

AI ENERGY

Public Company Limited



ANNUAL REPORT | 2019

AI Energy Public Company Limited



AI Energy Public Company Limited

AIE is truly committed to become a leading manufacturer of Biodiesel, Palm Olein (Edible Oil), and Refined Glycerine 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), Edible Oil, and Refined Glycerine Business

AI Energy Public Company Limited

Manufacturer and distributor of Biodiesel (B100), Edible oil (Palm Olein), 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 PM 2.5. Also, the Company offers by-products from B100 and Edible Oil's productions such as Palm Fatty Acid Distillate (PFAD), Palm Stearin, and Crude Glycerine, including other related products to Glycerine which is Refined Glycerine.



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.



Table of Contents

1	Policy and Business Overview	005
2	Message from Chairman	007
3	Business Profile	009
4	Risk Factors	020
5	Company Profile	025
6	Major Shareholders	029
7	Dividend Policy	030
8	Business Structure	031
9	The Corporate Governance Policy	051
	1. Rights of Shareholders	
	2. Role of Stakeholders	
	3. Disclosure and Transparency	
	4. Code of Conducts	
	5. Internal Control and Internal Audit	
	6. Responsibilities of the Board of Directors	
	7. Investors Relation	
10	Corporate Social Responsibility Activities	067
11	Internal Control and Risk Management	074
12	Related-Party transactions	078
13	Financial Highlights (Consolidated Financial Statement)	084
14	Management Discussion and Analysis	085
15	Report of the Audit Committee	105
16	Report of the Auditors Certified Public Accountant	108
●	Financial statements and notes to financial statements	112

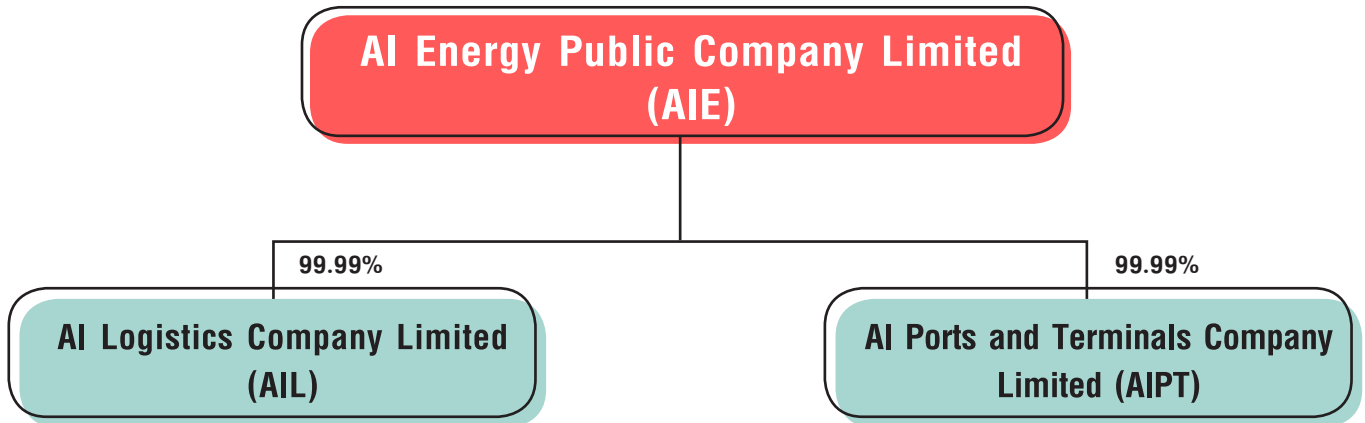


Policy and Business Overview

AI Energy Public Company Limited (the “Company” or “AIE”) was officially established on October 4, 2006 with initial registered capital and paid-up capital of 1,308,072,982 Baht divided into 5,232,291,928 ordinary shares at par value of 0.25 Baht. AIE produces and sells Biodiesel: B100 and Palm Olein (Edible Oil) under brand “PAMOLA”, which are produced from crude palm oil (CPO) with environmentally friendly continuous refining and production system. AIE also sells raw materials and by-products of manufacturing processes such as CPO, Refined Bleached Deodorized Palm Oil (RBD Palm Oil), Palm Fatty Acid Distillate (PFAD), Refined Bleached Deodorized Palm Stearin (RBD Palm Stearin) and Crude Glycerine including other products related to Glycerine such as Refined Glycerine etc. 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, Edible Oil, and Refined Glycerine 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



Subsidiaries

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 "Thararatana 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 the vessel has been licensed by the Marine Department for oil transportation purpose. AIL provides sea freight services of fuel, lubricant oil, CPO, and RBD palm oil to customers both domestically and internationally.

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 Chumphon, 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 at once. Such 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.



Message from Chairman

In 2019, another year of corporate challenging amid a dramatically fluctuate of CPO price in-between the year. AIE had total revenues (Consolidated) of 1,997,193,372 Baht which higher than previous year due to CPO price in the beginning of 2019 has been slightly diminished from 2018. During 2019, the CPO price is highly fluctuated, where the CPO monthly average price reached to the lowest at 14.76 Baht per kilogram in March 2019, then climbed up to 19.84 Baht per kilogram in June 2019 and started to decline in the second half of the year and surprisingly increased to 29.75 Baht per kilogram in December 2019 which is higher than those in 2018 (Source: DIT, Ministry of Commerce). The mentioned fluctuation above, resulting in the ability to manage the cost of raw materials (CPO) of the Company decreased. In addition, the price of Refined Glycerine in the world market exaggeratedly dropped due to the large amount of production from Indonesia to the market after the lift up of biodiesel in diesel to B30 in Indonesia. The Company, therefore, has a higher cost than the products selling price, which has the price of CPO as the main cost and leads to net loss (Consolidated) for Year 2019 at 156,496,219 Baht

In the end of 2019, the Department of Energy Business; Ministry of Energy announced to lift up biodiesel blends mandate from B7 to B10 and officially enforced nationwide. As a result, the demand for biodiesel in term of quantity has increased significantly. Whilst, the Company is able to start producing and selling Refined Glycerine which expected a significantly reduced in AIE's overall production costs and continuously improve AIE's profitability in 2020.

On behalf of the Board of Director of AIE and its subsidiaries, we continue to focus on the importance of conducting business with transparency and fairness, continuous development of organizational potential, adaptive business strategy to be in line with the current situation both in risk management and corporate governance to conduct business with ethics and anti-corruption policy in accordance with the guidelines of the Collective Action Coalition or CAC, who already certified AIE as a member. We also emphasis on personnel development in all levels, develop information technology systems for the continuous improvement of product and service standards for better efficiency. In order to meet customers satisfaction and taking into account to all stakeholders, as well as participation in local community, society and environment with sustainable goal.

“ Finally, I would like to extend my deep gratitude to our shareholders, business partners, financial institutions, and government agencies in supporting our objectives, principles and values of operating with integrity and responsibility in the best interests of our stakeholders. Thanks to all directors, managements, and employees for their dedication and commitment to their duties with honesty and sacrifice, to propel the organization grows continuously and overcome obstacles and challenges. I confidence that AIE may continue to receive the confidence and support from all stakeholders as always. I believe that all directors will perform their duties with full responsibility for AIE able to gain stability and opportunities in the following year. ”



A handwritten signature in blue ink, appearing to be 'Narong Thareratanavibool'.

Mr. Narong Thareratanavibool
Chairman



Business Profile

• The Company previously had key operations as follows: -

Year	Significant Event
2006	- Registered on 4 October 2006 with registered capital at 300,000,000 Baht consisted of 30,000,000 common stocks at the par value of 10 Baht per share and paid capital of 300,000,000 Baht. AI had its shares for 75 percent of the Company's registered capital. - The Company purchased assets from one manufacturer and distributor of Olein palm oil to perform manufacturing and distributing business of Biodiesel to oil traders of Article 7 of Fuel Trade Act B.E. 2543, as well as manufacture and distribute palm oil under the brand "PAMOLA" with production capacity of 300 tons of crude palm oil per day.
2007	- The Company had shareholders' structure that AI purchased shares from one former shareholder. Therefore, AI's shares increased from 75 percent to 81 percent of registered capital at that time. - 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	- 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	- 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.
2010	- The Company restructured shareholders' structure by having AI bought shares from 2 former shareholders. Therefore, AI's shares increased from 82.00 percent to 92.00 percent of authorized capital at that time.

Year	Significant Event
2011	- 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 Biodiesel production for business related to energy saving and renewable energy typed 1.18, alcohol manufacturing business or fuel from agricultural produce including trashes and wastes manufacturing business for the Refinery 2. In this connection, the Company received key titles and benefits as follows: - 1) Received income tax exemption for gross profit from the promoted business for 8 years starting from the date first receiving revenue from business performance. 2) Received exemption for including dividend from promoted business receiving income tax exemption in 1) to be calculated for income tax for an entire period of promotion receipt. 3) Received income tax deduction for gross profit received from investment at 50 percent rate starting from the date relieving from 1) exemption for the period of 5 years. 4) Received authorization to less transportation, power supply, and water supply expenses for 2 times of such expenses for the period of 10 years starting from date first receiving revenue from business performance. 5) Received authorization to take annual loss incurred during the tax exemption period in 1) to be deducted from incurred gross profit starting from the date relieving from 1) exemption for the period of 5 years which may choose to deduct from gross profit of any or several years. - In this connection, currently the Company had not yet exercised any benefits from such Investment Promotion Card at all.
	- 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.
	- 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.
2012	- 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 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.
2013	

Year	Significant Event
	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: - 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: - 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 2) exemption for the period of 5 years which may choose to deduct from gross profit of any or several years. However, the company have not used the benefits of BOI yet. - The company received certification of Roundtable on Sustainable Palm Oil (RSPO)

Year	Significant Event
2014	- 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.
2015	- The Annual General Meeting of shareholders on 21 April 2015 had resolutions as follows: - 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. ■ 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	- 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; 1. Approved AI Ports and Terminal Co., Ltd. ("AIP"), 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	- The Company has started the construction of Refined Glycerine Plant (Refined Glycerin 99.7%, USP and Pharma Grade) with the capacity of 100 tons refined glycerine per day and commercial run in 4th 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. - The Company has increased its Biodiesel production capacity from 500 tons of Biodiesel per day to 600 tons of Biodiesel per day - 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: - 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 staring from the date first receiving revenue from business performance.

Year	Significant Event
2018	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. - 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: - 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. - 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.

Year	Significant Event
2019	- The Company decreased the registered capital equal to the unexercised AIE-W1 by 191,708,072 shares. Therefore, the Company has registered and paid-up capital equal to 1,308,072,982 Baht at par value of 0.25 Baht or 5,232,291,928 shares. - The Company received quality management certification based on ISO 9001:2015 for the processed Refined Glycerine. - The Company received certification for Hazard Analysis and Critical Control Points (HACCP) for processed Refined Glycerine. - The Company received the certification of Good Manufacturing Practice (GMP) for processed Refined Glycerine. - The Company received kosher certification for Jewish food standard for Refined Glycerine from Thai Kashrut Services Co., Ltd. which provides Jewish food qualification inspection. - The Company was authorized by the Central Islamic Council of Thailand to use HALAL certificate for processed Refined Glycerine.

● Revenue Structure of the Company and its Subsidiaries

Types of Revenue	Consolidated Financial Statement		Consolidated Financial Statement		Consolidated Financial Statement	
	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Selling revenue	1,957.17	98.00	1,459.23	92.89	2,176.30	88.43
1.1 Palm oil business revenue	1,956.11	97.94	1,459.23	92.89	2,176.30	88.43
1.1.1 Biodiesel	1,650.99	82.67	1,295.07	82.44	1,930.18	78.43
1.1.2 Palm Olein	214.33	10.73	86.63	5.51	130.44	5.30
1.1.3 Raw materials & by-product ¹	90.80	4.55	77.53	4.94	115.68	4.70
1.2 Revenues from Refined Glycerine	1.06	0.05	-	-	-	-
2. Refining service revenue	7.01	0.35	49.46	3.15	77.03	3.13
3. Sea freight revenue ²	16.49	0.83	54.11	3.44	32.92	1.34
Revenues	1,980.67	99.17	1,562.80	99.48	2,286.25	92.90
4. Other revenues ³	16.52	0.83	8.12	0.52	174.81	7.10
Total revenues	1,997.19	100.00	1,570.92	100.00	2,461.06	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 Revenues 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 and compensation from insurance for THB 13.33 million in 2019.

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 refined glycerine (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. 2562 (Enforced from 1 December 2019). 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 90-93 percent diesel fuel and 7-10 percent biodiesel, called “Diesel B7-B10”.

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 (Edible Oil) market more than 30 years.



กรดไขมันปาล์ม
Palm Fatty Acid Distillate: PFAD



ไขมันปาล์มบริสุทธิ์
Refined Bleached Deodorized Palm
Stearin: RBD Stearin



กลีเซอริน
Crude Glycerine

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 customer. 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 glycerin. Such by-products will be supplied to the manufacturers in other industries to both domestic and overseas, such as food medicine cosmetics and soap etc., for what were left from reused as raw materials in the Company's Biodiesel and Refined Glycerine productions.

1.2) Revenues from Refined Glycerine

Refined Glycerine is derived from Crude Glycerine processed through the distillation into refined glycerine. Refined Glycerine is a clear liquid, colorless, odorless, has a sweet taste, can dissolve well in alcohol and water, and has a wide range of chemical properties, so it can be used as a substance in other downstream industries which is commonly used in food, medicine, cosmetics, soap etc.

1.3) 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 section 10 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”. AIL provides sea freight service for fuel, lubricant oil, crude palm oil, refined palm oil to other customers internationally. Presently, 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
Thararatana 3	Transport CPO and Fuel	Mechanical sea area only	- Vessel size (Double – Hull) 2,500 Gross Ton - International Sea Freight

Photos of Thararatana Vessel 3



2.2) Revenues from Ports and Storages Service

Revenue from port and storage services 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. Moreover, AIPT – Chumphon did not provide port and storage service to other customer in 2019.

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





Risk factors

1. Risks in the Company's Business

1.1 Business Competition

The Company operates business in producing and distributing Biodiesel (B100), Edible Oil, Refined Glycerine, raw material and 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. This is considered one of the ways to support B100 producers by increase such B100 blend mandate in Diesel of B10 which is used nationwide (biodiesel rule B10 refers to diesel fuel which has 10% mixture of biodiesel and diesel fuel mixture of 90%), which the government has agreed to such strategy to develop and promote B100 used 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. The Company has gained an economy of scale from Crude Palm Oil Refinery of 1,150 tons per day and in the past the Company has expand investment to further improve efficiency and reduce cost by using 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 to 600 tons per day to benefit from economies of scale in biodiesel production. Besides, 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. Refined Glycerine is derived from Crude Glycerine processed through the distillation into refined glycerine. Refined Glycerine is a clear liquid, colorless, odorless, has a sweet taste, can dissolve well in alcohol and water, and has a wide range of chemical properties, so it can be used as a substance in other downstream industries which is commonly used in food, medicine, and cosmetics (Pharmaceutical Grade). Refined Glycerine helps the Company expanding customer base in other industries, where has less government policy's intervention. It is the Company's strategic to expand products into other industries with new base of customers and has high demand in overseas markets. The plant itself is commercially run in the end of 2019.

1.2 Customer Concentration Risk

The Company sells B100 up to 82.67% of total Sales in 2019. 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 and B10 as diesel's standard nationwide in accordance to the Department of Energy Business, Ministry of Energy concerning the nature and quality of biodiesel type of fatty acid methyl esters B.E. 2562 (Enforced from 1 December 2019).

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 Thais' 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.

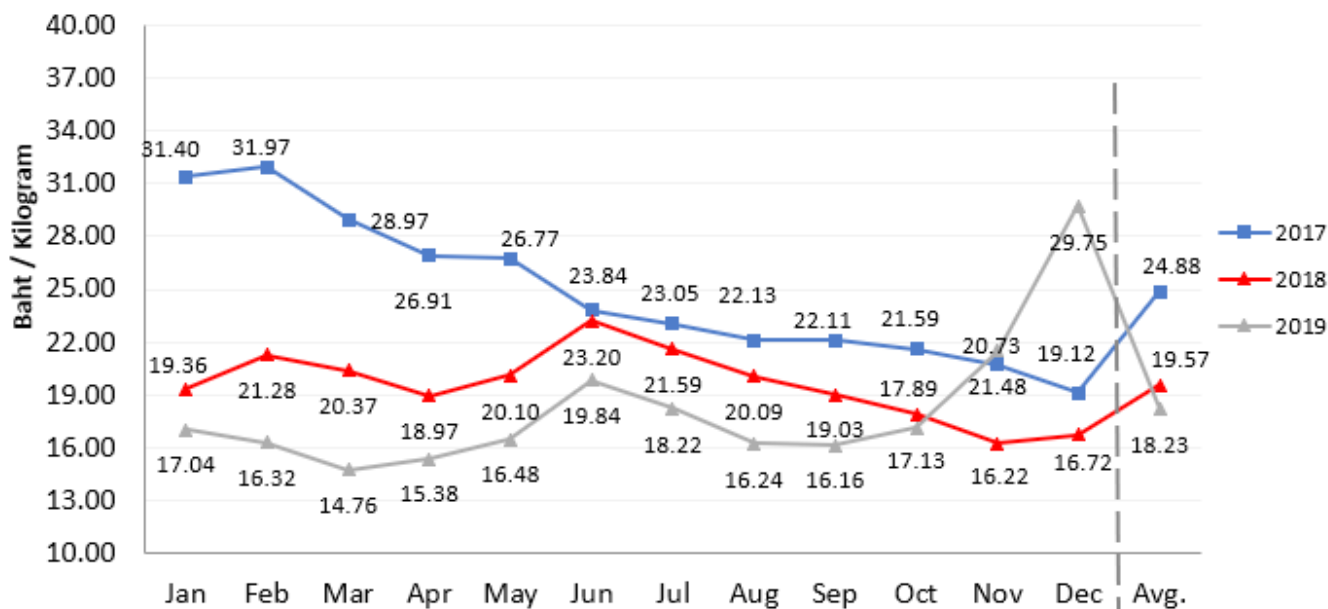
The Company is a manufacturer and distributor of biodiesel from crude palm oil and Palm Olein under brand of "PAMOLA" as well as CPO refining services. The Company uses CPO as main raw material, which has a proportion of 85%-90% in total cost. All of CPO's purchasing agreements are in short-term within 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 9 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, but sometime there is a fluctuation in the opposite direction of CPO prices in the global market because the CPO market in Thailand is a closed market, where can be imported by Public Warehouse Organization, Ministry of Commerce only. The average price of CPO in 2019 decreased from 2018, by 6.82%, and in 2018 decreased from 2017 by 21.35% (the average price in 2019 was THB 18.23 / Kilogram, in 2018 was THB 19.57 / Kilogram, and in 2017 was THB 24.88 / Kilogram (Source: Department of Internal Trade of Thailand, Ministry of Commerce.) Since the end of 2016 till 2019, the monthly average price of CPO was lowest at THB 14.76 / Kilogram in March 2019. Due to the oversupply of palm fruits and CPO that have flooded into the market during the 1stquarter to the beginning of the 4th quarter, resulting the Company realized higher the average cost of CPO than CPO price in the market. As a result, the Company's cost of raw materials cannot adjust to the market price continuously decline in time.

