	4,356,058,452
Minority interest	102,871,030	-	160,673,413	263,544,443
Net profit (loss)	4,440,227,317	(501,672,871)	153,959,563	4,092,514,009
Segment assets	57,566,168,971	1,619,085,995	2,064,834,867	61,250,089,833

**5 Cash and cash equivalents**

Cash and cash equivalents as at 31 December 2006 mainly were investments in promissory notes with maturities of three months or less, the interest rates were 0.25% to 5.25% per annum (2005: 0.25% to 4.15% 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 2006, deposits at financial institutions of Baht 730 million bore interest at rates from 0.50% to 6.25% per annum (2005: Baht 676 million bore interest at the rates from 0.25% to 4.15% per annum).

*Marketable securities*

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006 Baht</b>	<b>2005 Baht</b>	<b>2006 Baht</b>	<b>2005 Baht</b>
<b>Available-for-sale</b>				
Debt securities	96,553,893	52,887,054	62,696,174	55,002,814
Changes in fair value of investments	5,720,541	4,286,776	5,720,541	4,286,776
Short-term investments in marketable securities	102,274,434	57,173,830	68,416,715	59,289,590

**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), Khanom Electricity Generating Company Limited (KEGCO) and TLP Cogeneration Company Limited (TLP Cogen) and comprise cash reserves required to be maintained under their loan and debenture agreements for the purpose of repayment of principal and payment of 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. During the third and fourth quarters of 2006, REGCO repaid the total amount of long-term loans to the lenders. Thus, REGCO is not required to make cash reserve maintained under its loan agreements. As at 31 December 2006, the balance of cash reserves used as collateral are those of KEGCO and TLP Cogen only.

As at 31 December 2006, the cash reserve for the purpose of repayment of principal and payment of interest due within one year of those two subsidiaries amounted to Baht 295 million (31 December 2005: Baht 760 million). The remaining balance of short-term and long-term investments used as collateral of Baht 1,957 million (2005: Baht 2,650 million) represented collateralised deposits maintained in accordance with the loan agreements but which could be used subject to certain lender approvals.

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

**Subsidiaries of Gulf Electricity Public Company Limited (Gulf)**

As at 31 December 2006, deposits at financial institutions used as collateral of Baht 2,120 million (31 December 2005: Baht 691 million) are mainly of five subsidiaries of Gulf which are cash reserves maintained under the loan agreements and agreement relating to the refinancing through debenture issuance by its three subsidiaries as referred to Notes 16 and 17. These cash reserves are provided from the proceeds of sales of electricity and withdrawals can be made from these accounts to provide working capital in the normal course of business of the subsidiaries after approval by the lenders. In case the subsidiaries are under construction and have no earnings from sales of electricity, most of deposits are derived from loans from financial institutions and equity in order to pay for construction and other expenses for the projects. The subsidiaries will start to provide the reserves when commencing their commercial operation.

Short-term 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 2006, the foreign currency deposits at financial institutions used as collateral equal to Baht 87 million bore interests at the rates of 4.09% to 5.32% per annum (2005: Baht 192 million bore interests at the rates of 1.38% to 4.17% per annum) and the Thai Baht deposits at financial institutions used as collateral of Baht 4,353 million bore interests at the rates of 0.50% to 5.25% per annum (2005: Baht 4,231 million bore interests at the rates of 0.25% to 6.5% per annum).

*Investments in marketable securities used as collateral*

	<b>2006</b>	<b>Consolidated</b>
	<b>Baht</b>	<b>2005</b>
	<b>Baht</b>	<b>Baht</b>
Investments in debt securities held-to-maturity		
- current portion	26,000,000	26,000,000
- due later than 1 year and not later than 5 years	-	26,000,000
	<u>26,000,000</u>	<u>52,000,000</u>

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**8 Trade receivables, net**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006 Baht</b>	<b>2005 Baht</b>	<b>2006 Baht</b>	<b>2005 Baht</b>
Trade receivables	363,698,782	308,322,351	-	-
<u>Less</u> Allowance for doubtful receivables	-	(3,335,000)	-	-
Trade receivables, net	<u>363,698,782</u>	<u>304,987,351</u>	<u>-</u>	<u>-</u>

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006 Baht</b>	<b>2005 Baht</b>	<b>2006 Baht</b>	<b>2005 Baht</b>
Not overdue	268,146,296	236,964,074		
Overdue below 3 months	54,227,854	22,715,081		-
Overdue 3 – 6 months	13,643,114	35,563,201		-
Overdue 6 – 12 months	16,735,636	5,565,774		-
Overdue over 12 months	10,945,882	7,514,221		-
	<u>363,698,782</u>	<u>308,322,351</u>		-
<u>Less</u> Allowance for doubtful receivables	-	(3,335,000)		-
Trade receivables, net	<u>363,698,782</u>	<u>304,987,351</u>	<u>-</u>	<u>-</u>

**9 Spare parts and supplies, net**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006 Baht</b>	<b>2005 Baht</b>	<b>2006 Baht</b>	<b>2005 Baht</b>
Fuel	395,818,686	392,031,468	-	-
Specific spare parts				
- Capital spare parts	1,460,355,141	1,456,288,325	-	-
- Other specific spare parts	1,962,344,438	1,922,289,102	-	-
Common spare parts	71,389,657	67,493,926	-	-
Spare parts in transit	-	195,234,685	-	-
	<u>3,889,907,922</u>	<u>4,033,337,506</u>	<u>-</u>	<u>-</u>
<u>Less</u> Allowance for obsolescence	(224,221,156)	(196,985,613)	-	-
Spare parts and supplies, net	<u>3,665,686,766</u>	<u>3,836,351,893</u>	<u>-</u>	<u>-</u>



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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006 Baht</b>	<b>2005 Baht</b>	<b>2006 Baht</b>	<b>2005 Baht</b>
<b>Available-for-sale</b>				
Debt securities	221,564,339	317,569,991	291,009,133	337,262,182
Equity securities	1,905,222,903	1,905,222,903	1,905,222,903	1,905,222,903
Changes in fair value of investments	822,954,491	634,263,644	807,340,485	623,512,418
Total long-term investments in marketable securities	2,949,741,733	2,857,056,538	3,003,572,521	2,865,997,503
Other equity securities	2,300,000	2,300,000	2,300,000	2,300,000
Long-term investments in marketable securities and others	<u>2,952,041,733</u>	<u>2,859,356,538</u>	<u>3,005,872,521</u>	<u>2,868,297,503</u>

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006 Baht</b>	<b>2005 Baht</b>	<b>2006 Baht</b>	<b>2005 Baht</b>
Investments in subsidiaries	-	-	16,054,704,934	19,948,460,774
Investment in an associate	428,645,550	395,380,955	-	-
Interests in joint ventures	6,654,469,880	7,960,213	12,762,944,908	4,447,569,057
<u>Less</u> Provision for impairment	-	-	(394,406,165)	(394,406,165)
Interests in joint ventures, net	6,654,469,880	7,960,213	12,368,538,743	4,053,162,892
Investments in subsidiaries and an associate and interests in joint ventures, net	<u>7,081,115,430</u>	<u>403,341,168</u>	<u>28,423,243,677</u>	<u>24,001,623,666</u>

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

	<b>2006</b>	
	<b>Consolidated Baht</b>	<b>Company Baht</b>
Opening net book value	403,341,168	24,001,623,666
Share of profit from subsidiaries and an associate and interests in joint ventures	43,684,263	6,227,274,235
Dividends received from subsidiaries and a joint venture	(8,910,001)	(5,496,475,977)
Change in fair value of marketable securities available-for-sale of subsidiaries	-	233,915
Acquisition of a joint venture	6,645,000,000	6,645,000,000
Capital addition of a joint venture	-	1,624,655,000
Capital decrease of a subsidiary	-	(4,517,800,000)
Translation adjustments	-	(61,267,162)
Closing net book value	<u>7,083,115,430</u>	<u>28,423,243,677</u>

The percentage of holdings in subsidiaries and an associate and interests in joint ventures is unchanged from 2005 except the acquisition of new interest in joint venture as described in Note 28.

