FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

AI ENERGY PUBLIC COMPANY AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2016

Crowe Horwath™

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AUDITOR'S REPORT

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

Qualified Opinion

I have audited the accompanying consolidated and separate financial statements of AI Energy Public Company Limited and its subsidiaries, and of AI Energy Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2016, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and a summary of significant accounting policies.

In my opinion, except for the possible effect of the matter described in the Basis for qualified opinion paragraph No.1 and the possible effect on the comparative financial statements with respect to the matter described in the Basis for qualified opinion paragraph No1 and No.2 on the financial statements for the year 2016, the consolidated and separate financial statements referred to above fairly present , in all material respects, the consolidated and separate financial position as at December 31, 2016 and the consolidated and separate financial performance and cash flows for the year then ended of AI Energy Public Company Limited and its subsidiaries, and of AI Energy Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Qualified Opinion

1. I am unable to obtain sufficient and appropriate audit evidence regarding the opening balances for the year 2015 for the following reasons:

   1.1 The predecessor auditor of AI Energy Public Company, in his report date March 24, 2015, expressed a disclaimer of opinion on the consolidated and separate financial statements for the year ended December 31, 2014 (before restatement) , due to the fact that the Company had no effective internal control regarding the cost of sales and inventories, including the misappropriation of asset utilization. As a result, there is no proper information or control by which to assure that the validity and completeness of manufacturing information and stock movement. This affects the costs of goods sold, inventory balances and related accounts.

According to the above matter, the Company's management has restated the Company's consolidated and separate financial position as at December 31, 2014 in order to correct the errors as described in Note to financial statements No.32. I am unable to obtain sufficient appropriate audit evidence for transaction in 2014 due to no effective of internal control as mentioned above.

1.2 As discussed in Note to the financial statement No.28.3, the Company received a letter from the Enforcement Department, Office of the Securities and Exchange Commission of Thailand, dated January 20, 2016, requesting for the facts about the Company auditor's disclaimer of opinion on the Company's financial statements for the year 2014. The Managements provide a clarification of the facts to the Enforcement Department, Office of the Securities and Exchange Commission of Thailand. The Company also sent a letter to request the status update to this matter. The Enforcement Department, Office of the Securities and Exchange Commission of Thailand replied a letter dated February 28, 2017 that the outcome is not yet finalized.

2. From my audit on the Company's financial statements for the year ended December 31, 2015, the Company's production yield during for the period of January to June 2015 was significantly lower than normal production yields. I received clarification letters on such events from the Company's Audit Committee, Managing Director, Factory Manager, Accounting and Finance Manager, Quality Control Manager, and Logistics Supervisor.

Due to results of No.1 as mentioned above effect on the financial statements for the year ended December 31, 2016. My opinion is qualified on the financial statements for the year ended December 31, 2016

I had expressed a disclaimer of opinion on the statement of profit or loss for the year ended December 31, 2015 and had expressed a qualified opinion on the financial position as at December 31, 2015, due to result as mentioned in No.1 and No.2 above. Therefore, my opinion is qualified for the possible effect of these matters on the comparability of the previous year's figures to those of the year.

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

Emphasis of Matter

As discussed in Note to financial statements No 32, the Company's financial statements for the year ended December 31, 2015 has been prepared and issued on March 29, 2016. In the year 2016, the Company retroactively adjusted the accounting errors on the Company's financial statement for the year ended December 31, 2016 and as at January 1, 2016 .

Key Audit Matters

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

Quantity of inventories

Risk

As mentioned in Note to Financial Statements No. 9, as at December 31, 2016, the Company has outstanding inventories in amount of Baht 307.89 million. The calculation of the quantities of ending inventories must include the measurement and calculation methods, for which there are many variables. Such calculation is complex.

Auditor's Response

I gained an understanding of the physical stock-take plan and the variables involved in calculating the quantities of inventories. Further, I tested the calculation of inventory quantities and observed physical stock-takes.

Inventory Valuation

Risk

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

Auditor's Response

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

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

Allowance for impairment of investments in subsidiaries

Risk

As discussed in Note to Financial Statements No. 12, in the separate financial statements the Company has investments in subsidiaries as at December 31, 2016, in the amount of Baht 420.07 million (net from the allowance for impairment of Baht 15 million). Since these subsidiaries incurred operating losses, this is the indicator that the investment may be impaired. Therefore, Management should exercise significant judgment in the determination of the allowance for impairment of the investments.

Auditor's response

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

Other Information

Management is responsible for the other information. The other information comprises the information contain in the Annual Report or the year 2016, but does not include the consolidated and separate financial statements and the auditor's report thereon. The Annual Report for the year 2016 is expected to be made available to the auditor after the date of this auditor's report.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. A description of an audit is provided in the attached Appendix.

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

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

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

Vichai Ruchitanont

Certified Public Accountant

Registration Number 4054

ANS Audit Co., Ltd.

Bangkok, February 28, 2017

APPENDIX

My practice includes the following:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

Unit : Baht

	Notes	Consolidated financial statements			Separate financial statements		
		December 31, 2016	December 31, 2015 (RESTATED)	January 1, 2015 (RESTATED)	December 31, 2016	December 31, 2015 (RESTATED)	January 1, 2015 (RESTATED)
Assets							
Current assets							
Cash and cash equivalents	5	227,100,189	117,492,345	189,591,817	200,901,951	100,685,692	176,912,104
Current investment	6	441,341	231,440	88,560	441,341	231,440	88,560
Trade and other receivables - net	4, 7, 32	142,088,081	294,433,865	477,122,589	138,654,933	290,630,724	473,580,714
Current portion of receivables under finance lease contracts	8	9,479,048	-	-	-	-	-
Inventories - net	9, 32	307,894,327	378,505,304	434,144,697	307,894,327	378,351,992	434,008,057
Oil supplies	10	2,289,365	1,986,547	2,368,196	-	-	-
Non-current assets held for sale - net	11	218,922,872	-	2,540,000	-	-	2,540,000
Total current assets		908,215,223	792,649,501	1,105,855,859	647,892,552	769,899,848	1,087,129,435
Non-current assets							
Investments in subsidiaries - net	12	-	-	-	420,073,140	435,073,140	435,073,140
Pledged deposits at financial institution	13	6,869,001	3,555,800	2,000,000	4,369,000	3,555,800	2,000,000
Receivables under finance lease contracts - net	8	8,618,160	-	-	-	-	-
Property, plant, vessel and equipment - net	14, 32	1,136,423,174	1,388,456,914	1,377,912,677	896,534,163	893,480,598	850,803,633
Intangible assets - net	15	187,366	106,316	145,046	187,366	106,316	145,046
Deferred tax assets	22	8,057,258	10,288,890	763,946	8,057,258	10,288,890	763,946
Other non-current assets		13,744,654	12,704,668	16,179,112	13,700,455	12,658,599	15,652,559
Total non-current assets		1,173,899,613	1,415,112,588	1,397,000,781	1,342,921,382	1,355,163,343	1,304,438,324
Total assets		2,082,114,836	2,207,762,089	2,502,856,640	1,990,813,934	2,125,063,191	2,391,567,759

.....Director

(Anurag Thareratanavibool)

.....Director

(Noppol Thareratanavibool)

The accompanying notes are an integral part of these financial statements.

