



Management Discussion and Analysis

For the First-Half Operating Results

Ended June 30, 2008

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

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

Management Discussion and Analysis

1. Executive Summary

The Electricity Generating Public Company Limited (EGCO) is an Independent Power Producer (IPP) with 12 operating plants, totaling 3,826.5 equity MW at present. EGCO Group's significant events during the first half of 2008 are as follows:

- The Kaeng Khoi 2 (KK2) Unit 2, combined cycle gas turbine IPP project of the joint venture Gulf Power Generation Co., Ltd (GPG) with the capacity of 734 MW achieved its pre-Commercial Operating Date (COD) on February 27, 2008.
- The sale of shares in EGCO Joint Ventures & Development, Co.,Ltd. (EGCO JD), which holds shares in Amata-EGCO Power Ltd. (AEP) and Amata Power (Bangpakong) Ltd. (APBP) as well as the sale of shares in Amata Power-ESCO Service Co.,Ltd. (AMESCO) held by EGCO Engineering and Service Co.,Ltd. (ESCO), EGCO's wholly-owned subsidiary. Both transactions were sold to Amata Power Ltd. in May 2008.

EGCO Group's consolidated net profit, attributable to equity holders of the parent, for the first half ended June 30, 2008, was Baht 4,257 million, a decrease of Baht 754 million or 15% compared to the same period of 2007. Excluding the impact of foreign exchange on EGCO and subsidiaries, the net profit was Baht 4,226 million, representing a decrease of Baht 682 million or 14% as compared to the same period of last year; the details of the change are as follows:

- **EGCO's** net loss of Baht 198 million, representing an increase in the loss of Baht 51 million, resulted from lower dividend income and other income.
- **IPP Group**, consisting of Rayong Electricity Generating Co., Ltd. (REGCO), Khanom Electricity Generating Co., Ltd. (KEGCO), the joint venture BLCP Power Limited (BLCP) and the joint venture GPG, showed a net profit and share of profits from joint ventures totaling Baht 3,945 million, down Baht 562 million mostly due to the lower in BLCP's share of profit, which was caused by a decrease in electricity sales and a lower gain from foreign exchange rate.
- **Small Power Producer (SPP) Group**, which is comprised of three joint ventures including Gulf Electric Public Company Limited (GEC)(excluding GPG), AEP, 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 380 million, which included the share of profits from AEP and

APBP until May 15, 2008, a decrease of Baht 205 million that mainly resulted from GEC's lower share of profit owing to a decrease in the gain from foreign exchange rate.

- **Overseas Group**, which is comprised of two joint ventures including Conal Holdings Corporation (Conal) and Nam Theun 2 Power Co., Ltd. (NTPC). The net loss from this group was Baht 64 million, a decrease in the loss by Baht 82 million compared to the same period of 2007 mainly resulting from NTPC's decreased share of loss by Baht 70 million from a lower loss on foreign exchange rate. Moreover, Conal's share of profit increased by Baht 12 million from a higher gain on foreign exchange rate.

- **Other Business Group** includes two subsidiaries, EGCO Engineering & Service Co., Ltd. (ESCO) and Egcom Tara Co., Ltd. (ET) and one joint venture AMESCO, that showed net profit totaling Baht 163 million, which included the share of profit from AMESCO until May 15, 2008, rising Baht 53 million from an increase in service income of ESCO.

2. Business Expansion Analysis

EGCO is the first large 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 Electricity Generating Authority of Thailand (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 2008, Thailand's total generating capacity was reported at 30,664.25 MW¹. During the first half of the year 2008, the peak demand reached 22,568 MW¹ in April 2008, which was 0.08% slightly lower than the peak demand in April 2007.

The higher inflation rates and the rising costs of construction of hydro power plants have affected the economic feasibility of the four hydro power plants in Lao PDR based on the previously proposed tariff. The government of Lao PDR has requested for a delay in the

¹ Source: EGAT

construction of the projects by at least one year. There will be further negotiation on the new tariff and Lao PDR may change the detail of the projects.

As for the four short-listed IPPs after the bidding last year, if any of the projects do not win environmental impact assessment (EIA) approval by September 1, 2008 or not being able to proceed with their planned construction of the power plants, the projects may be cancelled. However, the cancellation of one or two power plants may not affect the power development plan of the country since the trend of demand for electricity is still lower than the target and the power reserve margin is higher than 15%.

