

TRANSLATION

TTCL PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

1. The operating performance for 3-month period ended Q1 2015

The Company reported its Gross Profit and Net Profit for Q1 2015 at THB 349 million and THB 111 million declined -28% and -54% when compared to the same period in 2014 at THB 486 million and THB 242 million respectively. The weakened result was mainly caused by slow down revenue from power plant business and the financial costs incurred during the period.

The Exchange Difference on Translation Financial Statement was recorded at THB -53 million from Baht appreciation against VND and USD during the period and further decreased the Total Comprehensive Income to THB 58 million. The Profit Attributable to the Owners of the parent was recorded at THB 99 million. Then, the Basic Earnings per Share was calculated at THB 0.18, plunged -53% from last year.

2. Management Discussion and Analysis Report according to consolidated financial statements

	For 3-month Period Ended				
	Q1 2015		Q1 2014		Change
	THB Mln.	%	THB Mln.	%	%
Revenues					
Construction and service revenues (EPC)	4,708.9	97.67%	4,028.6	82.71%	16.89%
Construction revenues from service concession arrangement	56.1	1.16%	772.2	15.85%	(92.73%)
Revenue from operation power plant	56.3	1.17%	70.2	1.44%	(19.90%)
Total Revenues	4,821.3	100.00%	4,871.0	100.00%	(1.02%)
Less Cost of constructions and services (EPC)	(4,397.4)	91.21%	(3,721.0)	76.39%	18.18%
Less Construction costs from service concession arrangement	(45.3)	0.94%	(651.1)	13.37%	(93.04%)
Less Costs of operation power plant	(30.0)	0.62%	(12.9)	0.26%	132.92%
Total Costs	(4,472.7)	92.77%	(4,385.0)	90.02%	2.00%
Gross profit	348.6	7.23%	486.1	9.98%	(28.29%)
Add Other income	46.5	0.96%	44.5	0.91%	4.49%
Less Gain (Loss) on Exchange Rate, net	30.0	0.62%	(98.2)	(2.02%)	130.54%
Less Administrative Expenses	(194.8)	(4.04%)	(201.2)	(4.13%)	(3.20%)
Add Share of Profit/(Loss) of Associate	6.9	0.14%	5.1	0.10%	35.29%
Add Share of Profit/(Loss) of Joint Venture	(9.3)	(0.19%)	(0.4)	(0.01%)	2225.00%
Profit before Financial Costs & Income Tax	227.9	4.73%	235.8	4.84%	(3.37%)
Less Financial Costs	(74.2)	1.54%	(4.0)	(0.08%)	1755.00%
Profit before Income Tax	153.7	3.19%	231.8	4.76%	(33.71%)
Less Income Tax	(42.5)	0.88%	10.8	(0.22%)	(493.52%)
Net Profit for this Period	111.2	2.31%	242.6	4.98%	(54.18%)
Add/(Less) FX Dif. On Translation Fin. Statement	(53.4)	(1.11%)	(54.5)	1.12%	2.02%
Total Comprehensive Income for the Period	57.8	1.20%	188.1	3.86%	(69.29%)
Profit Attributable to:					
Owners of the parent	98.6		211.1		(53.30%)
Non-controlling interests	12.7		31.5		(59.84%)
	111.2		242.6		(54.15%)
Basic earnings per share (THB)	0.18		0.38		(53.30%)

2.1 Analysis of Revenues, Costs and Expenses

2.1.1 Revenues

Despite of declining in Construction revenues from service concession arrangement, the Total Revenue slightly dropped and booked at THB 4.8 billion from the increased revenue in EPC businesses.

- EPC Businesses

The Revenue from EPC Construction and Services increased 17% and maintained the Company's major source of revenues accounting for more than 95% of the total. The Top 4 projects representing more than 70% of the total revenue were domestic power plants construction projects PPTC/SSUT (THB 1.9 billion, 40%), Malaysia's RAPID (THB 0.9 billion, 19%), Qatar's Desalination Plant Project Phase 2 (THB 0.7 billion, 15%). Considering their current backlog status, these projects will continue to be the main sources of EPC revenues in 2015.

