

# EGCO

บริษัท ผลิตไฟฟ้า จำกัด (มหาชน)  
ELECTRICITY GENERATING PUBLIC COMPANY LIMITED

## Management Discussion and Analysis

For the Nine-month Period Operating Results

Ended September 30, 2004

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

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

## Management Discussion and Analysis

### 1. Business Expansion Analysis

The Electricity Generating Public Company Limited (EGCO), the first Independent Power Producer (IPP) in Thailand, was established in 1992 in the form of a holding company. Our vision statement is to be the leading Thai integrated electric power company providing comprehensive energy services in Thailand and in the ASEAN region, with full commitment to environment protection and social development support.

EGCO seeks to expand our market share through developing or acquiring IPP projects in Thailand and in the Asean region. We invest in well-structured projects taking into consideration our area of expertise, projects' economies of scale with acceptable return and risk profile. EGCO focuses on achieving sustainable long-term growth for the company while having strong management and good corporate governance.

As at the end of October 2004, Thailand's total generating capacity was reported at 26,040 MW<sup>1</sup>, of which 9.1% of the total capacity was generated by EGCO. In 2004 the peak demand reached 19,326 MW<sup>2</sup> in March, which was 6.65% higher than the peak demand in May 2003. According to the Electricity Generating Authority of Thailand (EGAT)'s Power Development Plan (PDP 2004), Thailand will require 18 units of new power stations together with renewable energy or Renewable Portfolio Standard (RPS) of 5% of the future additional capacity (approximately 13,230 MW in total generating capacity<sup>2</sup>) to be on line during 2011-2015. Therefore, we expect the new capacity bidding to occur in the near future; this will create a good opportunity for EGCO to expand our capacity.

Currently, EGCO has 12 operating plants totaling 2,414 equity MW, of which 85% is produced from two natural gas-fired IPP power plants: the 1,232 MW Rayong Electricity Generating Co., Ltd. (REGCO) plant and the 824 MW Khanom Electricity Generating Co., Ltd. (KEGCO) plant. In addition to our existing assets, we are developing 3 projects, representing an additional 1,012 equity MW as follows:

---

<sup>1</sup> Source: Electricity Generating Authority of Thailand (EGAT).

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

1. **The Kaeng Khoi 2 (KK2) project**, 1,468 MW natural gas-fired power plant in Saraburi Province, previously 700 MW and former known as “Bo Nok project.” EGCO holds 50% stake in this project. Gulf Power Generation Co., Ltd. (GPG), the project developer, recently signed the 25-year Power Purchase Agreement (PPA) with EGAT on October 28, 2004. The commercial operation dates (COD) for unit 1 and unit 2 with the capacity of 734 megawatts each are scheduled on March 1, 2007 and March 1, 2008, respectively.
2. **The Nam Theun 2 project**, 1,070 MW hydroelectric power plant in Laos PDR, in which EGCO has 25% stake. The PPA was signed in November 2003. This project is targeted for COD in the second half of 2009 with the contracted capacity to EGAT of 995 MW. Presently, this project is in the stage of acquiring financial support from Thai and international banks as well as multilateral agencies.
3. **The Gulf Yala Green Project** (EGCO holds shares through Gulf Electric Public Co.Ltd. in the percentage of 47.5%), 23 MW parawood-fuel biomass power plant in Yala Province. EGCO holds shares through Gulf Electric Public Co., Ltd. in the percentage of 47.5%. The project has already started construction with the targeted COD in August 2005.

In the absence of unforeseen circumstances, the company intends to distribute approximately 40% of the available profits of the company by way of dividend. This dividend policy may change in the light of investment opportunities that may become available to the company or as a result of other economic or financial factors or when a dividend payment may have a significant impact on the normal operation of the company.

## 2. Report and Analysis of the Operating Results

EGCO is structured as a holding company investing in integrated electricity generation business as well as energy service business. The main sources of its income are dividends and the share of revenues and profits from investments in its subsidiaries, joint ventures, and associates. The objective of the holding company structure is to provide flexibility for business expansion and to raise the ability to efficiently manage subsidiaries' projects as well as to finance new projects with non-recourse to existing ones.

