



EGCO

บริษัท ผลิตไฟฟ้า จำกัด (มหาชน)
ELECTRICITY GENERATING PUBLIC COMPANY LIMITED

Management Discussion and Analysis

For the Annual Operating Results

Ended December 31, 2004

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

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

Management Discussion and Analysis

1. Business Expansion Analysis

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

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

As at the end of December 2004, Thailand's total generating capacity was reported at 26,056 MW¹, of which 9.1% of the total capacity was generated by EGCO. In March 2004, the peak demand reached 19,326 MW², which was 6.65% higher than the peak demand in May 2003. According to the Electricity Generating Authority of Thailand (EGAT)'s Power Development Plan (PDP 2004), Thailand will require 18 units of new power stations together with renewable energy or Renewable Portfolio Standard (RPS) of 5% of the future additional capacity of approximately 13,230 MW² to be on line during 2011-2015. The new capacity bidding, in which EGCO plans to participate, is expected in the near future.

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 Rayong Electricity Generating Co., Ltd. (REGCO) plant and a 824 MW Khanom Electricity Generating Co., Ltd. (KEGCO) plant. In addition to our existing assets, we are developing 3 power plant projects, representing an additional 1,012 equity MW as follows:

¹ Source: Electricity Generating Authority of Thailand (EGAT).

² Source: EGAT's Power Development Plan 2004-2015 (PDP 2004)

1. **The Kaeng Khoi 2 (KK2) project**, a 1,468 MW natural gas-fired power plant in Saraburi Province, previously 700 MW and formerly known as “Bo Nok project.” EGCO holds a 50% stake in this project by holding 50% of shares in Gulf Electric Public Co.Ltd (GEC), who holds 100% shares in Gulf Power Generation Co.Ltd (GPG). GPG, the project developer, recently signed a 25-year Power Purchase Agreement (PPA) with EGAT on October 28, 2004. The commercial operation dates (COD) for unit 1 and unit 2 with the capacity of 734 megawatts each are scheduled on March 1, 2007 and March 1, 2008, respectively.
2. **The Nam Theun 2 project**, a 1,070 MW hydroelectric power plant in Laos PDR, in which EGCO has a 25% stake in Nam Theun 2 Power Co.,Ltd. The PPA was signed in November 2003. This project is targeted for COD in the second half of 2009 with the contracted capacity to EGAT of 995 MW. Presently, this project is in the stage of acquiring financing from Thai and international banks as well as multilateral agencies. The Nam Theun 2 project is awaiting a decision by the World Bank and related multilateral agencies to provide financial support, including political risk guarantee, which will allow the project to achieve financial close by the first half of 2005.
3. **The Gulf Yala Green Project** (EGCO holds a stake of 47.5%, through its ownership of GEC, a 23 MW parawood-fuel biomass power plant in Yala Province. The project's scheduled COD is August 2005. Due to the security situation in the three most southern provinces of Thailand since the start of 2004, construction is behind schedule and negotiation is underway with EGAT to postpone the COD.

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

2. Report and Analysis of the Operating Results

EGCO is structured as a holding company investing in integrated electricity generation business as well as energy service business. The main sources of its income are dividends and

the sharing of revenues and profits from investments in its subsidiaries, joint ventures, and associates. The objective of the holding company structure is to provide flexibility for business expansion and to raise the ability to efficiently manage subsidiaries' projects as well as to finance new projects with non-recourse to existing ones.

During 2003, the Group has adopted Thai Accounting Standard No. 51: "Intangible Assets" and has changed two principal accounting policies, Specific Spare Parts Policy and Recording of Development Expense Policy. The company has not restated the consolidated financial statements as at January 1, 2003 as the net effect was not material. Therefore, the aforesaid expenses were adjusted in the 2003 annual financial statements ended December 31, 2003.

