

ELECTRICITY GENERATING PUBLIC COMPANY LIMITED

**CONSOLIDATED AND COMPANY
FINANCIAL STATEMENTS**

31 DECEMBER 2007

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 2007 and 2006 and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the years then ended of Electricity Generating Public Company Limited and its subsidiaries 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 audits.

I conducted my audits 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 audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2007 and 2006 and the consolidated and company results of operations and cash flows for the years 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 Luengsurawat
Certified Public Accountant (Thailand) No. 2807
PricewaterhouseCoopers ABAS Limited

Bangkok
11 February 2007

Electricity Generating Public Company Limited

Balance Sheets

As at 31 December 2007 and 2006

	Notes	Consolidated		Company	
		2007 Baht	2006 Restated Baht	2007 Baht	2006 Restated Baht
Assets					
Current assets					
Cash and cash equivalents	6	3,750,425,011	5,601,549,645	2,444,065,880	4,129,760,569
Short-term investments	7				
- Deposits at financial institutions		226,014,870	129,214,751	890,350	856,435
- Marketable securities		32,239,930	93,947,796	39,539,410	68,416,715
Short-term investments used as collateral	8				
- Deposits at financial institutions		914,021,645	2,273,027,590	-	-
- Marketable securities		-	26,000,000	-	-
Trade receivables, net	9	147,963,476	157,625,409	-	-
Trade receivable from a related party	30	1,621,832,240	1,888,194,851	-	-
Dividend receivables from subsidiaries and a joint venture	12.2	2,074,500,034	-	5,646,203,669	1,509,294,851
Current portion of long-term loans to related parties	30	-	100,000,000	866,840,000	912,760,000
Amounts due from related parties	30	62,859,192	19,778,445	10,098,581	12,441,497
Spare parts and supplies, net	10	3,328,405,416	3,547,390,261	-	-
Other current assets		310,676,874	385,092,123	16,341,138	14,729,178
Total current assets		12,468,938,688	14,221,820,871	9,023,979,028	6,648,259,245
Non-current assets					
Long-term investments in marketable securities and others	11	1,484,000,910	2,952,041,733	1,525,940,806	3,005,872,521
Deposits at financial institutions used as collateral	8	1,166,300	1,040,300	-	-
Amounts due from related parties due over one year	30	196,168,728	195,777,745	196,168,728	195,777,745
Long-term loans to related parties, net	30	-	-	1,700,400,000	2,567,240,000
Investments in subsidiaries	12	-	-	11,976,061,281	12,021,167,000
Interests in joint ventures, net	12	20,233,045,415	12,376,337,457	17,677,177,835	12,088,877,835
Property, plant and equipment, net	13	18,637,631,290	20,139,181,847	690,205,598	708,356,627
Goodwill, net	14	210,696,831	225,221,922	-	-
Other non-current assets	15	368,691,680	347,424,055	248,164,575	232,503,375
Total non-current assets		41,131,401,154	36,237,025,059	34,014,118,823	30,819,795,103
Total assets		53,600,339,842	50,458,845,930	43,038,097,851	37,468,054,348

For Director

The notes to the consolidated and company financial statements on pages 10 to 61 are an integral part of these financial statements.

Electricity Generating Public Company Limited

Balance Sheets

As at 31 December 2007 and 2006

	Notes	Consolidated		Company	
		2007 Baht	2006 Restated Baht	2007 Baht	2006 Restated Baht
Liabilities and shareholders' equity					
Current Liabilities					
Trade payables		487,900,291	599,608,143	-	-
Trade payable to a related party	30	98,080,528	100,264,592	-	-
Amounts due to related parties	30	3,002,802	4,647,521,143	38,952	4,645,002,770
Current portion of long-term loans from financial institutions, net	17	829,120,133	1,539,927,744	-	-
Debentures due within one year	18	729,675,000	652,090,680	-	-
Other current liabilities					
- Interest payable	30	36,452,332	49,706,914	1,953,280	-
- Value added tax payable		113,153,165	157,520,162	-	-
- Corporate income tax payable		151,622,545	466,845,762	-	-
- Others		508,651,563	380,262,686	164,135,850	164,722,307
Total current liabilities		2,957,658,359	8,593,747,826	166,128,082	4,809,725,077
Non-current liabilities					
Long-term loans from financial institutions, net	17	5,451,827,249	2,364,362,067	4,000,000,000	-
Debentures, net	18	2,226,937,363	2,956,729,123	-	-
Retirement benefits obligation	19	136,237,597	116,542,366	34,544,763	28,983,223
Net liabilities in a joint venture	12.4	823,135,900	622,820,166	-	-
Other non-current liabilities		8,844,970	6,794,236	1,631,472	537,961
Total non-current liabilities		8,646,983,079	6,067,247,958	4,036,176,235	29,521,184
Total liabilities		11,604,641,438	14,660,995,784	4,202,304,317	4,839,246,261

The notes to the consolidated and company financial statements on pages 10 to 61 are an integral part of these financial statements.

Electricity Generating Public Company Limited

Balance Sheets

As at 31 December 2007 and 2006

	Notes	Consolidated		Company	
		2007 Baht	2006 Restated Baht	2007 Baht	2006 Restated Baht
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital	20				
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	20	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	21	530,000,000	530,000,000	530,000,000	530,000,000
Unappropriated		26,274,327,432	20,078,749,746	23,752,781,841	17,375,093,170
Unrealised gains on investments in marketable securities - available-for-sale		614,264,053	780,337,480	639,688,658	810,391,882
Translation adjustments		142,960,513	(13,808,112)	-	-
Total parent's shareholders' equity		41,474,875,033	35,288,602,149	38,835,793,534	32,628,808,087
Minority interests	22	520,823,371	509,247,997	-	-
Total shareholders' equity		41,995,698,404	35,797,850,146	38,835,793,534	32,628,808,087
Total liabilities and shareholders' equity		53,600,339,842	50,458,845,930	43,038,097,851	37,468,054,348

The notes to the consolidated and company financial statements on pages 10 to 61 are an integral part of these financial statements.

Electricity Generating Public Company Limited
Statements of Income
For the years ended 31 December 2007 and 2006

	Notes	Consolidated		Company	
		2007 Baht	2006 Restated Baht	2007 Baht	2006 Restated Baht
Revenues					
Sales and service income	30	10,939,395,863	13,838,514,060	-	-
Cost of sales and services	30	(5,710,727,423)	(5,815,316,030)	-	-
Gross profit		5,228,668,440	8,023,198,030	-	-
Administrative expenses	30	(1,037,806,944)	(1,004,829,852)	(674,773,491)	(481,793,913)
Profit (loss) from sales and services		4,190,861,496	7,018,368,178	(674,773,491)	(481,793,913)
Other income					
- Interest income	30	195,761,123	600,555,283	258,022,747	231,151,817
- Dividend income		133,823,179	168,012,976	133,823,179	168,012,976
- Dividend income from subsidiaries and joint ventures		-	-	8,615,421,155	5,469,426,830
- Others		325,343,518	79,429,819	466,522,446	178,661,323
Directors' remuneration	26	(28,216,520)	(19,767,140)	(27,931,720)	(19,361,140)
Currency exchange gains		120,880,249	716,273,736	-	-
Operating profit		4,938,453,045	8,562,872,852	8,771,084,316	5,546,097,893
Share of loss exceed interest in a joint venture	12	(249,709,753)	(274,821,541)	-	-
Share of profit from interests in joint ventures	12	5,301,076,181	192,168,726	-	-
Profit before interest and tax		9,989,819,473	8,480,220,037	8,771,084,316	5,546,097,893
Interest expenses	31	(819,008,237)	(1,165,806,311)	(186,921,789)	(1,412,115)
Corporate income tax	27	(634,022,141)	(1,129,565,890)	-	-
Profit before minorities		8,536,789,095	6,184,847,836	8,584,162,527	5,544,685,778
Profit attributable to minorities	22	134,737,553	169,187,285	-	-
Net profit for the year	23	<u>8,402,051,542</u>	<u>6,015,660,551</u>	<u>8,584,162,527</u>	<u>5,544,685,778</u>
Basic earnings per share	24				
Net profit for the year		15.96	11.43	16.31	10.53

The notes to the consolidated and company financial statements on pages 10 to 61 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 2007 and 2006

									Consolidated
	Issued and paid-up share capital	Premium on share capital	Premium on treasury stock	Legal reserve	Retained earnings	Fair value reserve	Translation adjustments	Minority interests	Total
Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2007									
- As previously reported	5,264,650,000	8,601,300,000	47,373,035	530,000,000	20,199,878,066	780,337,480	(13,808,112)	1,174,793,513	36,584,523,982
- Effect from the change in accounting policies	3.2	-	-	-	-	-	-	(665,401,306)	(665,401,306)
- Effect from the adoption of new accounting policy	3.3	-	-	-	(121,128,320)	-	-	(144,210)	(121,272,530)
- As restated	5,264,650,000	8,601,300,000	47,373,035	530,000,000	20,078,749,746	780,337,480	(13,808,112)	509,247,997	35,797,850,146
Translation adjustments	-	-	-	-	-	-	156,768,625	-	156,768,625
Net profit for the year	-	-	-	-	8,402,051,542	-	-	-	8,402,051,542
Dividends	25	-	-	-	(2,206,473,856)	-	-	(123,162,179)	(2,329,636,035)
Unrealised losses on investments in marketable securities - available-for-sale	-	-	-	-	-	(166,073,427)	-	-	(166,073,427)
Minority interests	22	-	-	-	-	-	-	134,737,553	134,737,553
Closing balance as at 31 December 2007	<u>5,264,650,000</u>	<u>8,601,300,000</u>	<u>47,373,035</u>	<u>530,000,000</u>	<u>26,274,327,432</u>	<u>614,264,053</u>	<u>142,960,513</u>	<u>520,823,371</u>	<u>41,995,698,404</u>
Opening balance as at 1 January 2006									
- As previously reported	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
- Effect from the change in accounting policies	3.2	-	-	-	-	-	-	(611,214,715)	(611,214,715)
- Effect from the adoption of new accounting policy	3.3	-	-	-	(100,969,172)	-	-	(101,834)	(101,071,006)
- As restated	5,264,650,000	8,601,300,000	47,373,035	530,000,000	16,006,770,572	587,384,126	(97,104,448)	461,852,638	31,402,225,923
Translation adjustments	-	-	-	-	-	-	83,296,336	-	83,296,336
Net profit for the year	-	-	-	-	6,015,660,551	-	-	-	6,015,660,551
Dividends	25	-	-	-	(1,943,681,377)	-	-	(121,835,395)	(2,065,516,772)
Unrealised gains on investments in marketable securities - available-for-sale	-	-	-	-	-	192,953,354	-	43,469	192,996,823
Minority interests	22	-	-	-	-	-	-	169,187,285	169,187,285
Closing balance as at 31 December 2006	<u>5,264,650,000</u>	<u>8,601,300,000</u>	<u>47,373,035</u>	<u>530,000,000</u>	<u>20,078,749,746</u>	<u>780,337,480</u>	<u>(13,808,112)</u>	<u>509,247,997</u>	<u>35,797,850,146</u>