Later, at the end of 2019 since November 2019, the prices of palm fruits and CPO began to rise. As most of the arable land faces drought, resulting in less quantity of palm products coming to the market. Also, the government's urgent measures to absorb excess palm oil in the system to solve the problem of falling palm prices by using CPO to burn as fuel to generate electricity in Bang Pakong Power Plant, Chachoengsao Province, the Electricity Generating Authority of Thailand (EGAT), while Ministry of Energy has issued measures to increase the proportion of biodiesel blends from B7 to B10 and be formally enforced nationwide, according to the announcement of the Department of Energy Business; Ministry of Energy regarding the characterization and quality of methyl esters of fatty acid biodiesel, B.E. 2562 (effective on 1 December 2019). Therefore, from the above measures have been helped to enormously absorb CPO from the market, the CPO market price started to increase, resulting the Company's average cost of CPO lower than the CPO price in the market in the end of the year, which has enhanced the Company's profitability in December 2019.



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 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 2019, the Company had no outstanding of short-term and long-term debts with financial institutions, only Letter of Guarantee for Electricity and Custom for THB 18.02 million. For its subsidiaries had an outstanding of short-term debts and Letter of Guarantee for Electricity (on behalf of AIPT for THB 0.44 million and AIL for THB 3.56 million). 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 2019, the Company and its subsidiaries had assets denominated in foreign currencies (Foreign Saving Account) and the U.S. dollar equivalent of 135.57 in U.S. dollars, in which a part that were incurred by AIL was at 132.05 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 61.77 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 14 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 14 March 2019, Thareratanavibool Family had their shares in the company divided into direct shareholding of 12.06 percent and indirect shareholding through AI of 61.77 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.

Company Profile

AI Energy Public Company Limited

**Year of
Establishment**
2006

Stock Code
AIE

Registration No.
0107556000311

Type of business

Manufacture and distribution of Biodiesel (B100) and Palm Olein (Edible oil) from crude palm oil, refined glycerine by refined system and environmentally friendly. Also, distribution of crude palm oil and by-product such as Palm Fatty Acid, Palm Stearin, and Crude Glycerine.

Head Office and Factory Address

55/2 Moo 8 Sethakit 1 Road, Klongmadua, Krathum Baen, Samut Sakhon 74110

Telephone 034-877-485-8

Facsimile 034-877-491-2

Email aienergy@aienergy.co.th

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

Registered capital

1,308,072,982 Baht

Paid-up capital

1,308,072,982 Baht

Ordinary Shares

5,232,291,928 Shares, 0.25 Baht per share

Year of being listed in mai.

2014

Contacts

Investors Relation Telephone 66-34877-485-8 Facsimile 66-34877-491-2

e-mail: ir@aienergy.co.th Line ID: AIE-IR

AI Ports and Terminals Company Limited (“AIPT”)

(Subsidiaries)

Year of Establishment

2007

Registration No.

0105550040092

Type of business

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

Head Office address

254 Seri Thai Road, Kannayaow, Bangkok 10230

Telephone 0-2540-2528

Facsimile 0-2517-1465

Branch address

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

Telephone 077-522-709-10

Facsimile 077-522-711

Paid-up capital

460,000,000 Baht

Comprise of

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

Relationship with AIE

- 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



AI Logistics Company Limited (“AIL”)

(Subsidiaries)

Year of Establishment

2006

Registration No.

0105549021411

Type of business

Provides sea freight services and specializes in transport of lubricant oil, crude palm oil, and refined palm oil in international sea.

Head Office address

254 Seri Thai Road, Kannayaow, Bangkok 10230

Telephone 0-2540-2528

Facsimile 0-2517-1465

Email logistics@asianinsulators.com

Paid-up capital

209,000,000 Baht

Comprise of

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

Relationship with AIE

- 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

Securities Registrar

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>

Auditors

- | | |
|-------------------------------|--|
| 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. |

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>

Internal Audit

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>

Legal Consultant

The Art of Law (Law Office) Co., Ltd.

249/1 Soi Ladprao 87, Chao Khun Sing Wang Thonglang, Bangkok 10310

Telephone 0-2932-0842

Others

-None-

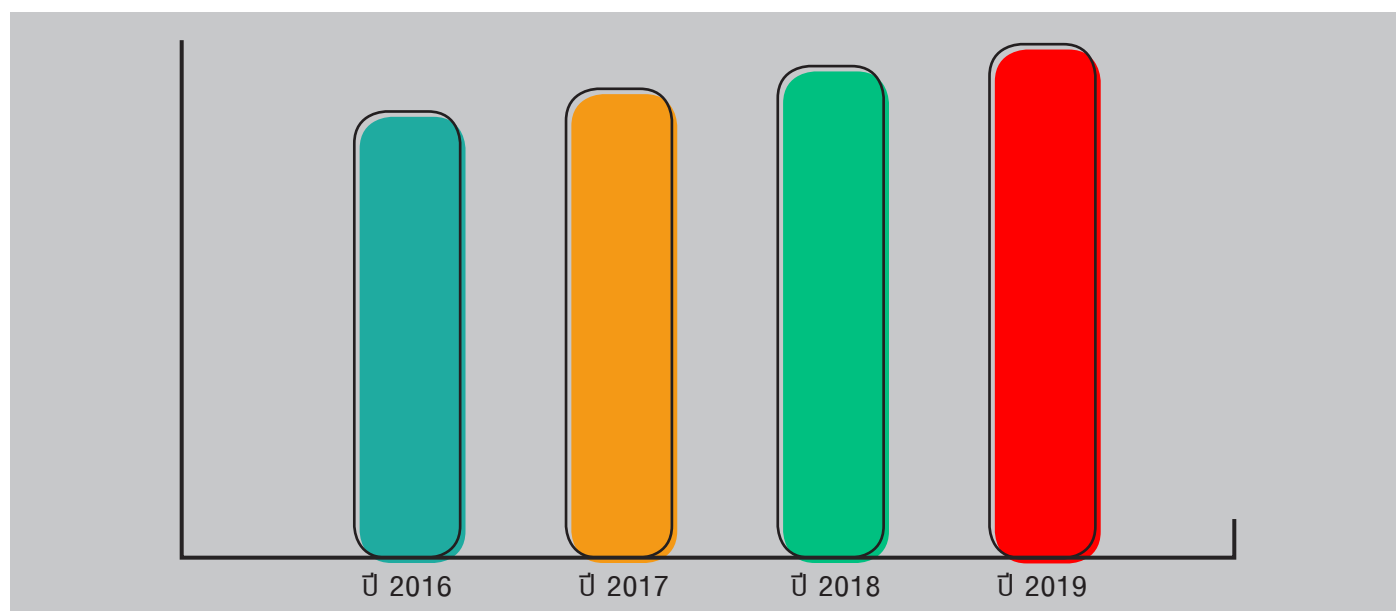


Major Shareholders of AI Energy Public Company Limited

At the closing registration on March 14, 2019

Name of Shareholders	Share	(%)
1. Asian Insulators Public Company Limited	3,232,099,488	61.77
2. Thareratanavibool Family	631,005,494	12.06
3. Mr. Vichit Chinawongworakul	51,772,320	0.99
4. Mrs. Jarunee Worakitjanuwat	36,056,625	0.69
5. Miss Varunee Jiengpradit	24,000,000	0.46
6. Miss Thanyaporn Kunasakphanich	19,831,968	0.38
7. Miss Monthavee Lertprasertkul	19,200,000	0.37
8. Mr. Supot Supthaveechaikul	14,800,000	0.28
9. Mr. Boonlert Khawcharoenporn	13,656,000	0.26
10. Mr. Sitthichai Hoorakij	13,400,016	0.26
11. Others	1,176,470,017	22.48
Total	5,232,291,928	100.00

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





Dividend Policy

• The company's dividend policy

The Company has a policy to pay the dividend to the shareholder in each operation year, and not less than 40% of the net profit after tax and legal reserved. The dividend payout is depending on company's 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 inform the shareholders at the next shareholder meeting. The company has to legal reserves at least 5% of net profits until legal reserves equal 10% of company's registered capital.



• The Subsidiaries' dividend policies

The Company has not fixed a dividend payment ratio for 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.

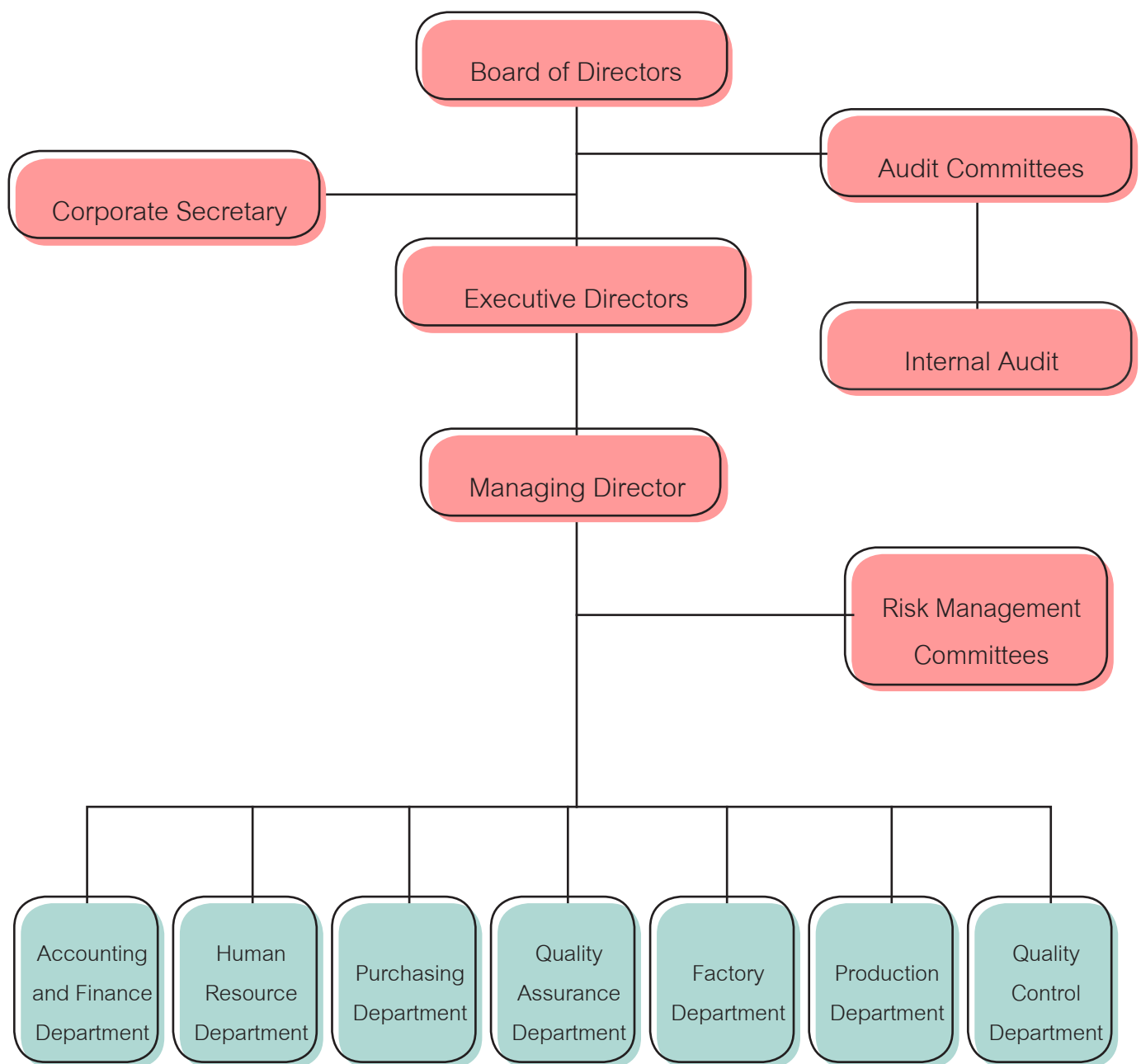




Management Structure

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

The company's the Board of Directors as of 31 December 2019, included 7 persons as follows.



Mr. Narong Thareratanavibool



Mr. Thanit Thareratanavibool



Dr. Kaweepong Hirankasi



Assistant Professor Sampan Hunpayon



Mr. Choti Sontiwattananont



Mr. Damrong Joongwong



Miss Pimwan Thareratanavibool

1



Mr. Narong Thareratanavibool

Position

Chairman of the Board /
Chairman of Executive Committee

Date of first appointment :
4 October 2006

years old (age) 69

Shareholding in the Company as of

14 March 2019
0.57% (29,787,777 shares)

Educations

- MBA, Kasetsart University
- Bachelor of Business Administration in Management, Sukhothai Thammathirat Open 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
- Diploma, National Defense College, The Joint State - Private Sector Course Class 13

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

2



Mr. Thanit Thareratanavibool

Position

Vice Chairman /
Executive Director /
Chairman of Risk Management
Committee

Date of first appointment :
4 October 2006

years old (age) 62

Shareholding in the Company as of

14 March 2019
1.83% (95,595,456 shares)

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

3



Mr. Kaweepong Hirankasi

Position

Chairman of Audit Committee /
Independent Director

Date of first appointment :
9 April 2013

years old (age) 70

Shareholding in the Company as of

14 March 2019

None

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
 - Present Director FWN Corporation Co., Ltd.

Relation among family with other directors

- None -

4



Assistant Professor Sampan Hunpayon

Position

Audit Committee /
Independent Director

Date of first appointment :

9 April 2013

years old (age) 67

Shareholding in the Company as of

14 March 2019

None

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 -

5



Mr. Choti Sontiwattananont

Position

Audit Committee /
Independent Director

Date of first appointment :
31 May 2013

years old (age) 64

Shareholding in the Company as of

14 March 2019
0.0067% (348,000 shares)

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 -

6



Mr. Damrong Joongwong

Position

Director

Date of first appointment :

31 May 2013

years old (age) 74

Shareholding in the Company as of

14 March 2019

None

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 -

7



**Miss Pimwan
Thareratanavibool**

Position

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

Date of first appointment :
17 May 2017

years old (age) 34

**Shareholding in the
Company as of**

14 March 2019
0.24% (12,500,000 shares)

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
- Strategic CFO in Capital Markets No. 8/2019
- Company Secretary Program No. 51/2013

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
 - Present Director FWN Corporation Co., Ltd.

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.
- (H) Any other matters as set forth under the provisions of the Securities and Exchange Act, and/or the terms of the Stock Exchange of Thailand, which it shall be approved by the meeting of the shareholders with votes mentioned above, acquisition or disposition of assets and related transactions, etc.

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 2019, 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 2019, 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 2019

No.	Name of Directors	Position	Shareholder Meeting	Board of Directors	Audit Committee
1	Mr.Narong Thareratanavibool	Chairman of the Board / Chairman of Executive Directors	1/1	7/7	-
2	Mr.Thanit Thareratanavibool	Vice Chairman of the Board / Executive Director	1/1	7/7	-
3	Miss Pimwan Thareratanavibool	Director / Executive Director / Managing Director/Company Secretary	1/1	7/7	-
4	Mr.Damrong Joongwong	Director	1/1	6/7	-
5	Dr.Kaweephong Hirankasi	Chairman of Audit Committee / Independent Director	1/1	7/7	17/17
6	Assistant Professor Sampan Hunpayon	Audit Committee / Independent Director	1/1	7/7	17/17
7	Mr.Choti Sontiwattananont	Audit Committee / Independent Director	1/1	7/7	17/17

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	3.6
Mr. Narong Thareratanavibool	X	/&//	/&//	X	-	/&//	-	-	-
Mr. Thanit Thareratanavibool	/&//	/&//	/&//	/&//	-	/&//	/&//	/&//	-
Miss Pimwan Thareratanavibool	/&//	-	-	-	-	-	-	-	/
Mr. Damrong Joongwong	/	-	-	-	-	-	-	-	-
Dr. Kaweepong 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
 - 3.6 FWN Corporation 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 2019 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 2019 as follows.

No	Name	Position
1	Mr. Thanit Thareratanavibool	Chairman of Risk Management Committees
2	Miss Pimwan Thareratanavibool	Risk Management Committee
3	Mr. Varijkom Jilaviputdham	Risk Management Committee (Acting)
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, Audit Committee, and the Board of Director quarterly.

Management Team

List of Management Team as at 31 December 2019 includes 7 following persons.

No.	List of Management	Position	Shareholding in the Company as of 14 March 2019
1	Miss Pimwan Thareratanavibool	Managing Director	0.24% (12,500,000 shares)
2	Miss Piyanart Nampiroj	Accounting and Finance Manager	-
3	Miss Ratima Thareratanavibool	Human Resource and Purchasing Manager	0.02% (1,056,000 shares)
4	Mr.Chainarong Saenphuwa	Quality Control Manager	-
5	Mr.Phitchai Phitchanuwat	Production Manager (Acting)	-
6	Mr. Varijkom Jilaviputdham	Quality Assurance Manager (Acting)	-
7	Mr.Wisan Nakkhum	Factory 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 2019 Annual General Meeting of Shareholders held on 26 April 2019, the Company approved the 2019 remuneration for the directors as following

- Directors who also hold position as executive committee consist of 3 persons;
 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 2019, 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 2019.

