



ENERGY EARTH

# Driving the Earth's future

รายงานประจำปี 2553

Annual Report 2010

Energy Earth Public Company Limited

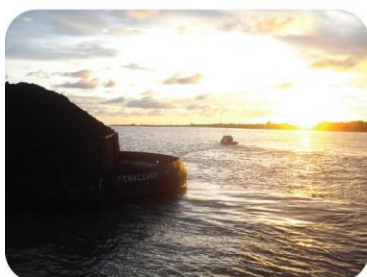
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# Driving the Earth's Future





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## MESSAGE FROM THE CHAIRMAN

Phisudhi Phihakendr  
(Chairman)



On behalf of Board of Directors, Management Committees, and all employees, I would like to take this opportunity to introduce our new Board of Directors, new company's name, new business, and new management system. We have changed our company's name from "Advance Paint and Chemicals (Thailand) PLC" (APC) to "Energy Earth Public Company Limited" (EARTH), switched our business from chemical products to energy, and brought in an effective management system for long term benefit of The Company and the shareholders.

In 2010, Thailand's economy expanded 7.8%, its fastest pace since the past 15 years - the 4<sup>th</sup> fastest economic growth in Asia. As a result, many businesses and industries in the country are also growing at a rapid pace, including Energy Earth Public Company Limited. The Company's total revenue increased dramatically from Baht 477.74 million in 2008 to Baht 1,007.49 and 1805.84 million in 2009 and 2010 respectively. Growth rate from the previous year is 110.89% and 79.24% in 2009 and 2010 respectively.

However, The Company's cost of sales are mainly variable costs, almost all

of which are cost of coal and freight. The gross profit margin rates of coal sales in 2008-2010 are 10.62%, 7.34%, and 13.54% respectively. The rate decreased in 2009 was a result of a continuous reduction of coal price and new competitors since the end of year 2008 until mid-2009, which was also the time of global economic crisis. The gross profit margin rate in 2010 however increased to 13.54% and the net profit margin rates in 2008-2010 are 2.42%, 0.75%, and 3.92% respectively.

Coal industry in Thailand is expected to grow according to coal demand in the world market which is increasing continuously, especially in China since its economy is developing dramatically. Thailand also has numerous factors effected by better economic situations resulting to a higher demand for energy supply from more capacitated factories. These factors will directly have a positive impact to the Company's revenue.

In addition, due to the fact that the global oil price has been increasing, switching fuels from oil to coal in factories

is a great way to reduce cost, because coal price is very much lower than oil price. The Company also plans to organize a team to advise and support more customers to use coal as their primary fuel. Although the global economic outlook is better, but there are still risks in many factors. The Company shall be cautious and considerate in operating business for the best benefit of the shareholders. The Company has prepared careful business and financial strategies and shall keep moving forward steadily.

On behalf of Energy Earth Public Company Limited, I would like to thank our shareholders, customers, all business partners who have been giving great support to us, our directors, management committee and all employees who have devoted their time, energy, spirit to develop the organization and generate the most profitability for shareholders and the best benefit for the society on the basis of good governance.



**Phisudhi Phihakendr**

**(Chairman)**



## MESSAGE FROM MANAGING DIRECTOR

Khajohnpong Khamdee  
(Managing Director)

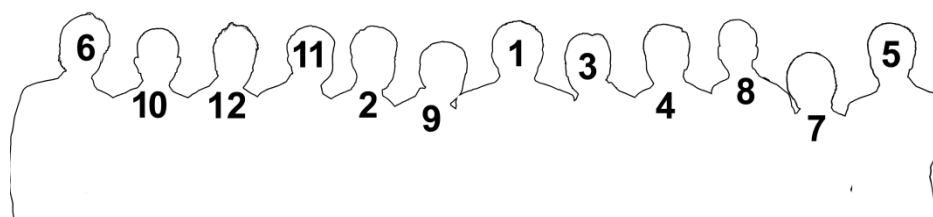
In 2010, the overall outlook of the World economic recovery was still fragile, but the overall economy of Thailand is considered satisfactory. Although Thailand had some political issues early in the year, but the country's export rate increased to 28.1% in 2010 because of the government's export policy and higher production capacity in many industrial factories. That resulted in direct benefit to The Company's energy business. The Company's total revenue increased from Baht 1007.49 million in 2009 to Baht 1805.84 million in 2010, which represents 79.24% growth rate. The net profit margin in 2010 is Baht 70.78 million or 3.92% of the total revenue. The rate increased dramatically from 0.75% in 2009 due to greater cost management and sales increase from growing number of customers.

### Future Projects

Energy Earth Public Company Limited aims to invest in coal mines in Indonesia to avoid risk of sourcing, and to have long-term sales contracts with major domestic and international coal consumers. The Company plans to manage business supply chain from upstream to downstream efficiently for the stability and most profitability of the shareholders.

The Company's Board of Directors, Management Committee, all employees and I shall dedicate our time and energy to work and operate business diligently. We shall manage on a basis of good corporate governance to ensure the best performance and the best benefit for everyone and the community.

**Khajohnpong Khamdee**  
(Managing Director)

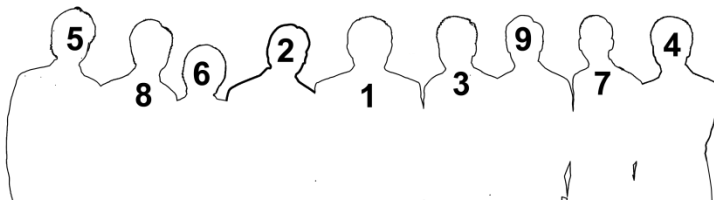


## BOARD of DIRECTORS

- 1 Phisudhi Phihakendr  
Chairman
- 2 Parada Bunnag  
Vice Chairman
- 3 Khajohnpong Khamdee  
Director
- 4 Phiroon Phihakendr  
Director
- 5 Phipat Phihakendr  
Director
- 6 Phiboon Phihakendr  
Director

- 7 Kanchana Chakvichitsopon  
Director
- 8 Thanawat Pratoomsuwan  
Director
- 9 Somkiat Sukdheva  
Chairman of the Audit Committee
- 10 Suriyaporn Bunchai  
Audit Committee
- 11 Thongchai Watanasoponwong  
Audit Committee
- 12 Eknarin Thammaraks  
Audit Committee





## MANAGEMENT TEAM

- 1 Phisudhi Phihakendr  
Chairman
- 2 Khajohnpong Khamdee  
Managing Director
- 3 Phiroon Phihakendr  
Director
- 4 Phipat Phihakendr  
Director
- 5 Phiboon Phihakendr  
Director
- 6 Kanchana Chakvichitsopon  
Director
- 7 Thanawat Pratoomsuwan  
Director
- 8 Senee Hongsubchat  
Assistant Managing Director
- 9 Paiboon Assawasiriwong  
Assistant Managing Director



## Board of Directors and Management Team

**Phisudhi Phihakendr**

**Chairman**

Age 60

Education	Undergraduate Degree
Area of Study	Business Management
Institution	University of Memphis



### Current Position of Director /

#### Management in Other Companies

- 2007-Present – Energy Perfect Co., Ltd.
- 2007-Present – Energy Mining Co., Ltd.
- 2006- Present – Snack Shake Co., Ltd.

#### Work Experience

- 1971-1976 – Marketing Manager, 3M Thailand
- 1977-1979 – Manager, Levi's Thailand
- 1980-1998 – Executive Vice Chairman and President, Robinson Department Store Thailand
- 1980-1998 – Chief Information Officer, Central Retail Corp.
- 1999-2006 – Executive Director, Thai Mart Retail Company
- 2007-Present – Chairman, Energy Perfect Co., Ltd.



## Parada Bunnag

### Vice Chairman

Age 48

Education	Undergraduate Degree
Area of Study	Management
Institution	Western Michigan University

## Current Position of Director /

### Management in Other

- 1993- Present – Brother Auto Parts & Engineering Co. Ltd.
- 1993- Present – D. Bunnag Chromiam Plating Co., Ltd.

### Work Experience

- 1987-1989 – Almond Inc.
- 1989-1993 – SGV Na Talang, Lucky Gold Star and Seagate Technology.
- 1993-Present – Managing Director, Brother Auto Parts & Engineering Co. Ltd.



## Somkiat Sukdheva Chairman of the Audit Committee

Age 66 ปี

Education

- Undergraduate Degree in Economics  
Institution Thammasat University
- Master Degree in Management  
Institution Sasin of Chulalongkorn University

### Current Position of Director /

#### Management in Other Companies

- 2002-Present – Thanachart Capital Public Company Limited.
- 2001-Present – KORVAC (THAILAND) CO.,LTD.
- 2009-Present – P T and S Car Care Partnership Limited.

#### Work Experience

- 1958-2002 – Assistant Managing Director, KasikornBank Public Company Limited
- 2002-2005 – Chairman of the Audit Committee, Siam City Bank Public Company Limited
- 2005-2007 – Executive Director, Siam City Bank Public Company Limited
- 2002-Present – Audit Committee, Thanachart Capital Public Company Limited.

## Khajohnpong Khamdee

### Director

Age 38

Education Undergraduate Degree

Area of Study Accounting

Institution Rajabhat Rajanagarindra University



### Current Position of Director /

#### Management in Other Companies

- 2007-Present – Energy Perfect Co., Ltd.
- 2007-Present – Energy Mining Co., Ltd.
- 2008-Present – WTEC Co., Ltd.

#### Work Experience

- 1993-1994 – Chief Accountant, Hong Aue Co., Ltd.
- 1995-2003 – Assistant Managing Director, Brother Auto Parts & Engineering Co., Ltd.
- 2004-2005 – Vice President, Thai Mart Store Co., Ltd.
- 2006-2006 – Director of Financial and Accounting, Thailand Anthracite Co., Ltd.
- 2007-Present – Managing Director, Energy Perfect Co., Ltd.

## Phiroon Phihakendr Director

Age 33

Education

- Undergraduate Degree in Computer Science  
 Institution New York University
- Master Degree in Computer Science  
 Institution New York University



### Current Position of Director /

#### Management in Other Companies

- 2009-Present – Energy Perfect Co., Ltd.
- 2007-Present – Energy Mining Co., Ltd.
- 2003-Present – WTEC Co., Ltd.
- 2005 - Present – Bangkok Beer & Beverage Co., Ltd.
- 2008 - Present – MM Alliance Co., Ltd.
- 2007 - Present Upsara Valley Winery Co., Ltd.

#### Work Experience

- 1997-1999 – Web Developer, Morgan Stanley Dean Witter, New York, USA
- 1999-2001 – Business Technology Manager, Time Inc., New York, USA
- 2001-2003 – General Manager of IT Development, WinStore Co., Ltd.
- 2003-Present – Managing Director, WTEC Co., Ltd.
- 2009-Present – Director, Energy Perfect Co., Ltd.

## Phipat Phihakendr

### Director

Age 30

Education

- Undergraduate Degree in Music Industry  
Institution University of Southern California
- Master Degree in Management  
Institution University of Southern California



### Current Position of Director /

#### Management in Other Companies

- 2010-Present – Energy Perfect Co., Ltd.
- 2007-Present – Energy Mining Co., Ltd.
- 2003-Present – WTEC Co., Ltd.

#### Work Experience

- 2004-2005 – Marketing Manager, WTEC Co., Ltd.
- 2005-2008 – Brand Manager, Diageo Moet Hennessy (Thailand) Co., Ltd.
- 2008-2010 – Market Development Manager, Coca-Cola (Thailand) Ltd.

## Phiboon Phihakendr Director

Age 26

Education

- Undergrate Degree in Music Composition  
Institution California Institute of the Arts
- Master Degree in Linguistics  
Instituion Fudan University, China



### Current Position of Director /

#### Management in Other Companies

- 2010-Present–Energy Perfect Co., Ltd.

#### Work Experience

- 2010-2010 – General Manager of  
Business Development, Energy Perfect  
Co., Ltd.



## Kanchana Chakvichitsopon

### Director

Age 57

Education Undergraduate Degree

Area of Study Economics

Institution Chiangmai University



### Current Position of Director /

#### Management in Other Companies

- 2007-Present – Energy Perfect Co., Ltd.

#### Work Experience

- 1979-1998 – General Manager-Cash Management, Robinson Department Store Thailand
- 1999-2005 – Assistant Managing Director, WinStore Co., Ltd.
- 2007-Present – Exective Director, Energy Perfect Co., Ltd.

## Thanawat Pratoomsuwan Director

Age 39

Education

- Undergraduate Degree in Business Management  
University of the Thai Chamber of Commerce
- Master Degree in Public Administration  
National Institute of Development Administration



### Current Position of Director /

#### Management in Other Companies

None

#### Work Experience

- 1994-2010 – Team Manager-Credit  
Customer, KasikornBank PCL
- 2010-Present – Assistant Managing Director,  
Energy Perfect Co., Ltd.



## Suriyaporn Bunchai

### Director

Age 42

Education

Undergraduate Degree

Business Management Accounting

Institution

Ramkhamhaeng University

#### Current Position of Director /

#### Management in Other Companies

- 2003-Present – Bunchai Net and Com

#### Work Experience

- 1993-1995– Accountant, Thai David Co., Ltd.
- 1995-2003 – Financial and Accounting Manager, Intelligent Systems Management Co., Ltd.
- 2003-Present – Bunchai Net and Com



## Eknarin Thammaraks

### Director

Age 34

Education	Undergraduate Degree
Area of Study	Business Science Professional Tennis Management
Institution	Ferris State University

## Current Position of Director /

### Management in Other Companies

- 2007-Present – International Travel Consultants Co, Ltd.
- 2005-Present – The Legend Resort & Spa Co, Ltd.
- 2005 Present – Hmong Hilltribe Lodge Co, Ltd.
- 2005-Present – Lampang River Lodge Hotel Co, Ltd.
- 2010- Present – Beccofino Trattoria Chiangmai
- 2011- Present – Miniature Gallery Partnership Limited.
- 2011- Present – Miceman Co., Ltd.

### Work Experience

- 2000-2002 – Account Manager, BBDO Bangkok
- 2003-2007 – Deputy Manager, Diethelm Travel
- 2007-Present – General Manager, International Travel Consultants



## Thongchai Watanasoponwong

### Director

Age 33

Education

- Undergraduate Degree in Electrical Engineering  
Institution SIIT, Thammasat University
- Master Degree in Computer Science  
Institution The George Washington University

#### Current Position of Director /

#### Management in Other Companies

- Present – Chumpon Ice Co., Ltd

#### Work Experience

- 2001-2003– System Engineer, HopOne Internet Corporation
- 2003-2006 – pSeries Sales Specialist, IBM Thailand Company Limited
- 2006-2008 – eServer Manager, IBM Thailand Company Limited
- 2008-2010 – Country Brand Manager, IBM Thailand Company Limited
- 2010-Present – Solution Sales Manager, IBM Thailand Company Limited



## Senee Hongsubchat

### Assistant Managing Director

Age 57

Education	Undergraduate Degree
Area of Study	Higher National Diploma Business Study
Institution	Northeast Essex Technical College

#### Current Position of Director /

#### Management in Other Companies

- 2004 – 2010 WTEC Co., Ltd

#### Work Experience

- 1982– 1989 – Acting District Supervisor, Ladbrokes Co., Ltd.
- 1991 – 1995 – Procurement Manager, The Royal Bangkok Sports club
- 1998 – 2001 – GM General Affairs, Robinson Department Store Thailand
- 2004 – 2010 – Sales & Marketing Director, WTEC Co., Ltd.
- 2010– Present Assistant Managing Director, Energy Perfect Co., Ltd.

## Paiboon Assawasiriwong

### Assistant Managing Director

Age 38

Education

- Undergraduate Degree in Business Administration  
Institution Thammasat University
- Master Degree in Business Administration  
Institution Assumption University



#### Current Position of Director /

#### Management in Other Companies

- None

#### Work Experience

- 1995–2000 – Area Sales Manager, Tri Petch Isuzu Sales Co., Ltd.
- 2000–2003 – General Manager, WinStore Co., Ltd.
- 2003–2007 – Managing Director, Venture Plus Co., Ltd.
- 2007–2008 Lecturer, Burapha University
- 2008– Present Assistant Managing Director, Energy Perfect Co., Ltd.



## Financial Highlights

(Unit: Baht-Million)

		2009	2010
<b>Overall Results</b>			
Sales revenue		1,006.87	1,755.24
Total revenue		1,007.49	1,805.84
Gross profit		73.88	237.73
Net profit (Loss)		7.51	70.78
<b>Financial Ratio</b>			
Gross profit Margin	(%)	7.34	13.54
Net profit margin	(%)	0.75	3.92
Return on average equities	(%)	2.97	23.76
Return on average assets	(%)	1.34	6.93
<b>Total assets</b>			
		710.94	1,332.44
<b>Total liabilities</b>			
		454.55	992.92
<b>Shareholders' equity</b>			
		256.39	339.52

## Company's Information

Company's Name	: Energy Earth Public Company Limited ("EARTH")
Company Registration No.	: 0105531045386
Type of Business	: Coal Importer and Distributor to serve customers in both domestic and foreign market
Registered Capital	: Common Shares of Baht 2,222,712,675
Paid-Up Capital	: Common Shares of 2,222,712,675 shares at par value of Baht 1.00 per share, total amount of Baht 2,222,712,675
Telephone No.	: 02-673-9631-3
Fax No.	: 02-673-9634
Website	: <a href="http://www.energyearth.co.th">www.energyearth.co.th</a>
Investor Relation	: Email Address: <a href="mailto:thanawat@energyearth.co.th">thanawat@energyearth.co.th</a>
Other Investments	: Invest in Energy Perfect Company Limited, the subsidiary company who imports, aggregates, distributes coal to customers, and provide logistics services for customers in Thailand. The Company's registered capital is Baht 200,000,000 and 99.99% of common shares are held by Energy Earth Public Company Limited. The factory location is at 706/4 Moo 1, Nongkam, Sriracha, Chonburi.  Telephone No. 02-673-9631-3 Fax No. 02-673-9634

Securities Registrar : Thailand Securities Depository Co.,Ltd..  
Registrar of Securities Department, Capital Market Academy  
2/7 Moo 4 (North Park Project) Viphavadi Rangsit Road, Toong  
Song Hong,  
Laksi Bangkok 10210  
Telephone No. 02-596-9000 Fax No. 02-832-4994-6

Auditor : Mr. Chanunkorn Satiraprapakul  
Certified Public Accountant Registration No. 6554  
Grand Audit Company Limited 8/74-75 Ratchadapisek Road,  
Chankasem, Jatujak Bangkok 10900  
Telephone No. 02-938-3495-6 Fax No. 02-938-2090

## Nature of the Business

### Business Products

### Market and Competition

#### 1. Competitive Strategy

##### 1.1 Sources of Supply

Company Group pays great attention to sourcing enough coal to supply customers and aims to select Bituminous coal mine because this coal type meets customers' need. The location for shipment of coal mine must be located not far from destination seaport in Thailand to save shipping cost. When Company Group has already chosen coal mine, Company Group will send specialist to inspect the quality of coal in every area including Carbon, moisture, ash, Sulfur percentage, as well as the reserved coal volume in each mine. If all the specification are satisfactory, Company Group shall assign traders to purchase coal from those mines.

Company Group will send working team to coal mines and port of shipment in Indonesia to control quality of transportation from warehouse to shipping port at Kalimantan, Indonesia and from Indonesia to Sriracha Harbor. Afterwards, Coal will be delivered from Sri Racha harbor to Sri Racha factory by truck to sort out its size, then Coal will be kept in the warehouse. Company Group shall also assign specialist to inspect the coal quality again to ensure the best quality for customers.

##### 1.2 Relationship Management and Servicing

Company Group realizes the importance of sourcing and its key success for this type of business. Company Group uses relationship managing policy to create good relationship with mine owners in Indonesia. Such policy requires Company Group to send our employee to cooperate with the mines to set complete preparation before each shipment. Company

Group also often invites management team from the mines to visit the factory in Thailand. Such activities have resulted in Company Group being able to maintain great relationship with coal sellers, which will help sourcing and logistics to be as smooth as possible.

Company Group organizes sales team who has expertise in coal business to service and advise customers in the case that customers have trouble using our product. The team also gives advice and supports customers to save cost by switching fuel from oil to coal, as well as how customers should choose their boilers.

### **1.3 Production and Transportation**

Company Group's coal aggregating factory operates everyday and employees are always ready to take orders from customers daily and nightly, which result in us being able to deliver coal according to customers' need at all time.

Company Group hires various trucking companies to support logistics 24 hours, and to lower the risk of relying too much on certain trucking companies.

### **1.4 Customer Quality Speculation**

Company Group has created customer database by speculating qualifications of customers in both financial status and past payment results. Having a meeting, discussing with customers directly, and consulting with others who are in the same field are parts of the procedure to collect information before the credit term approval for each customer. Most of the customers' credit term is 30 days, only a very few customers whose credit term is 45 days due to competitive conditions proposed by competitors.

