11 August 2017

Re: Management’s Discussion and Analysis of the consolidated financial statements for the second quarter ended 30 June 2017

Attention: President

The Stock Exchange of Thailand

Attachment: 2 sets of consolidated financial statements for the second quarter ended 30 June 2017

Banpu Power Public Company Limited (“the company”) hereby submits 2 sets of consolidated financial statements for the second quarter ended 30 June 2017 which were reviewed by auditors to the Stock Exchange of Thailand and accordingly to the general public.

The company’s management would like to explain its performance for the three months ended 30 June 2017 in comparison with the three months ended 30 June 2016 and its statement of financial position as of 30 June 2017 compared with the statement of financial position as of 31 December 2016. The analysis topics are as follows:

1. Company performance analysis
2. Consolidated statement of financial position
3. Consolidated statement of cash flows
4. Management Discussion & Analysis
1. Company Performance Analysis

The analysis and explanation of company performance for the second quarter ended 30 June 2017 and 2016 is as follows:

Consolidated statements of income for the three months ended 30 June 2017 and 2016

<table>
<thead>
<tr>
<th>Consolidated financial performance</th>
<th>2Q17</th>
<th>2Q16</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Unit: Million Baht)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1,282</td>
<td>1,078</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(1,038)</td>
<td>(733)</td>
</tr>
<tr>
<td>Gross margin</td>
<td>244</td>
<td>345</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(253)</td>
<td>(220)</td>
</tr>
<tr>
<td>Share of profit from joint ventures</td>
<td>1,781</td>
<td>1,101</td>
</tr>
<tr>
<td>Other income</td>
<td>149</td>
<td>262</td>
</tr>
<tr>
<td>Financial costs</td>
<td>(23)</td>
<td>(115)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>1,898</td>
<td>1,373</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(44)</td>
<td>-</td>
</tr>
<tr>
<td>Net profit for the period</td>
<td>1,854</td>
<td>1,373</td>
</tr>
<tr>
<td>Owners of the parent</td>
<td>1,837</td>
<td>1,335</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>17</td>
<td>38</td>
</tr>
<tr>
<td>Basic Earnings per share(Unit: Baht)</td>
<td>0.603</td>
<td>0.557</td>
</tr>
</tbody>
</table>

1.1 Sales, Costs and Gross Margin

Sales represented electricity, steam and others sales of 3 CHP (Combined Heat and Power) plants and solar power plants in China. Detail is per below table:

<table>
<thead>
<tr>
<th></th>
<th>Power Sold (GWh)</th>
<th>Steam &amp; Others Sold (Million Tons)</th>
<th>Average Coal cost (RMB/Ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zhending CHP</td>
<td>93.11</td>
<td>0.15</td>
<td>486.14</td>
</tr>
<tr>
<td>Luannan CHP</td>
<td>93.46</td>
<td>0.14</td>
<td>549.01</td>
</tr>
<tr>
<td>Zouping CHP</td>
<td>138.82</td>
<td>0.76</td>
<td>645.19</td>
</tr>
<tr>
<td>Solar Power Plants</td>
<td>46.17</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

100% Basis
<table>
<thead>
<tr>
<th></th>
<th>Power tariff (RMB/kWh)</th>
<th>Steam &amp; Others price (RMB/Ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zhending CHP</td>
<td>0.33</td>
<td>0.32</td>
</tr>
<tr>
<td>Luannan CHP</td>
<td>0.39</td>
<td>0.39</td>
</tr>
<tr>
<td>Zouping CHP</td>
<td>0.38</td>
<td>0.37</td>
</tr>
</tbody>
</table>

Sales reported at THB 1,282 million, an increase of THB 204 million or 19% compared to last year, was an increase of sales from CHP plants of THB 8.4 million and addition sales from Solar power plant in China of 195.63 million whereas none from solar power plants in 2Q16, offset with an impact of foreign exchange from a depreciation of RMB currency against THB currency.