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

11.1 Investments in subsidiaries

The principal subsidiaries are as follows:

						Company
						2006
Business	Paid-up share capital Baht'000	Portion of Investment (%)	Cost Method Baht'000	Equity Method Baht'000	Dividend Baht'000	
(Including indirect holding)						
<b><u>Subsidiaries incorporated in Thailand</u></b>						
Rayong Electricity Generating Co.,Ltd.	Electricity generating	4,702,200	99.99	4,702,200	6,574,918	2,743,716
Khanom Electricity Generating Co.,Ltd.	Electricity generating	4,850,000	99.99	4,850,000	6,281,442	2,343,411
EGCO Engineering and Service Co., Ltd. and its subsidiaries and joint venture	Power plant operation and maintenance services	400,000	99.99	400,000	1,065,807	-
- Subsidiaries						
- Agro Energy Co., Ltd.	Trading / delivery services of natural scrap		99.99			
- Egcom Tara Co., Ltd.	Tap water business		70.00			24,176
- Joint venture						
- Amata Power-Esco Service Co., Ltd.	Power plant operation		50.00			
EGCO Green Energy Co., Ltd. and its subsidiary	Investing in biomass fueled electricity generating plant	175,000	74.00	129,500	196,384	88,003
- Roi-Et Green Co., Ltd.	Husk fueled electricity generating plant		95.00			
Thai LNG Power Corporation Limited and its subsidiary	Investing in power energy projects	513,000	100.00	513,000	499,170	148,585
- TLP Cogeneration Co.,Ltd.	Electricity generating	1,060,000	80.00	424,000	689,782	148,585
<b><u>Subsidiary incorporated in British Virgin Islands</u></b>						
EGCO International B.V.I	Investing in power energy projects	-	99.99	-	747,202	
				<u>11,018,700</u>	<u>16,054,705</u>	<u>5,496,476</u>

As at 31 December 2006, dividends receivable amounting to Baht 1,509 million was recognised in the company financial statements.

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

11.1 Investments in subsidiaries (continued)

The principal subsidiaries are as follows: (continued)

Principal movements in investments in subsidiaries occurred during the year ended 31 December 2006

Rayong Electricity Generating Company Limited

On 29 August 2006, Rayong Electricity Generating Company Limited, which is a wholly owned subsidiary of the Company, decreased the authorised share capital from 922 million ordinary shares with a par value of Baht 10 per share to 922 million ordinary shares with a par value of Baht 5.10 per share. The Company held share capital at the same proportion as the original investment.

						Company
						2005
Business	Paid-up share capital Baht'000	Portion of Investment (%)	Cost Method Baht'000	Equity Method Baht'000	Dividend Baht'000	
(Including indirect holding)						
<b><u>Subsidiaries incorporated in Thailand</u></b>						
Rayong Electricity Generating Co., Ltd.	Electricity generating	9,220,000	99.99	9,220,000	10,891,245	2,284,408
Khanom Electricity Generating Co., Ltd.	Electricity generating	4,850,000	99.99	4,850,000	6,168,968	1,502,276
EGCO Engineering and Service Co., Ltd. and its subsidiary and joint venture	Power plant operation and maintenance services	400,000	99.99	400,000	900,985	38,925
- Subsidiaries						
- Agro Energy Co., Ltd.	Trading/ delivery services of natural scrap		99.99			
- Egcom Tara Co., Ltd.	Tap water business		70.00			11,223
- Joint venture						
- Amata Power-Esco Service Co., Ltd.	Power plant operation		50.00			
EGCO Green Energy Co., Ltd. and its subsidiary	Investing in biomass fueled electricity generating plant	175,000	74.00	129,500	186,719	12,651
- Roi-Et Green Co., Ltd.	Husk fueled electricity generating plant		95.00			
Thai LNG Power Corporation Limited and its subsidiary	Investing in power energy projects	513,000	100.00	513,000	503,017	130,010
- TLP Cogeneration Co.,Ltd.	Electricity generating	1,060,000	80.00	424,000	633,215	275,481
<b><u>Subsidiary incorporated in British Virgin Islands</u></b>						
EGCO International B.V.I	Investing in power energy projects	-	99.99	-	664,312	-
				<u>15,536,500</u>	<u>19,948,461</u>	<u>4,254,974</u>

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

11.2 Investment in an associate

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

		Portion of Investment (%)	2006		Consolidated 2005	
			Cost method Baht'000	Equity method Baht'000	Cost method Baht'000	Equity method Baht'000
<u>Business</u>						
Amata-EGCO Power Limited	Electricity generating	14.85	200,475	428,646	200,475	395,381
			<u>200,475</u>	<u>428,646</u>	<u>200,475</u>	<u>395,381</u>

11.3 Interests in joint ventures

The principal joint ventures are as follows:

		Portion of Investment (%)	2006		Consolidated 2005	
			Cost method Baht'000	Equity method Baht'000	Cost method Baht'000	Equity method Baht'000
<u>Business</u>						
<b><u>Joint ventures incorporated in Thailand</u></b>						
Amata Power-Esco Service Co., Ltd.	Power plant operation	50.00	1,000	9,470	1,000	7,960
BSCP Power Co., Ltd. (BSCP) (Note 28)	Electricity generating	50.00	6,645,000	6,645,000	-	-
			<u>6,646,000</u>	<u>6,654,470</u>	<u>1,000</u>	<u>7,960</u>

The investment in Amata Power-Esco Service Company Limited was accounted for under the equity method but not proportionately consolidated in the consolidated financial statements as at 31 December 2006 and 2005 because its financial statements were not material to the Group.

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

11.3 Interests in joint ventures (continued)

The principal joint ventures are as follows: (continued)

						<b>Company</b>
						<b>2006</b>
<b>Business</b>		<b>Paid-up share capital Baht'000</b>	<b>Portion of Investment (%)</b>	<b>Cost Method Baht'000</b>	<b>Equity Method Baht'000</b>	<b>Dividend Baht'000</b>
<b><u>Joint ventures incorporated in Thailand</u></b>						
EGCO Joint Ventures and Development Co, Ltd (EGCO JD) and its associate and joint venture	Investing in power energy business	696,720	50.00	348,360	721,419	-
- Associate						
- Amata-EGCO Power Co.,Ltd.	Electricity generating		29.70			
- Joint venture						
- Amata Power (Bangpakong) Co., Ltd.	Electricity generating		30.00			
Gulf Electric Public Co, Ltd.(Gulf)	Investing in power energy business	7,498,695	50.00	4,736,675	4,649,547	-
BLCP Power Co., Ltd. (BLCP)	Electricity generating	5,484,400	50.00	6,645,000	6,645,000	-
<b><u>Joint ventures incorporated in Philippines</u></b>						
Conal Holdings Corporation (Conal)	Investing in power energy business	729,320	40.00	1,002,467	746,979	82,890
				<u>12,732,502</u>	<u>12,762,945</u>	<u>82,890</u>
<u>Less</u> Provision for impairment				<u>-</u>	<u>(394,406)</u>	<u>-</u>
				<u><u>12,732,502</u></u>	<u><u>12,368,539</u></u>	<u><u>82,890</u></u>

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

11.3 Interests in joint ventures (continued)

The principal joint ventures are as follows: (continued)

		<b>Company</b>				
		<b>2005</b>				
<b>Business</b>		<b>Paid-up share capital Baht'000</b>	<b>Portion of Investment (%)</b>	<b>Cost Method Baht'000</b>	<b>Equity Method Baht'000</b>	<b>Dividend Baht'000</b>
<b><u>Joint ventures incorporated in Thailand</u></b>						
EGCO Joint Ventures and Development Co, Ltd (EGCO JD)	Investing in power energy business	696,720	50.00	348,360	597,038	-
- Associate						
- Amata-EGCO Power Co.,Ltd.	Electricity generating		29.70			
- Joint venture						
- Amata Power (Bangpakong) Co., Ltd.	Electricity generating		30.00			
Gulf Electric Public Co, Ltd.(Gulf)	Investing in power energy business	5,874,040	50.00	3,112,020	3,076,508	-
<b><u>Joint ventures incorporated in Philippines</u></b>						
Conal Holdings Corporation (Conal)	Investing in power energy business	729,320	40.00	1,002,467	774,023	56,002
				<u>4,462,847</u>	<u>4,447,569</u>	<u>56,002</u>
<u>Less</u> Provision for impairment				<u>-</u>	<u>(394,406)</u>	<u>-</u>
				<u><u>4,462,847</u></u>	<u><u>4,053,163</u></u>	<u><u>56,002</u></u>

**Principal movements in interests in joint ventures occurred during the year ended 31 December 2006**

**A joint venture - Gulf**

- (a) In January 2006, a subsidiary of Gulf issued additional ordinary shares of 4.13 million shares at 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.
- (b) In January 2006, a subsidiary of Gulf issued additional ordinary shares of 24.7 million shares which priced at Baht 7.30 per share, totalling Baht 180 million. The Group purchased all new shares issued in the same proportion as its original investment.
- (c) In March 2006, Gulf issued additional ordinary shares of 18 million shares at par value of Baht 10 per share which were priced at Baht 10 per share. The Company purchased all new shares issued in the same proportion as its original investment.
- (d) In May 2006, another subsidiary of Gulf called for additional paid-up share capital at Baht 0.10 each for 24.70 million shares, totalling Baht 3 million. The Group purchased all new shares issued in the same proportion as its original investment.
- (e) A subsidiary of Gulf registered for the dissolution with the Ministry of Commerce on 31 August 2006 (as described in Note 31).

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

11.3 Interests in joint ventures (continued)

The principal joint ventures are as follows: (continued)

Principal movements in interests in joint ventures occurred during the year ended 31 December 2006  
(continued)

- (f) In September 2006, Gulf issued additional ordinary shares of 307 million shares at par value of Baht 10 per share. The Group purchased all new shares issued in the same proportion as its original investment.