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

As of June 30, 2008, EGCO has 12 operating plants¹ with capacity totaling 3,826.5 equity MW, of which 53.7% comprises two natural gas-fired IPPs which are the 1,232 MW REGCO plant and the 824 MW KEGCO plant.

Moreover, EGCO has 50% stake in BLCP Power facility or 717 equity MW which represents 18.7% of EGCO's total equity MW portfolio. BLCP Power facility is a 1,434 MW coal-fired power plant, using high quality imported coal from Australia, located in Map Ta Phut Industrial Estate in Rayong Province.

EGCO also has 50% stake in KK2 project (by holding 50% of shares in GEC which holds 99.99% in GPG, the project owner) or 734 equity MW which represents 19.3% of EGCO's total equity MW portfolio. KK2 project is a 1,468 MW natural gas-fired power plant located in Saraburi province comprising two combined cycle units, 734 MW each. The COD for KK2 project unit 1 was on May 5, 2007 and the pre-COD for Unit 2 was on February 27, 2008, respectively.

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

¹ EGCO sold off its entire 50% stake in EGCO Joint Ventures & Development Co.,Ltd. (including 2 power plants: AEP and APBP) to Amata Power Ltd. in May, 2008 which contributes to 41.3 equity MW.

Nam Theun 2 project is a 1,070 MW hydroelectric power plant located in the Lao PDR. EGCO holds a 25% ownership in the project company, NTPC. This project's COD is targeted for December 2009 with EGAT contracted to take off 995 MW and the balance will be sold to the Lao PDR. At the end of June, 2008, the overall project progress was 87% complete.

In the absence of unforeseen circumstances, the company has a policy to dividend 40% of **the consolidated net profit** after taxation, or to increase the dividend amount in a steady manner, to the shareholders. This dividend policy may change in the light of investment opportunities that may become available to the company or as a result of other economic or financial factors or when a dividend payment may have a significant impact on the normal operation of the company. **The dividend payment shall not exceed the retained earnings of the company financial statements.**

3. Report and Analysis of the Operating Results

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

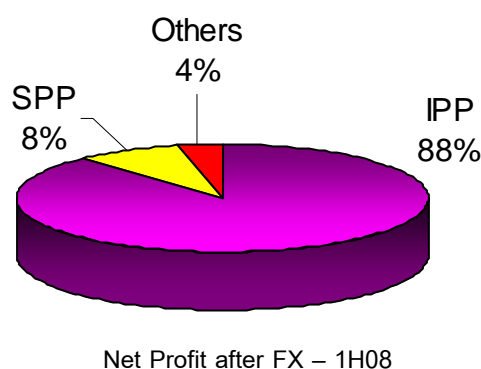
This report contains the analysis of the financial statements of EGCO, and its subsidiaries and interests in joint ventures as follows:

3.1 Operational Results

EGCO Group's consolidated net profit, attributable to equity holders of the parent, for the first half of 2008 ended June 30, 2008 was Baht 4,257 million, a decrease of Baht 754 million or 15% compared to the same period of 2007; this was caused mainly by a decrease of the share of profits from joint ventures amounting to Baht 522 million, primarily from BLCP.

The gross profit was reported at Baht 2,478 million, down by Baht 91 million or 4% as compared to the same period of last year, as a result of lower contracted electricity sales of KEGCO. The operating profit was reported at Baht 2,284 million, a decrease of Baht 252 million or 10% as compared to the same period of 2007. The rise in cost of sales and services, and the

fall in foreign exchange gain and interest income, at EGCO and subsidiaries, were the main factors behind the drop in the operating profit.



Unit : Million Baht

	Net Profit of 1H08		Net Profit of 1H07	
	Before FX	After FX	Before FX	After FX
EGCO	(198)	(198)	(147)	(147)
IPP Group	3,945	3,983	4,507	4,558
SPP Group	380	371	585	641
Overseas Group	(64)	(64)	(146)	(146)
Other Business Group	163	166	109	105
Total	4,226	4,257	4,908	5,011

Remarks:

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

The net profit of EGCO Group for the first half of 2008 included foreign exchange gains from EGCO and subsidiaries of only Baht 31 million whereas it incurred a foreign exchange gain of Baht 103 million in the same period of 2007. An unrealized foreign currency exchange loss in the amount of Baht 10 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, 2008) and the previous period (December 31, 2007).

Excluding the effect of foreign currency exchange gain from EGCO and subsidiaries, the profit was Baht 4,226 million, representing a decrease of Baht 682 million or 14% as compared to the same period of 2007.