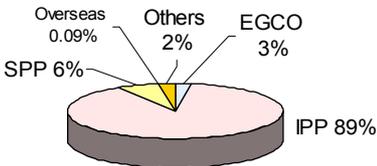
In consideration of comparison the 2004 financial statements versus 2003 financial statements, the effect of these changes on the consolidated and company balance sheets as at December 31, 2003 and the related consolidated and company annual statements of income for ended December 31, 2003 are as follows:

	December 31, 2003	
	Consolidated	Company
	Baht'000	Baht'000
Balance sheets		
Increase in investments in subsidiaries	-	992,110
Decrease in interests in joint ventures, net	(505,892)	(778,879)
Increase in spare parts and supplies, net	5,664	-
Increase in property, plant and equipment, net	986,446	-
Decrease in other non-current assets, net	(272,987)	-
Increase in retained earnings as at December 31, 2003	213,231	213,231
Statements of income		
Decrease in cost of sales	992,110	-
Increase in administrative expenses	(102,505)	-
Increase in impairment charge	(170,482)	(66,133)
Increase (decrease) in share of profit of subsidiaries and joint ventures	(505,892)	279,364
Increase in net profit	213,231	213,231

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

2.1 Operational Results

EGCO's consolidated net profit for 2004, as of December 31, 2004, was Baht 4,662 million, a decrease of Baht 1,332 million or 22% compared to 2003.

		Unit: Million Baht			
		<i>Net Profit of 2004</i>		<i>Net Profit of 2003</i>	
		<u>Before FX</u>	<u>After FX</u>	<u>Before FX</u>	<u>After FX</u>
 <p>Net Profit after FX – 2004</p>	EGCO	134	119	(51)	(51)
	IPP Group	4,055	4,119	5,350	5,805
	SPP Group	282	303	296	579
	Overseas	11	4	(416)	(447)
	Others	112	116	108	108

Remarks: - IPP : REGCO, KEGCO

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

- Overseas : Conal, Nam Theun 2

- Others : ESCO, EGCOM TARA

The net profit for 2004 included foreign exchange gain of Baht 67 million whereas the company incurred a foreign exchange gain of Baht 707 million in 2003. A unrealized foreign currency exchange gain in the amount of Baht 72 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 Thai Baht equivalent amount using the foreign exchange rate at the end of this accounting period (December 31, 2004) and the previous period (December 31, 2003).

Excluding the effect of foreign currency exchange, the profit would be Baht 4,595 million, representing a decrease of Baht 692 million or 13% as compared to 2003. In 2004, without the impact of foreign currency exchange of Baht 67 million and tax amounting to Baht 597 million, the 2004 profit would be Baht 5,191 million, decreased by Baht 99 million or 2% as compared to 2003 profit of 5,290 million, which excluded the new accounting policy amounting to Baht 213 million, foreign currency exchange of Baht 707 million and tax amounting to Baht 217 million.

Important Financial Ratios for the period were as follows;

- Gross Profit Ratio was 51%.
- Net Profit Ratio (excluding the effect of foreign exchange) was 28%.
- Earnings (excluding the effect of foreign exchange) per share (EPS) was Baht 8.75

The net profit margin (excluding the effect of foreign exchange) of 28% was lower than last year's margin of 34%, primarily resulted from the decrease in REGCO and GEC's net profit together with a change in the accounting policy in 2003. Excluding the impact of accounting policy, the net profit margin of 2003 was 32%

2.2 *Income Analysis*

In 2004, the total revenues of EGCO and its subsidiaries as well as the share of profits from its associates and interest in joint ventures were Baht 16,500 million, an increase of Baht 769 million or 5% compared to 2003. The details are as follows:

<i>Total Revenues:</i>	Unit: Million Baht		
	2004	2003	%Changes
<i>EGCO</i>	587	548	7%
<i>IPP Group</i>	9,846	9,972	(1%)
<i>SPP Group</i>	4,778	4,443	8%
<i>Overseas</i>	730	334	119%
<i>Others</i>	559	434	29%

1) **EGCO's Revenues**, amounting to Baht 587 million, represented an increase of Baht 39 million or 7% from last year, driven mostly by an increase of interest income Baht 43 million whilst a dividend income from financial investments decreased by Baht 5 million as compared to 2003.

EGCO's revenues are essentially from dividend from Krung Thai Dividend Selected Flexible Portfolio Fund (KTSF) in the amount of Baht 428 million representing a decrease of Baht 7 million as compared to 2003; dividends from marketable securities of Baht 41 million, up by Baht 5 million; and interest income of Baht 84 million, up by Baht 43 million as a result of interests received from shareholder loans to GEC and Nam Theun 2 amounting to Baht 20 million each, in addition, bank deposits earned an interest of Baht 44 million and other revenue amounted to Baht 27 million.