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Electricity Generating Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 December 2007 and 2006

								Company
	Issued and paid-up share capital	Premium on share capital	Premium on treasury stock	Legal reserve	Retained earnings	Fair value reserve	Translation adjustments	Total
Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2007								
- As previously reported	5,264,650,000	8,601,300,000	47,373,035	530,000,000	20,199,878,066	810,391,882	(13,808,112)	35,439,784,871
- Effect from the change in accounting policies	3.1	-	-	-	(2,795,801,673)	-	13,808,112	(2,781,993,561)
- Effect from the adoption of new accounting policy	3.3	-	-	-	(28,983,223)	-	-	(28,983,223)
- As restated	5,264,650,000	8,601,300,000	47,373,035	530,000,000	17,375,093,170	810,391,882	-	32,628,808,087
Net profit for the year	-	-	-	-	8,584,162,527	-	-	8,584,162,527
Dividends	25	-	-	-	(2,206,473,856)	-	-	(2,206,473,856)
Unrealised losses on investments in marketable securities - available-for-sale	-	-	-	-	-	(170,703,224)	-	(170,703,224)
Closing balance as at 31 December 2007	<u>5,264,650,000</u>	<u>8,601,300,000</u>	<u>47,373,035</u>	<u>530,000,000</u>	<u>23,752,781,841</u>	<u>639,688,658</u>	<u>-</u>	<u>38,835,793,534</u>
Opening balance as at 1 January 2006								
- As previously reported	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
- Effect from the change in accounting policies	3.1	-	-	-	(2,309,716,817)	-	97,104,448	(2,212,612,369)
- Effect from the adoption of new accounting policy	3.3	-	-	-	(23,934,158)	-	-	(23,934,158)
- As restated	5,264,650,000	8,601,300,000	47,373,035	530,000,000	13,774,088,769	624,896,135	-	28,842,307,939
Net profit for the year	-	-	-	-	5,544,685,778	-	-	5,544,685,778
Dividends	25	-	-	-	(1,943,681,377)	-	-	(1,943,681,377)
Unrealised gains on investments in marketable securities - available-for-sale	-	-	-	-	-	185,495,747	-	185,495,747
Closing balance as at 31 December 2006	<u>5,264,650,000</u>	<u>8,601,300,000</u>	<u>47,373,035</u>	<u>530,000,000</u>	<u>17,375,093,170</u>	<u>810,391,882</u>	<u>-</u>	<u>32,628,808,087</u>

The notes to the consolidated and company financial statements on pages 10 to 61 are an integral part of these financial statements

Electricity Generating Public Company Limited
Statements of Cash Flows
For the years ended 31 December 2007 and 2006

	Notes	Consolidated		Company	
		2007 Baht	2006 Restated Baht	2007 Baht	2006 Restated Baht
Cash flows from operating activities					
Net profit for the year		8,402,051,542	6,015,660,551	8,584,162,527	5,544,685,778
Adjustments to reconcile net profit to net cash provided by operations:					
- Depreciation and amortisation		2,153,706,619	2,115,379,704	47,090,743	47,508,014
- Gains on transfer of investment from a subsidiary	12	-	-	(65,635,044)	-
- Allowance for obsolescence		35,591,688	27,063,923	-	-
- Allowance for doubtful debts		813,181	-	-	-
- Retirement benefit expenses	19	19,695,231	17,923,546	5,561,540	5,049,065
- Unrealised currency exchange gains		(70,429,455)	(339,884,157)	-	-
- Gains on disposals of property, plant and equipment		(284,733)	(1,909,634)	(225,987)	(427,002)
- (Gains) losses on disposals of investments		(254,699,946)	131,651	(254,699,946)	-
- Dividends received from other companies		(133,823,179)	(168,012,976)	(133,823,179)	(168,012,976)
- Dividends received from subsidiaries and joint ventures		-	-	(8,615,421,155)	(5,469,426,830)
- Share of loss exceed interest in a joint venture	12.4	249,709,753	274,821,541	-	-
- Share of profit from interests in joint ventures	12	(5,301,076,181)	(192,168,726)	-	-
- Minority interests	22	134,737,553	169,187,285	-	-
Cash flows before changes in operating assets and liabilities		5,235,992,073	7,918,192,708	(432,990,501)	(40,623,951)
Changes in operating assets and liabilities: (excluding the effects of acquisition and disposal of subsidiaries and joint ventures)					
- Short-term and long-term investments used as collateral		1,381,008,437	1,458,188,812	-	-
- Trade receivables and trade receivable from a related party		275,211,363	(171,023,541)	-	-
- Amounts due from related parties		(391,763)	(59,793,782)	1,951,933	(48,136,018)
- Spare parts and supplies		(177,159,621)	(164,562,359)	-	-
- Other current assets		12,130,408	(176,745,291)	(1,611,953)	(322,942)
- Other non-current assets		(16,693,862)	(41,889,455)	(15,701,199)	(41,647,474)
- Trade payables and trade payable to a related party		(113,893,703)	340,392,305	-	-
- Amounts due to related parties		(2,545,719)	4,643,616,504	36,181	(2,127,717)
- Other current liabilities		(276,648,862)	372,162,246	2,528,360	55,384,932
- Other non-current liabilities		1,424,296	(793,447)	-	-
Net cash receipts (payments) from operating activities		6,318,433,047	14,117,744,700	(445,787,179)	(77,473,170)

The notes to the consolidated and company financial statements on pages 10 to 61 are an integral part of these financial statements.

Electricity Generating Public Company Limited
Statements of Cash Flows
For the years ended 31 December 2007 and 2006

	Notes	Consolidated		Company	
		2007	2006	2007	2006
		Baht	Restated Baht	Baht	Restated Baht
Cash flows from investing activities					
Investment in subsidiaries and interest in joint ventures	12	(10,233,300,000)	(8,269,655,000)	(10,233,300,000)	(3,624,655,000)
Proceeds from capital decrease of a subsidiary	12	-	-	-	4,517,800,000
Net cash receipts (payments) from deposits at financial institutions		(96,800,119)	19,857,618	(33,915)	(10,730)
Net cash receipts (payments) from short-term investments		1,262,802,824	(130,157,455)	1,270,970,384	(1,170,040)
Net cash receipts from long-term investments		355,572,384	45,336,901	321,835,357	39,729,730
Net purchases of property, plant and equipment		(253,127,895)	(159,618,860)	(28,673,727)	(16,838,393)
Cash receipts from the liquidation of a subsidiary	12.1	-	-	1,259,960	-
Loans and advances to related parties		-	-	-	(2,600,000,000)
Proceed from loans to related parties	30	100,000,000	173,830,098	912,760,000	173,830,098
Dividends received from subsidiaries and joint ventures	12	985,499,966	-	4,587,993,141	4,865,953,620
Dividends received from other companies		133,823,179	168,012,976	133,823,179	168,012,976
Others		(12,939,740)	(150,000)	-	-
Net cash receipts (payments) from investing activities		<u>(7,758,469,401)</u>	<u>(8,152,543,722)</u>	<u>(3,033,365,621)</u>	<u>3,522,652,261</u>
Cash flows from financing activities					
Payments on finance lease		(1,189,026)	(686,526)	-	-
Proceeds from long-term loans from financial institutions	17	4,000,000,000	-	4,000,000,000	-
Payments on long-term loans from financial institutions and debentures	17, 18	(2,195,889,793)	(6,913,353,199)	-	-
Dividends paid to shareholders	25	(2,214,009,461)	(2,038,957,763)	(2,206,541,889)	(1,943,406,836)
Net cash receipts (payments) from financing activities		<u>(411,088,280)</u>	<u>(8,952,997,488)</u>	<u>1,793,458,111</u>	<u>(1,943,406,836)</u>
Net increase (decrease) in cash and cash equivalents		<u>(1,851,124,634)</u>	<u>(2,987,796,510)</u>	<u>(1,685,694,689)</u>	<u>1,501,772,255</u>
Beginning balance		5,601,549,645	8,589,346,155	4,129,760,569	2,627,988,314
Ending balance		<u>3,750,425,011</u>	<u>5,601,549,645</u>	<u>2,444,065,880</u>	<u>4,129,760,569</u>
Cash and cash equivalents are made up as follows:					
- Cash in hand and deposits at financial institutions		1,011,048,194	1,142,376,617	120,468,412	304,825,509
- Short-term investments - maturities within three months		2,739,376,817	4,459,173,028	2,323,597,468	3,824,935,060
		<u>3,750,425,011</u>	<u>5,601,549,645</u>	<u>2,444,065,880</u>	<u>4,129,760,569</u>
Supplementary information for cash flows:					
Interest paid		830,969,147	1,227,200,772	183,258,499	-
Tax paid		670,296,836	607,185,912	-	-
Non-cash transactions					
Reclassification of utilised capital spare parts to property, plant and equipment	13	590,279,699	737,540,713	-	-
Reclassification of unutilised capital spare parts from property, plant and equipment	13	229,726,922	453,588,972	-	-
Increase in property, plant and equipment by other payables		7,716,719	-	-	-

The notes to the consolidated and company financial statements on pages 10 to 61 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 15th 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 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 three countries and employs 723 people (2006: 710 people).

These consolidated and company financial statements were authorised for issue by the President on 11 February 2008.

2 Accounting policies

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

2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The Group early adopted the draft Thai Accounting Standard: Employee Benefits in the year 2007 (see Note 3.3).

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.

Comparative figures have been adjusted to conform with changes in presentation in the current year.

An English version of the consolidated and company financial statements has 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 Accounting policies (continued)

2.2 Amendments to accounting standards and new accounting standard effective in 2007 and 2008

Amendments to accounting standards effective in 2007

The effective date for the following revised accounting standards is for accounting periods beginning on or after 1 January 2007.

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

The Group has adopted the aforementioned standards since 1 January 2007 and has applied retrospective adjustments to the company financial statements. The effects of the change to the company financial statements are discussed in Note 3.1.

Amendments to accounting standards and new accounting standard effective in 2008

The effective date for the following revised and new accounting standards is for accounting periods beginning on or after 1 January 2008. The Group will apply these standards from 1 January 2008. The Group’s management assessed and determined that there are no significant impacts to financial statements being presented except the revised TAS 35 “Presentation of Financial Statements” which requires the additional disclosures on critical judgement and estimates made by the management and the revised TAS 43 “Business Combinations” which requires intangible assets with indefinite useful life will no longer be amortised but be tested for impairment annually.

