

## Management's discussion and analysis of financial condition and results of operations

### Overview

Glow Energy Public Company Limited and its subsidiaries are one of the largest private electricity generators and providers of industrial utilities in Thailand and neighboring country. We operate IPP and cogeneration facilities (most of which operate as SPPs under Thailand's SPP program) and our core business is to produce and supply electricity to EGAT and electricity and steam to industrial customers in the MIE<sup>1</sup> Area and SEIP<sup>2</sup> Area. As of March 31, 2014, we had a total generating capacity of 3,188 MW of electricity and 1,206 tons per hour of steam.

Starting 2014, Thai accounting standard has adopted international accounting standard related to Financial Lease. The only generating unit of Glow Group affected from this change in accounting standard is Glow IPP, 713 MW gas-fired IPP. Implication of Financial Lease accounting standard included, but not limited to, following key aspects:

- Recording Availability Payment received from EGAT as Financial Lease Income and amortization of Lease Receivables
- Recording of Lease Receivables, rather than Property Plant and Equipment as per old standard, and hence no recording of depreciation expense

However, Energy Payment, gas cost, and other operating costs are recorded essentially with the same method.

For the first 3 months of 2014, adjustments to reflect Financial Lease accounting standard from old standard are:

- Net adjustment to exclude Availability Payment (Baht -540.3 million) and depreciation (Baht +84.3 million) of Baht -456.0 million
- Net adjustment to include Financial Lease income of Baht +544.5 million, which consists of retained earning adjustment of Baht +300.9 million and recurring financial lease income of Baht +243.6 million
- Net adjustment on Deferred Tax of Baht +46.9 million

As a result, consolidated net profit of the first quarter 2014, under the new accounting standard, was Baht 2,306.0 million. However, our normalized net profit<sup>3</sup>, excluding the adjustment of financial lease accounting, which is the basis used to determine our dividend distribution, was Baht 2,075.8 million in the first 3 months of 2014, a 2.6 per cent increase from Baht 2,023.6 million in the same period of 2013.

### Revenues

We derive our revenues primarily from sales of electricity to EGAT and sales of electricity, steam and clarified and demineralized and chilled water to industrial users in the MIE Area and SEIP Area. The following table breaks down our revenues by source for the periods indicated:

	Revenues					
	Year to Date Ended March 31,					
	2014		2013		Difference	
	(Baht millions)	(%)	(Baht millions)	(%)	(Baht millions)	(%)
Revenues from Sales of Goods and Rendering of Services						
Electricity						
Sales to EGAT by IPPs.....	6,784.0	36.9	6,778.7	37.2	5.4	0.1
Sales to EGAT by SPPs.....	4,320.3	23.5	4,600.8	25.3	(280.5)	(6.1)
Sales to Industrial Customers.....	4,303.4	23.4	3,911.2	21.5	392.2	10.0
Financial lease income (Glow IPP).....	544.5	3.0	-	-	544.5	100.0
Total.....	15,952.2	86.7	15,290.7	84.0	661.5	4.3
Steam .....	2,063.6	11.2	1,957.4	10.8	106.2	5.4
Other Products .....	110.5	0.6	105.9	0.6	4.6	4.3
Total .....	18,126.3	98.5	17,354.0	95.3	772.2	4.4
Other Income.....	277.8	1.5	848.7	4.7	(570.9)	(67.3)
<b>Total Revenues.....</b>	<b>18,404.1</b>	<b>100.0</b>	<b>18,202.7</b>	<b>100.0</b>	<b>201.4</b>	<b>1.1</b>

Our revenues are in part driven by the volumes of electricity and industrial utilities that we produce and sell to our industrial customers in MIE Area and SEIP Area. The following table sets out our volumes of electricity and industrial utilities sold for the indicated periods:

<sup>1</sup> Map Ta Phut Industrial Estate in Rayong Province

<sup>2</sup> Siam Eastern Industrial Park in Pluak Daeng, Rayong Province

<sup>3</sup> Definition of "Normalized Net Profit" is amended to "Net Profit excluding net exchange gain or loss and net change in deferred tax assets(revenues) or liabilities(expenses)"

