



# EGCO

บริษัท ผลิตไฟฟ้า จำกัด (มหาชน)  
ELECTRICITY GENERATING PUBLIC COMPANY LIMITED

## Management Discussion and Analysis

For the Nine-month Period Operating Results

Ended September 30, 2005

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

The objective of this MD&A is to present the information and the explanation of financial status and operating results as of the date hereof. The information provided in this MD&A may change if the aforementioned factors or situation are changed in the future; the investors are, therefore, required to have their own discretion regarding the usage of this information for any purpose. For further detail, please contact Investor Relations Section of the Electricity Generating Public Company Limited at Tel: 662-998-5131-2 or Email: [ir@egco.com](mailto:ir@egco.com)

## Management Discussion and Analysis

### 1. Executive Summary

The Electricity Generating Public Company Limited (EGCO) is an independent power producer (IPP) with 12 operating plants totaling 2,414 equity MW and two major power plant projects under development, namely Nam Theun 2 project and Kaeng Khoi 2 (KK2) project. The first drawdown of Nam Theun 2 USD 238 million equivalent project loans provided by a group of commercial and bi-lateral lenders occurred on June 15, 2005 after the World Bank and the Asian Development Bank (ADB) agreed to support the project. Subsidiary Gulf Electric Public Company Limited (GEC) is working to complete the refinancing of the wholly owned Kaeng Khoi 2 project. Through the refinancing, the Thai commercial bank group will remain the only lenders of Thai Baht and a syndicate of offshore lenders and the Japan Bank for International Cooperation (JBIC) will be replacing the Thai commercial banks as lenders for all USD loans. Management expects this refinancing exercise to be completed within calendar 2005.

EGCO's consolidated net profit for the first nine months of 2005 was Baht 3,224 million, a decrease of Baht 577 million or 15% compared to the same period of 2004. Excluding the impact of foreign exchange, the net profit was Baht 3,531 million, representing a decrease of Baht 605 million or 15% as compared to the same period of last year. The details of net profit (before F/X) are as follows:

- **EGCO's** net profit of Baht 39 million, a decrease of Baht 82 million, reflected less dividends from its financial investments.
- **IPP Group** which consists of Rayong Electricity Generating Co.,Ltd (REGCO) and Khanom Electricity Generating Co.,Ltd (KEGCO) showed a net profit of Baht 3,246 million, a decrease of Baht 325 million mainly due to a decrease of REGCO and KEGCO's electricity revenues in line with the company's projection.
- **SPP Group**, comprising five companies including GEC, Amata-EGCO Power Ltd. (AEP), Amata Power (Bang Pakong) Ltd. (APBP), TLP Cogeneration Co.,Ltd. (TLP Cogen) and Roi-Et Green Co.,Ltd. (Roi-Et Green), had a net profit of Baht 283 million, an increase of Baht 17 million caused by an increase in GEC and TLP Cogen's electricity sales together with a decrease in TLP Cogen's administrative expenses.
- **Overseas Group**, which refers to Conal Holdings Corporation (CONAL) and Nam Theun 2 Power Co.,Ltd. (NTPC), reported a net loss of Baht 201 million, a decrease of Baht 294 million. This is a result of the proportionate consolidation of the operating result of NTPC starting from the third

quarter of 2005 following the commencement of the construction of the power plant in the Lao People's Democratic Republic (Lao PDR), leading to a reported net loss of Baht 341 million.

- **Other Business Group** includes two subsidiaries, EGCO Engineering & Service Co.,Ltd. (ESCO) and Egcom Tara Co., Ltd. (ET), from which the net profit increased by Baht 78 million due to increased service income of ESCO. The net profit of this business group was reported at Baht 164 million.

## **2. Business Expansion Analysis**

EGCO is the first independent power producer (IPP) in Thailand established in 1992 through the partial privatization of EGAT Public Company Limited or EGAT (formerly named "The Electricity Generating Authority of Thailand"). EGCO is structured as a holding company with a number of subsidiaries. Our vision is to be the leading Thai integrated electric power company with comprehensive energy services in Thailand and in the ASEAN region, with full commitment to environment protection and social development support.

EGCO's major business is to produce and sell electricity 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 the ASEAN countries by acquisitions with the aim to provide superior long term returns to shareholders by improving the profitability of its existing assets and acquiring new projects with acceptable returns and risks.

