

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 MIE¹ Area and SEIP² Area. As of March 31, 2017, 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 of 2017, adjustments to reflect Financial Lease accounting standard from old standard are:

- Net adjustment to exclude Availability Payment (Baht -291.6 million) and depreciation (Baht +85.1 million) of Baht -206.5 million
- Net adjustment to include Financial Lease income of Baht +141.8 million
- Net adjustment on Deferred Tax of Baht +12.9 million

As a result, consolidated net profit for the first quarter of 2017, under the new accounting standard, was Baht 1,898.1 million. However, our normalized net profit³, excluding the adjustment of financial lease accounting, which is the basis used to determine our dividend distribution, was Baht 1,712.7 million in the first quarter of 2017, a 35.0 per cent decrease from Baht 2,635.1 million in the first quarter of 2016.

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 March 31,					
	2017		2016		Difference	
	(Million Baht)	(%)	(Million Baht)	(%)	(Million Baht)	(%)
Revenues from Sales of Goods and Rendering of Services						
Electricity						
Sales to EGAT by IPPs.....	2,444.3	20.1	3,650.1	25.7	(1,205.8)	(33.0)
Sales to EGAT by SPPs ⁽¹⁾	3,392.3	28.0	3,994.5	28.2	(602.1)	(15.1)
Sales to Industrial Customers.....	3,745.1	30.9	4,014.3	28.3	(269.1)	(6.7)
Financial Lease Income (Glow IPP).....	141.8	1.2	166.3	1.2	(24.5)	(14.7)
Total.....	9,723.6	80.1	11,825.2	83.4	(2,101.6)	(17.8)
Steam	1,699.1	14.0	1,870.7	13.2	(171.5)	(9.2)
Other Products	109.8	0.9	116.4	0.8	(6.5)	(5.6)
Total	11,532.6	95.0	13,812.2	97.4	(2,279.7)	(16.5)
Other Incomes.....	603.8	5.0	373.8	2.6	229.9	61.5
Total Revenue.....	12,136.3	100.0	14,186.0	100.0	(2,049.7)	(14.4)

Note:

- (1) Included revenues from electricity sales to PEA under VSPP scheme by Glow Energy Solar which accounted for Baht 7.5 million and Baht 6.6 million in the first quarter of 2016 and 2017, respectively.

¹Map Ta Phut Industrial Estate in Rayong Province

²Siam Eastern Industrial Park in Pluak Daeng, Rayong Province

³Definition of "Normalized Net Profit" is "Net profit excluding net exchange gain or loss and net change in deferred tax asset(revenues) or liability(expenses)"

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:

	Volumes Sold			
	Year to Date Ended March 31,			
	2017	2016	Difference	%
Electricity dispatch (GWh)				
To EGAT by IPPs	962.3	1,370.8	(408.5)	(29.8)
To EGAT by SPPs ⁽¹⁾	1,297.0	1,366.4	(69.4)	(5.1)
To Industrial Customers.....	1,284.4	1,246.4	38.1	3.1
Total.....	3,543.8	3,983.6	(439.8)	(11.0)
Steam (thousands of tons).....	1,936.2	1,943.7	(7.4)	(0.4)
Processed water (thousands of cubic meters).....	3,034.3	3,115.8	(81.5)	(2.6)
Chilled water (thousands of refrigerated tons).....	3,112.7	3,141.5	(28.7)	(0.9)

Note:

- (1) Included electricity dispatch to PEA under VSPP scheme by Glow Energy Solar which accounted for 0.63 GWh and 0.60 GWh in the first quarter of 2016 and 2017.

Revenues from Sales of Goods

Electricity Sales to EGAT

We sell electricity to EGAT under our EGAT power purchase agreements¹. 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, 2017, we were party to a total of 86 power supply agreements with 64 industrial customers in respect of an aggregate of 726 MW of electricity.

Steam Sales

We sell steam to our industrial customers under our steam supply agreements. As of March 31, 2017, we were party to a total of 34 steam supply agreements with 22 industrial customers in respect of an aggregate of 1,188 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, 2017, we were party to a total of 14 water supply agreements with 8 customers in respect of an aggregate of 1,659 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, 2017, 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.

