

ANNUAL REPORT 2018

รายงานประจำปี 2561



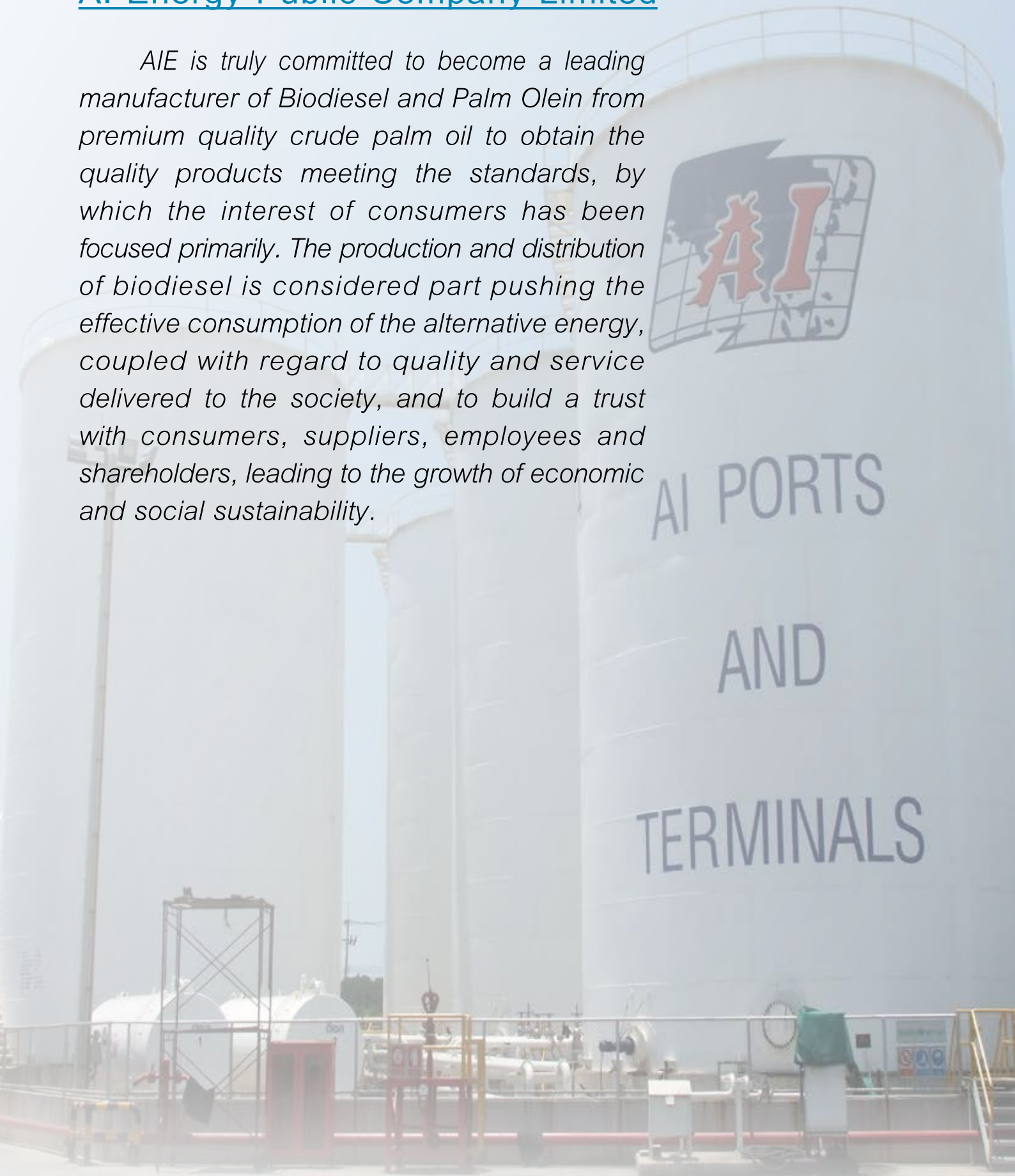
AI ENERGY PUBLIC COMPANY LIMITED

บริษัท เอไอ เอนเนอร์จี้ จำกัด (มหาชน)



AI Energy Public Company Limited

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



Business Group

Biodiesel (B100) and Palm Oil Business

AI Energy Public Company Limited

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

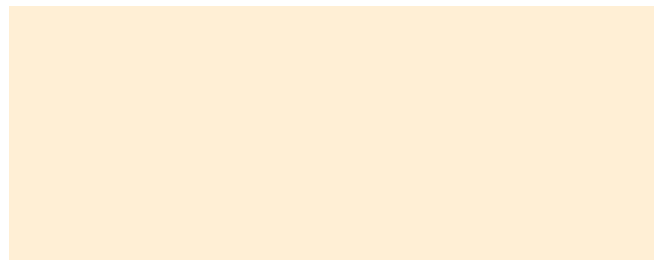


Logistics Business



AI Logistics Company Limited

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



Ports and Terminals Business

AI Ports and Terminals Company Limited

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

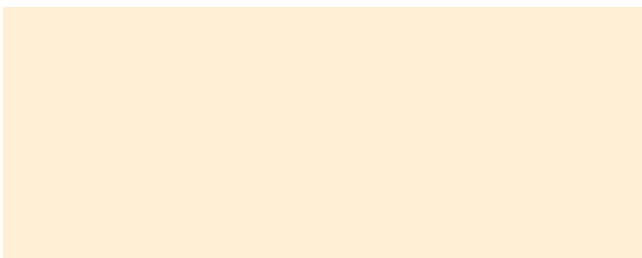


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1. Policy and Business Overview

AI Energy Public Company Limited (the “Company” or “AIE”) was officially established on October 4, 2006 with initial registered capital of 1,356,000,000 Baht divided into 5,424,000,000 ordinary shares at par value of 0.25 Baht, paid-up capital of 1,308,072,982 Baht. AIE produces and sells Biodiesel: B100 and Palm Olein (Edible Oil), which are produced from crude palm oil (CPO) with environmentally friendly continuous refining and production system and for Edible Oil AIE uses “PAMOLA” brand as traded name. AIE also sells raw materials such as CPO, RBD Palm Oil, including by-products of manufacturing processes, palm fatty acid distillate (PFAD), refined bleached deodorized palm stearin (RBD Palm Stearin) and crude glycerine to be used in other industries such as soap, cosmetics, including reuse as raw materials to produce biodiesel. Moreover, the company also generates revenue from ‘Refining Service’ of CPO to those in Biodiesel business and Edible Oil business. CPO that used in our production must be passed the choicest of premium quality and through the chosen effective suppliers of CPO extracted from the best quality and fresh palms for refined process to meet the standards required by the governmental agencies.



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

Group of Company Structure

AI Energy Public Company Limited (AIE)

99.99%

(Subsidiaries)

99.99%

AI Logistics Company Limited (AIL)

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

For "Thareratana 1" according to AIE's Board of Director No. 4/2016 has resolution on 18 October 2016 has approved to dispose of Thareratana 1 vessel size 1,500 tons' gross at 23,112,000 Baht, AIL has been received full payment already and has transferred the entitlement to the Buyer since October 2018.

AI Ports and Terminals Company Limited (AIPT)

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

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

2. Message from Chairman



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

A handwritten signature in blue ink, appearing to be 'Narong Thareratanavibool', written in a cursive style.

Mr. Narong Thareratanavibool
Chairman

In 2018, after a very challenging amid a dramatically decrease of Crude Palm Oil (CPO) price, AIE had total revenues (Consolidated) of 1,570,917,679 Baht which lower than previous year due to CPO price Year 2018 diminished by 21.36% from Year 2017 (Based on Department of Internal Trade, the average CPO price was 24.88 Baht per kilogram in 2017 and the average CPO price was 19.57 Baht per kilogram in 2018; Source: DIT, Ministry of Commerce), which reached to the lowest at 16.00 Baht per kilogram in the last quarter of 2018. The declining of CPO price dramatically and continuously caused the average cost of sales, which has the price of CPO as the main cost, higher that Biodiesel's selling price in 2018 and leads to net loss (Consolidated) for Year 2018 at 72,320,514 Baht

While, a Refined Glycerine project to add value-added to by-product; crude glycerine was constructed completely and in commissioning stage, and expected to commercial run by the end of 1st quarter of 2019 that expected a significantly reduced in AIE's overall production costs and continuously improve AIE's profitability in 2019.

On behalf of the Board of Director of AIE and its subsidiaries, I would like to express my gratitude to gratefully thank all our shareholders, customers, suppliers, government sectors, financial institutions, and all business alliances that trust and support AIE throughout the year. As well as, our management and staff at all levels, sharing duties with perseverance continued and truly committed to conduct a business in an ethical manner, together with development of the quality of life and environment throughout the year 2018 was a major propeller to overcome obstacles and challenges. In addition, to ensure that all stakeholders are confident that AIE has managed according to the principles of good corporate governance and Anti Corruption policy. AIE therefore determined Guidelines for Anti-Corruption in accordance with the guidelines of the Collective Action Coalition or CAC that AIE has already certified as a member.

3. Business Profile

- The Company previously had key operations as follows:

Year	Significant Event
2006	<ul style="list-style-type: none"> ▶ Registered on 4 October 2006 with registered capital at 300,000,000 Baht consisted of 30,000,000 common stocks at the par value of 10 Baht per share and paid capital of 300,000,000 Baht. AI had its shares for 75 percent of the Company's registered capital. ▶ The Company purchased assets from one manufacturer and distributor of Olein palm oil to perform manufacturing and distributing business of Biodiesel to oil traders of Article 7 of Fuel Trade Act B.E. 2543, as well as manufacture and distribute palm oil under the brand "PAMOLA" with production capacity of 300 tons of crude palm oil per day.
2007	<ul style="list-style-type: none"> ▶ The Company had shareholders' structure that AI purchased shares from one former shareholder. Therefore, AI's shares increased from 75 percent to 81 percent of registered capital at that time. ▶ The Company was granted as oil traders of Article 10 of Fuel Trade Act B.E. 2543 from Ministry of Energy on 2 April 2007.
2008	<ul style="list-style-type: none"> ▶ The Company was authorized by the Central Islamic Council of Thailand to use HALAL certificate for processed Olein palm oil under PAMOLA brand, Palm Stearin, RBD Palm Oil, RBD Palm kernel oil, Palm Olein, palm kernel fatty acid, palm fatty acid, and crude glycerin.
2009	<ul style="list-style-type: none"> ▶ The Company had shareholders' structure that AI purchased shares from one former shareholder. Therefore, AI's shares increased from 81 percent to 82 percent of registered capital at that time. ▶ AIE received quality management certification based on ISO 9001:2008 for processed palm oil product and processed Olein palm oil, as well as Biodiesel manufacturing from ISO certification organization. ▶ The Company received certification for Hazard Analysis and Critical Control Points (HACCP) for processed palm oil product and processed Olein palm oil from ISO certification organization. ▶ The Company received the certification of Good Manufacturing Practice (GMP) for processed palm oil product and processed Olein palm oil from ISO certification organization. ▶ The Company received kosher certification for Jewish food standard for refined palm without fat, processed Olein palm oil, refined palm fat, fat acid from palm kernels, palm fat acid, and glycerin from Thai Kashrut Services Co., Ltd. which provides Jewish food qualification inspection.

Year	Significant Event
<p>○ 2010</p>	<ul style="list-style-type: none"> ▶ The Company restructured shareholders' structure by having AI bought shares from 2 former shareholders. Therefore, AI's shares increased from 82.00 percent to 92.00 percent of authorized capital at that time. ▶ The general meeting of shareholders on 4 August 2010 had special resolution to add registered capital from 300,000,000 Baht to 370,000,000 Baht by issuing 7,000,000 capital-raising common stocks for sales to existing shareholders by proportion at par value of 10 Baht per share to support the investment in crude palm oil refinery tower (Refinery 2) construction which would have production capacity of 800 tons of crude palm oil per day. In that case, the Company could enhance its production capacity from 300 tons of crude palm oil per day to 1,100 tons of crude palm oil per day. After issuing such capital-raising common stocks, AI shares increased from 92.00 percent to 93.14 percent of registered capital at that time. ▶ The Company received Investment Promotion Card from Thailand Board of Investment (BOI) for Bio-diesel production for business related to energy saving and renewable energy typed 1.18, alcohol manufacturing business or fuel from agricultural produce including trashes and wastes manufacturing business for the Refinery 2. In this connection, the Company received key titles and benefits as follows: - <ol style="list-style-type: none"> 1) Received income tax exemption for gross profit from the promoted business for 8 years starting from the date first receiving revenue from business performance. 2) Received exemption for including dividend from promoted business receiving income tax exemption in 1) to be calculated for income tax for an entire period of promotion receipt. 3) Received income tax deduction for gross profit received from investment at 50 percent rate starting from the date relieving from 1) exemption for the period of 5 years. 4) Received authorization to less transportation, power supply, and water supply expenses for 2 times of such expenses for the period of 10 years starting from date first receiving revenue from business performance. 5) Received authorization to take annual loss incurred during the tax exemption period in 1) to be deducted from incurred gross profit starting from the date relieving from 1) exemption for the period of 5 years which may choose to deduct from gross profit of any or several years. <p>In this connection, currently the Company had not yet exercised any benefits from such Investment Promotion Card at all.</p>
<p>○ 2011</p>	<ul style="list-style-type: none"> ▶ The Company developed production capacity of the Refinery 1 to 350 tons of crude palm oil per day so that AIE had total production capacity of 1,150 tons of crude palm oil per day.
<p>○ 2012</p>	<ul style="list-style-type: none"> ▶ The Company restructured shareholders' structure by having AI bought shares from 2 former shareholders. Therefore, AI's shares increased from 93.14 percent to 98.00 percent of authorized capital at that time. ▶ The company has finished the construction of Refinery 2 which increases the production capacity to 1,150 tons of crude palm oil per day.

Year	Significant Event
2013	<ul style="list-style-type: none"> ▶ The Refinery 2 started to produce and gain commercial revenue since February 2013 ▶ The general meeting of shareholders on 9 April 2013 had the important resolutions as follows <ol style="list-style-type: none"> 1) Approved to add registered capital from 370,000,000 Baht to 960,000,000 Baht by issuing 59,000,000 capital-raising common stocks for sales to existing shareholders by proportion at par value of 10 Baht per share to pay for debts from relevant companies and to buy common stocks from AI Ports and Terminals Co., Ltd. (AIPT) and AI Logistics Co., Ltd. (AIL) to prepare the company based on spin-off plan. After issuing such capital-raising common stocks, AI shares increased to 98.79 percent of registered capital at that time. 2) Approved to buy common stocks of AIPT and AIL to prepare the company based on spin-off plan. ▶ The extraordinary meeting of shareholders on 2 May 2013 had resolutions as follows: <ol style="list-style-type: none"> 1) Approved the Company's transformation into Public Company Limited and prepared to be listed on mai. The Company's title was changed to "AI Energy Public Company Limited" 2) Approved the change of stocks' par value from 10 Baht per share to 1 Baht per share resulting in the change of the Company's common stocks number to 960,000,000 shares. 3) Approved the increase of registered capital from 960,000,000 Baht to 1,130,000,000 Baht by issuing 170,000,000 common stocks at 1 Baht of par value per share. Therefore, the Company increased its registered capital to 1,130,000,000 shares at 1 Baht of par value per share. 4) Approved the allocation of 170,000,000 common stocks for capital-raising to be included to 275,000,000 existing common stocks held by AI. Therefore, the total number of common stocks for sales was 445,000,000 shares which would be sold to the public and existing shareholders of AI. ▶ The company launched initial public offering (IPO) of 170,000,000 common stocks on 23-24 December 2013 resulting the company's registered capital has increased from 960,000,000 Baht to 1,130,000,000 Baht. ▶ The Company received Investment Promotion Card from Thailand Board of Investment (BOI) for Biodiesel production for business related to energy saving and renewable energy typed 1.18, alcohol manufacturing business or fuel from agricultural produce including trashes and wastes manufacturing business for the production of PFAD Esterification. In this connection, the Company received key titles and benefits as follows: - <ol style="list-style-type: none"> 1) Received income tax exemption for gross profit from the promoted business for 8 years starting from the date first receiving revenue from business performance. 2) Received exemption for including dividend from promoted business receiving income tax exemption in 1) to be calculated for income tax for an entire period of promotion receipt. 3) Received income tax deduction for gross profit received from investment at 50 percent rate starting from the date relieving from 1) exemption for the period of 5 years. 4) Received authorization to less transportation, power supply, and water supply expenses for 2 times of such expenses for the period of 10 years starting from date first receiving revenue from business performance. 5) Received authorization to take annual loss incurred during the tax exemption period in 1) to be deducted from incurred gross profit starting from the date relieving from 1) exemption for the period of 5 years which may choose to deduct from gross profit of any or several years. <p>However, the company have not used the benefits of BOI yet.</p> ▶ The company received certification of Roundtable on Sustainable Palm Oil (RSPO)

Year	Significant Event
2014	<p>▶ The company build PFAD Esterification plant with the production capacity of 72 tons per day, which is the process of transformation of Palm Fatty Acid Distillate (PFAD) into alternated raw material of Biodiesel production other than using RBD Palm Oil and Palm Stearin.</p>
2015	<p>▶ The Annual General Meeting of shareholders on 21 April 2015 had resolutions as follows: -</p> <ol style="list-style-type: none"> 1) Approved the issuance and allocation of stock warrant for rights to purchase ordinary shares of (AIE-W1) for the existing shareholders. 5 existing shares:1 warrant. <ul style="list-style-type: none"> ▪ For expanding production capacity ▪ For investing in machine to increase production yield ▪ For working capital 2) Approved the change of stocks' par value from 1 Baht per share to 0.25 Baht per share. 3) Approved the increase of registered capital from 1,130,000,000 Baht to 1,356,000,000 Baht by issuing 904,000,000 ordinary shares at 0.25 Baht of par value per share for allocate to support AIE-W1.
2016	<p>▶ The Board of Director Meeting No. 4/2016 on 18 October 2016 has resolution to dispose the assets of its subsidiaries with total value of 413,112,000 Baht as follow;</p> <ol style="list-style-type: none"> 1. Approved AI Ports and Terminal Co., Ltd. ("AIPT"), subsidiary which AIE holds 99.99% of the registered ordinary shares, to dispose some of its asset; land, Port, tanks farm (5 tanks with total storage capacity of 10,000,000 liters), ice factory, machineries, equipment and building located on land deeds No. 108147 and 13397 with total area of 7 Rai 49.1 Wah in Tha Jeen district in Samut Sakhon province. Total value of sale is 390,000,000 Baht and will transfer entitlement to the Buyer only after the installed payment has been done within June 2017 2. Approved AI Logistic Co., Ltd. ("AIL"), subsidiary which AIE holds 99.99% of the registered ordinary shares, to dispose some of its asset; Thareratana 1; Vessel size (Tanker) 1,500 Tons Gross with value of sale of 23,112,000 Baht. and will transfer entitlement to the Buyer only after the installed payment has been done within October 2018
2017	<p>▶ The Company has started the construction of Refined Glycerine Plant (Refined Glycerine 99.7%, USP and Pharma Grade) with the capacity of 100 tons refined glycerine per day and was planned to commercial run in 1st quarter of 2019. The Refined Glycerine Plant project gives a value added to the Company's owns produced by-product; Crude Glycerine that obtained from the existing Biodiesel's production. The potential customer bases are in pharmaceutical and food industries. Moreover, this plant can also separate the fatty acids from crude glycerin that to be used as a raw material for the production of Biodiesel.</p> <p>▶ The Company has increased its Biodiesel production capacity from 500 tons of Biodiesel per day to 600 tons of Biodiesel per day</p> <p>▶ The Company received Investment Promotion Card from Thailand Board of Investment (BOI) for Refined Glycerine production for business typed 6.1 chemical for industrial used manufacturing business. For Refined Glycerine Plant, the Company received key titles and benefits as follows: -</p>

Year	Significant Event
	<ul style="list-style-type: none"> 1) Received income tax exemption for gross profit from the promoted business not over 100% of the investment, excluding cost of land and working capital for 3 years starting from the date first receiving revenue from business performance. 2) Gross profit includes revenue from by-products. 3) Received exemption for including dividend from promoted business receiving income tax exemption in 1) to be calculated for income tax for an entire period of promotion receipt. 4) Received authorization to take annual loss incurred during the tax exemption period in 1) to be deducted from incurred gross profit starting from the date relieving from 1) exemption for the period of 5 years which may choose to deduct from gross profit of any or several years. <ul style="list-style-type: none"> ▶ The Company received Investment Promotion Card from Thailand Board of Investment (BOI) for Biodiesel production for business related to renewable energy typed 1.16.1, fuel from agricultural produce for the expansion of Biodiesel production, the Company received key titles and benefits as follows: - <ul style="list-style-type: none"> 1) Received income tax exemption for gross profit from the promoted business not over 100% of the investment, excluding cost of land and working capital for 8 years starting from the date first receiving revenue from business performance. 2) Gross profit includes revenue from by-products. 3) Received exemption for including dividend from promoted business receiving income tax exemption in 1) to be calculated for income tax for an entire period of promotion receipt. 4) Received authorization to take annual loss incurred during the tax exemption period in 1) to be deducted from incurred gross profit starting from the date relieving from 1) exemption for the period of 5 years which may choose to deduct from gross profit of any or several years. ▶ In June 2017, AI Ports and Terminals Company Limited (“AIPT”) is a subsidiary of the Company, which holds 99.99 percent shares of AIPT’s total registered and paid-up capital. AIPT has been received full payment of THB 390 million from the disposal of its assets at Tha Chalom in Samut Sakhon, which are port, lands, tanks farm (5 tanks with total storage capacity of 11,062,000 litres), ice factory, machineries, equipment and building and has been transferred the entitlement to the Buyer.
2018	<ul style="list-style-type: none"> ▶ The Company has processed towards the changing of paid-up capital on 6 June 2018 to 1,308,072,982 Baht at 0.25 Baht per share or equal to 5,232,291,928 ordinary shares, which increased from the exercised of AIE-W1 by 178,072,982 Baht or equal to 712,291,928 ordinary shares (or 78.79% of the issued warrant of 904,000,000 shares) ▶ In October 2018, AI Logistics Company Limited (“AIL”) is a subsidiary of the Company, which holds 99.99 percent shares of AIL’s total registered and paid-up capital. AIL has been received full payment of THB 23.11 million from the disposal of Thareratana 1; Vessel size (Tanker) 1,500 Tons Gross and has been transferred the entitlement to the Buyer. ▶ AIE received quality management certification based on ISO 9001:2015 for the manufacturing of Biodiesel and Palm Olein from ISO certification organization.

- Revenue Structure of the Company and its Subsidiaries

Types of Revenue	Consolidated Financial Statement		Consolidated Financial Statement		Consolidated Financial Statement	
	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Selling revenue	1,459.23	92.89	2,176.30	88.43	3,416.58	97.90
1.1 Palm oil business revenue	1,459.23	92.89	2,176.30	88.43	3,395.67	97.30
1.1.1 Biodiesel	1,295.07	82.44	1,930.18	78.43	2,652.04	75.99
1.1.2 Palm Olein	86.63	5.51	130.44	5.30	690.27	19.78
1.1.3 Raw materials & by-product ¹	77.53	4.94	115.68	4.70	53.36	1.53
1.2 Revenues from ice cube selling	-	-	-	-	20.91	0.60
2. Refining service revenue	49.46	3.15	77.03	3.13	32.58	0.93
3. Sea freight revenue ²	54.11	3.44	32.92	1.34	29.94	0.86
Revenues	1,562.80	99.48	2,286.25	92.90	3,479.10	99.69
4. Other revenues ³	8.12	0.52	174.81	7.10	10.87	0.31
Revenues	1,570.92	100.00	2,461.06	100.00	3,489.97	100.00

- Notes :
- ¹ Revenue from raw materials and by-products mean revenues gained from the sales of crude palm oil, palm fatty acid, refined palm stearin and crude glycerine will be supplied to the manufacturer in other industries.
- ² from sea freight mean revenues on behalf of AIL which is a subsidiary of the Company.
- ³ Other revenues mean other revenues from the Company and subsidiaries such as revenues from selling scraps, interest income and revenue from gain on dispose of non-current assets of AIPT for THB 156.57 million in 2017

Business Performance for Each Production Line

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

1. Company's Products

1.1) Selling Revenues- Palm Oil Business

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

1.1.1 Biodiesel: B100

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

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

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

1.1.2 Palm Olein

Palm Olein is obtained from refining crude palm oil by extracting oil from good quality palm which is used as raw materials in the production. The crude palm oil ("CPO") is refined to extract fat to be refined palm oil. Then, such oil will be preceded to the compression process to separate and crystallize in order to get Palm Olein for consumption. The customers who use Palm Olein could be divided into (1) large food manufacturing industry, including cooked foods manufacturers which mostly orders by tank truck, (2) packaged customers, including chained restaurant that ordered in various packaging's such as tins and bags under the brand "PAMOLA", which was established in the Palm Olein market more than 30 years.

After the Company changed the policy of Palm Olein business ("Edible Oil") by cancels the sales and distribution by the Company itself, change into refining service of Edible Oil instead in 2017, in order to reduce the sell and administration expenses. The customer will supply their own CPO and taking liabilities in transporting expenses such raw materials to the factory, and charge extra if requested the product in various packages. However, the Company has realized revenue from selling Edible Oil in 2018, due to some industrial customers and food chains contracting the Company directly for the Company's product quality reasons.

1.1.3 Raw Materials and By-products

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



กรดไขมันพาล์ม
Palm Fatty Acid Distillate: PFAD



ไขมันพาล์มบริสุทธิ์
Refined Bleached Deodorized Palm Stearin: RBD Stearin



กลีเซอริน
Crude Glycerine

1.2) Revenues from Refining Services

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

2. Product of Subsidiaries

2.1) Revenue from Sea freight service

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

Matrix Representing Basic Information Regarding AIL's Vessel

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

Photos of Thareratana Vessel 3**2.2) Revenues from Ports and Terminals servicing and Revenue from Ice cube**

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

In 2018, AIPT has no revenue from port and terminal service and no revenue from ice cube for industry used since the Company has been canceled CPO storage at AIPT-Samut Sakhon and AIPT – Chumphon. Also, AIPT had sold some of its assets at Tha Chalom in Samut Sakhon, which are port, lands building, tanks farm (5 tanks with total storage capacity of 11,062,000 Litres), and ice factory to the Buyer since June 2017. Moreover, AIPT – Chumphon did not provide port and terminal service to other customer in 2018.

