

ASIA BIOMASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Financial Statements

For the Year Ended December 31, 2017

and Report of Certified Public Accountant

M.R. & ASSOCIATES CO., LTD.

Certified Public Accountants

REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders and the Board of Directors of Asia Biomass Public Company Limited

Opinion

I have audited the consolidated financial statements of Asia Biomass Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. I have also audited the separate financial statements of Asia Biomass Public Company Limited, which comprise the separate statement of financial position as at December 31, 2017, and the separate statement of comprehensive income, separate statement of changes in shareholders' equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Asia Biomass Public Company Limited and its subsidiaries as at December 31, 2017, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Thai Financial Reporting Standards. Also, the accompanying separate financial statements present fairly, in all material respects, the financial position of Asia Biomass Public Company Limited as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter

I draw attention to Note 3, the consolidated and separate financial statements of Asia Biomass Public Company Limited as at and for the year ended December 31, 2016 have been restated for the effects of error in recording inventories resulting from change in allocation method of overhead cost which effect to ending inventories of Baht 3.3 million (represent 0.43% of total assets of the consolidated financial statements) and Baht 2.3 million (represent 0.31% of total assets of the separate financial statements) and effects to profit for the year ended December 31, 2016 of Baht 1.2 million (represent 4.6% of profit for the year of the consolidated financial statements) and Baht 0.4 million (represent 0.76% of profit for the year of the separate financial statements). My opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

(Mr. Methee Ratanasrimetha)
Certified Public Accountant
Registration No. 3425

M.R. & ASSOCIATES CO., LTD.
Bangkok
February 22, 2018

ASIA BIOMASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY ASIA BIOMASS COMPANY LIMITED)
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 AND 2016 AND JANUARY 1, 2016

ASSETS

	Note	In Baht		
		Consolidated financial statements		
		December 31, 2017	December 31, 2016	January 1, 2016
		"Restated"	"Restated"	
CURRENT ASSETS				
Cash and cash equivalents		35,889,403	49,181,265	43,555,041
Trade and other accounts receivable				
- Related parties	5	187,702	77,224	480,710
- Others	6	91,468,254	136,521,152	135,125,927
Short-term loans to subsidiaries	5	-	-	-
Inventories	3, 7	337,444,066	214,106,424	216,526,112
Other current assets	3, 5	33,970,034	56,862,075	84,593,771
Total current assets		498,959,459	456,748,140	480,281,561
NON-CURRENT ASSETS				
Deposits at financial institutions under pledge		10,000,000	10,000,000	10,000,000
Investment in subsidiaries	8	-	-	-
Property, plant and equipment	5, 9	275,929,120	280,315,437	269,178,586
Computer software	10	2,600,309	2,490,576	2,871,255
Deferred tax assets	3, 11	9,496,034	6,015,332	5,516,556
Other non-current assets	5	11,462,600	6,411,284	6,375,983
Total non-current assets		309,488,063	305,232,629	293,942,380
TOTAL ASSETS		808,447,522	761,980,769	774,223,941

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

ASIA BIOMASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY ASIA BIOMASS COMPANY LIMITED)
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 AND 2016 AND JANUARY 1, 2016

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	In Baht		
		Consolidated financial statements		
		December 31, 2017	December 31, 2016	January 1, 2016
		"Restated"	"Restated"	
CURRENT LIABILITIES				
Bank overdrafts and short-term loans from financial institutions	13	562,431,004	508,493,537	532,835,615
Trade and other accounts payable				
- Related parties	5	1,861,549	287,915	2,199,189
- Others		41,363,888	57,794,025	42,604,817
Current portion of finance lease liabilities	14	4,292,185	5,551,843	8,593,063
Income tax payable	3	2,853,059	3,840,031	11,533,421
Dividend payable		33,750,000	41,042,350	-
Accrued expenses and other current liabilities		2,330,324	1,582,304	2,141,169
Total current liabilities		648,882,009	618,592,005	599,907,274
NON-CURRENT LIABILITIES				
Finance lease liabilities	14	3,177,929	4,964,195	10,536,936
Deferred tax liabilities	11	250,450	114,779	526,671
Liability for post-employment benefits	15	3,222,694	5,040,869	3,849,023
Total non-current liabilities		6,651,073	10,119,843	14,912,630
Total liabilities		655,533,082	628,711,848	614,819,904

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

ASIA BIOMASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY ASIA BIOMASS COMPANY LIMITED)
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 AND 2016 AND JANUARY 1, 2016

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		In Baht		
		Consolidated financial statements		
	Note	December 31, 2017	December 31, 2016	January 1, 2016
			"Restated"	"Restated"
SHAREHOLDERS' EQUITY				
Share capital				
Authorized share capital	16	150,000,000	76,000,000	76,000,000
Issued and paid-up share capital	16	112,500,000	76,000,000	76,000,000
Share premium		5,170,000	5,170,000	5,170,000
Surplus on business combination under common control		2,482,778	2,482,778	2,482,778
Retained earnings				
Appropriated for legal reserve	17	6,100,000	2,900,000	500,000
Unappropriated		34,489,342	53,848,348	71,105,729
Other components of shareholders' equity		(11,895,000)	(11,635,000)	(2,314,138)
Equity attributable to equity holders of the parent				
		148,847,120	128,766,126	152,944,369
Non-controlling interest		4,067,320	4,502,795	6,459,668
Total Shareholders' Equity		152,914,440	133,268,921	159,404,037
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				
		808,447,522	761,980,769	774,223,941

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

ASIA BIOMASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY ASIA BIOMASS COMPANY LIMITED)
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 AND 2016 AND JANUARY 1, 2016

ASSETS

	Note	In Baht		
		Separate financial statements		
		December 31, 2017	December 31, 2016	January 1, 2016
		"Restated"	"Restated"	
CURRENT ASSETS				
Cash and cash equivalents		13,419,842	34,401,062	14,804,147
Trade and other accounts receivable				
- Related parties	5	808,313	3,464,818	4,991,208
- Others	6	80,269,945	122,553,230	114,432,333
Short-term loans to subsidiaries	5	37,600,000	90,400,000	148,500,000
Inventories	3, 7	141,796,445	81,139,784	14,106,674
Other current assets	3, 5	158,014,672	145,972,918	136,593,221
Total current assets		431,909,217	477,931,812	433,427,583
NON-CURRENT ASSETS				
Deposits at financial institutions				
under pledge		10,000,000	10,000,000	10,000,000
Investment in subsidiaries	8	19,293,386	19,293,386	19,293,386
Property, plant and equipment	5, 9	226,019,635	226,215,566	195,671,364
Computer software	10	2,491,335	2,424,870	2,783,823
Deferred tax assets	3, 11	6,706,847	2,729,282	2,161,761
Other non-current assets		9,099,543	4,478,431	4,751,291
Total non-current assets		273,610,746	265,141,535	234,661,625
TOTAL ASSETS		705,519,963	743,073,347	668,089,208

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

ASIA BIOMASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY ASIA BIOMASS COMPANY LIMITED)
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 AND 2016 AND JANUARY 1, 2016

