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Ref : TSE(PCL) 002/11-2014

November 10, 2014

Subject : Management Discussion and Analysis Quarter 3 Ending September 30, 2014

Attention : The President
The Stock Exchange of Thailand

The Board of Directors' Meeting of Thai Solar Energy Public Co., Ltd. (the Company) held on November 10, 2014, approved the consolidated interim financial statements for the three-month and nine-month periods ended 30 September 2014, Accordingly, the Company would like to submit the reviewed financial statements and also Management Discussion and Analysis are as follows :

Financial Performance

Unit: THB million

	3rd Quarter		Increase (Decrease)	
	2014	2013	Amount	Percentage
Revenue from sales and services	240.76	28.69	212.07	739.18%
Cost of sales and services	(76.56)	(17.24)	(59.32)	344.08%
Gross Profit	164.20	11.44	152.76	1335.31%
Other income	0.34	4.46	(4.12)	(92.38%)
Administrative expenses	(16.74)	(31.50)	14.76	(46.86%)
Finance cost	(42.48)	(36.23)	(6.25)	17.25%
Impairment expenses	0.00	(591.90)	591.90	(100.00%)
Profit before tax income (expenses)	105.32	(643.72)	749.04	(116.36%)
Tax income (expenses)	6.18	126.86	(120.68)	(95.13%)
Profit (loss) for the period	111.50	(516.85)	628.35	(121.57%)
Basic earnings per share (Baht per share)	0.08	(0.51)	0.59	(116%)

1.1 Revenue from sales and services

Revenue from sales and services for the 3rd quarter of 2014 was THB 240.76 million, which increased by THB 212.08 million or 739.18% compared with THB 28.69 million in the same period last year. The increase mainly came from the company's jointly controlled entities (SSE-1) which started commercial operation of 8 more solar power plants from 2 plants in 2013 increasing revenue from sales of electricity by THB 212.08 million.

1.2 Cost of sales and services

Total cost of sales and services for the 3rd quarter of 2014 was THB 76.56 million, which increased by THB 59.32 million or 344.08% compared with THB 17.24 million in the same period last year. This was an increase from more completion of solar power plants in operation which was in line with the increase in revenue.

The company's gross profit margin for the three-month period ended September 30, 2014 was 68% which increased from 40% achieved in the same period last year due to more commercial operation of solar power plants in 2014.

1.3 Administrative expenses

Total administrative expenses for the 3rd quarter was THB 16.74 million, which decreased by THB 14.75 million or 46.83% compared with THB 31.50 million in the same period last year. The decrease was caused by a reduction in doubtful accounts by THB 12.14 million which was recorded in 2013.

1.4 Finance cost

Finance cost for the 3rd quarter was THB 42.48 million, which increased by THB 6.26 million or 17.28% compared with THB 36.23 million in the same period last year. Following Thai Accounting Policy, the company capitalizes borrowing cost of qualifying assets during the construction period to be construction in progress. Interest costs incurred during the productive life of the power plants are expensed in each operational period. The increase in interest expenses was from the interest costs of more PV solar farms that were in operation since the 3rd quarter.

1.5 Net profit (loss) for the period

According to the consolidated financial statement for three-month period ended September 30, 2014 the company's net profit was THB 111.50 million or earnings per share of THB 0.08 compared with net loss of THB 516.85 million or loss per share of THB 0.51 in the same period last year. The increasing in net profit was THB 628.35 million or 121.57%.

Analysis of Financial Position

2.1 Analysis of assets

As at September 30, 2014 the total assets were THB 5,913.31 million, increasing by THB 608.50 million or 11.47% from THB 5,304.82 million as at December 31, 2013. The details were as follows;

Unit: THB million

Transaction	30 September 2014	31 December 2013	Increase (Decrease)	
			Amount	Percentage
Current assets	425.55	263.59	161.96	61.44%
Non-current assets	5,487.77	5,041.23	446.54	8.86%
Total assets	5,913.32	5,304.82	608.50	11.47%

- 1) As at September 30, 2014 current assets were THB 425.55 million, increasing by THB 161.96 million or 61.44% from THB 263.59 million as at December 31, 2013. The main reason was an increase in account receivable and restricted short-term bank deposits.
- 2) As at September 30, 2014 non-current assets were THB 5,487.77 million, increasing by THB 446.54 million or 8.86% from THB 5,041.23 million as at December 31, 2013. The main reason was an increase in the construction of commercial rooftop solar projects by THB 312.04 million and in restricted long-term bank deposit by THB 137.75 million, which is the required reserve as per the loan agreements.

2.2 Analysis of liabilities and shareholders' equity

As at September 30, 2014 the total liabilities and shareholders' equity were THB 5,913.32 million, increasing by THB 608.50 million or 11.47% from THB 5,304.82 million as at December 31, 2013. The details were as follows;

Unit : THB million

	30 September 2014	31 December 2013	Increase (Decrease)	
			Amount	Percentage
Liabilities	3,964.02	4,372.09	(408.07)	(9.33%)
Equity	1,949.30	932.73	1,016.57	108.99%
Liabilities and equity	5,913.32	5,304.82	608.50	11.47%

2.2.1) As at September 30, 2014 the total liabilities were THB 3,964.02 million, decreasing by THB 408.07 million or 9.33% from THB 4,372.09 million as at December 31, 2013. The main reasons were as follow

- 1) Construction payables and other payables decreased by THB 544.53 million. The main reason was the construction of all solar power plants was gradually completed.
- 2) The decrease is offset by the increase in short-term loan by THB 107.34 million in order to invest in commercial rooftop solar projects.

2.2.2) As at September 30, 2014 the total equity were THB 1,949.30 million, increasing by THB 1,016.58 million or 108.99% from THB 932.73 million as at December 31, 2013. The main reasons were as follow

- 1) The consolidated income for nine-month period was THB 759.55 million resulting in a retained earnings of THB 584.30 million as at the end of 3rd quarter of 2014.
- 2) THB 257.02 million additional paid-up capital from shareholders.

Please be informed accordingly,

Yours faithfully,

- signed -

(Mr.Tee Seeumpornroj)
Chief Financial Officer