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



4. Risk factor

1. Risks in the Company's Business

1.1 Business Competition

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

The company has begun to prepare for tougher competition by giving importance to the development of efficiency in the production process continuously to bring about higher quality and the highest production efficiency. This will allow the company to control cost and expenses in production more efficiently. It will also allow us to maintain quality of the biodiesel according to standard. Since 2012 the Company has gained an economy of scale from Crude Palm Oil Refinery of 1,150 tons per day and in the past 3 years the Company has expand investment to further improve efficiency and reduce cost by using palm fatty acid (PFAD) which is a by-product as a raw material to produce B100, so called Esterification 80% Plant with production capacity of 72 tons of PFAD per day, also expanded its B100 production capacity from 450 tons of biodiesel per day to 600 tons per day to benefit from economies of scale in biodiesel production. In 2017, the Company has invested to construct the Refined Glycerine 99.70% Plant, which has a production capacity of 100 tons of refined glycerin per day, add the value added to the Company's existing by-product; crude glycerine. The refined glycerine commonly known as an essential raw material in foods and pharmaceutical industries that help the Company expanding customer base in other industries, where has less government policy's intervention. The plant itself is currently in 90% progress and expected commercially run at the end of the first quarter of 2019.

1.2 Customer Concentration Risk

The company sells B100 up to 84.39% of total Sales in 2018. In the distribution, Biodiesel was distributed to customers who are compiled to section 7 of the Fuel Trade Act B.E. 2543 which was sold in a made to order manner through inviting suppliers for bidding. The selling process after winning the bidding will be a 3-12 months' contract depending on customer's the term and agreement and policy. Most customers will determine the product pickup or amount of goods clearly in the contract.

However, the purchasing ratio may adjust according to the customer's demand during each period. The company is sure that there is very small chance for us to lose our customers as producers and distributors of B100 since the government's policy to induce higher usage of B100 and recently increased B100 blend mandate for trucks (Fleet) to B20 in mid-2017.

1.3 Risk from the government policy amendment

Palm oil is considered an important economic crop since it helps with stability in terms of food and energy of the country. Crude palm oil which is extracted from the factory of Thailand will be distributed for various business sectors such as energy, industry, and other non- food sectors such as soap and cosmetics. Palm oil production in the country has enough capacity for domestic and some export, which palm oil and crude palm oil that are extracted from palm oil, including products which use crude palm oil as raw material in the production process were controlled by the government through various ministries, directly and indirectly such as the Ministry of Agriculture and Cooperative, Ministry of Energy, and Ministry of Commerce since crude palm oil that has been extracted from palm oil is considered a raw material in various industries. The crude palm oil's market price in Thailand is correlated to Malaysian crude palm oil's market price, the largest crude palm oil in the world, in the past Thailand's palm oil industry has faced various factors that caused price to fluctuate. The huge fluctuation in the weather condition which caused the Southern area to face a huge drought and natural disasters, these events caused a shortage of palm oil in the market since palm oil and palm fruits has decreased largely, this led to a huge shock in palm oil price and producer's cost to increase.

For the price and quantity fluctuation of crude palm oil, the government had issued a policy to control such problem from both the fluctuating price and quantity. The government has used its policy to reduce the portion of B100 blend in Diesel such as lowered B7 to B5 when crude palm oil stock low. And increased the ratio of biodiesel in diesel fuel when stocking crude palm oil high. This is to control the amount of crude palm oil used and focuses on the need of the general consumer. Also, price of palm fruit and crude palm oil has been controlled in case of fluctuation and use the policy to buy crude palm oil from the market in case of crude palm oil over supply and the policy to import crude palm oil from overseas. In the case that domestic crude palm oil is at a shortage (at the moment Thailand has a policy to control imported palm oil even though the import tax rate is at 0% since 2010 whereby allowing palm oil to be an authorized imported product. Public Warehouse Organization, Ministry of Commerce is the only entity allowed to import such product so that there will be no effect on the domestic palm oil industry).

The Department of Internal Trade of Thailand, Ministry of Commerce had ordered that vegetable oil, fuel oil, and palm oil are controlled products according to the Act on Prices of Goods and Services of B.E. 2542 where vegetable oil and fuel oil are considered sensitive list products. The Department of Internal Trade will monitor the price and condition daily. Therefore, from what has been mentioned above, the company therefore faces risk from policy shift which could affect the company's profit

1.4 Risks from unforeseeable event

The Company has operated business in producing and distributing B100 and Palm Olein from crude palm oil and its subsidiaries which are AI Ports and Terminals Company Limited (AIPT) and AI Logistic Company Limited (AIL) which provide ports and storage tanks service and sea freight service (transport fuel, lubricant oil, crude palm oil, and refine palm oil) both domestic and international. The Company and its subsidiaries operate business regarding fuel oil which might face unanticipated events such as bombing, fuel leak, and accident caused by vessels which could bring about damage for the Company and its subsidiaries. The Company and its subsidiaries however are aware of such risk and set guidelines to mitigate such risk through knowledge transfer for each departments of all companies via training at both public and private agencies that are related. This will also help create unity and help employees be aware of the work operation. This process is conducted along with the control of the managers of each department with strict training and guideline in case of emergency annually. Also, the company has continuous monitoring and inspection of the safety equipment and has contract with well-renowned domestic and foreign insurance companies to protect the company and its subsidiaries from risk that could occur. The insurance covers all potential risk, including the asset that is used for business conduct and fuel stock, including risks that occur from natural disaster and accident.

2. Production-Related Risks

2.1 Material Shortage Risk.

The Company is a manufacturer and distributor of biodiesel from crude palm oil and Palm Olein under brand of "PAMOLA" as well as CPO refining services. The Company uses CPO as main raw material, which has a proportion of 85%-90% in total cost. All of CPO's purchasing agreements are in short-term within 15 days, which clearly states price and quantity. There is no long-term agreement or contract with the supplier especially. Thus, the Company may be at risk to a shortage of CPO if the suppliers cannot supply the CPO to the Company adequately or stop to supply CPO to the Company by the supplier's internal policies. Therefore, the Company may have loosening the opportunity to conduct business, which may affect to the company's operation. The Company is aware of such risk, the protective approach has determined for such risk by purchasing CPO from more than 20 efficient suppliers and maintaining of a good relationship with the suppliers continuously. More than 80% of CPO's suppliers vendor list of the Company are business partners with the Company for more than 8 years. Presently, Thailand have increased the cultivated area for palm fruits and encouraging farmer to reap palm fruits only when they are ripe as a result in increasing Oil Extract Rate (OER) from 15%-16% to 17%-18%, thus the company ensures that it will be less of material shortage risk.

2.2 The Risk of Fluctuations in CPO Prices.

The Company uses CPO as main raw material for producing B100, where its price is defined by global market price that driven by Malaysian' CPO market price as Malaysian is the dominant in CPO market as the world highest CPO produced in the world. The factors that affect the price of CPO are changing of economic conditions, consumer wants, weather, national's CPO safety stock, and price of other alternative oil such as soy oil and rice bran oil etc.

For Thailand, the price of CPO trend to fluctuates according to the price of crude palm oil in global market. The average price of CPO in 2018 decreased from 2017, by 21.35%, and in 2017 decreased from 2016 by 22.13% (the average price in 2018 was THB 19.57 / Kilogram, in 2017 was THB 24.88 / Kilogram, and in 2016 was THB 31.95 / Kilogram (source: Department of Internal Trade of Thailand, Ministry of Commerce.) Since the end of 2016 till 2018, the monthly average price of CPO was lowest at THB 16.22 / Kilogram in November 2018. Due to the oversupply of palm fruits and CPO that have flooded into the market, resulting the Company realized higher the average cost of CPO than CPO price in the market.

Thus, the Company may be risk due to the fluctuation of CPO price since sometime the Company is unable to adjust its costing inline to the market price continuously and severely. The fluctuation of the price of CPO may affect the earning of the Company. However, the Company aware of these risks, the policy has determined to adopt in each department in the Company, especially in raw material procurement procedures. The Company attempt to maintain a faster inventory turnover, where raw material (CPO) were stocked for 30-45 days just enough for monthly delivery plan within the sale contract scope and efficiently control the loss rate from production. Also, the price situation is closely monitored through various channels such as television, newspapers, and website of government organizations which related, such as Department of Internal Trade of Thailand, Ministry of Commerce, coupled with monitoring the price situation, through the business partners continuously. These can help to decrease the impact from the fluctuation of the price of CPO.

3. Financial Risks

3.1 Risks from Dependency on Financial Institution's Capital

As of 31 December 2018, the Company and its subsidiaries had no outstanding of short-term and long-term debts with financial institutions, only Letter of Guarantee for Electricity and Custom (on behalf of the Company for THB 23.62 million, AIPT for THB 0.40 million, and AIL has no outstanding). However, the Company and its subsidiaries have been repaid principal, interest and fees to financial institutions continuously.

3.2 Risk from Exchange Rate Fluctuation

In accounting period of 2018, the Company and its subsidiaries had assets denominated in foreign currencies (Foreign Saving Account) and the U.S. dollar equivalent of 135.50 in U.S. dollars, in which a part that were incurred by AIL was at 131.98 U.S. dollars arising from sea freight services and by the Company was at 3.52 U.S. dollars arising from the sale of products to customers in overseas without hedging foreign exchange risk as it was a small amount. The Company will consider the use of forward foreign exchange contracts to sell an amount in the case of foreign currency transactions of any significant amount in parallel with the news and exchange rate movements closely to assess the situation and figure ways out to prevent the potential risk to the company. Therefore, the Company is confident that if there is volatility of the exchange rate, the Company will be affected insignificantly.

4. Managing and Administrative Risks

4.1 Risks of Dependency on Main Executives

The Company was found in 2006 by having Thareratanavibool Family as key executives and principal shareholders by holding AI's stocks at the proportion of 59.59 percent of the Company's authorized capital, by having (1) Mr. Narong Thareratanavibool as Chairman, (2) Mr. Thanit Thareratanavibool as Vice Chairman, (3) Miss Pimwan Thareratanavibool as board of director, and managing director. All of them have knowledge and understand regarding Biodiesel and Palm Olein producing and distribution business and create the Company's credibility and good relationship with both domestic and international customers over 12 consecutive years. The change of executives may affect the business performance of the Company.

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

4.2 Risks in case that there are principal shareholders holding over 50 percent of shares

Thareratanavibool Family which is a major shareholder of the Company through its shareholding in the Company. As of 24 August 2018, Thareratanavibool Family had their shares in the company divided into direct shareholding of 11.32 percent and indirect shareholding through AI of 59.59 percent. Thareratanavibool Family has influence in determining policy for the administration of the company in either direction because they can control the resolution

of the shareholders, particularly in the case of a vote taken at a meeting of shareholders not less than one-half of the total votes of shareholders attending the meeting and entitled to vote, exception for the matter that laws or regulations of the Company requires to have a 3 out of 4 of the shareholders' voting.

Nevertheless, the Company has an audit committee consisting of 3 independent members for the total of 7 members. All of them have knowledge and ability which are widely accepted in the society. The auditing committee has a role as assigned by the Company's board based on SET's notification regarding qualifications and scope of responsibilities of auditing committee B.E. 2551 and qualifications of independent committee based on article 16 of Capital Market Supervisory Board's notification Number TJ 28/2551 which is deemed to help enhance efficiency and good audit and balance, as well as transparency of the Company's management. In addition, the company also hired Honor and Advisory Company Limited to perform internal audit which is independent from the management team and can report directly to the Audit Committee. In addition, the Board of Directors of the Company also takes into account the importance of corporate governance by complying with good corporate governance guidelines strictly and consistently so that the company is confident that its shareholders and stakeholders of the Company will be treated fairly and equally.



5. Company Profile

<i>Company's Name</i>	AI Energy Public Company Limited
<i>Year of Establishment</i>	2006
<i>Stock Code</i>	AIE
<i>Registration No.</i>	0107556000311
<i>Type of business</i>	Manufacture and distribution of Biodiesel (B100) and Palm Olein (Edible oil) branded "PAMOLA" from crude palm oil with capacity of 1,150 tons' crude palm oil daily by a constantly refined system and environmental friendly. Also, distribution of crude palm oil and by-product such as Palm Fatty Acid, Palm Stearin, and Crude Glycerine.
<i>Head Office and Factory Address</i>	55/2 Moo 8 Sethakit 1 Road, Klongmadua, Krathum Baen, Samut Sakhon 74110
<i>Telephone</i>	034-877-485-8
<i>Facsimile</i>	034-877-491-2
<i>E-mail</i>	aienergy@aienergy.co.th
<i>Website</i>	http://www.aienergy.co.th
<i>Registered capital</i>	1,356,000,000 Baht
<i>Paid-up capital</i>	1,308,072,982 Baht
<i>Ordinary Shares</i>	5,424,000,000 Shares, 0.25 Baht per share
<i>Year of being listed in mai.</i>	2014
<i>Contacts</i>	Investors Relation Telephone 66-34877-485-8 Facsimile 66-34877-491-2 e-mail: ir@aienergy.co.th Line ID: AIE-IR



Subsidiaries

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



Subsidiaries

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



Other References

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

B. Major Shareholders of AI Energy Public Company Limited

At the closing registration on August 24, 2018

Name of Shareholders	Share	(%)
1. Asian Insulators Public Company Limited	3,232,099,488	59.59
2. Mr. Noppol Thareratanavibool	331,340,107	6.66
3. Mr. Thanit Thareratanavibool	95,595,456	1.76
4. Mr. Vichit Chinawongworakul	51,772,320	0.95
5. Mrs. Sopha Thareratanavibool	48,502,761	0.89
6. Mrs. Jarunee Worakitjanuwat	36,056,625	0.66
7. Mr. Narong Thareratanavibool	29,787,777	0.46
8. Mr. Kovit Thareratanavibool	25,200,000	0.46
9. Mr. Anurag Thareratanavibool	24,240,000	0.45
10. Miss. Varunee Jiengpradit	24,000,000	0.44
11. Others and non-paid-up capital	1,525,405,466	28.12
รวม	5,424,000,000	100.00

Remark : The updated of major shareholders will be posted on the Company's website before the Annual General Meeting



7. Dividend Policy

- **The company's dividend policy**

The Company has a policy to pay the dividend to the shareholder in each operation year, and not less than 40% of the net profit after tax and legal reserved. The dividend payout is depending on company's performance, cash flow, regulations, and the investment of the new project in the future. The dividend payout should not significantly affect on company's financial operation. The Board of Directors' decision to payout the dividend is subjected to approval of shareholder at the Annual General Meeting, except the interim dividend payout if the board of directors considers that it is appropriate and shall not affect the operation of the company. The Board of Directors has authorized to approve the interim dividend payout, and in form the shareholders at the next shareholder meeting. The company has to legal reserves at least 5% of net profits until legal reserves equal 10% of company's registered capital.

- **The subsidiaries' dividend policies**

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

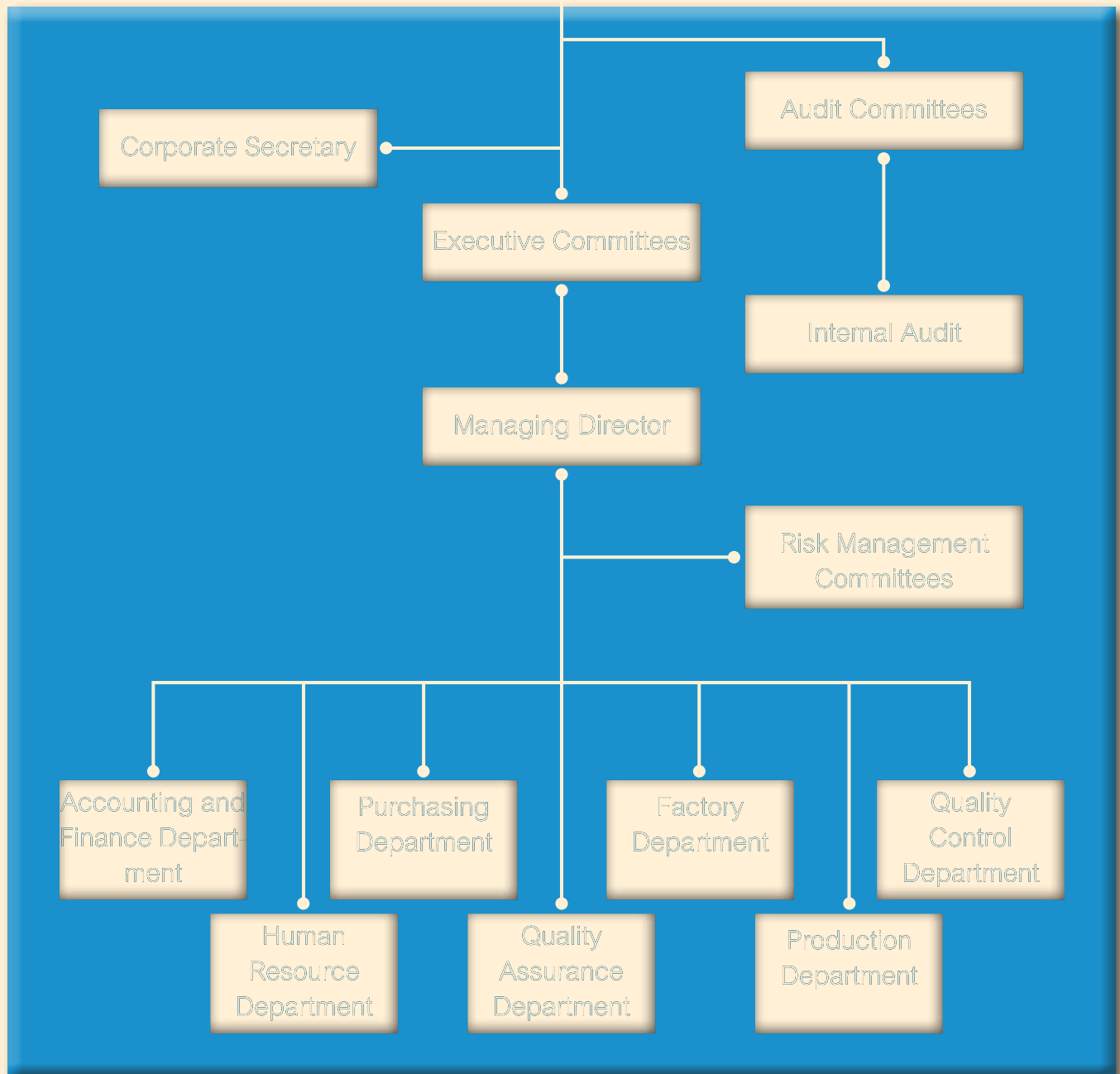


B. Management Structure

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

Organization Chart

Board of Directors



Board of Directors

The company's the Board of Directors as of 31 December 2018, included 7 persons as follows



Mr. Thanit Thareratanavibool



Mr. Narong Thareratanavibool



Dr. Kaweehong Hirankasi



Miss Pimwan Thareratanavibool



Mr. Damrong Joongwong



Assistant Professor Sampan Hunpayon



Mr. Choti Sontiwattananont



Mr. Narong Thareratanavibool, age 68 years old

Date of first appointment: 4 October 2006

Shareholding in the Company as of 24 August 2018: 0.46% (29,787,777 shares)

Position :

Chairman of the Board / Chairman of Executive Committee

Educations :

MBA, Kasetsart University

Trainings / Certifications :

- Director Certification Program (DCP), Thai Institute of Director Association (IOD) No. 46/2004
- Chief Financial Officer Certification Program
- Director Accreditation Program (DAP), Thai Institute of Director Association (IOD)
- Chairman 2000, Thai Institute of Director Association (IOD) No. 10/2004
- Advanced Management Program, Capital Market Academy No. 15

Professional experiences :

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

Other directorship positions / other positions at present :

- Subsidiaries/Related Company

2007 – Present	Director	AI Ports and Terminals Co., Ltd.
2006 – Present	Director	AI Logistics Co., Ltd.
2004 – Present	Chairman	Asian Insulators Public Company Limited
1995 – Present	Director	AI Engineering Service Co., Ltd.

- Other listed companies

- None -

- Non-listed companies

- None -

- Relation among family with other directors:

Mr.Thanit Thareratanavibool's brother



Mr. Thanit Thareratanavibool, age 61 years old

Date of first appointment: 4 October 2006

Shareholding in the Company as of 24 August 2018: 1.76% (95,595,456 shares)

Position :

Vice Chairman / Executive Director / Chairman of Risk Management Committee

Educations :

- MBA, Kasetsart International, Kasetsart University
- Bachelor of Engineering (Mechanics), Northeastern University, USA

Trainings / Certifications :

- Director Certification Program (DCP), Thai Institute of Director Association (IOD) No. 47/2004

Professional experiences :

2006 – 2008	Director PPC	Asian Insulators Co., Ltd.
1998 – 2003	Vice Managing Director	Asian Insulators Co., Ltd.

Other directorship positions / other positions at present :

- Subsidiaries/Related Company

2007 – Present	Director	AI Ports and Terminals Co., Ltd.
2006 – Present	Director	AI Logistics Co., Ltd.
2004 – Present	CEO	Asian Insulators Public Company Limited
1995 – Present	Director	AI Engineering Service Co., Ltd.

- Other listed companies

- None -

- Non-listed companies

Present	Director	Digital Screen Play Co., Ltd.
Present	Director	Digit Brain Co., Ltd.

- Relation among family with other directors:

Mr.Narong Thareratanavibool's brother



Miss Pimwan Thareratanavibool, age 33 years old

Date of first appointment: 17 May 2017

Shareholding in the Company as of 24 August 2018: 0.23% (12,500,000 shares)

Position :

Director / Executive Director / Managing Director / Risk Management Committee / Company Secretary

Educations :

- Master of International Business, Monash University Melbourne, Australia
- Bachelor of Commerce in Accounting, Macquarie University Sydney, Australia

Trainings / Certifications :

- Director Certification Program (DCP), Thai Institute of Director Association (IOD) No. 242/2017

Professional experiences :

2012 – 2017	Purchasing and Human Resource Manager/ Audit Committee Secretary	AI Energy Public Company Limited
2011 – 2012	Relationship Manager	TMB Bank PCL.
2008 – 2010	Account Officer-Special Asset Management (W)	Bangkok Bank PCL.

Other directorship positions / other positions at present :

- Subsidiaries/Related Company
 - None -
- Other listed companies
 - None -
- Non-listed companies
 - None -
- Relation among family with other directors:
 - None -



Mr. Damrong Joongwong, age 73 years old

Date of first appointment: 31 May 2013

Shareholding in the Company as of 24 August 2018: None

Position :

Director

Educations :

Master of Public Administration, NIDA

Trainings / Certifications :

- Director Certification Program (DCP), Thai Institute of Director Association (IOD) No. 168/2013
- Director Accreditation Program (DAP), Thai Institute of Director Association (IOD)

Professional experiences :

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

Other directorship positions / other positions at present :

- Subsidiaries/Related Company
 - None -
- Other listed companies
 - None -
- Non-listed companies
 - None -
- Relation among family with other directors:
 - None -



Dr. Kaweehong Hirankasi, age 69 years old

Date of first appointment: 9 April 2013

Shareholding in the Company as of 24 August 2018: None

Position :

Chairman of Audit Committee / Independent Director

Educations :

- Doctor of Social Science, Magadh University, India
- MBA, International Program, Kasetsart University
- Bachelor of Commerce (Accounting), Thammasart University

Trainings / Certifications :

- Director Certification Program (DCP), Thai Institute of Director Association (IOD) No. 168/2013
- Director Accreditation Program (DAP), Thai Institute of Director Association (IOD) No. 100/2013

Professional experiences :

1984 – 2010 MEA Assistant Governor MEA.

Other directorship positions / other positions at present :

- Subsidiaries/Related Company
 - None -
- Other listed companies
 - 2008 – Present Independent Director New City (Bangkok) Public Company Limited
- Non-listed companies
 - None -
- Relation among family with other directors:
 - None -



Assistant Professor Sampan Hunpayon, age 66 years old

Date of first appointment: 9 April 2013

Shareholding in the Company as of 24 August 2018: None

Position :

Audit Committee / Independent Director

Educations :

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

Trainings / Certifications :

- Director Certification Program (DCP), Thai Institute of Director Association (IOD) No. 110/2008
- Director Accreditation Program (DAP), Thai Institute of Director Association (IOD) No. 100/2013

Professional experiences :

2002 – 2010	Dean of Faculty of Business Administration	Kasetsart University
2009 - 2011	Chairman of Executive Master Program	Kasetsart University
2009 – 2011	Director	PEA
2008 – 2011	Chairman of Audit Committee	PEA

Other directorship positions / other positions at present :

- Subsidiaries/Related Company
 - None -
- Other listed companies
 - Present Independent Director E FOR L - AIM Public Company Limited
- Non-listed companies
 - Present Independent Director SpaceMed Co., Ltd.
 - Present Independent Director Wuttisak Clinic Intergroup Co., Ltd.
 - Present Independent Director Wuttisak Cosmetic Co., Ltd.
- Relation among family with other directors:
 - None -



Mr. Choti Sontiwattananont, age 62 years old

Date of first appointment: 31 May 2013

Shareholding in the Company as of 24 August 2018: 0.0064159% (348,000 shares)

Position :

Audit Committee / Independent Director

Educations :

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

Trainings / Certifications :

- Director Certification Program (DCP), Thai Institute of Director Association (IOD) No. 178/2013

Professional experiences :

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

Other directorship positions / other positions at present :

- Subsidiaries/Related Company
 - None -
- Other listed companies
 - None -
- Non-listed companies
 - None -
- Relation among family with other directors:
 - None -

Duties and Responsibilities of the Board of Directors

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

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

However, the director who has any conflict of interest or any other conflict of interest with the Company shall not entitle to vote on such respective matter.

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

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

Duties and Responsibilities of the Chairman

1. Arrange Board Meetings and assign the Company Secretary to arrange for delivery of notices of meetings and documents to ensure that the Board receives sufficient information in a timely manner.
2. Chairman of the Board of Directors meeting
3. Chair at the Shareholders Meetings and ensure that the meetings are conducted in accordance with the Articles of Associations of the Company and the agenda specified.
4. Ensure efficient communication between the directors and the shareholders.
5. Perform duties specified by law as the duties of a chairman.

Authority and Duties of Managing Director

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

Board of Directors' Term of Service

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

Company Secretary

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

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



Audit Committee

In 2018, the Audit Committee has scheduled monthly meeting to closely monitor the Company's performance. Also, reviews and given opinion on the financial statements and balance sheets of the Company along together with an external auditor and internal auditor on quarterly basic, and report the audit results to the Board of Directors to consider and approves the Company's consolidated financial statements

As of 31 December 2018 the Audit Committee comprised three following persons.

