

# EGCO

บริษัท ผลิตไฟฟ้า จำกัด (มหาชน)  
ELECTRICITY GENERATING PUBLIC COMPANY LIMITED

## Management Discussion and Analysis

For the Six-months Period Operating Results

Ended June 30, 2004

**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 objectives 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, Corporate and Investor Relations Division of the Electricity Generating Public Company Limited at Tel: 662-998-5131-2 or Email: [ir@egco.com](mailto:ir@egco.com)

## Management Discussion and Analysis

### 1. Business Expansion Analysis

The Electricity Generating Public Company Limited (EGCO) is a holding company that invests in the businesses of generating and selling of electricity as well as providing operation and maintenance services for power plants in Thailand and the Asean region.

EGCO seeks to expand our market share through developing or acquiring Independent Power Producer (IPP) projects in Thailand and the Asean region. We invests in well-structured projects taking into consideration our area of expertise, projects' economies of scale with acceptable return and risk profile. EGCO focuses on achieving sustainable long-term growth for the company. In addition to increasing its earning base, having strong management and good corporate governance, EGCO believes in contributing to society and protecting the environment.

As at the end of July 2004, Thailand's total generating capacity was reported at 25,407 MW<sup>1</sup>, of which 9.4% of the total capacity was generated by EGCO. In 2004 the peak demand reached 19,326 MW<sup>1</sup> in March, which was 6.65% higher than the peak demand in May 2003. With the continuous growth in electricity demand, we have forecasted that Thailand should require additional capacity of around 13,000-14,000 MW during 2011-2015 in order to ensure the reliability of power supply. Therefore, we expect the new capacity bidding to occur in the near future; this will create a good opportunity for EGCO to expand our capacity.

Currently, EGCO has 12 operating plants totaling 2,414 equity MW, of which 85% is produced from two gas-fired IPP power plants: the 1,232 MW Rayong Electricity Generating Co., Ltd. (REGCO) plant and the 824 MW Khanom Electricity Generating Co., Ltd. (KEGCO) plant. In addition to our existing assets, we are developing 2 major projects, representing an additional 617.5 equity MW as follows:

1. The Kaeng Khoi 2 (KK2) project, 700 MW natural gas-fired power plant in Saraburi province, previously known as "Bo Nok project." EGCO holds 50% stake in this project. The project is scheduled to commence commercial operation in March 2008<sup>2</sup>. Due to the change in location and fuel type from coal to natural gas, the project is negotiating to amend the PPA with EGAT. Apart from this 700 MW power project, on July 28, 2004, the National Energy Policy Council (NEPC) also approved a proposal by Gulf Power Generation co., Ltd. (GPG), the developer of KK2, to expand its power generating capacity to 1,468 MW<sup>3</sup> to strengthen the stability of the power supply system.

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<sup>1</sup> This information had been extracted from The Electricity Generating Authority of Thailand (EGAT).

<sup>2</sup> EGAT's Power Development Plan 2004-2015 (PDP 2003: Revised)

<sup>3</sup> This information had been extracted from the Ministry of Energy.

2. The Nam Theun 2 project, 1,070 MW hydroelectric power plant in Laos, in which EGCO has 25% stake. The PPA was signed in November 2003. This project is targeted for commercial operation in the second half of 2009 with the contracted capacity to EGAT of 995 MW. Presently, this project is in the stage of acquiring financial support from Thai and international banks as well as multilateral agencies.

In the absence of unforeseen circumstances, the Company intends to distribute approximately 40% of the available profits of the Company by way of dividend. 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.

## **2. Report and Analysis of the Operating Results**

EGCO is structured as a holding company investing in integrated electricity generation business as well as energy service business. The main sources of its income are dividends and the share of revenues and profits 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 raise the ability to efficiently manage subsidiaries' projects as well as to finance new projects with non-recourse to existing ones.

During 2003, the Group has adopted Thai Accounting Standard No. 51: “Intangible Assets” and has changed two principal accounting policies, Specific Spare Parts Policy and Recording of Development Expense Policy. For the purpose of presenting the interim consolidated and company financial statements for the six-month period ended 30 June 2003, retrospective adjustments, including the cumulative effect, have been accounted for in the interim consolidated and company financial statements for the six-month period ended 30 June 2003.

