Management Discussion and Analysis 2015

Financial Performance

Unit: THB million

Revenue from sales and services Cost of sales and services Cost of sales and services Cost of sales and services Cots of sales and sales, and sal	Line items	31 December		Increase (Decrease)	
Cost of sales and services Gross Profit 9.3 (34.3) 43.7 (127.4%) Other income 40.2 8.1 32.1 396.3% Administrative expenses (88.0) (88.9) (2.1) 2.4% Finance cost (88.0) (88.9) (2.1) 2.4% Share of profit from investments in jointly controlled entities Profit (loss) before income tax expense Fax income (3.7) 12.8 (16.5) (128.9%) Normal Operating Income Extraordinary items (3.7) 12.8 (16.5) (128.9%) Other comprehensive income: Items that will be reclassified subsequently to profit or loss Currency translation differences Actuarial gains Currency translation differences Actuarial gains For of the parent Owner of the parent Owner of the parent Non-controlling interest Comprehensive income (expense) attributable to: Owners of the parent Non-controlling interest Comprehensive income (expense) attributable to: Owners of the parent Non-controlling interest Comprehensive income (expense) attributable to: Owners of the parent Non-controlling interest Comprehensive income (expense) attributable to: Owners of the parent Non-controlling interest Comprehensive income (expense) attributable to: Owners of the parent Non-controlling interest Comprehensive income (expense) attributable to: Owners of the parent Non-controlling interest Comprehensive income (expense) attributable to: Owners of the parent Non-controlling interest Comprehensive income (expense) attributable to: Owners of the parent Non-controlling interest Comprehensive income (expense) attributable to: Owners of the parent Non-controlling interests Comprehensive income Comprehens		2015	2014	Amount	Percentage
9.3 (34.3) 43.7 (127.4%)	Revenue from sales and services	128.9	53.9	75.0	139.1%
Administrative expenses 40.2 8.1 32.1 396.3%	Cost of sales and services	(119.5)	(88.2)	(31.3)	35.5%
Administrative expenses Finance cost Finance cost Finance cost Finance cost Finance cost For profit from investments in jointly controlled entities Frofit (loss) before income tax expense For income Frofit (loss) before income tax expense Finance Finance Finance For profit from investments in jointly controlled entities Frofit (loss) before income tax expense Finance Fina	Gross Profit	9.3	(34.3)	43.7	(127.4%)
Comprehensive income (expense) Final parent F	Other income	40.2	8.1	32.1	396.3%
Share of profit from investments in jointly controlled entities 596.6 510.0 86.6 17.0%	Administrative expenses	(88.0)	(85.9)	(2.1)	2.4%
Sample S	Finance cost	(27.8)	(29.3)	1.5	(5.1%)
Tax income (3.7) 12.8 (16.5) (128.9%)	Share of profit from investments in jointly controlled entities	596.6	510.0	86.6	17.0%
S26.6 381.3 145.3 38.1%	Profit (loss) before income tax expense	530.2	368.6	161.6	43.8%
Description	Tax income	(3.7)	12.8	(16.5)	(128.9%)
Second Profit (loss) for the year Second Profit (loss) for the year Second Profit or loss Second Profit (loss) attributable to: Second Profit (loss) attribu	Normal Operating Income	526.6	381.3	145.3	38.1%
Other comprehensive income: Items that will be reclassified subsequently to profit or loss 24.5 0.0 24.5 100.0% Currency translation differences 24.5 0.0 0.2 (0.2) (100.0%) Actuarial gains 0.0 0.2 (0.2) (100.0%) Total Comprehensive income (expense) for the year 551.1 581.6 (30.5) (5.2%) Profit (loss) attributable to: 0.0 0.0 0.0 0.0 (9.4%) Owner of the parent 526.6 581.3 (54.7) (9.4%) Non-controlling interest 0.0 0.0 0.0 0.0% Comprehensive income (expense) attributable to: 0.0 0.0 0.0 0.0% Comprehensive income (expense) attributable to: 0.0 0.0 0.0 0.0% Owners of the parent Non-controlling interests 0.0	Extraordinary items	0.0	200.0	(200.0)	(100.0%)
Stems that will be reclassified subsequently to profit or loss Currency translation differences 24.5 0.0 24.5 100.0% Actuarial gains 0.0 0.2 (0.2) (100.0% Total Comprehensive income (expense) for the year 551.1 581.6 (30.5) (5.2% Profit (loss) attributable to: Owner of the parent 526.6 581.3 (54.7) (9.4% Non-controlling interest 0.0 0.0 0.0 0.0 0.0 Owners of the parent 551.1 581.6 (30.4) (5.2% Owners of the parent 551.1 581.6 (30.4) (5.2% Non-controlling interests 0.0 0.0 0.0 0.0 Earnings per share (Baht per share) 0.30 0.41 -0.11 (26.8% Normal Operating Income 526.6 381.3 145.3 38.1% Earnings per share excluding extraordinary items(Baht per share) 0.29 0.27 0.02 7.4% Weighted average number of ordinary share outstanding	Profit (loss) for the year	526.6	581.3	(54.7)	(9.4%)