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

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

Audit Committee's duties and responsibilities

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

Compositions of the Audit Committee

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

Qualifications of the Independent Director

The Company defines "Independent Director" as a director who does not responsible for the Company's, affiliated companies', and associated companies' operations. Independent directors are free from the management and controlling shareholders, who has no conflict of interest with the Company and freely to give independent opinion. The qualification of the independent directors are as follow;

1. Hold less than 1% of the total ordinary shares of the Company, subsidiaries, and affiliated. The count must be inclusive of shares belong to the independent director's associates.

2. Has not involve in management, or has never held position as executive director, employee, consultant with fixed salary or controlling shareholders of the Company and was received salary, the parent company's, subsidiary's, affiliate's, or same level subsidiary's authorized person, majority shareholders or the Company's authorized person, except being exempt from the above characteristic for at least 2 years prior to submitting the permit to the Securities and Exchange Commission Office. The above prohibited characters exclude the independent director who is a government employee or consultant who is majority shareholders or authorized director of the Company.
3. Don't have a relationship directly or legally married to executives, majority shareholders, authorized person or person who has been nominated an executive position or subsidiary, including not being parents, siblings, children, and being in-law of such person as stated above.
4. Never or used to have business relationship with the Company, the Parent Company, subsidiary, majority shareholders, affiliate, majority shareholders or the Company's authorized person of which obstructed independent judgment, including not being or used to be significant shareholders or an authorized person having business relationship with parent company, subsidiary, affiliate, majority shareholders or the Company's authorized person, except being exempt from the above characteristics at least two years before submitting application to Securities and Exchange Commission Office.
5. Never or used to be the Company's, parent company's, subsidiaries', affiliates', major shareholders' or authorized person's external auditor. Never or used to be major shareholder, authorized person, or partner of any auditor firms that the Company's, parent company's, subsidiaries', affiliates', or major shareholders' external auditors are in, except for being exempt from the above characteristic for at least 2 years before submitting application to Securities and Exchange Commission Office.
6. Never or used to be a professional service provider whose business includes legal or financial adviser, who receives more than THB 2 million per annual service fee from the Company, parent company, subsidiary, affiliates, major shareholders or authorized person of the Company and not a majority shareholders, authorized person or partner of the professional service provider, except for being exempt from the above characteristic for at least 2 years before submitting application to Securities and Exchange Commission Office.
7. Not an appointed committee by the representative of the Company's director, major shareholders or shareholders who associate with majority shareholders of the Company.
8. Not operate the same business and a significant competitive business with the Company or subsidiary or not a significant partner in partnership or an executive director of such business, employees or consultant who earn fixed salary or hold more than 1% of ordinary share of another company which operates the same business and be a significant competitor with the Company or subsidiary.
9. No other characteristics preventing the independent opinion on the Company's operation.
10. The independent directors may be assigned by the board of directors to decide on the operation of the Company, the parent company, subsidiary, affiliates, and subsidiary of the same level, major shareholders or authorized person of the Company in collective decision form.

Qualifications of the Audit Committee

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

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

Authority and Responsibilities of the Audit Committee

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

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

Term of office

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

4. Audit Committee resigning before the term of office shall notify the Company one month in advance with reasons. The Company shall disclose the shareholders or investors the information about the resignation of the audit committee with reasons to the Stock Exchange of Thailand immediately. However, the audit committee resigning before the term of office may explain the cause of resignation to the Securities and Exchange Commission and the Stock Exchange of Thailand.

Meeting

Meetings of the Audit Committee are as follows.

1. The Audit Committee Meeting shall be held to consider the financial statements and others at least 6 times a year. Calling a meeting shall be made no less than seven days before the Board of Directors Meeting or the Audit Committee Chairman convenes a meeting in special case to consider any other urgent matters as they deem appropriate.
2. At the Audit Committee Meeting, no less than a half of all audit committees attending the meeting shall be regarded a complete quorum. The audit committee may invite the internal auditor, external auditor, executives, managers, or related parties to attend the meeting and provide the relevant information.

If the Audit Committee's Chairman is absent or is unable to perform his duties, and in case of the absence of Vice Chairman (if any), or unable to perform the duties, the audit committee attendants shall elect one among themselves as the chairman of the Audit Committee meeting.

3. The Audit Committee Meeting's resolution shall abide the majority of the Audit Committee at the meeting. One Audit Committee has one vote in the voting, except that the Audit Committee having an interest in the matter shall be entitled to vote on the respective matter. In case of a tie, the chairman of the meeting shall have an additional vote as final vote. However, other Audit Committees who did not vote for a resolution, it shall be presented as a dissenting opinion to the Board of Directors.
4. The Chairman of the Audit Committees shall report the results of the meeting to the Board of Directors in any next meeting.



The Board of Directors and the Audit Committee Meeting Attendance as of 31 December 2018

No.	Name of Directors	Position	Shareholder Meeting	Board of Directors	Audit Committee
1	Mr.Narong Thareratanavibool	Chairman of the Board / Chairman of Executive Directors	2/2	5/5	-
2	Mr.Thanit Thareratanavibool	Vice Chairman of the Board / Executive Director	2/2	5/5	-
3	Miss Pimwan Thareratanavibool	Director / Executive Director / Managing Director / Company Secretary	2/2	5/5	-
4	Mr.Damrong Joongwong	Director	2/2	5/5	-
5	Dr.Kaweephong Hirankasi	Chairman of Audit Committee / Independent Director	2/2	5/5	16/16
6	Assistant Professor Sampan Hunpayon	Audit Committee / Independent Director	2/2	5/5	15/16
7	Mr.Choti Sontiwattananont	Audit Committee / Independent Director	2/2	5/5	16/16

Remarks : - The figures show the number of directors attending a meeting per number of times of the meeting
 - Directors 1 – 3 did not received directors' remuneration.



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

Subsidiaries and Related Companies								
Name of Directos	AIE	2.1	2.2	3.1	3.2	3.3	3.4	3.5
Mr.Narong Thareratanavibool	X	/&//	/&//	X	-	/&//	-	-
Mr.Thanit Thareratanavibool	/&//	/&//	/&//	/&//	-	/&//	/&//	/&//
Miss Pimwan Thareratanavibool	/&//	-	-	-	-	-	-	-
Mr.Damrong Joongwong	/	-	-	-	-	-	-	-
Dr.Kaweephong Hirankasi	/	-	-	-	-	-	-	-
Assistant Professor Sampan Hunpayon	/	-	-	-	-	-	-	-
Mr.Choti Sontiwattananont	/	-	-	-	-	-	-	-

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

2. List of subsidiaries

2.1 AI Logistics Company Limited

2.2 AI Ports and Terminals Company Limited

3. List of related Companies

3.1 Asian Insulators Public Company Limited

3.2 PPC Asian Insulators Company Limited

3.3 AI Engineering Service Company Limited

3.4 Digital Screen Play Company Limited

3.5 Digit Brain Company Limited

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

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

Executive Committee

Executive Committee as of 31 December 2018 includes 3 following persons.

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

Remarks : There is no remuneration for Executive Committee above.

Authorities and responsibilities of the Executive Committee

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



Risk Management Committee

There are 4 Risk Management Committee as of 31 December 2018 as follows.

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

Remarks : There is no remuneration for Risk Management Committee above.

Duties and responsibilities of the Risk Management Committee

1. Monitor, develop and participate in the analysis of the risk management strategy of the organization yearly.
2. Develop and screen the risk levels permissible to the organization.
3. Provide direction and overseeing method to the supervisors and staffs in each department.
4. Assess the significant risks and report to the Managing Director.
5. Assess and report the risk of the Company.
6. Review the practical results compared to yearly targets and company plans.
7. Follow-up meeting on practical results within each Department monthly and report to the Executive Committee quarterly.



Management Team

List of Management Team as at 31 December 2018 includes 6 following persons.

No.	List of Management	Position	Shareholding in the Company as of 24 August 2018
1	Miss Pimwan Thareratanavibool	Managing Director / Production Manager (Acting)	0.23% (12,500,000 shares)
2	Miss Piyanart Nampiroj	Accounting and Finance Manager	-
3	Miss Ratima Thareratanavibool	Human Resource and Purchasing Manager	0.019% (1,056,000 shares)
4	Mr. Wisan Nakkhum	Factory Manager	-
5	Mr. Phalat Palnak	Quality Assurance Manager	-
6	Mr. Chainarong Saenphuwa	Quality Control Manager	-

Remark : Included spouse's and underage children's shareholding

Directors, Audit Committee and Management Compensation

1. Compensation in cash

1.1 Directors and Audit Committee' remunerations

The Company determines the remuneration policy for the Company's Board of Director and Audit Committee fairly and reasonably in awareness of the appropriateness and accord with the responsibilities of the directors, financial position of the Company, and in the reference to the companies in the same industry. At the Annual General Meeting of Shareholders year 2018 held on 27 April 2018, the Company approved the 2018 remuneration for the directors as following.

- Directors who also hold position as executive committee consist of 3 person;

1. Mr. Narong Thareratanavibool Chairman of the Board / Chairman of Executive Committee
2. Mr. Thanit Thareratanavibool Vice Chairman of the Board / Executive Committee /
Chairman of Risk Committee
3. Miss Pimwan Thareratanavibool Director / Managing Director / Executive Committee /
Risk Committee / Corporate Secretary

shall not receive monthly remuneration and meeting allowance in 2018, but the rest of director and independent directors / Audit Committee, consist of 4 persons;

1. Mr. Damrong Jungwong Director
2. Mr. Kaweepong Hirankasi Independent Director / Chairman of Audit Committee
3. Mr. Sampan Hunpayon Independent Director / Audit Committee
4. Mr. Choti Sontiwattananont Independent Director / Audit Committee

shall receive monthly remuneration and meeting allowance in 2018. The remuneration for directors of the Company for the year 2018 is not more than THB 3.00 million.

Compensation	2018
1) Standard monthly fee - Chairman - Director	18,000 Baht / person / Month 15,000 Baht / person / Month
2) Meeting Allowance* - Chairman - Director	18,000 Bath / person / time 15,000 Baht / person / time
3) Other remuneration	- None -
Remark : Determine the meeting allowances will be paid only attended.	

Directors' standard monthly fees and meeting allowances as of 31 December 2018

	Name	Standard Monthly Fee	Meeting Allowances			Total (Standard Monthly Fee and Meeting Allowances)
			Shareholder Meeting	Board of Director	Audit Committee	
1	Mr.Narong Thareratanavibool	-	-	-	-	-
2	Mr.Thanit Thareratanavibool	-	-	-	-	-
3	Miss Pimwan Thareratanavibool	-	-	-	-	-
4	Mr.Damrong Joongwong	180,000.00	30,000.00	75,000.00	-	285,000.00
5	Dr.Kaweephong Hirankasi	216,000.00	36,000.00	90,000.00	288,000.00	630,000.00
6	Assistant Professor Sampan Hunpayon	180,000.00	30,000.00	75,000.00	225,000.00	510,000.00
7	Mr.Choti Sontiwattananont	180,000.00	30,000.00	75,000.00	240,000.00	525,000.00
Total		756,000.00	126,000.00	315,000.00	753,000.00	1,950,000.00

1.2 Management's compensation

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

Management's remuneration	2016		2017		2018	
	No. of Person	Amount (THB)	No. of Person	Amount (THB)	No. of Person	Amount (THB)
Salary	4	7,736,920	8	9,474,289	6	8,011,758
Bonus	3	817,740	8	1,082,189	6	927,971
Provident Fund	3	353,520	3	314,344	4	329,631
Others	4	204,720	8	508,327	6	797,150
Total		9,112,900		11,379,149		10,066,510

2. Other compensations

- None -



9. Corporate Governance

Corporate Governance Policy

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

Section 1 : Rights of Shareholders

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

Prior the meeting of Shareholders

1. The Company shall inform all the shareholders of the progress of the business operations on regular basis, which notification to the shareholders will be made either directly or through the Stock Exchange of Thailand.
2. For the location of a meeting of shareholders, the company will choose a place where the shareholders can travel conveniently, including appointing the appropriate date and time.
3. The Company will deliver notice of meeting invitation with adequate information about the meeting agenda in advance no less than seven days as required by the Company's regulations and/or the applicable laws. In 2018, the Company has appointed Thailand Securities Depository Company Limited responsible for distributing the notice of meeting invitation and related documents. Also, the opinion of the Board of Directors shall be taken into consideration supporting the resolution of the shareholders in every agenda, including the opinion of the Audit Committee shall determine in any crucial agenda or as required by laws.
4. Shareholders were invited to propose the agenda and sending the related questions to the meeting of Shareholders 1 months in advance since 18 January 2018 to 19 February 2018.
5. Shareholders were invited to nominate candidates for director's election to the meeting of Shareholders 1 months in advance since 18 January 2018 to 19 February 2018.
6. In the event that a shareholder cannot attend the meeting in person, the Company provides an opportunity for shareholders to appoint an independent director or any person attending the meeting in lieu of him/her, provided that it requires Proxy forms A and B delivers with the notice of meeting appointment.
7. The Company posts the notice of shareholders meeting invitation on the Company's website 1 month in advance since 27 March 2018 before the meeting date, allowing Shareholders be informed regards to date, time, and place of meeting. Also, for shareholders who are unable to attend, can download Proxy forms A and B in accordance with applicable laws.
8. The Company has appointed Thailand Securities Depository Company Limited responsible for distributing the notice of shareholder meeting invitation with the attachment of Proxy form A and B for unattended shareholders and annual report prior to meeting date 7 days.

9. The Company has posted the notice of shareholder meeting invitation on ThunHood newspaper for a consecutive 3 days in the period of 28-30 March 2018, specified date, time, location as well as agendas.
10. The Company facilitates shareholder request a hardcopy of annual report via letter that attached in the shareholder meeting invitation, or the Company's email, or provide a hardcopy at the meeting.

The meeting of Shareholder

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

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

After the meeting of Shareholder

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

▶ Section 2 : Equitable Treatment of Shareholders

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

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



▶ Section 3 : Roles of Stakeholders

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

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

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

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

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

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

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

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

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

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

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

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

▶ Section 4 : Disclosure and Transparency

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

1. Channels for information disclosure

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

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

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

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

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



2. Investor Relation

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

- **Name** : Pimwan Thareratanavibool
- **Email** : ir@aienergy.co.th or,
- **Telephone** : 0-34-877-485-8 Ext. 500 or,
- **Website** : <http://www.aienergy.co.th>
- **Line ID** : AIE-IR

3. Complaints or Report any Suspicious

The Company opens opportunity for raising concerns, complaints, or suspicious fraud and corruption from both employees and stakeholders. The Company would like to receive feedback from all stakeholders to bring that information to improve and develop itself in the future by filing a complaint through;

- **Email** : aienergy@aienergy.co.th or,
- **Telephone** : 0-34-877-485-8 Ext. 500 or,
- **Website** : <http://www.aienergy.co.th>

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

Section 5 : The Board of Directors' Responsibilities

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

The Board of Director's Structure

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

1. Board of Directors

1.1 Executive Directors 3 persons;

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

1.2 Non-Executive Directors 1 person;

- | | |
|----------------------|----------|
| Mr.Damrong Joongwong | Director |
|----------------------|----------|

1.3 Independent Directors and Non-Executive Directors 3 persons

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

Directors have an important role in business operations, therefore any important agendas and resolutions must be approved by the Board of Directors or the shareholders' meeting (Depending on the case). The Directors shall not entitle to vote on such transaction which they or persons have a conflict of interest.

2. Sub-Committees

2.1 The Audit Committee

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

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

2.2 Executive Committee

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

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

2.3 Risk Management Committee

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

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

Directors' Remuneration

The Company has set remuneration for the board of directors and audit committee clearly and transparently, and is submitted at the shareholder meeting for approval annually. The criteria's for determining the remuneration for the directors are as follows.

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

The Board of Directors' Meeting

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

The Board of Directors' Report

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

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

Directors and Executives Management Training

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

Investor Relations

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

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

Control of Internal Information

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

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

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

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

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

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

The Board of Director's Self-Assessment Report

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

Anti-Corruption Policy

AI Energy Public Company Limited "The Company" recognizes the important of a transparent business operation and embrace the principle of good corporate governance for effectiveness and equitably with responsibility to society and stakeholders. As well as to prevent corruption that may occur, hence the Company has declared the intention of anti-corruption that do not support the activities of groups or individuals acting in wrongful exploitation. In order to be entrusted in undertaking a no fraud operation, the Company has proclaimed the anti-corruption policy as the guidelines for the Board of Directors, management, and employees to strictly comply to the following;

1. Objectives

The purpose of formal “Anti-Fraud & Corruption Policy” is to declare the intent and commitment to working against fraud and corruption and to establish guidelines for review and oversight, to ensure that operations are conducted appropriately in accordance with this policy.

2. Scope

This policy applies to the Board of Directors, Sub-Committees, Senior Management and employees at all levels of AI Energy Public Company Limited and all subsidiaries (together called “Company Personnel”). This policy also applies to agents, intermediaries, contractors and consultants acting on behalf of The Company (together called “Related Business Partners”).

3. Definition

“Corruption” defined as the abuse of power to exploitation, whether in bribery or in other forms by offering or receiving from public sectors and private sectors including favor oneself or ally. However, there are exceptional cases for the activities that legal, tradition, and commercial conservative which can be performed.

4. Anti-Corruption Policy

- 4.1 Restricted the Board of Directors, management, and employees of the Company claim, perform, or accept corruption in all forms; both directly and indirectly. The Company has determined the reviewing of the anti-corruption policy’s implementation regularly. Moreover, the roles and responsibilities of the parties involved to comply with the policies and operations of the Company.
- 4.2 Company Personnel shall not ignore or neglect to raise concerns or report any suspected instance of fraud or corruption in relation to The Company. Company Personnel shall report to the designated personnel any suspected instance of fraud or corruption and provide support to the investigation process.
- 4.3 Company Personnel shall encourage good values and awareness in working honestly, ethically and transparently, without fraud and corruption, as part of the organizational culture.
- 4.4 Company Personnel shall operate in compliance with all related laws and regulations, especially the laws in relation to anti-fraud and corruption in every country in which Company operates.
- 4.5 Company Personnel shall operate with transparency, accuracy, and fairness under the applicable regulations, policies, procedures and guidelines of Company, especially for marketing and sales, procurement, and accounting and finance processes.
- 4.6 Any act breaching this Anti-Fraud & Corruption Policy shall be considered for disciplinary action in accordance with Company’s Procedures which may include termination if deemed appropriate by Management. Additionally, any Personnel found to be in violation of this Policy may be subject to the law if the act is proven to be a violation of related Laws.
- 4.7 Company shall provide fair treatment and protect Personnel. Personnel will not suffer demotion, penalty or other adverse consequences for refusing involvement in any acts of fraud or corruption, even if such refusal may result in the Company’s loss of business’s opportunities.

5. Duties and Responsibilities

- 5.1. Board of Director is responsible for formulating policy against corrupt and approve the policy, including oversight and support against to the corruption by impelling policies to be implemented. Also being a role model in integrity for employees and recognize the importance of anti-corruption.

5.2. Audit Committees

5.2.1 To oversee and review the approved anti-corruption policy regards to the appropriateness to the Company.

5.2.2 Responsible for reviewing the Company's financial statement, the internal control system, and risk management to ensure that the Company has operated transparently and not in contradict to the anti-corruption policy itself.

5.2.3 Responsible for determining and propose agendas to the Board of Directors, when there was corruption in the Company, to impose sanctions and determine the prevention.

5.3. Internal Audit

Responsible for reviewing and monitoring the Company's operation to in accordance with such policy and to ensure the internal control system was in place, which may reduce the corruption's risk in the Company and reported to the Board of Directors. Internal Auditors are responsible for reporting to the Audit Committee.

5.4. Managing Director, Executive and Management are responsible for establishing efficient protocols to support the Anti-Fraud & Corruption Policy, setting communications and a training program for all personnel, regardless of rank, to ensure that personnel have sufficient understanding and are able to effectively and efficiently apply related policies and protocols in their operations, as well as reviewing the appropriateness of related protocols to align with any changes in business operations, laws, rules or regulations.

5.5. All Company Personnel are responsible for working according to this Anti-Fraud & Corruption Policy and any related protocols. Personnel must report to their supervisor or to a designated reporting channel if they encounter any breach of policy or have any questions about this policy.

6. Anti-corruption Operational Guidelines

Directors, management, and employees at all levels of company and its subsidiaries must strictly follows the Company's policy and practice and no involvement in corruption in any cases; directly or indirectly. Nevertheless, the policy also including the anti-corruption within the procurement procedure; suppliers or contractors.

6.1. Employees must not neglect or ignore whenever encounter an act of possible corruption related to the Company and must notify the incident to the superior or the responsible person through various available channels (as presented below in this policy statement) and provide good cooperation when fact findings are needed.

6.2. Employees who commits, conspires with, or connects to corruption must face disciplinary punishment and related legal penalties.

6.3. The Company will ensure fairness and provide protective measures to complainants or whistleblowers for collaboration in reporting malpractice and corruption.

6.4. The Company puts emphasis on publicizing, communicating and training in order to constantly educate employees the Anti-Corruption Policy.

6.5. The Head of Internal Audit has duty and responsibility to monitor, review to report to the Audit Committee whether implementation of the anti-corruption is in accordance with the policy and operational guidelines with an attempt to ensure suitability and adequacy against risk of potential corruptions.

7. Anti-Corruption Practices

Employees must adhere to the anti-corruption policy when dealing business with customers, suppliers, trade partners or third parties in relevant to the Company's business

- 7.1. Employees must comply with laws, rules, business traditions and manners when interacts with relevant business-related third parties. Employees who didn't comply with to Anti-corruption Policy will face disciplinary punishment, related legal penalties and may also be legally prosecuted.
- 7.2. Employees must not seek any benefit from their positions in the Company in receiving or soliciting any business-related third party or relevant individual to provide service that has no connection to the Company's business.
- 7.3. When employees or management recommend an individual to the Company, such action must not induce conflict of interests or interfere with the company's recruitment process and must not be unlawful act towards personal gain.
- 7.4. The bribery with money or other benefits.
- 7.4.1 Employees must not accept or solicit, both directly and indirectly, for money, gift voucher, check, stock, present, any bribe, special compensation or incentives of any value from relevant business-related third parties and employees in the Company such as the public sector and the private sector.
- 7.4.2 Employees must not bribe authorities or government officials by offering money, gift vouchers, check, stock, present, or any bribe, special compensation or valuable incentives.
- 7.5. Procurement Process
- 7.5.1 For the purchase and hire process must be conducted by the Company's working procedures, from the beginning of bidding, price comparisons, selected suppliers and/or contractors by prohibiting employees accept the bidding that enclose hidden benefits with suppliers and/or contractors. However, the Company have an active internal control system that monitor and involved by related manager departments, and all the procurements were approved by Managing Director only.
- 7.5.2 The action of business relationship, negotiation and purchasing between public or private sectors must be carried out with transparency, integrity and strictly abide by the law.
- 7.6. Donate to charity, public interest and Sponsorships
- There are restrictions on donations to charity, public interest, and funding as follow;
- 7.6.1 Charitable contributions and sponsorships to individuals or organizations, both for government or private sector, must be transparent and with objectives for charity, and not made with the expectation of favorable treatment in return that may give the appearance as being for fraud or corruption. Thus, the request and approval processes must be in accordance with the Charitable Contributions and Sponsorships Procedures.
- 7.6.2 To approve the donation is subject to the Company's approval authority but if donations and sponsorships in any form is worth not more than THB 10,000 must be approved by Human Resources Manager if more than THB 10,000 must be approved by Managing Director.
- 7.6.3 The donation must be under 'the Company's name' only with reliable evidences and follow the Company's procedures. The Company shall not claim on the donation to other purpose.
- 7.6.4 The sponsorships can be support in the way of asset or financial support to the project or activities that are made for business objectives and usually for brand or reputation management purposes. It must be under 'the Company's name' only with reliable evidences and purposes and follow the Company's procedures.
- 7.6.5 Charitable contributions and sponsorships must demonstrate that their activities, based on the objective of the project, have taken place and can be traced.

Procedures for charitable contributions and sponsorships as follows:

1. The Requestor prepares the “Requesting Form” that indicates the name of the receiving organization and the objectives with the supporting documents attached. The Requesting Form shall be approved by the authority according to the authority limits as indicated in the table below.

Authorized Amount	Approver
Less than THB 10,000	Human Resource Manager
More than THB 10,000 But not exceeding THB 100,000	Managing Director
THB100,000 and above	The Chairman of the Executive Board

2. Human Resource Manager reviews and approves the “Requesting Form” if the objectives for the charitable contributions and sponsorships are aligned with the established procedures.
3. The Requestor provides evidence of the charitable contribution or sponsorship, such as a “Thank You Letter” from the organization receiving the contribution or a picture of the donation, to the Finance Department as supporting documentation after the charitable contribution or sponsorship has been made.
4. The Finance Department reviews evidence relating to the charitable contribution or sponsorship, as well as retains the evidence in a proper manner. In the event of insufficient evidence, additional supporting documentation or clarification shall be requested. If it is proven the charitable contribution or sponsorship provided do not comply with the Company’s policy or has been used as an excuse/method for corruption, the perpetrator will be subject to the highest level of disciplinary action.
5. The Finance Department prepares a “Summary Charitable Contributions and Sponsorships Report” which is submitted to Managing Director on a quarterly basis.
6. The Internal Audit Department evaluates the charitable contribution and sponsorship process annually to ensure the efficiency, effectiveness and appropriateness of the internal controls of the process.

7.7. Political Contributions

The Company adopts a political neutrality policy and establishes independent management and operations, without involvement in political activities. The definition of political contribution is a contribution, financial or in-kind, to support a political cause. Defining what a political contribution is presents some difficulty. Financial contributions can include loans. In-kind contributions can include gifts of property or services, advertising or promotional activities endorsing a political party. The release of employees without pay from the employer to undertake political campaigning or to stand for office could also be included in the definition.

Employees have right and political liberty and have the freedom to participate in political activities under the terms of the Constitution, related laws, and regulations. However, Employees must not participate in any political activities on behalf of The Company or employ any of The Company’s resources as political contributions to political parties or any parties in relation to politics. However, one must not use company’s resources in either directly or indirectly for the political purpose that leads to the loss of company’s neutrality and a potential to damage company’s reputation.

7.8. Gifts, Hospitality and Expenses

Managers and Employees of the Company must not accept any gifts, hospitality and expenses from customers and suppliers. However, the gifts are acceptable if it is intended solely for the reception, greeting or congratulate only, no hidden agendas, such as gift baskets during festive season, snacks, Promotional products in small values such as pens, books, calendars, or mugs with the organization's logo. The receiving or providing of gifts and entertainment must be transparent and not with the expectation of favorable treatment in return. Receiving or providing gifts and entertainment but be done on behalf of the Company only.

