

## 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, 2015, we had a total generating capacity of 3,207 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 quarter 2015, adjustments to reflect Financial Lease accounting standard from old standard are:

- Net adjustment to exclude Availability Payment (Baht -455.1 million) and depreciation (Baht +83.9 million) of Baht -371.1 million
- Net adjustment to include Financial Lease income of Baht +198.4 million
- Net adjustment on Deferred Tax of Baht +29.0 million

As a result, consolidated net profit of the first quarter 2015, under the new accounting standard, was Baht 2,182.7 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 2,286.2 million in the first quarter 2015, a 10.1 per cent increase from Baht 2,075.8 million in the first quarter 2014.

### 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,					
	2015		2014		Difference	
	(Baht millions)	(%)	(Baht millions)	(%)	(Baht millions)	(%)
Revenues from Sales of Goods and Rendering of Services						
Electricity						
Sales to EGAT by IPPs.....	3,997.4	24.8	6,784.0	36.9	(2,786.6)	(41.1)
Sales to EGAT by SPPs.....	4,427.4	27.4	4,320.3	23.5	107.1	2.5
Sales to Industrial Customers.....	4,273.6	26.5	4,303.4	23.4	(29.8)	(0.7)
Financial lease income (Glow IPP).....	198.4	1.2	544.5	3.0	(346.1)	(63.6)
Total.....	12,896.9	80.0	15,952.2	86.7	(3,055.3)	(19.2)
Steam .....	1,998.8	12.4	2,063.6	11.2	(64.8)	(3.1)
Other Products .....	114.5	0.7	110.5	0.6	4.1	3.7
Total .....	15,010.2	93.1	18,126.3	98.5	(3,116.1)	(17.2)
Other Income.....	1,120.9	6.9	277.8	1.5	843.1	>100
<b>Total Revenues.....</b>	<b>16,131.0</b>	<b>100.0</b>	<b>18,404.1</b>	<b>100.0</b>	<b>(2,273.0)</b>	<b>(12.4)</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)"

**Volumes Sold**

	<b>Year to Date Ended March 31,</b>			
	<b>2015</b>	<b>2014</b>	<b>Difference</b>	<b>%</b>
Electricity dispatch (GWh)				
To EGAT by IPPs .....	1,505.7	2,634.7	(1,129.0)	(42.9)
To EGAT by SPPs .....	1,339.3	1,266.8	72.4	5.7
To Industrial Customers.....	1,247.2	1,264.7	(17.5)	(1.4)
Total.....	4,092.2	5,166.2	(1,074.0)	(20.8)
Steam (thousands of tons).....	1,761.7	1,837.2	(75.5)	(4.1)
Processed water (thousands of cubic meters).....	3,129.6	3,043.8	85.8	2.8
Chilled water (thousands of refrigerated tons).....	2,952.3	3,367.0	(414.7)	(12.3)

**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 11 SPP power purchase agreements and 1 VSPP power purchase agreement (Glow Energy Solar), in respect of an aggregate of 844 MW and 1.55 MW of electricity respectively.

*Electricity Sales to Industrial Customers*

We sell electricity to our industrial customers under our power supply agreements. As of March 31, 2015, we were party to a total of 75 power supply agreements with 58 industrial customers in respect of an aggregate of 739 MW of electricity.

*Steam Sales*

We sell steam to our industrial customers under our steam supply agreements. As of March 31, 2015, we were party to a total of 30 steam supply agreements with 21 industrial customers in respect of an aggregate of 1,170 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, 2015, 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, 2015, 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.

<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.