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

Unit : Baht

	Notes	Consolidated financial statements			Separate financial statements		
		December 31, 2016	December 31, 2015 (RESTATED)	January 1, 2015 (RESTATED)	December 31, 2016	December 31, 2015 (RESTATED)	January 1, 2015 (RESTATED)
Liabilities and shareholders'equity							
Current liabilities							
Bank overdrafts and shot-term loans from financial institutions	16	128,000,000	324,034,630	316,918,380	128,000,000	250,000,000	295,016,368
Trade and other payables	4, 17, 32	57,671,780	104,778,568	203,115,537	53,609,178	101,510,457	199,253,414
Cash advance receive from disposal of asset	11	80,000,000	-	-	-	-	-
Current portion of long-term loans from financial institutions		-	-	22,080,000	-	-	-
Income tax payables	32	2,925,190	3,764,785	28,671,092	2,925,190	2,925,190	28,671,092
Total current liabilities		268,596,970	432,577,983	570,785,009	184,534,368	354,435,647	522,940,874
Non-current Liabilities							
Long-term loans from financial institutions - net		-	-	76,880,000	-	-	-
Employee benefit obligations	18	9,006,475	14,455,027	11,932,488	8,441,329	11,257,773	9,424,803
Total non-current liabilities		9,006,475	14,455,027	88,812,488	8,441,329	11,257,773	9,424,803
Total liabilities		277,603,445	447,033,010	659,597,497	192,975,697	365,693,420	532,365,677
Shareholders' equity							
Authorized share capital							
Common share 5,424,000 shares, at Baht 0.25 par value	19						
(2014 : Common share 1,130,000,000 shares, Baht 1 par value)		1,356,000,000	1,356,000,000	1,130,000,000	1,356,000,000	1,356,000,000	1,130,000,000
Issued and paid - up share capital							
Common share 4,520,000 shares, at Baht 0.25 par value	19						
(2014 : Common share 1,130,000,000 shares, Baht 1 par value)		1,130,000,000	1,130,000,000	1,130,000,000	1,130,000,000	1,130,000,000	1,130,000,000
Premium on common stocks		605,113,717	605,113,717	605,113,717	605,113,717	605,113,717	605,113,717
Retained earnings							
Appropriated							
Legal reserve	21, 32	8,226,574	6,361,574	6,361,574	8,226,574	6,361,574	6,361,574
Unappropriated	32	65,317,831	24,478,903	107,008,967	53,296,602	17,894,480	117,726,791
Other components of shareholders' equity		(4,146,731)	(5,225,115)	(5,225,115)	1,201,344	-	-
Total Shareholders' Equity		1,804,511,391	1,760,729,079	1,843,259,143	1,797,838,237	1,759,369,771	1,859,202,082
Total liabilities and shareholders' equity		2,082,114,836	2,207,762,089	2,502,856,640	1,990,813,934	2,125,063,191	2,391,567,759

.....Director

(Anurag Thareratanavibool)

.....Director

(Noppol Thareratanavibool)

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AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015 (RESTATED)	2016	2015 (RESTATED)
	3, 4, 24, 25, 26, 27, 32				
Revenues					
Revenues from sale of goods		3,416,580,893	3,446,738,120	3,395,669,878	3,419,060,603
Revenues from production contract		32,577,762	45,810,022	32,577,762	45,810,022
Revenues from vessel operating		29,942,241	19,549,186	-	-
Other incomes		10,873,197	21,342,456	4,429,493	13,688,698
Total Revenues		3,489,974,093	3,533,439,784	3,432,677,133	3,478,559,323
Expenses					
Cost of sales		(3,267,526,196)	(3,443,252,587)	(3,252,371,536)	(3,449,522,923)
Cost of production contract		(26,851,621)	(37,003,291)	(26,851,621)	(37,003,291)
Cost of vessel operating		(28,981,603)	(22,589,098)	-	-
Selling expenses		(32,322,748)	(43,124,793)	(30,376,898)	(40,763,491)
Administrative expenses		(81,644,436)	(66,814,890)	(77,569,374)	(53,655,112)
Finance costs		(8,012,265)	(10,753,967)	(6,309,286)	(6,971,761)
Total Expenses		(3,445,338,869)	(3,623,538,626)	(3,393,478,715)	(3,587,916,578)
Profit (loss) before income tax expenses		44,635,224	(90,098,842)	39,198,418	(109,357,255)
Tax income (Tax expense)	23	(1,931,296)	7,568,778	(1,931,296)	9,524,944
Profit (loss) for the years		42,703,928	(82,530,064)	37,267,122	(99,832,311)
Other comprehensive income :					
Items that will not be reclassified to profit or loss					
Defined benefit plan actuarial gains	18	1,378,720	-	1,501,680	-
Income tax on other comprehensive income relating to items that will not be reclassified	22	(300,336)	-	(300,336)	-
Other comprehensive income for the years, net of income tax		1,078,384	-	1,201,344	-
Total comprehensive income (loss) for the years		43,782,312	(82,530,064)	38,468,466	(99,832,311)
Profit (Loss) attributable to :					
Equity holders of the parent		42,703,928	(82,530,064)	37,267,122	(99,832,311)
Non-controlling interests		-	-	-	-
		42,703,928	(82,530,064)	37,267,122	(99,832,311)
Total comprehensive income (loss) attributable to :					
Equity holders of the parent		43,782,312	(82,530,064)	38,468,466	(99,832,311)
Non-controlling interests		-	-	-	-
		43,782,312	(82,530,064)	38,468,466	(99,832,311)
Earnings (loss) per share					
Basic earning (loss) per share					
Basic earnings (loss) attributable per share (Baht)		0.01	(0.02)	0.01	(0.02)
Weighted average number of common shares (share)		4,520,000,000	4,520,000,000	4,520,000,000	4,520,000,000

.....Director

(Anurag Thareratanavibool)

.....Director

(Noppol Thareratanavibool)

The accompanying notes are an integral part of these financial statements.

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

		Consolidated financial statements									
		Shareholders' equity of the parent									
						Other components of equity					
				Retained earnings (deficits)		Other comprehensive income (loss)					
	Notes	Share capital Issued and paid - up	Premium on common stocks	Appropriated Legal reserve	Unappropriated	Actuarial gain	Difference on business combination under common control	Total other components of equity	Total equity of the parent	Non-controlling interests	Total shareholders' equity
Balance as at January 1, 2016 before restated		1,130,000,000	605,113,717	6,361,574	27,404,093	-	(5,225,115)	(5,225,115)	1,763,654,269	-	1,763,654,269
Corrections of accounting errors	32	-	-	-	(2,925,190)	-	-	-	(2,925,190)	-	(2,925,190)
Balance as at January 1, 2016 after restated		1,130,000,000	605,113,717	6,361,574	24,478,903	-	(5,225,115)	(5,225,115)	1,760,729,079	-	1,760,729,079
Changes in shareholders' equity for the year :											
Legal reserve		-	-	1,865,000	(1,865,000)	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	42,703,928	1,078,384	-	1,078,384	43,782,312	-	43,782,312
Balance as at December 31, 2016		1,130,000,000	605,113,717	8,226,574	65,317,831	1,078,384	(5,225,115)	(4,146,731)	1,804,511,391	-	1,804,511,391
Balance as at January 1, 2015 before restated		1,130,000,000	605,113,717	6,514,956	113,066,335	-	(5,225,115)	(5,225,115)	1,849,469,893	-	1,849,469,893
Corrections of accounting errors	32	-	-	(153,382)	(6,057,368)	-	-	-	(6,210,750)	-	(6,210,750)
Balance as at January 1, 2015 after restated		1,130,000,000	605,113,717	6,361,574	107,008,967	-	(5,225,115)	(5,225,115)	1,843,259,143	-	1,843,259,143
Changes in shareholders' equity for the year :											
Total comprehensive loss for the year (restated)	32	-	-	-	(82,530,064)	-	-	-	(82,530,064)	-	(82,530,064)
Balance as at December 31, 2015		1,130,000,000	605,113,717	6,361,574	24,478,903	-	(5,225,115)	(5,225,115)	1,760,729,079	-	1,760,729,079

.....Director

(Anurag Thareratanavibool)

.....Director

(Noppol Thareratanavibool)

The accompanying notes are an integral part of these financial statements.