As at the end of September 2005, Thailand's total generating capacity was reported at 26,430.56 MW<sup>1</sup>, of which 9.1% was attributed to EGCO. During the year 2005, the peak demand reached 20,537.5 MW<sup>1</sup> in April, which was 6.27% higher than the peak demand in March 2004.

The cabinet has already approved in its meeting on August 30, 2005 that EGAT be allowed to construct at least 50% of the new capacity from 2011-2015 to ensure energy security. The remaining 50% will be open for competition among IPPs. The government is in the process of setting up the Interim Regulator working under the Energy Policy Planning Office. After the establishment of the regulatory body, the next round of IPP bidding (for capacity required in 2011-2015) is expected to be launched. EGCO intends to pull together the expertise within the group to compete in this new bidding program.

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<sup>1</sup> Source: EGAT Public Company Limited (EGAT)

Currently, EGCO has 12 operating plants totaling 2,414 equity MW, of which 85% is produced from two natural gas-fired IPP power plants: a 1,232 MW REGCO plant and a 824 MW KEGCO plant. In addition to our existing assets, we are developing 3 power plant projects, representing an additional 1,011 equity MW as follows:

1. **The Kaeng Khoi 2 (KK2) project**, a 1,468 MW natural gas-fired power plant in Saraburi Province. EGCO has a 50% stake in this project through its holding of 50% of the shares in GEC, which in turn owns 99.99% of Gulf Power Generation Co.,Ltd. (GPG), the Kaeng Khoi 2 project company vehicle. The commercial operation dates (COD) for units 1 and 2 with a capacity of 734 megawatts each are scheduled to occur on March 1, 2007 and March 1, 2008, respectively.
2. **The Nam Theun 2 project**, is a 1,070 MW hydroelectric power plant in the Lao PDR, in which EGCO is a 25% owner of the project company, NTPC. The construction progress of the project is in good condition and the project remains on schedule for COD in December 2009. Of the 1,070MW capacity, EGAT is committed to long-term offtake of 995 MW with the balance to be sold to the Government of Laos.
3. **The Gulf Yala Green Project**, is a 23 MW parawood-fuel biomass power plant in Yala Province, in which EGCO holds a stake of 47.5% through its ownership of GEC. Due to the security situation in the southern province where the project is domiciled, the construction of this project has been delayed. The project is expected now to be completed in June of 2006 and management is in discussion with EGAT to extend the COD accordingly.

The company has a policy to dividend approximately 40% of the net profit after taxation, or to increase the dividend amount in a steady manner, to the shareholders. This dividend policy may change in the light of investment opportunities that may become available to the company or as a result of other economic or financial factors or when a dividend payment may have a significant impact on the normal operation of the company.

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

EGCO is structured as a holding company that invests primarily in electricity generation and energy service businesses. The main source of its income is dividends from investments in its subsidiaries, joint ventures, and associates. The objective of the holding company structure is to

provide flexibility for business expansion and to facilitate financing of new projects without recourse to existing ones.

During the third quarter of 2005, NTPC has commenced the construction of the power plant in the Lao PDR. Accordingly, investment in NTPC was accounted for under the proportionate consolidation method in the interim consolidated financial statements as of 30 September 2005 because its financial statements were material to EGCO Group.

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

### 3.1 Operational Results

EGCO's consolidated net profit for the first nine months of 2005, as of September 30, 2005, was Baht 3,224 million, a decrease of Baht 577 million or 15% compared to the same period of the year 2004.



Remarks: - IPP : REGCO, KEGCO  
- Overseas : Conal, NTPC

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

The net profit for the first nine months of 2005 included a foreign exchange loss of Baht 307 million whereas the Company incurred a foreign exchange loss of Baht 335 million for the first nine months of 2004. An unrealized foreign currency exchange loss in the amount of Baht 398 million for the first nine months of 2005 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 (September 30, 2005) and the previous period (December 31, 2004).

Excluding the effect of foreign currency exchange, the profit was Baht 3,531 million, representing a decrease of Baht 605 million or 15% as compared to the same period of 2004.