**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:

	<b>Expenses</b>					
	<b>Year to Date Ended March 31,</b>					
	<b>2015</b>		<b>2014</b>		<b>Difference</b>	
	(Baht millions)	(%)	(Baht millions)	(%)	(Baht millions)	(%)
<b>Cost of Sales of Goods</b>						
Fuel						
Natural Gas.....	7,872.7	63.4	9,602.9	65.7	(1,730.2)	(18.0)
Coal.....	1,778.5	14.3	2,507.9	17.2	(729.4)	(29.1)
Diesel.....	35.1	0.3	28.1	0.2	7.0	25.1
Maintenance.....	739.9	6.0	411.5	2.8	328.3	79.8
Depreciation / Amortization.....	1,107.7	8.9	1,141.8	7.8	(34.0)	(3.0)
Other.....	748.1	6.0	740.1	5.1	8.0	1.1
Total Cost of Sales of Goods.....	12,281.9	98.9	14,432.3	98.7	(2,150.3)	(14.9)
<b>Selling and Administrative Expenses</b>						
Depreciation / Amortization.....	7.4	0.1	7.8	0.1	(0.5)	(5.8)
General.....	127.8	1.0	178.3	1.2	(50.6)	(28.4)
Total Selling and Administrative Expenses.....	135.2	1.1	186.2	1.3	(51.0)	(27.4)
Other Expenses.....	1.7	0.0	1.7	0.0	(0.1)	(5.3)
<b>Total Expenses .....</b>	<b>12,418.7</b>	<b>100.0</b>	<b>14,620.2</b>	<b>100.0</b>	<b>(2,201.4)</b>	<b>(15.1)</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>2015</b>		<b>2014</b>		<b>Difference</b>	
	(Baht millions)	(%)	(Baht millions)	(%)	(Baht millions)	(%)
<b>IPP Facilities</b>						
Natural Gas .....	1,265.0	36.9	2,846.8	52.5	(1,581.8)	(55.6)
Coal.....	1,114.3	32.5	1,806.0	33.3	(691.7)	(38.3)
Diesel.....	35.1	1.0	26.9	0.5	8.1	30.2
Maintenance.....	388.5	11.3	62.7	1.2	325.8	>100
Depreciation/Amortization.....	420.0	12.3	453.8	8.4	(33.8)	(7.4)
Others.....	202.1	5.9	224.3	4.1	(22.2)	(9.9)
Total Cost of Sales.....	3,425.0	100.0	5,420.6	100.0	(1,995.6)	(36.8)
<b>Cogeneration Facilities</b>						
Natural Gas.....	6,607.7	74.6	6,756.1	75.0	(148.4)	(2.2)
Coal.....	664.2	7.5	701.9	7.8	(37.7)	(5.4)
Diesel.....	-	-	1.1	0.01	(1.1)	(100.0)
Maintenance.....	351.4	4.0	348.8	3.9	2.6	0.7
Depreciation/Amortization.....	687.7	7.8	688.0	7.6	(0.3)	(0.0)
Others.....	546.0	6.2	515.8	5.7	30.2	5.9
Total Cost of Sales.....	8,857.0	100.0	9,011.7	100.0	(154.7)	(1.7)

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 63.4 per cent of our total expenses in the first quarter 2015.

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>2015</b>	<b>2014</b>	<b>Difference</b>	
	(Bt/mmBTU)	(Bt/mmBTU)	(Bt/mmBTU)	(%)
Average cost				
To Glow IPP <sup>(2)</sup> .....	355.9	316.8	39.1	12.3
To Cogeneration facilities <sup>(3)</sup> .....	329.7	326.4	3.3	1.0

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) Average Effective Cost included cost related to gas pipeline transmission (Tdc1). However, in case of Glow IPP in 1Q/2015, as a result of low dispatch from EGAT, an actual gas consumption was less than a minimum Contracted Delivery Capacity, resulting in higher Average Effective Cost despite relatively flat gas price.
- (3) 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 14.3 per cent of our total expenses in the first quarter 2015.

