

Management Discussion and Analysis 2015

Financial Performance

Unit : THB million

| Line items | 31 December | | Increase (Decrease) | |
|---|-------------|--------|---------------------|------------|
| | 2015 | 2014 | Amount | Percentage |
| Revenue from sales and services | 128.9 | 53.9 | 75.0 | 139.1% |
| Cost of sales and services | (119.5) | (88.2) | (31.3) | 35.5% |
| Gross Profit | 9.4 | (34.3) | 43.7 | (127.4%) |
| Other income | 40.2 | 8.1 | 32.1 | 396.3% |
| Administrative expenses | (88.0) | (85.9) | (2.1) | 2.4% |
| Finance cost | (27.8) | (29.3) | 1.5 | (5.1%) |
| Share of profit from investments in jointly controlled entities | 596.6 | 510.0 | 86.6 | 17.0% |
| Profit (loss) before income tax expense | 530.4 | 368.6 | 161.8 | 43.9% |
| Tax income | (3.7) | 12.8 | (16.5) | (128.9%) |
| Normal Operating Income | 526.7 | 381.4 | 145.3 | 38.1% |
| Extraordinary items | 0.0 | 200.0 | (200.0) | (100.0%) |
| Profit (loss) for the year | 526.7 | 581.4 | (54.7) | (9.4%) |
| Other comprehensive income: | | | | |
| Items that will be reclassified subsequently to profit or loss | | | | |
| Currency translation differences | 24.5 | 0.0 | 24.5 | 100.0% |
| Actuarial gains | 0.0 | 0.2 | (0.2) | (100.0%) |
| Total Comprehensive income (expense) for the year | 551.2 | 581.6 | (30.4) | (5.2%) |
| Profit (loss) attributable to: | | | | |
| Owner of the parent | 526.7 | 581.4 | (54.7) | (9.4%) |
| Non-controlling interest | 0.0 | 0.0 | 0.0 | 0.0% |
| | 526.7 | 581.4 | (54.7) | (9.4%) |
| Comprehensive income (expense) attributable to: | | | | |
| Owners of the parent | 551.2 | 581.6 | (30.4) | (5.2%) |
| Non-controlling interests | 0.0 | 0.0 | 0.0 | 0.0% |
| | 551.2 | 581.6 | (30.4) | (5.2%) |
| Earnings per share (Baht per share) | 0.30 | 0.41 | -0.11 | (26.8%) |
| Normal Operating Income | 526.70 | 381.40 | 145.30 | 0.38 |
| Earnings per share excluding extraordinary items(Baht per share) | 0.29 | 0.27 | 0.02 | 0.07 |
| Weighted average number of ordinary share outstanding (Million Share) | 1,815 | 1,405 | 410 | 29.2% |

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 statements for the year ended 31 December 2015 is described in Note 4 of the financial statement.

1.1 Revenue from sales and services

Total revenue from sales and services in 2015 was THB 128.9 million, which increased by THB 75.0 million or 139.7% compared with THB 53.9 million in the same period last year. (The revenue number here does not include revenue from 80 MW solar farm of which performance is recognised through share of profit from investments in jointly controlled entities)

The increase mainly came from the total 14 PV Rooftop projects becoming operational by 2015 from 5 PV Rooftop projects in 2014. The commercial operation started between 2014 until 2015 contributing an increase in revenue from electricity by THB 75.8 million.

1.2 Cost of sales and services

Total cost of sales and services in 2015 was THB 119.5 million, which increased by THB 31.3 million or 35.5% compared with THB 88.2 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 7.3% increasing from negative 63.6% achieved last year due to more commercial operation of PV Rooftop.

1.3 Administrative expenses

Total administrative expenses for 2015 was THB 88.0 million, which increased by THB 2.1 million or 2.4%, compared with THB 85.9 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 2015 was THB 27.8 million, which decreased by THB 1.5 million or 5.1% compared with THB 29.3 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, which own and manage 80 MW solar farm, based on equity method.

