



Management Discussion and Analysis

For the Six-month Period Operating Results

Ended June 30, 2007

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 3,509 equity MW at present. Since January 2007, the 50% share of profit in the joint venture BLCP Power Limited (BLCP), a 1,434 MW coal-fired power plant, has been recognised.

The Amata Power Bang Pakong Expansion (APBP-Expansion Project), a 55 MW combined cycle gas turbine power plant, achieved Commercial Operation Date (COD) on April 25, 2007. In addition, Unit 1 of the Kaeng Khoi 2 (KK2) combined cycle gas turbine IPP project of the joint venture Gulf Power Generation Co., Ltd (GPG), with capacity of 734 MW, was completed and achieved its COD on May 5, 2007.

EGCO Group's consolidated net profit for the first six months of 2007 ended June 30, was Baht 5,025 million, an increase of Baht 1,372 million or 38% compared to the same period of 2006. Excluding the impact of foreign exchange on EGCO and subsidiaries, the net profit was Baht 4,922 million, representing an increase of Baht 1,761 million or 56% as compared to the same period of the previous year; the details of the change are as follows:

- **EGCO's** net loss of Baht 144 million, representing a decrease in net profit of Baht 258 million, resulted from a fall in revenue of Baht 95 million, mostly from lower interest income and dividend income; plus higher administrative expenses of Baht 89 million mostly from advertising expenses and project development cost; and an increase of interest expenses from short term loans in the amount of Baht 75 million.

- **IPP Group**, consisting of Rayong Electricity Generating Co., Ltd. (REGCO), Khanom Electricity Generating Co., Ltd. (KEGCO), the joint venture BLCP and the joint venture GPG, showed a net profit and share of profit from joint ventures totaling Baht 4,516 million, up Baht 1,868 million thanks to the recognition of the share of profit from BLCP since January 2007 as well as the share of profit from GPG thanks to Unit 1 of KK2's which was completed and achieved its COD since May 2007.

- **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

585 million, an increase of Baht 377 million that mainly resulted from GEC's higher net profit owing to a gain from foreign exchange rate.

- **Overseas Group**, which is comprised of two joint ventures including the Conal Holdings Corporation (Conal) and Nam Theun 2 Power Co., Ltd. (NTPC). The net loss from this group was Baht 146 million, down by Baht 193 million mainly resulting from NTPC's loss of Baht 179 million from a loss on foreign exchange rate. Conal's net profit was reported at Baht 34 million, down by Baht 41 million, caused by a decrease in electricity sales after transferring the Northern Mindanao Power Corporation (NMPC) to National Power Corporation (NPC) in February 2006 as well as the Peso appreciation.

- **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 111 million, a decrease of Baht 33 million due mostly to lower service income from ESCO.

2. Business Expansion Analysis

EGCO was 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 June 2007, Thailand's total generating capacity was reported at 28,522.4 MW¹, of which 12.21% was attributable to EGCO. During the first half of the year 2007, the peak demand reached 22,586.1 MW¹ on April 24, 2007, which was 7.23% higher than the peak demand in May 2006.

¹ Source: EGAT

During 29 June – 27 July 2007, the government has announced the bidding for new independent power projects, with a total electricity generating capacity of 3,200 MW of the national grid from 2012-2014. The bidders are required to submit proposal by October this year that must specify the power plant location and type of fuel used for electricity production. It is expected that by the end of this year, the winner of the bid will be announced which will lead to the process of PPA signing in June 2008. It was reported that 60 bidding documents were bought, signifying high competition which could lead to competitive power prices. Utilizing the expertise with the EGCO group, EGCO is currently preparing to participate in the bidding with proposals that will use natural gas as a fuel supply.

As of June 30, 2007, EGCO has 14 operating plants with capacity totaling 3,509 equity MW, of which 59% is comprised of two natural gas-fired IPPs which are the 1,232 MW REGCO plant and the 824 MW KEGCO plant. EGCO also has another 717 equity MW representing 20% of the company's total equity MW portfolio from the BLCP Power facility, a 1,434 MW coal-fired power plant situated in Map Ta Phut Industrial Estate in Rayong Province. The BLCP facility uses high quality imported coal from Australia.

Recently, EGCO has gained another 367 equity MW from the KK2 project Unit 1, with a total capacity of 734 MW, which achieved its COD on May 5, 2007. EGCO has a 50% stake in this project, by holding 50% of shares in GEC which owns 99.99% of GPG. KK2 project is a 1,468 MW natural gas-fired power plant located in Saraburi province.