¹ 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:

	Expenses					
	Year to Date Ended March 31,					
	2017		2016		Difference	
	(Million Baht)	(%)	(Million Baht)	(%)	(Million Baht)	(%)
Cost of Goods Sold						
Fuel						
Natural Gas.....	4,883.1	53.3	5,689.6	56.4	(806.5)	(14.2)
Coal.....	1,474.9	16.1	1,965.5	19.5	(490.6)	(25.0)
Diesel.....	38.1	0.4	22.2	0.2	15.9	71.9
Maintenance	840.3	9.2	505.5	5.0	334.8	66.2
Depreciation and Amortization.....	1,060.4	11.6	1,024.4	10.2	36.0	3.5
Other.....	686.8	7.5	714.2	7.1	(27.4)	(3.8)
Total Cost of Goods Sold.....	8,983.6	98.0	9,921.3	98.4	(937.7)	(9.5)
Selling and Administrative Expenses						
Depreciation and Amortization.....	6.9	0.1	7.4	0.1	(0.5)	(6.8)
General.....	172.7	1.9	148.9	1.5	23.8	16.0
Total Selling and Administrative Expenses.....	179.6	2.0	156.3	1.6	23.3	14.9
Other Expenses.....	3.1	0.0	4.7	0.0	(1.6)	(33.6)
Total Expenses	9,166.4	100.0	10,082.3	100.0	(916.0)	(9.1)

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

	IPP and Cogeneration Facilities Cost of Goods Sold Breakdown⁽¹⁾					
	Year to Date Ended March 31,					
	2017		2016		Difference	
	(Million Baht)	(%)	(Million Baht)	(%)	(Million Baht)	(%)
IPP Facilities						
Natural Gas	228.6	11.2	235.2	10.2	(6.6)	(2.8)
Coal.....	755.0	37.1	1,278.4	55.3	(523.4)	(40.9)
Diesel.....	37.8	1.9	21.5	0.9	16.3	75.8
Maintenance.....	519.0	25.5	248.8	10.8	270.2	>100
Depreciation and Amortization.....	345.2	17.0	322.8	14.0	22.4	6.9
Others.....	148.9	7.3	205.5	8.9	(56.6)	(27.5)
Total Cost of Goods Sold.....	2,034.5	100.0	2,312.1	100.0	(277.6)	(12.0)
Cogeneration Facilities						
Natural Gas.....	4,654.5	67.0	5,454.4	71.7	(799.9)	(14.7)
Coal.....	720.0	10.4	687.1	9.0	32.8	4.8
Diesel.....	0.3	0.0	0.7	0.01	(0.4)	100.0
Maintenance.....	321.2	4.6	256.7	3.4	64.5	25.1
Depreciation and Amortization.....	715.2	10.3	701.6	9.2	13.6	1.9
Others.....	537.9	7.7	508.7	6.7	29.2	5.7
Total Cost of Goods Sold.....	6,949.1	100.0	7,609.2	100.0	(660.1)	(8.7)

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 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 53.3 per cent of our total expenses in the first quarter of 2017.

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

	Average Effective Cost of Natural Gas⁽¹⁾			
	Year to Date Ended March 31,			
	2017	2016	Difference	
	(Bt/mmBTU)	(Bt/mmBTU)	(Bt/mmBTU)	(%)
Average cost				
To Glow IPP ⁽²⁾	9,919.7	524.1	9,395.6	>100
To Cogeneration facilities ⁽³⁾	236.4	267.8	(31.4)	(11.7)

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 the first quarter of 2017, 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 lower IPP gas price. If excluding Tdc1 charge, average gas cost of Glow IPP would become 161.0 Bt/mmBTU and 209.2 Bt/mmBTU for the first quarter of 2016 and 2017, respectively.
- (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 16.1 per cent of our total expenses in the first quarter of 2017.

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

	Average Cost of Coal			
	Year to Date Ended March 31,			
	2017	2016	Difference	
	(\$/ton)	(\$/ton)	(\$/ton)	(%)
IPP facilities				
Equivalent coal price @ 6,322 kcal/kg ^{(1) (AR)}	61.9	69.3	(7.4)	(10.7)
Freight costs ⁽²⁾	7.1	9.5	(2.3)	(24.5)
Cogeneration facilities				
Equivalent coal price @ 6,700 kcal/kg ^{(1) (AD)}	63.8	64.6	(0.8)	(1.2)
Freight costs ⁽²⁾	7.9	7.5	0.5	6.2

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:

	Production and Heat Rates	
	Year to Date Ended March 31,	
	2017	2016
Glow IPP		
Equivalent energy production (GWh).....	3	59
Fuel consumption (mmBTU, HHV).....	23,047	514,734
Heat rate (BTU/kWhe, HHV).....	7,695	8,703
GHECO-One		
Equivalent energy production (GWh).....	871	1,272
Fuel consumption (mmBTU, HHV).....	7,645,678	11,114,720
Heat rate (BTU/kWhe, HHV).....	8,780	8,740
Cogeneration facilities (MIE) ⁽¹⁾		
Allocated energy production (GWh equivalent) ⁽²⁾		
Gas-fired cogeneration facilities.....	1,979	2,065
Coal-fired cogeneration facilities.....	728	670
Fuel consumption (mmBTU, HHV)		
Gas-fired cogeneration facilities.....	16,331,422	16,926,914
Coal-fired cogeneration facilities	7,410,978	6,908,297
Allocated heat rates (BTU/kWhe, HHV)		
Gas-fired cogeneration facilities	8,250	8,197
Coal-fired cogeneration facilities ⁽³⁾	10,187	10,314
Cogeneration facilities (SEIP)		
Equivalent energy production (GWh) ⁽²⁾	396	404
Fuel consumption (mmBTU, HHV).....	3,244,022	3,327,203
Heat rate (BTU/kWhe, HHV).....	8,192	8,242

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

The First Quarter of 2017 compared to The First Quarter of 2016

Revenues

Revenues from sales of goods and the rendering of services and other incomes that ended March 31, 2017, were Baht 12,136.3 million, a 14.4 per cent decrease from Baht 14,186.0 million in the first quarter of 2016. The decreases were attributable to the following factors:

- Revenue received from EGAT by Glow IPP, under IPP scheme, accounted for Baht 680.6 million in the first quarter of 2017, a decrease of 3.0 per cent from Baht 701.7 million in the first quarter of 2016. The important drivers of decreasing were lower energy payment which decreased of Baht 64.7 million from Baht 293.0 million to Baht 228.3 million due to lower power dispatch to EGAT which decreased by 33.2 GWh from 36.1 GWh to 2.8 GWh while availability payment increased of Baht 43.6 million from Baht 408.7 million to Baht 452.3 million due to higher availability.

However, with the adoption of Financial Lease, sales of electricity to EGAT recorded in financial statement consisting of financial lease income accounted for Baht 141.8 million and revenue from sales accounted for Baht 389.1 million.

- Sales of electricity to EGAT by GHECO-One, under IPP scheme, accounted for Baht 1,889.3 million in the first quarter of 2017, a decrease of 39.3 per cent from Baht 3,113.4 million in the first quarter of 2016. These decreases were largely because of lower energy payment rate as a result of lower coal price index and new coal supply agreement starting in July 2016. Moreover, scheduled maintenance during 1st January to 5th February led to lower power dispatch to EGAT by 31.5 per cent from 1,271.5 GWh to 870.8 GWh.
- Sales of electricity to EGAT and EDL by Houay Ho Power (HHPC), under IPP scheme, accounted for Baht 166.0 million in the first quarter of 2017, a 39.1 per cent increase from Baht 119.3 million in the same period prior year. These increases were mainly due to a 40.2 per cent increase in volume dispatch to EGAT from 63.0 GWh to 88.3 GWh.
- Sales of electricity to EGAT by our cogeneration facilities, under SPP scheme, accounted for Baht 3,392.3 million in the first quarter of 2017, a decline of 15.1 per cent from Baht 3,994.5 million, when compared to the same period in the prior year. These declines were mostly due to a 14.8 per cent decrease in energy payment charged as a result of lower gas price and lower coal price by 11.7 per cent and 1.1 per cent, respectively and lower power dispatch to EGAT by 5.1 per cent from 1,366.4 GWh to 1,297.0 GWh because some cogeneration facilities unit had scheduled maintenance.
- Sales of electricity to industrial customers by our cogeneration facilities accounted for Baht 3,745.1 million in the first quarter of 2017, a 6.7 per cent decrease from Baht 4,014.3 million in the first quarter of 2016. These decreases were mainly due to lower electricity tariff rate charged to industrial customers by 9.5 per cent while electricity sale volume to industrial customers increased by 3.1 per cent from 1,246.4 GWh to 1,284.4 GWh.
- Sales of steam to industrial customers by our cogeneration facilities accounted for Baht 1,699.1 million in the first quarter of 2017, a decrease of 9.2 per cent from Baht 1,870.7 million compared to the same period in the prior year. These decreases were mainly due to a 8.8 per cent lower in selling price as a result of lower gas price, while sale volume slightly decreased by 0.4 per cent to 1,936.2 ktons from 1,943.7 ktons.
- Sales of other products and services accounted for Baht 109.8 million in the first quarter of 2017 as compared of 116.4 million in the same period of the prior year.

