

**ELECTRICITY GENERATING PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND COMPANY  
FINANCIAL STATEMENTS**

**31 DECEMBER 2008**

## **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 2008 and 2007 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 2008 and 2007 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  
16 February 2009

**Electricity Generating Public Company Limited**  
**Balance Sheets**  
**As at 31 December 2008 and 2007**

	Notes	Consolidated		Company	
		2008 Baht	2007 Baht	2008 Baht	2007 Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	4,978,673,389	3,750,425,011	4,152,458,251	2,444,065,880
Short-term investments	8				
- Deposits at financial institutions		128,429,368	226,014,870	50,910,213	890,350
- Marketable securities		20,593,755	32,239,930	28,761,675	39,539,410
Short-term investments used as collateral	9	1,166,086,009	914,021,645	450,000,000	-
Trade receivables, net	10	144,013,348	147,963,476	-	-
Trade receivable from a related party	31	1,372,875,688	1,621,832,240	-	-
Dividend receivables from subsidiaries and a joint venture	13.2	3,889,865,572	2,074,500,034	7,130,153,391	5,646,203,669
Current portion of long-term loans to related parties	31	-	-	966,282,350	866,840,000
Amounts due from related parties	31	8,034,497	62,859,192	11,067,562	10,098,581
Spare parts and supplies, net	11	2,834,909,620	3,328,405,416	-	-
Other current assets		452,358,309	310,676,874	26,281,075	16,341,138
<b>Total current assets</b>		<b>14,995,839,555</b>	<b>12,468,938,688</b>	<b>12,815,914,517</b>	<b>9,023,979,028</b>
<b>Non-current assets</b>					
Long-term investments in marketable securities and others	12	904,676,968	1,484,000,910	931,261,999	1,525,940,806
Deposits at financial institutions used as collateral	9	282,300	1,166,300	-	-
Amounts due from related party due over one year	31	220,620,458	196,168,728	220,620,458	196,168,728
Long-term loans to related parties, net	31	-	-	734,117,650	1,700,400,000
Investments in subsidiaries	13	-	-	16,110,372,281	11,976,061,281
Interests in joint ventures, net	13	24,494,257,861	20,233,045,415	18,214,187,685	17,677,177,835
Property, plant and equipment, net	14	17,040,713,045	18,637,631,290	567,815,729	690,205,598
Goodwill, net	15	196,171,740	210,696,831	-	-
Other non-current assets	16	477,615,535	368,691,680	337,808,172	248,164,575
<b>Total non-current assets</b>		<b>43,334,337,907</b>	<b>41,131,401,154</b>	<b>37,116,183,974</b>	<b>34,014,118,823</b>
<b>Total assets</b>		<b>58,330,177,462</b>	<b>53,600,339,842</b>	<b>49,932,098,491</b>	<b>43,038,097,851</b>

For Director .....

The notes to the consolidated and company financial statements on pages 10 to 54 are an integral part of these financial statements.

**Electricity Generating Public Company Limited**  
**Balance Sheets**  
**As at 31 December 2008 and 2007**

	Notes	Consolidated		Company	
		2008 Baht	2007 Baht	2008 Baht	2007 Baht
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade payables		285,275,330	487,900,291	-	-
Trade payable to a related party	31	71,931,882	98,080,528	-	-
Amounts due to related parties	31	7,441,426	3,002,802	23,398	38,952
Current portion of long-term loans from financial institutions, net	18	196,460,746	829,120,133	-	-
Short term loans from financial institutions	17	3,500,000,000	-	3,500,000,000	-
Debentures due within one year	19	816,479,640	729,675,000	-	-
Other current liabilities					
- Interest payable		31,012,724	36,452,332	2,162,112	1,953,280
- Value added tax payable		107,940,673	113,153,165	-	-
- Corporate income tax payable		280,766,261	151,622,545	-	-
- Others		525,248,888	508,651,563	184,651,700	164,135,850
<b>Total current liabilities</b>		<b>5,822,557,570</b>	<b>2,957,658,359</b>	<b>3,686,837,210</b>	<b>166,128,082</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions, net	18	5,346,349,348	5,451,827,249	4,000,000,000	4,000,000,000
Debentures, net	19	1,410,357,043	2,226,937,363	-	-
Retirement benefits obligation	20	158,487,484	136,237,597	45,171,386	34,544,763
Net liabilities in a joint venture	13.4	39,667,033	823,135,900	-	-
Other non-current liabilities		10,603,699	8,844,970	4,746,358	1,631,472
<b>Total non-current liabilities</b>		<b>6,965,464,607</b>	<b>8,646,983,079</b>	<b>4,049,917,744</b>	<b>4,036,176,235</b>
<b>Total liabilities</b>		<b>12,788,022,177</b>	<b>11,604,641,438</b>	<b>7,736,754,954</b>	<b>4,202,304,317</b>

The notes to the consolidated and company financial statements on pages 10 to 54 are an integral part of these financial statements.

**Electricity Generating Public Company Limited**  
**Balance Sheets**  
**As at 31 December 2008 and 2007**

	Notes	Consolidated		Company	
		2008 Baht	2007 Baht	2008 Baht	2007 Baht
<b>Liabilities and shareholders' equity</b> (continued)					
<b>Shareholders' equity</b>					
Share capital	21				
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	21	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	22	530,000,000	530,000,000	530,000,000	530,000,000
Unappropriated		30,597,546,886	26,274,327,432	27,700,350,806	23,752,781,841
Unrealised gains on investments in marketable securities - available-for-sale		33,471,644	614,264,053	51,669,696	639,688,658
Translation adjustments		(8,450,173)	142,960,513	-	-
Total parent's shareholders' equity		45,065,891,392	41,474,875,033	42,195,343,537	38,835,793,534
Minority interests	23	476,263,893	520,823,371	-	-
<b>Total shareholders' equity</b>		<b>45,542,155,285</b>	<b>41,995,698,404</b>	<b>42,195,343,537</b>	<b>38,835,793,534</b>
<b>Total liabilities and shareholders' equity</b>		<b>58,330,177,462</b>	<b>53,600,339,842</b>	<b>49,932,098,491</b>	<b>43,038,097,851</b>

The notes to the consolidated and company financial statements on pages 10 to 54 are an integral part of these financial statements.

**Electricity Generating Public Company Limited**  
**Statements of Income**  
**For the years ended 31 December 2008 and 2007**

	Notes	Consolidated		Company	
		2008 Baht	2007 Baht	2008 Baht	2007 Baht
<b>Revenues</b>					
Sales and service income	31	10,319,657,962	10,939,395,863	-	-
Cost of sales and services	31	(5,889,515,829)	(5,710,727,423)	-	-
<b>Gross profit</b>		4,430,142,133	5,228,668,440	-	-
Other income					
- Interest income	31	185,084,824	195,761,123	253,932,659	258,022,747
- Dividend income from other companies		77,860,798	133,823,179	77,860,798	133,823,179
- Dividend income from subsidiaries and joint ventures		-	-	6,455,178,664	8,615,421,155
- Others		114,965,630	325,343,518	579,839,533	466,522,446
Currency exchange gains (losses)		(25,368,443)	120,880,249	33,963,791	-
<b>Gain before expenses</b>		4,782,684,942	6,004,476,509	7,400,775,445	9,473,789,527
Administrative expenses					
Administrative expenses	31	(1,020,921,093)	(1,018,078,597)	(622,080,316)	(658,799,752)
Directors' remuneration	27	(26,753,334)	(28,216,520)	(26,417,333)	(27,931,720)
<b>Total expenses</b>		(1,047,674,427)	(1,046,295,117)	(648,497,649)	(686,731,472)
<b>Profit before financial costs and tax</b>		3,735,010,515	4,958,181,392	6,752,277,796	8,787,058,055
Finance costs					
Finance costs		(630,117,177)	(838,736,584)	(201,220,278)	(202,895,528)
Share of loss exceed interest in a joint venture	13.4	(93,533,146)	(249,709,753)	-	-
Share of profit from interests in joint ventures	13	4,712,174,107	5,301,076,181	-	-
<b>Profit before income tax</b>		7,723,534,299	9,170,811,236	6,551,057,518	8,584,162,527
Corporate income tax					
Corporate income tax	28	(711,218,492)	(634,022,141)	-	-
<b>Net profit</b>	24	7,012,315,807	8,536,789,095	6,551,057,518	8,584,162,527
Attributable to:					
Minority interest	23	85,607,800	134,737,553	-	-
Equity holders of the company		6,926,708,007	8,402,051,542	6,551,057,518	8,584,162,527
Basic earnings per share for profit attributable to the equity holders of the company during the year					
Basic earnings per share	25	13.16	15.96	12.44	16.31

The notes to the consolidated and company financial statements on pages 10 to 54 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 2008 and 2007

