



Management Discussion and Analysis

For the Nine-month Period Operating Results
Ended September 30, 2008

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

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

Management Discussion and Analysis

1. Executive Summary

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

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

EGCO Group's consolidated net profit, attributable to equity holders of the parent, for the first nine months ended September 30, 2008, was Baht 6,268 million, a decrease of Baht 1,100 million or 15% compared to the same period of 2007. Excluding the impact of foreign exchange on EGCO and subsidiaries, the net profit was Baht 6,258 million, representing a decrease of Baht 1,012 million or 14% as compared to the same period of last year; the details of the change are as follows:

- EGCO's net loss of Baht 314 million, representing an increase in the loss of Baht 146 million, resulted from lower dividend income and other income.
- **IPP Group**, consisting of Rayong Electricity Generating Co., Ltd. (REGCO), Khanom Electricity Generating Co., Ltd. (KEGCO), the joint venture BLCP Power Limited (BLCP) and the joint venture GPG, showed a net profit and share of profits from joint ventures totaling Baht 5,896 million, down Baht 806 million mostly due to the lower in BLCP's share of profit, which was caused by a decrease in electricity sales, a lower gain from foreign exchange rate and a higher maintenance cost.
- **Small Power Producer (SPP) Group**, which is comprised of three joint ventures including Gulf Electric Public Company Limited (GEC)(excluding GPG), AEP, APBP; and two subsidiaries including EGCO Cogeneration Co., Ltd. (EGCO Cogen) and Roi-Et Green Co., Ltd. (Roi-Et

Green), reported a net profit of Baht 484 million, which included the share of profits from AEP and APBP until May 15, 2008, a decrease of Baht 276 million that mainly resulted from GEC's lower share of profit owing to a decrease in the gain from foreign exchange rate.

- **Overseas Group**, which is comprised of two joint ventures including Conal Holdings Corporation (Conal) and Nam Theun 2 Power Co., Ltd. (NTPC). The net loss from this group was Baht 31 million, a decrease in the loss by Baht 178 million compared to the same period of 2007 mainly resulting from NTPC's decreased share of loss by Baht 146 million from a lower loss on foreign exchange rate. Moreover, Conal's share of profit increased by Baht 33 million from a decrease in interest expenses, owing to the pretermination of long term loans, and a higher gain on foreign exchange rate.

- **Other Business Group** includes two subsidiaries, EGCO Engineering & Service Co., Ltd. (ESCO) and Egcom Tara Co., Ltd. (ET) and one joint venture AMESCO, that showed net profit totaling Baht 223 million, which included the share of profit from AMESCO until May 15, 2008, rising Baht 38 million from an increase in service income of ESCO.

2. Business Expansion Analysis

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

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

As at the end of September 2008, Thailand's total generating capacity was reported at 29,891.65 MW¹. During the first three quarters of the year 2008, the peak demand reached 22,568 MW¹ in April 2008, which was 0.08% slightly lower than the peak demand in April 2007.

¹ Source: EGAT

Following the decline in demand for electricity, EGAT's power reserve margin has increased to 28% this year. As a result, EGAT is adjusting its power development plan to better serve market demand to match the economic downturn. Moreover, five projects in Lao PDR under negotiation for tariff were postponed due to the higher cost of construction materials.

For EGCO, our business strategy will place more emphasis on expanding investment opportunities in ASEAN markets. As for renewable energy projects, EGCO will continue to pursue investment opportunities in prospective domestic projects using wind, waste and biomass as fuel sources.

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

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

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

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

Nam Theun 2 project is a 1,070 MW hydroelectric power plant located in the Lao PDR. EGCO holds a 25% ownership in the project company, NTPC. This project's COD is targeted for December 2009 with EGAT contracted to take off 995 MW and the balance will be sold to the Lao PDR. At the end of September, 2008, the overall project progress was 90.5% complete.

