

Management Discussion and Analysis Quarter 3/2015

Financial Performance

Unit : THB million

Line items	30 September		Increase (Decrease)	
	2015	2014	Amount	Percentage
Revenue from sales and services	93.2	38.7	54.5	140.8%
Cost of sales and services	(87.7)	(55.1)	(32.6)	59.2%
Gross Profit	5.5	(16.4)	21.9	(133.5%)
Other income	36.7	453.5	(416.8)	(91.9%)
Administrative expenses	(64.9)	(30.3)	(34.6)	114.2%
Other expenses	0.0	0.0	0.0	(100.0%)
Finance cost	(19.0)	(23.7)	4.7	(19.8%)
Share of profit from investments in jointly controlled entities	447.5	363.0	84.5	23.3%
Profit (loss) before income tax expense	405.8	746.1	(340.3)	(45.6%)
Tax income	0.3	13.6	(13.3)	(97.8%)
Profit (loss) for the period	406.1	759.7	(353.6)	(46.5%)
Other comprehensive income:				
Items that will be reclassified subsequently to profit or loss				
Currency translation differences	28.6	0.0	28.6	100.0%
	434.7	759.7	(325.0)	(42.8%)
Profit (loss) attributable to:				
Owner of the parent	406.2	759.7	(353.5)	(46.5%)
Non-controlling interest	0.0	0.0	0.0	0.0%
	406.2	759.7	(353.5)	(46.5%)
Comprehensive income (expense) attributable to:				
Owners of the parent	434.7	759.7	(325.0)	(42.8%)
Non-controlling interests	0.0	0.0	0.0	0.0%
	434.7	759.7	(325.0)	(42.8%)
Earnings per share (Baht per share)	0.22	0.42	-0.20	(47.6%)

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 information for the nine-month period ended 30 September 2014 is described in Note 4 of the financial statement.

1.1 Revenue from sales and services

Total revenue from sales and services in 3Q2015 was THB 93.2 million, which increased by THB 54.5 million or 140.8% compared with THB 38.7 million in the same period last year.

The increase mainly came from the total 14 PV Rooftop projects operational by 3Q2015 from 2 PV Rooftop projects in 2014. The commercial operation started between late 2014 until late 2015 contributing an increase in revenue from electricity by THB 56.4 million.

1.2 Cost of sales and services

Total cost of sales and services in 3Q2015 was THB 87.7 million, which increased by THB 32.6 million or 59.2% compared with THB 55.1 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 5.9% increasing from negative 42.4% achieved last year due to more commercial operation of PV Rooftop.

1.3 Administrative expenses

Total administrative expenses for 3Q2015 was THB 64.9 million, which increased by THB 34.6 million or 114.2%, compared with THB 30.3 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 3Q2015 was THB 19.0 million, which decreased by THB 4.7 million or 19.8% compared with THB 23.7 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 based on equity method.

Financial Performance of joint controlled entities based on equity method

Unit : THB million

	30 September		Increase (Decrease)	
	2015	2014	Amount	Percentage
Normal Operating Profit	745.8	497.3	248.5	50.0%
Extraordinary Item:				
Income from Liquidated Damages for Delay in Construction	0	107.7	(107.7)	(100.0%)
Net Profit	745.8	605.0	140.8	23.3%
Share of Profit from Investment in Jointly Controlled Entities (60.0%)	447.5	363.0	84.48	23.3%

Normal operating profit of joint controlled entities for 3Q2015 was THB 745.8 million, which increased by THB 248.5 million or 50.0% compared with THB 497.3 million in the same period last year. The increase was from all PV solar power plants operational in 2015.

1.6 Net profit (loss) for the period

According to the consolidated financial statement for 3Q2015, the net profit was THB 406.1 million or earnings per share of THB 0.22, a decrease of THB 353.6 million, compared with a net profit of THB 759.7 million or earnings per share of THB 0.42 in 3Q2014. 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. However, the earnings from normal operation is higher in 2015 due to more operation of PV solar power plants from 5 to 10 power plants and more operation of rooftop projects. The company recognised profit from PV solar power plants based on equity method which was recorded as share of profit from investment in jointly controlled entities.

According to the consolidated financial statement for 3Q2015, There was a currency translation difference from an outbound investment of THB 28.6 million contributing to a comprehensive net profit for the period of THB 434.7 million.

Analysis of Financial Position

2.1 Analysis of assets

As of September 30, 2015, the total assets were THB 4,600.7 million, increasing by THB 484.3 million or 11.8% from THB 4,116.41 million as at December 31, 2014. The details were as follows;

Unit: THB million

Line items	30 September 2015	31 December 2014	Increase (Decrease)	
			Amount	Percentage
Current assets	1,367.1	1,409.8	(42.7)	(3.0%)
Non-current assets	3,233.6	2,706.6	527.0	19.5%
Total assets	4,600.7	4,116.4	484.3	11.8%

- 1) As of September 30, 2015, current assets were THB 1,367.1 million, decreasing by THB 42.7 million or 3.0% 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 an increase in trade and other receivables.
- 2) As of September 30, 2015, non-current assets were THB 3,233.6 million, increasing by THB 527.0 million or 19.5% from THB 2,706.6 million as at December 31, 2014. The main reasons were an increase in investments in Japan and investments in PV Rooftop.

2.2 Analysis of liabilities and shareholders' equity

As of September 30, 2015 the total liabilities and shareholders' equity were THB 4,600.7 million, increasing by THB 484.2 million or 11.8% from THB 4,116.5 million as at December 31, 2014. The details were as follows;

Unit : THB million

Line items	30 September 2015	31 December 2014	Increase (Decrease)	
			Amount	Percentage
Liabilities	676.7	627.2	49.5	7.9%
Equity	3,924.0	3,489.3	434.7	12.5%
Total Liabilities and Equity	4,600.7	4,116.5	484.2	11.8%

- 2.2.1) As of September 30, 2015, the total liabilities were THB 676.7 million, increasing by THB 49.5 million or 7.9% from THB 627.2 million as at December 31, 2014. The main reasons were as follows;
 - 1) Construction payables and other payables decreased by THB 103.4 million due to the completion of PV rooftop construction.
 - 2) Additional borrowing from bank were THB 209.8 million for construction of PV rooftops.
 - 3) Value added tax payable decreased by THB 37.5 million.
- 2.2.2) As of September 30, 2015, the total equity were THB 3,924.0 million, increasing by THB 434.7 million or 12.5% from THB 3,489.3 million at the end of 2014 due to net profit of 3Q2015.

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.