									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
<b>Opening balance as at 1 January 2008</b>	5,264,650,000	8,601,300,000	47,373,035	530,000,000	26,274,327,432	614,264,053	142,960,513	520,823,371	41,995,698,404
Translation adjustments	-	-	-	-	-	-	(151,410,686)	-	(151,410,686)
Net profit for the year	-	-	-	-	6,926,708,007	-	-	-	6,926,708,007
Dividends	-	-	-	-	(2,603,488,553)	-	-	(130,167,278)	(2,733,655,831)
Unrealised losses on investments in marketable securities - available-for-sale	-	-	-	-	-	(580,792,409)	-	-	(580,792,409)
Minority interests	-	-	-	-	-	-	-	85,607,800	85,607,800
<b>Closing balance as at 31 December 2008</b>	<u>5,264,650,000</u>	<u>8,601,300,000</u>	<u>47,373,035</u>	<u>530,000,000</u>	<u>30,597,546,886</u>	<u>33,471,644</u>	<u>(8,450,173)</u>	<u>476,263,893</u>	<u>45,542,155,285</u>
<b>Opening balance as at 1 January 2007</b>	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	-	-	-	-	(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	-	-	-	-	-	-	-	134,737,553	134,737,553
<b>Closing balance as at 31 December 2007</b>	<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>

The notes to the consolidated and company financial statements on pages 10 to 54 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 2008 and 2007

							Company
	Issued and paid-up share capital Baht	Premium on share capital Baht	Premium on treasury stock Baht	Legal reserve Baht	Retained earnings Baht	Fair value reserve Baht	Total Baht
Note							
<b>Opening balance as at 1 January 2008</b>	5,264,650,000	8,601,300,000	47,373,035	530,000,000	23,752,781,841	639,688,658	38,835,793,534
Net profit for the year	-	-	-	-	6,551,057,518	-	6,551,057,518
Dividends	-	-	-	-	(2,603,488,553)	-	(2,603,488,553)
Unrealised losses on investments in marketable securities - available-for-sale	-	-	-	-	-	(588,018,962)	(588,018,962)
<b>Closing balance as at 31 December 2008</b>	<u>5,264,650,000</u>	<u>8,601,300,000</u>	<u>47,373,035</u>	<u>530,000,000</u>	<u>27,700,350,806</u>	<u>51,669,696</u>	<u>42,195,343,537</u>
<b>Opening balance as at 1 January 2007</b>	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	-	-	-	-	(2,206,473,856)	-	(2,206,473,856)
Unrealised losses on investments in marketable securities - available-for-sale	-	-	-	-	-	(170,703,224)	(170,703,224)
<b>Closing balance as at 31 December 2007</b>	<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>38,835,793,534</u>

The notes to the consolidated and company financial statements on pages 10 to 54 are an integral part of these financial statements.

**Electricity Generating Public Company Limited**  
**Statements of Cash Flows**  
**For the years ended 31 December 2008 and 2007**

	Notes	Consolidated		Company	
		2008 Baht	2007 Baht	2008 Baht	2007 Baht
<b>Cash flows from operating activities</b>					
Profit before income tax		7,723,534,299	9,170,811,236	6,551,057,518	8,584,162,527
Adjustments to reconcile profit before income tax to net cash provided by operations:					
- Depreciation and amortisation		2,195,763,427	2,153,706,619	50,028,045	47,090,743
- Loss on write off fix assets		75,962	-	-	-
- Loss on impairment on investment		-	-	47,820,000	-
- Gains on transfer of investment from a subsidiary		-	-	-	(65,635,044)
- Allowance for obsolescence		33,354,136	35,591,688	-	-
- Allowance for doubtful debts		-	813,181	-	-
- Retirement benefit expenses	20	25,993,412	19,695,231	10,626,623	5,561,540
- Interest income		(185,084,824)	(195,761,123)	(253,932,659)	(258,022,747)
- Interest expenses		610,898,735	819,008,237	185,757,312	186,921,789
- Unrealised currency exchange losses (gains)		85,451,744	(70,429,455)	-	-
- Gains on disposals of plant and equipments		(823,306)	(284,733)	(596,391)	(225,987)
- (Gains) losses on disposals of investments		20,340,316	(254,699,946)	(436,640,000)	(254,699,946)
- Dividends from other companies		(77,860,798)	(133,823,179)	(77,860,798)	(133,823,179)
- Dividends received from subsidiaries and joint ventures		-	-	(6,455,178,664)	(8,615,421,155)
- Share of loss exceed interest in a joint venture	13.4	93,533,146	249,709,753	-	-
- Share of profit from interests in joint ventures	13	(4,712,174,107)	(5,301,076,181)	-	-
Cash flows before changes in operating assets and liabilities		5,813,002,142	6,493,261,328	(378,919,014)	(504,091,459)
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		(251,180,363)	1,381,008,437	(450,000,000)	-
- Trade receivables and trade receivable from a related party		255,993,528	275,211,363	-	-
- Amounts due from related parties		44,379,005	(391,763)	(4,796,273)	4,362,691
- Spare parts and supplies		(75,045,500)	(177,159,621)	-	-
- Other current assets		(123,148,788)	226,664	(3,854,334)	(1,611,953)
- Other non-current assets		(20,920,734)	(16,693,862)	(18,748,064)	(15,701,199)
- Trade payables and trade payable to a related party		(224,254,716)	(113,893,703)	-	-
- Amounts due to related parties		11,925,290	(2,545,719)	(15,554)	36,181
- Retirement benefit paid		(3,743,525)	-	-	-
- Other current liabilities		(202,076,711)	(228,413,257)	19,984,893	(1,134,930)
- Other non-current liabilities		273,609	1,424,296	3,114,887	-
Cash generated from (used in) operation		5,225,203,237	7,612,034,163	(833,233,459)	(518,140,669)
- Tax paid		(344,679,195)	(670,296,836)	-	-
Net cash generated from (used in) operating activities		4,880,524,042	6,941,737,327	(833,233,459)	(518,140,669)

The notes to the consolidated and company financial statements on pages 10 to 54 are an integral part of these financial statements.

**Electricity Generating Public Company Limited**  
**Statements of Cash Flows**  
**For the years ended 31 December 2008 and 2007**

	Notes	Consolidated		Company	
		2008 Baht	2007 Baht	2008 Baht	2007 Baht
<b>Cash flows from investing activities</b>					
Investment in subsidiaries and interest in joint ventures	13	(5,235,326,850)	(10,233,300,000)	(5,067,500,850)	(10,233,300,000)
Net cash receipt from disposal of a joint ventures		815,000,000	-	785,000,000	-
Net cash receipts (payments) from deposits at financial institutions		97,585,502	(96,800,119)	(50,019,862)	(33,915)
Net cash receipts from short-term investments		10,177,708	1,262,802,824	17,437,580	1,270,970,384
Net cash receipts from long-term investments		-	355,572,384	-	321,835,357
Net purchases of plant and equipment		(167,770,126)	(253,127,895)	(22,389,047)	(28,673,727)
Cash receipts from the liquidation of a subsidiary		-	-	-	1,259,960
Cash received from interest		178,658,596	207,664,867	251,674,345	255,611,989
Proceed from loans to related parties	31	-	100,000,000	866,840,000	912,760,000
Dividends received from subsidiaries and joint ventures	13	2,007,169,958	985,499,966	4,971,228,942	4,587,993,141
Dividends received from other companies		77,860,798	133,823,179	77,860,798	133,823,179
Others		(164,000)	(12,939,740)	-	-
Net cash generated from (used in) investing activities		(2,216,808,414)	(7,550,804,534)	1,830,131,906	(2,777,753,632)
<b>Cash flows from financing activities</b>					
Payments on finance lease		(1,356,157)	(1,189,026)	-	-
Interest paid		(618,294,145)	(830,969,147)	(185,548,480)	(183,258,499)
Proceeds from long-term loans from financial institutions	18	-	4,000,000,000	-	4,000,000,000
Proceeds from short-term loans from financial institutions	17	3,500,000,000	-	3,500,000,000	-
Payments on long-term loans from financial institutions and debentures	18,19	(1,562,651,288)	(2,195,889,793)	-	-
Dividends paid to shareholders	26	(2,753,165,660)	(2,214,009,461)	(2,602,957,596)	(2,206,541,889)
Net cash generated from (used in) financing activities		(1,435,467,250)	(1,242,057,427)	711,493,924	1,610,199,612
<b>Net increase (decrease) in cash and cash equivalents</b>					
Beginning balance		1,228,248,378	(1,851,124,634)	1,708,392,371	(1,685,694,689)
Ending balance		3,750,425,011	5,601,549,645	2,444,065,880	4,129,760,569
<b>Cash and cash equivalents are made up as follows:</b>					
- Cash in hand and deposits at financial institutions		4,433,479,452	1,011,048,194	35,828,246	120,468,412
- Short-term investments - maturities within three months		545,193,937	2,739,376,817	4,116,630,005	2,323,597,468
		4,978,673,389	3,750,425,011	4,152,458,251	2,444,065,880
<b>Non-cash transactions</b>					
- Reclassification of utilised capital spare parts to property, plant and equipment	14	874,356,861	590,279,699	-	-
- Reclassification of unutilised capital spare parts from property, plant and equipment	14	339,169,700	229,726,922	-	-
- 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 54 are an integral part of these financial statements.

