

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2015

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Auditor's Report

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

I have audited the accompanying consolidated financial statements (Restated) and separate financial statements (Restated) 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, 2015, the consolidated and separate statements of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion on the statements of financial position, and for disclaimer of opinion on the statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows.



Basis for Disclaimer of Opinion on the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Shareholders' Equity and Statement of Cash Flows

1. I did not observe the physical inventory taking as at December 31, 2014 of AI Energy Public Company Limited. I am unable to satisfy myself by mean of other audit procedures on the quantity and valuation of the inventory balances of the Company as at December 31, 2014 in the consolidated and separate statements of financial position of Baht 434.10 million. As a result from brought forward of inventories balance, I am unable to conclude whether there could be any necessary adjustments on the reporting profit in the statements of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows.
2. The predecessor auditor of AI Energy Public Company Limited and subsidiaries disclaimed an opinion on the Company's consolidated and separate financial statements for the year ended December 31, 2014 (Before restated) of AI Energy Public Company Limited and subsidiaries and of AI Energy Public Company Limited respectively according to his report dated March 24, 2015 due to the Company had no effective of internal control regarding to cost of sales and inventories including misappropriation of assets utilization. As a result, information and evidence about the production transaction is not reasonable and the controlling process of taking raw materials and goods in and out of the factory is not proper. This evidence has impact on cost of sales and inventories including other related accounts.

As discussed in Note to Financial Statements No. 29.4, the Company received a letter from the Enforcement Department, Office of the Securities and Exchange Commission of Thailand (the SEC), dated January 20, 2016, requesting for the facts about the Company predecessor auditor's disclaimer of opinion in the Company's financial statements for the year 2014. The former management provided a clarification of the facts to the SEC.

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

Consequently, the Company's current management had investigated and prepared the new documentations to support the accounting transactions related to above matter No. 2 in order to reflect the financial statements to be accordance with the financial reporting standards and had adjusted the consolidated and separate financial statements for the year ended December 31, 2014 as shown in Note to Financial Statements No. 33.

I have audited the evidences supporting the accounting transactions prepared by the Company's current management. However certain supporting evidences are newly prepared. As a result, I am unable to obtain the sufficient appropriate evidence to conclude that the newly prepared supporting evidences represent the evidences supporting the accounting transactions which have been arrived from the normal internal control environment.



Due to the impact of the above matters No.1 and No. 2, I was unable to conclude whether the outstanding balances on the financial statement for the year 2014 have been correctly brought forward to the financial statement for the year 2014 or have been appropriately restated. There might be adjustments which may significantly affected the financial statements for the year 2015, or effected on the comparability of the current year's figures and the corresponding figures. Accordingly, I am unable to express an opinion on the statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity, and statement of cash flow.

Disclaimer of Opinion on the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Shareholders' Equity and Statement of Cash Flows

Because of the significance of the matters described in the Basis of Disclaimer of Opinion on the Statement of Profit or Loss and Other Comprehensive Incomes, Statement of Changes in Shareholders' Equity and Statement of Cash Flows paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the consolidated and separate statement of profit or loss and other comprehensive income , consolidated and separate statement of changes in shareholders' equity , consolidated and separate statement of cash flow for the year ended December 31, 2015 of AI Energy Public Company Limited and its subsidiaries and of AI Energy Public Company Limited respectively.

Basis for Qualified Opinion on the Statement of Financial Position

As discussed in Basis for Disclaimer of Opinion on the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Shareholders' Equity and Statement of Cash Flows paragraph, I was unable to conclude whether any adjustment were necessary to be made to the Company's consolidated and separate statement of financial position of the year 2015, and whether these might be the possible effect of this matter on the comparability of the current year's figures and the corresponding figures. My opinion is qualified on the consolidated and separate statement of financial position.

Qualified Opinion on the Statement of Financial Position

In my opinion, except for the possible effect of the matter described in Basis for Qualified Opinion on the Statement of Financial Position paragraph, the consolidated and separate statement of financial position referred to above present fairly, in all material respects, the consolidated and separate statement of financial position as at December 31, 2015 of AI Energy Public Company Limited and its subsidiaries and of AI Energy Public Company Limited respectively, in accordance with Thai Financial Reporting Standards.



Emphasis of Matter

I have ever reported on the audit of the consolidated and separate financial statements of AI Energy Public Company Limited for the year ended December 31, 2015 dated February 28, 2017 by disclosing that the Company's production yield during the period of January to June 2015 was significantly lower than normal production yields. I received clarification letters of such events from the Company's Audit Committee, Managing Director, Factory Manager, Accounting and Finance Manager, Quality Control Manager, and Logistics Supervisor on March 28, 2016 which I had not been able to obtain the sufficient evidence to support the appropriateness of such clarification.

As discussed in Note to Financial Statements No. 29.5, the Company engaged the National Metal and Materials Technology Center of National Science and Technology Development Agency to verify the result on the Company's biodiesel production process to assess the appropriateness of such low production yield and found out that the loosed quantity of oil from the tank washing process are in line with production yield reported by the Company. The loosed quantity of oil from the process resulting in an unusual low production yield may be caused by the imperfect separation of layers. I have tested computation and verified the evidences supporting the related production information and found they are in line with the Management's clarification.

Other Matter

The consolidated and separate financial statements for the year ended December 31, 2014, of AI Energy Public Company Limited and its subsidiaries (Before restated) were audited by other auditor, whose report dated on March 24, 2015, contained a disclaimer of opinion on those consolidated and separate financial statements (Before restated) regarding he was unable to obtain the sufficient appropriate evidence on the valuation of the Company's inventory balances.



Vichai Ruchitanont

Certified Public Accountant

Registration Number 4054

ANS Audit Co., Ltd

Bangkok, April 26, 2018

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Notes		(RESTATED)	(RESTATED)	(RESTATED)	(RESTATED)
Assets					
Current assets					
Cash and cash equivalents	5	117,492,345	189,591,817	100,685,692	176,912,104
Current investment	6	231,440	88,560	231,440	88,560
Trade and other receivables - net	4, 7, 33	294,433,865	477,122,589	290,630,724	473,580,714
Inventories - net	8, 33	378,505,304	434,144,697	378,351,992	434,008,057
Oil supplies	9	1,986,547	2,368,196	-	-
Non-current assets held for sale - net	10	-	2,540,000	-	2,540,000
Total current assets		792,649,501	1,105,855,859	769,899,848	1,087,129,435
Non-current assets					
Investments in subsidiaries	11	-	-	435,073,140	435,073,140
Fixed deposits with obligation	12	3,555,800	2,000,000	3,555,800	2,000,000
Property, plant, vessel and equipment - net	13, 33	1,388,456,914	1,377,912,677	893,480,598	850,803,633
Intangible assets - net	14	106,316	145,046	106,316	145,046
Deferred tax assets	22	10,288,890	763,946	10,288,890	763,946
Other non-current assets		12,704,668	16,179,112	12,658,599	15,652,559
Total non-current assets		1,415,112,588	1,397,000,781	1,355,163,343	1,304,438,324
Total assets		2,207,762,089	2,502,856,640	2,125,063,191	2,391,567,759