**A joint venture - EGCO JD**

- (a) In May 2006, a joint venture of EGCO JD called for additional paid-up share capital at Baht 10 each for 5 million shares, totalling Baht 50 million. The Group paid for addition paid-up shares in the same proportion as its original investment.
- (b) In July 2006, a joint venture of EGCO JD called for additional paid-up share capital at Baht 15 each for 5 million shares, totalling Baht 75 million. The Group paid for addition paid-up shares in the same proportion as its original investment.
- (c) In October 2006, a joint venture of EGCO JD called for additional paid-up share capital at Baht 10 each for 5 million shares, totalling Baht 50 million. The Group paid for addition paid-up shares in the same proportion as its original investment.

11.4 Net liabilities in a joint venture

In the third quarter of 2005 the Company entered into the agreement to provide credit support in the form of Standby Letters of Credit (SBLC) for its agreed equity commitment to Nam Theun 2 Power Company Limited, which is a joint venture of the Company, amounting to US Dollars 94 million. The Company has accounted for interests in joint ventures under the equity method of accounting in the company financial statements. Accordingly, the Company recognised the excess of loss over the investment amounting to Baht 620 million of the joint venture in the company financial statements as of 31 December 2006 to reflect the extent of its obligation (31 December 2005: Baht 493 million).

The movements in net liabilities arising from interest in the joint venture in the company financial statements for the year ended 31 December 2006 are as follows:

	<b>Company</b>
	<b>Baht</b>
Opening net book amount	(492,562,122)
Share of loss for the period	(271,762,549)
Translation adjustment	144,563,497
Closing net book amount	<u>(619,761,174)</u>

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

11.4 Net liabilities in a joint venture (continued)

The amount of net liabilities in a joint venture incorporated in the Lao People's Democratic Republic is as follows:

		<b>Company</b>			
		<b>2006</b>			
<b>Business</b>	<b>Portion of Investment (%)</b>	<b>Cost Method Baht'000</b>	<b>Equity Method Baht'000</b>	<b>Dividend Baht'000</b>	
Nam Theun 2 Power Company Limited	Electricity generating (construction phase)	25.00	753,249	(619,761)	-
		<u>753,249</u>	<u>(619,761)</u>	<u>-</u>	
		<b>Company</b>			
		<b>2005</b>			
<b>Business</b>	<b>Portion of Investment (%)</b>	<b>Cost Method Baht'000</b>	<b>Equity Method Baht'000</b>	<b>Dividend Baht'000</b>	
Nam Theun 2 Power Company Limited	Electricity generating (construction phase)	25.00	753,249	(492,562)	-
		<u>753,249</u>	<u>(492,562)</u>	<u>-</u>	

11.5 The Group's share of the assets, liabilities, revenues and expenses of the joint ventures is as follows:

**Interest in EGCO Joint Venture and Development Company Limited (EGCO JD)**

EGCO Joint Venture and Development Company Limited is a joint venture between the Company and Chevron Bang Pakong Power Holding Limited. The joint venture is governed by the Joint Venture Agreement in which the Group has a 50% interest.

**Interest in Gulf Electric Public Company Limited (Gulf)**

Gulf Electric Public Company Limited (Gulf) is a joint venture between the Company and Electric Power Development Company Limited (EPDC). The joint venture is governed by the Joint Venture Agreement in which the Group has a 50% interest.

**Interest in Conal Holdings Corporation (Conal)**

Conal Holdings Corporation (Conal) is a joint venture between the Company and Alsons Consolidated Resources, Inc. The joint venture is governed by the Joint Venture Agreement in which the Group has a 40% interest.

**Interest in Nam Theun 2 Power Company Limited (NTPC)**

Nam Theun 2 Power Company Limited (NTPC) is a joint venture between Government of Lao PDR via Lao Holding State Enterprise (LHSE), EDF International (EDFI), Italian-Thai Development Public Company Limited (ITD) and the Company. The joint venture is governed by the Joint Venture Agreement in which the Group has a 25% interest.



**Electricity Generating Public Company Limited**  
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**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 is as follows:  
(continued)

The following amounts represent the Group's share of the assets, liabilities, revenues and expenses of the joint ventures included in the consolidated financial statements.

	<b>As at 31 December 2006</b>			
	<b>EGCO Joint Venture and Development Company Limited</b>	<b>Gulf Electric Public Company Limited</b>	<b>Conal Holdings Corporation</b>	<b>Nam Theun 2 Power Company Limited</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
<b>Balance sheets</b>				
Current assets	133	3,125	846	50
Non-current assets	1,066	17,445	941	3,301
Current liabilities	(102)	(1,557)	(294)	(440)
Non-current liabilities	(376)	(14,797)	(383)	(3,531)
Net assets	<u>721</u>	<u>4,216</u>	<u>1,110</u>	<u>(620)</u>
	<b>For the year ended 31 December 2006</b>			
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
<b>Profit and Loss</b>				
Revenues	435	3,464	762	3
Expenses	(311)	(3,509)	(617)	(275)
Net profit (loss)	<u>124</u>	<u>(45)</u>	<u>145</u>	<u>(272)</u>
Joint venture proportion (%)	50	50	40	25
	<b>As at 31 December 2005</b>			
	<b>EGCO Joint Venture and Development Company Limited</b>	<b>Gulf Electric Public Company Limited</b>	<b>Conal Holdings Corporation</b>	<b>Nam Theun 2 Power Company Limited</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
<b>Balance sheets</b>				
Current assets	146	1,631	948	56
Non-current assets	876	10,929	1,116	1,563
Current liabilities	(111)	(3,401)	(354)	(196)
Non-current liabilities	(314)	(6,522)	(654)	(1,916)
Net assets	<u>597</u>	<u>2,637</u>	<u>1,056</u>	<u>(493)</u>
	<b>For the year ended 31 December 2005</b>			
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
<b>Profit and Loss</b>				
Revenues	316	3,034	847	2
Expenses	(324)	(3,112)	(693)	(504)
Net profit (loss)	<u>(8)</u>	<u>(78)</u>	<u>154</u>	<u>(502)</u>
Joint venture proportion (%)	50	50	40	25

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

	<b>Consolidated</b>					
	<b>Land Baht</b>	<b>Buildings and land improvements Baht</b>	<b>Power plants, substation, transmission system and water plants Baht</b>	<b>Equipment and motor vehicles Baht</b>	<b>Construction in progress Baht</b>	<b>Total Baht</b>
<b>At 31 December 2005</b>						
Cost	1,896,260,262	3,583,668,790	42,945,530,267	551,741,349	7,556,460,383	56,533,661,051
<u>Less</u> - Accumulated depreciation	-	(1,634,936,975)	(19,763,215,689)	(373,415,902)	-	(21,771,568,566)
- Provision for impairment	-	-	(13,000,000)	-	-	(13,000,000)
Net book value	<u>1,896,260,262</u>	<u>1,948,731,815</u>	<u>23,169,314,578</u>	<u>178,325,447</u>	<u>7,556,460,383</u>	<u>34,749,092,485</u>
<b>Year ended 31 December 2005</b>						
Opening net book value	1,896,260,262	1,948,731,815	23,169,314,578	178,325,447	7,556,460,383	34,749,092,485
Translation adjustments	(630,359)	(207,799)	(55,221,480)	(1,332,641)	(251,458,155)	(308,850,434)
Additions	32,826,609	4,402,294	785,387,135	71,598,035	9,071,141,557	9,965,355,630
Capitalisation of capital spare parts	-	-	737,540,713	-	-	737,540,713
Transfer capital spare parts out	-	-	(422,944,760)	-	-	(422,944,760)
Disposals, net	(7,752,127)	-	(31,001,974)	(6,893,627)	(860,216,780)	(905,864,508)
Transfer	-	43,860,234	28,606,234	132,000	(72,598,468)	-
Reclassify	-	-	(14,755,212)	-	-	(14,755,212)
Reversal of impairment charge (Note 21)	-	-	2,500,000	-	-	2,500,000
Depreciation charge (Note 21)	-	(182,426,853)	(2,313,105,736)	(59,360,958)	-	(2,554,893,547)
Closing net book value	<u>1,920,704,385</u>	<u>1,814,359,691</u>	<u>21,886,319,498</u>	<u>182,468,256</u>	<u>15,443,328,537</u>	<u>41,247,180,367</u>
<b>At 31 December 2006</b>						
Cost	1,920,704,385	3,624,085,783	43,483,987,936	601,389,711	15,443,328,537	65,073,496,352
<u>Less</u> - Accumulated depreciation	-	(1,809,726,092)	(21,587,168,438)	(418,921,455)	-	(23,815,815,985)
- Provision for impairment	-	-	(10,500,000)	-	-	(10,500,000)
Net book value	<u>1,920,704,385</u>	<u>1,814,359,691</u>	<u>21,886,319,498</u>	<u>182,468,256</u>	<u>15,443,328,537</u>	<u>41,247,180,367</u>

