

# Annual Report 2014



Asian Insulators Public Company Limited



**More than half of Porcelain Insulators uses in power transmission and distribution grids are our products. A progressive porcelain manufacturing plant with production flow and state-of-the-art raw materials preparation, pug mills and kilns with ISO-9001 Quality Assurance Program allows for the manufacture and marketing of high quality insulators products. Along with product innovation and improvements to make AI an industry leader in the design and production of high quality porcelain insulators.**

## AI at a glance

### Insulators Business



#### **Asian Insulators Public Company Limited**

Asian Insulators Public Company Limited is progressive porcelain manufacturing plant with production flow and state-of-the-art raw materials preparation, pug mills and kilns with ISO-9001 Quality Assurance Program. This allows for the manufacture and marketing of high quality insulator products. Along with product innovation and improvements to make AI an industry leader in the design and production of high quality porcelain insulators.

### Engineering Business



#### **AI Engineering Services Company Limited**

Provides the services for design, supply and installation of high voltage substation, distribution and transmission line system, along with project management with discipline engineers. AI Engineering Services is a market leader providing industrial maintenance, construction and engineering services to the water, power, and communications industries with over 10 years successfully delivered major infrastructure solutions. AI Engineering Services values safety, teamwork, honest and open communication, outstanding customer service and integrity. These fundamental beliefs are applied at all levels throughout the organization.

## Alternative Energy and Vegetable Oil Business



### AI Energy Public Company Limited

One of the largest refineries crude palm oil to biodiesel (B100) as an alternative energy source. A refinery plant with the continuous process and friendly to environment. Biodiesel can be used as a substitution for diesel oil as it is commonly use in trucks, and ships for transportation. The

benefit of biodiesel is reduced dependence on foreign oil sustainability, it is non-toxic and biodegradable, promotes economic development, produces lower emissions, and extended engine life. Another refinery plant, with 800 tons capacity per day for refining crude palm oil to vegetable oil for both domestic and export with “Pamola” brand.

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## Financial Highlights (Consolidated Financial Statement)

<b>Financial Statements</b>	2014	2013	2012
<b>Statement of Income ( Million Baht )</b>			
• Net Sales	5,550.66	5,019.91	4,326.98
• Total Revenues	5,579.42	5,043.06	4,350.61
• Gross Profit	596.99	708.15	463.89
• Profit before Interest and Income Tax Expenses	405.48	519.74	288.52
• Net Profit	324.92	264.17	219.60
<b>Balance Sheets ( Million Baht )</b>			
• Total Assets	3,742.90	4,265.12	3,728.96
• Total Liabilities	794.02	591.19	2,184.10
• Total Shareholders' Equity	2,948.88	3,673.93	1,544.86
<b>Financial Ratio</b>			
• Gross Profit Margin	10.76	14.11	10.72
• Net Profit Margin	5.82	5.24	5.08
• Return on Equity	11.02	7.19	14.21
• Return on Assets	8.68	6.19	5.89
<b>Operating Result Per Share</b>			
• Net Profit per Share	0.58	0.52	0.44
• Book Value per Share	5.90	7.35	3.09

## Company and Business Profile

Company's name	Asian Insulators Public Company Limited
Year of establishment	1981
Stock code	AI
Registration No.	0107574700262
Type of business	Manufacturer and distribution of Porcelain Insulators
Head Office Address	254 Seri Thai Road, Kannayaow, Bangkok 10230
Tel.	0-2517-1451 0-2517-1026 0-2517-9447-8 และ 0-2517-8597-9
Fax.	0-2517-1465, 0-2540-0993
e-mail	asian@asianinsulators.com
Website	<a href="http://www.asianinsulators.com">http://www.asianinsulators.com</a>
Registered capital	Baht 500 million
Paid – up capital	Baht 500 million
Comprise of	500 million ordinary shares, Baht 1 per value
Factory address	99 Moo 2 , Asia Road km. 70-71, Thambon Baan Morh, Amphure Prom Buri, Sing Buri 16120
Tel.	0-3659-9753-5 , 0-3659-9757
Fax.	0-3659-9756
Year of being listed in SET	2004
Contacts	Investor Relations Tel. 66-25171451 e-mail: ir@asianinsulators.com
Auditors	Dr. Virach Aphimeteetamrong Certified Public Accountant Registration No.1378 or Mr. Chaiyakorn Aunpitipongsa Certified Public Accountant Registration No.3196 or Mr. Apiruk Atianuwat Certified Public Accountant Registration No.5202 from Dr. Virach & Associates 518/3 Panunee Building 7th Floor, Ploenchit Road, Lumpinee District Khet Patumwan, Bangkok 10300 Thailand. Tel/Fax : 0-2252- 2860, 0-2255-2518, 0-2254-1210, 0-2250-0634

Asian Insulators Public Company Limited (AI) founded on 12 May 1981 with a commitment to manufacture and distribute of high quality porcelain insulators products for electricity distribution and transmission lines. In the past 30 years, we have achieved the milestones as follows:-

- Year 2001 - Received Board of Investment promotion privilege.
- Year 2003 - The Company achieved and accredited quality assurance to ISO 9001-2000.
- Year 2004 - The Company changed its status to Public Company Limited with registered capital of 500 million Baht.
  - The Company formed a joint venture company with PPC Insulators (Europe) with 40% stakeholder with Board of Investment (B.O.I) privilege. The joint venture company is called PPC Asian Insulators Company Limited. Its factory is located at Sing Buri Province, and manufactures Porcelain Insulators for 11 – 230 kV, and 100% of its products will be exported to U.S.A. and Europe markets where PPC Insulators are located.
  - The Company has invested in Electrical Projects Company Limited (EPC) with 94.48% stake. EPC is an Engineering contractor for design supply and installation of high voltage Substation and Transmission lines, with registered capital of 200 million Baht.
- Year 2005 - The Company received a privilege from Board of Investment (B.O.I) for the manufacturer of Compound Clay for the Porcelain Insulators industry with an output capacity of 25,000 metric tons per annual.
- Year 2006 - Established a subsidiary company named AI Logistics Company Limited (AIL) with 80% stakeholder. AIL's business are sea and land logistics with Board of Investment (B.O.I) privilege.
  - Established a subsidiary company named AI Energy Company Limited (AIE) with 75% stakeholder for the alternative energy business.
  - The Company has increased the stakeholder in Electrical Projects Company Limited to 99.84% and changed its name to AI Engineering Services Company Limited.
- Year 2007 - Established a subsidiary company named AI Ports and Terminals Company Limited (AIP) with 87.13% stakeholder. AIP's business are depots for palm oil, petroleum, lubrication oil storage tanks, and jetties for ship tanker services.
- Year 2010 - The Company has increased the stakeholder in AI Energy Company Limited to 93.14%.
- Year 2010 - The Company received a privilege from Board of Investment (B.O.I) for the manufacturer of Porcelain Insulators with an output capacity of 8,570 metric tons per annual.

## **Subsidiaries**

AI Engineering Services Company Limited (AIES) founded on 17 September 1992. The main business is an engineering contractor for construction of high voltage substations and high voltage transmission lines, with a stakeholder of 99.84% with the registered capital of 200 million Baht.

AI Energy Public Company Limited (AIE) was found in October 2006. The main business is alternative energy manufacturer and vegetable oil refinery, with a 59.59.00 % stakeholder with registered capital of 1,130 million Baht.



## **Joint Venture Company**

PPC Asian Insulators Company Limited (PPCAI) was established on 23 February 2004 with the registered capital of 263 million Baht. PPCAI is a Joint Venture Company between Asian Insulators Public Company Limited (AI) and PPC Insulators Holding GmbH (PPC), Austria with 25.10% and 74.90% stake respectively. PPC Insulators Holding GmbH (PPC), Austria invested into this Joint Venture Company via Porzellanfabrik Frauenthal Insulators GmbH (PFI), its subsidiary company.

Asian Insulators Public Company Limited and PPC Insulators Holding GmbH (PPC), Austria had signed the Joint Venture agreement on January 30<sup>th</sup>, 2004 with the common goal to manufacturer and distribute of porcelain Insulators to PPC Insulators Holding GmbH (PPC). The agreement has specified the distribution right for the company to act as representative to sell and distribute porcelain insulators to Thailand, Laos, Myanmar, Cambodia and Vietnam.

The Joint Venture Company shall manufacture the Porcelain Insulators according to ANSI and IEC standard for export only. The production technology will be supported by both companies

## Message from Chairman



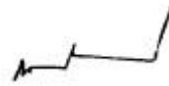
Asian Insulators Public Company Limited and its subsidiaries have derived 5,579.42 million Baht in Total revenues in year 2014, 10.64% increase from the previous year, Earning Before Interest and Tax (EBIT) equal to 405.48 million Baht, a 7.23 % of the total revenues, 324.92 million Baht in net profit, a 5.82 % of the total revenues. The earnings per share was 0.58 Baht.

Porcelain Insulators business derived revenue 696.97 million Baht, decreased by million Baht 122.57, a 14.96% fall from last year. The economic crisis and the shrinkage of the government spending in the infrastructure of year 2013 , as result in demand for Porcelain Insulators for year 2014.

The Engineering business, or the subsidiary with the revenue of 297.27 million Baht, a 548.78 % or 251.45 million Baht rise from last year.

The Alternative energy and Vegetable Oil business derived revenue from sale of biodiesel and its by-products of 4,556.42 million Baht, a 9.02 % or 376.83 million Baht rise from last year.

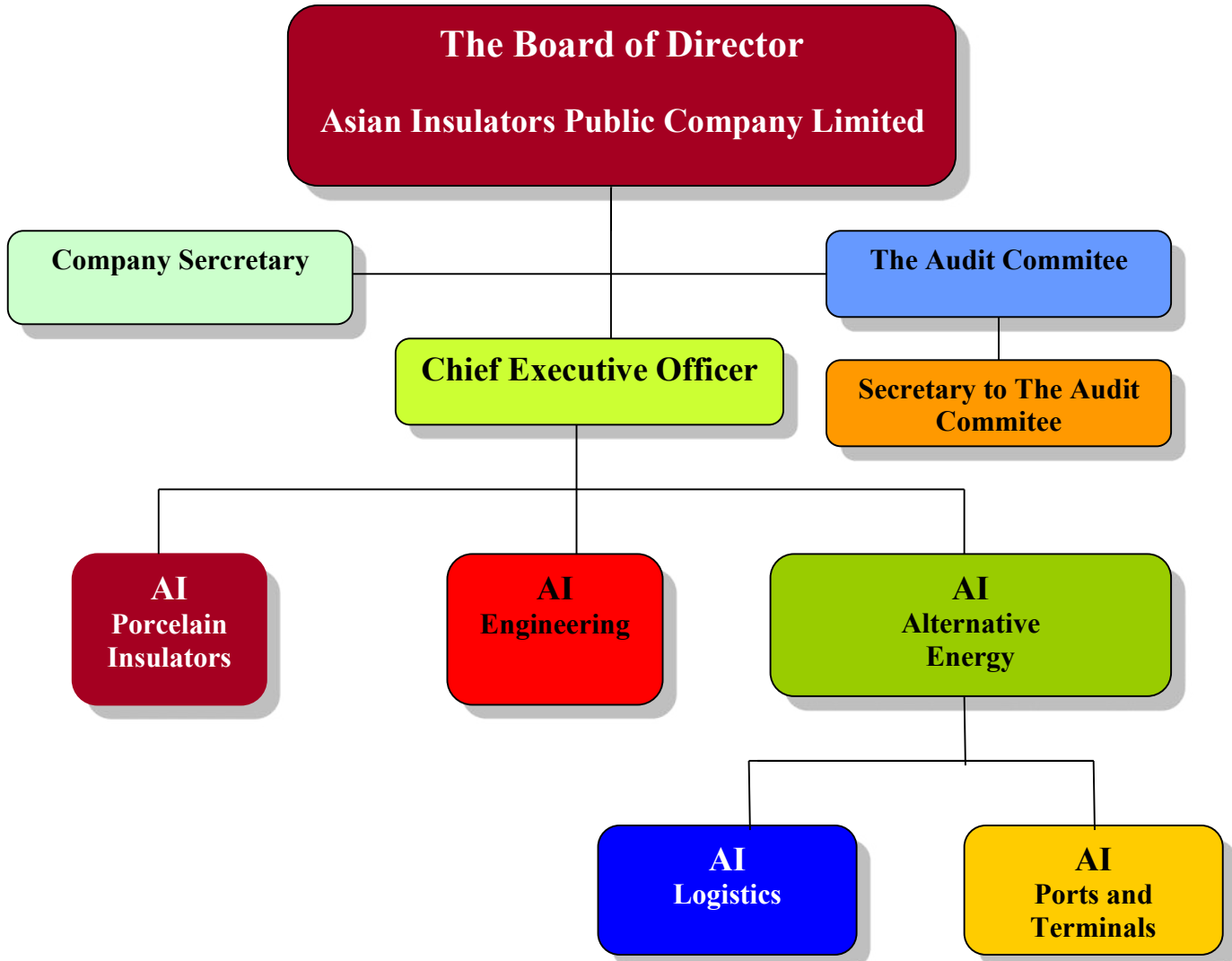
Asian Insulators Public Company Limited Group managed under the corporate governance with a firm commitment to ethical transaction with the improvement of life and environment. On behalf of the Company, we sincerely thank the shareholders, customers, business partners, financial institutions, and employees for entrusting the Company with these responsibilities and for supporting the Company through the year.

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

Narong Thareratanavibool

Chairman

## Business Structure



## Board of Directors

### Roles and Responsibility of the Board of Directors.

The Board of Directors holds responsibilities for all the Company's shareholders. Each director represents all shareholders and takes part in supervisory and regulatory functions in the Company's operations, independent and impartial manner, for the benefits of all shareholders and other stakeholders. The Board has roles and responsibilities stated in the Board of Directors' Charter, which are:

- Board of Directors has the role and responsibilities to the shareholders for the company business and manage as per company objective for maximum benefit to the shareholders with ethical and mutual Benefit.
- Board of Directors shall appoint and authorize Chief Executive Officer to execute the company business plan
- It is a duty of directors to attend every board meeting, except with reasonable excuses.
- The Board of Directors meeting should have regularly every 3 months and scheduled in advance. The Chairman is acting on the behalf chair person in the meeting, prepare the agenda, and make sure that all the reverent information has been received by Directors members within a propitiate time.
- The Chairman of the board should promote prudent consideration and allocate appropriate time for the management to present adequate issues and enough for the directors to broadly discuss important matters with care.
- In the matter of consider any agenda, the Directors has the right to seek out, or request more information, or need advisory from the expert, all the expense shall be bored by the Company.
- The resolution from the meeting shall be recorded; any disagreement in the meeting shall be recorded on the minutes of meeting as well.
- The Board of Directors shall appoint a Company Secretary to support and prepare the agenda, invitation letter, filing and advice to the Board of Directors for any laws,regulation that may concern.
- The Board of Directors should provide a report indicating its responsibilities to prepare financial statements, and be exhibited alongside the auditor's report in the company's annual report.
- The role and responsibilities of Board of Directors are as follow:
  1. Approve for strategic planning, execute and company's budget.
  2. Approve the operating results each quarter compare to the plan and future tend.
  3. Approve the investment, buy or accusation or Joint Venture Agreement for those within the Stock Exchange of Thailand's regulation.
  4. Approve on company behalf of any that concern with debts, business strategy, financial, and goodwill.
  5. Approve and sign contract agreement on the company behalf of unusual business and important normal business operation.
  6. Approve any connected transaction between companies, subsidiary, joint venture, and related person for those which not require the approval from shareholders.
  7. Approve any business transaction that has the impact to debt to equity ration more than 1 : 1
  8. Approve interim dividend payment.

9. Approve any change in accounting method and financial
10. Appoint the Company Secretary
11. Approve an authorization for Chairman, Chief Executive Officer, or any Directors for any duty. The authorization shall be enforce until further notice.
12. Approve the Corporate Governance Policy.
13. Authorize to approve on the company behalf for execute any matter as per the laws, company objective, and resolution from the Annual General Meeting.
14. Authorize to execute any matters to conform the laws, company's objective, regulation and resolution from the Annual General Meeting of the shareholders.

### Board of Director Remuneration

The Company has established a set of well-defined and transparent remuneration policy for Directors. Executive Directors are responsible for reviewing and consideration appropriateness of each director, and the Company financial status, to ensure that remuneration is comparable to other companies. A member of a committee who is also a member of other committees shall receive additional remuneration according to their increased responsibilities.

The Company has already received approval on its remuneration policies from Annual General Meeting of shareholders No. 1/2557, dated March 26, 2014 for the total and not more than 3,500,000 Baht.

Name	2014 Meeting Allowance (Baht)	2014 Director's Remuneration (Baht)	2013 Meeting Allowance (Baht)	2013 Director's Remuneration (Baht)	2012 Meeting Allowance (Baht)	2012 Director's Remuneration (Baht)
Mr. Narong Thareratanavibool	177,100	303,600	202,400	303,600	115,000.-	276,000.-
Mr. Thanit Thareratanavibool	154,000	264,000	176,000	264,000	100,000.-	240,000.-
Mr. Kovit Thareratanavibool	132,000	264,000	176,000	264,000	100,000.-	240,000.-
Mr. Noppol Thareratanavibool	88,000	198,000	-	-	-	-
Professor Prayoon Chindapradist	-	25,300	303,600	303,600	207,000.-	276,000.-
Dr. Pomanong Budsaratagoon	94,600	97,900	242,000	264,000	180,000.-	240,000.-
Police General Wichean Potephosree	214,500	268,400	-	-	-	-
Mr. Boonlert Khawcharoenporn	242,000	264,000	220,000	264,000	180,000.-	240,000.-
Dr. Veeraphat Phetcharakupt	110,000	176,000	-	-	-	-
Total	1,117,600	1,738,000	1,320,000	1,663,200.-	882,000.-	1,512,000.-

## Board of Directors Meetings

Board of Directors meetings are planned for the entire year for at least one meeting in every four months. The Chairman of the Board issues a meeting along with the meeting agenda and relevant supplementary documents to each Director within prorate time ahead of the meeting.

At each meeting, Directors are openly and freely express their opinions and ask for the related document from management. Also the right to seek the advice from consultant or advisors with the cost charge to company account. The Chairman of the Board conclude and take the minutes of each are properly documented and, after approval from the Board is given, are filed for auditing purpose and reference by directors and related persons. In the event of director disagree with the resolution, the minute of meeting shall be documented and recorded in the minute of meeting. Board of directors has appointed a secretary to the Board of director who in charge of record the minute of meeting, agenda, invitation to the meeting, filing, and record.

Self-Assessment of the Board - The Board instituted a review of its individual self-assessment that to help directors review their performance together with issue and obstacles identified during the year. In year 2014, all directors had conducted the self-assessment of the Board for one time.

## Board of Directors and Audit Committee Meeting Attendance

Name	Year 2014		Year 2013		Year 2012	
	Board of Directors Meeting	Audit Committee Meeting	Board of Directors Meeting	Audit Committee Meeting	Board of Directors Meeting	Audit Committee Meeting
Mr. Narong Thareratanavibool	6 / 6	--	8 / 8	--	4 / 4	--
Mr. Thanit Thareratanavibool	6 / 6	--	8 / 8	--	4 / 4	--
Mr. Kovit Thareratanavibool	5 / 6	--	8 / 8	--	4 / 4	--
Mr. Noppol Thareratanavibool	4 / 6	--	--	--	--	--
Professor Prayoon Chindapradist	--	--	8 / 8	4 / 4	4 / 4	4 / 4
Dr. Pomanong Budsaratragoon	2 / 6	1/4	7 / 8	4 / 4	4 / 4	4 / 4
Police General Wichean Potephosree	5 / 6	3/4	--	--	--	--
Dr. Veeraphat Phetcharakupt	3 / 6	2/4	--	--	--	--
Mr. Boonlert Khawcharoenporn	6 / 6	4/4	7 / 8	3 / 4	4 / 4	4 / 4

## Details of Directorship of Asian Insulators and Executives in Subsidiaries, and Related Companies

Subsidiaries and Related Company					
Name	Asian Insulators PCL	2.1	2.2	2.3	2.4
Mr. Narong Thareratanavibool	Chairman	X	//	//	
Mr. Thanit Thareratanavibool	Chief Executive Officer	//	//	//	
Mr. Kovit Thareratanavibool	Director	//	//		//
Mr. Noppol Thareratanavibool	Director	//		//	
Police General Wichean Potephosree	Director	/			
Mr. Boonlert Khawcharoenporn	Director	/			
Dr.Veeraphat Phetcharakupt	Director	/			

### Comments

1. x = chairman : / = Director : // = Executive Director
2. Companies
  - 2.1 Asian Insulators Public Company Limited
  - 2.2 AI Engineering Services Company Limited
  - 2.3 AI Energy Company Limited
  - 2.4 PPC Asian Insulators Company Limited

## Audit Committee

Each quarter the Audit Committee reviews the Company's financial reports in conjunction with accounting department and the office of the auditor general, and presents finding to the Board. The Board is accountable for the Companies Group's consolidated financial statements, as well as other financial information (such as report on the Board's responsibility to financial report) presented in the annual report. The financial statements are prepared under generally accepted accounting principles, examined, and certified by the office of the auditor general. Essential information, including financial and non-financial information, is completely and consistently disclosed.