Power and Steam sale volumes increased by 0.04 GWh and 0.02 million tons, respectively together with an increase of average power tariff and steam price. Average power tariff was RMB 0.37 per kWh (2016: RMB 0.36 per kWh), increased by RMB 0.01 per kWh or 0.01% and steam price was RMB 90.01 per ton (2016: RMB 85.10 per ton), increased by RMB 4.91 per ton or 6%. The higher price is the effects from the higher of coal price which is the main fuel source of power plants. However, there was an impact from a depreciation of RMB currency against THB currency, average RMB:THB this quarter was at 5.01 (2Q16: 5.36), which had less revenue amount when convert RMB revenue to THB currency.

Average coal cost was RMB 576 per ton (2016: RMB 337 per ton), or 71% increase compared to last year. Coal cost has been continuously increased since 4Q16.

Gross margin was 19% (2016: 32%). 13% decreased from last year was mainly due to the higher coal cost which was a main fuel of our CHP plants as above mentioned.

1.2 Administrative expenses reported at THB 253 million, an increase of THB 33 million or 15% compared to 2Q16 was mainly from the following reasons;

1.2.1 Staff related costs increased by THB 9 million relating to 3 CHP plants in China and Bangkok office increased by THB 3 million and THB 1 million, respectively compared to last year according to the group business growth. Also an increase of staff related costs of solar power plants in China and Japan by THB 5 million due to solar business expansion of the Group.

1.2.2 An increase of THB 15 million of professionals fee which relating to solar power plants in China and Japan by THB 10 million and an increase of traveling expense by THB 5 million.
1.2.3 An additional expense of THB 6 million recognized according to a share based payment program, BPP-ESOP which was approved and offered on 3 April 2017. Such expense was considered as staff related costs and director remuneration.

1.3 Share of profit from joint ventures reported at THB 1,781 million consisted of profit sharing from BLCP of THB 732 million, Hongsa power plant & PhuFai mining of THB 1,066 million, and loss sharing from a power plant in China which is under construction of THB 16 million and others of THB 1 million.

An increase of share of profit from joint ventures THB 680 million or 62% compared to 2Q16 was from an increase from Hongsa and PhuFai of THB 581 million, BLCP of THB 40 million and solar business in Japan and a power plant in China of THB 59 million.

1.4 Other income of THB 149 million was comprised of

1.4.1 Interest income of THB 14 million
1.4.2 Profit distribution received of THB 14 million from solar project in Japan in form of TK (TOKUMEI KUMIAI) agreements.
1.4.3 Management fee income of THB 49 million, mainly was fee charged to related companies and joint ventures.
1.4.4 Pipeline connecting fee of THB 47 million from power plant that will be charged to new steam customers in China.
1.4.5 Other income of THB 25 million consisted of government subsidy, ash & slag sales from CHP plants in China of THB 14 million and THB 8 million, respectively and other income of THB 3 million.

1.5 Interest expenses of THB 23 million, a decrease of THB 92 million was mainly from fully repayment of loan from parent company since 4Q16.

1.6 Corporate income tax of THB 44 million, increased by THB 44 million compared to last year which consists of;

1.6.1 A decrease of THB 71 million from a lower of operating profit before profit sharing from joint ventures.

1.6.2 An increase of THB 120 million was from recognition of income tax credit on deferred tax asset arising from an estimation of tax benefit utilization plan on tax loss carried forward not later than 5 years.

1.6.3 A decrease from others of THB 5 million.
1.7 Net profit for the second quarter ended 30 June 2017 reported at THB 1,837 million, increased from the same quarter of prior year by THB 502 million.

Basic Earnings per share reported at THB 0.603 per share, (2016: THB 0.557 per share)

2. Statements of Consolidated Financial Position as of 30 June 2017 in comparison with Statements of Consolidated Financial Position as of 31 December 2016

2.1 Total assets of THB 46,084 million, an increase of THB 3,121 million compared to total assets as of 31 December 2016 with details were mainly described as follows:

- Cash and cash equivalents of THB 692 million, a decrease by THB 461 million or 40% (See explanation in # 4 Consolidated Statement of Cash Flow)

- Short-term investments represent deposits at financial institutions of subsidiaries in China of THB 25 million, decreased by THB 305 million was due to more investments for solar projects in China.

