

## Management Discussion and Analysis for the nine-month period ended September 30, 2016

### Financial Performance

#### 1.1 Revenue from Sales and Services

Total revenue from sales and services for the nine-month period of 2016 recorded THB 151.1 million, which increased by THB 57.9 million or 62.1% compared to THB 93.2 million in the same period last year. (The revenue from sales and services did not include the revenue from 80 MW solar farm which was recognised the contribution through share of profit from investments in jointly controlled entities). The increase mainly came from the full operation from all projects.

#### 1.2 Cost of Sales and Expenses

Total cost of sales and services for the nine-month period of 2016 was THB 107.2 million, which increased by THB 19.5 million or 22.2% compared to THB 87.7 million in the same period last year. The company's gross profit margin for the nine-month period of 2016 was 29.1% increasing by 5.9% from the same period last year.

Total administrative expenses for the nine-month period of 2016 was THB 91.3 million, which increased by THB 26.4 million or 40.7% compared to THB 64.9 million in the same period last year. Finance cost for the nine-month period of 2016 was THB 31.4 million, which increased by THB 12.4 million or 65.3% compared to THB 19.0 million in the same period last year. The increase 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 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	30 September		Increase (Decrease)	
	2016	2015	Amount	Percentage
Revenue	1,133.6	1,191.7	(58.1)	(4.9%)
Cost and expenses	(415.9)	(445.9)	30.0	(6.7%)
Net Profit	717.7	745.8	(28.0)	(3.8%)
Share of Profit from Investment in Jointly Controlled Entities (60.0%)	430.6	447.5	(16.8)	(3.8%)

Revenue of joint controlled entities for the nine-month period of 2016 was THB 1,133.6 million, which decreased by THB 58.1 million or 4.9% compared to THB 1,191.7 million in the same period last year. The main reason was due to decrease 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. For the nine-month period of 2016, the amount of share of profit from jointly controlled entities equaled to THB 430.6 million, which decreased by THB 16.8 million compare to THB 447.5 million in the same period last year.

#### 1.4 Comprehensive Income for the Period

According to the consolidated financial statement for the nine-month period of 2016, the comprehensive income for the period was THB 488.7 million, which increased by THB 53.9 million compared to THB 434.8 million in the same period last year. The main reason was due to the currency translation differences from overseas investment amounting to THB 67.2 million. [The profit attribute to owners of the parent for the nine-month period of 2016 was THB 393.4 million, which decreased by THB 12.8 million compared to THB 406.2 million in the same period last year.](#)