As December 31, 2014. Audit Committee comprised of three persons as follow:-

No.	Name	Position
1.	Police General Wichean Potephosree	Chairman of Audit Committee
2.	Mr. Boonlert Khawcharoenporn	Audit Committee
3.	Dr. Veeraphat Phetcharakupt	Audit Committee

And appointed Mrs. Mattika Chansuwan as a Secretary to Audit Committee.

## The Charter of the Audit Committee

### 1. Qualifications of the Audit Committee

The Audit Committee can freely express their opinions on responsibilities delegated by the Board of Directors, without influence from any individual or group. The qualifications of the Audit Committee are as follows:

- 1.1 Direct or indirect freedom from financial and managerial influences of the company, joint venture or main stockholders.
- 1.2 No direct or indirect connection to the financial or administrative functions of the company, joint venture or major stockholders for at least one year prior to joining the committee. Unless the Board of Directors deems that the relationship does not bias the function and opinions of the Audit Committee.
- 1.3 Not connected to nor relatives of any member of the Board of Directors, administrators or major stockholders.
- 1.4 Not appointed to protect the interests of anyone on the Board of Directors or major stockholders in the organization.

### 2. Composition of the Audit Committee

The state of the Audit Committee is as follows:

- 2.1 The Audit Committee must consist of members of the Board of Directors and meet the qualifications required by the Stock Exchange of Thailand.
- 2.2 Audit Committee members must be appointed by the Board of Directors.
- 2.3 The Audit Committee shall be composed of at least 3 persons, at least one of whom must have a good knowledge of, and experience in, accounting and finance.
- 2.4 One member of the Audit Committee will be selected and appointed by the Board of directors to be the Chair person.



2.5 The manager of the Internal Audit Office will be the secretary of the Audit Committee.

### **3. Authority**

The Audit Committee is responsible for ensuring that the company is run in a clear and honest way. In addition, the committee has to inspect the performances of the Chief Executive Officer and administrators so as to make sure that the policies of the Board of Directors have been followed completely, in correctly and in the best interests of the stockholders. This includes the following:

- 3.1 Ensuring that the company has correct financial reports in keeping with general accounting standards, with sufficient details and transparency.
- 3.2 Ensuring that the company has appropriate and effective internal control and auditing.
- 3.3 Ensuring that the company follows the laws on the Stock Exchange market, the regulations of the Stock Exchange market and the laws related to the company's business.
- 3.4 Selecting and appointing the company's accounting auditor, and setting his/her stipend.
- 3.5 Considering which items of the company's information should be revealed in situations where such a revelation might benefit a competitor and presenting the information correctly and completely.
- 3.6 Ensuring that the company has an appropriate and effective risk management system in place.
- 3.7 Examining and reviewing internal auditing plans and the performance of the internal auditing office in coordination with the accounting auditor.
- 3.8 Preparing reports on the results of the company audits to be included in the company's annual report, endorsed by the chair of the Audit Committee.
- 3.9 Reporting the auditing results of the company's performance to the Board of Directors at least 4 times a year.
- 3.10 In performing auditing work under its jurisdiction, the Audit Committee is empowered to invite any administrators and personnel concerned with the issue under consideration to join meetings or to provide necessary documents.
- 3.11 Having the authority to engage consultants or outside people for advice when necessary.
- 3.12 Performing any other jobs delegated by the Board of Directors with the consent of the Audit Committee.

#### **4. Audit Committee's term**

The Audit committee shall serve for a term of at least 3 years. At the end of a 3-year term, an Audit Committee member can be re-appointed. In addition, A member of the Audit Committee may be removed by any of the following:

- 4.1 Death.
- 4.2 Resignation.
- 4.3 Lack of qualifications required by this Charter or by the regulations of the Stock Exchange of Thailand.
- 4.4 End of term of appointment as a member of the Board of Directors.

Any member of the Audit Committee who wishes to resign from his/her position can submit a letter of resignation to the Chairman of the Board. Then, the Board of Directors will approve the resignation.

At the end of the 3-year term, members of the Audit Committee must continue in their positions to perform auditing jobs until a new Audit Committee has been appointed.

If any position on the Audit Committee become vacant for other reasons, before the end of the term, the Board of Directors shall appoint a qualified person to fill the vacant position within 90 days. This person will be appointed for the remaining period of the person he replaces.

#### **5. Meetings**

The meetings of the Audit Committee are characterized as follows:

- 5.1 Meetings to consider budget and other matters shall be held not less than 4 times a year and shall be held not less than 7 days before the meeting of the Board of Directors. The chairman can call additional meetings to discuss urgent matters as required.
- 5.2 Any members of the Audit Committee who stand to gain or lose in any matters before the committee has no right to vote in such matters.
- 5.3 When a vote is taken at a meeting, a majority wins the vote. If the votes are equal, the Chairman will cast the deciding vote. However, any dissenting opinions shall be presented to the Board of Directors.
- 5.4 The Chairman of the Audit Committee shall report the results of each meeting at the subsequent meeting of the Board of Directors.

## Board of Directors



### **Narong Thareratanavibool**

Position in AI	Chairman
Education	Master in Business Administration Executive Program Kasetsart University National Defense College

#### Siminar

Chief Financial Office Certification Program  
Director Accreditation Program, Thai Institute of Director Association  
Chairman 2000, Thai Institute of Directors Association  
Director Certification Program, Thai Institute of Directors Association  
Capital Market Academy Leader Promgram No.15

#### Previous Expreience

1983 – 2003 Managing Director – Asian Insulators Company Limited  
2006 - 2008 Director – PPC Asian Insulators Company Limited

#### Other Current Position

Since 2538 Director – AI Engineering Services Company limited  
Since 2006 Director – AI Energy Company limited  
Since 2006 Director – AI Logistics Company Limited  
Since 2007 Director – AI Ports and Terminals Company limited



**Thanit Thareratanavibool**

Position in AI Chief Executive Officer

Education Bachelor of Science in  
Mechanical Engineering  
Northeastern University, Boston  
Massachusetts, U.S.A.  
Master Degree in Business  
Administration  
Kasetsart University , Thailand.

Seminar Director Accreditation Program, Thai Institute of Director Association  
Director Certification Program, Thai Institute of Directors Association  
Capital Market Academy Leader Promgram No.17

Previous Experience 1998 – 2003 Deputy managing Director - Asian Insulators Company  
Limited  
2006 - 2008 Director – PPC Asian Insulators Company Limited

Other Current Position Since 1995 Managing Director – AI Engineering Services  
Company Limited  
Since 2006 Director – AI Energy Company Limited  
Since 2006 Director – AI Logistics Company Limited  
Since 2007 Director – AI Ports and Terminals Company Limited



**Kovit Thareratanavibool**

Position in AI

Director

Education

Master in International  
Business  
University of Dallas,  
Texas, U.S.A.

Siminar

Director Accreditation Program, Thai Institute of Director Association  
Director Certification Program, Thai Institute of Directors Association  
Finance for Non-Finance Director, Thai Institute of Director  
Association  
Chief Finance Officer 2000, Thai Institute of Director Association

Previous Experience

1998 – 2001 General Manager – Crown Ceramic Company Limited

Other Current Position

Since 1995 Director – AI Engineering Services Company Limited  
Since 2006 Managing Director – PPC Asian Insulators Company  
Limited  
Since 2006 Director – AI Energy Company Limited  
Since 2006 Director – AI Logistics Company Limited  
Since 2007 Director – AI Ports and Terminals Company Limited



**Noppol Thareratanavibool**

Position in AI

Director

Education

B.Sc. Finance – University of Essex, UK

MBA - SASIN Graduate Institute of

Business Administration of

Chulalongkorn University

Siminar

Director Certification Program, Thai Institute of Directors Association

Other Current Position

Since 2011 Director – AI Logistics Company Limited

Since 2010 Director – AI Ports and Terminals Company Limited



## **Police General Wichean Potephosree**

Position in AI	Chairman of Audit Committee Director
Education	Master in Business Administration Executive Program Kasetsart University National Defense College

### **Siminar**

Chief Financial Office Certification Program  
Director Certification Program, Thai Institute of Directors Association  
Audit Committee Program, Thai Institute of Directors Association  
Executive Financial Management Certificate Program  
Advanced Audit Committee Program (AACP) 17/2014

### **Previous Experience**

- Commissioner General of Royal Thai Police
- Committee of Boonyachinda Foundation for Police and Family
- Committee of Asian Insulators Public Company Limited
- Dependent Committee of Group Company of Pacific-pipes System Pvt Ltd
- Dependent and Audit Committee Wanachai Group Company (PLC)

### **Other Current Position**

- Dependent and Audit Committee Wanachai Group Company (PLC)
- Dependent Committee of Group Company of Pacific-pipes System Pvt Ltd
- Committee of Boonyachinda Foundation for Police and Family
- Committee of Human Resources Administration, the National Communications Commission
- Sub-committee of National Police Policy concerning Monitoring and Following up National Police Policy







## **Dr. Veeraphat Phetcharakupt**

Position in AI Audit Committee Director

Education Bachelor of Business Administration-Banking and Finance, Chulalongkorn University, 2001)  
Master of Science in Finance, University of Essex, 2004  
Doctor of Philosophy in Finance, University of Essex, 2008  
Chartered Financial Analyst (CFA Level III), 2011

Siminar Director Accreditation Program, Thai Institute of Director Association  
Director Certification Program, Thai Institute of Directors Association

Previous Experience 2011 - 2013 MFC Advisory Co., Ltd. Acting President MFC Asset Management Pcl.  
2008 – 2011 Bank of Ayudhya Pcl. Investment Banking Department

Other Current Position Since 2013 MFC Advisory Co., Ltd. Acting President

## Change in Asian Insulators Shares held by The Management in 2013 – 2014

No.	Name	Position	31 Dec 14	31 Dec 13	Increase / Decrease
1.	Mr. Narong Thareratanavibool	Chairman	106,469,445	106,469,445	-
2.	Mr. Thanit Thareratanavibool	Chief Executive Officer	34,431,440	39,431,440	-5,000,000
3.	Mr. Kovit Thareratanavibool	Executive Director	10,500,000	10,500,000	-
4.	Mr. Noppol Thareratanavibool	Executive Director	40,535,205	-	-

**Note: The common shares held include those of spouse and minor children**

## Management Compensation

The remuneration of the management is paid according to the policies and criteria set by Chief Executive Officer. It is tied directly to the performance of the Company and each individual performance. It also competitive with the same industry compensation.

### Remuneration of the Management

	Year	2014	Year	2013	Year	2012
	Number	Amount	Number	Amount	Number	Amount
Remuneration	23	27,625,358	29	30,135,941	24	29,304,063
Bonus	21	4,104,479	23	4,678,446	22	4,562,440
Total		31,729,837		34,814,387		33,866,503

# Corporate Governance

## Corporate Governance Policy

The Board set up a Corporate Governance Committee, comprise of Management, Audit Committees, Independent Directors to investigate critical matters under the corporate governance principles to create maximum benefit for shareholders, taking into account the overall stakeholders' concerns and interests, business ethics, and transparency. The committee has at least half with non-executive directors, and one-third of the committee is fully independent and has no relationship with executive members. The Chief Executive Officer has been appointed as one of the committee member.

## 1. Rights of Shareholders

The Company recognizes that investors will put trust and confidence in its business only if they can be assured that the Company has an equitable policy and maintains shareholders' fundamental rights and equitability under the law, as well as business management that is suitable, efficient, effective, and accepted by investors and stockholders as one with good corporate governance.

As a rule, the Company schedules an Annual General shareholders' meeting (AGM) within four months of the annual closing date of its accounting books. For urgent matters relating to shareholders' interest or requiring shareholders' approval under any rules, conditions, or applicable laws, it will call an extraordinary shareholders' meeting.

- Shareholders' Meeting

The Board acknowledges the right of shareholders to receive equal treatment and voice their opinions at meetings. The Company has invite minor shareholders to propose items for the AGM ahead of time to promote fair and equitable treatment of all shareholders, which is part of good corporate governance practice. The Company also arranged for delivery of the notice of the general meeting of shareholders, containing the completed agenda in compliance with regulatory statutes, the Stock Exchange of Thailand's requirements and the Company's Articles of Association, together with proxy forms and a complete set of meeting documentation and other details to shareholders not less than 14 days prior to the meeting date. This also provides sufficient time for shareholders who cannot attend the meeting to delegate their authority to other individuals or the Independent Directors to exercise their voting right. In addition, to give shareholders enough preparation time, at least three days ahead of the meeting the invitation must be announced through one Thai and one English newspaper for at least three consecutive days. In the meeting held 2014 meeting invitation was made available on the Company's website at least 14 days ahead of meeting. The Company ensures that each shareholder can reasonably assured of meeting security measures and given two hour of available registration time.

At each meeting, the Company exercise equitable of all shareholders. After explaining the Company rules on voting and vote counting for individual agenda item, the chairman of the meeting must address each opinion, question, or recommendation of shareholders, giving adequate time for debate on each agenda item. The chairman ensure that the meeting proceeds according to the order of the agenda and does not add an item without notify shareholders in advance. For the selection of Directors, individual votes are required, and the Company executives will answer all questions clearly and precisely.

On the meeting date, the Company arranged for staff to facilitate registration of shareholders and/or their proxies using a barcode registration system, and handing out printed ballots to each shareholder for voting on each meeting agenda item. The previous General

Meeting of Shareholders, the Chairman of the Board acted as the Chairman of the meeting, which was also attended by the Chairman of Audit Committee, Chief Executive Officer; together there were 6 directors in attendance. The minutes of the meeting must be completely and accurately recorded with a written summary of voting results on each matter.

After the meeting, the Company submitted the report of the shareholders' meeting, which contained meeting minutes, voting records, and every question raised by shareholders, to SET within 14 days. Meeting information can be accessed through the Company website ([www.asianinsulators.com](http://www.asianinsulators.com))

### **Annual General Meeting of Shareholders**

- **Before the Meeting**

The Company had announced that AI had given opportunity to our shareholders to propose Shareholders Meeting Agenda in the coming Annual General Meeting of Shareholders on via website of Stock Exchange of Thailand and Company's website. The Company had appointed Independent Directors to take care of minority shareholders rights from being limited and to hear from them for their suggestions and inquiries. The said issues for the coming Annual General Meeting of Shareholders can be proposed from through e-mail address of Independent Directors at [ind\\_dir@asianinsulators.com](mailto:ind_dir@asianinsulators.com), or by registered mail to the Chairman, Board of Directors, Chief Executive Officer, or Secretary to the Board at the address: Asian Insulators Public Company Limited No. 254 Seri Thai Road, Kannayaow, Bangkok 10230.

Independent Directors will consider the shareholders' proposals and further pass to the Board of Directors for their consensus for final decision.

If The Boards argues that any issues are significant or beneficial to AI or the shareholders, the Board will put the said issues in the meeting agenda remarked as "Agenda from shareholders" in notice to shareholders or clarify them at the Shareholders' Meeting. If the proposals have not passed the consensus, then the reasons shall be given to the shareholder who proposed the agenda.

There were no proposals which raise by the shareholders via e-mail, and register mail.

The meeting date was announced on the website of Stock Exchange of Thailand. The Company also arranged for delivery of the notice of the general meeting of shareholders, containing the completed agenda in compliance with regulatory statutes, the Stock Exchange of Thailand's requirements and the Company's Articles of Association, together with proxy forms and a complete set of meeting documentation and other details to shareholders not less than 14 days prior to the meeting date. In addition, the Company also placed the meeting notice in Thai and English daily newspaper for at least 3 consecutive days prior to the meeting date. Should shareholders wish to appoint proxies to attend the meeting and vote on their behalf, they may do so under the procedure or delegate Independence Directors as their proxies. In additional, to promote corporate governance, the Company has provided the opportunity for shareholders to propose matters of importance to the Company in advance, which will be considered as agenda items for the 2014 General Meeting of Shareholder on the Company website.

- **On the Meeting Date**

Registration begins two hours ahead of time. The Company arranged for staff to facilitate registration of shareholders and/or their proxies using a barcode registration system, and handed out printed ballots to each shareholder for voting on each meeting agenda item. The previous General Meeting of Shareholders, the Chairman of the Board acted as the Chairman of the meeting, explaining voting and vote-counting procedures, balloting, and clearly disclosing voting results on each agenda item, and allowing shareholders to

ask questions or express their view. The Chairman also ensures that Directors or the Manager not replied to questions with clarity, total of 6 Directors attended the AGM – namely the Chairman of the Board, two Executive Directors, and three Audit Committee Members, and Management.

1. Mr. Narong Thareratanavibool - Chairman
2. Mr. Thanit Thareratanavibool – Executive Director
3. Mr. Kovit Thareratanavibool – Executive Director
4. Dr. Pornanong Budsaratragoon – Chairman Audit Committee
5. Mr. Bunlerd Korcharoenporn – Audit Committee
6. Police General Wichean Potephosree – Audit Committee

Consideration of items and voting were conducted in order of the announced agenda. This included consideration of the appointment of individual directors and their remuneration, together with consideration of appointment of external auditors and the audit fees to be approved by the meeting. The Chairman of the meeting provided the opportunity for shareholders to inquire about various matters and express their opinions, which were answered and supplemented with additional information. Voting and vote-counting procedures were conducted in a transparent matter. Comprehensive minutes of the meeting were recorded, along with details of the voting on each agenda item.

- **After the Meeting**

After the meeting, the Company submitted the report of the shareholders' meeting, which contained meeting minutes, voting records, and every question raised by shareholders, to SET within specified time. Meeting information can be accessed through the Company website ([www.asianinsulators.com](http://www.asianinsulators.com))

## 2. Role of Stakeholders

The Company has a clear policy for the Role of Stakeholders. Regardless suppliers, customers, shareholders, investors, independent auditors, government sectors, community, labor, competitors to proceed the right as per the given laws and with the company Code of Conduct . The Role of stakeholders in was as follow:-

- **Shareholders** In Annual General Meeting dated shareholders attended the AGM. There was no additional agenda raise before the meeting as the Company had given opportunity to our shareholders to propose Shareholders Meeting Agenda via website of Stock Exchange of Thailand and Company's website. The shareholder had exercised their right by voting all agendas that required voting for approval. At the meeting, shareholders are allowed to express their opinion freely, and give suggestion. There were additional questions that shareholders had asked the Management and Directors in the AGM. All the questions had been provided with sufficient details information as given to the shareholders.
- **Suppliers** The Company builds good relationships for mutual benefit and strictly observe contractual agreement made with all suppliers including quality products and on-time delivery.

- **Employee** The Company consider its employees a key success factor and supports their professional development, and attends to the quality of the workplace. The Company provides such as proper compensation, lunch, provident fund, health and life insurance, uniforms, transportation, social security, first aid and nursery to all employees.
- **Customers** The Company is committed to satisfying its customers and the public through its products and services, as well as providing confidence in its quality at suitable prices. , the Company had surveyed the customer satisfaction and received the score in quality, services, and prices which shows a good rating from customers. No complain receive from customers.
- **Competitors** The Company observes the framework of fair competition and refrains from harming the reputation of business competitors through false accusations. In, The Company had followed the Company's Code of Conduct principle. Not a single dispute arose with any competitors during the year.
- **Creditors** The Company realizes that by keeping good relations with the creditors, they can gain trust and confidence, and shall carry out together with practices under its obligation.To create synergy among the Group, the Company proposed that its directors or executives should be appointed as directors of the Board of subsidiary companies to ensure alignment of policies and business plans and maximize value of all stakeholders.