During 2003, the Group has adopted Thai Accounting Standard No. 51: “Intangible Assets” and has changed two principal accounting policies, Specific Spare Parts Policy and Recording of

Development Expense Policy. For the purpose of presenting the interim consolidated and company financial statements for the nine-month period ended September 30, 2003, retrospective adjustments, including the cumulative effect, have been accounted for in the interim consolidated and company financial statements for the nine-month period ended September 30, 2003.

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

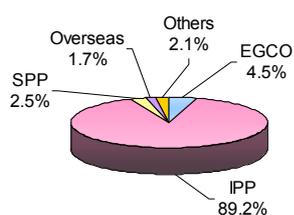
	September 30, 2003	
	Consolidated	Company
	Baht'000	Baht'000
<b>Balance sheets</b>		
Increase in investments in subsidiaries	-	1,105,644
Decrease in interests in joint ventures, net	(558,710)	(846,782)
Increase in spare parts and supplies, net	2,831	-
Increase in property, plant and equipment, net	1,102,813	-
Decrease in other non-current assets, net	(288,072)	-
Increase in retained earnings as at September 30, 2003	<u>258,862</u>	<u>258,862</u>
<b>Statements of income</b>		
Decrease in cost of sales	1,105,644	-
Increase in administrative expenses	(117,590)	-
Increase in impairment charge	(170,482)	(66,133)
Increase (decrease) in share of profit of subsidiaries and joint ventures	(588,710)	324,995
Increase in net profit	<u>258,862</u>	<u>258,862</u>

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

### **2.1 Operational Results**

EGCO's consolidated net profit for the first nine-month, as of September 30, 2004, was Baht 3,801 million, a decrease of Baht 1,290 million or 25% compared to the same period of the year 2003.

Unit: Million Baht



Net Profit after FX – 9M2004

	Net Profit 9M04		Net Profit 9M03	
	Before FX	After FX	Before FX	After FX
EGCO	157	171	45	45
IPP Group	3,571	3,391	4,703	5,112
SPP Group	256	96	26	289
Overseas	72	64	(399)	(431)
Others	80	80	76	76

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

The net profit for first nine-month of 2004 included an unrealized foreign exchange loss of Baht 335 million whereas the company incurred a foreign exchange gain of Baht 639 million in the same period of 2003.

A foreign currency exchange gain or loss is an accounting number in accordance with the Thai accounting standard. It incurs from the difference of the translation of the net debt denominated in foreign currency to Thai Baht equivalent amount using the foreign exchange rate at the end of this accounting period (September 30, 2004) and the previous period (December 31, 2003).

Excluding the effect of foreign currency exchange, the net profit was Baht 4,136 million, representing a decrease of Baht 315 million or 7% as compared to the same period of 2003. Without the impact of the new accounting policy amounting to Baht 213 million, foreign currency exchange and tax amounting to Baht 38 2 million, the net profit of EGCO Group for the first nine-month of 2004 was Baht 4,518 million, an increase of Baht 221 million or 5% compared to the same period of 2003.

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

- Gross Profit Ratio was 55%.
- Net Profit Ratio (excluding the effect of foreign exchange) was 33%.
- Earnings (excluding the effect of foreign exchange) per share (EPS) was Baht 7.88

The net profit margin (excluding the effect of foreign exchange) of 33% was lower than last year's margin of 38%, primarily resulted from the change in the accounting policy in 2003. If excluded the impact of accounting policy, the net profit margin was 35%

## 2.2 Income Analysis

In 2004, the total revenues of EGCO and its subsidiaries for the first nine-month as well as the share of profits from its associates and interest in joint ventures were Baht 12,604 million, an increase of Baht 887 million or 8% compared to same period of 2003. The details are as follows:

<i>Total Revenues:</i>	Unit: Million Baht		
	<i>9M2004</i>	<i>9M2003</i>	<i>%Changes</i>
<i>EGCO</i>	<i>439</i>	<i>411</i>	<i>7%</i>
<i>IPP Group</i>	<i>7,664</i>	<i>7,628</i>	<i>0.48%</i>
<i>SPP Group</i>	<i>3,539</i>	<i>3,231</i>	<i>10%</i>
<i>Overseas</i>	<i>573</i>	<i>162</i>	<i>253%</i>
<i>Others</i>	<i>388</i>	<i>285</i>	<i>36%</i>

1) **EGCO's Revenues**, amounting to Baht 439 million, represented an increase of Baht 29 million or 7% from last year, driven mostly by an increase of interest income Baht 30 million, an increase of dividend income from financial investments Baht 10 million whereas other income dropped by Baht 12 million.