### **1.5 Management within the Organization**

Company Group uses online and modern communicating system to manage and follow up works in every area. All employees must report working progress from product transporting from Indonesia to delivering product to customers' factories via online communicating

system set by Company Group. Such system will let every member of Company Group know the working progress in every section related instantly.

### **1.6 Expanding Market Share to Customers nearby Company Group's Factory**

Numbers of industrial Factories nearby Company Group's factories locating in Sriracha and Bang Pahan who use oil or natural gas as their fuel are still high. Company Group sees this opportunity to expand our sales to these customers who have not yet consumed coal as their primary fuel. Expanding the market to such customers located nearby will also lower the logistics cost effectively.

## **2. Competition and Industry Trends**

### **2.1 Domestic Coal Industry Status**

#### Consumption Volume and Import Volume

The growing global economy has resulted in higher world market price for oil and natural gas. Therefore, many industrial factories have decided to use boilers that can consume coal as their fuel because coal is a good alternative energy. Its heating value is as high as oil or natural gas and the cost is much lower when comparing by using price per heating value (Baht per Kilo Calorie)

Table Showing Domestic Coal Consumption

Unit: 1,000 Tons

Purpose of Coal Consumption	Year					
	2005	2006	2007	2008	2009	2010
<b>Lignite</b>						
Power generation	15,815	15,811	16,407	15,818	16,004	16,571
Industry	4,476	3,037	2,159	2,124	2,043	1,990
Total lignite consumption	21,047	18,852	17,970	18,531	17,861	17,994
Growth rate	2.45%	-10.43%	-4.68%	3.12%	-3.62%	0.74%
<b>Other Types of Coal</b>						
Power generation	2,073	3,950	5,748	5,934	5,929	5,879
Industry	6,495	7,265	8,665	10,045	10,460	11,026
Total other types of coal Consumption	8,568	11,215	14,413	15,979	16,389	16,905
Growth rate	13.48%	30.89%	28.52%	10.87%	2.57%	3.15%
Total coal consumption	29,615	30,067	32,384	34,511	34,250	34,898
Growth rate (%)	5.42%	1.53%	7.71%	6.57%	-0.76%	1.89%

Source : Office of Energy Policy and Planning, Department of Energy.

### Trend of Coal Industry

Coal demand in both domestic and world market still have a tendency to grow continuously due to better global economy and higher oil price. Thailand currently has approximately 7,000 industrial factories. If the price of oil and natural still remain high, many factories may take chance to use coal as their energy source instead, which will result in rapid growth of coal industry.

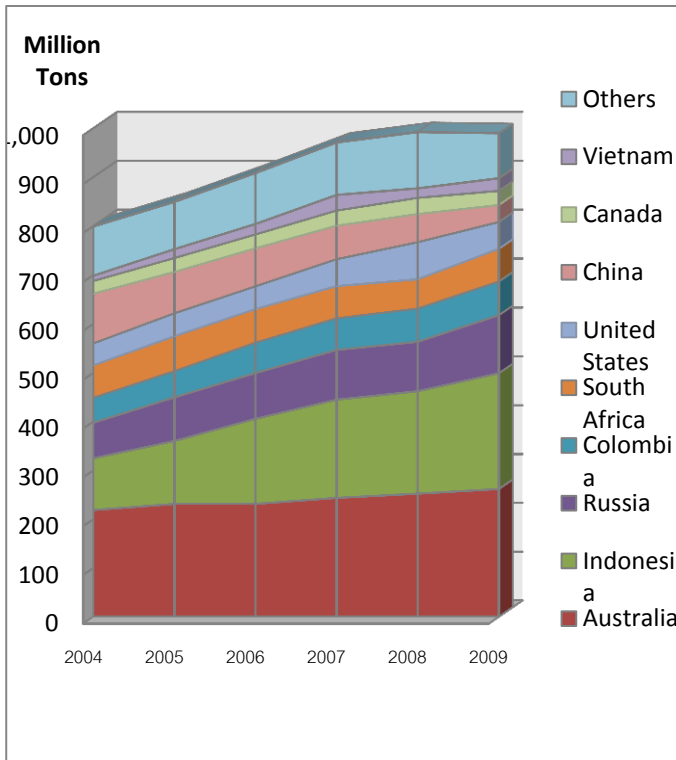
## 2.2 Trend of Coal Industry in the Global Market

Coal export volume in the world market is still growing rapidly. In 2009, Australia still remains the largest exporter in the world with the volume of 262 million tons, the next in

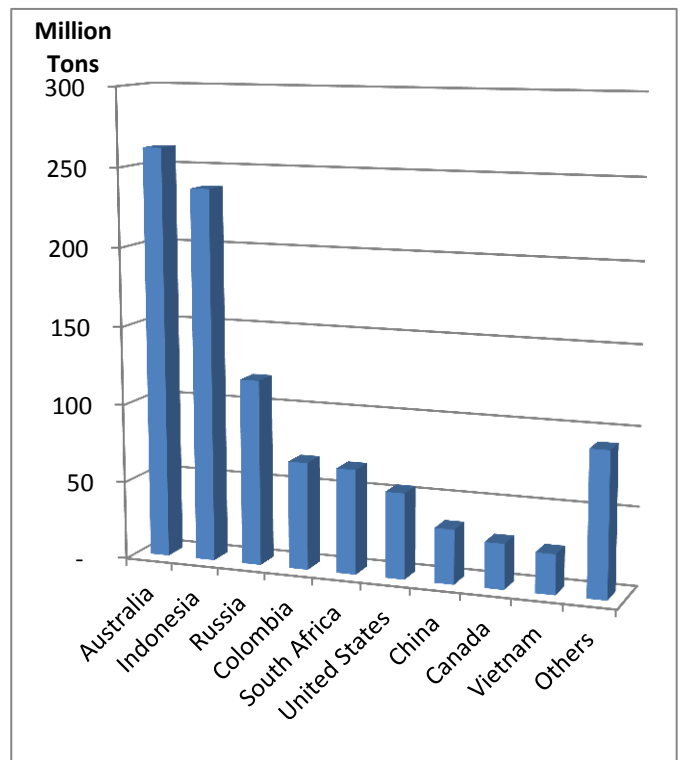


line is Indonesia with the volume of 237 million tons, followed by Russia and Columbia respectively. While these countries' export volume are increasing, China's export volume has been decreasing due to greater domestic demand.

Graph Showing the Amount of Coal Export by Various Countries



Top 10 Coal Exporter in the year 2009



Source: U.S. Energy Information Administration, U.S. Department of Energy.

### Customer Characteristics and Target Customers

Company Group sells coal product both domestically and internationally. Most domestic customers are Bituminous Coal consumers who use coal as energy source for their production which covers from small size factories to large size factories in many industries, such as paper industry, textile industry, etc. Most customers' locations are in the eastern part of Thailand close to Chonburi, Rayong and nearby provinces. They are very close to Company Group's plant which locates at Sriracha, Chonburi province. There are also other customers whose locations are around Ayutthaya province, which is where our second plant locates.

## Corporate Social Responsibility

Activities that Company Group organized with people (2009-2010)

### Supporting Various Festivals and Activities



Energy Earth PCL, with students, teachers, parents together organize important activities throughout the year. On Children's day, ice-cream, games and numerous gifts were ready to add colors to the theme. Company Group also participated in wedding, ordained ceremonies, etc.

### Supporting Educational Activities



Energy Earth PCL realizes the importance of education. we support local schools by giving scholarships to outstanding students and donate study equipment (including sports equipment) to enhance performance of students.

## Supporting Sports Activities



Energy Perfect Co., Ltd was the main sponsor for organizing a soccer tournament with a local school. The tournament's name is "Student-Energy Perfect Cup". The purpose was to train local children to improve their sports skills and aim for higher standards.

## Help Flood Victims in Han Sang, Ayutthaya (2010)



Company Group is concerned about the well-being of local people who are effected by flood and donated 200 bags of rice and dry food to help them.



## Company Structure

### Vision

“Become a coal industrial leader in Thailand and Asia by utilizing modern technology, maintaining an international level of service, environmental care, and stepping forward to the world class market”

### Mission

- Strive to be coal industrial leader for satisfaction of customers.
- Create worldwide coal trading network both domestically and internationally.
- Own a coal testing laboratory to improve quality continuously.
- Be creative and responsible for society and environment.

### Corporate Culture

The Company defines 5 corporate cultures as follows?

- |                           |  |
|---------------------------|--|
| 1. 7 x 24                 | Ability to be work attentively regardless of time and Place  |
| 2. Big Ideas              | Appreciate creative and distinctive ideas.   |
| 3. Speed of Thought       | Execute accurate, precise, prompt decisions and operations for any situations encountered.                                     |
| 4. Digital Nervous System | Perceive data and information effectively via communication System and reflect or respond to the obtained information promptly |
| 5. Flat Organization      | Consult, advise, and share opinions freely regardless or positions and seniority.  |

## Company Background

Energy Perfect Company Limited (EPCL) is founded on 5 January 2007 with paid-up capital of 20 million Baht. EPCL imports Bituminous Coal from Indonesia to sort out into requested sizes and sell to domestic and international customers.

EPCL's current registered and paid up capital is 200 million Baht, with coal storing and aggregating plant in Sriracha, Chonburi and the 2<sup>nd</sup> plant in Bang-Pahan, Ayutthaya is being constructed.

### Summarized Background and Major Development of EPCL

- ปี 2007 - Founded on 5 January 2007, operated coal importing and distributing business with paid-up capital of Baht 20 million.
  - April 2007, Sriracha plant was operational.
- ปี 2008 - September 2008, EPCL increased its registered capital to Baht 160 million.
- ปี 2010 - 18 February 2010, EPCL increased its registered capital again to Baht 200 million.

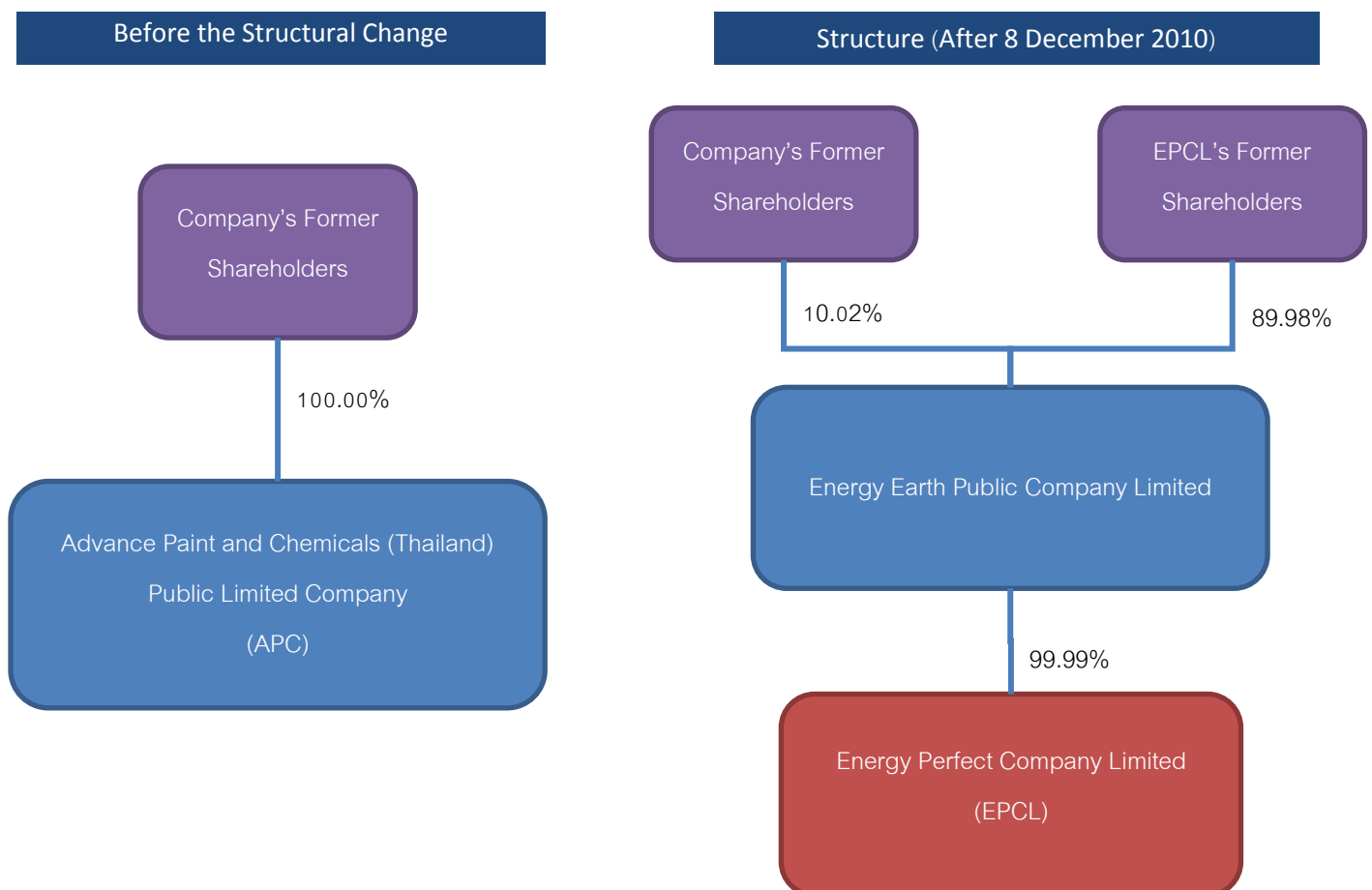
On 13 December 2010, EPCL shareholders sold 99.99% shares to Energy Earth Public Company Limited (former Advance Paint and Chemical Thailand Public Company Limited) by swapping shares, which automatically make EPCL the subsidiary of Energy Earth PCL (EARTH). The mentioned activity was categorized as an indirect way of getting listed in the Stock Market (Back Door Listing), which resulted in the Company having to apply to The Stock Exchange of Thailand for an approval of trade resumption (Re-apply).

- On 2 December 2010, the Extraordinary Generally Meeting resolved important agendas as follows:

1. Acquisition of 20,000,000 ordinary shares of EPCL with the value of 10 Baht per share by shares swapping method.

2. Increased 2,000,000,000 shares of registered capital to allot to EPCL shareholders with the value of 0.10 Baht per share according to conditions of acquisition of EPCL's 20,000,000 ordinary shares, representing share exchange ratio of 1 EPCL share to 100 new shares, which make the Company have registered and paid-up capital the amount of 2,222,712,675 shares at par value of 1 Baht. The Company holds total shares of 99.99% in EPCL.
3. Transfer assets including land, factories, buildings, machines and equipment for payment to the Company's creditor.

On 13 December 2010, the Company accomplished agenda no. 1, 2 and 3 of the above shareholders' meeting resolutions successfully, as well as other agendas approved by shareholders on 2 December 2010.

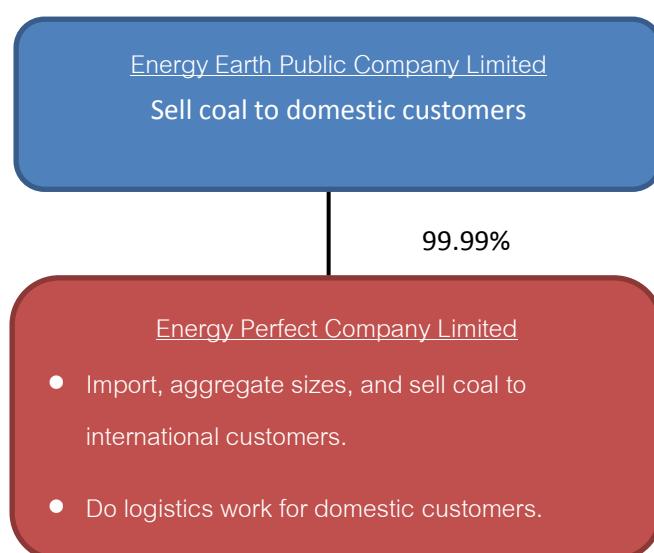


## Overall Business of the Company and Subsidiaries

The Company imports Bituminous Coal from Indonesia through EPCL whose 99.99% of total shares are held by the Company. Some of the Coal shall be sold to foreign customers directly while the rest are transported to Thailand to aggregate sizes for needs and requirements of domestic customers. Most domestic customers are coal consumers whose factories are located nearby our plant in Sriracha, Chonburi. Their industrial factories consist of small, medium, large industries and power plants that have high demand of coal consumption as energy generator. Company Group's main customers are paper, textile, and food industrial groups, etc.

Company Group has policies on business conducting by creating long-term relationship with mine owners in Indonesia and customers. Company Group Organize experienced and knowledgeable team to give advice to customers how to consume coal at its fullest result, as well as support customers to switch from oil or natural gas to use coal boilers instead.

### Share Holding and Business Structure of Company Group





EPCL purchases coal from Indonesia and distribute to international customers as well as aggregate sizes for domestic customers, while EARTH is in charge of selling to domestic customers only.

## Revenue Structure from Coal Sales

Revenue structure from coal sales in the past are as follows:

Revenue Type	2008		2009		2010	
	Baht-Million	%	Baht-Million	%	Baht-Million	%
Revenue from coal sales						
Domestic	269.82	56.54%	244.13	24.25%	622.19	35.14%
Foreign	207.44	43.46%	762.74	75.75%	1,133.05	64%
Revenue from gasoline sales	-	-	-	-	15.21	0.86%
Total revenues	477.26	100%	1,006.87	100%	1,770.45	100%

Revenue from coal sales in 2008 are mostly from selling to traders because it was the 2<sup>nd</sup> year of operation and there were not many end user customers at the time. In 2008, Company Group started selling internationally via traders.

In 2009, EPCL assigned sales boosting policy to increase purchasing volume and bargaining power with traders. EPCL focused on marketing internationally because international customers have great demand for coal, which resulted in increased revenue as targeted. Revenue from foreign coal sales was dramatically increasing in 2009 while domestic portion decreased.

EPCL paid more attention to target customers who are end users to lower the risk of relying too much on a few large customers, which resulted in an increase in both domestic and international revenues

## Company's Goal

Company Group strives to be a leader of coal trading industry by importing and selling good quality coal. The Group targets to expand market to small and medium factories in every industry who locate nearby our factories by supporting customers to switch from oil or natural gas to use coal as their fuel, as well as give full explanation of how coal would be great alternative energy. In 2010, Company Group had approximately 100 customers in which most of them are located nearby the Sriracha Plant. However, the number of customers are expected to grow higher when the 2<sup>nd</sup> plant in Bang-Pahan, Ayutthaya is ready to operate.

Company Group also plans to invest in operating small and medium mines in Indonesia in order to build customers' confidence in long-term reserved coal volume of Company, as well as lower the cost of goods for the best benefit of shareholders.

## Risk Factors

### 1. Risk from coal supply for sale

#### 1.1 Risk from purchase coal from Indonesia only

Company Group purchase coal from coal mine in Indonesia only. Since Indonesia often experience with natural disasters, coal supply might be affected and Company Group may not purchase sufficient coal for sale during such natural disasters.

Since Company Group started coal business in 2007, Kalimantan has never experienced with catastrophic natural disaster that affects coal mine to cease operation more than 2 weeks. Indonesia territory on Kalimantan covers 0.58 million square kilometers (compare to 0.51 million square kilometers of Thailand territory). As a result, there are a few possibilities for such disaster to affect the whole island.

Moreover, Company Group's warehouse reserves coal supply for approximately 3 months of sale and Company Group has already deal with various coal suppliers on Sumatra. If there is a necessity for coal supplier migration, Company Group would be able to purchase coal from Sumatra instead.

#### 1.2 Risk from reliance on major suppliers

Company Group normally purchases coal from trader. In 2010, Company Group purchased coal from only 3 traders. As a result, Company Group is entered into risk if one of the traders refuses to sell coal to Company Group.

Company Group realized such risk and diversified its coal supplier. The Company purchased 78% of total coal consumption from a major trader in 2008. In 2010, the Company diversified such risk by purchase 39%, 36% and 25% of coal consumption from the 3 traders. Moreover, there are a lot of traders at Kalimantan and Company Group could be able to migrate its purchasing to other traders.

Company Group can trace the source of coal from any coal mine which the 3 traders supply. At present, the 3 traders purchase coal from 10 coal mines. Company Group reserves the right to deploy its agent to evaluate and control the quality of coal at site. As the result, there is no problem with coal quality and Company Group could make a good relationship with owners of the coal mine.

### 1.3 Risk from reliance on major customer

In 2009 and 2010, Company Group exported its coal production through a major trader of 76% and 65% respectively. Company Group is, therefore, considered to be entered into risk from reliance on major customer.

Company Group has sold its coal production to such trader for 4 consecutive years and aware of the risk of losing such major customer. Company Group, therefore, reduced its reliance with such trader to 76% and 65% of coal production in 2009 and 2010 respectively. Moreover, Company Group plans to sell its coal production directly to the customers as well as domestic customers in factory and power plant sector within 2011 to mitigate such major customer reliance risk.

### 1.4 Risk from transporting and shipping by sea

Company Group imports its coal supply from Indonesia and oceanic shipping is adopted for transporting. Oceanic shipping consists of some risks including lack of barge, oceanic disaster and loss of coal during transfer at substandard port.