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

		Separate financial statements					
				Retained earnings (deficits)		Other components of equity: Other comprehensive income (loss)	
	Notes	Share capital: Issued and paid - up	Premium on common stocks	Appropriated: Legal reserve	Unappropriated	Actuarial gain	Total shareholders' equity
Balance as at January 1, 2016 before restated		1,130,000,000	605,113,717	6,361,574	20,819,670	-	1,762,294,961
Corrections of accounting errors	32	-	-	-	(2,925,190)	-	(2,925,190)
Balance as at January 1, 2016 after restated		1,130,000,000	605,113,717	6,361,574	17,894,480	-	1,759,369,771
Changes in shareholders' equity for the year :							
Legal reserve		-	-	1,865,000	(1,865,000)	-	-
Total comprehensive income for the year		-	-	-	37,267,122	1,201,344	38,468,466
Balance as at December 31, 2016		1,130,000,000	605,113,717	8,226,574	53,296,602	1,201,344	1,797,838,237
Balance as at January 1, 2015 before restated		1,130,000,000	605,113,717	6,514,956	123,784,159	-	1,865,412,832
Corrections of accounting errors	32	-	-	(153,382)	(6,057,368)	-	(6,210,750)
Balance as at January 1, 2015 after restated		1,130,000,000	605,113,717	6,361,574	117,726,791	-	1,859,202,082
Changes in shareholders' equity for the year :							
Total comprehensive loss for the year (restated)	32	-	-	-	(99,832,311)	-	(99,832,311)
Balance as at December 31, 2015		1,130,000,000	605,113,717	6,361,574	17,894,480	-	1,759,369,771

.....Director

(Anurag Thareratanavibool)

.....Director

(Noppol Thareratanavibool)

The accompanying notes are an integral part of these financial statements.

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015 (RESTATED)	2016	2015 (RESTATED)
Cash flows from operating activities				
Profit (loss) before income tax expense	44,635,224	(90,098,842)	39,198,418	(109,357,255)
Adjustments to reconcilie profit before income tax expense				
to cash provided by (used in) operating activities:				
Depreciation	85,430,699	82,602,738	55,003,889	48,807,449
Amortization of computer softwares	56,062	38,730	56,062	38,730
(Gain) loss on write-off of assets	(3,415,655)	198,006	1,972,992	218,421
Allowance for doubtful accounts	7,079,719	-	7,079,719	-
Allowance for devaluation of inventories	17,361,987	-	17,361,987	-
Loss on impairment of investment in subsidiary	-	-	15,000,000	-
Estimation of employee benefit obligations	2,995,750	2,522,539	2,565,758	1,832,970
Interest income	(1,068,584)	(581,112)	(699,115)	(581,112)
Interest expenses	8,012,265	10,741,159	6,309,286	6,971,761
Unrealized loss on exchange rates	48,278	28,164	48,278	28,164
Gain (Loss) from operating activities before changes in				
operating assets and liabilities	161,135,745	5,451,382	143,897,274	(52,040,872)
Changes in operating assets - (increase) decrease :				
Trade and other receivables	147,907,819	183,273,296	144,835,233	182,921,826
Inventories	52,946,172	56,021,042	53,095,678	55,656,064
Non-current assets held for sale	-	2,540,000	-	2,540,000
Other non-current assets	109,518	2,727,531	107,649	3,198,843
Changes in operating liabilities - increase (decrease)				
Trade and other payables	(56,207,925)	(99,292,231)	(55,093,500)	(98,629,787)
Cash provided by operating activities	305,891,329	150,721,020	286,842,334	93,646,074
Refunded of income tax	-	435,684	-	-
Payment for employee benefit obligations	(7,065,582)	-	(3,880,522)	-
Income tax paid	(2,775,680)	(27,067,356)	(1,149,504)	(25,950,785)
Net cash provided by operating activities	296,050,067	124,089,348	281,812,308	67,695,289

.....Director

(Anurag Thareratanavibool)

.....Director

(Noppol Thareratanavibool)

The accompanying notes are an integral part of these financial statements.

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015 (RESTATED)	2016	2015 (RESTATED)
Cash flows from investing activities				
Increase in restricted deposits at financial institution	(3,313,200)	(1,555,800)	(813,200)	(1,555,800)
Interest received	775,137	581,112	711,676	581,112
Increase in current investments	(209,900)	(142,880)	(209,900)	(142,880)
Cash paid from short-term loan from subsidiary	-	-	(2,500,000)	-
Repayment of short-term loan to subsidiary	-	-	2,500,000	-
Payment for purchases of assets	(61,597,994)	(92,669,528)	(52,956,757)	(90,986,802)
Proceeds from disposal of assets	1,976,307	40,579	-	-
Cash advance receive from disposal of land and equipment	80,000,000	-	-	-
Net cash provided by (used in) investing activities	17,630,350	(93,746,517)	(53,268,181)	(92,104,370)
Cash flows from financing activities				
Interest paid	(8,037,943)	(10,598,553)	(6,327,868)	(6,800,963)
Increase (Decrease) in bank overdraft and short-term loans from financial institutions	(196,034,630)	7,116,250	(122,000,000)	(45,016,368)
Payment for long-term loans from financial institutions	-	(98,960,000)	-	-
Net cash used in financing activities	(204,072,573)	(102,442,303)	(128,327,868)	(51,817,331)
Net increase (decrease) in cash and cash equivalents	109,607,844	(72,099,472)	100,216,259	(76,226,412)
Cash and cash equivalents at beginning of the years	117,492,345	189,591,817	100,685,692	176,912,104
Cash and cash equivalents at end of the years	227,100,189	117,492,345	200,901,951	100,685,692
Additional disclosure items to cash flows statements				
Non-cash flows items consist of:				
Assets payable for equipment	7,210,801	716,033	7,210,801	716,033

.....Director

(Anurag Thareratanavibool)

.....Director

(Noppol Thareratanavibool)

The accompanying notes are an integral part of these financial statements.

1. GENERAL INFORMATION

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

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

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

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

2. BASIS FOR PRESENTATION OF THE FINANCIAL STATEMENTS

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

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act B.E. 2543

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

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

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

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

Basis for preparation of the consolidated financial statements

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

Name	Nature of business	Country of incorporation	Percentage of holding 2016	Percentage of holding 2015
AI Logistics Company Limited	Local and overseas logistics for passenger, merchandise, parcel and other materials	Thailand	100.00	100.00
AI Ports and Terminals Company Limited	(1) Servicing port (2) Producing distributing ice cube (3) Trading electrical equipment vegetable fat and other fuel oil	Thailand	100.00	100.00

b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) Subsidiaries are fully consolidated as from the date on which the Company obtains control, and continue as consolidated until the date when such control ceases.

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

e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

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

New financial reporting standards

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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after January 1, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues and expenses recognition

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

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

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

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

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

3.2 Cash and cash equivalents

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

3.3 Current investments

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

3.4 Allowance for doubtful accounts

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

3.5 Receivable under finance lease contracts

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

3.6 Inventories

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

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

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

3.7 Oil supplies

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

3.8 Non-current assets held for sale

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

3.9 Investments in subsidiaries

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

3.10 Property, plant, vessel and equipment

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

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

3.11 Borrowing cost

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

3.12 Intangible assets

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

3.13 Income tax

Deferred tax assets/liabilities

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

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

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

Income tax expenses

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

3.14 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.