The remuneration for directors of the Company for the year 2019 is not more than THB 3.00 million.



Compensation	2019
1) Standard monthly fee	
- Chairman	18,000 Baht / person / Month
- Director	15,000 Baht / person / Month
2) Meeting Allowance*	
- Chairman	18,000 Bath / person / time
- Director	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 2019

(Unit: THB)

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	15,000	90,000.00	-	285,000.00
5 Dr.Kaweephong Hirankasi	216,000.00	18,000	126,000.00	306,000.00	666,000.00
6 Assistant Professor Sampan Hunpayon	180,000.00	15,000	105,000.00	255,000.00	555,000.00
7 Mr.Choti Sontiwattananont	180,000.00	15,000	105,000.00	255,000.00	555,000.00
Total	756,000.00	63,000	426,000.00	816,000.00	2,061,000.00

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	2017		2018		2019	
	No. of Person	Amount (THB)	No. of Person	Amount (THB)	No. of Person	Amount (THB)
Salary	8	9,474,289	6	8,011,758	7	7,942,364
Bonus	8	1,082,189	6	927,971	5	920,324
Provident Fund	8	314,344	4	329,631	4	353,302
Others	8	508,327	6	797,150	7	296,710
Total		11,379,149		10,066,510		9,512,700

2. Other compensations

- None -



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 2019, 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 7 January 2019 to 8 February 2019.
5. Shareholders were invited to nominate candidates for director's election to the meeting of Shareholders 1 months in advance since 7 January 2019 to 8 February 2019.
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 22 March 2019 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 from 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 27-29 March 2019, 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.

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.

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, an external auditor, and law consultant 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.

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 competitor, 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 session 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) The shareholders and investors can easily access and receive all available information and news real-time through SET's website. Moreover, the Company publishes information and news on its website; <http://www.aienergy.co.th> right after disclosed through SET's website. 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 : Miss 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 / ac@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-year 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;

Name	Position
1. Mr. Narong Thareratanavibool	Chairman
2. Mr. Thanit Thareratanavibool	Vice Chairman
3. Miss Pimwan Thareratanavibool	Director

1.2 Non-Executive Directors 1 person;

Name	Position
1. Mr. Damrong Joongwong	Director

1.3 Independent Directors and Non-Executive Directors 3 persons;

Name	Position
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;

Name	Position
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;

Name	Position
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.

Name	Position
1. Mr. Thanit Thareratanavibool	Chairman of Risk Management Committee
2. Miss Pimwan Thareratanavibool	Risk Management Committee
3. Mr. Varitkom Jiravipushthatham	Risk Management Committee (Acting)
4. Miss Ratima Thareratanavibool	Risk Management Committee

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.

Note : Executive Committee and Risk Management Committee do not receive any remuneration.

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.

Besides, the Company requires the person that taking the highest responsibility in finance and accounting (Chief Financial Officer: CFO) (Managing Director) and the person supervising accounting (Chief Accountant) (Accounting and Finance Manager) must train in continuing development course in accounting knowledge 6 hours per year from 2019 onwards, to meet the qualifications specified by SEC that was announced on 11 July 2017.

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 or LINE ID: AIE-IR.

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

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 receiving and providing Gifts, Hospitality and Expenses

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 / ac@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 / ac@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 since 4 February 2019.
- The Company announced and enforced all 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 2019.

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 2019, 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 employment 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 maximum 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 regarding 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, Shift 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 Occupation Safety and Health and Environment 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 Committee of Occupation Safety and Health and Environment in the workplace (Safety Committee)

The Company is well aware of the importance of safety, occupational health and working environment for employees, business partners, contractors and visitors. The Company has established the Safety Committee, consisting of the delegators from employer and employee to comply with the Ministerial Regulations on the standards of the management of occupational health and safety B.E. 2549 with the following duties and responsibilities.

- Report and suggest measures or guidelines for safety related improvement and safety standards in workplace according to law for the safety of the employees, contractors and visitors who come to work or provide services in the Company.
- Explore working safety practices and assess possible risks that may occur to the employees. To find a way to prevent risks and the dangers that may occur from work at least once a month.
- Annually report including determine the problems, obstacles, and recommendations in the Safety Committee, then propose to the management.

3.2.3 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 rescue technics and tactics, emergency evacuation and operation in confined space trainings 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.

Fire Rescue and Emergency Evacuation Training 28 November 2019



Work in Confined Space Training 29-30 April 2019



- The 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 products issued by Management System Certification Institute (Thailand)
- Certification for Good Manufacturing Practice (GMP) for processed products issued by Management System Certification Institute (Thailand)
- Certification for Hazard Analysis and Critical Control Points (HACCP) for processed products issued by Management System Certification Institute (Thailand)
- Certification of HALAL for processed products issued by The Central Islamic Council of Thailand
- Certification of Kosher for Jewish food standard for processed products 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 2019 as follow:

5.1 Supporting sport equipment to the Subdistrict Administration Organization – Klongmaduea for supporting Children Day's activities on 12 January 2019.



5.2 Give vegetable oil as a gift to Watphojae School for supporting Children Day's activities on 12 January 2019.



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.



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 2019 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 2019

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	: 2015 - 2019 - Working paper preparation for Anti – Corruption (2019) - Executives and the preparation of sustainability reports and social compensation (Year 2019)

Subject	Details
	- Taxes on land and buildings Planning and preparation before enforcement in 2020 (2019) - Fraud related to information technology (2019) - Paper making for measures anti-corruption in the organization (2018) - TFRS 2017 Sub 202 Liability and 302 Revenue. - Risk and Governance on Information Technology (2017) - Cyber Security 4.0 (2017) - Data Analytics for Internal Audit (2016) - Scope of Internal Control for New Listed Companies (2016) - 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	- 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 2019

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 2019 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 2019, the internal auditor has covered the operating system as follow;



In 2019, 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 2019 can be summarized as follows.

1st Quarter of 2019

- Practice on Anti-corruption policy
- Followed-up the correcting and improving the internal control system observed in previous quarter.

2nd Quarter of 2019

- Raw material procurement
- Production System
- Store Management
- Followed-up the correcting and improving the internal control system observed in previous quarter.

3rd Quarter of 2019

- Human Resource Management (include salary and wages payment)
- Followed-up the correcting and improving the internal control system observed in previous quarter.

4th Quarter of 2019

- Revenue from Refined Glycerine
- Fixed Assets
- Engineer and Maintenance system
- Followed-up the correcting and improving the internal control system observed in previous quarter.

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 2019, 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 quarterly. 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 2019

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. Varijkom Jilaviputdham	Risk Management Committee (Acting)
4	Miss Ratima Thareratanavibool	Risk Management Committee

Note : Risk Management Committee had no remuneration.

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, Audit Committee, and Board of Directors 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.

Persons, who may have conflict of interest, having related transactions with the Company 2019 and 2018 accounting period are as follows: -

Person 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.	- Parent company, Authorized Controller, and principal shareholder of the Company whereas AI is holding shares accounting for 61.77 percent of the Company have registered capital. - Board members holding AI stocks are Mr. Narong Thareratanavibool, and Mr. Thanit Thareratanavibool, whose stocks accounts for 22.21% and 6.89%, of AI's registered capital. - Board members authorized for co-signing are Mr. Narong Thareratanavibool and Mr. Thanit Thareratanavibool.
2) Mr.Narong Thareratanavibool	Person	The Company's board member and authorized director who is holding shares accounting for 0.57 percent of the Company have registered capital.
3) Samart Palm Industry Company Limited (SPI)	Manufacturer of crude palm oil and crude palm kernel oil	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.
4) Samart Palm Oil Company Limited (SPO)	Manufacturer of crude palm oil and crude palm kernel oil	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 2019 and 2018 as follows: -

Person with Possible Conflict of Interest	Related Transactions	Item Value (Million Baht)		Item Characteristics / Needs and Reasonability
		31 Dec 19	31 Dec 18	
1) Asian Insulators Public Company Limited (AI)	Administrative Expenses : - The Company and its subsidiaries made a payment for accounting software service fees to AI. - The Company paid interest from loan let by AI. - AIL rented office space from AI.	5.27	1.74	- 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 in 2019 and 2018 for the amount of 1.51 million Baht and 1.52 million Baht, respectively. - In 2019, the Company's Board of Director has resolved to approve issuing the Promissory Note to the related-parties not exceeding 10 notes of the total amount value not exceeding 300,000,000 Baht, with interest rate at 5% per annum and 1-year tenor. The Promissory Note will be offered as a private placement to two related-parties consist of Asian Insulators Public Company Limited and/or Mr.Narong Thareratanavibool to support the Company's business expansion and working capital. In 2019, the Company has paid interest to the related-party for 2.02 million Baht. In 2018, the Company had no loan transaction. - In 2019 and 2018, 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. For the period of 2019 and 2018, AIL paid rent, utilities, and other expenses for 0.22 million Baht and 0.22 million Baht, respectively.

Person with Possible Conflict of Interest	Related Transactions	Item Value (Million Baht)		Item Characteristics / Needs and Reasonability
		31 Dec 19	31 Dec 18	
				Audit committee's opinions Audit Committee considered the proposed related transactions were based on the Company's policy and appropriation, due to provide the business growth opportunity for the Company which beneficial to shareholders. The financial assistance from related parties are with the appropriate interest rate that complete with those that the financial institutions have offered. Such related transactions have no negatively impact on the rights of shareholders. Receiving financial assistance from these two related-parties are more flexible without having time to wait for the approval period and loan conditions, compared to from financial institutions.
2) Mr.Narong Thareratanavibool	Administrative Expenses : - The Company paid interest to Mr.Narong Thareratanavibool	0.06	-	- In 2019, the Company's Board of Director has resolved to approve issuing the Promissory Note to the related-parties not exceeding 10 notes of the total amount value not exceeding 300,000,000 Baht, with interest rate at 5% per annum and 1-year tenor. The Promissory Note will be offered as a private placement to two related-parties consist of Asian Insulators Public Company Limited and/or Mr.Narong Thareratanavibool to support the Company's business expansion and working capital. In 2019, the Company has paid interest to the related-party for 0.06 million Baht. In 2018, the Company had no loan from Mr. Narong Thareratanavibool. Audit committee's opinions Audit Committee considered the proposed related transactions were based on the Company's policy and appropriation, due to provide the business growth opportunity for the Company which beneficial to shareholders. The financial assistance from related parties are with the appropriate interest rate that complete with those that the financial institutions have offered. Such related transactions have no negatively impact on the rights of shareholders. Receiving financial assistance from these two related-parties are more flexible without having time to wait

Person with Possible Conflict of Interest	Related Transactions	Item Value (Million Baht)		Item Characteristics / Needs and Reasonability
		31 Dec 19	31 Dec 18	
3) Samart Palm Industry Company Limited (SPI)	Goods ordering: The Company ordered crude palm oil with high acid over 5% and crude palm kernel oil to be used as raw materials for manufacturing for sales	4.86	-	- The Company ordered crude palm oil with high acid over 5% and crude palm kernel oil to be used as 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 and crude palm kernel 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 SPI must comply with common trade conditions by having the ordering value in accounting period 2019 for 4.86 million Baht, or which accounts for 0.32 percent of total ordering value of crude palm oil. In 2018, there is no transaction with SPI. Audit committee's opinions 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.
4) Samart Palm Oil Company Limited (SPO)	Goods ordering: The Company ordered crude palm oil with high acid over 5% and crude palm kernel oil to be used as raw materials for manufacturing for sales	17.49	-	- The Company ordered crude palm oil with high acid over 5% and crude palm kernel oil to be used as 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 and crude palm kernel 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 SPO must comply with common trade conditions by having the ordering value in accounting period 2019 for 17.49 million Baht, or which accounts for 1.16 percent of total ordering value of crude palm oil. In 2018, there is no transaction with SPO.

Person with Possible Conflict of Interest	Related Transactions	Item Value (Million Baht)		Item Characteristics / Needs and Reasonability
		31 Dec 19	31 Dec 18	
				Audit committee's opinions 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.

Furthermore, as of 31 December 2019, 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 Institute	Type of Credits	Credit Limit (Million Baht)	Outstanding (Million Baht)	Collaterals
AIE	-	Siam Commercial Bank Public Company Limited	Letter of Guarantee – Electricity	-	1.67	- Pledged fixed account fully covered outstanding
AIE	-	Kasikorn Bank Public Company Limited	Letter of Guarantee – Electricity	-	3.70	- Pledged fixed account fully covered outstanding
			Letter of Guarantee – Custom	-	12.65	- Pledged fixed account fully covered outstanding
AIPT	-	Kasikorn Bank Public Company Limited	Letter of Guarantee – Electricity	-	0.44	- Pledged fixed account fully covered outstanding
AIL	AIE	Kasikorn Bank Public Company Limited	O/D	5.00	3.56	Corporate Guarantee by AIE

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 high-acid over 5% and crude palm kernel oil 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.



Financial Highlights

Consolidated Financial Statement

(Unit : Million Baht)

Statements of Income	2019	2018	2017
Net Sales and Services	1,980.67	1,562.80	2,286.25
Total Revenues	1,997.19	1,570.92	2,461.06
Costs and expenses	2,145.58	1,640.03	2,502.48
Gross Profit	(65.56)	28.36	(113.33)
Profit before Interest and Income Tax Expenses	(148.39)	(69.12)	(41.42)
Net Profit	(156.50)	(72.32)	(72.28)
Statements of Financial Position			
Total Assets	2,326.39	1,974.46	1,831.02
Total Liabilities	643.10	134.67	98.79
Total Shareholders' Equity	1,683.29	1,839.79	1,732.23
Financial Ratio			
Gross Profit Margin (%)	(3.31)	1.81	(4.96)
New Profit Margin (%)	(7.84)	(4.60)	(2.94)
Return on Equity (%)	(9.30)	(3.93)	(4.09)
Return on Assets (%)	(6.90)	(3.66)	(3.95)
Debt to Equity (times)	0.38	0.07	0.06
Operating Result per Share (Baht)			
Net Profit per Share	(0.030)	(0.015)	(0.016)
Book Value per Share	0.32	0.35	0.38
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 19		Ended 31 Dec 18		Ended 31 Dec 17	
	Million Baht	%	Million Baht	%	Million Baht	%
Assets						
Cash and cash equivalent	59.03	2.54	54.53	2.76	59.67	3.26
Current investment	8.69	0.37	124.33	6.30	170.42	9.31
Trade receivables and other receivables	368.99	15.86	97.78	4.95	110.81	6.05
Current portion of receivables under finance lease contracts	-	-	-	-	8.62	0.47
Inventory-net	317.23	13.64	217.58	11.02	152.58	8.33
Other current assets	-	-	-	-	-	-
Oil supplies	0.75	0.03	1.57	0.08	1.98	0.11
Non-current Assets Held for sales	-	-	-	-	-	-
Total current assets	754.69	32.44	495.79	25.11	504.08	27.53
Pledged deposits at financial institutions	16.95	0.73	24.02	1.22	23.02	1.26
Receivables under finance lease contracts - net	-	-	-	-	-	-
Land, Plant, Vessel and Equipment - net	1,546.30	66.47	1,435.47	72.70	1,263.19	68.99
Intangible assets - net	0.61	0.03	0.29	0.01	0.24	0.00
Deferred tax assets - net	-	-	1.94	0.10	5.63	0.31
Deposit for purchase of assets	1.43	0.06	5.14	0.26	21.53	1.18
Other non-current assets	6.42	0.28	11.81	0.60	13.33	0.73
Total non-current assets	1,571.70	67.56	1,478.67	74.89	1,326.94	72.47
Total assets	2,326.39	100.00	1,974.46	100.00	1,831.02	100.00
Liabilities						
Bank overdraft and short-term loans from financial institution	3.56	0.15	-	-	-	-
Trade payables and other payables	337.47	14.51	126.40	6.40	80.36	4.39
Cash advance received from disposal of asset	-	-	0.00	0.00	0.00	0.00

Statement of Financial Position (Unit : Million Baht)	Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Audited)		Consolidated Financial Statement (Audited)	
	Ended 31 Dec 19		Ended 31 Dec 18		Ended 31 Dec 17	
	Million Baht	%	Million Baht	%	Million Baht	%
Short-term loan from related parties	290.00	12.47	-	-	-	-
Current portion of long-term loans from financial institutions	-	-	-	-	-	-
Income Tax Payable	-	-	-	-	8.21	0.45
Total current liabilities	631.03	27.12	126.40	6.40	88.57	4.84
Deferred income tax liabilities-net	2.47	0.11	-	-	-	-
Non-current provisions for employee	9.60	0.41	8.27	0.42	10.22	0.56
Total non-current liabilities	12.07	0.52	8.27	0.42	10.22	0.56
Total liabilities	643.10	27.64	134.67	6.82	98.79	5.40
Shareholders' Equity						
Registered Capital	1,308.07	56.23	1,356.00	68.68	1,356.00	74.06
Registered and Paid-up capital	1,308.07	56.23	1,308.07	66.25	1,130.00	61.71
Non-controlling interest	-	-	-	-	-	-
Premium on common stocks	605.11	26.01	605.11	30.65	605.11	33.05
Retained Earnings (deficits)	(227.55)	(9.78)	(71.06)	(3.60)	1.27	0.07
Other components of shareholders' equity	(2.34)	(0.10)	(2.34)	(0.12)	(4.15)	(0.23)
Total shareholders' equity	1,683.29	72.36	1,839.79	93.18	1,732.23	94.60
Total liabilities and shareholders' equity	2,326.39	100.00	1,974.46	100.00	1,831.02	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 19		Ended 31 Dec 18		Ended 31 Dec 17	
	Million Baht	%	Million Baht	%	Million Baht	%
Total Revenue	1,997.19	100.00	1,570.92	100.00	2,635.87	100.00
Total Revenue from Sales and Services	1,980.67	99.17	1,562.80	99.48	2,461.06	93.37
Revenues from sale of goods	1,957.17	98.00	1,459.23	92.89	2,176.30	82.56
Revenues from production contract	7.01	0.35	49.46	3.15	77.03	2.92
Revenues from vessel operating	16.49	0.83	54.11	3.44	32.92	1.25
Cost of Sales and Services	2,046.23	103.31	1,534.44	98.19	2,399.58	104.96
Cost of sales	2,011.68	102.79	1,444.40	98.98	2,295.83	91.68
Cost of production contract	4.74	67.57	36.37	73.53	62.98	2.52
Cost of vessel operating	29.81	180.80	53.67	99.19	40.77	1.63