- Power Plant Businesses

The Construction Revenue from Service Concession Arrangement dropped as the construction for 120MW CCGT Power Plant Project in Ahlone Township, Yangon, Myanmar (or Ahlone Project) was almost completed. Also the Revenue for Operation of Power Plant was down due to the plant's commissioning during the period and caused the revenue declined at -20% to THB 56 million. As the Combined-Cycle stage was scheduled in Q2 2015, the improvement in Revenue for Operation of Power Plant can be expected for the rest of the year.

2.1.2 Costs & Gross Profit

Total Costs increased 2% and recorded at THB 4.5 billion causing Gross Profit down -28% to THB 349 million.

Gross Profit Margin Comparison

31 Mar. 2015	Revenue	Cost	Gross Profit	Margin %
EPC	4,708.9	(4,397.4)	311.52	6.6%
Service Concession	56.1	(45.3)	10.80	19.3%
Operation of Power Plant	56.3	(30.0)	26.26	46.7%
Total	4,821.3	(4,472.7)	348.58	7.2%

31 Mar. 2014	Revenue	Cost	Gross Profit	Margin %
EPC	4,028.6	(3,721.0)	307.61	7.6%
Service Concession	772.2	(651.1)	121.11	15.7%
Operation of Power Plant	70.2	(12.9)	57.36	81.7%
Total	4,871.0	(4,385.0)	486.08	10.0%

As illustrated by the above table, the Gross Profit from Power Plant-Related businesses dropped significantly compared to the same period last year. Plus, the increased costs in EPC businesses mainly from the Qatar's desalination plant Phase 1 and lean margin of machinery supply for domestic power plants construction PPTC/SSUT continued to impact the Company's performance during the period. As a result, the Company's Gross Profit margin was down to 7% compared to 10% in 2014.

2.1.3 Other income and Gain (Loss) on Exchange Rate

The Other Income grew 5% and mainly generated by overseas subsidiary, TTPMC, whose investment was made into 120MW CCGT Power Plant in the Ahlone Project. Gain (Loss) on exchange rate at the amount THB 30 million was mainly caused by the unrealized gain from supply of machinery transaction against SEK during the period.

2.1.4 Administrative expenses

The Administration Expenses was slightly improved and recorded at THB 195 million or 4% of Total Revenues. The main reason for such improvement came from the reduction in Premium Share Base Payment Expenses which was booked at THB 23 million for dilution of interest in subsidiaries to management and employees last year.

2.1.5 Share of Profit of Associate & Joint Venture

Share of Profit of Associate was improved and booked THB 7 million or 35% increase from last year as a result of the outperformance of 8MW Solar Farm Power Plant in Ang Thong, Thailand. Share of Loss of Joint Venture, in the other hand, was deteriorated to THB -9 million from Orient Bio-Fuels Co., Ltd. (OBF) in Vietnam. The Loss reflected OBF's Net Losses during the period.

2.1.6 Finance Cost and Income Tax

The financial cost for the period surged to THB 74 million reflecting fund raising activities to support the Company's investment in the Ahlone Project and its working capital in EPC businesses. Together with THB 43 million for Income Tax Expenses, the Net Profit for the period was down to 111 million or -54% declined from last year.

3. Analysis of Financial Status

3.1 Analysis of Assets

Figures in THB Million	(in THB' million)		Increase/(Decrease)	% Change
	31 Mar. 2015	31 Dec. 2014		
Current assets	14,843.85	15,677.35	(833.5)	(5.32%)
Non-current assets	6,978.51	6,958.15	20.4	0.29%
Total assets	21,822.36	22,635.50	(813.1)	(3.59%)

For the period ended Q1 2015, Total Assets decreased 4% and recorded at THB 21.8 billion from the end of 2014. Cause of changes was mainly from the movement in Current Assets items reflecting EPC businesses activities during the period.

Total Current Assets was THB 14.8 billion, plunged THB –833 million. The main reason for the reduction was from the construction progresses in 5 domestic power plant projects, PPTC/SSUT and IRPC, the Company has achieved during the period. This reflected in the decline in Unbilled Contract Revenue (THB -720 million) and Advance payments to sub-contractors (THB -944 million). During the year ended 2014 to Q1 2015, the Company has signed new contracts in Malaysia and Qatar, the combined value of these 2 projects reaching almost USD 700 million. Preliminary works have been performed and caused the rises in Trade Account Receivable (THB 541 million) and Construction in Progress (THB 559 million).

