



บริษัท เอไอ เอนเนอร์จี้ จำกัด (มหาชน)
AI Energy Public Company Limited

น้ำมัน
ไบโอดีเซล

BIO DIESEL

OLEIN PALM OIL

น้ำมันปาล์ม
ตราพาล์ม

ANNUAL
REPORT
2013

รายงานประจำปี 2556



The company 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 and Vegetable Oil Business

AI Energy Public Company Limited

Manufacturer and distributor of alternative energy biodiesel (Biodiesel: B100) and vegetable 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 vegetable 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 of 5,000 tons, available at the Chumphon Province and Samut Sakhon Province.



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AI Energy Public Company Limited

Overview of the Policy and Business

AI Energy Public Company Limited (the "Company" or "AIE") was officially established on October 4, 2006 with initial registered capital of THB 300,000,000 divided into 30,000,000 ordinary shares at par value of THB 10 paid capital of THB 300 million. Asian Insulators Public Company Limited ("AI") as the parent company recognizes the growth potential of alternative energy business, so the AI was set up then with 75% holding shares of registered capital in the company at that time, and invested to acquire property used in the business of manufacture and distribution of Palm Olein from one entrepreneur. The Company acquired all of the assets used in the operation of such business, including land, office equipments, factory, machineries, appliances, tools, vehicles, etc., and other properties that have been already used in the operation. The company also acquired the rights of the "PAMOLA" brand to be used as a brand for distributing edible oil (Palm Olein) products until today.

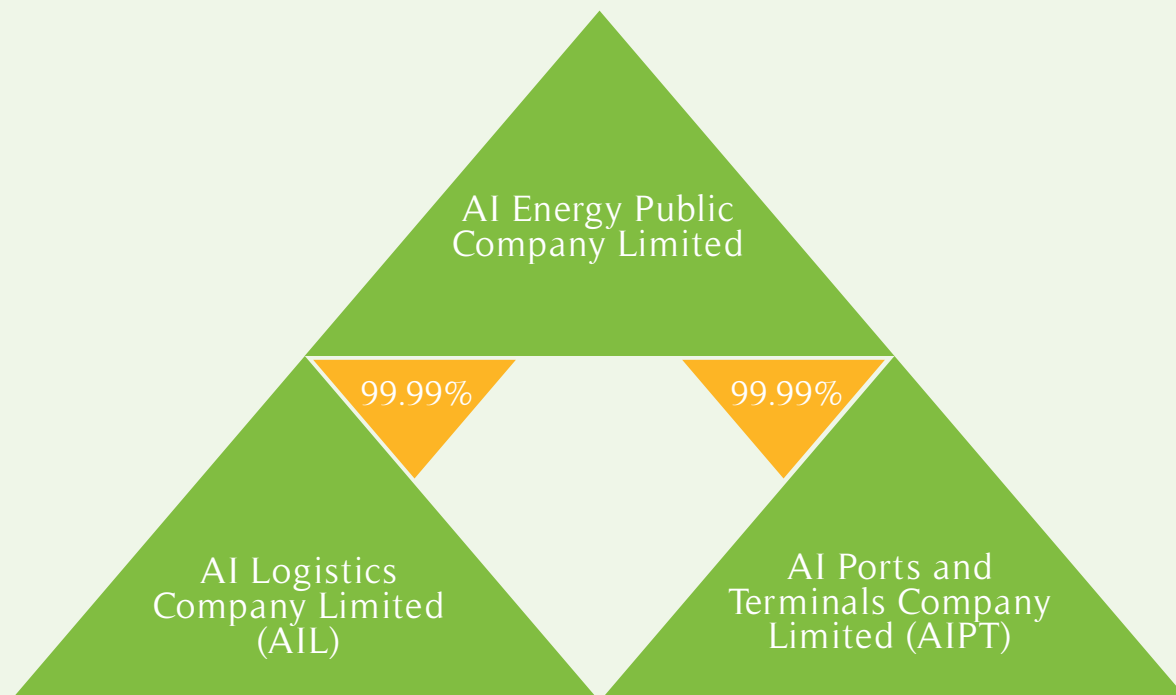
AIE's objective in business operation is to produce and sell alternative energy Biodiesel: B100, which is produced from crude palm oil (CPO) in addition to the diesel produced from petroleum. With environmentally friendly continuous refining and production system, and distribution of the Palm Olein through the Refined Bleached Deodorized Palm Olein (RBD Palm Olein) under the "PAMOLA" brand, and distribution of raw materials such as crude palm oil, the refined bleached deodorized palm oil (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 / coffee mate, cosmetics, including recycled as raw materials to produce biodiesel. Moreover, the company also generates revenue from production due to the refining service of crude palm oil to those petroleum business entities. The crude palm oil the company uses in the production of goods for sale must be passed the choicest of premium quality and through the chosen effective suppliers of crude palm oil extracted from the best quality palms to be processed by vacuum distillation to achieve product quality and meet the standards required by the governmental agencies.

Regarding to business goal, the company is truly committed to become a leading manufacturer of biodiesel and edible oil (Palm Olein) produced from good quality crude palm oil to obtain the quality products in accordance with quality standards by focusing on the interests of consumers primarily. The production and distribution of biodiesel 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.

Structure of Affiliated Group



Subsidiaries

AI Logistics Company Limited (AIL) was founded on February 2003 with registered capital totaling THB 209 million. The AIE holds 99.99 percent shares. AIL's objective is to operate the sea freight services. The AIL has two high quality carrier vessels; including "Tharerattana 1" and "Tharerattana 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, crude palm oil, and refined palm oil to customers both domestically and internationally, which currently AIL delivers the transport service of crude palm oil to the companies.

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, aiming to operate the service business of ports and terminals, and ice factory for food industry. The AIPT is a subsidiary of the Company, which the AIPT has deep-water ports and two oil terminals located at Tha Chalom , Muang, Samutsakorn Province and Muang, Chumporn Province, which two ports include storage tanks service of fuel, crude palm oil, and refined palm oil, which the capacity of storage totals of 30,000 tons of oil, or approximate 33,186,000 liters of oil, divided into at Muang, Chumporn Province of ten tanks with total capacity of 20,000 tons, or approximate 22,124,000 liters, and Tha Chalom, Samutsakorn Province of five tanks with a total capacity of 10,000 tons, or approximate 11,062,000 liters of oil. At Chumporn, it is regarded 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.



As the AI Energy Public Company Limited (“AIE”) had the newly-issued ordinary shares offered to the initial public offering (IPO), amounted of 170,000,000 shares at IPO price of THB 475 per share, totaling THB 807,500,000 , AIE aims to invest in four projects including;

- 1) Investment in machineries so as to bring Palm Fatty Acid Distillate (PFAD) to be used as a raw material in the production of biodiesel. This is to reduce the cost of raw materials for biodiesel production by 3.75 % averagely,
- 2) Investment in machineries to optimize biodiesel production by recycling the methanol lost during the production process; this is to reduce the cost of raw materials for biodiesel production by 2 % averagely,
- 3) Investment in machineries to optimize biodiesel production from current volume of 400,000 liters per day to 550,000 liters per day,
- 4) Investment in increase of seven storage tanks of raw material, semi-products, and finished goods, accounting for increased capacity of 12,500,000 liters to accommodate the increased production capacity.

Consequently, the investments in such various projects result in a significant reduction of the cost of production. All projects are expected to be completed by June 2014, resulting that the company’s gross margin in 2014 and 2015 will increase accordingly.

Regarding to the operating results of the company and its subsidiaries in 2013, the company had total revenues of THB 4,235,780,909 increased by 22.35 percent earnings before interest and taxes (EBIT) was THB 280,191,544 and net profit was THB 195,154,957, or 6.61 percent and 4.60 percent compared to total revenues respectively, earnings per share was THB 0.25.

AI Energy Public Company Limited and its subsidiaries have managed and directed the business under the Good Corporate Governance, and truly committed to conduct a business in an ethical manner, together with development of the quality of life and environment. We gratefully thank all our shareholders, customers, suppliers, government sectors, financial institutions, and employees for constant trust and supporting the operations of the company.



Narong Thareratanavibool
Chairman

Business Profile

The Company previously had key operations as follows : -

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 crude palm oil tons 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.

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 fatty acid, and RBD palm kernel oil, palm kernel fatty acid, and crude glycerin.

2009

- 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.
- The Company joined the membership of RSPO (Roundtable Sustainability of Palm Oil) which is an international organization supporting the sustainable use of palm oil.
- The Company restructured shareholders' structure by having AI bought shares from one former shareholder. Therefore, AI's shares increased from 81.00 percent to 82.00 percent of authorized capital at that time.

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 1/2010 on 14 July 2010 and 2/2553 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 Refinery Tower 2 started to produce and gain commercial revenue since February 2013
- The general meeting of shareholders 1/2013 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 1/2013 on 2 May 2013 had resolutions as follows:-
 1. Approved the Company's transformation into Public Company Limited and 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.

Revenue Structure of the Company and its Subsidiaries

Types of Revenue	Consolidated Financial Statement (Audited) from Integration of Businesses Under Common Control				Consolidated Financial Statement (Audited)	
	2011		2012		2013	
	Million THB	%	Million THB	%	Million THB	%
1. Selling revenue	2,214.32	94.57	3,403.48	98.31	4,083.10	96.70 %
1.1 Palm oil business revenue	2,172.00	92.76	3,349.76	96.76	4,012.25	95.02 %
1.1.1 Biodiesel	1,576.77	67.34	1,686.64	48.72	2,481.28	58.76 %
1.1.2 Olein palm oil	349.33	14.92	1,017.01	29.38	949.85	23.90 %
1.1.3 Raw materials & by-products	245.90	10.50	646.11	18.66	580.75	12.34 %
1) Raw materials	108.62	4.64	397.23	11.47	261.96	4.78 %
2) Palm fatty acid	85.68	3.66	102.12	2.95	126.06	2.99 %
3) Refined palm stearin	0.01	0.00	84.83	2.45	51.45	1.22 %

Notes : ● The General Meeting of Shareholders in 2013 on 9 April 2013 had resolution to approve to buy common stocks of AIPT and AIL to prepare the company based on spin-off plan and to avoid possible conflict of interest in the future. The Company performed Group restructuring based on resolutions of the aforementioned General Meeting of Shareholders. Such action is deemed to be the integration of businesses under common control. The Company thus prepared consolidated financial statements for the year ended on 31 December 2012 and 2011 which were audited by the Company's auditor already to be comparatively represented by deeming that AIPT and AIL were subsidiaries of the Company at all time. Consolidated financial information for 2011 and 2012 accounting period, as well as for 2013 accounting period, was therefore the preparation of information which already included financial status and business performance of AIPT and AIL for such accounting periods regardless the date of shares purchasing of the affiliates. In this regard, in order to clarify for the consideration of the Group's financial status, the presentation of information for 2011 and 2012 accounting period and 2013 accounting period was consolidated financial statements consisting of integration of businesses under common control which could reflect financial status and business performance of the Group as a whole, including AIE, AIPT, and AIL.

¹⁾ Raw-materials and by-products:

- Revenue from raw materials mean revenues gained from the sales of crude palm oil which is an initial raw materials for manufacturing, and refined bleached and deodorized palm oil obtained from the refinery process, which requires the removal of gum, bleaching, deodorizing, but not separating of fat. Such raw materials are used as key raw materials for the manufacturing of Olein palm oil and biodiesel. Such raw materials will be sold to manufacturer and distributor of biodiesel and Olein palm oil, as well as entrepreneurs in both domestic and international food industry. In accounting period 2011, the Company sold entire raw materials to domestic buyers. But in 2012, the Company sold such raw materials to both domestic and international buyers which accounts for 36.53 percent and 63.44 percent when comparing with the total value of raw materials sales in which 78.17 percent of sales in such year was resulted from the enormous amount of crude palm oil due to the order to be used in testing the quality of the second refinery tower (production capacity of 800 crude palm oil tons per day). Prior to the date of machine acceptance in 2011, the company found errors in the installation of machine by the suppliers which make the quality of RBD palm oil obtained from the refining process is lower than the agreed level. The Company, therefore, sold raw materials exceeding production capacity of the first distillation tower (production capacity of 350 crude palm oil tons per day) to both domestic and international buyers because if the crude palm oil has been kept for too long, the qualification will be changed which will result in increasing of production costs. Revenues from selling by-products means revenues received from manufacturing including palm fatty acid, refined palm stearin and crude glycerin. Such by-products will be supplied to the entrepreneurs in continuous industries, such as soap, lotion, cosmetic, cream, and condensed milk industry.

2.

- The Company and its subsidiaries ordered equipment for electric insulators from AI to sell to a juristic person who had no relationship with shareholder, board, and executives of the Company but could not order the products directly from AI due to internal policy. Currently, the company and AIPT have stopped the sales of equipment for electric insulators since September 2013 and have no policy to reorder such products from sales in the future.

- Other revenues mean revenues from goods transportation, revenues from the return of leftovers from manufacturing, revenues from selling scraps, and other revenues. Revenues from goods transportation was resulted from transporting goods to some customers who could not arrange their own vehicles during some period of time. Such revenues from goods transportation in the accounting period of 2011 to 2013 was 6.18 Million Baht, 8.16 Million Baht, and 5.20 Million Baht respectively. Revenues from the return of leftovers from manufacturing was resulted from the return of raw materials or crude palm oil from refining service due to premium of manufacturing conversion as agreed upon with customers.

- In 2012, the Company received revenues from selling Olein palm oil abroad by hiring AIL to transport Olein palm oil from Indonesia to sell to Olein palm oil entrepreneurs in Vietnam which accounts for 36.98 percent of Olein palm oil sales value. In this regard, such action was not deemed as key business policy of the Company.
- Revenues from sea navigation mean revenues on behalf of AIL which is a subsidiary of the Company.
- Revenues from port services and revenues from ice cube mean revenues on behalf of AIPT which is a subsidiary of the Company.

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, from ice cube business, and from selling of supporting materials, (2) refining service revenues, (3) sea freight revenue, and (4) ports and terminals servicing revenue, which could be characterized by performance of each type of business of sales and services as follows:-

Company's Products

01 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 95 percent diesel fuel and 5 percent biodiesel, called "Diesel B5". 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. In the accounting periods of 2011 to 2013, the revenue from the sales of biodiesel represented 72.60 percent, 50.35 percent, and 61.69 percent of revenue from sales in palm oil business respectively. The group of customers of Biodiesel is oil trader under Section 7 of the Fuel Trade Act B.E. 2543. Biodiesel is an alternative energy to diesel fuel for petroleum by using vegetable oil or animal fat and Triglycerides to pass through a chemical process called Trans esterification which has reaction with alcohol, including Methanol or

Ethanol and catalyst with alkaline characteristics, such as sodium hydroxide (NaOH) which has produced an Ester and by-products, including Glycerol. As a result, 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 oil palm kernels.

The Department of Energy Business, Ministry of Energy, has announced Department of Energy Business's Notification regarding "the Determination of types and rates, rules, procedures and conditions for the calculation of the amount of fuel reserves" B.E. 2013, which requires that the oil Trader under Section 7 of the Fuel Trade Act B.E. 2543 must increasingly reserve fuel produced in the national territory from 5 percent to 6 percent which would be in effect from 1 November 2013 henceforth. Thus, some oil traders under section 7 ordered additional biodiesel from the Company to accommodate the increased production of diesel fuel due to the above measures. Such purchase order was one-time order to reserve as the raw materials in the production of diesel by renting Biodiesel tanks from the Company in accordance with the determination of the Department of Energy Business. The Company started generating income from such rental biodiesel tanks from 1 November 1 2013. Such rental storage space above would not affect the ability of the Company to distribute biodiesel in any way.!

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 are used as raw materials in the production. The crude palm oil is refined to extract fat to be refined palm oil. Then, such oil will be proceeded to the compression process to separate and crystallize in order to get Palm Olein for consumption. The Company produces and distributes Palm Olein under the brand "Pamola" to customers both in domestic market and in foreign countries including Myanmar and Laos (in Baht currency). In the accounting periods of 2011 to 2013, the sales of Palm Olein was 16.08 percent, 30.36 percent, and 23.67 percent of the revenue from the sale of the palm oil business which could be divided into domestic and foreign market for accounting period of 2011 at 14.81 percent and 1.27 percent, for accounting period of 2012 at 18.65 percent and 11.71 percent, and for accounting period of 2013 at 23.40 percent and 0.50 percent respectively. The customers who use Palm Olein of the Company 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) finished customers, including hotel, chained restaurant, and general stores that ordered a size containers such as gallon tins, bottles, and bags, and (3) stores ordering Palm Olein of the Company to be re-contained and sold. The company has various packaging for Palm Olein to meet the diverse needs of customers, including a total of 10 sizes as shown in the following table.



Sizes of Containers of Palm Olein sold by the Company



01 Palm Olein branded “Pamola”
0.25 Liters/bottle



02 Palm Olein branded “Pamola”
1.00 Liter/bottle



03 Palm Olein branded “Pamola”
5.00 Liters/gallon



04 Palm Olein branded “Pamola”
1.00 Liter/bag



05 Palm Olein branded “Pamola”
13.75 Liters/bag



06 Palm Olein branded “Pamola”
18.00 Liters/bag



07 Palm Olein branded “Pamola”
13.75 Liters/bucket



08 Palm Olein branded “Pamola”
18.00 Liters/bucket



09 Palm Olein branded “Pamola”
200.00 Liters/Tank



10 Palm Olein branded “Pamola”
15.00 - 30.00 tons/tank truck

Raw Materials and By-products

The company sells raw materials, including crude palm oil which is an initial raw material for manufacturing AI Energy Public Company Limited deodorizing, but not separating of fat. The Company sold such raw materials to both domestic and foreign buyers. In accounting periods of 2011 to 2013, the Company's revenue gained from raw materials selling accounted for 5.00 percent, 11.86 percent, and 14.47 percent of total selling revenues in palm oil business. In accounting period of 2011, the Company had proportion of raw material sold to domestic buyers at 100 percent of total revenues from raw materials selling. In accounting period of 2012, the Company had proportion of raw material sold to domestic buyers and foreign buyers compared with total revenues from raw materials selling at 36.53 percent and 63.44 percent respectively. In accounting period of 2013, the Company had proportion of raw material sold to domestic buyers and foreign buyers compared with total revenues from raw materials selling at 58.52 percent and 41.48 percent respectively.

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. In accounting periods of 2011 to 2013, the Company gained revenue from selling of by-products received from manufacturing at 6.32 percent, 7.43 percent, and 7.94 percent respectively by dividing into domestic and foreign sells at the proportion of 4.88 percent and 1.44 percent in 2011, 5.29 percent and 2.14 percent in 2012, and 2.92 percent and 5.01 percent respectively. 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.



Palm Fatty Acid Distillate: PFAD



Refined Bleached Deodorized Palm Stearin: RBD Stearin



Crude Glycerine

02 Revenues from Refining Services

The Company had revenues from refining service contracts resulted from providing service on refining crude palm oil (CPO) and Crude Palm Kernel Oil (CPKO) to gain Refined Bleached Deodorized Palm Oil (RBD Palm Oil) and (Refined Bleached Deodorized Palm Kernel Oil (RBD Palm Kernel Oil or RBDPKO) in which the customer will supply CPO and CPKO, 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 tower to get products with quality as determined by the customer. In this connection, the employer 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 to such customers for over

The Company had revenues from refining service contracts resulted from providing service on refining crude three consecutive years. On 3 May 2013, the Company signed refining service contracting agreement of CPO and CPKP to get RBD Palm Oil and RBDPKO with such customer with the certain contracting amount and refinery by determining the contract for the period of 5 years. As providing refining services for CPO and CPKO 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, in accounting period of 2011 to 2013 the Company had revenues from refining service contracts at 2.77 percent, 0.52 percent, and 2.22 percent of total revenues respectively.

Product of Subsidiaries

01 Revenue from Sea freight service

Revenue from sea freight service is revenue arising on behalf of AI Logistics Co., Ltd. (AIL) which operating vessel transportation services with 2 high-quality vessels, namely "Thareratana 1" and " Thareratana 3". AIL provides transportation for fuel, lubricant oil, crude palm oil, refined palm oil to AIE, as well as other customers performing business in palm oil industry both domestically and internationally. Currently, AIL provides transportation services of crude palm oil to the Company and entrepreneurs in palm oil industry, as well the transportation of palm kernel oil to one of the Traders under Section 7 by using " Thareratana 1" and " Thareratana 3" vessel. The details regarding vessels and services are as follows:-

Matrix Representing Basic Information Regarding AIL’s Vessels

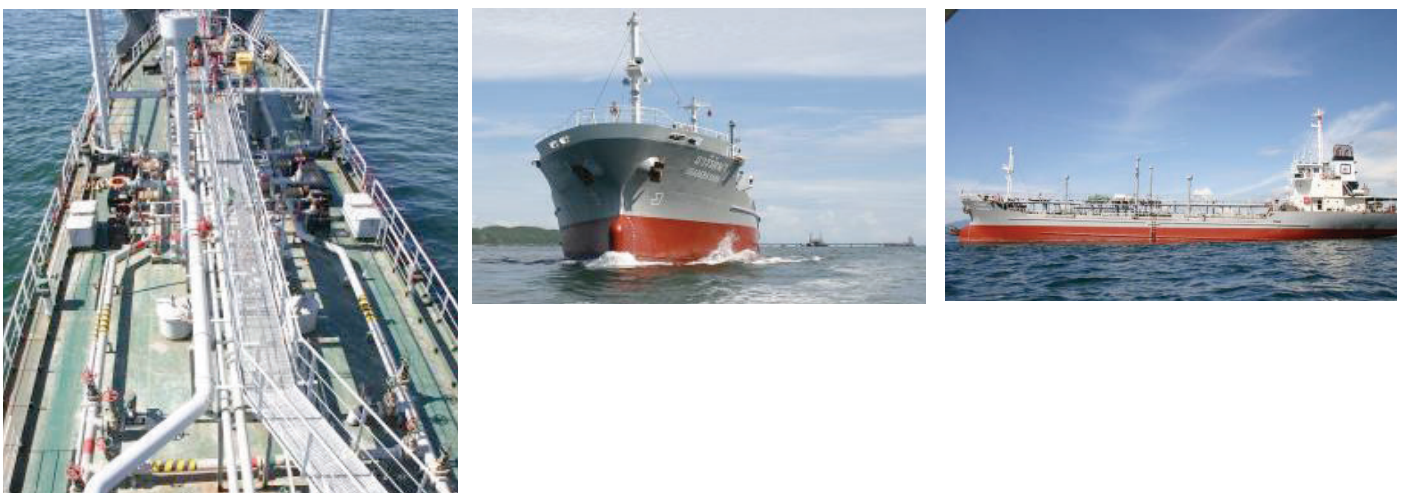
Vessel Title	Vessel License	Type of Vessel	Size/Route
Thareratana 1	Transport CPO and Fuel	A coastal Sea	<ul style="list-style-type: none"> Vessel size (Tanker) 1,500 Gross Ton Domestic transportation
Thareratana 3	Transport CPO and Fuel	Mechanical sea area only	<ul style="list-style-type: none"> Vessel size (Double – Hull) 2,500 Gross Ton International transportation

Note: In 2012, AIL has sold "Thareratana 2" to the third party who has no involvement with any shareholder, board, and executive of the executives.

Photos of Thareratana Vessel 1



Photos of Thareratana Vessel 3



In 2011 to 2013, AIL's revenue from sea freight was equal to 30.35 percent, 60.16 percent, and 41.76 percent of total revenues from sea freight in which AIE hired AIL to transport Crude Palm Oil (CPO) from AIPT storage tanks in Muang district, Chumphon province, to AIPT storage tanks in Tha Chalom, Samut Sakhon province by using Thareratana 1 to provide such services. Currently, such vessel serves AIE with full capacity while Thareratana 3 serves for other customers who have no involvement with any shareholder, board, and executive of the executives with approximate 70 percent of its transportation capacity. In this connection, in 2011 to 2013, the Company gained revenues from sea navigation at 2.32 percent, 0.83 percent, and 1.08 percent respectively.

02 Revenues from Ports and Terminals Servicing and Revenue from Ice cube

Photos of Ports and Storage tanks in Tha Chalom District, Samut Sakhon Province



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



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, as well as ice factory for food industry. AIPT is a subsidiary of the Company and have 2 ports and storage tanks located in Tha Chalom in Samut Sakhon province and in Muang district of Chumphon province. Both ports have storage tanks providing storage services for fuel, lubricant oil, crude palm oil, and refined palm oil with total storage capacity 30,000 tons, or approximately 33,186,000 Liters.

Currently, all fuel cargoes of AIPT serve for the Company only by providing services for the storage of crude palm oil (CPO) to be used for manufacturing and distribution. Such CPO came from extracting plants of oil palm in Southern of Thailand. AIPT also has revenue from ice factory for food industry located in Tha Chalom district in Samut Sakhon province which was previously the location of port prior to AIPT's purchasing from the former owner and taking surrounding land to develop as additional fuel cargoes. The groups of customers include entrepreneurs in food industry, namely meatball manufacturing, fish file plants, manufacturing and distributing plants of canned fish and processed seafood products. In this connection, in accounting periods of 2011 to 2013, the revenue from the sale of ice cube was equal to 1.10 percent, 0.83 percent, and 0.65 percent of the total revenue respectively. In 2012, AIPT had no revenues from port services provided for any other customers apart from the Company in which the Company entered into short-term contract with AIPT covering port servicing and storage tanks entirely.