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

	<b>Company</b>			
	<b>Land Baht</b>	<b>Buildings and land improvement Baht</b>	<b>Equipment and motor vehicles Baht</b>	<b>Total Baht</b>
<b>At 31 December 2005</b>				
Cost	284,429,029	619,473,510	209,298,874	1,113,201,413
<u>Less</u> Accumulated depreciation	-	(218,162,090)	(156,480,078)	(374,642,168)
Net book value	<u>284,429,029</u>	<u>401,311,420</u>	<u>52,818,796</u>	<u>738,559,245</u>
<b>Year ended 31 December 2006</b>				
Opening net book value	284,429,029	401,311,420	52,818,796	738,559,245
Additions	-	-	18,298,206	18,298,206
Disposals / Transfer, net	-	-	(1,032,810)	(1,032,810)
Depreciation charge (Note 21)	-	(29,918,029)	(17,549,985)	(47,468,014)
Closing net book value	<u>284,429,029</u>	<u>371,393,391</u>	<u>52,534,207</u>	<u>708,356,627</u>
<b>At 31 December 2006</b>				
Cost	284,429,029	619,473,510	226,189,701	1,130,092,240
<u>Less</u> Accumulated depreciation	-	(248,080,119)	(173,655,494)	(421,735,613)
Net book value	<u>284,429,029</u>	<u>371,393,391</u>	<u>52,534,207</u>	<u>708,356,627</u>

As at 31 December 2006, property, plant and equipment amounting to Baht 20,165 million have been mortgaged and pledged as collateral for long-term loans and debentures, as described in Notes 16 and 17 (31 December 2005 : Baht 27,570 million).

As at 31 December 2006, the Group had capital commitments in respect of construction of power plants and purchase of equipment but had not yet recognised in the consolidated financial statements totalling US Dollars 124.13 million, Euro 9.67 million, CHF 27.44 million and Baht 748.52 million (31 December 2005: US Dollars 193.69 million, Yen 18.62 million, Euro 37.11 million, CHF 98.50 million and Baht 1,275.45 million).

Borrowing costs of the Group of Baht 1,434.77 million (2005: Baht 403.62 million), arising on financing specifically entered into for the construction of new power plants, were capitalised during the year and included in "Additions" in the interim consolidated financial statements with capitalisation rates of 4.21% to 10.09%. Capitalisation rates were used representing the actual borrowing costs of the loans used to finance the projects.

As at 31 December 2006, the gross carrying amounts of fully depreciated equipment that was still in use were amounted to Baht 455.59 million and Baht 153.38 million for the consolidated and company financial statements, respectively (2005: Baht 393.95 million and Baht 149.60 million for the consolidated and the company financial statements, respectively).

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**13 Goodwill, net**

Year ended 31 December	Consolidated	
	2006 Baht	2005 Baht
Opening net book value	1,082,825,603	1,158,532,024
Translation adjustments	(207,203)	676,703
Amortisation (Note 21)	(67,786,165)	(76,383,124)
Closing net book value	<u>1,014,832,235</u>	<u>1,082,825,603</u>
<b>At 31 December</b>		
Cost	2,087,062,580	2,087,062,580
Translation adjustments	6,393,004	6,600,207
<u>Less</u> Accumulated amortisation	(640,930,992)	(573,144,827)
Provision for impairment	(437,692,357)	(437,692,357)
Net book value	<u>1,014,832,235</u>	<u>1,082,825,603</u>

Goodwill amounting to Baht 333 million was incurred from the acquisition of 40% interest in a subsidiary of the joint venture from another venturer in 2003 and has not yet been amortised as such subsidiary's power plant project is under the construction.

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

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Deposits	18,275,708	21,884,327	11,490,172	17,770,291
Refundable tax	8,229,543	12,262,609	8,229,543	3,661,229
Advance to subcontractor	1,942,810	30,600,980	-	-
Land for Bo Nok	347,828,180	347,828,180	-	-
Land for future projects	207,516,340	165,652,626	207,516,340	165,652,626
Licenses for operating power plants	310,339,218	325,066,976	-	-
Others	249,193,772	89,085,362	5,267,320	5,166,735
	<u>1,143,325,571</u>	<u>992,381,060</u>	<u>232,503,375</u>	<u>192,250,881</u>
<u>Less</u> Provision for impairment	(59,628,180)	(59,628,180)	-	-
	<u>1,083,697,391</u>	<u>932,752,880</u>	<u>232,503,375</u>	<u>192,250,881</u>

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**15 Long-term loans from other venturer in a joint venture**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006 Baht</b>	<b>2005 Baht</b>	<b>2006 Baht</b>	<b>2005 Baht</b>
Electric Power Development Co., Ltd				
- Current portion of long-term loans	50,000,000	11,915,049	-	-
- Long-term loans	-	125,000,000	-	-
<b>Total loans from other venturer in a joint venture</b>	<b>50,000,000</b>	<b>136,915,049</b>	<b>-</b>	<b>-</b>

Long-term loans from other venturer 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 payable on an annual and monthly basis, respectively.

During 2006, a joint venture partly prepaid the long-term loans to other venturer without any prepayment fee.

**16 Long-term loans, net**

The long-term loans are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006 Baht</b>	<b>2005 Baht</b>	<b>2006 Baht</b>	<b>2005 Baht</b>
<b>Current portion of long-term loans, net</b>				
US Dollars	1,657,271,378	2,653,911,948	-	-
Filipino Peso	13,237,693	13,947,858	-	-
Thai Baht	95,377,568	636,343,628	-	-
Japanese Yen	29,590,396	33,973,793	-	-
<u>Less</u> Deferred financing fee	(8,164,234)	(6,801,660)	-	-
	<b>1,787,312,801</b>	<b>3,331,375,567</b>	<b>-</b>	<b>-</b>
<b>Long-term loans, net</b>				
US Dollars	9,433,082,857	9,510,264,096	-	-
Filipino Peso	25,665,604	40,990,349	-	-
Thai Baht	7,873,086,795	5,775,744,917	-	-
Japanese Yen	266,930,034	340,445,720	-	-
<u>Less</u> Deferred financing fee, net	(527,867,714)	(576,996,424)	-	-
	<b>17,070,897,576</b>	<b>15,090,448,658</b>	<b>-</b>	<b>-</b>
<b>Total long-term loans, net</b>	<b>18,858,210,377</b>	<b>18,421,824,225</b>	<b>-</b>	<b>-</b>

After taking account of interest rate swaps, the weighted average effective interest rates of the long-term loans of the Group were approximately USD: 8.74% per annum, YEN: 2.79% per annum, PESO: 14.31% per annum and THB: 7.38% per annum.

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 and insurance policies have been assigned as collateral in accordance with the conditions under the Loan Agreements.

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

The interest rate exposure on the long-term loans of the Group after taking account of interest rate swap contracts is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006 Baht</b>	<b>2005 Baht</b>	<b>2006 Baht</b>	<b>2005 Baht</b>
Long-term loans, net				
- at fixed rates	10,903,116,306	12,881,671,240	-	-
- at floating rates	7,955,094,071	5,540,152,985	-	-
Total long-term loans, net	<u>18,858,210,377</u>	<u>18,421,824,225</u>	<u>-</u>	<u>-</u>

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

	<b>Consolidated Baht</b>	<b>Company Baht</b>
<b>For the year ended 31 December 2006</b>		
Opening net book amount	18,421,824,225	-
Additions of long-term loans	10,859,135,436	-
Repayments of long-term loans	(9,433,764,477)	-
Unrealised exchange gains	(645,598,191)	-
Payments of financing fee	(139,839,674)	-
Amortisation of deferred financing fee	94,596,790	-
Translation adjustments	(298,143,732)	-
Closing net book amount	<u>18,858,210,377</u>	<u>-</u>

Principal movements in long-term loans during the year ended 31 December 2006 are as follows:

- a) A subsidiary of the Company

*Rayong Electricity Generating Company Limited (REGCO)*

During the third quarter of 2006, REGCO prepaid the whole amount of the outstanding long-term loans in US Dollars to the lenders amounting to US Dollar 78 million which is equivalent to Baht 3,222 million with the total prepayment fee of US Dollars 5.16 million (equal to Baht 193 million) and during the fourth quarter of 2006, REGCO repaid the whole amount of the outstanding Thai Baht loans in accordance with the loan repayment schedule. As at 31 December 2006, REGCO is in the process to release land, buildings and equipment of power plants, which are mortgaged and pledged as collateral for long-term loans and debentures from the lenders.

In addition, REGCO released the rights on the Power Purchase Agreement, the Asset Purchase Agreement, the Major Maintenance Agreement and insurance policies which used to be assigned as collateral in accordance with the conditions under the Master Agreement.

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

Principal movements in long-term loans during the year ended 31 December 2006 are as follows (continued):

b) Joint Ventures of the Company

*A joint venture EGCO JD (EGCO JD)*

- An associate and a joint venture of EGCO JD

On 22 December 2006, an associate and a joint venture of EGCO JD entered into loan agreements with financial institutions to borrow Baht 578 million with tenors of 7 and 10 years, for the purpose of power plant development and refinancing existing loans. The loans bear interest at MLR minus a certain margin and THB FIX plus a certain margin. The repayment of principal will be made on a semi-annual basis commencing on July 2007. As at 31 December 2006, the associate and joint venture have not drawn down the loans from the financial institutions.