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	In Baht		
		Separate financial statements		
		December 31, 2017	December 31, 2016	January 1, 2016
		"Restated"	"Restated"	
CURRENT LIABILITIES				
Bank overdrafts and short-term loans from financial institutions	13	440,761,004	483,493,537	435,140,717
Trade and other accounts payable				
- Related parties	5	49,069,067	36,632,686	62,031,940
- Others		28,292,991	38,255,591	28,955,784
Current portion of finance lease liabilities	14	348,072	2,104,460	2,939,542
Income tax payable	3	-	-	7,130,604
Dividend payable		33,750,000	41,040,000	-
Accrued expenses and other current liabilities		1,053,011	160,594	163,805
Total current liabilities		553,274,145	601,686,868	536,362,392
NON-CURRENT LIABILITIES				
Finance lease liabilities	14	-	348,072	2,452,532
Deferred tax liabilities	11	-	-	276,100
Liability for post-employment benefits	15	2,182,556	1,852,007	1,131,885
Total non-current liabilities		2,182,556	2,200,079	3,860,517
Total liabilities		555,456,701	603,886,947	540,222,909

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

ASIA BIOMASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY ASIA BIOMASS COMPANY LIMITED)
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 AND 2016 AND JANUARY 1, 2016

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		In Baht		
		Separate financial statements		
	Note	December 31, 2017	December 31, 2016	January 1, 2016
			"Restated"	"Restated"
SHAREHOLDERS' EQUITY				
Share capital				
Authorized share capital	16	150,000,000	76,000,000	76,000,000
Issued and paid-up share capital	16	112,500,000	76,000,000	76,000,000
Share premium		5,170,000	5,170,000	5,170,000
Retained earnings				
Appropriated for legal reserve	17	6,100,000	2,900,000	500,000
Unappropriated		26,293,262	55,116,400	46,196,299
Other components of shareholders' equity		-	-	-
Total shareholders' equity		150,063,262	139,186,400	127,866,299
 TOTAL LIABILITIES AND				
SHAREHOLDERS' EQUITY				
		705,519,963	743,073,347	668,089,208

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

ASIA BIOMASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY ASIA BIOMASS COMPANY LIMITED)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

		In Baht			
		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
	Note		"Restated"		"Restated"
REVENUES					
	5				
Revenue from sale of goods and rendering of service		1,240,899,049	1,278,277,314	1,131,181,898	1,106,336,701
Other income		5,159,552	16,554,548	24,189,392	63,785,653
Total Revenues		<u>1,246,058,601</u>	<u>1,294,831,862</u>	<u>1,155,371,290</u>	<u>1,170,122,354</u>
EXPENSES					
	19				
Cost of sales of goods and rendering of service	3, 5	946,217,390	1,006,747,954	898,541,532	896,786,629
Distribution costs	5	172,797,257	158,379,476	159,389,912	144,795,316
Administrative expenses	5	96,906,909	85,294,124	82,586,107	66,729,969
Finance costs		13,108,960	12,741,481	10,924,115	10,293,961
Total Expenses		<u>1,229,030,516</u>	<u>1,263,163,035</u>	<u>1,151,441,666</u>	<u>1,118,605,875</u>
Profit before Income Tax	3	17,028,085	31,668,827	3,929,624	51,516,479
Income Tax Expense (Income)	3, 11	1,605,800	5,318,453	(4,021,499)	(843,622)
PROFIT FOR THE YEAR	3	<u>15,422,285</u>	<u>26,350,374</u>	<u>7,951,123</u>	<u>52,360,101</u>
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss					
- Actuarial gain on defined benefit plan					
		1,957,983	-	175,739	-
Items that will be reclassified subsequently to profit or loss					
- Currency translation differences of subsidiaries					
		(260,000)	(9,320,862)	-	-
Other comprehensive income (loss) for the year		<u>1,697,983</u>	<u>(9,320,862)</u>	<u>175,739</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>17,120,268</u></u>	<u><u>17,029,512</u></u>	<u><u>8,126,862</u></u>	<u><u>52,360,101</u></u>

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

**ASIA BIOMASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY ASIA BIOMASS COMPANY LIMITED)
STATEMENTS OF COMPREHENSIVE INCOME (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	In Baht				
	Note	Consolidated financial statements		Separate financial statements	
		2017	2016 "Restated"	2017	2016 "Restated"
Profit (loss) attributable to:					
Equity holders of the parent		15,633,011	26,182,619	7,951,123	52,360,101
Non-controlling interests		(210,726)	167,755	-	-
		<u>15,422,285</u>	<u>26,350,374</u>	<u>7,951,123</u>	<u>52,360,101</u>
Total comprehensive income					
(loss) attributable to:					
Equity holders of the parent		17,330,994	16,861,757	8,126,862	52,360,101
Non-controlling interests		(210,726)	167,755	-	-
		<u>17,120,268</u>	<u>17,029,512</u>	<u>8,126,862</u>	<u>52,360,101</u>
Earnings per share					
attributable to equity holders					
of the parent (Baht)		<u>0.074</u>	<u>0.172</u>	<u>0.037</u>	<u>0.344</u>
Weighted Average Number					
of Common Shares					
(Thousand Shares)		<u>212,600</u>	<u>152,000*</u>	<u>212,600</u>	<u>152,000*</u>

*Adjusted number of shares based on change of par value

**ASIA BIOMASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY ASIA BIOMASS COMPANY LIMITED)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

In Baht (Restated)										
Consolidated financial statements										
	Note	Issued and paid-up share capital	Share premium	Share surplus	Retained earnings		Other components of shareholders' equity		Total shareholders' equity	
					Appropriated for legal reserve	Unappropriated	Currency translation differences	Equity attributable to equity holder of the parent		Non-controlling interests
Balance as at January 1, 2016										
- as previously reported		76,000,000	5,170,000	2,482,778	500,000	72,539,551	(2,314,138)	154,378,191	6,464,846	160,843,037
Adjustment	3	-	-	-	-	(1,433,822)	-	(1,433,822)	(5,178)	(1,439,000)
Balance as at January 1, 2016										
- as restated		76,000,000	5,170,000	2,482,778	500,000	71,105,729	(2,314,138)	152,944,369	6,459,668	159,404,037
Appropriated for legal reserve		-	-	-	2,400,000	(2,400,000)	-	-	-	-
Profit for the year		-	-	-	-	26,182,619	-	26,182,619	167,755	26,350,374
Other comprehensive income (loss) for the year		-	-	-	-	-	(9,320,862)	(9,320,862)	-	(9,320,862)
Total comprehensive income (loss) for the year		-	-	-	-	26,182,619	(9,320,862)	16,861,757	167,755	17,029,512
Dividends	18	-	-	-	-	(41,040,000)	-	(41,040,000)	(2,124,628)	(43,164,628)
Balance as at December 31, 2016		<u>76,000,000</u>	<u>5,170,000</u>	<u>2,482,778</u>	<u>2,900,000</u>	<u>53,848,348</u>	<u>(11,635,000)</u>	<u>128,766,126</u>	<u>4,502,795</u>	<u>133,268,921</u>

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

ASIA BIOMASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY ASIA BIOMASS COMPANY LIMITED)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

In Baht									
Consolidated financial statements									
Note	Issued and paid-up share capital	Share premium	Share surplus	Retained earnings		Other components of shareholders' equity	Equity attributable to equity holder of the parent	Non-controlling interests	Total shareholders' equity
				Appropriated for legal reserve	Unappropriated	Currency translation differences			
Balance as at January 1, 2017	76,000,000	5,170,000	2,482,778	2,900,000	53,848,348	(11,635,000)	128,766,126	4,502,795	133,268,921
Proceed from capital increase	36,500,000	-	-	-	-	-	36,500,000	-	36,500,000
Appropriation for legal reserve	-	-	-	3,200,000	(3,200,000)	-	-	-	-
Profit (loss) for the year	-	-	-	-	15,633,011	-	15,633,011	(210,726)	15,422,285
Other comprehensive income (loss) for the year	-	-	-	-	1,957,983	(260,000)	1,697,983	-	1,697,983
Total comprehensive income (loss) for the year	-	-	-	-	17,590,994	(260,000)	17,330,994	(210,726)	17,120,268
Dividends	-	-	-	-	(33,750,000)	-	(33,750,000)	(224,749)	(33,974,749)
Balance as at December 31, 2017	112,500,000	5,170,000	2,482,778	6,100,000	34,489,342	(11,895,000)	148,847,120	4,067,320	152,914,440