.....Director

(Thanit Thareratanavibool)

.....Director

(Pimwan Thareratanavibool)

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
	Notes	(RESTATED)	(RESTATED)	(RESTATED)	(RESTATED)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	15	324,034,630	316,918,380	250,000,000	295,016,368
Trade and other payables	4, 16, 33	104,778,568	203,115,537	101,510,457	199,253,414
Current portion of long-term loans from financial institutions	17	-	22,080,000	-	-
Income tax payables	33	3,764,785	28,671,092	2,925,190	28,671,092
Total current liabilities		432,577,983	570,785,009	354,435,647	522,940,874
Non-current Liabilities					
Long-term loans from financial institutions - net	17	-	76,880,000	-	-
Employee benefit obligations	18	14,455,027	11,932,488	11,257,773	9,424,803
Total non-current liabilities		14,455,027	88,812,488	11,257,773	9,424,803
Total liabilities		447,033,010	659,597,497	365,693,420	532,365,677
Shareholders' equity					
Authorized share capital					
Common share 5,424,000,000 shares, at Baht 0.25 par value	19				
(2014 : Common share 1,130,000,000 shares, Baht 1 par value)		1,356,000,000	1,130,000,000	1,356,000,000	1,130,000,000
Issued and paid - up share capital					
Common share 4,520,000,000 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
Premium on common stocks		605,113,717	605,113,717	605,113,717	605,113,717
Retained earnings					
Appropriated					
Legal reserve	21, 33	6,361,574	6,361,574	6,361,574	6,361,574
Unappropriated	33	24,478,903	107,008,967	17,894,480	117,726,791
Other components of shareholders' equity					
Difference on business combination under common control	11	(5,225,115)	(5,225,115)	-	-
Total Shareholders' Equity		1,760,729,079	1,843,259,143	1,759,369,771	1,859,202,082
Total liabilities and shareholders' equity		2,207,762,089	2,502,856,640	2,125,063,191	2,391,567,759

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Notes		(RESTATED)	(RESTATED)	(RESTATED)	(RESTATED)
3, 4, 24, 26, 28, 33, 34					
Revenues					
Sales		3,446,738,120	4,390,477,938	3,419,060,603	4,538,897,587
Revenues from production contract		45,810,022	133,541,324	45,810,022	133,541,324
Vessel operating income		19,549,186	35,291,157	-	-
Port service		-	1,000,000	-	-
Other incomes		21,342,456	14,416,266	13,688,698	17,898,815
Total Revenues		3,533,439,784	4,574,726,685	3,478,559,323	4,690,337,726
Expenses					
Cost of sales		(3,443,252,587)	(4,168,074,676)	(3,449,522,923)	(4,345,241,334)
Cost of production contract		(37,003,291)	(78,126,200)	(37,003,291)	(78,126,200)
Cost of vessel operating		(22,589,098)	(47,143,226)	-	-
Cost of port service		-	(496,687)	-	-
Selling expenses		(43,124,793)	(55,490,542)	(40,763,491)	(51,555,703)
Administrative expenses		(66,601,087)	(77,413,167)	(53,441,309)	(65,734,401)
Finance costs		(10,967,770)	(23,180,230)	(7,185,564)	(9,040,885)
Total Expenses		(3,623,538,626)	(4,449,924,728)	(3,587,916,578)	(4,549,698,523)
Profit (loss) before income tax		(90,098,842)	124,801,957	(109,357,255)	140,639,203
Tax (expenses) income	23	7,568,778	(34,135,684)	9,524,944	(34,135,684)
Profit (loss) for the year		(82,530,064)	90,666,273	(99,832,311)	106,503,519
Other comprehensive income for the year		-	-	-	-
Total comprehensive income (loss) for the year		(82,530,064)	90,666,273	(99,832,311)	106,503,519
Profit (Loss) attributable to :					
Equity holders of the Company		(82,530,064)	90,666,273	(99,832,311)	106,503,519
Non-controlling interests		-	-	-	-
		(82,530,064)	90,666,273	(99,832,311)	106,503,519
Total comprehensive income (loss) attributable to :					
Equity holders of the Company		(82,530,064)	90,666,273	(99,832,311)	106,503,519
Non-controlling interests		-	-	-	-
		(82,530,064)	90,666,273	(99,832,311)	106,503,519
Earnings (loss) per share					
Basic earning (loss) per share					
Basic earnings (Loss attributable) per share (Baht)		(0.02)	0.02	(0.02)	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
(Thanit Thareratanavibool)

.....Director
(Pimwan 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, 2015

Unit : Baht									
Consolidated financial statements									
Shareholders' equity of the parent									
		Retained earnings (Deficits)			Difference on business combination				
		Share capital	Premium on common stocks	Appropriated	Unappropriated	under common	Total equity of the Company	Non-controlling interests	Total
Notes	Issued and paid - up			Legal reserve					
	1,130,000,000	605,113,717	6,514,956	113,066,335	(5,225,115)	1,849,469,893	-	1,849,469,893	
33	-	-	(153,382)	(6,057,368)	-	(6,210,750)	-	(6,210,750)	
	1,130,000,000	605,113,717	6,361,574	107,008,967	(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)									
	-	-	-	(82,530,064)	-	(82,530,064)	-	(82,530,064)	
	1,130,000,000	605,113,717	6,361,574	24,478,903	(5,225,115)	1,760,729,079	-	1,760,729,079	
Balance as at January 1, 2014									
	1,130,000,000	605,113,717	879,242	21,825,026	(5,225,115)	1,752,592,870	-	1,752,592,870	
Changes in shareholders' equity for the year :									
Legal reserve (Restated)									
21, 33	-	-	5,482,332	(5,482,332)	-	-	-	-	
Total comprehensive income for the year (Restated)									
33	-	-	-	90,666,273	-	90,666,273	-	90,666,273	
	1,130,000,000	605,113,717	6,361,574	107,008,967	(5,225,115)	1,843,259,143	-	1,843,259,143	

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.....Director
(Thanit Tharatanavibool)

.....Director
(Pimwan Tharatanavibool)

Unit : Baht



.....Director

(Pimwan Thareratanavibool)