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>2015</b>	<b>2014</b>	<b>Difference</b>	
	(\$/ton)	(\$/ton)	(\$/ton)	(%)
IPP facilities				
Reference coal price @ 6,322 kcal/kg <sup>(2) (AR)</sup> .....	96.8	105.0	(8.2)	(7.8)
Freight costs <sup>(3)</sup> .....	7.9	13.6	(5.7)	(42.1)
Cogeneration facilities				
Reference coal price @ 6,700 kcal/kg <sup>(2) (AD)</sup> .....	76.2	87.9	(11.7)	(13.3)
Freight costs <sup>(3)</sup> .....	7.9	8.8	(0.9)	(10.4)

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:

	<b>Production and Heat Rates</b>	
	<b>Year to Date Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Glow IPP</b>		
Equivalent energy production (GWh).....	510	1,291
Fuel consumption (mmBTU, HHV).....	3,559,248	8,989,954
Heat rate (BTU/kWhe, HHV).....	6,982	6,963
<b>GHECO-One</b>		
Equivalent energy production (GWh).....	904	1,273
Fuel consumption (mmBTU, HHV).....	8,037,323	11,339,446
Heat rate (BTU/kWhe, HHV).....	8,889	8,907
<b>Cogeneration facilities (MIE) <sup>(1)</sup></b>		
Allocated energy production (GWh equivalent) <sup>(2)</sup>		
Gas-fired cogeneration facilities.....	2,093	2,085
Coal-fired cogeneration facilities.....	603	558
Fuel consumption (mmBTU, HHV)		
Gas-fired cogeneration facilities.....	16,908,564	17,302,894
Coal-fired cogeneration facilities .....	6,272,537	5,726,218
Allocated heat rates (BTU/kWhe, HHV)		
Gas-fired cogeneration facilities .....	8,080	8,297
Coal-fired cogeneration facilities <sup>(3)</sup> .....	10,396	10,302
<b>Cogeneration facilities (SEIP)</b>		
Equivalent energy production (GWh) <sup>(2)</sup> .....	375	410
Fuel consumption (mmBTU, HHV).....	3,087,543	3,369,904
Heat rate (BTU/kWhe, HHV).....	8,230	8,210

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.
- (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

### *First 3 months 2015 compared to First 3 months 2014*

#### **Revenues**

Revenues from sales of goods and the rendering of services included other income was Baht 16,131.0 million in the first quarter 2015, a 12.4 per cent decrease from Baht 18,404.1 million in the first quarter 2014. The decrease was attributable to the following factors:

- Revenue received from EGAT by Glow IPP, under IPP scheme, amounted to Baht 1,928.7 million in the first quarter 2015, a 47.5 per cent decreased from Baht 3,674.7 million in the first quarter 2014. This decrease was mainly due to lower availability and lower power dispatch by EGAT. In the first quarter 2015, electricity dispatch to EGAT decreased by 60.5 percent from 1,291 GWh to 510 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 198.4 million and revenue from sales amounted of Baht 1,473.7 million.

- Sales of electricity to EGAT by GHECO-One, under IPP scheme, amounted to Baht 2,350.4 million in the first quarter 2015, a 31.7 per cent decreased from Baht 3,443.8 million in the first quarter 2014, This decrease was mainly due to major maintenance performed during the quarter (during 1 January until early February 2015), resulting in both lower Availability payment and lower power dispatch to EGAT. In the first quarter 2015, electricity dispatch to EGAT decreased by 26.9 per cent from 1,227 GWh to 897 GWh.
- Sales of electricity to EGAT and EDL by Houay Ho Power (HHPC), under IPP scheme, amounted to Baht 173.3 million in the first quarter 2015, a 15.8 per cent decreased from Baht 205.8 million in the first quarter 2014. This decrease was mainly due to lower volume sold to EGAT. In the first quarter 2015, electricity dispatch to EGAT and EDL decreased by 16.4 per cent from 119 GWh to 99 GWh.
- Sales of electricity to EGAT by our cogeneration facilities, under SPP scheme, amounted to Baht 4,427.4 million in the first quarter 2015, a 2.5 per cent increased from Baht 4,320.3 million in the first quarter 2014. This increase was mainly due to higher power dispatch by EGAT, whereas some cogeneration facilities unit had schedule major maintenance in the first quarter 2014. In the first quarter 2015, Energy Payment increased by 1.8 per cent as a result of 5.7 per cent increase in sale volume and 1.0 per cent increase in gas price.
- Sales of electricity to industrial customers by our cogeneration facilities amounted to Baht 4,273.6 million in the first quarter 2015, a 0.7 per cent decreased from Baht 4,303.4 million in the first quarter 2014. This decrease was mainly due to lower sale volume. In the first quarter 2015, electricity sale volume to industrial customers decreased by 1.4 per cent from 1,265 GWh to 1,247 GWh, despite sale price increased by 0.7 per cent.
- Sales of steam to industrial customers by our cogeneration facilities amounted to Baht 1,998.8 million in the first quarter 2015, a 3.1 per cent decreased from Baht 2,063.6 million in the first quarter 2014. This decrease was mainly due to lower sale volume decreased by 4.2 per cent.
- Sales of other products and services amounted to Baht 114.5 million in the first quarter 2015, a 3.7 per cent increased from Baht 110.5 million in the first quarter 2014. This increase was mainly due to higher sale volume.