The effect of these changes on the consolidated and company balance sheets as at 30 June 2003 and the related consolidated and company statements of income for the six-month period ended 30 June 2003 are as follows:

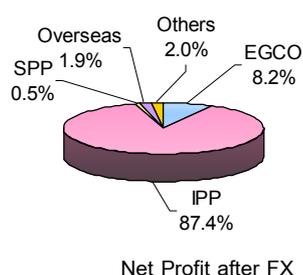
	30 June 2003	
	Consolidated	Company
	Baht'000	Baht'000
<b>Balance sheets</b>		
Increase in investments in subsidiaries	-	964,217
Decrease in interests in joint ventures, net	(539,438)	(821,028)
Increase in spare parts and supplies, net	7,774	-
Increase in property, plant and equipment, net	956,443	-
Decrease in other non-current assets, net	(281,590)	-
Increase in retained earnings as at 30 June 2003	143,189	143,189
<b>Statements of income</b>		
Decrease in cost of sales	964,217	-
Increase in selling and administrative expenses	(111,108)	-
Increase in impairment charge	(170,482)	(66,133)
Increase (decrease) in share of profit from subsidiaries and joint ventures	(539,438)	209,322
Increase in net profit	143,189	143,189

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

### **2.1 Operational Results**

EGCO's consolidated net profit for the first six-month, as of June 30, 2004, was Baht 2,516 million, a decrease of Baht 702 million or 22% compared to the same period of the year 2003.

Unit: Million Baht



	<i>Net Profit 1H04</i>		<i>Net Profit 1H03</i>	
	<u>Before FX</u>	<u>After FX</u>	<u>Before FX</u>	<u>After FX</u>
EGCO	195	206	(120)	(120)
IPP Group	2,317	2,197	3,559	3,720
SPP Group	131	13	(87)	6
Overseas	50	49	(431)	(434)
Others	52	52	46	46

Remarks: - IPP : REGCO, KEGCO - SPP : GEC, AEP, APBP, TLP Cogen, Roi-Et Green  
 - Overseas : Conal, Nam Theun 2 - Others : ESCO, EGCOM TARA

The net profit for first half of 2004 included an unrealized foreign exchange loss of Baht 228 million whereas the company incurred a foreign exchange gain of Baht 251 million in the same period of 2003.

A foreign currency exchange gain or loss 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 Thai Baht equivalent amount using the foreign exchange rate at the end of this accounting period (June 30, 2004) and the previous period (December 31, 2003).

Excluding the effect of foreign currency exchange, the net profit was Baht 2,745 million, represented a decrease of Baht 222 million or 7% as compared to the same period of 2003. Without the impact of the new accounting policy amounting to Baht 213 million, foreign currency exchange and tax, the net profit of EGCO Group for the first six-months of 2004 was Baht 3,001 million, an increase of Baht 210 million or 8% compared to the same period of 2003.

**Important Financial Ratios** for the period were as follows;

- Gross Profit Ratio was 55%.
- Net Profit Ratio (excluding the effect of foreign exchange) was 33%.
- Earnings (excluding the effect of foreign exchange) per share (EPS) was Baht 5.22

The net profit margin (excluding the effect of foreign exchange) of 33% was lower than last year's margin of 40%. This is primarily a result of the change in the accounting policy in 2003, which led to an increase of 27% in expenses which is higher than the 12% increase in revenues.

## 2.2 Income Analysis

In 2004, the total revenues of EGCO and its subsidiaries for the first six-months as well as the share of profits from its associates and interest in joint ventures were Baht 8,421 million, an increase of Baht 918 million or 12% compared to same period of 2003. The details are as follows:

<i>Total Revenues:</i>	Unit: Million Baht		
	1H2004	1H2003	%Changes
<i>EGCO</i>	388	139	179%
<i>IPP Group</i>	5,053	5,097	(1%)
<i>SPP Group</i>	2,340	2,053	14%
<i>Overseas</i>	371	(25)	1,566%
<i>Others</i>	269	239	13%

1) **EGCO's Revenues**, amounting to Baht 388 million, represented an increase of Baht 249 million or 179% from last year, driven mostly by dividend income from financial investments. In the first half of 2004, EGCO earned Baht 305 million from Krung Thai Dividend Selected Flexible Portfolio Fund (KTSF), representing an increase of Baht 240 million; dividends from marketable securities of Baht 40 million, up by Baht 4 million; and interest income of Baht 34 million, up by Baht 18 million as a result of interest received from shareholder loans to GEC and Nam Theun 2 amounted to Baht 8 million and Baht 5 million, respectively, as well as an increase in bank deposits. Other revenue amounted to Baht 4 million, a decrease by Baht 12 million.

