

13. Key Financial Information

GLOW ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER,

Unit : MTHB

	2018	%	2017	%	2016	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	10,042	9.6%	8,737	8.2%	7,252	6.6%
Trade and other receivables	7,968	7.6%	7,215	6.8%	8,267	7.6%
Other current assets	6,432	6.2%	6,110	5.8%	6,042	5.5%
Total Current Assets	24,442	23.4%	22,062	20.8%	21,561	19.7%
NON-CURRENT ASSETS						
Property, plant and equipment	73,895	70.8%	77,128	72.7%	80,742	73.7%
Other non-current assets	6,091	5.8%	6,841	6.5%	7,215	6.6%
Total Non-Current Assets	79,986	76.6%	83,969	79.2%	87,957	80.3%
TOTAL ASSETS	104,428	100.0%	106,031	100.0%	109,518	100.0%
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Trade and other payables	6,297	6.0%	6,132	5.8%	4,759	4.3%
Current portion of long-term borrowings & Debentures	4,827	4.6%	6,254	5.9%	7,767	7.1%
Short-term borrowings	702	0.7%	975	0.9%	1,433	1.3%
Other current liabilities	1,026	1.0%	1,061	1.0%	1,084	1.0%
Total Current Liabilities	12,851	12.3%	14,422	13.6%	15,043	13.7%
NON-CURRENT LIABILITIES						
Long-term borrowings and Debentures	30,869	29.6%	31,777	30.0%	36,197	33.1%
Other non-current liabilities	1,803	1.7%	1,823	1.7%	1,507	1.4%
Total Non-Current Liabilities	32,672	31.3%	33,600	31.7%	37,704	34.5%
TOTAL LIABILITIES	45,523	43.6%	48,022	45.3%	52,747	48.2%
TOTAL SHAREHOLDERS' EQUITY	58,904	56.4%	58,009	54.7%	56,771	51.8%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	104,428	100.0%	106,031	100.0%	109,518	100.0%

GLOW ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS**FOR THE YEAR ENDED 31 DECEMBER,****Unit : MTHB**

	<u>2018</u>	%	<u>2017</u>	%	<u>2016</u>	%
Revenues from sales	53,321	100.0%	50,878	100.0%	52,567	100.0%
Cost of sales	(39,975)	75.0%	(37,721)	74.1%	(38,479)	73.2%
Gross profit	13,346	25.0%	13,157	25.9%	14,088	26.8%
Other income	592	1.1%	1,658	3.3%	524	1.0%
Administrative expenses	(902)	1.7%	(847)	1.8%	(954)	1.8%
Other Expense	(14)	0.0%	(11)	0.0%	(14)	0.0%
Finance costs	(2,045)	3.8%	(2,380)	4.7%	(2,599)	4.9%
Share of loss of investments in associates	(4)	0.0%	(2)	0.0%	(1)	0.0%
Income tax expense	(1,310)	2.5%	(975)	1.9%	(982)	1.9%
Profit after tax	9,664	18.1%	10,602	20.8%	10,063	19.2%
Minority interest	(1,284)	2.4%	(1,526)	3.0%	(1,110)	2.1%
Net profit for the Company	8,379	15.7%	9,076	17.8%	8,953	17.1%

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

	Unit : MTHB		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net cash provided by operating activities	13,791	16,738	15,295
Net cash provided by (used in) investing activities	(1,201)	(787)	(1,054)
Net cash used in financing activities	(11,282)	(14,425)	(15,689)
Unrealized exchange gain (loss) of cash and cash equivalents	(3.0)	(42.0)	(3.2)
Net increase (decrease) in cash and cash equivalents	1,306	1,485	(1,451)
Cash and cash equivalents as at 1 January,	8,737	7,252	8,703
Cash and cash equivalents as at 31 December,	10,042	8,737	7,252