2) **Revenues from the IPP Group**, consisting of two principal subsidiaries, REGCO and KEGCO, were Baht 9,846 million. The details are as follows:

- **Sales of electricity** were Baht 9,672 million, representing a decrease of Baht 70 million or 1% compared to last year. The decrease was a net effect from a fall in REGCO's electricity sales of Baht 498 million caused by a decrease of the Capacity Rate, which was partially offset by an

increase of Baht 428 million in KEGCO's electricity sales due to an increased Base Availability Credit. This was in accordance with the capacity payment formula calculated on a "Cost Plus Basis" under the PPAs and in line with the company's projection.

Sales of Electricity – IPP Group: Unit: Million Baht

	2004	2003	%Changes
REGCO	5,448	5,947	(8%)
KEGCO	4,224	3,796	11%

The PPAs cover the full amount of the projected fixed costs, debt financing charges and major maintenance charges, which are used in calculating the electricity tariffs for each period. Moreover, the calculation of the capacity payment is adjusted to include compensation of the exchange rate effect from debt services and expenses of major maintenance parts denominated in US Dollar. REGCO and KEGCO receive the compensation monthly for each billing period. They receive higher capacity charge if the exchange rate is above Baht 28 per US Dollar and vice versa. In 2004, REGCO and KEGCO received compensation for the exchange rate effect of Baht 1,007 million.

- **Interest income and others** amounted to Baht 174 million, a decrease by Baht 56 million or 24%, mainly from REGCO and KEGCO's lower amount of deposits at banks and financial institutions as funds were used to pay down loans, which caused a drop in return of Baht 41 million. Moreover, in 2003, REGCO's other revenues included an extraordinary item, the supplier penalty fees for late delivery.

3) Revenues from the SPP Group were Baht 4,778 million, an increase of Baht 335 million or 8% compared to 2003. The SPP Group incorporates five companies, Gulf Electric Public Co.,Ltd. Group (GEC), Amata-EGCO Power Ltd. (AEP), Amata Power Bangpakong Ltd. (APBP), TLP Cogeneration Co.,Ltd.(TLP Cogen) and Roi-Et Green Co.,Ltd. (Roi-Et Green). The details are as follows:

- **Sales of electricity** of the SPP Group were Baht 4,683 million, representing an increase of Baht 365 million or 8% compared to last year.

Sales of Electricity – SPP Group:

Unit: Million Baht

	2004	2003	%Changes
GEC	2,640	2,622	1%
TLP Cogen	1,629	1,335	22%
APBP	272	277	(2%)
Roi-Et Green	142	84	70%

The major factor, which led to an increase of sales in the SPP group was an increase of electricity sales at TLP Cogen and Roi-Et Green, which achieved a normal full year operation in 2004 after the completion of their construction in January 28 and May 29, 2003, respectively. TLP Cogen and Roi-Et Green's revenues increased by Baht 295 million and Baht 58 million, respectively.

- **Interest income and others** amounted to Baht 42 million, a decrease of Baht 24 million mainly from GEC's other income .

- **Share of profit of associates and joint ventures** was from AEP totaling Baht 53 million, a decrease of Baht 5 million as compared to 2003 due to scheduled major maintenance.

4) **Revenues from the Overseas Group** were Baht 730 million, an increase of Baht 396 million compared to 2003. The overseas group refers to the CONAL Holdings Corporation (CONAL) and Nam Theun 2 Power Co., Ltd (NTPC). The details are as follows:

- **Sales of electricity** of the overseas group were Baht 717 million, a decline of Baht 175 million or 20% compared to last year, resulting from the transfer of 58 MW at Northern Mindanao Power Corporation (NMPC) to National Power Corporation (NPC) in July 2003.

- **Interest income and others** amounted to Baht 38 million, a decrease of Baht 7 million or 15%.

- **Share of expenses of associates and joint ventures** totaled Baht 25 million, a decrease of Baht 578 million as compared to 2003. This is because the new accounting policy adjustment that led to an increase of Baht 506 million in the share of development expenses of Nam Theun 2 Project prior to 2003 included this amount in the 2003 financial statements.

5) **Revenues from the Other Business Group** were Baht 559 million, an increase by Baht 125 million or 29%. The other business group includes two subsidiaries, the EGCO Engineering and Service Co.,Ltd. (ESCO) and the EGCOM TARA Co., Ltd (EGCOM TARA). The details are as follows:

Revenues from group of other business – Others:

Unit: Million Baht

	2004	2003	% Changes
<i>Service Income – ESCO</i>	390	283	38%
<i>Sales of Water – EGCOM TARA</i>	157	142	11%

- **Service income** from ESCO amounted to Baht 390 million, up by Baht 107 million or 38%, resulting mostly from an increase of operation and maintenance (O&M) services to Elgali 2 Power Plant in Sudan.