### 3. Disclosure and Transparency

Business decisions made by Management and employees must be only for the Company's best interest. They must avoid financial or other relationships with external parties that would result in financial losses for the Company or a conflict in loyalty or interest, and must not compromise the efficiency of business operation. The Management and employee must not be involved in such decisions, including the approval of such transactions, under the disclosed information relating to a possible conflict of interest with the Company. The Company is require to review Executive, Management and shareholders should resolve any conflict of interest with care and honesty, reason, and independence within the code of conduct. And to provide the reasonable information for mutual benefit of the Company.

All the Company Directors and Management, including their spouses and children under legal age, must report any changes in their Company share ownership to SEC under section 59 of the Securities and Exchange Act B.E. 2535 (1992) within three days from the date of sale, purchase, disposal, or receipt of such shares.

### 4. Business Ethics

The Company has provided a section concerning business ethics for directors, management officer and employees in the Company's Code of Conduct Manual. The aforesaid section was proposed to the Company's directors for acknowledgement and made available on the Company's internal communication media so as to inform the management officers and employees and so that the management officers and employees can refer to it while performing their work. A training to alert the Company's employees and a follow-up on the compliance with the business ethics are regularly held.

In a training course was conducted for management officers and employees. Two assessments and the follow-up on the compliance with the Code of Conduct were made. No incidents of non-compliance was found.

## 5. Controlling, System and Internal Audit

The Board of Directors have placed particular emphasis on an efficient internal control system and promotion of an appropriate business culture recognizing risk control as important to the Company's overall operation activities. The Audit Committee has the duty and responsibility of reviewing the effectiveness and adequacy of all risk management processes and internal control systems by discussing and evaluating operation results with internal auditors. These discussions include the internal auditors' scope of work, role and responsibilities, audit plans, and audit conclusions regarding the adequacy and effectiveness of the internal control system. Major recommendations or material deficiencies must be reported to the Board of Directors in timely manner for effective action. In additional, external auditor from the Company's financial auditor must evaluate and review internal control and audit system on yearly basis as well. , the external auditor from the Company's financial auditor has evaluated and reviewed internal control and audit system one time. The Audit Committee had conducted the auditing for Controlling and system of the Company in for one time as well.

## 6. Responsibilities of the Board

Board of Directors has the role and responsibilities to the shareholders for the company business and manage as per company objective for maximum benefit to the shareholders with ethical and mutual benefit. The Board of Directors had a meeting regularly every 3 months and scheduled in advance. The Board of Directors comprise of 6 members. Three members are Executive Directors and other three members are Independent Directors. The Board has appointed Mrs. Mattika Chunsuwan as a secretary to the Board who in charge of record the minute of meeting, agenda, invitation to the meeting, filing, and record, there were four meetings of the Board.

The Audit Committee considered and appointed Police General Wichean Potephosree as the Chairman of the Audit Committee since he has the knowledge in accounting and financial matters.

Self-Assessment of the Board - The Board instituted a review of its individual self-assessment to help Directors review their performance together with issue and obstacles identified during the year.

One self-Assessment of the Board was conducted in

## 7. Investor Relations

The Company realizes the value of accurate, complete, and transparent disclosure of information. The Company has established the Investors Relations Department as the company's representative to communicate with investors, analysts, and shareholders. The object of this policy is to ensure that disclosure of the Company's financial and general information to shareholder, investors and general public will be accurate, complete and timely, equally accessible to all, and in accordance with relate laws and regulations. The company's information is disseminated via various channels:

- i. The Stock Exchange of Thailand
- ii. The Annual Report
- iii. The Company's Financial Report



- iv. Notification of the Board of Directors' resolutions and other matters
- v. The Office of the Securities and Exchange Commission
- vi. Newspaper
- vii. Television Station
- viii. The Company's website (<http://www.asianinsulators.com>)
- ix. Company Visits / One – on One Meeting
- x. Non-deal Road show
- xi. Opportunity day / Analyst Meetings

The Company has appointed Mr. Thanit Thareratanavibool in charge of Company Secretary. To communicate and release operating results and Company information to investors, shareholders, and related parties. Investors and interested parties can also make inquiries through telephone number 0-2517-1451, or e-mail: [ir@asianinsulators.com](mailto:ir@asianinsulators.com)

Any release of operating results and Company information to investors, shareholders, and related parties which company has informed SET can be found at <http://www.asianinsulators.com> has released information to investors, shareholders, and related parties through SET a total of .

AI regularly presents information to analysts, investors via road shows, company visit, conference calls and conference. activities took place:

<b>Type of Meeting</b>	<b>No. of Events</b>	<b>No. of Companies</b>	<b>No. of Persons</b>
One – on – One Meeting	3	2	6
Conference Calls	4	-	4
Group Analyst Meeting	4	3	15
Road show	2	-	300
Opportunity Day	4	-	150

## Major Shareholders of Asian Insulators Public Company Limited

At the closing registration on September 4<sup>th</sup>, 2014

Shareholders	No. of ordinary shares	% of total shares
1. Mr. Narong Thareratanavibool	106,469,445	21.29
2. Mr. Thanit Thareratanavibool	34,431,440	6.87
3. Mr. Kovit Thareratanavibool	10,500,000	2.10
4. Mr. Noppol Thareratanavibool	46,035,210	9.21
5. Mrs. Sopha Thareratanavibool	20,209,485	4.04
6. Mrs. Jarunee Worakitjanuwat	17,000,095	3.40
7. Mr. Sirikul Thareratanavibool	9,416,100	1.88
8. Mr. Anurag Thareratanavibool	9,000,000	1.80
9. Mrs. Pakapan Sawedkomolnun	8,626,000	1.72
10. Others	238,312,225	47.69
<b>Total</b>	<b>500,000,000</b>	<b>100.00</b>

**Remark:** The up to date of major shareholders will be posted on the Company's website before the Annual General Meeting

## Dividend Policy

- **The Company's Dividend Policy**

Company and subsidiary have the policy to pay the dividend to the shareholder each operation year, and not less than 40% of the net profit after tax and legal reserved. The dividend pay out is depend on the investment of the new project in the future. The Board of Directors' decision to payout the dividend is subject to approval of shareholder at the General Annual Meeting, except the interim dividend payout. The Board of Directors has authorized to approve the interim dividend payout, and inform the shareholders at the next shareholder meeting.

- **The Dividend Policies of Subsidiaries**

The Company has not fixed a dividend payment ratio for our 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 general meeting of shareholders. 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 one-twentieth (1/20) of all profits must be set aside as provisioning reserves until provisioning reserves reach one-tenth (1/10) of companies' total capital.

## Risk Management and Risk Factors

With the Company policy to lower the Company's business risk and subsidiaries into reasonable level.

### 1. Business Risk

#### Porcelain Insulators Business

As the market leader, The Company manufactures and distributes Porcelain Insulators which are used in distribution and transmission of electricity. The major clients are Utilities / State Enterprise such as the Provincial Electricity Authority (PEA) and the Metropolitan Electricity Authority (MEA). If there is any change in demand for Porcelain Insulators, it will be reflected in the revenue and profit of the Company.

Regardless the above, Utilities / State Enterprises have the policy and projects to expand the distribution and transmission line network as per National Development Plan. The expansion of the distribution and transmission lines networks shall be in line with the development and expansion of economic and Gross Domestic Products (GDP) of the country, and has indication of continuing growth and demand. Also the Utilities / State Enterprises have a clear policy in the procurement and require the quality products as per international standards such as American National Standard Institution (ANSI), International Electrotechnical Commission (IEC), Australian Standard (AS) and Thailand Institution of Standard (TIS). The Company's products have been certified with Quality Management to ISO 9001:2000, and only company in Thailand that has all Porcelain Insulators products required by utilities for Thailand's distribution and transmission lines networks. With a strong business reputation and over 30 years of experience, our products have been accepted by utilities in quality and reliability. There is a chance to have a new comer to porcelain Insulators business in Thailand, but the production technology of Porcelain Insulators has a great barrier to the new comer. Since it require a high production technology compare to normal ceramic products such as sanitary ware and tableware. porcelain insulators have a high international standard, and only one quality. No degradable quality products. Any Porcelain Insulators products which do not conform to the standard shall be rejected and destroyed. Regarding to the Utilities / State Enterprises have a policy as per resolution from the Government to procure only the products that local made and conform to Thailand's Standardization and ISO 9001. These have reduced the Company's business risk of competition from foreign entrants.

The procurement from Utilities / State Enterprises is proceeding with the E-auction procurement. These procurement systems expose the Company to the risk of a price war which could reduce the Company's market share. But the Company has the advantage over other manufacturers that the Company has all the product required by the Utilities and some of the porcelain insulators products require high technology in production process. The Company has our own research and development center for the new products and new production technologies which can reduce the production defect and production cost. The Company has registered for product patent of the products that have been research and develop by the Company. These make the Company more competitive than the others.

The Company is the only manufacturer who has a complete range of products that require by clients. Some of the products that have been researched and developed by us or our innovation have register for patent. Also the improvement of the production process has greatly reduced the amount of defect in the production lines to the level that less than the industry average. This makes the company more complete. The company also has the policy not to compete in labor intensive products or simple production technology such as the low voltage insulators. These has reduced the competitive into acceptable level



In the case of Joint Venture between foreign company and local company to establish the new production facilities in Thailand is more complicated, due to the transfer technology know-how. The Company has reduced the business risk for Thailand market by established PPC Asian Insulators Company Limited with PPC Insulators Group as a partner who has experience in insulators production and marketing more than 100 years in this business. The Joint Venture Company manufacturing porcelain insulators for Europe and North America with the Company holds the 25.10% stake. This has reduced a great deal of risk for any new comer from oversea manufacturing. The Company has insurance covering all the assets, and the business interruption insurance as well.

### **Engineering Business**

Engineering business for specialize in design, supply and construction of high voltage substation and transmission line is to expose to the business risk, since most of them are turnkey projects which belong to the Utilities / State Enterprise. The Company business has to realize on their expansion power projects network. The Utilities / State Enterprise have the policy to expand the distribution and transmission line network as per the National Development Plan. The expansion of the distribution and transmission line networks shall be in line with the development and expansion of economic and Gross Domestic Products (GDP) of the country, and has indication of continued growth and demand. Also the Utilities / State Enterprises have the clear policy in the procurement and hiring of good quality contractors which have the qualified past record performance in the same engineering fields.

The Company has the qualification to perform the engineering work according to the requirement of the Utilities / State Enterprise, the company has also given services to private companies which required the engineering services in design, supply and construction of substation and transmission line for their factories and facilities. This has reduced the great deal of the risk in having only one client. All the projects that the Company is involved in shall be insured by damage insurance for all risks.

### **Alternative Energy and Vegetable Oil Business**

Alternative energy business is specialized in refining the crude palm oil to biodiesel and is expose to the business risk in supply the biodiesel to the major oil companies only at the cost plus. The biodiesel business mostly depends on demand from the end users via the supply from major oil companies, and subsidies from the government sector in the promotion of alternative energies such as biodiesel. Regarding to the government policy to add 1.5 % - 5% of Biodiesel into diesel fuel. These would bring up the large demand for biodiesel, but it would be a risk to the Company if the oil refineries make their own refinery for biodiesel themselves.

The Company has invested in research and development in refinery the crude palm oil process. One of the great things from the research and development was the success in improving the refinery process of biodiesel from batch process into continuous process. This has reduced a great deal of the refinery costs in the methanol recovery process. By products from the process can also generate extra revenue for the company.

The Company has made the modification and improvement for the second refinery plant to refine the crude palm oil for vegetable oil with “Pamola” brand for domestic and export market. The vegetable oil markets are very competitive and the price of local crude palm oil is in line with the world market or commodity goods. It would be a risk to the Company if the price of crude palm oil plunge that could cause the inventory loss.

The Company has all the insurance covering all the assets, and the business interruption insurance as well.



## **2. Raw Materials Risk**

### **Porcelain Insulators Business**

The Company is exposed to the raw materials risk. Raw materials that use in the porcelain insulators production are 80% from local source and 20% from abroad. The main raw material is plastic clay which is available locally, but it needs to be selected carefully. The long term contract in price and quantity with supplier are used after the Company has tested raw materials. Most of raw materials that available local have reserved that can be used for over 30 years. The Company also seeks out for the raw materials from abroad as well. The Company's reputation and long relationship with local and oversea suppliers has lasted over 30 years, there are very slim chance and risk that suppliers will not supply the raw materials to the Company. The price of liquid petroleum gas (LPG) which uses for firing the products also depend on the global prices, but the Company is able to pass on the cost to clients in the future contracts in the case of high increase in price of LPG.

### **Alternative Energy and Vegetable Oil Business**

The Company is exposed to raw material risk. Raw material that use for the refining of biodiesel and vegetable oil is crude palm oil which is a commodity product. The prices and quantity are move up and down are seasonal. Import the crude palm oil from oversea is not economical, since the import duty is more than a 140% tariff.

The Company has overcome the raw material risk by improving and modifying the biodiesel production process to use palm stearine (one of the by products from cooking oil refinery) as well. Also importing palm stearine from abroad to Thailand is allowed without any import duty or minimal import duty. Also the large existing tank farms which could stock up the raw materials to be used for periodically and the ocean vessel fleet from AI Logistics Company Limited that can transport the import raw materials from oversea if needed.

## **3. Employee Turn over Risk**

The Company recognizes the important of the human resource. The training center of each company has established the training and development of the staffs' skill to suit the Company and subsidiary Company's employee needed in office and production lines. The Company's welfare are very attractive such as provident fund, health and life insurance, uniforms, transportation, lunch, social security, first aid and nursery are provided as the Company's welfare which make the turnover rate in the acceptable level.

## **4. Foreign Exchange Rate Risk**

The Company and subsidiaries have the policy to minimize the risk from fluctuation in exchange currency, regarding the procurement of raw materials which are from local and oversea by the Company or subsidiaries. The foreign suppliers paid in foreign currency such as United States Dollar and Euro and Japanese Yen. The Forward Foreign Exchange is used to minimize the fluctuation in exchange currency. The Foreign Currency Deposit is use to manage the revenue in foreign currency for the Company and subsidiaries.



## Connected Transaction

The Company has the connected transaction between subsidiaries and the joint venture company limited. The Company has directors as a shareholder and connected person, which the mention connected transaction has described in the appendix of this balance sheet by the auditors. Also the audit committee had appropriate commented. The connected transactions are ordinary business of the Company with appropriate reasons, conditions. There is no transfer pricing, or benefit transfer between the Company and/or subsidiaries companies, or joint venture Company, or companies that have associated directors, or related persons involved.

### Connected Transaction in the companies

Connected Transaction	Relationship
<b>1. Related persons</b>	Major shareholder and / or Executive Directors of the Company.
<b>2. Subsidiary</b>	
AI Engineering Services Company Limited	A subsidiary company that has the same Directors and Executive Directors, which are:- <ul style="list-style-type: none"><li>● Mr. Narong Thareratanavibool</li><li>● Mr. Thanit Thareratanavibool</li><li>● Mr. Kovit Thareratanavibool</li></ul>
AI Ports and Terminals Company limited	A subsidiary company that has the same Directors and Executive Directors, which are:- <ul style="list-style-type: none"><li>● Mr. Narong Thareratanavibool</li><li>● Mr. Thanit Thareratanavibool</li><li>● Mr. Kovit Thareratanavibool</li><li>● Mr. Noppol Thareratanavibool</li></ul>
AI Logistics Company Limited	A subsidiary company that has the same Directors and Executive Directors, which are:- <ul style="list-style-type: none"><li>● Mr. Narong Thareratanavibool</li><li>● Mr. Thanit Thareratanavibool</li><li>● Mr. Kovit Thareratanavibool</li><li>● Mr. Noppol Thareratanavibool</li></ul>
AI Energy Public Company Limited	A subsidiary company that has the same Directors and Executive Directors, which are:- <ul style="list-style-type: none"><li>● Mr. Narong Thareratanavibool</li><li>● Mr. Thanit Thareratanavibool</li><li>● Mr. Noppol Thareratanavibool</li></ul>
PPC Asian Insulators Company Limited	A subsidiary company that has the same Directors, which is:- <ul style="list-style-type: none"><li>● Mr. Kovit Thareratanavibool</li></ul>



**Connected Transaction :**

**Sales or services and expenses rendered to related parties for the years ended December 31,**

**Unit: Baht**

<b>Transaction</b>	<b>Year 2014</b>	<b>Year 2013</b>	<b>Year 2012</b>
<b>Revenue from selling goods and raw materials</b>			
AI Engineering Services Company Limited	10,227,752	5,550,000	1,275,562
AI Energy Public Company Limited	-	7,400,000	16,280,000
AI Ports and Terminals Company Limited	2,960,000	26,159,000	3,071,000
PPC Asian Insulators Company Limited	4,272,114	3,700,599	3,806,027
<b>Revenue from selling Ready Mixed Clay</b>			
PPC Asian Insulators Company Limited	207,557,000	174,152,368	153,697,235
<b>Dividend income</b>			
AI Engineering Services Company Limited	21,964,643	-	2,995,179
<b>Other Revenue – Office rent</b>			
AI Engineering Services Company limited	456,000	456,000	456,000
AI logistics Company Limited	100,800	100,800	100,800
PPC Asian Insulators Company Limited	1,238,400	1,238,400	1,238,400
<b>Other Revenue - Services</b>			
AI Engineering Services Company limited	782,515	741,315	704,355
AI logistics Company Limited	473,842	462,342	466,213
AI Energy Public Company Limited	1,159,955	1,118,305	1,114,965
AI Ports and Terminals Company Limited	559,990	604,553	621,493
PPC Asian Insulators Company Limited	1,443,570	1,366,036	1,471,630
<b>Other Revenue - Interest</b>			
AI logistics Company Limited	-	598,068	4,854,329
AI Energy Public Company Limited	-	2,143,932	6,450,685
AI Ports and Terminals Company Limited	-	2,458,356	6,848,014
<b>Purchase of goods</b>			
Samart Palm Co.,Ltd.	17,436,582	22,424,335	
Samart Palm Oil Co.,Ltd.	19,745,072	19,509,163	
Samarpalm Industries Co.Ltd.	4,670,505	-	
<b>Purchase of scrap clay</b>			
PPC Asian Insulators Company Limited	131,529,109	103,504,037	82,423,056
<b>Purchase of consumed supply</b>			
AI Energy Public Company Limited	45,065	42,916	76,800
PPC Asian Insulators Company Limited	91,550	47,199	52,380

The Company has a contract to sell the ready mixed clay and buy the scrap of ready mixed clay (for manufacturing Porcelain Insulators) with PPC Asian Insulators Company Limited.





**Balances of receivable, payable and accrued income from sales, purchase and service rendered to related parties**

Unit: Baht

Transaction	Year 2014	Year 2013	Year 2012
<b>Trade accounts receivable</b>			
PPC Asian Insulators Company Limited	35,042,877	35,922,648	46,226,334
AI Engineering Services Company Limited	-	1,979,500	
AI Ports and Terminals Company Limited	-	-	1,306,470
<b>Short-term loan to related party</b>			
AI Logistics Company Limited	-	-	49,000,000
AI Energy Public Company Limited	-	-	150,000,000
AI Ports and Terminals Company Limited	-	-	195,000,000
<b>Accrued income</b>			
AI Engineering Services Company Limited	12,258	11,876	15,967
AI Logistics Company Limited	2,661	2,389	2,500
AI Energy Public Company Limited	-	105,238	-
AI Ports and Terminals Company Limited	-	1,445	-
PPC Asian Insulators Company Limited	546,593	8,233,071	8,232,555
<b>Electrical system installation and Supervising construction of factory</b>			
AI Engineering Services Company Limited	-	5,978,280	17,990,192
<b>Trade accounts payable</b>			
PPC Asian Insulators Company Limited	20,527,585	24,654,036	27,893,371
Samart Palm Company Limited	-	359,150	-
Samart Palm Oil Company Limited	-	390,775	-
Samartpalm Industries Company Limited	1,681,350	-	-
<b>Related parties payable</b>			
AI Engineering Services Company Limited	-	-	-
AI Energy Public Company Limited	47,300	23,920	32,400
<b>Retention payable</b>			
AI Engineering Services Company Limited	-	-	2,488,752

**Justification and Rationale for Connected Transaction**

The Company's Audit Committee reviewed all of the connected transactions and viewed that all transactions were justified and reasonably conducted to provide utmost benefits for the Company and subsidiaries.



