



Green Energy

Sustainability

We endeavour to operate all of our businesses in a manner that is both safe and environment friendly. In this respect, we will continue to focus on growing through clean, efficient energy alternatives.

Environment Friendliness

2005 Highlights

In 2005, the Company followed our corporate philosophy in conducting our business ethically taking into account the benefits to all stakeholders namely shareholders, customers, suppliers, employees, communities and environment for sustainable development.

Awards and Recognition

Corporate Governance

July 18	Certificate for winning the Best Corporate Governance Report award for 3 consecutive years organized by the Stock Exchange of Thailand (SET) and the Money and Banking Magazine
November	Awards from Thai Institute of Directors Association (IOD) as follows. • Top ten listed company in terms of Good Corporate Governance • Top ten listed company in terms of Rights of Shareholders, Disclosure and Transparency and Board Responsibilities • Top five listed company in Good Corporate Governance in resource industry
November 28	Board of the Year for Distinctive Practices organized by Subcommittee to promote the Corporate Governance in Thailand, Thai Institute of Directors Association, Stock Exchange of Thailand.

Project Development

December	Nam Theun 2 Hydropower project received the following awards: • Best Project Finance Deal of the Year award from Asia Money • Best Project Finance Deal by FinanceAsia Achievement Award for 2005 • PFI (Project Finance International) Award 2005 for the power deal of the year for Asia Pacific • Power Deal of the Year Asia Pacific by Project Finance • Best Project Finance Deal Asia by The Asset
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Operation

May 9	KEGCO winning the “National Distinguished Workplace in terms of Safety, Occupational Health and Environment” for 6 years consecutively
August 26	REGCO being certified the OHSAS 18001: 1999 (Occupational Health and Safety Assessment Series) by RWTUV (Thailand)
September 23	REGCO being re-certified ISO 14001:2004 by TUV:NORD
August 31	REGCO passing the surveillance audit for ISO 9001:2000 by TUV:NORD
November 6	KEGCO passing the surveillance audit process for ISO 9001:2000, TIS 18001 & OHSAS 18001 : 1999 and being re-certified certified ISO 14001:2004 by TUV:NORD
December 16	KEGCO winning the certificate for “working over 3,023,916 million hours with no disabling injury during May 17, 1998–31 May 31, 2005” hosted by the Ministry of Labor
December 21	KEGCO winning the “EIA Monitoring Awards 2005” hosted by Ministry of Science, Technology and Environment
December	Roi Et Green being certified the ISO 9001:2000 by Moody International (U.K.)

Business Activities

April 25	2005 Annual General Shareholders’ Meeting
May 12	2004 final dividend payment at 1.50 baht per share
June 30	Financial Close with Thai lenders for Kaeng Khoi 2 Project
September 8	Financial Close Ceremony of Nam Theun 2 Project
September 20	2005 Interim dividend payment at 1.50 baht per share
November 11	Financing document signing with Thai and foreign financial institutions for Kaeng Khoi 2 Project
November 27	Cornerstone Inauguration Ceremony of Nam Theun 2 Project

Investor Activities

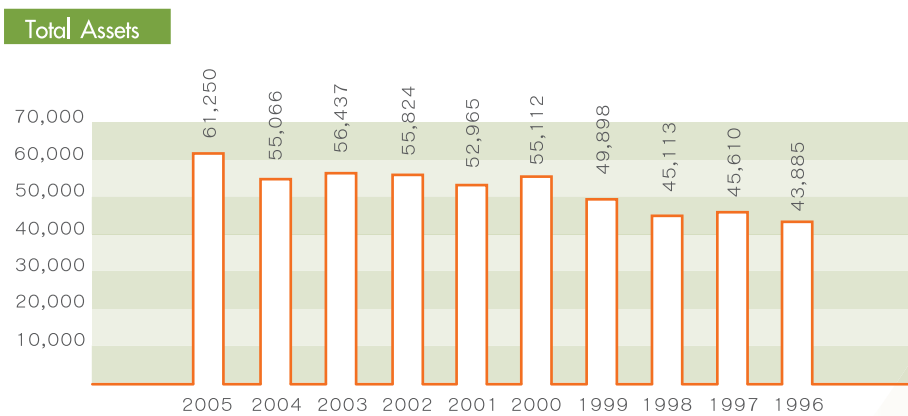
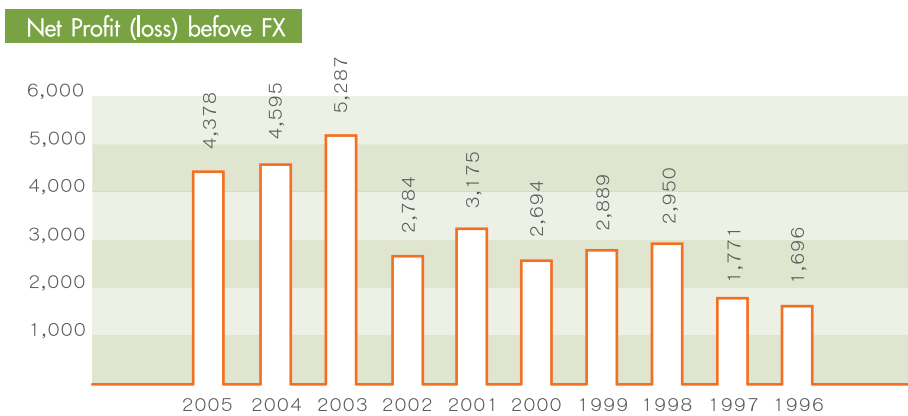
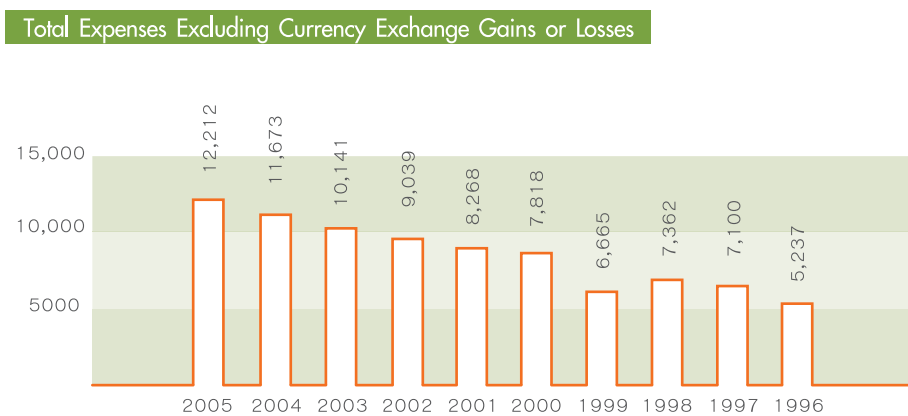
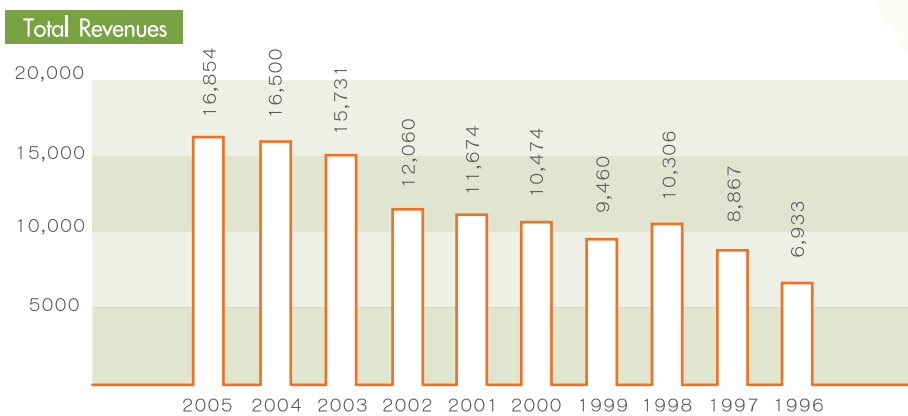
January 25	Roadshow in Hong Kong organized by JP Morgan
January 26–27	Fixed income roadshow in Hong Kong organized by ABN Amro Bank
January 31 to February 1	Roadshow in Singapore organized by JP Morgan
March 1–2	Presentation at the 8 th Annual Asia Power Conference in Singapore
March 4	Fixed income roadshow in Singapore organized by ABN Amro Bank
March 5	Roadshow in Phuket province with the Stock Exchange of Thailand
March 7	Analyst Meeting no. 1/2005 at the Stock Exchange of Thailand
March 9	Emerging Asia Conference at Sukhothai Hotel organized by JP Morgan
March 15–18	Asian Investment Conference in Hong Kong organized by Credit Suisse First Boston
May 31	Round Table Discussion no. 1/2005 at EGCO Tower
June 23–25	Investors' visit to Khanom Power Plant
July 16–17	Roadshow in Chiangmai province with the Stock Exchange of Thailand
August 16	Analyst Meeting no. 2/2005 at the Stock Exchange of Thailand
August 20	Roadshow in Khon Kaen province with the Stock Exchange of Thailand
October 31	Round Table Discussion no. 2/2005 at EGCO Tower
November 17–20	SET in the City organized by the Stock Exchange of Thailand
November 30 to December 7	Roadshow in the EU and the United States

Social and Environmental Activities

January 5	Donation of 1 million baht for the Tsunami Victims via the Stock Exchange of Thailand, the Ministry of Energy and ITV Television Station
February 16–20	EGCO Group's Environment Conservation Camp at Doi Intanond, Chiangmai
February 22	Donation of water to relief the water shortage of communities near the Rayong Power Plant.
March 7–11 and 14–18	Thai Forest Conservation Youth Camp at Doi Intanond, Chiangmai
May 13	Support for the "Edutainment activities of Outstanding Students Program" of Wat Huay Pong School in Rayong Province
May 20–23	Tree planting at Doi Intanond, Chiangmai
June 24	Joining with investors for donation of learning facilities to Ban Klong Wang School and Phapa Buddhist Ceremony at Klong Wang Temple, Nakorn Srithamarat Province
August 2	• Donation of Computers to Pluak Daeng School and Pluak Daeng Pittayakom, Rayong Province • Donation to support the education activities at Wat Mapkha School, Rayong Province
August 4	Donation to support a sound lab for Wat Huay Pong School, Rayong Province
August 24	Donation of boats and equipment to the Tsunami Victims at Ban Bang, Suksamran Sub-District, Ranong Province
September 9	• Environment improvement at Wat Mapkha School, Rayong Province • Donation of computers to Mab Ta Pud Provincial Police Office
September 10	Donation of glasses for underprivileged people under the "Wan Kaew Project" at Nakorn Srithamarat Province
September 24	Pa Sak River Conservation Day
October 12–15	Thai Forest Conservation Youth Camp at Kao Luang, Nakorn Srithamarat Province
November 25–28	Green Library for underprivileged children, donation of media for long distance learning and donation of computer to Ban Kwaeng Pao at Khanom District, Nakorn Srithamarat Province
November 26	Donation of glasses for underprivileged people under the "Wan Kaew Project" at Roi-Et province
December 13	Donation of computers and printers to schools and governmental offices in Nakorn Srithamarat Province

Financial Overview

Consolidated Financial Statements	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
FINANCIAL PERFORMANCE (M.BAHT)										
Sales and service income	16,022	15,620	15,378	11,463	10,732	9,697	8,541	8,802	7,709	5,987
Other income and share of profit (loss) from subsidiaries, an associate and joint ventures	–	832	880	353	597	915	777	919	1,504	1,159
Cost of sales and cost of services	8,151	7,593	6,017	4,926	4,033	3,462	2,776	3,677	2,982	2,250
Administrative expenses and others	2,202	1,894	1,323	963	936	1,031	905	383	936	672
Impairment charge	–	(34)	170	342	–	–	–	–	–	–
Interest expenses	1,859	2,220	2,631	2,807	3,299	3,325	2,984	3,302	3,181	2,315
Profit (loss) attributable to minorities	264	232	303	236	203	(38)	(94)	(5)	(4)	0
Net Profit (loss) before Fx	4,378	4,595	5,287	2,784	3,175	2,694	2,889	2,950	1,771	1,696
Fx gain (loss)	(285)	67	707	174	(236)	(1,478)	(241)	3,232	(7,235)	(145)
Net Profit (loss)	4,093	4,662	5,994	2,958	2,939	1,217	2,648	6,181	(5,464)	1,551
FINANCIAL POSITION (M.BAHT)										
Total Assets	61,250	55,066	56,437	55,824	52,965	55,112	49,898	45,113	45,610	43,855
Total Liabilities	29,136	25,963	29,736	34,876	33,780	37,664	33,079	30,351	36,256	28,052
Parent's shareholder's equity	31,041	28,173	25,895	20,276	18,544	16,979	16,762	14,663	9,280	15,803
Minority Interest	1,073	982	859	724	641	469	56	49	36	–
Treasury Stock	–	(52)	(52)	(52)	–	–	–	–	–	–
Issued and paid-up share capital	5,265	5,265	5,265	5,265	5,259	5,244	5,243	5,227	5,200	5,200
PER SHARE DATA (BAHT)										
Net Profit (loss) before Fx	8.32	8.75	10.07	5.30	6.04	5.14	5.51	5.65	3.40	3.42
Net Profit (loss)	7.78	8.88	11.41	5.62	5.60	2.32	5.05	11.83	(10.49)	3.12
Book Value	58.96	53.55	49.21	38.51	35.26	32.38	32.00	28.07	17.82	31.83
Dividend	n.a.	3.00	2.75	2.50	2.25	2.00	2.00	1.27	–	2.00
RATIO ANALYSIS										
Liquidity ratio (Time)	2.27	3.25	2.19	2.21	2.80	2.85	6.97	4.08	4.77	6.47
Cashflows liquidity ratio (Time)	1.29	1.33	1.01	1.02	1.01	0.97	1.29	0.68	1.83	2.58
Gross profit ratio (%)	49.13	51.39	60.88	57.02	62.42	64.30	67.50	58.22	61.31	62.41
Earnings ratio (%)	24.28	28.25	38.10	24.53	25.23	11.62	27.99	59.98	–61.62	22.37
Return on equity ratio (%)	13.83	17.28	26.02	15.26	16.55	7.21	16.85	51.63	–43.57	12.67
Return on assets ratio (%)	7.04	8.36	10.68	5.44	5.44	2.32	5.57	13.75	–12.21	4.66
Debt to equity ratio (Time)	0.91	0.89	1.11	1.66	1.76	2.16	1.97	2.06	3.89	1.78



Message from the Chairman



Raising energy prices have widely affected consumers worldwide during the past 12 months. In Thailand, the economic expansion has slowed down in part as a result of the higher energy prices. Many sectors in industry and the private sector have sought to implement measures to conserve fuel and reduce energy usage nationwide. EGCO believes it is important to be in the forefront in supporting such efforts through its own business practices.

In this respect, EGCO Group companies have taken part in various energy conservation initiatives. This includes our efforts to use the agricultural by-products such as the rice husk and wood waste as the fuels for small-scaled biomass power plants. The Roi-Et Green power plant facility is a good case in point. This Project recently held a grand opening in Roi-Et province. It is a pilot project which uses rice husk as the primary fuel source to generate 9.95 megawatt of electric capacity for the Thai grid. This capacity provides a substitute to oil imports that would otherwise cost the country approximately 210 million baht a year at current oil price levels. In addition, EGCO is also an investor in another biomass power plant currently under development in Yala province. This facility will use parawood waste as fuel and is expected to have an installed capacity of 20 megawatt. Beyond these direct industry initiatives, EGCO encourages its employees to play an active part in energy conservation efforts both in the office and at home. In addition to lowering the Company's annual operating expenses, these initiatives will help the country to save the energy.

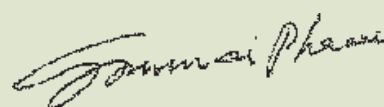
The Company's operating performance in fiscal 2005 continues to show strong results and a steady project development pipeline both domestically and in the ASEAN region. In Thailand, the Company is conducting extensive preparation work in advance of the next IPP solicitation. On this point, EGCO management and shareholders will undertake all measures to ensure that EGCO is in a position to participate directly in this upcoming solicitation for new private (IPP) capacity.

Overall performance has been consistent with our targets with net profits of 4,093 million baht, or 7.78 baht per share. EGCO's first half dividend was 1.50 baht per share, and we are confident that we will be in a position to maintain the dividend payout at an appropriate level in the future.

Being in the energy industry, our management recognizes that the energy business does have an impact on the environment and communities that we work in. Therefore, we endeavour to implement all of our business activities with best international practices and equitable treatment for all stakeholders including our shareholders, communities, employees, and the society. This is especially evidenced in the development of new power plant projects for which our focus on balancing financial gain and the sensitivities of the communities and environments in which we operate are of paramount importance.

Our penchant for best business practice is reflected in the numerous awards and recognition that EGCO has gained from across the industry. For example, EGCO was selected by the Thai Institute of Directors Association (IOD) as one of the ten registered companies that have the best corporate governance. Moreover, subsidiaries such as Rayong Electricity Generating Co., Ltd., have obtained ISO 14001 certification in recognition of their sound environmental management system. Additionally, Khanom Electricity Generating Co., Ltd. has won the EIA Monitoring Award in 2005 from the Ministry of Natural Resources and Environment. At EGCO, we strongly believe that a key success factor will be our ability to continue to undertake our business activities with integrity and responsibility.

On behalf of the Board of the Electricity Generating Public Company Limited, I would like to express my deep gratitude to all supporters who have placed their trust in EGCO. EGCO Group will continue to be successful because of your contributions and support. We hope to continue earning such good cooperation from all parties in the years to come.



Mr. Sommai Phasee
Interim Chairman

Group Structure and Shareholders

As of December 31, 2005

- Electricity Generating Authority of Thailand* (EGAT) 25.41%
- CLP Power Projects (Thailand) Ltd. 22.42%
- The General Public 52.17%

Electricity Generating Public Co., Ltd. (EGCO)

- Rayong Electricity Generating Co., Ltd. (REGGO) 99.99%
- Khanom Electricity Generating Co., Ltd. (KEGGO) 99.99%
- EGCO Engineering & Service Co., Ltd. (ESCO) 99.99%
- Thai LNG Power Corporation Ltd. (TLPC) 99.99%
- TLP Cogeneration Co., Ltd. (TLP Cogen) 40.00%
- EGCO International (BVI) Ltd. (EGCO BVI) 100%
- EGCO Green Energy Co., Ltd. (EGCO Green) 74.00%
- EGCO Joint Ventures & Development Co., Ltd. (EGCO JD) 50.00%
- Gulf Electric Public Co., Ltd. (GEC) 50.00%
- Nam Theun 2 Power Co., Ltd. (NTPC) 25.00%
- Eastern Water Resources Development & Management PCL. (EASTW) 18.92%

- Agro Energy Co., Ltd. (AE) 99.99%
- Egcom Tara Co., Ltd. (ET) 70.00%
- Amata Power-ESCO Service Co., Ltd. (AMESCO) 50.00%
- Conal Holding Corporation (Conal) 40.00%
- Roi-ET Green Co., Ltd. (Roi-ET Green) 95.00%
- Amata-EGCO Power Ltd. (AEP) 29.70%
- Amata Power (Bang Pakong) Ltd. (APBP) 30.00%
- Gulf Energy Co., Ltd. (GEN) 99.99%
- Gulf Cogeneration Co., Ltd. (GCC) 99.99%
- Nong Khae Cogeneration Co., Ltd. (NKCC) 99.99%
- Samutprakarn Cogeneration Co., Ltd. (SCC) 99.99%
- Gulf Yala Green Co., Ltd. (GYG) 94.99%
- Trang Biomass Co., Ltd. (TBC) 99.99%

- Alsing Power Holding Inc 80.00%
- Alto Power Management Corporation (APMC) 60.00%
- Northern Mindanao Power Corporation (NMPC) 50.78%
- Western Mindanao Power Corporation (WMPC) 55.00%
- Southern Philippines Power Corporation (SPPC) 55.00%
- APMC International Ltd. 100%
- Gulf IPP Co., Ltd. (GIPP) 99.99%
- Gulf Power Generation Co., Ltd. (GPG) 99.99%

Shareholders

Top ten shareholders as of September 6, 2005, the register close date for the right to receive the interim dividend payment on September 20, 2005, are as follows.

No.	Shareholders ^{/1}	Shares	% of Total
1.	Electricity Generating Authority of Thailand	133,773,662	25.41
2.	CLP Power Projects (Thailand) Limited	118,023,606	22.42
3.	Littledown Nominees Limited ⁹	17,865,147	3.39
4.	HSBC Bank PLC-Clients General A/C	14,306,035	2.72
5.	SOMERS (U.K.) Limited	10,673,200	2.03
6.	Chase Nominees Limited	7,607,611	1.45
7.	Bangkok Life Assurance Company Limited	6,665,700	1.27
8.	State Street Bank and Trust Company, for London	6,287,700	1.19
9.	State Street Bank and Trust Company	5,757,036	1.09
10.	Government Pension Fund	5,069,700	0.96

Note ^{/1} excluding

- 49,268,286 shares under Thai NVDR which account for 9.36% of the total outstanding shares
- 4,981,069 shares under TSD which account for 0.95% of the total outstanding shares

* The Supreme Administrative Court passed the verdict on March 23, 2006 to nullify the Royal Decree to designate the authorities, rights and benefits of EGAT Plc B.E. 2548 and the Royal Decree to set the time clause to rescind the EGAT Act B.E. 2004 with effect on June 24, 2004, the date of which such Royal Decree came into force

Two major controlling shareholders are as follows.

1. EGAT Pcl : On June 24, 2005, EGAT was incorporated under the criteria set forth in the State Enterprise Capital Act. EGAT would conduct its business in the areas of power generation, power purchase, power transmission and distribution and other power related activities including the O&M services and investment in other power companies. EGAT has 4 representative directors in EGCO Board.
2. CLP Power Project (Thailand) : As at tle end of 2005, CLP Power Project was a wholly owned subsidiary of CLP Power Holding, which operated in the power business in Asian region, via CLP Power Asia and CLP Power International. There are 4 representative directors from CLP.

Board of Directors and Subcommittees



01. Mr. Chai-Anan Samudavanija

- Chairman
- Chairman, Nomination and Remuneration Committee (Authorized Director)

Vacating the office by resignation on February 17, 2006

Age 61

Education

- Honorary Ph.D., National Institute of Development Administration
- Honorary Ph.D. University of Edgewood
- Honorary Ph.D. and Distinguished Alumni, University of Wisconsin
- Honorary Certificate, National Defence College
- Certificate in Social Planning United Nations Asian Institute
- Ph.D. University of Wisconsin (Madison), USA
- M.A. University of Wisconsin (Madison), USA
- B.A. Victoria University of Wellington, New Zealand
- Law major, Faculty of Political Science, Chulalongkorn University

Dispute -

Family Relationship with the management -

Amount of Shares (%) 0.000

Working Experience

- | | |
|---------------|---|
| 2004-Feb 2006 | Chairman
Electricity Generating
Authority of Thailand |
| 1999-Present | Independent Director
Thai Airway PCL. |
| 1999-Present | Independent Director
Krung Thai Bank PCL. |
| 1999-Present | Vice President
The Royal Institute
of Thailand |
| 1996-Present | Director
Vajiravudh College |



02. Mr. Sommai Phasee

- Interim Chairman effective March 20, 2006
- Independent Director
- Executive Committee Member
- Nomination and Remuneration Committee Member

Age 61

Education

- M.Sc. (Economics), Thammasat University
- M.Sc. (Economics Planning and Development), Vanderbilt University, USA
- Certificate of Chairman 2000 Program, Thai Institute of Directors Association

Dispute -

Family Relationship with

the management -

Amount of Shares (%) 0.000

Working Experience

- | | |
|---------------|--|
| 2005-Present | Chairman
The Thai Bond Market
Association |
| 2004-Present | Member of Appealing
Committee, Securities and
Exchange Commission,
Thailand |
| 2004-Present | Chairman
Gulf Electric Public
Company Limited |
| 2002-Feb 2005 | Chairman
Thai Bond Dealing Centre |
| | Chairman
Thai Maritime Navigation
Company Limited |
| 2003-Present | Chairman of Executive
Committee
Thai Military Bank Public
Company Limited |
| 2004-Present | Chairman
ASEAN Potash Mining Public
Company Limited |
| 1998-2004 | Deputy Permanent Secretary,
Ministry of Finance |
| 1998-2003 | Director
Electricity Generating
Authority of Thailand |



03. Mr. Aswin Kongsiri

- Independent Director
- Chairman, Executive Committee

Age 60

Education

- B.A. (Honours), Philosophy, Politics and Economics, Oxford University, England
- Banff School of Advanced Management, Alberta, Canada
- National Defence College, The National Defence Course for the Joint State-Private Sectors, Class 6
- Certificate of Chairman 2000 Program, Thai Institute of Directors Association
- Certificate of Directors Certification Program, Thai Institute of Directors Association

Dispute -

Family Relationship with the management -

Amount of Shares (%) 0.000

Working Experience

- | | |
|--------------|--|
| 2005-Present | Director and Chairman of Risk
Management Committee
Bangkok Aviation Fuel Services
Public Company Limited |
| 2005-Present | Director and Audit Committee
Member, Krung Thai Bank
Public Co., Ltd. |
| 2003-Present | Director and Audit Committee
Member, Thai Rating and
Information Services
Company Limited |
| 2003-Present | Director, Thai-German Ceramic
Industry Public Company Limited |
| 1999-Present | Director and Chairman of Audit
Committee
The Oriental Hotel (Thailand) Public
Company Limited |
| 1994-Present | Director, Ch. Karnchang Public
Company Limited |
| 1993-Present | Director and Audit Committee
Member, Thai Reinsurance
Public Company Limited |
| 1992-Present | Director and Audit Committee
Member, Risk Management
Committee Member, Chairman
of Nomination and Remuneration
Committee, Muang Thai Life
Assurance Company Limited |
| 1981-Present | Director and Audit Committee
Member, Padaeng Industry Public
Company Limited |



04. Mr. Worawit Khamkanist

- Independent Director
- Audit Committee Member
- Risk Management Committee Member

Age 66

Education

- M.Sc. (Mechanical Engineering), University of Alabama, USA
- Certificate of Directors Certification Program, Thai Institute of Directors Association

Dispute –

Family Relationship with the management –

Amount of Shares (%) 0.009

Working Experience

2005–Present	Chairman Sahakarn Wisawakorn Co., Ltd.
2005–Present	Chairman Golden Land Wood Co., Ltd.
2005–Present	Chairman Aqua Plus Company Limited
2001–2004	Managing Director Aqua Plus Company Limited
1997–2000	Managing Director Electricity Generating Public Company Limited
1996–1997	President, Mining Business Electricity Generating Authority of Thailand
1990–1995	Assistant Governor, Mae Moh Power Plant Electricity Generating Authority of Thailand

05. Mr. Charu-Udom Ruangsuvan

- Independent Director
- Audit Committee Member

Age 73

Education

- National Defence College, 1984 (Class 27th)
- LL.B., Thammasat University
- B.Eng. (Mining), The University of Adelaide, Australia
- Certificate of Directors Accrediation Program, Thai Institute of Directors Association

Dispute –

Family Relationship with the management –

Amount of Shares (%) 0.000

Working Experience Year

1993–1996	President/Chief Executive Officer Malaysia–Thailand Joint Authority
1991–1992	Deputy Permanent Secretary Ministry of Industry
1990	Inspector–General Ministry of Industry
1984–1989	Deputy Director–General, Department of Mineral Resource Ministry of Industry

06. Mr. Chaipat Sahasakul

- Independent Director
- Chairman, Audit Committee

Age 51

Education

- Ph.D. in Economics, University of Rochester, USA
- M.A. in Economics, Thammasat University
- B.A. in Economics, Thammasat University
- Certificate of Directors Certification Program, Thai Institute of Directors Association

Dispute –

Family Relationship with the management –

Amount of Shares (%) 0.000

Working Experience

2001–Present	Secretary – General Agricultural Futures Trading Commission
2005–Present	Director and Audit Committee Member Government Housing Bank
1998–2001	Senior Executive Vice President MFC Asset Management Public Company Limited
1991–1996	Senior Vice President and Spokesman, Stock Exchange of Thailand
1989–1991	Executive Vice President Morgan Grenfell Thai Co., Ltd.



07. Mr. John William Hancock

- Independent Director

Age 59

Education

- LL.B., University of Adelaide, South Australia
- Certificate of Chairman 2000 Program, Thai Institute of Directors Association
- Certificate of Directors Certification Program, Thai Institute of Directors Association

Dispute –

Family Relationship with the management –

Amount of Shares (%) 0.000

Working Experience

2004–Present	Honorary Chairman and Senior Advisor Baker & McKenzie Ltd., Bangkok
2004–Present	Independent Director Indorama Polymers Public Company Limited
1999–Present	Independent Director Siam Commercial Bank Public Company Limited
1994–Present	Independent Director Serm Suk Public Company Limited
1978–2003	Chairman and Senior Partner Baker & McKenzie Ltd., Bangkok

08. Mr. Norkun Sitthiphong

- Director
- Executive Committee Member (Authorized Director)

Age 52

Education

- National Defence College, 2004–2005 (class 47th)
- Ph.D. (M.E.) Oregon State University, USA
- M.S. (M.E.) Oregon State University, USA
- B.Eng. (Mechanical), Chulalongkorn University

Dispute –

Family Relationship with the management –

Amount of Shares (%) 0.000

Working Experience

2003–Present	Deputy Permanent Secretary, Ministry of Energy
2003–Present	Director Electricity Generating Authority of Thailand
2003–2004	Director Ratchaburi Energy Company Limited
2002–2003	Director Ratchaburi Holdings Public Company Limited
2001–2003	Deputy Dean (Research and Asset), Chiang Mai University Chiang Mai University
1998–2000	Deputy Dean (Education), Chiang Mai University

09. Mr. Narong Sitasuwan

- Director
- Group Business Committee Member (Authorized Director)

Vacating the office by resignation on October 1, 2005

Age 57

Education

- MSc. (Mechanical and Aerospace Engineering), Illinois Institute of Technology
- B.Eng. (Mechanical), 2nd Class Honors, Chulalongkorn University
- Certificate of Directors Certification Program, Thai Institute of Directors Association

Dispute –

Family Relationship with the management –

Amount of Shares (%) 0.000

Working Experience

2003–Present	Senior Deputy Governor– Generation Group Electricity Generating Authority of Thailand
2002–2003	President–Maintenance Business Electricity Generating Authority of Thailand
1998–2002	Vice President–Maintenance Business Electricity Generating Authority of Thailand



10. Mr. Sahai Rakyao

- Director
 - Nomination and Remuneration Committee Member
- (Authorized Director) Appointed as director on October 31, 2005

Age 59

Education

- B.Eng. (Mine Engineering) Chulalongkorn University
- Certificate of Directors Certification Program, Thai Institute of Directors Association

Dispute –

Family Relationship with the management –

Amount of Shares (%) 0.000

Working Experience

Jun. 2005–Present	Senior Executive Vice President–Fuel EGAT Public Company Limited
Oct. 2003–June 2005	Deputy Governor–Fuel Electricity Generating Authority of Thailand
1999–2003	Vice President– Fuel Business –Production Electricity Generating Authority of Thailand
1999	Energy Resources Engineering Division Manager Electricity Generating Authority of Thailand

11. Mr. Kittir Sirikwin

- Director
- Group Business Committee Member (Authorized Director)

Age 60

Education

- Certificate, Advanced Management Program (AMP), Harvard Business School, USA
- Master of Engineering (Structural Engineering & Mechanics) Asian Institute of Technology
- B.Eng. (Civil Engineering), 2nd Class Honors, Chulalongkorn University
- Certificate of Directors Certification Program, Thai Institute of Directors Association

Dispute –

Family Relationship with the management –

Amount of Shares (%) 0.000

Working Experience

2005–Present	President, Development Business EGAT Public Company Limited
2003–2005	Deputy Governor–Transmission System Development Electricity Generating Authority of Thailand
1998–2003	Director, Civil Engineering Division Electricity Generating Authority of Thailand
1994–1998	Assistant Governor–Thermal Power Plant Construction Electricity Generating Authority of Thailand

12. Mr. Peter Albert Littlewood

- Director
- Group Business Committee Member (Authorized Director)

Age 54

Education

- M.A. (1st Class Honours), Cambridge University, UK

Dispute –

Family Relationship with the management –

Amount of Shares (%) 0.000

Working Experience

2003–Present	Executive Director and Chief Operating Officer CLP Power Asia Limited, Hong Kong
2000–Present	Director Rayong Electricity Generating Co., Ltd. Khanom Electricity Generating Co., Ltd. EGCO Engineering & Service Co., Ltd.
1999–2003	Project Manager for CLP's generating plant projects CLP Group
1998	General Manager for CLP's generation business group and later for CLP strategic development CLP Group



13. Mr. Richard McIndoe

- Director
- Nomination and Remuneration Committee Member

(Authorized Director)

Age 40

Education

- Insead Business School (France), Master of Business Administration
- Cambridge University (U.K.), Master of Arts, Modern History

Dispute –

Family Relationship with the management –

Amount of Shares (%) 0.000

Working Experience

2006–Present	Group Director & Managing Director–Asia Pacific CLP Power Asia Limited, Hong Kong
2003–2005	Managing Director CLP Power Asia Limited, Hong Kong
2002	Finance Director CLP Power International Ltd., Hong Kong
1998–2002	Managing Director InterGen, China
1998–2002	Vice President – Development and Finance InterGen, China
1998–2002	Director UBS Warburg, Hong Kong

14. Mr. Michael Irl Nikkel

- Director
- Executive Committee Member (Authorized Director)

Age 41

Education

- Juris Doctor Degree –Law, University of Minnesota Law School
- Bachelor of Arts Degree–Education, Southwestern Oklahoma State University

Dispute –

Family Relationship with the management –

Amount of Shares (%) 0.000

Working Experience

2006–Present	Managing Director–Southeast Asia CLP Power Asia
2003–2005	Executive Director–Head of Southeast Asia CLP Power Asia Limited
1999–2003	Director, Vice President and Chief Financial Officer AES China Generating Company Limited
1998–2003	Director and Vice President AES Orient, Inc., Hong Kong
1996–1999	Legal Counsel The AES Corporation, Washington, USA

15. Mr. James Richard Truscott

- Director
- Risk Management Committee Member (Authorized Director)

Age 42

Education

- B.Sc. (Mechanical Engineering), Texas A&M University, USA
- MBA, Texas A&M University, USA

Dispute –

Family Relationship with the management –

Amount of Shares (%) 0.000

Working Experience

May 2004–Present	Managing Director Power Generation Services Company Limited
1999–Jan 2005	Managing Director CLP Power (Thailand) Limited
2001–2003	Managing Director BLCP Power Company Limited
1999	Director Project Development, Southeast Asia, Bangkok, Thailand
1996–1998	Coastal Power Company Director Project Development, Southeast Asia, Jakarta, Indonesia
	Coastal Power Company



16. Mr. Chalermchai Ratnarak

- Director and President
- Executive Committee Member
- Chairman, Risk Management Committee
- Chairman, Group Business Committee
- Chairman, Good Corporate Governance Committee

(Authorized Director)

Vacating the office by resignation on

August 1, 2005

Age 60

Education

- Master of Engineering (Water Science and Engineering) Asian Institute of Technology
- B.Eng. (Civil Engineering), Chulalongkorn University
- Certificate of Directors Certification Program, Thai Institute of Directors Association
- Certificate of the Civil Service Executive Development Program 1, Office of Civil Service Commission

Dispute -

Family Relationship with the management -

Amount of Shares (%) 0.000

Working Experience Year

2004-Jul 2005	Chairman Rayong Electricity Generating Company Limited Khanom Electricity Generating Company Limited EGCO Engineering and Service Company Limited
2004-Jul 2005	Director Gulf Electric Public Company Limited
2003-2004	Senior Deputy Governor-Development Group Electricity Generating Authority of Thailand
2000-2003	Deputy Governor-Hydro Plant Electricity Generating Authority of Thailand
1997-2000	Assistant Governor Power Purchase Electricity Generating Authority of Thailand

17. Mr. Visit Akaravinak

- Director and President
- Executive Committee Member
- Chairman, Risk Management Committee
- Chairman, Group Business Committee
- Chairman, Good Corporate Governance Committee

(Authorized Director)

Appointed as director and President on

August 1, 2005

Age 57

Education

- B.Eng. (Electrical) Chulalongkorn University
- Master of Management from SASIN, Chulalongkorn University.
- Certificate of Management of Public Economy* at the King Prajadhipok's Institute
- Certificate of the Directors Certificate Program, Thai Institute of Directors Association (IOD).

Dispute -

Family Relationship with the management -

Amount of Shares (%) 0.000

Working Experience

Aug 2005-Present	Chairman Rayong Electricity Generating Company Limited Khanom Electricity Generating Company Limited EGCO Engineering and Service Company Limited
2003-Jul 2005	Director Rayong Electricity Generating Company Limited Khanom Electricity Generating Company Limited EGCO Engineering and Services Company Limited
2005-Present	Present Chairman Thai Lime Co., Ltd.
June 28, 2005-August 30, 2005	Senior Executive Vice President-Operation and Maintenance EGAT Public Company Limited
2003-2005	Senior Executive Vice President-Operation and Maintenance Electricity Generating Authority of Thailand
1999-2003	Assistant Governor-Bangpakong Power Plant Electricity Generating Authority of Thailand
1997-1999	Director, Thermal Power Plant Construction Electricity Generating Authority of Thailand

18. Mr. Somyos Polachan

- Senior Executive Vice President-Asset Management and Planning
- Risk Management Committee Member
- Group Business Committee Member
- Good Corporate Governance Committee Member

Age 60

Education

- B. Eng. (Honors), Chulalongkorn University
- High Certificate in Nuclear Engineering, Chulalongkorn University
- Advance Certificate in Electricity Utilities Management, Austin, Texas, USA

Dispute -

Family Relationship with the management -

Amount of Shares (%) 0.000

Working Experience

2000-Present	Director and Managing Director EGCO Engineering & Service Company Limited
2003-Present	Chairman Thai LNG Power Corporation Limited TLP Cogeneration Company Limited EGCO Green Energy Company Limited Roi-Et Green Company Limited
2003-Present	Director Rayong Electricity Generating Company Limited Khanom Electricity Generating Company Limited EGCO Joint Ventures & Development Company Limited Amata - EGCO Power Company Limited
2000-2003	Director Egcom Tara Company Limited
1996-1999	Executive Director & Project Director Thai-Lao Power Company Limited



19. Mr. John M. Palumbo

- Senior Executive Vice President –Business Development
- Risk Management Committee Member
- Good Corporate Governance Committee Member

Age 42

Education

– Bachelor of Science in Mechanical Engineering (Honors), Columbia- University, School of Engineering and Applied Science, New York.