- **Sales of water from a subsidiary**, EGCOM TARA, was Baht 157 million, up by Baht 15 million, or 11%, thanks to an increase of both water tariff and sales quantity under the Water Purchase Agreement.

- **Interest income and others** amounted to Baht 11 million, an increase by Baht 2 million or 18%, mainly from ESCO's other revenues.

- **ESCO's Share of profit of associates and joint ventures** totaled Baht 0.51 million, an increase by Baht 1.24 million, mainly from Amata Power Esco Service Co.,Ltd (Amesco) whereas the Agro Energy Co.,Ltd (AE)'s share of loss amounted to Baht 0.49 million causing the investment in AE to be zero .

2.3 Expense Analysis

Total expenses from EGCO, its subsidiaries and joint ventures in 2004 were Baht 11,673 million, an increase of Baht 1,532 million or 15% from last year. The details are as follows.

Total Expenses:

Unit: Million Baht

	2004	2003	% Changes
<i>EGCO</i>	452	599	(24%)
<i>IPP Group</i>	5,791	4,622	25%
<i>SPP Group</i>	4,428	4,093	8%
<i>Overseas</i>	581	520	12%
<i>Others</i>	420	306	37%

1) **Total expenses of EGCO** were Baht 452 million, a decrease from last year by Baht 146 million, as a result of lower interest expenses from Baht 120 million in 2003 to Baht 46 million, decreased by Baht 74 million or 61%, and a lower administration expenses from Baht 479 million

to Baht 406 million, decreased by Baht 73 million or 15% as there was a written-off of the Bo Nok's development expense of Baht 66 million in the previous years of 2003. Excluding the written-off of Bo Nok, the expenses decreased by Baht 7 million or 2% as compared to 2003.

2) The IPP Group's expenses were Baht 5,791 million, an increase of Baht 1,168 million, mainly a result of the new accounting policy. The details are as follows:

- **Cost of sales**, with the total of Baht 3,329 million, an increase by Baht 1,111 million or 50% compared to 2003, mainly from the result on REGCO and KEGCO to be included in the 2003 financial statements and thus reduced the cost of sales of REGCO and KEGCO by Baht 529 million and Baht 443 million in 2003, respectively. Excluding the impact of the new accounting policy prior to 2003, the cost of sales of REGCO decreased by Baht 35 million from lower insurance expenses and the cost of sales of KEGCO increased by Baht 173 million due to major maintenance.

<i>Cost of Sales – IPP Group:</i>		Unit: Million Baht	
	2004	2003	%Changes
REGCO	1,806	1,312	38%
KEGCO	1,523	907	68%

- **Administration expenses and other expenses** were Baht 669 million, an increase of Baht 328 million or 96%, mainly from REGCO's corporate tax payment amounting to Baht 435 million, up Baht 302 million. The 50% Corporate Tax Reduction is effective for the next 5 years, starting from April 20, 2003 and ending on April 19, 2008. REGCO's corporate tax-exempt status from BOI Tax Privilege that was effective for 8 years, from the date of the receipt of operating revenues ended on April 19, 2003.

- **Interest expenses** were Baht 1,793 million, a decrease of Baht 271 million or 13%, resulting from the decrease in interest expenses at REGCO and KEGCO of Baht 155 million and Baht 116 million, respectively, owing to lower principal amounts.

3) The SPP Group's expenses were Baht 4,428 million, an increase of Baht 335 million or 8%, according to the following reasons:

- **Cost of Sales** were Baht 3,711 million, an increase of Baht 375 million or 11%, substantially driven by an increase in cost of sales of GEC amounting to Baht 188 million, a result of major maintenance and the impact of new accounting policies and a rise in TLP Cogen cost of sales amounting to Baht 160 million, which was consistent with their increased sales of electricity.

An increase of Roi-Et Green's cost of sales amounted to Baht 24 million, which was consistent with their increased sales of electricity as well.

