

13. Key Financial Information

GLOW ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2013

Unit : MTHB

	As at		" Restated "		" Restated "	
	December 31, 2013	%	December 31, 2012	%	December 31, 2011	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	4,871	4%	11,861	9%	4,889	4%
Trade and other receivables	12,999	10%	8,781	7%	6,444	5%
Other current assets	7,576	6%	6,773	5%	9,190	8%
Total Current Assets	25,446	20%	27,415	21%	20,523	17%
NON-CURRENT ASSETS						
Property, plant and equipment	97,301	78%	100,770	77%	98,230	81%
Other non-current assets	2,259	2%	1,854	1%	1,900	2%
Total Non-Current Assets	99,560	80%	102,624	79%	100,130	83%
TOTAL ASSETS	125,006	100%	130,039	100%	120,653	100%
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Trade and other payables	9,858	8%	10,389	8%	6,312	5%
Current portion of long-term borrowings & Debentures	9,269	7%	8,671	7%	4,640	4%
Short-term borrowings	1,433	1%	1,433	1%	-	0%
Other current liabilities	988	1%	3,382	3%	1,871	2%
Total Current Liabilities	21,548	17%	23,875	18%	12,823	11%
NON-CURRENT LIABILITIES	0		-	0%	-	0%
Long-term borrowings and Debentures	53,035	42%	60,557	47%	66,139	55%
Other non-current liabilities	3,162	3%	3,064	2%	2,702	2%
Total Non-Current Liabilities	56,198	45%	63,621	49%	68,841	57%
TOTAL LIABILITIES	77,746	62%	87,496	67%	81,664	68%
TOTAL SHAREHOLDERS' EQUITY	47,260	38%	42,543	33%	38,989	32%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	125,006	100%	130,039	100%	120,653	100%

GLOW ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

Unit : MTHB

	" Restated "			
	<u>2013</u>	%	<u>2012</u>	%
Revenues from sales	69,207	100%	57,204	100%
Cost of sales	(55,693)	-80%	(48,303)	-84%
Gross profit	13,514	20%	8,901	16%
Other income	565	1%	1,869	3%
Administrative expenses	(761)	-1%	(667)	-1%
Other Expense	(1,011)	-1%	(642)	-1%
Profit before Finance cost and Income Tax expense	12,307	18%	9,460	17%
Finance costs	(3,389)	-5%	(2,354)	-4%
Income tax expense	(1,031)	-1%	(866)	-2%
Profit after tax	7,887	11%	6,241	11%
Minority interest	(672)	-1%	(823)	-1%
Net profit	7,214	10%	5,418	9%

GLOW ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

Unit : MTHB

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net cash provided by operating activities	9,042	8,849	5,400
Net cash provided by (used in) investing activities	(1,402)	(1,323)	(13,481)
Net cash used in financing activities	(14,622)	(556)	3,889
Net increase (decrease) in cash and cash equivalents	(6,991)	6,973	(3,816)
Cash and cash equivalents as at January 1,	11,861	4,889	8,704
Cash and cash equivalents as at December 31,	4,871	11,861	4,889

Ratio of Financial Statement

Glow Energy Public Company Limited Financial Ratio Summary As of December 31,				
	Unit	2013	2012	2011
Liquidity Ratio				
- Current Ratio	Times	1.18	1.14	1.59
- Quick Ratio	Times	0.87	0.91	1.06
- Cash Ratio	Times	0.40	0.48	0.48
Profitability Ratio				
- Gross Profit Margin	%	19.53	15.56	16.40
- Operating Profit Margin	%	17.78	16.54	14.75
- Net Profit Margin	%	10.42	9.47	8.66
- Return on Equity	%	16.07	13.29	9.05
Efficiency Ratio				
- Return on Asset	%	5.66	4.32	3.07
- Return on Fixed Asset	%	12.20	9.71	7.09
- Asset Turnover	Times	0.54	0.46	0.35
Financial Ratio				
- Debt to Equity	Times	1.62	2.06	2.06
- Interest Coverage	Times	3.98	5.13	4.77
- Dividend Payout	%	n/a ⁽¹⁾	55.52	84.15

Note:

- 1) Annual Dividend of 2013 is to be approved in Annual General Meeting of Shareholder

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 electricity and steam to industrial customers in the MIE¹ Area and SEIP² Area. As of December 31, 2013, we had a total generating capacity of 3,188 MW of electricity and 1,206 tons per hour of steam.