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

3.15 Basic earnings per share

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

3.16 Foreign currency transactions

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

3.17 Significant accounting judgments and estimates

Allowance for doubtful accounts

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

Allowance for diminution in inventory value

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

Impairment of investments

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

Allowances for impairment of assets

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

Property, plant and equipment

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

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

Leases

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

Post-employment benefits under defined benefit plans

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

Provisions

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

Deferred tax assets

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

4. TRANSACTIONS WITH RELATED PARTIES

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

Details of the related parties are as follows;

NAME	NATURE OF BUSINESS	NATURE OF RELATIONSHIP
Parent Company		
Asian Insulators Public Company Limited	Producing and selling porcelain insulators.	59.59 % holding of interest and directorship with the Company.
Subsidiaries of the Company		
AI Logistics Company Limited	Local and overseas logistics for passenger, merchandise, parcel and other materials	100.00 % holding of interest
AI Ports and Terminals Company Limited	(1) Servicing port (2) Producing and distributing ice cube (3) Trading electrical equipment vegetable fat and other fuel oil	100.00 % holding of interest
Subsidiary of the Parent Company		
AI Engineering Services Company Limited	Undertake construction and install electrical transmission power sub-station and trading electrical equipment	Subsidiary of Asian Insulators Public Company Limited
Related companies		
PPC Asian Insulators Company Limited	Producing and distributing electronics insulators and ceramics	Associate of Asian Insulators Public Company Limited
Samart Palm Company Limited	Crude palm oil	Director is relative of the directors of the Company
Samart Palm Oil Company Limited	Crude palm oil	Director is relative of the directors of the Company
Samart Palm Industry Company Limited	Factory of palm oil extraction plant	Director is relative of the directors of the Company

Significant transactions between the Company and related parties for the years ended December 31, 2016 and 2015 were as follows:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Sale of finished goods				
Asian Insulators Public Company Limited	216,355	37,056	216,355	37,056
AI Ports and Terminals Company Limited	-	-	-	20,869
AI Logistics Company Limited	-	-	-	840,000
AI Engineering Services Company Limited	-	3,692	-	3,692
PPC Asian Insulators Company Limited	-	3,336	-	3,336
Other incomes				
AI Ports and Terminals Company Limited	-	-	163,274	-
Purchase of goods				
Asian Insulators Public Company Limited	-	29,673,000	-	-
Samart Palm Company Limited	3,426,310	27,366,310	3,426,310	27,366,310
Samart Palm Oil Company Limited	21,077,881	28,665,777	21,077,881	28,665,777
Samart Palm Industry Company Limited	45,892,519	41,518,704	45,892,519	41,518,704
Rental and Service				
AI Ports and Terminals Company Limited	-	-	29,400,000	50,486,000
Transportation expenses				
AI Logistics Company Limited	-	-	13,318,476	29,991,880
AI Ports and Terminals Company Limited	-	-	296,042	10,767,416
Administrative expenses				
Asian Insulators Public Company Limited	1,877,187	2,164,812	975,741	1,096,323

Directors and management's remuneration

Directors and management's remuneration for the years ended December 31, 2016 and 2015 consisted of:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	17,274,211	20,898,248	13,863,667	17,114,507
Long-term post-employment benefits	1,102,758	642,461	975,857	322,969
Total directors and management's remuneration	18,376,969	21,540,709	14,839,524	17,437,476

Significant transactions between with related parties as at December 31, 2016 and 2015, were as follows:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade receivables				
Asian Insulators Public Company Limited	-	13,900	-	13,900
AI Ports and Terminals Company Limited	-	-	-	22,330
AI Engineering Services Company Limited	-	3,950	-	3,950
PPC Asian Insulators Company Limited	-	3,570	-	3,570
Trade payables				
Asian Insulators Public Company Limited	-	1,241	-	-
AI Ports and Terminals Company Limited	-	-	-	54,471
AI Logistics Company Limited	-	-	-	2,288,238
Other payables				
Asian Insulators Public Company Limited	1,990	1,556	-	-

Syndicated credit facilities with subsidiaries

As at December 31, 2015, the Company had syndicated credit facilities with subsidiaries from financial institutions totaling Baht 500 million. These credit facilities are secured by the Company with its subsidiaries, and by pledge of fixed deposits, mortgage of land and structures and machinery of the subsidiaries.

As at December 31, 2016, the Company and subsidiaries revoked syndicated credit facilities and redemption collateral entirely.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2016 and 2015 consisted of:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash in hand	395,000	459,836	300,000	300,000
Deposit at bank - savings	225,687,412	116,033,104	199,620,831	99,446,287
- current	93,357	96,777	56,700	36,777
Fixed deposits due within 3 months	924,420	902,628	924,420	902,628
Total cash and cash equivalents	227,100,189	117,492,345	200,901,951	100,685,692

6. CURRENT INVESTMENT

Current investment as at December 31, 2016 and 2015 consisted of:

Unit : Baht

	Consolidated/Separate financial statements	
	2016	2015
Fixed deposits	441,341	231,440
Total current investment	441,341	231,440

7. TRADE AND OTHER RECEIVABLES - NET

Trade and other receivables as at December 31, 2016 and 2015 consisted of:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2105
Trade receivables				
Trade receivable - related parties	-	21,420	-	43,750
Trade receivable - others	130,350,785	279,837,059	129,410,235	278,895,479
Post date cheques	13,032,549	9,805,626	13,032,549	9,805,626
Total trade receivables	143,383,334	289,664,105	142,442,784	288,744,855
Less Allowance for doubtful accounts	(8,327,831)	(1,248,111)	(8,327,831)	(1,248,111)
Total trade receivables - net	135,055,503	288,415,994	134,114,953	287,496,744
Other receivables				
Prepaid interest	125,605	222,466	125,605	222,466
Advance deposit	2,225,280	-	2,225,280	-
Prepaid insurance	2,707,498	3,304,550	1,309,560	1,647,556
Revenue Department receivable	815,948	866,421	-	-
Undue input tax	310,697	475,252	296,405	379,797
Tax card	-	470,504	-	470,504
Others	1,153,900	985,028	889,480	720,007
Total other receivables	7,338,928	6,324,221	4,846,330	3,440,330
Less Allowance for doubtful accounts	(306,350)	(306,350)	(306,350)	(306,350)
Total other receivables - net	7,032,578	6,017,871	4,539,980	3,133,980
Total trade and other receivables - net	142,088,081	294,433,865	138,654,933	290,630,724

As at December 31, 2016 and 2015, aging analysis for trade accounts receivable consisted of:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Related parties				
Current	-	21,420	-	43,750
Total	-	21,420	-	43,750
Others				
Current	133,014,096	273,278,903	132,073,546	272,337,323
Over due				
Within 3 months	2,041,407	2,727,240	2,041,407	2,727,240
Over 3 months to 12 months	-	12,388,431	-	12,388,431
Over 12 months	8,327,831	1,248,111	8,327,831	1,248,111
Total	143,383,334	289,642,685	142,442,784	288,701,105
Less Allowance for doubtful accounts	(8,327,831)	(1,248,111)	(8,327,831)	(1,248,111)
Total trade receivables - net	135,055,503	288,415,994	134,114,953	287,496,744

8. RECEIVABLES UNDER FINANCE LEASE- NET

Receivables under finance lease contracts as at December 31, 2016 and 2015 consisted of:

Unit : Baht

	Consolidated financial statements	
	2016	2015
Due within one year		
Value of minimum lease payment receivable	11,556,000	-
Deferred revenue - finance lease	(2,076,952)	-
Present value of minimum lease payment receivable	9,479,048	
Due over one year but with five years		
Value of minimum lease payment receivable	9,630,000	-
Deferred revenue - finance lease	(1,011,840)	-
	8,618,160	-

As at December 31, 2016, the subsidiary made finance lease contracts for hire-purchase Vessel with a company. These agreements are repayable in 24 equal monthly installments up to the year 2018. The ownership of assets purchased under hire-purchase agreements will be transferred to buyer when last installment is paid. (Profit on sale of assets under finance lease contract and interest income from finance lease contract recorded in the other income)

