

Management Discussion and Analysis Quarter 2 Ending June 30, 2014

1. Financial Performance

Unit: THB million

	First-half year		Increase (Decrease)	
	2014	2013	Amount	Percentage
<u>Continuing operations</u>				
Revenue from sales and services	335.20	20.01	315.19	1,575.16
Cost of sales and services	85.88	21.23	64.65	304.52
Gross Profit	249.31	(1.22)	250.53	N.A.
Other income	520.70	301.48	219.22	72.71
Administrative expenses	(45.12)	(40.93)	4.19	(10.24)
Impairment expenses	-	(7.35)	(7.35)	100.00
Finance cost	(74.43)	(16.98)	57.45	(338.34)
Profit (loss) before tax from continuing operations	650.45	235.00	415.45	176.79
Tax income (expenses)	(2.39)	10.93	(13.32)	(121.87)
Profit (loss) from continuing operations	648.06	245.93	402.13	163.51
<u>Discontinued operations</u>				
Profit of the subsidiaries before changes in their statuses to jointly controlled entities	-	105.43	(105.43)	(100.00)
Profit (loss) for the period	648.06	351.36	296.70	84.44
Basic earnings per share (Baht per share)				
Profit (loss) from continuing operations	0.50	0.30	0.20	66.67
Profit (loss) for the period	0.50	0.43	0.07	16.28

1.1 Revenue from sales and services

Revenue from sales and services for first-half year of 2014 was THB 335.20 million, which increased by THB 315.19 million compared with THB 20.01 million in the same period last year. The increase mainly came from started commercial operation of PV solar power 10 plants which totaled 80MW.

1.2 Cost of sales and services and Gross Profit

Total cost of sales and services for first-half year of 2014 was THB 85.88 million, which increased by THB 64.65 million compared with THB 21.23 million. This was an increase from more completion of solar power plants in operation which was in line with the increase in revenue. Gross Profit for first-half year of 2014 was 74.4% while incurred loss in Gross Profit in the same period last year.

1.3 Other income

Total other income for first-half year of 2014 was THB 520.70 million, which increased by THB 219.22 million compared with THB 301.48 million in the same period last year. The increase was a company's changes in statuses of investments from subsidiary to jointly controlled entities and liquidated damages delay in construction for PV solar farms.

1.4 Administrative expenses

Total administrative expenses for first-half year of 2014 was THB 45.12 million which increased by THB 4.19 million compared with THB 40.93 million in the same period last year. This was an increase from professional fees, loss in exchange rate and other expense such as security expense, depreciation expense and so on.

However, the considering of ratio of administrative expenses to revenue from sales and services for first-half year of 2014 was 12.7%, which significantly decreased by 17.8% in the same period last year. This was an increase in revenue from sales and services that resulting in more operation of PV solar farms from 4.5MW to 84.5MW as at the end 2nd quarter of 2014.

1.5 Finance cost

Finance cost for first-half year of 2014 was THB 74.43 million, which increased by THB 57.45 million compared with THB 16.98 million in the same period last year. Following Thai Accounting Policy, the company capitalizes borrowing cost of qualifying assets during the construction period to be construction in progress. Interest costs incurred during the productive life of the power plants are expensed in each operational period. The increase in interest expenses was from the interest costs of more PV solar farms that were operated.

1.6 Net profit (loss) for the period

Net profit (loss) for the period for first-half year of 2014 was THB 648.06 million or earnings per share THB 0.50, which increased from THB 351.36 million or earnings per share THB 0.43 in the same period last year. The increase mainly came from started commercial operation of PV solar power 10 plants, which totaled 80 MW.

2. Financial Position

2.1 Assets

As at June 30, 2014 the total assets were THB 5,794.83 million, increasing by THB 490.01 million or 9.24% from THB 5,304.82 million as at December 31, 2013. The details were as follows;

Unit: THB million

	30 June 2014	31 December 2013	Increase (Decrease)	
			Amount	Percentage
Current assets	472.06	263.59	208.47	79.09
Non-current assets	5,322.77	5,041.23	281.54	5.58
Total assets	5,794.83	5,304.82	490.01	9.24

1) Current assets

As at June 30, 2014 current assets were THB 472.06 million, increasing by THB 208.47 million or 79.09% from THB 263.59 million as at December 31, 2013. The main reason was an increase in account receivable by THB 55.46 million and in restricted short-term bank deposit by THB 145.77 million.

2) Non-current assets

As at June 30, 2014 non-current assets were THB 5,322.77 million, increasing by THB 281.54 million or 5.58% from THB 5,041.23 million as at December 31, 2013. The main reason was an increase in the construction of PV solar farms and PV commercial rooftop by THB 262.13 million and in restricted long-term bank deposit by THB 23.63 million, which is a reserve as per the loan agreements.

2.2 Liabilities and shareholders' equity

As at June 30, 2014 the total liabilities and shareholders' equity were THB 5,794.83 million, increasing by THB 490.01 million or 9.24% from THB 5,304.82 million as at December 31, 2013. The details were as follows;

Unit: THB million

	30 June 2014	31 December 2013	Increase (Decrease)	
			Amount	Percentage
Liabilities	3,957.02	4,372.09	(415.07)	(9.49)
Equity	1,837.81	932.73	905.08	97.04
Liabilities and equity	5,794.83	5,304.82	490.01	9.24

2.2.1 Liabilities

As at June 30, 2014 the total liabilities were THB 3,957.02 million, decreasing by THB 415.07 million or 9.49% from THB 4,372.09 million as at December 31, 2013. The main reasons were as follow;

- 1) Construction payables and other payables decreased by THB 544.33 million. The main reason was the construction of all solar power plants was gradually completed.
- 2) The decrease is offset by the increase in short-term loan by THB 101.97 million in order to invest in commercial rooftop solar projects.

2.2.2) Equity

As at June 30, 2014 total equity were THB 1,837.81 million, increasing by THB 905.08 million or 97.04% from THB 932.73 million as at December 31, 2013. The main reasons were as follow;

- 1) The consolidated income for six-month period was THB 351.36 million resulting in a retained earnings of THB 472.81 million as at the end of 2nd quarter of 2014
- 2) THB 343.78 million additional paid-up capital from shareholders.