

TRANSLATION

TTCL PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS (Revised)

1. The Operating Performance for the Period Ended Q2 Year 2017

The Company's Gross Profit dropped by half at -40% and booked at THB 439 million mainly caused by the declining in backlog value and the delay construction in Lao's Rock Salt Processing Project. The Net Profit was further down -60% to THB 88 million caused by the rise in Administrative Expenses, roughly THB 90 million or 24% compared to the same period last year, reflecting the Company's efforts in bidding new potential construction projects and implementation of power plant business plan.

The Foreign Exchange Difference on Translation Financial Statement was recorded at THB -250 million caused by USD weakened during the period affecting the Company's foreign currency deposit received from the construction project in Qatar, THB -80 million and equity investment in foreign subsidiaries, mainly TTPHD Group in Singapore, THB -187 million. Therefore, the Comprehensive Income for the Period was further down to THB -162 million. The above Net Profit, THB 88 million, was attributed to the Company at THB 62 million and the Basic Earnings per share were calculated at THB 0.11 per share.

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

	For the Period Ended				Change
	30 Jun. 2017		30 Jun. 2016		
	THB Mln.	%	THB Mln.	%	%
Revenues					
Construction and service revenues (EPC)	5,910.4	94.56%	10,548.4	98.22%	(43.97%)
Revenue from operation power plant	340.0	5.44%	191.3	1.78%	77.74%
Total Revenues	6,250.4	100.00%	10,739.7	100.00%	(41.80%)
Less Cost of constructions and services (EPC)	(5,472.7)	87.56%	(9,889.6)	92.08%	(44.66%)
Less Costs of operation power plant	(338.6)	5.42%	(116.9)	1.09%	189.75%
Total Costs	(5,811.3)	92.97%	(10,006.4)	93.17%	(41.92%)
Gross profit	439.1	7.03%	733.3	6.83%	(40.12%)
Add Other income	312.8	5.00%	102.3	0.95%	205.83%
Less Gain (Loss) on Exchange Rate, net	11.1	0.18%	40.5	0.38%	(72.64%)
Less Administrative Expenses	(473.6)	(7.58%)	(382.0)	(3.56%)	23.98%
Add Share of Profit/(Loss) of Associate	12.1	0.19%	9.2	0.09%	32.68%
Add Share of Profit/(Loss) of joint venture	0.4	0.01%	0.6	0.01%	(28.33%)
Profit before Financial Costs & Income Tax	302.0	4.83%	503.8	4.69%	(40.07%)
Less Financial Costs	(210.9)	3.37%	(214.4)	(2.00%)	(1.66%)
Profit before Income Tax	91.1	1.46%	289.4	2.69%	(68.52%)
Less Income Tax	(2.8)	0.05%	(63.3)	0.59%	(95.51%)
Net Profit for this Period	88.2	1.41%	226.1	2.11%	(60.97%)
Add/(Less) FX Translation on Financial Statements and Others	(250.6)	(4.01%)	(185.7)	1.73%	34.92%
Total Comprehensive Income for the Period	(162.3)	(2.60%)	40.4	0.38%	(501.76%)
Profit Attributable to:					
Owners of the parent	62.0		235.4		(73.66%)
Non-controlling interests	26.2		(9.3)		381.44%
	88.2		226.1		(60.98%)
Basic earnings per share (THB)	0.11		0.42		(73.66%)

2.1 Analysis of Revenues, Costs and Expenses

2.1.1 Revenues

Total Revenues fall -42% and recorded at THB 6.3 billion.

Revenues	30 Jun. 2017	30 Jun. 2016	% Change
Construction and service revenues (EPC)	5,910.4	10,548.4	(43.97%)
Revenue from operation power plant	340.0	191.3	77.74%
Total Revenues	6,250.4	10,739.7	(41.80%)

- EPC Businesses

The Revenue from EPC Construction and Services was down to THB 5.9 billion or declined -44% from last year.

The Top-3 projects account for more than 80% of the total including:

#	Project	Amount Million THB	% of EPC Revenues	% Progress of Contract
1	Malaysia's Utility for SCC in RAPID Project	2,620.54	44.34%	83%
2	PTTGC's LLDPE Expansion and Hexene-1 Project	1,374.53	23.26%	87%
3	Laos's Rock Salt Exploitation & Processing Plant Project	801.98	13.57%	44%
	Subtotal	4,797.05	81.17%	
4	Others	1,113.32	18.83%	
	Grand Total	5,910.37	100.00%	

- Power Plant Businesses

Revenue from Operation of Power Plant increased 78% to THB 340 million as the plant was recovered and resumed its normal operation in the 2nd Quarter.