Ratio of Financial Statement

Glow Energy Public Company Limited				
Financial Ratio Summary				
AS AT 31 DECEMBER,				
	Unit	2018	2017	2016
Liquidity Ratio				
- Current Ratio	Times	1.90	1.53	1.43
- Quick Ratio	Times	1.40	1.12	1.06
- Cash Ratio	Times	1.01	1.14	0.96
Profitability Ratio				
- Gross Profit Margin	%	25.03%	25.86%	26.80%
- Operating Profit Margin	%	24.41%	27.43%	25.95%
- Net Profit Margin	%	15.71%	17.84%	17.03%
- Return on Equity	%	16.98%	18.45%	18.36%
Efficiency Ratio				
- Return on Asset	%	7.96%	8.42%	7.89%
- Return on Fixed Asset	%	16.56%	16.75%	15.75%
- Asset Turnover	Times	0.51	0.47	0.46
Financial Ratio				
- Debt to Equity	Times	0.77	0.83	0.94
- Interest Coverage	Times	8.38	8.44	7.26
- Dividend Payout	%	n/a ⁽¹⁾	96.6	89.6

Note:

- 1) Annual Dividend of 2018 is to be approved in Annual General Meeting of Shareholders.

14. Management's discussion and analysis

Company Overview

Glow Energy Public Company Limited (the Company) 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 Map Ta Phut Industrial Estate (MIE) in Rayong and Siam Eastern Industrial Park (SEIP) in Rayong. As of 31 December 2018, we had a total generating capacity of 3,207 MW of electricity and 1,206 tons per hour of steam.

From 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.

Consolidated Statements of Profit or Loss Analysis

1. 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 demonstrates our volumes of electricity and industrial utilities sold for the indicated periods:

Sales	FY2018	FY2017	% change
Electricity dispatch (GWh)			
To EGAT by IPPs	5,958.7	5,450.8	9.3%
To EGAT by Glow IPP	37.9	34.2	11.0%
To EGAT by GHECO-One	5,503.4	5,020.6	9.6%
To EGAT by HHPC ¹	417.4	396.0	5.4%
To EGAT by SPPs ²	5,035.6	5,175.8	-2.7%
To Industrial Customers	5,221.0	5,265.1	-0.8%
Total	16,215.2	15,891.6	2.0%
Steam (thousands of tons)	8,009.5	7,885.5	1.6%
Processed Water (thousands of cubic meters)	12,834.6	12,414.0	3.4%
Chilled Water (thousands of refrigerated tons)	13,683.0	13,995.5	-2.2%

Notes: 1) Including sales of electricity to Electricite Du Laos (EDL)

2) Include electricity dispatch to PEA under VSPP scheme by Glow Energy Solar (1.55 MW) of 2.2 GWh in FY2018

The following table breaks down our sources of revenue for the periods indicated:

Revenue (unit: million Baht)	FY2018	FY2017	% change
Revenue from Sales of Goods and Interest Earned from Financial Lease			
Electricity			
Sales to EGAT by IPPs	14,601.1	13,408.7	8.9%
Sales to EGAT by Glow IPP	1,577.0	1,581.3	-0.3%
Sales to EGAT by GHECO-One	12,293.6	11,109.0	10.7%
Sales to EGAT by HHPC ¹	730.4	718.5	1.7%
Sales to EGAT by SPPs ²	13,924.7	13,747.7	1.3%
Sales to Industrial Customers	16,180.9	15,722.9	2.9%
Interest earned from financial lease (Glow IPP)	634.2	567.3	11.8%
Total	45,341.0	43,446.6	4.4%
Steam	7,514.3	6,984.7	7.6%
Other Products and Services	465.9	447.2	4.2%
Total	53,321.2	50,878.5	4.8%
Other Income	592.2	1,658.8	-64.3%
Total Revenue	53,913.4	52,537.3	2.6%

Notes: 1) Including sales of electricity to Electricite Du Laos (EDL)

2) Including revenues from electricity sales to PEA under VSPP scheme by Glow Energy Solar

Revenue from sales of goods and interest earned from financial lease and other income in FY2018 was Baht 53,913.4 million, an increase of 2.6% from Baht 52,537.3 million in FY2017. The increase was driven by following factors:

1.1 Revenue: GIPP

Revenue from sales to EGAT (unit: million Baht)	FY2018	FY2017	% change
Without financial lease accounting			
Availability Payment (AP)	1,417.5	1,703.4	-16.8%
Energy Payment (EP)	983.7	972.9	1.1%
Total revenue from sales to EGAT	2,401.2	2,676.3	-10.3%
With financial lease accounting			
Revenue from sales to EGAT	1,577.0	1,581.3	-0.3%
Interest earned from financial lease	634.2	567.3	11.8%