01 Business Competition

The company operates business in producing and distributing biodiesel fuel (B100) and crude palm oil 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 grow and competitive in the market compared to other products sold. Therefore, we can see from usage of crude palm oil for food industry and other industries that there is constant increase around 4 - 5% since 2011 (Kasikorn Thai Research Center). At the same time crude palm oil usage for biodiesel production has been increasing steadily, from the higher ratio of biodiesel inside diesel oil to replace fuel usage caused by fuel price that has been trending upwards. The governmental sector has slowly increase such mixture of biodiesel from the enforcement of B2 in the past to the current B5 which is used nationwide (biodiesel rule B2 refers to diesel fuel which has 2% mixture of biodiesel and diesel fuel mixture of 98%). In the future, the B7 regulation could be in placed and enforced by the Ministry of Energy on January 1, 2014 (Prachahat Business Newspaper on April, 9, 2013). The alteration shows that the trend towards higher demand for biodiesel will increase in the future and with the guideline to improve renewable energy, which the cabinet has agreed to such strategy to develop and promote biodiesel use from plan oil on January, 18, 2005. On May, 17, 2005, 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 granting tax benefit from the Board of Investment (BOI). This policy led to the number of 11 biodiesel (B100) producers and distributors of Fatty Acid Methyl Ester type on March 20 13 (excluding Pure biodiesel company limited) to have a total of 4.65 million liter production capacity per day. Therefore, from the potential business expansion of biodiesel caused by the support from the government, this may allow new producers to have enough capital to enter and compete in the biodiesel market. Also, the government policy regarding the ASEAN Economic Community (AEC) which will lead to the enter-exit of goods freely, which for the palm oil industry of Thailand that is mainly built on agriculture and small businesses causing

cost of palm oil production to be higher than countries with large producers such as Malaysia and Indonesia. This is considered a weak point that could have an effect on the competitiveness of Thai palm oil after entering into the AEC in 2015 i.e. having more foreign competitors inside the palm oil business which will eventually lead to higher competition in the market.

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. In the past, the company has invested in improving the production system Refinery tower 1 (Refine 1) which was able to expand production from 300 tons of crude palm per day to 350 crude palm per day. The in 2010, the company began to invest in refinery tower 2 (Refine 2). The refining technology is a closed vacuum distillation system, same as the first refinery which has 800 tons of crude palm per day. It was able to produce for commercial purpose during the first quarter of 2013. At the moment, the company is producing crude palm oil at 1,150 tons of crude palm per day, helping the company to gain benefit from Economy of Scale even more. Also, the company has plan to expand investment to further improve efficiency and reduce cost by using palm fatty acid which is a by-product as a raw material to produce biodiesel. Additionally, the company is investing to develop the production process of biodiesel so that the recovery methanol could be used at a higher rate than the current level. This process will help the company manage its raw material cost more efficiently and considered a way to develop potential in its competitiveness. It will also be a competitive advantage when compared to other companies in the industries since at the moment, raw materials are expensive. From our determination to give high importance to develop efficiency of production by managing raw material cost from the past to present, we are sure that will be lightly effected from the mentioned risk.

02 Customer Concentration Risk

The company sells 3 types of products- biodiesel fuel (B100), Olein palm oil “PAMOLA” brand, and crude palm oil and by-product from production. In the 2012 financial statement, the company’s distribution share of all 3 products added up to 50.35%, 30.36% and 19.29% respectively. In 2013, the ratios were 61.83%, 23.67%, and 14.50% respectively. In the distribution process of all biodiesel fuel of the firm, it was done according 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. In 2013, the company sold biodiesel to 8 customer which 1 customer accepted more than 30% of the total value sold (excluding shareholders, committee, directors who are certified for signing, and directors). The contract of the mentioned customer had ended in August, 2013 and has continued their contract with the company already. In the past, this customer has continuously traded with us. Therefore, we would bear high risk if the customer decides to end their contract or cancel pending orders, this would highly effect the operation of the business.

However, the purchasing ratio may adjust down 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. From the information produced by the department of energy business, Ministry of Energy, in March 2013, there are 11 producers (excluding Purebiodiesel company limited) with 4.65 million liters of production per

day while the demand for such product is increasing according to the government’s policy to induce higher usage of biodiesel fuel from their alternative energy development plan to be 25% in the next 10 years (2012-2021). As for the related to biodiesel, the goal is to produce biodiesel in 2021 at a rate of 5.97 million liters per day. The announcement of the department of energy business, Ministry of Energy regarding the specified condition for fuel traders according to the fuel trade act section 7 to reserve fuel that is produced domestically to increase from 5% to 6% which was enforced on November, 7, 2013. This led to traders according to the fuel trade act section 7 having to buy biodiesel fuel as raw material for diesel production. Also, they must find reserved area to store the mentioned biodiesel fuel. At the present, the company has received an addition of 2 orders from traders according to the fuel trade act section 7. The 2 traders have signed contract to rent storage space to store biodiesel fuel with the company which the buying system is a one-time buy to store the product at the company’s storage space. This particular fuel tank reserve has not affected the distribution of the diesel fuel in any ways. This factor has not only supported the higher demand for biodiesel fuel from the trend towards enforcement of B7 standard which will be enforced by the Ministry of Energy on January,1, 2014 (Prachachat Business Newspaper on April, 9, 2013), it will also maintain the quality of the product and control the delivery amount and time requested by the customer. This will also create a continuous relationship with the customer, therefore the company is sure that will we be lightly effected by this risk factor.



03 Risk from trademark for PAMOLA brand

The company has produced and sold olein palm oil under the product name “PAMOLA” which the company has obtained trademark right from buying assets the former trademark owner that faced liquidity problem and is under business restructuring plan according to the court’s bankruptcy order. The company has discussed to buy all assets from the previous owner which the former trademark has been registered for selling many types of product such as cooking oil and butter, rice, water, and sesame. According to trademark number Kor 115789, Kor 115816, Kor 115793, and Kor 115792 which the receiver of the previous owner has filed for bankruptcy to the central court to have the court withdraw its trading right “PAMOLA” and transfer it to our company with recompense fee in case the trademark is not transferred to the asset of the previous owner in the amount of 375 million baht with 7.5% interest per year (less than 5% of total asset). On August, 9, 2012, the central bankruptcy court has cancelled such petition whereby the court specified that “the trade has been agreed by in the debtor’s meeting and presented to the court. The court has given the authority for the trade, which such trade that includes trademark transfer, the company has paid compensation and proceeded according to all legal proceedings. Therefore, the company has traded with fair compensation and went according to legal procedures. The court has order for the petitioner to have to right to be granted such request.” However, on October 2, 2012, the receiver of the former owner has lodged an appeal to the central bankruptcy court to have the court considered its writ. The company had disputed to such appeal on December, 7, 2012. At the moment, we are in the process of legal proceedings. Therefore, the company is exposed to trademark risk in that we may be ordered to stop using such trademark which could affect the net sale of “PAMOLA.”

The company categorizes olein palm oil customers into 3 types- industrial, re- packing, and packed product groups. These products are sold under the name “PAMOLA” (selling olein palm oil outside of the country is not considered a general polity of business conduct for the company. However during the past 3 years, the net sale amount only showed in financial statement of 2012). In the 2012 and 2013 financial statements, the company obtain ratios of 35.33% and 55.12% of olein palm oil sold to industrial sector. The second highest is selling “PAMOLA” product to the instant group, 22.91% and 28.13% of the total net sale in 2012 and 2013, which counted as only 6% of the total income share. We can see that, the company focuses on the industrial sector since they order a large amount to use in their frying process without any emphasis on the brand, but more towards the quality e.g. level of iodine value. Also, selling product to the instant group, the company has prepared a contingency plan to reduce the risk by proceeding to additionally register for a trademark with the trademark office, Department of Intellectual Property, on August, 5, 2013. The company has informed the registrar and the director of the our company is sure that this will not have negative effect on the matter. Therefore, the effect of such event on the financial statement will not be recorded as potential bad debt in the statement.



04 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 use only, 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, and Malaysia owning 91% of the world's total crude palm oil production, in the past Thai palm oil industry has faced various factors that caused price to fluctuate and effected plan industries from the earlier stages. These includes farmers who grow palm oil, middle stage which are producers of palm oil down to consumers. We can see that during 2010, there is a huge fluctuation in the weather condition which caused the Southern area to face a huge drought and natural disasters during the end of 2010, 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. This event continued till the end of 2011 and made prices other vegetable oils such as soy oil, sunflower oil, and rice bran oil to face increase. The government ultimately came out to ask for support from palm olein oil producers to sell at below 42 baht per bottle.

For the price and quantity fluctuation of crude palm oil, the government had issued a polity to control such problem from both the fluctuating price and quantity. The government emphasizes on looking after palm oil farmers to have sufficient income and good standard of living and focus on having the consumers trust that there will be enough palm oil for domestic use. The government has used its policy to reduce the portion of biodiesel in diesel oil such as at the moment,

the government had lowered B5 to B4. For stocking crude palm oil in the country, they 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 policies will affect producers in all sectors of the palm oil business, also 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 1999 where vegetable oil and fuel oil are considered sensitive list products. The Department of Internal Trade will monitor the price and condition daily. Therefore, from what has been mentioned above, the company continues with business in producing and distributing palm oil that is obtained from palm fruits which is a controlled product by the government. The company therefore faces risk from policy shift which could affect the company's profit. However, the company is aware of such risk and is proceeding with the emphasis on efficiency developing in terms of capital management to support the mentioned risk and continuously develop our machinery and invest in the second refinery to be able to support demand. Also, we have plan to invest in production development by using by-product as raw material in biodiesel production from which is Palm Fatty Acid Distillates that is cheaper. The company also sees importance of tracking the change in government policy that is related to monitor news of policy shift continuously to be aware of any movement in a timely manner. Therefore, the company is are that the risk mentioned will not be severe.



05 Risks from unforeseeable event

The company has operated business in producing and distributing biodiesel and olein palm oil 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) both domestic and international. 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. If such event occurs, the company and its subsidiaries will be effected to a certain level but since the company and AIPT began its operations, there had never been any incident. As for AIL, there was an incident where an international vessel crashed into AIL's vessel in a foreign area in 2008. AIL had asked for compensation from the insurance company but was refused since the insurance doesn't cover incident occurring in foreign territory. AIL therefore cancelled and renewed its insurance policy and no incident ever occurred since then.

Production-Related Risks

01 Material shortage risk.

The company is a manufacturer and distributor of alternative energy, biodiesel from crude palm oil. Also, the company has manufactured and distributed olein palm oil in the brand of “PAMOLA” as well as the raw materials and by-products, which is a by-product of the manufacturing process. The Company uses crude palm oil, CPO, as a raw material in the production process. By separated financial statements, fiscal year of 2012 and 2013, the company has a proportion of crude palm oil cost as 92.20 percent and 86.55 percent of raw materials cost respectively. 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 50 percent of raw material suppliers is in vendor list of the company is business

partners with the company for more than 3 years. Now a day, Thailand have agriculturists, who is growing up the palm fruits, more than 1.28 hundred thousand of household. In 2011 the total of cultivated area for palm fruits is 375 million Rai and in 2012 the cultivated area increase to 4.84 million Rai approximately, which it is 29.07 percent of the last year (source: situation of the palm oil from Secretary General Office of Agricultural Economics, Ministry of Agriculture and Cooperatives.) The increasing that it is a result of Alternative Energy Development Plan, involve in the part of biodiesel of public sector, which setting the goal of biodiesel production, in 2021, to be 5.97 million Liters per day. The plan focuses on the potential development of the demand and supply. In aspect of supply, it focus on the promoting to increase the cultivated area for palmfruits to be 5.50 million Rai and yielding palm as a total of 5.30 million Rai within 2021. Together with, in the year of 2011 the palm fruits price increase to 5- 6 Baht per Kilogram. Therefore, the most of agriculturists turn to grew up the palm and result to increased fresh palm fruit to the markets from 10.25 million Tons in 2011 to 11.60 million Tons in 2012, which it is 13.17 percent of the last year and trend to be increasing cultivated area continuously. While, the company has the capacity to produce refined bleached deodorized palm oil as 1,150 Tons of crude palm oil per day. Thus, the company ensures that it will be less of material shortage risk.



02 The risk of fluctuations in raw material prices.

The company use crude palm oil, CPO, as key raw material for produce biodiesel and olein palm oil for 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. During the last 2 years, the price of crude palm oil in global market is high fluctuated as can be seen in the decreasing of price of crude palm oil from 3,389 Ringgit per Ton in 2012, January to March, to 2,314 Ringgit per Ton in 2013, which it is decreased as 31.72 percent of the year 2012. The change that results of natural factors and global economic conditions, which has not recovered (source: Kasikorn Research Center.)

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 2013 decreased from 2555, which it is 22.27 percent, the average price in 2012 is 30.86 Baht per Kilogram, and in 2013 the price is 25.24 Baht per Kilogram, (source: Department of Internal Trade of Thailand, Ministry of Commerce.) In the late of 2010 – early in 2011, the price of crude palm oil within the country very fluctuated and increased due to the global market at Malaysia. It is a result of the flood in Thailand, in the cultivated area of palm fruits in the southern, and results to low palm oil production. Together with the speculation of palm oil mill owners, that affect to the supply of crude palm oil in the country. Therefore, the price of crude palm oil in the country in that time is abnormally high as 58.02 Baht per Kilogram. While the government had a measurement to solve the problem of crude palm oil shortage, by an

announcement to importing that it is a psychological affect to increase the amount of crude palm oil in the market. That, results to dramatically decrease the price in March 2011, from 58 Baht per Kilogram to 35 Baht per Kilogram. 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, such as the control of purchasing price of palm fruit and crude palm oil in the case of crude palm oil price is fluctuated and affect to the agriculturists who grow up the oil palm, and purchase crude palm oil out of the market in the case of crude palm oil is too much stock in the country. Ministry of Commerce extend the purchasing time according to the resolving project of low crude palm oil and low price of palm fruit in 2012 – 2013, in the 2nd round as 50,000 tons for 25,000 Baht per ton until the end of September 2013. The public sector measurement of any way that will help to decrease the fluctuation of the price of oil palm and crude palm oil. Thus, the company expects to be affected by such a level of risk.

03 Risks from Raw Material Suppliers Concentration

The company uses raw materials to produce goods for sale which could be divided into 4 major types including crude palm oil, chemicals, fuel, and containers. All distributors receiving orders from the Company must register into the Vendor List. The Company purchased raw materials from various distributors except for fuel. Fuel the company uses for production could be divided into two categories: palm shell and fuel oil, which is used to provide heat in the manufacturing process. In accounting period 2013, the sales cost of palm shell and the cost of fuel oil were equivalent to 62.68 percent and 37.32 percent of the total fuel costs. The reason that the Company uses palm shell as main fuel was because it could help heat up indifferently from fuel oil but cheaper. In accounting period 2013, the company purchased palm shell from one vendor. (who does business as a collection of palm milling plants squeezed across the country and use palm shell to sell to entrepreneurs in need who have no relationship with shareholders, Board of Directors, and executives of the

Company) with the total value of order more than 50 percent of total fuel order value since such suppliers can supply palm shell with quality and quantity as determined by the Company. The Company orders palm shell from such distributor for more than 2 consecutive years. Therefore, the Company may be in risk from dependency on fuel suppliers if distributors stop selling to the company or cannot sell to the company due to its internal factor. However, the Company is aware of such risk and determined guidelines to reduce dependency on single major supplier. The purchasing unit considered selecting additional distributors. Previously, the Company ordered palm shells from other suppliers in order to reduce such dependency but palm shells did not meet the quality 10 requirements. Consequently, the heat cannot meet the Company's standard. Therefore, in the future if the company can seek for newly proper distributor who can deliver the quality and quantity of palm shell as needed by the Company, the company could reduce its reliance on the said order.

01 Risks from Dependency on Financial Institution's Capital

As of 31 December 2013, the Company and its subsidiaries had credit support from a local financial institution. The total debt was 182.25 million Baht (categorized as debt on behalf of the Company for 71.39 million Baht and liabilities on behalf of the subsidiary, AIPT, for 110.86 million Baht) with financial cost liability of 48.07 million baht (divided into the Company's financial cost for 37.53 million Baht and the financial cost liability of the subsidiaries for 10.54 million Baht). 51.37 percent of debt from outstanding loan from financial institutions was debts arising from short-term credit for working capital, including the overdraft limit, L/C, T/R, promissory note, and limits forward contract for the remaining percentage of 48.63 percent of the outstanding loan from financial institutions which is debt arising from long-term loans for investment property of the Company and its subsidiaries over the past by having money amount of long-term loan determining conditions for the Company and its subsidiaries to maintain certain debt to equity shares at the rate which does not exceed 2: 1 and maintain the ability to repay debt at a rate of not less than 1.5:1 and 1.2:1 respectively. Therefore, due to such dependence on financing from a financial institution as described above, if the Company is unable to maintain financial ratios as stipulated in the long-term loan agreement, as well as fails to comply with the other terms of the agreement, the Company may be at risk of being suspended for credit facilities which may affect the Company's liquidity and its ability to conduct business. This will affect the operating performance of the Company. Also, with the existing burden, the Company may have risks from fluctuations in interest rates which are the financial costs of the Company that may affect operating results eventually.

02 Risk from Exchange Rate Fluctuation

In accounting period of 2013, the Company and its subsidiaries had assets denominated in foreign currencies and the U.S. dollar equivalent of \$ 0.14 million in U.S. dollars which could be converted into 4.63 million Baht, in which a part that were incurred by the Company was at 0.14 million U.S. dollars arising from the sale of crude glycerin to a customer in China 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.

The company is aware of such risks. The long-term loan determining the condition of financial ratios can be divided into 4 money amounts at the total of 204.75 million Baht, on behalf of the Company for 69.75 million Baht, on behalf of its subsidiaries for 135.00 million Baht. As of 31 December 2013, debt balance was equal 31.39 million Baht and 57.24 million Baht respectively. In accounting period of 2013, the company's total debt to equity was 0.15:1, which was lower than the conditions listed above and the debt service coverage ratio was 6.12 which was higher than the specific conditions. Moreover, such conditions were not considered affecting the credit facilities of the Company and its subsidiaries in any way because during entire period of credit support the Company paid the principal and interest to creditors continuously. In addition, to reduce dependence on financing from financial institutions, the company had a policy to be listed on mai. to use money received from this sale of shares for investing in property used in the business, as well as use as working capital to support the credit of some financial institutions, as well as bring part of the proceeds to repay debt. As a result, as of 31 December 2013, the Company had lesser liabilities with creditors which could help reduce the risk of fluctuations in interest rates to some degree.



01 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 98.79 percent of the Company's authorized capital, by having (1) Mr. Narong Thareratanavibool as Chairman, (2) Mr. Thanit Thareratanavibool as Vice Chairman, (3) Mr. Anurag Thareratanavibool as board of director, and managing director, and (4) Mr. Noppol Thareratanavibool as board of director, and accounting and finance 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 7 consecutive years. The change of executives may affect the business performance of the Company.

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.

02 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 25 December 2557, Thareratanavibool Family had their shares in the company divided into direct shareholding of 12.36 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.

Anyhow, 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 Aim to Prosperity 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'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 vegetable 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 Address	No. 55/2 Moo 8 Sethakit 1 Road, Klongmadua, Krathum Baen, Samut Sakhon 74110
Telephone	034-877-485-8
Facsimile	034-877-491-2
Email	aienergy@aienergy.co.th
Website	http://www.aienergy.co.th
Registered capital	1,130,000,000 Baht
Paid-up capital	1,130,000,000 Baht, 1 Baht per share
Year of being listed in mai	2014
Contacts	Investors Relation Telephone 66-34877-485 Facsimile 66-34877-491-2 e-mail : aienergy@aienergy.co.th
Auditors	Dr. Virach Aphimeteetamrong Certified Public Accountant No. 1378, or Mr. Chaikorn Aunpitipongsa Certified Public Accountant No. 3196, or Mr. Apiruk Atianuwat Certified Public Accountant No. 5202 from Dr. Virach & Associates Office Company Limited. 518/3 Maneeya Center Building 7 th floor, Ploenchit Road, Lumpinee District Patumwan, Bangkok 10330 Telephone / Facsimile 0-2252-2860, 0-2255-2518, 0-2254-1210, 0-2250-0634

Subsidiaries

01

Company's Name
Year of Establishment
Registration No.
Type of business

Head Office address
Telephone
Facsimile
Email
Paid-up capital
Comprise of
Branch address
Telephone
Facsimile
Email
Relationship with AIE

AI Ports and Terminals Company Limited ("AIPT")

2007

0105550040092

Provides the service of ports and the storage tanks for petroleum, crude palm oil, and lubrication oil.

23/1 Moo 7, Thajeen, Amphur Mueng, Samut Sakhon 74000

034-497-184

034-497-186

aiport1@asianinsulators.com

460,000,000 Baht

46,000,000 ordinary shares, 10 Baht per value

1/9 Moo 1, Had Sairee, Amphur Mueng, Chumporn 86120

077-522-709-10

077-522-711

aiport2@asianinsulators.com

- **AIPT** is subsidiary of AIE, with stakeholder of 99.99% of the registered capital of 460 million Baht

02

Company's Name
Year of Establishment
Registration No.
Type of business

Head Office address
Telephone
Facsimile
Email
Paid-up capital
Comprise of
Relationship with AIE

AI Logistics Company Limited ("AIL")

2006

0105549021411

Provides the services for sea and land logistics and specializes in transport of lubrication oil, crude palm oil, and refined palm oil as a sea coast vessel.

254 Seri Thai Road, Kannayaow, Bangkok 10230

02-540-2528

02-517-1465

logistics@asianinsulators.com

209,000,000 Baht

20,900,000 Ordinary shares, 10 Baht per value

- **AIPT** is subsidiary of AIE, with stakeholder of 99.99% of the registered capital of 209 million Baht

Major Shareholders of AI Energy Public Company Limited

At the closing registration on December 25, 2013

	Shareholders	No. of ordinary shares	% of total shares
01	Asian Insulators Public Company Limited	673,354,060	59.59 %
02	Mr. Narong Thareratanavibool	53,234,722	4.71 %
03	Mr. Noppol Thareratanavibool	38,000,254	3.36 %
04	Mr. Thanit Thareratanavibool	19,715,720	1.74 %
05	Mr. Sopha Thareratanavibool	10,104,742	0.89 %
06	Mrs. Jarunee Worakitjanuwat	7,511,797	0.66 %
07	Mr. Kovit Thareratanavibool	5,250,000	0.46 %
08	Mr. Anurag Thareratanavibool	5,050,000	0.45 %
09	Mr. Naphon Karintrakul	4,450,000	0.39 %
10	Mr. Thanyaporn Kunasakpanich	4,131,660	0.37 %
11	Other	309,197,045	27.36 %
	Total	1,130,000,000	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 has a policy to pay the dividend to the shareholder in each operation year, and not less than 40% of the net profit after tax and legal reserved. The dividend payout is depending on company's cash flow, regulations, and the investment of the new project in the future. The dividend payout should not significantly affect on company's financial operation. The Board of Directors' decision to payout the dividend is subjected to approval of shareholder at the General Annual Meeting, except the interim dividend payout if the board of directors considers that it is appropriate and shall not affect the operation of the company. The Board of Directors has authorized to approve the interim dividend payout, and inform the shareholders at the next shareholder meeting. The company has to legal reserves at least 5% of net profits until legal reserves equal 10% of company's registered capital.

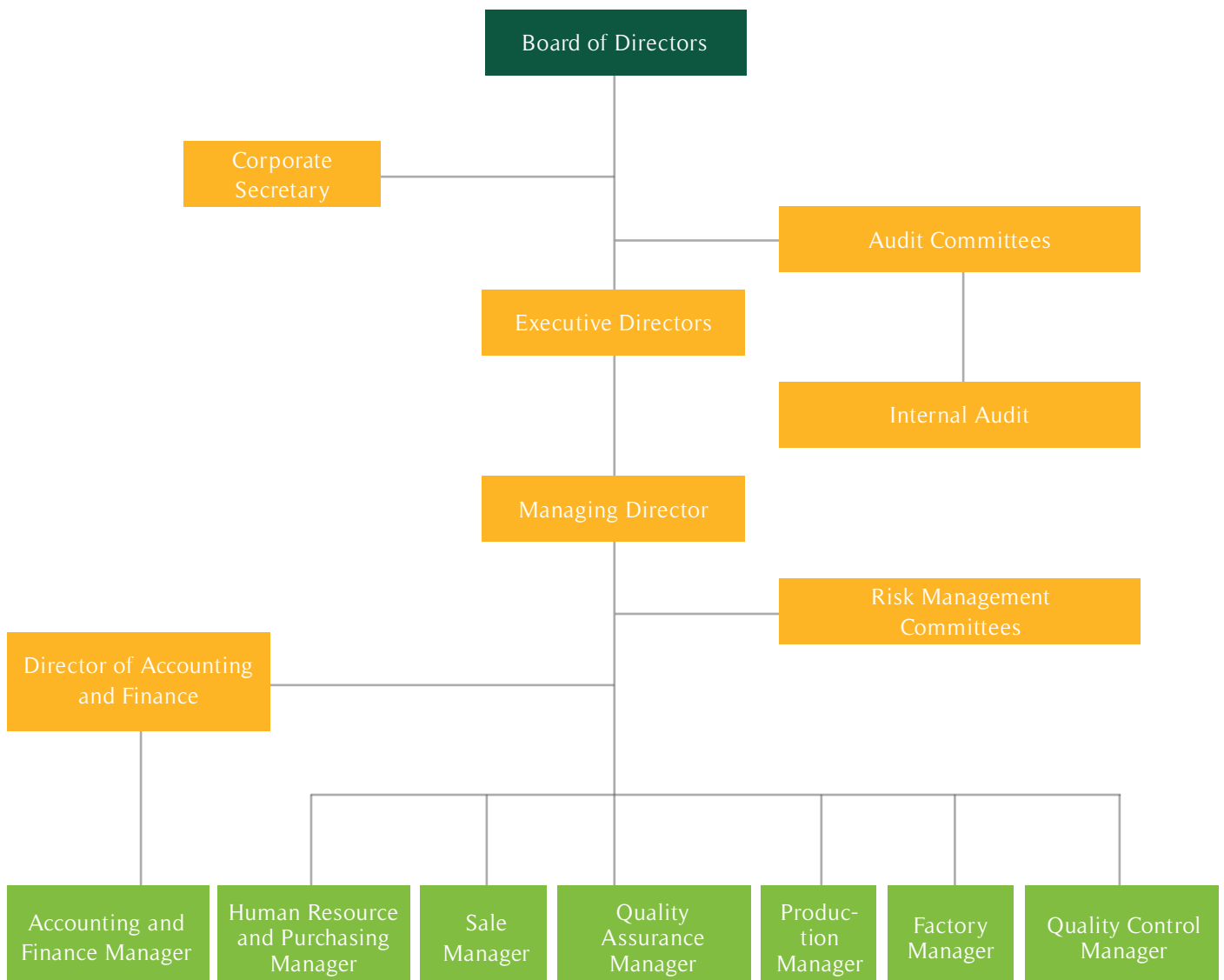
The Subsidiaries' dividend policies

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 and equal companies' registered capitals.