Oceanic disaster may cause major damage to barges and coal. To prevent such event, Company Group has set a standard for quality and integrity examination of barge along with insuring for natural disaster during shipping.

The port standard is crucial for oceanic shipping. Company Group concerns for every process of transportation including transferring at port. Company Group selected standardizes port and deploy its agent to the port for controlling the standard and reducing the transferring time.

## **2. Risk from new competitors**

Importers and exporters of coal business tend to increase because oil and gas price uptrend causes coal to be a replacement source. Increasing of competitors would obviously affect Company Group business.

Although, there is a trend that new competitors will enter into the business, but there are some important supporting factors for a business to success such as the ability to procure quality of coal for sell. Even when new competitors can be able to procure coal; most procurement would be through brokers who result in higher purchased price and inability to control coal quality.

New competitors will have to compete with the existing coal business companies to share market. Good relationship and trust between existing companies, customers, and suppliers would be the major barrier for new competitors to sell its coal to the existing customers. Lower price strategy will not be an advantage for new competitors because of a higher purchase coal price from broker.

## **3. Risk from price fluctuation of coal**

Coal price fluctuation in market makes the selling and purchasing price harder to set. Since there is an uptrend of coal consumption and number of coal supplier is limited, the demand of coal is still higher than supply of coal. Company Group, therefore, can set the selling price by adding some satisfied premium from raw material price. On the contrary, in a downtrend of coal price, Company Group may not receive as high premium as compare to the uptrend environment.

## **4. Risk from environmental impact and community resistance**

### **4.1 Impact on nearby community resident of coal power plant factory**

When coal is burning, oxygen in atmospheric air will be entered into chemical reaction with sulfur in coal product which generates sulfur dioxide - toxic gas. However, coal product

selling by Company Group, Bituminous, is classified as coal product with low sulfur dioxide. In addition, the technology used in factory boiler also helps absorb toxic gas from the burning process and thus reduces environmental impact.

#### 4.2 Impact on nearby community resident of coal sorting out plant of Company Group

Coal sorting out plant and warehouse of Company Group may cause environmental impact to nearby community resident. Company Group has adopted control and mitigation standard by building high-rise net surrounding the plant and warehouse as well as spraying water to reduce coal powder spreading. Company Group also builds good relation to nearby community by hiring workers from nearby community and prioritizes mitigation for environmental impact caused by Company Group operation.

In establishing and operating coal sorting out plant, Company Group has to be approved by related governmental entity. Company Group has received health hazardous operation license from Mayor of Chao Phraya Surasak district since 2007. The license is subjected to annual renewal and Company Group is currently processing renewal for year 2011.

#### 5. Risk from having major shareholder more than 75%

Major shareholder of the Company is the former shareholder of EPCL and the tender offerors of the Company. Major shareholder is currently holding 78.25% of paid-up capital of the Company. With holding of more than 75%, major shareholder possesses fully control and decision in every aspect which requires shareholders' approval. Other shareholders are exposed to the risk that will not be able to balance the control and disapprove agenda which raised by the major shareholder. Moreover, in the event of takeover, major shareholder may not approve of the take over even the takeover is valuable to other shareholders or the Company.

Nonetheless, continuous growth of EPCL is from existing management; Mr. Khajohnpong Khamdee and Phihakendr's family (major shareholders altogether holding 71.88% of paid-up capital of the Company), since started EPCL. Therefore, Mr. Khajohnpong Khamdee and

Phihakendr's family as major shareholders will concentrate to manage the Company for the best benefit to all shareholders.

In addition, if considering the Company's organization structure which consists of board of directors, executive committee, and audit committee, the Company is managed by experienced persons. The authority and power for each position are clearly stated and set for transparency. In making connected transaction with the major shareholder, directors, and other related persons, such persons will not be entitled to vote for the transaction. This is to ensure minor shareholders that the Company's management will manage the Company with transparency.

## **6. Risk from foreign exchange rate fluctuation**

Coal import from Indonesia is purchasing in United States Dollar. In 2008, 2009 and 2010, revenue from coal sell in Thai Baht is in ratio of 56.53%, 24.25% and 35.45% of total revenue sell respectively. Foreign exchange rate fluctuation is, therefore, one of the risks that will certainly affect the operation of Company Group. In 2008 and 2009, EPCL's operation experienced loss from exchange rate at Baht 1.87 Million and Baht 1.77 Million respectively.

At present, financial institution has approved foreign exchange forward contract facility to Company Group. Company Group have never utilized such facility because coal sell portion which settled in United States Dollar could, at some level, hedge the fluctuation of foreign exchange rate resulting from raw material purchasing which settled in United States Dollar. This natural hedge gave limited loss from foreign exchange of Baht 1.87 Million and Baht 1.77 Million in 2008 and 2009 respectively and profit of Baht 33.80 Million in 2010. However, if foreign sell portion reduce, Company Group would be able to utilize the approved forward contract in appropriate amount to mitigate this risk. Management of Company Group continuously follows exchange rate movement and could utilize the forward contract appropriately.

## Major Shareholders

Major Shareholders' names that appear in the share register book as of 17 March 2010

Name	No. of Shares	% of paid-up capital
1. Phihakendr Family Group <sup>1/</sup>	1,174,116,500	52.82
2. Mr. Khajohnpong Khamdee	423,961,550	19.06
3. Miss Kanchana Chakvichitsopon	88,728,700	3.99
4. Ittiwittayathorn Family Group <sup>2/</sup>	70,000,000	3.15
5. Mr. Senee Hongsubchat	51,826,300	2.33
6. Mr. Maetha Rungsiyawanont	50,000,000	2.25
7. Mrs. Umpun Pangkum	28,920,700	1.30
8. Mrs. Chalermsook Kumpeeranont	20,000,000	0.90
9. Mr. Sombat Buranateerakit	20,000,000	0.90
10. Unsirimongkol Family Group <sup>3/</sup>	19,450,000	0.88
11. Mr. Viroj Tuksinanukorn	15,000,000	0.67
12. Punnakittikasem Family Group <sup>4/</sup>	13,748,801	0.62
13. Other Shareholders	247,230,124	11.12
<b>Total</b>	<b>2,222,712,675</b>	<b>100</b>

<sup>1/</sup>Phihakendr Family Group consists of

Name	No. of shares	% of paid-up capital
1. Mr. Phiroon Phihakendr	243,034,700	10.93
2. Mr. Phisudhi Phihakendr	243,034,600	10.93
3. Mr. Phipat Phihakendr	243,034,600	10.93
4. Mr. Phiboon Phihakendr	243,034,600	10.93
5. Mrs. Voranuch Phihakendr	201,978,000	9.09
<b>Total</b>	<b>1,174,116,500</b>	<b>52.82</b>



<sup>2/</sup> Ittiwittayathorn Family Group consists of

Name	No. of shares	% of paid-up capital
1. Mrs. Karnchana Ittiwittayathorn	40,000,000	1.80
2. Miss Viyada Ittiwittayathorn	30,000,000	1.35
<b>Total</b>	<b>70,000,000</b>	<b>3.15</b>

<sup>3/</sup> Unsirimongkol Family Group consists of

Name	No. of shares	% of paid up capital
1. Mr. Surachai Unsirimongkol	13,950,000	0.63
2. Miss Benjamas Unsirimongkol	5,500,000	0.25
<b>Total</b>	<b>19,450,000</b>	<b>0.88</b>

<sup>4/</sup> Punnakittikasem Family Group consists of

Name	No. of shares	% of paid-up capital
1. Mr. Pricha Punnakittikasem	12,190,801	0.55
2. Mr. Primon Punnakittikasem	1,558,000	0.07
<b>Total</b>	<b>13,748,801</b>	<b>0.62</b>

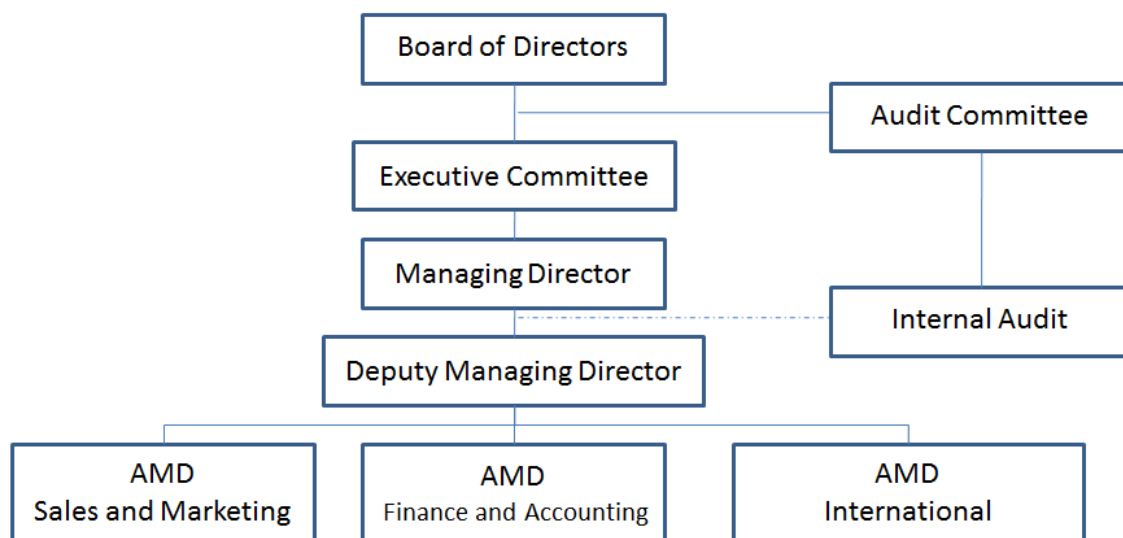
## Dividend Policy

The Company has a policy to pay out dividend off at least 40% of its net profit after deducting other reserves as per the Company's Articles of Association and governing law. This dividend payment is only made if there are no other financial needs by the company and the payment does not significantly affect the Company's normal operating activities.

The subsidiary company has a policy to pay out dividend to shareholders according to the Company, in which the subsidiary's board of directors shall together consider the dividend based on its performance, investment plans, needs and other suitability that the board of directors have agreed on.

# Management Structure

## 1. Organization Chart



## 2. Management Structure

Management structure of Energy Earth Public Company Limited is consisted of 3 committees including The Board of Directors, Audit Committee, Board of Executive Directors and Managing Director. And for Energy Perfect Company Limited, the management structure is consisted of The Board of Directors and Managing Director. Details of which are as follows:

### 2.1 Board of Directors

#### (1) Energy Earth Public Company Limited

The Board of Directors as of 3 February 2011 consists of 12 directors as follows:

Name	Position
Mr. Phisudhi Phihakendr <sup>1/</sup>	Chairman
Mr. Parada Bunnag	Vice Chairman/Independent Director
Mr. Khajohnpong Khamdee <sup>1/</sup>	Director

Mr. Phiroon Phihakendr <sup>1/</sup>	Director
Mr. Phipat Phihakendr <sup>1/</sup>	Director
Mr. Phiboon Phihakendr <sup>1/</sup>	Director
Ms. Kanchana Chakvichitsopon	Director
Mr. Thanawat Pratoomsuwan	Director
Mr. Somkiat Sukdheva	Independent Director/Chairman of the Audit Committee
Mr. Eknarin Thammaraks	Independent Director/Audit Committee
Mr. Suriyaporn Bunchai	Independent Director/Audit Committee
Mr. Thongchai Watanasoponwong	Independent Director/Audit Committee

Remarks: <sup>1/</sup> is also in The Board of Directors of Energy perfect Company Limited

### Authorized Directors to sign on behalf of the Company

Extraordinary General Meeting of Shareholders of the Company No.2/2010 on 2 December 2010 resolved in an appointment of directors who have authorities to sign on behalf of the Company. The authorized directors are Mr. Khajohnpong Khamdee, Mr. Phiroon Phihakendr, Mr. Phipat Phihakendr, Mr. Phisudhi Phihakendr, Mr. Phiboon Phihakendr, Ms. Kanchana Chakvichitsopon, and Mr. Thanawat Pratoomsuwan. Two of seven committees need to countersign and affix the company's seal. Ms. Kanchana Chavichitsopon is in charge of company secretary.

### Duties and Responsibilities of the Board of Directors are as follows:

The Board of Directors Meeting No.12/2010 of Energy Earth Public Company Limited held on 24 December 2010 stated duties and responsibilities of The Board of Directors. Details of which are as follows:

1. The Board of Directors have authorities and responsibilities according to the of association of company which are defined to be of the Board of Directors.
2. The Board of Directors have authorities and duties to establish important policies of the Company as follows:

#### 2.1 Business conduct policy

- 2.2 Financial policy
- 2.3 Funding policy
- 2.4 Funds management policy
- 2.5 Risk management policy
- 3. The Board of Directors have authorities and duties for the Company investments as follows:
  - 3.1 Consider and approve budget plans
  - 3.2 Consider investment plans of the Company
  - 3.3 Supervise and manage projects to establish as planned.
- 4. The Board of Directors have authorities and duties to supervise and manage the Company's performance to:
  - 4.1 Ensure that the Company's performance shall be established as planned.
  - 4.2 Set resolutions in the case of problems and troubles to achieve the planned goals or better.
- 5. The Board of Directors have authorities and duties to establish general information and financial reports to shareholders and investors accurately and in accordance with regulation of laws.
- 6. The Board of Directors have authorities and duties to acknowledge the important report of the Audit Committee or Internal Audit, as well as Auditor and the Company's consultants. The Board of Directors are required to establish resolutions in the case of significant defects found.
- 7. The Board of Directors have authorities and duties to collate sufficiency and appropriation of the internal control and risk management of the Company.
- 8. The Board of Directors have authorities and duties to establish high level management structure and the Company's succession plan.
- 9. The Board of Directors have authorities and duties to appoint Audit Committee and establish authorities and responsibilities of the Audit Committee.
- 10. Appoint one of the directors or many of the directors or other individuals to act on behalf of the Board of Directors. For the delegation, the delegated

individuals must not have authorities to approve items which involve such individuals or individuals who may have conflicts of interests with the Company and its subsidiaries.

Exception for the followings can be made only upon approval by the shareholders' meeting. If committees or connected persons are related to the transaction that may create any conflicts of interests with the Company, the related committees are not permitted to vote on that transaction.

- Act that the law requires the resolution of the shareholders' meeting.
- Transaction that involves a committee who may have conflicts of interests, or required by laws or regulations of the Stock Exchange of Thailand to have approval of the resolution of the shareholders' meeting.
- The following events must be approved by The Board of Directors' Meeting and the shareholders' meeting with a three-quarter (3/4) vote of eligible shareholders present at the meeting.
  - The sale of transfer of the whole of important parts of the business.
  - The purchase or acceptance of transfer to other companies or private companies.
  - The signing, amending or terminating of contracts with respect to the leasing of the whole or important parts of the business, the assignment of the management of the business of the company to other persons or business merger/acquisition with the purpose of profit and loss sharing.
  - The amendment of memorandum of association or articles of association.
  - The increase of decrease in capital.
  - The merger/acquisition and wind up of the Company.
  - Others that are required by laws.

## Company Secretary

The Board of Directors have appointed Ms. Kanchana Chakvichitsopon to be the company secretary. Her duties and responsibilities are to monitor activities of The Board of Directors and ensure that The Board of Directors perform in accordance with laws and related regulations.

### (2) Energy Perfect Company Limited

1. The Board of Directors have authorities and responsibilities according to the articles of association of company which are defined to be of the Board of Directors.
2. The Board of Directors have authorities and duties to establish important policies of the Company as follows:
  - 2.1 Business conduct policy
  - 2.2 Financial policy
  - 2.3 Funding policy
  - 2.4 Funds management policy
  - 2.5 Risk management policy
3. The Board of Directors have authorities and duties for the Company investments as follows:
  - 3.1 Consider and approve budget plans
  - 3.2 Consider investment plans of the Company
  - 3.3 Supervise and manage projects to establish as planned.
4. The Board of Directors have authorities and duties to supervise and manage the Company's performance to:
  - 4.1 Ensure that the Company's performance shall be established as planned.
  - 4.2 Set resolutions in the case of problems and troubles to achieve the planned goals or better.

5. The Board of Directors have authorities and duties to acknowledge the report of the Auditor and the Company's consultants. The Board of Directors are required to establish resolutions in the case of significant defects found.
6. The Board of Directors have authorities and duties to collate sufficiency and appropriation of the internal control and risk management of the Company.
7. Appoint one of the directors or many of the directors or other individuals to act on behalf of the Board of Directors. For the delegation, the delegated individuals must not have authorities to approve items which involve such individuals or individuals who may have conflicts of interests with the Company and its subsidiaries.

Exception for the followings can be made only upon approval by the shareholders' meeting. If committees or connected persons are related to the transaction that may create any conflicts of interests with the Company, the related committees are not permitted to vote on that transaction.

- Act that the law requires the resolution of the shareholders' meeting.
- Transaction that involves a committee who may have conflicts of interests, or required by laws or regulations of the Stock Exchange of Thailand to have approval of the resolution of the shareholders' meeting.
- The following events must be approved by The Board of Directors' Meeting and the shareholders' meeting with a three-quarter (3/4) vote of eligible shareholders present at the meeting.
  - The sale of transfer of the whole of important parts of the business.
  - The purchase or acceptance of transfer to other companies or private companies.
  - The signing, amending or terminating of contracts with respect to the leasing of the whole or important parts of the business, the assignment of the management of the business of the company to other persons or business merger/acquisition with the purpose of profit and loss sharing.

- The amendment of memorandum of association or articles of association.
- The increase of decrease in capital.
- The merger/acquisition and wind up of the Company.
- Others that are required by laws

## 2.2 Audit Committee

Audit Committee of the Company as of 3 February 2011 consists of 4 directors as follows:

Name	Position
Mr. Somkiat Sukdheva	Independent Director/Chairman of the Audit Committee
Mr. Eknarin Thammaraks	Independent Director/Audit Committee
Mr. Suriyaporn Bunchai	Independent Director/Audit Committee
Mr. Thongchai Watanasophonwong	Independent Director/Audit Committee

### Scope of duties and responsibilities of the Audit Committee

1. Review to ensure that the financial reports correctly and sufficiently disclosed and reliable.
2. Review to ensure that the Company has internal control systems and internal audit that are appropriate and effective. Consider the independence of the internal audit unit and to approve the appointment, transfer and dismissal of head of internal audit or any other unit responsible for internal audit.
3. To review the Company's compliance with the regulations of the Securities and Exchange Commission, requirements of the Stock Exchange and laws relating to its business.
4. To select and nominate the person who has the independence to act as auditor of the Company and remuneration of such persons, including meeting with the auditor without management attendance at least once a year.
5. Consider connected transaction or the transactions that may have a conflict of interest to be comply with the laws and regulations of the Stock Exchange to



ensure that such transactions are reasonable and the best interest of the company.

6. Prepare a report of the audit committee to disclose in annual report of the Company. The report must be signed by the Chairman of the Audit Committee and must include at least the following.
  - 6.1. An opinion on the accuracy, completeness and reliability of financial reporting of companies.
  - 6.2. An opinion on the adequacy of the Company's internal control.
  - 6.3. An opinion on compliance with the law according with the Securities and Exchange Commission, terms of the Stock Exchange or laws relating to its business.
  - 6.4. An opinion on the appropriateness of the auditor.
  - 6.5. An opinion on items that may have a conflict of interest.
  - 6.6. The number of meeting of Audit Committee and attendance of each member.
  - 6.7. An opinion or suggestion that the audit committee has received from its duties under the Charter.
  - 6.8. Other items that the shareholders and public investors should be aware within the scope of duties and responsibilities assigned by the Board of Directors.
7. Any other action appointed by the Board of Directors of the Company.

### **Audit Committee Terms**

Terms of Audit Committee are 3 years, but could be re-elected by The Board of the Directors or the shareholders' meeting.

## 2.3 Board of Executive Directors

### (1) Energy Earth Public Company Limited

The Board of Executive Directors as of 3 February 2011 consists of 3 directors as follows:

Name	Position
Mr. Phisudhi Phihakendr	Chief Executive Officer
Mr. Khajohnpong Khamdee	Executive Director
Ms. Kanchana Chakvichitsopon	Executive Director

### Scope of duties and responsibilities of The Board of Executive Directors

1. Consider and approve request for loans or credits of the Company within the limit of Baht 320 million of the equivalent.
2. Consider and approve regular business operation of the Company such as purchasing machines, materials, equipments, approvals of expenses and write offs, etc. within the limit of Baht 200 million or the equivalent and other operations such as project expanding investment within the limit of Baht 160 million.
3. Have authorities to manage business of the Company according to purpose, regulations, shareholders' meeting resolution and Board of Directors' meeting resolution.
4. Establish the Company's organization chart, management and executive directors that cover every area of selections such as training, hiring or termination of employees.
5. Set up, advise, and establish policies of conducting business and strategies of the Company to The Board of Directors to review and approve.
6. Set up business plans, management authority, approve annual budget plan and conduct business according to the policies approved by the Board of Directors.