EGCO's revenues are essentially from dividend from Krung Thai Dividend Selected Flexible Portfolio Fund (KTSF), amounted to Baht 334 million representing an increase of Baht 5 million as comparing to the same period of 2003; dividends from marketable securities of Baht 40 million, up by Baht 4 million; and interest income of Baht 58 million, up by Baht 30 million as a result of interest received from shareholder loans to GEC and Nam Theun 2 amounted to Baht 14 million and Baht 11 million, respectively; in addition bank deposits earned an interest of Baht 33 million. Other revenue amounted to Baht 7 million, a decrease by Baht 12 million.

2) **Revenues from the IPP Group**, consisting of two principal subsidiaries, REGCO and KEGCO, were Baht 7,664 million. The details are as follows:

- **Sales of electricity** was Baht 7,537 million, representing a increase of Baht 84 million or 1% compared to last year. The decrease was a net effect from a fall in REGCO's electricity sales of Baht 421 million caused by a decrease of the Capacity Rate, which was partially offset by an increase of Baht 505 million in KEGCO's electricity sales due to an increased Base Availability Credit. This was in accordance with the capacity payment formula calculated on a "Cost Plus Basis" under the PPAs and in line with the company's projection.

<i>Sales of Electricity – IPP Group:</i>			Unit: Million Baht
	9M2004	9M2003	%Changes
REGCO	4,082	4,503	(9%)
KEGCO	3,455	2,950	17%

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 nine-month of 2004, REGCO and KEGCO received compensation for the exchange rate effect of Baht 791 million.

- **Interest income and others** amounted to Baht 127 million, a decrease by Baht 47 million or 27%, mainly from REGCO and KEGCO's less deposits at banks and financial institutions as funds were used to pay down loans, which caused a drop in return of Baht 39 million.

**3) Revenues from the SPP Group** were Baht 3,539 million, an increase of Baht 308 million or 10% compared to 2003. The SPP Group incorporates five companies, Gulf Electric Public Co.,Ltd. (GEC), Amata-EGCO Power Ltd. (AEP), Amata Power Bangpakong Ltd. (APBP), TLP Cogeneration Co.,Ltd.(TLP Cogen) and Roi-Et Green Co.,Ltd. (Roi-Et Green). The details are as follows:

- **Sales of electricity** of the SPP Group were Baht 3,499 million, representing an increase of Baht 328 million or 10% compared to the same period of last year.

<i>Sales of Electricity – SPP Group:</i>			Unit: Million Baht
	9M2004	9M2003	%Changes
GEC	1,971	1,973	(0.10%)
TLP Cogen	1,216	944	29%
APBP	212	208	2%
Roi-Et Green	101	46	117%

The major factor, which led to an increase of sales in the SPP group was an increase of electricity sales at TLP Cogen and Roi-Et Green, whose revenues were firstly realized after the completion of their construction in January 28 and May 29, 2003, respectively. TLP Cogen and Roi-Et Green's revenues increased by Baht 272 million and Baht 54 million, respectively.

- **Interest income and others** amounted to Baht 21 million, increased by Baht 5 million.
- **Share of profit of associates and joint ventures** was from AEP totaling Baht 19 million, which decreased by Baht 25 million as compared to the same period of 2003 due to scheduled major maintenance.

4) **Revenues from the Overseas Group** were Baht 573 million, an increase of Baht 411 million compared to the same period of 2003. The overseas group refers to the CONAL Holdings Corporation (CONAL) and Nam Theun 2 Power Co., Ltd (NTPC). The details are as follows:

- **Sales of electricity** of the overseas group were Baht 560 million, a decline of Baht 152 million or 21% compared to the same period of last year, resulting from the transfer of 58 MW at Northern Mindanao Power Corporation (NMPC) to National Power Corporation (NPC) in July 2003.

- **Interest income and others** amounted to Baht 37 million, an increase of Baht 5 million or 16%.

- **Share of expenses of associates and joint ventures** totaled Baht 24 million, a decrease of Baht 558 million as compared to the same period of 2003. This resulted from the new accounting policy adjustment which had an impact of Baht 506 million on the share of development expenses of Nam Theun 2 Project prior to 2003.