9. INVENTORIES - NET

Inventories as at December 31, 2016 and 2015 consisted of:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Raw materials and chemicals	129,883,651	229,993,513	129,883,651	229,993,513
Work in process	103,883,108	76,308,099	103,883,108	76,308,099
Finished goods	82,495,812	61,672,277	82,495,812	61,518,965
Supplies	8,993,743	10,531,415	8,993,743	10,531,415
Total inventories	325,256,314	378,505,304	325,256,314	378,351,992
Less Allowance for devaluation of inventories	(17,361,987)	-	(17,361,987)	-
Total inventories - net	307,894,327	378,505,304	307,894,327	378,351,992

10. OIL SUPPLIES

Oil supplies as at December 31, 2016 and 2015 consisted of:

Unit : Baht

	Consolidated financial statements	
	2016	2015
Bunker oil	1,796,230	1,362,916
Lubricants	493,135	623,631
Total oil supplies	2,289,365	1,986,547

11. NON-CURRENT ASSETS HELD FOR SALE - NET

Non-current assets held for sale as at December 31, 2016 and 2015 consisted of:

Unit : Baht

	Consolidated financial statements			
	2015	Tranfers in	Tranfers out	2016
Non-current assets held for sale	-	267,935,900	-	267,935,900
Less Accumulated depreciation	-	(49,013,028)	-	(49,013,028)
Non-current assets held for sale - net	-	218,922,872	-	218,922,872

At November 3, 2016, the subsidiary made contracts for sale of land, buildings and machineries with a company for the selling amount of Baht 390 million. The subsidiary will receive monthly installment from July 2016 to June 2017. The transfer of ownership will take place once the full amount is paid. As at December 31, 2016, the subsidiary had received the amount of Baht 80 million which is shown under current liabilities.

The subsidiary also made a rental agreement of land, buildings and machineries with such company for the period of 9 months from November 21, 2016 to June 20, 2017 for rental fee of Baht 0.5 million per month.

12. INVESTMENTS IN SUBSIDIARIES - NET

Investments in subsidiaries as at December 31, 2016 and 2015 consisted of:

Company	Nature of business	Percentage of Holding (%)		Paid-up share capital (Million Baht)		Unit : Baht Cost Method	
		2016	2015	2016	2015	2016	2015
AI Logistics Company Limited	Local and overseas logistics for passenger, merchandise, parcel and other materials	100.00	100.00	209	209	82,677,860	82,677,860
AI Ports and Terminals Company Limited	(1) Servicing port (2) Producing and distributing ice cube (3) Trading electrical equipment vegetable fat and other fuel oil	100.00	100.00	460	460	352,395,280	352,395,280
Total						435,073,140	435,073,140
Less Allowance for impairment of investments						(15,000,000)	-
Total investments in subsidiaries - net						420,073,140	435,073,140

.....Director
(Anurag Thareratanavibool)

.....Director
(Mr.Noppol Thareratanavibool)

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

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

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

13. PLEDGED DEPOSITS AT FINANCIAL INSTITUTION

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

14. PROPERTY, PLANT, VESSEL AND EQUIPMENT - NET

Property, Plant, Vessel and Equipment as at December 31, 2016 and 2015 consisted of:

Unit : Baht

	Consolidated financial statements									
	Land	Land improvement	Building and building 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 December 31, 2015	295,579,921	21,349,364	543,905,691	37,072,441	754,764,425	179,321,539	9,862,511	74,717,533	5,065,669	1,921,639,094
Purchases during the year	-	-	343,023	34,540	9,346,978	8,412,668	955,343	-	49,579,131	68,671,683
Transfers in (out) during the year (Note 11)	(121,023,900)	10,851,795	(119,219,930)	8,643,335	(11,783,073)	-	(1,475,498)	-	(33,928,629)	(267,935,900)
Disposals/ written-off during the year	-	-	(2,461,035)	-	(5,483,770)	(67,966,180)	(983,549)	-	(350,000)	(77,244,534)
As at December 31, 2016	174,556,021	32,201,159	422,567,749	45,750,316	746,844,560	119,768,027	8,358,807	74,717,533	20,366,171	1,645,130,343
Accumulated depreciation										
As at December 31, 2015	-	2,023,362	128,568,355	12,649,635	222,774,722	135,558,227	7,214,295	24,393,584	-	533,182,180
Depreciation for the year	-	2,535,418	15,089,850	3,825,409	44,103,207	15,536,554	1,028,578	3,311,683	-	85,430,699
Depreciation transfers out (Note 11)	-	(249,999)	(30,987,151)	-	(16,364,818)	-	(1,411,060)	-	-	(49,013,028)
Written-off during the year	-	-	(978,609)	-	(4,652,130)	(54,344,933)	(917,010)	-	-	(60,892,682)
As at December 31, 2016	-	4,308,781	111,692,445	16,475,044	245,860,981	96,749,848	5,914,803	27,705,267	-	508,707,169
Net book value										
As at December 31, 2015	295,579,921	19,326,002	415,337,336	24,422,806	531,989,703	43,763,312	2,648,216	50,323,949	5,065,669	1,388,456,914
As at December 31, 2016	174,556,021	27,892,378	310,875,304	29,275,272	500,983,579	23,018,179	2,444,004	47,012,266	20,366,171	1,136,423,174

.....Director
(Anurag Thareratanavibool)

..... Director
(Noppol Thareratanavibool)

Unit : Baht

	Separate financial statements								
	Land	Land improvement	Building and building improvement	Utility systems	Machinery accessories and tools	Office furniture and equipment	Motor vehicles	Fixed assets under construction and installation	Total
Cost									
As at December 31, 2015	157,135,835	21,099,364	173,878,810	37,058,787	683,170,297	6,636,548	72,593,991	4,715,669	1,156,289,301
Purchases during the year	-	-	343,023	34,540	9,171,930	901,821	-	49,579,131	60,030,445
Transfers in (out) during the year	-	11,101,796	410,000	8,643,334	13,727,499	46,000	-	(33,928,629)	-
Disposals/ written-off during the year	-	-	(2,443,442)	-	(1,976,488)	(94,897)	-	-	(4,514,827)
As at December 31, 2016	157,135,835	32,201,160	172,188,391	45,736,661	704,093,238	7,489,472	72,593,991	20,366,171	1,211,804,919
Accumulated depreciation									
As at December 31, 2015	-	1,804,869	41,677,578	12,639,520	179,543,112	4,323,808	22,819,816	-	262,808,703
Depreciation for the year	-	2,503,912	6,706,207	3,824,602	37,915,856	927,937	3,125,375	-	55,003,889
Written-off during the year	-	-	(961,018)	-	(1,486,964)	(93,854)	-	-	(2,541,836)
As at December 31, 2016	-	4,308,781	47,422,767	16,464,122	215,972,004	5,157,891	25,945,191	-	315,270,756
Net book value									
As at December 31, 2015	157,135,835	19,294,495	132,201,232	24,419,267	503,627,185	2,312,740	49,774,175	4,715,669	893,480,598
As at December 31, 2016	157,135,835	27,892,379	124,765,624	29,272,539	488,121,234	2,331,581	46,648,800	20,366,171	896,534,163

.....Director
(Anurag Thareratanavibool)

..... Director
(Noppol Thareratanavibool)

Depreciations in the statements of profit or loss for the years ended December 31, 2016 and 2015 consisted of:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost of sales and services	78,134,806	78,201,805	50,857,179	44,714,415
Selling and administrative expenses	7,295,893	4,400,933	4,146,710	4,093,034
	85,430,699	82,602,738	55,003,889	48,807,449

The subsidiary has mortgaged land, buildings and port with banks as collateral for credit facilities obtained from a financial institution (Note 4,16). As at December 31, 2016, the subsidiaries revoked syndicated credit facilities and redemption collateral entirely.