	<b>Volumes Sold</b>			
	<b>Year to Date Ended March 31,</b>			
	<b>2014</b>	<b>2013</b>	<b>Difference</b>	<b>%</b>
Electricity dispatch (GWh)				
To EGAT by IPPs .....	2,634.7	2,585.3	49.3	1.9
To EGAT by SPPs .....	1,266.8	1,431.6	(164.8)	(11.5)
To Industrial Customers.....	1,264.7	1,163.4	101.3	8.7
Total.....	5,166.2	5,180.3	(14.1)	(0.3)
Steam (thousands of tons).....	1,837.2	1,802.7	34.5	1.9
Processed water (thousands of cubic meters).....	3,043.8	3,020.2	23.7	0.8
Chilled water (thousands of refrigerated tons).....	3,367.0	3,463.9	(96.9)	(2.8)

### ***Revenues from Sales of Goods***

#### *Electricity Sales to EGAT*

We sell electricity to EGAT under our EGAT power purchase agreements<sup>1</sup>. We are currently party to 3 IPP power purchase agreements, in respect of 1,373 MW of electricity located in Thailand and 128 MW of electricity located in Lao PDR in which 126 MW sales to EGAT and 2 MW to Electricite Du Laos (EdL). We are also a party to 12 SPP power purchase agreements, in respect of an aggregate of 846 MW of electricity.

#### *Electricity Sales to Industrial Customers*

We sell electricity to our industrial customers under our power supply agreements. As of March 31, 2014, we were party to a total of 75 power supply agreements with 58 industrial customers in respect of an aggregate of 747 MW of electricity.

#### *Steam Sales*

We sell steam to our industrial customers under our steam supply agreements. As of March 31, 2014, we were party to a total of 30 steam supply agreements with 21 industrial customers in respect of an aggregate of 1,176 tons per hour of steam.

#### *Processed Water Sales*

We sell clarified water and demineralized water to our industrial customers under our water supply agreements. As of March 31, 2014, we were party to a total of 15 water supply agreements with 9 customers in respect of an aggregate of 1,668 cubic meters per hour of water.

#### *Chilled Water Sales*

We sell chilled water to our industrial customers under our water supply agreement. As of March 31, 2014, we were party to a total of 2 water supply agreements with 2 customers in respect of an aggregate of 2,050 refrigerated tons of chilled water.

### **Expenses**

Our expenses consist of cost of sales of goods and selling and administrative expenses. The following table sets out the different components of our expenses by their amount and as a percentage of our total expenses for the periods indicated:

<sup>1</sup> Under IPP program, sell to EGAT consists of Availability Payment and Energy Payment whereas under SPP program sell to EGAT consists of Capacity Payment and Energy Payment.

	<b>Expenses</b>					
	<b>Year to Date Ended March 31,</b>					
	<b>2014</b>		<b>2013</b>		<b>Difference</b>	
	(Baht millions)	(%)	(Baht millions)	(%)	(Baht millions)	(%)
<b>Cost of Sales of Goods</b>						
Fuel						
Natural Gas.....	9,602.9	65.7	9,067.4	63.8	535.5	5.9
Coal.....	2,507.9	17.2	2,765.1	19.5	(257.2)	(9.3)
Diesel.....	28.1	0.2	26.6	0.2	1.4	5.3
Maintenance .....	411.5	2.8	250.0	1.8	161.5	64.6
Depreciation / Amortization.....	1,141.8	7.8	1,199.4	8.4	(57.7)	(4.8)
Other.....	740.1	5.1	738.4	5.2	1.7	0.2
Total Cost of Sales of Goods.....	14,432.3	98.7	14,047.0	98.9	385.2	2.7
<b>Selling and Administrative Expenses</b>						
Depreciation / Amortization.....	7.8	0.1	8.4	0.1	(0.5)	(6.2)
General.....	178.3	1.2	146.3	1.0	32.0	21.9
Total Selling and Administrative Expenses.....	186.2	1.3	154.6	1.1	31.5	20.4
Other Expenses.....	1.7	0.0	2.2	0.0	(0.4)	(19.3)
<b>Total Expenses</b> .....	<b>14,620.2</b>	<b>100.0</b>	<b>14,203.8</b>	<b>100.0</b>	<b>416.4</b>	<b>2.9</b>