We recorded total revenues of Baht 69,771.5 million in 2013, a 18.1 per cent increased from Baht 59,072.8 million in 2012. Our normalized net profit³ (net profit excluding net exchange gains or losses and deferred tax revenue or expenses⁴), which is the basis used to determine our dividend distribution, was Baht 8,060.6 million in 2013, a 58.7 per cent increase from Baht 5,078.2 million in 2012. As of December 31, 2013, we had total assets of Baht 125,005.9 million and total liabilities of Baht 77,746.2 million.

Revenues

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

	Revenues					
	Year to Date Ended December 31,					
	2013		2012		Difference	
	(Baht millions)	(%)	(Baht millions)	(%)	(Baht millions)	(%)
Revenues from Sales of Goods and Rendering of Services						
Electricity						
Sales to EGAT by IPPs.....	26,930.9	38.6	19,345.5	32.7	7,585.4	39.2
Sales to EGAT by SPPs.....	18,262.9	26.2	15,719.5	26.6	2,543.4	16.2
Sales to Industrial Customers.....	15,730.2	22.5	14,567.2	24.7	1,163.1	8.0
Total.....	60,924.1	87.3	49,632.2	84.0	11,291.9	22.8
Steam	7,856.9	11.3	7,160.8	12.1	696.1	9.7
Other Products	426.0	0.6	410.8	0.7	15.2	3.7
Total	69,207.0	99.2	57,203.8	96.8	12,003.1	21.0
Other Income.....	564.6	0.8	1,869.0	3.2	(1,304.5)	(69.8)
Total Revenues.....	69,771.5	100.0	59,072.8	100.0	10,698.7	18.1

¹ Map Ta Phut Industrial Estate in Rayong Province

² Siam Eastern Industrial Park in Pluak Daeng, Rayong Province

³ Definition of "Normalized Net Profit" is amended to "Net Profit excluding net exchange gain or loss and deferred tax revenues or expenses", from "Net Profit excluding net exchanged gain or loss" from the first quarter 2013.

⁴ Excluded net exchange gain or loss and deferred tax revenue or expenses attributed to minority shareholders in subsidiaries

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 sets out our volumes of electricity and industrial utilities sold for the indicated periods:

	Volumes Sold			
	Year to Date Ended December 31,			
	2013	2012	Difference	%
Electricity dispatch (GWh)				
To EGAT by IPPs ⁽¹⁾	9,549.9	7,176.7	2,373.1	33.1
To EGAT by SPPs	5,627.5	5,008.3	619.1	12.4
To Industrial Customers.....	4,718.9	4,639.9	79.0	1.7
Total.....	19,896.3	16,825.0	3,071.3	18.3
Steam (thousands of tons).....	7,118.9	7,008.4	110.5	1.6
Processed water (thousands of cubic meters).....	12,111.1	12,240.4	(129.3)	(1.1)
Chilled water (thousands of refrigerated tons).....	13,759.4	13,663.7	95.8	0.7

Note:

(1)Included Electricity dispatch by Houay Ho Power 2013 = 328 GWh, 2012 = 542 GWh and GHECO-One 2013 = 4,121 GWh, 2012 = 1,826 GWh (operated since 19 August 2012)

Revenues from Sales of Goods

Electricity Sales to EGAT

We sell electricity to EGAT under our EGAT power purchase agreements⁵. We are currently party to 3 IPP power purchase agreements, in respect of 1,373 MW of electricity located in Thailand including the 660 MW of GHECO-One started operation since August 2012 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 12 SPP power purchase agreements, in respect of an aggregate of 846 MW of electricity, including new 90 MW SPP power purchase agreement started commercial operation in December 2012.

Electricity Sales to Industrial Customers

We sell electricity to our industrial customers under our power supply agreements. As of December 31, 2013, we were party to a total of 74 power supply agreements with 58 industrial customers in respect of an aggregate of 751 MW of electricity.

Steam Sales

We sell steam to our industrial customers under our steam supply agreements. As of December 31, 2013, we were party to a total of 30 steam supply agreements with 21 industrial customers in respect of an aggregate of 1,179 tons per hour of steam.

⁵ Under IPP program, sell to EGAT consists of Availability Payment and Energy Payment whereas under SPP program sell to EGAT consists of Capacity Payment and Energy Payment.

Processed Water Sales

We sell clarified water and demineralized water to our industrial customers under our water supply agreements. As of December 31, 2013, we were party to a total of 15 water supply agreements with 9 customers in respect of an aggregate of 1,639 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, 2013, 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.