In addition to the operating assets, EGCO is a partner in two additional power plant projects that are under development. These projects represent an additional 635 equity MW. Each is summarized briefly below:

1. **The Unit 2 of KK2 project**, a 734 MW natural gas-fired power plant. The COD for Unit 2 is scheduled to occur in March 2008. Currently, the overall progress of this project is 96.75%.
2. **The Nam Theun 2 project** is a 1,070 MW hydroelectric power plant situated in the Lao PDR. EGCO holds a 25% ownership stake 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 to be sold to the Lao PDR. At the end of June 2007, the overall project progress was 55% complete.

In the absence of unforeseen circumstances, the company has a policy to dividend approximately 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 separate 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.

The two changes in accounting policies that have been implemented from January 1, 2007 are as follows:

1. Accounting standard for investment in subsidiaries, associates and interests in joint ventures presented in the company financial statements

According to the notification of Federation of Accounting Professions No. 26/2549 dated October 11, 2006 and No. 32/2549 dated November 3, 2006 in relation to the amendment of TAS 44 "Consolidated financial statements and accounting for investment in subsidiaries" and TAS 45 "Accounting for investments in Associates" which require the change from the equity method of accounting to cost method of accounting for the investment in subsidiaries and associates presented in the company financial statements. According to the cost method of accounting, income from investment will be recognised when dividends are declared. The notification is mandatory from January 1, 2007. The cost method of accounting has been implemented within EGCO Group from January 1, 2007 onwards and retroactively adjustments have been made for the purpose of comparison.

Accordingly, in the first half of 2007, EGCO's Group had net income of Baht 5,025 million, or Baht 9.54 per share in the consolidated financial statements, and a net profit of Baht 5,264 million, or Baht 10.00 per share, in the company financial statements. The difference of net income in these statements was due to the change in accounting for investment in subsidiaries and interests in joint ventures reported in the company financial statements. The performance of

subsidiaries and interests in joint ventures has been proportionately recorded in the consolidated financial statements, whereas the net profit in the company financial statements is solely from the performance of the parent company. TAS 44 allows the parent company to realize gains from investment in subsidiaries and interests in joint ventures only when it receives dividends from such subsidiaries and joint ventures. In this case, the EGCO Holding Company had an operational profit of Baht 6 million and its subsidiaries declared their dividends in the amount of Baht 5,257 million.

Moreover, the net effect to the company's balance sheet as at December 31, 2006 is as follows:

	Unit : Million Baht
Investment in subsidiaries decreased	(5,036)
Net interest in joint venture increased	723
Net liabilities in joint venture decreased	(620)
Net other liabilities decreased	(911)
Translation adjustment increased	14
Retained earnings as at December 31, 2006 decreased	(2,796)

The change in such accounting policy has an impact on the company financial statements only and does not have any impact on the consolidated financial statements.

2. Accounting policy for interests in joint ventures in the consolidated financial statements

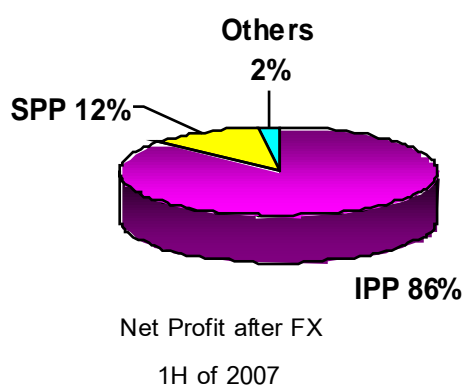
From January 1, 2007, the Group has changed the accounting policy for interests in joint ventures in the consolidated financial statements from "Proportionate Consolidation" to "Equity Method". The Group is of the view that the use of equity accounting provides a better understanding among investors of the company's business and financial position since the joint venture entity, which invested in the power plant business, raised debt secured against its own assets with limited recourse to its shareholders. The group has restated the consolidated financial statements to reflect the change in this accounting policy.

The consolidated balance sheet as at December 31, 2006 and the consolidated statement of income for the six-month period ended June 30, 2006 were adjusted for the purpose of comparison. Accordingly, this new accounting policy has been applied to seven joint ventures namely BLCP, GEC, APBP, AEP, Conal, NTPC and AMESCO.

