



Management Discussion and Analysis

For the Three-month Period Operating Results

Ended March 31, 2008

Note: This Management Discussion and Analysis (MD&A) was made to disclose information and the vision of the management in order to assist investors to better understand the company's financial status and operation. It also supports the "Good Corporate Governance Project" of the Securities and Exchange Commission (SEC).

The objective of this MD&A is to present the information and the explanation of financial status and operating results as of the date hereof. The information provided in this MD&A may change if the aforementioned factors or situation are changed in the future; the investors are, therefore, required to have their own discretion regarding the usage of this information for any purpose. For further detail, please contact Investor Relations Section of the Electricity Generating Public Company Limited at Tel: 662-998-5145-7 or Email: ir@egco.com

Management Discussion and Analysis

1. Executive Summary

The Electricity Generating Public Company Limited (EGCO) is an Independent Power Producer (IPP) with 14 operating plants, totaling 3,876 equity MW at present. EGCO's significant event during the three-month period of 2008 is as follows:

- The Kaeng Khoi 2 (KK2) Unit 2, combined cycle gas turbine IPP project of the joint venture Gulf Power Generation Co., Ltd (GPG) with the capacity of 734 MW achieved its pre-Commercial Operating Date (COD) on February 27, 2008.

EGCO Group's consolidated net profit, attributable to equity holders of the parent, for the three-month period ended March 31, 2008, was Baht 2,817 million, an increase of Baht 286 million or 11% compared to the same period of 2007. Excluding the impact of foreign exchange on EGCO and subsidiaries, the net profit was Baht 2,769 million, representing an increase of Baht 302 million or 12% as compared to the same period of last year; the details of the change are as follows:

- **EGCO's** net loss of Baht 43 million, representing a decrease in the loss of Baht 7 million, resulted from lower administrative expenses, which was mostly due to the decrease in project development cost.

- **IPP Group**, consisting of Rayong Electricity Generating Co., Ltd. (REGCO), Khanom Electricity Generating Co., Ltd. (KEGCO), the joint venture BLCP Power Limited (BLCP) and the joint venture GPG, showed a net profit and share of profits from joint ventures totaling Baht 2,648 million, up Baht 305 million mostly thanks to an increase in the share of profit from GPG, with its KK2 Unit 1 and 2 achieving COD in May 2007 and February 2008, respectively.

- **Small Power Producer (SPP) Group**, which is comprised of three joint ventures including Gulf Electric Public Company Limited (GEC)(excluding GPG), Amata-EGCO Power Ltd. (AEP), Amata Power (Bang Pakong) Ltd. (APBP); and two subsidiaries including EGCO Cogeneration Co., Ltd. (EGCO Cogen) and Roi-Et Green Co., Ltd. (Roi-Et Green), reported a net profit of Baht 312 million, an increase of Baht 154 million that mainly resulted from GEC's higher share of profit owing to a gain from foreign exchange rate.

- **Overseas Group**, which is comprised of two joint ventures including Conal Holdings Corporation (Conal) and Nam Theun 2 Power Co., Ltd. (NTPC). The net loss from this group was Baht 237 million, an increase in the loss by Baht 168 million compared to the same period of

2007 mainly resulting from NTPC's increased share of loss by Baht 172 million from a loss on foreign exchange.

- **Other Business Group** includes two subsidiaries, EGCO Engineering & Service Co., Ltd. (ESCO) and Egcom Tara Co., Ltd. (ET) and one joint venture, Amata Power-ESCO Service Co.,Ltd. (AMESCO), that showed net profit totaling Baht 88 million, rising Baht 4 million from an increase in service income of ESCO.

2. Business Expansion Analysis

EGCO is the first IPP in Thailand established on May 12, 1992. EGCO is structured as a holding company with a number of subsidiaries. The company's vision is to be the leading Thai integrated electric power company with comprehensive energy services in Thailand and in the ASEAN region, and full commitment to environmental protection and social development.

Our major business is to produce electricity and supply it 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 ASEAN countries with the aim to provide strong returns to shareholders by improving the profitability of our existing assets and acquiring new projects with acceptable risk and return profile.

As at the end of March 2008, Thailand's total generating capacity was reported at 29,964.25 MW¹. During the first quarter of 2008, the peak demand reached 22,112 MW¹ on March 19, 2008, which was 2.10% lower than the peak demand in April 2007.

For EGCO, our business strategy will place more emphasis on expansion investment opportunities in ASEAN markets, including neighboring Mekong countries such as Lao PDR, Myanmar and Cambodia, with respect to projects that will supply electricity to Thailand, and also investment in a domestic project in Thailand relating to fuel storage and supply. As for renewable energy projects, EGCO will continue to pursue investment opportunities in prospective domestic projects using wind, waste and biomass as fuel sources.