Dispute –

Family Relationship with the management –

Amount of Shares (%) 0.000

Working Experience

2005–Present	Director EGCO Joint Ventures & Development Company Limited
2004–Present	Director Gulf Electric Public Company Limited Nam Theun 2 Power Company Limited
2003–2004	Independent Consultant to the Managing Director and the Head of the Southeast Asia Business China Light & Power Group (Hong Kong)
2003–2004	Team Leader & Infrastructure Specialist, ADB Technical Assistance Program
2003	Independent Consultant to Chief Executive Officer International Power PLC.
1995–2003	Principal and Managing Director Delta Associates (Thailand) Limited

20. Mr. Sakda Sreesangkom

- Senior Executive Vice President – Finance
- Risk Management Committee Member
- Group Business Committee Member
- Good Corporate Governance Committee Member

Age 44

Education

– M.A. (Economics), Keio University, Japan

– B.A. (Economics), Thammasat University

Dispute –

Family Relationship with the management –

Amount of Shares (%) 0.000

Working Experience

2005– Present	Chairman Egcom Tara Company Limited Director Rayong Electricity Generating Company Limited Khanom Electricity Generating Company Limited EGCO Engineering & Service Company Limited EGCO International (BVI) Limited EGCO Joint Ventures & Development Company Limited Amata-EGCO Power Company Limited
2002–Present	Director Egcom Tara Company Limited Senior Vice President Glow Company Limited, Tractebel Group
2002–2005	Director Egcom Tara Company Limited
2001–2002	Senior Vice President Glow Company Limited, Tractebel Group
2000 –2001	Asian Development Bank Consultant to Public Debt Management Office, Ministry of Finance, ADB Technical Assistance Program
1999–2000	Financial Consultant Debt management consultancy to EGAT and PEA
1997–1999	Executive Director SBC Warburg (Hong Kong, Bangkok)
1990–1997	Vice President Credit Suisse First Boston (New York, Singapore, Bangkok)
1987–1989	Analyst Nikko Securities (Tokyo)

21. Mr. Sinchai Nerngjumnong

- Senior Executive Vice President
- Risk Management Committee Member
- Good Corporate Governance Committee Member

Age 58

Education

B. Eng. (Mechanical Engineering), 2nd Class Honors, Chulalongkorn University

Dispute –

Family Relationship with the management –

Amount of Shares (%) 0.000

Working Experience

2002–Present	Director and Managing Director Rayong Electricity Generating Company Limited
2001–2002 (Mar 17, 02)	Director and Managing Director Khanom Electricity Generating Company Limited
1997–2001 (Mar 25, 01)	Deputy Managing Director Rayong Electricity Generating Company Limited
1994–1996	Operation Division Manager Rayong Electricity Generating Company Limited



22. Mr. Chankij Jearaphunt

- Senior Executive Vice President
- Risk Management Committee member
- Good Corporate Governance Committee Member

Age 50

Education

– Master of Public Administration (MPA)
National Institute of Development Administration (NIDA)

– B. Eng. (Electrical Engineering),
Chulalongkorn University

Dispute –

Family Relationship with the
management –

Amount of Shares (%) 0.000

Working Experience

2004–President Director and (Mar 20, 04)	Managing Director Khanom Electricity Generating Company Limited
2002–Present	Director Gulf Cogeneration Company Limited Nongkhae Cogeneration Company Limited Samutprakarn Cogeneration Company Limited
1998–2004 (Mar 20, 04)	Deputy Managing Director–Operation, Khanom Electricity Generating Company Limited
1996–1998	Manager–Production Control Division Khanom Electricity Generating Company Limited

23. Ms. Pikul Srisastra

- Executive Vice President –Controller

Age 56

Education

– B.Sc. (Accounting), Chulalongkorn
University

Dispute –

Family Relationship with the
management –

Amount of Shares (%) 0.000

Working Experience

2002–2005	Executive Vice President– Finance Electricity Generating Public Company Limited
2002–2005	Deputy Managing Director – Finance & Administration Rayong Electricity Generating Company Limited
2002–2003	Director Gulf Electric Public Company Limited EGCO Joint Ventures Development Company Limited
2001–2002	Deputy Managing Director – Finance & Administration Khanom Electricity Generating Company Limited
2001	Director Amata–EGCO Power Company Limited
1999–2001	Deputy Managing Director – Finance & Administration Rayong Electricity Generating Company Limited
1994–1999	Finance Division Manager Rayong Electricity Generating Company Limited

24. Ms. Vasana Vongprommek

- Executive Vice President– Corporate
Services
- Secretary to Board of Directors
- Risk Management Committee Member
- Good Corporate Governance Committee
Member

Age 47

Education

– MBA, Kasetsart University
– B.A. (Honors), Chulalongkorn University

Dispute –

Family Relationship with the
management –

Amount of Shares (%) 0.000

Working Experience

2001–2003	Senior Vice President– Corporate Secretary Division Electricity Generating Public Company Limited
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1994–2001	Manager, Office of the Managing Director Electricity Generating Public Company Limited
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25. Mr. Piya Jetasanon

- First Senior Vice President–Finance Division

Age 48

Education

– MBA, Ramkhamhaeng University
– B.A. (Economics), Thammasat University

Dispute –

Family Relationship with the
management –

Amount of Shares (%) 0.000

Working Experience

2003–2005	Senior Vice President–Finance Division Electricity Generating Public Company Limited
1996–2003	Manager–Finance Division Khanom Electricity Generating Company Limited
1994–1996	Manager– Treasury Management Section Electricity Generating Public Company Limited

26. Mr. Suvapan Chomchalem

- Senior Vice President – Accounting and
Budget Division

Age 46

Education

– M.Sc. (Accounting), Thammasat University

Dispute –

Family Relationship with the
management –

Amount of Shares (%) 0.000

Working Experience

2000–Present	Senior Vice President– Accounting and Budget Division Electricity Generating Public Company Limited
1994–2000	Manager–Accounting and Budget Analysis Section, Accounting and Budget Division Electricity Generating Public Company Limited

Senior Group Executives



- | | |
|---------------------------------------|--|
| 1. Mr. Voravit Potisuk | Executives Vice President–Business Development |
| 2. Ms.Ngamphis Chitphromphan | KEGCO Deputy MD–Finance and Administration |
| 3. Mr.Mana Vitvaskul | KEGCO Deputy MD–Operation |
| 4. Ms. Pikul Srisastra | Executive Vice President–Controller |
| 5. Ms. Vasana Vongprommek | Executive Vice President–Corporate Services |
| 6. Dr. Sakul Pochanart | Executive Vice President–Project Management |
| 7. Ms. Daranee Sriwattana | Executive Vice President–Asset Management and Planning |
| 8. Mr. Rasda Pongpaew | ESCO Deputy MD– Maintenance Business |
| 9. Mr. Wajarapong PalakawongNaAyudhya | ESCO Deputy MD – Engineering and Energy Business |
| 10. Mr. Chumsak Desudjit | REGCO Deputy MD–Operation |
| 11. Ms. Warunee Tantiwong | ESCO Deputy MD–Finance and Administration |
| 12. Ms.Chutiporn Prayong | REGCO Deputy MD–Finance and Administration |

Division Managers



13. Dr. Gumpanart Bumroonggit

14. Ms. Jutatip Mahavera

15. Mr. Suvapan Chomchalerm

16. Mr. Wuthichai Sithipreedanant

17. Mr. Prasarn Simsirivong

18. Ms. Busakorn Kakanumpornwong

19. Mr. Piya Jetasanon

20. Ms. Krisna Pinkaew

21. Mr. Kiaticchai Siljitsong

22. Mr. Winchai Tattamanas

23. Ms. Pannee Booncharoensombut

24. Ms. Chantima Rugpong

Senior Vice President–Corporate Planning

First Senior Vice President–Internal Audit

Senior Vice President–Accounting and Budget

Senior Vice President–Corporate Communications

Senior Vice President–Human Resources

Senior Vice President–Corporate Secretary

First Senior Vice President–Finance

Senior Vice President–Asset Management

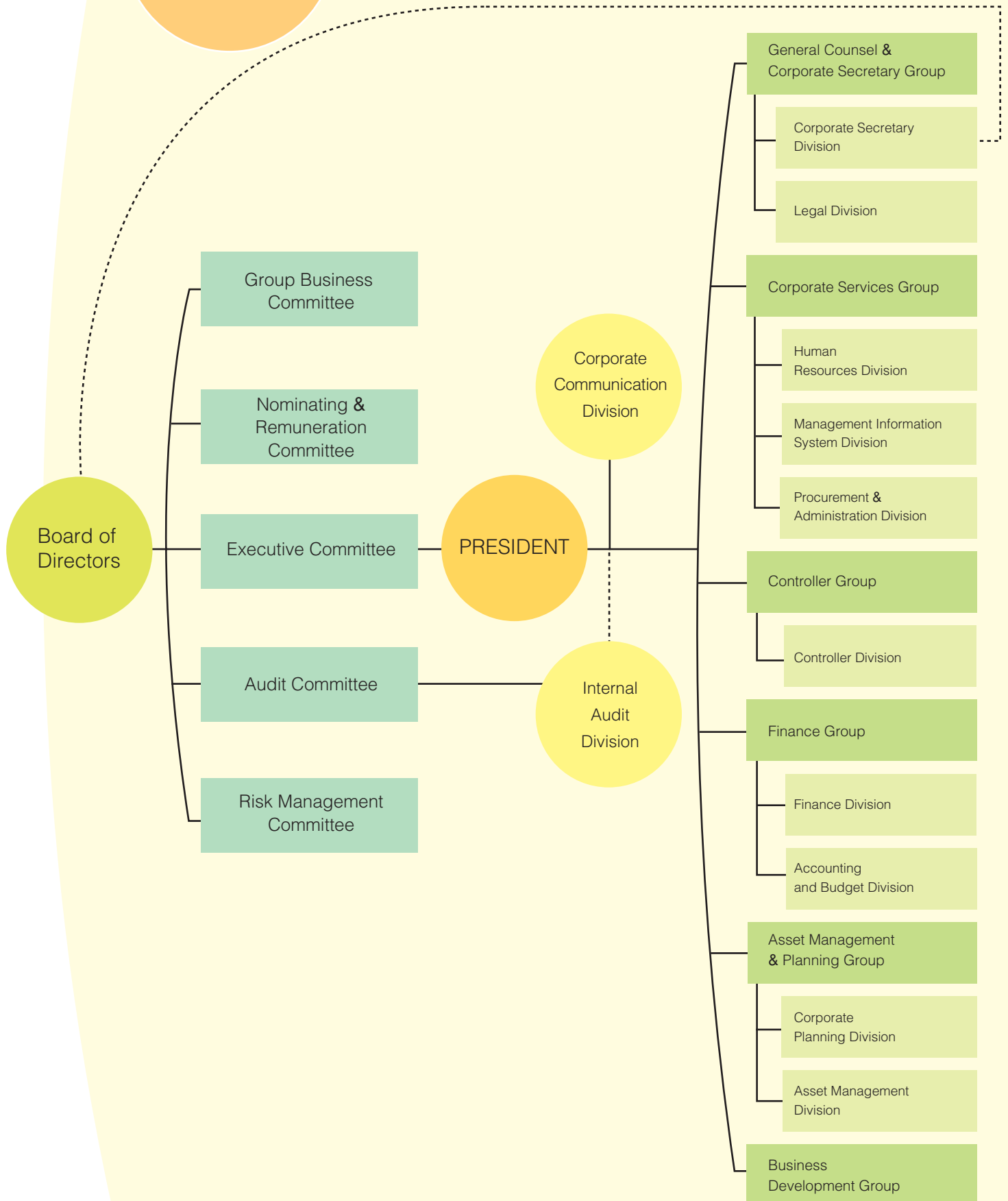
First Senior Vice President–MIS

Senior Vice President–Legal

Senior Vice President–Controller

Senior Vice President–Procurement and
Administration

Organization Structure



The positions of EGCO's Management and the Control Persons in the subsidiaries and other related companies as of December 31, 2005

Name		EGCO	Major Sahreholders		Subsidiaries (Core Business)			Subsidiaries						Joint Ventures														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
1	Mr. Chai-Anan Samudavanija ^{/1}	DD, NN	DD																									
2	Mr. Sommai Phasee	I, X, N											DD															
3	Mr. Aswin Kongsiri	I, XX																										
4	Mr. Worawit Khamkanist	I, A, R																										
5	Mr. Charu-Udom Ruangsuwan	I, A																										
6	Mr. Chaipat Sahasakul	I, AA																										
7	Mr. John William Hancock	I																										
8	Mr. Norkun Sitthiphong	D, X	D																									
9	Mr. Sahai Rakyao	D, N	SEVP																									
10	Mr. Kitti Sirikwin	D, S	President		D	D		D																				
11	Mr. Peter Albert Littlewood	D, S			D	D		D																				
12	Mr. Richard McIndoe	D, N																										
13	Mr. Michael Irl Nikkel	D, X																										
14	Mr. James Richarde Truscott	D, R																										
15	Mr. Visit Akaravinak	D, President, X, RR, SS, GG	Engineering Level 14		DD	DD		DD					D															
16	Mr. Somyos Polachan	SEVP-Asset Management and Planning, R, S, G			D	D	DD	D, Managing Director		DD	DD	DD		D				D	D	D								
17	Mr. John Palumbo	SEVP-Business Development, R, G											D					D			D	D	D	D	D	D	D	D
18	Mr. Sakda Sreesangkom	SEVP-Finance, R, S, G			D	D		D	D			DD	D					D	D									
19	Mr. Sinchai Nerngijumnong	SEVP, R, G			D, Managing Director																							
20	Mr. Chankij Jearaphunt	SEVP, R, G				D, Managing Director											D	D	D									
21	Mr. Piya Jetasanon	FSVP-Finance																										
22	Mr. Suvanpan Chomchalern	SVP-Accounting and Budget																										
23	Ms. Vasana Vongpromek	Secretary to Board of Directors																										

Remark

A. DD = Chairman D = Director XX = Chairman of Executive Committee X = Executive Committee Member I = Independent Director AA = Chairman of Audit Committee A = Audit Committee Member NN = Chairman of Nominating and Remuneration Committee N = Nominating and Remuneration Committee Member

RR = Chairman of Risk Management Committee R = Risk Management Committee Member SS = Chairman of Group Business Committee S = Group Business Committee Member GG = Chairman of Good Corporate Governance Committee G = Good Corporate Governance Committee Member

B. 1 = EGAT Public Company Limited

9 = EGCO Green Energy Co., Ltd.

17 = EGCO Joint Ventures & Development Co., Ltd.

25 = Southern Philippines Power Corporation

2 = CLP Power Projects (Thailand) Limited

10 = Roi-Ei Green Co., Ltd.

18 = Amata EGCO Power Ltd.

26 = Western Mindanao Power Corporation

3 = Rayong Electricity Generating Co., Ltd.

11 = Egcom Tara Co., Ltd.

19 = Amata Power (Bang Pakong) Ltd.

4 = Khanom Electricity Generating Co., Ltd.

12 = Gulf electric Public Company Limited

20 = Nam Theun 2 Power Co., Ltd.

5 = TLP Cogeneration Co., Ltd.

13 = Gulf Power Generation Co., Ltd.

21 = Conal Holdings Corporation

6 = EGCO Engineering and Service Co., Ltd.

14 = Gulf Cogeneration Co., Ltd.

22 = Northern Mindanao Power Corporation

7 = EGCO International (BVI) Ltd.

15 = Nongkhao Cogeneration Co., Ltd.

23 = Alsing Power Holdings, Inc.

8 = Thai LNG Power Corporation Ltd.

16 = Samutprakarn Cogeneration Co., Ltd.

24 = Alto Power Management Corporation

Remark

^{/1} Mr. Chai-Anan Samudavanija has resigned from his Chairmanship and Directorship effective from February 17, 2006 onwards.

The positions of REGCO's Management and the Control Persons in EGCO group companies as of December 31, 2005

Name		REGCO	Other Subsidiaries												
			1	2	3	4	5	6	7	8	9	10	11	12	13
1	Mr. Visit Akaravinak	DD	DD		DD						D				
2	Mr. Peter Albert Littlewood	D	D		D										
3	Ms. Pilai Peampongsan	D	D		D										
4	Mr. Sakda Sreesangkom	D	D		D	D				DD	D		D	D	
5	Mr. Prasart Payackpan	D	D		D										
6	Mr. Somyos Polachan	D	D	DD	D, Managing Director		DD	DD	DD			D	D	D	D
7	Mr. Kwok Wing Ho	D	D		D										
8	Mr. Kittu Sirikwin	D	D		D										
9	Mr. Chamnong Wongsawang	D	D		D										
10	Mr. Sinchai Nerngiumnong	D, Managing Director													
11	Mr. Chumsak Desudjit	Deputy Managing Director - Operations		D			D								
12	Ms. Chutiporn Prayong	Deputy Managing Director - Finance & Administration								D					
13	Mr. Narong In-Eav	Maintenance Division Manager													
14	Mr. Pasagorn Sasanawin	Operation Division Manager													
15	Ms. Jaratsri Sawartsut	Account & Budget Division Manager													
16	Mr. Supachai Pongthong	General Affairs Division Manager													

Remarks

A. DD = Chairman D = Director

B. 1 = Khanom Electricity Generating Co., Ltd.
 2 = TLP Cogeneration Co., Ltd.
 3 = EGCO Engineering and Service Co., Ltd.
 4 = EGCO International (BVI) Ltd.
 5 = Thai LNG Power Corporation Ltd.
 6 = EGCO Green Energy Co., Ltd.
 7 = Roi-Et Green Co., Ltd.
 8 = Egcom Tara Co., Ltd.

9 = Gulf electric Public Company Limited
 10 = Gulf Power Generation Co., Ltd.
 11 = EGCO Joint Ventures & Development Co., Ltd.
 12 = Amata EGCO Power Ltd.
 13 = Amata Power (Bang Pakong) Ltd.

The positions of KEGCO's Management and the Control Persons in EGCO group companies as of December 31, 2005

Name		KEGCO	Other Subsidiaries															
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Mr. Visit Akaravinak	DD	DD		DD						D							
2	Mr. Peter Albert Littlewood	D	D		D													
3	Ms. Pilai Peamponsan	D	D		D													
4	Mr. Sakda Sreesangkom	D	D		D	D				DD	D					D	D	
5	Mr. Prasart Payackpan	D	D		D													
6	Mr. Somyos Polachan	D	D	DD	D, Managing Director		DD	DD	DD			D				D	D	D
7	Mr. Kwok Wing Ho	D	D		D													
8	Mr. Kittir Sirikwin	D	D		D													
9	Mr. Chamnong Wongsawang	D	D		D													
10	Mr. Chankij Jearaphunt	D, Managing Director											D	D	D			
11	Mr. Mana Vitvaskul	Deputy Managing Director - Operations																
12	Ms. Ngamphis Chitphromphan	Deputy Managing Director - Finance & Administration																
13	Mr. Tanit Kalunkul	Maintenace Division Manager																
14	Mr. Amnat Tippayasak	Operation Division Manager																
15	Mr. Apichat Komhint	Account & Budget Division Manager																
16	Mr. Pairee Boonmak	General Affairs Division Manager																

Remarks

A. DD = Chairman D = Director

B. 1 = Rayong Electricity Generating Co.,Ltd

2 = TLP Cogeneration Co., Ltd.

3 = EGCO Engineering and Service Co., Ltd.

4 = EGCO International (BVI) Ltd.

5 = Thai LNG Power Corporation Ltd.

6 = EGCO Green Energy Co., Ltd.

7 = Roi-Et Green Co., Ltd.

8 = Egcom Tara Co., Ltd.

9 = Gulf electric Public Company Limited

10 = Gulf Power Generation Co., Ltd.

11 = Gulf Cogeneration Co., Ltd.

12 = Nongkhae Cogeneration Co., Ltd.

13 = Samutprakarn Cogeneration Co., Ltd.

14 = EGCO Joint Ventures & Development Co., Ltd.

15 = Amata EGCO Power Ltd.

16 = Amata Power (Bang Pakong) Ltd.

The positions of TLP Cogen's Management and the Control Persons in EGCO group companies as of December 31, 2005

Name		TLP Cogen	Other Subsidiaries														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Mr. Somyos Polachan	DD	D	D	D, Managing Director	DD	DD	DD			D				D	D	D
2	Mr. Chumsak Desudjit	D				D											
3	Ms. Daranee Sriwattana	D				D	D		D								
4	Mr. Supoth Chantavilartkul	D, General Manager															
5	Mr. Wataru Okuyama	D					D	D		D	D	D	D	D			

Remarks

A. DD = Chairman D = Director

B. 1 = Rayong Electricity Generating Co.,Ltd.

2 = Khanom Electricity Generating Co., Ltd.

3 = EGCO Engineering and Service Co., Ltd.

4 = Thai LNG Power Corporation Ltd.

5 = EGCO Green Energy Co., Ltd.

6 = Roi-Et Green Co., Ltd.

7 = Egcom Tara Co., Ltd.

8 = Gulf electric Public Company Limited

9 = Gulf Power Generation Co., Ltd.

10 = Gulf Cogeneration Co., Ltd.

11 = Nongkhae Cogeneration Co., Ltd.

12 = Samutprakarn Cogeneration Co., Ltd.

13 = EGCO Joint Ventures & Development Co., Ltd.

14 = Amata EGCO Power Ltd.

15 = Amata Power (Bang Pakong) Ltd.

A collage of four images arranged diagonally. From top to bottom: a close-up of a person's face, a computer monitor displaying a game, a night street scene with a car, and a person sitting at a desk with a computer.



Corporate Governance Report

The Electricity Generating PCL, which operates the business under the oversight of the Board of Directors, strongly intends to carry out the business for the benefits of all stakeholders.

1. Corporate Governance Policy

The Board of Directors has established the corporate governance policy, which was broadcasted on the Company's website, in consistent with the "Best Practices for Directors of Listed Company" and the "Principles of Good Corporate Governance" issued by the Stock Exchange of Thailand (SET). The Company operates the business with regard to the good corporate governance policies as follows.

- Be responsible for shareholders and other stakeholders by protecting the company assets as well as the good reputation;
- Establish clear responsibilities in accordance with the entrusted mission with disciplines and awareness of existing and future risks;
- Have clear and transparent decision making process and working procedures;
- Treat stakeholders equitably and avoid bias or situation that may raise any conflicts of interest;
- Foster the Company's sustainable growth and long term shareholders' value;
- Continuously enhance competitiveness; and
- Be sensitive to community and environment concerns.

2. Shareholders: Rights and Equitable Treatment

The Company has established the following guidelines to ensure that the Company's shareholders can exercise their ownership rights.

- Ensure that shareholders have equitable fundamental rights to attend and to vote in the shareholders' meeting;
- Observe the shareholders' rights to have adequate, necessary and accurate information to evaluate the Company by disclosing the current situation and future trends including other information as required by the SET and the Securities and Exchange Commission (SEC), on an equitable, regular and accurate basis;
- Ensure that shareholders can get their actual return on investment by having the simple structure between the Company and its subsidiary and associate companies with no cross shareholding and establish internal regulations to prevent the insider trading and conflict of interest.
- Ensure that directors and management disclose their interests in order that the Board of Directors can make the business decision regarding conflict of interest in the best interest of the Company.
- Allow shareholders to elect the directors individually and present detailed profile of each nominee so that the shareholders can elect the directors that they believe will be best qualified to protect the shareholders' interests.

3. Relations with Investors

Being aware of the impact of the Company's information on the decision of investors and stakeholders, the Board set a policy to disclose both financial and non-financial information in a materially sufficient, adequate, reliable and timely basis. The Investor Relations Section is responsible for communicating with institutional and individual investors, analysts and concerned government agencies via various channels and activities e.g. the Company's website, e-mail etc. Investors and shareholders can contact the Investor Relations Section at telephone number 0-2998-5131-3 or by e-mail to ir@egco.com.

The Company fosters trust by making prompt disclosure via the SET's ELCID system of which the information will be passed through to investors and the analysts at www.set.or.th. At the same time, such disclosure and other significant information including presentation materials and the Frequently Asked Questions are broadcast on the Company's web site at www.egco.com. Such information is also sent by electronic mail to investors and analysts subscribing to the mailing list.

The Company also prepares the Management Discussion and Analysis reports on a quarterly basis to allow shareholders to monitor the performance of the Company.

For 2005, significant investor-relation activities included local roadshows with the SET, seminars on the Company's business, analyst meetings and overseas roadshows in Singapore, Hong Kong, Europe and the United States.

4. Roles of Stakeholders

The Board of Directors respects the rights of various stakeholders and encourages active cooperation between the Company and stakeholders in creating wealth and the sustainability of financially sound enterprises.

A. Rights of Various Stakeholders and Treatment

The Board of Directors has set the guidelines in the Code of Conduct for the directors, management and employees to recognize the rights of various groups of stakeholders.

Shareholders:

The Company will strive to achieve growth based on its potential and core competencies so that shareholders, over the long term, will benefit from the productive performance and good operating results of the Company. In absence of unforeseen circumstances, the Company intends to distribute dividend at approximately 40% of the net profits after tax. This dividend policy may change in the light of investment opportunities that may become available to the Company, or as a result of other economic or financial factors, or when a dividend payment may have a significant impact on the normal operation of the Company.

Furthermore, the Company applies the standard work practice and benchmarking system for continuous development with an aim to excel in everything it does to maximize the benefits of the shareholders.

Employees:

The Company believes in the value of its human resources and will strive to be the employer of choice. This is achieved by promoting the participative management with equal opportunity for career advancement and fair remuneration. Employees are encouraged to enter development programs to enhance their capacities and bring out their highest working potentials to undertake tasks in competent manner and maintain our leadership in the business.

In addition, the Company has crafted appropriate development programs for each employee's level which includes the objective of training as well as proper reporting and monitoring system to ensure their effectiveness. The Management provides full and continuous support to these human resource development programs.

The Company has established a policy on health, safety and environment which is widely implemented among the Group companies. The Occupational Health and Environment Committee takes care of the implementation, monitoring and follow-up programs to ensure that the working environment is safe and healthy and that employees have accessed to safety equipment and know how to use them.

To ensure that the employees have a sound mind and a sound body, the Welfare Committee recommends and monitors employees' benefit and welfare programs. Annual physical check up, sport facilities, life and health insurance for all employees is provided on the Company's expenses. Some of the benefit schemes are extended to cover the employees' families.

Employees are encouraged to submit their questions and complaints either through suggestion boxes, the Welfare Committee or the Good Corporate Governance Committee. All the suggestions and complaints will be well taken care of with an aim to benefit all concerned parties and a good working relationship.

It should be noted that during the past year, there was no legal dispute between the employees and the Company. In addition, there was no disabling injury in all Group companies. We are proud to announce that the Khanom Electricity Generating Co., Ltd. ("KEGCO") has been honored as the National Distinguished Workplace in terms of Safety, Occupational Health and Environment for 5 years consecutively.

Customers:

The Company always commits to provide good quality and reliable services in accordance with the agreements with EGAT and all customers. To ensure the consistent quality service, the ISO 9001:2000 has been implemented at the Rayong Electricity Generating Co., Ltd. ("REGCO"), KEGCO, Roi-Et Green Co., Ltd. and Egcom Tara Co., Ltd..

During the past year, the Company and its subsidiaries can generate the contracted electricity with higher equivalent availability factors (EAF) than the value stipulated in the power purchase agreement. REGCO was awarded the EAF bonus for 8 years consecutively. Egcom Tara Co., Ltd., the water service company, can produce tap water in accordance with its contract with the Provincial Waterworks Authority of Thailand ("PWA") as well.

Suppliers and Contractors:

The Company requires that all aspects of procurement of goods and services be conducted in compliance with ethical standards. In addition, the Company aims at developing and securing sustainable relationship with suppliers and contractors on the bases of value for money, technical conformance and mutual trust. As such, the following guidelines, which are prescribed in the Regulation on Procurement and Supply and the Code of Conduct, are fully observed.

- Competitive tendering with equal information.
- Objective evaluation of tenders and selection of suppliers and contractors.
- Appropriate forms of contract.
- Effective monitoring systems and management controls to ensure the proper fulfillment of contractual obligations, and to detect and prevent bribery, fraud or other malpractice throughout all stages of the procurement process.
- Prompt payment consistent with the mutually agreed terms of trade

For 2005, there was no complaint from suppliers and contractors.

B. Involvement in Good Corporate Governance System

The Company provides mechanism to involve stakeholders in raising the company performance. Apart from providing stakeholders with relevant, sufficient and reliable information, the Company also encourages them to communicate their recommendations and concerns to the Company via the suggestion box, Investor Relations Section or the Company's web site.

Starting from March 5, 2006, the Company provides the following channel for the stakeholders to contact the Board of Directors.

Electronic Mail	directors@egco.com
Mail	Board of Directors Electricity Generating Public Company Limited EGCO Tower, 222 Moo 5, Vibhavadi Rangsit Road, Tungsonghong, Laksi, Bangkok 10210

The Corporate Secretary will be responsible for forwarding those communications to relating directors or the standing committee. Company's accounting and financial statements, internal control, risk management and compliance will be forwarded to the Audit Committee. The Corporate Secretary will summarize all directors' communications received during the most recent quarter to the Board

C. Corporate Social Responsibility:

The Company takes into account the community and environmental concerns by:

- Alleviating the adverse effects on the environment and undertaking appropriate reviews and evaluations of our performance to measure and ensure compliance with our environmental policy;
- Encouraging employees to have strong concern and being responsible for clean environment; and
- Communicating with the public on environmental matters and sharing our experience with other agencies to facilitate environmental improvements in industry performance, knowledge and operating practices.

Based on the above policies, the Management has carried out an assortment of activities such as promotion of the alternative energy and environment conservation, and support to schools and communities, religions, customs and traditions.

5. Shareholders' Meeting

The Company follows the best practices recommended by the SET for organizing each shareholders' meeting by:

- Encouraging all directors, board committees, management and the Company's external auditor to attend the shareholders' meeting;
- Delivering the notices of the meetings as well as the agenda document to the shareholders prior to the meeting date for their thorough consideration. The proxy form is also attached which the shareholders, who cannot attend the meeting, can assign any of the independent directors as their proxy;
- Sending out the meeting notices which cover all significant issues for the shareholders' approval along with the Board's opinion, the objective and rational for each agenda. There is no ad-hoc agenda in the shareholders meeting;
- Allowing shareholders to exercise their votes for each item and to elect directors on an individual basis;
- Providing shareholders with convenience and adequate time to express their opinions for each agenda and ask questions at the shareholders' meeting. Besides, the Chairman of the meeting pays attention to clarify all share

holders inquiries which will be recorded. The shareholders could exercise their rights for each agenda.

- Disclosing the minutes of meeting for shareholders' review via the SET and the Company's web site within 14 days after the meeting.

For 2005, the Company held one shareholders' general meeting on April 25, 2005 to consider and vote on various matters as required by relevant laws and regulations. The Company sent out the meeting notices 18 days in advance along with relevant information, annual reports/ financial statements and proxy forms to each shareholder whose name appeared on the shareholder roster on its closing date. The meeting notice was disclosed on the Company's web site prior to the mailing of the hard copies. To facilitate the shareholders, the Company provided the shuttle service at the parking lot of BTS. The Chairman, Chairman of Board's standing committees, directors and external auditor all attended the meeting. In this regard, the Company invited the representative from PricewaterhouseCoopers ABAS Limited to be witness for the voting result of each agenda for transparency. Shareholders were encouraged to send their inquiries in advance to the Investor Relations Section or to the Board of Directors.

The Company has conducted the survey on the quality of the shareholders' meeting since 2004. Feedbacks were used for further improvement to ensure transparency, efficiency and benefits to the shareholders and the Company. In 2005, the result of the shareholder meeting survey indicated that the shareholders were satisfied with the information in the notices of the meeting, the meeting arrangement, registration, and meeting conduct.

6. Leadership and Vision

The Board of Directors strives to achieve business growth and create long-term shareholders value taking into account the code of conduct, internal and external risks and good governance policy. The Board of Directors performed their duties based on the following standard values.

1. To act honestly, in good faith and in the best interests of the company;
2. To strive to comply with the law, as well as to protect the objectives and Articles of Association of the company, and the resolutions of any shareholders meetings;
3. To act in the best interest and fulfill our fiduciary obligations to shareholders while taking into account the interests of other stakeholders of the company;
4. Not to make improper use of information acquired as a director;
5. Not to take improper advantage of the position of director;
6. Not to allow personal interests or the interests of any associated person to conflict with the interests of the company;
7. To be independent in judgment and actions;
8. Not to engage in conduct likely to bring discredit upon the company; and
9. Not to improperly take advantage of any loophole in laws, rules or regulations for the company's or personal benefits.

The Board defined the director qualifications to include knowledge, experience and skills that would benefit the Company as well as time devotion and contribution to fortify the strengths of the Board.

The Board of Directors has the main responsibility to make decision that would benefit the Company, stakeholders, employees and nearby communities. The Board also works with the Management in setting the business direction, vision, policies as well as the budget so that the business plan would be well committed. The Board provides suggestion and recommendations on significant working plan, monitors the effectiveness of each business strategy and recommends necessary changes. The Board empowers the Management to work against the committed goal.

In 2005, the Board planned and endorsed the following activities to improve the efficiency and effectiveness of the governance system.

- Arranged Directors' orientation and update Directors' manual to equip incoming directors with knowledge about the Company, governing laws and regulations as well as having a chance to meet with the Management. Encourage Directors to attend the courses at the Institute of Thai Directors Association ("IOD");
- Appraised the performance of the Board of which the result indicated that most directors were satisfied with the current practices on Meeting, Communications, Procedure and Relationship with the Management;
- Appraised the performance of the Audit Committee which showed that the Committee's component, qualifications, and performance were in compliance with the SET's and international good practice;
- Set the authority between shareholders, Board, Board's standing committees and Management to ensure efficiency, transparency and clear responsibility. This was based on the principle that the Board was accountable for setting business direction, policy and strategies while the Management was accountable for normal operation; and
- Set the guidelines to assess the corporate success by adopting the balanced scorecard concept of which the result is monitored on a quarterly basis.

All directors are competent with the knowledge about the business and the duties of directors. List of directors who attended the courses at IOD is as follows:

Names	Courses
1. Mr. Aswin Kongsiri Independent Director	Directors' Certification Program Chairman 2000
2. Mr. Sommai Phasee Independent Director	Chairman 2000 Raising the Awareness of Corporate Fraud in Thailand
3. Mr. Worawit Khamkanist Independent Director	Directors' Certification Program Finance for non-finance director
4. Mr. Chaipat Sahasakul Independent Director	Directors' Certification Program
5. Mr. John William Hancock Independent Director	Directors' Certification Program Chairman 2000
6. Mr. Charu-Udom Ruangsuwan Independent Director	Directors Accreditation Program Audit Committee Program
7. Mr. Sahai Rakyao Director	Directors' Certification Program
8. Mr. Kittir Sirikwin Director	Directors' Certification Program
9. Mr. Visit Akaravinak Director and President	Directors' Certification Program Chairman 2000 Raising the Awareness of Corporate Fraud in Thailand

In 2005, the Board of Directors was honored as one of the six Boards to win the distinctive practices in the Board of the Year Awards 2004/2005 hosted by Subcommittee to promote the Corporate Governance in Thailand, Thai Institute of Directors Association and SET.

7. Conflicts of Interest

The Company has set the following measures to prevent directors and management from inside trading and misusing the Company's information for their own or other benefits.

- Directors and Employees must at all time observe the rules and regulations issued by the SET, the SEC, and other governing laws which include the equitable disclosure to shareholders and the public.
- Directors and Employees will not use inside information wrongly or in a way that will damage the Company.
- Any information disclosure to the public that would affect the business and the company's stock must be approved by the President. Only the President or the assigned staff member is authorized to disclose such information.
- Directors and employees must not buy or sell shares while in possession of information, which, if disclosed publicly, would be likely materially to affect the price of the company's shares.

The Company has set the policy in the Code of Conduct for Directors and Employees to avoid the conflicts between the personal interest and the corporate interest as follows.

- Directors and employees shall not be engaged as directors or advisors of other companies, organizations, and associations that may conflict with the interest and the business of the company. Acknowledgment by the Board of Directors must be sought before taking such engagement.
- Directors will promptly notify the Board when any of the conflict of interest occurs and must consider whether to refrain from participating in the debate and/or voting on the matter, whether to be absent from discussion of the matter, whether to arrange that the relevant board papers are not sent, or, in an extreme case, whether to resign from the Board.
- The list of major shareholders is disclosed. Directors and designated Management will report the change in their security holding to the regulatory body. The Corporate Secretary is assigned to report the security holdings of directors and management to the Board at every meeting.
- Transaction that may induce the conflict of interest shall be reported to the Board of Directors for consideration. The details of such transaction such as transaction price, contractors, and rationale are to be disclosed in compliance with the requirements of the SEC and SET.
- Employees should not borrow money from the company's customers/suppliers or from individuals or firms having business dealings other than financial institutions as it may influence the way they handle company business.

The Audit Committee regularly presents to the Board its report on connected transactions and any conflict of interests. This report is carefully prepared and in compliance with the regulations of the SET which specifies that these issues must be reported and disclosed quarterly as well as in the annual report and annual registration form (Form 56-1).

It should be noted that during the past year, there was no case of insider trading or any wrongdoing with regard to connected transactions. This proves the Board's efficiency in this area.

8. Code of Conduct

To maintain high ethical standards, the Company has set up a code of conduct as a guideline so that the Company's directors, Management team and employees perform their duties with regard to ethical values. The Code of Conduct covers guiding principles, making the system work, compliance with laws and regulations, business ethics, human resources, safety, health and environment and accountability. The Company continuously conducts the training program to the employees as well as provides clarification on frequently asked questions. Directors, management and employees must obey and respect the spirit of the Code of Conduct. Managers at all levels are required to promote the compliance with the Code of Conduct and act as role models.

9. Balance of Power by Non-Executive Directors

Currently, the Board comprises 15 directors. With the President as the only executive director, the other 14 are outside directors who are not the Company's employees which accounts for 93% of the Board members. From these outside directors, 6 are qualified as the independent directors which accounts for 40% of the total directors. This ensures that the balance of power is appropriate and the directors can independently represent the best interests of shareholders.

The non-executive directors appraise the President's performance annually in accordance with the established goal. Such information will be used to support the consideration on the President's remuneration. The Chairman of the Board will communicate the result to the President.

The Board encourages the President to invite the top managements to attend the Board's meeting to provide additional insights into the items being discussed because of personal involvement in these areas and managers with future potential are given exposure to the Board to support the consideration of the succession planning. The Board can request additional necessary information from the President or the Corporate Secretary or other assigned management within the extent of the established policy. The Board can also engaged independent advisor for the benefit of the business on the Company's expenses.

Moreover, the Company defined the qualifications of independent directors to be above the minimum requirements set by SET by setting the maximum shareholding by each independent director in the Company at not exceeding 2%. Independent directors agreed to hold executive sessions twice a year to discuss significant issues of the company. Details of the discussions were reported to the Board and the Management for acknowledgement.

10. Aggregation or Segregation of Duties

To ensure clear duties and responsibilities, the Company has set the policy that the Chairman is a non-executive director, is not the same person as the President and has no relations with the Management. The Chairman takes the role of the leader and assures that the Board's meetings are conducted efficiently by encouraging involvement by all directors and providing recommendations to Management via the President. The Board will not intervene with any routine activities under the President's responsibilities.