For the first nine months of 2005, excluding the effect of foreign currency exchange of Baht 307 million, interest expenses of Baht 1,404 million, income tax of Baht 405 million and depreciation and amortization of Baht 2,300 million, the EBITDA would be Baht 7,639 million, representing a decrease of Baht 656 million or 8% as compared to the same period of 2004, in which the EBITDA was Baht 8,295 million, excluding the effect of foreign currency exchange of Baht 335 million, interest expenses of Baht 1,706 million, income tax amounting to Baht 382 million and depreciation and amortization amounting to Baht 2,071 million.

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

- Gross Profit Ratio was 50.63%.
- Net Profit Ratio (excluding the effect of foreign exchange) was 27.87%.
- Earnings (excluding the effect of foreign exchange) per share (EPS) was Baht 6.71

The gross profit ratio of 50.63% was lower than last year's ratio of 55.04%, mainly caused by a decrease in electricity revenues and an increase in cost of sales of REGCO plus the starting of the proportionate consolidation of NTPC's operating results that led to a reported net loss of Baht 341 million. Consequently, the net profit margin (excluding the effect of foreign exchange) of 27.87% was lower than last year's margin of 32.82%.

### **3.2 Income Analysis**

The total revenues of EGCO and its subsidiaries for the first nine months of 2005 as well as the share of profits from its associates and interest in joint ventures were Baht 12,667 million, an increase of Baht 63 million or 1% compared to the same period of 2004. The details are as follows:

<i>Total Revenues:</i>	Unit : Million Baht		
	9M2005	9M2004	%Changes
<i>EGCO</i>	331	439	(25%)
<i>IPP Group</i>	7,284	7,664	(5%)
<i>SPP Group</i>	3,854	3,539	9%
<i>Overseas</i>	635	573	11%
<i>Others</i>	564	388	45%

1) **EGCO's Revenues** totaled Baht 331 million, representing a decrease of Baht 109 million or 25% from last year due to a decrease of dividend income of Baht 142 million or 38% as compared to the same period of 2004, reflecting the stock market fluctuation. EGCO's revenues comprised of dividend

income from financial investment of Baht 233 million, interest income of Baht 76 million and other income of Baht 23 million.

EGCO's revenues are essentially dividends from Krung Thai Dividend Selected Flexible Portfolio Fund (KTSF) in the amount of Baht 124 million representing a decrease of Baht 205 million as compared to the same period of 2004; dividends from Eastern Water Resources Development and Management Public Company Limited (EASTW) of Baht 92 million, up by Baht 56 million according to additional investment plus EASTW's higher dividend pay-out; interest income of Baht 76 million, up by Baht 18 million and other income of Baht 23 million, up by Baht 16 million.

2) **Revenues from the IPP Group**, consisting of two principal subsidiaries, REGCO and KEGCO, were Baht 7,284 million. The details are as follows:

- **Sales of electricity** amounting to Baht 7,173 million, represented a decrease of Baht 364 million or 5% compared to last year. REGCO's electricity sales of Baht 3,763 million reflected a decrease of Baht 319 million, caused by a decrease of the Capacity Rate whilst KEGCO's electricity sales of Baht 3,410 million represented a decrease of Baht 45 million, as a result of a decrease of the 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.

*Sales of Electricity – IPP Group:*

Unit : Million Baht

	9M2005	9M2004	%Changes
REGCO	3,763	4,082	(8%)
KEGCO	3,410	3,455	(1%)

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

In the first nine months of 2005, REGCO and KEGCO received compensation for the exchange rate effect of Baht 552 million.

- **Interest income and others** amounted to Baht 110 million, a decrease of Baht 17 million or 13%, mainly from REGCO and KEGCO's lower amount of deposits at banks and financial institutions which caused a drop in return of Baht 16 million. Moreover, other revenues decreased by Baht 1 million.

3) **Revenues from the SPP Group** were Baht 3,854 million, an increase of Baht 315 million or 9% compared to the same period of 2004. The SPP Group incorporates five companies, GEC, AEP, APBP, TLP Cogen and Roi-Et Green. The details are as follows:

- **Sales of electricity** of the SPP Group were Baht 3,773 million, representing an increase of Baht 274 million or 8% compared to the same period of last year.