As of March 31, 2008, EGCO has 14 operating plants with capacity totaling 3,876 equity MW, of which 53% comprises two natural gas-fired IPPs which are the 1,232 MW REGCO plant and the 824 MW KEGCO plant.

¹ Source: EGAT

Moreover, EGCO has 50% stake in BLCP Power facility or 717 equity MW which represents 18% of EGCO's total equity MW portfolio. BLCP Power facility is a 1,434 MW coal-fired power plant, using high quality imported coal from Australia, located in Map Ta Phut Industrial Estate in Rayong Province.

EGCO also has 50% stake in KK2 project (by holding 50% of shares in GEC which holds 99.99% in GPG, the project owner) or 734 equity MW which represents 19% of EGCO's total equity MW portfolio. KK2 project is a 1,468 MW natural gas-fired power plant located in Saraburi province comprising two combine cycle units, 734 MW each. The COD for KK2 project unit 1 was on May 5, 2007 and the pre-COD for Unit 2 was on February 27, 2008.

In addition, KK2 power plant, using environment friendly technology to reduce its environmental impact, has been recognized as one of the " World's Best Power Plants" by Diesel & Gas Turbine Worldwide magazine (Jan – Feb 2008 issue).

EGCO is also a partner in Nam Thuen 2 project which is currently under development. This project represents an additional 267.5 equity MW as summarized briefly below:

Nam Theun 2 project is a 1,070 MW hydroelectric power plant located in the Lao PDR. EGCO holds a 25% ownership in the project company, NTPC. This project's COD is targeted for December 2009 with EGAT contracted to take off 995 MW and the balance will be sold to the Lao PDR. At the end of March, 2008, the overall project progress was 85% complete.

In the absence of unforeseen circumstances, the company has a policy to dividend 40% of **the consolidated 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. **The dividend payment shall not exceed the retained earnings of the company financial statements.**

3. Report and Analysis of the Operating Results

EGCO is structured as a holding company and it invests primarily in electricity generation and energy service businesses. The main sources of its income are dividends from investments in its subsidiaries, joint ventures, and associates. The objective of the holding company structure

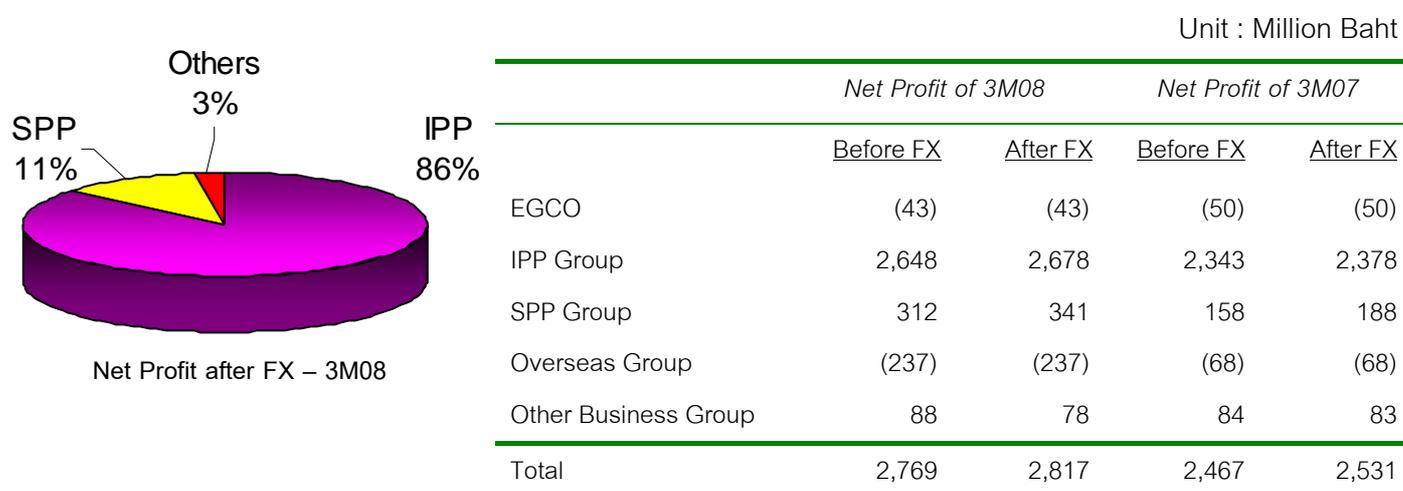
is to provide flexibility for business expansion and to facilitate financing of new projects without recourse to existing ones.

