

## 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 to produce and supply electricity and steam to industrial customers in the MIE<sup>1</sup> Area and SEIP<sup>2</sup> Area. As of December 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 2015, adjustments to reflect Financial Lease accounting standard from old standard are:

- Net adjustment to exclude Availability Payment (Baht -1,749.6 million) and depreciation (Baht +335.7 million) of Baht -1,413.9 million
- Net adjustment to include Financial Lease income of Baht +793.5 million
- Net adjustment on Deferred Tax of Baht +118.5 million

As a result, consolidated net profit for 2015, under the new accounting standard, was Baht 8,355.4 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 9,797.1 million in 2015, a 1.3 per cent increase from Baht 9,667.9 million in 2014.

### Revenues

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

	Revenues					
	Year to Date Ended December 31,					
	2015		2014		Difference	
	(Million Baht)	(%)	(Million Baht)	(%)	(Million Baht)	(%)
Revenues from Sales of Goods and Rendering of Services						
Electricity						
Sales to EGAT by IPPs.....	20,768.1	31.8	27,049.6	36.9	(6,281.5)	(23.2)
Sales to EGAT by SPPs.....	17,451.5	26.7	18,251.9	24.9	(800.4)	(4.4)
Sales to Industrial Customers.....	16,827.6	25.7	17,591.5	24.0	(763.8)	(4.3)
Financial Lease Income (Glow IPP).....	793.5	1.2	1,275.1	1.7	(481.6)	(37.8)
Total.....	55,840.7	85.4	64,168.1	87.5	(8,327.4)	(13.0)
Steam .....	7,921.1	12.1	8,359.5	11.4	(438.5)	(5.2)
Other Products .....	463.1	0.7	463.3	0.6	(0.2)	(0.0)
Total .....	64,224.9	98.2	72,990.9	99.5	(8,766.0)	(12.0)
Other Incomes.....	1,144.4	1.8	332.8	0.5	811.6	>100
<b>Total Revenue.....</b>	<b>65,369.3</b>	<b>100.0</b>	<b>73,323.7</b>	<b>100.0</b>	<b>(7,954.4)</b>	<b>(10.8)</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 demonstrates 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 asset(revenues) or liability(expenses)"

	<b>Volumes Sold</b>			
	<b>Year to Date Ended December 31,</b>			
	<b>2015</b>	<b>2014</b>	<b>Difference</b>	<b>%</b>
Electricity dispatch (GWh)				
To EGAT by IPPs .....	7,868.9	10,428.7	(2,559.8)	(24.5)
To EGAT by SPPs <sup>(1)</sup> .....	5,539.8	5,502.2	37.6	0.7
To Industrial Customers.....	5,080.0	5,101.4	(21.4)	(0.4)
Total.....	18,488.7	21,032.3	(2,543.6)	(12.1)
Steam (thousands of tons).....	7,462.0	7,384.8	77.3	1.0
Processed water (thousands of cubic meters).....	12,742.7	12,811.6	(68.9)	(0.5)
Chilled water (thousands of refrigerated tons).....	14,144.0	14,480.2	(336.3)	(2.3)

Note:

- (1) Included electricity dispatch to PEA under VSPP scheme by Glow Energy Solar which accounted for 2.40 GWh and 2.38 GWh in 2014 and 2015, respectively.

### **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 December 31, 2015, we were party to a total of 77 power supply agreements with 60 industrial customers in respect of an aggregate of 737 MW of electricity.

#### *Steam Sales*

We sell steam to our industrial customers under our steam supply agreements. As of December 31, 2015, we were party to a total of 31 steam supply agreements with 22 industrial customers in respect of an aggregate of 1,180 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 December 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 December 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> Sales of electricity to EGAT, under IPP program, consist of Availability Payment and Energy Payment whereas sales of electricity to EGAT, under SPP program, consist of Capacity Payment and Energy Payment.