Expenses

Our expenses consist of cost of sales of goods and selling and administrative expenses. The following table sets out 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 December 31,					
	2013		2012		Difference	
	(Baht millions)	(%)	(Baht millions)	(%)	(Baht millions)	(%)
Cost of Sales of Goods						
Fuel						
Natural Gas.....	36,451.3	63.4	33,075.4	66.7	3,376.0	10.2
Coal.....	9,783.8	17.0	6,868.2	13.8	2,915.5	42.4
Diesel.....	120.1	0.2	35.2	0.1	84.9	>100
Maintenance	1,290.8	2.2	1,285.9	2.6	4.9	0.4
Depreciation / Amortization.....	4,914.7	8.6	4,288.9	8.6	625.8	14.6
Other.....	3,132.3	5.5	2,749.5	5.5	382.8	13.9
Total Cost of Sales of Goods.....	55,693.0	96.9	48,303.2	97.4	7,389.8	15.3
Selling and Administrative Expenses						
Depreciation / Amortization.....	33.7	0.1	31.7	0.1	2.1	6.5
General.....	727.0	1.3	635.8	1.3	91.3	14.4
Total Selling and Administrative Expenses.....	760.8	1.3	667.4	1.3	93.3	14.0
Other Expenses.....	1,010.9	1.8	641.9	1.3	369.1	57.5
Total Expenses	57,464.7	100.0	49,612.5	100.0	7,852.2	15.8

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 Sales of Goods Breakdown⁽¹⁾						
	Year to Date Ended December 31,					
	2013		2012		Difference	
	(Baht millions)	(%)	(Baht millions)	(%)	(Baht millions)	(%)
IPP Facilities						
Natural Gas	11,106.1	53.7	10,135.6	65.2	970.4	9.6
Coal.....	6,152.3	29.8	3,039.2	19.6	3,113.1	-
Diesel.....	115.5	0.6	30.2	0.2	85.3	>100
Maintenance.....	259.1	1.3	147.8	1.0	111.4	75.3
Depreciation/Amortization.....	2,156.6	10.4	1,637.9	10.5	518.6	31.7
Others.....	886.4	4.3	554.4	3.6	332.0	59.9
Total Cost of Sales.....	20,675.9	100.0	15,545.1	100.0	5,130.8	33.0
Cogeneration Facilities						
Natural Gas.....	25,345.3	72.4	22,939.7	70.0	2,405.5	10.5
Coal.....	3,631.5	10.4	3,829.1	11.7	(197.6)	(5.2)
Diesel.....	4.7	-	5.0	0.0	-	-
Maintenance.....	1,031.7	2.9	1,138.1	3.5	(106.4)	(9.3)
Depreciation/Amortization.....	2,758.1	7.9	2,651.0	8.1	107.1	4.0
Others.....	2,245.9	6.4	2,195.2	6.7	50.7	2.3
Total Cost of Sales.....	35,017.1	100.0	32,758.1	100.0	2,259.0	6.9

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 Sales of Goods**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 operating expense, accounting for 63.4 per cent of our total expenses in 2013.

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

Average Effective Cost of Natural Gas⁽¹⁾				
	Year to Date Ended December 31,			
	2013	2012	Difference	
	(Bt/mmBTU)	(Bt/mmBTU)	(Bt/mmBTU)	(%)
Average cost				
To Glow IPP.....	313.3	303.2	10.1	3.3
To Cogeneration facilities ⁽²⁾	323.0	310.7	12.4	4.0

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 17.0 per cent of our total expenses in 2013.

The following table sets out average coal costs for the periods indicated

	Average Cost of Coal⁽¹⁾			
	Year to Date Ended December 31,			
	2013	2012	Difference	
	(\$/ton)	(\$/ton)	(\$/ton)	(%)
IPP facilities				
Reference coal price @ 6,322 kcal/kg ⁽²⁾ (AR)	114.8	129.3	(14.5)	(11.2)
Freight costs ⁽³⁾	13.9	14.4	(0.5)	(3.2)
Cogeneration facilities				
Reference coal price @ 6,700 kcal/kg ⁽²⁾ (AD)	98.5	112.1	(13.6)	(12.1)
Freight costs ⁽³⁾	8.4	10.1	(1.7)	(16.5)

Note:

- (1) This Average Cost of coal was excluded cost of biomass mix.
- (2) These are not our actual coal prices, which are subject to various adjustments under the terms of our coal supply contracts, but a benchmark provided to illustrate the general movements in coal prices over the periods presented.
- (3) 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 sets out the energy production levels and heat rates of our facilities for the periods indicated:

	Production and Heat Rates	
	Year to Date Ended December 31,	
	2013	2012
Glow IPP		
Equivalent energy production (GWh).....	5,106	4,835
Fuel consumption (mmBTU, HHV).....	35,464,742	33,507,830
Heat rate (BTU/kWhe, HHV).....	6,946	6,930
GHECO-One		
Equivalent energy production (GWh).....	4,121	1,826
Fuel consumption (mmBTU, HHV).....	37,842,567	16,600,756
Heat rate (BTU/kWhe, HHV).....	9,183	9,094
Cogeneration facilities (MIE) ⁽¹⁾		
Allocated energy production (GWh equivalent) ⁽²⁾		
Gas-fired cogeneration facilities.....	8,035	8,184
Coal-fired cogeneration facilities.....	2,713	2,521
Fuel consumption (mmBTU, HHV)		
Gas-fired cogeneration facilities.....	64,736,280	65,712,165
Coal-fired cogeneration facilities	28,519,243	26,183,442
Allocated heat rates (BTU/kWhe, HHV)		
Gas-fired cogeneration facilities	8,057	8,029
Coal-fired cogeneration facilities ⁽³⁾	10,541	10,420
Cogeneration facilities (SEIP)		
Equivalent energy production (GWh) ⁽²⁾	1,646	948
Fuel consumption (mmBTU, HHV).....	13,487,758	7,935,106
Heat rate (BTU/kWhe, HHV).....	8,194	8,372

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. Nevertheless, this table has included production and heat rates of the new CFB 3 coal fired unit.
- (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 and biomass mixture are charged to the coal heat rates for purposes of the figures presented in this table.

Results of operations

Year 2013 compared to Year 2012

Revenues

Revenues from sales of goods and the rendering of services included other income was Baht 69,771.5 million in 2013, a 18.1 per cent increase from Baht 59,072.8 million in 2012. The increase was attributable to the following factors:

- Sales of electricity to EGAT by Glow IPP, under IPP scheme, amounted to Baht 14,423.9 million in 2013, a 9.9 per cent increased from Baht 13,121.4 million in 2012. This increase was mainly due to higher power dispatch. In 2013, electricity dispatch to EGAT increased by 6.1 percent from 4,809 GWh to 5,101 GWh.
- Sales of electricity to EGAT by GHECO-One, under IPP scheme, amounted to Baht 11,969.6 million in 2013, an increase of Baht 6,633.2 million from Baht 5,336.4 million in 2012, mainly due to full year contribution in 2013 from sales to EGAT of GHECO-One, a 660 MW IPP contract coal-fired plant, started operation since August 2012, despite scheduled major maintenance outage performed during May to July 2013. In 2013, electricity dispatch to EGAT was 4,121 GWh, an increase of 2,295 GWh from 1,826 GWh in 2012.
- Sales of electricity to EGAT and EDL by Houay Ho Power (HHPC), under IPP scheme, amounted to Baht 537.4 million in 2013, a 39.5 per cent decreased from Baht 887.7 million in 2012. This decrease was mainly due to lower volume dispatch to EGAT due to transmission outage during September - December 2013. In 2013, electricity dispatch was 328 GWh, a decrease of 214 GWh from 542 GWh in 2012.
- Sales of electricity to EGAT by our cogeneration facilities, under SPP scheme, amounted to Baht 18,262.9 million in 2013, a 16.2 per cent increased from Baht 15,719.5 million in 2012. This increase was mainly due to higher sale volume (including contribution from new sales to EGAT on 90 MW SPP contract of Glow SPP12, started commercial operation in December 2012) and higher energy payment due to higher gas price. In 2013, Energy payment increased by 16.6 per cent as a result of 12.3 per cent increase in sale volume and 4.0 per cent increase in gas price.
- Sales of electricity to industrial customers by our cogeneration facilities amounted to Baht 15,730.2 million in 2013, a 8.0 per cent increase from Baht 14,567.2 million in 2012. The increase was mainly due to higher electricity tariff as a result of Ft adjustments, whereas an increase in sales volume was only 2.2 per cent (including new sales to customers of Glow SPP12, a new 110 MW gas-fired plant which started operation in December 2012). Electricity tariff for electricity sold to industrial customers in 2013 increased by 7.5 per cent comparing to 2012 resulted from Ft adjustments of 0.04 THB/KWh increase in January 2013, 0.05 THB/KWh decrease in May 2013, and 0.07 THB/KWh increase in September 2013 respectively.
- Sales of steam to industrial customers by our cogeneration facilities amounted to Baht 7,856.9 million in 2013, a 9.7 per cent increase from Baht 7,160.8 million in 2012. This increase was mainly due to 8.0 per cent higher steam tariff due to higher gas price.