GIPP: Key revenue drivers	FY2018	FY2017	% change
Power dispatch to EGAT (GWh)	37.9	34.2	11.0%
Availability (%)	99.2%	100.0%	n/a

In FY2018, revenue (without financial lease accounting) from sale of electricity to EGAT was Baht 2,401.2 million, decreased by 10.3% from Baht 2,676.3 million in FY2017. The decrease was due to the decrease of Availability Payment by 16.8% despite the slight increase from Energy Payment of 1.1%.

However, with financial lease accounting, sales of electricity to EGAT recorded in financial statement consisted of interest earned from financial lease and revenue from sales. In FY2018, the Company recorded interest earned from financial lease of Baht 634.2 million and revenue from sales of Baht 1,577.0 million.

1.2 Revenue: GHECO-One

Revenue from sales to EGAT (unit: million Baht)	FY2018	FY2017	% change
Availability Payment (AP)	6,246.5	6,562.8	-4.8%
Energy Payment (EP)	6,047.1	4,546.2	33.0%
Total revenue from sales to EGAT	12,293.6	11,109.0	10.7%

GHECO-One: Key revenue drivers	FY2018	FY2017	% change
Power dispatch to EGAT (GWh)	5,503.4	5,020.6	9.6%
Availability (%)	95.6%	87.3%	n/a

In FY2018, revenue from sale of electricity to EGAT was Baht 12,293.6 million, an increase of 10.7% from Baht 11,109.0 million in FY2017. The increase was due to higher Energy Payment from higher power dispatch as a result of the planned maintenance shutdown in FY2017 and higher coal price in FY2018.

1.3 Revenue: Houay Ho Power (HHPC)

Revenue from sales to EGAT and EDL (unit: million Baht)	FY2018	FY2017	% change
Total revenue	730.4	718.5	1.7%

HHPC: Key revenue drivers	FY2018	FY2017	% change
Power dispatch to EGAT and EDL (GWh)	417.4	396.0	5.4%

In FY2018, revenue from sale of electricity to EGAT and EDL was Baht 730.4 million, an increase of 1.7% from Baht 718.5 million in FY2017. The increase was mainly due to increase in volume dispatched to EGAT and EDL from 396.0 GWh in FY2017 to 417.4 GWh in FY2018.

1.4 Revenue: Cogeneration Facilities

Revenue from sales of goods (unit: million Baht)	FY2018	FY2017	% change
Electricity			
Sales to EGAT under SPP scheme	13,924.7	13,747.7	1.3%
Sales to industrial customers	16,180.9	15,722.9	2.9%
Steam	7,514.3	6,984.7	7.6%
Other products	465.9	447.2	4.2%
Total	38,085.8	36,902.4	3.2%

Cogeneration facilities: Key revenue drivers	FY2018	FY2017	% change
Sales Volume			
Sales of electricity to EGAT (GWh) ¹	5,035.6	5,175.8	-2.7%
Sales of electricity to Industrial Customers (GWh)	5,221.0	5,265.1	-0.8%
Sales of steam (thousands of tons)	8,009.5	7,885.5	1.6%
Sales of processed water (thousands of cubic meters)	12,834.6	12,414.0	3.4%
Sales of chilled water (thousands of refrigerated tons)	13,683.0	13,995.5	-2.2%
Availability (%)			
All Cogeneration facilities	95.6%	96.7%	n/a
Phase 5	98.8%	91.3%	n/a
CFB 1&2	93.8%	88.7%	n/a
CFB 3	91.1%	95.0%	n/a

Note: 1) Include electricity dispatch to PEA under VSPP scheme by Glow Energy Solar (1.55 MW) of 2.2 GWh in FY2018

Revenue from sales of electricity to EGAT: In FY2018, the revenue was Baht 13,924.7 million, an increase of 1.3% from Baht 13,747.7 million in FY2017. The increase was mainly due to higher gas price and coal price despite decrease in sales volume.

Revenue from sales of electricity to industrial customers: In FY2018, the revenue was Baht 16,180.9 million, an increase of 2.9% from Baht 15,722.9 million in FY2017 due to higher electricity tariff rate charged to industrial customers.