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(RESTATED)	(RESTATED)	(RESTATED)	(RESTATED)
Cash flows from operating activities				
Profit (loss) before income tax expense	(90,098,842)	124,801,957	(109,357,255)	140,639,203
Adjustments to reconcile profit to net cash provided by (used in)				
Depreciation	82,602,738	72,296,797	48,807,449	37,945,628
Amortization of computer softwares	38,730	41,324	38,730	40,439
Amortization of other non-current assets	-	733,681	-	733,681
(Gain) Loss on equipment disposal	198,006	(566)	-	(5,020)
Reverse on doubtful debts	-	(413,333)	-	(413,333)
Bad debts				
Unrealized loss on exchange	28,164	118,795	28,164	118,747
Loss on unused equipment	-	524,810	218,421	501,009
Loss on provision for non-current assets classified as held for sale	-	1,934,990	-	1,934,990
Allowance on decline in value of inventories	-	120,260	-	120,260
Estimation of employee benefit obligations	2,522,539	1,966,483	1,832,970	1,554,496
Interest income	(581,112)	(697,430)	(581,112)	(4,400,961)
Finance costs - interest paid	10,741,084	23,180,230	6,971,687	9,040,885
Amortization of withholding tax	-	80,992	-	80,992
Gain (Loss) from operating activities before changes in				
operating assets and liabilities	5,451,307	224,688,990	(52,040,946)	187,891,016
Changes in operating assets - (increase) decrease :				
Trade and other receivables	183,273,296	(201,672,377)	182,921,825	(201,769,493)
Inventories	56,021,042	(63,679,890)	55,656,064	(63,673,394)
Oil Supplies	-	2,452,957	-	-
Non-current assets held for Sale	2,540,000	(2,440,000)	2,540,000	(2,440,000)
Other non-current assets	2,522,649	(8,732,400)	2,993,961	267,600
Changes in operating liabilities - Increase (Decrease)				
Trade and other payables	(99,292,231)	119,781,527	(98,629,787)	123,718,583
Cash provided by operating activities	150,516,063	70,398,807	93,441,117	43,994,312
Refunded of income tax	435,684	1,789,087	-	1,789,087
Income tax paid	(26,862,474)	(2,320,491)	(25,745,903)	(1,924,042)
Net cash provided by operating activities	124,089,273	69,867,403	67,695,214	43,859,357

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2015 (RESTATED)	2014 (RESTATED)	2015 (RESTATED)	2014 (RESTATED)
Cash flows from investing activities				
Increase in restricted deposits at financial institution	(1,555,800)	-	(1,555,800)	-
Increase in current investments	(142,880)	(38,560)	(142,880)	(38,560)
Interest received	581,112	702,990	581,112	4,406,521
Payment for purchases of building and equipment	(92,669,528)	(156,999,223)	(90,986,802)	(145,445,118)
Proceeds from disposal of equipment	40,579	120,861	-	120,000
Payment for acquisition of intangible assets	-	(81,192)	-	(81,192)
Payment deposit on equipment	-	(2,164,895)	-	(2,079,145)
Payment payable from purchases of equipment	-	(5,193,248)	-	(5,193,248)
Net cash used in investing activities	(93,746,517)	(163,653,267)	(92,104,370)	(148,310,742)
Cash flows from financing activities				
Interest paid	(10,598,478)	(23,373,683)	(6,800,888)	(8,942,362)
Increase (decrease) in bank overdraft and short-term loans				
from financial institutions	7,116,250	223,300,570	(45,016,368)	255,016,368
Increase in long-term from financial institutions	-	110,000,000	-	-
Cash paid from other long-term loans	(98,960,000)	(99,669,589)	-	(31,390,700)
Net cash provided (used in) financing activities	(102,442,228)	210,257,298	(51,817,256)	214,683,306
Net Increase (decrease) in cash and cash equivalents	(72,099,472)	116,471,434	(76,226,412)	110,231,921
Cash and cash equivalents at the beginning of the years	189,591,817	73,120,383	176,912,104	66,680,183
Cash and cash equivalents at the ending of the years	117,492,345	189,591,817	100,685,692	176,912,104
Additional disclosure items to cash flows statements				
Non-cash flows items:				
Assets payable for equipment	716,033	10,628,529	716,033	10,626,729
Transferred deposit to equipment	-	20,545,920	-	20,545,920
Transferred machinery to non-current assets held for sale	-	2,034,990	-	2,034,990
Transferred deposit to other non-current assets	-	30,000	-	30,000

.....Director
(Thanit Thararatnavibool)

.....Director
(Pimwan Thararatnavibool)

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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”) in conformity with generally accepted accounting principles in Thailand.

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.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

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 as follows:

Name	Type of business	Country of incorporation	Percentage of holding	
			2015	2014
AI Logistics Company Limited	Local and overseas logistics for passenger, merchandise, parcel and other materials	Thailand	100.00	100.00
AI Ports and Terminals Company Limited	(1) Servicing port (2) Producing and distributing ice cube (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.

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.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

New financial reporting standards

Below is a summary of financial reporting standards that became effective during the current accounting year and those that will become effective in the future.

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

The Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of content and terminology, and provision of interpretations and accounting guidelines to users of standards. The adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company and its subsidiaries. However, some of these standards involve changes to key principles, which are summarized below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognize such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognize them gradually in profit or loss.

At present, the Company and its subsidiaries immediately recognize actuarial gains and losses in other comprehensive income. The assessment of the management of the Company and its subsidiaries is that when the revised standard is applied in 2015, there will be no impact on provision for long-term employee benefit liabilities and brought forward retained earnings in the financial statements.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee 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, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgment when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that the standards will not have any significant impact on the Company and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

TFRS 13 Fair Value Measurement

This standard provides guidelines on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidelines under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognized prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the financial statements of the Company or those of its subsidiaries.

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 (revised 2015) and new financial reporting standards and accounting treatment guidelines which is 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. The management of the Company and its subsidiaries believe that the revised and new financial reporting standards and accounting treatment guidelines will not have any significant impact on the financial statements when they are initially applied.

3. Significant accounting policies

3.1 Revenues and expenses recognition

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

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

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

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.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

3.5 Inventories

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

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

The Company set up the provision for diminution in inventories for the deteriorated goods and expected to be unsalable.

3.6 Oil supplies

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

3.7 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.

3.8 Investments in subsidiaries

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

3.9 Property, plant, vessel and equipment

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

	<u>Years</u>
Land and 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

3.10 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.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

3.11 Intangible assets

Computer software is considered as intangible assets. Intangible assets are amortized by the straight-line method over their estimated useful lives of 4-10 years.

3.12 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.

3.13 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

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

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.

3.14 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.

3.15 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.

