



Management Discussion and Analysis

For the Nine-month Period Operating Results
Ended September 30, 2007

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

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

Management Discussion and Analysis

1. Executive Summary

The Electricity Generating Public Company Limited (EGCO) is an Independent Power Producer (IPP) with 14 operating plants totaling 3,509 equity MW at present. Since January 2007, the 50% share of profit in the joint venture BLCP Power Limited (BLCP), a 1,434 MW coal-fired power plant, has been recognised.

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

EGCO Group's consolidated net profit for the first nine months of 2007 ended September 30, was Baht 7,390 million, an increase of Baht 2,335 million or 46% compared to the same period of 2006. Excluding the impact of foreign exchange on EGCO and subsidiaries, the net profit was Baht 7,291 million, representing an increase of Baht 2,846 million or 64% as compared to the same period of the previous year; the details of the change are as follows:

- **EGCO's** net loss of Baht 165 million, representing a decrease in net profit of Baht 240 million, resulted from higher administrative expenses of Baht 121 million mostly from advertising expenses and project development cost; and an increase of interest expenses from short-term loans in the amount of Baht 129 million.

- **IPP Group**, consisting of Rayong Electricity Generating Co., Ltd. (REGCO), Khanom Electricity Generating Co., Ltd. (KEGCO), the joint venture BLCP and the joint venture GPG, showed a net profit and share of profit from joint ventures totaling Baht 6,716 million, up Baht 2,906 million thanks to the recognition of the share of profit from BLCP since January 2007 as well as the share of profit from GPG thanks to Unit 1 of KK2 which was completed and achieved its COD since May 2007.

- **Small Power Producer (SPP) Group**, which is comprised of three joint ventures including Gulf Electric Public Company Limited (GEC)(excluding GPG), Amata-EGCO Power Ltd. (AEP), Amata Power (Bang Pakong) Ltd. (APBP); and two subsidiaries including EGCO Cogeneration Co., Ltd. (EGCO Cogen) and Roi-Et Green Co., Ltd. (Roi-Et Green), reported a net profit of Baht 760 million, an increase of Baht 355 million that mainly resulted from GEC's higher net profit owing to a gain from foreign exchange rate.

- **Overseas Group**, which is comprised of two joint ventures including the Conal Holdings Corporation (Conal) and Nam Theun 2 Power Co., Ltd. (NTPC). The net loss from this group was Baht 208 million, an increase in the loss by Baht 170 million from the same period of 2006 mainly resulting from NTPC's loss of Baht 242 million from a loss on foreign exchange rate. Conal's net profit was reported at Baht 34 million, down by Baht 50 million, caused by a decrease in electricity sales after transferring the Northern Mindanao Power Corporation (NMPC) to National Power Corporation (NPC) in February 2006 as well as the Peso appreciation.

- **Other Business Group** includes two subsidiaries, EGCO Engineering & Service Co., Ltd. (ESCO) and Egcom Tara Co., Ltd. (ET) and one joint venture, Amata Power-ESCO Service Co.,Ltd. (AMESCO), that showed net profit totaling Baht 188 million, a decrease of Baht 5 million due mostly to higher cost of service from ESCO.

2. Business Expansion Analysis

EGCO is the first IPP in Thailand established on May 12, 1992. EGCO is structured as a holding company with a number of subsidiaries. The company's vision is to be the leading Thai integrated electric power company with comprehensive energy services in Thailand and in the ASEAN region, and full commitment to environmental protection and social development.

Our major business is to produce electricity and supply it to EGAT under long-term power purchase agreements (PPA). EGCO focuses its investment on pursuing opportunities in power generation in Thailand and also seeks to expand its business in ASEAN countries with the aim to provide strong returns to shareholders by improving the profitability of our existing assets and acquiring new projects with acceptable risk and return profile.

As at the end of September 2007, Thailand's total generating capacity was reported at 28,230.25 MW¹, of which 12.43% was attributable to EGCO. During the first three quarters of 2007, the peak demand reached 22,586.1 MW¹ on April 24, 2007, which was 7.23% higher than the peak demand in May 2006.

On October 19, 2007, 15 companies have submitted 20 proposals in the second round of IPP Bidding. The proposals represent electricity generating capacity totaling 17,000 MW and the bidders will be competing to supply a total of 3,200 MW to EGAT and coming on line during

¹ Source: EGAT

2012-2014. The proposal will be evaluated on technical and financial criteria with the process expected to be completed and result announced to the public by December 2007. Importantly, the winning project must receive approval on the project's environmental impact assessment (EIA) before the signing of the power purchase agreements. The deadline for the submission of the EIA proposals to the National Environmental Policy and Planning Office is November 19, 2007 and approval must be received by September 2008. In this IPP Bidding round, EGCO has proposed 2,800 MW using natural gas as fuel.