### **Measure or Procedure for Approval Transactions**

In the past year, the Company has assigned the Audit Committee to review all connected transactions performed between the Company or subsidiaries and related companies. After the review, the Audit Committee was of the view that all connected transactions were conducted as a part of and accordance with the normal course of business, and the Company had made payment as remuneration for the transaction based on the fair market value.

As for any future connected transactions which may be performed between the Company or subsidiaries and any conflicting parties, the Company has assigned the Audit Committee to consider and approve such transactions. In this regards, the payment as remuneration for the transactions shall be based on fair market value.

### **Policy or Protect of Connected transactions.**

The Company's Board of Directors shall comply with all rules and regulations concerning connected transactions and shall not approve any transactions which may cause the Board of Directors or any conflicting party to have interest or conflict of interest of any manner with the Company. Such transactions shall be disclosed to the Board of Directors of Asian Insulators Public Company Limited for their consideration. In this regards, the Board of Directors of Asian Insulators Public Company Limited shall comply with the regulations, notifications, instructions or stipulations of the Stock Exchange of Thailand, including stipulation concerning a disclosure of connected transaction, and acquisition or disposition of significant assets of the Company or subsidiaries.

In the future, if a connected transaction between the Company or subsidiaries and a conflicting or interested party arises, Asian Insulators Public Company Limited will assign the Audit Committee to provide opinion on values, remunerations, including justification and rationale for such transaction. Asian Insulators Public Company Limited has always disclosed connected transactions in the Notes to Financial Statement audited by Auditor of Certified Public Accountant.



## Management Discussion and Analysis

As the market leader in Porcelain Insulators business and a complete the whole ranges of porcelain insulators that use in distributions and transmissions electricity network in Thailand. The company is committing to quality of the products, continuous improving the production process, reducing the cost, human resources development, and research and development of the new products. These commitments are applicable thought out the company and subsidiaries.

### Revenue Structure

Unit : Thousand Baht

Business	Company	Year 2014		Year 2013		Year 2012	
		2014	%	2013	%	2012	%
Porcelain Insulators	Asian Insulators	696,965	12.56	794,494	16.80	887,828	20.51
Engineering	AI Engineering	297,271	5.36	45,824	0.91	42,724	0.99
Vegetable oil and Alternative Energy	AI Energy	4,556,425	82.08	4,179,593	82.29	3,396,426	78.50
<b>Total</b>		<b>5,550,661</b>	<b>100.00</b>	<b>5,019,911</b>	<b>100.00</b>	<b>4,326,978</b>	<b>100.00</b>

### Operating Results

The Net Profit of AI group for the year ended December 31, 2014 (based on the consolidated financial statement) was 288.19 million Baht, while in year 2013 the net profit was 259.68 million Baht. A rise 28.51 million Baht or 10.98 % was segregated by type of business as following.

#### Insulators Business

- Asian Insulators Public Company Limited ( "AI" ) realized 696.97 million Baht for revenue from selling Porcelain Insulators and Raw materials in the year 2014 which compared to revenue of the year 2013 was 819.54 million Baht; decreased by 14.96 % or 122.57 million Baht. While the cost of goods sold was 440.77 million Baht in the year 2014; compared to cost of goods sold was 497.81 million Baht in the year 2013, decreased by 11.46 % or 57.04 million Baht. The gross profit margin was 256.20 million Baht.

#### Engineering Business

- AI Engineering Services Company Limited ( "AIES" a subsidiary company ) realized 297.27 million Baht for revenue from the Engineering Construction in the year 2014 which compared to revenue of the year 2013 was 45.82 million Baht; increase 251.45 million Baht, or 548.78 % while the cost of construction was 222.10 million Baht in the year 2014; compared to cost of construction in the year 2013 was 34.30 million Baht; increased by 187.80 million Baht, or 547.52 %. The gross profit margin was 75.17 million Baht.



### **Alternative Energy and Vegetable Oil Business**

- AI Energy Company limited ( “AIE” a subsidiary company ) realized the revenue for 4,556.42 million Baht from selling Biodiesel (B100), vegetable oil and it’s by products business in the year 2014 which compared to revenue from selling Biodiesel (B100), vegetable oil and it’s by products in the year 2013 was 4,179.59 million Baht; increased 376.83 million Baht or 9.02%. While the cost of goods sold was 4,290.80 million Baht in the year 2014; compared to cost of goods sold in the year 2013 was 3,804.69 million Baht; increase 486.11 million Baht or 12.78%. The gross loss margin was 265.62 million Baht.

### **Expenses and Income Tax**

- Selling & administration expenses was 213.17 million Baht, increased 3.74 % in the year 2014 compared to the year 2013 which was 205.48 million Baht, increased 7.69 million baht.



## Statement of Income for the year (consolidated)

Unit : million Baht

Description	2014	2013	2012
Sales	5,083.56	4,834.59	4,237.51
Revenues from production contract	133.54	93.83	18.16
Construction contract	297.27	45.83	42.72
Vessel operating income	35.29	45.66	28.58
Port Service	1.00	-	-
<b>Total Revenues</b>	<b>5,550.66</b>	<b>5,019.91</b>	<b>4,326.97</b>
Cost of sales	4,605.80	4,191.86	3,777.49
Cost of production contract	78.13	46.74	15.12
Cost of construction contract	222.10	34.30	34.96
Cost of vessel operating	47.14	38.86	21.07
Cost of port service	0.50	-	14.45
<b>Total Cost of sales</b>	<b>4,953.67</b>	<b>4,311.76</b>	<b>3,863.09</b>
<b>Gross profit</b>	<b>596.99</b>	<b>708.15</b>	<b>463.88</b>
Other income	28.76	23.15	23.63
Share of profit (loss) from investments in associate	(7.10)	(6.09)	(6.20)
Selling and administrative expenses	(213.17)	(205.48)	(190.40)
Finance costs	(27.82)	(63.45)	(67.53)
Income tax expenses	(52.74)	(192.12)	(1.39)
<b>Net Profit</b>	<b>324.92</b>	<b>264.16</b>	<b>219.60</b>
<b>Profit (Loss) Attributable to</b>			
Equity holders of the parent	288.19	259.68	221.00
Minority interest	36.73	4.48	(1.40)



## **Financial Status ( Consolidated financial statement )**

### **Assets**

Total assets as December 31, 2014 was 3,742.90 million Baht which was decreased by 522.22 million Baht or 12.24 % compared to December 31, 2013 which was 4,265.12 million Baht. The reason was from the dividend payout to shareholders.

### **Liabilities**

Total liabilities as December 31, 2014 was 794.02 million Baht which was increase by 202.83 million Baht or 34.31 % compared to December 31, 2013 which was 591.19 million Baht. The reason was from increasing in short term loan to procurement of the raw materials.

### **Shareholders' Equity**

Total Shareholders' Equity as December 31, 2014 was 2,948.88 million Baht which was decreased by 725.05 million Baht or 19.73 % compared to December 31,2013 which was 3,673.93 million Baht. . The reason was from increasing in net profit and dividend payout to shareholders.

### **Liquidity Ratio**

- Liquidity ratio for the December 31, 2014 was 2.43 time which decreased by 2.04 time compared to the liquidity ratio at the December 31, 2013, which was 4.47time.
- Debt to equity ratio was 0.27 times which was increase by 0.11 time compared to the December 31, 2013 which was 0.16 time.

### **Remuneration for Auditor**

The consolidated balance sheets of Asian Insulators Public Company Limited and its subsidiaries as at December 31, 2014 and 2013, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Asian Insulators Public Company Limited for the same periods were audited by Mr. Chaiyakorn Aunpitipongsa, Certified Public Accountant Registration No. 3196, from Dr.Virach and Associates. Audit fee for AI in the year 2014 and 2013 was 1,246,455 Baht and 1,230,000 Baht respectively. And Audit fee for subsidiaries are as following.

● AI Engineering Services Company Limited	360,000 Baht
● AI Logistics Company Limited	270,000 Baht
● AI Energy Public Company Limited	1,240,000 Baht
● AI Ports and Terminals Company Limited	440,000 Baht



## Report of the Audit Committee

The Audit Committees consists solely of three independent directors, namely:-

- |                                      |                               |
|--------------------------------------|-------------------------------|
| ● Police General Wichean Potephosree | Chairman of Audit Committees  |
| ● Mr. Bunlerd Korcharoenporn         | Audit Committee               |
| ● Dr. Veeraphat Phetcharakupt        | Audit Committee               |
| Mrs. Mattika Chansuwan               | Secretary to Audit Committees |

The Audit Committee has performed its oversight duties set forth in the Audit Committee Charter in line with the regulatory requirements of the Stock Exchange of Thailand, namely : review of financial statements to ensure that they are accurate and adequate; review of internal control to have an adequate system that can achieve its objectives efficiently. The Committee also investigated the compliance with laws, rules and regulations and reviewed of external auditor and its fee.

In year 2014, the Audit Committee had 4 meetings. Each meeting had invited the external auditor to attend the meeting as well. After the meeting, the Audit Committee had reported and expressed their opinion to the Board of Directors. The key activities of Audit Committee in year 2014 are summarized as follows:

1. The Audit Committee held quarter's meeting with the external auditor and chief of Financial Officer to review the company's accounting system to ensure that the company observed the accounting standard and the adequate and timely information disclosure.
2. At quarterly intervals, the company's financial statement and the report from external auditor were reviewed for appropriate and sufficient direction over the financial statements preparation process and that the company's financial statement are deemed to be reliable, having been prepared in accordance with generally accepted accounting standards before propose to the Board of Directors for approval.
3. The internal control system was reviewed to ensure that the company has an adequate internal control system for its business, and achieves the objectives efficiently.
4. The Audit Committee has evaluated the performance of Dr. Virach & Associates Certified Public Accountants over the past year and has recommended to the Board of Directors for submission for approval by the shareholders at the Annual General Meeting, the re-appointment of Dr. Virach Aphimeteetamrong Certified Public Accountant Registration No. 1378 Or Mr. Chaiyakorn Aunpitipongsa Certified Public Accountant Registration No. 3196 Or Mr. Apiruk Atianuwat Certified Public Accountant Registration No. 5202 from Dr. Virach & Associates Certified Public Accountants as external auditors.

(Police General Wichean Potephosree)

Chairman of Audit Committee



## **Auditor's Report**

### **To the Shareholders and the Board of Directors of Asian Insulators Public Company Limited**

I was engaged to the audit of the accompanying consolidated financial statements (Restated) of Asian Insulators Public Company Limited and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014, the consolidated statements of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes and I have audited the accompanying separate financial statements of Asian Insulators Public Company Limited, which comprise the separate statements of financial position as at December 31, 2014, the separate statements of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

(a) The consolidated financial statements of Asian Insulators Public Company Limited and subsidiaries

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. However because of matters as described in the Basis for Disclaimer of Opinion on Consolidated Financial Statements paragraph, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

(b) The separate financial statements of Asian Insulators Public Company Limited

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

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





I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit qualified opinion.

#### **Basis for Disclaimer of Opinion on the Consolidated Financial Statements**

1. I was appointed as the auditor of AI Energy Public Company Limited which is the subsidiary of Asian Insulators Public Company Limited for the financial statements for the year ended December 31, 2014 in December 2017. As a result, I did not observe the physical inventory taking on the inventory balances of the subsidiary as at December 31, 2014. I am unable to satisfy myself by mean of other audit procedures on the quantity and valuation of the inventory balances of the subsidiary as at December 31, 2014 of Baht 434.10 million shown in the consolidated statements of financial position. Due to such effect, I am unable to conclude whether there could be any necessary adjustments on the consolidated statements of financial position, consolidated statements of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows.
2. The predecessor auditor of Asian Insulators Public Company Limited and subsidiaries disclaimed an opinion on the Company's consolidated financial statements for the year ended December 31, 2014 (Before restated) of Asian Insulators Public Company Limited and subsidiaries according to his report dated March 24, 2015 due to AI Energy Public Company Limited Company which is the subsidiary had no effective of internal control regarding to cost of sales and inventories including misappropriation of assets utilization. As a result, information and evidence about the production transaction is not reasonable and the controlling process of taking raw materials and goods in and out of the factory is not proper. This evidence has impact on cost of sales and inventories including other related accounts.

As discussed in Note to Financial Statements No. 30.5, the subsidiary 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 subsidiary predecessor auditor's disclaimer of opinion in the subsidiary's financial statements for the year 2014. The subsidiary's 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 subsidiary in case of the preparation of incorrect financial statements for the year 2014 (Before restated), as the predecessor auditor had expressed the disclaimer of opinion, with the Department of Special Investigation (DSI) for further legal proceedings.

Consequently, the subsidiary's current management had investigated and prepared the new documentation to support the accounting transactions related to above matter No.2 in order to reflect the financial statements to be accordance with the financial reporting standards and had adjusted the consolidated financial statements for the year ended December 31, 2014 as shown in Note to Financial Statements No. 34.

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



3. As discussed in the Note to financial statements No.12, the financial statements for the year ended December 31, 2014 and 2013 of Asian Insulators Public Company Limited included the investment in PPC Asian Insulator Company Limited, an associated company, accounted for by using the equity method, which is based on the management's information which had not been audited by an auditor. The Company's consolidated financial statements for the year ended December 31, 2014 and 2013, included an investment in equity method amounted to Baht 17.29 million and Baht 24.39 million respectively representing 0.46% and 0.57% respectively of total assets in the consolidated financial statements, and attribute loss from associated by using the equity method for the year ended December 31, 2014 and 2013 amounted to Baht 7.10 million and Baht 6.09 million respectively representing 2.19 % and 2.31 % respectively of the consolidated profit for the year.

#### **Disclaimer of Opinion on the Consolidated Financial Statements**

Because of the significance of the matters described in the Basis of Disclaimer of Opinion on the Consolidated Statement Financial paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the consolidated financial statements.

#### **Basis for Qualified Opinion on the Separate Financial Statements**

As discussed in the Note to financial statements No. 12, the financial statements for the year ended December 31, 2014 of PPC Asian Insulator Company Limited, an associated company, is based on the management's information which had not been audited by an auditor. The Company's separate financial statements for the year ended December 31, 2014, included an investment in cost method amounted to Baht 26.40 million representing 1.43% of total assets in the separate financial statements. I have not been able to obtain sufficient appropriate audit evidence about investments and its impairment in the separate financial statements. Accordingly, I was unable to conclude if there might be any adjustments were necessary to be made to these accounts.

#### **Qualified Opinion on the Separate Financial Statements**

In my opinion, except for the possible effect of the matter described in Basis for Qualified Opinion on the Separate Financial Statements paragraph, the separate financial statements referred to above present fairly, in all material respects, the separate statement of financial position as at December 31, 2014 and the separate financial performance and cash flows for the year then ended of Asian Insulator Public Company Limited, in accordance with Thai Financial Reporting Standards.

#### **Emphasis of Matter**

As discussed in the Note to financial statements No. 34, the Company had prepared the consolidated financial statements for the years ended December 31, 2014 (Before restated) and 2013(Before restated) and published the financial statements on March 24, 2015 and March 5, 2014 respectively. In 2016, the Company disclosed an accounting error in respect of the non-controlling interest. The Company therefore restated the consolidated financial statements for the years ended December 31, 2014 and 2013.

**Other Matter**

The consolidated and separate financial statements for the year ended December 31, 2013 (Before restated) of Asian Insulators Public Company Limited and its subsidiaries were audited by other auditor, whose report dated on March 5, 2014, expressed an unqualified opinion on those consolidated and separate financial statements by having the emphasis paragraph regarding the change in accounting policy on Income Tax.

Vichai Ruchitanont

Certified Public Accountant

Registration Number 4054

ANS Audit Co., Ltd

Bangkok, April 26, 2018

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Notes	(RESTATED)				
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	5	204,456,053	197,837,389	12,433,105	117,983,967
Current investments	6	259,340,524	1,131,518,697	39,608,531	919,702,045
Trade and other receivables - net	4, 7, 34	636,762,370	383,860,991	137,285,786	95,979,722
Unbilled receivables	8, 34	17,718,276	2,298,729	-	-
Inventories - net	9, 34	543,630,018	507,790,986	108,897,222	136,848,443
Oil supplies	10	2,368,196	4,821,153	-	-
Non-current assets held for sale - net	11	2,540,000	-	-	-
Total current assets		1,666,815,437	2,228,127,945	298,224,644	1,270,514,177
Non-current assets					
Investments in associated company - net	12	17,290,878	24,392,814	26,400,000	26,400,000
Investments in subsidiaries	13	-	-	862,555,182	862,555,182
Pledged deposits at financial institution	14	2,000,000	2,000,000	-	-
Property, plant, vessel and equipment - net	15, 34	2,030,764,902	1,964,556,218	652,787,291	699,739,321
Intangible assets - net	16	5,041,183	6,894,566	4,896,137	6,789,388
Deferred tax assets	23	3,928,073	9,372,303	3,512,259	4,967,219
Other non-current assets	34	17,055,411	29,772,289	311,892	327,592
Total non-current assets		2,076,080,447	2,036,988,190	1,550,462,761	1,600,778,702
<b>Total assets</b>		<b>3,742,895,884</b>	<b>4,265,116,135</b>	<b>1,848,687,405</b>	<b>2,871,292,879</b>

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

		Unit : Baht				
		Consolidated financial statements		Separate financial statements		
		2014	2013	2014	2013	
Notes	(RESTATED)					
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b>Current liabilities</b>						
	Bank overdrafts and short-term loans from financial institutions	17	366,918,380	143,617,810	50,000,000	50,000,000
	Trade and other payables	18, 34	257,864,246	150,989,543	48,523,929	69,865,808
	Current portion of long-term loan from financial institutions	19	22,080,000	32,343,000	-	-
	Advance received and deferred construction revenue	8, 34	617,446	16,429,113	-	-
	Income tax payable	34	38,850,928	154,735,805	2,272,041	154,341,492
	<b>Total current liabilities</b>		<b>686,331,000</b>	<b>498,115,271</b>	<b>100,795,970</b>	<b>274,207,300</b>
<b>Non-current liabilities</b>						
	Long-term loan from financial institutions - net	19	76,880,000	56,286,589	-	-
	Non-current provisions for employee benefits	20	30,809,593	36,785,004	17,685,656	25,020,990
	<b>Total non-current liabilities</b>		<b>107,689,593</b>	<b>93,071,593</b>	<b>17,685,656</b>	<b>25,020,990</b>
	<b>Total liabilities</b>		<b>794,020,593</b>	<b>591,186,864</b>	<b>118,481,626</b>	<b>299,228,290</b>
<b>Shareholders' equity</b>						
<b>Authorized share capital</b>						
	Common shares 500,000,000 shares at Baht 1 each		500,000,000	500,000,000	500,000,000	500,000,000
<b>Issued and fully paid-up share capital</b>						
	Common shares 500,000,000 shares at Baht 1 each		500,000,000	500,000,000	500,000,000	500,000,000
	Premiums on share capital		902,769,092	902,769,092	902,769,092	902,769,092
<b>Retained earnings (deficits)</b>						
<b>Appropriated</b>						
	Legal reserve	22	50,000,000	50,000,000	50,000,000	50,000,000
	Unappropriated	21	(467,936,479)	293,810,159	277,436,687	1,119,295,497
<b>Other components of shareholders' equity</b>						
	Difference on business combination under common control		(3,258,930)	(3,258,930)	-	-
	Capital surplus from share premium of subsidiary		360,580,334	360,580,334	-	-
	Gain on disposal of investment in subsidiaries		861,442,927	861,442,927	-	-
	<b>Total shareholders' equity of the Company</b>		<b>2,203,596,944</b>	<b>2,965,343,582</b>	<b>1,730,205,779</b>	<b>2,572,064,589</b>
	Non-controlling interests	13, 34	745,278,347	708,585,689	-	-
	<b>Total shareholders' equity</b>		<b>2,948,875,291</b>	<b>3,673,929,271</b>	<b>1,730,205,779</b>	<b>2,572,064,589</b>
	<b>Total liabilities and shareholders' equity</b>		<b>3,742,895,884</b>	<b>4,265,116,135</b>	<b>1,848,687,405</b>	<b>2,871,292,879</b>