5) **Revenues from the Other Business Group** were Baht 388 million, an increase by Baht 102 million or 36%. The other business group includes two subsidiaries, the EGCO Engineering and Service Co.,Ltd. (ESCO) and the EGCOM TARA Co., Ltd (EGCOM TARA). The details are as follows:

<i>Revenues from group of other business – Others:</i>	Unit: Million Baht		
	<i>9M2004</i>	<i>9M2003</i>	<i>% Changes</i>
<i>Service Income – ESCO</i>	<i>260</i>	<i>173</i>	<i>50%</i>
<i>Sales of Water – EGCOM TARA</i>	<i>118</i>	<i>105</i>	<i>12%</i>

- **Service income** from ESCO amounted to Baht 260 million, up by Baht 87 million or 50%, resulting mostly from an increase of operation and maintenance (O&M) services to Elgali 2 Power Plant in Sudan.

- **Sales of water from a subsidiary**, EGCOM TARA, was Baht 118 million, up by Baht 13million, or 12%, thanks to an increase of both water tariff and sales quantity under the Water Purchase Agreement, which were in line with the company's projection.

- **Interest income and others** amounted to Baht 8 million, an increase by Baht 1 million or 23%, mainly from ESCO's other revenues.

- **Share of profit of associates and joint ventures** totaled Baht 3 million, an increase by Baht 2 million, mainly from Amata Power Esco Service Co.,Ltd (Amesco) whereas the Agro Energy Co.,Ltd (AE)'s share of loss amounted to Baht 0.49 million causing the investment in AE to be zero .

### 2.3 Expenses Analysis

Total expenses from EGCO, its subsidiaries and joint ventures in the first nine-month of 2004 were Baht 8,292 million, an increase of Baht 1,287 million or 18% from the same period of last year. The details are as follows.

<i>Total Expenses:</i>			Unit: Million Baht
	9M2004	9M2003	% Changes
<i>EGCO</i>	282	366	(23%)
<i>IPP Group</i>	4,094	2,925	40%
<i>SPP Group</i>	3,243	3,169	2%
<i>Overseas</i>	384	351	9%
<i>Others</i>	289	195	48%

1) **Total expenses of EGCO** were Baht 282 million, a decrease from the same period of last year by Baht 83 million, as a result of lower interest expenses from a reduction in the principal of EGCO debenture. The total expenses of EGCO included administration expenses totaling Baht 239 million and interest expenses of Baht 43 million. The administrative expense was down Baht 29 million or 11%.

2) **The IPP Group's expenses** were Baht 4,094 million, an increase of Baht 1,169 million, mainly a result of the new accounting policy. The details are as follows:

- **Cost of sales**, with the total of Baht 2,251 million, an increase by Baht 1,036 million or 85% compared to 2003, mainly from the impact prior to 2003 of the new accounting policy on REGCO and KEGCO bringing up the cost of sales of REGCO and KEGCO by Baht 549 million

and Baht 487 million, respectively. Excluding the impact of the new accounting policy prior to 2003, the cost of sales of REGCO and KEGCO increased by Baht 20 million and Baht 44 million due to major maintenance.

*Cost of Sales – IPP Group:*

	Unit: Million Baht		
	9M2004	9M2003	%Changes
REGCO	1,268	719	76%
KEGCO	983	496	98%

- **Administration expenses and other expenses** were Baht 459 million, an increase of Baht 321 million or 232%, mainly from REGCO's corporate tax payment amounting to Baht 300 million. From April 20, 2003 onwards, the 50% Corporate Tax Reduction has become effective for the next 5 years, ending on April 19, 2008. The REGCO's BOI Tax Privilege had been effective for 8 years, from the date of the receipt of operating revenues to April 19, 2003.

- **Interest expenses** were Baht 1,384 million, a decrease of Baht 188 million or 12%, resulting from the decrease in interest expenses at REGCO and KEGCO of Baht 104 million and Baht 84 million, respectively, owing to lower principal amounts.

3) **The SPP Group's expenses** were Baht 3,243 million, an increase of Baht 75 million or 2%, according to the following reasons:

- **Cost of Sales** were Baht 2,787 million, an increase of Baht 289 million or 12%, substantially driven by an increase in cost of sales of TLP Cogen amounting to Baht 138 million, which was consistent with their increased sales of electricity and an increase of GEC amounting to Baht 125 million, resulted from major maintenance and the impact of new accounting policies. An increase of Roi-Et Green and APBP's cost of sales amounted to Baht 22 million and Baht 3million, respectively, which was consistent with their increased sales of electricity.