- Sales of other products and services amounted to Baht 426.0 million in 2013, a 3.7 per cent increase from Baht 410.8 million in 2012. This increase was mainly due to higher sale price.

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

We recognized interest income of Baht 67.8 million in 2013, a 25.0 per cent decrease from Baht 90.3 million in 2012. The interest income was principally attributable to interest earned on cash held in the form of deposits, instruments and in reserve accounts under our project financing agreements.

Other items in 2013 amounted to Baht 496.8 million decreased by Baht 1,281.9 million from Baht 1,778.7 million in 2012. In 2012, there was a booking of compensation of GHECO-One delayed completion of Baht 1,055.9 million and net exchange gain of Baht 661.4 million , whereas in 2013 there was a business interruption claim of GHECO-One of Baht 296.9 million booked in December.

As a result of the foregoing, total revenues in 2013 amounted to Baht 69,771.5 million, a 18.1 per cent increase from Baht 59,072.8 million in 2012.

Expenses

Cost of sales of goods was Baht 55,693.0 million in 2013, a 15.3 per cent increased from Baht 48,303.2 million in 2012. This increase was attributable to the following factors:

IPP facilities

- IPP facilities' cost of natural gas from Glow IPP was Baht 11,106.1 million in 2013, a 9.6 per cent increase from Baht 10,135.6 million in 2012. This increase was mainly due to higher gas price increased by a 3.3 per cent and higher power dispatch from GIPP due to schedule major maintenance performed in the first quarter of 2012.
- IPP facilities' cost of coal from GHECO-One was Baht 6,152.3 million in 2013, an increase of Baht 3,113.1 million from Baht 3,039.2 million in 2012, mainly due to production of GHECO-One coal-fired plant which operated since August 2012.
- IPP facilities' cost of diesel was Baht 115.5 million in 2013, an increase of Baht 85.3 million from Baht 30.2 million in 2012. This increase was mainly due to scheduled major maintenance outage performed at GHECO-One, which require use of Diesel during start-up process.
- IPP facilities' maintenance costs were Baht 259.1 million in 2013, an increase of Baht 111.4 million from Baht 147.8 million in 2012. The increase was mainly due to major maintenance outage performed at GHECO-One in the second quarter of 2013.
- IPP facilities' depreciation and amortization costs were Baht 2,156.6 million in 2013, an increase of Baht 518.6 million from Baht 1,637.9 million in 2012. This increase was mainly due to the depreciation of GHECO-One for the amount of Baht 1,048.3 million in 2013.
- IPP facilities' other costs of sales of goods were Baht 886.4 million in 2013, an increase of Baht 332.0 from Baht 554.4 million in 2012. This increase was mainly due to the operation of GHECO-One which operated since 19 August 2012. 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 25,345.3 million in 2013, a 10.5 per cent increase from Baht 22,939.7 million in 2012. This increase was mainly due to higher gas price increased by 4.0 per cent and higher gas consumption as a result of increased electricity and steam sale volume (including contribution from volume consumed due to Glow SPP12 started commercial operation in December 2012)
- Our cogeneration facilities' cost of coal was Baht 3,631.5 million in 2013, a 5.2 per cent decrease from Baht 3,829.1 million in 2012. The decrease was mainly due to a decrease of our average coal price at FOB by 12.1 per cent from 112.1 USD/ton to 98.5 USD/ton while coal index decreased by 15.4 per cent from 118.5 USD/ton to 100.3 USD/ton.

- Our cogeneration facilities' maintenance costs were Baht 1,031.7 million in 2013, a 9.3 per cent decrease from Baht 1,138.1 million in 2012.
- Our cogeneration facilities' depreciation and amortization costs were Baht 2,758.1 million in 2013, a 4.0 per cent increase from Baht 2,651.0 million in 2012.
- Our cogeneration facilities' other costs of sales of goods were Baht 2,245.9 million in 2013, a 2.3 per cent decrease from Baht 2,195.2 million in 2012.