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Notes	(RESTATED)				
	3, 4, 25, 27, 28, 29, 34				
<b>Revenues</b>					
Revenue from sales of goods		5,083,557,551	4,834,590,059	694,312,430	783,443,742
Revenue from production contract		133,541,324	93,834,113	-	-
Revenue from construction contract		297,270,666	45,824,462	-	-
Revenue from vessel operating		35,291,157	45,662,616	-	-
Revenue from port service		1,000,000	-	-	-
Gain on disposal of investment in subsidiaries		-	-	-	761,806,677
Other incomes		28,760,500	23,152,482	11,981,912	13,901,914
Dividend income	13, 21	-	-	21,964,643	-
<b>Total revenues</b>		<b>5,579,421,198</b>	<b>5,043,063,732</b>	<b>728,258,985</b>	<b>1,559,152,333</b>
<b>Expenses</b>					
Cost of sales		(4,605,799,958)	(4,191,853,885)	(441,747,034)	(480,423,509)
Cost of production contract		(78,126,200)	(46,739,417)	-	-
Cost of construction contract		(222,103,860)	(34,303,199)	-	-
Cost of vessel operating		(47,143,226)	(38,861,607)	-	-
Cost of port service		(496,687)	-	-	-
Selling expenses		(62,040,327)	(69,896,830)	(5,976,763)	(9,525,614)
Administrative expenses		(151,130,550)	(135,578,277)	(64,070,218)	(65,520,886)
Finance costs		(27,818,098)	(63,450,034)	(3,726,217)	(19,765,424)
Share of loss from investment in associates	12	(7,101,936)	(6,092,199)	-	-
<b>Total expenses</b>		<b>(5,201,760,842)</b>	<b>(4,586,775,448)</b>	<b>(515,520,232)</b>	<b>(575,235,433)</b>
<b>Profit before income tax expenses</b>		<b>377,660,356</b>	<b>456,288,284</b>	<b>212,738,753</b>	<b>983,916,900</b>
Income tax expense	24	(52,740,149)	(192,120,915)	(4,658,733)	(154,100,751)
<b>Profit for the years</b>		<b>324,920,207</b>	<b>264,167,369</b>	<b>208,080,020</b>	<b>829,816,149</b>
<b>Other Comprehensive Loss :</b>					
Actuarial losses from employee benefit plan	20	-	(1,577,531)	-	(1,080,319)
Components of income tax	23	-	404,960	-	216,064
<b>Other comprehensive loss for the years-net of tax</b>		<b>-</b>	<b>(1,172,571)</b>	<b>-</b>	<b>(864,255)</b>
<b>Total comprehensive income for the years</b>		<b>324,920,207</b>	<b>262,994,798</b>	<b>208,080,020</b>	<b>828,951,894</b>
Profit attributable to :					
Equity holders of the parent		288,192,192	259,680,005	208,080,020	829,816,149
Non-controlling interests		36,728,015	4,487,364	-	-
		<b>324,920,207</b>	<b>264,167,369</b>	<b>208,080,020</b>	<b>829,816,149</b>
Total comprehensive income attributable to :					
Equity holders of the parent		288,192,192	258,702,865	208,080,020	828,951,894
Non-controlling interests		36,728,015	4,291,933	-	-
		<b>324,920,207</b>	<b>262,994,798</b>	<b>208,080,020</b>	<b>828,951,894</b>
Earnings per share <span style="float: right;">3.15</span>					
Basic earnings per share of the Company (Baht)		0.58	0.52	0.42	1.66
Weighted average number of ordinary shares (share)		500,000,000	500,000,000	500,000,000	500,000,000

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

Unit : Baht												
Consolidated financial statements												
Equity attributable to equity holders of the Company												
	Notes	Retained earnings (Deficits)				Other components of shareholders' equity				Total Equity holders of the Company	Non-controlling interests	Total Shareholders' Equity
		Issued and paid-up share capital	Premiums on share capital	Appropriated to legal reserve	Unappropriated	Difference on business combination under common control	Capital surplus from share premium of subsidiary	Gain on disposal of investment in subsidiaries	Total other components of shareholders' equity			
Balance as at January 1, 2014 - (Restated)		500,000,000	902,769,092	50,000,000	293,810,159	(3,258,930)	360,580,334	861,442,927	1,218,764,331	2,965,343,582	708,585,689	3,673,929,271
Changes in shareholders' equity for the year:												
Dividend paid	21	-	-	-	(1,049,938,830)	-	-	-	-	(1,049,938,830)	(35,357)	(1,049,974,187)
Total comprehensive income for the year (Restated)	34	-	-	-	288,192,192	-	-	-	-	288,192,192	36,728,015	324,920,207
Balance as at December 31, 2014		<u>500,000,000</u>	<u>902,769,092</u>	<u>50,000,000</u>	<u>(467,936,479)</u>	<u>(3,258,930)</u>	<u>360,580,334</u>	<u>861,442,927</u>	<u>1,218,764,331</u>	<u>2,203,596,944</u>	<u>745,278,347</u>	<u>2,948,875,291</u>
Balance as at January 1, 2013 - (Before restated)		500,000,000	902,769,092	50,000,000	32,852,167	-	-	-	-	1,485,621,259	5,541,324	1,491,162,583
Cummulative effect of the change in accounting policy - Income tax	35	-	-	-	52,879,747	-	-	-	-	52,879,747	820,466	53,700,213
Balance as at January 1, 2013 - (Restated)		<u>500,000,000</u>	<u>902,769,092</u>	<u>50,000,000</u>	<u>85,731,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,538,501,006</u>	<u>6,361,790</u>	<u>1,544,862,796</u>
Changes in shareholders' equity for the year:												
Increase in non-controlling interests												
- from increase share capital purchase		-	-	-	-	-	360,580,334	-	360,580,334	360,580,334	418,779,293	779,359,627
- from share purchase from old shareholders		-	-	-	-	-	-	-	-	-	403,514,473	403,514,473
- from change in investments ratio of subsidiaries		-	-	-	(51,457,061)	-	-	-	-	(51,457,061)	51,457,061	-
Dividend paid	21	-	-	-	(174,986,420)	-	-	-	-	(174,986,420)	-	(174,986,420)
Total comprehensive income for the year												
Profit for the years		-	-	-	259,680,005	-	-	-	-	259,680,005	4,487,364	264,167,369
Actuarial losses from employee benefit plan		-	-	-	(977,140)	-	-	-	-	(977,140)	(195,431)	(1,172,571)
Difference on business combination under common control		-	-	-	-	(3,258,930)	-	-	(3,258,930)	(3,258,930)	-	(3,258,930)
Disposal of investment in a subsidiary		-	-	-	-	-	-	861,442,927	861,442,927	861,442,927	-	861,442,927
Balance as at December 31, 2013 - (Before restated)		<u>500,000,000</u>	<u>902,769,092</u>	<u>50,000,000</u>	<u>117,991,298</u>	<u>(3,258,930)</u>	<u>360,580,334</u>	<u>861,442,927</u>	<u>1,218,764,331</u>	<u>2,789,524,721</u>	<u>884,404,550</u>	<u>3,673,929,271</u>
Cumulative effects of corrections of errors	34	-	-	-	175,818,861	-	-	-	-	175,818,861	(175,818,861)	-
Balance as at December 31, 2013 - (Restated)		<u>500,000,000</u>	<u>902,769,092</u>	<u>50,000,000</u>	<u>293,810,159</u>	<u>(3,258,930)</u>	<u>360,580,334</u>	<u>861,442,927</u>	<u>1,218,764,331</u>	<u>2,965,343,582</u>	<u>708,585,689</u>	<u>3,673,929,271</u>

.....Director

(Narong Thareratanavibool)

.....Director

(Thanit Thareratanavibool)

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

Unit : Baht						
Separate financial statements						
Notes	Issued and paid-up share capital	Premiums on share capital	Retained earnings		Other components of shareholders' equity	Total Shareholders' Equity
			Appropriated to legal reserve	Unappropriated		
Balance as at January 1, 2014	500,000,000	902,769,092	50,000,000	1,119,295,497	-	2,572,064,589
Changes in shareholders' equity for the year:						
Dividend paid	21	-	-	(1,049,938,830)	-	(1,049,938,830)
Total comprehensive income for the year	-	-	-	208,080,020	-	208,080,020
Balance as at December 31, 2014	<u>500,000,000</u>	<u>902,769,092</u>	<u>50,000,000</u>	<u>277,436,687</u>	-	<u>1,730,205,779</u>
Balance as at January 1, 2013 - (Before restated)	500,000,000	902,769,092	50,000,000	461,105,668	-	1,913,874,760
Cummulative effect of the change in accounting policy - Income tax	35	-	-	4,224,355	-	4,224,355
Balance as at January 1, 2013 - (Restated)	500,000,000	902,769,092	50,000,000	465,330,023	-	1,918,099,115
Changes in shareholders' equity for the year:						
Dividend paid	21	-	-	(174,986,420)	-	(174,986,420)
Total comprehensive income for the year	-	-	-	829,816,149	-	829,816,149
Actuarial losses from employee benefit plan	-	-	-	(864,255)	-	(864,255)
Balance as at December 31, 2013	<u>500,000,000</u>	<u>902,769,092</u>	<u>50,000,000</u>	<u>1,119,295,497</u>	-	<u>2,572,064,589</u>

.....Director

(Narong Thareratanavibool)

.....Director

(Thanit Thareratanavibool)



ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2014 (RESTATED)	2013	2014	2013
<b>Cash Flows from Operating Activities</b>				
Profit before income tax expenses	377,660,356	456,288,284	212,738,753	983,916,900
Adjustments to reconcile profit to cash provided by (used in) operating activities:				
Depreciation	139,546,526	129,548,734	67,842,073	67,132,402
Amortization of computer softwares	1,934,575	1,935,470	1,893,251	1,918,499
Amortization of other non-current assets	733,681	-	-	-
Gain on disposal asset	(124,128)	(685,192)	(162,561)	(645,005)
Loss on unused equipment	524,810	17,136	-	-
Loss on unused equipment	(3,056,471)	(1,479,956)	(124,360)	(184,897)
(Reverse) doubtful debts	(431,851)	319,534	-	-
Bad debts	18,518	-	-	-
(Reverse) loss on diminution of inventories	120,260	(8,594,010)	-	-
Gain on non-current assets classified as held for sale disposal	-	(35)	-	(35)
Loss on diminution of non-current assets classified as held for sale	1,934,990	-	-	-
Gain on disposal of investment in subsidiaries	-	-	-	(761,806,677)
Share of loss from investments in associate	7,101,936	6,092,199	-	-
Dividend income	-	-	(21,964,643)	-
Unrealized (gain) loss on exchange rates	133,347	(32,021)	14,552	14,759
Non-current provisions for employee benefits	4,941,619	5,190,344	2,726,236	2,754,867
Interest income	(2,388,574)	(1,104,458)	(1,640,855)	(5,736,136)
Interest expenses	24,404,595	60,286,761	2,636,075	18,879,801
Amortization of withholding tax	80,992	258	-	-
Gain from operating activities before changes in operating assets and liabilities	553,135,181	647,783,048	263,958,521	306,244,478
Changes in operating assets - (increase) decrease				
Trade and other receivables	(252,692,638)	137,377,852	(40,928,845)	127,095,214
Unbilled receivables	(15,419,547)	19,750,817	-	-
Inventories	(35,959,292)	393,959,360	27,951,221	(31,636,989)
Oil supplies	2,452,957	(2,521,134)	-	-
Non-current assets classified as held for sale	(2,440,000)	-	-	-
Other non-current assets	(8,747,400)	-	-	15,700
Changes in operating liabilities - increase (decrease)				
Trade and other payables	99,726,717	(78,786,066)	(23,412,227)	5,530,464
Advance received and deferred construction revenue	(15,811,667)	11,524,860	-	-
Cash provided by operating activities	324,244,311	1,129,088,737	227,568,670	407,248,867
Payment for employee benefit obligations	(10,917,030)	-	(10,061,570)	-
Refund of income tax	3,106,833	2,116,510	-	-
Income tax paid	(163,577,245)	(9,570,090)	(155,273,224)	(5,782,459)
Net cash provided by operating activities	152,856,869	1,121,635,157	62,233,876	401,466,408

.....Director  
(Narong Thararatnavibool)

.....Director  
(Thanit Thararatnavibool)

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2014 (RESTATEd)	2013	2014	2013
<b>Cash Flows from Investing Activities</b>				
Decrease in short-term loans to related parties	-	-	-	394,000,000
Increase in fixed deposits with obligation	-	(2,000,000)	-	-
Interest received	2,394,134	1,086,337	1,640,855	5,736,136
Proceeds from non-current assets classified as held for sale disposal	-	1,869	-	1,869
(Increase) Decrease in current investments	875,234,644	(956,284,949)	880,217,874	(916,349,502)
Dividend income from investments in subsidiary	-	-	21,964,643	-
Payment for purchases of assets	(174,033,408)	(150,948,653)	(17,777,577)	(36,127,980)
Interest payment for plant construction and equipment installation	-	(266,628)	-	(18,551)
Proceeds from disposal of equipment	168,126	797,570	201,246	657,383
Payment for purchases of intangible assets	(81,192)	-	-	-
Payment assets payable	(2,676,301)	(20,695,920)	(511,407)	(150,000)
Payment deposit on assets	(6,798,123)	(5,724,725)	(1,107,521)	(1,360,606)
Net cash provided by (used in) investing activities	694,207,880	(1,134,035,099)	884,628,113	(553,611,251)
<b>Cash Flows from Financing Activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	223,300,570	(1,519,379,746)	-	(350,000,000)
Interest paid	(24,102,879)	(61,507,777)	(2,474,021)	(19,251,845)
Increase in long-term loans from financial institutions	110,000,000	-	-	-
Payment for long-term loans from financial institutions	(99,669,589)	(164,218,840)	-	(99,987,810)
Payment for increase shares capital in subsidiaries	-	-	-	(839,754,090)
Difference on business combination under common control	-	(3,258,930)	-	-
Proceeds from disposal of investment in subsidiaries	-	1,264,957,400	-	1,696,771,610
Capital surplus from share premium of subsidiary	-	360,580,334	-	-
Increase in non-controlling interest	-	418,779,293	-	-
Dividend payment	(1,049,938,830)	(174,986,420)	(1,049,938,830)	(174,986,420)
Subsidiary's dividend paid to non-controlling interests	(35,357)	-	-	-
Net cash provided by (used in) financing activities	(840,446,085)	120,965,314	(1,052,412,851)	212,791,445
Net increase (decrease) in cash and cash equivalents	6,618,664	108,565,372	(105,550,862)	60,646,602
Cash and cash equivalents at beginning of the years	197,837,389	89,272,017	117,983,967	57,337,365
Cash and cash equivalents at end of the years	204,456,053	197,837,389	12,433,105	117,983,967

.....Director  
(Narong Tharatanavibool)

.....Director  
(Thanit Tharatanavibool)

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2014 (RESTATED)	2013	2014	2013
Supplemental disclosures of cash flows information				
Non-cash transactions consisted of:				
Assets payable for plant and equipment	13,629,680	8,795,866	3,001,151	3,172,764
Assets payable for intangible assets	-	67,500	-	-
Tranferred deposit to plant and equipment	20,695,920	13,164,537	150,000	11,260,036
Tranferred machinery to non-current assets classified as held for sale	2,034,990	-	-	-
Increase in non-controlling interests from change in				
investments ratio of parent company in subsidiaries	-	51,457,061	-	-
Gain on disposal of investment in subsidiaries	-	861,442,927	-	-
Effect of adjusted actuarial losses from employee benefit plan				
- Increase in deferred tax assets	-	404,960	216,064	216,064
- Increase in provision for long-term employee benefits	-	(1,577,531)	(1,080,319)	(1,080,319)
- Decrease in retained earnings	-	977,140	864,255	864,255
- Decrease in non-controlling interests	-	195,431	-	-

.....Director  
(Narong Tharatanavibool)

.....Director  
(Thanit Tharatanavibool)

**ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

**1. GENERAL INFORMATION**

Asian Insulators Public Company Limited (“the Company”) was registered as a Thai limited-company under the Civil and Commercial Code on May 12, 1981, and was registered as a public company limited with the Ministry of Commerce on March 19, 2004. The Company was listed on the Stock Exchange of Thailand on September 9, 2004.

The Company’s main businesses are as producing and selling porcelain insulators and electrical equipment.

The Company’s registered office is located at No. 254 Seri Thai Road, Khan naa yao Sub-District, Khan na yao. District Bangkok and The Factory located at No. 99 Moo 2, Asia Highway Road, Km. 70 -71 Tambol Banmor, Amphur Promburi, Singburi Province.

**2. BASIS FOR OF PRESENTATION FINANCIAL STATEMENTS**

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

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

The financial statements are prepared on the historical cost basis, except as disclosed in respective accounting policies.

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

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

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

.....Director

(Narong Thareratanavibool)

.....Director

(Thanit Thareratanavibool)

**Basis for preparation of the consolidated financial statements**

- a) The consolidated financial statements included the financial statements of the Company and its subsidiaries (“the Group”) and its equity in associate by shareholding in subsidiaries and associate as follows:

Name	Nature of business	Country of incorporation	Percentage of holding	
			2014	2013
<b>Subsidiaries directly held by the Company</b>				
AI Engineering Services Company Limited	Undertake construction and install electrical transmission power sub-station and trading electrical equipment	Thailand	99.84	99.84
AI Energy Public Company Limited	Producing and distributing biodiesel, vegetable oil and other fuel oil	Thailand	59.59	59.59
<b>Subsidiaries held by AI Energy Public Company Limited</b>				
AI Logistics Company Limited	Local and overseas logistics for passenger, merchandise, parcel and other materials	Thailand	100.00	100.00
AI Ports and Terminals Company Limited	(1) Servicing port (2) Distributing ice (3) Trading electrical equipment, vegetable oil and other fuel oil	Thailand	100.00	100.00
<b>Associate</b>				
PPC Asian Insulators Company Limited	Producing and distributing electronics insulators	Thailand	25.10	25.10

- b) The Company is deemed to have control over an investee or subsidiaries if the Company has rights, or is exposed, to variable returns from its involvement with the investee, and the Company 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 to be 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) Significant 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.
- g) Investments in associate are stated by equity method in the consolidated financial statement.

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

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

### **New and revised Thai Financial Reporting Standards**

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

a) Accounting standards that became effective in the current accounting year

The Conceptual financial Reporting Standards (revised 2014).

#### TAS

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Venture
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible assets

#### TFRS

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

TSIC	
TSIC 15	Operating Leases-Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Disclosure-Service Concession Arrangements
TSIC 32	Intangible Assets-Web Site Costs
TFRIC	
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommission, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

#### Accounting Treatment Guidance for Stock Dividend

These accounting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards the above standards do not have any significant impacts on the financial statements.

#### b) Accounting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new accounting standards that become effective for fiscal years beginning on or after 1 January 2015. These accounting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these accounting standards involve changes to key principles, as discussed below:

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

**TAS 19 (revised 2014) Employee Benefits**

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

At present, the Group immediately recognized actuarial gains and losses in other comprehensive income in the period in which they occur.

**TFRS 10 Consolidated Financial Statements**

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

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

**TFRS 12 Disclosure of Interests in Other Entities**

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

**TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively. Based on the preliminary analysis, the management of the Company believes that this standard will not have any significant impact on the Company's financial statements.

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Revenues and expenses recognition

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

Subsidiary recognizes revenues from construction contract under percentage of completion method. Current portion of additional income and other contracts with working period within one year are recognized in proportion to the completed construction and being billed for collection.

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 are cash on hand and fixed deposit at the financial institutions due not more than 3 months from the date of acquisition with no obligation.

#### 3.3 Short-term investments

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 Allowance for doubtful accounts

Subsidiaries set up allowance for doubtful accounts from the estimated loss which may be incurred where collection is doubtful.

#### 3.5 Unbilled receivables / Deferred construction revenue

Unbilled receivables consist of the cost of materials and labour, cost of sub-contract, other services and expenses including both net profit or loss computed net from the amount collected from customers.

The contracts which have construction value more than amount billed to customers will be presented under current assets. For those contracts which have the amount billed more than the construction value will be presented as “Deferred construction revenue” under current liabilities.

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

### 3.6 Inventories

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

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

Subsidiary recognizes construction contracts in progress consist of the cost of materials and labour, cost of sub-contract, other services and expenses of project.