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

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

3. Report and Analysis of the Operating Results

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

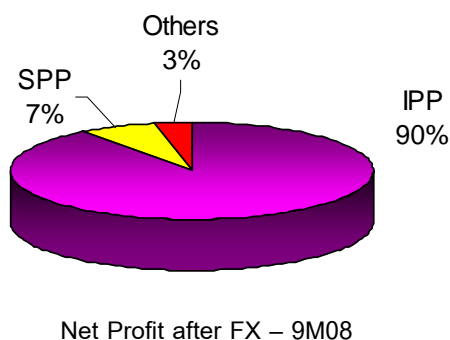
This report contains the analysis of the financial statements of EGCO, and its subsidiaries and interests in joint ventures as follows:

3.1 Operational Results

EGCO Group's consolidated net profit, attributable to equity holders of the parent, for the first nine months of 2008 ended September 30, 2008 was Baht 6,268 million, a decrease of Baht 1,100 million or 15% compared to the same period of 2007; this was caused mainly by a decrease of total revenue by Baht 569 million, owing to a high drop in KEGCO's electricity sales and the share of profits from joint ventures amounting to Baht 435 million, primarily from BLCP.

The gross profit was reported at Baht 3,590 million, down by Baht 462 million or 11% as compared to the same period of last year, as a result of lower contracted electricity sales of KEGCO. The operating profit was reported at Baht 3,229 million, a decrease of Baht 773 million or 19% as compared to the same period of 2007. The fall in electricity sales, interest income and foreign exchange gain at EGCO and subsidiaries, were the main factors behind the drop in the operating profit.

Unit : Million Baht



	Net Profit of 9M08		Net Profit of 9M07	
	Before FX	After FX	Before FX	After FX
EGCO	(314)	(314)	(169)	(169)
IPP Group	5,896	5,934	6,702	6,761
SPP Group	484	455	760	806
Overseas Group	(31)	(31)	(209)	(209)
Other Business Group	223	224	185	179
Total	6,258	6,268	7,270	7,369

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 for the first nine months of 2008 included a foreign exchange gain from EGCO and subsidiaries of only Baht 11 million whereas it incurred a foreign exchange gain of Baht 99 million in the same period of 2007. An unrealized foreign currency exchange loss in the amount of Baht 29 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, 2008) and the previous period (December 31, 2007).

Excluding the effect of foreign currency exchange gain from EGCO and subsidiaries, the profit was Baht 6,258 million, representing a decrease of Baht 1,012 million or 14% as compared to the same period of 2007.

Excluding the effect of foreign currency exchange gain from EGCO and subsidiaries of Baht 11 million, interest expenses of Baht 468 million, income tax of Baht 521 million and depreciation and amortization of Baht 1,666 million, the earnings before interest, tax, depreciation and amortization (EBITDA) for the first nine months of 2008 would be Baht 8,914 million, representing a decrease of Baht 1,045 million or 10% as compared to the same period of 2007, in which the EBITDA was Baht 9,958 million, excluding the effect of foreign currency exchange gain of Baht 99 million, interest expenses of Baht 619 million, income tax amounting to Baht 456 million and depreciation and amortization amounting to Baht 1,613 million.¹

¹ Excluding the effect of foreign currency exchange, interest expenses, income tax, depreciation and amortization of joint ventures, EBITDA was Baht 12,370 million for the first nine months of 2008 and Baht 12,078 million for the first nine months of 2007.

Important Financial Ratios for the period were as follows:

- Gross Profit Ratio was 45.03%
- Operating Profit Ratio was 40.50%
- Net Profit Ratio was 50.75%
- Net Profit Ratio (excluding the effect of foreign exchange from EGCO and subsidiaries) was 50.66%
- Earnings per share (EPS) was Baht 11.91
- Earnings (excluding the effect of foreign exchange from EGCO and subsidiaries) per share (EPS) was Baht 11.89
- Return on Equity (ROE) was 14.55%

The gross profit margin of 45.03% was lower than the same period of last year's margin of 48.72% due to a decrease in gross profit of KEGCO from lower electricity sales; whereas the net profit ratio (excluding the effect of foreign exchange from EGCO and subsidiaries) was reported at 50.66%, lower than the same period of 2007 ratio of 54.38% mainly due to a decrease of share of profits from BLCP.