The gross carrying amounts of equipment were fully depreciated but these items are still in active use by the Company and subsidiaries as at December 31, 2016 and 2015, in the consolidate financial statement totaling approximately Baht 35.65 million and Baht 28.36 million respectively, and in the separate financial statements totaling approximately Baht 22.97 million and Baht 14.67 million, respectively.

15. INTANGIBLE ASSETS - NET

Intangible assets as at December 31, 2016 and 2015 consisted of:

Unit : Baht

	Consolidated financial statements	Separate financial statements
Cost		
As at December 31, 2015	395,616	316,169
Purchases during the year	137,112	137,112
As at December 31, 2016	532,728	453,281
Accumulative amortization		
As at December 31, 2015	(289,300)	(209,853)
Amortization for the year	(56,062)	(56,062)
As at December 31, 2016	(345,362)	(265,915)
Book value		
As at December 31, 2015	106,316	106,316
As at December 31, 2016	187,366	187,366

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

Bank overdrafts and short-term loans from financial institutions as at December 31, 2016 and 2015 consisted of:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Bank overdrafts	-	34,630	-	-
Promissory notes	128,000,000	324,000,000	128,000,000	250,000,000
Total	128,000,000	324,034,630	128,000,000	250,000,000

Credit facilities (Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Bank overdrafts	15,000,000	50,000,000	15,000,000	15,000,000
Promissory notes	900,000,000	900,000,000	900,000,000	900,000,000
Letter of credit and trust receipt	270,000,000	-	270,000,000	-
Total	1,185,000,000	950,000,000	1,185,000,000	915,000,000

At as December 31, 2015 these loans are secured by mortgage land with structure and port of a subsidiary. Under the terms of loan contract, the subsidiary cannot pledge its machinery, equipment and port as collateral for other loan (Note12).

As at December 31, 2016, the Company and subsidiaries revoked syndicated credit facilities and redemption collateral entirely.

17. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2016 and 2015 consisted of:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade payables				
Trade payables - related parties	-	1,241	-	2,342,709
Trade payables - other	27,274,061	64,670,829	24,495,681	60,956,038
Total trade payables	27,274,061	64,672,070	24,495,681	63,298,747
Other payables				
Advances received for goods	125,400	4,709,232	125,400	4,709,232
Retention	1,073,197	948,000	1,073,197	948,000
Revenue Department payable	11,012,355	19,989,834	10,843,300	19,596,055
Electricity payable	2,622,050	4,196,546	2,620,923	4,196,546
Accrued expenses	5,387,625	4,833,224	4,353,332	3,356,895
Payables for purchase of assets	7,210,801	716,033	7,210,801	716,033
Others payables	2,966,291	4,713,629	2,886,544	4,688,949
Total other payables	30,397,719	40,106,498	29,113,497	38,211,710
Total trade and other payables	57,671,780	104,778,568	53,609,178	101,510,457

18. EMPLOYEE BENEFIT OBLIGATIONS

Movement of the present value of employee benefits obligation for the years ended December 31, 2016 and 2015 were as follows:

Unit: Baht

	Consolidated financial statements		Separate financial statement	
	2016	2015	2016	2015
Employee benefit at beginning of year	14,455,027	11,932,488	11,257,773	9,424,803
Included in profit or loss:				
Current service cost	2,744,481	1,401,274	2,353,611	1,074,858
Interest cost	251,269	1,121,265	212,147	758,112
Included in other comprehensive income:				
Actuarial (gains) losses arising from				
Financial assumtions changes	(2,946,460)	-	(2,467,548)	-
Experience adjustments	1,567,740	-	965,868	-
Benefit paid during the year	(7,065,582)	-	(3,880,522)	-
Employee benefit obligations at end of year	9,006,475	14,455,027	8,441,329	11,257,773

Employee benefit expenses in profit or loss for the year ended December 31, 2016 and 2015, consisted of:

Unit: Baht

	Consolidated financial statements		Separate financial statement	
	2016	2015	2016	2015
Cost of sales	1,317,064	1,339,246	1,023,345	1,074,858
Selling expenses	340,979	65,323	340,979	65,323
Administrative expenses	1,337,707	1,117,970	1,201,434	692,789
Total employee benefit expenses	2,995,750	2,522,539	2,565,758	1,832,970

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

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

Principal actuarial assumptions as at December 31, 2016 and 2015 (represented by the weighted-average) consisted of:

	(Percentage (%)/annum)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	1.77 - 2.35	3.18 - 3.38	2.22	3.38
Salary increase rate	0 - 5.00	5.00	5.00	5.00
Mortality rate	100% of Thai Mortality Ordinary Tables of 2008		100% of Thai Mortality Ordinary Tables of 2008	
Turnover rate				
Under 31 years old	9.00	15.00 - 20.00	9.00	15.00
31 - 40 years old	12.00	12.00 - 24.00	12.00	12.00
41 - 50 years old	2.00	3.00 - 8.00	2.00	3.00
Above 51 years old	0.00	0.00	0.00	0.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 December 2016 are summarised below:

	Unit: Baht			
	Change of the present value of the employee benefit obligations			
	Consolidated financial statement		Separate financial statement	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(936,114)	1,090,971	(706,731)	820,985
Salary increase rate	1,065,386	(933,930)	815,188	(716,638)
Turnover rate	(986,664)	695,326	(743,220)	535,850

As at December 31, 2016, the maturity analysis of undiscounted cash flows of benefit payments was as follows:

	Unit: Baht	
	Consolidated financial statement	Separate financial statement
Within 1year	160,790	160,790
Over 1 and up to 5 years	2,152,041	2,152,041
Over 5 years	6,693,644	6,128,498

19. SHARE CAPITAL

The 2015 Annual General Meeting of Shareholders held on April 21, 2015, passed the resolutions as follows:

- Approved to amendment in par value of ordinary shares from 1 Baht per share to 0.25 Baht per share. After the changing of par value, the Company has the ordinary shares of 4,520 million shares.
- Approved to increase in registered share capital of the Company from Baht 1,130 million (4,520 million shares at Baht 0.25 par value) to be Baht 1,356 million (5,424 million shares at Baht 0.25 par value). The Company registered its increased share capital for allocate to support the warrant No. 1. (AIE-W1) with the Ministry of Commerce on July 6, 2015 as described in Note 20.

20. WARRANTS

Warrants AIE-W1

On April 21, 2015, the Annual General Meeting of the Company's shareholders passed a resolution to issue and allocate of stock warrant for rights to purchase ordinary shares of (AIE-W1) for the existing shareholders, not exceeding 904,000,000 units (allocate 1 purchase ordinary share: 1 stock warrant unit) . Details of the issue are as follows:

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

21. LEGAL RESERVE

Legal reserve is set up under the Public Limited Companies Act B.E. 2535. The Company is required to set aside to a statutory reserve at least 5 percent of its net income, until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

22. DEFERRED TAX

Deferred tax as at December 31, 2016 and 2015 consisted of:

Unit : Baht

	Consolidated/Separate financial statements	
	2016	2015
Deferred tax assets	12,348,152	13,089,439
Deferred tax liabilities	(4,290,894)	(2,800,549)
Deferred tax assets - net	8,057,258	10,288,890

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

Unit : Baht

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

Unit : Baht

	Consolidated/Separate financial statements			
	As at January 1, 2015	Profit (loss)	Other Comprehensive Profit (loss)	As at December 31, 2015
Deferred tax assets				
Allowance for doubtful accounts	728,112	(417,220)	-	310,892
Allowance on decline in value of inventories	24,052	(7,796)	-	16,256
Allowance on decline in value of non-current assets held for sale	386,998	(386,998)	-	-
Provision for long-term employee benefits	1,884,961	366,594	-	2,251,555
Tax loss carries forward	-	10,510,736	-	10,510,736
Total	3,024,123	10,065,316	-	13,089,439
Deferred tax liabilities				
Depreciation	(2,260,177)	(540,372)	-	(2,800,549)
Total	(2,260,177)	(540,372)	-	(2,800,549)
Deferred tax assets - net	763,946	9,524,944	-	10,288,890