7. Have authorities to make financial transactions with financial institutions about opening an account in banks, financial institutions and requesting letter of guarantee from banks or financial institutions.
8. Perform other duties assigned by the Board of Directors during certain period.

According to the mentioned delegation, the delegated individuals must not have authorities to approve items which involve such individuals or individuals who may have conflicts of interests with the Company and its subsidiaries. The approval of such items must be proposed in The Board of Directors Meeting and/or the shareholders' meeting to consider and approve the items according to articles of associations or related laws and regulations, only the exception of those items being regular business operating activities and in compliance with policies approved by The Board of Directors.

#### **Scope of duties and responsibilities of Chief Executive Officer**

1. Manage regular business operations of the Company.
2. Consider and collate investments to propose to the Board of Executive Directors for approval.
3. Establish policy of annual budgeting to propose to the Board of Executive Directors for approval.
4. Consider and approve regular business operation of the Company such as purchasing machines, materials, equipments, approvals of expenses and write offs, etc. within the limit of Baht 200 million or the equivalent and other operations such as project expanding investment within the limit of Baht 80 million.
5. Have authority to act on behalf of the Company to outsiders in related and beneficial activities for the Company.
6. Perform other duties assigned by The Board of Directors case by case.

According to the mentioned delegation, the delegated individuals must not have authorities to approve items which involve such individuals or individuals who may have conflicts of interests with the Company and its subsidiaries. The approval of such items must be

proposed in The Board of Directors Meeting and/or the shareholders' meeting to consider and approve the items according to articles of associations or related laws and regulations, only the exception of those items being regular business operating activities and in compliance with policies approved by The Board of Directors.

## 2.4 Management

Management of the Company consists of 5 persons as follows:

Name	Position
Mr. Khajohnpong Khamdee	Managing Director
Mr. Phiroon Phihakendr	Deputy Managing Director
Mr. Senee Hongsubchat	Assistant Managing Director – Sales and Marketing
Mr. Thanawat Pratoomsuwan	Assistant Managing Director - Finance and Accounting
Mr. Paiboon Assawasiriwong	Assistant Managing Director - International

### Scope of duties and responsibilities of Managing Director

1. Authorize, strategize, and operate the Company business according to policies approved by The Board of Directors and supervise/manage overall operation.
2. Prepare, propose annual budget plan, each sector's budget, individuals' authorities, each sector's procedure of using annual budget, as well as supervise budgeting according to policy approved by The Board of Directors.
3. Amendment and Termination of substantial contracts as considered by The Board of Directors.
4. Determine the significant issues of the Company, missions, objectives, policies, overall operating performances, production, customer relationship and any responsibilities to Board of Directors.
5. Consider and approve regular business operation of the Company such as purchasing machines, materials, equipment, approvals of expenses and write offs, etc. within the limit of Baht 100 million or the equivalent and other

operations such as project expanding investment within the limit of Baht 40 million.

6. Have authority to order, announce, and record for the purpose of business being able to perform according to the Company's policies and benefit, and to maintain discipline and work within the organization.
7. Hire, appoint, dismiss, terminate, as well as determine salary and bonus to the employee who ranks below managing director position.
8. Have authority to act on behalf of the Company to outsiders in related and beneficial activities for the Company.
9. Approve and appoint any advisors regarding to the necessity issues for business operation.
10. Consider and propose to The Board of Directors Meeting the events that are required to be approved by The Board of Directors Meeting and reported to related organizations such as Securities and Exchange Commission, The Stock Exchange of Thailand and Ministry of Commerce, etc.
11. Perform other duties assigned by The Boards of Directors case by case.

Managing Director may delegate power to executives or employees to have authority to approve certain events, but Managing Director or the delegated individuals must not have authorities to approve items which involve such individuals or individuals who may have conflicts of interests with the Company and its subsidiaries. In any legal actions that may cause conflicts of interests in compliance with laws and announcement of Securities and Exchange Commission or The Stock Exchange of Thailand, Managing Director or the delegated individuals must propose through Audit Committee to The Board of Directors and/or the shareholders' meeting (depending on each case) according to laws and articles of associations.

### 3. Directors and management nomination

The Company does not have Board of Nominating Directors. The candidates to be nominated as directors and management of the Company must be qualified under section 68 of the Public Companies Act. 2535 and Articles of Association and do not have any prohibit qualifications according to Tor Jor 28/2551 of SEC regarding the permission and approval to sell securities.

#### Director appointment process

Composition and nomination, appointment, termination of being the Company's director is stated in Articles of Associations in which details are as follows:

1. The Board of Directors consists of no less than 5 directors elected by the shareholders and the audit committee must consist of no less than 3 directors. no less than half of the directors must be resident in Thailand.
2. The shareholders appoint directors by applying the following criteria and procedures:
  - (1) Each shareholder has one vote per share held.
  - (2) Each shareholder exercises all votes applicable under (a) in electing one or more persons as directors, but can't allocate only part of his or her votes to any nominees.
  - (3) Candidates with the most votes are to be appointed as directors according to the number required. If more candidates receive equal votes than the number of directors required, the chairman must cast a vote to decide who is appointed.
3. At every annual general meeting, one-third of the directors or if this number is not a multiple of 3, then the number nearest to one-third must retire from company. The names of directors to retire during the first and second year after the company was listed are to be drawn. For subsequent years, the

directors with the longest terms must retire. Directors who are retired by rotation could be re-elected.

4. Any member to resign from the office may submit a resignation letter to the Company. The resignation will take effect on the date of a resignation letter reaches the Company.
5. To vote for any directors leaving office before the expiration of the term, the vote of no less than three-fourths of eligible and present shareholders, and sum of total shares no less than half of the number of shares held by present shareholders who are eligible to vote are required.

#### **Audit Committee appointment process**

Audit Committee of the Company must be independent directors appointed by the Board of Directors of the shareholders and must be qualified under the Stock Exchange of Thailand laws, announcement, and/or regulations. The Audit Committee must consist of no less than 3 directors, at least 1 of the Audit Committee must be sufficient in accounting and finance.

#### **Board of Executive Directors appointment process**

The Board of Directors appoint the Board of Executive Directors by nominating directors and/or management appropriately, and appoint one executive director to be Chief Executive Officer.

### Details of Directors and Management as of 8 March 2011

No.	Name/Position	Age	Education	Relationship with Executives	Shares holding in Company (%)	Working Experience within 5 years	
						Time Period	Position/Company
1.	Mr. Phisudhi Phihakendr Chairman	60	<u>Undergraduate</u> Business Management University of Memphis	Father of Mr. Phiroon Phihakendr, Mr. Phipat Phihakendr and Mr. Phiboon Phihakendr	10.93	2010 – Present	Chairman Energy Earth Public Company Limited
						2007 – Present	Director Energy Perfect Company Limited
						2007 – Present	Director Energy Mining Company Limited
						2006 – Present	Director Snack Shack Company Limited
2.	Mr. Parada Bunnag Vice Chairman and Independent Director	49	<u>Undergraduate</u> Management Western Michigan University	-	-	2010 – Present	Vice Chairman/Independent Director Energy Earth Public Company Limited
						1993 – Present	Director D. Bunnag Chromiam Plating Co., Ltd



						1993 – Present	Director Brother Auto Parts & Engineering Co. Ltd.
3.	Mr. Khajohnpong Khamdee Director	39	<u>Undergraduate</u> <i>Accounting</i> Rajabhat Rajanagarindra University	-	19.02	2010 – Present	Managing Director Energy Earth Public Company Limited
						2007 – Present	Managing Director Energy Perfect Company Limited
						2007 – Present	Director Energy Mining Company Limited
						2008 – Present	Director WTEC Co., Ltd.
						2006 – Present	Director of Financial and Accounting, Thailand Anthracite Co., Ltd.
4.	Mr. Phiroon Phihakendr Director	34	<u>Master</u> <i>Company Science</i> New York University <u>Undergraduate</u> <i>Computer-Science</i> New York University	Son of Mr. Phisudhi Phihakendr	10.93	2010 – Present	Director Energy Earth Public Company Limited
						2007 – Present	Director Energy perfect Company Limited
						2007 – Present	Director Energy Mining Company Limited

						2003 – Present	Director WTEC Co., Ltd.
						2005 – Present	Director Bangkok Beer & Beverage Co., Ltd.\
						2007 – Present	Director Upsara Valley Winery Co., Ltd.
						2008 – Present	Director MM Alliance Co., Ltd.
5.	Mr. Phipat Phihakendr Director	32	<u>Master</u> <i>Management</i> University of Southern California <u>Undergraduate</u> <i>Music Industry</i> University of Southern California	Son of Mr. Phisudhi Phihakendr	10.93	2010– Present	Director Energy Earth Public Company Limited
						2007 – Present	Director Energy Perfect Company Limited
						2007 – Present	Director Energy Mining Company Limited
						2010 – Present	Director WTEC Co., Ltd.
6.	Mr. Phiboon Phihakendr Director	27	<u>Master</u> <i>Linguistics</i> Fudan University <u>Undergraduate</u>	Son of Mr. Phisudhi Phihakendr	10.93	2010 – Present	Director Energy Earth Public Company Limited
						2011 – Present	Director Energy Perfect Company Limited

			<i>Music Composition</i> California Institute of the Arts				
7.	Ms. Kanchana Chakvichitsopon Director	59	<u>Undergraduate</u> <i>Economics</i> Chiangmai University	-	3.99	2010 - Present	Director Energy Earth Public Company Limited
8.	Mr. Thanawat Pratoomsuwan Director	40	<u>Master</u> <i>Public Administration</i> <i>National Institute of Development Administration</i> <u>Undergraduate</u> <u>Business Management-Marketing</u> <u>University of the Thai Chamber of Commerce</u>	-	0.05	2010 - Present  1993 – 2010	Director Energy Earth Public Company Limited  Team Manager-Credit Customer, KasikornBank Public Company Limited
9.	Mr. Somkiat Sukdheva Chairman of the Audit Committee and Independent Director	67	<u>Master</u> <i>Management</i> Sasin of Chulalongkorn University	-	-	2011 – Present	Chairman of the Audit Committee and Independent Director Energy Earth Public Company Limited

			<u>Undergraduate</u> <i>Economics</i> Thammasat Universtiy			2001 – Present	Director Korvac (Thailand) Company Limited
						2002 – Present	Audit Committee Thanachart Capital PCL
						2009 – Present	Director P T and S Car Care Partnership Limited
10.	Mr. Eknarin Thammaraks Audit Committee and Independent Director	35	<u>Undergraduate</u> Business Science Professional Tennis Management Ferris State University	-	-	2010 – Present	Audit Committee / Independent Director Energy Earth Public Company Limited
						2005– Present	Director The Legend Resort & Spa Co, Ltd.
						2010– Present	Director Beccofino Trattoria (Chiangmai)
						2005– Present	Director Hmong Hilltribe Lodge Co, Ltd.
						2011– Present	Director Miniature Gallery Partnership Ltd.

						2011– Present	Director Miceman Company Limited
						2005– Present	Director Lampang River Lodge Hotel Co, Ltd.
						2007– Present	Director General Manager, International Travel Consultants
11.	Mr. Suriyaporn Bunchai Audit Committee and Independent Director	43	<u>Undergraduate</u> <i>accounting</i> Ramkhamhaeng University	-	-	2010– Present	Audit Committee / Independent Director Energy Earth Public Company Limited
12.	Mr. Thongchai Watanasoponwong Audit Committee and Independent Director	34	<u>Master</u> <i>Computer Science</i> The George Washington University <u>Undergraduate</u> <i>Electrical Engineering</i> Thammasat University	-	-	2010– Present	Audit Committee / Independent Director Energy Earth Public Company Limited
						2003– Present	Solution Sales Manager IBM Thailand Company Limited

#### 4 Compensation for Management

##### Compensation in form of cash

Items	2010	
	Compensation details	Baht
As Director	Meeting Compensation	50,000
As Management	Salary-Bonus	6,040,957
Total		6,090,957

Management's Compensation according to financial statements for the year 2010 is only compensation for 4 independent directors whose names are Mr. Parada Bunnag, Mr. Eknarin Thammarak, Mr. Suriyaporn Bunchai and Mr. Thongchai Patanasoponwong. For the 7 management committees, they have received compensation as management team for the total amount of Baht 6,040,957.

The Board of Directors Meeting No. 4/2011 held on 28 February 2010 resolved to define compensation for Board of Directors, Audit Committee and Board of Executive Directors for the year 2011 as follows:

- (1) For collating financial statements quarterly

Committee	Compensation (Baht per 1 Appearance)
Chairman	60,000
Vice Chairman	40,000
Director	20,000
Company Secretary	10,000
Chairman of the Audit Committee	40,000
Audit Committee	20,000
Secretary of the Audit Committee	20,000

- (2) For other meetings for different agendas, compensation rate is Baht 10,000 per one person / one appearance.
- (3) Executive Directors receive Baht 20,000 per month.
- (4) Compensate traveling cost for directors who leave in other provinces that are not Bangkok.

## 5. Corporate Governance

The Company is committed to the good corporate governance (Code of Best Practices) to apply in the Company's operation for the benefit and transparency of the Company business, as well as enhance effectiveness of management team, which will create confidence in shareholders, investors and all related parties. Good corporate governance is categorized into 5 principles as follows:

### 5.1 Rights of Shareholders

The company values the importance of shareholders' right, therefore, the company assures that company's shareholders shall have the same basic right, namely rights to buy, sell, or transfer shares, rights to obtain adequate information, rights to participate and vote in the shareholders' meeting on significant issues and rights to share in the profits of the company. The details are as follows:

- The Company holds Annual General Meeting yearly, each year within 4 months after the end of accounting period, sends meeting notices and agendas to shareholders 7 days before the meeting day and announce in newspaper 3 consecutive days no less than 3 days before the meeting day. Each agenda shall also have opinions of the Board of Directors
- The Company regularly disseminates information to shareholders via The Stock Exchange of Thailand's channel, media and publications, including its website.
- In the case that shareholders cannot attend the meeting themselves, the Company shall let shareholders give proxies to independent directors or individuals to act on behalf of them. This is to support voting rights of shareholders and can be done by using proxy that the company attach with the invitation letter.

- Before the meeting, shareholders may send comments, opinions and questions via email addresses of investor relation and secretary of the board.
- In the meeting, The Company allocates a suitable period of time for the meeting, conducts each meeting suitably and transparently, allowing through expression of views and queries before each ballot round and summarizes meeting resolutions on each agenda. If the shareholders have inquiries about certain areas, the Company shall provide suitable specialist to answer all questions under responsibilities of the Board of Directors.
- All directors attend each shareholder meeting. Directors are required to address relevant questions and concerns, posed by shareholders (if any).

## 5.2 Equality Treatment of Shareholders

The company values and treats all shareholders fairly through the following actions:

- Conduct and facilitate all shareholders equally and do not take any actions that restrict or violate rights of shareholders.
- Determine the right to vote in the meeting according to number of shares held by shareholders, one share equals one vote.
- Ensure that independent directors are responsible for minor shareholders' rights. Minor shareholders may state opinions or complaints to independent directors and independent directors will review considerably in each case. If they are complaints, independent directors shall perform speculation and strive for best resolutions. If they are opinions and independent directors agree to their importance to overall stakeholders or the Company, independent directors shall propose such matters to the shareholders' meeting to consider and state in agendas of the shareholders' meeting.
- Establishing the Board of Directors' measurements to control the usage and prevent the misuse of internal information (insider trading) for personal benefit of concerned persons, including the Board of Directors, executives and staff in related department (including spouses and minor child of concerned persons), as well as determine penalty for internal information disclosure, the misuse of internal information, explain to the Board of Directors and Management The



duty of securities holding reporting to Securities and Exchange Commission (SEC) under Section 59 of the Securities and Exchange Act. 2535, and inform announcement regulations of SEC and The Stock Exchange of Thailand to The Board of Directors and Management of the Company regularly.

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### 5.3 The Roles of Stakeholders

The Company realizes the rights of all stakeholders related to the Company, including internal stakeholders such as shareholders, employees, and management of the Company, or external stakeholders, such as competitors, partners, and customers, etc. The Company understands that support and relationship management to all stakeholders are beneficial to the Company's performance in the future and the Company shall treat every parties equally according to laws and regulations as follows:

- Shareholders: Besides the basic rights of shareholders and the rights stipulated by the laws and the company's article of association, such as rights to attend the shareholders' meetings and vote at the meeting , rights to freely express opinions at the shareholders' meetings, and rights to receive an appropriate return. The company gives shareholders the right, as the owner of the company, to make suggestions and comments on the company's affairs through the independent directors. Each comment and suggestion will be carefully considered and presented to the Board of Directors.
- Employees: The Company believes that employees are the most valuable assets. The company always develops competence of every employee to support business expansion plan. Furthermore, the company treats its employees in such a way that they feel happy to perform their assigned tasks, improve working environment to ensure safe, modern and healthy welfare appropriately.
- Trading partners: The Company purchases products and services according to commercial terms including perform the contracts with partners fairly.

- ⦿ Competitors: Competitors will be treated fairly under normal competitive term and without any illegal practices to destroy them.
- ⦿ Customers: The Company takes care and responses to all customers by providing standard quality products as well as keeps their confidential data.
- ⦿ Communities: The Company is responsible to environment of community and society

The Company has established guidelines to reflect needs of all stakeholders clearly in “Code of Conduct”, as well as support The Board of Directors, Management, employees to respect “Code of Conduct” as if it is part of their important responsibilities.

#### **5.4 Information Disclosure and Transparency**

The Company realizes the importance of information disclosure and transparency in both financial information reports and general reports in accordance to regulations of information disclosure of Securities and Exchange Commission and The Stock Exchange of Thailand, as well as other essential information that may affect stock prices, investors or stakeholders’ decisions.

The Company shall disclose information of the Company to shareholders, investors, and public via communication system set up by Securities and Exchange Commission and The Stock Exchange of Thailand and the Company website, <http://www.energyearth.co.th>

About investor relations, the Company hasn’t organized such particular team. However, the Company has assigned Assistant Managing Director (Finance and Accounting) to be the contact point with investors, shareholders, analysts, and related public organizations. Shareholders and investors may contact this contact point at Mr. Thanawat Pratoomsuwan, Assistant Managing Director (Finance and Accounting), Telephone No. 02-673-9631 or Email address: [thanawat@energyearth.co.th](mailto:thanawat@energyearth.co.th)

## 5.5 Responsibilities of the Board of Directors

### Structure

The Board of Directors of the Company consist of knowledgeable, skillful and experienced persons who can contribute to the Company and play important roles in setting up policies, strategies as well as follow up overall performance every quarter. The Board of Directors also need to pay serious attention on internal control and internal audit for the best benefit of the Company and shareholders.

On 3 February 2011, there were 12 directors in the Company, consisting of 5 Non Managing Directors with qualification of being independent directors no less than one-third of total directors. Their duties are to review and collate matters and management of the Management Team for the best benefit of the Company.

The Board of Directors had appointed 2 sub-committees to help supervise the Company's business. The 2 sub-committees are Audit Committee and The Board of Executive Committee. The Company had divided duties and responsibilities of The Board of Directors, Audit Committee and The Board of Executive Directors to shareholders clearly for independency in decision making and vision proposals as already mentioned above in section "Management Structure".

Independent Directors and Audit Committee	Company has 5 independent directors, 4 of which are audit Committee to perform particular duties and propose important matters to The Board of Directors to acknowledge within scope and authorities assigned.
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The Board of Executive Directors	: The Company has 3 executive directors to perform duties effectively within scope and authorities assigned.
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The Company also has policies to divide position of chairman and position of managing director to be different persons in order to protect unlimited authorities for one person. The Board of Directors shall assign authorities, duties and appoint individuals to take such positions.

The Company has company secretary who has duties to advise rules and regulations that The Board of Directors are required to acknowledge. The secretary also monitors The Board of Directors' activities and ensure that The Board of Directors' meeting resolutions are performed accordingly.

### **Directors' remuneration**

The Company reported directors' remuneration clearly and in compliance with the announcement of Securities and Exchange Commission. The mentioned remuneration must be approved in Annual General Meeting every year. In the case that directors of the Company are assigned to perform more duties, such as also take the position of audit committee, directors will receive appropriate remuneration depending on the Company's status.

### **Policy on Corporate Governance**

The Board of Directors had set policy on corporate governance on The Board of Directors Meeting No. 3/2011 held on 10 February 2011. The policy was approved in the meeting.

The Company realized the importance of the policy of corporate governance since it will be very much beneficial to the performance, as well as enhance stability of the Company. About establishing performing guidelines, the Company pays high attention to internal control and internal audit. The Board of Directors will have assessment of internal control every year starting from year 2011 for good corporate governance according to regulations of the Stock Exchange of Thailand.

The Board of Directors collate and perform duties according to the stated policies. The Company shall operate business in compliance with laws and regulations of SEC and The Stock Exchange of Thailand.

