

# ANNUAL REPORT 2017

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รายงานประจำปี 2560



AI ENERGY PUBLIC COMPANY LIMITED

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บริษัท เอไอ เอนเนอจี้ จำกัด (มหาชน)



“ AIE is truly committed to become a leading manufacturer of Biodiesel and Palm Olein refined from premium quality crude palm oil to obtain the quality products meeting the standards, by which the interest of consumers has been focused primarily. The production and distribution of biodiesel is considered part pushing the effective consumption of the alternative energy, coupled with regard to quality and service delivered to the society, and to build a trust with consumers, suppliers, employees and shareholders, leading to the growth of economic and social sustainability. ”

## Business Group



### Alternative Energy (B100) and Palm Oil Business

#### AI Energy Public Company Limited

Manufacturer and distributor of alternative energy biodiesel (Biodiesel: B100) and Edible oil (Palm Olein), which are produced from crude palm oil, with a large refining system and environmentally friendly continuous production. Biodiesel is used as alternative energy for diesel used in logistic. Advantages regarding to using biodiesel is to reduce petroleum imported from overseas, environmentally friendly, help improve the economy, reduce emissions and extend the life of the engine. The edible oil (Palm Olein) sells under “PAMOLA” brand. Our refinery provides the production capacity of 1,150 tons of crude palm oil daily for the domestic market and exported to foreign countries.



### Logistics Business

#### AI Logistics Company Limited

Provides the services for coastal freight carrier has specialized in shipping lubrication oil, crude palm oil, refined palm oil, fuel, and palm oil with the vessels equipped with the heating equipment to products during shipping.



### Ports and Terminals Business

#### AI Ports and Terminals Company Limited

Storage tanks provider of petroleum, crude palm oil, lubricant oil, and ports, furnished with heating equipments for products to be stored. The ports accommodate the vessels, available at the Chumphon Province.

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## Policy and Business Overview

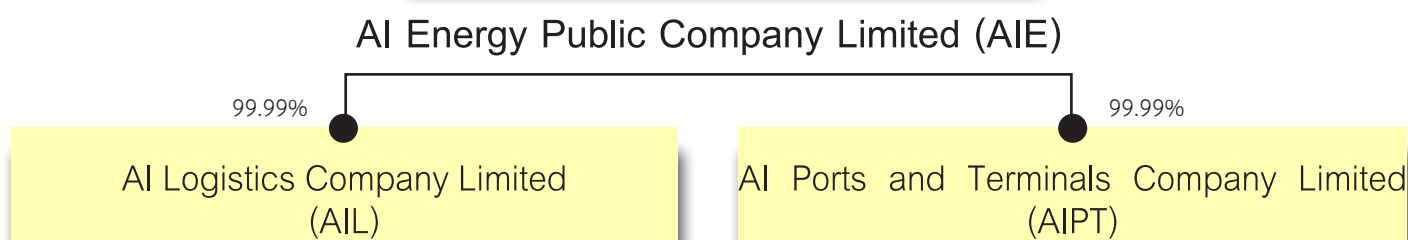
AI Energy Public Company Limited (the “Company” or “AIE”) was officially established on October 4, 2006 with initial registered capital of 1,356,000,000 Baht divided into 5,424,000,000 ordinary shares at par value of 0.25 Baht, paid-up capital of 1,130,000,000 Baht. AIE produces and sells alternative energy Biodiesel: B100 and edible oil (Palm Olein) through the Refined Bleached Deodorized Palm Olein (RBD Palm Olein) under the “PAMOLA” brand, which is produced from crude palm oil (CPO) with environmentally friendly continuous refining and production system. AIE also sells raw materials such as CPO, RBD Palm Oil, including by-products of manufacturing processes, palm fatty acid distillate (PFAD), refined bleached deodorized palm stearin (RBD Palm Stearin) and crude glycerin to be used continuously in industries such as soap, creamer, cosmetics, including reuse as raw materials to produce biodiesel. Moreover, the company also generates revenue from ‘Refining Service’ of CPO to those petroleum business entities. CPO that used in our production must be passed the choicest of premium quality and through the chosen effective suppliers of CPO extracted from the best quality and fresh palms for refined process to meet the standards required by the governmental agencies.



AIE aims to become a leading manufacturer of biodiesel and edible oil (Palm Olein) produced from good quality CPO in order to obtain the quality products in accordance with quality standards by focusing on the interests of consumers primarily. The production and distribution of B100 is considered as part of the push for effective consumption of alternative energy. Moreover, the company has also focused on building the organization with corporate social responsibility and environmental responsibility by promoting the creation and use of energy that contributes to the sustainability of natural resources, coupled with regard to quality and service delivered to the society. This is to build a trust with consumers, suppliers, employees and shareholders, leading to the growth of economic and social sustainability.



## Group of Company Structure



### Subsidiaries

**AI Logistics Company Limited (AIL)** was founded on February 2003 with registered capital totaling THB 209 million by AIE with stakeholder of 99.99 percent shares. AIL is operating the sea freight services with two high quality carrier vessels; including “Thareratana<sup>1</sup>” and “Thareratana 3”. The AIL received a notification as fuel carrier under Section 12 of the Thailand Fuel Trade Act B.E.2543 from Department of Energy, Ministry of Energy, and has been granted the right pursuant to the promotion certificate from the Board of Investment (BOI) in operation of marine vessels, as well as received the certificate of quality management system (ISO 9001) from the Management System Certification Institute (Thailand) for sea carrier service by hiring the navigation executives, and all the ships have been licensed by the Marine Department for oil transportation purpose. The company provides sea freight services of fuel, lubricant oil, CPO, and RBD palm oil to customers both domestically and internationally, which currently AIL delivers the transport service of CPO to AIE.

**AI Ports and Terminals Company Limited (AIPT)** was established in April 2007 with a total registered capital of THB 460 million, which the AIE holds 99.99 percent shares, operating as ports and terminals services. AIPT is a subsidiary of AIE, which the AIPT has deep-water ports and oil terminals located Chumphon Province, which includes storage tanks service of fuel, lubricant oil, CPO, and RBD palm oil, which the capacity of storage of ten tanks with total capacity of 20,000 tons, or approximate 22,124,000 liters. At Chumporn, it is regarded as the port and terminal with the most geographic advantageous, that is to say; it is the final port with location that is conducive to fuel transportation both by land and by sea, which the vessels are able to berth at the jetty of the AIPT that can accommodate two vessels each time. Such the jetty is located about 1 KM away from the shore. With a relatively short distance from the shore, it thereby shortens the time of discharge and entering and exit.

For port and oil terminal located at Tha Chalom, Samut Sakhon Province with the capacity of storage of five tanks at 10,000 tons, or approximate 11,062,000 liters. According to the Board of Director No. 4/2016 has resolution on 18 October 2016 approved to dispose some of its assets which are port, land, tanks farm (5 tanks with total storage capacity of 10,000,000 liters), ice factory, machineries, equipment and building on Tha Chalom in Samut Sakhon province at the value of sale 390,000,000 Baht. Presently, AIPT has been received full payment already and has transferred the entitlement to the Buyer since June 2017.

<sup>1</sup> Board of Director No. 4/2016 has resolution on 18 October 2016 approved to dispose of Thareratana 1 vessel size 1,500 tons' gross at 23,112,000 Baht and will transfer entitlement and other related to the Buyer only after the installed payment has been done within October 2018.

## Message from Chairman



“ I confidence that AIE may continue to receive the confidence and support from all stakeholders as always. With your continued trust in us, AIE be able to gain stability and opportunities in the following year. ”

Mr. Narong Thareratanavibool  
Chairman

In 2017, after a very challenging amid a dramatically decrease of Crude Palm Oil (CPO) price, AIE had total revenues of 2,461,057,268 Baht which lower than previous year due to CPO price Year 2017 diminished by 22.13% from Year 2016 (Based on Department of Internal Trade, the average CPO price was 31.95 Baht per kilogram in 2016 and the average CPO price was 24.88 Baht per kilogram.) The consequence of declining of CPO price dramatically and continuously is the average cost of sales during Quarter 1 and 2 for Year 2017 is higher than market price, while the quantity of product sold is slightly less than previous year by 5%. Although financial performance of AIE has been improved during Quarter 3 and 4 for Year 2017 but still cannot cover all the cost, which leads to net loss for Year 2017 at 72,280,526 Baht

In 2017, the Company's investment projects in expanding its biodiesel production capacity from 450 tons of biodiesel per day to 800 tons per day to benefit from economies of scale in biodiesel production is completed and ready for commissioning. It can operate commercially within Year 2018. While, a Purify Glycerin project to increase value added to by-product, crude glycerin is underway and expected to be completed by June 2018, and resulted a significantly reduced

in production cost and continuously improve AIE's profitability in 2018.

On behalf of the Board of Director of AIE and its subsidiaries, I would like to express my gratitude to gratefully thank all our shareholders, customers, suppliers, government sectors, financial institutions, and all business alliances that trust and support AIE throughout the year. As well as, our management and staff at all levels, sharing duties with perseverance continued and truly committed to conduct a business in an ethical manner, together with development of the quality of life and environment throughout the year 2017 was a major propeller to overcome obstacles and challenges.

## Business Profile

### 2006

- Registered on 4 October 2006 with registered capital at 300,000,000 Baht consisted of 30,000,000 common stocks at the par value of 10 Baht per share and paid capital of 300,000,000 Baht. AI had its shares for 75 percent of the Company's registered capital.
- The Company purchased assets from one manufacturer and distributor of Olein palm oil to perform manufacturing and distributing business of Biodiesel to oil traders of Article 7 of Fuel Trade Act B.E. 2543, as well as manufacture and distribute palm oil under the brand "Pamola" with production capacity of 300 tons of crude palm oil per day.

### 2007

- The Company had shareholders' structure that AI purchased shares from one former shareholder. Therefore, AI's shares increased from 75 percent to 81 percent of registered capital at that time.
- The Company was granted as oil traders of Article 10 of Fuel Trade Act B.E. 2543 from Ministry of Energy on 2 April 2007.

### 2008

- The Company was authorized by the Central Islamic Council of Thailand to use HALAL certificate for processed Olein palm oil under Pamola brand, Palm Stearin, RBD Palm Oil, RBD Palm kernel oil, Palm Olein, palm kernel fatty acid, palm fatty acid, and crude glycerin.

### 2009

- The Company had shareholders' structure that AI purchased shares from one former shareholder. Therefore, AI's shares increased from 81 percent to 82 percent of registered capital at that time.
- AIE received quality management certification based on ISO 9001:2008 for processed palm oil product and processed Olein palm oil, as well as Biodiesel manufacturing from ISO certification organization.
- The Company received certification for Hazard Analysis and Critical Control Points (HACCP) for processed palm oil product and processed Olein palm oil from ISO certification organization.
- The Company received the certification of Good Manufacturing Practice (GMP) for processed palm oil product and processed Olein palm oil from ISO certification organization.
- The Company received kosher certification for Jewish food standard for refined palm without fat, processed Olein palm oil, refined palm fat, fat acid from palm kernels, palm fat acid, and glycerin from Thai Kashrut Services Co., Ltd. which provides Jewish food qualification inspection.



## 2010

- The Company restructured shareholders' structure by having AI bought shares from 2 former shareholders. Therefore, AI's shares increased from 82.00 percent to 92.00 percent of authorized capital at that time.
- The general meeting of shareholders on 4 August 2010 had special resolution to add registered capital from 300,000,000 Baht to 370,000,000 Baht by issuing 7,000,000 capital-raising common stocks for sales to existing shareholders by proportion at par value of 10 Baht per share to support the investment in crude palm oil refinery tower (Refinery Tower 2) construction which would have production capacity of 800 tons of crude palm oil per day. In that case, the Company could enhance its production capacity from 300 tons of crude palm oil per day to 1,100 tons of crude palm oil per day. After issuing such capital-raising common stocks, AI shares increased from 92.00 percent to 93.14 percent of registered capital at that time.
- The Company received Investment Promotion Card from Thailand Board of Investment (BOI) for Biodiesel production for business related to energy saving and renewable energy typed 1.18, alcohol manufacturing business or fuel from agricultural produce including trashes and wastes manufacturing business for the refinery tower 2. In this connection, the Company received key titles and benefits as follows:-

- 1) Received income tax exemption for gross profit from the promoted business for 8 years starting from the date first receiving revenue from business performance.
- 2) Received exemption for including dividend from promoted business receiving income tax exemption in 1) to be calculated for income tax for an entire period of promotion receipt.
- 3) Received income tax deduction for gross profit received from investment at 50 percent rate starting from the date relieving from 1) exemption for the period of 5 years.
- 4) Received authorization to less transportation, power supply, and water supply expenses for 2 times of such expenses for the period of 10 years starting from date first receiving revenue from business performance.

- 5) Received authorization to take annual loss incurred during the tax exemption period in 1) to be deducted from incurred gross profit starting from the date relieving from 1) exemption for the period of 5 years which may choose to deduct from gross profit of any or several years.

In this connection, currently the Company had not yet exercised any benefits from such Investment Promotion Card at all.

## 2011

- The Company developed production capacity of the Refinery Tower 1 to 350 tons of crude palm oil per day so that AIE had total production capacity of 1,150 tons of crude palm oil per day.

## 2012

- The Company restructured shareholders' structure by having AI bought shares from 2 former shareholders. Therefore, AI's shares increased from 93.14 percent to 98.00 percent of authorized capital at that time.
- The company has finished the construction of Refinery Tower 2 which increases the production capacity to 1,150 tons of crude palm oil per day.

## 2013

- The Refinery Tower 2 started to produce and gain commercial revenue since February 2013
- The general meeting of shareholders on 9 April 2013 had the important resolutions as follows

- 1) Approved to add registered capital from 370,000,000 Baht to 960,000,000 Baht by issuing 59,000,000 capital-raising common stocks for sales to existing shareholders by proportion at par value of 10 Baht per share to pay for debts from relevant companies and to buy common stocks from AI Ports and Terminals Co., Ltd. (AIPT) and AI Logistics Co., Ltd. (AIL) to prepare the company based on spin-off plan. After issuing such capital-raising common stocks, AI shares increased to 98.79 percent of registered capital at that time.
  - 2) Approved to buy common stocks of AIPT and AIL to prepare the company based on spin-off plan.
- The extraordinary meeting of shareholders on 2 May 2013 had resolutions as follows:-
- 1) Approved the Company's transformation into Public Company Limited and prepared to be listed on mai. The Company's title was changed to "AI Energy Public Company Limited"
  - 2) Approved the change of stocks' par value from 10 Baht per share to 1 Baht per share resulting in the change of the Company's common stocks number to 960,000,000 shares.
  - 3) Approved the increase of registered capital from 960,000,000 Baht to 1,130,000,000 Baht by issuing 170,000,000 common stocks at 1 Baht of par value per share. Therefore, the Company increased its registered capital to 1,130,000,000 shares at 1 Baht of par value per share.
  - 4) Approved the allocation of 170,000,000 common stocks for capital-raising to be included to 275,000,000 existing common stocks held by AI. Therefore, the total number of common stocks for sales was 445,000,000 shares which would be sold to the public and existing shareholders of AI.
- The company launched initial public offering (IPO) of 170,000,000 common stocks on 23-24 December 2013 resulting the company's registered capital has increased from 960,000,000 Baht to 1,130,000,000 Baht.
- The Company received Investment Promotion Card from Thailand Board of Investment (BOI) for Biodiesel production for business related to energy saving and renewable energy typed 1.18, alcohol manufacturing business or fuel from agricultural produce including trashes and wastes manufacturing business for the production of PFAD Esterification. In this connection, the Company received key titles and benefits as follows:-
- 1) Received income tax exemption for gross profit from the promoted business for 8 years starting from the date first receiving revenue from business performance.  
Received exemption for including dividend from promoted business receiving income tax exemption in 1) to be calculated for income tax for an entire period of promotion receipt.
  - 2) Received income tax deduction for gross profit received from investment at 50 percent rate starting from the date relieving from 1) exemption for the period of 5 years.
  - 3) Received authorization to less transportation, power supply, and water supply expenses for 2 times of such expenses for the period of 10 years starting from date first receiving revenue from business performance.
  - 4) Received authorization to take annual loss incurred during the tax exemption period in 1) to be deducted from incurred gross profit starting from the date relieving from 1) exemption for the period of 5 years which may choose to deduct from gross profit of any or several years.
- However, the company have not used the benefits of BOI yet.
- The company received certification of Roundtable on Sustainable Palm Oil (RSPO) from S G S (Thailand) Co., Ltd.

**2014**

- The company build PFAD Esterification plant with the production capacity of 72 tons per day, which is the process of transformation of Palm Fatty Acid Distillate (PFAD) into alternated raw material of Biodiesel production other than using RBD Palm Oil and Palm Stearin.

## 2015

► The Annual General Meeting of shareholders on 21 April 2015 had resolutions as follows: -

- 1) Approved the issuance and allocation of stock warrant for rights to purchase ordinary shares of (AIE-W1) for the existing shareholders. 5 existing shares:1 warrant.
  - For expanding production capacity
  - For investing in machine to increase production yield
  - For working capital
- 2) Approved the change of stocks' par value from 1 Baht per share to 0.25 Baht per share.
- 3) Approved the increase of registered capital from 1,130,000,000 Baht to 1,356,000,000 Baht by issuing 904,000,000 ordinary shares at 0.25 Baht of par value per share for allocate to support AIE-W1.

## 2016

► The Board of Director Meeting No. 4/2016 on 18 October 2016 has resolution to dispose the assets of its subsidiaries with total value of 413,112,000 Baht as follow;

- 1) Approved AI Ports and Terminal Co., Ltd. ("AIPT"), subsidiary which AIE holds 99.99% of the registered ordinary shares, to dispose some of its asset; land, Port, tanks farm (5 tanks with total storage capacity of 10,000,000 liters), ice factory, machineries, equipment and building located on land deeds No. 108147 and 13397 with total area of 7 Rai 49.1 Wah in Tha Jeen district in Samut Sakhon province. Total value of sale is 390,000,000 Baht and will transfer entitlement to the Buyer only after the installed payment has been done within June 2017
- 2) Approved AI Logistic Co., Ltd. ("AIL"), subsidiary which AIE holds 99.99% of the registered ordinary shares, to dispose some of its asset; Thararatana 1; Vessel size (Tanker) 1,500 Tons Gross with value of sale of 23,112,000 Baht. and will transfer entitlement to the Buyer only after the installed payment has been done within October 2018



# 2017

► The Company received Investment Promotion Card from Thailand Board of Investment (BOI) for Refined Glycerine production for business typed 6.1 chemical for industrial used manufacturing business. For Refined Glycerine Plant, the Company received key titles and benefits as follows:-

- 1) Received income tax exemption for gross profit from the promoted business not over 100% of the investment, excluding cost of land and working capital for 3 years starting from the date first receiving revenue from business performance.
- 2) Gross profit includes revenue from by-products.
- 3) Received exemption for including dividend from promoted business receiving income tax exemption in 1) to be calculated for income tax for an entire period of promotion receipt.
- 4) Received authorization to take annual loss incurred during the tax exemption period in 1) to be deducted from incurred gross profit starting from the date relieving from 1) exemption for the period of 5 years which may choose to deduct from gross profit of any or several years.

► The Company received Investment Promotion Card from Thailand Board of Investment (BOI) for Biodiesel production for business related to renewable energy typed 1.16.1, fuel from agricultural produce for the expansion of Biodiesel production, the Company received key titles and benefits as follows:-

- 1) Received income tax exemption for gross profit from the promoted business not over 100% of the investment, excluding cost of land and working capital for 8 years starting from the date first receiving revenue from business performance.
- 2) Gross profit includes revenue from by-products.
- 3) Received exemption for including dividend from promoted business receiving income tax exemption in 1) to be calculated for income tax for an entire period of promotion receipt.
- 4) Received authorization to take annual loss incurred during the tax exemption period in 1) to be deducted from incurred gross profit starting from the date relieving from 1) exemption for the period of 5 years which may choose to deduct from gross profit of any or several years.

► In June 2017, AI Ports and Terminals Company Limited ("AIPT") is a subsidiary of the Company, which holds 99.99 percent shares of AIPT's total registered and paid-up capital. AIPT has been received full payment of THB 390 million from the disposal of its assets at Tha Chalom in Samut Sakhon, which are port, lands, tanks farm (5 tanks with total storage capacity of 11,062,000 litres), ice factory, machineries, equipment and building and has been transferred the entitlement to the Buyer since.



## Revenue Structure of the Company and its Subsidiaries

Types of Revenue	Consolidated Financial Statement		Consolidated Financial Statement		Consolidated Financial Statement (Revised Version)	
	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Selling revenue	2,176.30	88.43	3,416.58	97.90	3,446.74	97.55
1.1 Palm oil business revenue	2,176.30	88.43	3,395.67	97.30	3,418.20	96.74
1.1.1 Biodiesel	1,930.18	78.43	2,652.04	75.99	2,699.26	76.39
1.1.2 Olein palm oil	130.44	5.30	690.27	19.78	630.36	17.84
1.1.3 Raw materials & by-product <sup>1</sup>	115.68	4.70	53.36	1.53	88.58	2.51
1.2 Revenues from ice cube selling	-	-	20.91	0.60	28.54	0.81
2. Refining service revenue	77.03	3.13	32.58	0.93	45.81	1.30
3. Sea freight revenue <sup>2</sup>	32.92	1.34	29.94	0.86	19.55	0.55
Total revenues	2,286.25	92.90	3,479.10	99.69	3,512.10	99.40
4. Other revenues <sup>3</sup>	174.81	7.10	10.87	0.31	21.34	0.60
Total revenues	2,461.06	100.00	3,489.97	100.00	3,533.44	100.00

### Notes :

- 1) Revenue from raw materials and by-products mean revenues gained from the sales of crude palm oil, palm fatty acid, refined palm stearin and crude glycerin will be supplied to the entrepreneurs in continuous industries, such as soap, lotion, cosmetic, cream, and condensed milk industry.
- 2) Revenues from sea freight mean revenues on behalf of ALL which is a subsidiary of the Company.
- 3) Other revenues mean other revenues from the Company and subsidiaries such as revenues from selling scarps, interest income and revenue from gain on dispose of non-current assets of AIPT for THB 156.57 million

## Business Performance for Each Production Line

The Company and its subsidiaries had revenues from key products and services, including (1) selling revenues consisted of revenues from palm oil business and from ice cube business (2) refining service revenues, (3) sea freight revenue, and (4) other revenue, which could be characterized by performance of each type of business of sales and services as follows:-

### I. Company's Products

#### 1) Selling Revenues- Palm Oil Business

The Company had products and services which were produced and distributed in palm oil industry as follows:-

##### 1.1 Biodiesel: B100

Biodiesel is a fuel produced from alternative energy resources such as vegetable oil, palm oil, coconut, sesame, sunflower seeds, soybeans, as well as animal fat. Biodiesel can be used as substitutes for diesel petroleum by blending in different proportion without any impact on the engine system, as well as no impact on the environment, because biodiesel can be decomposed by biological processes. It also produces less air pollution than diesel fuel produced from petroleum.



Biodiesel produced and distributed by the Company has characteristics and quality in accordance with the Fuel Trade Act B.E. 2543 and qualified as required by the Department of Energy Business, Ministry of Energy concerning the nature and quality of biodiesel type of fatty acid methyl esters B.E. 2552. Produced Biodiesel will be used as an ingredient of High Speed Diesel (HSD) to reduce oil imports and increase the use of alternative energy. Currently, the oil trader under Section 7 uses biodiesel as the ingredient of diesel fuel in the proportion of 93 percent diesel fuel and 7 percent biodiesel, called "Diesel B7". The characteristics and quality of biodiesel distributed by the Company entirely meet the requirements of such agencies, as follows:-

The company produces biodiesel for sale as Made-to-Order whereas all buyers purchased Biodiesel from the Company were domestic buyers. The group of customers of Biodiesel is oil trader under Section 7 of the Fuel Trade Act B.E. 2543. Biodiesel will be called based on the types of alcohol used in the reaction and will have similar properties to petroleum diesel made from petroleum as much as possible. The company produces biodiesel typed methyl ester in which the raw materials were vegetable oil from oilseeds which is crude palm oil from good quality palm oil.

##### 1.2 Refined Bleached Deodorized Palm Olein (RBD Palm Olein)

Palm Olein is obtained from refining crude palm oil by squeezing oil from good quality palm oil which is used as raw materials in the production. The crude palm oil ("CPO") is refined to extract fat to be refined palm oil. Then, such oil will be preceded to the compression process to separate and crystallize in order to get Palm Olein for consumption. The customers who use Palm Olein could be divided into (1) large food manufacturing industry, including snack foods, margarine, and cooked foods manufacturing industry which mostly orders by tank truck, (2) packaged customers, including supermarket, hotel, chained restaurant, and general stores that ordered in various packagings such as gallon, tins, bottles, and bags under the brand "Pamola", which was established in the Olein Palm Oil market more than 20 years.



In 2017, the Company has changed the policy and distribution of Palm Olein business ("Edible Oil") by cancels the sales and distribution by the Company itself, change into refining service of Edible Oil instead. The customer will supply their own CPO and taking liabilities in transporting expenses such raw materials to the factory, as well as liable for licensed charges for Edible Oil in packaged under brand "PAMOLA" has been sold such as gallon, tins, bottles, and bag. However, there was revenue from sales of Edible Oil in January 2017 because the backlog from the end of 2016.

### 1.3 Raw Materials and By-products

The company sells raw materials, including crude palm oil which is an initial raw material for manufacturing of Biodiesel, and distributes Refined Bleached Deodorized Palm Oil (RBD Palm Oil) which is an initial raw material for manufacturing of Biodiesel and Olein Palm oil. The Company sold such raw materials to both domestic. In addition, the Company had revenues from selling of by-products received from manufacturing including Palm Fatty Acid Distillate (PFAD), Refined Bleached Deodorized Palm Stearin (RBD Palm Stearin) and crude glycerin. Such by-products will be supplied to the entrepreneurs in continuous industries, such as soap, cream/coffee mate, cosmetics, as well as reused as raw materials from Biodiesel production. The Company sold such by-products to both domestic and overseas.



**PFAD**



**RBD Stearin**



**Crude Glycerin**

### 2) Revenues from Refining Services

The Company had revenues from refining service contracts resulted from providing service on refining crude palm oil (CPO) to gain Refined Bleached Deodorized Palm Oil (RBD Palm Oil) in which the customer will supply CPO, as well as taking liabilities in transporting such raw materials to the factory and picking up products on its own. AIE will take responsibilities in bringing such raw materials into refining process with effective refinery process to get products with quality as determined by the customer. There are 2 group of customer; Biodiesel group and Edible Oil group. For Biodiesel, the customer is a member of a group of traders in under section 7 of the Fuel Trade Act B.E. 2543 in which currently there is one of under section 7 providing refining services of RBD Palm Oil to such customers for over six consecutive years. For Edible Oil, the customer is in Edible Oil trading business, where the Company providing refining services of RBD Palm Oil and Palm Olein to customer. As providing refining services for CPO is deemed as stable source of revenue for the Company and could help the Company to maintain good relationship with customers to create business opportunity into the future.

## II. Product of Subsidiaries

### 1) Revenue from Sea freight service

Revenue from sea freight service is revenue arising on behalf of AI Logistics Co., Ltd. (AIL) which operating vessel freight services with 1 high-quality vessels, namely "Thararatana 3" in 2017. AIL provides sea freight service for fuel, lubricant oil, crude palm oil, refined palm oil to other customers internationally. In 2017, AIL provides sea freight service to other customer in various industries, who have no involvement with any shareholder, board, and executive of the Company. For "Thararatana 1", AIL has disposed it to the Buyer since 18 October 2016 on the leased-purchase agreement and will be fully paid within October 2018. The detail of the vessel Thararatana 3 is as the following.

### Matrix Representing Basic Information Regarding AIL's Vessel

Vessel Title	Vessel License	Type of Vessel	Size/Route
Thareratana 3	Transport CPO and Fuel	Mechanical sea area only	- Vessel size (Double – Hull) 2,500 Gross Ton - International Sea Freight

### Photos of Thareratana Vessel 3



## 2) Revenues from Ports and Terminals servicing and Revenue from Ice cube

Revenue from ports services and ice cube selling is revenue arising on behalf of AI Ports and Terminals Co., Ltd. (AIPT) which operates port services and storage tanks. AIPT is a subsidiary of the Company and have 1 port and storage tanks located in Amphur Muang district of Chumphon province. AIPT has storage tanks providing storage services for fuel, lubricant oil, crude palm oil, and refined palm oil with total storage capacity 20,000 tons, or approximately 22,124,000 Liters.

In 2017, AIPT has no revenue from port and terminal service and no revenue from ice cube for industry used since the Company has been canceled CPO storage at AIPT-Samut Sakhon and AIPT – Chumphon. Also, AIPT had sold some of its assets at Tha Chalom in Samut Sakhon, which are port, lands building, tanks farm (5 tanks with total storage capacity of 11,062,000 Litres), and ice factory to the Buyer since June 2017. Moreover, AIPT – Chumphon did not provide port and terminal service to other customer in 2017.



Photos of Ports and Storage  
tanks in Amphur Muang,  
Chumphon Province



## Risk factors

### 1. Business Competition

The company operates business in producing and distributing biodiesel fuel (B100) and by-product from the production process. If we consider the business growth of each product, biodiesel fuel is known to be a product which grows and competitive in the market compared to other products sold. As the Ministry of Energy together with the Ministry of Agriculture and Cooperatives and Ministry of Finance have set up an action plan to develop and promote biodiesel (B100) to improve such strategy fairly. This is considered one of the ways to support biodiesel producers by slowly increase such mixture of biodiesel from the enforcement of B3 - B7 which is used nationwide (biodiesel rule B7 refers to diesel fuel which has 7% mixture of biodiesel and diesel fuel mixture of 93%), which the government has agreed to such strategy to develop and promote biodiesel use from palm oil.

The company has begun to prepare for tougher competition by giving importance to the development of efficiency in the production process continuously to bring about higher quality and the highest production efficiency. This will allow the company to control cost and expenses in production more efficiently. It will also allow us to maintain quality of the biodiesel according to standard. Since 2012 the Company has gained an economy of scale from Crude Palm Oil Refinery of 1,150 tons per day and in the past 3 years the Company has expand investment to further improve efficiency and reduce cost by using palm fatty acid (PFAD) which is a by-product as a raw material to produce biodiesel, so called Esterification 80% Plant with production capacity of 72 tons of PFAD per day, also expanded its biodiesel production capacity from 450 tons of biodiesel per day to 800 tons per day to benefit from economies of scale in biodiesel production. In 2017, the Company has started construction on a Purify Glycerin project to increase value added to by-product (crude glycerin), are expected to be completed by mid 2018.

### 2. Customer Concentration Risk

The company sells Biodiesel (B100) up to 85.66% of total Sales. In the distribution, Biodiesel was distributed to customers who are compiled to section 7 of the Fuel Trade Act B.E. 2543 which was sold in a made to order manner through inviting customers for bidding. The selling process after winning the bidding will be a 3-12 months' contract depending on the project plan and customer's policy. Most customers will determine the product pickup or amount of goods clearly in the contract.

However, the purchasing ratio may adjust according to the customer's demand during each period. The company is sure that there is very small chance for us to lose our customers as producers and distributors of biodiesel fuels are rare when compare to the demand since the government's policy to induce higher usage of Biodiesel.

### 3. Risk from the government policy amendment

Palm oil is considered an important economic crop since it helps with stability in terms of food and energy of the country. Crude palm oil which is extracted from the factory of Thailand will be separated for various business sectors such as energy, industry, and other non- food sectors such as soap and cosmetics. Palm oil in the country has enough capacity for domestic and some export, which palm oil and crude palm oil that are products of extruded palm oil, including products which use crude palm oil as raw material in the production process will be controlled by the state through various ministries, directly and indirectly such as the Ministry of Agriculture and Cooperative, Ministry of Energy, and Ministry of Commerce since crude palm oil that has been extracted from palm oil is considered a raw material in various industries. With the direction of crude palm oil in Thailand moving in the same direction of the Malaysian crude palm oil, the largest crude palm oil in the world, in the past Thai palm oil industry has faced various factors that caused price to fluctuate and effected plan

industries from the earlier stages. The huge fluctuation in the weather condition which caused the Southern area to face a huge drought and natural disasters, these events caused a shortage of palm oil in the market since palm oil and palm fruits has decreased largely, this led to a huge shock in palm oil price and producer's cost to increase.