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

We recognized interest income of Baht 11.3 million in the first quarter 2015, a 5.0 per cent decreased from Baht 11.9 million in the first quarter 2014. 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 2015 amounted to Baht 1,109.6 million increased by Baht 843.7 million from Baht 265.9 million in the first quarter 2014. In the first quarter 2015, there was a booking of compensation of GHECO-One delayed completion of Baht 729.8 million and there was a business interruption claim of CFB3 of Baht 250.0 million booked in March 2015.

Moreover, There was net exchange gain in the first quarter 2015 amounted of Baht 109.4 million, while in the first quarter 2014 there was net exchange gain of Baht 191.2 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, total revenues in the first quarter 2015 amounted to Baht 16,131.0 million, a 12.4 per cent decreased from Baht 18,404.1 million in the first quarter 2014.

#### **Expenses**

Cost of sales of goods was Baht 12,281.9 million in the first quarter 2015, a 14.9 per cent decreased from Baht 14,432.3 million in the first quarter 2014. This decrease was attributable to the following factors:

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

IPP facilities

- IPP facilities' cost of natural gas from Glow IPP was Baht 1,265.0 million in the first quarter 2015, a 55.6 per cent decreased from Baht 2,846.8 million in the first quarter 2014. This decrease was mainly due to lower gas consumption decreased by a 60.4 per cent as a result of lower power dispatch by EGAT, despite higher gas price.
- IPP facilities' cost of coal from GHECO-One was Baht 1,114.3 million in the first quarter 2015, a 38.3 per cent decreased from Baht 1,806.0 million in the first quarter 2014. This decrease was mainly due to lower coal consumption as a result of lower power dispatch to EGAT from GHECO-One having scheduled major maintenance during the quarter, and lower average coal price.
- IPP facilities' cost of diesel was Baht 35.1 million in the first quarter 2015, a 30.2 per cent increased from Baht 26.9 million in the first quarter 2014.
- IPP facilities' maintenance costs were Baht 388.5 million in the first quarter 2015, an increase of Baht 325.8 million from Baht 62.7 million in the first quarter 2014. The increase was mainly due to major maintenance outage performed of GHECO-One.
- IPP facilities' depreciation and amortization costs were Baht 420.0 million in the first quarter 2015, a 7.4 per cent decreased from Baht 453.8 million in the first quarter 2014.
- IPP facilities' other costs of sales of goods were Baht 202.1 million in the first quarter 2015, a 9.9 per cent decreased from Baht 224.3 million in the first quarter 2014. 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 6,607.7 million in the first quarter 2015, a 2.2 per cent decreased from Baht 6,756.1 million in the first quarter 2014. This decrease was mainly due to lower gas consumption decreased by 3.2 per cent as a result of decreased electricity and steam sale volume.
- Our cogeneration facilities' cost of coal was Baht 664.2 million in the first quarter 2015, a 5.4 per cent decreased from Baht 701.9 million in the first quarter 2014. The decrease was mainly due to lower average coal price at FOB by 13.3 per cent from 87.9 USD/ton to 76.2 USD/ton while coal index also decreased by 13.3 per cent from 94.1 USD/ton to 81.5 USD/ton, despite higher coal consumption.
- Our cogeneration facilities' maintenance costs were Baht 351.4 million in the first quarter 2015, a 0.7 per cent increase from Baht 348.8 million in the first quarter 2014.
- Our cogeneration facilities' depreciation and amortization costs were Baht 687.7 million in the first quarter 2015, a 0.04 per cent increased from Baht 688.0 million in the first quarter 2014.
- Our cogeneration facilities' other costs of sales of goods were Baht 546.0 million in the first quarter 2015, a 5.9 per cent increased from Baht 515.8 million in the first quarter 2014. Cogeneration 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.