This report contains the analysis of the financial statements of EGCO, and its subsidiaries and interests in joint ventures as follows:

3.1 Operational Results

EGCO Group's consolidated net profit, attributable to equity holders of the parent, for the three-month period of 2008 ended March 31, 2008 was Baht 2,817 million, an increase of Baht 286 million or 11% compared to the same period of 2007; this was caused mainly by an increase of the share of profits from joint ventures amounting to Baht 345 million, primarily from GPG and BLCP.

The gross profit was reported at Baht 1,339 million, down by Baht 50 million or 4% as compared to the same period of last year, as a result of lower contracted electricity sales of KEGCO. The operating profit was reported at Baht 1,322 million, a decrease of Baht 75 million or 5% as compared to the same period of 2007. The fall in electricity sales, foreign exchange gain and interest income, at EGCO and subsidiaries, was the main factor behind the drop in the operating profit.



Remarks: - Net profit consolidated under the equity method does not separate out foreign exchange impact from joint ventures.
 - IPP : REGCO, KEGCO, BLCP, GPG - SPP : GEC (excluding GPG), AEP, APBP, EGCO Cogen, Roi-Et Green
 - Overseas : Conal, NTPC - Others : ESCO, ET, AMESCO

The net profit of EGCO Group for the three-month period of 2008 included foreign exchange gains from EGCO and subsidiaries of only Baht 48 million whereas it incurred a foreign exchange gain of Baht 64 million in the same period of 2007. An unrealized foreign currency exchange gain in the amount of Baht 30 million is an accounting number in accordance with the Thai accounting standard. It incurs from the difference of the translation of the net debt denominated in foreign currency to the Thai Baht equivalent amount using the foreign exchange

rate at the end of this accounting period (March 31, 2008) and the previous period (December 31, 2007).

Excluding the effect of foreign currency exchange gain from EGCO and subsidiaries, the profit was Baht 2,769 million, representing an increase of Baht 302 million or 12% as compared to the same period of 2007.

Excluding the effect of foreign currency exchange gain from EGCO and subsidiaries of Baht 48 million, interest expenses of Baht 165 million, income tax of Baht 176 million and depreciation and amortization of Baht 551 million, the earnings before interest, tax, depreciation and amortization (EBITDA) would be Baht 3,660 million¹, representing an increase of Baht 310 million or 9% as compared to the same period of 2007, in which the EBITDA was Baht 3,350 million, excluding the effect of foreign currency exchange gain of Baht 64 million, interest expenses of Baht 192 million, income tax amounting to Baht 163 million and depreciation and amortization amounting to Baht 528 million.

Important Financial Ratios for the period were as follows:

- Gross Profit Ratio was 48.75%
- Operating Profit Ratio was 48.12%
- Net Profit Ratio was 59.23%
- Net Profit Ratio (excluding the effect of foreign exchange from EGCO and subsidiaries) was 58.21%
- Earnings per share (EPS) was Baht 5.35
- Earnings (excluding the effect of foreign exchange from EGCO and subsidiaries) per share (EPS) was Baht 5.26
- Return on Equity (ROE) was 6.58%

The gross profit margin of 48.75% was lower than the same period of last year's margin of 50.48% due to a decrease in gross profit of KEGCO from lower electricity sales; whereas the net profit ratio (excluding the effect of foreign exchange from EGCO and subsidiaries) was reported at 58.21%, higher than the same period of 2007 ratio of 55.40% mainly due to an increase of share of profits from GPG and BLCP.

¹ Excluding the effect of foreign currency exchange, interest expenses, income tax, depreciation and amortization of joint ventures, EBITDA was Baht 4,137 million.

3.2 Income, Expense and Share of profits from Joint Ventures Analysis

For the three-month period of 2008, operating results of EGCO and subsidiaries (Subs), excluding the effect of foreign currency exchange rate (Fx) and profit attributable to minorities (MI), are as follows:

- Total revenues were Baht 2,881 million, a decrease of Baht 41 million or 1.42% compared to the same period of 2007.
- Total expenses were Baht 1,948 million, an increase of Baht 3 million or 0.16% from the same period of last year.