The revised accounting standards

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

The new accounting standard

- TAS 51 “Intangible Assets”

2 Accounting policies (continued)

2.3 Group accounting - investments in subsidiaries 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 financial statements, investments in subsidiaries are accounted for by using the cost method of accounting. Under the cost method, income from investments in subsidiaries will be recorded when dividends are declared.

A list of the Group's subsidiaries and the financial effects of the acquisitions and disposals of subsidiaries are shown in Note 12.

2.3.2 Interests in joint ventures

The Group's interests in jointly controlled entities are initially recorded at cost and accounted for by the equity method in the consolidated financial statements. The Group recognised interest in joint ventures which included goodwill (net of accumulated amortisation). The Group's share of its joint ventures' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in fair value reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the interest in joint ventures. When the Group's share of losses in joint ventures equals or exceeds its interest in joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

In the company financial statements, the cost method is applied to account for interests in joint ventures. Under the cost method, income from interests in joint ventures will be recorded when dividends are declared.

A list of the Group's joint ventures and the financial effects of the acquisitions and disposals of joint ventures are shown in Note 12.

2 Accounting policies (continued)

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 fair value reserve in equity.

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

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

2 Accounting policies (continued)

2.5 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 28.

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 balance 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 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 and joint ventures is reported as an intangible asset and included in interests in joint ventures, respectively in the consolidated balance sheet. 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 16 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 are initially recorded at cost. All plant and equipment are 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:

	Years
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. 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 Corporate 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 Employee benefits

2.16.1 The Group operates a provident fund that is a defined contribution plan. The assets 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.

2.16.2 The Group provides for post employment benefits, payable to employees under the labour laws applicable in Thailand and countries in which the Group has the operation. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other. Actuarial gains or losses will be recognised in the consolidated and company statements of income in the period to which they are related. The costs associated with providing these benefits are charged to the consolidated and company statements of income so as to spread the cost over the employment period during which the entitlement to benefits is earned. The effect of the application of this new accounting policy is presented in Note 3.3.

2.17 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.

2.18 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.

2.19 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. 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 collectability is in doubt.

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

2 Accounting policies (continued)

2.20 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.

2.21 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.

2.22 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 Changes in accounting policies

3.1 Accounting standards effective from 1 January 2007

According to the notification of Federation of Accounting Professions dated on 2 May 2007 relating to amendments of TAS 44 "Consolidated financial statements and separate financial statements" and TAS 45 "Investments in associates" which require the change from equity method of accounting to cost method of accounting for investments in subsidiaries and associates and interests in joint ventures presented in the company financial statements. Under the cost method, income from investments will be recorded when dividends are declared. The notification is mandatory from 1 January 2007.

The Group has adopted the cost method since 1 January 2007 and has applied the retrospective adjustments. The effects of the change on the company financial statements for the year ended 31 December 2006 are as follows:

	Baht Increase (decrease)
Balance sheet as at 31 December 2006	
Decrease in investments in subsidiaries	(4,033,537,934)
Decrease in interests in joint ventures, net	(279,660,908)
Decrease in net liabilities in a joint venture	(619,761,174)
Decrease in other liabilities	(911,444,113)
Increase in translation adjustments	13,808,112
Decrease in retained earnings as at 1 January 2006	(2,309,716,817)
Decrease in retained earnings as at 31 December 2006	(2,795,801,673)
Statement of income for the year ended 31 December 2006	
Decrease in net profit	(486,084,856)
Decrease in basic earnings per share	(0.92)

3 Changes in accounting policies (continued)

3.2 Accounting policy for interests in joint ventures in the consolidated financial statements

Commencing 1 January 2007, the Group has changed its accounting policy for interests in joint ventures in the consolidated financial statements from proportionate consolidation to equity method. The Group has considered and determined that the use of equity method, which is in compliance with TAS 46 “Interests in joint ventures”, better reflects the economic reality of the Group. The Group has applied the retrospective adjustments for this change in accounting policy.

The effects of the change on the consolidated financial statements for the year ended 31 December 2006 are as follows:

	Baht Increase (decrease)
Consolidated balance sheet as at 31 December 2006	
Increase in current portion of long-term loans to related parties	50,000,000
Decrease in other current assets	(4,136,333,616)
Decrease in investment in an associate	(428,645,550)
Increase in interests in joint ventures, net	5,723,538,744
Decrease in property, plant and equipment, net	(21,107,998,520)
Decrease in goodwill, net	(789,610,313)
Decrease in other non-current assets	(736,664,319)
Decrease in other current liabilities	(1,813,152,864)
Decrease in long-term loans from financial institutions, net	(14,953,920,566)
Decrease in debentures, net	(2,728,331,016)
Increase in net liabilities in a joint venture	619,761,174
Decrease in other non-current liabilities	(1,884,668,996)
Decrease in minority interests	(665,401,306)

Consolidated statement of income for the year ended 31 December 2006

Decrease in sales and service income	(4,182,207,367)
Decrease in cost of sales and services	(3,151,772,872)
Decrease in administrative expenses	(642,144,617)
Decrease in other income	(155,052,508)
Decrease in directors’ remuneration	(10,266,976)
Decrease in currency exchange gains	(49,953,918)
Increase in share of loss exceed interest in a joint venture	271,762,549
Increase in share of profit from interests in joint ventures	147,703,449
Decrease in interest expenses	(397,050,090)
Decrease in corporate income tax	(147,608,413)
Decrease in profit attributable to minorities	(162,429,923)

3.3 Accounting policy for employee benefits - the draft Thai Accounting Standard

Commencing 2007, the Group has adopted the accounting policy for employee benefits in accordance with the draft Thai accounting standard which is considered to better reflect provision. The Group has applied the retrospective adjustments for this change in accounting policy.

Electricity Generating Public Company Limited
Notes to the Consolidated and Company Financial Statements
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3 Changes in accounting policies (continued)

3.3 Accounting policy for employee benefits - the draft Thai Accounting Standard (continued)

The effects of the change on the consolidated and company financial statements for the year ended 31 December 2006 are as follows:

	Consolidated Baht	Company Baht
	<u>Increase (decrease)</u>	<u>Increase (decrease)</u>
Balance sheets as at 31 December 2006		
Increase in retirement benefits obligation	116,542,366	28,983,223
Decrease in interests in joint ventures	(1,671,167)	
Increase in net liabilities in a joint venture	3,058,992	
Decrease in retained earnings as at 1 January 2006	(100,969,172)	(23,934,158)
Decrease in retained earnings as at 31 December 2006	(121,128,320)	(28,983,223)
Decrease in minority interests as at 1 January 2006	(101,829)	-
Decrease in minority interests as at 31 December 2006	(144,210)	-
Statements of income for the year ended 31 December 2006		
Increase in cost of sales and services	6,746,062	-
Increase in administrative expenses	5,358,973	3,636,950
Increase in interest expenses	5,818,511	1,412,115
Increase in share of loss exceed interest in a joint venture	3,058,992	-
Increase in share of profit from interests in joint ventures	781,014	-
Decrease in minority interests	(42,376)	-
Decrease in basic earnings per share	(0.03)	(0.01)

4 Statements of cash flows

Changes in short-term and long-term investments used as collateral are included in the consolidated statements 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 and debentures as described in Note 8.

Electricity Generating Public Company Limited
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5 Segment information

Financial information by geographical segment

For the year ended 31 December 2007

	Thailand Baht	The Lao People's Democratic Republic Baht	The Philippines Baht	Consolidated Baht
Revenue from sales and service income	10,939,395,863	-	-	10,939,395,863
Cost of sales and services	(5,710,727,423)	-	-	(5,710,727,423)
Segment results	5,228,668,440	-	-	5,228,668,440
Administrative expenses and directors' remuneration	(1,066,023,464)	-	-	(1,066,023,464)
Other income	654,927,820	-	-	654,927,820
Currency exchange gains	120,880,249	-	-	120,880,249
Operating profit	4,938,453,045	-	-	4,938,453,045
Share of loss exceed interest in a joint venture	-	(249,709,753)	-	(249,709,753)
Share of profit from interests in joint ventures	5,248,547,299	-	52,528,882	5,301,076,181
Interest expenses	(819,008,237)	-	-	(819,008,237)
Profit (loss) before tax	9,367,992,107	(249,709,753)	52,528,882	9,170,811,236
Corporate income tax	(634,022,141)	-	-	(634,022,141)
Profit (loss) before minority interests	8,733,969,966	(249,709,753)	52,528,882	8,536,789,095
Profit attributable to minorities	134,737,553	-	-	134,737,553
Net profit (loss) for the year	<u>8,599,232,413</u>	<u>(249,709,753)</u>	<u>52,528,882</u>	<u>8,402,051,542</u>

Electricity Generating Public Company Limited
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5 Segment information (continued)

Financial information by geographical segment (continued)

For the year ended 31 December 2006

	Thailand Baht	The Lao People's Democratic Republic Baht	The Philippines Baht	Consolidated Baht
Revenue from sales and service income	13,838,514,060	-	-	13,838,514,060
Cost of sales and services	(5,815,316,030)	-	-	(5,815,316,030)
Segment results	8,023,198,030	-	-	8,023,198,030
Administrative expenses and directors' remuneration	(1,024,596,992)	-	-	(1,024,596,992)
Other income	847,998,078	-	-	847,998,078
Currency exchange gains	716,273,736	-	-	716,273,736
Operating profit	8,562,872,852	-	-	8,562,872,852
Share of loss exceed interest in a joint venture	-	(274,821,541)	-	(274,821,541)
Share of profit from interests in joint ventures	74,275,436	-	117,893,290	192,168,726
Interest expenses	(1,165,806,311)	-	-	(1,165,806,311)
Profit (loss) before tax	7,471,341,977	(274,821,541)	117,893,290	7,314,413,726
Corporate income tax	(1,129,565,890)	-	-	(1,129,565,890)
Profit (loss) before minority interests	6,341,776,087	(274,821,541)	117,893,290	6,184,847,836
Profit attributable to minorities	169,187,285	-	-	169,187,285
Net profit (loss) for the year	<u>6,172,588,802</u>	<u>(274,821,541)</u>	<u>117,893,290</u>	<u>6,015,660,551</u>

6 Cash and cash equivalents

As at 31 December 2007, cash and cash equivalents mainly were investments in promissory notes with maturities of three months or less, the interest rates were 0.13% to 3.25% per annum (2006: 0.25% to 5.25% per annum).

7 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 2007, deposits at financial institutions of Baht 226 million in the consolidated financial statements bore interest at rates from 2.95% to 3.38% per annum (2006: Baht 129 million bore interest at the rates from 0.50% to 6.25% per annum).