**1 General information**

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

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries 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.

These consolidated and company financial statements were authorised for issue by the President on 16 February 2009.

**2 Accounting policies**

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

**2.1 Basis of preparation**

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

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

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

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 a new accounting standard**

**Amendments to accounting standards and a new accounting standard effective in 2008**

The effective date for the following revised and new accounting standards as published by the Federation of Accounting Professions are mandatory for the accounting periods beginning on or after 1 January 2008 except TAS 29 which is effective for the lease contract started on or after 1 January 2008.

The Group applies 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 as disclosed in Note 3.

Revised accounting standards

TAS 25 "Cash Flow Statements"

TAS 29 "Leases"

TAS 35 "Presentation of Financial Statements"

TAS 39 "Accounting Policies, Changes in Accounting Estimates and Errors"

New accounting standard

TAS 51 "Intangible Assets"

The effective date for the following revised standards is for accounting periods beginning on or after 1 January 2008. The Group's management assessed and determined that they are currently not relevant to the Group.

TAS 31 "Inventories"

TAS 33 "Borrowing Costs"

TAS 41 "Interim Financial Reporting"

TAS 43 "Business Combinations"

TAS 49 "Construction Contracts"

**Amendments to accounting standards effective in 2009**

The following revised standards are mandatory for accounting periods beginning on or after 1 January 2009 and are not early adopted by the Group. However the Group's management assessed and determined that there are no significant impacts to financial statements being presented.

TAS 36 "Impairment of Assets"

TAS 54 "Non-current assets held for sale and Discontinued operations"

**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 13.

**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, interests in joint ventures are accounted for by using the cost method of accounting. 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 13.

**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 29.

**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 the impairment of separately recognised goodwill. 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:

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

Capital spare parts whose estimated useful life is more than one year are capitalised and depreciated using the straight-line method over the estimated useful life between 6 years and 12 years when used in major repair and maintenance processes. The capital spare parts which are replaced by the major overhaul will be removed and recorded as spare parts and supplies at the net book value at the date of replacement.

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

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

**2 Accounting policies** (continued)

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

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

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

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

**2.12 Impairment of assets**

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

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

**2.13 Leases**

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

**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 Critical accounting estimates, assumption and judgement**

Accounting estimates, assumption and judgement are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance. During 2008, the Group's management did not make any estimates, assumption and judgement that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**4 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, alternative practices includes return capital to shareholders, issue new shares or sell assets to reduce debt.

**5 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 9.

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**6 Segment information**

**Financial information by geographical segment**

**For the year ended 31 December 2008**

	<b>Thailand Baht</b>	<b>The Lao People's Democratic Republic Baht</b>	<b>The Philippines Baht</b>	<b>Consolidated Baht</b>
Revenue from sales and service income	10,319,657,962	-	-	10,319,657,962
Cost of sales and services	(5,889,515,829)	-	-	(5,889,515,829)
Segment results	4,430,142,133	-	-	4,430,142,133
Other income	377,911,252	-	-	377,911,252
Currency exchange losses	(25,368,443)	-	-	(25,368,443)
Gain before expenses	4,782,684,942	-	-	4,782,684,942
Administrative expenses	(1,020,921,093)	-	-	(1,020,921,093)
Directors' remunerations	(26,753,334)	-	-	(26,753,334)
Total expenses	(1,047,674,427)	-	-	(1,047,674,427)
Profit before financial costs and tax	3,735,010,515	-	-	3,735,010,515
Finance costs	(630,117,177)	-	-	(630,117,177)
Share of loss exceed interest in a joint venture	-	(93,533,146)	-	(93,533,146)
Share of profit from interests in joint ventures	4,561,781,796	-	150,392,311	4,712,174,107
Profit (loss) before income tax	7,666,675,134	(93,533,146)	150,392,311	7,723,534,299
Corporate income tax	(711,218,492)	-	-	(711,218,492)
Net profit (loss) for the year	<u>6,955,456,642</u>	<u>(93,533,146)</u>	<u>150,392,311</u>	<u>7,012,315,807</u>
Net profit attributable to minorities	85,607,800	-	-	85,607,800
Net profit (loss) attributable to equity holders of the company	<u>6,869,848,842</u>	<u>(93,533,146)</u>	<u>150,392,311</u>	<u>6,926,708,007</u>
	<u>6,955,456,642</u>	<u>(93,533,146)</u>	<u>150,392,311</u>	<u>7,012,315,807</u>

**Electricity Generating Public Company Limited**  
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**6 Segment information (continued)**

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

**For the year ended 31 December 2007**

	<b>Thailand Baht</b>	<b>The Lao People's Democratic Republic Baht</b>	<b>The Philippines Baht</b>	<b>Consolidated Baht</b>
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
Other income	654,927,820	-	-	654,927,820
Currency exchange gains	120,880,249	-	-	120,880,249
Gain before expenses	6,004,476,509	-	-	6,004,476,509
Administrative expenses	(1,018,078,597)	-	-	(1,018,078,597)
Directors' remunerations	(28,216,520)	-	-	(28,216,520)
Total expenses	(1,046,295,117)	-	-	(1,046,295,117)
Profit before financial costs and tax	4,958,181,392	-	-	4,958,181,392
Finance costs	(838,736,584)	-	-	(838,736,584)
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
Profit (loss) before income tax	9,367,992,107	(249,709,753)	52,528,882	9,170,811,236
Corporate income tax	(634,022,141)	-	-	(634,022,141)
Net profit (loss) for the year	<u>8,733,969,966</u>	<u>(249,709,753)</u>	<u>52,528,882</u>	<u>8,536,789,095</u>
Net profit attributable to minorities	134,737,553	-	-	134,737,553
Net profit (loss) attributable to equity holders of the company	<u>8,599,232,413</u>	<u>(249,709,753)</u>	<u>52,528,882</u>	<u>8,402,051,542</u>
	<u>8,733,969,966</u>	<u>(249,709,753)</u>	<u>52,528,882</u>	<u>8,536,789,095</u>

**7 Cash and cash equivalents**

As at 31 December 2008, cash and cash equivalents mainly were investments in promissory notes with maturities of three months or less, the interest rates were 0.13 % to 4.00% per annum (2007: 0.13% to 3.25% per annum).

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**8 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 of deposits at financial institutions and promissory notes issued by local financial institutions. As at 31 December 2008, deposits at financial institutions of Baht 128 million in the consolidated financial statements bore interest at rates from 1.75% to 4.25% per annum (2007: Baht 226 million bore interest at the rates from 2.95% to 3.38% per annum).

*Marketable securities*

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Available-for-sale</b>				
Debt securities	16,587,675	26,725,775	24,755,595	34,025,255
Changes in fair value of investments	4,006,080	5,514,155	4,006,080	5,514,155
Short-term investments in marketable securities	20,593,755	32,239,930	28,761,675	39,539,410

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

As at 31 December 2008, deposit at financial institution used as collateral of the Company represented collateralised deposits under Standby Letters of Credit issued on behalf of the Company to a subsidiary for investment in Quezon Project of Baht 450 million (2007: Nil).

**Subsidiaries**

Deposits at financial institutions used as collateral are those of three subsidiaries which are Khanom Electricity Generating Company Limited (KEGCO), EGCO Cogeneration Company Limited and Roi-Et Green Company Limited. They comprise of 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 2008, the cash reserve for the purpose of repayment of principal and payment of interest due within one year of those three subsidiaries amounted to Baht 223 million (2007: Baht 383 million). The remaining balance of short-term and long-term investments used as collateral of Baht 493 million (2007: Baht 532 million) represented collateralised deposits maintained in accordance with the loan agreements but which could be used subject to certain lender approvals.

As at 31 December 2008, the Group had no outstanding foreign currency deposits at financial institutions used as collateral (2007: Baht 56 million bore interests at the rates of 4.30% to 5.38% per annum) and the Thai Baht deposits at financial institutions used as collateral of Baht 1,166 million bore interests at the rates of 0.50% to 4.00% per annum (2007: Baht 915 million bore interests at the rates of 0.50% to 5.01% per annum).

