



Ref. AIE 104/2014

May 14, 2014

Subject: Management's Discussion and Analysis for 1st quarter ended as of March 31, 2014
Attention: President
The Stock Exchange of Thailand

AI Energy Public Company Limited (AIE) would like to clarify of the company and subsidiaries for 1st quarter ended as of March 31, 2014 (Q1) which details are as following;

Unit : Million Baht	Q1 / 2014	Q1 / 2013	Increased (Decreased)	
	Million Bath	Million Bath	Million Bath	Percentages
Total Revenues	1,234.45	1,128.54	105.90	9.38
Net Profit	85.22	47.18	38.04	80.63
Earnings per share (Baht per share)	0.08	0.13	(0.05)	38.46

Net profit

The company and subsidiaries realized net profit for Q1/2014 of THB 85.22 million, increased for THB 38.04 million or 80.63% from Q1/2013, realized THB 47.18 million for net profit, for the following reasons.

Revenue

The company and subsidiaries realized THB 1234.45 million for revenues in Q1/2014 which increased for THB 105.91 million or 9.38% from Q1/2013, realized THB 1,128.54 million for revenues, where the reasons are summarized as follows.

1. For manufacture and sales of biodiesel business decreased THB 43.00 million or 5.71% for revenues in Q1/2014 resulted from the government had pended a new mandate on B7 biodiesel blend in February 2014 due to high raw material price, which made sale volume fall but sales price increased. For glycerin and by-product realized revenues increased for THB 13.95 million or 15.55%, where the major contribution came from sale of Palm Fatty Acid Distillate (PFAD) in both quantity and price.
2. For manufacture and sales of edible oil (Palm Olein) has increased by 51.23 million or 22.53% for revenues in Q1/2014, resulted from the company has expanded to new customer base in both industrial group and modern trade group.



3. The revenues from palm oil refining service has decreased by 9.04 million or 40.68% in Q1/2014, resulted from government pending on the new mandate on B7 biodiesel blend which also lessen our customer's demand of palm oil for their biodiesel production.
4. For ports and terminal services and ice cube factory increased by 0.45 million or 6.90% for revenues in Q1/2014 comparing to Q1/2013.
5. The revenue from sea freight carrier business has decreased by 2.49 million or 17.75% in Q1/2014 comparing to Q1/2013.
6. The major contribution in the company's other income as of Q1/2014 came from sale of scrap from production, increased by 2.62 million or 315.80% comparing to Q1/2013.

Cost of Sales and Services

The company realized the cost of sales in Q1 ended as of March 31, 2014 for THB 1,119.74 million, increased by 8.67% or THB 85 million comparing to the same period last year. The main reasons were as follows:

1. Cost of Sales of biodiesel in Q1/2014 was accounted to 87.40% of revenue, a decreased of 3.18% comparing to the same period in 2013 at 90.58%. Cost of Sales of glycerin and by-product were 82.00% in Q1/2014 which decreased by 3.00% comparing to the same period in 2013 at 85.00%. Because the company was able to manage the stock and production line including an improvement in the efficiency of the raw material procurement process.
2. Cost of sales of edible oil (Palm Olein) in Q1/2014 was 90.57% of revenue. Comparing to the same period in 2013 at 85.50%, increased by 5.07% because of the high raw material cost.
3. The Cost of palm oil refining service in Q1/2014 has increased from 43.20% in Q1/2013 to 71.17% of revenue or increased by 27.97% as the volume of refining service decreased.
4. The cost of sales for ports and terminal service and ice cube factory in Q1/2014 was 74.22% of revenue, a decreased of 15.93% from the same period of last year at 90.15%
5. Cost of sea freight carrier service in Q1/2014 was 80.00% of revenue which is lower than Q1/2013 when cost of service was 82.66%.

Selling Expenses

The company's selling expenses as of Q1/2014 was THB 12.27 million, which decreased by THB 2.70 million or by 18.04% from selling expenses the amount of THB 14.97 million in Q1/2013. The major contributions were the cost of transportation and products insurances.

Administration Expenses

Due the expansion in biodiesel and edible oil (Palm Olein) businesses and sales volume, AIE's administration expenses in Q1/2014 were THB 13.48 million. The expenses increased by 11.96% comparing to the same quarter in 2013, which had administration expenses the amount of THB 12.04 million.



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Financial Cost

The financial cost for Q1 as of March 31, 2014 was THB 3.46 million, which decreased by THB 16.97 million or 13.51% comparing to Q1/2013, due to the repayment of Loans to financial institutions.

Please be informed accordingly.



Yours sincerely,

(Anurag Thareratanavibool)

Managing Director