*Sales of Electricity – SPP Group:*

	Unit : Million Baht		
	9M2005	9M2004	%Changes
GEC	2,189	1,971	11%
TLP Cogen	1,266	1,216	4%
APBP	190	212	(10%)
Roi-Et Green	128	101	27%

Most of the increase of SPP group's electricity sales was from GEC, TLP Cogen, and Roi-et Green in the amount to Baht 218 million, Baht 50 million and Baht 27 million, respectively. An increase of GEC's electricity sales of Baht 218 million was due to peak-load demand calls from EGAT whilst an increase of Baht 50 million was caused by TLP Cogen's increased electricity sales to EGAT and industrial users at higher rate plus higher steam sales to industrial users in 2005. The increase of Roi-et electricity sales came from higher tariff as well, thanks to the tariff formula that is linked to the price of fuel oil. On the other hand, APBP's electricity sales decreased by Baht 22 million due to a physical impairment of an electricity generating equipment.

- **Interest income and others** amounted to Baht 45 million, an increase of Baht 24 million mainly from the increase in APBP's other income totaling Baht 11 million whilst the interest income and others of GEC, Roi-et Green and TLP Cogen were up by Baht 5 million, Baht 3 million and Baht 4 million, respectively.

- **Share of profit of associates and joint ventures** was from AEP totaling Baht 35 million, an increase of Baht 16 million as compared to the same period of 2004 mainly due to major maintenance in 2004.

4) **Revenues from the Overseas Group** were Baht 635 million, an increase of Baht 62 million compared to the same period of 2004. The overseas group refers to CONAL and NTPC. The details are as follows:

- **Sales of electricity** of the overseas group were Baht 600 million, an increase of Baht 40 million or 7% compared to last year, resulting from higher dispatch.

- **Interest income and others** amounted to Baht 34 million, a decrease of Baht 3 million or 7%.

- **Share of expenses of NTPC** was reported as zero, representing a decrease of Baht 24 million compared to the same period in the previous year. This was because, NTPC was formerly accounted for an equity method whilst from the third quarter 2005 it is accounted for a proportionate consolidation method following the commencement of the construction of the power plant in the Lao PDR.

5) **Revenues from the Other Business Group** were Baht 564 million, an increase by Baht 176 million or 45%. The other business group includes two subsidiaries, ESCO and ET. The details are as follows:

*Revenues from the Other Business:*

	Unit : Million Baht		
	9M2005	9M2004	% Changes
<i>Service Income – ESCO</i>	426	260	64%
<i>Sales of Water – ET</i>	125	118	7%

- **Service income** from ESCO amounted to Baht 426 million, up by Baht 167 million or 64%, resulting mostly from an increase of operation and maintenance (O&M) services and selling spare parts to Elgali 2 Power Plant in Sudan.

- **Sales of water from a subsidiary, ET,** were Baht 125 million, up by Baht 8 million, or 7%, thanks to an increase of water tariff under the Water Purchase Agreement.

- **Interest income and others** amounted to Baht 10 million, an increase by Baht 2 million or 24%, mainly from ET's interest income.

- **ESCO's share of profit of associates and joint ventures** totaled Baht 2.3 million, a decrease by Baht 0.62 million, mainly from Amata Power-Esco Service Co.,Ltd (AMESCO)'s increased expenses.

### 3.3 Expense Analysis

Total expenses from EGCO, its subsidiaries and joint ventures in the first nine-month of 2005 were Baht 8,926 million, an increase of Baht 634 million or 8% from the same period of last year. The details are as follows:

<i>Total Expenses:</i>			Unit : Million Baht
	9M2005	9M2004	% Changes
<i>EGCO</i>	292	319	(8%)
<i>IPP Group</i>	4,038	4,094	(1%)
<i>SPP Group</i>	3,523	3,234	9%
<i>Overseas</i>	697	363	92%
<i>Others</i>	376	283	33%

1) **Total expenses of EGCO**, which were administrative expenses, totaled Baht 292 million, a decrease from the same period last year of Baht 27 million or 8% because EGCO's debenture matured in October 2004.

2) **The IPP Group's expenses** were Baht 4,083 million, a decrease of Baht 56 million or 1%. The details are as follows:

- **Cost of sale** of Baht 2,449 million, an increase of Baht 198 million or 9% compared to the same period of 2004, mainly from REGCO's maintenance expense as a result of the replacement in the impaired steam turbine rotor.

