



EGCO

บริษัท ผลิตไฟฟ้า จำกัด (มหาชน)
ELECTRICITY GENERATING PUBLIC COMPANY LIMITED

Management Discussion and Analysis

For the Three-month Period Operating Results

Ended March 31, 2006

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: 662-998-5131-3 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 12 operating plants totaling 2,414 equity MW.

For the first quarter operating results ended March 31, 2006, EGCO's consolidated net profit was Baht 2,070 million, an increase of Baht 573 million or 38% compared to the same period of 2005. Excluding the impact of foreign exchange, the net profit was Baht 1,689 million, representing an increase of Baht 221 million or 15% as compared to the same period of last year. The details of net profit (**before FX**) are as follows:

- **EGCO's** net profit was Baht 66 million, a decrease of Baht 39 million as a result of slightly lower dividends from its financial investments.
- **IPP Group**, consisting of Rayong Electricity Generating Co.,Ltd (REGCO) and Khanom Electricity Generating Co.,Ltd (KEGCO), showed a net profit of Baht 1,475 million, up Baht 330 million from higher sales of electricity.
- **Small Power Producer (SPP) Group**, which is comprised of five companies including Gulf Electric Public Company Limited (GEC), Amata-EGCO Power Ltd. (AEP), Amata Power (Bang Pakong) Ltd. (APBP), TLP Cogeneration Co.,Ltd. (TLP Cogen) and Roi-Et Green Co.,Ltd. (Roi-Et Green), reported a net profit of Baht 12 million, a decrease of Baht 72 million which resulted primarily from an increase in GEC's cost of sales, administrative expenses and interest expenses.
- **Overseas Group** refers to the Conal Holdings Corporation (Conal) and Nam Theun 2 Power Co.,Ltd. (NTPC). The net profit from this group was Baht 43 million, down by Baht 26 million owing to Conal's transferring the Northern Mindanao Power Corporation (NMPC)'s power plant to National Power Corporation (NPC), plus a reported net loss of Baht 5 million for the first quarter of 2006 as a result of NTPC's proportionate consolidation, 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 for its agreed equity commitments to NTPC .
- **Other Business Group** includes two subsidiaries, EGCO Engineering & Service Co.,Ltd. (ESCO) and Egcom Tara Co., Ltd. (ET) from which net profit totaled Baht 93 million, an increase of Baht 28 million due to higher service income from ESCO.

2. Business Expansion Analysis

EGCO is the first IPP in Thailand established in 1992 through the partial privatization of The Electricity Generating Authority of Thailand (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 electricity and supply it to EGAT under long-term power purchase agreements (PPA). EGCO also focuses its investment on pursuing opportunities in power generation in Thailand and also seeking to expand its business in the ASEAN countries by acquisitions with the aim to provide strong returns to shareholders by improving the profitability of our existing assets and acquiring new projects with acceptable returns and risks.

As at the end of March 2006, Thailand's total generating capacity was reported at 26,456.66 MW¹, of which 9.12% was attributable to EGCO. During the first quarter of the year 2006, the peak demand reached 20,744.88 MW¹ in March, which was 2.59% higher than the peak demand in March 2005.

Recently, the Electricity Regulatory Board is in the process of considering whether the subsidiaries of EGAT which EGAT holds more than 50% of shares may be prohibited to participate in IPP bidding unless EGAT agrees to reduce its stake in such subsidiaries to less than 25%. The impact of this regulation on EGCO cannot be presently concluded. Nevertheless, EGCO will set appropriate strategies to utilize its expertise within the group to prepare and participate in this new bidding 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 Gulf Power Generation Co., Ltd. (GPG), the KK2 project company. The commercial operation dates (COD) for unit 1 and unit 2 with a capacity

¹ Source: EGAT

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 raining 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.

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 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.