For the price and quantity fluctuation of crude palm oil, the government had issued a policy to control such problem from both the fluctuating price and quantity. The government has used its policy to reduce the portion of biodiesel in diesel oil such as at the moment, the government had lowered B7 to B5 when crude palm oil stock low. And increased the ratio of biodiesel in diesel fuel when stocking crude palm oil high. This is to control the amount of crude palm oil used and focuses on the need of the general consumer. Also, price of oil palm and crude palm oil has been controlled in case of fluctuation and use the policy to buy crude palm oil from the market in case of crude palm oil stocking price being too high and the policy to import crude palm oil from abroad. In the case that domestic crude palm oil is at a shortage (at the moment Thailand has a policy to control imported palm oil even though the import tax rate is at 0% since 2010 whereby allowing palm oil to be an authorized imported product. Public Warehouse Organization, Ministry of Commerce is the only entity allowed to import such product so that there will be no effect on the domestic palm oil industry). The Department of Internal Trade of Thailand, Ministry of Commerce had ordered that vegetable oil, fuel oil, and palm oil are controlled products according to the Act on Prices of Goods and Services of B.E. 2542 where vegetable oil and fuel oil are considered sensitive list products. The Department of Internal Trade will monitor the price and condition daily.

In mid of 2016, the price of crude palm oil (CPO) is continuously rise to THB 37.50/kilogram and there was estimated the amount of CPO will not enough to meet the needs of the consumer and alternative energy market. Hence, the Department of Energy has reduced its use of palm oil in alternative energy industry to stabilize prices and prevent shortages of palm oil for domestic consumption. So, they had reduced Biodiesel blended mandate twice in 2016 from B7 to B5 in July 25, 2016 and second time to B3 in August 25, 2016 throughout the year. Until the fourth quarter of 2016, there was an oversupply of CPO so the price of CPO has been dropped to approximately THB 20.00/kilogram. Then, the Department of

Energy had announced to increase Biodiesel blended mandate from 3% to 5% in November 10, 2016 and again in May 8, 2017 from 5% to 7% in order to stabilize CPO price not too low. Therefore, from what has been mentioned above, the company therefore faces risk from policy shift which could affect the company's profit

Therefore, from what has been mentioned above, the company therefore faces risk from policy shift which could affect the company's profit

#### 4. Risks from unforeseeable event

The company has operated business in producing and distributing biodiesel and Palm Olein from crude palm oil and its subsidiaries which are AI Ports and Terminals Company Limited (AIPT) and AI Logistic Company Limited (AIL) which provide ports and storage tanks service and sea freight service (transport fuel, lubricant oil, crude palm oil, and refine palm oil) internationally. The company and its subsidiaries operate business regarding fuel oil which might face unanticipated events such as bombing, fuel leak, and accident caused by vessels which could bring about damage for the company and its subsidiaries. The company and its subsidiaries however are aware of such risk and set guidelines to mitigate such risk through knowledge transfer for each departments of all companies via training at both public and private agencies that are related. This will also help create unity and help employees be aware of the work operation. This process is conducted along with the control of the managers of each department with strict training and guideline in case of emergency annually. Also, the company has continuous monitoring and inspection of the safety equipment and has contract with well-renowned domestic and foreign insurance companies to protect the company and its subsidiaries from risk that could occur. The insurance covers all potential risk, including the asset that is used for business conduct and fuel stock, including risks that occur from natural disaster and accident.

## Production-Related Risks

### 1. Material shortage risk.

The company is a manufacturer and distributor of alternative energy, biodiesel from crude palm oil. Also, the company provides production services for RBD Palm oil and Palm Olein under brand of "PAMOLA" as well as the raw materials and by-products, which is a by-product of the manufacturing process. The Company uses CPO, which has a proportion in total cost as 85-90 percent of raw materials cost. Due to the purchasing of crude palm oil is in the short-term, 1 month, ordering contract or agreement, which states the purchasing price certainly without the long-term ordering contract with the supplier especially. Thus, the company may be risk to a shortage of raw materials if the supplier cannot supply the crude palm oil to the company adequately or stop to supply the crude palm oil to the company by the supplier's internal policies. Therefore, the company may be loosening the opportunity to conduct business, which may affect to the company's earnings. The company is aware of the risk issue as above, the protective approach has determined for such risk by purchasing the raw material from more than 20 potential suppliers and maintaining of a good relationship with the suppliers continuously. More than 80 percent of raw material suppliers is in vendor list of the company is business partners with the company for more than 7 years. Presently, Thailand have increased the cultivated area for palm fruits, thus the company ensures that it will be less of material shortage risk.

### 2. The risk of fluctuations in raw material prices.

The company uses crude palm oil ("CPO") as key raw material for produce Biodiesel distribution. The cost of crude palm oil in the global market is defined as the direction of the market of crude palm oil in Malaysia. Because of Malaysia has the proportion of export the crude palm oil per product highest in the world. The factors that affect the price of crude palm

oil i.e. changing of economic conditions, consumer wants, weather, crude palm oil remaining in stock, and price of other alternative oil such as soy oil and rice bran oil etc.

For Thailand, the price of crude palm oil trend to fluctuates according to the price of crude palm oil in global market. The price of crude palm oil in 2017 decreased from 2016, which it is 22.13 percent, the average price in 2016 is 31.95 Baht per Kilogram, and in 2017 the price is 24.88 Baht per Kilogram, (source: Department of Internal Trade of Thailand, Ministry of Commerce.) In between of 2016 and 2017, the price of crude palm oil within the country very fluctuated and increased due to the palm fruits crop over released to the market. These leads to a decrease in the Company's average cost of crude palm oil in the year 2017 to 19.90 Baht per kilogram or decrease by 11.60 Baht per kilogram from 31.50 Baht per kilogram in 2016, which made the Company's cost of material were higher than CPO market price in 1st and 2nd quarters.

Thus, the company may be risk due to the fluctuation of the price of crude palm oil, which sensitive to the factors that impact both in and out of the country. The fluctuation of the price of crude palm oil may affect to the earning of the company. The company aware of these risks, the policy has determined to adoption for the department who concerned. Emphasizing, the price situation is closely monitored through various channels such as television, newspapers, and website of government organizations which related, such as Department of Internal Trade of Thailand, Ministry of Commerce, coupled with monitoring the price situation, through the business partners continuously. These can help to decrease the fluctuation impact of price of the raw material. Moreover, the public sector has a measurement to control a serious fluctuation of the price.

## Financial Risks

### 1. Risks from Dependency on Financial Institution's Capital

As of 31 December 2017, the Company and its subsidiaries had credit support from a local financial institution. The total debt was 22.62 million Baht (categorized as debt on behalf of the Company for 22.62 million Baht, AIPT and AIL have no outstanding loans), where the debts are Letter of Guarantee for Electricity and Custom. However, the Company and its subsidiaries have repaid principal and interest to financial institutions continuously.

### 2. Risk from Exchange Rate Fluctuation

In accounting period of 2017, the Company and its subsidiaries had assets denominated in foreign currencies (Foreign Saving Account) and the U.S. dollar equivalent of 135.40 in U.S. dollars, in which a part that were incurred by AIL was at 131.88 U.S. dollars arising from sea freight services and by the Company was at 3.52 U.S. dollars arising from the sale of crude glycerin to a customer in overseas without hedging foreign exchange risk as it was a small amount. The Company will consider the use of forward foreign exchange contracts to sell an amount in the case of foreign currency transactions of any significant amount in parallel with the news and exchange rate movements closely to assess the situation and figure ways out to prevent the potential risk to the company. Therefore, the Company is confident that if there is volatility of the exchange rate, the Company will be affected insignificantly.



## Managing and Administrative Risks

### 1. Risks of Dependency on Main Executives

The Company was found in 2006 by having Thareratanavibool Family as key executives and principal shareholders by holding AI's stocks at the proportion of 59.59 percent of the Company's authorized capital, by having (1) Mr. Narong Thareratanavibool as Chairman, (2) Mr. Thanit Thareratanavibool as Vice Chairman, (3) Miss Pimwan Thareratanavibool as board of director, and managing director. All of them have knowledge and understand regarding Biodiesel and olein palm oil producing and distribution business and create the Company's credibility and good relationship with both domestic and international customers over 11 consecutive years. The change of executives may affect the business performance of the Company.

The Company clearly determines scope of duties, responsibilities and authority of each position by decentralizing authority in administering and managing systematically through a systematic planning authority as prescribed. There is also delegation of duties and responsibilities to those who have the knowledge and ability appropriately. The Company also has storage systems and good database which is where the exchange of necessary information takes place. The company has also developed a set of guidelines for the performance of employees by delivering training courses to increase the efficacy and to reduce the reliance on any particular employee in parallel with to encourage employees to have a sense of ownership of the company by providing proper care and welfare of employees at each level to build morale and support in working. In addition, the Company also has a policy to recruit talented individuals to join the company in accordance with the business plan as well.

### 2. Risks in case that there are principal shareholders holding over 50 percent of shares

Thareratanavibool Family which is a major shareholder of the Company through its shareholding in the Company. As of 6 December 2017, Thareratanavibool Family had their shares in the company divided into direct shareholding of 11.45 percent and indirect shareholding through AI of 59.59 percent. Thareratanavibool Family has influence in determining policy for the administration of the company in either direction because they can control the resolution of the shareholders, particularly in the case of a vote taken at a meeting of shareholders not less than one-half of the total votes of shareholders attending the meeting and entitled to vote, exception for the matter that laws or regulations of the company requires to have a 3 out of 4 of the shareholders' meeting.

Nevertheless, the Company has an audit committee consisting of 3 independent members for the total of 8 members. All of them have knowledge and ability which are widely accepted in the society. The auditing committee has a role as assigned by the Company's board based on SET's notification regarding qualifications and scope of responsibilities of auditing committee B.E. 2551 and qualifications of independent committee based on article 16 of Capital Market Supervisory Board's notification Number TJ 28/2551 which is deemed to help enhance efficiency and good audit and balance, as well as transparency of the Company's management. In addition, the company also hired Honor and Advisory Company Limited to perform internal audit which is independent from the management team and can report directly to the Audit Committee. In addition, the Board of Directors of the Company also takes into account the importance of corporate governance by complying with good corporate governance guidelines strictly and consistently so that the company is confident that its shareholders and stakeholders of the Company will be treated fairly and equally.

## Company Profile

Company's Name	:	AI Energy Public Company Limited
Year of Establishment	:	2006
Stock Code	:	AIE
Registration No.	:	0107556000311
Type of business	:	Manufacture and distribution of alternative energy Biodiesel (B100) and edible oil (Palm oil) branded "PAMOLA" from crude palm oil with capacity of 1,150 tons' crude palm oil daily by a constantly refined system and environmental friendly. Also, distribution of crude palm oil and by-product such as Palm Fatty Acid, Palm Stearin, and Glycerine.
Head Office and Factory	:	55/2 Moo 8 Sethakit 1 Road, Klongmadua, Krathum Baen, Samut Sakhon
Address	:	74110
Telephone	:	034-877-485-8
Facsimile	:	034-877-491-2
E-mail	:	aienergy@aienergy.co.th
Website	:	http://www.aienergy.co.th
Registered capital	:	1,356,000,000 Baht
Paid-up capital	:	1,130,000,000 Baht
Ordinary Shares	:	5,424,000,000 Shares, 0.25 Baht per share
Year of being listed	:	2014
in mai	:	
Contacts	:	Investors Relation Telephone 66-34877-485-8 Facsimile 66-34877-491-2 e-mail: ir@aienergy.co.th



## Subsidiaries

Company's Name	:	AI Ports and Terminals Company Limited ("AIPT")
Year of Establishment	:	2007
Registration No.	:	0105550040092
Type of business	:	Provides the service of ports and the storage tanks for petroleum, crude palm oil, and lubricant oil.
Head Office address	:	254 Seri Thai Road, Kannayaow, Bangkok 10230
Telephone	:	0-2540-2528
Facsimile	:	0-2517-1465
Paid-up capita	:	460,000,000 Baht
Comprise of	:	46,000,000 ordinary shares, 10 Baht per value
Branch address	:	1/9 Moo 1, Had Sairee, Amphur Mueng, Chumphon 86120
Telephone	:	077-522-709-10
Facsimile	:	077-522-711
Relationship with AIE	:	<ul style="list-style-type: none"> <li>- AIPT is subsidiary of AIE, with stakeholder of 99.99% of the registered capital of 460 million Baht</li> <li>- There are common directors; Mr.Narong Thareratanavibool and Mr.Thanit Thareratanavibool</li> </ul>



## Subsidiaries

Company's Name	:	AI Logistics Company Limited ("AIL")
Year of Establishment	:	2006
Registration No.	:	0105549021411
Type of business	:	Provides the services for sea and land logistics and specializes in transport of lubricant oil, crude palm oil, and refined palm oil as a sea coast vessel.
Head Office address	:	254 Seri Thai Road, Kannayaow, Bangkok 10230
Telephone	:	0-2540-2528
Facsimile	:	0-2517-1465
Paid-up capital	:	209,000,000 Baht
Comprise of	:	20,900,000 Ordinary shares, 10 Baht per value
Relationship with AIE	:	<ul style="list-style-type: none"> <li>- AIPT is subsidiary of AIE, with stakeholder of 99.99% of the registered capital of 209 million Baht</li> <li>- There are common directors; Mr.Narong Thareratanavibool and Mr.Thanit Thareratanavibool</li> </ul>



## Other References

Securities Registrar	:	<p>Thailand Securities Depository Co., Ltd.</p> <p>93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand</p> <p>Telephone 0-2009-9000</p> <p>Facsimile 0-2009-9991</p> <p>Website: <a href="http://www.set.or.th">http://www.set.or.th</a></p>
Auditors	:	<p>1. Mr. Vichai Ruchitanont Certified Public Accountant No. 4054, or</p> <p>2. Mr. Atipong Atipongsakul Certified Public Accountant No. 3500, or</p> <p>3. Mr. Sathien Vongsnan Certified Public Accountant No. 3495, or</p> <p>4. Miss Kultida Pasurakul Certified Public Accountant No. 5946, or</p> <p>5. Mr. Yuttapong Chuamuangpan Certified Public Accountant No. 9445.</p> <p><b>ANS Audit Company Limited.</b></p> <p>100/72, 16th Floor, 100/2 Vongvanij Building B, Rama 9 Road, Huaykwang, Bangkok, 10320 Thailand</p> <p>Telephone 0-2645-0109</p> <p>Facsimile 0-2645-0110</p> <p>Website: <a href="http://www.ans.co.th">http://www.ans.co.th</a></p>
Internal Audit	:	<p><b>Honor Audit and Advisory Co., Ltd.</b></p> <p>518/5, 8th Floor Maneeya Center Building, Ploenchit Road Lumpini, Pathumwan, Bangkok 10330</p> <p>Telephone 0-2684-1299</p> <p>Facsimile 0-2652-0791</p> <p>Website: <a href="http://www.honoraudit.com">http://www.honoraudit.com</a></p>
Legal Consultant	:	<p><b>The Art of Law (Law Office) Co., Ltd.</b></p> <p>249/1 Soi Ladprao 87, Chao Khun Sing Wang Thonglang, Bangkok 10310</p> <p>Telephone 0-2932-0842</p>
Others	:	-None-

## Major Shareholders of AI Energy Public Company Limited

At the closing registration on December 6, 2017

No.	Shareholder	Number (share)	Proportion (%)
1.	Asian Insulators Public Company Limited	2,693,416,240	59.59%
2.	Mr. Noppol Thareratanavibool	300,939,904	6.66%
3.	Mr. Thanit Thareratanavibool	79,662,880	1.76%
4.	Mr. Vichit Chinawongworakul	43,143,600	0.95%
5.	Mrs. Sopha Thareratanavibool	40,418,968	0.89%
6.	Mrs. Jarunee Worakitjanuwat	30,047,188	0.66%
7.	Mr. Kovit Thareratanavibool	21,000,000	0.46%
8.	Mr. Anurag Thareratanavibool	20,200,000	0.45%
9.	Miss. Varunee Jiengpradit	20,000,000	0.44%
10.	Mrs. Usana Thareratanavibool	17,604,828	0.39%
11.	Others	1,253,566,392	27.73%
Total		4,520,000,000	100.00%

**Remark :** The up to date of major shareholders will be posted on the Company's website before the Annual General Meeting

## Dividend Policy

### The company's dividend policy

The Company was found in 2006 by having Thareratanavibool Family as key executives and principal shareholders by holding AI's stocks at the proportion of 59.59 percent of the Company's authorized capital, by having (1) Mr. Narong Thareratanavibool as Chairman, (2) Mr. Thanit Thareratanavibool as Vice Chairman, (3) Miss Pimwan Thareratanavibool as board of director, and managing director. All of them have knowledge and understand regarding Bio-diesel and olein palm oil producing and distribution business and create the Company's credibility and good relationship with both domestic and international customers over 11 consecutive years. The change of executives may affect the business performance of the Company.

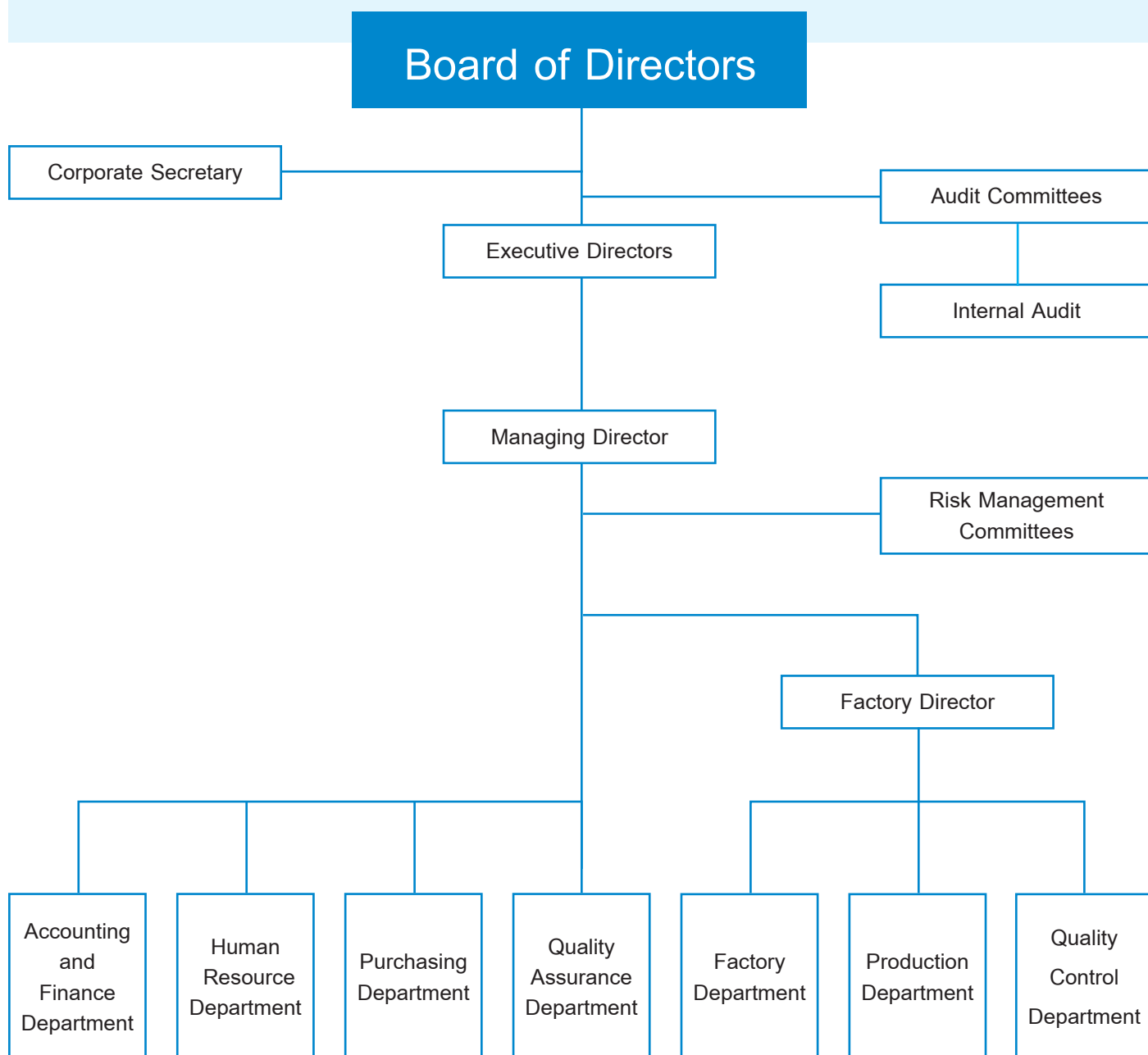
### The Subsidiaries' dividend policies

The company has not fixed a dividend payment ratio for our subsidiaries. Their dividend payments shall depend on the operating results of each company. Dividend payments of subsidiaries to the company must be made accordance with each company's regulation on dividend payment that must be approved by a resolution of their general meeting of shareholders. Interim dividend payments are allowed. In paying dividends subsidiary companies shall record some profit. If there is an operating loss, dividend payments are barred until such losses are recovered. In additional, at least 5% of all profits must be set aside as legal reserves until legal reserves reach 10% of companies' registered capitals.



## Management Structure

*The Company's management structure comprises of the Board of Directors and three (3) sub-committees namely 1) Audit Committee 2) Executive Committee and 3) Risk Management Committee*



## Board of Directors



Mr. Narong Thareratanavibool



Mr. Thanit Thareratanavibool



Dr. Kaweepong Hirankasi



Miss Pimwan Thareratanavibool



Assistant Professor Sampan Hunpayon



Mr. Damrong Joongwong



Mr. Choti Sontiwattananont

## Mr. Narong Thareratanavibool

age 67 years old

Date of first appointment:

4 October 2006

Shareholding in the Company as of

6 December 2017: None



Position	:	- Chairman of the Board / Chairman of Executive Committee
Educations	:	- MBA, Kasetsart University, National Defense College
Trainings / Certifications	:	- Director Certification Program (DCP), Thai Institute of Director Association (IOD) No. 46/2004 - Chief Financial Officer Certification Program - Director Accreditation Program (DAP), Thai Institute of Director Association (IOD) - Chairman 2000, Thai Institute of Director Association (IOD) No. 10/2004 - Advanced Management Program, Capital Market Academy No. 15
Professional experiences	:	2006 – 2008    Director    PPC Asian Insulators Co., Ltd. 1983 – 2003    Managing Director    Asian Insulators Co., Ltd.

Other directorship positions / other positions at present :

- Subsidiaries/Related Company

2007 – Present    Director    AI Ports and Terminals Co., Ltd.

2006 – Present    Director    AI Logistics Co., Ltd.

2004 – Present    Chairman    Asian Insulators Public Company Limited

1995 – Present    Director    AI Engineering Service Co., Ltd.

- Other listed companies

- None -

- Non-listed companies

- None -

Relation among family with other directors:

- Mr.Thanit Thareratanavibool's brother

## Mr. Thanit Thareratanavibool

age 60 years old

Date of first appointment:

4 October 2006

Shareholding in the Company as of

6 December 2017: 1.76% (79,662,880 shares)



Position	: - Vice Chairman / Executive Director
Educations	: - MBA, Kasetsart International, Kasetsart University - Bachelor of Engineering (Mechanics), Northeastern University, USA
Trainings / Certifications	: - Director Certification Program (DCP), Thai Institute of Director Association (IOD) No. 47/2004
Professional experiences	: 2006 – 2008 Director PPC Asian Insulators Co., Ltd. 1998 – 2003 Vice Managing Director Asian Insulators Co., Ltd.

### Other directorship positions / other positions at present :

#### - Subsidiaries/Related Company

2007 – Present Director AI Ports and Terminals Co., Ltd.

2006 – Present Director AI Logistics Co., Ltd.

2004 – Present CEO Asian Insulators Public Company Limited

1995 – Present Director AI Engineering Service Co., Ltd.

#### - Other listed companies

- None -

#### - Non-listed companies

Present Director Digital Screen Play Co., Ltd.

Present Director Digit Brain Co., Ltd.

### Relation among family with other directors:

- Mr.Narong Thareratanavibool's brother

## Miss Pimwan Thareratanavibool

age 32 years old

Date of first appointment:

17 May 2017

Shareholding in the Company as of

6 December 2017: 0.28% (12,500,000 shares)



Position	: - Director / Executive Director / Managing Director / Corporate Secretary
Educations	: - Master of International Business, Monash University Melbourne, Australia - Bachelor of Commerce in Accounting, Macquarie University Sydney, Australia
Trainings / Certifications	: - Director Certification Program (DCP), Thai Institute of Director Association (IOD) No. 242/2017
Professional experiences	: 2012 – 2017 Purchasing and Human Resource Manager/Audit Committee Secretary AI Energy Public Company Limited 2011 – 2012 Relationship Manager TMB Bank PCL 2008 – 2010 Account Officer-Special Asset Management (W) Bangkok Bank PCL.

Other directorship positions / other positions at present :

- Subsidiaries/Related Company
  - None -
- Other listed companies
  - None -
- Non-listed companies
  - None -

Relation among family with other directors:

- None -

## Mr. Damrong Joongwong

age 72 years old

Date of first appointment:

31 May 2013

Shareholding in the Company as of

6 December 2017: None



Position	:	- Director
Educations	:	- Master of Public Administration, NIDA
Trainings / Certifications	:	- Director Certification Program (DCP), Thai Institute of Director Association (IOD) No. 168/2013 - Director Accreditation Program (DAP), Thai Institute of Director Association (IOD)
Professional experiences	:	2008 – 2013    Advisor    Asian Insulators Public Company Limited Vice Man- 1982 – 2008    PEA Assistant Governor    PEA

Other directorship positions / other positions at present :

- Subsidiaries/Related Company
  - None -
- Other listed companies
  - None -
- Non-listed companies
  - None -

Relation among family with other directors:

- None -

## Dr. Kaweepong Hirankasi

age 68 years old

Date of first appointment:

9 April 2013

Shareholding in the Company as of

6 December 2017: None



Position	:	- Chairman of Audit Committee / Independent Director
Educations	:	- Doctor of Social Science, Marcus University, India - MBA, International Program, Kasetsart University - Bachelor of Commerce (Accounting), Thammasart University
Trainings / Certifications	:	- Director Certification Program (DCP), Thai Institute of Director Association (IOD) No. 168/2013 - Director Accreditation Program (DAP), Thai Institute of Director Association (IOD) No. 100/2013
Professional experiences	:	1984 – 2010   MEA Assistant Governor   MEA

Other directorship positions / other positions at present :

- Subsidiaries/Related Company
  - None -
- Other listed companies
  - 2008 – Present   Independent Director   New City (Bangkok) Public Company Limited
- Non-listed companies
  - None -

Relation among family with other directors:

- None -

## Assistant Professor Sampan Hunpayon

age 65 years old

Date of first appointment:

9 April 2013

Shareholding in the Company as of

6 December 2017: None



Position	:	- Audit Committee / Independent Director
Educations	:	- MBA, Kasetsart University - Certification of Law and Development, ISS, Hague, Netherlands - Bachelor of Law, Chulalongkorn University
Trainings / Certifications	:	- Director Certification Program (DCP), Thai Institute of Director Association (IOD) No. 110/2008 - Director Accreditation Program (DAP), Thai Institute of Director Association (IOD) No. 100/2013
Professional experiences	:	2002 – 2010    Dean of Faculty of Business Administration    Kasetsart University 2009 – 2011    Chairman of Executive Master Program    Kasetsart University 2009 – 2011    Director    PEA 2008 – 2011    Chairman of Audit Committee    PEA

Other directorship positions / other positions at present :

- Subsidiaries/Related Company

- None -

- Other listed companies

Present	Independent Director	E FOR L - AIM Public Company Limited
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- Non-listed companies

Present	Independent Director	Wuttisak Cosmetic Co., Ltd.
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Present	Independent Director	Wuttisak Clinic Intergroup Co., Ltd.
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Present	Independent Director	SpaceMed Co., Ltd.
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Relation among family with other directors:

- None -

## Mr. Choti Sontiwattananont

age 61 years old

Date of first appointment:

31 May 2013

Shareholding in the Company as of

6 December 2017: 0.0064159% (290,000 shares)



Position	:	- Audit Committee / Independent Director
Educations	:	- Executive MBA, Kasetsart University - Bachelor of Business Administration (Accounting), Ramkhamhaeng University
Trainings / Certifications	:	- Director Certification Program (DCP), Thai Institute of Director Association (IOD) No. 178/2013
Professional experiences	:	2012 – 2013    Director of Accounting & Finance, Richy Place 2002 Co., Ltd. 2010 – 2012    Factory Manager, Chomphan Group Co., Ltd. 1991 – 2010    Accountant, Watcharaphol Co., Ltd.

Other directorship positions / other positions at present :

- Subsidiaries/Related Company
  - None -
- Other listed companies
  - None -
- Non-listed companies
  - None -

Relation among family with other directors:

- None -

## Authority and Duties of the Board

The Board of Directors are responsible in lieu of company's shareholders, each director is a representative of shareholders and is involved in providing advice and complying with the regulations set out by the company independently for the public interests of shareholders and stakeholders. Duties and responsibilities of the Board of Directors include the following.

1. Perform their duties in accordance with the laws, objectives and regulations of the company, as well as the resolutions of the general meeting of shareholders
2. Consider and approve the business policy, goals, operational plans and annual budget
3. Consider the appointment of a person who is qualified and not disqualified as defined in the Public Company Act BE 2535 and the Securities and Exchange Act, including regulations and/or rules related to the position of director in case of vacancy for reasons other than retirement
4. Consider the appointment of executive director chosen from company's directors, and define the authority and responsibilities of the executive directors.
5. Consider the appointment of independent director and audit committee by considering the qualifications and the prohibited qualifications for independent directors and audit committee according to the Securities and Exchange Act, including announcement and/or regulations related to the Stock Exchange, or propose to the shareholders' meeting to further consider the appointment of an independent director and audit committee of the company.
6. Consider, determine, and change the names of directors who have duly authorized bidding company.
7. Appoint any other person to operate the company under the control of the Board, or delegate authority to such persons and / or within the period as the Board deems appropriate, provided that the Board may revoke or modify such a power.
8. Consider and approve the acquisition or disposition of assets, unless such transactions must be approved by the meeting of shareholders. Such approval must be in accordance with the announcement, rules and / or regulations related to the Stock Exchange.

9. Approve the related transactions unless such transactions must be approved by the meeting of shareholders. Such approval must be in accordance with the announcement, rules and / or regulations related to the Stock Exchange.
10. Approve paying an interim dividend to shareholders as the company deems reasonable, and report such payment to the meeting of shareholders in the next meeting.

However, the committee who has any conflict of interest or any other conflict of interest with the company shall be not entitled to vote on such respective matter.

In addition, in any of the following cases, it shall be approved by the Board of Directors Meeting, and the Meeting of Shareholders with votes of not less than 3 out of 4 of the total votes of shareholders attending the meeting and entitled to vote.

- (A) Sale or transfer of either whole or substantial part to any other person
- (B) Purchase or acquisition of a private company or other public company
- (C) Amend or cancel the contract relating to the leases of the company either whole or substantial part, assign any other person to manage the businesses of the company, or a merger with another person for the purpose of sharing profit and loss.
- (D) Amend or add the Articles of Association or company's regulations
- (E) Increase or decrease of the registered capital
- (F) Dissolution
- (G) Issue of the debentures
- (H) Company's merger with another company.
- (I) Any other matters as set forth under the provisions of the Securities and Exchange Act, and/or the terms of the Stock Exchange of Thailand, which it shall be approved by the meeting of the shareholders with votes mentioned above, acquisition or disposition of assets and related transactions , etc.

## Duties and Responsibilities of the Chairman

1. Arrange Board Meetings and assign the Company Secretary to arrange for delivery of notices of meetings and documents to ensure that the Board receives sufficient information in a timely manner.
  2. Chairman of the Board of Directors meeting
  3. Chair at the Shareholders Meetings and ensure that the meetings are conducted in accordance with the Articles of Associations of the Company and the agenda specified.
  4. Ensure efficient communication between the directors and the shareholders.
  5. Perform duties specified by law as the duties of a chairman.
  9. To appoint consultants in various matters to the Executive Directors Committee to approve.
  10. Authorized in declaring all regulations and announcements ensure compliance with the policy and the interests of the Company and to maintain discipline within the organization.
  11. Propose the management strategies to the Board and the Executive Directors Committee.
  12. Propose summarized operating results to the Board and
  13. the Executive Directors Committee.
- Supervised all domestically and internationally sales.

## Authority and Duties of Managing Director

1. Manage and supervise the Company's normal business operations as well as empower the executive or any related person who carry on routine daily operations of the Company.
2. Define and regulate the overall practice in accordance with the policy of the Board of Directors and / or the Executive Directors Committee.
3. Conducted as the Board of Directors' and / or the Executive Directors Committee's delegation.
4. Authority to approve all the purchase, leasing, hire purchase, or invest in an approved investment plan as well as the authority to revoke all the purchase, leasing, hire purchase, asset sales, investment and expenses that necessary in normal business operation. In accordance with the Company's Approval Mandate disputed by the Board.
5. Authority to approve the purchase of property or expenses' obligation to the contracts and / or agreements with suppliers as specified in the Company's Approval Mandate disputed by the Board.
6. Propose the business strategy and funding for the Company to the Board and / or Executive Director Committee.
7. Authority to approve all subject related to the employment from manager level downward such as hire, appoint, rotate, dismantle, retire, lay off and salary determination, bonus, salary's raise and other remunerations.
8. Authority to open and close accounts with selected financial institutions to facilitate the implementation of the normal business operation through the approval from the Executive Directors Committee.