23. INCOME TAX EXPENSES

Income tax expenses for the years ended December 31, 2016 and 2015 were as follows:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current tax expense				
Current years	-	(1,956,166)	-	-
Deferred tax expense				
Movements in temporary differences	(1,931,296)	9,524,944	(1,931,296)	9,524,944
Total	(1,931,296)	7,568,778	(1,931,296)	9,524,944

Reconciliation of effective tax rate

	Consolidated financial statements			
	2016		2015	
	Tax rate (%)	Unit : Baht	Tax rate (%)	Unit : Baht
Profit (Loss) before income tax		44,635,224		(90,098,842)
Income tax using the corporate tax rate	20	(8,927,045)	20	18,019,768
Exemption from income tax on profit received from BOI		23,619,046		140,245
Non-taxable income		-		27,574
Double expenses by the Revenue Code		1,325,714		1,957,448
Non-deductible expenses		(6,135,814)		(4,212,297)
Unrecognised tax loss carries forward-brought forward		-		1,065,569
Unrecognised current tax loss carries forward*		(11,813,197)		(9,429,529)
Tax income (expenses)	4	(1,931,296)	8	7,568,778

* The Company and its subsidiaries had tax losses carried forward for the years 2016 and 2015 amounting to Baht 59.07 million and Baht 47.15 million, respectively. Due to the uncertainty of their utilization, the Management, therefore, will not account for the deferred tax on these unutilized tax loss carried forward.

	Separate financial statements			
	2016		2015	
	Tax rate (%)	Unit : Baht	Tax rate (%)	Unit : Baht
Profit (Loss) before income tax		39,198,418		(109,357,255)
Income tax using the corporate tax rate	20	(7,839,684)	20	21,871,451
Exemption from income tax on profit received from BOI		23,619,046		-
Non-taxable income		-		27,574
Double expenses by the Revenue Code		36,953		15,174
Non-deductible expenses		(9,042,551)		(3,635,178)
Unrecognised current tax loss carries forward*		(8,705,060)		(8,754,077)
Tax income (expense)	5	(1,931,296)	9	9,524,944

*The Company had tax loss carried forward for the year 2016 and 2015 amounting to Baht 43.53 million and Baht 43.77 million, respectively. Due to the uncertainty of their utilization, the Management, therefore, will not account for the deferred tax on this unutilized tax loss carried forward.

Income tax reduction

According to Royal Decree No. 577 B.E. 2557, dated November 10, 2014, the corporate income tax rate continued at 20 % on net profit for the accounting periods beginning on January 1, 2015 to December 31, 2015. The Act of Legislation amended Revenue Code No.42 B.E. 2559, dated March 3, 2016, grants the corporate income tax rate 20% on net profit for the accounting periods beginning on January 1, 2016 onwards.

24. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2016 and 2015 consisted of:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
(Increase) Decrease in change of finished goods and work in progress	(48,398,544)	4,833,490	(48,551,856)	4,816,818
Raw materials and consumables used	(3,155,423,292)	3,286,501,622	3,125,250,613	3,245,231,408
Employee benefit expenses	105,492,314	97,903,567	78,860,238	72,366,099
Depreciation and amortization expenses	85,486,761	82,646,374	55,059,951	48,851,085
Loss on diminution of inventories	17,361,987	-	17,361,987	-

25. PROMOTIONAL PRIVILEGES

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

Companies	1. Promotional certificates Nos.	2. Effective dates	3. To promote investment in business of	4. Expiry dates according to items 5.1 and 5.2
AI Energy Public Co., Ltd.	1922(1)/2553	October 1, 2013	Producing biodiesel	September 30, 2021
	2777(1)/2556	February 3, 2015	Producing biodiesel	February 2, 2023
AI Logistics Co., Ltd.	2029(2)/2549	June 27, 2006	Ship transportation	June 26, 2014
	1434(2)/2550	June 11, 2007	Ship transportation	June 10, 2015
AI Ports and Terminals	1373(2)/2552	July 1, 2009	Ports and terminals service	(*) June 30, 2017
Co., Ltd.	1374(2)/2552	August 6, 2009	Ports and terminals service	(*) 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. The promotional certificates No. 1922(1)/2553, 2777(1)/2556, 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 303.49 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 throughout 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 and 2777(1)/2556.

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 and 2777(1)/2556.

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.

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

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

The Company and subsidiaries have revenues from sale of goods, vessel operating, port and terminal service revenues from local and overseas which are granted the promotional certificates for the years ended December 31, 2016 and 2015, as follows:

Unit: Baht

	Consolidated financial statements			Separate financial statements		
	Promoted Activities	Non-promoted Activities	Total	Promoted Activities	Non-promoted Activities	Total
For the year ended December 31, 2016						
Revenues from sale of goods	2,525,014,383	891,566,510	3,416,580,893	2,525,014,384	870,655,494	3,395,669,878
Revenues from production contract	-	32,577,762	32,577,762	-	32,577,762	32,577,762
Revenues from vessel operating	-	29,942,241	29,942,241	-	-	-
Other incomes	-	10,873,197	10,873,197	-	4,429,493	4,429,493
Total	2,525,014,383	964,959,710	3,489,974,093	2,525,014,384	907,662,749	3,432,677,133
For the year ended December 31, 2015						
Revenues from sale of goods	2,351,094,732	1,095,643,388	3,446,738,120	2,351,094,733	1,067,965,870	3,419,060,603
Revenues from production contract	-	45,810,022	45,810,022	-	45,810,022	45,810,022
Revenues from vessel operating	8,213,352	11,335,834	19,549,186	-	-	-
Other incomes	-	21,342,456	21,342,456	-	13,688,698	13,688,698
Total	2,359,308,084	1,174,131,700	3,533,439,784	2,351,094,733	1,127,464,590	3,478,559,323

.....Director
(Anurag Thareratanavibool)

.....Director
(Noppol Thareratanavibool)

26. PROVIDENT FUND

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

The Company and subsidiary's contributions for the employees' provident fund and recorded as expenses in the statements of profit or loss for the years ended December 31, 2016 and 2015 are as follows:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
AI Energy Public Company Limited	1,336,096	1,358,325	1,336,096	1,358,325
AI Logistic Company Limited	25,164	23,976	-	-
Total	1,361,260	1,382,301	1,336,096	1,358,325

27. SEGMENTS INFORMATION

The segments information for the years ended December 31, 2016 and 2015 as follows:

Unit : Thousand Baht

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

.....Director
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.....Director
(Noppol Thareratanavibool)

Unit : Thousand Baht

	Consolidated financial statements					
	For the year ended December 31, 2015					
	Sale of biodiesel and vegetable oil and by product	Contract of refine crude palm oil	Sale of ice cube	Vessel operating	Port services	Total
Revenues from sales and services	3,418,200	45,810	28,538	19,549	-	3,512,097
Cost of sales and services	(3,418,995)	(37,003)	(24,257)	(22,589)	-	(3,502,844)
Gross (loss) profit by segment	(795)	8,807	4,281	(3,040)	-	9,253
Other income						21,342
Selling expenses						(43,125)
Administrative expenses						(66,815)
Finance costs						(10,754)
Tax income						7,569
Loss for the year						(82,530)
Property, plant, vessel and equipment-net	893,481		21,135	45,024	428,817	1,388,457

.....Director
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.....Director
(Noppol Thareratanavibool)

28. COMMITMENT AND CONTINGENT LIABILITIES

Commitments and contingent liabilities as at December 31, 2016 and 2015 comprised:

28.1 The Group had contingent liabilities on bank guarantees in the amount of Bath 6.87 million and Euro 4.39 million in year 2016 and amount of Baht 6.06 million in year 2015 issued by banks on behalf of the Group with respect to certain performance bunds required in the normal course of business of the Group.