<i>Cost of Sales - SPP:</i>		Unit: Million Baht	
	2004	2003	%Changes
<i>GEC</i>	2,210	2,022	9%
<i>TLP Cogen</i>	1,216	1,056	15%
<i>APBP</i>	203	199	2%
<i>Roi-Et Green</i>	82	59	40%

- **Administration expenses and other expenses** were 421 million, an increase of Baht 10 million or 2%, coming substantially from TLP Cogen which saw an increase of Baht 21 million, in line with an increase in electricity sales in 2004 following construction completion and expense recognition from January 28, 2003 onwards.

GEC's administration expenses were down by Baht 14 million. This was partly a result of the offsetting of the write-off of Bo Nok's development expenses amounting to Baht 103 million and the impairment expenses of Bo Nok's land amounting to Baht 104 million whereas there was a written-back of impairment expense of Bo Nok's land amounting to Baht 44 million in 2004. If excluding the aforementioned, the 2004 administration expenses increased by Baht 238 million according to the project cost of KK2 such as Development Cost, Community Relation and Public Relation, Forward Contract, Standby Letter of Credit Fee and the goodwill of Nong Khae Cogeneration Co., Limited (NKCC) and Samutprakarn Cogeneration Co., Limited (SCC) amounting to Baht 54 million.

- **Interest expenses** were Baht 297 million, a decrease of Baht 50 million or 14%, mainly driven by the decrease in interest expenses at GEC of Baht 54 million, resulting from lower principal and interest rates thanks to the refinancing of certain loans. In addition, the interest expenses of TLP Cogen and APBP decreased by Baht 2 million and Baht 1 million according to lower principal amount. For Roi-et Green, owing to an increase of loan drawdown, its interest expenses increased by Baht 6 million.

4) The Overseas Group's expenses were Baht 581 million, an increase of Baht 61 million or 12% compared to 2003, owing to the following reasons:

- **Cost of Sales** were Baht 229 million, a decrease of Baht 7 million or 3% as compared to last year. This resulted from a decrease of Northern Mindanao Power Corporation (NMPC)'s depreciation caused by a lower forecasted electricity production and the transfer of NMPC's 58 MW to NPC.

- **Administration expenses and other expenses** were Baht 279 million, an increase of Baht 79 million or 40% as a result of the expiry of the six-year income tax holiday in 2003 for the Western Mindanao Power Corporation (WMPC) and the Southern Philippines Power Corporation (SPPC).

- **Interest expenses** were Baht 73 million, a decrease of Baht 11 million or 13% owing to lower principal amount.

5) The Other Business Group's expenses were Baht 420 million, an increase of Baht 114 million or 37%, owing to the following reasons:

- **Service costs** were Baht 269 million, an increase of Baht 99 million or 58%, 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 EGCOM Tara was Baht 55 million, a decrease of Baht 1 million or 2% mainly from a decrease of operating and maintenance service costs.

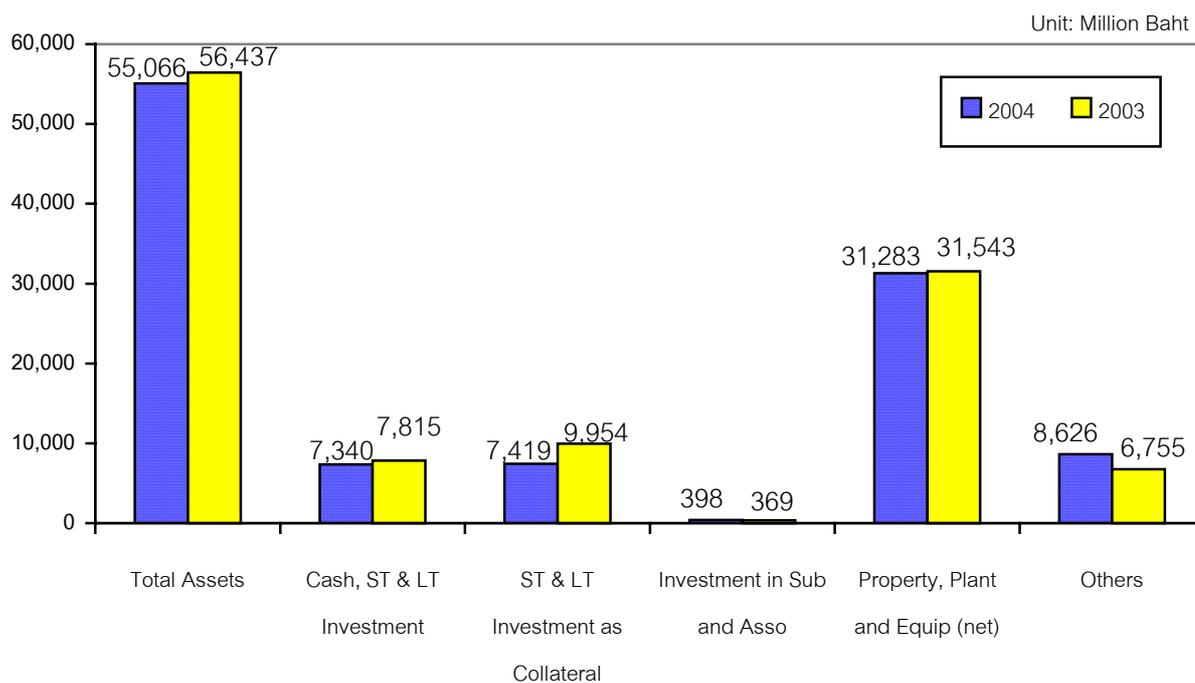
- **Administration expenses and other expenses** were Baht 86 million, an increase of Baht 22 million or 34%, mostly from ESCO's expenses which was in line with an increase of ESCO revenue