Procedures for charitable contributions and sponsorships as follows:

7.8.1 The receiving or providing of gifts and entertainment is permitted according to tradition but must not impact The Company's operations and business decisions. Employees must not ask for gifts and entertainment.

7.8.2 Providing Gifts, Hospitality and Expenses during festive season

7.8.2.1 The Requestor has to prepare "Requesting Form" that shall be indicated the name of the organization receiving the gifts and hospitality, the details of gifts and entertainment to be provided, the quantity, the amount (Not More Than THB 2,000 per piece), and the objectives as well as the supporting documents attached. The Requestor submits the form to Human Resource Manager to review and approve.

7.8.2.2 Human Resource Manager reviews and approves the "Requesting Form" if the objectives for gifts and entertainment align with the established procedures.

7.8.2.3 The Requestor provides evidence of gifts and entertainment, such as receipts and a "Thank You Letter" from the organization receiving the gifts or hospitality, as supporting documentation after the gift or entertainment has been provided.

7.8.2.4 The Finance Department reviews evidence relating to the gifts or entertainment as well as retains evidence in a proper manner. In the event of insufficient evidence, additional supporting documentation or clarification shall be requested. If it is proven that the gifts and entertainment provided do not comply with the Company's policy or have been used as an excuse/method for corruption, the perpetrator will be subject to the highest level of disciplinary action.

7.8.2.5 The Finance Department prepares a "Summary Gifts and Hospitality Provided Report" which is submitted to the Managing Director on a quarterly basis.

7.8.2.6 The gift and hospitality process shall be evaluated by the Internal Audit Department annually to ensure its efficiency, effectiveness and appropriateness.

8. Fraud Risk Management and Internal Control Processes

8.1. Establishes a program and procedures for fraud risk management covering fraud prevention, detection and response.

8.2. Establishes appropriate and sufficient internal controls for fraud and corruption prevention and the assessment/ review of internal processes to ensure the efficiency and effectiveness of internal controls.

8.3. Establishes the assessment of fraud and corruption risks to ensure that The Company has appropriate internal controls in place to mitigate all types of fraud and corruption risks.

8.4. Establishes measures and procedures for particular expenses such as charitable contributions, sponsorships or other expenses to formally prevent fraud and corruption.

8.5. Establishes preventive measures to prevent the providing or receiving of gifts, assets or other benefits, entertainment, or any other expenses that are not aligned with the Company's policies or not in compliance with the applicable laws.

- 8.6. Establishes protocols to support the issuance of transparent and accurate financial reports which comply with international accounting standards.
- 8.7. Establishes a process for maintaining accurate books and records that accurately, properly and fairly document all financial transactions in accordance with applicable laws and regulation. Expenses in particular need to have adequate supporting documentation with approvals from authorized person to ensure the appropriateness of the expenses and that they have not been made for the purpose of fraud or corruption.
- 8.8. Establishes channels to report, comment, or make complaints about fraud or corruption cases as well as establishes a process to investigate, enforce and report cases of fraud or corruption to the Board of Directors and Senior Management.
- 8.9. Establishes communications and training to provide understanding of the Policy and Procedures on anti-fraud and corruption to all levels of employees, from the Board of Directors, Management and Staff to Agents and Intermediaries acting or working on behalf of The Company.

9. Review of Policy

- 9.1. The review of this policy is set for at least once a year and is to be submitted to the Audit Committee for approval.

10. Whistleblowing or Complaints

- 10.1. Issue to whistleblowing or complaints
- 10.1.1 An action of malpractice and corruption connected to the organization, directly or indirectly
 - 10.1.2 A practice of wrong procedure in contrary to Company's regulations or of adverse effect on the Company's internal control system that raise doubt of being a possible channel for malpractice
 - 10.1.3 An act that misconducted obtain or destructs the Company's benefits and damages the Company's reputation
 - 10.1.4 An act of illegal nature and immoral business ethics

11. Whistleblowing or Complaints Channels

- 11.1. Mechanisms for internal complaints
- 11.1.1 Suggestion box
 - 11.1.2 Supervisor of working units
 - 11.1.3 Manager of Audit Department or Manager of Human Resources Department
 - 11.1.4 Electronic mail box (hr@aienergy.co.th)
- 11.2. Mechanisms for external complaints
- 11.2.1 Website (<http://www.aienergy.co.th>)
 - 11.2.2 Electronic mail box (aienergy@aienergy.co.th)
 - 11.2.3 By Post to The Audit Committee
55/2 Moo 8 Sethakit 1 Rd., Klongmadua, Krathum Baen, Samut Sakhon 74110

12. Protection of whistleblower and confidentiality

- 12.1. Protection of the whistleblower and related person
- Because filing complaints and providing information of malpractice in good faith can result an immense benefit to the Company and employee as a whole, therefore the person who files complaint, testify, provides information and facts or gives relevant evidence to the complaint, despite troublesome that might follow, will be guarantee of no lay-off, punishment, or any harmful effects to career growth, performance assessment, welfare and related benefits eligible for employee. This guarantee is also applied to the personnel in charge of complaint's investigation.

The Company has policy to ensure fairness and equitable treatment to all stakeholders in accordance with to the Company's regulations. The whistleblower will receive protection and the complaints will be hold confidential.

12.2. The anonymity and confidentiality

Employee or external whistleblower may choose to stay anonymous when reporting violations of other employees. However, the Company encourages employees to identify themselves when filing the report for ease of communication and investigation. Upon completion of report filing by employees or related business partners or the external whistleblower, the working team who takes compliant shall act for a reasonable protection and prevention measures towards efficient investigation in order to safeguard personnel or the external whistleblower from harassing or unfair treatment.

13. Investigation and Punishment

13.1. After receiving complaint, it will be scrutinized and investigated towards fact findings by the Executive Committee or the Audit Committee.

13.2. During the investigation, Executive Committee or the Audit Committee will appoint representative (of management) to keep the whistleblower or the complainant informed of progress.

13.3. If fact findings from the investigation unveil information or evidence reasonable to believe that the alleged person is corrupted or malpractice, the Company will inform such allegations to the alleged person. The alleged person has rights to prove him/herself of no connection with the acts of malpractice as alleged.

13.4. Malpractice of the alleged person is considered violation to the anti-corruption policy and will face disciplinary hearing regulated by the Company. If the malpractice is illegal, the law penalty will also apply. As for disciplinary consideration, ruling of the Executive Committee or the Audit Committee or Management deems final.

13.5. In case of alleged person is member of the Board or management level, the loss is more than THB 500,000, Investigation committee must notify Audit Committees immediately for appointing one member of Audit Committee to join the investigation committee. Audit Committee must report result to Executive Committee immediately or within 7 Days.

14. The Publication of Anti-Corruption Policy

For employees, subsidiary company, associated company, other company that has the control power and representatives to be informed and aware of the Anti-Corruption policy, there is procedure as follows;

14.1. The Company will put on announcement of the anti-corruption policy for broad acknowledgement.

14.2. The Company shall announce to all employees, subsidiary company, associated company, other company that has the control power and representatives about Anti-Corruption policy and practices by Email to all departments.

14.3. The Company shall train Anti-Corruption policy and practices to its new and potential employees, others who interested, subsidiary company, associated company, other company that has the control power and representatives. By communicate through the following channels.

14.3.1 Website: <http://www.aienergy.co.th>

14.3.2 Publish the Anti-Corruption Policy in Form 56-1 and the Annual Report.

The Company recognizes the significance of establishing the Anti-Corruption policy and practices, which may improve the Company's operation effectiveness and also may build trust among stakeholders in terms of a company with good corporate governance practices. Thus, the Company believes that the policy against the corruption is the vital parts of its stability growth.

- The company has participated in the declaration of intention to become a collective action coalition of the Thai private sector in anti-corruption and was already certified as member by the Private Sector Collective Action Coalition Council.
- The Company announced to all level employees about Anti-Corruption Policy via internal Email and posted in each department, including provide anti-corruption training to its employees.
- The Company sent letters to all suppliers to announce its intention of Anti-Corruption Policy and all suppliers shall comply with such policy.
- The Company published the Anti-Corruption Policy on its website; <http://www.aienergy.co.th>, for shareholders, investors and potential investors.
- The Company published the Anti-Corruption Policy in Form 56-1 and the Annual Report 2018.



10. Corporate Social Responsibility

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

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

In 2018, the company had continuing operated CSR, which shows that the company is committed and attended to operate a business with respectable determination to society. This is consistent with best practices, the 6 items mentioned below.



1. Ethical Workplace Practice

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

2. Human Rights

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

3. Ethic Labour Practice

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

3.1 Social Security

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

- 3.1.1 The Company establishes the compensation policy which based on the slogan “Fair Work Fair Pay”. The compensation is based on a role, knowledge, ability and experience of each employees. The compensation corresponds to a minimum wage set by the government to give employees a good quality of life.
- 3.1.2 Other compensation, other than monthly salary.
 - Meal Allowance, Cost of Living Allowance, and Telephone Expense Allowance
 - Daily and Performance Allowance
 - Annual Bonus
 - Reward for outstanding employees
- 3.1.3 Welfare for employees
 - Provident Fund
 - Life and Health Insurance
 - Annual Health check
 - Employees development, that is developing knowledge, skills, and expertise through practical-based learning by providing fundamental and technical training

3.2 Health and safety in the workplace.

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

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

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

I. The objects and Places

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

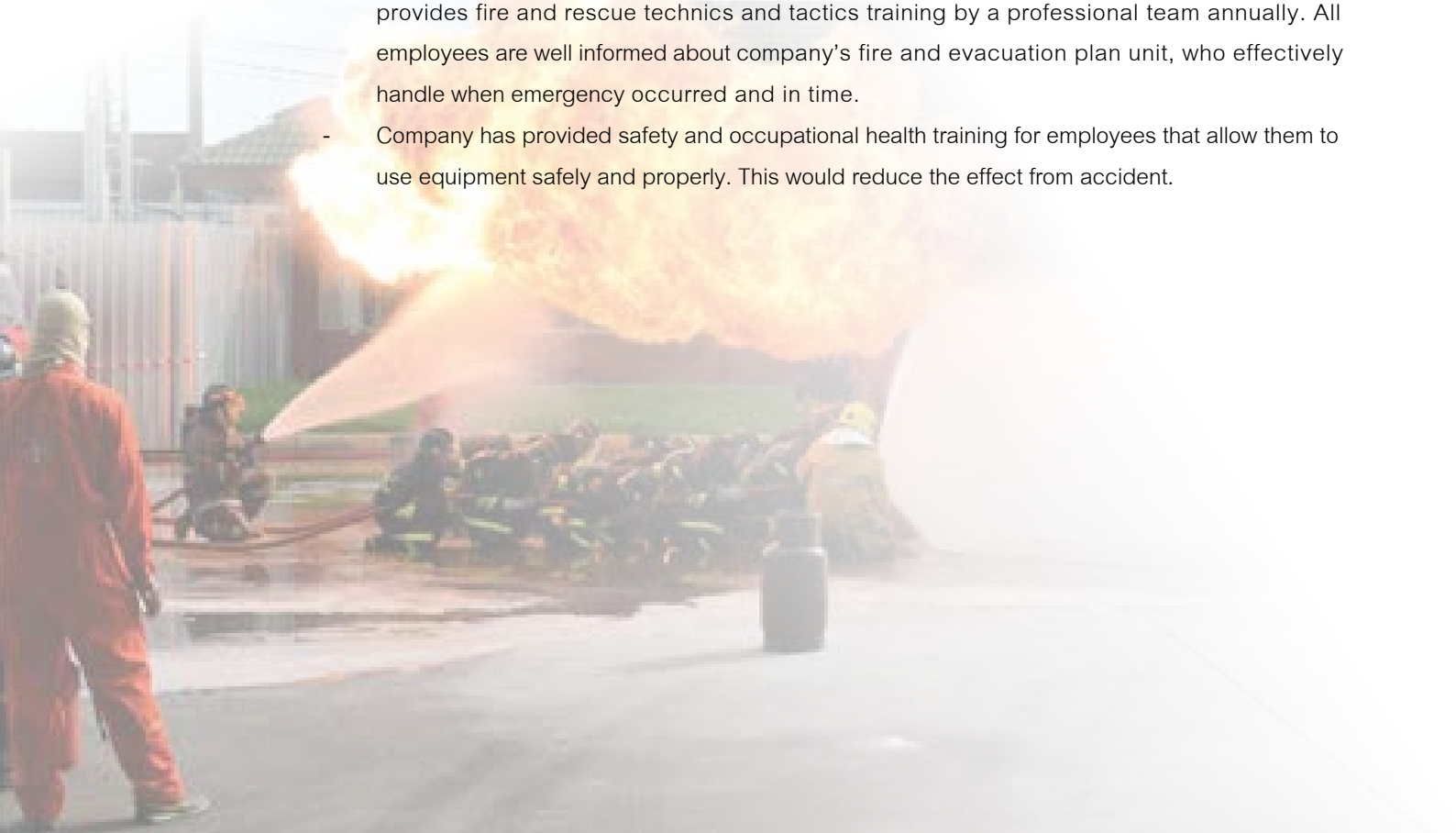
II. Personnel

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

3.2.2 Zero accident project

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

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



4. Responsibility for Consumers

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

4.1 Quality control policy and the Certified Standards

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

- Certification of ISO 9001 : 2015 (Quality Management System) for processed Palm Oil and processed Olein Palm Oil, as well as Biodiesel issued by Management System Certification Institute (Thailand)
- Certification for Good Manufacturing Practice (GMP) for processed Palm Oil and processed Olein Palm Oil issued by Management System Certification Institute (Thailand)
- Certification for Hazard Analysis and Critical Control Points (HACCP) for processed Palm Oil and processed Olein Palm Oil issued by Management System Certification Institute (Thailand)
- Certification of HALAL for processed Olein Palm Oil under PAMOLA brand, Palm Fatty Acid, and RBD Palm Kernel Oil, Palm Kernel Fatty Acid, and Crude Glycerin issued by The Central Islamic Council of Thailand
- Certification of Kosher for Jewish food standard for Refined Palm without fat, processed Olein Palm Oil, RBD Palm Oil, Palm Fatty Acid, Palm Kernel Fatty Acid, and Crude Glycerin from Thai Kashrut Services Co., Ltd. which provides Jewish food qualification inspection
- Certification of Roundtable on Sustainable Palm Oil : RSPO supporting the sustainable use of Palm Oil.



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

4.2 Fair Business Practices

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

- Competitors :** To embrace equality, fairness and integrity without any exploitation, Company will apply the biodiesel cost that is indicated by Ministry of Energy in calculating raw material costs and price for biodiesel and CPO price that is indicated by Government in calculating raw material cost and price for edible oil.
- Suppliers :** To embrace equality, fairness and integrity without any exploitation, Company will select suppliers' base on experience and reliability to make sure that goods and services sent with high quality and on time. All suppliers must pass approved-list and is approved by approver. To avoid corruption between suppliers and employees, the approvers must co-sign the approved-list.
- Creditors :** Company concerns about responsibility to all creditors, especially financial institutions. Company has integrity to pay to all payable and maintain warranty securities and other conditions under the agreement fully and correctly. Nevertheless, management division's role is to maintain the company's liquidity. Company keeps good reputation and confidence to financial institutions, shareholders and stakeholders.

5. Social and Community Development

Social and community development is also concerned by the boards. The boards encourage employees to be a part of social and community development. Company has set social and community development project throughout 2018 as follow:

- 5.1 Returning Bangkok-Bangkhuntien Mangrove Forest Project, together with the village headman Moo. 8 at Bang Khun Thian Mangrove Forest on 22 September 2018





- 5.2 Supported drinking water and energy drinks to the village headman Moo. 8 to support cleaning Thepkanjana Road on 13 October 2018.



- 5.3 Supporting foods and drinks to the village headman Moo. 8 to support cleaning Thepkanjana Road on 5 December 2018.



6. Environment Management

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



11. Internal Control and Risk Management

11.1 Internal Control

The Company has appointed Honor and Advisory Co., Ltd. to be an internal auditor for year 2018 by having Miss Piyamas Ruangsangrob is as primarily responsible for examine and evaluate the efficiency of internal control as well as overviewed and followed up the correcting and improving the internal controls to be more appropriate and effective. Then, the internal auditor required to quarterly report the audit results to the Audit Committee. The Audit Committee has carefully considered the qualifications of Honor and Advisory Co., Ltd. and Miss Piyamas Ruangsangrob, who independently appropriated and experience to perform internal audit duties.

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

Detail of Internal Auditor for the year 2018

Subject	Details
Internal Audit (Outsource)	: Honor and Advisory Company Limited 518/5 Maneeya Center Building, 7th Floor, Ploenchit Rd., Lumpini, Pathumwan, Bangkok 10330 Telephone 0-2652-0898
Head of Internal Audit	: Miss Piyamas Ruangsangrob
Education	: - Master Degree, Master of Financial Accounting and Assurance, Thammasat University - Graduate Diploma Program in Accountancy Chulalongkorn University - Bachelor Degree, Bachelor of Business Administration in Accounting Rajamangala University of Technology Borphitphimuk Campus - Bachelor Degree, Bachelor of Fine and Applied Art in Communication Ramkhamhaeng University
Work Experiences	: 2010 - Present Audit Partner Honor and Advisory Company Limited 2000 - 2010 Audit Manager AMC Company Limited
Training	: 2012 - 2018 - Working paper preparation for Anti – Corruption (2018) - RFRS year 2018: Sub-course 202 Liability and 301 Revenue - Risk and Monitoring in Information Technology (2017) - Cyber Security 4.0 (2017) - Data Analytics for Internal Audit (2016) - Scope of Internal Control for New Listed Companies (2016)

Subject	Details
	<ul style="list-style-type: none"> - Legal Risk in Digital Era (2016) and Anti-Corruption (2015) - Financial Report Standard for New Listed Companies (2015) - Update Financial Report for year 2015 and Thai Auditor's direction with AEC - Accounting - Finance Instruments (2015)
Licenses or Certification	: <ul style="list-style-type: none"> - Certified Public Accountant of Thailand - Certified Internal Auditor No. 7, Federation of Accounting Professions - Well-Prepared before Auditor Perform Audits under ISQC1 No. 3 - Procedure after Receive BOI, Certified from Investor Club Association. - Tax Law, Thammasat University
Responsibility	: To examine and evaluate the efficiency of internal control as well as overviewed and followed up the correcting and improving the internal controls to be more appropriate and effective, then report the audit results to the Audit Committee.

Summary of Internal Audit Report for the year 2018

AI Energy Public Company Limited

According to internal auditor, the internal control system of AI Energy Public Company Limited has been audited in accordance with the Internal Audit Plan of 2018 with the following objectives:

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

The internal auditor has studied operational systems by interviewing with management level and manager of each department. To observe by considering the 5 key factors; Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. These has been done on quarterly basic and reported directly to the Audit Committee, so the internal auditor can perform independently. In 2018, the internal auditor has covered the operating system as follow;

1 st Quarter of 2018	- Revenue and Receivable - Followed-up the correcting and improving the internal control system observed in previous quarter.
2 nd Quarter of 2018	- Raw material procurement - Production System - Store Management - Followed-up the correcting and improving the internal control system observed in previous
3 rd Quarter of 2018	- Human Resource Management (include salary and wages payment) - Followed-up the correcting and improving the internal control system observed in previous quarter.
4 th Quarter of 2018	- Revenue from B100 and Refining Service - Fixed Assets - Followed-up the correcting and improving the internal control system observed in previous quarter.

In 2018, the internal audit was performed according to the annual internal audit plan, which approved by the Audit Committee. Overall, the results of the internal control system for 2018 can be summarized as follows.

1. Internal Control and Management

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

2. Compliance with Company Regulations

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

3. Financial and Accounting's Compliance

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

4. Information Technology

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

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

(Miss Piyamas Ruangsangrob)

Internal Auditor

Honor and Advisory Company Limited

11.2 Risk Management

In 2018, the Company's Board of Director, Audit Committee, Risk Committee, Management Team, and employees significantly emphasis on overall risk management in accordance with ISO 9001:2015 and COSO ERM (Enterprise Risk Management) in order to mitigate possible risks, maintain at an acceptable level. The Company has conducted self - risk evaluation assessments by management team and operation level to assess risks, problems, obstacles, and uncertainties that may affect the achievement of the objectives and goals of the Company. The Company has determined measurement in risk management and set out the risk management policies for management team and employees to comply. There is a Risk Management Committee, which consists of management team of the Company to manage the risk in all aspects to be appropriate and assign employees to develop internal procedures. Normally, the working group consists of manager and supervisor level from each department, who is responsible for monitoring and analyzing risk management at the operational level. Operate in accordance with the risk management plan and follow up the implementation of the major risk management plan and report the risk management results to the Executive Committee, Audit Committee, and the Board of Directors.

There is meeting to follow up between risk management committee and operation employees monthly, then propose to the Audit Committee and the Board of Director to consent yearly. The sub-meetings are set to follow together to find a conclusion based on the situation in order to speed up the correction immediately.

Risk Management Committee as of 31 December 2018

There are 4 Risk Management Committees as follows;

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

Duties and responsibilities of the Risk Management Committee

1. Direct the development and participate in the analysis of the risk management strategy of the organization yearly.
2. Develop and analysis the risk levels acceptable to the organization.
3. Guidance and overseeing method to the managers, supervisors and officers in each department.
4. Evaluate the significant risks and report to the Managing Director.
5. Evaluate the company's risk management report.
6. Review the practical results compared to goals and yearly-scheduled plans
7. Follow-up meeting on practical results from each Department monthly and report to the Executive Committee quarterly

12. Related Transactions

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

The Companies and persons who may have conflict of interest, having related transactions with the Company in accounting period 2018 and 2017 are as follows:

Companies with Related Transactions	Type of Business	Relationship Characteristics
1) Asian Insulators Public Company Limited (AI)	Perform business in manufacturing and selling electric insulators used for electricity generating system.	<ul style="list-style-type: none"> Parent company, Authorized Controller, and principal shareholder of the Company whereas AI is holding shares accounting for 59.59 percent of the Company have registered capital. Board members holding AI stocks are Mr. Narong Thareratanavibool, and Mr. Thanit Thareratanavibool, whose stocks accounts for 21.29% and 6.89%, of AI's registered capital. Board members authorized for co-signing are Mr. Narong Thareratanavibool and Mr. Thanit Thareratanavibool.
2) Samart Palm Industry Company Limited (SPI)	Manufacturer of crude palm oil (grade B)	<ul style="list-style-type: none"> A company related to the Company because any person related to Company's executives, board members, and board authorized for controlling is a principal shareholder in its business.