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

### 3.7 Oil supplies

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

### 3.8 Non-current assets classified as held for sale

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

### 3.9 Investments

Investments in associate mean that company in which the group company has shareholding and significant influence over the group company. That is, the parent company has power to participate in determining the financial and operating policies of the enterprise but not up to the level of governing such policies. Investments in associate are stated by equity method for the consolidation and by cost method after provision for diminution in investment for the separate financial statements.

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

Cost of investments in subsidiaries disposed during the year is calculated by the weighted average method.

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

### 3.10 Property, plant, vessel and equipment

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

Particulars	Useful Life (Years)	
	Consolidated	Separate Financial Statements
No depreciation is provided on land and assets under construction and installation		
Land improvement	5 - 10	5
Building and structures	5 - 40	20
Building improvement	10	10
Utility systems	5 - 20	5
Machinery and accessories	5 - 20	5 - 10
Vessel and improvement	3 - 10	-
Office furniture and equipment	5	5
Motor vehicles	5 - 20	5

### 3.11 Borrowing cost

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

### 3.12 Intangible assets

Intangible assets are computer system development expenses and deferred computer softwares to be amortized by the straight-line method within 5 - 10 years.

### 3.13 Income Taxes

#### 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 addtible 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.

.....Director  
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.....Director  
(Thanit Thareratanavibool)

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

**Income tax expenses**

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

**3.14 Employee benefits**

**Short-term employee benefits**

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

**Long-term employee benefits**

Defined contribution plan

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

Defined benefit plan

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

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

**3.15 Basic earnings per share**

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

### 3.16 Foreign currency transactions

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

### 3.17 Significant accounting judgements and estimates

#### **Allowance for doubtful accounts**

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

#### **Allowance for diminution in inventory value**

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

#### **Impairment of investments**

Management assesses the impairment of investments in subsidiaries company 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 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 recoverable amount is requires judgment. An impairment loss is recognized as an expense in the statement of comprehensive 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 periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

**Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has 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 rate, future salary increase rate, mortality rate and staff turnover rate.

**Provisions**

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

**Deferred tax assets**

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

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

#### 4. RELATED PARTIES TRANSACTIONS

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 prices based on market value or, where no market value exists, at contractually agreed prices. Sale of hybrid clay and repurchase of scrap clay with PPC Asian Insulators Company Limited are conducted at agreed prices on the basis determined by both parties.

Details of the related parties are as follows;

Name	Nature of business	Nature of relationships
<b>Subsidiaries directly held by the Company</b>		
AI Engineering Services Company Limited	Undertake construction and install electrical transmission power sub-station and trading electrical equipment	99.84 % holding of interest
AI Energy Public Company Limited	Producing and distributing biodiesel, vegetable oil and other fuel oil	59.59 % holding of interest
<b>Subsidiaries held by AI Energy Public Company Limited</b>		
AI Logistics Company Limited	Local and overseas logistics for passenger, merchandise, parcel and other materials	100.00 % holding of interest
AI Ports and Terminals Company Limited	(1) Servicing port (2) Distributing ice (3) trading electrical equipment vegetable oil and other fuel oil	100.00 % holding of interest
<b>Associate</b>		
PPC Asian Insulators Company Limited	Producing and distributing electronics insulators	25.10 % holding of interest
<b>Related companies</b>		
Samart Palm Company Limited	Crude Palm Oil	Director is relative of the directors of the Company
Samart Palmoil 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  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

Significant transactions between the Company and related parties for the years ended December 31, 2014 and 2013 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Sales of products and raw materials</b>				
PPC Asian Insulators Co., Ltd.	4,292,441	3,700,599	4,272,114	3,700,599
AI Engineering Services Co., Ltd.	-	-	10,227,752	5,550,000
AI Energy Public Co., Ltd.	-	-	-	7,400,000
AI Ports and Terminals Co., Ltd.	-	-	2,960,000	26,159,000
<b>Sales of hybrid clay</b>				
PPC Asian Insulators Co., Ltd.	207,557,000	174,152,368	207,557,000	174,152,368
<b>Dividend income</b>				
AI Engineering Services Co., Ltd.	-	-	21,964,643	-
<b>Other income - rental and services</b>				
PPC Asian Insulators Co., Ltd.	2,681,970	2,604,436	2,681,970	2,604,436
AI Engineering Services Co., Ltd.	-	-	1,238,515	1,197,315
AI Energy Public Co., Ltd.	-	-	1,198,954	3,262,237
AI Logistics Co., Ltd.	-	-	574,642	1,161,210
AI Ports and Terminals Co., Ltd.	-	-	559,990	3,062,909
<b>Purchases goods</b>				
Samart Palm Co., Ltd.	17,436,582	22,424,335	-	-
Samart Palmoil Co., Ltd.	19,745,072	19,509,163	-	-
Samart Palm Industry Co., Ltd.	4,670,505	-	-	-
<b>Purchases of scrap clay</b>				
PPC Asian Insulators Co., Ltd.	131,529,109	103,504,037	131,529,109	103,504,037
<b>Purchase of goods and consumed supply</b>				
PPC Asian Insulators Co., Ltd.	91,550	47,199	91,550	47,199
AI Energy Public Co., Ltd.	-	-	45,065	42,916

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)



## Directors and management's remuneration

Directors and management's remuneration for the years ended December 31, 2014 and 2013 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short - term employee benefits	47,755,977	42,554,448	26,691,734	29,035,225
Long-term post-employment benefits	1,081,365	1,097,248	553,240	954,855
<b>Total directors and management's remuneration</b>	<b>48,837,342</b>	<b>43,651,696</b>	<b>27,244,974</b>	<b>29,990,080</b>

The Company had significant balances with related parties as at December 31, 2014 and 2013, as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Trade accounts receivable</b>				
PPC Asian Insulators Co., Ltd.	35,042,877	35,922,648	35,042,877	35,922,648
AI Engineering Services Co., Ltd.	-	-	-	7,957,780
<b>Other receivables</b>				
PPC Asian Insulators Co., Ltd.	546,593	8,233,071	546,593	8,233,071
AI Engineering Services Co., Ltd.	-	-	12,258	11,876
AI Energy Public Co., Ltd.	-	-	-	105,238
AI Logistics Co., Ltd.	-	-	2,661	2,389
AI Ports and Terminals Co., Ltd.	-	-	-	1,445
Other receivables-Director	23,855,074	-	-	-
<b>Trade Accounts payable</b>				
PPC Asian Insulators Co., Ltd.	20,527,585	24,654,036	20,527,585	24,654,036
Samart Palm Co., Ltd.	-	359,150	-	-
Samart Palmoil Co., Ltd.	-	390,775	-	-
Samart Palm Industry Co., Ltd.	1,681,350	-	-	-
<b>Other payable</b>				
AI Energy Public Co., Ltd.	-	-	47,300	23,920

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2014 and 2013 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash on hand	605,152	336,060	105,000	145,000
Deposit at bank - saving	200,702,895	194,609,522	11,786,485	117,607,328
- current	596,682	867,100	541,620	231,639
Fixed deposits due within 3 months	2,551,324	2,024,707	-	-
Total cash and cash equivalents	204,456,053	197,837,389	12,433,105	117,983,967

## 6. SHORT - TERM INVESTMENTS

Short - term investments as at December 31, 2014 and 2013 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Investment in Open - end Fund -				
Debt securities	256,195,492	1,129,988,741	39,484,171	919,702,045
<u>Add</u> Allowance for adjustment	3,056,471	1,479,956	124,360	-
Investment in Open - end Fund -				
Fair value	259,251,963	1,131,468,697	39,608,531	919,702,045
Fixed deposits	88,561	50,000	-	-
Total short - term investments	259,340,524	1,131,518,697	39,608,531	919,702,045

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

## 7. TRADE AND OTHER RECEIVABLES - NET

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

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Trade receivables</b>				
Trade receivable - related companies	35,042,877	35,922,648	35,042,877	37,902,148
Trade receivable - state enterprises	110,567,860	39,851,824	88,707,046	39,851,824
Trade receivables - other companies	453,291,978	271,238,409	10,558,700	4,077,756
Post date cheques	7,348,300	5,103,118	-	-
<b>Total trade receivables</b>	<b>606,251,015</b>	<b>352,115,999</b>	<b>134,308,623</b>	<b>81,831,728</b>
<u>Less</u> Allowance for doubtful accounts	(3,334,211)	(3,766,062)	-	-
<b>Total trade receivables - net</b>	<b>602,916,804</b>	<b>348,349,937</b>	<b>134,308,623</b>	<b>81,831,728</b>
<b>Other receivables</b>				
Other receivables - related person	23,855,074	-	-	-
Other receivables - related companies	546,593	8,233,071	561,512	8,354,019
Prepaid expense	6,556,616	6,446,899	1,737,914	2,381,190
Deposit for inventories	511,407	3,964,687	511,407	150,000
Revenue Department receivable	931,167	4,624,868	163,770	3,261,063
Advance payment to subcontractors	76,680	11,458,933	-	-
Others	1,674,379	1,088,946	2,560	1,722
<b>Total other receivables</b>	<b>34,151,916</b>	<b>35,817,404</b>	<b>2,977,163</b>	<b>14,147,994</b>
<u>Less</u> Allowance for doubtful accounts	(306,350)	(306,350)	-	-
<b>Total other receivables - net</b>	<b>33,845,566</b>	<b>35,511,054</b>	<b>2,977,163</b>	<b>14,147,994</b>
<b>Total trade and other receivables - net</b>	<b>636,762,370</b>	<b>383,860,991</b>	<b>137,285,786</b>	<b>95,979,722</b>

.....Director  
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.....Director  
(Thanit Thareratanavibool)

As at December 31, 2014 and 2013, aging analysis for trade accounts receivable consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Related companies</b>				
Current	14,929,854	14,966,073	14,929,854	16,945,573
Overdue				
Within 3 months	20,113,023	20,956,575	20,113,023	20,956,575
Total	35,042,877	35,922,648	35,042,877	37,902,148
<b>State enterprises</b>				
Current	109,820,760	36,755,065	87,959,946	36,755,065
Overdue				
Within 3 months	747,100	2,539,707	747,100	2,539,707
Over 3 months to 12 months	-	260,652	-	260,652
Over 12 months	-	296,400	-	296,400
Total	110,567,860	39,851,824	88,707,046	39,851,824
<b>Other companies</b>				
Current	410,451,466	230,833,635	10,439,994	273,639
Overdue				
Within 3 months	46,854,601	41,741,830	118,706	3,804,117
Over 12 months	3,334,211	3,766,062	-	-
Total	460,640,278	276,341,527	10,558,700	4,077,756
<u>Less</u> Allowance for doubtful accounts	(3,334,211)	(3,766,062)	-	-
<b>Total trade receivables - net</b>	<b>602,916,804</b>	<b>348,349,937</b>	<b>134,308,623</b>	<b>81,831,728</b>

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

## 8. UNBILLED RECEIVABLES / ADVANCE RECEIVED AND DEFERRED CONSTRUCTION REVENUE

Unbilled receivables/advance received and deferred construction revenue as at December 31, 2014 and 2013 consisted of:

	Unit: Baht	
	Consolidated financial statements	
	2014	2013
Unbilled receivables		
Contract value	180,397,850	214,926,937
Recognition of income by the percentage of completion	177,725,147	93,422,513
<u>Less</u> Value of billing construction	(160,006,871)	(91,123,784)
Total	17,718,276	2,298,729
Advance received and deferred construction revenue		
Contract value	136,445,720	178,781,700
Value of billing construction	128,547,999	17,533,738
<u>Less</u> Recognition of income by the percentage of completion	(127,930,553)	(1,104,625)
Total	617,446	16,429,113

## 9. INVENTORIES - NET

Inventories as at December 31, 2014 and 2013 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Raw materials	349,285,227	368,146,088	72,555,204	77,842,911
Work in process	99,498,149	60,417,080	24,359,579	33,122,270
Finished goods	75,030,562	60,212,888	5,623,415	21,301,300
Supplies	14,657,034	15,929,069	1,079,718	1,496,102
Goods in transit	5,279,306	3,085,861	5,279,306	3,085,861
Total	543,750,278	507,790,986	108,897,222	136,848,443
<u>Less</u> Provision for diminution in inventories	(120,260)	-	-	-
Total inventories - net	543,630,018	507,790,986	108,897,222	136,848,443

.....Director  
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.....Director  
(Thanit Thareratanavibool)

## 10. OIL SUPPLIES

Oil supplies as at December 31, 2014 and 2013 consisted of:

	Unit: Baht	
	Consolidated financial statements	
	2014	2013
Bunker oil	1,725,114	4,218,866
Lubricants	643,082	602,287
Total oil supplies	2,368,196	4,821,153

## 11. NON-CURRENT ASSETS HELD FOR SALE - NET

Non-current assets held for sale as at December 31, 2014 and 2013 consisted of:

	Unit : Baht
	Consolidate financial statements
Book value as at December 31, 2013	-
<u>Add</u> Transfers in during the year (Cost) (Note 15)	6,611,000.00
<u>Less</u> Accumulated depreciation (Note 15)	(2,136,010.00)
Allowance for impairment of asset	(1,934,990.00)
Book value as at December 31, 2014	2,540,000.00

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

## 12. INVESTMENTS IN ASSOCIATED COMPANY - NET

Investments in associated company - net as December 31, 2014 and 2013, consisted of:

Company	Industries	Percentage of investment (%)		Unit : Baht		Unit : Baht			
		2014	2013	Issued share capital		Consolidated financial statements		Separate financial statements	
				2014	2013	Equity method		Cost method	
PPC Asian Insulators Company Limited	Producing and distributing electronics insulators	25.10	25.10	263,000,000	263,000,000	17,290,878	24,392,814	66,000,000	66,000,000
<u>Less</u> Provision for diminution in investment						-	-	(39,600,000)	(39,600,000)
Total investments in associate - net						<u>17,290,878</u>	<u>24,392,814</u>	<u>26,400,000</u>	<u>26,400,000</u>

The consolidated and separate financial statements for the years ended December 31, 2014 and 2013 of Asian Insulators Public Company Limited and its subsidiaries, and of Asian Insulators Public Company Limited respectively, included an investment in the associated company based on financial statements of the associated company which had not been audited by an auditor. The carrying value of the investment in the consolidated financial statements as at December 31, 2014 and 2013 amounted to Baht 17.29 million and amounted to Baht 24.39 million, respectively, representing 0.46% and 0.57% of total assets in the consolidated financial statements.

The equity of net loss of the associated company in the consolidated financial statements for the years ended December 31, 2014 and 2013 amounted to Baht 7.10 million and Baht 6.09 million respectively, representing 2.19% and 2.31% of consolidated net profit, respectively.

The carrying value of the investment in the separate financial statements as at December 31, 2014 and 2013, amounted to Baht 26.4 million, representing 1.43% and 0.92%, respectively, of total assets in the separate financial statements.

.....Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

The following is summarized financial information relating to an entity's interest in an associate company were as follows:

	Unit: Baht	
	PPC Asian Insulators Company Limited	
	2014	2013
Current assets	113,462,277	106,808,812
Non-current assets	178,070,276	152,861,503
Current liabilities	(219,908,599)	(160,396,175)
Non-current liabilities	(2,722,269)	(2,072,253)
Net assets	68,901,685	97,201,887
Revenues	338,930,334	239,919,063
Loss for the years	(22,480,518)	(24,276,545)

Reconcile the carrying value of the equity of the associated in the consolidated financial statement were as follows:

	Unit: Baht	
	PPC Asian Insulators Company Limited	
	2014	2013
Net assets of associate company	68,901,685	97,201,887
Ownership interest (%)	25.10	25.10
Carrying amount of interest in an associate company	17,290,878	24,392,814

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)



### 13. INVESTMENTS IN SUBSIDIARY COMPANIES

Investments in subsidiary companies as at December 31, 2014 and 2013, and dividend income from the investment during the years ended December 31, 2014 and 2013, consisted of:

Company	Industries	Percentage of		Unit: Baht					
		investment (%)		Separate financial statements					
		2014	2013	Issued share capital		Cost method-net		Dividend income	
		2014	2013	2014	2013	2014	2013	2014	2013
<b>Subsidiaries directly held by the Company</b>									
AI Engineering Services Company Limited	Undertake construction and install electrical transmission power sub-station and trading electrical equipment	99.84	99.84	200,000,000	200,000,000	197,000,025	197,000,025	21,964,643	-
AI Energy Public Company Limited	Producing and distributing biodiesel, vegetable oil and other fuel oil	59.59	59.59	1,130,000,000	1,130,000,000	665,555,157	665,555,157	-	-
<b>Subsidiaries held by AI Energy Public Company Limited</b>									
AI Logistics Company Limited	Local and overseas logistics for passenger, merchandise, parcel and other materials	100.00	100.00	209,000,000	209,000,000	-	-	-	-
AI Ports and Terminals Company Limited	(1) Servicing port (2) Distributing ice (3) trading electrical equipment vegetable oil and other fuel oil	100.00	100.00	460,000,000	460,000,000	-	-	-	-
Total investments in subsidiaries						862,555,182	862,555,182	21,964,643	-

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

The subsidiaries have significant non-controlling interests as follows;

		Unit : Baht		
		December 31, 2014		
Name of subsidiary	Type of business	Ownership interests held by NCI (percentage)	Comprehensive income	
			attributable to Non-controlling interest	Accumulated Non-controlling interest
<b>Subsidiaries directly held by the Company</b>				
AI Engineering Services Company Limited	Undertake construction and install electrical transmission power Sub-station and trading electrical equipment	0.16	88,772	432,404
AI Energy Public Company Limited	Producing and distributing biodiesel, vegetable oil and other fuel oil	40.41	36,639,243	744,845,943
Total			36,728,015	745,278,347

.....Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

The following is summarized financial information of subsidiaries before inter-company elimination.