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

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

- Total revenues were Baht 8,252 million, a decrease of Baht 569 million or 6% compared to the same period of 2007.
- Total expenses were Baht 6,023 million, an increase of Baht 31 million or 1% from the same period of last year.

The share of profits from joint ventures for the first nine months of 2008 were Baht 4,114 million (including a loss from foreign exchange rate of Baht 195 million), a decrease of Baht 435 million or 10% compared to the same period of last year which showed the share of profits totaling Baht 4,549 million (including a gain from foreign exchange rate of Baht 667 million). The details according to their groups of business are as follows:

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

Unit : Million Baht

	EGCO		IPP		SPP		Overseas		Others		Total	
	9M08	9M07	9M08	9M07	9M08	9M07	9M08	9M07	9M08	9M07	9M08	9M07
Total Revenues	194	380	5,526	6,079	1,670	1,623	-	-	861	739	8,252	8,821
Total Expenses	509	549	3,486	3,589	1,422	1,331	-	-	606	524	6,023	5,993
Profits bf Share of Profits (Loss) from JVEs	(314)	(169)	2,040	2,490	248	292	-	-	255	215	2,229	2,828
Share of Profits (Loss) from JVEs	-	-	3,856	4,212	285	541	(31)	(209)	4	5	4,114	4,549
Net Profit bf Subs's Fx and MI	(314)	(169)	5,896	6,702	533	833	(31)	(209)	259	219	6,343	7,377

1) EGCO's total revenues for the first nine months of 2008, amounting to Baht 194 million, were comprised of dividend income from financial investment of Baht 78 million, interest income of Baht 74 million and other income of Baht 42 million. Compared to the same period of 2007, this showed a decrease of Baht 186 million or 49%, which mainly resulted from lower other income of Baht 154 million or 79% lower due to the gain from selling open-end funds in 2007 as well as lower dividend income during the first nine months of 2008 of Baht 56 million or 42% due to Eastern Water Resources Development and Management Public Company Limited (EASTW) being the only source of dividend of Baht 78 million.

Total expenses of EGCO were Baht 509 million, a decrease from the same period of 2007 by Baht 40 million or 7%. This resulted mainly from the decrease in advertising expenses and project development expenses which included consulting fees.

2) IPP Group consisting of two principal subsidiaries, REGCO and KEGCO; and two principal joint ventures, BLCP and GPG. Total revenues were Baht 5,526 million, a decrease of Baht 553 million or 9% as compared to the same period of last year, meanwhile the total expenses were Baht 3,486 million, down by Baht 103 million or 3%. The share of profits from joint ventures was reported at Baht 3,856 million (including a loss from foreign exchange rate of Baht 185 million), down by Baht 357 million or 8% as compared to the same period of 2007 which showed the share of profits totaling Baht 4,212 million (including a gain from foreign exchange rate of Baht 569 million). The details are as follows:

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

Unit : Million Baht

	REGCO		KEGCO		BLCP		GPG		Total		
	9M08	9M07	9M08	9M07	9M08	9M07	9M08	9M07	9M08	9M07	%Chg
Total revenues	2,921	2,705	2,605	3,374	-	-	-	-	5,526	6,079	(9%)
Total expenses	1,815	1,600	1,671	1,988	-	-	-	-	3,486	3,589	(3%)
Profits bf Share of Profits (Loss) from JVEs	1,106	1,104	934	1,386	-	-	-	-	2,040	2,490	(18%)
Share of Profits (Loss) from JVEs	-	-	-	-	2,790	3,632	1,066	581	3,856	4,212	(8%)
Net Profit bf Subs's Fx and MI	1,106	1,104	934	1,386	2,790	3,632	1,066	581	5,896	6,702	(12%)

- **Sales of electricity** of IPP Group were Baht 5,485 million, representing a decrease of Baht 517 million or 9% compared to the same period of last year. The decrease was a result of KEGCO's lower electricity sales by Baht 737 million to register Baht 2,581 million caused by a decrease in the Base Availability Credit for KEGCO. Meanwhile, REGCO's electricity sales increased by Baht 220 million to register Baht 2,903 million from an increase in the Capacity Rate. These changes were in accordance with the capacity payment formula calculated on a "Cost Plus Basis" under the PPAs and in line with the company's projection. Moreover, to minimize exchange rate risk, on November 8, 2007, REGCO entered into a revenue swap contract with a financial institution to fix the exchange rate to be used in the conversion of part of the USD-linked revenue provided in the PPA. As at September 30, 2008, the electricity revenue under the foreign currency forward contract of USD 30 million were fixed at Baht 33.80 per US Dollar. The contract is effective from November 8, 2007 to January 5, 2010.