The share of profits from joint ventures for the three-month period of 2008 were Baht 1,875 million (including a gain from foreign exchange of Baht 625 million), an increase of Baht 345 million or 23% compared to the same period of last year which showed the share of profits totaling Baht 1,530 million (including a gain from foreign exchange of Baht 383 million). The details according to their groups of business are as follows:

Total Revenues, Total Expenses and Share of Profits (Loss) from JVEs:

Unit : Million Baht

	EGCO		IPP		SPP		Overseas		Others		Total	
	3M08	3M07	3M08	3M07	3M08	3M07	3M08	3M07	3M08	3M07	3M08	3M07
Total Revenues	111	113	1,901	1,990	556	563	-	-	313	256	2,881	2,922
Total Expenses	154	163	1,127	1,172	452	448	-	-	215	161	1,948	1,945
Profits bf Share of Profits (Loss) from JVEs	(43)	(50)	774	818	104	115			98	95	933	977
Share of Profits (Loss) from JVEs	-		1,875	1,525	235	73	(237)	(68)	2.41	0.99	1,875	1,530
Net Profit bf Subs's Fx and MI	(43)	(50)	2,648	2,343	339	188	(237)	(68)	101	96	2,809	2,508

1) EGCO's total revenues for the three-month period of 2008, amounting to Baht 111 million, were comprised of dividend income from financial investment of Baht 78 million, interest income of Baht 19 million and other income of Baht 14 million. Compared to the same period of 2007, this showed a decrease of Baht 2 million or 2%, which mainly resulted from lower interest income of Baht 4 million or 18% owing to lower interest rate and deposit amounts. Moreover, dividend income also decreased by Baht 5 million or 6% mainly a result of the drop in dividends from open-end funds of Baht 21 million, meanwhile, dividends from Eastern Water Resources Development and Management Public Company Limited (EASTW) were up by Baht 16 million.

Total expenses of EGCO were Baht 154 million, a decrease from the same period of 2007 by Baht 9 million or 6%. This resulted mainly from the decrease in project development expenses which included consulting fees.

2) IPP Group consisting of two principal subsidiaries, REGCO and KEGCO; and two principal joint ventures, BLCF and GPG. Total revenues were Baht 1,901 million, a decrease of Baht 89 million or 4% as compared to the same period of last year, meanwhile the total expenses were Baht 1,127 million, down by Baht 45 million or 4%. The share of profits from joint ventures were reported at Baht 1,875 million (including a gain from foreign exchange of Baht 713 million), up by Baht 350 million or 23% as compared to the same period of 2007 which showed the share of profits totaling Baht 1,525 million (including a gain from foreign exchange of Baht 440 million). The details are as follows:

Total Revenues, Total Expenses and Share of Profits (Loss) from JVEs of IPP Group:

Unit : Million Baht

	REGCO		KEGCO		BLCF		GPG		Total		
	3M08	3M07	3M08	3M07	3M08	3M07	3M08	3M07	3M08	3M07	%Chg
Total revenues	967	901	934	1,090	-	-	-	-	1,901	1,990	(4%)
Total expenses	565	563	562	610	-	-	-	-	1,127	1,172	(4%)
Profits bf Share of Profits (Loss) from JVEs	403	338	371	480	-	-	-	-	774	818	(5%)
Share of Profits (Loss) from JVEs	-	-	-	-	1,378	1,273	497	253	1,875	1,525	23%
Net Profit bf Subs's Fx and MI	403	338	371	480	1,378	1,273	497	253	2,648	2,343	13%

- **Sales of electricity** of IPP Group were Baht 1,888 million, representing a decrease of Baht 66 million or 3% compared to the same period of last year. The decrease was a result of KEGCO's lower electricity sales by Baht 137 million to register Baht 927 million caused by a decrease in the Base Availability Credit for KEGCO. Meanwhile, REGCO's electricity sales increased by Baht 71 million to register Baht 961 million from an increase in the Capacity Rate. These changes were in accordance with the capacity payment formula calculated on a "Cost Plus Basis" under the PPAs and in line with the company's projection. Moreover, to minimize exchange rate risk, on November 8, 2007, REGCO entered into a revenue swap contract with a financial institution to fix the exchange rate to be used in the conversion of part of the USD-linked revenue provided in the PPA. As at March 31, 2008, the electricity revenue under the foreign currency forward contract of USD 41.88 million were fixed at Baht 33.80 per US Dollar. The contract is effective from November 8, 2007 to January 5, 2010.

Sales of Electricity – IPP Group:

Unit : Million Baht

	3M08	3M07	%Changes
REGCO	961	891	8%
KEGCO	927	1,063	(13%)
Total Sales of Electricity – IPP Group	1,888	1,954	(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 tariff 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 US Dollar. REGCO and KEGCO receive the compensation monthly for each billing period. They receive higher capacity charge than that stated in the original PPAs before the inclusion of foreign exchange indexation if the exchange rate is above Baht 28 per US Dollar and vice versa.

For the three-month period of 2008, REGCO and KEGCO received compensation for the exchange rate effect of Baht 65 million.

- **Interest income and others** amounted to Baht 13 million, a decrease of Baht 23 million or 63%, mainly from the decrease of KEGCO's and REGCO's interest income by Baht 19 and 6 million, respectively, owing to lower interest rates.