3.16 Use of accounting judgments and estimates

Allowance for doubtful accounts

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

Allowance for diminution in inventory value

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

Impairment of investments

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

Allowances for impairment of assets

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

Property, plant and equipment

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

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

Leases

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

Post-employment benefits under defined benefit plans

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

Provisions

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

Deferred tax assets

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

4. Transactions with the related parties

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



.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

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	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

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Significant transactions between the Company and related parties for the years ended December 31, 2015 and 2014 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Sale of finished goods				
Asian Insulators Public Company Limited	37,056	45,065	37,056	45,065
AI Ports and Terminals Company Limited	-	-	20,869	400,702
AI Logistics Company Limited	-	-	840,000	328,800
AI Engineering Services Company Limited	3,692	4,019	3,692	4,019
PPC Asian Insulators Company Limited	3,336	20,327	3,336	20,327
Sale of raw materials				
AI Ports and Terminals Company Limited	-	-	-	182,979,327
Gain on disposal of assets				
AI Ports and Terminals Company Limited	-	-	-	5,020
Purchase of goods				
Asian Insulators Public Company Limited	29,673,000	2,960,000	-	-
AI Ports and Terminals Company Limited	-	-	-	602,005,949
Samart Palm Company Limited	27,366,310	17,436,582	27,366,310	7,276,662
Samart Palm Oil Company Limited	28,665,777	19,745,072	28,665,777	10,052,627
Samart Palm Industry Company Limited	41,518,704	4,670,505	41,518,704	4,670,505
Rental and Service				
AI Ports and Terminals Company Limited	-	-	50,486,000	53,344,903
Transportation expenses				
AI Logistics Company Limited	-	-	29,991,880	4,532,000
AI Ports and Terminals Company Limited	-	-	10,767,416	-
Administrative expenses				
Asian Insulators Public Company Limited	2,164,812	2,294,587	1,096,323	1,159,955
Interest income from related party				
AI Ports and Terminals Company Limited	-	-	-	3,755,452

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

Directors and management's remuneration

Directors and management's remuneration for the years ended December 31, 2015 and 2014 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Short-term employee benefits	20,898,248	16,814,072	17,114,507	13,621,189
Long-term post-employment benefits	642,461	442,477	322,969	362,128
Total executive compensation	21,540,709	17,256,549	17,437,476	13,983,317

Significant transactions between the Company and related parties for the years ended December 31, 2015 and 2014 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade receivables				
Asian Insulators Public Company Limited	13,900	47,300	13,900	47,300
AI Ports and Terminals Company Limited	-	-	22,330	24,695
AI Engineering Services Company Limited	3,950	4,300	3,950	4,300
PPC Asian Insulators Company Limited	3,570	-	3,570	-
Other receivables-Director	-	23,855,074	-	23,855,074
Purchases of tools and equipment				
Asian Insulators Public Company Limited	-	39,000	-	39,000
Installation of machinery				
AI Engineering Services Company Limited	-	399,220	-	399,220
Trade payables				
Asian Insulators Public Company Limited	1,241	1,383	-	-
AI Ports and Terminals Company Limited	-	-	54,471	2,611,926
AI Logistics Company Limited	-	-	2,288,238	-
Samart Palm Industry Company Limited	-	1,681,350	-	1,682,350
Accrued expenses				
Asian Insulators Public Company Limited	-	1,195	-	-
Other payables				
Asian Insulators Public Company Limited	1,556	-	-	-

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

Syndicated credit facilities with subsidiaries

As at December 31, 2015 and 2014, 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.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2015 and 2014 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash in hand	459,836	470,152	300,000	300,000
Cash at Bank - savings	116,033,104	186,545,278	99,446,287	174,065,717
- current	96,777	25,063	36,777	(4,937)
Fixed deposits due within 3 months	902,628	2,551,324	902,628	2,551,324
Total cash and cash equivalents	117,492,345	189,591,817	100,685,692	176,912,104

6. CURRENT INVESTMENT

Current investment as at December 31, 2015 and 2014 consisted of:

	Unit : Baht	
	Consolidated/Separate financial statements	
	2015	2014
Fixed deposits	231,440	88,560
Total current investment	231,440	88,560

7. TRADE AND OTHER RECEIVABLES - NET

Trade and other receivables as at December 31, 2015 and 2014 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade receivables				
Trade receivable - related companies	21,420	51,600	43,750	76,295
Trade receivable - others companies	279,837,059	442,681,678	278,895,479	441,743,396
Notes receivable	9,805,626	7,348,300	9,805,626	7,348,300
Total trade receivables	289,664,105	450,081,578	288,744,855	449,167,991
<u>Less</u> Allowance for doubtful accounts	(1,248,111)	(3,334,211)	(1,248,111)	(3,334,211)
Total trade receivables - net	288,415,994	446,747,367	287,496,744	445,833,780
Other receivables				
Other receivables - related parties	-	23,855,074	-	23,855,074
Other receivables	-	318,979	-	318,979
Prepaid interest	222,466	552,945	222,466	552,945
Prepaid insurance	3,304,550	3,502,148	1,647,556	1,753,577
Revenue Department receivable	866,421	351,623	-	-
Undue input tax	475,252	917,569	379,797	801,627
Tax card	470,504	396,854	470,504	396,854
Others	985,028	786,380	720,007	374,228
Total other receivables	6,324,221	30,681,572	3,440,330	28,053,284
<u>Less</u> Allowance for doubtful account	(306,350)	(306,350)	(306,350)	(306,350)
Total other receivables - net	6,017,871	30,375,222	3,133,980	27,746,934
Total trade and other receivables - net	294,433,865	477,122,589	290,630,724	473,580,714

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As at December 31, 2015 and 2014, aging analysis for trade accounts receivable consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Related companies				
Current	21,420	51,600	43,750	76,295
Total	21,420	51,600	43,750	76,295
Others companies				
Current	273,278,903	393,570,382	272,337,323	393,127,022
Over due				
Within 3 months	2,727,240	53,125,385	2,727,240	52,630,463
Over 3 month - to 12 months	12,388,431	-	12,388,431	-
Over 12 months	1,248,111	3,334,211	1,248,111	3,334,211
Total	289,642,685	450,029,978	288,701,105	449,091,696
<u>Less</u> Allowance for doubtful accounts	(1,248,111)	(3,334,211)	(1,248,111)	(3,334,211)
Total trade receivables - net	288,415,994	446,747,367	287,496,744	445,833,780

8. INVENTORIES - NET

Inventories as at December 31, 2015 and 2014 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Raw materials and chemicals	229,993,513	276,730,023	229,993,513	276,730,023
Goods in process	76,308,099	74,550,471	76,308,099	74,550,471
Finished goods	61,672,277	69,407,147	61,518,965	69,270,507
Consumed supplies	10,531,415	13,577,316	10,531,415	13,577,316
Total inventories	378,505,304	434,264,957	378,351,992	434,128,317
<u>Less</u> Provision for diminution in inventories	-	(120,260)	-	(120,260)
Total inventories - net	378,505,304	434,144,697	378,351,992	434,008,057

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

9. OIL SUPPLIES

Oil supplies as at December 31, 2015 and 2014 consisted of:

	Unit : Baht	
	Consolidated financial statements	
	2015	2014
Bunker oil	1,362,916	1,725,114
Lubricants	623,631	643,082
Total oil supplies	1,986,547	2,368,196

10. NON-CURRENT ASSETS HELD FOR SALE - NET

Non-current assets held for sale as at December 31, 2015 and 2014 consisted of:

	Unit : Baht			
	Consolidated/Separate financial statements			
	2014	Increase	Decrease	2015
Non-current assets held for sale	4,474,990	-	(4,474,990)	-
<u>Less</u> Provision for diminution	(1,934,990)	-	1,934,990	-
Non-current assets held for sale - net	2,540,000	-	(2,540,000)	-

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11. INVESTMENTS IN SUBSIDIARIES - NET

Investments in subsidiaries as at December 31, 2015 and 2014 consisted of:

Name	Nature of business	Percentage of Holding		Paid-up share capital (Million Baht)		Unit : baht	
		2015	2014	2015	2014	2015	2014
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 investments in subsidiaries - net						435,073,140	435,073,140

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.....Director
(Thanit Tharatanavibool)

.....Director
(Pimwan Tharatanavibool)

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.

