



ANNUAL REPORT 2561



บริษัท เอเชีย ไบโอบีโอส จำกัด (มหาชน)
273/2 ถนนพระรามที่ 2 แขวงแสมดำ
เขตบางขุนเทียน กรุงเทพฯ 10150
โทร 0-2415-0054 แฟกซ์ 0-2894-0055

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Financial Highlights

The Financial Statements

a) Auditor

The Company's auditor for the annual financial statements from the Year Ended 31 December 2016 to 31 December 2018

| Year | Auditor name | Registration number of the auditor | Company of the auditor |
|------|----------------------------|------------------------------------|--|
| 2016 | Mr. Methee Ratanasrimetha | 3425 | M.R. & Associates Co., Ltd. |
| 2017 | Mr. Methee Ratanasrimetha | 3425 | M.R. & Associates Co., Ltd. |
| 2018 | Mr. Chaiyakorn Aunpitongsa | 3196 | Dr. Virach & Associates Office Co., Ltd. |

Summary of the auditor report

Financial Statements for the Year Ended 31 December 2016

Financial statements for the year 2016 was audited by Mr.Methee Ratanasrimetha, a Certified Public Accountant, Registration No.3425 from M.R. & Associates Co., Ltd. who is authorized by the Securities and Exchange Commission has opinion that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at 31 December 2016 and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with Thai Financial Reporting Standards. Also, the separate financial statements present fairly, in all material respects, the financial position as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards. The auditor conducted his audit in accordance with Thai Standards on Auditing. The auditor is independent of the Group in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to his audit of the financial statements. The auditor has fulfilled his other ethical responsibilities in accordance with these requirements. He believes that the audit evidence he has obtained is sufficient and appropriate to provide a basis for his opinion.

Financial Statement for the year Ended 31 December 2017

Financial statements for the year 2017 was audited by Mr.Methee Ratanasrimetha, a Certified Public Accountant, Registration No.3425 from M.R. & Associates Co., Ltd. who is authorized by the Securities and Exchange Commission has opinion that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at 31 December 2017 and their consolidated financial performance and their consolidated cash flows for the years then ended in

accordance with Thai Financial Reporting Standards. Also, the separate financial statements present fairly, in all material respects, the financial position as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards. The auditor draws attention to Note 3, the consolidated and separate financial statements of the Company as at and for the year ended 31 December 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 31 December 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). His opinion is not modified in respect of this matter. The auditor conducted his audit in accordance with Thai Standards on Auditing. The auditor is independent of the Group in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to his audit of the financial statements. The auditor has fulfilled his other ethical responsibilities in accordance with these requirements. He believes that the audit evidence he has obtained is sufficient and appropriate to provide a basis for his opinion.

Financial Statement for the year Ended 31 December 2018

Financial statements for the year 2018, was audited by Mr. Chaiyakorn Ounpitipongsa, a Certified Public Accountant, Registration Number 3196, from Dr. Virach & Associates Company Limited who is authorized by the Securities and Exchange Commission has opinion that The consolidated financial statements represent the consolidated financial position of the Company and its subsidiaries as at 31 December 2018 and the consolidated operating results and total cash flows for the year then ended. And the separate financial statements showing the financial position of the company as at 31 December 2018 and the operating results and cash flows for the year then ended With correctness as it should be, in essence, in accordance with financial reporting standards.

The auditor performed the audit according to the auditing standards. Which is independent from the group of companies according to the code of conduct of the accounting professional as prescribed by the Federation of Accounting Professions under the royal patronage in relation to auditing financial statements And have followed other ethical responsibilities Which meets these requirements The auditor believes that the audit evidence that the auditor has received is sufficient and appropriate to serve as a basis for the auditor's opinion.

c) Table : Summary of Consolidation figure of the Company

(1) The Financial Position

| (1) The Financial Position Unit : In Million Baht | As at 31 December | | | | | |
|--|-------------------------|---------------|---------------|---------------|---------------|---------------|
| | Year 2016 (Restated) | | Year 2017 | | Year 2018 | |
| | Amount | % | Amount | % | Amount | % |
| Assets | | | | | | |
| <i>Current Assets</i> | | | | | | |
| Cash and cash equivalents | 49.18 | 6.45 | 35.89 | 4.44 | 25.06 | 3.87 |
| Trade and other accounts receivable - | | | | | | |
| Related parties | 0.08 | 0.01 | 0.19 | 0.02 | 0.98 | 0.15 |
| Trade and other accounts receivable - Others | 136.52 | 17.92 | 91.47 | 11.31 | 130.05 | 20.08 |
| Inventories | 214.11 | 28.10 | 337.44 | 41.74 | 139.24 | 21.50 |
| Revenue receivables | 1.74 | 0.23 | 3.29 | 0.41 | 0.57 | 0.09 |
| Advance payment for purchase of inventories | 37.12 | 4.87 | 12.83 | 1.59 | 21.39 | 3.30 |
| Other current assets | 18.00 | 2.36 | 17.85 | 2.21 | 10.46 | 1.62 |
| Total current assets | 456.75 | 59.94 | 498.96 | 61.72 | 327.75 | 50.61 |
| <i>Non-current Assets</i> | | | | | | |
| Deposits at financial institutions under pledge | 10.00 | 1.31 | 10.00 | 1.24 | 10.00 | 1.54 |
| Property, plant and equipment | 280.32 | 36.79 | 275.93 | 34.13 | 279.55 | 43.16 |
| Computer software | 2.49 | 0.33 | 2.60 | 0.32 | 1.93 | 0.30 |
| Deferred tax assets | 6.01 | 0.79 | 9.50 | 1.17 | 19.44 | 3.00 |
| Other non-current assets | 6.41 | 0.84 | 11.46 | 1.42 | 8.97 | 1.39 |
| Total non-current assets | 305.23 | 40.06 | 309.49 | 38.28 | 319.89 | 49.39 |
| Total assets | 761.98 | 100.00 | 808.45 | 100.00 | 647.64 | 100.00 |
| Liabilities and Shareholders' Equity | | | | | | |
| <i>Current Liabilities</i> | | | | | | |
| Bank overdrafts and short-term loans from financial institutions | 508.49 | 66.73 | 562.43 | 69.57 | 353.13 | 54.53 |
| Trade and other accounts payable- Related parties | 0.29 | 0.04 | 1.86 | 0.23 | 2.07 | 0.32 |
| Trade and other accounts payable - Others | 57.80 | 7.58 | 41.37 | 5.12 | 43.95 | 6.79 |
| Current portion of finance lease liabilities | 5.55 | 0.73 | 4.29 | 0.53 | 2.03 | 0.31 |

| (1) The Financial Position Unit : In Million Baht | As at 31 December | | | | | |
|--|-------------------------|---------------|---------------|---------------|---------------|---------------|
| | Year 2016 (Restated) | | Year 2017 | | Year 2018 | |
| | Amount | % | Amount | % | Amount | % |
| Income tax payable | 3.84 | 0.50 | 2.85 | 0.35 | 1.12 | 0.18 |
| Dividend payable | 41.04 | 5.39 | 33.75 | 4.18 | - | - |
| Accrued expenses and other current liabilities | 1.58 | 0.21 | 2.33 | 0.29 | 2.48 | 0.38 |
| Total current liabilities | 618.59 | 81.18 | 648.88 | 80.27 | 404.80 | 62.50 |
| <i>Non-current Liabilities</i> | | | | | | |
| Finance lease liabilities | 4.96 | 0.65 | 3.18 | 0.39 | 1.14 | 0.18 |
| Deferred tax liabilities | 0.12 | 0.02 | 0.25 | 0.03 | - | - |
| Liability for post-employment benefits | 5.04 | 0.66 | 3.22 | 0.40 | 2.26 | 0.35 |
| Total non-current liabilities | 10.12 | 1.33 | 6.65 | 0.82 | 3.40 | 0.53 |
| Total liabilities | 628.71 | 82.51 | 655.53 | 81.09 | 408.20 | 63.03 |
| Shareholders' Equity | | | | | | |
| Issued and paid-up share capital | 76.00 | 9.97 | 112.50 | 13.91 | 150.00 | 23.16 |
| Share premium | 5.17 | 0.68 | 5.17 | 0.64 | 90.51 | 13.97 |
| Surplus on business combination under common control | 2.48 | 0.33 | 2.48 | 0.31 | 2.48 | 0.38 |
| Appropriated for legal reserve | 2.90 | 0.38 | 6.10 | 0.75 | 6.10 | 0.94 |
| Unappropriated | 53.85 | 7.07 | 34.49 | 4.27 | 4.31 | 0.66 |
| Other components of shareholders' equity | (11.63) | (1.53) | (11.89) | (1.47) | (10.03) | (1.55) |
| Equity attributable to equity holders of the Parent | 128.77 | 16.90 | 148.85 | 18.41 | 243.36 | 37.58 |
| Non-controlling interest | 4.50 | 0.59 | 4.07 | 0.50 | (3.92) | 0.61 |
| Total Shareholders' Equity | 133.27 | 17.49 | 152.92 | 18.91 | 239.44 | 36.97 |
| Total Liabilities and Shareholders' Equity | 761.98 | 100.00 | 808.45 | 100.00 | 647.64 | 100.00 |

(2) The Statement of Comprehensive Income

| The Statement of Comprehensive Income Unit : In Million Baht | For the year ended 31 December | | | | | |
|---|---------------------------------------|---------------|-----------------|---------------|-----------------|---------------|
| | Year 2016 (Restated) ^{1/} | | Year 2017 | | Year 2018 | |
| | Amount | % | Amount | % | Amount | % |
| Revenues | | | | | | |
| Revenue from sale of goods and rendering of service | 1,278.28 | 98.72 | 1,240.90 | 99.59 | 1,288.83 | 99.27 |
| Other income | 16.55 | 1.28 | 5.16 | 0.41 | 9.38 | 0.73 |
| Total Revenues | 1,294.83 | 100.00 | 1,246.06 | 100.00 | 1,298.21 | 100.00 |
| Expenses | | | | | | |
| Cost of sales of goods and rendering of service | 1,006.75 | 77.75 | 946.22 | 75.93 | 1,081.22 | 83.89 |
| Distribution costs | 158.38 | 12.23 | 172.80 | 13.87 | 165.16 | 12.81 |
| Administrative expenses | 85.29 | 6.59 | 96.90 | 7.78 | 83.66 | 6.49 |
| Total Expenses | 1,250.42 | 96.57 | 1,215.92 | 97.58 | 1,330.05 | 103.20 |
| Profit before Finance Costs and Income Tax | 44.41 | 3.43 | 30.14 | 2.42 | (31.84) | (2.47) |
| Finance costs | (12.74) | (0.98) | (13.11) | (1.05) | (11.42) | (0.89) |
| Profit before Income Tax | 31.67 | 2.45 | 17.03 | 1.37 | 43.26 | (3.36) |
| Income Tax Expense | (5.32) | (0.41) | (1.61) | (0.13) | 7.29 | 0.57 |
| Profit for the year | 26.35 | 2.04 | 15.42 | 1.24 | (35.96) | (2.79) |
| Other Comprehensive Income: | | | | | | |
| Currency translation differences of subsidiaries | (9.32) | (0.72) | (0.26) | (0.02) | (1.3) | (0.02) |
| Actuarial gain on defined benefit plan | - | - | 1.96 | 0.15 | 0.96 | 0.15 |
| Other Comprehensive Income (Loss) for the Year - Net | (9.32) | (0.72) | 1.70 | 0.13 | (0.35) | (0.05) |
| Total Comprehensive Income for the Year | 17.03 | 1.32 | 17.12 | 1.37 | (36.31) | (5.61) |
| Profit (loss) attributable to: | | | | | | |
| Equity holders of the parent | 26.18 | 2.02 | 15.63 | 1.26 | (31.15) | (4.81) |
| Non-controlling interests | 0.17 | 0.02 | (0.21) | (0.02) | (4.81) | (0.74) |
| Total comprehensive income (loss) attributable to: | | | | | | |
| Equity holders of the parent | 16.86 | 1.30 | 17.33 | 1.39 | (31.14) | 4.81 |
| Non-controlling interests | 0.17 | 0.02 | (0.21) | (0.02) | (5.17) | (0.80) |

Note : 1/ Restated by calculation of the Company for comparative purpose which is unaudited.:

(3) The Statement of Cash Flows

| The Statement of Cash Flows Unite : In million Baht | For the year ended 31 December | | |
|---|---------------------------------------|-----------|-----------|
| | Year 2016 (Restated) ^{1/} | Year 2017 | Year 2018 |
| <i>Cash flows from operating activities</i> | | | |
| Profit for the year | 26.35 | 15.42 | (35.96) |
| Adjustment for | | | |
| Depreciation and amortization | 18.27 | 18.46 | 18.72 |
| Increase in expenses for post-employment benefits | 1.19 | 0.63 | 0.57 |
| Interest income | (0.33) | (0.15) | (0.12) |
| Interest expense | 12.32 | 12.86 | 10.68 |
| Decrease in allowance for obsolete and slow-moving of inventories | (2.23) | (0.08) | 3.49 |
| Increase in allowance for doubtful accounts | 0.58 | 0.71 | 0.68 |
| Unrealized loss (gain) on exchange rate and valuation of fair value of derivatives | 0.89 | 0.44 | 0.01 |
| Gain on sale of fixed assets | (8.85) | (4.38) | (0.10) |
| Loss (gain) from insurance claim | (0.10) | 0.03 | - |
| Income tax expense | 5.32 | 1.61 | (6.80) |
| | 53.41 | 45.55 | (8.83) |
| <i>Changes in operating assets and liabilities</i> | | | |
| (Increase) decrease in assets | | | |
| Trade and other accounts receivable – related parties | (0.27) | (0.11) | (36.64) |
| Trade and other accounts receivable - others | (2.81) | 45.33 | (0.79) |
| Inventories | 4.42 | (123.54) | 194.72 |
| Advance payment for purchase of inventories | 31.23 | 23.56 | (8.74) |
| Other current assets | (2.05) | (2.63) | 6.34 |
| Deposits at financial institutions under pledge | - | - | |
| Other non-current assets | 0.34 | (4.84) | (0.05) |
| Increase (decrease) in liabilities | | | |
| Trade and other accounts payable – related parties | (1.90) | 1.57 | 1.34 |
| Trade and other accounts payable - others | 15.48 | (16.67) | 0.34 |
| Accrued expenses and other current liabilities | (0.64) | 0.31 | 0.89 |

| The Statement of Cash Flows Unite : In million Baht | For the year ended 31 December | | |
|--|--------------------------------|----------------|-----------------|
| | Year 2016 | Year 2017 | Year 2018 |
| Cash received from operating activities | 97.21 | (31.47) | 148.58 |
| Cash paid for income tax | (14.81) | (5.51) | (4.73) |
| Net cash provided by (used in) operating activities | 82.40 | (36.98) | 143.85 |
| <i>Cash flows from investing activities</i> | | | |
| Interest received | 0.33 | 0.15 | 0.12 |
| Proceeds from sale of fixed assets | 21.79 | 5.94 | 6.91 |
| Proceeds from insurance claim | 0.33 | - | - |
| Additions to property, plant and equipment | (41.88) | (12.26) | (28.51) |
| Additions to computer software | (0.16) | (0.70) | - |
| Non-controlling interest | (2.12) | (0.22) | - |
| Net cash used in investing activities | (21.71) | (7.09) | (21.48) |
| <i>Cash flows from financing activities</i> | | | |
| Interest paid | (11.91) | (12.22) | (10.67) |
| Increase (Decrease) in bank overdraft and short-term loans from financial institutions | (24.34) | 53.94 | (209.30) |
| Decrease in short-term loans from director | - | - | - |
| Repayment of long-term loan from financial institutions | - | - | - |
| Payment of finance lease liabilities | (9.41) | (6.29) | (4.29) |
| Proceeds from capital increase | - | 36.50 | 125.94 |
| Dividend payment | - | (41.04) | (33.75) |
| Net cash provided by (used in) financing activities | (45.66) | 30.89 | (132.07) |
| Effect from currency exchange rate of cash and cash equivalents | (0.13) | (0.02) | (0.01) |
| Currency translation difference | (9.28) | (0.09) | (1.12) |
| Net increase (decrease) in cash and cash equivalents | 5.62 | (13.29) | (10.83) |
| Cash and cash equivalents at beginning of year | 43.56 | 49.18 | 35.89 |
| Cash and cash equivalents at end of year | 49.18 | 35.89 | 25.06 |

Note:1/ Restated by calculation of the Company for comparative purpose which is unaudited.

d) Table : Significant Financial Ratio

| Financial Ratio | | For the year ended 31 December | | |
|-------------------------------------|---------|--------------------------------|-----------|-----------|
| | | Year 2016 (Restated) | Year 2017 | Year 2018 |
| <u>LIQUIDITY RATIO</u> | | | | |
| | (Times) | | | |
| Current ratio | | 0.74 | 0.77 | 0.81 |
| Quick Ratio | (Times) | 0.30 | 0.20 | 0.39 |
| Cash flows ratio | (Times) | 0.14 | (0.06) | 0.23 |
| Accounts receivable turnover | (Times) | 9.51 | 10.98 | 11.29 |
| Average collection period | (days) | 37.84 | 32.79 | 31.88 |
| Inventory turnover | (Times) | 4.68 | 3.43 | 3.92 |
| Inventory days | (days) | 76.99 | 104.92 | 91.82 |
| Accounts payable turnover | (Times) | 35.26 | 32.72 | 46.85 |
| Accounts payable days | (days) | 10.21 | 11.00 | 7.68 |
| Cash Cycle | (days) | 104.63 | 126.71 | 116.02 |
| <u>PROFITABILITY RATIO</u> | | | | |
| Accounts payable days | (%) | 21.24 | 23.75 | 16.11 |
| Operating profit margin | (%) | 2.18 | 2.01 | (3.20) |
| Other profit margin | (%) | 1.30 | 0.42 | 0.73 |
| Profitability Ratio | (%) | 295.82 | (148.05) | (349.07) |
| Net profit margin | (%) | 2.02 | 1.25 | (2.40) |
| Return on equity | (%) | 18.59 | 11.26 | (15.88) |
| <u>EFFICIENCY RATIO</u> | | | | |
| Return on assets | (%) | 3.41 | 1.99 | (2.26) |
| Return on fixed assets | (%) | 16.18 | 12.26 | (4.48) |
| Assets turnover | (Times) | 1.69 | 1.59 | 1.78 |
| <u>FINANCIAL POLICY RATIO</u> | | | | |
| Debt to equity ratio | (Times) | 4.72 | 4.29 | 1.70 |
| Interest coverage ration | (Times) | 1.84 | (0.88) | 3.26 |
| cash basis | (Times) | 1.30 | (0.51) | (1.86) |
| Dividend payout ratio ^{2/} | (%) | 156.75 | 215.89 | - |

Note: 1/ The Statement of Comprehensive Income restated by calculation of the Company for comparative purpose which is unaudited.

2/ Dividend payout ratio in 2015 and 2017 were calculated from dividend that the Board of Director and/or Shareholders passed the resolution to pay in 2015 and 2017 from the unappropriated retained earnings divided by net profit attributable to the equity holders of the parent.



Asia Biomass Public Co., Ltd.



ASIA BIOMASS



Vision

To be Asia's leading firm in providing
biomass fuels.



Mission

To promptly satisfy clients' needs with varieties of
biomass fuels, priding ourselves in quality control,
consistency and sustainability of supply. To deliver
customized logistics solutions and excellent after
sales servicewhile considering the benefits of
all stakeholders.



“ABM Core Values” I AM ABM



- I** = Innovation
- A** = Adaptability
- M** = Moving Forward
- A** = Accountability
- B** = Be the Best For Stakeholders
- M** = Morals and Ethicals

Message from the Board of Directors



ABM is a biomass trading company with strong logistic network and operates under good corporate governance policies. The company is aimed towards continuously improvement and sustainable development within the basis of social responsibilities while taking into account of all the benefit of shareholders and stakeholders including the environmental impacts and societies attached to the company's operations.

In 2018, ABM was negatively impacted from the slowdown in biomass fuels market while the biomass fuel prices has decreased from the intense competition. However, ABM has adapted with the policy to increase its efficiency and maximised the use of economy of scales. Moreover, the company received CSR-DIW BEGINNER, Green Factory level 2 awards, and passed the evaluation of occupational safety, health, and environmental standard at platinum level from Thailand Institute of Occupational Safety and Health (TOSH). Also, the company received ISO9001, ISO14000, and FSC-CoC/Cw. This showed that the company aimed to be a crucial part of society, social, and environmental developments.

Lastly, on behalf of Asia Biomass Plc., I would like to thank the shareholders, investors, business partners, financial institutions, governmental organisations, and customers for their continuous supports. I also would like to thank ABM's team for all the hard work and dedication that they have given to the company which drive the company to become strong which resulted in a sustainable return to all shareholders and stakeholders.

The Board of Directors



Mr. Apisit Rujikeatkamjorn

Chairman



Miss Tiya Kuansataporn

Managing Director

Executive Committee



Miss Tiya Kuansataporn
Chairman of Executive Committee



Mr. Pongtham Danwungderm
Vice Chairman of
Executive Committee



Mrs. Natpapha Kuansataporn
Executive Committee

Management Team



Miss Tiya Kuansataporn
Managing Director



Mr. Pongtham Danwungderm
Deputy Managing Director and
Chief Financial Officer (CFO)



Mrs. Apiratee Sakulin
Company Secretary and
Assistant Director of Human
Resources and Administration



Mrs. Janphen Keawklinchan
Director of Sourcing and
Supply Chain BU1



Mr. Prutthipol Soisuwan
Director of Sourcing
and Supply Chain BU 2



Mr. Chairat Dejpaiboonoyot
Assistant Director of Sales
and Marketing

BOARD OF DIRECTORS



Mr. Apisit Rujikestkamjorn
Chairman



Mrs. Natpapha Kuansataporn
Vice Chairman of the Board



Miss Tiya Kuansataporn
Director / Managing Director /
Nomination and Remuneration Committee



Mrs. Panom Kuansataporn
Director
Nomination and Remuneration Committee



Ph.D. Sarit Chokchainirand
Independent Director
Director / Independent Director



Mr. Wichai Pornkeratiwat
Director / Independent Director
Chairman of the Nomination and
Remuneration Committee /



Miss Patrawan Manutsathit
Director / Audit Committee /
Independent Directors

Policy and Business Overview

Asia Biomass Public Company Limited (ABM) supply and distribute various types of Biomass fuel such as Palm Kernel Shells, Wood Chip and other parts of wood, Wood Shavings, Sawdust, Wood Dust and Biomass Pellet etc. To the industry customers which would like to use the Biomass fuel for the produced process in domestic and oversea market.

1.1 Vision & Mission

Vision

To be Asia's leading firm in providing biomass fuels

Mission

To promptly satisfy clients' needs with varieties of biomass fuels, priding ourselves in quality control, consistency and sustainability of supply. To deliver customized logistics solutions and excellent after sales service while considering the benefits of all stakeholders.

1.2 History, Changed and Major Development

Kuansatporn Family has experienced in Biomass fuel business more than 60 year. First business was producing joss powder, mosquito repellent raw materials and sells biomass fuel from rice husk, wood chip and fire wood. Thai Joss Powder Industrial Co., Ltd was established in 20 August 1984 with Registered capital 1 million Baht . For expansion the business Thai Joss Powder Industrial Co.,Ltd. has set up Sataporn Tanapat (STP) in 27 March 1990 for inland transportation business. To manage deliveries quickly, safely and effectively. In addition, the company has invested in several warehouses. It is a collection center, storage and distribution center.

After the biomass fuel supply and distribution business has grown steadily, demand for renewable energy has increased. The company focuses on the sourcing business and distribution biomass fuel. Therefore, company discontinued production of joss powder and mosquito repellent raw materials. We changed the company name to Asia Biomass Company Limited on 20 October 2009 for related to the main business. In addition, the Company has set up a subsidiary named "Paprapat" ("PPP") on 1 October 2009 to support the expansion of the biomass fuel distribution business. It will supply and distribute exempted VAT.

1.2 History, Changed and Major Development

Kuansatporn Family has experienced in Biomass fuel business more than 60 year. First business was producing joss powder, mosquito repellent raw materials and sells biomass fuel from rice husk, wood chip and fire wood. Thai Joss Powder Industrial Co., Ltd was established in 20 August 1984 with Registered capital 1 million Baht . For expansion the business Thai Joss Powder Industrial Co.,Ltd. has set up Sataporn

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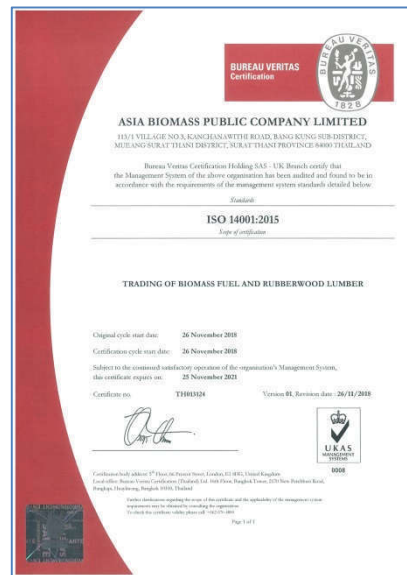
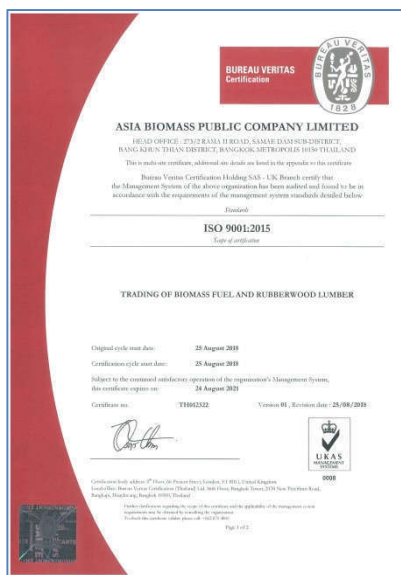
After the biomass fuel supply and distribution business has grown steadily, demand for renewable energy has increased. The company focuses on the sourcing business and distribution biomass fuel. Therefore, company discontinued production of joss powder and mosquito repellent raw materials. We changed the company name to Asia Biomass Company Limited on 20 October 2009 for related to the main business. In addition, the Company has set up a subsidiary named "Paprapat" ("PPP") on 1 October 2009 to support the expansion of the biomass fuel distribution business. It will supply and distribute exempted VAT.

The Company and its subsidiaries have been engaged in the long-term business of supplying and distributing biomass fuels. The company is widely accepted by distributors and buyers from various industries, including distributors and overseas customers. The Company has set up 3 overseas subsidiaries as PT. Asia Biomass Indonesia ("ABI") Asia Biomass Energy SDN. BHD. ("ABE") and Asia Biomass Resources SDN. BHD. ("ABR") for supply biomass fuels in Indonesia and Malaysia. 3 Overseas subsidiaries sold cargo to ABM for distribution by directly delivery biomass fuels from these 3 subsidiaries to ABM overseas customers and delivered to ABM's warehouse in Thailand.

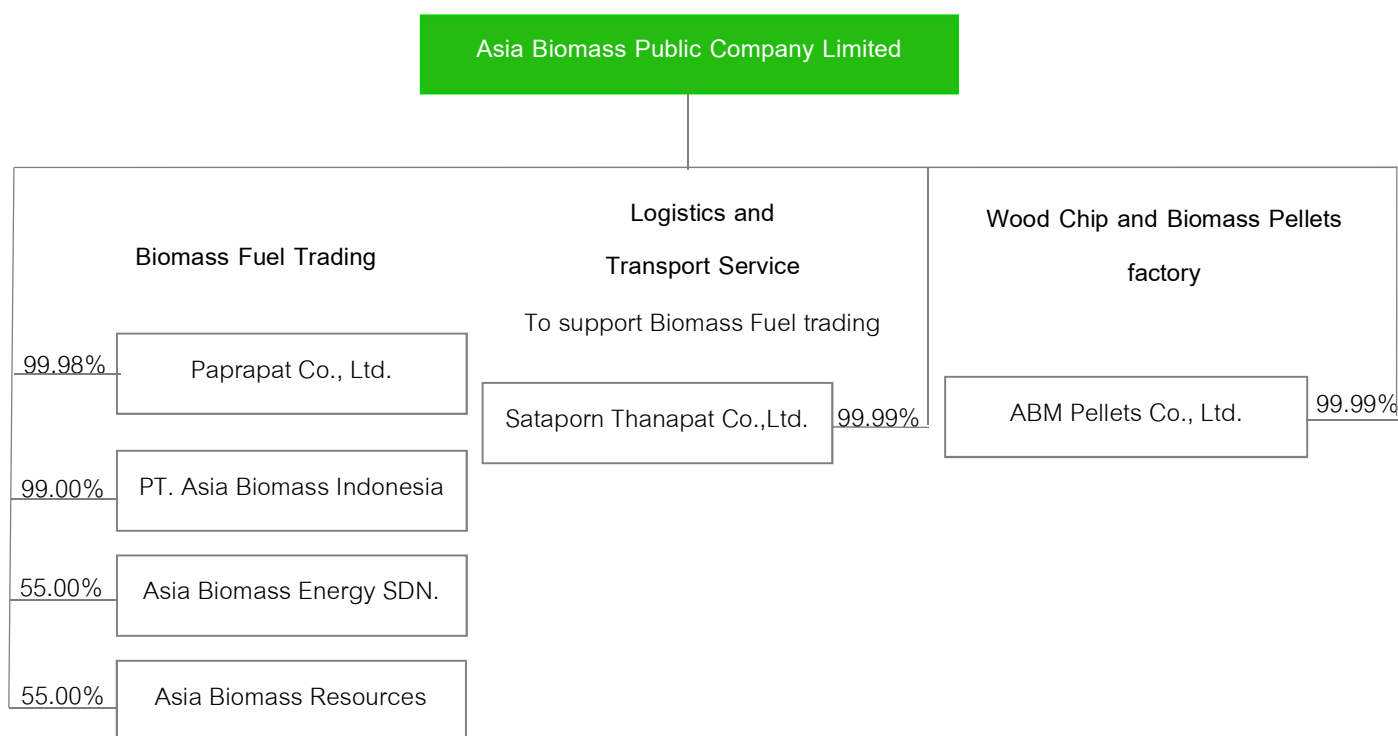
Change and important developments during the year 2018

| | |
|-----------|--|
| Year 2018 | - The Company had the initial public offering (IPO) on 27 February 2018, share 150 million in the Stock Exchange of Thailand. |
| | - The company was certificate Zero Accident Campaign beginning Year one On 28 June 2018 |
| | - Asia Biomass Public Company Limited have successfully achieved ISO 9001:2015 certificated on 25 August 2018. |
| | - Asia Biomass Public Company Limited was sign Contract ceremony of Acacia Species with Forest Industry Organization at Forest Industry Organization Office. |
| | - Asia Biomass Public Company Limited have successfully achieved ISO 14001:2015 certificated on 26 November 2018. |
| | - ABM Pellets Company Limited established on 9 November 2018 , registered capital from 1.0 Million bath and Ordinary share 100,000 share. the par value of its shares from 10 Baht per share to 10 Baht per share. Asia Biomass Public Company 99,997 shares or 99.99% of capital. |

Certificates and certifications of the year 2018



The Structure of Shareholding



| Name of subsidiaries | Shareholding by ABM (%) | Type of Business |
|----------------------------------|---------------------------------|--|
| ABM Pellets Co., Ltd. | 99.99 | Wood Chip and biomass Pellets factory |
| Paprapat Co.,Ltd | 99.98 | Biomass fuel trading (Exempt from VAT) |
| PT. Asia Biomass Indonesia | 99.00 | Biomass fuel sourcing from Indonesia and supplying only to ABM |
| Asia Biomass Energy SDN. BHD. | 55.00 | Biomass fuel sourcing from Malaysia (only in the Bintula district) and supplying only to ABM ^{1/} |

| Name of subsidiaries | Shareholding by ABM (%) | Type of Business |
|-------------------------------------|---------------------------------|--|
| Asia Biomass Resources SDN. BHD. | 55.00 | Biomass fuel sourcing from Malaysia (except in Bintula district) and supplying only to ABM ^{1/} |
| Sataporn Thanapat Co., Ltd. | 99.99 | Truck service mainly to ABM and PPP. In case of surplus service, it can also provide service to other relevant companies |

Remarks: 1/ The company established 2 companies in Malaysia because the two different companies are specialized in sourcing biomass fuel in different parts of Malaysia.

Relationship with business groups of the main shareholders

- None -

| |
|---|
| Business Review and Income Structure Categorized by Types of Business |
|---|

Business Review and Income Structure Categorized by Types of Business

The company and its subsidiaries mainly operate biomass fuel. Both procurement and trading are done through the company and its subsidiaries such as PPP, ABI, ABE and ABR based in both domestic and overseas countries. STP is to support biomass fuel transportation. Income structure is categorized by types of business which is as follows:

| Income Structure categorized by Types of Business | Operated by | 2016 | | 2017 | | 2018 | |
|---|----------------------|--------------|--------|--------------|--------|--------------|--------|
| | | Million Baht | % | Million Baht | % | Million Baht | % |
| Income from product sale | | 1,276.11 | 98.55 | 1,239.55 | 99.48 | 1,285.32 | 99.01 |
| - Domestic | ABM and PPP | 1,140.46 | 88.08 | 1,130.39 | 90.72 | 936.14 | 72.11 |
| - Overseas | ABM | 135.65 | 10.48 | 107.93 | 8.66 | 349.18 | 26.90 |
| - Overseas – Subsidiaries in overseas Countries | ABE | - | - | 1.23 | 0.10 | - | - |
| Income from transportation service | STP | 2.17 | 0.17 | 1.35 | 0.11 | 3.51 | 0.27 |
| Other Incomes | ABM and subsidiaries | 16.55 | 1.28 | 5.16 | 0.41 | 9.38 | 0.72 |
| Total | | 1,294.83 | 100.00 | 1,246.06 | 100.00 | 1,298.21 | 100.00 |

Remarks :

1/ The company received purchase order from Malaysian customers. The price was satisfactory. The requested quantity did not affect the company's export plan. Therefore; the company assigned ABE to directly sell to customers in particular cases.

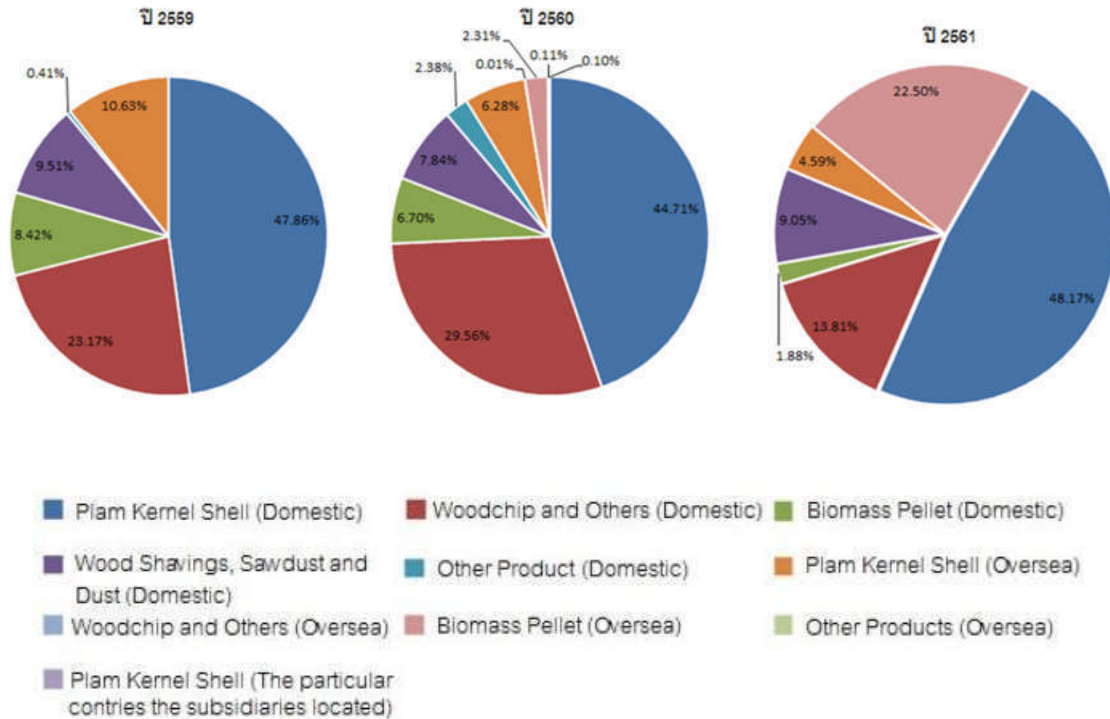
2/ The income from transportation service as shown above is only the income that STP gave services to the outsiders. Normally, STP will mainly give services only to the company and PPP.

3/ Other incomes consist of (1) Income from asset sales (2) Profit from foreign exchange rate (3) Income from properties' insurance claim (4) Other incomes.

The products that the company and its subsidiaries source and trade can be categorized into 5 groups. The sales incomes categorized by types of products during 2016-2018 are as follows :

| Income categorized by Types of Product | 2016 | | 2017 | | 2018 | |
|--|-----------------|---------------|-----------------|---------------|-----------------|--------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Domestic Sales | 1,140.46 | 89.37 | 1,130.39 | 91.19 | 936.14 | 72.83 |
| - Palm Kernel Shell | 610.81 | 47.86 | 554.19 | 44.71 | 619.33 | 48.18 |
| - Woodchip or other parts of wood | 295.73 | 23.17 | 366.38 | 29.56 | 177.33 | 13.80 |
| - Biomass Pellets | 107.43 | 8.42 | 83.06 | 6.70 | 24.22 | 1.88 |
| - Wood Shavings, Sawdust and Wood dust | 121.32 | 9.51 | 97.17 | 7.84 | 115.26 | 8.97 |
| - Other products | 5.17 | 0.41 | 29.59 | 2.38 | - | - |
| Overseas Sales | 135.65 | 10.63 | 109.16 | 8.81 | 349.18 | 27.17 |
| - Palm Kernel Shell | 135.65 | 10.63 | 77.83 | 6.28 | 59.91 | 4.66 |
| - Woodchip or other parts of wood | - | - | 0.09 | 0.01 | - | - |
| - Biomass Pellets | - | - | 28.63 | 2.31 | 289.27 | 22.51 |
| - Other products | - | - | 1.38 | 0.11 | - | - |
| - Palm Kernel Shell (Subsidiaries in overseas countries) | - | - | 1.23 | 0.10 | - | - |
| Total | 1,276.11 | 100.00 | 1,239.55 | 100.00 | 1,285.32 | 100 |

Sales Income Ratio divided into types of product from 2015 to 2018



Nature of Products

The company and its subsidiaries' main business is biomass fuel trading to be used as fuel in production for industrial sectors, power plants and for some industries to be used as other uses like biomass processing plants, wood-product manufacturers and biomass fuel resellers, etc. The company and its subsidiaries procure biomass fuel from the producing sources and also from trustworthy suppliers. The domestic procurement is operated through ABM and PPP, overseas procurement through ABI, ABE and ABR. To sell to customers is operated only through ABM and PPP.

Biomass Fuel is the fuel that comes from living organisms or bio materials that can be altered to energy. There are, for example, the by-product that comes from agricultural product processing and the crops after harvest and also forests, etc. The biomass fuel sourced by the company and its subsidiaries are all agricultural products which can be divided into 3 types as follow:

1. The biomass fuel such as palm kernel shell, plam fiber, plam bunch from crude plam oil extraction, wood shavings from furniture factories, sawdust and wood dust and other part of wood from sawmills, husk from rice mills and bagasse from sugar plants etc.
2. Biomass fuel from agriculture such as rice straw, wood tip, wood root, treestump from rubber plantation, sugar cane leaves and shoots of sugar cane, cassava tuber from cassava plantation, corncob from corn platation, etc.

3. Biomass fuel from the particular plantation meant for source of energy. Most of them are fast-growing trees such as giant acacia, eucalyptus, napier grass, etc.

All biomass fuel that are sourced by the company and its subsidiaries are from agricultural processing.

The users who use biomass fuel from the company and its subsidiaries will use it by direct combustion to get heat for their production process. They will burn it in the oven so that it generates heat in the boiler till it vaporizes. The vapour that they get will have pressure, temperature and flow rate as set by the users. This vapour will be used in production process like to turn steam turbine, to generate electricity, to blow the air to dry cloth fiber in weaving factories, to pasteurize in industry, etc. Vapour can be used in different ways. Biomass fuel users need to choose suitable biomass fuel to be right for their different types of usage by the technology of the incinerators and the boilers that they have. Each incinerator can be applied to different particular types of biomass fuel.

5 Main products of the company's trading

Group No.1 - Palm Kernel Shell

Palm kernel shell is by-product of palm oil extraction process. This process separates oil from palm and palm seeds. Palm kernel shell is obtained from crude palm oil industry and it is through the process of palm oil extraction from its palm bunch. This can constitute 4% palm kernel shell from the weight of a fresh palm bunch. Palm kernel shell is a part of palm fruit. It is a part that covers the kernel of a palm fruit. Mostly, it is dark brown and hard. It has high heat generation qualifications. The heat level also depends on the moisture and size of palm fruits.



Group No.2 - Woodchip and Others

Woodchip products and others that the company and its subsidiaries trade are for example woodchip, wood slab, fuel wood, other parts of wood that come from cutting and sawing process like sawmill, chop wood plants, processed wood plants, furniture plants, etc. The products are in different sizes as per customers' needs and requests. The products are from rubber trees and another 13 types that are permitted from the Ministry of Forestry.



Woodchip



Wood Slab



Fuel Wood

Group No.3 - Wood Shavings, Sawdust, Wood Dust

Wood shavings, sawdust and wood dust are by-products of wood processing. Wood shaving is thin particle from shaving. Sawdust and wood dust is like powder and light. It is obtained from wood processing like sawmills, furniture plants, etc.



Wood Shaving



Sawdust



Wood Dust

Group No.4 - Biomass Pellet

Biomass Pellet is produced from agricultural wastes such as bark and other parts of wood, wood shaving, sawdust and rice husk, which are passed through the crushing and drying processes before pressing into small cylindrical pellets. Biomass pellet is high in density and has low moisture. Produced through the pressing and heating process, biomass pellet generates higher heat value than the pre-pelletized biomass fuel. Biomass pellet sold by the company and its subsidiaries are mainly made from wood shavings and sawdust, or known as wood pellet. They also sell other kinds of biomass pellet, including rice husk pellet, husk-mixed sawdust pellet, etc.



Biomass Pellet

Group No.5 – Other Products

The company and its subsidiaries also offer other alternative biomass fuel, comprising rice husk, palm fiber, fruit bunch, corncob and cassava root, to respond to customers' needs. In addition to biomass fuel, the company in December 2016 began to procure processed wood products from its biomass fuel suppliers such as sawmills and wood processing plants for sales to wood furniture manufacturers, which are its suppliers, and also to overseas customers.

The price of biomass fuel varies by heat value. Heat value is variable by moisture. Purchasers and sellers agree on the price according to the moisture in each biomass fuel. Each biomass fuel generates different combustion energy. Different biomass has different accumulated moisture which is as follows:

| Types of Biomass Fuel ^{1/} | Moisture Value (%) | Heat Value (Kilocalorie per Kiogram) |
|---|---|---|
| Group 1 Palm Kernel Shell | 12 | 4,039 |
| Group 2 Woodchips and others | 55 | 1,570 |
| Group 3 Wood Shaving, Sawdust, Wood Dust | | |
| Sawdust from rubber tree | 55 | 1,570 |
| Group 4 Biomass Pellet ^{2/} | Depending on the pellet size and type of biomass, for example, wood pellet less than 10% heat value is equivalent to approx. 3,900 – 4,300 Kilocalorie per Kilogram | |
| Group 5 Other biomass fuels | | |
| Husk | 12 | 3,231 |
| Palm fiber | 39 | 2,725 |
| Palm Bunch | 59 | 1,730 |
| Corncob | 40 | 2,299 |
| Cassava Tuber | 40 | 1,312 |

Source: From Department of Alternative Energy Development

Remarks: 1/ Fuel information from from Department of Alternative Energy Development

2/ Approximate estimation from the company

Marketing and Competition

3.1 Product Marketing Policy

The company and its subsidiaries hereinafter referred to as “the company” have marketing policy which is as follow ;

1. Product

The company has commitment to provide quality biomass fuel to customers. The company considers it important starting from procuring suppliers, transportation and the company's product storage, product quality control is very important for value of moisture, colour, size and impurity level. Physical testing is done in the laboratory so that customers are confident in the product quality. The company also has other alternative biomass fuel for customers' needs. Customer can shift to other fuel to replace the pricy one they have been using, not like other big companies which have no other alternatives for customers. In addition, the company has served cutomers' demands by sourcing the biomass that has attained the standerd of The Forest Stewardship Council (FSC). FSC guarantees quality products from worldwide accepted sources. The company's products have more advantages than other companies because it meets supplier's requirements and limitation for overseas countries.

2. Service

Before and after sales service are very important. The company has specialists for advising proper biomass fuel for particular incinerators and boilers. The company has consultants to advise on possibility of using different biomass fuel for adjustment of combustion in a new boiler. These specialists take good care of customers to ensure efficiency of customers' production. For transportation, the company hired STP and also some other transportation companies to ensure customers' satisfaction. These transportation companies have regularly been evaluated for the company's standard for on-time delivery. This can reduce product loss during transportation. STP has received ISO9001:2015 which affirms customers' confidence.

3. Cost Management

The company emphasizes on efficient cost management which creates the products competitiveness. The company's marketing team has followed the situations of demand and supply to source competitive supplies. The company owns 4 warehouses in domestic and overseas countries. This is efficient for purchase plan, sales plan and shipment plan. Moreover, the company also offers “Direct Shipment” from suppliers directly to customer by not passing the company's warehouses for the sake of cost reduction.

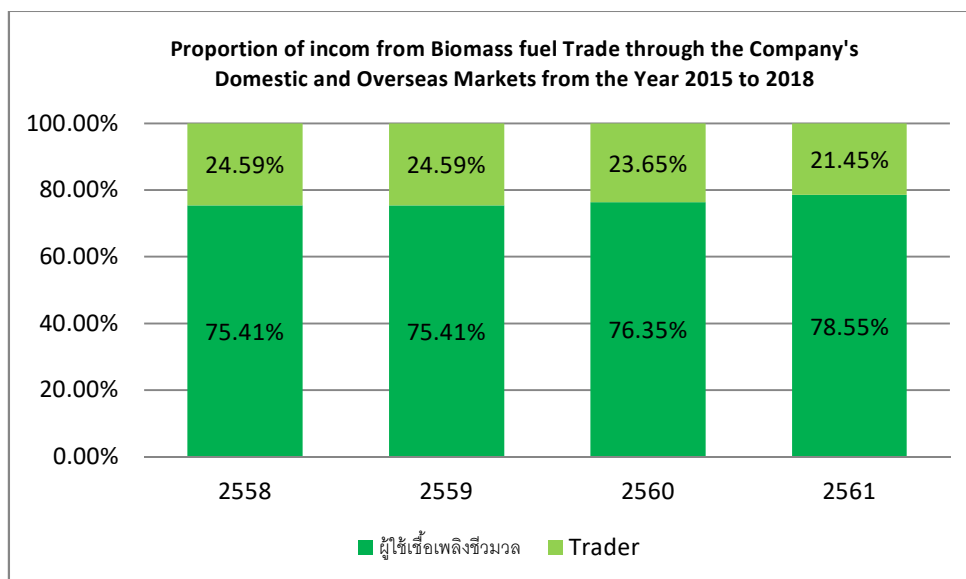
4. Distribution Channels

The company has 2 distribution channels for its biomass fuel, as follows :

(1) Direct sales to end-users which are industrial plants, power plants, biomass processors and users of biomass in other industries.

(2) Sales through traders for re-distribution to end-users

Biomass fuel income proportion in different sales channels for domestic and overseas market for the year 2015 to 2018 is described as follows:



Remark : The proportion of income above does not include processed wood products.

Domestic Trade

The company's domestic trade for biomass fuel is 82-89%. The rest 11-18% is to sell the traders. To new customers, the company can reach them through surveying information of boiler users, information of electricity plants, information from websites. In some cases, customers contact the company by themselves. The company has public relation through online commercials, company's website, exhibition, words of mouth, etc. The company's representatives will meet customer to see the types of boilers that they use in order to present the right products to them. For existing customers, every month the company's sales representatives will visit customers to update customer's demand for biomass fuel use. The company's domestic market for biomass fuel is done through PPP. PPP is the company's trader for biomass fuel that is exempt from VAT.

Overseas Trade

82%-100% of the overseas market, the company's biomass fuel trade is operated through traders. End users prefer buying from major traders in their particular countries. However, the company keeps trying to have direct contact with new customers. There are channels to contact customers like through exhibition, through suppliers' introduction, through information in websites of local industries, for example lists of

electricity plants, etc. to reach new customers. For existing customers, traders can evaluate market demand. Each customer is the customer of traders. Traders report marketing information to the Foreign Affairs Department of the company. The company may have some chance to directly meet with traders' customers (end-users) to collect market information for yearly marketing plan. Moreover, the company also has other channels such as social media, websites, exhibition, from customers' introduction, etc. The company's biomass fuel overseas trade is done only through ABM. The products will directly be sent from the subsidiaries in that country to the customer in that country. The counterparties in overseas trading agreement are between the customer and ABM.

5. Price Determination

Pricing for domestic and overseas markets is to mark up the price from actual cost such as product cost, transportation cost and cost-plus pricing. The company has set minimum profit rate in order to offer competitive price to the customers. During the time of high competition, the company may adjust the price to be lower than minimum profit rate. The sales and marketing department should inform the Board of Directors to consider.

6. Criteria for Granting Credit

In order to prevent non-performing loan (NPL) or bad debt, the company takes measures to check customers' profile and status. The company has screened before granting credit to new customers. The sales and marketing team visit customers' places, check their information such as a company's name, location, their demands, volume of their orders, etc. Such required documents for opening an account for new customers are as a copy of company's registration, VAT document and their latest financial statement. The company's accountants and financial officers will analyze customers' financial status. After opening an account for customers, the company considers credit limit and credit term for the customers. When the sales amount exceeds their credit limit, the system will automatically lock. If the sales and marketing team wish to go beyond their credit limit, there are procedures to grant more credit to the customers. Every year the customers' credit review is done in order to check their status. The outstanding account receivable shall be closely followed up by the company's measures.

2.3.1 Business Strategy

For the company's vision to be a leading biomass trader in Asia, the company has strategies to respond to customers' satisfaction in terms of quality, quantity, service, storage and delivery. The company's main strategies are as follows:

1. The company emphasizes on the importance of delivery to ensure that customers receive quality products. The company has continuously developed the quality of biomass fuel beginning from the process of supplier procurement, product's development before delivering to customers, and best biomass sourcing including transportation. The company has a future plan for quality assurance which is as follows:

- 1.1 In the year 2017, the company applied for ISO 9001:2015 for its products and service and ISO 14001:2015 for its environmental management to ensure international standard.

- 1.2 In the year 2017, the company has enlarged the scope of standard certification that is the Wood Movement Control System (FSC-CoC/CW) for biomass fuel products, for example wood slab and wood briquette. Processed wood products are wood products such as plywood, thin wood and sheet materials like processed rubberwood, particle board and medium density fiber board (MDF) to be choice for customers.

- 1.3 In the year 2018, the company will apply for the Wood Movement Control System (Chain of Custody ; CoC) or any other certificates for world's standard.

- 1.4 In the year 2019, the company will apply for the certificate of Sustainable Forest Management to certify that the company obtains wood from standard forests, the good forestry management in terms of economy, society and environment, for example, Forest Stewardship Council Forest Management (FSC-FM) or Economic Forest Plantation Management Standard (Thai Industrial Standards Institute-14061), etc.

2. The company emphasizes on offering a variety of biomass fuels for customers' choice for their proper selection. The company has offered different agricultural products. The company has always searched for the products which can generate higher value and bring potential for an increase in the company's profit. The torrefaction process is the process which increases heat value in biomass. It is not an extreme heating process to alter biomass to become coal then mashed and chopped to reduce moisture in biomass and to increase heat value and density. In addition, the company has also been able to source other products from its suppliers. In December 2016, the company started sourcing processed wood from sawmills. Furniture manufacturers are also the company's suppliers. With good relationship with the sawmills, the company can obtain processed wood on a large scale. The company supplies this processed wood to both domestic and overseas markets especially China. China has high demand of processed wood. If this product sells well in the market, the company will plan to set up subsidiaries to source more processed wood to expand its business.

3. The company's warehouses are located in proper areas. The company has both its own subsidiaries for transportation service and also hires others. The company has plans to expand more areas to collect palm kernel shell, two more places in Malaysia and one more place in Indonesia. This plan is

expected to be accomplished within 3 years to be able to supply enough plam kernel shell for domestic and overseas markets. The increase in a biomass power plants in Japan in Asia region is also very important.

4. The company has been developing its ability in biomass procurement for both domestic and overseas sources in order to respond to customers' needs at competitive price. The company understands the importance of upstream in the wood processing in order to get more biomass sources. In addition, the company also expands the business network called "Contract Farming" for wood to process including all fast-growing trees, investment in woodchip plants and wood pellets.

4.1 In the year 2018, the company has a plan to invest in woodchip plants and biomass pellets in Bang Kung subdistrict, Surat Thani province where the company's major warehouse was established in 2015. The production capacity of woodchip and biomass pellet is 120,000 tons per years and 24,000 tons per year respectively. This place shall be a showroom for domestic and international customers to demonstrate the company's potential and capacity. 40 Million Baht is expected for investment with 50% bank loan.

4.2 The company always has plans to look for new channels like contacting rubber tree farmers for the Contract Farming System together to attain the Economic Management Standard for the products to be worldwide accepted. The company will purchase from the farmers at a competitive price. In the long run, the company has plans to cooperate with the government sectors such as the Forestry Industry Organization (FIO), the Rubber Authority of Thailand, etc. to have sources for raw materials that come from international forestry management to create jobs for locals and increase sustainable business value.

5. The company considers the importance of quality development in the sales and after-sales service. Customer' feedbacks are always welcome to increase its efficiency. Kaizen management has been applied to respond to customers' needs.