The following table shows a breakdown of our costs for our IPP facilities, on one hand, and for our cogeneration facilities, on the other:

	<b>IPP and Cogeneration Facilities Cost of Sales of Goods Breakdown<sup>(1)</sup></b>					
	<b>Year to Date Ended March 31,</b>					
	<b>2014</b>		<b>2013</b>		<b>Difference</b>	
	(Baht millions)	(%)	(Baht millions)	(%)	(Baht millions)	(%)
<b>IPP Facilities</b>						
Natural Gas .....	2,846.8	52.5	2,839.3	52.2	7.5	0.3
Coal.....	1,806.0	33.3	1,790.1	32.9	15.9	-
Diesel.....	26.9	0.5	25.9	0.5	1.1	4.2
Maintenance.....	62.7	1.2	42.0	0.8	20.7	49.3
Depreciation/Amortization.....	453.8	8.4	528.4	9.7	(74.6)	(14.1)
Others.....	224.3	4.1	215.4	4.0	8.9	4.1
Total Cost of Sales.....	5,420.6	100.0	5,441.1	100.0	(20.5)	(0.4)
<b>Cogeneration Facilities</b>						
Natural Gas.....	6,756.1	75.0	6,228.1	72.4	528.1	8.5
Coal.....	701.9	7.8	975.0	11.3	(273.2)	(28.0)
Diesel.....	1.1	-	0.8	0.0	-	-
Maintenance.....	348.8	3.9	208.0	2.4	140.8	67.7
Depreciation/Amortization.....	688.0	7.6	671.0	7.8	16.9	2.5
Others.....	515.8	5.7	523.0	6.1	(7.2)	(1.4)
Total Cost of Sales.....	9,011.7	100.0	8,605.9	100.0	405.8	4.7

Note:

- (1) The data presented herein as the cost of sales of our cogeneration facilities is our consolidated financial results less the results of Glow IPP Co., Ltd., Houay Ho Power Co., Ltd and GHECO-One Co., Ltd. In fact, certain of these amounts are attributable to portions of our business, which are not technically our cogeneration facilities, although these amounts represent only a small portion thereof.

### **Cost of Sales of Goods**

#### **Fuel**

The principal fuels that we use to generate electricity and steam are natural gas and coal. Purchases of natural gas constitute our single largest operating expense, accounting for 65.7 per cent of our total expenses in the first 3 months of 2014.

The following table sets out our average gas costs for the periods indicated:

	<b>Average Effective Cost of Natural Gas<sup>(1)</sup></b>			
	<b>Year to Date Ended March 31,</b>			
	<b>2014</b>	<b>2013</b>	<b>Difference</b>	
	(Bt/mmBTU)	(Bt/mmBTU)	(Bt/mmBTU)	(%)
Average cost				
To Glow IPP.....	316.8	310.1	6.7	2.2
To Cogeneration facilities <sup>(2)</sup> .....	326.4	321.1	5.3	1.6

Note:

- (1) These are not our actual gas prices, but are derived by taking our total natural gas expenses and dividing by total fuel consumption of the facilities for the periods presented.
- (2) This is a "blended" rate, reflecting principally prices paid to PTT (i) by our cogeneration facilities for gas used to supply electricity to EGAT and industrial customers, (ii) for gas used to fire boilers to generate steam for industrial customers. Each of the prices set out in (i) and (ii) are different. We also purchase small amounts of tail gas from another Thai supplier, which prices are separate and are also factored into the foregoing rates.

Purchases of coal accounted for 17.2 per cent of our total expenses in the first 3 months of 2014.

