

- Translation -

TSE(PCL) 005/05-2018

11 May 2018

Subject : Management Discussion and Analysis Quarter 1 Ending 31 March 2018

To : The President
The Stock Exchange of Thailand

The Board Meeting of Thai Solar Energy Public Company Limited resolved to approve the Financial Statement Quarter 1/2018 (Reviewed) ended 31 March 2018. The Company would like to inform Management Discussion and Analysis details as follows:

Management Discussion and Analysis for the three-month period ended 31 March 2018

1. Revenue from Sales and Services

In Q1/2018, the company has revenue increased from distribution of electricity from the solar farm 1.99 MW in Japan and the new biomass 4.60 MW in Surat Thani province which start commercial operation date since November 2017 and February 2018, respectively. The company generated total revenue from sales and services of Q1/2018 amounting of THB 57.84 million, which increased by THB 3.26 million or 5.97% compared to THB 54.58 million of the same period 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 of Q1/2018 amounting of THB 53.29 million, which increased by THB 12.83 million or 31.71% compared to THB 40.46 million of the same period last year. The increment mainly came from depreciation from the projects which has started commercial operation date and cost of material from the biomass project. The Company has gross profit margin of Q1/2018 7.87% which decreased from 25.88% in Q1/2017.

Total administrative expenses of Q1/2018 amounting of THB 38.84 million, which increased by THB 8.86 million or 29.55% compared to THB 29.98 million of the same period last year. The increasing mainly from increased in employee expenses to support future projects also with consulting fee for Japan projects increased by THB 5.4 million.

Total finance costs of Q1/2018 amounting of THB 16.19 million, which decreased by THB 10.62 million or 39.61% compared to THB 26.81 million of the same period last year. The decrease mainly came from capitalized borrowing costs to assets for developing projects.

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 March		Increase (Decrease)	
	2018	2017	Amount	%
Revenue	375.76	448.99	(73.23)	(16.31)
Cost and expenses	(121.12)	(174.88)	53.76	30.74
Net Profit	254.64	274.11	(19.47)	(7.10)
Share of Profit from Investment in Jointly Controlled Entities (60%)	152.79	164.47	(11.68)	(7.10)

Net profit of joint controlled entities of Q1/2018 amounting of THB 254.64 million, decreased by THB 19.47 million or 7.10% compared to THB 274.11 million of the same period last year. The company has consistent operation performance. Main decrease came from net gain in compensation from insurance amounting of THB 37 million in Q1/2017. Net profit from jointly controlled entities would be categorized by the equity method in terms of share of profit from jointly controlled entities. In Q1/2018, the amount of share of profit from jointly controlled entities amounting to THB 152.79 million, decreased by THB 11.68 million or 7.10%, comparing to THB 164.47 million of the same period last year.

4. Profit attributable to Owners of the parent

According to the consolidated financial statement of Q1/2018, the profit attribute to owners amounting of THB 110.11 million, decreased by THB 20.11 million or 15.44% compared to THB 130.22 million of the same period last year. Main decrease came from the increase in administrative expenses to support developing projects and projects in overseas, also with the decreased in profit sharing from joint controlled entities.

Please be informed accordingly,

Yours faithfully,

- Signed -

(Mr. Somphop Prompanapitak)

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