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

We recognized interest income for Baht 15.2 million in the first quarter of 2017, a decrease of Baht 1.2 million from Baht 16.4 million in the first quarter of 2016. 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 184.4 million, increased by Baht 132.4 million from Baht 52.0 million in the first quarter of 2016. There were a booking of business interruption claim of GHECO-One of Baht 105.0 million in the first quarter of 2017.

Additionally, we booked net exchange gain of Baht 305.5 million and Baht 404.2 million as other incomes in the first quarter of 2016 and 2017, respectively. The Foreign Exchange exposure is derived from the US dollar-denominated debt in Glow IPP, GHECO-One and Houay Ho Power¹ 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 revenue accounted for Baht 12,136.3 million in the first quarter of 2017, a 14.4 per cent decrease from Baht 14,186.0 million in the first quarter of 2016.

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

Expenses

Cost of goods sold was Baht 8,983.6 million in the first quarter of 2017, a decrease of 9.5 per cent from Baht 9,921.3 million in the first quarter of 2016. This decrease was attributable to the following factors:

IPP facilities

- IPP facilities' cost of natural gas from Glow IPP was Baht 228.6 million in the first quarter of 2017, a decrease of Baht 6.6 million from Baht 235.2 million in the first quarter of 2016. The majority of decrease in gas cost of Glow IPP was attributable to lower gas consumption by 94.9 per cent as a result of lower power dispatch to EGAT.
- IPP facilities' cost of coal from GHECO-One was Baht 755.0 million in the first quarter of 2017, a 40.9 per cent decrease from Baht 1,278.4 million in the first quarter of 2016. This decrease was primarily due to scheduled maintenance of GHECO-One.
- IPP facilities' cost of diesel was Baht 37.8 million in the first quarter of 2017, an increase of Baht 16.3 million from Baht 21.5 million compared to the same period in the prior year.
- IPP facilities' maintenance costs were Baht 519.0 million in the first quarter of 2017, an increase of Baht 270.2 million from Baht 248.8 million in the first quarter of 2016. These increases were mostly due to scheduled maintenance of GHECO-One which was performed in the first quarter of 2017.
- IPP facilities' depreciation and amortization costs were Baht 345.2 million in the first quarter of 2017, a 6.9 per cent increase from Baht 322.8 million in the first quarter of 2016.
- IPP facilities' other costs of goods sold were Baht 148.9 million in the first quarter of 2017, a 27.5 per cent decrease from Baht 205.5 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 4,654.5 million in the first quarter of 2017, a 14.7 per cent decrease from Baht 5,454.4 million, when compared to the same period in the prior year. This decrease was mainly due to lower gas price by 11.7 per cent and lower gas consumption by 3.3 per cent.
- Our cogeneration facilities' cost of coal was Baht 720.0 million in the first quarter of 2017, an increase of 4.8 per cent from Baht 687.1 million compared to the same period of previous year. The increase was mainly due to higher coal consumption by 7.7 per cent while average coal price at FOB¹ slightly decreased by 1.2 per cent from 64.6 USD/ton to 63.8 USD/ton and average coal index also increased by 11.1 per cent from 61.6 USD/ton to 68.4 USD/ton.
- Our cogeneration facilities' cost of diesel was Baht 0.3 million in the first quarter of 2017, a decrease by Baht 0.4 million from Baht 0.7 million compared to the same period in the prior year.
- Our cogeneration facilities' maintenance costs were Baht 321.2 million in the first quarter of 2017, an increase of 25.1 or equivalent to Baht 64.5 million from Baht 256.7 million in the first quarter of 2016. The increase in these maintenance costs was attributable to some cogeneration facilities unit had scheduled maintenance in the first quarter of 2017.
- Our cogeneration facilities' depreciation and amortization costs were Baht 715.2 million in the first quarter of 2017, an increase of 1.9 per cent from Baht 701.6 million as compared to the same period of previous year.
- Our cogeneration facilities' other costs of goods sold were Baht 537.9 million in the first quarter of 2017, an increase of 5.7 per cent from Baht 508.7 million in the first quarter of 2016. Cogeneration facilities' other costs of sales of goods sold 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 179.6 million in the first quarter of 2017, an increase of 14.9 per cent or equivalent to Baht 23.3 million from Baht 156.3 million in the first quarter of 2016. These were attributable to the following factors:

- Depreciation and amortization accounted for Baht 6.9 million in the first quarter of 2017, a decrease 6.8 per cent from Baht 7.4 million in the first quarter of 2016.
- Other selling and administrative expenses accounted for Baht 172.7 million in the first quarter of 2017, an increase of 16.0 per cent from Baht 148.9 million in the first quarter of 2016.

As a result of the foregoing, our total expenses were Baht 9,166.4 million in the first quarter of 2017, a 9.1 per cent decrease from Baht 10,082.3 million in the first quarter of 2016.

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.

Profit Before Finance Costs and Income Tax

As a result of the foregoing, our profit before finance costs and income tax was Baht 2,970.0 million in the first quarter of 2017, a decrease of 27.6 per cent from Baht 4,103.7 million in the first quarter of 2016.

Finance costs

Our finance costs were Baht 625.4 million in first quarter of 2017, a decrease of 4.1 per cent from Baht 652.3 million in the first quarter of 2016. The finance costs consist of interest expenses and financial fees.

Our interest expenses were Baht 610.4 million in the first quarter of 2017, a decline of 3.1 per cent from Baht 630.1 million in first quarter of 2016. The decline in interest expenses was mainly due to the reduction in outstanding interest-bearing debt.

Our financial fees decreased by Baht 7.2 million to Baht 15.0 million in the first quarter of 2017 from Baht 22.2 million in the first quarter of 2016.

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 270.6 million in the first quarter of 2017, an increase of 17.1 per cent or equivalent to Baht 39.4 million from Baht 231.2 million as compared to the year before. The majority of the increases in current income tax expenses were mainly due to booking of business interruption claim of GHECO-One in the first quarter of 2017.

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

There was the booking of net change in Deferred Tax Liability (Deferred Tax Expenses) of Baht 15.1 million, including the adjustment of deferred tax revenue booked under financial lease of GIPP accounted for Baht 12.9 million in first quarter of 2017, whereas net change in Deferred Tax Liability (Deferred Tax Expense) of Baht 48.1 million, including the adjustment of deferred tax revenue booked under financial lease of GIPP accounted for Baht 6.6 million, was recorded in first quarter of 2016.

Profit After Tax

As a result of the foregoing, our profit after tax accounted for Baht 2,058.8 million in the first quarter of 2017, a decrease of 35.1 per cent from Baht 3,172.2 million in the first quarter of 2016.

Minority Interest

There was a net profit attributed to minority interest of Baht 160.7 million in the first quarter of 2017, while the attribution to minority interest was Baht 407.7 million in the first quarter of 2016. The minority interest is mainly net profit of GHECO-One attributed to 35% minority shareholders. In the first quarter of 2017, GHECO-One had net profit of Baht 393.5 million, including net exchange gain of Baht 405.7 million, while the net profit from GHECO-One in the first quarter of 2016 was Baht 1,121.9 million, including net exchange gain of Baht 272.8 million.

Net Profit

As a result of the foregoing, our net profit was Baht 1,898.1 million in the first quarter of 2017, a decrease of 31.3 per cent from Baht 2,764.4 million in the same period of previous year, whereas net profit excluding the adjustment of financial lease accounting of GIPP was Baht 2,789.4 million and Baht 1,947.2 million in the first quarter of 2016 and 2017, respectively.

Normalized Net Profit¹

Our normalized net profit, which was net income excluding the adjustment of financial lease accounting of GIPP, net foreign exchange gain of Baht 262.0² million and deferred tax expenses of Baht 27.4³ million, was Baht 1,712.7 million in the first quarter of 2017, a decrease of 35.0 per cent from Baht 2,635.1 million in the first quarter of 2016. This normalized net profit is the basis used to determine our dividend distribution.

.....
Mr. Pajongwit Pongsivapai
Chief Finance Officer and Executive Vice President

¹ Definition of "Normalized Net Profit" is "Net Profit excluding net exchange gain or loss and net change in deferred tax assets(revenues) or liabilities(expenses)"

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

³ Excluded deferred tax revenues or expenses attributed to minority shareholders in subsidiaries.