Selling and administrative expenses in 2013 amounted to Baht 760.8 million, a 14.0 percent increase from Baht 667.4 million in 2012. This was attributable to the following factors:

- Depreciation and amortization amounted to Baht 33.7 million in 2013, a 6.5 per cent increase from Baht 31.7 million in 2012.
- Other selling and administrative expenses amounted to Baht 727.0 million in 2013, a 14.4 per cent increase from Baht 635.8 million in 2012.

There was net exchange loss in 2013 amounted of Baht 1,002.7 million, while in 2012 there was net exchange gain of Baht 661.4 million. This exchange loss is derived mainly from the US dollar-denominated debt in Glow IPP, GHECO-One and Houay Ho Power⁶ 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 in 2013 were Baht 57,464.7 million, a 15.8 per cent increase from Baht 49,612.5 million in 2012.

Profit Before Finance Costs and Income Tax

As a result of the foregoing, our profit before finance costs and income tax in 2013 was Baht 12,306.8 million, an increase of 30.1 per cent from Baht 9,460.4 million in 2012.

Finance costs

Our finance costs in 2013 were Baht 3,388.7 million, an increase of 43.9 per cent from Baht 2,354.2 million in 2012. The finance costs consist of interest expenses and financial fee.

Our interest expenses in 2013 were Baht 3,259.7 million, an increase of 45.5 per cent from Baht 2,240.0 million in 2012 mainly due to full year recording of interest expenses of GHECO-One and Glow SPP12 which started operation in August 2012 and December 2012 respectively, despite lower outstanding debt.

Our financial fees in 2013 were Baht 129.0 million, an increase of Baht 14.9 million from Baht 114.2 million in 2012.

⁶ Financial Statement of HHPC is presented in US Dollar and be consolidated into our financial statement presented in Thai Baht

Income Tax Expenses

Our income tax expenses in 2013 were Baht 1,031.3 million, an increase of 19.1 per cent from Baht 865.7 million in 2012.

Starting from fiscal year 2013, Thai GAPP adopts concept of Deferred Tax. For the purpose of this MD&A, Income Tax Expenses is 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 in 2013 were Baht 887.1 million, a 26.1 per cent increase from Baht 703.6 million in 2012. This increase was mainly due to higher taxable income, despite lower tax rate.

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

There was a booking of net change in Deferred Tax liability (Deferred Tax Expenses) of Baht 144.2 million and 162.0 million in 2012 (restatement) and 2013 respectively.

The cumulative effect of the first-time adoption of the Deferred Tax Asset or Liability is to restate the Financial Statement (by adjusting retained earnings) of the fiscal year 2011-2012, booking of Deferred Tax Expenses of Baht 242.7 and 404.7 million respectively.

Profit After Tax

As a result of the foregoing, our profit after tax in 2013 amounted to Baht 7,886.8 million, an increase of 26.4 per cent from Baht 6,240.5 million in 2012.

Minority Interest

There was a net profit attributed to minority interest of Baht 672.4 million in 2013, while the attribution to minority interest in 2012 was net gain of Baht 823.0 million. The minority interest is mainly net profit of GHECO-One attributed to 35% minority shareholders. In 2013, GHECO-One had net profit of Baht 1,623.1 million, including net exchange loss of Baht 848.7 million, while the net profit from GHECO-One in 2012, GHECO-One was Baht 1,837.8 million, including net exchange gain of Baht 508.3 million.

Net Profit

As a result of the foregoing, our net profit in 2013 was Baht 7,214.4 million, a 33.2 per cent increase from Baht 5,417.6 million in 2012.

Normalized Net Profit⁷

In 2013, our normalized net profit, which was net income excluding Baht 703.4⁸ million of net foreign exchange loss and deferred tax expenses of Baht 142.8⁹ million, was Baht 8,060.6 million, an increase of 58.7 per cent from Baht 5,078.2 million in 2012. This normalized net profit is the basis used to determine our dividend distribution.

⁷Definition of "Normalized Net Profit" is amended to Net Profit excluded net exchange gain/loss from foreign exchange , from Net Profit excluded unrealized gain/loss from foreign exchange

⁸ Excluded net foreign exchange gain/loss attributed to minority shareholders in subsidiaries.

⁹ Excluded deferred tax revenues or expenses attributed to minority shareholders in subsidiaries.