The Company booked its Total Non-current Assets at THB 7 billion and almost stable from the last period. The majority of Total Non-current Assets is Financial assets under concession arrangement accounting for 75% of the total which is actually the Ahlone Project’s power plant. The project was completed more than 95% at the year ended 2014 and scheduled for completion in Q2 2015. No significant change is expected for the rest of the year.

3.2 Analysis of Liabilities and Shareholders’ Equity

Figures in THB Million	31-Mar-15	31-Dec-14	Increase/(Decrease)	% Change
Current Liabilities	10,894.57	11,632.64	(738.1)	(6.34%)
Non-Current Liabilities	4,471.11	4,604.06	(133.0)	(2.89%)
Total Liabilities	15,365.68	16,236.70	(871.0)	(5.36%)
Shareholders’ equity	6,456.68	6,398.80	57.9	0.90%
Total Liabilities and shareholders’ equity	21,822.36	22,635.50	(813.1)	(3.59%)

Significant changes in Liabilities and Shareholders’ equity were as followed:-

Total Liabilities decreased by -5.4% mostly from change in Current Liabilities in 2 items, i) Short-term loan from financial institutions increased by THB 955 million to THB 4.1 billion mainly to support working capital requirement during the period and ii) Advances received from customers under construction contracts – third parties was decreased by THB -1.7 billion to THB 1.1 billion, as there has been a significant progress in the construction of PPTC/SSUT power plants projects.

Non-current Liabilities was THB 4.5 billion, mildly decreased at THB -133 million or -3% from previous period as the Long-term Loan from Financial Institution which would become due within 1-year was shifted into the Current Liabilities.

Shareholders’ equity increased by 0.9% from the Total comprehensive income for the period at THB 57.9 million.

4. Major Financial Ratios

Ratio	31 Mar. 2015	31 Dec. 2014	Favorable/Unfavorable
4.1. Gross profit margin	7.23%	9.98%	Unfavorable
4.2. Net profit margin	2.31%	4.98%	Unfavorable
4.3. Current ratio	1.36	1.35	Favorable
4.4. Debt/ Equity ratio	2.38	2.54	Favorable
4.5. Interest-Bearing Debt/ Equity ratio	1.29	1.16	Unfavorable
4.6. Times Interest Earned ratio	3.07	58.96	Unfavorable
4.7. Net Book Value	11.53	13.33	Unfavorable
4.8. Return on total assets	0.51%	1.07%	Unfavorable
4.9. Return on equity	1.72%	3.79%	Unfavorable
4.10. Earnings per share	0.18	0.38	Unfavorable

5. Analysis of Cash Flows

Figures in THB Million	31 Mar 2015	31 Mar 2014
Net cash (used in) generated from operating activities	(1,892.85)	(743.10)
Net cash generated from (used in) investing activities	42.51	32.20
Net cash generated from financing activities	962.48	523.83
Net increase (decrease) in cash and cash equivalents	(887.87)	(187.07)
Beginning balance	1,611.31	2,387.67
Exchange rate gains/(loss) on cash and cash equivalents	(9.10)	(9.90)
Ending Balance	714.34	2,190.70

At the end of 31 Mar. 2015, the ending balance of Cash and cash equivalents was THB 714 million decreased THB -1,476 million from the end 31 Mar. 2014. Such change was caused by a combination of the Net cash used in generated from operating activities, THB -1,893 million and the Net cash generated from investing activities, THB 43 million, and Net cash generated from financing activities, THB 963 million, all of which are detailed in the following explanations.

5.1 Net cash used in operating activities, THB -1,893 million. The significant changes came from:-

- + Cash flows before changes in operating assets and liabilities THB 91 million
- + Change in Advance payments to sub-contractors THB 956 million
- + Change in Unbilled Contract Revenue THB 706 million
- Change in Advance received from Customers THB -1,636 million
- Change in Trade Accounts Receivable THB -1,160 million
- Change in Construction in progress THB -563 million

5.2 Net cash generated from investing activities, THB 43 million. The significant changes came from:-

- + Proceeds from disposals of property, plant and equipment THB 41 million
- + Cash receipts from interest income THB 40 million
- Payment for investment in joint venture THB -32 million

5.3 Net cash generated from financing activities, THB 963 million. The significant changes came from:-

- + Cash receipts from short-term loan from financial institutions THB 4,624 million
- Cash payment to loan to financial institutions THB -3,662 million

5.4 Exchange rate loss on cash and cash equivalents THB -9 million