

Management Discussion and Analysis for the six-month period ended 30 June 2016

Financial Performance

1.1 Revenue from sales and services

Total revenue from sales and services for the six-month period in 2016 was THB 99.1 million, which increased by THB 40.9 million or 70.3% compared with THB 58.2 million in the same period last year. (The revenue from sales and services did not include the revenue from 80 MW solar farm which 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 Q2/2015 to 14 projects which reflected on the incremental of revenue by THB 27.0 million and 3 PV Farm projects in Japan by THB 17.4 million.

1.2 Cost of sales and Expenses

Total cost of sales and services for the six-month period in 2016 was THB 72.3 million, which increased by THB 17.0 million or 30.7% compared with THB 55.3 million in the same period last year. The company's gross margin for the six-month period in 2016 was 26.9% increasing by 5.0% from last year.

Total administrative expenses for the six-month period in 2016 was THB 61.1 million, which increased by THB 15.5 million or 34.0% compared with THB 45.6 million in the same period last year. Finance cost for the six-month period in 2016 was THB 19.6 million, which increased by THB 7.5 million or 62.0% compared with THB 12.1 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 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	30 June		Increase (Decrease)	
	2016	2015	Amount	Percentage
Revenue	781.1	816.9	(35.8)	(4.4%)
Cost and expenses	(275.8)	(294.3)	18.5	(6.3%)
Net Profit	505.3	522.6	(17.3)	(3.3%)
Share of Profit from Investment in Jointly Controlled Entities (60.0%)	303.2	313.6	(10.4)	(3.3%)

Net profit of joint controlled entities for the six-month period in 2016 was THB 505.3 million, which decreased by THB 17.3 million or 3.3% compared with THB 522.6 million in the same period last year. The main reason was due to decreasing in Fuel Adjustment Charge (Ft) and Direct Normal Irradiance (DNI). 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 six-month period in 2016, the amount of share of profit from jointly controlled entities equaled to THB 303.2 million, which decreased by THB 10.4 million compare with THB 313.6 million in the same period last year.

1.4 Comprehensive income for the period

According to the consolidated financial statement for the six-month period in 2016, the comprehensive income for the period was THB 380.7 million, which increased by THB 97.4 million compared with THB 283.3 million in the same period last year. The main reason was due to the currency translation differences from abroad investment by THB 90.7 million.