Marketable securities

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Restated Baht	Baht	Baht
Available-for-sale				
Debt securities	26,725,775	88,227,255	34,025,255	62,696,174
Changes in fair value of investments	5,514,155	5,720,541	5,514,155	5,720,541
Short-term investments in marketable securities	32,239,930	93,947,796	39,539,410	68,416,715

8 Short-term and long-term investments used as collateral

Subsidiaries

Deposits at financial institutions used as collateral are those of two subsidiaries which are Khanom Electricity Generating Company Limited (KEGCO) and EGCO Cogeneration Company Limited (formerly TLP Cogeneration Co., Ltd.) 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.

As at 31 December 2007, 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 383 million (2006: Baht 295 million). The remaining balance of short-term and long-term investments used as collateral of Baht 512 million (2006: Baht 1,957 million) represented collateralised deposits maintained in accordance with the loan agreements but which could be used subject to certain lender approvals.

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

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 2007, the foreign currency deposits at financial institutions used as collateral equal to Baht 56 million bore interests at the rates of 4.30% to 5.38% per annum (2006: Baht 63 million bore interests at the rates of 4.09% to 5.11% per annum) and the Thai Baht deposits at financial institutions used as collateral of Baht 859 million bore interests at the rates of 0.50% to 5.01% per annum (2006: Baht 2,211 million bore interests at the rates of 0.50% to 5.25% per annum).

Investments in marketable securities used as collateral

	2007	Consolidated 2006 Restated Baht
	Baht	
Investments in debt securities held-to-maturity		
- current portion	-	26,000,000
- due later than 1 year and not later than 5 years	-	-
	-	26,000,000

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9 Trade receivables, net

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Restated Baht	Baht	Baht
Trade receivables	148,776,657	157,625,409	-	-
<u>Less</u> Allowance for doubtful receivables	(813,181)	-	-	-
Trade receivables, net	<u>147,963,476</u>	<u>157,625,409</u>	<u>-</u>	<u>-</u>

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

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Restated Baht	Baht	Baht
Not overdue	112,591,141	121,085,105	-	-
Overdue below 3 months	21,351,104	28,227,184	-	-
Overdue 3 – 6 months	7,899,233	5,625,370	-	-
Overdue 6 – 12 months	4,901,671	-	-	-
Overdue over 12 months	2,033,508	2,687,750	-	-
	148,776,657	157,625,409	-	-
<u>Less</u> Allowance for doubtful receivables	(813,181)	-	-	-
Trade receivables, net	<u>147,963,476</u>	<u>157,625,409</u>	<u>-</u>	<u>-</u>

10 Spare parts and supplies, net

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Restated Baht	Baht	Baht
Fuel	407,542,677	384,253,370	-	-
Specific spare parts				
- Capital spare parts	1,128,482,302	1,460,355,141	-	-
- Other specific spare parts	1,968,630,877	1,881,201,816	-	-
Common spare parts	45,309,018	42,858,766	-	-
Spare parts in transit	35,310,735	-	-	-
	3,585,275,609	3,768,669,093	-	-
<u>Less</u> Allowance for obsolescence	(256,870,193)	(221,278,832)	-	-
Spare parts and supplies, net	<u>3,328,405,416</u>	<u>3,547,390,261</u>	<u>-</u>	<u>-</u>

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11 Long-term investments in marketable securities and others

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Restated Baht	Baht	Restated Baht
<u>Available-for-sale</u>				
Debt securities	5,760,124	221,564,339	22,275,480	291,009,133
Equity securities	867,490,823	1,905,222,903	867,490,823	1,905,222,903
Changes in fair value of investments	608,749,963	822,954,491	634,174,503	807,340,485
Total long-term investments in marketable securities	1,482,000,910	2,949,741,733	1,523,940,806	3,003,572,521
<u>Other investments</u>				
Other equity securities	2,000,000	2,300,000	2,000,000	2,300,000
Total other investments	2,000,000	2,300,000	2,000,000	2,300,000
Long-term investments in marketable securities and others	1,484,000,910	2,952,041,733	1,525,940,806	3,005,872,521

12 Investments in subsidiaries and interests in joint ventures, net

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Restated Baht	Baht	Restated Baht
Investments in subsidiaries (Note 12.1)	-	-	11,976,061,281	12,021,167,000
Interests in joint ventures	20,627,451,580	12,770,743,622	18,071,584,000	12,483,284,000
<u>Less</u> Provision for impairment	(394,406,165)	(394,406,165)	(394,406,165)	(394,406,165)
Interests in joint ventures, net (Note 12.3)	20,233,045,415	12,376,337,457	17,677,177,835	12,088,877,835
Investments in subsidiaries and interests in joint ventures, net	20,233,045,415	12,376,337,457	29,653,239,116	24,110,044,835

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12 Investments in subsidiaries and interests in joint ventures, net (continued)

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

	Consolidated	
	2007 Baht	2006 Baht
Opening net book value		
- As previously reported	7,083,115,430	403,341,168
- Effect from the change in accounting policies (Note 3.2)	5,294,893,194	3,657,781,936
- Effect from the adoption of new accounting policy (Note 3.3)	(1,671,167)	(2,452,181)
- As restated	<u>12,376,337,457</u>	<u>4,058,670,923</u>
Share of profit from joint ventures	5,301,076,181	192,168,726
Dividends received from joint ventures	(3,140,042,829)	(82,890,030)
Increase in share capital of joint ventures	5,588,300,000	1,624,655,000
Acquisition of a joint venture (Note 29)	-	6,645,000,000
Translation adjustments	<u>107,374,606</u>	<u>(61,267,162)</u>
Closing net book value	<u><u>20,233,045,415</u></u>	<u><u>12,376,337,457</u></u>
	Company	
	2007 Baht	2006 Baht
Opening net book value		
- As previously reported	28,423,243,677	24,001,623,666
- Effect from the change in accounting policies (Note 3.2)	(4,313,198,842)	(3,643,433,831)
- As restated	<u>24,110,044,835</u>	<u>20,358,189,835</u>
Increase in share capital of joint ventures	5,588,300,000	1,624,655,000
Acquisition of a subsidiary (Note 12.1)	467,894,281	-
Liquidation of a subsidiary (Note 12.1)	(513,000,000)	-
Acquisition of a joint venture (Note 29)	-	6,645,000,000
Decrease in share capital of a subsidiary	<u>-</u>	<u>(4,517,800,000)</u>
Closing net book value	<u><u>29,653,239,116</u></u>	<u><u>24,110,044,835</u></u>

The percentage of holdings in subsidiaries and interests in joint ventures is unchanged from 2006 except the liquidation of a subsidiary as described in Note 12.1 and Note 32.

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12 Investments in subsidiaries and interests in joint ventures, net (continued)

12.1 Investments in subsidiaries

The subsidiaries are as follows:

				Company	
				2007	
Business		Paid-up share capital Baht'000	Portion of Investment (%)	Cost Method Baht'000	Dividend Baht'000
			(Including indirect holding)		
<u>Subsidiaries incorporated in Thailand</u>					
Ray ong Electricity Generating Co.,Ltd.	Electricity generating	4,702,200	99.99	4,702,200	2,239,055
Khanom Electricity Generating Co.,Ltd.	Electricity generating	4,850,000	99.99	4,850,000	2,352,477
EGCO Engineering and Service Co., Ltd. and its subsidiaries and joint venture - Subsidiaries	Power plant operation and maintenance services	400,000	99.99	400,000	254,540
- Agro Energy Co., Ltd.	Trading/ delivery services of natural Scrap		99.99		
- Egcom Tara Co., Ltd.	Tap water business		70.00		
- 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	70,146
- Roi-Et Green Co., Ltd.	Husk fueled electricity generating plant		95.00		
EGCO Cogeneration Co.,Ltd. (formerly TLP Cogeneration Co.,Ltd.)	Electricity generating	1,060,000	80.00	891,894	230,541
<u>Subsidiary incorporated in British Virgin Islands</u>					
EGCO International B.V.I and its joint venture	Investing in power energy business	-	99.99	1,002,467	408,662
- Conal Holdings Corporation (Conal) (incorporated in the Philippines)	Investing in power energy projects	729,320	40.00		
				11,976,061	5,555,421

12 Investments in subsidiaries and interests in joint ventures, net (continued)

12.1 Investments in subsidiaries (continued)

The subsidiaries are as follows (continued):

Movements of investments in subsidiaries occurred during the year ended 31 December 2007

- TLP Cogeneration Co., Ltd. registered the change in its name to EGCO Cogeneration Co., Ltd. with the Ministry of Commerce on 21 May 2007.
- The Executive Committee meeting on 17 July 2007 resolved to change the investment structure in the Group for business flexibility by liquidating Thai LNG Power Corporation Limited (TLPC), the wholly-owned subsidiary of Company, and transferring its total assets and liabilities to the Company after the completion of liquidation process for the return of capital consideration to the shareholder. The subsidiary registered for the liquidation with the Ministry of Commerce on 1 October 2007 and the dissolution process was completed on 28 December 2007.

The details of fair value of assets and liabilities which transferred from TLPC as at 28 December 2007 are as follows:

	<u>Baht</u>
Deposits at financial institutions	1,260,976
Dividend receivable from EGCO Cogeneration Co., Ltd. (an associate of TLPC)	109,480,804
Other current liabilities	(1,017)
Investment in EGCO Cogeneration Co., Ltd.	<u>467,894,281</u>
Total return of capital consideration	578,635,044
Investment in TLPC	<u>(513,000,000)</u>
Gains on transfer of assets and liabilities of a subsidiary	<u><u>65,635,044</u></u>

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12 Investments in subsidiaries and interests in joint ventures, net (continued)

12.1 Investments in subsidiaries (continued)

The subsidiaries are as follows: (continued)

				Company	
				2006	
				Restated	
Business		Paid-up share capital Baht'000	Portion of Investment (%)	Cost Method Baht'000	Dividend Baht'000
			(Including indirect holding)		
<u>Subsidiaries incorporated in Thailand</u>					
Rayong Electricity Generating Co.,Ltd.	Electricity generating	4,702,200	99.99	4,702,200	2,743,716
Khanom Electricity Generating Co.,Ltd.	Electricity generating	4,850,000	99.99	4,850,000	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	-
- Subsidiaries					
- Agro Energy Co., Ltd.	Trading/ delivery services of natural Scrap		99.99		
- Egcom Tara Co., Ltd.	Tap water business		70.00		
- 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	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	145,712
- EGCO Cogeneration Co.,Ltd. (formerly TLP Cogeneration Co.,Ltd.)	Electricity Generating	1,060,000	80.00	424,000	148,585
<u>Subsidiary incorporated in British Virgin Islands</u>					
EGCO International B.V.I and its joint venture	Investing in power energy projects	-	99.99	1,002,467	-
- Conal Holdings Corporation (Conal) (incorporated in the Philippines)	Investing in power energy business	729,320	40.00		
				<u>12,021,167</u>	<u>5,469,427</u>