- Current and non-current portions of dividend receivables from related parties of THB 7,847 million were receivables from a domestic power business joint venture, decreased by THB 200 million which was net result of received dividend and additional declared dividend during the period by THB 840 million and THB 640 million, respectively.

- Short-term loans to related party were loans to a joint venture that invested in solar development projects in Japan. A decrease of THB 238 million was net result of additional loan during the period by THB 169 million, repayment of loan by THB 28 million, a conversion loan to be joint venture’s equity and advance payment of THB 289 million and THB 94 million, respectively, including a gain from foreign exchange translation of THB 4 million. There was nil balance reported at the end of this quarter.

- Short-term loan to other companies of THB 282 million consisted of THB loan and RMB loan, decreased by THB 388 million was from a net result of an addition loan of THB 311 million and the reclassification to be loan to subsidiaries as a result from a completion of ownership transfer of 2 Solar power projects in China during this quarter by THB 680 million. Offsetting with a loan repayment during the period of THB 23 million and a gain on foreign exchange translation of THB 4 million.
Investment in joint ventures of THB 19,160 million, increased by THB 1,891 million or 11% from additional investment in solar project in Japan of THB 289 million and net of profit sharing from joint venture and dividend received by THB 1,924 million including loss from foreign exchange translation of THB 322 million.

Other investments of THB 1,982 million, increased by THB 904 million or 84% represent investments in solar power plants in Japan in form of TK (TOKUMEI KUMIAI) agreements. An increase of THB 935 million was mainly from new solar project netting with unrealized loss from foreign exchange translation of THB 31 million.

Net property plant and equipment of THB 11,504 million, an increase of THB 3,061 million or 36% was mainly from the new acquisition of 2 solar power plants in China of THB 1,884 million and addition of machinery and equipment of CHP plants in China of THB 1,852 million; netting with disposal and transfer of THB 197 million, depreciation expenses for the period of THB 219 million and loss from foreign exchange translation of THB 259 million.

Other non-current assets of THB 1,150 million, a decrease of THB 550 million or 32% was mainly from net result of a reclassification of advance payment for project development of solar project in Japan of THB 916 million to other investments and also reclassification of advance to contractor of THB 79 million to loan to other company according to a termination of share purchase agreement of Thai Solar Consultant Co., Ltd and disposed back to seller. While there were some increments in land use right of THB 130 million from expansion phase of a CHP plant in China, Right to operate and accrued subsidy income of THB 93 million and THB 233 million, respectively as a result of more investments in solar power plants in China which already commenced their operations during this year and other reduction of THB 11 million.

2.2 Total liabilities of THB 6,683 million, increased by THB 1,501 million compared to total liabilities as of 31 December 2016 with details were mainly described as follows:

- Short-term loans from financial institutions of THB 1,240 million, decrease of THB 1,195 million was from repayment of loan during the period.
Current portion and non-current portion of long-term loans from financial institutions of THB 68 million and THB 2,571 million, respectively with totaling THB 2,639 million, an increase of THB 2,478 million, was from addition of loan THB 2,507 million (include financial cost), repayment THB 17 million and unrealized gain on foreign exchange translation at the end of quarter THB 12 million.

Other current liabilities of THB 1,905 million, an increase of THB 26 million was mainly net impact from more assets purchased for solar power plants in China and a decrease of advance received from steam residential customers of CHP plants in China. Residential customers have to request and pay money for steam before winter time and this balance will be amortized according to steam usage during winter time.

