

# DRIVING THE EARTH'S FUTURE

ENERGY EARTH

รายงานประจำปี 2559  
THE ANNUAL REPORT 2016

# VISION

*To be an entrepreneur distributing coal in domestic and international market completely from upstream to downstream with the new technology, the environmental care and the international standard services.*

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## Message from Chairman



As a result of the recovery of the Coal price in 2016, the stock prices of domestic coal players across the industry have improved and regained confidence despite the persistence of sluggish demand. The Indonesian government's benchmark thermal coal price in September 2016 increased to USD63.93 per Metric Tons which marked the new high for the past 17 months as it has consistently improved since May 2016.

Meanwhile in China, which is the main market for Indonesian Coal, a cap on the domestic coal production has been imposed, which resulted in requirement to import more coal particularly by the Chinese power producers. With increase in demand and restriction in supply, the coal price rapidly increased to USD113 per Metric Tons in November 2016 which has reflected the recovery of the coal industry.

Although 2017 will be more sustainable for coal industry, the management team will continue to closely monitor the coal market in order to strategize and execute plans for growth. The company will be protected against both positive and negative unforeseeable events through our financial policy, cost control and management and rigid operation. Moreover, in terms of strategy, the company will strive to find new business to promote financial sustainability and total shareholders' return in the long run.

In addition to the management principles aforementioned, the company has issued a debenture of 4,000 million Baht which will be matured in 3 years (2019) with fixed interest of 4.65%. This was offered to institutional and major shareholders on 3-9 October 2016. TRIS Rating has affirmed our rating at "BBB-" with "stable" outlook.

In any cases, from the business point of view, the company focuses on good governance with transparent management, environmental policy along with the corporate social responsibilities.

On behalf of the board of directors, management team and every employee, I would like to thank the shareholders, domestic and international customers, financial institutions as well as all related parties for the continuing trust and support to the company. The company keeps the promise to strive for the most benefits of all related parties through the good governance, transparent management and corporate social responsibilities for the sustainable growth in line with the company's vision.

Phisudhi Phihakendr  
Chairman

## Message from Managing Director



On behalf of Energy Earth PCL (EARTH), I would like to inform our investors that despite lower coal consumption across the industry, the company has shown satisfactory financial results in terms of revenue and net profit in 2016. Early in 2016, the coal price has fallen to the USD50 per Metrics Ton representing the lowest point in the past four years. However, due to the policy to control its production imposed by China which is the World's largest coal importer, the coal price has recovered. In parallel, the demand has also increased amid fast approaching winter as well as the rapid decline in the coal reserves, driving up the coal price even further.

In 2016, the company reported consolidated revenue of THB 18,502.56 million and net profit of THB 871.89 million which is equivalent to EPS of THB 0.248. Compared to 2015 financial results the company registered revenue of THB 16,889.15 million implying YoY growth of 9.55%, net profit of THB 1,026.93 million, implying YoY decrease of 15.10%.

In terms of cash flow and liquidity, the company still shows strong financial ratios with current ration of 1.10 times, Total liabilities to total assets of 0.67 times and total liabilities to total equity of 2.06 times.

Currently, the company has combined total reserve from 2 mines in Indonesia of 83 million tonnes. With annual sales target of 10 million tonnes, our reserve should be adequate to serve our (existing and new) clients for the next 7-8 years. In order to achieve sustainable growth, the company has explored new opportunities for coal-fired power plants both in Thailand and overseas given that the company possessed own mines. The power plant business will strengthen the overall performance and competitive advantage, which diversifies the business risks and generate more sustainability in terms of revenue and profit. The company will update investors on the development of this project.

To be the leader in sustainable business, the company always holds true to good governance and transparent management. We are also responsible for corporate social responsibilities, which we see will grow strong together with our business.

Lastly on behalf of the board of directors, I would like to thank the management and every employee for driving the performance of the company to grow and most importantly to shareholders, customers, financial institutions as well as all the business partners that continue to support the company.



Khajohnpong Kamdee  
Managing Director



## Board of Directors and Management Team



**Phisudhi Phihakendr**

Chairman

Age 65

Undergraduate Degree Business  
Management University of Memphis

### Current Position of Director / Management in Other Companies

- 2015–Present – Earth Holdings Co., Ltd.
- 2015–Present – Earth Renewable Co., Ltd.
- 2015–Present – PT. Belayan Abadi Prima Coal
- 2014–Present – Energy Earth (Hong Kong) Co., Ltd.
- 2014–Present – Hollywood Movies Co., Ltd.
- 2013–Present – Fly Digital Media Co., Ltd.
- 2013–Present – Fly Entertainment Co., Ltd.
- 2013–Present – Ploenjit Media Co., Ltd.
- 2013–Present – Earth Power Plants Co., Ltd.
- 2013–Present – MM Alliance Co., Ltd.
- 2011–Present – PT TRI TUNGGA PITRIATI
- 2011–Present – WTEC Co., Ltd. Currently named as PartnerLink Network Co., Ltd.
- 2007–Present – Energy Perfect Co., Ltd.
- 2007–Present – Earth Link Capital (Thailand) Co., Ltd.
- 2006–Present – Snack Shack 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
- 1980-1998 – Chief Information Officer, Central Retail Corp.
- 1999-2006 – Executive Director, Thai Mart Retail Company



**Somkiat Sukdheva**

Chairman of the Audit Committee

Age 72

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

### Current Position of Director / Management in Other Companies

- 2003–Present – KORVAC (THAILAND) CO., LTD.
- 2009–Present – Thanachart Capital Public Company Limited.

### Working Experience

- 1958-2002 – Assistant Managing Director, KasikornBank Public Company Limited
- 2002-2008 – Chairman of the Audit Committee, Siam City Bank Public Company Limited

### Directors and Executive Directors Certification

#### Sloan School M.I.T., USA

- Senior Executive Program (SEP)

#### Thai Institute of Directors

- Directors Compensation Survey 2012
- Role of Modern Directors with Value-Added and sustainable organizations
- Financial Statement and Corruption in Capital Market Generation 7/2012
- Certificate of Monitoring the System of Internal Control and Risk Management (MIR) Generation 12/2012
- Certificate of Role of the Nomination and Governance Committee (RNG) Generation 1/2011
- Certificate of Financial Institutions Governance Program (FGP) Generation 3/2011
- Certificate of Monitoring Fraud Risk Management (MFM) Generation 6/2011
- Certificate of Monitoring the internal Audit Function (MIA) Generation 13/2011
- Certificate of Role of the Chairman Program (RCP) Generation 25/2011
- Certificate of Role of the Compensation Committee (RCC) Generation 6/2008
- Certificate of Audit Committee Program (ACP) Generation 3/2004
- Certificate of Director Certification Program (DCP) Generation 40/2004

#### Capital Market Academy, the Stock Exchange of Thailand

- Certificate of Advance Management Course Generation 6/2008

## Board of Directors and Management Team



**Khajohnpong Khamdee**  
Director  
Age 44  
Undergraduate Degree Accounting  
Rajabhat Rajanagarindra University



**Phiroon Phihakendr**  
Director  
Age 39  
Undergraduate Degree in Computer Science  
New York University  
Master Degree in Computer Science  
New York University

### Current Position of Director / Management in Other Companies

- 2015–Present – Earth Holdings Co., Ltd.
- 2015–Present – Earth Renewables Co., Ltd.
- 2015–Present – PT. Belayan Abadi Prima Coal.
- 2015–Present – Aladin Holdings Co., Ltd.
- 2014–Present – Energy Earth (Hong Kong) Co., Ltd.
- 2014–Present – Mukdahan International Hospital Co., Ltd.
- 2014–Present – Hollywood Movies Co., Ltd.
- 2013–Present – Fly Digital Media Co., Ltd.
- 2013–Present – Fly Entertainment Co., Ltd.
- 2013–Present – Ploenjit Media Co., Ltd.
- 2013–Present – Earth Power Plants Co., Ltd.
- 2013–Present – MM Alliance Co., Ltd.
- 2013–2015 – Apple Wealth Securitles PCL..
- 2011–Present – PT TRI TUNGGAL PITRIATI .
- 2008–Present – WTEC Co., Ltd. Currently named as PartnerLink Network Co., Ltd.
- 2007–Present – Energy Perfect Co., Ltd.
- 2007–Present – Earth Link Capital (Thailand) Co., Ltd.

### Working 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.

### Current Position of Director / Management in Other Companies

- 2015–Present – Earth Holdings Co., Ltd.
- 2015–Present – Earth Renewables Co., Ltd.
- 2015–Present – PT. Belayan Abadi Prima Coal.
- 2015–Present – Aladin Holdings Co., Ltd.
- 2015–Present – Energy Earth (Hong Kong) Co., Ltd.
- 2014–Present – Hollywood Movies Co., Ltd.
- 2013–Present – Fly Digital Media Co., Ltd.
- 2013–Present – Fly Entertainment Co., Ltd.
- 2013–Present – Ploenjit Media Co., Ltd.
- 2013–Present – Earth Power Plants Co., Ltd.
- 2013–Present – Zinneken's Co., Ltd.
- 2008–Present – MM Alliance Co., Ltd.
- 2008–Present – Apsara Valley Winery Co., Ltd.
- 2007–Present – Energy Perfect Co., Ltd.
- 2007–Present – Earth Link Capital (Thailand) Co., Ltd.
- 2005–Present – Bangkok Beer and Beverage Co., Ltd.
- 2003–Present – WTEC Co., Ltd. Currently named as PartnerLink Network Co., Ltd.

### Working 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.

## Board of Directors and Management Team



**Phipat Phihakendr**

Director

Age 37

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



**Phiboon Phihakendr**

Director

Age 32

Undergraduate Degree in Music Composition  
California Institute of the Arts  
Master Degree in Linguistics  
Fudan University, China

### Current Position of Director / Management in Other Companies

- 2015–Present – Earth Holdings Co., Ltd.
- 2015–Present – Earth Renewables Co., Ltd.
- 2015–Present – PT. Belayan Abadi Prima Coal.
- 2015–Present – Aladin Holdings Co., Ltd.
- 2014–Present – Energy Earth (Hong Kong) Co., Ltd.
- 2014–Present – Mukdahan International Hospital Co., Ltd.
- 2014–Present – Hollywood Movies Co., Ltd.
- 2013–Present – Fly Digital Media Co., Ltd.
- 2013–Present – Fly Entertainment Co., Ltd.
- 2013–Present – Ploenjit Media Co., Ltd.
- 2013–Present – Earth Power Plants Co., Ltd.
- 2013–Present – MM Alliance Co., Ltd.
- 2011–Present – PT TRI TUNGGAL PITRIATI
- 2007–Present – Energy Perfect Co., Ltd.
- 2007–Present – Earth Link Capital (Thailand) Co., Ltd.
- 2003–Present – WTEC Co., Ltd. Currently named as PartnerLink Network Co., Ltd.

### Working 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.



**Kanchana Chakvichitsopon**

Director

Age 64

Undergraduate Degree  
Economics  
Chiangmai University



**Thanawat Pratoomsuwan**

Director

Age 45

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

- 2015–Present – Earth Holdings Co., Ltd.
- 2015–Present – Earth Renewables Co., Ltd.
- 2015–Present – PT. Belayan Abadi Prima Coal.
- 2015–Present – Aladin Holdings Co., Ltd.
- 2014–Present – Energy Earth (Hong Kong) Co., Ltd.
- 2014–Present – Guangdong Energy Earth Co., Ltd.
- 2014–Present – Hollywood Movies Co., Ltd.
- 2014–Present – Waffle Interactive Media Co., Ltd.
- 2013–Present – Fly Digital Media Co., Ltd.
- 2013–Present – Fly Entertainment Co., Ltd.
- 2013–Present – Ploenjit Media Co., Ltd.
- 2013–Present – Earth Power Plants Co., Ltd.
- 2013–Present – MM Alliance Co., Ltd.
- 2013–Present – WTEC Co., Ltd. Currently named as PartnerLink Network Co., Ltd.
- 2011–Present – Energy Perfect Co., Ltd.
- 2007–Present – Earth Link Capital (Thailand) Co., Ltd.

### Working Experience

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

### Current Position of Director / Management in Other Companies

- 2007–2014 – Energy Perfect Co., Ltd.

### Working Experience

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

### Current Position of Director / Management in Other Companies

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

### Working Experience

- 1994-2010 – Team Manager-Credit Customer,  
KasikornBank PCL

## Board of Directors and Management Team



**Suriyaporn Bunchai**

Independent Director / Audit Committee

Age 47

Undergraduate Degree Business

Management Accounting

Ramkhamhaeng University

### Current Position of Director / Management in Other Companies

- 2005-Present – Bunchai Net and Com

### Working Experience

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



**Eknarin Thammaraks**

Independent Director / Audit Committee

Age 39

Undergraduate Degree

Professional Tennis Management

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.

### Working Experience

- 2000-2002 – Account Manager, BBDO Bangkok
- 2003-2007 – Deputy Manager, Diethelm Travel



**Thongchai Watanasoponwong**

Independent Director / Audit Committee

Age 38

Undergraduate Degree in Electrical

Engineering – SIIT, Thammasat University

Master Degree in Computer Science

The George Washington University

### Current Position of Director / Management in Other Companies

- 2010-Present – Chumpon Ice Co., Ltd.

### Working 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



**Sawin Chindakul**

Deputy Managing Director

Age 39

Undergraduate Degree

Utah State University

### Current Position of Director / Management in Other Companies

- None

### Working Experience

- 2002-2012 - Executive Director  
- Phantawattana School
- 2005-2012 - Manager  
Kamin Inc., United States



## Board of Directors and Management Team



**Paiboon Assawasiriwong**  
 Assistant Managing Director  
 Age 43  
 Undergraduate Degree in Business  
 Administration – Thammasat University  
 Master Degree in Business Administration  
 Assumption University

### Current Position of Director / Management in Other Companies

- 2011–Present - PT TRI TUNGGAL PITRIATI

### Working 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
- 2008–2010 – Assistant Managing Director  
Energy Perfect Co., Ltd.



**Voraphong Boonsiriphoka**  
 Assistant Managing Director  
 Age 46  
 Undergraduate Degree  
 Assumption University  
 Master Degree  
 University of Technology Sydney

### Current Position of Director / Management in Other Companies

- None

### Working Experience

- 1992–1996 – Trade Officer  
SCT TRADING LIMITED.
- 1999–2003 – System development manager  
WINSTORE CO.,LTD.



**Pingpun Fungpipat**  
 Assistant Managing Director  
 Age 36  
 Undergraduate Degree in Accountancy  
 Ramkhamhaeng University

### Current Position of Director / Management in Other Companies

- None

### Working Experience

- 2012–2013 – General Account Manager  
PAILIN BOOKNET Public Company Limited.

## Financial Highlights

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(Unit : Million Baht)

		Year 2014	Year 2015	Year 2016
<b>Performance</b>				
Revenue from sales		14,910.92	16,846.75	18,491.17
Total Revenue		14,917.29	16,889.15	18,502.56
Gross Profit from Sales		2,221.26	2,008.60	2,290.39
Net Profit (Loss)		1,042.11	1,026.93	871.89
<b>Financial Ratio</b>				
Gross Profit Margin	(%)	14.90	11.92	12.39
Net Profit Margin	(%)	6.99	6.10	4.72
Return on Average Equity	(%)	21.65	12.83	7.99
Return on Average Assets	(%)	6.62	4.34	2.75
<hr/>				
<b>Total Assets</b>		17,940.93	29,429.67	34,056.22
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<b>Total Liabilities</b>		12,643.91	18,718.52	22,944.70
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<b>Shareholders' Equity</b>		5,297.02	10,711.15	11,111.52

# Policy and Business Overview

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## Vision, Mission, Business Strategies and Business Goal

- **Vision**

To be an entrepreneur distributing coal in domestic and international market completely from upstream to downstream with the new technology, the environmental care and the international standard services.

- **Mission**

Having sufficient coal reserves supply for customers.

Having coal trading networks both in domestic and international market.

Managing under the corporate governance with a sense of responsibility to customers, shareholders, business partners, society, environment, and the nation.

- **Business Strategies and Business Goal**

The group set a goal “5 years 5 Mines 5 Markets” for the operations in 2013-2017, aiming to have its own coal mine at least 5 mines, which one of each has coal reserves of around 30-40 million tons. Also, the group set a goal to do coal retail business which has already been successful in Thailand to at least 5 countries which are ready and appropriate. These two goals will support the company’s stability, customers’ confidence on the coal’s good quality, and sufficient coal supply to be served the customers’ need.

From the year 2011, the group has bought the coal mine in Indonesia which has the reserve of 7.4 million tons. Then, in 2013, the group by PT TRI TUNGKAL PITRIATI (“TTPL”) bought the rights to do coal mining as an exclusive coal off take from PT JHOSWA MAHAKAM MINERAL (“JMM”). This made the group acquiring the reserve of 43.0 million tons, worth at 3,820.65 million Baht. This mine is an open pit mine type, located at Kenoban, DesaTelukBingkai, Kecamatan Kenoban, Kabupaten, Kutai Kartanegara, Provinsi East Kalimantan with the area of 25,106 rai, which can be count as the first mine as its goal “5 years 5 Mines 5 Markets” of the group.

In 2015, the group has bought ordinary shares of PT. BALAYAN ABADI PRIMA COAL (BAPC) by Share Swap. BAPC has coal reserves of around 40 million tons on open-pit mining with the area of 31,250 rai, located at Kembang Janggut and kenohan, Kutai Kartanegara, East Kalimantan. Its location closes to JMM’s mine, which is also owned by the group. The acquisition of the two coal mines follows the group’s 5-year plan.

For its marketing goal, currently, the group has already sold to Thailand, China, India, South Korea, Hong Kong and Bangladesh, totally 6 countries according to the goal. The Company is also entering Taiwan which is the 7<sup>th</sup> country, and is planning to enter Cambodia, Vietnam and Srilanka next.

The group concerns the importance of product delivery to customers by selecting the high standard transportation company and aims to build a good relationship with the transportation companies for the customers getting the product on time and in good condition. The group concerns its customers by setting a goal of servicing a variety of customers in various industry and many customers to reduce the risks of being rely on major customers. Moreover, the group emphasizes on its product by setting a goal to expand the business with the collaboration with the customers to expand vertically; for example, power plants group or coal users.

### History of the Company and its subsidiaries

- **Energy Earth Company Public Limited (“Company” or “EARTH”)**

Energy Earth Public Company Limited, formerly named Advance Paint and Chemical (Thailand) Public Company Limited which was registered in 1992 with the registered capital of 50 million Baht and was listed in the Stock Exchange of Thailand in 1996. The company produced and distributed the paints, industrial paints and paint related products under the trade mark “Seven Stars”, “New Confident”, And “Climate Guard”. Currently, the company has sold all the fixed assets including land, building, factory, and, machines related to the paints business to be able to pay the creditors, has stopped the paints production and distribution, and has changed to be a coal producer and a coal distributor to the customers who needs to use the coal in their production.

History and importance development of the company can be briefly stated as follows:

Year 1992	- Establishment of Advance Paint and Chemical (Thailand) Company Limited with the registered capital of 50 million Baht
Year 1995	- The company was converted to the public company on April 28, 1995.
Year 1996	- The company was listed in the Stock Exchange of Thailand with the registered capital of 70 million Baht.
Year 2001	- On October 10, 2001, the company requested to do the business rehabilitation process to the bankruptcy court. - On November 5, 2001, The court ordered the petition for rehabilitation.
Year 2002	- On July 5, 2002, the rehabilitation plan was approved by the bankruptcy court. The company decreased and increased its capital according to the rehabilitation plan, then the register capital and paid up capital at the amount of 1,674,800,250 Baht, at 167,480,025 shares at par value of 10 Baht.



- On September 30, 2002, the company had exited the corporate rehabilitation plan as it had successfully followed and completed the plan.
- Year 2004
- The company decreased the capital by reducing the value of the registered capital and paid up capital from par value of 10 Baht with 222,453,175 shares at the amount of 2,224,531,750 Baht to be par value of 1 Baht with 222,453,175 shares at the amount of 222,453,175 Baht. The decreased capital of 2,002,078,575 Baht was compensated with the share discount at 1,970,758,350 Baht and the rest at 31,320,225 Baht was compensated for the company's retained loss.
- Year 2005
- On November 14, 2005, the Stock Exchange of Thailand determined to suspend trading with the symbol "SP" for the company because the Stock Exchange determine to suspend trading to any registered company in the rehabs group at once the registered company has the shareholding less than 0 or the company's performance shows net loss after revenue adjustment and expenses of normal business. It is the fact that the company's performance as the financial statements at September 30, 2005 represented net loss. Then, the Stock Exchange determined to suspended trading or use the symbol "SP" until the company's account was cancelled and move back to the normal trading.
- Year 2006
- On July 3, 2006, the Stock Exchange cancelled the rehabco group and delisted the company out of the board and move to the Non-Performing Group. (NPG)
- Year 2010
- The company proceeded to remove the clauses of the Stock Exchange delisting by attempting to improve the business of production and distribution of paints which is the original business. But, it was not successful. The company therefore uses the improvement methods of the financial status and business performance by acquiring the shares of Energy Perfect Company Limited (EPCL) and change the authority of the company. This is actually the back door listing; this caused the company to request the Stock Exchange to approve it to re-apply.
  - On December 2, 2010, It was approved to acquire the common shares of EPCL of 20,000,000 shares at the par value of 10 Baht by share swapping method. There was the capital increase of 2,000,000,000 shares to be allocated to EPCL's shareholders at the price of 0.10 Baht as the agreement to acquire the common shares of EPCL of 20,000,000 shares, by using a swap ratio of 1 share of EPCL to 100 new shares of the company. This made the company have registered capital and paid up capital of 2,222,712,675 shares at the par value of 1 Baht and the company has become the shareholder of EPCL with 100.00%

- Year 2011
- On May 18, 2011, the Stock Exchange approved EARTH to be able to trade in the Market for Alternative Investment (MAI).
  - As of September 15, 2011, the Company purchased PT.TRI TUNGGAL PITRIATI (TTPL) by Share Swapping Method by issuing 331,457,770 common shares worth of 1,103,754,400 Baht.
  - On October 17, 2011, the warrants to buy common shares (EARTH-W3) of 444,519,122 units was started to be traded in the Market for Alternative Investment (mai), which details are as follows:

Exercise Price per 1 common share (Baht) 1.466

Exercise Ratio (warrant : share) 1 : 1.023

Date First Exercise : March 15, 2012

Date Last Exercise : September 15, 2016

- Year 2013
- In February, the company has been listed in the Frankfurt Stock Exchange/Frankfurter Wertpapier börse (FWB®) as being listed in two markets (Dual Listing)
  - On December 21, 2013, the company has approved that PT. TRI TUNGGAL PITRIATI, which owned by the company 99.90%, buy the Exclusive Coal Off take from PT. JHOSWA MAHAKAM MINERAL. This made the company getting the coal reserve of 43,000,000 tons at the value of USD 2.75 per ton, totally of USD 118,250,000 (or 3,820,657,500 Baht).

- Year 2014
- On January 2, 2014, the Stock Exchange of Thailand approved to move the Company's stock from Market for Alternative Investment to be traded in the Stock Exchange of Thailand (SET) in the sector of Energy and Utilities under the industry group of Resources by using the stock quote named "EARTH".
  - As of June 24, 2014, the Company Approved to issue Warrant (EARTH-W4) amount of 1,411,487,567 units with the following details:

Exercising Price per 1 common share (Baht) 7.00

Exercising Ratio (Warrant : Share) 1 : 1

First exercising date : March 15, 2016

Last exercising date : September 15, 2016

- Year 2015
- On December 14, 2015, the company acquired PT. BALAYAN ABADI PRIMA COAL (BAPC) by Share Swap with ordinary share of 527,828,572 shares, with total value of 3,694,573,880 Baht.

- Year 2016
- On 22 March 2016, the company made an adjustment on the rights of warrants to purchase ordinary shares of Energy Earth Company Limited No.3 (EARTH-W3).  
Exercise ratio (Warrant : Share) was adjusted from 1 : 1.023 to 1 : 1.044  
Exercise price was 1.466 Baht per share and was adjusted to 1.437 Baht per share.
  - The company also made an adjustment to the rights of warrants to purchase ordinary shares of Energy Earth Company Limited No. 4 (EARTH-W4).  
Exercise ratio (Warrant : Share) was adjusted from 1 : 1 to 1 : 1.020  
Exercise price was 7 Baht per share and was adjusted to 6.861 Baht per share.
  - On 18 May 2016, the company increased registered capital by issuing 30,000,000 ordinary shares with par value of 1 Baht per share, in order to accommodate the rights adjustments of warrants.

### History of its Subsidiaries

#### ● History of Energy Perfect Company Limited (“EPCL”)

Energy Perfect Company Limited (EPCL) was registered on January 5, 2007 with the registered capital of 20 million Baht, as an importer, sizing, and distributing bituminous coal to both domestic and foreign coal users by direct importing from the coal mines in Indonesia.

Currently, EPCL has a registered and paid up capital of 200 million Baht, having a factory to store, crush, and screen coal at Sriracha district, Choburi province. EPCL provides size screening and also taking care of distribution for domestic customers for Energy Earth Public Company Limited, and sells coal to both domestic and foreign customers.

History and the important development of EPCL can be summarized as follows:

- Year 2007
- On January 5, 2007, It was established to do the business of importing, distributing coal with the registered capital of 20 million Baht.
  - April 2007, it was the time to start the operations at the factory to do size screening at Sriracha district, Choburi province.
- Year 2008
- September 2008, EPCL has increased the registered capital from 20 million Baht to 160 million Baht.
- Year 2010
- On February 18, 2010, EPCL has increased the registered capital again to be 200 million Baht.
  - On December 13, 2010, the shareholders of EPCL has sold 100.00% shares to Energy Earth Public Company Limited, formerly named Advance Paint and Chemical (Thailand) Company Limited by share swapping. This made EPCL become the subsidiary of EARTH with EARTH's ownership of 100.00% and made the change of authority to control internally. This transaction can be the indirect registration with the Stock Exchange (Back Door Listing)

- **History of PT. TRI TUNGGAL PITRIATI (TTPL)**

PT TRI TUNGGAL PITRIATI was registered and located in Indonesia on December 17, 2007 under the name CV Tri Tunggal Mandiri (partnership). Then, its status was changed from the partnership to be the company on December 27, 2010 and was named as PT TRI TUNGGAL PITRIATI.

Currently, PT. TRI TUNGGAL PITRIATI has the registered and paid up capital of USD 1,000,000, owned by Energy Earth Public Company Limited 99.90%, owning the coal concession of 1 site with the reserve of 1.80 million tons and the rights to do coal mining in another 1 site with the reserve of 5.60 million tons, the total reserve of 7.40 million tons (Currently, there was no reserve balance). Its office is located in Banjarmasin, South Kalimantan, Indonesia, doing the coal trading.

On December 21, 2013, TTPL has owned the rights to do coal mining in another 1 site, which is exclusive off take from PT. JHOSWA MAHAKAM MINERAL (“JMM”) with the reserve of 43.0 million tons (As of December 31, 2016, there is still 43.0 million tons), which is open pit type, located at Kenoban, Desa Teluk Bingkai, Kecamatan Kenoban, Kabupaten KutaiKartanegara, Provinsi East Kalimantan, with the area of 25,106 rai, totally 3 mines.

- **History of Earth Power Plants Company Limited (“EPPL”)**

Earth Power Plants Company Limited was registered on July 24, 2013 with the register capital of 10 million Baht (Between year, according to the Extraordinary General Meetings on August 4, 2015, shareholders approved the capital increase from 10 Million Baht to paid up capital of 30 Million Baht). This company does business of producing and distributing the electricity, ashes, and all kinds of ash-related products. Currently this company has started researches on both domestic and international power plants that may be good for acquisitions.

- **History of Energy Earth (Hong Kong) Company Limited (“EEHK”)**

Energy Earth (Hong Kong) Company Limited was registered on March 31, 2014 with a registered capital of 1,000,000 Hong Kong Dollars to operate in international coal trading business and to prepare for business expansion in the international market.

On June 15, 2015, EEHK has increased its capital to 74,000,000 Hong Kong Dollars (Ordinary share of 74,000,000 shares with par value of 1 Hong Kong Dollar) The company has a fully paid-up capital of 75,000,000 Hong Kong Dollars.



- **History of Guangdong Energy Earth Company Limited (“GECL”)**

Guangdong Energy Earth Company Limited was registered on June 23, 2014 with a registered capital of 10,000,000 Chinese Yuan to operate in coal trading in China and international market, and to prepare for business expansion in China. Currently, GECL mainly purchases and sells coals in China (Collecting Business).

On 24 March 2015, the company increased capital by 20,000,000 Chinese Yuan, of which 30,000,000 Chinese Yuan are paid-up capital.

On 15 December 2016, the company increased capital by 30,000,000 Chinese Yuan, of which 60,000,000 Chinese Yuan are paid-up capital.

- **History of Aladin Holdings Company Limited (“AHCL”)**

Aladin Holdings Company Limited was registered on July 13, 2015 with a registered capital of 10 Hong Kong dollars to operate as a trader to trade coal. Such Company is not yet in operation.

- **History of Earth Renewables Company Limited (“ERCL”)**

Earth Renewables Company Limited was registered on November 11, 2015, with a registered capital of 1,000,000 Baht to prepare for business expansion in renewable energy projects, i.e. solar power plant, wind power plant, hydroelectric power plant, etc. Currently, ERCL is not yet in operation, but continues to conduct feasibility study of various projects in both domestic and international power industries.

- **History of PT.Belayan Abadi Prima Coal (“BAPC”)**

PT.BELAYAN ABADI PRIMA COAL was registered in Indonesia on September 5, 2005. Currently, BAPC has a paid-up capital of USD 1,000,000.-, of which the company holds 99.90%. BAPC owns a mining concession worth 3,692.73 million baht. The mine is open-pit type with coal reserves of over 40 million tons on an area of 31,250 rai, located in Kembang Janggut and Kenohan, Kutai Kartanegara, East Kalimantan.

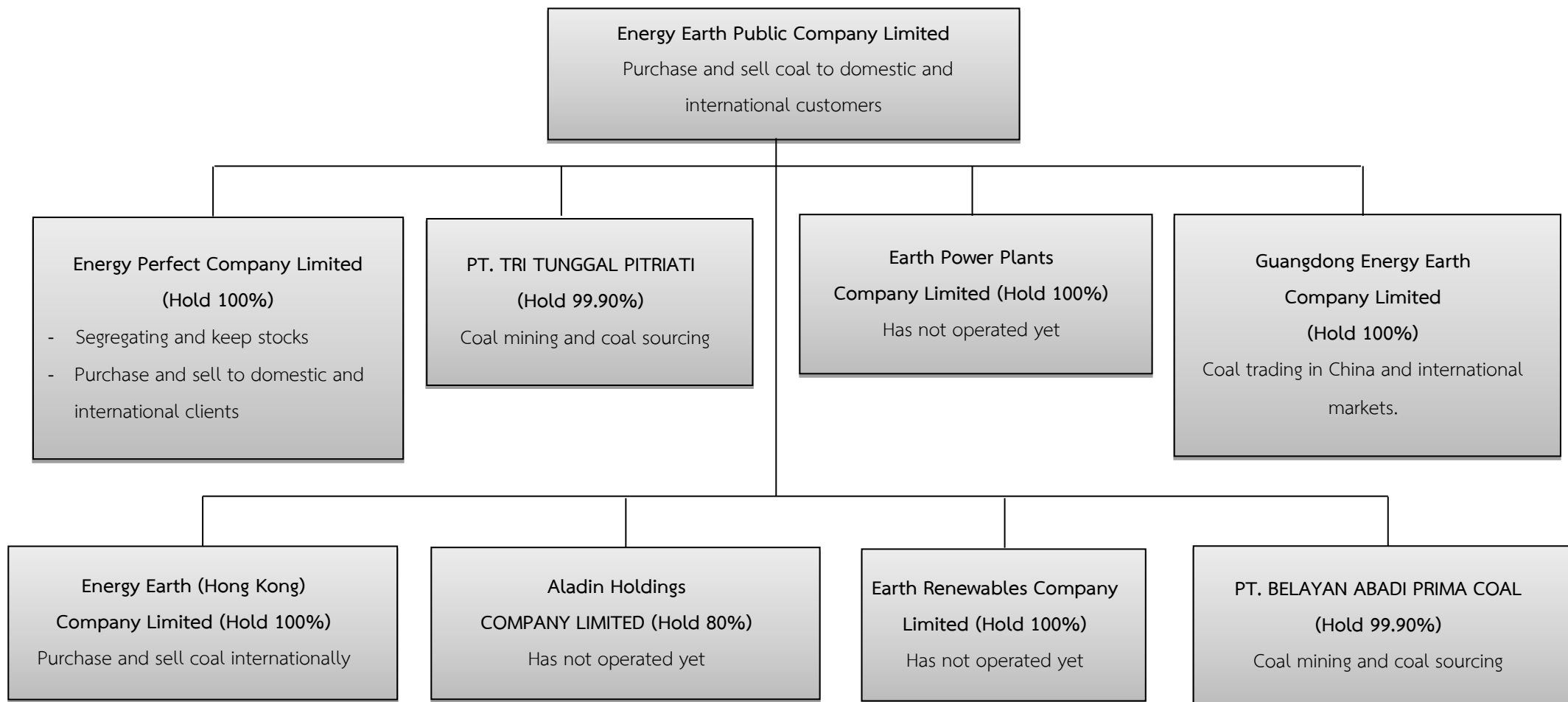
### **Shareholding Structure of the company and its subsidiaries**

The company's core business is the production and trading of bituminous coal, with customers in domestic and international markets. The company obtains coal from subsidiaries' mining as well as purchases from other mines. In Indonesia, TTPL and BAPC operate coal mining on their own mines and other mines with mining concessions and offtake agreements. They also buy coals from other sources in Indonesia, China and Russia and sell to the company. The company then sells coal to its customers in Thailand and international markets. Coal will be directly transported via vessels from Indonesia to international markets. Some shipments will be imported to Thailand for sorting as per customers' specification at the company's own factories and deliver to local customers later.

In China, GECL trade coal by buying from coal mines in the Northern part of China, sells and deliver the coal by train to Qinhuangdao Port, to later transport to large powerplants

As for coal sales in Thailand, EARTH acts as a distributor, however, coal is stored and sorted at EPCL, the sorting activities are done in accordance with the purpose and uses of coal by different buyers in different countries.

## Overview of the shareholding structure and the business of the Group



## **Domestic Coal Business**

The company imports coal from Indonesia, in order to distribute to domestic customers nationwide. Deliveries both wholesale and retail, directly to customer's factory. Also keeping and managing coal at Company's stockyards (with have screening's equipment) at Sriracha, Chonburi and Nakornluang, Ayudhaya area, which are great strategically area to increase delivery capability with quickly and coverage throughout nationwide, in order to serve customer's needs.

Domestic coal consumption in 2016 mainly used in the industry of cement producer as 33% and other industries as 67%. It is expected that coal consumption, with the price per unit of heating value less than other fuel, will expand continuously in the future. Domestic customer base of the Company covering various industries such as cement, paper, food, textile, power plants, and other industries that use coal. Although the world coal price has been dropped since the beginning of the year, the company can still offer a good service to customers because of good management to provide good services, standard stockpiling, and sufficient stock for large amount of customers as per their needs.

## **Foreign Coal Business**

The Group has invested in coal mines in Indonesia, namely TTPL and BAPC, in order to supply coal to Thai and foreign customers. The Group also sources coal from other mines in Indonesia in order to meet demand, in which coal are imported to Thailand for distribution. One of the Group's main buyers is Chinese buyers, most of them are large state-owned powerplants. Some portion of coal is sold directly to buyers, however, some are sold through third-party traders. The Group also sells to buyers in India, South Korea, Hong Kong, Bangladesh and Taiwan.

The Group has set up Energy Earth Hong Kong Company Limited (EEHK) to oversee coal sales to foreign customers, as the the Group has plan to expand its customer base to other countries namely, Cambodia, Vietnam and Sri Lanka in the future.



## The Operations of Each Product Line

The Revenue Structure of Coal Selling, according to the consolidated financial statements

Revenue Type	Operated by	2013		2014		2015		2016	
		Million	%	Million	%	Million	%	Million	%
		Baht		Baht		Baht		Baht	
1.Revenue from coal									
Domestic sales	EARTH, EPCL,EEHK	3,624.13	26.81	5,227.59	35.04	4,385.07	25.96	4,012.21	21.69
International sales	EARTH, EPCL,GECL	9,880.55	73.10	9,683.33	64.92	12,451.68	73.79	14,478.96	78.25
1.Other Revenue									
Other Revenue	EARTH, EPCL	12.44	0.09	6.37	0.04	42.40	0.25	11.38	0.06
Total Revenue		13,517.12	100.00	14,917.29	100.00	16,889.15	100.00	18,502.55	100.00

In 2013, the Group generated domestic sales of 3,624.13 million Baht, international sales of 9,880.55 million Baht, and other revenue of 12.44 million Baht which accounted for 26.81%, 73.10% and 0.09% of total sales, respectively.

In 2014, the Group generated domestic sales of 5,227.59 million Baht, international sales of 9,983.33 million Baht, and other revenue of 6.37 million Baht which accounted for 35.04%, 64.92% and 0.04% of total sales, respectively.

In 2015, the Group generated domestic sales of 4,385.07 million Baht, international sales of 12,451.68 million Baht, and other revenue of 42.40 million Baht which accounted for 25.96%, 73.79% and 0.25% of total sales, respectively.

In 2016, the Group generated domestic sales of 4,012.21 million Baht, international sales of 14,478.96 million Baht, and other revenue of 11.38 million Baht which accounted for 21.69%, 78.25% and 0.06% of total sales, respectively.

During 2013-2016, the Group revenue was experiencing an upward trend, sales volume increased 12.60 million tons or 21.80% in 2016. This was due to the success of capturing customer confidence and the expansion of new customer base. At present, the company is selling to both domestic customers and customers in China, India, Bangladesh, South Korea, Hong Kong and Taiwan.

## Characteristics of Products and Services

Coal is a sedimentary rock that can be ignited, mainly composed of carbon of not less than 50% by weight or 70% by quantity. Coal is made up from the deposition of dead plants and decayed in the area of water basins many million years ago. Changes occur naturally on earth; for example, earthquakes, volcanic eruptions or sediment caused by the deposition of plants, resulting in more pressure, combined with the heat from inside the earth's surface, the deposition making changes into coal types.

The physical characteristics of coal is in the solid state, formless and with colors ranging from brown to black with the properties of coal of being able to be ignited, to be used as an energy source for industrial and power plants.

Many ways to classify coal are different as the purpose of use. However, the current popular way to classify is American Society for Testing and Materials (ASTM) by classifying into 4 types based on the amount of carbon from most to least such as Anthracite, Bituminous, Sub-Bituminous, and Lignite.

General characteristics of each coal type are as follows:

1. Anthracite is the highest quality black and shiny coal, composed of carbon with more than 90%, very low moisture, high heating value, and the ignition temperature is high. Mostly, it is used as a fuel source for the glass industry, chemical industry, and steel industry.
2. Bituminous is the black shiny coal, composed of approximately 80% - 90% carbon. This coal type is used to be fuel, as alternatives to fuel oil for boilers in many industrial factories; for example, food production industry, and paper industry.
3. Sub-Bituminous is the coal colored range from dark brown to black. The coal texture is soft like wax, composed of approximately 71% - 77% carbon, with the moisture of 10% - 20% (World Coal Institute. 2004b. On-line). This coal type is mostly used in producing electricity.
4. Lignite is the coal still remaining plants with colored range from dark brown to black, composed of very low quantity of carbon, with the high moisture. It can be used as the fuel for industries, but it is not popular because of low heating value and high sulfur, which has an impact on the environment.

Table of a comparison of each coal type

Coal	Heating Value	Moisture	Ash	Sulfur
1. Anthracite	High	Low	Low	Low
2. Bituminous	High	Low	Low	Low
3. Sub-Bituminous	Medium - High	Medium	Medium	Medium
4. Lignite	Low – Medium	High	High	Low – High

The type of coal that the Company imports are Bituminous, characterized as heat-high, low moisture, ash and sulfur, which has a low impact on the environment. Coal price is also relatively low comparing to fuel oil and natural gas price, therefore industrial sector is shifting to using more coal as an alternative source of energy

- **Mining Rights and Concessions**

PT TRI TUNGGAL PITRIATI (“TTPL”) has the registered capital and paid up capital of 1,000,000 US dollar, which is owned by the company in the proportion of 99.90%. Its office is located at Banjarmasin, South Kalimantan, Indonesia. On December 21, 2013, the company’s Board of Directors had a resolution to approve TTPL to buy an Exclusive Coal Offtake from PT JHOSWA MAHAKAM MINERAL (“JMM”), making the company to get the coal reserves of 43.00 million tons, at the value of 118,250,000 US dollars (or 3,820,657,500 Baht, calculated by using the average exchange rate of 15 business days before the date of the Board of Directors’ meeting, which is announced by the Bank of Thailand, equally to 32.31 THB/USD). This mine is open pit type, located at Kenoban, Desa Teluk Bingkai, Kecamatan Kenoban, Kabupaten Kutai Kartanegara, and Provinsi East Kalimantan with the area of 25,106 rai.

In 2015, The Company approved acquisition of PT. Belayan Abadi Prima Coal (PT.BAPC) of which the Company holds shares at 99.95%. BAPC owns 1 mining concession rights with a value of 3,692.73 million Baht, such mine is an open pit operation located in Kembang Janggut and Kenohan, Kutai Kartanegara, East Kalimantan with 31,250 Rai of space and will increase 40 million tons of coal reserve amount to the Company.

On December 31, 2016, the group has the existing coal reserves of 83.0 million tons (Reference to the existing coal reserves and the value per ton as shown in JORC), which has terms and agreements as follows:

Name of Coal Mine	Owner/Operator	Type of Business	Number of Registration/ Country of Registration	Coverage Period
1. Kecamatan Kenoban in Kabupaten Kutai Kartanegara in East Kalimantan	PT. JHOSWA Mahakam Mineral	Mining rights to distribute	Mining License 540/2295/IUP-Er/MB-PBAT/VIII/2010) in Indonesia	Until the reserved of mine has been depleted.
2. Kembang Janggut and Kenohan, Kutai Kartanegara in East Kalimantan	PT. Belayan Abadi Prima Coal (PT.BAPC)	Coal mining concession rights	Mining License (540/004/IUP-OP/DPE-IV/V/2009) in Indonesia	End on 14 May 2033

- Kecamatan Kenoban with coal reserve of 43 million tons, according to JORC.
- Kembang Janggut and Kenohan with coal reserve of 40 million tons, according to JORC.

## The Marketing and the Competition

### 1) The Marketing Policy

The company emphasizes on the importance of the sustainable growth by providing regularly the good quality of coal upon the customers' request with on time delivery. moreover the company continuously expands its customer base both domestically and internationally. The company plans to expand its domestic customer base by maintaining its leading position in coal distributor, and focus on capturing new customers in countries that have large coal imports.

On top of that, the company plans to expand in China through GECL, by serving more state-owned powerplants.