Excluding the effect of foreign currency exchange gain from EGCO and subsidiaries of Baht 31 million, interest expenses of Baht 327 million, income tax of Baht 356 million and depreciation and amortization of Baht 1,101 million, the earnings before interest, tax, depreciation and amortization (EBITDA) would be Baht 6,010 million¹, representing a decrease of Baht 652 million or 10% as compared to the same period of 2007, in which the EBITDA was Baht 6,662 million, excluding the effect of foreign currency exchange gain of Baht 103 million, interest expenses of

¹ Excluding the effect of foreign currency exchange, interest expenses, income tax, depreciation and amortization of joint ventures, EBITDA was Baht 8,241 million.

Baht 415 million, income tax amounting to Baht 273 million and depreciation and amortization amounting to Baht 1,065 million.

Important Financial Ratios for the period were as follows:

- Gross Profit Ratio was 46.55%
- Operating Profit Ratio was 42.91%
- Net Profit Ratio was 51.63%
- Net Profit Ratio (excluding the effect of foreign exchange from EGCO and subsidiaries) was 51.25%
- Earnings per share (EPS) was Baht 8.09
- Earnings (excluding the effect of foreign exchange from EGCO and subsidiaries) per share (EPS) was Baht 8.03
- Return on Equity (ROE) was 9.93%

The gross profit margin of 46.55% was lower than the same period of last year's margin of 48.37% due to a decrease in gross profit of KEGCO from lower electricity sales; whereas the net profit ratio (excluding the effect of foreign exchange from EGCO and subsidiaries) was reported at 51.25%, lower than the same period of 2007 ratio of 55.37% mainly due to a decrease of share of profits from BLCP.

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

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

- Total revenues were Baht 5,539 million, a decrease of Baht 83 million or 1% compared to the same period of 2007.
- Total expenses were Baht 3,970 million, an increase of Baht 92 million or 2% from the same period of last year.

The share of profits from joint ventures for the first half of 2008 were Baht 2,720 million (including a loss from foreign exchange rate of Baht 31 million), a decrease of Baht 522 million or 16% compared to the same period of last year which showed the share of profits totaling Baht 3,242 million (including a gain from foreign exchange rate of Baht 619 million). The details according to their groups of business are as follows:

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

Unit : Million Baht

	EGCO		IPP		SPP		Overseas		Others		Total	
	1H08	1H07	1H08	1H07	1H08	1H07	1H08	1H07	1H08	1H07	1H08	1H07
Total Revenues	152	218	3,718	3,911	1,099	1,087	-	-	570	407	5,539	5,622
Total Expenses	350	365	2,318	2,351	915	884	-	-	387	278	3,970	3,878
Profits bf Share of Profits (Loss) from JVEs	(198)	(147)	1,400	1,560	184	203	-	-	183	129	1,569	1,744
Share of Profits (Loss) from JVEs	-	-	2,545	2,947	236	438	(64)	(146)	4	3	2,720	3,242
Net Profit bf Subs's Fx and MI	(198)	(147)	3,945	4,507	420	641	(64)	(146)	187	132	4,289	4,986

1) EGCO's total revenues for the first half of 2008, amounting to Baht 152 million, were comprised of dividend income from financial investment of Baht 78 million, interest income of Baht 45 million and other income of Baht 29 million. Compared to the same period of 2007, this showed a decrease of Baht 66 million or 30%, which mainly resulted from lower other income of Baht 40 million or 57% lower due to the gain from selling open-ended funds in 2007 as well as lower dividend income during the first half of 2008 of Baht 31 million or 28% due to Eastern Water Resources Development and Management Public Company Limited (EASTW) being the only source of dividend of Baht 78 million.

Total expenses of EGCO were Baht 350 million, a decrease from the same period of 2007 by Baht 15 million or 4%. This resulted mainly from the decrease in advertising expenses and project development expenses which included consulting fees.