3.2 Customers and Targets

The company and its subsidiaries' biomass fuel trade for domestic and overseas markets has sales proportion which is as follows:

| Customer Type | 2016 | | 2017 | | 2018 | |
|---------------|--------------|-------|--------------|-------|--------------|-------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Domestic | 1,137.16 | 89.34 | 1,101.65 | 91.14 | 937.08 | 72.91 |
| Overseas | 135.65 | 10.66 | 107.03 | 8.86 | 348.24 | 27.09 |

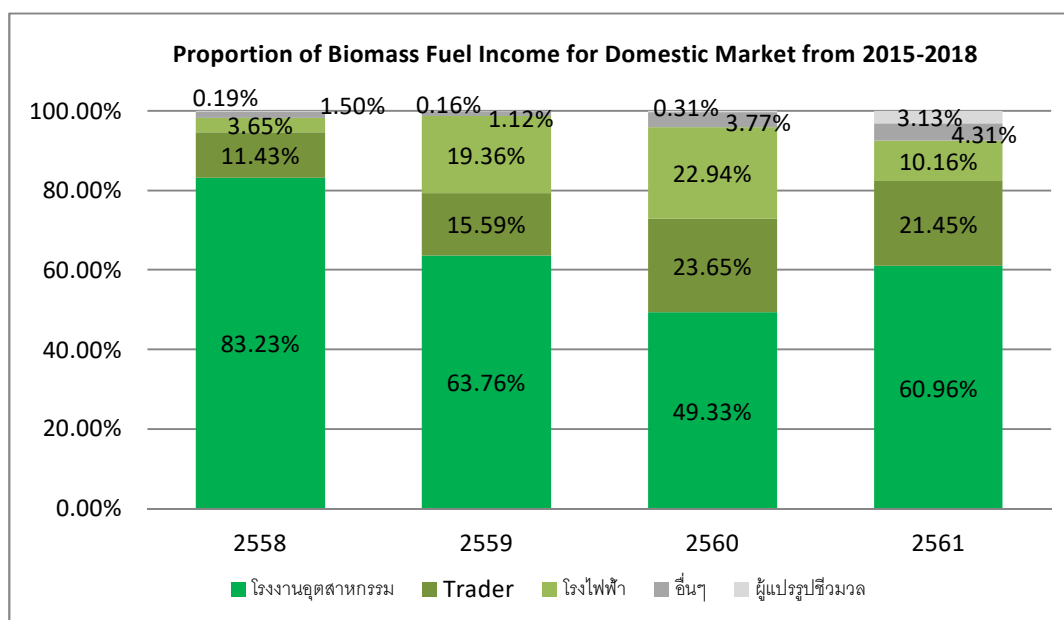
Remarks: The above biomass sales proportion does not include the company's processed wood products.

Domestic Target Groups

Domestic target group is divided into 5 groups :

1. Industrial sectors : To use biomass to generate heat by using boilers in their production process for example weaving industries, food and drink industries, like CPF (Thailand) Co., Ltd. , T.C. Pharmaceutical Industries Co.,Ltd. , Indorama Polyester Industries (Rayong) PCL. , Double A (1991) PCL. and Uniliver Co.,Ltd. etc.
2. Power Plant Sector : To use biomass fuel to generate electricity like Khon Kaen Sugar Industries PCL.
3. Biomass Fuel Trader Sector : To resell to users like Iwatani Corporation (Thailand) Co.,Ltd.
4. Biomass Fuel Users in other countries : Not using it as fuel such as Medium Density Fiber Board (MDF) and Particle board etc.
5. Biomass Processor Sector : To produce biomass fuel to sell to users, for example biomass pellet producers and woodchip producers etc.

The main domestic customers of the company and its subsidiaries are customers that use biomass fuel in their production process for example (1) industrial groups (2) power plants. The sales amount of these 2 groups is 79-87% of the total domestic income. The rest 13-21% is distributed to (3) traders (4) biomass users in other industries (5) biomass processors. It is explained in the following table.



Remarks: The above biomass sales proportion does not include the company's processed wood products

Industrial sector is the highest proportion of the purchasers because biomass fuel is continuously used in their production process (1) the customers who have factories which are located in the polluted-control zone or the places that are near villager community such as Map Ta Phut Industrial Estate in Rayong,

Amata City Industrial Estate in Chonburi, etc. (2) the customers that resell to the low-carbondioxide emission products (3) environmental-oriented.

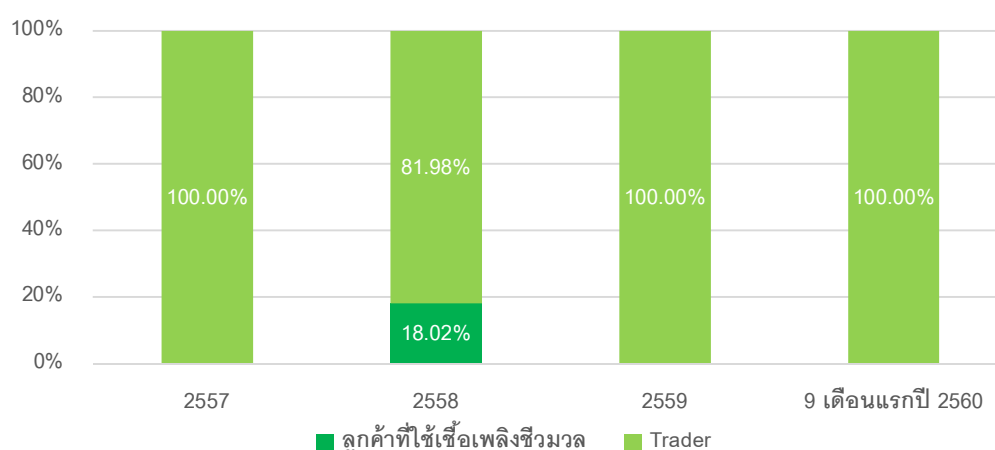
In addition to industrial customers, Customers in the power plant group are considered customers who have a consistent amount of biomass fuel in the production process.

Overseas Target

Overseas markets are as follows:

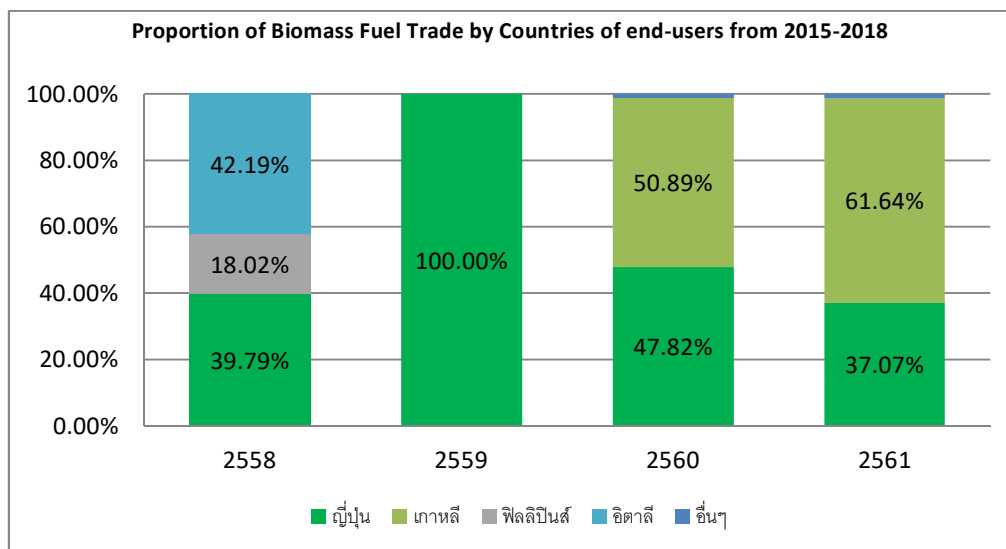
1. Traders
2. End-Users such as power plants and factories

Proportion of Biomass Fuel Income for Overseas Market from 2015-2017



Remarks: The above biomass sales proportion does not include the company's processed wood products.

Traders are the main group of overseas market. Traders sell biomass fuel to power plants especially power plants in Japan and South Korea. Their sales proportion is approximately 82-100% Most of the foreign customers have the policy to buy through traders that they are familiar with to reduce their risk. To source biomass fuel by themselves can be risky because they might not get quality products. They cannot contact many suppliers to gather a huge amount of biomass fuel. They cannot get products in time for their use. The company and its subsidiaries ensure customers that they always have enough products to supply as they have good warehouses to store products. Customers can even come to inspect the goods before shipment. The company's main markets are Japan, South Korea and European countries, etc. In the future, overseas market will expand because of the government's support and campaign to use renewable energy. The company can have more subsidiaries in other countries. Nevertheless, the company always tries to develop relationship with end-users in order to increase its market share.



Remarks: 1/ The above biomass fuel sales proportion does not include the company's processed wood products

2/ "Others" is the proportion that ABI sells to traders in Indonesia and the countries of end-users that cannot be specified.

2.3.2 Market Review and Competition

a) Industry Status

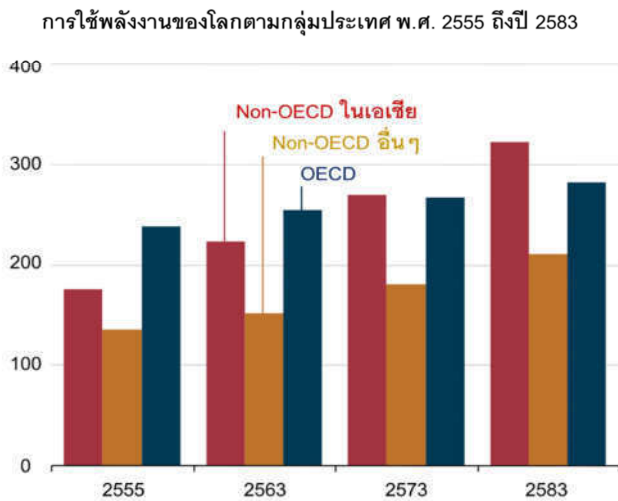
Energy Demand

U.S. Energy Information Administration ("EIA") has evaluated the global demand of energy that has been continuously increasing as recorded in the Industrial Energy Outlook 2016 which shows the evaluation of the number of citizen increased, economic growth and the technology that has currently been used (reference case). The report shows that demand of energy use will enormously increase in the 3 decades, from 549 quadrillion British Thermal units ("Btu") in the year 2012 to be 815 quadrillion Btu in the year 2040. The increase is 48.45% The use of energy especially in the countries that are not members of the Organization for Economic Co-operation and Development (OECD) will increase up to 71%. In the year 2040, the use of energy in Non-OECD countries will increase up to 2/3 of the global energy demand. China and India, which are Asian Non-OECD, will use energy up to 2/3 of the global use. This is 40 quadrillion Btu higher than the energy use of OECD countries.

The main factor of the world's energy use is the economic growth. EIA evaluated that the world's GDP will increase by 3.3% per year during 2012 – 2040. The GDP of OECD countries will increase by 2% while that of Non-OECD will increase by 4.2%.

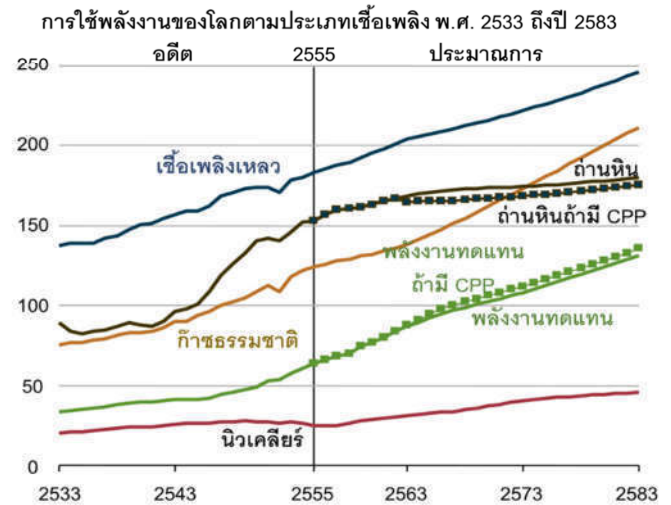
In order to have adequate energy for future demands, fuel sourcing is considered very important. Even though fossil (conventional energy) such as oil, coal and natural gas is still the main energy source, in the future renewable energy will gradually replace the conventional energy. This is because (1) it is renewable (2) it is more environmentally friendly than the fossil because it does not emit CFC gas into the

atmosphere. EIA estimated that renewable energy use will increase by 2.6% per year during 2012-2040 as shown in the following graph.



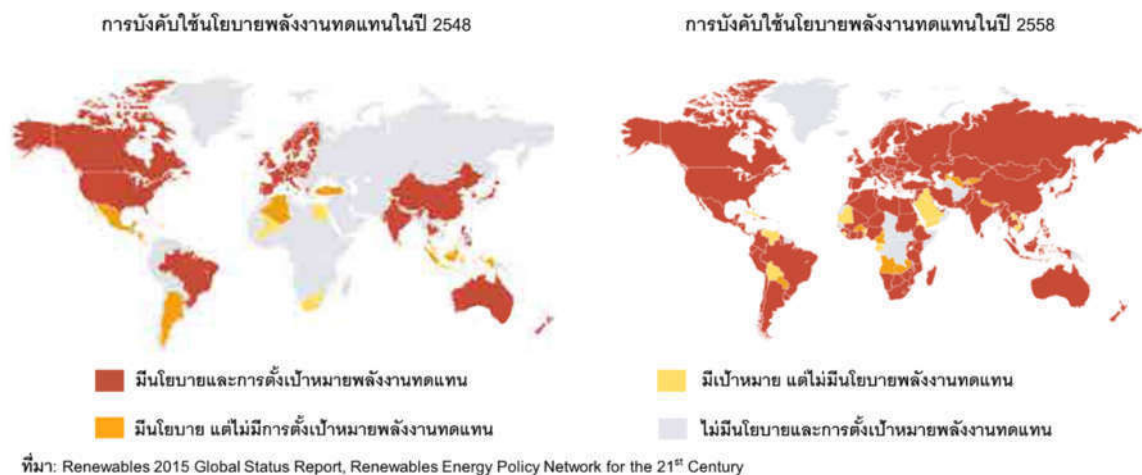
หมายเหตุ: 1/ หน่วย Quadrillion Btu 2/ CPP คือ Clean Power Plan ซึ่งเป็นแผนการลดใช้คาร์บอนในกระบวนการผลิตของประเทศสหรัฐอเมริกา

ที่มา: International Energy Outlook 2016, U.S. Energy Information Administration (EIA)



Policy of the Use of Renewable Energy

In terms of the policy, most of the countries agree to support the renewable energy use. At the beginning of 2015, 145 countries agreed to use the renewable energy as compulsory replacement. This is 9 times higher than the energy consumption in the year 2005. At that time, only 15 countries held the renewable energy policy.



The effort and cooperation to support renewable consumption is not only in the country but also expand worldwide.

At the 70th session of the United Nations General Assembly on the 25th of September 2015 at UN headquarter New York USA, the meeting agreed on the 2030 Agenda for Sustainable Development and set the Sustainable Development Goal: SDGs 17 goals for the 193 member countries to put it into practice and

achieve Sustainable Development in term of economy, society and environment. "Everyone can access to green energy" is the main goal. On 12 December 2015 at the conference of Parties: COP21, 196 countries signed the agreement called Paris Agreement to control CFC use and maintain the world's temperature not to increase higher than by 2% every year and should update the progress every 5 years. This agreement is valid starting from 4 November 2016. This reflects the realization of the global warming and the role to replace conventional energy consumption with renewable energy.

In the year 2009, the Renewable Energy Directive was reinforced to use by The European Commission. 20% consumption of renewable energy in the European Union (EU) must be achieved. Each country in EU must set goal by 10% at least in their countries. In Malta, 49% has been achieved. This is also a requirement to use renewable energy by 10% at least in the transportation sector. Within the year 2030, EU set the consumption of renewable energy goal by 27% at least.

The 22 countries in the Arab League agreed to issue Arab Renewable Energy Strategy 2030. Arab Renewable Energy Framework (AREF) and National Renewable Energy Action Plan (NREAP) have also been applied in each country. It is compulsory to set its own goal for renewable energy use in each country.

The Association of South East Asian Nations (ASEAN) issued ASEAN Plan of Action for Energy Cooperation (APAEC) 2016-2025, Phase I 2016-2020. This plan requires within the year 2025 the increase in renewable energy use by 23% at least for total primary energy supply.

Demand and Supply for Renewable Energy in each country and region

Thailand

Thailand has continuously been using renewable energy. This is from the government support. The renewable energy is the energy such as solar power, wind power hydropower, biomass fuel, biogas, waste energy and biofuel (ethanol, biodiesel). The Department of Alternative Energy Development and Efficiency (DEDE), Ministry of Energy, issued the Alternative Energy Development Plan (AEDP 2015) to set the goal to increase Thailand's consumption of renewable energy by 30% at least in the year 2036, from the year 2015 only by 12.94% The proportion of renewable energy from 2012 to 2015 and the goal for the year 2036 is described as follows :

| Renewable Energy Type | 2012 | 2013 | 2014 | 2015 | 2016 | 2036 Goal |
|--|---------------|---------------|---------------|---------------|---------------|----------------|
| a. Electrical Energy^{1/} (Megawatt) | | | | | | |
| 1. Solar Energy | 377 | 823 | 1,299 | 1,420 | 2,446 | 6,000 |
| 2. Biomass Fuel | 1,960 | 2,321 | 2,452 | 2,727 | 2,815 | 5,570 |
| 3. Hydropower ^{2/} | 102 | 109 | 142 | 3,079 | 3,089 | 3,282 |
| 4. Wind Power | 112 | 223 | 224 | 234 | 507 | 3,002 |
| 5. Biogas ^{3/} | 193 | 265 | 312 | 373 | 435 | 1,280 |
| 6. Waste ^{4/} | 43 | 47 | 66 | 132 | 145 | 550 |
| Total Electrical Energy (Megawatt) | 2,786 | 3,788 | 4,494 | 7,963 | 9,437 | 19,684 |
| Total Electrical Energy (1,000 Toe) | 1,138 | 1,341 | 1,467 | 1,556 | 2,861 | 5,588 |
| b. Heat Energy (1,000 Toe) | | | | | | |
| 1. Biomass Fuel | 4,346 | 4,694 | 5,144 | 5,990 | 6,507 | 22,100 |
| 2. Biogas | 458 | 495 | 528 | 495 | 592 | 1,283 |
| 3. Solar Energy | 4 | 5 | 5 | 6 | 7 | 1,200 |
| 4. Waste Energy | 78 | 85 | 98 | 88 | 75 | 495 |
| 5. Other Alternative Heat Energy ^{5/} | - | - | - | - | - | 10 |
| Total Heat Energy (1,000 Toe) | 4,886 | 5,279 | 5,775 | 6,579 | 7,181 | 25,088 |
| c. Biofuel (1,000 Toe) | 1,270 | 1,612 | 1,783 | 1,942 | 1,747 | 8,712 |
| Renewable Energy Use (a+b+c) (1,000 Toe) | 7,294 | 8,232 | 9,025 | 10,077 | 11,050 | 39,389 |
| Final Energy Use (1,000 Toe) | 73,316 | 75,214 | 75,804 | 77,881 | 79,929 | 131,000 |
| Proportion of Renewable Energy per Final Energy Use (%) | 9.95 | 10.94 | 11.91 | 12.94 | 13.82 | 30.00 |

Source: Department of Alternative Energy Development and Efficiency

Remarks: 1/ Including informal electricity generation.

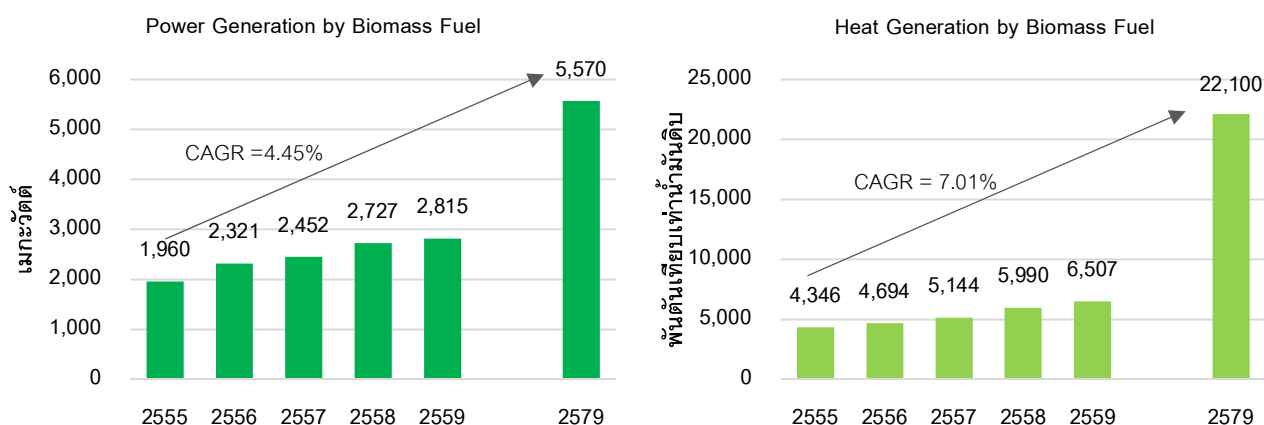
2/ Total capacity ≤ 12MW and hydroelectric power station and current capacity.

3/ Wastewater / waste and energy plant

4/ Community waste and industrial waste

5/ Geothermal and oil from used cars

According to AEDP2015, in the future the proportion of renewable energy consumption will increase. In Thailand biomass fuel will play an important role in electricity and heat generation. The electricity generation by biomass fuel will increase from 2,815 Megawatt in 2016 to 5,570 Megawatt in 2036. It increases by 4.45% per year. Heat generation by biomass fuel will increase from 6,507 Toe in the year 2016 to 22,100 Toe in the year 2036 that means the increase by 7.01% per year. As a result, biomass fuel will be the main renewable fuel in domestic consumption.



1. Biomass Fuel for Electricity Generation

Thailand's demand of electricity consumption has continuously been increasing because of the increasing population and economic growth. The government plans to increase electricity generation capacity to support domestic consumption demand. The Power Development Plan 2015-2036 (PDP2015) estimated that the country's net electricity demand will increase 2.67% per year. In 2036, the prediction of the net electricity demand and the net peak demand will be 326,119 Million units and 49,655 Megawatt respectively. According to the mentioned assumption, at the end of PDP2015 and at the end of the year 2036, in Thailand the net capacity of electricity generation will be 70,335 Megawatt as shown in the following table.

| | |
|--|------------------|
| Electricity generation capacity in December 2014 | 37,612 Megawatt |
| New electricity generation capacity during 2015-2036 | 57,459 Megawatt |
| From renewable energy plants | 21,648 Megawatt |
| The electricity generation capacity not in the system during 2015-2036 | -24,736 Megawatt |
| Total net electricity generation capacity | 70,335 Megawatt |

Source: PDP 2015

The government has a policy to promote electricity generation from renewable energy, which includes biomass fuel, in a bid to ensure the optimum use of local resources and enhance energy security. To such end, the government has encouraged power purchase from small power producers (SPP) and very small power producers (VSPP) which produce electricity from renewable energy by granting pricing incentives through the power purchase regulations. Apparently, the number of SPPs and VSPPs that have commercially distributed electricity to the National Grid grew from 39 projects to 160 projects and the contracted sales rose 254 MW in 2008 to 1,149 MW in 2017, representing an average increase rate of 18.25% per year, as shown in the table below:

| Year | SPP | | VSPP | | Total | |
|------|----------------|-----------------------|----------------|-----------------------|----------------|-----------------------|
| | No.of Projects | Contracted Sales (MW) | No.of Projects | Contracted Sales (MW) | No.of Projects | Contracted Sales (MW) |
| 2008 | 2 | 40 | 37 | 214 | 39 | 254 |
| 2009 | 2 | 40 | 50 | 286 | 52 | 326 |
| 2010 | 3 | 70 | 56 | 326 | 59 | 396 |
| 2011 | 3 | 70 | 63 | 368 | 66 | 438 |
| 2012 | 5 | 111 | 79 | 481 | 84 | 592 |
| 2013 | 7 | 199 | 103 | 641 | 110 | 840 |
| 2014 | 7 | 199 | 121 | 733 | 128 | 932 |
| 2015 | 8 | 217 | 133 | 816 | 141 | 1,033 |
| 2016 | 8 | 217 | 146 | 883 | 154 | 1,100 |
| 2017 | 8 | 279 | 152 | 932 | 160 | 1,149 |

Source: Office of the Energy Regulatory Commission

Remarks: Information from Electricity Generating Authority of Thailand on 11 July 2017, Provincial Electricity Authority on 19 July 2017, Metropolitan Electricity Authority on 18 July 2017

For Biomass power plants, the government takes measures to offer attractive price (Adder) to biomass power plants. The purchasing rate is at 0.30 Baht per unit for the period of 7 years. At present, Feed-in Tariff (FiT) is applied to the biomass power plants. FiT Premium will be added in the electricity purchasing price depending on the requirements of each project and fuel. Biomass power plants have been under the promotion of the Board of Investment of Thailand. The preferences under BOI promotion is 8 years in exempt of corporate income tax. Biomass power plants have continuously been invested. The Energy Regulatory Commission has particular criteria for new investors of biomass power plants.

On 17 February 2017, the National Energy Policy Council agreed to purchase electricity from renewable energy in the way of FiT does. 568 megawatt was considered the target goal for electricity purchase from new biomass power plants. Power plant investors require a fuel sourcing plan together with an additional new fuel development plan, for example, energy plant. The details of electricity purchase are described as follows:

| Power Plant Type | | Target (MW) | Date of Supplier's Declaration of Confirmity(SCOD) | FiT (Baht per Unit) | | FiT Premium |
|------------------|---------------------------|---------------|--|----------------------------------|-------------|---|
| SPP | Hybrid-Firm ^{1/} | 300 | 2020 | All Types of Fuel | 3.66 | - |
| VSPP | Semi-Firm ^{2/} | 268 | 2019 | Biomass Fuel | 4.24 – 4.82 | - 0.30 – 0.50 for the firm's electricity sales, duration not more than 6 months |
| | | | | Biogas from Wastewater and Waste | 3.76 | |
| | | | | Biogas from Energy Plant | 5.34 | |
| | | | | | | - 0.50 for 3 southern border provinces and 4 districts in Songkla |

Office of Energy Policy and Planning, Ministry of Energy

1/SPP Hybrid-Firm- more than 10 but less than 50 megawatt power plants that can use one or more than one type of fuels with ESS, the firm contract with Electricity Generating Authority of Thailand, Fossil fuel prohibited except for engine ignition.

2/ VSPP Semi-Firm-Power plant not more than 10 megawatt, fuels by biomass, biogas (waste water/ waste) and biogas (energy plant) with ESS system, 6 months firm contract. With capacity to support 4 months peak demand (March-June) and the rest 6 months for Non- Firm contract, fossil fuel prohibited except for engine ignition. Energy Policy and Planning Office agreed on the public-private projects in 3 southern provinces. Electricity from biomass power plants (not more than 12 megawatt) is purchased. A biogas power plant (energy plant), not more than 30 megawatt is also another choice for electricity stability in the the south. The current electricity generation capacity is at 3,089 megawatt while the peak demand of the Electricity Generating Authority of Thailand is at 2,713 megawatt. In case of power crisis, the capacity of the southern provinces is not sufficient. From the information of the Office of the Energy Regulatory Commission, Ministry of Energy, 207 biomass power plants (SPP and VSPP) have joined SCOD. Total electricity generation capacity is 2,456 megawatt which is shown below:

| In SCOD system | | Contract signed but not yet SCOD | | Total (1) + (2) | | Target AEDP | The remaining from target AEDP |
|--------------------|---------------------|----------------------------------|---------------------|--------------------|---------------------|---------------------|--------------------------------|
| Number of Projects | Generating Capacity | Number of Projects | Generating Capacity | Number of Projects | Generating Capacity | Generating Capacity | Generating Capacity |
| 160 | 2,113 | 47 | 344 | 207 | 2,457 | 5,570 | 3,113 |

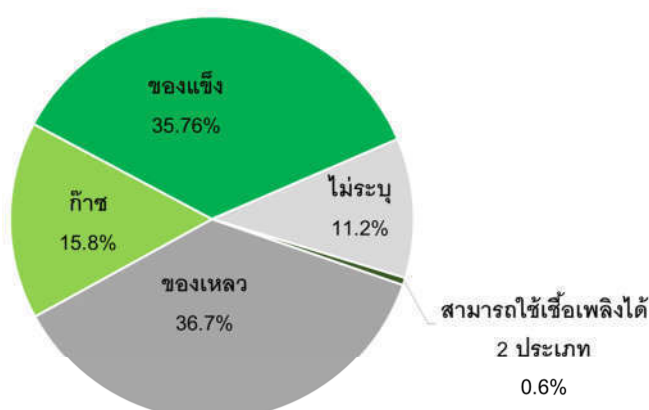
Source: Office of the Energy Regulatory Commission

Remarks: Information from Electricity Generating Authority of Thailand on 11 July 2017, Provincial Electricity Authority on 19 July 2017, Metropolitan Electricity Authority on 18 July 2017

2. Biomass fuel for Heat Generation

Thailand's production industry has the demand for fuel to generate heat energy in production process such as food and drink industry, paper industry, weaving industry, chemical industry, etc. Vapour from boilers generates heat energy. Fuel is used for combustion and heat generation. Fuels are divided into 3 types : (1) solid fuel such as coal, plum kernel shell, husk (2) liquid fuel such as kerosene, fuel oil, diesel and (3) gas fuel such as natural gas, liquefied petroleum gas (LPG), biogas, etc. The types of boiler determine the types of fuel to use. However, the boiler can be adjusted to use with different types of fuel. According to raw data from the Department of Industrial Works, there are 6,665 factories which use boilers. 15,317 boilers with different pressure and horse power are used in the industrial sector. The types of boilers are divided according to the types of fuel they use.

ประเภทของหม้อไอน้ำแบ่งตามประเภทเชื้อเพลิง



ที่มา: ข้อมูลดิบจากกรมโรงงานอุตสาหกรรมและนำมาจัดประเภทโดยไม่รวมข้อมูลของผู้ประกอบการโรงไฟฟ้า (ข้อมูล ณ วันที่ 31 กรกฎาคม 2560)

หมายเหตุ: เป็นตัวเลขประมาณการเนื่องจากข้อมูลที่ตั้งมารวมผู้ประกอบการบางส่วนที่ปิดดำเนินการไปแล้ว

The boiler for solid fuel is applicable to 2 types of fuel, solid and liquid fuel and solid and gas fuel. There are 4,793 boilers for solid fuel or 31.72% out of the total number. From this number, 4,216 boilers are for solid fuel which is the main demand of fuel use be replaced with biomass fuel due to the environmental concern.

To generate heat power, palm kernel shell has played an important role because of its high heat value. Quantity of palm kernel shell depends on oil palm productivity in Thailand. Thailand is the world's third oil palm producer. In the year 2016, the Agricultural Information Center, the office of Agricultural Economics predicted that oil palm productivity may reach to 11.68 Million tons which will generate palm kernel shell productivity approximately 0.47 Million tons (by theoretical prediction). However, the number of palm kernel shell in Thailand is not sufficient. Therefore; it needs to be imported from Indonesia and Malaysia that are the world's No.1 and No.2 oil palm producers. The total amount of palm kernel shell in Indonesia and Malaysia is 7.79 and 4.17 Million tons respectively. The Thai custom does not disclose the total amount of imported palm kernel shell from Indonesia and Malaysia so the quantity of imported palm kernel shell from those countries is not specified. The quantity of palm kernel shell (theoretically calculated) of each country is shown as follows:

Thailand's Palm Kernel Shell Quantity (by theoretical calculation) of the year 2016-2018

| Thailand | 2016 | 2017 | 2018 |
|--|-------|-------|-------|
| Oil Palm Productivity (Million Tons) ^{1/} | 11.42 | 14.10 | 15.39 |
| Palm Kernel Shell Quantity (Theoretical) (Million Tons) ^{2/} | 0.46 | 0.56 | 0.62 |

Source: Agricultural Information Center, Office of Agricultural Economics Energy for Environment Foundation

Remark : 1/ Oil palm productivity in 2016, predicted by Agricultural Information Center , Office of Agricultural Economics

2/ Palm Kernel Shell quantity, theoretically calculated by residue product ratio at 0.04

Indonesia's Palm Kernel Shell Quantity (by theoretical calculation) of the year 2016-2018

| Indonesia | 2016 | 2017 | 2018 |
|---|--------|--------|--------|
| Oil palm cultivated area (Million Hectare) | 11.20 | 14.03 | 14.31 |
| Oil Palm production quantity (Million tons) ^{1/} | 190.74 | 238.93 | 243.70 |
| Palm Kernel Shell quantity (theoretical) (Million tons) ^{2/} | 7.64 | 9.56 | 9.75 |

Source: Badan Pusat Statistik

Remark: 1/ Oil palm productivity since 2009 to 2015 estimated by oil palm productivity ratio in the year 2005 at 17.03 tons per hectare, information collected by PWC

2/ Palm Kernel Shell quantity (theoretical) calculated by residue product ratio at 0.04

Malaysia's Palm Kernel Shell Quantity (by theoretical calculation) in 2016 - 2018

| Malaysia | 2016 | 2017 | 2018 |
|---|-------|--------|--------|
| Oil plam cultivated area (Million Hectare) | 5.74 | 5.81 | 5.84 |
| Oil plam productivity ratio (Ton per hectare) | 15.91 | 17.89 | 17.16 |
| Oil plam productivity (Million Tons) | 91.32 | 103.94 | 100.21 |
| Palm Kernel Shell quantity (theoretical) (Million tons) | 3.65 | 4.16 | 4.01 |

Source: Economic & Industry Development Division, Malaysian Palm Oil Board

Remark: Palm Kernel Shell quantity theoretically calculated by residue product ratio at 0.04

Biomass fuel, the by –product of wood is the most important biomass fuel because its domestic supply is still sufficient. The Energy for Environment Foundation (E for E) theoretically estimated the fuel amount that comes from rubber trees . The ratio of biomass per cultivated area is 3 tons per rai for sawdust, 5 tons per rai for tree root, 12 tons per rai for wood slabs and wood dust. The quantity of rubber tree biomass (by theoretical calculation) in 2014 to 2016 is shown as follow:

Rubber Tree Biomass Quantity (by theoretical calculation) in 2014- 2016

| Thailand | 2014 | 2015 | 2016 |
|---|------------|------------|------------|
| Rubber tapping areas of the whole country (rai) | 18,517,659 | 19,106,742 | 19,973,345 |
| Yielding area | 740,706 | 764,269 | 798,933 |
| Quantity of rubber wood sawdust (by theoretical calculation) (Million tons) | 2.22 | 2.29 | 2.40 |
| Quantity of rubber tree roots (theoretical) (Million tons) | 3.70 | 3.82 | 3.99 |
| Quantity of rubber wood slabs, scraps wood (by theoretical calculation) (Million tons) | 8.89 | 9.17 | 9.59 |

Source: Office of Agricultural Economics

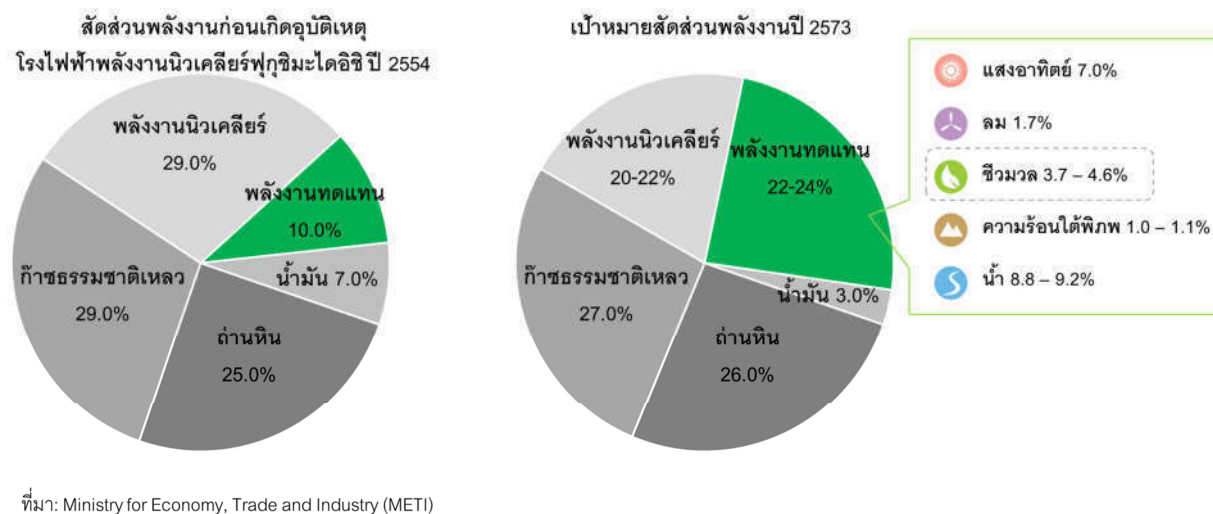
Remark: 1/ Rubber tapping area of the whole country in 2016 predicted by Agricultural Information Center Office of Agricultural Economics

2/ Yielding area calculated by rubber tapping areas from Office of Agricultural Economics Divided by 25

For biomass from other scrap wood in 2013, the Energy for Environment Foundation (EforE) evaluated 13 types of scrap wood that are permitted for sawmills. Those 13 types are Eucalyptus, Acacia, Giant Acacia, Neem trees, She oak, Son Pradi Phat, coconut, tamarind, Marlar plum, Rain tree, sugar plum tree. It is expected to have approximately 18.51 million tons of wood biomass.

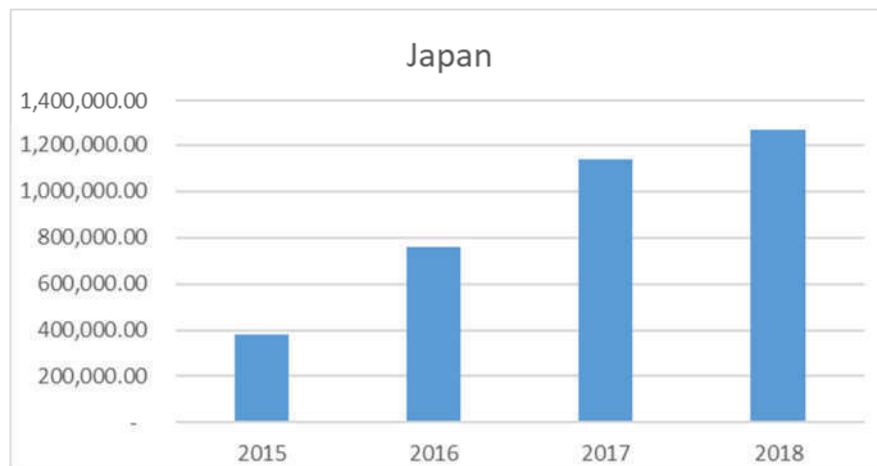
Japan

With economic size the 3rd biggest of the world, Japan is one of the world highest demand countries for power use. Japan is the world's No.2 in electricity demand among OECD group. Before the Fukushima Daiichi Nuclear Power Station's incident, fossil fuel was used by 60% to generate power in Japan and Nuclear power was used by 30%. After that accident, Japan shifted from the use of nuclear power to fossil more in order to reduce the use of nuclear power. There are not many places for fossil source. Japan needs to import huge amount of fossil. This fossil use affects the emission of CFC causing environmental problems. Therefore; on 11 April 2014 the government issued strategies for new energy called "Strategic Energy Plan (April 2014)" in order to keep the energy balance (3E+S): energy security, economic efficiency, environmental conservation and safety. The future goal aims to reduce fossil use in power generation, instead increase the use of renewable energy up to 22-24%



According to the information of Japan's Ministry of Economy, Trade and Industry, Japan is the world's No.5 highest demand of biomass fuel. The government supports a double increase in biomass fuel power generation equivalent to 3.70-4.60% out of the renewable energy generation as the goal of 2030. The government Feed-in Tariff (FIT) has been applied for the government's electricity purchase. The number of renewable power plants and biomass power has increased since 2012.

Because of insufficiency in biomass fuel for Japan's domestic demand, biomass fuel such as plam kernel shell, biomass pellet and woodchip has been imported for power generation. Since 2015, Japan has continuously imported plam kernel shell mainly from Indonesia and Malaysia. The amount of Japan's imported plam kernel shell is described a follows:

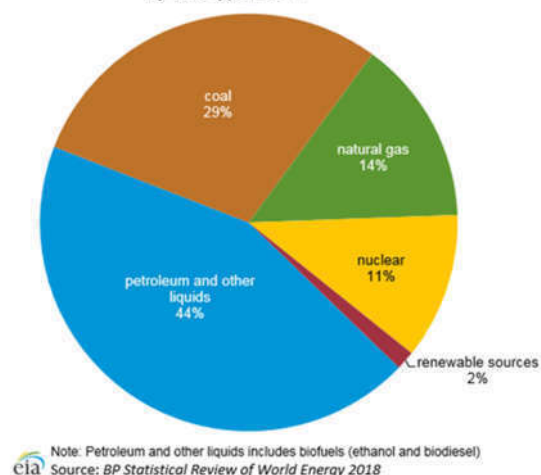


As per the government's campaign for the use of renewable energy, in Japan, biomass power plants have gradually opened and this requires huge amount of demand of biomass fuel to be imported to use in power plants in Japan. According to Argus Biomass Asia 2016 Seminar under the topic "Insight into Japan's Power Policies Driver of Future Biomass Demand" Argus Media estimated that in the year 2030 the demand of Japan's biomass fuel will be approximately 23.6 - 32.3 Million tons per year.

South Korea

South Korea depends on the import of fuel. More than 97% of fuel is imported for their primary consumption. Fuel resource in South Korea is not sufficient. South Korea is the world's No.5 importer of natural gas, coal and crude oil. In 2016, South Korea's amount of primary energy consumption is 286.20 Mtoe . The proportion is shown as follows:

Figure 2. South Korea total primary energy consumption by fuel type, 2017



After the Fukushima Daiichi Nuclear Power Station's accident, it was found in South Korea the use of reactors with fake certificates. In 2012 issued a long-term energy consumption plan. Previous plan in 2008 depend on nuclear power, new plan in 2014, the government keeps balance of energy use proportion by reducing fossil use and increasing renewable use instead. In September 2014, the government announced "The Fourth New & Renewable Energy Development Framework" that determined that the proportion of total primary energy supply must come from renewable energy by 11% at least. In 2015, the proportion of renewable energy consumption is determined as follows:

| Renewable Energy Types | Proportion of Energy Consumption per Primary Energy Sourcing from Renewable Energy (%) |
|------------------------|--|
| Waste Energy | 29.1 |
| Solar Energy | 22.0 |
| Wind Energy | 18.2 |
| Biomass Energy | 18.0 |
| Geothermal | 8.5 |
| Hydropower | 2.9 |
| Sea Wave Energy | 1.3 |

Source: Korea Trade Investment Promotion Agency

In addition, in 2012 the South Korean government issued Renewable Portfolio Standard ("RPS") to campaign for renewable energy use by determining that both government and private power plants (with more than 50 megawatt capacity) must apply the regulations starting from 2% out of the entire power generation in 2012 and increase every year until it reaches 10% in 2024. At the end of 2015, 17 power plants have passed the criteria. In 2018, RPS determined the proportion of renewable energy use that the power plants with at least 500 megawatt capacity must apply at least 5% renewable fuel in their production. In 2017, the proportion of renewable fuel use in those plants was only 4%

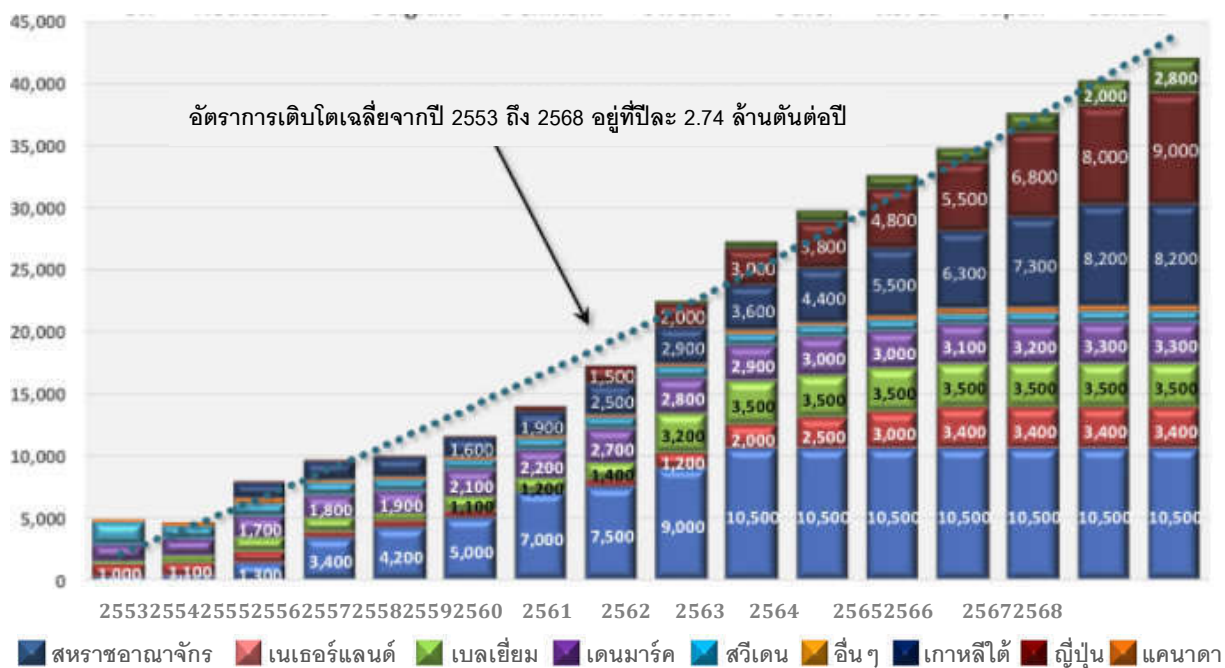
| COUNTRY | Year 2016 | Year 2017 | Year 2018 |
|--------------|---------------------|---------------------|---------------------|
| | QTY(MT) | QTY(MT) | QTY(MT) |
| Vietnam | 1,255,400.71 | 1,041,109.25 | 2,186,512.00 |
| Malaysia | 199,101.50 | 282,326.68 | 585,615.00 |
| Thailand | 20,508.10 | 48,101.50 | 304,618.00 |
| Indonesia | 75,854.32 | 78,433.78 | 221,717.00 |
| Russia | 125,840.79 | 99,556.78 | 70,187.00 |
| Canada | 35,262.72 | 114,928.27 | 40,519.00 |
| Australia | - | - | 11,108.00 |
| USA | 174.72 | 7,930.37 | 12,255.00 |
| New Zealand | 3,578.14 | 3,557.34 | 10,673.00 |
| Other | 920.19 | 1,355.84 | 1,932.08 |
| Total | 1,716,641.18 | 1,677,299.81 | 3,445,136.08 |

In 2016 South Korea's power plants under the government's control offered bidding to purchase 2.9 Million tons of biomass but previously wanted only 0.89 Million tons which means in 2017 the government's demand is 2 Million tons purchase. Korean South-East Power ("Koen"), South Korea's power plants, changed from coal to biomass fuel for Yeongdong Unit1- 125 megawatt capacity. This will increase another 0.55 Million tons wood pellet. South Korea's wood pellet is quality pellets. Vietnam cannot supply such quality one like Thai's. estimated that in 2018 wood pellet demand in South Korea will increase up to 3.4 Million tons per year.

Japan and South Korea – Biomass Pellet Demand

The Demand of biomass pellet in industries has increased worldwide. According to the Future Metrics's report, in 2016 the demand of biomass pellet used in industries is 13.8 Million tons. From the year 2010, 15 years more, until the year 2025, biomass fuel demand should increase approximately 2.74 Million tons per year. Majority of the proportion is from Japan and South Korea to use biomass fuel in generating electricity.

Biomass Pellet Demand in Industries from 2010-2025

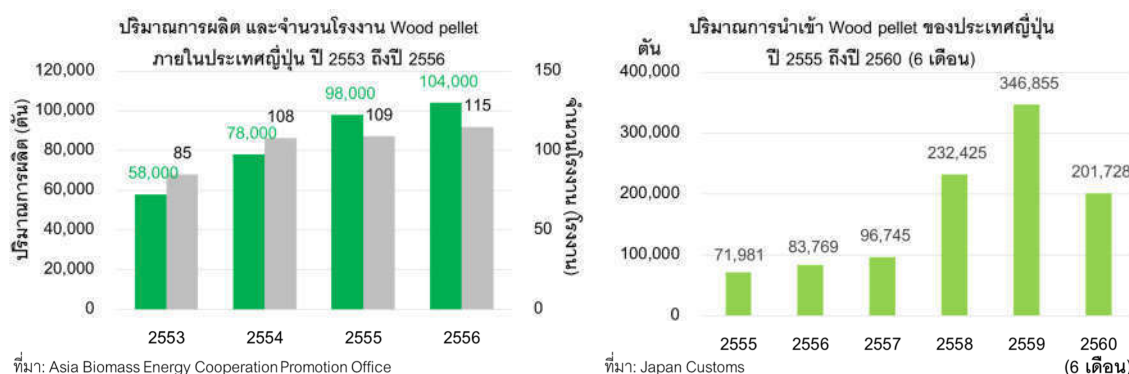


Source: Wood Pellet Association of Canada

Remarks: 1/ FutureMetrics is an advising company specializing in biomass pellet market.

2/ The number of biomass pellet demand in 2010-2016 is the information from Argus Direct. The future approximate number is from FutureMetrics.

Japan has started operating domestic wood pellet production since 2010 and wood pellet import in 2012. Japan's wood pellet production is only a small scale (100-1,000 tons per year). Meanwhile, overseas wood pellet plants can produce up to many 10,000 tons per year. The price of imported wood pellet is more competitive than those produced in Japan. Therefore; Japan continues the import.



In South Korea, it is considered easy to change from coal to wood pellet for the plant's fuel so the import volume keeps increasing. Wood pellet imported to South Korea is categorized by its source in 2014 which is as follows :

| Countries | Import Volume (Ton) |
|-----------------|---------------------|
| Vietnam | 742,794 |
| Canada | 344,261 |
| China | 287,063 |
| Malaysia | 168,336 |
| Thailand | 110,752 |
| Indonesia | 62,729 |
| USA | 61,977 |
| Russia | 34,756 |
| Australia | 26,751 |
| Japan | 4,290 |

Source: 2015 ITA Renewable Fuels Top Markets Report

According to the government's campaign for biomass fuel use, Japan and South Korea tend to import more and more wood pellet for the future.

Association of South East Asian Nations: ASEAN

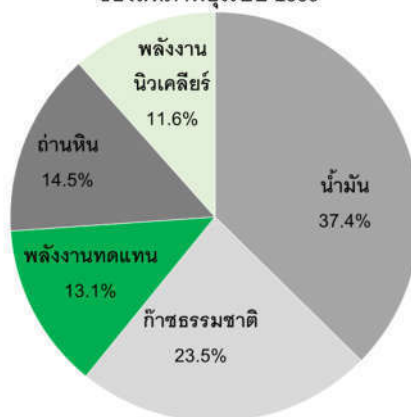
At present, ASEAN is the region with rapid economic growth. In 2015 OECD Development Center estimated ASEAN's economic growth at 4.6%, 5.2% from 2016-2020 let by The Philippines, Vietnam,

Cambodia, Laos and Myanmar. The energy demand in this region will definitely expand. In the 4th ASEAN Energy Outlook, ASEAN Center for Energy estimated that the primary energy demand will increase possibly from 619 Mtoe at the average rate 4.7% per year since 2013 up to 1,685 Mtoe in 2035. On 24 September 2014, ASEAN issued the Action Plan for Energy Cooperation (APAEC) 2016-2025 to support energy stability. The first operation period is between 2016-2020 and the second, between 2021-2025. One of the main strategies in the APAEC's Program Areas is the renewable energy with the goal to use 23% renewable energy of the total primary energy supply which will be the main factor of the demand of renewable energy.

European Union: EU

In the year 2016, total primary energy consumption in EU is 1,630.90 Mtoe, equivalent to 13.1%, the proportion of renewable energy use. On 24 October 2014, the EU Committee of Ministries made the resolution at the meeting for the goals regarding energy and weather change to reduce global warming. The goals for the year 2030 are for example (1) at least by 40% to reduce CFC emission (2) to increase energy efficiency by 27% (3) to increase proportion of renewable energy consumption in EU by at least 27%.

สัดส่วนการใช้พลังงานขั้นต้นแบ่งตามประเภทของเชื้อเพลิง
ของสหภาพยุโรปปี 2559



1,642.00 ล้านตันเทียบเท่าน้ำมันดิบ (Mtoe)

หมายเหตุ: พลังงานทดแทนรวมถึงพลังงานน้ำ

ที่มา: BP Statistical Review of World Energy 2017

From AEBIOM Statistical Report 2016 of The European Biomass Association (AEBIOM), bioenergy is the renewable energy for major use in EU. In 2014, it is 61% of the renewable energy consumption in EU. Biomass fuel is 69% , biofuel and biogas is 12% , waste fuel is 6% of the energy obtained from the organic substance.

b) Competition

There are a large number of players in the biomass fuel trading market with different types of traders as follows:

1. Large traders operate business similar to the company and its subsidiaries. They collect biomass fuel from suppliers such as crude palm oil extraction plants, wood furniture plants, sawmills, biomass pellet plants, etc. and/or from other traders in and outside the country and have a warehouse storing a huge quantity of the collected biomass fuel. As estimated by the company, there are fewer than 10 players in this group.
2. Small traders have had business relationship with suppliers and buyers of biomass fuel. They procure biomass fuel from suppliers in a small amount for sales to buyers in the form of trading business. They may or may not have a warehouse and do not store a large volume of inventories.
3. Processors of agricultural products, as mentioned above, obtain biomass fuel as by-product from their manufacturing process and operate the biomass fuel trading as their secondary business.

It is not difficult to enter the market as a small trader because it depends on the ability in trading and requires only a small amount of start-up fund. For instance, one can start the business with merely an initial capital for product procurement, plus a margin for buyers without the need to invest in a warehouse, inventories and transport trucks. However, to operate the business sustainably with competitiveness, they must be able to fulfill customers' needs in terms of product diversity, demand, quality, price and servicing. Small traders may not be able to fully meet those customers' needs. For example, having no warehouse, small traders cannot collect enough quantity of products to satisfy customers who have a huge demand. For processors of agricultural products, they offer only a few types of products obtained from their manufacturing process and, thus, cannot serve diverse groups of customers. For those who have limited fund, they have no working capital to supply biomass fuel as required by customers.

The company is one of the leading biomass fuel traders. The company has potential and competitiveness because of the following reasons:

1. With more than 60 years in biomass fuel business as the main shareholder, the company understands biomass fuel market very well in terms of customers' need, procurement of the products, good relationship with buyers and suppliers and has the ability to source right products to meet customers' demand.
2. The company offers quality and various types of biomass fuel so the company can ensure customer satisfaction for its entire group of customer.
3. The company received product certification for wood by-products from FSC chain of custody (CoC) – The Forest Stewardship Council so the company can expand its market to the customers who need this certification like Japan and South Korea that will buy only products

from FSC. The products certified must be able to be tested; the whole production chain beginning from wood source, production, transportation and good product storage.