**Expenses**

Our expenses consist of cost of goods sold and selling and administrative expenses. The following table demonstrates 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 December 31,</b>					
	<b>2015</b>		<b>2014</b>		<b>Difference</b>	
	(Million Baht)	(%)	(Million Baht)	(%)	(Million Baht)	(%)
<b>Cost of Goods Sold</b>						
Fuel						
Natural Gas.....	30,923.4	60.2	37,277.0	64.2	(6,353.6)	(17.0)
Coal.....	8,299.7	16.2	10,166.9	17.5	(1,867.2)	(18.4)
Diesel.....	77.9	0.2	46.2	0.1	31.7	68.5
Maintenance .....	2,489.6	4.8	1,852.3	3.2	637.2	34.4
Depreciation and Amortization.....	4,229.5	8.2	4,674.6	8.0	(445.0)	(9.5)
Other.....	3,350.9	6.5	3,238.9	5.6	112.0	3.5
Total Cost of Goods Sold.....	49,370.9	96.1	57,255.9	98.6	(7,885.0)	(13.8)
<b>Selling and Administrative Expenses</b>						
Depreciation and Amortization.....	30.3	0.1	31.5	0.1	(1.2)	(3.8)
General.....	745.3	1.5	741.6	1.3	3.6	0.5
Total Selling and Administrative Expenses.....	775.6	1.5	773.1	1.3	2.5	0.3
Other Expenses.....	1,211.1	2.4	68.0	0.1	1,143.1	>100
<b>Total Expenses .....</b>	<b>51,357.6</b>	<b>100.0</b>	<b>58,097.0</b>	<b>100.0</b>	<b>(6,739.4)</b>	<b>(11.6)</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 Goods Sold Breakdown<sup>(1)</sup></b>					
	<b>Year to Date Ended December 31,</b>					
	<b>2015</b>		<b>2014</b>		<b>Difference</b>	
	(Million Baht)	(%)	(Million Baht)	(%)	(Million Baht)	(%)
<b>IPP Facilities</b>						
Natural Gas .....	5,635.1	38.7	9,825.7	48.3	(4,190.6)	(42.6)
Coal.....	5,615.2	38.6	7,220.3	35.5	(1,605.1)	(22.2)
Diesel.....	74.3	0.5	41.2	0.2	33.1	80.4
Maintenance.....	904.8	6.2	424.1	2.1	480.7	>100
Depreciation and Amortization.....	1,419.2	9.7	1,838.8	9.0	(419.6)	(22.8)
Others.....	913.0	6.3	972.7	4.8	(59.7)	(6.1)
Total Cost of Goods Sold.....	14,561.6	100.0	20,322.8	100.0	(5,761.2)	(28.3)
<b>Cogeneration Facilities</b>						
Natural Gas.....	25,288.3	72.6	27,451.3	74.3	(2,163.0)	(7.9)
Coal.....	2,684.5	7.7	2,946.6	8.0	(262.1)	(8.9)
Diesel.....	3.6	0.01	5.0	0.01	(1.4)	(28.8)
Maintenance.....	1,584.7	4.6	1,428.2	3.9	156.5	11.0
Depreciation and Amortization.....	2,810.3	8.1	2,835.8	7.7	(25.4)	(0.9)
Others.....	2,437.9	7.0	2,266.2	6.1	171.8	7.6
Total Cost of Goods Sold.....	34,809.3	100.0	36,933.0	100.0	(2,123.7)	(5.8)

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 Goods Sold***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 portion of operating expenses, accounted for 60.2 per cent of our total expenses in 2015.

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

	<b>Average Effective Cost of Natural Gas<sup>(1)</sup></b>			
	<b>Year to Date Ended December 31,</b>			
	<b>2015</b>	<b>2014</b>	<b>Difference</b>	
	(Bt/mmBTU)	(Bt/mmBTU)	(Bt/mmBTU)	(%)
Average cost				
To Glow IPP .....	319.1	326.0	(6.9)	(2.1)
To Cogeneration facilities <sup>(2)</sup> .....	307.7	330.7	(23.0)	(7.0)

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) 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 16.2 per cent of our total expenses in 2015.

The following table demonstrates average coal costs for the periods indicated:

	<b>Average Cost of Coal</b>			
	<b>Year to Date Ended December 31,</b>			
	<b>2015</b>	<b>2014</b>	<b>Difference</b>	
	(\$/ton)	(\$/ton)	(\$/ton)	(%)
IPP facilities				
Equivalent coal price @ 6,322 kcal/kg <sup>(1) (AR)</sup> .....	79.9	96.8	(16.9)	(17.5)
Freight costs <sup>(2)</sup> .....	9.6	12.8	(3.2)	(24.8)
Cogeneration facilities				
Equivalent coal price @ 6,700 kcal/kg <sup>(1) (AD)</sup> .....	68.2	81.0	(12.9)	(15.9)
Freight costs <sup>(2)</sup> .....	7.9	8.6	(0.7)	(7.7)

Note:

- (1) This equivalent coal price is not actual reference coal price of each facility. It is derived from our actual average coal price (accounted also for inventory) converted into equivalent price at stated calorific value.
- (2) 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 demonstrates 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 December 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Glow IPP</b>		
Equivalent energy production (GWh).....	2,506	4,322
Fuel consumption (mmBTU, HHV).....	17,674,369	30,168,079
Heat rate (BTU/kWhe, HHV).....	7,054	6,980
<b>GHECO-One</b>		
Equivalent energy production (GWh).....	4,996	5,509
Fuel consumption (mmBTU, HHV).....	44,441,376	49,249,922
Heat rate (BTU/kWhe, HHV).....	8,895	8,940
<b>Cogeneration facilities (MIE) <sup>(1)</sup></b>		
Allocated energy production (GWh equivalent) <sup>(2)</sup>		
Gas-fired cogeneration facilities.....	8,516	8,505
Coal-fired cogeneration facilities.....	2,544	2,515
Fuel consumption (mmBTU, HHV)		
Gas-fired cogeneration facilities.....	68,769,741	69,231,100
Coal-fired cogeneration facilities .....	26,427,826	26,248,489
Allocated heat rates (BTU/kWhe, HHV)		
Gas-fired cogeneration facilities .....	8,076	8,140
Coal-fired cogeneration facilities <sup>(3)</sup> .....	10,389	10,437
<b>Cogeneration facilities (SEIP)</b>		
Equivalent energy production (GWh) <sup>(2)</sup> .....	1,584	1,662
Fuel consumption (mmBTU, HHV).....	13,016,724	13,631,749
Heat rate (BTU/kWhe, HHV).....	8,220	8,204

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 is charged to the coal heat rates for purposes of the figures presented in this table.

## Results of operations

### *Fiscal Year 2015 compared to Fiscal Year 2014*

#### **Revenues**

Revenues from sales of goods and the rendering of services and other incomes that ended December 31, 2015, were Baht 65,369.3 million, a 10.8 per cent decrease from Baht 73,323.7 million in 2014. The decreases were attributable to the following factors:

- Revenue received from EGAT by Glow IPP, under IPP scheme, accounted for Baht 8,381.1 million in 2015, a 36.5 per cent decrease from Baht 13,193.1 million in 2014. The important drivers of decreasing were lower availability payment and lower energy payment. The decrease in availability payment of Baht 464.1 million from Baht 2,763.0 million to 2,298.9 million resulted from lower availability payment rate, and planned outage for major maintenance during 7<sup>th</sup> November until 23<sup>rd</sup> December 2015, even though Thai Baht had depreciated which had positive effect on USD-linked revenue, while energy payment decreased by Baht 4,347.8 million from Baht 10,430.1 million to Baht 6,082.2 million due to lower power dispatch to EGAT which decreased by 42.3 per cent from 4,316 GWh to 2,492 GWh for 2014 and 2015, respectively and lower gas price.

However, with the adoption of Financial Lease, sales of electricity to EGAT recorded in financial statement consisting of financial lease income accounted for Baht 793.5 million and revenue from sales accounted for Baht 6,631.5 million.

- Sales of electricity to EGAT by GHECO-One, under IPP scheme, accounted for Baht 13,422.5 million in 2015, a decline of 10.6 per cent from Baht 15,021.9 million in 2014. These declines were largely due to planned major maintenance performed during the first quarter (during 1<sup>st</sup> January until early February 2015), resulting in both lower availability payment and lower power dispatch to EGAT which decreased by 9.4 per cent to 4,985 GWh from 5,500 GWh.
- Sales of electricity to EGAT and EDL by Houay Ho Power (HHPC), under IPP scheme, accounted for Baht 714.0 million in 2015, a 32.4 per cent decrease from Baht 1,056.4 million in 2014. These decreases were mainly due to a 36.3 per cent decrease in volume dispatch to EGAT from 609 GWh to 388 GWh resulting from low rainfall and volume of water in the reservoir.
- Sales of electricity to EGAT by our cogeneration facilities, under SPP scheme, accounted for Baht 17,451.5 million in 2015, a decline of 4.4 per cent from Baht 18,251.9 million, when compared to the same period in the prior year. These declines were mostly due to a 7.3 per cent decrease in energy payment as a result of 7.0 per cent lower in gas price, whereas power dispatch to EGAT was higher by 0.7 per cent.
- Sales of electricity to industrial customers by our cogeneration facilities accounted for Baht 16,827.6 million in 2015, a 4.3 per cent decrease from Baht 17,591.5 million in 2014. These decreases were mainly due to lower electricity tariff by 4.0 per cent relative to a decrease in PEA Ft (0.10 Baht/kWh in Jan., 0.10 Baht/kWh in May and 0.03 Baht/kWh in Sep.) and the Base Tariff (0.01 Baht/kWh after rebasing in Nov.). Additionally, the slight lower electricity sale volume to industrial customers by 0.4 per cent from 5,101 GWh to 5,080 GWh.
- Sales of steam to industrial customers by our cogeneration facilities accounted for Baht 7,921.1 million in 2015, a decrease of 5.2 per cent from Baht 8,359.5 million compared to the same period in the prior year. These decreases were mainly due to a 6.2 per cent lower in selling price as a result of lower gas price, while sale volume increased slightly by 1 per cent to 7,462 ktons from 7,385 ktons.
- Sales of other products and services accounted for Baht 463.1 million in 2015 while accounted for 463.3 million as compared to the year before.