The Company has related transactions with entities which may have conflict of interest for accounting period 2018 and 2017 as follows:

Companies with Possible Conflict of Interest	Related Transactions	Item Value (Million Baht)		Item Characteristics / Needs and Reasonability
		31 Dec 18	31 Dec 17	
1) Asian Insulators Public Company Limited (AI)	<p>Administrative Expenses :</p> <p>The Company and its subsidiaries made a payment for accounting software service fees to AI. In addition, its subsidiary, namely AIL, rented office space from AI</p>	1.74	2.04	<p>- In 2008, AI as a parent company arranged accounting software to jointly use within the AI Group, including AI, the Company, AIPT, AIL, AIES. AI hired computer consultant to perform this with total expenses equal to 17.21 million baht, including 40 users in 5 companies. AI has also signed in the Agreement Concerning the Acceptance of Maintenance Services and has continuously supported the use of such software with computer consultants since 2008. Such services covered maintenance and software supports for the aforementioned 5 companies. AIE paid software service fee to AI for 6,122.00 Baht per user and 7,902.94 Baht per user in 2018 and 2017, respectively.</p> <p>- In 2018 and 2017, AIL rented office space located at Number 254 Seri Thai Road, Kannayao, Kannayao Bangkok from AI for the total space of 42 square meters to be use as office location. The rental rate at 250 Baht/square meter monthly which was the rate as agreed upon. In this regard, such rate excluded in-building facilities whereas AI would call for the facilities payment (excluding telephone) based on actual payment balance per square meter.</p> <p>Audit committee's opinions</p> <p>Audit Committee verified and provided comments for each item occurring between the Company and its affiliate were based on the Company's policy and appropriation.</p>

Companies with Possible Conflict of Interest	Related Transactions	Item Value (Million Baht)		Item Characteristics / Needs and Reasonability
		31 Dec 18	31 Dec 17	
2) Samart Palm Industry Company Limited (SPI)	<u>Goods ordering</u> : The Company ordered crude palm oil typed high acid over 5% to be used as initial raw materials for manufacturing for sales	-	19.92	<p>- The Company ordered crude palm oil typed high acid over 5% to be used as initial raw materials for product manufacturing for sales. In this connection, the Company set out policy concerning ordering crude palm oil from relevant companies which was presented to the auditing committee for its acknowledgement already. The Company assigned purchasing unit of the Company to consider prices, trade conditions, and deliverable number of products comparatively before ordering. Such comparison shall be done among 3 distributors at the minimum, jointly with the comparison of crude palm oil prices from Department of Internal Trade, Ministry of Commerce, which are one-backdated reference price at every time. In this regard, price and trade conditions of the Company ordering from SP must comply with common trade conditions by having the proportion of the ordering value from accounting period 2017 at the amount of 27.81 percent of the ordering value of crude palm oil typed high acid over 5%, or which accounts for 1.28 and 1.58 percent of total ordering value of crude palm oil. In 2018, there is no transaction with SPI.</p> <p><u>Audit committee's opinions</u> Audit Committee verified and provided comments for each item occurring between the Company and its affiliate by considering supporting documents of pre-order price comparison based on the Company's policy, and agreed on the list appropriation, including listing conditions and price reasonability.</p>

Furthermore, as of 31 December 2018, the Company had no related transactions with persons who may have conflict of interest due to debt guarantee made with financial institutes of the Company and its subsidiaries as follows: -

User	Person of Guarantee	Financial Institution	Type of Credits	Credit Limit (Million Baht)	Outstanding (Million Baht)	Collaterals
AIE	-	TMB Bank Public Company Limited	Short-term Loan	505.00	-	- N/A
AIE	-	Siam Commercial Bank Public Company Limited	Letter of Guarantee – Electricity	2.50	1.67	- Pledged fixed account fully covered outstanding
AIE	-	Kasikorn Bank Public Company Limited	Letter of Guarantee – Electricity	3.81	3.70	- Pledged fixed account fully covered outstanding
			Letter of Guarantee – Custom	18.30	18.25	- Pledged fixed account fully covered outstanding
AIPT	-	Kasikorn Bank Public Company Limited	Letter of Guarantee – Electricity	0.40	0.40	- Pledged fixed account fully covered credit limit

Auditing Committee's opinions

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

Policies or Trends for Preparing Related Transactions

Including Acquisition or Selling of the Company's Properties in the Future

Measures and Procedures for the Approval of Related Transactions

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

In case that the related transactions are not normal transactions, the Company will have comments by the Audit Committee on necessity and appropriation of such transactions. In case that the auditing committee does not have expertise in considering on possible related transactions, the Company will consider having independent price estimator, independent specialized expert, or account auditor prepare comments on such related transactions

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

Policies or Trends for Related Transactions Preparation in the Future

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

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



13. Financial Highlights

Consolidated Financial Statement

(Unit : Million Baht)

Statements of Income	2018	2017	2016
Net Sales and Services	1,562.80	2,286.25	3,479.10
Total Revenues	1,570.92	2,461.06	3,489.97
Costs and expenses	1,640.04	2,504.21	3,445.34
Gross Profit	23.36	(113.33)	155.74
Profit before Interest and Income Tax Expenses	(69.12)	(41.42)	52.65
Net Profit	(72.32)	(72.28)	42.70
Statements of Financial Position			
Total Assets	1,974.46	1,831.02	2,082.11
Total Liabilities	134.67	98.79	277.60
Total Shareholders' Equity	1,839.79	1,732.23	1,804.51
Financial Ratio			
Gross Profit Margin (%)	1.81	(4.96)	4.48
New Profit Margin (%)	(4.60)	(2.94)	1.22
Return on Equity (%)	(3.93)	(4.17)	2.37
Return on Assets (%)	(3.66)	(3.95)	2.05
Debt to Equity (times)	0.07	0.06	0.15
Operating Result per Share (Baht)			
Net Profit per Share	(0.015)	(0.016)	0.01
Book Value per Share	0.35	0.38	0.40
Dividends per Share	-	-	-

14. Management Discussions and Analysis

(A) Summary of Financial Status and Business Performance

Statement of Financial Position (Unit : Million Baht)	Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Audited)	
	Ended 31 Dec 18		Ended 31 Dec 17		Ended 31 Dec 16	
	Million Baht	%	Million Baht	%	Million Baht	%
Assets						
Cash and cash equivalent	54.53	2.76	59.67	3.26	227.10	10.91
Current investment	124.33	6.30	170.42	9.31	0.44	0.02
Trade receivables and other receivables	97.78	4.95	110.81	6.05	142.09	6.82
Current portion of receivables under finance lease contracts	-	-	8.62	0.47	9.48	0.46
Inventory-net	217.58	11.02	152.58	8.33	307.89	14.79
Other current assets	0.00	0.00	0.00	0.00	0.00	0.00
Oil supplies	1.57	0.08	1.98	0.11	2.29	0.11
Non-current Assets Held for sales	0.00	0.00	0.00	0.00	218.92	10.51
Total current assets	495.79	25.11	504.08	27.53	908.21	43.62
Pledged deposits at financial institutions	24.02	1.22	23.02	1.26	6.87	0.33
Receivables under finance lease contracts - net	0.00	0.00	0.00	0.00	8.62	0.41
Land, Plant, Vessel and Equipment - net	1,435.47	72.70	1,263.19	68.99	1,136.42	54.58
Intangible assets - net	0.29	0.01	0.24	0.00	0.19	0.01
Deferred tax assets - net	1.94	0.10	5.63	0.31	8.06	0.39
Deposit for purchase of assets	5.14	0.26	21.53	1.18	0.00	0.00
Other non-current assets	11.81	0.60	13.33	0.73	13.74	0.66
Total non-current assets	1,478.67	74.89	1,326.94	72.47	1,173.90	56.38
Total assets	1,974.46	100.00	1,831.02	100.00	2,082.11	100.00
Liabilities						
Bank overdraft and short-term loans from financial institution	0.00	0.00	0.00	0.00	128.00	6.15
Trade payables and other payables	126.40	6.40	80.36	4.39	57.67	2.77
Cash advance received from disposal of asset	0.00	0.00	0.00	0.00	80.00	3.84

Statement of Financial Position (Unit : Million Baht)	Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Audited)	
	Ended 31 Dec 18		Ended 31 Dec 17		Ended 31 Dec 16	
	Million Baht	%	Million Baht	%	Million Baht	%
Current portion of long-term loans from financial institutions	0.00	0.00	0.00	0.00	0.00	0.00
Income Tax Payable	0.00	0.00	8.21	0.45	2.93	0.14
Total current liabilities	126.40	6.40	88.57	4.84	268.60	12.90
Long-term loan	0.00	0.00	0.00	0.00	0.00	0.00
Non-current provisions for employee	8.27	0.42	10.22	0.56	9.01	0.43
Total non-current liabilities	8.27	0.42	10.22	0.56	9.01	0.43
Total liabilities	134.67	6.82	98.79	5.40	277.61	13.33
Shareholders' Equity						
Registered Capital	1,356.00	68.68	1,356.00	74.06	1,356.00	65.13
Registered and Paid-up capital	1,308.07	66.25	1,130.00	61.71	1,130.00	54.27
Non-controlling interest	0.00	0.00	0.00	0.00	0.00	0.00
Premium on common stocks	605.11	30.65	605.11	33.05	605.11	29.06
Retained Earnings (deficits)	(71.06)	(3.60)	1.27	0.07	73.54	3.54
Other components of shareholders' equity	(2.34)	(0.12)	(4.15)	(0.23)	(4.15)	(0.20)
Total shareholders' equity	1,839.79	93.18	1,732.23	94.60	1,804.50	86.67
Total liabilities and shareholders' equity	1,974.46	100.00	1,831.02	100.00	2,082.11	100.00

Statements of Profit or Loss and Other Comprehensive Income (Unit : Million Baht)	Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Audited)	
	Ended 31 Dec 18		Ended 31 Dec 17		Ended 31 Dec 16	
	Million Baht	%	Million Baht	%	Million Baht	%
Total revenue	1,562.80	100.00	2,461.06	100.00	3,489.97	100.00
Revenues from sale of goods	1,459.23	92.89	2,176.30	88.43	3,416.58	97.90
Revenues from production contract	49.46	3.15	77.03	3.13	32.58	0.93
Revenues from vessel operating	54.11	3.44	32.92	1.34	29.94	0.86
Cost of Sales and Services	1,534.44	98.19	2,399.58	95.82	3,323.36	95.23
Cost of sales	1,444.40	98.98	2,295.83	91.68	3,267.53	93.63
Cost of production contract	36.37	73.53	62.98	2.52	26.85	0.77
Cost of vessel operating	53.67	99.19	40.77	1.63	28.98	0.83
Gross profit (Loss)	28.36	1.81	(113.33)	(4.96)	155.74	4.48

Statements of Profit or Loss and Other Comprehensive Income (Unit : Million Baht)	Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Audited)	
	Ended 31 Dec 18		Ended 31 Dec 17		Ended 31 Dec 16	
	Million Baht	%	Million Baht	%	Million Baht	%
Other incomes	8.12	0.52	174.81	7.10	10.87	0.31
Profit (Loss) before expenses	36.48	2.33	61.48	2.50	166.61	4.77
Selling expenses	8.33	0.53	11.95	0.48	32.32	0.93
Administrative Expenses	79.87	5.11	90.95	3.63	81.64	2.34
Loss on impairment of property, plant and equipment	17.40	1.11	0.00	0.00	0.00	0.00
Profit (Loss) before financial costs and taxes	(69.12)	(4.43)	(41.42)	(1.68)	52.65	1.51
Financial costs	0.00	0.00	1.72	0.07	8.01	0.23
Profit (Loss) before income taxes	(69.12)	(4.43)	(43.15)	(1.75)	44.64	1.28
Tax Expenses	(3.20)	(0.20)	(29.13)	(1.18)	(1.93)	0.06
Defined benefit plan actuarial gains	2.29	0.15	0.00	0.00	1.38	0.04
Income tax on other comprehensive income relating to items that will not be reclassified (OCI)	(0.49)	(0.03)	0.00	0.00	(0.30)	(0.01)
Profit (Loss) for the Year	(70.52)	(4.49)	(72.28)	(2.94)	43.78	1.25
Gain (Loss) attributable to:						
Equity holders of the parent	(72.32)	(4.60)	(72.28)	(2.94)	43.78	1.25
Non-controlling interests	0.00	0.00	0.00	0.00	0.00	0.00
Total comprehensive profit (loss) for the year	(72.32)	(4.60)	(72.28)	(2.94)	43.78	1.25
Profit per share (Baht/share)	(0.015)		(0.016)		0.01	
Par value (Baht/share)	0.25		0.25		1.00	
Book value (Baht/share)	0.35		0.38		0.40	
Number of common stocks (Million stocks)	5,232.29		4,520.00		4,520.00	

Statements of Cash Flows (Unit : Million Baht)	Consolidated Financial Statement (Audited)	Consolidated Financial Statement (Audited)	Consolidated Financial Statement (Audited)
	2018	2017	2016
Profit (Loss) before income taxes expenses	(69.12)	(43.15)	44.64
Adjustment to reconcile loss to cash provided by (used in) operating activities:			
Depreciation	74.26	74.13	85.43
Amortized computer software	0.13	0.10	0.06
(Gain) Loss on write-off of assets	2.75	(149.72)	(3.42)
Allowance for doubtful accounts	2.78	0.00	7.08
(Reversal) Allowance for devaluation of inventories	(5.88)	(8.74)	17.36
Unrealized (gain) loss on exchange rates	0.00	(5.11)	0.05
Non-current provisions for employee	1.69	1.71	3.00
Interest income	(3.06)	(3.99)	(1.07)
Interest expenses	0.00	1.72	8.01
Gain (Loss) from operating activities before change in operating assets and liabilities	20.97	(133.05)	161.14
Trade and other current receivables	10.24	31.28	147.91
Inventories	(59.12)	164.36	52.95
Oil supplies	0.41	0.00	0.00
Deposit for purchase of assets	16.39	(21.53)	0.00
Non-current assets for disposal	0.00	0.00	0.00
Other non-current assets	3.15	0.52	0.11
Trade and other payables	38.50	4.54	(56.21)
Refunded of income tax	0.00	1.96	0.00
Payment for employee benefit obligations	(1.35)	(0.50)	(7.07)
Income tax paid	(9.83)	(23.49)	(2.78)
Net cash provided by operating activities	19.35	24.09	296.05
Increase in restricted deposits at financial institution	(1.00)	(16.15)	(3.31)
Interest received	2.05	1.92	0.78
Increase (decrease) in current investments	46.08	(169.98)	(0.21)
Payment for purchase of assets	(260.15)	(206.86)	(61.60)
Payment for purchase of intangible assets	(0.18)	(0.15)	0.00
Proceeds from receive from disposal of assets	10.44	329.13	1.98
Cash advance receive from disposal of land and equipment	0.00	0.00	80.00
Net cash provided by (used in) investing activities	(202.57)	(61.94)	17.63

Statements of Cash Flows (Unit : Million Baht)	Consolidated Financial Statement (Audited)	Consolidated Financial Statement (Audited)	Consolidated Financial Statement (Audited)
	2018	2017	2016
Decrease in bank overdraft and short-term loans from financial institutions	0.00	(128.00)	(196.03)
Interest paid	(0.002)	(1.58)	(8.04)
Long-term loans paid	0.00	0.00	0.00
Cash received from increase in share capital	178.07	0.00	0.00
Net cash used in financing activities	178.07	(129.58)	(204.07)
Net increase (decrease) in cash and cash equivalents	(5.15)	(167.43)	(109.61)
Cash and cash equivalents at beginning of the year	59.67	227.10	117.49
Cash and cash equivalents at end of the year	54.53	59.67	227.10
Assets payable for equipment	7.54	18.00	7.21

a) Summary of Key Financial Ratio

Financial Ratio		2018	2017	2016
Liquidity ratio				
Liquidity ratio	Time	3.92	5.69	3.38
Quick liquidity ratio	Time	2.20	3.97	2.24
Account Receivable Ratio	Time	14.98	18.08	15.94
Average Collection Period	Day	24.36	20.19	22.90
Inventory Stock Ratio	Time	8.29	10.42	9.68
Average Selling Period	Day	44.03	35.02	37.69
Account Payable Ratio	Time	12.14	29.86	57.63
Trade Payable Payback Period	Day	30.07	12.22	6.33
Cash cycle	Day	38.32	42.99	54.26
Gross Profit Rate	%	1.81	(4.96)	4.48
Operating Profit Rate	%	(4.60)	(2.94)	1.22
Return on Equity	%	(3.93)	(4.17)	2.37
Return on Asset	%	(3.66)	(3.95)	2.05
Return on Fixed Asset	%	(5.04)	(5.72)	3.76
Asset Turnover Ratio	Time	0.80	1.34	1.68
Debt to Equity Ratio	Time	0.07	0.06	0.15
Interest Coverage Ratio	Time	0.00	(24.02)	6.57
Dividend Payout	%	0.00	0.00	0.00

14.1 Management Discussion and Analysis on Financial Statement and Business Performance

14.1.1 Business Performance

Overall business performance

The company operates manufacturing and distribution of biodiesel produced from crude palm oil, produce and distribute Palm Olein through processes under the brand "PAMOLA", distribute raw materials, namely crude palm oil and Refined Bleached and Deodorized Palm oil (RBD Palm Oil), as well as distribute products, which are byproducts gained from manufacturing process, including palm fatty acid, palm stearin, and crude glycerine, for being used as raw materials in continuous manufacturing industries, such as soap and cosmetics, as well as bringing back to be used as raw material in biodiesel production. After the Company changed the policy of Palm Olein business ("Edible Oil") by cancels the sales and distribution by the Company itself, change into refining service of Edible Oil instead in 2017, in order to reduce the sell and administration expenses and reduce risk of raw materials price's fluctuation. The Company provides production contracts for crude palm oil refining service for customers, which based on 2 group of customers; Biodiesel group and Edible Oil group. For Biodiesel, the customer is a member of a group of one of traders in under section 7 of the Fuel Trade Act B.E. 2543 in which currently servicing for RBD Palm Oil. For Edible Oil, the customer is in Edible Oil trading business, where the Company providing refining services of RBD Palm Oil and Palm Olein, as well as charges for Edible Oil in packaged under brand customers own trading brand has been sold such as tins, bottles, and bag. However, the Company received certificates and assurances representing good management and quality and standard manufacturing, i.e. ISO 9001: 2015 HACCP GMP Kosher, as well as the certification of the accession to Roundtable Sustainability of Palm Oil or RSPO which is an international organization supporting growth and the sustainable use of palm oil by collaboratively implement within the supply chain.

The Company currently has 2 subsidiaries, including AIL and AIPT in which the Company is holding their shares at 99.99% of their authorized capital. AIL provides sea freight services by providing transportation for fuel, lubricant oil, crude palm oil, and refined palm oil to customers internationally of 1 vessel, which is "Thareratana 3". For "Thareratana 1", AIL has disposed it to the Buyer since 18 October 2016 on the leased-purchase agreement according to the Board of Director No. 4/2016's resolution that approved to dispose of Thareratana 1 vessel size 1,500 tons' gross at 23,112,000 Baht and AIL has been received full payment and already transferred the entitlement to the Buyer since October 2018. AIPT provides port services and storage tanks by having 1 deep sea ports and storage tanks located in Muang district in Chumphon province. Such storage tanks could contain oil at the total of 22,124,000 Liters. Both companies have been supported for investment based on Investment Promotion Act B.E. 2520 for Biodiesel manufacturing business, sea transportation business, and vessel goods loading business.

In accounting period for the year 2018 as of 31 December 2018, the Company and subsidiaries have realized net loss of 72.32 million Baht, whilst realized a gross profit of 28.36 million Baht that clearly improve from 2017, where realized gross (loss) of (113.33) million Baht. The price of crude palm oil has slightly fluctuated in 2018 if compared to in 2017, however the gross profit in 2018 was not enough to service the sell and administration expenses due to the fluctuations in the price of crude palm oil (CPO) which is the main raw material with a proportion of 90 percent of the products and also determine the selling price of Biodiesel, which continued to decline and intensified from the situation of CPO as mentioned in previous section. The Company realized higher the average cost of CPO than CPO price in the market and unable to adjust its costing inline to the market price continuously and severely, which resulting in net loss in 2018 on a relatively low margin.

Factors affecting the Company's future performance

The main factor affecting the company's performance is the development and cooperation between government and private sectors in the supply and demand of biodiesel production from CPO, by promoting the cultivation of palm trees in more suitable areas according to the AEDP plan and having the production capacity of CPO not less than 3.05 million tons per year with the oil extraction rate (OER) of not less than 18 percent by 2021, also encouraging farmers to make quality palm fruit by cutting only the ripe palm fruits, resulting in an increase in OER from 15-16 percent to 17-18 (Source: DIT, Ministry of Commerce).

While the furtherance on demand is the mandate of Biodiesel (B100) blended in diesel fuel 7% or B7 and B10 in truck fleets that imposed by the government (the domestic demand of diesel fuel is 60 million liters per day or equivalent to 4.20 million liters of Biodiesel per day (blended at 7% or B7) and increasing the production capacity of methyl ester B100 from 13 producers, representing a total capacity of approximately 6.62 million liters per day, which can be seen that the total production volume is much higher than the demand for B100, as well as the successful impulse in the supply side, resulting CPO stock in Thailand has reached the highest CPO stock records up to 400,000 tons from normal safety stock at 200,000 tons (Source: www.prachachat.net; palm crisis, falling prices the stock of the country cannot be exported on March 25, 2018) resulting in a continuous and severe decline in crude palm oil prices.

For the price and quantity fluctuation of crude palm oil, the government had issued a policy to control such problem from both the fluctuating price and quantity. The government has used its policy to reduce the portion of B100 blended in Diesel such as lowered B7 to B5 when crude palm oil stock low. And increased the ratio of biodiesel in diesel fuel when stocking crude palm oil high. This is to control the amount of crude palm oil used and focuses on the need of the general consumer. Also, price of palm fruit and crude palm oil has been controlled in case of fluctuation and use the policy to buy crude palm oil from the market in case of crude palm oil over supply. The fluctuation of CPO price mentioned above had reflected the Company's business operation in the production and distribution of biodiesel from CPO industry, which is the inherent risk that significantly impact on the Company's performance to realized net loss in 2018 and 2017 that is the risk of fluctuation in CPO price; mostly caused by the intervention of the government to determine the CPO pricing policy, economic change, climate change, and demand and supply.

The Company is aware of such risks and determined the policy that focused on the procurement and management of raw material (CPO) and biodiesel's stocks by trying to maintain inventories turnover rate between 30 – 45 days, enough for the production and delivery in each month under quarterly and yearly contracts. Also, the Company is controlling and improving the rate of loss from production process. However, the determined policy and controlling the rate of loss cannot eliminate all the risks, they were just reduced the risks and alleviates the impact of the risk on the Company's performance. The Company realized its stock loss of 2.75 million Baht from the recording NRV on 31 December 2018. Besides, part of the loss was caused by the provision for impairment of investment in subsidiary of 17.31 million Baht and allowance for doubtful accounts of 2.78 million Baht.

In addition, the company has invested in the refined glycerine plant according to the Company's strategy plan, which add the value-added to by-product; crude glycerine obtained from the Biodiesel's production with maximum capacity of 100 tons of refined glycerine per day. The refined glycerine plant will commercially run in the end of 1st of 2019, which is expected to improve the Company's gross profit margin ability since refined glycerine is a product that in the pharmaceutical grade market has the main customer groups mostly in pharmaceutical and food industries.

14.1.2 Analysis of Business Performance

The Company and subsidiaries issued the financial statement as of December 31, 2018, which certified by ANS Audit Company Limited with Qualified Opinion and basic for qualified opinion as following;

Qualified Opinion

I have audited the consolidated and separate financial statements of AI Energy Public Company Limited and its subsidiaries, and of AI Energy Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2018, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effect of the matter described in the Basis for qualified opinion, the accompanying consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of the AI Energy Public Company Limited and its subsidiaries, and of AI Energy Public Company Limited, respectively, as at December 31, 2018, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Qualified Opinion

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

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

Total Revenues

The Company and subsidiaries had revenue balance for the accounting period in 2018 of 1,570.92 million Baht, which could be divided into 92.89% for selling revenue, 3.15% for production contract revenue, 3.44% for sea freight service revenue, and 0.52% for other incomes. In 2017, the Company and subsidiaries had revenue of 2,461.06 million Baht, which could be divided into 88.43% for selling revenue, 3.13% for production contract revenue, 1.34% for sea freight service revenue, and 7.10% for other incomes.

Types of Revenue	Consolidated Financial Statement		Consolidated Financial Statement		Consolidated Financial Statement	
	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Selling revenue	1,459.23	92.89	2,176.30	88.43	3,416.58	97.90
1.1 Palm oil business revenue	1,459.23	92.89	2,176.30	88.43	3,395.67	97.30
1.1.1 Biodiesel	1,295.07	82.44	1,930.18	78.43	2,652.04	75.99
1.1.2 Olein palm oil	86.63	5.51	130.44	5.30	690.27	19.78
1.1.3 By-products	77.53	4.94	115.68	4.70	53.36	1.53
1.2 Revenues from ice cube selling	-	-	-	-	20.91	0.60
2. Production contract revenue	49.46	3.15	77.03	3.13	32.58	0.93
3. Sea freight service revenue	54.11	3.44	32.92	1.34	29.94	0.86
Total revenues	1,562.80	99.48	2,286.25	92.90	3,479.10	99.69
4. Other revenues	8.12	0.52	174.81	7.10	10.87	0.31
Total revenues	1,570.92	100.00	2,461.06	100.00	3,489.97	100.00

1) Selling Revenue

Selling revenue from the business operations of AIE and AIPT can be divided into 2 types; revenues from palm oil business and revenues from ice cube for food industry. The Company had selling revenue in 2018 to 2016 equal to 1,459.23 million Baht, 2,176.30 million Baht, and 3,416.58 million Baht which accounts for 92.89%, 88.43%, and 97.90% of total revenue consecutively. The major contribution of revenue was from palm oil business in total annual revenue. In this connection, the details of selling revenues could be explained by types of sales as follows:

▶ 1.1) Revenues from Palm Oil Business

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

▶▶ 1.1.1 Revenue from Biodiesel

The Company produces and distributes biodiesel to the fuel trader under Section 7 of Fuel Trade Act B.E.2543 in which consists of the major oil traders in the country. AIE's revenues from sales of biodiesel business to total revenue for the fiscal year 2018 and 2017 were 82.44% and 78.43% respectively. In 2018 and 2017, the Company had sales of Biodiesel equal to 1,295.07 million Baht, and 1,930.18 million Baht, accounting for 88.75 percent and 88.69 percent of total revenue from biodiesel sold respectively.

In 2018, the Company's revenues from sales of biodiesel have decreased from 2017 by 32.90% due to the differentiated in selling price 5-6 Baht/Kilogram, where the average selling price in 2018 was 23.20 Baht/Kilogram while in 2017 was 28.25 Baht/Kilogram, or decreased by 17.86%. Since the main raw material; CPO's price is decreased (It is the starting price for setting biodiesel selling price), where the average price of CPO in 2018 was decreased from 2017 by 21.35%, and in 2017 was decreased from 2016 by 22.13%. The average price of CPO in 2018 to 2016 were 19.57 Baht/Kilogram, 24.88 Baht/Kilogram, and 31.95 Baht/Kilogram (Source: DIT, Ministry of Commerce).

Also, the Company had sales volume of 55,812 tons in 2018, which decreased from those in 2017 for 12,979 tons from 68,791 tons or decreasing by 18.87%.

Moreover, in 2018 and 2017 the government has imposed on mandate biodiesel blended in diesel 7%, and CPO was flooded into the market lead to oversupply for both domestic consumption and biodiesel. Therefore, the country's safety stock of CPO 200,000 tons was exceeded to 400,000 tons (Source: www.prachachat.net CPO price's crisis, oversupply and no export on 25 March 2018). The oversupply was caused by continuously increasing in the cultivation of palm trees area and encouraging farmers to make quality palm fruit by cutting only the ripe palm fruits, resulting in an increase in OER from 15-16 percent to 17-18 (Source: DIT, Ministry of Commerce: agriculture commodities 2018). The fluctuation of CPO price has significantly impact on the Company's profitability to realized net loss in 2018 and 2017.

1.1.2 Revenue from Palm Olein (Edible Oil)

The Company produced and distributed palm olein in tank trucks and in packaging under "PAMOLA" brand to customers domestically. The customers who use Palm Olein could be divided into 2 groups; (1) large food manufacturing industry which mostly orders by tank truck, (2) packaged customers, chained restaurant that ordered in various packaging such as tins under the brand "PAMOLA", which was established in the Palm Olein market more than 30 years. However, the Company has changed the policy and distribution of Edible Oil in 2017 by cancels the sales and distribution by the Company itself, change into refining service of Edible Oil instead. The customer will supply their own CPO and taking liabilities in transporting expenses such raw materials to the factory, as well as liable for licensed charges for Edible Oil in packaged under their own trading brands in gallon, tins, bottles, and bag.

The Company had revenue from Edible Oil in 2018 from food manufacturing and food chain customers, that directly purchase from the Company due to our products' quality reason under Made to Order contract. The Company had revenue from Edible Oil business in 2018 lower than 2017 since there was revenue from sales of Edible Oil in January 2017 that was the backlog from the end of 2016. In 2018, the Company had revenue from Edible Oil of 86.63 million Baht, decreased by 43.82 million Baht or 33.59% from 130.44 million Baht in 2017.

The Company's revenues from sales of edible oil to total revenue from palm oil business for 2018 and 2017 were 5.94% and 5.99%, and revenues from sales of edible oil to total revenue were 5.51% and 5.30%, respectively. The sales volume has decreased by 691 tons or 15.99% and decreasing in selling price for 6.32 Baht/Kilogram or 20.95%.

1.1.3 By-products

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

In 2018 and 2017, the Company's revenue from raw materials and by-products were 77.53 million Baht and 115.68 million Baht at the proportion of 5.31% and 5.32% of total revenue from Palm Oil business. Also, the revenue from sales of raw materials and by-products has contributed for 4.94% and 4.70% of the total revenue.

In 2018 and 2017, the Company has sale volume of 6,038 tons at 12,841 Baht/ton and 9,905 tons at 11,679 Baht/ton. The revenue from raw materials and by-products in 2018 decreased from 2017 by 38.15 million Baht or 32.98%, sale volume decreased by 3,867 tons or 39.04%, and the selling price was increased by 1,162 Baht/ton or 9.95%. The revenue from raw materials and by-products in 2018 has been decreased by quantity sold but the selling price was higher relating high demand in the market.