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**10 Trade receivables, net**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Trade receivables	144,826,529	148,776,657	-	-
<u>Less</u> Allowance for doubtful receivables	(813,181)	(813,181)	-	-
Trade receivables, net	<u>144,013,348</u>	<u>147,963,476</u>	-	-

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Not overdue	133,180,396	112,591,141	-	-
Overdue below 3 months	7,617,901	21,351,104	-	-
Overdue 3 - 6 months	1,824,995	7,899,233	-	-
Overdue 6 - 12 months	169,729	4,901,671	-	-
Overdue over 12 months	2,033,508	2,033,508	-	-
	144,826,529	148,776,657	-	-
<u>Less</u> Allowance for doubtful receivables	(813,181)	(813,181)	-	-
Trade receivables, net	<u>144,013,348</u>	<u>147,963,476</u>	-	-

**11 Spare parts and supplies, net**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Fuel	402,176,460	407,542,677	-	-
Specific spare parts				
- Capital spare parts with useful life more than 1 year	704,778,259	1,128,482,302	-	-
- Other specific spare parts	1,972,612,141	1,968,630,877	-	-
Common spare parts	44,474,070	45,309,018	-	-
Spare parts in transit	-	35,310,735	-	-
	3,124,040,930	3,585,275,609	-	-
<u>Less</u> Allowance for obsolescence	(289,131,310)	(256,870,193)	-	-
Spare parts and supplies, net	<u>2,834,909,620</u>	<u>3,328,405,416</u>	-	-

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008 Baht</b>	<b>2007 Baht</b>	<b>2008 Baht</b>	<b>2007 Baht</b>
<u>Available-for-sale</u>				
Debt securities	5,720,581	5,760,124	14,107,560	22,275,480
Equity securities	867,490,823	867,490,823	867,490,823	867,490,823
Changes in fair value of investments	29,465,564	608,749,963	47,663,616	634,174,503
Total long-term investments in marketable securities	902,676,968	1,482,000,910	929,261,999	1,523,940,806
<u>Other investments</u>				
Other equity securities	2,000,000	2,000,000	2,000,000	2,000,000
Total other investments	2,000,000	2,000,000	2,000,000	2,000,000
Long-term investments in Marketable securities and others	904,676,968	1,484,000,910	931,261,999	1,525,940,806

**13 Investments in subsidiaries and interests in joint ventures, net**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008 Baht</b>	<b>2007 Baht</b>	<b>2008 Baht</b>	<b>2007 Baht</b>
Investments in subsidiaries (Note 13.1)	-	-	16,110,372,281	11,976,061,281
Interests in joint ventures	24,494,257,861	20,627,451,580	18,214,197,685	18,071,584,000
<u>Less</u> Provision for impairment	-	(394,406,165)	-	(394,406,165)
Interests in joint ventures, net (Note 13.3)	24,494,257,861	20,233,045,415	18,214,197,685	17,677,177,835
Investments in subsidiaries and interests in joint ventures, net	24,494,257,861	20,233,045,415	34,324,559,966	29,653,239,116

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**13 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:

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>Baht</b>	<b>Baht</b>
Opening net book value	20,233,045,415	12,376,337,457
Share of profit from interests in joint ventures	4,712,174,107	5,301,076,181
Dividends received from joint ventures	(3,822,535,496)	(3,140,042,829)
Increase in share capital of joint ventures	10,000,000	5,588,300,000
Disposals of joint ventures	(835,340,316)	-
Acquisition of a joint venture (Note 30)	4,349,957,000	-
Transfer interest in a joint venture to investment in a subsidiary	(10,000,000)	-
Translation adjustments	(143,042,849)	107,374,606
Closing net book value	<u>24,494,257,861</u>	<u>20,233,045,415</u>
	<b>Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>Baht</b>	<b>Baht</b>
Opening net book value	29,653,239,116	24,110,044,835
Increase in share capital of joint ventures	895,369,850	5,588,300,000
Disposal of a joint venture	(348,360,000)	-
Acquisition of a joint venture (Note 30)	4,172,131,000	-
Acquisition of a subsidiary (Note 30)	-	467,894,281
Liquidation of a subsidiary	-	(513,000,000)
Investment impairment	(47,820,000)	-
Closing net book value	<u>34,324,559,966</u>	<u>29,653,239,116</u>

The percentage of holdings in subsidiaries and interests in joint ventures is unchanged from 2007 except for the disposal of joint ventures and the business acquisition as described in Note 13.3 and Note 30, respectively.

In the company financial statements that investments in subsidiaries and interests in joint ventures are accounted for by using the cost method of accounting, the consecutive dividend declaration by subsidiaries and joint ventures can cause recoverable amount of investments in subsidiaries and interests in joint ventures to be higher than its carrying value. The Company assessed the value in use based on present value of future cash flows expected to receive from subsidiaries and joint ventures. Loss from investment impairment amounting to 47.82 Baht million was recognised as administrative expense in the company statement of income for the year ended 31 December 2008.

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

13.1 Investments in subsidiaries

The subsidiaries are as follows:

Business	Paid-up share capital Baht'000	Portion of Investment (%)  (Including indirect holding)	Cost Method Baht'000	Company 2008	
				Dividend Baht'000	
<b><u>Subsidiaries incorporated in Thailand</u></b>					
Rayong Electricity Generating Co.,Ltd.	Electricity generating	4,702,200	99.99	4,702,200	1,272,804
Khanom Electricity Generating Co.,Ltd.	Electricity generating	4,850,000	99.99	4,850,000	1,052,057
EGCO Engineering and Service Co., Ltd. and its subsidiaries	Power plant operation and maintenance services	400,000	99.99	400,000	214,893
- Agro Energy Co., Ltd.	Trading / delivery services of natural scrap		99.99		
- Egcom Tara Co., Ltd.	Tap water business		70.00		
EGCO Green Energy Co., Ltd. and its subsidiary	Investing in biomass fueled electricity generating plant	175,000	74.00	129,500	41,576
- Roi-Et Green Co., Ltd.	Husk fueled electricity generating plant		95.00		
EGCO Cogeneration Co.,Ltd.	Electricity generating	1,060,000	80.00	891,894	-
Sustainable Energy and Environmental Development Co., Ltd. (SEED)	Investing in recycle fueled electricity	11,000	90.91	10,000	-
<b><u>Subsidiary incorporated in British Virgin Islands</u></b>					
EGCO International B.V.I. and its joint venture	Investing in power energy business	-	99.99	5,126,778	132,858
- Conal Holdings Corporation (Conal) (incorporated in the Philippines)	Investing in power energy projects	729,320	40.00		
- Quezon Power (Philippines) Limited Co. (QPL) (incorporated in the Philippines)	Electricity generating	7,340,472	23.40		
				<u>16,110,372</u>	<u>2,714,188</u>

As at 31 December 2008, there is a transfer of interest in a joint venture to investment in a subsidiary according to changes in the portion of investment as described in Note 13.3.

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

13.1 Investments in subsidiaries (continued)

		Paid-up share capital Baht'000	Portion of Investment (%)  (Including indirect holding)	Company 2007	
				Cost Method Baht'000	Dividend Baht'000
<b><u>Subsidiaries incorporated in Thailand</u></b>					
Rayong 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	Power plant operation and maintenance services	400,000	99.99	400,000	254,540
- 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	70,146
- Roi-Et Green Co., Ltd.	Husk fueled electricity generating plant		95.00		
EGCO Cogeneration Co.,Ltd.	Electricity generating	1,060,000	80.00	891,894	230,541
<b><u>Subsidiary incorporated in British Virgin Islands</u></b>					
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		
				<u>11,976,061</u>	<u>5,555,421</u>

**Electricity Generating Public Company Limited**  
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**13 Investments in subsidiaries and interests in joint ventures, net (continued)**

13.2 Dividend receivables from subsidiaries and joint ventures

Principal movements of dividend receivables are as follows:

<b>For the years ended 31 December</b>	<b>Consolidated</b>	
	<b>2008 Baht</b>	<b>2007 Baht</b>
Opening balance	2,074,500,034	-
Dividends declared by joint ventures	3,822,535,496	3,060,000,000
Dividends received from joint ventures	(2,007,169,958)	(985,499,966)
Closing balance	<u>3,889,865,572</u>	<u>2,074,500,034</u>
<b>For the years ended 31 December</b>	<b>Company</b>	
	<b>2008 Baht</b>	<b>2007 Baht</b>
Opening balance	5,646,203,669	1,509,294,851
Dividends declared by subsidiaries and joint ventures	6,455,178,664	8,615,421,155
Dividends received from subsidiaries and joint ventures	(4,971,228,942)	(4,587,993,141)
Dividend receivables transferred from a subsidiary	-	109,480,804
Closing balance	<u>7,130,153,391</u>	<u>5,646,203,669</u>

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

13.3 Interests in joint ventures

The joint ventures are as follows:

				<b>Consolidated</b>	
				<b>2008</b>	
<u>Business</u>	<u>Portion of Investment (%)</u>	<u>Cost Method Baht'000</u>	<u>Equity Method Baht'000</u>	<u>Dividend Baht'000</u>	
				(including indirect holding)	
<b><u>Joint ventures incorporated in Thailand</u></b>					
Gulf Electric Public Co., Ltd. (Gulf) and its subsidiaries	Investing in power energy business	50.00	6,672,769	9,255,247	100,626
BLCP Power Ltd. (BLCP)	Electricity generating	50.00	9,902,800	10,138,080	3,640,365
<b><u>Joint venture incorporated in the Philippines</u></b>					
Conal Holdings Corporation (Conal) and its subsidiaries	Investing in power energy business	40.00	954,647	734,744	81,544
Quezon Power (Philippines), Limited Co. (QPL)	Electricity generating	23.40	4,349,957	4,366,187	-
Total interests in joint ventures, net			<u>21,880,173</u>	<u>24,494,258</u>	<u>3,822,535</u>

As at 31 December 2008, according to the conditions under the loan agreement of BLCP, the common shares of BLCP were pledged as collateral for its long-term loans.