Revenue from sales of steam to industrial customers: In FY2018, the revenue was Baht 7,514.3 million, an increase of 7.6% from Baht 6,984.7 million in FY2017. The increase was due to higher selling price as a result of the higher gas price.

Revenue from sales of other products: In FY2018, the revenue was Baht 465.9 million, an increase of 4.2% from Baht 447.2 million in FY2017 which was mainly due to higher sales volume of processed water.

1.5 Revenue: Other income

Other Income (unit: million Baht)	FY2018	FY2017	% change
Interest income	69.6	51.6	34.9%
Net exchange gain	107.4	950.1	-88.7%
Others	415.2	657.1	-36.8%
Total	592.2	1,658.8	-64.3%

Other income consists mainly of revenue from interest income, net exchange gain and other items. In FY2018, other incomes were Baht 592.2 million, a decrease of 64.3% from Baht 1,658.8 million in FY2017. The details of revenue from other income are below:

Interest income: In FY2018, we recognized interest income of Baht 69.6 million, an increase of 34.9% from FY2017. The interest income is principally interest earned on cash held in the form of deposits, financial instruments and in reserve accounts under our project financing agreements.

Net exchange gain: The foreign exchange exposure is mainly from the US dollar-denominated debt of GHECO-One. When comparing FY2018 to FY2017, the net exchange gain of FY2018 was Baht 107.4 million, 88.7% lower than that of FY2017. The larger net exchange gain in FY2017 than in FY2018 was due to significant Thai Baht appreciation in FY2017 comparing to slight Thai Baht appreciation in FY2018.

Income from other items: In FY2018, income from other items totalled Baht 415.2 million, decreased by 36.8% from FY2017. The decrease was attributed to proceeds from business interruption claims of GHECO-One which were booked at Baht 291.9 million in the H1.2017 (Baht 105.0 million in Q1.2017 and Baht 186.9 million in Q2.2017) which did not recur in 2018.

2. Expenses

Our expenses comprise of cost of goods sold, selling and administrative expenses, and other expenses.

The following table demonstrates different components of our expenses for the periods indicated:

Expenses (unit: million Baht)	FY2018	FY2017	% change
Cost of Goods Sold			
Fuels			
Natural Gas	21,794.5	20,460.9	6.5%
Coal	8,900.1	7,640.9	16.5%
Diesel	20.6	21.5	-4.2%
Maintenance	1,609.6	2,084.1	-22.8%
Depreciation and Amortization	4,320.9	4,377.9	-1.3%
Others	3,329.1	3,135.5	6.2%
Total Cost of Goods Sold	39,975.0	37,720.8	6.0%
Selling and Administrative Expenses			
Depreciation and Amortization	20.1	27.7	-27.2%
General	881.6	818.9	7.7%
Total Selling and Administrative Expenses	901.8	846.5	6.5%
Other Expenses	18.3	13.1	39.3%
Total Expenses	40,895.1	38,580.4	6.0%

2.1 Cost of Goods Sold: IPP facilities¹

Cost of Goods Sold for IPP Facilities (unit: million Baht)	FY2018	FY2017	% change
Fuels			
Natural Gas ¹	966.4	959.0	0.8%
Coal	5,267.0	4,652.7	13.2%
Diesel	17.9	18.0	-0.9%
Maintenance	330.3	739.5	-55.3%
Depreciation and Amortization	1,397.4	1,430.7	-2.3%
Others	1,058.6	838.5	26.2%
Total Cost of Goods sold for IPP facilities	9,037.5	8,638.3	4.6%

Note: 1) Including cost related to gas pipeline transmission (Tdc1) of Baht 907.6 million in FY2018 and FY2017.

IPP Facilities: Key cost drivers	FY2018	FY2017	% change
Fuel consumption (mmBTU, HHV)			
GIPP	283,088	260,106	8.8%
GHECO-One	48,613,390	44,758,925	8.6%
Heat rate (BTU/kWh, HHV)			

¹ IPP facilities are GIPP, GHECO-One and Houay Ho Power (HHPC).