1.2) Revenue from Ice cube for food industry

Since November 2016, AIPT has ceased its operation of ports and storage tanks service and ice cube in Tha Chalom in Samut Kakhon province after AIPT sold to the Buyer under Sale and Purchasing contract. Therefore, there is no revenue from sale of ice cube since then. (AIPT operates the ports and storage tanks: refer to 2.3 business profiles for more details).

2) Revenue from production contract

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

In 2018 and 2017, the revenue from the production contract were 49.46 million Baht and 77.03 million Baht, or at the percentage of total revenues at 3.15%, and 3.13% respectively. The revenue from production contract in 2018 was decreased from 2017 by 27.57 million Baht or 35.79% due to refining volume was decreased in both groups.

- ▶ 2.1 The production contract for RBD Palm Oil that used in Biodiesel business in 2018 has contributed revenue for 33.87 million Baht from 39.16 million Baht in 2017. In 2018, the Company had refined CPO for RBD Palm Oil under production contract of 37,636 tons less than those refined in 2017 of 43,510 tons by 5,874 tons or decreasing by 13.50%.
- ▶ 2.2 The production contract for Edible Oil, since the Company had changed its policy by ceased selling Edible Oil by itself to production service that had begun from January 2017, has realized revenue in 2018 and 2017 for 15.58 million Baht and 37.87 million Baht with the quantities of CPO at 6,373 tons and 23,340 tons, respectively. The quantities have been decreased by 16,967 tons or 72.69% since the Company has revoked production contracts with both customers due to the customers have breached the contract on the quantities term.

3) Revenue from Sea freight Business

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

In 2018 and 2017, the revenue from sea freight service was 54.11 million Baht and 32.92 million baht, or at the percentage of total revenues at 3.44% and 1.34% respectively. In 2018, the revenue increased from 2017 by 21.19 million Baht or 64.36% due to in 2018 AIL continuously provided service internationally as normal i.e. 2-3 times per month and cost of repairing and fixing sea freight reduced since AIL temporarily suspended from service in order to receive yearly maintenance and repaired at the vessel yard in 2nd – 3rd quarter of 2017.

For “Thareratana 1”, AIL has disposed it to the Buyer since 18 October 2016 on the leased-purchase agreement, which has been received full payment and already transferred the entitlement to the Buyer since October 2018.

4) Other incomes

The Company and subsidiaries had other incomes in the accounting period of 2018 and 2017 equal to 8.12 million Baht and 174.81 million Baht, or accounting for 0.52 percent and 7.10 percent of total revenue. In 2018, other incomes consist of storage tank rental, sales of manufacturing scraps, interest received, gain on current investment, gain from foreign exchange, and interest received from hire purchased agreement (AIL). In 2017, other incomes consist of sales of manufacturing scraps, interest received, gain from foreign exchange, interest received from hire purchased agreement (AIL), and gain on sales of non-current assets (AIPT) of 156.57 million Baht from selling land, building, port, ice cube factory, equipment and 5 storage tanks with volume of 11,062,000 liters situated on Samut Sakhon province.

Cost of Sales and Gross Profit

Cost of Sales and Services	2018				2017				Increase / (Decrease)			
	Thousand Baht	Baht/Ton	% / Sales	%	Thousand Baht	Baht/Ton	% / Sales	%	Thousand Baht	Baht/Ton	% / Sales	%
1. Cost of Sales												
Biodiesel	1,284,825	23,021	99.21	83.73	2,071,786	30,117	107.34	86.34	(786,961)	(7,096)	(8.13)	(2.61)
By-product	83,090	13,761	107.17	5.42	97,125	9,806	83.96	4.05	(14,035)	3,956	23.21	1.37
Edible Oil	76,485	21,065	88.29	4.98	126,920	29,368	97.30	5.29	(50,435)	(8,303)	(9.01)	(0.30)
Total Cost of Sales	1,444,400	22,058	98.98	94.13	2,295,831	27,655	105.49	95.68	(851,431)	(5,596)	(6.51)	(1.54)
2. Cost of Production Contract												
Biodiesel	25,973	690	76.68	1.69	29,478	677	75.28	1.23	(3,505)	13	1.40	0.46
Edible Oil	10,396	1,631	66.72	0.68	33,502	1,435	88.47	1.40	(23,106)	196	(21.76)	(0.72)
Total Cost of Production Contract	36,369	826	73.54	2.37	62,980	942	81.77	2.62	(26,611)	(116)	(8.23)	(0.25)
3. Cost of Sea Freight Service												
Sea Freight Service	53,665	-	99.18	3.50	40,771	-	123.85	1.70	12,894	-	(24.67)	1.80
Cost of Sales and Services	1,534,435	-	98.19	100	2,399,582	-	104.96	100	(865,147)	-	(6.77)	-

Cost of Sales and Services

Cost of Sales and Service could be classified into cost of sales, cost of refining service and cost of sea freight service. In the accounting period of 2018 and 2017, the cost of sales and services was 1,534.44 million Baht and 2,399.58 million Baht, or equivalent to 98.19% and 104.96% of total revenues respectively. The ratio of cost of sale over total revenue in 2018 decreased by 6.77% from 2017, where the reasons are summarized as follows;

1) Cost of Sales

1.1 In 2018 and 2017, the ratio cost of sale – Biodiesel to revenue were 99.21% and 107.34%. Comparing 2018 to 2017, the ratio cost of sale to revenue has decreased by 8.13% since the raw material (CPO) 's price that was used in production, was continuously decreased in 2018 in the range of 7.00 Baht/Kilogram, less fluctuated than in 2017 with the range of 13.00 Baht/Kilogram. Therefore, the Company realized gross profit in some quarters but realized net loss year 2018 and 2017 since the costs of biodiesel and selling and administration expenses were higher than selling prices by the average at 1.00-2.00 Baht/Kilogram. This is due to the fluctuation in quantities of supply, where the flood of Palm Fruits and CPO into the market that lead to lower price since February 2017 and then the price has gone up to 31.97 Baht/Kilogram down to the lowest at 16.00 Baht/Kilogram (Source: DIT, Ministry of Commerce). CPO was flooded into the market lead to oversupply for both domestic consumption and biodiesel. Therefore, the country's safety stock of CPO was exceeded to 400,000 tons since May 2017. The oversupply was caused by continuously increasing in the cultivation of palm trees area and encouraging farmers to make quality palm fruit by cutting only the ripe palm fruits, resulting in an increase in OER from 15-16 percent to 17-18 (Source: DIT, Ministry of Commerce: agriculture commodities 2018). The fluctuation of CPO price has significantly impact on the Company's profitability to realized net loss in 2018 and 2017. Even though, the Company

has achieved in maintaining its loss yield to be more efficient and manage CPO storage life cycle for 30-45 days, still the CPO's price fluctuation had significantly affected on cost management.

1.2 Costs of sale – By products were realized according to marked-to-market selling price and allocated into cost of each products and by-products. Therefore, the price of by-products sold was increased and affected the Biodiesel selling price to be low.

1.3 In 2018, cost of sale - Edible Oil was 76.49 million Baht, with ratio of cost of sale to revenue was 88.29%, and while in 2017, cost of sale was 126.92 million Baht, with ratio of cost of sale to revenue was 97.30%. All of them were made to order and purchased CPO for lot by lot in period of term (short). Therefore, the Company can maintain the cost of raw material and gain profit margin for each sale orders.

1.4 In 2018 and 2017, there was no cost of ice cube sales as a reason mentioned above.

2) Cost of Production Contract

In 2018, the ratio of cost of production contract to revenue was 73.54%, while in 2017 was 81.77%. The cost of production contract can divide into 2 group of customers as follow;

2.1 The ratio of cost of production contract to revenue for RBD Palm Oil that used in Biodiesel business in 2018 was 76.68%, the Company always gain profit from this segment.

2.2 The production contract for Edible Oil, since the Company had changed its policy by ceased selling Edible Oil by itself to production service that had begun from January 2017, therefore in 2018 and 2017 has realized the ratio of cost of production contract for Edible Oil business for 66.72% and 88.47% respectively.

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

3) Cost of Sea Freight Services

In 2018, cost of sea freight service (AIL) was 53.67 million Baht, with ratio of cost of service to revenue was 99.18%, and while in 2017 cost of service was 40.77 million Baht, with ratio of cost of service to revenue was 123.85%.

AIL had the ratio of cost of sea freight service to revenue in 2018 lower than in 2017 by 24.67% from yearly maintenance expenses in 2nd and 3rd quarter of 2017.

Gross Profit (Loss) Margin

The Company has gross profit (loss) margin as of the fiscal year 2018 and 2017 for 28.36 million Baht and (113.33) Million Baht or 1.81% and (4.96%), which increased by 6.77%.

Gross profit (loss) margin	2018		2017		Increase (Decrease)	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
1. Sales						
Biodiesel	10,250	0.79	(141,602)	(7.34)	151,852	8.13
By-product	(5,558)	(7.17)	18,553	16.04	(24,111)	(23.21)
Edible Oil	10,140	11.71	3,523	2.70	6,618	9.01
Gross profit (loss) from Sales	14,832	1.02	(119,526)	(5.49)	134,358	6.51
2. Production Contract						
Biodiesel	7,901	23.32	9,681	24.72	(1,780)	(1.40)
Edible Oil	5,186	33.28	4,364	11.53	822	21.76
Gross profit (loss) from Production Contract	13,087	26.46	14,045	18.23	(958)	8.23
3. Sea Freight Service	444	0.82	(7,850)	(23.85)	8,294	24.67
Gross profit (loss) margin	28,363	1.81	(113,331)	(4.96)	141,694	6.77

1. Gross profit (loss) margin from Biodiesel as of 2018 was 0.79 and (7.34%), which increased from 2017 due to CPO's price was less fluctuated than 2017 and increase the Company's profitability in some quarters.
2. Gross profit (loss) margin from By-products as of 2018 was (7.17%) and 16.04, which decreased from 2017 due to by products were realized according to marked-to-market selling price and allocated into cost of each products and by-products. Therefore, the price of by-products sold was increased and affected the Biodiesel selling price to be low.
3. Gross profit (loss) margin from Edible Oil as of 2018 and 2017 were 11.71 and 2.70 which increased from 2017, where the Company possible to generate profit from this business unit since there were Made to Order that the Company can control margin and CPO's price fluctuation.
4. Gross profit (loss) margin from Production contract as of 2018 and 2017 was 26.46% and 18.23% which increased from 2017. The Company is continuously making profit from refining service since there was no risk from the fluctuation in raw materials price.
5. There was no revenue from sale of ice cube as of 2018 and 2017.
6. Gross profit (loss) margin from Sea Freight service as of 2018 and 2017 were 0.82% and (23.85%) which increased from previous year as reason mentioned above.

Expenses

The Company's expenses as of the fiscal year 2018 and 2017 was 105.60 million Baht and 104.62 million Baht or accounting for 6.72 percent and 4.25 percent of total revenue, respectively. The Company's expense consists of selling expense and administration expense in 2018-2017; selling expense were 8.33 million and 11.95 million Baht; administration expense were 97.27 million Baht and 90.95 million Baht, and financial cost were 0.0017 million Baht and 1.73 million Baht with details as the following.

Selling Expense

The Company's selling expenses as of the fiscal year 2018 and 2017 were 8.33 million Baht and 11.95 million Baht. The major contributions were the cost of transportation and products insurances, which related to the decreased in sale volume and change in sale of Edible Oil policy.

Administration Expenses

The Company's administration expenses for the fiscal year 2018 and 2017 were 97.27 million Baht and 90.95 million Baht, which increased by 6.32 million Baht or 6.94% due to loss on impairment of property, plant and equipment in subsidiary amount 17.40 million Baht since it was temporarily ceased its operation and management has assessed the appropriateness of the valuation of the assets of the subsidiary (AIPT) by uses the work of the independent appraiser that the Company uses to evaluate the fair value of underlying assets using replacement cost.

Financial Cost

The financial cost for the fiscal year 2018 and 2017 were 0.0017 million Baht and 1.73 million Baht, which decreased by 1.73 million Baht or 100.00%. Due to the short-term and long-term loan in 2017 has been reduced. In 2018 and 2017, the Company had no overdraft and short-term loan outstanding, the interest expenses that arise from short-term loan (L/C) for new plant, has been included into the cost of machineries.

Net Profit (Loss) and Profit (Loss) Margin

The Company's net profit (loss) of the fiscal year 2018 and 2017 were (72.32) million Baht and (72.28) million Baht. In 2018, net loss margin has increased by 0.04 million Baht or 0.06% from 2017 as a result of the fluctuation in CPO's price, which is the main material used in production and also the main factor in determine products' selling price. The CPO's price is continuously decreased, which has significantly impact on the Company's profitability and together with the realization of loss on impairment of property, plant and equipment in subsidiary (AIPT) amount 17.40 million Baht that gross profit margin was not enough to cover SG&A expenses in 2018.

Return on Equity (ROE)

In accounting period of 2018 and 2017, the Company and subsidiaries had return on equity (ROE) equal to (3.93) and (4.17), respectively. As of 2018, the Company had net loss of 72.32 million Baht; consist of net loss from the Company itself of 54.54 million Baht and retain earning (Loss) of (174.68) million Baht, and while in 2017 had net loss of 72.28 million Baht that contributed net loss from the Company for 173.44 million Baht with retain earnings (Loss) of 120.15 million Baht. The Company had lower return on equity than year before because the decline in profitability. The Company has not been paid dividend.

Company's Financial Statement

Assets

Total assets of the Company as of 31 December 2018 was equal to 1,974.46 million Baht, and as of 31 December 2017 was equal to 1,831.02 million Baht. The important asset transactions resulted in changes of Company's total assets are as follows:

- Cash and cash equivalent

As of 31 December 2018, the Company had cash and cash equivalent lower than in 2017 by 5.15 million Baht or 8.63%. In 31 December 2018 and 31 December 2017, the Company had cash and cash equivalent transaction equal to 54.53 million Baht and 59.67 million Baht, or accounting for 2.76% and 3.26 % of total assets, respectively. The cash and cash equivalent as of 31 December 2018 and 2017 consist of;

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash in hand	145,000	145,000	50,000	50,000
Deposit at bank - savings	53,322,452	58,462,726	45,559,177	50,601,857
- current	90,211	120,000	60,000	60,000
Fixed deposits due within 3 months	968,438	946,336	968,438	946,336
Total cash and cash equivalents	54,526,101	59,674,062	46,637,615	51,658,193

- Current Investment

As of 31 December 2018 the Company has current investment less than those in previous by 46.08 million Baht, or decreased by 27.04% in order to pay an investment in refined glycerine plant and use as working capital. However, the current investment in 2018 and 2017 were equal to 124.33 million Baht and 170.24 million Baht, or accounting for 6.30% and 9.31 % of total assets.

- Trade Receivables and Other Current Receivables

As of 31 December 2018 it was equal to 97.78 million Baht and as of 31 December 2017 it was 110.81 million Baht, which consist of trade receivables 95.44 million Baht and 108.34 million Baht, and other current receivables 2.35 million Baht and 2.47 million Baht, respectively. The decline in trade accounts receivable is consistent with the change in revenue that has continued to decline. The Company had policy to determine allowance for doubtful accounts on the basis of trade receivables overdue for more than one year.

Trade receivables were mostly receivables not yet due. As of 31 December 2018, the Company had trade receivables not yet paid at the total of 92.60 million Baht, representing a ratio of 94.69% of total account receivables which mostly are traders under Section 7 who buy biodiesel from the Company. Such group of customers paid to the Company on schedule. For customers who did not pay for goods to the Company who mostly are a group of trades with overdue receivables, the majority of them were receivables arising from Edible Oil and Production Contract customers. The Company found that as of 31 December 2018 the Company had overdue trade receivables at the total of 13.95 million Baht or 14.27% of the total accounts receivable, which consists of; receivables that were overdue more than 3 months, there were at the total of 2.84 million Baht, accounting for 2.91% of total account receivables, and receivables that were overdue more than 3 months but not over 12 months, there were at the total of 2.78 million Baht, accounting for 2.85% of total account receivables, and receivables that were overdue more than 12 months, there were at the total of 8.33 million Baht, accounting for 8.52% of total account receivables. It could be summed up the accounts receivables based on its maturity as of 31 December 2018 and as of 31 December 2017 as follows:

Account Receivables (Unit : Million Baht)	Consolidated Financial Statements As of 31 December, 2018	Consolidated Financial Statements As of 31 December, 2017
Account receivable		
Undue	92.60	105.17
Overdue for 3 months	2.84	3.17
Overdue for 3 months but not over 12 months	2.78	-
Overdue over 12 months	8.33	8.33
Total	106.55	116.66
Less Doubtful Account	(11.11)	(8.33)
Net Account Receivable	95.44	108.34

In 2018-2017, The Company's average collection period was relatively constant at 22.84 days and 17.69 days. The Company determined credit term policy for receiving payments from clients between 30-60 days depending on the type of products and determined debt collection policy for overdue accounts receivable over 30 days through the issuance of a letter of demand to the receivable in writing.

- Inventory

As of 31 December 2018 it was 217.58 million Baht and as of 31 December 2017 it was 152.58 million Baht or 11.02% and 8.33% of total assets, which was increased by 65.00 million Baht to support large order before and after new year holiday.

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

- Land, building, vessels, and equipment - net

In 2018 and 2017 the Company's land, building, vessels and equipment - net was 1,435.47 million Baht and 1,263.19 million Baht or equivalent to 72.70% and 68.99% of total assets, which was increased by 172.28 million Baht or 13.64%. The items were mainly composed of land and land improvements, building and utilities, and machineries of the refined glycerine plant, vessels and equipment, furniture and office equipment, vehicles and assets under construction, and installation of the assets. Most of transaction was land, building, and machinery.

- Deferred Tax Assets - net

The Company and subsidiaries have adopted accounting policy concerning income taxes in accordance with the accounting policies for deferred income taxes in consistent with Thailand Accounting Standard concerning income taxes issues No. 12. The Company and subsidiaries therefore restated the financial statements as if the Company and its subsidiaries had assets or liabilities over time. Deferred taxes assets or liabilities were determined

based on temporary differences in the balance sheet among the tax bases of assets and liabilities. The carrying amount of the asset or liability which would be recognized as income taxes or amortization was charged to tax when income was recognized as revenue or costs saved and the actual deduction as an expense for tax purposes under the tax Code. Then, the Company had to recognize the tax temporary differences as deferred tax assets or add taxes as deferred tax liabilities. If it was quite certain that the Company would have taxable profit from operations which would be sufficient to make good use of deferred income tax assets or liabilities, the Company would review the carrying value of deferred tax assets or liabilities in the balance sheet. The Company would adjust such carrying value when the possibility was quite certain that the Company would not have sufficient taxable profits to make good use of deferred tax assets or liabilities.

Regarding to mentioned accounting policies which resulted in the consolidated financial statements of the Company as of 31 December 2018 and 31 December 2017, the Company had deferred tax assets by calculating from income tax at 20 percent, which was equal to 1.94 million Baht and 5.63 million Baht. In 2018 and 2017, the Company and subsidiaries have deferred tax loss for 4.15 million Baht and 8.13 million Baht, since there was the possibility that the Company would have taxable profit from future operations enough to bring the assets to be utilized by the management team opinion.

Deferred Tax Assets (Unit : Million Baht)	2018 As of Dec 31, 2018	2017 As of Dec 31, 2017
Temporary Accumulated Difference Recorded in Income Statement		
Doubtful account	0.71	0.15
Provision for diminishing in inventory value	-	-
Provision for non-current asset hold for sale	-	-
Employees' long-term reserve benefits	1.52	1.96
Accumulated loss carried forward up to 5 accounting periods	4.15	8.13
Temporary Accumulated Difference Recorded in Accumulated Profits	-	-
Depreciation	(4.43)	(4.61)
Deferred Income Tax calculated from 20 percent Income Tax Rate	1.94	5.63

- Deposit for purchase of assets

In 2018 and 2017 the Company's deposit for purchase of assets were 5.14 million Baht and 21.53 million Baht or equivalent to 0.26% and 1.18% of total assets, which was decreased by 16.39 million Baht or 76.11% since the Company had already received some of machineries and constructions of refined glycerine plant.

- Other non-current assets

Other non-current assets consist of withholding tax, advance payment for raw materials, and insurance. In 2018 and 2017 the Company's other non-current assets were 11.81 million Baht and 13.33 million Baht or equivalent to 0.60% and 0.73% of total assets, which was decreased by 1.52 million Baht or 11.42% since the Company had already received the return of withholding tax from production contract transactions.

Liquidity

Current assets as of 31 December 2018 and 31 December 2017, the Company had current assets 495.79 million Baht and 504.08 million Baht, which decreased by 8.29 million Baht or 1.64%. This resulted primarily from a decrease of current assets in the period during 2018 due to the decrease in cash and cash equivalent, current investment, and account receivables and other current receivables-net that in relation to the decline in sales volume and total revenues. As well as using current investment to pay for an investment in refined glycerine plant, while the Company's current liabilities had climbed up to 126.40 million Baht in 2018 from 88.56 million Baht in 2017 by 37.84 million Baht or 42.73%.

Regarding changes in current assets and current liabilities as such, the company's liquidity ratio in 2018 and 2017 were at 3.92 times and 5.69 times. By accounting period of 2018 and 2017, the quick ratio of 2.20 times and 3.97 times as a result of the increase in current liabilities which the increased in proportion higher than decreased in current assets. The list of current liabilities changed significantly due to high volume of raw materials were bought in the end of 2018 to support order in the beginning of 2019.

Considering the company's Cash Cycle, in 2018 was equal to 38.32 days and 42.99 days in 2017, it was longer as double as year before, which means cash cycle has improved. As a result, from ability in better debt management, as well as the negotiations with creditors which caused the company to have very good credit terms, even though, the Company has inventory turnover higher than last year. As can be seen from the decrease in average collection period, increase in average payable period, and increase in inventory turnover, therefore in 2018 and 2017, they were equal to 24.36 days, 44.03 days, and 30.07 days, and 20.19 days, 35.02 days, and 12.22

Financing Resources

Liabilities

As of 31 December 2018, it was 134.67 million Baht. As of 31 December 2017, it was 98.79 million Baht. The significant changes of liabilities are as follows:

- Bank overdrafts and short-term loans from financial institutions

In 2018 and 2017, as of 31 December 2018 and 31 December 2017, the Company and subsidiaries had no overdrafts and short-term loans outstanding from financial institutions.

- Trade and Other Current Payables

Trade and other current payables transaction consisted of trade payables and other current payables, i.e. asset payables, tax payables, accrued expenses and the receipt of advance payment. As of 31 December 2018 and 31 December 2017, the Company had accounts payables and other current payables equal to 126.40 million Baht and 80.36 million Baht, or 6.40% and 4.39% of total liabilities and shareholder's equity. Most of payables were contributed from raw materials purchasing domestically, which the movement is trend to relate with the Company's sale volume. Considering average payment period, it was found that the Company has increase in debt payment period from 30.07 days in 2018 and 12.23 days in 2017.

Trade Payables and Other Current Payables (Unit : Million Baht)	Consolidated Financial Statements As of 31 Dec, 2018	Consolidated Financial Statements As of 31 Dec, 2017
Trade payables	95.86	38.79
Asset payables	7.54	18.00
Other payables	23.00	23.57
Total trade payables and other current payables	126.40	80.36

- Long-term Loan for Financial Institutes

In 2018 and 2017, the Company and subsidiaries had no long-term loans from financial institutions.

Shareholders' Equity

As of 31 December 2018, the Company had shareholders' equity at 1,839.79 million Baht, increased by 107.56 million Baht from 1,732.23 million Baht as of 31 December 2017, which accounting for 93.18% and 94.60% of total liabilities and shareholder's equity.

As of 31 December 2018 and 31 December 2017, the Company's debt to equity ratio 0.07 times and 0.06 times because the Company had net loss for the period, a little higher account payable of inventories than 2017, and cash received from increased in share capital of 178.07 million Baht. However, the Company has allocated legal reserve in accordance with the Public Company Limited Act BE 2535, not less than 5% of the annual net profit, less accumulated losses (if any) until the reserve is not less than 10 percent of the registered capital of the Company. The Legal reserves cannot be used to pay dividends.

Cash Flows

In accounting period 2018 and 2017, the Company and subsidiaries had cash flow from operating activities at 19.35 million Baht and 24.09 million baht, respectively. The Company had net loss for both accounting periods, decreased in trade receivables, and purchased more raw materials; therefore, the cash flow from operating in 2018 has decreased from 2017.

The Company and subsidiaries had cash flow from investing activities in the accounting period 2018 and 2017 of (202.57) million Baht and (61.94) million Baht, as a result from investment in building, utilities, and machineries for the refined glycerine plant of 259.97 million Baht. Therefore, the cash flow from investing activities is negative when compare to 2017, where has cash from investing activities for (61.94) million Baht, which less negative due to advance payment received from sales on non-current assets of AIPT for 329.13 million Baht.

The Company and subsidiaries have net cash flow from financing activities in accounting period 2018 and 2017 were 178.07 million Baht and (129.58) million Baht, respectively as a result of the cash received from increase in share capital of 178.07 million Baht from the exercised of AIE-W1 to purchase 712,291,928 ordinary shares from the rights to purchase ordinary shares of 904,000,000 shares or equivalent to 78.79% of the issued ordinary shares.

“The investors may seek for more information regarding the company issuing securities from annual information transaction (Form 56-1) of the company as appeared in www.sec.or.th or the company's website”



15. Statement of the Board of Directors responsibilities for the financial statements

To : The Shareholders of AI Energy Public Company Limited

The Board of Directors ("The Board") comprehend of its responsibilities for AIE and its subsidiaries' financial statements for the year 2018 as of 31 December 2018 in accordance with generally accepted accounting principles with careful discretion by sensibly and reporting including disclosures are adequate and transparent in the notes to the financial statements.

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

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

As regulatory and policies for financial report mentioned above, the Board has an opinion that the Company's financial statement as of 31 December 2018, is adequately disclose, complete, and reliable in accordance with accounting standards and related regulations.