	Unit: Baht				
	AI Engineering Services Company Limited	AI Energy Public Company Limited	AI Logistics Company Limited	AI Ports and Terminals Company Limited	Total
As at December 31, 2014					
Current assets	263,312,861	1,087,129,435	5,783,459	18,269,148	1,374,494,903
Non-current assets	117,934	1,304,438,324	62,434,633	464,804,361	1,831,795,252
Current liabilities	(14,816,540)	(522,940,874)	(5,323,995)	(47,449,719)	(590,531,128)
Non-current liabilities	(1,539,582)	(9,424,803)	(877,230)	(78,510,455)	(90,352,070)
Net assets	247,074,673	1,859,202,082	62,016,867	357,113,335	2,525,406,957
Net assets attributable to					
Non-controlling interests	432,404	744,845,943	-	-	745,278,347
For the year ended December 31, 2014					
Revenues	313,669,321	4,690,337,726	52,290,374	692,097,052	5,748,394,473
Total comprehensive loss for the year					
attributable to non-controlling interests	88,772	36,639,243	-	-	36,728,015
Net cash provided by (used in)					
Operating activities	17,651,503	43,540,629	(1,259,073)	9,917,444	69,850,503
Investing activities	46,589	(148,310,742)	(6,768,866)	(5,655,305)	(160,688,324)
Financing activities	(22,000,000)	215,002,034	1,902,012	8,103,301	203,007,347
Cash increase (decrease) - net	(4,301,908)	110,231,921	(6,125,927)	12,365,440	112,169,526

#### 14. PLEDGED DEPOSITS AT FINANCIAL INSTIUTON

The subsidiary has pledged fixed deposit at bank as collateral for the issuance of bank guarantee. (Note 30.1)

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

## 15. PROPERTY, PLANT, VESSEL AND EQUIPMENT - NET

Property, plant, vessel and equipment as at December 31, 2014 and 2013 consisted of:

	Unit : Baht									
	Consolidated financial statements									
									Fixed assets	
	Land	Land improvement	Building and improvement	Utility system	Machinery, accessories and tools	Vessel and improvement	Office furniture and equipment	Motor vehicles	under construction and installation	Total
<b>At cost</b>										
As at December 31, 2013	352,827,457	17,769,620	918,405,290	42,635,723	1,131,093,171	173,137,962	31,638,087	83,492,897	73,189,260	2,824,189,467
Purchases during year	4,328,633	-	158,703	486,550	10,578,589	5,908,138	1,021,850	322,430	188,542,225	211,347,118
Transfers in (Transfer out) during year (Note 12)	-	-	8,031,017	11,855,497	180,041,495	-	1,329,280	6,112,503	(213,980,792)	(6,611,000)
Disposal/written off during year	-	-	-	-	(8,441,271)	(2,315,046)	(207,372)	-	-	(10,963,689)
As at December 31, 2014	357,156,090	17,769,620	926,595,010	54,977,770	1,313,271,984	176,731,054	33,781,845	89,927,830	47,750,693	3,017,961,896
<b>Accumulated depreciation</b>										
As at December 31, 2013	-	15,002,149	215,637,576	25,084,435	448,433,598	99,244,203	26,074,003	30,157,285	-	859,633,249
Depreciation for the year	-	322,956	32,445,380	2,379,227	79,726,031	18,482,091	2,208,354	3,982,487	-	139,546,526
Depreciation transfer out (Note 11)	-	-	-	-	(2,136,010)	-	-	-	-	(2,136,010)
Depreciation - disposals for the year	-	-	-	-	(7,344,753)	(2,315,046)	(186,972)	-	-	(9,846,771)
As at December 31, 2014	-	15,325,105	248,082,956	27,463,662	518,678,866	115,411,248	28,095,385	34,139,772	-	987,196,994
<b>Book value</b>										
As at December 31, 2013	352,827,457	2,767,471	702,767,714	17,551,288	682,659,573	73,893,759	5,564,084	53,335,612	73,189,260	1,964,556,218
As at December 31, 2014	357,156,090	2,444,515	678,512,054	27,514,108	794,593,118	61,319,806	5,686,460	55,788,058	47,750,693	2,030,764,902

.....Director

(Narong Thareratanavibool)

.....Director

(Thanit Thareratanavibool)

Unit : Baht

Separate financial statements

	Land	Land improvement	Building and improvement	Utility system	Machinery, equipment and instrument	Office furniture and equipment	Motor vehicles	Fixed assets under construction and installation	Total
<b>At cost</b>									
As at December 31, 2013	61,576,168	14,822,060	414,051,986	18,829,299	637,769,063	22,671,687	11,879,797	179,809	1,181,779,869
Purchases during year	-	-	-	486,550	6,890,615	93,797	-	13,457,765	20,928,727
Transfers in (Transfer out) during year	-	-	18,781	199,869	8,185,274	-	-	(8,403,924)	-
Disposal/written off during year	-	-	-	-	(6,231,106)	(162,572)	-	-	(6,393,678)
As at December 31, 2014	61,576,168	14,822,060	414,070,767	19,515,718	646,613,846	22,602,912	11,879,797	5,233,650	1,196,314,918
<b>Accumulated Depreciation</b>									
As at December 31, 2013	-	14,814,923	126,321,800	16,260,275	296,324,881	19,508,796	8,809,873	-	482,040,548
Depreciation for the year	-	3,200	18,255,310	1,099,358	46,663,746	1,014,860	805,599	-	67,842,073
Depreciation - disposals for the year	-	-	-	-	(6,192,434)	(162,560)	-	-	(6,354,994)
As at December 31, 2014	-	14,818,123	144,577,110	17,359,633	336,796,193	20,361,096	9,615,472	-	543,527,627
<b>Book value</b>									
As at December 31, 2013	61,576,168	7,137	287,730,186	2,569,024	341,444,182	3,162,891	3,069,924	179,809	699,739,321
As at December 31, 2014	61,576,168	3,937	269,493,657	2,156,085	309,817,653	2,241,816	2,264,325	5,233,650	652,787,291

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

Depreciations in the statements of profit or loss for the year ended December 31, 2014 and 2013 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cost of sale and service	118,507,442	106,983,620	51,626,420	48,938,487
Selling and administrative expenses	21,039,084	22,565,114	16,215,653	18,193,915
	<u>139,546,526</u>	<u>129,548,734</u>	<u>67,842,073</u>	<u>67,132,402</u>

As at December 31, 2014 and 2013, the subsidiary has mortgaged land, buildings and port with banks as collateral for credit facilities obtained from a financial institution (Note 17, 19). As at December 31, 2016, the subsidiaries revoked syndicated credit facilities and redemption collateral entirely.

The gross carrying amounts of equipment were fully depreciated but these items are still in active use by the Company and subsidiaries as at December 31, 2014 and 2013, in the consolidated financial statement totaling approximately Baht 284.72 million and Baht 278.83 million respectively, and in the separate financial statements totaling approximately Baht 243.68 million and Baht 254.12 million, respectively.

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

**16. INTANGIBLE ASSETS - NET**

Intangible assets as at December 31, 2014 and 2013 consisted of:

	Unit : Baht	
	Consolidated financial statements	Separate financial statements
<b>At cost</b>		
As at December 31, 2013	24,432,322	23,811,611
Purchases during the year	81,192	-
As at December 31, 2014	24,513,514	23,811,611
<b>Accumulated amortisation</b>		
As at December 31, 2013	17,537,756	17,022,223
Amortization for the year	1,934,575	1,893,251
As at December 31, 2014	19,472,331	18,915,474
<b>Net booked value</b>		
As at December 31, 2013	6,894,566	6,789,388
As at December 31, 2014	5,041,183	4,896,137

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

## 17. BANK OVERDRAFTS AND SHORT - TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions as at December 31, 2014 and 2013 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Bank overdraft	1,918,380	3,617,810	-	-
Promissory notes	365,000,000	140,000,000	50,000,000	50,000,000
Total bank overdrafts and short-term loans from financial institutions	<u>366,918,380</u>	<u>143,617,810</u>	<u>50,000,000</u>	<u>50,000,000</u>

	Credit line (Unit : Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Bank overdraft	32	67	12	12
Promissory notes	1,370	1,870	430	430
Letter of credit and trust receipt	270	-	-	-
Total	<u>1,672</u>	<u>1,937</u>	<u>442</u>	<u>442</u>

At as December 31, 2014 and 2013 these bank overdrafts and short-term loans from financial institutions of subsidiaries are secured by mortgage land with structure and port of a subsidiary. Under the terms of loan contract, the subsidiary cannot pledge its machinery, equipment and port as collateral for other loan (Note15), and jointly guaranteed by AI Ports & Terminals Company Limited., and AI Energy Public Company Limited.

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)



## 18. TRADE AND OTHER PAYABLES

Trade and other payables as December 31, 2014 and 2013 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade payables				
Trade payables - related companies	22,208,935	25,403,961	20,527,585	24,654,036
Trade payables - others	96,380,890	60,093,241	12,153,592	12,508,520
Total trade payables	118,589,825	85,497,202	32,681,177	37,162,556
Other payables				
Payables for purchase of assets	16,436,994	3,172,764	5,066,394	3,172,764
Other payables	7,405,034	9,502,680	47,300	23,920
Advances received for goods	18,661,521	1,905,954	1,157,003	1,118,752
Electricity payable	5,271,403	3,561,302	1,136,871	1,352,097
Accrued expenses	4,809,482	26,674,530	2,938,953	23,639,951
Retention	6,759,028	1,607,603	-	-
Revenue Department payables	78,942,938	14,212,042	5,148,389	1,837,692
Others	988,021	4,855,466	347,842	1,558,076
Total other payables	139,274,421	65,492,341	15,842,752	32,703,252
Total trade and other payables	257,864,246	150,989,543	48,523,929	69,865,808

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

## 19. LONG - TERM LOANS FROM FINANCIAL INSTITUTIONS - NET

Long-term loans from financial institutions as at December 31, 2014 and 2013 consisted of:

CREDIT LINE	REPYMENT CONDITIONS	Unit : Baht	
		Consolidated financial statements	
		2014	2013
Baht 90 million Started on April 4, 2009 By AI Ports and Terminals Company Limited.	- The principal will be repaid by monthly under condition and amount as specified in the agreement with the first installment in September 2009 and will be finished within August 2016. - Monthly payment of interest at MLR Per annum. - Interest rate swap contracts to be fixed rate at 7.64% per annum from February 2012 until February 2015.	-	38,719,970
Baht 45 million Started on April 28, 2009 By AI Ports and Terminals Company Limited.	- The principal will be repaid by monthly under condition and amount as specified in the agreement with the first installment in September 2009 and will be finished within August 2016. - Monthly payment of interest at MLR Per annum. - Interest rate swap contracts to be fixed rate at 7.64% per annum from February 2012 until February 2015.	-	18,518,919
Baht 13.75 million started on May 19, 2010 by AI Energy Public Company Limited	- The principal will be repaid by monthly under condition and amount as specified in the agreement with the first installment in June 2010 and will be finished within May 2017. - Monthly payment of interest rate at MLR-1.25 per annum. - Interest rate swap contracts to be fixed rate at 6.39% per from February 2012 until February 2015.	-	6,853,700
Baht 56.00 million started on September 16,2011 by AI Energy Public Company Limited	- The principal will be repaid by monthly under condition and amount as specified in the agreement with the first installment in October 2011 and will be finished within September 2018. - Monthly payment of interest rate at MLR-1.25 per annum. - Interest rate swap contracts to be fixed rate at 6.40% per annum from February 2012 until February 2015.	-	24,537,000
Baht 110 million Started on April 28, 2009 By AI Ports and Terminals Company Limited.	- The principal will be repaid by monthly under condition and amount as specified in the agreement with the first installment in July 2014 and will be finished within June 2019. - Monthly payment of interest rate at MLR-1 per annum.	98,960,000	-
Total long-term loans from financial institutions		98,960,000	88,629,589
Less Current portion of long-term loans		(22,080,000)	(32,343,000)
Long-term loans from financial institutions-net		76,880,000	56,286,589

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

During the of year 2014, AI Ports & Terminals Company Limited., and AI Energy Public Company Limited. have made repayment of the principal before due date with the bank. The Company and subsidiary have to pay fee of prepayment and the different of interest rate according to the interest rate swap contracts.

On June 30, 2014, the AI Ports & Terminals Company Limited., has borrowed long-term loans from new financial institution with credit line Baht 110 million. The significant conditions under loan contract of subsidiary and the financial institution are summarized as follows:

- The subsidiary will not take the machinery and equipment in the ports and terminals to commit obligations (Negative Pledge).
- The subsidiary agreed to transfer its rights, duty and any benefits according to the agreement including various relative collaterals according to the agreement to the creditors by providing the letter of consent for them.
- The subsidiary will maintain the ratio of debt to equity not exceeding 2:1 including loan from director as part of capital.
- The subsidiary will maintain the debt coverage ratio at minimum ratio of 1.25:1.

Long-term loans of from financial institutions of AI Ports & Terminals Company Limited., are secured by mortgage land with structure and port of a subsidiary, and jointly guaranteed by AI Energy Public Company Limited. (Note 15)

## 20. EMPLOYEE BENEFIT OBLIGATIONS

Movement of the present value of employee benefits obligation for the years ended December 31, 2014 and 2013 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statement	
	2014	2013	2014	2013
<b>Employee benefit at beginning of year</b>	36,785,004	30,017,129	25,020,990	21,185,804
Included in profit or loss:		-		
Current service cost	4,051,654	4,061,611	2,228,209	2,022,335
Interest cost	874,695	1,045,512	498,027	732,532
Included in other comprehensive income:				
Actuarial (gains) losses arising from				
Financial assumptions changes	-	1,075,098	-	1,249,317.00
Experience adjustments	-	585,654	-	(168,998)
Benefit paid during the year	(10,901,760)	-	(10,061,570)	-
<b>Employee benefit obligations at end of year</b>	<b>30,809,593</b>	<b>36,785,004</b>	<b>17,685,656</b>	<b>25,020,990</b>

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

Employee benefit expenses in profit or loss for the year ended December 31, 2014 and 2013, consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statement	
	2014	2013	2014	2013
Cost of sales	3,499,521	3,307,631	2,367,996	2,230,163
Selling expenses	293,985	261,197	-	-
Administrative expenses	1,132,843	1,538,295	358,240	524,704
<b>Total employee benefit expenses</b>	<b>4,926,349</b>	<b>5,107,123</b>	<b>2,726,236</b>	<b>2,754,867</b>

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

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

Principal actuarial assumptions as at December 31, 2014 and 2013 (represented by the weighted-average) consisted of:

	(Percentage (%)/annum)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Discount rate	3.18 - 3.39	3.18 - 3.39	3.29	3.29
Salary increases rate	5.00	5.00	5.00	5.00
Mortality rate	100% of Thai Mortality Ordinary Tables of 2008		100% of Thai Mortality Ordinary Tables of 2008	
Turnover rate				
Under 31 years old	0 - 35	0 - 35	35	35
31 - 40 years old	0 - 24	0 - 24	13	13
41 - 50 years old	0 - 8	0 - 8	7	7
Above 50 years old	0	0	0	0

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

## 21. DIVIDEND PAYMENT

The Board of Directors' Meeting No. 5/2014 held on August 18, 2014, passed a resolution to pay interim dividend from the BOI business to the shareholders of 500 million shares at Baht 0.10 per share, amount Baht 50 million. The interim dividend was paid on September 15, 2014.

The 2014 Annual General Meeting of Shareholders of the Company held on March 26, 2014, passed a resolution to pay dividend for the year 2013 from the BOI business operating result and special dividend to the shareholders of 500 million shares at Baht 2.00 per share, amount Baht 1 billion. The interim dividend was paid on March 17, 2014.

The Board of Directors' Meeting No. 4/2014 held on August 21, 2014, of AI Engineering Services Company Limited, passed a resolution to pay interim dividend from the operation for six-month periods ended from January 1 to June 30, 2014 to the shareholders of 20 million shares at Baht 1.00 per share, amount Baht 20 million. The dividend was paid on August 26, 2014.

The Board of Directors' Meeting No.1/2014 held on March 5, 2014 of AI Engineering Services Company Limited, passed a resolution to pay dividends from the operation for the year 2013 to the shareholders of 20 million shares at Baht 0.10 per share, amount Baht 2 million. The 2014 Annual General Shareholders' Meeting held on April 30, 2014, passed a resolution to pay such dividends. The dividend was paid to the shareholders on March 20, 2014.

The Ordinary General Shareholders' Meeting for 2013 held on April 10, 2013, passed a resolution to pay dividend for 2013 from the BOI business operating result of year 2012 to the shareholders of 500 million shares at Baht 0.45 per share, amount Baht 225 million, of which the interim dividend was duly paid on September 7, 2012 at Baht 0.10 per share, amount Baht 50 million, and to pay additional dividend to the shareholders at Baht 0.35 per share, amount Baht 175 million. The dividend was paid on May 9, 2013.

## 22. LEGAL RESERVE

Under the provisions of the Thai Public Company Limited Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as legal reserve until the reserve equal to 10% of authorized share capital. The reserve is not available for dividend distribution.

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

### 23. DEFERRED TAX

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

Unit : Baht

	Consolidated financial statements				Separate financial statements			
	As at January 1, 2014	Profit (loss)	Other Comprehensive income (loss)	As at December 31, 2014	As at January 1, 2014	Profit (loss)	Other Comprehensive income (loss)	As at December 31, 2014
<b>Deferred tax assets</b>								
Allowance for doubtful trade								
accounts receivable	814,483	(86,370)	-	728,113	-	-	-	-
Allowance for devaluation of inventories	-	24,052	-	24,052	-	-	-	-
Allowance for impairment of assets	-	386,998	-	386,998	-	-	-	-
Non-current provisions for employee benefits	6,937,861	(1,277,480)	-	5,660,381	5,004,198	(1,467,067)	-	3,537,131
Tax loss carries forward	1,915,950	(1,915,950)	-	-	-	-	-	-
<b>Total</b>	<b>9,668,294</b>	<b>(2,868,750)</b>	<b>-</b>	<b>6,799,544</b>	<b>5,004,198</b>	<b>(1,467,067)</b>	<b>-</b>	<b>3,537,131</b>
<b>Deferred tax liability</b>								
Unrealized gain on investments in								
Open-end Fund	(295,991)	(315,303)	-	(611,294)	(36,979)	12,107	-	(24,872)
Depreciation	-	(2,260,177)	-	(2,260,177)	-	-	-	-
<b>Total</b>	<b>(295,991)</b>	<b>(2,575,480)</b>	<b>-</b>	<b>(2,871,471)</b>	<b>(36,979)</b>	<b>12,107</b>	<b>-</b>	<b>(24,872)</b>
<b>Deferred tax assets - net</b>	<b>9,372,303</b>	<b>(5,444,230)</b>	<b>-</b>	<b>3,928,073</b>	<b>4,967,219</b>	<b>(1,454,960)</b>	<b>-</b>	<b>3,512,259</b>

.....Director

(Narong Thareratanavibool)

.....Director

(Thanit Thareratanavibool)

Unit : Baht

	Consolidated financial statements				Separate financial statements			
	As at January 1, 2013	Profit (loss)	Other Comprehensive income (loss)	As at December 31, 2013	As at January 1, 2013	Profit (loss)	Other Comprehensive income (loss)	As at December 31, 2013
<b>Deferred tax assets</b>								
Allowance for doubtful trade								
accounts receivable	750,576	63,907	-	814,483	-	-	-	-
Allowance for devaluation of inventories	1,718,802	(1,718,802)	-	-	-	-	-	-
Allowance for impairment of assets	3,302	(3,302)	-	-	3,302	(3,302)	-	-
Non-current provisions for employee benefits	5,587,007	945,894	404,960	6,937,861	4,237,160	550,974	216,064	5,004,198
Tax loss carries forward	37,870,850	(35,954,900)	-	1,915,950	-	-	-	-
<b>Total</b>	<b>45,930,537</b>	<b>(36,667,203)</b>	<b>404,960</b>	<b>9,668,294</b>	<b>4,240,462</b>	<b>547,672</b>	<b>216,064</b>	<b>5,004,198</b>
<b>Deferred tax liability</b>								
Unrealized gain on investments in								
Open-end Fund	(893,573)	597,582	-	(295,991)	(16,107)	(20,872)	-	(36,979)
<b>Total</b>	<b>(893,573)</b>	<b>597,582</b>	<b>-</b>	<b>(295,991)</b>	<b>(16,107)</b>	<b>(20,872)</b>	<b>-</b>	<b>(36,979)</b>
<b>Deferred tax assets - net</b>	<b>45,036,964</b>	<b>(36,069,621)</b>	<b>404,960</b>	<b>9,372,303</b>	<b>4,224,355</b>	<b>526,800</b>	<b>216,064</b>	<b>4,967,219</b>

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

## 24. INCOME TAX EXPENSE

Income tax expense for the year ended December 31, 2014 and 2013 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Current tax expense</b>				
Current years	(47,295,919)	(156,051,294)	(3,203,773)	(154,627,551)
<b>Deferred tax expense</b>				
Movement in temporary differences	(5,444,230)	(36,069,621)	(1,454,960)	526,800
Total	<u>(52,740,149)</u>	<u>(192,120,915)</u>	<u>(4,658,733)</u>	<u>(154,100,751)</u>

### Income tax reduction

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

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)



## 25. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2014 and 2013 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
(Increase) decrease in change of				
finished goods and work in progress	(53,898,743)	191,588,617	24,440,576	(29,861,110)
Raw materials and consumables used	4,246,519,131	3,460,366,542	317,666,135	342,666,534
Construction materials and subcontractors	219,181,213	32,272,760	-	-
Vessel operating expenses	23,178,566	20,123,060	-	-
Purchase of goods for sale	141,880,284	294,526,133	10,376,695	33,662,416
Employee benefit expenses	159,855,491	166,062,206	77,860,261	88,995,282
Depreciation and amortization expenses	142,214,782	131,484,204	69,735,324	69,050,901
Finance costs	24,404,595	60,286,761	2,636,075	18,879,801
(Reversal) Loss on diminution of inventories	120,260	(8,594,010)	-	-

## 26. FOREIGN CURRENCY TRANSACTIONS

As at December 31, 2014 and 2013 the Company and subsidiaries have outstanding assets and liabilities denominated in foreign currencies which are not covered by any hedging as follows:

(Unit : Thousand)

Particulars	Consolidated financial statements				Separate financial statements			
	2014		2013		2014		2013	
	Foreign Currency	Converted to Baht	Foreign Currency	Converted to Baht	Foreign Currency	Converted to Baht	Foreign Currency	Converted to Baht
Assets								
USD	361.01	12,186.65	150.42	4,915.48	2.27	74.62	8.86	289.52
Total		12,186.65		4,915.48		74.62		289.52
Liabilities								
USD	170.73	5,653.42	192.15	6,331.31	170.48	5,645.14	80.76	2,660.99
EUR	-	-	2.83	128.26	-	-	2.83	128.26
Total		5,653.42		6,459.57		5,645.14		2,789.25

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

## 27. PROMOTIONAL PRIVILEGES

By virtue of the Investment Promotion Act, B.E. 2520 (1977), the Company and three subsidiaries were granted promotional certificates 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
Asian Insulators Plc.	1025/2541	January 24, 2001	Producing porcelain insulators	January 23, 2009
	1115(2)/2548	February 28, 2005	Producing finished hybrid clay	February 27, 2013
	1116(2)/2549	January 30, 2009	Producing porcelain insulators	January 29, 2017
	1478(2)/2553	June 12, 2012	Producing porcelain insulators	June 11, 2020
AI Energy Public Co., Ltd.	1922(1)/2553	October 1, 2013	Producing biodiesel	September 30, 2021
	2777(1)/2556	February 3, 2015	Producing biodiesel	February 2, 2023
AI Logistics Co., Ltd.	2029(2)/2549	June 27, 2006	Ship transportation	June 26, 2014
	1434(2)/2550	June 11, 2007	Ship transportation	June 10, 2015
AI Ports and Terminals Co., Ltd.	1373(2)/2552	July 1, 2009	Ports and terminals service	(*) July 30, 2017
	1374(2)/2552	August 7, 2009	Ports and terminals service	(*) August 5, 2017

### 5. Important privileges which are granted :

5.1 Exemption from corporate income tax on net profit of promotion operation for 8 years. Whereby the promotional certificates No. 1115(2)/2548, 1116(2)/2549, 1478(2)/2553, 2029(2)/2549, 1434(2)/2550, 1373(2)/2552 and 1374(2)/2552 have limited amount for corporate income tax exemption at maximum of Baht 11.01 million, Baht 75.18 million, Baht 495.91 million, Baht 66.26 million, Baht 107.00 million, Baht 303.49 million and Baht 200.00 million, respectively.