2) **Revenues from the IPP Group**, consisting of two principal subsidiaries, REGCO and KEGCO, were Baht 5,053 million. The details are as follows:

- **Sales of electricity** was Baht 4,967 million, representing a decrease of Baht 5 million or 0.1% compared to last year. The decrease was a net effect from a fall in REGCO's electricity sales of Baht 323 million caused by a decrease of the Capacity Rate, which was partially offset by an increase of Baht 318 million in KEGCO's electricity sales due to an increased 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.

<i>Sales of Electricity — IPP Group:</i>		Unit: Million Baht	
	<i>1H2004</i>	<i>1H2003</i>	<i>%Changes</i>
<i>REGCO</i>	2,690	3,013	(11%)
<i>KEGCO</i>	2,277	1,959	16%

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 of 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 if the exchange rate is above Baht 28 per US Dollar and vice versa.

In the first half of 2004, REGCO and KEGCO received compensation for the exchange rate effect of Baht 502 million.

- **Interest income and others** amounted to Baht 86 million, a decrease by Baht 39 million or 31%, mainly from REGCO and KEGCO's lower interest rates and less deposits at banks and financial institutions as funds were used to pay down loans, which caused a drop in return of Baht 31 million.

**3) Revenues from the SPP Group** were Baht 2,340 million, an increase of Baht 287 million or 14% compared to 2003. The SPP Group incorporates five companies, Gulf Electric Public Co.,Ltd. (GEC), Amata-EGCO Power Ltd. (AEP), Amata Power Bangpakong Ltd. (APBP), TLP Cogeneration Co.,Ltd.(TLP Cogen) and Roi-Et Green Co.,Ltd. (Roi-Et Green). The details are as follows:

- **Sales of electricity** of the SPP Group were Baht 2,322 million, representing an increase of Baht 316 million or 16% compared to the same period of last year.

<i>Sales of Electricity — SPP Group:</i>		Unit: Million Baht	
	<i>1H2004</i>	<i>1H2003</i>	<i>%Changes</i>
<i>GEC</i>	1,331	1,299	2%
<i>TLP Cogen</i>	784	567	38%
<i>APBP</i>	139	136	2%
<i>Roi-Et Green</i>	69	5	1,346%

The major factor, which led to an increase of sales in the SPP group was an increase of electricity sales at TLP Cogen and Roi-Et Green, whose revenues were firstly realized after the completion of their construction in January 28 and May 29, 2003, respectively. TLP Cogen and Roi-Et Green's revenues increased by Baht 217 million and Baht 64 million, respectively.

- **Interest income and others** amounted to Baht 13 million, decreased by Baht 1 million.
- **Share of profit of associates and joint ventures** was from AEP totaling Baht 5 million, which decreased by Baht 31 million as compared to the same period of 2003 due to scheduled major maintenance.

4) **Revenues from the Overseas Group** were Baht 371 million, an increase of Baht 396 million compared to the same period of 2003. The overseas group refers to the CONAL Holdings Corporation (CONAL) and Nam Theun 2 Power Co., Ltd (NTPC). The details are as follows:

- **Sales of electricity** of the overseas group were Baht 371 million, a decline of Baht 138 million or 27% compared to the same period of last year, resulting from the transfer of 58 MW at Northern Mindanao Power Corporation (NMPC) to National Power Corporation (NPC) in July 2003.
- **Interest income and others** amounted to Baht 24 million, an increase of Baht 1 million or 5%.
- **Share of expenses of associates and joint ventures** totaled Baht 24 million, a decrease of Baht 532 million as compared to the same period of 2003. This resulted from the new accounting policy adjustment which had an impact of Baht 506 million on the share of development expenses of Nam Theun 2 Project in the first half of 2003.