*Cost of Sales - SPP:*

	Unit: Million Baht		
	9M2004	9M2003	%Changes
GEC	1,674	1,548	8%
TLP Cogen	904	767	18%
APBP	153	150	2%
Roi-Et Green	56	33	66%

- **Administration expenses and other expenses** were 240 million, a decrease of Baht 166 million or 41%, substantially from GEC that was down by Baht 188 million. The new accounting policy caused an expense write-off prior to 2003 at Bo Nok that amounted to Baht 103 million and there were impairment expenses of Bo Nok's land and goodwill that amounted to Baht 170 million. Excluding the impact of the new accounting policy, GEC's administration and other expenses increased by Baht 85 million. TLP Cogen's administration and other expenses were up Baht 21 million, in line with an increase in electricity sales firstly recognised from January 28, 2003 onwards.

- **Interest expenses** were Baht 217 million, a decrease of Baht 48 million or 18%, mainly driven by the decrease in interest expenses at GEC of Baht 49 million, resulting from lower principal and interest rates thanks to the refinancing of certain loans. For Roi-et Green, owing to an increase of loan drawdown, its interest expenses increased by Baht 6 million whereas the interest expenses of APBP decreased by Baht 1 million owing to lower principal amount.

4) **The Overseas Group's expenses** were Baht 384 million, an increase of Baht 33 million or 9% compared to 2003, owing to the following reasons:

- **Cost of Sales** were Baht 127 million, a decrease of Baht 14 million or 10% as compared to last year. This resulted from a decrease of Northern Mindanao Power Corporation (NMPC)'s depreciation caused by a lower forecasted electricity production and the transfer of NMPC's 58 MW to NPC.

- **Administration expenses and other expenses** were Baht 202 million, an increase of Baht 57 million or 39%.

- **Interest expenses** were Baht 55 million, a decrease of Baht 10 million or 16% owing to lower principal amount.

5) **The Other Business Group's expenses** were Baht 289 million, an increase of Baht 93 million or 48%, owing to the following reasons:

- **Service costs** were Baht 177 million, an increase of Baht 83 million or 88%, resulting from an increase of ESCO's operation and maintenance (O&M) services to customers which was consistent with its revenue.

- **Cost of water sales** of EGCOM Tara was Baht 41 million, a decrease of Baht 1 million or 3% mainly from a decrease of operating and maintenance service costs.

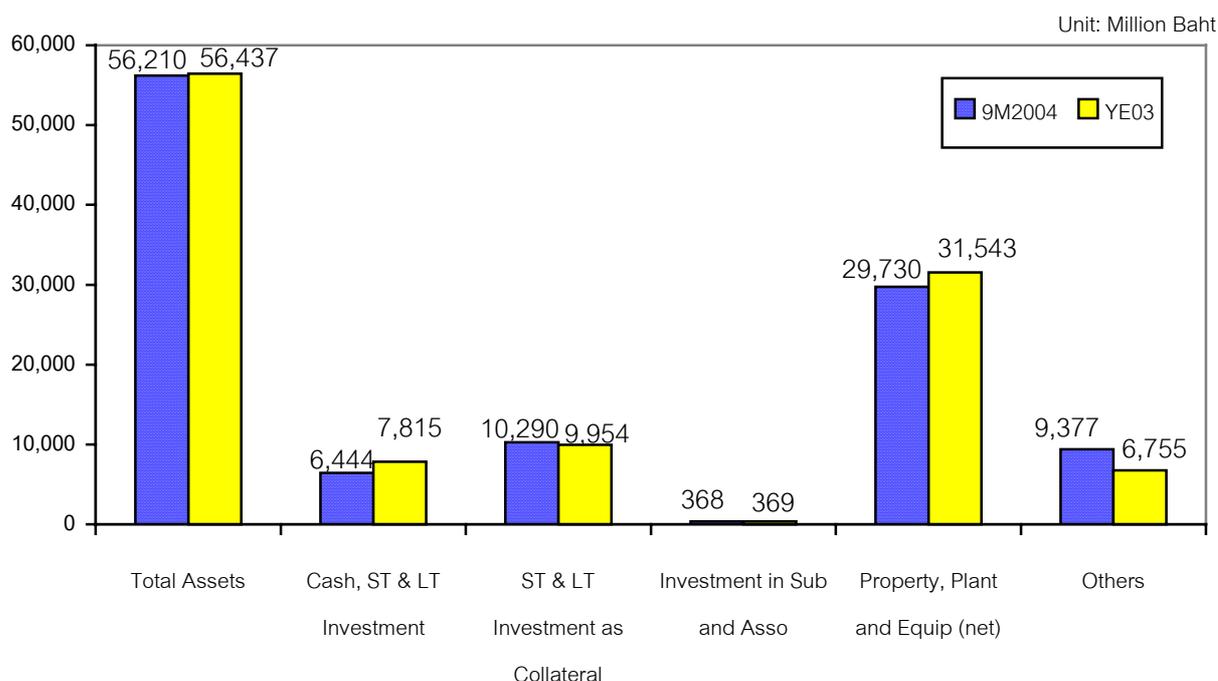
- **Administration expenses and other expenses** were Baht 62 million, an increase of Baht 16 million or 35%, mostly from ESCO's expenses which was in line with an increase of ESCO revenue