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

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

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

1. **The Unit 2 of KK2 project**, a 734 MW natural gas-fired power plant. The COD for Unit 2 is scheduled to occur in March 2008. Currently, the overall progress of this project is 99.4% and it is now under negotiation with EGAT for early operation before the contracted COD which is expected to occur in late January 2008.
2. **The Nam Theun 2 project** is a 1,070 MW hydroelectric power plant situated in the Lao PDR. EGCO holds a 25% ownership stake in the project company, NTPC. This project's COD is targeted for December 2009 with EGAT contracted to take off 995 MW and the balance will be sold to the Lao PDR. At the end of September 2007, the overall project progress was 67.9% complete.

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

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

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

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

Accordingly, in the first nine months of 2007, EGCO's Group had net income of Baht 7,390 million, or Baht 14.04 per share in the consolidated financial statements, and a net profit of Baht 6,347 million, or Baht 12.06 per share, in the company financial statements. The difference of net income in these statements was due to the change in accounting for investment in subsidiaries and interests in joint ventures reported in the company financial statements. The performance of

subsidiaries and interests in joint ventures has been proportionately recorded in the consolidated financial statements, whereas the net profit in the company financial statements is solely from the performance of the parent company and the dividends declared from subsidiaries and joint ventures. In this case, the EGCO Holding Company had an operational profit of Baht 63 million and its subsidiaries and joint ventures declared their dividends in the amount of Baht 6,284 million.

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

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

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

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

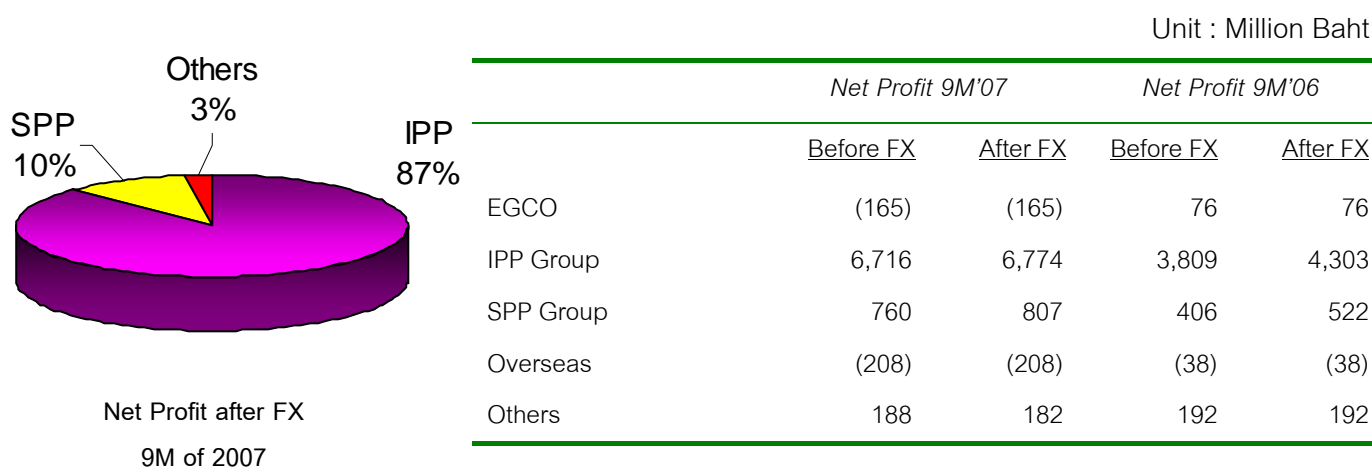
From January 1, 2007, the Group has changed the accounting policy for interests in joint ventures in the consolidated financial statements from "Proportionate Consolidation" to "Equity Method". The Group is of the view that the use of equity accounting provides a better understanding among investors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

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

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

3.1 Operational Results

EGCO Group's consolidated net profit for the first nine months of 2007 ended September 30, 2007 was Baht 7,390 million, an increase of Baht 2,335 million or 46% compared to the same period of 2006; this was caused mainly by an increase of the share of profit from joint ventures amounting to Baht 4,623 million, primarily from BLCP and GPG. The gross profit was reported at Baht 4,057 million, down by Baht 2,335 million or 37% as compared to the same period of last year, as a result of lower contracted electricity sales of REGCO and KEGCO. The operating profit was reported at Baht 4,012 million, a decrease of Baht 3,027 million or 43% as compared to the same period of 2006. This resulted from lower electricity sales, foreign exchange gain and interest income.