Narong Thareratanavibool

Chairman of the Board of Director

Statement of the Audit Committee' responsibilities for the financial statements

To : The Shareholders of AI Energy Public Company Limited

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

In 2018, the Audit Committee held 16 meetings in which it invited an external audit and an internal audit to join the meeting as to the due agenda, presented to the Board of Directors at every time. Audit Committee's meeting attendance can be summarized in table below;

No.	Audit Committee Member	Position	No. of Meeting / No. of Meeting Attendance
1	Dr. Kaweephong Hirankasi	Chairman of Audit Committee	16/16
2	Assistant Professor Sampan Hunpayon	Audit Committee	15/16
3	Mr. Choti Sontiwattananont	Audit Committee	16/16

Duties and Responsibilities

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

1. Financial Statements

Reviewed the information in the financial statements of the Company and its subsidiaries quarterly and for the year 2018, which had a meeting with the external auditor and the Company's Accounting Department for accuracy, completeness, according to accepted accounting principles and adequately disclosed. Moreover, the Audit Committee responsible for reviewing all related-parties' transactions are as reasonable, appropriated, and free of conflicts of interest such as the acquisition or disposition of assets prior to submission to the Board of Director for approval.

In the Audit Committee meeting, there are no executive directors attended, to allow the Audit Committee and the external audit discuss freely, including inform all the problem and obstacle in auditing process. As a result, the Audit Committee has an opinion regards to the financial statements for the year 2018 are adequately disclosed in an appropriate information, no conflict with the facts and are prepared in accordance with accepted accounting principles.

2. Internal Controls

The Audit Committee has appointed Honor and Advisory Co., Ltd. as an internal auditor to review and monitor the accuracy and integrity in the operation of various departments in complying with the policy. The internal auditor has a duty to follow up the correction of comments and suggestions, then prepared the internal audit report for the Audit Committee Meeting on quarterly basis. In order to prevent any significant deficiencies of the internal control of the accounting system that impact on the Company's financial statements occurring in 2014.

3. Compliance

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

4. Whistleblowing

In 2018, No reports of misconduct, fraud, and abnormal activities.

5. Appointment of the External Auditor

The Audit Committee has appointed Mr. Vichai Ruchitanont Certified Public Accountant No. 4054, or Mr. Atipong Atipongsakul Certified Public Accountant No. 3500, or Mr. Sathien Vongsnan Certified Public Accountant No. 3495, or Miss Kultida Pasurakul Certified Public Accountant No. 5946, or Mr. Yuttapong Chuamuangpan Certified Public Accountant No. 9445. On the behalf of ANS Audit Company Limited as an external auditor to examine and comment on the Company's 2018 financial statements and set the Audit fee for no more than 2.95 million Baht and proposed for the Board of Director's approval prior to present the Shareholder Meeting approved.

On behalf of Audit Committee



Kaweehong Hirankasi

Chairman of Audit Committee

1 B. Independent Auditor's Report

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

Qualified Opinion

I have audited the consolidated and separate financial statements of AI Energy Public Company Limited and its subsidiaries, and of AI Energy Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2018, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effect of the matter described in the Basis for qualified opinion, the accompanying consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of the AI Energy Public Company Limited and its subsidiaries, and of AI Energy Public Company Limited, respectively, as at December 31, 2018, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Qualified Opinion

As discussed in Note to Financial Statements No. 28.3, the Company received a letter from the Enforcement Department, Office of the Securities and Exchange Commission of Thailand (the SEC), dated January 20, 2016, requesting for the facts about the Company predecessor auditor's disclaimer of opinion in the Company's financial statements for the year 2014 (Before restated). 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. Presently, the investigation is still under the process.

I was unable to determine whether any necessary adjustment to the consolidated and separate financial statements for the year 2018 as a result from the above matter.

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

Emphasis of Matter

I draw an attention to Note to the Financial Statement No 31. The Company had prepared the financial statements for the year ended December 31, 2018 which I had ever expressed a qualified opinion on the financial statements in my report dated February 26, 2019. Later, in March 2019, the Company disclosed an accounting error regarding the understatement of the provision for impairment of investment in the subsidiary. As a result, the Company adjusted the separate financial statements for the year ended December 31, 2018 and reissued the financial statements. Therefore this revised audit report has been issued which I have not changed my opinion from the previous report for the above matter.

Key Audit Matters

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

Quantity of inventories

Risk :

As mentioned in Note to Financial Statements No. 9, as at December 31, 2018, the Company has outstanding inventories in amount of Baht 217.58 million. The calculation of the quantities of ending inventories must include the measurement and calculation methods, for which there are many variables. Such calculation is complex.

Auditor's Response :

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

Inventory Valuation

Risk :

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

Auditor's Response :

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

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

Allowance for impairment of investments in subsidiaries

Risk :

As mentioned in Note to Financial Statements No. 11, the Company has investments in subsidiaries as at December 31, 2018 in the separate financial statements in the amount of Baht 378.76 million (net from the allowance for impairment of Baht 56.31 million). Since these subsidiaries incurred operating losses, it is the indicator that the investment may be impaired. Therefore, Management should exercise significant judgment in the determination of the allowance for impairment of the investments.

Auditor's Response :

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

Impairment of property, plant and equipment in subsidiary

Risk :

As mentioned in Note to Financial Statements No. 13, the subsidiary, AI Ports and Terminals Co., Ltd, has temporarily

halted its business. This is an indication of impairment of the property, plant and equipment. The subsidiary has related property, plant and equipment with net booked value as at December 31, 2018 of Baht 176.65 million. The provision for impairment of property, plant and equipment requires significant judgment by Management.

Auditor's Response :

I obtained an understanding and inquired with management of the Company's policy to determine the allowance for impairment of property, plant and equipment. I also considered the appropriateness of the allowance for impairment of the property by verifying the work of the independent appraiser that the Company uses to evaluate the fair value of underlying assets, assessing the competency of the independent appraiser engaged, and evaluating the appropriateness of valuation methodology used by the independent appraiser.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Vichai Ruchitanont
Certified Public Accountant
Registration Number 4054

ANS Audit Co., Ltd.
Bangkok, February 26, 2019

except Note to Financial Statements No. 31 which is dated April 5, 2019.



***FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
AI ENERGY PUBLIC COMPANY AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2018***

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(RESTATED)			
	Notes				
Assets					
Current assets					
Cash and cash equivalents	5	54,526,101	59,674,062	46,637,615	51,658,193
Current investment	6	124,332,703	170,417,556	333,663	469,305
Trade and other current receivables - net	7	97,784,175	110,808,135	96,787,927	110,343,293
Current portion of receivables under finance lease contracts	8	-	8,618,160	-	-
Inventories - net	9	217,577,330	152,579,391	217,577,330	152,579,391
Oil supplies	10	1,570,866	1,980,082	-	-
Total current assets		495,791,175	504,077,386	361,336,535	315,050,182
Non-current assets					
Investments in subsidiaries - net	11, 31	-	-	378,763,140	396,073,140
Pledged deposits at financial institutions	12	24,016,896	23,016,896	23,616,896	22,616,896
Property, plant, vessel and equipment - net	13	1,435,468,522	1,263,193,113	1,238,901,230	1,035,298,180
Intangible assets - net	14	292,453	238,023	292,453	238,023
Deferred tax assets - net	22	1,935,790	5,631,267	1,935,790	5,631,267
Deposit for purchase of assets		5,142,000	21,527,151	5,142,000	21,527,151
Other non-current assets		11,810,244	13,333,074	11,284,477	12,807,307
Total non-current assets		1,478,665,905	1,326,939,524	1,659,935,986	1,494,191,964
Total assets		1,974,457,080	1,831,016,910	2,021,272,521	1,809,242,146

.....Director

(Thanit Thareratanavibool)

.....Director

(Pimwan Thareratanavibool)

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

Unit : Baht

	Notes	Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
				(RESTATED)	
Liabilities and shareholders' equity					
Current liabilities					
Trade and other current payables	15	126,401,141	80,358,071	123,780,229	75,024,571
Short-term loans from subsidiary	4	-	-	140,000,000	100,000,000
Income tax payables		-	8,204,477	-	-
Total current liabilities		126,401,141	88,562,548	263,780,229	175,024,571
Non-current liabilities					
Non-current provisions for employee	16	8,269,141	10,223,497	7,588,203	9,821,302
Total non-current liabilities		8,269,141	10,223,497	7,588,203	9,821,302
Total liabilities		134,670,282	98,786,045	271,368,432	184,845,873
Shareholders' equity					
Authorized share capital					
Common share 5,424,000,000 shares, at Baht 0.25 par value		1,356,000,000	1,356,000,000	1,356,000,000	1,356,000,000
Issued and paid - up share capital					
Common share 4,520,000,000 shares, at Baht 0.25 par value		-	1,130,000,000	-	1,130,000,000
Common share 5,232,291,928 shares, at Baht 0.25 par value	17	1,308,072,982	-	1,308,072,982	-
Premium on common stocks	17	605,113,717	605,113,717	605,113,717	605,113,717
Retained earnings (deficits)					
Appropriated					
Legal reserve	21	8,226,574	8,226,574	8,226,574	8,226,574
Unappropriated					
	31	(79,283,209)	(6,962,695)	(174,684,353)	(120,145,362)
Other components of shareholders' equity		(2,343,266)	(4,146,731)	3,175,169	1,201,344
Total Shareholders' Equity		1,839,786,798	1,732,230,865	1,749,904,089	1,624,396,273
Total liabilities and shareholders' equity		1,974,457,080	1,831,016,910	2,021,272,521	1,809,242,146

.....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, 2018

	Notes	Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
				(RESTATED)	
Revenues	4, 24, 25, 26, 27				
Revenues from sale of goods		1,459,232,647	2,176,304,970	1,459,232,647	2,176,304,970
Revenues from production contract		49,455,738	77,025,232	49,455,738	77,025,232
Revenues from vessel operating		54,109,552	32,920,936	-	-
Profit earned from the sale of non-current asset held for sale - net		-	156,569,707	-	-
Other incomes		8,119,742	18,236,423	3,635,434	8,323,204
Dividend income	11	-	-	-	25,300,000
Total Revenues		1,570,917,679	2,461,057,268	1,512,323,819	2,286,953,406
Expenses					
Cost of sales		(1,444,400,472)	(2,295,830,944)	(1,444,400,472)	(2,295,830,944)
Cost of production contract		(36,368,777)	(62,980,818)	(36,368,777)	(62,980,818)
Cost of vessel operating		(53,665,288)	(40,770,961)	-	-
Selling expenses		(8,332,120)	(11,945,601)	(6,567,663)	(10,931,659)
Administrative expenses	31	(79,867,772)	(90,951,893)	(75,886,927)	(86,501,122)
Loss on impairment of property, plant and equipment	13	(17,400,000)	-	-	-
Finance costs		(1,743)	(1,724,877)	(436,950)	(1,724,836)
Total Expenses		(1,640,036,172)	(2,504,205,094)	(1,563,660,789)	(2,457,969,379)
Loss before income tax expenses		(69,118,493)	(43,147,826)	(51,336,970)	(171,015,973)
Tax expense	23	(3,202,021)	(29,132,700)	(3,202,021)	(2,425,991)
Loss for the years		(72,320,514)	(72,280,526)	(54,538,991)	(173,441,964)
Other comprehensive income (loss) :					
<i>Items that will not be reclassified to profit or loss</i>					
Defined benefit plan actuarial gains	16	2,296,921	-	2,467,281	-
Income tax on other comprehensive income relating to items that will not be reclassified	22	(493,456)	-	(493,456)	-
Other comprehensive income for the years net of income tax		1,803,465	-	1,973,825	-
Total comprehensive loss for the years		(70,517,049)	(72,280,526)	(52,565,166)	(173,441,964)
Loss attributable to :					
Equity holders of the parent		(72,320,514)	(72,280,526)	(54,538,991)	(173,441,964)
Non-controlling interests		-	-	-	-
Total comprehensive loss attributable to :		(72,320,514)	(72,280,526)	(54,538,991)	(173,441,964)
Equity holders of the parent		(70,517,049)	(72,280,526)	(52,565,166)	(173,441,964)
Non-controlling interests		-	-	-	-
Loss per share					
Basic loss per share (Baht)	19	(0.015)	(0.016)	(0.011)	(0.038)

.....Director
 (Thanit Thareratanavibool)

.....Director
 (Pimwan Thareratanavibool)

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

Unit : Baht

Consolidated financial statements													
Shareholders' equity of the parent													
	Notes	Share capital Issued and paid - up	Premium on common stocks	Retained earnings (deficits)		Unappropriated Legal reserve	Appropriated Legal reserve	Actuarial gain	Other components of equity		Total shareholders' equity		
				Shareholders' equity of the parent	Other comprehensive income				Total other components of equity	Total equity of the parent			
				Shareholders' equity of the parent	Other comprehensive income	Unappropriated Legal reserve	Appropriated Legal reserve	Actuarial gain	Difference on business combination under common control (Note 11)	Total other components of equity	Total equity of the parent	Non-controlling interests	Total shareholders' equity
Balance as at January 1, 2018	17	1,130,000,000	605,113,717	8,226,574	(6,962,695)	8,226,574	8,226,574	1,078,384	(5,225,115)	(4,146,731)	1,732,230,865	-	1,732,230,865
Share capital increased		178,072,982	-	-	-	-	-	-	-	-	178,072,982	-	178,072,982
Changes in shareholders' equity for the year :													
Total comprehensive income (loss) for the year		-	-	-	(72,320,514)	-	-	1,803,465	-	1,803,465	(70,517,049)	-	(70,517,049)
Balance as at December 31, 2018		1,308,072,982	605,113,717	8,226,574	(79,283,209)	8,226,574	8,226,574	2,881,849	(5,225,115)	(2,343,266)	1,839,786,798	-	1,839,786,798
Balance as at January 1, 2017		1,130,000,000	605,113,717	8,226,574	65,317,831	8,226,574	8,226,574	1,078,384	(5,225,115)	(4,146,731)	1,804,511,391	-	1,804,511,391
Changes in shareholders' equity for the year :													
Total comprehensive loss for the year		-	-	-	(72,280,526)	-	-	-	-	-	(72,280,526)	-	(72,280,526)
Balance as at December 31, 2017		1,130,000,000	605,113,717	8,226,574	(6,962,695)	8,226,574	8,226,574	1,078,384	(5,225,115)	(4,146,731)	1,732,230,865	-	1,732,230,865

.....Director

(Thamit Thararatana/vibool)

.....Director

(Pimwan Thararatana/vibool)

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

		Unit : Baht					
		Separate financial statements					
		Retained earnings (deficits)			Other components of equity		Total shareholders' equity
		Appropriated	Unappropriated	Actuarial gain	Other comprehensive income		
Notes	Share capital Issued and paid - up	Premium on common stocks	Legal reserve	Unappropriated	Actuarial gain	Other comprehensive income	Total shareholders' equity
	1,130,000,000	605,113,717	8,226,574	(120,145,362)	1,201,344	-	1,624,396,273
17	178,072,982	-	-	-	-	-	178,072,982
Balance as at January 1, 2018							
Share capital increased							
Changes in shareholders' equity for the year :							
Total comprehensive income (loss) for the year (Restated)				(54,538,991)	1,973,825		(52,565,166)
Balance as at December 31, 2018	1,308,072,982	605,113,717	8,226,574	(174,684,353)	3,175,169		1,749,904,089
Balance as at January 1, 2017	1,130,000,000	605,113,717	8,226,574	53,296,602	1,201,344		1,797,838,237
Changes in shareholders' equity for the year :							
Total comprehensive loss for the year				(173,441,964)	-		(173,441,964)
Balance as at December 31, 2017	1,130,000,000	605,113,717	8,226,574	(120,145,362)	1,201,344		1,624,396,273

.....Director
(Thanit Thararatana vibool)

.....Director
(Pimwan Thararatana vibool)

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
			(RESTATED)	
Cash flows from operating activities				
Loss before income tax expense	(69,118,493)	(43,147,826)	(51,336,970)	(171,015,973)
Adjustments to reconcile loss to cash provided by (used in) operating activities:				
Depreciation	74,262,426	74,126,784	60,265,285	57,987,341
Amortization of computer softwares	126,770	102,916	126,770	102,916
Reversal allowance for devaluation of inventories	(5,875,665)	(8,736,322)	(5,875,665)	(8,736,322)
Allowance for doubtful accounts	2,782,107	-	2,782,107	-
(Gain) Loss on write-off of assets	2,755,919	(149,727,505)	2,755,919	7,318,818
Loss on impairment of property, plant and equipment	17,400,000	-	-	-
Unrealized gain on exchange rates	-	(5,109,833)	-	(5,109,833)
Dividend income	-	-	-	(25,300,000)
Loss on impairment of investment in subsidiary	-	-	17,310,000	24,000,000
Non-current provisions for employee	1,694,783	1,712,933	1,586,400	1,875,883
Interest income	(3,063,215)	(3,999,067)	(387,317)	(1,271,053)
Interest expenses	1,743	1,724,877	436,950	1,724,836
Gain (Loss) from operating activities before changes in operating assets and liabilities	20,966,375	(133,053,043)	27,663,479	(118,423,387)
Changes in operating assets - (increase) decrease :				
Trade and other current receivables	10,241,852	31,279,946	10,773,261	28,311,638
Inventories	(59,122,275)	164,051,259	(59,122,275)	164,051,258
Oil supplies	409,216	309,283	-	-
Deposit for purchase of assets	16,385,151	(21,527,151)	16,385,151	(21,527,151)
Other non-current assets	3,146,345	518,882	3,146,345	1,000,450
Changes in operating liabilities - increase				
Trade and other payables	38,502,330	4,542,557	41,214,917	3,271,661
Cash provided by operating activities	30,528,994	46,121,733	40,060,878	56,684,469
Income tax paid	(9,827,991)	(23,493,065)	(1,623,514)	(4,990,833)
Refunded of income tax	-	1,958,339	-	1,958,339
Payment for employee benefit obligations	(1,352,219)	(495,910)	(1,352,219)	(495,910)
Net cash provided by operating activities	19,348,784	24,091,097	37,085,145	53,156,065

.....Director

(Thanit Thareratanavibool)

.....Director

(Pimwan Thareratanavibool)

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
			(RESTATED)	
Cash flows from investing activities				
Increase in restricted deposits at financial institution	(1,000,000)	(16,147,896)	(1,000,000)	(18,247,896)
Interest received	2,051,376	1,922,115	387,317	1,271,053
Increase (decrease) in current investments	46,084,854	(169,976,216)	135,642	(27,964)
Dividend income from investments in subsidiary	-	-	-	25,300,000
Payment for purchases of assets	(259,966,314)	(206,712,387)	(259,896,814)	(202,314,665)
Payment for purchases of intangible assets	(181,200)	(153,573)	(181,200)	(153,573)
Proceeds from receive from disposal of assets	10,443,300	329,130,001	813,300	21,352,449
Net cash used in investing activities	(202,567,984)	(61,937,956)	(259,741,755)	(172,820,596)
Cash flows from financing activities				
Interest paid	(1,743)	(1,579,268)	(436,950)	(1,579,227)
Interest in bank overdraft and short-term loans				
from financial institutions	-	(128,000,000)	-	(128,000,000)
Proceeds of short-term loan from subsidiary	-	-	160,000,000	100,000,000
Payment for short-term loans from subsidiary	-	-	(120,000,000)	-
Cash received from increase in share capital	178,072,982	-	178,072,982	-
Net cash provided by (use in) financing activities	178,071,239	(129,579,268)	217,636,032	(29,579,227)
Net decrease in cash and cash equivalents	(5,147,961)	(167,426,127)	(5,020,578)	(149,243,758)
Cash and cash equivalents at beginning of the years	59,674,062	227,100,189	51,658,193	200,901,951
Cash and cash equivalents at end of the years	54,526,101	59,674,062	46,637,615	51,658,193
Additional disclosure items to cash flows statements				
Non-cash flows items consist of:				
Assets payable for equipment	7,540,739	17,998,126	7,540,739	17,998,126

.....Director

(Thanit Thareratanavibool)

.....Director

(Pimwan Thareratanavibool)

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS****FOR YEAR ENDED DECEMBER 31, 2018****1. GENERAL INFORMATION**

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

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

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

The Company is a subsidiary of Asian Insulators Public Company Limited which holds 61.77% and 59.59% of the Company's share capital as at December 31, 2018 and 2017, respectively.

2. BASIS FOR PRESENTATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

.....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 were as follows:

Name	Nature of business	Country of incorporation	Percentage of holding	
			2018	2017
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	Servicing port (At present temporarily halted main business operation and in the process of preparing a business plan.)	Thailand	100.00	100.00

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

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

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

New financial reporting standards

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

During the year 2018, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which are effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after January 1, 2019

During the year 2018, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

The management of the Company and its subsidiaries has made an assessment of the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements and there will be no material impact on the consolidated and separate financial statements in the period of initial application.

(c) Financial reporting standards related to the set of financial instruments that will become effective for fiscal years beginning on or after January 1, 2020

During the year 2018, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues and expenses recognition

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

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

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

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

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

.....Director

(Thanit Thareratanavibool)

.....Director

(Pimwan Thareratanavibool)

3.2 Cash and cash equivalents

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

3.3 Current investments

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

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

3.4 Trade and other accounts receivable

Trade and other accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

3.5 Receivable under finance lease contracts

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

3.6 Inventories

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

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

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

3.7 Oil supplies

Oil supply is valued at the lower of cost by the weighted average method and net realisable value and is charged to vessel operating costs whenever consumed.

3.8 Investments in subsidiaries

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

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

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 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

* Building and improvement included Port and Storage tanks farm

** Machinery accessories and tools included Refinery plants

3.10 Borrowing cost

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.11 Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

Computer softwares are amortized to expense by the straight - line method for 5 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.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

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 Non-current provisions for employee benefit

Short-term employee benefits

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

Long-term employee benefits

Defined contribution plan

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

Defined benefit plan

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

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

3.14 Basic loss per share

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

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

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 Significant accounting judgments and estimates

Allowance for doubtful accounts

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

Allowance for diminution in inventory value

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

Impairment of investments

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

Allowances for impairment of assets

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

Property, plant and equipment

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

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

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

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.

3.17 Fair value measurement

Fair value is the price that would be received to sell an asset or that paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except where there no active market for an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation techniques appropriate in the circumstances and maximizes the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 Use of quoted market prices in an observable active market for such assets or liabilities.

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly.

Level 3 Use of unobservable inputs such as estimates of future cash flows.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

At the end of each reporting period, the Company and subsidiaries determines whether transfers that have occurred between the levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period are measured at fair value on a recurring basis.

4. TRANSACTIONS WITH THE RELATED PARTIES

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

NAME	NATURE OF BUSINESS	NATURE OF RELATIONSHIP
Parent Company		
Asian Insulators Public Company Limited	Producing and selling porcelain insulators.	61.77 % 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	Servicing port (At present temporarily halted main business operation and in the process of preparing a business plan.)	100.00 % holding of interest
Subsidiary of the Parent Company		
AI Engineering Services Company Limited	Undertake construction and install electrical transmission power sub-station and trading electrical equipment	Subsidiary of Asian Insulators Public Company Limited
Related companies		
PPC Asian Insulators Company Limited	Producing and distributing electronics insulators and ceramics	Associate of Asian Insulators Public Company Limited
Samart Palm Industry Company Limited	Factory of palm oil extraction plant	Director is relative of the directors of the Company

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

Significant transactions between the Company and related parties for the years ended December 31, 2018 and 2017 were as follows:

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
Pricing policies		2018	2017	2018	2017
Dividend income					
AI Ports and Terminals Company Limited	As declared	-	-	-	25,300,000
Purchase of goods					
Samart Palm Industry Company Limited	Market value	-	19,919,742	-	19,919,742
Interest paid*					
AI Ports and Terminals Company Limited	2.84% P.A.	-	-	1,805,151	140,055
Administrative expenses					
Asian Insulators Public Company Limited	Mutually agreed	1,742,078	2,044,900	974,094	1,181,685

*Interest have been capitalized as part of cost of construction in process for the year ended December 31, 2018 and 2017 totaling to Baht 1.37 million and Baht 0.14 million, respectively (Note 13).