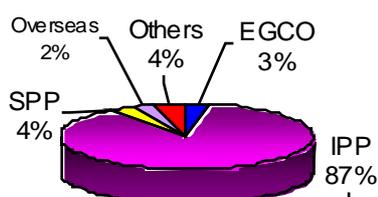
During the third quarter of 2005, NTPC has commenced the construction of the power plant in the Lao PDR and EGCO has entered into the agreement to provide credit support in the form of Standby Letters of Credit for its agreed equity commitments to NTPC of USD 94 million. Accordingly, investment in NTPC has been accounted for under the proportionate consolidation method in the consolidated financial statements since the third quarter of 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 the first quarter of 2006, as of March 31, 2006, was Baht 2,070 million, an increase of Baht 573 million or 38% compared to the same period of the year 2005.

Unit : Million Baht



Net Profit after FX – 1Q2006

	Net Profit of 1Q2006		Net Profit of 1Q2005	
	Before FX	After FX	Before FX	After FX
EGCO	66	66	105	109
IPP Group	1,475	1,791	1,145	1,140
SPP Group	12	75	84	102
Overseas	43	46	69	80
Others	93	92	65	65

Remarks: - IPP : REGCO, KEGCO

- SPP : GEC, AEP, APBP, TLP Cogen, Roi-Et Green

- Overseas : Conal, Nam Theun 2

- Others : ESCO, ET

The net profit for the first quarter of 2006 included foreign exchange gain of Baht 380 million whereas the Company incurred a foreign exchange gain of Baht 28 million for the first quarter of 2005. An unrealized foreign currency exchange gain in the amount of Baht 369 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, 2006) and the previous period (December 31, 2005).

Excluding the effect of foreign currency exchange gain, the profit was Baht 1,689 million, representing an increase of Baht 221 million or 15% as compared to the same period of 2005.

For the first quarter of 2006, excluding the effect of foreign currency exchange gain of Baht 380 million, interest expenses of Baht 474 million, income tax of Baht 338 million and depreciation and amortization of Baht 665 million, the earnings before interest, tax, depreciation and amortization (EBITDA) would be Baht 3,166 million, representing an increase of Baht 444 million or 16% as compared to the same period of 2005, in which the EBITDA was Baht 2,722 million, excluding the effect of foreign currency exchange gain of Baht 28 million, interest expenses of Baht 468 million, income tax amounting to Baht 119 million and depreciation and amortization amounting to Baht 666 million.

Important Financial Ratios for the period were as follows;

- Gross Profit Ratio was 54.26%
- Net Profit Ratio (excluding the effect of foreign exchange) was 33.24%
- Earnings (excluding the effect of foreign exchange) per share (EPS) was Baht 3.21

The gross profit margin of 54.26% was higher than the same period of last year's margin of 53.82%, primarily as a result of REGCO and KEGCO's higher sales of electricity as forecasted whilst an increase of GEC's administrative expenses and KEGCO's income tax lessen the net profit ratio (excluding the effect of foreign exchange) for the first quarter of 2006 reported at 33.24%, lower than the ratio of the same period of 2005 at 34.84%.

3.2 Income and Expenses Analysis

The total revenues of EGCO and its subsidiaries for the first three-months of 2006 as well as the share of profits from its associates and interest in joint ventures were Baht 5,082 million, an increase of Baht 867 million or 21% compared to the same period of 2005. And total expenses from EGCO, its subsidiaries and joint ventures in the first quarter of 2006 were Baht 3,285 million, an increase of Baht 625 million or 24% from the same period of last year. The details according to their groups of business are as follows:

Total Revenues and Expenses:

Unit : Million Baht

	EGCO		IPP		SPP		Overseas		Others		Total	
	Q1'06	Q1'05	Q1'06	Q1'05	Q1'06	Q1'05	Q1'06	Q1'05	Q1'06	Q1'05	Q1'06	Q1'05
Total Revenues	175	200	2,904	2,418	1,471	1,171	195	199	336	226	5,082	4,215
Total Expenses	109	95	1,429	1,274	1,417	1,066	96	73	234	153	3,285	2,661

1) EGCO's Revenues, amounting to Baht 175 million, showed a decrease of Baht 25 million or 13% from the same period of last year, driven mostly by the fall in dividend income from financial investments by Baht 66 million or 39% as compared to the same period of 2005. EGCO's revenues comprised of dividend income from financial investment of Baht 101 million other income of Baht 44 million and interest income of Baht 30 million.