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 19		Ended 31 Dec 18		Ended 31 Dec 17	
	Million Baht	%	Million Baht	%	Million Baht	%
Gross profit (Loss)	(65.56)	(3.31)	28.36	1.81	(113.33)	(4.96)
Other incomes	16.52	0.83	8.12	0.52	174.81	6.63
Profit (Loss) before expenses	(49.04)	(2.46)	36.48	2.33	61.48	2.33
Selling expenses	19.63	0.98	8.33	0.53	11.95	0.45
Administrative Expenses	78.10	3.91	79.87	5.11	90.95	3.45
Loss on impairment of property, plant and equipment	1.62	0.08	17.40	1.11	-	-
Profit (Loss) before financial costs and taxes	(148.38)	(7.43)	(69.12)	(4.43)	(41.42)	(1.57)
Financial costs	3.71	0.19	-	-	1.72	0.07
Profit (Loss) before income taxes	(152.09)	(7.61)	(69.12)	(4.43)	(43.15)	(1.64)
Tax Expenses	4.40	0.22	(3.20)	(0.20)	(29.13)	(1.11)
Defined benefit plan actuarial gains	-	-	2.29	0.15	-	-
Income tax on other comprehensive income relating to items that will not be reclassified (OCI)	-	-	(0.49)	(0.03)	-	-
Profit (Loss) for the Year	(156.50)	(7.84)	(70.52)	(4.49)	(72.28)	(2.74)
Gain (Loss) attributable to:						
Equity holders of the parent	(156.50)	(7.84)	(72.32)	(4.60)	(72.28)	(2.74)
Non-controlling interests	-	-	-	-	-	-
Total comprehensive profit (loss) for the year	(156.50)	(7.84)	(72.32)	(4.60)	(72.28)	(2.74)
Profit per share (Baht/share)	(0.030)	-	(0.015)	-	(0.016)	-
Par value (Baht/share)	0.25	-	0.25	-	0.25	-
Book value (Baht/share)	0.32	-	0.35	-	0.38	-
Number of common stocks (Million stocks)	5,232.29	-	5,232.29	-	4,520.00	-

Statements of Cash Flows (Unit : Million Baht)	Consolidated Financial Statement (Audited)	Consolidated Financial Statement (Audited)	Consolidated Financial Statement (Audited)
	2019	2018	2017
Profit (Loss) before income taxes expenses	(156.50)	(69.12)	(43.15)
Adjustment to reconcile loss to cash provided by (used in) operating activities:			
Tax expense	4.40	3.20	-
Depreciation	86.43	74.26	74.13
Income from disposal of investment	(1.67)	-	-
Amortized computer software	0.18	0.13	0.10
(Gain) Loss on write-off of assets	3.75	2.75	(149.72)
Allowance for doubtful accounts	-	2.78	-
Unrealized (gain) loss on investments in Open-end Fund	1.16	-	-
(Reversal) Allowance for devaluation of inventories	-	(5.88)	(8.74)
Loss on impairment of property, plant vessel and equipment	1.62	17.40	-
Unrealized (gain) loss on exchange rates	-	-	(5.11)
Non-current provisions for employee	1.68	1.69	1.71
Income from an insurance claim - net	13.33	-	-
Interest income	(0.37)	(3.06)	(3.99)
Interest expenses	3.71	0.00	1.72
Gain (Loss) from operating activities before change in operating assets and liabilities	(27.69)	20.97	(133.05)
Changes in operating assets - (increase) decrease:			
Trade and other current receivables	(273.57)	10.24	31.28
Inventories	(140.91)	(59.12)	164.36
Oil supplies	0.82	0.41	-
Deposit for purchase of assets	3.71	16.39	(21.53)
Non-current assets for disposal	-	-	-
Other non-current assets	(0.21)	3.15	0.52
Trade and other payables	205.07	38.50	4.54
Refunded of income tax	5.71	-	1.96
Payment for employee benefit obligations	(0.35)	(1.35)	(0.50)
Income tax paid	(0.29)	(9.83)	(23.49)
Net cash provided by operating activities	(227.70)	19.35	24.09
Increase in restricted deposits at financial institution	7.07	(1.00)	(16.15)

Statements of Cash Flows (Unit : Million Baht)	Consolidated	Consolidated	Consolidated
	Financial	Financial	Financial
	Statement (Audited)	Statement (Audited)	Statement (Audited)
	2019	2019	2019
Interest received	0.37	2.05	1.92
Increase (decrease) in current investments	116.15	46.08	(169.98)
Payment for purchase of assets	-	(260.15)	(206.86)
Payment for purchase of intangible assets	(220.07)	(0.18)	(0.15)
Proceeds from receive from disposal of assets	(0.49)	10.44	329.13
Cash advance receive from disposal of land and equipment	0.07	-	-
Proceeds from receive from an insurance claim	39.24	-	-
Net cash provided by (used in) investing activities	(57.65)	(202.57)	(61.94)
Decrease in bank overdraft and short-term loans from financial institutions	-	-	(128.00)
Increase in bank overdraft and short-term loans from financial institutions	3.56	-	-
Interest paid	(3.71)	(0.002)	(1.58)
Long-term loans paid	-	-	-
Proceeds of short-term loan from related party	290.00	-	-
Cash received from increase in share capital	-	178.07	-
Net cash used in financing activities	289.85	178.07	(129.58)
Net increase (decrease) in cash and cash equivalents	4.50	(5.15)	(167.43)
Cash and cash equivalents at beginning of the year	54.53	59.67	227.10
Cash and cash equivalents at end of the year	59.03	54.53	59.67
Assets payable for equipment	8.37	7.54	18.00

a) Summary of Key Financial Ratio

Financial Ratio		2019	2018	2017
Liquidity ratio	Time	1.20	3.92	5.69
Quick liquidity ratio	Time	0.69	2.20	3.97
Account Receivable Ratio	Time	0.08	14.98	18.08
Average Collection Period	Day	8.49	24.36	20.19
Inventory Stock Ratio	Time	43.01	8.29	10.42

Average Selling Period	Day	7.62	44.03	35.02
Account Payable Ratio	Time	47.91	12.14	29.86
Trade Payable Payback Period	Day	8.82	30.07	12.22
Cash cycle	Day	41.37	38.32	42.99
Gross Profit Rate	%	49.54	1.81	(4.96)
Operating Profit Rate	%	(3.31)	(4.60)	(2.94)
Return on Equity	%	(7.84)	(3.93)	(4.17)
Return on Asset	%	(9.30)	(3.66)	(3.95)
Return on Fixed Asset	%	(6.90)	(5.04)	(5.72)
Asset Turnover Ratio	Time	1.34	0.80	1.34
Debt to Equity Ratio	Time	0.93	0.07	0.06
Interest Coverage Ratio	Time	0.38	0.00	(24.02)
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 is manufacturing and distributing biodiesel, Edible Oil, and Refined Glycerine produced from crude palm oil ("CPO"), as well as distribute raw materials, namely CPO and Refined Bleached and Deodorized Palm oil (RBD Palm Oil), and distribute by-products gained from manufacturing process, including Palm Fatty Acid ("PFAD"), Palm Stearin, and Crude Glycerine, for being used as raw materials in continuous manufacturing industries, such as soap and cosmetics or bringing back to be used as raw material in the Company's biodiesel production. 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 10 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 customer's trading brand such as tins, bottles, and bag. 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". 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. The Company and both subsidiaries have been supported for investment based on Investment Promotion Act B.E. 2520 for Biodiesel manufacturing business and sea freight service business

Moreover, the Company received certificates and assurances representing good management and quality and standard manufacturing, i.e. ISO 9001: 2015, FDA, HACCP, GMP, Kosher, Halal, and the certification of 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.

In accounting period for the year 2019 as of 31 December 2019, the Company and subsidiaries (Consolidated) have realized net loss of 156.50 million Baht, whilst realized a net loss of 72.32 million Baht in 2018. The Company's net loss has increased by 84.18 million Baht or 116.40% from the previous year.

In 2019, The Company (Separate) has realized net loss of 148.86 million Baht compared to net loss of 54.54 million Baht in 2018. The Company's net loss has increased by 94.32 million Baht or 172.94%. the increased loss is the result of adjusting up-down price of crude palm oil during 2019, the Crude Palm Oil ("CPO") price was fluctuated in 2019 (in range of 35.50 – 14.00 Baht/Kilogram, with variance of 21.50 Baht/Kilogram), where CPO price was higher fluctuated than in 2018 (in range of 23.00-16.00 Baht/Kilogram, with variance of 7.00 Baht/Kilogram) (Source: DIT, Ministry of Commerce). In 2019, CPO price was highly fluctuated up-down. The Company realized its stock loss of 44.00 million Baht from the recording NRV on 31 December 2019 for crude glycerine used as raw material in production of refined glycerine. Besides, part of the loss was also caused by loss on impairment of investment in subsidiary (AIL) of 20.75 million Baht.

In 2019, there was an oversupply of palm fruits and CPO that have flooded into the market and Thailand's CPO safety stock reached 500,000 tons, where the safety stock should be around 200,000 tons. Therefore, the average CPO price in 2019 was lower than the average price in 2018. During the 1stquarter to the beginning of the 4th quarter, the Company realized higher the average cost of CPO than CPO price in the market. Even though, the government has imposed the urgent measures to absorb excess palm oil in the system to solve the problem of falling palm prices by subsidized palm fruit price, increase the proportion of biodiesel blends to B10 in some parts of Thailand and B20 for fleet in logistic and transportation sectors and subsidized B10 and B20 to be lower than B7, as well as assigned the Electricity Generating Authority of Thailand (EGAT) to purchase CPO to use as fuel to generate electricity in Bang Pakong Power Plant, Chachoengsao Province. Until the end of 4th quarter of 2019 (November), palm fruit and CPO prices began to rise due to most of the arable land faces drought, resulting in less quantity of palm fruits coming to the market. Hence, the CPO's safety stock has rapidly reduced, while the demand of CPO in Biodiesel's production has increased after the Ministry of Energy has issued measures to increase the proportion of biodiesel blends in diesel from B7 to B10 as standard diesel and be formally enforced nationwide.

Thus, the Company may be at risk due to the fluctuation of CPO price since sometime the Company is unable to adjust its cost of raw materials cannot adjust to the market price continuously decline in time. However, the Company aware of such risk, the policy has determined to adopt, especially in raw material procurement procedures. The Company attempt to maintain a faster inventory turnover, where raw material (CPO) and product (Biodiesel) were stocked for 30 days just enough for monthly delivery plan within quarter and/or year contracts. Besides, the Company emphasis on efficiently control the loss rate from production but sometime cannot completely eliminate such risk, only help to decrease the impact from the fluctuation of the price of CPO to the Company's performance and earning.

Factors affecting the Company's future performance

The main factors 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. In 2019, there was CPO overflowed to the market for 3.03 million tons since most of the palm trees in Thailand were in their reproductive age with a high OER, together with continuously expansion of palm cultivation area. Also, the government was 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: Non-seasonal products, DIT, Ministry of Commerce). The mentioned encouraging was successful since 2017 till the beginning of the 4th quarter of 2019, where Thailand's CPO safety stock reached 400,000 – 500,000 tons from the normal safety stock measure of 200,000 tons (Source: www.prachachat.net, Palm price's crisis oversupply as of 25 March 2018). As a result, CPO prices continuously and severely declined. While the demand for palm oil in the country grows slower. especially the use of palm oil for consumption because the popularity of palm oil consumption has decreased due to the health-conscious trend.

While the furtherance on demand is the government measures of subsidized palm fruit price, increase the proportion of biodiesel blends to B10 in some parts of Thailand and B20 for fleet in logistic and transportation sectors and subsidized B10 and B20 prices to be lower than B7, as well as assigned the Electricity Generating Authority of Thailand (EGAT) to purchase CPO to use as fuel to generate electricity in Bang Pakong Power Plant, Chachoengsao Province but still cannot solve palm fruits and CPO's prices falling since 2018 till the beginning of 4th quarter of 2019. Up until the end of 4th quarter of 2019 (Mid-November), palm fruit and CPO prices began to rise due to most of the arable land faces drought, resulting in less quantity of palm fruits coming to the market. Hence, the CPO's safety stock has rapidly reduced, while the demand of CPO in Biodiesel's production has increased after the Ministry of Energy has issued measures to increase the proportion of biodiesel blends in diesel from B7 to B10 as standard diesel and be formally enforced nationwide and keeping B10 and B20 as alternative choices. Such policy has been driven the biodiesel industry to growth in the following year and expecting the demand of biodiesel would drive up to 6.00-6.10 million liters per day. However, it may be changed according to the proportion of diesel B7, B10, and B20, which are derived from 1) the engine that can support each type and the confidence of the driver, 2) the number of service stations that sell each type of diesel and 3) the difference subsidies. The new policy came with new specification of biodiesel, which has tightened the monoglyceride benchmark from not over 0.70% to 0.40% which the Company has complied and able to control the cost of production resulting in a competitiveness.

Besides, the price and quantity fluctuation of CPO, the biodiesel's industry is a downstream of palm oil industry where the government's policies are the important factor driving the industry. The main goal is to reduce dependence on imported fossil oil and create energy resource security including creating added value for agricultural products by impelling the use of bioenergy such as biodiesel. The main raw material used to produce biodiesel in Thailand is palm oil, such as CPO, RBD palm oil, and palm stearin. For the blending mandates, it was controlled by the government agency to balance the fluctuating in price and quantity of CPO. 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 in edible oil market. 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 2019 and 2018 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.

In addition, the Company has invested in the refined glycerine plant according to the Company's strategy plan, which give 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 was commercially run in the 4th 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. These customer bases were less affected from biodiesel industry's risk.

14.1.2 Analysis of Business Performance

The Company and subsidiaries issued the financial statement as of December 31, 2019, which certified by ANS Audit Company Limited with Unqualified Opinion and basic for opinion and Emphasis of Matter as following;

Opinion

I have audited the accompanying consolidated and separate financial statements of AI Energy Public Company Limited and its subsidiaries, and of AI Energy Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2019, 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.

Basic for Opinion

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 consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention as discussed in Note to Financial Statements No. 27.3, in case of the Securities and Exchange Commission of Thailand 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), with the Department of Special Investigation for further legal proceedings. Presently, the investigation is still under the process. The legal opinion from an independent law firm, dated November 11, 2019, has an opinion that the case is the criminal complaint against directors and executives of the Company which is a personal matter, and the Company which is a juristic person will not be liable in any way. Therefore, the Company's management believes that final result investigation in such case does not have any significant impact on the Company's financial statements. My opinion is not modified in respect of this matter.

The Company and subsidiaries gains revenue from businesses which could be divided into (1) *selling revenue including revenue from palm oil business and refined glycerine business*, (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 2019 of 1,997.19 million Baht, which could be divided into 98.00% for selling revenue, 0.35% for production contract revenue, 0.83% for sea freight service revenue, and 0.83% for other incomes. In 2018, the Company and subsidiaries had revenue 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.

Types of Revenue	Consolidated Financial Statement		Consolidated Financial Statement		Consolidated Financial Statement	
	2019		2018		2017	
	Million	%	Million	%	Million	%
1. Selling revenue	1,957.17	98.00	1,459.23	92.89	2,176.30	88.43
1.1 Palm oil business revenue	1,956.11	97.94	1,459.23	92.89	2,176.30	88.43
1.1.1 Biodiesel	1,650.98	82.67	1,295.07	82.44	1,930.18	78.43
1.1.2 Olein palm oil	214.33	10.73	86.63	5.51	130.44	5.30
1.1.3 By-products	90.80	4.55	77.53	4.94	115.68	4.70
1.2 Revenues from Refined Glycerine	1.06	0.05	-	-	-	-
2. Production contract revenue	7.01	0.35	49.46	3.15	77.03	3.13
3. Sea freight service revenue	16.49	0.83	54.11	3.44	32.92	1.34
Total revenues	1,980.67	99.17	1,562.80	99.48	2,286.25	92.90
4. Other revenues	16.52	0.83	8.12	0.52	174.81	7.10
Total revenues	1,997.19	100.00	1,570.92	100.00	2,461.06	100.00

1) Selling Revenue

Selling revenue from the business operations of AIE can be divided into 2 types; revenues from palm oil business and revenues from refined glycerine. The Company had selling revenue in 2019 to 2018 equal to 1,957.17 million Baht and 1,459.23 million Baht which accounts for 98.00% and 92.89% 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 2019 and 2018 were 82.67% and 82.44% respectively. In 2019 and 2018, the Company had sales of Biodiesel equal to 1,650.98 million Baht and 1,295.07 million Baht, accounting for 84.40 percent and 88.75 percent of total revenue from biodiesel sold respectively.

In 2019, the Company's biodiesel quantities sold had increased for 36.59% and selling prices were decreased by 6.67%, compared to those in 2018. Due to the Company has acquired new customer who never buy biodiesel from the Company before and most sales volume increased considerably in the end of the 4th quarter of 2019, as a result of the support of B10 as the country's standard diesel fuel. In this regard, customers in the oil trader group under Section 7 increased their purchase orders in accordance with the government regulations in December 2019. For the average selling price, it was decreased because the average price of CPO in 2019 was 18,230 Baht/ton, which was lower than 19,570 Baht/ton in 2018 (Source: DIT). Due to the price of CPO dropped sharply and continuously. As a result, the Company's profitability has decreased because the selling price of biodiesel oil decreases in line with the price of CPO in the market, while the Company's cost of CPO cannot be decreased in line with CPO price in the market. Resulting in gross loss in year 2019.