2) IPP Group consisting of two principal subsidiaries, REGCO and KEGCO; and two principal joint ventures, BLCP and GPG. Total revenues were Baht 3,718 million, a decrease of Baht 192 million or 5% as compared to the same period of last year, meanwhile the total expenses were Baht 2,318 million, down by Baht 33 million or 1%. The share of profits from joint ventures were reported at Baht 2,545 million (including a loss from foreign exchange rate of Baht 11 million), down by Baht 402 million or 14% as compared to the same period of 2007 which showed the share of profits totaling Baht 2,947 million (including a gain from foreign exchange rate of Baht 490 million). The details are as follows:

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

Unit : Million Baht

	REGCO		KEGCO		BLCP		GPG		Total		
	1H08	1H07	1H08	1H07	1H08	1H07	1H08	1H07	1H08	1H07	%Chg
Total revenues	1,941	1,804	1,778	2,107	-	-	-	-	3,718	3,911	(5%)
Total expenses	1,184	1,065	1,134	1,286	-	-	-	-	2,318	2,351	(1%)
Profits bf Share of Profits (Loss) from JVEs	757	739	644	820	-	-	-	-	1,400	1,560	(10%)
Share of Profits (Loss) from JVEs	-	-	-	-	1,894	2,525	651	422	2,545	2,947	(14%)
Net Profit bf Subs's Fx and MI	757	739	644	820	1,894	2,525	651	422	3,945	4,507	(12%)

- **Sales of electricity** of IPP Group were Baht 3,686 million, representing a decrease of Baht 161 million or 4% compared to the same period of last year. The decrease was a result of KEGCO's lower electricity sales by Baht 300 million to register Baht 1,760 million caused by a decrease in the Base Availability Credit for KEGCO. Meanwhile, REGCO's electricity sales increased by Baht 139 million to register Baht 1,927 million from an increase in the Capacity Rate. These changes were in accordance with the capacity payment formula calculated on a "Cost Plus Basis" under the PPAs and in line with the company's projection. Moreover, to minimize exchange rate risk, on November 8, 2007, REGCO entered into a revenue swap contract with a financial institution to fix the exchange rate to be used in the conversion of part of the USD-linked revenue provided in the PPA. As at June 30, 2008, the electricity revenue under the foreign currency forward contract of USD 36 million were fixed at Baht 33.80 per US Dollar. The contract is effective from November 8, 2007 to January 5, 2010.

Sales of Electricity – IPP Group:

Unit : Million Baht

	<i>1H08</i>	<i>1H07</i>	<i>%Changes</i>
<i>REGCO</i>	<i>1,927</i>	<i>1,788</i>	<i>8%</i>
<i>KEGCO</i>	<i>1,760</i>	<i>2,059</i>	<i>(15%)</i>
<i>Total Sales of Electricity – IPP Group</i>	<i>3,686</i>	<i>3,847</i>	<i>(4%)</i>

The PPAs cover the full amount of the projected fixed costs, debt financing charges and major maintenance charges, which are used in calculating the electricity tariff for each period. Moreover, the calculation of the capacity payment is adjusted to include compensation for the exchange rate effect from debt services and expenses of major maintenance parts denominated in US Dollar. REGCO and KEGCO receive the compensation monthly for each billing period. They receive higher capacity charge than that stated in the original PPAs before the inclusion of foreign exchange indexation if the exchange rate is above Baht 28 per US Dollar and vice versa.

For the six-month period of 2008, REGCO and KEGCO received compensation for the exchange rate effect of Baht 136 million.

- **Interest income and others** amounted to Baht 32 million, a decrease of Baht 31 million or 49%, mainly from the decrease of KEGCO's and REGCO's interest income by Baht 29 and 9 million, respectively, owing to lower interest rates.

- **Cost of sales** totaled Baht 1,671 million, a decrease of Baht 5 million or 0.3% compared to the same period of 2007, mainly because KEGCO's cost of sales decreased by Baht 16 million or 2% mostly from a higher maintenance cost in 2007.

<i>Cost of Sales – IPP Group:</i>		Unit : Million Baht	
	<i>1H08</i>	<i>1H07</i>	<i>%Changes</i>
<i>REGCO</i>	913	902	1%
<i>KEGCO</i>	759	774	(2%)
<i>Total Cost of Sales – IPP Group</i>	1,671	1,677	(0.3%)

- **Administrative expenses and income taxes** were Baht 450 million, an increase of Baht 69 million or 18%, mainly from higher tax payment at REGCO that amounted to Baht 94 million or 90% higher due to the end of corporate tax reduction BOI privilege on April 19, 2008. Meanwhile, tax payment at KEGCO decreased by Baht 42 million or 26% due to lower revenues. KEGCO currently enjoy 50% corporate tax reduction BOI privilege on profits from power generation, ending on September 25, 2009.

- **Interest expenses** were Baht 196 million, a decrease of Baht 96 million or 33%, resulting from KEGCO's lower principal amounts of loans and debentures.