5) **Revenues from the Other Business Group** were Baht 269 million, an increase by Baht 30 million or 13%. The other business group includes two subsidiaries, the EGCO Engineering and Service Co.,Ltd. (ESCO) and the EGCOM TARA Co., Ltd (EGCOM TARA). The details are as follows:

<i>Revenues from group of other business — Others:</i>	Unit: Million Baht		
	<i>1H2004</i>	<i>1H2003</i>	<i>% Changes</i>
<i>Service Income — ESCO</i>	184	168	10%
<i>Sales of Water — EGCOM TARA</i>	78	68	15%

- **Service income** from ESCO amounted to Baht 184 million, up by Baht 16 million or 10%, resulting mostly from an increase of operation and maintenance (O&M) services to Elgali 2 Power Plant in Sudan.

- **Sales of water from a subsidiary**, EGCOM TARA, was Baht 78 million, up by Baht 10 million, or 15%, thanks to an increase of both water tariff and sales quantity under the Water Purchase Agreement, which were in line with the company's projection.

- **Interest income and others** amounted to Baht 6 million, an increase by Baht 2 million or 47%, mainly from ESCO's other revenues.

- **Share of profit of associates and joint ventures** totaled Baht 2 million, an increase by Baht 2 million, mainly from Amata Power Esco Service Co.,Ltd (Amesco) whereas the Agro Energy Co.,Ltd (AE)'s share of loss amounted to Baht 0.49 million effected the investment in AE to be zero .

### 2.3 Expenses Analysis

Total expenses from EGCO, its subsidiaries and joint ventures in the first half of 2004 were Baht 5,554 million, an increase of Baht 1,194 million or 27% from the same period of last year. The details are as follows.

<i>Total Expenses:</i>	Unit: Million Baht		
	<i>1H2004</i>	<i>1H2003</i>	<i>% Changes</i>
<i>EGCO</i>	<i>193</i>	<i>259</i>	<i>(26%)</i>
<i>IPP Group</i>	<i>2,736</i>	<i>1,538</i>	<i>78%</i>
<i>SPP Group</i>	<i>2,188</i>	<i>2,126</i>	<i>3%</i>
<i>Overseas</i>	<i>232</i>	<i>251</i>	<i>(8%)</i>
<i>Others</i>	<i>205</i>	<i>185</i>	<i>11%</i>

1) **Total expenses of EGCO** were Baht 193 million, a decrease from the same period of last year by Baht 66 million, as a result of lower interest expenses from a reduction in the principal of EGCO debenture. The total expenses of EGCO included administration expenses totaling Baht 160 million and interest expenses of Baht 33 million. The administrative expenses was down Baht 30 million or 16%

2) **The IPP Group's expenses** were Baht 2,736 million, an increase of Baht 1,198 million, mainly a result of the new accounting policy. The details are as follows:

- **Cost of sales**, with the total of Baht 1,488 million, an increase by Baht 1,118 million or 302% compared to 2003, mainly from the impact prior to 2003 of the new accounting policy on REGCO and KEGCO bringing up the cost of sales of REGCO and KEGCO by Baht 681 million and Baht 437 million, respectively. Excluding the impact of the new accounting policy prior to 2003, the cost of sales of REGCO increased by Baht 152 million due to major maintenance whereas the cost of sales of KEGCO decreased by Baht 6 million.

*Cost of Sales — IPP Group:*

	1H2004	1H2003	Unit: Million Baht %Changes
REGCO	876	195	350%
KEGCO	612	175	249%

- **Administration expenses and other expenses** were Baht 311 million, an increase of Baht 212 million or 215%, mainly from REGCO's corporate tax payment amounting to Baht 199 million. From April 20, 2003 onwards, the 50% Corporate Tax Reduction has become effective for the next 5 years, ending on April 19, 2008. The REGCO's BOI Tax Privilege had been effective for 8 years, from the date of the receipt of operating revenues to April 19, 2003.