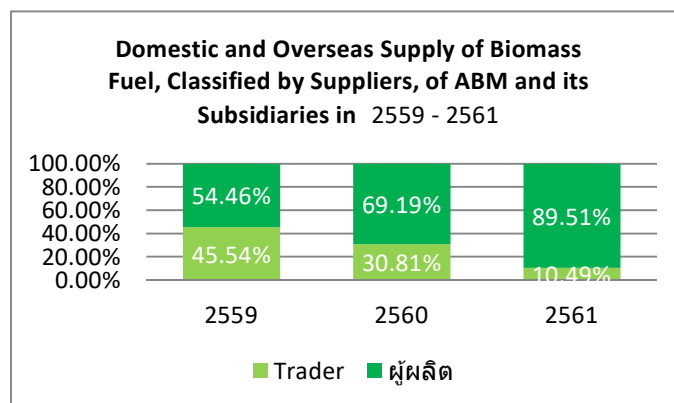
4. The company can source and supply quality biomass fuel to customers in a timely manner. The company and its subsidiaries provide demand evaluation by asking direct to their customers to collect information for procurement plan. The company owns huge warehouses to respond to customers' biomass fuel needs for all seasons. In addition, the company has efficient transportation management by providing STP service and also services from other companies to ensure on time delivery.
5. The company has efficient cost management because it has warehouses located close to the production for both domestic and overseas. These warehouses can store huge amount of biomass fuel and directly supply to customers ("Direct Transportation") by sending the goods to customers directly, not having to go through the company's warehouses. The control delivery cost, the company has price determination at a proper rate for hiring STP and other transportation companies.
6. The company has financial stability and has enough working capital to stock merchandise for immediate supply to market's need.

2.4 Product Procurement and Service

2.4.1 Sources of Supply

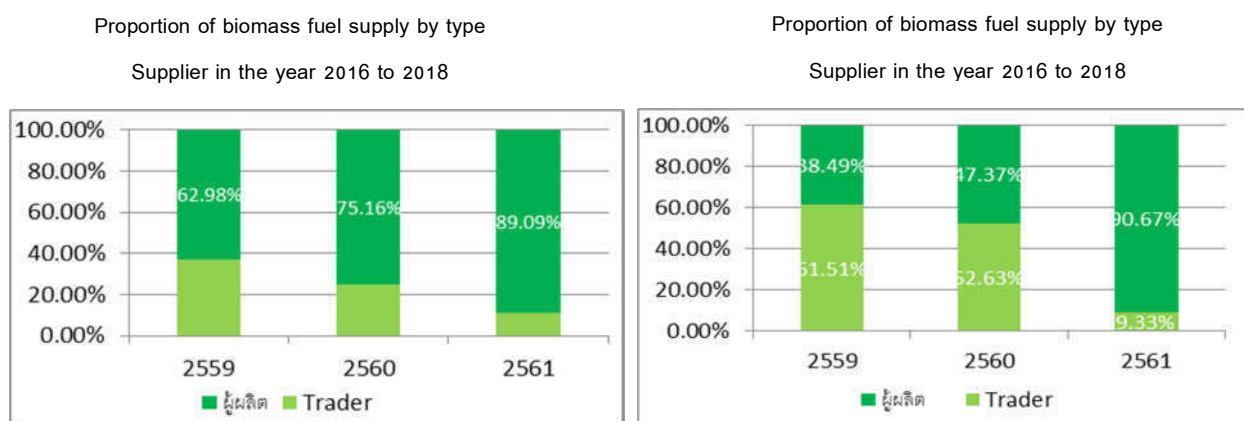
The company and its subsidiaries procure biomass fuel from 2 sources as follows :

1. Direct procurement from producers which includes crude palm oil extraction plants, wood furniture factories, sawmills, rice mills, sugar factories, biomass pellet plants, etc.
2. Procurement from traders which purchase biomass fuel from suppliers for re-sell to the company.



Biomass fuel is sourced directly from the producers. However, the company also gets supply from traders. Domestically, the company sources biomass fuel directly from the producers equivalent to 63-89%

of the total procurement value from 2016-2018. Some types of biomass fuel need to be supply by traders, for example, palm kernel shell. As the productivity volume depends on the seasons, those particular biomass fuel producers will not sell their products to only one company. Therefore; the company adds different channels of biomass fuel sourcing by purchasing from traders. In some cases, traders help to supply biomass fuel at anytime the company wants. The company does not have to stock everything. This helps the company's cost management. For overseas biomass fuel sourcing, in the past, it was done only through traders. Currently, the company has now been under the relationship with producers in overseas countries like Indonesia and Malaysia. The company tries to increase proportion of biomass fuel procurement from the producers in overseas countries. The proportion of biomass fuel sourcing from traders in overseas countries is equivalent to 52-97% of the entire procurement value in 2015-2017 which tends to decline.



In order to fulfil customers' need in terms of quality and quantity, the company and its subsidiaries consider it important to select reliable biomass fuel suppliers for both producers and traders. The company has more than 300 suppliers and will always first contact the suppliers who are close to the company's warehouses. In case of insufficient product volume, the company can search for more sourcing places. For example, palm kernel shell, in case of insufficient domestic product volume, the company can source more from overseas countries. The company always manages short, medium and long term plans for efficient biomass fuel sourcing.

For domestic biomass fuel procurement, it is done through PPP and the company's subsidiaries in overseas countries. Those are ABI, ABE, ABR, etc. ABE and ABR are joint venture companies of the company and Malaysian shareholders. The company has the agreement that ABE and ABR must procure and collect biomass fuel for the company and / or the person specified only by the company. The company's sales and marketing departments will evaluate customers' demand for the purchasing department's procurement plan.

The company sources new suppliers by (1) finding information from industrial company profiles like the name list of palm oil extraction factories and the name list of samills (2) being introduced by users or

transportation companies (3) websites (4) exhibitions (5) surveying area. Before making an agreement with new suppliers, the company will conduct a survey at the actual place to check the quality of biomass fuel and their readiness to be the company's suppliers. New suppliers need to provide the company such documents as bank statement of the last 6 months, a copy of their bank books, etc. Every month the company's staff visit their places to check the quality of their biomass fuel and their storage at random.

Sourcing each different type of biomass fuel is done in different ways which is as follows :

a) Palm Kernel Shell Procurement

The company and its subsidiaries have palm kernel shell procurement through both domestic and overseas. The company sets plans and evaluates customers' need in advance.

Domestic Palm Kernel Shell procurement

Domestic sourcing palm kernel shell is for customers' need for only domestic market. Purchasing palm kernel shell is operated through PPP. Palm kernel shell is biomass fuel in exempt of VAT. PPP's palm kernel shell procurement is equivalent to 62-98% of the whole proportion of sourcing which can be divided into 2 types:

1. The direct sourcing is from crude palm oil extraction plants in the South and East of Thailand. ABM and PPP purchase from many different plants. The amount of palm kernel shell that ABM and PPP purchase is 80% of the whole crude palm oil extraction plants. ABM and PPP will purchase about 70-80% of their capacity.
2. The company purchases palm kernel shell through traders that buy palm kernel shell from the crude palm oil extraction plants. ABM and PPP will select reliable traders who offer competitive price.

In 2015-2017 the proportion of ABM and PPP's palm kernel shell sourcing is 34-56% direct purchase from crude palm oil extraction plants and 44-66% through traders. ABM and PPP will have an agreement with suppliers for every purchase but it is only a short-term agreement because of the price fluctuation. For payment, in case of direct sourcing from crude palm oil extraction plants, ABM and PPP will pay deposit to suppliers before the suppliers' goods delivery. In case of purchasing through traders (minor suppliers), ABM and PPP will pay only after suppliers' shipment is done to reduce credit risk.

Overseas Palm Kernel Shell Procurement

For overseas palm kernel shell's sourcing, the company and its subsidiaries always search for new sources in order to fulfil customers' demand in terms of quantity, quality and price. ABI was founded in Indonesia and ABR in Malaysia, the world's No.1 and No.2 sources of palm plantation. There are 2 ways of palm kernel shell sourcing:

1. Direct sourcing from crude palm oil extraction plants in Indonesia and Malaysia.
2. Sourcing through traders. Traders by palm kernel shell from crude palm oil extraction plants and/or other palm kernel shell traders.

At present, sourcing through traders is the main part of palm kernel shell procurement in Thailand which is equivalent to 62-97% in 2015-2017. The tendency is declined. For the future the company tends to have direct sources from crude palm oil extraction plants. For palm kernel shell procurement in overseas countries, it will require a short-term agreement. Payment to overseas suppliers is made through L/C or T/T bank transfer.

Palm kernel shell sourcing in Indonesia and Malaysia is to respond to customers' demand for both domestic and overseas markets. At present, the proportion of import for domestic sales is more or less the same as import for overseas sales. In the future, the tendency to import palm kernel shell in order to export will be higher. The reason is that more and more biomass power plants have opened.

Warehouses in overseas countries are another important factor for the overseas palm kernel shell procurement. Goods delivery from Indonesia and Malaysia to Thailand or other countries is done by ship with a minimum rate of delivery between 8,000-30,000 tons for cost management. Sourcing palm kernel shell from various places can efficiently manage price fluctuation because it fluctuates by seasons. In addition, palm kernel shell from different sources has different quality and qualification which can be evaluated by its moisture and impurity.

b) Woodchips and Others Procurement

The company sources woodchips and other parts of wood from wood furniture factories, processed wood factories and sawmills in the south, east, northeast and north. The company can select suppliers that are close to the customers. To purchase woodchips, the company can either make an agreement or place an order through suppliers. Most of the agreements are 1 year term with 1 year price fixing in advance. For wood slabs, the company will place an order through suppliers at the specific time. Mostly, the company has credit term with suppliers.

c) Wood Shaving, Sawdust and Wood Dust Procurement

To source Wood Shaving, Sawdust and Wood Dust, the company can get it from furniture factories, sawmills and processed wood factories in the south, east, northeast and north. These products have no price fluctuation, as a result, 1-3 years agreements with suppliers are made. Purchasing price is always fixed in advance. Some suppliers made exclusive contracts with the company. Purchasing price from each supplier is different depending on products' quality, delivery, payment conditions as specified in the agreements which can be on cash basis, credit term or deposit payment. Most of the wood shaving, sawdust and wood dust suppliers are with long term business with the company and most of them are located in the east and central part of the country.

d) Biomass Pellet Procurement

The company sources biomass pellet directly from the biomass pellet producers in Thailand. Most of these producers are in the east and the south. It is now under the study how to procure suppliers abroad. The biomass pellet plants in Thailand are divided into 3 types by their production capacity.

2.4.2 Transportation Procurement

The company hires land and water transportation services for both biomass fuel procurement process and goods delivery to customers.

Land Transportation

Land transportation can be divided into 2 types:

1. Transportation of the company's subsidiaries

STP is a subsidiary of the company. STP was founded for domestic transportation of the goods of the company, its relevant companies and others.

| Year | 2016 | 2017 | 2018 |
|----------------|------|------|------|
| Number of cars | 74 | 66 | 58 |

There are 3 groups of STP's transportation users: (1) ABM and PPP (2) related companies (3) other companies. STP has different kinds of trucks for delivery of biomass fuel, coal, fertilizer, animal feed, etc. STP's transportation service is mainly for biomass fuel delivery for ABM and PPP. The income from transportation for ABM and PPP in 2015 to 2017 is equivalent to 81.38% and 96.31% and equivalent to 97.31% of STP's total income. If there is surplus service of STP's transportation, STP can also provide transportation service to other companies. STP shall consider the employer's credit status and make agreement with them.

STP provides transportation service by using only its own trucks. All trucks are with GPS controlling system to ensure safety drive.

2. External Transportation Provider

The company hires external transportation providers ("Affiliated Transportation") for biomass fuel delivery. The company has more than 100 external transportation providers specializing in different particular routes. Only experienced transportation providers are selected and made agreement with. Transportation rate and cost adjustment is upon gasoline's rate, loss and damage warrantee, etc. Each delivery's transportation status is checked through the mobile phone and random check by the staff is also applied.

The company's biomass fuel transportation plan is managed by the company's logistics department. The sales, marketing and purchasing departments will inform transportation demand to the logistics department so the department can plan for STP's service or the affiliated services. The followings are criterias for transportation plan.

(1) Biomass Fuel Types

- For palm kernel shell and biomass pellet, the company and PPP will mainly hire affiliated trucks because they can offer lower transportation cost.

- For woodchips and other parts of wood and wood shaving, sawdust and wood dust, the company and PPP will hire STP since these products require special transport vehicles. Wood shaving, sawdust and wood dust are lightweight products. The truck must have a large stall than normal. It requires staff for product loading with special skill to be able to arrange transportation to accommodate the volume of freight. For woodchips and other parts of wood, the company will have to prepare pick up to support the goods from the supplier so they need a hauler lift (Hooklift) to lift up and load to the truck. These affiliated transportation companies do not have service staff for this lifting or if they may have but at higher cost than STP service.

(2) The need for service in case of urgent need: The company and PPP will choose STP's freight trucks in order to meet prompt needs.

In addition, the logistics department will consider hiring a transportation vehicle from the affiliated transport company based on the employment rate, expertise in each type of freight in each route to maximize the company's efficient transportation.

Transportation of biomass fuel can be divided into 2 types:

1. Transportation from the supplier to the company's warehouses to wait for delivery to future customers.
2. The transportation of goods from the supplier directly to the customer without entering the warehouse of the company. However, there are many factors that make it impossible for the logistics department to carry out direct shipping operations at all transportation stages, such as routes unfavorable transportatio or a time when biomass fuel production is limited, products not enough to send directly from the supplier to the customer. The company also needs to deliver goods from the warehouse of the company to customers.

Water Transportation

The company uses water transportation services by hiring a carrier to handle the transportation of large amounts of biomass fuel and transporting it in a long distance. Water transportation services can be divided into:

1. For domestic transportation, the company procures and collects biomass fuels from its suppliers in the south and store in the company's warehouses to have enough volume and hired shipping to transport to the warehouse in central part of the country in order to effectively distribute products to the customers of the company. Most of the ships used in transportation are Motor Barge, with a tonnage of 1,000 tons and a Lighter with a tonnage of 5,000 tons. When the goods arrive at the pier, the Company will hire a transportation vehicle to transport its goods to its warehouses or to the customer's warehouse.
2. For Overseas Transportation :
 - a. Cargo shipment from the company's warehouse to overseas customers, mostly it is on FOB (Free on Board) basis. In case the sale of the company's products to foreign customers is a CIF (Cost, Insurance and Freight) or CFR (Cost and Freight) condition, the company will provide the shipping vessel to deliver the goods to the customer at the specified quantity and time.
 - b. Transportation from a company's foreign warehouse to the company's warehouse or customer's s warehouse in Thailand, the company imports goods from abroad to meet the needs of domestic customers in case of inadequate domestic demand.

2.4.3 Storage

The company and its subsidiaries have warehouses to store the biomass fuels purchased by the company and its subsidiaries. The company owns and rents altogether 8 warehouses, four domestic warehouses and four overseas warehouses.

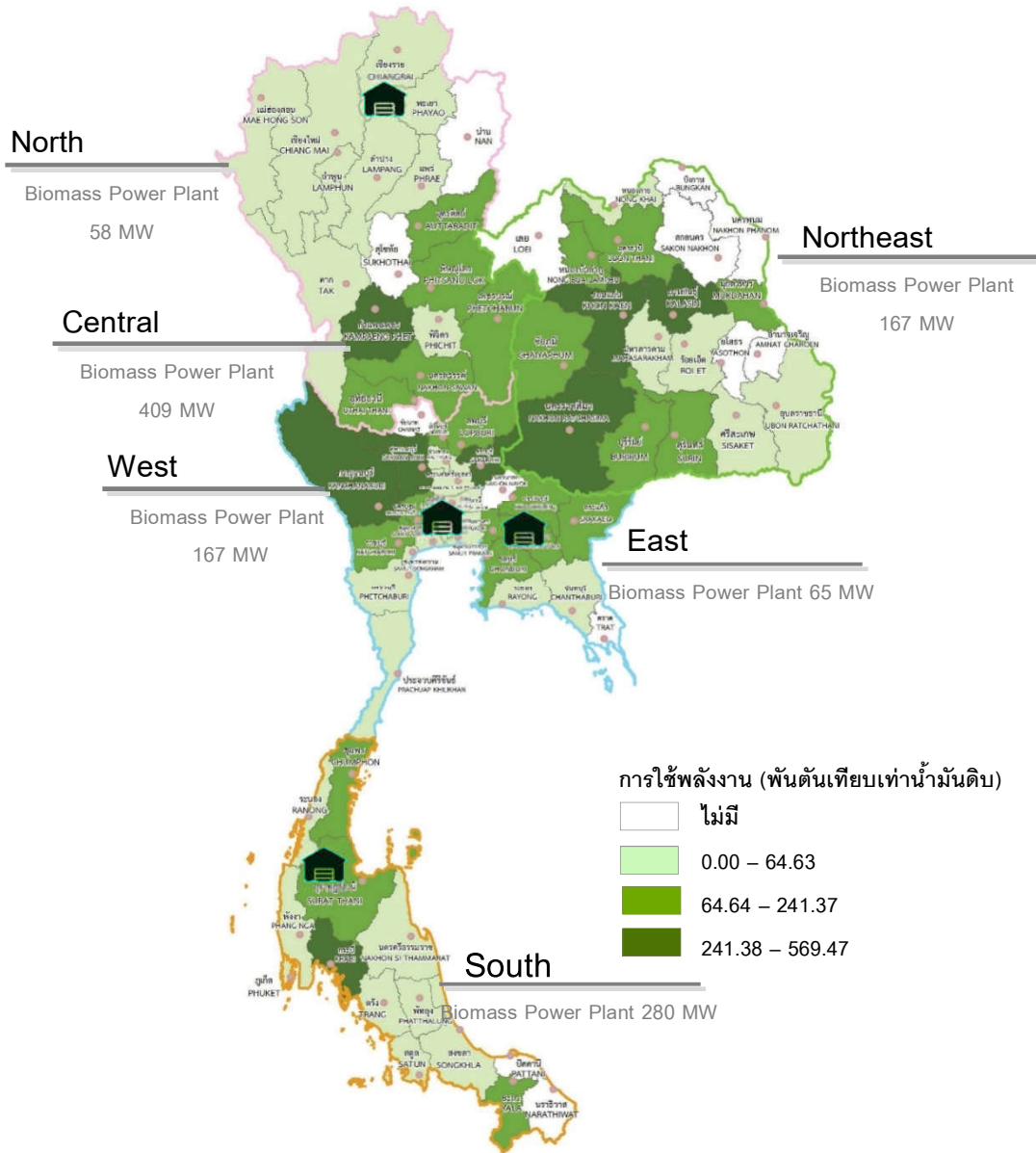
| Warehouses | Area (Sq.m.) | Capacity ^{1/} (Tons) | Ownership |
|---|-----------------|----------------------------------|----------------------|
| 1. Bang Kung warehouse, Surat Thani province | 56,892 | 100,000 | Holding ownership |
| 2. Bang Nam Chuet warehouse, Samut Sakhon province | 25,848 | 40,000 | Holding ownership |
| 3. Bang Pakong warehouse, Chachoengsao province | 8,800 | 25,000 | Lease |
| 4. Bintulu warehouse, Malaysia | 12,500 | 20,000 | Lease |

Remarks: 1/ warehouse space and capacity may not be related depending on many factors (1) the type of building in the warehouse, such as the warehouse or yard (2) the height of the roof (3) the size of the office and other areas not used for storage;

2/ Indonesia warehouse are under the process of searching for new lease.

The company will consider the location of the warehouse close to the supplier and target customers to effectively store and transport goods. Nevertheless, for Bang Kung warehouse and Bang Nam Chuet warehouse that the company invested, the company has leased land for other warehouses to be flexible in management. The management will consider the suitability in terms of location, transportation cost and the cost of renting consistently. If there is a new location that has more potential than the original location, it will consider moving the location to maximize the benefits of warehouse management. It can display the company's warehouses image compared to the 2015 biomass fuel energy consumption map in Thailand and the biomass power plant capacity in each sector as follows:

Year 2015 Biomass Fuel Energy consumption map in Thailand



Source: Department of Alternative Energy Development and Efficiency, Ministry of Energy

Warehouse is a factor that helps the process of procurement and distribution of the company and its subsidiaries efficiently and effectively. The benefits of warehousing for business operations are as follows.

1. The Company and its Subsidiaries can back up their products to meet the needs of customers and can deliver goods to customers throughout the year.

2. The company and its subsidiaries can effectively manage the cost of goods in terms of the ability to store items when prices drop, storage of goods in transit, reduce transportation costs and support and delivery to customers in the neighborhood.
3. The company and its subsidiaries can control the quality of goods to be delivered to customers because some products have to go through the grade and pass the sorting process before sending to customers.

Storing is stored as stacking except for biomass pellet that are stored in a large bag with water proof for example wood shaving, sawdust and wood dust will be stored in the warehouse to maintain the quality of the product. The warehouse of the company and its subsidiaries will be stockpiled to categorize types of products by first in first out (FIFO). Products stored in the warehouse must be maintained regularly to ensure that products are ready to be delivered to customers on time. Products that are stored in open air yard will have to be covered by canvas in the time of rain to keep the product humidity at the standard level all the time and to flip over to prevent heat storage inside the stack.

In addition, the inventory department of the company and its subsidiaries have a plan to check the stock of inventory in the warehouse. The inventory of the company and its subsidiaries will be regularly reviewed as follows:

1. Check the quantity of products by the company and its subsidiaries. It is operated by the accounting department with the warehouse department to check the inventory available in the warehouse with the amount recorded in the system. Use physical evaluation method. It will check every 1 month and every time the lot of goods are spent.
2. Inventory inspection by the external surveyor (Surveyor) twice a year, at the middle and end of the year. External inspectors use electronic tools to record the shape of each pile and measure it in three dimensions: width, length, height, and use software to calculate quantity which also relates to the moisture content of the products from the product samples stored on the inspection date.

In case the quantity of the product examined is different from the quantity of the product being recorded in the system, the company and its subsidiaries will adjust the products in the system to match the reality. It must be approved by the authority. Based on a review of the past, it was found that the quantity of products stored in the warehouse and the quantity of products in the system was slightly different.

2.4.4 Product quality control

The company and its subsidiaries focus on the quality control of the products to meet the quality standards of the company. The company has standardized products in all stages of operation from receipt products to warehouse, storage and export products to customers. To provide customers with quality products and meet the company standards, the company has set the standard for control of each type of product.

| Product Category | Standard Criteria | Quality Inspection |
|-----------------------------------|---------------------|---|
| Palm Kernel Shell | Moisture value | Laboratory test and physical assessment |
| | Impurity | Physical assessment |
| | Size | Dimensions with Vernier caliper |
| Woodchips and other parts of wood | Moisture value | Laboratory test and physical assessment |
| | Impurity | Physical assessment |
| | Size | Dimensions with Vernier caliper and Random sieve according to the given size. |
| | Colour | Physical assessment |
| Wood Shavings | Moisture value | Laboratory test and physical assessment |
| | Impurity | Physical assessment |
| Sawdust | Moisture value | Laboratory test and physical assessment |
| | Impurity | Physical assessment |
| | Colour | |
| | Resolution | |
| Biomass Pellet | Moisture value | Laboratory test and physical assessment |
| | Impurity | Physical assessment |
| | Length and Diameter | Dimensions with Vernier caliper |
| | Density | Weighing with volume container |
| | Fracture | Calculated from weight |

Note: 1 / Laboratory test using the hot air oven.

Quality Assurance Department staff will be responsible for sampling the products for inspection at the specified frequency. The company has a manual on how to collect samples, how to measure moisture and standards to control to ensure the quality control of the product is the same standard. Products that are

stored in open air yard will have to be covered by canvas in the time of rain to keep the product humidity at the standard level all the time and to flip over to prevent heat storage inside the stack. In addition to checking the quality of the goods, the company also monitors truckloads, cleanliness of warehouse floor, cleanliness of the truck, cover with canvas before shipping to ensure that the quality of products meets the standards.

2.4.5 Summary of the Company's Operating Procedures

The operations of the company and its subsidiaries are jointly operated by various parties including biomass fuel procurement, sales and marketing, international affairs, logistics and warehouse departments. It is a yearly plan to plan, supply, store, distribute and transport biomass fuels efficiently and can meet the needs of customers. The meeting will be held at least once a month to confirm the plan. The process can be summarized as follows:

The Process of Operating Biomass Fuel Distribution

Distribution of biomass fuel to domestic customers

1. In each month, sales representatives will inquire about demand of products from all customers to assess the total demand to prepare the sales price structure. The selling price will be evaluated for each particular customer with the costs for example, cost of goods, transportation and storage costs, etc., for the sales price structure to be approved by the committee for consideration of selling price. The committee consists of representatives from different departments such as sales and marketing, biomass fuel procurement, accounting and finance. The sales representatives can offer prices to customers if the offered price is not lower than the specified price structure. If the sales representatives want to offer lower price than that of specified in the company's structure, the sales price must be separated for each customers to illustrate the selling price, cost and profit. The sales plan will be presented to the biomass fuel procurement department to be able to plan the supply in the next order.
2. Before bidding to customers, the customer must be a customer in the customer list of the company and its subsidiaries first. For a new customer, sales staff must make a proposal to open a customer account for credit approval in accordance with procedures. To open a new customer account, the following documents are required: company's certificate, copy of VAT registration, factory map and the latest financial statements. (In case of need for credit approval)
3. When the customer receives the quotation, the customer will confirm the order by signing in the quotation or returning confirmation by their purchase order. Sales staff must monitor the sales volume, sales price, billing conditions, credit line and report to the sales manager to check and approve the purchase order to

make a purchase record in the system. If this is the case to make contract with the customer, sales staff will arrange the sales contract as agreed upon by the quotation to the customer again.

4. After that the sales support staff will coordinate with the logistics department and warehouse department to plan to deliver the goods as agreed with the customer. After that, the sales support staff will have to follow up the delivery status and the payment. If there are problems or complaints, the sales staff will be the recipients of customer's complaints and coordinate to solve the problem with the concerned parties and make improvements together.

Distribution of Biomass Fuel to Overseas Customers

1. Each year, the international sales department collects customer requirements in terms of volume and the time to ship each month. The international sales department will plan with the overseas procurement department to estimate the volume that can be supplied. The overseas procurement department will provide ABI ABE and ABR procurement plans.
2. Once the quantity of goods has been confirmed by the international sales department, the sales staff will prepare the price structure which specifies the offering price, cost of goods, such as cost of goods, transportation and port fees, and profits from the sale of goods to submit to the authority to approve. To sell to overseas markets, the price structure must be approved every time.
3. When the proposed price structure is approved, the international sales staff will make quotations to customers. Customers will be divided into 2 types: (1) customers who confirm the price and are ready to sign contracts. Most of them are suppliers who can negotiate prices and quantities from their own customers or biomass fuel end users such as power plants and industrial plants. (2) customers who can not confirm the price yet and will confirm the price in the near time of their product use. Most of them are customers who may need to bid as a supplier for end-users.
4. When the customer confirms the quantity and the price, the international sales department will make a contract. After that, they will negotiate with all related parties, such as international procurement department and the international warehouse department to plan delivery of goods to customers and follow up the status of the product.

Process of Biomass Fuel Procurement

Domestic Biomass Fuel Procurement

1. Biomass fuel procurement department when informed of the sales plan, a biomass fuel procurement plan must be prepared to meet the demand of the product, the production capacity of each supplier,

capacity of warehouses and the trend of the price of goods in each period. The cost of goods estimated in the sales price structure must be considered. Domestic biomass fuel sourcing will be supplied to domestic market only. Biomass fuel will be procured from sources close to the customer or warehouse of the company. If the quantity is not enough, the company will search for biomass fuel in farther distance.

2. Biomass fuel sourcing must be made to the supplier on the supplier list (Vendor list) only. The accounts payable account must be opened in accordance with the procedures specified in the operating manual.
3. Biomass Fuel Procurement can be divided into 2 types :
 - 3.1 Products with fluctuations in price include palm kernel shell, woodchips and other parts of wood and biomass pellet. The biomass fuel procurement department will analyze the market situation of each product in terms of quantity, price, weather and competitive situation. Biomass fuel procurement staff will explore the area and send daily report to the procurement team to analyze and evaluate the appropriate price and quantity in each period. The price and conditions will be compared. The authorized person approves the purchase price. The coordinating officer prepares price approval for the purchase approval in that period of time.
 - 3.2 Products that do not fluctuate in price include wood shavings, sawdust and wood dust. Analysis of prices, quantities and market situations is done annually. The purchase price has been approved for the whole year. The procurement coordinator can issue a price approval for approval of the purchase without approval of the purchase price again.
4. The procurement coordinator will process the purchase price approval. Once approved, a contract or purchase order with supplier will be made. The term of the contract depends on each type of product such as palm kernel shell which has high price volatility, short-term or not exceed 3 months contracts or case-by-case basis contracts will be made. While wood shaving, sawdust and wooddust do not fluctuate in price so 1-3 year contracts will be made.
5. The biomass fuel procurement department sends purchase order to each supplier and provides shipping details to the logistics department of the company to plan to receive goods from the supplier and when goods are received, payment shall be proceeded next.

Overseas Biomass Fuel Procurement

The company and its subsidiaries will procure palm kernel shell from Indonesia and Malaysia. Palm kernel shell is collected and stored at the warehouse in that country until enough volume then it can be transported by boat to store in the warehouse in Thailand or export directly to the partner country of the company on the agreed order.

1. Overseas Procurement Department is responsible for procurement of palm kernel shell according to the palm kernel shell procurement plan, which is evaluated by both local and overseas customers from the suppliers that are listed in the company's suppliers. These suppliers are checked by a team of the company and will prepare a cost comparison for order approval and make a contract with the palm kernel shell supplier.
2. Overseas Procurement Department will plan for the trip to visit and check the volume, the quality of the supplier's products and the availability of the port.
3. The shipping department will issue a letter of credit and the payment will be made in accordance with the terms of the contract.
4. In case the quantity of palm kernel shell is not enough to export, the company will provide the supplier to transport the palm kernel shell by truck to the company's warehouse. The quality control department will randomly check the quality of the palm kernel shell of each truck before picking up the palm kernel shell to the warehouse. In case volume of the order is enough to export, the company will export palm kernel shell without stocking to the warehouse. The shipping department will supply the shipment for the scheduled delivery. Voyage Charter ships are hired based on quality, service and price criteria. At present, the company employs several service providers. They are foreign service providers. The loading of the vessel must follow the operating instructions of the company.
5. Palm kernel shell arrives at the port of Thailand. Some will be delivered by truck directly to the customer and some will be transported by trucks into the company's warehouse for delivery to the next customer.

Transportation Procedures for Biomass Fuels

Land transport

1. When the logistics department receives a plan for procurement and distribution of biomass fuel, the logistics department will need to plan transportation management (to arrange trucks for delivery) to maximize the efficiency of transportation management. The company will use STP's trucking services together with trucking from affiliated transport companies. It depends on the expertise of each type of cargo, transportation distance, sufficiency of trucks that can serve and quality in transportation then the contract with the transportation provider will be made.
2. The transportation service provider will take the goods from the supplier to the customer's warehouse or the warehouse of the company. The truck driver must perform the delivery including documents related to the delivery for example, a bill of lading, a statement of performance, etc., will be returned to the company in full.

3. In case of any change of transportation or can not be carried out as scheduled. The shipping manager must inform the company to contact the supplier and the customer for a solution.

Water Transport

1. The biomass fuel procurement department or the international affairs department will inform the demand for the ship to the logistics department or the ship department.
2. The logistics department or the ship department will conduct the freight check and present the freight rate for approval. Once approved, the contract will be signed.
3. The logistics department or the ship department will coordinate with the relevant parties about the ship's details, such as the expected date of the ship's docking, the name of the ship to load the cargo, etc., to carry out the shipment properly. For loading goods overseas, there will be staff Cargo Supervisor, domestically, there will be warehouse staff and the quality assurance department examine ship and cargo controlling the operation to meet the standards set by the company.

Warehouse Operation Procedure

Warehouse department has a meeting with relevant departments to report the balance of each type of goods and the ability to store goods to plan, collect and deliver goods from the warehouse, to manage the area to store enough goods including planning for traffic management, cargo loading and unloading.

Goods Receipt to Warehouse

1. Biomass fuel procurement department, the foreign and logistics department inform details of goods and trucks of the goods to be delivered to the warehouse for warehouse department plans and prepares the area.
2. Delivery to warehouse is divided into 2 cases
 - 2.1 Picking up shipment transported by ship, warehouse officer and quality management staff check the goods at the port. Then the cargo will be loaded onto the truck to transport to the company's warehouse. The weight of the goods received from each truck will be recorded.
 - 2.2 Picking up goods transported by truck on arrival day, all trucks arrive at the warehouse, the accuracy of the type and quantity must be verified by the weighing officer. The quality of the goods must be ensured by the quality management. Warehouse staff will check the accuracy before receiving the goods into the warehouse of the company.
3. Upon receipt of the goods, the truck will bring the cargo into the pile according to the type of cargo and according to the schedule set for the product is a pre-departure (FIFO) and convenient to the loaders to load products to send to the customer later.

Preparing goods for sale

1. Quality Management Officer will conduct daily quality inspection and heat measurements every week. This is used to evaluate the planning of the implementation of the various measures of the warehouse staff. Make sure the product has the right moisture and heat values ready for use.
2. Warehouse staff will perform the specified measures such as flip up the cargo, proper stacking, screening to sort the contaminants to prepare the company's products in the appropriate condition ready for sale according to the company's standard.

Unloading Goods from Warehouse

1. The sales, marketing and logistics departments notify the warehouse department when to remove items from the warehouse.
2. Quality management officer performs quality test before loading
3. Warehouse department will carry goods onto trucks. The weight of origin goods must be recorded to compare with destination weight to be eligible to receive payments later.
4. Upon receipt of goods or delivery of goods, a report on delivery including documents related must be sent to headquarter.

Diagram of the Domestic Operations of the Company

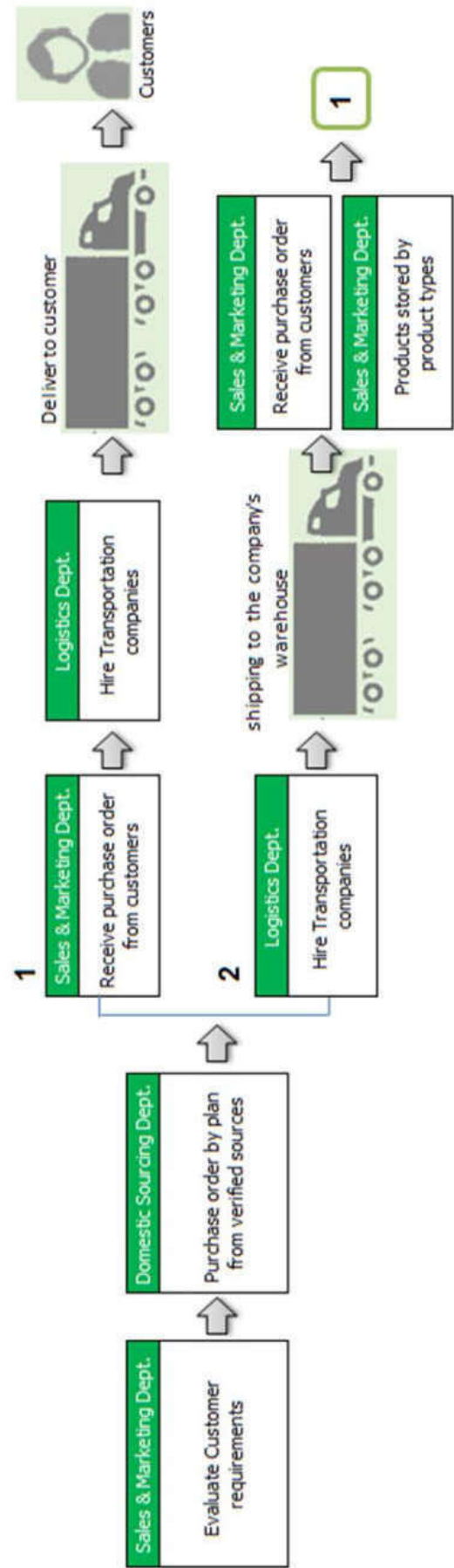
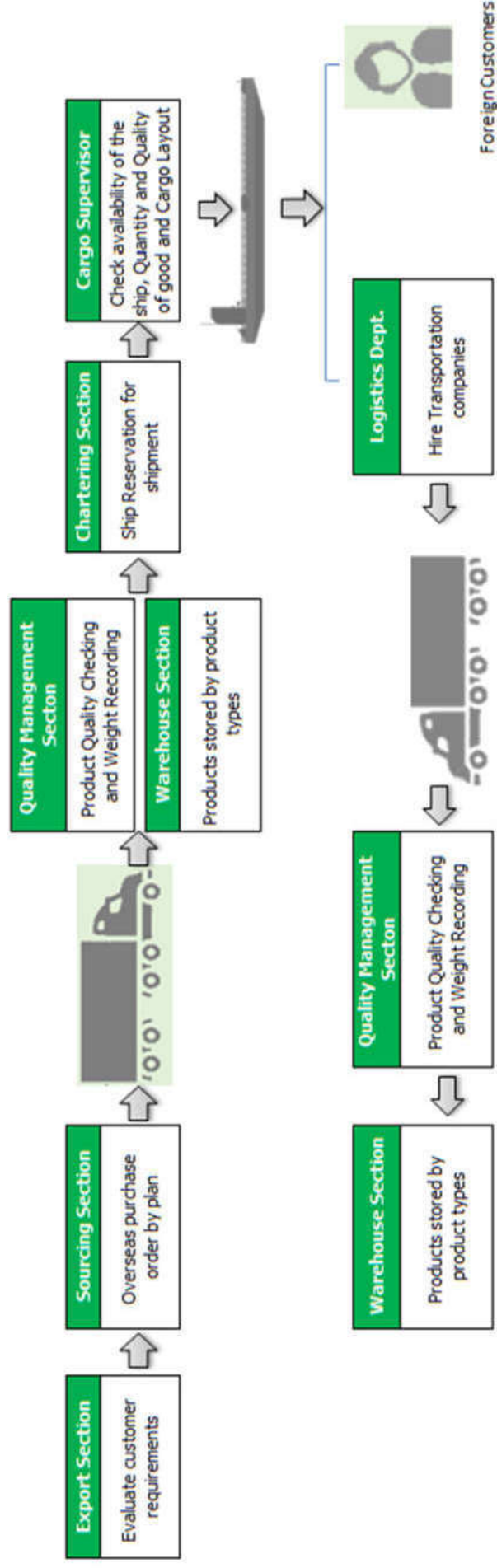


Diagram of the Company's Overseas Operations



2.4 Environmental Impact

The business operations of the company and its subsidiaries will take into account the sustainability of the environment. The company places great importance on the source of its wood-based biomass fuel products that are derived from natural forests or properly managed forests in accordance with internationally recognized principles. It does not come from natural forest destruction, as the source of our products can be traced to the entire product chain from raw materials to processing, storage, to sales and delivery. The company has adopted the Forest Stewardship Council (FSC) FSC Chain of Custody (CoC) certification. Wood pellets, shavings, sawdust, woodchips and other parts of wood (BV-COC-130246 and BV-CW-130246) on 11 May 2016. In the year 2017, the company expanded its certification to other biomass products such as wood pellets and wood briquette. Rubber wood processing particle board and medium density fiber board (MDF), which are certified by Bureau Veritas Certification (Thailand) Co., Ltd. In addition, the company and its subsidiaries also attach importance to environmental impact and safety in the operation process. The company and its subsidiaries set up environmental protection measures to protect the environment within the company and its subsidiaries as follows:

1. Closed warehouse system for wood shavings, sawdust, wood dust and biomass pellet and canvas covers for items stored in uncovered areas.
2. Grow big trees. Dust cover is installed around the warehouse of the company and its subsidiaries.
3. Use a canvas between the boat and the pier during loading and unloading to prevent the product from dropping into the water. Use cloth covers on all transportation trucks before moving out of the pickup point.
4. Pile back the product consistently to reduce the temperature of the product.
5. Turn on the water at the entrance of the warehouse.
6. Spray water canvas cover cloth and regularly sweep the warehouse.
7. Utilize bio-fermentation (EM) water used in the area of the company and its subsidiaries.
8. Use wastewater treatment systems and the treated water is used in the activities of the company and its subsidiaries.
9. Measure sound, air and water quality once a year.
10. Warehouse to prevent the spread of small items.
11. Transport control measures to prevent goods from falling on the way.
12. Measures to determine the speed of vehicles running in the warehouse up to 20 km / h.
13. Measures to control the noise caused by the vehicle entering the warehouse.
14. Control of waste management within the warehouse.

On August 17, 2017, the company was awarded the CSR-DIW Beginner Award 2017 by the Department of Industrial Works. On October 27, 2017, the company was certified by the Ministry of Industry as the Green Industry (2nd Level), Green Activity. In addition, the company was selected to participate in the project to develop standards for Thai SMEs. During the process of applying for accreditation of Occupational Safety and Health Standards for Workplaces Medium and small Institute of Occupational Safety, Health and Environment. This demonstrates the company's commitment to environmental and safety management.

The Company and its subsidiaries encourage the employees and stakeholders consciousness of resource conservation and social responsibility. As a result, the company and its subsidiaries can sustainably grow with the community and the environment.

2.5 Unrepresented work

- None -

Key Laws related to Business Operations

The company has significant laws and licenses related to business operations as summarized in the table below. The company has prepared a document for license control to follow up applications and renew licenses for the registered licenses related to business operations to ensure that the company has the necessary licenses for proper operation.

| No | Relates Law | List of licenses of the company and its subsidiaries |
|----|---|--|
| 1. | Factory Act. Section 12 Establishment of criteria for obtaining permits and permits for factory 3,2006 | (✓) Factory License (RN 4) (end of January 1, 2022) - Pay annual fee (due September 21, 2019) |
| 2. | Act of Public Health, Section 33 | (✓) License to operate a business that is harmful to health. (No. 2) per annum. - Tambon Bang Nam Chuet Subdistrict Administration Organization (end of March 31, 2020) - Laem Chabang Municipal Office (end of September 20, 2020) - Surat Thani (end of August 2, 2019) |
| 3. | Export and Import Act in the Kingdom. Section 7 Note: Only ABM and / or PPP are importers or exporters of biomass products in and out of the Kingdom, depending on the type of biomass product being controlled for the import/export license. | (✓) Import license (ABM and PPP) (✓) Export Licenses (ABM and PPP) |
| 4. | Land Transport Act 1979 (Transport License Section 32 of the Land Transport Act, BE 2522) | (✓) Transportation License (STP) |
| 5. | Plant Quarantine Act of 1964, Section 10 - Notification of the Department of Agriculture regarding conditions for importing palm oil from the Republic of Indonesia in 2013 | (✓) An import permit issued by the Department of Agriculture (ABM and PPP) |

| No | Relates Law | List of licenses of the company and its subsidiaries |
|----|--|---|
| | - Notification of the Department of Agriculture regarding conditions for importing palm oil from Malaysia, BE 2556 | |
| 6. | Forestry Act, 1941, Section 48 - Ministerial Regulation No. 25 (BE 2519) issued under the Forest Act 1984 on the processing of wood and timber. | (✓) Permission to set up a sawmill - Headquarter (available until 29 November 2019) - Surat Thani Branch (available until 30 November 2019) |

| |
|-------------|
| Risk Factor |
|-------------|

The company and its subsidiaries (hereinafter called 'the company') have conducted biomass fuel trading. The risk factors that may affect investment and ways to prevent them are as follows :

1. Business Operation Risks

1.1 Risk from product procurement

The company operates the core business in trading of biomass fuel such as palm kernel shell, woodchips & others, wood shaving, sawdust, wood dust, wood pellet, rice husk, etc. which are by-products obtained from other related industries such as production of crude palm oil, wood products and so on. Thus, the supply of biomass fuel is linked to the demand and supply of crude palm oil products, palm tree plantings, plants for producing wood products and harvest season of those plants. Currently, more than 70% of revenues from sales of goods come from sales of palm kernel shell and woodchip and others. Domestic supply of palm kernel shell still cannot fully meet demand from biomass power plants and other end-use industries. At the same time, overseas demand for biomass fuel from countries in both Asia and Europe has been on a rise. Having expanded its sales channels to foreign markets, the company may risk falling to procure sufficient products to fully meet customers' demand or as agreed with them or at the price and of the quality as desired by customers. Such risk could relatively affect its performance and financial position

Being aware of this risk, the company has approached and procured biomass fuel directly from producers and distributors across the countries and has procured woodchips & others, wood shaving, sawdust, wood dust from furniture factories, wood processing plants, sawmills and producers of wood products in the southern, central, eastern, northeastern and northern parts of the country. Meanwhile, palm kernel shells are purchased from major crude palm oil producers in the southern and eastern regions. More than 70% of all crude palm oil producers in Thailand sell palm kernel shells to the company. Besides, the company will coordinate with all concerned parties in feedstock procurement planning when initially working on the annual budget plan and will pursue the stock planning throughout the year, hence a slim chance for the company to obtain the feedstock less than planned. Most feedstock procurement is done under sales and purchase agreements with a definite schedule. For this business, moreover, it is typical that feedstock suppliers will less likely fail to abide by the sales and purchase agreements or will not change the quantity from the agreed amount within a short period of time. To cater the growing demand of biomass fuel at home

and abroad, the company decided to establish a 99.00% owned subsidiary, PT. Asia Biomass Indonesia (.ABI), the world's largest palm growers and palm oil producers with the objective to procure and collect palm kernel shells from producers in Indonesia. The company also joined with a partner in Malaysia, which is the world's second largest growers and producers of palm oil. In establishing two subsidiaries, Asia Biomass Energy SDN. BHD. (.ABE¹) and Asia Biomass Resources SDN. BHD. (.ABR¹) in both of which the company holds a 55% stake, to serve as the company's palm kernel shell purchasing arms in Malaysia. The company therefore believes that, by implementing these measures, it will be able to procure the products to sufficiently fulfill the increase demand for biomass fuel at home and abroad and satisfy customer needs in terms of both price and quality. In addition, with a wide variety of biomass fuel offered by the company, it has alternative product to substitute for a short fall in any other product.

1.2 Risk from price volatility

Biomass fuel relates directly to agricultural products, with prices determined by demand and supply. The key factors influencing the demand and supply are climate, harvest season, policy on biomass fuel related plants and Thailand's and other countries' policies to promote the use of biomass. These will directly affect the supply of crops relating to biomass fuel sold by the company and the demand for biomass fuel which will relatively impact prices of relevant biomass fuel products in both Thai and global markets. As such price volatility could have an effect on the company's performance and financial position. However, the company has had experience in biomass fuel trading for longer than 30 years. It has compiled statistical data on product prices as a basis for study of price trend of each type of product. When price of any product is high, the company will substitute it with the product whose price is more stable. The company also has a policy to set the selling price plus a minimum margin after deduction of sales-related expenses, fixed costs and finance costs and to determine a market-based price in the sales and purchase agreement. Moreover the company invested in warehouses to store enough inventories. It currently has four domestic warehouses, comprising Bang Nam Chuet warehouse, Bang Pakong warehouse, Lam Pang warehouse, Bang Kung warehouse. Recognizing the necessity to have a warehouse that is close to supply sources to be able to store the products during the seasonal price decline. The company has a 27-rai land plot in Mueng district, Surat Thani province in 2015 to construct a stock yard for collecting biomass fuel in the south. The company also plans to construct a woodchip plant and a biomass pellet plant in the future. At present warehouse and office building were completely constructed and have already been in use. All these domestic warehouses have capacity to store locally procured products and part of imported products in the maximum amount of more than 165,000 tons. The company established subsidiaries in Indonesia and Malaysia as its overseas sources

to collect and store palm kernel shells. It also has one palm kernel shell warehouse in Indonesia and three in Malaysia with a combined capacity of more than 75,000 tons. In view of these measures, the company believes that product price fluctuation will not materially impact its operating performance in the future.

1.3 Risk of loss from inventories management

Operating the core business in biomass fuel trading, the company needs to stock inventories to be available for year-round sales. Meanwhile, the output of some products varies with the seasonal effect and climate in the planting areas resulting in price fluctuation. Some products, because of their light weight, occupy a large storage area. The company's warehouses are divided into two sections : (1) an empty building for storing products that must be kept dry such as wood shaving, wood dust, biomass pellet (2) an open yard for storing products that need not to be kept in dry place such as palm kernel shell, woodchip, wood slab and scraps. Considering the way these products are stored, it could lead to product losses like they may be blown away by the wind or their moisture content may be reduced by sunlight or they may be eroded or damaged by rain or may deteriorate by long storage or no turnover etc. Without efficient inventory management, the company could suffer a loss from decline in prices or quantity of its inventories caused by two major factors: (1) a drop in product prices in the market and/or (2) loss of the stored products. However, as learned from its operational experience over these past years, the company has put in place an efficient inventory management system. To cope with risk from product price drop, the company has compiled historical data on an output and price statistics as a basis for forecasting product prices and volume in different period of time of the following year in Thailand, Indonesia and Malaysia. It has also forecasted demand from local and overseas customers through customer demand survey as a basis for efficient inventory management and stock of each type of product in each period. To cushion against risk, the company has prepared an operational manual and arranged staff training. Moreover, the company has implemented measures to prevent product losses by installing a net over the wall around the warehouse to prevent products from being blown away by wind, adopting measures for moisture control, using canvas cover to safeguard product quality, regularly scooping up products that spread across the ground, paving the stock yard at every warehouse with concrete to prevent a loss caused by product being piled up on the ground. The company also assigned its warehouse team to perform physical checking at every end of month and engages an independent surveyor to check the stock twice a year, i.e. mid-year and year-end, so as to reaffirm the balance of inventories recorded in the account. By adopting these measures, the company believes that the loss from inventories management will not materially affect its performance and financial position in the future.

1.4 Risk from bad debts incurred from non-receipt of products already paid for in advance

In purchasing products, the Company will make an advance payment to the supplier in the amount specified in the agreement. Value of each shipment arrived will be deducted from such prepaid amount until the balance decreases below the agreed level, whereby the Company will top it up to the amount specified in the agreement. The advanced amount varies with the quantity of products agreed upon between the Company and each supplier. Such payment method is commonly used in the biomass trading business to ensure that the supplier will sell the agreed amount of products to the Company. Thus, once the advance payment has been made, the Company could be exposed to risk from the supplier failing to deliver the products or making only partial delivery to the Company. If this takes place, it will adversely affect the Company's financial position and performance as the company will probably not receive a refund of such advance payment upon the supplier's failure to deliver the products. Moreover, the Company may lose the opportunity to sell the products due to unavailability of the products. In view of such risk, the Company has formed a sub committee to consider the provision of credit lines for both trade accounts receivable and advance payment for products and to screen information about the trade partners who require advance payment from the Company including information on their corporate registration, financial information and other business information. The subcommittee must have the top executive in financial management consider and give opinion on every transaction. The advance payment to trade partners is subject to prior approval from the managing director under the approved credit line. The Company has also managed the advance payment risk by reducing the advanced amount to the level deemed fit with each trade partner's capability and switching from procurement through only a few trade partners in Indonesia and Malaysia that required advance payment for each massive volume to direct procurement from numerous producers or distributors each in a small volume. The establishment of its subsidiaries in Indonesia and Malaysia helps to expand the Company's network and enables it to procure products through a greater number of products and distributors. When the products already paid for in advance have been completely delivered to warehouse of those subsidiaries, the Company will make advance payment to the sellers for the next sales and purchase agreement respectively. For the distributors who gradually deliver products each in a small volume, leading them to hold the advance amount for a long time period, the Company will follow up on them periodically to make certain that the products are completely delivered as per the agreements. The Company is therefore confident that the trade partners receiving the advance payment are capable of delivering the products completely according to the agreements and it will no longer have to set aside a huge amount of allowance for doubtful accounts as in the previous years.

1.5 Risk from fluctuation in sales revenues during the accounting year

The Company's main income source is from sales of palm kernel shells which made up 73.52%, 58.49% and 51.09% of its total revenues from sales in 2015-2017 respectively. The volume of palm kernel shells hinges on the seasonal effect on palm output, whereas prices of palm kernel shells vary with supply in the market and competition among players. When there is substantial supply with a large number of players competing in the market, the price of palm kernel shells will be lower than when there is less supply of the products. During the period with a tremendous amount of supply and intense competition (only from April to June), the Company will see only a slight increase in its sales of palm kernel shells and will therefore collect and store the products in its warehouses, due to the lower price level than other times of the year, so that it will have product available for sales when the output is low. As such, the percentage of revenues from palm kernel shell sales, its main income source, will likely diminish when there is substantial supply in the market and will edge up when the supply decreases and prices relatively go up, during which the Company will sell out those collected palm kernel shells. Generally (with the normal season change), prices of palm kernel shells will stay at a low level in the second quarter of the year and will rise in the third and fourth quarters and also in the first quarter of the following year, leading the Company's sales and profit to fluctuate over the different quarters of the year. However, the Company sells diverse types of biomass fuel, notably woodchips which grew from 5.84% of total sales revenues in 2014 to 6.82%, 23.17% and 29.56% in 2015, 2016 and 2017 respectively, thus helping to lessen the fluctuation in revenues caused by inconsistent income earnings from sales of palm kernel shells. Besides, the availability of products reserved in its warehouses for sales when the products are undersupplied could help reduce the impact of unstable revenues and profit in each quarter to a certain extent.

1.6 Risk of Business Competition and Entry of new Competitors

At present, there are a large number of players in the biomass fuel trading market whether they are the direct manufacturers or the traders similar to the company and its subsidiaries or the dealers. There are both domestic and overseas firms. It is not difficult to enter the market because it requires only a small amount of startup fund so there is a high competition in the business, especially in terms of price. Meanwhile, most of the biomass fuel manufacturers are small enterprises. The major traders with working capital and having warehouses for a variety of products can satisfy customer's needs for their huge demands. Therefore;

the major traders always have advantages over many the smaller enterprises which are many in number in Thailand. In addition, the procurement team and the sales team also play a very important role. The procurement team must have good relationship with the manufacturers and must have sourcing experience and must also understand the nature of the product and the product season so that they can collect enough quality biomass fuel for biomass fuel users. Meanwhile, the sales team must cooperate well with the procurement team and must always have good relationship with both existing and future customers for competitiveness and continuous growth in both domestic and overseas markets. Therefore; the company always emphasize on the importance of the personnel that are valued resources for the business operation by offering proper incentive and continuous training to develop their potentials and to keep qualified & experienced personnel for the long term. With much experience in biomass fuel business, the company not only provides quality biomass fuel but also offer services for machinery advising. We assist our customers in selecting proper biomass fuel and assist them when they face machinery problems. This makes the company reliable. The company also offers a wide range of products that can replace when biomass fuel is undersupplied. The company is able to collect huge amount of fuel from major and minor producers from Thailand and other countries such as Indonesia and Malaysia so that the company has an advantage over the small traders that have limited types of biomass fuel. Due to this reason, the company keeps competitive growth.

1.7 Risk of Key Person Dependency

Biomass fuel business requires dependency of the accumulated know-how, specialized and expertised personnel especially for the procurement team, the sales team (for domestic and overseas markets) and the inventory management team. Losing those key persons can affect business operations and the financial position of the company. The company has realized the importance of these experts in term of retaining existing personnel and recruiting new ones. The company takes measures for HR management by offering proper income and incentive by comparing their income they get from the company with that of from their same businesses, internal and external training including some activities that will develop their knowledge and skill. For recruiting new personnel, the company has cooperated with the vocational institutes and the professional recruiting companies to obtain qualified persons. In addition, since the company has been registered in MAI stock market, this increases reliability for the job seekers.