11. Remuneration for Directors

The Company set the directors' remuneration at the appropriate rate which is comparable to that of the leading companies in the same sector. The Nomination and Remuneration Committee shall propose the directors' remuneration for endorsement by the Board and approval by the Shareholders' meeting. The Company has a policy to disclose the remuneration of each director for transparency.

In 2005, the Shareholders' Meeting resolved that the directors' remuneration comprised the monthly retainer fee and meeting allowance to reflect the liabilities, time devotion and meeting attendance of each director. On the other hand, the bonus payment was tied with the company's achievement. Details were as follows.

1. Monthly retainer fee at Baht 30,000 and meeting allowance at Baht 10,000 each. In case of appointing the substituted directors/committee members, retainer fee would be paid to each person in proportion of the service time in the month. Members who did not attend the Meeting would not receive the allowance, which would also affect the bonus remuneration. Chairman of the Board received 25% additional remuneration for both the retainer fee and the meeting allowance
2. Bonus would be allocated at 0.5% of the net profit after tax of the consolidated financial statement but not exceed Baht 12 million at the Board's discretion.

Directors that also serve as committee members will be entitled to extra remuneration to match the increased in responsibilities.

Remuneration for top executives is determined to be linked with the corporate and individual achievement. The Company periodically conducts the survey of the executive remuneration to ensure that the rate is comparable to that of the peer companies and adequate to attract and motivate the qualified executives. The Nomination and Remuneration Committee is accountable for considering and proposing the appropriate package for the President prior to the approval by the Board of Directors.

The remuneration of directors and management is disclosed under the topic of remuneration of directors and management in this annual report.

12. Board Meeting

To ensure that the Board takes full responsibility to meet the expectation of the shareholders, the Board establishes significant business policy and corporate calendar. In this regard, it is determined that the Board meeting will be held at least once every two months. Extra Meeting can be called if there is any major unplanned event that needs the Board's consideration. The Board can also authorize the Committees to scrutinize or approve the management's activities within the delegated authority during the meeting interval. The Board also instructed the management to provide monthly performance report.

To facilitate the directors, the Company plans the meeting dates and the agenda for the whole year in advance. The Chairman and President fixes the agenda for the Board's meeting. Each director can propose the agenda to the Chairman and can deliver their independent judgment. The Corporate Secretary delivers the notice, agenda, and meeting document to the directors for consideration well in advance. Agenda is prioritized in terms of significance i.e., Matter Arising, Matter for Consideration, Matter for Information to ensure that items that need the most careful deliberation are given adequate time.

The Chairman allocates adequate time for the management to present their issues and adequate to permit directors to conduct extensive discussion of agenda items and other topics of interest. The minutes of meeting are draft for the Board's review within 14 days after the meeting prior to the adoption at the next meeting. The Board of Directors had called 8 meetings in 2005 comprising 7 scheduled and 1 extra meeting. Each meeting took approximately 2 hours and a half. The average attendance rate is 87%. The electronic file is also implemented for convenient retrieving and cost saving.

List of directors and attendance record in 2005 is as listed below.

No.	Name	Appointment Date	Meeting (time)					
			Board Meeting 8 times/year	Audit Committee 6 times/year	Executive committee 23 times/year	Nomination and Remuneration Committee 7 times/year	Risk Management Committee 6 times/year	Group Business Committee 6 times/year
1	Mr. Chai-Anan Samudavanija Chairman	April 26, 2004	8/8			7/7		
2	Mr. Sommai Phasee Independent Director	May 12, 1992	8/8			7/7		
3	Mr. Aswin Kongsiri Independent Director	June 25, 2001	7/8		22/23	1/1		
4	Mr. Worawit Khamkanist Independent Director	April 29, 1997	7/8	6/6			6/6	
5	Mr. Charu-udom Ruangsuan Independent Director	April 30, 2003	8/8	6/6				
6	Mr. Chaipat Sahasakul Independent Director	April 22, 2002	8/8	6/6				
7	Mr. John William Hancock Independent Director	June 28, 2004	5/8					
8	Mr. Norkun Sitthiphong Director	April 26, 2004	8/8		21/23			
9	Mr. Narong Sitasuan ¹ Director	October 27, 2003	6/7					
10	Mr. Sahai Rakyao Director	October 31, 2005	2/2			1/1		
11	Mr. Kittir Sirikwin Director	April 26, 2004	8/8			6/6		1/1
12	Mr. Peter Albert Littlewood Director	February 22, 1999	4/8					2/6
13	Mr. Richard McIndoe Director	December 16, 2002	6/8					
14	Mr. Michael Irl Nikkel Director	December 15, 2003	7/8		21/23			
15	Mr. James Richarde Truscott Director	March 19, 2004	8/8				4/6	
16	Mr. Chalermchai Ratnarak ² Director and President	December 15, 2003	4/4		13/13		5/5	3/3
17	Mr. Visit Akaravinak ³ Director and President	August 1, 2005	4/4		10/10		1/1	6/6

¹ Vacating the office by resignation on October 1, 2005

² Vacating the office by resignation on August 1, 2005

³ Appointed as Director and President on August 1, 2005

Note The Audit Committee members are numbers 4,5,6
The Executive Committee members are numbers 2,3,7,8,14,16,17
The Nomination and Remuneration Committee members are numbers 1,2,3,10,11
The Risk Management Committee members are numbers 4,15,16,17
The Group Business Committee member are numbers 9,11,12,16,17

13. Board Committees

The Board of Directors appoints the directors with knowledge and expertise to be the members of the board committees to ensure thorough consideration and appropriate review of information to enhance the governance efficiency as follows.

• Audit Committee

The Audit Committee comprises 3 independent directors for a 3-year term of service, with one year for this purpose meaning the period between the Annual General Meeting of shareholders when s/he is appointed and the next succeeding Annual General Meeting. The Audit Committee undertakes its responsibilities as described in the Audit Committee Charter, which is reviewed annually to be consistent with the changing internal and external environment. In summary, the Audit Committee's mission covers the review of the financial statements, legal compliance, internal control, disclosure of connected transaction or conflicts of interest and appointment of auditor.

The Audit Committee conducted the self-appraisal annually and reported the result to the Board. The result in 2005 indicated that the composition, qualifications and performance of the Audit Committee are in line with the recommendations of the SET and the international best practices.

There were 6 meetings in 2005 of which the attendance rate is 100%.

• Executive Committee

The Executive Committee comprises 5 directors, which the term of office of each Executive Committee member is the same as their board directorship. The Executive Committee governs the company's business and endorses recommendations to the Board of Directors, approves actions within its delegated authority as well as approves Company representatives to be directors of the subsidiary or associated companies. The Committee meets regularly and the meeting results are reported to the Board.

There were 23 meetings in 2005 of which the attendance rate is 98%.

• Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises 4 directors for a 3-year term of service with one year for this purpose meaning the period between the Annual General Meeting of shareholders when s/he is appointed and the next succeeding Annual General Meeting. The mission is to determine the structure, composition and remuneration of the Board of Directors, to nominate directors, members of the Board committees and President, to set the executive succession plan including the appointment, rotation and removal of the executives including their remuneration package. The Committee is also assigned to be the performance evaluator at the corporate level to determine the bonus and annual salary increase of the Group companies and to recommend the Company's salary structure and other fringe benefits

There were 7 meetings in 2005 of which the attendance rate is 98%

• Risk Management Committee

The Risk Management Committee comprises 10 members, being 3 directors appointed by the Board, and 7 Management including Group Heads and Managing Directors of wholly-owned subsidiaries. The term of office of each member is the same as their directorship in the case of directors and their position holding in the Company in the case of Management.

The mission is to ensure the establishment of a risk management framework which includes policies and procedures to identify all areas of potential risks associated to the business in EGCO group as well as to review policies and control processes implemented for assessment, management, and control of risks, including monitoring and reporting procedures.

There were 6 meetings in 2005 of which the attendance rate is 90%.

• Group Business Committee

The Group Business Committee comprises 9 members, being 2 directors, 2 management, 4 external professionals

and the President who shall be the Chairman of the Committee. The term of office of the Group Business Committee members is 1 year. The mission is to oversee the Company's operating assets to ensure that the operating results and return on investment are in line with the plans and projections, and that they operate with compliance to governance laws and regulations.

There were 6 meetings in 2005 of which the attendance rate is 92%.

14. Controlling System and Internal Audit

The Board of Directors is responsible for ascertaining that internal control systems of the Company and its subsidiaries are compliant with those established pursuant to SET guidelines and COSO's Internal Control Framework (The Committee of Sponsoring Organizations of the Treadway Commission). In respect of this duty, the Board has entrusted the Audit Committee with the responsibility to review the effectiveness and efficiency of the internal control systems and require the internal audit division to audit compliance with the internal control systems. The internal audit division functionally reports to the Audit Committee.

• Control Environment

The Board sets the Company's vision, mission, and objectives. Short term and long term business goals as well as Key Performance Indicators are identified and clearly communicated throughout the Company to help ensure that operations are carried out in a manner consistent with the Company's vision, mission and objectives. Written policy, procedures, and approval authority are used as management tools as is a written code of conduct for directors and employees.

• Risk Management

Internal control systems have been designed using the results of comprehensive risk assessment. The Risk Management Committee comprising executive management of the Company and subsidiaries as well as directors was established to thoroughly review the risk management activities of the Group.

Risk management activities have been performed at the Group, corporate and division level. The process has been designed to identify risks that might prevent the Company from achieving its objectives. The root causes of risks and their impact upon the Company has been thoroughly analyzed in order that mitigants and preventive measures can be developed and implemented. Risk owners are assigned to each key risk area and an early warning system is also provided to ensure timely corrective actions to risk events. The Company has a Risk Management Section which is responsible for following up the risk management activities, reviewing performance in this regard, and regularly reporting results to the Risk Management Committee.

• Control Activities

Control activities are policies and procedures used to ensure that the Board and management directives are met. They are divided into three categories, based on the nature of the objectives to which they relate, i.e., financial reporting, operations or compliance. Scope of authority and specific limits of authorization of each level of management were clearly written into the Table of Authority and communicated throughout the organization. Financial investment and project investment procedures are adequately and properly set up to be performed before approval by authorized management. Conflict of interest and penalties in the event of violations are defined in the Company's Code of Conduct and other Company regulations. In addition, The management has set up a monitoring unit to assign responsible persons to follow up and report on the operations of the Company and its subsidiaries in an effort to ensure the Group's operations are in compliance with the Company's objectives.

The Corporate Secretary Division has been assigned to oversee the Company's and the Board's operation and activities and to ensure that these comply with SET and SEC related laws and regulations. A listing of rules and regulations associated with EGCO and subsidiaries are maintained and periodically updated by the Legal Division for reference. In addition, a compliance working team comprised of all division managers has been set up to periodically review operational compliance.

• Information and Communication

At EGCO, information are maintained and communicated in a form and time frame that enables the directors and the management to carry out their responsibilities and to make decision. For instance, power plants operation and financial data are maintained within the Management Reporting System. This reporting system is regularly updated and secured against unauthorized use. During meetings, discussions and inquiries are recorded and minutes of meeting are produced. Accounting records and supporting documents are also completed and kept in an orderly manner. There is no deficiencies informed by the auditor.

Public and shareholder information is disseminated through several channels. For example, updated information is posted on the Company's web site so that shareholders and investors can have access to the Company's information on a real time basis. Employees can also communicate with management and suggest ideas for improvement of Company systems and operations.

• Monitoring

The Planning Division was assigned to follow up whether the Company's operation results are in line with the plan and meet the corporate KPIs. Gap analysis is carried out and scheduled reports are submitted to the Management and the Board.

The Internal Audit Division reviews the internal control system to provide management with assurances about the effectiveness of this system. Exceptions found are reported and followed up upon through regularly schedule meetings.

Internal Audit Division's Duties

The Company has set up the internal audit function at the division level. The Internal Audit Manager reports functionally to the Audit Committee and administratively to the President. Duties and responsibilities of the Internal Audit Division are described in the Internal Audit Charter, approved by the Audit Committee and signed by the Chairman of the Board of Directors.

15. Directors' reporting

The Board of Directors is accountable for ensuring that the preparation of the consolidated financial statements of the Company and the subsidiaries including all financial information are in line with the generally accepted accounting principles in Thailand and that all significant information is adequately disclosed in the notes to the financial statements. With respect to this, the Board of Directors assigned the Audit Committee to be accountable for the quality of the financial reporting and the internal control system. The Board and the Audit Committee has provided their opinion that the consolidated financial statements of the Company as at December 31, 2005 were correct, adequate and reliable.

16. Roles and Responsibilities of the Corporate Secretary

The Board of Directors has designated Secretary to the Board of Directors to handle and carry out functions to assist the Board as well as to coordinate subsequent actions under the Board's resolution:

- Provide primary advice pertaining to regulations of the company including the Company's articles of associations, monitor to ensure regulatory compliance on a regular basis, and report any significant changes to the directors
- Arrange meetings of shareholders and the Board of Directors in accordance with the laws and regulations, including the Company's articles of associations and procedures.
- Prepare meeting minutes of shareholders and the Board of Directors, and monitor to ensure compliance with resolutions of shareholders' and Board meetings.
- Ensure that corporate information disclosure to regulatory agencies is in accordance with the laws and the SEC's and the SET's regulations.
- Inform general shareholders of their legitimate rights and the Company's information.
- Facilitate the Board activities.

Director and Management Selection

Director Selection

The Company endeavors to select capable directors to oversee the company, designate the corporate policies and sanction its business plans for the benefit of shareholders. With respect to this, the Company puts an emphasis on the director nomination and selection process taking into account the following qualifications and experience in considering each individual candidate.

1. Regulations and Notifications of SET and SEC regarding the directors' qualifications,
2. Directors' qualifications prescribed in Directors' Code of Conduct namely honesty, virtue, initiative and achievement, excellence, accountability, justice, independence, equality of shareholder opportunity,
3. Knowledge and experience which would be beneficial to the company's business,
4. Trainings and experience at the policy making level in corporate governance,
5. Willingness to represent the best interests of all shareholders,
6. Willingness to devote time and effort to contribute to the company's development.

The Board has delegated to the Nomination and Remuneration Committee, which comprises shareholders' representative directors and independent directors, the duty of selecting and recommending prospective candidates, whether they are to become the shareholders' representatives or independent directors, to the Board for approval. The Nomination and Remuneration Committee is also responsible for assessing the appropriate mix of skills and characteristics required of Board members in the context of the needs of the Board at a given point in time and shall periodically review and update the criteria as deemed necessary. The nomination of directors to succeed those who retire by rotation must be individually approved at the shareholders' meeting based on the voting guidelines in the Articles of Association as follows.

1. Each shareholder shall be entitled to the number of votes equivalent to the number of shares held by him/her; one share shall have one vote.
2. Each shareholder shall elect one or more directors, provided that they shall not exercise their votes in excess of the number of directors required at such time.
3. In a case that a shareholder elects more than one director, s/he may exercise all the votes s/he has, provided that s/he may not split his/her votes among any such persons.
4. The persons receiving the highest number of votes in respective order shall be appointed directors depending on the requirements of directors set at such time. In the event that a number of persons receive an equal number of votes for the last directorship, the Chairman of the meeting shall have a casting vote.
5. Directors must be appointed by the vote not less than four-fifth of the shareholders present and having the right to vote.

To ensure that shareholders have adequate information to make their selection, the Company shall present details of a given candidate such as education background, occupation, directorship in other companies, relevant experiences, and illegal acts committed (if any) in the notice of shareholders' meeting. In case of the re-election, the attendance records and performance during the past year shall also be presented.

In the case of casual vacancies, the Nomination and Remuneration Committee will nominate a qualified candidate who does not possess any forbidden characteristics as stipulated under the Public Company Act for approval at the subsequent Board of Directors' meeting. The director who fills in the vacancy shall retain the office for only the remaining term of office of the director whom s/he replaces. The resolution of the Board of Directors in this respect shall consist of not less than three-fourth the votes of the remaining directors.

All new directors must participate in the Company's orientation program. This orientation will include presentations by senior management to familiarize new directors with the Company's significant issues, Directors' Manual and the Company's Code of Conduct for Directors and Employees. Any sitting directors and other top management may attend the orientation program.

Definitions of Independent Directors

The Board of Directors shall consist of an appropriate number of independent directors. The Company has established the definition of independent directors which either meet or exceed the independence standard set forth in SET' Notification regarding the qualifications of independent directors, dated October 28, 1993 and SEC's letter no. SEC Jor. (Wor) 54/2004 dated December 1, 2004. To be considered "independent" for purposes of director qualification standards, the director must possess the following qualifications.

1. Holding shares not more than 2% of the paid-up capital with the voting right of the company, affiliated company, associated company or related company, which shall be inclusive of the shares held by related persons. (including the connected persons as stipulated in section 258 of securities law)
2. Not taking part in the management of the company, affiliated company, associated company, related company or majority shareholder of the company, and not being an employee, staff member or advisor who receives a salary from the company, associated company, related company or majority shareholder of the company.
3. Not being a person who is related by maternity and by registration in case of being parents, spouse, brother, sister, son and daughter, including son's and daughter's spouse of the management, or major shareholders or whoever that has the conflict of interests with the company or subsidiary.
4. Having no direct or indirect benefit or interest in finance and management of the company, affiliated company, associated company, related company or majority shareholder of the company, including the benefit or interest of the said nature during the period of 1 year before his appointment as independent director except where the board of directors has carefully considered that such previous benefit or interest does not affect the performance of duties and the giving of independent opinions.
5. Not being appointed as a representative to safeguard interests of the company's director, majority shareholders or shareholders who are related to the company's majority shareholders.
6. Being capable of performing duties, giving opinions or reporting the results of performance of work according to the duties delegated by the board of directors free and clear of the control of the management or the majority shareholders of the company including related persons or close relatives of the said persons.

The Nomination and Remuneration Committee shall review the appropriateness of the definition. Currently, there are 6 independent directors of all 15 directors which accounts for more than the one-third proportion of all directors.

Management Selection

The Board determines policies and principles for selection of the President and policies regarding succession in the event of an emergency or the retirement of the President taking into account educational background, experiences, capabilities, ethics and leadership. The Nomination and Remuneration Committee should consider and propose the qualified candidates to the Board.

The President is entrusted to select the knowledgeable, competent and experienced Executives in accordance with the qualifications and selection process stated in the Company's Regulation on Human Resource Management B.E. 2544 (1st amended) and the resolution of the Board as follows.

1. The Nomination and Remuneration Committee shall approve the appointment of Senior Executive Vice President, Executive Vice President, the subsidiaries' Managing Director and Deputy Managing Director.
2. The President shall appoint the division and section managers. The appointment of Secretary to the Board and the Assistant Secretary to the Board shall be approved by the Board of Directors while the appointment of Division Manager of Internal Audit shall be endorsed by the Audit Committee.

Directors' Remuneration

• Explicit Remuneration

(1) Total Remuneration of all Board Members

As of December 31, 2005, the Board of Directors is composed of fifteen directors.

(Unit : Baht)

No.	Names	Appointment	Period of Service		Meeting Attendance (8 Times/Year)	Total Remuneration in 2005			Total Remuneration
			Period of Service in 2005	Period of Service in 2004		(Monthly retainer, Meeting Allowance)		Bonus ^{/2}	
						Director	Board Committee ^{/1}		
1.	Mr. Chai-Anan Samudavanija	26 Apr 04	12	9	8/8	555,000	360,000	691,640	1,606,640
2.	Mr. Sommai Phasee ^{/4}	12 May 92	12	12	8/8	430,000	2,208,000	748,220	3,386,220
3.	Mr. Aswin Kongsiri	25 Jun 01	12	12	7/8	430,000	2,424,000	754,510	3,608,510
4.	Mr. Worawit Khamkanist	29 Apr 97	12	12	7/8	430,000	708,000	741,940	1,879,940
5.	Mr. Charu-Udom Ruangsuvan	30 Apr 03	12	12	8/8	440,000	420,000	754,510	1,614,510
6.	Mr. Chaipat Sahasakul ^{/4}	22 Apr 02	12	12	8/8	440,000	525,000	754,510	1,719,510
7.	Mr. John William Hancock	28 Jun 04	12	7	5/8	410,000	–	427,560	837,560
8.	Mr. Norkun Sitthiphong	26 Apr 04	12	9	8/8	440,000	1,920,000	553,310	2,913,310
9.	Mr. Sahai Rakyao ^{/5}	31 Oct 05	2	–	2/2	81,000	48,000	–	129,000
10.	Mr. Kittir Sirikwin	26 Apr 04	12	9	8/8	440,000	276,000	553,310	1,269,310
11.	Mr. Peter Albert Littlewood ^{/4}	22 Feb 99	12	12	4/8	400,000	285,000	1,276,080 ^{/3}	1,961,080
12.	Mr. Richard McIndoe ^{/4}	16 Dec 02	12	12	6/8	420,000	288,000	748,220	1,456,220
13.	Mr. Michael Irl Nikkel ^{/4}	15 Dec 03	12	12	7/8	430,000	1,920,000	440,130	2,790,130
14.	Mr. James Richarde Truscott	19 Mar 04	12	10	8/8	440,000	288,000	616,180	1,344,180
15.	Mr. Visit Akaravinak ^{/5}	1 Aug 05	5	12	4/4	–	180,000	555,980 ^{/3}	735,980
16.	Mr. Chalermchai Ratnarak ^{/6}	15 Dec 03	7	12	4/4	–	–	–	–
17.	Mr. Narong Sitasuwan ^{/6}	27 Oct 03	9	12	6/7	330,000	240,000	1,177,120 ^{/3}	1,747,120
18.	Mr. Andrew J. Pickering ^{/7}	28 Oct 02	–	2	–	–	–	113,180	113,180
19.	Mr. Sitthiporn Ratanopas ^{/7}	30 Apr 03	–	4	–	–	–	298,660	298,660
20.	Mr. Somchai Wongsawat ^{/7}	25 Jun 01	–	4	–	–	–	226,350	226,350
21.	Mrs. Pannee Sathavarodom ^{/7}	30 Apr 03	–	4	–	–	–	238,930	238,930
22.	Mr. Seri Chintanaseri ^{/7}	30 Apr 03	–	4	–	–	–	251,500	251,500
						6,116,000	12,090,000	11,921,840	30,127,840

^{/1} Board Committees are Executive Committee, Audit Committee, Nominating and Remuneration Committee, Risk Management Committee and Group Business Committee.

^{/2} The Shareholders' Annual General Meeting No. 1/2005 held on April 25, 2005, resolved to paid 2004 bonus for director in May 2005.

^{/3} Bonus for Board and Board Committee in 2004 was paid in May 2005.

^{/4} All the directors who retired by rotation in the 2005 AGM (Mr. Sommai Phasee, Mr. Chaipat Sahasakul, Mr. Peter Albert Littlewood, Mr. Richard McIndoe and Mr. Michael Irl Nikkel) were re-elected. .

^{/5} In 2005, two directors were appointed to fill casual vacancies.

– Mr. Visit Akaravinak was appointed by the Board Meeting no. 4/2005 on June 27, 2005

– Mr. Sahai Rakyao was appointed by the Board Meeting no. 7/2005 on October 31, 2005

^{/6} In 2005, two directors tendered their resignation.

– Mr. Chalermchai Ratnarak resigned with effect on August 1, 2005

– Mr. Narong Sitasuwan resigned with effect on October 1, 2005

^{/7} In 2004, five directors tendered their resignation.

– Mr. Andrew Pickering resigned with effect on February 20, 2004

– Mr. Sitthiporn Ratanopas, Mr. Somchai Wongsawat, Mrs. Pannee Sathavarodom and Mr. Seri Chintanaseri resigned with effect on April 26, 2004

(2) Total Remuneration of the Executive Director and the Management

(Unit : Baht)

	Year 2005		
Remuneration	Executive Director (1 Person) ^{/1}	Management (6 Persons) ^{/2}	Total Remuneration
Total Salary	–	20,722,420.00	20,722,420.00
Bonus ^{/3}	–	8,336,728.37	8,336,728.37
Meeting Allowance	–	–	–
Total	–	29,059,148.37	29,059,148.37

^{/1} Executive Director is defined as director who is also management of the Company. In this regard, the President is the executive director. He is not entitled to the retainer fee or meeting allowance as Board committees' member.

^{/2} These included 6 management namely the President, SEVP-AMP, SEVP-BD, SEVP-FIN, two Senior Executive Vice Presidents who are seconded to be the Managing Directors of REGCO and KEGCO. Since the MDs of REGCO and KEGCO were paid by those companies, EGCO is responsible for the remuneration of only four executive

^{/3} The 2005 bonus was paid in January 2006.

(3) Total Remuneration of Core Subsidiaries' Management

(Unit : Baht)

	Year 2005								
Remuneration	REGCO			KEGCO			TLP Cogen		
	Directors (10 Persons)	Management (7 Persons)	Total Remuneration	Directors (10 Persons)	Management (7 Persons)	Total Remuneration	Directors (5 Persons)	Management (1 Person) ^{/3}	Total Remuneration
Salary	–	13,129,668.00	13,129,668.00	–	11,381,030.00	11,381,030.00	–	1,197,900.00	1,197,900.00
Bonus ^{/1}	–	4,594,291.57	4,594,291.57	–	4,948,459.00	4,948,459.00	–	578,925.95	578,925.95
Meeting Allowance ^{/2}	–	–	–	–	–	–	–	–	–
Total	–	17,723,959.57	17,723,959.57	–	16,329,498.00	16,329,498.00	–	1,776,825.95	1,776,825.95

^{/1} The 2005 bonus was paid in January 2006.

^{/2} EGCO is responsible for the meeting allowance of REGCO and KEGCO Board

^{/3} TLP COGEN Management was assigned from EGCO and provide service as General Manager under the service agreement between EGCO and TLP COGEN.

- Other Remuneration
- Provident Fund

In 2005, the company and its core subsidiaries contributed their parts to the provident fund for their respective executive management as follows:

(Unit : Baht)

Company	Year 2005	
	Members	Provident fund
EGCO	4	727,488.00
REGCO	7	1,312,966.80
KEGCO	7	1,039,226.00
TLP Cogen	1	85,849.50

Employees

• EGCO

As of December 31, 2005, EGCO has 113 headcounts which include the President, three Senior Executive Vice Presidents, and six executives who are seconded to be management of Group companies. The rest of 103 headcounts are attached to the following functions:

Key Areas	Members (Persons)
1. President	13
2. Business Development	16
3. Asset Management and Planning	13
4. Finance	19
5. Controller	6
6. General Counselor & Corporate Secretary	9
7. Corporate Services	27

• Core Subsidiaries

REGCO has 149 headcounts which include the Managing Director and two Deputy Managing Directors. KEGCO has 162 headcounts which include the Managing Director and two Deputy Managing Directors.

The company's headcounts is structured as follow:

Employee	Total (Persons)	
	REGCO	KEGCO
1. Operation	67	71
2. Maintenance	48	57
3. Others	31	31

There are three permanent staffs who serve TLP Cogen of which the general manager is assigned from EGCO under the service agreement between EGCO and TLP Cogen. The Operation and Maintenance staffs of 31 headcounts are ESCO employees who work under the O&M service agreement between ESCO and TLP Cogen.

Employee Remuneration

The Company has the policy that the employees in the Group have fair remuneration which can be comparable to the peer companies. Remuneration of employees of the Company and the core subsidiaries in 2005 is as shown below:

(Unit : Million Baht)

Remuneration	Amount			
	EGCO ^{/1}	REGCO	KEGCO	TLP Cogen ^{/2}
Total Salary	101.35	86.74	110.43	2.19
Bonus ^{/3}	45.96	29.70	44.11	0.96
Provident Fund	7.94	8.58	10.37	0.15
Total	155.25	125.02	164.91	3.30

^{/1} Include salary and bonus of the executive on the one year contract

^{/2} Include the salary and bonus of the management of TLP COGEN who is assigned by EGCO to be the General Manager and the salaries of three permanent employees.

^{/3} The 2005 bonus was paid in January 2006.

EGCO believes that good internal control system leads to efficiency and effectiveness of operation. The Company has committed to compliance with good corporate governance, applicable laws and regulations, and the Code of Conduct. The Board of Directors' report on the Company's internal control is as follows:

The Board's Responsibilities

The Board has realized its responsibility to provide and maintain an effective internal control system and internal audit for shareholders' benefit and for protection of the Company's assets. In this regard, the Board has the internal control systems established at the Company and subsidiaries including internal control on business strategy, financial reporting, operations, and compliance with applicable laws and regulations. The Company also has the Internal Audit Division perform internal auditing on financial, operation, management, compliance, and information technology audit.

The Board appoints directors to be members of the Sub-Committees to ensure the achievement of the Board's responsibilities. The Group Business Committee has been set up with the responsibility to oversee subsidiaries that have already operated to ascertain that adequate internal control systems, complying with the SET's and COSO's internal control guidelines, are in place. The Group Business Committee also supervises the subsidiaries' operational compliance with the control systems and related laws and regulations.

It is determined that the Company's internal control system assessment be performed annually. The results of the assessment together with the regulators' policy and recommendations on internal control issues have been submitted to the Board's consideration for better improvement and coping with the changed environment.

Internal Control

The Company's internal control systems and internal auditing have been specified and explained in this annual report, item 14 of Corporate Governance Report section. With regard to this, the Company has all division managers and above thoroughly review their work practices during the past year by completing the "Representation Checklist" and the "List of General Questions", before signing the "Code of Conduct Compliance Statement" and the "Representation Letter" addressed to immediate supervisors. Subsequently, the President as the top management signs the Statement and the Representation Letter addressed to the Chairman of the Board. Moreover, the Company's and each subsidiaries' internal control systems have been evaluated annually. The assessment form has been adopted complying with SET's and COSO's internal control guidelines. The results of the assessment which have been reported to the Audit Committee, the Board, and the auditor indicated that adequate internal control systems of the Company and subsidiaries are in place.

To set the scope and plan for the audit of the Company's and subsidiaries' financial statements, the auditor has to review financial reporting controls. In year 2005, the auditor did not encounter any significant deficiency in the areas reviewed.

Regarding to the financial statement audit by the certified auditor, the auditor has reviewed the Company's internal control system in terms of accounting and finance to set audit guidelines, time line, and audit scope. In the year 2005, the auditor did not find any significant deficiency of the internal control system.

In the Board's meeting on March 20, 2006, which all independent directors attended, the Board reviewed the information on internal control assessment of EGCO and subsidiaries together with the internal control assessment form. They have the same believe as the Audit Committee that the Company has an appropriate and adequate internal control system in place to protect the Groups' assets from misuse or misapplication by the management. No major internal control weakness has been found during the assessment.



Quality of Life

Happiness

We will continue to think
and act creatively to promote
unique energy solutions
for our customers.



Energy
Development





EGCO has a commitment to its shareholders to strive to achieve growth based on its potential and core competencies so that shareholders receive sustainable benefit from its productive performance and good operating results. Being aware of the impact of the Company's information disclosure on investor's valuation of the Company, the Company discloses both financial and non-financial information on a sufficient, adequate, reliable and timely basis as required by the SEC and the SET.

Capital Structure and Share Performance

As at December 31, 2005, the Company had 526.465 million issued shares and the market capitalization was 42,644 million baht.

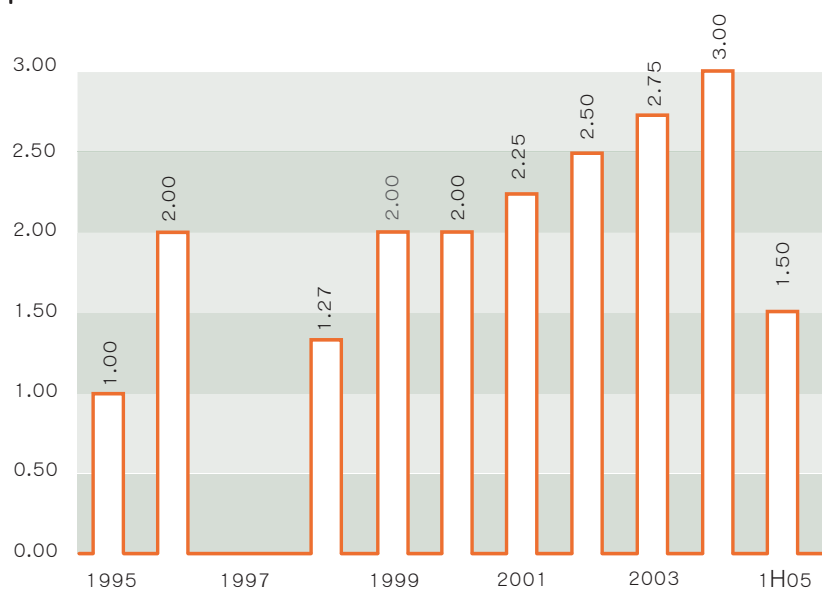
In 2005 average EGCO price was approximately 77.45 baht per share, a 9.7% increase from 2004 average. The highest trading price was 86 baht on February 15, 2005 and the lowest price was 71.50 baht on September 19, 2005 and November 8, 2005. The average price/earning (P/E) ratio was approximately 9.

Dividends

The company's dividend policy is to distribute approximately 40% of the net profit after tax, or to increase the dividend amount in a steady manner, to the shareholders. This dividend policy may change in the light of investment opportunities that may become available to the company or as a result of other economic or financial factors or when a dividend payment may have a significant impact on the normal operation of the company.

The dividend payout of EGCO

Baht per Share



Remarks:

1. In 1997 the Company reported net losses on the annual operation following the baht float; as a result, no dividend was paid to shareholders in that year.
2. The Company also set a policy that the subsidiaries in which the Company has significant control pay dividend at 100% of their net income after tax

The Company aims to pay dividend twice a year. In 2005 the Company paid final dividend of 1.50 baht for the 2H04 operations on May 12 and also paid an interim dividend of 1.50 baht for the 1H05 operations on September 20.

Investment Community Relations

The Company believes in keeping the investment community informed of all major developments in a timely and accurate manner and welcomes the recommendations from the shareholders. Consequently, we arrange various communication channels and investor relations programs for our investment community as follows:

a. Annual General Meeting

Shareholders have the right to attend an Annual General Meeting (AGM) which is normally held in April and are encouraged to ask any questions they may have directly to the Company's management and directors. Shareholders not able to attend can vote on resolutions through the proxy forms. In 2005, there were 597 shareholders attending the AGM in person and by proxies representing 379,247,116 shares or 72.04% of total issued and paid-up share capital.

b. Website

Recognizing the importance of fair disclosure, the Company strives to disclose correct, sufficient and timely information to the public. Therefore, EGCO website (www.egco.com) can be accessed for recent announcements by the Company including annual financial results, presentations, past and current annual reports, annual registration statement as well as EGCO news and investor relations activities. Shareholders and investors can contact our investor relations through the website on the investor relations page and also can contact our Board of Directors through the website on the corporate governance page.

c. Analyst Meeting/EGCO Round Table Discussion

Analysts Presentations which SET calls ‘Opportunity Day’ are held shortly after the Company announces half year and final year end results. EGCO round table discussions are also held twice a year which the top management always attend to explain our business to our investors.

d. Plant Visit

To enable our investment community to have a better understanding of the Company’s business, we arrange a plant visit annually. In 2005 more than 50 shareholders, investors and analysts visited the KEGCO power plant in the South of Thailand.

e. Roadshows

In 2005 our management participated in domestic roadshows organized by the SET to meet retail investors in Phuket, Chiang Mai, Khon Kaen, and Bangkok. Our management also went on international roadshows to meet institutional investors in Hong Kong, Singapore, Europe and the U.S.

f. Feedback Form

Feedback forms sent out with our annual report is our means to obtain shareholders’ views on the report and on additional information that they would like to receive in the following year’s annual report, together with questions that they would like the President to answer at the AGM. The feedback forms were well received by shareholders.

The Company thanks all the shareholders who provided feedbacks via the feedback forms and other various channels for us to improve our corporate performance and add value to the Company and the shareholders.

EGCO and its Customers

The Company aims to be a leading Thai power company that provides its services in Thailand and throughout the ASEAN region. As such, the Company considers quality service as one of its key success factors to achieve sustainable growth.

Since reliable electricity is essential for the national development, a reliable source of power supply is very crucial. To ensure the quality and reliability of the supply, the Company continuously takes measures to improve the quality of its management systems. KEGCO is proud to be the first power plant in Southeast Asia to be certified ISO 9002:1994 compliant by RWTUV (Thailand) on September 30, 1998. REGCO followed suit and was certified ISO 9002:1994 compliant by RWTUV (Thailand) on January 30, 2001. Subsequently, both companies converted to the ISO 9001:2000 management system and both remain certified thereunder. In 2005, both companies successfully passed the surveillance audits and RG, the company's subsidiary, was also certified under the same system. In addition, since 2003 the Company has also adopted a policy to benchmark performance of all Group companies with local and international peer companies to ensure continuous improvement, which will benefit our current and future customers.

The Company is proud to note that all power plants in which it invests more than 50% meet or exceed the reliability and availability requirements in their respective power purchase/sales contracts and that there have been no complaints from customers regarding any service-related matter in 2005.

A. REGCO

	Rating	2003	2004	2005F	2005A
Availability	%	91.64	90.84	93.10	94.09
Operating Hours	Hrs.	85,717.17	7,032.09	6,230.29	6,384.42
Unplanned outage rate	%	2.14	1.56	2.74	1.68
Efficiency	%	40.66	40.90	40.90	40.33

Note: F= forecast, A = Actual

B. KEGCO

	Rating	2003	2004	2005F	2005A
Availability	%	94.92	90.72	90.35	94.96
Operating Hours	Hrs.	8,314.92	7,969.08	7,914.50	8,318.68
Unplanned outage rate	%	1.00	2.03	5.09	1.65
Efficiency	%	39.07	38.24	36.68	39.35

Note: F= forecast, A = Actual

C. TLP Cogen

	Rating	2003	2004	2005F	2005A
Availability	%	97.77	97.64	95.00	96.00
Operating Hours	Hrs.	8,564.65	8,576.70	8,322.00	8,409.60
Unplanned outage rate	%	0.22	0.68	2.00	1.81
Efficiency	%	42.38	44.31	45.00	45.17

Note: F= forecast, A = Actual

D. RG

	Rating	2003	2004	2005F	2005A
Availability	%	94.05	86.63	87.10	85.07
Operating Hours	Hrs.	4,888.34	7,609.74	7,629.90	7,452.45
Unplanned outage rate	%	2.39	7.90	8.24	9.11
Efficiency	%	20.34	21.40	–	22.00

Note: F= forecast, A = Actual

EGCO and Employees

The Company believes that our employees are our most important resource. As such, we endeavor to structure the workforce in a manner that balances the business efficiency with employee happiness. As a part of this objective, the Company has a responsibility to provide its staff with a safe, healthy and fulfilling work environment, with fair remuneration and management as well as ample opportunity for professional development.

Training and Development

The Company has established comprehensive employee training and development programs to improve the capabilities and knowledge base of our workforce from top to bottom. The Company also fosters regular communication among employees and senior management in an effort to encourage employees to provide comments and suggestions on ways to improve the working environment and working procedures and practices. For these purposes, all employees have access to the members of the Good Corporate Governance and Employees' Welfare Committees as well as a suggestion box. In addition, the Company encourages knowledge sharing and expertise within the organization through its "Expertise Sharing Program".