1.1.2 Revenue from Palm Olein (Edible Oil)

The Company manufactures and distributes 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 bag-in-box 13.75 liters under the brand "PAMOLA", which was established in the Palm Olein market more than 30 years.

The Company had revenue from Edible Oil in 2019 of 214.33 million Baht, increased by 127.70 million Baht or 147.42% from 86.63 million Baht in 2018. The Company's revenues from sales of edible oil to total revenue from palm oil business for 2019 and 2018 were 10.96% and 5.94%, and revenues from sales of edible oil to total revenue were 10.73% and 5.51%, respectively. The sales volume in 2019 has increased for 106.51% and decreasing in selling price for 7.61% from 2018. Such revenue comes from the same customers, who awarded an order from a bidding competition, where the Company focuses mainly on sales in industrial customers on a short-term purchase contract that determine the quantity and delivery period, allowing the Company to make plans to procure raw materials under the Company's bidding cost of sales.

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 downstream industries, such as consumer products and cosmetic industries.

In 2019 and 2018, the Company's revenue from raw materials and by-products were 90.80 million Baht and 77.53 million Baht at the proportion of 4.64% and 5.31% of total revenue from Palm Oil business. Also, the revenue from sales of raw materials and by-products has contributed for 4.55% and 4.94% of the total revenue.

The selling price of raw materials and by-products in 2019 was decreased by 20.31% and sale volume increased by 46.95% as an increase in biodiesel's production, when compared to 2018. However, the Company has set a policy to sell by-products of the remaining quantity only from its own production of biodiesel and refined glycerine.

1.2) Revenue from Refined Glycerine

The Company is able to produce and start selling refined glycerine in the 4th quarter of 2019, which has revenue from refined glycerine of 1.06 million Baht.

2) Revenue from production contract

Revenue from production contract is revenue on behalf of the Company resulted from providing service on refining CPO to RBD Palm Oil and Palm Olein (Edible Oil). The customer will supply CPO, as well as taking liabilities in transporting such raw materials to the Company's factory. Currently, the Company provides services for CPO refining service for 2 group of customers; Biodiesel, the customer is a member of traders under section 10 of the Fuel Trade Act B.E. 2543 and Edible Oil, the customer is in Edible Oil trading business. The refining service also share the Company's overhead costs, which help to maintain production cost as low as possible.

In 2019 and 2018, the revenue from the production contract were 7.01 million Baht and 49.46 million Baht, or at the percentage of total revenues at 0.35%, and 3.15% respectively. The revenue from production contract in 2019 was decreased from 2018 by 42.55 million Baht or 86.03% due to refining volume was decreased in both groups.

2.1 The production contract for RBD Palm Oil that used in Biodiesel business in 2019 has decreased from 2018 by 31.06 million Baht or 82.54%. The decreased revenue was due to the Company had no service in 2nd – 4th quarter of 2019 because the Company has shut down the machine that operate for refining service for repairing and maintenance and the existing machine has insufficient capacity to serve.

2.2 Refining Service for Edible oil in 2019, the Company had no transaction and was decreased from 15.58 million Baht in 2018 by 100% because the Company has shut down the machine that operate for refining service for repairing and maintenance and the existing machine has insufficient capacity to serve.

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 2019 and 2018, the revenue from sea freight service was 16.49 million Baht and 54.11 million baht respectively. The decreased revenue was caused by stopping the overseas service to external customers and is expected to support operations within the business group.

4) Other incomes

The Company and subsidiaries had revenue from Other Income in 2019 and 2018 for 16.52 million Baht and 8.12 million Baht, or accounting for 0.83 percent and 0.52 percent of total revenue. In 2019, other income increased from the previous year due to the Company had received an insurance claim of 13.33 million Baht. If considering other incomes of the Company and subsidiaries under normal operations in 2019, other incomes were 3.19 million Baht and 8.12 million Baht in 2018. The other income has decreased from 2018 by 4.93 million Baht as results from the decreased in fair value of short-term investment by 1.77 million Baht, interest income by 1.40 million Baht, storage tanks fees by 0.87 million Baht, and gain on exchange rates by 0.62 million Baht.

Cost of Sales and Gross Profit

Cost of Sales and Services	2019			2018			Increase (Decrease)			
	Thousand Baht	% / Sales	%	Thousand Baht	% / Sales	%	Thousand Baht	%	% / Sales	%
1. Cost of Sales										
Biodiesel	1,654,926	100.24	80.88	1,282,075	99.00	83.55	372,851	29.08	1.24	1.26
By-product	103,080	113.53	5.04	83,090	107.17	5.42	19,990	24.06	6.36	5.94
Edible Oil	208,450	97.26	10.19	76,485	88.29	4.98	131,965	172.54	8.96	10.15
Refined Glycerine	1,232	116.01	0.06	-	-	-	1,232	100.00	116.01	100.00
*Allowance Devaluation in Inventory	44,000	2.25	2.15	2,750	0.19	0.18	41,250	1,500.00	2.06	1,092.93
Total Cost of Sales	2,011,688	102.79	98.31	1,444,400	98.98	94.13	567,288	39.27	3.80	3.84
2. Cost of Production Contract										
Biodiesel	4,739	67.56	0.23	25,973	76.68	1.69	(21,234)	(81.75)	(9.11)	(11.88)
Edible Oil	-	-	-	10,396	66.71	0.68	(10,396)	(100.00)	(66.71)	(100.00)
Total Cost of Production Contract	4,739	67.56	0.23	36,369	73.54	2.37	(31,630)	(86.97)	(5.97)	(8.12)
3. Cost of Sea Freight Service	29,808	180.80	1.46	53,665	99.18	3.50	(23,857)	(44.46)	81.62	82.30
Cost of Sales and Services	2,046,235	103.31	100.00	1,534,434	98.19	100.00	511,801	33.35	5.13	5.22

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 2019 and 2018, the cost of sales and services was 2,046.24 million Baht and 1,534.43 million Baht, or equivalent to 103.31% and 98.19% of total revenues respectively. The ratio of cost of sale over total revenue in 2019 has increased by 5.22% from 2018, where the reasons are summarized as follows;

1) Cost of Sales

1.1 Comparing the ratio cost of sale – Biodiesel to revenue between 2019 and 2018, the ratio cost of sale to revenue was increased for 1.24% or increased by 1.26%. The Company is affected by the material cost price during the 1st quarter to the beginning of 4th quarter of 2019. The Company has raw material on-hand price higher than products selling price since the price of CPO has been decreased continuously, then can be managed in the end of 4th quarter, where the CPO price was increased. The Company had tried to efficiently manage production yields and maintain inventory turnover within 30 days to prevent the cost of sales increase from the keeping stocks. The volatility of CPO price is also a major factor in the profitability of the Company and significantly affected on cost management.

1.2 The Edible Oil's ratio of cost of sales to total revenue in 2019 was increased from 2018 for 8.96% or increased by 10.15%, 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. However, due to the storage of CPO cannot separated, the production costs are still volatile according to the price of the raw material during the changed period.

1.3 The By-products' ratio of cost of sales to total revenue in 2019 was increased from 2018 for 6.36% or increased by 5.94%. The Company has determined the cost of sale according to the market price of the expected products to be sold. In 2019, the market price of the

products lowered continuously, thus the cost of sales were higher than the selling price. Hence, the allowance for the diminished in value of inventory (NRV) for 4.00 million Baht of Crude Glycerine that already under the confirmed contracts. The Company has allocated the cost of the products according to the market price.

1.4 In 2019, the Company had the ratio of cost of sales to revenue from Refined Glycerine for 116.01% since the Company did not sell crude glycerine since the 4th quarter of 2018 in order to use them in Refined Glycerine's production. Therefore, the Company had to realize the allowance for the diminished in value of the Crude Glycerine that expected to produce to Refined Glycerine (NRV) for 40.00 million Baht. This is due to the oversupply of Crude and Refined Glycerine in the global market, whilst the Indonesia' government has announced to increase the proportion of biodiesel blends in diesel to B30 in the 4th quarter of 2019 which resulting in overflow of Crude Glycerine into the market and exceed the demand. Hence, the Crude and Refined Glycerine in the world market declined.

2) Cost of Production Contract

The ratio of cost of refining service to revenue was decreased for 5.97% or decreased by 8.12% from 2019 to 2018. 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. The Company is still profitable regularly because there is no risk of fluctuations in the price of CPO.

2.1 The ratio of the cost of refining services to revenue for RBD Palm oil for biodiesel was 67.56% in 2019 which decreased from 2018 was 76.68%, and in the past years, the Company has continued to have profit margin of this segment.

2.2 The refining service for Edible, in 2019 the Company had no transaction since there was insufficient capacity to serve, while in 2018 has realized the ratio of cost of production contract for Edible Oil business for 66.71%.

3) Cost of Sea Freight Services

In 2019, the cost of sea freight service (AIL) was 29.81 million Baht, with ratio of cost of service to revenue was 180.80%, and while in 2018 cost of service was 53.67 million Baht, with ratio of cost of service to revenue was 99.18%. AIL had the ratio of cost of sea freight service to revenue in 2019 higher than in 2018 by 81.62% due to the termination of service to external customers and only supporting business group.



Gross Profit (Loss) Margin

The Company and subsidiaries have a gross profit (loss) from sales of goods and services in 2019 and 2018 of (65.56) million Baht and 28.36 million Baht, while the gross profit (loss) to the total revenue were (3.31%) and 1.81%, respectively. The gross loss was increased by 331.15% for the following reasons.

Gross profit (loss) margin	2019		2018		Increase (Decrease)	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
1. Sales						
Biodiesel	(3,941)	(0.24)	13,000	1.00	(16,941)	(130.32)
By-product	(12,284)	(13.53)	(5,558)	(7.17)	(6,726)	(121.01)
Edible Oil	5,877	2.74	10,140	11.71	(4,263)	(42.04)
Refined Glycerine	(170)	(16.01)	-	-	(170)	(100.00)
*Allowance Devaluation in Inventory	(44,000)	-	(2,750)	-	46,750	(1,700.00)
Gross profit (loss) from Sales	(54,518)	(2.79)	14,832	1.02	(69,350)	(467.57)
2. Production Contract						
Biodiesel	2,275	32.44	7,900	23.32	(5,625)	(71.20)
Edible Oil	-	-	5,187	33.29	(5,187)	(100.00)
Gross profit (loss) from Production Contract	2,275	32.44	13,087	26.46	(10,812)	(82.62)
3. Sea Freight Service	(13,321)	(80.80)	445	0.82	(13,766)	(3,093.48)
Gross profit (loss) margin	(65,564)	(3.31)	28,364	1.81	(93,928)	(331.15)

1. Gross profit (loss) margin from Biodiesel as of 2019 was (0.24%) and 1%, which the gross loss margin was increased from 2018 due to CPO's price was fluctuated than in 2018. Hence, the Company has continuously recognized gross losses in the quarter 1st-3rd quarter of 2019.
2. Gross profit margin from Edible Oil as of 2019 and 2018 were 2.74% and 11.71%, 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.
3. Gross profit (loss) margin from By-products as of 2019 and 2018 were (13.53%) and (7.17%), which increased from 2018 due to by-products were realized according to marked-to-market selling price and allocated into cost of each products and by-products. Thus, the market price of by-product has continually decreased, therefore the cost of goods sold is higher than the selling price. The Company had to realize the allowance for devaluation in Crude Glycerine (NRV) for 4.00 million Baht, which already sold under exiting sales contract.
4. Gross profit (loss) margin from Refined Glycerine of 2019 was (16.01%) due to the refined glycerine price in the global market was decreasing, therefore the Company realized its stock loss of refined glycerine (NRV) for 40.00 million Baht.
5. Gross profit margin from Production contract as of 2019 and 2018 were 32.44% and 26.46%. The Company is continuously making profit from refining service since there was no risk from the fluctuation in raw materials price.
6. Gross profit (loss) margin from Sea Freight service as of 2019 and 2018 were (80.80%) and 0.82% which the gross loss increased from previous year as reason mentioned above.

Expenses

The Company and subsidiaries' expenses as of the fiscal year 2019 and 2018 was 107.45 million Baht and 102.40 million Baht or accounting for 5.38 percent and 6.51 percent of total revenue, respectively. The Company's expense consists of selling expense and administration expense in 2019-2018; selling expense were 19.63 million and 8.33 million Baht; administration expense were 79.72 million Baht and 97.27 million Baht, financial cost were 3.71 million Baht and 0.0017 million Baht, and tax expense (income) were 4.40 million Baht and (3.20) million Baht, respectively with details as the following.

Selling Expense

The Company and subsidiaries' selling expenses as of the fiscal year 2019 and 2018 were 19.63 million Baht and 8.33 million Baht, which increased by 11.30 million Baht or 135.57%. The increased in selling expense was the cost of transportation in co-relation to the increased in quantities sold in 2019, and the commission increased to 3.72 million Baht.

Administration Expenses

The Company and subsidiaries' administration expenses for the fiscal year 2019 and 2018 were 78.10 million Baht and 79.87 million Baht, which decreased by 1.77 million Baht. In 2019, the subsidiaries have realized the provision for impairment of subsidiary (AIL)'s Vessel for 1.62 million Baht, decreased by 15.78 million Baht from 2018. Also, the provision for impairment of subsidiary (AIPT)'s property, plant and equipment for 17.40 million Baht.

Financial Cost and Tax Expenses

The Company and subsidiaries have financial cost in 2019 of 3.71 million Baht and 0.001 million Baht in 2018. In 2019, the Company and subsidiaries have loaned from the related-parties to use as working capital .

In 2019 the Company and subsidiaries had tax expense of 4.41 million Baht and 3.20 million Baht in 2018. In 2019, the Company had written-off deferred income tax as tax expense for 4.15 million Baht because it is expected not to use as tax benefits.

Net Profit (Loss) and Profit (Loss) Margin

The Company and subsidiaries' net loss of the fiscal year 2019 and 2018 were 156.50 million Baht and 72.32 million Baht. In 2019, net loss has increased by 84.18 million Baht or 116.40% from 2018 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 and realized the allowance of devaluation in inventory (NRV) of by-products and refined glycerine, which has significantly impact on the Company's profitability and not enough to cover SG&A expenses in 2019.

Return on Equity (ROE)

In accounting period of 2019 and 2018, the Company and subsidiaries had return on equity (ROE) equal to (9.30) and (3.93), respectively. As of 2019, the Company and subsidiaries had net loss of 156.50 million Baht; consist of net loss from the Company itself of 148.86 million Baht and retain earning (Loss) of (323.55) million Baht, and while in 2018 had net loss of 72.32 million Baht that contributed net loss from the Company for 54.54 million Baht with retain earnings (Loss) of (174.68) 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 2019 was equal to 2,326.39 million Baht, and as of 31 December 2018 was equal to 1,974.46 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 2019, the Company had cash and cash equivalent higher than in 2018 by 4.50 million Baht or 8.26%. In 31 December 2019 and 31 December 2018, the Company had cash and cash equivalent transaction equal to 59.03 million Baht and 54.53 million Baht, or accounting for 2.54% and 2.76% of total assets, respectively. The cash and cash equivalent as of 31 December 2019 and 2018 consist of;

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash in hand	496,796	145,000	350,000	50,000
Deposit at bank				
- savings	56,086,261	53,322,452	49,637,250	45,559,177
- current	33,889	90,211	3,920	60,000
Fixed deposits due within 3 months	2,410,468	968,438	2,410,468	968,438
Total cash and cash equivalents	59,027,414	54,526,101	52,401,638	46,637,615

- Current Investment

As of 31 December 2019, the Company has current investment less than those in previous by 115.64 million Baht, or decreased by 93.01% in order to pay an investment in refined glycerine plant and use as working capital . However, the current investment in 2019 and 2018 were equal to 8.69 million Baht and 124.33 million Baht, or accounting for 0.37% and 6.30% of total assets.

- Trade Receivables and Other Current Receivables

As of 31 December 2019 it was equal to 368.99 million Baht and as of 31 December 2018 it was equal to 97.78 million Baht, which consist of trade receivables 365.70 million Baht and 95.44 million Baht, and other current receivables 3.29 million Baht and 2.35 million Baht, respectively. The increase in trade accounts receivable is consistent with the change in revenue that has continued to increase. 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 2019, the Company had trade receivables not yet paid at the total of 327.41 million Baht, representing a ratio of 89.53% 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 from previous year. The Company had overdue trade receivables that were overdue more than 3 months but not over 6 months from one biodiesel producer. The Company found that as of 31 December 2019 the Company had overdue trade receivables at the total of 41.51 million Baht or 11.35% of the total accounts receivable, which consists of; receivables that were overdue not over than 3 months equal to 7.77 million Baht or 2.12% of the total accounts receivable, receivables that were overdue more than 3 months but not over 6 months equal to 30.52 million Baht or 8.35% of total accounts receivable, receivables that were overdue more than 12 months equal to 3.22 million Baht or 0.88% of total accounts receivable. The allowance for doubtful debt was decreased from 2018 for 7.89 million Baht as a result of write-off of accounts receivable due to legal action ending. It could be summed up the accounts receivables based on its maturity as of 31 December 2019 and as of 31 December 2018 as follows:-

Account Receivables (Unit : Million Baht)	Consolidated Financial Statements As of 31 December, 2019	Consolidated Financial Statements As of 31 December, 2018
Account receivable		
Undue	327.41	92.60
Overdue for 3 months	7.77	2.84
Overdue for 3 months but not over 6 months	30.52	-
Overdue for 3 months but not over 12 months	-	2.78
Overdue over 12 months	3.22	8.33
Total	368.92	106.55
Less Doubtful Account	(3.22)	(11.11)
Net Account Receivable	365.70	95.44

In 2019 and 2018, the Company's average collection period were equal to 43.01 days and 24.36 days, respectively. 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 demanding in writing.

- Inventory

As of 31 December 2019 it was 317.23 million Baht and as of 31 December 2018 it was 217.58 million Baht or 13.64% and 11.02% of total assets, which was increased by 99.66 million Baht to support large order before and after new year holiday and the beginning of 1st quarter of 2020.

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

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.