EGCO's revenues are essentially from Krung Thai Dividend Selected Flexible Portfolio Fund (KTSF) in the amount of Baht 65 million representing a decrease of Baht 26 million as compared to the same period of 2005; dividends from Eastern Water Resources Development and Management Public Company Limited (EASTW) of Baht 31 million, down by Baht 31 million; and interest income of Baht 30 million, up by Baht 6 million. The other income for this quarter was up by Baht 34 million due to the NTPC's net reimbursement of internal development cost according to shareholders' agreement amounting to Baht 35 million.

Total expenses of EGCO, which were administrative expenses, totaled Baht 109 million, an increase from the same period of last year by Baht 14 million or 15% due to financing fees from Standby Letters of Credit for the agreed equity commitments to NTPC and the release of Debt Service Reserve Accounts of REGCO and KEGCO as well as advisory fees.

2) IPP Group consisting of two principal subsidiaries, REGCO and KEGCO, represented the total revenues of Baht 2,904 million, up by Baht 485 million or 20% as compared to the same period of 2005 whilst the total expenses were Baht 1,429 million, up by Baht 156 million or 12%. The details are as follows:

Total Revenues and Expenses of IPP Group:

Unit : Million Baht

	REGCO		KEGCO		Total		
	Q1'06	Q1'05	Q1'06	Q1'05	Q1'06	Q1'05	%Chg
Revenues	1,432	1,249	1,471	1,169	2,904	2,418	20%
Expenses	697	684	733	590	1,429	1,274	12%

- **Sales of electricity** of IPP Group were Baht 2,809 million, representing an increase of Baht 428 million or 18% compared to the same period of last year. The increase was a result of a growth in REGCO's electricity sales of Baht 135 million to be Baht 1,370 million and KEGCO's electricity sales of Baht 292 million to be Baht 1,439 million. These increased were caused by an increase in the Capacity Rate for REGCO and the Base Availability Credit for KEGCO which 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

	1Q2006	1Q2005	%Changes
REGCO	1,370	1,235	11%
KEGCO	1,439	1,147	25%
<i>Total Sales of Electricity - IPP</i>	2,809	2,382	18%

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 quarter of 2006, REGCO and KEGCO received compensation for the exchange rate effect of Baht 241 million.

- **Interest income and others** amounted to Baht 95 million, an increase of Baht 58 million or 157%, mainly from REGCO's increased interest income in the amount of Baht 45 million. It resulted from higher amount of deposits at banks and financial institutions due to EGCO's equity injection in REGCO. Moreover, KEGCO's interest income increased by Baht 9 million resulting from an increase in interest rate; REGCO and KEGCO's other revenues increased by Baht 3 million.

- **Cost of sales**, with the total of Baht 777 million, an increase of Baht 52 million or 7% compared to the same period of 2005, mainly from the result of KEGCO's cost of sales increased by Baht 48 million or 16% from major maintenance expenses as planned whilst REGCO's cost of sales increased by Baht 4 million.

<i>Cost of Sales – IPP Group:</i>		Unit : Million Baht	
	1Q2006	1Q2005	%Changes
REGCO	419	416	1%
KEGCO	358	309	16%
<i>Total Cost of Sales – IPP Group:</i>	777	725	7%

- **Administrative expenses and income taxes** were Baht 343 million, an increase of Baht 168 million or 96%, mainly from KEGCO's first corporate tax payment amounting to Baht 146 million. Although KEGCO's BOI Tax Privilege for 8 years ended on September 25, 2004, the loss carried forward was utilized up until the end of 2005. Thereafter the 50% corporate tax reduction privilege is applied. This 5-year tax reduction privilege will end on September 25, 2009. In addition, REGCO's corporate tax payment increased by Baht 15 million resulting from its increased revenues.