*A joint venture Gulf (Gulf)*

- Subsidiaries of Gulf

*Additions of long-term loans*

During the year ended 31 December 2006, two subsidiaries of Gulf drew down their loans of Baht 8,579 million from their credit facilities provided by the lenders.

*Repayments of long-term loans*

The repayments of the long-term loans amounting to Baht 3,474 million were detailed as follows:

- The repayment of long-term loans of Baht 553 million from a subsidiary of Gulf was the part of VAT facilities used for power plant construction. According to the loan agreements, the subsidiary of Gulf has to repay the loans to the lenders after getting the refund.
- During the second quarter of 2006, the three subsidiaries of Gulf which are Gulf Cogeneration Company Limited, Samutprakarn Cogeneration Company Limited, and Nong Khae Cogeneration Company Limited refinanced their existing long-term loans through debenture issuance, totalling Baht 2,921 million (as described in Note 17). Therefore, the three subsidiaries released the collaterals for their long-term loans which are lands, buildings, power plants and equipment of the power plants and mortgaged them with the new lenders according to the relevant agreements relating to the debenture issuance as described in Note 17.

*A Joint Venture – Nam Theun 2 Power Company Limited (NTPC)*

During the year ended 31 December 2006, NTPC drew down its loans of USD Dollars 13 million which is equivalent to Baht 1,151 million from its credit facilities provided by the lenders.

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

Maturity of long-term loans is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006 Baht</b>	<b>2005 Baht</b>	<b>2006 Baht</b>	<b>2005 Baht</b>
Within 1 year	1,787,312,801	3,331,375,567	-	-
Later than 1 year and not later than 5 years	6,248,766,351	8,609,201,522	-	-
Later than 5 years	10,822,131,225	6,481,247,136	-	-
	18,858,210,377	18,421,824,225	-	-

**Credit facilities**

As at 31 December 2006, the available credit facilities for long-term loans from financial institutions were US Dollars 89 million and, Baht 4,910 million and Filipino Peso 53 million (31 December 2005: US Dollars 369 million, Baht 9,752 million and Filipino Peso 429 million).

**17 Debentures, net**

The debentures are debentures in Thai Baht of subsidiaries and a joint venture as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006 Baht</b>	<b>2005 Baht</b>	<b>2006 Baht</b>	<b>2005 Baht</b>
Debentures due within one year	942,090,680	1,317,763,760	-	-
<u>Less</u> Deferred financing fee	(7,571,349)	-	-	-
	934,519,331	1,317,763,760	-	-
Debentures, net	5,421,729,123	3,608,947,723	-	-
<u>Less</u> Deferred financing fee, net	(19,097,635)	-	-	-
	5,402,631,488	3,608,947,723	-	-
Total debentures, net	6,337,150,819	4,926,711,483	-	--

After taking account of interest rate swaps, the weighted average effective interest rate exposure of the debentures was approximately 9.58% per annum (2005: 11.60% per annum).

Debentures are secured liabilities. The subsidiaries are required to maintain reserves for principal and interest due within one year and a joint venture is also required to maintain the cash reserves as collateral. These cash reserves are provided from the proceeds of sales of electricity as described in Note 7. In addition to this, the subsidiaries and joint venture have to pledge the relevant assets and agreements as collateral as described in Note 16.



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**17 Debentures, net (continued)**

The movements of debentures can be analysed as follows:

<b>For the year ended 31 December 2006</b>	<b>Consolidated</b>	<b>Company</b>
	<b>Baht</b>	<b>Baht</b>
Opening amount	4,926,711,483	-
Issue of debentures	2,900,000,000	-
Repayments of debentures	(1,462,891,680)	-
Payments of financing fee	(34,503,923)	-
Amortisation of deferred financing fee	7,834,939	-
	<hr/>	<hr/>
Closing amount	<u>6,337,150,819</u>	<u>-</u>

The movements of debentures during the year ended 31 December 2006

*Rayong Electricity Generating Co., Ltd. (REGCO)*

During 2006, REGCO repaid the whole amount of outstanding debentures of Baht 735 million and released the relevant agreements which are mortgaged and pledged assigned as collateral for loans. As at 31 December 2006 REGCO is in the process to release pledged assets as described in Notes 7 and 16.

*A joint venture – Gulf*

According to the Board of Directors' meeting of Gulf on 22 March 2006, it approved the three subsidiaries of Gulf which are Gulf Cogeneration Company Limited, Nong Khae Cogeneration Company Limited and Samutprakarn Cogeneration Company Limited to refinance their existing long-term loans through debentures issuance. Additionally, the Board of Directors' meeting approved Gulf and its three subsidiaries to enter into the agreements in relation to such refinancing transactions as detailed below.

On 26 April 2006, a subsidiary of Gulf which is Gulf Cogeneration Company Limited entered into the Terms and Conditions of the Debentures with the Debentureholders' Representative and entered into the Deed of Indemnity with a foreign bank namely Depfa Bank Plc., Tokyo Branch as the Guarantor under which Gulf Cogeneration Company Limited agreed to indemnify Depfa Bank Plc. against all liabilities, loss and damages incurred by Depfa Bank Plc. in relation to the Guarantee. In addition, on the same date, the two subsidiaries, which are Nong Khae Cogeneration Company Limited and Samutprakarn Cogeneration Company Limited, entered into the Indemnity Guarantee Agreement with Depfa Bank Plc. to jointly guarantee the indebtedness of Gulf Cogeneration Company Limited under Deed of Indemnity.

Gulf Cogeneration Company Limited is the issuer of unconditional and irrevocable debentures of Baht 2,900 million which were issued on 27 April 2006. The debentures are divided into 3 tranches as follows:

- The Amortising and Guaranteed Debentures Series 1 amounting to Baht 870 million, due 2009 with the interest rate at 5.87% per annum.
- The Amortising and Guaranteed Debentures Series 2 amounting to Baht 580 million, due 2011 with the interest rate at 6.11% per annum.
- The Amortising and Guaranteed Debentures Series 3 amounting to Baht 1,450 million, due 2016 with the interest rate at 6.64% per annum.

On the same date, Gulf entered into the Shareholders' Undertaking Agreement with Depfa Bank Plc. Under such agreement, Gulf agrees to hold 99.99% shares in its three subsidiaries and also entered into the Share Pledge Agreement with Depfa Bank Plc. to pledge 75% of its registered shares in its three subsidiaries as securities in favour of Depfa Bank Plc.

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**17 Debentures (continued)**

The movements of debentures during the year ended 31 December 2006 (continued)

*A joint venture – Gulf (continued)*

On 27 April 2006, the three subsidiaries of Gulf entered into Inter Creditor Agreement (ICA) with Depfa Bank Plc., Tokyo Branch and the other four local commercial banks who provide the working capital facilities, guarantee facilities and derivatives facilities to each subsidiary.

The three subsidiaries of Gulf also mortgaged their lands, buildings and machinery and also provided the assignments of the main project contracts which are the Power Purchase Agreements, Gas Supply Agreements and Long Term Parts and Services Contracts as securities in favour of the Depfa Bank Plc., working capital lenders, and swap providers under the ICA. In addition, the three subsidiaries have to maintain the cash reserves as collateral under the agreements. These cash reserves are provided from the proceeds of sales of electricity.

On 27 April 2006, the above three subsidiaries of Gulf entered into the Inter-Obligor Loan Agreement where one of the subsidiaries, Gulf Cogeneration Company Limited, will act as the Lender of the other two subsidiaries and on-lend the amount of Baht 1,025 million to each subsidiary. The two contracts will be effective for a period of 10 years commencing from the entering date. The loans bear interest at the coupon rate of the debentures plus a certain margin. The term of principal and interest repayment will be as stipulated in the Agreement. The three subsidiaries will maintain the majority of the working capital facilities and guarantee facilities with the existing lenders.

On 28 April 2006, Gulf Cogeneration Company Limited used the proceeds from sale of the debentures to fully prepay its long-term loans outstanding to the former lenders with the prepayment fee of US Dollars 0.22 million and Baht 9.05 million. On the same date, the two subsidiaries of Gulf, which are Nong Khae Cogeneration Company Limited and Samutprakarn Cogeneration Company Limited also used the proceeds of the borrowing from Gulf Cogeneration Company Limited to fully prepay their long-term loans outstanding with the prepayment fees totalling US Dollars 0.33 million and Baht 7.53 million.

In addition, the three subsidiaries of Gulf which are Gulf Cogeneration Company Limited, Nong Khae Cogeneration Company Limited, and Samutprakarn Cogeneration Company Limited, entered into Cross Currency Interest Rate Swap Contracts with domestic commercial banks on 24, 25, and 26 April 2006, respectively. Under such agreements, the three subsidiaries agreed to swap 80% of their Baht loans into US Dollar loans and swap Baht fixed interest rates to US Dollar fixed interest rates. Each contract will be effective for a period of 3, 5 and 10 years commencing from the entering date.