				<b>Consolidated</b>	
				<b>2007</b>	
<u>Business</u>	<u>Portion of Investment (%)</u>	<u>Cost Method Baht'000</u>	<u>Equity Method Baht'000</u>	<u>Dividend Baht'000</u>	
				(including indirect holding)	
<b><u>Joint ventures incorporated in Thailand</u></b>					
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
<b><u>Joint venture incorporated in the Philippines</u></b>					
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	3,140,043
<u>Less</u> Provision for impairment			(394,406)	(394,406)	-
Total interests in joint ventures, net			<u>17,927,396</u>	<u>20,233,045</u>	<u>3,140,043</u>

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

13.3 Interests in joint ventures (continued)

The joint ventures are as follows: (continued)

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 13.4).

				<b>Company</b>	
				<b>2008</b>	
<b>Business</b>	<b>Portion of Investment (%)</b>	<b>Cost Method Baht'000</b>	<b>Dividend Baht'000</b>		
				(including indirect holding)	
<b><u>Joint ventures incorporated in Thailand</u></b>					
Gulf Electric Public Co., Ltd. (Gulf) and its subsidiaries	Investing in power energy business	50.00	6,672,769	100,626	
BLCP Power Ltd. (BLCP)	Electricity generating	50.00	9,902,800	3,640,365	
<b><u>Joint venture incorporated in the Lao People's Democratic Republic</u></b>					
Nam Theun 2 Power Company Limited	Electricity generating (construction phase)	25.00	1,638,619	-	
Total interests in joint ventures, net			<u>18,214,188</u>	<u>3,740,991</u>	
				<b>Company</b>	
				<b>2007</b>	
<b>Business</b>	<b>Portion of Investment (%)</b>	<b>Cost Method Baht'000</b>	<b>Dividend Baht'000</b>		
				(including indirect holding)	
<b><u>Joint ventures incorporated in Thailand</u></b>					
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	
<b><u>Joint venture incorporated in the Lao People's Democratic Republic</u></b>					
Nam Theun 2 Power Company Limited	Electricity generating (construction phase)	25.00	753,249	-	
<u>Less</u> Provision for impairment			18,071,584	3,060,000	
			(394,406)	-	
Total interests in joint ventures, net			<u>17,677,178</u>	<u>3,060,000</u>	

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

13.3 Interests in joint ventures (continued)

Movements in interests in joint ventures occurred during the year ended 31 December 2008

Nam Theun 2 Power Company Limited (NTPC)

- (a) During the first quarter of 2008, NTPC called for additional paid-up share capital at US Dollars 0.90 million. The Group paid for additional paid-up shares in the same portion as its original investment, totalling US Dollars 0.30 million which equal to Baht 9.42 million.
- (b) During the second quarter of 2008, NTPC called for additional paid-up share capital at US Dollars 32.10 million. The Group paid for additional paid-up shares in the same portion as its original investment, totalling US Dollars 10.70 million which equal to Baht 346.34 million.
- (c) During the third quarter of 2008, NTPC called for additional paid-up share capital at US Dollars 16.35 million. The Group paid for additional paid-up shares in the same portion as its original investment, totalling US Dollars 5.45 million which equal to Baht 184.83 million.
- (d) During the fourth quarter of 2008, NTPC called for additional paid-up shares of US Dollars 29.43 million. The Group paid for additional paid-up shares in the same portion as its original investment, totalling US Dollars 9.81 million which equal to Baht 344.78 million.

Sustainable Energy and Environmental Development Co., Ltd. (“SEED”)

- (e) During 2007, the Company entered into the Memorandum of Understanding with two joint partners for the development of recycle fueled electricity project, in order to invest in 50% share capital of SEED. In January 2008, SEED issued additional ordinary shares of 0.10 million shares at par value of Baht 100 per share. The Company purchased all new shares issued, totalling Baht 10 million. Two joint partners would later purchase new shares issued in the proportion as their planned investments.

On 4 November 2008, the Executive Committee approved the transfer of 10,000 shares in SEED from private shareholders, a representative of SEPCO Asia Group Public Company Limited, which made SEED become the Company’s wholly-owned subsidiary. On 24 November 2008, the Executive Committee approved the discontinued operation in this subsidiary.

EGCO Joint Venture and Development Co., Ltd (“EGCO JD”)

- (f) On 8 May 2008, the Company and Amata Power Co., Ltd. signed a Share Purchase Agreement for the sale of the entire 50% stake in EGCO JD amounting to 58,421,693 shares at the price of Baht 785 million. The Company received the payment on 15 May 2008.

Amata Power-Esco Services Co., Ltd (“AMESCO”)

- (g) On 8 May 2008, EGCO Engineering and Service Co., Ltd. (ESCO), a wholly owned subsidiary of the Company, and Amata Power Co., Ltd. signed a Share Purchase Agreement for the sale of the entire 50% stake in AMESCO amounting to 100,000 shares at the price of Baht 30 million. ESCO received the payment on 15 May 2008.

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

13.4 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 40 million in the consolidated financial statements as at 31 December 2008 (2007: Baht 823 million).

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:

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>Baht</b>	<b>Baht</b>
Opening net book amount	(823,135,900)	(622,820,166)
Share of loss for the year	(93,533,146)	(249,709,753)
Capital increase of a joint venture	885,369,850	-
Translation adjustments	(8,367,837)	49,394,019
Closing net book amount	<u>(39,667,033)</u>	<u>(823,135,900)</u>

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

		<b>Consolidated</b>			
		<b>2008</b>			
<b>Business</b>	<b>Portion of Investment (%)</b>	<b>Cost Method Baht'000</b>	<b>Equity Method Baht'000</b>	<b>Dividend Baht'000</b>	
Nam Theun 2 Power Company Limited	Electricity generating (construction phase)	25.00	1,638,619	(39,667)	-
		<b>Consolidated</b>			
		<b>2007</b>			
<b>Business</b>	<b>Portion of Investment (%)</b>	<b>Cost Method Baht'000</b>	<b>Equity Method Baht'000</b>	<b>Dividend Baht'000</b>	
Nam Theun 2 Power Company Limited	Electricity generating (construction phase)	25.00	753,249	(823,136)	-

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

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

**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) in which the Group has a 50% interest.

**Interest in BLCP Power Limited (BLCP)**

BLCP Power Limited (BLCP) is a joint venture between the Company and CLP Power (BLCP) Limited. 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 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.

**Interest in Quezon Power (Philippines), Limited Co. (QPL)**

Quezon Power (Philippines), Limited Co. (QPL) is a joint venture of EGCO International B.V.I. (EGCO BVI), the Company's subsidiary. EGCO BVI holds 90% of total shares in GPI Quezon Ltd. (GPIQ) and GPIQ holds 26% of total shares in QPL. Accordingly, EGCO BVI is an indirect shareholder of QPL with 23.40% interest.

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

		<b>For the year ended 31 December 2008</b>				
	<b>Country of incorporation</b>	<b>Asset Baht'000</b>	<b>Liabilities Baht'000</b>	<b>Revenue Baht'000</b>	<b>Profit (loss) Baht'000</b>	<b>% interest held</b>
Gulf and its subsidiaries	Thailand	23,631,431	14,405,761	14,195,466	1,548,504	50%
BLCP	Thailand	27,734,931	20,918,915	10,243,961	3,113,324	50%
Conal and its subsidiaries	The Philippines	1,434,753	218,842	637,708	127,893	40%
QPL	The Philippines	6,067,563	3,583,668	271,051	50,196	23.40%
NTPC	The Lao People's Democratic Republic	7,831,104	7,870,771	1,572	(93,533)	25%

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

13.5 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 follows (continued):

	<b>Country of incorporation</b>	<b>For the year ended 31 December 2007</b>				
		<b>Asset Baht'000</b>	<b>Liabilities Baht'000</b>	<b>Revenue Baht'000</b>	<b>Profit (loss) Baht'000</b>	<b>% interest held</b>
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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**14 Property, plant and equipment, net**