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

**ASIA BIOMASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY ASIA BIOMASS COMPANY LIMITED)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

In Baht (Restated)						
Separate financial statements						
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
				Appropriated for legal reserve	Unappropriated	
Balance as at January 1, 2016						
- as previously reported		76,000,000	5,170,000	500,000	47,627,074	129,297,074
Adjustment	3	-	-	-	(1,430,775)	(1,430,775)
Balance as at January 1, 2016						
- as restated		76,000,000	5,170,000	500,000	46,196,299	127,866,299
Appropriation for legal reserve		-	-	2,400,000	(2,400,000)	-
Profit for the year		-	-	-	52,360,101	52,360,101
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	52,360,101	52,360,101
Dividends	18	-	-	-	(41,040,000)	(41,040,000)
Balance as at December 31, 2016		76,000,000	5,170,000	2,900,000	55,116,400	139,186,400

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

**ASIA BIOMASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY ASIA BIOMASS COMPANY LIMITED)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

In Baht (Restated)						
Separate financial statements						
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
				Appropriated for legal reserve	Unappropriated	
Balance as at January 1, 2017		76,000,000	5,170,000	2,900,000	55,116,400	139,186,400
Proceed from capital increase		36,500,000	-	-	-	36,500,000
Appropriation for legal reserve		-	-	3,200,000	(3,200,000)	-
Profit for the year		-	-	-	7,951,123	7,951,123
Other comprehensive income for the year		-	-	-	175,739	175,739
Total comprehensive income for the year		-	-	-	8,126,862	8,126,862
Dividends	18	-	-	-	(33,750,000)	(33,750,000)
Balance as at December 31, 2017		<u>112,500,000</u>	<u>5,170,000</u>	<u>6,100,000</u>	<u>26,293,262</u>	<u>150,063,262</u>

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

ASIA BIOMASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY ASIA BIOMASS COMPANY LIMITED)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
		"Restated"		"Restated"
Cash flows from operating activities				
Profit for the year	15,422,285	26,350,374	7,951,123	52,360,101
Adjustment for				
Depreciation and amortization	18,459,709	18,269,984	11,192,610	10,471,048
Increase in expenses for post-employment benefits	628,898	1,191,846	550,223	720,122
Interest income	(152,350)	(326,368)	(2,251,014)	(3,443,023)
Interest expense	12,856,323	12,320,582	10,711,578	9,973,276
Decrease in allowance for obsolete and slow-moving of inventories	(75,159)	(2,233,156)	(75,159)	(957,489)
Increase (decrease) in allowance for doubtful accounts	710,783	575,023	(26,080)	575,023
Unrealized loss on exchange rate and valuation of fair value of derivatives	435,744	885,934	440,449	890,834
Gain on sale of fixed assets	(4,381,695)	(8,848,178)	(1,847,850)	(41,724)
Loss (gain) from insurance claim	35,101	(98,413)	35,101	(98,413)
Dividend income	-	-	(17,263,823)	(50,553,346)
Income tax expense (income)	1,605,800	5,318,453	(4,021,499)	(843,622)
	45,545,439	53,406,081	5,395,659	19,052,787
Changes in operating assets and liabilities				
Trade and other accounts receivable				
- related parties	(110,478)	(271,872)	2,553,884	(2,594,848)
Trade and other accounts receivable - others	45,330,079	(2,810,170)	42,560,465	(9,535,841)
Inventories	(123,542,583)	4,417,110	(60,861,602)	(66,311,355)
Advance payment for purchase of inventories	23,558,821	31,234,519	(31,423,692)	10,876,992
Other current assets	(2,625,887)	(2,049,138)	(544,488)	715,089
Other non-current assets	(4,843,950)	344,377	(4,413,746)	652,538
Trade and other accounts payable				
- related parties	1,573,634	(1,899,092)	12,436,381	(25,387,073)
Trade and other accounts payable - others	(16,670,452)	15,483,253	(9,942,094)	9,389,909
Accrued expenses and other current liabilities	316,854	(641,958)	461,252	(86,304)
Income tax paid	(5,510,077)	(14,809,604)	(207,366)	(7,564,176)
Net cash provided by (used in) operating activities	(36,978,600)	82,403,506	(43,985,347)	(70,792,282)

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

ASIA BIOMASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY ASIA BIOMASS COMPANY LIMITED)
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
		"Restated"		"Restated"
Cash flows from investing activities				
Interest received	152,350	326,368	2,353,635	6,888,903
Proceeds from sale of fixed assets	5,943,947	21,792,320	2,243,927	118,764
Proceeds from insurance claim	-	334,148	-	334,148
Decrease in short-term loans to subsidiaries	-	-	52,800,000	58,100,000
Additions to property, plant and equipments	(12,260,752)	(41,876,326)	(10,834,452)	(40,571,437)
Additions to computer software	(697,177)	(161,900)	(624,770)	(161,900)
Dividend received	-	-	37,261,473	30,555,696
Non-controlling interest	(224,749)	(2,122,278)	-	-
Net cash provided by (used in) investing activities	(7,086,381)	(21,707,668)	83,199,813	55,264,174
Cash flows from financing activities				
Interest paid	(12,222,829)	(11,910,643)	(10,667,360)	(9,895,338)
Increase (Decrease) in bank overdraft and short-term loans from financial institutions	53,937,467	(24,342,078)	(42,732,533)	48,352,820
Payment of finance lease liabilities	(6,287,815)	(9,407,999)	(2,228,152)	(3,197,009)
Proceeds from capital increase	36,500,000	-	36,500,000	-
Dividend payment	(41,042,350)	-	(41,040,000)	-
Net cash provided by (used in) financing activities	30,884,473	(45,660,720)	(60,168,045)	35,260,473
Effect from currency exchange rate of cash and cash equivalents	(22,936)	(130,549)	(27,641)	(135,450)
Currency translation difference	(88,418)	(9,278,345)	-	-
Net increase (decrease) in cash and cash equivalents	(13,291,862)	5,626,224	(20,981,220)	19,596,915
Cash and cash equivalents at beginning of year	49,181,265	43,555,041	34,401,062	14,804,147
Cash and cash equivalents at end of year	35,889,403	49,181,265	13,419,842	34,401,062

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

ASIA BIOMASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
(FORMERLY ASIA BIOMASS COMPANY LIMITED)
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
		"Restated"		"Restated"
Supplementary disclosures of cash flow information:				
Cash and cash equivalent at end of year				
Cash in hand	127,944	2,351,120	82,000	1,865,271
Current accounts at banks	34,591,318	23,214,394	12,290,786	8,920,040
Saving deposits at banks	1,170,141	23,615,751	1,047,056	23,615,751
	<u>35,889,403</u>	<u>49,181,265</u>	<u>13,419,842</u>	<u>34,401,062</u>

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

1. GENERAL

Asia Biomass Public Company Limited, the “Company”, is incorporated in Thailand.

On March 1, 2017, the Company registered the legal transformation of juristic person from being limited company under the Civil and Commercial Code to limited public company under the Limited Public Company Act B.E. 2535 with the Ministry of Commerce.

The Company is engaged in trading of biomass.