#### ● Distribution and Channel of Distribution

Proportion of coal sold to domestic customers to foreign customers was 26:74 in 2015, however sales to domestic to customers to foreign customers shifted to 19:81 in 2016.

Distribution channels are categorized as:

- Foreign market: 1) Sells directly to large state-owned powerplants such as in China and South Korea 2) Selling through traders who will sell to end users in other foreign countries.
- Domestic : Mostly the company sells directly to end users, which are located around the country, they mainly use Bituminous coal as energy supply to production process, in small to large factories, in various industries such as cement, paper, food, dye.

#### ● Target Customers

Main Target Customers can be divided into two groups as follows:

##### 1. Direct Coal Users (End User)

The group sells coal to domestic customers who are the producers in various industries such as cement industry, paper industry, dyeing industry and food industry. Selling coal to these customers, the much import large volume of coal and do size screening as per each customer's request.

The company supplies coal directly to large powerplants in many countries, namely China, India, South Korea, Bangladesh, Hong Kong and Taiwan, where customers in China and South Korea are all state-owned powerplants. Powerplants provide opportunity as they continuously required large amount of coal. The company also plans to expand to end users in other industries such as cement and paper as well as supplying to other countries such as Cambodia, Vietnam and Sri Lanka.

## 2. Middleman (Trading Arm)

The company sells to third-party traders who act as a middleman that in turns sells to the end users. Coal are shipped to the traders directly from ports in Indonesia.

## 2) Market Conditions and Competition

Global economy is likely to recover, which will positively affect coal demand in powerplants, cement factories and other industrial factories, whereby most of the Group's customers are large powerplants who continuously required large volume of coal as raw material.

The company has been selected to be included in the Supplier Approved List of the Chinese's government powerplants which will help boost coal sales in the future.

### ● Domestic Coal Industry Outlook

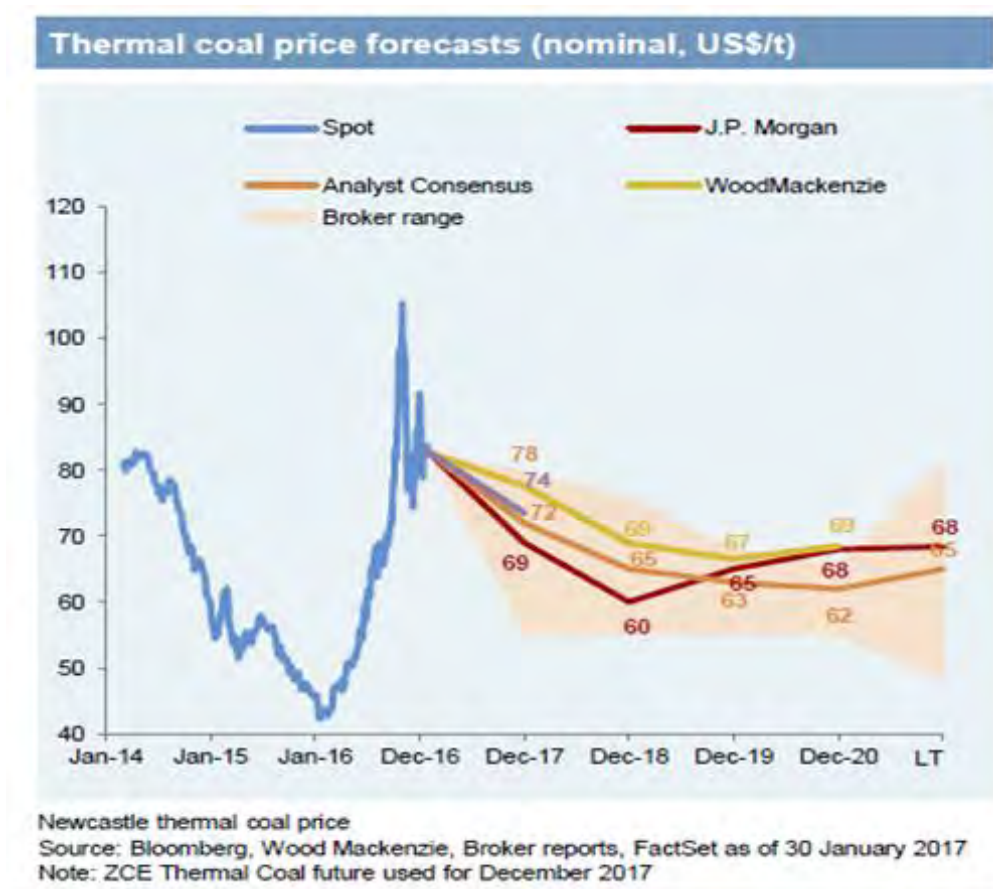
Table of Thailand's quantity of coal imported

Rank	Country	Value (Million Baht)			Expanding Percentage (%)			Ratio (%)		
		2014	2015	2016	2014	2015	2016	2014	2015	2016
1	Indonesia	36,448.09	33,604.50	28,884.60	16.49	-7.80	-14.05	73.43	75.45	70.57
2	Australia	9,236.90	9,462.90	9,841.90	5.84	2.45	4.01	18.61	21.25	24.04
3	Philippines	-	428.20	1,501.80	-	100	250.72	-	0.96	3.67
4	Vietnam	597.58	503.90	386.40	0.17	-15.68	-23.32	1.20	1.13	0.94
5	Laos	794.03	540.60	317.00	38.89	-31.92	-41.36	1.60	.1.21	0.77

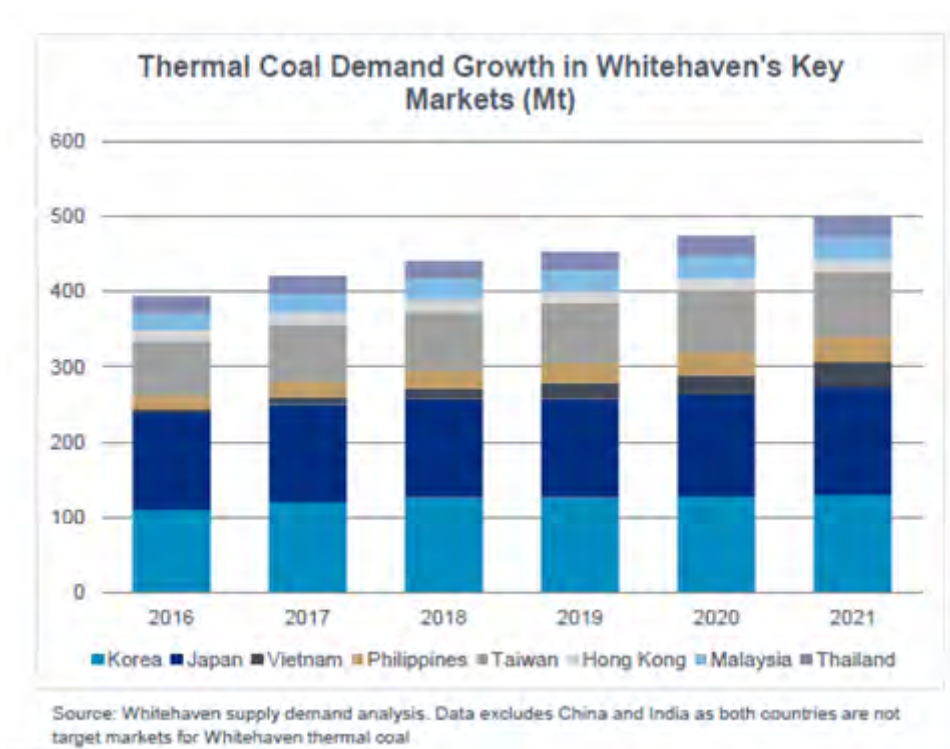
Source: Customs Department

Coal imports declined in 2016, mainly from the decline in import from Indonesia amounted 4,719.90 million Baht or 14.05% from the previous year. There has been an increase of imports from Russia at 1,073.60 million Baht or 250.72% from 2015. However, EARTH remains the largest coal importer in Thailand.

- World Coal Industry Outlook



Coal price in the global market declined during the past two years, where it had already reached its bottom and have rebounded in the second quarter of 2016, experts predict a new base and price should reach 60-78 US Dollars per ton in the long-run



Coal demand from Japan and South Korea as well as countries in Southeast Asia is growing continuously, these countries are the company's existing and targeting market.

### 3. Product Sourcing

#### ● Finding the products

The group emphasizes on selecting bituminous coal from mines in Indonesia, China and Russia. 77.83% of coals are from Indonesia, because they are the type which meets the customers' specification. Moreover, the location of the shipping port of coal will be the primary criteria in the selection process; whereby, the location of the coal shipping ports will be located not far from the port of receiving in Thailand, in order to save on shipping costs. When the group selects the coal mines that meet the above criteria, the group will send experts to inspect coal mines to collect samples of each mine, to measure the quality of the coal in the laboratory, including monitoring the efficiency of extraction and storage of coal additives whether there are a lot of sand, rock, or soil additives or not.

Procedures of coal sourcing and delivery are as follows:

1. The group will send the team to work in the coal mine and the shipping port in Indonesia in order to take care and control the quality of coal transportation from the warehouse in the mine to the shipping port in Kalimantan Island, Indonesia.
2. Coal will be transported via conveyor or may be using a tractor to transport the coal to the Barge (ships with the capacity approximately 8,000 - 10,000 tons per ship per trip) until a ship



filled or. Loading to the Mother Vessel (ship with the capacity approximately 30,000-100,000 tons), which mostly used to deliver to the end user in China.

3. Transportation via Barge usually takes approximately 14 days from ports in Indonesia to Thai port in Sriracha, Chonburi. While transportation via Mother Vessel will take around 7days, however, transporting to China or India via Mother Vessel will take a bit longer, around 8-10 days.

The Company Group has established Guangdong Energy Earth Company Limited (“GECL”) which purchases and sells coal in China. In 2016, this company trades about 2.58 million tons and all of the coal was delivered to Chinese power plants. It is considered another coal source besides Indonesian coal.

In 2013, the Company Group, has sourced more coal by during the meeting of the boards on 21 December 2013, or 7/2013, the board approved PT. TRI TUNGGA PITRIATI, of which the company owns 99.90% to buy exclusive coal off take from PT. JHOSWA MAHAKAM MINERAL at 2.75 USD per ton or total of 118,250,000 USD or 3,820,657,500 Baht base pm average exchange rate of 15 days before this BOD meeting and the number was 32.31 THB/USD. This act has increased the Company Group’s coal reserve to 43 million tons.

In 2015, the Company Group has sourced more coal reserved by swapping shares with another mine. Such share swapping was approved by shareholders 30 November 2015 in the Extraordinary General Meeting 1/2015. Shareholders approved to purchase PT.Belayan Abadi Prima Coal by share swapping between all PT Belayan Abadi Prima Coal common shares with the Company’s common shares of no more than 527,828,572 shares at a value of 1.00 Baht per share by private place to PT.Belayan Abadi Prima Coal shareholders at value of 7.00 Baht per share at the amount of 3,692.73 million Baht . Such mine is an open pit mine located in Kembang Janggut and Kenohan, Kutai Kartanegara, East Kalimantan with 31,250 Rai space. This acquisition will be the 2<sup>nd</sup> mine according to 5 years goal of the company. The tentative coal reserved is about 40 million tons.

All of mine sourcling has resulted in 83 million tons of coal reserve to ensure customers that the Company Group has enough coal reserve to sell to clients on time.

The company also enforces high standard due dilliengt process for partner mines especially the quality. We always work closely with professional inspectors to analyze detailed parameters such carbon, moisture, ash and sulfur, including the mineable reserves.

- **Environmental Effect**

Sorting operations and coal storage of the group may cause the dust spreading out around the factory. Thus, the group recognizes significantly in taking care of the environment around the plant as well by having the preventive plan as follows:

1. Build 10 meter screens and planting high trees around the plant
2. Provide water spray curtains and sprinklers at various locations in the plant to trap the dust.
3. Build a puddle to clear the lower wheels of every truck before leaving the coal screening plant.
4. Make canal around the plant in order to screen the coal dust.
5. Provide staffs to clean up the plant including the front road of the plant and its neighbored area.

Additionally, the company is in compliance with the law strictly by getting approval of a yearly license of the business operations which may be harmful to health by the Municipal of Chao Praya Surasak, Choburi Province. The Company has already been approved to renew the license continuously till present time. There are no any disputes or lawsuits related to environment at all.

**4. Undelivered Tasks.**

None.

# Risk Factors

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Risk factors and other detailed information appeared on this report does not cover all the risks that could happen. So, there may be other risks not expected. Moreover, the information in this report does not cover the expected risks that are no impact significantly to the Company and its subsidiaries (“the group”) at this current moment, which could be an impact to the group in the future.

## 1) Risks from doing business

The group has been the coal producer and distributor, selling to the coal users both in domestic and foreign countries. The coal, which the group distributes, mainly is from foreign country that is both from its own mine and others’ mines. So, the risk from doing this business is the risks related to the coal business.

### 1.1 Risks of the coal supply to be distributed

In the coal business, the most important factor is the ability to find the coal supply to be distributed. Currently, the Company sources coal from Indonesia China and Russia, however, the Company has the related risks as follows:

#### a) Risks of buying coal only from Indonesia as one source

In 2016, the group has sold coal totally of 12.60 million tons, of which 10.02 million tons or 79.52 percent was from Indonesian coal. The group ordered coal from the coal mines in Kalimantan island or Borneo island, Indonesia, only one source because it is the source having a lot of the bituminous typed coal reserve and, can be excavated for many years. Moreover, Kalimantan Island is located not far from Thailand, resulted in the cost of coal of the group can be in the competitive level. Due to a lot of Indonesia’s natural disaster, the group may be impacted on not being able to buy enough coal to supply during that event.

Since the group started to do the coal business in 2007, Kalimantan island has never been faced with the natural disaster, which has a severely effect causes the mine closed more than 2 weeks. The area of Kalimantan Island in Indonesia is very huge up to 0.58 million square kilometers. (Thailand has an area of 0.51 million square kilometers.) Therefore, there will be very few opportunities that the natural disaster happened covering all the island. The Company has diversified supply risk by sourcing from both North and South Kalimantan, coal from both mines can be transported to ports for delivery.

In 2016, Guangdong Energy Earth Company Limited (“GECL”) which purchases and sells coal in China, trades about 2.58 million tons and all of the coal was delivered to Chinese power plants. It is considered another coal source besides Indonesian coal.

**b) Risks of having a few distributors**

In general, coal trading in Indonesia are both trading via brokers or traders and buying directly from mine owners. Buying via brokers or traders mostly appears higher price than buying directly from mine owners. However, there is a positive point that trading via brokers not giving credit term but accepting a Letter of Credit (L/C) while buying directly from mine owners need to pay in cash.

In 2013, the company minimized this risk. On December 21, 2013, the Board of Directors' Meeting of Energy Earth Public Company Limited No. 7/2013 approved PT.TRI TUNGGAL PITRIATI, which 99.90% owned by the company, to buy the mining rights (Exclusive Coal Off take) from PT. JHOSWA MAHAKAM MINERAL. Then, the company has another 43 million tons of coal reserve at the value of USD 2.75 per ton, totally of USD 118,250,000 (or 3,820,657,500 Baht). This mine is open pit type, located at Kenoban, Desa Teluk Bingkai, Kecamatan Kenoban, mKabupaten Kutai Kartanegara, Provinsi East Kalimantan with the area of 25,106 rai of space and will increase 43 million tons.

In 2015, the Company approved acquisition of PT. Belayan Abadi Prima Coal (PT.BAPC) of which the company holds shares at 99.95%. PT.BAPC owns 1 mining concession rights with a value of 3,692.73 million Baht, such mine is an open pit operation located in Kembang Janggut and Kenohan, Kutai Kartanegara, East Kalimantan with 31,250 rai of space and will increase 40 million tons of coal reserve amount to the company. The company still plans to acquire 5 mines according to mission "5 years 5 mines 5 countries".

Currently, the Company holds the mining rights of two mines, with coal reserve totaling 83 million tons, this could reduce the supplier risk.

**c) The Risks from the Operations of transporting coal through the vessel**

The group imported the coal from Indonesia and needed to transport coal to the vessel. Transporting goods by ship has some risks; for example, the number of ships is not adequate to meet the demand, facing the natural disaster or the delayed unloading coal, which has an impact on the coal loss, due to the shipping port is not standard.

The occurrence of natural disasters by sea is difficult to predict. When it happens, it affects the delayed coal transportation. Moreover, if facing with such a large hurricane, it could damage the vessels that transport coal. Therefore, to prevent this kind of circumstance, the group selects famous and reliable shipping companies by considering their profiles of having been working together. Moreover, the group has provided the insurance policy to cover the damage that may occur to every boat trip.

The standard of the shipping port is very important for the marine transportation. The group emphasizes on every steps of transporting coal both from the port of origin and destination, by selecting the shipping port which is efficient and standard as well as sending its staff to be at the port of origin and destination to control closely the efficiency and the timing of coal transportation. Some of shipments were sold by FOB terms, which the buyer must provided vessel and insurance by their own cost. With FOB terms, the company can reduce the risk.

**d) Risk of domestic transportation**

The business of domestic coal distribution needs to rely on the transportation by trucks, while the group do not own trucks. However, the company and its subsidiaries have a strategy in managing the cost of transportation and the continuity of transportation by considering to choose a good quality transportation company with its good profile before operating. The company have policy to use first class transportation company, which have sufficient trucks and network for prompt 24-hour delivery. Also The company recheck and audit working history before choosing them.

**e) Risk of political and legal in Indonesia**

In 2011, the group has bought a mine in Indonesia by share swapping with TTPL which is the foreign company registered in Indonesia, requested to act as the new law about the New Indonesian Mining Law No. 4/2009 article 34. It is said that domestic coal producers have to distribute coal domestically in proportion with the total production plan to serve sufficiently to the domestic demand (Domestic Market Obligation), announced on December 31, 2009. This also defines the quota of any mines in Indonesia having to the specific ratio of domestic coal distribution and foreign coal distribution. However, the law does not impact on the company at all because the domestic selling price is market price. Since the company has a good relationship with local people in Indonesia, the company can adjust itself to comply the new law immediately. So, there is no effect on normal business operations.

Also, the new law about the mineral and mining business, Government Regulation of the Republic of Indonesia, dated on November 24, 2012, article 97, assigned the foreign investors who get the concession of coal mining that within 5 years after the production starts the foreign company needs to distribute shares to Indonesian as follows:

Year 6 Need to distribute not less than 20% of the total registered capital

Year 7 Need to distribute not less than 30% of the total registered capital

Year 8 Need to distribute not less than 37% of the total registered capital

Year 9 Need to distribute not less than 44% of the total registered capital

Year 10 Need to distribute not less than 51% of the total registered capital

It can be seen that within 10 years, the foreign company will have to own not more than 49% shares. The company then has a strategy to own a mine with the coal reserve around 40 million tons per mine in order to finish mining within 10 years before reducing the shareholding percentage to not more than 49%.

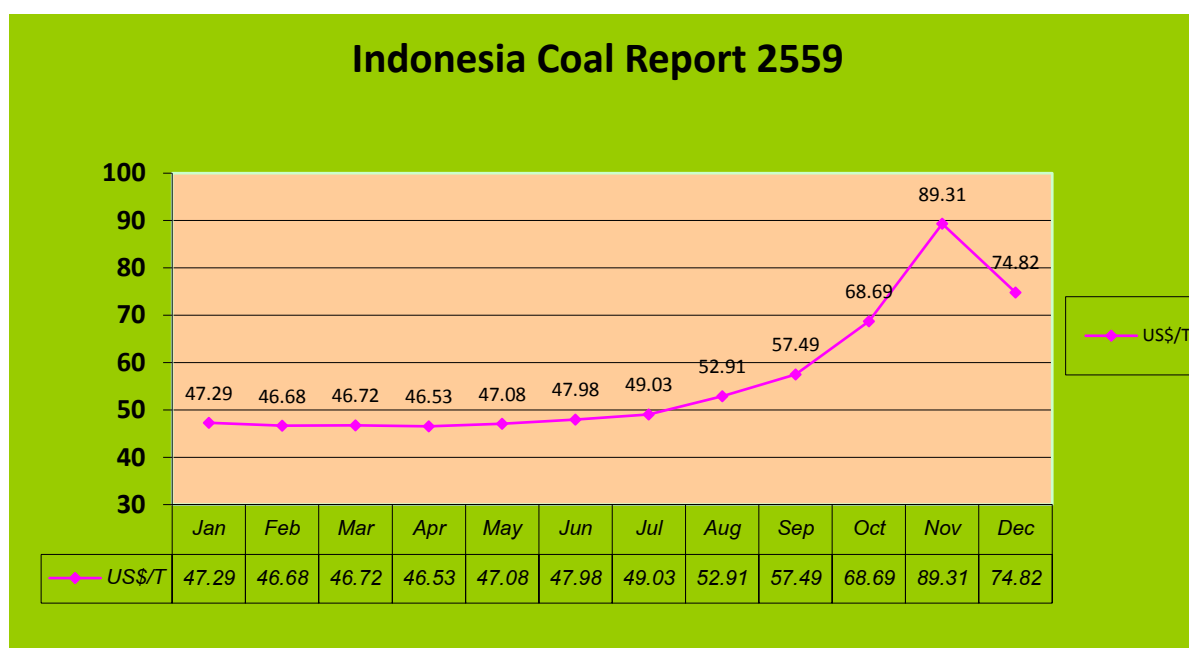
## 1.2. Risk of entering of a new entrepreneur

The importers and distributors of coal have been expected to increase in the future, following the business trend, which is likely to grow as the price of oil and natural gas are expected to continue to increase. The increase of the entrepreneur makes more severe business competition, which can affect the group's business operations.

Although there is an increase of entrepreneurs interesting in coal business in the future, being successful still needs many factors supporting the business. For example, the ability to provide coal in good quality needs experiences, specialized skills, and the good relationship with mine owners. These can be the important barrier to the new entrepreneur's operations. In the past, many coal entrepreneurs emerged, but they were not successful because of their lacks of experiences in the business and not being able to provide coal quality as expected.

For new entrepreneurs, to use price competition by lowering price to attract new customers cannot be done easily too, because they usually have higher cost of coals from brokers, compared to the group's cost of coals from its own mines. As a result, threat from new entrepreneurs in coal industry is minimal.

### 1.3. Risks from the coal price varied upon world market price



Source : [www.argusmedia.com](http://www.argusmedia.com)

Coal price declined continuously, but had rebounded in May 2016. During the period in which coal price was declining, the Group had used the cost plus pricing strategy, which reduced the price risk for the Company as the coal price fluctuates. The Company has a policy for inventory turnover at about 4 months.

Coal demand was declining as a result of economic slowdown, if the coal price was on a downward trend, the Company might not be able to mark up the price as much as when the coal price was on an upward trend. Therefore, by owning a coal mine gives an advantage in terms of costs during the period of price uncertainties.

#### 1.4 Risk of Environmental Impact and Resistance from the Community

##### (a) The effect on community around the industrial factory or the power plants using coal

The coal that is used as fuel in the process of generating heat can be defined in 4 types such as Anthracite, Bituminous, Sub-bituminous, and Lignite. All this 4 types have different carbon and sulfur as follows:

Coal	Heating Value	Moisture	Ash	Sulfur
Anthracite	High	Low	Low	Low
Bituminous	High	Low	Low	Low
Sub Bituminous	Medium-High	Medium	Medium	Medium
Lignite	Low-Medium	High	High	Low-High

Source : [www.energy.go.th](http://www.energy.go.th)

When coal burns, the reaction of the oxygen in the air with sulfur in the coal creates sulfur dioxide, which is toxic gas to human body. As shown in the above table, lignite is the coal with high sulfur, not being popular to be used in the industrial factory. However, the coal that the group distributes is bituminous type, creating low sulfur dioxide and also the boiler that uses coal can efficiently trap the toxic gas from the combustion. This results in expecting low environmental effect and low resistance of the community around the industrial factory or the power plants using bituminous.

##### (b) The effect on the community around the sorting plants of the group

Sorting and storage coal at the sorting plant of the group may impact the environment nearby. The group has laid down measures to control and solve this problem, by building high screen around the plant, by storing coal in the warehouse, and also watering the area around the plant to reduce coal dust. Moreover, the group also has a policy of building a good relationship with the community nearby, by hiring workers from the community nearby and paying attention to the problems of the communities arising from the business operations of the group urgently.

The operations of the sorting plant needs to get an approval from the government, with renewing yearly. The group's sorting plant has got the license to operate the business that is harmful to the health from Praya Surasak Municipality since 2007, when the sorting plant started the operations. In 2016, the group has already been approved to renew the license.



## 2) Financial Risks

### 2.1 Risk of the fluctuation of the foreign exchange rate

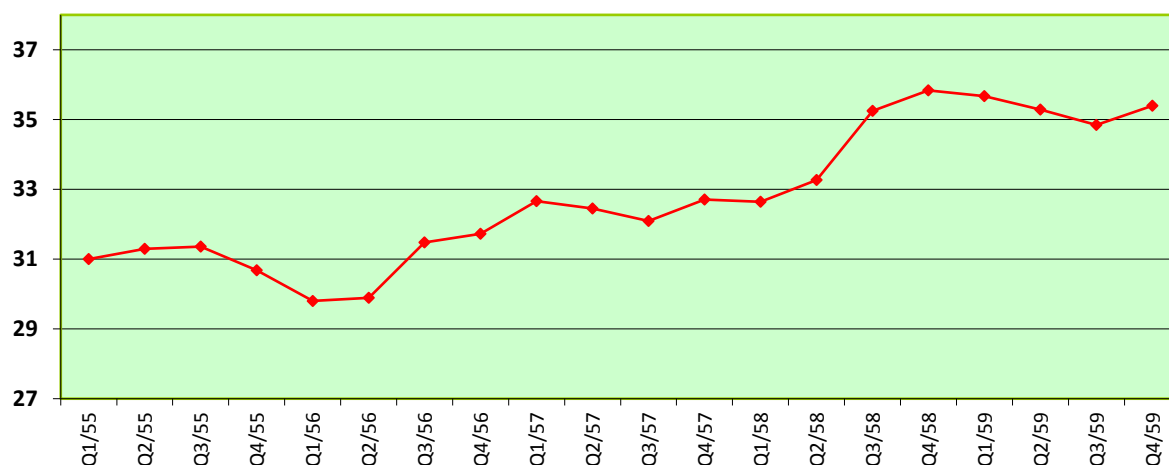
Buying coal from foreign country and selling to both domestic and foreign countries has been mainly done by using US dollar; as a result, the group has to do accounting by recording in US dollar currency as the accounting standards No. 21, on the article of the impact on the change from currency exchange. All the transactions will be booked in US dollar on the transaction date, and they will be translated from US dollar to be Thai Baht in order to provide the financial statements at the end of period. Then, the translation of currency will have an impact on the financial statements showing in Thai Baht.

For the transaction of buying and selling coal in foreign countries, the group uses US dollar for the transactions and do the accounting by recording using US dollar, making no risks on currency exchange rate. Additionally, the group has transactions in domestic and other domestic expenses which are Thai Baht. These transactions will be translated into US dollar to do the accounting and affect the gain and loss on exchange rate as shown in the company's financial statements.

Gain and loss on the exchange rate occurs when the group sells coal to customers and recognizes the revenue of selling coal at the same time of recognizing account receivables, due to the group offers credit term to customers. This kind of booking needs to do currency translation from Thai Baht to US dollar on the transaction date without having payment yet. Because from the date of accrued revenue from customers till the date of payment, the US dollar may be fluctuated, affecting on gain and loss from exchange rate occurring on the date of receipt. In case of US dollar appreciation, the group will book loss on exchange rate on the date of receipt from customers who get credit term because the receipt is done by Thai Baht at the amount as agreed but the Thai Baht depreciation after the currency translation into US dollar for accounting.

Therefore, the above loss is the loss only in term of accounting. In term of management, the group having two currencies will manage by using the same currency it receives to pay expenses without currency exchange. So, this will not affect to the company's actual gain and loss on the currency exchange as shown in the financial statements.

Exchange rate reference to US dollar for the Year (Thai Baht per US Dollar) 2012 – 2016



Source: The Bank of Thailand

In 2013, the Company made loss from foreign exchange of 180.13 million Baht or 16.22% of net profit in the same year. This was due to the appreciation of US Dollars to Thai Baht. In 2014, the loss of foreign exchange was 63.28 million Baht or 6.07% of 2014 net profit, also due to the appreciation of US Dollars. However in 2015, the Company made a gain of 278.93 million Baht or 27.16% of 2015 net profit due to the depreciation of US Dollars against Thai Baht.

In 2016, the company made a loss on foreign exchange of 43.52 million Baht, or 4.83% of 2016 net profit which is a result of US Dollars appreciation against Thai Baht

The group has a policy to follow up the news and movement of the currency exchange closely and have a policy to protect this risk by using the foreign exchange forward contract at the appropriate amount and having credit line to protect currency exchange with financial institution.

## 2.2 Risk from financial liquidity

The Group has been producing coal from its subsidiary's mine that possesses the mining rights and distribution of coal. Most are credit sales which affected the cash cycle to be longer. By calculating from the financial statements of 2016, net working capital was 270.68 days, including account receivable days of 97.32 days, average inventory days of 32.25 days, and account payables days of 4.34 days, with advance payment days of 145.45 days. This resulted in a higher working capital for the Company and there is risk that the Company might not have enough funding for its day-to-day business

Nevertheless, the Company has made an estimation on income and expense, and regularly monitors the figures in order to manage its liquidity efficiently. On top of that, the Company has overdrafts, export loans and short-term borrowings limits from many financial institutions. As at 31 December 2016, the limits were 12,606 million Baht, 10 million US Dollars and 60 million Chinese Yuan, which have been utilized and incurred as liabilities at 5,958 million Baht, 7 million US Dollars, and 24 million Chinese Yuan, respectively. This allows the Company to utilize an additional 6,648 million Baht, 3 million US Dollars, and 36 million Chinese Yuan in the event that the Company would need more liquidity.

The Company believes that planning and estimating income and expenses carefully will give the Company time to search for additional funding if ever needed.

### **2.3 Risk from giving customers' credit**

The Company sells coal to domestic customers, mostly on credit terms of around 30-90 days, this created collection risk, however, when giving credit terms, the Company would evaluate the customers profile, financial position in order to determine, the most appropriate credit terms and mitigate the risks.

For foreign customers, the Company usually required Letter of Credit which mitigates the risk that the customer might default.

Furthermore, the Company also designed a collection and legal process most appropriate for its customers.

## General and Other Important Information

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### General Information

#### 1. Company's Details

Thai company Name	: บริษัท เอ็นเนอร์ยี่ เอิร์ธ จำกัด (มหาชน)
English company Name	: Energy Earth Public Company Limited ("EARTH")
Head office	: 43 Thai CC Tower 12 <sup>th</sup> Floor, Room No.125-128, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Telephone: +66 (0) 2673-9631-3 Fax: +66 (0) 2673-9634  Website : <a href="http://www.energyearth.co.th">www.energyearth.co.th</a>
Business Type	: Coal Miner and coal distributor by providing from own mines and importing from foreign country to distribute to domestic and foreign customers.
Company Registration No:	0107538000240
Registered Capital	: 4,996,931,709 shares at the par value of 1 Baht, totally of 4,996,931,709 Baht (Four thousand nine hundred thirty nine million one hundred three thousand one hundred thirty seven Baht only)
Paid-Up Capital	: 3,536,601,827 shares at the par value of 1 Baht, totally of 3,536,601,827 Baht ( Three thousand five hundred thirty six million six hundred one thousand eight hundred twenty seven Baht only) as of December 31, 2016
Investor Relations	: Thanawat Pratoomsuwan  Email Address : <a href="mailto:thanawat@energyearth.co.th">thanawat@energyearth.co.th</a>  : Thanyakamol Tritrakarn  Email Address : <a href="mailto:thanyakamol@energyearth.co.th">thanyakamol@energyearth.co.th</a>

#### 2. Details of the entity which the company holds 10 percent or more of the total shares sold.

##### 2.1 Energy Perfect Company Limited

Thai company Name	: บริษัท เอ็นเนอร์ยี่ เพอร์เฟค จำกัด
English company Name	: Energy Perfect Company Limited ("EPCL")
Head office	: 43 Thai CC Tower 12 <sup>th</sup> Floor, Room No.125-128, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Telephone: +66 (0) 2673-9631-3 Fax: +66 (0) 2673-9634

Branch Location : 706/4 Moo 1, Nong Kham, Sriracha, Choburi  
Telephone: +66 (0) 2673-9631-3 Fax: +66 (0) 2673-9634

Business Type : Provide a service of coal sorting including coal transportation to domestic customers for Energy Earth Public Company Limited and distributing coal to both domestic and foreign customers

Company Registration No: 0105550001003

Registered Capital : 20,000,000 shares at the par value of 10 Baht, totally of 200,000,000 Baht

Paid-Up Capital : 200,000,000 Baht (Two hundred million Baht only)

Shareholding Percentage : Energy Earth Public Company Limited (“EARTH”) holds the shares of 100.00%

## 2.2 PT. TRI TUNGGAL PITRIATI (“TTPL”)

English Company Name : PT. TRI TUNGGAL PITRIATI (“TTP”)

Location : GEDUNG KALIMANTAN POST LT.2, JL. DI PANJAITAN NO.67, BANJARMASIN 70115, KALIMANTAN SELATAN, INDONESIA Telephone: +62 511 3372 112 Fax: +62 511 33572 112

Business Type : Having the concession from the government to do coal mining in Indonesia.

Company Registration No: 01673/1/PPM/PMA/2011

Registered Capital : Rp.8,521,000,000, equivalent to USD 1,000,000 (Approximately 29.81 million Baht)

Paid-Up Capital : Rp.8,521,000,000, equivalent to USD 1,000,000 (Approximately 29.81 million Baht)

Shareholding Percentage : Energy Earth Public Company Limited (“EARTH”) holds the shares of 99.90%

## 2.3 Earth Power Plants Company Limited (not currently operating)

Thai Company Name : บริษัท เอิร์ธ พาวเวอร์ แพลนทส์ จำกัด

English Company Name : Earth Power Plants Company Limited (“EPPL”)

Location : 43 Thai CC Tower 12<sup>th</sup> Floor, Room No.125-128, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Telephone: +66 (0) 2673-9631-3 Fax: +66 (0) 2673-9634

Business Type : Invest in Power Plant Business (Has not operated yet)

Company Registration No: 0105556116953

Registered Capital : 3,000,000 shares at the par value of 10 Baht, totally of 30,000,000 Baht

Paid-Up Capital : 30,000,000 Baht (Thirty million Baht)

Shareholding Percentage : Energy Earth Public Company Limited (“EARTH”) holds the shares of 100.00%

## 2.4 Energy Earth (Hong Kong) Company Limited

English Company Name : Energy Earth (Hong Kong) Company Limited

Location : Rooms 1009-1012, 10/F., K.Wah Centre, 191 Java Road, North Point, Hong Kong

Business Type : Coal Trading

Company Registration No: 2073882

Registered Capital : 75,000,000 Hong Kong dollars

Paid-Up Capital : 75,000,000 Hong Kong dollars (Seventy Five million Hong Kong Dollars)

Shareholding Percentage : Energy Earth Public Company Limited (“EARTH”) holds the shares of 100%

## 2.5 Guangdong Energy Earth Company Limited

English Company Name : Guangdong Energy Earth Company Limited

Location : Rooms 1002-1003, Longan Century Mansion, Time Square, Shantou City, Guangdong

Business Type : Coal Trading in China and internationally

Company Registration No: 440500400016935

Registered Capital : 60,000,000 CNY

Paid-Up Capital : 60,000,000 CNY

Shareholding Percentage : Energy Earth Public Company Limited (“EARTH”) holds the shares of 100%

## 2.6 Aladin Holdings Company Limited

English Company Name : Aladin Holdings Company Limited

Location : Rooms 1009-1012, 10/F., K.Wah Centre, 191 Java Road, North Point, Hongkong

Business Type : Coal Trading. (Has not operated yet)

Company Registration No : 2262330

Registered Capital : 10 Hong Kong Dollars

Paid-Up Capital : 10 Hong Kong Dollars

Shareholding Percentage : Energy Earth Public Company Limited (“EARTH”) holding share for 80%

## **2.7 Earth Renewable Company Limited (not currently operating)**

Thai Company Name : บริษัท เอิร์ธ รีนิวเอเบิลส์ จำกัด

English Company Name : Earth Renewable Company Limited

Location : 43 Thai CC Tower 12<sup>th</sup> Floor, Room No.125-128, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Telephone: +66 (0) 2673-9631-3 Fax: +66 (0) 2673-9634

Business Type : Solar, Wind, Hydro and other renewable energy Power Plant.  
(Has not operated yet)

Company Registration No: 0105558179995

Registered Capital : 10,000 shares at par value of 100 Baht totaling registered capital of 1,000,000 Baht

Paid-Up Capital : 1,000,000 Baht ( One Million Baht)

Shareholding Percentage : Energy Earth Public Company Limited (“EARTH”) holding shares for 100.00%

## **2.8 PT.Belayan Abadi Prima Coal**

English Company Name : PT.Belayan Abadi Prima Coal

Location : Mawar Street, Neighborhood No,13, Sukara,e Village, Tenggaraong Sub-District, Kutai Kartanegara Regency, East Kalimantan, Indonesia

Business Type : Having been Granted the concession from the government to do coal mining in Indonesia

Company Registration No: C-15197.HT.01.01.TH.2006

Registered Capital : Rp.1,000,000,000

Paid-Up Capital : Rp.1,000,000,000

Shareholding Percentage : Energy Earth Public Company Limited (“EARTH”) holding shares for 99.90%

### 3. Details of Reference

Securities Registrar : Thailand Securities Depository Company Limited

Registration of Securities Department

93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand 10400

Tel. +66 (0) 2009-9000 Fax +66 (0) 2000-9991

Contact Center +66 (0) 2009-9999

Auditor : PricewaterhouseCoopers ABAS Ltd.

79/74-80 South Sathorn Road , Thung Maha Mek , Sathorn , Bangkok 10120

Telephone: +66 (0) 2344-1000 Fax: +66 (0) 2634-5399

Regularly Contacted : Krung Thai Bank (Public Company Limited

Financial Institution 35 Sukhumvit Road, Klong Toey Nua Subdistrict, Wattana District Bangkok  
10110, Thailand

### 4. Other Important Information

Not any.



## Securities and Shareholder Information

### 1) Registered and Paid-Up Capital

As at March 1, 2017, The company's registered capital of 4,966,931,709.00 Baht is all the common shares and has been paid-up of 3,536,601,827 shares at the par value of 1 Baht.

### 2) Shareholder Group

Name of Major Shareholders

Top 10 major shareholder groups

As appeared on the share register book as of March 15, 2017 as follows:

Name	No of Shares	Percentage
1. Phihakendr Family Group <sup>1/</sup>	1,609,084,807	45.51
2. CITIBANK NOMINEES SINGAPORE PTE LTD-UBS SWITZERLAND AG	169,972,512	4.81
3. Mr. Patchawat Kunchayangkul	167,981,140	4.75
4. Mr. Kasemsan Kunchayangkul	152,785,132	4.32
5. Mr. Kritkasem Kunchayankul	110,450,227	3.12
6. MRS.NURHAYATI MAHLAN ABDULLAH	105,565,714	2.98
7. CLEARSTREAM NOMINEES LTD	98,438,215	2.78
8. RAIFFEISEN BANK INTERNATIONAL AG	90,065,714	2.55
9. THE BANK OF NEW YORK MELLON	54,166,700	1.53
10. Thai NVRD Company Limited.	53,731,560	1.52
11. Other Shareholders	924,640,106	26.22
Total	3,536,601,827	100.00

Source: Thailand Securities Depository Co., Ltd.

Phihakendr Group <sup>1/</sup> includes:

Name	No of Shares	Percentage
1. Earth Holdings Company Litimited.	460,023,250	13.02
2. Mr. Khajohnpong Khamdee	311,304,391	8.80
3. Mr. Phipat Phihakendr	240,687,391	6.81
4. Mr. Phiroon Phihakendr	237,151,491	6.71
5. Mr. Phiboon Phihakendr	193,896,791	5.48
6. Mr. Phisudhi Phihakendr	164,741,493	4.66
7. Mrs. Voranuch Phihakendr	1,000,000	0.03
Total	1,609,804,807	45.51

Remarks: Phihakendr Group means that the persons who has intentions to the office that they are the same ones who acquire or dispose to act under Section 246 and Section 247.

### 3) The Issuance of Other Securities

#### 3.1 Warrant

The warrant No. 3 (EARTH-W3) issued for the existing shareholders of 444,519,122 units, expired on September 15, 2016, which can be exercised every 15<sup>th</sup> of March and 15<sup>th</sup> of September of each year throughout the term of the warrant. The first and the last to exercise date are March 15, 2012 and September 15, 2016.

Exercise Price per 1 common share	1.466	Baht
Exercise Ratio	1	unit of warrant per 1.023 shares
The number of units not exercised	657,077	units (as of December 31, 2016)

As at September 15, 2559 Warrants Series 3 (Earth-W3) has expired.

The warrant No. 4 (EARTH-W4) issued for the existing shareholders of 1,409,631,502 units, expired on September 15, 2019, which can be exercised every 15<sup>th</sup> of March and 15<sup>th</sup> of September of each year throughout the term of the warrant. The first and the last to exercise date are March 15, 2016 and September 15, 2019.

Exercise Price per 1 common share	6.861	Baht
Exercise Ratio	1	unit of warrant per 1.02 shares
The number of units not exercised	1,409,631,502	units (as of December 31, 2016)

#### 3.2 Bill of exchange

As at December 31, 2016, Bill of exchange has amounted total 5,267,088,261 Baht.

#### 3.2 Debentures

As at December 31, 2016, Debentures has amounted total 5,472,500,000 Baht.

#### 4) Dividend Policy

The company has a policy to pay dividend at the rate of not less than 40% of the net profit shown in the financial statements after deducting the reserve as per the law and the other reserves except the case that the company invests in other assets. However, dividend payment also needs to be upon the company's cash flow.

For the subsidiaries or the joint venture of the company has a policy to pay dividend to the shareholders with accordance to the company, by the Board of Directors of the subsidiaries or the joint venture consider to pay dividend upon the performance, investment plan, the need and other appropriateness, as upon the the Board of Directors of the subsidiaries or the joint venture's agreement.

Table of the comparison of dividend payment for the end of the year as on December 31, 2013-2016

Details of Dividend	Year 2016	Year 2015	Year 2014	Year 2013
Dividend Amount (Baht)	528,843,534.05	499,141,533	297,151,347.40	100,522,712.78
Dividend per share (Baht)	0.15	0.15	0.10	0.034
Dividend Pay Out Ratio*	68.05%	202.11%	43.49%	9.25%
Dividend Pay Out Ratio**	60.65%	48.61%	28.51%	9.05%
Number of Shares entitled to receive dividend	3,536,601,827.00	3,504,053,611.00	2,971,513,474	2,956,550,376

\* Calculated by net profit of the company from the company's financial statements for the year ended on December 31, 2016

\*\* Calculated by net profit of the company from the consolidated financial statements for the year ended on December 31, 2016

Remark : The Board of Directors of Energy Earth Public Company Limited (EARTH) No. 6/2559 dated November 11, 2559 the Board of Directors. approved the payment of interim dividend from the operating results for the period from January 1, 2559 until September 30, 2559 to the shareholders of the Company at the rate of Baht 0.05 per share Number of shares registered and paid. 3,536,601,827 shares, representing the total amount of the interim dividend at 176,830,091.35 Baht (one hundred and seventy six million, eight hundred and thirty-nine eleven baht thirty-five cents) by determining shareholders entitled to receive the dividend (Record Date) on November 28, 2016 and the book section. 225 of the Securities and Exchange Act BE 2535 by closing the share register book closing date on November 29, 2016 and the dividend payment date of December 9, 2016.