						<b>Consolidated</b>
	<b>Land Baht</b>	<b>Buildings and land improvements Baht</b>	<b>Power plants, substation, transmission system and water plants Baht</b>	<b>Equipment and motor vehicles Baht</b>	<b>Construction in progress Baht</b>	<b>Total Baht</b>
<b>At 31 December 2007</b>						
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)	-	(22,360,136,856)
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>
<b>Year ended 31 December 2008</b>						
Opening net book value	1,623,268,572	1,780,932,766	15,062,713,513	126,764,743	43,951,696	18,637,631,290
Additions	-	3,548,550	13,824,752	38,859,920	105,756,565	161,989,787
Capitalisation of capital spare parts	-	-	874,356,861	-	-	874,356,861
Transfer capital spare parts out	-	-	(339,169,700)	-	-	(339,169,700)
Disposals, net	-	-	(705,236)	(1,139,456)	-	(1,844,692)
Transfer	(95,387,263)	124,345,310	(18,981,337)	3,081,000	(136,114,973)	(123,057,263)
Depreciation charge (Note 24)	-	(192,952,404)	(1,935,649,195)	(40,591,639)	-	(2,169,193,238)
Closing net book value	<u>1,527,881,309</u>	<u>1,715,874,222</u>	<u>13,656,389,658</u>	<u>126,974,568</u>	<u>13,593,288</u>	<u>17,040,713,045</u>
<b>At 31 December 2008</b>						
Cost	1,527,881,309	3,894,535,590	35,455,048,582	504,109,572	13,593,288	41,395,168,341
<u>Less</u> Accumulated depreciation	-	(2,178,661,368)	(21,798,658,924)	(377,135,004)	-	(24,354,455,296)
Net book value	<u>1,527,881,309</u>	<u>1,715,874,222</u>	<u>13,656,389,658</u>	<u>129,974,568</u>	<u>13,593,288</u>	<u>17,040,713,045</u>

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

				<b>Company</b>
	<b>Land Baht</b>	<b>Building and land improvement Baht</b>	<b>Equipment and motor vehicles Baht</b>	<b>Total Baht</b>
<b>At 31 December 2007</b>				
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>
<b>Year ended 31 December 2008</b>				
Opening net book value	284,429,029	341,475,363	64,301,206	690,205,598
Additions	-	-	23,438,692	23,438,692
Disposals, net	-	-	(453,254)	(453,254)
Transfer	(95,387,263)	-	-	(95,387,263)
Depreciation charge (Note 24)	-	(29,918,028)	(20,070,016)	(49,988,044)
Closing net book value	<u>189,041,766</u>	<u>311,557,335</u>	<u>67,216,628</u>	<u>567,815,729</u>
<b>At 31 December 2008</b>				
Cost	189,041,766	619,473,511	257,566,421	1,066,081,698
<u>Less</u> Accumulated depreciation	-	(307,916,176)	(190,349,793)	(498,265,969)
Net book value	<u>189,041,766</u>	<u>311,557,335</u>	<u>67,216,628</u>	<u>567,815,729</u>

As at 31 December 2008, property, plant and equipment amounting to Baht 9,567 million for the consolidated financial statements were mortgaged and pledged as collateral for long-term loans and debentures, as described in Notes 18 and 19 (2007 : Baht 10,366 million).

As at 31 December 2008, the Group had no capital commitments in respect of construction of power plants and purchase of equipment but not yet recognised in the consolidated financial statements (2007: Baht 37.7 million).

As at 31 December 2008, the gross carrying amounts of fully depreciated equipment that was still in use amounted to Baht 527.08 million and Baht 160.40 million for the consolidated and company financial statements, respectively (2007: Baht 497.52 million and Baht 162.45 million for the consolidated and company financial statements, respectively).

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**15 Goodwill, net**

For the years ended 31 December	Consolidated	
	2008 Baht	2007 Baht
Opening net book value	210,696,831	225,221,922
Amortisation (Note 24)	(14,525,091)	(14,525,091)
Closing net book value	<u>196,171,740</u>	<u>210,696,831</u>
<b>At 31 December</b>		
Cost	297,178,164	297,178,164
<u>Less</u> Cumulated amortisation	(101,006,424)	(86,481,333)
Net book value	<u>196,171,740</u>	<u>210,696,831</u>

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

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Deposits	14,228,085	13,908,457	11,511,931	11,508,858
Refundable tax	3,661,229	9,948,628	3,661,229	9,948,628
Land for future projects	322,635,012	226,683,749	322,635,012	226,683,749
Licenses for operating power plants	93,040,707	99,227,500	-	-
Others	44,050,502	18,923,346	-	23,340
	<u>477,615,535</u>	<u>368,691,680</u>	<u>337,808,172</u>	<u>248,164,575</u>

**17 Short-term loans from financial institutions**

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

On 30 April 2008, the Company entered into a long-term promissory note agreement with a local bank to obtain a credit facility of Baht 4,000 million. The interest rate of such facility is equal to 3-month THBFX rate plus a certain margin per annum. Interest is payable on a semi-annual basis and the principal is to be paid upon the final maturity date which is three years from the date of this agreement. The Company commits to pay a commitment fee at 0.25% per annum for the credit facility portion that is not drawn or cancelled. During 2008, the Company drew down six-month promissory note that amounted to Baht 3,500 million which can be rolled over at the maturity date.

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**18 Long-term loans, net**

The long-term loans are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Current portion of long-term loans, net</b>				
US Dollars	79,919,707	724,041,735	-	-
Thai Baht	81,005,000	78,622,500	-	-
Japanese Yen	39,292,647	30,211,373	-	-
<u>Less</u> Deferred financing fee	<u>(3,754,608)</u>	<u>(3,755,475)</u>	-	-
	<u>196,460,746</u>	<u>829,120,133</u>	-	-
<b>Long-term loans, net</b>				
US Dollars	547,671,347	606,168,764		
Thai Baht	4,555,122,500	4,636,127,500	4,000,000,000	4,000,000,000
Japanese Yen	261,689,025	231,419,116	-	-
<u>Less</u> Deferred financing fee, net	<u>(18,133,524)</u>	<u>(21,888,131)</u>	-	-
	<u>5,346,349,348</u>	<u>5,451,827,249</u>	<u>4,000,000,000</u>	<u>4,000,000,000</u>
Total long-term loans, net	<u>5,542,810,094</u>	<u>6,280,947,382</u>	<u>4,000,000,000</u>	<u>4,000,000,000</u>

After taking account of interest rate swaps, the weighted average effective interest rates of the long-term loans of the Group were approximately 7.58% per annum for US dollar loans, 2.93% per annum for Japanese Yen loans and 4.30% 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 9). 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.

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Long-term loans, net				
- at fixed rates	4,542,810,094	2,280,947,382	3,000,000,000	-
- at floating rates	1,000,000,000	4,000,000,000	1,000,000,000	4,000,000,000
Total long-term loans, net	<u>5,542,810,094</u>	<u>6,280,947,382</u>	<u>4,000,000,000</u>	<u>4,000,000,000</u>

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

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

For the years ended 31 December	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Opening net book amount	6,280,947,382	3,904,289,811	4,000,000,000	-
Additions of long-term loans	-	4,000,000,000	-	4,000,000,000
Repayments of long-term loans	(832,875,608)	(1,543,682,353)	-	-
Unrealised exchange gains	90,982,844	(83,414,684)	-	-
Amortisation of deferred financing fee	3,755,476	3,754,608	-	-
Closing net book amount	<u>5,542,810,094</u>	<u>6,280,947,382</u>	<u>4,000,000,000</u>	<u>4,000,000,000</u>

Maturity of long-term loans is as follows:

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Within 1 year	196,460,746	829,120,132	-	-
Later than 1 year and not later than 5 years	982,234,689	850,877,620	-	-
Later than 5 years	4,364,114,659	4,600,949,630	4,000,000,000	4,000,000,000
	<u>5,542,810,094</u>	<u>6,280,947,382</u>	<u>4,000,000,000</u>	<u>4,000,000,000</u>

**Credit facilities**

As at 31 December 2008, the Group has available credit facilities from financial institutions amounted to Baht 833 million (2007: Baht 333 million).

**19 Debentures**

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

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Current portion of debentures	816,479,640	729,675,000	-	-
Debentures, net	1,410,357,043	2,226,937,363	-	-
Total debentures	<u>2,226,836,683</u>	<u>2,956,612,363</u>	<u>-</u>	<u>-</u>

After taking account of interest rate swaps, the weighted average effective interest rate exposure of the debentures was approximately 12.24% per annum (2007: 12.04% per annum).

Debentures are secured liabilities. The subsidiary is required to maintain reserves for repayment of principal and payment of interest due within one year. These cash reserves are provided from the proceeds of sales of electricity as described in Note 9. The subsidiary also has to pledge the relevant assets and agreements as collateral as described in Note 18.

