

- Translation -

TSE(PCL) 013/02-2561

February 28, 2018

Subject : Management's Discussion and Analysis (MD&A) for the year ended December 31, 2017

To : The President
The Stock Exchange of Thailand

The Board Meeting of Thai Solar Energy Public Company Limited resolved to approve the consolidated financial statements for the year ended December 31, 2017. The Company would like to inform Management Discussion and Analysis details as follow;

Management Discussion and Analysis for the year ended 31 December 2017

1. Revenue from Sales and Services

In 2016, the company has revenue increased from projects distribution of electricity in Japan amounting of THB 27.57 million and strong performance of the new 1 MW solar farm in Prachuap Khiri Khan province which start commercial operation date since January 2017. While there is no management fee in power plants from biomass of THB 221.80 million which occurred in 2016, caused the decrement in total revenue compare to last year. The company generated total revenue from sales and services for year 2017 amounting of THB 229 million, which decreased by THB 192.73 million or 45.69% compared to THB 421.73 million last year. (The revenue from sales and services did not include the revenue from 80 MW of solar farm which was recognized the contribution through share of profit from investments of 60% in jointly controlled entities).

2. Cost of Sales and Expenses

Total cost of sales and services for the year 2017 amounting of THB 177.24 million, which increased by THB 27.73 million or 18% compared to THB 149.51 million last year. The increment mainly came from depreciation from the projects which has started commercial operation date. The Company's gross profit margin for 2017 was 22.60% which decreased from 64.50% in 2016.

Total administrative expenses for the year 2017 amounting of THB 148.69 million, which decreased by THB 7.86 million or 5.02% compared to THB 156.55 million last year. The Company recognized foreign exchange differences on investments in foreign entities as other components of equity in 2017 caused the decrease in loss on exchange rate amounting of THB 34.35 million, also with the increased in employee expenses to support future projects.

Total finance costs for the year 2017 amounting of THB 112.50 million, which increased by THB 52.56 million or 87.68% compared to THB 59.94 million. The increment mainly came from interest expenses from issuance of bond and addition bank loan in 2017 to support sustainable growth and

3. Share of Profit from Investment in Jointly Controlled Entities

According to Thai Accounting Standards with regards to an investment in joint controlled entities, the company recognizes an investment in joint controlled entities based on equity method. This concept was applied for the 80-MW solar PV farm. The details are as followed;

Financial Performance of joint controlled entities based on equity method

Unit : THB million

Items	31 December		Increase (Decrease)	
	2017	2016	Amount	%
Revenue	1,555.59	1,516.24	39.35	2.59
Cost and expenses	(577.33)	(556.37)	(20.96)	(3.76)
Net Profit	978.26	959.87	18.39	1.91
Share of Profit from Investment in Jointly Controlled Entities (60%)	586.95	575.92	11.03	1.91

Net profit of joint controlled entities for the year 2017 amounting of THB 978.26 million, increased by THB 18.39 million or 1.91% compared to THB 959.87 million last year. The company has consistent strong operation performance with the consistent net profit. Net profit from jointly controlled entities would be categorized by the equity method in terms of share of profit from jointly controlled entities. In 2017, the amount of share of profit from jointly controlled entities amounting to THB 586.95 million, increased by THB 11.03 million or 1.91%, comparing to THB 575.92 million last year.

4. Profit attributable to Owners of the parent

According to the consolidated financial statement for the year 2017, the profit attribute to owners amounting of THB 415.76 million, decreased by THB 201.87 million or 32% compared to THB 617.63 million last year. Main decrease came from the increase in finance costs from investment in foreign projects and there is no special transaction of management fee in biomass projects as occurred in 2016.

Please be informed accordingly,

Yours faithfully,

- Signed -

(Mr. Somphop Prompanapitak)

Chief Operating Officer