to profit or loss Currency translation differences Actuarial gains Total Comprehensive income (expense) for the year Profit (loss) attributable to: Owner of the parent Non-controlling interest Owners of the parent Owners of the parent Non-controlling interest Owners of the parent Source (expense) attributable to: Owners of the parent Non-controlling interest Owners of the parent Source (expense) attributable to: Owners of the parent Source (expense) attributable to: Owners of the parent Source (expense) attributable to: Owners of the parent Source (expense) Owners of the parent Source (expense) Source (exp	Other comprehensive income:				
Currency translation differences 24.5 0.0 24.5 100.0% Actuarial gains 0.0 0.2 (0.2) (100.0%) Total Comprehensive income (expense) for the year 551.1 581.6 (30.5) (5.2%) Profit (loss) attributable to: 0.0 0.0 0.0 0.0 0.0 Non-controlling interest 0.0 0.0 0.0 0.0 0.0 Comprehensive income (expense) attributable to: 0.0 0.0 0.0 0.0 0.0 Owners of the parent Non-controlling interests 0.0<	Items that will be reclassified subsequently				
Actuarial gains Fotal Comprehensive income (expense) for the year Profit (loss) attributable to: Owner of the parent Non-controlling interest Owners of the parent Owners of the parent Non-controlling interest Owners of the parent Non-controlling interest Owners of the parent Non-controlling interest Owners of the parent Non-controlling interests Owners of the parent Non-controlling interest Owners of the parent Non-contr	to profit or loss				
Solution	Currency translation differences	24.5	0.0	24.5	100.0%
Profit (loss) attributable to: 526.6 581.3 (54.7) (9.4%) Non-controlling interest 0.0 0.0 0.0 0.0% Non-controlling interest 526.6 581.3 (54.7) (9.4%) Comprehensive income (expense) attributable to: 526.6 581.3 (54.7) (9.4%) Owners of the parent Non-controlling interests 0.0	Actuarial gains	0.0	0.2	(0.2)	(100.0%)
Owner of the parent Non-controlling interest 526.6 581.3 (54.7) (9.4%) Non-controlling interest 0.0 0.0 0.0 0.0% 526.6 581.3 (54.7) (9.4%) Comprehensive income (expense) attributable to: Owners of the parent State of the parent Stat	Total Comprehensive income (expense) for the year	551.1	581.6	(30.5)	(5.2%)
Owner of the parent Non-controlling interest 526.6 581.3 (54.7) (9.4%) Non-controlling interest 0.0 0.0 0.0 0.0% 526.6 581.3 (54.7) (9.4%) Comprehensive income (expense) attributable to: Owners of the parent State of the parent Stat	Profit (loss) attributable to:				
S26.6 S81.3 (54.7) (9.4%)		526.6	581.3	(54.7)	(9.4%)
Comprehensive income (expense) attributable to: Owners of the parent	Non-controlling interest	0.0	0.0	0.0	0.0%
Owners of the parent Non-controlling interests 551.1 581.6 (30.4) (5.2%) Non-controlling interests 0.0 0.0 0.0 0.0% 551.1 581.6 (30.4) (5.2%) 551.1 581.6 (30.4) (5.2%) 551.1 581.6 (30.4) (5.2%) 0.30 0.41 -0.11 (26.8%) Normal Operating Income 526.6 381.3 145.3 38.1% Earnings per share excluding extraordinary items(Baht per share) 0.29 0.27 0.02 7.4% Weighted average number of ordinary share outstanding 0.29 0.27 0.02 7.4%		526.6	581.3	(54.7)	(9.4%)
Owners of the parent Non-controlling interests 551.1 581.6 (30.4) (5.2%) Non-controlling interests 0.0 0.0 0.0 0.0% 551.1 581.6 (30.4) (5.2%) 551.1 581.6 (30.4) (5.2%) 551.1 581.6 (30.4) (5.2%) 0.30 0.41 -0.11 (26.8%) Normal Operating Income 526.6 381.3 145.3 38.1% Earnings per share excluding extraordinary items(Baht per share) 0.29 0.27 0.02 7.4% Weighted average number of ordinary share outstanding 0.29 0.27 0.02 7.4%	Comprehensive income (expense) attributable to:			` `	
Non-controlling interests		551.1	581.6	(30.4)	(5.2%)
S51.1 S81.6 (30.4) (5.2%)	·	0.0	0.0	0.0	• •
Earnings per share (Baht per share) 0.30 0.41 -0.11 (26.8%) Normal Operating Income Earnings per share excluding extraordinary items(Baht per share) Weighted average number of ordinary share outstanding	, and the second				
Normal Operating Income Earnings per share excluding extraordinary items(Baht per share) Weighted average number of ordinary share outstanding 526.6 0.29 0.27 0.02 7.4%	Farnings per share (Baht per share)	0.30	0.41	-0.11	
Earnings per share excluding extraordinary items(Baht per share) 0.29 0.27 0.02 7.4% Weighted average number of ordinary share outstanding					(=====
Earnings per share excluding extraordinary items(Baht per share) 0.29 0.27 0.02 7.4% Weighted average number of ordinary share outstanding	Normal Operating Income	526.6	381.3	145.3	38.1%
Weighted average number of ordinary share outstanding					
	J , I i i i i i i i i i i i i i i i i i i				
	Weighted average number of ordinary share outstanding				
(Pilliloti Strate) 1,015 1,405 410 29.2%	(Million Share)	1,815	1,405	410	29.2%
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The new accounting standard in 2015 required the company to change its accounting policy with regards to an investment in joint controlled entities from applying partial consolidation to equity method. The impact to the financial statements ended 31 December 2014 and financial statements for the year ended 31 December 2015 is described in Note 4 of the financial statement.