- **Interest expenses** were Baht 937 million, a decrease of Baht 133 million or 12%, resulting from the decrease in interest expenses at REGCO and KEGCO of Baht 74 million and Baht 58 million, respectively, owing to lower principal amounts.

3) The SPP Group's expenses were Baht 2,188 million, an increase of Baht 62 million or 3%, according to the following reasons:

- **Cost of Sales** were Baht 1,860 million, an increase of Baht 277 million or 17%, substantially driven by an increase in cost of sales of GEC amounting to Baht 134 million, resulted from major maintenance and the impact of new accounting policies. TLP Cogen's cost of sales increased by 113 million, which was consistent with their increased sales of electricity. An increase of Roi-Et Green and APBP's cost of sales amounted to Baht 28 million and Baht 2 million, respectively, which was consistent with their increased sales of electricity.

*Cost of Sales - SPP:*

Unit: Million Baht

	1H2004	1H2003	%Changes
GEC	1,139	1,005	13%
TLP Cogen	586	473	24%
APBP	100	98	2%
Roi-Et Green	36	8	344%

- **Administration expenses and other expenses** were 185 million, a decrease of Baht 182 million or 50%, substantially from GEC that was down by Baht 204 million. The new accounting policy caused an expense write-off prior to 2003 at Bo Nok that amounted to Baht 103 million and there were impairment expenses of Bo Nok's land and goodwill that amounted to Baht 170 million. Excluding the impact of the new accounting policy, GEC's administration and other expenses increased by Baht 69 million. TLP Cogen's administration and other expenses were up Baht 24 million, in line with an increase in electricity sales firstly recognised from January 28, 2003 onwards.

- **Interest expenses** were Baht 143 million, a decrease of Baht 33 million or 19%, mainly driven by the decrease in interest expenses at GEC of Baht 37 million, resulting from lower principal and interest rates thanks to the refinancing of certain loans. For Roi-et Green, owing to an increase of loan drawdown, its interest expenses increased by Baht 5 million whereas the interest expenses of APBP decreased by Baht 1 million owing to lower principal amount.

4) **The Overseas Group's expenses** were Baht 232 million, a decrease of Baht 19 million or 8% compared to 2003, owing to the following reasons:

- **Cost of Sales** were Baht 83 million, a decrease of Baht 24 million or 22% as compared to last year. This resulted from a decrease of Northern Mindanao Power Corporation (NMPC)'s depreciation caused by a lower forecasted electricity production and the transfer of NMPC's 58 MW to NPC.

- **Administration expenses and other expenses** were Baht 113 million, an increase of Baht 14 million or 14%.

- **Interest expenses** were Baht 35 million, a decrease of Baht 9 million or 20% owing to lower principal amount.

5) **The Other Business Group's expenses** were Baht 205 million, an increase of Baht 20 million or 11%, owing to the following reasons:

- **Service costs** were Baht 130 million, an increase of Baht 11 million or 10%, resulting from an increase of ESCO's operation and maintenance (O&M) services to customers which was consistent with its revenue.