Sales of Electricity – IPP Group:

Unit : Million Baht

	9M08	9M07	%Changes
REGCO	2,903	2,684	8%
KEGCO	2,581	3,318	(22%)
<i>Total Sales of Electricity – IPP Group</i>	5,485	6,002	(9%)

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

For the nine-month period of 2008, REGCO and KEGCO received compensation for the exchange rate effect of Baht 223 million.

- **Interest income and others** amounted to Baht 41 million, a decrease of Baht 36 million or 46%, mainly from the decrease of KEGCO's and REGCO's interest income by Baht 32 and 9 million, respectively, owing to lower interest rates.

- **Cost of sales** totaled Baht 2,539 million, a decrease of Baht 37 million or 1% compared to the same period of 2007, mainly because KEGCO's cost of sales decreased by Baht 85 million or 7% mostly from a higher heavy oil cost in 2007 due to EGAT's operating order. Meanwhile, REGCO's cost of sales increased by Baht 48 million or 4% from major maintenance.

Cost of Sales – IPP Group: Unit : Million Baht

	9M08	9M07	%Changes
REGCO	1,404	1,356	4%
KEGCO	1,135	1,220	(7%)
<i>Total Cost of Sales – IPP Group</i>	2,539	2,576	(1%)

- **Administrative expenses and income taxes** were Baht 674 million, an increase of Baht 80 million or 14%, mainly from higher tax payment at REGCO that amounted to Baht 145 million or 91% higher due to the end of corporate tax reduction BOI privilege on April 19, 2008. Meanwhile, tax payment at KEGCO decreased by Baht 93 million or 35% due to lower revenues. KEGCO currently enjoy 50% corporate tax reduction BOI privilege on profits from power generation, ending on September 25, 2009.

- **Interest expenses** were Baht 272 million, a decrease of Baht 146 million or 35%, resulting from KEGCO's lower principal amounts of loans and debentures.

- **Share of profits from joint ventures**, BLCP and GPG, was recognised in the amount of Baht 3,856 million, a decrease of Baht 357 million or 8%, mostly due to a fall in the share of profit from BLCP of Baht 2,790 million (including a loss from foreign exchange rate of Baht 25 million) by Baht 842 million or 23% from lower gain on foreign exchange rate and lower electricity sales which was in accordance with the tariff formula as well as higher maintenance cost in 2008. Meanwhile, the share of profit from GPG of Baht 1,066 million (including a loss from foreign exchange rate of Baht 161 million) increased by Baht 486 million or 84% thanks to the electricity sales of GPG, following its KK2 Project-Unit 1 and 2 achieving COD in May 2007 and February 2008, respectively.

3) SPP Group incorporates five companies, namely: GEC (excluding GPG), AEP, APBP, EGCO Cogen and Roi-Et Green. The total revenues were reported at Baht 1,670 million, an increase of Baht 47 million or 3% compared to the same period of 2007. The total expenses were Baht 1,422 million, an increase from the same period of last year by Baht 91 million or 7%. The

share of profits from joint ventures were reported at Baht 285 million (including a loss from foreign exchange rate of Baht 6 million), down by Baht 256 million or 47% as compared to the same period of last year which showed the share of profits totaling Baht 541 million (including a gain from foreign exchange rate of Baht 293 million). The details are as follows:

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

Unit : Million Baht

	EGCO Cogen		Roi-Et Green		GEC (exclude GPG)		APBP and AEP		Total		
	9M08	9M07	9M08	9M07	9M08	9M07	9M08	9M07	9M08	9M07	% Chg
Total revenues	1,456	1,449	215	174	-	-	-	-	1,670	1,623	3%
Total expenses	1,309	1,228	113	103	-	-	-	-	1,422	1,331	7%
Profits bf Share of Profits (Loss) from JVEs	147	221	101	71	-	-	-	-	248	292	(15%)
Share of Profits (Loss) from JVEs	-	-	-	-	238	453	47	88	285	541	(47%)
Net Profit bf Subs's Fx and MI	147	221	101	71	238	453	47	88	533	833	(36%)