Selling and administrative expenses in the first quarter 2015 amounted to Baht 135.2 million, a 27.4 percent decreased from Baht 186.2 million in the first quarter 2014. This was attributable to the following factors:

- Depreciation and amortization amounted to Baht 7.4 million in the first quarter 2015, a 5.8 per cent decreased from Baht 7.8 million in the first quarter 2014.
- Other selling and administrative expenses amounted to Baht 127.8 million in the first quarter 2015, a 28.4 per cent decreased from Baht 178.3 million in the first quarter 2014.

As a result of the foregoing, our total expenses in the first quarter 2015 were Baht 12,418.7 million, a 15.1 per cent decreased from Baht 14,620.2 million in the first quarter 2014.

***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 2015 was Baht 3,712.3 million, a decrease of 1.9 per cent from Baht 3,783.9 million in the first quarter 2014.

***Finance costs***

Our finance costs in the first quarter 2015 were Baht 787.4 million, a decrease of 8.4 per cent from Baht 860.0 million in the first quarter 2014. The finance costs consist of interest expenses and financial fees.

Our interest expenses in the first quarter 2015 were Baht 760.5 million, a decrease of 8.6 per cent from Baht 831.7 million in the first quarter 2014. The decrease was mainly due to lower outstanding interest-bearing debt.

Our financial fees in the first quarter 2015 were Baht 26.9 million, a decrease of 5.1 per cent from Baht 28.3 million in the first quarter 2014.

**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 2015 were Baht 429.0 million, an increase of Baht 166.7 million from Baht 262.3 million in the first quarter 2014. This increase was mainly due to higher taxable income.

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

There was a booking of net change in Deferred Tax Asset (Deferred Tax Revenue) of Baht 13.6 million and net change in Deferred Tax Asset (Deferred Tax Revenue) of Baht 4.4 million, including the adjustment of deferred tax revenue booked under financial lease of GIPP amount of Baht 29.0 million, in the first quarter 2014 and 2015 respectively.

**Profit After Tax**

As a result of the foregoing, our profit after tax in the first quarter 2015 amounted to Baht 2,500.3 million, a decrease of 6.5 per cent from Baht 2,675.2 million in the first quarter 2014.

**Minority Interest**

There was a net profit attributed to minority interest of Baht 317.7 million in the first quarter 2015, while the attribution to minority interest in the first quarter 2014 was Baht 369.2 million. The minority interest is mainly net profit of GHECO-One attributed to 35% minority shareholders. In the first quarter 2015, GHECO-One had net profit of Baht 791.4 million, including net exchange gain of Baht 156.6 million, while the net profit from GHECO-One in the first quarter 2014, was Baht 918.2 million, including net exchange gain of Baht 158.5 million.

**Net Profit**

As a result of the foregoing, our net profit in the first quarter 2015 was Baht 2,182.7 million, a 5.3 per cent decreased from Baht 2,306.0 million in the first quarter 2014. whereas net profit excluding the adjustment of financial lease accounting of GIPP was Baht 2,319.3 million in the first quarter 2015.

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

In the first quarter 2015, our normalized net profit, which was net income excluding Baht 57.9<sup>2</sup> million of net foreign exchange gain and deferred tax expenses of Baht 24.7<sup>3</sup> million, and excluding the adjustment of financial lease accounting of GIPP, was Baht 2,286.2 million, an increase of 10.1 per cent from Baht 2,075.8 million in the first quarter 2014. This normalized net profit is the basis used to determine our dividend distribution.

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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.