## Directors' Term of Service on Board

Under the Articles of Association, the term of each director is approximately 3 years, a retiring director is eligible for re-election. In every Annual General Meeting of Shareholders, one-third of the Board or the number nearest to one-third, shall retire from office by choosing directors who have served the longest are most eligible to retire. Moreover, each elected director is highly qualified with respected for being knowledgeable, moral, and effective, therefore the Company does not set a limit on consecutive terms of service if the shareholders are confident in such re-elected directors.

## Corporate Secretary

The Board appointed Miss Pimwan Thareratanavibool as the Corporate Secretary on 17 May 2017 to take responsibility for all meetings of the Board's and assist to best corporate governance. Also, he conducts as a coordinator to follow the subsequent actions in accordance with the Board's resolutions as the followings;

1. To advice the Company's Articles of Association, regulations and inform significant changes to the Board subsequently.
2. To arrange the Shareholders and the Board meetings in accordance with laws and regulations.
3. To take minutes of the Shareholders and the Board meetings and follow the subsequent actions are in accordance with such resolutions.
4. To disclosure all public information in accordance with regulations, and the SEC's and SET's regulations.
5. To filed all records of the Company's important documents such as directors' registration, invitation to the meetings, minutes of meetings, annual reports, invitation to shareholders' meetings and reports on directors' and management's interest etc.



## Audit Committee

On quarterly basis, the Audit Committee reviews the financial statements and balance sheets of companies along together with Accounting and internal auditor, and report the audit results to the Board of Directors. The Board of Directors approves the company's consolidated financial statements in the annual report of the company. The company's financial statements have been prepared under the accounting standards.

As of 31 December 2017 the Audit Committee comprised three following persons.

No.	Name	Position
1.	Dr. Kaweepong Hirankasi	Chairman of Audit Committee
2.	Assistant Professor Sampan Hunpayon	Audit Committee
3.	Mr. Choti Sontiwattananont	Audit Committee

The Board is appointed Miss Ratima Thareratanavibool as Secretary of the Audit Committee

### Audit Committee's duties and responsibilities

The Audit Committee is established to support the operations of the Board of Directors under the Good Corporate Governance, especially in the financial reporting process, internal control system, auditing process, and compliance with laws and regulations set forth by the Securities and Exchange Commission, and the Stock Exchange of Thailand, and directly reports to the Board of Directors. The provisions of the Charter of the Audit Committee are as follows

### Compositions of the Audit Committee

Audit Committee of the company shall be appointed by the Board of Directors and approved by shareholders of the company to assume the position of director and be qualified in accordance with the Securities and Exchange Act, all rules and / or regulations of the Stock Exchange of Thailand for no less than three persons. At least one Audit Committee must be knowledgeable of accounting and finance. The term of office of the Audit Committee is 3 years from the date of their appointment. Audit Committee must not in the management position of the Company, affiliates and subsidiaries and are independent director and qualified Independent Director and Audit Committees qualifications.

### Qualifications of the Independent Director

1. Hold less than 1% of the total ordinary shares of the Company, subsidiaries, and affiliated. The count must be inclusive of shares belong to the independent director's associates.
2. Has not involve in management, or has never held position as executive director, employee, consultant with fixed salary or controlling shareholders of the Company and was received salary, subsidiary's, joint venture's, same level subsidiary's authorized person, majority shareholders or the Company's authorized person, except being exempt from the above characteristic for at least 2 years prior to submitting the permit to the Securities and Exchange Commission Office. The above prohibited characters exclude the independent director who is a government employee or consultant who is majority shareholders or authorized director of the Company.
3. Don't have a relationship directly or legally married to executives, majority shareholders, authorized person or person who has been nominated an executive position or subsidiary, including not being parents, siblings, children, and being in-law of such person as stated above.
4. Never or used to have business relationship with the Company, corporation, subsidiary, majority shareholders, joint venture, majority shareholders or the Company's authorized person of which obstructed independent judgment,

including not being or used to be significant shareholders or an authorized person having business relationship with corporation, subsidiary, joint venture, majority shareholders or the Company's authorized person, except being exempt from the above characteristics at least two years before submitting application to Securities and Exchange Commission Office.

5. Never or used to be the Company's, joint venture's, major shareholders' auditor or the authorized person of the Company and not a significant shareholder, authorized person or partner of the auditing firm that the Company, subsidiary, joint venture, major shareholder auditor or authorized person of the Company belong, except for being exempt from the above characteristic for at least 2 years before submitting application to Securities and Exchange Commission Office.
6. Never or used to be a professional service provider whose business includes legal or financial consultation, who receives more than 2 million baht per annual service fee from the Company, parent company, subsidiary, joint venture, major shareholders or authorized person of the Company and not a significant shareholders, authorized person or partner of the professional service provider, except for being exempt from the above characteristic for at least 2 years before submitting application to Securities and Exchange Commission Office.
7. Not an appointed committee by the representative of the Company's director, major shareholders or shareholders who associate with majority shareholders of the Company.
8. Not operate the same business and a significant competitive business with the Company or subsidiary or not a significant partner in partnership or an executive director of such business, employees who earn fixed salary or hold more than 1% of the overall ordinary share of another company which operates the same business and be a significant competitor with the Company or subsidiary.
9. No other characteristics preventing the independent opinion on the Company's operation.
10. The independent directors may be assigned by the committee to decide on the operation of the Company, the parent company, subsidiary, joint venture, subsidiary of the same level, major shareholders or authorized person of the company in Collective Decision form.

## Qualifications of the Audit Committee

The Audit Committee must be able to express their opinion freely upon the mission assigned by the Board of Directors without any individual or group's influence over such a mission and the Audit Committee shall possess the following qualifications.

1. Not being a director appointed by the Board to decide on the affairs of the Company, its subsidiaries, parent company, subsidiaries, affiliates, subsidiaries of the same order, major shareholders, or those empowered to control the company.
2. Not being a director of the parent company, subsidiaries or subsidiaries of the same order, and listed company
3. Be knowledgeable and experienced sufficiently to act as the Audit Committee. At least one Audit Committee shall be knowledgeable and experienced enough to perform a function of traceability to ensure the reliability of financial statements
4. Be responsible in the same manner as set forth in the SET announcement for qualification and scope of operations of the Audit Committee

## Authority and responsibilities of the Audit Committee

The Audit Committee is responsible for overseeing the operations of the company to achieve clarity in the administration with integrity, as well as to ensure that the executive directors and company's executives have implemented the policies set out by the Board of Directors correctly in accordance with the standards and consider the interests of shareholders.

1. Review and make sure that the company's financial report is accurate and sufficient.
2. Review and make sure that the company provides appropriate and effective internal control system and internal audit, and consider the independence of the internal audit unit, as well as approve the appointment, transfer, dismissal of the Head of the Internal Audit, or any other agencies that are responsible for internal audit.
3. Review and ensure of the company's compliance with the Securities and Exchange Act, SET requirements, and laws relating to the company's business.

4. Consider, select and nominate an individual who is independent to act as auditor of the company, and offer the remuneration for such a person, including attending meetings with the auditors without management at least 1 time per year.
5. Consider the related-party transactions or transactions that may have conflict of interest to ensure of the compliance with the laws and regulations of the Stock Exchange of Thailand and to ensure that such transactions are reasonable with maximum benefits to the company.
6. Prepare a report of the Audit Committee to be disclosed in the annual report of the company. Such report must be signed by the Chairman of Audit Committee and must contain at least the following information.
  - (A) Opinion on the accuracy, completeness and reliability of the financial reports of the company.
  - (B) Opinion on the adequacy of internal control systems of the company
  - (C) Opinion on the compliance with the Securities and Exchange Act, regulations set out by the SET, or law related to the company's business
  - (D) Opinion on the suitability of an auditor
  - (E) Opinion on the transactions that may have conflict of interests.
  - (F) Number of the Audit Committee's Meeting and the attendance of each Audit Committee
  - (G) Opinion or overall observations the Audit Committee has obtained from its duties under the Charter.
  - (H) Other matters that should be known to the shareholders and investors under the scope of duties and responsibilities assigned by the Board of Directors.
7. Other functions assigned by the Board of Directors with the approval of the Audit Committee.



## Term of office

1. The Audit Committee shall hold office for a term of 3 years from the date of their appointment, and at expiration of its term, if the Board of Directors or the shareholders' meeting has not approved the appointment of new committees, the original Audit Committee must continue functioning the Board of Directors or the shareholders' meeting appoints the new Audit Committee to replace the previous ones that will vacate the office upon the expiration of the term, and / or in accordance with the term of office of Directors. The appointment must be made within 2 months after the full term of the previous committees. Audit Committee vacating the office upon expiration of its term can be re-appointed for another term.
2. In case of the vacancy of the Audit Committee for whatsoever reasons in addition to the expiration of the term, and the term remains no less than two months, the Board of Directors or the shareholders' meeting can appoint a person whose qualification meets as audit committee in lieu of the vacancy in the next meeting. Such appointed person will assume a position for only the remaining term of the Director he replaces.
3. In addition to vacating the office upon the expiration of term mentioned above, the audit committee shall vacate the office upon any of the following cases.
  - 3.1 Vacating the office of being a director
  - 3.2 Resignation
  - 3.3 Dead
  - 3.4 The Board of Directors has a resolution to withdraw them from office before the end of term.
  - 3.5 Disqualified by the Audit Committee Charter or by the rules of the Securities and Exchange Commission, and the Stock Exchange of Thailand
4. Audit Committee resigning before the term of office shall notify the Company in advance one month with reasons. The company shall disclose the shareholders or investors the information about the resignation of the audit committee with reasons to the Stock Exchange of Thailand immediately. However, the audit committee resigning before the term of office may explain the cause of resignation to the Securities and Exchange Commission and the Stock Exchange of Thailand.

## Meeting

Meetings of the Audit Committee are as follows.

- 1.1 The Audit Committee Meeting shall be held to consider the financial statements and others at least 6 times a year. Calling a meeting shall be made no less than seven days before the Board of Directors Meeting or the Audit Committee Chairman convenes a meeting in special case to consider any other urgent matters as they deem appropriate.
- 1.2 At the Audit Committee Meeting, no less than a half of all audit committees attending the meeting shall be regarded a complete quorum. The audit committee may invite the internal auditor, certified accountant, executives, or related parties to attend the meeting and provide the relevant information. If the Audit Committee Chairman is absent or is unable to perform his duties, and in case of the absence of Deputy Chairman, or unable to perform the duties, the audit committee attendants shall elect one among themselves as the chairman of the meeting.
- 1.3 The Audit Committee Meeting's resolution shall abide the majority of the Audit Committee at the meeting. One Audit Committee has one vote in the voting, except that the Audit Committee having an interest in the matter shall be entitled to vote on the respective matter. In case of a tie, the chairman of the meeting shall have an additional vote as final vote. However, other Audit Committees who did not vote for a resolution, it shall be presented as a dissenting opinion to the Board of Directors.
- 1.4 The Chairman of the Audit Committees shall report the results of the meeting to the Board of Directors in any next meeting.

## The Board of Directors and the Audit Committee Meeting Attendance as of 31 December 2017

No.	Name of Directors	Position	Shareholder Meeting	Board of Directors	Audit Committee
1	Mr.Narong Thareratanavibool	Chairman of the Board / Chairman of Executive Directors Committee	2/2	6/6	-
2	Mr.Thanit Thareratanavibool	Vice Chairman of the Board / Executive Director	2/2	6/6	-
3	Miss Pimwan Thareratanavibool <sup>1</sup>	Director / Executive Director / Managing Director / Corporate Secretary	1/2	3/6	-
4	Mr.Damrong Joongwong	Director	2/2	6/6	-
5	Dr.Kaweephong Hirankasi	Chairman of Audit Committee / Independent Director	2/2	6/6	15/15
6	Assistant Professor Sampan Hunpayon	Audit Committee / Independent Director	2/2	5/6	14/15
7	Mr.Choti Sontiwattananont	Audit Committee / Independent Director	2/2	6/6	15/15

Remarks : The figures show the number of directors attending a meeting per number of times of the meeting

<sup>1</sup> Miss Pimwan Thareratanavibool was appointed as Director since 17 May 2017

## Details of Directorship of AIE and Executives in Subsidiaries, and Related Companies

Subsidiaries and Related Companies									
Name of Directos	AIE	2.1	2.2	3.1	3.2	3.3	3.3	3.3	3.3
Mr.Narong Thareratanavibool	X	/& //	/& //	X	-	/& //	-	-	-
Mr.Thanit Thareratanavibool	/& //	/& //	/& //	/& //	-	/& //	/& //	/& //	-
Miss Pimwan Thareratanavibool	/& //	-	-	-	-	-	-	-	-
Mr.Damrong Joongwong	/	-	-	-	-	-	-	-	-
Dr.Kaweephong Hirankasi	/	-	-	-	-	-	-	-	-
Assistant Professor Sampan Hunpayon	/	-	-	-	-	-	-	-	-
Mr.Choti Sontiwattananont	/	-	-	-	-	-	-	-	-

Remarks : 1. x = Chairman : / = Director : // = Executive Director

2. List of subsidiaries

2.1 AI Logistics Company Limited

2.2 AI Ports and Terminals Company Limited

3. List of related Companies

3.1 Asian Insulators Public Company Limited

3.2 PPC Asian Insulators Company Limited

3.3 AI Engineering Service Company Limited

3.4 Digital Screen Play Company Limited

3.5 Digit Brain Company Limited

The Directors mentioned above do not receive compensation from being a director of the subsidiary.

To promote and support the affiliated companies, the company has proposed the directors or executives as directors for subsidiary in order to regulate the corporate policies and business plan for the highest benefit of shareholders or stakeholders.

## Executive Directors

Executive Directors Committee as of 31 December 2017 includes 3 following persons.

No.	Name	Position
1.	Mr.Narong Thareratanavibool	Chairman of Executive Directors Committee
2.	Mr.Thanit Thareratanavibool	Executive Director
3.	Miss Pimwan Thareratanavibool	Executive Director

### Authorities and responsibilities of the Executive Director Committee

1. Direct, plan, and set the policies and strategies for the operations of the company in accordance with the economic and competitive conditions and submit the Board of Directors for approval.
2. Supervise the operations of the company in accordance with the policy or business plan, including business strategy which has been approved or determined by the Board of Directors.
3. Propose investment plan and / or funding for the company that it shall be approved by the Board of Directors and / or the shareholders' meeting as the case may be.
4. Establish policies, business plans and business strategies of the company under the scope of the objectives
5. To approve fund investments as set forth in the annual budget that has been approved by the Board of Directors, or in accordance with the Board of Directors' resolution that has been approved in the principle.
6. Authorized to buy, sell, procure, rent, lease, hire-purchase, possess, occupy, improve, use or manage any assets, including investments in accordance with plan that has been approved by the Board of Director.
7. Authorized to approve the purchase of property, or any payment due to the company's operations as to the contract and / or agreements with suppliers as detailed in the authority plan set forth by the Board of Director.
8. Within the limits authorized by the Board of Director, the Executive Director Committee is authorized to approve the purchase, hire, lease, hire-purchase any properties, and authorized to make investment, and spending any expenses necessary to the operation of the company as detailed in the authority plan approved by the Board of Director.
9. Within the limits authorized by the Board of Director, the Executive Director Committee is authorized to approve loans and overdraft from financial institutions or other institutions for supporting operation of the Company as specified in the Company's Approval Mandate, which was approved by the Board of Director.
10. Authorized to determine the employees' welfare in accordance with the conditions and economic status.
11. Execute other matters to support the implementation mentioned above or as assigned by the Board of Director at each time.

## Risk Management Committee

There are 4 Risk Management Committee as of 31 December 2017 as follows.

No.	Name	Position
1.	Mr.Thanit Thareratanavibool	Chairman of Risk Management Committees
2.	Miss Pimwan Thareratanavibool	Risk Management Committee
3.	Mr.Phalat Palnak	Risk Management Committee
4.	Miss Ratima Thareratanavibool	Risk Management Committee

### Duties and responsibilities of the Risk Management Committee

1. Direct the development and participate in the analysis of the risk management strategy of the organization yearly.
2. Develop and screen the risk levels permissible to the organization.
3. Provide direction and overseeing method to the supervisors and staffs in each department.
4. Assess the significant risks and report to the Managing Director
5. Assess and report the risk of the company.
6. Review the practical results compared to goals and yearly-scheduled plans
7. Follow-up meeting on practical results from each Department monthly

## Management Team

List of Management Team as at 31 December 2017 includes 7 following persons.

No.	Name	Position	Shareholding in the Company as of 30 December 2017
1.	Miss Pimwan Thareratanavibool	Managing Director	0.28% (12,500,000 shares)
2.	Mr.Wuttiphan Benjathanyapol	Factory Director / Acting Production Manager	-
3.	Miss Piyanart Nampiroj	Accounting and Finance Manager	-
4.	Miss Ratima Thareratanavibool	Human Resource and Purchasing Manager	0.019% (880,000 shares)
5.	Mr.Wisan Nakkhum	Factory Manager	-
6.	Mr.Phalat Palnak	Quality Assurance Manager	-
7.	Mr.Chainarong Saenphuwa	Quality Control Manager	-

Remarks : \*Included spouse's and underage children's shareholding

## Executive Directors and Management Compensation

### 1. Compensation in cash

#### a. Directors' remuneration

The company determines the remuneration policy for the company's Board of Director fairly and reasonably in awareness of the appropriateness and harmony with the responsibilities of the director, financial position of the company, and in the reference to the companies in the same industry. At the Annual General Meeting of Shareholders year 2017 held on 28 April 2017, the company approved and determined the 2017 remuneration for the directors amounted to less than THB 3,000,000.

Compensation	2017
1) Standard monthly fee - Chairman - Director	18,000 Baht / person / Month 15,000 Baht / person / Month
2) Meeting Allowance* - Chairman - Director	18,000 Bath / person / time 15,000 Baht / person / time
3) Other remuneration	None

Remarks : \*Determine the meeting allowances will be paid only attended.

**Directors' standard monthly fees  
and meeting allowances as of  
31 December 2017**

(Unit: THB)

Name	Standard Monthly Fee	Meeting Allowances			Total (Standard Monthly Fee and Meeting Allowances)
		Shareholder Meeting	Board of Director	Audit Committee	
1. Mr.Narong Thareratanavibool	-	-	-	-	-
2. Mr.Thanit Thareratanavibool	-	-	-	-	-
3. Miss Pimwan Thareratanavibool	-	-	-	-	-
4. Mr.Damrong Joongwong	180,000.00	30,000	90,000.00	-	300,000.00
5. Dr.Kaweephong Hirankasi	216,000.00	36,000	108,000.00	270,000.00	630,000.00
6. Assistant Professor Sampan Hunpayon	180,000.00	30,000	75,000.00	210,000.00	495,000.00
7. Mr.Choti Sontiwattananont	180,000.00	30,000	90,000.00	225,000.00	525,000.00
<b>Total</b>	<b>756,000.00</b>	<b>126,000</b>	<b>363,000.00</b>	<b>705,000.00</b>	<b>1,950,000.00</b>

**b. Management's compensation**

Management's compensation has been in accordance with policies and responsibilities linked to the operating results of the company and performance of individuals and the similar industries.

Management's remuneration	2015		2016		2017	
	No. of Person	Amount (THB)	No. of Person	Amount (THB)	No. of Person	Amount (THB)
Salary	9	10,460,693	4	7,736,920	8	9,474,289
Bonus	9	1,336,065	3	817,740	8	1,082,189
Provident Fund	8	529,416	3	353,520	8	314,344
Others	9	1,063,771	4	204,720	8	508,327
<b>Total</b>	<b>-</b>	<b>13,389,945</b>	<b>-</b>	<b>9,112,900</b>	<b>-</b>	<b>11,379,149</b>

**2. Other compensations**

- None -

## Corporate Governance

The Board of Director's policy is to comply with the Code of Best Practices for directors of the listed companies, as well as the policies on corporate governance to achieve efficiency and effectiveness in the administration and bring forth the fairness to all stakeholders under the principles of good corporate governance, the role of corporate social responsibility to create a sustainable foundation and stability to the Company, which can be categorized into 5 categories as described below.

### 1. Rights of Shareholders

The Board of Directors places an emphasis on the rights of shareholders in the manner that no any action will be committed to violate or ostracize the rights of shareholders, but facilitate the convenience to the shareholders in exercise of the rights. To disclose important information adequately and transparently for the benefit of shareholders and determine the practices to ensure that shareholders are protected the fundamental right as follows.

#### Prior the meeting of Shareholders

1. The Company shall inform all the shareholders of the progress of the business operations on regular basis, which notification to the shareholders will be made either directly or through the Stock Exchange of Thailand.
2. For the location of a meeting of shareholders, the company will choose a place where the shareholders can travel conveniently, including appointing the appropriate date and time.
3. The Company will deliver notice of meeting invitation with adequate information about the meeting agenda in advance no less than seven days as required by the Company's regulations and/or the applicable laws. In 2017, the Company has appointed Thailand Securities Depository Company Limited responsible for distributing the notice of meeting invitation and related documents. Also, the opinion of the Board of Directors shall be taken into consideration supporting the resolution of the shareholders in every agenda, including the opinion of the Audit Committee shall determine in any crucial agenda or as required by laws.
4. Shareholders was invited to propose the agenda and sending the related questions to the meeting of Shareholders 1 months in advance since 10 January 2017 to 15 February 2017.
5. Shareholders was invited to nominate candidates for director's election to the meeting of Shareholders 1 months in advance since 10 January 2017 to 15 February 2017.
6. In the event that a shareholder cannot attend the meeting in person, the Company provide an opportunity for shareholders to appoint an independent director or any person attending the meeting in lieu of him/her, provided that it requires Proxy forms A and B delivers with the notice of meeting appointment.
7. The Company posts the notice of shareholders meeting invitation on the Company's website 1 month in advance since 27 March 2017 before the meeting date, allowing Shareholders be informed regards to date, time, and place of meeting. Also, for shareholders who are unable to attend, can download Proxy forms A and B in accordance with applicable laws.
8. The Company has appointed Thailand Securities Depository Company Limited responsible for distributing the notice of shareholder meeting invitation with the attachment of Proxy from A and B for unattended shareholders and annual report prior to meeting date 7 days.
9. The Company has posted the notice of shareholder meeting invitation on ThunHood newspaper for a consecutive 3 days in the period of 3 - 5 April 2017, specified date, time, location as well as agendas.
10. The Company facilitates shareholder request a hardcopy of annual report via letter that attached in the shareholder meeting invitation, or the Company's email, or provide a hardcopy at the meeting.

## The meeting of Shareholder

The Company recognizes the right of shareholders in attending and voting at the meeting. The Company's willing to facilitate the shareholders and holds the meeting with transparency and accountability without committing any deprivation of shareholders, including the opportunity for shareholders to ask questions and express opinions

1. Prior to initiate a shareholder meeting, the Company typically informs the shareholders of the rights pursuant to the Articles of Association, meeting procedures, how to exercise voting, and the right to comment, as well as ask any questions at the meeting according to the meeting agenda. The Chairman of the Board, and directors holding the office for specific matters attend the meeting to provide information and answer questions. The Chairman of the Board or the Meeting Chairman will allocate time appropriately and the timing of the meeting that the shareholders have the opportunity to ask questions or make comments and any suggestions fully.
2. Prior to a shareholder meeting, the Company has introduced all members of the Board of Directors, management executives and an external auditor to the shareholders. Also, reviewing the agenda as notified in the invitation altogether with the shareholders for the parallel understanding of agendas sequence without amend agenda itself.
3. Encourage directors, management team, and external audit attend the shareholders' meeting to acknowledge the comments and answer questions raised by shareholders.
4. The Company provides an independent person in the meeting as observers to ensure the meeting was held with transparency.



## After the meeting of Shareholder

1. After the completion of the shareholder meeting, the Company will inform the meeting's resolution to the SET immediately before the next trading session. In addition, the Company would have recorded a meeting of shareholders at all times with accurate and complete meeting content, including details of directors attending the meeting. Clarifying scores at every agenda and any questions or crucial comments will be done in order that it will be verified by the shareholders, and the meeting report will be notified to the SET within 14 days of the shareholder meeting.
2. The Company will inform the meeting's resolution to the SET immediately before the next trading session. For instance, if the meeting held in the morning then the meeting's resolution will be submitted by 14.00 hours same day, if it held in the afternoon then the meeting's resolution is submitted by 09.00 hours in the next trading day.
3. The Company will post video recorded of the shareholders' meeting after the meeting on the Company's website for some shareholders who did not attend, to be able to follow the event closely.
4. The Company's policy guidance, suggestions and comments received from the shareholders regards to the meeting of shareholders for an evaluation of the meeting and find solutions for managing shareholder meeting next year.

## 2. Equitable Treatment of Shareholders

The Company places the importance on the rights of all shareholders equally with the following practices.

1. Practice and facilitate shareholders equally and do not commit no action to limit or curtail or violate the rights of shareholders. Shareholders have an equitable right, which can adequately access all disclose information and to propose the agenda and to nominate candidates for director's election to the meeting of Shareholders. Also, have a right to attend the meeting, voting at the AGM. The Company has established guidelines to treat all shareholders, regardless of gender, age, race, nationality, religion, social status or the difference. For some shareholders who are unable to attend the meeting, they can proxy others to attend.
2. Deliver the Proxy forms by nominating at least one independent director for the shareholders to appoint as authorized person in shareholders' meeting and to make the resolution in any agenda in lieu in the event that a shareholder cannot attend the shareholder meeting in person. This is to encourage shareholders to determine the direction of making the resolution in each agenda themselves.
3. If any shareholder makes a request to the company to propose the addition of agenda in any subjects no less than 3 days prior to shareholder meeting date and the Board has considered and agreed that such proposed agendas will benefit the company and shareholders, the company has a policy to facilitate the presentation of such agenda to the meeting of shareholders. The agenda will report to the shareholders through the stock market. In doing so, the company will inform the shareholders of the addition of the agendas through the SET. However, the executive shareholders must not add any agendas that are not informed in advance unnecessarily, especially the crucial agenda that shareholders must take time to examine the information before making a decision.
4. If any shareholder makes a request to the Company to nominate the person for the position of Director, which such request is made through the Company, with supporting information for consideration of the qualifications, and the letter of consent of the nominated person completely in advance no less than three months before the shareholder meeting date, the company has a policy to nominate such a person to assume the position of director in lieu of those directors who vacate the office upon the expiration of term yearly, in order that the shareholders shall further consider the resolution.
5. Adopt measures to prevent the misuse of internal information of those individuals involved, including the company's directors and executives involved with the data. (Including spouse and immature children of such persons)
6. Establish a guideline to prevent the misuse of internal information by prescribing them in employee's operation manual on topics of ethics and disciplinary action, which have been published for all employees.
7. Promote the use of the ballot for the important agendas of the shareholder meeting, for examples, related transaction, acquisition or disposition of assets, etc. This is to ensure the transparency and verification in case of the subsequent objections.
8. Establish policies and procedures to prevent executive directors from taking advantage of important information affecting investment. The Company will inform the Board of Directors' resolution at all times to the SET immediately before the SET opens trading for the next session. The company's Board of Directors and executives shall inform the Security and Exchange Commission the acquisition every time upon purchase or sale of securities within 3 business days.



### 3. Roles of Stakeholders

The Company respects the rights of all stakeholders, either be shareholders, employees, executives, customers, partners, as well social affairs that will be taken care of. Also, the practices have been established in the Corporate Governance to ensure the rights under any laws relating to the stakeholders. In addition, the Company also strengthens the cooperation with stakeholders in the various groups to continue the operation stably and yield benefits that are fair to all parties to achieve the long run success. The Company has established vision and ethics policies to apply the principles and guidelines for directors, executives, as well as employees. Considered to build relationships and enhance cooperation between the Company and stakeholders by adhering to the principles of corporate social responsibility.

The Board of Director's policy and guidelines for the treatment of stakeholders is clearly defined in the Company's Code of Conduct. To ensure that the Company will maintain and adhere to responsible stakeholders equally.

**Shareholders :** The Company's policy to treat shareholders equally regardless of number of shares they held, major shareholders or minority shareholders. The Company operate to the progressive growth and generating noble returns to shareholders over the long term, which entitles the shareholders to comment on the operations of the company.

**Employees :** The Company gives priority to employees at all levels and considered as a valuable resource to the Company, therefore, established main policy is to treat all employees equally. The Company's remunerated fairly according to skills and experience (Fair pay) to provide employees with better quality of life. Also pay attention to the safety of employees by participate Zero accident Campaign of the Ministry of Labor to prevent accidents, the impact and damage to the employee and the company.

**Customer :** The Company emphasizes in production and distribution that satisfied customer with regard to the quality of products and services. As well as providing a process for complaints when there was an error or defect with product or services, this gives customers confidence and faith to the Company's operation.

**Suppliers :** The Company treats its suppliers with fair competition by encourage its partners, both large and small entities with fairness. In order to achieve better co-operation and efficient workplace.

**Competitors :** The Company operates within the framework of competition honestly and operating under the laws. In the past, the Company has no dispute with a rival competitors, or damage to its opponent, or whatsoever.

**Community and Socials :** The Company is committed to improving the quality of life in the surrounding communities by promoting activities such as unified society, build a good relationship, and encourage employees' contribution to the activities with community. Also conducting its business to grow along with society.

**Environment :** The Company is engaged in a friendly environment. The Company has prepared a project that reduce the impact of their operations and continually improve the environment surrounding.

**Public Sectors :** Public sector is one of the key stakeholders. The Company cooperates in working with public sector organizations compliance with laws and regulations of the government throughout the years.

The Company has a consciousness and awareness as part of society, responsible for social setting, support the community activities and assist the society at any available appropriate opportunity, as well as improve the urban environment and society for better life. Especially the environment aspect, the Company strategies to promote education and training its employees to work with the awareness of impact on environment. For training can be divided into 2 types as follow;

1. External training: officer from Safety and Environment Department, those who have specialized expertise in environmental will be participated in the external training. Then, apply knowledge from training into practice suitable for the Company.
2. In-house training: the environment officer who trained from external training will hold a training secession for the Company's employees to transfer and share knowledge and awareness about the environment.

## 4. Disclosure and Transparency

The Company has channels to disseminate news and information through its website; <http://www.aienergy.co.th>. The Company's policy is to give priority to the accurate complete timely and equitable disclosure to the investors and those concerned for news, company's information, financial reporting, and information presented to the analysts and investors, and other important information that affects the value of its securities. The Company have channels to communicate with investors and channels of disclosure as follows.

### 1. Channels for information disclosure

#### 1.1 Disclosure in Form 56-1 and the Annual Report.

All information presented in Form 56-1 and the Annual Report are transparently accurate and completed, also is compliance with SET and SEC regulations for all stakeholders. As well as shown a non-financial information such as disclosure of corporate governance policies, social responsibility, the Board of Director's remuneration or directors' shareholding and so on.





#### 1.2 Disclosure through the Company's website and SET Community Portal (SCP) / <http://www.setsmart.com>

The shareholders and investors can easily access and receive all available information and news real-time through SET's website (SETSmart). Moreover, the Company publishes information and news on its website; <http://www.aienergy.co.th> right after disclosed through SETSmart. To facilitate both shareholders and investors to conveniently access information, including disseminate the notice of the meeting of shareholders which is direct and speediest way to communicate.

#### 1.3 Disclosure news and financial information via SET website; SET Community Portal (SCP), which the Company will submit the financial statements every time with the information submitted to the SET and the SEC




### 2. Investor Relation

The information that is accurate, complete which is important for shareholders and investors. Therefore, investor relations, it is a way to provide important information. The Company has established an Investor Relation to communicate all information news and activities that benefit shareholder's investors and analysts in both parts of the inquiry concerning the operation and performance of the Company. However, investors and shareholders may contact the Investor Relations through the following channel.

	Name	: Miss Pimwan Thareratanavibool
	Email	: <a href="mailto:ir@aienergy.co.th">ir@aienergy.co.th</a>
	Telephone	: 0-34-877-485-8 Ext. 500
	Website	: <a href="http://www.aienergy.co.th">http://www.aienergy.co.th</a>

### 3. Complaints

The Company open opportunity for raising concerns or complaints to both employees and outsiders. The Company would like to get feedback from all stakeholders to bring that information to improve and develop itself in the future by filing a complaint through;

	Email	: <a href="mailto:aienergy@aienergy.co.th">aienergy@aienergy.co.th</a>
	Telephone	: 0-34-877-485-8 Ext. 500
	Website	: <a href="http://www.aienergy.co.th">http://www.aienergy.co.th</a>

The Company's policy not to disclose the source of tips and complaints related, to prevent that may affect the whistleblower or the complainant.