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 for the first six months of 2007 ending June 30, 2007 was Baht 5,025 million, an increase of Baht 1,372 million or 38% compared to the same period of 2006; this was caused mainly by an increase of the share of profit from joint ventures amounting to Baht 3,356 million, primarily from BLCP and GPG. The gross profit was reported at Baht 2,573 million, down by Baht 1,811 million or 41% as compared to the same period of last year, as a result of lower contracted electricity sales of REGCO and KEGCO. The operating profit was reported at Baht 2,542 million, a decrease of Baht 2,544 million or 50% as compared to the same period of 2006. This resulted from lower electricity sales, foreign exchange gain and interest income.



Unit : Million Baht

	<i>Net Profit 1H'07</i>		<i>Net Profit 1H'06</i>	
	<u>Before FX</u>	<u>After FX</u>	<u>Before FX</u>	<u>After FX</u>
EGCO	(144)	(144)	113	113
IPP Group	4,516	4,567	2,648	3,055
SPP Group	585	641	208	293
Overseas	(146)	(146)	47	47
Others	111	106	144	144

Remarks: - 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 in the first six months of 2007 included foreign exchange gains from EGCO and subsidiaries of only Baht 103 million whereas it incurred a foreign exchange gain of Baht 491 million for the first six months of 2006. An unrealized foreign currency exchange gain in the amount of Baht 87 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 (June 30, 2007) and the previous period (December 31, 2006).

Excluding the effect of foreign currency exchange gain from EGCO and subsidiaries, the profit was Baht 4,922 million, representing an increase of Baht 1,761 million or 56% as compared to the same period of 2006.

Excluding the effect of foreign currency exchange gain from EGCO and subsidiaries of Baht 103 million, interest expenses of Baht 412 million, income tax of Baht 273 million and depreciation and amortization of Baht 1,066 million, the earnings before interest, tax, depreciation and amortization (EBITDA) would be Baht 6,673 million, representing an increase of Baht 1,228 million or 23% as compared to the first six months of 2006, in which the EBITDA was Baht 5,445 million, excluding the effect of foreign currency exchange gain of Baht 491 million, interest expenses of Baht 668 million, income tax amounting to Baht 569 million and depreciation and amortization amounting to Baht 1,047 million.

Important Financial Ratios for the period were as follows:

- Gross Profit Ratio was 48.44%
- Operating Profit Ratio was 47.87%
- Net Profit Ratio was 56.66%
- Net Profit Ratio (excluding the effect of foreign exchange from EGCO and subsidiaries) was 55.50%
- Earnings per share (EPS) was Baht 9.54
- Earnings (excluding the effect of foreign exchange from EGCO and subsidiaries) per share (EPS) was Baht 9.35
- Return on Equity (ROE) was 13.41%

The gross profit margin of 48.44% was lower than the same period of last year's margin of 61.21% due to a decrease in net profit of REGCO and KEGCO from lower electricity sales; whereas the net profit ratio (excluding the effect of foreign exchange) was reported at 55.50%, higher than the same period of 2006 ratio of 41.53% mainly due to the recognition of BLCP and GPG's net profit as share of profit from joint ventures.

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

In the first six months of 2007, operating results of EGCO and subsidiaries (excluding the effect of foreign currency exchange rate and profit attributable to minorities) are as follows:

- Total revenues were Baht 5,622 million, an decrease of Baht 2,099 million or 27% compared to the same period of 2006.
- Total expenses were Baht 3,868 million, a decrease of Baht 495 million or 11% from the same period of last year.

The share of profits from joint ventures in the first six months of 2007 were Baht 3,246 million, an increase of Baht 3,356 million compared to the same period of last year which showed the share of loss totaling Baht 110 million. The details according to their groups of business are as follows:

Total Revenues, Total Expenses and Share of Profits:

Unit : Million Baht

	EGCO		IPP		SPP		Overseas		Others		Total	
	1H'07	1H'06	1H'07	1H'06	1H'07	1H'06	1H'07	1H'06	1H'07	1H'06	1H'07	1H'06
Total Revenues	218	313	3,911	5,780	1,087	1,114	-	-	407	514	5,622	7,721
Total Expenses	362	199	2,346	2,935	884	876	-	-	276	354	3,868	4,363
Share of profits	-	-	2,951	(198)	438	37	(146)	47	3	3	3,246	(110)