- **Cost of sales** totaled Baht 800 million, a decrease of Baht 17 million or 2% compared to the same period of 2007, mainly because REGCO's cost of sales decreased by Baht 51 million or 11%, from high maintenance cost in 2007. Meanwhile, KEGCO's cost of sales in the first three-month of 2008 increased by Baht 34 million or 10% mostly from higher fuel oil cost due to power plant operating following EGAT's order. However, this cost can be included in the tariff formula which is in accordance with the PPA.

Cost of Sales – IPP Group:

Unit : Million Baht

	<i>3M08</i>	<i>3M07</i>	<i>%Changes</i>
<i>REGCO</i>	433	485	(11%)
<i>KEGCO</i>	367	333	10%
<i>Total Cost of Sales – IPP Group</i>	800	817	(2%)

- **Administrative expenses and income taxes** were Baht 228 million, an increase of Baht 21 million or 10%, mainly from higher tax payment at REGCO that amounted to Baht 41 million or 78% due to higher revenues. Meanwhile, tax payment at KEGCO decreased by Baht 26 million or 27% due to lower revenues. REGCO and KEGCO currently enjoy 50% corporate tax reduction privilege on profits from power generation, ending on April 19, 2008 and September 25, 2009, respectively.

- **Interest expenses** were Baht 100 million, a decrease of Baht 48 million or 33%, resulting from KEGCO's lower principal amounts of loans and debentures.

- **Share of profits from joint ventures**, BLCP and GPG, were recognised in the amount of Baht 1,875 million, an increase of Baht 350 million or 23%, mostly due to a share of profit from GPG of Baht 497 million (including a gain from foreign exchange of Baht 209 million), up by Baht 244 million or 97% resulting from electricity sales of GPG, following its KK2 Project-Unit 1 and 2 achieving COD in May 2007 and February 2008, respectively; plus a share of profit from BLCP of Baht 1,378 million (including a gain from foreign exchange of Baht 504 million), up by Baht 105 million or 8% from a gain on foreign exchange.

3) **SPP Group** incorporates five companies, namely: GEC (excluding GPG), AEP, APBP, EGCO Cogen and Roi-Et Green. The total revenues were reported at Baht 556 million, a decrease of Baht 7 million or 1% compared to the same period of 2007. The expenses were Baht 452 million, an increase from the same period of last year by Baht 4 million or 1%. The share of profits from joint ventures were reported at Baht 235 million (including a gain from foreign exchange of Baht 143 million), an increase of Baht 162 million or 224% compared to the same period of last year. The details are as follows:

Total Revenues, Total Expenses and Share of Profits (Loss) from JVEs of SPP Group:

Unit : Million Baht

	EGCO Cogen		Roi-Et Green		GEC (exclude GPG)		APBP and AEP		Total		
	3M08	3M07	3M08	3M07	3M08	3M07	3M08	3M07	3M08	3M07	% Chg
Total revenues	482	494	74	68	-	-	-	-	556	563	(1%)
Total expenses	413	413	39	35	-	-	-	-	452	448	1%
Profits bf Share of Profits (Loss) from JVEs	69	81	35	34	-	-	-	-	104	115	(10%)
Share of Profits (Loss) from JVEs	-	-	-	-	194	62	41	10	235	73	224%
Net Profit bf Subs's Fx and MI	69	81	35	34	194	62	41	10	339	188	81%

- **Sales of electricity** of the SPP Group were Baht 551 million, representing an increase of Baht 3 million or 1% compared to the same period of last year. Most of the increase of SPP group's electricity sales was from Roi-Et Green in the amount of Baht 13 million, resulting mainly from higher Energy Charge due to higher fuel oil cost, which was in accordance with the tariff formula. Meanwhile, EGCO Cogen's electricity sales decreased by Baht 10 million due to lower electricity sales to EGAT as a result of planned outage.

Sales of Electricity – SPP Group:

Unit : Million Baht

	3M08	3M07	%Changes
EGCO Cogen	479	489	(2%)
Roi-Et Green	72	59	22%
Total Sales of Electricity – SPP Group	551	548	1%

- **Interest income and others** amounted to Baht 5 million, a decrease of Baht 11 million or 70%, mainly because the four-year subsidy for guarantee fee from UNDP for Roi-Et Green ended in 2007 and the lower interest rates caused a decrease in interest income of Roi-Et Green and EGCO Cogen.

- **Cost of Sales** of SPP Group were reported at Baht 422 million, an increase of Baht 3 million or 1% as compared to the same period of 2007. This was substantially driven by an increase in cost of sales of Roi-Et Green amounting to Baht 4 million due to higher fuel costs.