## 5. The Board of Directors' Responsibilities

The Board of Directors consists of 7 members, including 3 the executive directors, 1 non-executive directors, and 3 independent non-executive audit committees. More than one-third of the director's results in the balance of power of the executive directors appropriately. Moreover, the company has appointed the Audit Committee which consists of 3 independent directors with 3-year term of office. Such committees' authority and power in operation has been clearly stated in the Charter of the Audit Committee.

### 1. The Board of Director's Structure

The Board of Directors consists of 7 members who fully experienced and qualified, have significant role in established policy and strategy of the Company. As well as review and monitor the Company's performance. The Company is comprised of 3 committees as follows;

#### 1.1 Board of Directors

##### 1.1 Executive Directors 3 persons;

1. Mr.Narong Thareratanavibool  
Chairman
2. Mr.Thanit Thareratanavibool  
Vice Chairman
3. Miss Pimwan Thareratanavibool  
Director

##### 1.2 Non-Executive Directors 1 person;

- Mr.Damrong Joongwong  
Director

##### 1.3 Independent Directors and Non-Executive Directors 3 persons;

1. Dr. Kawee Phong Hirankasi  
Independent Director
2. Mr.Choti Sontiwattananont  
Independent Director
3. Assistant Professor Sampan Hunpayon  
Independent Director

The company has prescribed the scope of authority for each committee panel clearly, especially the Board of Directors and Managing Director, thereby resulted that the Board of Directors and Managing Directors have no absolute power while a balance in the crucial resolution is balanced, which must be approved by the Board of Directors or the Shareholders Meeting as the case may be. In addition, the Directors shall be not entitled to vote on such transaction which they or persons have a conflict of interest with his own interest in such respective transaction.

#### 1.2 The Audit Committee

The Audit Committee is established to support the operations of the Board of Directors under the Good Corporate Governance, especially in the financial reporting process, internal control system, auditing process, and compliance with laws and regulations set forth by the Securities and Exchange Commission, and the Stock Exchange of Thailand, and directly reports to the Board of Directors. The committee consists of 3 independent directors;

1. Dr. Kawee Phong Hirankasi  
Chairman of Audit Committee
2. Mr.Choti Sontiwattananont  
Audit Committee
3. Assistant Professor Sampan Hunpayon  
Audit Committee

#### 1.3 Executive Directors Committee

The Executive Directors Committee was established to direct, plan, and set the policies and strategies for the operations of the company in accordance with the economic and competitive conditions and submit the Board of Directors for approval. Also supervise the operations of the Company in accordance with the policy or business plan, including business strategy which has been approved or determined by the Board of Directors. The committee consists of 3 executive directors;

1. Mr.Narong Thareratanavibool  
Chairman of Executive Director Committee
2. Mr.Thanit Thareratanavibool  
Executive Director
3. Miss Pimwan Thareratanavibool  
Executive Director

#### 1.4 Risk Management Committee

The Company approved the appointment of the Risk Management Committee who will be responsible for assessing the risks in various fields covering the all systems of the company to ensure of the more efficient operation of the company. There are 4 Risk Management Committees as follows.

1. Mr.Thanit Thareratanavibool  
Chairman of Risk Management Committees
2. Miss Pimwan Thareratanavibool  
Risk Management Committees
3. Mr.Phalat Palnak  
Risk Management Committees
4. Miss Ratima Thareratanavibool  
Risk Management Committees



## 2. Directors' Remuneration

The Company's policy on monetary remuneration for directors has been defined clearly and transparently, and is submitted at the shareholder meeting for approval annually. The criteria's for determining the remuneration for the directors are as follows.

- 1) Proper and consistent with the scope of the duties and responsibilities of each Director.
- 2) Compensation is fairly motivated that is able to retain the directors possessing the knowledge and qualities to perform their duties at the company.
- 3) Elements of remuneration are clear, transparent and easy to understand.
- 4) The rate is comparable to that in the same industries.

## 3. The Board of Directors' Meeting

The Company will hold the Board of Directors Meeting and conduct the meeting in accordance with the regulations of the company, laws relating to public company limited, and the regulations of the Stock Exchange of Thailand. Special meeting will be held as necessary. The President as chairman of the meeting promotes a prudent discretion and allocates sufficient time for the meeting in order that the Management is able to propose the topics and discuss the important matters completely. The Company will send notice of the meeting with detailed agenda and meeting materials to the directors no less than seven days before the meeting. In addition, it requires that directors shall have a duty to attend the Board Meeting every time, except in case of necessity. The meeting minutes will be recorded correctly and completely so that it can be verified by the shareholders.

## 4. The Board of Directors' Report

The Board of Director is responsible for managing the preparation of the financial report, including the financial statements of the Company and subsidiaries, and financial information contained in the annual report and disclose on SET's website, however, such a financial report has been prepared in accordance with generally accepted accounting standards and be observed on regular basis. Moreover, a careful discretion has been exerted in the preparation and sufficient disclosure in the notes to the financial statements, as well as the preparation of the report of the committee on financial reporting which divided into 2 parts;

1. The report of the Board of Director on financial reporting is report director's responsibilities on financial reporting by Chairman of the Board (Appears in the section "The Board of Director' Report")
2. The Audit Committee's Report is the report of the Committee's responsibilities on financial reporting, which approved by Chairman of the Audit Committee. (Appears in the section "The Audit Committee' Report")

## 5. Development of Directors and Executives

The Company encourages the Board of Directors and senior management to join the seminar courses that are beneficial to their performance, and always meet and exchange the opinion with the Board and senior management. The courses the directors should participate at least should be those held by the Thai Institute of Directors, for examples, Directors Certification Program (DCP), Directors Accreditation Program (DAP), Audit Committee Program (ACP), Executive Development Program (EDP); aiming that knowledge and experience will be applied to further develop the company.

## 6. Relationship with Investors

The Board of Directors focuses on the adequate disclosure to shareholders, investors and all parties concerned. The information disclosed must be accurate, complete, transparent, thorough and timely. Including financial reporting, operating results and other related information, as well as information that affects the securities price of the company as to the Good Corporate Governance. The dissemination of information and news will be done in order that the shareholders, investors and those concerned can make use of them to support a decision-making through various channels; delivery of documents by mail, disseminating medium by the SET and the SEC, and the Company's website.

In respect of the Investor Relation, the company has appointed Miss Pimwan Thareratanavibool to oversees the communications with investors, analysts and shareholders involved, contact number 034-877-485-8 Ext. 500. The investor relations information appears in 'the section 4: Disclosure and Transparency of Heading 2. Investor Relation's contact'.

## 7. Control of Internal Information

According to the Board of Directors held on 15 May 2013, the resolution included the regulations on the use of internal information in order to adhere to the principles of Good Corporate Governance of the company as follows.

1. Directors, executive, officers and employees of the company shall abide the following.
  - A) Maintain the confidentiality and/or internal data within the company.
  - B) No disclosure of secret information and/or internal data of the company shall be carried out to seek own benefits or the benefit of any other persons either directly or indirectly, and either receive or not receive the return.
  - C) Neither selling, nor transfer of securities of the company by sing confidential and/or internal data shall be conducted, and/or entering into any other transactions by using confidential and /or internal data that may cause damage to the company either directly or indirectly.

However, the directors, executive, officers and employees of the company which are subject to the department receiving the internal data of the company should avoid or refrain from trading securities of the company during a period of one month prior to the public disclosure of financial statements. Such regulations shall include the spouse and immature children of directors, executives, and employees of the company. Any violation of such regulations shall be deemed to have committed a serious offense.

2. Company's directors and executives, including the auditors of the company shall report the change in holdings the securities in their own companies, including the spouse and immature children, to the Securities and Exchange Commission and the SET pursuant to Section 59.
3. Such regulations shall be declared to the directors, executives, and employees accordingly.

#### 8. The Board of Director's position as director up to 5 listed-companies' policy

The Company has a policy that limits the number of listed companies, the Directors will serve as directors. Therefore, the Company can get the most benefit from the work of the director, which will be devoted knowledge and time to take responsibility and operational efficiency. By each member of the Board of Directors may be held position as director for up to 5 listed companies.

#### 9. The Board of Director's Self-Assessment Report

The Board of Directors is self-assessing once a year to evaluate their performance, used as a tool to review and assessment on the development of the performance of each director more efficiently. The topic of self-assessment process will be based on the principles of good corporate governance and principles of the SET. The Company shall apply the director's self-assessment report for application director and the Company's development.

#### 10. Anti-Corruption Policy

Anti-corruption practices are the key factor in the Company's operation, in 2015 the Company has officially established the Anti-Corruption Policy in a written form, and the Company embraced the principles of anti-corrupt used in the business. By taken it as a crucial issue in business ethic. The principles and practice are established below;

##### ➤ *The bribery with money or other benefits.*

There shall be no bribed with gifts of money or other benefits with the hope of personal advantage. Individuals or groups who have dealings with both the Company and third parties, such as the public sector and the private sector.

### Grafting

- Prohibit employees received any gifts or other benefits that connected to fraud and corruption. In order to protect inefficiency and ineffective of the Company's performance.
- For the purchase and hire process must be conducted by the Company's working procedures, from the beginning of bidding, price comparisons, selected suppliers and/or contractors by prohibiting employees accept the bidding that enclose hidden benefits with suppliers and/or contractors. However, the Company have an active internal control system that monitor and involved by related manager departments, and all the procurements were approved by Managing Director only.

### Donate to charity, public interest and Funding

There are restrictions on donations to charity, public interest, and funding as follow;

- To approve the donation is subject to the Company's approval authority but if donations in any form is worth more than THB 10,000 must be approved by Managing Director.
- The donation must be under 'the Company's name' only with reliable evidences and follow the Company's procedures. The Company shall not claim on the donation to other purpose.

### To give or receive gifts or favors souvenirs.

- To give or receive gifts or favors souvenirs. They are intended solely for the reception or congratulate only, no hidden agendas.  
Those who witnessed the actions required to fraud. Both inside and outside the company can appeal through the Company as follows;

👉 Website : <http://www.aienergy.co.th>  
👉 Email : [aienergy@aienergy.co.th](mailto:aienergy@aienergy.co.th)  
👉 By Post : 55/2 Moo 8 Sethakit 1  
Rd., Klongmadua, Krathum  
Baen, Samut Sakhon 74110

For publishing anti-corruption policy, mentioned policy shall be communicated to employees, suppliers, third parties, including notice to the shareholders and investors as the following.

- The Company announced to all employees about Anti-Corruption Policy via internal Email and posted in each department, including provide anti-corruption training to its employees.
- The Company sent letters to all suppliers to announce its intention of Anti-Corruption Policy and all suppliers shall comply with such policy.
- The Company published the Anti-Corruption Policy on its website; <http://www.aienergy.co.th>, for shareholders, investors and potential investors.
- The Company published the Anti-Corruption Policy in Form 56-1 and the Annual Report 2017.



## Corporate Social Responsibility



AIE operates with a concern about Corporate Social Responsibility (CSR) by applying CSR into the Company's policies and visions. The Company has supported all stakeholders, including shareholders, business partners, employees, customers, and communities, society and the environment, to develop and grow together sustainably in line with the policies. To operate with CSR, the company has builded attitudes and organizational culture to all levels of employees, this allows the company to operate with a standard. The company adopts CSR policy from the Stock Exchange of Thailand (SET) as a guidance in setting a policy and a vision. The guidance is based on these principles:

1. Ethical Workplace Practice
2. Human Rights
3. Ethic Labour Practice
4. Responsibility for Consumers
5. Social and Community Development
6. Environment Management

In 2017, the company had continuing operated CSR, which shows that the company is committed and attended to operate a business with respectable determination to society. This is consistent with best practices, the 6 items mentioned below.

## 1. Ethical Workplace Practice

AIE operates with ethic by clearly revealing all the workplace information and supporting a competition with business partners, customers and competitors. The operation of the company corresponds to all aspects and law of competition. For example, the company takes a bio-diesel price from the Energy Policy and Planning Office by Ministry of Energy to calculate the selling price of bio-diesel. So, the goods from the company have a standardized price. Also, the company has a regulation in choosing business partners. In which each business partner has to pass all the categories set by the company in order for those partners to do business with the company.

## 2. Human Rights

The company has an employment policy concerns about human rights. The important aspect of this policy is Against Child Labour, the company will not employ a person who has an age less than 18 years old. This corresponds to a basic rights in a Constitution of the Kingdom of Thailand 2007 section 49 which has been regulated as follow “ A person shall enjoy an equal right to receive the education for the duration of not less than twelve years which shall be provided by the state thoroughly, up to the quality, and without charge”. The company understands an importance of education and do not want to deprive the right of basic education. The company takes this section as part of the employment policy so the company do not employ a person whose age is less than 18 years old in order for those under age to have a maximum education before being employed.



### 3. Ethic Labour Practice

The company recognizes value and importance of all employees, as they are a key factor for the success. The company has established labor practice guidelines as following;

#### 3.1 Social Security

The company employs employees with fairness and they were received appropriate compensations regarding to their roles and abilities as agreed at the time of agreement. As the company's employment policy, the employees will receive compensations suitable for the living standard, which will allow them have a good quality of life. Moreover, the company has an appropriate remuneration and welfare system and is committed to provide benefits to improve the quality of life of its employees.



- 1) The company establishes the compensation policy which based on the slogan "Fair Work Fair Pay".

The compensation is based on a role, knowledge, ability and experience of each employees. The compensation corresponds to a minimum wage set by the government to give employees a good quality of life.

- 2) Other compensation, other than monthly salary.
  - Meal Allowance, Cost of Living Allowance, and Telephone Expense Allowance
  - Daily and Performance Allowance
  - Annual Bonus
  - Reward for outstanding employees

#### 3) Welfare for employees

- Provident Fund
- Life and Health Insurance
- Annual Health check
- Employees development, that is developin knowledge, skills, and expertise through practical-based learning by providing fundamental and technical training

#### 3.2 Health and safety in the workplace.

The company highly concerns about health and safety of employees. A number of projects and activities have been held in order for every employee to work safely. Furthermore, the company has a risk assessment team to monitor and analyze risks that could be harmful to employees. To prevent those risks, projects and activities have been created;

##### 3.2.1 5S Standard, make it a habit and safety.

Apart from improving profitability, efficiency, good workplace environment and safety, 5S Standard also creates discipline and value to individuals. The standard also helps to avoid accident to individual and others, as they are conscious to their roles and duties. AIE applies 5S Standard to improve efficiency and effectiveness as a step to key success.



### I. The objects and Places

- To improve better workplace by storing all equipment use in place.
- To improve works' effectiveness and efficiency of individual and raising safety awareness of employees at all levels in their work and daily life.

### II. Personnel

- To drive employees in developing and improving quality of work and life to the high standard. Also, improve consciousness in working with others.
- To prevent complain from customers and suppliers.

#### 3.2.2 Zero accident project

Ministry of Labor initiates "Zero Accident" project to raise safety and healthy work environment as well as controlling accident risks which the company have applied "Zero Accident" project along with company's accident preventive measure as followed.

- As AIE's business lines have high accident risks especially the production process that involved chemical. In order to reduce the risks, AIE has invested in providing sufficient personal protective equipment to employees. Apart from that, AIE also has risk assessment department to evaluate and give preventing instruction to employees.
- As AIE has high risk of fire, which would harm employees and damage company assets, AIE provides fire and rescue technics and tactics training by a professional team annually. All employees are well informed about company's fire and evacuation plan unit, who effectively handle when emergency occurred and in time.
- Company has provided safety and occupational health training for employees that allow them to use equipment safely and properly. This would reduce the effect from accident.



## 4. Responsibility for Consumers

The company's focus is to provide goods and services to satisfy consumers to its best through the following policies;

### 4.1 Quality control policy and the Certified Standards

Goods and Services are manufactured accordance with national and international safety standards such as;

- Certification of ISO 9001 : 2008 (Quality Management System) for processed Palm Oil and processed Olein Palm Oil, as well as Biodiesel issued by Management System Certification Institute (Thailand)
- Certification for Good Manufacturing Practice (GMP) for processed Palm Oil and processed Olein Palm Oil issued by Management System Certification Institute (Thailand)
- Certification for Hazard Analysis and Critical Control Points (HACCP) for processed Palm Oil and processed Olein Palm Oil issued by Management System Certification Institute (Thailand)
- Certification of HALAL for processed Olein Palm Oil under Pamola brand, Palm Fatty Acid, and RBD Palm Kernel Oil, Palm Kernel Fatty Acid, and Crude Glycerin issued by The Central Islamic Council of Thailand (Production process was annually inspected)
- Certification of Kosher for Jewish food standard for Refined Palm without fat, processed Olein Palm Oil, RBD Palm Oil, Palm Fatty Acid, Palm Kernel Fatty Acid, and Crude Glycerin from Thai Kashrut Services Co., Ltd. which provides Jewish food qualification inspection (Production process was annually inspected)
- Certification of Roundtable on Sustainable Palm Oil : RSPO supporting the sustainable use of Palm Oil. (Yearly surveillance)



In addition to the Standards, AIE allows Suppliers and Customers to inspect production process. This would increase goods and services' reliability to both suppliers and customers.

## 4.2 Fair Business Practices

The company operates base on fairness, integrity and transparency to both competitors and customers in order to create satisfaction, confidence and reliability. So, that the company set policies and procedures distinctly which employees must conduct accordance with the policies and procedures strictly to prevent unfair and unequal treated to customers and business partners. The policies as follow:

**Competitors** : To embrace equality, fairness and integrity without any exploitation, Company will apply the biodiesel cost that is indicated by Ministry of Energy in calculating raw material costs and price for biodiesel and CPO price that is indicated by Government in calculating raw material cost and price for edible oil.

**Suppliers** : To embrace equality, fairness and integrity without any exploitation, Company will select suppliers' base on experience and reliability to make sure that goods and services sent with high quality and on time. All suppliers must pass approved-list and is approved by approver. To avoid corruption between suppliers and employees, the approvers must co-sign the approved-list.

**Creditors** : Company concerns about responsibility to all creditors, especially financial institutions. Company has integrity to pay to all payable and maintain warranty securities and other conditions under the agreement fully and correctly. Nevertheless, management division's role is to maintain the company's liquidity. Company keeps good reputation and confidence to financial institutions, shareholders and stakeholders.



## 5. Social and Community Development

Social and community development is also concerned by the boards. The boards encourage employees to be a part of social and community development. Company has set social and community development project throughout 2017 as follow:

5.1 Provide necessary supplies, money and lunch for blind student at Saint School Science Khao Yoi District, Phetchaburi Province on 9 September 2017.



5.2 Give Palm Oil branded PAMOLA 40 boxes to Samut Sakhon Charity Foundation during Vegetarian Festival in Samut Sakhon province on 5 October 2017.



## 6. Environment Management

The company is committed and determined to operate based on the principles of sustainable energy. Also to promote the appreciation of natural resources and the environmental and social impact. The Company was organized to achieve good environmental management, with both events held within the company and events held outside the company, the company has created a vision of the environment to its employees. The employees are required as part of the project, that truly benefit.



## Internal Control and Risk Management

The Company has appointed Honor and Advisory Co., Ltd. to be an internal auditor for year 2017 by having Miss Piyamas Ruangsangrob is as primarily responsible for examine and evaluate the efficiency of internal control as well as overviewed and followed up the correcting and improving the internal controls to be more appropriate and effective. Then, the internal auditor required to quarterly report the audit results to the Audit Committee. The Audit Committee has carefully considered the qualifications of Honor and Advisory Co., Ltd. and Miss Piyamas Ruangsangrob, who independently appropriated and experience to perform internal audit duties.

In addition, the Company determined to have good corporate governance system in business operation in accordance with the laws, rules, regulations, policies and regulations of relevant authorities such as the Securities and Exchange Commission and the Stock Exchange of Thailand. Also, the Company has set up a Corporate Governance Policy to determine the Board of Directors, Audit Committee, Management and employees to strictly follow the rules.

### Detail of Internal Auditor for the year 2017

Subject	Details
Internal Audit (Outsource)	: Honor and Advisory Company Limited 518/5 Maneeya Center Building, 7th Floor, Ploenchit Rd., Lumpini, Pathumwan, Bangkok 10330 Telephone 0-2652-0898
Head of Internal Audit	: Miss Piyamas Ruangsangrob
Education	: - Master Degree, Master of Financial Accounting and Assurance, Thammasat University - Graduate Diploma Program in Accountancy Chulalongkorn University - Bachelor Degree, Bachelor of Business Administration in Accounting Rajamangala University of Technology Borphitphimuk Campus - Bachelor Degree, Bachelor of Fine and Applied Art in Communication Ramkhamhaeng University
Work Experiences	: 2010 - Present    Audit Partner Honor and Advisory Company Limited 2000 - 2010      Audit Manager AMC Company Limited

Subject	Details
Training	: 2012 - 2017 - COSO 2013 Scope of latest Internal Control System - Risk Evaluation in Internal Audit Planning - Anti – Corruption - Data Analytics for Internal Audit - Scope of Internal Control for New Listed Companies - Financial Report Standard for New Listed Companies - Update Financial Report for year 2015 and Thai Auditor's direction with AEC - Accounting - Finance Instruments - Legal Risk in Digital Era
Licenses or Certification	: - Certified Public Accountant of Thailand - Certified Internal Auditor No. 7, Federation of Accounting Professions - Well-Prepared before Auditor Perform Audits under ISQC1 No. 3 - Procedure after Receive BOI, Certified from Investor Club Association. - Tax Law, Thammasat University
Responsibility	: To examine and evaluate the efficiency of internal control as well as overviewed and followed up the correcting and improving the internal controls to be more appropriate and effective, then report the audit results to the Audit Committee.

## Summary of Internal Audit Report for the year 2017

According to internal auditor, the internal control system of AI Energy Public Company Limited has been audited in accordance with the Internal Audit Plan of 2017 with the following objectives:

1. To evaluate the Company's internal control system, which appropriately and adequately designed and able to protect the Company from potential risks in accordance to the guidelines of COSO (The Committee of Sponsoring Organization of the Treadway Commission) and the Association of Internal Auditors of Thailand as well as the guidelines of the Stock Exchange of Thailand.
2. To ensure that all transactions related have done according by the Company's rules and procedures.
3. To ensure that the Company has complied with relevant laws and regulations of external agencies and government.
4. To assure that information related to each system is accurate and reliable.
5. To Suggest and improve the internal control in each system, where there are observations that should be corrected and im

The internal auditor has studied operational systems by interviewing with management level and manager of each department. To observe by considering the 5 key factors; Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. These has been done on quarterly basic and reported directly to the Audit Committee, so the internal auditor can perform independently. In 2017, the internal auditor has covered the operating system as follow;

<b>1<sup>st</sup> Quarter of 2017</b> <ul style="list-style-type: none"> <li>- Sales from Edible oil production service</li> <li>- Inventories movement</li> <li>- Followed-up the correcting and improving the internal control system observed in previous quarter.</li> </ul>	<b>3<sup>rd</sup> Quarter of 2017</b> <ul style="list-style-type: none"> <li>- Human Resource Management (include salary and wages payment)</li> <li>- Followed-up the correcting and improving the internal control system observed in previous quarter.</li> </ul>
<b>2<sup>nd</sup> Quarter of 2017</b> <ul style="list-style-type: none"> <li>- Production System</li> <li>- Followed-up the correcting and improving the internal control system observed in previous quarter.</li> </ul>	<b>4<sup>th</sup> Quarter of 2017</b> <ul style="list-style-type: none"> <li>- Fixed Assets</li> <li>- Sales from Edible oil production service</li> <li>- Inventories</li> <li>- Followed-up the correcting and improving the internal control system observed in previous quarter.</li> </ul>

In 2017, the internal audit was performed according to the annual internal audit plan, which approved by the Audit Committee. Overall, the results of the internal control system for 2017 can be summarized as follows.

#### 1. Internal Control and Management

The internal auditor has an opinion that the Company has a satisfactory internal control and management system. The Company has controls both management and operational level, including follow-up operating performance regularly.

#### 2. Compliance with Company Regulations

From randomly audited in some systems, found that the majority has adhered to the Company's regulations and procedures. The identified deficiency has been issued with the management to correct it according to the existing regulations and procedures.

#### 3. Financial and Accounting's Compliance

The financial information is reliable as it should be. However, the Company is in the process of revising some procedures to enhance the effectiveness of its internal controls related to its accounting, financial and compliance matters.

#### 4. Information Technology

The company has a satisfactory level of control. However, there are observations that have been discussed with the Company's management to improve the efficiency of internal control.

Internal Audit has been cooperated with the related company's employees and be able to complete the auditing task. The internal auditor would like to take this opportunity to thank you.

(Miss Piyamas Ruangsangrob)

Internal Auditor

Honor and Advisory Company Limited

## Risk Management

In 2017, the Company's Board of Director, Audit Committee, Risk Committee, Management Team, and employees significantly emphasis on overall risk management in accordance with ISO 9001:2008 and COSO ERM (Enterprise Risk Management) in order to mitigate possible risks maintain at an acceptable level. The Company has conducted self - risk evaluation assessments by management team and operation level to assess risks, problems, obstacles, and uncertainties that may affect the achievement of the objectives and goals of the Company. The Company has determined measurement in risk management and set out the risk management policies for management team and employees to comply. There is a Risk Management Committee, which consists of management team of the Company to manage the risk in all aspects to be appropriate and assign employees to develop internal procedures. Normally, the working group consists of manager and supervisor level from each department, who is responsible for monitoring and analyzing risk management at the operational level. Operate in accordance with the risk management plan and follow up the implementation of the major risk management plan and report the risk management results to the Executive Committee, Audit Committee, and the Board of Directors.

There is meeting to follow up between risk management committee and operation employees monthly, then propose to the Audit Committee and the Board of Director to consent yearly.

There are 4 Risk Management Committees as follows.

No.	Name	Position
1.	Mr.Thanit Thareratanavibool	Chairman of Risk Management Committees
2.	Miss Pimwan Thareratanavibool	Risk Management Committee
3.	Mr.Phalat Palnak	Risk Management Committee
4.	Miss Ratima Thareratanavibool	Risk Management Committee

### Duties and responsibilities of the Risk Management Committee

- ▶ Direct the development and participate in the analysis of the risk management strategy of the organization yearly.
- ▶ Develop and analysis the risk levels acceptable to the organization.
- ▶ Guidance and overseeing method to the supervisors and officers in each department.
- ▶ Evaluate the significant risks and report to the Managing Director.
- ▶ Evaluate the company's risk management report.
- ▶ Review the practical results compared to goals and yearly-scheduled plans
- ▶ Follow-up meeting on practical results from each Department monthly

## Related Transactions

The Company has related transactions with persons who may have conflict of interest and with relevant companies owned by the same shareholders or having co-board of director or having any person related to the Company's executives, board, and shareholders as a board member, a controller, and shareholders of such related person. In this connection, the committee audited and reviewed the appropriation of items, reasonability, as well as compensation determination and any other conditions as generally conducted in common business performance.

Persons, who may have conflict of interest, having related transactions with the Company accounting period 2017 are as follows: -

Person with Related Transactions	Type of Business	Relationship Characteristics
1) Asian Insulators Public Company Limited (AI)	Perform business in manufacturing and selling electric insulators used for electricity generating system.	<ul style="list-style-type: none"> <li>- Parent company, Authorized Controller, and principal shareholder of the Company whereas AI is holding shares accounting for 59.59 percent of the Company have registered capital.</li> <li>- Board members holding AI stocks are Mr. Narong Thareratanavibool, and Mr. Thanit Thareratanavibool, whose stocks accounts for 21.29% and 6.89%, of AI's registered capital.</li> <li>- Board members authorized for co-signing are Mr. Narong Thareratanavibool and Mr. Thanit Thareratanavibool.</li> </ul>
2) AI Engineering Services Company Limited (AIES)	Provide services in the areas of design engineering, acquisition, and installation of sub-electricity stations and high voltage cables, as well as project management regarding electric engineering.	<ul style="list-style-type: none"> <li>- AI subsidiaries whose shares are held by AI for 99.84% of AIES's registered capital.</li> <li>- Board members authorized for co-signing are Mr. Narong Thareratanavibool and Mr. Thanit Thareratanavibool.</li> </ul>
3) PPC Asian Insulators Company Limited (PPCAI)	Manufacturer and distributor of electric insulators of PPC Insulators Holding GmbH (PPC)	<ul style="list-style-type: none"> <li>- AI's joint venture company whose shares are held by AI for 25.10% of PPCAI's registered capital (Austrian Company holds shares for 74.90% of PPCAI's registered capital).</li> <li>- A person related to Company's shareholders and board is designated as director of PPCAI</li> </ul>
4) Samart Palm Company Limited (SP)	Manufacturer of crude palm oil (grade B)	- A company related to the Company because any person related to Company's executives, board members, and board authorized for controlling is a principal shareholder in its business.
5) Samart Palm Oil Company Limited (SPO)	Manufacturer of crude palm oil (grade B)	- A company related to the Company because any person related to Company's executives, board members, and board authorized for controlling is a principal shareholder in its business.
6) Samart Palm Industry Company Limited (SPI)	Manufacturer of crude palm oil (grade B)	- A company related to the Company because any person related to Company's executives, board members, and board authorized for controlling is a principal shareholder in its business.