2.1.2 Costs & Gross Profit

Gross Profit Margin Comparison

30 Jun. 2017	Revenue	Cost	Gross Profit	Margin %
EPC Construction	5,910.4	(5,472.7)	437.68	7.41%
Operation of Power Plant	340.0	(338.6)	1.43	0.42%
Total	6,250.4	(5,811.3)	439.11	7.03%

30 Jun. 2016	Revenue	Cost	Gross Profit	Margin %
EPC Construction	10,548.4	(9,889.6)	658.82	6.25%
Operation of Power Plant	191.3	(116.9)	74.45	38.92%
Total	10,739.7	(10,006.4)	733.27	6.83%

Gross Profit Margin was slightly improved from 6.80% to 7.03% mainly caused by the higher margin in EPC Construction. The margin from Operation of Power Plant businesses, 0.42%, was much lower than that of in 2016, 38.9%. This was due to the repairing and replacement costs incurred in the 1st Quarter and the normal operation was just resumed in operation again in the 2nd Quarter.

2.1.3 Other income and Gain (Loss) on Exchange Rate

The Other Income was tripled and recorded at THB 313 million. The majority of the Other Income came from TTPMC for insurance claims and interest income at THB 204 million and THB 63 million respectively.

The Company also recorded Gain on Exchange Rate at THB 11 million from overseas subsidiaries mainly TTCL Malaysia and Singapore resulting from weakened USD during the period.

2.1.4 Administrative expenses

The Administration Expenses increased 24% to THB 474 million mainly caused by the bidding proposal expenses for new potential projects and the implementation costs of power plant business plan.

2.1.5 Share of Profit of Associate and Joint Venture

Share of Profit of Associate and Joint Venture were slightly changed which came from investment in Siam Solar Power Co., Ltd. (SSP), the owner of 8MW Solar Farm Power Plant in Ang Thong, at THB 12.1 million and Siam GNE Solar Energy Co., Ltd., the owner of 0.7MW Solar Roof-Top in Rayong, at THB 0.4 million.

2.1.6 Finance Cost and Income Tax

The financial cost for the period slightly dropped to THB -211 million and Income Tax Expenses significantly declined to THB -3 million. As a result, the Company recorded the Net Profit for the period at THB 88 million or -60% lower than last year.

3. Analysis of Financial Status

3.1 Analysis of Assets

Figures in THB Million	30-Jun-17	31-Dec-16	Increase/(Decrease)	% Change
Current assets	16,844.89	17,298.00	(453.11)	(-2.62%)
Non-current assets	8,201.60	8,514.10	(312.50)	(-3.67%)
Total assets	25,046.49	25,812.10	(765.61)	(-2.97%)

As of 30 Jun 2017, Total Assets was THB 25,046 million, decreased by -2.97 %, or THB -765 million compared to the end of year 2016. Mainly due to the changes in following items:

1. Total Current Assets went down THB -453 million or -2.6% which resulted from:
 - Cash & Cash Equivalent rose amount THB 517 million from progress of Malaysia's Utility for SCC in RAPID Project.
 - Trade Accounts Receivable dropped THB -2,252 million consist of Related Party amounting THB -1,398 million and Third Party THB -853 million which came from Malaysia's Utility for SCC in RAPID Project and Domestic Petrochemical Plants Project respectively.
 - Unbilled Contract Revenue – Third Parties increased THB 598 million. The rise primarily driven by two projects: Qatar's Desalination Project and Laos's Rock Salt Exploitation and Processing Plant Project, amounting THB -241 million and THB 795 million respectively.
 - Construction in Progress – Third Parties grew THB 459 resulted by Domestic Petrochemical Plants.
2. Total Non-current Assets decreased -3.7% or by THB -312 million. The main reason for decreasing came from Loan to Related Party of THB -405 million, Financial asset under concession arrangement due over one year of THB -357 million which was amortized over Ahlone Power Plant

Project in Myanmar in accordance with its concession life and Property, Plant and Equipment of THB 264 million came from Togo Mega Solar Project in Japan.

3.2 Analysis of Liabilities and Shareholders' Equity

Figures in THB Million	30-Jun-17	31-Dec-16	Increase/(Decrease)	% Change
Current Liabilities	12,193.62	13,190.26	(996.64)	(-7.56%)
Non-Current Liabilities	7,522.30	6,280.97	1,241.29	19.76%
Total Liabilities	19,715.88	19,471.23	244.65	1.26%
Shareholders' equity	5,330.61	6,340.87	(1,010.26)	(-15.93%)
Total Liabilities and shareholders' equity	25,046.49	25,812.10	(765.61)	(-2.97%)

For the period ended Q2 2017, Total Liabilities and Shareholder's Equity dropped -3% and recorded at THB 25,046 million. The significant changes were contributed by the increase of Total Liabilities THB 245 million and the decrease of Shareholders Equity THB – 1,010 million.