1) EGCO's total revenues in the first six months of 2007, amounting to Baht 218 million, were comprised of dividend income from financial investment of Baht 109 million, interest income of Baht 40 million and other income of Baht 69 million. Compared to the same period of 2006, this showed a decrease of Baht 95 million or 30%. This mainly resulted from lower dividend income by Baht 59 million or 35%. Dividends from Krung Thai Dividend Selected Flexible Portfolio Fund (KTSF) dropped Baht 104 million, whilst dividends from Eastern Water Resources Development and Management Public Company Limited (EASTW) were up by Baht 31 million and dividend from other open-end funds up by Baht 14 million. The interest income was down by Baht 37 million, or 48% as a result of lower interest rate and deposit amounts.

Total expenses of EGCO, including administrative expenses and interest expenses, totaled Baht 362 million, an increase from the first six months of 2006 by Baht 163 million or 82%. This resulted mainly from the increase of advertising expenses for the re-branding project and the increase of project development expenses which included the increase of consulting fees; as well as interest expenses of Baht 75 million, incurred from the short-term loans of Baht 4,350 million after the first drawdown of the short term loans from two Thai commercial banks on January 29, 2007.

2) IPP Group consisting of two principal subsidiaries, REGCO and KEGCO; and two principal joint ventures, BLCP and GPG. Total revenues were Baht 3,911 million, a decrease of Baht 1,870 million or 32% as compared to the same period of last year, meanwhile the total expenses were Baht 2,346 million, down by Baht 589 million or 20%. The share of profit from joint ventures were reported Baht 2,951 million, up by Baht 3,148 million as compared to the same period of 2006 which showed the share of loss totaling Baht 198 million. The details are as follows:

Total Revenues, Total Expenses and Share of Profits of IPP Group:

Unit: Million Baht

	REGCO		KEGCO		BLCP		GPG		Total		
	1H'07	1H'06	1H'07	1H'06	1H'07	1H'06	1H'07	1H'06	1H'07	1H'06	%Chg
Revenues	1,804	2,855	2,107	2,925	-	-	-	-	3,911	5,780	(32%)
Expenses	1,062	1,388	1,283	1,546	-	-	-	-	2,346	2,935	(20%)
Share of Profits	-	-	-	-	2,528	-	422	(198)	2,951	(198)	n.a.

- **Sales of electricity** of IPP Group were Baht 3,847 million, representing a decrease of Baht 1,719 million or 31% compared to the same period last year. The decrease was a result of REGCO's lower electricity sales of Baht 932 million to register Baht 1,788 million and KEGCO's lower electricity sales of Baht 787 million to register Baht 2,059 million. These decreases were caused by a decrease in the Capacity Rate for REGCO and a decrease in the Base Availability Credit for KEGCO which both partly resulted from Baht appreciation. These 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.

Sales of Electricity – IPP Group:

Unit : Million Baht

	1H'07	1H'06	%Changes
REGCO	1,788	2,720	(34%)
KEGCO	2,059	2,846	(28%)
Total Sales of Electricity - IPP	3,847	5,566	(31%)

The PPAs cover the full amount of the projected fixed costs, debt financing charges and major maintenance charges, which are used in calculating the electricity tariffs for each period. Moreover, the calculation of the capacity payment is adjusted to include compensation for the exchange rate effect from debt services and expenses of major maintenance parts denominated in 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.

In the first six months of 2007, REGCO and KEGCO received compensation for the exchange rate effect of Baht 215 million.

- **Interest income and others** amounted to Baht 64 million, a decrease of Baht 150 million or 70%, mainly from REGCO's decreased interest income in the amount of Baht 116 million. It resulted from lower interest rates and lower amount of deposits at banks and financial institutions due to capital reduction at REGCO from Baht 9,220 million to Baht 4,702 million in December

2006. KEGCO's interest income decreased by Baht 29 million resulting from lower interest rates. REGCO and KEGCO's other revenues also decreased by Baht 5 million.

- **Cost of sales** totaled Baht 1,674 million, an increase of Baht 17 million or 1% compared to the first six months of 2006, mainly because REGCO's cost of sales increased by Baht 59 million or 7% from higher fuel cost caused by EGAT's ordering of machine start-up and shut-down, plus an increase of major maintenance cost according to planned schedule. Meanwhile, KEGCO's cost of sales decreased by Baht 42 million or 5% as compared to the same period of 2006 when there was planned major maintenance.