12. FIXED DEPOSITS WITH OBLIGATION

The Company has pledged deposits at bank as collateral for the issuance of bank guarantee (Note 29.1).



13. PROPERTY, PLANT, VESSEL AND EQUIPMENT - NET

Property, Plant, Vessel and Equipment as at December 31, 2015 and 2014 consisted of:

	Unit : Baht									
	Consolidated financial statements									
	Machinery					Fixed assets under				
	Land	Land improvement	Building and improvement	Utility systems	accessories and tools	Vessel and improvement	Office furniture and equipment	Motor vehicles	construction and installation	Total
Cost										
As at December 31, 2014	295,579,922	2,947,560	522,436,155	35,475,706	666,396,330	179,321,539	9,938,400	74,632,533	42,517,042	1,829,245,187
Purchases during the year	-	-	1,382,239	-	11,907,472	-	219,277	85,000	79,791,572	93,385,560
Transfers in (out) during the year	-	18,401,804	20,087,296	1,596,735	77,157,110	-	-	-	(117,242,945)	-
Disposals/ written-off during the year	-	-	-	-	(696,487)	-	(295,166)	-	-	(991,653)
As at December 31, 2015	295,579,922	21,349,364	543,905,690	37,072,441	754,764,425	179,321,539	9,862,511	74,717,533	5,065,669	1,921,639,094
Accumulated depreciation										
As at December 31, 2014	-	506,982	113,400,629	10,111,413	181,680,596	118,001,732	6,543,310	21,087,848	-	451,332,510
Depreciation for the year	-	1,516,381	15,167,726	2,538,222	41,552,080	17,556,495	966,097	3,305,736	-	82,602,737
Written-off during the year	-	-	-	-	(457,955)	-	(295,112)	-	-	(753,067)
As at December 31, 2015	-	2,023,363	128,568,355	12,649,635	222,774,721	135,558,227	7,214,295	24,393,584	-	533,182,180
Net book value										
As at December 31, 2014	295,579,922	2,440,578	409,035,526	25,364,293	484,715,734	61,319,807	3,395,090	53,544,685	42,517,042	1,377,912,677
As at December 31, 2015	295,579,922	19,326,001	415,337,335	24,422,806	531,989,704	43,763,312	2,648,216	50,323,949	5,065,669	1,388,456,914

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.....Director
(Thanit Tharatanavibool)

.....Director
(Pimwan Tharatanavibool)

Unit : Baht

Separate financial statements

	Land	Land improvement	Building and improvement	Utility systems	Machinery accessories and tools	Office furniture and equipment	Motor vehicles	Fixed assets under construction and installation	Total
Cost									
As at December 31, 2014	157,135,835	2,697,560	152,409,274	35,462,052	595,683,690	6,426,131	72,593,991	42,517,043	1,064,925,576
Purchases during the year	-	-	1,382,240	-	10,668,606	210,417	-	79,441,571	91,702,834
Transfer to/from during the year	-	18,401,804	20,087,296	1,596,735	77,157,110	-	-	(117,242,945)	-
Sold / amortization during the year	-	-	-	-	(339,109)	-	-	-	(339,109)
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
Accumulated depreciation									
As at December 31, 2014	-	338,488	35,693,781	10,104,029	144,833,278	3,465,905	19,686,462	-	214,121,943
Depreciation for the year	-	1,466,381	5,983,797	2,535,491	34,830,522	857,903	3,133,354	-	48,807,448
Amortization for the year	-	-	-	-	(120,688)	-	-	-	(120,688)
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
Net book value									
As at December 31, 2014	157,135,835	2,359,072	116,715,493	25,358,023	450,850,412	2,960,226	52,907,529	42,517,043	850,803,633
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

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.....Director

(Thanit Tharatanavibool)

.....Director

(Pimwan Tharatanavibool)

Depreciations are presented in the statements of profit or loss for the years ended December 31, 2015 and 2014 as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cost of sales and services	78,201,805	67,518,149	44,714,415	3,721,784
Selling and administrative expenses.	4,400,932	4,783,666	4,093,033	4,223,844
	<u>82,602,737</u>	<u>72,301,815</u>	<u>48,807,448</u>	<u>7,945,628</u>

The subsidiary has mortgaged land, buildings and port with banks as collateral for credit facilities obtained from a financial institution (Note 15). The loan agreement contains various obligations such as the benefits from the insurance policy are transferred to the lender, etc.

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, 2015 and 2014, in the consolidate financial statement totaling approximately Baht 28.36 million and Baht 9.61 million respectively, and in the separate financial statements totaling approximately Baht 14.67 million and Baht 9.61 million, respectively.

14. INTANGIBLE ASSETS - NET

Intangible assets as at December 31, 2015 and 2014 consisted of:

	Unit : Baht	
	Consolidated financial statements	Separate financial statements
Cost		
As at December 31, 2014	390,709	311,262
Purchases during the year	4,907	4,907
As at December 31, 2015	<u>395,616</u>	<u>316,169</u>
Accumulative amortization		
As at December 31, 2014	(245,663)	(166,216)
Amortization for the year	(43,637)	(43,637)
As at December 31, 2015	<u>(289,300)</u>	<u>(209,853)</u>
Book value		
As at December 31, 2014	<u>145,046</u>	<u>145,046</u>
As at December 31, 2015	<u>106,316</u>	<u>106,316</u>

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

Bank overdrafts and short-term loans from financial institutions as at December 31, 2015 and 2014 consisted of:

		Unit : Baht	
		Consolidated financial statements	Separate financial statements
		2015	2014
Bank overdrafts		34,630	1,918,380
Promissory notes		324,000,000	315,000,000
Total		324,034,630	316,918,380

		Credit facilities (Unit : Baht)	
		Consolidated financial statements	Separate financial statements
		2015	2014
Bank overdrafts		50,000,000	40,000,000
Promissory notes		900,000,000	900,000,000
Total		950,000,000	940,000,000

During the first quarter of year 2015, the subsidiary has drawn down the promissory note to repayment all long-term loans (Note 17).