- **Share of profits from joint ventures**, BLCP and GPG, were recognised in the amount of Baht 2,545 million, a decrease of Baht 402 million or 14%, mostly due to a fall in the share of profit from BLCP of Baht 1,894 million (including a gain from foreign exchange rate of Baht 76 million) by Baht 631 million or 25% from lower gain on foreign exchange rate and lower electricity sales which was in accordance with the tariff formula as well as higher maintenance cost in 2008. Meanwhile, the share of profit from GPG of Baht 651 million (including a loss from foreign exchange rate of Baht 88 million) increased by Baht 228 million or 54% thanks to the electricity sales of GPG, following its KK2 Project-Unit 1 and 2 achieving COD in May 2007 and February 2008, respectively.

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 1,099 million, an increase of Baht 12 million or 1% compared to the same period of 2007. The total expenses were Baht 915 million, an increase from the same period of last year by Baht 31 million or 4%. The share of profits from joint ventures were reported at Baht 236 million (including a gain from

foreign exchange rate of Baht 24 million), a decrease of Baht 202 million or 46% compared to the same period of last year. The details are as follows:

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

Unit : Million Baht

	EGCO Cogen		Roi-Et Green		GEC (exclude GPG)		APBP and AEP		Total		
	1H08	1H07	1H08	1H07	1H08	1H07	1H08	1H07	1H08	1H07	% Chg
Total revenues	960	977	139	110	-	-	-	-	1,099	1,087	1%
Total expenses	848	818	68	66	-	-	-	-	915	884	4%
Profits bf Share of Profits (Loss) from JVEs	112	159	72	44	-	-	-	-	184	203	(9%)
Share of Profits (Loss) from JVEs	-	-	-	-	189	386	47	52	236	438	(46%)
Net Profit bf Subs's Fx and MI	112	159	72	44	189	386	47	52	420	641	(35%)

- **Sales of electricity** of the SPP Group were Baht 1,090 million, representing an increase of Baht 21 million or 2% compared to the same period of last year. Most of the increase of SPP group's electricity sales was from Roi-Et Green in the amount of Baht 34 million, resulting mainly from higher Energy Charge due to higher fuel oil cost, which was in accordance with the tariff formula. Meanwhile, EGCO Cogen's electricity sales decreased by Baht 14 million due to lower electricity sales to EGAT as a result of planned outage and Baht appreciation.

Sales of Electricity – SPP Group:

Unit : Million Baht

	1H08	1H07	%Changes
EGCO Cogen	953	967	(1.4%)
Roi-Et Green	137	102	33%
Total Sales of Electricity – SPP Group	1,090	1,070	2%

- **Interest income and others** amounted to Baht 9 million, a decrease of Baht 9 million or 49%, mainly because the four-year subsidy for guarantee fee from UNDP for Roi-Et Green ended in 2007 and the lower interest rates caused a decrease in interest income of Roi-Et Green and EGCO Cogen.

- **Cost of Sales** of SPP Group were reported at Baht 858 million, an increase of Baht 29 million or 3% as compared to the same period of 2007. This was substantially driven by an increase in cost of sales of EGCO Cogen amounting to Baht 27 million as a result of planned outage.

Cost of Sales – SPP Group:

Unit : Million Baht

	<i>1H08</i>	<i>1H07</i>	<i>%Changes</i>
<i>EGCO Cogen</i>	797	770	4%
<i>Roi-Et Green</i>	61	59	3%
<i>Total Cost of Sales – SPP Group</i>	858	829	3%

• **Administrative expenses and income taxes** were Baht 16 million, up by Baht 8 million or 105% as compared to the same period of 2007. This mainly resulted from EGCO Cogen's penalty payment to EGAT amounting to Baht 8 million, since its thermal process ratio did not meet the requirement in accordance with the PPA.

• **Interest expenses** were Baht 41 million, a decrease of Baht 6 million or 13%, mainly from a lower principal of EGCO Cogen.

• **Share of profits from joint ventures**, GEC (excluding GPG), APBP and AEP, totaled Baht 236 million, down by Baht 202 million or 46% as compared to the same period of 2007. This mainly resulted from the share of profit from the joint venture GEC of Baht 189 million (including a gain on foreign exchange rate of Baht 18 million), a decrease of Baht 197 million or 51% from a decrease in the gain on foreign exchange rate.

Moreover, the share of profits from joint ventures, APBP and AEP, totaled Baht 47 million (including a gain on foreign exchange rate of Baht 6 million), which included the operating results until May 15, 2008 due to the sale of shares in EGCO JD, down by Baht 5 million or 10%.