The following table sets out average coal costs for the periods indicated:

	<b>Average Cost of Coal<sup>(1)</sup></b>			
	<b>Year to Date Ended March 31,</b>			
	<b>2014</b>	<b>2013</b>	<b>Difference</b>	
	(\$/ton)	(\$/ton)	(\$/ton)	(%)
IPP facilities				
Reference coal price @ 6,322 kcal/kg <sup>(2) (AR)</sup> .....	105.0	125.2	(20.2)	(16.1)
Freight costs <sup>(3)</sup> .....	13.6	14.2	(0.6)	(4.4)
Cogeneration facilities				
Reference coal price @ 6,700 kcal/kg <sup>(2) (AD)</sup> .....	87.9	109.4	(21.4)	(19.6)
Freight costs <sup>(3)</sup> .....	8.8	8.5	0.3	4.0

Note:

- (1) This Average Cost of coal was excluded cost of biomass mix.
- (2) These are not our actual coal prices, which are subject to various adjustments under the terms of our coal supply contracts, but a benchmark provided to illustrate the general movements in coal prices over the periods presented.
- (3) These reflect our actual freight and insurance costs.

The key determinants of our fuel expenses are the amounts of electricity and steam produced by our facilities and the efficiency with which we are able to generate such products.

The following table sets out the energy production levels and heat rates of our facilities for the periods indicated:

	Year to Date Ended March 31,	
	2014	2013
<b>Production and Heat Rates</b>		
<b>Glow IPP</b>		
Equivalent energy production (GWh).....	1,291	1,323
Fuel consumption (mmBTU, HHV).....	8,989,954	9,159,004
Heat rate (BTU/kWhe, HHV).....	6,963	6,923
<b>GHECO-One</b>		
Equivalent energy production (GWh).....	1,273	1,165
Fuel consumption (mmBTU, HHV).....	11,339,446	10,601,717
Heat rate (BTU/kWhe, HHV).....	8,907	9,100
<b>Cogeneration facilities (MIE) <sup>(1)</sup></b>		
Allocated energy production (GWh equivalent) <sup>(2)</sup>		
Gas-fired cogeneration facilities.....	2,085	2,005
Coal-fired cogeneration facilities.....	558	700
Fuel consumption (mmBTU, HHV)		
Gas-fired cogeneration facilities.....	17,302,894	16,067,726
Coal-fired cogeneration facilities .....	5,726,218	7,252,707
Allocated heat rates (BTU/kWhe, HHV)		
Gas-fired cogeneration facilities .....	8,297	8,014
Coal-fired cogeneration facilities <sup>(3)</sup> .....	10,302	10,368
<b>Cogeneration facilities (SEIP)</b>		
Equivalent energy production (GWh) <sup>(2)</sup> .....	410	404
Fuel consumption (mmBTU, HHV).....	3,369,904	3,305,760
Heat rate (BTU/kWhe, HHV).....	8,210	8,178

## Notes:

- (1) We present an "allocated" heat rate, which is a deemed heat rate for our cogeneration facilities that we derive by dividing the total fuel energy consumption of such facilities over a specified period of time by the energy produced during such period. This is not a straightforward exercise, particularly with respect of our Glow SPP 2/SPP 3 hybrid facility, where, for purposes of such calculation, we are required to "allocate" the amount of energy produced using steam and the amount of energy used producing gas. We make this allocation on the basis of the contribution of each energy source to total energy input, which involves subjective judgments and the use of simplifying assumptions. Nevertheless, this table has included production and heat rates of the new CFB 3 coal fired unit.
- (2) Includes production of electricity and steam and chilled water (if applicable). For these purposes, steam and chilled water (if applicable) has been converted into MW at a deemed equivalent electrical energy value.
- (3) CFB start-up gas and biomass mixture are charged to the coal heat rates for purposes of the figures presented in this table.