Organizational Structure



Board of Directors

The company's directors as at December 31, 2013 included eight persons as follows.



Mr. Narong Thareratanavibool

Position : Chairman

Degree :

- MBA Kasesart University
- National Defense College

Training :

- Chief Financial Office Certification Program
- Director Accreditation Program, Thai Institute of Director Association
- Chairman 2000, Thai Institute of Directors Association
- Director Certification Program, Thai Institute of Directors Association
- Advanced Management Program, Capital Market Academy#15

Work Experience :

- 1983 – 2003
Managing Director, Asian Insulators Co., Ltd.
- 2006 – 2008
Executive Director, PPC Asian Insulators Co., Ltd.

Other current positions :

- From 1995
Executive Director, AI Engineering Service Co., Ltd.
- From 2004
Chairman, Asian Insulators Public Company Limited
- From 2006
Chairman, AI Energy Public Company Limited
Executive Director, AI Logistics Co., Ltd.
- From 2007
Executive Director, AI Ports and Terminals Co., Ltd.



Mr. Thanit Thareratanavibool

Position : Executive Director

Degree :

- Bachelor of Engineering (Mechanics)
Northeastern University, Boston, Massachusetts U.S.A.
- M.B.A, Kasetsart International Master of Business Administration Kasetsart University

Training:

- Director Accreditation Program, Thai Institute of Director Association
- Director Certification Program, Thai Institute of Directors Association

Work Experience :

- 1998 – 2006
Vice Managing Director, Asian Insulators Co., Ltd.
- 2006 – 2008
Executive Director, PPC Asian Insulators Co., Ltd.

Other current positions:

- From 1995
Executive Director, AI Engineering Service Co., Ltd.
- From 2004
CEO, Asian Insulators Public Company Limited
- From 2006
Executive Director, AI Energy Public Company Limited
Executive Director, AI Logistics Co., Ltd.
- From 2007
Executive Director, AI Ports and Terminals Co., Ltd.



Mr. Anurag Thareratanavibool

Position : Executive Director

Degree :

- B.A. Economics – Adelphi University, Long Island, NY, USA
- MBA – Marshall University, West Virginia, USA

Training:

- Financial Statements for Directors, Thai Institute of Director Association
- Director Accreditation Program, Thai Institute of Director Association
- Director Certification Program, Thai Institute of Directors Association

Work Experience : -

Other current positions:

- From 2007
Executive Director, AI Ports and Terminals Co., Ltd.
- From 2002
Manager, Thungka Fishmeal Partnership Limited
Managing Director, Chumporn Vision Co., Ltd.
- From 2003
Managing Director, Pa-ngan Cable TV Co., Ltd.
Managing Director, Ranong Vision Co., Ltd.



Mr. Noppol Thareratanavibool

Position : Executive Director

Degree :

- B.Sc. Finance – University of Essex, UK
- MBA - SASIN Graduate Institute of Business Administration of Chulalongkorn University

Training:

- Director Certification Program, Thai Institute of Directors Association

Work Experience :

Other current positions:

- From 2011
Executive Director , AI Logistics Co., Ltd
Executive Director , AI Ports and Terminals Co., Ltd.



Mr. Damrong Joongwong

Position : Director

Degree :

- Master of Public Administration, NIDA

Training :

- Director Accreditation Program, Thai Institute of Director Association
- Director Certification Program, Thai Institute of Directors Association

Work Experience :

- 2008 – 2013
Advisor, Asian Insulators Public Company Limited
- 1982-2008
PEA Assistant Governor, PEA



Dr. Kaweepong Hirankasi

**Position : Audit Committee Chairman
Director**

Degree :

- Bachelor of Commerce Thammasart University
- MBA, International Program Kasetsart University
- Doctor of Social Science, Marcus University, India

Training :

- Director Accreditation Program, Thai Institute of Director Association
- Director Certification Program, Thai Institute of Directors Association

Work Experience :

- 1984 – 2010
MEA Assistant Governor, MEA

Other current positions :

- From 2008
Director, New City (Bangkok) Public Company Limited



Assistant Professor Sampan Hunpayun

**Position : Audit Committee
Director**

Degree :

- Bachelor of Law, Chulalongkorn University
- MBA, Kasetsart University
- Certification of Law and Development, ISS, Hague, Nederland

Training :

- Director Accreditation Program, Thai Institute of Director Association
- Director Certification Program, Thai Institute of Directors Association

Work Experience :

- 2002 – 2010
Dean of Faculty of Business Administration, Kasetsart University
- 2009 - 2011
Chairman of Executive Master Program, Kasetsart University
- 2009 – 2011
Director, PEA
- 2551 – 2554
Audit Committee Chairman, PEA

Other current positions : -



Mr. Choti Sontiwattananont

**Position : Audit Committee
Director**

Degree :

- Bachelor of Business Administration (Accounting), Ramkhamhaeng University
- Executive MBA, Kasetsart University

Training:

- Director Certification Program, Thai Institute of Directors Association

Work Experience :

- 2012 –2013
Director of Accounting & Finance, Richy Place 2002 Co.,Ltd.
- 2010 – 2012
Factory Manager, Chomphan Group Co., Lt.d
- 1991 – 2010
Accountant, Watcharaphol Co. ,Ltd.

Other current positions : -

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.

01. 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
02. Consider and approve the business policy, goals, operational plans and annual budget
03. 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
04. Consider the appointment of executive director chosen from company's directors, and define the authority and responsibilities of the executive directors.
05. Consider the appointment of independent director and audit committee by considering the qualifications and the prohibited qualifications for independent directors and audit committee
06. Consider, determine, and change the names of directors who have duly authorized bidding company.
07. 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.
08. 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.
09. 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.

- | | |
|--|---|
| <ul style="list-style-type: none"> (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 | <ul style="list-style-type: none"> (E) Increase or decrease of the registered capital (F) Dissolution (G) Issue of the debentures (H) Company's merger with another company. (H) 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. |
|--|---|

The Board of Directors' Meeting No. 1/2013 (after conversion) on 15 May 2013 with a resolution to appoint Mr.Noppol Thareratanavibool to held the position of corporate secretary

AI Energy Public Company Limited



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 December 31, 2013, the Audit Committee comprises three following persons.

No	Name		Position
01	Dr. Kaweepong	Hirankasi	Audit Committee Chairman
02	Assistant Professor	Sampan Hunpayun	Audit Committee
03	Mr.Choti	Sontiwattananont	Audit Committee

In addition, Ms. Pimwan Thareratanavibool is appointed as secretary of the Audit Committee

The Charter of 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 provisions of the Charter of the Audit Committee are as follows

1. 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.

2. 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

3. 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.

4. 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.
 - 2.1 Vacating the office of being a director
 - 2.2 Resignation
 - 2.3 Dead
 - 2.4 The Board of Directors has a resolution to withdrawn them from office before the end of term.
 - 2.5 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.

5. Meeting

Meetings of the Audit Committee are as follows.

- 5.1 The Audit Committee Meeting shall be held to consider the financial statements and others at least 4 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.
- 5.2 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.
- 5.3 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.
- 5.4 The Chairman of the Audit Committees shall report the results of the meeting to the Board of Directors in any next meeting.

Board of Directors and Audit Committee Meeting Attendance

Name of Committees		2010	2011	2012	2013	
		Director	Director	Director	Director	Audit Committee
1. Mr.Narong	Thareratanavibool	4/4	3/3	5/5	8/8	-
2. Mr.Thanit	Thareratanavibool	4/4	3/3	4/5	8/8	-
3. Mr.Anurag	Thareratanavibool	4/4	3/3	5/5	8/8	-
4. Mr.Noppol	Thareratanavibool	-	2/3	5/5	8/8	-
5. Mr.Damrong	Joongwong	-	-	-	5/8	2/5
6. Dr.Kaweephong	Hirankasi	-	-	-	5/8	5/5
7. Assistant Professor	Sampan Hunpayon	-	-	-	3/8	3/5
8. Mr. Choti	Sontiwattananont	-	-	-	3/8	3/5

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

- The General Meeting of Shareholders No. 1/2013 held on April 9, 2013, approve the appointment of three new directors, namely Dr.Kaweephong Hirankasi, assuming a position of the Audit Committee Chairman and Independent Director, Assistant Professor Sampan Hunpayon, and Mr.Damrong Joongwong as the Audit Committees and Independent Directors. On 15 May 2013, Mr.Damrong Joongwong submitted a resignation letter from his position as Audit Committee and Independent Director of the company, but remains as director to further take responsibility of the corporate management under the role of director of the company. At the Extraordinary General Meeting of Shareholders No. 1/ 2013 on 31 May 2013 (the first time after covert to Public Company) has approved the appointment of one new director, namely MrChoti Sontiwattananont, to assume a position of Audit Committee and Independent Director in lieu of Mr.Damrong Joongwong.

Details of Directorship of AI Energy and Executives in Subsidiaries, and Related Companies

Subsidiaries and Related Companies															
Name of Committees		Company	2.1	2.2	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	3.10	3.11
1. Mr.Narong	Thareratanavibool	x	//	//	x		//								
2. Mr.Thanit	Thareratanavibool	//	//	//	//		//		//	//					
3. Mr.Anurag	Thareratanavibool	//		//				//			//	//	//	/	//
4. Mr.Noppol	Thareratanavibool	//	//	//											
5. Mr.Damrong	Joongwong	/													
6. Dr.Kaweephong	Hirankasi	/													
7. Assistant Professor	Sampan Hunpayon	/													
8. Mr. Choti	Sontiwattananont	/													

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

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the company, but remains as director to further take responsibility of the corporate management under the role of director of the company. At the Extraordinary General Meeting of Shareholders No. 1/ 2013 on 31 May 2013 (the first time after covert to Public Company) has approved the appointment of one new director, namely MrChoti Sontiwattananont, to assume a position of Audit Committee and Independent Director in lieu of Mr.Damrong Joongwong.

Executive Directors

Executive Directors Committee as of December 31, 2013 includes four following persons.

No.	Name	Position
01	Mr.Narong Thareratanavibool	Executive Director
02	Mr.Thanit Thareratanavibool	Executive Director
03	Mr.Anurag Thareratanavibool	Executive Director
04	Mr.Noppol 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. Authorized to determine the employees' welfare in accordance with the conditions and economic status.
10. Execute other matters to support the implementation mentioned above or as assigned by the Board of Director at each time.

Management Team

List of Management Team as at 31 December 2013 includes eight following persons.



01 Mr. Anurag Thareratanavibool
Managing Director, and
Factory Manager (Acting)

02 Mr. Noppol Thareratanavibool
Director of Accounting & Finance

03 Miss Piyanart Nampiroj
Accounting & Finance Manager

04 Miss Pimwan Thareratanavibool
HR and Purchasing Manager

05 Mr. Anucha Bunnaro
Sale Manager

06 Mr. Phalat Palnak
Quality Assurance Manager

07 Mr. Titiwach Tanyasakdamrong
Production Manager

08 Mr. Chainarong Saenphuwa
Quality Control Manager

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. Over the past, the company did not pay the directors any remuneration at all. At the Extraordinary General Meeting of Shareholders No. 1/2013 held on May 2, 2013, the company approved and determined the 2013 remuneration for the directors amounted to less than THB 2,200,000.

Compensation		2013
01	Monthly Salary	
	• Chairman	THB 18,000 / person / month
	• Director	THB 15,000 / person / month
02	Meeting Allowance	
	• Chairman	THB 18,000 / person
	• Director	THB 15,000 / person

Remark: Determine the meeting allowances will be paid only attended.

No.	Name	2013	2556
		Meeting Allowance (THB)	Directors' Remuneration (THB)
01	Mr.Narong Thareratanavibool	108,000.00	162,000.00
02	Mr.Thanit Thareratanavibool	90,000.00	135,000.00
03	Mr.Anurag Thareratanavibool	90,000.00	135,000.00
04	Mr.Noppol Thareratanavibool	90,000.00	135,000.00
05	Mr.Damrong Joongwong	120,000.00	135,000.00
06	Dr.Kaweephong Hirankasi	198,000.00	162,000.00
07	Assistant Professor Sampan Hunpayon	120,000.00	135,000.00
08	MrChoti Sontiwattananont	90,000.00	105,000.00
	รวมทั้งสิ้น	906,000.00	1,104,000.00

b. anagement'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.

Executive's remuneration	2011		2012		2013	
	No. of Persons	Amount (THB)	No. of Persons	Amount (THB)	No. of Persons	Amount (THB)
Salary	3	4,527,612	6	4,861,703	8	6,785,884
Bonus	3	337,310	6	366,102	8	851,516
Provident fund	-	-	-	-	5	130,047
Others	3	204,000	6	485,000	8	275,880
Total		5,068,922		5,712,805		8,043,327

Note: ● The Extraordinary General Meeting of Shareholders No. 1/2012 held on October 17, 2012 approved the establishment of the provident fund, which the company completed the establishment on 20 November 2012.

2. Other compensations

N/A

Change in AI Energy shares held by the Management in year 2013

(Unit : Shares)

No	Name	Position	As of Book Closing Date 25 December 2013
01	Mr.Narong Thareratanavibool	Committee Chairman	63,339,464
02	Mr.Thanit Thareratanavibool	Vice Committee Chairman	23,616,927
03	Mr.Anurag Thareratanavibool	Managing Director	5,050,000
04	Mr.Noppol Thareratanavibool	Director of Accounting & Finance	38,000,254
05	Miss Piyanart Nampiroj	Accounting & Finance Manager	-
06	Miss Pimwan Thareratanavibool	HR and Purchasing Manager	-
07	Mr.Anucha Bunnaro	Sale Manager	-
08	Mr.Phalat Palnak	Quality Assurance Manager	-
09	Mr.Titiwach Tanyasakdamrong	Production Manager	-
10	Mr.Chainarong Saenphuwa	Quality Control Manager	-

Note: Includes ordinary shares held by spouse and immature children

Corporate Governance

The Board'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, company's rule, and good corporate governance to achieve efficiency and effectiveness in the administration and bring forth the fairness to all parties involved to the company, which it can be described as follows:

01 | 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, and determine the practices to ensure that shareholders are protected the fundamental right as follows.

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. In conducting the shareholders' meeting, 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. 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 determined in any crucial agenda or as required by laws.
4. Prior to getting started 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, directors, and committees 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.
5. After the completion of the shareholder meeting, the company will inform the shareholders of 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.
6. In the event that a shareholder cannot attend the meeting in person, the company will 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 the letter of power the company delivers with the notice of meeting appointment.

02

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 any action to limit or curtail or violate the rights of shareholders. Exchange of Thailand.
2. Deliver the letter of power 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.

03 | Roles of Stakeholder

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 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.

04 | Disclosure and Transparency

The company has channels to disseminate news and information through its website; 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. After the company was allowed to bring ordinary shares to be the listed securities in the SECT, the company will have channels to communicate with investors and channels of disclosure as follows.

1. Information and news published on the website of the SET and company's website
2. Financial information through website; www.setsmart.com, which the company will submit the financial statements every time with the information submitted to the SET and the SEC
3. Annual registration statement (Form 56-1) and annual report

The Board of Directors consists of eight members, including four the executive directors, one non-executive directors, and three independent non-executive audit committees. More than one-third of the directors results in the balance of power of the executive directors appropriately. Moreover, the company has appointed the Audit Committee which consists of three 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. 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 Board of Directors will be unable to approve any transaction which they or persons have a conflict of interest with his own interest in such respective transaction.

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.

Board 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

Committee Report

The Board 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. 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.

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.

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 not set up any specialized entity, but entrusted Mr.Noppol Tharatanavibool to oversees the communications with investors, analysts and shareholders involved, contact number 034-877-491-2. In addition, the company plans to set up the Investor Relations as a specialized unit to supervise and be responsible for investor relations in the future. The company presented the company's information to the road show investors in 2013 for 15 times and 1,000 investors.

Control of Internal Information

According to the Board of Directors Meeting No. 1 /2013 (the first time after conversion) held on May 15, 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.

Corporate Social Responsibilities

Our company's policy is to conduct business with Corporate Social Responsibility; CSR and by recognizing the importance of supporting social activity and the surrounding community, including the continuing care environment. Consider the impact that might have on stakeholders such as shareholders, employees, the communities, customers, suppliers and government agencies. The attitudes and organizational culture to ensure that employees have a responsibility to society by providing social activities in 2013 follows.



Mangrove at Samut Sakhon province on May 1, 2013.



Growing coral to restore reefs at Amphur Sattahip, Chonburi province on Father Day, December 5, 2013.

Internal Control and Risk Management

Accounting

The Board of Directors Meeting of the AI Energy Public Company Limited No. 1/ 2013 on May 15, 2013, three audit committees attended the meeting. The Board of Directors has assessed the adequacy of the company's internal control system in five areas; including all five of the organization and environment, risk management, performance control of the management, information systems and data communications, and monitoring systems. The Board was of the opinion that company has appropriate and sufficient internal control system regarding transactions with major shareholders, directors, executives or persons related to such persons for the business of the company in business operation. In the past, a consideration of such transactions focused on the best interests of the company primarily. In addition, the company also formulated a policy to increase carefulness in making such transactions by which future transactions are taken into consideration, and consideration will concentrate on only non-stakeholders in such transactions. For the implementation of the internal control system of the company, the company has audit committees to review the internal control system and operational system of company, in coordination with auditors and executives on the review of the financial report to ensure the adequate and reliable disclosure

In addition, the company established the Internal Audit, which operates independently, launching by the Q4, 2012. The company's Internal Audit is responsible for monitoring and tracking the accuracy and integrity in the operation of various departments in complying with the policy, as well as correcting and improving the internal controls to be more appropriate and effective. In addition, to ensure of the good balancing and checking, the company also hired the Aim to Prosperity Company Limited to be an internal auditor for the company. This is to make sure that comments and additional suggestions for the internal control system will achieve greater efficiencies. The internal auditors overviewed all the systems at the beginning of auditing the internal control systems and conducted the annual internal audit plan approved by the Board of Directors Meeting to be used as a guide to track and verify the correct information about the performance of individual departments, and prepared a internal audit report for presentation to the Audit Committee Meeting on quarterly basis. According to the internal audit report by the Aim to Prosperity Co., Ltd. dated November 15, 2013, the following issues were observed.

Observation by Internal Auditor	Suggestions	Executive's Opinion
Accounting		
<p>1. Payment Voucher: PV, and Receive Voucher: RV on file sorted by document date</p> <p>Effects and Risks: Without PV RV by running No., complete auditing is tough and closing items are incomplete.</p>	<p>Sorting by date can do the same. Additional reporting should be done include summary of PV, and running No., to control the completeness of the document.</p>	<p>The company has already corrected it completely from October 2013 onwards.</p>

Observation by Internal Auditor	Suggestions	Executive's Opinion
Accounting		
<p>2. Chief accountant and accounting staffs have never been trained accounting standards of the business with public interest.</p> <p>Effects and Risks: Chief accountant and accounting staffs may lack of knowledge pertaining to accounting and the preparation of financial statements for a company that is converted into a public company and listed on the Stock Exchange</p>	<p>Chief accounting and accounting staffs should be sent to train the accounting standards of business with public interest to prepare a readiness that the company will become a listed company in the Stock Exchange of Thailand: SET.</p>	<p>Agree and in duration of considering a training schedule to send chief accountant and accounting staffs to attend the said training courses available for the next release.</p>
Finance		
<p>1. Finance Department has no, supervisor currently there is only one financial officer who is responsible for conducting payable cheques, collecting cheque, pretty cash, and save box</p> <p>Effects and Risks: No supervisors oversee the accuracy of the financial staffs, which the chance of</p>	<p>Accounting and Finance Manager should regulate the performance of financial officers on daily basis.</p>	<p>Agreed and already implemented, currently the director of accounting and finance is responsible for regulating the finances, and it plans to recruit finance supervisor. The company has currently been recruiting the qualified applicants for such a position completely, which the selected applicants will be able to work with the company in January 2014.</p>
Purchasing		
<p>1. Checking the purchase request (PR) and Purchase Order (PO) in the third quarter during September – October 2013 found that PR No. 1773 dated 13 September 2013 included CPO purchase of 47 million baht, amount of quantity revised from 1 million to 2 million KG without signing for revision.</p> <p>Effects and Risks: Correction is inconsistent with the internal control principle.</p>	<p>Signature should be affixed on messages crossed out, and correction fluid is prohibited to delete the message.</p>	<p>The company signed the original PR with modified amount, but the copy one has not been rectified simultaneously. The Company agrees to formulate and implement a policy as guideline strictly, which the correction of the original and copy PR shall be made every time when this occurs.</p>
<p>2. Checking the purchase request (PR) and Purchase Order (PO) in the third quarter during September – October 2013 found some PR indicated incomplete information.</p> <p>Effects and Risks: The internal control lacks efficiency.</p>	<p>Review of PR should be made with an indication of quantity of products, unit of the product, and complete prior to submission to authority for approval and affixing the signature.</p>	<p>In the SAP system, number of products and quantity of raw materials are determined and locked. The system includes the accurate and complete information, which the company agrees and will implement the PR that it specifies the units of the products and issues are identified clearly every time. This will be formulated as policy from employees to follow it strictly.</p>

Observation by Internal Auditor	Suggestions	Executive's Opinion
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Production

<p>1. Accuracy of production data (Paper) has been reviewed by departmental head, however, no review has been made for data recorded in documents (Paper) on production into the SAP system, which currently production data has been reviewed by Accounting Dept. one more time.</p> <p>Effects and Risks: It may cause error from data entry into system, thereby resulting that related report may not be correct and the internal control becomes ineffective.</p>	<p>Production supervisor should review data following the entry into the system. Reviewing staff should be not those signing the record or reviewing personnel.</p>	<p>A review of production data is initially conducted by departmental head prior to entry into the SAP system, re-examined by Accounting, The concerned parties have closely monitored it. However, to achieve further review, the company will be further improving as suggested immediately.</p>
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Repair and Maintenance Engineering

<p>1. Investigating the job card in Refinery Division, Engineering Department for the 3rd quarter during July September 2013 found that some repair works provided no detailed records of repairs, i.e., whether there are replacements of spare parts, how many, and what repairing status it is.</p> <p>Effects and Risks: Not know details of the machinery repair, and the control of the spare parts is inefficiency.</p>	<p>The officers should be instructed to record the details of the repair clearly on the repair notice in Engineering Department for further use as reference and management of machineries and equipments</p>	<p>A review of production data is initially conducted by departmental head prior to entry into the SAP system, re-examined by Accounting, The concerned parties have closely monitored it. However, to achieve further review, the company will be further improving as suggested immediately.</p>
<p>2. There are numerous job cards at Engineering Department; the numbers do not run in order, some are skipped, resulting that monitoring is somewhat difficult.</p> <p>Effects and Risks: Internal control is ineffective.</p>	<p>Currently there are separate storage of job cards at Engineering Department, sorted by processes; thereby resulted in the skipped document and incomplete checking. The company should increase summary reporting on job cards on monthly basis, run by document number, to ensure of the completeness.</p>	<p>Agree and action will be exerted immediately.</p>

Risk Management

The Executive Directors Meeting of the AI Energy on October 18, 2013 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.

Risk Management Committee

There are four Risk Management Committees as follows.

No	Name	Position
01	Mr.Anurag Thareratanavibool	Chairman of Risk Management Committees
02	Mr.Noppol Thareratanavibool	Risk Management Committee
03	Miss Pimwan Thareratanavibool	Risk Management Committee
04	Mr.Phalat Palnak	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 quarterly-scheduled plans

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.

The Company reorganized the Group in order to prevent conflict of interest which could possibly take place in the future and to prepare for initial public offering. The Company previously finished such reorganization on April 10, 2013. Therefore, in the second quarter of 2013 the Company has 2 subsidiaries, including AI Ports and Terminals Company Limited (AIPT) and AI Logistics Company Limited (AIL). Such action is deemed to be the integration of businesses under common control. The Company thus prepared consolidated financial statements for the year ended on December 31, 2012 and 2011 which were audited by the Company's auditor already to be comparatively represented by deeming that AIPT and AIL were subsidiaries of the Company at all time. Consolidated financial information for 2011 and 2012 accounting period, as well as for 2013 accounting period, was therefore the preparation of information which already included financial status and business performance of AIPT and AIL for such accounting periods regardless the date of shares purchasing of the affiliates. In this regard, in order to clarify for the consideration of the Group's financial status, the presentation of information for 2011 and 2012 accounting period and 2013 accounting period was consolidated financial statements consisting of integration of businesses under common control which could reflect financial status and business performance of the Group as a whole, including AIE, AIPT, and AIL.

Related Transactions

Persons, who may have conflict of interest, having related transactions with the Company for 2012 accounting period and 2013 accounting period are as follows:-

Person with Related Transactions	Type of Business	Relationship Characteristics
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"> Parent company, Authorized Controller, and principal shareholder of the Company whereas AI is holding shares accounting for 98.79 percent of the Company's registered capital. Board members holding AI stocks are Mr. Narong Thareratanavibool, Mr. Noppol Thareratanavibool, Mr. Thanit Thareratanavibool, and Mr. Anurag Thareratanavibool, whose stocks accounts for 21.29%, 15.20%, 9.86%, and 2.02% of AI's registered capital. Board members authorized for co-signing are Mr. Narong Thareratanavibool and Mr. Thanit Thareratanavibool.
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"> AI subsidiaries whose shares are held by AI for 99.84% of AIES's registered capital. Board members authorized for co-signing are Mr. Narong Thareratanavibool and Mr. Thanit Thareratanavibool.