Total Liabilities rose by THB 245 million, or 1.3%, which was caused by the change in Current Liabilities and Non-Current Liabilities, amounting THB -997 million and THB 1,241 million.

The major movement of Current Liabilities was:

- The Short-Term Loan from Financial Institution decreased THB -531 million.
- Trade Account Payable – Third Parties dropped THB -921 million from Domestic Petrochemical Plant Projects, Qatar's Desalination Plant Project and Malaysia's Utility for SCC in RAPID Project.
- Debentures due within one year amounting THB 1,423 million which were 3-Year Debenture including TTCL184A and TTCL185A issued in 2015 and will be matured on 29 April 2018 and 14 May 2018 respectively.
- Increasing of Accrued Construction Cost amounting THB 376 million, which mainly from Laos's Rock Salt Exploitation and Processing Plant Project and Togo Mega Solar Project and Malaysia's Utility for SCC in RAPID Project.
- Advances Received from Customer under Construction Contracts – Third Parties decreased THB-112 million came from PTTGC's LLDPE Expansion and Hexene-1 Project.

Total Non-current Liabilities increased THB 1,241 million mainly from the Company issued 3 and 5 years debentures amounting THB 2.0 billion during period and also the repayment in the Long-Term Loan from Financial Institution in accordance with the Loan Agreement for Ahlone's Project Financing decreased amounting THB -328 million

Shareholder's equity declined by -16% or THB -1,010 million. The Shareholders' Equity Opening Balance as at the beginning of the year was THB 6.34 billion. During the period, dividend paid out to shareholders at THB -123

million, total comprehensive income for the period at THB -162 million and adjustment caused by change in investment proportion in Singapore subsidiary, TTPHD, has caused the negative effect at THB -725 million. As a result, the closing balance of Shareholders' Equity as the end of 30 Jun 2017 was THB 5.3 billion.

4. Major Financial Ratios

4.1. Profitability Ratios	30-Jun-17	30-Jun-16	Favorable/Unfavorable
4.1.1. Gross profit margin	7.03%	6.83%	Favorable
4.1.2. Net profit margin	1.41%	2.11%	Unfavorable
4.1.3. Times Interest Earned ratio	1.43	2.35	Unfavorable
4.1.4. Earnings per share	0.11	0.42	Unfavorable

4.2. Leverage Ratios	30-Jun-17	31-Dec-16	Favorable/Unfavorable
4.2.1. Current ratio	1.38	1.31	Neutral
4.2.2. Debt/ Equity ratio	3.70	3.07	Unfavorable

4.3. Shareholders Value Ratios	30-Jun-17	31-Dec-16	Favorable/Unfavorable
4.3.1. Net Book Value	9.52	11.32	Unfavorable
4.3.2. Return on total assets	0.35%	0.88%	Unfavorable
4.3.3. Return on equity	1.65%	3.57%	Unfavorable

5. Analysis of Cash Flows

Figures in THB Million	30-Jun-17	30-Jun-16
Net cash generated from (used in) operating activities	24.91	1,881.67
Net cash generated from (used in) investing activities	(646.16)	(46.87)
Net cash receipts from (used in) financing activities	1,138.52	(743.47)
Net increase (decrease) in cash and cash equivalents	517.27	1,091.33
Beginning balance	2,208.35	1,571.60
Exchange gain/(loss) from transaction of cash and cash equivalents	0.36	(32.25)
Ending Balance	2,725.98	2,630.68

During the 1st half of 2017, Net cash and cash equivalents were THB 517 million. The major of change was component by Net cash generated from operating activities THB 24.9 million, Net cash used in investing activities THB -646 million, and Net cash receipts from financing activities THB 1,138 million. As a resulted, the ending balance of cash and cash equivalents rose and recorded in THB 2,726 million or increased THB 95 million from the same period in 2016.

5.1 Net cash generated from operating activities recorded at THB 24.9 million, dropped THB -1.8 billion YoY. The significant changes were:

- + Earning before Income Tax THB 91 million
- + Chang in Trade Accounts Receivable THB 1,915 million
- + Chang in Financial assets under concession arrangement THB 390 million
- Chang in Unbilled Contract Revenue THB -564 million

- Change in Construction in progress THB -474 million
- Change in Trade Account Payable THB -782 million
- Change in Advance receive from customers under construction contracts THB – 183 million

5.2 Net cash used in investing activities recorded at THB -646 million, or decreased THB -599 million

YoY. The significant changes were:

- Cash pay for investments in non-controlling interests THB -724 million
- + Cash receipts from interest income THB 104 million

5.3 Net cash receipts from financing activities recorded at THB 1,138 million, up THB 395 million

YoY. The significant changes were:

- Cash payment to short-term loan from financial institutions THB -533 million.
- + Cash receipts from issuing debentures THB 2.0 billion.

5.4 Exchange loss from translation of cash and cash equivalents THB 0.36 million.