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**19 Debentures, net (continued)**

The movements of debentures can be analysed as follows:

<b>For the years ended 31 December</b>	<b>Consolidated</b>	
	<b>2008 Baht</b>	<b>2007 Baht</b>
Opening amount	2,956,612,363	3,608,819,803
Repayments of debentures	(729,775,680)	(652,207,440)
Closing amount	<u>2,226,836,683</u>	<u>2,956,612,363</u>

Maturity of debentures is as follows:

<b>For the years ended 31 December</b>	<b>Consolidated</b>	
	<b>2008 Baht</b>	<b>2007 Baht</b>
Within 1 year	816,479,640	729,675,000
Later than 1 year but not later than 5 years	1,410,357,043	2,226,937,363
	<u>2,226,836,683</u>	<u>2,956,612,363</u>

**20 Retirement benefits obligation**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008 Baht</b>	<b>2007 Baht</b>	<b>2008 Baht</b>	<b>2007 Baht</b>
Opening balance	136,237,597	116,542,366	34,544,763	28,983,223
Retirement benefit expenses	18,653,367	12,819,232	8,768,275	3,851,530
Retirement benefit paid	(3,743,525)	-	-	-
Interest cost	7,340,045	6,875,999	1,858,348	1,710,010
Closing balance	<u>158,487,484</u>	<u>136,237,597</u>	<u>45,171,386</u>	<u>34,544,763</u>

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

	<b>2008</b>	<b>2007</b>
Discount rate as of 31 December	5.40%	5.40%
Salary increase rate - permanent employee	6.00% - 11.00%	6% - 11.00%
Salary increase rate - temporary employee	7.00% - 9.00%	7% - 9.00%
Turnover rate - permanent employee	0.00% - 5.00%	0% - 5.00%
Turnover rate - temporary employee	0.00% - 10.00%	0% - 10.00%
Pre-retirement mortality rate	0.11% - 2.18%	0.11% - 2.18%
Retirement age	60 years old	60 years old

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**21 Share capital and premium on share capital**

	Number of shares	Ordinary shares Baht	Premium on share capital Baht	Total Baht
At 1 January 2007	526,465,000	5,264,650,000	8,601,300,000	13,865,950,000
Issue of shares	-	-	-	-
At 31 December 2007	526,465,000	5,264,650,000	8,601,300,000	13,865,950,000
Issue of shares	-	-	-	-
At 31 December 2008	526,465,000	5,264,650,000	8,601,300,000	13,865,950,000

The total authorised number of ordinary shares is 530,000,000 shares with a par value of Baht 10 per share (2007: 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.

**22 Legal reserve**

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Opening balance	530,000,000	530,000,000	530,000,000	530,000,000
Appropriation during the year	-	-	-	-
Closing balance	530,000,000	530,000,000	530,000,000	530,000,000

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.

**23 Minority interests**

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Opening balance	520,823,371	509,247,997	-	-
Shares of net profit from subsidiaries and interests in joint ventures	85,607,800	134,737,553	-	-
Change in fair value of investment	-	-	-	-
Dividend payment of subsidiaries	(130,167,278)	(123,162,179)	-	-
Closing balance	476,263,893	520,823,371	-	-

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**24 Expense by nature**

The following expenditure items, classified by nature, have been charged in arriving at operating profit:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Depreciation on plant and equipment (Note 14)	2,169,193,238	2,129,003,752	49,988,044	47,050,742
Amortisation of goodwill (Note 15)	14,525,091	14,525,091	-	-
Major repair and maintenance expense	297,557,113	211,159,768	-	-
Staff costs	970,614,962	902,233,156	239,454,135	225,886,166
Loss on investment impairment (Note 13)	-	-	47,820,000	-

**25 Earnings per share**

Basic earnings per share is calculated by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares issued and paid-up during the year, net of treasury stock.

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Net profit attributable to shareholders (Baht)	6,926,708,007	8,402,051,542	6,551,057,518	8,584,162,527
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)	13.16	15.96	12.44	16.31

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

**26 Dividends**

At the Annual General Shareholders' meeting on 21 April 2008, it was unanimously resolved to pay dividends in respect of the operating results for the year ended 2007 as follows:

- (a) Interim dividends for 526,465,000 shares of Baht 2.25 per share, totalling Baht 1,185 million. These dividends were paid to shareholders in September 2007.
- (b) Dividends for 526,465,000 shares of Baht 2.50 per share, totalling Baht 1,316 million. These dividends were paid to shareholders in May 2008 (2007: Dividends for 526,465,000 shares of Baht 2.00 per share, totalling Baht 1,053 million).

The Board of Directors' meeting on 18 August 2008 approved to pay interim dividends in respect of the operating results for the six-month period ended 30 June 2008 for 526,465,000 shares at Baht 2.50 per share, totalling Baht 1,316 million. These dividends were paid to shareholders in September 2008.

In addition, the Company reversed dividend payable, payable to foreign investors, who were unable to exercise rights to receive such dividends amounting to approximately Baht 29 million during 2008 (2007: Baht 31 million).

## **27 Directors' remuneration**

Directors' remuneration in the consolidated and company statements of income for the year ended 31 December 2008 amounted to Baht 27 million and Baht 26 million, respectively, comprised monthly retainer fee, meeting allowance and bonus. Such bonus 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 (2007: Baht 28 million and Baht 28 million in the consolidated and company statements of income, respectively).

## **28 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.

	<b>Certificates issuance date</b>
Rayong Electricity Generating Company Limited (REGCO)	15 June 1995
Khanom Electricity Generating Company Limited (KEGCO)	6 November 1996
EGCO Cogeneration Company Limited	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. On 19 April 2008, REGCO's privileges with regard to the corporate income tax at the rate of 50% of the normal corporate income rate expired. Net profit of this subsidiary is subjected to normal corporate income tax rate after the expiration date.

## **29 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 29 (a). In respect of currency exchange risk, the formula for the calculation of sales of electricity charged to EGAT and National Power Corporation (NPC) allows for the minimisation of the impact of currency exchange as described in Note 31 (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.

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**29 Financial instruments (continued)**

**(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:

			<b>2008</b>	
	<b>Currency Million</b>	<b>Consolidated Million Baht</b>	<b>Currency Million</b>	<b>Company Million Baht</b>
<b>Liabilities</b>				
US Dollars	17.89	627.59	-	-
Japanese Yen	772.13	300.98	-	-
		<u>928.57</u>		<u>-</u>
			<b>2007</b>	
	<b>Currency Million</b>	<b>Consolidated Million Baht</b>	<b>Currency Million</b>	<b>Company Million Baht</b>
<b>Assets</b>				
US Dollars	1.68	56.28	-	-
		<u>56.28</u>		<u>-</u>
<b>Liabilities</b>				
US Dollars	41.30	1,330.21	-	-
Japanese Yen	872.93	261.63	-	-
		<u>1,591.84</u>		<u>-</u>

Foreign currency assets represent cash and cash equivalents, trade receivables and US Dollar deposits with financial institutions. Foreign currency liabilities represent trade payables, other payables, interest payables and long-term loans.

As at 31 December 2008, the subsidiaries have not entered into any foreign currency forward contracts to cover its exchange risk from long-term loans repayment, amounted to US Dollars 18 million and Japanese Yen 772 million (2007: US Dollars 32 million and Japanese Yen 873 million). However, the subsidiaries receive compensation from EGAT for exchange rate effects related to its US Dollar and Japanese Yen debt service (as described in Note 31 (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.

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**29 Financial instruments (continued)**

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

**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 2008, the Company entered into interest rate swap contract with a local financial institution to cover its risk from interest rate fluctuation. The total amount of credit facilities are Baht 3,000 million. The contract shall be effective from 28 December 2008 to 7 December 2014.

The fixed interest rates under the swaps for long-term loans and credit facilities at 31 December were:

<b>Currency</b>	<b>Contract amounts (millions)</b>		<b>Fixed Exchange Rates</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
US Dollars	17.89	33.30	7.42	7.42 - 8.03
Thai Baht	3,000.00	-	2.48 - 4.20	-

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Within 1 year	79,917,707	522,201,735	-	-
Later than 1 year	3,547,671,347	606,168,765	3,000,000,000	-
	<u>3,627,589,054</u>	<u>1,128,370,500</u>	<u>3,000,000,000</u>	<u>-</u>

**Currency and interest rate swap contract**

A swap contract is entered into to manage exposure to fluctuations in foreign currency exchange and interest rates on specific transactions. As at 31 December 2008, the Group had no long-term loans under the currency and interest rate swap contract (2007: US Dollars 24 million loan have a fixed exchange rate of Baht 25.23 per US Dollar with fixed interest rate of 11% per annum).

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Within 1 year	-	201,840,000	-	-
Later than 1 year	-	-	-	-
	<u>-</u>	<u>201,840,000</u>	<u>-</u>	<u>-</u>



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**29 Financial instruments (continued)**

**(d) Fair value (continued)**

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

	<u>Consolidated</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	<u>Million Baht</u>	<u>Million Baht</u>	<u>Million Baht</u>	<u>Million Baht</u>
Unfavourable interest rate swaps	(284)	(19)	(222)	-
Favorable currency and interest rate swap	-	63	-	-
Favorable (unfavourable) revenue swap	(27)	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.