The Company regularly measures and analyzes the competencies of each individual in order to develop customized development/training plans for individuals. The training and development courses are provided in 4 areas namely, management, technical, safety and environment and foreign languages. These programs are structured with both internal and external facilities and professionals.

The Company employs a pay for performance policy which is easily measurable and transparent. We used 360 degree evaluation of each individual's core and managerial competencies taking the views of supervisors, subordinates and peers of each employee. Furthermore each employee's performance is measured against the committed objectives which each employee designates in advance through a key performance indicator (KPI) system. All feedback from the performance appraisal process is provided to each employee together with interviews from senior management on areas of strength and improvement.

Safety and Health

The Company seeks to promote a safe and healthy working environment for all employees. In this regard, the Company has instituted a number of preventive programs as follows:

1. Establishing a Safety, Health and Environment Committee to coordinate and implement the safety and occupational health efforts,
2. Designating a Safety Officer to provide advice on safety issues,
3. Providing information on safe working environment continuously via various medias,
4. Providing training courses to familiarize the employees with safety laws and regulations,
5. Working to improve the workplace environment and to foster our employees' comments and assistance in improving the work environment at EGCO,
6. Establishing a safety category as one of the Corporate KPIs of EGCO group companies.
7. Taking care of employees who suffer work related injuries.
8. Providing emergency phone numbers to employees through which they can contact management at any time for assistance in case of emergencies.

We are proud to report that no incident occurred which led to disabling injury in the Group this year.

Improving Life Quality

The Company pays close attention to the life quality of its employees. In this regard, the Company endeavors to provide a comfortable working environment, annual physical check up and adequate health insurance for all of its workers. Employees are encouraged to promote healthy living through active participation in sports and exercise at facilities provided by the Company free of charge.

To promote a good atmosphere and high morale in the workplace, the Company provides various benefit programs to meet employee needs. Such programs are provided to all employees on equal access basis. The Company also ensures that the workplace restaurants provide good and healthy food by inspecting the quality of the foods and ensuring affordability for all.

Apart from the personnel and health benefit programs, the Company encourages the employees to run personal interest programs to enhance the working environment experience and promote teamwork. For example, there are currently internal programs covering sports, entertainment and Buddhism. The Company provides financial support for these and other related activities.



Environment Friendliness



EGCO and its Environment Contributions

EGCO Group strives to use natural resources vital to its businesses and in the most efficient manner and to operate responsibly to minimize any impacts that our activities may have upon the environment including, inter alia, those that may arise from noise, odors, chemicals, dust and waste water. In this regard, the Company continuously reviews its working policies to ensure that we are in compliance with the relevant environment regulations.

As testament to our efforts to work in an environmentally friendly manner, there has been no report on our non-compliance with the environment laws and regulations. In addition, the group's two main subsidiaries Rayong Electricity Generating Co., Ltd. and Khanom Electricity Generating Co., Ltd. have successfully implemented the ISO 14001 international environment management system in their power generating processes. The Company is also proud to report that in 2005 Khanom Electricity Generating Co., Ltd. is one of the two Thai energy companies that won the EIA Monitoring Awards 2005 from the Natural Resources and Environment Ministry.

The Company is also an avid supporter of the government policies concerning the use of alternative energy for a portion of our power generation portfolio in a bid to reduce fuel imports and promote business opportunities for local communities. For example, the Roi-Et Green Co., Ltd., the Company's subsidiary which specializes in the use of rice husk as fuel has historically won top awards from the Department of Alternative Energy Development and Efficiency and the plant continues to operate efficiently for the Group and provides us with a great source of pride. In addition to this company, the Group is also a partner in the Gulf Yala Green power plant which is currently under construction and will use Para wood chip as fuel. We expect to participate in more such projects in the future to help lessen the country's reliance on traditional fossil fuel imports.

In our effort to cultivate energy conservation among employees, the Company has carried out several activities aimed at minimizing energy usage in its office facilities. For example, staff are actively encouraged to minimize daily usage of electricity, lights, air-conditioners, and elevators, and to switch off computers and other equipments when not in use. Such activities have helped the Company reduce its utility expenses in a measurable way. The company also continue the energy conservation policy to support the enery conservation of the country.

In addition to the energy saving measures, the Company has also implemented water saving measures. In addition to targeting the reduction of water usage in EGCO Group office premises, each subsidiary has also initiated additional water saving measures. For example, Khanom Electricity Generating Co., Ltd, has installed a system that draws water from its waste water treatment facilities to irrigate its gardens, which is part of a pilot project for zero discharge. Also, Rayong Electricity Generating Co., Ltd. has initiated the project to draw additional rainwater into the company's cooling reservoir. And at our TLP COGEN facility, the management has initiated a boiler blow-down collecting system project that provides for the use of condensate as cooling water. Furthermore, the Group has been instrumental in organizing and supporting projects that aim to increase awareness of the need to conserve our forests and water resources, such as the Thai Conservation of Forest Youth Camp in Chiang Mai and Nakhon Sri Thammarat, and the River Detectives Project in Saraburi.

The Company strongly believes that environmental conservation is everyone's duty. It is an initiative which we believe can be catalyzed by a small group and expanded out into more comprehensive cooperation efforts to help protect and preserve our beloved environment.

EGCO... for the Society and Community



The Company strongly believes that its success is intimately linked with the qualitative growth of Thai society at large. In this regard, our vision and policies are designed to support activities that regularly contribute to the society and communities, especially the communities in which we operate. Key projects that EGCO has carried out in this area in 2005 include:

Sharing our Knowledge

Recognizing that “knowledge” is an essential factor for learning and self-development, EGCO has put much importance on the sharing of knowledge and business experience with the communities and society at large including through:

- **Project for Sharing Knowledge with the Community:** This project provides an opportunity for government bodies, educational institutions, corporations and the public at large to visit EGCO’s power plants as a way to build up an understanding of the power generation process as well as the actions that we take to develop well observed systems for safety, health and environmental protection.
- **Professional Training Program:** This project provides an opportunity for students to apply their theoretical knowledge in a real-life environment as a means to pave the way for their future careers. Through this program, students are given a chance to undertake their practicum training with Group companies in accordance with their fields of study.
- **Community Employment Project:** The success of our business has been the result of great community support and the Company’s commitment to be a part of its communities. From its start, each of our power plants has continually employed local people in several sections such as maintenance, service, and safety, thus generating income for the surrounding communities.

Employee Volunteer Program

Throughout its 13 years in operation, EGCO has always opened opportunities for its employees to initiate and support projects that contribute to local communities and society as a whole. The company has continuously carried out such activities as the project to repair and maintain electrical and water supply systems as well as to donate funds and repair service for children’s playground facilities at local schools and community centers.

In 2005, EGCO’s employees initiated two new special projects, which include:

- **Reviving the Mountain Project:** EGCO, in cooperation with Doi Inthanond Natural Park, invited EGCO employees, local community and members from EGCO Thai Forest Conservation Youth Camp to participate in the planting of more than 3,000 trees at the Pha Hin Tang, Khunnam Maeya Mae Bon, Doi Inthanond Natural Park in Chiangmai. The objective was to help revive the local forest and build greater awareness of the need to promote environmental conservation among all participants.
- **Green Library Project :** This project was designed to provide access to reading materials for Thai youth. Our employees have helped transform an existing building into the community library, as well as provided books,



studying materials, multimedia materials including computers, television sets, video players, and CDs. The pilot project was situated at Baan Kwang Pao School, Tong Nien sub-district, Khanom district, Nakorn Sri Thammarat.

Supporting of Community and Charity Activities

- Tsunami Survivor Relief Project : The company has provided nine fishery boats with equipment to the tsunami victims at Bang Kluay Nok, Suk Samran district in Ranong with an aim to help them begin to recover their lives and to relieve occupational difficulties of Baan Bang Kluay community.
- Educational Support Project : EGCO has continued its pattern of making contributions to education through various activities to provide educational opportunity for children in the communities where its power plants operate and in other areas where there is a need. Such efforts include providing scholarships, financial support for language laboratory, study materials, and sports equipment.
- Support for the Establishment of National Discovery Museum EGCO has financially supported the National Discovery Museum for three consecutive years in the total amount of 15 million bath. The aim of this museum is to ensure the standard for learning and intellectual development of Thai children.

Environmental Projects

We believe that every organization makes an effort to maintain proper balance between its business objectives, those of society at large and the environment. Such balance we believe will lead to the peaceful co-existence of humans and nature as well as promote successful business operations in the Thai society for the long-term. In this regard, EGCO has regularly incorporates the concepts of environmental and natural resource conservation into its business policies and budgets for we believe that promoting awareness of the importance of conservation is the best way that we can help to preserve and protect nature. This can be seen in several of the projects that EGCO seeks to promote such as Community Forest Project, Forest Conservation Project and the Thai Conservation of Forest Youth, among others, which are organized to promote environmental awareness among Thai children.

- Thai Conservation of Forest Youth Camp: This project is a cooperative effort between EGCO and Doi Inthanond Natural Park which first commenced in 1997. Throughout its 8 years of operation, 19 camps have been hosted and approximately 1,200 youths have attended the camp. The project aims to educate children about the importance of preserving our natural resources including those of the forest, wild life, and water as the preservation of these resources will benefits us all. Participants have a chance to learn how to understand the evolution of the earth and the delicate balance that has evolved between life and the earth's ecological system. The camp activities help foster a sense of respect and belonging through helping youth to understand that efficient use of natural resources will benefit us all in the long-run.

The above activities show our commitment for social responsibility in parallel with providing quality supply of power generation for the benefit of the stakeholders.

Business Characteristics

EGCO was the first independent power producer in Thailand incorporated on May 12, 1992 by Electricity Generating Authority of Thailand (EGAT) and marked the commencement of the Thai government's privatization initiatives to allow broader private sector investment in the electricity generating sector. EGCO was transformed into a public company on March 23, 1994 and listed on the Stock Exchange of Thailand (SET) on January 16, 1995. EGCO is the second largest IPP in Thailand. The Company endeavors to apply the best international industry practices throughout all of the Group companies.

As of December 31, 2005, 91.18% of the total consolidated revenue of the Company was derived from power generation activities. Currently, the Company has several long term power purchase agreements with EGAT and aims to continue building upon its portfolio of power generation assets within both the domestic and international markets. In essence, the Company's corporate vision is:

“To be the leading Thai integrated electric power Company with comprehensive energy services in Thailand and in the ASEAN region, with full commitment to environment protection and social development support”

In this regard, the Company has identified its key long term objectives as follows:

- Seek to grow at a rate higher than average demand growth in our target markets,
- Achieve returns on equity (ROE) above the average of industry in Thailand,
- Create a healthy organization which excels in terms of good corporate governance and acceptance from the communities.

The Company aims to invest in Thailand and in select offshore markets in the ratio of 70:30 with the priorities on projects in Thailand and cross border facilities that sell electricity back to Thailand.

Business Operation

In 2005, the Company had installed generation capacity of 2,414 MW, 85 per cent of which was contributed by wholly owned subsidiaries REGCO and KEGCO. An additional 1,021 MW (net equity ownership) of new projects with offtake under long-term power purchase agreements is currently under development. A summary of the business operations of each Group company follows in the next sections of this report.

Subsidiaries

1. Rayong Electricity Generating Company Limited (REGCO)

REGCO was established on June 1, 1994 to acquire all 4 units of Rayong combined-cycle power station with the total capacity of 1,232 megawatt from EGAT to generate and supply the electric power to EGAT under a 20-year Power Purchase Agreement (PPA).

In 2005, REGCO's net generation sold to EGAT was 6,392 million kilowatt-hours, a decrease of 12.07% from the previous year. However, REGCO was able to maintain its solid availability performance achieving on average Equivalent Availability Factor (EAF) for 2005 of 94.09%, 1.17% better than the target, which merited a bonus payment from EGAT for the ninth consecutive year.

In keeping with its commitment to providing a safe working environment for its employees, REGCO implemented the Thai Industrial Standards Institute (TISI) for the Occupational Health and Safety Management (TIS 18001:1999) to help reduce risks and accidents involving its staff and other concerned parties and was certified TIS/OHSAS 18001:1999 on 26 August 2005 by RWTUV (Thailand).

Being aware of efficiency and reliability of the power plant together with its adherence to the environment management standards, REGCO still put best efforts to maintain ISO 9001:2000 and ISO 14001:2004.

2. Khanom Electricity Generating Company Limited (KEGCO)

KEGCO was established on February 20, 1995 to acquire EGAT's largest power station in Southern Thailand. The installed capacity comprises two thermal power plants and one combined-cycle power plant, totaling 824 megawatts.

In 2005, KEGCO generated 6,274 million kilowatt-hours of net electrical output, representing a decrease of 4.99% compared to the previous year. The average Equivalent Availability Factor (EAF) for 2005 was 94.93%.

Accounting for 50% of the generation in the South, KEGCO is well aware of its entrusted mission to run the power plant efficiently. To ensure the reliability of the power system, KEGCO implements and adheres to the best international working standards and human resource development. As a result, KEGCO has been able to maintain the ISO 9001:2000 Quality Management System certification since 2001. On November 6, 2005, KEGCO passed surveillance audit which were performed by TUV NORD.

In addition, KEGCO was the first power plant in Thailand to be certified the TIS 18001:1999 and OHSAS 18001 Certifications from RWTUV (Thailand) Limited on September 3, 2004 and September 27, 2004, respectively and successfully passed the surveillance audit in 2005. As a result of continuous efforts to improve safety and working conditions at its facilities, KEGCO won "The 2004 National Award for Outstanding Workplace – Safety, Occupational Health, and Working Environment" hosted by the Ministry of Labor and Social Welfare on May 9, 2005. KEGCO has now won this award for six consecutive years.

With the commitment to community and environment conservation, KEGCO implemented the ISO 14001 Environmental Management System in February 2001 and was granted re-certification on March 5, 2004. On November 6, 2005, KEGCO passed surveillance audit and was re-certificated new version of ISO 14001: 2004. KEGCO got "EIA Monitoring Award 2005" conferred by the Ministry of Natural Resource and Environment on December 21, 2005 in recognition of outstanding environmental management practices.

3. EGCO Engineering & Service Company Limited (ESCO)

ESCO was established on September 8, 1995 as EGCO's wholly owned subsidiary to provide operation, maintenance, engineering and construction services to power plants, petrochemical plants, oil refineries and other industries including the Group companies. With its high quality services based on the highly skilled workforce, high technology tools and equipment, ESCO is successful in expanding its customer base and appreciating increased revenue.

In 2005, the total revenue was 602 million baht, representing a 19.33% increase compared to 2004. The O&M and maintenance business, its core business, contributed the revenue of 393 million baht, up by 7.08% while the Engineering & Energy business contributed the revenue of 198 million baht, up by 55.75%, mainly from trading of spare parts. Totally, ESCO delivered the net operating profit of 71 million baht, a 73.55% marked increase from 2004.

ESCO's subsidiaries are as follows

3.1 Amata Power-ESCO Service Company Limited (AMESCO) was established on February 28, 1997, as a 50:50 venture between ESCO and Amata Power Company Limited. AMESCO provides operation and maintenance services to Amata-EGCO Power Plant and Amata Power (Bang Pakong) Plant.

In 2005, AMESCO continued its good service record as indicated in the average availability factors of Amata-EGCO Power Plant of 94.43% which was higher than the target specified in the O&M Contract. The average availability of Amata Power (Bang Pakong) Plant was 72.08% due to equipment damage which was out of AMESCO's scope of work.

3.2 Agro Energy Company Limited (AE) was established as a wholly owned subsidiary on November 2, 1999 to procure and supply agricultural waste such as rice husk to Roi-Et Green Power Plant, a Group power plant.

AE has been in a legal case against the supplier who failed to supply the rice husk at the contracted price and quantity.

3.3 Egcom Tara Company Limited (ET) On December 16, 2005, ESCO acquired the 70% of ET's shares from EGCO and becomes the major shareholder.

ET was established on April 23, 1999 with a registered and paid up capital of 345 million baht. At present, ET's shareholders comprise ESCO and Eastern Water Resources Development and Management Public Company Limited (East Water) which holds 70% and 15% of the total outstanding shares, respectively, while individuals hold the balance of the ET shares.

The company's core mission is to produce tap water according to Thai Industrial Standard (TIS) and supply it to the three water stations of Provincial Waterworks Authority of Thailand (PWA) which are Pak Tor Water Station, Damnoen Saduak Water Station and Samut Songkhram Water Station. ET has entered into a 30-year agreement, which started in April 7, 2001, with PWA for the production of water supply. ET has a capacity of 36,000 cubic meters/day. The total length of water pipes from water treatment plants to PWA's Water Station is 31 kilometers. ET has obtained a privilege from the Office of the Board of Investment (BOI) to have 8 years of corporate income tax holiday.

In 2005, the fourth year of operation, ET successfully continued to produce and supply tap water that met the TIS standard tap water while incurring the total water loss in 2005 of only 0.88%. Moreover, the tap water, supplied to PWA in the service area of Pak Tor Water Station, has officially been certified and declared as drinkable water.

With regard to financial performance, ET posted the net profit of 104 million baht, up by 19.35% from the year 2004 due to the increase in water sale by 5.94% and the decrease in the interest payment by 40.22%

ET has adopted and applied Good Corporate Governance consistent with EGCO Group's policy by taking into account the benefits of all stakeholders. ET is well aware of its corporate social responsibility and safety and has maintained the station and office environment in accordance with the criteria set by the Department of Health, Ministry of Public Health.

4. EGCO International (BVI) Limited (EGCO BVI)

EGCO BVI, a wholly owned subsidiary, was established in the British Virgin Islands on April 12, 2000 to be an overseas investment vehicle for the EGCO Group. Currently, EGCO BVI, with a registered and paid up capital of 50,000 us dollars and a share premium of 25.09 us million dollars is the investor of record in Conal Holdings Corporation (CHC) in the Philippines with an ownership of 40%.

5. Thai LNG Power Corporation Limited (TLPC)

TLPC was established on September 28, 1995 with a registered capital of 750 million baht to undertake Liquefied Natural Gas (LNG) importation and powering businesses. Initially, EGCO held a 10% shares of TLPC.

In 1997, TLPC acquired a Small Power Producer (SPP) project in Rayong Industrial Park from Rayong Power Company Limited and established TLP Cogeneration Company Limited to develop the project.

On March 2, 2001, EGCO purchased all shares from the existing shareholders so that currently, EGCO owns 100% of TLPC's shares.

6. TLP Cogeneration Company Limited (TLP Cogen)

TLP Cogen was established to develop a 117-megawatt combined cycle plant under the Small Power Producer Program with a steam generating capacity of 30 tons per hour located in Mabkha Subdistrict, Nikom Pattana District, Rayong Province. TLP Cogen has been in commercial operation since January 28, 2003. Electricity is sold to industrial users in the Rayong Industrial Park with total signed contracts of 51 megawatts while electricity of 60 megawatts is sold to EGAT under a 21-year PPA.

EGCO acquired a 60% stake in TLP Cogen from TLPC on February 14, 2001 and later sold a 20% stake to Electric Power Development Company Limited (EPDC or J-Power). At present, TLP Cogen's shareholders comprise of EGCO 40%, TLPC 40% and J-Power 20%.

Net electricity sale for the year 2005 was 710 million kilowatt-hours, of which 409 million kilowatt-hours were distributed to EGAT and 301 million kilowatt-hours to the industrial customers. The availability of the power plant was 96%

7. EGCO Green Energy Company Limited (EGCO Green)

EGCO Green was established on April 27, 2000 to invest in green projects. EGCO Green invested in Roi-Et Green Company Limited (Roi-Et Green) to develop a rice husk power plant project in Roi-Et Province.

Currently, EGCO Green registered and paid up capital was 175 million baht. EGCO Green's shareholders comprise of EGCO and J-Power which hold 74% and 26%, respectively.

8. Roi-Et Green Company Limited (Roi-Et Green)

Roi-Et Green was established on July 27, 2000 by EGCO Green Energy Company Limited and Sommai Rice Mill Partnership, which hold 95% and 5% stakes, respectively. Roi-Et Green's core mission is to operate a biomass power plant using rice husk as fuel, with 9.9 megawatts of installed capacity. The power plant is located at Nua Muang Subdistrict, Muang District of Roi-Et Province. The registered and paid up capital is 180 million baht.

Roi-Et Green has been financed by the Industrial Finance Corporation of Thailand (IFCT), now TMB Bank Public Company Limited, and was granted investment promotion privileges from the Office of Board of Investment (BOI). To promote efficient utilization of renewable energy especially the recycling of agricultural waste as fuel in electricity generating process, the Global Environment Facility (GEF) partly subsidizes the company's guarantee fee for the IFCT loan. A PPA covering the sale of 8.8 megawatts to EGAT was signed under the SPP program for a 21-year period.

For year 2005, Roi-Et Green generated the total output of 53 million kilowatt-hours, with the consumption of 87,854 tons of rice husk. The availability of the power plant was 85.07%.

Roi-Et Green Power Plant is supported by the Energy for Environment Foundation (E for E) as a pilot biomass power plant with effective environmental management and is well accepted by the local community.

Joint Ventures

1. Gulf Electric Public Company Limited (GEC)

GEC was established on September 22, 1994 with a registered and paid up capital at the end of 2005 of 14,000 million baht and 5,874 million baht, respectively. GEC is a holding company with EGCO, J Power and Mit-Power (Thailand) Limited holding 50%, 49% and 1% of shares, respectively.

Its subsidiaries are as follows.

1.1 Operating Companies

1.1.1 Gulf Cogeneration Company Limited (GCC) owns and operates the Kaeng Khoi cogeneration power plant with 107 megawatts installed capacity and a steam generating capacity of 16 tons per hour, located in Kaeng Khoi District, Saraburi Province.

Net electricity sales for the year were 711 million kilowatt-hours distributed to EGAT and 87 million kilowatt-hours to industrial customers, totaling 798 million kilowatt-hours, a 20.90% increase from the previous year. The availability of the power plant was 96.24%.

1.1.2 Nong Khae Cogeneration Company Limited (NKCC) owns and operates the Nong Khae gas-fired cogeneration power plant with 126 megawatts installed capacity and an average steam generating capacity of 24 tons per hour. The power plant is located in Nong Khae District, Saraburi Province.

Net electricity sales for the year 2005 were 681 million kilowatt-hours distributed to EGAT and 192 million kilowatt-hours to the industrial customers, totaling 873 million kilowatt-hours, a 9.13% increase from the previous year. The availability of the power plant was 93.71%.

1.1.3 Samutprakarn Cogeneration Company Limited (SCC) owns and operates the Samutprakarn gas-fired cogeneration power plant with 121 megawatts installed capacity and 35 tons per hour of steam. The power plant is located in Bangpoo Subdistrict, Samutprakarn Province.

Net electricity sales for the year were 598 million kilowatt-hours distributed to EGAT and 184 million kilowatt-hours to industrial customers, totaling 782 million kilowatt-hours, a 0.64% increase from the previous year. The availability of the power plant was 91.93%.

1.2 Assets under construction

1.2.1 Gulf Power Generation Company Limited (GPG) is developing the Kaeng Khoi 2 (KK2) project, a 1,468 MW natural gas-fired power plant in Saraburi Province. EGCO indirectly holds a 50% stake in this project through its 50% ownership stake in GEC. GPG, the project developer, signed a 25-year Power Purchase Agreement (PPA) with EGAT on October 28, 2004. The financing documents were signed on November 11, 2005 with Japan Bank for International Corporation (JBIC) and Thai and international commercial bank. The commercial operation dates (COD) for unit 1 and unit 2, each with capacity of 734 megawatts, are scheduled on March 1, 2007 and March 1, 2008, respectively.

1.2.2 Gulf Yala Green Company Limited (GYG) This company is leading the development of the Gulf Yala Green Project, a 23 MW parawood-fuel biomass power plant located in Yala Province. EGCO indirectly holds a 47.5% stake in this project through its ownership in GEC. The project's original scheduled COD was August 2005. The construction is behind schedule due to the situation in the south of Thailand since 2004. The postponement of the COD from April 1, 2006 to October 1, 2006 was already approved by EGAT.

1.2.3 Trang Biomass Company Limited (TBC) was established on May 12, 2003 to develop a 20-megawatt biomass project located in Trang Province using parawood residue and palm shell as fuel. GEC and Woodwork Co., Ltd. hold 95% and 5% stake respectively, in this company. The fuel supply risk and volatility of project return caused the project to become unviable. GEC's Board of Directors resolved on February 24, 2005 to terminate the development activities of TBC and is now under the liquidation process.

2. EGCO JOINT VENTURES & DEVELOPMENT COMPANY LIMITED (EGGO JD)

EGCO JD was established on September 4, 1995 with its 99.99% shares held by EGCO for investment in power plant projects and relating businesses.

In late 2000, EGCO entered into a joint venture with Unocal Bang Pakong Limited (UBP) in an equal ownership by using EGCO JD as a vehicle. On December 27, 2005, UBP has changed its name to Chevron Bang Pakong Power Holding Limited following the merger of Chevron and Unocal. Currently, EGCO JD has a registered, paid-up capital and share premium of 1,168 million baht, 662 million baht and 34 million baht, respectively. EGCO JD owns two co-generation power plants operating under the SPP Program delivering power and steam to industrial users in Amata Nakorn Industrial Park as follows:

2.1 Amata-EGCO Power Limited (AEP) was established on October 24, 1995 with a registered and paid-up capital of 1,500 million baht and 1,350 million baht, respectively. The shareholders comprise Amata Power Limited and EGCO JD which hold 69.3% and 29.7% of shares respectively. Another 1% of shares are held by individuals. The company owns and operates a 165 megawatt co-generation plant and a steam generating capacity of 15 megawatts thermal.

AEP provides 90 megawatts to EGAT pursuant to a 21-year power purchase agreement (PPA) and also sells 75 megawatts to 40 contracted industrial users together with 1 steam customer at 6 tons per hour.

Net electricity sales for the year 2005 were 503 million kilowatt-hours to EGAT and 602 million kilowatt-hours to the industrial customers, totaling 1,105 million kilowatt-hours. The availability of the power plant was 94.43%.

2.2 Amata Power (Bang Pakong) Limited (APBP) was established in May 1999. Its current registered and paid-up capital is 1,060 million baht and 812 million baht, respectively. The existing shareholders comprise Amata Power Limited and EGCO JD which hold 70% and 30% of shares respectively. APBP owns and operates a 112 megawatt co-generation plant and a steam generating capacity of 15 megawatts thermal. During 2005 APBP commenced development of a 55 megawatt expansion to this facility, which is expected to be operational within the first quarter of 2007. The financing documents for the expansion project were signed on September 28, 2005 with K-Bank Public Company Limited.

APBP provides 90 megawatts to EGAT under a 21-year PPA and also sells 24 megawatts to 29 contracted industrial users together with 2 steam customers at 10 tons per hour.

Net electricity sales for the year 2005 were 456 million kilowatt-hours to EGAT and 152 million kilowatt-hours to the industrial customers, totaling 608 million kilowatt-hours, down by 18.72% from last year. The availability of the power plant was 72.08%.

3. CONAL HOLDINGS CORPORATION (CHC)

CHC, incorporated under the laws of Philippines, is the holding company of the power business unit of Alsons Consolidated Resources, Inc. (ACRI). CHC's subsidiaries are as follows:

3.1 Northern Mindanao Power Corporation (NMPC)

Under a Fast-Track BOT project agreement with National Power Corporation (NPC), NMPC constructed, installed and operated a 60.9-megawatt (Unit 1) and a 40-megawatt (Unit 2) bunker-C fired diesel generator power plants on the island of Mindanao, for a period of 10 years and 12 years, respectively. Under the terms of NMPC's BOT arrangement with NPC, NMPC is required to transfer both units to NPC without any compensation at the expiry of each respective asset term. Unit 1 was transferred back to NPC in July 2003, while Unit 2 remained in operation for the whole of 2005. The expiry date of Unit 2 is due to occur in February 2006. Total energy delivered to the Mindanao grid by Unit 2 in 2005 was 120 million kilowatt-hours. The availability of the Unit 2 power plant was 94.32% for the year.

3.2 Western Mindanao Power Corporation (WMPC)

WMPC operates a 100-megawatt bunker-C fired generator power plant under a Build-Operate-Own (BOO) scheme. WMPC owns the power plant and shall operate, manage and provide all power generated to NPC for a period of 18 years up to year 2017.

For the year 2005, the total energy delivered to the Mindanao grid by the plant was 401 million kilowatt-hours. The availability of the power plant was 93.50%.

3.3 Southern Philippines Power Corporation (SPPC)

SPPC operates a 50-megawatt bunker-C fired generator power plant under a Build-Operate-Own (BOO) scheme. SPPC owns the power plant and shall operate, manage and provide all power generated to NPC for a period of 18 years up to year 2016.

For the year 2005, the total energy delivered to the Mindanao grid by the plant was 244 million kilowatt-hours. The availability of the plant was 88.21%.

3.4 Alto Power Management Corporation (APMC)

APMC provides operation and maintenance services including plant management to the three above-mentioned power plants and also third party power plants.

EGCO holds 40% stake in Conal through EGCO BVI.

4. NAM THEUN 2 POWER COMPANY LIMITED (NTPC)

NTPC was incorporated on August 28, 2002 with an initial registered capital of USD 1 million. EGCO holds a 25% stake of NTPC, while EDF International (a subsidiary of Electricite de France), Laos State Holdings Enterprise (LHSE), and Italian-Thai Development Public Company Limited own 35%, 25%, and 15%, respectively. The company was established to implement Nam Theun 2 Hydropower Project in Lao PDR.

NTPC signed a Concession Agreement with the Government of Lao PDR on October 3, 2002. The Government granted NTPC the right to implement the Project for a period of 25 years. NTPC also signed PPAs with EGAT and EDL on November 8, 2003. Under the PPAs, NTPC will supply 995 megawatts to EGAT and additional 75 megawatts to EDL for 25 years after the Commercial Operation Date.

On April 29, 2004, the project achieved the Financial Close and the first drawdown was on June 15, 2005. This project is targeted for COD in November 2009.

Others

Eastern Water Resources Development and Management Public Company Limited (East Water)

East Water was established by a Cabinet resolution on September 12, 1992 which assigned the PWA to set up a company to be responsible for supplying raw water in the Eastern Seaboard of Thailand. East Water's initial registered capital on October 15, 1992 was 10 million baht and was wholly owned by PWA. The company's service areas initially covered 7 provinces namely, Rayong, Chonburi, Chachoengsao, Prachinburi, Srakaew, Chantaburi and Trad.

The company was converted to a public company in 1996. The Company launched an initial public offering and was listed on the SET in 1998. As at September 30, 2005 the registered and paid-up capital are 1,665 million baht and 1,299 million baht, respectively.

East Water has changed its par value of Company's ordinary shares from 10 baht to 1 baht per share. The new par value has been effective since May 26, 2005.

At present, EGCO holds 18.92% of shares in East Water. The other major shareholders comprise Provincial Waterworks Authority (PWA) 40.63%, Industrial Estate Authority of Thailand (IEAT) 4.62%, and public investors 35.83%.

In 2005, a dividend of 0.25 baht per share was paid.

Revenue Structure of EGCO and Subsidiaries for the past three years

(Million Baht)

Product Service	Transaction	Shareholding	2005		2004		2003	
			Revenue	%	Revenue	%	Revenue	%
Electricity	IPP							
	REGCO	99.99%						
	Capacity Charge		4,950.15	29.37%	5,348.25	32.41%	5,867.04	37.30%
	Energy Charge		89.26	0.53%	100.10	0.61%	79.48	0.51%
	KEGCO	99.99%						
	Capacity Charge		4,284.40	25.42%	4,211.11	25.52%	3,782.94	24.05%
	Energy Charge		54.68	0.32%	12.49	0.08%	12.76	0.08%
	SPP							
	GEC (GCC,SCC,NKCC)	50.00%						
	Energy Charge		3,016.70	17.90%	2,639.97	16.00%	2,622.41	16.67%
	TLPC (TLP Cogen)	80.00%	-					
	Energy Charge		1,726.65	10.24%	1,629.46	9.88%	1,334.88	8.49%
	EGCO JD (APBP)	15.00%						
	Energy Charge		257.19	1.53%	271.90	1.65%	277.31	1.76%
	EGCO Green (Roi-Et Green)	70.30%						
	Energy Charge		187.21	1.11%	141.61	0.86%	83.54	0.53%
	Overseas							
	CHC	40.00%						
	Energy Charge		801.91	4.76%	717.19	4.35%	892.34	5.67%
Service	ESCO ^{/1}	99.99%	486.47	2.89%	390.40	2.37%	283.31	1.80%
Water	ET	70.00%	167.66	0.99%	157.04	0.95%	141.95	0.90%
Interest income	EGCO ^{/2}		96.16	0.57%	84.09	0.51%	40.76	0.26%
	REGCO ^{/3}	99.99%	90.93	0.54%	66.02	0.40%	84.36	0.54%
	KEGCO	99.99%	100.75	0.60%	102.76	0.62%	125.02	0.79%
	GEC,TLPC,EGCO JD,EGCO Green							
	ESCO,ET		34.92	0.21%	17.86	0.11%	19.19	0.12%
	CHC,NTPC		30.44	0.18%	26.60	0.16%	21.18	0.13%
Others	EGCO ^{/4}		381.47	2.26%	502.46	3.05%	507.19	3.22%
	REGCO	99.99%	1.00	0.01%	3.21	0.02%	18.90	0.12%
	KEGCO	99.99%	1.19	0.01%	2.01	0.01%	1.42	0.01%
	GEC,TLPC,EGCO JD,EGCO Green							
	ESCO,ET		53.04	0.31%	35.38	0.21%	56.75	0.36%
	CHC,NTPC		14.68	0.09%	11.39	0.07%	23.43	0.15%
Share of profit (loss)	ESCO (AMESCO)	99.99%	0.77	0.00%	0.51	0.00%	(0.73)	0.00%
	EGCO JD (AEP)	14.85%	26.29	0.16%	52.91	0.32%	58.08	0.37%
	NTPC	25.00%	-	-	(24.78)	(0.15)%	(602.83)	(3.83)%
Total revenues (revenues item in consolidated)			16,853.93	100%	16,499.92	100%	15,730.69	100%

- Notes**
- ^{/1} For year 2005, ESCO's service income was Baht 590,909,122 (excluding related party transactions which were the maintenance service income of REGCO, TLP Cogen and Roi-Et Green amounted to Baht 30,922,219, Baht 46,061,062 and Baht 27,451,539, respectively)
- ^{/2} EGCO's interest income in 2005 was Baht 120,097,585 (excluding related party transaction which was Baht 8,542,676 of KEGCO's debenture and interest income from shareholders' loan from ESCO,GEC and NTPC amounted to Baht 2,179,726, Baht 10,356,649 and Baht 2,858,604, respectively)
- ^{/3} REGCO's interest income in 2005 was Baht 92,347,946 (excluding related party transactions which were Baht 1,416,907 of KEGCO's debenture)
- ^{/4} EGCO's other income in 2005 was Baht 538,361,466 (excluding related party transactions which were office rental and service income from REGCO, KEGCO, ESCO, ET, TLPC, TLP Cogen, Roi-Et Green and EGCO JD amounted to Baht 32,095,200, Baht 31,493,438, Baht 16,470,000, Baht 4,611,600, Baht 708,000, Baht 7,029,600, Baht 23,502,679 and Baht 618,000, respectively and NTPC's internal development cost of Baht 40,363,136)

Power Industry Status and Competition



The power demand in 2005 continued to grow at a brisk pace, despite stepped-up official campaigns to foster greater energy conservation. The peak demand for 2005 occurred on April 26, 2005 and was 20,537.50 MW, marking an increase of 1,212 MW or 6.26 % from the previous year (Figure 1). The total electricity generation was 134,893.25 million kWh, up by 7,136 million kWh or 5.58% from the previous year.(Figure 2)

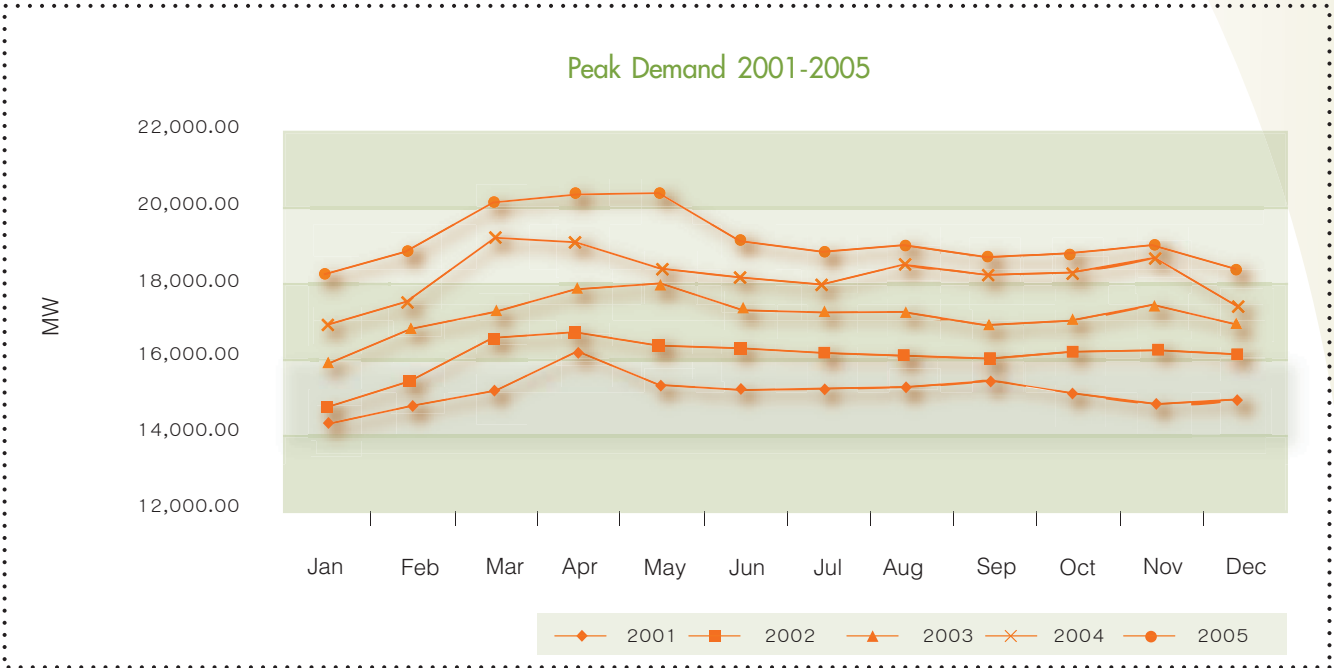
As of December 31, 2005, the total generation capacity in Thailand's power system amounted to 26,450.56 MW, comprising EGAT owned plants of approximately 15,794.56 MW or 59.72%, IPP owned plants of approximately 8,000 MW or 30.24%, SPP owned plants of 2,015.60 MW or 7.62% and the balance being imported from the Laos PDR and Malaysia totaling 640 MW or 2.42%.