The registered offices are as follows:

Head office	:	273/2 Rama II Road, Samae Dam Sub-District, Bang Khun Thian District, Bangkok
Branch 1	:	122 Moo 1, Tambol Bang Nam Chuet, Amphur Mueang Samut Sakhon, Samut Sakhon
Branch 2	:	284 Moo 1, Tambol Bo Haeo, Amphur Mueang Lampang, Lampang
Branch 3	:	155/1 Moo 14 Tambol Bangpakong, Amphur Bangpakong, Chachoensao
Branch 4	:	113/1 Moo 3, Kanjanavithi Road., Tambol Bangkung, Amphur Mueang Surat Thani, Surat Thani

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements are prepared in Thai Baht in the Thai language in conformity with the financial reporting standards in Thailand. Accordingly, the accompanying financial statements are intended solely to present the financial position, results of operations and cash flows in accordance with the financial reporting standards in Thailand.

The consolidated financial statements comprises the financial statements of the Company and its subsidiaries (together referred to as the “Group”). Details of the Company’s subsidiaries are as follows:

Subsidiaries	Type of Business	Country of incorporation	Percentage of Holding (%)	
			2017	2016
Sathaporn Tanapat Co., Ltd.	Transportation	Thailand	99.99	99.99
Papapat Co., Ltd.	Trading of biomass	Thailand	99.98	99.98
PT Asia Biomass Indonesia	Trading of biomass	Indonesia	99.00	99.00
Asia Biomass Energy SDN. BHD.	Trading of biomass	Malaysia	55.00	55.00
Asia Biomass Resources SDN. BHD.	Trading of biomass	Malaysia	55.00	55.00

Significant intra-group transactions between the Company and its subsidiaries are eliminated on consolidation.

Except as disclosed in the accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

The Group disclosed relative figure information for the year ended December 31, 2016, for comparative propose in the financial statement for the year ended December 31, 2017.

For convenience of the readers, an English translation of the financial information has been prepared from the Thai language statutory financial information that is issued for domestic financial reporting purposes.

Revision of accounting standards, financial reporting standards, and interpretations

The Federal of Accounting Professions (FAP) issued several Notifications regarding the revision of Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Interpretation (TSIC), and Thai Financial Reporting Interpretation (TFRIC) with the effective for the accounting period beginning on or after January 1, 2017. Adoption of the revised TAS and TFRS as well as TSIC and TFRIC did not have any material effect to the financial statements of the Group.

FAP issued several Notifications regarding the revision of TAS, TFRS, TSIC, and TFRIC with the effective for the accounting period beginning on or after January 1, 2018 whereby the Group not yet adopted in the preparation of the accompanying financial statements and has no policy to early adopt before the effective period, which are as follows:

TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events after the Reporting Period
TAS 11 (revised 2017)	Construction Contracts
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2017)	Earnings per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible Assets
TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
TFRS 2 (revised 2017)	Share-based Payment
TFRS 3 (revised 2017)	Business Combinations
TFRS 4 (revised 2017)	Insurance Contracts

TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2017)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement
TSIC 10 (revised 2017)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases - Incentives
TSIC 25 (revised 2017)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2017)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2017)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2017)	Applying the Restatement Approach under TAS 29 (revised 2017) "Financial Reporting in Hyperinflationary Economies"
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2017)	Service Concession Arrangements
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 14 (revised 2017)	TAS 19 (revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2017)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 20 (revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2017)	Levies

Management of the Group has preliminarily assessed and believed that there will be no material effect to the financial statements of the Group upon adoption of the revised TAS and TFRS as well as TSIC and TFRIC.

3. ADJUSTMENT

In 2017, the Group has restated the financial statements for the year ended December 31, 2016 for the effects of error in recording inventories resulting from change in allocation method of overhead cost.

Effect from the change are as follows:

In Thousand Baht

	Increase (Decrease)			
	Consolidated financial statements		Separate financial statements	
	December 31, 2016	January 1, 2016	December 31, 2016	January 1, 2016
Statements of financial position				
Inventories	(3,264)	(1,799)	(2,276)	(1,788)
Other current assets	358	-	358	-
Deferred tax assets	168	2	97	-
Income tax payable	(139)	(358)	-	(358)
Unappropriated retained earnings	(2,513)	(1,434)	(1,821)	(1,430)
Non-controlling interest	(86)	(5)	-	-

	In Thousand Baht Increase (Decrease)	
	Consolidated financial statements	Separate financial statements
	Statements of comprehensive income for the year ended December 31, 2016	
Cost of sales of goods and rendering services	1,465	488
Profit before income tax	(1,465)	(488)
Income tax expense (Income)	(305)	(97)
Profit for the year	(1,160)	(391)
Profit attributable to equity holders of the parent	(1,079)	(391)
Earnings per share attributable to equity holders of the parent (Baht)	(0.007)	(0.003)

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

Significant intra-group transactions between the Company and its subsidiaries are eliminated on consolidation.

Subsidiaries

Subsidiary is the company controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company as well as the variable returns from a company so as to obtain benefits from its activities. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. Accounting policies of the subsidiary were necessarily transformed for uniformity with the Company’s policies.

Accounting for acquisitions of non-controlling interests

Changes in a parent's ownership interest in subsidiaries that do not result in the loss of control are accounted for within equity. When an entity loses control of subsidiaries, any gain or loss is recognized in the profit or loss. Any investment retained in the former subsidiaries is measured at its fair value at the date when control is lost.

Foreign Currencies

Foreign Currency Transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Foreign entity

Assets and liabilities of foreign entity are translated to Thai Baht at the exchange rates ruling at the end of reporting period (the closing rate).

Revenues and expenses of foreign entity are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

Differences arising on foreign currency translation or conversion are recognized as other comprehensive income or loss and separately presented as other component of equity until the subject foreign currency investment is disposed.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

Cash at banks which have restrictions in use are presented separately as "Deposits at financial institutions under pledged" under non-current assets in the statement of financial position.

Trade Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable is stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Inventories

Inventories are stated at the lower of cost (after deduction of allowance for decline in inventories) and net realizable value.

Cost is calculated using the moving average cost formula; and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost includes an appropriate share of overheads.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

An allowance is made for all deteriorated, damaged, obsolete and slow moving inventories.

Investments in subsidiaries

Investments in subsidiaries in the separate financial statements are stated at cost net of impairment losses (if any). Dividend income is recognized when it was declared.

Property, Plant and Equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	5, 10, 20	Years
Building and building improvements	5, 10, 20	Years
Machinery and equipment	5, 10, 20	Years
Equipment and Furniture	3, 5	Years
Vehicles	5,10	Years

No depreciation is provided on land and assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Computer software

Computer software is stated at cost less accumulated amortization and impairment losses.

Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated useful life of 5-10 years.

Impairment of Assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of an asset's net selling price or value in use) are estimated. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Group recognizes the impairment losses by reducing the carrying value of the asset to be at its recoverable amount and recording the devaluation in profit or loss. The reversal of impairment losses recognized in prior years is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased.

Employee benefits

Salaries, wages, bonuses and contributions to social securities fund are recognized as expense upon their occurrences and on accrual basis.

The Group's obligation in respect of post-employment benefits, which are compensations under labor protection acts, is recognized as liability and expense in the financial statements based on the amount calculated, using the projected unit credit method by a qualified actuary. Expenses from the estimated liability for post-employment benefits comprise current service cost and interest cost. Actuarial gain/loss is recognized in other comprehensive income. This employee benefit plan is unfunded and has no any incurred plan asset.