### **Code of Conduct**

The Company had established the Code of Conduct of Board of Directors, Management, and employees for related individuals to operate business, perform duties honestly

### **Conflicts of interest**

The Board of Directors established policies on conflicts of interest based on that any acts and decisions must be made upon the best benefit of the Company and one should avoid any acts involved conflicts of interests. Any individuals related to connected transactions or items who may have conflicts of interest must inform the Company about their relationship with such transactions and do not have the right to vote or approve such activities.

The Audit Committee shall propose The Board of Directors about the related and connected transactions and collate them carefully. The Company had complied with laws and regulations of The Stock Exchange of Thailand strictly about pricing and other conditions with individuals who may have conflicts of interest as if they are outsiders. Such transactions are disclosed in financial statements, annual report and Form 56-1.

### **Report of The Board of Directors**

The Board of Directors are responsible for financial reports of the Company and its subsidiaries, as well as information disclosed in annual report, 56-1, and financial statements collated by Audit Committee. Directors are also responsible for internal control, and adequacy of information disclosure in Notes of Finance Statements which are presented to The Board of Directors quarterly. Financial statements are audited by certified auditor approved by SEC and have disclosed important information both financial information and non-financial information accurately.

## The Board of Directors Meeting

The Company holds The Board of Directors Meeting at least everyquarter, and Extraordinary General Meeting depending on the necessities by stating clear agendas in advance and must monitor progress of the performance. The company secretary shall be responsible for preparing agendas for the meeting and sending out meeting invitation paper to The Board of Directors no less than 7 days before the meeting day, so that directors may have time to consider and study agendas sufficiently. The company secretary is also responsible for keeping reports that are approved by The Board of Directors systematically for related parties to speculate.

In considering agendas, The Chairman shall allow directors to state opinions freely. Voting in the meeting shall be counted on majority. One director has one vote, directors who may be stakeholders are not allowed to attend the meeting, or not allowed to vote on such matters. If the votes are equal, Chairman will make the decisive vote.

In 2010, the Company held 12 Board of Directors Meeting. The first 11 meetings were Board of Directors Meeting of Advance Paint and Chemical (Thailand) Public Company Limited, which its directors have resigned since 17 December 2010. Therefore, Board of Directors Meeting of Energy Earth Public Company Limited was only held once on 24 December 2010, attendance of each director is as follows:

Number	Name	Attendance
		2010
1.	Mr. Phisudhi Phihakendr	1
2.	Mr. Parada Bunnag	1
3.	Mr. Khajohnpong Khamdee	1
4.	Mr. Phiroon Phihakendr	1
5.	Mr. Phipat Phihakendr	1
6.	Mr. Phiboon Phihakendr	1
7.	Ms. Kanchana Chakvichitsopon	1
8.	Mr. Thanawat Pratoomsuwan	1
9.	Mr. Somkiat Sukdheva	-
10.	Mr. Eknarin Thammaraks	1
11.	Mr. Suriyaporn bunchai	1
12.	Mr. Thongchai Watanasoponwong	1

**Remarks :** The resolution of Board of Directors Meeting No. 2/2011 appointed Mr. Somkiat Sukdheva as Chairman of the Audit Committee / Independent Director on 3 February 2011.

In 2010, Energy Perfect Company Limited held 15 Board of Directors Meeting, attendance of each director is as follows:

Number	Name	Attendance
		2010
1.	Phisudhi Phihakendr	15
2.	Khajohnpong Khamdee	15
3.	Phiroon Phihakendr	15
4.	Phipat Phihakendr	15
5.	Phiboon Phihakendr	-

**Remarks:** The resolution of Board of Directors Meeting No. 1/2011 appointed Mr. Phiboon Phihakendr as Director on 3 February 2011.

## Internal Control and Internal Audit

The Company realizes the importance of internal control both in management and operating level. For the most effective performance, the Company has set duties and authorizes for employees and management clearly with handwritten signatures. Company's assets must be controlled and used effectively for the best benefit of the Company. The Company also assigned internal audit to collate internal control to ensure that the Company's internal control is adequate, effective, financially controlled, effectively accomplished as well as supervising acts concerning laws and regulations relating to the Company. The internal audit result shall be reported directly to Audit Committee.

## 6. Policies and Practices of the Use of Inside Information

The Company has policies and methods to protect directors and management to gain personal profitability by the use of inside information of the Company that has not yet been disclosed to public as follows:

- Give more knowledge to directors and management about duties to report securities holding of individuals, spouses, minor child to SEC and The Stock Exchange of Thailand.
- The Company determines Management to report change of securities holding to SEC and The Stock Exchange of Thailand and send out copies of the report to the Company on this same day.
- The Company prohibits directors, management, employees who have information to disclose information to outsiders, or unrelated individuals. All should not purchase or sell stocks of the Company before financial statements are about to be published, must not disclose the Company's status or other important information and should wait at least 24 hours after information already disclosed to public before trading stocks.



## Connected Transaction

### Connected Transaction

1. Connected Party	Energy Mining Co., Ltd. (“Energy Mining”)
Business	Currently non-operating
Relationship	<ul style="list-style-type: none"> <li>Group Company’s directors: Mr. Phisudhi Phihakendr, Mr. Khajohnpong Khamdee, Mr. Phiroon Phihakendr, and Mr. Phipat Phihakendr are also the directors of Energy Mining</li> <li>The Company’s shareholders: Mr. Phisudhi Phihakendr, Mr. Khajohnpong Khamdee, Mr. Phiroon Phihakendr, Mr. Phipat Phihakendr, Mr. Phiboon Phihakendr, and Miss Kanchana chakvichitsopon are also the shareholders of Energy Mining, together in total of 90% of shares.</li> </ul>
Type of Connected Transaction	<p><u>Consulting Fees</u></p> <p>Consulting fees for a director from Energy Mining in EPCL for year 2009 which paid in 2010. This transaction will no more in future due to a director of Energy Mining has been appointed as EPCL’s director.</p>
Transaction Value	
Year 2009	-none-
Year 2010	120,000 Baht
Necessity/Rationale	The audit committee considered the transaction and opined that the transaction is reasonable and conducted at agreed price for the consultant received from a director of Energy Mining.
2. Connected Party	WTEC Co., LTD (“WTEC”)
Business	Computer system retails and consultant
Relationship	<ul style="list-style-type: none"> <li>Group Company’s directors: Mr. Khajohnpong Khamdee,</li> </ul>

	<p>Mr. Phiroon Pihakendr, Mr. Phipat Pihakendr, and Mr. Senee Hongsubchat are also the directors of WTEC</p> <ul style="list-style-type: none"> <li>■ The Company's shareholders: Mr. Phiroon Pihakendr, Mr. Khajohnpong Khamdee, Mr. Phipat Pihakendr, and Mr. Phiboon Pihakendr are also the shareholders of WTEC in total of 53.32% of shares.</li> </ul>
Type of Connected Transaction	<p><u>Equipment Purchases</u></p> <p>Purchase of equipment and install information system for EPCL to monitor and coordinate within EPCL. This transaction is conducted at fair price. After sales service is also including in this transaction.</p>
Transaction Value	
Year 2009	-none-
Year 2010	5,967,050 Baht
Necessity/Rationale	<p>The audit committee considered and opined that EPCL has the necessity to purchase the equipment with reasonable prices. The price has a reference market price. Purchasing the equipment from WTEC is convenient for after sales service because WTEC is located near the Company. However, if there is similar transaction in the future, the price and condition received must be competitive to other companies.</p>
3. Connected Party	Mr. Khajohnpong Khamdee
Relationship	<ul style="list-style-type: none"> <li>■ Director and shareholder of the Company</li> <li>■ Director of EPCL</li> </ul>
3.1 Types of Connected Transaction	<p><u>Advance Payment for Coal Purchase</u></p> <p>The transaction is an advance payment for coal purchase. The</p>

	transaction occurred before the plan becoming a subsidiary of listed company. For the convenience in doing business, EPCL advanced the money to director. However, for transparency in the Company, the director paid back all the money. ECPL become the purchasers of each purchase transaction and pay for the transaction.
Transaction Value	
Year 2009	-none-
Year 2010	62,000,000 Baht
Necessity/Rationale	The audit committee considered and opined that the advance payment is a large amount. However, money paid back by the director is suitable. The audit committee sets the policy for future purchase that the Company Group must be the one who pay the money.
3.2 Types of Connected Transaction	<u>Advance Payment for General Purpose</u>  This transaction is related to travelling expenses for business purpose of Company Group. At present, the transaction has been cleared and Company Group issue the policy concerning travelling advance expenses that employees must reconcile the advance payment within 7 days after coming back.  However, total of advance payment may increase depending on next business trips.
Transaction Value	
Year 2009	-none-
Year 2010	1,151,588
Necessity/Rationale	The audit committee considered and opined that the transaction is useful for the business of Company Group. And Company Group has issued policy of reconciliation the amount

	within 7 days after coming back.
3.3 Types of Connected Transaction	<u>Short-Term Borrower</u> The Company borrowed money from director to use as working capital without any interests.
Transaction Value	
Year 2009	48,189,023 Baht
Year 2010	-none-
Necessity/Rationale	The audit committee considered and opined that the transaction is necessity, and useful for the Company Group's business because there is no interest.
3.4 Types of Connected Transaction	<u>Guarantee loan for EPCL</u> As a condition for general business loan from financial institution, a director is required as guarantor for business loan.
Transaction Value	
Year 2009	347,000,000
Year 2010	1,001,590,000
Necessity/Rationale	The audit committee considered and opined that the collateral is useful for received loan from financial institutions. Moreover, there is no charge of guarantee fee from director.
4. Connected Party	1. Mr. Visit Khamdee (Director's relative and the Company Group's employee)
	2. Mr. Umnuy Khamdee (Director's relative and the Company Group's employee)
	3. Miss Kawisara Khamdee (Director's relative and the Company Group's employee)

	4. Mr. Prakrit Hanitthikul (Former EPCL's shareholder, currently do not hold any of the Company's or EPCL's share)
	5. Mr. Tanachai Hanitthikul (Mr. Prakrit Hanitthikul's, former shareholder, relative)
Types of Connected Transaction	<u>General Advance Payment</u> This transaction is for international operations and loans as a normal employee welfares
Transaction value	1. Mr. Visit Khamdee Year 2010 : 147,563 Baht
	2. Mr. Umnuay Khamdee Year 2009 : 13,900 Baht Year 2010 : 347,066 Baht
	3. Miss Kawisara Khamdee Year 2010 : 8,801 Baht
	4. Mr. Prakrit Hanitthikul Year 2009 : 900,000 Baht
	5. Mr. Tanachai Hanitthikul Year 2009 : 159,009 Baht
Necessity/Rationale	The audit committee considered and opined that the transaction is useful for Company Group's business. And Company Group has issued policy of reconciliation the amount within 7 days after coming back. As for employee welfare, employees agreed to the Company Group's policy. The money will be deducted from employees' salaries as agreed.
5. Connected Party	Mr. Phisudhi Phihakendr
Relationship	■ Director and shareholder of the Company

	<ul style="list-style-type: none"> <li>Director of EPCL</li> </ul>
Types of Connected Transaction	<p><u>Guarantee loan for EPCL</u></p> <p>As a condition for general business loan from financial institution, a director is required as guarantor for business loan.</p>
Transaction Value	
Year 2009	45,000,000
Year 2010	195,000,000
Necessity/Rationale	<p>The audit committee considered and opined that the collateral is useful for received loan from financial institutions.</p> <p>Moreover, there is no charge for guarantee fee from director.</p>
6. Connected Party	Mr. Phipat Phihakendr
Relationship	<ul style="list-style-type: none"> <li>Director and shareholder of the Company</li> <li>Director of EPCL</li> </ul>
6.1 Types of Connected Transaction	<p><u>Ayutthaya Land Development Advance Payment</u></p> <p>The transaction is an advance payment for land development. The transaction occurred before the plan becoming a subsidiary of listed company. For the convenience in doing business, EPCL advanced the money to director. However, for transparency in the Company, the director paid back all the money. ECPL become the purchasers of each purchase transaction and pay for the transaction.</p>
Transaction Value	
Year 2009	-none-
Year 2010	37,000,000 Baht
Necessity/Rationale	<p>The audit committee considered and opined that the advance payment is a large amount. However, money paid back by the director is suitable. The audit committee sets the policy for</p>

	future land development that the Company Group must be the one who pay the money.
6.2 Types of Connected Transaction	<u>Advance Payment</u> Advance Payment as employee welfare
Transaction Value	
Year 2009	-none-
Year 2010	50,985 Baht
Necessity/Rationale	The audit committee considered and opined that it was a general employee welfare
7. Connected Party	Mr. Phiroon Phihakendr
Relationship	<ul style="list-style-type: none"> <li>■ Director and shareholder of the Company</li> <li>■ Director of EPCL</li> </ul>
7.1 Type of Connected Transaction	<p>Sriracha Land Development Advance Payment</p> <p>The transaction is an advance payment for land development. The transaction occurred before the plan of becoming a subsidiary of listed company. For the convenience in doing business, EPCL advanced the money to director. However, for transparency in the Company, the director paid back all the money. ECPL become the purchasers of each purchase transaction and pay for the transaction.</p>
Transaction Value	
Year 2009	-none-
Year 2010	31,500,000 Baht
Necessity/Rationale	The audit committee considered and opined that the advance payment is a large amount. However, money paid back by the director is suitable. The audit committee sets the policy for

	future that the Company Group must be the one who pay the money.
7.2 Type of Connected Transaction	<u>Guarantee loan for EPCL</u> As a condition for general business loan from financial institution, a director is required as guarantor for business loan.
Transaction Value	
Year 2009	307,000,000 Baht
Year 2010	1,001,590,000 Baht
Necessity/Rationale	The audit committee considered and opined that the collateral is useful for received loan from financial institutions. Moreover, there is no charge for guarantee fee from director.

### Measures and Procedures for the Approval of Connected Transactions

The Board of Directors have considered and unanimously resolved that in the case of connected transactions with persons who may have conflicts of interests in the future, each case must be proposed to the Board of Directors Meeting for consideration and final approval. The meeting also requires the presence of audit committees to ensure that the transactions are transparent, appropriate, have reasonable pricing policies and generate the best profitability for the Company. The persons who may have conflicts of interests shall not have voting rights in the transactions. In the event that the audit committees do not possess the required knowledge or specialization to speculate such transactions, the Company shall assign individuals with the required knowledge or special expertise, such as the Auditor of the Company, the independent appraisers, to comment on such transactions to the Board of Directors or the Shareholders, depending on each case. However, the Company shall perform this procedure in accordance with laws and regulations of the Stock Exchange of Thailand and Securities and Exchange Commission. All connected transactions are to be disclosed in the auditor's notes to financial statements, the Annual Report, and Form 56-1.



## Management Discussion and Analysis

### Overall Outlook of Past Performance

In 2009-2010, Group Company's revenue and net profit had increased continuously. The total revenue increased dramatically from Baht 1,007.49 million to Baht 1805.83 million in 2010. The net profit had increased to from Baht 7.51 million in 2009 to Baht 70.88 million Baht in 2010.

Company Group's Gross profit and net profit had increased from 7.34% and 0.75% in 2009 to 13.54% and 3.92% in 2010 due to higher coal price since mid-2009.

However, overall performance outlook of Company Group in 2009-2010 was still growing because of the followings:

- Fuel Price in the world marketing is still increasing, consumers who used oil and natural gas as their energy source started to switch to use coal as alternative energy, which resulted in EPCL being able to have more revenue from coal sales both domestically and internationally.
- Company Group continuously expanded customers both domestically and internationally. International marketing was an excellent to increase revenue because international consumers have great amount of demand for coal, while domestic marketing will lower the risk of relying too much on few large customers.
- Growing sales volume and total revenue in each year resulted in better gross profit and net profit.

Over past performance

## Revenue

Revenue Type	Financial statement of Company Group			
	2009		2010	
	Baht-million	%	Baht-million	%
Revenue from sales	1,006.87	99.94%	1,755.24	97.20%
<i>Growth rate from coal sales (%)</i>	NA.		74.33%	
Other Revenue				
Revenue from gasoline sales	-	-	15.21	0.84%
Other Income	0.62	0.06%	1.59	0.09%
Total revenue	1,007.49	100.00%	1,805.84	100.00
<i>Growth rate (%)</i>	NA.	NA.	79.24%	NA.

During the year 2009-2010, Company Group had increasing revenues from Baht 1,007.49 million to Baht 1,805.84 million, which represents a growth rate of 79.24%.

Most of the revenues in 2009-2010 consist of sales revenue the amount of 99.94% and 97.20% respectively. Sales revenue ratio decreased in 2010 because Company Group had more other income that was not from coal sales, such as from gasoline sales to delivery trucks the amount of 15.21 million Baht, and profit on foreign exchange rate the amount of 33.80 million Baht.

Coal sales revenue increased from Baht 1,006.87 million in 2009 to Baht 1,755.24 million in 2010, which represents a growth rate of 74.33%. The increased revenue during the certain period occurred due to the followings:

1. In 2009, Company Group assigned sales boosting policy to increase purchasing volume and bargaining power with traders. Company Group focused on marketing internationally because international customers have great demand for coal.

2. Company Group paid more attention to target customers who are end users to lower the risk of relying too much on a few large customers, which resulted in increasing revenue from 1006.87 million Baht in 2009 to 1755.24 million Baht in 2010. Growth rate is 74.33%.

## Profit

Net profit rate during the year 2009-2010 is 0.75% and 3.92% respectively. The growth in 2010 is due to better economic situation, higher coal price and increasing

## Company's Financial Status

### Assets

Total Assets of Company Group are growing continuously during the year 2009-2010, the amount at the end of each accounting period are shown in the following table.

Financial statement of Company Group				
	2009		2010	
	Baht-Million	%	Baht-Million	%
Current assets	478.03	67.24	699.46	52.49
Non-current assets	232.91	32.76	632.98	47.51
Total assets	710.94	100.00	1,332.44	100.00
Growth rate of current assets (%)		120.14		120.14
Growth rate of non-current assets (%)		19.15		19.15
Growth rate of total assets (%)		72.30		72.30

Total assets of Company Group increased from Baht 710.94 million in 2009 to Baht 1,332.44 million in 2010. Rates of current assets to total assets in 2009-2010 are 67.24 and 52.49 respectively. The increase of current assets is due to more account receivables in which the number is higher according to increasing sales volume.

(a) Trade account and notes receivables (Net)

Trade accounts receivable of Company Group in 2009-2010 can be categorized by aging in the following table:

Trade account receivables details	Financial statement of Company Group			
	31 December 2009		31 December 2010	
	Baht-Million		Baht-Million	
Not overdue	96.46	29.49	158.83	54.67
Overdue				
Less than 3 months	202.43	61.88	115.92	39.90
3 - 6 months	26.33	8.05	5.04	1.73
6 - 12 months	1.19	0.36	5.19	1.79
More than 12 months	0.71	0.22	5.53	1.90
<b>Total</b>	<b>327.12</b>	<b>100.00</b>	<b>290.52</b>	<b>88.81</b>
<u>Less</u> , doubtful accounts	(0.76)	(0.23)	(6.64)	(2.28)
<b>Trade account receivables (Net)</b>	<b>326.36</b>	<b>99.77</b>	<b>283.88</b>	<b>97.72</b>

Company Group has a policy to give credit terms to most customers no more than 30 days based on many considerate factors such as past performance, purchasing volume, and competitive market during that certain period.

Account receivables that are still not overdue had increased from 29.49% in 2009 to 54.72% in 2010, while account receivables that are less and 3 months and between 3-6 months overdue decreased dramatically from 61.88% in 2009 to 39.90% in 2010 and 8.05% in 2009 to 1.74% in 2010 respectively. These numbers reflected better negotiating power and better customer selective potential. However, account receivables that are between 6-12 months and more than 12 months overdue increased slightly from 0.36% in 2009 to 1.79% in 2010 and 0.22% in 2009 to 1.90% in 2010 respectively.

Key financial ratios	Financial statement of Company Group	
	2009	2010
Inventory Turnover (times)	11.28	10.03
Average age of inventory (days)	31.92	35.90

Company Group's average age of inventory increased from 31.92 days in 2009 to 35.90 days in 2010 due to the policy of storing more coal according to higher coal price trending.

### Liquidity

Company Group's cash flows that are related to investing and financing activities in 2009-2010 are shown in the following table:

Items	Financial Statements of Company Group (Unit = Baht-Million)	
	2009	2010
Net cash provided by (used in) from operating activities	(127.20)	163.89
Increase (decrease) in Cash flows from investing activities	(86.44)	(402.82)
Increase (decrease) in Cash flows from financing activities	200.55	263.98
Increase (decrease) in cash and cash equivalents - net	(13.08)	25.04
Cash and cash equivalents at beginning of year	32.93	19.85
Cash and cash equivalents at end of year	19.85	44.89

In 2009, Company Group was already spending a great amount of money for operating activities which is Baht 127.20 million, so Company Group considerably spent only Baht 86.44 million for investing activities by delaying payment of fixed assets. The amount that Company Group received from financing activities (Baht 200.55 million) to support operating

and investing activities are from credit financial institutions (Baht 152.67 million) and short-term loans from related persons (Baht 48.19 million).