According to the Power Development Plan or ("PDP") for 2004, the additional power generation capacity required from 2011–2015 was forecast to be 13,230 MW. Although no official PDP has been issued since the 2004 version, the Company anticipates that the next PDP is likely to indicate some diminution from the 2004 demand figures. Of the total demand required, EGAT has been granted the right to develop 50% of the required capacity post 2010. As a result, the private sector is expected to be allowed to compete for the remaining additional capacity requirement. Currently, the Energy Policy and Planning Office (EPPO) of the Ministry of Energy is working to carefully study the latest demand forecasts and fuel requirements for new power plants to be developed after 2010 and which would also (save for the 50% portion allocated to EGAT) be available for private bidding. The next round of bidding for capacity to come on line in 2011 is expected to commence late in 2006.

For the year 2005, EGAT's planned listing on the Stock Exchange of Thailand (SET) was delayed following a ruling by the Supreme Administrative Court ("SAC") that suspended the initial public offering of EGAT's shares until the SAC passes its judgment. It is expected that the SAC will decide the EGAT case some time in 2006.

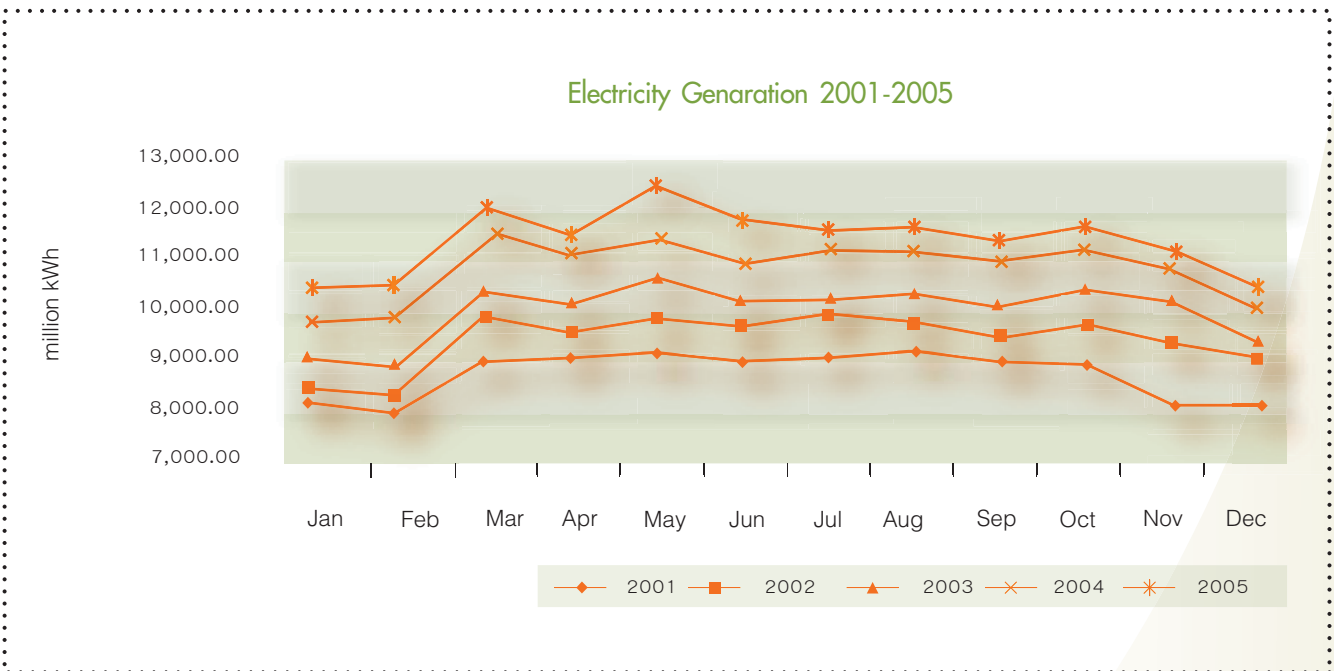
In addition, the cabinet approved the appointment of the interim power regulatory committee consisting of seven-members to oversee the power policy and the EGAT privatization process. This committee is a temporary body pending the establishment of a permanent regulatory structure pursuant to the passage of the Electricity Act.

Figure 1 : Peak Demad 2001-2005



Source : EGAT

Figure 2 : Electricity Generation 2001-2005



Source : EGAT

THAI ECONOMY IN 2005

In 2005, the Thai economy slowed down from the previous year in terms of both demand and supply due primarily to natural disasters, a significant rise in oil prices, and a tightening interest rate cycle. Nevertheless, overall economic stability is maintained.

For **internal stability**, headline and core inflation for 2005 stood at 4.5 and 1.6 percent accelerating from 2.7 and 0.4 percent in 2004, respectively. The rise in world crude oil prices and the floating of retail oil prices since mid-2005 imposed supply-side pressure on inflation while continual economic expansion caused demand-side pressure; as a result, the inflation rate rose substantially during the second half of 2005. However, towards the end of 2005, headline inflation began to decline following the fall in world crude oil prices and close price monitoring by authorities. Lower and more stable world crude oil prices lessened the pressure to adjust the prices of goods that are not in the energy and fresh food categories; as a result, core inflation remained steady towards the end of 2005.

External stability improved, as the current account turned from being in deficit throughout the first half of 2005 to being in surplus since July. The current account for the year 2005 recorded a deficit of USD 3,714 million due primarily to the trade deficit. In addition, the year saw a net inflow of capital, and satisfactory levels of international reserves which rose steadily. The balance of payments was in surplus by USD 5,422 million.

Regarding the 2005 **monetary conditions, commercial bank deposits** expanded slowly in the beginning of the year. However, from the middle of the year onwards, commercial bank deposits growth accelerated partly due to the rise in deposit interest rates which increased the incentive to save.

Money market interest rates rose continuously following the upward cycle in the policy rate. The policy rate was adjusted upward six times in 2005 from 2.00 percent per annum to 4.00 percent per annum.

The baht **exchange rate** averaged 40.29 baht per U.S. dollar in 2005, compared to 40.28 baht per U.S. dollar in the previous year.

THAI ECONOMIC TREND IN 2006

In 2006, the economic momentum is expected to gain strength on the back of increasing investment, continued recovery in tourism, and further expansion in private consumption underpinned by rising real income both in the private and public sectors as the inflationary pressures are expected to cool down in the latter half. The 2006 Thai economic expansion is expected to be in the range of 4.75–5.75 percent with approximately 3.5–5.0 percent headline inflation rate, and approximately 2.0–3.0 percent core inflation rate.

Economic Factors/Conditions in 2006 considered as risks to the economy going forward are as follows:

External Factors

- **Crude oil prices remain at a high level:** the world demand for oil is expected to increase by 2.0 percent whereas the supply is limited by tightening capacity of both the crude oil production and the refinery. These factors cause oil prices to be sensitive to any event, or even news that may impact production. Hedge funds continue to be a factor

which can cause wider fluctuation of oil prices. Nevertheless, the slowing down of world economic growth and the improvement of many countries in energy conservation and alternative energy development will soften the pressure.

- **World economic growth slows down:** The world economy in 2006 is projected to expand by 3.4 percent, slightly weaker than 3.6 percent seen in 2005, led by the economic slow down in the U.S., EU and China. This situation reflects normal business cycles, resulting from strict monetary and fiscal policies since the second half of 2005 when interest rates in many countries were raised to alleviate the inflation pressure.
- **The U.S. twin deficits,** i.e., current account deficit and budget deficit, may cause lower investors' confidence in dollar currency. The U.S. dollar is likely to fluctuate and become weaker versus the Euro and Japanese yen.
- **Disasters, epidemics, unrest and terrorism** are risk factors originating both domestically and from outside the country.

Internal Factors

- **The high inflationary pressure since the second half of 2005** has acted as a constraint on consumption expenditure and affected business investment decision. However, inflation is expected to decline in the second half of 2006 as the price base of oil and commodities was already very high in the second half of 2005.
- **Investment shows a positive growth trend** thanks to (1) rising capacity utilization rate as several industries have been producing at full or almost full capacity namely, electronics, petrochemicals, vehicles, chemicals and paper products; and (2) Mega-Project investment plan.
- **Export appears promising** especially in agricultural products, food, vehicles, and electronics. The global economic growth of at least 3.0 percent will support export growth at a satisfactory rate.
- **Tourist arrivals improved** after rehabilitation of areas affected by the December 2004 Indian Ocean Tsunami and the promotion of tourism in other parts of the country.
- **The domestic political tension, the unrest in the south, Avian flu, and other disasters** are also risks to the economy.

Sources: 1. Bank of Thailand

2. Office of the National Economic and Social Development Board

Related Transactions

In conducting the business, there are related transactions in terms of the power purchase and the maintenance services between the Group companies and EGAT which holds 25.41% stake in EGCO. However, such transactions were based on the agreed prices in the contracts and were disclosed in accordance with the rules set by the SEC and SET. The summary of the related transactions in 2005 were as follows.

1. Person who may have conflict of interests

Persons with potential conflict of interest	Positions			Note
	EGAT	EGCO	EGCO Subsidiaries	
Mr. Chai-Anan Samudavanija	Chairman	Chairman	–	Resigned on Feb 17, 2006
Mr. Norkun Sitthiphong	Director	Director	–	–
Mr. Kitti Sirikwin	President– Development Business	Director	Director of REGCO, KEGCO and ESCO	Appointed to be director of the three subsidiaries on Oct 1, 2005
Mr. Sahai Rakyao	SEVP–Fuel	Director	–	Appointed on Oct 1, 2005
Mr. Chamnong Wongsawarn	SEVP– Transmission System	–	Director of REGCO, KEGCO and ESCO	Appointed on Aug 22, 2005
Mr. Visit Akaravinak	Engineer level 14	President	Chairman of REGCO, KEGCO and ESCO	Appointed on Aug 1, 2005
Mr. Chalermchai Ratnarak	Engineer level 14	President		Resigned on Aug 1, 2005
Mr. Narong Sitasuwan	President– Generation Business	Director	Director of REGCO, KEGCO and ESCO	Resigned on Oct 1, 2005

2. Details of the transactions

2.1 Power Purchase

The following Group companies sell electricity to EGAT under the PPA.

Group companies	Effective Date	Term(yrs)	Notes
1. REGCO	Dec 7, 1994	20	First amendment to PPA was signed on Jan 30, 1998
2. KEGCO	Jun 19, 1996	15 and 20	First amendment to PPA was signed on Jan 30, 1998
3. GCC	Sep 3, 1998	21	–
4. SCC	Aug 23, 1999	21	–
5. NKCC	Oct 12, 2000	21	–
6. AEP	Sep 17, 1998	21	
6. APBP	Sep 28, 2001	21	–
7. TLP COGEN	Jan 28, 2003	21	–
8. Roi-Et Green	May 29, 2003	21	–

The connected transactions of REGCO and KEGCO with EGAT is in accordance with the agreed price as determined in the PPA and MMA, which have been reviewed by National Energy Policy Council and approved by the cabinet. The tariff rate of GCC, SCC, NKCC, AEP, APBP, TLP COGEN and Roi-Et Green is the rate that EGAT applied to all SPPs. They also have to pledge bank guarantees as collateral against the premature termination of the PPAs which would be released at the contract expiry.

2.2 Maintenance Services

o REGCO and KEGCO extended the Major Maintenance Agreement (MMA) with EGAT for the latter to provide major maintenance services, repair services, administrative services, and additional services related to their power plants for another 6 years with the execution date on December 7, 2000 and June 19, 2002, respectively.

o ESCO, an O&M service provider, engaged EGAT to provide the O&M services, inventory management and training to the power plants of National Electricity Cooperation Republic of Sudan, for the third year with the tenure of 2 years from February 1, 2005 to March 1, 2007, with the contract value of 824,159 Euro.

The above transactions are considered the transactions to support the normal business using the general trading terms and conditions of which the agreed price could be calculated from the assets or the referenced price and follow the rules of the SET.

Transaction Value (based on the Company's shareholding in those companies) as of December 31, 2005:

Unit :Million baht

Transactions	REGCO	KEGCO	TLP COGEN	GCC, SCC, NKCC	APBP	Roi Et Green	ESCO
<u>Transaction Value</u>	5,039.41	4,339.08	1,726.65	3,016.70	257.19	187.21	–
1. Power Sales							
2. Maintenance Services							
– EGAT	106.57	124.99	–	–	–	–	23.53
– ESCO	17.11	–	46.06	–	–	27.45	–
<u>Outstanding Amount</u>							
1. Account Receivable	901.63	586.64	195.09	465.36	28.11	44.47	27.38

Contingent Liabilities

1. Loan Guarantee

The Company provided the loan guarantee to subsidiary, joint venture and associated companies under the Sponsor Support on Loan Agreement with significant information as follows.

TLP Cogeneration Co., Ltd. (TLP Cogen)

EGCO holds direct 40% shares in TLP Cogen and another 40% stake via Thai LNG Power. As of December 31, 2005, TLP Cogen shareholders had a commitment for the loan guarantee covering the outstanding loan and interest payment in the amount not exceeding 200 million baht. EGCO has the commitment for the loan guarantee at 80% of the outstanding loan in accordance with the shareholding which equals to not exceeding 160 million baht.

Roi-Et Green Co., Ltd.

EGCO holds 70.30% stake in Roi-Et Green. EGCO has commitment for loan guarantee in the amount not exceeding the total outstanding loan and interest payment. As at December 31, 2005, the total commitment amounted to 1,074.38 million yen or equivalent to 337.20 million baht.

EGCOM Tara Co., Ltd. (ET)

EGCO holds 70% stake in ET, tap water supplier, via ESCO. As at December 31, 2005, ET shareholders had the commitment to provide guarantee for the ET loan in case of cash deficiency within the amount not exceeding 51 million baht. EGCO then is responsible for the above commitment at 35.7 million baht in accordance with its shareholding in ET.

Amata-EGCO Power Co., Ltd. (AEP)

EGCO holds 30% stake in AEP, which operates an SPP, via EGCO JD. EGCO has the loan guarantee commitment to AEP, an associate of EGCO's Joint Venture, at 30% of the guarantee amount for the following cases.

- o Guarantee for the take-or-pay support in the Fuel Gas Supply Agreement with PTT,
- o Decreasing of gas pressure supplied by PTT.

As at December 31, 2005, the Company's commitment was approximately 1.38 million US dollars or equivalent to 56.82 million baht. Such commitment will decline over the loan life of 14 years starting from the contract execution date on February 10, 1997.

2. Letter of Guarantee

EGCO has the commitment to the banks which issued the letter of guarantee or the standby letter of credit to the subsidiaries and joint ventures as detailed below:

Rayong Electricity Generating Co., Ltd. (REGCO)

EGCO holds 99.99% stake in REGCO. As at December 31, 2005, EGCO requested HSBC to issue the SBLC to guarantee the release of cash in the REGCO's US dollar and baht Debt Service Reserve Accounts in the amount of 14.19 million US dollars (equivalent to 584.42 million baht) and 455.18 million baht, respectively.

Khanom Electricity Generating Co., Ltd. (KEGCO)

EGCO holds 99.99% stake in KEGCO. As at December 31, 2005, EGCO requested HSBC to issue the SBLC to guarantee the release of cash in the KEGCO's US dollar and baht Debt Service Reserve Accounts in the amount of 11.77 million US dollars (equivalent to 461.56 million baht) and 671.31 million baht, respectively.

Gulf Electric Public Company Limited (GEC)

EGCO holds 50% stake in GEC. As at December 31, 2005, EGCO provided guarantee to a syndicat of financial institutions that issued the SBLC with the face value of 185 million US dollars for the KK II project. EGCO is responsible for 92.50 million US dollars (equivalent to 3,838.65 million baht) in accordance with its shareholding in GEC.

Nam Theun II Power Company Limited (NTPC)

EGCO holds 25% stake in NTPC. As at December 31, 2005, EGCO requested Sumitomo Mitsui Banking Cooperation to issue the SBLC to guarantee to NTPC lenders for the capital injection in the amount of 93.92 million US dollars (equivalent to 3,867.16 million baht).

The commitment under items 1 and 2 was approved by the Board of Directors in accordance with the Table of Authority and disclosed in the notes to the financial statements as at December 31, 2005.

Necessity and Rationale of Related Transactions

The above related transactions are deemed appropriate as they are normal business and business supporting transactions of which the general trading agreement terms and conditions are applied. In addition, the transaction pricing could be calculated from the assets or the referenced price which complied with the rules of the SET. All transactions were approved by the Board and disclosed in the Notes to 2005 Financial Statements item 28. The Audit Committee had reviewed the transactions and deemed that they adopted the general trading terms and conditions and were normal business transactions of power business.

Procedure to Approve the Related Transactions

The Company lives by the following policies and guidelines in treating and approving the related transactions.

- In case of entering into any contracts or any related transactions between the Company, the subsidiaries, joint venture companies, associated companies and/or outside parties, the Company will consider the necessity and appropriateness of such transactions taking into account the best interest of the Company. Transaction prices are charged based on the fair market value like other outside parties.
- Related transactions that are considered the connected transactions in accordance with the rules of the SET, will be treated following the SET's and SEC's requirements and must be reviewed by the Audit Committee.
- The financial support provided to subsidiaries and joint ventures such as loan for working capital of those companies must be charged with fair return such as using the market interest rate.
- Directors with potential conflicts of interest will not be allowed to vote or attend the meeting.
- The principles are set in the Code of Conduct that management and employees including their related persons are prohibited from using inside information for their own or others' benefits.

Guidelines for Treating Future Related Transactions

The Company will seek to ensure that all the future related transactions are normal business transactions without the siphoning of profit between the Company and subsidiaries with potential conflicts of interest parties. The Company will assign the Audit Committee, the auditor or independent consultants to review and recommend the appropriateness of the pricing and the justification of those transactions and will disclose the types, value and the reasons for entering into those transactions to the shareholders in adherence with the rules of the SET and SEC. The Company also will promote continuous understanding on the related transactions such as providing the update of the new rules and regulations including the written practices in dealing with related transactions to ensure transparency and the benefit of the shareholders.

To create long term value for shareholders, EGCO recognizes the importance of properly analyzing and managing its business risks. Appropriate Group policy and framework on risk management has been established and summarized in a Risk Management Manual that is regularly reviewed and circulated to key staff to ensure consistent knowledge and understanding among the Group employees. Individual Risk Management Committees for EGCO, REGCO and KEGCO have been set up to monitor and assess the risk profile and ongoing mitigation measures undertaken for each Group company.

A summary of key risk factors and associated mitigation measures is as follows:

1. Investment Risk

1.1 Uncertainty of Thailand's IPP bidding criteria

The Company has an investment policy for business growth that involves participating in the next competitive bid for new power capacity that is anticipated to commence in the near future. The rules for the competitive bid have not yet been formally promulgated. The Company continues to discuss the matter of the likely bidding with various parties to seek greater clarity and to enable EGCO to position itself for a bid.

It should be noted that under some potential scenarios, EGCO may be prevented from bidding due to its relationship with EGAT. EGCO will continue to monitor and evaluate the potential bidding rules as the situation develops.

1.2 Power Industry Structure

The Cabinet resolved on December 9, 2003 that the “Enhanced Single Buyer” (ESB) be adopted as a part of the power industry restructuring process. Under this structure, EGAT will generate and control the electricity transmission system as well as being a single electricity buyer. However, the accounting systems of the power generating business and power distribution business will be separated for clarity. More importantly, a regulator will be established to oversee the transparency of dispatching commands, System Operator performance, and to arrange competitive bids for new power plant construction. The reason for establishing power sector regulator is to help ensure stability of the electricity system and to protect consumer rights.

Under this structure, the Metropolitan Electricity Authority and the Provincial Electricity Authority remain accountable for the distribution system and retail customer services. The accounting systems for the distribution system and power purchasing are to eventually be separated to clearly state the amount and source of income for each line of business.

The pending restructuring in the Thai power industry may directly affect the power companies in Thailand in terms of business direction and competitive environment. Since EGCO has several long-term power purchase agreements with EGAT, the single buyer in ESB structure, the Company's annual revenue generated from electricity sales under its existing PPAs should not be adversely affected.

1.3 Project Construction Delay and Cost Overruns

The Company's projects under construction are Nam Theun 2, Khang Khoi 2, and Gulf Yala Green. Since the construction processes for these projects are highly complex and long-term, there exists some risks of construction delays and associated cost overruns. To protect against such outcomes and their impacts on EGCO, the Company endeavors to employ fixed price, date certain contracts for construction and erection. The Company has assigned personnel to follow up the progress of each project following financial close and to report project progress and status to the Board on a regular basis. In some cases, the Company has retained external parties to provide assistance as appropriate.

2. Operational Risks

2.1 Raw water shortage for electricity generating

In 2005 most industries in the eastern region of Thailand faced raw water shortage due to a lack of rainfall. To date, none of EGCO's power plants have been affected by the raw water shortage. However, the government and industrial sectors have worked cooperatively to seek the best solutions to address such shortage in the future, one of which was to reduce raw water used in production. A long-term effect on the Rayong Power Plant's operation can result if the situation repeats itself regularly. Accordingly, REGCO has sought to identify operating dispatch regimes together with EGAT that would pose the least impact on REGCO revenues.

Raw water shortage might occur again in the future in Rayong or other parts of Thailand. In order to be prepared for such a situation, the management has established the following risk mitigation measures:

- At REGCO, the raw water storage capacity has been increased by 30%;
- REGCO is identifying additional sources of raw water such as from artesian wells or purchasing additional supplies from private companies;
- Developing long-range plans for more efficient dispatching of the plant in a manner that helps to minimize water usage without impairing revenues.

For power plants in other regions such as Khanom Power Plant, the management also plans to build a new reservoir to cope with potential water shortage in the future. Moreover, EGCO's Risk Management Committee has identified the raw water shortage as a risk and continually monitors and evaluates the effects of any shortage on EGCO's operations.

2.2 Plant Performance

There are various efficiency benchmarks under the Power Purchase Agreement with EGAT by which EGCO's power plants must meet preset targets (i.e., equivalent availability factor (EAF) and heat rates among others). Since failure to meet these benchmark requirements would result in penalties, the management sets up systematic procedures to ensure that these targets for operational efficiency are met. These procedures include:

- The inclusion of key plant parameters in the Corporate Key Performance Indicators of power plants in the EGCO Group to ensure that plant efficiency is closely monitored and that those failures will effect individual compensation;
- Ensuring that the scheduled preventive maintenance of power plant equipment is carried out on a regular and professional basis;
- Ensuring spare part inventory is adequate and well managed;
- Implementing the quality management system (ISO 9001:2000) at REGCO, KEGCO and Roi Et Green to ensure that those power plants operate continually and efficiently;
- Continuously developing the competency of human resources to increase their productivity and efficiency.

2.3 Safety, Health and Environmental

The Company realizes that the electricity generating process may impact upon its employees, the local communities and the environment. Consequently, the Company has taken the following actions to mitigate any potential impact as follows:

- In 2005, a Safety, Health and Environment (SHE) Management Manual was developed to provide guidelines for EGCO Group companies. The Manual contains SHE policy, work plans and review procedures for all relevant

SHE practices;

- Work manuals, training plans and emergency plans have been identified and the procedures contained therein implemented;
- Lists of related laws and regulations on SHE have been gathered and responsible persons for each procedure are clearly assigned;
- EGCO Group procures insurance policies against All Risks, Machinery Breakdown, Business Interruption, and Third Party Liability to help ensure sufficient coverage in the case of unexpected events;
- REGCO and KEGCO have been certified and have maintained ISO 14001 : Environment Management System as well as TIS : 18001 & OHSAS : 18001 (the Thai Industrial Standards for the Occupational Health and Safety Management). These help us to ensure that the operations, waste disposal, and related work processes are efficient and acceptable from a health and safety standpoint;
- The management also strongly encourages employees to prioritize safe, prudent working procedures to avoid accidents caused by carelessness.

3. Financial Risks

EGCO is a capital-intensive business. Since our primary funding sources are the domestic and international bank loan markets, foreign exchange and interest rate mismatches are factors that we must carefully monitor and protect against. The risk mitigation measures are provided below:

3.1 Foreign Exchange Rate Fluctuation

EGCO Group has a policy to mitigate currency mismatches for each of its investment projects to prudent levels. In general, this is achieved by matching currencies of project development and construction costs with funding source currencies and subsequently matching the currency of long-term funding profiles with those of each project's revenue stream during the operation phase.

3.2 Interest Rate Fluctuations

EGCO Group has a policy to manage risk of interest rate fluctuation by fixing floating interest rate exposure to the maximum extent commercially possible to provide the most predictable cash flow from its long-term power purchase contracts. If interest rate fixtures are not available for the full project term required which is typically the case in the domestic (Thai Baht market), EGCO seeks to enter into or cause its project companies to enter into financial instruments that can best mitigate the interest rate risk subject to market availability and cost.

3.3 Contingent Liabilities

In certain cases, EGCO provides credit support for loans granted or other forms of credit granted to project development subsidiaries for limited periods of time. For such cases, EGCO has set procedures to minimize risks associated with such credit support as follows:

- Key members of EGCO senior management typically are named to the Board of Directors for the subject companies;
- Regular operational reports for the companies which are the subject of such credit support is prepared with assistance from company management and EGCO's internal working teams;
- An analytical assessment of each such obligation is performed and reported to the management and EGCO's Executive Committee on a regular basis to ensure that the existing obligations are within the bounds of acceptable practice as set forth by the Company's Board of Directors.

Management Discussion and Analysis

1. Executive Summary

EGCO is an IPP with 12 operating plants totaling 2,414 equity MW and two major power plant projects under development, namely Nam Theun 2 (NT2) project and Kaeng Khoi 2 (KK2) project. The first drawdown under NT2's construction facilities was equivalent to USD 238 million and it took place on June 15, 2005 after the World Bank and the Asian Development Bank (ADB) and a numerous other public and private sector lenders agreed to support the project. The KK2 project was also able to refinance its Thai bank sourced U.S. dollar loans with a cheaper source of funds from a syndicate of offshore lenders and JBIC. The first drawdown under the refinanced facilities occurred on January 18, 2006.

EGCO's consolidated net profit for 2005 was Baht 4,093 million representing a decrease of Baht 569 million or 12% compared to the year 2004. Excluding the impact of foreign exchange, the net profit was Baht 4,378 million, representing a decrease of Baht 217 million or 5% as compared to last year. The details of net profit (before FX) are as follows:

- EGCO's net gain of Baht 4 million, a decrease of Baht 82 million, reflected less dividends from its financial investments.
- IPP Group which consists of REGCO and KEGCO showed a net profit of Baht 4,208 million, an increase of Baht 153 million mainly due to an increase of KEGCO's electricity revenues plus a decrease of REGCO and KEGCO's interest expenses.
- SPP Group, comprising five companies including GEC, AEP, APBP, TLP Cogen and Roi-Et Green, had a net profit of Baht 299 million, an increase of Baht 4 million caused by an increase in GEC and TLP Cogen's electricity sales together with a decrease in TLP Cogen's administrative expenses.
- Overseas Group, which refers to CHC and NTPC, reported a net loss of Baht 304 million, a decrease of Baht 343 million. This is a result of the proportionate consolidation of the operating result of NTPC starting from the third quarter of 2005 following the commencement of the construction of the power plant in the Lao People's Democratic Republic (Lao PDR), and EGCO's entering into the agreement to provide credit support in the form of Standby Letters of Credit (SBLC) for its agreed equity commitments to NTPC leading to a reported net loss of Baht 455 million.
- Other Business Group includes two subsidiaries, ESCO and ET, from which the net profit increased by Baht 50 million due to the increase of service fee received by ESCO. The net profit of this business group was reported at Baht 170 million.

2. Business Expansion Analysis

EGCO is the first IPP in Thailand established in 1992 through the partial privatization of EGAT. EGCO is structured as a holding company with a number of subsidiaries. Our vision is to be the leading Thai integrated electric power company with comprehensive energy services in Thailand and in the ASEAN region, with full commitment to environment protection and social development support.

EGCO's major business is to produce and sell electricity to EGAT under long-term power purchase agreements (PPA). EGCO focuses its investment on pursuing opportunities in power generation in Thailand and also seeks to expand its business in the ASEAN countries with the aim to provide returns to shareholders by improving the profitability of its existing assets and acquiring new projects with acceptable returns and risks.

As at the end of December 2005, Thailand's total generating capacity was reported at 26,450.56 MW¹, of which 9.1% of total capacity was generated by EGCO. In April 2005, the peak demand reached 20,537.50 MW¹, which was 6.27% higher than the peak demand in March 2004.

On November 22, 2005, the cabinet approved the appointment of an interim regulatory committee consisting of seven-members to oversee policies for the electricity sector. The next round of IPP bidding for capacity required in 2011–2015, which is to be originated and overseen by the new regulator, is now expected to commence within 2006. The regulation of IPP bidding is not yet finalized and the impact of this regulation on EGCO cannot presently be determined. Utilizing the expertise within the group, EGCO has begun to prepare and position itself for participation in this new capacity program.

Currently, EGCO has 12 operating plants totaling 2,414 equity MW, of which 85% is produced from two natural gas-fired IPP power plants: a 1,232 MW REGCO plant and a 824 MW KEGCO plant. In addition to our existing assets, we are developing 4 power plant projects, representing an additional 1,021 equity MW as follows:

1. **The Kaeng Khoi 2 project**, a 1,468 MW natural gas-fired power plant in Saraburi Province. EGCO has a 50% stake in this project by holding 50% of the shares in GEC, which owns 99.99% of GPG, the KK2 project company. The commercial operation dates (COD) for unit 1 and unit 2 with a capacity of 734 megawatts each are scheduled on March 1, 2007 and March 1, 2008, respectively. The Thai bank sourced U.S. dollar loans were successfully refinanced with loans from JBIC and a syndicate of international commercial banks. The new terms are markedly improved over the original loan terms; the first drawdown under the refinanced facilities took place on January 18, 2006.

2. **The Nam Theun 2 project**, a 1,070 MW hydroelectric power plant in the Lao PDR in which EGCO has a 25% ownership stake through the project company, NTPC. On April 29, 2005, financial commitments were signed and the first drawdown occurred on June 15, 2005. The construction was slightly behind schedule due to heavy rainfalls during the rainy season. Progress has been made to recover the time during the current dry season phase. This project is targeted for COD in November 2009 with a contracted capacity to EGAT of 995 MW. The balance will be sold to the Government of Laos.

3. **The Gulf Yala Green Project** is a 23 MW parawood-fuel biomass power plant in Yala Province, in which EGCO holds a stake of 47.5% through its ownership of GEC. Due to the security situation in the three southernmost provinces of Thailand, the construction of this project has been delayed. The project has received an approval from EGAT to postpone the COD from April 2006 to October 1, 2006.

4. **The Amata Power Bang Pakong Expansion (APBP-Expansion Project)** will be a 55 MW natural gas-fired power plant supplying industrial users in Amata Nakorn Industrial Estate. EGCO has 15% stake in this project by holding 50% of shares in EGCO JD, which owns 30% of APBP. On September 28, 2005, a loan agreement to fund the expansion project was entered into with KASIKORNBANK Public Company Limited. The first drawdown under this facility was made on October 7, 2005. The COD for the expansion project is scheduled in the first quarter of 2007. Presently, this project is under construction.

¹source : EGAT

In the absence of unforeseen circumstances, the company has a policy to dividend approximately 40% of the net profit after taxation, or to increase the dividend amount in a steady manner, to the shareholders. This dividend policy may change in the light of investment opportunities that may become available to the company or as a result of other economic or financial factors or when a dividend payment may have a significant impact on the normal operation of the company.

3. Report and Analysis of the Operating Results

EGCO is structured as a holding company that invests primarily in electricity generation and energy service businesses. The main source of its income is dividends from investments in its subsidiaries, joint ventures, and associates. The objective of the holding company structure is to provide flexibility for business expansion and to facilitate financing of new projects without recourse to existing ones.

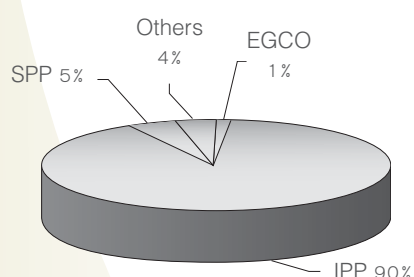
During the third quarter of 2005, EGCO has entered into the agreement to provide credit support in the form of SBLC for its agreed equity commitments to NTPC amounting to USD 94 million and NTPC has commenced the construction of the power plant in the Lao PDR. Accordingly, investment in NTPC was accounted for under the proportionate consolidation method in the consolidated financial statements as of December 31, 2005 because its financial statements were material to EGCO Group.

This report contains the analysis of the financial statements of EGCO and its subsidiaries as follows:

3.1 Operational Results

EGCO's consolidated net profit for 2005, as of December 31, 2005, was Baht 4,093 million, a decrease of Baht 569 million or 12% compared to 2004.

Unit: Million Baht



Net Profit after FX- 2005

	Net Profit of 2005		Net Profit of 2004	
	Before FX	After FX	Before FX	After FX
EGCO	4	56	86	71
IPP Group	4,208	3,973	4,055	4,119
SPP Group	299	199	295	316
Overseas	(304)	(304)	39	32
Others	171	169	120	124

Remarks: – IPP : REGCO, KEGCO
– Overseas : CHC, NTPC

– SPP : GEC, AEP, APBP, TLP Cogen, Roi-Et Green
– Others : ESCO, ET

The net profit for 2005 included a foreign exchange loss of Baht 285 million whereas the Company incurred a foreign exchange gain of Baht 67 million for 2004. An unrealized foreign currency exchange loss in the amount of Baht 395 million for 2005 is an accounting number in accordance with the Thai accounting standard. It incurs from the difference of the translation of the net outstanding debt denominated in foreign currency to the Thai Baht equivalent amount using the foreign exchange rate at the end of this accounting period (December 31, 2005) and the previous period (December 31, 2004).

Excluding the effect of foreign currency exchange, the profit was Baht 4,378 million, representing a decrease of Baht 217 million or 5% as compared to 2004.

For 2005, excluding the effect of foreign currency exchange of Baht 285 million, interest expenses of Baht 1,859 million, income tax of Baht 475 million and depreciation and amortization of Baht 3,068 million, the earnings before interest, tax, depreciation and amortization (EBITDA) would be Baht 9,780 million, representing a decrease of Baht 282 million or 3% as compared to 2004, in which the EBITDA was Baht 10,061 million, excluding the effect of foreign currency exchange of Baht 67 million, interest expenses of Baht 2,220 million, income tax amounting to Baht 597 million and depreciation and amortization amounting to Baht 2,650 million.

Important Financial Ratios for the period were as follows;

- Gross Profit Ratio was 49.13%.
- Net Profit Ratio (excluding the effect of foreign exchange) was 25.98%.
- Earnings (excluding the effect of foreign exchange) per share (EPS) was Baht 8.32.

The gross profit ratio of 49.13% was lower than last year's ratio of 51.39%, mainly caused by a decrease in electricity revenues of REGCO plus the starting of the proportionate consolidation of NTPC's operating results during a development phase that led to a reported net loss of Baht 455 million. Consequently, the net profit margin (excluding the effect of foreign exchange) of 25.98% was lower than last year's margin of 27.85%.

3.2 Income Analysis

The total revenues of EGCO and its subsidiaries for 2005 as well as the share of profits from its associates and interest in joint ventures were Baht 16,854 million, an increase of Baht 354 million or 2% compared to 2004. The details are as follows:

Total Revenues:

Unit : Million Baht

	2005	2004	%Changes
EGCO	478	587	(19%)
IPP Group	9,572	9,846	(3%)
SPP Group	5,287	4,778	11%
Overseas	847	730	16%
Others	669	559	20%

1) EGCO's Revenues totaled Baht 478 million, representing a decrease of Baht 109 million or 19% from last year due to a decrease of dividend income of Baht 234 million or 49% as compared to 2004, reflecting the stock market fluctuation, which was partially offset with an increase of other income by Baht 113 million due partly to the NTPC's net reimbursement of internal development cost according to shareholders' agreement amounting to Baht 110 million and an increase in interest income by Baht 12 million. EGCO's revenues comprised of dividend income from financial investment of Baht 241 million, interest income of Baht 96 million and other income of Baht 141 million.

EGCO's revenues are essentially dividends from Krung Thai Dividend Selected Flexible Portfolio Fund (KTSF) in the amount of Baht 130 million representing a decrease of Baht 298 million as compared to 2004; dividends from East Water of Baht 92 million, up by Baht 51 million mostly as a result of East Water's higher dividend pay-out.

2) Revenues from the IPP Group, consisting of two principal subsidiaries, REGCO and KEGCO, were Baht 9,572 million. The details are as follows:

- **Sales of electricity** amounting to Baht 9,378 million, represented a decrease of Baht 293 million or 3% compared to last year. REGCO's electricity sales of Baht 5,039 million reflected a decrease of Baht 409 million, caused by a decrease of the Capacity Rate whilst KEGCO's electricity sales of Baht 4,339 million represented an increase of Baht 115 million, as a result of an increase of the Base Availability Credit. This was in accordance with the capacity payment formula calculated on a "Cost Plus Basis" under the PPAs and in line with the company's projection.

Sales of Electricity – IPP Group:

Unit : Million Baht

	2005	2004	%Changes
REGCO	5,039	5,448	(8%)
KEGCO	4,339	4,224	3%

The PPAs cover the full amount of the projected fixed costs, debt financing charges and major maintenance charges, which are used in calculating the electricity tariffs for each period. Moreover, the calculation of the capacity payment is adjusted to include compensation for the exchange rate effect from debt services and expenses of major maintenance parts denominated in U.S. dollar. REGCO and KEGCO receive the compensation monthly for each billing period. They receive higher capacity charge if the exchange rate is above Baht 28 per U.S. dollar and vice versa.

In 2005, REGCO and KEGCO received compensation for the exchange rate effect of Baht 744 million.

- **Interest income and others** amounted to Baht 194 million, an increase of Baht 20 million or 11%, mainly from REGCO's increased interest income in the amount of Baht 25 million. It resulted from higher amount of deposits at banks and financial institutions due to EGCO's equity injection in REGCO. On the other hand, KEGCO's interest income decreased by Baht 2 million and REGCO and KEGCO's other revenues decreased by Baht 3 million.

3) Revenues from the SPP Group were Baht 5,287 million, an increase of Baht 509 million or 11% compared to 2004. The SPP Group incorporates five companies, GEC, AEP, APBP, TLP Cogen and Roi-Et Green. The details are as follows:

- **Sales of electricity** of the SPP Group were Baht 5,188 million, representing an increase of Baht 505 million or 11% compared to last year.

Sales of Electricity – SPP Group:

Unit : Million Baht

	2005	2004	%Changes
GEC	3,017	2,640	14%
TLP Cogen	1,727	1,629	6%
APBP	257	272	(5%)
Roi-Et Green	187	142	32%

Most of the increase of SPP group's electricity sales was from GEC, TLP Cogen, and Roi-Et Green in the amount of Baht 377 million, Baht 97 million and Baht 46 million, respectively. An increase of GEC's electricity sales was due to peak-load demand calls from EGAT and TLP Cogen's increased electricity sales was a result of higher tariff for EGAT and industrial users plus higher steam sales to industrial users in 2005. The increase of Roi-Et Green's electricity sales came from higher tariff as well, thanks to the tariff formula that is linked to the price of fuel oil. On the other hand, APBP's electricity sales decreased by Baht 15 million due to a physical impairment of an electricity generating equipment.