Cost of Sales – SPP Group:

	Unit : Million Baht		
	<i>3M08</i>	<i>3M07</i>	<i>%Changes</i>
<i>EGCO Cogen</i>	387	388	(0.33%)
<i>Roi-Et Green</i>	35	31	15%
<i>Total Cost of Sales – SPP Group</i>	422	419	1%

- **Administrative expenses and income taxes** were Baht 9 million, up by Baht 4 million or 88% as compared to the same period of 2007. This mainly resulted from EGCO Cogen’s penalty payment to EGAT amounting to Baht 5 million, since its thermal process ratio did not meet the requirement in accordance with the PPA.

- **Interest expenses** were Baht 20 million, a decrease of Baht 4 million or 15%, mainly from a lower principal of EGCO Cogen.

- **Share of profits from joint ventures**, GEC (excluding GPG), APBP and AEP, totaled Baht 235 million, up by Baht 162 million or 224% as compared to the same period of 2007. The share of profit from the joint venture GEC contributed the most in the amount of Baht 194 million (including a gain on foreign exchange of Baht 134 million), an increase of Baht 132 million or 212% as compared to the same period of last year. This was primarily a result of an increase in the gain on foreign exchange rate.

Moreover, the share of profits from joint ventures, APBP and AEP, totaled Baht 41 million (including a gain on foreign exchange of Baht 10 million), up by Baht 31 million or 299%, which was primarily from AEP’s higher electricity sales to EGAT as well as lower maintenance cost.

4) **Overseas Group** refers to Conal and NTPC, of which their share of losses from joint ventures were reported at Baht 237 million, an increase in loss of Baht 168 million compared to the same period of 2007. NTPC’s share of loss was Baht 251 million (including a loss from foreign exchange of Baht 235 million), an increase in loss of Baht 172 million or 218% as compared to the same period of 2007, caused mainly by higher foreign exchange loss of Baht 167 million.

Meanwhile, Conal's share of profit was reported at Baht 15 million (including a gain on foreign exchange of Baht 4 million), an increase of Baht 4 million or 39% compared to the same period of last year, mainly from a decrease in administrative expenses, income tax and interest expenses.

5) **Other Business Group** includes two subsidiaries, ESCO and ET and a joint venture, AMESCO. Total revenues were Baht 313 million, an increase by Baht 57 million or 22% as compared to the same period of 2007 and total expenses totaled Baht 215 million, an increase of Baht 54 million or 33%. The share of profit from a joint venture was reported at Baht 2.41 million, an increase of Baht 1.42 million or 144% as compared to the same period of last year. The details are as follows:

Total Revenues, Total Expenses and Share of Profits (Loss) from JVEs of Other Business Group: Unit : Million Baht

	ESCO		ET		Total		
	3M08	3M07	3M08	3M07	3M08	3M07	% Chg
<i>Total revenues</i>	254	199	60	57	313	256	22%
<i>Total expenses</i>	198	145	17	17	215	161	33%
<i>Profits bf Share of Profits (Loss) from JVEs</i>	56	54	43	41	98	95	3%
<i>Share of Profits (Loss) from JVEs</i>	2.41	1	-	-	2.41	1	144%
<i>Net Profit bf Subs's Fx and MI</i>	58	55	43	41	101	96	5%

- **Service income** from ESCO amounted to Baht 251 million, up by Baht 54 million or 28%, resulting mostly from higher maintenance service income and spare parts sale to power plant in overseas.

- **Sales of water** from ET, were Baht 57 million, up by Baht 3 million, or 5%, thanks to the increase of the minimum take and tariff under the long-term Water Purchase Agreement with Provincial Waterworks Authority.

- **Interest income and others** amounted to Baht 5 million, an increase of Baht 0.18 million or 4%.

- **Cost of services** were Baht 169 million, an increase of Baht 60 million or 55%, resulting from an increase in maintenance service costs which was consistent with its increased revenues.

- **Cost of water sales** of ET was Baht 16 million, down Baht 1 million or 6% mainly from the incurrence of maintenance service costs in the same period of 2007.