2.3 Shareholders' equity of THB 39,500 million, a net increase of THB 1,619 million compared to shareholders' equity as of 31 December 2016 was due to;

- An increase of THB 2,883 million from net profit for 6 months.
- An increase of THB 14 million from reserve for share based payment.
- An increase of THB 73 million from changes in fair value of hedged financial instruments
- An increase of THB 16 million from non-controlling interests.
- A decrease of THB 606 million from loss on foreign exchange translation of subsidiaries' financial statements.
- A decrease of THB 761 million from dividend payment

3. Statements of Consolidated Cash Flows for the six months ended 30 June 2017

Statement of consolidated cash flow for the six months ended 30 June 2017 recorded a decrease of net cash flow by THB 461 million (included the effect from exchange rate translation loss of THB 8 million) from 31 December 2016. The consolidated cash flows are divided into:

3.1 Net cash outflow from operation activities of THB 117 million with major operating items as follows;

- Collection from sales of power and steam of THB 3,203 million
- Payment to contractors and suppliers of THB 2,677 million
- Payment of interest expense of THB 24 million
- Payment of corporate income tax of THB 197 million
- Others of THB 404 million
3.2 Net cash outflow from investing activities of THB 941 million with major items as follows:

- Payment for machine, equipment and project in progress of THB 1,496 million
- Payment for investments in Solar project in Japan and China of THB 35 million
- Payment for loan to related companies and others of THB 703 million
- Dividend received from joint venture and others of THB 854 million
- Receiving from short-term investment of THB 305 million
- Receiving from loan to related companies of THB 122 million
- Receiving from interest income and others of THB 12 million

3.3 Net cash inflow from financing activities of THB 605 million comprised of:

- Proceeds from loans from banks of THB 5,285 million
- Repayment of short-term loans and long-term loans of THB 3,956 million
- Payment for financial charge of THB 21 million
- Cash receipts from the exercise of BPP-W and BPP-ESOP of THB 59 million
- Dividend payment of THB 761 million

4. Management Discussion and Analysis

The company financial result of 2Q17 reflects the significant improvement in operational stability of Hongsa power plant, while the 5 solar power plants in China of total 141.8 MW have achieved Commercial Operation date (COD), resulting in the total company's operating capacity of 2,057 MW on equity basis. The company continued to develop the committed projects to achieve the COD as planned as well as seeking more opportunity to fulfill the long term target.

The reported net profit for this quarter was THB 1,837 million increased by 38% compared to the net profit of THB 1,335 million last year and an increase of 76% compared to THB 1,046 million previous quarter. The major improvement of Hongsa power plant operation is the main contribution to this achievement.

The reported total revenue of THB 1,282 million consists of revenue from CHP plants of THB 1,086 million and additional revenue from our 5 solar power plants in China of THB 196 million, which increased by 19% compared to THB 1,078 million last year. This is due to slightly increase in power and steam sold, as well as an adjustment in tariff of power and steam since the beginning of 2017. The gross profit was affected by the continued rising in China PRC coal price at an average of 576 RMB/ton compared to 337 RMB/ton last year or an increase of 71% where the tariff slightly adjusted, resulting in the company’s gross profit margin of 19% which is 13% lower compared to last year of 32%.
The share of profit from joint ventures for this quarter was THB 1,781 million, a significant increase of 151% compared to THB 709 million in previous quarter and increase of 62% compared to THB 1,101 million last year. BLCP continue to report a strong and consistent contribution of THB 732 million (included translation exchange loss of THB 55 million) or an increase of 32% compare to THB 553 million previous quarter and slightly increase by 6% compare to last year of THB 692 million. Hongsa reported equity income of THB 1,066 million (included translation exchange loss of THB 38 million), reflecting significant improvement in operational stability and the full 100% dispatch rate showing the plant operational competitiveness. Excluding the translation exchange loss, equity income from operation was THB 1,104 million or 93% increase from operational result of THB 570 million last quarter and an increase of 113% compare to THB 518 million last year.

The reported EBITDA of this quarter was THB 2,042 million compared to THB 1,492 million, an increase of THB 550 million or 37%.

Please be informed accordingly,
Sincerely yours

Voravudhi Linananda
Chief Executive Officer

Mr. Banchob Kitchpanich
Tel. 66(0) 2007 6012