Cost of Sales – IPP Group: Unit : Million Baht

	1H'07	1H'06	%Changes
REGCO	902	842	7%
KEGCO	773	815	(5%)
Total Cost of Sales – IPP Group:	1,674	1,657	1%

- **Administrative expenses and income taxes** were Baht 381 million, a decrease of Baht 284 million or 43%, mainly from lower tax payment at REGCO and KEGCO caused by a decrease in revenue by Baht 282 million. 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 290 million, a decrease of Baht 322 million or 53%, resulting from REGCO's payment of all of its debt in December 2006 and KEGCO's lower principal amounts of loans and debentures.

- **Share of profit from joint ventures**, BLCP and GPG, were recognised in the amount of Baht 2,951 million. BLCP's recognition of net profit since January 2007 amounted to Baht 2,528 million and GPG's net profit was Baht 422 million thanks to KK2 Project-Unit 1's sales of electricity to EGAT after achieving its COD on May 2007, plus other income from KK2 Project-Unit 1's liquidated damage claim on the EPC contractor owing to the delayed COD.

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 1,087 million, a decrease of Baht 27 million or 2% compared to the first six months of 2006. The expenses were Baht 884 million, an increase from last year by Baht 8 million or 1%. The share of profit from joint ventures were reported at Baht 438 million, an increase of Baht 401 million or 1,070% compared to the same period of last year. The details are as follows:

Total Revenues, Total Expenses and Share of Profits of SPP Group:

Unit : Million Baht

	EGCO Cogen		Roi-Et Green		GEC (exclude GPG)		APBP and AEP		Total		
	1H'07	1H'06	1H'07	1H'06	1H'07	1H'06	1H'07	1H'06	1H'07	1H'06	% Chg
Revenues	977	983	110	131	-	-	-	-	1,087	1,114	(2%)
Expenses	818	812	66	63	-	-	-	-	884	876	1%
Share of Profits	-	-	-	-	386	(79)	52	116	438	37	1,070%

- **Sales of electricity** of the SPP Group were Baht 1,070 million, representing a decrease of Baht 23 million or 2% compared to the same period of last year. Most of the decrease of SPP group's electricity sales was from Roi-Et Green in the amount of Baht 17 million from lower tariff, as its tariff formula is linked to the price of fuel oil which experienced a drop. EGCO Cogen's electricity sales decreased by Baht 6 million, resulting from lower electricity sales to EGAT due to the Baht appreciation.

Sales of Electricity – SPP Group:

Unit : Million Baht

	1H'07	1H'06	%Changes
EGCO Cogen	967	973	(1%)
Roi-Et Green	102	120	(14%)
Total Sales of Electricity – SPP Group	1,070	1,093	(2%)

- **Interest income and others** amounted to Baht 17 million, a decrease of Baht 4 million or 20%, mainly from a decrease of Roi-Et Green's other income of Baht 3 million.

- **Cost of Sales** of SPP Group were reported at Baht 829 million, an increase of Baht 16 million or 2% as compared to the first six months of 2006. This was substantially driven by an increase in cost of sales of EGCO Cogen amounting to Baht 12 million from higher fuel costs and usages as well as an increase in cost of sales at Roi-Et Green, up by Baht 4 million due to higher fuel costs.

Cost of Sales – SPP Group:

Unit : Million Baht

	1H'07	1H'06	%Changes
EGCO Cogen	770	758	2%
Roi-Et Green	59	55	7%
Total Cost of Sales – SPP Group	829	813	2%

- **Administrative expenses and income taxes** were Baht 8 million, down by Baht 1 million or 10% as compared to the same period of 2006.

- **Interest expenses** were Baht 47 million, a decrease of Baht 7 million or 13%, mainly from a decrease in EGCO Cogen's interest expenses amounting to Baht 6 million due to lower principal.

- **Share of profit from interests in joint ventures, GEC (excluding GPG), APBP and AEP**, totaled Baht 438 million, up by Baht 401 million as compared to the same period of 2006. The share of profit from the joint venture GEC contributed the most in the amount of Baht 386 million, an increase of Baht 465 million as compared to the same period of last year. This was primarily a result of an increase of gain on foreign exchange rate, up by Baht 335 million, plus the electricity sales increased by Baht 111 million.

Meanwhile, the share of profit from interest in joint ventures, APBP and AEP, totaled Baht 52 million, down by Baht 64 million, which was primarily from AEP's lower electricity sales to EGAT and higher maintenance expenses.