1.1 Revenue from sales and services

Total revenue from sales and services in 2015 was THB 128.9 million, which increased by THB 75.0 million or 139.7% compared with THB 53.9 million in the same period last year. (The revenue number here does not include revenue from 80 MW solar farm of which performance is recognised through share of profit from investments in jointly controlled entities)

The increase mainly came from the total 14 PV Rooftop projects becoming operational by 2015 from 5 PV Rooftop projects in 2014. The commercial operation started between 2014 until 2015 contributing an increase in revenue from electricity by THB 75.8 million.

1.2 Cost of sales and services

Total cost of sales and services in 2015 was THB 119.5 million, which increased by THB 31.3 million or 35.5% compared with THB 88.2 million in the same period last year. The increase in 2015 was mainly from more staff and other costs due to business expansion and from depreciation and roof rental fee from additional rooftop projects in operation.

The company's gross margin for 2015 was 7.3% increasing from negative 63.6% achieved last year due to more commercial operation of PV Rooftop.

1.3 Administrative expenses

Total administrative expenses for 2015 was THB 88.0 million, which increased by THB 2.1 million or 2.4%, compared with THB 85.9 million in the same period last year. The increase in 2015 was caused by more staff and other related costs in business expansion including professional fees for domestic and foreign business opportunities.

1.4 Finance Cost

Finance cost for 2015 was THB 27.8 million, which decreased by THB 1.5 million or 5.1% compared with THB 29.3 million in the same period last year. The decrease was due to a partial loan repayment from IPO proceeds.

1.5 Share of Profit from Investment in Jointly Controlled Entities

The effect of changes in accounting policy with regards to an investment in joint controlled entities, the company recognises an investment in joint controlled entities, which own and manage 80 MW solar farm, based on equity method.