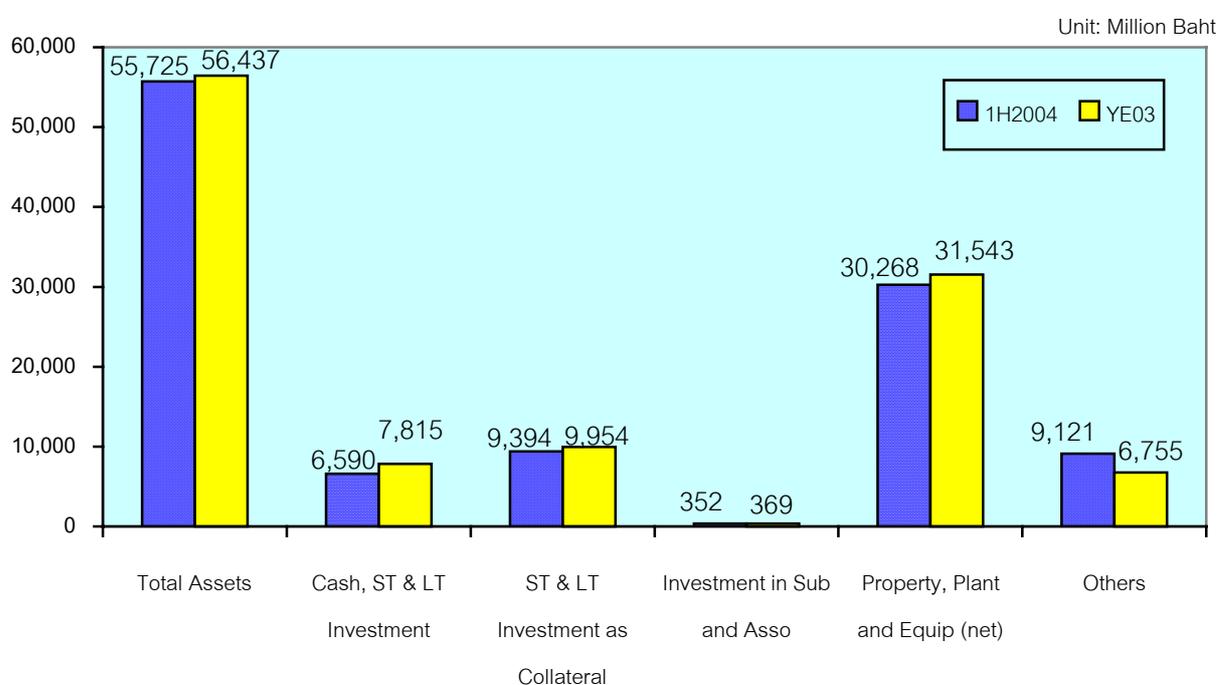
- **Cost of water sales** of EGCOM Tara was Baht 27 million, a decrease of Baht 1 million or 3% which was in line with an increase of EGCOM TARA revenue.

- **Administration expenses and other expenses** were Baht 42 million, an increase of Baht 13 million or 44%, mostly from ESCO's expenses which was in line with an increase of ESCO revenue
- **Interest expenses** were Baht 6 million, a decrease of Baht 4 million or 39%, resulting from the lower principal amount as well as the lower interest rate at EGCOM Tara.

### 3. Report and Analysis of Financial Position

#### 3.1 Asset Analysis

As at June 30, 2004, total assets of EGCO, its subsidiaries, associates and joint ventures amounted to Baht 55,725 million, a decrease of Baht 712 million or 1% from December 31, 2003. The important details are as follows:



1) **Cash, deposit at banks and financial institutions, and short term and long term marketable securities** were Baht 6,590 million or 12% of the total assets, down Baht 1,225 million or 16%. This was categorized by a decrease of Baht 1,006 million in deposits at banks and financial instruments and short-term marketable securities, a decrease of Baht 450 million in long-term investments in marketable securities and others resulted from additional investment in GEC and shareholder loans to GEC and NTPC as well as a diminishing market value of marketable securities; whereas the cash and cash equivalent were up by Baht 231 million.

2) **Short-term and long-term investments used as collateral** were Baht 9,394 million or 17% of the total assets, down Baht 560 million or 6%, with the partial cash reserve of debt repayment in US Dollars in the amount of USD 60 million.

3) **Investment in subsidiaries and associates and interests in joint ventures** amounted to Baht 352 million or 1% of the total assets, down by Baht 17 million or 5%. This mainly resulted from the recognition of investment write-down in Nam Theun 2 owing to the new accounting policy which amounted to Baht 24 million.

4) **Property, plant and equipment (net)** totaled Baht 30,268 million or 54% of total assets. They were down Baht 1,275 million or 4% due to the depreciation of EGCO and subsidiaries' assets totaling Baht 1,191 million, the reclassification of unutilised capital spare parts from property, plant and equipment to inventories of KEGCO, amounting to Baht 268 million, GEC's impairment of its power plant of Baht 11 million whereas the translation adjustment up Baht 23 million. An increase in property, plant and equipment was substantially from REGCO and KEGCO's capital spare parts of Baht 34 million, Baht 41 million, respectively. Moreover, an increase of Baht 52 million was from the construction of GEC.