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

The net profit of EGCO Group in the first nine months of 2007 included foreign exchange gains from EGCO and subsidiaries of only Baht 99 million whereas it incurred a foreign exchange gain of Baht 609 million for the first nine months of 2006. An unrealized foreign currency exchange gain in the amount of Baht 75 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 (September 30, 2007) and the previous period (December 31, 2006).

Excluding the effect of foreign currency exchange gain from EGCO and subsidiaries, the profit was Baht 7,291 million, representing an increase of Baht 2,846 million or 64% as compared to the same period of 2006.

Excluding the effect of foreign currency exchange gain from EGCO and subsidiaries of Baht 99 million, interest expenses of Baht 614 million, income tax of Baht 456 million and depreciation and amortization of Baht 1,613 million, the earnings before interest, tax, depreciation and amortization (EBITDA) would be Baht 9,974 million, representing an increase of Baht 2,164 million or 28% as compared to the first nine months of 2006, in which the EBITDA was Baht 7,810 million, excluding the effect of foreign currency exchange gain of Baht 609 million, interest expenses of Baht 949 million, income tax amounting to Baht 835 million and depreciation and amortization amounting to Baht 1,581 million.

Important Financial Ratios for the period were as follows:

- Gross Profit Ratio was 48.79%
- Operating Profit Ratio was 48.24%
- Net Profit Ratio was 55.20%
- Net Profit Ratio (excluding the effect of foreign exchange from EGCO and subsidiaries) was 54.46%
- Earnings per share (EPS) was Baht 14.04
- Earnings (excluding the effect of foreign exchange from EGCO and subsidiaries) per share (EPS) was Baht 13.85
- Return on Equity (ROE) was 19.43%

The gross profit margin of 48.79% was lower than the same period of last year's margin of 60.42% due to a decrease in net profit of REGCO and KEGCO from lower electricity sales; whereas the net profit ratio (excluding the effect of foreign exchange from EGCO and subsidiaries) was reported at 54.46%, higher than the same period of 2006 ratio of 39.63% mainly due to the recognition of BLCP and GPG's net profit as share of profit from joint ventures.

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

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

- Total revenues were Baht 8,821 million, a decrease of Baht 2,494 million or 22% compared to the same period of 2006.
- Total expenses were Baht 5,978 million, a decrease of Baht 691 million or 10% from the same period of last year.

The share of profits from joint ventures for the first nine months of 2007 were Baht 4,556 million, an increase of Baht 4,623 million compared to the same period of last year which showed the share of loss totaling Baht 67 million. The details according to their groups of business are as follows:

Total Revenues, Total Expenses and Share of Profits:

Unit : Million Baht

	EGCO		IPP		SPP		Overseas		Others		Total	
	9M'07	9M'06	9M'07	9M'06	9M'07	9M'06	9M'07	9M'06	9M'07	9M'06	9M'07	9M'06
Total Revenues	380	371	6,079	8,569	1,623	1,693	-	-	739	684	8,821	11,315
Total Expenses	545	295	3,581	4,581	1,331	1,329	-	-	522	465	5,978	6,669
Share of profits	-	-	4,218	(178)	541	146	(208)	(38)	5	3	4,556	(67)

1) EGCO's total revenues in the first nine months of 2007, amounting to Baht 380 million, were comprised of dividend income from financial investment of Baht 134 million, interest income of Baht 50 million and other income of Baht 196 million. Compared to the same period of 2006, this showed an increase of Baht 10 million or 3%. This mainly resulted from higher other income of Baht 126 million due to gain from the redemption of Krung Thai Dividend Selected Flexible Portfolio Fund (KTSF). However, the interest income was down by Baht 83 million, or 62% as a result of lower interest rate and deposit amounts. Dividend income also decreased by Baht 34 million or 20% mainly a result of the drop in dividends from KTSF by Baht 78 million. Meanwhile, dividends from Eastern Water Resources Development and Management Public Company Limited (EASTW) were up by Baht 31 million and dividend from other open-end funds up by Baht 14 million.