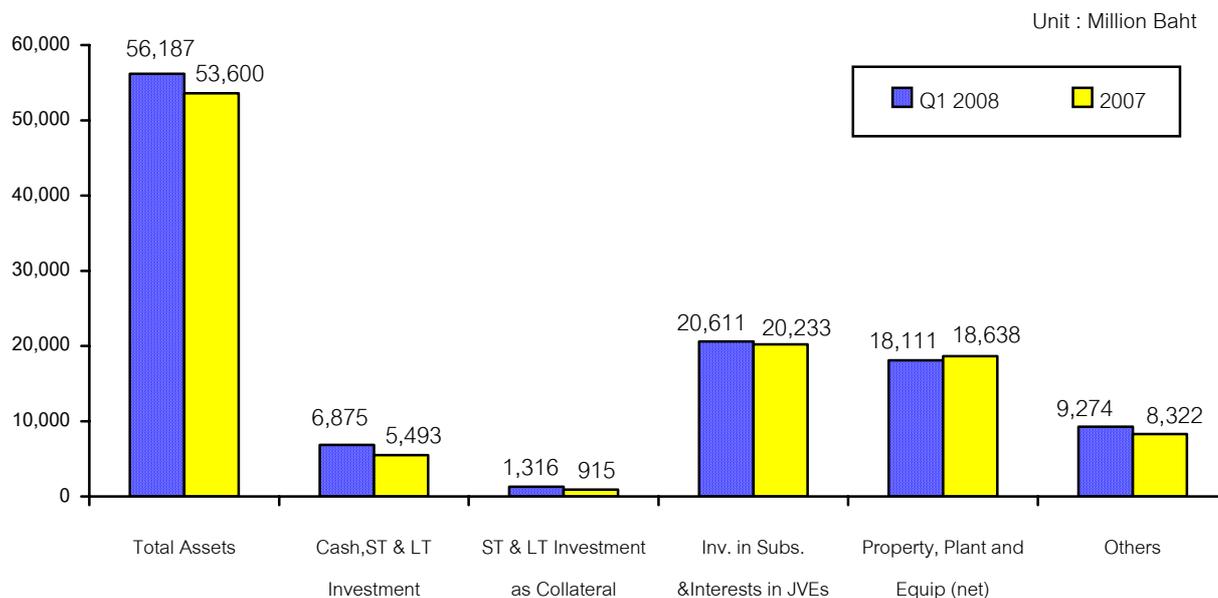
- **Administrative expenses and income taxes** totaled Baht 29 million, a decrease of Baht 5 million or 15% compared to the same period of 2007, mostly from a decrease in ESCO's administrative expenses and income taxes by Baht 6 million.

- ESCO's share of profit from a joint venture totaled Baht 2.41 million, an increase of Baht 1.42 million from AMESCO.

4. Report and Analysis of Financial Position

4.1 Asset Analysis

As at March 31, 2008, total assets of EGCO, its subsidiaries and interests in joint ventures amounted to Baht 56,187 million, an increase of Baht 2,587 million or 5% from December 31, 2007. The important details are as follows:



1) **Cash and deposits at financial institutions, and short-term and long-term marketable securities** were Baht 6,875 million or 12% of the total assets, up Baht 1,382 million or 25%. This resulted mainly from an increase of cash and cash equivalent by Baht 1,319 million due to cash receipts from operating activities of Baht 655 million, dividends from joint ventures totaling Baht 875 million and from EASTW by Baht 78 million. Meanwhile, principal and interest payments were made totaling Baht 125 million.

2) **Short-term and long-term investments used as collateral** were Baht 1,316 million or 2% of the total assets, up Baht 401 million or 44%. This increase mainly came from cash reserved for the purpose of repayment of principal and payment of interest of KEGCO.

3) **Investment in subsidiaries and interests in joint ventures** recorded under the equity method in the consolidated financial statements as at March 31, 2008 amounted to Baht 20,611 million or 37% of the total assets, up Baht 378 million or 2%. The major change can be defined as follows:

3.1) an increase in share of profit from investment according to the equity method amounting to Baht 2,127 million.

3.2) dividend received from BLCP by Baht 1,667 million.

3.3) an investment in the additional paid-up shares amounting to Baht 10 million.

3.4) profit from translation adjustment totaling Baht 91 million.

For the company financial statements, the original cost was applied for recording the investment in subsidiaries and interests in joint ventures at the beginning; the book value as at March 31, 2008 was Baht 29,673 million, up Baht 19 million, thanks to the additional paid-up shares in joint ventures, NTPC and Sustainable Energy and Environmental Development Co.,Ltd. (SEED)

4) **Property, plant and equipment (net)** totaled Baht 18,111 million or 32% of the total assets. They were down Baht 527 million or 3% due to the decrease in property, plant and equipment from the depreciation of EGCO and subsidiaries' assets totaling Baht 535 million and the reclassification of unutilised capital spare parts from property, plant and equipment to spare parts and supplies at REGCO totaling Baht 49 million. Meanwhile, there was a recording of capital spare parts as property, plant and equipment following the major maintenance at REGCO in the amount of Baht 45 million and net purchase of property, plant and equipment totaling Baht 12 million.