Bank overdrafts and short-term loans from financial institutions 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 (Note 13).

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16. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2015 and 2014 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade payables				
Trade payables - related companies	1,241	1,683,733	2,342,709	4,293,276
Trade payables - other companies	64,670,829	82,563,628	60,956,038	78,145,418
Total trade payables	64,672,070	84,247,361	63,298,747	82,438,694
Other payables				
Other payables	3,798,890	14,427,424	3,777,774	14,237,028
Advances received from goods	4,709,232	17,504,518	4,709,232	17,504,518
Accrued bonus expenses	-	325,886	-	-
Electricity payable	4,196,546	4,129,782	4,196,546	4,128,504
Accrued expenses	4,833,224	4,649,094	3,356,895	4,094,610
Retention	948,000	1,731,328	948,000	1,731,328
Revenue Department payable	19,989,834	71,813,967	19,596,055	70,866,844
Others	1,630,772	4,287,177	1,627,208	4,251,888
Total other payables	40,106,498	118,869,176	38,211,710	116,814,720
Total trade and other payables	104,778,568	203,116,537	101,510,457	199,253,414

17. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS - NET

Long-term loans from financial institutions as at December 31, 2015 and 2014 consisted of:

		Unit : Baht	
		Consolidated financial statements	
Credit line	Repayment conditions	2015	2014
Baht 110 million	- The principal will be repaid by monthly under condition and amount as specified in the agreement with the first installment by AI Ports and Terminals in July 2014 and will be finished within June 2019.		
Started on June 30, 2014			
by AI Ports and Terminals			
Company Limited	- Monthly payment of interest rate at MLR-1 per annum.	-	98,960,000
Total long-term loans from financial institutions		-	98,960,000
Less Current portion of long - term loans		-	(22,080,000)
Long-term loans from financial institutions-net		-	76,880,000

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

During the first quarter of year 2015, the subsidiary has drawn down the promissory note to repayment all long-term loans prior to maturity in amount of Baht 97.12 million (Note 15).

18. EMPLOYEE BENEFIT OBLIGATIONS

Movement of the present value of employee benefit obligation expenses in the statement of comprehensive income for the years ended December 31, 2015 and 2014 are as follows:

	Unit : Baht			
	Post - employment benefit plan			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Defined benefit obligations at beginning as at January 1,	11,932,488	9,966,005	9,424,803	7,870,307
Employee benefit expenses in the statements of				
Current service cost	1,401,274	1,641,115	1,074,858	1,296,936
Cost of interest	1,121,265	325,368	758,112	257,560
Defined benefit obligations at December 31,	14,455,027	11,932,488	11,257,773	9,424,803

Principal actuarial assumptions at the appraisal report date are as follows:

Particulars	Consolidated financial statements	Separate financial statements
Discount rate	3.18 - 3.38% per annum	3.38 % per annum
Future salary increase rate	5.00 % per annum	5.00 % per annum
Average staff turnover rate	0 - 15.00 % per annum	0 - 15.00 % per annum

19. SHARE CAPITAL

As 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 million units (allocate 1 purchase ordinary share: 1 stock warrant unit) . Details of the issue are as follows:

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

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, 2015 and 2014 consisted of:

	Unit : Baht	
	Consolidated/Separate financial statements	
	2015	2014
Deferred tax assets	13,089,439	3,024,123
Deferred tax liabilities	(2,800,549)	(2,260,177)
Deferred tax assets - net	10,288,890	763,946

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

	Unit : Baht		
	Consolidated/Separate financial statements		
	As at January 1, 2015	Profit (loss)	As at December 31, 2015
Deferred tax assets			
Allowance for doubtful accounts	728,111	(417,220)	310,891
Allowance on decline in value of inventories	24,052	(7,796)	16,256
Provision for diminution in non-current assets held for sale	386,998	(386,998)	-
Provision for long-term employee benefits	1,884,962	366,594	2,251,556
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

	Unit : Baht		
	Consolidated/Separate financial statements		
	As at January 1, 2014	Profit (loss)	As at December 31, 2014
Deferred tax assets			
Allowance for doubtful accounts	814,483	(86,372)	728,111
Allowance on decline in value of value of inventories	-	24,052	24,052
Allowance on decline in value of value of non-current assets held for sale	-	386,998	386,998
Provision for long-term employee benefits	1,574,062	310,900	1,884,962
Tax loss carries forward	1,915,950	(1,915,950)	-
Total	4,304,495	(1,280,372)	3,024,123
Deferred tax liabilities			
Depreciation	-	(2,260,177)	(2,260,177)
Total	-	(2,260,177)	(2,260,177)
Deferred tax assets - net	4,304,495	(3,540,549)	763,946

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

23. INCOME TAX EXPENSES

Income tax recognized for the years ended December 31, 2015 and 2014 are as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Current tax expense				
Current years	(1,956,166)	(30,595,135)	-	(30,595,135)
Deferred tax expense				
Movements in temporary differences	9,524,944	(3,540,549)	9,524,944	(3,540,549)
Total tax revenue (tax expense)	7,568,778	(34,135,684)	9,524,944	(34,135,684)

Reconciliation of effective tax rate

	Consolidated financial statements			
	2015		2014	
	Tax rate		Tax rate	
	(%)	Unit : Baht	(%)	Unit : Baht
Profit (Loss) before income tax		(90,098,842)		124,801,957
Income tax using the corporate tax rate	20%	18,019,768	20%	(24,960,391)
Exemption from income tax on profit received from BOI		140,245		-
Non-taxable income		27,574		-
Double expenses by the Revenue Code		1,957,448		1,826,374
Non-deductible expenses		(6,186,181)		(6,888,162)
Unrecognised tax loss carries forward-brought forward		1,065,569		-
Unrecognised current tax loss carries forward*		(7,455,645)		(4,113,505)
Tax revenue (Tax expense)	-8%	7,568,778	-27%	(34,135,684)

* The Company and its subsidiaries had tax losses carried forward for the years 2015 and 2014 amounting to Baht 37.28 million and Baht 20.57 million, respectively. Due to the uncertainty of their utilization, the Management, therefore, will not account for the deferred tax on these unutilized tax losses carried forward.

Separate financial statements				
2015		2014		
Tax rate		Tax rate		
(%)	Unit : Baht	(%)	Unit : Baht	
	(109,357,255)		140,639,203	
Profit (Loss) before income tax				
Income tax using the corporate tax rate	20%	21,871,451	20%	(28,127,841)
Non-taxable income		27,574		-
Double expenses by the Revenue Code		15,174		28,620
Non-deductible expenses		(5,609,063)		(6,036,463)
Unrecognised current tax loss carries forward*		(6,780,192)		-
Tax revenue (tax expense)	-9%	9,524,944	-24%	(34,135,684)

*The Company had tax loss carried forward for the year 2015 amounting to Baht 33.90 million. 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

Royal Decree No. 530 B.E.2554 dated December 14, 2011 grants a reduction in the corporate income tax rate from 30% to 20% on net profit for the accounting periods beginning on January 1, 2013 to December 31, 2014. According to the Royal Decree No. 577 B.E. 2557, dated November 10, 2014, the corporate income tax rate will continue at 20 % on net profit for the accounting periods beginning on January 1, 2015 to December 31, 2015.