- **Interest expenses** were Baht 8 million, a decrease of Baht 4 million or 35%, resulting from the lower principal amount as well as the lower interest rate at EGCOM Tara.

### 3. Report and Analysis of Financial Position

#### 3.1 Asset Analysis

As at September 30, 2004, total assets of EGCO, its subsidiaries, associates and joint ventures amounted to Baht 56,210 million, a decrease of Baht 227 million or 0.40% from December 31, 2003. The important details are as follows:



1) **Cash, deposit at banks and financial institutions, and short term and long term marketable securities** were Baht 6,444 million or 11% of the total assets, down Baht 1,371 million or 18%. This was categorized by a decrease of Baht 1,347 million in deposits at banks and financial instruments and short-term marketable securities, a decrease of Baht 650 million in long-term investments in marketable securities and others resulted from additional investment in GEC and shareholder loans to GEC and NTPC as well as a diminishing market value of marketable securities; whereas the cash and cash equivalent were up by Baht 626 million.

2) **Short-term and long-term investments used as collateral** were Baht 10,290 million or 18% of the total assets, up Baht 337 million or 3%, with the cash reserve of debt repayment partially in US Dollars in the amount of USD 30 million. In quarter 3 of 2004, KEGCO obtained lenders' approval to release the FX reserved account.

3) **Investment in subsidiaries and associates and interests in joint ventures** amounted to Baht 368 million or 1% of the total assets, down by Baht 1 million or 0.39%. This mainly resulted from the recognition of investment write-down in Nam Theun 2 owing to the new accounting policy which amounted to Baht 24 million, whereas the share of profit of AEP and AMESCO amounted to Baht 19 million and Baht 3 million accordingly.

4) **Property, plant and equipment (net)** totaled Baht 29,730 million or 53% of total assets. They were down Baht 1,813 million or 6% due to the depreciation of EGCO and subsidiaries' assets totaling Baht 1,806 million, the reclassification of unutilised capital spare parts from property, plant and equipment to inventories of KEGCO and REGCO, amounting to Baht 268 million and Baht 96 million, GEC's impairment of its power plant of Baht 11 million whereas the translation adjustment up Baht 39 million. An increase in property, plant and equipment was substantially from REGCO and KEGCO's capital spare parts of Baht 38 million and Baht 91 million, respectively. Moreover, an increase of Baht 83 million was from the construction of GEC and others Baht 117 million.

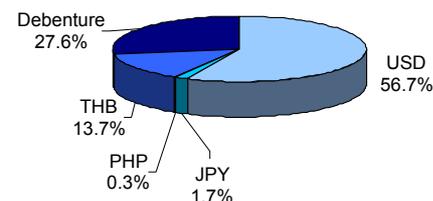
5) **Other assets** were Baht 9,377 million or 17% of the total assets, up Baht 2,622 million or 39% mainly from accounts receivable from related companies, up Baht 1,079 million, an increase of Spare Parts and Supplies by Baht 720 million, shareholder loans to GEC amounting to Baht 242 million and NTPC amounting to Baht 493 million. The other current asset was up by Baht 122 million.