## Management Organization

### 1) The Board of Directors

The Board of Directors consists of 11 people, 4 of which are independent directors of the company, representing 36% of the total directors. The directors' name list are as follows:

Name	Position	Shareholding Percentage
Mr. Phisudhi Phihakendr	Chairman	4.66
Mr. Khajohnpong Kamdee	Director	8.80
Mr. Phiroon Phihakendr	Director	6.81
Mr. Phipat Phihakendr	Director	5.48
Mr. Phiboon Phihakendr	Director	6.71
Ms. Kanchana Chakvichitsopon	Director	0.03
Mr. Thanawat Pratoomsuwan	Director	0.07
Mr. Somkiat Sukdhewa	Independent Director and Chairman of the Audit Committee	-
Mr. Suriyaporn Bunchai	Independent Director Audit Committee	-
Mr. Eknarin Thammarak	Independent Director Audit Committee	-
Mr. Thongchai Wattanasoponwong	Independent Director Audit Committee	-

**Remarks:** 1. Mr. Suriyaporn Bunchai is the director who has knowledge and experience on auditing the financial statements of the company.

2. The shareholding percentage includes shares held by spouse and children who are minors.

3. Mr.Nugoon Sri-in resignation of a director with effect from June 28,2016 onwards.

**Directors who have authority as in the company certificate.**

“Mr. Khajohnpong Kamdee, Mr. Phiroon Phihakendr, Mr. Phipat Phihakendr, Mr. Phisudhi Phihakendr, Mr. Phiboon Phihakendr, Ms. Kanchana Chakvichitsopon, Mr. Thanawat Pratoomsuwan, Two out of Seven directors signed with the company seal”

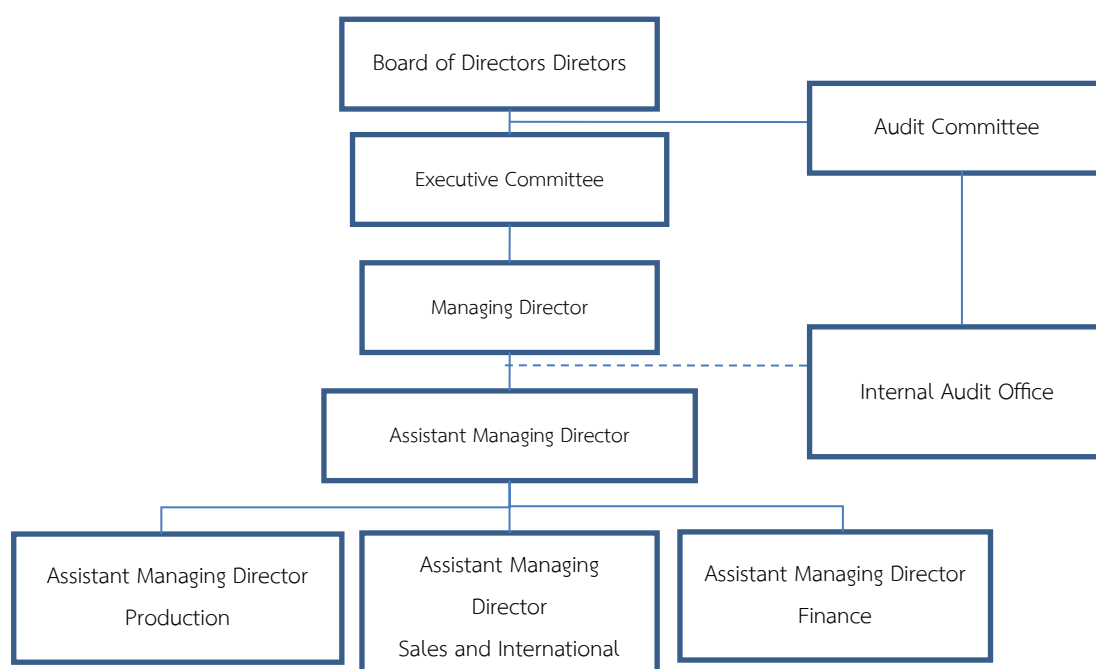
In 2016, the company arranged meetings which the summary of each meeting are as follows:

Directors	Meeting			
	Annual General Meeting of Shareholders	The Board of Directors	The Audit Committee	The Executive Committee
	2016			
The number of attendance / the number of meeting in 2016				
Mr. Phisudhi Phihakendr	1/1	6/6		
Mr. Khajohnpong Kamdee	1/1	6/6		4/4
Mr. Phiroon Phihakendr	1/1	6/6		1/1
Mr. Phipat Phihakendr	1/1	6/6		4/4
Mr. Phiboon Phihakendr	1/1	6/6		4/4
Ms. Kanchana Chakvichitsopon	1/1	6/6		4/4
Mr. Thanawat Pratoomsuwan	1/1	6/6		3/3
Mr. Nugoon Sri-In	1/1	3/3		3/3
Mr. Somkiat Sukdhewa	1/1	6/6	4/4	
Mr. Suriyaporn Bunchai	1/1	6/6	4/4	
Mr. Eknarin Thammarak	1/1	6/6	4/4	
Mr. Thongchai Wattanasoponwong	1/1	6/6	4/4	

Remarks: Mr.Nugoon Sri-in resignation of a director with effect from June 28,2016 onwards.

## 2) The Management of Energy Earth Public Company Limited

### Management



The Management of the company consists of 5 persons as follows:

Name	Position
Mr. Thanawat Pratoomsuwan	Managing Director
Mr. Sawin Chindakul	Deputy Managing Director
Mr. Voraphong Boonsiriphoka	Assistant Managing Director – Sale and Marketing
Mr. Paiboon Assawasiriwong	Assistant Managing Director –International
Mr. Plngpun Fungpipat	Assistant Managing Director – Account and Finance

(The profile of the Management as in the attachment 2)

## Attachment 1 No.1.1: Details of Directors Management and the authorized person and the company secretary on December 31, 2015

First Name-Last Name/ Position	Age (Yr)	Education	Share holding Percentage (%)	Relationship among management team	5 Year Work Experience		
					Period of Time	Position	Organization/Company
1. Mr. Phisudhi Phihakendr Chairman/ Chairman of the (Authorized Director)	65	<u>Undergraduate</u> Business Administration University of Memphis <u>Training</u> • Director Accreditation Program (DAP) Class of 86/2010 from Thai Institute of Directors Association (IOD)	4.33	Father of Mr. Phiroon Phihakendr, Mr. Phipat Phihakendr and Mr. Phiboon Phihakendr	2015 – Present	Chairman	Earth Holdings Company Limited
					2015 – Present	Chairman	Earth Renewables Company Limited
					2015 – Present	Director	PT. Belayan Abadi Prima Coal
					2014 – Present	Chairman	Energy Earth (Hong Kong) Company Limited
					2014 – Present	Chairman	Hollywood Movies Company Limited
					2013 – Present	Chairman	Fly Digital Media Company Limited
					2013 – 2016	Chairman	Fly Entertainment Company Limited
					2013 – Present	Chairman	Ploenjit Media Company Limited
					2013 – Present	Chairman	Earth Power Plants Company Limited
					2013 – Present	Director	MM Alliance Company Limited
					2011 – Present	Chairman	PT. TRI TUNG GAL PITRIATI
					2011 – Present	Chairman	PartnerLink Network Company Limited
					2010 - Present	Chairman	Energy Earth Public Company Limited
					2010 - 2016	Chairman of the Executive Director	Energy Earth Public Company Limited
					2007 – Present	Chairman	Energy Perfect Company Limited
					2007 – Present	Chairman	Earth Link Capital (Thailand) Company Limited

First Name-Last Name/ Position	Age (Yr)	Education	Share holding Percentage (%)	Relationship among management team	5 Year Work Experience		
					Period of Time	Position	Organization/Company
2. Mr. Khajohnpong Kamdee Director/ Chairman of the Executive Director (Authorized Director)	45	<u>Undergraduate</u> Management-Accounting Rajabhat Rajanagarindra University <u>Training</u> • Director Accreditation Program (DAP) Class of 86/2010 from Thai Institute of Directors Association (IOD)	7.77	-	2015 – Present	Director	Earth Holdings Company Limited
					2015 – Present	Director	Earth Renewables Company Limited
					2015 – Present	Chairman	PT. Belayan Abadi Prima Coal
					2015 – Present	Director	Aladin Holdings Company Limited.
					2014 – Present	Director	Energy Earth (Hong Kong) Company Limited
					2014 – Present	Director	Mukdahan International Hospital Company Limited
					2014 – Present	Director	Hollywood Movies Company Limited
					2013 – 2015	Director	Apple Wealth Securitles PCL.
					2013 – Present	Director	Fly Digital Media Company Limited
					2013 – 2016	Director	Fly Entertainment Company Limited
					2013 – 2016	Director	Ploenjit Media Company Limited
					2013 – Present	Director	Earth Power Plants Company Limited
					2013 – Present	Director	MM Alliance Company Limited
					2011 – Present	Director	PT. TRI TUNGAL PITRIATI
					2010 – Present	Director/ Executive Director	Energy Earth Public Company Limited
					2010 – 2016	Managing Director	Energy Earth Public Company Limited
					2016 – Present	Chairman of the Executive Director	Energy Earth Public Company Limited
					2008 – Present	Director/	PartnerLink Network Company Limited
					2007 – Present	Executive Director	Energy Perfect Company Limited
					2007 – Present	Director	Earth Link Capital (Thailand) Company Limited



First Name-Last Name/ Position	Age (Yr)	Education	Share holding Percentage (%)	Relationship among management team	5 Year Work Experience		
					Period of Time	Position	Organization/Company
3. Mr. Phiroon Phihakendr Director/ (Authorized Director)	40	<u>Graduate</u> Computer Science, New York University <u>Undergraduate</u> Computer Science, New York University <u>Training</u> • Director Accreditation Program (DAP) Class of 86/2010 from Thai Institute of Directors Association (IOD)	6.77	Son of Mr. Phisudhi Phihakendr	2015 – Present	Director	Earth Holdings Company Limited
					2015 – Present	Director	Earth Renewables Company Limited
					2015 – Present	Director	PT. Belayan Abadi Prima Coal
					2015 – Present	Director	Aladin Holdings Company Limited.
					2014 – Present	Director	Energy Earth (Hong Kong) Company Limited
					2014 – Present	Director	Hollywood Movies Company Limited
					2013 – Present	Director	Fly Digital Media Company Limited
					2013 – 2016	Director	Fly Entertainment Company Limited
					2013 – Present	Director	Ploenjit Media Company Limited
					2013 – Present	Director	Earth Power Plants Company Limited
					2013 – Present	Director	Zinneken's Company Limited
					2010 – Present	Director	Energy Earth Public Company Limited
					2010 - 2016	Executive Director	Energy Earth Public Company Limited
					2008 – Present	Director	MM Alliance Company Limited
					2007 – Present	Director	Apsara Valley Winery Company Limited
					2007 – Present	Director	Energy Perfect Company Limited
					2007 – Present	Director	Earth Link Capital (Thailand) Company Limited
					2005 – Present	Director	Bangkok Beer and Beverage Company Limited
					2003 – Present	Director	PartnerLink Network Company Limited

First Name-Last Name/ Position	Age (Yr)	Education	Share holding Percentage (%)	Relationship among management team	5 Year Work Experience		
					Period of Time	Position	Organization/Company
4. Mr. Phipat Phihakendr Director/ Executive Director (Authorized Director)	37	<u>Graduate</u> Management University of Southern California  <u>Undergraduate</u> Music Industry University of Southern California  <u>Training</u> • Director Accreditation Program (DAP) Class of 86/2010 from Thai Institute of Directors Association (IOD)	5.30	Son of Mr. Phisudhi Phihakendr	2015 – Present	Director	Earth Holdings Company Limited
					2015 – Present	Director	Earth Renewables Company Limited
					2015 – Present	Director	PT. Belayan Abadi Prima Coal
					2015 – Present	Director	Aladin Holdings Company Limited.
					2014 – Present	Director	Energy Earth (Hong Kong) Company Limited
					2014 – Present	Director	Mukdahan International Hospital Company Limited
					2014 – Present	Director	Hollywood Movies Company Limited
					2013 – Present	Director	MM Alliance Company Limited
					2013 – Present	Director	Fly Digital Media Company Limited
					2013 – 2016	Director	Fly Entertainment Company Limited
					2013 – 2016	Director	Ploenjit Media Company Limited
					2013 – Present	Director	Earth Power Plants Company Limited
					2011 – Present	Director	PT. TRI TUNGAL PITRIATI
					2010 – Present	Director/ Executive Director	Energy Earth Public Company Limited
					2007 – Present	Director	Energy Perfect Company Limited
					2007 – Present	Director	Earth Link Capital (Thailand) Company Limited
					2003 – Present	Director	PartnerLink Network Company Limited

First Name-Last Name/ Position	Age (Yr)	Education	Share holding Percentage (%)	Relationship among management team	5 Year Work Experience		
					Period of Time	Position	Organization/Company
5. Mr. Phiboon Phihakendr Director/ Executive Director (Authorized Director)	32	<u>Graduate</u> Linguistics Fudan University <u>Undergraduate</u> Music Composition California Institute of the Arts <u>Training</u> • Director Accreditation Program (DAP) Class of 86/2010 from Thai Institute of Directors Association (IOD)	6.77	Son of Mr. Phisudhi Phihakendr	2015 – Present	Director	Earth Holdings Company Limited
					2015 – Present	Director	Earth Renewables Company Limited
					2015 – Present	Director	PT. Belayan Abadi Prima Coal
					2015 – Present	Director	Aladin Holdings Company Limited.
					2014 – Present	Director	Guangdong Energy Earth Company Limited
					2014 – Present	Director	Energy Earth (Hong Kong) Company Limited
					2014 – Present	Director	Hollywood Movies Company Limited
					2014 – Present	Director	Waffle Interactive Media Company Limited
					2013 – Present	Director	MM Alliance Company Limited
					2013 – Present	Director	Fly Digital Media Company Limited
					2013 – 2016	Director	Fly Entertainment Company Limited
					2013 – 2016	Director	Ploenjit Media Company Limited
					2013 – Present	Director	Earth Power Plants Company Limited
					2013 – Present	Director	PartnerLink Network Company Limited
					2011 – Present	Director	Energy Perfect Company Limited
					2010 – Present	Director/ Executive Director	Energy Earth Public Company Limited
					2007 – Present	Director	Earth Link Capital (Thailand) Company Limited

First Name-Last Name/ Position	Age (Yr)	Education	Share holding Percentage (%)	Relationship among management team	5 Year Work Experience		
					Period of Time	Position	Organization/Company
6. Ms. Kanchana Chakvichitsopon Director/ Executive Director/ Company Secretary (Authorized Director)	64	<u>Undergraduate</u> Economics, Chiangmai University <u>Training</u> • Director Accreditation Program (DAP) Class of 86/2010 from Thai Institute of Directors Association (IOD) • Foundation of Law and regulations related to the listed company from Thai Company Secretary Club	0.03	-	2015 - Present	Management	Energy Perfect Company Limited
					2010 - Present	Director/ Executive Director/ Company Secretary	Energy Earth Public Company Limited
					2007 - 2014	Director	Energy Perfect Company Limited
7. Mr. Thanawat Pratoomsuwan Director (Authorized Director)	45	<u>Graduate</u> Public Administration The National Institute of Development Administration <u>Undergraduate</u> Business Administration University of the Thai Chamber of Commerce <u>Training</u> • Director Accreditation	0.07	-	2012 – Present	Director	Energy Perfect Company Limited
					2010 – Present	Director	Energy Earth Public Company Limited
					2016 – Present	Managing Director	Energy Earth Public Company Limited

First Name-Last Name/ Position	Age (Yr)	Education	Share holding Percentage (%)	Relationship among management team	5 Year Work Experience		
					Period of Time	Position	Organization/Company
		Program (DAP) Class of 86/2010 from Thai Institute of Directors Association (IOD)					
8. Mr. Nugoon Sri-In Director (Authorized Director)	59	<u>Undergraduate</u> Mechanical Engineer Saint Louis University, Phillippines <u>Training</u> •Director Accreditation Program(DAP)Class of 97/2012 from Thai Institute of Directors Association (IOD)	0.02	-	2015 – Present 2011 – 2016 2011 – Present	Director Director Director	PT. Belayan Abadi Prima Coal Energy Earth Public Company Limited PT. TRI TUNGAL PITRIATI
9. Mr. Somkiat Sukdheva Chairman of Audit Committee/ Independent Director	71	<u>Graduate</u> Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University <u>Undergraduate</u> Economics Thammasat University <u>Training</u> <u>Sloan School M.I.T., USA</u>	-	-	2011 – Present  2003 – 2016 2002 – Present	Chairman of the Audit Committee/ Independent Director Chairman Chairmanof the Nomination and Remuneration Committee/ Audit Committee/	Energy Earth Public Company Limited  Korvac (Thailand) Company Limited Thanachart Capital Public Company Limited

First Name-Last Name/ Position	Age (Yr)	Education	Share holding Percentage (%)	Relationship among management team	5 Year Work Experience		
					Period of Time	Position	Organization/Company
		<ul style="list-style-type: none"> <li>• Senior Executive Program (SEP)</li> <li>• <u>Thai Institute of Director</u></li> <li>• Project to survey the compensation for directors of listed company for the year 2012</li> <li>• The Board of Directors' Role in the new era with the value creator and being sustainable organization</li> <li>• Financial Statements and Corruptions in the Capital Market</li> <li>• Certificate of Advance Audit Committee Program (ACP) Class of 7/2012</li> <li>• Certificate of Monitoring the System of Internal Control and Risk Management (MIR) Class of 12/2012</li> </ul>				Risk Management Committee (Appointed at the end of 2013)	

First Name-Last Name/ Position	Age (Yr)	Education	Share holding Percentage (%)	Relationship among management team	5 Year Work Experience		
					Period of Time	Position	Organization/Company
		<ul style="list-style-type: none"> <li>• Certificate of Role of The Nomination and Governance Committee (RNG) Class of 1/2011</li> <li>• Certificate of Financial Institutions Governance Program (FGP) Class of 3/2011</li> <li>• Certificate of Monitoring Fraud Risk Management (MFM) Class of 6/2011</li> <li>• Certificate of Monitoring the Internal Audit Function(MIA) Class of 11/2011</li> <li>• Certificate of Monitoring the Quality of Financial Reporting (MFR) Class of 13/2011</li> <li>• Certificate of Role of the Chairman Program (RCP) Class of 25/2011</li> <li>• Certificate of Role of</li> </ul>					

First Name-Last Name/ Position	Age (Yr)	Education	Share holding Percentage (%)	Relationship among management team	5 Year Work Experience		
					Period of Time	Position	Organization/Company
		<p>The Compensation Committee (RCC) Class of 6/2008</p> <p><u>Capital Market Academy, the Stock Exchange of Thailand</u></p> <ul style="list-style-type: none"> <li>• Certificate of Top Management Course Class of 6/2008</li> <li>• Certificate of Audit Committee Program (ACP) Class of 3/2004</li> <li>• Certificate of Director Certification Program (DCP) Class of 40/2004</li> </ul>					
10. Mr. Suriyaporn Bunchai Audit Committee/ Independent Director	47	<p><u>Undergraduate</u> Accounting Ramkhamhaeng University <u>Training</u></p> <ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP) Class of 86/2010 from Thai Institute of Directors Association (IOD)</li> </ul>	-	-	<p>2010 – Present</p> <p>2005 – Present</p>	<p>Audit Committee/ Independent Director</p> <p>Shop Owner</p>	<p>Energy Earth Public Company Limited</p> <p>Boonchai Net and Com Shop</p>



First Name-Last Name/ Position	Age (Yr)	Education	Share holding Percentage (%)	Relationship among management team	5 Year Work Experience		
					Period of Time	Position	Organization/Company
11. Mr. Eknarin Thammarak Audit Committee Independent Director	39	<u>Undergraduate</u> Business Science, Ferris State University <u>Training</u> • Director Accreditation Program (DAP) Class of 86/2010 from Thai Institute of Directors Association (IOD)	-	-	2011 – Present	Director	Mice Man Company Limited
					2011 – Present	Director	Miniature Gallery Partnership
					2011 – Present	Director	Zinneken's Company Limited
					2010 – Present	Audit Committee/ Independent Director	Energy Earth Public Company Limited
					2010 – Present	Director	Beccofino Trattoria (Chiangmai) Company Limited
					2007 – Present	Director	International Travel Consultant Company Limited
					2005 – Present	Director	Lampang River Lodge Company Limited
					2005 – Present	Director	Mhong Hilltribe Lodge Company Limited
					2005 – Present	Director	The Legend Resorts and Spas Company Limited
					2005 – Present	Director	
12. Mr. Thongchai Wattanasoponwong Audit Committee/ Independent Director	38	<u>Graduate</u> Computer Science, The George Washington University <u>Undergraduate</u> Electrical Engineering Sirindhorn International Institute of Technology, Thammasat University	-	-	2010 – Present	Audit Committee/ Independent Director	Energy Earth Public Company Limited
					2010 – Present	Director	Chumporn Ice Company Limited

First Name-Last Name/ Position	Age (Yr)	Education	Share holding Percentage (%)	Relationship among management team	5 Year Work Experience		
					Period of Time	Position	Organization/Company
		<u>Training</u> • Director Accreditation Program(DAP) Class of 86/2010 from Thai Institute of Directors Association (IOD)					
13. Mr. Paiboon Assawasiriwong Assistant Managing Director	43	<u>Graduate</u> Business Administration, Assumption University Undergraduate Business Administration	0.03	-	2011 – Present 2010 – Present	Director Assistant Managing Director	PT. TRI TUNGGAL PITRIATI Energy Earth Public Company Limited
14. Mr. Sawin Chindakul Deputy Managing Director	39	<u>Graduate</u> Business Administration, Utah State University	-	-	2016 – Present  2015 – 2016  2012 - 2015	Deputy Managing Director Sale and Production Directors Sale Directors	Energy Earth Public Company Limited  Energy Earth Public Company Limited  Energy Earth Public Company Limited
15. Mr. Voraphong Boonsiriphoka Assistant Managing Director	46	<u>Graduate</u> Business Administration, University of Technology Sydney	-	-	2016 – Present  2011 – 2016	Assistant Managing Director - Sales General Manager - Sales	Energy Earth Public Company Limited  Energy Earth Public Company Limited

First Name-Last Name/ Position	Age (Yr)	Education	Share holding Percentage (%)	Relationship among management team	5 Year Work Experience		
					Period of Time	Position	Organization/Company
16. Mr. Pingpun Fungpipat Assistant Managing Director	36	<u>Graduate</u> Business Administration (Account), Ramkhamhaeng University	-	-	2016 – Present	Assistant Managing Director – Finance and Account	Energy Earth Public Company Limited
					2014 – 2016	General Manager – Sales - Account	Energy Earth Public Company Limited

Remarks: The shareholding percentage includes the shares owned by spouse and child.

### 3) Company Secretary

The Board of Directors has a resolution to appoint Ms. Kanchana Chakvichitsopon to be the company secretary since December 24, 2010, which the criteria of one who take a position of the company secretary shown as follow:-

#### **Responsibilities of the company's secretary**

The company's secretary has to perform the duties as defined in the clause 89/15 and clause 89/16 of the Securities and Exchange Act (4th Edition) Year 2008, effective on August 31, 2008, with responsibility and carefulness and honest as well as performing duties as defined in law, purpose, company's regulations, the resolution of the Board of Directors, and also the resolution of the shareholders' meeting. In details, the duties as defined in law of the company's secretary are as follows:

1. Storing and keeping the documents as follows:
  - a. Directors' registration
  - b. The invitation to the Board of Directors' Meeting, the minutes of the Board of Directors' Meeting, and annual report of the company
  - c. The invitation to the shareholders' meeting and the minutes of the shareholders' meeting
2. Keeping the report of the conflicts of interest filed by director and the management and delivering a copy of the report of the conflicts of interest filed as the clause 89/14 to the chairman of the Board of Directors and the chairman of the audit committee within 7 official days from the date the company receive the report.
3. Operating other activities according to Capital Market Supervisory Board's announcement.

Moreover, the company secretary has other duties as assigned by the Board of Directors of the company

#### 4) Remuneration for Directors and Management

##### 1. Monetary Remuneration

(a) Remuneration for the directors includes meeting allowance, gratuity, according to the financial statements of 2016, is totally at 2,900,000 Baht; as follows:

Directors	Position	Director Remuneration (Baht)		
		Board of Directors	Audit Committee	Total
Mr. Phisudhi Phihakendr	Chairman	380,000	-	380,000
Mr. Khajohnpong Kamdee	Director	100,000	-	100,000
Mr. Phiroon Phihakendr	Director	100,000	-	100,000
Mr. Phipat Phihakendr	Director	100,000	-	100,000
Mr. Phiboon Phihakendr	Director	100,000	-	100,000
Mr. Thanawat Pratoomsuwan	Director	100,000	-	100,000
Mr. Nugoon Sri-In	Director	50,000	-	50,000
Ms. Kanchana Chakvichitsopon	Director and Company Secretary	160,000	-	160,000
Mr. Somkiat Sukdhewa	Chairman of Audit Committee and Independent Director	260,000	320,000	580,000
Mr. Suriyaporn Bunchai	Audit Committee and Independent Director	230,000	180,000	410,000
Mr. Eknarin Thammarak	Audit Committee and Independent Director	230,000	180,000	410,000
Mr. Thongchai Wattanasoponwong	Audit Committee and Independent Director	230,000	180,000	410,000
Total		2,040,000	860,000	2,900,000

(b) The remuneration for 6 executive directors and 4 Managements as shown in the financial statements of 2016 is totally at 5,941,683.81 Baht as follows:

executive directors and Managements	Remuneration	Year 2016
		Amount (Baht)
executive directors	Meeting Allowance	1,670,000.00
Managements	Salary and Bonus	4,271,683.81
Total		5,941,683.81

## 2. Other compensation for the management

The company set up the provident fund for the management, which the company contributes 4%-5% of salary of the year 2016. The company paid to contribute to the provident fund for the 4 managements, totally at 4,271,683.81 Baht on December 31, 2016.

## 5) Personnel

The company has total employees of 143 persons. In 2016, the company paid the compensation to the employees, totally of 67,709,706.47 Baht, including salary, overtime, living allowance, bonus, special allowance, social security, and provident fund. Moreover, the subsidiaries paid the compensation for the same items, totally of 15,492,843.84 Baht.

The number of employees and compensation as at December 31, 2016 as follows:

Year 2015	Energy Earth Public Company Limited	Energy Perfect Company Limited	PT TRI TUNGGAL PITRIATI ("TTPL")	Energy Earth (Hong Kong) Company Limited	Guangdong Energy Earth Company Limited	Alsdin Holding Company Limited	Earth Renewables Company Limited	PT.BELAY AN ABADI PRIMA COAL
Employee – Operations and Services (person)	60	41	9	-	6	-	-	-
Employee - Management (person)	4	1	-	-	5	-	-	-
Employee – Head Office (person)	79	-	-	-	-	-	-	-
<b>Total (Person)</b>	<b>143</b>	<b>42</b>	<b>9</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Compensation (Baht)</b>	<b>67,709,706.47</b>	<b>8,162,549.92</b>	<b>6,493,620.83</b>	<b>-</b>	<b>956,007.09</b>	<b>-</b>	<b>-</b>	<b>-</b>

Remark 1. The employees' compensation (Baht) for the year 2016 of PT TRI TUNGGAL PITRIATI ("TTPL") is the amount of IDR 2,310,075,000 or 6,493,620.83 Baht, calculating to Thai Baht by using the exchange rate at December 30, 2016 of the Bank of Thailand, equivalent to 2.8110 Baht per 1,000 IDR.

Remark 2. The employees' compensation (Baht) for the year 2016 of Guangdong Energy Earth Company Limited is the amount of CNY 183,266 or 956,007.09 Baht, calculating to Thai Baht by using the exchange rate at December 30, 2016 of the Bank of Thailand, equivalent to 5.2165 Baht.

### **Policy of Employee Development**

The group has a policy to arrange employee training at least once a year in order to do personnel development and build the stability to the group.

# Corporate Governance

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## 1) Corporate Governance Policy

The Board of Directors Meeting No.3/2011 on February 10, 2011 set up a policy to apply the principle and code of best practices as the company's operations in order to benefit the company's operations and strengthen the transparency in the operations, as well as to increase the efficiency of the management. This results in the confidence of shareholders, investors, and every related party, which the good corporate governance of the company includes 5 principles as follows:

### (a) The Rights of Shareholders and Roles of Stakeholders

#### The Rights of Shareholders

The company awares and emphasizes on the rights of shareholders, by not only taking any action that violate or lessen the rights of shareholders but also encouraging the shareholders to us their rights. The basic rights of shareholders are the rights to trade or to transfer the shares, the rights to get sufficient company news and information, the rights to share the profit of the business, the rights to vote and remove the subcommittee and to agree with the independent auditor appointment, the rights to attend and vote in the shareholders' meeting in order to make a decision in such issues of the company. For example, dividend payment, defining or revising the company regulations and memorandum, capital decrease or increase, and special approvalment.

Apart from the above basic rights, the company has a policy to support and facilitate for using the rights of shareholders as follows:

- The company arranges the Annual General Meeting of Shareholders every year within 4 months from the ending date of the fiscal year for each year by sending the invitation and information for the meeting's agendas to shareholders 7 days before the meeting date. Also, the announcement will be posted in a newspaper informing the meeting date 3 consecutive days and informing at least 3 days in advance before the meeting date, which the agenda of the meeting will include the comments from the Board of Directors as attachment.
- The company distributes the information for the meeting's agendas in advance on the web site of the company and also inform the rights of the shareholders to attend the meeting and their vote for the resolution.
- In case that the shareholders cannot attend the meeting by themselves, the company gives a chance to the shareholder to give a proxy to any independent director or anyone to attend the meeting on their behalf, in order to support the rights of the shareholders by using any kind of proxy that the company sends out with the invitation for the meeting.



- Before the meeting, the company allow the shareholders to send opinions, suggestions, questions in advance before the meeting date via email address of Investor Relations and email address of the company secretary.
- In the meeting, the company allocates the appropriate period of time and allows the shareholders to give opinions, suggestions, or ask questions in any issue independently before any resolution finalized, in order for the shareholders to give enough details of such issue for any decision making. In the agenda that the shareholders having questions, the company prepares the personnel who can answer under the responsibility of the Board of Directors of the company.
- Every director needs to attend the meeting in order for the shareholders to be able to ask for details in any related issue.

### **To treat shareholders equally**

The company has a policy to create fairness for the every shareholders and every group equally including the shareholders who are management, the shareholders who are not management, the foreign shareholders, and minor shareholders, as follows:

- To treat and facilitate the shareholders equally and not taking any action to limit, violate or lessen the rights of shareholders.
- To accept the vote in the meeting upon the number of the shareholders by one share for one vote.
- The company allows the independent directors taking care of minor shareholders by the minor shareholders can give opinions or complaints to the independent directors. The independent directors are the ones who consider to operate appropriately; for example, if there is a claim, the independent director will examine the truth and find the way to solve appropriately. Or, if there is a suggestion which the independent director considers that it is important and affect the stakeholder as a whole or affect the company's business, the independent director will propose the suggestion to the shareholders' meeting to consider putting in the agenda of the meeting in the shareholders' meeting.
- The Board of Directors has set a measure to prevent the insider trading of related party including directors, management, employees, and workers of the group, who are related to the information (including their spouse and child). It has also set the punishment of the disclosure of the company information or using the company information for personal benefit, as the policy to prevent insider trading. It has been informed that the Board of Directors and management are responsible for reporting about their holding securities to the Securities and Exchange Commission (SEC), as a clause 59 of the Securities and Exchange Act

of 1992 as well as to inform the news and regulations of SEC and the Stock Exchange of Thailand to the Board of Directors and management regularly.

### Role of Stakeholders

The company is aware of the rights of every stakeholder group related to the company, both internal stakeholders like shareholders, employees, and the management of the company or the external stakeholders like competitors, business partners, customers. The company is aware that supporting, accepting opinions from, and keeping a good relationship with every stakeholder group benefit the operations and develop the business growth and business expansion in the future. The company provides the rights to every group equally and with fairness, by complying with the related regulations and rules as follows:

- **Shareholders:** The company is the representative of shareholders doing the business by considering the growth of the company value in the long term, including the internal control and audit.
- **Employees:** The company is aware that the employees are one of the main resources which are important to develop the growing organization. The company then supports to develop the capability of personnel in order to maximize benefit for the company, as well as encouraging teamwork to increase the versatility of functions and arrangement for the safe working environment for employees as well as treating every employee equally and fairly with the appropriate compensation.
- **Business Partners:** The company treats the business partners with honest competition by complying with the conditions in the trade contract and strictly gives a commitment to the business partners.
- **Competitors:** The company treats the competitors with a good business governance with good rules of competition by avoiding the unfair competition.
- **Customers:** The company is committed to producing good quality products and services for customers by trading with customers with honesty and fairness.
- **Society:** The company emphasizes on environmental care of the community nearby the company's office location.

The company has established guidelines to respond to the needs of each stakeholder group apparently in "the business ethics", and also to promote and campaign for the Board of Directors, the management, and the operator using the guidelines to perform in the operations, being as the important duties of everyone.

**(b) Information disclosure and transparency**

The company is aware of the significance of the information disclosure which represents the accuracy, all information, and transparency of both the financial reports and general information, according to the measurement of the information disclosure of SEC and SET and any information affecting the company's stock price, which has an impact on the decision making of the investor and stakeholder of the company.

The company publicizes the information of the company to shareholders, investors, and the public via channels of publication of SEC and SET as well as the company's web site: <http://www.energyearth.co.th>.

For the investor relations, the company did not yet set up a specific department, working on communicating with investors, shareholders, analysts, and the government. Shareholders and investors can contact the department at phone number 02 673 9631-3 for Khun Thanawat Pratoomsuwan E-mail address: [thanawat@energyearth.co.th](mailto:thanawat@energyearth.co.th) or Khun Thanyakamol Tritrakarn Email Address : [thanyakamol@energyearth.co.th](mailto:thanyakamol@energyearth.co.th)

**(c) The Responsibility of the Board of Directors**

**The Structure of the Board of Directors**

The Board of Directors including persons who have knowledge and experience which benefit the company by having these people being as a major role in setting up policy, business plan and quarterly performance evaluation. Moreover, they emphasize on internal control and internal audit for the benefit of the company and shareholders.

The Board of Directors consists of 11 people such as 4 directors who are not management who have qualifications of independent directors not less than 1 out of 3 of the total directors, in order to balance the vote in considering any issue and also to audit the management's performance to maximize the benefit of the company.

The Board of Directors has set up two committees to assist in corporate governance such as the audit committee and the executive committee. The company divided the duties and responsibilities of the Board of Directors, the audit committee, and the executive committee for the shareholders clearly in order to be free when decision making and present the vision as the following details under the title of management structure.

The Board of Independent Directors and The Audit Committee : The company has totally 4 independent directors, 3 of which also are the audit committee, to be on duty of specific issue and propose to the Board of Directors' consideration or to be acknowledge as the authority.

The Executive Committee : The company has totally 5 executive directors to work with versatility, by having the authority assigned from the Board of Directors.

Moreover, the company has a policy to divide the responsibilities of chairman and managing director as different persons to prevent anyone having the unlimited authority. The Board of Directors of the company defines the authority and responsibility and selects the person to be appointed in the positions.

Also, the company has a company secretary who is responsible for giving the suggestions concerning the rules and regulations which the Board of Directors need to be informed and is on the duties of taking care of the Board of Directors' activities as well as coordinating to perform as the resolution of the Board of Directors.

### **Authority of the Board of Directors**

1. The Board of Directors has an authority and duties as defined in the company's regulation.
2. The Board of Directors has an authority and duties on monitor and setting up the significant policy as follows:
  - 2.1. Business Policy
  - 2.2. Financial Policy
  - 2.3. Funding Policy
  - 2.4. Capital Management Policy
  - 2.5. Company Risk Management Policy
3. The Board of Directors has an authority concerning the investment as follows:
  - 3.1. Considering and approving the budget
  - 3.2. Considering the investment project of the company
  - 3.3. Supervising the project to be operated as plan
4. The Board of Directors has an authority supervising the the company's operations for:
  - 4.1. Achieving the goal or better than the defined goal
  - 4.2. Defining the guidelines of solutions in case of having obstruction to achieve the goal or better than the defined goal
5. The Board of Directors has an authority to provide general reports and financial reports to report to the shareholders and the stakeholders or any investors accurately, updated, and according to the law.
6. The Board of Directors has an authority to be informed of the significant audit report of the audit committee or the internal audit including the auditor and the financial advisor of the company, and to be on duty of setting guidelines of solutions in case of significant defect.
7. The Board of Directors has an authority to audit the adequate and appropriateness of the internal control and the company's risk management.
8. The Board of Directors has an authority and a duty on facilitating the process of creating the top management of the company in order to substitute continuously (Succession Plan).

9. The Board of Directors has an authority to appoint the audit committee and to approve the authority of the audit committee.
10. The Board of Directors has an authority to appoint any one person or many or others to act as the Board of Directors. For the authorization, the proxy does not have an authority to approve any issue which the person or a person who may have conflicts (“person who may have conflicts” has a meaning as the announcement of SEC and SET) has the interest or conflict of benefit with the company or the subsidiaries.

Exception of the following issues, which will be done when getting the approval from the shareholders’ meeting. It is defined that the issue that the person or a person who may have conflicts has the interest or conflict of benefit with the company or the subsidiaries cannot vote for the issue.

- The law requires to have a resolution of the shareholders’ meeting.
- Any transaction that directors have interests and in the legal or regulations of the Stock Market needs to be approved from the shareholders’ meeting.
- Moreover, in the following cases need to be approved from the Board of Directors’ meeting and the shareholders’ meeting with the vote not less than 3 of 4 of the total vote of the shareholders who attend the meeting and have a rights to vote.
  - Selling or transfer the business of the company in total or some parts which is important to other persons
  - Purchasing or acquiring the business of other public companies or private companies to the company.
  - Creating, editing, or cancelling the contract concerning leasing the business of the company in total or some parts which is important. To authorize other persons to manage the business of the company or the merger by having a purpose of profit sharing.
  - Editing the company’s memorandum or the company’s regulations.
  - Increasing or decreasing the capital of the company
  - The merger or the company closing down
  - Other issues according to the law

### **The Remuneration of the directors and the management**

The company reports clearly on the remuneration of the directors according to the announcement of the Securities and Exchange Commission (SEC), which has been approved by the Annual General Meeting of shareholder (AGM) every year. If the directors of the company are assigned more duties and responsibilities; for example, being also the audit committee, they will be receive the appropriate remuneration with the duties and responsibilities assigned additionally by considering the capability of the company too.

## The report of the Board of Directors

The Board of Directors is responsible for the financial report of the company and the subsidiaries including the information appeared on the annual report, disclosure and the financial statements which the audit committee audits the quality of the financial report, internal control, and sufficient information disclosure to be in the notes in the financial statements. The reports are proposed to the Board of Directors every quarter. To provide the audited financial statements by the auditor who is approved by SEC and according to the generally accepted accounting standard in Thailand. The information disclosure which is important including both monetary and non monetary is done based upon the accuracy, complete, reliable, and reasonable use of appropriate accounting policies.

## The Board of Directors' meeting

The company arranges the meeting of the Board of Directors regularly at least every quarter and the extraordinary meeting additionally upon the necessity by defining the clear agendas in advance including the agenda of monitoring company performance regularly. In every Board of Directors' meeting, there is a company secretary who provides the agendas of the meeting and sends out the meeting documents to the Board of Directors at least 7 days in advance in order for the directors to have enough time to consider and study the information as well as keeping the minutes of meeting in the past which was approved systematically from the Board of Directors and is ready for the Board of Directors and related party to audit.

To consider any issue, the chairman of the company is responsible for the chairman of the meeting to allow the directors to give opinions freely. A resolution of the Board of Directors is from a vote of the majority. One Director has one vote. Directors having an interest will not attend the meeting or will not vote for the issue. If the vote is equal, the chairman of the meeting will have one vote to get the resolution.

In 2016, the company has arranged 6 meeting of the Board of Directors, each of which has the company directors attended as per the management structure.

**(d) Risk Control and Management**

**Internal Control and internal audit system**

The company emphasizes on the internal audit for the management level and operation level. To operate efficiently, the company defines the duties and authority of the operator and management in written clearly. The company control and manage the use of assets of the company for the benefit. The duty and responsibility is allocated to operator and monitoring controller separately. Moreover, the company provides the internal auditor to audit the internal control and internal audit efficiently as well as auditing the operations according to law and requirements associated with the company. The audit result will be reported to the Board of Directors to approve as a copy for the managing director.

**(e) Business Ethics**

The company set the guidelines concerning the ethics of the Board of Directors, management, and employees in order for the related parties use to perform on their duty with honest, integrity and fairness when treating to every stakeholder group. Also, the company announced to the employees and every management being informed to use the guidelines strictly.

**Conflict of Interest**

The Board of Directors set up a policy concerning the conflict of interest based on the concept that any decision making on business operations will have to be done for the maximum benefit of the company only and should avoid the action which creates the conflict of interest, which the persons who are related to the issue being considered need to inform the company about the relationship or the connection of them and the issue, and not to participate in the consideration as well as to have an authority to approve any transaction.

The audit committee proposes the Board of Directors about the related transactions and the conflict of interest which is considered the appropriateness deliberately. The company has complied with the rules of the Stock Exchange of Thailand regulations strictly in terms of pricing and other conditions with the persons who may have a conflict of interest by virtually deal with the third parties, sending the reports as period of time defined by SET and publicizing in the financial statements and annual report and the annual report (56-1 type).

## 2) The Committees

The company including two sets of the committees such as the audit committee, the executive committee, by having the name list and the authority as follows:

### 1. The audit committee has 4 people consisting of

Directors' Names	Position
Mr. Somkiat Sukdhewa	Chairman of the audit committee
Mr. Suriyaporn Bunchai	Audit Committee
Mr. Eknarin Thammarak	Audit Committee
Mr. Thongchai Wattanasoponwong	Audit Committee

Mr. Suriyaporn Bunchai is the audit committee who has knowledge and experience in auditing the financial statements of the company.