In 2019 and 2018 the Company's land, building, vessels and equipment - net was 1,546.30 million Baht and 1,435.47 million Baht or equivalent to 66.47% and 72.70% of total assets, which was increased by 110.83 million Baht or 7.72%. The significant increase was from land improvement transactions and new buildings with utility systems and new machinery of the Company's refined glycerine plant. In addition, the subsidiary has realized an allowance for impairment of assets in 2019 and 2018 of 1.62 million Baht and 17.40 million Baht respectively.

In 2019, a subsidiary company, AIL had the book value of the vessels and improvements in the consolidated financial statements higher than the market value of the business. The management has assessed the value of the vessels by using the work of independent appraiser for the fair value of the vessels. According to the appraisal report, the appraised value is in the

amount of 24.60 million Baht, which as of 31 December 2019 the book value of vessel was 26.22 million Baht. Therefore, AIL had to realize an allowance for impairment in the amount of 1.62 million Baht.

In 2018, a subsidiary company, AIPT temporarily closed its business operations. The management has assessed the value of property, plant and equipment of the subsidiary company in the consolidated financial statements from the temporary cessation of business by using the appraiser to evaluate the fair value of the assets. According to the appraisal report, the appraised value is in the amount of 176.65 million Baht of land building and equipment, which as of December 31, 2018 the book value of the assets was 194.05 million Baht. Therefore, AIPT had to realize an allowance for impairment in the amount of 17.40 million Baht. In 4th quarter of 2019, AIPT starts earning income from operating business but still has an operating loss, so the value from using assets was not higher than the book value of assets.

- 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.

The Company has deferred income tax assets, which is carried over from 2018, calculated from the corporate income tax rate of 20 percent equal to 1.94 million Baht. As of December 31, 2019, and December 31, 2018, the Company had deferred tax assets equal to 102.29 million Baht and 67.80 million Baht. The management considers that this is uncertain to use as tax benefits, so considering not recognizing the related deferred tax assets in 2019.

- Deposit for purchase of assets

In 2019 and 2018 the Company's deposit for purchase of assets were 1.43 million Baht and 5.14 million Baht or equivalent to 0.06% and 0.26% of total assets, which was decreased by 3.71 million Baht or 72.25% since the Company had already received most 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 2019 and 2018, the Company's other non-current assets were 6.42 million Baht and 11.81 million Baht or equivalent to 0.28% and 0.60% of total assets, which was decreased by 5.39 million Baht or 45.63% since the Company had already received the return of withholding tax from production contract transactions.

Liquidity

Current assets as of 31 December 2019 and 31 December 2018, the Company had current assets 754.69 million Baht and 495.79 million Baht, which increased for 258.50 million Baht or 52.22%. This resulted primarily from an increase of current assets; trade receivables in relation to the increased in sales volume and revenue. 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 504.63 million

Baht or 399.23%. In 2019 and 2018, the Company had current liabilities of 631.03 million Baht and 126.40 million Baht which the increased by the increasing in trade payables of 211.07 million Baht, loans from related parties of 290.00 million Baht, and overdraft from financial institution of 3.56 million Baht.

Regarding changes in current assets and current liabilities as such, the Company's liquidity ratio in 2019 and 2018 were at 1.12 times and 3.92 times and the quick ratio were 0.69 times and 2.19 times respectively, with the decrease of the current ratio. High liquidity due to an increase in current liabilities in proportion to the greater than the decrease in current assets. The current liabilities that has changed significantly in 2019 was the increased in trade payables for raw material procurement in the end of 2019 in order to support the production according to the purchase order in early 2020. Considering the company's Cash Cycle, in 2019 was equal to 49.54 days and 44.22 days in 2018, it was longer than year before. As a result of the debt collection period is longer than the debt repayment period and longer inventory days. In 2019 and 2018, there is a debt collection period, Repayment period, and inventory period were 43.01 days, 41.37 days and 47.91 days and equal to 24.36 days, 24.59 days and 44.59 days, respectively.

Financing Resources

Liabilities

As of 31 December 2019, it was 643.10 million Baht. As of 31 December 2018, it was 134.67 million Baht. The significant changes of liabilities are as follows:-

- Bank overdrafts and short-term loans from financial institutions

As of December 31, 2019, AIL had overdrafts from financial institution for 3.56 million Baht. As of December 31, 2018, the Company and subsidiaries had no overdrafts and short-term loans outstanding from financial institutions.

- Trade and Other Current Payables

As of 31 December 2019 and 2018, the Company has trade and other payables of 337.47 million Baht and 126.40 million Baht, representing 14.51% and 6.40% of total liabilities and shareholders' equity respectively. Most of payables were contributed from raw materials purchasing domestically, which the movement is trend to relate with the Company's sale volume and customers' product pick-up at certain times of the year, especially before or after the long holiday season and the ordered quantities. 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. Considering average payment period, it was found that the Company has increase in debt payment period to 41.37 days in 2019 and 24.59 days in 2018.

Trade Payables and Other Current Payables (Unit : Million Baht)	Consolidated Financial Statements As of 31 Dec, 2019	Consolidated Financial Statements As of 31 Dec, 2018
Trade payables	271.19	95.86
Asset payables	8.37	7.54
Other payables	57.91	23.00
Total trade payables and other current payables	337.47	126.40

- Long-term Loan for Financial Institutes

In 2019 and 2018, the Company and subsidiaries had no long-term loans from financial institutions.

Shareholders' Equity

As of 31 December 2019, the Company had shareholders' equity at 1,683.29 million Baht, decreased by 156.50 million Baht from 1,839.79 million Baht as of 31 December 2018, which accounting for 72.36% and 93.18% of total liabilities and shareholder's equity.

As of 31 December 2019 and 31 December 2018, the Company's debt to equity ratio 0.38 times and 0.07 times because the Company and subsidiaries had net loss for the period of 156.50 million Baht and higher trade payables for raw materials of 175.33 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 2019 and 2018, the Company and subsidiaries had cash flow from operating activities at (227.70) million Baht and 19.35 million Baht, respectively. The Company had net loss for both accounting periods, increased in trade receivables, and purchased more raw materials; therefore, the cash flow from operating in 2019 has decreased from 2018.

The Company and subsidiaries had cash flow from investing activities in the accounting period 2019 and 2018 of (57.65) million Baht and (202.57) million Baht, as a result from investment in building, utilities, and machineries for the refined glycerine plant of 220.07 million Baht and 259.97 million Baht, respectively. In 2019, the Company also receives insurance claim of 39.24 million Baht and reducing current investment in the Open-end Fixed Income Fund to use as working capital to enhance the Company's liquidity. As a result, temporary investments decreased by 116.15 million Baht, resulting in more negative cash flows from investing activities comparing to 2018.

The Company and subsidiaries have net cash flow from financing activities in accounting period 2019 and 2018 were 289.85 million Baht and 178.07 million Baht, respectively. As a result of the cash received from loans from related parties of 290.00 million Baht in 2019 and increased 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 in 2018.

“ 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 ”



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 2019 as of 31 December 2019 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 2019, is adequately disclose, complete, and reliable in accordance with accounting standards and related regulations.

Narong Thareratanavibool
Chairman of the Board of Director

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 2019, the Audit Committee held 17 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	17/17
2	Assistant Professor Sampan Hunpayon	Audit Committee	17/17
3	Mr. Choti Sontiwattananont	Audit Committee	17/17

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 2019, 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 2019 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 2019, 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 2019 financial statements and set the Audit fee for no more than 3.14 million Baht and Non-Audit Fee for no more than 0.25 million Baht and proposed for the Board of Director's approval prior to present the Shareholder Meeting approved.

On behalf of Audit Committee



Kawee Phong Hirankasi
Chairman of Audit Committee

16 Independent Auditor's Report

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

Opinion

I have audited the accompanying consolidated and separate financial statements of AI Energy Public Company Limited and its subsidiaries, and of AI Energy Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2019, 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, 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, 2019, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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 consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention as discussed in Note to Financial Statements No. 27.3, in case of the Securities and Exchange Commission of Thailand 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), with the Department of Special Investigation for further legal proceedings. Presently, the investigation is still under the process. The legal opinion from an independent law firm, dated November 11, 2019, has an opinion that the case is the criminal complaint against directors and executives of the Company which is a personal matter, and the Company which is a juristic person will not be liable in any way. Therefore, the Company's management believes that final result investigation in such case does not have any significant impact on the Company's financial statements. My opinion is not modified in respect of this matter.

Other Matter

I have audited the accompanying consolidated and separate financial statements for the year ended December 31, 2018, whose report dated on February 26, 2019, and April 5, 2019, which have been presented here in as comparative information, expressed the qualified opinion on the financial statements in respect of 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), with the Department of Special Investigation for further legal proceedings. Presently, the investigation is still under the process.

Presently, the Company's management and the independent law firm have the opinion that the case is the criminal complaint against directors and executives of the Company which is a personal matter, and the Company which is a juristic person will not be liable in any way, as described in the emphasis of matter paragraph.

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. 8, as at December 31, 2019, the Company has outstanding inventories in amount of Baht 317.23 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 goods that contain intense price volatility. This volatility may lead to present 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 described in Notes 10 to the separate financial statements, as at December 31, 2019, the Company had investments in subsidiaries amounting to Baht 358.01 million (net from the allowance for impairment of Baht 77.06 million). These subsidiaries still incur loss in the operation which is an indication of impairment of investments in subsidiaries. Therefore, Management must use significant judgment in determining the appropriate amount of allowance for impairment loss on such investments.

Auditor's Response

I obtained an understanding of the Company's policy to determine the allowance for impairment of investments in subsidiaries. I then considered the appropriateness of the allowance for impairment of investments in subsidiaries. I also tested the calculation of the realisable values. Moreover, I reviewed the disclosures made with respect to the impairment assessment for investments in subsidiaries.

Impairment of property, plant, vessel and equipment in subsidiaries

Risk

As at December 31, 2019, the Group has property, plant, vessel and equipment of two subsidiaries, AI Ports and Terminals Co., Ltd and AI logistics Co., Ltd, with a net book value of Baht 188.32 million, representing 8.10 percent of the Group's total assets, as described in Notes 12 to the consolidated financial statements. These subsidiaries still incur loss in the operation which is an indication of impairment of the property, plant, vessel and equipment. In determining the impairment loss, management had to exercise judgement with plans for management of assets, which directly affect the amount of allowance for impairment loss on such assets.

Auditor's Response

I obtained an understanding of the Company's policy to determine the allowance for impairment of property, plant, and equipment and assessed the assumptions applied in

preparing plans and cash flow projections, based on the understanding I gained of the process by which the figures were arrived at. I 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 for selling consideration purpose. I also evaluated the appropriateness of the recoverable amount and the key assumptions. Moreover, I reviewed the disclosures made with respect to the impairment assessment for property, plant, vessel and equipment.

Other Information

Management is responsible for the other information. The other information comprises the information included in 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 24, 2020.



FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
AI ENERGY PUBLIC COMPANY AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2019

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
	Notes	2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	5	59,027,414	54,526,101	52,401,638	46,637,615
Current investment	6	8,692,219	124,332,703	6,228,665	333,663
Trade and other current receivables - net	7	368,992,718	97,784,175	368,195,800	96,787,927
Short-term loans to related party	4	-	-	15,000,000	-
Inventories - net	8	317,233,252	217,577,330	317,233,252	217,577,330
Oil supplies	9	746,210	1,570,866	-	-
Total current assets		754,691,813	495,791,175	759,059,355	361,336,535
Non-current assets					
Investments in subsidiaries - net	10	-	-	358,013,140	378,763,140
Pledged deposits at financial institutions	11	16,947,299	24,016,896	16,547,299	23,616,896
Property, plant, vessel and equipment - net	12	1,546,295,451	1,435,468,522	1,357,975,514	1,238,901,230
Intangible assets - net	13	605,723	292,453	581,197	292,453
Deferred tax assets - net	21	-	1,935,790	-	1,935,790
Deposit for purchase of assets		1,427,108	5,142,000	1,427,108	5,142,000
Other non-current assets		6,421,503	11,810,244	6,199,789	11,284,477
Total non-current assets		1,571,697,084	1,478,665,905	1,740,744,047	1,659,935,986
Total assets		2,326,388,897	1,974,457,080	2,499,803,402	2,021,272,521

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

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

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
	Notes	2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts loans from financial institutions	14	3,557,889	-	-	-
Trade and other current payables	4, 15	337,471,812	126,401,141	337,354,267	123,780,229
Short-term loans from related parties	4	290,000,000	-	550,000,000	140,000,000
Total current liabilities		631,029,701	126,401,141	887,354,267	263,780,229
Non-current liabilities					
Deferred tax liabilities - net	21	2,469,179	-	2,469,179	-
Non-current provisions for employee benefits	16	9,599,438	8,269,141	8,936,889	7,588,203
Total non-current liabilities		12,068,617	8,269,141	11,406,068	7,588,203
Total liabilities		643,098,318	134,670,282	898,760,335	271,368,432
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
Common share 5,232,291,928 shares, at Baht 0.25 par value	17	1,308,072,982		1,308,072,982	
Issued and paid - up share capital					
Common share 5,232,291,928 shares, at Baht 0.25 par value	17	1,308,072,982	1,308,072,982	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	20	8,226,574	8,226,574	8,226,574	8,226,574
Unappropriated		(235,779,428)	(79,283,209)	(323,545,375)	(174,684,353)
Other components of shareholders' equity		(2,343,266)	(2,343,266)	3,175,169	3,175,169
Total Shareholders' Equity		1,683,290,579	1,839,786,798	1,601,043,067	1,749,904,089
Total liabilities and shareholders' equity		2,326,388,897	1,974,457,080	2,499,803,402	2,021,272,521

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

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

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
	Notes	2019	2018	2019	2018
3, 4, 23, 24, 26					
Revenues					
Revenues from sale of goods		1,957,169,594	1,459,232,647	1,957,169,594	1,459,232,647
Revenues from production contract		7,014,453	49,455,738	7,014,453	49,455,738
Revenues from vessel operating		16,486,717	54,109,552	-	-
Income from an insurance claim - net		13,331,727	-	13,331,727	-
Other incomes		3,190,881	8,119,742	2,636,547	3,635,434
Total Revenues		1,997,193,372	1,570,917,679	1,980,152,321	1,512,323,819
Expenses					
Cost of sales		(2,011,688,269)	(1,444,400,472)	(2,012,147,834)	(1,444,400,472)
Cost of production contract		(4,739,352)	(36,368,777)	(4,739,352)	(36,368,777)
Cost of vessel operating		(29,807,749)	(53,665,288)	-	-
Selling expenses		(19,627,485)	(8,332,120)	(19,242,836)	(6,567,663)
Administrative expenses		(78,095,822)	(79,867,772)	(77,708,196)	(75,886,927)
Loss on impairment of property, plant vessel and equipment	12	(1,620,000)	(17,400,000)	-	-
Finance costs		(3,705,945)	(1,743)	(10,770,156)	(436,950)
Total Expenses		(2,149,284,622)	(1,640,036,172)	(2,124,608,374)	(1,563,660,789)
Loss before income tax expenses		(152,091,250)	(69,118,493)	(144,456,053)	(51,336,970)
Tax expense	22	(4,404,969)	(3,202,021)	(4,404,969)	(3,202,021)
Loss for the years		(156,496,219)	(72,320,514)	(148,861,022)	(54,538,991)
Other comprehensive income :					
<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	21	-	(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		(156,496,219)	(70,517,049)	(148,861,022)	(52,565,166)
Loss attributable to :					
Equity holders of the parent		(156,496,219)	(72,320,514)	(148,861,022)	(54,538,991)
Non-controlling interests		-	-	-	-
		(156,496,219)	(72,320,514)	(148,861,022)	(54,538,991)
Total comprehensive loss attributable to :					
Equity holders of the parent		(156,496,219)	(70,517,049)	(148,861,022)	(52,565,166)
Non-controlling interests		-	-	-	-
		(156,496,219)	(70,517,049)	(148,861,022)	(52,565,166)
Loss per share					
Basic loss per share (Baht)	19	(0.030)	(0.015)	(0.028)	(0.011)

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

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

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

Unit : Baht										
Consolidated financial statements										
	Note	Shareholders' equity of the parent								
		Retained earnings (deficits)			Other components of equity			Total equity of the parent	Non-controlling interests	Total shareholders' equity
		Share capital issued and paid - up	Premium on common stocks	Appropriated Legal reserve	Unappropriated	Actuarial gain	Difference on business combination under common control (Note 10)			
Balance as at January 1, 2019		1,308,072,982	605,113,717	8,226,574	(79,283,209)	2,881,849	(5,225,115)	1,839,786,798	-	1,839,786,798
Changes in shareholders' equity for the year :										
Total comprehensive loss for the year		-	-	-	(156,496,219)	-	-	(156,496,219)	-	(156,496,219)
Balance as at December 31, 2019		1,308,072,982	605,113,717	8,226,574	(235,779,428)	2,881,849	(5,225,115)	1,683,290,579	-	1,683,290,579
Balance as at January 1, 2018		1,130,000,000	605,113,717	8,226,574	(6,962,695)	1,078,384	(5,225,115)	1,732,230,865	-	1,732,230,865
Share capital increased	17	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	-	(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)	2,881,849	(5,225,115)	1,839,786,798	-	1,839,786,798

.....Director
(Thanit Tharatanavibool)

.....Director
(Pinwan Tharatanavibool)

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

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

		Unit : Baht				
		Separate financial statements				
	Notes	Share capital Issued and paid - up	Premium on common stocks	Retained earnings (deficits)		Total shareholders' equity
				Appropriated Legal reserve	Unappropriated	
Balance as at January 1, 2019		1,308,072,982	605,113,717	8,226,574	(174,684,353)	1,749,904,089
Changes in shareholders' equity for the year :						
Total comprehensive loss for the year		-	-	-	(148,861,022)	(148,861,022)
Balance as at December 31, 2019		1,308,072,982	605,113,717	8,226,574	(323,545,375)	1,601,043,067
Balance as at January 1, 2018		1,130,000,000	605,113,717	8,226,574	(120,145,362)	1,624,396,273
Share capital increased	17	178,072,982	-	-	-	178,072,982
Changes in shareholders' equity for the year :						
Total comprehensive income (loss) for the year		-	-	-	(54,538,991)	(52,565,166)
Balance as at December 31, 2018		1,308,072,982	605,113,717	8,226,574	(174,684,353)	1,749,904,089