Provisions

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

Surplus on Business Combination under Common Control

Business combination under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same persons, group of persons, entity, or group of entities both before and after the business combination, and that control is not transitory.

Unrealized gain or loss on internal restructuring of the entities under common control is the difference between the carrying amounts of the obtained assets and the purchase costs of the assets incurred on internal restructuring of the entity of group of entities under common control whereby such purchase of assets is the combination of the entities under the same shareholders and management. Such unrealized gain or loss is presented as "Surplus on business combination under common control" which is separately presented under other components of equity in the statement of financial position. When the assets relating to surplus on business combination under common control are retired or disposed of, the corresponding surplus on business combination under common control is directly transferred to retained earnings.

Revenue Recognition

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Revenue is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Service income is recognized as services are provided.

Rental income under operating leases is recognized in the statement of comprehensive income on a straight line basis over the term of the lease.

Interest and other income are recognized on an accrual basis.

Dividend income is recognized on the date that the right to receive dividend payment is established which in the case of quoted securities is usually the ex-dividend date.

Expenses

Operating leases

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Finance costs

Interest expense and similar costs are charged to profit or loss in the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in profit or loss using the effective interest rate method.

Use of Estimates

In order to prepare financial statements in conformity with financial reporting standards in Thailand, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

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

Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from operational and financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the statement of reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Income Tax

Income tax expense for the year comprises current and deferred tax.

Current tax is the amount of tax payable or recoverable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Earnings per Share

Earnings per share is determined by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the years.

5. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties considered to be related to the Group. Related parties have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions or where the Group and parties are subject to common control or common significant influence.

The related parties consisted of:

Company and party	Relationships	Percentage of Holding	
		2017	2016
Asia Green Energy Public Company Limited	Co-shareholders and director	-	-
A.G.E. Transport Co., Ltd.	Co-shareholders and director	-	-
K.H. Development Co., Ltd.	Co-shareholders and director	-	-
Sathaporn Lamination Co., Ltd.	Shareholders and director are close relative with director	-	-
Asia Panel Co., Ltd.	Co-shareholders and director	5.00	5.00
Patthanont Ordinary Partnership	Partnership is close relative with director	-	-

Company and party	Relationships	Percentage of Holding	
		2017	2016
AJ Biomass SDN. BHD.	Co-shareholders and director of subsidiary	-	-
Teck Yien SDN. BHD.	Co-shareholders and director of subsidiary	-	-
AGE Terminal Co., Ltd.	Co-shareholders and director	-	-
Teck Yien Construction SDN. BHD.	Co-shareholders and director of subsidiary	-	-
Teck Yien (Bintulu) SDN. BHD.	Co-shareholders and director of subsidiary	-	-
Destiny Holdings (M) SDN. BHD.	Co-shareholders and director of subsidiary	-	-
Destiny Integrated Logistics Services SDN. BHD.	Co-shareholders and director of subsidiary	-	-
L.C Panmal Trading Company	Co-shareholders and director of subsidiary	-	-
The Golden Mines F&B Services SDN. BHD.	Co-shareholders and director of subsidiary	-	-
ViVi Home Decorative Co., Ltd.	Shareholders and director are close relative with director	-	-
D.T.C. Enterprise Co., Ltd.	Co-director	-	-
OPG Tech Co., Ltd.	Co-shareholders and director	-	-
Mr. Kitichai Datpaiboonoyos	Close relative of director	-	-
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive otherwise) of the Company		

The pricing policies for particular types of transactions are explained further below:

Type of Transactions	Pricing Policies
Revenue from sales of goods	Normal price which comparable to price charged to other customers
Rental income	Negotiated agreement
Service income	Agreed prices
Utilities income	Agreed prices
Purchase of goods	Normal price which comparable to price charged to other customers and agreed prices
Transportation expenses	Agreed prices
Interest income	Agreed rates
Purchase / sale of fixed assets	Agreed prices

Significant transactions for the years ended December 31, 2017 and 2016 with related parties were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Subsidiaries				
Revenue from sales of goods	-	-	113	216
Interest income	-	-	2,126	3,214
Other income	-	-	2,375	2,375
Dividend income	-	-	17,264	50,553
Purchase of goods	-	-	279,449	347,590
Rental and service expenses	-	-	278	180
Transportation expense	-	-	45,652	53,572
Supplies, spare parts and factory equipment	-	-	1,192	57
Related parties				
Revenue from rendering services	1,006	460	-	-
Other income	8	8	-	-
Purchase of goods	1,529	40,108	20	40,108
Purchase of equipment	26	-	26	-
Rental and service expenses	7,872	7,627	1,909	2,069
Transportation expense	1,741	1,418	1,078	879
Supplies	82	149	-	23

	In Thousand Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Remuneration of key management				
- Short-term employee benefits				
Salary, bonus and others	19,901	20,708	18,545	15,822
- Post-employment benefits	183	368	78	1
Total	20,084	21,076	18,623	15,823

Balances as at December 31, 2017 and 2016 with related parties were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Trade and others accounts receivable				
Trade accounts receivable				
Subsidiary	-	-	51	231
Related parties	188	77	-	-
Other accounts receivable				
Subsidiaries	-	-	757	3,234
Total	188	77	808	3,465

The trade accounts receivable is aged as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Current	117	41	51	-
Overdue:				
- Not over 3 months	71	36	-	231
Total	188	77	51	231

	In Thousand Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Advance payment for purchase of inventories				
Subsidiaries	-	-	149,423	114,135
Related parties	348	348	348	348
Total	348	348	149,771	114,483

Dividend receivable				
Subsidiaries	-	-	-	19,998

	In Thousand Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016

Deposit for rental

Related parties	<u>363</u>	<u>-</u>	<u>-</u>	<u>-</u>
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In Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade and others accounts payable				
Trade accounts payable				
Subsidiaries	-	-	47,912	36,447
Related parties	1,440	88	881	38
Other accounts payable				
Related parties	422	200	276	148
Total	<u>1,862</u>	<u>288</u>	<u>49,069</u>	<u>36,633</u>

In Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term loans to subsidiaries	<u>-</u>	<u>-</u>	<u>37,600</u>	<u>90,400</u>

Such loans comprise promissory notes, bear interest ranging from 3.5% per annum in 2017 and 3.5% to 4.4% per annum in 2016.

Movements during the years ended December 31, 2017 and 2016 of short-term loans to subsidiaries were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Balance as at January 1,	-	-	90,400	148,500
Increase	-	-	75,200	76,200
Decrease	-	-	(128,000)	(134,300)
Balance as at December 31,	<u>-</u>	<u>-</u>	<u>37,600</u>	<u>90,400</u>

6. TRADE AND OTHER ACCOUNTS RECEIVABLE - OTHERS

	In Thousand Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Trade accounts receivable	90,592	135,202	79,696	121,668
Less allowance for doubtful accounts	(1,221)	(1,247)	(1,221)	(1,247)
Net	89,371	133,955	78,475	120,421
Other accounts receivable	2,097	2,566	1,795	2,132
Total	91,468	136,521	80,270	122,553

As at December 31, 2017 and 2016, the Group had outstanding balance of trade accounts receivable - others, aged as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Current	71,429	105,186	63,443	93,870
Overdue:				
- Not over 3 months	17,909	26,666	14,999	24,448
- Over 3 months to 6 months	-	1,755	-	1,755
- Over 6 months to 12 months	460	1,133	460	1,133
- Over 12 months	794	462	794	462
Total	90,592	135,202	79,696	121,668
Less allowance for doubtful accounts	(1,221)	(1,247)	(1,221)	(1,247)
Net	89,371	133,955	78,475	120,421