- **Interest expenses** were Baht 309 million, a decrease of Baht 64 million or 17%, resulting from the decrease in interest expenses at REGCO and KEGCO of Baht 25 million and Baht 40 million, respectively, owing to lower principal amounts.

3) SPP Group's total revenues were reported at Baht 1,471 million for the first quarter of 2006, an increase of Baht 300 million or 26% compared to the same period of 2005. The SPP Group incorporates five companies, GEC, AEP, APBP, TLP Cogen and Roi-Et Green. The expenses were Baht 1,417 million, an increase from the same period of last year by Baht 351 million or 33%. The details are as follows:

<i>Total Revenues and Expenses of SPP Group:</i>										Unit : Million Baht	
	GEC		TLP Cogen		APBP		Roi-Et Green		Total		
	Q1'06	Q1'05	Q1'06	Q1'05	Q1'06	Q1'05	Q1'06	Q1'05	Q1'06	Q1'05	% Chg
Revenues	806	652	466	406	122	70	78	43	1,471	1,171	26%
Expenses	918	636	390	330	75	70	34	31	1,417	1,066	33%

- **Sales of electricity** of the SPP Group were Baht 1,398 million, representing an increase of Baht 254 million or 22% compared to the same period of last year. Most of the increase of SPP group's electricity sales was from GEC, TLP Cogen, Roi-Et Green and APBP in the amount of Baht 136 million, Baht 59 million, Baht 30 million and Baht 29 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. 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. And the APBP's electricity sales increased as a result of the physical impairment of an electricity generating equipment that happened in the same period of 2005.

Sales of Electricity – SPP Group: Unit : Million Baht

	1Q2006	1Q2005	%Changes
<i>GEC</i>	784	648	21%
<i>TLP Cogen</i>	462	403	15%
<i>APBP</i>	83	54	54%
<i>Roi-Et Green</i>	68	38	79%
<i>Total Sales of Electricity – SPP Group</i>	1,398	1,143	22%

- **Interest income and others** amounted to Baht 35 million, an increase of Baht 24 million mainly from the increase in GEC's other income from insurance claim by Baht 14 million and interest income of GEC which amounted to Baht 3 million, whilst the other income of Roi-Et Green was up by Baht 4 million.

- **Share of profit of associates and joint ventures** was from AEP totaling Baht 38 million, an increase of Baht 22 million as compared to the same period of 2005 due to a gain on foreign exchange rate and increased electricity sales from EGAT and industrial users.

- **Cost of Sales** of SPP Group were reported at Baht 1,169 million, an increase of Baht 238 million or 26% as compared to the same period of 2005. This was substantially driven by an increase in cost of sales of GEC amounting to Baht 172 million owing to higher fuel costs as well as an increase at TLP Cogen amounting to Baht 62 million from higher fuel costs. There was an increase at Roi-Et Green's cost of sales by Baht 3 million due to higher price and greater amount of rice husk used as fuel.

Cost of Sales – SPP Group:

Unit : Million Baht

	1Q2006	1Q2005	%Changes
GEC	711	539	32%
TLP Cogen	363	301	21%
APBP	65	64	2%
Roi-Et Green	30	27	10%
Total Cost of Sales – SPP Group	1,169	931	26%

- **Administrative expenses and income taxes** were Baht 105 million, up by Baht 47 million or 81% as compared to the first quarter of 2005, coming substantially from GEC's higher administrative expenses of Baht 42 million, reported at Baht 94 million from Board of Directors and employees' bonus and Khaeng Khoi 2's commitment fee.

- **Interest expenses** were Baht 144 million, an increase of Baht 66 million or 86%, driven by an increase in GEC's interest expenses amounting to Baht 68 million due to an unwind cost of Interest Rate Swap Agreement and loan drawdown for administrative expenses for Khaeng Khoi 2 Project. TLP Cogen and Roi-Et Green's interest expenses were down by Baht 2 million and Baht 1 million, respectively, owing to lower principal amounts.