IPP Facilities: Key cost drivers	FY2018	FY2017	% change
GI PP	7,399.6	7,465.4	-0.9%
GHECO-One	8,831.9	8,914.6	-0.9%
Average gas cost – GI PP (Baht/mmBTU)¹	207.4	204.4	1.5%
Average coal cost – GHECO-One (USD/ton)			
Equivalent coal price at 6,322 kcal/kg ²	78.9	68.2	15.7%
Freight costs ³	8.7	7.7	13.4%
Availability			
GI PP	99.2%	100.0%	n/a
GHECO-One	95.6%	87.3%	n/a

Notes: 1) Not actual gas prices but are derived by dividing total natural gas expenses (excluding cost related to gas pipeline transmission (Tdc1)) by total fuel consumption of the facilities for the periods presented.

2) This equivalent coal price is not an actual reference coal price of each facility. It is derived from our actual average coal price (also taken into account inventory) converted into equivalent price at stated califoric value.

3) These reflect our actual freight and insurance costs.

Cost of natural gas of GI PP: This cost comprises of the cost of natural gas and the cost of gas pipeline transmission (Tdc1). After deducting the cost of gas pipeline transmission (Tdc1) of Baht 907.6 million in FY2018 and FY2017, the cost of natural gas in FY2018 was Baht 58.7 million, increased by 14.3% from Baht 51.4 million FY2017. The increase was due to higher gas consumption of GI PP in FY2018.

Cost of coal of GHECO-One: In FY2018, the cost was Baht 5,267.0 million, increased by 13.2% from Baht 4,652.7 million in FY2017 reflecting the rise in coal cost and higher coal consumption in FY2018.

Maintenance costs of IPP facilities: In FY2018, the costs were Baht 330.3 million, decreased by Baht 55.3% from Baht 739.5 million in FY2017 due to no planned maintenance of GHECO-One in FY2018.

Depreciation and amortization costs of IPP facilities: In FY2018, the costs were Baht 1,397.4 million, decreased by 2.3% from Baht 1,430.7 million in FY2017.

Other costs of goods sold of IPP facilities: When comparing FY2018 to FY2017, other costs of goods sold of IPP facilities increased by 26.2% from Baht 838.5 million in FY2017 to Baht 1,058.6 million in FY2018 due to provision of inventory (spare parts) in Q3/2018. IPP facilities' other costs of goods sold are mainly costs of water, chemicals, and general overhead costs as well as contribution to Power Community Development Fund .

2.2 Cost of Goods Sold: Cogeneration facilities

Cost of Goods Sold for Cogeneration Facilities (unit: million Baht) ¹	FY2018	FY2017	% change
Fuels			
Natural Gas	20,828.2	19,501.9	6.8%
Coal	3,633.1	2,988.2	21.6%
Diesel	2.8	3.5	-21.1%
Maintenance	1,279.4	1,344.6	-4.9%
Depreciation and Amortization	2,923.5	2,947.2	-0.8%
Other	2,270.5	2,297.0	-1.2%
Total Cost of Goods Sold for Cogen Facilities	30,937.5	29,082.4	6.4%

Note: 1) The data presented in this table as cost of goods sold for Cogeneration facilities is from consolidated financial results less the results of GIPP, GHECO-One, and HHPC. 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.

Cogeneration Facilities: Key cost drivers	FY2018	FY2017	% change
Fuel consumption (mmBTU, HHV)			
MIE			
Gas-fired cogeneration facilities	66,073,080	67,459,607	-2.1%
Coal-fired cogeneration facilities	27,619,491	27,203,336	1.5%
SEIP	12,572,248	13,215,943	-4.9%
Heat rate (BTU/kWhe, HHV)			
MIE ¹			
Gas-fired cogeneration facilities	8,041.3	8,113.9	-0.9%
Coal-fired cogeneration facilities ²	10,423.0	10,292.6	1.3%
SEIP	8,241.3	8,249.3	-0.1%
Average gas cost (Baht/mmBTU) ³	263.2	240.4	9.5%
Average coal cost (USD/ton)			
Equivalent coal price at 6,322 kcal/kg ⁴	94.1	72.0	30.6%
Freight costs ⁵	6.9	8.0	-13.8%
Availability – all	95.6%	96.7%	n/a

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 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) CFB start-up gas is charged to the coal heat rates for purposes of the figures presented in this table.