Person with Related Transactions	Type of Business	Relationship Characteristics
PPC Asian Insulators Company Limited (PPCAI)	Manufacturer and distributor of electric insulators of PPC Insulators Holding GmbH (PPC)	<ul style="list-style-type: none"> 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). Any person related to Company's shareholders and board is designated as executive, board, and board authorized for controlling of PPCAI
Samart Palm Company Limited (SP)	Manufacturer of crude palm oil (grade B)	<ul style="list-style-type: none"> 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.
Samart Palm Oil Company Limited (SPO)	Manufacturer of crude palm oil (grade B)	<ul style="list-style-type: none"> 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 2012 accounting period and 2013 accounting period as follows:-

Person with Possible Conflict of Interest	Related Transactions	Item Value (Million Baht)		Item Characteristics/ Needs and Reasonability
		31 Dec 12	31 Dec 13	
Asian Insulators Public Company Limited (AI)	Income gained from finished goods selling: the Company sold bottled Olein Palm Oil to AI	0.08	0.04	<ul style="list-style-type: none"> 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. The Company and AIPT ordered equipment, including electric insulators, for selling to some manufacturer and distributor of electric insulator because such entrepreneur cannot order from AI directly due to internal policies. In 2012, the Company and AIPT ordered goods at the total value of 16.28 Million Baht and 3.07 Million Baht consecutively. For nine-month period ended on 30 September 2013, the Company and AIPT ordered goods at the total value of 740 Million Baht and 26.16 Million Baht consecutively. The purchasing conditions were as agreed upon. In this regard, presently the Company and its affiliate have stopped selling supporting materials for electrical insulators
	Relevant business receivables: the Company had a list of trade receivables from the selling of bottled Olein palm oil to AI at the end of accounting period.	0.03	0.02	
	Good purchasing: The Company ordered goods from AI for sales	19.35	33.56	
	Equipment Purchase: The Company purchased computer equipment from AI for business use.	0.04	--	
	Administrative Expenses: The Company and its affiliates made a payment for accounting software service fees to AI. In addition, its affiliate, namely AIL, rented office space from AI.	2.30	2.86	

Person with Possible Conflict of Interest	Related Transactions	Item Value (Million Baht)		Item Characteristics/ Needs and Reasonability
		31 Dec 12	31 Dec 13	
Asian Insulators Public Company Limited (AI) (Continued)	Income gained from finished goods selling: the Company sold bottled Olein Palm Oil to AI	1.31	0.10	since September 2013 and have no policy to re-order supporting materials for electrical insulators for sales in the future.
	Relevant business receivables: the Company had a list of trade receivables from the selling of bottled Olein palm oil to AI at the end of accounting period.	Beginning Balance 449.00 Inter-period increase 75.00 Inter-period decrease (130.00) Ending Balance 394.00	Beginning Balance 394.00 Inter-period increase 110.00 Inter-period decrease (504.00) Ending Balance 0.00	<ul style="list-style-type: none"> • Company bought servers from AI for its business use under purchasing conditions as agreed upon. • In 2008, AI as a parent company arranged accounting software to jointly use within the AI Group, including AI, the Company, AIPT, AIL and AI Engineering Services Public Company Limited (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. The service fee accounted for 50,000 Baht per month. AI called for a payment of software purchasing from the Company on monthly basis based on actual number of users whereas each company would make final payment by December 2013. In addition, AI called for services fees for maintenance and software supports from the Company in the equal proportion.
	Interests paid to relevant business: the Company and AIPT paid interest of short-term loan to AI	18.15	5.20	<ul style="list-style-type: none"> • 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 term was 1 year in total (ended by 30 June 2014) by determined rental and service 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.

Person with Possible Conflict of Interest	Related Transactions	Item Value (Million Baht)		Item Characteristics/ Needs and Reasonability
		31 Dec 12	31 Dec 13	
Asian Insulators Public Company Limited (AI) (Continued)				<ul style="list-style-type: none"> As of 31 December 2013, AIPT has accrual for supporting equipment of electric insulators to AI. Currently, AIPT is in process of repaying such goods to AI as due. In 2012, the Company had short-term loan from AI equal to 150.00 Million Baht in which the shareholders general meeting 2013, on 9 April 2013, agreed to approve the increase in registered capital for 590.00 million Baht by issuing common stocks sold to existing shareholders by proportion (for more details, please see article 2.8 concerning capital structure) in order to provide a basis for company's registration in stock market. Such capital increase of 150.00 million baht was used to pay for loan to AI completely in the last April 2013. In the second quarter of 2014, AIE informed the cancellation of short-term loan from 2 financial institutes so that during such quarter the Company did not have sufficient financial liquidity. The Company was required to receive financial support from AI for 20.00 Million Baht additionally. In this regard, the Company repaid such loans to AI on the last August 2013. The additional increase in loan for 10.00 Million Baht was AIPT's loan gained from AI. In April 2013, AIPT increased its authorized capital and used such capital to repay its liabilities to AI completely by considering the repayment for debts with reasonable account value of AIPT. Such action complied with business spin-off plan. In the 4th quarter of 2013, AIE gained a loan from AI for 80 Million Baht more to use as current capital for raw material purchasing, and repaid such money in Dec 2013. The Company and AIPT paid interest of such loan to AI at 3.55-4.50% annually. <p><u>Audit committee's opinions</u></p> <ul style="list-style-type: none"> Audit Committee verified and provided comments for each item occurring between the Company, its affiliate, and AI, and agreed on the list appropriation, including listing conditions and price reasonability significantly for the Company and its affiliates' benefits.

Person with Possible Conflict of Interest	Related Transactions	Item Value (Million Baht)		Item Characteristics/ Needs and Reasonability
		31 Dec 12	31 Dec 13	
AI Engineering Services Company Limited (AIES)	Income gained from finished goods selling: the Company sold bottled Olein Palm Oil to AIES	0.007	--	<ul style="list-style-type: none"> AIES 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 AIES under the normal trade conditions. <p>Audit committee's opinions</p> <p>Audit Committee verified and provided comments for each item occurring between the affiliate and AIES, and agreed on the list appropriation, including listing conditions and price reasonability.</p>
	Relevant business receivables: the Company had a list of trade receivables from the selling of bottled Olein palm oil to AIES at the end of accounting period.	0.007	--	
	Short-term loan from relevant business: The Company got loan from AIES as current capital for business performance of the Company		Beginning balance - Inter-period increase 120.00 Inter-period decrease (120.00) Ending Balance 0.00	<ul style="list-style-type: none"> In Quarter 4 of 2013, AIE got a loan from AIES for 120 Million Baht to be used as current capital for raw material purchasing, and made the repayment of such loan in December 2013.
	Interests paid to relevant business: the Company paid interest of short-term loan to AIES		0.34	<ul style="list-style-type: none"> The Company paid for loan interest to AIES at 3.30% annually.
PPC Asian Insulators Company Limited (PPCAI)	Income gained from finished goods selling: the Company sold bottled Olein Palm Oil to PPCAI	0.007	--	<ul style="list-style-type: none"> PPCAI 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 PPCAI under the normal trade conditions. <p>Audit committee's opinions</p> <p>Audit Committee verified and provided comments for each item occurring between the affiliate and PPCAI, 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 12	31 Dec 13	
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	31.94	22.42	<ul style="list-style-type: none"> 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 2012 and accounting period 2013 at the amount of 52.26 and 9.85 percent of the ordering value of crude palm oil typed high acid over 5%, or which accounts for 1.14 and 0.87 percent of total ordering value of crude palm oil. <p>Audit committee's opinions</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>
	Relevant business payables: the company has a list of trade payables from SP for the order of crude palm oil typed high acid over 5%	--	0.36	
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	25.34	19.50	<ul style="list-style-type: none"> 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.

Person with Possible Conflict of Interest	Related Transactions	Item Value (Million Baht)		Item Characteristics/ Needs and Reasonability
		31 Dec 12	31 Dec 13	
Samart Palm Oil Company Limited (SPO) (Continued)	Relevant business payables: the company has a list of trade payables from SPO for the order of crude palm oil typed high acid over 5%	--	0.39	<p>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 2012 and accounting period 2013 at the amount of 4146 and 8.57 percent of the ordering value of crude palm oil typed high acid over 5%, or which accounts for 0.90 and 0.75 percent of total ordering value of crude palm oil.</p> <p><u>Audit committee's opinions</u></p> <ul style="list-style-type: none"> 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.

Note:

The ordering of crude palm oil typed high acid over 5% had a limitation in terms of distributors as the distributors have limited manufacturing capacity but ordering requires pre-ordering process. Also, even though there are stocks, the amount may not be sufficient for using requirement whereas the Company ordered such type of crude palm oil from 2 main distributors, including SP and SPO because both of them had different factory coverage throughout palm farm area in Chumphon province even though both of their factories were located in Muang Chumphon district. SP's factory was located in Wang Mai sub-district and SPO's factory was located in Thungka sub-district in Muang Chumphonn district. Such implementation could help provide the Company with stable ordering resources.

Furthermore, as of 31 December, the Company had 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)	Debt (Million Baht)	Guarantee
AIE	Directors	Siam Commercial Bank Public Company Limited	Short-term Loan	790.00	790.00	<ul style="list-style-type: none"> Made a mortgage for land and construction on the deed number 1553 and 1534 located in Klongmadua, Krathum Baen, Samut sakhon province, at the total land of 31-2-19 Rai which was the Company's title at the total mortgage amount of 410.00 Million Baht. Made a mortgage for machines number 54318-105-0001 to 0090, at the total of 90 machines, and machines number 56318-105-0001 to 0008, at the total of 8 machines, under the Company's title at the total mortgage amount of 162.00 Million Baht. Board members are Mr. Narong Thareratanavibool and Mr. Thanit Thareratanavibool who guaranteed for the full amount, as well as pledge some AI stocks under executives' ownership. In this connection, the amount of credit and conditions that the Company had with the bank shall remain the same. The Company completed such conditions. In this regard, after being registered in the stock market, the Company would have more shareholders' equity. Therefore, the proportion of debt to shareholders' equity of the Company would decrease.
			Long-term Loan	6975	33.05	
AIPT	AIE and directors	Siam Commercial Bank Public Company Limited	Short-term Loan	50.00	790.00	<ul style="list-style-type: none"> Made a mortgage for land and construction on the deed number 13397 and 108147 located in Tah Jeen sub-district, Muang district, Samut Sakhon province, at the total land of 7-0-49.1 Rai which was the AIPT's title at the total mortgage amount of 440.00 Million Baht. Made a mortgage for land and construction on the deed number 18643 and
			Long-term Loan	50.00	33.05	

Money Amount User	Person of Guarantee	Financial Institute	Type of Money Amount	Loan amount (Million)	Debt (Million Baht)	Guarantee
						<p>64303-64304 located in Pak Nam sub-district, Muang district, Chumphon province, at the total land of 9-1-63.2 Rai which was AIPT's title at the total mortgage amount of 410.00 Million Baht.</p> <ul style="list-style-type: none"> • Made a mortgage for machines number 55318-707-0001 to 0012, at the total of 12 machines under AIPT's title at the total mortgage amount of 45.00 Million Baht. • AIE guaranteed for the money amount of 127.00 Million Baht and requested board members, namely Mr. Narong Thareratanavibool and Mr. Thanit Thare-ratanavibool to guarantee for the amount of 127.00 Million Baht, as well as pledge some AI stocks under executives' ownership. In this connection, the amount of credit and conditions that AIPT had with the bank shall remain the same. Currently, AIE and both board members completed such debt guarantee already.
AIPT	AIE and directors	Siam Commercial Bank Public Company Limited	Short-term Loan	5.00	--	<ul style="list-style-type: none"> • Same guarantees as those of AIPT, except for machines. • AIE guaranteed for the money amount of 61.00 Million Baht and requested board members, namely Mr. Narong Thareratanavibool and Mr. Thanit Thare-ratanavibool to guarantee for the amount of 61.00 Million Baht. In this connection, the amount of credit and conditions that AIL had with the bank shall remain the same. Currently, AIE and both board members completed such debt guarantee for AIPT already.

In this regard, as of 31 December 2013 the Company had related transactions with additional relevant person, namely Mr. Narong Thareratanavibool, Chairman authorized person and shareholder of the company, whose shares including those of his spouse accounts for 25.33% of registered capital through AI stock holding, and Mr. Thanit Thareratanavibool, authorized person and shareholder of the company, whose shares accounts for 9.86% of registered capital through AI stock holding. Both personal guaranteed debt for AIE and its affiliates based on conditions set out by financial institute payables in order to relieve from AI's guarantee liability. The total amount of guarantee was equal to 1,363.55 Million Baht for each director; excluding compensation resulted from such guarantee

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 (Million Baht)	2013	2012	2011
Net sales	4222.58	3450.23	223746
Total Revenues	423578	3461.94	2245.08
Costs and expenses	4040.63	354843	231849
Gross Profit	381.36	63.53	(3.89)
Profit before interest and Income Tax Expenses	280.18	(29.88)	(3842)
Net Profit	195.15	(8649)	(7341)
Net Profit (Equity Holders of the parent)			

Statements of Financial Position	2556	2555	2554
Total Assets	2022.9	2355.68	1446.8
Total Liabilities	270.31	1981.8	1243.19
Total Shareholders' Equity	1752.59	373.88	203.61
Total Equity of the parent			

Financial Ratio	2556	2555	2554
Gross Profit Margin (%)	9.03	1.84	-0.17
Net Profit Margin (%)	4.62	(2.51)	(3.28)
Return on Equity (%)	11.14	(23.13)	(36.05)
Return on Assets (%)	9.65	(3.67)	(5.07)
Debt to Equity (times)	0.15	5.30	6.11

Operating Result Per Share	2556	2555	2554
Net Profit Per Share	0.25	(0.11)	(1.98)
Book Value per Share	1.55	1.01	0.55
Dividends per share	-	-	-

Management Discussions and Analysis

Summary Matrix for Financial Status and Business Performance

Summary of Balance Sheet	Consolidated Financial Statement (Audited) from Integration of Businesses Under Common Control				Consolidated Financial Statement	
	Ended 31 Dec 11		Ended 31 Dec 12		Ended 31 Dec 13	
	Million THB	%	Million THB	%	Million THB	%
Assets						
Cash and cash equivalent	63.01	3.02%	18.84	0.81%	73.22	3.61%
Temporary investment	-	0.00%	-	0.00%	0.05	0.00%
Trade receivables and other receivables	174.29	8.35%	289.58	12.51%	273.96	13.54%
Inventory	585.79	28.08%	787.94	34.04%	370.56	18.32%
Fuel equipment inventory	2.65	0.13%	2.30	0.10%	4.82	0.24%
Other current assets	0.79	0.04%	0.31	0.01%	2.92	0.14%
Total current assets	826.53	39.61%	1,098.97	47.48%	725.43	35.86%
Non-current Assets Held for sales	-	0.00%	-	0.00%	-	0.00%
Bank deposit with guarantee liabilities	-	0.00%	-	0.00%	2.00	0.10%
Land Building Vessel and Equipment	1,254.17	60.11%	1,207.68	52.18%	1,264.72	62.52%
Intangible assets	0.06	0.00%	0.05	0.00%	0.11	0.01%
Deferred income taxes	-	0.00%	-	0.00%	4.30	0.21%
Other non-current assets	5.75	0.28%	7.93	0.34%	26.32	1.30%
Total non-current assets	1,259.98	60.39%	1,215.66	52.52%	1,297.45	64.14%
Total assets	2,086.51	100.00%	2,314.63	100.00%	2,022.90	100.00%
Liabilities						
Bank overdraft and short-term loans from financial institutes	920.95	44.14%	1,262.99	54.57%	93.62	4.63%
Trade payables and other payables	57.81	2.77%	146.23	6.32%	63.70	3.15%
Outstanding interests	6.56	0.31%	1.90	0.08%	0.53	0.03%
Short-term loans from relevant businesses	449.00	21.52%	394.00	17.02%	-	0.00%
Long-term loan due within 1 year	131.71	6.31%	65.06	2.81%	32.34	1.60%
Other current liabilities	12.20	0.58%	16.79	0.73%	13.86	0.69%
Total current liabilities	1,578.23	75.64%	1,886.98	81.52%	204.05	10.09%
Long-term loan	153.00	7.33%	87.80	3.79%	56.29	2.78%
Long-term Employee's reserve benefits	5.74	0.28%	7.02	0.30%	9.97	0.49%
Total non-current liabilities	158.74	7.61%	94.82	4.10%	66.26	3.27%
Total liabilities	1,736.97	83.25%	1,981.80	85.62%	270.31	13.36%
Shareholders' Equity						
Authorized capital	370.00	17.73%	370.00	15.99%	1,130.00	53.06%
Issued and paid-up capital	370.00	17.73%	370.00	15.99%	1,130.00	45.08%
Non-controlling interest	145.93	6.99%	181.07	7.82%	-	0.00%
Common stock premium	-	-	-	-	605.11	29.91%
Accumulated gain(loss)	(166.39)	(7.97%)	(218.24)	(9.43%)	22.70	1.22%
Premium from the integration of businesses under common control	-	0.00%	-	0.00%	(5.26)	(0.26%)
Total shareholders' equity	349.54	16.75%	332.83	14.38%	1,752.59	86.64%
Total liabilities and shareholders' equity	2,086.51	100.00%	2,314.63	100.00%	2,022.90	100.00%

Summary of Balance Sheet	Consolidated Financial Statement (Audited) from Integration of Businesses Under Common Control				Consolidated Financial Statement	
	Ended 31 Dec 11		Ended 31 Dec 12		Ended 31 Dec 13	
	Million THB	%	Million THB	%	Million THB	%
Total revenue	2,333.46	100.00%	3,450.23	100.00%	4,222.58	100.00%
Selling revenue	2,214.32	94.89%	3,403.48	98.65%	4,083.10	96.70%
Manufacturing contracting revenue	647.6	2.78%	18.17	0.53%	93.83	2.33%
Navigation revenue	54.35	2.33%	28.58	0.83%	45.64	1.08%
Port services revenue	0.03	0.00%	-	0.00%	-	0.00%
Total selling and servicing cost	2,342.25	100.38%	3,386.70	98.16%	3,841.22	90.97%
Selling cost	2,238.06	95.91%	3,334.87	96.66%	3,754.53	88.92%
Manufacturing contracting cost	38.50	1.65%	15.13	0.44%	46.74	1.11%
Navigation cost	51.24	2.20%	21.34	0.62%	39.95	0.95%
Port services cost	144.5	0.62%	15.36	0.45%	-	0.00%
Gross profit	(8.79)	(0.38%)	63.53	1.84%	381.36	9.03%
Other revenues	8.03	0.34%	11.71	0.34%	13.20	0.32%
Profit before expenses	(0.76)	(0.03%)	75.24	2.18%	394.56	9.45%
Selling expenses	20.41	0.87%	56.73	1.64%	59.92	1.38%
Administrative Expenses	39.17	1.68%	48.39	1.40%	52.56	1.29%
Board compensation	-	0.00%	-	0.00%	1.88	0.04%
Profit before financial cost and taxes	(60.34)	(2.59%)	(29.88)	(0.87%)	280.20	6.76%
Financial cost	59.23	2.54%	66.82	1.94%	48.07	1.23%
Profit before income taxes	(119.57)	(5.11%)	(96.70)	(2.79%)	232.13	5.50%
Income tax	-	0.00%	-	0.00%	36.97	0.88%
Gain (Loss) for the period	(119.57)	(5.11%)	(96.70)	(2.79%)	195.15	4.62%
Share (loss) gain						
Company's share	(73.40)	(3.15%)	(51.85)	(1.50%)	199.90	4.73%
Non-controlling interest's share	(46.17)	(1.98%)	(44.85)	(1.30%)	(5.23)	0.17%
Total comprehensive gain (loss) for the period	(119.57)	(5.12%)	(96.70)	(2.80%)	194.67	4.61%
Profit per share (Baht/share)	(1.98)		(1.40)		0.25	
Par value (Baht/share)	10.00		10.00		1.00	
Number of common stocks (Million stocks)	37.00		37.00		803.23	

Note: /1 Other revenues: mean revenue from goods transportation, revenue from inventory stock after manufacturing, revenue from equipment leftovers selling, and other revenues whereas revenue from goods transportation occurs when the goods transportation to some customers cannot be made in some period of time. In accounting period of 2011, 2012, and accounting period of 2013, the Company gained goods transportation revenue at the total of 6.18 Million Baht, 8.16 Million Baht, and 5.10 Million Baht, consecutively. In this regard, revenue from inventory stock return occurs when there is the return of raw materials from manufacturing contracting or crude palm oil condensing contracting resulted from premium of manufacturing conversion as agreed with customers.

Summary Cash Flow Statement (Unit : Million Baht)	Consolidated Financial Statement (Audited) from Integration of Businesses Under Common Control		Consolidated Financial Statement
	2011	2012	2013
Profit before income taxes	(119.57)	(9670)	232.13
Adjustment of gain(loss) into received (paid) cash from operations			
Depreciation	67.52	69.08	66.02
Amortized computer software	0.03	0.03	0.02
(Gain) Loss from vessel and equipment sales	(0.13)	2.01	-
Loss from termination of equipment use	0.10	0.36	-
Doubtful accounts	0.30	0.69	0.32
Bad debt	-	045	-
Loss from decrease in goods value	1.58	7.01	-
Allowance of Diminution in value of Inventory	-	-	(8.60)
Loss from termination of non-current assets held for sales	0.58	-	0.02
(Gain) Loss from exchange rate	046	(0.28)	(0.05)
Unrealized loss from exchange rate	-	-	-
Expense on employees' long-term benefits	1.31	1.55	2.23
Received interest	(0.30)	(0.35)	(0.52)
Paid interest	5970	6646	46.94
Less withhold taxes	0.0004	0.0002	0.00
Operation profits before changes in operating assets and liabilities	11.58	50.31	338.51
Trade receivables and other receivables	(26.38)	(116.08) 1	5.38
Inventory	(412.37)	(209.16)	425.95
Fuel equipment inventory	043	0.35	(2.52)
Other current assets	(0.35)	048	(0.82)
Other non-current assets	-	(0.0008)	(0.04)
Trade payables and other account payables	25.07	97.62	(8445)
Retention account payables	-	-	-
Other current liabilities	045	4.59	(2.93)
Long-term Employee's reserve benefits	(0.21)	(0.27)	-
Case from income tax refund	3.59	- 1	.27
Paid income tax	(1.96)	(0.81)	(276)
Net operating cash	(400.15)	(172.97)	687.58
Receive interest	0.30	0.35	0.51
Increase in temporary investment	-	-	(0.05)
Case paid to purchase affiliates' stocks from former shareholders	-	-	(435.07)
Bank deposit with guarantee liabilities	-	-	(2.00)
Purchase additional building, vehicle, and equipment	(11772)	(35.55)	(115.30)
Paid interest for equipment installation	(3.25)	(2.91)	(0.25)
Case received from sales of fixed assets	0.24	14.81	-
Cash back from diminution of assets resulted from delay fees	-	-	-
สินทรัพย์ไม่มีตัวตนเพิ่มขึ้น	(0.05)	(0.02)	-

Summary Cash Flow Statement (Unit : Million Baht)	Consolidated Financial Statement (Audited) from Integration of Businesses Under Common Control		Consolidated Financial Statement
	2011	2012	2013
Increase in intangible assets	(0.54)	(1.91)	(20.55)
Paid guarantee for assets	(2.89)	(10.04)	(378)
Paid to asset payables	-	-	-
Net investing cash	(123.91)	(35.27)	(576.49)
Bank overdraft and short-term loans from financial institutes (decrease)	688.53	342.05	(1,169.38)
Increase in short-term loan from relevant businesses	-	25.00	-
Paid for loan from relevant businesses	(25.00)	-	(394.00)
Paid for interest	(53.77)	(71.12)	(48.32)
Paid for debts under financial rental contract	-	-	-
Increase in long-term loan from financial institute	41.88	-	-
Paid for long-term loan from financial institute	(121.75)	(131.85)	(64.23)
Cash received from raising capital	-	-	1,365.11
Capital from Non-controlling interest	-	-	254.00
Net financing cash	529.88	164.08	(56.82)
Decrease in net cash and cash equivalent	5.82	(44.16)	54.28
Beginning cash and cash equivalent	57.19	63.01	18.84
Ending cash and cash equivalent	63.01	18.85	73.12
Additional disclosure supporting non-cash cash flow including			
Asset payables for fixed assets	7.08	0.76	5.69
Deposit transfer for fixed assets	4.52	0.54	1.90
Paid for short-term loan from relevant businesses by raising affiliates' capital	-	80.00	-

Financial Ratio		2011	2012	2013
Liquidity ratio				
Liquidity ratio	Time	0.52	0.58	3.56
Quick liquidity ratio	Time	0.15	0.16	.20
Cash Liquidity Ratio	Time	(0.38)	(0.10)	2.51
Account Receivable Ratio	Time	14.86	15.07	1546
Average Collection Period	Day	24.22	23.88	23.28
Inventory Stock Ratio	Time	44.90	54.03	0.37
Average Selling Period	Day	8.02	6.66	3472
Account Payable Ratio	Time	10379	41.14	58.94
Trade Payable Payback Period	Day	347	875	6.10
Cash cycle	Day	2877	21.80	(0.94)
Gross Profit Rate	%	(0.38%)	1.84%	9.03%
Operating Profit Rate	%	(2.59%)	(0.87%)	6.32%
Other Profit Rate	%	(0.02%)	(0.06%)	0.31%
Cash to Profit Ratio	%	663.16%	578.88%	257.53%
Net Profit Rate	%	5.11%	(279%)	4.60%
Return on Equity	%	37.95%	(28.34%)	11.14%
Return on Asset	%	(8.02%)	(4.39%)	9.65%
Return on Fixed Asset	%	(5.81%)	(2.23%)	1543%
Asset Turnover Ratio	Time	1.57	1.57	2.09
Debt to Equity Ratio	Time	4.97	5.95	0.15
Interest Coverage Ratio	Time	(541)	(1.54)	579
Liabilities Coverage Ratio (cash basis)	Time	(1.51)	(1.03)	0.38
Dividend Payout	%	0.00%	0.00%	0.00%

Explanation and Analysis on Financial Status and Business Performance

Business Performance

Overall previous performance

The company operates manufacturing and distribution of biodiesel produced from crude palm oil, produce and distribute Olein Palm Oil through processes under the brand "Pamola", distribute raw materials, namely crude palm oil and Refined Bleached and Deodorized 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/coffee mate and cosmetics, as well as bringing back to be used as raw material in biodiesel production. The company manufactures and distributes products based on customers' orders. Apart from products manufacturing, the company also provides contractual services for crude palm oil condensing from customers in petroleum business. Customer groups of the company for biodiesel products include oil trader group in article 7 of Fuel Trade Act B.E. 2543, processed Olein palm oil product customers including both direct and indirect food production industry group, and finished customers including hotel, and chained restaurants, as well as customer group which purchases for re-containing for retailing sales. 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 reorganized the Group in order to prepare for spin-off and to prevent conflict of interest which could possibly take place in the future by purchasing 2 businesses from AI in April 2013. Therefore, 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 transportation services by providing transportation for fuel, lubricant oil, crude palm oil, and refined palm oil to customers domestically and internationally. AIPT provides port services and storage tanks, as well as produce and distribute ice for food industry by having 2 deep sea ports and storage tanks located in Tah Chalom in Samut Sakhon province and Muang district in Chumphon province. Such storage tanks could contain oil at the total of 33,186,000 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). In this connection, currently the Company has not started exercising such benefits. Over the past 3 years, the Company and its subsidiaries had no income taxes expenses for the period because of loss in terms of income taxes after adjustments with accumulated loss carried forward from up to 5 tax shield. The item concerning income tax expenses appeared in financial statements for the year ended 31 December 2013 was resulted from deferred income taxes for temporary differences due to the compliance with the Accounting Standard Vol. 12 in 2013.