4) **Overseas Group** refers to Conal and NTPC, of which their revenues were Baht 195 million, a decrease of Baht 4 million or 2% compared to the same period of 2005. The expenses were Baht 96 million, an increase of Baht 23 million or 31% compared to the same period of 2005, owing to the following reasons:

Total Revenues and expenses of Overseas Group:

Unit : Million Baht

	<i>Conal</i>		<i>NTPC</i>		<i>Total</i>		
	Q1'06	Q1'05	Q1'06	Q1'05	Q1'06	Q1'05	% Chg
Revenues	195	199	0.42	-	195	199	(2%)
Expenses	91	73	5	-	96	73	31%

- **Sales of electricity** of the Overseas Group were Baht 180 million, a decrease of Baht 8 million or 4% compared to the same period of last year. This resulted from the contractual transfer of the 40 MW of NMPC's Power Plant to NPC in February 2006.

- **Interest income and others** amounted to Baht 15 million, an increase of Baht 4 million or 33% as compared to the first quarter of 2005, mainly due to an increase of Conal's interest income and other income.

- **Cost of Sales** were Baht 11 million, a decrease of Baht 27 million or 71% due to the transferring of NMPC.

- **Administrative expenses and income taxes** were Baht 64 million, an increase of Baht 46 million or 245%. The change to the proportionate consolidation method for the accounting of NTPC led to a recognition of expenses in the amount of Baht 5 million for this quarter and Conal incurred expenses of Baht 59 million, up Baht 41 million mainly owing to a deferred income tax incurred in the first quarter of 2005.

- **Interest expenses** were Baht 20 million, up by Baht 5 million or 29%.

5) **Other Business Group** includes two subsidiaries, ESCO and ET. Total revenues were Baht 336 million, an increase by Baht 110 million or 49% as compared to the same period of 2005 and total expenses totaled Baht 234 million, an increase of Baht 81 million or 53%. The details are as follows;

Total Revenues and Expenses of Other Business Group:

Unit : Million Baht

	ESCO		EGCOM TARA		Total		
	Q1'06	Q1'05	Q1'06	Q1'05	Q1'06	Q1'05	% Chg
Revenues	290	184	46	42	336	226	49%
Expenses	220	137	15	16	234	153	53%

- **Service income** from ESCO amounted to Baht 285 million, up by Baht 104 million or 57%, 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 45 million, up by Baht 4 million, or 9%, thanks to an increase of water tariff under the Water Purchase Agreement.

- **Interest income and others** amounted to Baht 4 million, an increase by Baht 2 million or 54%, mainly from ESCO's other revenues.

- **ESCO's share of profit of associates and joint ventures** totaled Baht 1.48 million, an increase of Baht 1.40 million, mainly from Amata Power-Esco Service Co.,Ltd (AMESCO).

- **Cost of Services** were Baht 187 million, an increase of Baht 77 million or 70%, resulting from an increase in the costs of ESCO's operation and maintenance (O&M) services to customers which was consistent with its increased revenues.

- **Cost of water sales** of ET was Baht 14 million, up Baht 0.44 million or 3.39% mainly from an increase of operating and maintenance service costs.