- **Sales of electricity** of the SPP Group were Baht 1,657 million, representing an increase of Baht 62 million or 4% compared to the same period of last year. Most of the increase of SPP group's electricity sales was from Roi-Et Green in the amount of Baht 51 million, resulting mainly from higher Energy Charge due to higher fuel oil cost, which was in accordance with the tariff formula. Moreover, EGCO Cogen's electricity sales also increased by Baht 12 million due to higher steam sales.

Sales of Electricity – SPP Group:

Unit : Million Baht

	9M08	9M07	%Changes
EGCO Cogen	1,446	1,435	1%
Roi-Et Green	210	160	32%
Total Sales of Electricity – SPP Group	1,657	1,594	4%

- **Interest income and others** amounted to Baht 14 million, a decrease of Baht 15 million or 52%, mainly because the four-year subsidy for guarantee fee from UNDP for Roi-Et Green ended in 2007, causing a lower other income of Baht 9 million, and the lower interest rates caused a decrease in interest income of Roi-Et Green and EGCO Cogen of Baht 6 million.

- **Cost of Sales** of SPP Group was reported at Baht 1,334 million, an increase of Baht 98 million or 8% as compared to the same period of 2007. This was substantially driven by an increase in cost of sales of EGCO Cogen amounting to Baht 88 million as a result of higher fuel

cost and maintenance cost from planned outage. Moreover, Roi-Et Green's cost of sales increased by Baht 10 million mainly from a higher fuel cost.

Cost of Sales – SPP Group:

Unit : Million Baht

	<i>9M08</i>	<i>9M07</i>	<i>%Changes</i>
<i>EGCO Cogen</i>	<i>1,231</i>	<i>1,143</i>	<i>8%</i>
<i>Roi-Et Green</i>	<i>103</i>	<i>93</i>	<i>11%</i>
<i>Total Cost of Sales – SPP Group</i>	<i>1,334</i>	<i>1,236</i>	<i>8%</i>

- **Administrative expenses and income taxes** were Baht 26 million, up by Baht 1 million or 4% as compared to the same period of 2007. This mainly resulted from EGCO Cogen's penalty payment to EGAT amounting to Baht 13 million, since its thermal process ratio did not meet the requirement in accordance with the PPA. Meanwhile, income tax decreased by Baht 12 million due to income tax payment a year earlier following Thai LNG Power Co., Ltd. (TLPC)'s liquidation in 2007.

- **Interest expenses** were Baht 62 million, a decrease of Baht 8 million or 11%, mainly from a lower principal of EGCO Cogen.

- **Share of profits from joint ventures**, GEC (excluding GPG), APBP and AEP, totaled Baht 285 million, down by Baht 256 million or 47% as compared to the same period of 2007. This mainly resulted from the share of profit from the joint venture GEC (excluding GPG) of Baht 238 million (including a loss from foreign exchange rate of Baht 12 million), a decrease of Baht 215 million or 47% from a decrease in the gain on foreign exchange rate.

Moreover, the share of profits from joint ventures, APBP and AEP, totaled Baht 47 million (including a gain on foreign exchange rate of Baht 6 million), which included the operating results until May 15, 2008 before the sale of shares in EGCO JD, down by Baht 41 million or 47%.

4) Overseas Group refers to Conal and NTPC, of which their share of losses from joint ventures were reported at Baht 31 million, a lower loss of Baht 178 million compared to the same period of 2007. NTPC's share of loss was Baht 98 million (including a loss from foreign exchange rate of Baht 42 million), a lower loss of Baht 146 million or 60% as compared to the same period of 2007, caused mainly by lower foreign exchange loss of Baht 169 million. Meanwhile, Conal's share of profit was reported at Baht 67 million (including a gain on foreign exchange rate of Baht 39 million), an increase of Baht 33 million or 95% compared to the same period of last year,

mainly from a decrease in interest expenses, owing to the pretermination of long term loans, and an increase in gain on foreign exchange rate.