1.8 Risk from product transport management

Each type of products procured by the Company is available from different areas. Palm kernel shells are obtained from the south of Thailand (for domestic products) and Indonesia and Malaysia (for overseas products), while sawdust, wood shavings, wood dust, woodchip and others are available from the southern, central, eastern, northeastern and northern regions. At the same time, the Company's local customers are scattered in all parts of the country. Product transport is therefore the key factor of business operation since it has an effect on cost of goods sold, product quality and punctual delivery. Accordingly, inefficient management of products transport will significantly affect the Company's performance and financial position. Recognizing the importance of product transport management, the Company thus established a 99.99% owned subsidiary, Sataporn Thanapat Co., Ltd (STP) to manage land transport and water transport. Land transport is intended for delivery of products not over a long distance both from a supply source directly to customer and from a supply source or port to the Company's warehouse or from the warehouse to customer' location. Water transport is for delivering a large volume of products (1,500 – 10,000 tons) from the warehouse in Surat Thani or the warehouse in Indonesia or Malaysia to the port at Bang Pakong, port at Samut Sakon and port at Samut Songkram for further transfer by trucks to the Company's warehouse. The Company partly uses trucks that are owned and managed by STP and uses the remainder from more than 100 transport service providers. The type of vehicle and the service provider are selected based on the type of products to transport, the transport volume per trip, the skill of each service provider, and the provision of transport service to and back from destination (a one-way service is not acceptable), thereby ensuring the optimum efficiency in transport management and reduction of transport costs. The Company therefore believes that it could efficiently manage the product transport.

1.9 Risk of customers' possibility changing to use other fuels

Currently, the demand of fuel use to generate heat energy and electric energy has various options 1) fossil fuel such as oil, coal, natural gas 2) alternative energy such as solar power, wind power, hydropower including biomass fuel etc. Each fuel has different production cost. Mostly, biomass fuel requires higher production cost than fossil. Customers may change to use fossil fuel instead because the price is lower. However, not only cost factor, customers also consider other factors such as 1) location, whether customers' factories are in the pollution control zone 2) production process, whether customers sell products to environment conscious customers or require the products which are produced by the low carbon-releasing plants 3) environmental concern 4) government supporting policy etc. Because of the certain factors,

customers particularly select biomass fuel for generating heat energy and electric energy. Furthermore, due to the production process, switching cost will occur if they change the type of fuel.

2. Risk of Finance

2.1 Risk of Fluctuation in Interest Rate

Regarding that the company operates biomass fuel trading business, most of the sourcings require advance payment. The company may receive only about 7-30 days credit term. Meanwhile, the company provides 7-60 days credit term to the customers. This requires huge amount of working capital for the company's continuous growth. At present, the company has working capital source such as bank overdraft, letter of credit, promissory note and trust receipt which are short-term debts with floating interest rate referring to a prospective customer's rate, Minimum Overdraft Rate (MOR), a Major Prospective Customer's rate, Minimum Loan Rate (MLR). As of 31 December 2018 the company had Minimum Overdraft Rate (MOR) and short-term loan at 353.13 Million Baht and had financial cost (only from working capital loan with floating rate) at 10.46 Million Baht for the year 2018. Therefore; the company may take risk of fluctuation in interest rate which affects financial cost, financial status and the company's turnover.

2.2 Risk of Fluctuations in foreign exchange and interest rate .

Currently, the company imports palm kernel shell through its subsidiaries based in Indonesia and Malaysia. The company makes payment in the local currency when the company imports products (in case of purchasing products through its subsidiaries) and in US Dollar if not purchasing through its subsidiaries. The certain imported products are for domestic sales and export market (most of them are to export). The company's subsidiaries in those particular countries will directly export to customers. The company receive payment in USD. Therefore; if there is high fluctuation in foreign exchange rate, it may have a negative effect on business operation, revenue and the company's financial status. However, as stated above, for the imported products, some parts will be directly exported through the company's subsidiaries. That export will be paid in USD. same like the currency of imported products in case the company directly buy products from overseas traders, not through the company's subsidiaries. This is to prevent Natural Hedging. There are still some minor risks that the time of payment and that of receiving payment do not happen at the same time. In 2017, the value of the imported product in US Dollars is at 1.65 Million USD. All are imported to sell domestically. The risk of fluctuation in foreign exchange rate occurs from the total amount of important products for domestic sales, which is not much compared with the total importing amount and the importing amount in the local currency of the particular countries the subsidiaries locate. For some parts of the risks, the company manages by making forward contract with domestic commercial banks to mitigate foreign

exchange rate fluctuation that affects the company's revenue.

3. Risk of Management

3.1 The risk that a group of shareholders holding more than 50% shares

Kuansataporn Family Group, persons under Section 258 of the Securities and Exchange Act B.E. 2535 , Revised Act (Section 258) holds 62.73% share. After that Kuansataporn Family Group, persons under section 258 will hold 65.77% shares of the paid-up capital. Kuansataporn Family Group, person under section 258 still hold more than 50% of the shares and have authority to make decisions in case of the majority vote, except the resolution $\frac{3}{4}$ of the shareholder meeting, for example , capital increase, capital decrease, Partial or Entire Business Transfer so in the meeting, other shareholders take risk of being unable to vote for check and balance the major shareholders. However the company has organizational transparency with efficient management. There are 4 directors in the company who are not representatives of the Kuansataporn Family. Moreover, in the company there are 3 independent directors for check and balance. The company has clear scopes of authority and function for directors, audit committee members and executive directors. If the company will have any transaction with a possible conflict person, the law and SET's regulations must be ensured to comply with and the possible conflict person shall have no rights to voting in that certain issue.

Assets

1. Main Fixed Assets

On 31 December 2018, the statement and net book value after deducting accumulated depreciation of fixed assets for business operation of the company and its subsidiaries (hereinafter called “the company”) shown in consolidated financial state , are as follows:

| Type of Assets | Net Book Value (Million Baht) | Type of Ownership | |
|--|----------------------------------|-------------------|---|
| Land and land improvement | 176.80 | Owner | The company has taken the land and land improvement and net book value at 97.65 Million Baht, for guaranteed bank credit facilities |
| Building and building improvement | 40.80 | Owner | The company has taken the building and building improvement , net book value at 21.49 Million Baht for guaranteed bank credit facilities. |
| Machinery and Equipment | 8.66 | Owner | No Commitment |
| Tools and furniture fixture | 2.57 | Owner | No Commitment |
| Vehicles | 43.63 | Owner | Vehicles under rental agreements, net carrying value at 10.50 Million Baht. |
| Assets under Construction and Installation | 7.07 | Owner | |
| Total | 279.54 | | |

1.1 Land

| Ownership | Location | Area Rai-ngan-wa | Type of Ownership | Commitments | Purpose |
|-------------------------------------|--|---------------------|----------------------|---|--|
| ABM | Bang Nam Chuet , Samut Sakhon province | 18-0-66.8 | Owner | For guaranteed bank credit facilities | The plot for Bang Nam Chuet warehouse and The plot for truck maintenance |
| ABM | Bang Kung Surat Thani province | 27-2-86 | Owner | No Commitment | The plot for Bang Kung warehouse |
| ABM | Bang Kung Surat Thani province | 7-3-37 | Owner | No Commitment | To expand the area to support future business. |
| Total 53 rai , 2 ngan ,89.80, Sq.Wa | | | | | |

1.2 Building and building improvement

| Type of Assets | Location | Type of Ownership | Commitments | Purpose |
|-----------------------------|--|----------------------|--|---------------------------------|
| Bang Nam Chuet Warehouse | Bang Nam Chuet , Samut Sakhon province | Owner | For guaranteed bank credit facilities | Biomass Fuel product Storage |
| Bang Kung Warehouse | Bang Kung Surat Thani province | Owner | No Commitment | Biomass Fuel product Storage |
| Bang Pakong Warehouse | Bang Pakong, Chachoengsao province | Rental | - | Biomass Fuel product Storage |
| Bintulu warehouse | Bintulu, Sarawak , Malaysia | Rental | - | Biomass Fuel product Storage |
| Jambi warehouse | Jambi, Indonesia | Rental | - | Biomass Fuel product Storage |
| Building Head office | Samaedum, Bang Khun Thien , Bangkok | Rental | - | To be building |

| Type of Assets | Location | Type of Ownership | Commitments | Purpose |
|------------------|------------------------------|-------------------|-------------|-----------------------------------|
| Space for office | Bintulu, Sarawak Malaysia | rental | - | To be space / area office plot |
| Space for office | Jakarta, Indonesia | rental | - | To be space / area office plot |

2. Investment Capital

On 31 December 2018, ABM has investment in its subsidiaries as follows;

| Company | Investment by Cost Method (Million Baht) | Shareholding | Paid-up Capital (Million Baht) | Investment Type. | Business Type. |
|---|--|--------------|---|---------------------|---|
| 1. Sathaporn Tanapat Co.,Ltd. ("STP") | 4.00 | 99.99 | 4.00 | Subsidiaries | Land transportation |
| 2. Paprapat Co.,Ltd. ("PPP") | 1.00 | 99.98 | 1.00 | Subsidiaries | Land transportation service, Biomass fuel trading |
| 3. ABM Pellets Co.,Ltd ("ABP") | 1.00 | 99.99 | 1.00 | Subsidiaries | Wood Chip and Biomass Pellets factory |
| 4. PT Asia Biomass Indonesia ("ABI") | 9.51 | 99.00 | USD 300,000 | Subsidiaries | Biomass procurement in Malaysia |
| 5. Asia Biomass Energy SDN. BHD. ("ABE") | 2.50 | 55.00 | MYR 500,000 | Subsidiaries | Biomass procurement in Malaysia |
| 6. Asia Biomass Resources SDN. BHD. ("ABR") | 2.29 | 55.00 | MYR 500,000 | Subsidiaries | Biomass procurement in Malaysia |
| Total | 20.30 | | | | |

3. Investment Policy for subsidiaries and associated companies

The company has policy for investment and management for the subsidiaries and the associated companies. The company will invest in the relevant companies which will mutually benefit each other.

Moreover, to operate business on its subsidiaries and the associated companies, the company (ABM) will send its experienced representatives who can be either the chairman of the board or chief executive or any person without any conflict interest. Furthermore, these certain representatives will have to follow the rules and regulations including the law of the countries where the subsidiaries and the associated companies are located. The business operation of the subsidiaries and the associated companies must correspond with the company like they are parts of the company. Moreover, the ratio of the company's shareholding must meet the agreement of ABM and subsidiaries or associated companies. The company will pay close attention to its subsidiaries and associated company's revenue and management by collecting information and checking their account. To obtain approval, any investment project, the company must ensure that it must be complied with relevant laws and SET's regulations, the Securities and Exchange Act B.E.2535 (as amended).

Legal Disputes

As of 31 December 2018, the company and its subsidiaries has no legal disputes which may negatively affect assets of the company or assets of its subsidiaries which is more than 5% of the shareholders or which may affect business operation including the cases of none normal performing business.

General Information and Other Important Information

1. General Information

(1) Company Information (on 31 December 2018)

| | |
|-------------------------------|--|
| Thai name | บริษัท เอเชีย ไบโอมแอส จำกัด (มหาชน) |
| English name | Asia Biomass Public Company Limited |
| Symbol | ABM |
| Type of business | Biomass fuel trader |
| Company's registration number | 0107560000061 |
| Registered capital | 150,000,000.00 Baht |
| Paid-up capital | 150,000,000.00 Baht |
| The number of shares sold | Ordinary share 300,000,00.00 shares |
| Par value per share | 0.50 Baht |
| Head office | 273/2 Rama2 Road, Samae Dam Sub-district ,Bang Khun Thian District Bangkok. |
| Telephone | 02-415-0054 |
| Fax | 02-894-0066 |
| Website | www.asiabiomass.com |
| Company secretary | Telephone: 02-415-0064 Extention 2619 Fax : 02-894-0066 Email : Apiratee@asiabiomass.com |

2) Names and locations of the corporates of ABM shareholding at least 10%

| Subsidiaries | Location | Type of Business | Registered Capital | Paid-up Capital | Total Paid-up Shares | ABM Shareholding (%) |
|--|---|--|--------------------|-----------------|----------------------|----------------------|
| Paprapat Co.,Ltd | 273/2 Rama2 Road Samae Dam Sub-district Bang Khun Thian District Bangkok | Biomass fuel trading (exempt from VAT) | 1 Million Baht | 1 Million Baht | 10,000 | 99.98 |
| ABM Pelletes Co.,Ltd. | 273/2 Rama2 Road Samae Dam Sub-district Bang Khun Thian District Bangkok | | 1 Million Baht | 1 Million Baht | 100,000 | 99.99 |
| PT. Asia Biomass Indonesia | Menara Thamrin Lt. 3A, Suite 02, Jl. MH. Thamrin Kav. 3, Kel. Kampung Bali, Kec. Tanah Abang Jakarta Pusat. | Sourcing biomass fuel in Indonesia | USD 1,200,000 | USD 300,000 | 12,000 | 99 |
| Asia Biomass Energy SDN. BHD. (ABE) | Wisma Destiny, Sublot 47, Parent Lots 3485 & 3064, Parkcity Commerce Square, JalanTun Ahmad Zaidi, 97000 Bintulu, Sarawak, Malaysia | Sourcing biomass fuel in Malaysia | MYR 500,000 | MYR 500,000 | 500,000 | 55 |
| Asia Biomass Resources SDN. BHD. (ABR) | Wisma Destiny, Sublot 47, Parent Lots 3485 & 3064, Parkcity Commerce Square, JalanTun Ahmad Zaidi, 97000 Bintulu, Sarawak, Malaysia | Sourcing biomass fuel in Malaysia | MYR 500,000 | MYR 500,000 | 500,000 | 55 |
| Sathaporn Tanapat Co.,Ltd | 273/2 Rama2 Road, Samae Dam Sub-district ,Bang Khun Thian District Bangkok. | Transportation Service by Truck | 4 Million Baht | 4 Million Baht | 40,000 | 99.99 |

(3) Reference

| | |
|---|--|
| Ordinary Share Registrar | Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building Telephone : 02-229-2800 Fax : 02-654-5472 |
| Auditor | Dr. Virach Aphimeteetamrong CPA No. 1378 Mr. Chaiyakorn Aunpitipongsa CPA No. 3196 Mr. Apiruk Ati-anuwat CPA No. 5202 Dr. Preecha Suan CPA No. 6718 Dr. Virach & Associates Office Co., Ltd. 518/3 Maneeya Center North Building, Fl. 7, Ploenchit Rd., Bangkok 10330 Tel/ Fax : (02)252-2860, 250-0634, 255-2518, 254-8386-7 (02)254-1210 |
| Financial institutes with regular contacts | Kasikorn bank PCL. Krungthai bank PCL. Siam Commercial Bank UOB PCL CIMB (Thai) bank PCL. |

Other Important Information

- None -

Securities and Shareholder Information

1. Registered Capital and Paid up Capital

As of December 28, 2019, the company had registered capital of Baht 150.00 million and had paid-up capital of Baht 150.00 million divided into 300 million ordinary shares with a par value of Baht 0.50 each.

2. Shareholders

2.1 Shareholding structure of the company before and after the offering of newly issued ordinary shares to the public. can be summarized as follows:

| List of Shareholders | After the IPO | |
|---|------------------------------|----------------|
| | Number of shares (shares) | % |
| 1. Kuansataporn Family ^{1/} | 181,098,191 | 60.37 |
| 2. Mr. Apisit Rujikeatkamjorn ^{2/} | 15,000,099 | 5.000 |
| 3. Mr. Kitichai Datpaiboonys | 7,499,901 | 2.500 |
| 4. Mr. Samroeng Manoonphol | 3,750,098 | 1.250 |
| 5. Mr. Anurak Boonsawang | 899,999 | 0.300 |
| 6. Thai NVDR Company Limited | 74,901 | 0.025 |
| 7. Mr. Kanin Chanpichai | 74,901 | 0.025 |
| 8. Mr. Chumpol Sukyanun | 74,901 | 0.025 |
| 9. Mr. Wiroj Rungkumtorntum | 74,901 | 0.025 |
| 10. Other Shareholders | 59,802 | 0.020 |
| Total | 300,000,000 | 100.000 |

Remarks: 1 / Mr. Apisit Rujikarnkamjorn Chairman of the Board of Directors

2 / Kuansathaporn family , list and the following number of shares :

| | | | | |
|------------------|--------------|------------|--------|--------|
| 1. Mr. Panom | Kuansataporn | 24,000,101 | shares | 8.00 % |
| 2. Miss Pimyada | Kuansataporn | 22,500,002 | shares | 7.50 % |
| 3. Miss Tiya | Kuansataporn | 22,500,002 | shares | 7.50 % |
| 4. Mrs. Panida | Kuansataporn | 20,717,002 | shares | 6.91 % |
| 5. Mr. Atipat | Kuansataporn | 19,395,000 | shares | 6.47 % |
| 6. Mr. Nataphat | Kuansataporn | 19,395,000 | shares | 6.47 % |
| 7. Mrs. Natpapha | Kuansataporn | 14,970,198 | shares | 4.99 % |
| 8. Miss Panita | Kuansataporn | 14,970,198 | shares | 4.99 % |
| 9. Miss Pimchaya | Kuansataporn | 14,970,198 | shares | 4.99 % |
| 10. Mr. Pongtham | Danwungderm | 7,061,801 | shares | 2.35 % |
| 11. Mr. Vinai | Kuansataporn | 3,900,196 | shares | 1.30 % |
| 12. Mr. Panus | Kuansataporn | 3,630,196 | shares | 1.21 % |
| 13. Mr. Panai | Kuansataporn | 150,098 | shares | 0.05 % |

For other shareholders apart from the group of Kuansataporn Family as shown in the above Table, each individual shareholder is not a related person according to Section 258, or a shareholder under the same controlling authority.

2.2 Shareholders' Agreement

- None -

3. Issue of other securities

- None –

4. Dividend Payment Policy

Dividend Policy of the Company

The company has a policy to pay dividends at a rate of not less than 40% of net profit after corporate income tax and after deducting allowances and according to the company's Articles of Association, the Board of Directors is authorized to consider the dividend payment taking into account the various factors to benefit the shareholders, such as reserves for repayment of loans. Investment plan for expansion or to support the cash flow of the company in case of the impact of changes in market conditions, etc. The Board of Directors' consideration of such matter must be approved by the shareholders meeting except for the interim dividend payment. The Board of Directors is authorized to approve the interim dividend payment. The meeting should be informed at the next meeting.

Dividend payment policy of subsidiaries

Subsidiaries have a policy to pay dividends at the rate of not less than 90% of net profit after corporate income tax and after deducting allowances and as defined in the articles of association of the subsidiaries, the Board of Directors is authorized to consider the dividend payment taking into account the various factors to benefit the shareholders, such as reserves for repayment of loans, investment plan for expansion or to support the cash flow of the company in case of the impact of changes in market conditions, etc. The Board of Directors' consideration of such matter must be approved by the shareholders meeting except for the interim dividend payment. The Board of Directors is authorized to approve the interim dividend payment. The meeting should be informed at the next meeting.

Changes of Asset Possession of the Executive Committee in the Company for the 2018 Period

Information as of 31 December 2018

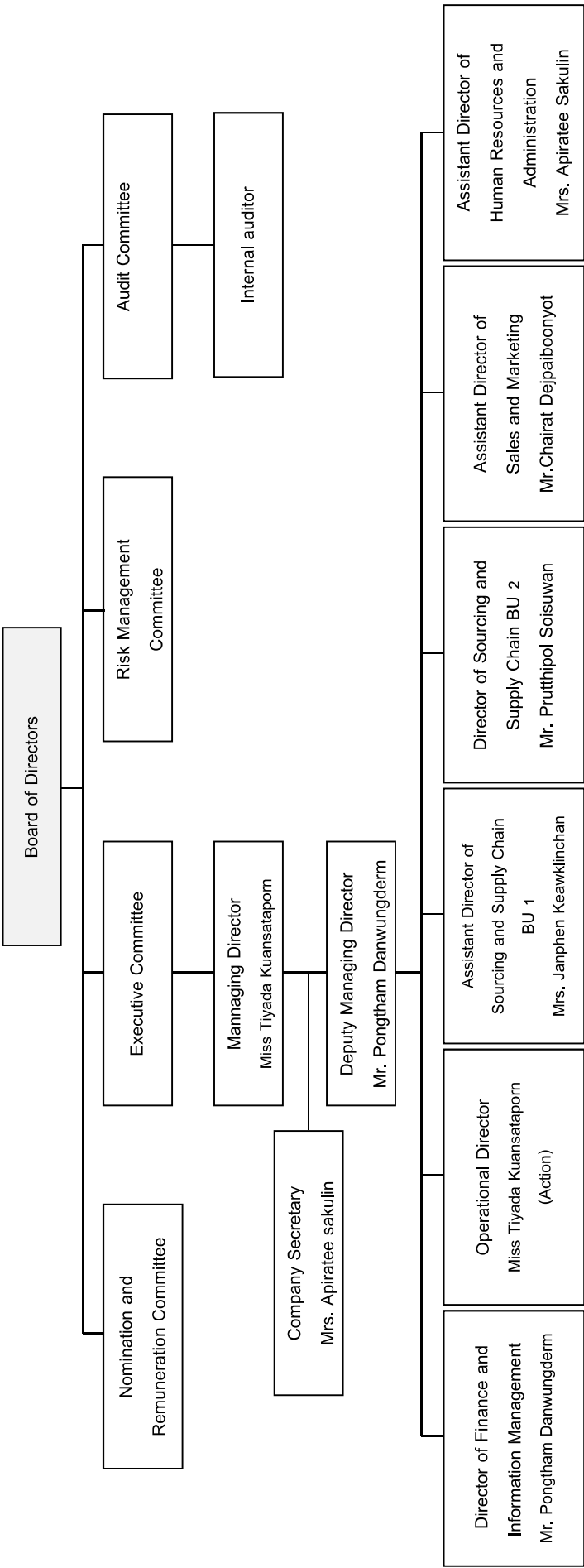
| | Name | Number of shares (shares) | | | Note |
|----|---|---|--|---|--|
| | | As of 22 February 2018 ^{1/} | As of 31 December 2018 ^{1/} | Increase (decrease) During the year (shares) | |
| 1 | Mr. Apisit Rujikeatkamjorn | 15,000,099 | 15,000,099 | - | (No trading transaction of ABM shares in 2018) |
| | Spouse and children under legal age | - | - | - | - |
| 2 | Mrs. Natpapha Kuansataporn | 14,970,198 | 14,970,198 | - | (No trading transaction of ABM shares in 2018) |
| | Spouse (<i>Mr. Panom Kuansataporn</i>) | 24,000,101 | 24,000,101 | - | (No trading transaction of ABM shares in 2018) |
| | Children under legal age | 19,395,000 | 19,395,000 | - | (No trading transaction of ABM shares in 2018) |
| 3 | Miss Tiyaada Kuansataporn | 22,500,002 | 22,500,002 | - | (No trading transaction of ABM shares in 2018) |
| | Spouse and children under legal age | - | - | - | - |
| 4 | Mr. Panom Kuansataporn | 24,000,101 | 24,000,101 | - | (No trading transaction of ABM shares in 2018) |
| | Spouse (<i>Mr. Natpapha Kuansataporn</i>) | 14,970,198 | 14,970,198 | - | (No trading transaction of ABM shares in 2018) |
| | Children under legal age | 19,395,000 | 19,395,000 | - | (No trading transaction of ABM shares in 2018) |
| 5 | Ph.D. Sarit Chockchainirun | - | - | - | (No ABM share held) |
| | Spouse and children under legal age | - | - | - | - |
| 6 | Mr. Vichai Pornkeeratiwat | - | - | - | (No ABM share held) |
| | Spouse and children under legal age | - | - | - | - |
| 7 | Miss Patarawan Manatsatit | - | - | - | (No ABM share held) |
| | Spouse and children under legal age | - | - | - | - |
| 8 | Mr. Pongtham Danwungderm | 6,599,901 | 7,061,801 | 461,900 | - |
| | Spouse (<i>Miss. Panita Kuansataporn</i>) | 14,970,198 | 14,970,198 | - | (No trading transaction of ABM shares in 2018) |
| | Children under legal age | - | - | - | - |
| 9 | Mrs. Apiratee Sakulin | 74,901 | 74,901 | - | (No trading transaction of ABM shares in 2018) |
| | Spouse and children under legal age | - | - | - | - |
| 10 | Mrs. Janphen Keawklinjan | 59,802 | 59,802 | - | (No trading transaction of ABM shares in 2018) |
| | Spouse and children under legal age | - | - | - | - |
| 11 | Mr. Pruthipol Soisuwan | - | - | - | (No ABM share held) |
| | Spouse and children under legal age | - | - | - | - |
| 12 | Mr. Chairat Dajpaiboonoyot | 59,802 | 59,802 | - | (No trading transaction of ABM shares in 2018) |
| | Spouse and children under legal age | - | - | - | - |

Securities Portfolios of Directors Who Resigned, 2018

| | Name | Number of shares (shares) | | | Note |
|---|-------------------------------------|---|---|---|--|
| | | As of 22 February 2018 ^{1/} | As of 31 December 2018 ^{1/} | Increase (decrease) During the year (shares) | |
| 1 | Mr. Likhit Laobawornsedtee | 74,901 | 74,901 | - | (No trading transaction of ABM shares in 2018) |
| | Spouse and children under legal age | - | - | - | - |

Management Structure

Company Structure as of December 31, 2018



The internal management structure of the company consists of the Board of Directors., Audit Committee, Executive Committee, Nomination and Remuneration Committee and the Risk Management Committee including the management. Qualified persons qualified under Section 68 of the Public Limited Companies Act BE 2535 and the relevant notifications of the Capital Market Supervisory Board

Board of Directors

As at December 31, 2017, the Board of Directors There are 7 directors as follows:

| Name | Position | Director Type |
|-------------------------------|---|--|
| 1. Mr. Apisit Rujikestkamjorn | Chairman | Non-executive Director |
| 2. Mrs. Natpapha Kuansataporn | Vice Chairman Executive Board | Director with Signatory Authority Non-executive Director |
| 3. Miss Tiyaada Kuansataporn | Director Managing Director Nomination and Remuneration Committee Chairman of the Executive Board | Director with Signatory Authority Executive Director |
| 4. Mr. Panom Kuansataporn | Director Nomination and Remuneration Committee | Non-executive Director |
| 5. Ph.D. Sarit Chokchainirand | Director Audit Committee | Independent Director Non-executive Director |
| 6. Mr. Wichai Pornkeratiwat | Director Audit Committee Chairman of the Nomination and Remuneration Committee | Independent Director Non-executive Director |
| 7. Miss Patrawan Manutsathit | Director Audit Committee | Independent Director Non-executive Director |

Mrs. Apiratee Sakulin as the Secretary of the Board of Directors.

Authorized Director of the Company

The authorized signatories of the company are Mrs. Natpapha Kuansataporn and Miss Tiyaada Kuansataporn, together with the company's seal affixed.

Independence of Directors

The company has a board of directors structure with at least 3 independent directors and at least one third of the total number of directors. All independent directors and audit committee members are qualified in accordance with the Notification of the Capital Market Supervisory Board No. TorJor. 28/2551 Re: Application for and Approval of Offer for Sale of Shares New release (And any amendments thereto) in full.

Mr. Apisit Rujikeatkamjorn, the company has a 5% stake in the issued and paid-up share capital after the issuance and offering of shares to the public. He is the Chairman of the Board of Directors who is not an independent director. This is not in line with good corporate governance principles for listed companies of the Stock Exchange of Thailand, stating that the Chairman of the Board of Directors should be an independent director.

Mr. Apisit did not hold a position in the administration. Is not a director who has the power to sign the company and no involvement with Kuansataporn family. There are only 7 members of the board who are not related to the family. There are 4 directors (3 independent directors), so it is enough to balance the votes of the directors. In the family, there should be 3 persons in order to comply with the good corporate governance principles. The Company may consider increasing the number of independent directors in the future.

Attendance of the Board of Directors

In 2017 and 2018, the Board of Directors' as following

| Name | Number of Attendance / Total Meeting Attendance | |
|--------------------------------------|---|-----------|
| | Year 2017 ² | Year 2018 |
| 1. Mr. Apisit Rujikeatkamjorn | 8/8 | 5/5 |
| 2. Mrs. Natpapha Kuansataporn | 8/8 | 5/5 |
| 3. Miss Tiya Kuansataporn | 8/8 | 5/5 |
| 4. Mr. Panom Kuansataporn | 8/8 | 5/5 |
| 5. Ph.D. Sarit Chockchainirand | 8/8 | 5/5 |
| 6. Miss Panada Kanokwat ¹ | 3/8 | - |
| 7. Mr. Wichai Pornkeratiwat | 8/8 | 4/5 |
| 8. Miss Patrawan Manutsathit | 5/8 | 5/5 |

Remark: 1 / At the Board of Directors Meeting No. 3/2016 held on May 13, 2016, the Meeting acknowledged the resignation of

Miss. Panada Kanokwa, who is the Chairman of the Audit Committee and resolved to appoint Miss Patrawan Manutsathit to be the Company's director and Audit Committee Member to replace the resigned Director and Mr. Sarit Chokchainirand He is the Chairman of the Audit Committee.

2 / In the meeting of the Board of Directors of the year 2017, there was one time on February 28, 2017, while the company was a limited company.

Scope of authority of the Board of Directors

The shareholders meeting of the company The Board has resolved to set the scope and authority of the Board of Directors as follows:

1. To oversee and manage the company and to perform its duties in accordance with the law, objectives and articles of association of the company and the resolutions of the shareholders' meeting with honesty and prudence, to safeguard the interests of the company and to be responsible to the shareholders.(Accountability to shareholders).

2. Determine the policy and direction of the company's operation. Supervise the management to follow the policy and effective regulation of the company. To maximize economic value and shareholder value (Maximize economic value and shareholders' wealth).

3. Supervise the management to deal with all stakeholders with ethics and equality.

4. Consider and set annual budget plan and update annual budget plan and in line with the policy and the direction

of the company's operations as well and control the management spend, budget based on annual budget plan.

5. To monitor the company's business operation regularly and to be aware of the compliance with the laws and the relevant contractual regulations of the company and to report to the Board of Directors on the Company's performance and other important matters. The company acknowledges the company's Board of Directors' meeting quarterly to ensure effective operation of the company.

6. To implement the Company's accounting, financial reporting, internal control and internal audit system. And reliable.

7. To play an important role in the implementation of risk management by providing adequate risk management guidelines and measures and monitoring them regularly.

8. Consider and approve and/or consider and comment to propose the shareholders' meeting to approve the entering into significant transactions with the company and the entering into connected transactions in accordance with the rules, conditions and procedures prescribed by law and related rules and/or articles of association and/or resolutions of the shareholders' meeting.

9. To prepare the annual report of the company and/or the Board of Directors in accordance with the law or the relevant rules. The company regularly reports to the shareholders, the current status of the business and future business prospects of the company, both positive and negative with sufficient reason.

10. To consider and approve the appropriate organizational structure for the business operation, including the establishment of sub-committees and the appointment of directors or experienced person. The Board of Directors has the authority to appoint the subcommittees as well as the scope of duties and responsibilities of the subcommittees.

11. To consider and appoint the Managing Director and determine the scope of authority and responsibility of the Managing Director.

12. To consider and determine the structure of the annual remuneration of the company and the appropriate remuneration criteria for directors, executives and employees, taking into account the appropriate factors and responsibility, competence, knowledge and the right compensation in the same industry.

13. Consider the amount of remuneration of the directors in accordance with the remuneration criteria proposed by the Nomination and Remuneration Committee to be proposed to the shareholders' meeting for consideration and approval.

14. To consider appointing qualified, experienced and qualified persons according to the relevant laws and regulations as proposed by the Nomination and Remuneration Committee to propose the shareholders' meeting to appoint the directors.

15. The Board may authorize one or more directors or any other persons to act on behalf of the Board. It is under the control of the Board or may authorize such person to have the power as the Board deems appropriate and within the time that the Board deems appropriate, the Board may cancel. Revoke, change, or amend any such delegation of authority. Such authorization must be made in writing or recorded as a resolution of the Board of Directors in the minutes of the meeting of the Board of Directors clearly and clearly defined scope of authority and authority, including the authorized person. No authority to approve such

transaction or individuals who may have conflicts ("Persons who may have conflict of interest" as defined in the Notification of the Securities and Exchange Commission, or Capital Market Supervisory Board may have a vested interest. There may be conflicts of interest in any other way with the Company, except for the approval of the transaction in accordance with the policy and criteria of the shareholders' meeting. Or the Board of Directors approve.

16. Have authority and other responsibilities as required by the law, company regulations and resolutions of the shareholders' meeting. In case of any director has any interest or conflict of interest, he or she does not have the authority to approve such actions with the company or its subsidiaries according to the Securities and Exchange Commission or the Capital Market Supervisory Board and / or the Stock Exchange of Thailand.

The Board also has a duty to supervise the company's compliance with the Securities and Exchange Act.

SET regulations or Notification of the SEC Notification of the Capital Market Supervisory Board or law relating to the business of the company.

Term of office of the Board of Directors

1. One-third of the Board of Directors the term of office of the Board of Directors shall be one year. The term of office of the Board of Directors shall be one year from the date the Board of Directors of the Company ceases to be in office. One third of them use the nearest number to one third.

2. A retired director who is retired by rotation may be reappointed without re-election.

3. In addition to vacating office, the company's directors vacate office upon

- death

- resign

- lack of qualifications or prohibited characteristics under the Public Limited Company Act BE 2535 (as amended)

- The shareholders' meeting passed the resolution.

- The court issued an order.

4. In case the position of the director is vacant due to other reasons but it is not. The Board of Directors select qualified persons and not having any prohibited characteristics under the Public Limited Company Act BE 2535 (as amended) into the company's Board of Directors. The term of office of directors shall not be less than 2 months, except for the remaining term of office of the Board of Directors.

Scope of Authority of the Executive Board

The Board of Directors Meeting No. 1/2560 resolved to set the scope and authority of the Executive Committee as follows:

1. Consider the business plan and annual budget to be presented to the Board of Directors.

2. Determine the company's investment policy. The investment policy is in line with the Company's policy

and approved the investment guidelines including investment proposals in accordance with the company regulations.

3. Consider and address important issues related to the company's operations.

4. Screening Provide all types of recommendations to the Board of Directors.

5. Appointment of Directors of Affiliated Companies or joint venture based on the proportion of shareholding Or under the terms of the agreement between the shareholders of the affiliate or the joint venture (if any)

6. Monitor and follow up the company's management in accordance with the policy, objective plan. The Board of Directors determines and approves the annual budget and reports to the Board of Directors regularly.

7. Consider the matter proposed by the Managing Director to the Executive Board for consideration or approval.

8. Approved the appointment, removal and transfer of Senior Vice President. or other equivalent positions, including the approval of salary, remuneration or other benefits to such person.

9. Approve financial matters and the company's assets in accordance with the scope of authority.

10. Assign or recommend the Managing Director to consider or to deal with any matter that the Executive Board deems appropriate.

11. Appoint a working group to consider any issues that the Executive Board deems appropriate.

12. To consider and propose the matter to the Board of Directors for approval by the Executive Board or to approve or approve.

13. To consider other matters or to perform other duties assigned by the Board of Directors.

The Executive Board The delegation of powers to other persons, which the Executive Board deems appropriate, shall not include power or authorization to approve any item that self or persons involved there may be conflicts, equity or benefits in any other way, conflict with the interests of the company or its subsidiaries or transactions that are not under the ordinary course of business of the company or its subsidiaries. The approval of such transaction must be proposed to the Board of Directors and / or the shareholders' meeting for consideration and approved by the Company's Articles of Association or the relevant law.

Term of office of the Executive Committee

1. The Executive Director shall hold office for a term of 3 years.

2. Executive Directors who vacated office at the end of the term may be re-appointed. It does not automatically renew.

3. In addition to the expiration of the term., Executive Director vacates office upon

- death
- resign
- lack of qualifications or prohibited characteristics under the Public Limited Company Act BE 2535 (as amended)
- The meeting of the Board of Directors resolved to issue
- The court issued an order.

Executive Committee

As at December 31, 2018, the Company's management consisted of 7 members:

| Name | Position |
|-------------------------------|--|
| 1. Miss Tiya Kuansataporn | Managing Director and Action Operation Directors |
| 2. Mr. Pongtham Danwungderm | Deputy Managing Director and Chief Financial Officer (CFO) |
| 3. Mr. Prutthipol Soisuwun | Director of Sourcing and Supply Chain BU 2 |
| 4. Mrs. Janphen Keawklinchan | Director of Sourcing and Supply Chain BU1 |
| 5. Mr. Chairat Dejpaiboonoyot | Assistant Director of Sales and Marketing |
| 6. Mrs. Apiratee Sakulin | Company Secretary and Assistant Director of Human Resources and Administration |

Scope of Authority and Responsibilities of the Managing Director

The Managing Director has the power and duty to manage the business of the company as assigned by the Board of Directors including the following matters or businesses.

1. Prepare and present policies and goals as well as business plans and strategic plans for the company's business to propose to the Executive Committee to consider.
2. Manage the company's policies and goals, including business plans and strategic plans approved by the Board of Directors.
3. Assign the range and / or delegate to other people to perform specific tasks instead in the scope In accordance with the approval authority or regulations or the order that the Board has set.
4. Prepare a report on the company's operations. The Board regularly reviews important issues.
5. Represent the company in contact with outsiders.
6. Perform other duties as assigned by the Executive Committee and / or the Board of Directors.

Managing Director The authority to appoint other persons as the Managing Director deems appropriate. It does not include authority or authorization to approve any item that is itself or a related person, which may have conflicts, equity or benefits in any other way, conflict with the interests of the Company or its subsidiaries or transactions that are not under the ordinary course of business of the Company or its subsidiaries. The approval of such transaction must be proposed to the Board of Directors and / or the shareholders meeting of the company. for consideration and approval in accordance with the company's Articles of Association or related laws.

4. Authorization authority

Managing Director and the Executive Committee has authority to approve transactions under the scope of

approval authority as specified in the authorization table approved by the Board of Directors of the Company No.

1/2560 held on March 7, 2017, including the approval of the significant transaction as follows:

| Detail | | Approval Power | | |
|--------|---|---|---|--|
| | | The Board of Director | Managing Director | Managing Director |
| 1. | Expend Budget | | | |
| | - Additional Budget during the year | Up to 50,000,000 Baht per transaction per project | Not exceeding 5,000,000 Baht per transaction per project | Not more than 50,000,000 baht per transaction per project |
| | - Review of investment projects when the investment project exceed the approved budget. | Up to 50 of the original budget or 25,000,000 Baht per item per project | Not exceeding 10% of the original budget or 5,000,000 Baht per item per project | Not more than 50% of the original budget or 25,000,000 baht per item per project |
| 2. | Expenditure budget (Beyond the approved budget) | Up to 50 of the annual budget | Not more than 20 percent of the annual budget | Not more than 50% of the annual budget |
| 3. | Loaning from financial institutions per one time | Up to 300,000,000 Baht | Up to 200,000,000 million baht | Up to 300,000,000 million baht |
| 4. | Asset sale (Except biomass) per item | | | |
| | -Movable assets | Up to 20,000,000 Baht | Up to 5,000,000 Baht | Up to 20,000,000 Baht |
| | -Property | Up to 30,000,000 Baht | Up to 10,000,000 Baht | Up to 30,000,000 Baht |
| | -Other assets | Up to 20,000,000 Baht | Up to 5,000,000 Baht | Up to 20,000,000 Baht |
| 5. | Credit line from customer sales | Up to 300,000,000 Baht | Up to 50,000,000 Baht | Up to 300,000,000 Baht |

Note: Directors and executives can approve various operations. According to the amount specified above. However, such approval

must be in accordance with the criteria for entering into significant transactions that are the acquisition or disposal of assets and criteria for entering into connected transactions including rules. This is in accordance with the Securities and Exchange Act. SET regulations or Notification of the SEC Notification of the Capital Market Supervisory Board Or law relating to the business of the company.

In addition, the company and its subsidiaries pay brokerage fees both for the purchase and sale of the company's products for outsourced consultants, suppliers, or customers to the company by the supply and sales department of the company. A broker must be present for each transaction combined with cost of goods. It must be at the target cost level and profit after expenses to propose to the Managing Director of the Company for approval. The person and / or juristic person who is paying the commission must have full identity. All outgoing remuneration packages will be collected for submission to the Audit Committee on a quarterly basis in order to ensure that the company's fees are paid correctly, the company's and its subsidiaries' There is no payment to persons who may have conflict of interest in the list of connected persons and juristic persons.

5. Company Secretary

The Board of Directors Meeting No. 3/2058 held on July 13, 2015 resolved to appoint Mrs. Apiratee Sakulin as the Company Secretary to comply with Section 89/15 and Section 89/16 of the Securities and Exchange Act BE 2535 (as amended), the duties and responsibilities of the Company Secretary are as follows:

1. The preparation and storage, registration, committee meeting, invitation and minutes of the Board of Directors and Shareholders and the company's annual report.
2. Keeping Report of Interests Reported by Directors or Executives and
3. Other actions As prescribed by the Capital Market Supervisory Board.

In addition, the Company Secretary The Board also has the duty to assist the Board of Directors in organizing board meetings such as appointments, preparation of the agenda and the delivery of the notice of the meeting of the Board of Directors together with supporting documents.

Mrs. Apirat Sakulin has passed the Company Secretary Program (CSP) Class 68/2016 Year 2016, Advances for Corporate Secretaries Program, Class 1/2561, Basic Course, Company Secretary, Class 1/2561, IR Fundamental Course. And the Effective Minute Taking Program (EMT), version 36/2016

The Company has the qualifications of the Company Secretary considered by many qualifications such as age, education qualification, knowledge of foreign languages communication skills, good human relations, ability to be both internal and external including public relations and image management of the organization to outsiders, etc. In case the company secretary vacated or unable to perform duties, the Board of Directors shall appoint a new Company Secretary within ninety days from the day the former company secretary retired or may not perform duties. The Board of Directors is authorized to assign one of the directors to replace those directors at that time in accordance with the Securities and Exchange Act BE 2535 (as amended).

Remuneration for Directors and Executives

1. Monetary Remuneration

a. Monetary Remuneration

The Annual General Meeting of Shareholders for the Year 2017 held on February 22, 2017. The directors' remuneration has been approved. The Audit Committee and the Nomination and Remuneration Committee are as follows:

| List of Director | Monthly Remuneration (Baht/month) | Meeting Allowance (Baht/time) |
|---|-----------------------------------|-------------------------------|
| Chairman of the board | 25,000 | 25,000 |
| Committee | 20,000 | 20,000 |
| Chairman of the Audit Committee | - | 25,000 |
| Audit Committee | - | 20,000 |
| Chairman of the Nomination and Remuneration Committee | 25,000 Baht/year | - |
| Member of the Nomination and Remuneration Committee | 20,000 Baht/year | - |

With the total remuneration for the fiscal year 2018 consisting of Monthly remuneration for directors And meeting allowance the total amount of not more than 5,000,000 baht (five million baht only) in the year 2018 Total monetary compensation of the Board of Directors Audit Committee And the Nomination and Remuneration Committee in the form of monthly remuneration, meeting fees, totaling 2,960,000 baht.

| Name | Remuneration (Baht) | | | | |
|--------------------------------|---------------------|-----------------|------------------------|----------|------------------|
| | Year 2018 | | | | |
| | Board of Directors | Audit Committee | Remuneration Committee | Gratuity | Total |
| 1. Mr. Apisit Rujikeatkamjorn | 450,000 | - | - | - | 450,000 |
| 2. Mrs. Natpapha Kuansataporn | 360,000 | - | - | - | 360,000 |
| 3. Miss Tiyaada Kuansataporn | 360,000 | - | 20,000 | - | 380,000 |
| 4. Mr. Panom Kuansataporn | 360,000 | - | 20,000 | - | 380,000 |
| 5. Ph.D. Sarit Chockchainirand | 360,000 | 125,000 | - | - | 485,000 |
| 6. Mr. Wichai Pornkeratiwat | 340,000 | 80,000 | 25,000 | - | 445,000 |
| 7. Miss Patrawan Manutsathit | 360,000 | 100,000 | - | - | 460,000 |
| Total | 2,590,000 | 305,000 | 65,000 | - | 2,960,000 |

a) Remuneration for Executives

In 2016 and the first nine months of 2017, the Company paid management remuneration. The details are as follows :-

| Remuneration | Year 2017 | | Year 2018 ¹ | |
|---|-----------|--------------------------------|------------------------|--------------------------------|
| | Number | Remuneration (Million Baht) | Number | Remuneration (Million Baht) |
| Salaries and bonuses | 7 | 10.56 | 7 | 9.92 |
| Other compensation such as contributions to the social security fund, money saving fund and phone bills | 7 | 2.19 | 7 | 1.10 |
| Total | 7 | 12.75 | 7 | 11.02 |

Note: - 1 executive resigned from the position at the end of August 2018

a. Other Remuneration

- None -

Personnel

1. Number of Personnel

As of December 31, 2017 The company and its subsidiaries have monthly employees (Excluding directors and management of the company and its subsidiaries), 158¹ employees divided into 113 company employees STP 44 persons ABI 1 persons respectively by the company's monthly staff and STP can be classified by the line as follows:

| Field of work | Number of Employees per month | |
|---|-------------------------------|-----------|
| | ABM | STP |
| Financial and Information Management | 24 | - |
| Operation | 5 | - |
| Sourcing and Supply Chain BU 1 | 6 | - |
| Sourcing and Supply Chain BU 2 | 55 | - |
| Sales and Marketing | 12 | - |
| Human Resources and Administration | 9 | - |
| Executive Office | 1 | - |
| Transportation and maintenance | - | 41 |
| General Purchasing | - | 3 |
| Safety, Occupational Health and Environment ^{2/} | 1 | - |
| Total | 113 | 44 |

Note: 1 / The company's daily staff and STP are 7 persons and 3 persons, respectively, and one PPP contract employee and one ABI employee.

2 / Security Department Occupational Health and Environment ABM's organizational structure is under the Human Resources and Administration Department

Employee Remuneration

In 2017 and In 2018, the company and its subsidiaries paid remuneration to employees. The total amount of Baht 46.58 million and Baht 41.76 million, respectively, were paid in form of salary, bonus, overtime, social security, provident Fund and others.

Provident Fund

The company and its subsidiaries have been supported by the company for the promotion of employees' morale. The company has started contributing health insurance funds in October 2015.

Other Remuneration

Other Remuneration

In addition to salary, bonus, provident funds, the company also offers other benefits to employees as follow:

1. Annual medical check up.
2. Support as follow:
 - Financial support for funerals of employee dependents.
 - Hospital visits / child deliveries.
 - Moving fee
 - Financial compensation retirement.
 - Marriage
3. Accident benefits
4. Social Security fund benefits
5. Compensation fund benefits
6. Provident fund benefits.
7. Employees uniform benefits
8. Remuneration benefits:
 - Annual bonus
9. Sport benefits.
10. Vehicle fee / accommodation fee/ allowance benefits.
11. Travel Insurance

12. Leave benefits :

- Sick leave.
- Business leave.
- Maternity leave.
- Leave for training or skill development.
- Sterilization leave.
- Military service leave.
- Monk ordination leave.
- Funeral leave.
- Marriage leave.

13. Annual vacation holidays.

14. Various activities.

Major labor disputes in the past 3 years.

- None -

Important disputes on the labor over the last 3 years.

- None -

5. Policy on employee development

The company has a policy emphasizing on potential and capability development for the employees as our valuable resources. The company support its employees to participate training and courses particularly to improve knowledge of the employees and aims that employees work with capability and good attitude towards the company. The policy included the career path, job responsibility, recruitment procedure. To encourage the employees on a continuous development, the company provides the annual promotion for the potential employees.

The company support the training courses both internal and external training and orientation according to the annual training plan that relating to their work and their career path, the necessary for the employees in each position and to support the business. The evaluation of the training results in order to improve the training arrangement.

The training courses as follow:

| No | Topics | Training courses | | No. of participants | duration (Hours) |
|----|-------------------------|------------------|----------|---------------------|------------------|
| | | Internal | External | | |
| 1 | Computer and Program | / | | 22 | 18 |
| 2 | Computer and Program | | / | 2 | 6 |
| 3 | Communication | / | | 32 | 6 |
| 4 | Product knowledge | / | | 12 | 6 |
| 5 | Product knowledge | | / | 1 | 6 |
| 6 | Supply Chain Management | | / | 11 | 79 |

| No | Topics | Training courses | | No. of participants | duration (Hours) |
|----|---|------------------|----------|---------------------|------------------|
| | | Internal | External | | |
| 7 | Accounting and Finance | | / | 5 | 30 |
| 8 | Business Development | | / | 3 | 6 |
| 10 | Energy Conservation | | / | 2 | 6 |
| 11 | ISO 9001:2015, ISO 14001: 2015, FSC, PEFC | / | | 61 | 30 |
| 12 | ISO 9001:2015, ISO 14001: 2015, FSC, PEFC | | / | 33 | 120 |
| 13 | Safety and occupational health | / | | 70 | 24 |
| 14 | Safety and occupational health | | / | 8 | 72 |
| 15 | Law and compliance | | / | 2 | 6 |

Total training courses 445 hours

Year 2018, The company had expenses regarding the internal training in an amount of 44,280.00 Baht and external Training 178,918.00 Baht.

Effective Communication Skills



ISO 9001 : 2015 and ISO 14001 : 2015



Fire Drill (Head Office)



Fire Drill (Samutsakorn)



Policy on Board of Director and Management development

The Board of Directors supports directors to attend training courses or participate in seminars that increase knowledge in work practices. To increase the perspective continuously Which will help the directors to lead the organization to achieve the goals set by the company

For executives, the company places importance on promoting the development of knowledge and skills of executives in various fields. Whether training for seminars for executives to apply knowledge in the management division

The company supported the training courses to develop knowledge and capability as follow:

| รายชื่อ | ตำแหน่ง | หลักสูตร/จัดโดย |
|--------------------------|---|---|
| Miss Tiya Kuansataporn | The Board of Director Managing Director Chairman of Executive Committee | ➤ นักอุตสาหกรรมรุ่นใหม่ รุ่นที่ 6 จัดโดย สมาคมอุตสาหกรรมแห่งประเทศไทย ➤ Ethical Leadership Program (ELP 11/2018) By The Institute of Directors (IOD) |
| Mr. Pomgtham Danwungderm | Managing Director Deputy Vice Chairman of Executive Committee Chief Financial Officer (CFO) | ➤ Orientation Course CFO By the Federation of Accounting Professions. |
| Mrs. Apiratee Sakulin | Company Secretaary Assistant Director of Human Resources and Administration | ➤ Fundamentals For Corporate Secretaries (Class. 1/2561) By The listed Companies Association. ➤ Advances for corporate secretaries (Class.1/2561) By The listed Companies Association. ➤ IR Workshop 1/2561 By The listed Companies Association. ➤ IR Fundamental Course By the Stock Exchange of Thailand |
| Mr. Pruthipol Soisuwan | Director of Sourcing and Supply Chain BU 2 | ➤ Cost reduction, Logistics and Supply Chain By Department of Industrial Promotion. |
| Mr. Chairat Dej | Assistant Director of Sales and Marketing | ➤ การลดต้นทุน โลจิสติกส์ ตลอดโซ่อุปทาน จัดโดย กองโลจิสติกส์ กรมส่งเสริมอุตสาหกรรม |

2018, The company had expenses regarding training of Board of Directors and Management in an amount of 324,457.00 Baht

Policies and guidelines on occupational health and safety in the workplace

The company is aware of the importance of occupational health and safety in the workplace. Due to occupational health and safety is a factor that will make the business run continuously and sustainably. In 2018, the company has established a quality policy Occupational Health Safety And the environment of the Asia Biomass Public Company Limited, with the aim to strive to conduct business with quality, safety and environmental management systems in response to the expectations of stakeholders in terms of quality, safety and To work and prevent environmental impacts, so to be a guideline and framework for determining and reviewing operational objectives In terms of quality, safety and environment, the company group has the motto as follows: "Standard quality Eco-friendly Responsible for stakeholders, as follows

1. Quality, safety and environment are the responsibility of every employee as part of the operation.
2. Procurement and production of quality products, quantity delivered according to the agreement with customers
3. Reduce and prevent the risk of injury and illness from work, loss from accidents, fire and property damage.
4. Environmental protection and Focus on pollution prevention at the source Reduce greenhouse gas emissions by using resources efficiently and sustainably.
5. Comply with legal requirements and continuously improve the development of quality, safety and environmental management systems. Management at all levels in the Group will be responsible and exemplary in the development and maintenance of the quality, safety and environmental management systems. By supporting sufficient resources for all employees to participate in implementing the policy, including communicating to The stakeholders are aware of the policy and performance management, quality, safety and the environment, with effect from March 29, 2561.

In addition, there is also the preparation and training of work safety systems. Prepare fire prevention and suppression plans In accordance with relevant legal standards While conducting surveillance Monitor, monitor and evaluate the working environment. The company has established a safety management system. According to the project to promote the standard of safety, occupational health and work environment For small and medium enterprises (SMEs) of the Institute for Safety, Occupational Health and Working Environment (Public Organization) "TOSH" passed the "Platinum level" assessment to be a guideline for the operation to be safe. And create safety consciousness for the employees of the company.

In the year 2017, the company has implemented Zero Accident Campaign to reduce accident statistics from the Ministry of Labor. Received the first year of honor, as of June 28, 2018, which shows the company's commitment. In business operations to create confidence for the stakeholders of the company.

| |
|----------------------|
| Corporate Governance |
|----------------------|

1. Corporate Governance Policy

The Company is aware of its responsibilities to all stakeholders under the framework of business ethics and work practices. Therefore, it is recommended that the corporate governance be prepared and prepared to be the management of the organization. Make sure that any action, action with fairness and take into account the maximum benefit of shareholders and stakeholders.

The Board of Directors adheres to the principle of sincerity and honesty. There are policies, plans, strategies, operations and evaluations as well as operations, ensure transparency and control of risk management to achieve maximum efficiency.

The company is committed to continuous corporate governance along with the responsibility to society. This is for the benefit of those involved and society as a whole.

The Board of Directors' Meeting No. 1/2560 resolved to approve the policy on corporate governance in accordance with the guidelines of the Stock Exchange of Thailand. ("SET"), which contains the following key principles:

Chapter 1: Rights of Shareholders**1.1 Shareholders' Meeting**

The Board of Directors convenes the Annual General Meeting of Shareholders within four months of the end of the fiscal year. Prepare a meeting invitation containing information on date, time, place and agenda with details, facts and reasons. Board's Opinion Voting of votes in each agenda item. The criteria for sending questions in advance of the shareholders clearly. The Company has informed the shareholders in advance not less than seven days prior to the meeting date. The announcement of the meeting in the newspaper three consecutive days before the meeting is not less than three days, and the opportunity for the shareholders to appoint an independent director or any person to attend the meeting on their behalf. Use one of the proxy forms sent by the company together with the notice of meeting.