Maturity of debentures is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006 Baht</b>	<b>2005 Baht</b>	<b>2006 Baht</b>	<b>2005 Baht</b>
Within 1 year	934,519,331	1,317,763,760	-	-
Later than 1 year but not later than 5 years	4,390,359,245	3,121,289,927	-	-
Later than 5 years	1,012,272,242	487,657,796	-	-
	6,337,150,819	4,926,711,483	-	-

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

	Number of shares	Ordinary shares Baht	Premium on share capital Baht	Total Baht
At 1 January 2005	526,465,000	5,264,650,000	8,601,300,000	13,865,950,000
Issue of shares	-	-	-	-
At 31 December 2005	526,465,000	5,264,650,000	8,601,300,000	13,865,950,000
Issue of shares	-	-	-	-
At 31 December 2006	<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 with a par value of Baht 10 per share (2005: 530,000,000 shares with a par value of Baht 10 per share). Ordinary share of 526,465,000 shares are issued and fully paid up.

**19 Legal reserve**

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 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	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Opening balance	1,073,169,187	981,691,358	-	-
Additional paid-up share capital of subsidiaries and subsidiaries of a joint venture	-	1,512,308	-	-
Shares of net profit of subsidiaries and subsidiaries of joint ventures	331,659,584	263,544,443	-	-
Change in fair value of investment	43,469	(144,823)	-	-
Translation adjustments	855,166	(1,734,133)	-	-
Dividend payment of subsidiaries of a joint venture	(230,933,893)	(171,699,966)	-	-
Closing balance	<u>1,174,793,513</u>	<u>1,073,169,187</u>	<u>-</u>	<u>-</u>

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**21 Net profit**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Depreciation on property, plant and equipment (Note 12)	2,554,893,547	2,519,578,027	47,468,014	43,385,824
Amortisation of goodwill (Note 13)	67,786,165	76,383,124	-	-
Major repair and maintenance expense	704,974,062	815,986,778	-	-
Staff costs	1,024,395,413	977,910,328	197,107,580	187,577,503
Loan prepayment fee	230,046,674	-	-	-
Reversal of impairment charge (Note 12)	(2,500,000)	-	-	-
Impairment charge	-	2,500,000	-	-

**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>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Net profit attributable to shareholders (Baht)	6,035,819,699	4,092,514,009	6,035,819,699	4,092,514,009
Weighted average number of ordinary share in issue (share)	526,465,000	525,985,847	526,465,000	525,985,847
Basic earnings per share (Baht)	11.46	7.78	11.46	7.78

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 24 April 2006 approved the payment of dividends in respect of the operating results for the second half of the year ended 2005 for 526,465,000 shares at Baht 1.75 per share, totalling Baht 921 million. These dividends were paid to the shareholders in May 2006 (2005: Dividends for 525,164,200 shares of Baht 1.50 each, totalling Baht 788 million).

The Board of Directors' meeting on 28 August 2006 approved the payment of an interim dividend in respect of the operating results for the six-month period ended 30 June 2006 for 526,465,000 shares at Baht 2.00 per share, totalling Baht 1,053 million. These dividends were paid to shareholders in September 2006 (2005: Interim dividends for 526,465,000 shares of Baht 1.50 per share, totalling Baht 790 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 30 million during 2006 (2005: Baht 10 million).

**24 Directors' remuneration**

Directors' remuneration in the consolidated and company statements of income for the year ended 31 December 2006 amounted to Baht 30 million and Baht 19 million, respectively, comprised meeting fees and bonus. Such expense was initially approved by the Remuneration Committee and shall be proposed for an approval from the Annual General Meeting of Shareholders of the Company and the Group (2005: Baht 30 million and Baht 17 million in the consolidated and company statements of income, respectively).

**25 Provident fund**

The Group operates a provident fund that is a defined contribution plan. The assets of which are held in a separate fund which is managed by an external fund manager in accordance with the Provident Fund Act B.E. 2530. The provident fund is funded by payments from employees and by the Group. Contributions to the provident fund are charged to the consolidated and company statements of income in the year to which they relate. However, the Group has not yet provided for employment benefits payable to employees under the Thai Labour Law.

**26 Promotional privileges**

Rayong Electricity Generating Company Limited (REGCO), Khanom Electricity Generating Company Limited (KEGCO), TLP Cogeneration Company Limited (TLP Cogen), Roi-Et Green Company Limited (Roi-Et) and Egcom Tara Company Limited (TARA), 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.

Five 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.

The promotional privileges of a subsidiary of Gulf (Gulf Cogeneration Company Limited) with regard to the 8-year corporate income tax exemption expired on 20 July 2006. Consequently, the subsidiary of Gulf is eligible for corporate income taxes at the rate of 30% of the normal corporate income rate since the expiry date.

Nam Theun 2 Power Company Limited has been granted promotional privileges by the Government of the Lao People's Democratic Republic for a number of tax exemptions and preferential tax rate. These preferential rates and exemptions are granted to a joint venture for a period of 5 years from the Commercial Operations Date and thereafter gradually increasing subject to a maximum rate of 30%.



**27 Financial instruments (continued)**

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

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

As at 31 December 2006 the Group has not entered into any foreign currency forward contracts to cover its exchange risk to long-term loans in US Dollar, which net of deposits and investments in US Dollar, amounted to US Dollars 214 million (2005: US Dollar 265 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 the fixed interest rates under the swaps for long-term loans and credit facilities are as follows:

Foreign Currency	Contract amounts (millions)		Fixed Exchange Rates	
	2006	2005	2006	2005
US Dollars	200.57	374.92	4.55% - 8.03%	4.02% - 8.03%
Thai Baht	791.00	1,025.08	3.75	3.75% - 8.00%

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

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Within 1 year	1,110,411,955	1,427,924,138	-	-
Later than 1 year	9,111,324,397	6,034,767,389	-	-
	<u>10,221,736,352</u>	<u>7,462,691,527</u>	<u>-</u>	<u>-</u>

**Currency and interest rate swap contract**

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 2006, the long-term loans of US Dollars 24 million have a fixed exchange rate of Baht 25.23 per US Dollar (2005: US Dollars 38 million was fixed at Baht 25.23 per US Dollar) and a fixed interest rate of 11% per annum (2005: 11% per annum). The agreement is effective from 19 June 1996 to 14 June 2008.

**27 Financial instruments (continued)**

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

**Currency and interest rate swap contract (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>2006 Baht</b>	<b>2005 Baht</b>	<b>2006 Baht</b>	<b>2005 Baht</b>
Within 1 year	635,680,000	353,220,000	-	-
Later than 1 year	3,217,840,000	605,520,000	-	-
	<u>3,853,520,000</u>	<u>958,740,000</u>	<u>-</u>	<u>-</u>

**Foreign currency forward contracts**

**A joint venture - Gulf**

Five subsidiaries of Gulf have entered into foreign currency forward contracts to minimise exchange rate risk relating to Construction Contract and Supply Contract. As at 31 December 2006, the fixed rates under the foreign currency forward contracts and the maturities of the contracts are as follows: (2005: fixed rates of US Dollars 3.83 million varied between Baht 39.02 to Baht 41.53 per US Dollar).

<b>Foreign Currency Forward Contracts</b>	<b>Foreign Currencies purchased</b>	<b>Outstanding contract amounts (millions)</b>	<b>Fixed Exchange Rates</b>	<b>Contract Periods</b>
Baht	US Dollars	2.95	35.29 to 36.16 Baht/ US Dollar	1 December 2006 – 16 January 2007
Baht	Euros	1.07	47.62 Baht/ Euro	1 December 2006 – 16 January 2007
Baht	CHF	2.78	30.04 to 30.05 Baht/ CHF	1 December 2006 – 16 January 2007
US Dollars	Euros	0.45	1.33 US Dollars/ Euro	15 December 2006 – 16 January 2007
US Dollars	CHF	1.17	1.20 CHF/ US Dollar	15 December 2006 – 16 January 2007
US Dollars	Yen	36.40	98.61 Yen/ US Dollar	28 November 2006 – 31 January 2007

**A joint venture - EGCO JD**

A joint venture of EGCO JD has entered into foreign currency forward contracts to minimise exchange rate risk relating to Supply Contract. As at 31 December 2006, the Group has outstanding foreign currency forward contracts of US Dollars 0.4 million at fixed rates of Baht 37.25 - 37.54 per US Dollar. The maturities of the contracts are between 1 - 3 months.

**(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.



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**27 Financial instruments (continued)**

**(c) Fair value (continued)**

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

	<b>31 December 2006</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	18,859	19,052	-	-
Debentures	6,364	6,874	-	-

  

	<b>31 December 2005</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	19,005	19,185	-	-
Debentures	4,927	5,608	-	-

The fair value of long-term loans with fixed interest rate has been calculated using rates quoted by the Group's bankers to terminate the contracts at the balance sheet date. The fair value of long-term loans with floating interest rates approximates their carrying amount.