The Company has related transactions with persons which may have conflict of interest for accounting period 2017 as follows:-

Person with Possible Conflict of Interest	Related Transactions	Item Value (Million Baht)		Item Characteristics/ Needs and Reasonability
		31 Dec 17	31 Dec 16	
1) Asian Insulators Public Company Limited (AI)	Income gained from finished goods selling: the Company sold bottled Palm Olein to AI	-	0.21	- AI ordered bottled olein palm oil from the Company to use for charity and as New Year presents for its valued supporters. The Company sold such goods to AI under the normal trade conditions.
	Administrative Expenses: The Company and its subsidiaries made a payment for accounting software service fees to AI. In addition, its affiliate, namely AIL, rented office space from AI.	2.04	1.88	<p>- In 2008, AI as a parent company arranged accounting software to jointly use within the AI Group, including AI, the Company, AIPT, AIL, AIES. AI hired computer consultant to perform this with total expenses equal to 17.21 million baht, including 40 users in 5 companies. AI has also signed in the Agreement Concerning the Acceptance of Maintenance Services and has continuously supported the use of such software with computer consultants since 2008. Such services covered maintenance and software supports for the aforementioned 5 companies. In 2017, AIE paid software service fee to AI for 7,902.94 Baht per user and in 2016 for 6,837.95 Baht per user.</p> <p>- In 2017 and 2016, AIL rented office space located at Number 254 Seri Thai Road, Kannayaow, Kannayaow Bangkok from AI for the total space of 42 square meters to be use as office location. The rental rate at 250 Baht/square meter monthly which was the rate as agreed upon. In this regard, such rate excluded in-building facilities whereas AI would call for the facilities payment (excluding telephone) based on actual payment balance per square meter.</p>

Person with Possible Conflict of Interest	Related Transactions	Item Value (Million Baht)		Item Characteristics/ Needs and Reasonability
		31 Dec 17	31 Dec 16	
2) PPC Asian Insulators Company Limited (PPCAI)	N/A	-	-	- No transaction with PPCAI
3) Samart Palm Company Limited (SP)	Goods ordering: the Company ordered crude palm oil typed high acid over 5% to be used as initial raw materials for manufacturing for sales	-	3.43	<p>- The Company ordered crude palm oil typed high acid over 5% to be used as initial raw materials for product manufacturing for sales. In this connection, the Company set out policy concerning ordering crude palm oil from relevant companies which was presented to the auditing committee for its acknowledgement already. The Company assigned purchasing unit of the Company to consider prices, trade conditions, and deliverable amount of products comparatively before ordering. Such comparison shall be done among 3 distributors at the minimum, jointly with the comparison of crude palm oil prices from Department of Internal Trade, Ministry of Commerce, which are one-backdated reference price at every time. In this regard, price and trade conditions of the Company ordering from SP must comply with common trade conditions by having the proportion of the ordering value from SP for accounting period 2016 at the amount of 1.23 percent of the ordering value of crude palm oil typed high acid over 5%, or which accounts for 0.13 percent of total ordering value of crude palm oil. No transaction in 2017.</p> <p><u>Audit committee's opinions</u></p> <p>Audit Committee verified and provided comments for each item occurring between the Company and SP by considering supporting documents of pre-order price comparison based on the Company's policy, and agreed on the list appropriation, including listing conditions and price reasonability.</p>

Person with Possible Conflict of Interest	Related Transactions	Item Value (Million Baht)		Item Characteristics/ Needs and Reasonability
		31 Dec 17	31 Dec 16	
4) Samart Palm Oil Company Limited (SPO)	Goods ordering: the Company ordered crude palm oil typed high acid over 5% to be used as initial raw materials for manufacturing for sales	-	21.01	<p>- The Company ordered crude palm oil typed high acid over 5% to be used as initial raw materials for product manufacturing for sales. In this connection, the Company set out policy concerning ordering crude palm oil from relevant companies which was presented to the auditing committee for its acknowledgement already. The Company assigned purchasing unit of the Company to consider prices, trade conditions, and deliverable amount of products comparatively before ordering. Such comparison shall be done among 3 distributors at the minimum, jointly with the comparison of crude palm oil prices from Department of Internal Trade, Ministry of Commerce, which are one-backdated reference price at every time. In this regard, price and trade conditions of the Company ordering from SP must comply with common trade conditions by having the proportion of the ordering value from SP for accounting period 2016 at the amount of 7.51 percent of the ordering value of crude palm oil typed high acid over 5%, or which accounts for 0.80 percent of total ordering value of crude palm oil. No transaction in 2017.</p> <p><b><u>Audit committee's opinions</u></b></p> <p>Audit Committee verified and provided comments for each item occurring between the Company and its affiliate by considering supporting documents of pre-order price comparison based on the Company's policy, and agreed on the list appropriation, including listing conditions and price reasonability.</p>

Person with Possible Conflict of Interest	Related Transactions	Item Value (Million Baht)		Item Characteristics/ Needs and Reasonability
		31 Dec 17	31 Dec 16	
5) Samart Palm Industry Company Limited (SPI)	Goods ordering: the Company ordered crude palm oil typed high acid over 5% to be used as initial raw materials for manufacturing for sales	19.92	45.89	<p>- The Company ordered crude palm oil typed high acid over 5% to be used as initial raw materials for product manufacturing for sales. In this connection, the Company set out policy concerning ordering crude palm oil from relevant companies which was presented to the auditing committee for its acknowledgement already. The Company assigned purchasing unit of the Company to consider prices, trade conditions, and deliverable amount of products comparatively before ordering. Such comparison shall be done among 3 distributors at the minimum, jointly with the comparison of crude palm oil prices from Department of Internal Trade, Ministry of Commerce, which are one-backdated reference price at every time. In this regard, price and trade conditions of the Company ordering from SP must comply with common trade conditions by having the proportion of the ordering value from accounting period 2017 and accounting period 2016 at the amount of 27.81 and 16.39 percent of the ordering value of crude palm oil typed high acid over 5%, or which accounts for 1.28 and 1.76 percent of total ordering value of crude palm</p> <p><b><u>Audit committee's opinions</u></b></p> <p>Audit Committee verified and provided comments for each item occurring between the Company and its affiliate by considering supporting documents of pre-order price comparison based on the Company's policy, and agreed on the list appropriation, including listing conditions and price reasonability.</p>

Furthermore, as of 31 December 2017, the Company had no related transactions with persons who may have conflict of interest due to debt guarantee made with financial institutes of the Company and its affiliates as follows:-

Money Amount User	Person of Guarantee	Financial Institute	Type of Money Amount	Loan amount (Million Baht)	Debt (Million Baht)	Guarantee
AIE	-	TMB Bank Public Company Limited	Short-term Loan	505.00	-	- N/A
AIE	-	Kasikorn Bank Public Company Limited	L/C – T/R	L/C – T/R	-	- N/A

### Auditing Committee's opinions

Auditing committee considered related transactions of the Company and its affiliates with persons who may have conflict of interest, interests, or possibly future conflict of interest in accordance with Notification of the Securities and Exchange Commission at the Auditing Committee meeting. Therefore, the Committee agreed that such related transactions are reasonable, in accordance with fair trade conditions, consistent with general practices used with any irrelevant individual or business, and have no benefits transfer within the companies.

### Policies or Trends for Preparing Related Transactions Including Acquisition or Selling of the Company's Properties in the Future

### Measures and Procedures for the Approval of Related Transactions

In case of having related transactions of the Company and its affiliates with persons who may have conflict of interest, interests, or possibly future conflict of interest as trade agreement in the same format into which person of ordinary prudence may enter with general contractual party under the same situation by exercising trade negotiation power without any power as board, executive, or any relevant person, as well as having normal trade condition or market price under reasonable, accountable, and non-benefit transfer, the Management of the Company can perform such implementation normally under the principles approved by the Company's board and must prepare summary report to the auditing committee at every quarter.

In case that the related transactions are not normal transactions, the Company will have comments by the auditing committee on necessity and appropriation of such transactions. In case that the auditing committee does not have expertise in considering on possible related transactions, the Company will consider having independent price estimator, independent specialized expert, or account auditor prepare comments on such related transactions for the auditing committee so that the committee can apply such comments in support of their decision making and preparation of comments to the board of the Company or shareholders, as appropriate in each case, to approve such items before performing such transactions.

In this connection, the Company will disclose such related transactions in the note to financial statements which are audited by the Company's auditor. If the Company's common stocks have been registered in mai stock market (mai.), the Company will disclose such related transactions in the annual transaction form (Form 56-1) and the Company's annual report (Form 56-2) based on principles and laws concerning securities and exchange market. In this connection, the consideration to approve such related transactions shall comply with laws concerning securities and exchange market, as well as regulations, notifications, orders, or provisions of the Stock Exchange of Thailand in which a person who may have conflict of interest or interests from the preparation of such related transactions will have no right to make any vote for such related transactions preparation.

## Policies or Trends for Related Transactions Preparation in the Future

In the future, if the Company needs to prepare related transactions with a person who may have conflict of interest with the Company, the Company will set out conditions based on normal trade characteristics and as market prices which could be comparatively referred to conditions or prices incurring with the similar business that the Company does with any third party. In this connection, the Company will have the auditing committee provide opinions regarding price, compensation rate, as well as necessity and appropriation of such related transactions. In case that the auditing committee does not have expertise in considering on possible related transactions, the Company will consider having independent price estimator, independent specialized expert, or account auditor prepare comments on such related transactions for the auditing committee so that the committee can apply such comments in support of their decision making and preparation of comments as appropriate in each case. In this connection, the Company will disclose such related transactions in the note to financial statements which are audited by the Company's auditor. If the Company's common stocks have been registered in mai stock market (mai.), the Company will disclose such related transactions in the annual transaction form (Form 56-1) and the Company's annual report (Form 56-2) based on principles and laws concerning securities and exchange market. In this connection, the consideration to approve such related transactions shall comply with laws concerning securities and exchange market, as well as regulations, notifications, orders, or provisions of the Stock Exchange of Thailand.

Furthermore, regarding selling and purchasing of goods in exchange, only the purchase of crude palm oil typed high-acid over 5% will remain by considering the implementation under policies for ordering crude palm oil from relevant companies whereas the Company clearly determined transactions with relevant persons. In this regard, for any future related transactions the auditing committee must comply with regulations determined and must not approve any transactions related to themselves or any persons who may have conflict of interest of any kind with the Company, as well as must disclose such transactions to the Company's board for their consideration. In this case, the Company must abide by laws concerning securities and exchange market, as well as regulations, notifications, orders, or provisions of the Stock Exchange of Thailand, including regulations related to information disclosure of related transactions preparation and the acquisition or selling of the properties of the Company or its affiliates, as well as must be strictly consistent with accounting standard determined by the Accountants Association. In addition, the Company must not conduct any related transaction with any relevant company if it is not for the normal business performance of the company.



## Financial Highlights Consolidated Financial Statement

Statements of Income	2017	2016	2015
Net Sales	2,286.25	3,479.10	3,512.10
Total Revenues	2,461.06	3,489.97	3,533.44
Costs and expenses	2,502.48	3,445.34	3,623.54
Gross Profit	(113.33)	155.74	9.25
Profit (Loss) before Interest and Income Tax Expenses	(41.42)	52.65	(79.34)
Net Profit (Loss)	(72.28)	42.70	(82.53)

Statements of Financial Position	2017	2016	2015
Total Assets	1,831.02	2,082.11	2,207.76
Total Liabilities	98.79	277.60	447.03
Total Shareholders' Equity	1,732.23	1,804.51	1,760.73

Financial Ratio	2017	2016	2015
Gross Profit (Loss) Margin (%)	(4.96)	4.48	0.26
New Profit Margin (%)	(2.94)	1.25	(2.34)
Return on Equity (%)	(4.09)	2.46	(4.59)
Return on Assets (%)	(3.95)	2.10	(3.51)
Debt to Equity (times)	0.06	0.15	0.25

Operating Result per Share (Baht)	2017	2016	2015
Net Profit (Loss) per Share	(0.02)	0.01	(0.02)
Book Value per Share	0.25	1.00	1.00
Dividends per Share	-	-	-

## Management Discussions and Analysis

### a) Summary Matrix for Financial Status and Business Performance

Summary of Balance Sheet	Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Revised Version)	
	Ended 31 Dec 17		Ended 31 Dec 16		Ended 31 Dec 15	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Assets</b>						
Cash and cash equivalent	59.67	3.26	227.10	10.91	117.49	5.32
Temporary investment	170.42	9.31	0.44	0.02	0.23	0.01
Trade receivables and other receivables	110.81	6.05	142.09	6.82	294.37	13.33
Current portion of receivables under finance lease contracts	8.62	0.47	9.48	0.46	0.00	0.00
Inventory	152.58	8.33	307.89	14.79	378.51	17.14
Other current assets	0.00	0.00	0.00	0.00	0.00	0.00
Fuel equipment inventory	1.98	0.11	2.29	0.11	1.99	0.10
Non-current Assets Held for sales	0.00	0.00	218.92	10.51	0.00	0.00
<b>Total non-current assets</b>	<b>504.08</b>	<b>27.53</b>	<b>908.21</b>	<b>43.62</b>	<b>792.59</b>	<b>35.90</b>
Bank deposit with guarantee liabilities	23.02	1.26	6.87	0.33	3.56	0.16
Receivables under finance lease contracts - net	0.00	0.00	8.62	0.41	0.00	0.00
Land Building Vessel and Equipment	1,263.19	68.99	1,136.42	54.58	1,388.46	62.89
Intangible assets	0.24	0.00	0.19	0.01	0.11	0.00
Deferred income taxes	5.63	0.31	8.06	0.39	10.29	0.47
Other non-current assets	21.53	1.18	0.00	0.00	0.00	0.00
<b>Total non-current assets</b>	<b>1,326.94</b>	<b>72.47</b>	<b>1,173.90</b>	<b>56.38</b>	<b>1,415.12</b>	<b>64.10</b>
<b>Total assets</b>	<b>1,831.02</b>	<b>100.00</b>	<b>2,082.11</b>	<b>100.00</b>	<b>2,207.71</b>	<b>100.00</b>
<b>Liabilities</b>						
Bank overdraft and short-term loans from financial institutes	0.00	0.00	128.00	6.15	324.03	14.68
Trade payables and other payables	80.36	4.39	57.67	2.77	104.78	4.75
Cash advance receive from disposal of asset	0.00	0.00	80.00	3.84	0.00	0.00
Short-term loans from relevant businesses	0.00	0.00	0.00	0.00	0.00	0.00
Current portion of long-term loans from financial institutions	0.00	0.00	0.00	0.00	0.00	0.00
Income Tax Payable	8.21	0.45	2.93	0.14	3.76	0.17
<b>Total current liabilities</b>	<b>88.57</b>	<b>4.84</b>	<b>268.60</b>	<b>12.90</b>	<b>432.57</b>	<b>19.60</b>

Summary of Balance Sheet	Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Revised Version)	
	Ended 31 Dec 17		Ended 31 Dec 16		Ended 31 Dec 15	
	Million Baht	%	Million Baht	%	Million Baht	%
Long-term loan	0.00	0.00	0.00	0.00	0.00	0.00
Long-term Employee's reserve benefits	10.22	0.56	9.01	0.43	14.46	0.65
Total non-current liabilities	10.22	0.56	9.01	0.43	14.46	0.65
<b>Shareholders' Equity</b>						
Registered Capital	1,356.00	74.06	1,356.00	65.13	1,356.00	61.42
Registered and Paid-up capital	1,130.00	61.71	1,130.00	54.27	1,130.00	51.18
Non-controlling interest	0.00	0.00	0.00	0.00	0.00	0.00
Premium on common stocks	605.11	33.05	605.11	29.06	605.11	27.41
Retain Earning	1.27	0.07	73.54	3.54	30.85	1.40
Other components of shareholders' equity	(4.15)	(0.23)	(4.15)	(0.20)	(5.23)	(0.24)
Total shareholders' equity	1,732.23	94.60	1,804.50	86.67	1,760.73	79.75
Total liabilities and shareholders' equity	1,831.02	100.00	2,082.11	100.00	2,207.76	100.00

Summary of Balance Sheet	Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Revised Version)	
	Ended 31 Dec 17		Ended 31 Dec 16		Ended 31 Dec 15	
	Million Baht	%	Million Baht	%	Million Baht	%
Total revenue	2,461.06	100.00	3,489.97	100.00	3,533.44	100.00
Revenues from sale of goods	2,176.30	88.43	3,416.58	97.90	3,446.74	97.55
Revenues from production service	77.03	3.13	32.58	0.93	45.81	1.30
Revenues from vessel operating	32.92	1.34	29.94	0.86	19.55	0.55
Cost of Sales and Services	2,399.58	95.82	3,323.36	95.23	3,502.84	99.13
Cost of sales	2,295.83	91.68	3,267.53	93.63	3,443.25	97.45
Cost of production service	62.98	2.52	26.85	0.77	37.00	1.05
Cost of vessel operating	40.77	1.63	28.98	0.83	22.59	0.64
Gross profit (Loss)	(113.33)	(4.96)	155.74	4.48	9.26	0.26
Other revenues	174.81	7.10	10.87	0.31	21.34	0.60
Profit (Loss) before expenses	61.48	2.50	166.61	4.77	30.60	0.87

Summary of Balance Sheet	Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Revised Version)	
	Ended 31 Dec 17		Ended 31 Dec 16		Ended 31 Dec 15	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	11.95	0.48	32.32	0.93	43.12	1.22
Administrative Expenses	90.95	3.63	81.64	2.34	66.81	1.89
Profit (Loss) before financial cost and taxes	(41.42)	(1.68)	52.65	1.51	(79.34)	(2.25)
Financial cost	1.72	0.07	8.01	0.23	10.75	0.30
Profit (Loss) before income taxes	(43.15)	(1.75)	44.64	1.28	(90.10)	(2.55)
Income tax	(29.13)	(1.18)	(1.93)	0.06	7.57	0.21
Employee benefit actuarial gains	0.00	0.00	1.38	0.04	0.00	0.00
Income tax on other comprehensive income	0.00	0.00	(0.30)	(0.01)	0.00	0.00
Profit (Loss) for the period	(72.28)	(2.94)	43.78	1.25	(82.53)	(2.34)
<u>Share (loss)gain</u>						
Equity holders of the parent	(72.28)	(2.94)	43.78	1.25	(82.53)	(2.34)
Non-controlling interests	0.00	0.00	0.00	0.00	0.00	0.00
Total comprehensive profit (loss) for the period	(72.28)	(2.94)	43.78	1.25	(82.53)	(2.34)
Profit per share (Baht/share)	(0.02)		0.01		(0.02)	
Par value (Baht/share)	0.25		1.00		1.00	
Number of common stocks (Million stocks)	4,520.00		4,520.00		4,520.00	

Summary Cash Flow Statement (Unit : Million Baht)	Consolidated Financial Statement (Audited)	Consolidated Financial Statement (Audited)	Consolidated Financial Statement (Revised Version)
	2017	2016	2015
Profit before income taxes	(43.15)	44.64	(90.10)
Adjustment of gain(loss) into received (paid) cash from operations			
Depreciation	74.13	85.43	82.60
Amortized computer software	0.10	0.06	0.04
(Gain) Loss on write-off of assets	(149.72)	(3.42)	0.20
Allowance for doubtful accounts	0.00	7.08	0.00
(Reversal) Allowance for devaluation of inventories	(8.74)	17.36	0.00
Unrealized (gain) loss on exchange rates	(5.11)	0.05	0.03
Non-current provisions for employee	1.71	3.00	2.52
Interest income	(3.99)	(1.07)	(0.58)

Summary Cash Flow Statement (Unit : Million Baht)	Consolidated Financial Statement (Audited)	Consolidated Financial Statement (Audited)	Consolidated Financial Statement (Revised Version)
	2017	2016	2015
Interest expenses	1.72	8.01	10.74
Gain (Loss) from operating activities before change in operating assets and liabilities	(133.05)	161.14	5.45
Trade and other receivables	31.28	147.91	183.27
Inventories	164.36	52.95	56.02
Deposit for purchase of assets	(21.53)	0.00	0.00
Non-current assets for disposal	0.00	0.00	2.54
Other non-current assets	0.52	0.11	2.52
Trade and other payables	4.54	(56.21)	(99.29)
Refunded of income tax	1.96	0.00	0.44
Payment for employee benefit obligations	(0.50)	(7.07)	0.00
Income tax paid	(23.49)	(2.78)	(26.86)
<b>Net cash provided by operating activities</b>	<b>24.09</b>	<b>296.05</b>	<b>124.09</b>
Increase in restricted deposits at financial institution	(16.15)	(3.31)	(1.56)
Interest received	1.92	0.78	0.58
Increase in current investments	(169.98)	(0.21)	(0.14)
Payment for purchase of assets	(206.86)	(61.60)	(92.67)
Proceeds from receive from disposal of assets	329.13	1.98	0.04
Cash advance receive from disposal of land and equipment	0.00	80.00	0.00
<b>Net cash provided by (used in) investing activities</b>	<b>(61.94)</b>	<b>17.63</b>	<b>(93.75)</b>
Decrease in bank overdraft and short-term loans from financial institutions	(128.00)	(196.03)	7.12
Interest paid	(1.58)	(8.04)	(10.60)
Long-term loans paid	0.00	0.00	(98.96)
<b>Net cash used in financing activities</b>	<b>(129.58)</b>	<b>(204.07)</b>	<b>(102.44)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(167.43)</b>	<b>(109.61)</b>	<b>(72.10)</b>
Cash and cash equivalents at beginning of the year	227.10	117.49	189.59
Cash and cash equivalents at end of the year	59.67	227.10	117.49
<b>Assets payable for equipment</b>	<b>18.00</b>	<b>7.21</b>	<b>0.72</b>

## b) Summary Matrix of Key Financial Ratio

Financial Ratio		2017	2016	2015
Liquidity ratio				
Liquidity ratio	Time	5.69	3.38	1.83
Quick liquidity ratio	Time	3.85	1.38	0.95
Cash Liquidity Ratio	Time	0.12	0.25	0.15
Account Receivable Ratio	Time	18.08	15.94	9.13
Average Collection Period	Day	20.19	22.90	40.00
Inventory Stock Ratio	Time	10.25	9.60	8.21
Average Selling Period	Day	35.63	38.02	44.47
Account Payable Ratio	Time	34.77	40.92	22.75
Trade Payable Payback Period	Day	10.50	8.92	17.36
Cash cycle	Day	45.32	52.00	67.11
Gross Profit Rate	%	-4.96	4.48	0.26
Operating Profit Rate	%	-2.94	1.25	-2.34
Return on Equity	%	-4.09	2.46	-4.59
Return on Asset	%	-3.95	2.10	-3.51
Return on Fixed Asset	%	-6.02	3.47	-5.97
Asset Turnover Ratio	Time	1.25	1.67	1.49
Debt to Equity Ratio	Time	0.06	0.15	0.25
Interest Coverage Ratio	Time	-24.02	6.57	-7.38
Dividend Payout	%	0.00	0.00	0.00

# Management Discussion and Analysis

## Business Performance

### Overall previous performance

The company operates manufacturing and distribution of biodiesel produced from crude palm oil, produce and distribute Palm Olein through processes under the brand “PAMOLA”, distribute raw materials, namely crude palm oil and Refined Bleached and Deodorized Palm oil (RBD Palm Oil), as well as distribute products, which are byproducts gained from manufacturing process, including palm fatty acid, refined palm fat, and glycerin, for being used as raw materials in continuous manufacturing industries, such as soap, creamer and cosmetics, as well as bringing back to be used as raw material in biodiesel production. Apart from products manufacturing, the company also provides contractual services for crude palm oil refining service for customers.

There are 2 group of customers; Biodiesel group and Edible Oil group. For Biodiesel, the customer is a member of a group of traders in under section 7 of the Fuel Trade Act B.E. 2543 in which currently there is one of under section 7 providing refining services of RBD Palm Oil. For Edible Oil, the customer is in Edible Oil trading business, where the Company providing refining services of RBD Palm Oil and Palm Olein, as well as liable for licensed charges for Edible Oil in packaged under brand “PAMOLA” has been sold such as gallon, tins, bottles, and bag. Since, the Company has changed the policy and distribution of Palm Olein business (“Edible Oil”) by cancels the sales and distribution by the Company itself, change into refining service of Edible Oil instead in order to reduce risk of raw materials price’s fluctuation. However, the company received certificates and assurances representing good management and quality and standard manufacturing, i.e. ISO 9001: 2008 HACCP GMP Kosher, as well as the certification of the accession to Roundtable Sustainability of Palm Oil or RSPO which is an international organization supporting growth and the sustainable use of palm oil by collaboratively implement within the supply chain.

The Company currently has 2 subsidiaries, including AIL and AIPT in which the Company is holding their shares at 99.99% of their authorized capital. AIL performs sea freight services by providing transportation for fuel, lubricant oil, crude palm oil, and refined palm oil to customers internationally of 1 vessel, which is “Thareratana 3”. For “Thareratana 1”, AIL has disposed it to the Buyer since 18 October 2016 on the leased-purchase agreement and will be fully paid within October 2018. AIPT provides port services and storage tanks by having 1 deep sea ports and storage

tanks located in Muang district in Chumphon province. Such storage tanks could contain oil at the total of 22,124,000 Liters. Both companies have been supported for investment based on Investment Promotion Act B.E. 250 for Biodiesel manufacturing business, sea transportation business, and vessel goods loading business (For more information, please see article 2.3 concerning business performance for each product).

However, in 2017 the Company issued the financial statement as of December 31, 2017, which certified by ANS Audit Company Limited with Qualified Opinion as following;

### Basis for Qualified Opinion

As discussed in Note to Financial Statements No. 28.3, the Company received a letter from the Enforcement Department, Office of the Securities and Exchange Commission of Thailand (the SEC), dated January 20, 2016, requesting for the facts about the Company auditor’s disclaimer of opinion in the Company’s financial statements for the year 2014. Management provided a clarification of the facts to the SEC.

On June 20, 2017, the SEC has filed a criminal complaint against two former directors and executives of the Company in case of the preparation of incorrect financial statements for the year 2014, as the Company auditor had expressed the disclaimer of opinion, with the Department of Special Investigation (DSI) for further legal proceedings.

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion is qualified in respect of this matter.

*The Company and its subsidiaries gains revenue from businesses which could be divided into (1) selling revenue including revenue from Palm Oil business and ice cube selling, (2) Production Service Revenue, (3) Sea Freight Service Revenue, and (4) Other Revenue*

## Performance Analysis

### Income

The Company had revenue balance for the accounting period in 2017 equal to 2,286.25, which could be divided into 88.43% for selling revenue, 3.13% for production service revenue, 1.34% for sea freight service revenue, and no revenue from ports and terminal services. (AIE has contributed 100% in AIPT's revenue). In the past 2 years, the Company had revenue for the accounting period year 2016 was equal to 3,479.10 Million Baht and in 2015 equal to 3,512.10 Million Baht.

Types of Revenue	Consolidated Financial Statement		Consolidated Financial Statement		Consolidated Financial Statement (Revised Version)	
	2017		2016		2015	
	Million	%	Million	%	Million	%
1. Selling revenue	2,176.30	88.43	3,416.58	97.90	3,446.74	97.55
1.1 Palm oil business revenue	2,176.30	88.43	3,395.67	97.30	3,418.20	96.74
1.1.1 Biodiesel	1,930.18	78.43	2,652.04	75.99	2,699.26	76.39
1.1.2 Olein palm oil	130.44	5.30	690.27	19.78	630.36	17.84
1.1.3 Raw materials & by-products	115.68	4.70	53.36	1.53	88.58	2.51
1.2 Revenues from ice cube selling	0.00	0.00	20.91	0.60	28.54	0.81
2. Refining service revenue	77.03	3.13	32.58	0.93	45.81	1.30
3. Sea freight revenue	32.92	1.34	29.94	0.86	19.55	0.55
<b>Total revenues</b>	<b>2,286.25</b>	<b>92.90</b>	<b>3,479.10</b>	<b>99.69</b>	<b>3,512.10</b>	<b>99.40</b>
Other revenues	174.81	7.10	10.87	0.31	21.34	0.60
<b>Total revenues</b>	<b>2,461.06</b>	<b>100.00</b>	<b>3,489.97</b>	<b>100.00</b>	<b>3,533.44</b>	<b>100.00</b>

#### 1) Selling Revenue

Selling revenue from the business operations of AIE and AIPT can be divided into 2 types; revenues from palm oil business, revenues from ice cube for food industry. The Company had selling revenue in 2017 to 2015 equal to 2,176.30 Million Bath, 3,416.58 Million Baht, and 3,446.74 Million Baht which accounts for 88.43%, 97.90% and 97.55% of total revenue consecutively. The major contribution of revenue was from palm oil business in total annual revenue. In this connection, the details of selling revenues could be explained by types of sales as follows:-

##### 1.1) Revenues from Palm Oil Business

Revenues from palm oil business are revenues entirely incurred on behalf of the Company which could be divided by types of products sold as follows:-

##### 1.1.1 Revenue from Biodiesel

The company produces and distributes biodiesel to the fuel trader under Section 7 of Fuel Trade Act B.E.2543 in which consists of the major oil traders in the country. AIE's revenues from sales of biodiesel business to total revenue for the fiscal year 2017 and 2016 were 78.43% and 75.99% respectively. In 2017, 2016, and 2015 the Company had sales volume of Biodiesel equal to 1,930.18 million Baht, 2,652.04 million Baht, and 2,699.26 million Baht, accounting for 88.69 percent, 78.10 percent, and 78.97 percent of total revenue from biodiesel sold respectively.

In 2017, the Company's revenues from sales of biodiesel have decreased from 2016 by 27.22% due to the differentiated in selling price 7-8 Baht/Kilogram, where the average selling price in 2017 was 28.04 Baht/Kilogram while in 2016 was 36.08 Baht/Kilogram, or 27.22%. Since the main raw material; CPO (It is the starting price for setting biodiesel selling price), average price in 2016 was 31.95 Baht/Kilogram and in 2017 was 24.88 Baht/Kilogram (Source: Department of Internal Trade, Ministry of Commerce). While in 2017, the Company had sales volume of 68,791 tons, which decreased from those in 2016 for 4,721 tons from 73,512 tons or decreasing 6.42%. In between 2017 and 2016, there were several changed in Biodiesel blended mandate for 4 times; the Department of Energy had reduced Biodiesel blended mandate twice in 2016 from B7 to B5 in July 25, 2016 and second time to B3 in August 25, 2016 throughout the year in order to reduced its use of palm oil in alternative energy industry to stabilize prices and prevent shortages of palm oil for domestic consumption. Until the fourth quarter of 2016, there was an oversupply of CPO so the price of CPO has been dropped to approximately THB 20.00/kilogram. Then, the Department of Energy had announced to increase Biodiesel blended mandate from 3% to 5% in November 10, 2016 and again in May 8, 2017 from 5% to 7% in order to stabilize CPO price not too low, and to maintain the equilibrium of crude palm oil pricing. This affected the Com-

#### 1.1.2 Revenue from Olein Palm Oil (Edible Oil)

The Company produced and distributed palm olein in tank trucks and in packaging under "PAMOLA" brand to customers domestically. The customers who use Palm Olein could be divided into 2 groups; (1) large food manufacturing industry, including snack foods, margarine, and cooked foods manufacturing industry which mostly orders by tank truck, (2) packaged customers, including supermarket, hotel, chained restaurant, and general stores that ordered in various packaging such as gallon, tins, bottles, and bags under the brand "Pamola", which was established in the Olein Palm Oil market more than 20 years

The Company had revenue from Edible Oil business in 2017 lower than 2016 by 559.83 Million Baht or decreasing by 81.10%, where the sales volume has decreased by 15,216 tons or 77.88% and decreasing in selling price for 5,147 Baht/ton or 14.57%. Due to the Company has changed the policy and distribution of Edible Oil in 2017 by cancels the sales and distribution by the Company itself, change into refining service of Edible Oil instead. The customer will supply their own CPO and taking liabilities in transporting expenses such raw materials to the factory, as well as liable for licensed charges for Edible Oil in packaged under brand "PAMOLA" has been sold such as gallon, tins, bottles, and bag. However, there was revenue from sales of Edible Oil in January 2017 because the backlog from the end of 2016.

#### 1.1.3 Raw Materials and By-products

The Company sold raw materials and by-products; included palm fatty acid, palm stearin and crude glycerin to the customers in continuous industries, such as cosmetic industry and supplement food industry.

In 2017, 2016, and 2015 was 115.68 Million Baht, 53.36 Million Baht, and 88.58 Million Baht at the proportion of 5.32%, 1.57%, and 2.59% of total revenue from Palm Oil business. Also, the revenue from sales of raw materials and by-products has contributed for 4.70%, 1.53%, and 2.51% of the total revenue. In 2017 and 2016, the Company has sale volume of 9,905 tons at 11,678 Baht/ton and 9,980 tons at 5,347 Baht/ton. The revenue from raw materials and by-products in 2017 increased from 2016 by 62.32 Million Baht or 116.79%, sale volume decreased by 75 tons or 0.75%, and the selling price was increased to 6,332 Baht/ton or 118.43%. In 2017, sales of raw materials and by-products have increased the price of crude glycerin had increased from the average selling price at 4 Baht/Kilogram in first quarter to 6.00-7.00 Baht/Kilogram in second and third quarter, and in fourth quarter at 9.00-10.00 Baht/Kilogram.

## 1.2) Revenue from Ice cube for food industry

Revenue from the sale of ice cube is the revenue generated on behalf of AIPT which is not considered as a core business of the Company (AIPT operates the ports and storage tanks: refer to 2.3 business profiles for more details). The ice factory of AIPT is located in Tha Chalom in Samut Sakhon province. The produced ice cube will be sold to various food industries such as meatball manufacturing, fish filet plants, manufacturing and distributing plants of canned fish and processed seafood products. AIPT has proprietary ownership of the ice factory. The Company has taken surrounding land to develop as additional storage tanks.

In 2017, AIPT had no revenue from sale of ice cube, in 2016 was equal to 20.91 Million Baht or equivalent to 0.60%, and in 2015 was equal to 28.54 Million Baht or 0.81% of the total revenue. Since, AIPT had operated only 10 months during the period of January to October 2016 and then ceased its operation of ports and storage tanks service in Tha Chalom in Samut Sakhon province after AIPT sold to the Buyer under Sale and Purchasing contract.

## 2) Revenue from refining service

Revenue from refining service is revenue on behalf of AIE resulted from providing service on refining crude palm oil to RBD Palm Oil and Palm Olein (Edible Oil). The customer will supply crude palm oil, as well as taking liabilities in transporting such raw materials to the factory. Currently, the company provides services for crude palm oil refining service for 2 group of customers; Biodiesel, the customer is a member of a group of traders in under section 7 of the Fuel Trade Act B.E. 2543 and Edible Oil, the customer is in Edible Oil trading business.

In 2017 – 2015, the revenue from the production service were 77.03 Million Baht, 32.58 Million Baht, and 45.81 Million Baht, or at the percentage of total revenues at 3.13%, 0.93%, and 1.30% respectively. The revenue from production service in 2017 was increased from 2016 by 44.45 Million Baht or 136.44% since the Company had changed its Edible Oil business policy.

2.1 The production service for RBD Palm Oil that used in Biodiesel business in 2017 has contributed revenue for 39.16 Million Baht from 32.58 Million Baht in 2016. In 2017, the Company had refined CPO for RBD Palm Oil under production service more than those refined in 2016 by 7,312 tons or increasing by 20.20%.

2.2 The production service for Edible Oil, since the Company had changed its policy by ceased selling Edible Oil by itself to production service that had begun from January 2017, has realized revenue by 37.87 Million Baht with the quantities of CPO at 23,340 tons

## 3) Revenue from Sea freight Business

Revenue from sea freight service is revenue arising on behalf of AIL which operating sea freight services with 1 high-quality vessels, namely “Thareratana 3”, which received license to transport fuel, lubricant oil, crude palm oil, and refined palm oil to other customers internationally.

In 2017 2016 and 2015, the revenue from sea freight service was 32.92 Million Baht, 29.94 Million Baht, and 19.55 Million baht, or at the percentage of total revenues at 1.34%, 0.86%, and 0.55% respectively. In 2017, the revenue increased from 2016 by 2.98 Million Baht or 9.95% due to in 2017 and 2016 AIL continuously provided service internationally to other customers in various industry while in 2015 AIL only customer was AIE.