- **Interest income and others** amounted to Baht 73 million, an increase of Baht 31 million mainly from the increase in APBP's other income totaling Baht 29 million due to insurance compensation. In addition, the interest income and others of Roi-Et Green and TLP Cogen were up by Baht 3 million and Baht 6 million, respectively whilst the interest income and others of GEC was down by Baht 7 million.

- **Share of profit of associates and joint ventures** was from AEP totaling Baht 26 million, a decrease of Baht 27 million as compared to 2004. This was resulted from the fine charged by EGAT for not reaching the required ratio in the utilization of steam to thermal process as determined in the PPA.

4) Revenues from the Overseas Group were Baht 847 million, an increase of Baht 117 million compared to 2004. The overseas group refers to CHC and NTPC. The details are as follows:

- **Sales of electricity** of the overseas group were Baht 802 million, an increase of Baht 85 million or 12% compared to last year, resulting from higher dispatch.

- **Interest income and others** amounted to Baht 45 million, up Baht 7 million or 19%.

- **Share of expenses** of NTPC was reported as zero, representing a decrease of Baht 25 million compared to the previous year. This was because NTPC was formerly accounted for on an equity method basis whilst from the third quarter of 2005 it is accounted for on a proportionate consolidation method basis following the commencement of the construction of the power plant in the Lao PDR and EGCO's entering into the agreement to provide credit support in the form of SBLC for its agreed equity commitments.

5) Revenues from the Other Business Group were Baht 669 million, an increase by Baht 111 million or 20%. The other business group includes two subsidiaries, ESCO and ET. The details are as follows:

Revenues from the Other Business:

Unit : Million Baht

	2005	2004	%Changes
Service Income – ESCO	487	390	25%
Sales of Water – ET	168	157	7%

- **Service income** from ESCO amounted to Baht 487 million, up by Baht 96 million or 25%, resulting mostly from an increase of operation and maintenance (O&M) services and selling spare parts to Elgali 2 Power Plant in Sudan.

- **Sales of water from a subsidiary**, ET, were Baht 168 million, up by Baht 11 million, or 7%, thanks to an increase of water tariff under the Water Purchase Agreement.

- **Interest income and others** amounted to Baht 15 million, an increase by Baht 4 million or 34%, mainly from ET's interest income.

- **ESCO's share of profit of associates and joint ventures** totaled Baht 0.77 million, an increase by Baht 0.26 million, mainly from the share of loss of AE amounting to Baht 0.49 million that happened in 2004. On the other hand, AMESCO's increased expenses resulted in lower share of profit in the amount of Baht 0.24 million in 2005.

3.3 Expense Analysis

Total expenses from EGCO, its subsidiaries and joint ventures in 2005 were Baht 12,213 million, an increase of Baht 540 million or 5% from last year. The details are as follows:

Total Expenses:

Unit : Million Baht

	2005	2004	%Changes
EGCO	474	501	(5%)
IPP Group	5,364	5,791	(7%)
SPP Group	4,917	4,415	11%
Overseas	990	553	79%
Others	468	412	13%

1) **Total expenses of EGCO**, which were administrative expenses, totaled Baht 474 million, a decrease of Baht 27 million or 5% from last year because EGCO's debenture matured in October 2004.

2) **The IPP Group's expenses** were Baht 5,364 million, a decrease of Baht 427 million or 7%. The details are as follows:

- **Cost of Sales** of Baht 3,268 million, a decrease of Baht 61 million or 2% compared to 2004, mainly from KEGCO which experienced a decrease of Baht 89 million or 6% as compared to 2004 as a result of decreased insurance expense in 2005 and the incurrence of major maintenance cost in 2004. REGCO's cost of sales increase of Baht 28 million came from the maintenance expense incurred in the replacement of the impaired steam turbine rotor.

Cost of Sales – IPP Group:

Unit : Million Baht

	2005	2004	%Changes
REGCO	1,834	1,806	2%
KEGCO	1,343	1,523	(6%)

- **Administrative expenses and income tax** were Baht 639 million, a decrease of Baht 30 million or 4%, mainly from REGCO's decreased income tax which was in line with a decline in revenues.

- **Interest expenses** were Baht 1,457 million, a decrease of Baht 336 million or 19%, resulting from the decrease in interest expenses at REGCO and KEGCO of Baht 196 million and Baht 140 million, respectively, owing to lower principal amounts. For REGCO, the USD syndicated loan was fully repaid since December 2004.

3) The SPP Group's expenses were Baht 4,917 million, an increase from last year of Baht 501 million or 11%, according to the following reasons:

- **Cost of Sales** were Baht 4,200 million, an increase of Baht 489 million or 13%, substantially driven by an increase at GEC amounting to Baht 293 million owing to higher fuel costs as well as an increase at TLP Cogen amounting to Baht 97 million from higher fuel costs and maintenance expenses. An increase at APBP amounting to Baht 69 million was due to higher maintenance expenses. Moreover, Roi-Et Green's cost of sales increased by Baht 31 million due to higher cost of rice husk used as fuel.

Cost of Sales – SPP Group :

Unit : Million Baht

	2005	2004	%Changes
GEC	2,503	2,210	13%
TLP Cogen	1,313	1,216	8%
APBP	271	203	34%
Roi-Et Green	113	82	38%

- **Administrative expenses and income tax** were Baht 389 million, a decrease of Baht 19 million or 5%, coming substantially from TLP Cogen's lower administrative expenses in 2005 compared to 2004 when the company incurred refinancing fee of Baht 26 million. GEC incurred expenses totaling Baht 336 million, a fall by Baht 19 million whilst APBP incurred expenses of Baht 23 million, an increase of Baht 15 million owing to the fine charged by EGAT for not reaching the required ratio in the utilization of steam to thermal process as determined in the PPA.

- **Interest expenses** were Baht 328 million, an increase of Baht 31 million or 10%, driven by an increase in TLP Cogen's interest expenses amounting to Baht 16 million because of higher loan amount to cover the refinancing fee plus a higher interest rate from swapping floating rate to fixed rate. GEC's interest expenses increased by Baht 12 million due to loan drawdown for power plant construction. GEC and TLP Cogen's interest expenses were Baht 192 million and Baht 109 million, respectively.

4) The Overseas Group's expenses were Baht 990 million, an increase of Baht 437 million or 79% compared to 2004, owing to the following reasons:

- **Cost of Sales** were Baht 294 million, an increase of Baht 65 million or 29%, in line with an increase of revenues.
- **Administrative expenses and income tax** were Baht 628 million, an increase of Baht 376 million or 150%. Following EGCO's entering into the agreement to provide credit support in the form of SBLC for its agreed equity commitments to NTPC and NTPC's commencement of the construction of the power plant, the change to the proportionate consolidation method for the accounting of NTPC was adopted, which led to a recognition of expenses in the amount of

Baht 460 million, mainly from the write-off of the development expense of Baht 280 million. CHC had incurred expenses of Baht 168 million, a decrease of Baht 84 million thanks mainly to a decrease in income tax.

- **Interest expenses** were Baht 68 million, a decrease of Baht 5 million or 7% owing to lower principal amount of debt.

5) The Other Business Group's expenses were Baht 468 million, an increase of Baht 55 million or 13%, owing to the following reasons:

- **Service costs** were Baht 334 million, an increase of Baht 65 million or 24%, resulting from an increase of ESCO's operation and maintenance (O&M) services to customers which was consistent with its increased revenue.

- **Cost of water sales** of ET was Baht 55 million, a decrease of Baht 0.01 million or 0.03% mainly from a decrease of operating and maintenance service costs.

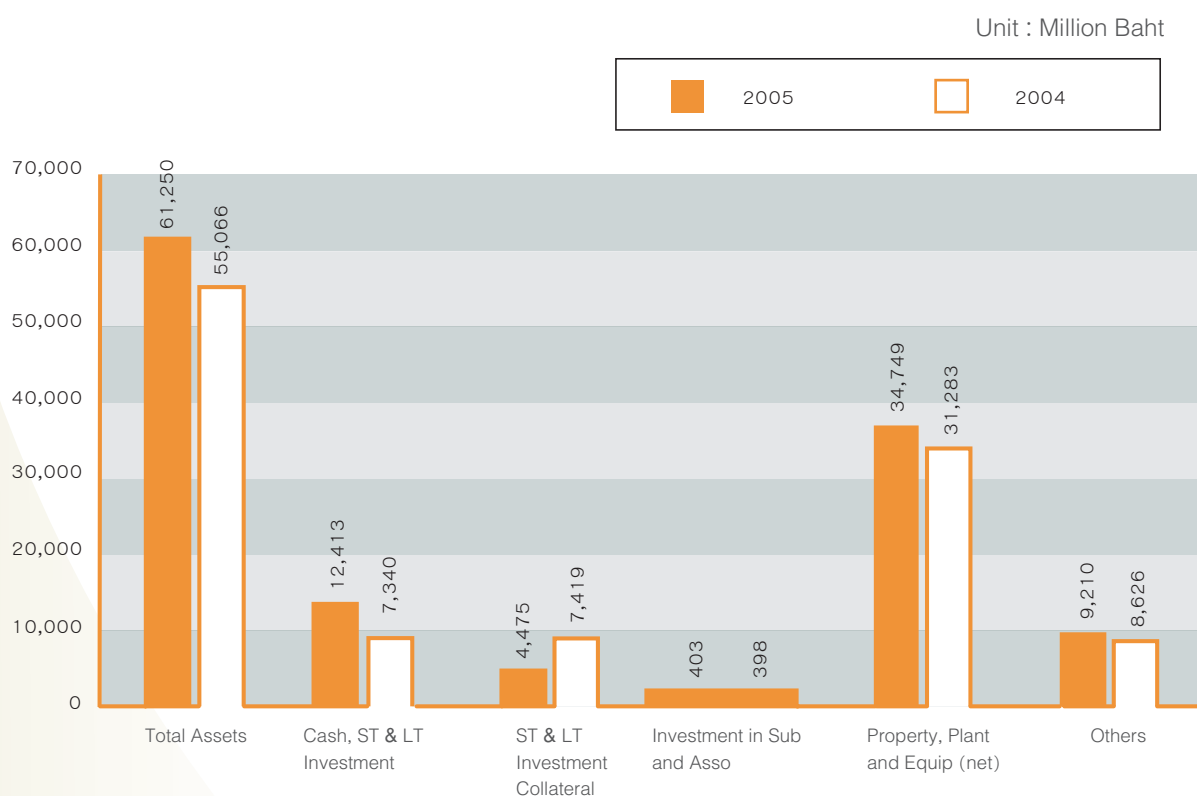
- **Administrative expenses and income tax** totaled Baht 72 million, a decrease of Baht 6 million or 7%. This was mostly from a decrease in ESCO's operating expenses of Baht 11 million or 21% due to AE's write-off of bad debt in 2004. On the other hand, ESCO's income tax increased by Baht 5 million due to an increase in revenues.

- **Interest expenses** were Baht 6 million, a decrease of Baht 4 million or 40%, resulting from the lower principal amount of ET's debt.

4. Report and Analysis of Financial Position

4.1 Asset Analysis

As at December 31, 2005, total assets of EGCO, its subsidiaries, associates and joint ventures amounted to Baht 61,250 million, an increase of Baht 6,184 million or 11% from December 31, 2004. The important details are as follows:



1) Cash and deposits at financial institutions, and short term and long term marketable securities were Baht 12,413 million or 20% of the total assets, up Baht 5,073 million or 69%. This came from an increase in cash and cash equivalent of Baht 6,969 million, mainly from operating results amounting to Baht 9,347 million and GEC's and NTPC's loan drawdown totaling Baht 2,481 million whilst there were repayment of loan and debenture of Baht 3,421 million plus dividend payment to shareholders of Baht 1,707 million.

2) Short-term and long-term investments used as collateral were Baht 4,475 million or 7% of the total assets, down Baht 2,944 million or 40% since REGCO obtained lenders' approval in the first quarter of 2005 to reduce the Foreign Exchange Reserve Account (FEXRA) and to release Debt Service Reserve Account (DSRA) by pledging a bank guarantee.

3) Investment in subsidiaries and associates and interests in joint ventures amounted to Baht 403 million or 1% of the total assets, up by Baht 5 million or 1%. This increase is mainly a result of the recognition of the share of profit of AEP.

4) Property, plant and equipment (net) totaled Baht 34,749 million or 57% of the total assets. They were up Baht 3,466 million or 11% due to an increase in property, plant and equipment related to GEC and NTPC's construction of Baht 4,044 million and Baht 1,334 million, respectively; as well as the recording of capital spare parts as property, plant and equipment following the major maintenance of REGCO and TLP Cogen in the amount of Baht 222 million and Baht 28 million, respectively. The translation adjustment of overseas assets increased by Baht 116 million as well.

However, a decrease in property, plant and equipment was from depreciation of EGCO and subsidiaries' assets totaling Baht 2,525 million and the reclassification of unutilised capital spare parts from property, plant and equipment to inventories of REGCO, KEGCO and TLP Cogen amounting to Baht 15 million, Baht 27 million and Baht 23 million, respectively.

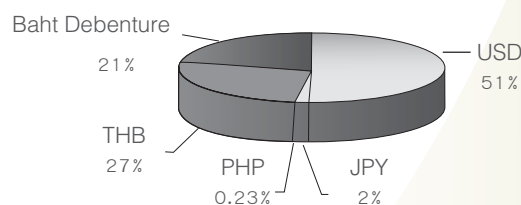
5) Other assets were Baht 9,210 million or 15% of the total assets, up Baht 584 million or 7% mainly from spare parts and supplies up by Baht 400 million, trade receivable and trade receivable from related companies that were up Baht 260 million, other assets that were up by Baht 546 million mainly from the license of operating NTPC power plant, while net goodwill was down by Baht 76 million and long-term loans to related parties were down by Baht 547 million following NTPC's shareholder loan repayment for the whole amount and GEC's shareholder loan partial repayment.

4.2 Liability Analysis

As at December 31, 2005, the company's total liabilities were Baht 29,136 million, up Baht 3,172 million or 12% driven by increasing long-term loan drawdown from financial institutions. The total liabilities consist of the following:

1) Long-term loans and debentures totaled Baht 23,485 million, or 81% of total liabilities, down by Baht 448 million or 2%. The details are as follows:

- USD loans in the amount of USD 295 million
- Yen loans in the amount of Yen 1,066 million
- Filipino Peso loans in the amount of Peso 70 million
- Baht loans in the amount of Baht 6,549 million
- Baht debentures in the amount of Baht 4,927 million



In 2005, the amount of loans increased by Baht 2,914 million due to the loan drawdown for the construction of GEC and NTPC while principal repayment of long-term loans and debentures by subsidiaries totaled Baht 3,421 million.

2) Other liabilities amounted to Baht 5,650 million or 19% of total liabilities, mostly from construction payables of Baht 2,459 million, bank overdrafts and short-term loans from financial institutions of Baht 109 million, trade payables of Baht 751 million, interest payable of Baht 161 million, value added tax payable and income tax payable of Baht 336 million, and others of Baht 1,834 million.

4.3 Shareholders' Equity Analysis

As at December 31, 2005, Shareholders' Equity amounted to Baht 32,115 million, which was Baht 3,012 million higher than the amount as at December 31, 2004. This was due mainly to the profits from operation of 2005.

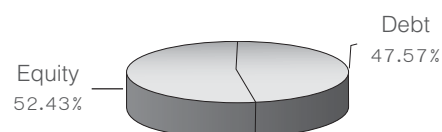
The analysis of the company's capital structure as at December 31, 2005 is summarized as follows:

Shareholders' equity was Baht 32,115 million or 52.43%.

Liabilities were Baht 29,136 million or 47.57%.

Important financial ratios were as follows:

- Debt to equity ratio was 0.91 times, higher than last year at 0.89.
- Book value per share was Baht 58.96, higher than Baht 53.55 at the end of last year.



5. Report and Analysis of Cash Flow Position

Cash Flow Statement shows the change in cash flows from operating activities, investing activities, and financing activities at the end of the accounting period, and indicates the ending balance of the cash and the cash equivalents. As at December 31, 2005, the ending balance of the cash and the cash equivalent was Baht 8,820 million, up by Baht 6,969 million from the end of 2004. The details of the sources and uses of funds are as follows:

- **Net cash received from operating activities** totaled Baht 9,347 million. Most of this was cash from operating activities that amounted to Baht 7,546 million and cash received from working capital increase of Baht 1,801 million.

- **Net cash payment for investing activities** was Baht 18 million. The cash outflows were from the investment in GEC and NTPC's power plant construction amounting to Baht 1,236 million and Baht 1,433 million, respectively; whereas, cash received from deposits at financial institutions increased by Baht 2,032 million. Cash received from shareholder's loan repayment from NTPC, GEC and AEP was Baht 971 million, Baht 76 million and Baht 32 million, respectively. In addition, cash inflows were from dividends of East Water, KTSF and the other open-end funds, which amounted to Baht 92 million, Baht 130 million and Baht 19 million, respectively.

- **Net cash payment for financing activities** was Baht 2,363 million, mainly owing to loan and debenture repayment from REGCO, KEGCO, ET, TLP Cogen, Roi-Et Green, APBP, GEC and CHC, which amounted to Baht 3,421 million, plus dividend payment to shareholders that amounted to Baht 1,707 million; while there was debt drawdown at GEC in the amount of Baht 1,096 million and NTPC of Baht 1,385 million and cash received from selling treasury stock of Baht 100 million.

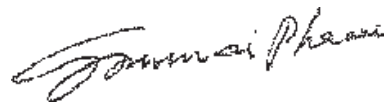
Statement of Directors' Responsibilities

According to the Public Limited Companies Act B.E. 2535, the Accounting Act B.E. 2543, the Securities and Exchange Act B.E. 2535, and the Notification of the Securities and Exchange Commission re: "Disclosure of Financial Statements and Performance of Listed Companies", the Board of Directors is responsible to prepare the true and fair financial statements of the Company.

Management has prepared both consolidated and Company financial statements for the year ended 31 December 2005 in compliance with the Generally Accepted Accounting Principles and in accordance with established accounting policies under the Accounting Profession Act B.E. 2547. The appropriate accounting policies were consistently applied and the financial statements were prepared in a prudent and justified manner with adequate disclosure of significant information in the notes of the financial statements.

The Board of Directors has also issued the Company's regulations on accounting, finance and budgeting B.E. 2544 to which the Management must adhere. In addition, the Audit Committee has been appointed to confirm that the Company's financial statements have been prepared in a justified and prudent manner. Also, the Audit Committee has reviewed the Company's internal control systems to ensure its adequacy and effectiveness as a means to safeguard the Company's assets from unauthorized persons and reveal the weakness to prevent unlawful conduct and abnormalities.

The Board of Directors is of the opinion that both the consolidated and company financial statements for the year 2005, present the company's financial position and operating results in a correct and reliable manner and that such statements are in compliance with the generally accepted accounting principles and relevant rules and regulations.



Interim Chairman

AUDIT COMMITTEE'S REPORT

The Audit Committee of the Electricity Generating Public Company Limited (EGCO) is composed of three independent directors whose qualifications are in compliance with those specified by the SET. The Chairman of the Audit Committee is Mr. Chaipat Sahasakul, and the other two members are Mr. Worawit Khamkanist and Mr. Charu-Udom Ruangsuwan.

The Committee held 6 meetings in 2005. Three additional meetings were held from January through March 2006 to review the financial statements and reports to be disclosed in the 2005 annual report and Form 56-1, as well as the selection of the external auditor and audit fee for year 2006. The Committee's attendance rate was 100 %.

The summary of major activities for the year is as follows:

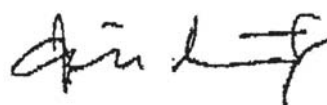
- Review the 2005 quarterly financial statements and the annual financial statements with both the external auditor and the Management by asking questions, providing comments and useful recommendations to ensure that the process to prepare the financial statements and major disclosures were complete, accurate and reliable.
- Review the sufficiency of the internal control systems taking into account the internal auditor's and the external auditor's reports, the results of the internal control evaluation of EGCO and its subsidiaries together with the internal control questionnaires which were prepared in compliance with COSO's guidelines.
- Review and acknowledge the Code of Conduct Compliance Statement and General Representation Letter prepared by the President as well as to review the statements' preparation process which provided assurances to the Committee that EGCO's operations were in compliance with the internal control systems and that the financial information and disclosure were accurate, complete and reliable.
- Approve the audit plan, the scope of work, the budget and the manpower of the Internal Audit Division and conduct the performance appraisal of the internal audit manager who functionally reported to the Committee.
- Review EGCO's compliance procedures to ensure that the management and operations comply with the securities and exchange law, regulations of the SET or laws relating to business of the company. In 2005, the Committee recommended that a compliance working team be set up to review and monitor operations' compliance with related laws. The compliance database development was also recommended for application and reference.
- Review and select the external auditors and determine their remuneration for the year 2006. To ensure the auditor's independence, the Committee articulated a policy in conformity with the SEC's notification to rotate EGCO's auditor every 5 years. Moreover, the Committee suggested that the auditor selection guidelines be specified by management. The guidelines include selection process, criteria, qualifications of the audit firm and the auditors, and approval authority before submission to the Committee. Restrictions in relation to other services which must be excluded from any scope that the audit firm group companies might

seek to provide to EGCO were also specified. The procedure for selection and approval of other services to be performed by the audit firm group companies was also detailed and the engagement of such work had to be consented by the Audit Committee.

- Consider other services performed by the audit firm group companies for EGCO and its subsidiaries during 2005. It was considered that the scope of work and fees of other services were not so significant that they would influence the independence of the auditor.
- Hold exclusive meeting with the external auditors to ensure their independence.
- Review the completeness and accuracy of the related transactions, and conflict of interest disclosures.
- Review the Management Discussion and Analysis (MD&A) to ensure its correctness, adequacy, and usefulness.

Upon considering the above performance, the Committee is of the opinion that EGCO's internal control systems and internal auditing are adequate and appropriate. There are procedures to ensure that EGCO has conducted its business in a way that is consistent with related laws and that information disclosure in the financial statements is accurate, complete and reliable.

After the Committee had reviewed the audit scope and remuneration of EGCO's auditor, PwC, whose qualifications meet with the Securities and Exchange Commission requirements, the Committee recommended to the Board of Directors and shareholders that PwC be re-appointed by the shareholders as EGCO's auditor for 2006.



Mr. Chaipat Sahasakul
Chairman of the Audit Committee

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 2005 and 2004, and the related consolidated and company statements of income, changes in shareholders' equity, and cash flows for the years then ended of Electricity Generating Public Company Limited and its subsidiaries ("the Group"), and of Electricity Generating Public Company Limited ("the Company"), respectively. 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 2005 and 2004 and the consolidated and company results of operations and cash flows for the years then ended of the Group and of the Company, respectively in accordance with generally accepted accounting principles.



Mr. Prasan Chuaphanich
Certified Public Accountant
(Thailand) No. 3051
PricewaterhouseCoopers ABAS Limited

Bangkok
17 February 2006

Electricity Generating Public Company Limited

Balance Sheets

As at 31 December 2005 and 2004

		Consolidated		Company	
		2005	2004	2005	2004
Notes		Baht	Baht	Baht	Baht
ASSETS					
Current Assets					
Cash and cash equivalents	5	8,820,211,798	1,850,946,791	2,627,988,314	845,606,884
Short-term investments	6				
- Deposits at financial institutions		675,820,274	2,535,029,595	845,705	1,839,386,592
- Marketable securities		57,173,830	232,242,286	59,289,590	171,223,726
Short-term investments used as collateral	7				
- Deposits at financial institutions		4,360,974,047	5,116,367,743	-	-
- Marketable securities		26,000,000	1,234,354,006	-	-
Trade receivables, net	8	304,987,351	300,916,286	-	-
Trade receivable from a related party	28	2,248,699,679	2,058,353,736	-	-
Dividend receivables from subsidiaries		-	-	901,593,734	1,846,359,243
Current portion of long-term loans to related parties	28	11,915,049	-	23,830,098	-
Amounts due from related parties	28	126,256,543	60,351,726	160,083,224	34,260,443
Spare parts and supplies, net	9	3,836,351,893	3,436,470,177	-	-
Other current assets	28	540,892,344	284,794,949	14,406,241	34,978,632
Total Current Assets		21,009,282,808	17,109,827,295	3,788,036,906	4,771,815,520
Non-Current Assets					
Long-term investments in marketable securities and others	10	2,859,356,538	2,721,444,881	2,868,297,503	2,727,696,993
Long-term investments used as collateral	7				
- Deposits at financial institutions		62,438,351	1,016,570,061	-	-
- Marketable securities		26,000,000	52,000,000	-	-
Long-term loans to related parties, net	28	125,000,000	671,930,676	1,030,000,000	846,930,676
Investments in subsidiaries	11	-	-	19,948,460,774	15,139,665,256
Investment in an associate	11	395,380,955	390,914,094	-	-
Interests in joint ventures, net	11	7,960,213	7,192,140	4,053,162,892	4,030,919,828
Property, plant and equipment, net	12	34,749,092,485	31,283,164,366	738,559,245	747,248,867
Goodwill, net	13	1,082,825,603	1,158,532,024	-	-
Other non-current assets, net	14	932,752,880	654,775,880	192,250,881	27,725,719
Total Non-Current Assets		40,240,807,025	37,956,524,122	28,830,731,295	23,520,187,339
Total Assets		61,250,089,833	55,066,351,417	32,618,768,201	28,292,002,859

For Director

Sahle Suerayhon

The notes to the consolidated and company financial statements on pages 102 to 144 are an integral part of these financial statements.

Electricity Generating Public Company Limited

Balance Sheets

As at 31 December 2005 and 2004

		Consolidated		Company	
		2005	2004	2005	2004
Notes		Baht	Baht	Baht	Baht
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Bank overdrafts and short-term loans from financial institutions		109,462,658	75,000,000	-	-
Trade payables		750,853,380	475,572,404	-	-
Construction payables		2,459,366,020	-	-	-
Trade payable to a related party	28	87,566,522	155,859,931	-	-
Amounts due to related parties	28	55,302,657	29,489,350	2,130,488	92,681
Current portion of long-term loans from financial institutions, net	16	3,331,375,567	2,769,272,411	-	-
Debentures due within one year	17	1,317,763,760	630,806,000	-	-
Current portion of long-term loans from other venturer of a joint venture	15	11,915,049	50,000,000	-	-
Other current liabilities					
- Interest payable	28	160,863,295	151,936,725	-	-
- Value added tax payable		157,032,400	251,645,627	-	-
- Income tax payable		178,553,842	230,017,821	-	-
- Others		615,770,294	448,899,797	109,600,794	122,402,594
Total Current Liabilities		9,235,825,444	5,268,500,066	111,731,282	122,495,275
Non-Current Liabilities					
Long-term loans from financial institutions, net	16	15,090,448,658	15,431,101,852	-	-
Debentures, net	17	3,608,947,723	4,926,846,523	-	-
Long-term loans from other venturer of a joint venture, net	15	125,000,000	125,000,000	-	-
Net liabilities in a joint venture	11	-	-	492,562,122	-
Other non-current liabilities		1,075,356,364	211,967,268	935,620,331	-
Total Non-Current Liabilities		19,899,752,745	20,694,915,643	1,428,182,453	-
Total Liabilities		29,135,578,189	25,963,415,709	1,539,913,735	122,495,275

The notes to the consolidated and company financial statements on pages 102 to 144 are an integral part of these financial statements.

Electricity Generating Public Company Limited

Balance Sheets

As at 31 December 2005 and 2004

		Consolidated		Company	
		2005	2004	2005	2004
	Notes	Baht	Baht	Baht	Baht
LIABILITIES AND SHAREHOLDERS' EQUITY (continued)					
Shareholders' Equity					
Share capital	18				
Authorised share capital		5,300,000,000	5,300,000,000	5,300,000,000	5,300,000,000
Issued and paid-up share capital		5,264,650,000	5,264,650,000	5,264,650,000	5,264,650,000
Premium on share capital	18	8,601,300,000	8,601,300,000	8,601,300,000	8,601,300,000
Premium on treasury stock		47,373,035	-	47,373,035	-
Retained earnings					
Appropriated					
- Legal reserve	19	530,000,000	530,000,000	530,000,000	530,000,000
- Capital reserve for treasury stock		-	52,169,276	-	52,169,276
Unappropriated		16,107,739,744	13,530,545,410	16,107,739,744	13,530,545,410
Unrealised gains on investments in marketable securities - available-for-sale		587,384,126	359,887,106	624,896,135	408,150,340
Translation adjustments		(97,104,448)	(165,138,166)	(97,104,448)	(165,138,166)
Total parent's shareholders' equity		31,041,342,457	28,173,413,626	31,078,854,466	28,221,676,860
Minority interest	20	1,073,169,187	981,691,358	-	-
Total Shareholders' Equity		32,114,511,644	29,155,104,984	31,078,854,466	28,221,676,860
Less Treasury stock		-	(52,169,276)	-	(52,169,276)
Total Shareholders' Equity, net		32,114,511,644	29,102,935,708	31,078,854,466	28,169,507,584
Total Liabilities and Shareholders' Equity		61,250,089,833	55,066,351,417	32,618,768,201	28,292,002,859

The notes to the consolidated and company financial statements on pages 102 to 144 are an integral part of these financial statements.

Electricity Generating Public Company Limited

Statements of Income

For the years ended 31 December 2005 and 2004

		Consolidated		Company	
		2005	2004	2005	2004
Notes		Baht	Baht	Baht	Baht
Revenues					
Sales and service income	28	16,022,283,753	15,619,522,030	-	-
Cost of sales and services	28	(8,151,188,380)	(7,592,661,519)	-	-
Gross profit		7,871,095,373	8,026,860,511	-	-
Administrative expenses	28	(1,417,038,181)	(1,275,985,210)	(418,520,760)	(396,833,166)
Write-off development costs		(279,758,722)	-	-	-
Profit (loss) from sales and services		6,174,298,470	6,750,875,301	(418,520,760)	(396,833,166)
Other income					
- Interest income	28	353,197,160	297,328,054	120,097,585	93,536,339
- Dividend income		241,214,217	475,214,682	241,214,217	475,214,682
- Others		210,169,237	79,221,026	297,147,249	112,295,489
Impairment charge		-	34,220,274	-	-
Directors' remuneration	24	(29,963,120)	(21,829,251)	(17,175,660)	(17,499,939)
Currency exchange gains (losses)		(285,394,385)	67,103,820	52,636,717	(15,222,981)
Operating profit		6,663,521,579	7,682,133,906	275,399,348	251,490,424
Share of loss exceed interest in a joint venture	11	-	-	(501,672,871)	-
Share of profit from subsidiaries, an associate and interests in joint ventures	11	27,061,091	28,635,828	4,318,787,532	4,462,601,416
Profit before interest and tax		6,690,582,670	7,710,769,734	4,092,514,009	4,714,091,840
Interest expenses	28	(1,859,116,289)	(2,219,929,424)	-	(52,266,543)
Income tax	26	(475,407,929)	(596,578,876)	-	-
Profit before minorities		4,356,058,452	4,894,261,434	4,092,514,009	4,661,825,297
Profit attributable to minorities	20	263,544,443	232,436,137	-	-
Net profit for the year	21	4,092,514,009	4,661,825,297	4,092,514,009	4,661,825,297
Basic earnings per share					
Profit before minorities	22	8.28	9.32	7.78	8.88
Profit attributable to minorities		0.50	0.44	-	-
Net profit for the year		7.78	8.88	7.78	8.88

The notes to the consolidated and company financial statements on pages 102 to 144 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 2005 and 2004

Consolidated											
Notes	Issued and paid-up share capital Baht	Premium on share capital Baht	Premium on treasury stock Baht	Legal reserve Baht	Capital reserve for treasury stock Baht	Retained earnings Baht	Fair value reserve Baht	Translation adjustments Baht	Minority interest Baht	Treasury stock Baht	Total Baht
Opening balance as at 1 January 2005	5,264,650,000	8,601,300,000	-	530,000,000	52,169,276	13,530,545,410	359,887,106	(165,138,166)	981,691,358	(52,169,276)	29,102,935,708
Translation adjustments	-	-	-	-	-	-	-	68,033,718	(1,734,133)	-	66,299,585
Net profit for the year	-	-	-	-	-	4,092,514,009	-	-	-	-	4,092,514,009
Dividends 23	-	-	-	-	-	(1,567,488,951)	-	-	(171,699,966)	-	(1,739,188,917)
Unrealised gains (losses) on investments in marketable securities - available-for-sale	-	-	-	-	-	-	189,476,021	-	(144,823)	-	189,331,198
Realised gains from transfer of investments from available-for-sale to held to maturity	-	-	-	-	-	-	29,410	-	-	-	29,410
Amortisation of gains from transfer of investments from available-for-sale to held to maturity	-	-	-	-	-	-	37,991,589	-	-	-	37,991,589
Ordinary shares	-	-	-	-	-	-	-	-	1,512,308	-	1,512,308
Treasury stock	-	-	47,373,035	-	(52,169,276)	52,169,276	-	-	-	52,169,276	99,542,311
Minority interest 20	-	-	-	-	-	-	-	-	263,544,443	-	263,544,443
Closing balance as at 31 December 2005	5,264,650,000	8,601,300,000	47,373,035	530,000,000	-	16,107,739,744	587,384,126	(97,104,448)	1,073,169,187	-	32,114,511,644
Opening balance as at 1 January 2004	5,264,650,000	8,601,300,000	-	530,000,000	-	10,474,834,519	1,206,631,950	(182,803,390)	858,591,957	(52,169,276)	26,701,035,760
Translation adjustments	-	-	-	-	-	-	-	17,665,224	312,489	-	17,977,713
Net profit for the year	-	-	-	-	52,169,276	4,661,825,297	-	-	-	-	4,713,994,573
Capital reserve for treasury stock	-	-	-	-	-	(52,169,276)	-	-	-	-	(52,169,276)
Dividends paid 23	-	-	-	-	-	(1,553,945,130)	-	-	(109,652,400)	-	(1,663,597,530)
Unrealised gains (losses) on investments in marketable securities - available-for-sale	-	-	-	-	-	-	(846,744,844)	-	3,175	-	(846,741,669)
Minority interest 20	-	-	-	-	-	-	-	-	232,436,137	-	232,436,137
Closing balance as at 31 December 2004	5,264,650,000	8,601,300,000	-	530,000,000	52,169,276	13,530,545,410	359,887,106	(165,138,166)	981,691,358	(52,169,276)	29,102,935,708

Electricity Generating Public Company Limited

Statements of Changes in Shareholders' Equity

For the years ended 31 December 2005 and 2004

										Company
	Issued and paid-up share capital	Premium on share capital	Premium on treasury stock	Legal reserve	Capital reserve for treasury stock	Retained earnings	Fair value reserve	Translation adjustments	Treasury stock	Total
Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2005	5,264,650,000	8,601,300,000	-	530,000,000	52,169,276	13,530,545,410	408,150,340	(165,138,166)	(52,169,276)	28,169,507,584
Translation adjustments	-	-	-	-	-	-	-	68,033,718	-	68,033,718
Net profit for the year	-	-	-	-	-	4,092,514,009	-	-	-	4,092,514,009
Dividends	23	-	-	-	-	(1,567,488,951)	-	-	-	(1,567,488,951)
Unrealised gains on investments in marketable securities - available-for-sale	-	-	-	-	-	-	216,745,795	-	-	216,745,795
Treasury stock	-	-	47,373,035	-	(52,169,276)	52,169,276	-	-	52,169,276	99,542,311
Closing balance as at 31 December 2005	<u>5,264,650,000</u>	<u>8,601,300,000</u>	<u>47,373,035</u>	<u>530,000,000</u>	<u>-</u>	<u>16,107,739,744</u>	<u>624,896,135</u>	<u>(97,104,448)</u>	<u>-</u>	<u>31,078,854,466</u>
Opening balance as at 1 January 2004	5,264,650,000	8,601,300,000	-	530,000,000	-	10,474,834,519	1,261,160,586	(182,803,390)	(52,169,276)	25,896,972,439
Translation adjustments	-	-	-	-	-	-	-	17,665,224	-	17,665,224
Net profit for the year	-	-	-	-	-	4,661,825,297	-	-	-	4,661,825,297
Capital reserve for treasury stock	-	-	-	-	52,169,276	(52,169,276)	-	-	-	-
Dividends	-	-	-	-	-	(1,553,945,130)	-	-	-	(1,553,945,130)
Unrealised losses on investments in marketable securities - available-for-sale	-	-	-	-	-	-	(853,010,246)	-	-	(853,010,246)
Closing balance as at 31 December 2004	<u>5,264,650,000</u>	<u>8,601,300,000</u>	<u>-</u>	<u>530,000,000</u>	<u>52,169,276</u>	<u>13,530,545,410</u>	<u>408,150,340</u>	<u>(165,138,166)</u>	<u>(52,169,276)</u>	<u>28,169,507,584</u>

The notes to the consolidated and company financial statements on pages 102 to 144 are an integral part of these financial statements.

Electricity Generating Public Company Limited

Statements of Cash Flows

For the years ended 31 December 2005 and 2004

Notes	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Cash flows from operating activities				
Net profit for the year	4,092,514,009	4,661,825,297	4,092,514,009	4,661,825,297
Adjustments to reconcile net profit to net cash provided by operations:				
- Depreciation and amortisation	2,707,557,323	2,528,919,794	43,425,825	53,010,216
- Impairment charge	12 2,500,000	(34,220,274)	-	-
- Write-off goodwill	13 -	43,286,192	-	-
- Write-off development costs	279,758,722	76,920,966	-	-
- Write-off bad debt	-	22,960,494	-	-
- Allowance for obsolescence	35,658,646	12,165,128	-	-
- Amortisation of losses from transfer of investments from available-for-sale to held to maturity	41,706,452	-	-	-
- Unrealised currency exchange (gains) losses	395,300,875	(71,952,827)	(32,242,288)	14,857,812
- (Gains) losses on disposals of property, plant and equipment	(3,919,314)	3,533,216	(1,751,434)	944,372
- Dividends received from other companies	(241,214,217)	(475,214,682)	(241,214,217)	(475,214,682)
- Share of loss exceed interest in a joint venture	11 -	-	501,672,871	-
- Shares of profit from subsidiaries, an associate and interests in joint ventures	11 (27,061,091)	(28,635,828)	(4,318,787,532)	(4,462,601,416)
- Minority interest	20 263,544,443	232,436,137	-	-
- Others	(667,521)	(4,301,625)	-	-
Cash flows before changes in operating assets and liabilities	7,545,678,328	6,967,721,988	43,617,234	(207,178,401)
Changes in operating assets and liabilities: (excluding the effects of acquisition and disposal)				
- Short-term and long-term investments used as collateral	2,919,135,144	2,481,526,063	-	-
- Trade receivables and trade receivable from a related party	(186,136,195)	(708,136,550)	-	-
- Amounts due from related parties	(119,735,540)	5,193,258	(125,822,780)	48,838,493
- Spare parts and supplies	(593,314,307)	(485,119,227)	-	-
- Other current assets	(209,535,613)	(105,914,010)	20,572,391	(37,130,176)
- Other non-current assets	(166,871,251)	32,394,708	(164,565,164)	22,099,887
- Trade payables and trade payable to a related party	(532,564)	200,581,826	-	-
- Amounts due to related parties	24,869,856	(33,458,774)	2,037,807	54,929
- Other current liabilities	(12,701,686)	179,400,742	(12,450,050)	(5,836,620)
- Other non-current liabilities	146,039,473	66,000	-	-
Net cash receipts (payments) from operating activities	9,346,895,645	8,534,256,024	(236,610,563)	(179,151,888)

The notes to the consolidated and company financial statements on pages 102 to 144 are an integral part of these financial statements.