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 within the balance sheet date.

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
Favourable interest rate swaps	181	18	-	-
Favorable currency and interest rate swap	389	546	-	-
Unfavorable foreign currency forward contracts	(286)	(621)	-	-

The fair values of interest rate swap contracts, currency and interest rate swap contract and foreign currency forward contracts have been calculated using rates quoted by the Group's bankers to terminate the contracts at the balance sheet date.

**28 Business acquisition**

On 30 October 2006, the Company and CLP Power (BLCP) Limited (CLP-BLCP) which is the related company of CLP Holdings Limited signed the Share Purchase Agreement for the purchase of 50% the registered and paid-up share capital of BLCP Power Co., Ltd. (BLCP) with a total consideration value of Baht 6,645 million. The consideration value covered the additional shares of BLCP of Baht 2,000 million resulting from a capital increase on 6 November 2006; the Company provided the advance payment to CLP – BLCP for this equity injection. The closing date of the transfer of BLCP shares to the Company would be after fulfilling all conditions precedent as specified in the Share Purchase Agreement and obtaining the shareholders' approval from the Extraordinary General Shareholders' Meeting on 1 December 2006.

At the Company's Extraordinary General Shareholders' Meeting number 1/2549 on 1 December 2006, the shareholders approved the purchase of 50% of the registered and paid-up share capital of BLCP and most conditions precedent as specified in the Share Purchase Agreement were fulfilled in 2006 except for the legal transfer of shares and the formal receipt of the lenders' consent letter which occurred in January 2007. The Company therefore concluded that the share purchase was completed within 2006. Thus, the Company applied the cost method of accounting for the interest in BLCP presented in the consolidated and company financial statements for the year ended 31 December 2006. The Company has not applied the equity method of accounting for the interest in BLCP presented in the company financial statements and has not accounted for such interest by proportionate consolidation because the Company will have effective joint control over BLCP in 2007.

**29 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.

The information on the Company's subsidiaries, an associate, 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	
	2006 Million Baht	2005 Million Baht	2006 Million Baht	2005 Million Baht
Sales of electricity				
- Major shareholder	14,687	13,164	-	-

**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 20 and 15 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. REGCO repaid the whole amount of the outstanding loans in 2006 as described in Note 16. Thus, as at 31 December 2006, this agreement of REGCO has not been pledged.

**29 Related party transactions (continued)**

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

**Subsidiaries of the Company (continued)**

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 2006 and 2005 amounted to Baht 810 million and Baht 744 million, respectively.

Under the PPAs, EGAT has to bear the natural gas cost until the subsidiaries enter into natural gas purchase agreements 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 agreements. These agreements are effective for a period of 21 years each, commencing from the first commercial operation dates.

**(b) Service income**

<b>For the years ended 31 December</b>	<b>Consolidated</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
Service income				
- Major shareholder	63	32	-	-

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 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.

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**29 Related party transactions (continued)**

**(c) Major maintenance expenses**

For the years ended 31 December	Consolidated		Company	
	2006 Million Baht	2005 Million Baht	2006 Million Baht	2005 Million Baht
Major maintenance expenses				
- Major shareholder	461	257	-	-

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 2006 and 19 June 2002 for REGCO and KEGCO, respectively. These agreements have been pledged as collateral with the lenders under the Master Agreements. REGCO repaid the whole amount of the outstanding loans in 2006 as described in Note 16. Thus, as at 31 December 2006, this agreement of REGCO has not been pledged.

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

As at 31 December	Consolidated		Company	
	2006 Million Baht	2005 Million Baht	2006 Million Baht	2005 Million Baht
Trade receivable				
- Major shareholder	2,366	2,249	-	-
Outstanding trade receivable as at 31 December can be analysed as follows:				
Not overdue	2,343	2,244	-	-
Overdue below 3 months	11	-	-	-
Overdue 3-6 months	6	2	-	-
Overdue 6-12 months	1	-	-	-
Overdue over 12 months	5	3	-	-
	<u>2,366</u>	<u>2,249</u>	<u>-</u>	<u>-</u>
Trade payable				
- Major shareholder	114	88	-	-

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**29 Related party transactions (continued)**

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

As at 31 December	Consolidated		Company	
	2006 Million Baht	2005 Million Baht	2006 Million Baht	2005 Million Baht
<u>Amounts due from related parties</u>				
- Major shareholder	40	6	-	6
- Subsidiaries	14	7	10	8
- Joint ventures	152	113	198	146
	<u>206</u>	<u>126</u>	<u>208</u>	<u>160</u>
<u>Amounts due to related parties</u>				
- Major shareholder	-	-	-	-
- Subsidiaries	3	5	-	2
- Joint ventures	426	50	-	-
- Other related party	4,645	-	4,645	-
	<u>5,074</u>	<u>55</u>	<u>4,645</u>	<u>2</u>

**(f) Loan to related parties and related interests**

As at 31 December	Consolidated		Company	
	2006 Million Baht	2005 Million Baht	2006 Million Baht	2005 Million Baht
Current portion of long-term loans to related parties				
- Subsidiaries	-	-	813	-
- Joint venture	50	12	100	24
	<u>50</u>	<u>12</u>	<u>913</u>	<u>24</u>
Long-term loans to related parties, net				
- Subsidiaries	-	-	2,567	780
- Joint venture	-	125	-	250
	<u>-</u>	<u>125</u>	<u>2,567</u>	<u>1,030</u>
	<u>50</u>	<u>137</u>	<u>3,480</u>	<u>1,054</u>

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**29 Related party transactions (continued)**

**(f) Loan to related parties and related interests (continued)**

As at 31 December	Consolidated		Company	
	2006 Million Baht	2005 Million Baht	2006 Million Baht	2005 Million Baht
<b>Subsidiaries</b>				
Beginning balance	-	-	780	-
Loans advanced during the year	-	-	2,600	780
Loan repayments received during the year	-	-	-	-
Ending balance	-	-	3,380	780
<b>Associate</b>				
Beginning balance	-	32	-	32
Loans advanced during the year	-	-	-	-
Loan repayments received during the year	-	(32)	-	(32)
Ending balance	-	-	-	-
<b>Joint ventures</b>				
Beginning balance	137	640	274	815
Loans advanced during the year	-	474	-	474
Loan repayments received during the year	(87)	(1,009)	(174)	(1,047)
Realised currency exchange gains during the year	-	32	-	32
Ending balance	50	137	100	274
<b>Interest receivable</b>				
- Subsidiary	-	-	3	-
- Joint venture	-	-	-	-
	-	-	3	-
<b>For the year ended 31 December</b>				
<b>Interest income</b>				
- Subsidiaries	-	-	49	2
- Joint venture	11	11	22	21
	11	11	71	23

**29 Related party transactions (continued)**

**(f) Loan to related parties and related interests (continued)**

Loans to subsidiaries

*EGCO Engineering and Service Company Limited*

On 22 November 2005, the Company entered into a long-term loan agreement with EGCO Engineering and Service Company Limited to lend Baht 780 million. Principal is repayable annually at the amount of Baht 45,882,350, commencing December 2009 to December 2025. The interest rate is MLR minus a certain margin and payable on a semi-annual basis.

*Rayong Electricity Generating Company Limited*

On 26 December 2006, the Company entered into a long-term loan agreement with Rayong Electricity Generating Company Limited to lend Baht 2,600 million. Principal and interest are payable semi-annually on 7 June and 7 December, commencing June 2007 to December 2009. The interest rate is fixed at 6% per annum.

Loans to a joint venture

*A joint venture - Gulf*

The Company entered into a Credit Facility Agreement with Gulf Electric Public Company Limited (Gulf) on 24 February 2004 to provide a term loan in an amount of Baht 450 million to Gulf for the prepayment of long-term loan with a local commercial bank. The repayment terms and conditions under such Credit Facility Agreement are the same as the original loan.

*A joint venture – Nam Theun 2 Power Company Limited*

The Company has also entered into a Sponsors Loan Agreement with Nam Theun 2 Power Company Limited (NTPC), dated 19 December 2003 to provide a sponsor loan for the Nam Theun 2 Hydroelectric project in the total amount of US Dollars 24 million. The sponsor loan bears interest at LIBOR plus a certain margin. The repayment date of such loan together with interest is the earlier of 24 months from the signing date of this agreement and the date of the first drawdown, and the issuance of a notice declaring the outstanding loans made by non-defaulting shareholders. The agreement was amended on 29 April 2005 to determine the repayment of interest in a total amount of US Dollar 2.25 million, being a portion of the Company at US Dollar 0.75 million. The Company shall receive the repayment of interest within 30 days after the first drawn down of loans from the lenders. The Company has received all principal amount and the related interest in June 2005.

Loan to associate

The loan to an associate was given on commercial terms and conditions. The repayment of principal and interest of this loan was made in the whole amount during the year 2005.