7. INVENTORIES

	In Thousand Baht			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Finished goods	294,945	189,704	103,373	57,805
Goods in-transit	41,606	23,301	38,713	23,301
Supplies	1,198	1,264	15	197
Raw materials	63	-	63	-
Total	337,812	214,269	142,164	81,303
Less allowance for decline in inventories	(368)	(163)	(368)	(163)
Net	337,444	214,106	141,796	81,140

8. INVESTMENTS IN SUBSIDIARIES

As at December 31, 2017 and 2016, details of investments in the separate financial statements were as follows:

	Currency	In Thousand		(%)		In Thousand Baht			
		Paid-up capital		Ownership interest		Cost method		Dividend income	
		2017	2016	2017	2016	2017	2016	2017	2016
Sathaporn Tanapat Co., Ltd.	THB	4,000	4,000	99.99	99.99	4,000	4,000	5,000	14,999
Papapat Co., Ltd.	THB	1,000	1,000	99.98	99.98	1,000	1,000	11,998	32,993
PT Asia Biomass Indonesia	USD	300	300	99.00	99.00	9,512	9,512	-	-
Asia Biomass Energy SDN. BHD.	MYR	500	500	55.00	55.00	2,496	2,496	-	2,561
Asia Biomass Resources SDN. BHD.	MYR	500	500	55.00	55.00	2,285	2,285	266	-
Total						19,293	19,293	17,264	50,553

9. PROPERTY, PLANT AND EQUIPMENT

In Thousand Baht
Consolidated financial statements

	<u>Land and land improvement</u>	<u>Building and building improvement</u>	<u>Machinery and equipment</u>	<u>Tools and furniture fixture</u>	<u>Vehicles</u>	<u>Assets under construction and installation</u>	<u>Total</u>
Cost							
Balance as at January 1, 2016	140,286	43,581	10,781	15,658	206,782	1,947	419,035
Additions	135	63	2,772	718	11	38,178	41,877
Disposal	-	(76)	(1,206)	(2,959)	(43,798)	-	(48,039)
Transfers – net	24,833	14,054	612	-	-	(39,499)	-
Currency translation differences	-	-	(57)	3	(43)	-	(97)
Balance as at December 31, 2016	165,254	57,622	12,902	13,420	162,952	626	412,776
Additions	2,644	281	1,644	907	4,412	5,146	15,034
Disposal	-	(121)	(1,303)	(823)	(16,893)	-	(19,140)
Transfers – net	-	3,072	-	-	-	(3,072)	-
Currency translation differences	-	-	29	(9)	6	-	26
Balance as at December 31, 2017	167,898	60,854	13,272	13,495	150,477	2,700	408,696

In Thousand Baht

Consolidated financial statements

	Land and land improvement	Building and building improvement	Machinery and equipment	Tools and furniture fixture	Vehicles	Assets under construction and installation	Total
Accumulated depreciation							
Balance as at January 1, 2016	1,546	14,537	6,236	12,644	114,893	-	149,856
Depreciation charge for the year	618	2,355	1,528	1,404	11,822	-	17,727
Disposals	-	(68)	(1,191)	(2,873)	(30,963)	-	(35,095)
Currency translation differences	-	-	(14)	-	(14)	-	(28)
Balance as at December 31, 2016	2,164	16,824	6,559	11,175	95,738	-	132,460
Depreciation charge for the year	1,527	3,102	1,555	793	10,898	-	17,875
Disposals	-	(119)	(1,288)	(809)	(15,363)	-	(17,579)
Currency translation differences	-	-	9	(3)	5	-	11
Balance as at December 31, 2017	3,691	19,807	6,835	11,156	91,278	-	132,767
Net book value							
At December 31, 2016	163,090	40,798	6,343	2,245	67,214	626	280,316
At December 31, 2017	164,207	41,047	6,437	2,339	59,199	2,700	275,929

In Thousand Baht
Separate financial statements

	Land and land improvement	Building and building improvement	Machinery and equipment	Tools and furniture fixture	Vehicles	Assets under construction and installation	Total
Cost							
Balance as at January 1, 2016	140,286	42,546	9,157	13,005	48,972	1,947	255,913
Additions	135	63	1,527	657	11	38,178	40,571
Disposal	-	(77)	(1,205)	(1,740)	(426)	-	(3,448)
Transfers – net	24,833	14,054	613	-	-	(39,500)	-
Balance as at December 31, 2016	165,254	56,586	10,092	11,922	48,557	625	293,036
Additions	2,645	281	1,049	802	910	5,146	10,833
Disposal	-	(120)	(1,303)	(819)	(7,135)	-	(9,377)
Transfers – net	-	3,072	-	-	-	(3,072)	-
Balance as at December 31, 2017	167,899	59,819	9,838	11,905	42,332	2,699	294,492
Accumulated depreciation							
Balance as at January 1, 2016	1,546	13,573	6,186	10,477	28,460	-	60,242
Depreciation charge for the year	618	2,300	1,323	1,249	4,460	-	9,950
Disposals	-	(68)	(1,191)	(1,687)	(426)	-	(3,372)
Balance as at December 31, 2016	2,164	15,805	6,318	10,039	32,494	-	66,820
Depreciation charge for the year	1,527	3,091	1,255	693	4,067	-	10,633
Disposals	-	(119)	(1,288)	(804)	(6,770)	-	(8,981)
Balance as at December 31, 2017	3,691	18,777	6,285	9,928	29,791	-	68,472
Net book value							
At December 31, 2016	163,090	40,781	3,774	1,883	16,063	625	226,216
At December 31, 2017	164,208	41,042	3,553	1,977	12,541	2,699	226,020

The gross carrying amounts of fully depreciated fixed assets that are still in use as at December 31, 2017 and 2016 amounted to Baht 56.4 million and Baht 70.0 million, respectively.

Vehicles with net book value of Baht 13.1 million and Baht 21.8 million as at December 31, 2017 and 2016, respectively, are assets under hire-purchase contracts.

As at December 31, 2017, certain part of the Group's land and structures are mortgage as collateral for the credit facilities granted from certain local financial institutions as described in Note 12.

10. COMPUTER SOFTWARE

	In Thousand Baht	
	Consolidate financial statements	Separate financial statements
Cost		
Balance as at January 1, 2016	5,108	5,016
Additions	162	162
Balance as at December 31, 2016	5,270	5,178
Additions	697	624
Disposals	(52)	(52)
Currency translation differences	(7)	-
Balance as at December 31, 2017	5,908	5,750
Accumulated amortization		
Balance as at January 1, 2016	2,237	2,232
Amortization charge for the year	543	521
Balance as at December 31, 2016	2,780	2,753
Amortization charge for the year	583	558
Disposals	(52)	(52)
Currency translation differences	(3)	-
Balance as at December 31, 2017	3,308	3,259
Net book value		
At December 31, 2016	2,490	2,425
At December 31, 2017	2,600	2,491

11. INCOME TAX

As at December 31, 2017 and 2016 details of deferred tax assets and deferred tax liabilities were as follows:

	In Thousand Baht			
	Consolidate financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Tax loss carryforward	5,808	2,446	4,132	389
Allowance for impairment loss of investment	1,500	1,500	-	1,500
Employee benefits	654	993	437	370
Others	1,534	1,076	2,138	471
Total	9,496	6,015	6,707	2,730
Deferred tax liabilities				
Depreciation of fixed assets	250	115	-	-

Income Tax Expense (Income)

Income tax recorded as expense for the years ended December 31, 2017 and 2016 consists of:

	In Thousand Baht			
	Consolidate financial statements		Separate financial statements	
	2017	2016	2017	2016
Income tax computed from accounting profit regarding the announced income tax using the corporate tax rate of respective countries	1,871	5,371	786	10,303
Effects from non-deductible expenses	1,616	1,094	251	332
Effects from additional deductible expenses	(3,759)	(896)	(5,169)	(11,024)
Effects from deductible expenses (loss carryforward)	5,881	634	4,132	389
Income tax on taxable profit	5,609	6,203	-	-
Decrease (increase) in deferred tax assets, deferred tax liabilities - net	(3,514)	(885)	(3,977)	(844)
Income tax attributable to other comprehensive income	(489)	-	(44)	-
Income tax presented in statement of comprehensive income	1,606	5,318	(4,021)	(844)

12. CREDIT FACILITIES

As at December 31, 2017, the Group has agreement with local financial institutions for the following credit facilities:

	<u>In Thousand Baht</u>
Bank overdraft	65,000
Short-term loan	630,000
Letter of credit and trust receipts	435,000
Letter of guarantee	7,000
Total	<u>1,137,000</u>

The credit facilities are secured by mortgage certain part of the Company's land and structures and guarantee by certain directors. Such directors discharge the guarantee fee to the Group.

13. BANK OVERDRAFT AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	<u>In Thousand Baht</u>			
	<u>Consolidate</u>		<u>Separate</u>	
	<u>financial statements</u>	<u>financial statements</u>	<u>financial statements</u>	<u>financial statements</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trust receipts	151,521	246,494	151,521	246,494
Short-term loans from financial institutions	410,910	262,000	289,240	237,000
Total	<u>562,431</u>	<u>508,494</u>	<u>440,761</u>	<u>483,494</u>

Short-term loans from financial institutions comprise promissory notes from various local banks and bear interest ranging from 2.20% to 3.10% per annum in 2017 and 2.20% to 3.40% per annum in 2016.

14. FINANCE LEASE LIABILITIES

Finance lease liabilities are payable as follows:

	<u>In Thousand Baht</u>					
	<u>Consolidated financial statements</u>					
	<u>2017</u>			<u>2016</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
Within one year	4,292	227	4,519	5,552	358	5,910
After one year but within five years	3,178	99	3,277	4,964	169	5,133
Total	<u>7,470</u>	<u>326</u>	<u>7,796</u>	<u>10,516</u>	<u>527</u>	<u>11,043</u>

	In Thousand Baht					
	Separate financial statements					
	2017			2016		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	348	5	353	2,104	53	2,157
After one year but within five years	-	-	-	348	5	353
Total	<u>348</u>	<u>5</u>	<u>353</u>	<u>2,452</u>	<u>58</u>	<u>2,510</u>

The Group entered into hire-purchase contract with local companies covering its vehicles. Under the terms of the contract, the Group must comply with certain conditions covering the leased assets.

15. LIABILITY FOR POST-EMPLOYMENT BENEFITS

Movements of liability for post-employment benefits for the years ended December 31, 2017 and 2016 are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Liability for post-employment benefits as at January 1,	5,041	3,849	1,852	1,132
Current service cost	592	1,063	508	349
Interest cost	54	131	42	44
Expense recognized in profit or loss	646	1,194	550	393
Transfer employment benefits	-	-	-	327
Transaction recognized in other comprehensive income				
- Actuarial gain	(2,448)	-	(219)	-
- Currency translation differences	(16)	(2)	-	-
Liability for post-employment benefits as at December 31,	<u>3,223</u>	<u>5,041</u>	<u>2,183</u>	<u>1,852</u>

Significant assumptions used in calculation of liability for post-employment benefits are as follows:

- Discount rate 2.12% – 2.70% per annum in 2017
(3.23% - 3.41% per annum in 2016)
- Salary increase rate 6% per year in 2017 (5% per year in 2016)
- Mortality rates Based on Thai Mortality Table (year 2008)
- Disability rates 5% of Thai Mortality Table (year 2008)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Defined benefit obligation at December 31, 2017				
Discount rate (1.0% change)	(449)	545	(196)	227
Salary increase rate (1.0% change)	605	(509)	248	(217)

16. SHARE CAPITAL

	In Baht Par Value	In Thousand Shares / In Thousand Baht			
		2017		2016	
		Number	Amount	Number	Amount
Authorized					
At January 1,					
- ordinary shares	0.50	152,000	76,000	152,000	76,000
Increase	0.50	148,000	74,000	-	-
At December 31,					
- ordinary shares	0.50	300,000	150,000	152,000	76,000
Issued and fully paid-up					
At January 1,					
- ordinary shares		152,000	76,000	152,000	76,000
Capital increase		73,000	36,500	-	-
At December 31,					
- ordinary shares		225,000	112,500	152,000	76,000

At the extraordinary meeting of the shareholders of the Company held on February 26, 2017, the shareholders passed the following resolutions:

- change the par value from Baht 100 per share to Baht 0.50 per share
- increase authorized share capital from Baht 76,000,000 (760,000 ordinary shares at Baht 100 par value) to Baht 150,000,000 (300,000,000 ordinary shares at Baht 0.50 par value) by offered the newly issued 73,000,000 ordinary shares to the existing shareholders in proportion of shareholding and 75,000,000 ordinary shares to the public. The Company registered the capital increase with the Ministry of Commerce on March 1, 2017 and registered the increase in paid-up share capital with the Ministry of Commerce on March 3, 2017. Accordingly, as at December 31, 2016 the number of paid-up share capital has been changed from 760,000 shares to 152,000,000 shares.
- to list the Company's securities on MAI in order to support the Company's expansion in the future.

17. LEGAL RESERVE

The legal reserve is set up under the provisions of Civil and Commercial code, which requires that a company shall allocate not less than 5% of its net profit, to a reserve account (“legal reserve”) upon each dividend declaration, until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

The legal reserve is set up under the provisions of Section 116 of the Public Companies Act B.E. 2535. Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

18. DIVIDENDS

The Company

At the Company’s Board of Directors meeting held on November 11, 2016, the Board of Directors passed the resolution to pay the interim dividend totaling Baht 41.04 million (Baht 54 per share) to the shareholders. The dividend was paid within February 24, 2017.

At the Company’s Board of Directors meeting held on December 28, 2017, the Board of Directors passed the resolution to pay the interim dividend totaling Baht 33.75 million (Baht 0.15 per share) to the shareholders. The dividend will pay within January 25, 2018.

Subsidiaries

Asia Biomass Energy SDN. BHD.

At the ordinary meeting of the shareholders of the subsidiary held on March 26, 2016, the shareholders passed the resolution to pay the dividend for the year ended December 31, 2015 totaling RM 0.6 million (equivalent to Baht 4.7 million) to the shareholders. The dividend was paid on March 30, 2016.

Papapat Co., Ltd.

At the ordinary meeting of the shareholders of the subsidiary held on April 28, 2016, the shareholders passed the resolution to pay the dividend from unappropriated retained earnings as at December 31, 2015 totaling Baht 24 million to the shareholders. The dividend was paid on August 24, 2016.

At the Board of Directors meeting of the subsidiary held on December 21, 2016, the Board of Directors passed the resolution to pay the interim dividend totaling Baht 9 million (Baht 900 per share) to the shareholders. The dividend was paid within March 31, 2017.

At the Board of Directors meeting of the subsidiary held on September 29, 2017, the Board of Directors passed the resolution to pay the interim dividend from unappropriated retained earnings as at August 31, 2017 totaling Baht 12 million to the shareholders. The dividend was paid on October 25, 2017.

Sataporn Thanapat Co., Ltd.