Electricity Generating Public Company Limited

Statements of Cash Flows

For the years ended 31 December 2005 and 2004

	Notes	Consolidated		Company	
		2005 Baht	2004 Baht	2005 Baht	2004 Baht
Cash flows from investing activities					
Proceeds from sale of investment in a subsidiary	11	-	-	935,620,333	-
Payments on investments in subsidiaries, subsidiary of a joint venture and interest in a joint venture	11	18,003,872	(158,951,200)	(4,670,577,192)	(882,020,000)
Net cash receipts (payments) on deposits at financial institutions		2,031,972,640	(837,347,871)	1,838,540,888	(750,802,871)
Net cash receipts from short-term investments		144,144,788	812,203,120	110,624,270	889,265,698
Net cash receipts (payments) from long-term investments		54,729,730	(230,283,668)	39,729,730	(230,283,668)
Net purchases of property, plant and equipment		(2,927,840,393)	(2,149,604,956)	(32,944,769)	(7,629,324)
Loans and advances made to related parties		(380,958,406)	(755,693,489)	(1,253,944,542)	(929,298,489)
Proceed from loans to related parties	28	824,045,580	50,000,000	1,079,287,407	100,000,000
Dividends received from subsidiaries and a joint venture	11	21,826,157	-	5,199,740,042	4,542,621,476
Dividends received from other companies		241,214,217	475,214,682	241,214,217	475,214,682
Others		(45,246,909)	(17,293,030)	-	-
Net cash receipts (payments) from investing activities		(18,108,724)	(2,811,756,412)	3,487,290,384	3,207,067,504
Cash flows from financing activities					
Proceeds from increase in share capital from other venturer of a joint venture		397,319,252	-	-	-
Proceeds from issue of ordinary shares from minority of a subsidiary of a joint venture	20	2,089,500	-	-	-
Payments on finance lease		(5,017,885)	(1,281,087)	-	-
Net proceed (payment) from short-term loans		34,462,658	(244,687,540)	-	-
Proceeds from long-term loans from financial institutions	16	2,915,266,902	2,073,514,068	-	-
Payments on long-term loans from financial institutions and debentures	16, 17	(3,421,231,313)	(5,861,602,257)	-	(1,400,650,000)
Proceed from long-term loan from other venturer of a joint venture		256,897,965	50,000,000	-	-
Payment on long-term loan from other venturer of a joint venture		(540,008,625)	(50,000,000)	-	-
Payments of financing fee	16	(395,906,184)	-	-	-
Proceeds from treasury stock		99,542,310	-	99,542,310	-
Dividends paid to shareholders	23	(1,706,531,475)	(1,571,312,994)	(1,567,840,701)	(1,553,446,100)
Net cash payments on financing activities		(2,363,116,895)	(5,605,369,810)	(1,468,298,391)	(2,954,096,100)
Net increase in cash and cash equivalents					
		6,965,670,026	117,129,802	1,782,381,430	73,819,516
Beginning balance		1,850,946,791	1,730,769,987	845,606,884	771,787,368
Effects of exchange rate changes		3,594,981	3,047,002	-	-
Ending balance		8,820,211,798	1,850,946,791	2,627,988,314	845,606,884

The notes to the consolidated and company financial statements on pages 102 to 144 are an integral part of these financial statements.

Electricity Generating Public Company Limited

Statements of Cash Flows

For the years ended 31 December 2005 and 2004

Note	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Cash and cash equivalents are made up as follows:				
- Cash in hand and deposits at financial institutions	5,798,409,420	811,419,326	85,114,989	120,451,185
- Short-term investments - maturities within three months	3,021,802,378	1,039,527,465	2,542,873,325	725,155,699
	<u>8,820,211,798</u>	<u>1,850,946,791</u>	<u>2,627,988,314</u>	<u>845,606,884</u>
Supplementary information for cash flows:				
Interest paid	1,995,975,587	2,167,566,958	-	21,037,519
Tax paid	444,064,681	258,490,436	-	-
Non-cash transactions				
Reclassification of utilised capital spare parts to property, plant and equipment	12 257,618,702	350,990,173	-	-
Reclassification of unutilised capital spare parts from property, plant and equipment	12 65,903,234	437,169,030	-	-
Increase in property, plant and equipment by other payables	2,817,804,161	25,414,944	-	-

The notes to the consolidated and company financial statements on pages 102 to 144 are an integral part of these financial statements.

1 General information

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

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

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

The Group has operations in over three countries and employs over 969 people (2004: 916 people).

These consolidated and company financial statements have been approved for issue by the President on 17 February 2006.

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.

As a result of the Federation of Accounting Profession (FAP) approval of three new accounting standards on 12 May 2005, the Group has adopted TAS 52: “Events After Balance Sheet Date”, TAS 53: “Provisions, Contingent Liabilities, and Contingent Assets” and TAS 54: “Discontinuing Operations” since the second quarter of 2005. The adoption of the three new standards did not have any impact on the financial statements presented.

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

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

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

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

2 Accounting policies (continued)

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

2.2.1 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 2.9.1 for the accounting policy on goodwill).

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

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

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

2.2.2 Investments in associates

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

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

2 Accounting policies (continued)

2.2.3 Interests in joint ventures

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

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

A list of the Group's principal joint ventures and the financial effects of the acquisitions and disposals of joint ventures are shown in Note 11.

2.3 Foreign currency translation

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

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign 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 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 statement of income. Translation differences on available-for-sale investments in equity securities are included in the revaluation reserve in equity.

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

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

2 Accounting policies (continued)

2.4 Financial instruments

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

The Group 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 interest rate swap contracts is recognised as a component of interest expenses as incurred.

Currency and interest rate swap contract protects the Group from movements in exchange rates and interests rates. Any differential in interest rate to be paid or received is recognised as a component of interest expense as incurred.

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

2.5 Cash and cash equivalents

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

2.6 Trade receivables

Trade accounts receivable 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.

2.7 Spare parts and supplies

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

The allowance for specific spare parts is calculated by dividing the balances of specific spare parts on hand at the year end by the number of years remaining under the Power Purchase Agreements with EGAT Public Company Limited, 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)

2.8 Other investments

Investments other than investments in subsidiaries and associates and interests in joint ventures are classified into the following three categories: held-to-maturity, available-for-sale and general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except maturities within 12 months from the balance sheet date which are classified as current assets.
- Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale, and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- Investments in non-marketable equity securities are classified as general investments.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investments. Cost of investment includes transaction costs.

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

Available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity.

The fair value of investments is based on the quoted bid price by reference to the Stock Exchange of Thailand and the Thai Bond Dealing Center. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment in securities.

General investments are carried at cost less impairment.

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

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

2.9 Intangible assets

2.9.1 Goodwill

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

2 Accounting policies (continued)

2.9 Intangible assets (continued)

2.9.1 Goodwill (continued)

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

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

2.9.2 Development expenditure

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

2.10 Property, plant and equipment

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

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

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

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

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

Repair and maintenance expenses are charged to the 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)

2.10 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.

2.11 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.

2.12 Leases

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

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated and company statement 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.

2.13 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)

2.14 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.

2.15 Employee benefits

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

2.16 Provisions

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

2.17 Treasury stock

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

2.18 Revenue recognition

Sales under the Power Purchase Agreements ("PPA") comprise capacity payment and energy payment. Capacity payments are recognised according to the rates and terms set out in the PPA and, energy payment are calculated based on actual electricity delivered. Sales under the Electricity and Steam Sales/Purchase Agreements with industrial users are recognised on delivery of electricity and steam and, customers acceptance. Sales are shown net of sales taxes and discounts, and after eliminating sales within the Group.

Revenue from construction service is recognised using the percentage of completion method. The stage of completion is measured by reference to the relationship contracts costs incurred for work performed to date bear to the estimated total costs for the contract. Revenue from other services is recognised when the services have been rendered in accordance with the terms of the agreements or invoices have been issued.

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

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

2.19 Related parties

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

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

Electricity Generating Public Company Limited

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

2 Accounting policies (continued)

2.20 Dividends

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

2.21 Segment reporting

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

3 Statements of cash flows

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

4 Segment information

Financial information by geographical segment

For the year ended 31 December 2005

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

Segment result in Lao People's Democratic Republic represents the operating results of Nam Theun 2 Power Company Limited, which is a joint venture of the Company. As at 31 December 2005, an investment in such joint venture was accounted for by proportionate consolidation method in the consolidated financial statements (as mentioned in Note 11).

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

For the year ended 31 December 2004	Thailand Baht	Philippines Baht	Consolidated Baht
Revenue from sales and service income	14,902,330,021	717,192,009	15,619,522,030
Cost of sales and services	(7,364,148,319)	(228,513,200)	(7,592,661,519)
Segment results	7,538,181,702	488,678,809	8,026,860,511
Administrative expenses	(1,182,390,106)	(115,424,355)	(1,297,814,461)
A reversal of impairment charge	34,220,274	-	34,220,274
Other income	813,778,591	37,985,171	851,763,762
Currency exchange gains (losses)	73,783,466	(6,679,646)	67,103,820
Operating profit	7,277,573,927	404,559,979	7,682,133,906
Shares of profit from an associate and interests in joint ventures	28,635,828	-	28,635,828
Interest expenses	(2,146,654,996)	(73,274,428)	(2,219,929,424)
Profit before tax	5,159,554,759	331,285,551	5,490,840,310
Income tax	(460,306,303)	(136,272,573)	(596,578,876)
Profit before minority interest	4,699,248,456	195,012,978	4,894,261,434
Minority interest	94,281,454	138,154,683	232,436,137
Net profit	4,604,967,002	56,858,295	4,661,825,297
Segment assets	53,105,459,059	1,960,892,358	55,066,351,417

5 Cash and cash equivalents

As at 31 December 2005, the interest rates on saving accounts were 0.25% to 4% per annum (2004: 0.25% to 1.75% per annum) and the interest rates on deposits held at call with financial institutions were 0.25% to 4.15% per annum (2004: 0.25% to 4% per annum).

6 Short-term investments

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

Deposits at financial institutions

Deposits at financial institutions of the Group mainly comprise deposits at financial institutions and promissory notes issued by local financial institutions. As at 31 December 2005, these investments bore interest at rates from 0.25% to 4.15% per annum (2004: 0.25% to 4% per annum).

Marketable securities

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Available-for-sale				
Debt securities	52,887,054	220,815,684	55,002,814	159,797,124
Changes in fair value of investments	4,286,776	11,426,602	4,286,776	11,426,602
Short-term investments in marketable securities	57,173,830	232,242,286	59,289,590	171,223,726

7 Short-term and long-term investments used as collateral**Subsidiaries of the Company**

Deposits at financial institutions used as collateral are those of Rayong Electricity Generating Company Limited (REGCO) and Khanom Electricity Generating Company Limited (KEGCO), and comprise cash reserves required to be maintained under their loan and debenture agreements for the purpose of repayment of principal and 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 2005, these cash reserves were Baht 760 million (2004: Baht 2,084 million). The remaining balance of short-term and long-term investments used as collateral of Baht 2,650 million (2004: Baht 2,897 million) represented collateralised deposits maintained in accordance with the loan agreements, but which could be used subject to certain lender approvals. During the first quarter of 2005, the lenders allowed REGCO to pledge a letter of guarantee issued for the Company instead of providing the cash reserve for the US Dollar and Thai Baht Debt Service Reserve Accounts (D/R Accounts). As a result, such reserve account was nil as at 31 December 2005. In addition, the lenders allowed KEGCO to pledge the letter of guarantee issued for the Company instead of providing the partial cash reserve for both the US Dollar and Thai Baht Debt Service Reserve Accounts (D/R Accounts) in October 2004.

REGCO had to provide the cash reserve for minimising exchange rate until the account was equal to the lower of 25% of the aggregate outstanding unhedged US Dollar loans or an amount of US Dollars 60 million. During the first quarter of 2005, the lenders allowed REGCO to lower the cash reserve for Foreign Exchange Reserve Account (FX Reserve Account) to US Dollars 1.5 million. As a result, this reserve was US Dollars 1.5 million as at 31 December 2005.

Subsidiaries of Gulf

As at 31 December 2005, deposits at financial institutions used as collateral of Baht 691 million (31 December 2004: Baht 1,006 million) are mainly of five subsidiaries and have been pledged as collateral to secure credit facilities according to long-term loan agreements. However, withdrawals can be made from the pledged accounts to provide working capital in the normal course of business of the subsidiaries after approval by the lenders. The two subsidiaries of Gulf are constructing their power plants and, therefore, have no earnings from sale of electricity. They will provide the reserves when they commence commercial operation.

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

Deposits at financial institutions used as collateral

As at 31 December 2005, short-term and long-term deposits under these reserves bore interests at the rates of 1.38% to 4.17% per annum for the foreign currency deposits (2004: 1.5% to 2.33% per annum) and 0.25% to 6.5% per annum for the Thai Baht deposits (2004: 0.25% to 6.5% per annum).

Short-term investments in marketable securities used as collateral

	Consolidated 31 December 2005		
	Available-for-sale Baht	Current portion of investments held-to-maturity Baht	Total Baht
Debt securities	-	26,000,000	26,000,000
Changes in fair value of investments	-	-	-
Short-term investments in marketable securities used as collateral	-	26,000,000	26,000,000

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

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

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

Long-term investments in marketable securities used as collateral

	Consolidated 31 December 2005		
	Available-for-sale Baht	Held-to-maturity Baht	Total Baht
Debt securities	-	26,000,000	26,000,000
Changes in fair value of investments	-	-	-
Long-term investments in marketable securities used as collateral	<u>-</u>	<u>26,000,000</u>	<u>26,000,000</u>

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

The above held-to-maturity investments are due within 1 - 2 years.

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

Electricity Generating Public Company Limited

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

8 Trade receivables, net

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Trade receivables	308,322,351	304,251,286	-	-
<u>Less</u> Allowance for doubtful receivables	(3,335,000)	(3,335,000)	-	-
Trade receivables, net	<u>304,987,351</u>	<u>300,916,286</u>	<u>-</u>	<u>-</u>

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

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Overdue below 3 months	22,715,081	7,321,219	-	-
Overdue 3 – 6 months	35,563,201	222,642	-	-
Overdue 6 – 12 months	5,565,774	402,975	-	-
Overdue over 12 months	7,514,221	3,604,674	-	-
	<u>71,358,277</u>	<u>11,551,510</u>	<u>-</u>	<u>-</u>
<u>Less</u> Allowance for doubtful receivables	(3,335,000)	(3,335,000)	-	-
Trade receivables, net	<u>68,023,277</u>	<u>8,216,510</u>	<u>-</u>	<u>-</u>

9 Spare parts and supplies, net

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Fuel	392,031,468	355,662,995	-	-
Specific spare parts				
- Capital spare parts	1,456,288,325	1,311,386,023	-	-
- Other specific spare parts	1,922,289,102	1,804,023,233	-	-
Common spare parts	67,493,926	70,680,517	-	-
Spare parts in transit	195,234,685	55,730,694	-	-
	<u>4,033,337,506</u>	<u>3,597,483,462</u>	<u>-</u>	<u>-</u>
<u>Less</u> Allowance for obsolescence	(196,985,613)	(161,013,285)	-	-
Spare parts and supplies, net	<u>3,836,351,893</u>	<u>3,436,470,177</u>	<u>-</u>	<u>-</u>

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

10 Long-term investments in marketable securities and others

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Available-for-sale				
Debt securities	317,569,991	360,304,357	337,262,182	372,821,872
Equity securities	1,905,222,903	1,905,222,903	1,905,222,903	1,905,222,903
Changes in fair value of investments	634,263,644	443,617,621	623,512,418	437,352,218
Total long-term investments in marketable securities	2,857,056,538	2,709,144,881	2,865,997,503	2,715,396,993
Other equity securities	2,300,000	12,300,000	2,300,000	12,300,000
Long-term investments in marketable securities and others	2,859,356,538	2,721,444,881	2,868,297,503	2,727,696,993

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

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Investments in subsidiaries	-	-	19,948,460,774	15,139,665,256
Investments in an associate	395,380,955	390,914,094	-	-
Interests in joint ventures	7,960,213	7,192,140	4,447,569,057	4,425,325,993
Less Provision for impairment	-	-	(394,406,165)	(394,406,165)
Investments in subsidiaries and an associate and interests in joint ventures, net	403,341,168	398,106,234	24,001,623,666	19,170,585,084

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

	2005	
	Consolidated Baht	Company Baht
Opening net book value	398,106,234	19,170,585,084
Share of profit from subsidiaries and an associate and interests in joint ventures	27,061,091	4,318,787,532
Dividends received from subsidiaries and a joint venture	(21,826,157)	(4,254,974,532)
Change in fair value of marketable securities available-for-sale of subsidiaries	-	(295,578)
Realised losses from transfer of investments from available-for-sale to held-to-maturity	-	29,410
Amortisation of losses from transfer of investments from available-for-sale to held-to-maturity	-	37,991,589
Capital additions of subsidiaries	-	4,670,577,192
Translation adjustments	-	58,922,969
Closing net book value	403,341,168	24,001,623,666

The percentage of holdings in subsidiaries and an associate and interests in joint ventures is unchanged from 2004.

Electricity Generating Public Company Limited

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

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

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

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

As at 31 December 2005, dividends receivable amounting to Baht 902 million was recognised in the company financial statements.

Electricity Generating Public Company Limited

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

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

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

		Company				
		31 December 2004				
		Paid-up share capital	Portion of Investment	Cost Method	Equity Method	Dividend
Business		Baht'000	(%)	Baht'000	Baht'000	Baht'000
(Including indirect holding)						
Rayong Electricity Generating Co., Ltd.	Electricity generating	4,700,000	99.99	4,700,000	6,565,810	3,104,029
Khanom Electricity Generating Co., Ltd.	Electricity generating	4,850,000	99.99	4,850,000	5,821,158	1,980,882
EGCO Engineering and Service Co., Ltd. and its subsidiary and joint venture	Power plant operation and maintenance services	250,000	99.99	250,000	281,567	56,968
- Subsidiary						
- Agro Energy Co., Ltd.	Trading / delivery services of natural scrap		99.99			
- Joint venture						
- Amata Power-Esco Service Co., Ltd.	Power plant operation		50.00			
Egcom Tara Co., Ltd.	Tap water business	345,000	70.00	398,475	382,613	-
EGCO Green Energy Co., Ltd. and its subsidiary	Investing in biomass fueled electricity generating plant	175,000	74.00	129,500	142,719	-
- Roi-Et Green Co., Ltd.	Develop, design, construct and test operation of husk fueled electricity generating plant		95.00			
EGCO International B.V.I	Investing in power energy projects	-	99.99	-	593,889	-
Thai LNG Power Corporation Limited and its subsidiary	Investing in power energy projects	513,000	100.00	513,000	509,410	-
- TLP Cogeneration Co.,Ltd.	Electricity generating	1,060,000	80.00	424,000	842,499	-
				11,264,975	15,139,665	5,141,879

The investment in Agro Energy Company Limited was accounted for under the equity method but not consolidated in the consolidated financial statements as at 31 December 2005 and 2004 because its financial statements were not material to the Group.

Electricity Generating Public Company Limited

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

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

11.2 Principal movements in investments in subsidiaries occurring during the year ended 31 December 2005

(a) Rayong Electricity Generating Company Limited

On 26 August 2005, Rayong Electricity Generating Company Limited, which is a wholly owned subsidiary of the Company, increased the authorised share capital from 470 million ordinary shares with a par value of Baht 10 per share to 922 million ordinary shares with a par value of Baht 10 per share. The Company held share capital at the same proportion as the original investment.

(b) EGCO Engineering and Service Company Limited

On 16 December 2005, EGCO Engineering and Service Company Limited, which is a wholly owned subsidiary of the Company, increased the authorised share capital from 25 million ordinary shares with a par value of Baht 10 per share to 40 million ordinary shares with a par value of Baht 10 per share. The Company held share capital at the same proportion as the original investment.

(c) Egcom Tara Company Limited

On 16 December 2005, the Company disposed an investment in Egcom Tara Company Limited, which a subsidiary of the Company, to EGCO Engineering and Service Company Limited, which is a wholly owned subsidiary of the Company, amounting to Baht 937 million.

This transaction was incurred under common control. According to the accounting principles, it is an intercompany transaction between group companies, resulting from investment restructuring of the Group. Therefore, there is no any impact on the financial statements.

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

		Portion of Investment (%)	31 December 2005		Consolidated 31 December 2004	
Business	Cost method		Equity method	Cost method	Equity method	
	Baht'000		Baht'000	Baht'000	Baht'000	
Amata-EGCO Power Limited	Electricity generating	14.85	200,475	395,381	200,475	390,914
			200,475	395,381	200,475	390,914

11.4 The principal joint ventures, which are all incorporated in Thailand, except Conal Holdings Corporation and Nam Theun 2 Power Company Limited, which are incorporated in the Philippines and in the Lao People's Democratic Republic, respectively, are as follows:

		Portion of Investment (%)	Consolidated			
			31 December 2005		31 December 2004	
			Cost method	Equity method	Cost method	Equity method
Business			Baht'000	Baht'000	Baht'000	Baht'000
Amata Power-Esco Service Co., Ltd.	Power plant operation	50.00	1,000	7,960	1,000	7,192
Nam Theun 2 Power Company Limited	Electricity generating (construction phase)	25.00	-	-	753,249	-
			1,000	7,960	754,249	7,192

Electricity Generating Public Company Limited

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

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

- 11.4 The principal joint ventures, which are all incorporated in Thailand, except Conal Holdings Corporation and Nam Theun 2 Power Company Limited, which are incorporated in the Philippines and in the Lao People's Democratic Republic, respectively, are as follows: (continued)

The investments in Amata Power-Esco Service Company Limited was accounted for under the equity method but not proportionately consolidated in the consolidated financial statements as at 31 December 2005 and 2004 because its financial statements were not material to the Group.

During the third quarter of 2005, Nam Theun 2 Power Company Limited commenced the construction of the power plant in the Lao People's Democratic Republic. Accordingly, an investment in Nam Theun 2 Power Company Limited was accounted for under the proportionate consolidation method in the consolidated financial statements as of 31 December 2005 because its financial statements were material to the Group.

		Company				
		31 December 2005				
		Paid-up share capital	Portion of Investment	Cost Method	Equity Method	Dividend
Business		Baht'000	(%)	Baht'000	Baht'000	Baht'000
EGCO Joint Ventures and Development Co., Ltd (EGCO JD)	Investing in power energy business	696,720	50.00	348,360	597,038	-
Gulf Electric Public Co., Ltd. (Gulf)	Investing in power energy business	5,874,040	50.00	3,112,020	3,076,508	-
Conal Holdings Corporation (Conal)	Investing in power energy business	729,320	40.00	1,002,467	774,023	56,002
Nam Theun 2 Power Company Limited	Electricity generating (construction phase)	3,909,951	25.00	753,249	-	-
				5,216,096	4,447,569	56,002
Less Provision for impairment				-	(394,406)	-
				5,216,096	4,053,163	56,002

		Company				
		31 December 2004				
		Paid-up share capital	Portion of Investment	Cost Method	Equity Method	Dividend
Business		Baht'000	(%)	Baht'000	Baht'000	Baht'000
EGCO Joint Ventures and Development Co., Ltd (EGCO JD)	Investing in power energy business	696,720	50.00	348,360	605,454	48,450
Gulf Electric Public Co., Ltd.(Gulf)	Investing in power energy business	5,874,040	50.00	3,112,020	3,160,610	-
Conal Holdings Corporation (Conal)	Investing in power energy business	729,320	40.00	1,002,467	659,262	57,624
Nam Theun 2 Power Company Limited	Electricity generating (development phase)	10,565	25.00	753,249	-	-
				5,216,096	4,425,326	106,074
Less Provision for impairment				-	(394,406)	-
				5,216,096	4,030,920	106,074

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

11.5 Principal movements in interests in joint ventures occurring during the year ended 31 December 2005

The subsidiaries of Gulf

(a) Gulf Yala Green Company Limited

In March 2005, Gulf Yala Green Company Limited increased the authorised share capital from 20 million ordinary shares with a par value of Baht 10 per share to 46 million ordinary shares with a par value of Baht 10 per share. The Group held share capital at the same proportion as its original investment.

(b) Gulf Energy Company Limited

In July 2005, Gulf Energy Company Limited increased the authorised share capital from 202.2 million ordinary shares with a par value of Baht 10 per share to 202.3 million ordinary shares with a par value of Baht 10 per share. The Group held share capital at the same proportion as its original investment.

(c) SPP General Services Company Limited

SPP General Services Company Limited registered for the dissolution with the Ministry of Commerce on 1 April 2005.

A joint venture of EGCO JD

In September 2005, Amata Power (Bangpakong) Limited increased the authorised share capital from 5.60 million ordinary shares with a par value of Baht 100 per share to 10.60 million ordinary shares with a par value of Baht 100 per share and called up for new issued 5 million shares at Baht 50.40. The Group held share capital at the same proportion as its original investment.

11.6 Net liabilities in a joint venture

In the third quarter of 2005 the Company entered into the agreement to provide credit support in the form of Standby Letters of Credit (SBLC) for its agreed equity commitments to Nam Theun 2 Power Company Limited, which is a joint venture of the Company, amounting to US Dollars 94 million (31 December 2004: nil). The Company has accounted for interests in joint ventures under the equity method of accounting in the company financial statements. Accordingly, the Company recognised the excess of loss over the investment amounting to Baht 493 million of the joint venture in the company financial statements as of 31 December 2005 to reflect the extent of its obligation.

The movements in net liabilities arising from interest in the joint venture in the company financial statements for the year ended 31 December 2005 are as follows:

	Company
	Baht
Opening net book amount	-
Share of loss for the period	(501,672,871)
Translation adjustment	9,110,749
Closing net book amount	<u>(492,562,122)</u>

11 Investments in subsidiaries and an associate and interests in joint ventures, net (continued)**11.6 Net liabilities in a joint venture (continued)**

The amount of net liabilities in a joint venture is as follows:

		Company			
		31 December 2005			
		Portion of Investment	Cost Method	Equity Method	Dividend
	Business	(%)	Baht'000	Baht'000	Baht'000
Nam Theun 2 Power Company Limited	Electricity generating (construction phase)	25.00	753,249	(492,562)	-
			753,249	(492,562)	-
		Company			
		31 December 2004			
		Portion of Investment	Cost Method	Equity Method	Dividend
	Business	(%)	Baht'000	Baht'000	Baht'000
Nam Theun 2 Power Company Limited	Electricity generating (development phase)	25.00	753,249	-	-
			753,249	-	-

11.7 The Group's share of the assets, liabilities, revenues and expenses of the joint ventures is as follow:**Interest in EGCO Joint Venture and Development Company Limited (EGCO JD)**

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

Interest in Gulf Electric Public Company Limited (Gulf)

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

Interest in Conal Holdings Corporation (Conal)

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

Interest in Nam Theun 2 Power Company Limited (NTPC)

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

Electricity Generating Public Company Limited

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

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

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

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

As at 31 December 2005				
	EGCO Joint Venture and Development Company Limited Million Baht	Gulf Electric Public Company Limited Million Baht	Conal Holdings Corporation Million Baht	Nam Theun 2 Power Company Limited Million Baht
Balance sheets				
Current assets	146	1,631	948	56
Non-current assets	876	10,929	1,116	1,563
Current liabilities	(111)	(3,401)	(354)	(196)
Non-current liabilities	(314)	(6,522)	(654)	(1,916)
Net assets	597	2,637	1,056	(493)

For the year ended 31 December 2005				
	Million Baht	Million Baht	Million Baht	Million Baht
Profit and Loss				
Revenues	316	3,034	847	2
Expenses	(324)	(3,112)	(693)	(504)
Net profit (loss)	(8)	(78)	154	(502)
Joint venture proportion (%)	50	50	40	25

As at 31 December 2004			
	EGCO Joint Venture and Development Company Limited Million Baht	Gulf Electric Public Company Limited Million Baht	Conal Holdings Corporation Million Baht
Balance sheets			
Current assets	137	1,591	785
Non-current assets	789	7,238	1,176
Current liabilities	(58)	(789)	(337)
Non-current liabilities	(263)	(5,326)	(824)
Net assets	605	2,714	800

For the year ended 31 December 2004			
	Million Baht	Million Baht	Million Baht
Profit and Loss			
Revenues	330	2,678	755
Expenses	(225)	(3,194)	(698)
Net profit (loss)	105	(516)	57
Joint venture proportion (%)	50	50	40

Electricity Generating Public Company Limited

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

12 Property, plant and equipment, net

	Consolidated					
	Land Baht	Buildings and land improvements Baht	Power plants, substation, transmission system and water plants Baht	Equipment and motor vehicles Baht	Construction in progress Baht	Total Baht
At 31 December 2004						
Cost	1,895,010,140	3,571,818,877	42,531,068,510	493,852,733	2,104,482,092	50,596,232,352
<u>Less</u> Accumulated depreciation	-	(1,453,732,619)	(17,502,827,750)	(346,007,617)	-	(19,302,567,986)
Provision for impairment	-	-	(10,500,000)	-	-	(10,500,000)
Net book value	1,895,010,140	2,118,086,258	25,017,740,760	147,845,116	2,104,482,092	31,283,164,366
Year ended 31 December 2005						
Opening net book value	1,895,010,140	2,118,086,258	25,017,740,760	147,845,116	2,104,482,092	31,283,164,366
Translation adjustments	1,250,122	539,191	118,738,843	619,876	(5,586,874)	115,561,158
Additions	-	7,212,121	51,792,063	90,023,730	5,544,566,351	5,693,594,265
Capitalisation of capital spare parts	-	-	257,618,702	-	-	257,618,702
Transfer capital spare parts out	-	-	(65,903,234)	-	-	(65,903,234)
Disposals, net	-	-	(587,019)	(6,862,254)	(5,415,472)	(12,864,745)
Transfer	-	4,101,964	77,190,385	293,365	(81,585,714)	-
Impairment charge (Note 21)	-	-	(2,500,000)	-	-	(2,500,000)
Depreciation charge (Note 21)	-	(181,207,719)	(2,284,775,922)	(53,594,386)	-	(2,519,578,027)
Closing net book value	1,896,260,262	1,948,731,815	23,169,314,578	178,325,447	7,556,460,383	34,749,092,485
At 31 December 2005						
Cost	1,896,260,262	3,583,668,790	42,945,530,267	551,741,349	7,556,460,383	56,533,661,051
<u>Less</u> Accumulated depreciation	-	(1,634,936,975)	(19,763,215,689)	(373,415,902)	-	(21,771,568,566)
Provision for impairment	-	-	(13,000,000)	-	-	(13,000,000)
Net book value	1,896,260,262	1,948,731,815	23,169,314,578	178,325,447	7,556,460,383	34,749,092,485

Electricity Generating Public Company Limited

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

12 Property, plant and equipment, net (continued)

	Company			
	Land Baht	Buildings and land improvement Baht	Equipment and vehicles Baht	Total Baht
At 31 December 2004				
Cost	284,429,029	619,473,510	183,295,921	1,087,198,460
<u>Less</u> Accumulated depreciation	-	(188,244,062)	(151,705,531)	(339,949,593)
Net book value	284,429,029	431,229,448	31,590,390	747,248,867
Year ended 31 December 2005				
Opening net book value	284,429,029	431,229,448	31,590,390	747,248,867
Additions	-	-	39,041,830	39,041,830
Disposals / Transfer, net	-	-	(4,345,628)	(4,345,628)
Depreciation charge (Note 21)	-	(29,918,028)	(13,467,796)	(43,385,824)
Closing net book value	284,429,029	401,311,420	52,818,796	738,559,245
At 31 December 2005				
Cost	284,429,029	619,473,510	209,298,874	1,113,201,413
<u>Less</u> Accumulated depreciation	-	(218,162,090)	(156,480,078)	(374,642,168)
Net book value	284,429,029	401,311,420	52,818,796	738,559,245

As at 31 December 2005, land, buildings and equipment amounting to Baht 27,570 million have been mortgaged and pledged as collateral in accordance with the loan agreements and debentures, as described in Notes 16 and 17.

Borrowing costs from two subsidiaries of Gulf of Baht 134.9 million (2004: Baht 9.5 million), arising on financing specifically entered into for the construction of new power plants, were capitalised during the year and are included in 'Additions' in the consolidated financial statements. A capitalisation rate of 4.39% (2004: 4.75%) was used representing the actual borrowing cost of the loan used to finance the power plants.

13 Goodwill, net

	Consolidated Baht
Year ended 31 December 2004	
Opening net book value	1,289,033,352
Translation adjustments	(256,990)
Amortisation (Note 21)	(86,958,146)
Impairment charge	(43,286,192)
Closing net book value	1,158,532,024
At 31 December 2004	
Cost	2,043,776,337
Translation adjustments	5,923,504
<u>Less</u> Accumulated amortization	(453,475,460)
Provision for impairment	(437,692,357)
Net book value	1,158,532,024

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

13 Goodwill, net (continued)

	Baht
Year ended 31 December 2005	
Opening net book value	1,158,532,024
Translation adjustments	676,703
Amortisation (Note 21)	(76,383,124)
Closing net book value	<u>1,082,825,603</u>
At 31 December 2005	
Cost	2,043,776,337
Translation adjustments	6,600,207
<u>Less</u> Accumulated amortization	(529,858,584)
Provision for impairment	(437,692,357)
Net book value	<u>1,082,825,603</u>

In year 2004, goodwill written off is in respect of Samutprakarn Cogeneration Company Limited and Nong Khae Cogeneration Company Limited, which are wholly owned subsidiaries of the joint venture - Gulf. Subsequent to acquisition and the initial determination of goodwill, adjustment has been made to the fair value of certain receivables acquired, resulting in adjustment being made against goodwill, being a reduction of goodwill of Baht 43 million.

Goodwill amounting to Baht 333 million was incurred from acquisition of 40% interest in subsidiary of the joint venture from a joint partner since 2003 and has not yet been amortised as such company is under the construction.

14 Other non-current assets, net

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Deposits	21,884,327	14,985,738	17,770,291	11,490,166
Refundable tax	12,262,609	158,386,505	3,661,229	5,137,672
Advance to subcontractor	30,600,980	33,709,183	-	-
Land for Bo Nok	347,828,180	347,828,180	-	-
Land for future projects	165,652,626	-	165,652,626	-
Licenses for operating power plants	325,066,976	102,667,967	-	-
Others	89,085,362	56,826,487	5,166,735	11,097,881
	<u>992,381,060</u>	<u>714,404,060</u>	<u>192,250,881</u>	<u>27,725,719</u>
<u>Less</u> Provision for impairment	(59,628,180)	(59,628,180)	-	-
	<u>932,752,880</u>	<u>654,775,880</u>	<u>192,250,881</u>	<u>27,725,719</u>

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

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

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Electric Power Development Co., Ltd				
- Current portion of long-term loans	11,915,049	50,000,000	-	-
- Long-term loans	125,000,000	125,000,000	-	-
Total loans from a co-investor in a joint venture	136,915,049	175,000,000	-	-

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

16 Long-term loans, net

The long-term loans are as follows:

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Current portion of long-term loans, net				
US Dollars	2,653,911,948	2,112,037,902	-	-
Filipino Peso	13,947,858	12,536,587	-	-
Thai Baht	636,343,628	614,669,090	-	-
Japanese Yen	33,973,793	36,656,687	-	-
<u>Less</u> Deferred financing fee	(6,801,660)	(6,627,855)	-	-
	3,331,375,567	2,769,272,411	-	-
Long-term loans, net				
US Dollars	9,510,264,096	10,578,848,773	-	-
Filipino Peso	40,990,349	49,379,450	-	-
Thai Baht	5,775,744,917	4,600,693,232	-	-
Japanese Yen	340,445,720	403,987,227	-	-
<u>Less</u> Deferred financing fee, net	(576,996,424)	(201,806,830)	-	-
	15,090,448,658	15,431,101,852	-	-
Total long-term loans, net	18,421,824,225	18,200,374,263	-	-

After taking account of interest rate swaps, the weighted average effective interest rate exposure of the long-term loans of the Group after taking account of interest rate swap contracts was approximately USD: 8.17% per annum, YEN: 2.91% per annum, PESO: 11.52% per annum and THB: 9.06% per annum.

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

16 Long-term loans, net (continued)

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

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

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Long-term loans, net				
- at fixed rates	12,881,671,240	11,891,256,755	-	-
- at floating rates	5,540,152,985	6,309,117,508	-	-
Total long-term loans, net	18,421,824,225	18,200,374,263	-	-

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

	Consolidated	Company
	Baht	Baht
For the year ended 31 December 2005		
Opening net book amount	18,200,374,263	-
Additions of long-term loans	2,915,266,902	-
Repayments of long-term loans	(2,790,290,273)	-
Unrealised exchange losses	374,765,299	-
Payments of financing fee	(395,906,184)	-
Amortisation of deferred financing fee	20,902,388	-
Translation adjustments	96,711,830	-
Closing net book amount	18,421,824,225	-

16 Long-term loans, net (continued)

Principal movements in long-term loans during the year ended 31 December 2005 are as follows:

Subsidiaries of Gulf

During the year 2005, the four subsidiaries of Gulf have entered into interest rate swap contracts in order to protect the Group from movements in interest rates. The three subsidiaries have swapped from floating rate to fixed rate at 4.55% to 4.6% per annum for the US Dollars long-term loans, totalling US Dollars 188 million subject to the installation loan principles of each subsidiary. The interest rate swap contracts are effective from 31 August 2005 to 28 February 2020. For the interest rate swap contract of the notional amount at US Dollars 9 million of another subsidiary, it has swapped the interest from the floating rate to fixed rate at 4.02% per annum, if 6-month USD LIBOR is less than or equal to 6%. However, if the 6-month USD LIBOR is more than 6%, the subsidiary shall pay at LIBOR minus 0.25% per annum. The interest rate swap contracts are effective from 7 September 2005 to 7 September 2015.