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

We recognized interest income of Baht 44.1 million in 2015, a decline of Baht 8.2 million from Baht 52.3 million in 2014. The interest income was principally attributable to interest earned on cash held in the form of deposits, financial instruments and in reserve accounts under our project financing agreements.

Other items totaled Baht 1,100.3 million, increased by Baht 819.9 million from Baht 280.4 million in 2014. There was a business interruption claim of GHECO-One of Baht 98.9 million booked as other incomes in second quarter of 2014, while there were a booking of compensation of GHECO-One delayed completion of Baht 729.8 million in 2015 and a booking of business interruption claim of CFB3 of Baht 316.6 million which was booked of Baht 250.0 million and Baht 66.6 million in the first quarter and the second quarter of 2015, respectively.

As a result of the foregoing, total revenue accounted for Baht 65,369.3 million in 2015, a 10.8 per cent decrease from Baht 73,323.7 million in 2014.

#### **Expenses**

Cost of goods sold was Baht 49,370.9 million in 2015, a decrease of 13.8 per cent from Baht 57,255.9 million in 2014. This decrease was attributable to the following factors:

IPP facilities

- IPP facilities' cost of natural gas from Glow IPP was Baht 5,635.1 million in 2015, a decrease of 42.6 per cent from Baht 9,825.7 million in 2014. The majority of decrease in gas cost of GIPP was attributable to lower gas consumption by 41.4 per cent as a result of lower power dispatch to EGAT and planned outage performed in during 7<sup>th</sup> November until 23<sup>rd</sup> December 2015.
- IPP facilities' cost of coal from GHECO-One was Baht 5,615.2 million in 2015, a 22.2 per cent decline from Baht 7,220.3 million in 2014. This decrease was primarily due to lower coal price and lower coal consumption as a result of planned major maintenance performed during the first quarter of 2015.
- IPP facilities' cost of diesel was Baht 74.3 million in 2015, an increase of Baht 33.1 million from Baht 41.2 million compared to the same period in the prior year.
- IPP facilities' maintenance costs were Baht 904.8 million in 2015, an increase of Baht 480.7 million from Baht 424.1 million in 2014. These increases were mostly due to major maintenance of GIPP and GHECO-One.
- IPP facilities' depreciation and amortization costs were Baht 1,419.2 million in 2015, a 22.8 per cent decrease from Baht 1,838.8 million in 2014.
- IPP facilities' other costs of goods sold were Baht 913.0 million in 2015, a 6.1 per cent decrease from Baht 972.7 million compared to the same period of previous year. 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 25,288.3 million in 2015, a 7.9 per cent decrease from Baht 27,451.3 million, when compared to the same period in the prior year. This decrease was mainly due to lower gas price by 7.0 per cent.
- Our cogeneration facilities' cost of coal was Baht 2,684.5 million in 2015, a decrease of 8.9 per cent from Baht 2,946.6 million compared to the same period of previous year. The decrease was mainly due to lower average coal price at FOB by 15.9 per cent from 81.0 USD/ton to 68.1 USD/ton while coal index also decreased by 15.6 per cent from 84.3 USD/ton to 71.1 USD/ton.
- Our cogeneration facilities' cost of diesel was Baht 3.6 million in 2015, a decline of 28.8 per cent from Baht 5.0 million compared to the same period in the prior year.
- Our cogeneration facilities' maintenance costs were Baht 1,584.7 million in 2015, an increase of 11.0 or equivalent to Baht 156.5 million from Baht 1,428.2 million in 2014. The increase in these maintenance costs was attributable to schedule major maintenance of some cogeneration facilities.
- Our cogeneration facilities' depreciation and amortization costs were Baht 2,810.3 million in 2015, a slight decrease of 0.9 per cent from Baht 2,835.8 million as compared to the same period of previous year.
- Our cogeneration facilities' other costs of goods sold were Baht 2,437.9 million in 2015, an increase of 7.6 per cent from Baht 2,266.2 million in 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 accounted for Baht 775.6 million in 2015, a slight increase of 0.3 per cent or equivalent to Baht 2.5 million from Baht 773.1 million in 2014. These were attributable to the following factors:

- Depreciation and amortization accounted for Baht 30.3 million in 2015, a 3.8 per cent decrease from Baht 31.5 million in 2014.
- Other selling and administrative expenses accounted for Baht 745.3 million in 2015, an increase of 0.5 per cent from Baht 741.6 million in 2014.

Furthermore, there were net exchange loss of Baht 61.7 million and Baht 1,202.4 million due to unfavorable foreign currency translation booked as other expenses in 2014 and 2015, respectively. The Foreign Exchange exposure is derived 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 were Baht 51,357.6 million in 2015, a 11.6 per cent decrease from Baht 58,097.0 million in 2014.

**Profit Before Finance Costs and Income Tax**

As a result of the foregoing, our profit before finance costs and income tax was Baht 14,011.7 million in 2015, a decrease of

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

8.0 per cent from Baht 15,226.7 million in 2014.

### **Finance costs**

Our finance costs were Baht 3,243.6 million in 2015, a decrease of 4.2 per cent from Baht 3,385.7 million in 2014. The finance costs consist of interest expenses and financial fees.

Our interest expenses were Baht 2,925.0 million in 2015, a decline of 10.6 per cent from Baht 3,271.6 million in 2014. The decline in interest expenses was mainly due to the reduction in outstanding interest-bearing debt.

Our financial fees increased Baht 204.5 million to Baht 318.6 million from Baht 114.1 million in 2014. The increase in financial fees were mainly due to restructuring of interest rate.

### **Income Tax Expenses**

Income Tax Expenses are 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 were Baht 1,075.1 million in 2015, a decrease of 3.7 per cent or equivalent to Baht 41.5 million from Baht 1,116.6 million as compared to the year before. The majority of the decreases in current income tax expenses was mainly due to lower taxable income.

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

There were a bookings of net change in Deferred Tax Asset (Deferred Tax Revenue) of Baht 111.3 million in 2014 and net change in Deferred Tax Liability (Deferred Tax Expenses) of Baht 18.4 million in 2015. Furthermore, net change in Deferred Tax Asset/Liability (Deferred Tax Revenues/Expenses) including the adjustment of deferred tax revenue booked under financial lease of GIPP accounted for Baht 187.6 million and Baht 118.5 million in 2014 and 2015, respectively.

### **Profit After Tax**

As a result of the foregoing, our profit after tax accounted for Baht 9,674.6 million in 2015, a decrease of 10.7 per cent from Baht 10,835.8 million in 2014.

### **Minority Interest**

There was a net profit attributed to minority interest of Baht 1,319.2 million in 2015, while the attribution to minority interest was Baht 1,696.9 million in 2014. The minority interest is mainly net profit of GHECO-One attributed to 35% minority shareholders. In 2015, GHECO-One had net profit of Baht 3,415.2 million, including net exchange loss of Baht 956.2 million, while the net profit from GHECO-One in 2014 was Baht 4,209.4 million, including net exchange loss of Baht 4.6 million.

### **Net Profit**

As a result of the foregoing, our net profit was Baht 8,355.4 million in 2015, a decrease of 8.6 per cent from Baht 9,138.9 million in the same period of previous year, whereas net profit excluding the adjustment of financial lease accounting of GIPP was Baht 9,539.5 million and Baht 8,832.2 million in 2014 and 2015, respectively.

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

Our normalized net profit, which was net income excluding Baht 835.3<sup>2</sup> million of net foreign exchange loss and deferred tax expenses of Baht 134.4<sup>3</sup> million, and excluding the adjustment of financial lease accounting of GIPP, was Baht 9,797.1 million in 2015, an increase of 1.3 per cent from Baht 9,667.9 million in the 2014. This normalized net profit is the basis used to determine our dividend distribution.

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Mr. Natthapatt Tanboon-ek  
SVP – Treasurer

<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.