The Company and its subsidiaries gains revenue from businesses which could be divided into (1) selling revenue including revenue from Palm Oil business, revenue from ice selling, and revenue from selling equipment for electric insulators, (2) Manufacturing Contracting Revenue, (3) Sea Navigation Revenue, and (4) Port Servicing Revenue. Regarding the financial statements for the period ended 31 December 2013, the Company and its subsidiaries have operating revenue equal to 4,23578 Million Baht, consisting of 9640 percent from selling revenue, 2.20 percent from manufacturing contracting revenue, and 0.00 percent from port servicing revenue (AIPT's revenue from port services is servicing item for the Company entirely). Over the past 3 years, the Company's total revenue had been continuously increased from 2,33346 Million Baht in 2011 to 3461.94 Million Baht in 2012. Such increase in revenue was caused by the increase in sales of palm oil business. The increase in 2011 was caused by the increase in sales of Biodiesel, raw materials, and by-products and the increase in 2012 was caused by the increase in Olein Palm Oil for industrial customers group, sales of Olein Palm Oil abroad, and sales of raw materials and by-products. Concomitantly, the increase in 2013 was caused by the increase in sales of Biodiesel, raw materials, and by-products as well.

Generally for palm oil industry, biodiesel industry, and Olein palm oil industry, the price of crude palm oil has been continuously increased during the first quarter of 2011 which caused scarcity of Olein palm oil in such period, as well as the high price of palm oil and its insufficiency. Therefore, the government changed policies in supporting B5 and B3 Biodiesel to remain only B2 biodiesel during January to April 2011. In 2012, the situation of palm oil price was fluctuated due to palm oil price available in the market which had decreased because of historically high palm oil inventory stock and world economic downturn. Such situation caused manufacturing flood in the market so the price of oil palm and crude palm oil has been significantly decreased. The government had to intervene by issuing measures to buy palm oil out of the market. Presently, the purchasing period has been extended for palm oil and palm price decrease solution project in 2012-2013 round 2 at the total amount of 50,000 tons, 25,000 Baht per ton or 25 Baht per Kilogram. Such implementation helps reduce the fluctuation of oil palm and crude palm oil price. For 2013, crude palm oil price started to be close to its stability condition because the government tried to push implementation based on 25% alternative energy development plan for the next 10 years (2012 – 2021) (AEDP) in order to achieve biodiesel manufacturing target at 5.97 million liters per day, along with the aim to promote the extension of planting area to 5.5 Million Rai to have 3.05 Million ton of palm oil manufacturing capability per year at the minimum and to have oiling rate 18 percent at the minimum to support crude palm oil demand based on such AEDP plan.



Performance Analysis

Income

The Company had revenue balance for the accounting period in 2011 equal to 2,333.46 million Baht, for accounting period in 2012 equal to 3,451.94 million Baht, and for accounting period in 2013 equal to 4,235.78 Million Baht, which could be divided into 2,214.32, 3,403.48, and 4,083.10 Million Baht for selling revenue, 64.76, 18.17, and 93.83 for manufacturing contracting revenue. Also, revenues from sea navigation for the accounting period year 2011-2013 were 54.35, 28.58, and 45.64 million Baht consecutively, as well as port servicing revenue for the accounting period year 2011 was equal to 0.03 million Baht and none of such revenue occurred in 2012 and 2013.

The Company acknowledged selling revenue when already transferring risk and compensation which are substantial in terms of product ownership to customers completely. The affiliate, namely AIL, recorded the acknowledgement of sea navigating revenue based on the proportion of time used for travelling by any vessel comparing to time which has to be used for entire sea navigation of such vessel. AIPT recorded the acknowledgement of goods loading, goods depositing revenue, and other services after finishing services rendering. Both Company and its affiliates recorded the acknowledgement of other revenues and expenses on the accrual basis.

Type of Revenue (Unit : Million Baht)	Consolidated Financial Statement (Audit) from Integration of Businesses Under Common Control				Consolidated Financial Statement	
	2011		2012		2013	
	Million THB	%	Million THB	%	Million THB	%
1. Selling revenue	2,214.32	94.89%	3,403.48	98.65%	4,083.10	96.70%
1.1 Palm oil business revenue	2,172.00	93.08%	3,349.76	97.09%	4,012.25	95.02%
1.1.1 Biodiesel	1,576.77	67.57%	1,686.64	48.89%	2,481.28	58.76%
1.1.2 Olein Palm Oil	349.33	14.97%	1,017.01	29.48%	949.85	23.90%
1.1.3 Raw materials & by-products	245.90	10.54%	646.10	18.73%	580.75	12.34%
1) Raw materials	108.62	4.65%	397.23	11.51%	261.96	4.78%
2) Palm Fatty Acid	85.68	3.67%	102.12	2.96%	126.06	2.99%
3) Palm Stearin	0.01	0.00%	84.83	2.46%	51.45	1.22%
4) Crude Glycerin	51.59	2.21%	61.93	1.79%	141.28	3.35%
1.2 Revenues from ice selling	25.72	1.10%	28.71	0.83%	27.90	0.66%
1.3 Revenues from selling of equipment for electric insulators	16.6	0.71%	25.01	0.72%	42.96	1.02%
2. Refining service revenue	64.76	2.78%	18.17	0.53%	93.83	2.22%
3. Sea Logistics revenue	54.35	2.33%	28.58	0.83%	45.64	1.08%
4. Ports and Terminals servicing revenue	0.03	0.00%	-	0.00%	-	0.00%
Total revenues	2,333.46	100.00%	3,450.23	100.00%	4,222.58	100.00%
Other revenues		8.03		11.71		13.20

Selling Revenue

Selling revenue from the business operations of AIE and its subsidiary can be divided into revenues from palm oil business, revenues from ice cube for food industry, and revenues from selling of equipment for electric insulators. (Currently, both AIE and AIPT stop selling equipment for electric insulators completely and have no policy to continue such business again in the future.) The Company had revenue in 2011 and 2012 equal to 2,214.32 and 3,403.48 Million Baht which accounts for 94.89% and 98.61% of total revenue consecutively. The compounded annual growth rate (CAGR) between 2011-2012 accounts for 58.08%. In this connection, for the accounting period of 2013, the Company had revenue equal to 4,083.10 Million Baht which accounts for 96.40 percent of total revenue. The major contribution of revenue was from palm oil business while the revenue from ice cube for food industry business and selling of equipment for electric insulators accounted for less than 3% of total annual revenue. In this connection, the details of selling revenues could be explained by types of sales as follows:-

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 Revenue from Biodiesel

The company manufactures 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 business is to distribute products to all domestic whereas for accounting period in 2011, 2012, and 2013, the Company had sales volume of Biodiesel equal to 1,576.77 million Baht, 1,686.64 million Baht, and 2,481.28 million Baht, accounting for 72.60 percent, 50.35 percent, and 61.69 percent of total revenue from biodiesel sold respectively. Such increase of revenue from sales in 2011 which was increased by 72.45 percent from that of 2010 was resulted from the Company's ability to increase the sales volume of biodiesel through winning the bidding to purchase more biodiesel from traders mentioned in the aforementioned article 7. In addition, in 2011 the average diesel fuel price rose due to the impact of flooding in the south of Thailand causing palm oil shortage and affecting to the increase in the cost of biodiesel production. In 2012, the Company's revenue from the sales of biodiesel increased from 2011 which accounts for 6.97%. Such increasing rate was lower than that in 2011 as a result of the decrease of biodiesel selling price in that period due to the recovery of shortage of palm oil in the first quarter of 2011 as well as the government's policy to support the use of biodiesel by focusing on forcing to use B5 as driven force in the decrease of average selling price of biodiesel in 2012 even though the Company's Biodiesel sales to traders of Article 7 has increased by 17.28 percent compared with the previous year.

For accounting period of 2013, the Company's revenue from the sales of biodiesel was equal to 2,481.28 million Baht or 61.69 percent of the revenue from palm oil business. Comparing with the previous period, it could be found that in 2013 the Company's revenue from the sales of biodiesel is higher than that of 2012 due to the full operation of the second refinery tower of crude palm oil with production capacity of 800 crude palm oil tons per day in February 2013. Presently, AIE has production capacity at the total of 1,150 crude palm oil tons per day. As a result, in 2013 the Company had sales volume of biodiesel more than every other year.

2 Olein Palm Oil

The Company manufactured and distributed olein palm oil under "PAMOLA" brand to customers domestically and internationally. In 2011, 2012, and 2013, the Company gained revenue from the sales of olein palm oil equally to 349.33 Million Baht, 1,017.01 Million Baht, and 949.85 Million Baht, which account for 16.08%, 30.36%, and 23.67% of revenue in palm oil business respectively by dividing into 92.07 percent for domestic sales and 7.93 percent for export in 2011, 61.42 percent for domestic sales and 38.58 percent for export in 2012, and 97.90 percent for domestic sales and 2.10 percent for export in 2013. Such increase in sales volume of olein palm oil in 2012 by 191.13 percent compared with that of 2011 was resulted from the purchase of olein palm oil from Indonesian producers and directly sell to Vietnamese customer (Trade outside the Kingdom of Thailand) which was deemed as non-domestic sales accounting for 36.98 percent of olein palm oil sales value. The Company hired AIL to transport such olein palm oil. In this regard, such action was not deemed as key business policy of the Company but it was based on opportunity and appropriation of such transactions as well. In addition to increase of sales from non-domestic sales mentioned above, in 2012 the Company was also capable to sell olein palm oil to more customers. Therefore, the sales volume of olein palm oil increased from 8.13 Million Kilograms in 2011 to 28.52 Million Kilograms in 2012, which accounts for 250.85 percent in comparison, even though selling price of olein palm oil decreased continuously in consistent with the trend of global olein palm oil market in such period of time.

Olein palm oil customers can be divided into 3 group of customers, including (1) industrial customer, i.e. food processing factory using olein palm oil in frying process and other continuous industries using olein palm oil in production process such as condensed milk, cookies, and animal foods, (2) Packaged olein palm oil customer including hotel, chained restaurants, and general shops, modern trades and (3) repacking customer who ordered olein palm oil from the Company to segregate, re-packed and re-contain for further sales. In this connection, in 2011 2012 and 2013 the Company sole olein palm oil for industrial customer at the proportion of 21.11%, 35.33%, and 55.12% of total sales of olein palm oil respectively, to Packaged olein palm oil customer at the proportion of 75.00%, 22.91%, and 28.73% of total sales of olein palm oil respectively, and to repacking customer at the proportion of 3.89%, 4.78%, and 16.15% of total sales of olein palm oil respectively. Considering trend in selling olein palm oil of the Company previously, it was found that AIE had continuous increase in the proportion of olein palm oil sales to industrial customer due to the Company's policy focusing in the creation of certain sales volume to industrial customer group who orders products in the format of ordering form and contract covering the period of approximately 3-12 months. However, the proportion of olein palm oil sales to packaged customer and repacking customer had decreasing trend, particularly in 2012 in which the proportion of olein palm oil sales to packaged customer and repacking customer was 22.91% and 4.78% of total sales of olein palm oil. In this connection, because in 2012 the Company operated refining in only 1 Refinery with the capacity of up to 350 crude palm oil tons per day. Therefore, the Refined Bleached and Deodorized Palm oil (RBD Palm Oil) was not sufficient. As the ordering balance of biodiesel and RBD Palm Oil from industrial customer had increased, the Company is required to use RBD Palm Oil for Biodiesel production for sales and olein palm oil for sales to industrial customer. In this connection, the increase in sales proportion in 2013 for packaged customer and repacking customer caused by the increase in refining capacity of the Company from 350 crude palm oil tons per day to 1,150 crude palm oil tons per day by having the second Refinery tower. Therefore, AIE can sell more olein palm oil regardless sales volume. The Company also had policy in reducing olein palm oil for repacking customer in order to indirectly prevent any possible competition during such selling period.

3 Raw Materials and By-products

The company's revenue from sales of raw materials and by-products in 2011, 2012, and 2013 was 646.10 million Baht, 245.90 million Baht, and 580.75 million Baht respectively. Raw Materials distributed by the Company included crude palm oil which is an initial raw materials for manufacturing, and RBD palm oil obtained from the refining process, which requires the removal of gum, bleaching, deodorizing, but not separating of fat. Such raw materials will be sold to manufacturer and distributor of biodiesel and olein palm oil, as well as customers in both domestic and international food industry. By-products received from manufacturing and sold by the Company included palm fatty acid, palm stearin and crude glycerin. Such byproducts will be supplied to the customers in continuous industries, such as cosmetic industry and supplement food industry. The increase of revenues from sales of raw materials and by-products in the last 3 years was significantly resulted from the changes in the distribution of raw materials. In 2011 2012 and 2013, the revenues from sales of raw materials was 108.62 million Baht, 397.23 million Baht, and 261.96 million Baht, or equivalent to 44.17 percent, 61.48 percent, and 45.11 percent of total sales of raw materials and by-products. In 2011, AIE sold entire raw materials to domestic buyers. The increase in raw material sales in 2011 was resulted from the sale of RBD palm oil to customer in palm oil industry with the shortage of raw materials. While in 2012 the Company sold raw materials to both domestic and foreign buyers for 36.53 percent and 63.44 percent of the total sales of raw materials in which 78.17 percent of sales in such year was resulted from the enormous amount of crude palm oil due to the order to be used in commissioning the second refinery tower (production capacity of 800 crude palm oil tons per day) prior to the date of machine acceptance in 2011. The company found errors in the installation of machine by the suppliers which make the quality of RBD palm oil obtained from the refining process is lower than the agreed level. AIE, therefore, sold raw materials exceeding production capacity of the first refinery tower (production capacity of 350 crude palm oil tons per day) to both domestic and international buyers because if the crude palm oil has been kept for too long, the qualification will be changed which will result in increasing of production costs. In addition, in 2013 AIE had crude palm oil accounting for 46.71 percent of total sales of raw materials by being a distributor for both domestic and international customers in palm oil industry. The company has no policy to speculate in crude palm oil stock.

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). 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 2011 2012 and 2013, the revenue from the sale of ice cube was equal to 2572 million Baht, 2871 million Baht, and 20.07 million Baht, or equivalent to 1.10 percent, 0.83 percent, and 0.65 percent of the total revenue respectively.

3. Revenue from Selling of equipment for Electric Insulators

Revenue from sales of equipment for electric insulators is the revenue generated from the sale of equipment for electric insulators to one of entrepreneurs in the electric insulator industry who cannot order the products directly from AI due to internal policy of such entrepreneurs. In 2011, all revenue occurred on behalf of AIPT entirely. In 2012 and 2013, the company gained revenue from sales of equipment for electric insulators was 84.40 percent and 21.88 percent of the revenue from the total sales of equipment for electric insulators. The rest was entirely revenue generated on behalf AIPT. Currently, the company and AIPT have stopped the sales of equipment for electric insulators since September 2013 and have no policy to reorder such products from sales in the future.

Revenue from refining service

Revenue from refining service is revenue on behalf of AIE resulted from providing service on refining crude palm oil and crude palm kernel oil to separate fat from palm oil and palm kernel oil. The customer will supply crude palm oil and crude palm kernel oil, as well as taking liabilities in transporting such raw materials to the factory. Currently, the company serves the refining contract with the customer, which a member of a group of operators in the fuel sector under section 7 of the Fuel Trade Act B.E. 2543 one by contracting the Company to refine crude palm oil and crude palm kernel oil over the three consecutive years. In 2011 2012 and 2013, the revenue from the contract distillation was 58.05 million Baht, 64.76 million Baht, 18.17 million Baht, and 93.83 million baht, or at the percentage of total revenues at 2.77 percent, 0.52 percent, and 2.22 percent respectively. In 2011, the revenue from refining service increased as the percentage of 11.56 percent compared to that of 2010; while in 2012 the company's revenue from refining contracting decreased by 71.94 percent compared to that of 2011 as a result of the company's more expansion of its customer database in the areas of biodiesel and olein palm oil has increased. As a result, the production capacity of the company was not sufficient to provide contract refining services because at that time there was only one refinery tower for crude palm oil with the production capacity of 350 crude palm oil tons per day. Therefore, such revenue had decreased significantly. In 2013, the revenue from operating refinery increased from 18.16 million Baht in 2012 to 93.83 million Baht, accounting for 516.69 percent comparing with that of 2012 as a result of the second refinery tower which could generate commercial revenues since the last February 2013. Therefore, the Company has towers that can refine more palm oil at maximum 1,150 tons of crude palm oil per day. Nevertheless, revenue from refining service is not considered as a core business of the company but it is only considered to serve for supporting the Company's fixed costs.

Revenue from Sea freight Business

Revenue from sea freight is revenue arising on behalf of AIL which operating vessel transportation services with 2 high-quality vessels, namely "Thareratana 1" and " Thareratana 3" (in 2012, AIL has sold " Thareratana 2" to the third party who has no involvement with any shareholder, board, and executive of the executives). Both vessels of the Company receive license to transport fuel, lubricant oil, crude palm oil, and refined palm oil, as well as receive the investment promotion in accordance with Investment Promotion Act B.E. 2520 in which the benefits that each boat received will be due by 26 June 2014 and 10 June 2015. AIL provides transportation for fuel, crude palm oil, refined palm oil to the Company, as well as other customers performing business in palm oil industry both domestically and internationally.

In 2011, the Company's revenue from sea freight was equal to 54.35 million Baht, or accounting for 2.32 percent of total revenues. While in 2012, revenue from sea freight was 28.58 million Baht, or accounting for 0.83 percent of total revenues. The growth rate had decreased by 47.41 percent compared to that be 2011 because in such year AIL focused on providing freight service primarily to the Group. Therefore, there was a significant decrease in such revenue shown in the consolidated financial statements. For 2013, the revenue from sea freight was equal to 45.64 million Baht, representing 1.08 percent of total revenues.

Revenue from Ports and Terminals Services

Revenue from ports and terminals services is revenue arising on behalf of AIPT which is considered as AIPT's core-business. AIPT operates 2 port services and storage tanks located in Tha Chalom in Samut Sakhon province and in Muang district of Chumphon province. In this connection, AIPT received investment promotion based on Investment Promotion Act B.E. 2520 in which benefits are for goods loading business of vessels. Such benefits will be due by 30 June 2017 and 5 August 2017 respectively. In this regard, over the past 3 years, 99.99 percent of revenue from port services and storage tanks was revenue arising from services provided to AIE. The Company rendered short-term rental agreement with AIPT which covers ports services and storage tanks of AIPT for both ports at Tha Chalom in Samut Sakhon province and in Muang district of Chumphon province. Therefore, revenue from port services appeared in financial statements of the accounting period of 2011 was only 0.03 million Baht, or accounting for 0.001 percent of total revenue while in 2012 and 2013 there was no revenue for port services because AIPT solely provides services to AIE.

Other revenues

AIE had other revenues in the accounting period of 2011 2012 and 2013 equal to 8.03 Million Baht, 11.71 Million Baht, and 13.20 Million Baht, or accounting for 0.34 percent, 0.34 percent, and 0.31 percent of total revenue. In this connection, other revenues on behalf of AIE included revenues from goods transportation, revenues from the return of leftovers from manufacturing, revenues from selling material pieces, and other revenues. Revenues from goods transportation was resulted from transporting goods to some customers who could not arrange their own vehicles during some period of time. Such revenues from goods transportation in the accounting period of 2011, 2012, and 2013 was 6.18 Million Baht, 8.16 Million Baht, and 5.20 Million Baht respectively. Revenues from the return of leftovers from manufacturing was resulted from the return of raw materials from manufacturing contracting or crude palm oil refining service due to premium of manufacturing conversion as agreed upon with customers. Other revenues on behalf of the subsidiaries consisted of revenue from water services, revenue from power supply services, revenue from scarps, and others.

In terms of revenue that AIE and its subsidiaries received for investment promotion based on Investment Promotion Act B.E. 2520, there are 5 Investment promotion cards totally received by the Company and its subsidiaries over the past 3 years. In 2013, AIE and its subsidiaries gained selling revenue, sea freight revenue, and Ports and Terminals revenue from both domestic and international vessels which received investment promotion as follows:-

Item (Unit : Million Baht)	2011	2012	2013
Domestic income	40.38	35.71	41.15
AIL	24.21	19.70	19.20
AIPT	16.17	16.01	21.95
Foreign income	53.82	53.03	36.20
AIL	53.82	53.03	36.20
Total	94.20	88.74	77.35

Selling Costs and Gross Profit

Items for selling and services costs could be classified into cost of sales, cost of refining service costs. Cost of seafreight service, and cost of ports and terminals services. In the accounting period of 2011, 2012, and 2013, the cost of sales and services was 2,342.25 million Baht, 3,386.70 million Baht, and 3,841.22 million Baht, or equivalent to 100.38 percent, 98.16 percent, and 90.69 percent of total revenues respectively. In 2011, the company's cost of sales and services increased by 82.19 percent as a result of the increase in costs of sales by 80.39 percent compared to that of the previous year due to the fluctuation in the price of crude palm oil which extremely changed in a short period of time. Due to the increase in price of crude palm oil in global market, as well as the downturn of domestic productivity of palm oil and crude palm oil resulted from the flooding in Southern of Thailand, and profit collection of entrepreneurs of oil palm storage, there were problems in terms of domestic supply of crude palm oil so that crude palm oil prices in late 2010 to early 2011 were higher than usual. While the government had taken steps to solve the shortage problem by declaring crude palm oil imports which caused psychological effects that helped increase the amount of crude palm oil in the market. During March 2011, the price dropped drastically from about 58 Baht per kilogram to about 35 Baht per kilogram. Such fluctuation therefore led to the highly increase in business' average crude palm oil cost in 2011. For accounting period of 2012, although the level of palm oil prices started to decline due to higher crude palm oil in the world market and increase in domestic production, as well as the more stable price level as a result of the government policy to purchase palm oil out of the market and to determine price to purchase palm fruits and crude palm oil which overall helped the Company to be able to better manage cost of raw materials, the company needed to sell crude palm oil ordered since late 2011 to support the second refinery tower for both domestic and foreign buyers at the lower price than average cost of palm oil due to the inconsistency of operational plan of the second refinery tower (as planned to use such second refinery tower in early 2012). With respect to accounting period of 2013, the company could make money from refinery of crude palm oil surplus (tower 2), which caused the economy of scale resulting in the decrease of the ratio of cost of goods sold to total revenue from 96.66 percent in accounting period of 2012 to 90.69 percent in accounting period of 2013.

For gross profit in accounting period of 2011, the Company has gross loss equal to 879 Million Baht, accounting for negative 0.39 percent of rate of gross profit; while in 2012 and 2013 the Company had gross profit equal to 63.53 Million Baht and 381.36 Million Baht, or accounting for 1.84 percent and 9.03 percent of rate of gross profit respectively.

Expenses

The Company had incurred expenses in accounting period of 2011, 2012, and 2013 equal to 59.58 million Baht, 105.12 million Baht, and 114.36 million Baht, representing of 2.55 percent, 3.04 percent, and 2.70 percent of total revenue respectively. This could be understood that the company could maintain its relatively stable proportion of cost to total revenues over the past 3 years. However, regarding the value of the expenses transaction over the past 3 years, it could be found that in accounting period of 2012 the Company had increase in expenses by 76.44 percent compared to that of accounting period of 2011 as a result of the increase in selling expenses by 177.95 percent compared to that of accounting period 2011 because of the loss from crude palm oil sales used for quality test of the second refinery tower. Transportation and goods insurance expenses increased due to the expansion of total revenue balance; while administrative expenses for accounting period of 2012 had increased from accounting period of 2011 by 23.54 percent as a result of loss from decrease in goods value and loss from the sales of vessel and its equipment. In this connection, in 2013 the Company had expenses equal to 114.36 million Baht which accounts for 2.10 percent of total revenue. That could be divided into 59.92 million Baht for selling expenses, 52.56 for administrative expenses, and 1.88 million Baht for board compensation.

Net Profit and Net Profit Rate

The Company's net income for accounting period of 2011 and accounting period of 2012 was net loss of 119.57 million Baht and 96.70 million Baht, representing a net margin negative equal to 5.11 percent and 2.79 percent respectively. The loss in the accounting period of 2011 and accounting period of 2012 was caused by reasons as discussed in costs and expenses transaction. For financial statements of accounting period of 2013 which was audited by an auditor, the Company and its subsidiaries had net income for such period equal to 195.15 million Baht, representing a net profit margin of 4.62 percent. Over the past three years, the Company and its subsidiaries had no liabilities on income tax of such period because they were still receiving tax benefit from the net loss over five accounting periods (Tax Shield). The transaction concerning income tax expenses shown in the financial statements for accounting period of 2013 of 36.97 million Baht was caused by deferred tax accounts from temporary difference due to the adoption of Thailand Accounting Standard Vol. 12 concerning income taxes which was adopted in 2013.