5) **Other Business Group** includes two subsidiaries, ESCO and ET, and a joint venture, AMESCO. Total revenues were Baht 861 million, an increase of Baht 123 million or 17% as compared to the same period of 2007 and total expenses were Baht 606 million, an increase of Baht 82 million or 16%. The share of profit from the joint venture was reported at Baht 4 million, a decrease of Baht 1 million or 26% as compared to the same period of last year. The details are as follows:

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

	ESCO		ET		Total		
	9M08	9M07	9M08	9M07	9M08	9M07	% Chg
<i>Total revenues</i>	683	564	178	175	861	739	17%
<i>Total expenses</i>	553	467	54	58	606	524	16%
<i>Profits bf Share of Profits (Loss) from JVEs</i>	130	97	124	118	255	215	19%
<i>Share of Profits (Loss)from JVEs</i>	4	5	-	-	4	5	(26%)
<i>Net Profit bf Subs's Fx and MI</i>	134	102	124	118	259	219	18%

- **Service income** from ESCO amounted to Baht 660 million, up by Baht 107 million or 19%, resulting mostly from higher maintenance service income and spare parts sale to overseas power plants.

- **Sales of water** from ET, were Baht 172 million, up by Baht 4 million, or 2%, 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 30 million, an increase of Baht 11 million or 63% due to a gain from the sale of shares in AMESCO totaling Baht 15 million.

- **Cost of services** was Baht 459 million, an increase of Baht 58 million or 14%, resulting from an increase in maintenance service costs which was consistent with increased revenues.

- **Cost of water sales** of ET was Baht 50 million, a decrease of Baht 1 million or 2%.

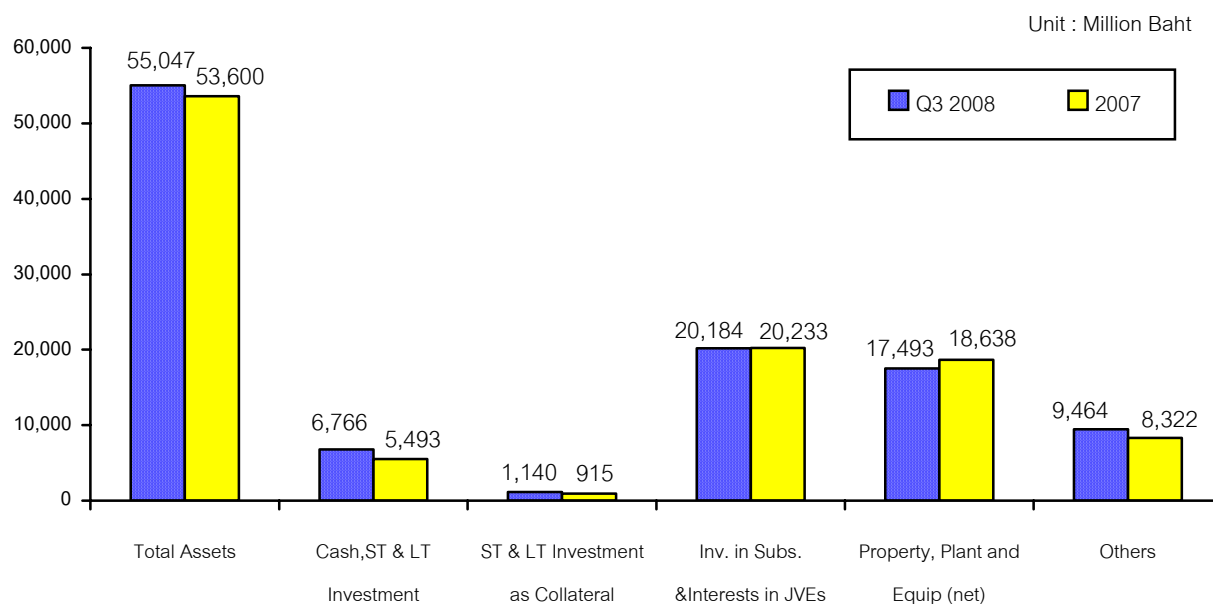
- **Administrative expenses and income taxes** totaled Baht 96 million, an increase of Baht 25 million or 35% compared to the same period of 2007, mostly from an increase in ESCO's income taxes by Baht 25 million from higher revenues.