### The authority of the Audit Committee

1. To audit the company to provide the accurate financial report and disclose the sufficient and reliable information.
2. To audit the company to have the appropriate and efficient internal control and internal audit with the consideration of the freedom of the internal audit as well as to approve the appointment, transfer, terminate the head of internal audit or any other department related to the internal audit.
3. To audit the company according to the law of securities and the stock exchange, the regulations of the stock exchange, and the related law.
4. To consider, select, and appoint the persons who have a freedom to be responsible for the auditor of the company and to propose the compensation of the persons as well as to attend the meeting with the auditor without the management at least once a year.
5. To consider the transaction related to or the transaction that may be conflict of interest according to the law and the regulations of the Stock Exchange in order to ensure the transaction being reasonable and maximize the company's benefit.
6. The transaction needs to signed by the chairman of the audit committee and need to have information at least as follows:
  - (a) The opinion concerning the accuracy, complete, reliable of the financial report of the company.
  - (b) The opinion concerning the sufficient internal audit system of the company.
  - (c) The opinion concerning the complying the law of securities and the stock exchange, the regulations of the stock exchange or the related law.
  - (d) The opinion concerning the appropriateness of the auditor.



- (e) The opinion concerning the transaction that may have conflict of interest.
  - (f) The number of the meetings of the audit committee and the attendance of each of the audit committee.
  - (g) The opinion or comment in general that the audit committee get from their operation according to the rules.
  - (h) Other transactions that shareholders and investors should acknowledge under the the scope of duties and responsibilities assigned by the Board of Directors.
7. Any assignments from the Board of Directors with the agreement from the audit committee.

## 2. Executive committee has 5 people consisting of

Director's Name	Position
Mr. Khajohnpong Kamdee	Chairman of the Executive Committee
Mr. Thanawat Pratoomsuwan	Executive Director
Ms. Kanchana Chakvichitsopon	Executive Director
Mr. Phiroon Phihakendr	Executive Director
Mr. Pipat Phihakendr	Executive Director
Mr. Phiboon Phihakendr	Executive Director

### The cope of duty and responsibility of the executive committee

1. To have an authority to approve to apply for a loan or any credit application of the company within the credit line of each transaction not over 300 million Baht or equivalent.
2. To have an authority to approve the operation for the normal business transaction of the company; for example, to provide merchandise, vehicle, material, equipment, appliance, to approve the expenses, to approve the write-off, within the credit line of each transaction without limit, and to operate any other transactions like the project to invest for an expansion approved the credit line not over 80 million Baht
3. To have an authority to manage the business of the company according to the purpose, regulations, resolutions of the shareholders' meeting and resolutions of the Board of Directors' meeting.
4. To set up the organization structure, management, executive committee by covering all the details of selecting, training, hiring, and terminating the employee of the company.
5. To have an authority to provide, suggest, and define the business policy and the business strategy of the company to the Board of Directors for an approval.
6. To set up the business plan, management authority, approval the annual budget for the business and the annual budget of expenses, and to implement the business plan and strategies aligned with the business policies and business directions which the Board of Directors approved.
7. To have an authority to do financial transactions in terms of opening the account with banks, financial institutes and applying for a letter of guarantee from banks or financial institutes.
8. To perform other duties as assigned in each period of time by the Board of Directors

For the authorization, the proxy does not have an authority to approve any issue which the person or a person who may have conflicts ("person who may have conflicts" has a meaning as the announcement of SEC and SET) has the interest or conflict of interest with the company or the subsidiaries. To approve such issue needs to propose to the Board of Directors' meeting and/or the

shareholders' meeting to consider and approve the issue according to the regulations of the company or the related law except for the approval of the transaction which is normal business practice as policies and measurement that the Board of Directors approved.

#### **Scope of duty and responsibility of the chairman**

1. To manage normal business tasks of the company.
2. To consider and screen the investment in order to propose to the Board of Directors to approve.
3. To give a policy of budgeting annually to propose to the Board of Directors of the company to approve.
4. To have an authority to approve the operation for the normal business transaction of the company; for example, to provide merchandise, vehicle, material, equipment, appliance, to approve the expenses, to approve the write-off, within the credit line of each transaction not over 200 million Baht or equivalent, and to operate any other transactions like the project to invest for an expansion approved the credit line not over 40 million Baht.
5. To have an authority to perform on behalf of the company to other third party in the related business and to be benefit for the business.
6. To perform other duties as assigned by the Board of Directors case by case.

For the authorization, the proxy does not have an authority to approve any issue which the person or a person who may have conflicts ("person who may have conflicts" has a meaning as the announcement of SEC and SET) has the interest or conflict of interest with the company or the subsidiaries. To approve such issue needs to propose to the Board of Directors' meeting and/or the shareholders' meeting to consider and approve the issue according to the regulations of the company or the related law except for the approval of the transaction which is normal business practice as policies and measurement that the Board of Directors approved.

### **3) Recruitment and appointment of directors and top management.**

#### **1. Independent Directors**

Independent means the director from outside who can take the role of protect the benefit of every shareholder equally and can help supervise of no occurrence of the conflict of interest between the company and the related persons and the qualifications are as follows:

1. To hold the share not over 1% of the total shares, that can vote, of the company, holding company, subsidiaries, associated company, major shareholders, or the person who have the authority of the company, by counting the shareholding of the related person of the independent director.

2. Never been the directors who participate in the management, worker, employee, consultant who get monthly payment or the person who has the authority of the company, the holding company, the subsidiaries, the associated company, same level of subsidiaries, major shareholders or of the person who has the authority of the company, except for not being the formerly stated for not less than 2 years. This does not include the case that the independent director has ever been government officer or the consultant to the government who is the major shareholder or the controlling person of the company.

3. Not being the person related by blood or registration under laws such as father, mother, spouse, sibling, and child and also spouse of the children, of executives, major shareholders, controlling person or person being nominated to be executive or controlling person of the company or the subsidiaries.

4. Not having a business relationship with the company, its holding company, subsidiary, associated company, major shareholder, or controlling person, in the manner which may interfere with his independent judgment, and neither being nor having been a principle shareholder, or controlling person of any person having business relationship with the company, its holding company, subsidiary, associated company, major shareholder, or controlling person of the company unless the foregoing relationship has ended not less than two years.

5. Neither being nor having been an auditor of the company, its holding company, subsidiaries, associated company, major shareholder, or controlling person of the company, and not being a principle shareholder, controlling person, or partner of an audit firm which employs auditors of the company, its parent company, subsidiary, affiliate, major shareholder, or controlling person of the company unless the foregoing relationship has ended not less than two years.

6. Not being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the company, its holding company, subsidiary, associated company, major shareholder, or controlling person of the company, and not being a principle shareholder, controlling person, and partner of such professional advisor unless the foregoing relationship has ended not less than two years.

7. Not being a director who has been appointed as a representative of the company's director, major shareholder, or shareholders who are related to the company's major shareholder;

8. Not operate any business which has the same nature as and is in principle competition with the business of the company or subsidiaries, or not being a principle partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary, or holding shares not exceeding one percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the company or subsidiaries;

9. Not having any characteristics which make him incapable of expressing independent opinions with regard to the company's business.

The company defined the meaning of the independent director of the company as equivalent to the criteria of SEC of the Stock Exchange in terms of shareholding of the company's share, not being employee, consultant with monthly payment or the controlling person of the company and not related in business.

## **2. Recruitment of directors and top management**

### **Director**

For Selecting and appointing the persons to be in the Board of Directors, although the company has no the Nomination Committee, the nomination of directors will be done by the directors who formulate the rules about knowledge, capability, experience, vision, and reliability as well as being the qualified person by not having characteristics not approved by the law to propose to the shareholders' meeting to consider the appointment, which the company has significant rules and method.

1. The Board of Directors consists of the directors not less than 5 people, electing by the shareholders' meeting with the directors who are the audit committee not less than 3 people. Not less than half of the directors has been located in Thailand.

2. The shareholders' meeting elects the directors according to the rules and method as follows:

- (a) One shareholder has one vote per one share.
- (b) Each shareholder uses all his votes as (1) to elect a person or many to be as directors. In case that electing many persons to be directors, the votes cannot be allocated to one more than others.
- (c) The person who gets the maximum votes and all runner ups will be elected to be directors at the amount of the directors to be elected that time. In case that the number of persons who are elected with all runner ups having the same votes is more than the number of directors required that time, the chairman of the meeting will be the one who finalizes.

3. In the Annual General Meeting of shareholders every year, one-third of the directors will be retired. If the number of the directors cannot absolutely divided into three parts, the number of directors to be retired is nearly to one-third. Directors who have to be retired in the first year and second year after the company registered can draw lots. For the following years, directors who have been in the position the longest need to be retired. The directors who are retired may be selected to be back to be appointed again.

4. Any director will resign from the position by sending the resignation letter to the company. The resignation will be effective from the date when the letter delivered to the company.

5. To finalize the resolution to approve one director retired before his term to be retired, the number of votes is not less than four-third of the number of shareholders who attend and have the rights to vote and the number of shares totally is not less than half of the number of shares holding by the shareholders attending the meeting and having the rights to vote.

## **Audit Committee**

The audit committee of the company has to be the independent director who is elected from the Board of Directors or from the shareholders' meeting and the qualification according to the law of securities and stock exchange and also the announcement, regulations, and/or the rules of the stock exchange, with not less than 3 people. At least one director has to be the one who has knowledge about accounting and finance.

## **Executive Committee**

The Board of Directors proposes to appoint the executive committee by selecting the directors and/or the management at the appropriate amount and the Board of Directors appoints one executive director to be the chairman of the executive committee.

## **Top Management**

For the nomination of the person who is in the position of the managing director or the chairman of the management, the Board of Directors is the one who primarily considers. In the screening process of nominating the person who has the complete qualification with the capability and skills and experiences which are benefit to the company's operations and understand thoroughly about the business and can manage in order to achieve the goal which the Board of Directors defined, the person will be proposed to the Board of Directors later.

## **4) The Supervision of the Operations of the subsidiaries and associated company**

In the past, to propose and exercise the votes to elect the person to be director in the subsidiaries and the associated company was done by the management. From 2015 onward, the company has set up the rules of proposing and exercising the votes by having to get approval from the Board of Directors, too. The appointed directors in subsidiaries or associated companies are responsible for operate for the maximum benefit to the subsidiaries or associated companies. The company requires the appointed person to have been approved from the Board of Directors before the resolution or exercising the votes in the same level of significant issue which needs the approval from the Board of Directors. Also, sending directors to be representative in the subsidiary or associated company according to the shareholding proportion of the company.

Moreover, in case of the subsidiaries, the company set the rules that the appointed person have to take care of the regulations of the subsidiary about the related transactions, acquisition and disposition of the assets, or any important transactions of the company to be accurate and complete. By using the measurement of information disclosure and the transactions same as the company's measurement as well as supervising to keep the information. The subsidiaries's accounting has to be monitored, audited, able to make the consolidated financial statements on time.

## 5) Policy and Treatment of inside information

The company has a policy and method to take care of directors and management to use the inside information of the company which is not announce to the public for their personal benefit including securities trading as follows:

- (a) To acknowledge directors and management in different departments about the responsibility to report their securities holding and also their spouse's and child's securities holding to SEC and SET according to the clause 59 and the punishment according to the clause 275 of the act of securities and the stock exchange B.E.2535
- (b) The company requests the management to report the change of their securities holding to SEC and SET as the clause 59 of the act of securities and stock exchange B.E. 2535 and requests the management to sending a copy to the company on the same date of sending the report to SEC and SET
- (c) The company does not allow the Board of Directors, management, or operators who know the inside information to disclose the information to outsiders or others not related to, and does not allow to do securities trading within 30 days before the publication of the financial statements or of the status of the company including other information and should wait for at least 24 hours after the information disclosure to the public and before trading the securities.

The company set the punishments for the person seeking for benefit themselves by using the insider information, or for the information disclosure till the company has been damaged. The case to be punished such as warning verbally, warning in written, probation and termination of being an employee.

## 6) The remuneration of the auditor

### 1. The auditing fee

The company and subsidiaries paid the auditing fee to the auditor of the company and the subsidiaries in 2016 as follows:

- The auditing fee for all companies locating in Thailand is totally of 5,240,000 Baht.
- The auditing fee for tall companies locating in foreign country is totally approximately 1,211,714 Baht

### 2. Other fee (Non-auditing fee)

- None

## 7) Other corporate governance principles

Not any

## Corporate Social Responsibilities : CSR

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### Overview of Policy

The objectives for doing business are not only focusing on return on investments and profits, but also maintaining stability and growth. In order to ensure that business growth is sustained, Energy Earth Public Company Limited has to consider ways for giving back the benefits it receives back to our society.

The Group have firmly applied the principles about conducting business in a manner that balances corporate growth and promotion of social interests. Thus, the Company has made it its responsibility to balance corporate growth with promotion of social interests to ensure sustained business growth by having a policy of corporate social responsibility (CSR, Corporate Social Responsibility), under the ethics and good governance, in order to be successful. With the Company's goal to employ a complete supply-chain from upstream to downstream using the latest available technologies for protecting the environment in accordance with international standards, the Company gave much attention to improving its operations in order to reduce environmental pollution for attaining a better quality of life for concerned societies. The Company further coordinated CSR meetings with other listed companies in order to look for better solutions in reducing environmental pollution. Additionally, the Company has already attended the meetings with other companies about CSR to have a mutual business plan.

The Company has aligned its visions, targets, strategies and risk-management mechanisms in doing business in order to fit an operational performance structure called "CSR-In-Process" or "Business for Society", which means that the social responsibility being in the business operations or doing business that is profitable with responsibility; for example, preventing and eliminating pollution in production line by not affecting the community, producing high-quality products with standard, and having a system in place for compensating customers in case of unforeseen eventualities by employees. It is worthy to note that the CSR-In-Process is an integral part of regular work activities of the Company.



## **1. Business Operations in Accordance with a Code of Responsible Conduct**

The Company is a firm adherent of conducting business along the principles of fair and free trade, transactional transparency, being responsible, and no policy to have trade competition via any illegal and unethical. The company also conducts the business straightforwardly with ethics and transparency, which helps create international management standards, being able to guarantee stability, credibility, and transparency to business partners, customers, and employees as well as organizations related to corporate governance and society.

## **2. Anti-corruption Policies**

Every Director, executive and employee of the company at every level are prohibited engaging in or accepting any form of corruption directly or indirectly covering both local and overseas businesses and all relevant work units, by arranging for regular inspection and review of the work in compliance with the anti-corruption policy, as well as reviews of the rules and regulations on any practices to conform with changes in business conduction, relevant rules, regulations and legal provision, to be practiced as follows :

- (1) The company's directors, executives, and employees follow the anti-corruption policies, and business good governance by not involving in any corruption, neither directly nor indirectly.
- (2) Every employee of the company at every level do not ignore or neglect, when seeing any actions, involving to corruption in the company, by informing supervisor and participating in the audit process. If there is any questions, it is suggested to consult with supervisor or the person, who the company assigns to be responsible for executing good governance policies via defined way of communication.
- (3) The company is fair and protects its employees, who inform the corruption in the company by having a policy of protecting the appellant or one who cooperates with reporting the corruption as per the company's policy.
- (4) The ones who do corruption which is unethical will be considered the punishments as per the company's regulations. Moreover, he/she will be punished by law.
- (5) The company is aware of the importance of publishing the knowledge and make understanding with the ones who is on duty relating to anti-corruption policy of the company.

(6) For any actions involving in the high risks for the corruption, directors, executives, and employees of the company at every level will comply carefully as follows:

- i. Receiving or giving gift, assets, or any benefits upon the company policy.
- ii. Receiving or giving the charity or sponsoring needs to be transparent and legal by making sure that the donation or sponsoring is not be an excuse for a bribe.

**The responsibilities/duty in compliance with the policy of anti-corruption**

- (1) The Board of Directors has a duty and responsibility to set up a policy and regulations to create a system of supporting the anti-corruption effectively and efficiently, in order to make the executives value the anti-corruption as a company culture.
- (2) The Audit Committee has a duty and responsibility to audit the accounting and financial system, internal audit system, and risk management to ensure in accordance with the international standard with effectiveness, efficiency, and appropriateness.
- (3) The Executive Committee, the Chairman, and all executives have duties and responsibilities to set up the system and support the anti-corruption policy by communicating to all employees and related parties and review the appropriateness of the system and regulations in order to align with business change, rules and regulations and related law.
- (4) The internal audit office has a duty and responsibility in auditing and reviewing the operations whether it is proper as the policy, guidelines, rules, and approval as well as by related law or not in order to ensure the system is appropriate and enough for the risk of corruption that may happen. This has to be reported to the Board of Directors directly.
- (5) Risk Management Committee has duty to evaluate the risk of corruption that may happen in each procedures regularly, including proposing the proper solutions by proposing to the Executive Committee or the Board of Directors of the company to consider and review the practices to be compliance with reducing the potential risk.

## **Whistle Blowing**

The Board of Directors of the company set up a policy regarding whistle blowing of the stakeholders according to the good governance in order to have a mechanism of participating of the stakeholders as follows:

### **(1) Giving an Opportunity for Stakeholders to do Whistle Blowing**

Any stakeholder who wishes to contact the Board of Directors of the Company directly to give an opinion about business including whistle blowing; for example, wrong or inappropriate action, illegal or unethical work or corruption. It can be directly forwarded to the Audit Committee as follows:

- By Mail to Committee of against corruption.  
43 Thai CC Tower Room No. 125-128 Flr. 12 South Sathorn Road, Yannawa , Sathorn, Bangkok 10120
- By E-Mail Address : [internal@energyearth.com](mailto:internal@energyearth.com)

### **(2) Protection for the Whistleblower**

The stakeholder who makes whistleblowing or complaints according to (1) above does not need to disclose his/her name.

### **(3) Procedure after Whistleblowing or Complaints**

The Audit Committee is assigned to investigate the information or facts informed by the whistleblower according (1) above and directly presents the matter to the Board of Directors for acknowledgment and consideration.

### **(4) Correction Measures and Compensation**

In case the stakeholder has been damaged from the violation of right according to the laws, the company is willing to listen to opinion or complaint and will urgently correct the fault and impact without delay including finding measures to prevent recurrence of the event and will consider making appropriate compensation to the damaged person based on cause and effect on a case-by-case basis.

### Receiving or Giving of Gifts, Assets and/or Other Benefits

The Board of Directors of the company wishes to build consciousness for all the Directors, executives and employees at every level to realize about the anti-corruption and create correct value by not accepting, not giving, not condoning any actions which indicate immoral act or wrongful act of finding benefit which will negatively or adversely impact business operation and reputation of the company, having practice guidelines as follows :

- (1) Every Director, executive and employee at every level are strictly prohibited from demanding or receiving gifts, assets and /or any benefits from the customer, trading partner and/or person with related business with the company regardless whether it is personal or for other persons which may cause unfair decision, bias or difficulty which might create conflict of interest.
- (2) Receiving or giving gift on occasions or festivals of good tradition must be of little value not exceeding appropriate value or too much value such as souvenirs or marketing promotional gifts or general gifts, etc. Every employee can use own judgment whether or not the gift is appropriate. If in doubt, the employee should consult with the superior in the chain of command for advice, by considering the intention of the giver and receiver whether or not it is appropriate.
- (3) Receiving or giving gift in the form of cash, cheque, cash coupon, gold, jewelry or other valuables is deemed inappropriate and should not be done. It should first be presumed that this action indicates wrongful doing or finding benefit due to the responsible duty.
- (4) If it is found that any employee is involved in wrongful action and/or in finding benefit or for oneself or for other person, the company shall deem that the employee seriously violate discipline and the company shall consider disciplinary action according to the company's regulation strictly without any exception

### 3. Respect for Human Rights

The Group's has a policy to uphold the human rights of employees, treat them with dignity and respect their individualism and integrity as human beings. In every country where the Group is present, employees are required to be older than what is stated in a regulation governing child labor of a relevant country.

### 4. Respect for Employee Rights and Fair Labor Practices

The Group's gives a premium to the development of its human resources by abiding with a code of good conduct for management in order to preserve and consistently develop the skills and capabilities of its employees; and undertaking measures for building morale and for improving quality of life, in areas such as employee welfare, adherence with labor laws, environmental safety, equipment safety, good

relations, and provision of health insurance, including annual health-checks. Since the commencement of the company's operations, it treasures the fact that no serious injuries or accidents had befallen any of its employees. As an example of the company's dedication to promoting the welfare of its employees,

In the year 2010, an employee of the company unfortunately had a non-work related motorcycle accident resulting to his physical incapacity for the rest of his life. Notwithstanding the circumstances, the company paid his medical fees in full, and had ever since been extending monthly assistance to him to this day.

The company's code of good conduct encompasses a system for providing benefits to its employees based on merit and performance, appointing deserving employees to posts and responsibilities matching their respective skills and inclinations, and training employees for long-term career paths with the company. The company employs an objective system for evaluating employee performance, with the ultimate goal of improving the overall quality of life of its employees.

The company honors the privacy rights of its employees, and protects their sensitive and confidential information whether related to the employees' compensations, medical records or personal data. The company does not restrict or curtail the rights of its employees to join communities or organizations which do have commercial conflicts of interest with that of the company.

## **5. Responsibility to Customers**

The company is fully dedicated to its business of supplying high-quality Indonesian coal according to the specifications of its domestic and international customers, with the capability for ensuring strict quality control of its products, sufficient product supply and availability 24 hours a day, and efficient sales team.

## **6. Environmental Care**

An important challenge for the coal mining and power businesses is how to maintain business growth while pursuing social responsibility and safeguarding environmental quality. The Group conducts risk and environmental impact assessments for every project so as to effectively plan production and put in place appropriate measures to protect and reduce possible environmental impacts. Based on its assessments, environmental issues that the company confronts include energy conservation, climate change, legal compliance, land use and biodiversity. Details of its actions in each area can be further read in the Sustainability Report.

## 7. Community Development

The company puts much effort for CSR activities related, including CSR programs for education, health, and community development. These activities had provided chances for the company to build excellent relationship with many communities such as Nhong-Kor health care sector, Chao Praya Surasak Municipal. The company also has projects to support by donating drinks for Nhong-Kor community, scholarship for outstanding students in Ban Wang Kor school, Khao Din school, Bang Nhong-Prue school, Wad Nhong-Kor community school, The company had also donated winter accessories

The company focuses on bringing a better quality to the community and reducing negative effects on society and environment because we believe that this will result in a strong and steady growth of the business tangibly, responsibly, culturally and philosophically.

## 8. Innovation and promoting of innovation resulted from responsibility to society, environment and stakeholders

The company always listens to all comments from every public organization and ensure that public area surrounding the storage area is properly managed with the “5 Walls” project:

- High wall surrounding the storage area
- High trees surrounding the high walls
- Plastic crops over the storage walls
- Install the water spraying system around storage area
- Truck washing system when entering and exiting storage area

Such project is done parallel with improving society and public community surrounding the storage, which results in receiving a good cooperation from the society.

### ***Business Operation and Reporting***

The company places an importance upon the disclosure of important information of the company with accuracy, completeness, sufficiency, timely, transparency, and compliance to the regulations of the Securities Exchange Commissions and the Stock Exchange of Thailand. As a result, the shareholders and the stakeholders and the stakeholders will equally receive the news and information of the company. The Company’s channels for information disclosure include:

- 1) The SET Community Portal (SCP) – for the dissemination of the periodic reports such as Financial Statements, the Annual Registration Statement (Form 56-1), the Annual Report (Form 56-2), etc., and the non-periodic reports such as the acquisition/ disposal of the assets, related transaction, dividend payment, etc.
- 2) Other public media – newspapers, magazines, and the company’s press release.
- 3) The company’s website [www.energyearth.co.th](http://www.energyearth.co.th) which are displayed in both Thai and English.

4) Information for the analysis and the investors upon visiting the Company.

The Board of Directors of the Company is responsible for the financial report to ensure its accuracy, completeness, and transparency in order to maintain the assets as a prevention of any loss or usage of other persons with no authority, to prevent any corruption or abnormal operation, following the general accepted accounting standard, and laws and related notifications which lead to the stakeholders' confidence in the financial report. The Board of Directors assigns the Audit Committee to review.

The company has no record of amendment of the financial statements from the SEC and it always discloses the annual report and quarterly report to the shareholders and investors prior to the due date.

***Corporate Social Responsibilites Activities***

The company has a policy to do the Corporate Social Responsibilities after process. It is the activities from profit-seeking organizations to build value for societies in various aspects such as taking care of the communities near by the area, provision of necessary belongings and volunteering for community service outside the working hours.

## Education

- On November 11, 2016. Khun Khajohnpong Khamdee, Chief Executive Officer and Khun Thanawat Pratoomsuwan, Managing Director donated to build the schools in Lampang province.





- On January 6, 2016. The Company donated scholarship and gifts on Children's day to Bann Wang Kor School



- On January 8, 2016. The Company donated scholarship and gifts on Children's day to Bann Nong Kor School





- On January 8, 2016. The Company donated scholarship and gifts on Children's day to Bann Nong Prue School





- On January 9, 2016. The Company donated scholarship and gifts on Children's day to Wat Thong Shong School





- On January 10, 2016. The Company donated scholarship and gifts on Children's day to Baan Khao Din School



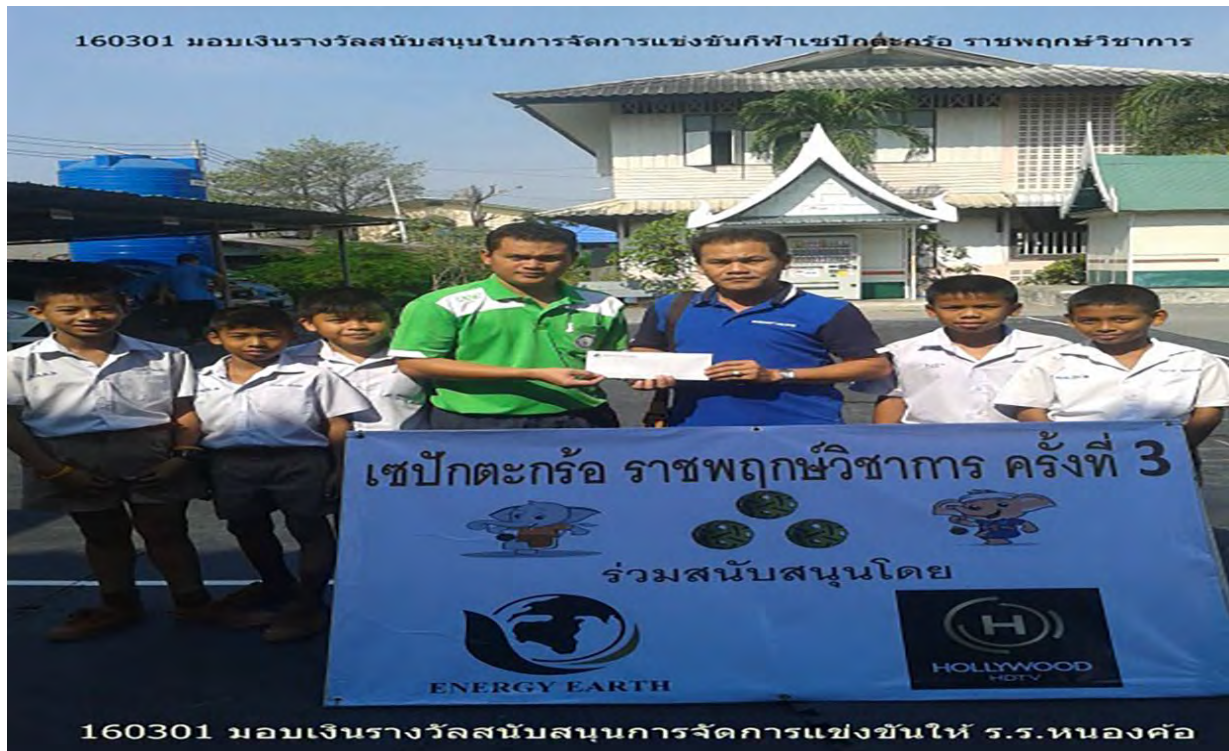
- On January 10, 2016. Deputy Mayor of the Chao Phraya Surasak give full recognition to the Company.





## Sports

- On March 1, 2016, The company sponsored the competition muzzle academic road to Nong Kor School.





- On June 28, 2016, the Company attended a sports school sepak takraw Pin Gold Cup at Nong Kor School.





- On September 16, 2016. The Company supported takraw Earth – Nong Kor team in rayong sports exhibition games.





## Community Development

- On June 3, 2016, The Company has provided financial support for the purchase of trees to the community. To increase green areas.





## Public Relation Work

- On March 12, 2016 The Company has supported the medical services. For the treatment of residents in the area.





- On September 13, 2016, The Company sponsored coffee drink Ovaltine and its volunteer staff.



- On September 9, 2016, the company sponsored coffee Ovaltine in the elderly to apply for a work meeting.





- On April 15, 2016, the Company attended Songkran Festival in 2016.







160415 ร่วมส่งเสริมประเพณีรดน้ำดำหัวผู้สูงอายุเทศกาลสงกรานต์วัดบ้าน ก. วัดหนองยายบุญ



160412 ร่วมจัดงานสงกรานต์กับผู้นำชุมชน ประจำปี 59 ที่ทางเทศบาลจัดขึ้น



## Religion

- On July 15, 2016, the Company attended Buddhist Lent merit at Wat Nong Yai Bu community.



## Internal Control and Risk Management

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In the Board of Directors' meeting no. 1/2016 held on February 27, 2016, which was attended by 4 Independent Directors and 3 members of the Audit Committee, the company's Directors evaluated the performance of the company's Internal Control, and approved the management's evaluation report, and the Audit Committee's report.

In conclusion, after evaluating the company's Internal Control by using 5 criteria as follows:

- 1) Providing the environment of adequate internal control (Control Environment), by defining as a duty and responsibility of management in every level. They need to audit and do internal control for operations of their own departments efficiently and followed as per the company's rules and regulations.
- 2) Providing the adequate procedures of evaluation and risk assessment (Risk Assessment), by having each department do risk assessment for their own tasks under their responsibility and attempt to control to reduce the impact or the chance for the risks. The company aimed that its employees in every level participate in the risk assessment and control in order to prevent the damage, which may occur.
- 3) Providing adequate control activities (Control Activities). Each department needs to set up standard working system and adequate internal control in order to be able to control risk at the appropriate level.
- 4) Providing the information system and communications (Information and Communications). The company needs to provide the adequate information system and communication system which is reliable and up to date by improving and developing the efficient information system with information security, protecting from internal and external threats.
- 5) Providing the system to monitor and evaluate sufficiently (Monitoring and Evaluation) by defining as a duty and responsibility of management in every level to take care and internal audit their own operations efficiently and as the company's rules and regulations. The internal audit office is the supporter of the management in every department to provide the system of internal audit regularly.

The Board of Directors concluded that the Internal Control system was both appropriate and adequate. These findings indicate the Internal Control had the sufficient human resources to systematically and efficiently conduct its operations. These findings further indicate that the Internal Control sufficiently can monitor the operations of its subsidiaries and can prevent its assets to be misused by any Director, or any unauthorized person for that matter of no authority or inappropriately use any power of the company and of its subsidiaries, as well as any business with the persons who may have conflict of interests. For the internal control, the Board of Directors agreed that the internal control is adequate.

The company has a policy to outsource the internal audit professional service provider. In the Board of Directors' meeting on October 15, 2010, the company appointed I.A. Specialist Centre Company Limited, as an internal audit of the company since November 1, 2010. I.A. Specialist Centre Company Limited delegated Dr. Surapa Thaibanguay, as a managing director, to be responsible for internal auditor of the company.

The Board of Directors has already verified the qualifications of I.A. Specialist Centre Company Limited and Dr. Surapa Thaibanguay and agreed that it is suitable enough to do this task because of their capability of independently performing its duty and experiences in internal audit in other companies in the same business for 5 years, having ever taken training course related to the internal audit operations such as the certified Professional Internal Audit of Thailand (CPIAT) from the institutes of internal audit of Thailand and the company appointed Mr. Thanawat Pratoomsuwan (Assistant Managing Director – Finance) to be responsible for coordinating with the internal auditor.

It was noted that the any action for the evaluation, approval, appointment and removal of the Head of the Internal Auditor needs to be approved by the Audit Committee, and that the qualifications of the Head of the Internal Auditor is shown in the attached Document No. 3.

## Connected Transactions

### 1. Information on Connected Transactions

#### 1.1 Connected Transactions with Persons or Companies that may have Conflicts of Interests

Connected Party	Relationship	Type of Connected Transaction	Transaction value (Million THB Unit)		Audit Committee's Comments/ Necessity/Rationale
			2016	2015	
1. PartnerLink network Company Limited <u>Business Type</u> Computer system retail and consultancy	The company's Directors (i.e., Mr. Khajohnpong Khamdee, Mr. Phisudhi Phihakendr, Mr. Phiroon Phihakendr, Mr. Phipat Phihakendr, and Mr. Phiboon Phihakendr) are also Directors of PartnerLink Network Co., Ltd.. The company's shareholders (i.e., Mr. Phiroon Phihakendr, Mr. Khajohnpong Khamdee, Mr. Phisudhi Phihakendr, Mr. Phipat Phihakendr, and Mr. Phiboon Phihakendr) are also shareholders of PartnerLink Network Co., Ltd holding a total of 64.2% shares.	Computer Equipment Purchases including computer system to benefit the control and coordination among departments in the organization. There are normal business deals with general business conditions with the price including after sales service fee.	0.005	0.145	<u>Audit Committee's Comments</u> The Audit Committee reviewed the purchase of the IT and systems equipment, and opined that such purchase was necessary for the company and made at reasonable prices. The prices for such purchase had reference market prices. Furthermore, it is convenient for the company to purchase these equipment from PartnerLink Network Co.,Ltd. because PartnerLink Network Co., Ltd. is located near the location of the company. However, the Audit Committee recommended that if there will be transactions similar to such purchase in the future, the prices and the condition of equipment must be competitive to those offered by other companies.



Connected Party	Relationship	Type of Connected Transaction	Transaction value (Million THB Unit)		Audit Committee's Comments/ Necessity/Rationale
			2016	2015	
2. Fly Digital Media Company Limited <u>Business Type</u> Digital media system for entertainment	The company's Directors (i.e., Mr. Khajohnpong Khamdee, Mr. Phisudhi Phihakendr, Mr. Phiroon Phihakendr, Mr. Phipat Phihakendr, and Mr. Phiboon Phihakendr)	The company has purchased the calendar and movie pass in order to give as gifts to all business partners.	0.017	0.004	<u>Audit Committee's Comments</u> The Audit Committee reviewed the purchase of the movie pass with calendar, and opined that such purchase was beneficial to the company and made at reasonable prices. The company purchased the gift set with movie pass to be used as the new year gifts for all business partners which cost less than other kinds of gift baskets.

As of December 31, 2016, the group got loan from 6 financial institutions, totally of 12,606.00 million Baht and 150.00 million US dollars and 60 million Yuan, guaranteed by company directors, management, and related persons as follows:

Connected Party	Relationship	Type of Connected Transaction	Transaction value		Audit Committee's Comments/ Necessity/Rationale
			2016	2015	
1. Mr. Khajohnpong Khamdee	Company's Director with authorized signatory, Chief Executive Officer, and Major shareholder	Guarantee to the group's loan	12,022 million Baht and 140 million US dollars	12,105.81 million Baht and 140 million US dollars	The financial institutions has requested for guarantor and personal assets as guarantee with no charge of guarantee fee. <u>Audit Committee's Comments</u> The Audit Committee reviewed the guarantee, and opined that such guarantee was beneficial to the business operations of the group and was necessary and reasonable because there is no any compensation.

Connected Party	Relationship	Type of Connected Transaction	Transaction value		Audit Committee's Comments/ Necessity/Rationale
			2016	2015	
2. Mr. Phiroon Phihakendr	Company's Director with authorized signatory, and Major shareholder	Guarantee to the group's loan	12,022 million Baht and 140 million US dollars	12,105.81 million Baht and 140 million US dollars	<p>The financial institutions has requested for guarantor and personal assets as guarantee with no charge of guarantee fee.</p> <p><u>Audit Committee's Comments</u></p> <p>The Audit Committee reviewed the guarantee, and opined that such guarantee was beneficial to the business operations of the group and was necessary and reasonable because there is no any compensation.</p>
3. Mr. Phisudhi Phihakendr	Company's Chairman, Director with authorized signatory, and Major shareholder	Guarantee to the group's loan	330.00 million Baht	330.00 million Baht	<p>The financial institutions has requested for guarantor and personal assets as guarantee with no charge of guarantee fee.</p> <p><u>Audit Committee's Comments</u></p> <p>The Audit Committee reviewed the guarantee, and opined that such guarantee was beneficial to the business operations of the group and was necessary and reasonable because there is no any compensation.</p>

## **1.2 Connected Transactions between the Company and its Subsidiaries**

The connected transactions between the company and its subsidiaries, including the pricing policies for these connected transactions, are shown in the Notes of Financial Statements No. 34.

## **2. Measures and Procedures for the Approval of Connected Transactions**

The Board of Directors have considered and unanimously resolved that in 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 during its meeting for its consideration and final approval. Such meeting requires the presence of the Audit Committee to ensure that such transactions are appropriate, engaged under reasonable pricing policies, and undertaken with enhancing the profitability of the company in mind. The persons who may have any conflict of interest under consideration shall not have voting rights in approving the transactions. In the event that members of the Audit Committee do not possess the required knowledge or specialization for evaluating such transactions, the company shall designate individuals with the required knowledge or expertise, such as the Auditor of the company or any independent appraiser, to comment on such transactions for the information of the Board of Directors or the Shareholders, as the case may be. However, the company shall perform such procedure for evaluating the transactions in accordance with laws and regulations of the Stock Exchange of Thailand, and of the Securities and Exchange Commission. All connected transactions shall be disclosed in the Auditor's Notes to the Financial Statements, the Annual Report, and Form 56-1.

## **3. Policies and Guidelines for Connected Transactions in the Future**

The Board of Directors had approved policies governing connected transactions between the Company and persons who may have conflict of interests, such that connection transactions may only be properly executed if they fall under any the following applicable categories:

- Such transactions are made between parties that may have conflicts of interests, but nevertheless, the products or services subject of these transactions have standard prices and conditions that may be compared for purposes of transparency to those offered by other parties.
- Such transactions are made between parties that may have conflicts of interests, and the subject of these transactions involve specialized products or services with difficult to find price comparisons, but nevertheless, it can be proven that the gross profit generated from such profits are at appropriate and standard levels. The terms and conditions for these products and services must also include regular upkeep in accordance with good codes of conduct.

- Such activities involving leasing or asset leasing to Directors, management or persons who may have conflicts of interest must be under a lease term of not more than 3 years, and be no more than 1 million Baht in cumulative leasing value for every period of 12 months.

The terms and conditions of the connected transactions must be in accordance with good codes of conduct, as if the agreements for the connected transactions were made by parties in good faith without any prejudices.

For future connected transactions if any, such transaction must be transparent, falls under any of the foregoing applicable categories, and approved by the Audit Committee without votes from persons who may have conflict of interest. At all times, the company must follow the regulations of the Stock Exchange of Thailand and SEC on connected transactions, which are summarized in Form 56-1 and in the Annual Report (56-2).

# Financial Statements and Overall Outlook

## 1. Financial Statements

Energy Earth Public Company Limited was registered as a listed company in the Stock Exchange of Thailand. Its main business is in coal trading.

Its head office is located at 43 Thai CC Tower 12fl. Room 125 – 128, South Sathorn Rd., Yannawa, Sathorn, Bangkok.

On 29 January 2013, the company was approved to list in The Frankfurt Stock Exchange - Open Market under dual listing, which enabled the company to put up 49% of existing ordinary shares for trading, without having to increase its registered capital.

The company was initially registered in the Market for Alternative Investment of Thailand (mai), however, on 2 January 2014, the company was approved to trade on the Stock Exchange of Thailand (SET).

Consolidated financial statements as at 31 December 2016 and 31 December 2015 have combined financial statements of the Company and its subsidiaries with direct and indirect control as follows:

Name of Company	Country of Incorporation	% of Shareholding		Type of Business
		2559	2558	
Energy Perfect Co., Ltd.	Thailand	100.00	100.00	Imports and supplies coal
PT.TRI TUNGGA PITRIATI	Indonesia	99.90	99.90	Coal mining
Earth Power Plants Co., Ltd.	Thailand	100.00	100.00	Powerplant investment
Energy Earth (Hong Kong) Co., Ltd.	Hong Kong	100.00	100.00	International coal trading
Guangdong Energy Earth Co., Ltd.	Republic of China	100.00	100.00	Imports and supplies coal
Aladin Holdings Co., Ltd.	Hong Kong	80.00	80.00	Not yet in operation
Earth Renewables Co., Ltd.	Thailand	100.00	100.00	Not yet in operation
PT.BELAYAN ABADI PRIMA COAL	Indonesia	99.90	99.95	Coal Mining

## 2. Report Summary of the Licensed Auditor

### Consolidated financial statements of Energy Earth Public Company Limited and its subsidiaries as at 31 December 2015

Auditor': Mr. Sudwin Panyawongkhanti, a licensed auditor with license number 3534 from PricewaterhouseCooper ABAS Co., Ltd.

Summary of Auditor's Comments: The auditor had audited EARTH and its subsidiaries' consolidated financial statements and EARTH separate financial statements, which composed of consolidated and separate company statement of financial position as at 31 December 2015, and consolidated and separate company statement of profit and loss, statement of comprehensive income, and statement of cash flow, and also significant accounting policies and other notes for the year then ended.

The auditor suggested that the consolidated and separate company financial statements referred above presented financial position of Energy Earth Public Company Limited and its subsidiaries, and of Energy Earth Public Company Limited as at 31 December 2015, as well as their operating results and cash flows for the year then ended, present fairly, in all material respects in accordance with Thai Financial Reporting Standards.

### Consolidated financial statements of Energy Earth Public Company Limited and its subsidiaries as at 31 December 2016

Auditor: Mr. Sudwin Panyawongkhanti, a licensed auditor with license number 3534 from PricewaterhouseCooper ABAS Co., Ltd.

Summary of Auditor's Comments: The auditor had audited EARTH and its subsidiaries' consolidated financial statements and EARTH separate financial statements, which composed of consolidated and separate company statement of financial position as at 31 December 2016, and consolidated and separate company statement of profit and loss, statement of comprehensive income, and statement of cash flow, and also significant accounting policies and other notes for the year then ended.

The auditor suggested that the consolidated and separate company financial statements referred above presented financial position of Energy Earth Public Company Limited and its subsidiaries, and of Energy Earth Public Company Limited as at 31 December 2016, as well as their operating results and cash flows for the year then ended, present fairly, in all material respects in accordance with Thai Financial Reporting Standards.