4) **Overseas Group** refers to Conal and NTPC, of which their share of loss from joint ventures were reported at Baht 146 million, a decrease in profit of Baht 193 million compared to the first six months of 2006. Conal's share of profit was reported at Baht 34 million, a decrease of Baht 41 million compared to the same period of 2006, mainly from a decrease of electricity sales after transferring NMPC, a 40 MW power plant, to NPC in February 2006 and the Peso appreciation. NTPC's share of loss was Baht 179 million, an increase in loss of Baht 152 million as compared to the same period of 2006, caused by a foreign exchange loss.

5) **Other Business Group** includes two subsidiaries, ESCO and ET and a joint venture, AMESCO. Total revenues were Baht 407 million, a decrease by Baht 107 million or 21% as compared to the same period of 2006 and total expenses totaled Baht 276 million, a decrease of Baht 78 million or 22%. The share of profit from a joint venture was reported at Baht 3 million, a decrease of Baht 0.22 million or 7% as compared to the same period of last year. The details are as follows:

Total Revenues, Total Expenses and Share of Profits of Other Business Group: Unit : Million Baht

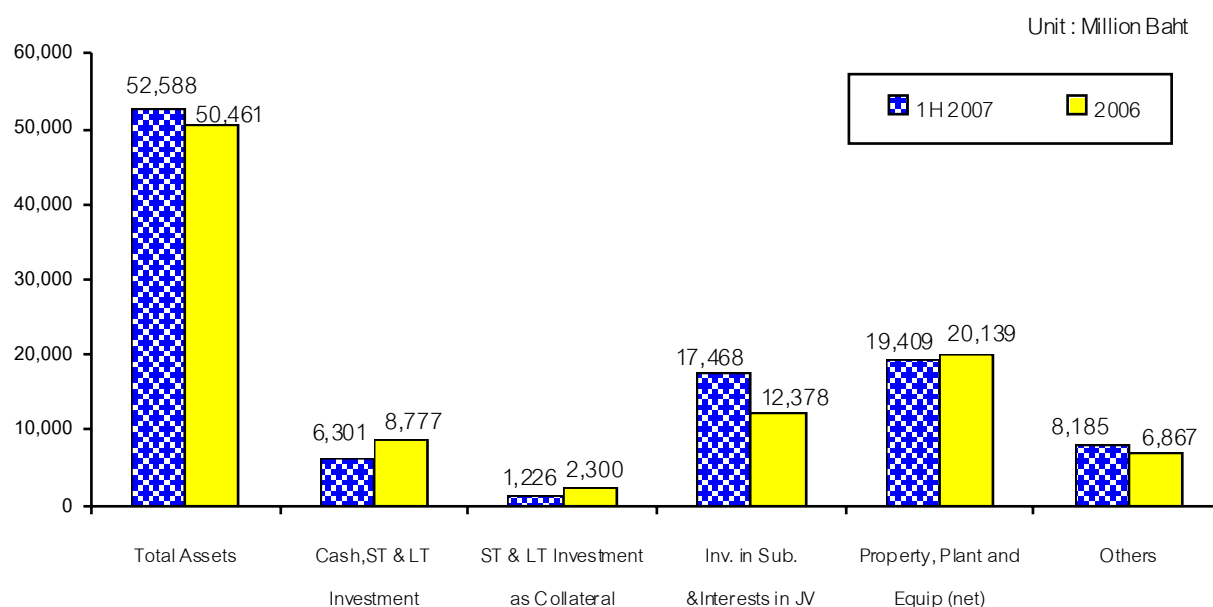
	ESCO		ET		Total		
	1H'07	1H'06	1H'07	1H'06	1H'07	1H'06	% Chg
<i>Revenues</i>	292	418	114	96	407	514	(21%)
<i>Expenses</i>	239	323	37	31	276	354	(22%)
<i>Share of Profits</i>	3.00	3.22	-	-	3.00	3.22	(7%)