<i>Cost of Sales – IPP Group:</i>			Unit: Million Baht
	9M2005	9M2004	%Changes
<i>REGCO</i>	1,447	1,268	14%
<i>KEGCO</i>	1,002	983	2%

- **Administrative expenses and income tax** were Baht 480 million, an increase of Baht 21 million or 5%, mainly from KEGCO's amortization of losses from transfer of investments from available-for-sale to held-to-maturity in the amount of Baht 41 million.

- **Interest expenses** were Baht 1,110 million, a decrease of Baht 274 million or 20%, resulting from the decrease in interest expenses at REGCO and KEGCO of Baht 164 million and Baht 110 million, respectively, owing to lower principal amounts.

3) **The SPP Group's expenses** were Baht 3,523 million, an increase from the same period of last year of Baht 289 million or 9%, according to the following reasons:

- **Cost of Sales** were Baht 3,049 million, an increase of Baht 262 million or 9%, substantially driven by an increase at GEC amounting to Baht 139 million owing to maintenance expenses as well as an

increase at TLP Cogen amounting to Baht 55 million from higher fuel costs and maintenance expenses. An increase at APBP amounting to Baht 42 million was due to higher maintenance expenses. Moreover, Roi-Et Green's cost of sales increased by Baht 26 million due to higher cost of rice husk used as fuel.

<i>Cost of Sales - SPP:</i>	Unit : Million Baht		
	9M2005	9M2004	%Changes
<i>GEC</i>	1,813	1,674	8%
<i>TLP Cogen</i>	960	904	6%
<i>APBP</i>	195	153	27%
<i>Roi-Et Green</i>	82	56	47%

- **Administrative expenses** were Baht 233 million, an increase of Baht 3 million or 1%, coming substantially from GEC which incurred expenses totaling Baht 212 million or up by Baht 27 million whilst APBP experienced an increase of Baht 3 million and Roi-et Green was up by Baht 2 million. TLP Cogen showed lower administrative expenses by Baht 28 million because a refinancing fee was incurred in the first nine months of 2004.

- **Interest expenses** were Baht 241 million, an increase of Baht 24 million or 11%, driven by an increase in TLP Cogen's interest expenses amounting to Baht 17 million because of higher loan amount to cover the refinancing fee plus a higher interest rate from swapping floating rate to fixed rate. GEC's interest expenses increased by Baht 5 million due to loan drawdown for power plant construction. GEC and TLP Cogen's interest expenses were Baht 139 million and Baht 82 million, respectively.

4) **The Overseas Group's expenses** were Baht 697 million, an increase of Baht 334 million or 92% compared to the same period of 2004, owing to the following reasons:

- **Cost of Sales** were Baht 161 million, an increase of Baht 34 million or 26%, in line with an increase of revenues.

- **Administrative expenses and income tax** were Baht 484 million, an increase of Baht 303 million or 167%. This came from the change to the proportionate consolidation method for the accounting of NTPC which led to a recognition of expenses in the amount of Baht 344 million, mainly from the write-off of the development expense of Baht 280 million.

- **Interest expenses** were Baht 52 million, a decrease of Baht 3 million or 5% owing to lower principal amount of debt.

5) The Other Business Group's expenses were Baht 376 million, an increase of Baht 94 million or 33%, owing to the following reasons:

- **Service costs** were Baht 274 million, an increase of Baht 97 million or 55%, resulting from an increase of ESCO's operation and maintenance (O&M) services to customers which was consistent with its increased revenue.

- **Cost of water sales** of ET was Baht 41 million, a decrease of Baht 0.35 million or 1% mainly from a decrease of operating and maintenance service costs.