Return on Equity (ROE)

AIE had ROE for accounting period of 2011 and 2012 equal to negative 37.95 percent and 28.34 percent respectively. The reason why ROE had continuously decreased was the Company's operating loss as a result of the increase in cost of goods sold in accounting period of 2011 and increase in expenses transaction for selling and administration in accounting period of 2012. The Company had accumulative loss for accounting period of 2011 equal to 166.39 million Baht and for accounting period of 2012 equal to 218.24 million Baht. In this connection, in accounting period 2011 and accounting period 2012 the Company had non-controlling interest caused by integration of businesses under common control equal to 145.93 million Baht and 181.07 million Baht. For financial statement of accounting period of 2013, the Company and its subsidiaries used accounting policy regarding deferred income taxes to be consistent with Thailand Accounting Standard Vol. 12 concerning income taxes. Therefore, the Company and its subsidiaries had to belatedly modify financial statements as if the Company and its subsidiaries recorded income taxes assets at all time. This resulted in as of 1 January 2013 the Company had increase in deferred income tax by 41.04 million Baht and decrease in accumulative loss by 41.01 million Baht. The remaining balance was only 177.19 million Baht. But in accounting period of 2013 the Company had net profit for such period at 195.15 million Baht in which 199.90 Million Baht was under the Company. Therefore, the accumulative profit was 2271 million Baht and premium for business reorganization under common control was negative 5.23 million Baht. (For more information: explanations on shareholders' equity transaction) This showed trend of good business performance from better ability in managing costs and expenses as mentioned. Over the past 3 years, the Company and its subsidiaries had no dividend payment to shareholders at all.

Company's Financial Status

Assets

Total assets of the Company as of 31 December 2011 was equal to 2,086.51 million Baht, as of 31 December 2012 was equal to 2,314.63 million Baht, and as of 31 December 2013 was equal to 2,022.90 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 2011, the Company had cash and cash equivalent decreased to 63.01 million Baht and continuously decreased to 18.84 Baht as of 31 December 2012. Such decrease of cash and cash equivalent as of the end of 2011 continuously to the end of 2012 was mainly caused by the business had loss due to the fluctuation of production costs of palm oil business, as well as in accounting period of 2011 and 2012, the Company and its subsidiaries invested in assets for business performance although received credit amount from financial institute payables. In this connection, for cash and cash equivalent transactions as appeared in intercession financial statements as of 31 December 2013, the Company had cash and cash equivalent transaction equal to 73.12 million Baht, or accounting for 3.61 percent of total assets.

- Trade Receivables and Other Account Receivables

As of 31 December 2011 it was equal to 174.29 million Baht, as of 31 December 2012 it was equal to 289.58 million Baht, and as of 31 December 2013 it was 273.96 million Baht. For 2011 to 2012 and as of 31 December 2013, it was consisted of the account receivable transaction- net at 167.33 million Baht, 265.96 million Baht, and 283.64 million Baht. Other receivables including expenses paid in advance, accrued interest, advance, deposit, and other receivables, which was equal to 6.96 million Baht, 5.94 million Baht, and 8.00 million Baht. Changes to accounts receivables was consistent with the change of revenue increased steadily from year 2011 to 2013 whereas the Company had policy to determine allowance for doubtful accounts on the basis of trade receivables overdue for more than one year, and the Company's management had assessed that it is unable to collect money from such receivables.

Trade receivables were mostly receivables not yet due as of 31 December 2013. The Company had trade receivables not yet paid at the total of 222.91 million Baht, representing a ratio of 82.64 percent of total account receivables which mostly are traders under Section 7 who buy biodiesel from AIE. Such group of customers paid to the Company by 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 the purchase of olein palm oil. The Company found that as of 31 December 2013 the Company had overdue trade receivables at the total of 4171 million Baht, or equivalent to 1546 of total account receivables. There are over the age of accounts receivable and payable not later than 3 months was 37.94 million baht or 14.07 percent of the total accounts receivable. As for receivables that were overdue more than three months, there were at the total of 377 million Baht, accounting for 140 percent of total account receivables. It could be summed up the accounts receivables based on its maturity as of 31 December 2012 and as of 31 December 2013 as follows:-

Trade Receivables (Unit : Million Baht)	Consolidated Financial Statements As of 31 December 2012	Consolidated Financial Statements As of 31 December 2013
Note receivable	0.68	-
Trade receivable		
Undue	211.71	222.91
Overdue for 3 months	71.25	37.94
Overdue for 12 months	3.75	3.76
Total	287.39	288.04
Less Doubtful Account	(3.75)	(3.76)
Trade receivable-Net	283.64	265.96

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. In the past, The Company's average collection period was relatively constant at 24.22 days in 2011 to 23.88 days in 2012 with the company policy on collection of accounts receivable that are more stringent in debt. Therefore, the company could manage the debt relatively constantly and there were lesser receivables with overdue. As of 31 December 2013, the average collection period was 25 days.

Inventory Stock

The inventory consisted of raw materials and chemicals, works in process, finished goods, and supplies. As of 31 December 2011 it was 585.79 million Baht and as of 31 December 2012 it was 787.94 million Baht. The changes in inventory were mostly caused by changes in the list of ingredients and chemicals into the mainstream. The increase in 2011 was caused by the increase in price of crude palm oil which was rising steadily since late 2010 due to the shortage of palm oil as described above. Moreover, in late 2011, the company purchased crude palm oil more to support the production and expansion of palm oil refinery tower 2 with a production capacity of up to 800 tons of crude palm oil per day. The company planned to launch the second tower in early 2012; but due to the refining process of quality testing prior to award and in 2012 it was found that there were defects in the installation of machine by machine suppliers, the Company had to sell crude palm oil order to support the production of the second refinery tower to both domestic and international buyers because they were afraid that the quality of crude palm oil would be changed. For the increase in inventory in 2012, it was caused by the increase in crude palm oil, the Company had more orders to test the quality of the refinery tower 2 after the modification was completed, as well as the increase of goods in process and finished goods items. Increasing orders of biodiesel of one of the Traders in Section 7 whose orders came in late 2012 made the Company to have inventory increase in 2012 by 34.51 percent compared to 2011. As of 31 December 2013, the Company had net inventory at 370.59 million Baht or 18.32 percent of total assets. Decrease of inventory as of 31 December 2013 was caused by the start of operations of the refinery tower 2 in Q1 2013. Currently, the Company implements an inventory of raw materials to not exceed 45 days depending on the amount of working capital that they have at various period of time.

Land, building, vessels, and equipment - net

As of 31 December 2011 this transaction increased to 1,254.17 million Baht or equivalent to 60.11 percent of total assets, and fell to 1,207.68 million Baht as of 31 December 2012, or equivalent to 52.18 percent of total assets. As of 31 December 2013, the Company's land, building, vessels and equipment - net was equal to 1,264.72 million Baht or 62.52 percent 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 which the Company and its subsidiaries used as collateral for secured credit facility with financial institute. (Please refer to Section 2.5, assets used in business.) In 2011 2012 and 2013, the Company and its subsidiaries had details concerning the cost of the investment to expand and/or improve the production efficiency and service of the company and its subsidiaries as follows:-

Details of Investment (Unit : Million Baht)	2011	2012	2013
Improvement of Existing Production procedure	9.87	19.28	40.82
Investment of Distillation Tower 2	117.39	10.57	25.10
Investment in Oil Cargo of AIE	-	-	29.34
Improvement of Building and Plant	-	-	8.98
Improvement of Vessels	3.87	5.54	0.64
Ports and Fuel Tanks	143	4.37	148
Total	132.56	39.76	106.36

Deferred Income Taxes Asset

In 2013 the Company changed its accounting policy concerning income taxes by applying the accounting policies for deferred income taxes in consistent with Thailand Accounting Standard concerning income taxes . 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 such changes in accounting policies which resulted in the consolidated financial statements of the Company as of 1 January 2013 to have more transactions, namely deferred tax assets, equal to 41.04 million Baht, and accumulated loss of 41.04 million baht as of 1 December 2013, the Company had deferred income assets by calculating from income tax for accounting period of 2013 at 20 percent, which was equal to 4.30 million Baht. The Company and its subsidiaries recognized tax deductible temporary differences to the deferred tax assets if the possibility was quite certain that the Company would have taxable profit from future operations enough to bring the assets to be utilized.

Deferred Income Taxes Asset (Unit : Million Baht)	2013
Temporary Accumulated Difference Recorded in Income Statement	
Doubtful account	4.07
Employees' long-term reserve benefits	671
Accumulated loss carried forward up to 5 accounting periods	9.58
Temporary Accumulated Difference Recorded in Accumulated Profits	
Employees' long-term reserve benefits	1.16
Deferred Income Tax calculated from 20 percent Income Tax Rate	4.30

Liquidity

Current assets increased to 826.53 million Baht and 1,098.97 million Baht as of 31 December 2011 and as of 31 December 2012. As of 31 December 2013, the Company had current assets decreased to 72546 million Baht resulted primarily from an increase of current assets in the period during 2011 to 2012 due to the increase in trade receivables and inventory. The decline of current assets as of 31 December 2013 was resulted from the reduction of inventory of refinery tower 2 of crude palm oil for commercial operations during the 1st quarter of 2013. The Company's liabilities were equal to 1,578.23 million Baht and 1,886.98 million Baht as of 31 December 2011 and 31 December 2012. As of 31 December 2013, the Company had current liabilities of 204.05 million Baht. Most of increase of current liabilities over time during 2011 to 2012 came from the increase in bank overdrafts and short-term loans from financial institutions which corresponded

to an increase in revenue as of 31 December 2013, decrease in current liabilities, repayment of loans, overdrafts, and short term loans from financial institutions.

Regarding changes in current assets and current liabilities as such, the company's liquidity ratio was at 0.52 times in 2011 and 0.58 times in 2012. By accounting period of 2013, such ratio increased to 3.56 times with the quick ratio of 0.15 times in 2011, to 0.16 times in 2012, and to 2.20 times in 2013 as a result of the increase in current assets which were increased in proportion than increased 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 2877 days in 2011, to 21.80 days in 2012, and equal to -0.94 days in auditing period of 2013 which has caused the decline resulting from the 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 and inventory turnover, they were 24.22 days and 8.02 days in 2011, to 23.88 days and 6.66 days in 2012, and 23.28 days and 34.72 days in 2013 respectively.

Financing Resources

Liabilities

As of 31 December 2013, it was equal to 1,736.97 million Baht. As of 31 December 2012, it was 1,981.80 million Baht. As of 31 December 2011, it was 270.31 million Baht. The significant changes of liabilities are as follows:-

- Bank overdrafts and short-term loans from financial institutes

As of 31 December 2011, it was increased by 920.95 million Baht, and to 1262.99 million Baht as of 31 December 2012. Such increase in overdrafts and short-term loans from financial institutions previously was consistent with the increase in revenue with the aforementioned changes. As of 31 December 2013, the Company had overdrafts and short-term loans from financial institutions dropped to 93.62 million Baht as a result of the repayment of debts to financial institute payables to cancel the credit facility with 4 financial institutes which had a parent company guarantee. It is a structured approach to the preparation of spin-off.

- 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 2011, 31 December 2012, and 31 December 2013, the Company had accounts payables and other payables equal to 57.81 million Baht, 146.23 million Baht, and 6370 million Baht, or 277 percent, 6.32 percent, and 23.56 percent respectively, in which accounts Payable was 3577 million Baht, 128.86 million Baht, and 46.86 million Baht accounting for 171 percent, 5.56 percent, and 17.34 percent of total liabilities respectively. Most payables were mainly raw material payables which the company mostly purchased domestically. Change of trade payable transaction was consistent with change of the company's revenue as noted above. Considering average payment period over the past 3 years, it was found that the Company has increase in debt payment period from 347 days in 2011 to 875 days in 2012 and 22.50 days in accounting period 2013 as a result of the ability to negotiate with creditors to obtain better credit terms.

Trade Payables and Other Account Payables (Unit : Million Baht)	Consolidated Financing (Audit) from Integration of Businesses under Common Control		Consolidated Financial Statements As of 31 Daec 13
	As of 31 Dec 11	As of 31 Dec 12	
Trade payables	3577	128.86	46.86
Asset payables	13.65	4.36	6.03
Other payables	8.39	13.01	10.81
Total trade payables and other payables	57.81	146.23	63.710

Short-term Loans from Relevant Businesses

Company had short-term loans from relevant businesses by applying for short-term financial support from its parent company or AI to use as working capital to run the business. As of 31 December 2011, the Company had short-term loans from relevant companies at 449.00 million Baht, and then 394.00 million Baht in 2012. The short-term loans from relevant businesses as such was borrowing money to use in normal business operations of the Company and its subsidiaries. After re-structuring of the Group to eliminate conflicts of interest and preparation in the company's Spin-off which was completed in 2013. The Company and its subsidiaries had paid back the loan to AI already.

Long-term Loan for Financial Institutes

As of 31 December 2011, the Company had long-term loans from financial institutions (including current portion due within one year) at 284.71 million Baht, as of 31 December 2012 was 152.86 million Baht, and as of 31 December 2013 was 88.63 million Baht, or equivalent to 13.64 percent, 6.60 percent, and 4.38 percent accordingly. The decline of long-term loans from financial institutions was the decrease based on payback conditions which the business had with financial institutes. The Company and its subsidiaries supported the long-term credit for investment in property used by business, such as property, plant and equipment for loans. The Company and its subsidiaries brought assets used in the business of mortgage loans as collateral to financial institutions.

Financing Resources

As of 31 December 2011, the Company had shareholders' equity at 349.54 million Baht and 332.83 million Baht. As of 31 December 2012, there were non-controlling interest equal to 145.93 million Baht and 181.07 million Baht respectively. Such transactions were resulted from the preparation of consolidated financial statements in a business combination under common control which the Company prepared for comparison as if AIL and AIPT were subsidiaries of the Company continually due to the restructuring of the Group by acquiring shares of AIPT and AIL from AI. The performance of such operations is considered as a business combination under common control. As of 31 December 2011 and 31 December 2012, the Company had accumulated losses of 166.39 million Baht and 218.24 million Baht, which resulted from the net loss incurred in such accounting period as mentioned above.

As of 31 December 2013, the Company had equity share at 1,752.59 million Baht which increased from the end of 2012 by 1,378.71 million Baht from the increase in registered capital to 590.00 million Baht by issuing new shares to sell to existing shareholders. The objective was to settle the loan from a related company of 150.00 million baht and to be used to purchase common shares of AIL and AIPT from AI to structure the Group in order to prevent conflicts of interest and preparation for spin-off. as well as the fact that the Extraordinary General Meeting of Shareholders No. 1/ 2013 on 2 May 2013 (prerestructuring) approved additional capital from 960.00 million Baht to 1,130.00 million Baht by issuing new shares to sell to the public for the first 170 million shares at par value of 1 Baht per share whereas it was the offering of new ordinary shares along with the existing ordinary shares held by the parent company to be sold for 275 million shares in which 170 million shares had been issued and called for payment as at 25 December 2013. In addition, the Company adopted accounting policies for income taxes for practice. Consequently, the Company's accumulated deficit reduced from such accounting policies by 41.04 million Baht, together with the fact that the Company's net income for the period at 195.15 million baht created increase in the Company's shareholders to 1,752.59 million Baht in such period. As of 31 December 2013, the Company had retained earnings of 2271 million Baht with premium on common shares of 605.11 million Baht and has a surplus of structuring business under common control negative at 5.23 million Baht which was resulted from the group structure by investing in common stocks of AIPT and AIL based on Spin-off whereas such value was the result of the payment of the shares to the AI in an amount greater than the net asset value as at the investment date, namely 10 April 2556. It could be stated that the company made a payment from investment in shares of AIPT and AIL to the AI at the total value worth 435.07 million Baht; while net asset value as at the date of investment (10 April 2013) was equal to 429.85 million Baht.

The ratio of total liabilities to shareholders equity of the company based on virtual financial information as of 31 December 2011 was 4.97 times and 5.95 times as of 31 December 2012 whereas such changes were caused by increase in loans from financial institutions which increased more than the increase in the list of shareholders. As of 31 December 2013, the Company's debt to equity ratio decreased to 0.15 because the Company has increased its registered capital by issuing new shares as described above., as well as the reimbursement of loans from related parties, including the repayment of short-term loans to financial institutions, as well as at that time the company had net profit for the period. Therefore, the Company's shareholders' equity had increased then resulting in the decrease of debt to equity ratio as described.

Cash Flows

In accounting period 2011 and 2012, the Company had negative cash flow from operating activities at 400.15 million Baht and 172.97 million Baht respectively which was due in the accounting period 2011 whereas the Company had net operating loss from fluctuations in raw material prices as well as the increase of inventory, particularly crude palm oil for use in the refinery tower 2. In the accounting period 2012, cash flow from operations was negative in the performance loss as a result of the increase in transaction selling costs and administrative costs, as well as the volatility of raw material prices which included an increase in trade accounts receivable due to increase in sales with the increased transaction as terms for negotiating for better credit terms. For accounting period of 2013, net cash flow from operating activities increased to 687.58 million Baht as a result of the decrease in company's net income and inventory for the period by the reduction of entry materials, particularly crude palm oil which is used in the refinery tower 2 and just started to create commercial revenues in February 2013. The company had cash flow from investing activities negatively in the accounting period 2011 at 123.91 million Baht, in the accounting period 2012 at 35.27 million Baht, and in accounting period 2013 at 57649 million Baht without causing the negative cash flow from investing activities. The cash paid for the acquisition of AIPT and AIL was from AI Spin-Off plan, as well as investment in property used in the business operations of the Company and its subsidiaries for use in business operations due to cash flow from financing activities. Capital of the Company in accounting period 2011 and accounting period 2012 was equal to 529.88 million Baht and 164.08 million Baht respectively. In the accounting period 2013, net cash flow from financing activities felt by 56.82 million Baht due to the deficit in Company cash flows from financing activities in the accounting period 2556 as a result of the repayment of short-term loans from financial institutions and the repayment of loans from related parties at the total of 1,627.61 million Baht despite proceeds from shares at 1,365.11 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 or the company’s website”



Audit Committee's Report

At AI Energy Public Company, the audit committees include three independent committees as follows.

No	Name	Position
01	Dr. Kaweepong Hirankasi	Audit Committee Chairman
02	Assistant Professor Sampan Hunpayun	Audit Committee
03	Mr. Choti Sontiwattananon	Audit Committee

Miss Pimwan Thareratanavibool Secretary of Audit Committees

Audit Committee has the duties and responsibilities under the Audit Committee Regulations, and in accordance with Requirements of the Stock Exchange of Thailand, including reporting to the Board of Directors on the company's financial reporting re-examination to reassure the compliance with the accounting standards properly and adequately so that the company's internal control will be appropriate and effective, and ensure that the company complies with the requirements and related laws, as well as nomination of auditors and audit fees.

In 2013, the Audit Committee held 5 meetings in which it invited the auditors and the internal auditors of the company to join the meeting as to the due agenda, presented to the Board of Directors at every time. Core activities the Audit Committee pursued included the following.

01. The Audit Committee met with the Accounting and Finance of the company to discuss and exchange ideas about the preparation of financial statements in accordance with accounting standards, and adequate disclosure.
02. Review and monitor the auditor's report, financial statements for 1st quarter, 2nd quarter, 3rd quarter, and annual financial statements to ensure of the accuracy, completeness and compliance with generally accepted accounting principles and adequate disclosure prior to present the Board of Directors for approval.
03. Audit Committee reviewed the internal control system with those involved, hearing a report for adequateness and appropriateness of the internal control system
04. Audit Committee considered appointing Dr.Virach Aphimeteetamrong, certified auditor No. 1378 or Mr. Chaiyakorn Aunpitipongsa, certified auditor No. 3196, or Mr.Apiruk Atianuwat Certified Public Accountant No. 5202. On the behalf of Dr.Virach & Associates Certified Public Accountant as auditor to examine and comment on the FY 2013 financial statements of the company.



(Dr. Kaweepong Hirankasi)
Audit Committee Chairman

AUDITOR'S REPORT

To the Shareholders of AI Energy Public Company Limited

I have audited the accompanying consolidated financial statements of AI Energy Public Company Limited and subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2013, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of AI Energy Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, 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.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AI Energy Public Company Limited and subsidiaries and of AI Energy Public Company Limited as at December 31, 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of Matters

According to Note 3 to the financial statements, in 2013 the Company has changed its accounting policy on income taxes. Thus, the statements of financial position as at December 31, 2012 and January 1, 2012, and financial statements for the year ended December 31, 2012, shown herein as comparison have been restated from the effect of change in accounting policy. I have audited the adjusted transactions for the statements of financial position as at December 31, 2012, and January 1, 2012, and have audited the adjusted transactions for the financial statements for the year ended December 31, 2012. In my opinion, the adjusted transactions are appropriate and fairly adjusted. My opinion is not qualified in respect of these matters.



(Dr. Virach Aphimeteetamrong)

Certified Public Accountant Registration No. 1378

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2013

ASSETS					
					BAHT
	Notes	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		2013	2012 (RESTATED)	2013	2012 (RESTATED)
Current Assets					
Cash and cash equivalents	4.2 and 5	73,120,383	18,841,453	66,680,183	15,282,821
Short-term investments	-	50,000	-	50,000	-
Trade and other receivables	4.3 and 6	273,961,013	289,584,165	270,553,270	284,974,032
Inventories	4.4 and 7	370,585,067	787,944,881	370,454,923	787,818,545
Oil supplies	4.5 and 8	4,821,153	2,300,019	-	-
Other current assets		2,919,657	306,651	2,688,409	240,339
Total Current Assets		725,457,273	1,098,977,169	710,426,785	1,088,315,737
Non-current Assets					
Investments in subsidiaries	4.6 and 9	-	-	435,073,140	-
Fixed deposits with obligation	10	2,000,000	-	2,000,000	-
Property, plant, vessel and equipment	4.7, 4.8 and 111	1,264,715,897	1,207,680,676	714,782,473	629,876,003
Intangible assets	4.9 and 12	105,178	54,649	104,293	51,244
Deferred tax assets	4.10 and 22	4,304,495	41,041,706	4,304,495	41,041,706
Other non-current assets					
Withholding tax		5,611,538	5,907,503	5,611,384	5,907,503
Deposit		20,575,920	1,904,500	29,575,920	1,904,500
Others		128,106	117,406	83,906	73,206
Total other non-current assets		26,315,564	7,929,409	35,271,210	7,885,209
Total Non-current Assets		1,297,441,134	1,256,706,440	1,191,535,611	678,854,162
TOTAL ASSETS		2,022,898,407	2,355,683,609	1,901,962,396	1,767,169,899

Notes to the financial statements form an integral part of these statements.

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2013

LIABILITIES AND SHAREHOLDERS' EQUITY						BAHT
	Notes	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS		
		2013	2012 (RESTATED)	2013	2012 (RESTATED)	
Current Liabilities						
Bank overdrafts and short-term loans						
from financial institutions	13	93,617,810	1,262,997,556	40,000,000	1,212,912,695	
Trade and other payables	14	63,703,271	146,230,723	56,244,289	138,765,469	
Accrued interest		526,568	1,902,109	199,303	1,589,579	
Current portion of long-term loans	16	32,343,000	65,062,000	10,803,000	19,022,000	
Short-term loans from related party	15	-	394,000,000	-	150,000,000	
Other current liabilities						
Revenue Department payable		12,297,882	16,434,657	12,037,379	16,392,703	
Others		1,564,412	354,839	1,521,855	179,889	
Total other current liabilities		13,862,294	16,789,496	13,559,234	16,572,592	
Total Current Liabilities		204,052,943	1,886,981,884	120,805,826	1,538,862,335	
Non-current Liabilities						
Long-term loans	16	56,286,589	87,798,619	20,587,700	30,559,700	
Provision for long-term employee benefits	4.11 and 17	9,966,005	7,021,464	7,870,307	4,939,369	
Total Non-current Liabilities		66,252,594	94,820,083	28,458,007	35,499,069	
TOTAL LIABILITIES		270,305,537	1,981,801,967	149,263,833	1,574,361,404	

Notes to the financial statements form an integral part of these statements.

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2013

LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED) BAHT					
	Notes	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		2013	2012 (RESTATED)	2013	2012 (RESTATED)
Shareholders' Equity					
Share capital	18				
Authorized share capital					
1,130,000,000 common stocks of Baht 1 par value		1,130,000,000		1,130,000,000	
37,000,000 common stocks of Baht 10 par value			370,000,000		370,000,000
Issued and paid-up share capital					
1,130,000,000 common stocks at Baht 1 each		1,130,000,000	-	1,130,000,000	-
37,000,000 common stocks at Baht 10 each		-	370,000,000	-	370,000,000
Premium on common stocks		605,113,717	-	605,113,717	-
Retained earnings (Deficits)					
Appropriated					
Legal reserve	19	879,242	-	879,242	-
Unappropriated		21,825,026	(177,191,505)	16,705,604	(177,191,505)
Surplus on business combination under					
common control	9	(5,225,115)	-	-	-
Total Equity of the Parent		1,752,592,870	192,808,495	1,752,698,563	192,808,495
Non-controlling interests		-	181,073,147	-	-
Total Shareholders' Equity		1,752,592,870	373,881,642	1,752,698,563	192,808,495
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,022,898,407	2,355,683,609	1,901,962,396	1,767,169,899

Notes to the financial statements form an integral part of these statements.

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT					
	Notes	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		2013	2012 (RESTATED)	2013	2012 (RESTATED)
REVENUES					
Sales		4,083,102,531	3,403,481,749	4,022,199,678	3,371,516,794
Revenues from production contract		93,834,113	18,164,804	93,834,113	18,164,804
Vessel operating income		45,640,250	28,583,749	-	-
Other incomes		13,204,015	11,711,603	13,064,238	11,351,783
Total Revenues		4,235,780,909	3,461,941,905	4,129,098,029	3,401,033,381
EXPENSES					
Cost of sales		3,754,527,855	3,350,233,124	3,712,717,675	3,309,293,609
Cost of production contract		46,739,417	15,126,350	46,739,417	15,126,350
Cost of vessel operating		39,952,389	21,341,730		
Selling expenses		59,924,554	56,727,799	56,955,275	53,764,524
Administrative expenses		52,560,250	48,388,625	40,593,459	31,910,246
Directors' remuneration	20	1,884,900		1,884,900	
Finance costs		48,066,482	66,822,113	37,529,271	42,783,029
Total Expenses	21	4,003,655,847	3,558,639,741	3,896,419,997	3,452,877,758
Profit (Loss) before income tax expenses		232,125,062	(96,697,836)	232,678,032	(51,844,377)
Income tax expenses (Revenues)	22	36,970,105	(10,210,949)	36,970,105	(10,210,949)
Profit (Loss) for the years		195,154,957	(86,486,887)	195,707,927	(41,633,428)

Notes to the financial statements form an integral part of these statements.