Each time before the start of the meeting, the shareholders were informed about the method of voting. During the meeting, shareholders were given the opportunity to express their opinions and ask questions. Equally, the Board of Directors has the same agenda. The Audit Committee, the Management, and the auditor of the associated company clarify the answers to each shareholder's questions.

In addition, the Board of Directors may call an Extraordinary General Meeting of Shareholders at any time. Likewise the shareholders may request the Board of Directors to call a meeting of shareholders at any time in accordance with the Company's Articles of Association. In such case, the Board of Directors must arrange a meeting of shareholders within one month from the date of receiving the letter from the shareholders.

1.2 Action on Shareholders' Meeting

1.2.1 The Company gives the shareholders the opportunity to ask the Chairman of various committees in related matters.

1.2.2 In the shareholders' meeting, the company will make a resolution on each agenda item if there are several agenda items such as appointment of directors.

1.2.3 For transparency and fairness, the company will arrange for a lawyer to witness the meeting and to count or examine the votes in the ordinary and extraordinary meetings of the shareholders and to disclose them to the meeting and recorded in the minutes of the meeting.

1.2.4 The Company will use the voting cards for important matters to be transparent and verifiable in the event there is a dispute later.

1.2.5 The chairman of the meeting shall allocate appropriate time to provide the shareholders with the opportunity to express their opinions and to raise questions to the meeting in relation to the company.

1.2.6 The Board of Directors will encourage the company to apply the technology to shareholders' meetings, including shareholders' registration, ballot counting, and display of results so that meetings can be conducted quickly and accurately.

1.3 Preparation of minutes of the meeting and disclosure of resolutions of the shareholders' meeting

1.3.1 Minutes of the shareholders' meeting, the minutes of the shareholders' meeting shall be recorded in the minutes of the meeting and the minutes shall be given to the shareholders. The voting results for each agenda item are as follows: There are shareholders who agree, disagree and abstain, and record the names of the directors, the attendees and the directors.

1.3.2 The Company will disclose to the public the voting results of each agenda item at the Annual General Meeting and the Extraordinary General Meeting of Shareholders on the Company's website.

Chapter 2: Equitable Treatment of Shareholders

2.1 Information before the shareholders' meeting

The Company will conduct its shareholders' meeting in accordance with the law and guidelines of the shareholders' meeting set by the regulator at the shareholders' meeting. The Company will schedule the meeting with the agenda and the opinion of the directors to the Stock Exchange of Thailand and through the company's website at least 28 days before the date of the shareholders' meeting. The Company will issue the invitation letter to the shareholders meeting in both Thai and English versions. The Company will inform the shareholders of the rules used in meetings, voting Procedure Including the right to vote for each type of shares.

2.2 Protection of the Rights of Minority Shareholders

2.2.1 All shareholders have the right to propose additional agenda items in advance of the shareholders' meeting in advance to demonstrate fairness and transparency in determining whether to add an agenda proposed by the minority shareholders.

2.2.2 The company will provide opportunities for shareholders to nominate persons to be directors in advance and to give them the opportunity to exercise their right to appoint individual directors, the consent of the nominated person.

2.2.3 In the shareholders' meeting, the meeting will be held in accordance with the agenda as stated in the notice of the meeting without any additional agenda item not specified in the invitation letter, especially the important agenda item. Shareholder must take the time to study the information before making a decision, the fairness of the shareholders who did not attend the meeting.

2.2.4 In the election of directors The company will allow shareholders to vote for each director individually. The shareholders have the right to choose the representatives who are qualified to serve as directors in order to maintain their own interests. This will cause a variety and truly represent the shareholders.

2.3 Prevention of internal data usage

2.3.1 The company has set guidelines for keeping and preventing the use of internal information in writing and to inform them that everyone in the organization.

2.3.2 It is forbidden to use the opportunity or information obtained from being an executive director to exploit for themselves or others the wrong way, such as trading securities using inside information. The use of internal information to disclose to persons related to directors and executives is a disadvantage or may cause damage to the shareholders as a whole.

2.3.3 The company's directors and executives must report their holdings in accordance with the law and submit such reports to the Board of Directors on a regular basis and disclose information in the annual report.

2.4 Interests of Directors

Directors and executives must disclose information about their interests and related persons so that the Board of Directors can consider the transactions of companies that may have conflicts of interest and can make decisions for the benefit of the company as a whole. Stakeholders must report their interests before the agenda is considered. Directors and executives who have interests in transactions with the Company will not participate in the consideration of such agendas.

Chapter 3: Role of Stakeholders

3.1 Formulation of the Code of Conduct for Stakeholders

The company is committed to fairness and integrity with other stakeholders to create a good relationship in the business, including executives and employees, customers, trading partners, creditors, competitors and society. It does not discriminate against anyone who is unfair. Do not use judgment or personal relationships. The Company provides fair, transparent, and timely disclosure of information in a transparent manner so that all stakeholders are treated in an equal footing. There is a channel to receive clues or complaint or

suggestions In matters relating to the actions of the company Illegal or unethical The inaccuracy of the financial report. Defect of internal control system Unfair action or issues indicates that stakeholders are affected. The company will investigate the process and record the investigation in writing and not disclosing the details of the clerk to protect the notifier from possible. The Company attaches great importance to the rights of all stakeholders. The details are as follows

Shareholder

The company treats shareholders equitably and fairly with basic rights adherence to Good Corporate Governance Principles is to act as a representative of the shareholders in the conduct of business in a transparent manner and reliable internal audits to ensure that all shareholders are treated equally in all matters. Related to the company both the right to attend and vote at the shareholders' meeting, provision of timely information in order to make decisions, meeting place allocation of time should be for disclosure of interests and freedom of expression in the meeting. In addition, the Board of Directors will not take any action. In a manner that may cause conflict of interest to the company. Do not exploit yourself and do not disclose confidential information to outsiders.

In addition, the company reports on the status and performance of the company and its information to all shareholders equally, accurately, timely, accurately and completely. This is in accordance with the Securities and Exchange Commission.

staff

The company pays attention to all employees. Employees are the key to the success of your organization. The company has set policy on various matters. Employee benefits such as compensation fund, provident fund, uniform, sports, employee health check. In addition, the company develops employees at all levels to enhance their capabilities for future business growth. Training is provided to enhance knowledge and skills in each department to be in a reasonable level and to suit the performance of each employee at each level. The knowledge and skills of the employees in the department are described. The details of the regulations and guidelines are as follows.

- Provide fair and reasonable returns based on knowledge, ability, responsibility and the performance of each employee.
- Maintaining a safe working environment for employees' life and property.
- Encourage and encourage the training of employees in all areas, such as the development of work Potential, the importance of the environment, which relates to the main operations of the company.
- Appointment, relocation, awarding and punishment of employees. It must be done with equal equanimity and based on knowledge. Ability and suitability Include the action or practice of the employee.
- treat employees on the basis of justice and the importance of development. Transfer of knowledge and ability of employees by providing employees with equal opportunities.
- Listen to comments and suggestions from all levels of employees equally and equitably.
- Compliance with laws and regulations related to labor law strictly.

- Manage by avoiding any unfair action. This may affect the stability of the work of the employees.
- treat employees with courtesy and respect for the individuality and dignity of human beings.
- There is a way for employees to report inconsistencies, disciplinary and legal issues by promoting the boards and internal websites of the company. Channels for expressing opinions and complaints include comment boxes and complaints within the company. And only the key managers can open the complaint box, including the Managing Director's email. Tiyada@asiabiomass.com
- Encourage employees to understand ethics and roles to promote behavior within the framework of ethicsthoroughly.
- Organize Anti-Corruption Program Corrupt Support activities that promote and instill in all employees compliance with the law and the relevant regulations.

Customer

The company is committed to providing quality products and services, quality inspection accurate and timely delivery, comply with the terms and conditions to the customers in a transparent and equal way with the attention to the needs in various ways. The agency has contact with customers. Provide advice and listen to customer feedback or suggestions including in the confidentiality of the customer, the details of the rules and guidelines are as follows.

- Provide a system for the maintenance, protection and protection of securities or property. The customer is entrusted with the care of the company very concisely and appropriately.
- Maintain various assets. Provide adequate legal and regulatory guidelines to build customer confidence.
- Do not ask for or receive money, gifts or prizes or any other consideration from customers or other persons unless it is due to traditionalism.
- Adherence to and honesty in the business.
- Compliance with standards the Company is generally accepted in the business.
- Doing business by legal requirements and official requirements. It will not provide unlawful assistance, promote or support any activity or transaction.
- Track changes and developments and innovation to create customer satisfaction.
- Use knowledge, ability, expertise. Be careful and attentive in quality products to customers like professionals.
- Maintain confidential customer information in a concise and appropriate manner. It will not disclose that confidential information to anyone else. except for the consent of the customer or legal action.
- Communicate information about the company's products or services to the right customers.
- Provides a process whereby customers can report problems of inappropriate use of goods or services via Email or Website so that the company can quickly and appropriately respond to customer problems and issues. Continue to improve or develop such products and services.

Partners

The company takes into consideration the importance of partners. Purchases of goods and services from trading partners are subject to commercial terms. Covenants and contracts are fair, transparent, and sensitive to payment terms. The company has a reliable partner selection system. Responsible for society and environment.

This ensures that customers receive quality products and services as specified by the regulations and guidelines.

- Do not claim not to pay any benefits, trade with partners in bad faith and comply with the contract.

Terms and conditions to the partners strictly. In case of non-compliance will notify the partners in advance to find solutions to problems with the principle of reasonableness.

- Supervise or prevent any conflicts of interest related to the business operation of the company and do not seek any unlawful benefit or contrary to the requirements of the government.

- No action related to intellectual property infringement. It also encourages the management. Employees use the resources and assets of the company effectively. Use the right products and services and do not support the use of goods or services that violate intellectual property.

- Strictly comply with the terms of the trade agreement. The result is a standardized trade with both domestic and foreign partners.

Creditor

The company has set the terms and conditions for the creditors. It is a financial institution. The company monitors the financial status of the company to ensure that the company is able to control the financial risks and to comply with the terms and conditions of the loan. Under the agreement, if one of the conditions is not fulfilled or cause default must promptly notify the creditor without covering the facts to jointly consider the solution using the principle of reasonableness.

Rival

The company has complied with the fair competition rules. It is based on a fair return to both parties.

Avoiding dishonest means to destroy a competitor and do not seek confidential information of competitors in ways

that are dishonest or inappropriate. It does not destroy the reputation of its competitors by making false accusations without truthful information and without doing anything. This is a violation of intellectual property and other copyrighted work or competitors.

The community where the company is located

The company is aware of the environmental issues that will arise from its business operations. Since the company imports and distributes biomass, this may have the effect of having dust spread around the storage area and the area where the truck will bring goods to the customer. The company has many

environmental measures, including noise pollution, air and water. Have security system Hygienic Cleaning System Dust Prevention.

Environment and Society

The company is well aware of the need to build understanding and trust from the residential community around the warehouse area. The company entrusted the profession to take care of complaints of the villagers in the area. The company also provides public support for surrounding and nearby communities such as donating computers to schools and supporting religious activities, supports the activities of school children and the elderly. In addition, in the recruitment of the company, it will give priority to those who are domiciled nearby to create jobs for the local community and support those in the vicinity who will bring income and prosperity to the community. The company recognizes the importance of effective and efficient corporate governance taking into account the responsibility to society, the community and the environment. Therefore, the Board of Directors attaches great importance to the environment, society and community and encourage all employees. Use resources economically. Keep the environment and social responsibility as a whole.

Chapter 4: Disclosure And transparency

4.1 Disclosure

- The Company provides investors with accurate, complete, timely, transparent and equal disclosure of information both financial data, performance and other relevant information. Under the laws and regulations of the company related to preventing trade secrets from leaking to competitors. The company has organized the agency about. "Investor Relations" is responsible for communication with shareholders, investors, stock analysts. It also provides an opportunity to meet and respond to inquiries by top executives.

- Company Report on Corporate Governance Policy Risk Management Policy and policies on environmental and social care. The approval of the Board. Include the results and the reasons for failure to comply with such policies in the annual report.

- The company will report on the responsibilities of the Board of Directors to the financial statements, together with the auditor's report in the annual report.

- The company will provide management discussion and analysis (MD & A) for the quarterly disclosure of financial statements so that investors will be informed and understand the changes to their financial status and results. The company's work in each quarter is better.

- The Company has disclosed the auditing fee and other services provided by the auditor.

- The Company will disclose the roles and duties of the Board and subcommittees, the number of meetings and the number of attendance in the past year, and the views of the Board of Directors and the professional development and training.

- The company will disclose the policy on remuneration to directors and senior executives of the Company and its subsidiaries reflecting each person's duties and responsibilities, as well as the form or nature of remuneration.

4.2 Minimum information disclosed on the website

In addition to the information disclosed in the Annual Registration Statement (Form 56-1) and the Annual Report the rules are set. The company also discloses the following information on the company's website and is regularly reviewed to keep it current.

1. Vision and Mission of the Company
2. Nature of Business
3. List of Board of Directors and Executives
4. Financial Statement and Report on Financial Status and Performance of the Current and Previous Year
5. Form 56-1 and Downloadable Annual Report
6. Any information or documents that the company offers to analysts, fund managers or other media
7. Shareholding Structure Direct and Indirect
8. Group structure including subsidiaries, associates and joint ventures
9. Direct and indirect shareholding of 5% of total paid-up shares and voting rights
10. Direct and indirect shareholdings of directors, major shareholders, senior executives
11. Invitation to the Annual General Meeting of Shareholders and Extraordinary General Meeting of Shareholders
12. Corporate Governance Policy
13. Risk Management Policy, including how to manage various risks.
14. Contact information, agency or person responsible for Investor Relations such as name, contact person, phone number.

Chapter 5: Structure, roles and responsibilities and the independence of the board

5.1 Board structure

The Board of Directors consists of: The number of directors is fixed at the shareholders' meeting. In addition, no less than three directors or one-third of the directors must be independent directors. The qualifications are in accordance with the law on public limited company. Rules of the Securities and Exchange Commission and the stock market They are also experts from various industries. Business Finance and Accounting Involve and support the company's business. Currently, the Board of Directors consists of 7 members, consisting of two executives and five non-executive directors, with three independent directors, independent director However, the Chairman does not hold any positions in the management, nor is the authorized director of the company. There is no relationship with the major shareholders. The Chairman of the Board holds only 5% of the paid-up capital after the offering to the public. This is to enable the Board of Directors to perform their duties efficiently and balance in the consideration and vote on matters. Appropriately Voting by the Chairman of the Board of Directors and Independent Directors can be considered as the voting power of the directors representing the major shareholders. In addition, the Board of Directors appoints the

Company Secretary, may be Assistant Managing Director, or other persons deemed appropriate by the Board of Directors to assist the work of the Board regarding meeting appointments. Prepare agenda Submit meeting documents and record the minutes. It must have authority and responsibility in accordance with Section 89/15, paragraph one of the Securities and Exchange Act BE 2535 (as amended)

5.2 Subcommittees

The Board of Directors, there are four sub-committees, namely (1) the Audit Committee, in order to alleviate the obligations of the Board of Directors for consideration in (2) Executive Committee to assist in the consideration and screening of specific tasks for the purpose of operation. (3) Nomination and Remuneration Committee. The company is responsible for recruiting qualified persons to serve as directors and senior executives, consider the form and criteria of remuneration for directors and top executives to propose the opinion to the Board of Directors for approval. And / or proposed to the shareholders meeting for further approval. (As the case may be) in accordance with the good corporate governance policy of the company and according to the good corporate governance principles of the Stock Exchange of Thailand To be transparent fairness with all stakeholders and (4) the Risk Management Committee to assist the Board in managing risk from internal factors and outside that may affect the financial position and the results of the company to be competitive in the business in the long run.

5.3 Roles and Responsibilities of the Board

Board of Directors Plays an important role in caring And management company to perform duties in accordance with the law, objectives and regulations of the Company, the resolutions of the shareholders' meeting. With honesty, take care of the benefits of the company and they are responsible to all shareholders. (Accountability to Shareholders)

- Board of Directors Plays a key role in shaping policy and the direction of the company, monitoring and supervision the management is responsible for the implementation of the policy and effective regulation of the company and effectiveness under good corporate governance to maximize the economic value of the business and maximum security for shareholders (Maximize Economic Value and Shareholders' Wealth).

- The Board of Directors has set up a Corporate Governance Policy in writing so that the Board of Directors, executives, employees, and all employees are guided by the Code of Conduct as well as the Company's regulations and regulations. In addition, the Board reviews the policy and compliance on a regular basis.

- The Board of Directors encourages the Company to prepare a business ethics and code of business conduct in writing so that directors, executives and employees can follow the guidelines and help to keep the good reputation and the pride of the employees. This will lead to an organization with a good governance system. We hope that our directors, executives, and employees will always use this code of ethics in every case, so that they will become the core of their work. In addition, the Company has set up a working group on business ethics to publish public relations Organize training, campaign and support for serious practice, regularly evaluates the compliance of the manual, report the results to the Board of Directors.

- Supervise the management to deal with all stakeholders in an ethical manner and equality
- Consider and approve and / or consider and comment to propose to the shareholders' meeting to approve the entering into a significant transaction with the Company and entering into connected transactions in accordance with the rules, conditions and procedures prescribed by law. And related rules and / or company regulations and / or the resolutions of the shareholders' meeting.

- The Board of Directors carefully reviews transactions that may cause conflict of interest in accordance with the Company's clear guidelines for the benefit of the Company and its shareholders as a whole. Consideration of transactions that may have conflicts. Stakeholders are not involved in decision making. The Board of Directors is regularly monitored to ensure compliance with the rules and procedures governing the disclosure of information that may cause conflict of interest. There are requirements in the company regulations. Under the definition of the Stock Exchange of Thailand The company must comply with the rules and procedures announced. In addition, the Company has set the guidelines in its Code of Conduct. For directors, executives, and employees who do not conduct themselves in a manner that may cause conflict of interest with the Company, the directors, executives, employees, families and persons under the same roof must not engage in any transaction. There are conflict of interest with the company. Either directly or indirectly and with the actions of their own or share with family members or close person.

- The company has an accounting system, financial Reporting Internal Control and Internal Audit.
- Consider and set annual budget plan and update the annual budget plan appropriately and in line with the policy and the direction of the company , controlling the management to spend the budget according to the annual budget plan.

- Follow up the company's operations regularly. Be aware of legal compliance and the relevant contractual terms of the company. The management is required to report the performance and other important matters. The Company's Board of Directors is acknowledged at every quarterly meeting of the Board of Directors to effectively operate the company.

- Set up a financial control system for financial reporting and compliance. The Board of Directors shall appoint a person or entity with independent duty to be responsible for monitoring the control system. Review the system at least once a year and report it to the Annual Report.

- plays an important role in the implementation of risk management. Provide a guideline and adequate risk management measures and regularly monitored.

- The Board of Directors or the Audit Committee has provided comments on the adequacy of the internal control system and risk management in the annual report.

- Provide annual report of the company and / or the Board of Directors to comply with the law or the relevant rules. The Company regularly reports to the shareholders and in fact, the current state of the business and the future trend of the company both positive and negative. With sufficient reason

- Provide clear guidelines for those wishing to report clues or stakeholders through website or report directly to the company.

- Set up a mechanism for supervising subsidiaries to maintain the benefits of the company's investment. It serves to consider.

5.4 Board Meeting

- The meeting has important agenda, consider the Company's financial statements quarterly, the progress of the investment projects of the company as well as the important policies, Company Action Plan.

- The Board of Directors must have a meeting at least once a quarter and there are special meetings as appropriate. The agenda is set and inform the directors in advance not less than 7 days and provide sufficient information. In the case where the Chairman considers that there is an urgent need to maintain the rights or benefits of the company. The company may inform the Director less than 7 days in advance.

- In case the company does not have meeting every month the company will send the results and documents. Every month to be able to continuously control and supervise the management.

- Each director shall personally attend at least 75% of the total number of meetings of the Board of Directors for one year. In addition, each meeting shall require not less than half of all directors. It will be a quorum.

- If the Chairman is not present at the meeting, if there is a vice president The Vice Chairman is the chairman of the meeting. If there is no vice-chairman or not at the meeting, or can not perform the duty The directors present at the meeting shall elect one director to preside over the meeting.

- The Board may invite subcommittees (eg, the Executive Board Audit Committee and Risk Management Committee. Or persons involved or persons deemed appropriate. Attend the meeting on the agenda. And request information as needed and suitable for the agenda.

- The Company Secretary is responsible for recording the meeting and make a report. The documents must be prepared to present to the Board before the meeting.

- The Chairman will allocate the meeting time appropriately. During the meeting, there will be an opportunity to express opinions freely, transparently and fully, taking into account the interests of shareholders and stakeholders.

- The Company has a policy for non-executive directors to be able to convene among themselves as appropriate to discuss the problems, concerned about the management of the interests without management. After the meeting, the Managing Director will be informed of the outcome of the meeting.

5.5 Self Assessment of the Board

- The Company has a policy for the Board and subcommittees to conduct their own self-assessment every year, with a set of criteria to be used to benchmark their performance.

- The Company evaluates the performance of the Board of Directors in both faculty and individual form.

5.6 Remuneration of Directors and Executives

The Company has determined the remuneration of the Board of Directors in a manner that is comparable to the industry practice, experience, duties, scope of roles and responsibilities. The Company's performance has been approved by the shareholders. The remuneration of managers and top executives is determined by their responsibilities, the performance of each person. In addition, the Company's performance is improved and compared with the same industry. The Company provides non-executive directors. An annual

manager evaluates the director. Use agreed norms with the Managing Director on a fair basis. The results will be presented to the Board for approval. The chairman of the board is the messenger.

5.7 Development of Directors and Executives

- The Board of Directors has the opportunity to invite directors, audit committee members, executives, company secretary, etc. to attend the training on the corporate governance system both inside and outside the organization.

- Management will provide useful documents and information to assist the new director. Include help guide business. The Company's Board of Directors is always in the right hands.

- The Managing Director shall report to the Managing Director on the development plan and the succession of the work to be informed on a regular basis. This is to ensure continuity of operation in case managers and senior management can not continue to hold positions.

- A management development program is provided, with the Managing Director reporting annually on what has been done during the year.

Subcommittees

The Board of Directors consists of the Audit Committee, Executive Committee Nomination and Remuneration Committee and the Risk Management Committee to perform specific duties and submit the matter to the Board of Directors for consideration or acknowledgment, as the case may be. These subcommittees have the rights and duties stipulated in the scope of authority and responsibility of each of the committees as follows:

1.1 Audit Committee

As at 1 December 2016, the Audit Committee, There are 3 independent directors as follows:

| ชื่อ | ตำแหน่ง |
|------------------------------|---------------------------------|
| 1. Dr. Sarit Chokchainirand | Chairman of the Audit Committee |
| 2. Mr. Wichai Pornkeratiwat | Audit Committee |
| 3. Miss Patrawan Manutsathit | Audit Committee |

Dr. Sarit Chokchainirand is knowledgeable and experienced enough to review the reliability of financial statements. Dr. Sarit Chokchainirand graduated. Doctoral degree Business Administration from Manchester Business School, UK Master's Degree Finance from London Business School, UK And undergraduate Commercial Economics and Finance from The University of Melbourne, Australia and executives in many companies experienced and proficient in finance.

As well as Miss Phatrawan Manasatit, Audit Committee member Which has knowledge and experience in accounting and administration with a master's degree in business administration from London

Business School, UK and a Bachelor's degree in BBA (International Program), Thammasat University. Present as a director And executives in many companies With work experience and expertise in finance and accounting.

Scope of authority and responsibilities of the Audit Committee

The Board of Directors Meeting No. 1/2560 resolved to set the scope and authority of the Audit Committee as follows:

1. Financial reports

- To review and ensure that the Company puts in place a process of financial report preparation and disclosure in a correct, complete, adequate, reliable and timely manner through coordination with external auditor and executives in charge of financial reporting on both a quarterly and a yearly basis.

2. Connected transactions and transactions with a possible conflict of interest

- To consider and ensure that the connected transactions and transactions with a possible conflict of interest

- comply with the laws and the SET's regulations and are reasonable and most beneficial to the Company.

3. Internal control

- To review and ensure that the Company's internal control system is appropriate and effective.
- To consider audit results and recommendations from external auditor and Internal Audit Office with respect to the internal control system and to instruct the management to take the corrective actions as recommended, as well as to monitor implementation results of such corrective actions.

4. Internal audit

- To review and ensure that the Company has an independent internal audit unit and an effective internal audit system.

- To review activities and structure of the internal audit unit and approve the Internal Audit Office's Charter.

- To jointly consider and approve the appointment, reward, rotation, removal or termination of employment, remuneration and adjustment of remuneration for the internal auditors to ensure that the internal audit unit can perform duty independently.

- To review the internal audit plan jointly with the internal auditors, particularly regarding internal control system and financial management process.

- To render opinion and comment on budget and manpower of the internal audit unit for the management's approval.

- To consider the audit plan and scope of work of internal and external auditors, including internal audit advisor (if any), to ensure they perform their task in a supportive and non-overlapping manner.

5. Auditing

- To consider, select and propose an appointment of and remuneration for the Company's external auditor so as to acquire an independent auditor, by taking into account the credibility, adequacy of resources

and workload of that audit firm, track record of its audit staff designated to handle auditing of the Company and his/her performance in the previous year, as well as to consider removal of such auditor and to propose the foregoing to the Board of Directors for approval.

- To review the audit scope and method as proposed by the external auditor and to consider the reasons for change to the audit plan (in case the audit plan is changed at a later time).

- To recommend the auditor to review or examine, during an audit process of the Company and its subsidiaries, any transaction deemed necessary and significant.

- To review the auditor's report and advise the management to make amendment thereto and to follow up on such amendment.

- To consider the adequacy of and efficiency in cooperative efforts between the external and internal auditors.

- To acknowledge, without delay, report from the auditor regarding any suspicion based on reasonable grounds that the Managing Director or person accountable for the operation of the Company has committed an offence under Section 281/2, paragraph 2, Section 305, Section 306, Section 308, Section 309, Section 310, Section 311, Section 312 or Section 313 of the Securities and Exchange Act B.E. 2535 (as amended) when such offence has been discovered by the auditor, and to further perform an investigation without delay and then report the preliminary investigation result to the SEC and the auditor within 30 days from the date of receiving such report from the auditor.

6. Compliance with relevant laws and regulations

- To review and ensure that the Company complies the Securities and Exchange Act B.E. 2535 (as amended), the SET's regulations or the laws applicable to the Company's business.

7. Report of the Audit Committee

- To report the Audit Committee's performance to the Board of Directors' meeting for acknowledgement and consideration at least on a quarterly basis.

- To prepare the Audit Committee's yearly report, giving details as required by the SET, duly signed by the Audit Committee Chairman and published in the Company's annual report.

- To report the Board of Directors when the Audit Committee, while performing duty, finds or suspects any of the following transactions or acts, which could materially affect the Company's financial position and operating results, in order to take corrective action within the time period that the Audit Committee thinks fit:

- 1) a transaction with a conflict of interest;

- 2) a fraud, unusual practice or material defect in relation to the internal control system;

- 3) a violation of the Securities and Exchange Act B.E. 2535 (as amended), the SET's regulations or the laws applicable to the Company's business.

- To report, by any member of the Audit Committee, any of the transactions or acts specified in (1), (2) and (3) above to the SEC or the SET in the event that the Board of Directors or the management fails to have the corrective action taken within the time period that the Audit Committee thinks fit.

8. Corporate governance

- To review and ensure that the Company has in place a continuous corporate governance development process and to provide a guideline and suggestion necessary for such development.

- To attach importance to good corporate governance by encouraging the Company to include corporate governance as a regular item on the agenda of the Board of Directors' meeting and the annual general meeting of shareholders of the Company.

- To ensure that the Audit Committee Chairman receives a copy of the report on interest in accordance with Section 89/14 of the Securities and Exchange Act B.E. 2535 (as amended) from the Company Secretary within seven business days from the date the Company receives such report.

9. Risk management

- To review and ensure that the Company has in place a systematic risk management process that is sound, efficient and effective.

- To consider and render opinion, jointly with Risk Management Committee or Risking Management Working Committee and the management, on the Company's risk management performance report and progress report.

10. Other responsibilities

- To perform any other duties as assigned by the Board of Directors and with the approval of the Audit Committee, whereby the Audit Committee shall be accountable to the Board of Directors for its duties and responsibilities entrusted by the Board of Directors, while the accountability to the outsiders for all activities performed by the Company shall rest with the Board of Directors.

- To review and update on a yearly basis the Audit Committee's Charter to be aligned with the Company's environment.

- To undertake any duties as additionally designated by the SET.

Term of office of the Audit Committee

1. The Audit Committee has the term of office in accordance with the term of the director as defined in the Company's Articles of Association.

2. A retired member of the Audit Committee may be reappointed. It does not automatically renew.

3. The Audit Committee wishing to resign prior to the expiration of the term should inform and submit the resignation letter to the Company in advance, together with the reasons for the resignation.

4. If the audit committee is vacant for any reason other than the expiration of the term The Board of Directors shall appoint a qualified person to be the Audit Committee in order to have the number of the Audit Committee fully without delay. The person who becomes a member of the audit committee shall be in the position only for the remaining term of the member of the audit committee which he replaces.

5. Audit Committee vacates office upon

- The term of office
- lack of qualifications of the Audit Committee
- death
- resign

- was withdrawn
- The sentence of imprisonment according to the final judgment or a lawful order to imprison except in cases of negligence or petty offense
- is an incompetent or virtual incompetence.
- is bankrupt

Attendance of the Audit Committee

In 2017 and 2018, the Board of Directors' as following

| Name | Number of Attendance / Total Meeting Attendance | |
|-------------------------------------|---|-----------|
| | Year 2017 ² | Year 2018 |
| 1. Ph.D. Sarit Chockchainirand | 5/5 | 5/5 |
| 2. Miss Panada Kanowat ¹ | 3/5 | - |
| 3. Mr. Wichai Pornkeratiwat | 5/5 | 4/5 |
| 4. Miss Patrawan Manutsathit | 2/5 | 5/5 |

Remark: 1 / At the Board of Directors Meeting No. 3/2016 held on May 13, 2016, the Meeting acknowledged the resignation of Miss. Panada Kanokwa, who is the Chairman of the Audit Committee and resolved to appoint Miss Patrawan Manutsathit to be the Company's director and Audit Committee Member to replace the resigned Director and Mr. Sarit Chokchainirand He is the Chairman of the Audit Committee.

2 / In the meeting of the Board of Directors of the year 2017, there was one time on February 28, 2017, while the company was a limited company.

1.2 Executive Committee

As of December 31, 2018, the Executive Committee, there are 3 directors and / or management as follows:

| Name | Position |
|-------------------------------|---|
| 1. Miss Tiyada Kuansataporn | Chairman of the Executive Committee |
| 2. Mr. Pongtham Danwungderm | Vice Chairperson of the Executive Committee |
| 3. Mrs. Natpapha Kuansataporn | Member of the Executive Committee |

Secretary of Executive Committee by Mrs. Apiratee Sakulin

The scope, powers and duties of the Executive Board are detailed in Management Structure.

Nomination and Remuneration Committee

As of December 1, 2018, the Nomination and Remuneration Committee There are 3 directors

| Name | Position |
|-----------------------------|---|
| 1.Mr. Wichai Pornkeratiwat | Chairman of the Nomination and Remuneration Committee |
| 2. Mr. Panom Kuansataporn | Member of the Nomination and Remuneration Committee |
| 3. Miss Tiyada Kuansataporn | Member of the Nomination and Remuneration Committee |

Scope of authority and responsibilities of the Nomination and Remuneration Committee

The Board of Directors Meeting No. 1/2560 resolved to fix the scope and authority of the Nomination and Remuneration Committee as follows:

Recruitment

1. Formulate policies, qualifications, criteria and procedures for nomination of directors. (Including subcommittees) and top executives to propose to the Board of Directors for approval.
2. Select and nominate qualified candidates. It is in accordance with the relevant regulations and laws to serve as the Company's director Subcommittee and senior executives (senior executives Referring to top executives of the Company) for the Board of Directors to consider and / or propose to the shareholders' meeting for approval. (As the case may be)

In the nomination of directors The Nomination and Remuneration Committee will consider at least one of the key aspects of the position (such as finance, business management, marketing, human resources management, management law, etc.) and consider the ability to help. The Board of Directors is more careful.

3. Ensure that committees and subcommittees have the appropriate size and composition for the organization including changes to the environment. By the Board of Directors Subcommittees must be composed of persons with the knowledge, skills and experience necessary to conduct business.
4. Disclose the policy and details of the recruitment process in the company's annual report.
5. Review and summarize the results of succession planning and management continuity for senior management positions. Every year, the Company reports to the Board of Directors.
6. Perform any other actions as assigned by the Board of Directors or in accordance with the policy set by the Board of Directors.

Compensation

1. Set policies, criteria or procedures for determining compensation and other benefits. It also includes compensation for directors and top executives. Approved the Board of Directors' Meeting And / or proposed to the shareholders meeting for further approval (As the case may be), with clear, transparent, and appropriate guidelines in accordance with good practice. This will be compared to the same industry. Same level Based on experience.

2. To supervise the Company's director and senior executives are rewarded for their duties and responsibilities.

3. Perform any other tasks as assigned by the Board of Directors or in accordance with the policy set by the Board of Directors.

Term of office of the Nomination and Remuneration Committee

1. The Nomination and Remuneration Committee shall hold office for a term of three (3) years and shall be in accordance with the term of office of the director.
2. The members of the Nomination and Remuneration Committee who are retired by rotation may be reappointed.
3. In the event that the members of the Nominating and Remuneration Committee are retired or unable to hold office until the expiration of the term. As a result, the number of members of the Nomination and Remuneration Committee is less than 3 persons. The Board of Directors shall appoint the new members of the Nominating and Remuneration Committee to be fully or immediately completed within 3 months from the date the number of members is incomplete to ensure continuous operation of the Nominating Committee.

Attendance of the Nomination and Remuneration Committee

In 2017 and 2018, the Board of Directors' as following

| Name | Number of Attendance / Total Meeting Attendance | |
|------------------------------|---|------|
| | 2018 | 2019 |
| 1. Mr. Wichai Pornkeratiwat | 1/1 | 2/2 |
| 2. Mr. Panom Kuansataporn | 1/1 | 2/2 |
| 3. Miss Tiyaada Kuansataporn | 1/1 | 2/2 |

1.4 Risk Management Committee

As of 31 December 2018, the Risk Management Committee, there are 8 directors and / or management as follows:

| ชื่อ | ตำแหน่ง |
|-------------------------------|--|
| 1. Miss Tiyaada Kuansataporn | Chairman of the Risk Management Committee |
| 2. Mr. Pongtham Danwungderm | Deputy Chairman of the Risk Management Committee |
| 3. Mrs. Natpapha Kuansataporn | Risk Management Committee |
| 4. Mrs. Apiratee Sakulin | Risk Management Committee |
| 5. Mrs. Janphen Keawklinchan | Risk Management Committee |
| 6. Mr. Prutthipol Soisuwan | Risk Management Committee |
| 7. Mr. Chairat Dejpaiboonoyot | Risk Management Committee |

Secretary of Risk Management Committee by Mr.Rattapong Wongkom

Scope of authority and responsibilities of the Risk Management Committee

The Board of Directors Meeting No. 1/2560 resolved to set the scope and authority of the Risk Management Committee as follows:

1. Formulate policies and guidelines for overall risk management of the company. The Board of Directors has the management to follow the policy and the way it is laid. It also requires the management to report the results to the Risk Management Committee.
2. Review and improve the Company's risk management system to be effective and continuous effectiveness and to evaluate. Follow up risk management in accordance with policy and consistent guidelines. Provide an assessment. Analyze key risks in various areas to be consistent with the current situation systematically and continuously to ensure that the risk assessment covers all stages of business operations. Include suggestions on how to protect. Or reduce the level of risk to an acceptable level.
4. Risk Report The Board of Directors has regularly reviewed the Board of Directors' recommendations and recommendations as assigned by the Risk Management Committee. In case of significant issues, this may significantly affect the Company. Report to the Board of Directors for consideration.
5. Perform other duties as assigned by the Board of Directors.

Term of Office of the Risk Management Committee

1. The Risk Management Committee has a term of office of three years commencing from the date the Board of Directors resolves to appoint. Except for the members of the Risk Management Committee the term of office will be the same as that of the Company's directors at the Annual General Meeting of Shareholders.
2. The Risk Management Committee members who are retired by rotation may be reappointed. It does not automatically renew.
3. In addition to the expiration of the term, the Risk Management Committee vacates office upon
 - death
 - resign
 - lack of qualifications or prohibited characteristics under the Public Limited Company Act BE 2535 (as amended)
 - The meeting of the Board of Directors resolved to issue
 - The court issued an order.

2. Nomination of Directors and Executives

Nomination of Directors and Top Executives, the nomination and remuneration committee will be appointed by the Nominating and Remuneration Committee or, it is necessary to appoint a director or top executive. The Nomination and Remuneration Committee will consider selection of directors or top executives. The Company also has experience in determining the suitable person in terms of experience,

knowledge, and ability to benefit the Company as a director or top executive. Top management of the company must meet all the qualifications under Section 68 of the Public Limited Companies Act BE 2535 (as amended) and the Notification of the SEC and shall not be prohibited under the Securities and Exchange Act (As amended), other laws and regulations. The recruitment criteria are as follows.

2.1 Nomination of the Board of Directors

Qualifications of Directors

- Having knowledge, ability and experience in conducting business.
- Honest and ethical.
- Identify and deal with major risks of the company.
- Dedication and dedication to responsible work.
- does not operate the same business and competes with the business of the company or is a partner or directors in other juristic persons who have the same conditions and are in competition with the business of the Company, whether for the benefit of one or the other except for the notice to the meeting of shareholders prior to the appointment.
- Directors must notify the Company without delay, if there is any interest in a contract that the company makes, whether directly or indirectly, or if it holds more or less of the debenture in the company or its affiliates.

Every director must have qualifications and no prohibited characteristics as prescribed by the Public Limited Companies Act. Securities and Exchange Act Announcement of Government Regulatory Agency In the case of independent directors, the qualifications required by the Company and the Capital Market Supervisory Board shall also be specified.

Criteria for nomination of directors are as follows

1. The Board of Directors is composed of at least 5 directors, and not less than one half (1/2) of the total number of directors must reside in Thailand and possess the qualifications required by law. The Articles of Association of the Company require the shareholders to elect directors in accordance with the following rules and procedures:

- 1) One shareholder has one vote for one share.
- 2) Each shareholder will use all the votes in (1) to elect one or several persons as director. In the case of election of several persons as directors. No one can split the votes for any one.
- 3) In the case of election of several persons as directors The persons who received the highest score in descending order shall be elected as directors, equal to the number of directors to be elected or elected at that time. In the case where a person who has been elected in the next order has the same number of votes in excess of the number of directors to be elected or elected at that time. The chairman of the meeting shall have the casting vote.

2. Agenda of the Annual General Meeting of Shareholders One third of directors must retire. If the number of directors can not be divided into three parts, the nearest one to one-third of the directors must

retire. The directors who will be retired in the first and second years after the registration are eligible for re-election. To draw lots in the next year, the director who is in the longest position is the one who left the position.

3. In addition to the term of office. The director shall vacate office upon death, resignation, disqualification or legal disqualification. The shareholders' meeting passed the resolution. Or the court ordered to issue.

4. The shareholders' meeting may elect a director to retire before the expiration of his term by not less than three quarters ($\frac{3}{4}$) of the total number of shareholders attending the meeting and having the right to vote. The total number of shares held by the shareholders attending the meeting and having the right to vote is not less than half ($\frac{1}{2}$).

5. In the event that the director vacates office for any reason other than the expiration of the term, the Board shall elect the qualified persons who are not prohibited by the law governing the public limited company and the securities and exchange law. In the next meeting of the Board of Directors, except for the term of the director, the replacement shall be in the position of the director for the remaining term of the director. Instead the resolution of the Board shall consist of not less than three quarters ($\frac{3}{4}$) of the remaining Directors.

2.2 Nomination of the Audit Committee and Independent Director

The qualifications of independent directors are as follows.

1. Holding no more than 1% of the total voting shares of the Company, its parent company, subsidiaries, affiliated companies, major shareholders The shareholding of related persons of such independent director is also included.

2. Not being or being a director who is involved in the management of employees, employees, consultants who receive regular salary. Or the controlling authority of the Company, parent company, subsidiary company, affiliated

company, subsidiary company Major Shareholders or control of the company. However, the prohibited characteristics do not include the case where an independent director has been a government official for at least two years prior to the date of submission of the application. Or consultant The government agency is the major shareholder or the controlling person of the company.

3. Not a person with blood relations or by legal registration. Parents, spouses, brothers and sisters, including spouses of children of executives, major shareholders Authorized Control Or the person to be proposed to be the executive or the controlling person of the Company or its subsidiaries.

4. None or ever having business relationship with the Company, its parent company, subsidiaries, affiliated companies, major shareholders Or the controlling person of the company. In a manner that may obstruct the use of independent judgment. Not being or being a significant shareholder. Or the controlling person of a person who has business relationship with the Company, its parent company, subsidiary company, associated company, major shareholder Or the controlling person of the company unless it has been removed from the above characteristics for not less than 2 years before the date of submission of the application to the Office of the SEC.

5. Not being or being the auditor of the Company, its parent company, subsidiary company, associated company, major shareholder Or the controlling person of the company and not a significant shareholder. Authorized Control or partner of the audit firm. The auditors of the Company, its parent company, subsidiaries, associates, major shareholders or the controlling person of the company unless it has been removed from the above characteristics for not less than 2 years before the date of submission of the application to the Office of the SEC.

6. Not being or being a professional service provider. This includes providing legal advisors or financial advisors. The Company received the service fee of more than Baht 2 million per annum from the Company, its parent company, subsidiaries, associates, major shareholders or the controlling person of the company and not a significant shareholder, Authorized Control or a partner of that professional service provider unless it has been removed from the above characteristics for not less than 2 years before the date of submission of the application to the Office of the SEC.

7. Not being a director appointed to represent the Company's directors. Major Shareholders Or shareholders who are related to major shareholders.

8. Not having the same business and competition with the business of the Company or its subsidiaries or not a partner in the partnership or a director who is involved in the management of employees, employees, consultants who receive a regular salary or holds more than 1% of the total voting shares of other companies. It is a business of the Company and its subsidiaries.

9. There are no other characteristics that make it impossible to express an independent opinion about the Company's operations.

10. The qualifications of the above independent directors shall be in accordance with the definition specified in the Notification of the Capital Market Supervisory Board

Qualification of Audit Committee

1. Appointed by the Board of Directors or the shareholders meeting of the Company to be the Audit Committee

2. Being independent director

- Not being a director assigned by the Board. Decide on the operation of the Company, its parent company, subsidiaries, affiliated companies, subsidiaries, affiliated companies Major Shareholders Or entities that may have conflicts and

- Not being director of the parent company, subsidiary company or subsidiary company of the same hierarchy.

3. Have the same functions as those specified in the Notification of the Stock Exchange of Thailand The qualifications and scope of work of the Audit Committee.

4. Having sufficient knowledge and experience to be able to serve as an audit committee, at least one member of the Audit Committee who has sufficient accounting and financial knowledge and experience to be able to perform the duties of the Audit Committee. In addition, the Company will consider other qualifications, such as experience in the business. Business-specific expertise And ethics.

The Audit Committee is appointed by the Board of Directors or the shareholders meeting of the Company. Selected by the Board of Directors The qualifications are independent according to the Notification of the Board of Governors of the Stock Exchange of Thailand and the principles of corporate governance. At least one audit committee member must have knowledge of accounting and / or finance to monitor and supervise the operation of the company, supervision of financial reports, internal controls, selection of auditors, and consideration of conflicts of interest. A retired member of the Audit Committee may be re-appointed. If the Audit Committee is vacant for any reason other than the expiration of the term. The Board of Directors shall appoint a qualified person to be a member of the Audit Committee so that the Audit Committee

can meet the number of Directors as required by the Board of Directors. A person who is a member of the audit committee will only be able to serve for the remainder of the term of the committee member who has replaced him or her. When the Audit Committee is less than 3 persons, the Board of Directors or the shareholders' meeting shall be appointed within 3 months from the date the Audit Committee has less than 3 person.

2.3 Nomination of the Executive Committee

The Board of Directors will appoint the Executive Committee. The management can deal with issues related to normal business operations. The Executive Committee consists of at least three members of the Executive Committee, who are responsible for overseeing the management of the Company.

2.4 Selection of the Nomination and Remuneration Committee

The Board of Directors will appoint the Nomination and Remuneration Committee, Selection of qualified directors to perform the function of nomination and remuneration. The Nomination and Remuneration Committee will select one nomination and remuneration committee member to be the chairman of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee consists of at least 3 members of the Nomination and Remuneration Committee.

2.5 Recruitment of the Risk Management Committee

The Board of Directors appoints the Risk Management Committee and Chairman of the Risk Management Committee Selection of Directors And / or management And / or qualified persons with expertise in risk management. The Risk Management Committee consists of at least three Risk Management Committee members.

2.6 Nomination of Managing Director

The Board of Directors of the Company and / or its authorized directors will appoint the Managing Director. The Company has a policy to use the knowledge, skills and experience of the Company.

3. Supervision of operations of subsidiaries and associates

The Company has a policy to invest in businesses related to the Company's core business. The Company considers that it will support its current business operations or maximize its long-term business benefits. In case of investment in a subsidiary The Company will control or set management policies. The accounting system, Internal control and management. Include measures to approve and disclose information on transactions between subsidiaries and persons that may have conflicts. Acquisition and disposition of assets, capital increase and additional investment Like the company. As well as sending representatives into the board and / or executives according to the proportion of shareholding or jointly agreed but for investment in an associated company. The company has limited access to its management. The Company will send

representatives to be directors and / or executives according to the proportion of shareholding and appropriate or depending on mutual agreement. The person who the company submits to be a representative must have appropriate qualifications and experience in managing the business of the subsidiary and associated companies. The Company will closely monitor the operations of its subsidiaries and affiliated companies in order to meet the goals set by the Company. The Board of Directors is responsible for considering the suitability of the persons to be appointed as directors in the subsidiaries and the Company. Together

4. The use of internal information.

The Company is committed to protecting the use of Company internal information and whether or not to receive a return. The Company has set up guidelines to prevent the use of internal information as follows:

1. Educate the directors and executives of the company regarding the duties of reporting their own securities holdings, spouses and minor children. Married and underage children to the Office of the Securities and Exchange Commission under Section 246 and the Chapter Riot Act under Section 298 of the Securities and Exchange Act BE 2535 (as amended).

2. The directors and executives of the Company Include spouses and minors and disclose the report on securities holdings. To the company on the same day that the report was sent to the Securities and Exchange Commission

3. The directors, executives, employees and employees of the Company and its subsidiaries who are aware of significant internal information which may affect or affect the change of the Company's securities shall have to suspend the trading of the Company's securities within the last 30 days. The financial statements or internal information will be disclosed to the public. And within 24 hours after the information has been disclosed to the public. And those related to such information must not disclose such information to others until such information is disclosed to the SET. The Company shall be deemed to be a disciplinary offense under the Company's Articles of Association. The punishment will be judged according to the case from verbal warnings. The warnings are a letter of probation, as well as termination of employment.

5. Remuneration of auditors

In 2017 and 2018 the Company and its subsidiaries The audit fee is as follows:

| Unit: Baht | 2017 | 2018 |
|------------------|------------------|------------------|
| Audit Fee | 2,712,579 | 2,164,000 |
| Other Fee | 123,248 | 105,250 |
| Total Fee | 2,835,827 | 2,269,250 |

The Annual General Meeting of Shareholders for the year 2018 resolved to approve the remuneration of the Company's auditors for the year 2018 not exceeding Baht 1,600,000

Corporate Social Responsibilities

Policy overview

The company recognizes the importance of running a sustainable business under the corporate social responsibilities, focusing on caring for the stakeholders, economy, society and environment with moral and ethics. The company hopes to conduct its business under the corporate social responsibilities to be beneficial to public and at the same time create the company's growth.

Operations

The company's corporate social responsibilities have been managed in a concrete way. The company has set up a CSR Working Group. The roles and responsibilities are as follows.

- (1) Declare company's corporate social responsibility policy in line with company policy.
- (2) Communicate to all levels of employees, contractors, and all stakeholders to be aware of corporate social responsibilities.
- (3) Formulate appropriate plans in line with the business strategy plan and achieve the corporate social responsibility indicators set in a consistent and supportive way.
- (4) Budget, evaluate the performance and report on the performance of the social responsibilities of the departments and review the plans and budgets regularly.
- (5) Issue the rules, orders and announcements of corporate social responsibilities.
- (6) Visit the agency to identify problems, make suggestions and correct them to meet the corporate social responsibility standards.
- (7) Encourage exchange of knowledge, success and social responsibilities between internal and external agencies.
- (8) Appointment, change the person responsible and the corporate social responsibilities committee at the agency level.
- (9) Arrange working group meeting and corporate social responsibility report at least once a month.

Corporate social responsibilities can be divided into two parts: the operation or social and environmental activities in a normal business operation and social and environmental activities which are not under normal business operations. The company has set up a corporate social responsibility policy in 8 categories, which are in line with the corporate social responsibility guidelines set by the Stock Exchange of Thailand.

Chapter 1: Businesses with Fairness

The company is committed to operating its business with honesty, fairness, ethics, and determination to compete commercially in accordance with the Code of Conduct on Trade, Law and Competition. Equally, it also denies any behavior that obstructs fair competition, such as the pursuit of confidential information by competitors, the receipt and non-commercialization of merchandise in the purchase of goods. The company also respects the intellectual property rights of others. The company has a policy to allow personnel to comply with laws and

regulations on intellectual property rights, such as the use of copyrighted computer programs. The company also has a campaign to encourage and empower the personnel of the company at all levels to have a responsibility to society.

Chapter 2: Corruption Against Corruption

The company operates its business on the basis of transparency, ethics, adherence to corporate governance principles and comply with the law relating to the prevention and fight against corruption. Deny to give or accept bribes to government officials or the private sector. The company has set up a corporate structure to share responsibilities, work process and the chain of command in each unit to be clear. In addition, the company has set the guidelines for directors, executives and employees of the company and its subsidiaries as follows:

1. Directors, executives and employees of the company are prohibited to operate or accept corruption in any form, either directly or indirectly. It covers all relevant agencies. It also regularly monitors compliance with anti-corruption policy.
2. Directors, executive and employees of the company are supposed to report any corruption-related actions that involve the company to notify the supervisor or responsible person and cooperate in investigating various facts.
3. The company will provide fairness and protection to complainants who report corrupt practices including those who cooperate in reporting and in the investigation of corruption.
4. The Board of Directors, executive committee and the management must act as an example in the fight against corruption. It is responsible for promoting and supporting anti-corruption policy to communicate to employees and all parties concerned. Review the appropriateness of policies and measures to suit changing business conditions, regulations, and legal requirements.
5. Persons who commit corruption will be subjected to disciplinary action in accordance with the rules established by the company and may be punished by law if the action is illegal.
6. The company provides training and knowledge dissemination to its directors, executives and employees to ensure that the company complies with the Anti-Corruption Policy and promote morality, honesty, responsibility and their obligations.
7. The company encourages the counterparties, partners or other persons to perform their duties related to the company report violations against corporate corruption policy.
8. The company has a policy to recruit personnel, provide a promotion, training, performance appraisal evaluation, etc. to fairly and adequately arrange proper remuneration for the employees to prevent corruption and provide collateral for employees and staff of the company.
9. For the sake of clarity in dealing with the high risk of corrupt practices in the following matters, the directors, management and employees of the company must exercise caution and make sure.
 - 9.1 Giving or receiving gifts and receptions must be transparent, legal and based on normal trade or conventional values.

9.2 Granting or receiving donations or sponsorships must be transparent and legal. Be sure of not giving or receiving donations or support in a camouflage bribery.

9.3 To conduct business, communicate, negotiate auctions and perform other actions with the agency whether to public or private sectors must be transparent and legal. In addition, directors, executives, employees and staff of the company must not give or receive bribes at all stages of the operation.

Section 3: Respect for Human Rights

The company supports and respects the protection of human rights by dealing with those involved, whether employees, communities and society around with respect to the value of humanity. Consider equality and equal freedom. Do not violate basic rights and do not discriminate on the basis of race, nationality, religion, language, skin color, sex, age, physical condition or social status. In addition, care should be taken to ensure that the company's business is not involved in human rights abuses such as child labor, sex harassment etc. In addition, the company promotes the monitoring of compliance with human rights requirements. Organize the participation in the forum and the channels of complaints for those who have been damaged by the infringement caused by the business of the company and take appropriate remedies.

In order to respect human rights effectively, the company has built up human rights awareness and awareness of its human rights practices.

Chapter 4: Fair Labor Practices

The company recognizes the importance of human resource development and fair labor practices. This will help to increase the value of the business and enhance the company's competitiveness and sustainable growth in the future. The company has set policies and guidelines as follows:

1. Respect the rights of employees based on human rights principles and comply with labor laws.
2. Provide employment process, the fairness of terms of employment, including compensation and considering the merit of the work under the fair evaluation process.
3. Promote human resources development, training, seminars related to the development of knowledge, capability of personnel including good attitude, ethics and teamwork.
4. Provide welfare for employees as required by law, such as social security, etc., and other legal requirements, such as provident fund and accident insurance, as well as providing various types of assistance to employees, such as money for funeral.
5. Provide annual health check-ups to all levels of the company. The risk factors are based on the age, gender, and working environment of the individual.
6. Keep employees safe and good workplace. Accident prevention measures must be provided and strengthen for staff security awareness. Provide training and encourage employees to have good hygiene and to keep the workplace hygienic for their safety.
7. Allow employees to express their opinions or complaints about unfair practices or wrong actions in the company and protect employees who report such matters.

Section 5: Customer Responsibility

The company is committed to developing products and services of the company and its affiliates for the utmost satisfaction and benefit of its customers and adhering to its customers' responsibilities with honesty and customers' care as if they are under same family as follows:

The company is committed to providing quality products and services, quality inspection for accurate and timely delivery to comply with the terms and conditions to be transparent and equal to customers with the attention to the customers' needs in various ways for customers in each industry.

The company adheres to fair market. The policy is to provide customers with information about the company's products and services that are accurate, not distort, obscure or over-advertised. Provide customers with accurate and sufficient information to make decisions.

Provide a process whereby customers can report the problem of the use of goods or the inappropriate service through email or website so that the company will prevent and solve problems for customers quickly and appropriately and take that information to continuously improve the goods and services.

Company will maintain confidentiality of customer information. It will not use such information in the wrong way.

The company provides various activities to strengthen the relationship among customers and between customers and the company for sustainable relationship.

Section 6: Environmental Care

The company attaches great importance to its social responsibility for environmental protection. The company operates and controls its business operations without affecting the society and surrounding communities. Pay attention to environmental policy, society and community and encourage all employees to use resources economically by campaigning on energy saving, the use of consumable materials such as the use of recycled paper (Re-used), switching off air conditioner during rest and strictly follow the laws related to environmental protection.