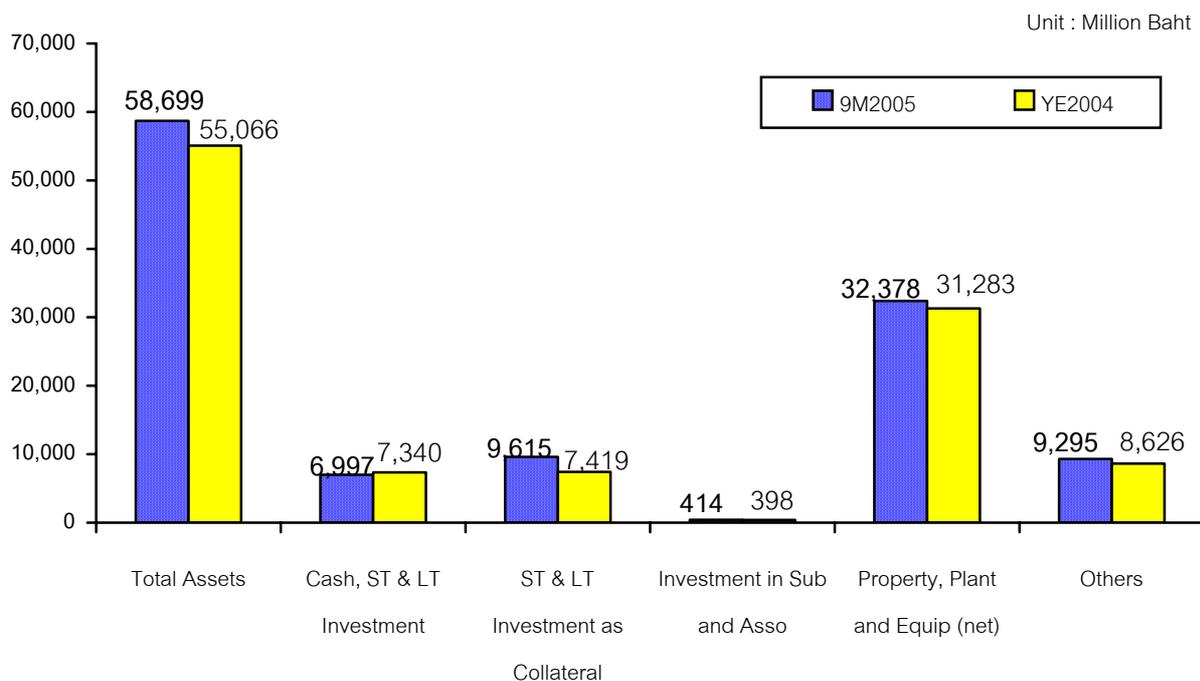
- **Administrative expenses and income tax** were Baht 57 million, an increase of Baht 0.19 million or 0.3%, mostly from ESCO's income tax expenses that amounted to Baht 19 million, which was in line with an increase of ESCO's net profit; whereas, the administrative expense shrank by Baht 19 million as there was Agro-Energy Co.,Ltd.'s write-off of bad debt in 2004.

- **Interest expenses** were Baht 5 million, a decrease of Baht 3 million or 41%, resulting from the lower principal amount of ET's debt.

#### 4. Report and Analysis of Financial Position

##### 4.1 Asset Analysis

As at September 30, 2005, total assets of EGCO, its subsidiaries, associates and joint ventures amounted to Baht 58,699 million, an increase of Baht 3,632 million or 7% from December 31, 2004. The important details are as follows:



1) Cash and deposits at financial institutions, and short term and long term marketable securities were Baht 6,997 million or 12% of the total assets, down Baht 343 million or 5%. This came from a decrease of Baht 1,606 million in deposits at financial institutions and short-term marketable securities whilst cash and cash equivalent increased by Baht 1,209 million, and long-term investments in marketable securities was up Baht 54 million.

2) Short-term and long-term investments used as collateral were Baht 9,615 million or 16% of the total assets, up Baht 2,195 million or 30%.

3) Investment in subsidiaries and associates and interests in joint ventures amounted to Baht 414 million or 1% of the total assets, up by Baht 16 million or 4%. This increase is mainly a result of the recognition of the share of profit of AEP.

4) Property, plant and equipment (net) totaled Baht 32,378 million or 55% of the total assets. They were up Baht 1,095 million or 4% due to an increase in property, plant and equipment related to GEC and NTPC's construction of Baht 1,501 million and Baht 1,023 million, respectively; as well as the recording of capital spare parts as property, plant and equipment following the major maintenance of REGCO and TLP Cogen in the amount of Baht 222 million and Baht 28 million, respectively. The translation adjustment of overseas assets increased by Baht 60 million as well.

However, a decrease in property, plant and equipment was from depreciation of EGCO and subsidiaries' assets totaling Baht 1,842 million, the reclassification of unutilised capital spare parts from

property, plant and equipment to inventories of TLP Cogen, REGCO and KEGCO amounting to Baht 23 million, Baht 15 million and Baht 14 million, respectively.