## 3. Summary of financial Statements

## (1) Table of Financial Statements

Description	Consolidated Financial Statements						Separate Financial Statements					
	2014		2015		2016		2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
<b>Current Assets</b>												
Cash and cash equivalent	527.80	2.94	1,879.59	6.39	1,861.10	5.46	428.63	2.64	1,350.34	5.37	611.74	2.05
Trade and other receivables (net)	4,352.81	24.26	5,515.89	18.74	4,571.40	13.42	1,330.08	8.19	1,562.79	6.22	1,768.81	5.93
Inventory (net)	1,450.55	8.09	1,391.10	4.73	1,511.61	4.44	1,220.31	7.51	1,083.07	4.31	1,005.80	3.37
Short-term borrowings to subsidiaries	-	-	-	-	-	-	126.85	0.78	338.48	1.35	1,147.65	3.85
Advance payment for purchase of goods (net)	6,278.87	35.00	5,224.47	17.75	7,866.69	23.10	11,377.14	70.03	5,035.55	20.10	7,065.94	23.71
Value added tax	144.54	0.81	91.67	0.31	97.56	0.29	86.46	0.53	61.37	0.24	50.52	0.17
Other current assets	3.04	0.02	4.37	0.01	8.97	0.03	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>12,757.61</b>	<b>71.11</b>	<b>14,107.09</b>	<b>47.93</b>	<b>15,917.33</b>	<b>46.74</b>	<b>14,569.47</b>	<b>86.69</b>	<b>9,449.60</b>	<b>37.58</b>	<b>11,650.46</b>	<b>39.09</b>
<b>Non-current Assets</b>												
Restricted deposits at financial institutions	290.15	1.62	91.53	0.31	91.96	0.27	206.59	6.00	57.01	0.23	56.97	0.19
Investments in subsidiaries	-	-	-	-	-	-	1,454.88	8.96	6,414.86	25.51	6,520.83	21.88
Property for investments (net)	175.39	0.98	187.29	0.64	185.95	0.55	-	-	-	-	-	-
Property, plant and equipment (net)	800.99	4.46	1,419.13	4.82	1,899.38	5.58	10.95	0.07	11.92	0.05	8.80	0.03
Intangible assets (net)	3.02	0.02	2.98	0.01	2.20	0.01	3.02	0.02	2.98	0.01	2.20	0.01
Payment for the right to purchase of goods	-	-	4,939.80	16.79	7,185.04	21.10	-	-	9,207.27	36.62	11,563.80	38.80
Mining property rights (net)	3,897.87	21.73	8,598.10	29.22	8,536.36	25.07	-	-	-	-	-	-
Stripping costs of a surface mine	-	-	57.85	0.20	217.63	0.64	-	-	-	-	-	-
Deferred tax assets	15.62	0.09	4.28	0.01	10.47	0.03	-	-	-	-	-	-
Other non-current assets	0.29	-	21.61	0.07	9.90	0.03	0.24	-	0.83	-	1.02	-
<b>Total Non-current Assets</b>	<b>5,183.33</b>	<b>28.89</b>	<b>15,322.57</b>	<b>52.07</b>	<b>18,138.89</b>		<b>1,657.68</b>	<b>10.31</b>	<b>15,694.87</b>	<b>62.42</b>	<b>18,153.62</b>	<b>60.91</b>
<b>Total Assets</b>	<b>17,940.94</b>	<b>100.00</b>	<b>29,429.66</b>	<b>100.00</b>	<b>34,056.22</b>	<b>100.00</b>	<b>16,245.15</b>	<b>100.00</b>	<b>25,144.47</b>	<b>100.00</b>	<b>29,804.08</b>	<b>100.00</b>

Description	Consolidated Financial Statement						Separate Financial Statements					
	2014		2015		2016		2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
<b>Current Liabilities</b>												
Bank overdrafts and short-term borrowings from financial institutions	10,698.79	59.63	11,568.07	39.31	11,610.29	34.09	7,810.16	48.08	8,560.44	34.05	9,087.69	30.49
Trade and other accounts payable	515.18	2.87	336.74	1.14	820.78	2.41	1,906.22	11.73	245.85	0.98	420.91	1.41
Short-term borrowings from other	-	-	42.34	0.14	-	-	-	-	-	-	-	-
Short-term borrowings from a subsidiary and a director	-	-	-	-	-	-	-	-	-	-	25.00	0.08
Current portions of												
- long-term borrowings from financial institutions	185.37	1.03	320.92	1.09	315.86	0.93	171.99	1.06	317.85	1.26	315.86	1.06
- debenture	-	-	-	-	1490.00	4.38	-	-	-	-	1490.00	5.00
- liabilities under finance lease agreements (net)	2.71	0.02	2.06	0.01	1.87	0.01	1.65	0.01	1.81	0.01	1.87	0.01
Accrued Income Tax	67.99	0.38	118.69	0.40	138.94	0.41	63.82	0.39	80.85	0.32	78.73	0.26
Other current liabilities	17.87	0.10	20.93	0.07	34.25	0.10	17.75	0.11	20.58	0.08	31.02	0.10
<b>Total Current Liabilities</b>	<b>11,487.91</b>	<b>64.03</b>	<b>12,409.75</b>	<b>42.17</b>	<b>14,411.99</b>	<b>42.32</b>	<b>9,971.59</b>	<b>61.38</b>	<b>9,227.38</b>	<b>36.70</b>	<b>11,451.08</b>	<b>38.42</b>
<b>Non-current Liabilities</b>												
Long-term borrowings from financial institutions	1,113.71	6.21	4,492.93	15.27	4,144.96	12.17	1,110.65	6.84	4,492.93	17.87	4,144.96	13.91
Debenture	-	-	1,500.00	5.10	3,982.50	11.69	-	-	1,500.00	5.97	3,982.50	13.36
Liabilities under finance lease agreements (net)	3.16	0.02	3.71	0.01	1.84	0.01	2.92	0.02	3.71	0.01	1.84	0.01
Stripping costs of a surface mine obligations	-	-	17.14	0.06	81.69	0.24	-	-	-	-	-	-
Employee benefit obligations	8.41	0.05	10.24	0.03	10.71	0.03	7.32	0.05	9.07	0.04	9.98	0.03
Deferred tax liabilities	30.73	0.17	284.76	0.97	311.01	0.91	10.28	0.06	225.51	0.90	245.19	0.82
<b>Total Non-current Liabilities</b>	<b>1,156.01</b>	<b>6.44</b>	<b>6,308.78</b>	<b>21.44</b>	<b>8,532.71</b>	<b>25.05</b>	<b>1,131.17</b>	<b>6.96</b>	<b>6,231.22</b>	<b>24.78</b>	<b>8,384.47</b>	<b>28.13</b>
<b>Total Liabilities</b>	<b>12,643.92</b>	<b>70.48</b>	<b>18,718.53</b>	<b>63.60</b>	<b>22,944.70</b>	<b>67.37</b>	<b>11,102.76</b>	<b>68.35</b>	<b>15,458.60</b>	<b>61.48</b>	<b>19,835.55</b>	<b>66.55</b>
<b>Equity</b>												
Issued and fully paid-up share capital	2,971.51	16.56	3,504.05	11.91	3,536.60	10.38	2,971.51	18.29	3,504.05	13.94	3,536.60	11.87
Premium on share capital	966.78	5.39	4,137.57	14.06	4,151.97	12.19	966.78	5.95	4,137.57	16.46	4,151.97	13.93
Discount on share capital	(1,800.00)	(10.03)	(1,800.00)	(6.12)	(1,800.00)	(5.29)	(1,800.00)	(11.08)	(1,800.00)	(7.16)	(1,800.00)	(6.04)
Adjustment of equity interest under reverse acquisition	(186.62)	(1.04)	(186.63)	(0.63)	(186.62)	(0.55)	-	-	-	-	-	-
<b>Total</b>	<b>1,951.67</b>	<b>10.88</b>	<b>5,655.00</b>	<b>19.22</b>	<b>5,701.95</b>	<b>16.74</b>	<b>2,138.29</b>	<b>13.16</b>	<b>5,841.62</b>	<b>23.23</b>	<b>5,888.57</b>	<b>19.76</b>
Retained earnings		0.95										
Appropriated - legal reserve	171.20	16.40	183.70	0.62	222.70	0.65	171.20	1.05	183.70	0.73	222.70	0.75
Unappropriated	2,941.67	1.29	3,658.82	12.43	3,966.29	11.65	2,646.21	16.29	2,583.46	10.27	2,796.20	9.38
Other components of equity	231.27		1,210.51	4.11	1,215.64	3.57	186.69	1.15	1,077.09	4.28	1,061.06	3.56
<b>Total Parent's Equity</b>	<b>5,295.81</b>	<b>29.52</b>	<b>10,708.03</b>	<b>36.39</b>	<b>11,106.58</b>	<b>32.61</b>	<b>5,142.39</b>	<b>31.65</b>	<b>9,685.87</b>	<b>38.52</b>	<b>9,968.53</b>	<b>33.45</b>
Non-controlling interests	1.21	0.01	3.10	0.01	4.94	0.01	-	-	-	-	-	-
<b>Total Equity</b>	<b>5,297.02</b>	<b>29.52</b>	<b>10,711.13</b>	<b>36.40</b>	<b>11,111.52</b>	<b>32.63</b>	<b>5,142.39</b>	<b>31.65</b>	<b>9,685.87</b>	<b>38.52</b>	<b>9,968.53</b>	<b>33.45</b>
<b>Total Liabilities and Equity</b>	<b>17,940.94</b>	<b>100.00</b>	<b>29,429.66</b>	<b>100.00</b>	<b>34,056.22</b>	<b>100.00</b>	<b>16,245.15</b>	<b>100.00</b>	<b>25,144.47</b>	<b>100.00</b>	<b>29,804.08</b>	<b>100.00</b>



## (2) Summary Tables of Statement of Comprehensive income.

Description	Consolidated Financial Statement						Separate Financial Statements					
	2014		2015		2016		2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales	14,910.92	99.96	16,846.75	99.75	18,491.17	99.94	9,086.56	99.04	7,622.00	98.52	7,581.90	91.49
Cost of goods sold	(12,689.18)	(85.06)	(14,838.15)	(87.86)	(16,200.78)	(87.56)	(7,398.21)	(80.64)	(6,746.03)	(87.20)	(6,286.99)	(75.87)
<b>Gross Profit</b>	<b>2,221.74</b>	<b>14.89</b>	<b>2,008.60</b>	<b>11.89</b>	<b>2,290.39</b>	<b>12.38</b>	<b>1,688.35</b>	<b>18.40</b>	<b>875.97</b>	<b>11.32</b>	<b>1,294.91</b>	<b>15.63</b>
Gain from fair value adjustment on investment property	-	-	33.40	0.20	-	-	-	-	-	-	-	-
Other Income	6.37	0.04	9.00	0.05	11.38	0.06	87.90	0.96	114.44	1.48	704.79	8.51
Profit before expenses	2,228.11	14.94	2,051.00	12.14	2,301.77	12.44	1,776.25	19.36	990.41	12.80	1,999.70	24.13
Selling expenses	(301.72)	(2.02)	(194.73)	(1.15)	(227.91)	(1.23)	(301.72)	(3.29)	(194.73)	(2.52)	(219.25)	(2.65)
Administrative expenses	(197.86)	(1.33)	(204.67)	(1.21)	(141.49)	(0.76)	(178.90)	(1.95)	(166.62)	(2.15)	(96.17)	(1.16)
Other expenses	-	(0.67)	(85.44)	(0.51)	-	-	(100.30)	(1.09)	-	-	-	-
Net gain (loss) on exchange rate	(100.49)	(0.42)	278.93	1.65	(43.52)	(0.24)	(25.02)	(0.27)	268.75	3.47	(53.69)	(0.65)
Total expenses	(663.35)	(4.45)	(205.91)	(1.22)	(412.02)	(2.23)	(605.94)	(6.60)	(92.60)	(1.20)	(369.11)	(4.45)
Profit before finance costs and income tax expense	1,564.76	10.49	1,845.09	10.92	1,889.75	10.21	1,170.31	12.76	897.81	11.60	1,630.59	19.68
Finance costs	(378.94)	(2.54)	(614.60)	(3.64)	(840.98)	(4.55)	(301.54)	(3.29)	(519.66)	(6.72)	(748.58)	(9.03)
<b>Profit before income tax expense</b>	<b>1,185.82</b>	<b>7.95</b>	<b>1,230.49</b>	<b>7.29</b>	<b>1,048.77</b>	<b>5.67</b>	<b>868.77</b>	<b>9.47</b>	<b>378.15</b>	<b>4.89</b>	<b>882.01</b>	<b>10.64</b>
Income tax expense	(140.14)	(0.94)	(203.56)	(1.21)	(176.88)	(0.96)	(182.08)	(1.98)	(131.18)	(1.70)	(104.84)	(1.27)
<b>Profit for the year</b>	<b>1,045.68</b>	<b>7.01</b>	<b>1,026.93</b>	<b>6.08</b>	<b>871.89</b>	<b>4.71</b>	<b>686.69</b>	<b>7.48</b>	<b>246.97</b>	<b>3.19</b>	<b>777.17</b>	<b>9.38</b>
Non-controlling interests	(0.08)	-	(0.04)	-	0.01	-	-	-	-	-	-	-
<b>Profit for the year attributable to parent company</b>	<b>1,045.60</b>	<b>7.01</b>	<b>1,026.89</b>	<b>6.08</b>	<b>871.90</b>	<b>4.71</b>	<b>686.69</b>	<b>7.48</b>	<b>246.97</b>	<b>3.19</b>	<b>777.17</b>	<b>9.38</b>

## (3) Summary of Cash Flows Statements

(Unit : Million Baht)

Description	Consolidated Financial Statements			Separate Financial Statements		
	2014	2015	2016	2014	2015	2016
<b>Cash flows from operating activities</b>						
Profit before income tax	1,185.82	1,230.48	1,048.77	868.77	378.15	882.01
Adjustments:						
Depreciation charge	24.37	18.44	18.88	3.03	3.43	3.51
Amortisation charge	0.07	0.69	0.68	0.03	0.69	0.68
Amortisation of mining property rights	299.70	-	0.29	-	-	-
Loss on write-off of investment property	-	32.97	-	-	-	-
Gain from fair value adjustment on investment property	-	(33.40)	-	-	-	-
Gain on disposal of fixed assets	(0.47)	(2.46)	-	-	(0.19)	-
Gain on disposal of temporary investments	-	-	(0.80)	-	-	(0.80)
Loss on write-off of fixed assets	0.19	-	0.01	0.01	-	0.01
(Reversal) doubtful accounts	129.21	1.02	(37.06)	129.40	1.05	(37.06)
(Reversal) loss on write-down inventories to net realisable value	40.44	34.11	(53.60)	40.44	34.11	(53.60)
Loss on impairment of machineries	-	29.92	-	-	-	-
Employee benefit obligations	1.63	1.83	2.04	1.57	1.75	1.94
Gain on unrealised exchange rate	21.86	(53.18)	(205.45)	17.37	(42.70)	(137.19)
Write-off of unclaimed input vat	-	22.56	-	-	-	-
Loss on impairment of product	100.30	-	-	100.30	-	-
Dividend income	-	-	-	-	-	(582.76)
Interest income	(5.10)	(4.34)	(5.80)	(28.84)	(41.93)	(65.52)
Amortisation finance costs from issuance of debenture	-	-	2.50	-	-	2.50
Finance costs	368.79	575.69	817.20	292.65	480.44	724.79
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>2,166.81</b>	<b>1,854.33</b>	<b>1,587.66</b>	<b>1,424.73</b>	<b>814.80</b>	<b>738.51</b>

(Unit : Million Baht)

Description	Consolidated Financial Statements			Separate Financial Statements		
	2014	2015	2016	2014	2015	2016
Changes in working capital						
- Trade and other accounts receivable	1,507.22	(657.50)	926.87	(9.55)	(104.15)	(169.07)
- Inventories	(446.08)	158.21	(82.69)	(190.68)	211.31	120.78
- Advance payment for purchase of goods	(5,168.93)	(3,122.22)	(4,886.14)	(5,626.12)	(1,712.84)	(4,404.17)
- Value added tax	(59.35)	40.47	(6.44)	(44.58)	31.59	10.26
- Other current assets	-	-	(0.12)	-	-	-
- Stripping costs of a surface mine	2.71	3.16	(95.99)	0.15	-	-
- Other non-current assets	0.60	(18.18)	11.39	-	(0.54)	(0.20)
- Trade and other accounts payable	128.13	(220.78)	440.51	1,625.92	(1,750.38)	130.26
- Other current liabilities	14.23	(1.60)	10.36	14.75	(1.79)	7.49
Cash used in operating activities before interest income received, finance costs paid and income tax paid	(1,854.66)	(1,964.11)	(2,094.60)	(2,805.38)	(2,512.00)	(3,566.14)
Interest income received	5.43	4.36	5.82	86.73	32.34	7.49
Finance costs paid-interest expense	(392.61)	(585.03)	(765.37)	(314.07)	(493.70)	(668.12)
Income tax paid	(398.69)	(151.46)	(141.10)	(303.76)	(121.54)	(83.27)
<b>Net cash payments from operating activities</b>	<b>(2,640.53)</b>	<b>(2,696.24)</b>	<b>(2,995.25)</b>	<b>(3,336.48)</b>	<b>(3,094.90)</b>	<b>(4,310.04)</b>
<b>Cash flows from investing activities</b>						
(Increase) decrease in restricted deposits at financial institutions	-	-	850.80	-	-	850.80
Cash received from temporary investments	135.53	186.79	(11.09)	135.99	135.77	(10.61)
Cash payments for temporary investments	-	-	-	-	-	582.76
Cash payments for invest in subsidiaries	-	-	-	(52.89)	(457.08)	(0.75)
Cash received from selling investment in a subsidiary	-	-	-	-	1.85	1.85
Cash payments for short-term borrowings to subsidiaries	-	-	-	4,521.49	3,051.06	3,528.43
Cash received from dividend income from subsidiaries	-	-	-	(4,180.86)	(3,263.94)	(4,502.00)
Cash received from sales of assets	0.47	3.15	-	-	0.69	-
Cash payments for purchase of property, plant and equipment	(575.65)	(573.87)	(503.40)	(1.61)	(0.92)	(0.83)
Cash payments for purchase of intangible assets	-	-	-	-	-	-
Cash received for investing in a subsidiary	(1.29)	(0.41)	-	(1.29)	(0.41)	-
	-	0.10	-	-	-	-
<b>Net cash payments from investing activities</b>	<b>(440.94)</b>	<b>(384.24)</b>	<b>(513.69)</b>	<b>420.83</b>	<b>(532.98)</b>	<b>(400.35)</b>

Description	Consolidated Financial Statements			Separate Financial Statements		
	2014	2015	2016	2014	2015	2016
<b>Cash flows from financing activities</b>						
Increase (decrease) in bank overdrafts and short-term borrowings from financial institutions	2,187.98	(39.60)	228.76	2,087.12	107.38	685.39
Cash received from short-term borrowings from subsidiaries	-	-	-	773.39	1,031.56	413.40
Cash payments for short-term borrowings from a subsidiary and a director	-	-	(42.24)	(773.39)	(1,032.56)	(388.40)
Cash received from long-term borrowings from financial institutions	1,280.64	3,344.99	-	1,280.64	3,344.99	-
Cash payments for long-term borrowings from financial institutions	(45.91)	(182.45)	(322.92)	(31.73)	(169.07)	(319.85)
Cash payments for liability under finance lease agreements	(3.20)	(3.34)	(2.06)	(1.53)	(2.28)	(1.81)
Cash received from issuing debenture	-	1,500.00	4,000.00	-	1,500.00	4,000.00
Cash payments for finance costs from issuance of debenture	-	-	(30.00)	-	-	(30.00)
Cash received from increase in share capital	21.94	6.91	46.95	21.94	6.91	46.95
Cash received from share subscription from non-controlling interest	-	1.85	1.85	-	-	-
Dividend payments	(248.71)	(294.06)	(522.50)	(284.71)	(204.06)	(522.50)
<b>Net cash payments from financing activities</b>	<b>3,192.74</b>	<b>4,334.30</b>	<b>3,357.84</b>	<b>3,107.73</b>	<b>4,493.87</b>	<b>3,883.18</b>
Net increase in cash and cash equivalents	111.27	1,253.82	(151.10)	192.08	865.99	(827.21)
Exchange differences on translating financial statements	182.91	97.97	132.61	44.21	55.72	88.61
Cash and cash equivalents - opening balance	233.62	527.80	1,879.59	192.34	428.63	1,350.34
Cash and cash equivalents - closing balance	527.80	1,879.59	1,861.10	428.63	1,350.34	611.74

## (4) Important Financial Ratios

Description	Consolidated Financial Statements			Separate Financial Statements		
	2014	2015	2016	2014	2015	2016
<b><u>Liquidity Ratio</u></b>						
Current ratio (times)	1.11	1.14	1.10	1.46	1.02	1.02
Quick ratio (times)	0.42	0.59	0.44	0.17	0.30	0.20
Account receivables turnover (times)	2.91	3.41	3.70	7.22	5.50	4.83
Average collection days (days)	123.91	105.57	97.32	49.89	65.51	74.49
Inventory turnover (times)	10.23	10.44	11.16	6.49	5.86	6.02
Average inventory days (days)	35.18	34.47	32.25	55.43	61.46	59.81
Account payables turnover (times)	66.79	110.08	82.91	8.42	7.67	45.15
Average payables days (days)	5.39	3.27	4.34	42.74	46.92	7.97
Advance Payment for Purchase of Goods Turnover (times)	3.38	2.58	2.48	0.86	0.82	1.04
Advance Payment for Purchase of Goods Period (days)	106.45	139.55	145.45	418.39	438.41	346.99
Cash cycle (days)	260.15	276.32	270.68	480.97	518.46	473.32
<b><u>Profitability Ratio</u></b>						
Gross profit margin (%)	14.90	11.92	12.39	18.58	11.49	17.08
Operating profit margin (%)	10.45	10.70	10.16	11.91	10.28	12.21
Other profit margin (%)	0.04	0.25	0.06	0.96	1.48	8.51
Net profit margin (%)	7.01	6.08	4.71	7.48	3.19	9.38
Return on equity (%)	21.72	12.83	7.99	14.12	3.33	7.91
<b><u>Efficiency Ratio</u></b>						
Return on assets (%)	6.64	4.34	2.75	5.10	1.19	2.83
Return on fixed assets (%)	205.09	94.17	53.69	6,584.44	2,189.77	7,535.52
Asset turnover (times)	0.95	0.71	0.58	0.68	0.37	0.30
<b><u>Financial Policy Ratio</u></b>						
Debt to equity ratio (times)	2.34	1.75	2.06	2.16	1.60	1.99
Leverage ratio (times)	3.35	1.99	0.72	2.48	1.08	0.64

## Management's Discussion and Analysis (MD&A)

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### 1) Overall Outlook and Previous Performance

Energy Earth Public Company Limited and its subsidiaries are in the mining business since 2005, mainly trading Bituminous coal. Later in 2011, the Company acquired a mine in Indonesia in which the Company had already extracted fully, during 2013, the company had purchased another mine in Indonesia with coal reserve not less than 43 million tons. During 2015, the company acquired another coal company in Indonesia with coal reserve of 40 million tons. Owning mines allows the Company to serve wider customer base and helps the Company manage costs more efficiently.

The Group is growing continuously with sales revenue growth of 10% from 16,847 million Baht in 2015 to 18,491 million Baht in 2016. Both international and domestic sales grew at 26% and 7%, respectively, which is a result of strong relationship the company has with its existing customers and trust created by the ability to supply quality coal to meet customers' demand. Furthermore, the Group had set up a subsidiary in China which allowed it to expand its customer base and to serve customers in Hong Kong and Taiwan. The Group sells mostly to foreign countries, accounting for 78% of total sales in 2016, a 4% increase from the previous year.

The Group's gross profit totaled 2,290 million Baht in 2016, an increase of 281 million Baht from 2,009 million Baht in 2015. Gross profit margin stood at 12%, relatively the same as the previous year, however, the Group had better management in cost of sales, as these costs were smaller than the reduction in coal price relative to the previous year, when the price reduction was larger than the cost of sales.

At the end of 2016, the Group reported net profit of 872 million Baht, a decline of 155 million Baht or 15% from 2015. Net profit margin, however, declined slightly at only 1%, from 6% in 2015 to 5% in 2016. This was mainly a result of loss made from currency fluctuation and higher financial costs as the company issue more debenture.

## (5) Discussion and Analysis of Financial Position and Performance

Financial Performance

## Revenue

--	Consolidated Financial Statement					
	2016		2015		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenue from Sales</b>						
Domestic	4,012	22	4,385	26	(373)	(9)
International	14,479	78	12,462	74	2,017	16
<b>Total Revenue from Sales</b>	<b>18,491</b>	<b>100</b>	<b>16,847</b>	<b>100</b>	<b>1,644</b>	<b>10</b>
<b>Gain from fair value adjustment on</b>						
Investment property	-	-	33	0	(33)	(100)
Other Revenue	11	0	9	0	2	22
<b>Total Revenue</b>	<b>18,502</b>	<b>100</b>	<b>16,889</b>	<b>100</b>	<b>1,613</b>	<b>10</b>

In 2016, the Group generated total revenue of 18,502 million Baht, an increase of 1,613 million Baht or a 10% increase from the previous year, which comprised of an increase in coal sales of 1,644 million Baht, a decrease in gain from fair value adjustment on investment property of 33 million Baht, and an increase of 2 million Baht of other revenue.

An increase in sales revenue of 1,644 million Baht was due to:

1. In 2016, the domestic sales decreased 373 million Baht, or 9% from 2015, due to lower average coal price. However, in 2016, quantity of coal sales increased by 7%.
2. International sales increased 16%, amounted to 2,017 million Baht. Sales volume increased as the Group has larger customer base from China, Hong Kong and Taiwan after the set-up of a subsidiary in China.

There was no gain from fair value adjustment on investment property as the Group did not perform a new valuation in 2016.

## Cost of Sales

Description	Consolidated Financial Statement					
	2016		2015		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Cost of Sales</b>						
Domestic	3,644	22	3,758	25	(114)	(3)
International	12,556	78	11,080	75	1,476	13
<b>Total Cost of Sales</b>	<b>16,200</b>	<b>100</b>	<b>14,838</b>	<b>100</b>	<b>1,362</b>	<b>9</b>

Cost of sales in 2016 totaled 16,200 million Baht, an increase of 1,362 million Baht or 9% which was consistent to sales growth. Cost of sales did not rise as much although the company also sourced coal from third-party's mines.

## Expenses

- Selling expenses mainly made up of domestic selling expenses, amounted to 227 million Baht in 2016, an increase of 32 million Baht or 17% from 2015. The increase in expenses was in line with the increase in quantity of domestic coal sales, of which mainly consist of increase in transportation cost.
- Administrative expense declined by 63 million Baht or 31% from 2015, down to 141 million Baht in 2016 as there had been a reduction in allowance of doubtful account when account receivables have been paid.
- Other expenses dropped 100% as there was no significant other expense in 2016, compared to 2015 that the group wrote-off assets amounted to 55 million Baht and had set aside provision for impairment of assets (machinery) amounted to 30 million Baht.
- The Company incurred foreign exchange loss of 44 million Baht, whereas it had foreign exchange gain of 279 million Baht in 2015. The loss was mainly due to strong Baht appreciation, however during 2015, currencies were fluctuating that allowed the Company to make the gain.
- Financing costs in 2016 was 841 million Baht, an increase of 226 million Baht or 37% from 2015. This increase was a result of issuance of debentures of 1,500 million Baht in December 2015, and another round in the fourth quarter of 2016 of 4,000 million Baht for working capital funding.
- Tax expenses were 177 million Baht, a drop by 27 million Baht or 13%, aligned with the decline in profit in 2016.



### **Ability to Generate Profit**

The Group reported gross profit of 2,290 million Baht and 2,009 million Baht in 2016 and 2015, respectively, an increase of 281 million Baht. Gross profit margin for 2016 was 12.38%, a slight increase from 2015 which was reported at 11.89%. The reported margin was a result of cost control and a slight increase in coal price relative to the previous year. In terms of cost control, the Company was able to control its cost at a reasonable amount although the Company was also sourcing coals from third party's mines.

The Group's earnings before interest and tax (EBIT) was 1,890 million Baht or 11% of sales revenue, there was a small increase from 2015 where the Group's EBIT was 1,845 million Baht or 10% of sales revenue. Even though the Group incurred loss from foreign exchange this year, EBIT grew 2% because the Group was able to manage its operating costs efficiently.

The Group net profit declined slightly by 155 million Baht, which was a result of higher finance costs from the issuance of debentures to support the Group's working capital. Net profit was reported at 872 million Baht (5% of sales revenue) and 1,027 million Baht (6% of sales revenue) in 2016 and 2015, respectively.

### **Return on Equity**

Return on equity was 8% in 2016, which was a decline from 13% in 2015 because the Group's net profit declined by 155 million Baht, and shareholders' equity had increased 33 million Baht of paid-up capital and 14 million Baht of premium on share capital.

## Financial Statement

### Assets

The Group's total assets is on a positive trend, shown by a 16% increase from 29,430 million Baht in 2015 to 34,056 million Baht in 2016. The details of the Group's assets are as follows:

Description	Consolidated Financial Statement			
	2016	2015	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
<b>Current Assets</b>				
Cash and cash equivalents	1,861.10	1,879.59	(18.49)	(0.98)
Trade and other receivables (net)	4,571.40	5,515.89	(944.49)	(17.12)
Inventory (net)	1,511.61	1,391.10	120.51	8.66
Advance payment for purchase of goods (net)	7,866.69	5,224.47	2,642.22	50.57
Value Added Tax	97.56	91.67	5.89	6.43
Other current assets	8.97	4.37	4.60	105.26
<b>Total Current Assets</b>	<b>15,917.33</b>	<b>14,107.09</b>	<b>1,810.24</b>	<b>12.83</b>
<b>Non-current Assets</b>				
Restricted deposits at financial institutions	91.96	91.53	0.43	0.47
Property for investments (net)	185.95	187.29	(1.34)	(0.72)
Property, plant and equipment (net)	1,899.38	1,419.13	480.25	33.84
Intangible assets (Net)	2.20	2.98	(0.78)	(26.17)
Payment for the rights to purchase of goods	7,185.04	4,939.80	2,245.24	45.45
Mining property rights (net)	8,536.36	8,598.10	(61.74)	(0.72)
Stripping costs of a surface mine	217.63	57.85	159.78	276.20
Deferred tax assets	10.47	4.28	6.19	144.63
Other non-current assets	9.90	21.61	(11.71)	(54.19)
<b>Total Non-current Assets</b>	<b>18,138.89</b>	<b>15,322.57</b>	<b>2,816.32</b>	<b>18.38</b>
<b>Total Assets</b>	<b>34,056.22</b>	<b>29,429.66</b>	<b>4,626.56</b>	<b>15.72</b>

The Group's current assets was reported at 15,917 million Baht, represented 47% of total assets in 2016, and 14,107 million Baht, or 48% of total assets in 2015. An additional 1,810 million Baht was mainly from advance payment for purchased goods from the subsidiary in China.

Non-current assets was 18,139 million Baht, an increase of 2,816 million from 2015 that was reported at only 15,323 million Baht. The figures accounted for 53% and 52% of the total assets in 2016 and 2015, respectively. The increase was mainly from payments made for the rights to purchase goods and investment infrastructure at the Company's mines, which was continued from previous year.

#### Cash and cash equivalents

The Group's cash and cash equivalents stood at 1,861 million Baht and 1,880 million Baht in 2016 and 2015, respectively, which was only a small 1% decrease. The company received a significant amount of cash during the fourth quarter of 2016 and 2015 from the issuance of debentures for the purpose of working capital.

#### Accounts Receivables and Other Receivables (Net)

The Group's trade receivables as at 31 December 2016 and 2015 by aging analysis are as follows:

Description	Consolidated Financial Statement					
	2016		2015		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Not yet due	3,773.75	82.55	4,449.92	80.67	(676.17)	(15.20)
Overdue						
Within 3 months	696.37	15.23	1,029.24	18.66	(332.87)	(32.34)
3 – 6 months	-	-	-	-	-	-
6 – 12 months	-	-	2.53	0.05	(2.53)	(100.00)
More than 12 months	5.11	0.11	40.91	0.74	(35.80)	(87.51)
<b>Total</b>	<b>4,475.23</b>	<b>97.90</b>	<b>5,522.60</b>	<b>100.12</b>	<b>(1,047.37)</b>	<b>(18.97)</b>
Less: Allowance for Doubtful Accounts	(5.11)	(0.11)	(42.17)	(0.76)	37.06	(87.88)
<b>Total Account Receivables</b>	<b>4,470.12</b>	<b>97.78</b>	<b>5,480.43</b>	<b>99.36</b>	<b>(1,010.31)</b>	<b>(18.43)</b>
Other receivables	0.46	0.01	0.84	0.02	(0.38)	(45.24)
Advance payments	100.82	2.21	34.62	0.63	66.20	191.22
<b>Total</b>	<b>4,571.40</b>	<b>100.00</b>	<b>5,515.89</b>	<b>100.00</b>	<b>(944.49)</b>	<b>(17.12)</b>

The Group's credit term policy is 30-90 days for domestic buyers, and for international buyers, credit terms are as agreed on the Letter Of Credit. Credit terms are determined by various factors such as past transactions, volume, industry competitiveness etc.

The Group's policy on allowance for doubtful accounts is estimated by evaluating the aging of receivables for each buyer and analysed whether that buyer has the ability to pay. The allowance for

doubtful account as at 31 December 2016 and 2015 were 5 million Baht and 42 million Baht, respectively. These allowance was set up for the buyers who had shown an inability to pay, they were under legal procedure whereby the legal advisors gave an opinion that the Company would get paid, and in 2016, most of those recorded under the allowance was paid.

Most of the trade receivables are in the category of not yet due and overdue for less than three months, accounting for 98% of the total receivables. Nevertheless, as at 31 December 2016, the Group has trade receivables that are more than 12 months overdue at the total amount of 5 million Baht.

Advance payments of the Group mostly composed of service fee, import-related expenses, and prepaid insurance premium. Total advance payment in 2016 was 66 million Baht, which is an increase of 191 million Baht from 2015 due to the sales growth for the subsidiary in China, which the Group had to make advance payment to accommodate the imports and transportations of goods for the year 2017.

### Inventory (Net)

Inventory (Net) as at 31 December 2016 and 2015 is as follows:

Description	Consolidated Financial Statement					
	2016		2015		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Finished goods	665.84	44.05	765.94	55.06	(100.10)	(13.07)
<u>Less</u> allowance for inventory costs in excess of net realizable value	(20.95)	(1.39)	(74.55)	(5.36)	53.60	(71.90)
Finished goods (Net)	644.89	42.66	691.39	49.70	(46.50)	(6.73)
Raw materials	444.47	29.40	468.24	33.66	(23.77)	(5.08)
Crude oil	0.16	0.01	0.25	0.02	(0.09)	(36.00)
Goods in transit	399.10	26.40	193.20	3.50	205.90	106.57
Total	1,488.62	98.48	1,353.08	24.53	135.54	10.02
Exchange differences on translating the financial statement	22.99	1.52	38.02	2.73	(15.03)	(39.53)
Total	1,511.61	100.00	1,391.10	100.00	120.51	8.66

The details of the inventory are as follows:

**Finished Goods** are coals that have been sorted by size and are ready to be delivered to the buyers. The Group's policy is to store finished goods at the volume sufficient for demand, in order to not incur extra costs for excess storage. The total inventory as at 31 December 2016 was at 666 million Baht, a 100 million Baht or 13% decrease from 2015 as the Group carries more goods in transit at the end of the year.

**Allowance for inventory costs in excess of net realizable value** stood at 21 million Baht and 75 million Baht at the end of 2016 and 2015, respectively. There was a decrease of 54 million Baht in this allowance item as there had been an upward move on the global coal price since the second quarter of 2016.

**Raw Material** are imported from coal mines in Indonesia and Russia, which are being stored for further sorting activities. Raw material at the end of 2016 was 444 million Baht, a modest decrease of 24 million Baht from 2015.

**Crude Oil** is fuel oil that are used by the Company's trucks.

**Goods in Transit** are coal in transit to the storage facilities.

Important Financial Ratios	Consolidated Financial Statements	
	2016	2015
Inventory turnover ratio (times)	11.16	10.44
Inventory days (days)	32.25	34.47

**Remarks :**  $1/\text{Inventory Days} = (360/(\text{Cost of sales}/\text{Net Inventory}))$

The Group inventory days were relatively the same in 2016 and 2015, at 32 days and 35 days, on average, respectively. The Group aims store inventory not exceeding 90 days, related parties including procurement, sales and production are working together for inventory planning and to make sure the inventory do not exceed the intended period.

### Advance Payment for Goods (Net)

Advance payments of the Group as at 31 December 2016 and 2015 were 7,867 million Baht and 5,224 million Baht, respectively. The amount was 2,643 million Baht less or 51% decrease, advance payment for purchase of goods turnover were 2.48 times and 2.58 times, and the payment period was 146 days and 140 days in 2016 and 2015, respectively. The increase in the payments was to prepare sufficient volume of coal for 2017 sales.

### Property, Plant and Equipment (Net)

Property, plant and equipment (Net) as at 31 December 2016 totaled 1,899 million Baht, a 480 million Baht increase from the port and coal storage facilities construction, including investments in machinery and equipment for the coal mines in Indonesia.

### Payment for the Right to Purchase of Goods

Payment for the Right to Purchase of Goods as at 31 December 2016 amounted 7,185 million Baht, an increase of 2,245 million Baht, from the payment made in advance for coal that will be delivered after one year, as a reserve for future business expansion.

### Mining Property Rights (net)

	Million Baht
<b>Balance as at 1 January 2016</b>	8,598.10
Acquisition during the year	-
Amortization – Mining Property Rights	(0.29)
Exchange differences on translating the financial statements	(61.45)
<b>Balance as at 31 December 2016</b>	<u>8,536.36</u>

As at 31 December 2016, the Group held the rights of mining concessions of coal amount 8,536 million Baht, a decrease of 62 million Baht from the exchange differences on translating of the financial statements.

### Stripping costs of a surface mine

As at 31 December 2016, the Group had incurred stripping cost of a surface mine of 218 million Baht, an increase of 160 million Baht from the stripping costs for PT. BELAYAN ABADI PRIMA COAL mine and the estimate in mining cost on at PT JHOSWA MAHAKAM MINERAL in 2017.

**Total Liabilities**

As at 31 December 2016 and 2015, the Group has total liabilities of 22,945 million Baht and 18,719 million Baht, respectively, which was an increase of 4,226 million Baht or 23%. In 2016 and 2015, debt to equity ratio were 2.06 and 1.75, respectively. D/E ratio rose in 2016, most of the liabilities are current liabilities, mainly overdraft and short-term borrowings from financial institutions at around 51% of the total liabilities in 2016 and 62% of that in 2015.

The items of the liabilities are as follows:

Description	Consolidated Financial Statements			
	2016	2015	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
<b>Current Liabilities</b>				
Bank overdrafts and short-term borrowings from financial institutions	11,610.29	11,568.07	42.22	0.36
Trade and other payables	820.78	336.74	484.04	143.74
Short-term borrowings from others	-	42.34	(42.34)	(100.00)
Current portions of				
- Long-term borrowings from financial institutions	315.86	320.92	(5.06)	(1.58)
- Debentures	1,490.00	-	1,490.00	0.00
- Liabilities under finance lease agreement (net)	1.87	2.06	(0.19)	(9.22)
Accrued income tax	138.94	118.69	20.25	17.06
Other current liabilities	34.25	20.93	13.32	63.64
<b>Total Current Liabilities</b>	<b>14,411.99</b>	<b>12,409.75</b>	<b>2,002.24</b>	<b>16.13</b>
<b>Non-current Liabilities</b>				
Long-term borrowings from financial institutions	4,144.96	4,492.93	(347.97)	(7.74)
Debenture	3,982.50	1,500.00	2,482.50	165.50
Liabilities under finance lease agreements (net)	1.84	3.71	(1.87)	(50.40)
Stripping costs of a surface mine obligations	81.69	17.14	64.55	376.60
Employee benefit obligations	10.71	10.24	0.47	4.59
Deferred tax liabilities	311.01	284.76	26.25	9.22
<b>Total Non-current Liabilities</b>	<b>8,532.71</b>	<b>6,308.78</b>	<b>2,223.93</b>	<b>35.25</b>
<b>Total Liabilities</b>	<b>22,944.70</b>	<b>18,718.53</b>	<b>4,226.17</b>	<b>22.58</b>

## Current Liabilities

Majority of the Group's total liabilities are current liabilities that grew from the debentures that are due to pay within one year, an increase of 1,490 million Baht from 2015. Account and other payables rose by 484 million Baht and bank overdrafts and short-term borrowings from financial institutions rose by 42 million Baht. The Group utilized short-term borrowings for working capital purpose.

## Interest-bearing Liabilities

Description	Consolidated Financial Statement					
	2016		2015		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Interest-bearing Liabilities</b>						
Current liabilities						
Overdrafts	123.59	0.57	-	-	123.59	100.00
Promissory notes	5,267.09	24.44	4,877.27	27.27	389.82	7.99
Trust receipts	3,404.11	15.80	3,384.80	18.92	19.31	0.57
Account payable discounted	79.09	0.37	-	-	79.09	100
Loans for export	2,736.41	12.70	3,306.00	18.48	(569.59)	(17.23)
Total overdrafts and short-term borrowing from financial institutions	11,610.29	53.88	11,568.07	64.67	42.22	0.36
Long-term borrowings from financial institutions	315.86	1.47	320.92	1.79	(5.06)	(1.58)
Current portions due within one year	1,490.00	6.92	-	-	1,490.00	100.00
Liabilities under hire purchase agreements– portion due within one year	1.87	0.01	2.06	0.01	(0.19)	(9.22)
<b>Total Current Interest-bearing Liabilities</b>	<b>13,418.02</b>	<b>62.27</b>	<b>11,891.05</b>	<b>66.48</b>	<b>1,526.97</b>	<b>12.84</b>
<i>Non-current Liabilities</i>						
Long-term borrowings from financial institutions	4,144.96	19.24	4,492.93	25.12	(347.97)	(7.74)
Debentures	3,982.50	18.48	1,500.00	8.39	2,482.50	165.50
Liabilities under hire purchase agreements	1.84	0.01	3.71	0.02	(1.87)	(50.40)
<b>Total Non-current Interest-bearing Liabilities</b>	<b>8,129.30</b>	<b>37.73</b>	<b>5,996.64</b>	<b>33.52</b>	<b>2,132.66</b>	<b>35.56</b>
<b>Total Interest-bearing Liabilities</b>	<b>21,547.32</b>	<b>100.00</b>	<b>17,887.69</b>	<b>100.00</b>	<b>3,659.63</b>	<b>20.46</b>
<b>Shareholder's Equity</b>	<b>11,111.52</b>		<b>10,711.13</b>		<b>400.39</b>	<b>3.74</b>
<b>Interest-Bearing Liabilities to Shareholders' Equity Ratio</b>	<b>1.94</b>		<b>1.67</b>			



Interest-bearing liabilities are mainly overdrafts, promissory notes, trust receipts, short-term borrowings from financial institutions, debentures, and liabilities under hire purchase agreements. As at 31 December 2016 and 2015, the Group has total interest-bearing liabilities of 21,547 million Baht and 17,888 million Baht, respectively. Interest-bearing liabilities to shareholder's equity ratio were 1.94 times and 1.67 times, respectively, mainly from an increase in promissory notes to fund the Company's working capital.