In 2010, the amount that was spent in investing activities was up to Baht 402.82 million, the main item is the fixed asset investment at the amount of Baht 290.07 million, and the second item is the deposit with financial institutions at the amount of Baht 102.80 million to guarantee short-term loans for coal purchasing.

Besides the high investing activities mentioned above, Company Group's some of cash flows from financing activities were decreasing, such as the loan consolidation and paying debts under hiring and purchasing agreement at the amount of Baht 67.38 million, and payment of dividend amount of Baht 39.00 million. So Company Group must prepare cash from financing activities, in 2010 cash provided by financing activities was up to Baht 370.35 million which consists of loans from financial institutions the amount of Baht 330.35 million and a capital increase Baht 40.00 million.

#### **(B) Current ratio**

Company Group's liquidity decreased continuously as can be seen from ratio of current assets to current liabilities which decreased from 1.07 times in 2009 to 0.76 times in 2010. In 2009-2010, Company Group's assets had grown dramatically both in current assets and non-current assets, but the supporting fund was mainly from current assets (such as short-term loans and account payables). However, if the fixed deposits pledged in the short-term loan are included in the current assets, the ratio of current assets to the current liabilities in year 2009 until 2010 will be 1.24 and 0.95 times respectively, as shown in the following table:

Liquidity ratio (Unit: Times)	Financial statement of Company Group	
	2009	2010
Ratio of current assets to current liabilities	1.07	0.76
Ratio of current assets to current liabilities (for adjusted) <sup>1/</sup>	1.24	0.95

Remarks: 1/ The case if the fixed deposit is pledged in loans, it will be shown in current assets instead of non-current assets in the financial statement. Capital Expenditure

Company Group had capital expenditure in 2009-2010 as shown in the following table:

Investment items	Financial statement of Company Group (Baht-Million)		Investment estimation (Baht-million)
	2009	2010	2011
Property, plant and equipments (the 1 <sup>st</sup> plant at Sriracha, Chonburi) , land and land improvements (the 2 <sup>nd</sup> plant at Bang-Pahan, Ayutthaya	13.89	290.07	-
<u>Future Investment</u> 2 <sup>nd</sup> plant at Bang-Pahan, Ayutthaya			
Land development and reclamation	-	-	50
Plant construction	-	-	50
Machines and equipments	-	-	30

Company Group had investing expense in land, property, equipment and machines in the 1<sup>st</sup> plant at Chonburi, and land, land improvement in the 2<sup>nd</sup> plant at Ayutthaya, the total investment amount was Baht 13.89 and 290.07 million in 2009 and 2010 respectively. Part of the investment in 2010 was land investment for constructions in Sriracha, in which Company Group was only renting the area in the past. Other parts of the investment were spent in plant constructions, equipment and machines to enhance productivity in the Sriracha plant.

Company Group had already planned on future investments by investing in the 2<sup>nd</sup> plant at Bang-Pahan, Ayutthaya as shown in the table above. The 2<sup>nd</sup> plant is expected to be operating within the 3<sup>rd</sup> quarter of the year 2011.

#### **Factors that may affect future operating performance and financial status**

Company group realizes a great potential in coal business, so the Group has policy to increase production capacity by constructing the 2<sup>nd</sup> plant at Bang-Pahan, Ayutthaya to supply coal demands from surrounded factories. Investments in lands, properties, equipments and machines are approximately Baht 130 million with 60,000 tons/month production capacity. The plant is expected to be operating within the 3<sup>rd</sup> quarter of the year 2011. This is a great opportunity to increase Company Group's revenue, but it simultaneously requires greater supporting fund, including depreciation which will only increase each year.

#### **Auditor's remuneration**

##### **AUDIT FEE**

Company group had remunerated auditor's fee to Mr. Chanunkorn Satiraprapakul from Grand Audit Company Limited, auditor for the year 2010 the total amount of Baht 1,765,000.00 (Including remuneration from auditing Advance Paint and Chemical (Thailand) Public Company Limited at the amount of Baht 365,000.00)

For the accounting period of the year 2011, the Board of Directors meeting No.4/2011 held on 28 February 2011 resolved to nominate Mr. Chanunkorn Satiraprapakul to the Annual General Meeting of Shareholders of the year 2011 to be held on 28 April 2011 and the total amount of audit fee shall not be over Baht 1,510,000.00



## Report of the Board of Directors' responsibility on financial reports

Energy Earth Public Company Limited's Board of Directors are responsible for financial statements, financial information of the Company and its subsidiaries that appear in the Annual Report. The financial statements are in accordance with the general accounting standards, and disclose substantial information about financial status and overall performance accurately, as well as monitoring a good information disclosing system in the notes to financial statements for the best benefit of shareholders and investors.

The Board of Directors had appointed the Audit Committee to be responsible for monitoring and speculating financial reports to be presented accurately, sufficiently and in compliance with business accounting standard, as well as providing appropriate and effective internal control. Comments of the Audit Committee are also shown in the report of the Audit Committee in the annual report.

The Board of Directors resolved that the Company has a sufficient internal control and can deliver reliable financial statements of the Company and its subsidiaries as of 31 December 2010, in which the auditor of the Company had audited in accordance with the general auditing standards, and the result was accurate and satisfactory.



(Mr. Phisudhi Phihakendr)

Chairman



(Mr. Khajohnpong Khamdee)

Managing Director

## Financial Statements

### Report of the Audit Committee for the year 2010

Dear Shareholders of Energy Earth Public Company Limited

In the accounting period of the year 2010, the Audit Committee of Energy Earth Public Company Limited and its subsidiaries have performed the duty and responsibility which have been assigned by the Board of the Directors in accordance with the laws and regulations of the Stock Exchange of Thailand.

Every member of the Audit Committee have consulted and held meetings with the auditor to review the finance statements which have been prepared by the management team. In the meeting with the auditor, we have invited the management team to explain details and facts about important business information, which are summarized as follows:

#### 1. Review of the Financial Statements of the year 2010

The audit committee had inquired facts and asked for clarification and procedures about the Company's business from the executives and the auditor to ensure that the financial statements and disclosed information are complete, accurate and transparent in accordance with the laws and regulations of the Stock Exchange of Thailand.

The Audit Committee have reviewed and resolved that the financial statements for the year ended 31 December 2010 are complete and accurate in accordance with the general accounting standards.

#### 2. Evaluation of the Internal Control

The Audit Committee have evaluated the internal control in accordance with the regulations stated by Securities and Exchange Commission, and resolved that the Company has the internal control system and risk management that are appropriate to the status of the Company and efficient enough according to Good Corporate Governance, in which take into account the benefits and fairness of all concerned parties.

### 3. Review of Compliance with the Stock Exchange of Thailand Act. Laws and Regulations Related to Business

The Company has a secured system to protect insider trading, and the regulations supervise the management to report holding of securities of the Company in According with laws. The Company pays high attention to the information disclosure in financial statements and other reports that they are complete, correct, reliable, and comply with laws relating to business operation as strictly as possible.

### 4. Review and Comments on Connected Transactions, or Transactions that may have Conflicts of Interests

The Company has disclosed all items required by regulations of the Stock Exchange of Thailand and Securities and Exchange Commission, and has also shown such items in financial statements and notes to financial statement completely and accurately.

### 5. Selection of the Independent Auditor for the year 2011

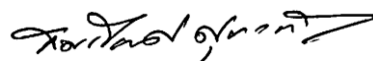
The Audit Committee has considered an appointment the auditor based on the followings:

5.1 Reliance and reputation of the auditor's company, its past performance , and meets all the criteria specified by the Stock Exchange of Thailand.

5.2 Independency, duty responsibility and reliable investigating performance.

The Audit Committee has resolved to assign Mr. Chanunkorn Satiraprapakul, Certified Public Accountant Registration No. 6554 of Grand Audit Company Limited to be the auditor for the year 2011. In the accounting period of the year 2010, the Board of Directors recognized the importance of good governance, management, morality, ethical principals in doing business transparently, properly and had no substantial defectiveness.

On Behalf of the Audit Committee



(Mr. Somkiat Sukdheva)

Chairman of the Audit Committee

## REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To The Board of Directors and Shareholders of

**Energy Earth Public Company Limited and subsidiaries**

(Formerly named Advance Paint & Chemical (Thailand) Public Company Limited)

I have audited the consolidated balance sheet as at December 31, 2010 , the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended of **Energy Earth Public Company Limited and subsidiaries**, I have also audited the separate balance sheets as at December 31, 2010 and 2009, the separate statements of income, changes in shareholders' equity and cash flows for the years then ended of **Energy Earth Public Company Limited**. These financial statements are the responsibility of the Company's managements as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. The financial statements for year 2009 (Before adjustments) of Energy Perfect Co., Ltd. were audited by other auditor in accordance with generally accepted auditing standards, and expressed an unqualified opinion on those statements in his report dated March 29, 2010.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position as at December 31, 2010, the consolidated results of their operations and cash flows for the year then ended of **Energy Earth Public Company Limited and subsidiaries** and the separate financial statements

referred to above present fairly, in all material respects, the company's financial position as at December 31, 2010 and 2009, and the results of its operations, and cash flows for the years then ended of **Energy Earth Public Company Limited**, in accordance with generally accepted accounting principles.

I have previously audited the separate financial statements for the year ended on December 31, 2009 of **Energy Earth Public Company Limited** in accordance with generally accepted auditing standards and expressed a disclaimer opinion as reported dated February 19, 2010, because of uncertainty of continued operation as going concern of the Company. The separate balance sheet of **Energy Earth Public Company Limited** only as of December 31, 2009, which has been presented herein for comparative purpose, is a component of those financial statements which I have audited and reported thereon. I have not performed any audit procedures subsequent to the date of that report. However on December 8, 2010, the Company had transferred assets to settle debts based on debts restructuring agreement as mentioned in note to financial statement No.18 and has new investor in the Company. My present reports upon the financial statements reflected herein are different from the former report.



(CHANUNKORN SATIRAPRAPAKUL)

Certified Public Accountant Registration No. 6554

Grand Audit Co., Ltd.

Bangkok

February 28, 2011

## Financial Statements of Energy Earth Public Company Limited and its subsidiaries

### ENERGY EARTH PUBLIC COMPANY LIMITED AND SUBSIDIARY

#### BALANCE SHEETS

AS AT DECEMBER 31, 2010 AND 2009

		Baht				
		Consolidated		Separate		
		financial statements		financial statements		
Notes		2010	2009	2010	2009	
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
	Cash and cash equivalents	9	44,894,942	19,851,826	-	11,975
	Short-term investment	10	12,000,000	-	-	-
	Trade accounts receivable - net	11	283,879,696	326,360,697	449,750	699,733
	Inventories - net	12	189,300,379	113,359,622	-	827,709
	Advance payment from purchase of goods		127,915,470	-	-	-
	Other current assets		41,465,118	18,454,528	44,426	286,900
	Total current assets		699,455,605	478,026,673	494,176	1,826,317
<b>NON-CURRENT ASSETS</b>						
	Fixed deposits pledged as collateral	13	178,490,502	75,543,449	150,224	270,805
	Investment in subsidiary	14	-	-	200,000,000	-
	Property, plant and equipment - net	15	417,602,179	32,331,510	-	55,548,517
	Land not used in operations	16	-	123,295,104	-	-
	Goodwill	2	36,478,256	-	-	-
	Other non-current assets		408,572	1,739,174	-	36,000
	Total non-current assets		632,979,509	232,909,237	200,150,224	55,855,322
<b>TOTAL ASSETS</b>			1,332,435,114	710,935,910	200,644,400	57,681,639

The accompanying note to financial statements are an integral part of the financial statements.

**ENERGY EARTH PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**BALANCE SHEETS**  
**AS AT DECEMBER 31, 2010 AND 2009**

	Notes	Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans from financial institutions	17	543,848,612	291,244,937	-	-
Trade accounts payable		300,249,908	76,041,472	473,796	454,006
Short-term loans and accrued interest expenses					
from related person	8	-	48,189,023	-	15,033,228
Short-term loans and accrued interest expenses - other person	18	-	-	-	54,032,301
Current portion of long-term loans from financial institutions	19	12,453,421	4,429,474	-	-
Current portion of liabilities under hire-purchase agreements	20	5,509,584	2,547,312	-	-
Income tax payable and accrued expenses		56,508,673	23,378,535	392,287	6,294,481
Other current liabilities		7,769,911	162,750	257,566	702,311
Total current liabilities		926,340,109	445,993,503	1,123,649	76,516,327
<b>NON-CURRENT LIABILITIES</b>					
Long-term loans from financial institutions - net	19	62,450,065	4,949,345	-	-
Liabilities under hire-purchase agreements - net	20	4,126,232	3,606,755	-	-
Total non-current liabilities		66,576,297	8,556,100	-	-
<b>TOTAL LIABILITIES</b>		992,916,406	454,549,603	1,123,649	76,516,327
<b>SHAREHOLDERS' EQUITY</b>					
Common shares					
Authorized shares	21				
2010 : 2,222,712,675 common shares of Baht 1 each					
2009 : 418,980,025 common shares of Baht 1 each				2,222,712,675	418,980,025
Issued and paid-up common shares					
2010 : 2,222,712,675 common shares of Baht 1 each					
2009 : 222,692,675 common shares of Baht 1 each		200,000,000	160,000,000	2,222,712,675	222,692,675
Cost of business combination	2	36,095,873	-	-	-
Share discount	21	-	-	(1,800,000,000)	-
Surplus on revaluation of land		63,555,104	88,300,000	-	-
Retained earnings					
Appropriated - legal reserve	22	2,950,000	-	-	-
Unappropriated		36,917,731	8,086,307	(223,191,924)	(241,527,363)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		339,518,708	256,386,307	199,520,751	(18,834,688)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		1,332,435,114	710,935,910	200,644,400	57,681,639

The accompanying note to financial statements are an integral part of the financial statements.

**ENERGY EARTH PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
<b>REVENUES</b>				
Sales	1,755,237,448	1,006,873,044	3,899,291	3,889,416
Revenues from sale gasoline	15,206,110	-	-	-
Income from written-off liabilities account	-	-	13,423,293	-
Profit on foregin exchange rate	33,802,947	-	-	-
Other income	1,590,202	617,742	2,465,781	3,348,305
Total revenues	1,805,836,707	1,007,490,786	19,788,365	7,237,721
<b>EXPENSES</b>				
Cost of sales	1,517,507,704	932,990,959	12,686,181	6,497,290
Selling expenses	84,636,033	28,124,898	35,340	271,104
Administrative expenses	46,745,714	12,166,713	8,255,395	6,317,297
Management's remuneration	6,090,957	4,155,500	1,510,000	1,765,000
Other expenses	7,429,652	2,232,974	(24,314,838)	-
Total expenses	1,662,410,060	979,671,044	(1,827,922)	14,850,691
<b>Profit (loss) before finance costs and income tax</b>	143,426,647	27,819,742	21,616,287	(7,612,970)
Finance costs	(32,357,014)	(16,822,280)	(3,280,848)	(4,217,513)
<b>Profit (loss) before income tax</b>	111,069,633	10,997,462	18,335,439	(11,830,483)
Income tax	(40,288,209)	(3,490,640)	-	-
<b>Net profit (loss)</b>	70,781,424	7,506,822	18,335,439	(11,830,483)
<b>Net profit (loss) attributable to:</b>				
Equity holders of the parent	70,781,424	7,506,822	18,335,439	(11,830,483)
Minority interest	-	-	-	-
	70,781,424	7,506,822		
<b>Basic earnings (loss) per share</b>				
Net profit (loss) attributable to				
Equity holders of the parent company	0.04	0.005	0.06	(0.05)
Weighted average number of				
common shares (shares)	1,974,581,895	1,600,000,000	326,808,182	222,692,675

The accompanying note to financial statements are an integral part of the financial statements.





**ENERGY EARTH PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

		Baht			
	<u>Note</u>	<u>Issued and paid-up common share</u>	<u>Share discount</u>	<u>Deficit</u>	<u>Net</u>
Balance as at January 1, 2009		222,692,675	-	(229,696,880)	(7,004,205)
Net loss		-	-	(11,830,483)	(11,830,483)
Balance as at December 31, 2009		<u>222,692,675</u>	<u>-</u>	<u>(241,527,363)</u>	<u>(18,834,688)</u>
Balance as at January 1, 2010		222,692,675	-	(241,527,363)	(18,834,688)
Increase in share capital	21	2,000,020,000	(1,800,000,000)	-	200,020,000
Net profit		-	-	18,335,439	18,335,439
Balance as at December 31, 2010		<u>2,222,712,675</u>	<u>(1,800,000,000)</u>	<u>(223,191,924)</u>	<u>199,520,751</u>

The accompanying note to financial statements are an integral part of the financial statements.

**ENERGY EARTH PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit (loss) before income tax	111,069,633	10,997,462	18,335,439	(11,830,483)
Adjustments to:				
Doubtful debts	5,724,542	1,260,614	-	-
Loss on obsolescence of inventories (Reversal)	1,109,628	-	(3,969,998)	210,295
Write off complimentary goods	-	-	-	366,548
Depreciation	9,496,981	4,797,936	5,400,294	2,007,633
Loss on disposal of assets	294,247	865,887	-	-
(Gain) loss on disposal of asset	200,715	-	(10,705)	(219,625)
Loss from sale and leaseback	100,520	33,507	-	-
Reversal of loss on impairment of fixed assets	-	-	(30,648,755)	-
Loss on transfer assets to settle with loans	-	-	10,303,915	-
Withholding tax written-off	-	-	18,000	-
Gain from written-off liabilities account	-	-	(13,423,293)	-
Unrealized (gain) loss on foreign exchange rate	1,979,567	(312,010)	-	-
Interest expenses	28,984,522	13,986,626	3,280,848	4,217,513
Profit (loss) before changes in operating assets and liabilities	158,960,355	31,630,022	(10,714,255)	(5,248,119)
<b>Decrease (increase) in operating assets</b>				
Trade accounts receivable	37,206,209	(246,140,032)	249,983	932,356
Inventories	(77,050,385)	(61,291,645)	4,797,707	889,241
Advance payment from purchase of goods	(127,915,470)	-	-	-
Other current assets	(22,966,164)	32,031,546	160,197	51,764
Other non-current assets	550,082	48,883,254	-	-
<b>Increase (decrease) in operating liabilities</b>				
Trade accounts payable	223,734,640	68,454,543	19,790	(258,189)
Accrued expenses	(2,932,502)	13,750,015	793,646	1,994,603
Other current liabilities	7,446,685	162,750	(349,821)	148,615
<b>Cash receipt (paid) from operating activities</b>	197,033,450	(112,519,547)	(5,042,753)	(1,489,729)
Cash paid for interest expenses	(27,915,649)	(14,032,820)	(22)	-
Cash paid for income tax and withholding tax deducted at source	(5,232,067)	(643,818)	-	-
Proceeds from tax refund	-	-	18,000	-
<b>Net cash provided by (used in) from operating activities</b>	163,885,734	(127,196,185)	(5,024,775)	(1,489,729)

The accompanying note to financial statements are an integral part of the financial statements.

**ENERGY EARTH PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENTS OF CASH FLOW**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	Note	Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Increase in short-term investments		(12,000,000)	-	-	-
Decrease (increase) in fixed deposits pledged as collateral		(102,797,053)	(72,542,427)	120,581	(7,805)
Cash paid for purchase of property, plant and equipment	7	(290,074,704)	(3,510,532)	-	-
Proceeds from disposal of equipment	7	2,050,000	-	10,748	219,626
Cash paid for purchase of land not used in operations		-	(10,382,274)	-	-
<b>Net cash provide by (used in) investing activities</b>		<b>(402,821,757)</b>	<b>(86,435,233)</b>	<b>131,329</b>	<b>211,821</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Increase in overdraft and short-term loans					
from financial institutions		250,345,446	152,665,884	-	-
Increase (decrease) in short-term loans from related persons	7	(48,365,023)	48,189,023	4,861,471	1,261,558
Proceeds from long-term loans from financial institutions		80,000,000	3,810,000	-	-
Cash paid for long-term loans from financial institutions		(14,475,333)	(3,806,181)	-	-
Proceeds from sale and leaseback		-	915,888	-	-
Cash paid for liabilities under hire-purchase agreements		(4,525,951)	(1,221,647)	-	-
Proceeds from increase in share capital		40,000,000	-	20,000	-
Dividends paid		(39,000,000)	-	-	-
<b>Net cash provide by from financing activities</b>		<b>263,979,139</b>	<b>200,552,967</b>	<b>4,881,471</b>	<b>1,261,558</b>
<b>Increase (decrease) in cash and cash equivalents - net</b>		<b>25,043,116</b>	<b>(13,078,451)</b>	<b>(11,975)</b>	<b>(16,350)</b>
Cash and cash equivalents, beginning of years		19,851,826	32,930,277	11,975	28,325
Cash and cash equivalents, end of years		<b>44,894,942</b>	<b>19,851,826</b>	<b>-</b>	<b>11,975</b>

The accompanying note to financial statements are an integral part of the financial statements.