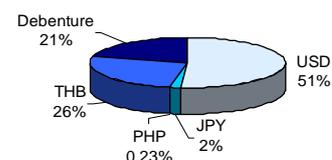
5) **Other assets** were Baht 9,295 million or 16% of the total assets, up Baht 669 million or 8% mainly from amounts due and trade receivable from related companies that were up Baht 433 million, other assets that were up by Baht 653 million, and spare parts and supplies up by Baht 139 million while long-term loans to related parties down by Baht 497 million following NTPC's shareholder loan repayment for the whole amount; goodwill was down by Baht 59 million.

#### 4.2 Liability Analysis

As at September 30, 2005, the company's total liabilities were Baht 27,627 million, up Baht 1,664 million or 6% driven by increasing long-term loan drawdown from financial institutions. The total liabilities consist of the following:

1) **Long-term loans and debentures** totaled Baht 24,916 million, or 90% of total liabilities, up Baht 983 million or 4%. The details are as follows:

- USD loans in the amount of USD 312 million
- Yen loans in the amount of Yen 1,066 million
- Filipino Peso loans in the amount of Peso 79 million
- Baht loans in the amount of Baht 6,528 million
- Baht debentures in the amount of Baht 5,304 million



In the first nine months of 2005, the amount of loans increased by Baht 2,309 million due to the loan drawdown for the construction of GEC and NTPC and principal repayment of long-term loans and debentures by subsidiaries totaled Baht 1,847 million.

2) **Other liabilities** amounted to Baht 2,712 million or 10% of total liabilities, mostly from bank overdrafts and short-term loans from financial institutions of Baht 109 million, trade payables of Baht 495 million, construction payables of Baht 180 million, interest payable of Baht 455 million, value added tax payable and income tax payable of Baht 256 million, and others of Baht 1,217 million.

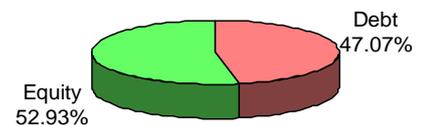
#### 4.3 Shareholders' Equity Analysis

As at September 30, 2005, Shareholders' Equity amounted to Baht 31,072 million, which was Baht 1,969 million higher than the amount as at December 31, 2004. This was due mainly to the profits from operation of the first nine months of 2005.

The analysis of the company's capital structure as at September 30, 2005 is summarized as follows:

Shareholders' equity was Baht 31,072 million or 52.93%.

Liabilities were Baht 27,627 million or 47.07%.



*Important financial ratios* were as follows:

- Debt to equity ratio was 0.89 times, equaled to the end of last year.
- Book value per share was Baht 57.03, higher than Baht 53.55 at the end of last year.

## 5. Report and Analysis of Cash Flow Position

Cash Flow Statement shows the change in cash flows from operating activities, investing activities, and financing activities at the end of the accounting period, and indicates the ending balance of the cash and the cash equivalents. As at September 30, 2005, the ending balance of the cash and the cash equivalent was Baht 3,060 million, up by Baht 1,209 million from the end of 2004. The details of the sources and uses of funds are as follows:

-**Net cash received from operating activities** totaled Baht 2,279 million. Most of this was cash from operating activities that amounted to Baht 5,876 million and cash received from working capital decrease of Baht 3,597 million.

-**Net cash received from investing activities** was Baht 30 million. Cash received from deposits at financial institutions increased by Baht 1,640 million. Cash received from shareholder's loan repayment from NTPC was Baht 971 million and AEP Baht 32 million. In addition, cash inflows were from dividends of EASTW, KTSF and the other open-end funds, which amounted to Baht 92 million, Baht 124 million and Baht 17 million, respectively, whereas the cash outflows were from the investment in GEC and NTPC's power plant construction amounting to Baht 1,165 million and Baht 1,152 million

- **Net cash payment for financing activities** was Baht 1,098 million, mainly owing to loan and debenture repayment from REGCO, KEGCO, ET, TLP Cogen, Roi-Et Green, APBP, GEC and Conal, which amounted to Baht 1,847 million, plus dividend payment to shareholders that amounted to Baht 1,669 million; while there was debt drawdown at GEC in the amount of Baht 1,096 million and NTPC Baht 1,214 million and cash received from selling treasury stock of Baht 100 million.