



บริษัท เอไอ เอนเนอร์จี จำกัด (มหาชน)

AI Energy Public Company Limited.



ISO 9001 QMS 09058/12521

QMS 002/HAC CP 001

Ref. AIE 178/2014

November 12, 2014

Subject: Management's Discussion and Analysis for 3rd quarter ended as of September 30, 2014

Attention: President

The Stock Exchange of Thailand

AI Energy Public Company Limited (AIE) would like to clarify of the company and subsidiaries for 3rd quarter ended as of September 30, 2014 (Q3) which details are as following;

| Operating Results (Unit : Million Baht) | 2014 | | 2013 | | Increased (Decreased) | | | |
|--|----------------------------|-------------|----------------------------|-------------|----------------------------|----------|--------------|---------|
| | 3 rd Quarter | 9 Months | 3 rd Quarter | 9 Months | 3 rd Quarter | | 9 Months | |
| | | | | | Million Baht | % | Million Baht | % |
| | | | | | Total Revenues | 1,010.88 | 3,310.66 | 846.29 |
| Net Profit (Net Loss) | (41.27) | 27.86 | 51.37 | 137.27 | (92.64) | (180.34) | (109.41) | (79.70) |
| Earnings per share (Baht per share) | (0.037) | 0.025 | 0.054 | 0.184 | (0.09) | (168.52) | (0.16) | (86.41) |

Net profit (Loss)

The company and subsidiaries have net profit (net loss) in Q3/2014 and 9 Months/2014 for THB (41.27) Million and THB 27.86 Million, while Q3/2013 and 9 Months/2013 realized net profit of THB 51.37 Million and THB 137.27 Million, respectively. As a result of an increase on provision for diminution in inventory value in its subsidiaries by the amount of THB 34.93 Million and THB 103.18 Million in Q3/2014 and 9 Months/2014. For a separate financial statement, the production and distribution of biodiesel, edible oil (Palm Olein), refining service, realized a decrease of net profit by THB 42.26 million comparing to the same period last year.

Revenue

The company and subsidiaries realized THB 1,010.88 million for revenues in Q3/2014 which increased by THB 164.59 million or 19.45% comparing to revenues of THB 846.29 million in Q3/2013, where the reasons are summarized as follows.



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1. For manufacture and sales of biodiesel business has increased by THB 282.67 million or 71.51% for revenues in Q3/2014 resulted from the increased in production capacity and higher domestic customer demand. For glycerin and by-product revenues have decreased by THB 52.94 million or 32.64%, due to the majority contributions were overseas customer whose economy still in recovering.
2. For manufacture and sales of edible oil (Palm Olein) has decreased by THB 30.31 million or 13.72% for revenues in Q3/2014. Due to a high price competition, the company need to make some price adjustment in order to maintain our customer base and sales volume.
3. The revenues from palm oil refining service has decreased by THB 15.96 million or 56.13% in Q3/2014 comparing to Q3/2013.
4. For ports and terminal services and ice cube factory have increased by THB 1.43 million or 21.17% in Q3/2014.
5. The revenue from sea freight carrier business has decreased by THB 4.07 million or 39.93% in Q3/2014.
6. Other income in Q3/2014 has increased by THB 0.67 million or 16.10% comparing to Q3/2013.

Cost of Sales and Services

The company realized the cost of sales and services in 3rd quarter of 2014 for THB 1,017.71 million, which has increased by THB 269.99 million or 36.11% comparing to the same period last year. The main reasons were as follows:

1. Cost of Sales of biodiesel in Q3/2014 was accounted to 97.53% of revenue, an increased by 6.81% comparing to the same period in 2013 at 90.72%. Cost of Sales of glycerin and by-product were 87.91% in Q3/2014 which increased by 6.12% comparing to the same period in 2013 at 81.79%. Due to the higher prices of raw materials (CPO) which was on the government's price-fixing policies, this leads to a decline in gross margin.
2. Cost of sales of edible oil (Palm Olein) in Q3/2014 was 106.91% of revenues. Comparing to the same period in 2013 at 100.92%, increased by 5.99%.
3. The Cost of palm oil refining service in Q3/2014 has increased from 52.11% in Q3/2013 to 63.96% of revenue or increased by 11.85%.
4. The cost of sales for ports and terminal service and ice cube factory in Q3/2014 has decreased by 2.21%.
5. Cost of sea freight carrier service in Q3/2014 has increased from 72.10% in Q3/2013 to 223.07% of revenue or increased by 150.97%.



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Selling Expenses

The company's selling expenses as Q3/2014 was THB 13.69 million, which increased by THB 4.94 million or 56.44% from selling expenses the amount of THB 8.75 million in Q3/2013. The major contributions were the cost of transportation and products insurances.

Administration Expenses

The company's administration expenses in Q3/2014 was THB 14.84 million. The expenses decreased by THB 2.03 million or 12.04% comparing to the same quarter in 2013, which had administration expenses the amount of THB 16.87 million.

Financial Cost

The financial cost of Q3/2014 was THB 6.84 million, which decreased by THB 3.86 million or 36.06% comparing to Q3/2013 where its financial cost at THB 10.69 million. Due to the repayment of Loans to financial institutions.

Please be informed accordingly.



Yours sincerely,

(Mr. Anurag Thareratanavibool)

Managing Director