- 3) This is a “blended” rate reflecting principally prices paid to PTT for: (i) gas used to supply electricity to EGAT and industrial customers; and (ii) gas used to fire boilers to generate steam for industrial customers. Prices in aforementioned (i) and (ii) are different.
- 4) This equivalent coal price is not an actual reference coal price of each facility. It is derived from our actual average coal price (also taken into account inventory) converted into equivalent price at stated calorific value.
- 5) These reflect our actual freight and insurance costs.

Cost of natural gas of Cogeneration facilities: In FY2018, the cost was Baht 20,828.2 million, increased by 6.8% from Baht 19,501.9 million in FY2017. The increase was due to 9.5% higher gas price in FY2018 despite lower gas consumption.

Cost of coal of Cogeneration facilities: In FY2018, the cost was Baht 3,633.1 million, increased by 21.6% from Baht 2,988.2 million in FY2017. The increase was due to 30.6% higher average coal price at FOB in FY2018.

Maintenance costs of Cogeneration facilities: In FY2018, the costs were Baht 1,279.4 million, decreased by 4.9% from Baht 1,344.6 million in FY2017 due to lower planned maintenance of Cogeneration facilities in FY2018.

Depreciation and amortization costs of Cogeneration facilities: In FY2018, the costs were Baht 2,923.5 million, decreased by 0.8% from Baht 2,947.2 million in FY2017.

Other costs of goods sold of Cogeneration facilities: In FY2018, the costs were Baht 2,270.5 million, decreased by 1.2% from Baht 2,297.0 million in FY2017. Cogeneration facilities' other costs of goods sold are mainly costs of water, chemicals, and general overhead costs as well as contribution to Power Community Development Fund.

2.3 Selling and administrative expenses

SG&A (unit: million Baht)	FY2018	FY2017	% change
Depreciation and amortization	20.1	27.7	-27.2%
Others	881.6	818.9	7.7%
Total	901.8	846.5	6.5%

Selling and administrative expenses were recorded at Baht 901.8 million in FY2018, an increase of 6.5% from Baht 846.5 million in FY2017. The selling and administrative expenses of FY2018 included the record of tax surcharges paid in 2013 in relation to GHECO-One's dispute on exchange gains during years 2008-2011 of construction totaling Baht 180.3 million (see more details under 4. Income Tax Expenses).

2.4 Other expenses

Other expenses are net exchange loss, directors' remuneration and other items. When comparing FY2018 to FY2017, other expenses increased from Baht 13.1 million in FY2017 to Baht 18.3 million in FY2018.

3. Finance Costs

Finance costs (unit: million Baht)	FY2018	FY2017	% change
Interest expenses	1,966.5	2,296.0	-14.4%
Financial fees	78.6	83.5	-5.8%
Total	2,045.2	2,379.5	-14.1%

In FY2018, finance costs were Baht 2,045.2 million, decreased by 14.1% from Baht 2,379.5 million in FY2017. The decrease was mainly due to a lower amount of outstanding interest-bearing debt.

4. Income Tax Expenses

Income tax expenses (unit: million Baht)	FY2018	FY2017	% change
Current income tax expense	1,427.7	920.8	55.0%
Deferred tax	-118.1	54.4	-317.1%
Total	1,309.6	975.2	34.3%

Income tax expenses comprise of 2 main parts: (i) current income tax expenses; and (ii) deferred tax:

Current income tax expense

In FY2018, the current income tax expense was Baht 1,427.7 million, increased from Baht 920.8 million in FY2017. The increase of current income tax expense was mainly due to the Supreme Court's judgment on tax dispute on exchange gains during the year 2010 of construction of GHECO-One reversing the Central Tax Court's judgment previously ruled in favour of GHECO-One. The Supreme Court's judgment disavowing GHECO-One consequently led to (i) a write-off of corporate income tax refundable item (a non-current asset item for all the tax and surcharges on exchange gains during the year 2008-2011 of construction which was paid in 2013) and (ii) a record of such tax and surcharges in Statements of Profit or Loss. The income tax expenses recorded in Q4/2018 as a result of the Supreme Court judgment were Baht 447.6 million.