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24. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2015 and 2014 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
(Increase) decrease in change of				
finished goods and work in progress	4,833,490	(78,149,713)	4,816,818	(78,143,217)
Raw materials and consumables used	3,286,501,622	3,954,532,164	3,245,231,408	3,945,104,437
Purchase of goods for sale	1,079,142	119,259,911	1,916,712	294,369,391
Vessel operating expenses	6,213,150	23,178,566	-	-
Employee benefit expenses	97,903,567	74,139,002	72,366,099	59,496,803
Depreciation and amortization expenses	82,646,374	73,071,802	48,851,085	38,719,748
Finance costs	10,967,770	23,180,230	7,185,564	9,040,885

25. FOREIGN CURRENCY TRANSACTIONS

As at December 31, 2015 and 2014, the Company and subsidiaries have outstanding assets and liabilities denominated in foreign currencies which are not covered by any hedging as follows:

(Unit : Thousand)

Particulars	Consolidated financial statements				Separate financial statements			
	2015		2014		2015		2014	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
<u>Assets</u>								
USD	0.13	4.73	309.56	10,157.49	-	-	309.43	10,153.17
EUR	-	-	49.17	1,954.54	-	-	49.17	1,954.54
<u>Liabilities</u>								
USD	-	-	0.25	8.28	-	-	-	-

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26. 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 Co., Ltd.	1373(2)/2552	July 1, 2009	Ports and terminals service	(*) June 30, 2016
	1374(2)/2552	August 6, 2009	Ports and terminals service	(*) August 5, 2016
<p>5. Important privileges which are granted :</p> <p>5.1 Exemption from corporate income tax on net profit of promotional operation for 8 years. 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.</p> <p>5.2 Exemption from income tax on dividend from promoted business which was exempted from corporate income tax as 5.1 throughout out the promotional period of all promotional certificates.</p> <p>5.3 Allowance for reduction the corporate income tax from promotional net profit at 50% of normal rate since the exemption is expired as 5.1 for 5 years especially for promotional certificate No. 1922(1)/2553 and 2777(1)/2556.</p> <p>5.4 Allowance for double deduction of annual expenses of public utilities (electricity, water supply and transportation), commencing from the generating revenues date for 10 years of promotional certificate No. 1922(1)/2553 and 2777(1)/2556.</p> <p>5.5 Allowance to deduct the annual loss incurred during the income tax exemption period as 5.1 from the net profit since the expiry dates within 5 years, by which can be deducted from net profit of any year or several years of all promotional certificates.</p>				

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

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

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

In 2015 and 2014, the Company and subsidiaries have sales, vessel operating, port and terminal service revenues from local and overseas which are granted the promotional certificates as follows:

	Unit : Baht					
	Consolidated financial statements			Separate financial statements		
	BOI	NON BOI	Total	BOI	NON BOI	Total
For the year ended December 31, 2015						
Sales	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
Vessel operating income	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
For the year ended December 31, 2014						
Sales	-	4,390,477,938	4,390,477,938	-	4,538,897,587	4,538,897,587
Revenues from production contract	-	133,541,324	133,541,324	-	133,541,324	133,541,324
Vessel operating income	35,291,157	-	35,291,157	-	-	-
Port service	-	1,000,000	1,000,000	-	-	-
Other incomes	-	14,416,266	14,416,266	-	17,898,815	17,898,815
Total	35,291,157	4,539,435,528	4,574,726,685	-	4,690,337,726	4,690,337,726

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.....Director
(Thanit Tharatanavibool)

.....Director
(Pimwan Tharatanavibool)

27. PROVIDENT FUND

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

The Company and subsidiary's contributions for the employees' provident fund and recorded as expenses in the statements of comprehensive income for the years ended December 31, 2015 and 2014 are as follows :

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
AI Energy Public Company Limited	1,358,325	1,091,357	1,358,325	1,091,357
AI Logistic Company Limited	23,976	9,282	-	-
Total	1,382,301	1,100,639	1,358,325	1,091,357

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28. OPERATING SEGMENTS

The segments information for the years ended December 31, 2015 and 2014 was as follows:

Unit : Thousand Baht						
Consolidated financial statements						
For the year ended December 31, 2015						
Sale of biodiesel and						
vegetable oil and by	Contract of refine	Sale of	Vessel	Port	Total	
product	crude palm oil	ice cube	operating	services		
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)
Income tax revenue						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

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.....Director
(Thanit Tharatanavibool)

.....Director
(Pimwan Tharatanavibool)

Unit : Thousand Baht

Consolidated financial statements						
For the year ended December 31, 2014						
	Sale of biodiesel and vegetable oil and by product	Contract of refine crude palm oil	Sale of insulators component	Sale of ice cube	Vessel operating	Port services Total
Revenues from sales and services	4,355,189	133,541	3,840	31,449	35,291	1,000 4,560,310
Cost of sales and services	(4,139,813)	(78,126)	(2,960)	(25,302)	(47,143)	(497) (4,293,841)
Gross (loss) profit by segment	215,376	55,415	880	6,147	(11,852)	503 266,469
Non-allocation expenses						14,416
Profit from operation						(55,491)
Other income						(77,413)
Finance costs						(23,180)
Income tax expenses						(34,135)
Profit for the year						90,666
Property, plant, vessel and equipment-net	850,804		-	21,585	62,415	443,109 1,377,913

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.....Director
(Thanit Tharatanavibool)

.....Director
(Pimwan Tharatanavibool)

29. COMMITMENT AND CONTINGENT LIABILITIES

Commitments and contingent liabilities as at December 31, 2015 and 2014 were as follows:

29.1 The Group had contingent liabilities on bank guarantees in the amount of Baht 6.06 million in year 2015 and amount of Baht 5.64 million in year 2014 issued by banks on behalf of the Group with respect to certain performance bonds required in the normal course of business of the Group.

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

Unit : Million Baht				
	Contracted Balance			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Capital commitments				
Land improvement	4.00	-	4.00	-
Building and utility systems	1.80	-	1.80	-
Machinery accessories and tools	2.80	4.99	2.80	4.62
Total	8.60	4.99	8.60	4.62

29.3 The Company has entered a lease contract of 15 tanks, comprise 5 tanks at 23/1 Moo 7 Thajeen District, Amphoe Mueang, Samutsakhon and 10 tanks at 1/9 Moo 1 Tambon Had Sairee, Amphoe Mueang Chumphon, Chumphon. The lease period was 12 months, commencing from January 1, 2015 to December 31, 2015. The Company has to pay monthly rental amount of Baht 4.20 million per month.