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12 Investments in subsidiaries and interests in joint ventures, net (continued)

12.2 Dividend receivables from subsidiaries and joint ventures

Principal movements of dividend receivables are as follows:

For the years ended 31 December	Consolidated	
	2007 Baht	2006 Baht
Opening balance	-	-
Dividends declared by joint ventures	3,060,000,000	-
Dividends received from joint ventures	(985,499,966)	-
Closing balance	2,074,500,034	-

For the years ended 31 December	Company	
	2007 Baht	2006 Baht
Opening balance	1,509,294,851	901,593,734
Dividends declared by subsidiaries and joint ventures	8,615,421,155	5,473,654,737
Dividends received from subsidiaries and joint ventures	(4,587,993,141)	(4,865,953,620)
Dividend receivables transferred from a subsidiary (note 12.1)	109,480,804	-
Closing balance	5,646,203,669	1,509,294,851

12.3 Interests in joint ventures

The joint ventures are as follows:

					Consolidated	
					2007	
Business	Portion of Investment (%)	Cost Method Baht*000	Equity Method Baht*000	Dividend Baht*000		
					(including indirect holding)	
<u>Joint ventures incorporated in Thailand</u>						
Amata Power-Esco Service Co., Ltd.	Power plant operation	50.00	1,000	11,756	-	
EGCO Joint Venture and Development Co., Ltd. (EGCO JD) and its associate and joint venture	Investing in power energy business	50.00	348,360	772,945	60,000	
Gulf Electric Public Co., Ltd. (Gulf) and its subsidiaries	Investing in power energy business	50.00	7,067,175	8,208,023	-	
BLCP Power Ltd. (BLCP)	Electricity generating	50.00	9,902,800	10,809,559	3,000,000	
<u>Joint venture incorporated in the Philippines</u>						
Conal Holdings Corporation (Conal) and its subsidiaries	Investing in power energy business	40.00	1,002,467	825,168	80,043	
					18,321,802	20,627,451
<u>Less</u> Provision for impairment					<u>(394,406)</u>	<u>(394,406)</u>
Total interests in joint ventures, net					17,927,396	20,233,045

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12 Investments in subsidiaries and interests in joint ventures, net (continued)

12.3 Interests in joint ventures (continued)

The joint ventures are as follows (continued)

As at 31 December 2007, according to the conditions under the loan agreement of BLCP, the common shares of BLCP were pledged as collateral for its long-term loans.

					Consolidated
					2006
					Restated
Business	Portion of Investment (%)	Cost Method Baht'000	Equity Method Baht'000	Dividend Baht'000	
					(including indirect holding)
<u>Joint ventures incorporated in Thailand</u>					
Ama Power-Esco Service Co., Ltd.	Power plant operation	50.00	1,000	9,470	-
EGCO Joint Venture and Development Co., Ltd. (EGCO JD) and its associate and joint venture	Investing in power energy business	50.00	348,360	721,419	-
Gulf Electric Public Co., Ltd. (Gulf) and its subsidiaries	Investing in power energy business	50.00	4,736,675	4,649,547	-
BLCP Power Ltd. (BLCP)	Electricity generating	50.00	6,645,000	6,645,000	-
<u>Joint venture incorporated in the Philippines</u>					
Conal Holdings Corporation (Conal) and its subsidiaries	Investing in power energy business	40.00	1,002,467	745,307	82,890
			12,733,502	12,770,743	82,890
<u>Less</u> Provision for impairment			(394,406)	(394,406)	-
Total interests in joint ventures, net			<u>12,339,096</u>	<u>12,376,337</u>	<u>82,890</u>

The interest in a joint venture; Nam Theun 2 Power Company Limited which is incorporated in the Lao People's Democratic Republic was presented under net liabilities in a joint venture in the consolidated financial statements (Note 12.4).

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12 Investments in subsidiaries and interests in joint ventures, net (continued)

12.3 Interests in joint ventures (continued)

The joint ventures are as follows (continued)

				Company	
				2007	
Business	Portion of Investment (%)	Cost Method Baht'000	Dividend Baht'000		
				(including indirect holding)	
<u>Joint ventures incorporated in Thailand</u>					
EGCO Joint Venture and Development Co., Ltd. (EGCO JD) and its associate and joint venture	Investing in power energy business	50.00	348,360	60,000	
Gulf Electric Public Co., Ltd. (Gulf) and its subsidiaries	Investing in power energy business	50.00	7,067,175	-	
BLCP Power Ltd. (BLCP)	Electricity generating	50.00	9,902,800	3,000,000	
<u>Joint venture incorporated in the Lao People's Democratic Republic</u>					
Nam Theun 2 Power Company Limited	Electricity generating (construction phase)	25.00	753,249	-	
				18,071,584	3,060,000
<u>Less</u> Provision for impairment				(394,406)	-
Total interests in joint ventures, net				<u>17,677,178</u>	<u>3,060,000</u>
				Company	
				2006	
				Restated	
Business	Portion of Investment (%)	Cost Method Baht'000	Dividend Baht'000		
				(including indirect holding)	
<u>Joint ventures incorporated in Thailand</u>					
EGCO Joint Venture and Development Co., Ltd. (EGCO JD) and its associate and joint venture	Investing in power energy business	50.00	348,360	-	
Gulf Electric Public Co., Ltd. (Gulf) and its subsidiaries	Investing in power energy business	50.00	4,736,675	-	
BLCP Power Ltd. (BLCP)	Electricity generating	50.00	6,645,000	-	
<u>Joint venture incorporated in the Lao People's Democratic Republic</u>					
Nam Theun 2 Power Company Limited (Nam Theun2)	Electricity generating (construction phase)	25.00	753,249	-	
				12,483,284	-
<u>Less</u> Provision for impairment				(394,406)	-
Total interests in joint ventures, net				<u>12,088,878</u>	<u>-</u>

12 Investments in subsidiaries and interests in joint ventures, net (continued)

12.3 Interests in joint ventures (continued)

Movements in interests in joint ventures occurred during the year ended 31 December 2007

A joint venture - Gulf

- (a) In March 2007, Gulf issued additional ordinary shares of 209 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, totalling Baht 1,043 million.
- (b) In June 2007, Gulf issued additional ordinary shares of 88 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, totalling Baht 442 million.
- (c) In October 2007, Gulf issued additional ordinary shares of 169 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, totalling Baht 845 million.

A joint venture - BLCP

- (a) In March 2007, BLCP called for additional paid-up share capital at Baht 45 each from 100 million shares, totalling Baht 4,500 million. The Group paid for the additional paid-up shares in the same proportion as its original investment, totalling Baht 2,250 million.
- (b) In June 2007, BLCP called for additional paid-up share capital at Baht 15 each from 100 million shares, totalling Baht 1,500 million and also issued additional ordinary shares of 5.16 million shares at par value of Baht 100 per share. The Group paid for the additional paid-up shares and additional ordinary shares in the same proportion as its original investment, totalling Baht 750 million and Baht 258 million, respectively.

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12 Investments in subsidiaries and interests in joint ventures, net (continued)

12.4 Net liabilities in a joint venture

The Company entered into the agreement to provide credit support in the form of Standby Letters of Credit (SBLC) for its agreed equity commitments 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 consolidated financial statements. Accordingly, the Company recognised the excess of loss over the interest in a joint venture amounting to Baht 823 million and Baht 623 million in the consolidated financial statements as at 31 December 2007 and 2006, respectively.

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

	Consolidated	
	2007	2006
	Baht	Baht
Opening net book amount		
- As previously reported	-	-
- Effect from the change in an accounting policy (Note 3.2)	(619,761,174)	(492,562,122)
- Effect from the adoption of new accounting policy (Note 3.3)	(3,058,992)	-
- As restated	(622,820,166)	(492,562,122)
Share of loss for the year	(249,709,753)	(274,821,541)
Translation adjustments	49,394,019	144,563,497
Closing net book amount	<u>(823,135,900)</u>	<u>(622,820,166)</u>

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

		Consolidated			
		2007			
Business	Portion of Investment (%)	Cost Method Baht'000	Equity Method Baht'000	Dividend Baht'000	
Nam Theun 2 Power Company Limited	Electricity generating (construction phase)	25.00	753,249	(823,136)	-
		Consolidated			
		2006			
		Restated			
Business	Portion of Investment (%)	Cost Method Baht'000	Equity Method Baht'000	Dividend Baht'000	
Nam Theun 2 Power Company Limited	Electricity generating (construction phase)	25.00	753,249	(622,820)	-

12 Investments in subsidiaries and interests in joint ventures, net (continued)

12.5 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 EGCO International B.V.I., which is the company's subsidiary, 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.

The Group's share of the result of its joint ventures and its shares of the assets and liabilities are as follow:

		For the year ended 31 December 2007				
Country of incorporation	Asset Baht'000	Liabilities Baht'000	Revenue Baht'000	Profit (loss) Baht'000	% interest held	
EGCO JD and its associate and joint venture	Thailand 1,255,844	482,899	490,473	111,526	50%	
Gulf and its subsidiaries	Thailand 23,593,078	15,815,285	7,293,025	1,234,224	50%	
BLCP	Thailand 28,601,142	21,258,084	10,153,654	4,051,197	50%	
Conal and its subsidiaries	The Philippines 1,472,096	249,899	581,681	80,226	40%	
NTPC	The Lao People's Democratic Republic 5,560,623	6,383,760	12,082	(249,710)	25%	

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12 Investments in subsidiaries and interests in joint ventures, net (continued)

12.5 The Group's share of the assets, liabilities, revenues and expenses of the joint ventures is as follows (continued):

The Group's share of the result of its joint ventures and its shares of the assets and liabilities are as follow (continued):

	Country of incorporation	For the year ended 31 December 2006				
		Asset Baht'000	Liabilities Baht'000	Revenue Baht'000	Profit (loss) Baht'000	% interest held
EGCO JD and its associate and joint venture	Thailand	1,198,777	477,358	407,110	124,381	50%
Gulf and its subsidiaries	Thailand	20,570,536	16,354,232	3,217,137	(45,368)	50%
Conal and its subsidiaries	The Philippines	1,787,355	677,190	761,574	145,590	40%
NTPC	The Lao People's Democratic Republic	3,350,966	3,970,727	2,947	(274,822)	25%

12.6 Accounting for interests in joint ventures

As discussed in Note 3.2, the Group has changed its accounting policy for interests in joint ventures from the proportionate consolidation to the equity method. However, the Group presented information in relation to joint ventures' assets, liabilities, revenue and expenses reflected on the consolidated financial statements as at 31 December 2007 and 2006 as if the Group accounted for interests in joint ventures by using the proportionate consolidation as follows:

Consolidated balance sheets as at 31 December	Consolidated	
	2007 Baht'000	2006 Baht'000
Current assets	23,628,758	18,504,323
Non-current assets	71,866,801	53,381,908
Total assets	95,495,559	71,886,231
Current liabilities	10,157,836	10,936,715
Non-current liabilities	42,673,714	24,364,992
Total liabilities	52,831,550	35,301,707
Shareholders' equity	42,664,009	36,584,524
Total liabilities and shareholders' equity	95,495,559	71,886,231
Consolidated statements of income for the years ended 31 December	2007 Baht'000	2006 Baht'000
Revenues	31,141,385	19,833,684
Expenses	(22,739,334)	(13,797,864)
Net profit	8,402,051	6,035,820

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13 Property, plant and equipment, net

	Consolidated					
	Land Baht	Buildings and land improvements Baht	Power plants, substation, transmission system and water plants Baht	Equipment and motor vehicles Baht	Construction in progress Baht	Total Baht
At 31 December 2006 (balance as previously reported)						
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>
Year ended 31 December 2007						
Opening net book value						
- As previously reported	1,920,704,385	1,814,359,691	21,886,319,498	182,468,256	15,443,328,537	41,247,180,367
- Effect from the change in accounting policies (Note 3.2)	(307,673,191)	(4,364,788)	(5,324,047,359)	(55,495,682)	(15,416,417,500)	(21,107,998,520)
- As restated	<u>1,613,031,194</u>	<u>1,809,994,903</u>	<u>16,562,272,139</u>	<u>126,972,574</u>	<u>26,911,037</u>	<u>20,139,181,847</u>
Additions	46,371	78,933,909	30,348,147	43,441,077	119,146,909	271,916,413
Capitalisation of capital spare parts	-	-	590,279,699	-	-	590,279,699
Transfer capital spare parts out	-	-	(229,726,922)	-	-	(229,726,922)
Disposals, net	-	(470,845)	(509,164)	(3,878,431)	(157,555)	(5,015,995)
Transfer	10,191,007	80,467,488	10,741,500	548,700	(101,948,695)	-
Depreciation charge (Note 23)	-	(187,992,689)	(1,900,691,886)	(40,319,177)	-	(2,129,003,752)
Closing net book value	<u>1,623,268,572</u>	<u>1,780,932,766</u>	<u>15,062,713,513</u>	<u>126,764,743</u>	<u>43,951,696</u>	<u>18,637,631,290</u>
At 31 December 2007						
Cost	1,623,268,572	3,766,641,730	35,087,030,430	476,875,718	43,951,696	40,997,768,146
<u>Less</u> - Accumulated depreciation	-	(1,985,708,964)	(20,024,316,917)	(350,110,975)	-	(22,630,136,856)
Net book value	<u>1,623,268,572</u>	<u>1,780,932,766</u>	<u>15,062,713,513</u>	<u>126,764,743</u>	<u>43,951,696</u>	<u>18,637,631,290</u>

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13 Property, plant and equipment, net (continued)

				Company
	Land Baht	Building and land improvement Baht	Equipment and motor vehicles Baht	Total Baht
At 31 December 2006				
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>
Year ended 31 December 2007				
Opening net book value	284,429,029	371,393,391	52,534,207	708,356,627
Additions	-	-	29,636,759	29,636,759
Disposals / Transfer, net	-	-	(737,046)	(737,046)
Depreciation charge (Note 23)	-	(29,918,028)	(17,132,714)	(47,050,742)
Closing net book value	<u>284,429,029</u>	<u>341,475,363</u>	<u>64,301,206</u>	<u>690,205,598</u>
At 31 December 2007				
Cost	284,429,029	619,473,510	245,127,784	1,149,030,323
<u>Less</u> Accumulated depreciation	-	(277,998,147)	(180,826,578)	(458,824,725)
Net book value	<u>284,429,029</u>	<u>341,475,363</u>	<u>64,301,206</u>	<u>690,205,598</u>

As at 31 December 2007, property, plant and equipment amounting to Baht 10,366 million for the consolidated financial statements were mortgaged and pledged as collateral for long-term loans and debentures, as described in Notes 17 and 18 (2006 : Baht 11,402 million).

As at 31 December 2007, the Group had capital commitments in respect of construction of power plants and purchase of equipment but not yet recognised in the consolidated financial statements totaling Baht 37.7 million (2006: nil).

As at 31 December 2007, the gross carrying amounts of fully depreciated equipment that was still in use amounted to Baht 497.52 million and Baht 162.45 million for the consolidated and company financial statements, respectively (2006: Baht 405.87 million and Baht 153.38 million for the consolidated and the company financial statements, respectively).

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14 Goodwill, net

For the years ended 31 December	Consolidated	
	2007	2006
	Baht	Restated Baht
Opening net book value		
- As previously reported	1,014,832,235	1,082,825,603
- Effect from the change in accounting policies (Note 3.2)	(789,610,313)	(843,078,590)
- As restated	225,221,922	239,747,013
Amortisation (Note 23)	(14,525,091)	(14,525,091)
Closing net book value	210,696,831	225,221,922
At 31 December		
Cost	297,178,164	297,178,164
<u>Less</u> Cumulated amortisation	(86,481,333)	(71,956,242)
Net book value	210,696,831	225,221,922

15 Other non-current assets, net

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Restated Baht	Baht	Baht
Deposits	13,908,457	14,157,819	11,508,858	11,490,172
Refundable tax	9,948,628	8,229,543	9,948,628	8,229,543
Land for future projects	226,683,749	207,516,340	226,683,749	207,516,340
Licenses for operating power plants	99,227,500	91,907,362	-	-
Others	18,923,346	25,612,991	23,340	5,267,320
	368,691,680	347,424,055	248,164,575	232,503,375

16 Short-term loans from financial institutions

Short-term loans from financial institutions in the company financial statements

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 from 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 that principal is to be repaid in one lump sum on the final maturity date (one year from the entering date). During the year ended 31 December 2007, the Company drew down the short-term loans amounting to Baht 4,350 million and repaid the total amount of short-term loans to the lenders.

17 Long-term loans, net

The long-term loans are as follows:

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Restated Baht	Baht	Baht
Current portion of long-term loans, net				
US Dollars	724,041,735	1,437,851,956		-
Thai Baht	78,622,500	76,240,000		-
Japanese Yen	30,211,373	29,590,396		-
<u>Less</u> Deferred financing fee	<u>(3,755,475)</u>	<u>(3,754,608)</u>		-
	<u>829,120,133</u>	<u>1,539,927,744</u>		-
Long-term loans, net				
US Dollars	606,168,764	1,408,325,640		-
Thai Baht	4,636,127,500	714,750,000	4,000,000,000	-
Japanese Yen	231,419,116	266,930,034		-
<u>Less</u> Deferred financing fee, net	<u>(21,888,131)</u>	<u>(25,643,607)</u>		-
	<u>5,451,827,249</u>	<u>2,364,362,067</u>	<u>4,000,000,000</u>	-
Total long-term loans, net	<u><u>6,280,947,382</u></u>	<u><u>3,904,289,811</u></u>	<u><u>4,000,000,000</u></u>	-

After taking account of interest rate swaps, the weighted average effective interest rates of the long-term loans of the Group were approximately 9.38% per annum for US dollar loans, 2.86% per annum for Japanese Yen loans and 4.37% per annum for Thai Baht loans.

Long-term loans at subsidiaries are secured liabilities. The long-term loans are secured over land, buildings, power plants and equipment of subsidiaries. The subsidiaries have to maintain cash reserves which are provided from the proceeds of sales of electricity for the purpose of repayment of principal and payment of interest due within one year and as a reserve for minimising the exchange risk (referred to Note 8). 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 and debentures.

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17 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:

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Restated Baht	Baht	Baht
Long-term loans, net				
- at fixed rates	2,280,947,382	3,904,289,811	-	-
- at floating rates	4,000,000,000	-	4,000,000,000	-
Total long-term loans, net	<u>6,280,947,382</u>	<u>3,904,289,811</u>	<u>4,000,000,000</u>	<u>-</u>

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

For the years ended 31 December	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Opening net book amount				
- As previously reported	18,858,210,377	18,421,824,225	-	-
- Effect from the change in accounting policies (Note 3.2)	(14,953,920,566)	(8,576,157,846)	-	-
- As restated	3,904,289,811	9,845,666,379	-	-
Additions of long-term loans	4,000,000,000	-	4,000,000,000	-
Repayments of long-term loans	(1,543,682,353)	(5,595,461,519)	-	-
Unrealised exchange gains	(83,414,684)	(349,669,657)	-	-
Amortisation of deferred financing fee	3,754,608	3,754,608	-	-
Closing net book amount	<u>6,280,947,382</u>	<u>3,904,289,811</u>	<u>-</u>	<u>-</u>

Addition of long-term loans is as follow:

On 7 December 2007, the Company entered into a long-term loan agreement with a local bank for a credit facility of Baht 4,000 million. The interest rate is equal to 6-month THBFIX Rate plus a certain margin per annum. During the year ended 31 December 2007, the Company drew down the long-term loan amounting to Baht 4,000 million. Interest is payable on a semi-annual basis and the principal is to be paid upon the final maturity date which is seven years from the date of this agreement.

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17 Long-term loans, net (continued)

Maturity of long-term loans is as follows:

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Restated Baht	Baht	Baht
Within 1 year	829,120,132	1,539,927,744	-	-
Later than 1 year and not later than 5 years	850,877,620	1,567,574,682	-	-
Later than 5 years	4,600,949,630	796,787,385	4,000,000,000	-
	<u>6,280,947,382</u>	<u>3,904,289,811</u>	<u>4,000,000,000</u>	<u>-</u>

Credit facilities

As at 31 December 2007 and 2006, the available credit facilities for long-term loans from financial institutions were Baht 333 million.

18 Debentures

The debentures are debentures in Thai Baht of a subsidiary as follows:

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Restated Baht	Baht	Baht
Current portion of debentures	729,675,000	652,090,680	-	-
Debentures, net	2,226,937,363	2,956,729,123	-	-
Total debentures	<u>2,956,612,363</u>	<u>3,608,819,803</u>	<u>-</u>	<u>-</u>

After taking account of interest rate swaps, the weighted average effective interest rate exposure of the debentures was approximately 12.04% per annum (2006: 11.92% per annum).

Debentures are secured liabilities. The subsidiary is required to maintain reserves for principal and interest due within one year. These cash reserves are provided from the proceeds of sales of electricity as described in Note 8. The subsidiary also has to pledge the relevant assets and agreements as collateral as described in Note 17.