Deferred tax

In FY2018, there was a record of net change in deferred tax asset (deferred tax revenue) of Baht 118.1 million, while there a record of net change in deferred tax liability (deferred tax expenses) of Baht 54.4 million in FY2017.

5. Minority Interest

When comparing minority interest of FY2018 with FY2017, there was a decrease of 15.9% from Baht 1,526.2 million in FY2017 to Baht 1,284.3 million in FY2018. The minority interest is mainly net profit of GHECO-One attributed to 35% of minority shareholders. In FY2018, GHECO-One had net profit of Baht 3,290.5 million, decreased from Baht 4,018.4 million in FY2017. The decrease was mainly due to the record in FY2018 of corporate income tax of Baht

447.6 million and surcharge of Baht 180.3 million paid in relation to the GHECO-One's dispute on exchange gains during years 2008-2011 of construction in Statements of Profit or Loss of GHECO-One.

6. Net Profit for the Company

For FY2018, without financial lease accounting of GIPP, the Company had a net profit for the Company of Baht 8,264.9 million.

Adjustments to reflect financial lease accounting standard from the old standard for are as follows:

Financial Lease adjustment on net profit (unit: million Baht)	FY2018
Net Profit for the Company (<u>without</u> adjustment of Financial Lease Accounting)	8,264.9
less: Availability Payment	(824.2)
add: Depreciation	340.3
add: Interest earned from Financial Lease	495.3
add: Deferred Tax	(30.1)
add: Others	133.0
Net Profit for the Company (<u>with</u> adjustment of Financial Lease Accounting)	8,379.2

As a result of the foregoing, net profit for the Company with financial lease accounting of the FY2018 was Baht 8,379.2 million, a decrease of 7.7% from Baht 9,075.9 million in FY2017.

7. Normalized Net Profit (NNP)

In FY2018, NNP is net profit for the Company (without financial lease accounting) of Baht 8,264.9 million that is adjusted primarily by (i) deducting net foreign exchange gain of Baht 70.8² million; and (ii) deducting deferred tax income of Baht 71.1³ million. As a result, in FY2018, NNP was Baht 8,147.2 million, decreased by 6.5% from FY2017.

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

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

Consolidated Statements of Financial Position Analysis

The following table breaks down our balance sheet statement which is comprised of assets, liabilities and equity for the periods indicated:

Consolidated Balance Sheet (unit: million Baht)	FY2018	FY2017	% change
Current assets	24,442.3	22,062.0	10.8%
Non-current assets	79,985.8	83,968.9	-4.7%
Total assets	104,428.1	106,030.9	-1.5%
Current liabilities	12,851.3	14,421.7	-10.9%
Non-current liabilities	32,672.4	33,600.6	-2.8%
Total liabilities	45,523.6	48,022.3	-5.2%
Total equity	58,904.4	58,008.6	1.5%
Total liabilities and equity	104,428.1	106,030.9	-1.5%

As of 31 December 2018, Glow Energy Public Company Limited and its subsidiaries had total assets in the amount of THB 104,428.1 million, a decrease of 1.5 per cent or equivalent to THB 1,602.8 million from THB 106,030.9 million in 31 December 2017. The changes in total assets were mainly attributable to the following factors:

- Cash and cash equivalents, which comprised of cash, bank deposits in current accounts and bank deposits in saving accounts, increased by 14.9 per cent or THB 1,305.6 million from THB 8,736.6 million in 2017 to THB 10,042.2 million in 2018. These increases were mainly due to cash generated from operation of THB 13,791.3 million and new long-term loan in the amount of THB 4,000 million, despite the repayment of long-term borrowing and debentures which are accounted for THB 2,247.1 million and THB 4,000 million, respectively and dividend payment of THB 8,524.1 million in 2018.
- Trade and other receivables increased by 10.4 per cent or THB 753.1 million from THB 7,215.1 million in 2017 to THB 7,968.2 million in 2018. These increases were mainly due to an increase in total trade receivables of THB 490.0 million from THB 6,797.3 million in 2017 to THB 7,287.3 million in 2018.
- Property, plant and equipment declined by 4.2 per cent or THB 3,232.7 million from THB 77,127.7 million in 2017 to THB 73,895.0 million in 2018 due to an increase in accumulated depreciation.