- **Service income** from ESCO amounted to Baht 285 million, down by Baht 126 million or 31%, resulting mostly from a decrease of spare parts sale to Elgali 2 Power Plant in Sudan.
- **Sales of water from a subsidiary, ET,** were Baht 109 million, up by Baht 16 million, or 17%, 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 12 million, an increase of Baht 3 million or 26%, mainly from an increase in ET's interest income amounting to Baht 2 million.
- **Cost of services** were Baht 201 million, a decrease of Baht 80 million or 28%, resulting from a decrease in the costs of ESCO's spare parts sale to customers which was consistent with its decreased revenues.
- **Cost of water sales** of ET was Baht 33 million, up Baht 5 million or 19% mainly from an increase of operating and maintenance service costs.
- **Administrative expenses and income taxes** totaled Baht 42 million, a decrease of Baht 2 million or 4% compared to the same period of 2006, mostly from a decrease in ESCO's income tax by Baht 14 million as a result of a lower profit whilst ESCO's administrative expenses increased by Baht 9 million.
- **ESCO's interest in joint ventures** totaled Baht 3 million, a decrease of Baht 0.22 million from AMESCO.

4. Report and Analysis of Financial Position

4.1 Asset Analysis

As at June 30, 2007, total assets of EGCO, its subsidiaries and interests in joint ventures amounted to Baht 52,588 million, an increase of Baht 2,128 million or 4% from December 31, 2006. The important details are as follows :



1) Cash and deposits at financial institutions, and short term and long term marketable securities were Baht 6,301 million or 12% of the total assets, down Baht 2,476 million or 28%. This resulted mainly from a decrease of cash and cash equivalent by Baht 2,243 million due to EGCO's payment for the acquisition of shares in BLCP amounting to Baht 4,645 million to CLP Power (BLCP) Ltd., a subsidiary of CLP Holdings Limited, and EGCO's payment for additional paid-up shares in BLCP and GEC amounting to Baht 3,735 million. Meanwhile, EGCO drew down short-term financing of Baht 4,350 million from local banks.

2) Short-term and long-term investments used as collateral were Baht 1,226 million or 2% of the total assets, down Baht 1,074 million or 47%. This decrease mainly came from the use of cash to repay the principal and pay the interest of KEGCO's debt.

3) Investment in subsidiaries and interests in joint ventures as at June 30, 2007 amounted to Baht 17,468 million or 33% of the total assets, up Baht 5,090 million or 41%. The major change can be defined as follows :

3.1) an investment in the additional paid-up shares amounting to Baht 3,735 million; GEC of Baht 1,485 million and BLCP of Baht 2,250 million.

3.2) an increase in share of profit from investment according to the equity method amounting to Baht 3,426 million.

3.3) dividend received from BLCP and Conal totaling to Baht 2,085 million

3.4) profit from translation adjustment totaling Baht 15 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 June 30, 2007 was Baht 27,845 million, up Baht 3,735 million or 15%, thanks to the additional paid-up shares in joint ventures, GEC and BLCP.

4) **Property, plant and equipment (net)** totaled Baht 19,409 million or 37% of the total assets. They were down Baht 730 million or 4% due to the decrease in property, plant and equipment from the depreciation of EGCO and subsidiaries' assets totaling Baht 1,050 million and the reclassification of unutilised capital spare parts from property, plant and equipment to spare parts and supplies at REGCO and KEGCO totaling Baht 127 million. Meanwhile, there was a recording of capital spare parts as property, plant and equipment following the major maintenance at REGCO and KEGCO in the amount of Baht 338 million and net purchase of property, plant and equipment totaling Baht 109 million.

5) **Other assets** were Baht 8,185 million or 16% of the total assets, up Baht 1,318 million or 19% mainly from an increase of dividend receivable from a joint venture by Baht 2,001 million which was partially offset by a decrease of trade receivable from a related party (EGAT) by Baht 303 million, spare parts and supplies by Baht 237 million and shareholders loan to GEC by Baht 100 million.

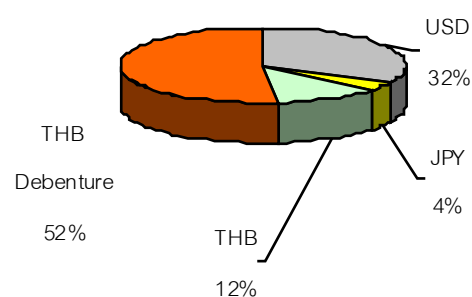
4.2 Liability Analysis

As at June 30, 2007, the EGCO Group's total liabilities were Baht 12,568 million, down Baht 1,973 million or 14%. The total liabilities consist of the following:

1) **Short-term loans** totaled Baht 4,350 million, or 35% of total liabilities. On 3 January 2007, EGCO entered into short-term loan agreements with two local banks for a credit facility of up to Baht 4,000 million with each bank. The first drawdown was on 29 January 2007. The principal is to be repaid in one lump sum one year from the agreement entering date.