Financial Performance of joint controlled entities based on equity method

Unit : THB million

| | 30 December | | Increase (Decrease) | |
|--|-------------|-------|---------------------|------------|
| | 2015 | 2014 | Amount | Percentage |
| Normal Operating Profit | 994.3 | 742.3 | 252.0 | 33.9% |
| Extraordinary Item: | | | | |
| Income from Liquidated Damages for Delay in Construction | 0 | 107.7 | (107.7) | (100.0%) |
| Net Profit | 994.3 | 850.0 | 144.3 | 17.0% |
| Share of Profit from Investment in Jointly Controlled Entities (60.0%) | 596.6 | 510.0 | 86.58 | 17.0% |

Normal operating profit of joint controlled entities for 2015 was THB 994.3 million, which increased by THB 252.0 million or 33.9% compared with THB 742.3 million in the same period last year. The increase was from all PV solar power plants becoming operational in 2015.

1.6 Net profit (loss) for the Year

According to the consolidated financial statement for 2015, the net profit was THB 526.7 million or earnings per share of THB 0.30, a decrease of THB 54.7 million, compared with a net profit of THB 581.4 million or earnings per share of THB 0.41 in 2014. 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 offsetting by a loss on impairment of solar thermal of THB 250 million.

Considering the net profit excluded extraordinary items, the profit in 2014 was THB 381.4 million or earnings per share of THB 0.27, compared to a net profit of THB 526.7 million or earnings per share of THB 0.29 in 2015, an increase of THB 145.3 million of operating profit. The operating earning 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.

According to the consolidated financial statement for 2015, There was a currency translation difference from an outbound investment of THB 24.5 million contributing to a comprehensive net profit for the period of THB 551.2 million.

Analysis of Financial Position

2.1 Analysis of assets

As of December 31, 2015, the total assets were THB 4,844.4 million, increasing by THB 728.0 million or 17.7% from THB 4,116.4 million as at December 31, 2014. The details were as follows;

Unit: THB million

| Line items | 31 December | | Increase (Decrease) | |
|---------------------|----------------|----------------|---------------------|--------------|
| | 2015 | 2014 | Amount | Percentage |
| Current assets | 1,023.6 | 1,409.8 | (386.2) | (27.4%) |
| Non-current assets | 3,820.8 | 2,706.6 | 1,114.2 | 41.2% |
| Total assets | 4,844.4 | 4,116.4 | 728.0 | 17.7% |

- 1) As of December 31, 2015, current assets were THB 1,023.6 million, decreasing by THB 386.2 million or 27.4% 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 a decrease in trade and other receivables.
- 2) As of December 31, 2015, non-current assets were THB 3,820.8 million, increasing by THB 1,114.2 million or 41.2% from THB 2,706.6 million as at December 31, 2014. The main reason was an increase in investments in Japan and investments in PV Rooftop.

2.2 Analysis of liabilities and shareholders' equity

As of December 31, 2015 the total liabilities and shareholders' equity were THB 4,844.6 million, increasing by THB 728.0 million or 17.7% from THB 4,116.4 million as at December 31, 2014. The details were as follows;

Unit : THB million

| Line items | 31 December | | Increase (Decrease) | |
|-------------------------------------|----------------|----------------|---------------------|--------------|
| | 2015 | 2014 | Amount | Percentage |
| Liabilities | 804.1 | 627.2 | 176.9 | 28.2% |
| Equity | 4,040.3 | 3,489.2 | 551.1 | 15.8% |
| Total Liabilities and Equity | 4,844.4 | 4,116.4 | 728.0 | 17.7% |

- 2.2.1) As of December 31, 2015, the total liabilities were THB 804.1 million, increasing by THB 176.9 million or 28.2% from THB 627.2 million as at December 31, 2014. The main reasons were as follows;
 - 1) Additional borrowing from short-term loan of THB 153.0 million for construction of Solar Projects in Japan.
 - 2) Construction payables and other payables decreased by THB 116.5 million due to the completion of PV rooftop construction.
 - 3) Additional borrowing from bank of THB 195.9 million for construction of PV rooftops.
 - 4) Undued Value added tax payable decreased by THB 38.3 million.
- 2.2.2) As of December 31, 2015, the total equity were THB 4,040.3 million, increasing by THB 551.1 million or 15.8% from THB 3,489.2 million at the end of 2014 due to net profit for 2015.

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.