4) Overseas Group refers to Conal and NTPC, of which their share of losses from joint ventures were reported at Baht 64 million, a lower loss of Baht 82 million compared to the same period of 2007. NTPC's share of loss was Baht 110 million (including a loss from foreign exchange rate of Baht 75 million), a lower loss of Baht 70 million or 39% as compared to the same period of 2007, caused mainly by lower foreign exchange loss of Baht 85 million. Meanwhile, Conal's share of profit was reported at Baht 46 million (including a gain on foreign exchange rate of Baht 32 million), an increase of Baht 12 million or 34% compared to the same period of last year, mainly from an increase in gain on foreign exchange rate.

5) Other Business Group includes two subsidiaries, ESCO and ET, and a joint venture, AMESCO. Total revenues were Baht 570 million, an increase of Baht 164 million or 40% as compared to the same period of 2007 and total expenses were Baht 387 million, an increase of Baht 109 million or 39%. The share of profit from the joint venture was reported at Baht 4 million,

an increase of Baht 0.68 million or 23% as compared to the same period of last year. The details are as follows:

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

	ESCO		ET		Total		
	1H08	1H07	1H08	1H07	1H08	1H07	% Chg
<i>Total revenues</i>	451	292	119	114	570	407	40%
<i>Total expenses</i>	352	241	34	37	387	278	39%
<i>Profits bf Share of Profits (Loss) from JVEs</i>	98	51	85	77	183	129	42%
<i>Share of Profits (Loss)from JVEs</i>	4	3	-	-	4	3	23%
<i>Net Profit bf Subs's Fx and MI</i>	102	55	85	77	187	132	42%

- **Service income** from ESCO amounted to Baht 432 million, up by Baht 147 million or 51%, resulting mostly from higher maintenance service income and spare parts sale to power plants overseas.

- **Sales of water** from ET, were Baht 114 million, up by Baht 5 million, or 5%, thanks to the increase of the minimum take and tariff under the long-term Water Purchase Agreement with Provincial Waterworks Authority.

- **Interest income and others** amounted to Baht 24 million, an increase of Baht 12 million or 93% due to a gain from the sale of shares in AMESCO totaling Baht 15 million.

- **Cost of services** were Baht 282 million, an increase of Baht 80 million or 40%, resulting from an increase in maintenance service costs which was consistent with increased revenues.

- **Cost of water sales** of ET was Baht 33 million the same as the same period of last year.

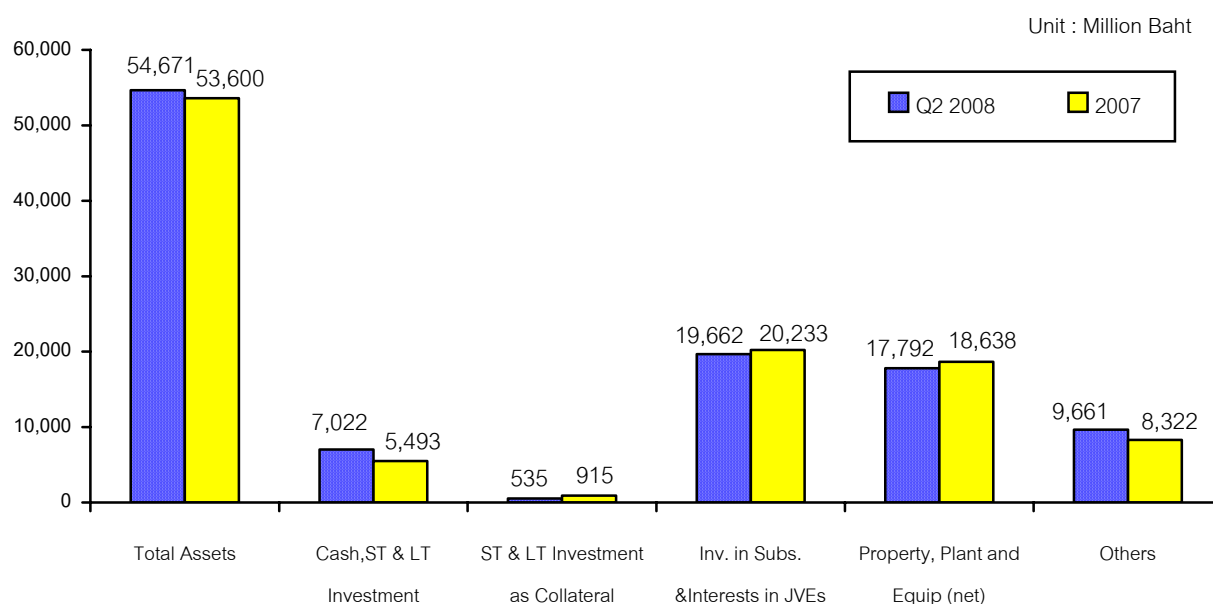
- **Administrative expenses and income taxes** totaled Baht 71 million, an increase of Baht 29 million or 70% compared to the same period of 2007, mostly from an increase in ESCO's income taxes by Baht 30 million from higher revenues.