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED) FOR
THE YEAR ENDED DECEMBER 31, 2013

BAHT					
	Notes	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		2013	2012 (RESTATED)	2013	2012 (RESTATED)
Other comprehensive income (loss)					
Actuarial losses from employee benefit plan		(717,200)	-	(1,164,470)	-
Components of income tax		232,894	-	232,894	-
Actuarial losses from employee benefit plan net of tax		(484,306)	-	(931,576)	-
Other comprehensive income (loss) for the years		(484,306)		(931,576)	
Total comprehensive income (loss) for the years		194,670,651	(86,486,887)	194,776,351	(41,633,428)
Profit (Loss) Attributable to					
Equity holders of the parent		200,827,349	(41,633,428)	195,707,927	(41,633,428)
Non-controlling interests		(5,672,392)	(44,853,459)	-	-
		195,154,957	(86,486,887)	195,707,927	(41,633,428)
Total Comprehensive Income (Loss) Attributable to					
Equity holders of the parent		199,895,773	(41,633,428)	194,776,351	(41,633,428)
Non-controlling interests		(5,225,122)	(44,853,459)	-	-
		194,670,651	(86,486,887)	194,776,351	(41,633,428)
Earnings (Loss) per Share of the Parent					
Basic Earnings (Loss) per Share	4.12	0.25	(0.11)	0.24	(0.11)
The number of common stocks used in computation earnings (loss) per share (share)		803,232,877	370,000,000	803,232,877	370,000,000

Notes to the financial statements form an integral part of these statements.

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

Shareholders' equity of the parent										BAHT
	Notes	Issued and paid-up share capital	Premium on common stocks	Retained earnings (deficits)		Surplus on business combination under common control	Total equity of the parent	Non-controlling interests	Total	
				Legal reserve	Unappropriated					
Year 2012										
Beginning balances as at January 1, 2012 - before restated		370,000,000	-	-	(166,388,834)	-	203,611,166	145,926,606	349,537,772	
Cumulative effect of the change in accounting policy Income taxes	3	-	-	-	30,830,757	-	30,830,757	-	30,830,757	
Beginning balances as at January 1, 2012 - restated balance		370,000,000	-	-	(135,558,077)	-	234,441,923	145,926,606	380,368,529	
Increase in non-controlling interests from increase in investment in subsidiary		-	-	-	-	-	-	80,000,000	80,000,000	
Total comprehensive loss for the year		-	-	-	(41,633,428)	-	(41,633,428)	(44,853,459)	(86,486,887)	
Ending balances as at December 31, 2012		370,000,000	-	-	(177,191,505)	-	192,808,495	181,073,147	373,881,642	
Year 2013										
Beginning balances as at January 1, 2013 - before restated		370,000,000	-	-	(218,233,211)	-	151,766,789	181,073,147	332,839,936	
Cumulative effect of the change in accounting policy Income taxes	3	-	-	-	41,041,706	-	41,041,706	-	41,041,706	
Beginning balances as at January 1, 2013 - restated balance		370,000,000	-	-	(177,191,505)	-	192,808,495	181,073,147	373,881,642	
Capital increase	18	760,000,000	605,113,717	-	-	-	1,365,113,717	-	1,365,113,717	

Shareholders' equity of the parent										BAHT
	Notes	Issued and paid-up share capital	Premium on common stocks	Retained earnings (deficits)		Surplus on business combination under common control	Total equity of the parent	Non-controlling interests	Total	
				Legal reserve	Unappropriated					
Increase (decrease) in non-controlling interests										
- from increase in investment	-	-	-	-	-	-	-	254,000,000	254,000,000	
- from share purchase from old shareholders		-	-	-	-	-	-	(429,848,025)	(429,848,025)	
Legal reserve	19	-	-	879,242	(879,242)	-	-	-	-	
Comprehensive income for the year 2013 :-										
Total comprehensive income (loss) for the year					200,827,349		200,827,349	(5,672,392)	195,154,957	
Actuarial losses from employee benefit plan		-	-	-	(931,576)	-	(931,576)	447,270	(484,306)	
Total comprehensive income (loss) for the year 2013					199,895,773		199,895,773	(5,225,122)	194,670,651	
Surplus on business combination under common	9	-	-	-	-	(5,225,115)	(5,225,115)	-	(5,225,115)	
Ending balances as at December 31, 2013		1,130,000,000	605,113,717	879,242	21,825,026	(5,225,115)	1,752,592,870	-	1,752,592,870	

Notes to the financial statements form an integral part of these statements.

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

SEPARATE FINANCIAL STATEMENTS							BAHT
	Notes	Issued and paid-up share capital	Premium on common stocks	Retained earnings (deficits)		Surplus on business combination under common control	Total shareholders' equity
				Legal reserve	Unappropriated		
Year 2012							
Beginning balances as at January 1, 2012 - before restated		370,000,000	-	-	(166,388,834)	-	203,611,166
Cumulative effect of the change in accounting policy - Income taxes	3	-	-	-	30,830,757	-	30,830,757
Beginning balances as at January 1, 2012 - restated balances		370,000,000	-	-	(135,558,077)	-	234,441,923
Total comprehensive loss for the year 2012		-	-	-	(41,633,428)	-	(41,633,428)
Ending balances as at December 31, 2012		370,000,000	-	-	(177,191,505)	-	192,808,495
Year 2013							
Beginning balances as at January 1, 2013 - before restated		370,000,000	-	-	(218,233,211)	-	151,766,789
Cumulative effect of the change in accounting policy - Income taxes	3	-	-	-	41,041,706	-	41,041,706
Beginning balances as at January 1, 2013 - restated balances		370,000,000	-	-	(177,191,505)	-	192,808,495
Capital increase	18	760,000,000	605,113,717	-	-	-	1,365,113,717
Legal reserve	19	-	-	879,242	(879,242)	-	-
Comprehensive income for the year 2013 :-							
Total comprehensive income for the year		-	-	-	195,707,927	-	195,707,927
Actuarial losses from employee benefit plan		-	-	-	(931,576)	-	(931,576)
Total comprehensive income for the year 2013		-	-	-	194,776,351	-	194,776,351
Ending balances as at December 31, 2013		1,130,000,000	605,113,717	879,242	16,705,604	-	1,752,698,563

Notes to the financial statements form an integral part of these statements.

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (1/2)
FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT				
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
PROFIT (LOSS) BEFORE INCOME TAX EXPENSES	232,125,062	(96,697,836)	232,678,032	(51,844,377)
ADJUSTMENTS TO RECONCILE PROFIT (LOSS) BEFORE				
INCOME TAX EXPENSES TO NET CASH PROVIDED				
FROM (USED IN) OPERATION :				
Depreciation	66,021,580	69,076,029	32,752,477	24,884,465
Amortization of computer softwares	16,971	25,918	14,451	13,120
(Gain) loss on vessel and equipment disposal	-	2,008,540	-	(149,531)
Doubtful debt	319,534	686,233	319,534	686,233
Bad debts	-	454,237	-	-
Unrealized gain on exchange rates	(46,780)	(277,962)	(55,469)	(277,048)
Loss on unused equipment	17,137	360,485	2	13,063
Increase (decrease) on provision for diminution in	(8,594,010)	7,012,455	(8,594,010)	7,012,455
Long-term employee benefit expenses	2,227,341	1,554,659	1,766,468	851,913
Interest income	(524,237)	(348,055)	(483,136)	(322,642)
Interest expenses	46,943,644	66,462,312	36,432,029	42,471,941
Amortization of withholding tax	257	254	-	-
PROFIT FROM OPERATIONS BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES ITEMS	338,506,499	50,317,269	294,830,378	23,339,592
(INCREASE) DECREASE IN OPERATING ASSETS ITEMS				
Trade and other receivables	15,377,207	(116,076,271)	14,174,818	(115,934,848)
Inventories	425,953,824	(209,163,641)	425,957,632	(209,151,705)
Oil supplies	(2,521,134)	347,397	-	-

BAHT				
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES	689,076,073	(172,158,865)	638,542,599	(199,766,922)
Income tax refunded	1,264,821	-	1,264,821	-
Income tax expenses paid	(2,758,200)	(814,597)	(2,757,789)	(814,343)
NET CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES	687,582,694	(172,973,462)	637,049,631	(200,581,265)

Notes to the financial statements form an integral part of these statements.

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (2/2)
FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT				
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	506,117	348,055	465,015	347,377
Increase in short-term investments	(50,000)	-	(50,000)	-
Payment for shares purchase in subsidiaries from old shareholders	(435,073,140)	-	(435,073,140)	-
Increase in fixed deposits with obligation	(2,000,000)		(2,000,000)	-
Purchase of plant, vessel and equipment	(115,298,260)	-(35,550,522)	(110,720,369)	(25,853,156)
Interest payment for equipment installation	(248,077)	(2,911,751)	(248,077)	(2,911,751)
Proceeds from disposal of vessel and equipment	-	14,812,093	-	149,533
Purchase of computer softwares	-	(22,500)	-	(22,500)
Payment deposit on equipment	(20,545,920)	(1,904,500)	(20,545,920)	(1,904,500)
Payment payable from purchase of equipment	(3,778,240)	(10,040,944)	(3,667,495)	(10,025,964)
NET CASH USED IN INVESTING ACTIVITIES	(576,487,520)	(35,270,069)	(571,839,986)	(40,220,961)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest expenses paid	(48,319,185)	(71,122,245)	(37,822,305)	(47,078,034)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(1,169,379,746)	342,052,260	(1,172,912,695)	342,912,695
Decrease in short-term loans from related party	(394,000,000)	(55,000,000)	(150,000,000)	(50,000,000)
Payment for long-term loans from financial institutions	(64,231,030)	(131,853,081)	(18,191,000)	(50,172,000)
Proceeds from capital increase	1,365,113,717	-	1,365,113,717	-
Increase in non-controlling interests	254,000,000	80,000,000		
NET CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES	(56,816,244)	164,076,934	(13,812,283)	195,662,661
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	54,278,930	(44,166,597)	51,397,362	(45,139,565)

BAHT				
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES				
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,	73,120,383	18,841,453	66,680,183	15,282,821
ADDITIONAL DISCLOSURE ITEMS TO CASH FLOWS STATEMENTS				
Non-cash flows items :				
Assets payable for equipment	5,623,101	758,154	4,786,003	547,550
Assets payable for intangible assets	67,500	-	67,500	-
Transferred deposit to equipment	1,904,500	540,000	1,904,500	540,000

Notes to the financial statements form an integral part of these statements.

1. GENERAL INFORMATION

1.1	Company status	(1) A juristic person established under Thai law on October 4, 2006. (2) A subsidiary of Asian Insulators Public Company Limited.
1.2	Company location	55/2 Moo 8, Tambol Klongmadua, Amphur Krathum Baen, Samut Sakhon Province.
1.3	Type of business	1. Producing and distributing fuel oil, energy product vegetable fats and animal fats. 2. Invested in subsidiaries which operate business according to Note 9 to the financial statements.

On May 2, 2013, the Extraordinary General Shareholders' Meeting No. 1/2013 was held and approved the transformation from company limited to public company limited. The Company has registered the transformation to the public company limited with the Ministry of Commerce on May 9, 2013.

The Company listed on the Market for Alternative Investment (mai) on January 6, 2014.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

2.1 These consolidated and the separate financial statements are prepared in accordance with the Accounting Standards and Financial Reporting Standards issued by Federation of Accounting Professions under the Accounting Profession Act, B.E. 2547 (2004), the Accounting Act, B.E. 2543 (2000) and the Notification of the Office of the Securities and Exchange Commission.

2.2 The consolidated financial statements included the financial statements of AI Energy Public Company Limited and its subsidiaries as follows :

COMPANIES	% HOLDING	
	2013	2012
AI Logistics Company Limited	100.00	
AI Ports and Terminals Company Limited	100.00	

On April 10, 2013, the Company invested in subsidiaries as mentioned in Note 9 to the financial statements, which constitutes a business combination under common control. The Company has prepared the consolidated financial statements for the year ended December 31, 2012, to be presented herein as if AI Logistics Company Limited and AI Ports and Terminals Company Limited are subsidiaries of the time. Therefore, the Statements of Comprehensive Income for the year ended December 31, 2013 and 2012, included the results of operations of AI Logistics Company Limited and AI Ports and Terminal Company Limited for the year ended December 31, 2013 and 2012, without regarding to the date of the acquisition of subsidiaries.

2.3 Inter-company balances and significant transactions between the Company and the subsidiaries have been eliminated from the consolidation.

2.4 The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

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

2.6 Accounting standards that become effective in the current accounting year, which the Company has adopted as follows :

TAS 12	Income taxes
TAS 20 (revised 2009)	Accounting for Government Grant and Disclosure of Government
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rate

TFRS 8	Operating Segments
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non - Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity of its Shareholders
Accounting Treatment Guidance for Transfers of Financial Assets	

These accounting standards do not have any significant impact on these financial statement, except TAS 12 : Income Taxes (see Note 3).

27 The Federation of Accounting Professions has issued the new accounting statement not yet effective as follows :

(a) Become effective to the financial statements for periods beginning on or after January 1, 2014

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 38 (revised 2012)	Intangible Assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement Contains a Lease
TFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

(b) Become effective to the financial statements for periods beginning on or after January 1, 2016.

TFRS 4	Insurance Contracts
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Management of group companies is evaluating the impact of such accounting standards on the financial statements in the year when they are adopted.

3. CHANGE IN ACCOUNTING POLICY

In year 2013, the Company has adopted accounting policy of deferred tax in accordance with Thai Accounting Standard No. 12 : Income Taxes. To adopt this accounting policy, the Company has to restate the financial statements, as if the Company has recorded deferred tax assets or deferred tax liabilities. Therefore, the information of the consolidated and separate financial statements for the year ended December 31, 2012, shown herein as comparison was the information prepared under the new accounting policy. The effect of the change in accounting policy is as follows:

BAHT

PARTICULARS IN STATEMENTS OF FINANCIAL POSITION	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
	December 31, 2013	December 31, 2012	January 1, 2012
Increase in deferred tax assets	4,304,495	41,041,706	30,830,757
Decrease in deficits	-	41,041,706	30,830,757
Increase in retained earnings	4,304,495	-	-

PARTICULARS IN STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED DECEMBER 31, 2012	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
Decrease in income tax expense from deferred tax expenses	(10,210,949)
Decrease loss for the year	10,210,949

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 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.

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

4.2 Cash and cash equivalents

Cash and cash equivalents are cash on hand and fixed deposit at the financial institutions due not more than 3 months from the date of acquisition with no obligation.

4.3 Allowance for doubtful accounts

The Company set up allowance for doubtful accounts from the estimated loss which may be incurred where collection is doubtful.

4.4 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 provision for diminution in inventories for the deteriorated goods and expected to be unsalable.

4.5 Oil supplies

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

4.6 Investments

Investments in subsidiaries mean those companies in which the parent company in the group companies, 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.

4.7 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:

PARTICULARS	YEARS
No depreciation is provided on land and assets under construction and installation	-
Land improvement	5 - 40
Building and improvement	5 - 15

PARTICULARS	YEARS
Machinery accessories and tools	5 - 20
Vessel and improvement	3 - 10
Office furniture and equipment	5
Motor vehicles	5 - 20

In 2013, one subsidiary has reviewed the useful life of its buildings and structures, which resulted changes in the estimated useful life of building and structures from 5 - 20 years to 5 - 30 years.

4.8 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.

4.9. Intangible assets

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

4.10. 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 addtible 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 (revenues)

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

4.11. Employee benefits

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.

4.12. Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the annual net profit (loss) by the number of weighted average common stocks held by outsiders during the years.

4.13. 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.

4.14. Use of accounting judgments and estimates

In preparation of financial statements in accordance with generally accepted accounting standards requires management to use judgments on various estimates and assumptions that will affect the reported amounts of revenues, expenses, assets and liabilities including disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company and subsidiaries make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions of significant accounting relate primarily to allowance for doubtful accounts, provision for diminution in inventories, allowance for depreciation of land improvement, plant, vessel and equipment, amortization of intangible assets and provision for long-term employee benefits. All other estimates mentioned above are further disclosed in the corresponding notes to the financial statements.

5. CASH AND CASH EQUIVLENTS

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Cash	146,060	215,444	-	-
Savings account	75,355,994	18,758,609	69,064,226	15,255,091
Current account	(4,406,378)	(132,600)	(4,408,750)	27,730
Fixed deposit	2,024,707	-	2,024,707	-
Total cash and cash equivalents	73,120,383	18,841,453	66,680,183	15,282,821

6. TRADE AND OTHER RECEIVABLES

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Notes receivable	5,103,118	678,700	5,103,118	678,700
Trade accounts receivable				
Classified by aging of receivables as follows:			...	
Current	222,914,781	211,715,564	222,221,750	209,164,676
Overdue within 3 months	37,940,330	71,251,234	37,261,465	70,902,258
Over 12 months	3,766,062	3,752,878	3,766,062	3,752,878
Total trade accounts receivable	269,724,291	287,398,376	268,352,395	284,498,512
<u>Less</u> Allowance for doubtful accounts	(3,766,062)	(3,752,878)	(3,766,062)	(3,752,878)
Trade accounts receivable-net	265,958,229	283,645,498	264,586,333	280,745,634
Other receivables	8,309,134	5,938,667	6,273,287	4,228,398
<u>Less</u> Allowance for doubtful accounts	(306,350)		(306,350)	
Other receivables-net	8,002,784	5,938,667	5,966,937	4,228,398
Total trade and other receivables-net	273,961,013	289,584,165	270,553,270	284,974,032

7. INVENTORIES

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Raw materials and chemicals process	290,303,177 26,937,334	495,898,248 201,233,222	290,303,177 26,937,334	495,898,248 201,233,222
Finished goods	38,911,588	86,065,427	38,781,444	85,939,091
Consumed supplies	14,432,968	13,341,994	14,432,968	13,341,994
otal	370,585,067	796,538,891	370,454,923	796,412,555
<u>Less</u> Provision for diminution in inventories	-	(8,594,010)	-	(8,594,010)
Inventories - net	370,585,067	787,944,881	370,454,923	787,818,545

8. OIL SUPPLIES

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PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Bunker oil	4,218,866	1,622,134	-	-
Lubricants	602,287	677,885	-	-
Total	4,821,153	2,300,019	-	-

9. INVESTMENTS IN SUBSIDIARIES

SUBSIDIARIES	% HOLDING	AMOUNT (THOUSAND BAHT)
AI Logistics Company Limited	100.00	82,678
AI Ports and Terminals Company Limited	100.00	352,395
Total Investments in Subsidiaries		435,073

SUBSIDIARIES	NATURE OF BUSINESS	PAID-UP SHARE CAPITAL (BAHT)	DIVIDEND (BAHT)
AI Logistics Company Limited	Local and overseas logistics for passenger, merchandise, parcel and other materials	209,000,000	-
AI Ports and Terminals Company Limited	(1) Servicing port (2) Producing and distributing ice (3) Trading electrical equipment	460,000,000	-

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

On April 9, 2013, the Ordinary General Shareholders' Meeting of AI Ports and Terminals Company Limited was held and approved to increase authorized share capital from Baht 255,000,000 (amount of 25,500,000 shares of Baht 10 par value) to Baht 460,000,000 (amount of 46,000,000 shares of Baht 10 par value), which has registered the capital increase 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 "Surplus 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 9842% and AI Ports and Terminals Company Limited of 9945%. This purchase is considered as a business combination under common control.

The book value of assets and liabilities of AI Logistics Company Limited and AI Ports and Terminals Company Limited at the date of acquisition are as follows.

PARTICULARS	AI Logistics Co.,Ltd.	AI Ports and Terminals Co., Ltd.	Total
ASSETS			
Cash and cash equivalents	1,109,046	160,553	1,269,599
Trade and other receivables	810,853	2,732,831	3,543,684
Inventories	-	142,240	142,240
Oil supplies	2,051,700	-	2,051,700
Other current assets	95,734	7,077	102,811
Property, plant, vessel and equipment	85,155,594	484,774,731	569,930,325
Intangible assets		2,784	2,784
Other non-current assets	20,000	122,900	142,900
Total Assets	89,242,927	487,943,116	577,186,043
LIABILITIES			
Bank overdrafts and short-term loans from financial institutions	(126,713)	(61,067,356)	(61,194,069)
Trade and other payables	(5,182,653)	(5,309,194)	(10,491,847)
Accrued interest	-	(296,682)	(296,682)
Current portion of long-term loans	-	(21,540,000)	(21,540,000)
Other current liabilities	(48,954)	(162,527)	(211,481)
Long-term loans from financial institutions	-	(51,853,889)	(51,853,889)
Provision for long-term employee benefits	(768,456)	(981,594)	(1,750,050)
Total Liabilities	(6,126,776)	(141,211,242)	(147,338,018)
Book value of net assets as at the date of acquisition (April 10, 2013)	83,116,151	346,731,874	429,848,025
Payment for investments in subsidiaries	82,677,860	352,395,280	435,073,140
Surplus on business combination under common control	438,291	(5,663,406)	(5,225,115)

10. FIXED DEPOSITS WITH OBLIGATION

The Company has pledged deposit at bank as collateral for the issuance of bank guarantee

11. PROPERTY, PLANT, VESSEL AND EQUIPMENT

BAHT

CONSOLIDATED	Land	Land improvement	Building and improvement	Utility systems	Machinery accessories and tools	Vessel and improvement	Office furniture and equipment	Motor vehicles	Fixed assets under construction and installation	Total
Cost										
As at January 1, 2012	291,251,288	250,000	505,228,837	23,526,978	319,718,887	208,635,350	5,849,478	39,459,376	134,727,521	1,528,647,715
Purchases	-	-	2,424,645	9,350	8,812,231	5,436,341	280,399	5,296,729	17,500,731	39,760,426
Sold and amortization	-	-	-	-	(642,500)	(30,841,863)	(25,522)	-	-	(31,509,885)
Transfer to/from	-	-	-	275,000	16,271,582	-	-	5,993,271	(22,539,853)	-
As at December 31, 2012	291,251,288	250,000	507,653,482	23,811,328	344,160,200	183,229,828	6,104,355	50,749,376	129,688,399	1,536,898,256
Purchases	-	-	2,669,822	8,750	13,993,218	2,352,759	1,368,312	17,448,224	85,232,853	123,073,938
Sold and amortization	-	-	-	-	(190,547)	(9,854,140)	-	-	-	(10,044,687)
Transfer to/from	-	2,697,560	3,941,913	-	135,015,428	-	256,900	-	(141,911,801)	-
As at December 31, 2013	291,251,288	2,947,560	514,265,217	23,820,078	492,978,299	175,728,447	7,729,567	68,197,600	73,009,451	1,649,927,507
Accumulated depreciation										
As at January 1, 2012	-	18,493	62,959,264	6,252,675	99,779,352	88,630,504	34,627,85	13,367,245	-	274,470,318
Depreciation for the year 2012	-	50,000	22,493,012	1,278,769	22,988,536	19,456,584	997,265	1,811,863	-	69,076,029
Sold and amortization	-	-	-	-	(429,524)	(13,880,420)	(18,823)	-	-	(14,328,767)
As at December 31, 2012	-	68,493	85,452,276	7,531,444	122,338,364	94,206,668	44,41,227	15,179,108	-	329,217,580
Depreciation for the year 2013	-	118,732	13,761,014	1,297,369	29,679,540	17,482,159	950,914	2,731,852	-	66,021,580
Sold and amortization	-	-	-	-	(173,410)	(9,854,140)	-	-	-	(10,027,550)
As at December 31, 2013	-	187,225	99,213,290	8,828,813	151,844,494	101,834,687	5,392,141	17,910,960	-	385,211,610
Net book value										
As at December 31, 2012	291,251,288	181,507	422,201,206	16,279,884	221,821,836	89,023,160	1,663,128	35,570,268	129,688,399	1,207,680,676
As at December 31, 2013	291,251,288	2,760,335	415,051,927	14,991,265	341,133,805	73,893,760	2,337,426	50,286,640	73,009,451	1,264,715,897

SEPARATE FINANCIAL STATEMENTS	Land	Land improvement	Building and improvement	Utility systems	Machinery accessories and tools	Office furniture and equipment	Motor vehicles	Fixed assets under construction and installation	Total
Cost									
As at January 1, 2012	157,135,835	-	135,259,756	23,513,324	255,446,370	2,814,984	38,467,376	134,607,521	747,245,166
Purchases	-	-	2,366,845	9,350	5,330,170	275,174	5,296,729	16,574,189	29,852,457
Sold and amortization	-	-	-	-	(20,268)	(12,047)	-	-	(32,315)
Transfer to/from	-	-	-	275,000	16,271,582	-	4,946,729	(21,493,311)	-
As at December 31, 2012	157,135,835	-	137,626,601	23,797,674	277,027,854	3,078,111	48,710,834	129,688,399	777,065,308
Purchases	-	-	2,669,822	8,750	11,070,395	1,228,904	17,448,224	85,232,854	117,658,949
Sold and amortization	-	-	-	-	(2)	-	-	-	(2)
Transfer to/from	-	2,697,560	3,941,913	-	135,015,428	256,900	-	(141,911,801)	-
As at December 31, 2013	157,135,835	2,697,560	144,238,336	23,806,424	423,113,675	4,563,915	66,159,058	73,009,452	894,724,255
Accumulated depreciation									
As at January 1, 2012	-	-	20,317,629	6,250,752	81,408,432	1,847,995	12,499,282	-	122,324,090
Depreciation for the year 2012	-	-	4,832,196	1,278,769	16,717,754	426,785	1,628,961	-	24,884,465
Sold and amortization	-	-	-	-	(8,862)	(10,388)	-	-	(19,250)
As at December 31, 2012	-	-	25,149,825	7,529,521	98,117,324	2,264,392	14,128,243	-	147,189,305
Depreciation for the year 2013	-	68,732	5,050,832	1,294,639	23,383,891	398,240	2,556,143	-	32,752,477
As at December 31, 2013	-	68,732	30,200,657	8,824,160	121,501,215	2,662,632	16,684,386	-	179,941,782
Net book value									
As at December 31, 2012	157,135,835	-	112,476,776	16,268,153	178,910,530	813,719	34,582,591	129,688,399	629,876,003
As at December 31, 2013	157,135,835	2,628,828	114,037,679	14,982,264	301,612,460	1,901,283	49,474,672	73,009,452	714,782,473

The Company and subsidiaries have mortgaged its land with structure, port and terminal and machinery with commercial bank as collateral for loans obtained from the financial institutions (Notes 13 and 16) with various commitments as specified in the loan contract, for example: the transfer of beneficiary to the lender, etc.