Total expenses of EGCO, including administrative expenses and interest expenses, were Baht 545 million, an increase from the first nine months of 2006 by Baht 250 million or 85%. This resulted mainly from the increase of interest expenses totaling Baht 129 million, incurred from the short-term loans of Baht 4,350 million after the first drawdown of the short-term loans from two Thai commercial banks on January 29, 2007; as well as the increase of advertising expenses for the re-branding project 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 6,079 million, a decrease of Baht 2,490 million or 29% as compared to the same period of last year, meanwhile the total expenses were Baht 3,581 million, down by Baht 1,000 million or 22%. The share of profits from joint ventures were reported at Baht 4,218 million, up by Baht 4,396 million as compared to the

same period of 2006 which showed the share of loss totaling Baht 178 million. The details are as follows:

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

Unit: Million Baht

	REGCO		KEGCO		BLCP		GPG		Total		
	9M'07	9M'06	9M'07	9M'06	9M'07	9M'06	9M'07	9M'06	9M'07	9M'06	%Chg
Revenues	2,705	4,264	3,374	4,305	-	-	-	-	6,079	8,569	(29%)
Expenses	1,597	2,322	1,983	2,259	-	-	-	-	3,581	4,581	(22%)
Share of Profits	-	-	-	-	3,637	-	581	(178)	4,218	(178)	n.a.

- **Sales of electricity** of IPP Group were Baht 6,002 million, representing a decrease of Baht 2,249 million or 27% compared to the same period last year. The decrease was a result of REGCO's lower electricity sales by Baht 1,379 million to register Baht 2,684 million and KEGCO's lower electricity sales by Baht 870 million to register Baht 3,318 million. These decreases were caused by a decrease in the Capacity Rate for REGCO and a decrease in the Base Availability Credit for KEGCO which both partly resulted from Baht appreciation. These were in accordance with the capacity payment formula calculated on a "Cost Plus Basis" under the PPAs and in line with the company's projection.

Sales of Electricity – IPP Group:

Unit : Million Baht

	9M'07	9M'06	%Changes
REGCO	2,684	4,063	(34%)
KEGCO	3,318	4,188	(21%)
<i>Total Sales of Electricity - IPP</i>	6,002	8,250	(27%)

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

In the first nine months of 2007, REGCO and KEGCO received compensation for the exchange rate effect of Baht 312 million.

- **Interest income and others** amounted to Baht 77 million, a decrease of Baht 241 million or 76%, mainly from REGCO's decreased interest income in the amount of Baht 178 million. It resulted from lower interest rates and lower amount of deposits at banks and financial institutions due to capital reduction at REGCO from Baht 9,220 million to Baht 4,702 million in December 2006. KEGCO's interest income decreased by Baht 59 million resulting from lower interest rates. REGCO and KEGCO's other revenues also decreased by Baht 4 million.

- **Cost of sales** totaled Baht 2,572 million, an increase of Baht 27 million or 1% compared to the first nine months of 2006, mainly because KEGCO's cost of sales increased by Baht 18 million or 1%.

<i>Cost of Sales – IPP Group:</i>	Unit : Million Baht		
	<i>9M'07</i>	<i>9M'06</i>	<i>%Changes</i>
<i>REGCO</i>	<i>1,354</i>	<i>1,345</i>	<i>1%</i>
<i>KEGCO</i>	<i>1,218</i>	<i>1,201</i>	<i>1%</i>
<i>Total Cost of Sales – IPP Group:</i>	<i>2,572</i>	<i>2,546</i>	<i>1%</i>

- **Administrative expenses and income taxes** were Baht 593 million, a decrease of Baht 576 million or 49%, mainly from lower REGCO's administrative expenses of Baht 193 million or 70% compared to the same period of last year which incurred the make-whole premium payment; and tax payment at REGCO and KEGCO decreased by Baht 391 million from lower revenues. REGCO and KEGCO currently enjoy 50% corporate tax reduction privilege on profits from power generation, ending on April 19, 2008 and September 25, 2009, respectively.

- **Interest expenses** were Baht 415 million, a decrease of Baht 451 million or 52%, resulting from REGCO's payment of all of its debt in December 2006 and KEGCO's lower principal amounts of loans and debentures.

- **Share of profits from joint ventures**, BLCP and GPG, were recognised in the amount of Baht 4,218 million. BLCP's recognition of net profit since January 2007 amounted to Baht 3,637 million and GPG's net profit was Baht 581 million thanks to KK2 Project-Unit 1's sales of electricity to EGAT after achieving its COD in May 2007, plus other income from KK2 Project-Unit 1's liquidated damage claim on the EPC contractor owing to the delayed COD.