#### Overdraft and Loans from Financial Institutions

As at 31 December 2016 and 2016, the Group has overdrafts and short-term borrowing of 11,610 million Baht and 11,568 million Baht respectively, which comprised of the following short-term borrowings:

**Promissory Notes** are issued in Thai Baht, at 3.65 – 4.90 interest rate per annum for the Company's working capital.

**Trust Receipts and Loans** are borrowed in USD Dollars with floating interest rate, for the purpose to support sales.

As at 31 December 2016, the Group's overdrafts, export loans and short-term borrowing from financial institutions totaled 1 2,606 million Baht, 10 million US Dollars and 60 million Chinese Yuan (Amount of 13,156 million Baht as at 31 December 2015), all of which have floating interest rate.

#### Long Term Loans from Financial Institutions

Long-term loans from financial institution as at 31 December 2016 and 2015 were 4,461 million Baht and 4,814 million Baht, respectively, a decline by 353 million Baht as the loan payment was due. The long-term loans are for day-to-day operations, with the details of repayment schedule as follows:

Loan Amount (Million)	Currency	Interest Rate	Repayment Conditions
40	USD	LIBOR 3 Month +3.25%	Quarterly repayment, total 20 quarters - 1 <sup>st</sup> -4 <sup>th</sup> quarter: 1 million US Dollars - 5 <sup>th</sup> -20 <sup>th</sup> quarter: 2.25 million US Dollars First payment on fourth quarter of 2014
100	USD	LIBOR 3 Month	Full repayment in May 2018

## Debentures

The Group has reported debentures amount 5,473 million Baht and 1,500 million Baht as at 31 December 2016 and 2015, respectively. The details are as follows:

On 17 December 2015, the Company issued 1,500 million Baht of unsecured debentures which will mature in 2 years, on 17 December 2017. The debenture interest rate is fixed at 4.905% per annum and scheduled to pay semi-annually.

On 7 October 2016, the Company issued 4,000 million Baht of unsecured debentures which will mature in 3 years, on 7 October 2019. The debenture interest rate is fixed at 4.65% per annum and scheduled to pay semi-annually. As at 31 December 2016, the Company incurred cost of issuance at 27 million Baht.

## Trade Account Payables and Other Account Payables

As at 31 December 2016 and 2015, the Group's trade and other payable are as follows:

Description	Consolidated Financial Statement					
	2016		2015		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Trade payables	325.03	39.60	65.79	19.54	259.24	394.04
Accrued expense	218.53	26.62	204.52	60.73	14.01	6.85
Other payables	277.22	33.78	66.43	19.73	210.79	317.31
Total	820.78	100.00	336.74	100.00	484.04	143.74

As at 31 December 2016 and 2015, the Group's trade account payable were 325 million Baht and 66 million Baht respectively, an increase of 259 million Baht or 394%. The increase in trade payables came at the end of 2016. Trade payables turnover ratio and average payable days in 2016 and 2015 were 83 times and 110 times, and 4 days and 3 days, respectively.

Moreover, the Group incurred accrued expenses as at 31 December 2016 and 2015 amounted 219 million Baht and 205 million Baht, respectively. An increase of 14 million Baht or 7% were primarily from increasing domestic logistic costs which was one of the main accrued expense items along with import-related costs.

### Deferred Tax Liabilities

As at 31 December 2016, the Group bear deferred tax liabilities of 311 million Baht, an increase of 26 million Baht or 9% from 2015 due to higher estimates of deferred tax liabilities from the exchange differences on translating the financial statements.

### Shareholders' Equity

Components of the shareholder's equity are as follows:

Description	Consolidated Financial Statement			
	2016	2015	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Shareholder's Equity				
Paid-up capital	3,536.60	3,504.05	32.55	0.93
Premium on share capital	4,151.97	4,137.57	14.40	0.35
Discount on share capital	(1,800.00)	(1,800.00)	-	0.00
Adjustment of equity interest under reverse acquisition	(186.62)	(186.62)	-	0.00
Total share capital	5,701.95	5,655.00	46.95	0.83
Retained earnings				
Appropriated - legal reserve	222.70	183.70	39.00	21.23
Unappropriated	3,966.29	3,658.82	307.47	8.40
Other components of equity	1,215.64	1,210.51	5.13	0.42
Total parent's equity	11,106.58	10,708.03	398.55	3.72
Non-controlling interests	4.94	3.10	1.84	59.35
<b>Total Shareholder's Equity</b>	<b>11,111.52</b>	<b>10,711.13</b>	<b>400.39</b>	<b>3.74</b>

On 31 December 2016, the Group shareholder's equity stood at 11,111 million Baht, an increase of 400 million Baht or 4% from 2015, when shareholder's equity was reported at 10,711 million Baht. The increase was due to the following reasons:

- Share capital increased by 47 million Baht from the exercise of warrants to purchase ordinary shares of 32,548,216 shares, of which 33 million Baht was paid-up capital and 14 million Baht was premium on share capital.

- Retained earnings increased by 307 million Baht, net profit for 2016 was 872 million Baht, but was paid out as dividend amount 524 million Baht and 39 million Baht went to the legal reserve.

- Other components of shareholders' equity increased by 5 million Baht, which consisted of the exchange differences on translating the financial statements, surplus on assets revaluation and estimates of employees benefit obligations. An increase in exchange differences on translating the financial statements was because the Company had to prepare the financial statements in the main currency the Company operates which was the US Dollars.

**Liquidity****Statement of Cash Flows**

The Group's cash flows as at 31 December 2016 and 2015 are as follows:

(Unit : Million Baht)

Description	Consolidated Financial Statements	
	2016	2015
Cash flow from operations before changes in operating assets and liabilities	1,587.66	1,854.33
(Increased) decreased of account receivables and inventory	844.18	(499.29)
Increased Advance Payment	(4,886.14)	(3,122.2)
Other (Increased) decreased Operated Assets	(91.16)	25.45
Increased (Decreased) Operating Liabilities	450.86	(222.38)
Total Cash Generated (Used) in Operating Activities	(2094.60)	(1,964.11)
Cash received from interest income	5.82	4.36
Cash paid for interest expense	(765.37)	(585.03)
Cash paid for income tax	(141.10)	(151.46)
Cash Flow from Operating Activities	(2,995.25)	(2,696.24)
Net Cash Flow from Investing Activities	(513.69)	(384.24)
Net Cash Flow from Financing Activities	3,357.84	4,334.30
Increased Cash and Cash Equivalents (Net)	(151.10)	1,253.82
Exchange differences on translating the financial statements	132.61	97.97
Cash and cash equivalents, Beginning of Year	1,879.59	527.80
Cash and cash equivalents, End of Year	1,861.10	1,879.59

*Components of 2016 Cash Flow Statement are as follows*

Cash flow used in operating activities in 2016 totaled 2,995 million Baht, which consisted of cash flow from operations before changes in operating assets and liabilities amount 1,588 million Baht, reduction in trade receivables and inventory of 844 million Baht, Increase of advance payments 4,886 million Baht, increase of operating liabilities of 451 million Baht, cash paid for interest expense 765 million Baht and cash paid for income tax of 141 million Baht.

Cash flow used in investing activities in 2016 totaled 513 million Baht, which consisted of cash paid for construction of port and storage facility including machinery and equipment for coal mining in Indonesia of 503 million Baht, and increase of deposit pledged as collateral with financial institutions of 11 million Baht.

Cash flow used in financing activities in 2016 totaled 3,358 million Baht, which consisted of cash paid for loan repayment of 101 million Baht, cash received from issuance of debenture of 3,970 million Baht and cash paid for dividend payment of 522 million Baht.

*Components of 2015 Cash Flow Statement are as follows*

Cash flow used in operating activities in 2015 totaled 2,696 million Baht, which consisted of Cash flow from operations before changes in operating assets and liabilities amount 1,854 million Baht, increase of trade receivables and inventory of 499 million Baht, increase of advance payments of 3,122 million Baht, cash paid for interest expense 585 million Baht and cash paid for income tax of 151 million Baht.

Cash flow used in investing activities in 2015 totaled 384 million Baht, which consisted of cash paid for construction of port and storage facility including machinery and equipment for coal mining in Indonesia of 574 million Baht, and reduction of deposit pledged as collateral with financial institutions of 187 million Baht.

Cash flow used in financing activities in 2015 totaled 4,334 million Baht, which consisted of cash received from loans from financial institutions of 3,123 million Baht, cash received from issuance of debenture of 1,500 million Baht and cash paid for dividend payment of 294 million Baht.

### Liquidity Ratio

Liquidity Ratio (Unit : Times)	Consolidated Financial Statements	
	2016	2015
Current Ratio	1.10	1.14
Quick Ratio	0.44	0.59

The Group's liquidity was portrayed by the current ratio, which were 1.10 times and 1.14 times in 2016 and 2015, respectively. Current assets used in the calculation consisted of cash and cash equivalents, trade and other receivables while current liabilities were overdrafts and short-term borrowing from financial institutions, trade and other payables and debentures. In 2016, current assets decreased slightly whereas current liabilities increased, therefore resulted in a lower ratio.

Quick ratio for 2016 and 2015 were 0.44 times and 0.59 times, respectively. The ratio is relatively low as the Company mostly relied on borrowings from financial institutions, and also made advance payments for goods purchased while gave credit terms to the buyers.

### Capital Expenditure

In 2016 and 2015, the Group had purchased 503 million Baht and 574 million Baht of fixed assets, respectively. These were for the construction of port and storage facility, including machinery and equipment for coal mining in Indonesia.

### Obligated Liabilities and Off-Balance Sheet Management

#### Contractual Obligation

As at 31 December 2016, the Company was obligated to pay legal consulting fee of 1.36 million Baht. (2015 : 0.44 million Baht)

#### Contingent Liabilities

As at 31 December 2016, the Company opened Letter of Credit facility, that have not been used at amount 13.19 million US Dollars (2015 : 1.97 million US Dollar)

## Guarantee

As at December 31, 201 and 2015, the company had bank guarantees as follows:

	Consolidated Financial Statements			
	2016		2015	
	US Dollars	Baht or Equivalent	US Dollars	Baht or Equivalent
Guarantees for coal sales	-	-	210,500	7,596,640
Guarantees for electricity usage	-	810,000	-	405,000
	-	810,000	210,500	8,001,640

## (6) Factors that may affect Future Financial Status and Financial Performance

- None



## Report of the Audit Committee

### Dear Shareholders of Energy Earth Public Company Limited

The audit committee of Energy Earth Public Company Limited and its subsidiaries consist of MR. Somkiat Sukdheva as the Chairman of the audit committee, Mr. Suriyaporn Boonchai, Mr. Eknarin Thammaraks, Mr. Thongchai Watanasoponwong as audit committees, Dr. Surapa Taibanguay as the secretary of the audit committee. All the directors are qualified as audit committee according to the regulations and good code of conduct announced by Securities and Exchange Commission and the Stock Exchange of Thailand. Their important responsibility and duty are to review the accuracy and sufficiency of the Company's financial statement along with the sufficiency of internal control system and the Company's regulations and good code of conduct.

The Audit Committee had performed their duty required by the Company's directors, which also comply with the regulations of the Stock Exchange of Thailand. The Company held 4 Audit Committee's meetings and all Audit Committee had fully attended all of the meetings with the Company's management and internal audit, of which the important details are as follows:

#### **Review the financial statement of the Company:**

The Audit Committee had reviewed the financial statement of the Company both quarterly and yearly with the Company's management and the auditor before presenting to the Company's directors to ensure the transparency, accuracy, and sufficiency of the accounting data and legal regulations. Notes of the financial statements are also disclosed sufficiently and validated comments are also advised to improve the Company's future performance.

#### **1. Review the financial statement of the Company quarterly and for the fiscal year 2016.**

The Audit Committee had inquired and received information from the Company's management and the auditor about the accuracy of the financial statement and sufficiency of the disclosure, of which the Audit Committee agreed that such financial statements are accurate in information according to the general accounting standard and are sufficient in data disclosure for the benefit of shareholders, investors, or those who use financial statements to make investing decisions.

## **2. Review Operational Performance and Internal Control.**

To ensure that the performance of the Company is operating sufficiently and reaching the targeted goals by reviewing internal audit report of the year 2016 and evaluating the internal control and risk management according to the international standard COSO-ERM (The Committee of Sponsoring Organizations of the Treadway Commission – Enterprise Risk Management). The Audit Committee had concluded that the Company has sufficient assets management and data disclosure. The internal control is supervised according to a good code of conduct announced by SEC and the Stock Exchange of Thailand and is managed to control the Company's performance efficiently.

## **3. Review Internal Audit.**

To review the job description, range of duty and responsibility of the internal audit. The Audit Committee had concluded that the internal audit system is complied with the good code of conduct of the Stock Exchange of Thailand and had approved the auditing plan of the year 2016, which consist of fundamentals of main management system of the Company and its subsidiaries. The Audit Committee also concluded that the internal audit is sufficient and efficient enough and will ensure that it will keep its standard as an international standard.

## **4. Review Charter of the Audit Committee**

The Audit Committee had reviewed charter of the Audit Committee and agreed that charter is complying with the good code of conduct and regulations announced by the Stock Exchange of Thailand and SEC, and there will be no need to make a revision of it.

## **5. Review Connected Transactions or Transactions that may have Conflicts of Interests**

To ensure that such transactions are done legally and for the most benefit of the Company. The Audit Committee had concluded that the Management had managed such transactions with transparency with no conflicts of interests for the best benefit of the Company and the shareholders with reasonable price and conditions. The Audit Committee agreed and proposed that such transactions should be disclosed to the Stock Exchange of Thailand publicly.

## **6. Review the Risk Management**

The Audit Committee had reviewed the risk management to ensure the sufficient and efficient risk management. The review had shown that the Company's risk management had been focused, delivered, and improved consistently.

## 7. Self-Assessment

The Audit Committee had done self-assessment, which is to ensure that the Audit Committee had performed its own duty according to the charter of the Audit Committee. The self-assessment had shown that the Audit Committee had performed their duty effectively and sufficiently according to the good code of conduct.

## 8. Review the Corporate Governance and the Good Code of Conduct.

To ensure the international standard and suitability for the Company's performance.

## 9. Consider, Propose to Appoint and Approve Compensation for the Auditor of the Fiscal year 2016

To propose to the Company's directors for shareholders' approval in the AGM 2016, the Audit Committee had considered to appoint the auditor by considering the followings:

- 9.1 Reliability, fame, previous experience, and qualification of the auditor required by the Stock Exchange of Thailand.
- 9.2 Freedom, responsibility, and previous performances.

The Audit Committee had agreed to appoint Mr. Sudawin Panyawongkanti, the licensed auditor with license number 3534, Ms. Anuthai Poomsurakul, the licensed auditor with license number 3873, or Mr. Vichien Gingmontri, the licensed auditor with license number 3977 of Price Water House Coopers ABS Co., Ltd., and Dr. Achmad Rodi Kartamulia, the licensed auditor with license number 0102 of ACHMAD,RASYID,HISBULLAH & JERRY REGISTERED PUBLIC ACCOUNTANTS to be the auditors for the year 2016.

The Auditing Committee had fully input their knowledge, cautiousness, and freedom to review all financial statements and internal control, including encourage the Company to perform according to a good code of conduct of a listed company. The Audit Committee had concluded that the directors and management of the Company had performed their duties according to a good code of conduct to achieve the Company's targets professionally. Financial Statements, internal control, internal audit, and risk managements are also executed efficiently, accurately, and legally. Transactions are done with transparency and credibility. Operational performance is increasing its standard to suit the business environment consistently also.



(Mr. Somkiat Sukdheva)

Chairman of the Audit Committee

## Independent Auditor's Report

To the shareholders and board of directors of Energy Earth Public Company Limited

### My opinion

In my opinion, the consolidated financial statements of Energy Earth Public Company Limited (“the Company”) and its subsidiaries (“the Group”) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

### What I have audited

I have audited the accompanying consolidated and separate financial statements of the Group and the Company, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the related consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

### Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (“TSAs”). My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King’s Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p><b>Impairment consideration of ‘mining property right’</b></p> <p>Refer to Note 16 ‘Mining property rights’ to the financial statements. The Group has a mining property right of Baht 8,536 million relating to the Group’s significant investment in mine property in Republic of Indonesia.</p> <p>Management tested impairment of the mining property rights when there was an indicator that the rights may be impaired. Management determined a recoverable amount based on key assumptions comprising a market price with reference to the price index of relevant market, a coal production plan prepared by internal geologist of the Group for management’s consideration and approval and an estimated transportation cost.</p> <p>I focused on the impairment test of the mining property right because it was a significant amount and the assumptions used in the determination of a recoverable amount required significant management’s judgement as a variation could have a highly impact to an impairment consideration.</p>	<p>Mining property rights were mainly originated from subsidiaries and audited by subsidiaries’ auditor. Therefore, I determined a group audit plan and communicated it to the subsidiaries’ auditor. Moreover, I understood and evaluated the work of the subsidiaries’ auditor to obtain appropriate and sufficient audit evidences.</p> <p>The subsidiaries’ auditor carried out the following procedures for their assessment of impairment testing by management as follows:</p> <ul style="list-style-type: none"> <li>● Reviewed the coal reserve estimate and discussed with independent geologist about geological model, estimation tools and sampling method.</li> <li>● Challenged the management about the production plan, the status and progress of work on mine site. In this respect, the component auditor inspected the mine production plan reported to relevant government authority.</li> <li>● Evaluated competency, capability, independence and objectivity of the geologist.</li> <li>● Tested the mine production plan reported to relevant government authority to reassure the Group’s capability of starting production.</li> </ul>

Key audit matter	How my audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>Tested the impairment of the coal reserve in mine property by comparing the cost of coal production plus transportation cost with the price index of relevant market.</li> </ul> <p>I reviewed the deliverables of subsidiaries' auditor and challenged with subsidiaries' auditor about the appropriateness of assumptions used and the impairment consideration. Moreover, I performed additional procedures by challenging the management regarding their confidence that the underground coal reserve amount, which was estimated by the independent geologists, will not be lower than the mining property right that the Group paid.</p> <p>Based on the evaluation of the work of subsidiaries' auditor and my additional procedure performed, I note that there was no indicator leading to impairment.</p>

Key audit matter	How my audit addressed the key audit matter
<p><b>Valuation of stripping cost for a surface of mine</b></p> <p>Refer to Note 17 'Stripping cost of a surface of mine' to the financial statements. The Group has stripping costs of a surface mine of Baht 217 million. The stripping cost relates to an estimated costs of overburden removal activity in surface mine operation for each individual pit to access the coal deposits underground.</p> <p>Management evaluated the valuation of stripping cost for a surface of mine by relying on data and management's estimation as follows:</p>	<p>The stripping cost for a surface of mine were mainly originated from subsidiaries and audited by subsidiaries' auditor. Therefore, I determined a group audit plan and communicated it to the subsidiaries' auditor. Moreover, I understood and evaluated the work of the subsidiaries' auditor to obtain appropriate and sufficient audit evidences.</p> <p>The subsidiaries' auditor carried out the following procedures for their assessment of valuation of stripping cost for a surface of mine by management:</p>

Key audit matter	How my audit addressed the key audit matter
<ul style="list-style-type: none"> <li>- Coal reserve estimate;</li> <li>- Cost structure of stripping activity;</li> <li>- Estimated strip ratio (coal to overburden); and</li> <li>- Stripping activity plan</li> </ul> <p>Management used independent geologist to determine the coal reserve. Cost structure of stripping activities is the price negotiated with service provider, while estimated strip ratio and stripping activity plan were estimated by internal geologist of the Group.</p> <p>The valuation of stripping cost for a surface of mine was determined by identifying quantity of coal which will be obtain from stripping activity plan and costs directly incurred to perform the stripping activity that improve access to coal. In addition, management applies strip ratio from estimation to measure the valuation of stripping cost for a surface of mine. Management believed that stripping cost for a surface of mine was recorded properly.</p> <p>I focused on the valuation of stripping cost for a surface of mine because it was a significant amount and the nature of the estimated strip ratio and stripping activity plan required significant management's judgement</p>	<ul style="list-style-type: none"> <li>● Evaluated the coal reserve estimate and discussed with the independent geologist about geologist model, estimation tools and sampling method.</li> <li>● Obtained evidence over estimated cost structure of stripping activity.</li> <li>● Evaluate whether the geologist has competency, capability, independence and objectivity.</li> <li>● Tested appropriateness of cost for coal production per metric ton to calculate the stripping cost.</li> <li>● Tested 'strip ratio' by recalculating the coal mine to overburden.</li> </ul> <p>I reviewed the deliverables of subsidiaries' auditor and challenged with subsidiaries' auditor about the appropriateness of the management's valuation over stripping cost for a surface of mine. Moreover, I had performed additional tests for the purpose of obtaining sufficient evidence as following:</p> <ul style="list-style-type: none"> <li>● Tested stripping cost calculation.</li> <li>● Inquired with internal geologist of the Group for the method, steps, and estimated result of the stripping activity plan.</li> <li>● Challenged the management regarding their confidence about the underground coal reserve amount, which was estimated by the independent geologists, will not be lower than the mining property right paid.</li> <li>● Challenged the management about estimation of stripping cost.</li> <li>● Inspect the evidence of estimated strip ratio</li> </ul>

Key audit matter	How my audit addressed the key audit matter
	<p>and stripping activity plan that were estimated by internal geologist of the Group.</p> <p>Based on the evaluation of the work of subsidiaries' auditor and my additional procedures performed, I found that the management's valuation over stripping cost for a surface of mine was appropriate.</p>

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

### Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and Company's financial reporting process.



### Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

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

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the

- date of my auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in black ink, appearing to read 'Sudwin Panyawongkhanti', with a long horizontal stroke underneath.

Sudwin Panyawongkhanti

Certified Public Accountant (Thailand) No. 3534

PricewaterhouseCoopers ABAS Ltd.

Bangkok

27 February 2017

Energy Earth Public Company Limited  
Statement of Financial Position  
As at 31 December 2016

		Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Notes					
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	1,861,102,090	1,879,587,456	611,736,397	1,350,340,191
Trade and other accounts receivable (net)	7	4,571,401,183	5,515,889,691	1,768,808,611	1,562,785,566
Inventories (net)	8	1,511,613,632	1,391,100,337	1,005,795,508	1,083,073,795
Short-term borrowings to subsidiaries	34 c)	-	-	1,147,650,032	338,481,432
Advance payment for purchase of goods (net)	9	7,866,691,021	5,224,471,399	7,065,935,644	5,053,550,854
Value added tax	10	97,557,641	91,674,458	50,522,740	61,372,230
Other current assets		8,973,312	4,369,468	-	-
<b>Total current assets</b>		<b>15,917,338,879</b>	<b>14,107,092,809</b>	<b>11,650,448,932</b>	<b>9,449,604,068</b>
<b>Non-current assets</b>					
Restricted deposits at financial institutions	11	91,960,011	91,525,766	56,969,418	57,012,938
Investments in subsidiaries	12	-	-	6,520,829,032	6,414,860,073
Investment property (net)	13	185,950,422	187,288,846	-	-
Property, plant and equipment (net)	14	1,899,378,113	1,419,133,148	8,801,265	11,915,537
Intangible assets (net)	15	2,201,189	2,984,541	2,201,187	2,984,539
Mining property rights (net)	16	8,536,356,760	8,598,097,038	-	-
Payment for the right to purchase of goods	17	7,185,042,914	4,939,797,714	11,563,804,467	9,207,268,752
Stripping costs of a surface mine	18	217,634,755	57,845,001	-	-
Deferred tax assets	19	10,468,851	4,282,286	-	-
Other non-current assets	20	9,901,613	21,618,679	1,026,662	829,000
<b>Total non-current assets</b>		<b>18,138,894,628</b>	<b>15,322,573,019</b>	<b>18,153,632,031</b>	<b>15,694,870,839</b>
<b>Total assets</b>		<b>34,056,233,507</b>	<b>29,429,665,828</b>	<b>29,804,080,963</b>	<b>25,144,474,907</b>

Energy Earth Public Company Limited  
Statement of Financial Position (Cont'd)  
As at 31 December 2016

		Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Notes					
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term borrowings from financial institutions	21	11,610,294,736	11,568,073,344	9,087,687,029	8,560,435,543
Trade and other accounts payable	22	820,784,310	336,741,996	420,911,397	245,846,623
Short-term borrowings from other		-	42,338,473	-	-
Short-term borrowings from a subsidiary and a director	34 d)	-	-	25,000,000	-
Current portions of					
- long-term borrowings from financial institutions	23.1	315,861,460	320,917,518	315,861,460	317,852,518
- debenture	23.2	1,490,000,000	-	1,490,000,000	-
- liabilities under finance lease agreements (net)	24	1,873,119	2,055,947	1,873,119	1,813,779
Accrued income tax		138,941,366	118,688,550	78,727,698	80,846,204
Other current liabilities		34,249,873	20,924,865	31,019,079	20,594,248
<b>Total current liabilities</b>		<b>14,412,004,864</b>	<b>12,409,740,693</b>	<b>11,451,079,782</b>	<b>9,227,388,915</b>
<b>Non-current liabilities</b>					
Long-term borrowings from financial institutions	23.1	4,144,957,317	4,492,926,628	4,144,957,317	4,492,926,628
Debenture	23.2	3,982,500,000	1,500,000,000	3,982,500,000	1,500,000,000
Liabilities under finance lease agreements (net)	24	1,836,984	3,710,103	1,836,984	3,710,103
Stripping costs of a surface mine obligations	18	81,693,882	17,142,061	-	-
Employee benefit obligations	25	10,711,361	10,238,769	9,982,817	9,068,043
Deferred tax liabilities	19	311,008,817	284,762,053	245,189,521	225,511,201
<b>Total non-current liabilities</b>		<b>8,532,708,361</b>	<b>6,308,779,614</b>	<b>8,384,466,639</b>	<b>6,231,215,975</b>
<b>Total liabilities</b>		<b>22,944,713,225</b>	<b>18,718,520,307</b>	<b>19,835,546,421</b>	<b>15,458,604,890</b>

Energy Earth Public Company Limited  
Statement of Financial Position (Cont'd)  
As at 31 December 2016

		Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
Note		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital	26				
Authorised share capital					
4,996,931,709 ordinary shares					
of par Baht 1 each		4,996,931,709		4,996,931,709	
4,966,931,709 ordinary shares					
of par Baht 1 each			4,966,931,709		4,966,931,709
Issued and fully paid-up share capital					
3,536,601,827 ordinary shares					
paid-up of Baht 1 each		3,536,601,827		3,536,601,827	
3,504,053,611 ordinary shares					
paid-up of Baht 1 each		-	3,504,053,611		3,504,053,611
Premium on share capital	26	4,151,966,389	4,137,566,769	4,151,966,389	4,137,566,769
Discount on share capital		(1,800,000,000)	(1,800,000,000)	(1,800,000,000)	(1,800,000,000)
Adjustment of equity interest under					
reverse acquisition		(186,616,802)	(186,616,802)	-	-
Retained earnings					
Appropriated - legal reserve	28	222,700,000	183,700,000	222,700,000	183,700,000
Unappropriated		3,966,285,679	3,658,824,638	2,796,201,791	2,583,455,983
Other components of equity		1,215,639,290	1,210,513,321	1,061,064,535	1,077,093,654
<b>Total parent's equity</b>		11,106,576,383	10,708,041,537	9,968,534,542	9,685,870,017
Non-controlling interests		4,943,899	3,103,984	-	-
<b>Total equity</b>		11,111,520,282	10,711,145,521	9,968,534,542	9,685,870,017
<b>Total liabilities and equity</b>		34,056,233,507	29,429,665,828	29,804,080,963	25,144,474,907

Energy Earth Public Company Limited  
Statement of Comprehensive Income  
For the year ended 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Revenue from sales		18,491,174,910	16,846,748,275	7,581,902,350	7,622,004,468
Cost of goods sold		(16,200,782,884)	(14,838,151,727)	(6,286,990,349)	(6,746,026,315)
<b>Gross profit</b>		<b>2,290,392,026</b>	<b>2,008,596,548</b>	<b>1,294,912,001</b>	<b>875,978,153</b>
Gain from fair value adjustment on investment property	13	-	33,400,000	-	-
Other income	29	11,382,541	9,001,951	704,790,479	114,443,033
<b>Profit before expenses</b>		<b>2,301,774,567</b>	<b>2,050,998,499</b>	<b>1,999,702,480</b>	<b>990,421,186</b>
Selling expenses		(227,005,355)	(194,728,021)	(219,246,440)	(194,728,021)
Administrative expenses		(141,494,947)	(204,675,997)	(96,169,540)	(166,622,287)
Other expenses	31	(1,643)	(85,441,738)	(3)	-
Net gain (loss) on exchange rate		(43,519,251)	278,934,403	(53,691,091)	268,747,243
<b>Total expenses</b>		<b>(412,021,196)</b>	<b>(205,911,353)</b>	<b>(369,107,074)</b>	<b>(92,603,065)</b>
<b>Profit before finance costs and income tax expense</b>		<b>1,889,753,371</b>	<b>1,845,087,146</b>	<b>1,630,595,406</b>	<b>897,818,121</b>
Finance costs		(840,981,409)	(614,596,388)	(748,575,356)	(519,664,352)
<b>Profit before income tax expense</b>		<b>1,048,771,962</b>	<b>1,230,490,758</b>	<b>882,020,050</b>	<b>378,153,769</b>
Income tax expense	32	(176,884,275)	(203,562,421)	(104,840,110)	(131,184,717)
<b>Profit for the year</b>		<b>871,887,687</b>	<b>1,026,928,337</b>	<b>777,179,940</b>	<b>246,969,052</b>
Item that will not be reclassified subsequently to profit or loss					
- Remeasurements of employment benefit obligation		1,255,985	-	822,569	-
Item that will be reclassified subsequently to profit or loss					
- Exchange differences on translating financial statements		3,869,984	979,244,172	(16,851,688)	890,405,873
<b>Other comprehensive income for the year, net of tax</b>		<b>5,125,969</b>	<b>979,244,172</b>	<b>(16,029,119)</b>	<b>890,405,873</b>
<b>Total comprehensive income for the year</b>		<b>877,013,656</b>	<b>2,006,172,509</b>	<b>761,150,821</b>	<b>1,137,374,925</b>
<b>Profit for the year attributable to:</b>					
Owners of the parent		871,895,173	1,026,883,782	777,179,940	246,969,052
Non-controlling interests		(7,486)	44,555	-	-
		<b>871,887,687</b>	<b>1,026,928,337</b>	<b>777,179,940</b>	<b>246,969,052</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		877,021,142	2,006,127,954	761,150,821	1,137,374,925
Non-controlling interests		(7,486)	44,555	-	-
		<b>877,013,656</b>	<b>2,006,172,509</b>	<b>761,150,821</b>	<b>1,137,374,925</b>
<b>Earnings per share for profit attributable to owners of the parent</b>					
Basic earnings per share	33 a)	0.2480	0.3429	0.2211	0.0825
Diluted earnings per share	33 b)	0.2480	0.3403	0.2210	0.0818

Energy Earth Public Company Limited  
Statement of Changes in Equity  
For the year ended 31 December 2016

Consolidated financial statements (Baht)														
Attributable to owners of the parent														
	Notes	Authorised, issued and fully paid-up share capital	Premium on share capital	Discount on share capital	Adjustment of equity interests under reverse acquisition	Retained earnings		Other components of equity			Total other components of equity	Total owners of the parent	Non- controlling interests	Total
						Appropriated - legal reserve	Unappropriated	Surplus from land revaluation (net)	Exchange differences on translating financial statements	Remeasurements of employment benefit obligations (net)				
Opening balance as at 1 January		2,971,513,474	966,778,471	(1,800,000,000)	(186,616,802)	171,200,000	2,941,665,437	46,945,060	187,891,333	(3,567,244)	231,269,149	5,295,809,729	1,212,019	5,297,021,748
Changes in equity for the year														
Increase in ordinary share c 26	26	532,540,137	3,170,788,298	-	-	-	-	-	-	-	-	3,703,328,435	-	3,703,328,435
Dividend payment	27	-	-	-	-	-	(297,224,581)	-	-	-	-	(297,224,581)	-	(297,224,581)
Legal reserve	28	-	-	-	-	12,500,000	(12,500,000)	-	-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	1,847,410	1,847,410
Total comprehensive income for the year		-	-	-	-	-	1,026,883,782	-	979,244,172	-	979,244,172	2,006,127,954	44,555	2,006,172,509
Closing balance as at 31 December		3,504,053,611	4,137,566,769	(1,800,000,000)	(186,616,802)	183,700,000	3,658,824,638	46,945,060	1,167,135,505	(3,567,244)	1,210,513,321	10,708,041,537	3,103,984	10,711,145,521
Changes in equity for the year														
Increase in ordinary share c 26	26	32,548,216	14,399,620	-	-	-	-	-	-	-	-	46,947,836	-	46,947,836
Dividend payment	27	-	-	-	-	-	(525,434,132)	-	-	-	-	(525,434,132)	-	(525,434,132)
Legal reserve	28	-	-	-	-	39,000,000	(39,000,000)	-	-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	1,847,401	1,847,401
Total comprehensive income for the year		-	-	-	-	-	871,895,173	-	3,869,984	1,255,985	5,125,969	877,021,142	(7,486)	877,013,656
Closing balance as at 31 December		3,536,601,827	4,151,966,389	(1,800,000,000)	(186,616,802)	222,700,000	3,966,285,679	46,945,060	1,171,005,489	(2,311,259)	1,215,639,290	11,106,576,383	4,943,899	11,111,520,282

Energy Earth Public Company Limited  
Statement of Changes in equity (Cont'd)  
For the year ended 31 December 2016

Separate financial statements (Baht)									
Notes	Authorised, issued and fully paid-up share capital	Premium on share capital	Discount on share capital	Retained earnings		Other components of equity			
						Other comprehensive income			Total other components of equity
				Exchange differences on translating financial statements	Remeasurements of employment benefit obligations (net)				
				ppropriated - legal reserve	Unappropriated				
Opening balance as at 1 January 2015	2,971,513,474	966,778,471	(1,800,000,000)	171,200,000	2,646,211,512	190,164,396	(3,476,615)	186,687,781	5,142,391,238
Changes in equity for the year									
Increase in ordinary share capital	26	532,540,137	3,170,788,298	-	-	-	-	-	3,703,328,435
Dividend payment	27	-	-	-	(297,224,581)	-	-	-	(297,224,581)
Legal reserve	28	-	-	12,500,000	(12,500,000)	-	-	-	-
Total comprehensive income for the year		-	-	-	246,969,052	890,405,873	-	890,405,873	1,137,374,925
Closing balance as at 31 December 2015	3,504,053,611	4,137,566,769	(1,800,000,000)	183,700,000	2,583,455,983	1,080,570,269	(3,476,615)	1,077,093,654	9,685,870,017
Changes in equity for the year									
Increase in ordinary share capital	26	32,548,216	14,399,620	-	-	-	-	-	46,947,836
Dividend payment	27	-	-	-	(525,434,132)	-	-	-	(525,434,132)
Legal reserve	28	-	-	39,000,000	(39,000,000)	-	-	-	-
Total comprehensive income for the year		-	-	-	777,179,940	(16,851,688)	822,569	(16,029,119)	761,150,821
Closing balance as at 31 December 2016	3,536,601,827	4,151,966,389	(1,800,000,000)	222,700,000	2,796,201,791	1,063,718,581	(2,654,046)	1,061,064,535	9,968,534,542



Energy Earth Public Company Limited  
Statement of Cash Flows  
For the year ended 31 December 2016

		Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
	Notes	Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit before income tax		1,048,771,962	1,230,490,758	882,020,050	378,153,769
Adjustments:					
Depreciation charge	14, 30	18,879,110	18,440,293	3,512,378	3,433,109
Amortisation charge	15	677,599	689,584	677,599	689,584
Amortisation of mining property rights	16, 30	291,195	-	-	-
Loss on write-off of investment property	13, 31	-	32,965,888	-	-
Gain from fair value adjustment on investment property	13	-	(33,400,000)	-	-
Gain on disposal of fixed assets		-	(2,457,901)	-	(189,018)
Gain on disposal of temporary investments		(802,234)	-	(802,234)	-
Loss on write-off of fixed assets	31	1,646	-	3	-
(Reversal) doubtful accounts	30	(37,058,155)	1,024,948	(37,058,155)	1,044,948
(Reversal) loss on write-down inventories to net realisable value		(53,601,582)	34,111,095	(53,601,582)	34,111,095
Loss on impairment of machineries	14, 31	-	29,916,040	-	-
Employee benefit obligations	25	2,039,898	1,832,324	1,942,985	1,751,002
Gain on unrealised exchange rate		(205,446,921)	(53,181,404)	(137,189,299)	(42,699,142)
Write-off of unclaimed input vat	31	-	22,559,810	-	-
Dividend income	34 a)	-	-	(582,762,110)	-
Interest income	29	(5,800,717)	(4,335,455)	(65,519,398)	(41,926,643)
Amortisation finance costs from issuance of debenture		2,500,000	-	2,500,000	-
Finance costs		817,200,010	575,686,808	724,793,956	480,444,874
		1,587,651,811	1,854,342,788	738,514,193	814,813,578
Changes in working capital					
- Trade and other accounts receivable		926,871,785	(657,501,009)	(169,071,531)	(104,152,735)
- Inventories		(82,691,865)	158,209,579	120,778,953	211,314,576
- Advance payment for purchase of goods		(4,886,141,911)	(3,122,217,633)	(4,404,168,289)	(1,712,838,063)
- Value added tax		(6,440,848)	40,466,329	10,255,646	31,592,955
- Other current assets		(116,584)	3,156,131	-	-
- Stripping costs of a surface mine		(95,985,964)	-	-	-
- Other non-current assets		11,390,142	(18,182,446)	(200,589)	(540,600)
- Trade and other accounts payable		440,510,929	(220,775,264)	130,264,926	(1,750,382,652)
- Other current liabilities		10,349,287	(1,597,484)	7,489,962	(1,786,908)
Cash used in operating activities before interest income received, finance costs paid and income tax paid		(2,094,603,218)	(1,964,099,009)	(3,566,136,729)	(2,511,979,849)
Interest income received		5,819,246	4,355,865	7,493,608	32,334,934
Finance costs paid-interest expense		(765,369,732)	(585,028,758)	(668,124,998)	(493,700,686)
Income tax paid		(141,102,427)	(151,458,317)	(83,273,016)	(121,543,182)
Net cash payments from operating activities		(2,995,256,131)	(2,696,230,219)	(4,310,041,135)	(3,094,888,783)

Energy Earth Public Company Limited  
Statement of Cash Flows (Cont'd)  
For the year ended 31 December 2016

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Notes	Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>				
(Increase) decrease in restricted deposits at financial institutions	(11,092,170)	186,793,600	(10,614,610)	135,770,554
Cash received from temporary investments	850,802,234	-	850,802,234	-
Cash payments for temporary investments	(850,000,000)	-	(850,000,000)	-
Cash payments for invest in subsidiaries	-	-	(750,000)	(457,081,400)
Cash received from selling investment in a subsidiary	-	-	1,847,401	1,847,401
Cash received from short-term borrowings to a subsidiary 34 c)	-	-	3,528,434,027	3,051,056,197
Cash payments for short-term borrowings to subsidiaries 34 c)	-	-	(4,502,002,627)	(3,263,937,411)
Cash received from dividend income from subsidiaries	-	-	582,762,110	-
Cash received from sales of assets	-	3,152,336	-	691,589
Cash payments for purchase of property, plant and equipment	(503,401,366)	(573,869,567)	(827,645)	(915,567)
Cash payments for purchase of intangible assets	-	(411,500)	-	(411,500)
Cash received for investing in a subsidiary	-	98,450	-	-
Net cash payments from investing activities	(513,691,302)	(384,236,681)	(400,349,110)	(532,980,137)
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term borrowings from financial institutions	228,764,981	(39,608,150)	685,389,766	107,379,554
Cash received from short-term borrowings from subsidiaries 34 d)	-	-	413,399,173	1,031,557,877
Cash payments for short-term borrowings from a subsidiary and a director 34 d)	(42,243,480)	-	(388,399,173)	(1,031,557,877)
Cash received from long-term borrowings from financial inst 23	-	3,344,987,500	-	3,344,987,500
Cash payments for long-term borrowings from financial insti 23	(322,915,291)	(182,452,083)	(319,850,291)	(169,072,083)
Cash payments for liability under finance lease agreements	(2,055,947)	(3,335,046)	(1,813,779)	(2,277,741)
Cash received from issuing debenture 23	4,000,000,000	1,500,000,000	4,000,000,000	1,500,000,000
Cash payments for finance costs from issuance of debenture 23	(30,000,000)	-	(30,000,000)	-
Cash received from increase in share capital	46,947,836	6,907,154	46,947,836	6,907,154
Cash received from share subscription from non-controlling 12	1,847,401	1,847,401	-	-
Dividend payments 27	(522,496,634)	(294,063,065)	(522,496,634)	(294,063,065)
Net cash received from financing activities	3,357,848,866	4,334,283,711	3,883,176,898	4,493,861,319
<b>Net increase (decrease) in cash and cash equivalents</b>	(151,098,567)	1,253,816,811	(827,213,347)	865,992,399
Exchange differences on translating financial statements	132,613,201	97,971,657	88,609,553	55,721,917
Cash and cash equivalents - opening balance	1,879,587,456	527,798,988	1,350,340,191	428,625,875
Cash and cash equivalents - closing balance 6	1,861,102,090	1,879,587,456	611,736,397	1,350,340,191
<b>Non-cash transactions:</b>				
Purchasing of property, plant and equipment	75,392	38,082	23,208	38,082
Investing in subsidiaries	-	-	37	249,963
Purchase vehicles under finance lease agreements	-	3,232,801	-	3,232,801
Dividend payment	7,296,917	4,359,420	7,296,917	4,359,420
Mining property right from share swap	-	3,694,800,000	-	-
Paid up capital by transform short-term borrowing to investment	-	-	153,033,000	-

## **1 General information**

Energy Earth Public Company Limited (“the Company”) is incorporated as a public company in Thailand on 28 April 1995. The office is located on 43, 12<sup>th</sup> Floor Thai CC Tower, Room 125-128, South Sathorn Road, Yannawa, Sub-District, Sathorn District, Bangkok, Thailand.

The principle business operations of the Company and its subsidiaries engaged in the mining and the import and distribution of coal.

For reporting purposes, the Company and its subsidiaries are referred to as the “Group”.

On 29 January 2013, The Frankfurt stock Exchange-Open Market has approved the Company’s common shares to list in the Frankfurt stock Exchange - Open Market in form of Dual listing. The Company has used 49% of the paid-up share capital without increasing share capital to trade.

The Company was listed on the Market for Alternative Investment of Thailand (MAI). However, on 2 January 2014, the Company obtained an approval to trade ordinary shares of the Stock Exchange of Thailand (SET).

These consolidated and separate financial statements were authorised for issued by the Board of Directors on 27 February 2017.

## **2 Accounting policies**

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below:

### **2.1 Basis of 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 Financial Reporting Standards issued under the Accounting Profession Act B.E.2547, and the financial reporting requirements of the Securities and Exchange Commission under Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except investment property and land revaluation and employee benefit obligations as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires

management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 4.