**Results of operations*****Year to date 2014 compared to Year to date 2013******Revenues***

Revenues from sales of goods and the rendering of services included other income was Baht 18,404.1 million in the first quarter of 2014, a 1.1 per cent increase from Baht 18,202.7 million in the same period of 2013. The increase was attributable to the following factors:

- Revenue received from EGAT by Glow IPP, under IPP scheme, amounted to Baht 3,674.7 million in the first quarter of 2014, a 3.0 per cent increased from Baht 3,567.6 million in the same period of 2013. This increase was mainly due to Thai Baht

depreciation in the first quarter 2014 increasing Baht amount received from USD-linked revenue, despite lower power dispatch. In the first 3 months of 2014, electricity dispatch to EGAT decreased by 2.4 percent from 1,322 GWh to 1,290 GWh.

However, with the adoption of Financial lease, Sales of electricity to EGAT recorded in financial statement consisting of financial lease income amounted of Baht 544.5 million and revenue from sales amounted of Baht 3,134.4 million.

- Sales of electricity to EGAT by GHECO-One, under IPP scheme, amounted to Baht 3,443.8 million in the first quarter of 2014, a 12.8 per cent increased from Baht 3,053.6 million in the same period of 2013. This increase was mainly due to higher power dispatch to EGAT and Thai Baht depreciation in the first quarter 2014 increasing Baht amount received from USD-linked revenue. In the first 3 months of 2014, electricity dispatch to EGAT increased by 5.3 per cent from 1,165 GWh to 1,227 GWh.
- Sales of electricity to EGAT and EDL by Houay Ho Power (HHPC), under IPP scheme, amounted to Baht 205.8 million in the first quarter of 2014, a 30.7 per cent increased from Baht 157.5 million in the same period of 2013. This increase was mainly due to higher volume dispatch to EGAT. In the first 3 months of 2014, electricity dispatch increased by 20.2 per cent from 98 GWh to 118 GWh.
- Sales of electricity to EGAT by our cogeneration facilities, under SPP scheme, amounted to Baht 4,320.3 million in the first quarter of 2014, a 6.1 per cent decreased from Baht 4,600.8 million in the same period of 2013. This decrease was mainly due to lower availability because some cogeneration facilities unit had schedule major maintenance in the first quarter of 2014. In the first quarter of 2014, Energy Payment decreased by 7.2 per cent as a result of 11.5 per cent decrease in sale volume, despite gas price increase by 1.6 percent.
- Sales of electricity to industrial customers by our cogeneration facilities amounted to Baht 4,303.4 million in the first quarter of 2014, a 10.0 per cent increase from Baht 3,911.2 million in the same period of 2013. This increase was mainly due to higher sale volume and higher electricity tariff as a result of Ft adjustments, In the first quarter of 2014, electricity sale volume to industrial customers increased by 8.7 per cent from 1,163 GWh to 1,265 GWh.
- Sales of steam to industrial customers by our cogeneration facilities amounted to Baht 2,063.6 million in the first quarter of 2014, a 5.4 per cent increase from Baht 1,957.4 million in the same period of 2013. This increase was mainly due to 3.4 per cent higher steam tariff due to higher gas price and 1.9% increase in sale volume.
- Sales of other products and services amounted to Baht 110.5 million in the first quarter of 2014, a 4.3 per cent increase from Baht 105.9 million in the same period of 2013. This increase was mainly due to higher sale price.

Our other incomes consist mainly of revenue from interest income and other items.

We recognized interest income of Baht 11.9 million in the first quarter of 2014, a 39.0 per cent decrease from Baht 19.5 million in the same period of 2013. The interest income was principally attributable to interest earned on cash held in the form of deposits, instruments and in reserve accounts under our project financing agreements.

Other items in the first quarter of 2014 amounted to Baht 265.9 million decreased by Baht 563.3 million from Baht 829.2 million in the same period of 2013. In the first quarter of 2013, there was net exchange gain of Baht 719.9 million, whereas in the first quarter of 2014 there was net exchange gain of Baht 191.2 million.

As a result of the foregoing, total revenues in the first quarter of 2014 amounted to Baht 18,404.1 million, a 1.1 per cent increase from Baht 18,202.7 million in the same period of 2013.