5.2 Exemption from income tax on dividend from promoted business which was exempted from corporate income tax as 5.1 throughout 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. 1025/2541, 1922(1)/2553 and 2777(1)/2556.

5.4 Allowance for double deduction of annual expenses of public utilities (electricity, water supply and transportation), commencing from the generating revenues date for 10 years of promotional certificate No. 1025/2541, 1922(1)/2553 and 2777(1)/2556.

5.5 Allowance to deduct the annual loss incurred during the income tax exemption period as 5.1 from the net profit since the expiry dates within 5 years, by which can be deducted from net profit of any year or several years of all promotional certificates.

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

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

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

The Company and subsidiaries have sales, vessel operating, port and terminal service revenues from local and overseas which are granted the promotional certificates for the years ended December 31, 2014 and 2013 as follows:

	Unit: Baht					
	Consolidated financial statements			Separate financial statements		
	Promoted Activities	Non-promoted Activities	Total	Promoted Activities	Non-promoted Activities	Total
<b>For the year ended December 31, 2014</b>						
Revenue from sales	677,416,077	4,406,141,474	5,083,557,551	677,416,077	16,896,353	694,312,430
Revenues from production contract	-	133,541,324	133,541,324	-	-	-
Revenue from construction contract	-	297,270,666	297,270,666	-	-	-
Vessel operating income	-	35,291,157	35,291,157	-	-	-
Revenue from port service	1,000,000	-	1,000,000	-	-	-
Other incomes	185,110	28,575,390	28,760,500	-	11,981,912	11,981,912
Dividend income	-	-	-	-	21,964,643	21,964,643
Total	<u>678,601,187</u>	<u>4,900,820,011</u>	<u>5,579,421,198</u>	<u>677,416,077</u>	<u>50,842,908</u>	<u>728,258,985</u>
<b>For the year ended December 31, 2013</b>						
Revenue from sales	1,196,181,021	3,638,409,038	4,834,590,059	738,096,882	45,346,860	783,443,742
Revenues from production contract	-	93,834,113	93,834,113	-	-	-
Revenue from construction contract	-	45,824,462	45,824,462	-	-	-
Vessel operating income	45,662,616	-	45,662,616	-	-	-
Gain on disposal of investment in subsidiaries	-	-	-	-	761,806,677	761,806,677
Other incomes	48,587	23,103,895	23,152,482	-	13,901,914	13,901,914
Total	<u>1,241,892,224</u>	<u>3,801,171,508</u>	<u>5,043,063,732</u>	<u>738,096,882</u>	<u>821,055,451</u>	<u>1,559,152,333</u>

.....Director  
(Narong Thareranavibool)

.....Director  
(Thanit Thareranavibool)

## 28. PROVIDENT FUND

The Company and subsidiaries 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 subsidiaries' contributions for the employees provident fund and recorded as expenses in the statements of comprehensive income for the years ended December 31, 2014 and 2013 are as follows :

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Asian Insulators Public Company Limited	1,688,820	1,764,879	1,688,820	1,764,879
AI Engineering Services Company Limited	228,192	207,099	-	-
AI Energy Public Company Limited	1,091,357	185,944	-	-
AI Logistics Company Limited	9,282	15,357	-	-
Total	3,017,651	2,173,279	1,688,820	1,764,879

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

## 29. SEGMENTED INFORMATION

The segments information for the years ended December 31, 2014 and 2013 as follows:

Unit : Thousand Baht								
Consolidated financial statements								
For year ended December 31, 2014								
Group of AI Energy Public Company Limited								
	Sale of Porcelain insulators and component	Construction undertaking	Sale of biodiesel and vegetable oil and by product	Contract of refine crude palm oil	Sale of ice cube	Vessel operating	Port services	Total
Revenues from sales and services	696,965	297,271	4,355,144	133,541	31,449	35,291	1,000	5,550,661
Cost of sales and services	(440,769)	(222,104)	(4,139,729)	(78,126)	(25,302)	(47,143)	(497)	(4,953,670)
Gross profit (loss) by segment	256,196	75,167	215,415	55,415	6,147	(11,852)	503	596,991
Other income								28,760
Selling expenses								(62,040)
Administrative expenses								(151,131)
Finance costs								(27,818)
Share of loss from investments in associate								(7,102)
Tax expenses								(52,740)
Profit for the year								324,920
Equity holders of the parent								288,192
Non-controlling interests								36,728
Property, plant, vessel and equipment - net	652,787	65	850,804		21,585	62,415	443,109	2,030,765

.....Director  
(Narong Thareranavibool)

.....Director  
(Thanit Thareratanavibool)

Unit : Baht

Consolidated financial statements

For year ended December 31, 2013

Group of AI Energy Public Company Limited

	Sale of Porcelain		Sale of biodiesel		Sale of ice cube	Vessel operating	Port services	Total
	insulators and component	Construction undertaking	and vegetable oil and by product	Contract of refine crude palm oil				
Revenues from sales and services	819,542	45,824	4,012,198	93,834	27,898	45,663	-	5,044,959
Cost of sales and services	(497,806)	(34,303)	(3,695,562)	(46,739)	(23,534)	(38,862)	-	(4,336,806)
Gross profit (loss) by segment	321,736	11,521	316,636	47,095	4,364	6,801	-	708,153
Other income								23,152
Selling expenses								(69,897)
Administrative expenses								(135,578)
Finance costs								(63,450)
Share of loss from investments in associate								(6,092)
Tax expenses								(192,121)
Profit for the year								264,167
Equity holders of the parent								259,680
Non-controlling interests								4,487
Property, plant, vessel and equipment - net	699,739	101	714,782		21,224	75,350	453,360	1,964,556

.....Director

(Narong Thareranavibool)

.....Director

(Thanit Thareratanavibool)

### 30. COMMITMENT AND CONTINGENT LIABILITIES

Commitments and contingent liabilities as at December 31, 2014 and 2013 comprised:

30.1 The Group had contingent liabilities on bank guarantees in the amount of Baht 309.24 million in year 2014 and amount of Baht 285.23 million in year 2013 issued by banks on behalf of the Group with respect to certain performance bonds required in the normal course of business of the Group.

30.2 Group has contingent liabilities on capital commitments as follows:

	Unit : Million Baht			
	Contracted Balance			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Capital commitments				
Contracted but not provided for				
Machinery accessories and tools	8.17	48.32	3.19	0.35

30.3 AI Engineering Services Company Limited (“the subsidiary”) has outstanding commitments with major subcontractors and the purchase of construction equipment for construction work amount of Baht 1.27 million and Baht 178.22 million, respectively.

30.4 The Company is the guarantor for the repayment of loans from financial institutions for AI Engineering Services Company Limited (“the subsidiary”) amount of Baht 545 million.

In 2013, the Company had withdrawn the guarantee for AI Energy Public Company Limited (“the subsidiary”), AI Logistics Company Limited and AI Ports and Terminals Company Limited, totally Baht 3,025 million. Nevertheless, AI Energy Public Company Limited (“the subsidiary”) has jointly guaranteed all credit facilities.

30.5 The subsidiary 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 subsidiary predecessor auditor’s disclaimer of opinion in the subsidiary’s financial statements for the year 2014. The subsidiary’s 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 subsidiary in case of the preparation of incorrect financial statements for the year 2014 (Before restated), as the subsidiary predecessor auditor had expressed the disclaimer of opinion, with the Department of Special Investigation (DSI) for further legal proceedings.

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

Consequently, the subsidiary's current management had investigated and prepared the new documentations to support the accounting transactions related to above matter of auditor disclaimed an opinion on the Company's financial statements in order to reflect the financial statements to be accordance with the financial reporting standards and had adjusted the consolidated financial statements for the year ended December 31, 2015 as shown in Note to Financial Statements No. 34.

### 31. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

#### 31.1 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.

#### 31.2 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.

#### 31.3 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.

#### 31.4 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  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)



**32. LITIGATION**

AI Energy Public Company Limited (subsidiary) was sued by the Official Receiver of Phamola Company Limited for transferring back the trademark “Phamola” to the debtor’s assets and pays the compensation amount of Baht 3.75 million with an interest rate of 7.5% per annum. On June 8, 2016, the Supreme Court has ordered to dismiss the case.

**33. 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.

**34. CORRECTION OF ACCOUNTING ERROR AND RECLASSIFICATION OF ACCOUNTING TRANSACTIONS**

The Company’s financial statement for the years ended December 31, 2014 and 2013 has been prepared and issued on March 24, 2015 and March 5, 2014, respectively. In 2016, the Company disclosed an accounting error in respect of the non-controlling interest. During the year 2017, The subsidiary’s current management had investigated and prepared the new documentations to support the accounting transactions related to the matter of auditor disclaimed an opinion on the subsidiary’s financial statements in order to reflect the financial statements to be accordance with the financial reporting standards and had adjusted the financial statements, therefore, the Company restated the consolidated financial statements for the years ended December 31, 2014 and 2013.

The Company has reclassified some accounting transactions in the financial statement for the year ended December 31, 2013 to conform to the current period presentation, of which no impact net income or shareholders' equity.

These effects for the financial statements for the years ended December 31, 2014 and 2013 are as follows:

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

Unit : Baht

	Consolidated financial statements					Separate financial statement			
	Before adjusted			After adjusted			After adjusted		
	and before new	The first	The second	and before new	and after new	Before	Reclassification	After	
	reclassification	adjusted	adjusted	reclassification	Reclassification	reclassification	reclassification	reclassification	
<b>Statement of financial position as at December 2014</b>									
<b>Current assets</b>									
Trade and other receivables - net	569,434,824	82,473,490	-	651,908,314	(15,145,944)	636,762,370	136,610,609	675,177	137,285,786
Unbilled receivables	46,294	-	-	46,294	17,671,982	17,718,276	-	-	-
Inventories - net	580,705,079	(47,532,583)	9,869,422	543,041,918	588,100	543,630,018	108,897,222	-	108,897,222
Construction contracts in progress	588,100	-	-	588,100	(588,100)	-	-	-	-
Advance payment to subcontractors	76,680	-	-	76,680	(76,680)	-	-	-	-
Other current assets	2,449,358	-	-	2,449,358	(2,449,358)	-	163,770	(163,770)	-
<b>Non-current assets</b>									
Property, plan, vessel and equipment - net	2,031,313,012	(548,110)	-	2,030,764,902	-	2,030,764,902	652,787,291	-	652,787,291
Other non-current assets	17,055,411	-	-	17,055,411	-	17,055,411	823,299	(511,407)	311,892
<b>Current liabilities</b>									
Trade and other payables	(175,800,667)	(45,903,297)	-	(221,703,964)	(36,160,282)	(257,864,246)	(43,219,513)	(5,304,416)	(48,523,929)
Accrued interest	(489,142)	-	-	(489,142)	489,142	-	(156,027)	156,027	-
Retention payables	(650,315)	-	-	(650,315)	650,315	-	-	-	-
Income tax payable	(34,281,256)	(1,644,483)	(2,925,189)	(38,850,928)	-	(38,850,928)	(2,272,041)	-	(2,272,041)
Other current liabilities	(35,020,825)	-	-	(35,020,825)	35,020,825	-	(5,148,389)	5,148,389	-
<b>Shareholders' equity</b>									
Non-controlling interests	(923,607,087)	-	178,328,740	(745,278,347)	-	(745,278,347)	-	-	-
(Retained earnings) deficits increase (decrease)	640,054,469	13,154,983	(185,272,973)	467,936,479	-	467,936,479	(277,436,687)	-	(277,436,687)

.....Director

(Narong Thareratanavibool)

.....Director

(Thanit Thareratanavibool)

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Unit : Baht

	Consolidated financial statements					Separate financial statement			
	Before adjusted		After adjusted		After adjusted		Before		After
	and before new	The first	The second	and before new	Reclassification	and after new	reclassification	Reclassification	reclassification
	reclassification	adjusted	adjusted	reclassification		reclassification		Reclassification	reclassification
<b>Statements of comprehensive income</b>									
<b>For the year ended December 31, 2014</b>									
Revenues from sale of goods	5,083,181,178	55,745,130	405,140	5,139,331,448	(55,773,897)	5,083,557,551	750,086,327	(55,773,897)	694,312,430
Revenues from production contract	54,469,397	84,861,342	(5,789,415)	133,541,324	-	133,541,324	-	-	-
Other incomes	28,760,500	-	-	28,760,500	-	28,760,500	33,946,555	(21,964,643)	11,981,912
Dividend income	-	-	-	-	-	-	-	21,964,643	21,964,643
Cost of sales	(4,577,093,415)	(96,252,893)	18,545,412	(4,654,800,896)	49,000,938	(4,605,799,958)	(490,747,972)	49,000,938	(441,747,034)
Cost of production contract	(37,155,419)	(43,538,050)	2,567,269	(78,126,200)	-	(78,126,200)	-	-	-
Administrative expenses	(134,215,097)	(8,892,713)	(9,292,299)	(152,400,109)	1,269,559	(151,130,550)	(67,769,777)	3,699,559	(64,070,218)
Director's remuneration	(5,503,400)	-	-	(5,503,400)	5,503,400	-	(3,073,400)	3,073,400	-
Tax expense	(48,170,477)	(1,483,537)	(3,086,136)	(52,740,150)	-	(52,740,150)	(4,658,733)	-	(4,658,733)
Profit for the years decrease	331,130,957	(9,560,721)	3,349,971	324,920,207	-	324,920,207	208,080,020	-	208,080,020

.....Director

(Narong Thareratanavibool)

.....Director

(Thanit Thareratanavibool)

Unit : Baht

	Consolidated financial statements				Separate financial statements		
	Before adjusted and reclassification	The first adjusted	Reclassification	After adjusted and reclassification	Before reclassification	Reclassification	After reclassification
<b>Statement of financial position as at December 2014</b>							
<b>Current assets</b>							
Trade and other receivables - net	367,627,190	-	16,233,801	383,860,991	92,568,659	3,411,063	95,979,722
Unbilled receivables	16,900,201	-	(14,601,472)	2,298,729	-	-	-
Inventories - net	507,433,510	-	357,476	507,790,986	-	-	-
Construction contracts in progress	357,476	-	(357,476)	-	-	-	-
Advance payment to subcontractors	11,458,933	-	(11,458,933)	-	-	-	-
Other current assets	4,624,868	-	(4,624,868)	-	3,261,063	(3,261,063)	-
<b>Non-current assets</b>							
Other Non-current assets	29,922,289	-	(150,000)	29,772,289	477,592	(150,000)	327,592
<b>Current liabilities</b>							
Trade and other payables	(133,021,677)	-	(17,967,866)	(150,989,543)	(67,878,116)	(1,987,692)	(69,865,808)
Advance received from construction and deferred construction revenue	(31,030,585)	-	14,601,472	(16,429,113)	-	-	-
Retention payables	(1,514,843)	-	1,514,843	-	-	-	-
Income tax payable	(676,568)	-	676,568	-	(150,000)	150,000	-
Other current liabilities	(15,776,455)	-	15,776,455	-	(1,837,692)	1,837,692	-
<b>Shareholders' equity</b>							
Non-controlling interests	(884,404,550)	175,818,861	-	(708,585,689)	-	-	-
Retained earnings increase	(117,991,298)	(175,818,861)	-	(293,810,159)	(1,119,295,497)	-	(1,119,295,497)

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool) 61

Unit : Baht

	Consolidated financial statements			Separate financial statements		
	Before		After	Before		After
	reclassification	Reclassification	reclassification	reclassification	Reclassification	reclassification
<b>Statements of comprehensive income</b>						
<b>For the year ended December 31, 2013</b>						
Revenues from sale of goods	4,859,637,987	(25,047,928)	4,834,590,059	808,491,670	(25,047,928)	783,443,742
Other incomes	-	-	-	775,708,591.00	(761,806,677)	13,901,914.00
Gain on disposal of investment in subsidiaries	-	-	-	-	761,806,677	761,806,677.00
Cost of sales	(4,216,901,813)	25,047,928	(4,191,853,885)	(498,449,753)	18,026,244	(480,423,509)
Administrative expenses	(130,710,177)	(4,868,100)	(135,578,277)	(69,559,370)	4,038,484	(65,520,886)
Director's remuneration	(4,868,100)	4,868,100	-	(2,983,200)	2,983,200	-

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

### 35. CHANGE IN ACCOUNTING POLICY

In year 2013, the Company and subsidiaries have adopted accounting policy of deferred tax in accordance with Thai Accounting Standard No. 12: Income Taxes. To adopt this accounting policy, the Company and subsidiaries have to restate the financial statements, as if the Company and subsidiaries have recorded deferred tax assets or deferred tax liabilities by adjusted to the beginning retained earnings of the period in the year 2013, for the consolidated financial statements in the equity holders of the parent amount of Baht 52.88 million, the non-controlling interests amount of Baht 0.82 million, and for the separate financial statements in amount of Baht 4.22 million.

### 36. EVENTS AFTER THE REPORTING PERIOD

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

1. Approved to amendment in par value of ordinary shares from 1 Baht per share to 0.25 Baht per share. After the changing of par value, the Company has the ordinary shares of 2,000 million shares.
2. Approved to increase in registered share capital of the Company from Baht 500 million (2,000 million shares at Baht 0.25 par value) to be Baht 700 million (2,800 million shares at Baht 0.25 par value). The Company registered its increased share capital to accommodate the stock dividend with the Ministry of Commerce on April 29, 2015.

36.2 The 2015 Annual General Meeting of Shareholders held on April 21, 2015 of AI Energy Public Company Limited, passed the resolutions as follows:

1. Approved to amendment in par value of ordinary shares from 1 Baht per share to 0.25 Baht per share. After the changing of par value, the subsidiary has the ordinary shares of 4,520 million shares.
2. Approved to increase in registered share capital of AI Energy Public Company Limited from Baht 1,130 million (4,520 million shares at Baht 0.25 par value) to be Baht 1,356 million (5,424 million shares at Baht 0.25 par value). AI Energy Public Company Limited registered its increased share capital for allocate to support the warrant No. 1. (AIE-W1) with the Ministry of Commerce on July 6, 2015 as described in Note 36.3.

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

36.3 On April 21, 2015, the 2015 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.

36.4 The Company and subsidiaries had prepared and published the consolidated and separate financial statements for the year 2017, 2016 and 2015 which had been audited by the auditor according to the auditor's reports dated February 27, 2018, February 28, 2017 and March 29, 2016 respectively. The contents of the events after the reporting period, therefore, have been included in such financial statements.

### 37. FINANCIAL STATEMENTS APPROVAL

These financial statements have been approved by the Company's Board of Directors on April 26, 2018.

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)