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

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

Consequently, the Company's current management had investigated and prepared the new documentations to support the accounting transactions related to above matters of auditor disclaimed an opinion on the Company's financial statements in order to reflect the financial statements to be accordance with the financial reporting standards and had adjusted the consolidated and separate financial statements for the year ended December 31, 2015 and 2014 as shown in Note to Financial Statements No. 33.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

29.5 The Company's production yield during the period of January to June 2015 was significantly lower than normal production yields. The Company engaged the National Metal and Materials Technology Center of the National Science and Technology Development Agency to verify the result on the Company's biodiesel production process to assess the appropriateness of such low production yield and found out that the loosed quantity of oil from the tank washing process are in line with production yield reported by the Company. The loosed quantity of oil from the process resulting in an unusual low production yield may be caused by the imperfect separation of layers.

30. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

30.1 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.

30.2 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.

30.3 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.

30.4 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.

.....Director
(Thanit Thararatnavibool)

.....Director
(Pimwan Thararatnavibool)

31. 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.

32. 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.

33. 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.

During the year 2017, the Company’s current management had investigated and prepared the new documentations to support the accounting transactions related to the matter of auditor disclaimed opinion of the Company’s financial statements in order to reflect the financial statements to be accordance with the financial reporting standards and had adjusted the financial statements, therefore, restated the financial statements for the year ended December 31, 2015 and 2014.

Certain accounts in the statement of financial position as at December 31, 2014 have been reclassified to conform to the current year presentation, of which no impact net income or shareholders' equity. The effects to financial statement for the years ended December 31, 2015 and 2014, presented herewith for comparative purposes, are as follows:



.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

Unit : Baht

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

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Statement of financial position as at December 31, 2014

.....Director
(Thanit Tharatanavibool)

.....Director
(Pimwan Tharatanavibool)

Unit : Baht

	Separate financial statements				
	Before adjusted and before new reclassification	The first adjusted	The second adjusted	After adjusted and before new reclassification	After adjusted and after new reclassification
Statement of financial position as at December 31,2014					
Current assets					
Trade and other receivables - net	389,908,743	82,473,490	-	472,382,233	1,198,481
Inventories - net	471,671,218	(47,532,583)	9,869,422	434,008,057	-
Other current assets	1,198,481	-	-	1,198,481	(1,198,481)
Non-current assets					
Property, plant, vessel and equipment - net	851,351,743	(548,110)	-	850,803,633	-
Current liabilities					
Trade and other payables	(125,634,405)	(45,903,297)	-	(171,537,702)	(27,715,712)
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)	-
Shareholders' equity					
Legal reserve	(6,514,956)	153,382	-	(6,361,574)	-
Retained earnings (increase) decrease	(123,784,159)	13,001,601	(6,944,233)	(117,726,791)	-

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Statement of financial position as at December 31,2014

.....Director
(Thanit Tharatanavibool)

.....Director
(Pimwan Tharatanavibool)

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 after new reclassification
Revenues					
Revenues from sales of goods	4,334,327,668	55,745,130	405,140	4,390,477,938	- 4,390,477,938
Revenues from production contract	54,469,397	84,861,342	(5,789,415)	133,541,324	- 133,541,324
Other income	16,351,255	-	-	16,351,255	(1,934,989) 14,416,266
Expenses					
Cost of sales	(4,090,367,195)	(96,252,893)	18,545,412	(4,168,074,676)	- (4,168,074,676)
Cost of production contract	(37,155,419)	(43,538,050)	2,567,269	(78,126,200)	- (78,126,200)
Administrative expenses	(58,733,144)	(8,892,713)	(9,292,299)	(76,918,156)	(495,011) (77,413,167)
Directors' remuneration	(2,430,000)	-	-	(2,430,000)	2,430,000 -
Tax expenses	(29,566,011)	(1,483,537)	(3,086,136)	(34,135,684)	- (34,135,684)
Profit for the year increase (decrease)	96,877,023	(9,560,721)	3,349,971	90,666,273	- 90,666,273

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Statement of profit or loss and other comprehensive income

For the year ended December 31, 2014

.....Director
(Thanit Tharatanavibool)

.....Director
(Pimwan Tharatanavibool)

Unit : Baht

	Separate financial statements				
	Before adjusted and before new reclassification	The first adjusted	The second adjusted	After adjusted and before new reclassification	After adjusted and after new reclassification
Revenues					
Revenues from sales of goods	4,482,747,317	55,745,130	405,140	4,538,897,587	4,538,897,587
Revenues from production contract	54,469,397	84,861,342	(5,789,415)	133,541,324	133,541,324
Other income	19,833,804	-	-	19,833,804	17,898,815
Expenses					
Cost of sales	(4,267,533,853)	(96,252,893)	18,545,412	(4,345,241,334)	(4,345,241,334)
Cost of production contract	(37,155,419)	(43,538,050)	2,567,269	(78,126,200)	(78,126,200)
Administrative expenses	(47,054,378)	(8,892,713)	(9,292,299)	(65,239,390)	(65,734,401)
Directors' remuneration	(2,430,000)	-	-	(2,430,000)	-
Tax expenses	(29,566,011)	(1,483,537)	(3,086,136)	(34,135,684)	(34,135,684)
Profit for the year increase (decrease)	112,714,269	(9,560,721)	3,349,971	106,503,519	106,503,519

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Statement of profit or loss and other comprehensive income

For the year ended December 31, 2014

.....Director
(Thanit Tharcratanavibool)

.....Director
(Pimwan Tharateranavibool)

Unit :Baht

	Consolidated financial statements				Separate financial statements			
	Before adjusted and before new reclassification	Adjusted	Reclassification	After adjusted and after new reclassification	Before adjusted and before new reclassification	Adjusted	Reclassification	After adjusted and after 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)

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.....Director
(Thanit Tharatanavibool)

.....Director
(Pimwan Tharatanavibool)

34. EVENTS AFTER THE REPORTING PERIOD

- 34.1 At November 3, 2016, the subsidiary made contracts for sale of land, buildings and machineries with a company for the amount of Baht 390 million. The subsidiary will receive monthly installment from July 2016 to June 2017. The transfer of ownership will take place once the full amount is paid. The subsidiary 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.
- 34.2 At November 1, 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.
- 34.3 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.
- 34.4 The Company had prepared and published the consolidated and separate financial statements for the years 2017 and 2016 which had been audited by the auditor according to the auditor’s reports dated February 27, 2018 and February 28, 2017 respectively. The contents of the events after the reporting period, therefore, have been included in such financial statements.

35. FINANCIAL STATEMENTS APPROVAL

These financial statements are approved by the Company’s Board of Directors on April 26, 2018.



.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)