### ***Expenses***

Cost of sales of goods was Baht 14,432.3 million in the first quarter of 2014, a 2.7 per cent increased from Baht 14,047.0 million in the same period of 2013. This increase was attributable to the following factors:

#### IPP facilities

- IPP facilities' cost of natural gas from Glow IPP was Baht 2,846.8 million in the first quarter of 2014, a 0.3 per cent increase from Baht 2,839.3 million in the same period of 2013. This increase was mainly due to higher gas price increased by a 2.2 per cent, despite lower gas consumption.
- IPP facilities' cost of coal from GHECO-One was Baht 1,806.0 million in the first quarter of 2014, a 0.9 per cent increase from Baht 1,790.1 million in the same period of 2013. This increase was mainly due to higher coal consumption as a result of higher power dispatch, despite lower average coal price.
- IPP facilities' cost of diesel was Baht 26.9 million in the first quarter of 2014, a 4.2 per cent increase from Baht 25.9 million in the same period of 2013.
- IPP facilities' maintenance costs were Baht 62.7 million in the first quarter of 2014, an increase of Baht 20.7 million from Baht 42.0 million in the same period of 2013. The increase was mainly due to major maintenance outage performed at HHPC in the first quarter of 2014.
- IPP facilities' depreciation and amortization costs were Baht 453.8 million in the first quarter of 2014, a decrease of Baht 74.6 million from Baht 528.4 million in the same period of 2013. This decrease was mainly due to the adjustment of depreciation booked under financial lease accounting of GIPP amount of Baht 84.3 million in the first quarter of 2014.

- IPP facilities' other costs of sales of goods were Baht 224.3 million in the first quarter of 2014, a 4.1 per cent increase from Baht 215.4 million in the same period of 2013. IPP facilities' other costs of sales of goods consist mainly of water, chemicals, and general overhead costs as well as contribution to Power Community Development Fund.

#### Cogeneration facilities

- Our cogeneration facilities' cost of natural gas was Baht 6,756.1 million in the first quarter of 2014, a 8.5 per cent increase from Baht 6,228.1 million in the same period of 2013. This increase was mainly due to higher gas price increased by 5.3 per cent and higher gas consumption as a result of increased electricity and steam sale volume.
- Our cogeneration facilities' cost of coal was Baht 701.9 million in the first quarter of 2014, a 28.0 per cent decrease from Baht 975.0 million in the same period of 2013. The decrease was mainly due to a decrease of our average coal price at FOB by 19.6 per cent from 109.4 USD/ton to 87.9 USD/ton while coal index decreased by 15.1 per cent from 110.8 USD/ton to 94.1 USD/ton and GSPP3 coal fired unit performed schedule major maintenance in the first quarter of 2014.
- Our cogeneration facilities' maintenance costs were Baht 348.8 million in the first quarter of 2014, an increase of Baht 140.8 million from Baht 208.0 million in the same period of 2013, This increase was mainly due to major maintenance outage performed at GSPP3 coal unit.
- Our cogeneration facilities' depreciation and amortization costs were Baht 688.0 million in the first quarter of 2014, a 2.5 per cent increase from Baht 671.0 million in the same period of 2013.
- Our cogeneration facilities' other costs of sales of goods were Baht 515.8 million in the first quarter of 2014, a 1.4 per cent decrease from Baht 523.0 million in the same period of 2013.

Selling and administrative expenses in the first quarter of 2014 amounted to Baht 186.2 million, a 20.4 percent increase from Baht 154.6 million in the same period of 2013. This was attributable to the following factors:

- Depreciation and amortization amounted to Baht 7.8 million in the first quarter of 2014, a 6.2 per cent decrease from Baht 8.4 million in the same period of 2013.
- Other selling and administrative expenses amounted to Baht 178.3 million in the first quarter of 2014, a 21.9 per cent increase from Baht 146.3 million in the same period of 2013.

There was net exchange gain in the first quarter of 2014 amounted of Baht 191.2 million, while in the same period of 2013 there was net exchange gain of Baht 719.9 million. This exchange gain is derived mainly from the US dollar-denominated debt in Glow IPP, GHECO-One and Houay Ho Power<sup>1</sup> which are being served by the US dollar-linked and US dollar revenue from sales of electricity to EGAT.