Financial Performance of joint controlled entities based on equity method

Unit: THB million

	30 December		Increase (Decrease)	
	2015	2014	Amount	Percentage
Normal Operating Profit	994.3	742.3	252.0	33.9%
Extraordinary Item:				
Income from Liquidated Damages for Delay in			(107.7)	(100.0%)
Construction	0	107.7		
Net Profit	994.3	850.0	144.3	17.0%
Share of Profit from Investment in Jointly	596.6	510.0	86.58	17.0%
Controlled Entities (60.0%)				

Normal operating profit of joint controlled entities for 2015 was THB 994.3 million, which increased by THB 252.0 million or 33.9% compared with THB 742.3 million in the same period last year. The increase was from all PV solar power plants becoming operational in 2015.

1.6 Net profit (loss) for the Year

According to the consolidated financial statement for 2015, the net profit was THB 526.6 million or earnings per share of THB 0.30 , a decrease of THB 54.7 million, compared with a net profit of THB 581.3 million or earnings per share of THB 0.41 in 2014. The decrease was due to an extraordinary accounting profit of THB 450 million in 2014 from the change in status of investments in subsidiaries to jointly controlled entities offsetting by a loss on impairment of solar thermal of THB 250 million.

Considering the net profit excluded extraordinary items, the profit in 2014 was THB 381.3 million or earnings per share of THB 0.27, compared to a net profit of THB 526.6 million or earnings per share of THB 0.29 in 2015, an increase of THB 145.3 million of operating profit. The operating earning is higher in 2015 due to more operation of PV soalr power plants from 5 to 10 power plants and more operation of rooftop projects.

According to the consolidated financial statement for 2015, There was a currency translation difference from an outbound investment of THB 24.5 million contributing to a comprehensive net profit for the period of THB 551.2 million.

Analysis of Financial Position

2.1 Analysis of assets

As of December 31, 2015, the total assets were THB 4,844.4 million, increasing by THB 728.0 million or 17.7% from THB 4,116.4 million as at December 31, 2014. The detials were as follows;

Unit: THB million

Line items	31 December		Increase (Decrease)	
Line items	2015	2014	Amount	Percentage
Current assets	1,023.6	1,409.8	(386.2)	(27.4%)
Non-current assets	3,820.8	2,706.6	1,114.2	41.2%
Total assets	4,844.4	4,116.4	728.0	17.7%

- 1) As of December 31, 2015, current assets were THB 1,023.6 million, decreasing by THB 386.2 million or 27.4% from THB 1,409.8 million as at December 31, 2014. The main reasons were a usage of some matured fixed deposits to expand domestic and foreign businesses and offset by a decrease in trade and other receivables.
- 2) As of December 31, 2015, non-current assets were THB 3,820.8 million, increasing by THB 1,114.2 million or 41.2% from THB 2,706.6 million as at December 31, 2014. The main reason was an increase in investments in Japan and investments in PV Rooftop.

2.2 Analysis of liabilities and shareholders' equity

As of December 31, 2015 the total liabilities and shareholders' equity were THB 4,844.6 million, increasing by THB 728.0 million or 17.7% from THB 4,116.4 million as at December 31, 2014. The details were as follows;

Unit: THB million

Line items	31 December		Increase (Decrease)	
Line items	2015	2014	Amount	Percentage
Liabilities	804.1	627.2	176.9	28.2%
Equity	4,040.3	3,489.2	551.1	15.8%
Total Liabilities and Equity	4,844.4	4,116.4	728.0	17.7%

- 2.2.1) As of December 31, 2015, the total liabilities were THB 804.1 million, increasing by THB 176.9 million or 28.2% from THB 627.2 million as at December 31, 2014. The main reasons were as follows;
 - 1) Additional borrowing from short-term loan of THB 153.0 million for construction of Solar Projects in Japan.
 - 2) Construction payables and other payables decreased by THB 116.5 million due to the completion of PV rooftop construction.
 - 3) Additional borrowing from bank of THB 195.9 million for construction of PV rooftops.
 - 4) Undued Value added tax payable decreased by THB 38.3 million.
- 2.2.2) As of December 31, 2015, the total equity were THB 4,040.3 million, increasing by THB 551.1 million or 15.8% from THB 3,489.2 million at the end of 2014 due to net profit for 2015.

At the Annual General Meeting of shareholders held on April 29, 2015, resolution was passed to approve the compensation of the accumulated loss of Baht 538.5 million from the share premium of Baht 1,266.1 million. Upon the compensation, the Company has no accumulated loss with the remaining share premium of Baht 727.6 million.