

Management Discussion and Analysis for the three-month period ended 31 March 2016

Financial Performance

1.1 Revenue from sales and services

Total revenue from sales and services for Q1/2016 was THB 39.9 million, which increased by THB 15.4 million or 62.9% compared with THB 24.5 million in the same period last year. (The revenue from sales and services did not include the revenue from 80 MW solar farm which recognised the performance through share of profit from investments in jointly controlled entities). The increase mainly came from the additional operation of PV Rooftop projects from 8 projects in Q1/2015 to 14 projects which reflected on the incremental of revenue by THB 15.4 million.

1.2 Cost of sales and Expenses

Total cost of sales and services for Q1/2016 was THB 30.7 million, which increased by THB 5.0 million or 19.5% compared with THB 25.7 million in the same period last year. The company's gross margin for Q1/2016 was 23.1% increasing from negative 4.9% achieved last year.

Total administrative expenses for Q1/2016 was THB 37.5 million, which increased by THB 14.1 million or 60.3% compared with THB 23.4 million in the same period last year. Finance cost for Q1/2016 was THB 9.3 million, which increased by THB 3.9 million or 72.2% compared with THB 5.4 million in the same period last year. The increase was caused by the Thai Accounting Policy, the related expenses of qualifying assets during the construction period would be recognised as construction in progress and would become to the expenses after the projects started commercial operation, and started to book the depreciation expense after they were ready for operation.

1.3 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 recognised an investment in joint controlled entities based on equity method, which own and manage 80 MW solar farm.

Financial Performance of joint controlled entities based on equity method

Unit : THB million

Line items	31 March		Increase (Decrease)	
	2016	2015	Amount	Percentage
Revenue	395.0	400.5	(5.5)	(1.4%)
Cost and expenses	(136.3)	(140.7)	4.4	(3.1%)
Net Profit	258.7	259.8	(1.1)	(0.4%)
Share of Profit from Investment in Jointly Controlled Entities (60.0%)	155.2	155.9	(0.7)	(0.4%)

Net profit of joint controlled entities for Q1/2016 was THB 258.7 million, which decreased by THB 1.1 million or 0.4% compared with THB 259.8 million in the same period last year. Net profit from jointly controlled entities would be categorized by the equity method in terms of share of profit from jointly controlled entities. For Q1/2016, the amount of share of profit from jointly controlled entities equaled to THB 155.2 million, which decreased by THB 0.7 million compare with THB 155.9 million in the same period last year.

1.4 Comprehensive income for the period

According to the consolidated financial statement for Q1/2016, the comprehensive income for the period was THB 149.2 million, a decrease of THB 8.1 million, compared with a net profit of THB 141.4 million in Q1/2015. The main reason was due to an the additional operation of PV Rooftop and outbound investment in Japan.