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18 Debentures, net (continued)

The movements of debentures can be analysed as follows:

For the years ended 31 December	Consolidated	
	2007 Baht	2006 Baht
Opening amount		
- As previously reported	6,337,150,819	4,926,711,483
- Effect from the change in accounting policies (Note 3.2)	(2,728,331,016)	-
- As restated	3,608,819,803	4,926,711,483
Repayments of debentures	(652,207,440)	(1,317,891,680)
Closing amount	<u>2,956,612,363</u>	<u>3,608,819,803</u>

Maturity of debentures is as follows:

For the years ended 31 December	Consolidated	
	2007 Baht	2006 Restated Baht
Within 1 year	729,675,000	652,090,680
Later than 1 year but not later than 5 years	2,226,937,363	2,956,729,123
	<u>2,956,612,363</u>	<u>6,337,150,819</u>

19 Retirement benefits obligation

	Consolidated		Company	
	2007 Baht	2006 Restated Baht	2007 Baht	2006 Baht
Opening balance				
- As previously reported	-	-	-	-
- Effect from the adoption of new accounting policy (Note 3.3)	116,542,366	98,618,820	28,983,223	23,934,158
- As restated	116,542,366	98,618,820	28,983,223	23,934,158
Retirement benefit expenses	12,819,232	12,105,035	3,851,530	3,636,950
Interest cost	6,875,999	5,818,511	1,710,010	1,412,115
Closing balance	<u>136,237,597</u>	<u>116,542,366</u>	<u>34,544,763</u>	<u>28,983,223</u>

The following table is a summary of the assumptions from actuarial technique as of balance sheet date:

	2007	2006
Discount rate as of 31 December	5.40%	5.90%
Salary increase rate - permanent employee	6% - 11%	6% - 11%
Salary increase rate - temporary employee	7% - 9%	7% - 9%
Turnover rate - permanent employee	0% - 5%	0% - 5%
Turnover rate - temporary employee	0% - 10%	0% - 10%
Pre-retirement mortality rate	0.11% - 2.18%	0.11% - 2.18%
Retirement age	60 years old	60 years old

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20 Share capital and premium on share capital

	Number of shares	Ordinary shares Baht	Premium on share capital Baht	Total Baht
At 1 January 2006	526,465,000	5,264,650,000	8,601,300,000	13,865,950,000
Issue of shares	-	-	-	-
At 31 December 2006	526,465,000	5,264,650,000	8,601,300,000	13,865,950,000
Issue of shares	-	-	-	-
At 31 December 2007	<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 (2006: 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.

21 Legal reserve

	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 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.

22 Minority interests

	Consolidated		Company	
	2007 Baht	2006 Restated Baht	2007 Baht	2006 Baht
Opening balance				
- As previously reported	1,174,793,513	1,073,169,187	-	-
- Effect from the change in accounting policies (Note 3.2)	(665,401,306)	(611,214,715)	-	-
- Effect from the adoption of new accounting policy (Note 3.3)	(144,210)	(101,834)	-	-
- As restated	<u>509,247,997</u>	<u>461,852,638</u>	-	-
Shares of net profit of subsidiaries and joint ventures	134,737,553	169,187,285	-	-
Change in fair value of investment	-	43,469	-	-
Dividend payment of subsidiaries	(123,162,179)	(121,835,395)	-	-
Closing balance	<u>520,823,371</u>	<u>509,247,997</u>	<u>-</u>	<u>-</u>

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23 Net profit

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

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Restated Baht	Baht	Restated Baht
Depreciation on property, plant and equipment (Note 13)	2,129,003,752	2,090,588,117	47,050,742	47,468,014
Amortisation of goodwill (Note 14)	14,525,091	14,525,091	-	-
Major repair and maintenance expense	211,159,768	696,190,277	-	-
Staff costs	902,233,156	877,420,943	214,193,332	202,156,645
Loan prepayment fee	-	193,439,574	-	-

24 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.

	Consolidated		Company	
	2007	Restated 2006	2007	Restated 2006
Net profit attributable to shareholders (Baht)				
- As previously reported	-	6,035,819,699	-	6,035,819,699
- Effect from the change in accounting policies (Note 3.1)	-	-	-	(486,084,856)
- Effect from the adoption of new accounting policy (Note 3.3)	-	(20,159,148)	-	(5,049,065)
- As restated	<u>8,402,051,542</u>	<u>6,015,660,551</u>	<u>8,584,162,527</u>	<u>5,544,685,778</u>
Weighted average number of ordinary share in issue (share)	526,465,000	526,465,000	526,465,000	526,465,000
Basic earnings per share (Baht)	15.96	11.43	16.31	10.53

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

25 Dividends

The Annual General Shareholders' meeting on 23 April 2007 approved the payment of dividends in respect of the operating results for the second half of the year ended 2006 for 526,465,000 shares at Baht 2 per share, totalling Baht 1,053 million. These dividends were paid to the shareholders in May 2007 (2006: Dividends for 526,465,000 shares of Baht 1.75 each, totalling Baht 921 million).

The Board of Directors' meeting on 25 August 2007 approved the payment of an interim dividend in respect of the operating results for the six-month period ended 30 June 2007 for 526,465,000 shares at Baht 2.25 per share, totalling Baht 1,185 million. These dividends were paid to shareholders in September 2007 (2006: Interim dividends for 526,465,000 shares of Baht 2 per share, totalling Baht 1,053 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 31 million during 2007 (2006: Baht 30 million).

26 Directors' remuneration

Directors' remuneration in the consolidated and company statements of income for the year ended 31 December 2007 amounted to Baht 28 million and Baht 28 million, respectively, comprised monthly retainer fee, meeting allowance and bonus. Such directors' remuneration was initially approved by the Nomination and Remuneration Committee and shall be proposed for an approval from the Annual General Meeting of Shareholders of the Company and the Group (2006: Baht 20 million and Baht 19 million in the consolidated and company statements of income, respectively).

27 Promotional privileges

The Group has received promotional privileges from the Office of the Board of Investment under promotion certificates in respect of generating electricity and tap water. These five 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.

	Certificates issuance date
Rayong Electricity Generating Company Limited (REGCO)	15 June 1995
Khanom Electricity Generating Company Limited (KEGCO)	6 November 1996
EGCO Cogeneration Company Limited (formerly TLP Cogeneration Co., Ltd.)	7 June 1999
Roi-Et Green Company Limited	6 December 2000
Egcom Tara Company Limited	19 October 2001

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.

28 Financial instruments

The principal financial risks faced by the Group are interest rate and exchange rate risks. The Group borrows to finance its operations that involve payments in foreign currencies at both fixed and floating rates of interest.

The objectives of using derivative financial instruments are to reduce the uncertainty over future cash flows arising from movements in interest and exchange rates, and to manage the liquidity of cash resources. Interest and exchange rate exposures are managed through interest rate swap contracts, foreign currency forward contracts and currency and interest rate swap contracts as discussed in Note 28 (a). In respect of currency exchange risk, this is minimised through the formulae for the calculation of sales of electricity charged to EGAT and National Power Corporation (NPC) as described in Note 30 (a).

Trading for speculative purposes is not allowed. All derivative transactions are subject to prior approval by the respective board of each company in the Group.

(a) Financial assets and liabilities

As at 31 December, the Group had outstanding foreign currency assets and liabilities after taking account of foreign currency forward contracts and currency and interest rate swap contracts as follows:

				2007	
	Currency Million	Consolidated Million Baht	Currency Million	Company Million Baht	
Assets					
US Dollars	1.68	56.28	-	-	
		<u>56.28</u>		<u>-</u>	
Liabilities					
US Dollars	41.30	1,330.21	-	-	
Japanese Yen	772.13	261.63	-	-	
		<u>1,591.84</u>		<u>-</u>	
				2006	
	Currency Million	Consolidated Restate Million Baht	Currency Million	Company Million Baht	
Assets					
US Dollars	2.00	63.00	-	-	
		<u>63.00</u>		<u>-</u>	
Liabilities					
US Dollars	86.33	2,863.85	-	-	
Japanese Yen	969.70	296.52	-	-	
		<u>3,160.37</u>		<u>-</u>	

28 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 2007 subsidiaries have 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 32 million (2006: US Dollars 60 million). However, the subsidiaries receive compensation from EGAT for exchange rate effects related to its US Dollar debt service (as described in Note 30 (a))

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	
	2007	2006 Restated	2007	2006 Restated
US Dollars	33.30	62.24	7.42 - 8.03	7.42 - 8.03
Thai Baht	714.75	791.00	4.00	3.75

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

	Consolidated		Company	
	2007	2006 Restated	2007	2006
	Baht	Baht	Baht	Baht
Within 1 year	600,824,235	1,110,411,955	-	-
Later than 1 year	1,242,296,265	1,921,235,640	-	-
	1,843,120,500	3,031,647,595	-	-

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 2007, the long-term loans of US Dollars 8 million have a fixed exchange rate of Baht 25.23 per US Dollar (2006: US Dollars 24 million was fixed at Baht 25.23 per US Dollar) and a fixed interest rate of 11% per annum (2006: 11% per annum). The agreement is effective from 19 June 1996 to 14 June 2008.

28 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:

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Restated Baht	Baht	Baht
Within 1 year	201,840,000	403,680,000	-	-
Later than 1 year	-	201,840,000	-	-
	<u>201,840,000</u>	<u>605,520,000</u>	<u>-</u>	<u>-</u>

(b) Credit risk

The Group has no significant concentrations of credit risk relating to its cash and investments. The Group places its cash and investments with high quality institutions. The Group's policy is designed to limit exposure with any one institution and to invest its excess cash in low risk investment accounts. The Group has not experienced any losses on such accounts. For trade receivables, the Group's sales are made to EGAT, National Power Corporation and industrial users under the terms and conditions of the long-term Power Purchase Agreements and the long-term Electricity and Steam Sales and Purchase Agreements.

(c) Revenue Swap Contract

As described in Note 30, the Power Purchase Agreements between subsidiaries with EGAT stated that the sales of availability payment shall be calculated based on factors denominated in US Dollar. A subsidiary of the Company, Rayong Electricity Generating Company Limited (REGCO), therefore entered into the revenue swap contract with a financial institution to minimise exchange rate risk. As at 31 December 2007, the electricity revenues under the revenue swap contract amounting to US Dollars 47.82 million were fixed at Baht 33.80 per US Dollar. The agreement is effective from 8 November 2007 to 5 January 2010.