.....Director
(Thanit Tharatanavibool)

.....Director
(Pimwan Tharatanavibool)

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

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Loss for the years	(156,496,219)	(72,320,514)	(148,861,022)	(54,538,991)
Adjustments to reconcile loss to cash provided by (used in) operating activities:				
Tax expense	4,404,969	3,202,021	4,404,969	3,202,021
Depreciation	86,429,282	74,262,426	68,460,111	60,265,285
Income from disposal of investment	(1,674,915)	-	-	-
Amortization of computer softwares	178,712	126,770	175,174	126,770
Allowance for doubtful accounts	-	2,782,107	-	2,782,107
Loss on write-off of assets	3,749,325	2,755,919	3,749,325	2,755,919
Unrealized (gain) loss on investments in Open-end Fund	1,163,841	-	(46,560)	-
(Reversal) allowance for devaluation of inventories	41,250,000	(5,875,665)	41,250,000	(5,875,665)
Loss on impairment of property, plant vessel and equipment	1,620,000	17,400,000	-	-
Loss on impairment of investment in subsidiary	-	-	20,750,000	17,310,000
Non-current provisions for employee benefits	1,677,847	1,694,783	1,696,236	1,586,400
Income from an insurance claim - net	(13,331,727)	-	(13,331,727)	-
Interest income	(365,523)	(3,063,215)	(602,956)	(387,317)
Interest expenses	3,705,945	1,743	10,770,156	436,950
Gain (Loss) from operating activities before changes in operating assets and liabilities	(27,688,463)	20,966,375	(11,586,294)	27,663,479
Changes in operating assets - (increase) decrease :				
Trade and other current receivables	(273,570,329)	10,241,852	(271,407,873)	10,773,261
Inventories	(140,905,922)	(59,122,275)	(140,905,922)	(59,122,275)
Oil supplies	824,656	409,216	-	-
Deposit for purchase of assets	3,714,892	16,385,151	3,714,892	16,385,151
Other non-current assets	(213,377)	3,146,345	(517,433)	3,146,345
Changes in operating liabilities - increase :				
Trade and other payables	205,066,116	38,502,330	205,199,463	41,214,917
Cash provided by (used in) operating activities	(232,772,427)	30,528,994	(215,503,167)	40,060,878
Income tax paid	(289,651)	(9,827,991)	(281,416)	(1,623,514)
Refunded of income tax	5,711,524	-	5,711,524	-
Payment for employee benefit obligations	(347,550)	(1,352,219)	(347,550)	(1,352,219)
Net cash provided by (used in) operating activities	(227,698,104)	19,348,784	(210,420,609)	37,085,145

.....Director
(Thanit Thararatnavibool)

.....Director
(Pimwan Thararatnavibool)

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

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Decrease (increase) in restricted deposits at financial institution	7,069,598	(1,000,000)	7,069,598	(1,000,000)
Interest received	365,524	2,051,376	602,956	387,317
Decrease (increase) in current investments	116,151,558	46,084,854	(5,848,442)	135,642
Cash paid from short-term loan to related party	-	-	(15,000,000)	-
Payment for purchases of assets	(220,065,706)	(259,966,314)	(208,723,888)	(259,896,814)
Payment for purchases of intangible assets	(491,982)	(181,200)	(463,917)	(181,200)
Proceeds from receive from disposal of assets	74,766	10,443,300	74,766	813,300
Proceeds from receive from an insurance claim	39,243,715	-	39,243,715	-
Net cash used in investing activities	(57,652,527)	(202,567,984)	(183,045,212)	(259,741,755)
Cash flows from financing activities				
Interest paid	(3,705,945)	(1,743)	(10,770,156)	(436,950)
Increase in bank overdraft from financial institutions	3,557,889	-	-	-
Proceeds of short-term loan from related party	290,000,000	-	510,000,000	160,000,000
Payment for short-term loans from related party	-	-	(100,000,000)	(120,000,000)
Cash received from increase in share capital	-	178,072,982	-	178,072,982
Net cash provided by financing activities	289,851,944	178,071,239	399,229,844	217,636,032
Net Increase (decrease) in cash and cash equivalents	4,501,313	(5,147,961)	5,764,023	(5,020,578)
Cash and cash equivalents at beginning of the years	54,526,101	59,674,062	46,637,615	51,658,193
Cash and cash equivalents at end of the years	59,027,414	54,526,101	52,401,638	46,637,615
Additional disclosure items to cash flows statements				
Non-cash flows items consist of:				
Assets payable for equipment	8,374,573	7,540,739	8,374,573	7,540,739

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

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

AI ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED DECEMBER 31, 2019

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% of the Company's share capital.

2. BASIS FOR PRESENTATION OF THE FINANCIAL STATEMENTS

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

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 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 interim financial statements in conformity with Thai Financial Reporting Standards 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 Tharateratanavibool)

.....Director
(Pimwan Tharateratanavibool)

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	
			2019	2018
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 and rental of tank farms.	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, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods 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 adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 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 recognised 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.

(b) Financial reporting standards that became effective for fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which involve changes to key principles, which are summarised below.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

Financial reporting standards related to financial instruments

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.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues and expenses recognition

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers, after deducting goods returns.

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

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

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

3.2 Cash and cash equivalents

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

3.3 Current investments

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

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 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.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

3.6 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.

3.7 Investments in subsidiaries

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

3.8 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

3.9 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.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

3.10 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.

3.11 Trade and other current payables

Trade and other current payables are stated at cost.

3.12 Income tax

Deferred tax assets/liabilities

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

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

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

Income tax expenses

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

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

3.13 Non-current provisions for employee benefit

Short-term employee benefits

The Company and subsidiaries recognized salaries, wages and bonuses 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.

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.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

Allowance for diminution in inventory value

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

Impairment of investments

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

Allowances for impairment of assets

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

Property, plant and equipment

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

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

Leases

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

Post-employment benefits under defined benefit plans

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

Provisions

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

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

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.

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.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

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 and rental of tank farms.	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 Oil Company Limited	Crude palm oil.	Director is relative of the directors of the Company.
Samart Palm Industry Company Limited	Factory of palm oil extraction plant.	Director is relative of the directors of the Company.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

Significant transactions between the Company and related parties for the years ended December 31, 2019 and 2018 were as follows:

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
	Pricing policies	2019	2018	2019	2018
Other incomes					
AI Logistics Company Limited	3.75% P.A.	-	-	252,421	-
Purchase of goods					
Samart Palm Oil Company Limited	Market value	17,490,480	-	17,490,480	-
Samart Palm Industry Company Limited	Market value	4,857,383	-	4,857,383	-
Rental and Service					
AI Ports and Terminals Company Limited	Mutually agreed	-	-	6,336,163	-
Administrative expenses					
Asian Insulators Public Company Limited	Mutually agreed	1,728,337	1,742,078	966,984	974,094
Interest paid*					
Asian Insulators Public Company Limited	2.84-3.75% P.A.	3,535,521	-	3,535,521	-
AI Ports and Terminals Company Limited	2.84-3.75% P.A.	-	-	7,175,046	1,805,151
Director	3.75% P.A.	59,589	-	59,589	-

*Interest have been capitalized as part of cost of construction in process for the year ended December 31, 2018 totaling to Baht 1.37 million (Note 12).

Directors and management's remuneration

Directors and management's remuneration for the years ended December 31, 2019 and 2018 consisted of:

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Short-term employee benefits		17,704,174	16,934,786	15,331,438	14,621,925
Long-term post-employment benefits		424,522	407,284	346,831	333,750
Total directors and management's remuneration		18,128,696	17,342,070	15,678,269	14,955,675

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

Significant balances with related parties as at December 31, 2019 and 2018 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Assets</u>				
Short-term loan to related party				
AI Logistics Company Limited	-	-	15,000,000	-
<u>Liabilities</u>				
Trade payables				
AI Ports and Terminals Company Limited	-	-	2,172,100	-
Other current payable				
AI Ports and Terminals Company Limited	-	-	176,550	-
Short-term loan from related party				
AI Ports and Terminals Company Limited	-	-	260,000,000	140,000,000
Asian Insulators Public Company Limited	250,000,000	-	250,000,000	-
Director	40,000,000	-	40,000,000	-

As at December 31, 2019, the Company has short-term loan to related party, AI Logistics Company Limited (“the subsidiary”). The subsidiary issued promissory notes in the amount of Baht 15 million with an interest rate of 3.75% per annum, due on March 19, 2020.

As at December 31, 2019 and 2018, the Company has short-term loan from related party, AI Ports and Terminals Company Limited (“the subsidiary”), Asian Insulators Public Company Limited (“the parent”) and a director. The Company issued promissory notes in the total amount of Baht 550 million and Baht 140 million, respectively, with an interest rate of 2.84 - 3.75% per annum, due on March 31, 2020.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2019 and 2018 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash in hand	496,796	145,000	350,000	50,000
Deposit at bank - savings	56,086,261	53,322,452	49,637,250	45,559,177
- current	33,889	90,211	3,920	60,000
Fixed deposits due within 3 months	2,410,468	968,438	2,410,468	968,438
Total cash and cash equivalents	59,027,414	54,526,101	52,401,638	46,637,615

6. CURRENT INVESTMENT

Current investment as at December 31, 2019 and 2018 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Open-end Fund-Debt securities - at cost	2,481,941	122,761,082	62,947	17,002
Add unrealized gain on investment revaluation	45,448	1,254,999	888	39
Open-end Fund-Debt securities - net	2,527,389	124,016,081	63,835	17,041
Fixed deposits	6,164,830	316,622	6,164,830	316,622
Total current investment	8,692,219	124,332,703	6,228,665	333,663

Investment in open-end Fund-Debt securities of the Company and subsidiaries are stated at fair value using inputs of Level 2 which is use of other observable inputs for such assets or liabilities, whether directly or indirectly. Such fair value of investments in unit trusts has been determined by using the net asset value.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

7. TRADE AND OTHER CURRENT RECEIVABLES – NET

Trade and other current receivables as at December 31, 2019 and 2018 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade receivables				
Trade receivable - others	368,918,667	106,547,248	368,918,667	105,933,836
Total trade receivables	368,918,667	106,547,248	368,918,667	105,933,836
<u>Less</u> Allowance for doubtful accounts	(3,221,507)	(11,109,938)	(3,221,507)	(11,109,938)
Total trade receivables - net	365,697,160	95,437,310	365,697,160	94,823,898
Other current receivables				
Prepaid insurance	2,179,940	1,452,812	1,610,451	1,210,733
Prepaid expenses	409,894	413,519	278,818	339,120
Revenue Department receivable	95,613	51,857	-	-
Undue input tax	610,028	241,458	609,371	238,087
Others	306,433	493,569	306,350	482,439
Total other current receivables	3,601,908	2,653,215	2,804,990	2,270,379
<u>Less</u> Allowance for doubtful accounts	(306,350)	(306,350)	(306,350)	(306,350)
Total other current receivables - net	3,295,558	2,346,865	2,498,640	1,964,029
Total trade and other current receivables - net	368,992,718	97,784,175	368,195,800	96,787,927

.....Director
(Thanit Tharateratanavibool)

.....Director
(Pimwan Tharateratanavibool)

As at December 31, 2019 and 2018 outstanding balances of trade receivables aged by number of months were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Others				
Current	327,410,847	92,596,198	327,410,847	91,982,786
Overdue				
Within 3 months	7,770,537	2,841,112	7,770,537	2,841,112
Over 3 months to 6 months	30,515,776	-	30,515,776	-
Over 6 months to 12 months	-	2,782,107	-	2,782,107
Over 12 months	3,221,507	8,327,831	3,221,507	8,327,831
Total	368,918,667	106,547,248	368,918,667	105,933,836
<u>Less</u> Allowance for doubtful accounts	(3,221,507)	(11,109,938)	(3,221,507)	(11,109,938)
Total trade receivables - net	365,697,160	95,437,310	365,697,160	94,823,898

8. INVENTORIES – NET

Inventories as at December 31, 2019 and 2018 consisted of:

	Unit : Baht	
	Consolidated/Separate financial statements	
	2019	2018
Raw materials and chemicals	115,393,104	92,897,916
Work in process	156,775,185	69,203,722
Finished goods	78,251,213	49,990,116
Supplies	10,813,750	8,235,576
Total inventories	361,233,252	220,327,330
<u>Less</u> Allowance for devaluation of inventories	(44,000,000)	(2,750,000)
Total inventories - net	317,233,252	217,577,330

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

9. OIL SUPPLIES

Oil supplies as at December 31, 2019 and 2018 consisted of:

	Unit : Baht	
	Consolidated financial statements	
	2019	2018
Bunker oil	624,897	1,337,967
Lubricants	121,313	232,899
Total oil supplies	746,210	1,570,866

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

10. INVESTMENTS IN SUBSIDIARIES - NET

Investments in subsidiaries as at December 31, 2019 and 2018 consisted of:

Company	Nature of business	Percentage of Holding (%)		Paid-up share capital (Million Baht)		Unit : Baht	
		2019	2018	2019	2018	2019	2018
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 and rental of tank farms.	100.00	100.00	460	460	352,395,280	352,395,280
Total						435,073,140	435,073,140
Less Allowance for impairment of investments						(77,060,000)	(56,310,000)
Total investments in subsidiaries - net						358,013,140	378,763,140

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.

11. 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 27.1).

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

12. PROPERTY, PLANT, VESSEL AND EQUIPMENT - NET

Property, plant, vessel and equipment as at December 31, 2019 and 2018 consisted of:

	Unit : Baht								
	Consolidated financial statements								
	As at December 31, 2019								
	Building and			Machinery		Fixed assets			
	Land	Land improvement	building improvement	Utility systems	accessories and tools	Vessel and improvement	Office furniture and equipment	Motor vehicles	under construction and installation
Cost									Total
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
Purchases during the year	-	1,700,635	795,176	60,080	26,194,241	10,659,045	1,116,716	94,000	187,846,887
Transfers in (out) during the year	-	9,123,042	80,950,772	26,701,874	399,389,948	-	106,900	-	(516,272,536)
Disposals/ written-off during the year	-	-	(6,600,000)	(10,164,975)	(32,461,113)	(9,507,560)	(1,049,590)	-	(59,783,238)
As at December 31, 2019	174,556,021	46,514,837	502,233,035	66,873,544	1,166,513,694	125,317,234	8,642,028	30,039,836	128,334,889
Accumulated depreciation									
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	-
Depreciation for the year	-	3,570,503	18,392,339	5,592,469	52,511,886	4,172,397	562,735	1,626,953	-
Written-off during the year	-	-	(1,154,997)	(4,243,432)	(14,263,119)	(9,507,560)	(1,023,561)	-	-
As at December 31, 2019	-	13,664,256	155,411,223	27,563,708	366,268,877	99,100,879	7,048,921	14,651,803	-
Allowances for impairment									
As at December 31, 2018	-	-	-	-	-	-	-	-	-
During the year	-	-	-	-	-	1,620,000	-	-	-
As at December 31, 2019	-	-	-	-	-	1,620,000	-	-	-
Net book value									
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
As at December 31, 2019	174,556,021	32,850,581	346,821,812	39,309,836	800,244,817	24,596,355	1,593,107	15,388,033	128,334,889

.....Director

(Thanit Tharatanavibool)

.....Director

(Pimwan Tharatanavibool)

Unit : Baht

Consolidated financial statements									
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
Cost									Total
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
Purchases during the year	-	3,100,000	3,400,990	350,000	7,247,517	-	238,202	-	253,170,344
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)	-
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
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	-
Depreciation for the year	-	2,947,446	14,921,415	4,980,436	46,536,516	1,829,821	946,837	2,099,955	-
Written-off during the year	-	-	(478,530)	-	(3,354,270)	-	(26,650)	(3,043,499)	-
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	-
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
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
Less allowances for impairment									
As at December 31, 2018 - net									17,400,000
									1,435,468,522

.....Director

(Thanit Thareratanavibool)

(Pimwan Thareratanavibool)

.....Director

(Thanit Thareratanavibool)

(Pimwan Thareratanavibool)

Unit : Baht

Separate financial statements									
As at December 31, 2019									
	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, 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
Purchases during the year	-	1,700,635	795,176	60,080	25,663,064	965,119	94,000	187,846,887	217,124,961
Transfers in (out) during the year	-	9,123,042	80,950,772	26,701,874	399,389,948	106,900	-	(516,272,536)	-
Disposals/ written-off during the year	-	-	(6,600,000)	(10,164,975)	(32,461,112)	(1,049,589)	-	-	(50,275,676)
As at December 31, 2019	157,135,835	46,514,837	251,853,677	66,859,889	1,123,219,678	7,558,097	30,007,837	128,334,889	1,811,484,739
Accumulated depreciation									
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
Depreciation for the year	-	3,570,502	8,375,872	5,592,470	48,779,942	514,372	1,626,953	-	68,460,111
Written-off during the year	-	-	(1,154,997)	(4,243,432)	(14,263,119)	(1,023,562)	-	-	(20,685,110)
As at December 31, 2019	-	13,664,255	67,079,656	27,550,056	324,446,821	6,148,632	14,619,805	-	453,509,225
Net book value									
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
As at December 31, 2019	157,135,835	32,850,582	184,774,021	39,309,833	798,772,857	1,409,465	15,388,032	128,334,889	1,357,975,514

.....Director

(Pimwan Tharatanavibool)

.....Director

(Thanit 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

(Pimwan Tharatanavibool)

.....Director

(Thanit Tharatanavibool)

Depreciations in the statements of profit or loss for the years ended December 31, 2019 and 2018 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cost of sales and services	73,531,509	57,911,483	64,925,164	55,774,231
Selling and administrative expenses	12,897,773	16,350,943	3,534,947	4,491,054
	<u>86,429,282</u>	<u>74,262,426</u>	<u>68,460,111</u>	<u>60,265,285</u>

As at December 31, 2018 interest incurred on loans used for a Purify Glycerin project of Company totaling to Baht 1.37, 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, 2019 and 2018, in the consolidate financial statement totaling approximately Baht 147.08 million and Baht 148.31 million, respectively, and in the separate financial statements totaling approximately Baht 41.21 million and Baht 30.49 million, respectively.