The company also operates under the Forest Stewardship Council (FSC) concept. Sustainable forest management systems are applied to the company's products, such as woodchips, biomass pellet and so on. As a distributor, the company has complied with FSC's requirements from the selection of FSC certified wood sources and the company's business practices to focus on environmental sustainability.

FSC has several types, such as FSCFM (Forest Management Certification), which refers to sustainable forest management standards as defined by the FSC. 10 of the certified wooded area must be reserved in order to protect ecosystems and restore biodiversity to keep the environment sustainable.

FSC CoC (Chain of Custody) complies with the requirements of the organization to identify the wood products that are produced or sold from certified wood starting from the raw material sourcing process, receiving

and storing raw materials, quantity control as well as sales and delivery must be clearly sort out clear at all stages to ensure there is no mixing of unapproved materials until the end of process.

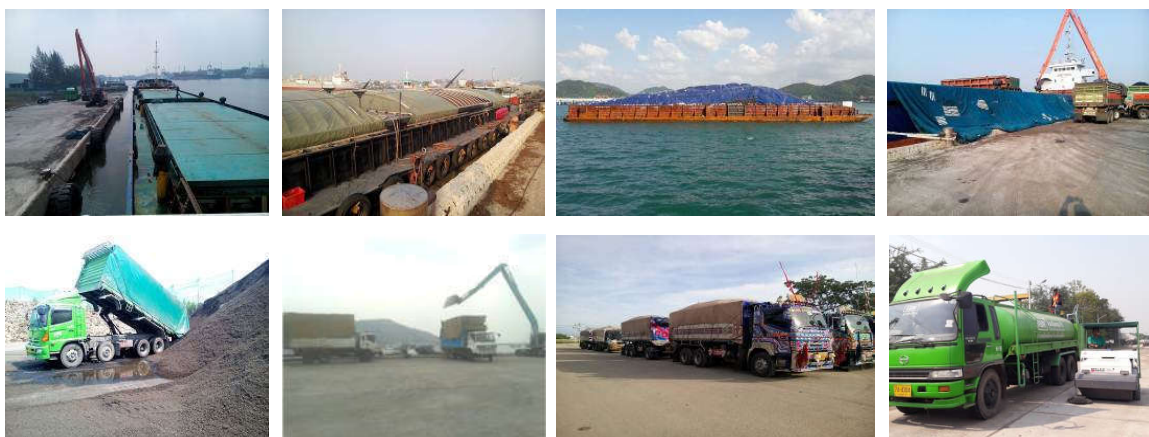
Applicants must adhere to the FSC rules and criteria to confirm that the plantation does not come from deforestation. It must comply with the FSC's 3-balance policy: economy, community, society and environment.

"It is based on the principle of legality of the country where the forest is located regarding the right to use the land on the forest, the right of indigenous peoples living in the forest and utilization of forest in most effective cost, environmental impact and biodiversity treatment, establishment of a proper forest management plan including the forest management system and the replacement forest plan must be operated".

The company is committed to being socially and environmentally responsible in every aspect and recognizing the potential problems of its business operations for present or future to take environmental protection measures to be put in place. The environmental protection measures within the company are as follows:

Warehouse

1. There is a closed warehouse system for wood shaving, sawdust and wood pellets.
2. Provide a canvas cover for biomass.
3. Provide water spray at the warehouse entrance.
4. Planting trees around the warehouse.
5. Provide a dust-proof protection.
6. Provide a water vehicle to spray the yard floor to reduce the spread of dust.
7. Provide a vacuum cleaner car at the warehouse.
8. Have employees regularly sweep the yard.
9. Keep water around the factory by using EM Ball to adjust the water every 2 months.
10. Air, noise and water are measured once a year.



Shipping Advice at Ports

1. Cargo ship docked without a canvas opening before permission.
2. Provide a canvas stretch between the berth and the cargo vessel.
3. Control the amount of luggage of the backhoe.

4. The cargo truck must cover the canvas.
5. Control of the load to the edge of the truck.
6. Port area cleaners
7. Provide a mobile Check the goods during loading and unloading.



The process of transporting goods before bringing trucks to public roads

1. Vehicle Inspection from QC department to check availability of the car and the readiness of the driver before taking the truck to the warehouse.
2. Take a truck to weigh the empty car.
3. Take the truck through the QC system to check the receipt document.
4. Take the truck into the building, the closed system or the cargo yard.
5. Weighing products to control weight not to exceed the legal limit.
6. Properly cover the truck with canvas for anti-fall to comply with the law.
7. Take the truck to weighing scale to check weight before delivery. Receive shipping documents from the staff at the weighing machine.
8. After documents have been received, the security guard inspects the trucks and truck drivers at last stage before going to public road.

Chapter 7: Community or Social Development

The company is aware of the community and social responsibility. The company has a policy to support and develop the society with the policy that the company has supported the public sector in surrounding and nearby areas, such as the water and fire fighting of the company to help sprinkler the water to prevent dust caused by the road to support the activities of government agencies. Support the activities for children and the elderly such as donating computers for schools including activities regarding religions. Moreover, the company provides recruitment to the locals for their job opportunities. It will give priority to those who are domiciled in the area to create jobs for the local community and support those who live in

nearby areas to bring income and prosperity to the community including responding to events that affect the community, society and the environment as a result of the company's operations. The company also encourages its employees to have a sense of responsibility and environmental and social responsibility.

Chapter 8: Innovation and Dissemination of Innovation from a Society Responsibility Operation and Stakeholders

The company has promoted the participation of stakeholders to develop innovations that balance the values and values of the community, society and the environment, along with sustainable business growth.

12.1 Social activities and Environmental Benefits

The company provide the continuous support for social and environmental benefits as follow :

1. Educational Support

The company attached the great importance to corporate social responsibilities for education support to child and youth development

January 12, 2018 The company donated school supplies and sport equipment on the “National Children’s Day” to Ban Bang Nam Chud School , Samutsakorn and Ban San Tisuk school, Suratthani.



Ban Bang Nam Chud School , Samutsakorn



Ban San Tisuk school, Suratthani

- The company held “ Donation and Calendar Charity for Foundation for the blind in Thailand , Nonthaburi”, to support the instructional media.



- July 19, 2018 The company joined the 1st blood donation for “the celebrations on His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun’s 66th Birthday Anniversary” at The Thai Red Cross Society.



Oct 29, 2018, the 2nd Blood donation on the Campaign “1 for 3”



2. July 23, 2018, The company organized The rain cloth and Candle Festival to Sakaengam Temple, Bangkok to preserve Thai Culture.



July 25, 2018 at Nathee Komkhet Temple, Suratthani



3. The company joined the Pray for Laos Donation on September 2019



4. The company attach the importance to corporate social responsibilities for environmental protection to inherit King Rama 9 philosophy at Bangkuntian on the activity of mangrove planting on September 7, 2018



5. The company organized the fuel to pump the water from Moo 1, Ban Bang Nam Chud, Samutsakorn.



6. “ Planting for community Project ” October 2018, The company supported plants from Samutsakorn Plant Center to Bangpakong Promthep Rangsan Elderly School and Klong Peekud Community, Moo 14, Bangpakong, Chachoengsao.



7. The company joined Chak Phra Festival at Suratthani on October 25, 2018.



8. New Year Feeding for Children at Bang Nan Chud, Samutsakorn on December 31, 2018.



Overview of CSR Activities

For an overview of CSR activities, the company has been cooperating with all employees and stakeholders for project's implementation. There is exchange of ideas with the people involved to improve and enhance for business growth and sustainably take responsibility for the society forever.

Internal Control and Risk Management

Opinion of the Board of Directors on the Company's internal control system

The company recognizes the importance of a good internal control system. This will help the business to be effective and effective. The company has the Audit Committee to review the internal control system. The Audit Committee's meeting was held to approve the transactions related to the internal control system of the Company and its subsidiaries (Hereafter referred to as "Company") will always have the auditor and the internal auditor attend the meeting to present information to the Audit Committee to acknowledge the progress and to find solutions to the observations to be able to correct the issue promptly.

The Board of Directors has given importance to the internal control system continuously. By assigning the Audit Committee consisting of independent directors Review the assessment of internal control systems By appointing a company Internal Audit of Dharmniti Co., Ltd. to perform duties of internal auditors of the company, reporting directly to the Audit Committee. And assigned Miss Somjaree Kaewkhomdee, Executive Director and Internal Audit Manager Is the main responsible person to perform the duties of the internal auditor of the company.

working in the field of internal audit for more than 10 years and has been trained in related courses through the course of internal auditors, 1-2 COSO Course Risk Assessment Course 2013.

At the Board of Directors' Meeting No. 5/2561 on 9 November 2018, the Chairman of the Audit Committee and both members attended the meeting. The Board of Directors has considered and evaluated the adequacy of the current internal control system. By asking information from the management And related agencies Including reference to the evaluation report of the adequacy of the internal control system prepared by Dharmniti.

1. Control environment: The company has an organizational structure. Ethics Policies and Procedures for Knowledge, Skills and Competence. There are adequate and appropriate follow-up procedures.
2. Risk Assessment: The Company has set up corporate risk assessments. Risk factors are identified. Risk analysis. It also communicates to all employees to understand and follow the policies and practices set forth.
3. Control activities: The Company has set up an internal control system. At the process level. It has designed internal controls for various processes.
4. Information & Communication: The Company has adequate and appropriate design and control of information technology.

Monitoring system: The Company employs internal auditors from external agencies to assess the adequacy of internal control and monitoring systems. Report and report to the Audit Committee.

The Board of Directors is of the opinion that: The Company's internal control system is adequate and appropriate. The Company has sufficient personnel to perform the system effectively. The system also has internal control to monitor and supervise the operation of subsidiary companies to protect the assets of the Company and its subsidiaries from being misused by the directors or executives. Include transactions with people who may have conflicts and connected persons Sufficiently for internal control on another topic. The Board of Directors is of the opinion that the Company has sufficient internal control.

Opinion of the Audit Committee in the case of different opinions from the Board of Directors or the auditor

-none-

Connected Transactions

1. Summary of connected transaction of the Company with potential conflicts of interest in 2017 and 2018

The Company and its subsidiaries have connected transactions with persons and entities that may have conflicts. The relationship between the parties can be summarized as follows:

| Persons who may have conflict of interest | relationship |
|--|---|
| 1. Paprapat Co.,Ltd ("PPP") Biomass fuel trader (Exempt from VAT) | <ul style="list-style-type: none"> - PPP is a wholly-owned subsidiary of the Company holding 99.98% of paid-up capital. - The Company and PPP have 2 common directors: <ul style="list-style-type: none"> 1) Mrs. Natpapha Kuansataporn 2) Miss Tiya da Kuansataporn |
| 2.Sataporn Thanapat Co., Ltd. ("STP") Truck service mainly to ABM and PPP | <ul style="list-style-type: none"> - STP is a wholly-owned subsidiary of the Company holding 99.99% of paid-up capital. - The Company and STP have 1 common director: <ul style="list-style-type: none"> 1) Mrs. Natpapha Kuansataporn |
| 3. ABM Pellets Co.Ltd. ("ABP") | <ul style="list-style-type: none"> - ABP is a wholly-owned subsidiary of the Company holding 99.99% of paid-up capital. - The Company and ABP have one common director: <ul style="list-style-type: none"> 1) Miss Tiya da Kuansataporn |
| 4.PT Asia Biomass Indonesia ("ABI") Biomass fuel trader in Indonesia | <ul style="list-style-type: none"> - ABI is a wholly owned subsidiary of the Company holding 99.00% of paid-up capital. - The Company and ABI have one common director: <ul style="list-style-type: none"> 1) Miss Tiya da Kuansataporn |
| 5. Asia Biomass Energy SDN. BHD. ("ABE") Biomass fuel trader in Malaysia | <ul style="list-style-type: none"> - ABE is a wholly-owned subsidiary of 55.00% of registered and paid-up capital. The Company holds shares with 2 other major shareholders. <ul style="list-style-type: none"> ○ Mr.Lau Hieng Ung holds a percentage of shares. 22.5% of registered and paid-up capital ○ Mr. Law Hieng Chai holds shares in percentage 22.5% of registered and paid-up capital - The Company and ABE have one mutual director: Miss Tiya da Kuansataporn |
| 6. Asia Biomass Resources SDN. BHD.("ABR") | <ul style="list-style-type: none"> - ABR is a wholly-owned subsidiary of 55.00% of |

| Persons who may have conflict of interest | relationship |
|---|---|
| Biomass fuel trader in Malaysia | <p>paid-up capital. The Company holds shares with the other major shareholders as follows:</p> <ul style="list-style-type: none"> ○ Mr. Law Hieng Chai holds shares 22.5% of registered and paid-up capital ○ Mr. Ho Kim Hee holds a percentage of shares. 11.25 of registered and paid-up capital ○ Mr. Lai Che Sieng holds a percentage of shares. 11.25 of registered and paid-up capital <p>The Company and ABR have one mutual director: Miss Tiya Kuansataporn</p> |
| <p>7. Asia Green Energy Plc. ("AGE")</p> <p>Engaging in coal distribution</p> | <p>- AGE is a related party of the Company since its shares are held by persons related to the Company as follows:</p> <ul style="list-style-type: none"> ○ Mr. Panom Kuansataporn (ABM Director) holding 6.60% of the registered and paid-up capital ○ Mrs. Natpapha Kuansataporn (ABM Director) holding 6.57% of the registered and paid-up capital ○ Miss Tiya Kuansataporn (ABM Director and Managing Director) holding 6.57% of the registered and paid-up capital ○ Miss Pimyada Kuansataporn, Mr. Nataphat Kuansataporn, Miss Pimchaya Kuansataporn, Mr. Atipat Kuansataporn and Mrs. Panita Kuansataporn (sons and daughters of Mr. Panom and Mrs. Natpapha Kuansataporn who both are ABM Directors) altogether holding 32.85% of the registered and paid-up capital ○ Mrs. Panida Kuansataporn (mother of Mr. Panom Kuansataporn, ABM Director) holding 0.78% of the registered and paid-up capital ○ Close relatives of Mrs. Natpapha |

| Persons who may have conflict of interest | relationship |
|---|--|
| | <p>Kuansataporn, ABM Director, altogether holding 2.70% of the registered and paid-up capital</p> <ul style="list-style-type: none"> ○ Mr. Apisit Rujikeatkamjorn (ABM Director) holding 0.73% of the registered and paid-up capital - The Company and AGE have two mutual directors: <ul style="list-style-type: none"> 1) Mr. Panom Kuansataporn 2) Mr. Apisit Rujikeatkamjorn |
| <p>8. AGE Transport Co., Ltd. ("AGET")</p> <p>Providing transport service by trucks</p> | <ul style="list-style-type: none"> - AGET is a related party of the Company since it is a subsidiary of AGE, which holds 99.00% of its registered and paid-up capital, and has the Kuansataporn Family hold 0.99% of its registered and paid-up capital. - The Company and AGET have one mutual director: <ul style="list-style-type: none"> 1) Mr. Panom Kuansataporn |
| <p>9. AGE Terminal Co., Ltd. ("AGETM")</p> <p>Providing coal handling and screening service and water transport service</p> | <ul style="list-style-type: none"> - AGETM is a related party of the Company since it is a 100%-owned subsidiary of AGE. - The Company and AGETM have one mutual director: <ul style="list-style-type: none"> 1) Mr. Panom Kuansataporn |
| <p>10. K.H. Development Co., Ltd. ("KHD")</p> <p>Engaging in sales and lease-out of properties and providing properties for car parking</p> | <ul style="list-style-type: none"> - KHD is a related party of the Company since its shares are held by persons related to the Company as follows: <ul style="list-style-type: none"> ○ Mr. Panom Kuansataporn (ABM Director) holding 51.00% of the registered and paid-up capital ○ Mrs. Natpapha Kuansataporn (ABM Director) holding 7.00% of the registered and paid-up capital ○ Miss Tiya Kuansataporn (ABM Director and Managing Director) holding 7.00% of the registered and paid-up capital ○ Miss Pimyada Kuansataporn, Mr. Nataphat |

| Persons who may have conflict of interest | relationship |
|---|--|
| | <p>Kuansataporn, Miss Pimchaya Kuansataporn, Mr. Atipat Kuansataporn and Mrs. Panita Kuansataporn (sons and daughters of Mr. Panom and Mrs. Natpapha Kuansataporn who both are ABM Directors) altogether holding 35.00% of the registered and paid-up capital</p> <ul style="list-style-type: none"> - The Company and KHD have three mutual directors: <ol style="list-style-type: none"> 1) Mr. Panom Kuansataporn 2) Mrs. Natpapha Kuansataporn 1) Miss Tiyaada Kuansataporn |
| <p>11. VIVI HOME DECORATIVE CO.,LTD. ("VH") Home & Decoration Business</p> | <ul style="list-style-type: none"> - VH is a juristic person related to the Company, namely, Mrs. Mrs.Pojanee Tangsubkul, the sister of Mr. Panom Kuansataporn (the Company's director), as a director and shareholder. 25.00 of registered and paid-up capital |
| <p>12. DTC Enterprise Co., Ltd., ("DTC") Sales of vehicle rental services, vehicle tracking equipment through the network</p> | <ul style="list-style-type: none"> - DTC is a company-related entity, Mr. Apisit Rujikeatkamjorn (Director) |
| <p>13. Jinsolid SDN. BHD. ("JSD") Biomass Fuel Trader</p> | <ul style="list-style-type: none"> - JSD is a legal entity that is related to the Company, holding 60.00% of the registered and paid up capital of DHSB and there is a joint shareholder with ABE and ABR, a subsidiary of the Company. |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | Necessity and appropriateness of related party transactions |
|--------------------------------|---|-----------------------|------------|--|
| | | 2560 | 2561 | |
| 1. Paprapat Co.,Ltd ("PPP") | <u>Sale</u> - The company sells palm kernel shell to PPP | 113.01 | 121.32 | - Palm kernel shell trading between the company and PPP has been operated as normal. When there are purchase orders to be delivered but no supply of that product to deliver, then both companies need purchasing and selling to each other to be able to supply customers the products of their requirements. |
| | <u>Purchase</u> - The company purchases palm kernel shell from PPP <u>Management fee income</u> -The company provides management services to PPP in some parts overlap to maximize the efficiency of the group management. | 127,448.70 | 150,813.32 | |
| | <u>Rental income</u> - The company provides PPP space for offices. The rental terms are agreed upon in the lease agreement. | 180.00 | 180.00 | - The Company provides management services to PPP, which is managed by the amount of the nature of work and the number of hour by the conditions and rates specified in the contract. |
| | <u>Trade receivables</u> - Occurred from the sale of goods by the terms of the agreement. | 51.15 | - | - The Company leases PPP space, which is based on the cost of the leased space allocated to the PPP, which corresponds to the market price. |
| | <u>Other receivables</u> - Occurred from management fee and space rental by the terms of the agreement. | 119.86 | 1,558.18 | - The Audit Committee is of the opinion that the transaction is reasonable. This is a normal business transaction and to manage the product inventory, human resources and operational areas of the Group. |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | Necessity and appropriateness of related party transactions |
|--------------------------------|---|-----------------------|-----------|---|
| | | 2560 | 2561 | |
| | <u>Trade payables</u> - caused by purchase by terms and conditions under the agreement. | 40,193.98 | 72,295.21 | The price of goods, management fees and the rental rates will take into account the cost of the company and its subsidiaries. |
| | <u>Short-term loans</u> - The Company provides PPP loans for liquidity management within the Group. | - | - | - The Company is required to provide PPP loans in order to increase liquidity in the short term to PPP. The loan interest is based on the financial costs that the Company borrows from financial institutions. |
| | <u>Interest Receivable</u> - The Company received interest from short-term loans to PPP for liquidity management within the Group. | 880.57 | - | - The Audit Committee is of the opinion that the transaction is reasonable. This is because of liquidity management within the group. Interest is calculated based on the company's financial costs. |
| | <u>Accrued Interest Receivable</u> Arising from the loan. Interest payment as agreed | - | - | - The Company has invested in PPP by holding 99.98% of its paid-up capital and paid up in 2016, and PPP declared dividend payment since there are enough retained earnings to pay dividends and this dividend is considered normal. |
| | <u>Dividend income</u> - The Company received dividends from PPP and PPP investments, dividends paid during the year. | 11,997.60 | - | - The Audit Committee is of the opinion that the transaction is reasonable. This is due to the dividend payment of the subsidiary with sufficient retained earnings for the dividend payment. |
| | <u>Accrued Dividen</u> - Dividends announced to be paid by PPP but not paid at the end of 2016 | - | - | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | Necessity and appropriateness of related party transactions |
|---|--|-----------------------|-----------|---|
| | | 2560 | 2561 | |
| 2. Sataporn Thanapat Co., Ltd. ("STP") | <u>Interest</u> - The Company received interest from short-term loans from STP for liquidity management within the Group. | 1,245.06 | 1,316.00 | - The Company is required to provide STP loans in order to increase its short-term liquidity to STP. The loan interest is based on financial costs that the Company borrows from financial institutions. |
| | <u>Rental Income</u> - The company let STP lease space for its offices and parking space. The rental terms are agreed upon in the lease agreement. | 1,018.80 | 1,018.80 | - The Audit Committee is of the opinion that the transaction is reasonable. This is because of liquidity management within the group. Interest is calculated based on the company's financial costs. |
| | <u>Delivery cost</u> - The company hired STP transportation, which is based on the transportation contract, which has the same standard as the contract with other companies. | 46,755.35 | 38,490.34 | - The company provide STP rental space. Rental rates are determined by taking into account the cost of space allocated to STP, which corresponds to the market price. |
| | <u>Car rental</u> - The company leased the loaders from STP for use in the company. The rental terms are agreed upon in the lease agreement. | 277.50 | 625.57 | - The Audit Committee is of the opinion that the transaction is reasonable. This is a normal business transaction. The rental rates are based on the cost of the space and consistent with the market price. |
| | <u>Spare parts and supplies</u> - The company paid for oil, spare parts and supplies from STP's car rental as agreed in the lease agreement. | 88.64 | 1,011.91 | - The company has used STP's transportation service. The company has the standard for considering the commissioning of STP as well as hiring other carriers. The rate of pay is the same as that of the other carriers. |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | Necessity and appropriateness of related party transactions |
|--------------------------------|---|-----------------------|-----------|--|
| | | 2560 | 2561 | |
| | <u>Other receivables</u> - Occurred from management fee and space rental. This is due to the fact that ABM has transferred employees who have liabilities after retirement from STP. | 84.90 | 2,972.11 | - The Audit Committee is of the opinion that the transaction is reasonable. This is a normal business transaction. Service fee And trade terms. Similarly, the Company entered into a transaction with a third party. - Truck rental is from STP by paying rental at market price. - The Audit Committee is of the opinion that the transaction is reasonable. This is a normal business transaction. The rent is paid at market price. - The cost of fuel, spare parts and consumables is incurred as a regular expense from truck rental. This is comparable to that of a truck rental company with a third party. - The Audit Committee is of the opinion that the transaction is reasonable. This is a normal business transaction. The terms of trade are the same as those made with outsiders. - The Company has invested in STP by holding 99.99% of its paid-up capital and paid-up capital in 2016 and STP declared dividend payment since there are enough retained earnings to pay dividends and this |
| | <u>Accrued Interest</u> | | | |
| | Arising from short-term loans as the terms of interest payment agreed. | 552.41 | 1,868.41 | |
| | <u>Short-term loans</u> | | | |
| | - The Company granted STP a short-term loan for liquidity management within the group. | 37,600.00 | 37,600.00 | |
| | <u>Trade payables</u> | | | |
| | - arising from the commissioning of transport Terms and conditions of payment under the agreement. | 7,717.65 | 15,680.69 | |
| | <u>Transportation costs (PPP)</u> | | | |
| | - PPP employs STP transportation, which is based on a transport contract with the same standard conditions as hiring others. | 2,080.24 | 1,315.77 | |
| | <u>Accounts Payable (PPP)</u> | 99.92 | 722.43 | |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | Necessity and appropriateness of related party transactions |
|---------------------------------------|---|-----------------------|------|---|
| | | 2560 | 2561 | |
| | <p>- Arising from the commissioning of transport Terms and conditions of payment under the agreement.</p> <p><u>Dividend income</u></p> <p>- The Company received dividends from its investment in STP and STP.</p> <p><u>Accrued Dividend</u></p> <p>- Dividend declared at STP but not paid at the end of 2016</p> | 4,999.75 | - | <p>dividend is considered normal.</p> <p>-The Audit Committee has the opinion that the transaction is reasonable. This is due to the dividend payment of the subsidiary with sufficient retained earnings for the dividend payment.</p> |
| 3. PT. Asia Biomass Indonesia ("ABI") | <p><u>Purchase (including purchase of goods on the way)</u></p> <p>- The company purchased palm kernel shell from ABI, a supplier of palm kernel shell from Indonesian.</p> <p><u>Advance payment for goods</u></p> <p>- Purchase of palm kernel shells from ABI will require advance payment like buying a palm kernel shell from other vendors.</p> | 63,548.03 | - | <p>- The company needs to buy palm kernel shell from ABI because ABI can supply palm kernel shell from Indonesia at the price and quantity that the company need by using expertise from local staff. The purchase of palm kernel shells from ABI is the normal business operation of the company. The prices and conditions, including the payment of goods in advance, are the same as the company made transactions with other distributors of products of the company.</p> <p>- The Audit Committee is of the opinion that the transaction is reasonable. This is a normal business</p> |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | Necessity and appropriateness of related party transactions |
|---|--|-------------------------------------|------------------------------------|--|
| | | 2560 | 2561 | |
| | | | | transaction and prices and terms of trade are similarly made to others. |
| 4. Asia Biomass Energy SDN. BHD. ("ABE") | <p><u>Purchase</u> The company purchases palm kernel shell from ABE who is the trader contacting trader in Malaysia.</p> <p><u>Equipment sale (ABR)</u> - ABE sells palm shell gliders and accessories to ABR</p> <p><u>Advance payment for goods</u> - Purchase of palm kernel shells from ABE will require advance payment like buying from other vendors.</p> | 71,027.56 - 59,212.43 | 47,380.14 21,031.47 | <p>- The company needs to buy palm kernel shell from ABE because ABE can supply palm kernel shell from Malaysia at the price and quantity that the company needs by using expertise from local staff. The purchase of palm kernel shell from ABE is a normal business operation of the company. The prices and conditions, including the payment of goods in advance, are the same as the company made transactions with other distributors of products of the company.</p> <p>- The Audit Committee is of the opinion that the transaction is reasonable. This is a normal business transaction and prices and terms of trade are similarly made as transaction with a third party.</p> |
| 5. Asia Biomass Resources SDN. BHD. ("ABR") | <p><u>Purchase</u> - The company buys palm kernel shell from ABR who contacts palm kernel shell trader in Malaysia.</p> <p><u>Advance payment for goods</u></p> | 17,424.88 86,731.57 | 86,921.46 20,720.45 | <p>The company needs to buy palm kernel shells from ABR because ABR can supply palm kernel shells from Malaysia at the price and quantity that the company need by using expertise from local staff. The purchase of palm kernel shells, ABR is the normal business</p> |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | Necessity and appropriateness of related party transactions |
|-----------------------------------|--|-----------------------|----------|---|
| | | 2560 | 2561 | |
| | <p>- Buying a palm kernel shell from ABR will have to pay for advance purchases like buying from other vendors.</p> <p><u>Dividend income</u></p> <p>- The Company received dividends from its investment in ABR and ABR announced the dividend payment during the year.</p> <p><u>sell product</u></p> <p>- The company sells palm shells to ABR</p> <p><u>Trade accounts receivable</u></p> <p>- arising from selling products With conditions and billing periods according to the agreement</p> <p><u>Trade payables</u></p> <p>- arising from the purchase of palm shells from ABR according to the contract of sale And the value of the product received in excess of advance payment for goods</p> | 266.47 | - | <p>operation of the company. The prices and conditions. In the purchase of goods, including the payment of goods in advance, the same as the company made transactions with other distributors of products of the company.</p> <p>- The Audit Committee is of the opinion that the transaction is reasonable. This is a normal business transaction and prices and terms of trade are similar to other transaction with a third party.</p> <p>- The Company has invested in ABR holds 55.00% of its paid-up capital and paid-up capital in 2017, and ABR announced the dividend payment since there are enough retained earnings to pay dividends and this dividend is considered normal.</p> <p>-The Audit Committee has the opinion that the transaction is reasonable. This is due to the dividend payment of the subsidiary with sufficient retained earnings for the dividend payment.</p> |
| 6. Asia Green Energy Plc. ("AGE") | <p><u>Transportation revenue (STP)</u></p> <p>- AGE employs STP transportation, with</p> | 985.76 | 3,061.15 | <p>- STP provides transportation services to AGE with the same rates as other shipping services.</p> |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | Necessity and appropriateness of related party transactions |
|-------------------------------------|---|------------------------------|---|--|
| | | 2560 | 2561 | |
| | <p>shipping costs in line with the standard AGE contract as working with external shipping companies.</p> <p><u>Other income (STP)</u></p> <p>- STP has revenue from residual sales to AGE.</p> <p><u>Accounts Receivable (STP)</u></p> <p>- caused by transportation services. Terms upon the agreement.</p> | <p>8.00</p> <p>187.70</p> | <p>-</p> <p>982.23</p> | <p>- The Audit Committee is of the opinion that the transaction is reasonable. This is a normal STP business transaction and trade terms are the same as that STP applies to other parties.</p> |
| 7. AGE Transport Co., Ltd. ("AGET") | <p><u>Shipping cost (for companies and PPP)</u></p> <p>- Companies and PPPs use AGET's freight services. Shipping costs are in line with the terms and conditions of the contract.</p> <p><u>Service revenue (STP)</u></p> <p>- AGET employs STP transportation, which is based on a transportation contract, which is identical to the contract AGET does with the company.</p> <p><u>Accounts Receivable (STP)</u></p> <p>- caused by transportation services. Terms of payment and payment period under general transportation contract.</p> | <p>1,741.09</p> <p>15.00</p> | <p>4,557.72</p> <p>4.80</p> <p>1.50</p> | <p>- The company and PPP have used AGET's transportation service. The company has the standard of AGET commissioning as well as the hire of other carriers. The rate of pay is the same as that of the other service providers.</p> <p>- STP provides transportation services to AGET. The rate of pay is in line with the STP's commission rate charged to other transportation contractors.</p> <p>- The Audit Committee is of the opinion that such transaction is reasonable. This is a normal business transaction of the Company and its subsidiaries. Service fee and trade terms. The Company and its subsidiaries entered into transactions with third parties.</p> |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | Necessity and appropriateness of related party transactions |
|--|--|-----------------------|-------------------|--|
| | | 2560 | 2561 | |
| | standard conditions as the contract with other service providers. | | | <ul style="list-style-type: none"> - The Audit Committee is of the opinion that such transaction is reasonable. This is a normal business transaction of the Company and its subsidiaries. Trade terms are similar to other transaction made with a third party. |
| 10. K.H. Development Co., Ltd. ("KHD") | <u>Office rental</u> <u>Electricity bills</u> - Office rental company from KHD by signing the first lease agreement on September 1, 2012, which has been renewed lease. Rental rates have not changed until now. The current lease agreement is signed on October 1, 2017 with lease term 1. The rental rate is 250 baht per square meter, which is comparable to the rental rate of the office building in the same neighborhood. In addition to rent, the company will be obliged to pay utilities to KHD. The expenses will be based on actual consumption at the rate that KHD has to pay to the utilities. <u>Accounts payable and other payables</u> - arising from unpaid office rents | 1,227.00 618.18 | 1227.00 636.04 | <ul style="list-style-type: none"> - The company has rented office from KHD to use as head office. This is a normal business support transaction with rental rates. Conditions of Renting and utilities services are subject to joint agreements. This can be comparable to the rental of office buildings located in the vicinity of the Company. - The Audit Committee has the opinion that the transaction is reasonable. This is a normal business transaction. Prices and terms of trade are comparable to the rental of office buildings in the vicinity of the Company. |
| | | 151.39 | 160.40 | |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | Necessity and appropriateness of related party transactions |
|--------------------------------|---|-----------------------|--------|--|
| | | 2560 | 2561 | |
| | <p>based in Malaysia. The purchase price and trading conditions are the same as that of the Company makes with other vendors.</p> <p>เจ้าหนี้การค้า</p> <p>- เกิดขึ้นจากการซื้อกระดาษปาเลตจาก ABR ตามสัญญาซื้อขาย และมูลค่าสินค้าที่ได้รับเกินกว่าเงินจ่ายล่วงหน้าสินค้า</p> <p><u>Advance payment for foreign goods</u></p> <p>- The money that the company paid in advance to JSD for the product that the company has a contract with JSD before the ABE and ABR started operations.</p> | - | 102.12 | <p>The prices and conditions are similar to other transactions made with other international distributors.</p> <p>The Audit Committee has the opinion that the transaction is reasonable. This is a normal business transaction. Prices and terms of trade are similar to other transactions made with others.</p> |
| | | 347.93 | - | |

2. Measures or procedures for approval of inter-company transactions

The connected transactions between the company and subsidiaries may have conflict of interest. There may be future conflicts of interest with the company for example major shareholders, directors, executives, controlling persons or the connected persons. The company will comply with the Securities and Exchange Act, regulations, notifications and orders of the Capital Market Supervisory Board. The stakeholders will not be able to participate in the approval process.

In the case where the law requires inter-company transactions to be approved by the Board of Directors, the company will arrange for the Audit Committee to attend the meeting to consider and give opinions on the necessity of the transaction and the reasonableness of the transaction. For the transaction that is a commercial agreement with commercial terms in general and the transaction that is a commercial agreement that is not commercial terms in general shall be obliged to the following principles:

(a) A commercial agreement transaction with general commercial conditions

The Board of Directors has approved the principle that the management can approve intercompany transactions with commercial terms and conditions generally between the company and its subsidiaries, with directors, executives or related persons if such an item has a trade agreement in the same way that a normal person would deal with the counterparty in the same situation, the commercial bargaining power is not influenced by being a director, executive or related person (as the case may be).

The company will prepare a summary report of such transaction for reporting to the Audit Committee and shall every quarterly report to the Board of Directors.

(b) A commercial agreement transaction that is not with general commercial conditions

Any transaction that is a trade agreement that is not a general commercial condition must be considered and commented by the Audit Committee before being presented to the Board of Directors or the shareholders' meeting (as the case may be) for further consideration and approval to comply with the Securities and Exchange Act Including the regulations, notifications and orders of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including compliance with the disclosure requirements of connected transactions.

In the event that the Audit Committee is not proficient in the consideration of related transactions, the company will appoint an independent expert or an auditor of the company to give an opinion on such connected transactions for the Audit Committee, Board of Directors or shareholders (as the case may be) to ensure that the transaction is necessary and reasonable. The company will disclose the related transactions in the annual report and the financial statements that have been audited by the auditor.

1. Future Connected Transaction Policy and Tendency of Future Connected Transactions

For future transactions, the Board of Directors must comply with the Securities and Exchange Act, the Articles of Association, announcements and orders of the Board of Directors regarding the disclosure of information of the company or its subsidiaries in accordance with the accounting standards by the Institute of Certified Accountants and Auditors of Thailand. After listing on the Market for Alternative Investment (MAI), the Company expects to enter into inter-company transactions with related companies and/or connected persons in the normal business operation, regular business support and assistance or financial assistance. This can be summarized as follows:

1. Purchasing or selling products between companies in the group and companies that may have conflicts and the business is operated in a normal manner, the price will be set by the Cost Plus Pricing Method, which is to set the selling price from the biomass fuel cost, plus shipping costs, plus selling expenses, plus gross margin. The pricing policy is the same as the sale price to other parties.

2. The provision or acceptance of freight services between companies within the group and companies that may have conflicts is considered a normal business support. The transportation cost is agreed upon in the contract. The terms and conditions are the same as the company has entered into with other shipping companies.

3. Building space contract from companies that may have conflicts, the space and service charges should be more or less the same as the rental rates in the vicinity. However, rental of accounting room from Mr. Kitichai will not take place in the future. Currently, the company has moved the accounting documents from the area of Mr. Kitichai to the headquarters.

4. Rental or rental of assets used in the business between the company and its subsidiaries and people who may have conflicts is normal business support. By setting rent prices, it takes into account the cost of acquiring property and the suitability of the rental price in the market. There will be a lease contract and the clear and fair conditions comparable to the industry.

5. The provision or acceptance of services between companies within the group and companies that may have conflicts is considered a normal business support. Terms and conditions of trade or other agreements must be similar to the company received or paid to third parties, as the case may be.

If there are transactions between each other, the company will strictly implement the measures or procedures for approving connected transactions as mentioned above.

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|------------------------------------|
| Management Discussion and Analysis |
|------------------------------------|

The analysis of financial information reflects the operating results and financial position of Asia Biomass Public Company Limited and its subsidiaries (Hereinafter referred to as "the Company"). The analysis in this section is based on the consolidated financial statements of the Company for the year ended December 31, 2018.

| | Unit: Thousand Baht | | | |
|--|---------------------|---------------|------------------|---------------|
| | Consolidated | | | |
| | Year 2018 | | Year 2017 | |
| Revenues from sales | 1,285,323 | 99.0% | 1,239,551 | 99.5% |
| Revenues from services | 3,508 | 0.3% | 1,348 | 0.1% |
| Other income | 9,378 | 0.7% | 5,159 | 0.4% |
| Total Revenues | 1,298,209 | 100.0% | 1,246,058 | 100.0% |
| Cost of sales | 1,078,133 | 83.0% | 945,171 | 75.9% |
| Cost of services | 3,090 | 0.2% | 1,046 | 0.1% |
| Distribution costs | 165,160 | 12.7% | 172,797 | 13.9% |
| Administrative expenses | 80,702 | 6.2% | 87,365 | 7.0% |
| Loss on exchange rate | - | 0.0% | 6,672 | 0.5% |
| Directors' remuneration | 2,960 | 0.2% | 2,870 | 0.2% |
| Finance costs | 11,417 | 0.9% | 13,109 | 1.1% |
| Total Expenses | 1,341,462 | 103.3% | 1,229,030 | 98.6% |
| Profit (loss) before income tax expenses | (43,253) | (3.3%) | 17,028 | 1.4% |
| Income tax expenses (revenues) | (7,292) | (0.6%) | 1,606 | 0.1% |
| Profit (loss) for the periods | (35,961) | (2.8%) | 15,422 | 1.2% |
| Profit (loss) attributable to equity holders of the par | (31,150) | (2.4%) | 17,331 | 1.4% |

1. Performance Analysis

Income

The company is principally engaged in the procurement and distribution of biomass fuels, starting with products derived from wood processing such as wood shaving, sawdust. The company has expanded its products such as palm kernel shell, biomass pellet, wood chops and other parts of wood and to streamline the supply and distribution. The company also carries out its own shipments under the management of STP, a subsidiary of the company in conjunction with hiring external transport operators for the most efficient operation of the cargo. In addition to domestic sales, the company has expanded its distribution to overseas and when the demand for biomass fuel both domestically and internationally increases while domestic biomass capacity is limited so the company has been supplying biomass fuel from overseas sources from Indonesia and Malaysia. This will be the source of palm oil for the continued expansion of our biomass fuel distribution business.

Total revenue of the company is from sales of goods and services and other income. Revenue from sales of goods and services is recognized as revenues from the operations of two groups of companies.

Total revenue of the company is from sales of goods and services and other income. Revenue from sales of goods and services is recognized as revenues from the operations of two groups of companies.

(1) Revenue from sales- This is the main income of the company. This is due to the business operation of ABM and its local subsidiaries, namely PPP and its overseas subsidiaries, namely ABI in Indonesia and ABE and ABR in Malaysia. Overseas subsidiaries will provide and gather palm kernel shells produced in Indonesia and Malaysia to distribute to ABM and PPP according to the distribution plan generated by ABM and PPP, which is the contact and receive orders from both domestic and foreign customers.

Revenue from transportation services, STP will be able to provide freight services to ABM and PPP, transport services to related companies and other companies. In case of available service capacity, STP will provide transportation services to related companies and other companies to achieve maximum operational efficiency

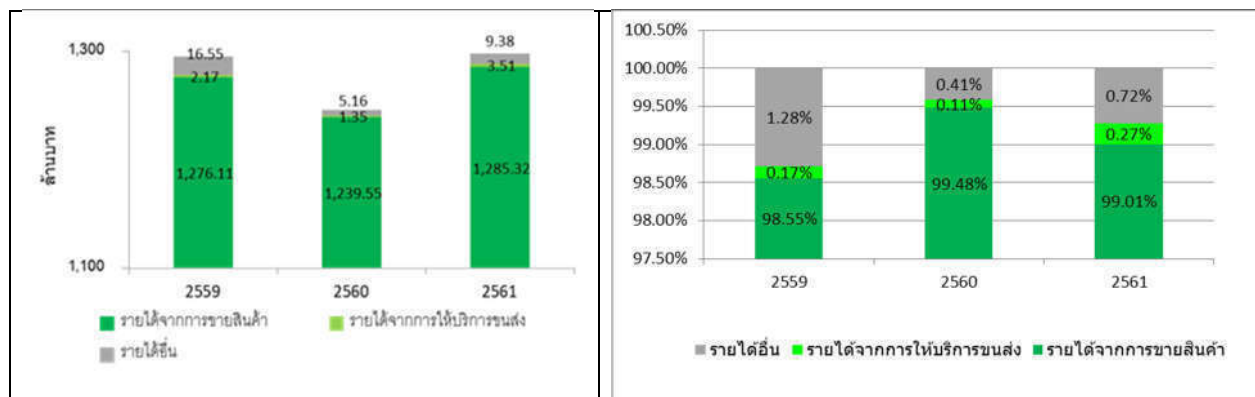
The company's total revenues for the year 2016-2018 amounted to Baht 1,294.83 million, Baht 1,246.06 million and Baht 1,298.21 million, respectively. 2018 had a increase in revenue of Baht 45.77 million or a decrease of 3.69% from the previous year. The major income is 99% of total revenues, which is the revenue from sales. In addition to the sale of goods, revenue from transportation services to related companies and other companies is approximately 0-1% of total revenues. 0-1% would be another income. This includes sales of assets. Foreign exchange gains and so on.

The total revenue of the company in 2016-2018 can be summarized as follows:

| Revenue structure Million Baht | For the year ended 31 December | | | | | |
|---|--------------------------------|---------------|-----------------|---------------|-----------------|---------------|
| | 2016 | | 2017 | | 2018 | |
| | Amount | % | Amount | % | Amount | % |
| Revenue from sales of goods and services | | | | | | |
| 1. Revenue from sales | 1,276.11 | 98.55 | 1,239.55 | 99.48 | 1,285.32 | 99.01 |
| 2. Revenue from transportation services | 2.17 | 0.17 | 1.35 | 0.11 | 3.51 | 0.27 |
| Total Revenue from sales of goods and services | 1,278.28 | 98.72 | 1,240.90 | 99.59 | 1,288.83 | 99.28 |
| Other Income ^{1/} | 16.55 | 1.28 | 5.16 | 0.41 | 9.38 | 0.72 |
| Total Income | 1,294.83 | 100.00 | 1,246.06 | 100.00 | 1,298.21 | 100.00 |

Remark: 1 / Other income consists of profit from sales of transportation trucks, foreign exchange gain and income from insurance claims, etc.

Diagram showing the proportion of each type of income to total revenue for the year 2016 - 2017



Revenue structure of the company, there are three types of revenue: revenue from sales, the main income of the company, revenue from transportation services and other income.

(1) Revenue from sales

Revenue from sales, most of them are from biomass fuel products. The company's revenue from sales of biomass fuels was Baht 1,272.80 million, Baht 1,208.68 million and Baht 1,285.64 million in the years 2016 - 2018 respectively. The revenue from sales of the year 2018 increased from the year 2017 of Baht 45.77 million, equivalent to 3.69%. The average selling price per unit increased from 2,113 Baht per ton to 2,578 Baht per ton, or a increase of 21.98%

Income and Expenditure diagram for biomass fuel sales in 2016 - 2018

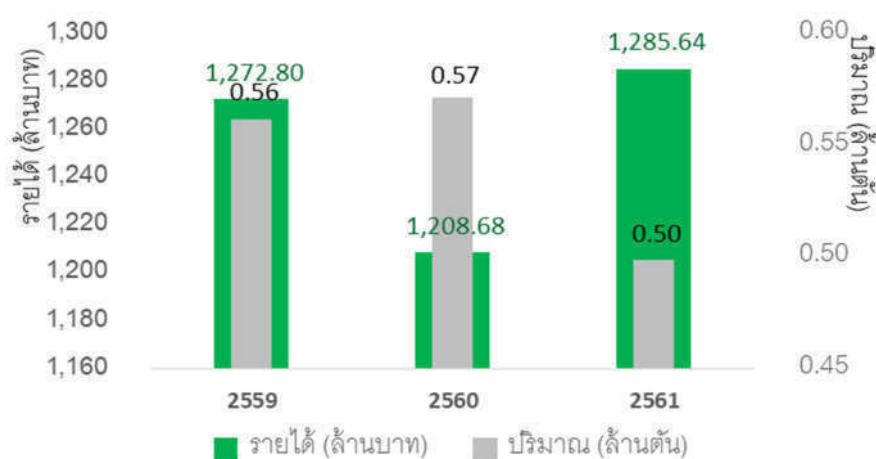
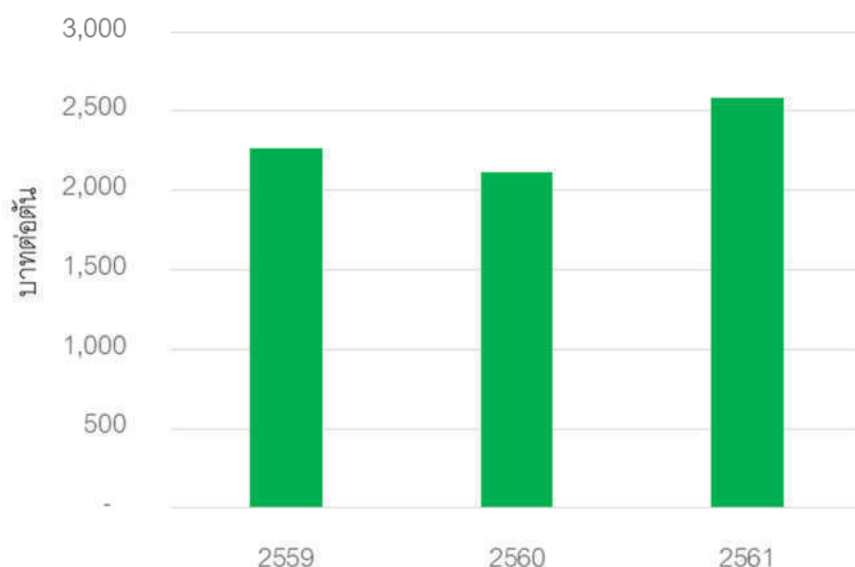


Diagram showing the average selling price per tonne of biomass fuels in 2016 - 2018



In addition to the biomass products mentioned above, the company has begun selling its processed timber products. As a result, in 2016 and 2017, the company has revenue from sales of wood products. These were Baht 3.31 million and Baht 30.87 million, representing 0.26% and 2.49% of total sales revenue respectively. While in 2018, China market is highly volatile in 2018, causing significant sales decline.

Considering the geographical distribution, the company sells products both in the country and also to other countries. The domestic sales accounted for 72% - 89% of total sales. Proportion of domestic and foreign sales for the year 2016-2018 can be shown in the following diagram.

Table showing the distribution of products by geographical area

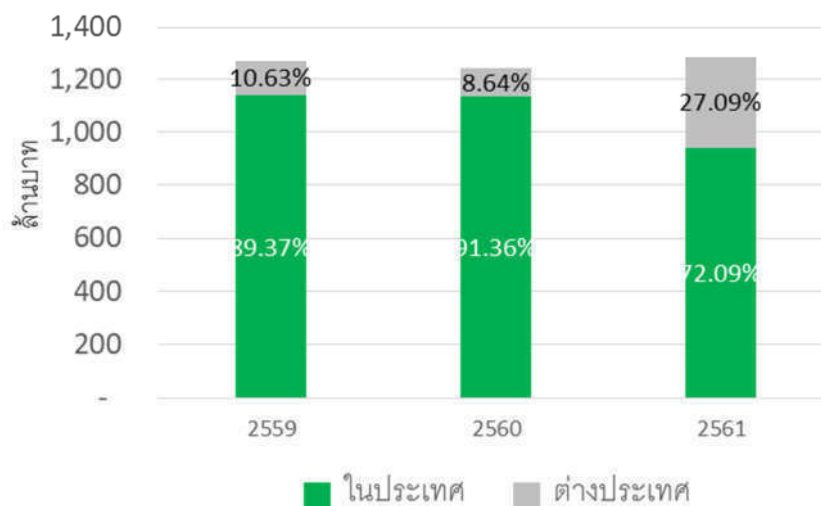
Based on customer location in 2016 - 2018

| Table showing the distribution of products by geographical area ^{1/} | For the year ended 31 December | | | | | |
|---|--------------------------------|---------------|-----------------|---------------|-----------------|---------------|
| | 2016 | | 2017 | | 2018 | |
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Thailand | 1,140.47 | 89.37 | 1,133.71 | 91.36 | 939.65 | 72.91 |
| In other countries | | | | | | |
| — Countries in Asia | 135.65 | 10.63 | 107.19 | 8.64 | 349.18 | 27.09 |
| Total revenue from sales of goods and services | 1,276.11 | 100.00 | 1,240.90 | 100.00 | 1,288.83 | 100.00 |

หมายเหตุ: ^{1/} Revenue from sales of goods and services by geography determined by the location of the customer. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation.

Diagram showing the distribution of products by geographical area

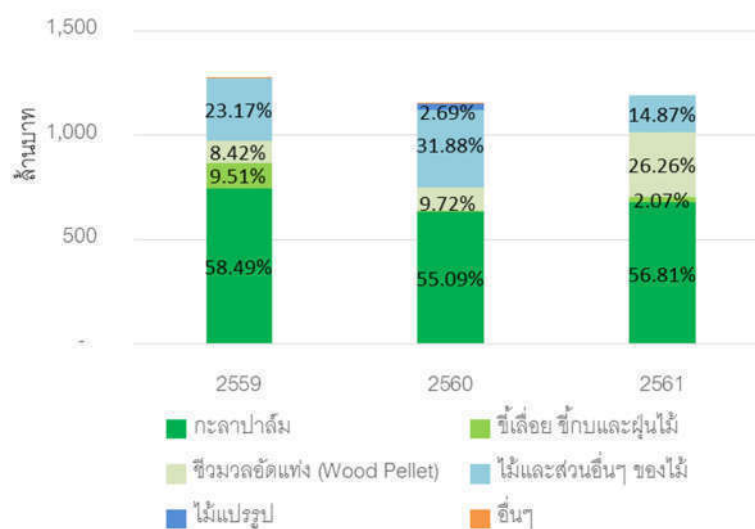
The destination of the products shipped in the year 2016-2018



The company has started to study and open the export market to overseas since the year 2013. In the year 2018, the company has revenue from shipping to overseas amounting to Baht 349.18 million. While Year 2017 has revenue Baht 107.19 million or a increase of Baht 242 million or 225.77% from the previous year. Which is mainly due to the income from the export of biomass pellet products which are still in demand in the market. Also better prices tend.

In the year 2016 - 2018, the company's main income from the sale of palm kernel shell accounted for 51-60% of total sales. Secondly, the group of woodchips and other parts of other parts of wood accounted for 6% -30% of total revenue from the sale of products, followed by biomass pellet 8 - 27 % of total revenues from sales of goods which has significantly increase. The proportion of sales of each type of products can be shown in the following diagram.

Chart showing the distribution of each product in 2016 - 2018



Among the biomass fuel products that the company sells palm kernel shells are considered as the by-products of agricultural processing with the highest demand. It is a high-value biomass fuel and there are enough sources to support the current needs. The company is aware of the trend. In the past 4 - 5 years, the company has focused on the relationship with sources of supply and collection of palm kernel shells both domestically and internationally. In addition, the market of palm kernel shells increased from the original focus on the distribution of products, wood shavings and sawdust as can be seen from the proportion of sales of each type of products mentioned above, for the year 2017, products of woodchips and other parts of wood are another product that customers turn to use. This is because the fuel is low cost and there are more trees to cut and use as fuel. In addition, the demand for woodchips for fuel has been increased according to the government's policy to promote alternative energy use and the increasing demand from other industries that use woodchips as a raw material for their production. The company has made relationship with the wood processors and has plans to invest in the chopped wood plant as well. The proportion of woodchips and other parts of wood in the year 2018 accounted for 14.87% of total revenues from sales which is lower than the year 2017, which accounts for 31.88%. From customers in the sugar factory, there is a lot of switch to fuel from bagasse which has produced a lot. In 2018, palm shell products And compressed biomass The market also has good prospects. Despite fluctuations in price Which the company tried to improve the strategy to be able to compete in the market both in terms of cost and quality.

(2) Revenue from transportation services

Key factors in the company's business of supplying and distributing biomass fuels, in addition to the source of the product, cargo management is important to maximize business performance. The company has set up a subsidiary company, STP, to carry cargo for the company and its subsidiaries. If the service is available at some time, STP will provide transportation services to related companies and other companies. Revenue from rendering of transportation services to related companies and other companies decreased from 2017 at Baht 1.35 million to Baht 3.51 million in the year 2018 or increased by Baht 2.16 million in line with sales growth.

(3) Other incomes

Other incomes of the company in the year 2017 and 2018 were Baht 5.16 million and Baht 9.38 million, respectively. The total revenue of the year 2018 increased by Baht 4.22 million or 81.78% from the year 2017. The main factor was that 1) in the year 2018, the company gained from exchange rate and financial derivatives total Baht 2.16 million while in the year 2017, the company had loss from exchange rate and financial derivatives total Baht 6.67 million which was shown in administrative expense and 2) The company received compensation from the fire incident at the subsidiary company. Recognize the net amount of damages as other income in the amount of 4.14 million.

Cost of goods sold and services and gross profit

(1) Cost of goods sold and services And gross profit

The cost of sales of the company in 2017 and 2018 was Baht 945.17 million and Baht 1,078.13 million, respectively. The cost of goods sold in 2018 increased by Baht 132.96 million or 14.06% from the same period of last year. The increase of cost of goods sold is likely to be in line with the increase in sales revenue. The gross profit margin of the company in 2017 and 2018 was 23.75% and 16.11%, respectively. The company's gross profit margin was decreased by 7.64% since the year 2018, the company has a lot of inventory in the overseas subsidiaries which has a relatively high value. As a result, the gross margin decreased as mentioned.

(2) Cost of services and gross profit

The cost of transportation services is Baht 1.05 million and Baht 3.09 million in 2017 and 2018, respectively. The increase in line with the increase in the volume of transportation services to outsiders as a result of the company's policy not to expand the truck fleet. At the same time, over the past three years, the company has been selling high-used transport trucks to provide more efficient transportation management. The cost of transport service is at 77.61 and 81.94 percent of service revenue respectively, representing a gross margin of 22.39 percent and 18.06 percent, respectively.