## Notes to Financial Statements

### 1. GENERAL INFORMATION

Energy Earth Public Company Limited formerly named “Advance Paint & Chemical (Thailand) Public Company Limited” The principal business operations are import coal and trading coal and is located on 889, 12th Floor Thai CC Tower, Room 125-128, South Sathorn Road, Yannawa, Bangkok.

On December 2, 2010, the Extraordinary Shareholders’ meeting passed a resolution to change the Company’s name from Advance Paint & Chemical (Thailand) Public Company Limited to Energy Earth Public Company Limited. The Company registered such change with the Department of Business Development on December 13, 2010.

### 2. BASIS OF FINANCIAL STATEMENTS PREPARATION

The consolidated and separate financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The preparation of financial statements in conformity with Thai Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

On December 2, 2010 the Extraordinary shareholders’ meeting passed a resolution to allot the increased share capital amounting of 2,000,000,000 shares to exchange with 20,000,000 shares of Energy Perfect Co., Ltd. which cause in change of business operation on paints manufacturing to the business operation on import coal and trading coal. The Company has completed the business combination on December 8, 2010. All shareholders of Energy Perfect Co., Ltd. have become a major shareholders and obtain the control over the Company, hence the reverse acquisition in arisen following under Thai Accounting Standard No.43 (revised 2007) .

The consolidated financial statements is prepared under the name of Energy Earth Public Company Limited as legal parent company but considered to be the acquiree in the accounting purpose. Recognition the aforesaid transactions are as follows:

- The assets and liabilities of Energy Perfect Co., Ltd. must be recorded at the book value in the consolidated financial statements before the business combination.
- Retained earnings and the outstanding balance of equities in the consolidated financial statements are recognized by the last amount of retained earnings and outstanding balance of other equities of Energy Perfect Co., Ltd. before the business combination plus the fair value of Energy Earth Public Company Limited. However, the number and type of share issued reflected the equity structure of Energy Earth Public Company Limited. including the shares issued by Energy Earth Public Company Limited. in the business combination.
- The owners' equity of Energy Perfect Co., Ltd. are adjusted by the exchange ratio specified in the share swap agreement to reflect the number of shares issued by Energy Earth Public Company Limited in the reverse acquisition.

The Company has calculated the basic earnings per share in the each reporting period of the consolidated financial statements for a reverse acquisition as follows:

- Basic earnings per share for the period that the reverse acquisition occurred is calculated by dividing the profit the period by the weighted average of number of common shares outstanding in the period based on:
  - The number of common shares outstanding from the beginning of the period to the date of acquisition is deemed to be the weighted average number of common shares issued by Energy Perfect Co., Ltd. multiply with the exchange ratio specified in the share purchase agreement.
  - The number of common shares outstanding from the date of acquisition to the end of the period is deemed to be the actual number of common shares outstanding of Energy Earth Public Company Limited in the period.
- Basic earnings (loss) per share in each comparative prior period before the date of acquisition is calculated by dividing the profit for the period of Energy Perfect Co., Ltd. before the business combination with the Company by the weighted average number of common shares issued by Energy Perfect Co., Ltd. multiply with the exchange ratio specified in the share swap agreement.

In the preparation of the consolidated financial statements, for the year ended on December 31, 2010, the Company has included revenues and expenses of Energy Earth Public Company Limited since December 8, 2010 (at the acquisition date) to December 31, 2010 (totaling 24 days) combined with revenues and expenses of Energy Perfect Co., Ltd. for the year ended on December 31, 2010. The consolidated financial statements for the year ended on December 31, 2009, that comparative information presented is the financial statements of Energy Perfect Co., Ltd.

	<b>Baht</b>
Cost of business combination - fair value at the acquisition date	
Energy Perfect Company Limited	
(2,178,387 shares with of Baht 16.57 per share)	36,095,873
Identifiable asset and liabilities at fair value at the acquisition date	
Energy Earth Public Company Limited:-	
Other current assets	494,175
Other non-current assets	150,000
Other current liabilities	(1,026,558)
Fair value	(382,383)
Goodwill	36,478,256

The significant transactions between the Company and the subsidiaries have been eliminated in the consolidated financial statements.

“The Company” represents “Energy Earth Public Company Limited,” while “The Group” represents “Energy Perfect Company Limited” as legal subsidiary and considered to be the acquirer for accounting purposes which is “Energy Earth Public Company Limited” as legal parent company and considered to be the acquiree for accounting purposes.

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

An English version of the consolidated and separate financial statements has been prepared from the financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language financial statements shall prevail.

### **3. ADOPTION OF NEW ACCOUNTING STANDARDS**

During the current period, the Federation of Accounting Professions issued a number or revised and new accounting standards as listed below.

- a) Accounting standards that will become effective in fiscal years beginning on or after January 1, 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Accounting Framework (revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Cash Flow Statements
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property



TFRS 2	Share - Based Payments
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinue Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

b) Accounting standards that will become effective in fiscal years beginning on or after January 1, 2013:

TAS 12	Income tax
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rate

The Group's management determined that these accounting standards and financial reporting standards will not have any significant impact on the financial statements for the year when they are initially applied, except

TAS 12	Income Taxes
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 19	Employee Benefits

Management has yet to complete its evaluation of the impact of such accounting standards in the year when they are adopted.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with financial institutions, other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

##### **4.2 Current investments**

Current investments are bill of exchange with an original maturity of over one year after the acquisition date.

#### **4.3 Trade accounts receivable**

Trade accounts receivable are carried at original invoice amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

#### **4.4 Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is determined the first in - first out method (FIFO) for Energy Perfect Company Limited and weighted average method for Energy Earth Public Company Limited. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

#### **4.5 Investment in subsidiary**

Subsidiary, which are those entities in which the Company has power to govern the financial and operating policies, are consolidated. Subsidiary is consolidated from the date on which controls is transferred to the Company and are no longer consolidated from the date that control ceases.

Investment in subsidiary is reported by using the cost method of accounting in the separate financial statements.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

#### **4.6 Property, plant and equipment**

Land is stated at revalued amount. Building and equipment are stated at historical cost less accumulated depreciation and impairment of asset (if any).

Land are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the balance sheet date.

When an asset's carrying amount is increased as a result of a revaluation of the Group's assets, the increase is credited directly to equity under the heading of "Surplus on revaluation of land"

Depreciation is calculated on the straight line method to write off the cost, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

Building and building improvement	5 - 20 years
Office equipment and Fixtures	5 years
Computer equipment	3 - 5 years
Machineries and equipment	5 - 10 years
Vehicles	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset less any costs of disposal.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Interest costs on borrowings to finance the construction of assets are capitalized as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. The borrowing costs include interest on long-term borrowing net of amortization of related deferred financial cost.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

#### **4.7 Land not used in operations**

Land are stated at revalued amount.

Land are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the balance sheet date.

When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to equity under the heading of "Revaluation surplus on assets".

#### **4.8 Impairment of assets**

Property, plant and equipment, land not used in operations goodwill and other non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### **4.9 Leases**

Leases of assets which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired any payment required to be made to the lessor by way the penalty is recognised as an expense in the period in which the termination takes place.

#### **4.10 Provision**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

#### **4.11 Revenue recognition**

Revenue comprises the invoiced value for the sale of goods and services excluding output tax, rebates and discounts. Revenue from sales of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer.

Interest income is recognized on an accrual basis.

#### **4.12 Foreign currency translation**

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

#### **4.13 Income tax**

The Group records income tax based on the actual amount currently payable according to the tax legislation.

#### **4.14 Basic earnings (loss) per share**

Basic earnings (loss) per shares are calculated by dividing the net profit attributable to shareholders by the weighted average number of common shares during the year.

Basic loss per share is calculated by dividing net loss for the year by the number of common shares outstanding at the end of the year.

#### **4.15 Diluted loss per share**

Diluted loss per share is calculated by dividing net loss for the year by the number of ordinary shares and the number of equivalent ordinary shares (Warrant) by weighted according to the period of time as if there were conversion of ordinary shares at the issued date of issuance of equivalent ordinary shares.

#### **4.16 Financial instruments**

Financial assets carried on the balance sheet include cash and cash equivalents, short-term investment, trade accounts receivable, advance payment to related persons, restricted deposits at financial institutions and some other current assets. Financial liabilities carried on the balance sheet include overdraft and loans, trade accounts payable, income tax and accrued expenses, liabilities under hire-purchase agreements and some other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### **4.17 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel,

including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

#### **4.18 Goodwill**

At the acquisition date, the Company recorded goodwill in the business combination (Reverse Acquisition), which is the excess of the cost of the business combination over the Company's equity in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Goodwill is carried at cost less any impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

### **5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

#### **Leases**

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

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

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

#### **Allowance for diminution of inventories**

The Group maintains an allowance for diminution of inventories to reflect impairment of inventories. The allowance is based on consideration of market price of each category.

#### **Plant and equipment / Depreciation**

In determining depreciation of leasehold improvement and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's leasehold improvement and equipment and to review estimate useful lives and salvage values when there are any changes.

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

**Allowance for loss from impairment of fixed assets.**

In estimation of the allowance for impairment of fixed assets, the management would appraise the appraisal price of fixed assets every 3-5 years by the independent appraiser.

## **6. CAPITAL RISK MANAGEMENT**

The Group objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sells assets to reduce debt.

## **7. SUPPLEMENTARY INFORMATION OF CASH FLOWS STATEMENTS**

Supplementary information of cash flows statement for the year ended December 31, 2010 are as follows:

- Advance payment for purchase of assets decrease amounting to Baht 680,000 in the consolidated financial statements.
- Liabilities under hire-purchase agreements increase amounting to Baht 8,007,700 in the consolidated financial statements.
- Short-term loan from related person decrease amounting to Baht 13,653,253 from transferred the ownership of debt collection to loan from other person (Note 18) in the separate financial statements.
- Property, plant and equipment decrease amounting to Baht 70,493,020 by offset with short-term loan and accrued interest expenses from other person (Note 18) in separate financial statements.
- Investment in subsidiary increase amounting to Baht 200,000,000 from increase common share net share discount amounting to Baht 200,000,000 in separate financial statements.

Supplementary information of cash flows statement for the year ended December, 31, 2009 are as follows:

- Advance payment for purchase of assets increase amounting to Baht 680,000 in the consolidated financial statements.
- Liabilities under hire-purchase agreements increase amounting to Baht 5,581,391 in the consolidated financial statements.

- Deferred loss from sale and leaseback increase amounting to Baht 301,561 in the consolidated financial statements.

## 8. RELATED PARTIES TRANSACTIONS

	Relationships
<b>Related Companies</b>	
Energy perfect Co., Ltd.	Common director and shareholder
Energy mining Co., Ltd.	Common director and shareholder
WTEC Co., Ltd.	Common director and shareholder
Bioenergy Plus Co., Ltd.	Common director and shareholder (end of relationship on December 8, 2010)
<b>Related persons</b>	
Khun Khajohnpong Khamdee	Director and Shareholder of the Company
Khun Phisudhi Phihakendr	Director and Shareholder of the Company
Khun Phipat Phihakendr	Director and Shareholder of the Company
Khun Pricha Punnakitikashem	Director and Shareholder of the Company (end of relationship on December 8, 2010)
Khun Prakrit Hanidhikul	Shareholder
Khun Kawinsarat Khamdee	Close relative of directors
Khun Wisit Khamdee	Close relative of directors
Khun Amnuai Khamdee	Close relative of directors
Khun Thanachai Hanidhikul	Close relative of directors



The pricing policies between the Group with related parties are as follows:

	Price policy
Sales	Normal business prices
Professional consulting services	Mutually agreed price
Rental	Mutually agreed price
Utility	Mutually agreed price
Interest expenses	Non-charge interest (2552:MOR+1)
Purchase equipment	Mutually agreed price

**Outstanding balance between the Group with related parties**

Outstanding balance between the Group with related parties as at December 31, 2010 and 2009, are as follows:

Baht			
	Consolidated statements	financial	Separate financial statements
	2010	2009	2010 2009
<b>Other account receivable</b>			
Bioenergy Plus Co., Ltd.	-	-	82,277
<b>Advance payment to</b>			
Khun Khajohnpong Khamdee	1,151,588	-	-
Khun Phisudhi Phihakendr	-	400,000	-
Khun Phipat Phihakendr	50,985	-	-
Khun Kawinsarat Khamdee	8,801	-	-
Khun Prakit Hanidhikul	-	900,000	-
Khun Wisit Khamdee	147,563	-	-
Khun Amnuai Khamdee	347,066	13,900	-
Khun Thanachai Hanidhikul	-	157,009	-
<b>Total</b>	<b>1,706,003</b>	<b>1,470,909</b>	<b>-</b>
<b>Accrued expense</b>			
Bioenergy Plus Co., Ltd.	-	-	23,284

	Baht			
	Consolidated	financial	Separate	financial
	statements		statements	
	2010	2009	2010	2009
<b>Other current liabilities</b>				
Energy Perfect Co., Ltd.	-	-	97,090	-
Khun Pricha Punnakitikashem	-	-	-	179,925
Total	-	-	97,090	179,925
<b>Short-term Loans and accrued interest expenses</b>				
<b>Loans</b>				
Khun Khajohnpong Khamdee	-	48,189,023	-	-
Khun Pricha Punnakitikashem	-	-	-	13,349,757
Total	-	48,189,023	-	13,349,757
<b>Accrued interest expenses</b>				
KhunPricha Punnakitikashem	-	-	-	1,683,471
Total Short-term Loans and accrued interest expenses	-	48,189,023	-	15,033,228

For the year ended December 31, 2010, the movements of short-term loans from related person in the consolidated financial statements are as follows:-

	Baht			As at December 31, 2010
	As at January 1, 2010	Increase	Decrease	
<b>Short-term loan from</b>				
Khun Khajohnpong Khamdee	48,189,023	-	(48,189,023)	-

For the year ended December 31, 2010, the movements of short-term loans from related person in the separate financial statements are as follows:-

	Baht			As at December 31, 2010
	As at January 1, 2010	Increase	Decrease	
<b>Short-term loan from</b>				
Khun Pricha Punnakitikashem	13,349,757	9,088,433	( 22,438,190)	-

On August 16, 2010 the Company has received a letter from related person to transfer the right on loans and advance received from related person to other person amounting to Baht 13.69 million (Note 18).

On December 30, 2010 the Company has received letter of intent from related person to give up his rights in loans and accrued interest expenses amounting to Baht 6.58 million.

### Transactions between the company and related parties.

Revenues and expenses transactions with related parties for the years ended December 31, 2010 and 2009 are as follows :

	Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Sale</b>				
Bioenergy Plus Co., Ltd.	-	-	-	477,690
<b>Other income (rental and utility)</b>				
Bioenergy Plus Co., Ltd.	-	-	1,974,086	2,919,148
<b>Professional consulting services</b>				
Energy mining Co., Ltd.	120,000	-	-	-
<b>Purchase equipment</b>				
WTEC Co., Ltd.	5,967,050	-	-	-
<b>Interest expenses</b>				
Mr.Pricha Punnakitikashem	-	-	509,706	946,228

### 9. CASH AND CASH EQUIVALENTS

	Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash	62,844	300,000	-	3,000

Deposits at financial institutions - at call	44,832,098	19,551,826	-	8,975
Total	44,894,942	19,851,826	-	11,975

## 10. SHORT-TERM INVESTMENT

As at December 31,2010, the Company has short-term investment in form of bill of exchange from financial institution bearing interest at the rate of 2.00 per annum amounting of Baht 12.00 million (2009:none).

## 11. TRADE ACCOUNTS RECEIVABLE - NET

	Baht			
	Consolidated financial statements		Separate statements	financial
	2010	2009	2010	2009
In due	158,827,059	96,460,531	190,936	521,318
Over due				
Up to 3 Months	115,923,374	202,432,631	258,814	178,415
Over 3 - 6 Months	5,040,316	26,325,021	-	-
Over 6 - 12 Months	5,193,358	1,192,514	-	-
Over 12 Months	5,531,505	709,885	151,489	151,489
Total	290,515,612	327,120,582	601,239	851,222
<u>Less</u> Allowance for doubtful accounts	(6,635,916)	(759,885)	(151,489)	(151,489)
Net	283,879,696	326,360,697	449,750	699,733

As at December 30, 2010 and 2009, the Energy Perfect Co., Ltd. has transferred the collection rights on trade accounts receivable to financial institutions amounting to Baht 95.29 million and Baht 33.06 million, respectively

## 12. INVENTORIES - NET

	Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Raw Materials	117,088,525	43,479,257	-	1,200,758
Packing materials	-	-	-	397,842
Gasoline	440,513	560,212	-	-
Finished goods	23,038,621	17,273,770	-	3,199,107
Goods in transit	49,842,348	52,046,383	-	-
Total	190,410,007	113,359,622	-	4,797,707
<u>Less</u> Allowance for obsolescence inventories	(1,109,628)	-	-	(3,969,998)
Net	189,300,379	113,359,622	-	827,709

## 13. FIXED DEPOSITS PLEDGED AS COLLATERAL

As at December 31, 2010 and 2009, the Consolidated and Separate financial statements held fixed deposits with a financial institution amounting to Baht 178.49 million and Baht 0.15 million respectively, (December 31, 2009 : Baht 75.54 million and Baht 0.27 million, respectively) which were which were pledged as collateral for credit facilities from financial institutions (Note 17) and collateral for the usage of electricity.

## 14. INVESTMENT IN SUBSIDIARY

As at December 31, 2010 and 2009, the detail of investment presented in the separate financial statements was as follows;

	Paid up Capital	% Holdings		Baht	
				Cost method	
	(Baht)	2010	2009	2010	2009
Energy Perfect Co., Ltd.	200,000,000	100	-	200,000,000	-
( Import coal and trading coal )					

## 15. PROPERTY, PLANT AND EQUIPMENT - NET

### Consolidated financial statements

	Baht					
	Building Improvement	Office Equipment and Fixtures	Computer Equipment	Machineries and equipment	Vehicles	Total
As at December 31, 2008						
Cost	780,000	615,371	466,414	29,957,787	2,930,355	34,749,927
<u>Less</u> Accumulated depreciation	(205,917)	(188,233)	(214,438)	(4,686,892)	(435,363)	(5,730,843)
Net book value	574,083	427,138	251,976	25,270,895	2,494,992	29,019,084
Transactions during the year ended						
December 31, 2009						
Opening net book value	574,083	427,138	251,976	25,270,895	2,494,992	29,019,084
<u>Add</u> Purchase	-	41,120	53,136	1,611,882	7,621,673	9,327,811
<u>Less</u> Disposals	-	-	-	-	(1,217,449)	(1,217,449)
Depreciation	(156,000)	(126,293)	(162,316)	(3,288,542)	(1,064,785)	(4,797,936)
Ending net book value	418,083	341,965	142,796	23,594,235	7,834,431	32,331,510
As at December 31, 2009						



Cost	780,000	656,491	519,550	31,569,669	9,052,028	42,577,738
<u>Less</u> Accumulated depreciation	(361,917)	(314,526)	(376,754)	(7,975,434)	(1,217,597)	(10,246,228)
Net book value	418,083	341,965	142,796	23,594,235	7,834,431	32,331,510

### Consolidated financial statements

Baht

	Land	Buildings and Improvement	Office Equipment and Fixtures	Computer Equipment	Machineries and equipment	Vehicles	Construction In Progress	Total
<b>As at December 31, 2009</b>								
Cost	-	780,000	656,491	519,550	31,569,669	9,052,028.00	-	42,577,738
<u>Less</u> Accumulated depreciation	-	(361,917)	(314,526)	(376,754)	(7,975,434)	(1,217,597)	-	(10,246,228)
Net book value	-	418,083	341,965	142,796	23,594,235	7,834,431	-	32,331,510
<b>Transactions during the year ended</b>								
<b>December 31, 2010</b>								
Opening net book value	-	418,083	341,965	142,796	23,594,235	7,834,431	-	32,331,510

<u>Add</u> Purchase	120,968,442	54,943,981	1,036,120	1,168,550	10,370,906	9,541,645	100,732,760	298,762,404
Tranfer in (out)	16,445,350	34,111,410	-	-	50,176,000	-	(100,732,760)	-
Tranfer from land not use in operations	123,295,104	-	-	-	-	-	-	123,295,104
<u>Less</u> Disposals	-	-	-	-	-	(2,250,716)	-	(2,250,716)
Written off	-	(294,247)	-	-	-	-	-	(294,247)
Depreciation	-	(1,419,363)	(229,456)	(213,690)	(4,786,273)	(2,848,199)	-	(9,496,981)
Reversal of surplus on revaluation of land	(24,744,896)	-	-	-	-	-	-	(24,744,896)
Ending net book value	<u>235,964,000</u>	<u>87,759,864</u>	<u>1,148,629</u>	<u>1,097,656</u>	<u>79,354,868</u>	<u>12,277,162</u>	<u>-</u>	<u>417,602,179</u>
<b>As at December 31, 2010</b>								
Cost/Revalued amount	235,464,000	89,235,392	1,692,611	1,688,100	92,116,575	15,504,888	-	436,201,565
<u>Less</u> Accumulated depreciation	<u>-</u>	<u>(1,475,527)</u>	<u>(543,982)</u>	<u>(590,444)</u>	<u>(12,761,707)</u>	<u>(3,227,726)</u>	<u>-</u>	<u>(18,599,387)</u>
Net book value	<u><u>235,964,000</u></u>	<u><u>87,759,864</u></u>	<u><u>1,148,629</u></u>	<u><u>1,097,656</u></u>	<u><u>79,354,868</u></u>	<u><u>12,277,162</u></u>	<u><u>-</u></u>	<u><u>417,602,179</u></u>