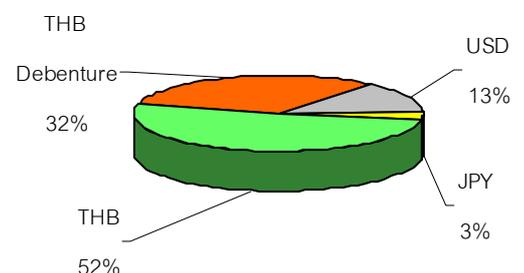
5) **Other assets** were Baht 9,274 million or 17% of the total assets, up Baht 952 million or 11% mainly from an increase of dividend receivable from a joint venture by Baht 792 million, ESCO's accrued income by Baht 82 million.

4.2 Liability Analysis

As at March 31, 2008, the EGCO Group's total liabilities were Baht 11,442 million, which was Baht 163 million or 1% lower than the amount as at December 31, 2007. The total liabilities consist of the following:

1) **Long-term loans and debentures** totaled Baht 9,091 million, or 79% of total liabilities, down Baht 146 million or 2%. This mainly came from the long-term loans repayment from EGCO Cogen and Roi-Et Green that totaled Baht 90 million. The details are as follows:

- USD loans in the amount of USD 39 million
- Yen loans in the amount of Yen 823 million



- Baht loans in the amount of Baht 4,677 million
- Baht debentures in the amount of Baht 2,957 million

Maturity of long-term loans and debentures as of March 31, 2008

Unit : Million Baht

	<i>EGCO</i>	<i>KEGCO</i>	<i>EGCO Cogen</i>	<i>Roi-Et Green</i>
<i>Within 1 Year</i>	-	1,349	150	32
<i>1-5 Years</i>	-	2,227	986	128
<i>> 5 Years</i>	4,000	-	121	99
<i>Total</i>	4,000	3,576	1,256	259

Long-term loans and debentures are secured liabilities over land, buildings, power plants and equipment of subsidiaries and joint ventures. The subsidiaries and joint ventures have to maintain cash reserves for the purpose of repayment of principal and interest due within one year and as a reserve for minimising the foreign exchange risk.

2) **Other liabilities** amounted to Baht 2,351 million or 21% of total liabilities, representing a decrease of Baht 16 million or 1% which mostly resulted from trade payables that decreased by Baht 281 million mainly from EGCO Cogen and KEGCO. Meanwhile, net liabilities in a joint venture increased by Baht 181 million from recognising NTPC's share of loss. Income tax payable was up Baht 112 million mainly from REGCO and KEGCO.

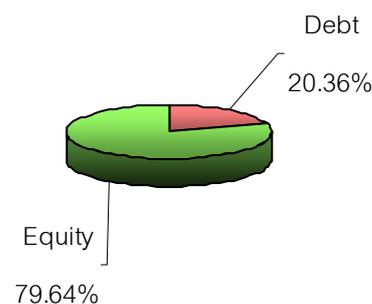
4.3 Shareholders' Equity Analysis

As at March 31, 2008, Shareholders' Equity amounted to Baht 44,745 million, which was Baht 2,750 million or 7% higher than the amount as at December 31, 2007. This was due mainly to the net profit in the consolidated financial statements that amounted to Baht 2,817 million.

The analysis of the company's capital structure as at March 31, 2008 can be summarized as follows:

Shareholders' equity was Baht 44,745 million or 79.64%.

Liabilities were Baht 11,442 million or 20.36%.



Important financial ratios were as follows:

- Debt to equity ratio was 0.26 times, lower than 0.28 times at the end of 2007.
- Book value per share was Baht 83.93, higher than Baht 78.78 at the end of 2007.

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 March 31, 2008, the ending balance of the cash and the cash equivalent was Baht 5,069 million, which was Baht 1,319 million higher than the amount as at December 31, 2007. The details of the sources and uses of funds are as follows:

-**Net cash received from operating activities** totaled Baht 655 million. This was cash received from operating activities of Baht 1,732 million and cash payment for working capital of Baht 1,077 million.

-**Net cash received from investing activities** was Baht 792 million mainly due to dividends from joint ventures and EASTW of Baht 875 million and Baht 78 million, respectively. Meanwhile, deposits at financial institutions amounted to Baht 138 million.

- **Net cash payment for financing activities** was Baht 128 million. The payment includes the loan repayment of EGCO Cogen and Roi-Et Green that totaled Baht 90 million and interest payment of Baht 35 million.

In the three-month period of 2008, the analysis of the company's liquidity ratios is as follows:

- Current ratio was 5.60 times, compared to 4.22 times in 2007
- Quick ratio was 3.13 times, compared to 2.26 times in 2007

Both ratios were higher than the ratios in 2007 due to an increase of cash and cash equivalent resulted mainly from dividends from joint ventures and an increase of short-term investment used as collateral of KEGCO.