3) **SPP Group** incorporates five companies, namely: GEC (excluding GPG), AEP, APBP, EGCO Cogen and Roi-Et Green. The total revenues were reported at Baht 1,623 million, a decrease of Baht 69 million or 4% compared to the first nine months of 2006. The expenses were Baht 1,331 million, an increase from last year by Baht 2 million or 0.15%. The share of profits from

joint ventures were reported at Baht 541 million, an increase of Baht 394 million or 269% compared to the same period of last year. The details are as follows:

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

Unit : Million Baht

	<i>EGCO Cogen</i>		<i>Roi-Et Green</i>		<i>GEC (exclude GPG)</i>		<i>APBP and AEP</i>		<i>Total</i>		
	<i>9M'07</i>	<i>9M'06</i>	<i>9M'07</i>	<i>9M'06</i>	<i>9M'07</i>	<i>9M'06</i>	<i>9M'07</i>	<i>9M'06</i>	<i>9M'07</i>	<i>9M'06</i>	<i>% Chg</i>
<i>Revenues</i>	1,449	1,494	174	199	-	-	-	-	1,623	1,693	(4%)
<i>Expenses</i>	1,228	1,232	103	96	-	-	-	-	1,331	1,329	0.15%
<i>Share of Profits</i>	-	-	-	-	453	10	88	137	541	146	269%

- **Sales of electricity** of the SPP Group were Baht 1,594 million, representing a decrease of Baht 67 million or 4% compared to the same period of last year. Most of the decrease of SPP group's electricity sales was from EGCO Cogen in the amount of Baht 41 million, resulting from lower electricity sales to industrial users and EGAT due to the Baht appreciation. Roi-Et Green's electricity sales decreased by Baht 26 million from lower tariff, as its tariff formula is linked to the price of fuel oil which experienced a drop.

Sales of Electricity – SPP Group:

Unit : Million Baht

	<i>9M'07</i>	<i>9M'06</i>	<i>%Changes</i>
<i>EGCO Cogen</i>	1,435	1,476	(3%)
<i>Roi-Et Green</i>	160	186	(14%)
<i>Total Sales of Electricity – SPP Group</i>	1,594	1,662	(4%)

- **Interest income and others** amounted to Baht 29 million, a decrease of Baht 2 million or 7%, mainly from lower interest income totaling Baht 5 million.

- **Cost of Sales** of SPP Group were reported at Baht 1,236 million, a decrease of Baht 1 million as compared to the first nine months of 2006. This was substantially driven by a decrease in cost of sales of EGCO Cogen amounting to Baht 9 million from lower fuel costs and usages, whilst an increase in cost of sales at Roi-Et Green, up by Baht 8 million due to higher fuel costs.

Cost of Sales – SPP Group:

Unit : Million Baht

	<i>9M'07</i>	<i>9M'06</i>	<i>%Changes</i>
<i>EGCO Cogen</i>	1,143	1,152	(1%)
<i>Roi-Et Green</i>	93	85	10%
<i>Total Cost of Sales – SPP Group</i>	1,236	1,237	0%

- **Administrative expenses and income taxes** were Baht 25 million, up by Baht 13 million or 113% as compared to the same period of 2006. This mainly resulted from the income tax payment following Thai LNG Power Co., Ltd. (TLPC)'s liquidation amounting to Baht 13 million.

- **Interest expenses** were Baht 70 million, a decrease of Baht 11 million or 13%, mainly from a decrease in EGCO Cogen's interest expenses amounting to Baht 9 million due to lower principal.

- **Share of profit from interests in joint ventures, GEC (excluding GPG), APBP and AEP**, totaled Baht 541 million, up by Baht 394 million as compared to the same period of 2006. The share of profit from the joint venture GEC contributed the most in the amount of Baht 453 million, an increase of Baht 443 million as compared to the same period of last year. This was primarily a result of an increase of gain on foreign exchange rate, up by Baht 305 million, plus the electricity sales increased by Baht 94 million.

Meanwhile, the share of profit from interest in joint ventures, APBP and AEP, totaled Baht 88 million, down by Baht 49 million or 36%, which was primarily from AEP's lower electricity sales to EGAT and higher maintenance expenses.

4) **Overseas Group** refers to Conal and NTPC, of which their share of loss from joint ventures were reported at Baht 208 million, an increase in loss of Baht 170 million compared to the first nine months of 2006. Conal's share of profit was reported at Baht 34 million, a decrease of Baht 50 million compared to the same period of 2006, mainly from a decrease of electricity sales after transferring NMPC, a 40 MW power plant, to NPC in February 2006 and the Peso appreciation. NTPC's share of loss was Baht 242 million, an increase in loss of Baht 120 million as compared to the same period of 2006, caused mainly by a foreign exchange loss.