### Separate financial statements

	Baht							
	Land and improvements	Building	Building improvements	Machineries and equipment	Furniture and fixtures	Vehicles	Electronic systems in progress	Total
<b>As at December 31, 2008</b>								
Cost	30,000,000	71,433,740	4,535,018	67,694,252	14,774,397	2,021,685	12,082,068	202,541,160
<u>Less</u> Accumulated depreciation	-	(34,931,224)	(3,637,893)	(43,766,508)	(14,163,724)	(2,011,575)	-	(98,510,924)
Allowance for loss from assets revaluation	(3,872,500)	(12,197,593)	(290,821)	(17,709,238)	(321,865)	-	(12,082,068)	(46,474,085)
Net book value	<u>26,127,500</u>	<u>24,304,923</u>	<u>606,304</u>	<u>6,218,506</u>	<u>288,808</u>	<u>10,110</u>	<u>-</u>	<u>57,556,151</u>
<b>Transactions during the year ended December 31, 2009</b>								
Opening net book value	26,127,500	24,304,923	606,304	6,218,506	288,808	10,110	-	57,556,151
<u>Add</u> Reversal of loss from assets revaluation	-	827,507	46,287	2,804,630	64,838	-	-	3,743,262
<u>Less</u> Disposal	-	-	-	-	-	(1)	-	(1)
Depreciation	<u>-</u>	<u>(2,385,731)</u>	<u>(100,889)</u>	<u>(3,024,502)</u>	<u>(229,666)</u>	<u>(10,107)</u>	<u>-</u>	<u>(5,750,895)</u>

Ending net book value	<u>26,127,500</u>	<u>22,746,699</u>	<u>551,702</u>	<u>5,998,634</u>	<u>123,980</u>	<u>2</u>	<u>-</u>	<u>55,548,517</u>
<b>As at December 31, 2009</b>								
Cost	30,000,000	71,433,740	4,535,018	67,694,252	14,774,397	1,212,839	12,082,068	201,732,314
<u>Less</u> Accumulated depreciation	-	(37,316,955)	(3,738,782)	(46,791,010)	(14,393,390)	(1,212,837)	-	(103,452,974)
Allowance for loss from								
assets revaluation	<u>(3,872,500)</u>	<u>(11,370,086)</u>	<u>(244,534)</u>	<u>(14,904,608)</u>	<u>(257,027)</u>	<u>-</u>	<u>(12,082,068)</u>	<u>(42,730,823)</u>
Net book value	<u>26,127,500</u>	<u>22,746,699</u>	<u>551,702</u>	<u>5,998,634</u>	<u>123,980</u>	<u>2</u>	<u>-</u>	<u>55,548,517</u>

### Separate financial statements

	Baht							
	Land and		Electronic systems	Building	Machineries	Furniture		
	improvements	Building	in progress	improvements	and equipment	and fixtures	Vehicles	Total
As at December 31, 2009								
Cost	30,000,000	71,433,740	12,082,068	4,535,018	67,694,252	14,774,397	1,212,839	201,732,314
Less Accumulated depreciation	-	(37,316,955)	-	(3,738,782)	(46,791,010)	(14,393,390)	(1,212,837)	(103,452,974)

Less Allowance for loss from

assets revaluation	(3,872,500)	(11,370,086)	(12,082,068)	(244,534)	(14,904,608)	(257,027)	-	(42,730,823)
Net book value	<u>26,127,500</u>	<u>22,746,699</u>	<u>-</u>	<u>551,702</u>	<u>5,998,634</u>	<u>123,980</u>	<u>2</u>	<u>55,548,517</u>

**Transactions during the year ended**

**December 31, 2010**

Opening net book value	26,127,500	22,746,699	-	551,702	5,998,634	123,980	2	55,548,517
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Add Reversal of loss from

assets revaluation	3,872,500	11,370,086	12,082,068	244,534	14,904,608	257,027	-	42,730,823
<u>Less</u> Disposal	(30,000,000)	(31,881,419)	-	(600,121)	(18,204,045)	(111,391)	(2)	(80,796,980)
Write off	-	-	(12,082,068)	-	-	-	-	(12,082,068)
Depreciation	<u>-</u>	<u>(2,235,366)</u>	<u>-</u>	<u>(196,115)</u>	<u>(2,699,197)</u>	<u>(269,616)</u>	<u>-</u>	<u>(5,400,292)</u>
Ending net book value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Leased assets included above, where Energy Perfect Co., Ltd. is a lessee under hire purchase agreements, vehicle under installation are as follows:

	Baht			
	Consolidated financial statements		Consolidated financial statements	
	2010	2009	2010	2009
Cost	14,794,888	8,741,673	-	-
<u>Less</u> Accumulated depreciation	<u>(3,071,392)</u>	<u>(1,189,144)</u>	-	-
Net book value	<u>11,723,496</u>	<u>7,552,529</u>	-	-

#### Consolidated financial statements

As at December 31, 2010 the Company has fully depreciated of fix assets which are still in use, the cost of such assets has amounted to Baht 0.35 million (2009 : none).

As at December 30, 2010 and 2009 Property, plant and machineries in the consolidated financial statements amounting of Baht 237.02 million and Baht 16.18 million, respectively is mortgaged as collateral for short-term loans and long-term loans from financial institutions (Note 17 and 19).

The Company's land was revalued on January 5, 2011 by independent appraiser. Valuations were made on the basis of Market Approach. The book values of the land were adjusted to the revalued amounts and the surplus on revaluation of land decreased in amounting of Baht 25.24 million.

The company recorded surplus on revaluation of land in shareholders' equity.

As at December 31, 2009, the book value of land after revaluation comparing to that shown in historical cost are as follows;

	Baht			
	Consolidated financial statements		Separate financial statements	
	Revalued	Cost	Revalued	Cost
Land	<u>235,964,000</u>	<u>172,408,896</u>	-	-

#### Separate financial statements

As at December 31, 2009 the Company has fully depreciated of fix assets which are still in use, the cost of such assets has amounted to Baht 44.12 million.



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

	Baht					
	Interest rates (%) of		Consolidated		Separate	
	per annum		financial statements		financial statements	
	2010	2009	2010	2009	2010	2009
Overdrafts	6.625 - 6.875	6.625	14,396,612	5,845,246	-	-
Promissory notes	7.000 - 7.125	-	81,495,767	-	-	-
Trust receipts	3.469 - 7.000	4.125 - 8.000	445,341,075	256,648,257	-	-
Accounts payable factoring	6.875 - 7.125	6.250 - 7.875	2,615,158	28,751,434	-	-
<b>Total</b>			<b>543,848,612</b>	<b>291,244,937</b>	<b>-</b>	<b>-</b>

As at December 31, 2010 and 2009, the Energy Perfect Co., Ltd. has overdrafts facilities and the short-term loans from financial institutions amounting to Baht 1,001.59 million and Baht 567.00 million, respectively. The loans charged interest at the rate of floating interest rate.

The overdrafts facilities and the short-term loans from financial institutions facilities are secured over deposits from financial institutions (Note 13) property, plant and machineries (Note 15) land not use in operations (Note 16) guaranteed by property of the directors, the Energy Perfect Co., Ltd. directors and letter of guaranteed issued by the Small Business Credit Guarantee Corporation.

Under the terms of the loan agreement, Energy Perfect Co., Ltd. must comply with the terms and conditions of certain loan agreements such as secured over Current Ratio Not less than 1 times.

As at December 31, 2010, the current ratio is 0.76 times, which has not comply with loan covenant in loan agreement. However, Management believed that the effect on the breach of loan covenant did not significant affect to the financial statements.

## 18. LOAN AND ACCRUED INTEREST EXPENSES FROM OTHER PERSON

	Baht			
	Interest rates (%) of		Consolidated	
	per annum		financial statements	
	2010	2009	2010	2009
Loan	6.375 - 6.75	7.75	-	-
Accrued interest expenses			-	-
<b>Total</b>			<b>-</b>	<b>1</b>



As at December 31, 2009, the Company has Loan from other person. The facility charged interest at the rate of MLR% per annum. Loan from other person are secured over land and building (Note 15).

The Company had defaulted bank overdraft in February 2009 and short-term loan from financial institution in November 2008. On May 13, 2009, the financial institution has transferred the right call in loans together with the pledged land and building to third party.

On November 23, 2009, the Company entered into debt restructuring agreement with third party. On February 9, 2010 the Company cannot perform the conditions under restructuring agreement. The company has requested to extend the payment of debt to May 31, 2010.

On May 27, 2010, the Company cannot to pay debt under restructuring agreement. The company has requested to extend the payment of debt to December 31, 2010.

On August 16, 2010, the Company has received a letter from related person to transfer the rights on loans and advance received from related person to other person amounting to Baht 13.69 million (Note 8).

On September 30, 2010 the Company entered into the debt restructuring agreement with third party to transfer all property, plant and equipment to settle debt within 6 months after the signing date of agreement.

On December 8, 2010 the Company transferred property, plant and equipment to settle with loans and accrued interest expenses from other person. The transfer price of land and building is based on the appraisal price of land department. The transfer price of machineries and equipment is based on its net book value.

## 19. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

	Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Long-term loans from financial institutions	74,903,486	9,378,819	-	-
<u>Less</u> Current portion	(12,453,421)	(4,429,474)	-	-
Net	<u>62,450,065</u>	<u>4,949,345</u>	<u>-</u>	<u>-</u>

The first line Loan amounted to Baht 15.00 million, which is monthly repayable within 48 equal installment dues of Baht 0.31 million each. The first payment was paid in June 2007. This loan bears interest at the rate of MLR+1% per annum.

The second line Loan amounted to Baht 3.81 million, which is monthly repayable within 60 equal installment dues of Baht 0.07 million each. The first payment was paid in December 2009. This loan bears interest at the rate of MLR% per annum.

The third line Loan amounted to Baht 80.00 million, which is monthly repayable within 72 equal installment dues of Baht 1.12 million each. The first payment was paid in May 2010. This loan bears interest at the rate of MLR% per annum.

	<u>Baht</u>
<b>The movement of long-term loans for the years ended December 31, 2010</b>	
Beginning balance	9,378,819
<u>Add</u> Received of loan during the year	80,000,000
<u>Less</u> Repayment of loan during the year	<u>(14,475,333)</u>
Ending balance	<u><u>74,903,486</u></u>

Energy Perfect Co., Ltd. has the credit facilities with financial institution amounting to Baht 98.81 million. Such credit facilities are guaranteed by property, plant and machineries thereon (Note 15) land not used in operations (Note 16) and director's fixed deposit and directors of company.

Under the loan agreement terms, Energy Perfect Co., Ltd. must comply with the condition of loan covenants such as maintain the current assets to current liabilities at least 1 times and debt to equity ratio and debt service coverage ratio.

As at December 31, 2010, the current ratio is 0.76 times and debt to equity ratio is 3.27 times, which has not comply with loan covenant in loan agreement. However, Management believed that the effect on the breach of loan covenant did not significant affect to the financial statements.

## 20. LIABILITIES UNDER HIRE-PURCHASE AGREEMENTS - NET

	<u>Baht</u>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
Liabilities under hire-purchase agreements	10,723,905	6,983,621	-	-
<u>Less</u> Deferred interest	<u>(1,088,089)</u>	<u>(829,554)</u>	-	-
	9,635,816	6,154,067		
<u>Less</u> Current portion	<u>(5,509,584)</u>	<u>(2,547,312)</u>	-	-
Net	<u><u>4,126,232</u></u>	<u><u>3,606,755</u></u>	-	-

## 21. SHARE CAPITAL

## **Consolidated financial statements**

At the extraordinary shareholders' meeting of Energy Perfect Co., Ltd., held on February 6, 2010, the shareholders passed a resolution to approve the increase of authorized share capital from Baht 160 million (16 million common shares, Baht 10 per share) to Baht 200 million (20 million common shares, Baht 10 per share). The Company registered the increased share capital with the Department of Business Development on February 18, 2010.

## **Separate financial statements**

- According to resolution in the Board of Directors meeting held on December 9, 2002 has determined offering date (on June 30, 2003) for sale warrants, issued at second time by Advance Paint & Chemical (Thailand) PCL: called APC-W2 in the number of 167,480,025 units to their existing shareholders. The existing shareholders shall purchase the ordinary shares of Advance Paint & Chemical (Thailand) PCL. At selling price of 0 per share: in a ratio of 1 former ordinary shares equivalent to 1 warrant. 2 warrants can be used to buy 2 new ordinary shares with exercise price of Baht 1. The book closing date is on December 27, 2002.
- On August 29, 2003, 167,480,025 share warrants of the Company were approved to be traded in the Stock Exchange of Thailand and can be exercised in each quarter. The first and last exercise dates will be on September 30, 2003 and September 3, 2010, respectively. And Report of Extraordinary Shareholders Meeting held on September 26, 2003 has been unanimously approved for proceeding to cancel the unallocated 27,000 units.

The movement of share warrants for the year ended share warrants amount 167,453,025 units September 30, 2010 is summarized as follow:

	<b>Units</b>
Share warrants at the beginning year	133,463,025
Warrants exercised	
As at September 3, 2010	<u>(20,000)</u>
Warrants had not been exercised and be expired	<u>133,443,025</u>

As at September 3, 2010, The Company recorded cash receipt from warrants exercise of Baht 20,000. The Company registered the increase in paid-up share capital from such exercise with the Department of Business Development on September 15, 2010 for 20,000 ordinary shares.

- On December 2, 2010, the Extraordinary shareholders' meeting of the Company has approved a resolution:
  1. To reduce its authorized share registered capital from Baht 418,980,025 (418,980,025 common shares with a par value of Baht 1 per share) to Baht 222,712,675 (222,712,675 common shares with a par value of Baht 1 per share) by canceling unissued shares amounting of Baht 196,267,350 (196,267,350 common shares with a par value of Baht 1 per share).

2. To allot additional common shares to Energy Perfect Co., Ltd., totaling Baht 2,000 million by issuing 2,000 new common shares at Baht 1 par value to swap with common shares of Energy Perfect Co., Ltd. at the total value of Baht 200 million, which is occurred share discount amounting of Baht 1,800 million.

The Company has registered the capital increase with the Ministry of Commerce on December 13, 2010.

## **22. LEGAL RESERVE**

### **Energy Perfect Co., Ltd.**

The reserve was set up in compliance with the provisions of the Civil and Commercial code of Thailand which requires the appropriation as legal reserve of at least 5% of net income at each dividend declaration until the reserve reaches 10% of authorized capital. The reserve is not available for dividend distribution.

## **23. DIVIDENDS PAID**

At the resolution of the Board of Directors' meeting of Energy Perfect Co., Ltd. on October 22, 2010, the board of directors' approved the resolution to pay the dividends for 20 million shares by Baht 0.95 per share totaling of Baht 19.00 million. Energy Perfect Co., Ltd. has already paid for such dividends on December 8, 2010.

At the resolution of the Board of Directors' meeting of Energy Perfect Co., Ltd. on December 2, 2010, the board of directors' approved the resolution to pay the dividends for 20 million shares by Baht 1 per share totaling of Baht 20.00 million. Energy Perfect Co., Ltd. has already paid for such dividends on December 8, 2010.

## **24. LOSS DILUTED PER SHARE**

As at December 31, 2009, the diluted loss per share is the amount equal to the basic loss per share because the exercise price (Baht 1 per share) is higher than the ordinary share's fair value.

## **25. SEGMENT FINANCIAL INFORMATION**

Segment financial information in the consolidated financial statements is the operating result of Energy Perfect Co., Ltd. and are carried on geographic areas both Thailand and abroad. The Main business is import and Trading coal.

The details of segment information in the Company for the year ended December 31, 2010 are as follows.

	<b>Million Baht</b>		
	Dom estic	Domes tic	Dome stic
<b>For the year ended December 31, 2010</b>			
Sales	622.19	1,133.05	1,755.24
Cost of sales	<u>(587.11)</u>	<u>(930.40)</u>	<u>(1,517.51)</u>
Gross profit	<u>35.08</u>	<u>202.65</u>	<u>237.73</u>
<b>Assets segment as at December 31, 2010</b>			
Property, plant and equipment - net			417.60
Other assets			<u>914.84</u>
Total			<u>1,332.44</u>

**For the year ended December 31, 2009**

Sales	244.13	762.74	1,006.87
Cost of sales	<u>(231.86)</u>	<u>(701.13)</u>	<u>(932.99)</u>
Gross profit	<u>12.27</u>	<u>61.61</u>	<u>73.88</u>

**Assets segment as at December 31, 2009**

Property, plant and equipment - net			32.33
Other assets			<u>678.61</u>
Total			<u>710.94</u>

Segment financial information of the separate financial statements is the operating result of Energy Earth Public Co., Ltd in the paints manufacturing and were carried on in a single geographic area in Thailand. As a result, all of the revenues, operating profit (loss) and assets reflected in the financial statements pertain to the aforementioned industry segment and geographic area.

## 26. EXPENSES BY NATURE

Expenses by nature for the years December 31, 2010 and 2009 are as follows:

	Baht			
	Consolidated	financial	Separate	
			financial statements	
	statements			
	2010	2009	2010	2009
Changes in finished goods	(5,764,852)	(17,273,770)	3,199,107	850,427
Raw materials and consumable used	1,446,291,570	916,609,750	3,721,091	1,808,243
Managements' remuneration	6,090,957	4,155,500	1,510,000	1,765,000
Staff cost	19,253,267	11,512,205	790,575	2,005,879
Utilities	3,075,961	949,543	1,501,352	2,863,946
Transportation expense	75,622,230	21,224,098	-	-
Depreciation	9,496,981	4,797,936	5,400,294	2,007,633
Loss on obsolescence of inventories (reversal of)	1,109,628	-	(3,969,998)	210,295
Reversal of loss from assets revaluation	-	-	(30,648,755)	-
Write off complimentary goods	-	-	-	366,548
Loss on disposal by assets with loan accrued interest expense	-	-	10,303,915	-
Doubtful debts	5,724,542	1,260,614	-	-

## 27. FINANCIAL INSTRUMENTS

### a) Liquidity risk

Liquidity risk, or funding risk, is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

### b) Foreign Currency risk

Energy Perfect Co., Ltd. was exposed to the foreign currency risk because of their foreign currency transactions. Energy Perfect Co., Ltd. does not enter into any foreign currency derivative contract to hedge the currency risk.

As at December 31, 2010, Energy Perfect Co., Ltd. has monetary assets and liabilities in foreign currency which are not hedged are as follow :

	<u>USD</u>
Cash from financial institution	376,976
Trade accounts receivable	3,702,215
Trust receipt	14,699,520
Trade accounts payable	9,830,675

**c) Interest rate risk**

The Group was exposed to interest risks because it held deposits to and bank overdraft and loans from financial institutions. However, such financial assets and liabilities are short-term, The Group believed that the future fluctuation on market interest rate would not provided significant effect to their operation and cash flow; therefore, no financial derivative was adopted to manage such risks.

**d) Credit risk**

The Group was exposed to credit risk. However, due to the large number and diversity of the entities comprising the Company's customer base, The Group does not anticipate material losses from its debt collection. The Group estimated the allowance for doubtful accounts from the ending balance of accounts receivable. The estimate was made by considering the customer's past collection experiences.

**e) Fair value of financial instruments**

Fair value is defined as the amount that could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. Fair values are obtained from quoted market prices, discounted cash flow models or net asset values as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial assets and liabilities:

Cash and cash equivalents, short-term investment, accounts receivable, advance payment to related persons, restricted deposit at financial institutions, trade accounts payable, income tax payable and accrued liabilities under hire-purchase agreements and bank overdraft and loans ; the carrying values approximate their fair values due to relatively short-term maturity of these financial instruments.

## 28. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2010

- Energy Perfect Co., Ltd. has commitment to paid rental and service agreements as follows :

<u>Years</u>	<u>Million Baht</u>
2011	5.65
2012	5.50
2013	3.47

- Energy Perfect Co., Ltd. has capital commitment in factory construction agreement amounting of Baht 20 million.
- Energy Perfect Co., Ltd. has contingent liabilities for letters of guarantee issued by bank for the electricity usage amounting of Baht 0.56 million.
- Energy Perfect Co., Ltd. has contingent liabilities for letters of credit of approximately USD 8.46 million.
- Energy Perfect Co., Ltd. has contingent liabilities from letter of guarantee issued by financial institution to guarantee for loans amounting of Baht 210.00 million.
- Energy Perfect Co., Ltd. has enter coal purchase agreement with a company in abroad. The quantity and purchase price is specified on such agreement.

## 29. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors on February 28, 2011.