- **ESCO's share of profit from a joint venture, AMESCO**, totaled Baht 4 million, an increase of Baht 0.68 million or 23%.

4. Report and Analysis of Financial Position

4.1 Asset Analysis

As at June 30, 2008, total assets of EGCO, its subsidiaries and interests in joint ventures amounted to Baht 54,671 million, an increase of Baht 1,071 million or 2% from December 31, 2007. The important details are as follows:



1) **Cash and deposits at financial institutions, and short-term and long-term marketable securities** were Baht 7,022 million or 13% of the total assets, up Baht 1,529 million or 28%. This resulted mainly from an increase of cash and cash equivalent by Baht 1,575 million due to cash receipts from operating activities of Baht 2,794 million, dividends from joint ventures totaling Baht 1,101 million, cash receipts from the sale of shares in EGCO JD and AMESCO totaling Baht 815 million, and dividend of Baht 78 million received from EASTW. Meanwhile, the investment in joint ventures was Baht 366 million, debenture and loan repayment totaled Baht 1,424 million and dividend payment to shareholders amounted to Baht 1,360 million.

2) **Short-term and long-term investments used as collateral** were Baht 535 million or 1% of the total assets, down Baht 380 million or 42%. This decrease mainly came from the use of cash to pay the principal and interest of the debt of KEGCO and EGCO Cogen.

3) **Investment in subsidiaries and interests in joint ventures** recorded under the equity method in the consolidated financial statements as at June 30, 2008 amounted to Baht 19,662 million or 36% of the total assets, down Baht 571 million or 3%. The major change can be defined as follows:

3.1) an increase in share of profit from investment according to the equity method amounting to Baht 2,830 million.

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

3.3) dividend received from BLCP, GEC and Conal by Baht 2,476 million.

3.4) the sale of shares in EGCO JD and AMESCO amounting to Baht 835 million.

3.5) loss from translation adjustment totaling Baht 100 million.

For the company financial statements, the original cost was applied to record the investment in subsidiaries and interests in joint ventures at the beginning; the book value as at June 30, 2008 was Baht 29,671 million, up Baht 17 million, thanks to the additional paid-up shares in joint ventures, NTPC and Sustainable Energy and Environmental Development Co.,Ltd. (SEED), amounting to Baht 356 million and Baht 10 million, respectively. Meanwhile, the sale of shares in EGCO JD amounted to Baht 348 million.

4) Property, plant and equipment (net) totaled Baht 17,792 million or 33% of the total assets. They were down Baht 846 million or 5% due to the decrease in property, plant and equipment from the depreciation of EGCO and subsidiaries' assets totaling Baht 1,073 million and the reclassification of unutilised capital spare parts from property, plant and equipment to spare parts and supplies at REGCO, KEGCO and EGCO Cogen totaling Baht 219 million. Meanwhile, there was a recording of capital spare parts as property, plant and equipment following the major maintenance at REGCO, KEGCO and EGCO Cogen in the amount of Baht 381 million and net purchase of property, plant and equipment totaling Baht 65 million.

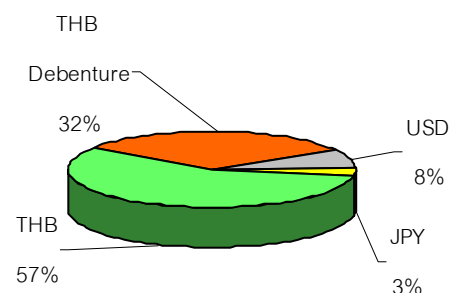
5) Other assets were Baht 9,661 million or 18% of the total assets, up Baht 1,339 million or 16% mainly from an increase of dividends receivable from a joint venture by Baht 1,376 million, ESCO's accrued income by Baht 75 million. Meanwhile, spare parts and supplies were down Baht 124 million.