In 2013 and 2012, the Company has capitalized borrowing cost to the cost of machinery under installation amount of Baht 0.25 million and 2.91 million, respectively.

In 2013, one subsidiary has calculated depreciation of building and improvement to reflect the new estimated useful life and residual value (Note 47), which had the effect to decrease of depreciation of building and improvement of subsidiary estimated amount of Baht 944 million.

12. INTANGIBLE ASSETS

BAHT

CONSOLIDATED	2011	Increase	2012	Increase	2013
Computer softwares					
Cost	219,517	22,500	242,017	67,500	309,517
<u>Less</u> Cumulative amortization	(161,450)	(25,918)	(187,368)	(16,971)	(204,339)
Intangible assets - net	58,067		54,649		105,178
Amortization expenses for the years			25,918		16,971

BAHT

SEPARATE FINANCIAL STATEMENTS	2011	Increase	2012	Increase	2013
Computer softwares					
Cost	140,070	22,500	162,570	67,500	230,070
<u>Less</u> Cumulative amortization	(98,206)	(13,120)	(111,326)	(14,451)	(125,777)
Intangible assets - net	41,864		51,244		104,293
Amortization expenses for the years			13,120		14,451

13. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Bank overdrafts	3,617,810	84,861	-	-
Short-term loans from financial institutions	90,000,000	1,262,912,695	40,000,000	1,212,912,695
Total	93,617,810	1,262,997,556	40,000,000	1,212,912,695

The Company has mortgaged its lands with structures and machineries as collateral for loans (Note 11), with jointly guaranteed by the share certificates of directors and directors.

The subsidiaries have mortgaged its land, plant, port and terminal with structure and machinery as collateral for loans (Note 11), with jointly guaranteed by the Company.

14. TRADE AND OTHER PAYABLES

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Trade accounts payable	46,862,327	128,855,997	40,973,335	122,492,577
Accrued expenses	6,011,041	5,224,863	4,878,149	4,233,775
Assets payable	6,030,347	4,364,119	5,193,248	4,253,374
Other payable	4,799,556	7,785,744	5,199,557	7,785,743
Total	63,703,271	146,230,723	56,244,289	138,765,469

15. SHORT-TERM LOANS FROM RELATED PARTY

BAHT

CONSOLIDATED	2013			2012
	Asian Insulators Plc.	AI Engineering Services Co., Ltd.	Total	Asian Insulators Plc.
Beginning principal balances	394,000,000	-	394,000,000	449,000,000
<u>Add</u> : Increase during the years	110,000,000	120,000,000	230,000,000	75,000,000
<u>Less</u> : Settlement during the years	(504,000,000)	(120,000,000)	(624,000,000)	(130,000,000)
Ending principal balances	-	-	-	394,000,000
Interest expenses	5,200,359	336,329	5,536,688	18,153,027
Interest rates (per annum)	3.55 - 4.50%	3.30%	3.30 - 4.50%	MLR 3 and 4.25 - 4.50% per annum

BAHT

SEPARATE FINANCIAL STATEMENTS	2013			2012
	Asian Insulators Plc.	AI Engineering Services Co., Ltd.	Total	Asian Insulators Plc.
Beginning principal balances	150,000,000	-	150,000,000	200,000,000
<u>Add</u> : Increase during the years	100,000,000	120,000,000	220,000,000	-
<u>Less</u> : Settlement during the years	(250,000,000)	(120,000,000)	(370,000,000)	(50,000,000)
Ending principal balances	-	-	-	150,000,000
Interest expenses	2,143,935	336,329	2,480,264	6,450,685
Interest rates (per annum)	3.55 - 4.25%	3.30%	3.30 - 4.25%	MLR 3 and 4.25% per annum

In 2012, AI Logistics Company Limited has settled its loans amount of Baht 80 million from Asian Insulators Public Company Limited by trading off in investing in share capital increase of AI Logistics Company Limited.

16. LONG-TERM LOANS

CREDIT LINE	REPAYMENT CONDITIONS	PRINCIPAL BALANCES (BAHT)	
		2013	2012
Baht 200 million started on March 6, 2008 by AI Energy Public Company Limited	<ul style="list-style-type: none"> - The principal was repaid by monthly under condition and amount as specified in the agreement with the first installment in April 2008 and was finished within March 2013. - Monthly payment of interest rate at MLR-1.25 per annum. 	-	9,050,000
Baht 1375 million started on May 19, 2010 by AI Energy Public Company Limited	<ul style="list-style-type: none"> - The principal will be repaid by monthly under condition and amount as specified in the agreement with the first installment in June 2010 and will be finished within May 2017. - Monthly payment of interest rate at MLR-1.25 per annum. - Interest rate swap contracts to be fixed rate at 6.39% per annum from February 2012 until February 2015. 	6,853,700	8,657,700
Baht 56.00 million started on September 16, 2011 by AI Energy Public Company Limited	<ul style="list-style-type: none"> - The principal will be repaid by monthly under condition and amount as specified in the agreement with the first installment in October 2011 and will be finished within September 2018. - Monthly payment of interest rate at MLR-1.25 per annum. - Interest rate swap contracts to be fixed rate at 6.40% per annum from February 2012 until February 2015. 	24,537,000	31,874,000
Long-term loans from financial institutions **	Separate financial statements	31,390,700	49,581,700
Less Current portion of long-term loans		(10,803,000)	(19,022,000)
Long-term loans from financial institutions-net	Separate financial statements	20,587,700	30,559,700
Baht 105 million started on November 22, 2007 by AI Logistics Company Limited	<ul style="list-style-type: none"> - The principal was repaid by monthly at minimum Baht 1.75 million with the first installment in April 2008 and was finished within March 2013. - Monthly payment of interest rate at MLR-1.25 per annum. 		5,250,000
Baht 75 million started on November 22, 2007 by AI Ports and Terminals Company Limited	<ul style="list-style-type: none"> - The principal was repaid by monthly at minimum Baht 1.25 million with the first installment in April 2008 and was finished within March 2013. - Monthly payment of interest rate at MLR-1.25 per annum. 	-	6,250,000
Baht 120 million started on November 22, 2007 by AI Ports and Terminals Company Limited	<ul style="list-style-type: none"> - The principal was repaid by monthly at minimum Baht 2.00 million with the first installment in April 2008 and was finished within March 2013. - Monthly payment of interest rate at MLR-1.25 per annum. 	The principal was repaid by monthly at minimum	13,000,000

CREDIT LINE	REPAYMENT CONDITIONS	PRINCIPAL BALANCES (BAHT)	
		2013	2012
Baht 90 million started on April 3, 2009 by AI Ports and Terminals Company Limited	<ul style="list-style-type: none"> - The principal will be repaid by monthly under condition and in September 2009 and will be finished within August 2016. - Monthly payment of interest rate at MLR per annum. - Interest rate swap contracts to be fixed rate at 7.64% per annum from February 2012 until February 2015. 	38,719,970	53,240,000
Baht 45 million started on April 28, 2009 by AI Ports and Terminals Company Limited	<ul style="list-style-type: none"> - The principal will be repaid by monthly under condition and amount as specified in the agreement with the first installment in September 2009 and will be finished within August 2016. - Monthly payment of interest rate at MLR per annum. - Interest rate swap contracts to be fixed rate at 7.64% per annum from February 2012 until February 2015. 	18,518,919	25,538,919
Total long-term loans from financial institutions Consolidated (include **)		88,629,589	152,860,619
<u>Less</u> Current portion of long-term loans		(32,343,000)	(65,062,000)
Long-term loans from financial institutions-net Consolidated		56,286,589	87,798,619

The significant conditions under loan contract of group companies and the financial institutions are summarized as follows:

The loan contract enables the Company and subsidiaries to settle some or total loan by prior written notation at minimum 15 working days before the settlement date with the fee of prepayment at the rate 2 per cent of the settlement amount.

The Company and subsidiaries will not decrease their authorized capital or merging with other juristic persons, or setting up or investing in other juristic persons for substitute operation, or joint operation with other juristic persons for whatever reason, unless obtaining a prior written notation of approval from the lender.

No dividend payment, whether interim or annual, or any compensation benefits to the shareholders, whether any one or all, and whether in any or any means, unless the lender that such operations do not affect the ability of the borrower to repay the dept.

The Company and subsidiaries agreed to transfer their rights, duty and any benefits according to the agreement including various relative collaterals according to the agreement to the creditors by providing the letter of consent for them.

The Company and subsidiaries will maintain the ratio of debt to equity not exceeding 2 : 1

The Company will maintain the debt coverage ratio at minimum ratio of 1.2 : 1 of Baht 200 million and 1.5 : 1 of Baht 56 million, except in 2012, the debt coverage ratio at minimum ratio of 1.2 : 1

The subsidiaries will maintain the debt coverage ratio at minimum ratio of 1.2 : 1

The Company has mortgaged its lands with structures and machineries as collateral for loans (Note 11) with jointly guaranteed by the share certificates of directors and directors.

The subsidiaries have mortgaged its land, plant, port and terminal with structure and machinery as collateral for loans (Note 11) with jointly guaranteed by the Company.

Long-term loans due within one year were shown under current liabilities.

The Company and its subsidiaries have debt to equity ratios as follows:

PARTICULAR	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Debt to equity ratio	0.15 : 1	5.30 : 1	0.09 : 1	8.17 : 1

17. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

BAHT

PARTICULAR	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Defined benefit obligation				
Balances as at January 1,	7,021,464	5,736,805	4,939,369	4,357,456
Actuarial losses (recognized in other comprehensive income)	717,200	-	1,164,470	-
Current service cost	1,968,261	1,963,758	1,560,156	1,258,738
Interest cost	259,080	234,419	206,312	184,814
Benefit paid during the year	-	(270,000)	-	(270,000)
Difference from provisions	-	(643,518)	-	(591,639)
Balances as at December 31,	9,966,005	7,021,464	7,870,307	4,939,369

The principle assumptions used in determining the employee benefit liabilities are shown as follows:

BAHT

PARTICULAR	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Discount rate	3.183.38 % per annum	3.40371 % per annum	3.38 % per annum	3.71 % per annum
Future salary increase rate	5.00 % per annum	5.00 % per annum	5.00 % per annum	5.00 % per annum
Average staff turnover rate	0-15.00 % per annum	0-9.00 % per annum	0-15.00 % per annum	0-9.00 % per annum

18. SHARE CAPITAL

On April 9, 2013, the Ordinary General Shareholders' Meeting for 2013 was held and approved to increase the Company's authorized capital from Baht 370 million (37 million shares at Baht 10 par value) to be Baht 960 million (96 million shares at Baht 10 par value) by issuing new common stocks amount 59 million shares at Baht 10 par value offered to existing shareholders of the Company in accordance with the right and proportion shareholding of each shareholder who have appeared in the register of shareholders of the Company as at March 20, 2013. The money received from capital increase, the Company plans to repay the loan from Asian Insulators Public Company Limited amount of Baht 150 million and has approved to acquired of 46 million shares of AI Ports and Terminals Company Limited amount and 20.90 million shares of AI Logistics Company Limited, totaling amount of Baht 435.07 million from existing shareholders of both companies for restructuring the Group Company. By two companies become subsidiaries of the Company for preparing to list on Market for Alternative Investment (mai). The Company registered the resolution of changing its authorized and paid-up share capital with the Ministry of Commerce on April 10, 2013.

On May 2, 2013, the Extraordinary General Shareholders' Meeting No. 1/2013 was held and approved as follows:

To change the par value from initial Baht 10 to be Baht 1 par value, all shares are also ordinary shares. After the changing of par value, the Company has the ordinary shares of 960 million shares.

To increase the Company's authorized capital from Baht 960 million (960 million shares at Baht 1 par value) to be Baht 1,130 million (1,130 million shares at Baht 1 par value) by issuing new ordinary shares of 170 million shares at Baht 1 per share by offering to the public.

The Company has registered the resolution of changing its par value and the authorized capital with the Ministry of Commerce on May 9, 2013.

During 23 to 24 December 2013, the Company has sold its initial public offering of ordinary share amount of 170 million shares with the par value of Baht 1 per share. The offering price of these shares was Baht 4.75 per share totally to Baht 807.50 million. The Company recorded expenses in respect of share distribution amount of Baht 32.39 million as a deduction from the share premium and the shares of the Company have been traded in the Market for Alternative Investment (mai) on January 6, 2014.

19. LEGAL RESERVE

In compliance with the Public Company Act, B.E. 2535 (1992), the Company has to set aside for legal reserve at least 5% of annual net profit less deficits (if any) until meet 10% of authorized share capital. Such legal reserve is not allowed to pay for dividend.

In 2013, the Company has provided legal reserve amount of Baht 0.88 million.

20. DIRECTORS' REMUNERATION

On April 9, 2013, the Ordinary General Shareholders' Meeting for 2013 was held and approved to pay the directors' remuneration for 2013 at the maximum of Baht 1.54 million.

On May 2, 2013, the Extraordinary General Shareholders' Meeting No. 1/2013 has resolved the directors' remuneration for 2013 to pay the maximum of Baht 2.20 million, which has been approved by the Ordinary General Shareholders' Meeting on April 9, 2013.

21. EXPENSES BY NATURE

BAHT

FOR THE YEARS ENDED DECEMBER 31,	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
(Increase) decrease in change of finished goods and work in progress	221,449,727	(158,848,376)	221,453,535	(158,836,440)
Purchase of goods for sale	3,097,209,517	2,733,470,496	3,108,981,445	2,730,174,874
Vessel operating expenses	294,422,717	637,108,436	268,263,717	634,037,436
Management benefit expenses	20,185,298	9,035,376	-	-
Employee benefit expenses	7,323,528	4,038,627	6,567,695	3,166,626
Depreciation and amortization expenses	72,984,489	55,185,981	55,790,893	24,897,585
Finance costs	66,038,551	69,101,947	32,766,928	24,897,585
(Reverse) loss on diminution in investment	48,066,482	66,822,113	37,529,271	42,783,029
Other expenses	(8,594,010)	7,012,455	(8,594,010)	7,012,455
Other expenses	184,569,548	135,712,686	173,660,523	127,077,720
Total expenses	4,003,655,847	3,558,639,741	3,896,419,997	3,452,877,758

22. INCOME TAXES

Corporate income taxes of the Company and subsidiaries for the years ended December 31, 2013 and 2012 were calculated from the accounting profit (loss), adjusted with other revenues and some expenses which are exempted from income tax or being disallowable expenses in tax computation purposes and the adjusted net loss brought forward under Revenue Code not exceeding 5 accounting years prior to the current year.

The non-BOI business, the income tax computation of the Company and subsidiaries were calculated at the rate of 20 per cent for year 2013, and the rate of 23 per cent for year 2012.

The BOI business, the income tax computation was calculated according to the promotional privileges which are granted (see also Note 24).

Income taxes (revenues) recognized in income statements consist:

BAHT

FOR THE YEARS ENDED DECEMBER 31,	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2013	2012
The corporate income tax for the periods	-	-
Deferred taxes from temporary differences	36,970,105	(10,210,949)
Income tax expenses (revenues)	36,970,105	(10,210,949)

As at December 31, 2013 and 2012, the deferred tax assets arose from the following temporary differences:

BAHT

FOR THE YEARS ENDED DECEMBER 31,	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2013	2012
Accumulated temporary differences in the statements of income		
Allowance for doubtful debt	4,072,412	3,752,878
Provision for diminution in inventories	-	8,594,010
Provision for long-term employee benefits	6,705,837	4,939,369
Tax deficits not exceeding 5 accounting years	9,579,754	187,922,271
Total	20,358,003	205,208,528
Temporary differences in the retained earnings		
Provision for long-term employee benefits	1,164,470	-
Total	21,522,473	205,208,528
Deferred tax assets calculated from tax rate of 20%	4,304,495	41,041,706

23. FOREIGN CURRENCY TRANSACTIONS

23.1 The Company and subsidiaries have outstanding assets and liabilities denominated in foreign currencies which are not covered by any hedging as follows :

UNIT : THOUSAND

PARTICULARS	CONSOLIDATED				SEPARATE FINANCIAL STATEMENTS			
	December 31, 2013		December 31, 2012		December 31, 2013		December 31, 2012	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht	Foreign currency	Converted to Baht	Foreign currencies	Converted to Baht
Assets								
USD	141.56	4,625.95	0.18	5.25	14149	4,623.58	0.11	3.04
VND	-	-	531.50	0.80	-	-	531.50	0.80
Total		4,625.95		6.05		4,623.58		3.84
Liabilitie Current portion								
SGD	-	-	146.50	3,667.50	-	-	146.50	3,667.50
USD	111.39	3,670.32	62.84	1,934.12	-	-	-	-
SGD	-	3,670.32	-	5,601.62	-	-	-	3,667.50

23.2 The Company has entered into Selling Forward Exchange Contracts with the local commercial bank for hedging against any risk in exchange rates fluctuation which may affect to amount of Baht as follows :

UNIT : THOUSAND

PARTICULARS	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	Foreign currency	Fair value (Baht)	Estimated exchange rates (Baht)	Delivery dates
Year 2012 Selling forward exchange contracts				
USD	1,846.00	56,638.05	30.6815 - 307506	Feb. 2013

24. PROMOTIONAL PRIVILEGES

The Company and subsidiaries were granted promotional certificates by virtue of the Investment Promotion Act, B.E. 2520 (1977) as follows:

Companies	1. Promotional certificates Nos.	2. Effective dates	3. To promote investment in business of	Expiry dates according to items 5.1 and 5.2
AI Energy Public Plc.	1922(1)/2553	October 1, 2013	Producing biodiesel	September 30, 2021
AI Logistics-Co.,Ltd.	2029(2)/2549 1434(2)/2550	June 27, 2006 June 11, 2007	Ship transportation	June 26, 2014 June 10, 2015
AI Ports and Terminals Co., Ltd.	1373(2)/2552 1374(2)/2552	July 1, 2009 August 6, 2009	Ports and terminals service	June 30, 2017 August 5, 2017

5. Important privileges which are granted :

5.1 Exemption from corporate income tax on net profit of promotional operation for 8 years. Whereby the promotional certificates No. 2029(2)/2549, 1434(2)/2550, 1373(2)/2552 and 1374(2)/2552 have limited amount for corporate income tax exemption at maximum of Baht 66.26 million, Baht 107.00 million, Baht 30349 million and Baht 200.00 million, respectively.

5.2 Exemption from income tax on dividend from promoted business which was exempted from corporate income tax as 5.1 through out the promotional period of all promotional certificates.

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. 1922(1)/2553.

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. 1922(1)/2553.

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.

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

In March 2012, AI Logistics Company Limited has canceled the promotional certificate No. 1241(2)/2550, due to the Company has sold assets in the promotional certificates.

In 2013 and 2012, the Company and subsidiaries have sales, vessel operating, port and terminal service revenues from local and overseas which are granted the promotional certificates as follows :

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Local revenues	461,991,388	35,708,394	437,831,388	-
Foreign revenues	69,853,275	53,033,749	20,252,751	-
Total	531,844,663	88,742,143	458,084,139	-

25. 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 Finansia Asset Management Company Limited to manage such fund.

The Company and subsidiary' contributions for the employees provident fund and recorded as expenses in the statements of comprehensive income for the years ended December 31, 2013 and 2012 are as follows :

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
SEPARATE FINANCIAL STATEMENTS	185,944	-	185,644	-
AI Logistic Company Limited	15,357	26,466	-	-
Total	201,301	26,466	185,644	-

26. FINANCIAL INFORMATION BY SEGMENT

THOUSAND BAHT

FOR THE YEAR ENDED DECEMBER 31, 2013							
CONSOLIDATED	Sale of bio-diesel and vegetable oil and by-product	Contract of refine crude palm oil	Sale of insulators component	Sale of ice cube	Vessel operating	Port services	Total
Revenues from sales and services	4,012,245	93,834	42,959	27,899	45,640	-	4,222,577
Cost of sales and services	(3,697,436)	(46,739)	(33,559)	(23,534)	(39,952)	-	(3,841,220)
Gross profit by segment	314,809	47,095	9,400	4,365	5,688	-	381,357
Non-allocation expenses							(114,370)
Profit from operation							266,987
Other income							13,204
Finance costs							(48,066)
Income tax expenses							(36,970)
Profit for the							195,155
Property, plant, vessel and equipment-net	714,782		-	21,224	75,350	453,360	1,264,716

FOR THE YEAR ENDED DECEMBER 31, 2012							
CONSOLIDATED	Sale of bio-diesel and vegetable oil and by product	Contract of refine crude palm oil	Sale of insulators component	Sale of ice cube	Vessel operating	Port services	Total
Revenues from sales and services	3,349,761	18,164	25,011	28,710	28,584	-	3,450,230
Cost of sales and services	(3,307,730)	(15,126)	(19,351)	(23,152)	(21,342)	-	(3,386,701)
Gross profit (loss) by segment	42,031	3,038	5,660	5,558	7,242	-	63,529
Non-allocation expenses							(105,116)
Loss from operation							(41,587)
Other income							11,711
Finance costs							(66,822)
Income tax revenues							10,211
Loss for the year							(86,487)
Property, plant, vessel and equipment-net		629,876	-	20,093	89,459	468,252	1,207,680

27. COMMITMENT AND CONTINGENT LIABILITIES

27.1 The Company and subsidiaries have commitment and contingent liabilities as follows:

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Letters of guarantee issued by commercial banks	5.14	5.28	2.64	2.58

27.2 As at December 31, 2013 and 2012, the Company has capital expenditure commitment for the purchase of machinery and equipment contract amount Baht 47.97 million and 4.11 million, respectively.

27.3 The Company has signed lease contract of tank at 23/1 Moo 7 Thajeen District, Amphoe Mueang, Samutsak hon amount 5 tanks and at 1/9 Moo 1 Tambon Had Sairee, Amphoe Mueang Chumphon, Chumphon amount 10 tanks by having lease period 3 months, commencing from January 1, 2014 to March 31, 2014. The Company has to pay monthly rental amount of Baht 3 million per month.

28. TRANSACTIONS WITH RELATED PARTIES

The Company has certain accounting transactions with related parties under the following relationship:

RELATED PARTIES	RELATIONSHIP
Asian Insulators Public Company Limited	Parent of the Company
AI Logistics Company Limited	Subsidiary of the Company
AI Ports and Terminals Company Limited	Subsidiary of the Company
AI Engineering Services Company Limited	Subsidiary of Asian Insulators Public Company Limited
PPC Asian Insulators Company Limited	Associate of Asian Insulators Public Company Limited
Samart Palm Company Limited	Director is relative of the directors of the Company
Samart Palm Oil Company Limited	Director is relative of the directors of the Company

The significant transactions with related parties are as follows:

RELATED TRANSACTIONS IN STATEMENTS OF COMPREHENSIVE INCOME	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Sales of products				
Asian Insulators Public Company Limited	42,916	76,800	42,916	76,800
AI Ports and Terminals Company Limited	-	-	554,023	645,913
AI Engineering Services Company Limited	-	6,729	-	6,729
PPC Asian Insulators Company Limited	-	69,587	-	69,587
Purchases good				
Asian Insulators Public Company Limited	33,559,000	19,351,000	7,400,000	16,280,000
Samart Palm Company Limited	22,424,335	31,935,060	22,424,335	31,935,060
Samart Palm Oil Company Limited	19,509,163	25,335,068	19,509,163	25,335,068
Rental and services expenses				
AI Ports and Terminals Company Limited	-	-	30,900,000	15,600,000
Transportation expenses				
AI Logistics Company Limited	-	-	28,120,275	44,145,000
Interest expenses to related parties				
Asian Insulators Public Company Limited	2,285,099	2,303,471	1,118,305	1,114,965
Interest expenses to related parties				
Asian Insulators Public Company Limited	5,200,359	18,153,027	2,143,935	6,450,685
AI Engineering Services Company Limited	336,329	-	336,329	-

The inter-transactions are in accordance with general normal trading conditions or the mutual agreement.

28.2 Balances of receivable and payable from sales, purchase and service rendered to related parties

BAHT

RELATED TRANSACTIONS IN STATEMENTS OF FINANCIAL POSITION	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Related parties receivable				
Asian Insulators Public Company Limited	23,920	32,400	23,920	32,400
AI Ports and Terminals Company Limited	-	-	63,352	91,519
AI Engineering Services Company Limited	-	7,200	-	7,200
Deposit				
AI Ports and Terminals Company Limited	-	-	9,000,000	-
Purchases of equipment				
Asian Insulators Public Company Limited	-	40,000	-	40,000

BAHT

RELATED TRANSACTIONS IN STATEMENTS OF FINANCIAL POSITION	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Related parties payable				
Asian Insulators Public Company Limited	108,245	1,308,970	105,238	-
AI Logistics Company Limited	-	-	400,000	-
Samart Palm Company Limited	359,150	-	359,150	-
Samart Palm Oil Company Limited	390,775	-	390,775	-
Accrued expenses				
Asian Insulators Public Company Limited	826	-	-	-
Short-term loans from related party				
Asian Insulators Public Company Limited	-	394,000,000	-	150,000,000

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 Accounting policies

Accounting policies are disclosed in Note 4 to the financial statements.

29.2 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.

29.3 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.

29.4 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.

29.5 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. LITIGATION

The Company was sued by the Official Receiver of Phamola Company Limited for transferring back the trademark “Phamola” to the debtor’s assets and pays the compensation amount of Baht 375 million with an interest rate of 7.50% per annum. On August 9, 2012, the Central Bankruptcy Court has ordered to dismiss the case. At present, the case is under consideration of the Supreme Court.

The management of the Company is confident that no significant losses will be incurred as a result therefore no provision for possible liabilities has been made in the financial statements

31. FINANCIAL STATEMENTS APPROVAL

These financial statements are duly approved by the Company’s directors on February 17, 2014.





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