### **3.2 Liability Analysis**

As at September 30, 2004, the company's total liabilities were Baht 27,851 million, down Baht 1,884 million or 6% as a result of the loans and debentures repayment at EGCO, REGCO and KEGCO. The total liabilities consisted of the following:

1) Long-term loans and debentures totaled Baht 25,847 million, or 93% of total liabilities, down Baht 2,065 million or 7%. The details are as follows:

- USD loans in the amount of USD 353 million
- Yen loans in the amount of Yen 1,163 million
- Philippine Peso loans in the amount of Peso 96 million
- Baht loans in the amount of Baht 3,544 million
- Debentures in the amount of Baht 7,163 million



In the first nine-month of 2004, the amount of loans denominated in Baht, USD, and Peso, including debenture decreased by Baht 2,124 million as compared to 2003 mostly from principal repayment by EGCO, REGCO, KEGCO, APBP, TLP Cogen, Conal, EGCOM TARA and GEC's loan refinancing. On the other hand, the amount of loans denominated in Yen were up Baht 54 million, which was due to the loan drawdown for the construction of Roi-Et Green.

2) Other liabilities amounted to Baht 2,005 million or 7% of total liabilities, mostly resulted from interest payable of Baht 573 million, bank overdrafts and short-term loans of Baht 340 million, trade accounts payable of Baht 335 million, value added tax payable and income tax payable of Baht 246 million and others of Baht 511 million.

### 3.3 Shareholders' Equity Analysis

As at September 30, 2004, Shareholders' Equity (excluding treasury stock) amounted to Baht 28,358 million, which was Baht 1,657 million higher than the amount as at December 31, 2003. This was due mainly to the profits from operation during the first nine-month of 2004, partially offset by a decrease of the unrealized gain on investments in marketable securities, East Water Resources Development and Management Public Co.,Ltd, totaling Baht 849 million following an increase of registered share capital that led to a fall in its share price in the stock market.

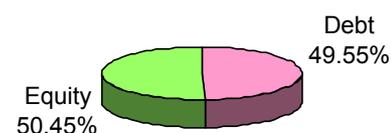
The analysis of the company's capital structure as at September 30, 2004 is summarized as follows:

Shareholders' equity was Baht 28,358 million or 50.45%.

Liabilities were Baht 27,851 million or 49.55%.

Important financial ratios were as follows;

- Debt to equity ratio was 0.98 times, lower than 1.11 times at the end of last year.
- Book value per share was Baht 52.16, higher than Baht 49.21 at the end of last year.



#### 4 Report and Analysis of Cash Flow Position

Cash Flow Statement shows the change in cash flows from operating activities, investing activities, and financing activities at the end of the accounting period, and indicates the ending balance of the cash and the cash equivalents. As at September 30, 2004, the ending balance of the cash and the cash equivalent was Baht 2,357 million, down by Baht 626 million from the end of 2003. The details of the sources and uses of funds are as follows;

-**Net cash received from operating activities** totaled Baht 4,431 million. Most of the changes were due to cash from operating activities amounted to Baht 6,009 million, dropped by Baht 1,067 million as comparing to 2003 whereas trade accounts receivable and trade receivable from a related party increased by Baht 1,144 million and spare parts and supply increased by Baht 485 million.

-**Net cash received from investing activities** was Baht 355 million. Baht 1,375 million was from the net sale of short-term financial investments whereas the dividends from Krung Thai Dividend Selected Flexible Portfolio Fund (KTSF) and East Water Resources Development and Management Public Co., Ltd were Baht 334 million and Baht 40 million, respectively. The shareholder loans to GEC and NTPC were Baht 242 million and Baht 479 million, respectively. The net purchase of property, plant and equipment was Baht 273 million and long-term investment was Baht 198 million. The investment in a subsidiary of a joint venture was increased by Baht 159 million from GEC's purchasing GPG's shares from MEC Laguna Power B.V.

- **Net cash payment for financing activities** was Baht 4,165 million, mainly owing to long-term loan and debenture repayment by EGCO, REGCO, KEGCO, TLP Cogen, Roi-Et Green, APBP and GEC in the amount of Baht 2,768 million and dividend payment to shareholders amounted to Baht 1,548 million while the loan drawdown from TLP Cogen and Roi-Et Green increased by Baht 116 million.