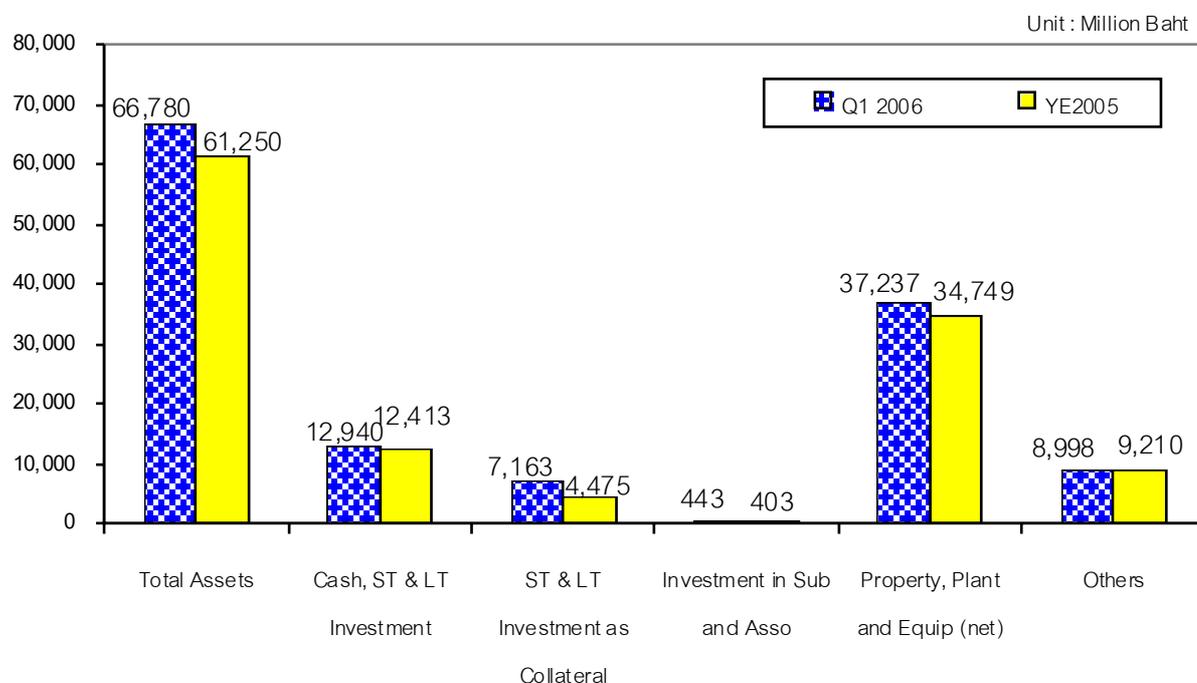
- **Administrative expenses and income taxes** totaled Baht 33 million, an increase of Baht 4 million or 15% compared to the same period of 2005, mostly from an increase in ESCO's income tax, up Baht 5 million due to an increase in revenues.

- **Interest expenses** were Baht 1 million, a decrease of Baht 0.81 million or 48% compared to the first quarter of 2005, owing to lower principal amount of EGCOM TARA's debt.

4. Report and Analysis of Financial Position

4.1 Asset Analysis

As at March 31, 2006, total assets of EGCO, its subsidiaries, associates and joint ventures amounted to Baht 66,780 million, an increase of Baht 5,530 million or 9% from December 31, 2005. The important details are as follows:



1) **Cash and deposits at financial institutions, and short term and long term marketable securities** were Baht 12,940 million or 19% of the total assets, up Baht 527 million or 4%. This was categorized by an increase of Baht 391 million in cash and cash equivalent, Baht 16 million in deposits at financial institutions and short-term marketable securities and Baht 120 million in long-term investments in marketable securities.

2) **Short-term and long-term investments used as collateral** were Baht 7,163 million or 11% of the total assets, up Baht 2,688 million or 60%. This increase mainly came from cash reserved for the purpose of repayment of principal and payment of interest of REGCO and KEGCO.

3) **Investment in subsidiaries, associates and interests in joint ventures** amounted to Baht 443 million or 1% of the total assets, up by Baht 40 million or 10%. This increase is mainly a result of the recognition of the share of profit of AEP.

4) **Property, plant and equipment (net)** totaled Baht 37,237 million or 56% of the total assets. They were up Baht 2,488 million or 7% due to an increase in property, plant and equipment related to GEC and NTPC's construction of Baht 2,754 million and Baht 347 million, respectively; as well as the recording of capital spare parts as property, plant and equipment following the major maintenance of KEGCO, REGCO and TLP Cogen in the amount of Baht 101 million, Baht 22 million and Baht 41 million, respectively.