4.2 Liability Analysis

As at June 30, 2008, the EGCO Group's total liabilities were Baht 9,926 million, which was Baht 1,679 million or 14% lower than the amount as at December 31, 2007. The total liabilities consist of the following:

1) Long-term loans and debentures totaled Baht 8,157 million, or 82% of total liabilities, down Baht 1,080 million or 12%. This mainly came from the long-term loans and debentures repayment from KEGCO, EGCO Cogen and Roi-Et Green. The details are as follows:

- USD loans in the amount of USD 19 million
- Yen loans in the amount of Yen 823 million
- Baht loans in the amount of Baht 4,677 million
- Baht debentures in the amount of Baht 2,602 million



Maturity of long-term loans and debentures as of June 30, 2008

Unit : Million Baht

	<i>EGCO</i>	<i>KEGCO</i>	<i>EGCO Cogen</i>	<i>Roi-Et Green</i>
<i>Within 1 Year</i>	-	772	154	32
<i>1-5 Years</i>	-	1,830	1,016	128
<i>> 5 Years</i>	4,000	-	126	99
<i>Total</i>	4,000	2,602	1,296	259

Long-term loans and debentures are secured liabilities over land, buildings, power plants and equipment of subsidiaries and joint ventures. The subsidiaries and joint ventures have to maintain cash reserves as at June 30, 2008 totaling Baht 253 million for the purpose of payment of principal and interest due within one year and as a reserve for minimising the foreign exchange risk.

2) **Other liabilities** amounted to Baht 1,769 million or 18% of total liabilities, representing a decrease of Baht 599 million or 25% which was mostly from a decrease in net liabilities in a joint venture by Baht 258 million as a result of the increased capital and the recognition of NTPC's share of loss totaling Baht 356 million and Baht 110 million, respectively. In addition, trade payables decreased by Baht 278 million mainly from EGCO Cogen and KEGCO.

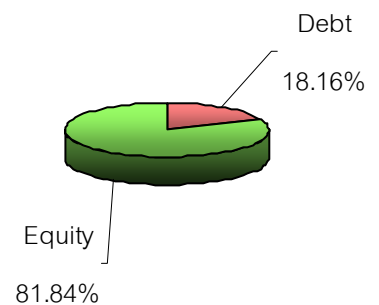
4.3 Shareholders' Equity Analysis

As at June 30, 2008, Shareholders' Equity amounted to Baht 44,746 million, which was Baht 2,750 million or 7% higher than the amount as at December 31, 2007. This was due mainly to the net profit in the consolidated financial statements amounting to Baht 4,257 million. Meanwhile, appropriated dividend totaled Baht 1,376 million.

The analysis of the company's capital structure as at June 30, 2008 can be summarized as follows:

Shareholders' equity was Baht 44,746 million or 81.84%.

Liabilities were Baht 9,926 million or 18.16%.



Important financial ratios were as follows:

- Debt to equity ratio was 0.22 times, lower than 0.28 times at the end of 2007.
- Book value per share was Baht 84.03, higher than Baht 78.78 at the end of 2007.

5. **Report and Analysis of Cash Flow Position**

Cash Flow Statement shows the change in cash flows from operating activities, investing activities, and financing activities at the end of the accounting period, and indicates the ending balance of the cash and the cash equivalents. As at June 30, 2008, the ending balance of the cash and the cash equivalent was Baht 5,325 million, which was Baht 1,575 million higher than the amount as at December 31, 2007. The details of the sources and uses of funds are as follows:

-**Net cash received from operating activities** totaled Baht 2,794 million. This was cash received from operating activities of Baht 3,260 million and cash payment for working capital of Baht 466 million.

-**Net cash received from investing activities** was Baht 1,565 million mainly due to dividends from joint ventures Baht 1,101 million, cash receipts from the sale of shares in EGCO JD and AMESCO totaling Baht 815 million and dividend received from EASTW by Baht 78 million. Meanwhile, the investment in joint ventures was Baht 366 million.

- **Net cash payment for financing activities** was Baht 2,785 million. The payment includes the payment of principal and interest of EGCO, KEGCO, EGCO Cogen and Roi-Et Green's debentures and loans totaling Baht 1,424 million. The dividend payment to shareholders amounted to Baht 1,360 million .

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

- Current ratio was 7.49 times, compared to 4.22 times in 2007
- Quick ratio was 3.94 times, compared to 2.26 times in 2007

Both ratios were higher than the ratios in 2007 due to an increase of cash and cash equivalent resulted mainly from dividends from joint ventures and cash receipts from the sale of shares in EGCO JD and AMESCO and an increase of dividends receivable from a joint venture.