5) **Other Business Group** includes two subsidiaries, ESCO and ET and a joint venture, AMESCO. Total revenues were Baht 739 million, an increase by Baht 55 million or 8% as compared to the same period of 2006 and total expenses totaled Baht 522 million, an increase of Baht 57 million or 12%. The share of profit from a joint venture was reported at Baht 5 million, an increase of Baht 2 million or 70% as compared to the same period of last year. The details are as follows:

	ESCO		ET		Total		
	9M'07	9M'06	9M'07	9M'06	9M'07	9M'06	% Chg
Revenues	564	536	175	148	739	684	8%
Expenses	464	419	58	46	522	465	12%
Share of Profits	5	3	-	-	5	3	70%

- **Service income** from ESCO amounted to Baht 553 million, up by Baht 28 million or 5%, resulting mostly from the operation service to LNG power plant in Russia and the new fuel gas compressor installation service as well as relocating fire water pump unit for PTT Chemical Public Company Limited (PTTCH).

- **Sales of water from a subsidiary**, ET, were Baht 168 million, up by Baht 26 million, or 18%, 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 18 million, an increase of Baht 2 million or 12%, mainly from an increase in ET's interest income amounting to Baht 1.46 million.

- **Cost of services** were Baht 400 million, an increase of Baht 37 million or 10%, resulting from an increase in the cost of the new fuel gas compressor installation as well as relocating fire water pump unit for PTTCH.

- **Cost of water sales** of ET was Baht 51 million, up Baht 9 million or 20% mainly from an increase of operating and maintenance service costs which was consistent with its increased revenues.

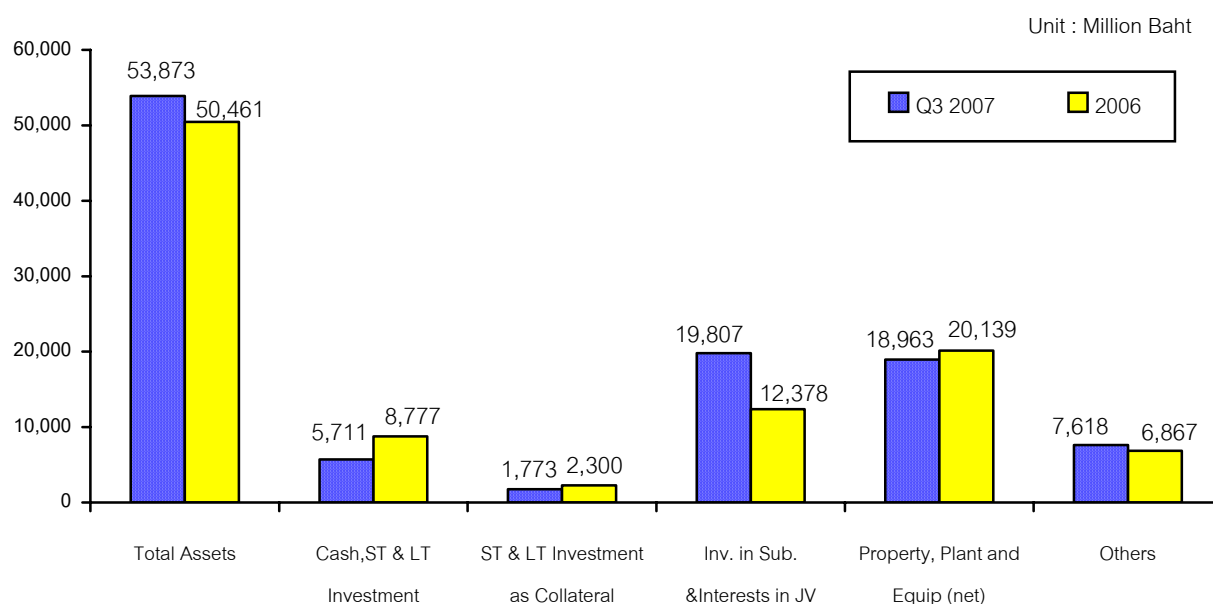
- **Administrative expenses and income taxes** totaled Baht 71 million, an increase of Baht 13 million or 23% compared to the same period of 2006, mostly from an increase in ESCO's administrative expenses by Baht 11 million.

- **ESCO's interest in joint ventures** totaled Baht 5 million, an increase of Baht 2 million from AMESCO.