In 2017 and 2016, AIL has hire-purchase receivables from the hire-purchase agreement for “Thareratana 1” (Buyer has no relationship with the Company and subsidiaries director and management of the Company). There are 24 equally repayment required until the last repayment in October 2018. In this period, the Company receives interest from the hire-purchase agreement and booked in other revenue.

#### 4) Other revenues

AIE had other revenues in the accounting period of 2017 2016 and 2015 equal to 174.81 Million Baht, 10.87 Million Baht, and 21.34 Million Baht, or accounting for 7.10 percent, 0.31 percent, and 0.60 percent of total revenue. In this connection, other revenues on behalf of AIE included revenues from the return of leftovers from manufacturing, interest received and gain (loss) from foreign exchange of 4.86 Million Baht. AIPT has booked gain on sales of non-current assets of 156.57 Million Baht from selling land, building, port, ice cube factory, equipment and 5 storage tanks with volume of 11,062,000 liters situated on Samut Sakhon province. The mentioned non-current assets was transferred an entitlement to the buyer after AIPT has received full payment since June 2017.

#### Cost of Sales and Gross Profit

Cost of Sales and Services	2017				2016				Increase (Decrease)			
	THB ('000)	THB / Ton	% / Sales	%	THB ('000)	THB / Ton	% / Sales	%	THB ('000)	THB / Ton	% / Sales	%
1. Cost of Sales												
Biodiesel	2,071,786	30,117	107.34	86.34	2,486,543	33,825	93.76	74.82	(414,757)	(3,708)	(15.64)	(16.68)
By-product	97,744	9,868	84.50	4.07	50,818	5,092	95.24	1.53	46,926	4,776	75.30	92.34
Edible Oil	126,920	29,368	97.30	5.29	712,351	36,460	103.20	21.43	(585,431)	(7,092)	(1.03)	(82.18)
Ice Cube	-	-	-	-	17,814	-	85.19	0.54	(17,814)	-	(0.85)	(100.00)
Total Cost of Sales	2,296,451	27,662	105.52	95.70	3,267,526	31,714	95.64	98.32	(971,075)	(6,024)	78.30	(29.72)
2. Cost of Production Service												
Biodiesel	29,478	677	75.28	1.23	26,852	742	82.42	0.81	2,626	(64)	39.91	9.78
Edible Oil	32,883	1,409	86.84	1.37	-	-	-	-	32,883	1,409	86.84	100.00
Total Cost of Production Service	62,361	933	80.96	2.60	26,852	742	82.42	0.81	35,510	1,345	79.89	96.93
3. Cost of Sea Freight Service	40,771	-	123.85	1.70	28,982	-	96.79	0.87	11,789	-	27.05	0.00
Cost of Sales and Services	2,399,583	-	97.50	100.00	3,323,360	-	95.23	100.00	(923,776)	-	(26.47)	(27.80)

## Cost of Sales and Service

Items for selling and services costs could be classified into cost of sales, cost of refining service costs, and cost of sea freight service. In the accounting period of 2017, 2016, and 2015, the cost of sales and services was 2,399.58 million Baht, 3,323.36 million Baht, and 3,502.84 million Baht, or equivalent to 97.50%, 95.23%, and 99.13% of total revenues respectively. The ratio of cost of sale over total revenue in 2017 increased by 2.38% from 2016, where the reasons are summarized as follows;

### 1) Cost of Sales

- 1.1 In 2017 and 2016, the ratio cost of sale – Biodiesel to revenue were 107.34% and 94.34%. Comparing 2017 to 2016, the ratio cost of sale to revenue has increased by 16.11% since the raw material (CPO) 's price that was used in production, were higher than selling prices by the average at 1.00-2.00 Baht/Kilogram. This is due to the fluctuation in quantities of supply, where the flood of Palm Fruits and CPO into the market that lead to lower price since February 2017 and then the price has gone up again to 26.00-27.00 Baht/Kilogram in between 1st quarter and 2nd quarter of 2017 due to the expectation that there will be a shortage of supply. Unfortunately, CPO has gone down again to 18.00 Baht/Kilogram in 4th quarter of 2017 since supply over demand of CPO. Even though, the Company has achieved in maintaining its loss yield to be more efficient and manage CPO storage life cycle for not over 30 days, still the CPO's price fluctuation had significantly effected on cost management.
- 1.2 Costs of sale – By products were realized according to marked-to-market selling price and allocated into cost of each products and by-products. Therefore, the price of by-products sold was increased and affected the Biodiesel selling price to be low.
- 1.3 In 2017, cost of sale - Edible Oil was 126.92 Million Baht, with ratio of cost of sale to revenue was 97.30%, and while in 2016, cost of sale was 712.35 Million Baht, with ratio of cost of sale to revenue was 103.20%. The ratio of cost of sale to revenue in 2017 was lower than in 2016 by 5.90%. All of them were made to order and purchased CPO for lot by lot in period of term (short). Therefore the Company can maintain the cost of raw material and gain profit margin for each sale orders,

where in 2016 and 2015 the cost of sale-Edible Oil were higher than sales and realized loss from sale of Edible Oil due to the fluctuation in CPO price that the Company cannot control.

- 1.4 In 2017, there was no cost of ice cube sales since there was no revenue from ice cube as mentioned. For 2016, cost of ice cube was 17.81 Million Baht, with ratio of cost of ice cube to revenue was 85.17%, while in 2015 cost of ice cube was 24.26 Million Baht, with ratio of cost of ice cube to revenue was 85.00%

### 2) Cost of Production Services

In 2017, the ratio of cost of production service to revenue was 80.96%, while in 2016 was 82.42%. The cost of production services can divide into 2 group of customer as follow;

- 2.1 The ratio of cost of production service to revenue for RBD Palm Oil that used in Biodiesel business in 2017 was 75.28%, the Company always gain profit from this segment.
- 2.2 The production service for Edible Oil, since the Company had changed its policy by ceased selling Edible Oil by itself to production service that had begun from January 2017, has realized the ratio of cost of production service for Edible Oil business for 86.84%

The Company is continuously making profit from refining service since there was no risk from the fluctuation in raw materials price. The refining service's volume also share the Company's overhead costs, which help to maintain production cost as low as possible.

### 3) Cost of Sea Freight Services

In 2017, cost of service was 40.77 Million Baht, with ratio of cost of service to revenue was 123.85%, and while in 2016 cost of service was 28.98 Million Baht, with ratio of cost of service to revenue was 96.79% and in 2015 was 22.59 Million Baht with ratio of cost of service to revenue was 115.55%

AIL had the ratio of cost of sea freight service to revenue in 2017 higher than in 2016 by 27.06% from maintenance expenses in 2<sup>nd</sup> and 3<sup>rd</sup> quarter of 2017.

## Gross Profit (Loss) Margin

The Company has gross profit (loss) margin as of the fiscal year 2017, 2016 and 2015 for (113.33) Million Baht, 155.74 Million Baht, and 9.26 Million Baht or (4.96%), 4.48%, and 0.26%, which in 2017 the gross profit margin decreased by 172.77% from 2016.

Gross profit (loss) margin	2017		2016		Increase (Decrease)	
	('000)	%	('000)	%	('000)	%
1. Sales						
Biodiesel	(141,602)	(7.34)	165,498	6.24	(307,100)	(185.56)
By-products	17,933	0.93	2,541	0.10	15,392	605.76
Edible Oil	3,523	0.003	(22,081)	(3.20)	25,604	(115.95)
Ice Cube	-	-	3,097	14.81	(3,097)	(100.00)
Gross profit (loss) from Sales	(120,146)	(6.41)	149,055	4.36	(266,104)	(178.53)
2. Production Services						
Biodiesel	9,681	32.84	5,726	17.58	3,955	69.07
Edible Oil	4,983	13.16	-	-	4,983	100.00
Gross profit (loss) from Production Service	14,664	19.04	5,726	17.58	8,938	156.09
3. Sea Freight Service	(7,850)	(0.19)	961	0.03	(8,811)	(917.17)

1. Gross profit (loss) margin from Biodiesel and By-products as of 2017 was (6.41%), 2016 was 6.34%, and 2015 was 1.21% which decreased from 2016 and 2015.
2. Gross profit (loss) margin from Edible Oil as of 2017 was 0.003%, 2016 was (3.20%), and 2015 was (5.30%) which increased from 2016 and 2015.
3. Gross profit (loss) margin from Production service as of 2017 was 19.04%, 2016 was 17.58%, and 2015 was 19.22% which increased from 2016.
4. There was no gross profit (loss) from sale of ice cube as of 2017 since AIPT has ceased its operation in mid 2016, where has gross profit (loss) margin from Production service for 14.81% and 15% in 2015.
5. Gross profit (loss) margin from Sea Freight service as of 2017 was (0.19%), 2016 was 0.03%, and 2015 was (15.55%) which decreased from 2016

## Expenses

The company's expenses as of the fiscal year 2017, 2016, and 2015 was 102.90 Million Baht, 113.96 Million Baht, and 109.93 Million Baht or accounting for 4.18 percent, 3.27 percent, and 3.11 percent of total revenue, respectively. In the past 3 years, the Company's expense consists of selling expense and administration expense; selling expense in 2017-2015 was 11.95 Million Baht, 32.32 Million Baht, and 43.12 Million Baht; and administration expense in 2017-2015 was 90.95 Million Baht, 81.64 Million Baht, and 66.81 Million Baht.

### - Selling Expense

The company's selling expenses as of the fiscal year 2017 and 2016 were 11.95 Million Baht and 32.32 Million Baht. The major contributions were the cost of transportation and products insurances, which reduced by 8.50 Million Baht and related to the decreased in sale volume and change in sale of Edible Oil policy.

### - Administration Expenses

The company's administration expenses for the fiscal year 2017 and 2016 were 90.95 Million Baht and 81.64 Million Baht, which increased by 9.31 Million Baht or 11.40% due to loss on write-off assets of unused trucks and trailers of 3.85 Million Baht and loss on impairment of investment in subsidiary (AIL) for 24.00 Million Baht.

### - Financial Cost

The financial cost for the fiscal year 2017 and 2016 were 1.72 Million Baht and 8.01 Million Baht, which decreased by 6.29 Million Baht or 78.47%. Due to the short-term and long-term loan in 2017 has been reduced. In 2017, the Company had no overdraft and short-term loan outstanding, while in 2016 and 2015 there were short-term loans outstanding equal to 128.00 Million Baht and 324.03 Million Baht, was reduced by 100%. Therefore, the interest expenses were decreased in 2017 from 2016. For interest expensed that arise from short-term loan for new plant, has been included into the cost of machineries.

## Net Profit (Loss) and Profit (Loss) Margin

The company's net profit (loss) of the fiscal year 2017, 2016, and 2015 was 72.28 Million Baht, 43.78 Million Baht, and (82.53) Million Baht. In 2017, net profit margin has decreased by 116.06 Million Baht or 265.10% from 2016.

## Return on Equity (ROE)

In accounting period of 2017, 2016, and 2015, the Company had return on equity (ROE) equal to (4.09), 2.46, and (4.59), respectively. As of 2017, the Company had net loss of 72.28 Million Baht; consist of net loss from the Company itself of 173.44 Million Baht and retain earning (Loss) of (6.96) Million Baht, and while in 2016 had net profit of 43.78 Million Baht that contributed from the Company for 37.27 Million Baht with retain earning of 65.32 Million Baht. In 2015, the Company had realized net loss of 82.53 Million Baht that consist of net loss from the Company itself of 99.83 Million Baht with retain earning of 24.48 Million Baht. The Company has not been paid dividend.

## Company's Financial Statement

### Assets

Total assets of the Company as of 31 December 2017 was equal to 1,931.02 million Baht, as of 31 December 2016 was equal to 2,082.11 million Baht, and as of 31 December 2015 was equal to 2,207.71 million Baht. The important asset transactions resulted in changes of Company's total assets are as follows:-

### - Cash and cash equivalent

As of 31 December 2017, the Company had cash and cash equivalent lower than in 2016 by 167.43 Million Baht or 73.72%. In 31 December 2017 and 31 December 2016, the Company had cash and cash equivalent transaction equal to 59.67 million and 227.10 million Baht, or accounting for 3.26% and 10.91 % of total assets, respectively. The cash and cash equivalent as of 31 December 2017 and 2016 consist of;

	Unit : Baht			
	Consolidated		Company Only	
	2017	2016	2017	2016
Cash on Hand	145,000	395,000	50,000	300,000
Deposit - Saving Account	58,462,726	225,687,412	50,601,857	199,620,831
- Current Account	120,000	93,357	60,000	56,700
Fixed Deposit not over 3 months	946,336	924,420	946,336	924,420
Total Cash and Cash equivalent	59,674,062	227,100,189	51,658,193	200,901,951

**- Trade Receivables and Other Account Receivables**

As of 31 December 2017 it was equal to 110.81 million Baht, as of 31 December 2016 it was 142.09 million Baht, and as of 31 December 2015 it was 294.37 million Baht. The decline in trade accounts receivable is consistent with the change in revenue that has continued to decline. The Company had policy to determine allowance for doubtful accounts on the basis of trade receivables overdue for more than one year.

Trade receivables were mostly receivables not yet due. As of 31 December 2017, the Company had trade receivables not yet paid at the total of 105.17 Million Baht, representing a ratio of 97.08% of total account receivables which mostly are traders under Section 7 who buy biodiesel from AIE. Such group of customers paid to the Company on schedule. For customers who did not pay for goods to the Company who mostly are a group of trades with overdue receivables, the majority of them were receivables arising from Edible Oil customers. The Company found that as of 31 December 2017 the Company had overdue trade receivables at the total of 11.50 million Baht or 10.61% of the total accounts receivable, which consists of; receivables that were overdue more than 3 months, there were at the total of 3.17 million Baht, accounting for 2.92% of total account receivables and receivables that were overdue more than 12 months, there were at the total of 8.33 million Baht, accounting for 7.69% of total account receivables. It could be summed up the accounts receivables based on its maturity as of 31 December 2017 and as of 31 December 2016 as follows:-

Account Receivables (Unit : Million Baht)	Consolidated Financial Statements As of 31 December 2017	Consolidated Financial Statements As of 31 December 2016
Account receivable		
Trade receivable		
Undue	105.17	119.98
Overdue for 3 months	3.17	2.04
Overdue for 3 months but not over 12 months	-	-
Overdue over 12 months	8.33	8.33
<b>Total</b>	<b>116.67</b>	<b>143.38</b>
Less Doubtful Account	(8.33)	(8.33)
<b>Net Account Receivable</b>	<b>108.34</b>	<b>135.05</b>

In 2017-2016, The Company's average collection period was relatively constant at 20.19 days, 22.90 days, and 40 days. The Company determined credit term policy for receiving payments from clients between 30-60 days depending on the type of products and determined debt collection policy for overdue accounts receivable over 30 days through the issuance of a letter of demand to the receivable in writing.

#### - Inventory

Inventory consists of finished goods, Semi-product, and raw materials, which identified at cost of sale or net realizable value, whichever is the lower by using the weighted average cost method. For the In-process is identified at the weighted average cost; including labor expense and overhead cost. The Company has set an allowance for devalue for deteriorated products and estimated the allowance for diminution and obsolete in the value of inventory. The estimation is based on turnover and deterioration and the market price or replacement cost of different types of inventories.

The inventory consisted of raw materials and chemicals, works in process, finished goods, and miscellaneous. As of 31 December 2017 it was 152.58 Million Baht, as of 31 December 2016 it was 307.89 Million Baht, and as of 31 December 2015 it was 378.51 million Baht or 8.33%, 14.79%, and 17.14% of total assets in accordance with the above mentioned stocking policy. In 2017, the Company has booked the allowance for devaluation of inventories of 8.63 Million Baht.

#### - Land, building, vessels, and equipment - net

In 2017 – 2015 the Company's land, building, vessels and equipment - net was 1,263.19 Million Baht, 1,136.42 Million Baht, and 1,388.46 Million Baht or equivalent to 68.99%, 54.58%, and 62.89% of total assets. The items were mainly composed of land and land improvements, building and building improvements, infrastructure, equipment and tools, vessels and equipment, furniture and office equipment, vehicles and assets under construction, and installation of the assets. Most of transaction was land, building, and machinery.

#### - Non-Current Assets for Sale – net

Non-current assets held for sales shown on the net book value or fair value, whichever is lower. The Company has set aside allowance for diminution in value of non-current assets held for sale by estimated value of the actual sales.

The Company's non-current assets for sale - net as of 31 December 2017, and 2016 consists of as following;

	Unit : Baht		
	Consolidated		
	2016	Transferred In	Transferred Out
			2017
Non-Current Assets for Sale	267,935,900	24,352,168	(292,288,068)
minus Accumated Depreciation	(49,013,028)	(10,553,396)	59,566,424
Devaluation	-	(340,828)	-
Non-Current Assets for Sale - Net	218,922,872	13,457,944	(232,721,644)
			-

On July 2017, the subsidiary (AIPT) has been received fully payment on sale and purchase contract with the value of 390 Million Baht; sold some of its land building, and machineries, located on Tumbol Tha Jeen, Samut Sakhon province from buyer and already transferred the entitlement to the buyer, and booked gain on sale of such non-current assets for 156.57 Million Baht. Also, in October 2017 the Company had sold its car, trucks and trailers to buyers for 14.40 Million Baht, where received full payment and transferred the ownership to the buyers.

#### - Deferred Income Taxes Asset

The Company and its subsidiaries has adopted accounting policy concerning income taxes in accordance with the accounting policies for deferred income taxes in consistent with Thailand Accounting Standard concerning income taxes issues No. 12. The Company and its subsidiaries therefore restated the financial statements as if the Company and its subsidiaries had assets or liabilities over time. Deferred taxes assets or liabilities were determined based on temporary differences in the balance sheet among the tax bases of assets and liabilities. The carrying amount of the asset or liability which would be recognized as income taxes or amortization was charged to tax when income was recognized as revenue or costs saved and the actual deduction as an expense for tax purposes under the tax Code. Then, the Company had to recognize the tax temporary differences as deferred tax assets or add taxes as deferred tax liabilities. If it was quite certain that the Company would have taxable profit from operations which would be sufficient to make good use of deferred income tax assets or liabilities, the Company would review the carrying value of deferred tax assets or liabilities in the balance sheet. The Company would adjust such carrying value when the possibility was quite certain that the Company would not have sufficient taxable profits to make good use of deferred income tax assets or liabilities

Regarding to mentioned accounting policies which resulted in the consolidated financial statements of the Company as of 31 December 2017 and 31 December 2016, the Company had deferred income assets by calculating from income tax at 20 percent, which was equal to 5.63 Million Baht and 8.06 Million Baht. In 2017 and 2016, the Company and its subsidiaries have deferred tax loss for 8.13 Million Baht and 10.51 Million Baht, since there was the possibility that the Company would have taxable profit from future operations enough to bring the assets to be utilized by the management team opinion.

Also, for the Company itself has realized deferred tax (loss) in 2017 and 2016 for 204.05 Million Baht and 59.07 Million Baht, whereas the management team is uncertain the possibility to utilized deferred tax benefit from it, so there was no deferred tax assets are recognized.

Deferred Income Taxes Asset (Unit : Million Baht)	2017	2016
Temporary Accumulated Difference Recorded in Income Statement		
Doubtful account	0.15	0.15
Provision for diminishing in inventory value	-	-
Provision for non-current asset hold for sale	-	-
Employees' long-term reserve benefits	1.96	1.69
Accumulated loss carried forward up to 5 accounting periods	8.13	10.51
Temporary Accumulated Difference Recorded in Accumulated Profits	-	-
Depreciation	(4.61)	(4.29)
Deferred Income Tax calculated from 20 percent Income Tax Rate	5.63	8.06

## Liquidity

Current assets as of 31 December 2017, and 31 December 2016, the Company had current assets 504.08 million Baht, and 908.21 million Baht resulted primarily from an decrease of current assets in the period during 2017 due to the decrease in current assets for sale of the Company's subsidiary's assets (AIPT) for 390 Million Baht, while the Company's current liabilities had declined to 88.56 Million Baht in 2017 from 268.60 Million baht in 2016.

Regarding changes in current assets and current liabilities as such, the company's liquidity ratio in 2017, 2016, and 2015 were at 5.69 times, 3.38 times, and 1.83 times. By accounting period of 2017 to 2015, the quick ratio of 3.85, 1.38, and 0.95 times as a result of the decrease in current assets which the decreased in proportion higher than decreased in current liabilities. The list of current assets changed significantly as discussed above.

Considering the company's Cash Cycle, the Cash Cycle of the Company was equal to 45.32 days in 2017, to 51.70 days in 2016, and equal to 67.93 days in 2015 which has caused the decline resulting from the decline in sale volume, ability in better debt management, as well as the negotiations with creditors which caused the company to have very good credit terms. As can be seen from the decrease in average collection period, increase in average payable period, and inventory turnover, they were 20.19 days, 10.50 days, and 35.63 days in 2017, to 22.90 days, 8.92 days, and 38.02 days in 2016, and in 2015 equal to 40 days, 17.36 days, and 44.47 days, respectively.

## Financing Resources

### Liabilities

As of 31 December 2017, it was 98.79 million Baht. As of 31 December 2016, it was 277.61 million Baht. As of 31 December 2015, it was 447.03 million Baht. The significant changes of liabilities are as follows:-

#### - Bank overdrafts and short-term loans from financial institutes

As of 31 December 2017, the Company had no overdrafts and short-term loans outstanding from financial institutions, but as of 31 December 2016 the Company had overdrafts and short-term loans from financial institutions to 128 Million Baht.

#### - Trade Payables and Account Payables

Trade and other payables transaction consisted of trade payables, asset payables, and other payables, i.e. accrued expenses and the receipt of advance payment. As of 31 December 2017, 31 December 2016, and 31 December 2015, the Company had accounts payables and other payables equal to 80.36 million Baht, 57.67 million Baht, and 104.78 million Baht, or 4.39%, 2.77%, and 4.75% respectively. Most of payables were contributed from raw materials purchasing domestically, which the movement is trend to relate with the Company's sale volume. Considering average payment period over the past 3 years, it was found that the Company has increase in debt payment period from 10.50 days in 2017 to 8.92 days in 2015 and 17.36 days in accounting period 2015.

Trade Payables and Other Account Payables (Unit : Million Baht)	Consolidated Financial Statements As of 31 Dec 17	Consolidated Financial Statements As of 31 Dec 16
Trade payables	38.79	27.27
Asset payables	18.00	7.21
Other payables	23.57	23.19
Total trade payables and other payables	80.36	57.67

#### - Long-term Loan for Financial Institutes

As of 31 December 2017 and 2016, the Company and its subsidiaries had paid off all long-term loans from financial institutions and redeemed all collateral.

	Credit (Unite : Baht) - No Collateral			
	Consolidated		Company Only	
	2017	2016	2017	2016
Overdraft	15,000,000	15,000,000	15,000,000	15,000,000
Promissory Note	900,000,000	900,000,000	900,000,000	900,000,000
Letter of Credits and T/R	270,000,000	270,000,000	270,000,000	270,000,000
Total	1,185,000,000	1,185,000,000	1,185,000,000	1,185,000,000

#### Shareholders' Equity

As of 31 December 2017, the Company had shareholders' equity at 1,732.23 Million Baht, 31 December 2016 at 1,804.51 Million baht, and 31 December 2015 at 1,760.73 Million baht or can calculate ratio of equity over liability and equity at 94.60% in 2017, 86.67% in 2016, and 79.75% in 2015.

The ratio of total liabilities to shareholders equity of the company as of 31 December 2017 was 0.06 times. As of 31 December 2016 and 31 December 2015, the Company's debt to equity ratio 0.15 times and 0.25 times because the Company had net loss for the period and repayment of short-term and long-term loans to financial institutions, which made debt to equity ratio decreased

## Cash Flows

In accounting period 2017-2015, the Company and subsidiaries had cash flow from operating activities at 24.09 million Baht, 296.05 million baht, and 124.09 million baht, respectively. For accounting period of 2017 and 2016, the Company had net profit (loss) for (43.15) Million Baht and 44.64 Million Baht. In 2017, the asset has decreased from 2016 since the current-assets sold, increased in trade payable, and purchased more raw materials; therefore, the cash flow from operating in 2017 has decreased by 271.96 Million Baht from 2016.

The Company and subsidiaries had cash flow from investing activities in the accounting period 2017 at (61.94) million Baht, as a result from investment for 169.98 Million Baht, fixed account (collateral) for 16.15 Million Baht, purchased assets for 206.87 Million Baht, and received cash from sales of non-current assets for 329.13 Million Baht. Therefore, the cash flow from investing activities is negative when compare to 2016, where has received cash from investment for 17.63 Million Baht, advance payment from sales on non-current assets of AIPT for 80 Million Baht, investing in assets for 61.60 Million Baht, and fixed account (collateral) for 3.31 Million Baht, so the cash flow from investing activities in 2016 was positive.

The Company and subsidiaries have net cash flow from financing activities in accounting period 2017 was (129.58) million Baht, (204.07) million baht in 2016, and (102.44) Million Baht in 2015, respectively as a result of the repayment of short-term loans from financial institutions for 128 Million Baht.

*" The investors may seek for more information regarding the company issuing securities from annual information transaction (Form 56-1) of the company as appeared in [www.sec.or.th](http://www.sec.or.th) or the company's website "*

Statement of the Board of Directors  
responsibilities for the financial statements

To : The Shareholders of AI Energy Public Company Limited

The Board of Directors ("The Board") comprehend of its responsibilities for AIE and its subsidiaries' financial statements for the year 2017 as of 31 December 2017 in accordance with generally accepted accounting principles with careful discretion by sensibly and reporting including disclosures are adequate and transparent in the notes to the financial statements.

The Board realized of good corporate governance by established systems of risk management and internal control to ensure the accuracy, completeness of information used and prevent potential fraud or operating with significant abnormalities

For an accuracy of the Company's the financial statements. The Board has appointed an Audit Committee, in which consist of independent directors to review the accurateness of the financial report for reliability of the reporting. However, the Audit Committee had given an opinion on the financial statements in the Audit Committee report, which is presented in this annual report.

As regulatory and policies for financial report mentioned above, the Board has an opinion that the Company's financial statement as of 31 December 2017, is adequately disclose, complete, and reliable in accordance with ac-



Narong Thareratanavibool  
Chairman of the Board of Director

## Audit Committee Report

To : The Shareholders of AI Energy Public Company Limited

The Audit Committee consists of Mr.Kaweephong Hirankasi (PhD), Chairman of Audit Committee, Mr.Sampan Hunpayon (Asst. Professor), and Mr.Choti Sontiwattananont, all of whom are independent and non-executive directors. The Secretary to Audit Committee is Miss Ratima Thareratanavibool. All Audit Committee members are qualified to the Audit Committee Charter and in accordance with the Securities and Exchange Commission and the Stock Exchange of Thailand regulations.

In 2017, the Audit Committee held 15 meetings in which it invited an external audit and an internal audit to join the meeting as to the due agenda, presented to the Board of Directors at every time. Audit Committee's meeting attendance can be summarized in table below;

No.	Audit Committee Member	Position	No. of Meeting / No. of Meeting Attendance
1.	Dr. Kaweephong Hirankasi	Chairman of Audit Committee	15/15
2.	Assistant Professor Sampan Hunpayon	Audit Committee	14/15
3.	Mr. Choti Sontiwattananont	Audit Committee	15/15

### Duties and Responsibilities

The key responsibilities are to oversight and regulate in relation to financial reporting to ensure of the accuracy, completeness and compliance with generally accepted accounting principles and adequate disclosure prior to present the Board of Directors. As well as, review the risk management and internal control to be effective and suggest solutions to the Board of Directors when the systems should be corrected or improved. The key responsibilities are summarized below;

#### 1. Financial Statements

Reviewed the information in the financial statements of the Company and its subsidiaries quarterly and for the year 2017, which had a meeting with the external auditor and the Company's Accounting Department for accuracy, completeness, according to accepted accounting principles and adequately disclosed. Moreover, the Audit Committee responsible for reviewing all related-parties' transactions are as reasonable, appropriated, and free of conflicts of interest such as the acquisition or disposition of assets prior to submission to the Board of Director for approval.

In the Audit Committee meeting, there are no executive directors attended, to allow the Audit Committee and the external audit discuss freely, including inform all the problem and obstacle in auditing process. As a result, the Audit Committee has an opinion regards to the financial statements for the year 2017 are adequately disclosed in an appropriate information, no conflict with the facts and are prepared in accordance with accepted accounting principles.

#### 2. Internal Controls

The Audit Committee has appointed Honor and Advisory Co., Ltd. as an internal auditor to review and monitor the accuracy and integrity in the operation of various departments in complying with the policy. The internal auditor has a duty to follow up the correction of comments and suggestions, then prepared the internal audit report for the Audit Committee Meeting on quarterly basis.

In order to prevent any significant deficiencies of the internal control of the accounting system that impact on the Company's financial statements occurring in 2014. As a result, the Company cannot submit its financial statements for the year 2014 (Revised version), and the financial statements for the year 2015 (Revised version) to the Securities and Exchange Commission and the Stock Exchange of Thailand.

### 3. Compliance

In quarterly meeting of Audit Committee, the Audit Committee has been continuously audited and reviewed regarding the Securities and Exchange Act and the Stock Exchange of Thailand regulations including laws relating to the Company's operation.

### 4. Whistleblowing

In 2017, No reports of misconduct, fraud, and abnormal activities.

For the report of committing an offense under Section 89/25 of the Securities and Exchange Act received by the audit committee in 2015, regarding to inefficiency in internal control of Cost of Goods Sold and Inventory issued by 2014 external auditor (Dr.Virach and Associate). The Enforcement Department of the Securities and Exchange Commission (SEC) has been investigated and interviewed the Company's directors and persons of interest for suspicious acts liable to violation of securities laws until June 2017 SEC sanction two Company's former directors and managements for violate director's duty to submit the complete information and there was no sanction on the Company itself. However, the Company has adjusted the allocation of certain costs and adjusted some transactions in the income statement, resulting in changes in inventories at the end of the accounting period for year 2014 in accordance with the Audit Committee's opinion that the adjustments must done in accordance with the facts and evidence found and the adjustments are according to accounting principles.

In December 2017, Shareholder meeting has resolution to appointed new external auditor to perform audit the financial statement for year 2014 (Revised version and 2015 (Revised version) that has been adjusted by management and given auditor's opinion on both financial statements. Then, the Company can submit both financial statements to SEC and the Stock Exchange of Thailand accordingly.

### 5. Appointment of the External Auditor

The Audit Committee has appointed Mr. Vichai Ruchitanont Certified Public Accountant No. 4054, or Mr. Atipong Atipongsakul Certified Public Accountant No. 3500, or Mr. Sathien Vongsnan Certified Public Accountant No. 3495, or Miss Kultida Pasurakul Certified Public Accountant No. 5946, or Mr. Yuttapong Chuamuangpan Certified Public Accountant No. 9445. On the behalf of ANS Audit Company Limited as an external auditor to examine and comment on the Company's 2017 financial statements and set the Audit fee for no more than 2.95 million Baht and proposed for the Board of Director's approval prior to present the Shareholder Meeting approved.

On behalf of Audit Committee



Kaweepong Hirankasi  
Chairman of Audit Committee

## Auditor's Report

To the Shareholders and the Board of Directors of AI Energy Public Company Limited:

### Qualified Opinion

I have audited the consolidated and separate financial statements of AI Energy Public Company Limited and its subsidiaries, and of AI Energy Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2017, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effect of the matter described in the Basis for qualified opinion, the accompanying consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of the AI Energy Public Company Limited and its subsidiaries, and of AI Energy Public Company Limited, respectively, as at December 31, 2017, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards (TFRSs).

### Basis for Qualified Opinion

As discussed in Note to Financial Statements No. 28.3, the Company received a letter from the Enforcement Department, Office of the Securities and Exchange Commission of Thailand (the SEC), dated January 20, 2016, requesting for the facts about the Company auditor's disclaimer of opinion in the Company's financial statements for the year 2014. Management provided a clarification of the facts to the SEC.

On June 20, 2017, the SEC has filed a criminal complaint against two former directors and executives of the Company in case of the preparation of incorrect financial statements for the year 2014, as the Company auditor had expressed the disclaimer of opinion, with the Department of Special Investigation (DSI) for further legal proceedings.

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion is qualified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters, except with respect to the matter as mentioned in the Basis for qualified opinion paragraph.

### Quantity of inventories

#### Risk

As mentioned in Note to Financial Statements No. 9, as at December 31, 2017, the Company has outstanding inventories in amount of Baht 152.58 million. The calculation of the quantities of ending inventories must include the measurement and calculation methods, for which there are many variables. Such calculation is complex.

