



AIE 039/2017

March 1, 2017

Subject: Management's Discussion and Analysis for 2nd quarter ended as of June 30, 2016

Attention: President

The Stock Exchange of Thailand

AI Energy Public Company Limited (AIE) would like to submit the company and its subsidiaries financial statement for 2nd quarter ended as of June 30, 2016, which details are as following;

Results	Q2/2016	Q2/2015	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	Percentage
Total Revenues	1,150.40	904.62	245.78	27.17
Cost of Goods Sold and Service	(1,073.38)	(920.80)	152.58	16.57
Sell and Administration Expenses	(28.87)	(27.46)	1.41	5.13
Net Profit (Loss)	47.00	(43.22)	90.22	208.75
Earnings per share (Baht per share)	0.01	(0.01)	0.02	200.00

Net Profit

The company and subsidiaries realized net profit (loss) of the 2nd quarter ended as of June 30, 2016, of THB 47.00 million, increased for THB 90.22 million or 208.75% comparing to the 2nd quarter ended as of June 30, 2015, which the realized net loss was THB 43.22 million, for the following reasons;

Revenue

The company and subsidiaries realized the revenue as of the 2nd quarter ended as of June 30, 2016, of THB 1,150.40 million which increased by THB 245.78 million or 27.17% from the 2nd quarter ended as of June 30, 2015, which realized the revenue THB 904.62 million, where the reasons are summarized as follows.



1. Manufacture and Sales of Biodiesel and By-product

Revenues from sales of biodiesel business to total revenue for the 2nd quarter of 2016 and 2015 were 78.41% and 63.03% respectively.

The revenue from Biodiesel in the 2nd quarter of 2016 is THB 901.18 million which has increased by 24.40% from the 2nd quarter of 2015 was THB 724.44 million, and contributed to total Palm Oil business at 80.55% and 82.58%, respectively.

2. Manufacture and Sales of Edible Oil

Revenues from sales of Edible Oil (Palm Oilien) to total revenue for the 2nd quarter of 2016 and 2015 were 18.93% and 13.29% respectively.

- In 2nd quarter of 2016, revenue from Edible Oil was THB 217.58 million, 6,274 tons at average selling price of THB 34.68 / Kilogram.
- In 2nd quarter of 2015, revenue from Edible Oil was THB 152.79 million, 4,755 tons at average selling price of THB 32.13 / Kilogram.

The revenue from Edible Oil in the 2nd quarter of 2016 has increased from the 2nd quarter of 2015 for THB 64.79 million or 42.40%, resulted by high pricing competition.

3. Refining Service

Revenues from Refining Service to total revenue for the 2nd quarter of 2016 and 2015 were 1.39% and 0.99% respectively.

The revenue from Refining Service in the 2nd quarter of 2016 is THB 15.94 million which has increased by THB 4.52 million or 39.58% from the 2nd quarter of 2015 was THB 11.42 million.

4. Ports and Terminal Services and Ice Cube Factory Business

Revenues from Ports and Terminal Services, the subsidiary (AIPT) were received from the Company who was only customer to AIPT, therefore such transaction will not show in Revenue. Revenue from Ice Cube Factory to total revenue for the 2nd quarter of year 2016 and 2015 were 0.58% and 0.65% respectively.

AIPT's revenue from Sale of Ice Cube in the 2nd quarter of 2016 is THB 6.70 million which has decreased by THB 0.74 million or 9.95%.



5. Sea Freight Carrier Business

Revenues from Sea Freight Services, operated by the subsidiary (AIL), to total revenue for the 2nd quarter of 2016 and 2015 were 0.69% and 0.20% respectively.

- In the 2nd quarter of 2016, revenue from Sea Freight Services was THB 7.93 million.

AIL's revenue from Sea Freight Services in the 2nd quarter of 2016 has increased by THB 5.63 million or 244.78% from the 2nd quarter of 2015. In 2016 AIL has continuously received revenue from Sea Freight service in overseas, but in 2015 AIL only focuses on serving only group business.

6. Other Income

The Company and the Subsidiaries had Revenues from Other Income to total revenue for the 2nd quarter of 2016 and 2015 were 0.13% and 0.59% respectively.

In the 2nd quarter of 2016, revenue from Other Income was THB 1.05 million decreased by THB 5.73 million or 84.51% from the 2nd quarter of 2015.

Cost of Sales and Services

The company and subsidiaries realized the cost of sales and services as of the 2nd quarter of 2016 of THB 1,073.38 million and the ratio of cost of sales over total revenue was 93.39%, which decreased by 9.17% comparing to the 2nd quarter of 2015, where the reasons are summarized as follows.

1. Cost of Sales - Biodiesel and By-product in the 2nd quarter of 2016, cost of sale was THB 827.26 million, with ratio of cost of sale to revenue was 91.80%.
2. Cost of Sales – Edible Oil in the 2nd quarter of 2016, cost of sale was THB 223.46 million, with ratio of cost of sale to revenue was 102.70%.
3. Cost of Refining Service in the 2nd quarter of 2016, cost of refining service was THB 13.62 million, with ratio of cost of service to revenue was 85.43%.
4. Cost of Sale – Ice Cube in the 2nd quarter of 2016, cost of sale was THB 5.53 million, with ratio of cost of sale to revenue was 82.54%.
5. Cost of Sea Freight Service in the 2nd quarter of 2016, cost of service was THB 6.89 million, with ratio of cost of service to revenue was 86.89%.



Selling Expenses

The company's selling expenses as of the 2nd quarter of 2016, ended as of June 30, 2016, was THB 9.08 million, which decreased by THB 0.93 million or by 9.29% from selling expenses the amount of THB 10.01 million in the 2nd quarter of 2015. Mostly are transportation and goods in transit insurance expenses.

Administration Expenses

The company's administration expenses for the 2nd quarter of 2016 ended as of June 30, 2016, was THB 16.94 million which increased by THB 1.59 million or by 10.36% from administration expenses the amount of THB 15.35 million in the 2nd quarter of 2015.

Financial Cost

The financial cost for the 2nd quarter of 2016, ended as of June 30, 2016, was THB 2.85 million, which increased by THB 0.74 million or 35.07% from financial cost the amount of THB 2.11 million in the 2nd quarter of 2015. Due to increase in short-term loan for raw material procurement.

Please be informed accordingly.

Yours sincerely,

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