Cost of distribution and administrative expenses

(1) Cost of distribution

The cost of distribution of the company in 2017 and 2018 was Baht 172.80 million and Baht 165.16 million, respectively. The cost of distribution in 2018 decreased by Baht 7.02 million or 4.42% from the same period of last year. The main reason was that in year 2017 the company could arrange the cost of exporting the whole biomass packed hulls for the first time with CFR (the company is responsible for the cost of transportation to the port of destination abroad), resulting in a higher cost of export operations.

(2) Administrative expenses

The company had administrative expenses of Baht 96.91 million and Baht 83.66 million in 2017 and 2018, respectively, equivalent to 7.78% and 6.44% of total revenue, respectively. The proportion of administrative expenses to total revenue is approximately 7-8%. The proportion of administrative expenses to total revenues for the year 2018 is in normal level when compared to the previous year. Due to in year 2017 The proportion of administrative expenses to total revenues for the year 2018 is quite high, The main reasons were other expenses such as loss on foreign exchange and financial derivatives and higher staffing expenses. Most of the administrative expenses are employee compensation. This accounted for more than 50%

Most of the administrative expenses are employee compensation. This accounted for more than 50% of the administrative expenses, followed by rental and service expenses. This includes property operating leases, service fees, such as professional fees, consulting fees, internal audit fees, audit and review financial report and training/seminars fees etc. The next will be the cost of travel, depreciation and amortization expenses are also included in the administrative expenses, such as allowance for diminution in value of inventories, reserve or burn out fire allowance for doubtful accounts and bad debts and other expenses such as foreign exchange losses and financial derivatives.

Financial costs

The company has finance costs of Baht 13.11 million and Baht 11.42 million in 2017 and 2018, respectively, accounted for 1.05% and 0.88% of the total revenue respectively. The financial cost of the year 2018 decreased by Baht 1.69 million or 12.89% from the year 2017. The reason is that the company had repayment short-term loans from financial institutions when receive investment from public offering in order to improve the company's liquidity.

Corporate Income Tax

In 2017 and 2018, the company had income tax expense of Baht 1.61 million and income tax revenue Baht 7.26 million, respectively, resulting from Deferred tax asset from loss carry forward of the company.

Net profit (loss)

The net profit (loss) attributable to equity holders of the company for the years 2017 and 2018 was Baht 15.63 million and Baht 31.15 million, respectively. The net profit (loss) attributable to equity holders of the company for the year 2018 decreased from Baht 46.78 million, equivalent to 299.29% which resulted from selling prices and the cost of goods sold as mention above.

The comprehensive income attribute to equity holders of the company in the year 2017 and 2018 was amounted to Baht 17.33 million and Baht 31.14 million, respectively. In 2017 and 2018, the company had a currency translation differences of subsidiaries at (0.26) million and (1.31) million, respectively, and the actuarial gains on defined benefit plan were Baht 0 and Baht 1.96 million and Baht 0.96 million , respectively.

2. Financial Position Analysis

Asset

The total assets of the company as at 31 December 2017 and 2018 amounted to Baht 808.20 million and Baht 647.64 million, respectively. The company's main assets are trade and other receivables, existing inventory, and property,plant and equipment. As of December 31, 2018, the company's total assets decreased by Baht 160.56 million or 19.86% from the year 2017, mainly due to the decrease in inventories for sales in the following year. The inventories as at 31 December 2017 and 2018 amounted to Baht 337.44 million and Baht 139.24 million, respectively, which decrease of Baht 198.21 million or 58.74%, while trade and other receivables as at 31 December 2017 and 2018 were Baht 94.12 million and Baht 131.03 million, respectively, increased by Baht 36.91 million or 39.22% mainly due to the sales near the end of the year, so mostly increase from not overdue Account receivable and overdue less than 3 months. The average collection period in 2017 and 2018 were 32.79 days and 31.88 days, respectively which in line with the credit term grant to the customer at 30-60 days. The average collection period trends to be decreased because the company has a policy to manage the receivables better.

The major components of the Company's assets are as follows:

(1) Trade and other receivables

Trade receivables and other receivables of the company at the end of 2017 and 2018 amounted to Baht 94.12 million and Baht 131.03 million, respectively, equivalent to 20.23% and 11.65% of total assets of the company, with other accounts receivable less than 1% of total assets. The remaining is trade receivables.

- Trade accounts receivable

As at the end of 2018, the company's trade receivables increased to Baht 36.91 million from Baht 94.12 million at the end of 2016 or a increase of 39.22%, mainly due to the company's effective management of trade receivables. It also has more debt tracking as can be seen from the accounts receivable at the end of 2018, most of the receivables are not yet overdue and less than 3 months overdue receivable.

The average collection period in 2017 and 2018 is 32.79 days and 31.88 days, respectively, which is in line with the credit term grant to the customer are estimated at 30-60 days, with average collection period decreasing. The company has a policy to manage the receivables better.

The company's trade accounts receivable consist of trade accounts receivable from related parties and other entities. Details of trade accounts receivable classified by aging are as follows:

| (Unit : Million Baht) | 31 December 2016 | | 31 December 2017 | | 31 December 2018 | |
|--|------------------|---------------|------------------|---------------|------------------|---------------|
| | Amount | % | Amount | % | Amount | % |
| <u>Related parties</u> | | | | | | |
| - Current | 0.04 | 53.25 | 0.12 | 62.13 | 0.98 | 100.00 |
| - Less than 3 months overdue | 0.04 | 46.75 | 0.07 | 37.87 | 0.00 | 0.00 |
| Total trade accounts receivable - related parties | 0.08 | 100.00 | 0.19 | 100.00 | 0.98 | 100.00 |
| <u>Other business</u> | | | | | | |
| - Current | 105.19 | 77.80 | 71.43 | 78.85 | 87.96 | 68.90 |
| - Less than 3 months overdue | 26.67 | 19.72 | 17.91 | 19.77 | 33.51 | 26.25 |
| - 3 - 6 months overdue | 1.75 | 1.30 | - | - | 4.48 | 3.51 |
| - 6 - 12 months overdue | 1.13 | 0.84 | 0.46 | 0.51 | 1.01 | 0.79 |
| - More than 12 months overdue | 0.46 | 0.34 | 0.79 | 0.88 | 0.70 | 0.55 |
| Total | 135.20 | 100.00 | 90.59 | 100.00 | 127.66 | 100.00 |
| <u>Less : Allowance for doubtful accounts</u> | <u>(1.25)</u> | <u>(0.92)</u> | <u>(1.22)</u> | <u>(1.35)</u> | <u>(1.70)</u> | <u>(1.34)</u> |
| Total trade accounts receivable - other parties - net | 133.95 | 99.08 | 89.37 | 98.65 | 125.96 | 99.23 |
| Total trade accounts receivable - net | 134.03 | | 89.56 | | 126.94 | |

When considering the age of trade accounts receivable from related parties, it is found that the company has no trade accounts receivable of related parties overdue more than 3 months.

Trade Accounts Receivable from Other parties, most of the outstanding accounts receivable are not yet due and trade accounts receivable overdue for less than 3 months. As at the end of 2017 and 2018, the company had the portion of current due trade accounts receivable and trade accounts receivable overdue not more than 3 months in total of parties 98.62% and 95.15% of other accounts receivable from other parties (before deduct allowance for doubtful accounts).

At the end of 2018, the company's allowance for doubtful accounts increased to Baht 1.70 million from Baht 1.22 million at the end of 2017 or a increase of 39.34%. The company has policy to set allowance for doubtful accounts as follows:

| | |
|--|--|
| - Overdue receivables less than 180 days | No allowance for doubtful accounts |
| - Overdue receivables 181 - 360 days | Allowance for doubtful accounts at 50% |
| - Overdue more than 360 days | Allowance for doubtful accounts is 100%. |

Policy on allowance for doubtful accounts, the company has considered the debt repayment history of the past receivables, which is sufficient to manage the company's debtors. However, the allowance for doubtful accounts will also be used with other information. Without allowance for doubtful accounts, reasons must be submitted to the financial director for consideration and approved by managing director. The company will review the allowance for doubtful accounts at least once a quarter. The company also considers the adequacy of the setting the allowance for doubtful accounts for specific to each debtor based on the financial position, historical payment, the amount of debt outstanding against the ability to repay the debt and other factors. However, debtors who have had a bad history, long overdue or have financial problems, the company will control such receivables allowance for doubtful accounts particularly to that person.

- Other receivables

Other receivables are accounts receivable due to operating expenses paid in advance and amortized over the period of expenses incurred, payroll advance, loans to employees, etc. At the end of 2018, the company had other receivables at Baht 4.10 million, a decrease of Baht 0.47 million from the previous year or decreased by 18.29% Other accounts receivable of the company are less than 1% of total assets.

(1) Inventories

At the end of 2017 and 2018, the company had net inventories (After allowance for decline in value of inventories) of Baht 337.44 million and Baht 139.24 million or at 41.74% and 21.5% of total assets, respectively. In 2018, the inventories decreased by Baht 18.21 million or 58.74%. This is due to in 2017 the storage of palm

kernel shells in subsidiaries abroad to support foreign customers as the volume of contract sales for goods sold to overseas customers is relatively high. While in this year, The company tries to manage inventory levels in order to reduce storage and maintenance costs. As a result, the amount of inventories of the company has decreased at the end of 2018

(2) Advance payment for goods

Most of the purchases of the company will be subject to payment terms in advance for the amount specified in the contract. Mostly it is the nature of money transfer to the manufacturer in advance for a certain amount of goods. Once the goods are received, the value of the goods will be deducted to the prepaid balance. Until the money paid in advance is lower than the agreed amount. The company will transfer the advance payment to the manufacturer to the full amount of advance payment as specified in the contract of purchase. The amount of advance payment for each product manufacturer will depend on the volume of goods that the distributor. There are deals to sell to companies. This advance payment policy is typical for the biomass fuel supply and distribution business. This is to ensure that the manufacturer will sell the products manufactured by the manufacturer to the company in accordance with the amount agreed. The company has set up sub-committee to consider the credit line for both accounts receivable and advance payment. It is necessary to review the information of partners who have agreed to pay for goods, such as registration information of partners and financial information as well as other business information, etc. The committee will have the highest management. Financial management is always considered and commented. In addition, the company manages the risk of advance payment by reducing the advance payment limit to the amount that the company has to pay in advance necessary according to the potential of partners as well. The direct purchase from the manufacturer or via a small retailer by subsidiaries of the company in both Indonesia and Malaysia is upon receipt of goods into the warehouse of the subsidiary, the company then prepares the advance payment to the seller under the next purchase contract.

At the end of 2017 and 2018, the company had advance payment for goods amounting to Baht 12.83 million and Baht 21.39 million, or 1.59% and 3.30% of total assets, respectively. The company has taken measures to scrutinize its counterparty credit lines and to reduce the advance payment of high-volume goods at one time. It is an advance payment of goods according to potential partners and the pre-paid breakdown of the above items.

(3) Property, plant and equipment

The nature of the business of supply and distribution of biomass fuels, key factors that make the company continue to operate today, the company can supply and collect products from various sources to sell to customers throughout the year and deliver the quality products that customers need within the time. The company will be able to do that. The company needs to invest in warehouses to store and maintain the quality of their products to meet the shortage of goods. In addition, the company has invested in a fleet of vehicles which

can be effectively managed. At the end of 2017 and 2018, the company's property, plant and equipment (net) were Baht 275.93 million and Baht 279.55 million, respectively or 34.14% and 43.16% of total assets, respectively, of land, buildings, machinery and office equipment of Baht 216.73 million and Baht 235.91 million, respectively, and for vehicle at Baht 59.20 million and Baht 43.63 million, respectively. At the end of 2018, the company had property, plant and equipment (net) increased Baht 3.62 million, the main reason is increase in year 2018 from purchase of land in Surat Thani Province To be used as a warehouse for goods from manufacturers in the southern part of Thailand. The decrease in the company's vehicles mainly resulted from the sale of long-life truck which was not worth the cost of repair and maintenance.

Debt

The company's total liabilities as at 31 December 2017 and 2018 amounted to Baht 655.53 million and Baht 408.20 million respectively. The Company's main liabilities were short-term loans from financial institutions. Trade and other payables and accrued dividends The company's total liabilities increased by Baht 247.09 million or 37.69% from the year 2017, mainly due to the repayment the short-term loans from financial Institution.

The major components of the company's liabilities are as follows:

(1) Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions are considered as principal funds used in the business of the company. Short-term loans from financial institutions include Promissory Note ("P / N"), Trust Receipt ("T / R") and Export Credit (Packing Credit, "P / C"). At the end of 2017 and 2018, the company had overdrafts and short-term loans from financial institutions amounting to Baht 562.43 million and Baht 353.13 million respectively or 65.59 % and 54.53 % of total liabilities, respectively. As at the end of 2018, bank overdrafts and short-term loans from financial institutions decreased Baht 37.21 million as the management policy tries to maintain the debt to equity ratio at an appropriate level for business.

(2) Trade and other payables

Accounts payable and other payables of the company by the end of 2017 and the year 2018 was 43.23 million baht and 46.03 million baht respectively or 9.24% and 6.59% of total liabilities of the company.

- Trade payables

The company had trade accounts payable amounting to Baht 24.13 million and Baht 21.81 million at the end of 2017 and 2018, respectively or 3.01% and 3.37% of total liabilities of the company. Typically, the company will have a relatively small proportion of accounts payable in comparison with the volume of purchases each year as most producers will require the company to prepay the goods if producers agree to pay after receiving the goods, credit term is quite short. The average repayment period of the company is

approximately 11 days and 8 days for 2017 and 2018, respectively, which is normal.

- Other payables

Most of the other payables are related to the business operations of the company. It has not paid, such as accrued bonuses, Revenue Department, Accrual accounting service, Accrued shipping charges, Land and building lease payable. At the end of 2017 and 2018, the company had other outstanding debtors of Baht 18.88 million and Baht 24.22 million, respectively, representing 2.34% and 3.74% of total liabilities, respectively which decreased Baht 5.34 million or a decrease of 3.22%. Other payables of the company as mentioned above are in accordance with terms of payment agreed with the company.

(3) Liabilities under financial lease

Liabilities under financial leases are liabilities arising from the provision of financial services by financial institutions for the purchase of lorries, trucks and other vehicles. At the end of 2017 and 2018, the company has financial lease liabilities amounting to Baht 7.47 million and Baht 3.18 million, respectively or 0.90% and 0.49 % of total liabilities, respectively due to the repayment of the contract term.

(4) Other liabilities

Other liabilities include value added tax liabilities, employee benefits obligation, deferred income tax liabilities, unpaid employee insurance, advance payment for goods. Other liabilities are generally low or approximately Baht 5-7 million or approximately 1% of total liabilities. Most of the components are employee benefit obligations. At the end of 2017 and 2018, the company had other liabilities totaling Baht 5.55 million and Baht 4.74 million, respectively or 0.69% and 0.73% of total liabilities, respectively, which is considered normal.

Shareholders' Equity

Shareholders' Equity (Excluding non-controlling interest) at the end of 2017 and 2018 amounting to Baht 148.85 million and Baht 240.19 million or 18.41% and 37.09% of total assets, respectively. At the end of 2018, the company's equity increased by Baht 91.34 million from the end of 2017, due to during February 19-21, 2018, the company has sold its initial public offering of ordinary share amount of 75 million shares with a par value of Baht 0.50 per share. The offering price was Baht 1.80 per shares totally to Baht 135 million, so the company has a paid-up share capital increase of Baht 37.50 million and premium on common stock increase of Baht 85.34 million. The shares of The company have been traded in the Market for Alternative Investment (mai) on February 27, 2018. The company has registered an increase in paid-up capital from 112.50 million to 150 million days on February 22, 2018.

Appropriateness of capital structure

The debt to equity ratio of the company at the end of 2017 and 2018 is 4.29 times and 1.70 times, respectively. The main source of funds used by the company in the past will come from short-term loans from financial institutions. With the proceeds from the profits that the company has earned from the cumulative business operations, the company strives to maintain a high level of debt to equity ratio. At the end of 2018, the company's debt to equity ratio decreased by 2.58 times from the increased shareholders' equity, resulting from the capital increase of 36.50%. Million Baht, announced an interim dividend of Baht 33.75 million and net profit of Baht 17.33 million. However, after the capital increase by offering to the public, debt to equity ratio will be further decreased as the company's shareholding increase. This will increase the company's ability to loan from financial institutions to support future growth in sales.

1. Liquidity analysis

| หน่วย: ล้านบาท | For the year ended 31 Dec 2018 | | |
|--|--------------------------------|---------|----------|
| | 2016 (Amended) | 2017 | 2018 |
| Net cash provided by (used in) operating activities | 82.40 | (36.98) | 143.85 |
| Net cash used in investing activities | (21.71) | (7.09) | (21.85) |
| Net cash provided by (used in) financing activities | (45.66) | 30.88 | (132.07) |
| Impact of exchange rate on Cash and cash equivalents | (0.13) | (0.02) | (0.01) |
| Impact of the translation of the financial statements | (9.28) | (0.09) | (1.12) |
| Net increased (decreased) in Cash and cash equivalents | 5.63 | (13.29) | (10.83) |
| Cash and cash equivalents at beginning of the period | 43.56 | 49.18 | 35.89 |
| Cash and cash equivalents at end of the period | 49.18 | 35.89 | 25.06 |

Net cash provided by (used in) operating activities

For the year 2017, cash flow came from operating activities of Baht 36.98 million mainly due to the use of proceeds from the sales of goods for distribution. The amount of money spent in inventories increase baht 123.54 million even though it is compensated by the repayment of trade receivables and other receivable from other companies baht 45.22 million and received income from advance payment for goods amounting to baht 23.56 million but not enough to compensate for cash flow from operation. While for the year 2018, cash flow came from operating activities of Baht 143.85 million due to significantly decrease in inventory amounting to Baht 194.72 million and increase in trade and other payables Baht 1.68 million even though the company had net loss Baht 35.96 million and increase in trade receivables and other receivable Baht 37.43 million.

Net cash used in investing activities

For the year 2017, cash flow from investing of Baht 7.09 million mainly for the purchase of fixed asset of Baht 12.26 million relating to continuously construct of warehouse in Surat Thani Province from year 2016 asset of Baht 5.94 million. In Year 2018, cash flow from investing of Baht 21.48 million due to cash paid for land and wood chip factory in Surat Thani amounting to Baht 28.51 million and cash received from sales of fixed asset amounting to Baht 6.91 million.

Net cash provided by (used in) financing activities

For the year 2017 the company's cash flow from financing activities was Baht 30.88 million. The increase was mainly due to overdrafts and short-term loans from financial institutions amounting to Baht 53.94 million and cash received from the capital increase of Baht 36.50 million. At the same time, the company paid dividend of Baht 41.04 million from the year 2016. Interest payment and repayment of financial lease liabilities amounted to Baht 12.22 million and Baht 6.29 million, respectively. While in year 2018, cash flow from investing of Baht 121.4 million increase due to the company received cash from initial public offering of ordinary share amount of Baht 125.94 million. During the year the company repaid short-term loans from financial institution amount of Baht 209.3 million and paid dividend from 2017 amounting to Baht 33.75 million, Interest payment and repayment of financial lease liabilities amounted to Baht 10.67 million and Baht 4.29 million, respectively.

4. Financial Ratios

Liquidity Ratios

The Company's main current assets are Trade Receivables, Inventory and Advance payment for goods. Total assets accounted for approximately of 40-50% total asset. The main source of working capital is short-term loans from financial institutions and trade payables. At the end of 2017 and 2018, the company's liquidity ratio was 0.77 times and 0.81 times, respectively. In terms of the quick ratio at the end of 2017 and the year 2018, which is 0.20 times and 0.39 times, respectively, the better liquidity ratios The company has decrease of inventory balance. In addition, the liquidity ratio is -0.06 times and 0.23 times at the end of 2017 and 2018 respectively. The company's ability to pay interest ration is at (0.88) times and 3.26 times, respectively. The ability to pay the obligation at the level (0.51) times and (1.86) times respectively, which is lower due to the company has to use the funds to expand the business. However, after the company raised from the issuance of new shares to use to expand business, this will improve the company's performance and capital management will be more effective. This will affect the financial liquidity to improve accordingly.

Profitability Ratios

In 2017 and 2018 the company had a gross margin for sales of good and services 23.75% and 16.11% respectively, decrease from 2017 due to decrease in market price while cost of goods still high these are the

mainly reason of lower net profit from 1.25% in 2017 to -2.40% in 2018. Evenhough the company improve efficiency in selling and administrative expense management.

Performance Ratio

For the year 2017 and 2018, the company has a return on assets at 1.99% and -2.26% respectively, which is lower because in 2017 the company had profit from operation.

Responsibility of the Board of Directors for Financial Reporting

DEAR SHAREHOLDERS,

The Board of Directors recognizes its duties and responsibilities, as directors of a listed company, for the financial statement of Asia Biomass Public company Limited, as well as other financial information appearing in the Annual Report. The financial statements have been prepared in accordance with generally accepted accounting principles in Thailand with appropriate accounting policies applied on a conservative and consistent basis. Where judgment and estimates were required, these were made with careful and reasonable consideration, and adequate disclosures have been made in the notes to the financial statements. So, that the shareholders, investors and the public obtain sufficient, accurate and timely information.

The Board of Directors has also adopted and maintained an appropriate and efficient system of risk management as well as internal control systems to ensure that the reliability and completeness of financial information are in place with ability to protect the Company's assets in order to prevent fraud or materially irregular operation. In this regard, the Board of directors has appointed an Audit Committee which comprises three independent directors who are responsible for reviewing and working with internal and external auditors on the financial reports, financial statements and a quarterly and yearly basis, internal control, related transactions. To make certain that the information in these financial reports is prepared according to the intended objectives and under the good corporate governance system.

The Board of Directors therefore of the opinion that the Company has adequate and appropriate corporate governance, risk management system and internal control system, thus providing reasonable confidence that financial reports for the year ended December 31, 2018 and information of the Company has been prepared under the financial reporting standards, suitable and consistently-conformed accounting policies, with proper and prudent discretion, as well as with sufficient, accurate and timely information disclosure.



Mr. Apisit Rujikeatkamjorn
Chairman of the Board of Director

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

To Shareholders,

Asia Biomass Public Company Limited has appointed the Nomination and Remuneration Committee which comprises three directors, while the Chairman of the Nomination and Remuneration Committee is an independent director and does not serve on any other committee. The members of the existing Nomination and Remuneration Committee are:

- | | |
|------------------------------|---|
| 1. Mr. Wichai Pornkeratiwat | Chairman of the Nomination and Remuneration Committee |
| 2. Mr. Panom Kuansataporn | Member of the Nomination and Remuneration Committee |
| 3. Miss Tiyaada Kuansataporn | Member of the Nomination and Remuneration Committee |

In 2018, the Nomination and Remuneration Committee has performed its duties as assigned by the Board of Directors. The Committee held altogether two meetings, 2 members of the Nomination and Remuneration Committee attended in the 1st meeting because it was considered the remuneration of the Managing Director which Ms.Tiyada had to leave the meeting by having the remaining nomination committees consider of the issues. The second meeting, 2 members of the Nomination and Remuneration Committee attended the meeting which the Chairman of the Nomination and Remuneration Committee had to leave the meeting due to he is Directors who retired by rotation. The Nomination and Remuneration Committee is responsible to make a consideration in various The results of the Committees meeting are reported regularly to Board of Director. The essence of the performance of duties in 2018 can be summarized as follows:

- 1) Considered and proposed to the Board of Directors the appointment of three directors that completed their terms of service. The Nomination and Remuneration Committee considered three directors are still fully qualified and have performed their duties with care as well as giving suggestions and opinions that are beneficial to the company and shareholders.
- 2) Considered and proposed to the Board of Directors the remuneration of the directors and sub-committees.
- 3) Considered and proposed to the Board of Directors the remuneration of the Managing Directors.
The Nomination and Remuneration Committee has considered remuneration for the Managing Directors that is commensurate with their respective duties and responsibilities, their performance results and the Company's operating outcome.
- 4) evaluate the annual performance of the Board of Directors and the Managing Director.

In 2018, the Nomination and Remuneration Committee has fulfilled their duties as assigned by the Board of Directors, by employing their knowledge, ability with due care and independence for the overall benefit of the Company and shareholders appropriately.



(Mr. Wichai Pornkeratiwat)

Chairman of the Normination and Remuneration comittee

The Report of the Audit Committee

Dear Shareholders of Asia Biomass Public Company Limited

The Audit Committee of Asia Biomass Public Company Limited consists of three following independent directors with qualifications and expertise in accounting, finances and management.

- | | |
|-------------------------------|--|
| 1. Ph.D. Sarit Chokchainirand | Chairman of the Audit Committee and Independent Director |
| 2. Mr. Wichai Pornkeratiwat | Audit Committee and Independent Director |
| 3. Miss Patrawan Manutsathit | Audit Committee and Independent Director |

The Company Secretary, acts as the Secretary of the Audit Committee.

The Audit Committee has performed its duties in accordance with the charter of the Audit Committee which is assigned by the Board of Directors. It also complies with the regulation of the Stock Exchange of Thailand. In the accounting period of the year 2018, the Audit Committee convened a total of 5 meetings in order to consider issues. The relevant issues were discussed by the Risk Management , Dharmniti Internal Audit Co.Ltd. and the Auditor, The report of the meeting was submitted to the Board of Directors for acknowledgement every time. The main points of the missions can be summarized as follows:

The Financial Statement Reports

The Audit Committee, together with the auditors, the Management Team, and the Internal Audit Division, reviewed the Company's quarterly and the yearly financial statements as well as the consolidated financial statements of the Company and its subsidiaries. The auditors gave approval to certify the financial statement unconditionally. The Audit Committee asked and considered the Key Audit Matters (KAMs), auditing standards and financial reporting standards which were changed, information disclosure in the financial statement that were sufficient, in-time, and useful for users of the financial statement, provided useful recommendations in order that the Company's financial statement would be accurate and trustworthy according to financial reporting standards.

The Related Transactions or Potential Conflict of Interest Transactions

The Audit Committee considered and gave opinions about related transactions or transactions that might give rise to a conflict of interest with the Company and its subsidiaries, prior to report to the Board of Directors or shareholders as specified, with the principles of integrity, precautions, rationality, transparency and taking the interest of the Company and stakeholders into account. Information was sufficiently disclosed and consistent with the Good Governance policy and the regulations imposed by the Stock Exchange of Thailand.

The Internal Control and Risk Management

The Audit Committee reviewed the adequacy of the Company's from Dharmniti Internal Audit Co.Ltd its and risk management by considering performance, asset management, prevention of damage or corruption, obedience to law, rules, and regulations. The Audit Committee also reviewed significant reports of the Internal Audit Division and the auditors, amended the Key Audit Matters according to the audit reports, and acknowledged the organization's key risk management by having a meeting with the risk management unit. The Audit Committee gave opinions about the assessment of the sufficiency, the appropriateness and the efficiency of the Company's internal control system, and its risk management.

The Good Corporate Governance

The Audit Committee reviewed the management, compliance with the policy and measures against corruption in order to ensure stakeholders and conform to regulations stipulated by the Stock Exchange of Thailand.

Considering the Selection of Auditors and Their Remuneration

The Audit Committee selected and considered the remuneration of the auditors of Dr.Virach and Associates Co.,Ltd. by considering auditors qualifications, knowledge, capabilities, experiences, and independence of the auditors which were in accordance with the regulations of The Stock Exchange of Thailand or any other related agencies, and the quality of auditing in the previous year. The Audit Committee approved that the auditors from Dr.Virach and Associates Co.,Ltd. had good understanding of the Company's business and regularly delivered their work in a timely manner, thus the Board of Directors proposed to the Annual General Meeting of Shareholders of the year 2018 to appoint Dr.Virach and Associates Co.,Ltd. as the Company's auditor

Conducted self-assessment of the Audit Committee

The result of the overall assessment is at "Good" This was particularly noticeable how efficiently the audit committees carried out their responsibilities delegated by the Board of Directors, in line with best practices guidelines for Audit Committee.

The Audit Committee carried out their duties, as assigned by the Board of Directors, which conformed to the Charter of the Audit Committee, by exercising knowledge, abilities, and precautions, prudence, and independence. The Audit Committee deemed that during the accounting period ended on 31st December 2018, the Company provided the financial statement which was accurate according to the financial reporting standards and sufficient information disclosure. For the Company's business operations, it established the internal control system and proper risk management and complied with the stipulations and related laws.



Ph.D. Sarit Chokchainirand

Chairman of the Audit Committee and Independent Director

ASIA BIOMASS PUBLIC COMPANY LIMITED
AND SUBSIDIARIES

CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS
DECEMBER 31, 2018

AUDITOR'S REPORT

To the Shareholders of Asia Biomass Public Company Limited

Opinion

I have audited the consolidated financial statements of Asia Biomass Public Company Limited and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2018, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Asia Biomass Public Company Limited for the same period.

In my opinions, the financial statements referred to above present fairly, in all material respects, the financial position of Asia Biomass Public Company Limited and its subsidiaries and Asia Biomass Public Company Limited as at December 31, 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis of 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 Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

10. Transactions with related parties.

The Group companies have transactions with several related parties, which were disclosed in Note 27 to the financial statements. The Group companies have to determine how to gather information to be disclosed in the notes to the financial statements are complete and accurate. The pricing policy is based on the trading price of normal business.

My audit procedures included evaluating and testing of control and effectiveness of the internal control system and collect information about transactions with related parties. I randomly checked transactions with related parties by inspection report transactions with related parties. I have audited the types of relationships with

related parties, the documentation for the accounting recorded of income and expenses from related parties, the Company's accounting policy in setting trading price and comparative analysis of unusual items.

The results of the audited are satisfactory, and in my opinions, I did not find unusual items that material misstatement.

11. The completeness of the revenue recognition from export sales.

Sales of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyers. The statements of comprehensive income for the year ended December 31, 2018, the Company has export sales amount of Baht 349.18 million accounted for 27.17% of total revenues. The terms of export sales have many conditions. Each of the conditions, the significant risks and rewards of ownership to buyers are different, which may result in the accuracy and completeness of the revenue recognition from export sales.

I have assessment and testing of revenue recognition system, account receivable and settlement, examined the related supporting documents of the revenues recording from export and cut-off. All audited to ensure the revenue recognition from export sales are properly recorded and complete.

Other Matter

The consolidated statements of financial position as at December 31, 2017, the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, of Asia Biomass Public Company Limited and subsidiaries and the separate financial statements of Asia Biomass Public Company Limited, which have been presented herewith for comparative purpose were audited by another auditor, expressed an unqualified opinion, whose report date February 22, 2018.

Other Information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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.

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

(Mr. Chaiyakorn Aunpitipongsa)

Certified Public Accountant Registration No. 3196

Dr. Virach & Associates Office Co., Ltd.

Bangkok : February 25, 2019

ASIA BIOMASS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

| | | <u>ASSETS</u> | | | |
|---------------------------------------|-------------|--------------------|--------------------|--------------------|--------------------|
| | | BAHT | | | |
| | | CONSOLIDATED | | SEPARATE FINANCIAL | |
| | | | | STATEMENTS | |
| | Notes | 2018 | 2017 | 2018 | 2017 |
| Current Assets | | | | | |
| Cash and cash equivalents | 3.2 and 4 | 25,059,692 | 35,889,403 | 13,307,748 | 13,419,842 |
| Trade and other receivables | 3.3 and 5 | 131,034,581 | 94,122,257 | 104,327,886 | 81,078,259 |
| Advance payment for goods | 6 | 21,392,719 | 12,829,918 | 61,597,863 | 155,660,593 |
| Short-term loans to subsidiaries | 7 | - | - | 37,600,000 | 37,600,000 |
| Inventories | 3.4 and 8 | 139,238,924 | 337,444,066 | 48,990,094 | 141,796,445 |
| Other current assets | | 11,028,813 | 17,864,100 | 1,309,007 | 2,354,078 |
| Total Current Assets | | 327,754,729 | 498,149,744 | 267,132,598 | 431,909,217 |
| Non-current Assets | | | | | |
| Investments in subsidiaries | 3.5 and 9 | - | - | 18,008,134 | 19,293,386 |
| Investments in related company | 10 | - | - | - | - |
| Bank deposits with obligation | 11 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| Property, plant and equipment | 3.6 and 12 | 279,546,928 | 275,929,120 | 239,374,156 | 226,019,635 |
| Intangible assets | 3.7 and 13 | 1,926,365 | 2,600,309 | 1,853,466 | 2,491,335 |
| Deferred tax assets | 3.10 and 22 | 19,440,284 | 9,245,584 | 19,019,227 | 6,706,847 |
| Other non-current assets | | | | | |
| Withholding tax | | 861,886 | 1,092,959 | 286,761 | 283,244 |
| Others | | 8,110,061 | 11,179,356 | 6,879,229 | 8,816,299 |
| Total other non-current assets | | 8,971,947 | 12,272,315 | 7,165,990 | 9,099,543 |
| Total Non-current Assets | | 319,885,524 | 310,047,328 | 295,420,973 | 273,610,746 |
| TOTAL ASSETS | | 647,640,253 | 808,197,072 | 562,553,571 | 705,519,963 |

Notes to the financial statements form an integral part of these statements.

ASIA BIOMASS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | BAHT | | | |
|---|------------|--------------|-------------|--------------------|-------------|
| | | CONSOLIDATED | | SEPARATE FINANCIAL | |
| | | | | STATEMENTS | |
| | Notes | 2018 | 2017 | 2018 | 2017 |
| Current Liabilities | | | | | |
| Short-term loans from financial institution | 14 | 353,132,427 | 562,431,004 | 198,845,964 | 440,761,004 |
| Trade and other payables | 15 | 46,026,804 | 44,317,765 | 120,664,729 | 77,362,058 |
| Current portion financial lease liabilities | 3.8 and 16 | 2,034,541 | 4,292,185 | - | 348,072 |
| Accrued income tax | | 1,118,619 | 2,853,059 | - | - |
| Dividend payable | 20 | - | 33,750,000 | - | 33,750,000 |
| Other current liabilities | | 2,483,710 | 1,237,996 | 2,387,279 | 1,053,011 |
| Total Current Liabilities | | 404,796,101 | 648,882,009 | 321,897,972 | 553,274,145 |
| Non-current Liabilities | | | | | |
| Financial lease liabilities | 3.8 and 16 | 1,143,388 | 3,177,929 | - | - |
| Provision for long-term employee benefits | 3.9 and 17 | 2,256,745 | 3,222,694 | 1,765,733 | 2,182,556 |
| Total Non-current Liabilities | | 3,400,133 | 6,400,623 | 1,765,733 | 2,182,556 |
| TOTAL LIABILITIES | | 408,196,234 | 655,282,632 | 323,663,705 | 555,456,701 |

Notes to the financial statements form an integral part of these statements.

ASIA BIOMASS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)

| | Notes | BAHT | | | |
|--|-------|--------------|-------------|--------------------|-------------|
| | | CONSOLIDATED | | SEPARATE FINANCIAL | |
| | | 2018 | 2017 | 2018 | 2017 |
| Shareholders' Equity | | | | | |
| Share capital | 18 | | | | |
| Authorized share capital | | | | | |
| 300,000,000 common stocks of Baht 0.50 par value | | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 |
| Issued and paid-up share capital | | | | | |
| 300,000,000 common stocks of Baht 0.50 par value | | 150,000,000 | - | 150,000,000 | - |
| 225,000,000 common stocks of Baht 0.50 par value | | - | 112,500,000 | - | 112,500,000 |
| Premium on common stocks | | 90,507,012 | 5,170,000 | 90,507,012 | 5,170,000 |
| Surplus on business combination under common control | | 2,482,778 | 2,482,778 | - | - |
| Retained earnings (deficits) | | | | | |
| Appropriated | | | | | |
| Legal reserve | 19 | 6,100,000 | 6,100,000 | 6,100,000 | 6,100,000 |
| Unappropriated | | 4,301,420 | 34,489,342 | (7,717,146) | 26,293,262 |
| Other components of shareholders' equity | | (10,030,534) | (9,081,973) | - | - |
| Total Equity of the Parent | | 243,360,676 | 151,660,147 | 238,889,866 | 150,063,262 |
| Non-controlling interests | | (3,916,657) | 1,254,293 | - | - |
| Total Shareholders' Equity | | 239,444,019 | 152,914,440 | 238,889,866 | 150,063,262 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 647,640,253 | 808,197,072 | 562,553,571 | 705,519,963 |

Notes to the financial statements form an integral part of these statements.

ASIA BIOMASS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018

| | | BAHT | | | |
|-----------------|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | | CONSOLIDATED | | SEPARATE FINANCIAL | |
| | | | | STATEMENTS | |
| Notes | | 2018 | 2017 | 2018 | 2017 |
| REVENUES | | | | | |
| | Revenues from sales | 1,285,323,426 | 1,239,550,779 | 1,110,575,079 | 1,131,181,898 |
| | Revenues from services | 3,506,779 | 1,348,270 | - | - |
| | Other incomes | | | | |
| | Gain from exchange rates | 2,160,142 | - | 1,285,965 | - |
| 9 | Dividend income | - | - | - | 17,263,823 |
| 8 | Others | 7,217,708 | 5,159,552 | 4,680,871 | 6,925,569 |
| | | 9,377,850 | 5,159,552 | 5,966,836 | 24,189,392 |
| | Total Revenues | 1,298,208,055 | 1,246,058,601 | 1,116,541,915 | 1,155,371,290 |
| EXPENSES | | | | | |
| | Cost of sales | 1,078,132,837 | 945,171,048 | 930,850,604 | 898,541,532 |
| | Cost of services | 3,089,516 | 1,046,342 | - | - |
| | Distribution costs | 165,159,992 | 172,797,257 | 149,727,390 | 159,389,912 |
| | Administrative expenses | 80,702,806 | 87,365,151 | 72,216,281 | 73,043,176 |
| | Loss from exchange rates | - | 6,671,758 | - | 6,672,931 |
| 20 | Directors' remuneration | 2,960,000 | 2,870,000 | 2,960,000 | 2,870,000 |
| | Finance costs | 11,416,588 | 13,108,960 | 7,916,109 | 10,924,115 |
| | Total Expenses | 1,341,461,739 | 1,229,030,516 | 1,163,670,384 | 1,151,441,666 |
| | Profit (loss) before income tax | (43,253,684) | 17,028,085 | (47,128,469) | 3,929,624 |
| 22 | Income tax expenses (revenues) | (7,292,240) | 1,605,800 | (12,473,516) | (4,021,499) |
| | Profit (loss) for the year | (35,961,444) | 15,422,285 | (34,654,953) | 7,951,123 |

Notes to the financial statements form an integral part of these statements.

ASIA BIOMASS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

| | | BAHT | | | |
|---|---|--------------|-------------|--------------------|-------------|
| | | CONSOLIDATED | | SEPARATE FINANCIAL | |
| | | | | STATEMENTS | |
| Notes | | 2018 | 2017 | 2018 | 2017 |
| Other comprehensive income (loss) | | | | | |
| | Foreign currency translation differences of foreign operations | (1,308,497) | (260,000) | - | - |
| | Actuarial gain from employee benefit plan 17 | 1,203,097 | 2,447,614 | 805,681 | 219,674 |
| | Components of income tax | (240,619) | (489,631) | (161,136) | (43,935) |
| | Actuarial gain from employee benefit plan-net of tax | 962,478 | 1,957,983 | 644,545 | 175,739 |
| | Other comprehensive income (loss) for the year | (346,019) | 1,697,983 | 644,545 | 175,739 |
| | Total comprehensive income (loss) for the year | (36,307,463) | 17,120,268 | (34,010,408) | 8,126,862 |
| Profit (Loss) Attributable to | | | | | |
| | Equity holders of the parent | (31,150,400) | 15,633,011 | (34,654,953) | 7,951,123 |
| | Non-controlling interests | (4,811,044) | (210,726) | - | - |
| | | (35,961,444) | 15,422,285 | (34,654,953) | 7,951,123 |
| Total Comprehensive Income (Loss) Attributable to | | | | | |
| | Equity holders of the parent | (31,136,483) | 17,330,994 | (34,010,408) | 8,126,862 |
| | Non-controlling interests | (5,170,980) | (210,726) | - | - |
| | | (36,307,463) | 17,120,268 | (34,010,408) | 8,126,862 |
| Earnings (Loss) per Share of the Parent | | | | | |
| | Basic Earnings (Loss) per Share 3.11 | (0.108) | 0.074 | (0.120) | 0.037 |
| | The number of common stocks used in computation earnings (loss) per share (share) | 289,315,068 | 212,600,000 | 289,315,068 | 212,600,000 |

Notes to the financial statements form an integral part of these statements.

CONSOLIDATED

Year 2017

Notes to the financial statements form an integral part of these statements.

ASIA BIOMASS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

CONSOLIDATED

BAHT

| | Shareholders' equity of the parent | | | | | | | | | | Non- controlling interests | Total |
|---|--|--------------------------------|---|---------------|---|---|-----------------------|-------------|-------------|-------------|----------------------------------|-------|
| | Retained earnings (deficits) | | | | Other components of shareholders' equity | | | | | | | |
| | Issued and paid-up share capital | Premium on common stocks | Surplus on business combination under common control | Legal reserve | Unappropriated | Other comprehensive income (loss) | | | | | | |
| | | | | | | Foreign currency translation differences | of foreign operations | | | | | |
| | | | | | | | | | | | | |
| Note | | | | | | | | | | | | |
| <u>Year 2018</u> | | | | | | | | | | | | |
| Beginning balances as at January 1, 2018 | | 112,500,000 | 5,170,000 | 2,482,778 | 6,100,000 | 34,489,342 | (9,081,973) | 151,660,147 | 1,254,293 | 152,914,440 | | |
| Capital increase | 18 | 37,500,000 | 85,337,012 | | | | | 122,837,012 | | 122,837,012 | | |
| Increase in non-controlling interests | | | | | | | | | 30 | 30 | | |
| Total comprehensive income (loss) for the year 2018 | | | | | | | | | | | | |
| Comprehensive loss for the year 2018 | | | | | | | | | | | | |
| Actuarial gains from employee benefit plan-net of tax | | | | | | | | | | | | |
| Total comprehensive loss for the year 2018 | | | | | | | | | | | | |
| Ending balances as at December 31, 2018 | | 150,000,000 | 90,507,012 | 2,482,778 | 6,100,000 | 4,301,420 | (10,030,534) | 243,360,676 | (3,916,657) | 239,444,019 | | |

Notes to the financial statements form an integral part of these statements.

ASIA BIOMASS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

SEPARATE FINANCIAL STATEMENTS

| | Notes | BAHT | | | | Total |
|---|-------|--|--------------------------------|------------------------------|----------------|--------------|
| | | Issued and paid-up share capital | Premium on common stocks | Retained earnings (deficits) | | |
| | | | | Legal reserve | Unappropriated | |
| <u>Year 2017</u> | | | | | | |
| Beginning balances as at January 1, 2017 | | 76,000,000 | 5,170,000 | 2,900,000 | 55,116,400 | 139,186,400 |
| Capital increase | 18 | 36,500,000 | | | | 36,500,000 |
| Legal reserve | | | | 3,200,000 | (3,200,000) | - |
| Total comprehensive income (loss) for the year 2017 | | | | | | |
| Comprehensive income for the year 2017 | | | | | 7,951,123 | 7,951,123 |
| Actuarial gains from employee benefit plan-net of tax | | | | | 175,739 | 175,739 |
| Total comprehensive income for the year 2017 | | | | | 8,126,862 | 8,126,862 |
| Dividend | 20 | | | | (33,750,000) | (33,750,000) |
| Ending balances as at December 31, 2017 | | 112,500,000 | 5,170,000 | 6,100,000 | 26,293,262 | 150,063,262 |

Notes to the financial statements form an integral part of these statements.

ASIA BIOMASS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

SEPARATE FINANCIAL STATEMENTS

| | Note | BAHT | | | | Total |
|---|------|--|--------------------------------|------------------------------|----------------|--------------|
| | | Issued and paid-up share capital | Premium on common stocks | Retained earnings (deficits) | | |
| | | | | Legal reserve | Unappropriated | |
| <u>Year 2018</u> | | | | | | |
| Beginning balances as at January 1, 2018 | | 112,500,000 | 5,170,000 | 6,100,000 | 26,293,262 | 150,063,262 |
| Capital increase | 18 | 37,500,000 | 85,337,012 | | | 122,837,012 |
| Total comprehensive income (loss) for the year 2018 | | | | | | |
| Comprehensive loss for the year 2018 | | | | | (34,654,953) | (34,654,953) |
| Actuarial gains from employee benefit plan-net of tax | | | | | 644,545 | 644,545 |
| Total comprehensive loss for the year 2018 | | | | | (34,010,408) | (34,010,408) |
| Ending balances as at December 31, 2018 | | 150,000,000 | 90,507,012 | 6,100,000 | (7,717,146) | 238,889,866 |

Notes to the financial statements form an integral part of these statements.

ASIA BIOMASS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (1/2)

FOR THE YEAR ENDED DECEMBER 31, 2018

| | BAHT | | | |
|--|--------------|---------------|--------------------|--------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL | |
| | 2018 | 2017 | 2018 | 2017 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| PROFIT (LOSS) BEFORE INCOME TAX | (43,253,684) | 17,028,085 | (47,128,469) | 3,929,624 |
| ADJUSTMENTS TO RECONCILE PROFIT (LOSS) BEFORE INCOME TAX | | | | |
| TO NET CASH PROVIDED FROM (USED IN) OPERATION : | | | | |
| Depreciation | 18,062,487 | 17,876,246 | 10,846,333 | 10,634,309 |
| Amortization of computer softwares | 671,816 | 583,463 | 637,869 | 558,301 |
| Amortization of withholding tax | 496,372 | - | 357,694 | - |
| (Gain) loss on equipment disposal | (104,737) | (4,381,699) | 617,211 | (1,847,854) |
| Loss on unused computer softwares | - | 4 | - | 4 |
| Bad debts | 547,600 | - | 547,600 | - |
| (Reverse) doubtful debt - trade accounts receivable | 481,688 | (101,295) | 481,688 | (26,080) |
| (Reverse) doubtful debt - advance payment for goods | (372,611) | 812,078 | (372,611) | - |
| Doubtful debt - deposit | 20,000 | - | 20,000 | - |
| Unrealized loss on forward exchange contracts | 31,705 | 431,166 | 31,705 | 431,166 |
| Unrealized (gain) loss on exchange rates | (24,700) | 4,578 | (24,700) | 9,283 |
| Increase on provision for diminution in inventories | 3,488,592 | 204,942 | 4,586,510 | 204,942 |
| Loss from impairment of investments in subsidiary | - | - | 2,285,222 | - |
| Long-term employee benefit expenses | 570,846 | 628,898 | 388,858 | 550,223 |
| Loss from insurance claim | - | 35,101 | - | 35,101 |
| Dividend income | - | - | - | (17,263,823) |
| Interest income | (121,487) | (152,350) | (1,434,634) | (2,251,014) |
| Interest expenses | 10,675,232 | 12,856,323 | 7,214,852 | 10,711,578 |
| PROFIT (LOSS) FROM OPERATION BEFORE CHANGES IN | | | | |
| OPERATING ASSETS AND LIABILITIES ITEMS | (8,830,881) | 45,825,540 | (20,944,872) | 5,675,760 |
| (INCREASE) DECREASE IN OPERATING ASSETS ITEMS | | | | |
| Trade and other receivables | (37,426,298) | 45,219,601 | (22,447,601) | 45,114,349 |
| Advance payment for goods | (8,737,790) | 23,558,821 | 93,887,741 | (31,423,692) |
| Inventories | 194,716,550 | (123,822,684) | 88,219,841 | (61,141,703) |
| Other current assets | 6,338,915 | (2,625,887) | 687,377 | (544,488) |
| Other non-current assets | (51,062) | (4,843,950) | (1,183,287) | (4,413,746) |
| INCREASE (DECREASE) IN OPERATING LIABILITIES ITEMS | | | | |
| Trade and other payables | 1,682,475 | (14,883,169) | 43,369,571 | 2,494,287 |
| Other current liabilities | 1,214,009 | 103,205 | 1,302,563 | 461,252 |
| Provision for long-term employee benefits | (319,215) | - | - | - |
| CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES | 148,586,703 | (31,468,523) | 182,891,333 | (43,777,981) |

Notes to the financial statements form an integral part of these statements.

ASIA BIOMASS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (2/2)

FOR THE YEAR ENDED DECEMBER 31, 2018

| | BAHT | | | |
|---|---------------|--------------|--------------------|--------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL | |
| | 2018 | 2017 | 2018 | 2017 |
| Interest paid | (10,671,845) | (12,222,829) | (7,304,929) | (10,667,360) |
| Income tax expenses paid | (4,734,721) | (5,510,077) | (3,517) | (207,366) |
| NET CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES | 133,180,137 | (49,201,429) | 175,582,887 | (54,652,707) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Decrease in short-term loans to subsidiaries | - | - | - | 52,800,000 |
| Increase in investments in subsidiary | - | - | (999,970) | - |
| Interest received | 121,487 | 152,350 | 118,634 | 2,353,635 |
| Dividend received | - | - | - | 37,261,473 |
| Purchase of property, plant and equipment | (28,506,695) | (12,260,752) | (26,938,831) | (10,834,452) |
| Purchase of computer softwares | - | (697,177) | - | (624,770) |
| Proceeds from disposal of equipment | 6,907,623 | 5,943,947 | 2,206,916 | 2,243,927 |
| Increase (decrease) in non-controlling interests | 30 | (224,749) | - | - |
| NET CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES | (21,477,555) | (7,086,381) | (25,613,251) | 83,199,813 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Increase (decrease) in short-term loans from financial institutions | (209,298,577) | 53,937,467 | (241,915,040) | (42,732,533) |
| Payment for financial lease | (4,292,185) | (6,287,815) | (348,072) | (2,228,152) |
| Proceeds from capital increase and premium on common | 125,937,369 | 36,500,000 | 125,937,369 | 36,500,000 |
| Dividend payment | (33,750,000) | (41,042,350) | (33,750,000) | (41,040,000) |
| NET CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES | (121,403,393) | 43,107,302 | (150,075,743) | (49,500,685) |
| Effects of exchange rates in cash and cash equivalents | (5,987) | (22,936) | (5,987) | (27,641) |
| Effects from currency translation difference | (1,122,913) | (88,418) | - | - |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (10,829,711) | (13,291,862) | (112,094) | (20,981,220) |
| CASH AND CASH EQUIVALENTS AS AT JANUARY 1, | 35,889,403 | 49,181,265 | 13,419,842 | 34,401,062 |
| CASH AND CASH EQUIVALENTS AS AT DECEMBER 31, | 25,059,692 | 35,889,403 | 13,307,748 | 13,419,842 |
| ADDITIONAL DISCLOSURE ITEMS TO CASH FLOWS STATEMENTS | | | | |
| Non-cash flows items : | | | | |
| Transfer other non-current assets to deduct from | | | | |
| premium on common stocks | 3,100,357 | - | 3,100,357 | - |
| Assets payable for equipment | 86,150 | - | 86,150 | - |
| Financial leases liabilities for vehicles | - | 2,775,701 | - | - |

Notes to the financial statements form an integral part of these statements.

ASIA BIOMASS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. GENERAL INFORMATION

| | |
|-----------------------------|--|
| 1.1 Company status | A juristic person established under Thai law and listed on the Stock Exchange of Thailand. |
| 1.2 Company location | |
| - 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 Province. |
| - Branch 2 | 284 Moo 1, Tambol Bo Haeo, Amphur Mueang Lampang, Lampang Province. The branch was closed on September 7, 2018. |
| - Branch 3 | 155/1 Moo 14, Tambol Bangpakong, Amphur Bangpakong, Chachoensao Province. |
| - Branch 4 | 133/1 Moo 3, Kanjanavithi Road, Tambol Bangkung, Amphur Mueang Surat Thani, Surat Thani Province. |
| 1.3 Type of business | (1) Engaged in trading of biomass. (2) Invested in subsidiaries which operate business according to Note 9 to the financial statements. |

On March 1, 2017, the Company has 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 listed on the Market for Alternative Investment (mai) on February 27, 2018.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

2.1 These consolidated and the separate financial statements are prepared in accordance with the Accounting Standards and Financial Reporting Standards issued by Federation of Accounting Professions under the Accounting Profession Act, B.E. 2547 (2004), the Accounting Act, B.E. 2543 (2000) and the Notification of the Office of the Securities and Exchange Commission. Except the financial statements of subsidiaries, the financial statements of PT Asia Biomass Indonesia are prepared in accordance with the accounting standards of Indonesia, the financial statements of Asia Biomass Energy SDN. BHD. and the financial statements of Asia Biomass Resources SDN. BHD. are prepared in

accordance with the accounting standards of Malaysia. In preparation of the consolidated financial statements, they are adjusted to be under the same accounting policies as parent company.