An English version of the consolidated and separate financial statements have been prepared from the statutory 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 statutory financial statements shall prevail.

In accordance with Thai Accounting Standard No. 21 "The Effects of Changes in Foreign Exchange Rate". The Company had determined its functional currency to be the US Dollar. However, the Stock Exchange of Thailand and the Department of Business Development requires all entities to present its financial statements in Thai Baht. A reporting of the Company's financial statement in its functional currency is presented in Note 37.

## 2.2 New/revised financial reporting standards, and related interpretations

2.2.1 New/revised financial reporting standards and interpretations are effective on 1 January 2016.

a) New/revised financial reporting standards and interpretation which are relevant and have a significant impact to the Group:

TAS 16 (revised 2015)	Property, plant and equipment
TAS 19 (revised 2015)	Employee benefits
TAS 24 (revised 2015)	Related party disclosures
TAS 27 (revised 2015)	Separate financial statements
TAS 36 (revised 2015)	Impairment of assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment property
TAS 41 (revised 2015)	Agriculture
TFRS 2 (revised 2015)	Share-based payment
TFRS 3 (revised 2015)	Business combinations
TFRS 4 (revised 2015)	Insurance contracts
TFRS 8 (revised 2015)	Operating segments
TFRS 10 (revised 2015)	Consolidated financial statements
TFRS 12 (revised 2015)	Disclosure of interests in other entities
TFRS 13 (revised 2015)	Fair value measurement
TFRIC 21 (revised 2015)	Levies

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. This standard has no impact to the Group.

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. This standard has no impact to the Group.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. This standard has no impact to the Group, except for disclosures.

TAS 27 (revised 2015) allows an investment entity that is exempted from consolidating its subsidiaries presenting Company as its only financial statements. It requires the investment entity to measure its investment in subsidiaries at fair value through profit or loss. This standard has no impact to the Group.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy and 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption. This standard has no impact to the Group, except for disclosures.

TAS 38 (revised 2015), 'Intangible assets' is amended to clarify how the gross carrying amount and the accumulated amortisation are treated where an entity uses the revaluation model. This standard has no impact to the Group.

TAS 40 (revised 2015), 'Investment property' clarifies that TFRS 3 should be applied when determining whether an acquisition of an investment property is a business combination. This standard has no impact to the Group.

2.2.1 New/revised financial reporting standards and interpretations are effective on 1 January 2016. (Cont'd)

- a) New/revised financial reporting standards and interpretation which are relevant and have a significant impact to the Group: (Cont'd)

TAS 41, 'Agriculture' requires biological assets including agricultural produce, harvested product of the entity's biological assets, to be measured at fair value less cost to sell. The practical guide on TAS 41 issued by the FAP excludes bearer plant from the scope of TAS 41. The guide required bearer plant to be measured at cost less accumulated depreciation and impairment losses, if any, according to TAS 16. This standard has no impact to the Group.

TFRS 2 (revised 2015), 'Share based payments' clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. This standard has no impact to the Group.

TFRS 3 (revised 2015), 'Business combinations' clarifies i) an obligation to pay contingent consideration which meets the definition of a financial instrument as a financial liability or equity, on the basis of the definitions in TAS 32, 'Financial instruments: Presentation' (when announced) or other applicable standards. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss, and ii) TFRS 3 does not apply to the accounting for the formation of any joint venture under TFRS 11. This standard has no impact to the Group.

TFRS 4 (revised 2015) applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. The standard exempts an insurer temporarily from some requirements of other standards, including the requirement to consider the Framework in selecting accounting policies for insurance contracts. However, the standard (a) prohibits provision for possible claims under contracts that are not in existence at the end of the reporting period; (b) requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets; and (c) requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expired, and to present insurance liabilities without offsetting them against related reinsurance assets. The management is currently assessing the impact of TFRS 4. This standard has no impact to the Group.

TFRS 4 applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. TFRS 4 is not relevant to the Group's operations.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker. This standard has no impact to the Group, except for disclosures.

TFRS10 (revised 2015) 'Consolidated' is amended to define an investment entity and introduce an exception from consolidation. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. . This standard has no impact to the Group.

TFRS 12 (revised 2015) introduces disclosures that an investment entity needs to disclose. This standard has no impact to the Group.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts (including non-financial contracts) within the scope of TAS 39 (when announced) or TFRS 9 (when announced). This standard has no impact to the Group.

TFRIC 21, 'Levies', the Interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of TAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain. This standard has no impact to the Group.



- b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows:

TAS 1 (revised 2015)	Presentation of financial statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of cash flows
TAS 8 (revised 2015)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2015)	Events after the reporting period
TAS 11 (revised 2015)	Construction contracts
TAS 12 (revised 2015)	Income taxes
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 20 (revised 2015)	Accounting for government grants and disclosure of government assistance
TAS 21 (revised 2015)	The effects of changes in foreign exchange rates
TAS 23 (revised 2015)	Borrowing costs
TAS 26 (revised 2015)	Accounting and reporting by retirement benefit plans
TAS 28 (revised 2015)	Investments in associates and joint ventures
TAS 29 (revised 2015)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2015)	Earnings per share
TAS 34 (revised 2015)	Interim financial reporting
TAS 37 (revised 2015)	Provisions, contingent liabilities and contingent assets
TFRS 5 (revised 2015)	Non-current assets held for sale and discontinued operations
TFRS 6 (revised 2015)	Exploration for and evaluation of mineral resources
TFRS 11 (revised 2015)	Joint arrangements
TSIC 10 (revised 2015)	Government assistance - No specific relation to operating activities
TSIC 15 (revised 2015)	Operating leases - Incentives
TSIC 25 (revised 2015)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2015)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2015)	Service concession arrangements: Disclosures

TSIC 31 (revised 2015)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2015)	Intangible assets - Web site costs
TFRIC 1 (revised 2015)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2015)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2015)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2015)	Applying the restatement approach under TAS29 Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2015)	Interim financial reporting and impairment
TFRIC 12 (revised 2015)	Service concession arrangements
TFRIC 13 (revised 2015)	Customer loyalty programmes
TFRIC 14 (revised 2015)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2015)	Agreements for the construction of real estate
TFRIC 17 (revised 2015)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2015)	Transfers of assets from customers
TFRIC 20 (revised 2015)	Stripping costs in the production phase of a surface mine

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards.

a) Financial reporting standards, which have significant changes and are relevant to the Group:

TAS 1 (revised 2016)	Presentation of financial statements
TAS 16 (revised 2016)	Property, plant and equipment
TAS 19 (revised 2016)	Employee benefits
TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 34 (revised 2016)	Interim financial reporting
TAS 38 (revised 2016)	Intangible assets
TAS 41 (revised 2016)	Agriculture
TFRS 5 (revised 2016)	Non-current assets held for sale and discontinued operations
TFRS 10 (revised 2016)	Consolidated financial statements
TFRS 11 (revised 2016)	Joint arrangements
TFRS 12 (revised 2016)	Disclosure of interests in other entities

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.

- OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

TAS 16 (revised 2016), key amendments are 1) The amendments clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate and 2) The amendments include bearer plants in scope of TAS 16.

TAS 19 (revised 2016), the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28. While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

TAS 28 (revised 2016), the significant changes are 1) the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture and 2) the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method.

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards. (Cont'd)

- a) Financial reporting standards, which have significant changes and are relevant to the Group: (Cont'd)

TAS 34 (revised 2016), the amendments clarify that what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

TAS 41 (revised 2016), the amendments align with the accounting guidance for the measurement and recognition of bearer plants issued by the FAP in 2015.

TFRS 5 (revised 2016), the amendments clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.

TFRS 10 (revised 2016), the amendments clarify that: 1) the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities and 2) an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

TFRS 11 (revised 2016), the amendments clarify that 1) the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting and 2) existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained.

TFRS 12 (revised 2016), the amendments clarify the disclosure requirements of an entity which is an investment entity and exception from preparing consolidated financial statement and instead measured its subsidiaries at fair value is required to disclose information of its subsidiaries according to the requirement in TFRS 12.

The management is in process of assessing and considering impact that the above revised standards will impact on the Group.

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards. (Cont'd)

b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows:

TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of cash flows
TAS 8 (revised 2016)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2016)	Events after the reporting period
TAS 11 (revised 2016)	Construction contracts
TAS 12 (revised 2016)	Income taxes
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 20 (revised 2016)	Accounting for government grants and disclosure of government assistance
TAS 21 (revised 2016)	The effects of changes in foreign exchange rates
TAS 23 (revised 2016)	Borrowing costs
TAS 24 (revised 2016)	Related party disclosures
TAS 26 (revised 2016)	Accounting and reporting by retirement benefit plans
TAS 29 (revised 2016)	Financial reporting in hyper-inflationary economies
TAS 33 (revised 2016)	Earnings per share
TAS 36 (revised 2016)	Impairment of assets
TAS 37 (revised 2016)	Provisions, contingent liabilities and contingent assets
TAS 40 (revised 2016)	Investment property
TFRS 2 (revised 2016)	Share-based payment
TFRS 3 (revised 2016)	Business combinations
TFRS 4 (revised 2016)	Insurance contracts
TFRS 6 (revised 2016)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2016)	Operating segments
TFRS 13 (revised 2016)	Fair value measurement
TSIC 10 (revised 2016)	Government Assistance - No specific relation to operating activities
TSIC 15 (revised 2016)	Operating leases - Incentives
TSIC 25 (revised 2016)	Income taxes - Changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2016)	Evaluating the substance of transactions in the legal form of a

	lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2016)	Revenue - Barter transactions involving advertising services
TSIC 32 (revised 2016)	Intangible assets - Web site costs
TFRIC 1 (revised 2016)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2016)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2016)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2016)	Applying the restatement approach under TAS 29 Financial reporting in hyper-inflationary economies
TFRIC 10 (revised 2016)	Interim financial reporting and impairment
TFRIC 12 (revised 2016)	Service concession arrangements
TFRIC 13 (revised 2016)	Customer loyalty programmes
TFRIC 14 (revised 2016)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2016)	Agreements for the construction of real estate
TFRIC 17 (revised 2016)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2016)	Transfers of assets from customers
TFRIC 20 (revised 2016)	Stripping costs in the production phase of a surface mine
TFRIC 21 (revised 2016)	Levies
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructurings
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation



## **2.3 Group Accounting - Investments in subsidiaries**

### **a) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognise and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's principal subsidiaries is set out in Note 12.

**b) Transactions with non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## 2.4 Foreign currency translation

### (a) Functional and presentation currency

Items included in the financial statements of each of the Company's are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Company's functional currency is US Dollar. However, to comply with the regulation of the Stock Exchange of Thailand and the Department of Business Development, the Company used Thai Baht as its presentation currency.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in the profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

### (c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the average closing rate of buying rate and closing rate at the date of that statement of financial position;
- Income and expenses for statement of comprehensive income are translated at exchange rates at the dates of transactions; and
- All resulting exchange differences are recognised in other comprehensive income.

## **2.5 Cash and cash equivalents**

Cash comprises cash in hand, deposit held at call with banks but exclude deposits with banks that are held to maturity, certificates of deposit issued by commercial banks and financial institutions, and restricted deposits. Cash equivalents comprise short-term highly liquid investments with maturities of three months or less from the date of acquisition.

In the consolidated and company statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statements of financial position, bank overdrafts are shown within borrowings in current liabilities.

## **2.6 Trade accounts receivable**

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the differences between the carrying amount of receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in the profit or loss within administrative expense.

## **2.7 Inventories**

Inventories are comprise of raw material and finished goods; finished goods is raw material processed by sizing and/or heat mixing as requested by client. Inventories stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method. 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 (based on normal operating capacity). It excluded borrowing cost. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expense. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

## **2.8 Investment Property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss within net gain from fair value adjustment on investment property.

## 2.9 Property, plant and equipment

Land is shown at fair value less allowance for impairment of asset. Fair value is based on valuations from external independent valuers which are conducted every 3 years. Buildings and equipments are stated at historical cost less accumulated depreciation and allowance for impairment of assets. Initial cost included other direct cost related to assets acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land are credited to other comprehensive income and shown as gain on asset revaluation in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against gain on asset revaluation directly in equity; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from 'gain on asset revaluation' to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate the cost or revalued amount of each asset, except land which is considered to have an indefinite useful life, to their residual values over the estimate useful lives, as follows:

Buildings and buildings improvements	5 - 20 years
Machineries and equipment	4 - 20 years
Furniture, fixtures and office equipment	3 - 8 years
Computer equipment	3, 5 years
Motor vehicles	5 - 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are calculated by comparing net proceeds from disposal of assets with assets' carrying amount and are taken into other income and other expenses, respectively, in the statement of comprehensive income.

On disposal of revalued assets, the related revaluation surplus is transferred to retained earnings.

## 2.10 Intangible assets

### Computer software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use or sell it;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Computer software development costs recognised as intangible assets are amortised using the straight-line method over their estimated useful lives, which does not exceed 3 and 5 years.

## 2.11 Mining property rights

Mining property rights represent cost of acquiring mining rights. Such costs are calculated from the volume of coal estimated by the independent professional valuer at the mutually agreed purchase price. Mining property rights are amortised using the units of coal production. There are two mining property rights.

## 2.12 Stripping costs

Stripping costs are the costs of removing overburden from a mine. Stripping costs incurred in the development of a mine before production commences are capitalised as part of the cost of developing the mine, and are subsequently depleted using a unit-of-production method on the basis of proved and probable reserves.

Stripping activity conducted during the production phase may provide two benefits accruing to the Company: (i) coal that is processed into inventory in the current period and (ii) improved access to the coal body in future periods. To the extent that the benefit from the stripping activity is realised in accordance with the principles of TAS No.2 “Inventories” To the extent the benefit is improved access to the coal body, the Company recognises these costs as a stripping activity asset, if, and only if, all of the following criteria are met:

- 1) It is probable that the future economic benefit (improved access to the coal body) associated with the stripping activity will flow to the Company;
- 2) The Company can identify the component of the coal body for which access has been improved; and
- 3) The costs relating to the stripping activity associated with that component can be measured reliably.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of the coal body, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, the costs associated with these incidental operations are not included in the cost of the stripping activity asset.

When the costs of the stripping activity asset and the inventory produced are not separately identifiable, the Company allocates the production stripping costs between the inventory



produced and the stripping activity asset by using an allocation basis that is based on a relevant production measure. This production measure is calculated for the identified component of the coal body, and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Company uses the expected volume of waste extracted compared with the actual volume, for a given volume of coal production.

Subsequently, the stripping activity asset is carried at cost less amortisation and impairment losses, if any. The stripping activity asset is amortised using the unit-of-production method over the expected useful life of the identified component of the coal body that becomes more accessible as a result of the stripping activity unless another method is more appropriate.

## **2.13 Mineral Resources Evaluation, Exploration and Development Expenditures**

### Pre-license Costs

Pre-license costs are recognised as expense in the period in which they are incurred.

### Exploration and Evaluation and Development Expenditures

Exploration and evaluation expenditures are capitalised and recognised as “exploration and evaluation assets” for each area of interest when mining rights are obtained and still valid and: (i) the costs are expected to be recouped through successful development and exploitation of the area of interest, or (ii) where activities in the area of interest have not reached the stage that allow a reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing. These expenditures include materials and fuel used, surveying costs, drilling and stripping cost before the commencement of production stage and payment made to contractors.

Exploration and evaluation assets are subsequently measured using cost method and classified as tangible assets, unless they are qualified to be recognised as intangibles.

The ultimate recoupment of deferred exploration expenditure is dependent upon successful development and commercial exploitation of the related area of interest. Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation assets may exceed its recoverable amount. In such a case, an entity shall measure, present and disclose any resulting impairment loss in accordance with TAS No. 36

#### **2.14 Impairment of assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### **2.15 Leases - where the Group is the lessee**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially 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 and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss 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 property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

## **2.16 Borrowings**

Borrowings are recognised initially at the proceeds received (net of transaction costs incurred). In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

## **2.17 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## **2.18 Retirement benefits**

The Group operate various retirement benefits schemes. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually depends on one or more factors such as age, years of service and compensation according to management judgement.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

## **2.19 Share-based payment by equity settled**

In case of share-based payment by equity settled, the Company has to measure goods or serviced received and the increase directly to equity by fair value of goods or service received. If the Company could not estimate the fair value of goods or service received, the Company has to indirectly measure the goods and service and the increase of equity by reference to fair value of equity issued.

For transaction measured at fair value of the equity instruments granted. The Company must estimated the fair value at grant date by based on market price of the equity instruments (if available), and to take into account the terms and conditions upon which those equity instruments were granted.

In absence of market prices, fair value is estimated using a valuation technique to estimated what price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties. The valuation technique must be consistent with general acceptance financial instrument valuation technique and including indicators and assumptions that knowledgeable and wiling parties used to consider pricing.

## **2.20 Financial assets and financial liabilities**

Financial assets carried on the statement of financial position include cash and cash equivalents, trade and other accounts receivable, short-term borrowing to a subsidiary, advance payment for purchase of goods, other current assets, restricted deposits at financial institutions and other non-current assets. Financial liabilities carried on the statement of financial position include bank overdrafts, short-term and long-term borrowings from financial institutions, trade and other accounts payable, short-term borrowings from a subsidiary, other current liabilities, liability under finance lease agreements and employee benefit obligations. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

## **2.21 Provisions - general**

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 the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## **2.22 Share capital**

Ordinary shares and non-redeemable preference shares with (if any) discretionary dividends are classified as equity. Other shares including mandatory redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

#### **2.23 Revenue recognition**

Revenue comprises the fair value for consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group. Revenue from sale of goods is recognised when significant risks and reward of ownership of goods are transferred to the buyer.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

#### **2.24 Finance costs**

Finance costs comprise interest expense and fee from short-term and long-term borrowings from a financial institution, interest expense from short-term borrowings from a subsidiary and interest expense from liabilities under finance lease agreements.

#### **2.25 Dividends**

Dividends and interim dividends are recorded in the consolidated and separate financial statements in the period in which they are approved by the shareholders and board of directors, respectively.

#### **2.26 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

### 3 Financial risk management

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.

Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

##### 3.1.1 Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Commencing from 1 January 2013, the Group's management has determined the US Dollar as the functional currency by considering revenue from and operating expenses use in the primary economic environment in which the entity operates. The Group is exposed to the exchange rate risks from transactions which are denominated in currencies that are not the Company and its subsidiaries' functional currency.

The Group is aware of the risks surrounding financial assets and liabilities denominated in foreign currencies. As a result, the Group has a policy of asset and liability management by which the structure and features of transactions regarding assets, liabilities and shareholders' equity are aligned with each other. In addition, the Group has considered to manage foreign currency risk with financial derivatives together with the consideration yields and risks arising in each intervals.



### **3.1.2 Interest rate risk**

The interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. The Group's exposure to interest rate risk relates primarily to its deposits with financial institutions and borrowings. The Group realised that the risk of fluctuation in the interest rate risk did not affect significantly to the Group's cash flows. However, the management believe that the effect of interest rate fluctuation will not affect materially to the Group.

### **3.1.3 Credit risk**

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

### **3.1.4 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

## **3.2 Fair value estimation**

The different levels of fair value defined by valuation method are as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of investment properties and long-term borrowings from financial institutions are presented in Note 13 and 23, respectively.

#### 4 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Deferred tax

Deferred tax assets come from the estimation of some temporary difference effects which is probable to utilise tax benefit. Management's estimation comes from an assumption based on an available future income and any factors or external exposures which might affect the projected future performance. The Group also considered the utilisation of the past tax losses and assessed the estimation on a conservative basis.

(b) Retirement benefits obligations

The present value of the retirement benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for retirement benefits include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of retirement benefits obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefits obligations.

Additional information of other key assumptions for retirement benefits obligations other is disclosed in Note 25.

(c) Allowance for impairment of property, plant and equipment

The management is required to review property, plant and equipment for impairment on a periodical basis and record impairment loss in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenue and expenses relating to the assets subject to the review.

(d) Stripping costs of a surface mine

The group management estimates the quantity of coal that will be recover from stripping activity plan which this estimation is a part of stripping cost valuation and include with direct cost attribute to the gain more access to coal deposit underground. As a result, the estimation of recoverable coal quantity compares with overburden in stripping activity made the group management determine the strip ratio of coal to overburden which is the significant factor to measure the stripping activity assets.

(e) Coal Reserve Estimates

The company used the report of specialist in determining and reporting its coal reserves under the principles incorporated in the Code for Reporting of Mineral Resources and Ore Reserves (the "JORC CODE"). In estimated coal reserves, the assumptions required are, among others, geological, technical and economic factors, including qualities, production techniques, stripping ratio, production costs transportation costs, commodity demand, commodity prices and exchange rates. This process may require complex and difficult geological judgement to interpret the data.

## 5 Capital risk management

The Group's 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, return capital to shareholders, issue new shares or sell assets to reduce debt.

**6 Cash and cash equivalents**

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Cash in hand	405,052	418,823	70,000	190,000
Cash at banks				
- current accounts	517,916,568	266,649,481	35,704,122	124,553,639
- savings accounts	1,342,780,470	1,612,519,152	575,962,275	1,225,596,552
	1,861,102,090	1,879,587,456	611,736,397	1,350,340,191

As at 31 December 2016, cash at banks - savings accounts carry interest at the rates of 0.100% - 0.625% per annum (31 December 2015 : 0.100% - 0.625% per annum)

**7 Trade and other accounts receivable (net)**

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Trade accounts receivable				
- a related company (Note 34 b))	-	-	1,256,436,480	693,054,590
- other companies	4,475,234,042	5,522,598,173	378,900,147	809,260,672
	4,475,234,042	5,522,598,173	1,635,336,627	1,502,315,262
<u>Less</u> Allowance for doubtful accounts				
- other companies	(5,110,101)	(42,168,255)	(2,185,664)	(39,243,818)
	4,470,123,941	5,480,429,918	1,633,150,963	1,463,071,444
Other accounts receivable				
- related companies (Note 34 b))	-	-	42,197,599	53,621,114
- other companies	463,451	842,211	342,654	571,997
Prepaid expenses	100,761,715	34,546,958	3,459,481	13,888,887
Accrued interest income				
- related companies (Note 34 c))	-	-	89,657,914	31,632,124
- other companies	52,076	70,604	-	-
	4,571,401,183	5,515,889,691	1,768,808,611	1,562,785,566

Trade accounts receivable classified by aging are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Undue	3,773,753,723	4,449,922,864	1,303,562,864	1,161,542,222
Overdue				
Up to 3 months	696,370,218	1,029,243,877	328,040,030	300,266,046
Over 6 to 12 months	-	2,526,350	-	2,526,350
Over 12 months	5,110,101	40,905,082	3,733,733	37,980,644
	4,475,234,042	5,522,598,173	1,635,336,627	1,502,315,262

As at 31 December 2016, the Company has trade accounts receivable amounting to Baht 87.88 million that have been factored with a financial institution (31 December 2015 : nil).

## 8 Inventories (net)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Finished goods	665,836,994	765,937,107	319,130,191	681,505,095
<u>Less</u> Allowance for inventories cost in excess of net realisable value	(20,945,385)	(74,546,967)	(20,945,385)	(74,546,967)
	644,891,609	691,390,140	298,184,806	606,958,128
Raw materials	444,470,660	468,237,212	369,651,232	334,099,948
Fuel	159,919	248,561	159,919	248,561
Finished goods in transit	399,099,035	193,198,904	314,807,142	103,741,638
Exchange differences on translating financial statements	22,992,409	38,025,520	22,992,409	38,025,520
	1,511,613,632	1,391,100,337	1,005,795,508	1,083,073,795

The Group and Company has the cost of inventories recognised as expense and included in “cost of goods sold” amounted to Baht 16,254.38 million and 6,340.59 million, respectively (2015 : Baht 14,804.04 million and 6,711.91 million, respectively).

## 9 Advance payment for purchase of goods

As at 31 December 2016, the Group and Company have net advance payment for purchase of goods amounting to Baht 7,866.69 million and Baht 7,065.94 million respectively (31 December 2015 : Baht 5,224.47 million and Baht 5,053.55 million respectively) with the turnover period of advance payment for 146 days and 140 days in 2016 and 2015 respectively. The advance payment for purchase of goods have been made for the purpose of having sufficient coal to be sold.

The movement of advance payments for purchase of goods for the year ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements Baht	Separate financial statements Baht
Net book amount as at 1 January 2015	6,278,867,063	11,377,135,265
Additions	18,644,232,359	5,409,624,907
Amortisation from received goods	(19,448,729,349)	(11,967,960,357)
Exchange differences on translating financial statement	(249,898,674)	234,751,039
Net book amount as at 31 December 2015	5,224,471,399	5,053,550,854
Additions	21,970,209,818	5,044,497,960
Amortisation from received goods	(19,605,392,586)	(3,094,469,919)
Exchange difference on translating financial statement	277,402,390	62,356,749
Net book amount as at 31 December 2016	7,866,691,021	7,065,935,644

As at 31 December 2016, the Group and Company have allowance for advance payment for purchase of goods which recorded in year 2014 amounting to Baht 100.30 million (31 December 2015 : Baht 100.30 million).

**10 Value added tax**

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Undue input tax	17,285,993	21,609,681	6,002,357	6,793,863
Value added tax receivables	80,271,648	70,064,777	44,520,383	54,578,367
	97,557,641	91,674,458	50,522,740	61,372,230

**11 Restricted deposits at financial institutions**

As at 31 December 2016 the Group and the Company used the savings accounts and time deposit accounts at financial institutions with interest rate of 0.375% - 1.700% per annum (31 December 2015 : 0.375% - 2.250% per annum) in the amount of Baht 91.96 million and Baht 56.97 million, respectively (31 December 2015 : Baht 91.53 million and Baht 57.01 million, respectively) to secure as collateral for credit facilities from financial institutions (Note 21).

## 12 Investments in subsidiaries

			Separate financial statements								
			Paid-up capital (amount)			% of holding		Paid-up capital		Cost method	
						2016	2015	2016	2015	2016	2015
Type of Business	Incorporated in	Currency		2016	2015	%	%	Baht	Baht	Baht	Baht
PT. BELAYAN ABADI PRIMA COAL	Mining of coal	Republic of Indonesia	USD	1,000,000	1,000,000	99.90	99.95	3,692,726,479	3,694,573,880	4,296,241,805	4,329,650,149
PT. TRI TUNGGAL PITRIATI	Mining of coal	Republic of Indonesia	IDR	8,521,000,000	8,521,000,000	99.90	99.90	1,102,650,620	1,102,650,620	1,276,726,625	1,285,916,182
Energy Earth (Hong Kong) Co., Ltd.	International coal trading	Hong Kong	HKD	75,000,000	75,000,000	100.00	100.00	328,781,900	328,781,900	349,758,624	352,276,098
Guangdong Energy Earth Co., Ltd.	Import and distribution of coal	Republic of China	CNY	60,000,000	30,000,000	100.00	100.00	311,573,000	158,540,000	328,114,825	175,866,721
Energy Perfect Co., Ltd.	Import and distribution of coal	Thailand	THB	200,000,000	200,000,000	100.00	100.00	200,000,000	200,000,000	237,693,624	239,404,483
Earth Power Plants Co., Ltd.	Investing in Power Plant business	Thailand	THB	30,000,000	30,000,000	100.00	100.00	30,000,000	30,000,000	31,269,664	31,494,735
Earth Renewables Co., Ltd.	Not operate	Thailand	THB	1,000,000	250,000	100.00	100.00	1,000,000	250,000	1,023,828	251,667
Aladin Holdings Co., Ltd.	Not operate	Hong Kong	HKD	10	10	80.00	80.00	35	35	37	38
Total										6,520,829,032	6,414,860,073

The non-controlling interest of PT. TRI TUNGGAL PITRIATI, Aladin Holdings Co., Ltd., PT. BELAYAN ABADI PRIMA COAL is not material, the Company therefore did not disclose the financial information of these subsidiaries.



## 12 Investments in subsidiaries (Cont'd)

The movement of investments in subsidiaries for the years ended 31 December 2016 and 2015 comprises the following:

	Separate financial statements	
	2016	2015
	Baht	Baht
Opening net book amount	6,414,860,073	1,454,880,541
Additions during the year:		
Energy Earth (Hong Kong) Co., Ltd.	-	324,571,400
Guangdong Energy Earth Co., Ltd.	153,033,000	105,760,000
Earth Power Plants Co., Ltd.	-	26,750,000
Aladin Holdings Co., Ltd.	-	35
Earth Renewables Co., Ltd.	750,000	250,000
PT. BELAYAN ABADI PRIMA COAL	-	3,696,421,281
Disposal during the year :		
PT. BELAYAN ABADI PRIMA COAL	(1,847,401)	(1,847,401)
Exchange difference on translating financial statements	(45,966,640)	808,074,217
Closing net book amount	6,520,829,032	6,414,860,073

At the Board of Directors' meeting on 27 February 2015 of Energy Earth Public Company Limited, the board of directors approved the increase of the capital in subsidiaries as follows:

- Energy Earth (Hong Kong) Co., Ltd; increase in capital from Hong Kong Dollar 1.00 million to 75.00 million (equivalent to Baht 328.78 million).
- Guangdong Energy Earth Co., Ltd; increase in capital from China Yuan 10.00 million to 30.00 million (equivalent to Baht 158.54 million).

At the Extraordinary General Shareholders' meeting on 4 August 2015 of Earth Power Plants Co., Ltd., the shareholders approved the increase of the share capital of Baht 20.00 million (2.00 million ordinary shares at Baht 10.00 par value) to appropriate to existing shareholders of the Company.

At the Board of Directors' meeting on 11 November 2015 of Energy Earth Public Company Limited, the board of directors approved to invest in Aladin Holdings Co., Ltd. in proportion of 80% of share capital. Aladin Holdings Co., Ltd. was incorporated on 13 July 2015.

At the Board of Directors' meeting on 11 November 2015 of Energy Earth Public Company Limited, the board of directors approved to establish Earth Renewables Co., Ltd. At the authorized share capital of Baht 1.00 million. The Company had already paid for 25% in the amounting to Baht 250,000.

At the Extraordinary General Shareholders' meeting on 30 November 2015 of Energy Earth Public Company Limited, the shareholders approved the increase of the Energy Earth Public Company Limited share capital of Baht 527,828,572 (527,828,572 ordinary shares at Baht 1.00 par value) to swap with share capital of PT. BELAYAN ABADI PRIMA COAL for 1,999 shares at USD 500 which the Company invested in PT. BELAYAN ABADI PRIMA COAL with fair value of net assets received amounting to Baht 3,694,573,880.

At the Board of Directors' meeting on 26 February 2016 of Energy Earth Public Company Limited, the board of directors approved to dispose ordinary share of PT. BELAYAN ABADI PRIMA COAL for 1 share to local shareholder amounting to Baht 1,847,401.

## 12 Investments in subsidiaries (Cont'd)

Details of investment in PT. BELAYAN ABADI PRIMA COAL at acquisition date are as follows:

	USD	THB
Cash and cash equivalents	2,728	98,450
Trade and other accounts receivable	7,249	261,606
Other non-current assets	1,187,305	42,848,116
Deferred tax asset	-	751,582
Short-term borrowings from other	(1,173,183)	(42,338,473)
Total net assets	24,099	1,621,281
Mining property right (Note 16)	120,000,000	3,694,800,000
	120,024,099	3,696,421,281
Cash received from selling investment on 31 December 2015	(51,139)	(1,847,401)
	119,972,960	3,694,573,880
Cash received from selling investment on 19 February 2016	(68,861)	(1,847,401)
Ending balance of investment as 31 December 2016	119,904,099	3,692,726,479

On 15 August 2016, Energy Earth Public Company Limited additional paid for 75% of authorised share capital in total of 10,000 shares at par value of Baht 100 per share for totalling of Baht 750,000 to Earth Renewables Co., Ltd.

At the Board of Directors' meeting on 11 November 2016 of Energy Earth Public Company Limited, the board of directors approved the increase of the capital in Guangdong Energy Earth Co., Ltd. from China Yuan 30.00 million (equivalent to Baht 158.54 million) to 60.00 million (equivalent to Baht 311.57 million).

On 11 December 2016, Energy Earth Public Company Limited paid for authorised share capital of Guangdong Energy Earth Co., Ltd. amounting to China Yuan 30.00 million (equivalent to Baht 153.03 million) by transform a short-term borrowing amounting to China Yuan 30.00 million (equivalent to Baht 164.40 million) (Note 34 c)) paid for authorised share capital in the increase of the capital amounting to China Yuan 30.00 million. Guangdong Energy Earth Co., Ltd. completed the process of increasing of the capital with the relevant state agency of People's Republic of China on 15 December 2016.

**13 Investment property (net)**

The Group's investment property is measured at fair value.

	Consolidated financial statements (Baht)					
	2016			2015		
	Land and land improvement	Construction in progress	Total	Land and land improvement	Construction in progress	Total
Fair value hierarchy	2	0		2	0	
Fair value as at 1 January	173,900,000	-	173,900,000	140,500,000	32,965,888	173,465,888
Exchange differences on translating financial statements	13,388,846	-	13,388,846	(158,112)	2,082,977	1,924,865
Fair value	187,288,846	-	187,288,846	140,341,888	35,048,865	175,390,753
Write-off (Note 31)	-	-	-	-	(32,965,888)	(32,965,888)
Gain from fair value adjustment on investment property	-	-	-	33,400,000	-	33,400,000
Exchange differences on translating financial statements	(1,338,424)	-	(1,338,424)	13,546,958	(2,082,977)	11,463,981
<b>Fair value as at 31 December</b>	<b>185,950,422</b>	<b>-</b>	<b>185,950,422</b>	<b>187,288,846</b>	<b>-</b>	<b>187,288,846</b>

The fair value of investment properties are based on the sales comparison approach using the valuation by independent professionally qualified valuers who hold a recognised relevant professional qualification and have experience in the locations and categories of the investment properties value. The fair values are within level 2 of the fair value hierarchy.

As at 31 December 2016 and 2015, investment property represents land, land improvement and construction in progress that are not used in operations of a domestic subsidiary of Baht 185.95 million and Baht 187.29 million, respectively is mortgaged as collateral for short-term borrowings and long-term borrowings from a financial institution (Notes 21 and 23).

As at 31 December 2015, the Group has amounts recognised in profit that are related to investment properties of Baht 33.40 million.

#### **Valuation processes**

The Group's investment property was valued at 2015 by independent professional qualified valuers who hold a recognised relevant professional qualification and approved by the office of the Securities and Exchange Commission. The Group's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO, the valuation team and the independent valuers every 3 years. The finance department performs review procedures:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report;

However, there was no any change to the valuation technique during the year.

**14 Property, plant and equipment (net)**

Consolidated financial statements (Baht)								

**14 Property, plant and equipment (net) (Cont'd)**

Consolidated financial statements (Baht)

	Land and land improvement	Buildings and building improvement	Machineries and equipment	Furniture, fixtures and office equipment	Computer equipment	Motor vehicles	Construction in progress	Total
<b>For the year ended 31 December 2016</b>								
Opening net book amount	109,720,343	56,064,812	12,895,207	1,097,008	530,395	9,777,712	1,229,047,671	1,419,133,148
Additions	-	-	175,793,775	319,149	217,489	-	327,108,264	503,438,677
Write-off - cost	-	-	(5,313,960)	(690)	(52,890)	-	-	(5,367,540)
- accumulated depreciation	-	-	5,312,318	689	52,887	-	-	5,365,894
Depreciation charge (Note 30)	-	(8,088,711)	(7,090,388)	(385,228)	(334,334)	(2,980,449)	-	(18,879,110)
Exchange differences on translating financial statements	(784,095)	(1,894,753)	5,082,326	(47,697)	(38,826)	(380,471)	(6,249,440)	(4,312,956)
Closing net book amount	108,936,248	46,081,348	186,679,278	983,231	374,721	6,416,792	1,549,906,495	1,899,378,113
<b>As at 31 December 2016</b>								
Cost or revalued amount	96,955,625	92,525,226	281,279,903	3,650,751	3,329,786	21,173,297	1,473,296,980	1,972,211,568
<u>Less</u> Accumulated depreciation	-	(53,035,035)	(58,881,789)	(2,745,228)	(2,969,688)	(15,191,127)	-	(132,822,867)
Allowance for impairment of assets	-	-	(42,802,616)	-	-	-	-	(42,802,616)
Exchange differences on translating financial statements	11,980,623	6,591,157	7,083,780	77,708	14,623	434,622	76,609,515	102,792,028
Net book amount	108,936,248	46,081,348	186,679,278	983,231	374,721	6,416,792	1,549,906,495	1,899,378,113

As at 31 December 2016, the Group has impairment charge of machineries amounting to Baht 42.80 million (31 December 2015 : Baht 42.80 million). The Group's management considered the allowance for impairment of old machineries by comparing between a net book value and its recoverable amount.

**14 Property, plant and equipment (net) (Cont'd)**

Separate financial statements (Baht)						
	Buildings and building improvement	Machineries and equipment	Furniture, fixtures and office equipment	Computer equipment	Motor vehicles	Total
<b>As at 1 January 2015</b>						
Cost or revalued amount	983,214	21,000	1,654,243	1,418,031	11,609,630	15,686,118
<u>Less</u> Accumulated depreciation	(116,417)	(9,006)	(572,182)	(670,484)	(3,686,918)	(5,055,007)
Exchange differences on translating financial statements	27,285	954	47,550	29,454	217,704	322,947
Net book amount	894,082	12,948	1,129,611	777,001	8,140,416	10,954,058
<b>For the year ended 31 December 2015</b>						
Opening net book amount	894,082	12,948	1,129,611	777,001	8,140,416	10,954,058
Additions	-	31,271	214,490	134,688	3,806,000	4,186,449
Disposal - cost	-	-	-	-	(1,203,000)	(1,203,000)
- accumulated depreciation	-	-	-	-	700,430	700,430
Depreciation charge (Note 30)	(98,322)	(10,142)	(358,923)	(429,946)	(2,535,776)	(3,433,109)
Exchange differences on translating financial statements	72,054	3,202	72,959	20,008	542,486	710,709
Closing net book amount	867,814	37,279	1,058,137	501,751	9,450,556	11,915,537
<b>As at 31 December 2015</b>						
Cost or revalued amount	983,214	52,271	1,868,733	1,552,719	14,212,630	18,669,567
<u>Less</u> Accumulated depreciation	(214,739)	(19,148)	(931,105)	(1,100,430)	(5,522,264)	(7,787,686)
Exchange differences on translating financial statements	99,339	4,156	120,509	49,462	760,190	1,033,656
Net book amount	867,814	37,279	1,058,137	501,751	9,450,556	11,915,537



**14 Property, plant and equipment (net) (Cont'd)**

Separate financial statements (Baht)						
	Buildings and building improvement	Machineries and equipment	Furniture, fixtures and office equipment	Computer equipment	Motor vehicles	Total
<b>For the year ended 31 December 2016</b>						
Opening net book amount	867,814	37,279	1,058,137	501,751	9,450,556	11,915,537
Additions	-	290,743	319,149	202,880	-	812,772
Write-off - cost	-	-	(690)	(22,290)	-	(22,980)
- accumulated depreciation	-	-	689	22,288	-	22,977
Depreciation charge (Note 30)	(98,321)	(25,524)	(362,792)	(317,505)	(2,708,236)	(3,512,378)
Exchange differences on translating financial statements	(18,131)	7,309	(42,973)	(35,339)	(325,529)	(414,663)
Closing net book amount	751,362	309,807	971,520	351,785	6,416,791	8,801,265
<b>As at 31 December 2016</b>						
Cost or revalued amount	983,214	343,014	2,187,192	1,733,309	14,212,630	19,459,359
<u>Less</u> Accumulated depreciation	(313,060)	(44,672)	(1,293,208)	(1,395,647)	(8,230,500)	(11,277,087)
Exchange differences on translating financial statements	81,208	11,465	77,536	14,123	434,661	618,993
Net book amount	751,362	309,807	971,520	351,785	6,416,791	8,801,265

The Group's land were last revalued on 12 November 2015 by independent valuers. Valuations were made on the basis of recent market transaction on arm's length terms. The revaluation surplus net of applicable deferred income taxes was credited to other component of equity. The revalued amount is Baht 96.96 million.

**14 Property, plant and equipment (net) (Cont'd)**

Assets under the financial leasing whereas the Company and the subsidiaries are the lessee which already included in the previous table are the motor vehicles and office equipments as follows :

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Cost of the assets under				
finance lease agreements	11,450,469	15,970,440	11,450,469	13,000,004
<u>Less</u> Accumulated depreciation	(5,529,123)	(6,654,770)	(5,529,123)	(4,008,995)
Net book amount	5,921,346	9,315,670	5,921,346	8,991,009

As at 31 December 2016 and 2015, property, plant and equipment of the Group which has the net book amount of Baht 154.27 million and Baht 164.92 million, respectively are mortgaged to guarantee the credit for short-term and long-term loans from the financial institutions (Note 21 and Note 23).

**15 Intangible assets (net)**

	Computer software	
	Consolidated	Separate
	financial	financial
	statements	statements
	Baht	Baht
<b>As at 1 January 2015</b>		
Cost	3,167,300	3,002,000
<u>Less</u> Accumulated amortisation	(260,318)	(95,025)
Exchange differences on translating financial statements	112,396	112,401
Net book amount	3,019,378	3,019,376
<b>For the year ended 31 December 2015</b>		
Opening net book amount	3,019,378	3,019,376
● Additions	411,500	411,500
Amortisation charge	(689,584)	(689,584)
Exchange differences on translating financial statements	243,247	243,247
Closing net book amount	2,984,541	2,984,539
<b>As at 31 December 2015</b>		
Cost	3,578,800	3,413,500
<u>Less</u> Accumulated amortisation	(949,902)	(784,609)
Exchange differences on translating financial statements	355,643	355,648
Net book amount	2,984,541	2,984,539
<b>For the year ended 31 December 2016</b>		
Opening net book amount	2,984,541	2,984,539
Amortisation charge	(677,599)	(677,599)
Exchange differences on translating financial statements	(105,753)	(105,753)
Closing net book amount	2,201,189	2,201,187
<b>As at 31 December 2016</b>		
Cost	3,578,800	3,413,500
<u>Less</u> Accumulated amortisation	(1,627,501)	(1,462,208)
Exchange differences on translating financial statements	249,890	249,895
Net book amount	2,201,189	2,201,187

**16 Mining property rights (net)**

	<b>Consolidated financial statements Baht</b>
<b>As at 1 January 2015</b>	
Cost	4,967,871,766
<u>Less</u> Accumulated amortisation	(1,103,721,916)
Exchange differences on translating financial statements	33,724,900
Net book amount	<u>3,897,874,750</u>
<b>For the year ended 31 December 2015</b>	
Opening net book amount	3,897,874,750
Acquisition of mining property right (Note 12, 26)	3,694,800,000
Exchange differences on translating financial statements	1,005,422,288
Closing net book amount	<u>8,598,097,038</u>
<b>As at 31 December 2015</b>	
Cost	8,662,671,766
<u>Less</u> Accumulated amortisation	(1,103,721,916)
Exchange differences on translating financial statements	1,039,147,188
Net book amount	<u>8,598,097,038</u>
<b>For the year ended 31 December 2016</b>	
Opening net book amount	8,598,097,038
Amortisation charge (Note 30)	(291,195)
Exchange differences on translating financial statements	(61,449,083)
Closing net book amount	<u>8,536,356,760</u>
<b>As at 31 December 2016</b>	
Cost	8,662,671,766
<u>Less</u> Accumulated amortisation	(1,104,013,111)
Exchange differences on translating financial statements	977,698,105
Net book amount	<u>8,536,356,760</u>

Amortisation of mining property right is calculated using the units of production method.

tem No.	Name of Coal Mine	Operator	Number of Registration/ Country of Registration	Coverage Period
1	Angsana, the district of Tanah Bambu, South Kalimantan	PT. Tri Tunggal Pitriati	Mining License (545/013/IUPOP/D.PF/2010) in Indonesia	15 January 2010 untill 15 January 2015
2	Simpang Empat, the district of Tanah Bambu, South Kalimantan	PT. Tri Tunggal Pitriati	Mining License (545/106/IUPOP/D.PF/2010) in Indonesia	Till the coal reserves in the mine are all depleted.
3	Kecamatan Kenoban in Kabupaten Kutai Kartanegara in East Kalimantan	PT.JHOSWA Mahakam Mineral ("JMM")	Mining License (540/2295/IUP-Er/MBPBAT/VIII/2010) in Indonesia	Till the coal reserves in the mine are all depleted.
4	Kembang Janggut and Kenohan, Kutai Kartanegara in East Kalimantan	PT.Belayan Abadi Prima Coal (PT. BAPC)	Mining License (540/004/IUP-OP/DPEIV/V/2009) in Indonesia	End on 14 May 2033

The Angsana and the Simpang Empat coal mine were fully amortised in year 2014.