2) **Long-term loans and debentures** totaled Baht 6,330 million, or 50% of total liabilities, down Baht 1,183 million or 16%. The details are as follows :

- USD loans in the amount of USD 58 million
- Yen loans in the amount of Yen 869 million
- Baht loans in the amount of Baht 753 million
- Baht debentures in the amount of Baht 3,292 million



Maturity of long-term loans and debentures as of June 30, 2007

Unit: Million Baht

	<i>KEGCO</i>	<i>EGCO Cogen</i>	<i>Roi-Et Green</i>
<i>Within 1 Year</i>	2,009	147	28
<i>1-5 Years</i>	2,602	927	113
<i>> 5 Years</i>	-	388	117
Total	4,611	1,462	257

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.

3) **Other liabilities** amounted to Baht 1,888 million or 15% of total liabilities, representing a decrease of Baht 5,140 million or 73% which mostly resulted from EGCO's payment for the acquisition of BLCP of Baht 4,645 million to CLP Power (BLCP) Ltd. in return for the share transfer on January 30, 2007. In addition, trade payables decreased by Baht 197 million and income tax payable was down Baht 327 million.

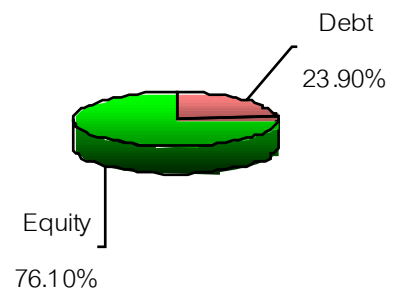
4.3 Shareholders' Equity Analysis

As at June 30, 2007, Shareholders' Equity amounted to Baht 40,020 million, which was Baht 4,101 million or 11% higher than the amount as at December 31, 2006. This was due mainly to the net profit in the consolidated financial statements that amounted to Baht 5,025 million.

The analysis of the company's capital structure as at June 30, 2007 can be summarized as follows:

Shareholders' equity was Baht 40,020 million or 76.10%.

Liabilities were Baht 12,568 million or 23.90%.



Important financial ratios were as follows:

- Debt to equity ratio was 0.31 times, lower than 0.40 times at the end of 2006.
- Book value per share was Baht 75.04, higher than Baht 67.26 at the end of 2006.

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 June 30, 2007, the ending balance of the cash and the cash equivalent was Baht 3,359 million, down Baht 2,243 million. The details of the sources and uses of funds are as follows:

-**Net cash received from operating activities** totaled Baht 3,411 million. This was cash received from operating activities that amounted to Baht 2,682 million and cash received from working capital of Baht 729 million.

-**Net cash payment for investing activities** was Baht 7,843 million. Cash payment for the investment in the additional shares in joint ventures amounted to Baht 1,485 million at GEC and Baht 2,250 million at BLCP; meanwhile, cash payment for the acquisition of shares in BLCP amounted to Baht 4,645 million. Whereas the net cash inflow from the disposal of long-term mutual fund investments and repayment of shareholders loan by GEC amounted to Baht 375 million and Baht 100 million, respectively. In addition, the cash receipt from dividends of EASTW and the other open-end funds amounted to Baht 61 million and Baht 47 million, respectively.

- **Net cash received from financing activities** was Baht 2,189 million, mainly owing to short-term loans drawn down by EGCO in the amount of Baht 4,350 million whereas the loan repayment of KEGCO, EGCO Cogen and Roi-Et Green totaled Baht 772 million and debenture repayment of KEGCO totaled Baht 317 million. In addition, dividend payment to shareholders amounted to Baht 1,072 million.

In the first six months of 2007, the analysis of the company's liquidity ratios is as follows :

- Current ratio was 1.80 times, higher than 1.68 times for 2006
- Quick ratio was 1.03 times, lower than 1.18 times for 2006

Both liquidity ratios changed slightly as compared to 2006, as a result of the payment of the additional shares totaling Baht 3,735 million to BLCP and GEC and the payment for shares acquisition in BLCP totaling Baht 4,645 million to CLP Power (BLCP) Ltd. Meanwhile there was short-term loans draw down amounting to Baht 4,350 million.