On 11 November 2005, the subsidiary of Gulf has entered into the Offshore Facilities Agreement with foreign syndicated lenders and JBIC Facility Agreement with Japan Bank of International Corporation ("JBIC") with a total amount of US Dollars 162 million. These facilities are in place of the existing facilities with local financial institutions of US Dollars 154 million. In addition, under the Amendment Agreement to Onshore Facility Agreement with the Thai lenders the subsidiary has also been provided additional facilities for long-term loans of Baht 6,779 million, facilities for operating of Baht 350 million, and facilities for VAT of Baht 1,065 million. The subsidiary still has to pay the interest at LIBOR plus a certain margin per annum for the US Dollar loans, but receives the fixed discount from the new syndicated lenders. However, the interest rate of Baht loans is still the same at MOR per annum. The subsidiary allocated the collaterals to the new lenders by amending the related agreements such as Amendment to Shareholders Undertaking Agreement and Amendment to Sponsor Undertaking Agreement. Furthermore, the subsidiary also entered into the minor agreements to support the refinancing such as Intercreditor Agreement and Cash Control Agreement.

Joint Venture – Nam Theun 2 Power Company Limited

In the third quarter of 2005 the joint venture – Nam Theun 2 Power Company Limited entered into an interest rate swap contract to convert a floating interest rate based on LIBOR plus a certain margin to fixed interest rates of the US Dollar loans of 91 million. This agreement has been effective since 17 July 2005.

Maturity of long-term loans is as follows:

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Within 1 year	3,331,375,567	2,769,272,411	-	-
Later than 1 year and not later than 5 years	8,609,201,522	10,366,824,588	-	-
Later than 5 years	6,481,247,136	5,064,277,264	-	-
	<u>18,421,824,225</u>	<u>18,200,374,263</u>		-

Credit facilities

As at 31 December 2005, the available credit facilities for long-term loans from financial institutions were US Dollars 369 million and, Thai Baht 9,752 million and Filipino Peso 429 million (31 December 2004: US Dollars 167.34 million and Thai Baht 5,910 million).

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

17 Debentures

The debentures are debentures in Thai Baht of two subsidiaries as follows:

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Debentures due within one year	1,317,763,760	630,806,000	-	-
Debentures, net	3,608,947,723	4,926,846,523	-	-
Total debentures	4,926,711,483	5,557,652,523	-	-

After taking account of interest rate swaps, the weighted average effective interest rate exposure of the debentures was approximately 11.60% per annum (2004: 12.27% per annum).

Debentures are secured liabilities. The subsidiaries are required to maintain reserves for principal and interest due within one year as described in Note 7 and to pledge the relevant assets and agreements as collateral as described in Note 29.

The movements of debentures can be analysed as follows:

	Consolidated Baht	Company Baht
For the year ended 31 December 2005		
Opening amount	5,557,652,523	-
Issue of debentures	-	-
Repayments of debentures	(630,941,040)	-
Closing amount	4,926,711,483	-

Maturity of debentures is as follows:

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Within 1 year	1,317,763,760	630,806,000	-	-
Later than 1 year but not later than 5 years	3,121,289,927	3,516,419,427	-	-
Later than 5 years	487,657,796	1,410,427,096	-	-
	4,926,711,483	5,557,652,523	-	-

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

18 Share capital and premium on share capital

	Number of shares	Ordinary shares Baht	Premium on share capital Baht	Total Baht
At 1 January 2004	526,465,000	5,264,650,000	8,601,300,000	13,865,950,000
Issue of shares	-	-	-	-
At 31 December 2004	526,465,000	5,264,650,000	8,601,300,000	13,865,950,000
Issue of shares	-	-	-	-
At 31 December 2005	526,465,000	5,264,650,000	8,601,300,000	13,865,950,000

The total authorised number of ordinary shares is 530,000,000 shares with a par value of Baht 10 per share (2004: 530,000,000 shares with a par value of Baht 10 per share). Ordinary share of 526,465,000 shares are issued and fully paid up.

19 Legal reserve

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 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.

20 Minority interest

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Opening balance	981,691,358	858,591,957	-	-
Additional paid-up share capital of subsidiaries and subsidiaries of a joint venture	1,512,308	-	-	-
Shares of net profit of subsidiaries and subsidiaries of joint ventures	263,544,443	232,436,137	-	-
Change in fair value of investment	(144,823)	3,175	-	-
Translation adjustments	(1,734,133)	312,489	-	-
Dividend payment of subsidiaries of a joint venture	(171,699,966)	(109,652,400)	-	-
Closing balance	1,073,169,187	981,691,358	-	-

21 Net profit

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

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Depreciation on property, plant and equipment (Note 12)	2,519,578,027	2,439,556,994	43,385,824	52,970,217
Amortisation of goodwill (Note 13)	76,383,124	86,958,146	-	-
Major repair and maintenance expense	815,986,778	843,729,993	-	-
Staff costs	977,910,328	782,740,551	187,577,503	170,201,542
Impairment charge (Notes 12)	2,500,000	10,500,000	-	-
A reversal of an impairment loss	-	(44,720,274)	-	-

22 Earnings per share

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

	Consolidated		Company	
	2005	2004	2005	2004
Net profit attributable to shareholders (Baht)	4,092,514,009	4,661,825,297	4,092,514,009	4,661,825,297
Number of ordinary share in issue (share)	525,985,847	526,465,000	525,985,847	526,465,000
Less Treasury stock (share)	-	(1,300,000)	-	(1,300,000)
Weighted average number of ordinary share in issue (share)	525,985,847	525,164,200	525,985,847	525,164,200
Basic earnings per share (Baht)	7.78	8.88	7.78	8.88

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

23 Dividends

The Annual General Shareholders' meeting on 25 April 2005 approved the payment of dividends in respect of the operating results for the second half of the year ended 2004 for 525,164,200 shares at Baht 1.50 per share, totalling Baht 788 million. These dividends were paid to the shareholders in May 2005 (2004: Dividends for 525,164,200 shares of Baht 1.50 each, totalling Baht 788 million).

The Board of Directors' meeting on 22 August 2005 approved the payment of an interim dividend in respect of the operating results for the six-month period ended 30 June 2005 for 526,465,000 shares at Baht 1.50 per share, totalling Baht 790 million. These dividends were paid to shareholders in September 2005. (2004: Dividends for 525,164,200 shares of Baht 1.50 per share, totalling Baht 788 million).

In addition, the Company reversed long-outstanding dividend payable, payable to foreign investors, who were unable to exercise rights to receive such dividends amounting to approximately Baht 10 million during this year (2004: Baht 22 million).

24 Directors' remuneration

Directors' remuneration in the consolidated and company statements of income for the year ended 31 December 2005 amounted to Baht 30 million and Baht 17 million, respectively, comprised meeting fees and bonus. Expenses were approved at the Annual General Meeting of Shareholders (2004: Baht 22 million and Baht 17 million in the consolidated and company statements of income, respectively).

25 Employee benefits

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

26 Promotional privileges

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

The promotional privileges of REGCO and KEGCO with regard to the 8-year corporate income tax exemption expired on 20 April 2004 and 26 September 2005, respectively. Consequently, REGCO and KEGCO are eligible for corporate income taxes at the rate of 50% of the normal corporate income rate for a period of 5 years beyond the 8-year corporate income tax exemption.

Five subsidiaries of Gulf have been granted promotional privileges by the Office of the Board of Investment for the generation and distribution of electricity. Under these privileges, these subsidiaries have received exemption from corporate income tax for a period of 8 years from the date of first earning revenue from the promoted activities. As a promoted entity these subsidiaries are required to comply with the terms and conditions as specified in the promotion certificates.

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

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

27 Financial instruments

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

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 rate exposures are managed through interest rate swap contracts, foreign currency forward contracts and currency and interest rate swap contracts as stated in Note 27 (a). In respect of currency exchange risk, this is minimised through the formulae for the calculation of sales of electricity charged to EGAT and National Power Corporation (NPC) as described in Note 28 (a).

Trading for speculative purposes is prohibited. All derivative transactions are subject to approval by the Group Management Committee before execution. Decisions on the level of risk undertaken are confined to the Group Management Committee, which has established limits by transaction type and by counter party.

(a) Financial assets and liabilities

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

				2005			
				Consolidated		Company	
				Currency Million	Million Baht	Currency Million	Million Baht
Assets							
US Dollars	13.16	538.93		-	-		
Euro	11.52	557.90		-	-		
CHF	29.82	927.66		-	-		
Japanese Yen	304.48	105.60		-	-		
		2,130.09					
Liabilities							
US Dollars	371.95	14,697.35		-	-		
Euro	14.78	723.20		-	-		
CHF	38.26	1,203.37		-	-		
Japanese Yen	1,402.96	492.56		-	-		
		17,116.48					
				2004			
				Consolidated		Company	
				Currency Million	Million Baht	Currency Million	Million Baht
Assets							
US Dollars	115	4,461		12	465		
Euro	0.3	16		-	-		
		4,477			465		
Liabilities							
US Dollars	342	14,620		-	-		
Japanese Yen	1,163	441		-	-		
		15,061					

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

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

As at 31 December, the Group has outstanding foreign currency assets and liabilities after taking account of foreign currency forward contracts and currency swap contracts as follows: (continued)

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

As at 31 December 2005 the Group has not entered into any foreign currency forward contracts to cover its exchange risk to long-term loans in US Dollar, which net of deposits in US Dollar amounted to US Dollars 265 million (2004: US Dollar 195 million).

Objectives and significant terms and conditions

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

Interest rate swap contracts

Interest rate swap contracts are entered into to manage exposures to fluctuations in interest rates on specific transactions. As at 31 December 2005 the fixed interest rates under the swaps for long-term loans and credit facilities are as follows:

Foreign Currency	Contract amounts (millions)		Fixed Exchange Rates	
	2005	2004	2005	2004
US Dollars	374.92	83	4.02% - 8.03%	8.03%
Thai Baht	1,025.08	330	3.75% - 8%	8%

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

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Within 1 year	1,427,924,138	941,209,500	-	-
Later than 1 year	6,034,767,389	2,622,996,750	-	-
	<u>7,462,691,527</u>	<u>3,564,206,250</u>	<u>-</u>	<u>-</u>

Currency and interest rate swap contract

A swap contract is entered into to manage exposure to fluctuations in foreign currency exchange and interest rates on specific transactions. As at 31 December 2005, the long-term loans of US Dollars 38 million have a fixed exchange rate of Baht 25.23 per US Dollar 1 (2004: US Dollars 50 million was fixed at Baht 25.23 per US Dollar 1) and a fixed interest rate of 11% per annum (2004: 11% per annum). The agreement is effective from 19 June 1996 to 14 June 2008.

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

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

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Within 1 year	353,220,000	302,760,000	-	-
Later than 1 year	605,520,000	958,740,000	-	-
	958,740,000	1,261,500,000	-	-

Foreign currency forward contracts

Five subsidiaries of Gulf have entered into the foreign currency forward contracts to minimise exchange rate risk relating to the long-term loans in foreign currencies, Construction Contract and Supply Contract. As at 31 December 2005, the fixed rates under the foreign currency forward contracts and the maturities of the contracts are as follows: (2004: fixed rates of US Dollars 3.83 million varied between Baht 39.02 to Baht 41.53 per US Dollar 1).

Foreign Currency Forward Contracts	Foreign Currencies purchased	Outstanding contract amounts (millions)	Fixed Exchange Rates	Contract Periods
Baht	US Dollars	7.47	39.19 to 39.76 Baht/ US Dollar 1	11 January 2005 – 14 January 2008
Baht	US Dollars	28.93	39.33 to 40.93 Baht/ US Dollar 1	11 January 2005 – 9 April 2008
Baht	US Dollars	0.89	41.01 to 41.17 Baht/ US Dollar 1	1 September 2005 – 7 March 2006
Baht	Euros	10.82	51.38 to 53.45 Baht/ Euro 1	11 January 2005 – 14 January 2008
Baht	CHF	30.46	34.04 to 36.80 Baht/ CHF 1	11 January 2005 – 14 January 2008
US Dollars	Euros	38.56	1.19 to 1.33 US Dollars/ Euro 1	18 January 2005 – 2 October 2006
US Dollars	CHF	99.83	1.14 to 1.30 CHF/ US Dollar 1	20 January 2005 – 2 October 2006
US Dollars	Yen	304.48	102.53 to 104.40 Yen/ US Dollar 1	29 November 2005 – 15 June 2006
US Dollars	Baht	9.89	40.58 Baht/ US Dollar 1	29 November 2005 – 18 January 2006

A joint venture of EGCO JD has entered into the foreign currency forward contracts to minimise exchange rate risk relating to Supply Contract. As at 31 December 2005, the Group has outstanding foreign currency forward contracts of US Dollars 3.31 million at fixed rate of Baht 41.285 per US Dollar 1. The maturities of the contracts are between 2 – 15 months.

(b) Credit risk

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

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

27 Financial instruments (continued)**(c) Fair value**

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

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

		31 December 2005			
		Consolidated		Company	
	Contract amounts Million Baht	Fair values Million Baht	Contract amounts Million Baht	Fair values Million Baht	
Long-term loans	19,005	19,185	-	-	
Debentures	4,927	5,608	-	-	

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

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

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

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

		Consolidated		Company	
For the year ended 31 December		2005	2004	2005	2004
		Million Baht	Million Baht	Million Baht	Million Baht
Favourable (Unfavorable)					
interest rate swaps	18	(258)	-	-	
Favorable currency and interest					
rate swap	546	520	-	-	
Unfavorable foreign currency					
forward contracts	(621)	-	-	-	

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

28 Related party transactions

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

The information on the Company's subsidiaries, an associate, and joint ventures is stated in Note 11.

The following material transactions were carried out with related parties:

(a) Sales of electricity

For the years ended 31 December	Consolidated		Company	
	2005	2004	2005	2004
	Million Baht	Million Baht	Million Baht	Million Baht
Sales of electricity				
- EGAT Public Company Limited	13,164	13,105	-	-

Subsidiaries of the Company

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

In addition, these two subsidiaries are eligible to take into consideration and receive compensation for exchange rate effects by adjusting the formulae for calculation of electricity sold to EGAT each month pertaining to "The First Amendment to the Power Purchase Agreements" dated 30 January 1998 over the periods of the PPAs. Compensation for the years ended 31 December 2005 and 2004 amounted to Baht 744 million and Baht 1,007 million, respectively.

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

Subsidiaries of Gulf

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

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

28 Related party transactions (continued)**(b) Service income**

For the years ended 31 December	Consolidated		Company	
	2005	2004	2005	2004
	Million Baht	Million Baht	Million Baht	Million Baht
Service income				
- EGAT Public Company Limited	32	84	-	-

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

(c) Major maintenance expenses

For the years ended 31 December	Consolidated		Company	
	2005	2004	2005	2004
	Million Baht	Million Baht	Million Baht	Million Baht
Major maintenance expenses				
- EGAT Public Company Limited	257	482	-	-

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

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

As at 31 December	Consolidated		Company	
	2005	2004	2005	2004
	Million Baht	Million Baht	Million Baht	Million Baht

Trade receivable				
- EGAT Public Company Limited	2,249	2,058	-	-

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

Overdue below 3 months	-	16	-	-
Overdue 3-6 months	2	-	-	-
Overdue 6-12 months	-	2	-	-
Overdue over 12 months	3	1	-	-
	<u>5</u>	<u>19</u>	<u>-</u>	<u>-</u>

Trade payable				
- EGAT Public Company Limited	88	156	-	-

28 Related party transactions (continued)**(e) Amounts due from and amounts due to related parties**

As at 31 December	Consolidated		Company	
	2005 Million Baht	2004 Million Baht	2005 Million Baht	2004 Million Baht
<u>Amounts due from related parties</u>				
- EGAT Public Company Limited.	6	-	6	-
<u>Subsidiaries</u>				
- Khanom Electricity Generating Co., Ltd.	4	4	7	2
- EGCO Engineering and Service Co., Ltd.	3	2	-	-
- Roi-Et Green Co., Ltd.	-	-	1	-
<u>Joint ventures</u>				
- EGCO Joint Ventures and Development Co., Ltd.	2	17	-	-
- Conal Holdings Corporation	2	5	-	-
- Nam Theun 2 Power Company Limited	109	19	146	19
<u>Associate</u>				
- Amata-EGCO Power Co., Ltd.	-	13	-	13
	<u>126</u>	<u>60</u>	<u>160</u>	<u>34</u>
<u>Amounts due to related parties</u>				
<u>Subsidiary</u>				
- Egcom Tara Co., Ltd.	5	6	-	-
- Roi-Et Green Co., Ltd.	-	-	2	-
<u>Joint ventures</u>				
- EGCO Joint Venture and Development Co., Ltd.	30	7	-	-
- Conal Holdings Corporation	20	16	-	-
	<u>55</u>	<u>29</u>	<u>2</u>	<u>-</u>

(f) Loan to related parties

As at 31 December	Consolidated		Company	
	2005 Million Baht	2004 Million Baht	2005 Million Baht	2004 Million Baht
Subsidiary				
Beginning balance	-	-	-	-
Loans advanced during the year	-	-	780	-
Loan repayments received during the year	-	-	-	-
Ending balance	<u>-</u>	<u>-</u>	<u>780</u>	<u>-</u>

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2005 and 2004

28 Related party transactions (continued)**(f) Loan to an associate and joint ventures**

As at 31 December	Consolidated		Company	
	2005 Million Baht	2004 Million Baht	2005 Million Baht	2004 Million Baht
Associate				
Beginning balance	32	32	32	32
Loans advanced during the year	-	-	-	-
Loan repayments received during the year	(32)	-	(32)	-
Ending balance	-	32	-	32
Joint ventures				
Beginning balance	640	-	815	-
Loans advanced during the year	474	640	474	815
Loan repayments received during the year	(1,009)	-	(1,047)	-
Realised currency exchange gains during the year	32	-	32	-
Ending balance	137	640	274	815

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

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

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

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

As at 31 December	Consolidated		Company	
	2005 Million Baht	2004 Million Baht	2005 Million Baht	2004 Million Baht
Investments in debentures				
- Khanom Electricity Generating Co., Ltd.	-	-	42	47
Interest receivable				
- Khanom Electricity Generating Co., Ltd.	-	-	-	1
For the years ended 31 December				
Interest income on investments in debentures of				
- Khanom Electricity Generating Co., Ltd.	-	-	9	9
Interest expenses on the Company's debentures held by				
- Rayong Electricity Generating Co., Ltd.	-	-	-	1
- Khanom Electricity Generating Co., Ltd.	-	-	-	5

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

- (a) As at 31 December 2005, the Company has commitments under Sponsor Support Agreements, which were made in respect of loans of subsidiaries and an associate totalling Baht 630 million.
- (b) As at 31 December 2005, the Company has commitments under Counter Guarantee and Standby Letters of Credit issued on behalf of the Company to a subsidiary and joint ventures of Baht 9,965 million.
- (c) As a credible, high-quality company, the Company is committed to administering its obligations in compliance with good corporate governance. The contingent liabilities are considered, in term of default risk, into two categories: low risk and high risk liabilities. The Company has, accordingly, set up a reserve fund of 10% of high risk liabilities totalling Baht 407 million. The Company fully reserved such fund in 2004. This cash reserve was included in cash and cash equivalents in the balance sheet as at 31 December 2005.

29 Commitments and contingent liabilities (continued)

Commitments and contingent liabilities of joint ventures (continued)

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

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

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

In year 2005 NTPC entered into the Commercial Securities Facility Agreement with financial institutions to provide the letters of guarantee of US Dollars 28.75 million to EGAT Public Company Limited under the conditions of the Power Purchase Agreement. Additionally, NTPC has entered into the Facility Agreement with the financial institutions to provide the Standby Letters of Credit amounting of US Dollars 1.25 million to the government of the Lao People's Democratic Republic (Lao PDR) according to the concession agreement with the Lao PDR.

Significant agreements

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

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

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

Water Supply Agreement

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

29 Commitments and contingent liabilities (continued)

Significant agreements (continued)

Fuel Purchase Agreements

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

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

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

Long-Term Parts Agreements

The two subsidiaries of the Company have entered into long-term parts agreements with a supplier. Under the agreements, the subsidiaries have committed to purchase a number of gas turbines as specified in the agreements. The agreements, totalling US Dollars 58 million, are each effective for a period of 6 years. As at 31 December 2005, the total outstanding contract balances were US Dollars 10 million.

Operation and Maintenance Agreements

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

As at 31 December 2005, the three subsidiaries of Gulf have outstanding commitments of US Dollars 25.39 millions under the Amended and Restated Contracts relating to being supplied of parts and services for gas turbine-generators and inclusive of major maintenance services with a supplier.

Capital expenditure

The two subsidiaries of Gulf have entered into the EPC Contract, Construction Contract and Supply Contract. Total contracts, totalling US Dollars 75.76 million, CHF 161.22 million, Euros 62.27 million, Japanese Yen 29.94 million and Baht 1,747.68 million, are effective for a periods of 2.5 to 3.5 years. As at 31 December 2005, the Group had outstanding capital expenditure contracted but not recognised in the consolidated financial statements for the total amount of US Dollars 49.64 million, CHF 98.50 million, Euros 37.11 million, Japanese Yen 18.62 million and, Baht 1,232.37 million.

A joint venture of EGCO JD has entered into the Construction Contract and Supply Contract. Total contracts, totalling US Dollars 4.8 million and Baht 59.33 million, are effective for a period of 2 years. As at 31 December 2005, the Group had outstanding capital expenditure contracted but not recognised in the consolidated financial statements for the total amount of US Dollars 3.3 million and Baht 43.08 million.

29 Commitments and contingent liabilities (continued)

Significant agreements (continued)

Capital expenditure (continued)

A joint venture – Nam Theun 2 Power Company Limited has entered into the Construction Contract and Supply Contract. Total contracts, totalling US Dollars 176.34 million, are effective for a period of 4 years. As at 31 December 2005, the Group had outstanding capital expenditure contracted but not recognised in the consolidated financial statements for the total amount of US Dollars 140.75 million.

30 Privatisation

Thailand

On 22 April 2004, the National Energy Policy Committee (NEPC) approved the establishment of the regulatory body for the electricity industry (Electricity Commission of Thailand, ECT). And on 22 November 2005, the cabinet approved the appointment of the interim power regulatory committee. This committee is a temporary body pending the establishment of a permanent regulatory structure pursuant to the passage of the Electricity Act.

On 24 June 2005, EGAT filed for company registration with the registrar of the Department of Business Development, Ministry of Commerce after the Royal Decree on the conversion of EGAT's status from state enterprise into a public company limited and the Royal Decree on the authority and rights of the new EGAT Public Company Limited were proclaimed in the Royal Gazette on 23 June 2005. However, EGAT Public Company Limited planned listing on the Stock Exchange of Thailand (SET) was delayed following a ruling by the Supreme Administrative Court (SAC) that suspended the initial public offering of EGAT's shares until the SAC passes its judgment.

As at 31 December 2005, the impact of the regulatory on the Group cannot presently be determined.

The Philippines

The Electric Power Industry Reform Act of 2001 (the Act) became effective on 26 June 2001, providing for the privatisation of the National Power Corporation (NPC) and the restructuring of the electric power industry. Subsequently, additional laws with regard to the NPC privatisation were announced and became effective on 22 March 2003. Actions are currently being taken to implement the rules and regulations stipulated in the Act. As at 31 December 2005, the effects of the laws on the Group cannot presently be determined.

Audit Fee

In 2005, EGCO Group paid the audit fee of 3,360,835 baht, comprising EGCO's audit fee of 1,864,880 baht and subsidiaries' audit fee of 1,495,955 baht. No fee had been paid to the Auditor's office or other relating parties to the auditors.

Non-Audit Fee

The following non-audit fee was paid by the Company and its subsidiaries as the advisor fee for preparing the accounting manual and the accounting policy, legal and tax advisory fee, accounting advisory fee, special review of the table of consolidated balance sheets and statements of income, accounting and tax due diligence and special review.

Payment to the auditor:

The amount of 6,980,000 baht was paid to the auditor comprising the followings:

- o Service fee to the Company and its subsidiaries of 1,230,000 baht.
- o Service fee for special review of the table of consolidated balance sheets and statements of income which are prepared in accordance with International Financial Reporting Standards to support the preparation of EGAT Public Company Limited (EGAT) prospectus which EGAT was responsible for the incurred expenses of 5,750,000 baht.

EGCO would also be responsible for the expenses of undelivered work of 616,000 baht.

Payment to the Office or Related Parties of the Auditor:

EGCO paid for the advisor fee of 1,445,000 baht with the outstanding amount for the undelivered work of 847,500 baht.

The engagement of the auditor and the office of the auditor to provide the non-audit work was reported to be not involved the conflict of interest or the review of their own work which would contaminate the independence judgment of the auditor.

General Information

Company	Business	Registered Share Capital (Million Baht)	Par Value (Baht)	Paid-up Share Capital (Million Baht)	Ownership Interest (Direct+Indirect) (%)
Electricity Generating Public Company Limited (EGCO) Registration 0107537000866 (No.BorMor.Jor.333) Head Office EGCO Tower, 222 Moo 5, Vibhavadi Rangsit Road, Tungsonghong, Laksi, Bangkok 10210, Thailand Tel. 66 0 2998-5000 Fax 66 0 2955-0956-9 Sector Energy & Utilities Industry Resources Foreign Limit 44.81% Share in Minor Shareholder (% Free Float) 51.90% Website www.egco.com	Holding Company focusing on Power business and others related to power business	5,300	10	5,264.65	—

Subsidiaries

Company	Business	Registered Share Capital (Million Baht)	Par Value (Baht)	Paid-up Share Capital (Million Baht)	Ownership Interest (Direct+Indirect) (%)
Rayong Electricity Generating Company Limited (REGCO) Office EGCO Tower Tel. 66 0 2998-5000 Fax 66 0 2955-0931 Site Office 35 Rayong Highway No. 3191 Huay Pong, Amphur Muang, Rayong 21150, Thailand Tel. 66 0 3868-1012, 66 0 3868-1016, 66 0 3868-1020 Fax 66 0 3868-1784	Independent Power Producer (IPP) Electricity Generating and supply business	9,220	10	9,220	99.99
Khanom Electricity Generating Company Limited (KEGCO) Office EGCO Tower Tel. 66 0 2998-5000 Fax 66 0 2955-0932 Site Office 112 Moo 8, Tongnean District, Amphur Khanom Nakhon Sri Thammarat 80210, Thailand Tel. 66 0 7552-9173, 66 0 7552-9179 Fax 66 0 7552-8358	IPP Electricity Generating and supply business	5,000	10	4,850	99.99
EGCO Engineering & Service Company Limited (ESCO) Office EGCO Tower Tel. 66 0 2998-5000 Fax 66 0 2955-0933 Site Office 35 Rayong Highway No. 3191 Huay Pong, Amphur Muang, Rayong 21150, Thailand Tel. 66 0 3868-2611-4 Fax 66 0 3868-2823	Engineering, operation and maintenance services for power plants and manufacturers	400	10	400	99.99

Subsidiaries

Company	Business	Registered Share Capital (Million Baht)	Par Value (Baht)	Paid-up Share Capital (Million Baht)	Ownership Interest (Direct+Indirect) (%)
EGCO International (BVI) Limited (EGCO BVI) Office EGCO Tower Tel. 66 0 2998-5000 Fax 66 0 2955-0956-9 Oversea office Romasco Place, Wickhams Cay 1, PO Box 3140, Road Town, Tortola, British Virgin Islands	Holding company focusing on investment in electricity generating companies in foreign countries	2 ¹ (50,000 USD)	39.952886 ¹ (1 USD)	2 ¹ (50,000 USD)	100
Thai LNG Power Corporation Limited (TLPC) Office EGCO Tower Tel. 66 0 2998-5000 Fax 66 0 2955-0956-9	Holding company focusing on SPP	750	10	525	99.99
TLP Cogeneration Company Limited (TLP Cogen) (TLPC is the company's 40% shareholder) Office EGCO Tower Tel. 66 0 2998-5000 Fax 66 0 2955-0956-9	Small Power Producer (SPP) Electricity and steam generating and supply business	1,060	10	1,060	80
EGCO Green Energy Company Limited (EGCO Geen) Office EGCO Tower Tel. 66 0 2998-5000 Fax 66 0 2955-0956-9	Holding company focusing on power business	175	10	175	74
Roi-Et Green Energy Company Limited (Roi-Et Green) (EGCO Green is the company's 95.00% shareholder) Office EGCO Tower Tel. 66 0 2998-5000 Fax 66 0 2955-0956-9	SPP utilizing Biomass as fuel	180	10	180	70.30
Agro Energy Company Limited (AE) (ESCO is the company's 99.99% shareholder) Office EGCO Tower Tel. 66 0 2998-5000 Fax 66 0 2955-0956-9	Trading/delivery service of fuel from natural scrap	2	10	2	99.99
Egcom Tara Company Limited (ET) (ESCO is the company's 70.00% shareholder) Office EGCO Tower Tel. 66 0 2998-5000 Fax 66 0 2955-0945 Site office - Plant 1 332 Moo 2, Pongsawai, Amphur Muang Ratchburi 70000, Thailand - Plant 2 250 Moo 1, Pangpuay, Amphur Damneansaduak, Ratchburi 70130, Thailand	Piped water generating and supply business	345	10	345	70

Joint Ventures:

Company	Business	Registered Share Capital (Million Baht)	Par Value (Baht)	Paid-up Share Capital (Million Baht)	Ownership Interest (Direct+Indirect) (%)
Gulf Electric Public Company Limited (GEC) Office 11 th FL., M. Thai Tower I, All Seasons Place, 87 Wireless Road, Lumpini, Phatumwan, Bangkok 10330, Thailand Tel 66 0 2654-0155 Fax 66 0 2654-0156-7 Website www.gulf.co.th	Holding company focusing on IPP and SPP	14,000	10	5,874.04	50
EGCO Joint Ventures and Development Company Limited (EGCO JD) Office EGCO Tower Tel. 66 0 2998-5000 Fax 66 0 2955-0956-9	Holding company focusing on SPP business and other energy related business	1,168.43	10	662.33	50
Amata-EGCO Power Company Limited (AEP) (EGCO JD is the company's 29.70% shareholder) Office 88 Soi Lertnava, Krungthepkreetha Rd, Huamark Bangkokkapi, Bangkok 10240, Thailand Tel. 66 0 2379-4333, 66 0 2379-4246 66 0 2710-3400, 66 0 2710-3000 Fax 66 0 2379-4245, 66 02379- 4257	SPP Electricity and steam generating and supply business	1,500	10	1,350	14.85
Amata Power (Bang Pakong) Limited (APBP) (EGCO JD is the company's 30% shareholder) Office 88 Soi Lertnava, Krungthepkreetha Rd, Huamark Bangkokkapi, Bangkok 10240, Thailand Tel. 66 0 2379-4333, 66 0 2379-4246 66 0 2710-3400, 66 0 2710-3000 Fax 66 0 2379-4245, 66 02379- 4257	SPP Electricity and steam generating and supply business	1,060	10	812	15
Amata Power - ESCO Service Company Limited (AMESCO) (ESCO is the company's 50% shareholder) Office EGCO Tower Tel. 66 0 2998-5000 Fax 66 0 2955-0956-9	Power plant operation and maintenance services	2	10	2	50
Conal Holding Corporation (CHC) Office EGCO Tower Tel. 66 0 2998-5000 Fax 66 0 2955-0956-9 Oversea office Alsons Building, 2286 Pasong Toma Extension, Makati City, Metro Manila, Philippines Tel. 816-6740, 892-4632 Fax 814-0625	Holding company focusing on power business in the Philippines	729.32 ^{/2} (800,000,000 PESO)	91.17 ^{/2} (100 PESO)	729.32 ^{/2} (800,000,000 PESO)	40

Joint Ventures:

Company	Business	Registered Share Capital (Million Baht)	Par Value (Baht)	Paid-up Share Capital (Million Baht)	Ownership Interest (Direct+Indirect) (%)
Nam Theun 2 Power Company Limited (NTPC) Office Unit 9, Tat Luang Road Nongbone Village, P.O. Box 5862 Vientiane, Lao PDR Tel. (856-21) 263 900 Fax (856-21) 263 901	IPP Electricity Generating and supply business	13,945.80 ^{/3} 330,000,000 USD Million	4,226 ^{/3} 100 USD	42.26 ^{/3} 1,000,000 USD Million	25
Eastern Water Resources Development and Management Public Company Limited (EASTW) Office 9/9 Vibhavadi Rangsit Road, Talad Bangkhen, Laksi Bangkok 10210, Thailand Tel. 66 0 2940-9974-6 Fax 66 0 2561-3793 Website www.eastwater.com	Water resources development and management for supplying raw water to the customers	1,665	10	1,299.69	18.92

Note : The Exchange rate as of Investment Date

^{/1} 1 USD = Baht 39.952886 (July 13, 21 2000)

^{/2} 1 PESO = Baht 0.91165 (August 25, 2000)

^{/3} 1 USD = Baht 42.26 (August 30, 2002)

Referenced Persons

Regulator	Securities and Exchange Commission, Thailand 93/1 15th Floor, Diethelm Towers B, Wireless Road, Lumpini, Patumwan Bangkok 10330, Thailand Tel 66 0 2695-9999 Corporate Affairs Department ext. 6008, 9509 E-mail: info@sec.or.th Website: www.sec.or.th
Regulator	The Stock Exchange of Thailand 62 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Klongtoey, Bangkok 10110, Thailand Tel 66 0 2229-2000, 0 2654-5656 Fax. 66 0 2229-2030, 0 2654-5649 S-E-T Call Center 66 0 2229-2222 E-mail: SETCallCenter@set.or.th Website: www.set.or.th
Share and Debenture registrar	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Klongtoey, Bangkok 10110, Thailand Tel 66 0 2229-2800 Fax. 66 0 2359-1259 Call Center 0 2229 2888 E-mail: contact.tsd@set.or.th Website: www.tsd.co.th
Auditor	1. Mr. Prasarn Chuaphanich Certified Public Accountant (Thailand) No.3051 2. Mr. Suchart Luengsuraswat Certified Public Accountant (Thailand) No.2807 3. Mr. Prasit Yuengsrikul Certified Public Accountant (Thailand) No.4174 PricewaterhouseCoopers ABAS Limited 15th Floor, Bangkok City Tower, 179/74-80 South Sathorn Road, Bangkok 10120, Thailand Tel 66 0 2286-9999, 66 0 2344-1000

Index of articles required for the 56-2 form

(This is prepared in accordance with the notice of the Securities and Exchange Commission no. Kor Jor 40/2540 re: Criteria and Conditions of Information Disclosure on financial status and operation performance of Listed Company)

Topics	Page No.
1. General Information	146
2. Financial Overview	4
3. Business Characteristics	
3.1 Business Operation	56
3.2 Revenue Structure	65
3.3 Power Industry Status and Competition	66
4. Risk Factors	75
5. Shareholding and Management Structure	
5.1 Shareholder	8
5.2 Management Structure	20
5.3 Director and Management Selection	38
5.4 Remuneration	40
5.5 Good Corporate Governance Report	25
5.6 Inside Information	31
5.7 Internal Control	35,43
6. Related Transaction	70
7. Management Discussion and Analysis	78
8. Financial Statements	
8.1 Financial Statement	102-144
8.2 Audit Fee	145

Glossary

The Company, EGCO, We	Electricity Generating Public Company Limited
Group companies, EGCO Group	Electricity Generating Public Company Limited and its subsidiaries and joint venture companies.
EGAT	EGAT Public Company Limited, Electricity Generating Authority of Thailand
CLP	CLP Power Projects (Thailand) Company Limited
REGCO	Rayong Electricity Generating Company Limited
KEGCO	Khanom Electricity Generating Company Limited
ESCO	EGCO Engineering and Service Company Limited
AE	Agro Energy Company Limited
AMESCO	Amata Power-ESCO Service Company Limited
ET	Egcom Tara Company Limited
TLPC	Thai LNG Power Corporation Limited
TLP Cogen	TLP Cogeneration Company Limited
EGCO Green	EGCO Green Energy Company Limited
Roi-Et Green	Roi-Et Green Company Limited
EGCO JD	EGCO Joint Ventures & Development Company Limited
AEP	Amata-EGCO Power Limited
APBP	Amata Power (Bang Pakong) Limited
GEC, Gulf	Gulf Electric Public Company Limited
GIPP	Gulf IPP Company Limited
GPG	Gulf Power Generation Company Limited
GEN	Gulf Energy Company Limited
GCC	Gulf Cogeneration Company Limited
NKCC	Nong Khae Cogeneration Company Limited
SCC	Samutprakarn Cogeneration Company Limited
GYG	Gulf Yala Green Company Limited
TBC	Trang Biomass Company Limited
NTPC	Nam Theun2 Power Company Limited
EGCO BVI	EGCO International (BVI) Limited
CHC	CONAL HOLDINGS CORPORATION
APMC	Alto Power Management Corporation
NMPC	Northern Mindanao Power Corporation
WMPC	Western Mindanao Power Corporation
SPPC	Southern Philippines Power Corporation
East Water	Eastern Water Resources Development and Management Public Company Limited
EPPO	Energy Policy and Planning Office
NEPC	National Energy Policy Council
IOD	Thai Institute of Directors
COSO	The Committee of Sponsoring Organizations of the Treadway Commission
SPP	Small Power producer
IPP	Independent Power Producer
SET	Stock Exchange of Thailand
SEC	Securities and Exchange Commission, Thailand
JBIC	Japan Bank for International Corporation
PWA	Provincial Waterworks Authority

Dear Shareholders,

Apart from being cost-effective, the use of electronic media is also environment friendly and represents one of our contributions to reduce tree cutting over the long term. Consequently, the Company is pleased to present the annual report to shareholders in CD ROM format together with the notice of the shareholders' meeting no.1/2006. The Company is also making available information frequently mentioned in the Annual Report (i.e., the Code of Conduct for Directors and the Code of Conduct for Employees) on our website. For those who are not comfortable with the electronic media and the internet, hard copies of the annual report as well as other website information are available free of charge upon request to the Corporate Secretary Division. Such requests can be made by completing and returning to us the accompanying Feedback Form by fax to 662-955-0956-7, e-mail to pr@egco.com, and telephone to 02-9985020-24

To support environment conservation, the Company will make a donation to the Thai Forest Conservation Foundation in 2006 on behalf of all shareholders who elect to receive the annual report and corporate communications in electronic form.

Name and Address

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(Please ☒ appropriate box ☐)

- ☐ annual report.
- ☐ Code of Conduct for Directors
- ☐ Code of Conduct for Employees

EGCOMP welcomes your views...

The Annual Report is a key element in the communications between us shareholders and our stakeholders. To enhance the quality of our annual reporting, please let us have your views, by returning this form to us via FAX no. 02-955-0956-7 or email to us at pr@egco.com.

1. Please circle the appropriate number below.

- | | strongly disagree | | | strongly agree |
|------------------------------------|-------------------|---|---|----------------|
| 1. Easy to understand? | 1 | 2 | 3 | 4 |
| 2. Helpful information? | 1 | 2 | 3 | 4 |
| 3. Any other comments/suggestions? | | | | |

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2. Your overall rating of this Annual Report is : (Please ✓ appropriate box ☐)

Poor ☐ Fair ☐ Good ☐ Very Good ☐ Excellent ☐

3. Was there any additional information you expect to receive in the Annual Report? Please specify.

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4. Do you have any question for the President, to be addressed in next year's Annual Report or answered on the Frequently Asked Questions section of the Companys website? Please specify

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