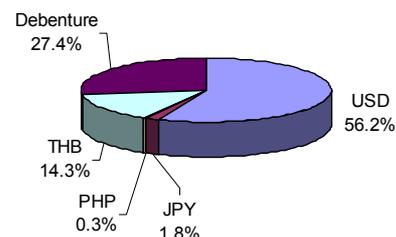
5) **Other assets** were Baht 9,121 million or 16% of the total assets, up Baht 2,366 million or 35% mainly from accounts receivable from related companies, up Baht 1,069 million, an increase of Spare Parts and Supplies by Baht 615 million, shareholder loans to GEC amounting to Baht 338 million and NTPC amounting to Baht 249 million. The other current asset was up by Baht 25 million.

### **3.2 Liability Analysis**

As at June 30, 2004, the company's total liabilities were Baht 27,741 million, down Baht 1,995 million or 7% as a result of the loans and debentures repayment at EGCO, REGCO and KEGCO. The total liabilities consisted of the following:

1) Long-term loans and debentures totaled Baht 26,045 million, or 94% of total liabilities, down Baht 1,867 million or 7%. The details are as follows:

- USD loans in the amount of USD 358 million
- Yen loans in the amount of Yen 1,212 million
- Philippine Peso loans in the amount of Peso 101 million
- Baht loans in the amount of Baht 3,739 million
- Debentures in the amount of Baht 7,163 million



In the first six-months of 2004, the amount of loans denominated in Baht, USD, and Peso, including debenture decreased by Baht 1,947 million as compared to 2003 mostly from principal repayment by EGCO, REGCO, KEGCO, APBP, TLP Cogen, Conal, EGCOM TARA and GEC's loan refinancing. On the other hand, the amount of loans denominated in Yen were up Baht 76 million, which was due to the loan drawdown for the construction of Roi-Et Green.

2) Other liabilities amounted to Baht 1,696 million or 6% of total liabilities, mostly resulted from bank overdrafts and short-term loans of Baht 340 million, trade accounts payable of Baht 435 million, interest payable of Baht 165 million, value added tax payable and income tax payable of Baht 328 million and others of Baht 428 million.

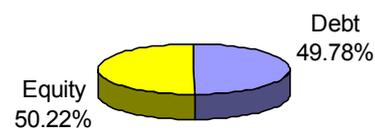
### 3.3 Shareholders' Equity Analysis

As at June 30, 2004, Shareholders' Equity (excluding treasury stock) amounted to Baht 27,984 million, which was Baht 1,283 million higher than the amount as at December 31, 2003. This was due mainly to the profits from operation during the first half of 2004, partially offset by a decrease of the unrealized gain on investments in marketable securities totaling Baht 649 million.

The analysis of the company's capital structure as at June 30, 2004 is summarized as follows:

Shareholders' equity was Baht 27,984 million or 50.22%.

Liabilities were Baht 27,741 million or 49.78%.



*Important financial ratios* were as follows;

- Debt to equity ratio was 0.99 times, lower than 1.11 times at the end of last year.
- Book value per share was Baht 51.56, higher than Baht 49.21 at the end of last year.

#### 4 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 June 30, 2004, the ending balance of the cash and the cash equivalent was Baht 1,962 million, up by Baht 231 million from the end of 2003. The details of the sources and uses of funds are as follows;

-**Net cash received from operating activities** totaled Baht 3,077 million, a decrease of Baht 916 million as compared to 2003. Most of the changes were due to a decrease in cash from operating activities by Baht 1,164 million whereas cash received from working capital increased by Baht 248 million.

-**Net cash received from investing activities** was Baht 208 million. Baht 1,026 million was for the net sale of short-term financial investments whereas the dividend from Krung Thai Dividend Selected Flexible Portfolio Fund (KTSF) and East Water Resources Development and Management Public Co., Ltd were Baht 305 million and Baht 40 million, respectively. The shareholder loans to GEC and NTPC were Baht 338 million and Baht 249 million, respectively.

- **Net cash payment for financing activities** was Baht 3,058 million, mainly owing to long-term loan and debenture repayment by EGCO, REGCO, KEGCO, TLP Cogen, Roi-Et Green, APBP and GEC in the amount of Baht 2,520 million and dividend payment to shareholders amounted to Baht 786 million while the loan drawdown from TLP Cogen and Roi-Et Green increased by Baht 228 million.