At the ordinary meeting of the shareholders of the subsidiary held on April 28, 2016, the shareholders passed the resolution to pay the dividend from unappropriated retained earnings as at December 31, 2015 totaling Baht 4 million to the shareholders. The dividend was paid on August 24, 2016.

At the Board of Directors meeting of the subsidiary held on December 21, 2016, the Board of Directors passed the resolution to pay the interim dividend totaling Baht 11 million (Baht 275 per share) to the shareholders. The dividend was paid within March 31, 2017.

At the Board of Directors meeting of the subsidiary held on September 29, 2017, the Board of Directors passed the resolution to pay the interim dividend from unappropriated retained earnings as at August 31, 2017 totaling Baht 5 million to the shareholders. The dividend was paid on October 25, 2017.

Asia Biomass Resources SDN. BHD.

At the circular resolution meeting of the subsidiary held on June 12, 2017, passed the resolution to pay the dividend from unappropriated retained earnings as at December 31, 2016 totaling RM 0.06 million (equivalent to Baht 0.5 million) to the shareholders. The dividend was paid on June 12, 2017.

19. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statement	financial statement	financial statement	financial statement
	2017	2016	2017	2016
Changes in inventories	(123,543)	3,567	(60,861)	(66,076)
Purchase of inventories	927,611	851,534	867,661	848,331
Rental and service	125,925	108,334	142,315	137,163
Transportation expense	111,391	119,418	81,327	83,360
Employee costs	80,858	83,898	57,724	54,886
Depreciation and amortization	18,460	18,270	11,193	10,471
Oil and fuel expense	16,084	16,534	4,327	4,483
Finance costs	13,109	12,741	10,924	10,294

20. SEGMENT INFORMATION

The following table presents revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended December 31, 2017 and 2016.

The Group is comprised the following main business:

Sales of goods	:	Sales of biomass for domestic and export
Service	:	Transportation of goods

	In Thousand Baht			
	2017			
	Sales of goods	Services	Eliminated	Total
Revenues	1,514,825	50,184	(324,110)	1,240,899
Gross margin	301,143	12,627	(19,088)	294,682
Distribution costs, administrative expenses and finance costs	(295,821)	(8,144)	27,825	(276,140)
Other income	24,124	3,166	(22,130)	5,160
Loss on exchange rate	(6,673)	-	-	(6,673)
Income tax expense	(54)	(1,552)	-	(1,606)
Profit before non-controlling interests	22,719	6,097	(13,393)	15,423

	In Thousand Baht			
	2016			
	Sales of goods	Services	Eliminated	Total
Revenues	1,620,431	58,682	(400,836)	1,278,277
Gross margin	272,583	16,929	(17,983)	271,529
Distribution costs, administrative expenses and finance costs	(272,618)	(10,866)	27,068	(256,416)
Other income	57,335	8,853	(56,379)	9,809
Gain on exchange rate	6,746	-	-	6,746
Income tax expense	(1,961)	(3,357)	-	(5,318)
Profit before non-controlling interests	62,085	11,559	(47,294)	26,350

The Group's revenues from major customers for the years ended December 31, 2017 and 2016 were as follows:

	In Thousand Baht	
	2017	2016
Total	212,645	-

The Group's segment revenues based on the geographic location of customers for the years ended December 31, 2017 and 2016 were as follows:

	In Thousand Baht	
	2017	2016
Thailand	1,183,747	1,217,926
Oversea		
- Asia	57,152	60,351
Total	1,240,899	1,278,277

21. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Principal market is the market with the greatest volume and level of activity for the asset or liability. Market participants comprise buyers and sellers in the principal or most advantageous market for the asset or liability whereby market participants are independent of each other, knowledgeable and having a reasonable understanding, able to enter into a transaction for the asset or liability, and willing to enter into a transaction for the asset or liability.

To increase the consistency and comparability in fair value measurements and related disclosures in the financial statements, the fair value hierarchy is categorized into 3 levels with respect of the inputs to valuation techniques used to measure the fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (“Level 1 inputs”), secondary priority to other observable inputs (“Level 2 inputs”), and the lowest priority to unobservable inputs (“Level 3 inputs”).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

As at December 31, 2017 and 2016, the Group had no any asset or liability that is measured at fair value (both on a recurring or non-recurring basis) in the statements of financial position.

However, the Group has financial assets and liabilities not measured at fair value in the statements of financial position as at December 31, 2017 and 2016 but for which the fair value is disclosed in Note 22.

22. DISCLOSURE FOR FINANCIAL INSTRUMENTS

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not issue derivative financial instruments for trading purposes.

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sale of goods which are denominated in foreign currencies.

As at December 31, 2017, the Group has an outstanding balance of short-term forward purchase contract of U.S. Dollars 0.3 million (equivalent to Baht 9.18 million) and short-term forward sale contract of U.S. Dollars 2.0 million (equivalent to Baht 64.95 million). The above contract matures in June 2018 .

Management believes that said foreign currency risk is minimal.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair value of financial assets and liabilities

The Group used level 2 inputs, which are inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly or indirectly, to estimate the fair value of each class of financial assets and liabilities:

Cash and cash equivalents, trade and other accounts receivable - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

Bank overdrafts and short-term loans from financial institution, trade and other accounts payable - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

Investments in subsidiaries and liabilities under finance lease agreements are not practicable to be estimated the proper fair value without incurring the excessive costs.

23. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that they have an appropriate financial structure and preserves the ability to continue their business as a going concern.

As at December 31, 2017 and 2016, the Group's debt-to-equity ratio were 4.29 : 1 and 4.72 : 1, respectively, and the Company's debt-to-equity ratio were 3.70 : 1 and 4.34 : 1, respectively.

24. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2017,

- a) the Group had land rental and vehicle agreements for a various period up to July 2021. The Group is committed to pay rental fee under the agreements as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Within 1 year	10,853	3,549	2,057	791
After 1 year but within 5 years	12,586	8,963	4,938	1,839
After 5 years	3,780	-	2,268	-
Total	<u>27,219</u>	<u>12,512</u>	<u>9,263</u>	<u>2,630</u>

- b) the Company had a contract for building construction with a third party of Baht 2.05 million.
- c) the Group had contingent liability for letters of guarantee issued by several local banks in favor of state enterprises and local companies totaling Baht 1.36 million.
- d) the Company had contingent liability for guaranteed bank credit facilities of its subsidiary (Papapat Co., Ltd.) amounting to Baht 230 million.

25. LISTING OF SECURITIES ON THE STOCK EXCHANGE MARKET

On September 8, 2017, the Company submitted a registration statement to the Office of Securities Exchange Commission of Thailand for offering 75,000,000 ordinary shares. The Company was allowed to offer its securities to the public on January 31, 2018.

26. EVENT AFTER THE REPORTING PERIOD

On January 25, 2018, the Company entered into the joint venture agreement with a local company for setting up the new company in Thailand to operate the wood pellet production and sell in both local and oversea market. The new company will has authorize share capital Baht 10,000,000 (100,000 ordinary shares at Baht 100 par value). The Company will invest 49% in the new company which presently, is in the process of establishment.

27. OTHER

On February 14, 2018, the Company has received a letter from the then lessor, that the Company has already cancelled the rental agreement effective on November 5, 2017, claiming for repairing and recovering the rental area at the amount of approximately Baht 1.29 million. The Company is in the process of legal consulting together with surveying and negotiating with the then lessor. However, the management of the Company is confident that the Company has returned the rental area according to the agreement. As a result, as at December 31, 2017, the Company does not record a contingent liability in respect of this case in the consolidated and separate financial statements.

28. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for dissemination by the Company's directors on February 22, 2018.