4. Report and Analysis of Financial Position

4.1 Asset Analysis

As at September 30, 2007, total assets of EGCO, its subsidiaries and interests in joint ventures amounted to Baht 53,873 million, an increase of Baht 3,412 million or 7% from December 31, 2006. The important details are as follows :



1) **Cash and deposits at financial institutions, and short-term and long-term marketable securities** were Baht 5,711 million or 11% of the total assets, down Baht 3,065 million or 35%. This resulted mainly from a decrease of cash and cash equivalent by Baht 1,938 million and a decrease of long-term investments in marketable securities by Baht 1,659 million due to EGCO's payment for the acquisition of shares in BLCP amounting to Baht 4,645 million to CLP Power (BLCP) Ltd., a subsidiary of CLP Holdings Limited, and EGCO's payment for additional paid-up shares in BLCP and GEC amounting to Baht 4,743 million. In addition, EGCO paid dividend to shareholders in the amount of Baht 2,259 million. Meanwhile, EGCO drew down short-term financing of Baht 4,350 million from local banks.

2) **Short-term and long-term investments used as collateral** were Baht 1,773 million or 3% of the total assets, down Baht 527 million or 23%. This decrease mainly came from the use of cash to repay the principal and pay the interest of KEGCO's debt.

3) **Investment in subsidiaries and interests in joint ventures** recorded under the equity method in the consolidated financial statements as at September 30, 2007 amounted to Baht

19,807 million or 37% of the total assets, up Baht 7,429 million or 60%. The major change can be defined as follows :

3.1) an investment in the additional paid-up shares amounting to Baht 4,743 million; GEC of Baht 1,485 million and BLCP of Baht 3,258 million.

3.2) an increase in share of profit from investment according to the equity method amounting to Baht 4,798 million.

3.3) dividend received from BLCP and Conal totaling Baht 2,145 million

3.4) profit from translation adjustment totaling Baht 34 million

For the company financial statements, the original cost was applied for recording the investment in subsidiaries and interests in joint ventures at the beginning; the book value as at September 30, 2007 was Baht 28,853 million, up Baht 4,743 million or 20%, thanks to the additional paid-up shares in joint ventures, GEC and BLCP.

4) Property, plant and equipment (net) totaled Baht 18,963 million or 35% of the total assets. They were down Baht 1,176 million or 6% due to the decrease in property, plant and equipment from the depreciation of EGCO and subsidiaries' assets totaling Baht 1,589 million and the reclassification of unutilised capital spare parts from property, plant and equipment to spare parts and supplies at REGCO and KEGCO totaling Baht 156 million. Meanwhile, there was a recording of capital spare parts as property, plant and equipment following the major maintenance at REGCO and KEGCO in the amount of Baht 407 million and net purchase of property, plant and equipment totaling Baht 161 million.

5) Other assets were Baht 7,618 million or 14% of the total assets, up Baht 752 million or 11% mainly from an increase of dividend receivable from a joint venture by Baht 1,075 million which was partially offset by a decrease of spare parts and supplies by Baht 215 million and shareholder's loan to GEC by Baht 100 million.

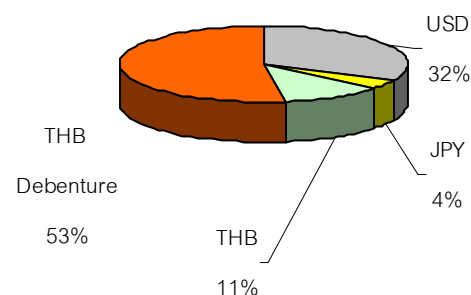
4.2 Liability Analysis

As at September 30, 2007, the EGCO Group's total liabilities were Baht 12,740 million, down Baht 1,802 million or 12%. The total liabilities consist of the following:

1) Short-term loans totaled Baht 4,350 million, or 34% of total liabilities. On January 3, 2007, EGCO entered into short-term loan agreements with two local banks for a credit facility of up to Baht 4,000 million with each bank. The first drawdown was on January 29, 2007. The principal is to be repaid in one lump sum one year from the agreement entering date.

2) Long-term loans and debentures totaled Baht 6,244 million, or 49% of total liabilities, down Baht 1,269 million or 17%. The details are as follows :

- USD loans in the amount of USD 58 million
- Yen loans in the amount of Yen 873 million
- Baht loans in the amount of Baht 715 million
- Baht debentures in the amount of Baht 3,292 million



Maturity of long-term loans and debentures as of September 30, 2007 Unit: Million Baht

	<i>KEGCO</i>	<i>EGCO Cogen</i>	<i>Roi-Et Green</i>
<i>Within 1 Year</i>	2,001	151	30
<i>1-5 Years</i>	2,602	975	120
<i>> 5 Years</i>	-	256	109
Total	4,603	1,382	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 for the purpose of repayment of principal and interest due within one year and as a reserve for minimising the foreign exchange risk.