#### Auditor's response

I gained an understanding of the physical stocktake plan and the variables involved in calculating the quantities of inventories. Further, I tested the calculation of inventory quantities and observed physical stocktakes.

## Inventory Valuation

### Risk

The Company calculated the cost of inventories. This is a complex formula that may cause errors with respect to inventory costing. In addition, inventories are presented at cost or net realizable value, whichever is the lower. Therefore, Management must use significant judgment in determining the appropriate amount of allowance for devaluation of inventories.

### Auditor's response

I gained an understanding of the Company's inventory costing method and tested the computation of the cost of the outstanding inventories. Then, I performed an analytical review of the unit cost of inventory of the current year as compared to the previous year in order to identify possible irregularities in the costing.

In addition, I assessed and considered the appropriateness of the assumptions used by Management for its determination of the allowance for devaluation of inventories and tested the calculation for the net realizable value. I then considered the appropriateness of the allowance for inventory devaluation on the outstanding inventory.

## Allowance for impairment of investments in subsidiaries

### Risk

As discussed in Note to Financial Statements No. 12, in the separate financial statements the Company has investments in subsidiaries as at December 31, 2017, in the amount of Baht 396.07 million (net from the allowance for impairment of Baht 39 million). Since these subsidiaries incurred operating losses, this is the indicator that the investment may be impaired. Therefore, Management should exercise significant judgment in the determination of the allowance for impairment of the investments.

### Auditor's response

I obtained an understanding of the Company's policy to determine the allowance for impairment of investments in the subsidiaries. I considered the appropriateness of the allowance for impairment of investments by verification of the cash flows projection according to the liquidation basis, including the assessment of significant assumptions made by Management.

## Other Information

Management is responsible for the other information. The other information comprises the information include in Annual Report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The Annual Report for the year is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Annual Report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Vichai Ruchitanont

Certified Public Accountant Registration Number 4054

ANS Audit Co., Ltd.

Bangkok, February 27, 2018



AI PORTS  
AND  
TERMINALS

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
AI ENERGY PUBLIC COMPANY LIMITED  
AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2017



AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
	Notes	2017	2016	2017	2016
<b>Assets</b>					
Current assets					
Cash and cash equivalents	5	59,674,062	227,100,189	51,658,193	200,901,951
Current investment	6	170,417,556	441,341	469,305	441,341
Trade and other receivables - net	7	110,808,135	142,088,081	110,343,293	138,654,933
Current portion of receivables under finance lease contracts	8	8,618,160	9,479,048	-	-
Inventories - net	9	152,579,391	307,894,327	152,579,391	307,894,327
Oil supplies	10	1,980,082	2,289,365	-	-
Non-current assets held for sale - net	11	-	218,922,872	-	-
Total current assets		504,077,386	908,215,223	315,050,182	647,892,552
Non-current assets					
Investments in subsidiaries - net	12	-	-	396,073,140	420,073,140
Pledged deposits at financial institutions	13	23,016,896	6,869,001	22,616,896	4,369,000
Receivables under finance lease contracts - net	8	-	8,618,160	-	-
Property, plant, vessel and equipment - net	14	1,263,193,113	1,136,423,174	1,035,298,180	896,534,163
Intangible assets - net	15	238,023	187,366	238,023	187,366
Deferred tax assets	22	5,631,267	8,057,258	5,631,267	8,057,258
Deposit for purchase of assets		21,527,151	-	21,527,151	-
Other non-current assets		13,333,074	13,744,654	12,807,307	13,700,455
Total non-current assets		1,326,939,524	1,173,899,613	1,494,191,964	1,342,921,382
<b>Total assets</b>		<b>1,831,016,910</b>	<b>2,082,114,836</b>	<b>1,809,242,146</b>	<b>1,990,813,934</b>

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2017	2016	2017	2016
<b>Liabilities and shareholders' equity</b>					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	16	-	128,000,000	-	128,000,000
Trade and other payables	4, 17	80,358,071	57,671,780	75,024,571	53,609,178
Short-term loans from subsidiary	4	-	-	100,000,000	-
Cash advance received from disposal of asset	10	-	80,000,000	-	-
Income tax payables		8,204,477	2,925,190	-	2,925,190
Total current liabilities		88,562,548	268,596,970	175,024,571	184,534,368
Non-current liabilities					
Non-current provisions for employee	18	10,223,497	9,006,475	9,821,302	8,441,329
Total non-current liabilities		10,223,497	9,006,475	9,821,302	8,441,329
Total liabilities		98,786,045	277,603,445	184,845,873	192,975,697
Shareholders' equity					
Authorized share capital					
Common share 5,424,000,000 shares, at Baht 0.25 par value		1,356,000,000	1,356,000,000	1,356,000,000	1,356,000,000
Issued and paid-up share capital					
Common share 4,520,000,000 shares, at Baht 0.25 par value		1,130,000,000	1,130,000,000	1,130,000,000	1,130,000,000
Premium on common stocks		605,113,717	605,113,717	605,113,717	605,113,717
Retained earnings (deficits)					
Appropriated					
Legal reserve	21	8,226,574	8,226,574	8,226,574	8,226,574
Unappropriated		(6,962,695)	65,317,831	(120,145,362)	53,296,602
Other components of shareholders' equity		(4,146,731)	(4,146,731)	1,201,344	1,201,344
Total Shareholders' Equity		1,732,230,865	1,804,511,391	1,624,396,273	1,797,838,237
<b>Total liabilities and shareholders' equity</b>		<b>1,831,016,910</b>	<b>2,082,114,836</b>	<b>1,809,242,146</b>	<b>1,990,813,934</b>

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
	Notes	2017	2016	2017	2016
	3, 4, 24, 25, 26, 27				
<b>Revenues</b>					
Revenues from sale of goods		2,176,304,970	3,416,580,893	2,176,304,970	3,395,669,878
Revenues from production contract		77,025,232	32,577,762	77,025,232	32,577,762
Revenues from vessel operating		32,920,936	29,942,241	-	-
Profit earned from the sale of non-current asset held for sale - net	11	156,569,707	-	-	-
Other incomes		18,236,423	10,873,197	8,323,204	4,429,493
Dividend income	12, 20	-	-	25,300,000	-
Total Revenues		2,461,057,268	3,489,974,093	2,286,953,406	3,432,677,133
<b>Expenses</b>					
Cost of sales		(2,295,830,944)	(3,267,526,196)	(2,295,830,944)	(3,252,371,536)
Cost of production contract		(62,980,818)	(26,851,621)	(62,980,818)	(26,851,621)
Cost of vessel operating		(40,770,961)	(28,981,603)	-	-
Selling expenses		(11,945,601)	(32,322,748)	(10,931,659)	(30,376,898)
Administrative expenses		(90,951,893)	(81,644,436)	(86,501,122)	(77,569,374)
Finance costs		(1,724,877)	(8,012,265)	(1,724,836)	(6,309,286)
Total Expenses		(2,504,205,094)	(3,445,338,869)	(2,457,969,379)	(3,393,478,715)
<b>Profit (loss) before income tax expenses</b>		(43,147,826)	44,635,224	(171,015,973)	39,198,418
Tax expense	23	(29,132,700)	(1,931,296)	(2,425,991)	(1,931,296)
<b>Profit (loss) for the years</b>		(72,280,526)	42,703,928	(173,441,964)	37,267,122
<b>Other comprehensive income (loss) :</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Defined benefit plan actuarial gains	18	-	1,378,720	-	1,501,680
Income tax on other comprehensive income relating to items that will not be reclassified	22	-	(300,336)	-	(300,336)
<b>Other comprehensive income for the years</b>					
<b>net of income tax</b>		-	1,078,384	-	1,201,344
<b>Total comprehensive income (loss) for the years</b>		(72,280,526)	43,782,312	(173,441,964)	38,468,466
Profit (Loss) attributable to :					
Equity holders of the parent		(72,280,526)	42,703,928	(173,441,964)	37,267,122
Non-controlling interests		-	-	-	-
		(72,280,526)	42,703,928	(173,441,964)	37,267,122
Total comprehensive income (loss) attributable to :					
Equity holders of the parent		(72,280,526)	43,782,312	(173,441,964)	38,468,466
Non-controlling interests		-	-	-	-
		(72,280,526)	43,782,312	(173,441,964)	38,468,466
<b>Earnings (loss) per share</b>					
Basic earning (loss) per share					
Basic earnings (loss) attributable per share (Baht)		(0.02)	0.01	(0.04)	0.01
Weighted average number of common shares (share)		4,520,000,000	4,520,000,000	4,520,000,000	4,520,000,000

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Baht										
Consolidated financial statements										
	Shareholders' equity of the parent									
	Retained earnings (deficits)			Other components of equity						
				Other comprehensive income			Difference on business combination			
	Share capital Issued and paid - up	Premium on common stocks	Appropriated Legal reserve	Unappropriated	Actuarial gain	Total other components of equity	Total equity of the parent	Non-controlling interests	Total shareholders' equity	
Balance as at January 1, 2017	1,130,000,000	605,113,717	8,226,574	65,317,831	1,078,384	(4,146,731)	1,804,511,391	-	1,804,511,391	
Changes in shareholders' equity for the year :										
Total comprehensive loss for the year	-	-	-	(72,280,526)	-	-	(72,280,526)	-	(72,280,526)	
Balance as at December 31, 2017	1,130,000,000	605,113,717	8,226,574	(6,962,695)	1,078,384	(4,146,731)	1,732,230,865	-	1,732,230,865	
Balance as at January 1, 2016	1,130,000,000	605,113,717	6,361,574	24,478,903	-	(5,225,115)	1,760,729,079	-	1,760,729,079	
Changes in shareholders' equity for the year :										
Legal reserve	-	-	1,865,000	(1,865,000)	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	42,703,928	1,078,384	1,078,384	43,782,312	-	43,782,312	
Balance as at December 31, 2016	1,130,000,000	605,113,717	8,226,574	65,317,831	1,078,384	(4,146,731)	1,804,511,391	-	1,804,511,391	

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Baht

	Separate financial statements					
	Notes	Share capital Issued and paid - up	Premium on common stocks	Retained earnings (deficits)		Other components of equity
				Appropriated Legal reserve	Unappropriated	Actuarial gain
Total shareholders' equity						
Balance as at January 1, 2017		1,130,000,000	605,113,717	8,226,574	53,296,602	1,201,344
Changes in shareholders' equity for the year :						
Total comprehensive loss for the year		-	-	-	(173,441,964)	-
Balance as at December 31, 2017		1,130,000,000	605,113,717	8,226,574	(120,145,362)	1,201,344
Balance as at January 1, 2016		1,130,000,000	605,113,717	6,361,574	17,894,480	-
Changes in shareholders' equity for the year :						
Legal reserve		-	-	1,865,000	(1,865,000)	-
Total comprehensive income for the year	21	-	-	-	37,267,122	1,201,344
Balance as at December 31, 2016		1,130,000,000	605,113,717	8,226,574	53,296,602	1,201,344
						1,797,838,237

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax expense	(43,147,826)	44,635,224	(171,015,973)	39,198,418
Adjustments to reconcile profit before income (loss) tax expense				
to cash provided by (used in) operating activities:				
Depreciation	74,126,784	85,430,699	57,987,341	55,003,889
Amortization of computer softwares	102,916	56,062	102,916	56,062
Allowance for doubtful accounts	-	7,079,719	-	7,079,719
(Reversal) Allowance for devaluation of inventories	(8,736,322)	17,361,987	(8,736,322)	17,361,987
(Gain) Loss on write-off of assets	(149,727,505)	(3,415,655)	7,318,818	1,972,992
Unrealized (gain) loss on exchange rates	(5,109,833)	48,278	(5,109,833)	48,278
Dividend income	-	-	(25,300,000)	-
Loss on impairment of investment in subsidiary	-	-	24,000,000	15,000,000
Non-current provisions for employee	1,712,933	2,995,750	1,875,883	2,565,758
Interest income	(3,999,067)	(1,068,584)	(1,271,053)	(699,115)
Interest expenses	1,724,877	8,012,265	1,724,836	6,309,286
Gain (Loss) from operating activities before changes in				
operating assets and liabilities	(133,053,043)	161,135,745	(118,423,387)	143,897,274
Changes in operating assets - (increase) decrease :				
Trade and other receivables	31,279,946	147,907,819	28,311,638	144,835,233
Inventories	164,360,542	52,946,172	164,051,258	53,095,678
Deposit for purchase of assets	(21,527,151)	-	(21,527,151)	-
Other non-current assets	518,882	109,518	1,000,450	107,649
Changes in operating liabilities - increase (decrease)				
Trade and other payables	4,542,557	(56,207,925)	3,271,661	(55,093,500)
Cash provided by operating activities	46,121,733	305,891,329	56,684,469	286,842,334
Income tax paid	(23,493,065)	(2,775,680)	(4,990,833)	(1,149,504)
Refunded of income tax	1,958,339	-	1,958,339	-
Payment for employee benefit obligations	(495,910)	(7,065,582)	(495,910)	(3,880,522)
Net cash provided by operating activities	24,091,097	296,050,067	53,156,065	281,812,308

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cash flows from investing activities</b>				
Increase in restricted deposits at financial institution	(16,147,896)	(3,313,200)	(18,247,896)	(813,200)
Interest received	1,922,115	775,137	1,271,053	711,676
Increase in current investments	(169,976,216)	(209,900)	(27,964)	(209,900)
Cash paid from short-term loan from subsidiary	-	-	-	(2,500,000)
Repayment of short-term loan to subsidiary	-	-	-	2,500,000
Dividend income from investments in subsidiary	-	-	25,300,000	-
Payment for purchases of assets	(206,865,960)	(61,597,994)	(202,468,238)	(52,956,757)
Cash advance receive from disposal of land and equipment	-	80,000,000	-	-
Proceeds from receive from disposal of assets	329,130,001	1,976,307	21,352,449	-
Net cash provided by (used in) investing activities	(61,937,956)	17,630,350	(172,820,596)	(53,268,181)
<b>Cash flows from financing activities</b>				
Proceeds of short-term loan from subsidiary	-	-	100,000,000	-
Interest paid	(1,579,268)	(8,037,943)	(1,579,227)	(6,327,868)
Decrease in bank overdraft and short-term loans				
from financial institutions	(128,000,000)	(196,034,630)	(128,000,000)	(122,000,000)
Net cash used in financing activities	(129,579,268)	(204,072,573)	(29,579,227)	(128,327,868)
Net increase (decrease) in cash and cash equivalents	(167,426,127)	109,607,844	(149,243,758)	100,216,259
Cash and cash equivalents at beginning of the years	227,100,189	117,492,345	200,901,951	100,685,692
Cash and cash equivalents at end of the years	59,674,062	227,100,189	51,658,193	200,901,951
<b>Additional disclosure items to cash flows statements</b>				
Non-cash flows items consist of:				
Assets payable for equipment	17,998,126	7,210,801	17,998,126	7,210,801

## **AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

### **NOTES TO FINANCIAL STATEMENTS**

#### **FOR YEAR ENDED DECEMBER 31, 2017**

##### **1. GENERAL INFORMATION**

AI Energy Public Company Limited (“the Company”) was registered as a company under the Civil and Commercial Code of Thailand on October 4, 2006, and was registered as a public company limited with the Ministry of Commerce on May 9, 2013. The Company was listed on the Market for Alternative Investment (MAI) on January 6, 2014.

The Company’s main businesses are producing and distributing energy product (bio-diesel), vegetable /animal oil and fats.

The Company’s registered office is located at 55/2 Moo 8, Tambol Klongmadua, Amphur Krathum Baen, Samut Sakhon Province.

The Company is a subsidiary of Asian Insulators Public Company Limited which holds 59.59% of the Company's share capital.

##### **2. BASIS FOR PRESENTATION OF THE FINANCIAL STATEMENTS**

The accompanying financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and applicable rules and regulations of the Securities and Exchange Commission.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated October 11, 2016, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The accompanying financial statements have been prepared in the Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

The preparation of the financial statements in conformity with Thai Financial Reporting Standards (“TFRS”) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

## Basis for preparation of the consolidated financial statements

- a) The consolidated financial statements relate to AI Energy Public Company Limited and its subsidiaries (together referred to as the “Group”) by shareholding in subsidiaries were as follows:

Name	Nature of business	Country of incorporation	Percentage of holding	
			2017	2016
AI Logistics Company Limited	Local and overseas logistics for passenger, merchandise, parcel and other materials	Thailand	100.00	100.00
AI Ports and Terminals Company Limited	(1) Servicing port (2) Producing and distributing ice cube At present temporarily halted main business operation and in the process of preparing a business plan.	Thailand	100.00	100.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated as from the date on which the Company obtains control, and continue as consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

The separate financial statements, which presented investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

## **New financial reporting standards**

### **(a) Financial reporting standards that became effective in the current year**

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after January 1, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

### **(b) Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### **3.1 Revenues and expenses recognition**

The Company and subsidiaries recognize revenues from sales and services when the significant risks and rewards of ownership of the goods have passed to the buyer, and services are already rendered to customers.

Subsidiary recognizes revenues from vessel operating on the proportion of time travelled compared with the total time to be taken of that trip.

Subsidiary recognizes revenues from loading of goods, revenue from warehousing and other services when those services are already rendered.

Subsidiary recognizes the income by using the effective interest rate method.

The Company and subsidiaries recognize other revenues and expenses on an accrual basis.

### **3.2 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at bank, bank deposit with an original maturity of three months or less and not subject to withdrawal restrictions.

### **3.3 Current investments**

Current investments consist of bank deposits over 3 months and up to 1 year.

Investments in Open-end Fund are considered as trading securities, stated at fair value. Cost of trading securities disposed during the year is calculated by the weighted average method.

### **3.4 Allowance for doubtful accounts**

The Company sets up allowance for doubtful accounts based on the estimated collection losses that may be incurred in collection of receivables.

### **3.5 Receivable under finance lease contracts**

Receivable under finance lease contracts are carried at outstanding amount, net of unearned interest income less allowance for doubtful accounts (If any).

### **3.6 Inventories**

Finished goods and raw materials are stated at cost or net realizable value, whichever is the lower. Cost is determined by the weighted average method.

Goods in process are stated at average cost of raw materials plus wages and manufacturing expenses.

The Company set up the allowance for devaluation of inventories for the deteriorated goods and expected to be unsalable.

### **3.7 Oil supplies**

Oil supplies stated at cost are calculated by the weighted average method.

### **3.8 Non-current assets held for sale**

Non-current assets held for sale are stated at book value or net fair value, whichever is the lower. The Company set up the provision for diminution in non-current assets held for sale by estimating from the realizable sale value.

### **3.9 Investments in subsidiaries**

Investments in subsidiaries mean those companies in which the parent company in the Group, directly or indirectly, has power more than one half of the total voting rights or power to govern the financial and operating policies of subsidiaries. Investments in subsidiaries are stated by cost method for the separate financial statements.

### 3.10 Property, plant, vessel and equipment

Property, plant, vessel and equipment are stated at cost. Depreciation for land improvement, plant, vessel and equipment is calculated by the straight-line method based on the estimated useful life of following assets:

	<u>Years</u>
Land improvement	5 - 10
Building and improvement	5 - 40
Utility systems	5 - 20
Machinery accessories and tools	5 - 20
Vessel and improvement	3 - 10
Office furniture and equipment	5
Motor vehicles	5 - 20

### 3.11 Borrowing cost

The Company recorded the interest on loan for machinery construction as part of machinery under installation until they are ready for utilization according to its objective.

### 3.12 Intangible assets

Intangible assets are computer softwares which amortized to expense by the straight - line method for 4 - 10 years.

### 3.13 Income tax

#### **Deferred tax assets/liabilities**

Deferred tax assets/liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the statements of financial position date. They will be realised in future period when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred tax assets are recognized for deductible temporary differences or addible tax are deferred tax liabilities if it is highly probable that the Company will generate sufficient taxable profits from its future operations to utilise these assets.

At each statement of financial position date, the Company reviews and reduces the carrying amount of deferred tax assets/liabilities to the extent that it is no longer probable that sufficient taxable profit be available to allow all or part of the deferred tax asset or deferred tax liabilities to be utilised.

## **Income tax expenses**

Income tax expenses from profit/loss for the year consist of current income tax and deferred tax. Income tax expenses recognized in income statement unless part of transaction recorded in shareholders' equity recorded directly to equity.

### **3.14 Non-current provisions for employee benefit**

#### **Short-term employee benefits**

The Company and subsidiaries recognized salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

#### **Long-term employee benefits**

##### Defined contribution plan

The Company and subsidiaries provide a provident fund, which is a defined contribution plan, the assets of which are held in a separate trust fund and managed by the external fund manager. The provident fund is contributed by payments from employees and the Company and subsidiaries. Contributions to the provident fund are recorded to expense in the statements of comprehensive income in the incurred period.

##### Defined benefit plan

The provision for employee retirement benefits is recognized as an expense of operations over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company and subsidiaries in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by a qualified actuary using the Projected Unit Credit Method.

When the actuarial assumptions are changed, the Company recognizes actuarial gains or losses in other comprehensive income in the period in which they arise.

### **3.15 Basic earnings per share**

Basic earnings per share are computed by dividing the net profit for the year by the weighted average number of issued common shares during the year.

### **3.16 Foreign currency transactions**

Foreign currency transactions are recorded in Baht at the rate ruling on the date of transactions. Outstanding foreign currency assets and liabilities at the end of the years are converted to Baht at the rate of exchange in effect on that date. Except the agreed rates of forward exchange contracts with the bank, will be recorded at fair value. Gains or losses on exchange rate are credited or charged to operations during the years.

### 3.17 Significant accounting judgments and estimates

#### *Allowance for doubtful accounts*

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

#### *Allowance for diminution in inventory value*

In determining an allowance for diminution in inventory value, the management needs to make judgement in estimating loss from slow moving and deteriorated inventories including the effect from declining in net realisable value of inventories.

#### *Impairment of investments*

Management assesses the impairment of investments in subsidiary companies by considering the operating result and the future business plan of the subsidiaries. Such consideration is based on management's judgement.

#### *Allowances for impairment of assets*

The Company and subsidiaries consider an asset as impaired when there is an indication that an asset may be impaired. If any such indication exists when there has been a significant decline in the fair value, the Company and subsidiaries make an estimate of the asset recoverable amount. The determination of the recoverable amount requires judgment. An impairment loss is recognized as an expense in the statement of income.

#### *Property, plant and equipment*

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodic basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review

#### *Leases*

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

#### ***Post-employment benefits under defined benefit plans***

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rates, future salary increase rates, mortality rates and staff turnover rates.

#### ***Provisions***

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### ***Deferred tax assets***

The Company and subsidiaries recognized deferred tax assets for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### **4. TRANSACTIONS WITH THE RELATED PARTIES**

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at agreed prices on market value or, where no market value exists, at contractually agreed prices.

Details of the related parties are as follows;

NAME	NATURE OF BUSINESS	NATURE OF RELATIONSHIP
<b>Parent Company</b>		
Asian Insulators Public Company Limited	Producing and selling porcelain insulators.	59.59 % holding of interest and directorship with the Company.
<b>Subsidiaries of the Company</b>		
AI Logistics Company Limited	Local and overseas logistics for passenger, merchandise, parcel and other materials	100.00 % holding of interest
AI Ports and Terminals Company Limited	(1) Servicing port (2) Producing and distributing ice cube At present temporarily halted main business <input type="checkbox"/> operation and in the process of preparing a business plan.	100.00 % holding of interest
<b>Subsidiary of the Parent Company</b>		
AI Engineering Services Company Limited	Undertake construction and install electrical transmission power sub-station and trading electrical equipment	Subsidiary of Asian Insulators Public Company Limited
<b>Related companies</b>		
PPC Asian Insulators Company Limited	Producing and distributing electronics insulators and ceramics	Associate of Asian Insulators Public Company Limited
Samart Palm Company Limited	Crude palm oil	Director is relative of the directors of the Company
Samart Palm Oil Company Limited	Crude palm oil	Director is relative of the directors of the Company
Samart Palm Industry Company Limited	Factory of palm oil extraction plant	Director is relative of the directors of the Company

Significant transactions between the Company and related parties for the years ended December 31, 2017 and 2016 were as follows:

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
	Pricing policies	2017	2016	2017	2016
<b>Sale of finished goods</b>					
Asian Insulators Public Company Limited	Market value	-	216,355	-	216,355
<b>Other incomes</b>					
AI Ports and Terminals Company Limited	3% P.A.	-	-	-	163,274
<b>Dividend income</b>					
AI Ports and Terminals Company Limited	As declared	-	-	25,300,000	-
<b>Purchase of goods</b>					
Samart Palm Company Limited	Market value	-	3,426,310	-	3,426,310
Samart Palm Oil Company Limited	Market value	-	21,077,881	-	21,077,881
Samart Palm Industry Company Limited	Market value	19,919,742	45,892,519	19,919,742	45,892,519
<b>Rental and Service</b>					
AI Ports and Terminals Company Limited	Mutually agreed	-	-	-	29,400,000
<b>Transportation expenses</b>					
AI Logistics Company Limited	Mutually agreed	-	-	-	13,318,476
AI Ports and Terminals Company Limited	Mutually agreed	-	-	-	296,042
<b>Interest paid</b>					
AI Ports and Terminals Company Limited	2.84% P.A.	-	-	140,055	-
<b>Administrative expenses</b>					
Asian Insulators Public Company Limited	Mutually agreed	2,044,900	1,877,187	1,181,685	975,741

#### Directors and management's remuneration

Directors and management's remuneration for the years ended December 31, 2017 and 2016 consisted of:

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Short-term employee benefits		17,276,072	17,274,211	14,374,233	13,863,667
Long-term post-employment benefits		312,662	1,102,758	241,733	975,857
Total directors and management's remuneration		17,588,734	18,376,969	14,615,966	14,839,524

Significant transactions between with related parties as at December 31, 2017 and 2016 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Other payables</b>				
Asian Insulators Public Company Limited	1,128	1,990	-	-
<b>Loans from related parties</b>				
AI Ports and Terminals Company Limited	-	-	100,000,000	-

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2017 and 2016 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash in hand	145,000	395,000	50,000	300,000
Deposit at bank - savings	58,462,726	225,687,412	50,601,857	199,620,831
- current	120,000	93,357	60,000	56,700
Fixed deposits due within 3 months	946,336	924,420	946,336	924,420
Total cash and cash equivalents	59,674,062	227,100,189	51,658,193	200,901,951

## 6. CURRENT INVESTMENT

Current investment as at December 31, 2017 and 2016 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Open-end Fund-Debt securities - at cost	169,000,000	-	-	-
<u>Add</u> unrealized gain on investment revaluation	948,251	-	-	-
Open-end Fund-Debt securities - net	169,948,251	-	-	-
Fixed deposits	469,305	441,341	469,305	441,341
Total current investment	170,417,556	441,341	469,305	441,341

## 7. TRADE AND OTHER RECEIVABLES – NET

Trade and other receivables as at December 31, 2017 and 2016 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade receivables				
Trade receivable - others	116,663,182	130,350,785	116,663,182	129,410,235
Post date cheques	-	13,032,549	-	13,032,549
Total trade receivables	116,663,182	143,383,334	116,663,182	142,442,784
<u>Less</u> Allowance for doubtful accounts	(8,327,831)	(8,327,831)	(8,327,831)	(8,327,831)
Total trade receivables - net	108,335,351	135,055,503	108,335,351	134,114,953
Other receivables				
Prepaid interest	-	125,605	-	125,605
Advance deposit	-	2,225,280	-	2,225,280
Prepaid insurance	1,112,337	2,707,498	1,112,337	1,309,560
Prepaid expenses	317,590	571,624	-	-
Revenue Department receivable	7,660	815,948	-	-
Undue input tax	298,702	310,697	298,702	296,405
Others	1,042,845	582,276	903,253	889,480
Total other receivables	2,779,134	7,338,928	2,314,292	4,846,330
<u>Less</u> Allowance for doubtful accounts	(306,350)	(306,350)	(306,350)	(306,350)
Total other receivables - net	2,472,784	7,032,578	2,007,942	4,539,980
Total trade and other receivables - net	110,808,135	142,088,081	110,343,293	138,654,933

As at December 31, 2017 and 2016, aging analysis for trade accounts receivable consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Others</b>				
Current	105,168,945	133,014,096	105,168,945	132,073,546
Overdue				
Within 3 months	3,166,406	2,041,407	3,166,406	2,041,407
Over 12 months	8,327,831	8,327,831	8,327,831	8,327,831
Total	116,663,182	143,383,334	116,663,182	142,442,784
<u>Less</u> Allowance for doubtful accounts	(8,327,831)	(8,327,831)	(8,327,831)	(8,327,831)
Total trade receivables - net	108,335,351	135,055,503	108,335,351	134,114,953

#### 8. RECEIVABLES UNDER FINANCE LEASE CONTRACTS - NET

Receivables under finance lease contracts as at December 31, 2017 and 2016 consisted of:

	Unit : Baht	
	Consolidated financial statements	
	2017	2016
Due within one year		
Value of minimum lease payment receivable	9,630,000	11,556,000
Deferred revenue - finance lease	(1,011,840)	(2,076,952)
Present value of minimum lease payment receivable	8,618,160	9,479,048
Due over one year but with five years		
Value of minimum lease payment receivable	-	9,630,000
Deferred revenue - finance lease	-	(1,011,840)
Present value of minimum lease payment receivable	-	8,618,160

As at December 31, 2017 and 2016, AI Logistics Company Limited (“the subsidiary”) had receivable under finance lease contracts for hire-purchase of Vessel with a local company. These agreements are repayable in 24 equal monthly installments up to the year 2018. The ownership of assets purchased under hire-purchase agreements will be transferred to the subsidiary when last installment is paid. (Profit on sales of assets under finance lease contract (In 2016) and interest income from finance lease contract had been recorded in the other income).

## 9. INVENTORIES – NET

Inventories as at December 31, 2017 and 2016 consisted of:

	Unit : Baht	
	Consolidated/Separate financial statements	
	2017	2016
Raw materials and chemicals	50,611,514	129,883,651
Work in process	54,887,149	103,883,108
Finished goods	50,168,698	82,495,812
Supplies	5,537,695	8,993,743
Total inventories	161,205,056	325,256,314
<u>Less</u> Allowance for devaluation of inventories	(8,625,665)	(17,361,987)
Total inventories - net	152,579,391	307,894,327

## 10. OIL SUPPLIES

Oil supplies as at December 31, 2017 and 2016 consisted of:

	Unit : Baht	
	Consolidated financial statements	
	2017	2016
Bunker oil	1,558,302	1,796,230
Lubricants	421,780	493,135
Total oil supplies	1,980,082	2,289,365

## 11. NON-CURRENT ASSETS HELD FOR SALE – NET

Non-current assets held for sale as at December 31, 2017 and 2016 consisted of:

Unit: Baht				
Consolidated financial statements				
Transfers in				
	2016	(Note 14)	Disposals	2017
Non-current assets held for sale	267,935,900	24,352,168	(292,288,068)	-
<u>Less</u> Accumulated depreciation	(49,013,028)	(10,553,396)	59,566,424	-
Allowance for impairment of asset	-	(340,828)	340,828	-
Non-current assets held for sale - net	218,922,872	13,457,944	(232,380,816)	-

Unit: Baht				
Separate financial statements				
Transfers in				
	2016	(Note 14)	Disposals	2017
Non-current assets held for sale	-	24,352,168	(24,352,168)	-
<u>Less</u> Accumulated depreciation	-	(10,553,396)	10,553,396	-
Allowance for impairment of asset	-	(340,828)	340,828	-
Non-current assets held for sale - net	-	13,457,944	(13,457,944)	-

On November 3, 2016, AI Ports and Terminals Company Limited (“the subsidiary”) entered into contracts for sale of land, buildings and machineries with a company for the selling amount of Baht 390 million. The subsidiary will receive monthly installment from July 2016 to June 2017. The transfer of ownership will take place once the full amount is paid.

The subsidiary received all payments and transferred of ownership to the buyer in July 2017.

The subsidiary also entered into a rental agreement of land, buildings and machineries with such company for the period of 9 months from November 21, 2016 to June 20, 2017 for rental fee of Baht 0.50 million per month.

In October, 2017, the Company entered into contracts for sale motor vehicles with a company for the selling amount of Baht 14.40 million, the Company received all payments and transferred of ownership to the buyer.

The consolidate and separate financial statement of the Company for the years ended December 31, 2017 incurred profit earned from the sale of non-current asset held for sale totaling Baht 156.57 million.