Total liabilities accounted for THB 45,523.6 million in 31 December 2018, a decrease of 5.2 per cent or equivalent to THB 2,498.7 million from THB 48,022.3 million in 31 December 2017. The changes in total liabilities were mainly due to:

- Trade and other payables increased to THB 6,297.0 million in 2018, an increase of 2.7 per cent or equivalent to THB 164.7 million from THB 6,132.3 million in 2017 mainly as a result of an increase in

trades payable.

- Long-term borrowings from financial institutions increased to THB 19,753.0 million in 2018, an increase of 9.2 per cent or THB 1,660.3 million from THB 18,092.8 million in 2017 due to new loan of THB 4,000 million despite the scheduled debt repayments of IPP business of THB 2,247.1 million.
- Debentures decreased to THB 15,942.6 million in 2018, a decrease of 20.0 per cent or equivalent THB 3,995.7 million from THB 19,938.3 million in 2017 due to the scheduled repayment of THB 4,000 million.

Total equity totaled THB 58,904.4 million in 31 December 2018, an increase of 1.5 per cent or equivalent to THB 895.8 million from THB 58,008.6 million in 31 December 2017. The increase was mainly due to:

- The profit of the year 2018 in the amount of THB 8,379.2 million.
- The dividend payment during the year 2018 in the amount of THB 8,524.1 million (consisted of full year dividend from results of year 2017 of THB 6,171.8 million (paid in May 2018) and interim dividend of year 2018 of THB 2,352.3 million (paid in July 2018)).
- The increase in non-controlling interests of THB 1,048.0 million.

Consolidated Statements of Cash Flow Analysis

The following table summarizes our cash in and out of the business by activities for the periods indicated:

Consolidated statement of cash flows (unit: million Baht)	FY2018	FY2017	% change
Net cash flow from operating activities	13,791.3	16,738.1	-17.6%
Net cash flow from investing activities	(1,201.1)	(787.0)	-52.6%
Net cash flow from financing activities	(11,281.7)	(14,424.6)	21.8%
Unrealized exchange gain (loss) of cash and cash equivalents	(3.0)	(42.0)	92.9%
Net increase (decrease) in cash and cash equivalents	1,305.5	1,484.5	-12.1%

As of 31 December 2018, Glow Energy Public Company Limited and its subsidiaries recorded cash and cash equivalents of THB 10,042.2 million, an increase of THB 1,305.6 million from THB 8,736.6 million in 31 December 2017. The increase in cash and cash equivalents was driven by net cash flow from operating, investing and financing activities as follows:

- Net positive cash flow provided from operating activities was THB 13,791.3 million in 2018 as a result of profit before income tax expenses of THB 10,973.1 million.

- Net cash flow used in investing activities was THB 1,201.1 million in 2018 which mainly came from cash paid for fixed assets of THB 998.1 million.
- Net cash flow used in financing activities was THB 11,281.7 million in 2018 which mainly came from repayment of the existing loan of THB 2,247.1 million, debentures of THB 4,000 million and dividends paid during 2018 of THB 8,524.1 million despite the receiving cash from the new loan of THB 4,000 million

Capital Management

Glow Group has actively planned and managed its capital with considerations on interests of all capital providers, i.e. lenders, bond holders, and shareholders.

Funding structure of our business is divided as per 2 areas of business as follow:

- IPP business: we utilized Project Finance loan facilities for GHECO-ONE and HHPC. Each of the Project Finance facilities has different lender group, separate and different terms and conditions, and non-recourse to Glow Energy.
- Cogeneration business: we utilized Corporate Finance facilities, including bond and bank loan, for all projects under Cogeneration business. The financing, including utilization of working capital, is currently centralized at Glow Energy. All financing of Cogeneration business is on uncollateralized and pari passu basis.

As of 31 December 2018, our key capital ratios are as follow:

1. Consolidated debt to equity ratio is 0.77 times.
2. Net Debt to EBITDA (earnings before interest, tax, depreciation, and amortization expense) is 1.48 times.
3. Cogeneration debt to equity ratio is 0.45 times.

In each loan documents and bond covenants, extensive and clear financial and non-financial covenants are contained, including rights of lenders and/or bondholders and remedies in case of default.