28 Financial instruments (continued)

(d) Fair value

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

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

	2007		2006	
	Contract amounts Million Baht	Consolidated Fair values Million Baht	Contract amounts Million Baht	Company Fair values Million Baht
Long-term loans	6,307	6,362	4,000	4,000
Debentures	2,957	3,341	-	-
	Contract amounts Million Baht	Consolidated Restated Fair values Million Baht	Contract amounts Million Baht	Company Fair values Million Baht
Long-term loans	3,933	4,232	-	-
Debentures	3,609	4,061	-	-

The fair values of long-term loans with fixed interest rates have been calculated from net present value of cash flow in the future discounted by market interest rate using rates at the balance sheet date. The fair values of long-term loans with floating interest rates approximate their carrying amounts.

The fair value of debentures is 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 date are as follows:

	Consolidated		Company	
	2007 Million Baht	2006 Restated Million Baht	2007 Million Baht	2006 Million Baht
Unfavourable interest rate swaps	(19)	(14)	-	-
Favourable currency and interest rate swap	63	236	-	-
Favourable revenue swap	2	-	-	-

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

29 Business acquisition

On 30 October 2006, the Company signed the Share Purchase Agreement for the purchase of 50% registered and paid up share capital of 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 Power (BLCP) Limited for this equity injection. The Company had an effective joint control over BLCP in January 2007; therefore, net book value amounting to Baht 3,034 million of BLCP as at 1 January 2007 was applied as the fair value of net identifiable assets at the date of acquisition. The resulting goodwill of Baht 3,611 million is amortised on a straight line basis over the period of the Power Purchase Agreement between BLCP and Electricity Generating Authority of Thailand which is 25 years.

Details of net acquired assets and goodwill are as follows:

	<u>Baht'000</u>
Property, plant and equipment	16,398,147
Loans from financial institution, net	(17,206,107)
Other assets less other liabilities	<u>3,842,021</u>
Fair value of net assets	3,034,061
Goodwill	<u>3,610,939</u>
Total purchase consideration	<u><u>6,645,000</u></u>

30 Related party transactions

The major shareholders of the Company are the Electricity Generating Authority of Thailand (EGAT) and One Energy Thailand Limited (formerly named "CLP Power Projects (Thailand) Limited"), holding 25.41% and 22.42% of the Company's shares, respectively. The remaining Company's shares are widely held.

The information on the Company's subsidiaries and joint ventures is stated in Note 12.

The following material transactions were carried out with related parties:

(a) Sales of electricity

For the years ended 31 December	<u>Consolidated</u>		<u>Company</u>	
	<u>2007</u>	<u>2006</u> <u>Restated</u>	<u>2007</u>	<u>2006</u>
	<u>Million Baht</u>	<u>Million Baht</u>	<u>Million Baht</u>	<u>Million Baht</u>
Sales of electricity				
- Major shareholder	9,139	12,026	-	-

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. Thus, as at 31 December 2007, this agreement of REGCO has not been pledged.

30 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 2007 and 2006 amounted to Baht 393 million and Baht 810 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.

(b) Service income

For the years ended 31 December	Consolidated		Company	
	2007	2006 Restated	2007	2006
	Million Baht	Million Baht	Million Baht	Million Baht
Service income				
- Major shareholder	86	63	-	-

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.

(c) Major maintenance expenses

For the years ended 31 December	Consolidated		Company	
	2007	2006 Restated	2007	2006
	Million Baht	Million Baht	Million Baht	Million Baht
Major maintenance expenses				
- Major shareholder	255	458	-	-

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. Thus, as at 31 December 2007, this agreement of REGCO has not been pledged.

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30 Related party transactions (continued)

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

As at 31 December	Consolidated		Company	
	2007	2006 Restated	2007	2006
	Million Baht	Million Baht	Million Baht	Million Baht
Trade receivable				
- Major shareholder	1,622	1,888	-	-
Outstanding trade receivable as at 31 December can be analysed as follows:				
Not overdue	1,572	1,864	-	-
Overdue below 3 months	23	11	-	-
Overdue 3-6 months	21	7	-	-
Overdue 6-12 months	-	1	-	-
Overdue over 12 months	6	5	-	-
	<u>1,622</u>	<u>1,888</u>	<u>-</u>	<u>-</u>
Trade payable				
- Major shareholder	98	100	-	-

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

As at 31 December	Consolidated		Company	
	2007	2006 Restated	2007	2006
	Million Baht	Million Baht	Million Baht	Million Baht
<u>Amounts due from related parties</u>				
- Major shareholder	56	3	-	-
- Subsidiaries	-	1	8	9
- Joint ventures	7	16	2	3
	<u>63</u>	<u>20</u>	<u>10</u>	<u>12</u>
Amounts due from related parties due over one year	196	196	196	196
<u>Amounts due to related parties</u>				
- Major shareholder	-	-	-	-
- Subsidiaries	-	-	-	-
- Joint ventures	-	-	-	-
- Other related party	3	4,647	-	4,645
	<u>3</u>	<u>4,647</u>	<u>-</u>	<u>4,645</u>

30 Related party transactions (continued)

(f) Loans to related parties and related interests

As at 31 December	Consolidated		Company	
	2007	2006 Restated	2007	2006
	Million Baht	Million Baht	Million Baht	Million Baht
Current portion of long-term loans to related parties				
- Subsidiaries	-	-	867	813
- Joint venture	-	100	-	100
	-	100	867	913
Long-term loans to related parties, net				
- Subsidiaries	-	-	1,700	2,567
- Joint venture	-	-	-	-
	-	-	1,700	2,567
	-	100	2,567	3,480

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30 Related party transactions (continued)

(f) Loans to related parties and related interests (continued)

As at 31 December	Consolidated		Company	
	2007	2006 Restated	2007	2006
	Million Baht	Million Baht	Million Baht	Million Baht
Subsidiaries				
Beginning balance	-	-	3,380	780
Loans advanced during the year	-	-	-	2,600
Loan repayments received during the year	-	-	(813)	-
Ending balance	-	-	2,567	3,380
Joint ventures				
Beginning balance				
- As previously reported	50	137	100	274
- Effect from changes in Accounting policies (Note 3.2)	50	137	-	-
- As restated	100	274	100	274
Loans advanced during the year	-	-	-	-
Loan repayments received during the year	(100)	(174)	(100)	(174)
Ending balance	-	100	-	100
Interest receivable				
- Subsidiary	-	-	7	3
For the year ended 31 December				
Interest income				
- Subsidiaries	-	-	195	49
- Joint venture	4	22	4	22
	4	22	199	71

30 Related party transactions (continued)

(f) Loans 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. The principal is to be repaid 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 on 24 February 2004 to provide a term loan in an amount of Baht 450 million to Gulf for the prepayment of a 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.

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

As at 31 December	Consolidated		Company	
	2007 Million Baht	2006 Million Baht	2007 Million Baht	2006 Million Baht
Investments in debentures				
- Subsidiary	-	-	30	36
For the years ended 31 December				
Interest income on investments in debentures of				
- Subsidiary	-	-	6	8

30 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 agreements. The agreements are renewed yearly. The price for management service is calculated under the agreements on a "cost plus basis".

For the year ended 31 December	Company	
	2007 Million Baht	2006 Million Baht
Office building rental and service income		
- Subsidiaries	11	12
	<u>11</u>	<u>12</u>
Management fee		
- Subsidiaries	66	81
- Joint venture	1	1
	<u>67</u>	<u>82</u>

31 Commitments and significant agreements

31.1 Commitments and significant agreements of the Company

- (a) As at 31 December 2007, the Company had commitments under Sponsor Support Agreements, which were made in respect of loans of subsidiaries totalling Baht 424 million.
- (b) As at 31 December 2007, the Company had commitments under Counter Guarantee and Standby Letters of Credit issued on behalf of the Company to a subsidiary and joint ventures of Baht 5,363 million.
- (c) The Company commits 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 345 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 2007.
- (d) As at 31 December 2007, the Company had commitments under bank guarantees issued on behalf of the Company to The Ministry of Energy in support of its proposal for Independent Power Producer (IPP) Bidding, totalling Baht 1,400 million. These bank guarantees was terminated on 11 February 2008.

31 Commitments and significant agreements (continued)

31.2 Significant agreements

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

The subsidiaries of the Company have entered into Power Purchase Agreements (PPAs) with the Electricity Generating Authority of Thailand (EGAT) for periods between 15-21 years. According to the PPAs, these subsidiaries have to provide bank guarantees, totalling Baht 140 million. The collateral is to be returned to such subsidiaries upon the expiry of the agreements.

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 PWA in Ratchaburi and Samutsongkram provinces. PWA has the obligation to purchase water at the minimum volume and price as agreed.

Fuel Purchase Agreements

Subsidiaries of the Company have entered into the gas purchase agreements with PTT Public Company Limited (PTT). These agreements are effective for a periods of 21 years and can be extended for another 4 years.

A subsidiary of the Company has entered into a heavy fuel oil purchase agreement with PTT. 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).

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.

32 Discontinued operation

During the year ended 31 December 2007, the Group had the discontinued operation which is Thai LNG Power Corporation Limited (TLPC), registered and resident in Thailand and is a wholly-owned subsidiary of the Company. TLPC registered for the liquidation with the Ministry of Commerce on 1 October 2007 and completed the accounting dissolution and transfer of assets and liabilities to the Company on 28 December 2007.

The operating result of discontinued operation is detailed as follows:

Operating results for of the discontinued operation areas follows

	TLPC	
	For the period from 1 January 2007 to 28 December 2007 (the dissolution date)	For the year ended 31 December 2006
	Baht	Baht
Sales and service income	-	-
Cost of sales and services	-	-
Gross profit	-	-
Administrative expenses	(961,332)	(971,934)
Other income		
- Interest income	2,804,613	3,669,294
- Share of profit from an associate	107,203,967	176,762,462
- Others	43,894,300	-
Operating results	152,941,548	179,459,822
Income tax	(13,275,032)	-
Net profit (loss) for the period	139,666,516	179,459,822

33 Postponement of Commercial Operation of a joint venture

During the first quarter of 2007, a subsidiary of Gulf was not able to commence the Commercial Operation Date of the first unit as specified in the Power Purchase Agreement entered into with EGAT. This is because the contractor could not completely construct the power plant to meet the conditions and specification stipulated in the EPC Contract. However, Gulf could start the commercial operation on 5 May 2007. Gulf was obliged to pay a fine of approximately Baht 191 million for the delay of the commercial operation. According to the conditions in the EPC Contract, however, Gulf could be reimbursed the liquidated damages of approximately Baht 763 million for the delay of the construction from the contractor, which was already paid by the contractor during the second quarter of 2007. Compensating income from the contractor and expenses paid to EGAT were offset and net presented as 'compensating income of postponement of commercial operation' in the consolidated statements of income of Gulf for the year ended 31 December 2007.

The Company recognised the net result of these transactions amounting to Baht 286 million which were presented as share of profit from interests in joint ventures in the consolidated statement of income for the year ended 31 December 2007.