28.2 Group has contingent liabilities on capital commitments as follows:

Unit: Baht

	Contracted Balance	
	Consolidated/Separate financial statements	
	2016	2015
Capital commitments		
Contracted but not provided for		
Land improvement	-	4,000,000
Utility systems	7,797,753	1,800,000
Machinery accessories and tools	2,594,768	2,803,410
Total	10,392,521	8,603,410

28.3 The Company received a letter from the Enforcement Department, Office of the Securities and Exchange Commission of Thailand, dated January 20, 2016, requesting facts about the Company auditor's disclaimer of opinion in the Company's financial statements for the year 2014. Management provided a clarification of the facts to the Enforcement Department, Office of the Securities and Exchange Commission of Thailand. The Company also sent a letter to request a status update with respect to this matter. The Enforcement Department, Office of the Securities and Exchange Commission of Thailand replied by a letter, dated February 28, 2017, that the outcome has not been finalized.

28.4 At October 24, 2016, the Company made a 5-year contract with a company for manufacturing edible oil products and allowed the use of "Pamola" trademark.

29. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

29.1 Risk from breach of contracts

- Due to the contracting party does not follow the requirement in the contract which caused damage to the Company and subsidiaries.
- The credit risk with respect to the concentration of trade accounts receivable consists of:
  - Revenue of the Company and its subsidiaries resulting from sale, production contract, construction contract and vessel operation to few major customers but very high proportion.

- Revenue of the Company and subsidiaries resulting from sale and services to the small business customers has no concentration of credit risk, because they have a large number of customers.
- For the financial assets shown in the statement of financial position, the book value of such assets is net from various provisions to be estimated fair value. Such provisions are assumed to be the highest value of risk incurred from breach of contracts.

29.2 Risk relating to interest rate of financial assets and liabilities

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

29.3 Risk from currency exchange rate

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

29.4 Fair value of financial instruments

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

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

30. LITIGATION

The Company was sued by the Official Receiver of Pamola Company Limited for transferring back the trademark "Pamola" to the debtor's assets and pays the compensation amount of Baht 3.75 million with an interest rate of 7.50% per annum. On June 8, 2016, the Supreme Court has ordered to dismiss the case.

31. CAPITAL MANAGEMENT

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

32. CORRECTION OF ACCOUNTING ERROR AND RECLASSIFICATIONS OF TRANSACTIONS

The Company's financial statement for the years ended December 31, 2015 and 2014 has been prepared and issued on March 29, 2016 and March 24, 2015, respectively. In the year 2016, the Company retroactively adjusted the accounting errors in the financial statements for the years ended December 31, 2015 and 2014.

The effects to consolidated and separate financial position as at December 31, 2015 and January 1, 2015, presented herewith for comparative purposes, are as follows:

Unit :Baht

	Consolidated financial statements				Separate financial statements			
	Before adjusted and before new reclassification	Adjusted	Reclassification	After adjusted and afrer new reclassification	Before adjusted and before new reclassification	Adjusted	Reclassification	After adjusted and afrer new reclassification
Statement of financial position as at December 31,2015								
Current liabilities								
Income tax payable	(839,595)	(2,925,190)	-	(3,764,785)	-	(2,925,190)	-	(2,925,190)
Shareholders' equity								
Retained earnings decrease	27,404,093	(2,925,190)	-	24,478,903	20,819,670	(2,925,190)	-	17,894,480
Statement of profit or loss for the year ended December 31,2015								
Expenses								
Cost of sales	(3,443,081,444)	(9,869,423)	9,698,280	(3,443,252,587)	(3,449,351,780)	(9,869,423)	9,698,280	(3,449,522,923)
Cost of production contract	(27,305,011)	-	(9,698,280)	(37,003,291)	(27,305,011)	-	(9,698,280)	(37,003,291)
Loss for the year increase	(72,660,641)	(9,869,423)	-	(82,530,064)	(89,962,888)	(9,869,423)	-	(99,832,311)
Statement of cash flows for the year ended December 31,2015								
Cash flows from operating activities								
Loss before income tax expense increase	(80,229,419)	(9,869,423)	-	(90,098,842)	(99,487,832)	(9,869,423)	-	(109,357,255)
Inventories decrease	46,151,619	9,869,423	-	56,021,042	45,786,641	9,869,423	-	55,656,064

.....Director
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.....Director
(Noppol Thareratanavibool)

Unit : Baht

	Consolidated financial statements					
	Before adjusted and before new reclassification	The first adjusted	The second adjusted	After adjusted and before new reclassification	Reclassification	After adjusted and afrer new reclassification
Statement of financial position as at January 1, 2015						
Current assets						
Trade and other receivables - net	392,779,285	82,473,490	-	475,252,775	1,869,814	477,122,589
Inventories - net	471,807,858	(47,532,583)	9,869,422	434,144,697	-	434,144,697
Other currnt assets	1,869,814	-	-	1,869,814	(1,869,814)	-
Non-Current assets						
Property, plan, vessel and equipment - net	1,378,460,787	(548,110)	-	1,377,912,677	-	1,377,912,677
Current liabilities						
Trade and other payables	(128,514,116)	(45,903,297)	-	(174,417,413)	(28,698,124)	(203,115,537)
Other current liabilities	(28,698,124)	-	-	(28,698,124)	28,698,124	-
Income tax payables	(24,101,420)	(1,644,483)	(2,925,189)	(28,671,092)	-	(28,671,092)
Shareholders' equity						
Legal reserve	(6,514,956)	153,382	-	(6,361,574)	-	(6,361,574)
Retained earnings increase (decrease)	113,066,335	(13,001,601)	6,944,233	107,008,967	-	107,008,967

.....Director
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.....Director
(Noppol Thareratanavibool)

Unit : Baht

	Separate financial statements					
	Before adjusted and before new reclassification	The first adjusted	The second adjusted	After adjusted and before new reclassification	Reclassification	After adjusted and afrer new reclassification
Statement of financial position as at January 1, 2015						
Current assets						
Trade and other receivables - net	389,908,743	82,473,490	-	472,382,233	1,198,481	473,580,714
Inventories - net	471,671,218	(47,532,583)	9,869,422	434,008,057	-	434,008,057
Other current assets	1,198,481	-	-	1,198,481	(1,198,481)	-
Non-Current assets						
Property, plan, vessel and equipment - net	851,351,743	(548,110)	-	850,803,633	-	850,803,633
Current liabilities						
Trade and other payables	(125,634,405)	(45,903,297)	-	(171,537,702)	(27,715,712)	(199,253,414)
Other current liabilities	(27,715,712)	-	-	(27,715,712)	27,715,712	-
Income tax payables	(24,101,420)	(1,644,483)	(2,925,189)	(28,671,092)	-	(28,671,092)
Shareholders' equity						
Legal reserve	6,514,956	153,382	-	6,361,574	-	6,361,574
Retained earnings increase (decrease)	123,784,159	(13,001,601)	6,944,233	117,726,791	-	117,726,791

.....Director
(Anurag Thareratanavibool)

.....Director
(Noppol Thareratanavibool)

33. APPROVAL OF FINANCIAL STATEMENT

These financial statements have been approved to issue by the Company's Board of Directors on February 28, 2017.

..... Director
(Anurag Thareratanavibool)

..... Director
(Noppol Thareratanavibool)