- 2.2** The consolidated financial statements included the financial statements of Asia Biomass Public Company Limited and its subsidiaries as follows :

| SUBSIDIARIES | % HOLDING | | COUNTRY OF INCORPORATION |
|-------------------------------------|-----------|-------|--------------------------|
| | 2018 | 2017 | |
| 1. Sathaporn Tanapat Co., Ltd. | 99.99 | 99.99 | THAILAND |
| 2. Paprapat Co., Ltd. | 99.98 | 99.98 | THAILAND |
| 3. ABM Pellets Co., Ltd. | 99.99 | - | THAILAND |
| 4. PT Asia Biomass Indonesia | 99.00 | 99.00 | INDONESIA |
| 5. Asia Biomass Energy SDN. BHD. | 55.00 | 55.00 | MALAYSIA |
| 6. Asia Biomass Resources SDN. BHD. | 55.00 | 55.00 | MALAYSIA |

- 2.3** Inter-company balances and significant transactions between the Company and the subsidiaries have been eliminated from the consolidation.
- 2.4** The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- 2.5** These financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.
- 2.6** The accounting standards that became effective in the current accounting year are as follows:

Thai Accounting Standards (TAS)

- | | |
|---------------------------|---|
| 1. TAS 1 (revised 2017) | Presentation of Financial Statements |
| 2. TAS 2 (revised 2017) | Inventories |
| 3. TAS 7 (revised 2017) | Statement of Cash Flows |
| 4. TAS 8 (revised 2017) | Accounting Policies, Changes in Accounting Estimates and Errors |
| 5. TAS 10 (revised 2017) | Events After the Reporting Period |
| 6. TAS 11 (revised 2017) | Construction Contracts |
| 7. TAS 12 (revised 2017) | Income Taxes |
| 8. TAS 16 (revised 2017) | Property, Plant and Equipment |
| 9. TAS 17 (revised 2017) | Leases |
| 10. TAS 18 (revised 2017) | Revenue |
| 11. TAS 19 (revised 2017) | Employee Benefits |

| | |
|---------------------------|--|
| 12. TAS 20 (revised 2017) | Accounting for Government Grants and Disclosure of Government Assistance |
| 13. TAS 21 (revised 2017) | The Effects of Changes in Foreign Exchange Rates |
| 14. TAS 23 (revised 2017) | Borrowing Costs |
| 15. TAS 24 (revised 2017) | Related Party Disclosures |
| 16. TAS 26 (revised 2017) | Accounting and Reporting by Retirement Benefit Plans |
| 17. TAS 27 (revised 2017) | Separate Financial Statements |
| 18. TAS 28 (revised 2017) | Investments in Associates and Joint Ventures |
| 19. TAS 29 (revised 2017) | Financial Reporting in Hyperinflationary Economies |
| 20. TAS 33 (revised 2017) | Earnings Per Share |
| 21. TAS 34 (revised 2017) | Interim Financial Reporting |
| 22. TAS 36 (revised 2017) | Impairment of Assets |
| 23. TAS 37 (revised 2017) | Provisions, Contingent Liabilities and Contingent Assets |
| 24. TAS 38 (revised 2017) | Intangible Assets |
| 25. TAS 40 (revised 2017) | Investment Property |
| 26. TAS 41 (revised 2017) | Agriculture |

Thai Financial Reporting Standards (TFRS)

| | |
|----------------------------|--|
| 27. TFRS 2 (revised 2017) | Share-based Payment |
| 28. TFRS 3 (revised 2017) | Business Combinations |
| 29. TFRS 4 (revised 2017) | Insurance Contracts |
| 30. TFRS 5 (revised 2017) | Non-current Assets Held for Sale and Discontinued Operations |
| 31. TFRS 6 (revised 2017) | Exploration for and Evaluation of Mineral Assets |
| 32. TFRS 8 (revised 2017) | Operating Segments |
| 33. TFRS 10 (revised 2017) | Consolidated Financial Statements |
| 34. TFRS 11 (revised 2017) | Joint Arrangements |
| 35. TFRS 12 (revised 2017) | Disclosure of Interests in Other Entities |
| 36. TFRS 13 (revised 2017) | Fair Value Measurement |

Thai Accounting Standard Interpretations (TSIC)

| | |
|----------------------------|--|
| 37. TSIC 10 (revised 2017) | Government Assistance - No Specific Relation to Operating Activities |
| 38. TSIC 15 (revised 2017) | Operating Leases – Incentives |

| | |
|----------------------------|--|
| 39. TSIC 25 (revised 2017) | Income Taxes - Changes in the Tax Status of an Entity or Its Shareholders |
| 40. TSIC 27 (revised 2017) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| 41. TSIC 29 (revised 2017) | Service Concession Arrangements : Disclosure |
| 42. TSIC 31 (revised 2017) | Revenue - Barter Transactions Involving Advertising Services |
| 43. TSIC 32 (revised 2017) | Intangible Assets - Web Site Costs |

Thai Financial Reporting Standard Interpretations (TFRIC)

| | |
|-----------------------------|--|
| 44. TFRIC 1 (revised 2017) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| 45. TFRIC 4 (revised 2017) | Determining Whether an Arrangement Contains a Lease |
| 46. TFRIC 5 (revised 2017) | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| 47. TFRIC 7 (revised 2017) | Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies |
| 48. TFRIC 10 (revised 2017) | Interim Financial Reporting and Impairment |
| 49. TFRIC 12 (revised 2017) | Service Concession Arrangements |
| 50. TFRIC 13 (revised 2017) | Customer Loyalty Programmes |
| 51. TFRIC 14 (revised 2017) | TAS 19 (revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction |
| 52. TFRIC 15 (revised 2017) | Agreements for the Construction of Real Estate |
| 53. TFRIC 17 (revised 2017) | Distributions of Non-cash Assets to Owners |
| 54. TFRIC 18 (revised 2017) | Transfers of Assets from Customers |
| 55. TFRIC 20 (revised 2017) | Stripping Costs in the Production Phase of a Surface Mine |
| 56. TFRIC 21 (revised 2017) | Levies |

These accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretation do not have any significant impact on the financial statements.

- 2.7** The Federation of Accounting Professions has issued the new accounting standards but not yet effective. Effective for fiscal years beginning on or after January 1, 2019 are as follows:

Thai Accounting Standards (TAS)

| | |
|---------------------------|---|
| 1. TAS 1 (revised 2018) | Presentation of Financial Statements |
| 2. TAS 2 (revised 2018) | Inventories |
| 3. TAS 7 (revised 2018) | Statement of Cash Flows |
| 4. TAS 8 (revised 2018) | Accounting Policies, Changes in Accounting Estimates and Errors |
| 5. TAS 10 (revised 2018) | Events After the Reporting Period |
| 6. TAS 12 (revised 2018) | Income Taxes |
| 7. TAS 16 (revised 2018) | Property, Plant and Equipment |
| 8. TAS 17 (revised 2018) | Leases |
| 9. TAS 19 (revised 2018) | Employee Benefits |
| 10. TAS 20 (revised 2018) | Accounting for Government Grants and Disclosure of Government Assistance |
| 11. TAS 21 (revised 2018) | The Effects of Changes in Foreign Exchange Rates |
| 12. TAS 23 (revised 2018) | Borrowing Costs |
| 13. TAS 24 (revised 2018) | Related Party Disclosures |
| 14. TAS 26 (revised 2018) | Accounting and Reporting by Retirement Benefit Plans |
| 15. TAS 27 (revised 2018) | Separate Financial Statements |
| 16. TAS 28 (revised 2018) | Investments in Associates and Joint Ventures |
| 17. TAS 29 (revised 2018) | Financial Reporting in Hyperinflationary Economies |
| 18. TAS 33 (revised 2018) | Earnings Per Share |
| 19. TAS 34 (revised 2018) | Interim Financial Reporting |
| 20. TAS 36 (revised 2018) | Impairment of Assets |
| 21. TAS 37 (revised 2018) | Provisions, Contingent Liabilities and Contingent Assets |
| 22. TAS 38 (revised 2018) | Intangible Assets |
| 23. TAS 40 (revised 2018) | Investment Property |
| 24. TAS 41 (revised 2018) | Agriculture |

Thai Financial Reporting Standards (TFRS)

| | |
|---------------------------|---|
| 25. TFRS 1 | First-time Adoption of Thai Financial Reporting Standards |
| 26. TFRS 2 (revised 2018) | Share-based Payment |
| 27. TFRS 3 (revised 2018) | Business Combinations |

| | |
|----------------------------|--|
| 28. TFRS 4 (revised 2018) | Insurance Contracts |
| 29. TFRS 5 (revised 2018) | Non-current Assets Held for Sale and Discontinued Operations |
| 30. TFRS 6 (revised 2018) | Exploration for and Evaluation of Mineral Assets |
| 31. TFRS 8 (revised 2018) | Operating Segments |
| 32. TFRS 10 (revised 2018) | Consolidated Financial Statements |
| 33. TFRS 11 (revised 2018) | Joint Arrangements |
| 34. TFRS 12 (revised 2018) | Disclosure of Interests in Other Entities |
| 35. TFRS 13 (revised 2018) | Fair Value Measurement |
| 36. TFRS 15 | Revenue from Contracts with Customers |

Thai Accounting Standard Interpretations (TSIC)

| | |
|----------------------------|--|
| 37. TSIC 10 (revised 2018) | Government Assistance - No Specific Relation to Operating Activities |
| 38. TSIC 15 (revised 2018) | Operating Leases - Incentives |
| 39. TSIC 25 (revised 2018) | Income Taxes - Changes in the Tax Status of an Entity or Its Shareholders |
| 40. TSIC 27 (revised 2018) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| 41. TSIC 29 (revised 2018) | Service Concession Arrangements : Disclosure |
| 42. TSIC 32 (revised 2018) | Intangible Assets - Web Site Costs |

Thai Financial Reporting Standard Interpretations (TFRIC)

| | | |
|-----------------------------|--|---------|
| 43. TFRIC 1 (revised 2018) | Changes in Existing Decommissioning, Restoration and Liabilities | Similar |
| 44. TFRIC 4 (revised 2018) | Determining Whether an Arrangement Contains a Lease | |
| 45. TFRIC 5 (revised 2018) | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds | |
| 46. TFRIC 7 (revised 2018) | Applying the Restatement Approach under TAS 29 (revised 2018) Financial Reporting in Hyperinflationary Economies | |
| 47. TFRIC 10 (revised 2018) | Interim Financial Reporting and Impairment | |
| 48. TFRIC 12 (revised 2018) | Service Concession Arrangements | |
| 49. TFRIC 14 (revised 2018) | TAS 19 (revised 2018) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction | |

| | |
|-----------------------------|---|
| 50. TFRIC 17 (revised 2018) | Distributions of Non-cash Assets to Owners |
| 51. TFRIC 20 (revised 2018) | Stripping Costs in the Production Phase of a Surface Mine |
| 52. TFRIC 21 (revised 2018) | Levies |

And effective for fiscal years beginning on or after January 1, 2020 are as follows:

Thai Accounting Standards (TAS)

| | |
|------------|------------------------------------|
| 53. TAS 32 | Financial Instrument: Presentation |
|------------|------------------------------------|

Thai Financial Reporting Standards (TFRS)

| | |
|------------|------------------------------------|
| 54. TFRS 7 | Financial Instruments: Disclosures |
| 55. TFRS 9 | Financial Instruments |

Thai Financial Reporting Standard Interpretations (TFRIC)

| | |
|--------------|---|
| 56. TFRIC 16 | Hedges of a Net Investment in a Foreign Operation |
| 57. TFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments |

The management of the Group companies is evaluating the impact of such accounting standards on the financial statements in the year when they are adopted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues and expenses recognition

The Company and subsidiaries recognized revenues from sales when the significant risks and rewards of ownership of the goods have passed to the buyers.

The Company and subsidiaries recognized revenues from services when those services are already rendered to customers.

The Company recognized dividend income when shareholder's right to receive is established.

The Company and subsidiaries recorded 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 Allowance for doubtful accounts

Allowance for doubtful accounts is made for estimated loss which may be incurred where collection is doubtful.

3.4 Inventories

Inventories are stated at the lower of cost (after deduction of allowance for diminution in inventories) or 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.

3.5 Investments

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 for the separate financial statements are presented by the cost method net after the allowance for impairment.

3.6 Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is calculated by the straight-line method over the estimated useful life of the following assets:

| PARTICULARS | YEARS OF USEFUL LIFE |
|------------------------------------|----------------------|
| Land improvements | 5 - 20 |
| Building and building improvements | 5 - 20 |
| Machinery and equipment | 5 - 20 |
| Equipment and furniture | 3 - 5 |
| Vehicles | 5 - 10 |

Assets under financial leases are recorded by the fair value at the inception of the lease. Depreciation is calculated by the straight - line method based on the estimated useful life of assets.

3.7 Intangible assets

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

3.8 Leases

Financial leases

Financial leases are leases which transfer to the Company most of substantial risks and rewards of ownership other than legal title. At the inception of the leases, the fair value of assets is recorded together with the obligation, excluding interest element, to pay future rentals.

Interest or financial expenses are recognized in the statements of comprehensive income in proportion to the principal balance.

Operating leases

Leases where most of the substantial risks and rewards of ownership of assets still remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the statements of comprehensive income according to the lease term.

3.9 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.

3.10 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 realized, 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.

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 (revenues)

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

3.11 Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the annual net profit (loss) for the year by the number of weighted average common stocks held by outsiders during the years.

3.12 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.

For preparation of consolidated financial statement, the financial statements of the subsidiaries denominated in foreign currencies are converted to Baht based on following exchange rates:

- Assets and liabilities were translated by the average exchange rates at the end of the year.
- Shareholders' equity and depreciation were translated by the exchange rate in effect on the transaction dates.
- Revenues and expenses were translated by the average exchange rates for the year.

The translation of financial statement differences in foreign currencies was shown under other comprehensive income.

3.13 Use of accounting estimates and judgment

In preparation of financial statements in accordance with generally accepted accounting standards requires management to use judgment on various estimates and assumptions that will affect the reported amounts of revenues, expenses, assets and liabilities including disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company and subsidiaries make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions of significant accounting relate primarily to allowance for doubtful accounts, provision for diminution in inventories, allowance for impairment of investments in subsidiary, allowance for depreciation of plant and equipment, amortization of intangible assets and provision for long-term

employee benefits. All other estimates mentioned above are further disclosed in the corresponding notes to the financial statements.

4. CASH AND CASH EQUIVALENTS

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|---------------------------------|--------------|------------|-------------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| Cash | 115,083 | 127,944 | 90,000 | 82,000 |
| Cheques on hand | 4,207,068 | 2,362,295 | 4,207,068 | 2,362,296 |
| Bank deposit | 20,737,541 | 33,399,164 | 9,010,680 | 10,975,546 |
| Total cash and cash equivalents | 25,059,692 | 35,889,403 | 13,307,748 | 13,419,842 |

5. TRADE AND OTHER RECEIVABLES

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|--|--------------|-------------|-------------------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Notes receivable | 6,302,198 | 3,099,344 | 5,866,030 | 3,099,344 |
| Trade accounts receivable | | | | |
| Classified by aging of receivables as follows: | | | | |
| Current | 82,638,428 | 68,445,993 | 77,758,130 | 60,395,138 |
| Overdue within 3 months | 33,514,013 | 17,980,065 | 12,941,642 | 14,998,245 |
| Over 3 to 6 months | 4,483,255 | - | 1,656,797 | - |
| Over 6 to 12 months | 1,007,240 | 459,996 | 1,007,240 | 459,996 |
| Over 12 months | 695,528 | 794,201 | 695,528 | 794,201 |
| Total trade accounts receivable | 128,640,662 | 90,779,599 | 99,925,367 | 79,746,924 |
| <u>Less</u> Allowance for doubtful accounts | (1,702,769) | (1,221,081) | (1,702,769) | (1,221,081) |
| Trade accounts receivable-net | 126,937,893 | 89,558,518 | 98,222,598 | 78,525,843 |
| Other receivables | 4,096,688 | 4,563,739 | 6,105,288 | 2,552,416 |
| Total trade and other receivables | 131,034,581 | 94,122,257 | 104,327,886 | 81,078,259 |

6. ADVANCE PAYMENT FOR GOODS

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|---|--------------|------------|-------------------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Advance payment for goods | 21,567,708 | 13,377,518 | 61,772,852 | 156,208,193 |
| <u>Less</u> Allowance for doubtful accounts | (174,989) | (547,600) | (174,989) | (547,600) |
| Total advance payment for goods - net | 21,392,719 | 12,829,918 | 61,597,863 | 155,660,593 |

7. SHORT-TERM LOANS TO SUBSIDIARIES

BAHT

| PARTICULARS | SEPARATE FINANCIAL STATEMENT | | Interest rate (%) | |
|--|------------------------------|---------------|-------------------|------|
| | 2018 | 2017 | | |
| Sathaporn Tanapat Co., Ltd. | | | | |
| Beginning principal balances | 37,600,000 | 32,900,000 | | |
| <u>Add</u> : Additional loans extended during the year | - | 28,700,000 | | |
| <u>Less</u> : Settlement during the year | - | (24,000,000) | | |
| Ending principal balances | 37,600,000 | 37,600,000 | 3.50 | 3.50 |
| Paprapat Co., Ltd. | | | | |
| Beginning principal balance | - | 57,500,000 | | |
| <u>Add</u> : Additional loans extended during the year | - | 47,500,000 | | |
| <u>Less</u> : Settlement during the year | - | (105,000,000) | | |
| Ending principal balance | - | - | - | 3.50 |
| Total short-term loans to subsidiaries | 37,600,000 | 37,600,000 | | |

8. INVENTORIES

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|--|--------------|-------------|-------------------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Raw materials | - | 63,232 | - | 63,232 |
| Finished goods | 143,889,344 | 296,828,612 | 53,809,738 | 103,372,922 |
| Goods in transit | 117,740 | 41,606,231 | 117,740 | 38,712,468 |
| Supplies | 934,505 | 1,197,452 | 16,578 | 15,275 |
| Total | 144,941,589 | 339,695,527 | 53,944,056 | 142,163,897 |
| <u>Less</u> Provision for diminution in inventories | (5,702,665) | (2,251,461) | (4,953,962) | (367,452) |
| Inventories-net | 139,238,924 | 337,444,066 | 48,990,094 | 141,796,445 |

In February 2018, there was fire incident happened in a stockpile of the subsidiary in Malaysia. The subsidiary has written off damaged inventories which no longer be used for sale due to fire amount of Baht 6.68 million (MYR 0.83 million) and has recorded allowance for inventories written down on fire incident amount of Baht 0.70 million (MYR 0.09 million) shown in administrative expenses in the statement of comprehensive income for the first quarter ended March 31, 2018, and the subsidiary wrote off damaged inventories amount of Baht 2.84 million (MYR 0.35 million) shown in administrative expenses in the statement of comprehensive income for the second quarter ended June 30, 2018. However, the subsidiary has fire insurance coverage for the stock loss by the fire. In June 2018, the subsidiary has received compensation from the fire insurance amount of Baht 14.36 million (MYR 1.78 million) shown in other income in the statement of comprehensive income for the second quarter ended June 30, 2018 and show net of compensation and fire damaged inventories in other income amount of Baht 4.14 million in the statement of comprehensive income for the year ended December 31, 2018.

9. INVESTMENTS IN SUBSIDIARIES

| SUBSIDIARIES | % HOLDING | | INVESTMENT AMOUNT (BAHT) | |
|---|-----------|-------|-----------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| 1. Sathaporn Tanapat Co., Ltd. | 99.99 | 99.99 | 3,999,800 | 3,999,800 |
| 2. Paprapat Co., Ltd. | 99.98 | 99.98 | 999,800 | 999,800 |
| 3. ABM Pellets Co., Ltd. | 99.99 | - | 999,970 | - |
| 4. PT Asia Biomass Indonesia | 99.00 | 99.00 | 9,512,108 | 9,512,108 |
| 5. Asia Biomass Energy SDN. BHD. | 55.00 | 55.00 | 2,496,456 | 2,496,456 |
| 6. Asia Biomass Resources SDN. BHD. | 55.00 | 55.00 | 2,285,222 | 2,285,222 |
| Total | | | 20,293,356 | 19,293,386 |
| <u>Less</u> Provision for diminution in investments | | | (2,285,222) | - |
| Total | | | 18,008,134 | 19,293,386 |

UNIT: BAHT

| SUBSIDIARIES | NATURE OF BUSINESS | PAID-UP SHARE CAPITAL | | | Dividend | |
|--|--|-----------------------|-----------|----------|----------|------------|
| | | 2018 | 2017 | Currency | 2018 | 2017 |
| 1. Sathaporn Tanapat Co., Ltd. | Transportation | 4,000,000 | 4,000,000 | THB | - | 4,999,750 |
| 2. Paprapat Co., Ltd. | Trading of biomass | 1,000,000 | 1,000,000 | THB | - | 11,997,600 |
| 3. ABM Pellets Co., Ltd. | Manufacturing Wood chip and Biomass pellet | 1,000,000 | 1,000,000 | THB | - | - |
| 4. PT Asia Biomass Indonesia | Trading of biomass | 300,000 | 300,000 | USD | - | - |
| 5. Asia Biomass Energy SDN. BHD. | Trading of biomass | 500,000 | 500,000 | MYR | - | - |
| 6. Asia Biomass Resources SDN. BHD. | Trading of biomass | 500,000 | 500,000 | MYR | - | 266,473 |
| Total dividend | | | | | | 17,263,823 |

On November 8, 2018, the Company has invested in ABM Pellets Company Limited, the common stock of 99,997 shares amount of Baht 999,970, to be 99.99% in shareholding proportion.

In 2018, the Company recorded allowance for impairment of investment in Asia Biomass Resources SDN. BHD. in the separate financial statements is amounting to Baht 2.29 million, because the subsidiary has a large number of deficits.

10. INVESTMENTS IN RELATED COMPANY

BAHT

| Company | % HOLDING | | CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS | |
|--|-----------|-------|--|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Asia Panel Co., Ltd. | 5.00% | 5.00% | 7,500,000 | 7,500,000 |
| <u>Less</u> Provision for diminution in investments | | | (7,500,000) | (7,500,000) |
| Total investments in related company | | | - | - |

On October 31, 2018, the Extraordinary General Shareholders' Meeting No.1/2018 of Asia Panel Company Limited was held and has resolution to register for dissolution. The related company has registered with the Ministry of Commerce for dissolution on November 2, 2018 and registered with the Ministry of Commerce for the completion of the liquidation on January 24, 2019.

11. BANK DEPOSITS WITH OBLIGATION

The Company has pledged its deposit at bank as collateral for the repayment of loans.

12. PROPERTY, PLANT AND EQUIPMENT BAHT

| CONSOLIDATED | Land and land improvement | Building structure and improvement | Machinery and equipment | Furniture fixtures and office equipment | Vehicles | Fixed assets under installation | Assets under financial leases | Total |
|----------------------------------|---------------------------|------------------------------------|-------------------------|---|--------------|---------------------------------|-------------------------------|--------------|
| <u>Cost</u> | | | | | | | | |
| As at January 1, 2017 | 165,254,251 | 57,621,880 | 12,901,765 | 13,419,240 | 149,390,740 | 625,195 | 13,561,392 | 412,774,463 |
| Purchases | 2,644,629 | 281,232 | 1,644,729 | 907,726 | 1,636,180 | 5,146,256 | 2,775,701 | 15,036,453 |
| Sold and amortization | - | (120,844) | (1,303,352) | (823,053) | (16,893,265) | - | - | (19,140,514) |
| Transfer to/from | - | 3,072,331 | - | - | - | (3,072,331) | - | - |
| Currency translation differences | - | - | 29,036 | (9,037) | 6,732 | - | - | 26,731 |
| As at December 31, 2017 | 167,898,880 | 60,854,599 | 13,272,178 | 13,494,876 | 134,140,387 | 2,699,120 | 16,337,093 | 408,697,133 |
| Purchases | 14,069,340 | 2,871,550 | 1,144,646 | 1,076,090 | 767,700 | 8,663,519 | - | 28,592,845 |
| Sold and amortization | (135,000) | (9,800) | (677,336) | (226,936) | (20,991,283) | - | - | (22,040,355) |
| Transfer to/from | 414,069 | 564,000 | 3,308,490 | - | 1,702,804 | (4,286,559) | (1,702,804) | - |
| Currency translation differences | - | - | (125,395) | (8,987) | (24,741) | - | - | (159,123) |
| As at December 31, 2018 | 182,247,289 | 64,280,349 | 16,922,583 | 14,335,043 | 115,594,867 | 7,076,080 | 14,634,289 | 415,090,500 |
| <u>Accumulated depreciation</u> | | | | | | | | |
| As at January 1, 2017 | 2,164,206 | 16,823,932 | 6,558,853 | 11,173,945 | 93,606,215 | - | 2,131,875 | 132,459,026 |
| Depreciation for the year 2017 | 1,527,399 | 3,102,317 | 1,554,946 | 793,087 | 9,364,917 | - | 1,533,580 | 17,876,246 |
| Sold and amortization | - | (119,990) | (1,287,793) | (807,028) | (15,363,455) | - | - | (17,578,266) |
| Currency translation differences | - | - | 9,125 | (3,186) | 5,068 | - | - | 11,007 |
| As at December 31, 2017 | 3,691,605 | 19,806,259 | 6,835,131 | 11,156,818 | 87,612,745 | - | 3,665,455 | 132,768,013 |

| | | | | | | | | |
|----------------------------------|-------------|------------|-----------|------------|--------------|-----------|-------------|--------------|
| Depreciation for the year 2018 | 1,820,391 | 3,688,397 | 1,637,760 | 824,654 | 8,547,594 | - | 1,543,691 | 18,062,487 |
| Sold and amortization | (64,036) | (9,617) | (188,628) | (218,924) | (14,756,264) | - | - | (15,237,469) |
| Transfer to/from | - | - | - | - | 1,078,938 | - | (1,078,938) | - |
| Currency translation differences | - | - | (29,056) | (4,338) | (16,065) | - | - | (49,459) |
| As at December 31, 2018 | 5,447,960 | 23,485,039 | 8,255,207 | 11,758,210 | 82,466,948 | - | 4,130,208 | 135,543,572 |
| Book Value | | | | | | | | |
| As at December 31, 2017 | 164,207,275 | 41,048,340 | 6,437,047 | 2,338,058 | 46,527,642 | 2,699,120 | 12,671,638 | 275,929,120 |
| As at December 31, 2018 | 176,799,329 | 40,795,310 | 8,667,376 | 2,576,833 | 33,127,919 | 7,076,080 | 10,504,081 | 279,546,928 |

BAHT

| SEPARATE FINANCIAL STATEMENTS | Land and land improvement | Building structure and improvement | Machinery and equipment | Furniture fixtures and office equipment | Vehicles | Fixed assets under installation | Assets under financial leases | Total |
|-------------------------------|---------------------------|------------------------------------|-------------------------|---|--------------|---------------------------------|-------------------------------|--------------|
| Cost | | | | | | | | |
| As at January 1, 2017 | 165,254,251 | 56,586,452 | 10,091,564 | 11,921,730 | 46,853,460 | 625,195 | 1,702,804 | 293,035,456 |
| Purchases | 2,644,629 | 281,232 | 1,049,356 | 802,258 | 910,720 | 5,146,256 | - | 10,834,451 |
| Sold and amortization | - | (120,844) | (1,303,352) | (819,404) | (7,134,160) | - | - | (9,377,760) |
| Transfer to/from | - | 3,072,331 | - | - | - | (3,072,331) | - | - |
| As at December 31, 2017 | 167,898,880 | 59,819,171 | 9,837,568 | 11,904,584 | 40,630,020 | 2,699,120 | 1,702,804 | 294,492,147 |
| Purchases | 14,069,340 | 2,871,550 | 392,541 | 987,531 | 40,500 | 8,663,519 | - | 27,024,981 |
| Sold and amortization | (135,000) | (9,800) | (60,000) | (226,936) | (11,789,872) | - | - | (12,221,608) |
| Transfer to/from | 414,069 | 564,000 | 3,308,490 | - | 1,702,804 | (4,286,559) | (1,702,804) | - |
| As at December 31, 2018 | 182,247,289 | 63,244,921 | 13,478,599 | 12,665,179 | 30,583,452 | 7,076,080 | - | 309,295,520 |

The Company has mortgaged some land with structure with commercial bank as collateral for loans obtained from the financial institutions (Note 14).

13. COMPUTER SOFTWARES

| BAHT | | |
|----------------------------------|--------------|-------------------------------|
| PARTICULARS | CONSOLIDATED | SEPARATE FINANCIAL STATEMENTS |
| <u>Cost</u> | | |
| As at January 1, 2017 | 5,269,952 | 5,177,426 |
| Purchases | 697,177 | 624,770 |
| Sold and amortization | (52,140) | (52,140) |
| Currency translation differences | (6,727) | - |
| As at December 31, 2017 | 5,908,262 | 5,750,056 |
| Purchases | - | - |
| Currency translation differences | (5,332) | - |
| As at December 31, 2018 | 5,902,930 | 5,750,056 |
| <u>Accumulated amortization</u> | | |
| As at January 1, 2017 | 2,779,376 | 2,752,556 |
| Amortization for the year 2017 | 583,463 | 558,301 |
| Sold and amortization | (52,136) | (52,136) |
| Currency translation differences | (2,750) | - |
| As at December 31, 2017 | 3,307,953 | 3,258,721 |
| Amortization for the year 2018 | 671,816 | 637,869 |
| Currency translation differences | (3,204) | - |
| As at December 31, 2018 | 3,976,565 | 3,896,590 |
| <u>Book Value</u> | | |
| As at December 31, 2017 | 2,600,309 | 2,491,335 |
| As at December 31, 2018 | 1,926,365 | 1,853,466 |

14. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|------------------|--------------|-------------|-------------------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Trust receipts | 100,082,427 | 151,521,004 | 46,795,964 | 151,521,004 |
| Promissory notes | 253,050,000 | 410,910,000 | 152,050,000 | 289,240,000 |
| Total | 353,132,427 | 562,431,004 | 198,845,964 | 440,761,004 |

The Company has mortgaged the lands with structure of the Company, the related companies, directors and related persons as collateral for short-term loans from financial institutions, with the related party and the Company's directors as the co-guarantors.

15. TRADE AND OTHER PAYABLES

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|------------------------|--------------|------------|-------------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| Trade accounts payable | 21,810,363 | 24,130,349 | 88,707,621 | 63,687,989 |
| Accrued expenses | 15,099,750 | 11,951,882 | 12,672,659 | 8,318,704 |
| Other payables | 9,116,691 | 8,235,534 | 19,284,449 | 5,355,365 |
| Total | 46,026,804 | 44,317,765 | 120,664,729 | 77,362,058 |

16. FINANCIAL LEASE LIABILITIES

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|---|--------------|-------------|-------------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Within 1 year | 2,034,541 | 4,292,185 | - | 348,072 |
| Over 1 year not over 5 years | 1,143,388 | 3,177,929 | - | - |
| Total minimum amount to pay | 3,177,929 | 7,470,114 | - | 348,072 |
| <u>Less</u> Portion due within one year | (2,034,541) | (4,292,185) | - | (348,072) |
| Financial lease liabilities-net | 1,143,388 | 3,177,929 | - | - |

The portion of long-term financial lease liabilities due within one year has been shown under current liabilities.

Vehicle Leasing Agreement

| CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS | | | | | |
|--|-------------|-----------|------------------------------------|-------------------------|-----------------|
| Agreement dates | Period | | Amount in Agreement (Million Baht) | Rental per Month (Baht) | Notes |
| | Started | Ended | | | |
| July 2015 | August 2015 | July 2018 | 11.01 | 229,272 | - Hire purchase |
| June 2017 | August 2017 | July 2021 | 2.78 | 57,827 | - Hire purchase |

17. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

assumptions used in determining the employee benefit liabilities are shown as follows:

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|---|--------------|-------------|-------------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Defined benefit obligation | | | | |
| Balances as at January 1, | 3,222,694 | 5,040,869 | 2,182,556 | 1,852,007 |
| Actuarial gain (recognized in other comprehensive income) | (1,203,097) | (2,447,614) | (805,681) | (219,674) |
| Benefit paid during the year | (319,215) | - | - | - |
| Current service cost | 434,446 | 591,623 | 354,866 | 508,449 |
| Interest cost | 136,400 | 53,885 | 33,992 | 41,774 |
| Transaction difference of foreign operation | (14,483) | (16,069) | - | - |
| Balances as at December 31, | 2,256,745 | 3,222,694 | 1,765,733 | 2,182,556 |

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|----------------------|--------------------------|--------------------------|-------------------------------|------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Discount rate | 2.18-7.60 % per annum | 2.12-7.60 % per annum | 2.47 % per annum | 2.70 % per annum |
| Salary increase rate | 5.00-7.00 % per annum | 6.00-7.00 % per annum | 5.00 % per annum | 6.00 % per annum |
| Staff turnover rate | 0-58.00 % per annum | 0-42.00 % per annum | 0-31.00 % per annum | 0-42.00 % per annum |

On December 13, 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 0.43 million (The Company only: Baht 0.37 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the statements of comprehensive income the period in which the law is effective.

18. SHARE CAPITAL

On February 26, 2017, the Extraordinary General Shareholders' Meeting was held and approved the resolutions as follows;

- To change the par value from Baht 100 to be Baht 0.50 par value.
- To increase the Company's authorized capital from Baht 76 million (760,000 ordinary shares at Baht 100 par value) to be Baht 150 million (300,000,000 ordinary shares at Baht 0.50 par value) by allocated of the increased ordinary shares Baht 36.50 million (73,000,000 ordinary shares at Baht 0.50 par value) offered to existing shareholders in proportion of shareholding and 75,000,000 shares sold to public as initial public offering. 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.
- To list the Company's securities in the Market for Alternative Investment (mai) in order to support the Company's expansion in the future.

During 19 to 21 February 2018, the Company has sold its initial public offering of ordinary share amount of 75 million shares with the par value of Baht 0.50 per share. The offering price of these shares was Baht 1.80 per share totally to Baht 135 million. The Company recorded expenses in respect of share distribution amount of Baht 12.16 million as a deduction from the share premium, paid-up share capital increase of Baht 37.50 million and premium on common stock increase of Baht 85.34 million. The shares of the Company have been traded in the Market for Alternative Investment (mai) on February 27, 2018.

The Company has registered the increase of the paid-up share capital with the Ministry of Commerce from Baht 112.50 million (225,000,000 shares at Baht 0.50 par value) to Baht 150 million (300,000,000 shares at Baht 0.50 par value) on February 22, 2018.

19. LEGAL RESERVE

In compliance with the Public Company Act, B.E. 2535 (1992), the Company has to set aside for legal reserve at least 5% of annual net profit less deficits (if any) until meet 10% of authorized share capital. Such legal reserve is not allowed to pay for dividend.

In 2018 and 2017, the Company has provided legal reserve amount of Baht 6.10 million of both years.

20. DIVIDEND PAYMENT AND DIRECTORS' REMUNERATION

On December 28, 2017, the Board of Directors meeting was held and approved the resolution to pay the interim dividend to the shareholders at Baht 0.15 per share, totaling Baht 33.75 million. The dividend was duly paid on January 25, 2018.

On April 26, 2018, the Ordinary General Shareholders' Meeting for 2018 was held and approved to pay the directors' remuneration for 2018 at the maximum of Baht 5 million.

On April 27, 2017, the Ordinary General Shareholders' Meeting for 2017 was held and approved to pay the directors' remuneration for 2017 at the maximum of Baht 5 million.

21. EXPENSES BY NATURE

BAHT

| FOR THE YEARS ENDED DECEMBER 31, | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|--|---------------|---------------|-------------------------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| Decrease (increase) in change of finished goods and goods in transit | 193,122,492 | (123,545,647) | 88,157,912 | (58,703,393) |
| Purchase of goods for sale | 764,350,822 | 926,734,594 | 770,215,409 | 867,661,145 |
| Transportation expense | 91,555,438 | 125,925,068 | 108,775,337 | 142,315,258 |
| Oil fuel expense | 16,265,772 | 16,084,201 | 3,974,930 | 4,327,314 |
| Director and management benefit expenses | 15,416,149 | 20,084,205 | 15,416,149 | 18,622,885 |
| Employee benefit expenses | 60,354,555 | 62,619,495 | 42,231,849 | 41,151,042 |
| Depreciation and amortization expenses | 18,734,303 | 18,459,709 | 11,484,202 | 11,192,610 |
| Provision for diminution in inventories | 4,756,471 | 204,942 | 4,586,510 | 204,942 |
| Finance costs | 11,416,588 | 13,108,960 | 7,916,109 | 10,924,115 |
| Other expenses | 165,489,149 | 169,354,989 | 110,911,977 | 113,745,748 |
| Total | 1,341,461,739 | 1,229,030,516 | 1,163,670,384 | 1,151,441,666 |

22. INCOME TAX

Corporate income taxes of the Company and subsidiaries for the years ended December 31, 2018 and 2017 were calculated from the accounting profit (loss), adjusted with other revenues and some expenses which are exempted from income tax or being disallowable expenses in tax computation purposes.

The Company income taxes calculated at the rate of 20 percent.

The subsidiaries established under Thai law income taxes calculated at the rate of 20 percent.

The subsidiaries established under foreign law income taxes calculated at the rates of 24 and 25 percent.

Income taxes expenses (revenues) recognized in the statements of comprehensive income consist:

| FOR THE YEARS ENDED DECEMBER 31, | BAHT | | | |
|--|--------------------|------------------|----------------------------------|--------------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | 2018 | 2017 | 2018 | 2017 |
| The corporate income tax for the year | 3,231,354 | 5,609,207 | - | - |
| Deferred taxes from temporary differences and reversal of temporary differences | (10,523,594) | (4,003,407) | (12,473,516) | (4,021,499) |
| Income tax expenses (revenues) | (7,292,240) | 1,605,800 | (12,473,516) | (4,021,499) |

As at December 31, 2018 and 2017, the deferred tax assets arose from the following temporary differences:

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|--|--------------|-----------|-------------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Accumulated temporary differences in the statements of comprehensive income the rate of 20% | | | | |
| Allowance for doubtful trade accounts receivable | 1,702,769 | 1,221,081 | 1,702,769 | 1,221,081 |
| Allowance for doubtful advance payment for goods | 174,989 | 547,600 | 174,989 | 547,600 |
| Allowance for doubtful guarantees for inventory | 156,000 | 156,000 | 156,000 | 156,000 |
| Provision for diminution in inventories | 5,123,923 | 367,452 | 4,953,962 | 367,452 |
| Provision for diminution in investments other company | 7,500,000 | 7,500,000 | 7,500,000 | 7,500,000 |
| Unrealized loss on forward exchange contracts | 72,994 | 431,166 | 31,704 | 431,166 |
| Long-term operating lease | 120,834 | - | 72,500 | - |
| Financial lease liabilities | 1,812,358 | 2,531,089 | 153,249 | 467,757 |
| Provision for long-term employee benefits | 3,435,237 | 5,487,349 | 2,571,414 | 2,402,230 |

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|--|--------------|-------------|-------------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| Tax deficits not exceeding five accounting years. | | | | |
| | 78,585,231 | 20,660,625 | 78,585,231 | 20,660,625 |
| | 98,684,335 | 38,902,362 | 95,901,818 | 33,753,911 |
| Accumulated temporary differences in the statements of comprehensive income the rate of 24% | | | | |
| Provision for diminution in inventories | 578,742 | 1,884,009 | - | - |
| Calculate depreciation difference from tax rate | (854,187) | (1,042,791) | - | - |
| Unabsorbed capital allowance | - | 129,774 | - | - |

| | | | | |
|---|-------------|-------------|------------|------------|
| Unused tax losses | - | 970,265 | - | - |
| | (275,445) | 1,941,257 | - | - |
| Accumulated temporary differences in the statements of comprehensive income the rate of 25% | | | | |
| Calculate depreciation difference | | | | |
| from tax rate | 15,967 | (721) | - | - |
| Provision for long-term employee benefits | 24,605 | 180,795 | - | - |
| Unused tax losses | - | 5,773,129 | - | - |
| | 40,572 | 5,953,203 | - | - |
| Temporary differences in other comprehensive income | | | | |
| - recognized in retained earnings the rate of 20% | | | | |
| Provision for long-term employee benefits | (1,203,097) | (2,445,450) | (805,681) | (219,674) |
| | (1,203,097) | (2,445,450) | (805,681) | (219,674) |
| Total | 97,246,365 | 44,351,372 | 95,096,137 | 33,534,237 |
| Deferred tax assets | 19,440,284 | 9,245,584 | 19,019,227 | 6,706,847 |

23. FOREIGN CURRENCY TRANSACTIONS

23.1 The Company and subsidiaries have outstanding assets and liabilities denominated in follows foreign currencies as:

UNIT: THOUSAND

| PARTICULARS | CONSOLIDATED | | | | SEPARATE FINANCIAL STATEMENTS | | | |
|--------------------|--------------------|-------------------|--------------------|-------------------|-------------------------------|-------------------|--------------------|-------------------|
| | 2018 | | 2017 | | 2018 | | 2017 | |
| | Foreign currencies | Converted to Baht | Foreign currencies | Converted to Baht | Foreign currencies | Converted to Baht | Foreign currencies | Converted to Baht |
| <u>Assets</u> | | | | | | | | |
| USD | 62.57 | 2,020.13 | 208.90 | 6,792.90 | 58.74 | 1,896.32 | 204.99 | 6,665.30 |
| MYR | - | - | - | - | 57.79 | 444.74 | - | - |
| IDR | 6,786.00 | 14.47 | 7,268.00 | 16.76 | 6,786.00 | 14.47 | 7,268.00 | 16.76 |
| Total | | 2,034.60 | | 6,809.66 | | 2,355.53 | | 6,682.06 |
| <u>Liabilities</u> | | | | | | | | |
| USD | 21.12 | 688.81 | 178.58 | 5,865.99 | 21.12 | 688.81 | 178.58 | 5,865.99 |
| MYR | - | - | - | - | 863.01 | 6,830.39 | - | - |
| IDR | - | - | 22,550.00 | 57.29 | - | - | 22,550.00 | 57.29 |
| Total | | 688.81 | | 5,923.28 | | 7,519.20 | | 5,923.28 |

23.2 The Company and subsidiary have entered into Buying and Selling Forward Exchange Contracts with the local commercial bank for hedging against the fluctuation in exchange rates. It can be summarized as follows:

As at December 31, 2018, as follows:

UNIT: THOUSAND

| PARTICULARS | CONSOLIDATED | | | |
|--|--------------------|-------------------|--|---------------|
| | Foreign Currencies | Fair Value (BAHT) | Exchange rates on the delivery date (BAHT) | Delivery Date |
| Buying Forward Exchange Contracts USD | 237 | 7,728 | 32.60-32.62 | June 2019 |

UNIT: THOUSAND

| PARTICULARS | SEPARATE FINANCIAL STATEMENTS | | | |
|--|-------------------------------|-------------------|--|---------------|
| | Foreign Currencies | Fair Value (BAHT) | Exchange rates on the delivery date (BAHT) | Delivery Date |
| Buying Forward Exchange Contracts USD | 99 | 3,244 | 32.62 | June 2019 |

As at December 31, 2017, as follows:

UNIT: THOUSAND

| PARTICULARS | CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS | | | |
|---|--|-------------------|--|---------------|
| | Foreign Currencies | Fair Value (BAHT) | Exchange rates on the delivery date (BAHT) | Delivery Date |
| Buying Forward Exchange Contracts USD | 273 | 9,182 | 33.502-34.098 | January 2018 |
| Selling Forward Exchange Contracts USD | 2,000 | 64,950 | 32.385-32.555 | June 2018 |

24. PROVIDENT FUND

The Company and its 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 2% on their salaries. The Company has also appointed TISCO Asset

Management Company Limited to manage such fund. The subsidiary in Malaysia contribute at the rate 13%.

The Company and subsidiaries's contributions for the employees provident fund and recorded as expenses in the statements of comprehensive income for the years ended December 31, 2018 and 2017 are as follows :

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|-------------------------------|--------------|---------|-------------------------------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Asia Biomass Public Co., Ltd. | 449,183 | 639,154 | 449,183 | 639,154 |
| Sathaporn Tanapat Co., Ltd. | 32,165 | 54,277 | | |
| Paprapat Co., Ltd. | - | 12,960 | | |
| Asia Biomass Energy SDN. BHD. | 67,267 | 58,500 | | |
| | 548,615 | 764,891 | | |

25. COMMITMENT AND CONTINGENT LIABILITIES

25.1 The Company and subsidiaries have commitment and contingent liabilities as follows:

UNIT: MILLION

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|--|--------------|------|-------------------------------|------|
| | 2018 | 2017 | 2018 | 2017 |
| Letters of guarantee issued by commercial banks - BAHT | 2.96 | 1.36 | 2.94 | 0.60 |

25.2 As at December 31, 2018 and 2017, the Company had a contract for building construction amount to Baht 3.17 million and Baht 2.05 million, respectively.

25.3 The Group companies had land rental and vehicle agreements for a various periods up to July 2021. The Group companies are committed to pay rental fee under the agreements as follows:

THOUSAND BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|---------------------------------|--------------|--------|-------------------------------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| Within 1 year | 5,476 | 10,853 | 2,240 | 2,057 |
| After 1 year but within 5 years | 7,882 | 12,586 | 4,751 | 4,938 |
| After 5 years | 2,846 | 3,780 | 1,708 | 2,268 |
| Total | 16,204 | 27,219 | 8,699 | 9,263 |

25.4 As at December 31, 2018 and 2017, the Company had contingent liabilities for guaranteed bank credit facilities of its subsidiary (Paprapat Co., Ltd.) amounting to Baht 250 million and Baht 230 million, respectively.

25.5 On August 25, 2018, the Company has signed the purchase of Acacia Species agreement with the Forest Industry Organization amount of Baht 24.23 million. The payment is to be made at the rate 50% in the 1st to 4th year of February every year in proportion to the amount specified in the agreement and another 50% will be paid full amount in the 5th year when the Acacia Species are removed from the forest.

As at December 31, 2018, the Company has paid the first installment amount Baht 6.78 million.

26. FINANCIAL INFORMATION BY SEGMENTS

THOUSAND BAHT

| CONSOLIDATED | FOR THE YEAR ENDED DECEMBER 31, 2018 | | |
|-----------------------------------|--------------------------------------|----------|-------------|
| | Sale | Services | Total |
| Local revenues | 936,142 | 3,507 | 939,649 |
| Export revenues | 349,182 | - | 349,182 |
| Total | 1,285,324 | 3,507 | 1,288,831 |
| Cost of sales and services | (1,078,133) | (3,090) | (1,081,223) |
| Gross profit by segments | 207,191 | 417 | 207,608 |
| Non-allocation expenses | | | (248,822) |
| Loss from operation | | | (41,214) |
| Other incomes | | | 9,378 |
| Finance costs | | | (11,417) |
| Income tax revenues | | | 7,292 |
| Loss for the period | | | (35,961) |
| Property, plant and equipment-net | 242,914 | 36,633 | 279,547 |

THOUSAND BAHT

| CONSOLIDATED | FOR THE YEAR ENDED DECEMBER 31, 2017 | | |
|-----------------------------------|--------------------------------------|----------|-----------|
| | Sale | Services | Total |
| Local revenues | 1,132,365 | 1,348 | 1,133,713 |
| Export revenues | 107,186 | - | 107,186 |
| Total | 1,239,551 | 1,348 | 1,240,899 |
| Cost of sales and services | (945,171) | (1,046) | (946,217) |
| Gross profit by segments | 294,380 | 302 | 294,682 |
| Non-allocation expenses | | | (269,704) |
| Profit from operation | | | 24,978 |
| Other incomes | | | 5,159 |
| Finance costs | | | (13,109) |
| Income tax expenses | | | (1,606) |
| Profit for the period | | | 15,422 |
| Property, plant and equipment-net | 230,384 | 45,545 | 275,929 |

27. TRANSACTIONS WITH RELATED PARTIES

The Company has certain accounting transactions with related parties. These transactions were reflected in the accompanying in normal business and the mutual conditions under the following relationship:

| RELATED PARTIES | RELATIONSHIP |
|--|--|
| 1. Subsidiaries | Note 9 |
| 2. Related companies | |
| 2.1 Asia Panel Co., Ltd. | Note 10 and co-director |
| 2.2 Asia Green Energy Public Co., Ltd. | Co-shareholders and director |
| 2.3 A.G.E. Transport Co., Ltd. | Co-shareholders and director |
| 2.4 K.H. Development Co., Ltd. | Co-shareholders and director |
| 2.5 AGE Marine Logistics Co., Ltd. | Co-shareholders and director |
| 2.6 AGE Terminal Co., Ltd. | Co-shareholders and director |
| 2.7 OPG Tech Co., Ltd. | Co-shareholders and director |
| 2.8 Jinsolid SDN. BHD. | Co-shareholders and director of subsidiary |
| 2.9 AJ Biomass SDN.BHD. | Co-shareholders and director of subsidiary |

| RELATED PARTIES | RELATIONSHIP |
|---|---|
| 2.10 ViVi Home Decorative Co., Ltd. | Shareholders and director are close relative with director |
| 2.11 D.T.C. Enterprise Co., Ltd. | Co-director |
| 2.12 Teck Yien SDN.BHD. | Co-shareholders and director of subsidiary |
| 2.13 Teck Yien Construction SDN.BHD. | Co-shareholders and director of subsidiary |
| 2.14 Destiny Holding (M) SDN.BHD. | Co-shareholders and director of subsidiary |
| 2.15 L.C Panmal Trading Company | Co-shareholders and director of subsidiary |
| 2.16 New World Suites SDN.BHD. | The close relative with director and co-shareholders of subsidiary are the major shareholders |
| 2.17 The Golden Mines F&B Services SDN.BHD. | Co-shareholders and director of subsidiary |
| 2.18 Destiny Integrated Logistics Services SDN.BHD. | Co-shareholders and director of subsidiary |

The significant transactions with related parties are as follows:

27.1 Revenues and expenses with related parties for the year ended December 31,

THOUSAND BAHT

| RELATED TRANSACTIONS IN STATEMENTS OF COMPREHENSIVE INCOME | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|--|--------------|-----------|----------------------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Revenues from sales | | | | |
| Subsidiaries | - | - | 586,897 | 113,007 |
| Revenues from services | | | | |
| Related companies | 3,065,952 | 1,005,758 | - | - |
| Interest income | | | | |
| Subsidiaries | - | - | 1,316,000 | 2,125,632 |
| Dividend income | | | | |
| Subsidiaries | - | - | - | 17,263,823 |
| Other incomes | | | | |
| Subsidiaries | - | - | 2,375,735 | 2,374,800 |
| Related company | - | 8,000 | - | - |
| Total | - | 8,000 | 2,375,735 | 2,374,800 |
| Cost of sales | | | | |
| Subsidiaries | - | - | 293,880,305 | 286,756,370 |

| | | | | |
|--------------------------------|------------|-----------|-------------|-------------|
| Related companies | 6,240,306 | 3,996,069 | 4,321,237 | 59,035 |
| Total | 6,240,306 | 3,996,069 | 298,201,542 | 286,815,405 |
| Cost of services | | | | |
| Related companies | 195,757 | 220,262 | - | - |
| Distribution costs | | | | |
| Subsidiaries | - | - | 30,401,168 | 38,710,440 |
| Related companies | 10,359,078 | 4,895,403 | 6,824,454 | 1,102,841 |
| Total | 10,359,078 | 4,895,403 | 37,225,622 | 39,813,281 |
| Administrative expenses | | | | |
| Subsidiaries | - | - | 961,252 | 1,103,850 |
| Related companies | 2,568,582 | 2,112,205 | 2,180,490 | 1,845,176 |
| Total | 2,568,582 | 2,112,205 | 3,141,742 | 2,949,026 |

27.2 Balances of receivable and payable from sales, purchase and service rendered to related parties

THOUSAND BAHT

| RELATED TRANSACTIONS IN STATEMENTS OF FINANCIAL POSITION | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|---|--------------|---------|----------------------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Accrued interest incomes | | | | |
| Subsidiary | - | - | 1,868,405 | 552,405 |
| Trade and other receivables | | | | |
| Subsidiaries | - | - | 3,106,622 | 255,908 |
| Related companies | 982,231 | 187,702 | - | - |
| Total | 982,231 | 187,702 | 3,106,622 | 255,908 |
| Advance payment for goods | | | | |
| Subsidiaries | - | - | 46,921,637 | 149,422,645 |
| Related companies | - | 347,930 | - | 347,930 |
| Total | - | 347,930 | 46,921,637 | 149,770,575 |
| Rental guarantees | | | | |
| Related company | 351,250 | 362,628 | - | - |
| Short-term loans to related party | | | | |
| Subsidiary | - | - | 37,600,000 | 37,600,00 |
| (Interest rate 3.50% per annum) | | | | |
| Purchase of asset | | | | |
| Related company | - | 26,000 | - | 26,000 |

| | | | | |
|---------------------------------|-----------|-----------|------------|------------|
| Sale of asset | | | | |
| Related company | 150,000 | - | - | - |
| Trade and other payables | | | | |
| Subsidiaries | - | - | 94,806,292 | 47,911,629 |
| Related companies | 2,074,461 | 1,736,549 | 873,959 | 1,032,437 |
| Total | 2,074,461 | 1,736,549 | 95,680,251 | 48,944,066 |

28. ADJUSTMENT AND RECLASSIFICATION OF ACCOUNTING TRANSACTIONS

The Company has reclassified some accounting transactions of financial statements for the year 2017, to conform with the presentation of financial statements for the year 2018, which has no effect to net profit (loss) for the period or shareholders' equity as previously reported. Reclassification items are as follow;

BAHT

| CONSOLIDATED | As previously reported | Reclassification | As restated |
|---|------------------------|------------------|-------------|
| <u>Statements of financial position</u> | | | |
| Trade and other receivables | 91,655,956 | 2,466,301 | 94,122,257 |
| Advance payment for goods | - | 12,829,918 | 12,829,918 |
| Other current assets | 33,970,034 | (16,105,934) | 17,864,100 |
| Deferred tax assets | 9,496,034 | (250,450) | 9,245,584 |
| Withholding tax | - | 1,092,959 | 1,092,959 |
| Other non-current assets | 11,462,600 | (283,244) | 11,179,356 |
| Trade and other payables | 43,225,437 | 1,092,328 | 44,317,765 |
| Other current liabilities | 2,330,324 | (1,092,328) | 1,237,996 |
| Deferred tax liabilities | (250,450) | 250,450 | - |
| Other components of shareholders' equity | (11,895,000) | 2,813,027 | (9,081,973) |
| Non-controlling interests | 4,067,320 | (2,813,027) | 1,254,293 |
| <u>Statements of comprehensive income</u> | | | |
| Administrative expenses | 96,906,909 | (9,541,758) | 87,365,151 |
| Loss on exchange rates | - | 6,671,758 | 6,671,758 |
| Directors' remuneration | - | 2,870,000 | 2,870,000 |

THOUSAND BAHT

| SEPARATE FINANCIAL STATEMENTS | As previously reported | Reclassification | As restated |
|---|------------------------|------------------|-------------|
| <u>Statements of financial position</u> | | | |
| Advance payment for goods | - | 155,660,593 | 155,660,593 |
| Other current assets | 158,014,671 | (155,660,593) | 2,354,078 |
| Withholding tax | - | 283,244 | 283,244 |
| Other non-current assets | 9,099,543 | (283,244) | 8,816,299 |
| <u>Statements of comprehensive income</u> | | | |
| Administrative expenses | 82,586,107 | (9,542,931) | 73,043,176 |
| Loss on exchange rates | - | 6,672,931 | 6,672,931 |
| Directors' remuneration | - | 2,870,000 | 2,870,000 |

29. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

29.1 Accounting policies

Accounting policies are disclosed in Note 3 to the financial statements.

29.2 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:
 - Revenues of the Company and its subsidiaries resulting from sale to few major customers with very high proportion.
 - Revenues 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 statements of financial position, the book value of such assets is net from various provisions to be estimated fair value. Such provisions are assumed to be the highest value of risk incurred from breach of contracts.

29.3 Risk relating to interest rate of financial assets and liabilities

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

29.4 Risk from currency exchange rate

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

29.5 Fair value of financial instruments

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

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

30. LITIGATION

In year 2018, the Company has litigation cases as follows;

- The Company sued the business partner to pay the debt under the contract which had amount of Baht 1.01 million. Later, the parties counterclaimed to pay the damages and the penalty of Baht 2.14 million and currently the case is under consideration of the Court of First Instance and the management considering that the contract has not been breached and the management of the Company believes that no obligations significant impact in the financial statements.-
- The Company sued the business partner to pay the debt with damages in the amount of Baht 12.86 million in case of breach of buy and sale asset contract. Later, the parties filed a counterclaim to pay damages and fines, which has a debt capital amount of Baht 0.91 million and currently the case is under consideration of the Court of First Instance. The management believes that the resolution of this case will be insignificant in the financial statements.
- The Company has been sued default payment of cargo handling service contract which has amount of Baht 0.63 million which the Company has exercised a counterclaim for the Court of First Instance to consider and make judgement on the dispute and the management considering that the contract has not been breached. The management of the Company believes that no obligations significant impact in the financial statements.
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31. FINANCIAL STATEMENTS APPROVAL

These financial statements are duly approved by the Company's directors on February 25, 2019.

2018

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