Directors and management's remuneration

Directors and management's remuneration for the years ended December 31, 2018 and 2017 consisted of:

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Short-term employee benefits		16,934,786	17,276,072	14,621,925	14,374,233
Long-term post-employment benefits		407,284	312,662	333,750	241,733
Total directors and management's remuneration		17,342,070	17,588,734	14,955,675	14,615,966

Significant balances with related parties as at December 31, 2018 and 2017 were as follows:

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Loans from related parties					
AI Ports and Terminals Company Limited		-	-	140,000,000	100,000,000

As at December 31, 2017, the Company has short-term loan from the subsidiary company, AI Ports and Terminals Company Limited. The company issued promissory notes in the amount of Baht 140 million and Baht 100 million, respectively, with an interest rate of 2.84% per annum, due on March 31, 2019 and June 30, 2018, respectively.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2018 and 2017 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash in hand	145,000	145,000	50,000	50,000
Deposit at bank - savings	53,322,452	58,462,726	45,559,177	50,601,857
- current	90,211	120,000	60,000	60,000
Fixed deposits due within 3 months	968,438	946,336	968,438	946,336
Total cash and cash equivalents	54,526,101	59,674,062	46,637,615	51,658,193

6. CURRENT INVESTMENT

Current investment as at December 31, 2018 and 2017 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Open-end Fund-Debt securities - at cost	122,761,082	169,000,000	17,002	-
<u>Add</u> unrealized gain on investment revaluation	1,254,999	948,251	39	-
Open-end Fund-Debt securities - net	124,016,081	169,948,251	17,041	-
Fixed deposits	316,622	469,305	316,622	469,305
Total current investment	124,332,703	170,417,556	333,663	469,305

.....Director

(Thanit Thareratanavibool)

.....Director

(Pimwan Thareratanavibool)

7. TRADE AND OTHER CURRENT RECEIVABLES – NET

Trade and other current receivables as at December 31, 2018 and 2017 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade receivables				
Trade receivable - others	106,547,248	116,663,182	105,933,836	116,663,182
Total trade receivables	106,547,248	116,663,182	105,933,836	116,663,182
Less Allowance for doubtful accounts	(11,109,938)	(8,327,831)	(11,109,938)	(8,327,831)
Total trade receivables - net	95,437,310	108,335,351	94,823,898	108,335,351
Other current receivables				
Prepaid insurance	1,452,812	1,112,337	1,210,733	1,112,337
Prepaid expenses	413,519	745,686	339,120	428,096
Revenue Department receivable	51,857	7,660	-	-
Undue input tax	241,458	298,702	238,087	298,702
Others	493,569	614,749	482,439	475,157
Total other current receivables	2,653,215	2,779,134	2,270,379	2,314,292
Less Allowance for doubtful accounts	(306,350)	(306,350)	(306,350)	(306,350)
Total other current receivables - net	2,346,865	2,472,784	1,964,029	2,007,942
Total trade and other current receivables - net	97,784,175	110,808,135	96,787,927	110,343,293

As at December 31, 2018 and 2017 outstanding balances of trade receivables aged by number of months were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Others				
Current	92,596,198	105,168,945	91,982,786	105,168,945
Overdue				
Within 3 months	2,841,112	3,166,406	2,841,112	3,166,406
Over 3 months to 12 months	2,782,107	-	2,782,107	-
Over 12 months	8,327,831	8,327,831	8,327,831	8,327,831
Total	106,547,248	116,663,182	105,933,836	116,663,182
Less Allowance for doubtful accounts	(11,109,938)	(8,327,831)	(11,109,938)	(8,327,831)
Total trade receivables - net	95,437,310	108,335,351	94,823,898	108,335,351

.....Director

(Thanit Thareratanavibool)

.....Director

(Pimwan Thareratanavibool)

8. RECEIVABLES UNDER FINANCE LEASE CONTRACTS - NET

Receivables under finance lease contracts as at December 31, 2018 and 2017 consisted of:

	Unit : Baht	
	Consolidated financial statements	
	2018	2017
Due within one year		
Value of minimum lease payment receivable	-	9,630,000
Deferred revenue - finance lease	-	(1,011,840)
Present value of minimum lease payment receivable	-	8,618,160

As at December 31, 2017, AI Logistics Company Limited (“the subsidiary”) had receivable under finance lease contracts for hire-purchase of Vessel with a local company. These agreements are repayable in 24 equal monthly installments. The ownership of assets purchased under hire-purchase agreements had been transferred in November 2018. (interest income from finance lease contract had been recorded in the other income)

9. INVENTORIES – NET

Inventories as at December 31, 2018 and 2017 consisted of:

	Unit : Baht	
	Consolidated/Separate financial statements	
	2018	2017
Raw materials and chemicals	92,897,916	50,611,514
Work in process	69,203,722	54,887,149
Finished goods	49,990,116	50,168,698
Supplies	8,235,576	5,537,695
Total inventories	220,327,330	161,205,056
<u>Less</u> Allowance for devaluation of inventories	(2,750,000)	(8,625,665)
Total inventories - net	217,577,330	152,579,391

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

10. OIL SUPPLIES

Oil supplies as at December 31, 2018 and 2017 consisted of:

	Unit : Baht	
	Consolidated financial statements	
	2018	2017
Bunker oil	1,337,967	1,558,302
Lubricants	232,899	421,780
Total oil supplies	1,570,866	1,980,082

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

11. INVESTMENTS IN SUBSIDIARIES-NET

Investments in subsidiaries as at December 31, 2018 and 2017 consisted of:

Company	Nature of business	Percentage of Holding (%)		Paid-up share capital (Million Baht)		Cost Method		Dividend income	
		2018	2017	2018	2017	2018	2017	2018	2017
		Unit : Baht							
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	Servicing port (At present temporarily halted main business operation and in the process of preparing a business plan.)	100.00	100.00	460	460	352,395,280	352,395,280	-	25,300,000
Total						435,073,140	435,073,140	-	25,300,000
Less Allowance for impairment of investments						(56,310,000)	(39,000,000)		
Total investments in subsidiaries - net						378,763,140	396,073,140		

The Company records the allowance for impairment of investments by using the cash flows projection which is the fair value measurement hierarchy in Level 3.

.....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. PLEDGED DEPOSITS AT FINANCIAL INSTITUTION

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

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

13. PROPERTY, PLANT, VESSEL AND EQUIPMENT - NET

Property, Plant, Vessel and Equipment as at December 31, 2018 and 2017 consisted of:

		Consolidated financial statements									
		Unit : Baht									
		As at December 31, 2018									
		Land	Land improvement	Building and building improvement	Utility systems	Machinery accessories and tools	Vessel and improvement	Office furniture and equipment	Motor vehicles	Fixed assets under construction and installation	Total
Cost											
As at December 31, 2017		174,556,021	32,591,160	422,507,379	49,750,316	770,695,836	124,165,749	8,256,474	33,445,836	207,337,919	1,823,306,690
Purchases during the year		-	3,100,000	3,400,990	350,000	7,247,517	-	238,202	-	253,170,344	267,507,053
Transfers in (out) during the year		-	-	2,135,714	176,249	1,435,762	-	-	-	(3,747,725)	-
Disposals/ written-off during the year		-	-	(956,996)	-	(5,988,497)	-	(26,674)	(3,500,000)	-	(10,472,167)
As at December 31, 2018		174,556,021	35,691,160	427,087,087	50,276,565	773,390,618	124,165,749	8,468,002	29,945,836	456,760,538	2,080,341,576
Accumulated depreciation											
As at December 31, 2017		-	7,146,307	123,730,996	21,234,235	284,837,864	102,606,221	6,589,560	13,968,394	-	560,113,577
Depreciation for the year		-	2,947,446	14,921,415	4,980,436	46,536,516	1,829,821	946,837	2,099,955	-	74,262,426
Written-off during the year		-	-	(478,530)	-	(3,354,270)	-	(26,650)	(3,043,499)	-	(6,902,949)
As at December 31, 2018		-	10,093,753	138,173,881	26,214,671	328,020,110	104,436,042	7,509,747	13,024,850	-	627,473,054
Net book value											
As at December 31, 2017		174,556,021	25,444,853	298,776,383	28,516,081	485,857,972	21,559,528	1,666,914	19,477,442	207,337,919	1,263,193,113
As at December 31, 2018		174,556,021	25,597,407	288,913,206	24,061,894	445,370,508	19,729,707	958,255	16,920,986	456,760,538	1,452,868,522
Less allowances for impairment											
As at December 31, 2018 - net											17,400,000
											1,435,468,522

.....Director
(Thanit Tharatanavibool)

.....Director
(Pimwan Tharatanavibool)

Unit : Baht

Separate financial statements

As at December 31, 2018

	Land	Land improvement	Building and building improvement	Utility systems	Machinery accessories and tools	Office furniture and equipment	Motor vehicles	Fixed assets under construction and installation	Total
Cost									
As at December 31, 2017	157,135,835	32,591,160	172,128,021	49,736,661	727,939,496	7,387,139	33,413,837	207,337,919	1,387,670,068
Purchases during the year	-	3,100,000	3,400,990	350,000	7,241,017	175,202	-	253,170,344	267,437,553
Transfers in (out) during the year	-	-	2,135,714	176,249	1,435,762	-	-	(3,747,725)	-
Disposals/ written-off during the year	-	-	(956,996)	-	(5,988,497)	(26,674)	(3,500,000)	-	(10,472,167)
As at December 31, 2018	157,135,835	35,691,160	176,707,729	50,262,910	730,627,778	7,535,667	29,913,837	456,760,538	1,644,635,454
Accumulated depreciation									
As at December 31, 2017	-	7,146,306	53,447,504	21,220,582	250,837,033	5,784,067	13,936,396	-	352,371,888
Depreciation for the year	-	2,947,447	6,889,807	4,980,436	42,447,235	900,405	2,099,955	-	60,265,285
Written-off during the year	-	-	(478,530)	-	(3,354,270)	(26,650)	(3,043,499)	-	(6,902,949)
As at December 31, 2018	-	10,093,753	59,858,781	26,201,018	289,929,998	6,657,822	12,992,852	-	405,734,224
Net book value									
As at December 31, 2017	157,135,835	25,444,854	118,680,517	28,516,079	477,102,463	1,603,072	19,477,441	207,337,919	1,035,298,180
As at December 31, 2018	157,135,835	25,597,407	116,848,948	24,061,892	440,697,780	877,845	16,920,985	456,760,538	1,238,901,230

.....Director

.....Director

Unit : Baht

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

.....Director (Thanit Tharatanavibool)Director (Pimwan Tharatanavibool)

(Thanit Tharatanavibool)

(Pimwan Tharatanavibool)

Unit : Baht

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

.....Director
(Thanit Tharatanavibool)

.....Director
(Pimwan Tharatanavibool)

Depreciations in the statements of profit or loss for the years ended December 31, 2018 and 2017 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cost of sales and services	57,911,483	60,082,669	55,774,231	53,904,887
Selling and administrative expenses	16,350,943	14,044,115	4,491,054	4,082,454
	<u>74,262,426</u>	<u>74,126,784</u>	<u>60,265,285</u>	<u>57,987,341</u>

As at December 31, 2018 and 2017 interest incurred on loans used for a Purify Glycerin project of Company totaling to Baht 1.37 million and Baht 1.67 million, respectively, have been capitalized as part of cost of construction in process.

The gross carrying amounts of assets were fully depreciated but these items are still in active use by the Company and subsidiaries as at December 31, 2018 and 2017, in the consolidate financial statement totaling approximately Baht 148.31 million and Baht 148.03 million, respectively, and in the separate financial statements totaling approximately Baht 30.49 million and Baht 30.32 million, respectively.

The subsidiary, AI Ports and Terminals Co., Ltd, due to at present temporarily halted main business. Management has assessed the appropriateness of the valuation of the property, plant and equipment of the subsidiary from temporarily halted by using the work of the independent appraiser that the Company uses to evaluate the fair value of underlying assets. According to the appraisal report, the appraisal value amounted Baht 176.65 million. The property, plant and equipment appraisal above is the fair value measurement hierarchy in Level 2. The net book value of property, plant and equipment as at December 31, 2018 amount of Baht 194.05 million. And considered to set up the allowance for impairment amount of Baht 17.40 million, in the consolidate financial statements for the year ended December 31, 2018.

14. INTANGIBLE ASSETS – NET

Intangible assets as at December 31, 2018 and 2017 consisted of:

	Unit : Baht	
	Consolidated	Separate
	financial statements	financial statements
Cost		
As at December 31, 2017	686,301	606,854
Purchases during the year	181,200	181,200
As at December 31, 2018	<u>867,501</u>	<u>788,054</u>
Accumulative amortization		
As at December 31, 2017	(448,278)	(368,831)
Amortization for the year	(126,770)	(126,770)
As at December 31, 2018	<u>(575,048)</u>	<u>(495,601)</u>
Book value		
As at December 31, 2017	238,023	238,023
As at December 31, 2018	<u>292,453</u>	<u>292,453</u>

.....Director

(Thanit Thareratanavibool)

.....Director

(Pimwan Thareratanavibool)

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

15. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, 2018 and 2017 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables				
Trade payables - related parties	294	225	-	-
Trade payables - others	95,857,258	38,793,131	94,296,405	34,687,779
Total trade payables	95,857,552	38,793,356	94,296,405	34,687,779
Other current payables				
Others current payables	3,983,947	4,405,592	3,875,367	4,405,592
Retention	7,198,398	1,031,843	7,198,398	1,031,843
Revenue Department payable	5,607,784	7,129,451	5,561,749	7,074,539
Electricity payable	2,609,618	2,999,083	2,608,303	2,999,083
Accrued expenses	2,516,959	7,385,539	2,310,050	6,215,823
Payables for purchase of assets	7,540,739	17,998,126	7,540,739	17,998,126
Unearned revenue for vessel operating	612,138	-	-	-
Others	474,006	615,081	389,218	611,786
Total other current payables	30,543,589	41,564,715	29,483,824	40,336,792
Total trade and other current payables	126,401,141	80,358,071	123,780,229	75,024,571

.....Director

(Thanit Thareratanavibool)

.....Director

(Pimwan Thareratanavibool)

16. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFIT

Movement of the present value of non-current provisions for employee benefits for the years ended December 31, 2018 and 2017 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statement	
	2018	2017	2018	2017
Non-current provisions for employee				
benefit at beginning of year	10,223,498	9,006,475	9,821,303	8,441,329
Included in profit or loss:				
Current service cost	1,534,693	1,523,658	1,442,858	1,696,635
Interest cost	160,090	189,274	143,542	179,248
Included in other comprehensive income:				
Actuarial gain arising from				
Financial assumptions changes	(1,376,780)	-	(1,470,859)	-
Experience adjustments	(920,141)	-	(996,422)	-
Benefit paid during the year	(1,352,219)	(495,910)	(1,352,219)	(495,910)
Non-current provisions for employee				
benefit at end of year	<u>8,269,141</u>	<u>10,223,497</u>	<u>7,588,203</u>	<u>9,821,302</u>

Employee benefit expenses in profit or loss for the years ended December 31, 2018 and 2017 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statement	
	2018	2017	2018	2017
Cost of sales	1,012,405	1,143,315	1,012,405	1,143,315
Selling expenses	39,185	269,640	39,185	269,640
Administrative expenses	643,193	299,977	534,810	462,928
Total employee benefit expenses	<u>1,694,783</u>	<u>1,712,932</u>	<u>1,586,400</u>	<u>1,875,883</u>

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

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

.....Director
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.....Director
(Pimwan Thareratanavibool)

Principal actuarial assumptions as at December 31, 2018 and 2017 (represented by the weighted-average) were as follows:

	(Percentage (%)/annum)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.16 - 2.94	1.77 - 2.35	2.16	2.22
Salary increases rate	0 - 5.00	0 - 5.00	1.5 - 5.00	5.00
Mortality rate	100% of Thai Mortality Ordinary Tables of 2017	100% of Thai Mortality Ordinary Tables of 2008	100% of Thai Mortality Ordinary Tables of 2017	100% of Thai Mortality Ordinary Tables of 2008
Turnover rate Monthly employees				
Under 31 years old	22.00 - 40.00	9.00	22.00 - 40.00	9.00
31 - 40 years old	16.00 - 28.00	12.00	16.00 - 28.00	12.00
41 - 50 years old	5.00	2.00	5.00	2.00
Above 51 years old	0.00	0.00	0.00	0.00

The result of sensitivity analysis for significant assumptions that affect the present value of the non-current provisions for employee benefit as at December 31, 2018 are summarised below:

	Unit : Baht			
	Change of the present value of the non-current provisions for employee benefit			
	Consolidated financial statement		Separate financial statement	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(697,196)	804,741	(607,863)	699,662
Salary increase rate	813,084	(719,170)	709,139	(628,954)
Turnover rate	(744,155)	450,245	(650,226)	450,245

As at December 31, 2018, the maturity analysis of undiscounted cash flows of benefit payments was as follows:

	Unit : Baht	
	Consolidated financial statement	Separate financial statement
Within 1 year	364,928	364,928
Over 1 and up to 5 years	3,490,703	3,490,703
Over 5 and up to 10 years	12,851,290	12,327,580

.....Director
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.....Director
(Pimwan Thareratanavibool)

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Group has additional liabilities for long-term employee benefits. The Group has recorded the effect of the change by recognising past service costs as expenses immediately in the income statement of the year 2018.

17. SHARE CAPITAL

Reconciliation of issued and paid-up share capital.

	Number of shares (Thousand shares)	Paid-up share capital (Thousand Baht)	Premium on share capital (Thousand Baht)	Registration date with the Ministry of Commerce
Balance as at January 1, 2018	4,520,000	1,130,000	605,114	
Warrants				
- AIE - W1 No. 1	712,292	178,073	-	June 6, 2018
Balance as at December 31, 2018	5,232,292	1,308,073	605,114	

18. 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.

During the second quarter of year 2018, the warrant holders exercised 712.29 million units of AIE-W1 warrants to purchase 712.29 ordinary million shares at Baht 0.25 each in the amount of Baht 178.07 million. The Company recorded as a result of the exercise of such warrants, presenting it under shareholders' equity in the statement of financial position.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

19. BASIC LOSS PER SHARE

Basic loss per share for the years ended December 31, 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net loss attributable to shareholders				
of the parent (Baht)	(72,320,514)	(72,280,526)	(54,538,991)	(173,441,964)
Number of ordinary share outstanding				
at beginning of years (Share)	4,520,000,000	4,520,000,000	4,520,000,000	4,520,000,000
Effect of conversion warrants to shares capital (Share)	407,860,309	-	407,860,309	-
Weighted average number of ordinary shares				
outstanding during the years basic (Share)	4,927,860,309	4,520,000,000	4,927,860,309	4,520,000,000
Basic loss per share (Baht)	(0.015)	(0.016)	(0.011)	(0.038)

20. DIVIDEND PAYMENT

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

21. LEGAL RESERVE

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

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

22. DEFERRED TAX

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

	Unit : Baht			
	Consolidated/Separate financial statements			
	As at January 1, 2018	Profit (Loss)	comprehensive loss	As at December 31, 2018
Deferred tax assets				
Allowance for doubtful accounts	149,150	556,421	-	705,571
Non-current provision for employee benefits	1,964,261	46,836	(493,456)	1,517,641
Tax loss carries forward	8,127,274	(3,982,103)	-	4,145,171
Total	10,240,685	(3,378,846)	(493,456)	6,368,383
Deferred tax liabilities				
Depreciation	(4,609,418)	176,825	-	(4,432,593)
Total	(4,609,418)	176,825	-	(4,432,593)
Deferred tax assets - net	5,631,267	(3,202,021)	(493,456)	1,935,790

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

As at December 31, 2018 and 2017 the Company had deferred tax assets for the carrying forward of unused tax losses of Baht 4.15 million and Baht 8.13 million, respectively. The Company's management believes that it is probable that future taxable profit will be available against the unused tax losses.

.....Director
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.....Director
(Pimwan Thareratanavibool)

23. INCOME TAX EXPENSE

Income tax expenses for the years ended December 31, 2018 and 2017 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current tax expense				
Current years	-	(26,706,709)	-	-
Deferred tax expense				
Movements in temporary differences	3,202,021	(2,425,991)	3,202,021	(2,425,991)
Total	3,202,021	(29,132,700)	3,202,021	(2,425,991)

Reconciliation of effective tax rate

	Consolidated financial statements			
	2018		2017	
	Tax rate (%)	Unit : Baht	Tax rate (%)	Unit : Baht
Loss before income tax expenses		(69,118,493)		(43,147,826)
Income tax using the corporate tax rate	20	13,823,699	20	8,629,565
Non-taxable income		1,220,187		1,747,264
Double expenses by the Revenue Code		418,891		1,362,137
Non-deductible expenses		(5,104,546)		(1,554,313)
Unrecognised tax loss carries forward-brought forward		-		1,493,542
Unrecognised current tax loss carries forward*		(13,560,251)		(40,810,895)
Tax expenses	5	(3,202,020)	68	(29,132,700)

* The Company and its subsidiaries had tax losses for the years 2018 and 2017 amounting to Baht 67.80 million and Baht 204.05 million, respectively. Due to the uncertainty of their utilization, the Management, therefore, will not account for the deferred tax on these unutilized tax loss carried forward.

.....Director
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.....Director
(Pimwan Thareratanavibool)

	Separate financial statements			
	2018		2017	
	Tax rate		Tax rate	
	(%)	Unit : Baht	(%)	Unit : Baht
Loss before income tax		(51,336,970)		(171,015,973)
Income tax using the corporate tax rate	20	10,267,394	20	34,203,195
Non-taxable income		1,220,187		6,807,264
Double expenses by the Revenue Code		21,300		77,211
Non-deductible expenses		(4,502,048)		(6,199,024)
Unrecognised current tax loss carries forward*		(10,208,854)		(37,314,637)
Tax expense	6	(3,202,021)	2	(2,425,991)

*The Company had tax loss for the year 2018 and 2017 amounting to Baht 51.04 million and Baht 186.57 million, respectively. Due to the uncertainty of their utilization, the Management, therefore, will not account for the deferred tax on this unutilized tax loss carried forward.

Income tax reduction

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

24. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2018 and 2017 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(Increase) Decrease in change of				
finished goods and work in progress	(14,137,992)	81,323,074	(14,137,992)	81,323,074
Raw materials and consumables used	1,399,252,013	2,143,750,252	1,368,143,928	2,122,498,633
Employee benefit expenses	73,172,895	77,688,426	62,965,449	68,350,902
Depreciation and amortization expenses	74,548,472	73,760,277	60,392,055	58,090,257
Reversal allowance for devaluation of inventories	(5,875,665)	(8,736,322)	(5,875,665)	(8,736,322)
Allowance for impairment of investments in subsidiary	-	-	17,310,000	24,000,000

.....Director
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.....Director
(Pimwan Thareratanavibool)

25. PROMOTIONAL PRIVILEGES

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

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

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)

The Company and subsidiaries have revenues from sale of goods, vessel operating, port and terminal service revenues from overseas which are granted the promotional certificates for the years ended December 31, 2018 and 2017, as follows:

	Consolidated financial statements			Separate financial statements		
	Promoted Activities	Non-promoted Activities	Total	Promoted Activities	Non-promoted Activities	Total
For the year ended December 31, 2018						
Revenues from sale of goods	1,346,085,622	113,147,025	1,459,232,647	1,346,085,622	113,147,025	1,459,232,647
Revenues from production contract	-	49,455,738	49,455,738	-	49,455,738	49,455,738
Revenues from vessel operating	-	54,109,552	54,109,552	-	-	-
Other incomes	-	8,119,742	8,119,742	-	3,635,434	3,635,434
Total	1,346,085,622	224,832,057	1,570,917,679	1,346,085,622	166,238,197	1,512,323,819
For the year ended December 31, 2017						
Revenues from sale of goods	2,005,532,910	170,772,060	2,176,304,970	2,005,532,910	170,772,060	2,176,304,970
Revenues from production contract	-	77,025,232	77,025,232	-	77,025,232	77,025,232
Revenues from vessel operating	-	32,920,936	32,920,936	-	-	-
Profit earned from the sale of non-current asset held for sale - net	-	156,569,707	156,569,707	-	-	-
Other incomes	-	18,236,423	18,236,423	-	8,323,204	8,323,204
Dividend income	-	-	-	-	25,300,000	25,300,000
Total	2,005,532,910	455,524,358	2,461,057,268	2,005,532,910	281,420,496	2,286,953,406

.....Director
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..... Director
(Pimwan Tharatanavibool)

26. PROVIDENT FUND

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

The Company and subsidiary's contributions for the employees' provident fund and recorded as expenses in the statements of profit or loss for the years ended December 31, 2018 and 2017 are as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
AI Energy Public Company Limited	1,457,438	1,295,267	1,457,438	1,295,267
AI Logistic Company Limited	32,730	26,316	-	-
Total	1,490,168	1,321,583	1,457,438	1,295,267

.....Director
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.....Director
(Pimwan Thareratanavibool)

27. SEGMENTS INFORMATION

The segments information for the years ended December 31, 2018 and 2017 was as follows:

Unit : Thousand Baht					
Consolidated financial statements					
For the year ended December 31, 2018					
	Sale of biodiesel and vegetable oil and by product	Contract of refine crude palm oil	Vessel operating	Port services	Total
Revenues from sales and services	1,459,232	49,456	54,110	-	1,562,798
Cost of sales and services	(1,444,400)	(36,369)	(53,665)	-	(1,534,434)
Gross profit by segment	14,832	13,087	445	-	28,364
Other income					8,119
Selling expenses					(8,332)
Administrative expenses					(79,868)
Loss on impairment of property, plant and equipment					(17,400)
Finance costs					(1)
Tax expenses					(3,202)
Loss for the year					(72,320)
Property, plant, vessel and equipment-net	1,238,901		19,912	176,655	1,435,468

.....Director
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.....Director
(Pimwan Tharatanavibool)

Unit : Thousand Baht

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

.....Director
(Thanit Tharatanavibool)

.....Director
(Pimwan Tharatanavibool)

28. COMMITMENT AND CONTINGENT LIABILITIES

Commitments and contingent liabilities as at December 31, 2018 and 2017 were as follows:

28.1 Letters of guarantee

The Group had contingent liabilities on bank guarantees by banks on behalf of the Group were as follows.

	Unit : Baht	
	Consolidated financial statements	
	2018	2017
Guarantee for importation machinery	18,247,896	18,247,896
Guarantee for electricity usage	5,769,000	4,769,000
Total	24,016,896	23,016,896

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

	Contracted Balance	
	Consolidated/Separate financial statements	
	2018	2017
Capital commitments		
Contracted but not provided for		
Land improvement	2,771,300	-
work in process - building and utility systems (Unit :Baht)	4,545,954	6,317,655
work in process - machinery (Unit :Baht)	9,369,990	20,415,600
work in process - Purify Glycerin project (Unit :Baht)	126,167,840	79,054,916
work in process - Purify Glycerin project (Unit :Euro)	-	146,400

28.3 The Company received a letter from the Enforcement Department, Office of the Securities and Exchange Commission of Thailand (the SEC), dated January 20, 2016, requesting for the facts about the Company predecessor auditor's disclaimer of opinion in the Company's financial statements for the year 2014 (Before restated). 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. Presently, the investigation is still under the process.

28.4 At October 24, 2016, the Company entered into a 5-year contract with a company for production services on edible oil products and granting the use of "Pamola" trademark. On May 15, 2018, both parties agreed to terminate the contract since the counterparty can not comply with the conditions stated in the contract.

28.5 The Company had overdrafts and short-term loans credit facilities with one local commercial bank totaling amount of Baht 505 million. The Company has a commitment under the conditions of this loan agreement.

.....Director
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.....Director
(Pimwan Thareratanavibool)

29. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

29.1 Risk from breach of contracts

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

29.2 Risk relating to interest rate of financial assets and liabilities

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

29.3 Risk from currency exchange rate

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

29.4 Fair value of financial instruments

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

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

30. CAPITAL MANAGEMENT

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

.....Director

(Thanit Thareratanavibool)

.....Director

(Pimwan Thareratanavibool)

31. CORRECTION OF ERROR

The Company had prepared the financial statements for the year ended December 31, 2018 and issued the financial statements on February 26, 2019. Later, in March 2019, the Company disclosed an accounting error regarding the understatement of the provision for impairment of the investment in the subsidiary. As a result, the Company adjusted the separate financial statements for the year ended December 31, 2018 and reissued the financial statements.

The effects on the separate financial statements for the year ended December 31, 2018 are as follow:

	Unit : Baht		
	Separate financial statements		
	Before restated	Adjustments	After restated
Statement of financial position as at December 31, 2018			
Non-current assets			
Investments in subsidiaries - net	384,073,140	(5,310,000)	378,763,140
Shareholders' equity			
Retained deficits increase	(169,374,353)	(5,310,000)	(174,684,353)
Statement of profit or loss for the year ended December 31, 2018			
Expenses			
Administrative expenses	(70,576,927)	(5,310,000)	(75,886,927)
Loss for the years increase	(49,228,991)	(5,310,000)	(54,538,991)
Basic loss per share (Baht)	(0.010)	(0.001)	(0.011)
Statements of cash flows for the year ended December 31, 2018			
Cash flows from operating activities			
Loss before income tax expense	(46,026,970)	(5,310,000)	(51,336,970)
Loss on impairment of investment in subsidiary	12,000,000	5,310,000	17,310,000

32. FINANCIAL STATEMENT APPROVAL

These financial statements have been approved to issue by the Company's Board of Directors on April 5, 2019.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)



AI Energy Public Company Limited