- **Interest expenses** were Baht 10 million, a decrease of Baht 5 million or 35%, resulting from the lower principal amount as well as the lower interest rate at EGCOM Tara.

3. Report and Analysis of Financial Position

3.1 Asset Analysis

As at December 31, 2004, total assets of EGCO, its subsidiaries, associates and joint ventures amounted to Baht 55,066 million, a decrease of Baht 1,370 million or 2% from December 31, 2003. The important details are as follows:



1) **Cash, deposits at financial institutions, and short term and long term marketable securities** were Baht 7,340 million or 13% of the total assets, down Baht 476 million or 6%. This was categorized by a decrease of Baht 854 million in deposits at financial institutions and short-term marketable securities, and a decrease of Baht 580 million in long-term investments in marketable securities and others following additional investments in GEC and extensions of shareholder loans to GEC and NTPC as well as a diminished market value of marketable securities; whereas the cash and cash equivalent were up by Baht 958 million.

2) **Short-term and long-term investments used as collateral** were Baht 7,419 million or 13% of the total assets, down Baht 2,535 million or 25% after KEGCO obtained lenders' approval in quarter 3 of 2004 to release the Foreign Exchange Reserved Account (FEXRA) amounted of USD 27 million and release Debt Service Reserved Account (DSRA) amounted of USD 12 million by pledging the Bank Guarantee. For REGCO, the cash reserve of debt repayment in FEXRA amounted to USD 26 million.

3) **Investment in subsidiaries and associates and interests in joint ventures** amounted to Baht 398 million or 1% of the total assets, up by Baht 29 million or 8%. This increase is a net result of the recognition of share of losses derived from expensing the development cost of Nam Theun 2 owing to the new accounting policy which amounted to Baht 25 million, whereas the share of profit of AEP and AMESCO amounted to Baht 53 million and Baht 1 million, respectively.

4) **Property, plant and equipment (net)** totaled Baht 31,283 million or 57% of total assets. They were down Baht 260 million or 1% due to the depreciation of EGCO and subsidiaries' assets totaling Baht 2,440 million, the reclassification of unutilised capital spare parts from property, plant and equipment to inventories of KEGCO, GEC, REGCO and TLP Cogen amounting to Baht 336 million, Baht 196 million, Baht 96 million and Baht 6 million respectively, GEC's impairment of its power plant of Baht 11 million and the translation adjustment down Baht 31 million. An increase in property, plant and equipment was substantially from the GEC's construction of Baht 2,147 million and others of Baht 359 million. The record of capital spare parts as property, plant and equipment according to major maintenance of REGCO, KEGCO and TLP Cogen in the amount of Baht 110 million, Baht 234 million and Baht 7 million respectively.

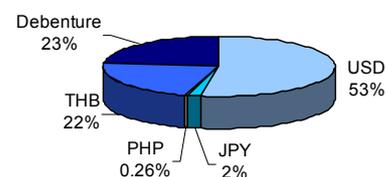
5) **Other assets** were Baht 8,626 million or 16% of the total assets, up Baht 1,871 million or 28% mainly from accounts receivable and accounts receivable from related companies, up Baht 714 million, shareholder loans to GEC amounting to Baht 175 million and NTPC amounting to Baht 464 million, an increase of Spare Parts and Supplies by Baht 558 million. The other asset was up by Baht 100 million.