Meanwhile, a decrease in property, plant and equipment was from depreciation of EGCO and subsidiaries' assets totaling Baht 636 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 37 million, Baht 59 million and Baht 35 million, respectively.

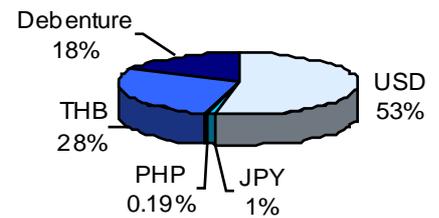
5) **Other assets** were Baht 8,998 million or 13% of the total assets, a drop by Baht 212 million or 2% mainly from a decrease of trade accounts receivable from related companies in the amount of Baht 622 million. Meanwhile, unearned income was up by Baht 166 million and other current assets were up by Baht 196 million.

4.2 Liability Analysis

As at March 31, 2006, the company's total liabilities were Baht 32,377 million, up Baht 3,241 million or 11% as a result of additional loan drawdown. The total liabilities consist of the following:

1) **Long-term loans and debentures** totaled Baht 27,105 million, or 84% of total liabilities, up Baht 3,619 million or 15%. The details are as follows:

- USD loans in the amount of USD 380 million
- Yen loans in the amount of Yen 1,034 million
- Filipino Peso loans in the amount of Peso 72 million
- Baht loans in the amount of Baht 7,763 million
- Baht debentures in the amount of Baht 4,927 million



In the first three-months of 2006, there was additional loan drawdown that totaled Baht 4,730 million for the construction of GEC, NTPC and APBP, whereas there was principal repayment of Baht 412 million.

2) **Other liabilities** amounted to Baht 5,273 million or 16% of total liabilities, mostly resulting from account payable – construction amounting to Baht 1,315 million, bank overdrafts and short-term loans of Baht 104 million, trade accounts payable of Baht 913 million, interest payable of Baht 408 million, value added tax payable and income tax payable of Baht 713 million, and others of Baht 1,820 million.

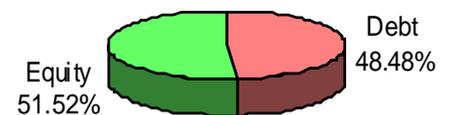
4.3 Shareholders' Equity Analysis

As at March 31, 2006, Shareholders' Equity amounted to Baht 34,403 million, which was Baht 2,288 million higher than the amount as at December 31, 2005. This was due mainly to the profits from operation of the first quarter of 2006.

The analysis of the company's capital structure as at March 31, 2006 is summarized as follows:

Shareholders' equity was Baht 34,403 million or 51.52%.

Liabilities were Baht 32,377 million or 48.48%.



Important financial ratios were as follows:

- Debt to equity ratio was 0.94 times, higher than 0.91 times at the end of last year.
- Book value per share was Baht 63.13, higher than Baht 58.96 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 March 31, 2006, the ending balance of the cash and the cash equivalent was Baht 9,211 million, up by Baht 391 million from the end of 2005. The details of the sources and uses of funds are as follows:

-**Net cash received from operating activities** totaled Baht 92 million. Most of this was cash from operating activities that amounted to Baht 2,327 million whereas cash paid for working capital decreased by Baht 2,236 million.

-**Net cash payment for investing activities** was Baht 4,023 million. There was Cash payment for the investment in power plant construction that amounted to Baht 3,626 million at GEC, Baht 320 million at NTPC and Baht 52 million at APBP. The cash inflow was from dividends of EASTW, KTSF and the other open-ended funds which amounted to Baht 31 million, Baht 65 million and Baht 5 million, respectively.

- **Net cash received from financing activities** was Baht 4,333 million, mainly owing to loan drawdown of GEC in the amount of Baht 4,439 million, NTPC in the amount of Baht 254 million and APBP in the amount of Baht 38 million whilst the loan repayment from TLP Cogen, Roi-Et Green, APBP and GEC totaled Baht 412 million.