- **ESCO's share of profit from a joint venture, AMESCO**, totaled Baht 4 million, a decrease of Baht 1.27 million or 26%.

4. Report and Analysis of Financial Position

4.1 Asset Analysis

As at September 30, 2008, total assets of EGCO, its subsidiaries and interests in joint ventures amounted to Baht 55,047 million, an increase of Baht 1,446 million or 3% from December 31, 2007. The important details are as follows:



1) **Cash and deposits at financial institutions, and short-term and long-term marketable securities** were Baht 6,766 million or 12% of the total assets, up Baht 1,274 million or 23%. This resulted mainly from an increase of cash and cash equivalent by Baht 1,510 million due to cash receipts from operating activities of Baht 3,496 million, dividends from joint ventures totaling Baht 1,998 million, cash receipts from the sale of shares in EGCO JD and AMESCO totaling Baht 815 million, and dividend of Baht 78 million received from EASTW. Meanwhile, the investment in joint ventures was Baht 551 million, debenture and loan repayment totaled Baht 1,188 million and dividend payment to shareholders amounted to Baht 2,707 million.

2) **Short-term and long-term investments used as collateral** were Baht 1,140 million or 2% of the total assets, up Baht 224 million or 25%. This increase mainly came from cash reserve for the repayment of the principal and interest of the debt of KEGCO and EGCO Cogen.

3) **Investment in subsidiaries and interests in joint ventures** recorded under the equity method in the consolidated financial statements as at September 30, 2008 amounted to Baht 20,184 million or 37% of the total assets, down Baht 49 million or 0.24%. The major change can be defined as follows:

3.1) an increase in share of profit from investment according to the equity method amounting to Baht 4,212 million.

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

3.3) dividends received from BLCP, GEC and Conal by Baht 3,300 million.

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

3.5) loss from translation adjustment totaling Baht 136 million.

For the company financial statements, the original cost was applied to record the investment in subsidiaries and interests in joint ventures at the beginning; the book value as at September 30, 2008 was Baht 29,855 million, up Baht 202 million, thanks to the additional paid-up shares in joint ventures, NTPC and Sustainable Energy and Environmental Development Co.,Ltd. (SEED), amounting to Baht 541 million and Baht 10 million, respectively. Meanwhile, the sale of shares in EGCO JD amounted to Baht 348 million.

4) Property, plant and equipment (net) totaled Baht 17,493 million or 32% of the total assets. They were down Baht 1,145 million or 6% due to the decrease in property, plant and equipment from the depreciation of EGCO and subsidiaries' assets totaling Baht 1,618 million and the reclassification of unutilised capital spare parts from property, plant and equipment to spare parts and supplies at REGCO, KEGCO and EGCO Cogen totaling Baht 295 million. Meanwhile, there was a recording of capital spare parts as property, plant and equipment following the major maintenance at REGCO, KEGCO and EGCO Cogen in the amount of Baht 658 million and net purchase of property, plant and equipment totaling Baht 111 million.

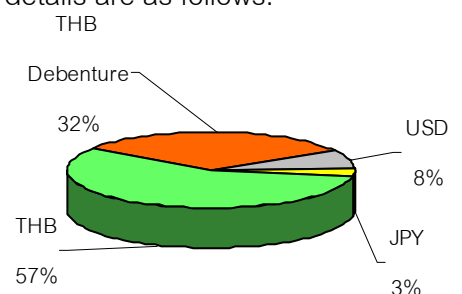
5) Other assets were Baht 9,464 million or 17% of the total assets, up Baht 1,142 million or 14% mainly from an increase of dividends receivable from a joint venture by Baht 1,302 million. Meanwhile, spare parts and supplies were down Baht 262 million.