3.2 Liability Analysis

As at December 31, 2004, the company's total liabilities were Baht 25,963 million, down Baht 3,772 million or 13% as a result of the loans and debentures repayment at EGCO, REGCO and KEGCO. The total liabilities consist of the following:

1) **Long-term loans and debentures** totaled Baht 23,933 million, or 92% of total liabilities, down Baht 3,980 million or 14%. The details are as follows:

- USD loans in the amount of USD 324 million
- Yen loans in the amount of Yen 1,163 million
- Philippines Peso loans in the amount of Peso 87 million
- Baht loans in the amount of Baht 5,390 million
- Baht Debentures in the amount of Baht 5,558 million



In 2004, the amount of loans and debentures denominated in Baht, USD, and Peso, including debenture decreased by Baht 5,178 million as compared to 2003, mostly from principal

repayment by EGCO, REGCO, KEGCO, APBP, TLP Cogen, Conal and EGCOM TARA as well as GEC's loan refinancing. On the other hand, the amount of loans denominated in Yen were up Baht 57 million, which was due to the loan drawdown for the construction of Roi-Et Green.

2) **Other liabilities** amounted to Baht 2,030 million or 8% of total liabilities, mostly resulted from bank overdrafts and short-term loans of Baht 75 million, trade accounts payable of Baht 476 million, related companies' trade accounts payable of Baht 185 million, interest payable of Baht 152 million, value added tax payable and income tax payable of Baht 482 million, dividend payable of Baht 41 million and others Baht 620 million.

3.3 Shareholders' Equity Analysis

As at December 31, 2004, Shareholders' Equity (excluding treasury stock) amounted to Baht 29,103 million, which was Baht 2,402 million higher than the amount as at December 31, 2003. This was due mainly to the profits from operation of 2004, partially offset by a decrease of the unrealized gain on investments in marketable securities totaling Baht 847 million that came from a fall in share prices of marketable securities.

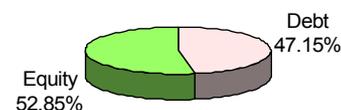
The analysis of the company's capital structure as at December 31, 2004 is summarized as follows:

Shareholders' equity was Baht 29,103 million or 52.85%.

Liabilities were Baht 25,963 million or 47.15%.

Important financial ratios were as follows:

- Debt to equity ratio was 0.89 times, lower than 1.11 times at the end of last year.
- Book value per share was Baht 53.55, higher than Baht 49.21 at the end of last year.



4 Report and Analysis of Cash Flow Position

Cash Flow Statement shows the change in cash flows from operating activities, investing activities, and financing activities at the end of the accounting period, and indicates the ending balance of the cash and the cash equivalents. As at December 31, 2004, the ending balance of the cash and the cash equivalent was Baht 2,688 million, up by Baht 958 million from the end of 2003. The details of the sources and uses of funds are as follows:

-**Net cash received from operating activities** totaled Baht 8,534 million. Most of this was cash from operating activities that amounted to Baht 6,968 million. Short-term and long-term

investments used as collateral dropped by Baht 2,482 million, trade receivable from a related party increased by Baht 708 million and spare parts and supplies increased by Baht 485 million.

-**Net cash payment for investing activities** was Baht 1,974 million. The investment in GEC's construction of Power Plant amounted to Baht 2,101 million and shareholder loans to GEC and NTPC amounted to Baht 175 million and Baht 464 million, respectively. Whereas the cash inflow was Baht 582 million from the net disposals of short-term and long-term investments, the dividends from KTSF and Eastern Water Resources Development and Management Public Co., Ltd. (EASTW) amounting to Baht 428 million and Baht 40 million, respectively.

- **Net cash payment for financing activities** was Baht 5,605 million, mainly owing to long-term loans and debentures repayment by EGCO, REGCO, KEGCO, TLP Cogen, Roi-Et Green, APBP and GEC in the amount of Baht 5,862 million and dividend payment to shareholders amounted to Baht 1,571 million while the loan drawdown from GEC, TLP Cogen and Roi-Et Green increased by Baht 2,074 million.