**(g) Investments in debentures issued by a subsidiary and related interests**

As at 31 December	Consolidated		Company	
	2006 Million Baht	2005 Million Baht	2006 Million Baht	2005 Million Baht
Investments in debentures				
- Subsidiary	-	-	36	42
<b>For the years ended 31 December</b>				
Interest income on investments in debentures of				
- Subsidiary	-	-	8	9

**29 Related party transactions (continued)**

**(h) Office building rental and Service Income**

The Company has entered into the Office Building Rental, Service Charges and Management Agreements with the subsidiaries and a joint venture in order to provide the rental space and certain services specified in the agreement. Each agreement is renewed every year. The price for management service is calculated under the agreements on a "cost plus basis".

<b>For the year ended 31 December</b>	<b>Company</b>	
	<b>2006</b> <b>Million Baht</b>	<b>2005</b> <b>Million Baht</b>
Office building rental and service income		
- Subsidiaries	12	10
- Joint venture	-	-
	<u>12</u>	<u>10</u>
Management fee		
- Subsidiaries	81	83
- Joint venture	1	1
	<u>82</u>	<u>84</u>

**30 Commitments and contingent liabilities**

**30.1 Commitments and contingent liabilities of the Company**

- (a) As at 31 December 2006, the Company has commitments under Sponsor Support Agreements, which were made in respect of loans of subsidiaries and an associate totalling Baht 509 million.
- (b) As at 31 December 2006, 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 7,937 million.
- (c) 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 terms 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 totalling Baht 407 million. The Company fully reserved such fund in 2004. This cash reserve was included in cash and cash equivalents in the balance sheet as at 31 December 2006.

**30.2 Commitments and contingent liabilities of joint ventures**

**Joint venture – EGCO Joint Venture and Development Company Limited (EGCO JD)**

During 2005, EGCO JD entered into three agreements, which are Expansion Project Shareholder Support Agreement, Pledge of Shareholder Permitted Investments and Pledge of Expansion Project Shares to support the loans provided to the project company to expand its power plant capacity. According to such agreements, EGCO JD agrees to pledge the new shares issued for the expansion of the power plant as collateral with the financial institution lenders. In addition, during the construction, EGCO JD as a shareholder agrees to provide cash reserve support, according to its shareholding proportion, with the financial institution lenders amounting to Baht 60 million. Thereafter, EGCO JD is also required to provide reserve support, according to its shareholding proportion, to cover approximately Baht 50 million of the Debt Service Reserve Account and Maintenance Reserve Account of the project.



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

**30.2 Commitments and contingent liabilities of joint ventures (continued)**

Joint venture – Nam Theun 2 Power Company Limited (NTPC)

In 2005 NTPC entered into the Commercial Securities Facility Agreement with financial institutions to provide the letters of guarantee of US Dollars 17.5 million to Electricity Generating Authority of Thailand under the conditions of the Power Purchase Agreement. Additionally, NTPC has entered into the Facility Agreement with financial institutions to provide the Standby Letters of Credit amounting of US Dollars 1.25 million to the government of the Lao People's Democratic Republic (Lao PDR) according to the concession agreement with the Lao PDR.

**30.3 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 860 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 Samutsongkram 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 heavy fuel oil purchase 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 (Parawood) with one of its shareholders. The agreement is effective for a period of 25 years.

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

**30.3 Significant agreements** (continued)

**Operation and Maintenance Agreements**

A subsidiary of the Company has entered into a power plant operation and maintenance agreement 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 the Sudan National Electricity Corporation, totalling US Dollars 8 million, which is effective from the execution date to March 2007.

As at 31 December 2005, the three subsidiaries of Gulf have outstanding commitments of US Dollars 20.78 million under the Amended and Restated Contracts relating to being supplied of parts and services for gas turbine-generators and inclusive of major maintenance services with a supplier.

**Capital expenditure**

The two subsidiaries of Gulf have entered into the EPC Contract, Construction Contract and Supply Contract. Total contracts, totalling US Dollars 75.76 million, CHF 161.22 million, Euros 62.27 million, Japanese Yen 29.94 million and Baht 1,747.68 million, are effective for a periods of 2.5 to 3.5 years. As at 31 December 2006, the Group had outstanding capital expenditure contracted but not recognised in the consolidated financial statements for the total amount of US Dollars 23.40 million, CHF 27.44 million, Euros 9.67 million and, Baht 715.77 million.

A joint venture of EGCO JD has entered into the Construction Contract and Supply Contract. Total contracts, totalling US Dollars 4.8 million and Baht 49.13 million, are effective for a period of 2 years. As at 31 December 2006, the Group had outstanding capital expenditure contracted but not recognised in the consolidated financial statements for the total amount of US Dollars 0.48 million and Baht 4.91 million.

A joint venture – Nam Theun 2 Power Company Limited has entered into the Construction Contract and Supply Contract. Total contracts, totalling US Dollars 176.34 million, are effective for a period of 4 years. As at 31 December 2006, the Group had outstanding capital expenditure contracted but not recognised in the consolidated financial statements for the total amount of US Dollars 100.25 million.

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**31 Discontinued Operation**

During the third quarter of 2006, the Group had the discontinued operation as follows:

- The Company's operation in Thailand, Trang Biomass Company Limited, which is a subsidiary of Gulf, was discontinued. The subsidiary registered for the dissolution with the Ministry of Commerce on 31 August 2006.
- The Company's operation in the Philippines, Northern Mindanao Power Corporation (NMPC), was discontinued. The operation, which is a subsidiary of Conal, was discontinued in accordance with the Energy Conversion Agreement (ECA) with National Power Corporation (NPC).

The assets and liabilities are presented in the consolidated balance sheets at estimated realisable value and estimated settlement amount, respectively. The assets, liabilities and operating result are detailed as follows:

**As at 31 December 2006**

	<b>NMPC Baht</b>
<b>Asset</b>	
Cash and cash equivalents	219,061
Short-term investment – deposits at financial institutions	328,163,397
Trade receivable	12,584,242
Amount due from related parties	4,280
Other current assets	666,928
<b>Total assets</b>	<u>341,637,908</u>
<b>Liabilities</b>	
Trade payable	3,231,708
Amount due to related parties	52,546
Income tax payable	2,962,319
Other current liabilities	-
<b>Total liabilities</b>	<u>6,246,573</u>

**Operating result for the periods ended 31 December 2006**

	<b>Trang Biomass Baht</b>	<b>NMPC Baht</b>	<b>Consolidated Baht</b>
Sales and service income	-	19,553,412	19,553,412
Cost of sales and services	-	(737,983)	(737,983)
<b>Gross profit</b>	-	18,815,429	18,815,429
Administrative expenses	(182,000)	(10,249,870)	(10,431,870)
	(182,000)	8,565,559	8,383,559
Other income			
- Interest income	1,000	13,919,553	13,920,553
- Others	-	15,913,456	15,913,456
Currency exchange losses	-	(25,798,336)	(25,798,336)
<b>Operating results</b>	(181,000)	12,600,232	12,419,232
Income tax	-	(6,751,044)	(6,751,044)
<b>Net profit (loss) for the period</b>	<u>(181,000)</u>	<u>5,849,188</u>	<u>5,668,188</u>

**32 Post balance sheet events**

**Post balance sheet events of the Company**

**Loan Agreements**

On 3 January 2007, the Company entered into short-term loan agreements with two local banks for a credit facility of up to Baht 4,000 million with each bank. The interest rate is fixed at the arithmetic mean of the yields of one-year government bonds during the five consecutive banking days period before the first drawdown date plus a certain margin. Interest is payable on a monthly basis and the principal is to be repaid in one lump sum on the final maturity date (one year commencing from the entering date). The first drawdown was on 29 January 2007, Baht 800 million from each bank.

**Commitments**

As at 30 January 2007, the Company has commitments under Standby Letters of Credit issued on behalf of the Company to a joint venture of US Dollars 93.4 million.

**Post balance sheet events of a joint venture – EGCO Joint Ventures and Development Co., Ltd (EGCO JD)**

Joint venture – EGCO JD

On 25 January 2007, EGCO JD entered into a Sponsor Support Agreement and on 26 January 2007 entered into two agreements which are Pledge of Cost Overrun Reserve Account and Conditional Assignment of Cost Overrun Reserve Account to support the loans provided to an associate and a joint venture of EGCO JD. EGCO JD as a shareholder agrees to provide support by depositing cash reserve, according to its shareholding proportion, with a financial institution lender amounting to Baht 60 million for cost overrun to the project company to expand its power plant capacity until the expansion project commences operation which is expected to occur within the first quarter of 2007.

An associate and a joint venture of EGCO JD

On 12 January 2007, an associate and a joint venture of EGCO JD entered into a Loan Agreement with a foreign financial institution to borrow US Dollars 7 million with a tenor of 7 years, for the purpose of power plant development and refinancing existing loan. The loan bears interest at LIBOR plus a certain margin. The repayment of principal and interest will be made on a semi-annual basis commencing on July 2007.