4.2 Liability Analysis

As at September 30, 2008, the EGCO Group's total liabilities were Baht 9,813 million, which was Baht 1,792 million or 15% lower than the amount as at December 31, 2007. The total liabilities consist of the following:

1) Long-term loans and debentures totaled Baht 8,081 million, or 82% of total liabilities, down Baht 1,156 million or 13%. This mainly came from the long-term loans and debentures repayment from KEGCO, EGCO Cogen and Roi-Et Green. The details are as follows:

- USD loans in the amount of USD 18 million
- Yen loans in the amount of Yen 772 million



- Baht loans in the amount of Baht 4,636 million
- Baht debentures in the amount of Baht 2,602 million

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

Unit : Million Baht

	<i>EGCO</i>	<i>KEGCO</i>	<i>EGCO Cogen</i>	<i>Roi-Et Green</i>
<i>Within 1 Year</i>	-	772	155	33
<i>1-5 Years</i>	-	1,830	1,072	134
<i>> 5 Years</i>	4,000	-	-	86
Total	4,000	2,602	1,227	252

Long-term loans and debentures are secured liabilities over land, buildings, power plants and equipment of subsidiaries and joint ventures. The subsidiaries and joint ventures have to maintain cash reserves as at September 30, 2008 totaling Baht 529 million for the purpose of payment of principal and interest due within one year.

2) **Other liabilities** amounted to Baht 1,732 million or 18% of total liabilities, representing a decrease of Baht 635 million or 27% which was mostly from a decrease in net liabilities in a joint venture by Baht 447 million as a result of the increased capital and the recognition of NTPC's share of loss totaling Baht 541 million and Baht 94 million, respectively. In addition, trade payables decreased by Baht 228 million mainly from EGCO Cogen and KEGCO.

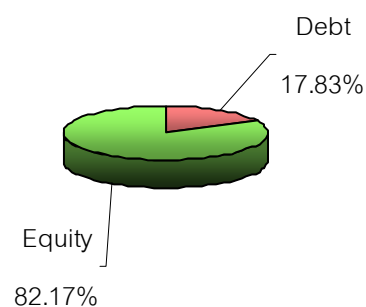
4.3 Shareholders' Equity Analysis

As at September 30, 2008, Shareholders' Equity amounted to Baht 45,234 million, which was Baht 3,238 million or 8% higher than the amount as at December 31, 2007. This was due mainly to the net profit in the consolidated financial statements amounting to Baht 6,268 million. Meanwhile, appropriated dividend totaled Baht 2,603 million.

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

Shareholders' equity was Baht 45,234 million or 82.17%.

Liabilities were Baht 9,813 million or 17.83%.



Important financial ratios were as follows:

- Debt to equity ratio was 0.22 times, lower than 0.28 times at the end of 2007.
- Book value per share was Baht 84.92, higher than Baht 78.78 at the end of 2007.

5. Report and Analysis of Cash Flow Position

Cash Flow Statement shows the change in cash flows from operating activities, investing activities, and financing activities at the end of the accounting period, and indicates the ending balance of cash and cash equivalents. As at September 30, 2008, the ending balance of cash and cash equivalents was Baht 5,260 million, which was Baht 1,510 million higher than the amount as at December 31, 2007. The details of the sources and uses of funds are as follows:

-**Net cash received from operating activities** totaled Baht 3,496 million. This was cash received from operating activities of Baht 4,747 million and cash payment for working capital of Baht 1,250 million.

-**Net cash received from investing activities** was Baht 2,275 million mainly due to dividends from joint ventures Baht 1,998 million, cash receipts from the sale of shares in EGCO JD and AMESCO totaling Baht 815 million and dividend received from EASTW by Baht 78 million. Meanwhile, the investment in joint ventures was Baht 551 million.

- **Net cash payment for financing activities** was Baht 4,262 million. The payment includes the payment of principal and interest of EGCO, KEGCO, EGCO Cogen and Roi-Et Green's debentures and loans totaling Baht 1,188 million. The dividend payment to shareholders amounted to Baht 2,707 million .

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

- Current ratio was 7.14 times, compared to 4.22 times in 2007
- Quick ratio was 3.93 times, compared to 2.26 times in 2007

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