3) **Other liabilities** amounted to Baht 2,145 million or 17% of total liabilities, representing a decrease of Baht 4,883 million or 69% which mostly resulted from EGCO's payment for the acquisition of BLCP of Baht 4,645 million to CLP Power (BLCP) Ltd. in return for the share transfer on January 30, 2007. In addition, income tax payable was down Baht 397 million. Meanwhile, an increase in net liabilities in a joint venture and interest payable amounting to Baht 207 million and Baht 100 million, respectively.

4.3 Shareholders' Equity Analysis

As at September 30, 2007, Shareholders' Equity amounted to Baht 41,133 million, which was Baht 5,214 million or 15% higher than the amount as at December 31, 2006. This was due mainly to the following reasons:

- the net profit in the consolidated financial statements that amounted to Baht 7,390 million.
- at the Annual General Shareholders' meeting on April 23, 2007, it was unanimously resolved to pay dividends in respect of the operating results for the six-month period ended

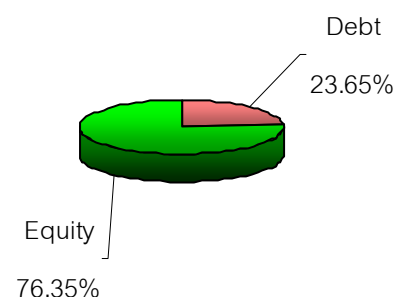
December 31, 2006 at Baht 2 per share, totaling Baht 1,053 million. These dividends were paid to shareholders on May 8, 2007.

- the EGCO Board of Directors' meeting on August 25, 2007 approved to pay an interim dividend in respect of the operating results for the six-month period ended June 30, 2007 at Baht 2.25 per share, totaling Baht 1,185 million. These dividends were paid to shareholders on September 21, 2007.

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

Shareholders' equity was Baht 41,133 million or 76.35%.

Liabilities were Baht 12,740 million or 23.65%.



Important financial ratios were as follows:

- Debt to equity ratio was 0.31 times, lower than 0.40 times at the end of 2006.
- Book value per share was Baht 77.19, higher than Baht 67.26 at the end of 2006.

5. Report and Analysis of Cash Flow Position

Cash Flow Statement shows the change in cash flows from operating activities, investing activities, and financing activities at the end of the accounting period, and indicates the ending balance of the cash and the cash equivalents. As at September 30, 2007, the ending balance of the cash and the cash equivalent was Baht 3,664 million, down Baht 1,938 million. The details of the sources and uses of funds are as follows:

-**Net cash received from operating activities** totaled Baht 4,131 million. This was cash received from operating activities that amounted to Baht 4,182 million. Meanwhile, cash received from working capital was down Baht 51 million.

-**Net cash payment for investing activities** was Baht 6,978 million. Cash payment for the investment in the additional shares in joint ventures amounted to Baht 1,485 million at GEC and Baht 3,258 million at BLCP; meanwhile, cash payment for the acquisition of shares in BLCP amounted to Baht 4,645 million. Whereas the net cash inflow from dividend from joint ventures amounted to Baht 1,070 million and the short-term and long-term investments amounted to Baht 1,371 million. In addition, the cash receipt from repayment of shareholder's loan by GEC amounted to Baht 100 million and dividends of EASTW and the other open-end funds amounted to Baht 61 million and Baht 72 million, respectively.

- **Net cash received from financing activities** was Baht 909 million, mainly owing to short-term loans drawn down by EGCO in the amount of Baht 4,350 million whereas the loan repayment of KEGCO, EGCO Cogen and Roi-Et Green totaled Baht 864 million and debenture repayment of KEGCO totaled Baht 317 million. In addition, dividend payment to shareholders amounted to Baht 2,259 million.

In the third quarter of 2007, the analysis of the company's liquidity ratios is as follows :

- Current ratio was 1.68 times, same as 2006
- Quick ratio was 1.05 times, lower than 1.18 times for 2006

Quick ratio changed slightly as compared to 2006, as a result of the payment of the additional shares totaling Baht 4,743 million to BLCP and GEC and the payment for shares acquisition in BLCP totaling Baht 4,645 million to CLP Power (BLCP) Ltd. Meanwhile there was short-term loans drawn down amounting to Baht 4,350 million.