As a result of the foregoing, our total expenses in the first quarter of 2014 were Baht 14,620.2 million, a 2.9 per cent increase from Baht 14,203.8 million in the same period of 2013.

#### ***Profit Before Finance Costs and Income Tax***

As a result of the foregoing, our profit before finance costs and income tax in the first quarter of 2014 was Baht 3,783.9 million, a decrease of 5.4 per cent from Baht 3,998.9 million in the same period of 2013.

#### ***Finance costs***

Our finance costs in the first quarter of 2014 were Baht 860.0 million, an increase of 4.4 per cent from Baht 824.1 million in the same period of 2013. The finance costs consist of interest expenses and financial fee.

Our interest expenses in the first quarter of 2014 were Baht 831.7 million, an increase of 4.9 per cent from Baht 792.7 million in the same period of 2013.

Our financial fees in the first quarter of 2014 were Baht 28.3 million, a decrease of 9.9 per cent from Baht 31.4 million in the same period of 2013.

#### ***Income Tax Expenses***

Income Tax Expenses is comprised of 2 parts: (a) Current Income Tax Expenses and (b) Net Change in Deferred Tax Asset/Liability (or Net Deferred Tax Revenues/Expenses).

##### **(a) Current Income Tax Expenses**

Current Income tax expenses in the first quarter of 2014 were Baht 262.3 million, a 4.9 per cent increase from Baht 249.9 million in the same period of 2013. This increase was mainly due to higher taxable income.

##### **(b) Net Change in Deferred Tax Asset/Liability (or Deferred Tax Revenues/Expenses)**

<sup>1</sup> Financial Statement of HHPC is presented in US Dollar and be consolidated into our financial statement presented in Thai Baht

There was a booking of net change in Deferred Tax liability (Deferred Tax Expenses) of Baht 40.4 million and net change in Deferred Tax Asset (Deferred Tax Revenue) of Baht 13.6 million, including the adjustment of deferred tax revenue booked under financial lease of GIPP amount of Baht 46.9 million in the first quarter of 2013 (restatement) and 2014 respectively.

***Profit After Tax***

As a result of the foregoing, our profit after tax in the first quarter of 2014 amounted to Baht 2,675.2 million, a decrease of 7.3 per cent from Baht 2,884.5 million in the same period of 2013.

***Minority Interest***

There was a net profit attributed to minority interest of Baht 369.2 million in the first quarter of 2014, while the attribution to minority interest in the first quarter of 2013 was net gain of Baht 392.4 million. The minority interest is mainly net profit of GHECO-One attributed to 35% minority shareholders. In the first quarter of 2014, GHECO-One had net profit of Baht 918.2 million, including net exchange gain of Baht 158.5 million, while the net profit from GHECO-One in the first quarter of 2013, GHECO-One was Baht 995.1 million, including net exchange gain of Baht 598.6 million.

***Net Profit***

As a result of the foregoing, our net profit in the first quarter of 2014 was Baht 2,306.0 million, a 7.5 per cent decrease from Baht 2,492.0 million in the same period of 2013.

***Normalized Net Profit<sup>1</sup>***

In the first quarter of 2014, our normalized net profit, which was net income excluding Baht 135.3<sup>2</sup> million of net foreign exchange gain and deferred tax revenue of Baht 13.2<sup>3</sup> million, and excluding the adjustment of financial lease accounting of GIPP, was Baht 2,075.8 million, an increase of 2.6 per cent from Baht 2,023.6 million in the same period of 2013. This normalized net profit is the basis used to determine our dividend distribution.

.....  
Mr. Natthapatt Tanboon-ek  
Vice President – Finance and Investor Relations

<sup>1</sup> Definition of “Normalized Net Profit” is amended to “Net Profit excluding net exchange gain or loss and net change in deferred tax assets(revenues) or liabilities(expenses)”

<sup>2</sup> Excluded net foreign exchange gain/loss attributed to minority shareholders in subsidiaries.

<sup>3</sup> Excluded deferred tax revenues or expenses attributed to minority shareholders in subsidiaries.