

Management Discussion and Analysis for the year ended December 31, 2016

Financial Performance

1.1 Revenue from Sales and Services

Total revenue from sales and services for the year 2016 recorded THB 421.8 million, which increased by THB 292.9 million or 227.2% compared to THB 128.9 million in the same period last year. The increment mainly came from the full operation of all PV Rooftop projects and starting of commercial operation date of projects in Japan distribution of electricity in Japan. Moreover, there was revenue from management fee in power plants from biomass of 221.8 million baht in 2016. (The revenue from sales and services did not include the revenue from 80 MW of solar farm which was recognised the contribution through share of profit from investments in jointly controlled entities).

1.2 Cost of Sales and Expenses

Total cost of sales and services for 2016 was THB 149.5 million, which increased by THB 30.0 million or 25.1% compared to THB 119.5 million in the same period last year. The company's gross profit margin for 2016 was 7.3% increasing from the same period last year.

Total administrative expenses for 2016 were THB 156.6 million, which increased by THB 68.6 million or 77.9% compared to THB 88.0 million in the same period last year. Finance cost for 2016 was THB 59.9 million, which increased by THB 32.1 million or 115.5%, comparing to THB 27.8 million in the same period last year. The increment was caused by the Thai Accounting Standards indicating the related expenses of qualified assets during the construction period would be recognised as construction in progress (CIP) and would be recorded as expenses after the projects started commercial operation. Moreover, the record of the depreciation expense would be executed after the projects were ready for operation.

1.3 Share of Profit from Investment in Jointly Controlled Entities

According to Thai Accounting Standards with regards to an investment in joint controlled entities, the company would recognise an investment in joint controlled entities based on equity method. This concept was applied for the 80-MW solar PV farm. The details are as followed;

Financial Performance of Joint controlled entities based on equity method

Unit : THB million

Line items	31 December		Increase (Decrease)	
	2016	2015	Amount	Percentage
Revenue	1,516.2	1,583.3	(67.1)	(4.2%)
Cost and expenses	(556.3)	(589.0)	32.7	(5.6%)
Net Profit	959.9	994.3	(34.4)	(3.5%)
Share of Profit from Investment in Jointly Controlled Entities (60.0%)	575.9	596.6	(20.6)	(3.5%)

Revenue of joint controlled entities for 2016 was THB 959.9 million, which decreased by THB 34.4 million or 3.5% compared to THB 994.3 million in the same period last year. The main reasons were decreasing in Fuel Adjustment Charge (Ft) and prolonged rainy days making Direct Normal Irradiance (DNI) decrease. Net profit from jointly controlled entities would be categorized by the equity method in terms of share of profit from jointly controlled entities. In 2016, the amount of share of profit from jointly controlled entities was equaled to THB 575.9 million, which decreased by THB 20.6 million, comparing to THB 596.6 million in the same period last year.

1.4 Comprehensive Income for the Period

According to the consolidated financial statement for 2016, the comprehensive income for the period was THB 630.8 million, which increased by THB 79.7 million compared to THB 551.1 million in the same period last year. The main reasons were due to the full operation from all PV Rooftop projects and increasing of COD projects in Japan from 0.5 MW. to be 5.24 MW. Moreover, the company realized revenue from management fee in biomass power plants for the amount of 221.8 million baht in 2016.

The profit attribute to owners for 2016 was THB 617.6 million, which increased by THB 91 million or 17.3% compared to THB 526.6 million in the same period last year.