## 12. INVESTMENTS IN SUBSIDIARIES-NET

Investments in subsidiaries as at December 31, 2017 and 2016 consisted of:

Company	Nature of business	Percentage of Holding (%)		Paid-up share capital (Million Baht)		Unit : Baht			
		2017	2016	2017	2016	Cost Method		Dividend income	
						2017	2016	2017	2016
AI Logistics Company Limited	Local and overseas logistics for passenger, merchandise, parcel and other materials	100.00	100.00	209	209	82,677,860	82,677,860	-	-
AI Ports and Terminals	(1) Servicing port	100.00	100.00	460	460	352,395,280	352,395,280	25,300,000	-
Company Limited	(2) Producing and distributing ice cube								
	At present temporarily halted main business <input type="checkbox"/>								
	operation and in the process of preparing a business plan.								
Total						435,073,140	435,073,140	25,300,000	-
Less Allowance for impairment of investments						(39,000,000)	(15,000,000)		
Total investments in subsidiaries - net						396,073,140	420,073,140		

The Ordinary General Shareholders' Meeting of AI Logistics Company Limited held on April 9, 2013, approved to increase registered share capital from Baht 160,000,000 (16,000,000 shares at Baht 10 par value) to Baht 209,000,000 (20,900,000 shares at Baht 10 par value), which was registered the increased share capital with the Ministry of Commerce on April 10, 2013.

The Ordinary General Shareholders' Meeting of AI Ports and Terminals Company Limited held on April 9, 2013, approved to increase registered share capital from Baht 255,000,000 (25,500,000 shares at Baht 10 par value) to Baht 460,000,000 (46,000,000 shares at Baht 10 par value), which was registered the increased share capital with the Ministry of Commerce on April 10, 2013.

On April 10, 2013, the Company has invested in AI Logistics Company Limited, the common stock of 20.90 million shares amount of Baht 82.68 million, and AI Ports and Terminals Company Limited, the common stock of 46 million shares amount of Baht 352.39 million, to be 100% in shareholding proportion of two companies, total amount of Baht 435.07 million. The book value of net assets as at the date of investing total amount of Baht 429.85 million, part of the purchase price over the book value of net assets of Baht 5.22 million, was presented under shareholders' equity in the consolidated financial statements under the caption "Difference on business combination under common control". The purchase of share from Asian Insulators Public Company Limited, the parent company of the group companies, which is the existing shareholders in AI Logistics Company Limited of 98.42% and AI Ports and Terminals Company Limited of 99.45%. This purchase is considered as a business combination under common control.

### **13. PLEDGED DEPOSITS AT FINANCIAL INSTITUTION**

The Company has pledged fixed deposits at bank as collateral for the issuance of bank guarantee (Note 28.1).

#### 14. PROPERTY, PLANT, VESSEL AND EQUIPMENT - NET

Property, Plant, Vessel and Equipment as at December 31, 2017 and 2016 consisted of:

	Unit : Baht									
	Consolidated financial statements									
	Building and		Machinery	Vessel and	Office furniture	Motor vehicles	Fixed assets under			
	Land	Land improvement	building improvement	Utility systems	accessories and tools	improvement	and equipment	construction and installation	Total	
Cost										
As at December 31, 2016	174,556,021	32,201,159	422,567,749	45,750,316	746,844,560	119,768,027	8,358,807	74,717,533	20,366,171	1,645,130,343
Purchases during the year	-	390,001	1,151,300	400,000	8,618,106	4,397,722	192,165	-	214,671,053	229,820,347
Transfers in (out) during the year (Note 11)	-	-	285,000	3,600,000	23,768,305	-	46,000	(24,352,168)	(27,699,305)	(24,352,168)
Disposals/ written-off during the year	-	-	(1,496,670)	-	(8,535,135)	-	(340,498)	(16,919,529)	-	(27,291,832)
As at December 31, 2017	174,556,021	32,591,160	422,507,379	49,750,316	770,695,836	124,165,749	8,256,474	33,445,836	207,337,919	1,823,306,690
Accumulated depreciation										
As at December 31, 2016	-	4,308,781	111,692,445	16,475,044	245,860,981	96,749,848	5,914,803	27,705,267	-	508,707,169
Depreciation for the year	-	2,837,526	12,639,104	4,759,191	44,264,600	5,856,373	1,011,919	2,758,071	-	74,126,784
Depreciation transfers out (Note 11)	-	-	-	-	-	-	-	(10,553,396)	-	(10,553,396)
Written-off during the year	-	-	(600,553)	-	(5,287,717)	-	(337,162)	(5,941,548)	-	(12,166,980)
As at December 31, 2017	-	7,146,307	123,730,996	21,234,235	284,837,864	102,606,221	6,589,560	13,968,394	-	560,113,577
Allowances for impairment										
As at December 31, 2016	-	-	-	-	-	-	-	-	-	-
Increases during the year	-	-	-	-	-	-	-	(340,828)	-	(340,828)
Transfers out during the year (Note 11)	-	-	-	-	-	-	-	340,828	-	340,828
As at December 31, 2017	-	-	-	-	-	-	-	-	-	-
Net book value										
As at December 31, 2016	174,556,021	27,892,378	310,875,304	29,275,272	500,983,579	23,018,179	2,444,004	47,012,266	20,366,171	1,136,423,174
As at December 31, 2017	174,556,021	25,444,853	298,776,383	28,516,081	485,857,972	21,559,528	1,666,914	19,477,442	207,337,919	1,263,193,113

Unit : Baht

Separate financial statements									
	Land	Land improvement	Building and building improvement	Utility systems	Machinery accessories and tools	Office furniture and equipment	Motor vehicles	Fixed assets under construction and installation	Total
<b>Cost</b>									
As at December 31, 2016	157,135,835	32,201,160	172,188,391	45,736,661	704,093,238	7,489,472	72,593,991	20,366,171	1,211,804,919
Purchases during the year	-	390,000	1,151,300	400,000	8,618,106	192,165	-	214,671,053	225,422,624
Transfers in (out) during the year (Note 11)	-	-	285,000	3,600,000	23,768,305	46,000	(24,352,168)	(27,699,305)	(24,352,168)
Disposals/ written-off during the year	-	-	(1,496,670)	-	(8,540,153)	(340,498)	(14,827,986)	-	(25,205,307)
As at December 31, 2017	157,135,835	32,591,160	172,128,021	49,736,661	727,939,496	7,387,139	33,413,837	207,337,919	1,387,670,068
<b>Accumulated depreciation</b>									
As at December 31, 2016	-	4,308,781	47,422,767	16,464,122	215,972,004	5,157,891	25,945,191	-	315,270,756
Depreciation for the year	-	2,837,525	6,625,290	4,756,460	40,157,764	963,338	2,646,964	-	57,987,341
Depreciation transfers out during the year (Note 11)	-	-	-	-	-	-	(10,553,396)	-	(10,553,396)
Written-off during the year	-	-	(600,553)	-	(5,292,735)	(337,162)	(4,102,363)	-	(10,332,813)
As at December 31, 2017	-	7,146,306	53,447,504	21,220,582	250,837,033	5,784,067	13,936,396	-	352,371,888
<b>Allowances for impairment</b>									
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Increases during the year	-	-	-	-	-	-	(340,828)	-	(340,828)
Transfers out during the year (Note 11)	-	-	-	-	-	-	340,828	-	340,828
As at December 31, 2017	-	-	-	-	-	-	-	-	-
<b>Net book value</b>									
As at December 31, 2016	157,135,835	27,892,379	124,765,624	29,272,539	488,121,234	2,331,581	46,648,800	20,366,171	896,534,163
As at December 31, 2017	157,135,835	25,444,854	118,680,517	28,516,079	477,102,463	1,603,072	19,477,441	207,337,919	1,035,298,180

Depreciations in the statements of profit or loss for the years ended December 31, 2017 and 2016 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cost of sales and services	60,082,669	78,134,806	53,904,887	50,857,179
Selling and administrative expenses	14,044,115	7,295,893	4,082,454	4,146,710
	74,126,784	85,430,699	57,987,341	55,003,889

The gross carrying amounts of assets were fully depreciated but these items are still in active use by the Company and subsidiaries as at December 31, 2017 and 2016, in the consolidate financial statement totaling approximately Baht 148.03 million and Baht 35.65 million respectively, and in the separate financial statements totaling approximately Baht 30.32 million and Baht 22.97 million, respectively.

## 15. INTANGIBLE ASSETS - NET

Intangible assets as at December 31, 2017 and 2016 consisted of:

	Unit : Baht	
	Consolidated	Separate
	financial statements	financial statements
<b>Cost</b>		
As at December 31, 2016	532,728	453,281
Purchases during the year	153,573	153,573
As at December 31, 2017	686,301	606,854
<b>Accumulative amortization</b>		
As at December 31, 2016	(345,362)	(265,915)
Amortization for the year	(102,916)	(102,916)
As at December 31, 2017	(448,278)	(368,831)
<b>Book value</b>		
As at December 31, 2016	187,366	187,366
As at December 31, 2017	238,023	238,023

## 16. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions as at December 31, 2017 and 2016 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Promissory notes	-	128,000,000	-	128,000,000

	Credit facilities (Unit : Baht) - no collateral			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Bank overdrafts	15,000,000	15,000,000	15,000,000	15,000,000
Promissory notes	900,000,000	900,000,000	900,000,000	900,000,000
Letter of credit and trust receipt	270,000,000	270,000,000	270,000,000	270,000,000
Total	1,185,000,000	1,185,000,000	1,185,000,000	1,185,000,000

## 17. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2017 and 2016 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade payables				
Trade payables - related parties	225	-	-	-
Trade payables - others	38,793,131	27,274,061	34,687,779	24,495,681
Total trade payables	38,793,356	27,274,061	34,687,779	24,495,681
Other payables				
Others payables	4,405,592	2,966,291	4,405,592	2,886,544
Advances received for goods	3,534	125,400	3,534	125,400
Accrued bonus	11,931	-	11,931	-
Retention	1,031,843	1,073,197	1,031,843	1,073,197
Revenue Department payable	7,129,451	11,012,355	7,074,539	10,843,300
Electricity payable	2,999,083	2,622,050	2,999,083	2,620,923
Accrued expenses	7,385,539	5,387,625	6,215,823	4,353,332
Payables for purchase of assets	17,998,126	7,210,801	17,998,126	7,210,801
Others	599,616	-	596,321	-
Total other payables	41,564,715	30,397,719	40,336,792	29,113,497
Total trade and other payables	80,358,071	57,671,780	75,024,571	53,609,178

## 18. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFIT

Movement of the present value of non-current provisions for employee benefit for the years ended December 31, 2017 and 2016 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statement	
	2017	2016	2017	2016
<b>Non-current provisions for employee</b>				
<b>benefit at beginning of year</b>	9,006,475	14,455,027	8,441,329	11,257,773
Included in profit or loss:				
Current service cost	1,523,658	2,744,481	1,696,635	2,353,611
Interest cost	189,274	251,269	179,248	212,147
Included in other comprehensive income:				
Actuarial gains (loss) arising from				
Financial assumptions changes	-	(2,946,460)	-	(2,467,548)
Experience adjustments	-	1,567,740	-	965,868
Benefit paid during the year	(495,910)	(7,065,582)	(495,910)	(3,880,522)
<b>Non-current provisions for employee</b>				
<b>benefit at end of year</b>	10,223,497	9,006,475	9,821,302	8,441,329

Employee benefit expenses in profit or loss for the year ended December 31, 2017 and 2016 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statement	
	2017	2016	2017	2016
Cost of sales	1,143,315	1,317,064	1,143,315	1,023,345
Selling expenses	269,640	340,979	269,640	340,979
Administrative expenses	299,977	1,337,707	462,928	1,201,434
<b>Total employee benefit expenses</b>	1,712,932	2,995,750	1,875,883	2,565,758

The actuarial assumption of discount rate is estimated from weighted average of yield rate of government bonds as at the end of reporting date that reflects the estimated timing of benefit payments.

The actuarial assumption of mortality rate for reasonable estimation of probability of retirement in the future is estimated from mortality table.

Principal actuarial assumptions as at December 31, 2017 and 2016 (represented by the weighted-average) consisted of:

	(Percentage (%)/annum)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	1.77 - 2.35	1.77 - 2.35	2.22	2.22
Salary increases rate	0 - 5.00	0 - 5.00	5.00	5.00
Mortality rate	100% of Thai Mortality Ordinary Tables of 2008		100% of Thai Mortality Ordinary Tables of 2008	
Turnover rate				
Under 31 years old	9.00	9.00	9.00	9.00
31 - 40 years old	12.00	12.00	12.00	12.00
41 - 50 years old	2.00	2.00	2.00	2.00
Above 51 years old	0.00	0.00	0.00	0.00

The result of sensitivity analysis for significant assumptions that affect the present value of the non-current provisions for employee benefit as at December 31, 2017 are summarised below:

	Unit : Baht			
	Change of the present value of the non-current provisions for employee benefit			
	Consolidated financial statement		Separate financial statement	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1,089,659)	1,270,198	(826,183)	960,982
Salary increase rate	1,365,784	(1,190,339)	1,053,314	(919,958)
Turnover rate	(1,150,030)	817,972	(870,414)	633,648

As at December 31, 2017, the maturity analysis of undiscounted cash flows of benefit payments was as follows:

	Unit : Baht	
	Consolidated	Separate financial
	financial statement	statement
Within 1 year	947,488	947,488
Over 1 and up to 5 years	4,684,363	3,685,083
Over 5 years	96,834,068	80,256,652

## 19. WARRANTS

### Warrants AIE-W1

On April 21, 2015, the Annual General Meeting of the Company's shareholders passed a resolution to issue and allocate of stock warrant for rights to purchase ordinary shares of (AIE-W1) for the existing shareholders, not exceeding 904 million units (allocate 1 purchase ordinary share: 1 stock warrant unit). Details of the issue are as follows:

Type	:	In named certificate form and transferable
Price per unit of warrant	:	Baht 0.00
Exercise ratio	:	1 warrant to 5 ordinary shares
Exercise price	:	Baht 0.25 per share
Exercise date	:	The first exercise date is December 30, 2016 and the last exercise date is May 7, 2018
Issuance date of warrants	:	May 8, 2015
Maturity of warrants	:	3 years from the issuance date.

## 20. DIVIDEND PAYMENT

The Board of Directors' Meeting No.6/2017 held on December 8, 2017 of AI Ports and Terminals Company Limited, ("the subsidiary") passed a resolution to pay dividends from retained earnings as at September 30, 2017 of Baht 0.55 per share for a total amount of Baht 25.30 million. The dividend was paid on December 14, 2017.

## 21. LEGAL RESERVE

Legal reserve is set up under the Public Limited Companies Act B.E. 2535. The Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting the accumulated loss brought forward (if any) until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 22. DEFERRED TAX

Movements in deferred tax assets and deferred tax liabilities during the years were as follows:

	Unit : Baht		
	Consolidated/Separate financial statements		
	As at January 1, 2017	Profit (Loss)	As at December 31, 2017
<b>Deferred tax assets</b>			
Allowance for doubtful accounts	149,150	-	149,150
Non-current provision for employee benefits	1,688,266	275,995	1,964,261
Tax loss carries forward	10,510,736	(2,383,462)	8,127,274
Total	12,348,152	(2,107,467)	10,240,685
<b>Deferred tax liabilities</b>			
Depreciation	(4,290,894)	(318,524)	(4,609,418)
Total	(4,290,894)	(318,524)	(4,609,418)
Deferred tax assets - net	8,057,258	(2,425,991)	5,631,267

As at December 31, 2017 and 2016, the Company had deferred tax assets for the carrying forward of unused tax losses of Baht 8.13 million and Baht 10.51 million, respectively. The Company's management believes that it is probable that future taxable profit will be available against the unused tax losses.

	Unit : Baht			
	Consolidated/Separate financial statements			
	Other			As at December 31, 2016
	As at January 1, 2016	Loss	Comprehensive loss	
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	310,892	(161,742)	-	149,150
Allowance on decline in value of inventories	16,256	(16,256)	-	-
Non-current provision for employee benefits	2,251,555	(262,953)	(300,336)	1,688,266
Tax loss carries forward	10,510,736	-	-	10,510,736
Total	13,089,439	(440,951)	(300,336)	12,348,152
<b>Deferred tax liabilities</b>				
Depreciation	(2,800,549)	(1,490,345)	-	(4,290,894)
Total	(2,800,549)	(1,490,345)	-	(4,290,894)
Deferred tax assets - net	10,288,890	(1,931,296)	(300,336)	8,057,258

## 23. INCOME TAX EXPENSE

Income tax expenses for the years ended December 31, 2017 and 2016 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Current tax expense</b>				
Current years	(26,706,709)	-	-	-
<b>Deferred tax expense</b>				
Movements in temporary differences	(2,425,991)	(1,931,296)	(2,425,991)	(1,931,296)
Total	(29,132,700)	(1,931,296)	(2,425,991)	(1,931,296)

# Reconciliation of effective tax rate

	Consolidated financial statements			
	2017		2016	
	Tax rate		Tax rate	
	(%)	Unit : Baht	(%)	Unit : Baht
Profit (Loss) before income tax		(43,147,826)		44,635,224
Income tax using the corporate tax rate	20	8,629,565	20	(8,927,045)
Exemption from income tax on profit received from BOI		-		23,619,046
Non-taxable income		1,747,264		-
Double expenses by the Revenue Code		1,362,137		1,325,714
Non-deductible expenses		(1,554,313)		(6,135,814)
Unrecognised tax loss carries forward-brought forward		1,493,542		-
Unrecognised current tax loss carries forward*		(40,810,895)		(11,813,197)
Tax expenses	-68	(29,132,700)	4	(1,931,296)

\* The Company and its subsidiaries had tax losses carried forward for the years 2017 and 2016 amounting to Baht 204.05 million and Baht 59.07 million, respectively. Due to the uncertainty of their utilization, the Management, therefore, will not account for the deferred tax on these unutilized tax loss carried forward.

	Separate financial statements			
	2017		2016	
	Tax rate		Tax rate	
	(%)	Unit : Baht	(%)	Unit : Baht
Profit (Loss) before income tax		(171,015,973)		39,198,418
Income tax using the corporate tax rate	20	34,203,195	20	(7,839,684)
Exemption from income tax on profit received from BOI		-		23,619,046
Non-taxable income		6,807,264		-
Double expenses by the Revenue Code		77,211		36,953
Non-deductible expenses		(6,199,024)		(9,042,551)
Unrecognised current tax loss carries forward*		(37,314,637)		(8,705,060)
Tax expense	-2	(2,425,991)	5	(1,931,296)

\*The Company had tax loss carried forward for the year 2017 and 2016 amounting to Baht 186.57 million and Baht 43.53 million, respectively. Due to the uncertainty of their utilization, the Management, therefore, will not account for the deferred tax on this unutilized tax loss carried forward.

### Income tax reduction

The Act of Legislation amended Revenue Code No.42 B.E. 2559, dated March 3, 2016, grants the corporate income tax rate 20% on net profit for the accounting periods beginning on January 1, 2016 onwards.

## 24. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2017 and 2016 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
(Increase) Decrease in change of				
finished goods and work in progress	81,323,074	(48,398,544)	81,323,074	(48,551,856)
Raw materials and consumables used	2,143,750,252	(3,155,423,292)	2,122,498,633	3,125,250,613
Employee benefit expenses	77,688,426	105,492,314	68,350,902	78,860,238
Depreciation and amortization expenses	73,760,277	85,486,761	58,090,257	55,059,951
(Reversal) Allowance for devaluation of inventories	(8,736,322)	17,361,987	(8,736,322)	17,361,987
Allowance for impairment of investments	-	-	24,000,000	15,000,000

## 25. PROMOTIONAL PRIVILEGES

The Company and subsidiaries were granted promotional certificates by virtue of the Investment Promotion Act, B.E. 2520 (1997) as follows:

Companies	1. Promotional certificates Nos.	2. Effective dates	3. To promote investment in business of	4. Expiry dates according to items 5.1 and 5.2
AI Energy Public Co., Ltd.	1992(1)/2553	October 1, 2013	Producing biodiesel	September 30, 2021
	2777(1)/2556	February 3, 2015	Producing biodiesel	February 2, 2023
AI Ports and Terminals Co., Ltd.	1373(2)/2552	July 1, 2009	Ports and terminals service	(*) June 30, 2017
	1374(2)/2552	August 6, 2009	Ports and terminals service	(*) August 5, 2017
<p>5. Important privileges which are granted :</p> <p>5.1 Exemption from corporate income tax on net profit of promotional operation for 8 years. The promotional certificates No. 1992(1)/2553, 2777(1)/2556, whereby the promotional certificates No. 1373(2)/2552 and 1364(2)/2552 have limited amount for corporate income tax exemption at maximum of Baht 303.49 million and Baht 200.00 million, respectively.</p> <p>5.2 Exemption from income tax on dividend from promoted business which was exempted from corporate income tax as 5.1 throughout out the promotional period of all promotional certificates.</p> <p>5.3 Allowance for reduction the corporate income tax from promotional net profit at 50% of normal rate since the exemption is expired as 5.1 for 5 years especially for promotional certificate No. 1992(1)/2553 and 2777(1)/2556.</p> <p>5.4 Allowance for double deduction of annual expenses of public utilities (electricity, water supply and transportation), commencing from the generating revenues date for 10 years of promotional certificate No. 1992(1)/2553 and 2777(1)/2556.</p> <p>5.5 Allowance to deduct the annual loss incurred during the income tax exemption period as 5.1 from the net profit since the expiry dates within 5 years, by which can be deducted from net profit of any year or several years of all promotional certificates.</p>				

(\*) AI Ports and Terminals Company Limited received a letter from the Board of Investment, dated April 3, 2015, to change the rights and benefits period from 8 years to 7 years due to the company's quality system had been certified but did not cover the operation for cargo vessels as promoted.

As a promoted industry, the Company and subsidiaries must strictly comply with certain terms and conditions stipulated in the promotional certificates.

company and subsidiaries have revenues from sale of goods, vessel operating, port and terminal service revenues from local and overseas which are granted the promotional certificates for years ended December 31, 2017 and 2016, as follows:

	Unit : Baht					
	Consolidated financial statements			Separate financial statements		
	Promoted Activities	Non-promoted Activities	Total	Promoted Activities	Non-promoted Activities	Total
<b>Year ended December 31, 2017</b>						
Revenues from sale of goods	2,005,532,910	170,772,060	2,176,304,970	2,005,532,910	170,772,060	2,176,304,970
Revenues from production contract	-	77,025,232	77,025,232	-	77,025,232	77,025,232
Revenues from vessel operating	-	32,920,936	32,920,936	-	-	-
Profit earned from the sale of non-current asset held for sale - net	-	156,569,707	156,569,707	-	-	-
Other incomes	-	18,236,423	18,236,423	-	8,323,204	8,323,204
Operating income	-	-	-	-	25,300,000	25,300,000
Total	2,005,532,910	455,524,358	2,461,057,268	2,005,532,910	281,420,496	2,286,953,406
<b>Year ended December 31, 2016</b>						
Revenues from sale of goods	2,525,014,383	891,566,510	3,416,580,893	2,525,014,384	870,655,494	3,395,669,878
Revenues from production contract	-	32,577,762	32,577,762	-	32,577,762	32,577,762
Revenues from vessel operating	-	29,942,241	29,942,241	-	-	-
Other incomes	-	10,873,197	10,873,197	-	4,429,493	4,429,493
Total	2,525,014,383	964,959,710	3,489,974,093	2,525,014,384	907,662,749	3,432,677,133

## 26. PROVIDENT FUND

The Company and its subsidiary have set up a provident fund for the employees under the Provident Fund Act, B.E. 2530 (1987), in order to be their welfare as well as security whenever resignation or retirement as defined by the Company's regulation, with partly contribute by its employees' and another part by the Company at the rate 3 - 7 % on their salaries. The Company has also appointed Finansa Asset Management Company Limited to manage such fund.

The Company and subsidiary's contributions for the employees' provident fund and recorded as expenses in the statements of profit or loss for the years ended December 31, 2017 and 2016 are as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
AI Energy Public Company Limited	1,295,267	1,336,096	1,295,267	1,336,096
AI Logistic Company Limited	26,316	25,164	-	-
Total	1,321,583	1,361,260	1,295,267	1,336,096

## 27. SEGMENTS INFORMATION

The segments information for the years ended December 31, 2017 and 2016 was as follows:

	Unit : Thousand Baht					
	Consolidated financial statements					
	For the year ended December 31, 2017					
	Sale of biodiesel and vegetable oil and by product	Contract of refine crude palm oil	Sale of ice cube	Vessel operating	Port services	Total
Revenues from sales and services	2,176,305	77,025	-	32,921	-	2,286,251
Cost of sales and services	(2,295,831)	(62,980)	-	(40,771)	-	(2,399,582)
Gross profit (loss) by segment	(119,526)	14,045	-	(7,850)	-	(113,331)
Profit earned from the sale of non-current asset held for sale - net						156,570
Other income						18,236
Selling expenses						(11,946)
Administrative expenses						(90,952)
Finance costs						(1,725)
Tax expenses						(29,132)
Loss for the year						(72,280)
Property, plant, vessel and equipment-net	1,035,298		-	21,985	205,910	1,263,193

Unit : Thousand Baht

Consolidated financial statements						
For the year ended December 31, 2016						
	Sale of biodiesel and vegetable oil and by product	Contract of refine crude palm oil	Sale of ice cube	Vessel operating	Port services	Total
Revenues from sales and services	3,395,670	32,578	20,911	29,942	-	3,479,101
Cost of sales and services	(3,249,712)	(26,852)	(17,814)	(28,982)	-	(3,323,360)
Gross profit by segment	145,958	5,726	3,097	960	-	155,741
Other income						10,873
Selling expenses						(32,323)
Administrative expenses						(81,644)
Finance costs						(8,012)
Tax expenses						(1,931)
Profit for the year						42,704
Property, plant, vessel and equipment-net	896,534		-	23,765	216,124	1,136,423

## 28. COMMITMENT AND CONTINGENT LIABILITIES

Commitments and contingent liabilities as at December 31, 2017 and 2016 were as follows:

28.1 The Group had contingent liabilities on bank guarantees in the amount of Baht 23.02 million in year 2017 and amount of Baht 6.87 million and Euro 4.39 million in year 2016 issued by banks on behalf of the Group with respect to certain performance bonds required in the normal course of business of the Group.

28.2 Group has contingent liabilities on capital commitments were as follows:

	Contracted Balance	
	Consolidated/Separate financial statements	
	2017	2016
Capital commitments		
Contracted but not provided for		
work in process- building and utility systems (Unit :Baht)	31,011,049	7,797,753
work in process- machinery (Unit :Baht)	67,856,400	2,594,768
work in process- machinery (Unit :Euro)	146,400	-

28.3 The Company received a letter from the Enforcement Department, Office of the Securities and Exchange Commission of Thailand (the SEC), dated January 20, 2016, requesting for the facts about the Company auditor's disclaimer of opinion in the Company's financial statements for the year 2014. Management provided a clarification of the facts to the SEC.

On June 20, 2017, the SEC has filed a criminal complaint against two former directors and executives of the Company in case of the preparation of incorrect financial statements for the year 2014, as the Company auditor had expressed the disclaimer of opinion, with the Department of Special Investigation (DSI) for further legal proceedings.

28.4 At October 24, 2016, the Company entered into a 5-year contract with a company for production services on edible oil products and granting the use of "Pamola" trademark.

## 29. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company and subsidiaries have information relating to financial instruments both in and off statements of financial position as follows:

### 29.1 Risk from breach of contracts

- Due to the contracting party does not follow the requirement in the contract which caused damage to the Company and subsidiaries.
- The credit risk with respect to the concentration of trade accounts receivable consists of:
  - Revenue of the Company and its subsidiaries resulting from sale, production contract, construction contract and vessel operation to few major customers but very high proportion.
  - Revenue of the Company and subsidiaries resulting from sale and services to the small business customers has no concentration of credit risk, because they have a large number of customers.
- For the financial assets shown in the statement of financial position, the book value of such assets is net from various provisions to be estimated fair value. Such provisions are assumed to be the highest value of risk incurred from breach of contracts.

### 29.2 Risk relating to interest rate of financial assets and liabilities

Risk from the fluctuation in interest rate may have negative effect to the Company and subsidiaries for the current and the following years. The Company expects that it can manage the contingent risk, due to the Company has set a plan and follow up the situation closely.

### 29.3 Risk from currency exchange rate

The Company and subsidiaries have risk from the fluctuation of foreign exchange rates, due to some debtors and creditors arisen from the trading in foreign currencies. The Company and subsidiaries will provide the forward exchange contract, in case of Baht currency is highly fluctuated and it is appropriate for the situation.

### 29.4 Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of the financial instruments.

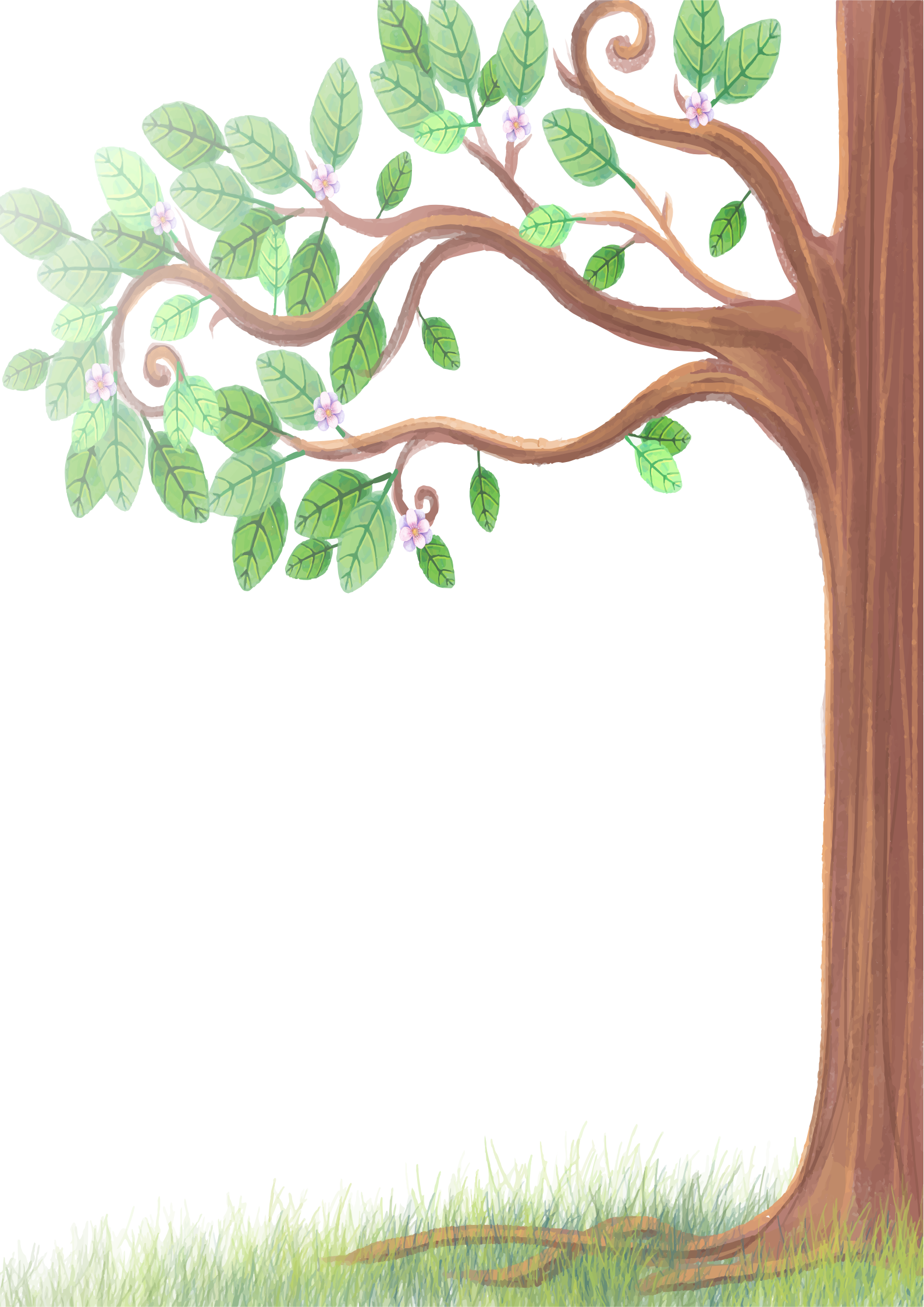
- Financial assets shown at book value which are equal to the estimated fair value.
- Financial liabilities shown at book value which are equal to the estimated fair value. Loans carrying interest rates close to the market rate.

## 30. CAPITAL MANAGEMENT

The management of the Group has the capital management policy to maintain a strong capital base by emphasis on planning and determining the operating strategies resulting in good business's performance and sustained good cash flows management. In addition, the Group considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustained future operations of the business and to maintain shareholders, investors, creditors and others interest's confidence.

## 31. APPROVAL OF INTERIM FINANCIAL STATEMENT

These financial statements have been approved to issue by the Company's Board of Directors on February 27, 2018.





**AI ENERGY PUBLIC COMPANY LIMITED**