In 2018, 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 in the consolidate financial statement 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 consolidated statements of financial position as at December 31, 2018.

In the fourth quarter of year 2019, the subsidiary, start earning income from operations however still incur loss in the operation. Therefore value in use of assets not more than of the net book value.

In 2019, the subsidiary, AI Logistics Co., Ltd, has the net book value of vessel and improvement in the consolidate financial statement more than market value. Management has assessed the appropriateness of the valuation of the vessel of the subsidiary by using the work of the independent appraiser that the Company uses to evaluate the fair value of vessel. According to the appraisal report, the appraisal value amounted Baht 24.60 million. The vessel appraisal above is the fair value measurement hierarchy in Level 2. The net book value of vessel as at December 31, 2019, amount of Baht 26.22 million. There for, the company considered to set up the allowance for impairment amount of Baht 1.62 million, in the consolidated financial statements of the year ended December 31, 2019.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

13. INTANGIBLE ASSETS – NET

Intangible assets as at December 31, 2019 and 2018 consisted of:

		Unit : Baht	
		Consolidated	Separate
		financial statements	financial statements
Cost			
As at December 31, 2018		867,501	788,054
Purchases during the year		491,982	463,917
As at December 31, 2019		1,359,483	1,251,971
Accumulative amortization			
As at December 31, 2018		(575,048)	(495,601)
Amortization for the year		(178,712)	(175,173)
As at December 31, 2019		(753,760)	(670,774)
Book value			
As at December 31, 2018		292,453	292,453
As at December 31, 2019		605,723	581,197

		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		867,501	788,054
Accumulative amortization			
As at December 31, 2017		(448,278)	(368,831)
Amortization for the year		(126,770)	(126,770)
As at December 31, 2018		(575,048)	(495,601)
Book value			
As at December 31, 2017		238,023	238,023
As at December 31, 2018		292,453	292,453

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

14. BANK OVERDRAFTS FROM FINANCIAL INSTITUTIONS

Bank overdrafts from financial institutions as at December 31, 2019 and 2018 consisted of:

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Bank overdrafts		3,557,889	-	-	-
Total		3,557,889	-	-	-

		Credit facilities (no collateral) (Unit : Baht)			
		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Bank overdrafts		5,000,000	10,000,000	-	5,000,000
Promissory notes		-	500,000,000	-	500,000,000
Total		5,000,000	510,000,000	-	505,000,000

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

15. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, 2019 and 2018 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade payables				
Trade payables - related parties	-	294	2,172,100	-
Trade payables - others	271,190,111	95,857,258	269,821,447	94,296,405
Total trade payables	271,190,111	95,857,552	271,993,547	94,296,405
Other current payables				
Others current payables	6,463,760	3,983,947	6,638,518	3,875,367
Retention	14,154,183	7,198,398	14,154,183	7,198,398
Revenue Department payable	26,513,033	5,607,784	26,309,071	5,561,749
Electricity payable	5,054,405	2,609,618	5,035,979	2,608,303
Accrued expenses	2,617,514	2,516,959	2,377,827	2,310,050
Payables for purchase of assets	8,374,573	7,540,739	8,374,573	7,540,739
Unearned revenue for goods and vessel operating	2,458,638	612,138	2,458,638	-
Others	645,595	474,006	11,931	389,218
Total other current payables	66,281,701	30,543,589	65,360,720	29,483,824
Total trade and other current payables	337,471,812	126,401,141	337,354,267	123,780,229

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

16. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

Movement of the present value of non-current provisions for employee benefits for the years ended December 31, 2019 and 2018 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statement	
	2019	2018	2019	2018
Non-current provisions for employee				
benefit at beginning of year	8,269,141	10,223,498	7,588,203	9,821,303
Included in profit or loss:				
Current service cost	1,499,480	1,534,693	1,534,137	1,442,858
Interest cost	178,367	160,090	162,099	143,542
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	(347,550)	(1,352,219)	(347,550)	(1,352,219)
Non-current provisions for employee				
benefit at end of year	9,599,438	8,269,141	8,936,889	7,588,203

Employee benefit expenses in profit or loss for year ended December 31, 2019 and 2018 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statement	
	2019	2018	2019	2018
Cost of sales	985,762	1,012,405	967,358	1,012,405
Selling expenses	164,483	39,185	164,483	39,185
Administrative expenses	527,602	643,193	564,395	534,810
Total employee benefit expenses	1,677,847	1,694,783	1,696,236	1,586,400

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
(Thanit Tharateratanavibool)

.....Director
(Pimwan Tharateratanavibool)

Principal actuarial assumptions as at December 31, 2019 and 2018 (represented by the weighted-average) were as follows:

	(Percentage (%)/annum)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	2.16 - 2.94	2.16 - 2.94	2.16	2.16
Salary increases rate	1.5 - 5.00	1.5 - 5.00	1.5 - 5.00	1.5 - 5.00
Mortality rate	100% of Thai	100% of Thai	100% of Thai	100% of Thai
	Mortality Ordinary	Mortality Ordinary	Mortality Ordinary	Mortality Ordinary
	Tables of 2017	Tables of 2017	Tables of 2017	Tables of 2017
Turnover rate				
Under 31 years old	0.00 - 40.00	0.00 - 40.00	22.00 - 40.00	22.00 - 40.00
31 - 40 years old	0.00 - 28.00	0.00 - 28.00	16.00 - 28.00	16.00 - 28.00
41 - 50 years old	0.00 - 5.00	0.00 - 5.00	5.00	5.00
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, 2019 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	(808,115)	933,176	(710,440)	819,323
Salary increase rate	1,046,117	(919,919)	924,685	(814,510)
Turnover rate	(862,630)	535,695	(759,823)	535,695

As at December 31, 2019, the maturity analysis of undiscounted cash flows of benefit payments was as follows:

	Unit : Baht	
	Consolidated	Separate financial
	financial statement	statement
Within 1 year	574,039	574,039
Over 1 and up to 5 years	3,388,899	3,388,899
Over 5 and up to 10 years	7,623,467	7,099,757

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group have additional long-term employee benefit liabilities 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	
Balance as at December 31, 2019	5,232,292	1,308,073	605,114	

The 2019 Annual General Meeting of Shareholders of the Company held on April 26, 2019, resolved to approve to decrease registered capital by Baht 47,927,018 that were unexercised AIE-W1, which the Company's ordinary shares by 191,708,072 shares at par value of Baht 0.25. The Company registered the decreasing in its share capital with the Ministry of Commerce on May 7, 2019.

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.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

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.

19. BASIC LOSS PER SHARE

Basic loss per share for the year ended December 31, 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Net loss attributable to shareholders				
of the parent (Baht)	(156,496,219)	(72,320,514)	(148,861,022)	(54,538,991)
Number of ordinary share outstanding				
at beginning of years (Share)	-	4,520,000,000	-	4,520,000,000
Effect of conversion warrants to shares capital ¹	-	407,860,309	-	407,860,309
Weighted average number of ordinary shares				
outstanding during the years basic (Share)	5,232,291,928	4,927,860,309	5,232,291,928	4,927,860,309
Basic loss per share (Baht)	(0.030)	(0.015)	(0.028)	(0.011)

20. 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)

21. DEFERRED TAX

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

	Unit : Baht			
	Consolidated/Separate financial statements			
	As at January	Profit	comprehensive	As at December
	1, 2019	(Loss)	loss	31, 2019
Deferred tax assets				
Allowance for doubtful accounts	705,571	-	-	705,571
Non-current provision for employee benefits	1,517,641	269,737	-	1,787,378
Tax loss carries forward	4,145,171	(4,145,171)	-	-
Total	6,368,383	(3,875,434)	-	2,492,949
Deferred tax liabilities				
Depreciation	(4,432,593)	(529,535)		(4,962,128)
Total	(4,432,593)	(529,535)	-	(4,962,128)
Deferred tax assets (liabilities) - net	1,935,790	(4,404,969)	-	(2,469,179)
	Unit : Baht			
	Consolidated/Separate financial statements			
	As at January	Profit	comprehensive	As at December
	1, 2018	(Loss)	loss	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

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

22. INCOME TAX EXPENSE

Income tax expenses for the year ended December 31, 2019 and 2018 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current tax expense				
Current years	-	-	-	-
Deferred tax expense				
Movements in temporary differences	(4,404,969)	(3,202,021)	(4,404,969)	(3,202,021)
Total	<u>(4,404,969)</u>	<u>(3,202,021)</u>	<u>(4,404,969)</u>	<u>(3,202,021)</u>

Reconciliation of effective tax rate

	Consolidated financial statements			
	2019		2018	
	Tax rate (%)	Unit : Baht	Tax rate (%)	Unit : Baht
Loss before income tax expenses		(152,091,250)		(69,118,493)
Income tax using the corporate tax rate	20	30,418,250	20	13,823,699
Non-taxable income		67,072		1,220,187
Double expenses by the Revenue Code		-		418,891
Non-deductible expenses		(14,432,329)		(5,104,546)
Unrecognised tax loss carries forward-brought forward		-		-
Unrecognised current tax loss carries forward*		<u>(20,457,962)</u>		<u>(13,560,251)</u>
Tax expenses	3	<u>(4,404,969)</u>	5	<u>(3,202,021)</u>

* The Company and its subsidiaries had tax losses for the years 2019 and 2018 amounting to Baht 102.29 million and Baht 67.80 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
(Thanit Tharateratanavibool)

.....Director
(Pimwan Tharateratanavibool)

	Separate financial statements			
	2019		2018	
	Tax rate		Tax rate	
	(%)	Unit : Baht	(%)	Unit : Baht
Loss before income tax		(144,456,053)		(51,336,970)
Income tax using the corporate tax rate	20	28,891,211	20	10,267,394
Non-taxable income		-		1,220,187
Double expenses by the Revenue Code		65,826		21,300
Non-deductible expenses		(17,608,371)		(4,502,048)
Unrecognised current tax loss carries forward*		(15,753,635)		(10,208,854)
Tax expense	3	(4,404,969)	6	(3,202,021)

*The Company had tax loss for the year 2019 and 2018 amounting to Baht 78.77 million and Baht 51.04 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.

23. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2019 and 2018 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(Increase) Decrease in change of				
finished goods and work in progress	(115,832,560)	(14,137,992)	(115,832,560)	(14,137,992)
Raw materials and consumables used	1,940,389,532	1,399,252,013	1,926,813,514	1,368,143,928
Employee benefit expenses	76,439,099	73,172,895	65,542,125	62,965,449
Depreciation and amortization expenses	86,607,994	74,548,472	68,635,285	60,392,055
Reversal allowance for devaluation of inventories	41,250,000	(5,875,665)	41,250,000	(5,875,665)
Allowance for impairment of investments in subsidiaryies	-	-	20,750,000	17,310,000

.....Director
(Thanit Tharateratanavibool)

.....Director
(Pimwan Tharateratanavibool)

24. PROMOTIONAL PRIVILEGES

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

Companies	1. Promotional certificates Nos.	2. Effective dates	3. To promote investment in business of	4. Expiry dates according to items 5.1 and 5.2
AI Energy Public Co., Ltd.	1992(1)/2553 2777(1)/2556 60-0406-1-001-0 60-0623-1-00-1-0	October 1, 2013 February 3, 2015 November 21, 2019 Not yet operated	Producing biodiesel Producing biodiesel Producing 99.8% Pure Glycerin Producing biodiesel	September 30, 2021 February 2, 2023 November 22, 2022 Not yet operated
5. Important privileges which are granted : 5.1 Exemption from corporate income tax on net profit of promotional operation for 8 years. The promotional certificates No. 1992(1)/2553, 2777(1)/2556. And promotional operation for 3 years. No. 60-0406-1-00-1-0 and 60-0623-1-00-1-0 5.2 Exemption from income tax on dividend from promoted business which was exempted from corporate income tax as 5.1 throughout out the promotional period of all promotional certificates. 5.3 Allowance for reduction the corporate income tax from promotional net profit at 50% of normal rate since the exemption is expired as 5.1 for 5 years especially for promotional certificate No. 1992(1)/2553 and 2777(1)/2556. and from promotional net profit at 100% of normal rate since the exemption is expired as 5.1 for 3 years especially for promotional certificate No.60-0406-1-00-1-0 and 60-0623-1-00-1-0 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. 5.5 Allowance to deduct the annual loss incurred during the income tax exemption period as 5.1 from the net profit since the expiry dates within 5 years, by which can be deducted from net profit of any year or several years of all promotional certificates.				

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

.....Director
(Thanit Tharateratanavibool)

.....Director
(Pimwan Tharateratanavibool)

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, 2019 and 2018, as follows:

	Unit : Baht					
	Consolidated financial statements			Separate financial statements		
	Promoted Activities	Non-promoted Activities	Total	Promoted Activities	Non-promoted Activities	Total
For the year ended December 31, 2019						
Revenues from sale of goods	711,504,068	1,245,665,526	1,957,169,594	711,504,068	1,245,665,526	1,957,169,594
Revenues from production contract	-	7,014,453	7,014,453	-	7,014,453	7,014,453
Revenues from vessel operating	-	16,486,717	16,486,717	-	-	-
Income from an insurance claim - net	-	13,331,727	13,331,727	-	13,331,727	13,331,727
Other incomes	-	3,190,881	3,190,881	-	2,636,547	2,636,547
Total	711,504,068	1,285,689,304	1,997,193,372	711,504,068	1,268,648,253	1,980,152,321
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

.....Director
(Thanit Tharatanavibool)

.....Director
(Pimwan Tharatanavibool)

25. PROVIDENT FUND

The Company and its subsidiary have set up a provident fund for the employees under the Provident Fund Act, B.E. 2530 (1987), in order to be their welfare as well as security whenever resignation or retirement as defined by the Company's regulation, with partly contribute by its employees' and another part by the Company at the rate 3 - 7 % on their salaries. The Company has also appointed 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, 2019 and 2018 are as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
AI Energy Public Company Limited	1,556,808	1,457,438	1,556,808	1,457,438
AI Logistic Company Limited	37,148	32,730	-	-
Total	1,593,956	1,490,168	1,556,808	1,457,438

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

26. SEGMENTS INFORMATION

The segments information for the years ended December 31, 2019 and 2018 was as follows:

Unit : Thousand Baht						
Consolidated financial statements						
For the year ended December 31, 2019						
Sale of biodiesel and vegetable oil and by product	Production contract of refine crude palm oil	Sale of Refine Glycerine	Vessel operating	Port services	Total	
Revenues from sales and services	1,956,108	7,014	1,062	16,487	-	1,980,671
Cost of sales and services	(1,966,456)	(4,739)	(1,232)	(29,808)	-	(2,002,235)
Allowance for devaluation of inventories	(4,000)	-	(40,000)	-	-	(44,000)
Gross profit (loss) by segment	(14,348)	2,275	(40,170)	(13,321)	-	(65,564)
Income from an insurance claim - net						13,332
Other income						3,191
Selling expenses						(19,628)
Administrative expenses						(78,096)
Loss on impairment of property, plant and equipment						(1,620)
Finance costs						(3,706)
Tax expenses						(4,405)
Loss for the year						(156,496)
Property, plant, vessel and equipment-net	886,224		471,752	24,854	163,465	1,546,295

.....Director

(Thanit Tharatanavibool)

.....Director

(Pimwan Tharatanavibool)

Unit : Thousand Baht

Consolidated financial statements					
For the year ended December 31, 2018					
	Sale of biodiesel and vegetable oil and by product	Production 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	(1,441,650)	(36,369)	(53,665)	-	(1,531,684)
Allowance for devaluation of inventories	(2,750)	-	-	-	(2,750)
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
(Thanit Tharatanavibool)

.....Director
(Pimwan Tharatanavibool)

27. COMMITMENT AND CONTINGENT LIABILITIES

Commitments and contingent liabilities as at December 31, 2019 and 2018 were as follows:

27.1 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	
	2019	2018
Guarantee for importation machinery	11,178,299	18,247,896
Guarantee for electricity usage	5,769,000	5,769,000
Total	16,947,299	24,016,896

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

	Contracted Balance (Unit : Baht)	
	Consolidated/Separate financial statements	
	2019	2018
Capital commitments		
Contracted but not provided for		
Land improvement	-	2,771,300
work in process - building and utility systems	1,877,155	4,545,954
work in process - machinery	2,553,705	9,369,990
work in process - Purify Glycerin project	14,023,420	126,167,840

27.3 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.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

During the year of 2019, the Company requested a legal opinion in case of the Securities and Exchange Commission of Thailand (the SEC), has filed a criminal complaint against directors and executives of the Company with the Department of Special Investigation (DSI), with an independent law firm, whose letter dated November 11, 2019, has an opinion that the case is the criminal complaint against directors and executives of the Company which is a personal matter, and the Company which is a juristic person will not be liable in any way. Therefore, when directors and executives of the Company have complaint against it will not have any impact on the Company.

The Company's management believes that final result investigation in such case have not any significant impact on the Company's financial statements.

28. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

28.1 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.

28.2 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.

28.3 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.

28.4 Fair value of financial instruments

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

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

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)

29. 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.

30. EVENT AFTER THE REPORTING PERIOD

Reduction of legal reserve and premium on ordinary shares to offset the deficits

On February 24, 2020, the Company's Board of Directors' Meeting passed a resolution to approve the reduction of legal reserve amounting to Baht 8.23 million and premium on ordinary shares amounting to Baht 315.32 million so as to reduce the deficits in the Company's separate financial statements as at December 31, 2019 amounting to Baht 323.55 million and propose for approval to the Annual General Shareholders' Meeting of 2020.

31. FINANCIAL STATEMENT APPROVAL

These financial statements have been approved to issue by the Company's Board of Directors on February 24, 2020.

.....Director
(Thanit Thareratanavibool)

.....Director
(Pimwan Thareratanavibool)



AI Energy Public Company Limited