**30 Business acquisition**

On 24 November 2008, The Executive Committee of the Company resolved that EGCO International (B.V.I.) Ltd. ("EGCO BVI"), a 99.99% owned subsidiary of the Company, purchase 90% of the registered share capital of GPI Quezon Ltd ("GPIQ") from Global Power Investment, L.P. which represented the amount of US Dollars 123.30 million. The holding of 90% of GPIQ shares capital provides EGCO BVI with a 23.40% indirect share holding in Quezon Power (Philippines), Limited Co. ("QPL") which is a coal-fired power plant with a net capacity of 460 Megawatt and related transmission line in the Philippines. The Company signed the Share Purchase Agreement on 29 November 2008.

Details of net acquired assets and goodwill are as follows:

	<u>Baht'000</u>
Property, plant and equipment	5,070,116
Loans from financial institution, net	(3,387,243)
Other assets less other liabilities	<u>784,792</u>
Fair value of net assets	2,467,665
Goodwill	<u>1,882,292</u>
Total purchase consideration	<u>4,349,957</u>

Net assets are stated at the net book value at the date of acquisition. All net assets are in the process of fair value appraisal by the subsidiary. The process is expected to be completed within June 2009. The difference between net book values and net fair values will be adjusted through goodwill.

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**31 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 13.

The following material transactions were carried out with related parties:

**(a) Sales of electricity**

For the years ended 31 December	Consolidated		Company	
	2008 Million Baht	2007 Million Baht	2008 Million Baht	2007 Million Baht
Sales of electricity				
- Major shareholder	8,550	9,139	-	-

**Subsidiaries of the Company**

Four subsidiaries of the Company, Rayong Electricity Generating Company Limited (REGCO), Khanom Electricity Generating Company Limited (KEGCO), EGCO Cogeneration Company Limited, and Roi-Et Green Company Limited have entered into Power Purchase Agreements (PPAs) with EGAT. The agreements are effective for periods of 20, 15, 21 and 21 years, respectively. According to the resolutions of the Cabinet meetings dated 15 February 1994, 23 January 1996, 28 January 2003, and 29 May 2003, respectively, the electricity revenues from such agreements must be calculated on a "cost plus basis". There is a limitation on sales of electricity to third parties as specified in the agreements. These agreements were pledged as collateral with the subsidiaries' lenders under the Master Agreements. REGCO and KEGCO repaid the whole amount of the outstanding loans in 2006 and 2008, respectively. As at 31 December 2008, this agreement of REGCO has not been pledged. While, that of KEGCO has been pledged as described in Note 19.

In addition, REGCO and KEGCO are eligible to receive compensation for exchange rate effects, by adjusting the formula 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 2008 and 2007 amounted to Baht 320 million and Baht 393 million, respectively.

Under the PPAs with REGCO and KEGCO, 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	
	2008 Million Baht	2007 Million Baht	2008 Million Baht	2007 Million Baht
Service income				
- Major shareholder	51	86	-	-

EGCO Engineering and Service Company Limited has entered into Subcontract for Major Maintenance Agreement 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 8 years commencing from 24 September 2007.

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**31 Related party transactions (continued)**

**(e) Major maintenance expenses**

For the years ended 31 December	Consolidated		Company	
	2008 Million Baht	2007 Million Baht	2008 Million Baht	2007 Million Baht
Major maintenance expenses				
- Major shareholder	287	255	-	-

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 8 years, commencing from 7 December 2006 for REGCO and a period of 4 years, commencing from 1 August 2008 for KEGCO. These agreements were pledged as collateral with the lenders under the Master Agreements. Two subsidiaries repaid the whole amount of the outstanding loans in 2006 and 2008, respectively. As at 31 December 2008, this agreement of REGCO has not been pledged. While, that of KEGCO has been pledged as described in Note 19.

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

As at 31 December	Consolidated		Company	
	2008 Million Baht	2007 Million Baht	2008 Million Baht	2007 Million Baht
Trade receivable				
- Major shareholder	1,373	1,622	-	-
Outstanding trade receivable as at 31 December can be analysed as follows:				
Not overdue	1,330	1,572	-	-
Overdue below 3 months	17	23	-	-
Overdue 3-6 months	17	21	-	-
Overdue 6-12 months	6	-	-	-
Overdue over 12 months	3	6	-	-
	<u>1,373</u>	<u>1,622</u>	<u>-</u>	<u>-</u>
Trade payable				
- Major shareholder	72	98	-	-

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**31 Related party transactions (continued)**

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

As at 31 December	Consolidated		Company	
	2008 Million Baht	2007 Million Baht	2008 Million Baht	2007 Million Baht
<u>Amounts due from related parties</u>				
- Major shareholder	-	56	-	-
- Subsidiaries	-	-	5	1
- Joint ventures	8	7	2	2
	<u>8</u>	<u>63</u>	<u>7</u>	<u>3</u>
Amounts due from related parties due over one year	221	196	221	196
<u>Amounts due to related parties</u>				
- Other related party	7	3	-	-
	<u>7</u>	<u>3</u>	<u>-</u>	<u>-</u>

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

As at 31 December	Consolidated		Company	
	2008 Million Baht	2007 Million Baht	2008 Million Baht	2007 Million Baht
Current portion of long-term loans to related parties				
- Subsidiaries	-	-	966	867
	<u>-</u>	<u>-</u>	<u>966</u>	<u>867</u>
Long-term loans to related parties, net				
- Subsidiaries	-	-	734	1,700
	<u>-</u>	<u>-</u>	<u>734</u>	<u>1,700</u>
	<u>-</u>	<u>-</u>	<u>1,700</u>	<u>2,567</u>

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**31 Related party transactions (continued)**

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

As at 31 December	Consolidated		Company	
	2008 Million Baht	2007 Million Baht	2008 Million Baht	2007 Million Baht
<b>Subsidiaries</b>				
Beginning balance	-	-	2,567	3,380
Loans advanced during the year	-	-	-	-
Loan repayments received during the year	-	-	(867)	(813)
Ending balance	-	-	1,700	2,567
<b>Joint ventures</b>				
Beginning balance	-	100	-	100
Loans advanced during the year	-	-	-	-
Loan repayments received during the year	-	(100)	-	(100)
Ending balance	-	-	-	-
Interest receivable - Subsidiary	-	-	4	7
<b>For the year ended 31 December</b>				
Interest income - Subsidiaries	-	-	139	189
- Joint venture	-	4	-	4
	-	4	139	193

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. This joint venture fully repaid the loan during the year 2007.

**31 Related party transactions (continued)**

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

As at 31 December	Consolidated		Company	
	2008 Million Baht	2007 Million Baht	2008 Million Baht	2007 Million Baht
Investments in debentures				
- Subsidiary	-	-	22	30
<b>For the years ended 31 December</b>				
Interest income on investments in debentures of				
- Subsidiary	-	-	5	6

**(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	
	2008 Million Baht	2007 Million Baht
Office building rental and service income		
- Subsidiaries	12	12
	<u>12</u>	<u>12</u>
Management fee		
- Subsidiaries	70	69
- Joint venture	1	1
	<u>71</u>	<u>70</u>

## **32 Commitments and significant agreements**

### **32.1 Commitments and significant agreements of the Company**

- (a) As at 31 December 2008, the Company had commitments under Sponsor Support Agreements, which were made in respect of loans of subsidiaries totalling Baht 463 million.
- (b) As at 31 December 2008, 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 3,290 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 272 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 2008. In addition, the Company has reserved for deposit at financial institution in respect of commitment under Standby Letters of Credit issued on behalf of the Company to subsidiary totaling Baht 450 million as described in Note 8.
- (d) As at 31 December 2008, the common shares of BLCP were pledged as collateral as described in Note 13.3.
- (e) On 30 April 2008, the Company entered into a long-term promissory note agreement with a local bank to obtain a credit facility of Baht 4,000 million as described in Note 17. During 2008, the company drew down six-month promissory note that amounted to Baht 3,500 million which can be rolled over at the maturity date. Consequently, the Company has outstanding credit facility of Baht 500 million.

### **32.2 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 period 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. The agreement is extended by one year and can be extended automatically for years onwards (in the event that there is no cancellation of the automatic extension).

**32 Commitments and significant agreements** (continued)

**32.2 Significant agreements** (continued)

**Operation and Maintenance Agreements**

A subsidiary of the Company has entered into power plant operation and maintenance agreement and power plant equipment maintenance with two customers. The agreements, totalling Baht 90 million, are effective for a period of 8 years and 12 years, respectively. In addition, the subsidiary has also entered into a supply of spare parts and maintenance services agreements with an overseas company, totalling US Dollars 22 million and Euro 44 million, which is effective for a period of 3 - 4 years.

**33 Business Transfer**

At the Annual General Shareholders' Meeting dated 21 April 2008, the acquisition of the entire business of Rayong Electricity Generating Co., Ltd. (REGCO), a wholly owned subsidiary of the Company, on 1 July 2008 or any other date that would be determined by the President, and REGCO's dissolution and liquidation in the same year were approved.

As at 31 December 2008, REGCO is in the process of transferring business.