**17 Payment for the right to purchase of goods**

The payment for the right to purchase of goods are payments to the coal owners for the right to purchase of coal in the future for a period of 15 years as stipulated in the contract. The payments are a component of the total purchase price and the remaining difference from the market price will be paid on the transaction date.

Prior to the guarantee payments for purchase of goods are made, the Group made surveys at the mining sites to ensure that there were enough coal reserves in the sites. These payments were made for the purpose of accumulating stock for the Group's market expansion.

The movement of payment for the right to purchase of goods for the year ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements Baht	Separate financial statements Baht
Net book amount as at 1 January 2015	3,461,115,000	7,358,989,750
Additions	2,397,339,000	2,397,339,000
Amortisation from received goods	(1,256,552,309)	(1,256,552,309)
Exchange differences on translating financial statement	337,896,023	707,492,311
Net book amount as at 31 December 2015	4,939,797,714	9,207,268,752
Additions	3,529,638,000	3,529,638,000
Amortisation from received goods	(1,311,893,669)	(1,169,085,931)
Exchange difference on translating financial statement	27,500,869	(4,016,354)
Net book amount as at 31 December 2016	7,185,042,914	11,563,804,467

**18 Stripping costs of a surface mine**

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Overburden removal	80,672,708	17,142,061	-	-
Fee for land use permit	136,962,047	40,702,940	-	-
	<u>217,634,755</u>	<u>57,845,001</u>	<u>-</u>	<u>-</u>

The movement of stripping costs of a surface mine for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Opening balance for the year	57,845,001	-	-	-
Addition	161,224,309	57,845,001	-	-
<u>Less</u> Amortisation charge	(1,021,174)	-	-	-
Exchange differences on translating financial statements	(413,381)	-	-	-
Closing balance for the year	<u>217,634,755</u>	<u>57,845,001</u>	<u>-</u>	<u>-</u>

Amortisation of stripping costs of a surface mine is calculated using the units of production method.

**19 Deferred income taxes (net)**

The analysis of deferred tax assets and liabilities (net) as at 31 December 2016 and 2015 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
<b>Deferred tax assets:</b>				
Deferred tax assets to be recovered				
within 12 months	9,380,062	3,665,407	-	-
Deferred tax assets to be recovered				
after more than 12 months	33,046,252	51,900,638	27,424,394	44,631,366
	<u>42,426,314</u>	<u>55,566,045</u>	<u>27,424,394</u>	<u>44,631,366</u>
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled				
within 12 months	(2,000,000)	-	(2,000,000)	-
Deferred tax liabilities to be settled				
after more than 12 months	(340,966,280)	(336,045,812)	(270,613,915)	(270,142,567)
	<u>(342,966,280)</u>	<u>(336,045,812)</u>	<u>(272,613,915)</u>	<u>(270,142,567)</u>
Deferred tax liabilities (net)	<u>(300,539,966)</u>	<u>(280,479,767)</u>	<u>(245,189,521)</u>	<u>(225,511,201)</u>



The movement of deferred tax assets and deferred tax liabilities for the years ended 31 December 2016 and 2015 comprises the following :

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Opening balance	(280,479,767)	(15,112,027)	(225,511,201)	(10,291,142)
Increase/(decrease) to the statement of profit or loss	(19,510,005)	(5,830,526)	(23,685,599)	7,381,410
Increase/(decrease) to other comprehensive income	(550,194)	(259,537,214)	4,007,279	(222,601,469)
Closing balance	(300,539,966)	(280,479,767)	(245,189,521)	(225,511,201)

The deferred tax assets and liabilities as at 31 December 2016 and 2015 were calculated from temporary difference by using liability method and tax rate of 20 - 25%.

Deferred tax asset and deferred tax liabilities presented by considering net position of each taxable unit as at 31 December 2016 and 2015 comprises the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Deferred tax assets (net)	10,468,851	4,282,286	-	-
Deferred tax liabilities (net)	(311,008,817)	(284,762,053)	(245,189,521)	(225,511,201)
	(300,539,966)	(280,479,767)	(245,189,521)	(225,511,201)

The movement of deferred tax assets and deferred tax liabilities for the years ended 31 December 2016 and 2015 comprises the following : (Cont'd)

Consolidated financial statements					
	(Credits)		(Credits)		
	debts to the		debts to		
	statement of		equity		
	1 January	comprehensive	debts to	Translation	31 December
	2016	income	equity	adjustment	2016
	Baht	Baht	Baht	Baht	Baht
<b>Deferred tax assets:</b>					
Allowance for doubtful accounts	28,493,251	(7,100,531)	-	(311,100)	21,081,620
Allowance for inventories cost in excess of net realisable value	14,909,393	(10,455,507)	-	(264,809)	4,189,077
Allowance for impairment of assets	5,823,229	(1,380,228)	-	(62,507)	4,380,494
Liabilities under finance lease agreements (net)	-	730,957	-	11,064	742,021
Employee benefit obligations	2,057,886	425,569	(313,995)	(13,017)	2,156,443
Accumulated taxable loss for 5 years	616,879	(114,146)	-	(6,136)	496,597
Intercompany unrealised profit in inventories	3,665,407	5,655,247	-	59,408	9,380,062
Total deferred tax assets	55,566,045	(12,238,639)	(313,995)	(587,097)	42,426,314
<b>Deferred tax liabilities:</b>					
Surplus from revaluation of land	(11,736,265)	(82,620)	-	82,620	(11,736,265)
Gain from fair value adjustment on investment property	(6,680,000)	(47,026)	-	47,026	(6,680,000)
Deferred finance costs from issuance of debenture	-	(5,417,990)	-	(82,010)	(5,500,000)
Assets under finance lease agreements	-	(1,166,610)	-	(17,659)	(1,184,269)
Tax effect of currency translation on tax base	(317,629,547)	-	(236,199)	-	(317,865,746)
Total deferred tax liabilities	(336,045,812)	(6,714,246)	(236,199)	29,977	(342,966,280)
Deferred tax liabilities (net)	(280,479,767)	(18,952,885)	(550,194)	(557,120)	(300,539,966)

Consolidated financial statements

		(Credits) debits to the statement of	(Credits) debits to equity	Translation adjustment	31 December 2015
	1 January 2015 Baht	comprehensive income Baht	Baht	Baht	Baht
<b>Deferred tax assets:</b>					
Allowance for doubtful accounts	28,288,263	(2,350,938)	-	2,555,926	28,493,251
Allowance for inventories cost in excess of net realisable value	8,087,174	5,746,512	-	1,075,707	14,909,393
Allowance for impairment of assets	1,035,507	4,450,326	-	337,396	5,823,229
Employee benefit obligations	1,688,735	198,363	-	170,788	2,057,886
Accumulated taxable loss for 5 years	34,478	549,591	-	32,810	616,879
Intercompany unrealised profit in inventories	15,582,414	(12,711,286)	-	794,279	3,665,407
	<u>54,716,571</u>	<u>(4,117,432)</u>	<u>-</u>	<u>4,966,906</u>	<u>55,566,045</u>
<b>Deferred tax liabilities:</b>					
Surplus from revaluation of land	(11,736,265)	1,056,067	-	(1,056,067)	(11,736,265)
Gain from fair value adjustment on investment property	-	(6,339,258)	-	(340,742)	(6,680,000)
Tax effect of currency translation on tax base	(58,092,333)	-	(259,537,214)	-	(317,629,547)
Total deferred tax liabilities	<u>(69,828,598)</u>	<u>(5,283,191)</u>	<u>(259,537,214)</u>	<u>(1,396,809)</u>	<u>(336,045,812)</u>
Deferred tax liabilities (net)	<u>(15,112,027)</u>	<u>(9,400,623)</u>	<u>(259,537,214)</u>	<u>3,570,097</u>	<u>(280,479,767)</u>

The movement of deferred tax assets and deferred tax liabilities for the years ended 31 December 2016 and 2015 comprises the following : (Cont'd)

	Separate financial statements				
	(Credits) debits to the statement of		(Credits) debits to	Translation	31 December
	1 January 2016 Baht	comprehensive income Baht	equity Baht	adjustment Baht	2016 Baht
<b>Deferred tax assets:</b>					
Allowance for doubtful accounts	27,908,364	(7,104,648)	-	(306,983)	20,496,733
Allowance for inventories cost in excess of net realisable value	14,909,393	(10,455,507)	-	(264,809)	4,189,077
Liabilities under finance lease agreements (net)	-	730,957	-	11,064	742,021
Employee benefit obligations	1,813,609	398,635	(205,642)	(10,039)	1,996,563
<b>Total deferred tax assets</b>	<b>44,631,366</b>	<b>(16,430,563)</b>	<b>(205,642)</b>	<b>(570,767)</b>	<b>27,424,394</b>
<b>Deferred tax liabilities:</b>					
Deferred finance costs from issuance of debenture	-	(5,417,990)	-	(82,010)	(5,500,000)
Assets under finance lease agreements	-	(1,166,610)	-	(17,659)	(1,184,269)
Tax effect of currency translation on tax base	(270,142,567)	-	4,212,921	-	(265,929,646)
<b>Total deferred tax liabilities</b>	<b>(270,142,567)</b>	<b>(6,584,600)</b>	<b>4,212,921</b>	<b>(99,669)</b>	<b>(272,613,915)</b>
<b>Deferred tax liabilities (net)</b>	<b>(225,511,201)</b>	<b>(23,015,163)</b>	<b>4,007,279</b>	<b>(670,436)</b>	<b>(245,189,521)</b>

	Separate financial statements				
	(Credits)				
	debits to the	statement of	(Credits)	Translation	31 December
1 January	comprehensive	income	debits to	adjustment	2015
2015	Baht	Baht	equity	Baht	Baht
			Baht		
<b>Deferred tax assets:</b>					
Allowance for doubtful accounts	27,699,374	(2,294,150)	-	2,503,140	27,908,364
Allowance for inventories cost in excess of net realisable value	8,087,174	5,746,512	-	1,075,707	14,909,393
Employee benefit obligations	1,463,408	200,655	-	149,546	1,813,609
<b>Total deferred tax assets</b>	<b>37,249,956</b>	<b>3,653,017</b>	<b>-</b>	<b>3,728,393</b>	<b>44,631,366</b>
<b>Deferred tax liabilities:</b>					
Tax effect of currency translation on tax base	(47,541,098)	-	(222,601,469)	-	(270,142,567)
<b>Total deferred tax liabilities</b>	<b>(47,541,098)</b>	<b>-</b>	<b>(222,601,469)</b>	<b>-</b>	<b>(270,142,567)</b>
<b>Deferred tax liabilities (net)</b>	<b>(10,291,142)</b>	<b>3,653,017</b>	<b>(222,601,469)</b>	<b>3,728,393</b>	<b>(225,511,201)</b>

Deferred income tax assets are recognised for tax loss and carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of Baht 1,471,376 in respect of losses amounting to Baht 7,356,881 that can be carried forward against future taxable income. Losses amounting to Baht 7,356,881 expire in year 2021.

**20 Other non-current assets**

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Deposits for coal trading	3,604,860	15,561,159	-	-
Others	6,296,753	6,057,520	1,026,662	829,000
	9,901,613	21,618,679	1,026,662	829,000

Deposits for coal trading are deposited at customers for providing assurance that the Group will provide coal to customers definitely. Deposits will be refunded from customers when the Group has no longer business transactions any more.

**21 Bank overdrafts and short-term borrowings from financial institutions**

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Bank overdrafts	-	-	-	-
Short-term borrowing	123,595,201	-	-	-
Bills of exchange	5,267,088,261	4,877,276,993	5,267,088,261	4,877,276,993
Trust receipts	3,404,108,910	3,384,800,072	3,404,108,910	3,384,800,072
Accounts payable factoring	79,090,542	-	79,090,542	-
Packing credits	2,736,411,822	3,305,996,279	337,399,316	298,358,478
Total	11,610,294,736	11,568,073,344	9,087,687,029	8,560,435,543

The movement of bank overdrafts and short-term borrowings from financial institutions for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements						
	2016						
	Bank overdrafts Baht	Short-term borrowing Baht	Bills of exchange Baht	Trust receipts Baht	Accounts payable factoring Baht	Packing credits Baht	Total Baht
Opening net book amount	-	-	4,877,276,993	3,384,800,072	-	3,305,996,279	11,568,073,344
Addition during the year	13,632	224,739,852	15,259,812,689	8,523,090,523	1,753,292,122	8,104,443,340	33,865,392,158
Repayment during the year	(13,632)	(100,739,052)	(14,842,089,681)	(8,569,858,158)	(1,674,201,580)	(8,742,813,820)	(33,929,715,923)
Exchange differences on translating financial statements	-	(405,599)	-	66,076,473	-	68,786,023	134,456,897
	-	123,595,201	5,295,000,001	3,404,108,910	79,090,542	2,736,411,822	11,638,206,476
Deferred interest expense	-	-	(27,911,740)	-	-	-	(27,911,740)
Closing net book amount	-	123,595,201	5,267,088,261	3,404,108,910	79,090,542	2,736,411,822	11,610,294,736

## Consolidated financial statements

2015

	Bank overdrafts Baht	Short-term borrowing Baht	Bills of exchange Baht	Trust receipts Baht	Accounts payable factoring Baht	Packing credits Baht	Total Baht
Opening net book amount	14,059	-	2,065,991,226	5,115,168,448	20,471,393	3,497,140,263	10,698,785,389
Addition during the year	3,122,441,505	-	11,904,956,754	8,692,168,488	1,904,041,226	8,627,917,878	34,251,525,851
Repayment during the year	(3,122,455,564)	-	(9,052,580,454)	(10,461,793,116)	(1,924,512,619)	(8,877,394,443)	(33,438,736,196)
Exchange differences on translating financial statements	-	-	-	39,256,252	-	58,332,581	97,588,833
	-	-	4,918,367,526	3,384,800,072	-	3,305,996,279	11,609,163,877
Deferred interest expense	-	-	(41,090,533)	-	-	-	(41,090,533)
Closing net book amount	-	-	4,877,276,993	3,384,800,072	-	3,305,996,279	11,568,073,344



## Separate financial statements

2016

	Bank overdrafts Baht	Bills of exchange Baht	Trust receipts Baht	Accounts payable factoring Baht	Packing credits Baht	Total Baht
Opening net book amount	-	4,877,276,993	3,384,800,072	-	298,358,478	8,560,435,543
Addition during the year	13,632	15,259,812,689	8,523,090,523	1,753,292,122	1,576,712,064	27,112,921,030
Repayment during the year	(13,632)	(14,842,089,68	(8,569,858,158)	(1,674,201,580)	(1,547,718,615)	(26,633,881,66
		1)				6)
Exchange differences on translating financial statements	-	-	66,076,473	-	10,047,389	76,123,862
	-	5,295,000,001	3,404,108,910	79,090,542	337,399,316	9,115,598,769
Deferred interest expense	-	(27,911,740)	-	-	-	(27,911,740)
Closing net book amount	-	5,267,088,261	3,404,108,910	79,090,542	337,399,316	9,087,687,029

**Separate financial statements**

**2015**

	Bank overdrafts Baht	Bills of exchange Baht	Trust receipts Baht	Accounts payable factoring Baht	Packing credits Baht	Total Baht
Opening net book amount	14,059	2,065,991,226	5,115,168,448	20,471,393	608,513,462	7,810,158,588
Addition during the year	3,122,441,505	11,904,956,754	8,692,168,488	1,904,041,226	1,859,378,192	27,482,986,165
Repayment during the year	(3,122,455,564)	(9,052,580,454)	(10,461,793,116)	(1,924,512,619)	(2,174,539,563)	(26,735,881,316)
Exchange differences on translating financial statements	-	-	39,256,252	-	5,006,387	44,262,639
	-	4,918,367,526	3,384,800,072	-	298,358,478	8,601,526,076
Deferred interest expense	-	(41,090,533)	-	-	-	(41,090,533)
Closing net book amount	-	4,877,276,993	3,384,800,072	-	298,358,478	8,560,435,543

Bank overdrafts and short-term borrowings from financial institutions bear interest as follows:

	Consolidated financial statements/ Separate financial statements	
	Interest rate (% per annum)	
	2016	2015
Bank overdrafts	7.120 - 7.650	7.375 - 7.875
Short-term borrowing	5.220	-
Bills of exchange	3.650 - 4.900	4.000 - 5.000
Trust receipts	3.200 - 3.984	1.862 - 3.807
Accounts payable factoring	7.000 - 7.125	7.125
Packing credits	3.167 - 4.500	3.200 - 5.730

As at 31 December 2016, the Group has overdrafts facilities, packing credits and the short-term borrowings from financial institutions amounting to Baht 13,156 million, USD 10 million and China Yuan 60 million (31 December 2015 : amounting to Baht 13,156 million). The borrowings charged interest at the rate of floating interest rate.

The overdrafts facilities and the short-term borrowings from financial institutions facilities are secured with deposits from financial institutions (Note 11), investment property (Note 13), property, plant and equipment (Note 14) of the Group, director and partial of directors' shares.

**22 Trade and other accounts payable**

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Trade accounts payable				
- related companies (Note 34 b))	-	-	2,400,000	8,433,000
- other companies	325,032,982	65,790,980	212,004,711	55,667,924
Other accounts payable				
- related companies (Note 34 b))	-	-	37	249,963
- other companies	26,205,714	2,320,275	776,184	21,268
Accounts payable from purchase of fixed assets				
- related companies (Note 34 b))	-	8,004	-	8,004
- other companies	75,392	30,078	23,208	30,078
Accrued expenses				
- related companies (Note 34 b))	16,517	-	611,257	892,110
- other companies	146,928,068	171,600,652	134,908,226	163,879,131
Accrued interest expenses				
- related companies (Note 34 d))	-	-	1,277,708	-
- other companies	71,590,230	32,922,766	57,397,120	14,727,737
Advance received for purchase of goods	250,935,407	64,069,241	11,512,946	1,937,408
	<u>820,784,310</u>	<u>336,741,996</u>	<u>420,911,397</u>	<u>245,846,623</u>

**23 Long-term borrowings****23.1 Long-term borrowings from financial institutions**

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Long-term borrowings from				
financial institutions	4,460,818,777	4,813,844,146	4,460,818,777	4,810,779,146
<u>Less</u> Current portion	(315,861,460)	(320,917,518)	(315,861,460)	(317,852,518)
	<u>4,144,957,317</u>	<u>4,492,926,628</u>	<u>4,144,957,317</u>	<u>4,492,926,628</u>
Fair value	<u>4,455,256,259</u>	<u>4,819,419,365</u>	<u>4,455,256,259</u>	<u>4,816,079,125</u>

The fair values of long-term borrowings from financial institutions with floating interest rates have been calculated using rate quoted by the Group's counterparties at the date of financial statements. The fair values are within level 2 of the fair value hierarchy.

Long-term borrowings from financial institutions as at 31 December 2016 and 2015 used as working capital in the operation. The conditions and payment due for long-term borrowings comprise the following:

Contract no.	Borrowing amount  (Million)	Currency	Outstanding balance		Outstanding balance		Interest rate	Repayment terms
			Consolidated financial statements		Separate financial statements			
			2016 (Million Baht)	2015 (Million Baht)	2016 (Million Baht)	2015 (Million Baht)		
1	80.00	THB	-	3.0	-	-	MLR	Repayment of principal and interest is due every month end for 72 months with principal amounting to Baht 1.12 million per month. The Company had already paid in March 2016.
2	40.00	USD	885.7	1,216.0	885.7	1,216.0	LIBOR 3 Month +3.25%	Repayment of principal and interest is due every 3-month for 20 periods - Period 1-4 : 1.00 USD - Period 5-20 : 2.25 USD The first payment is due in fourth period of 2014.
3	100.00	USD	3,575.1	3,594.8	3,575.1	3,594.8	LIBOR 3 Month +3.80%	Repayment of principal at the end of May 2018 and interest due every 3-month for 15 times.
Total			4,460.8	4,813.8	4,460.8	4,810.8		

The movements of long-term borrowings from financial institutions for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Opening balance for the year	4,813,844,146	1,299,085,492	4,810,779,146	1,282,640,492
Addition	-	3,344,987,500		3,344,987,500
Repayment of borrowings	(322,915,291)	(182,452,083)	(319,850,291)	(169,072,083)
Exchange differences on translating financial statements	(30,110,078)	352,223,237	(30,110,078)	352,223,237
Closing balance for the year	4,460,818,777	4,813,844,146	4,460,818,777	4,810,779,146

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate of 3.632% - 4.648% (2015 : 3.484% - 7.059%).

**23.1 Long-term borrowings from financial institutions (Cont'd)**

The credit facilities amounting to USD 140.00 million (31 December 2015 : amounting to Baht 80.00 million and USD 140.00 million) are guaranteed by investment property (Note 13), property, plant and equipment (Note 14) of the Group, director and partial of directors' shares. Under the borrowing agreement terms, the subsidiary must comply with the condition of borrowing covenants such as maintain the current ratio, debt to equity ratio and debt service coverage etc.

## 23.2 Debenture

On 17 December 2015, the Company issued unsecured debenture which are denominated in Thai Baht currency amounting to Baht 1,500,000,000. The principal will be redeemed within two years from the issuance date. The debenture bears interest at a fixed rate 4.90% per annum and the payment schedule is every six-month. The Company is required to comply with certain procedure and conditions; for example, maintaining debt to equity ratio at the level as specified in the contract.

On 7 October 2016, the Company issued unsecured debenture which denominated in Thai Baht currency amounting to Baht 4,000,000,000. The principal will be redeemed within three years from the issuance date. The debenture bears interest at a fixed rate 4.65% per annum and the payment schedule is every six-month. The Company is required to comply with certain procedure and condition; for example, maintaining debt to equity ratio at the level as specified in the contract.

Details of debenture are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Debenture	5,500,000,000	1,500,000,000	5,500,000,000	1,500,000,000
<u>Less</u> Deferred finance costs from issuance of debenture	(27,500,000)	-	(27,500,000)	-
	5,472,500,000	1,500,000,000	5,472,500,000	1,500,000,000
<u>Less</u> Current portion of debenture	(1,490,000,000)	-	(1,490,000,000)	-
	3,982,500,000	1,500,000,000	3,982,500,000	1,500,000,000
Fair value	5,499,971,915	1,500,829,800	5,499,971,915	1,500,829,800

The fair value is within level 1 of the fair value hierarchy based on market yield quoted by the Thai Bond Market Association at the date of financial statements.



The movements of the debenture can be analysed as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Opening net book value	1,500,000,000	-	1,500,000,000	-
Cash received from debenture	4,000,000,000	1,500,000,000	4,000,000,000	1,500,000,000
Finance costs from issuance of debenture	(30,000,000)	-	(30,000,000)	-
Add back amortisation during the year	2,500,000	-	2,500,000	-
Closing net book value	5,472,500,000	1,500,000,000	5,472,500,000	1,500,000,000

**24 Liabilities under finance lease agreements (net)**

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Liabilities under finance lease agreements	3,945,454	6,184,068	3,945,454	5,937,956
<u>Less</u> Deferred interest	(235,351)	(418,018)	(235,351)	(414,074)
	3,710,103	5,766,050	3,710,103	5,523,882
<u>Less</u> Current portion	(1,873,119)	(2,055,947)	(1,873,119)	(1,813,779)
	1,836,984	3,710,103	1,836,984	3,710,103

Payment net interest for the above finance lease agreements are as follows:

Within 1 year	1,993,800	2,238,614	1,993,800	1,992,502
More than 1 year but no longer than 3 years	1,951,654	3,945,454	1,951,654	3,945,454
	3,945,454	6,184,068	3,945,454	5,937,956

**25 Employee benefit obligations**

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Opening balance for the year	10,238,769	8,408,712	9,068,043	7,317,041
Current service cost	1,703,186	1,579,686	1,628,347	1,513,346
Interest cost	336,712	252,638	314,638	237,656
Remeasurements of employment benefit obligations	(1,569,981)	-	(1,028,211)	-
Exchange differences on translating financial statements	2,675	(2,267)	-	-
Closing balance for the year	10,711,361	10,238,769	9,982,817	9,068,043

The amounts recognised in the statements of comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Current service cost	1,703,186	1,579,686	1,628,347	1,513,346
Interest cost	336,712	252,638	314,638	237,656
Total	2,039,898	1,832,324	1,942,985	1,751,002

Principle actuarial assumptions are as follows:

	Consolidated financial statements/ Separate financial statements	
	2016	2015
Discount rate	3.48 - 9.00%	4.40 - 9.00%
Expected future salary increase	4.00 - 6.00%	5.00 - 8.00%
Turnover rate	0.00 - 20.00%	0.00 - 15.00%
Improving mortality rate	3.00%	3.00%

	Consolidated financial statements / Separate financial statements		
	Impact on defined benefit obligation		
	2016		
	Increase in		
	Change in assumption	assumption	Decrease in assumption
Discount rate	1.00%	Decrease by 1.00%	Increase by 1.00%
Salary growth rate	1.00%	Increase by 1.00%	Decrease by 1.00%
Turnover rate	20.00%	Decrease by 20.00%	Increase by 20.00%
Improving mortality rate	1.00%	Increase by 1.00%	Decrease by 1.00%

Consolidated financial statements / Separate financial statements			
Impact on defined benefit obligation			
2015			
Change in assumption	Increase in assumption		Decrease in assumption
Discount rate	1.00%	Decrease by 1.00%	Increase by 1.00%
Salary growth rate	1.00%	Increase by 1.00%	Decrease by 1.00%
Turnover rate	20.00%	Decrease by 20.00%	Increase by 20.00%
Improving mortality rate	1.00%	Increase by 1.00%	Decrease by 1.00%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 15 years (2015: 15 years).

Expected maturity analysis of undiscounted retirement:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Less than 1 year	3,500,000	1,134,434	3,500,000	1,134,434
1 - 2 years	345,686	318,579	345,686	318,579
2 - 5 years	1,344,217	-	1,344,217	-
More than 5 years	61,745,882	73,746,652	61,745,882	73,746,652
Total	66,935,785	75,199,665	66,935,785	75,199,665

**26 Share capital, premium on share capital and warrants**

	Issued and		Share	Total
	paid-up ordinary shares		Premiu	
	Number of Shares	Baht	m Baht	Baht
At 1 January 2015	2,971,513,474	2,971,513,474	966,778,471	3,938,291,945
Issue of shares from warrants exercise				
No.1/2015	880,445	880,445	410,287	1,290,732
Issue of shares from warrants exercise	3,831,120	3,831,120	1,785,302	5,616,422
No.2/2015				
Issue of shares capital	527,828,572	527,828,572	3,168,592,709	3,696,421,281
At 31 December 2015	3,504,053,611	3,504,053,611	4,137,566,769	7,641,620,380
Issue of shares from warrants exercise	6,070,674	6,070,674	2,828,934	8,899,608
No.1/2016				
Issue of shares from warrants exercise	26,477,542	26,477,542	11,570,686	38,048,228
No.2/2016				
At 31 December 2016	3,536,601,827	3,536,601,827	4,151,966,389	7,688,568,216

Warrant exercising price (EARTH-W3) and warrant exercising price (EARTH-W4) are Baht 1.466 per share and Baht 6.861 per share respectively.

## 26 Share capital, premium on share capital and warrants (Cont'd)

The total number of authorised ordinary shares is 4,996,931,709 shares (2015 : 4,966,931,709 shares) with a par value of Baht 1 per share (2015 : Baht 1 per share). The issued and fully paid-up share capital is 3,536,601,827 shares (2015 : 3,504,053,611 shares).

At the Extraordinary General Meeting of shareholders on 30 November 2015 resolved that the Company to issue its registered ordinary share of 527,828,572 share at par value of Baht 1 each, to swap with ordinary share of PT. BELAYAN ABADI PRIMA COAL at the price of Baht 7 each resulting in a share premium of Baht 3,168,592,709 in order to acquire the right on the mining property in East Kalimantan Indonesia which is evaluated by independent valuer that there are 40 million tons which is approximate Baht 3,684,800,000 (Note 16) of coal under neat. The Company registered the share increase with the Department of Business on 17 December 2015.

### 26.1 Warrants of the Company (EARTH-W3)

On 17 October 2011, 444,519,122 units of warrants of the Company (EARTH-W3) were approved to be traded in on the Market for Alternative Investment of Thailand (MAI) and can be exercised on every 15 March and 15 September of each year. The first and last exercise dates will be on 15 March 2012 and 15 September 2016, respectively.

	Unit
Share warrants (EARTH-W3) had not been exercised as at 1 January 2015	36,559,136
Warrants exercised as at 15 March 2015	(861,160)
Warrants exercised as at 15 September 2015	(3,745,038)
Share warrants (EARTH-W3) had not been exercised as at 31 December 2015	31,952,938
Warrants exercised as at 15 March 2016	(5,934,191)
Warrants exercised as at 15 September 2016	(25,361,670)
Share warrants (EARTH-W3) had not been exercised and already expired as at 31 December 2016	657,077

On 15 March 2015, the Company recorded cash receipt from warrants (EARTH-W3) exercise of Baht 1,290,732. The Company registered the issued and paid-up share capital from such exercise with the Department of Business Development on 26 March 2015 for 880,445 ordinary shares. The increase share capital was approved to be traded in on the Stock Exchange of Thailand (SET) on 31 March 2015.

On 15 September 2015, the Company recorded cash receipt from warrants (EARTH-W3) exercise of Baht 5,616,422. The Company registered the issued and paid-up share capital from that exercise with the Department of Business Development on 22 September 2015 for 3,831,120 ordinary shares. The increased share capital was approved to be traded in on the Stock Exchange of Thailand (SET) on 25 September 2015.

On 15 March 2016, the Company recorded cash receipt from warrants (EARTH-W3) exercise of Baht 8,899,608. The Company registered the issued and paid-up share capital from such exercise with the Department of Business Development on 28 March 2016 for 6,070,674 ordinary shares. The increase share capital was approved to be traded in on the Stock Exchange of Thailand (SET) on 1 April 2016.

On 15 September 2016, the Company recorded cash receipt from warrants (EARTH-W3) exercise of Baht 38,048,228. The Company registered the issued and paid-up share capital from such exercise with the Department of Business Development on 27 September 2016 for 26,477,542 ordinary shares. The increase share capital was approved to be traded in on the Stock Exchange of Thailand (SET) on 4 October 2016.

## **26.2 Warrants of the Company (EARTH-W4)**

On 17 August 2014, 1,409,631,502 units of warrant of the Company (EARTH-W4) were approved to be traded in on the Stock Exchange of Thailand (SET) and can be exercised on every 15 March and 15 September of each year. The first and last exercise dates will be on 15 March 2016 and 15 September 2019, respectively.

On 15 March 2016 and 15 September 2016, there was no exercised share warrants (EARTH-W4).

## 27 Dividend payment

At the Annual General Shareholders' meeting no.1/2015 on 30 April 2015, the shareholders approved the dividend payment from the operation of the year 2014 for 2,971,513,474 shares at Baht 0.10 per share, totalling Baht 297,151,347. The Company already paid interim dividend on 12 December 2014 for Baht 0.05 per share, remaining Baht 0.05 per share and approved an appropriation of legal reserve totalling Baht 36,000,000. The Company already paid dividend amounting to Baht 148,488,409 to shareholders on 20 May 2015.

At the Board of Directors' meeting no. 5/2015 on 11 November 2015, the directors approved the interim dividend payment from the nine-month operation as of 30 September 2015 for 2,976,225,039 shares at Baht 0.05 per share, totalling Baht 148,811,252. The Company already paid dividend amounting to Baht 148,736,172 to shareholders on 9 December 2015 and there was outstanding dividend payable as at 31 December 2015 amounting to Baht 4,359,420.

At the Annual General Shareholders' meeting no. 1/2016 on 22 April 2016, the shareholders approved the dividend payment from the operation of the year 2015 for 3,504,053,611 shares at Baht 0.15 per share, totalling Baht 525,608,042. The Company already paid interim dividend on 9 December 2015 for Baht 0.05 per share, remaining Baht 0.10 per share and approved an appropriation of legal reserve totalling Baht 12,500,000. The Company already paid dividend amounting to Baht 350,250,781 to shareholders on 19 May 2016.

At the Board of Directors' meeting no. 6/2016 on 11 November 2016, the directors approved the interim dividend payment from the nine-month operation as of 30 September 2016 for 3,536,601,827 shares at Baht 0.05 per share, totalling Baht 176,830,091. The Company already paid dividend amounting to Baht 175,183,351 to shareholders on 9 December 2016 and there was outstanding dividend payable as at 31 December 2016 amounting to Baht 7,296,917.

## 28 Legal reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a legal reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The legal reserve is not available for dividend distribution.



**29 Other income**

	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Dividend income from a subsidiary (Note 34 a))	-	-	582,762,110	-
Management fee income from a subsidiary (Note 34 a))	-	-	54,083,051	70,334,181
Interest income from subsidiaries (Note 34 a))	-	-	63,397,023	39,135,706
Interest income from financial institutions	5,800,717	4,335,455	2,122,375	2,790,937
Others	5,581,824	4,666,496	2,425,920	2,182,209
	<u>11,382,541</u>	<u>9,001,951</u>	<u>704,790,479</u>	<u>114,443,033</u>

### 30 Expenses by nature

The following expenditure items for the years ended 31 December 2016 and 2015, classified by nature, have been charged in profit before finance costs and income tax:

	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Changes in finished goods	(100,100,113)	194,961,846	(362,374,904)	110,529,834
Raw material and consumable used	(15,717,727,268)	(14,576,500,115)	(5,839,065,772)	(6,571,406,704)
Coal processing service expense	(108,075,323)	(194,504,297)	(143,065,323)	(232,363,297)
Employee benefit expense	(94,071,711)	(93,557,550)	(75,299,591)	(76,565,400)
Transportation expense	(201,342,532)	(180,600,635)	(201,212,999)	(180,600,635)
Depreciation charge (Note 14)	(18,879,110)	(18,440,293)	(3,512,378)	(3,433,109)
Amortisation charge				
- Mining property rights (Note 16)	(291,195)	-	-	-
Bad debt and doubtful debts	37,058,155	(1,024,948)	37,058,155	(1,044,948)

### 31 Other expense

	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Write-off of unclaimed input vat	-	(22,559,810)	-	-
Loss on write-off of investment property (Note 13)	-	(32,965,888)	-	-
Loss on write-off fixed assets	(1,643)	-	(3)	-
Loss on impairment of machines (Note 14)	-	(29,916,040)	-	-
Total	(1,643)	(85,441,738)	(3)	-

**32 Income tax**

Reconciliation of income tax expenses for the years ended 31 December 2016 and 2015 comprises:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Current income tax on taxable				
profit for the year	(158,109,339)	(197,731,895)	(81,154,511)	(138,566,127)
Over recorded prior year income tax	735,069	-	-	-
Origination of temporary differences	(19,510,005)	(5,830,526)	(23,685,599)	7,381,410
Income tax expense	(176,884,275)	(203,562,421)	(104,840,110)	(131,184,717)
Profit before tax accounting basis	1,048,771,962	1,230,490,758	882,020,050	378,153,769
Tax rate	0 - 25%	0 - 25%	20%	20%
Tax calculated at a tax rate	(158,133,600)	(119,525,708)	(176,404,010)	(75,630,754)
Tax effect of:				
Expenses not deductible for tax	(8,311,134)	(15,921,222)	(960,526)	(748,328)
purpose				
Income not subject to tax - dividend	-	-	76,000,000	-
received				
Tax effect of exchange differences on				
translating financial statements	(9,703,234)	(68,115,491)	(3,475,574)	(54,805,635)
Tax losses for which no deferred tax				
asset				
was recognised	(1,471,376)	-	-	-
Over recorded prior year income tax	735,069	-	-	-
Income tax expense	(176,884,275)	(203,562,421)	(104,840,110)	(131,184,717)

### 33 Earnings per share

#### a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net profit attributable to shareholders of the Company (Baht)	871,895,173	1,026,883,782	777,179,940	246,969,052
Weighted average number of ordinary shares outstanding (Shares)	3,515,626,185	2,994,942,999	3,515,626,185	2,994,942,999
Basic earnings per share (Baht per share)	0.2480	0.3429	0.2211	0.0825

#### b) Diluted earnings per share

The diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has dilutive potential ordinary shares that are warrants (Note 26). The company calculate the number of dilutive potential ordinary shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding warrant (determined as the average annual market price of the Company's shares during the year). The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrant. The difference is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to earnings.

Diluted earnings per share of the Company is affected by warrants (EARTH-W3) issuance on 17 October 2011.

However, the Company did not include the warrants (EARTH-W4) in calculating the diluted earnings per share because the fair value of ordinary shares has lower amount than the subscription rights attached to outstanding warrant (determined as the average annual market price of the Company's share during the year).

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Net profit attributable to shareholders				
of the Company (Baht)	871,895,173	1,026,883,782	777,179,940	246,969,052
Weighted average number of ordinary				
shares outstanding (Shares)	3,515,626,185	2,994,942,999	3,515,626,185	2,994,942,999
Assumed shares issued from				
exercising warrants (Shares)	336,290	22,618,430	336,290	22,618,430
Weighted average number of ordinary shares for diluted				
earnings per share (Shares)	3,515,962,475	3,017,561,429	3,515,962,475	3,017,561,429
Diluted earnings per share				
(Baht per share)	0.2480	0.3403	0.2210	0.0818

### 34 Related-party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control by, 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.

The significant investments in subsidiaries are set out in Note 12.

Relationship between company and related parties:

The Company's name	Type of business	Type of relationship
Energy Perfect Co., Ltd.	Import and distribution of coal	A subsidiary
PT. TRI TUNGGAL PITRIATI	Mining of coal	A subsidiary
Earth Power Plants Co., Ltd.	Investing in Power Plant business	A subsidiary
Energy Earth (Hong Kong) Co., Ltd.	International coal trading	A subsidiary
Guangdong Energy Earth Co., Ltd.	Import and distribution of coal	A subsidiary
Aladin holdings Co., Ltd.	Not operate	A subsidiary
Earth Renewables Co., Ltd.	Not operate	A subsidiary
PT. BELAYAN ABADI PRIMA COAL	Mining of coal	A subsidiary
PartnerLink Network Co., Ltd. (Formerly name WTEC Co., Ltd.)	Distribution of computer equipment and computer programs and information and technology advisory	A related company
Fly Digital Media Co., Ltd.	Digital entertainment media service provider	A related company
Earth Holdings Co., Ltd.	Investing in Limited Public Company in Thailand	A related company
Mr.Khajohnpong Khamdee	-	A related party

The following significant transactions were carried out with related parties which summarised as follows:

- a) Sales purchase of goods and services and others for year ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
<b>Sales of goods</b>				
Guangdong Energy Earth Co., Ltd.	-	-	1,643,409,978	794,182,627
<b>Income from management fee</b> (Note 29)				
Energy Perfect Co., Ltd.	-	-	54,083,051	70,334,181
<b>Interest income</b> (Note 29)				
Energy Perfect Co., Ltd.	-	-	52,268,284	31,632,124
Guangdong Energy Earth Co., Ltd.	-	-	11,074,054	7,503,582
Earth Renewables Co., Ltd.	-	-	54,685	-
	-	-	63,397,023	39,135,706
<b>Dividend income</b> (Note 29)				
Energy Perfect Co., Ltd.	-	-	380,000,000	-
Energy Earth (Hong Kong) Co., Ltd.	-	-	202,762,110	-
	-	-	582,762,110	-
<b>Purchase of goods</b>				
Energy Earth (Hong Kong) Co., Ltd.	-	-	3,550,602,455	5,063,054,284
<b>Factory rental</b>				
Energy Perfect Co., Ltd.	-	-	2,400,000	2,400,000
<b>Coal processing service expense</b>				
Energy Perfect Co., Ltd.	-	-	34,990,000	37,859,000
<b>Vehicle rental</b>				
Energy Perfect Co., Ltd.	-	-	1,092,000	1,694,000
<b>Miscellaneous expense</b>				
Fly Digital Media Co., Ltd.	16,517	3,990	16,517	3,990
<b>Interest expense</b>				
Energy Perfect Co., Ltd.	-	-	639,625	4,576,986
Earth Power Plants Co., Ltd.	-	-	638,083	-
	-	-	1,277,708	4,576,986
<b>Purchase of equipment</b>				
PartnerLink Network Co., Ltd.	4,500	145,588	4,500	145,588

- b) Outstanding balance from sales/purchase of goods and services and others as at 31 December 2016 and 2015 are detailed as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
<b>Trade accounts receivable</b> (Note 7)				
Guangdong Energy Earth Co., Ltd.	-	-	1,256,436,480	693,054,590
<b>Other accounts receivable</b> (Note 7)				
Energy Perfect Co., Ltd.	-	-	42,066,600	53,480,334
Aladin Holdings Co., Ltd.	-	-	130,999	140,780
	-	-	42,197,599	53,621,114
<b>Advance payment from purchase of goods</b>				
Energy Earth (Hong Kong) Co., Ltd.	-	-	7,065,935,644	5,053,550,854
<b>Guarantee payment for purchase of goods</b>				
Energy Earth (Hong Kong) Co., Ltd.	-	-	11,563,804,467	9,207,268,752
<b>Accounts payable (Note 22)</b>				
Energy Perfect Co., Ltd.	-	-	2,400,000	8,433,000
<b>Other accounts payable (Note 22)</b>				
Aladin Holdings Co., Ltd.	-	-	37	38
Earth Renewables Co., Ltd.	-	-	-	249,925
	-	-	37	249,963
<b>Accounts payable from purchase of fixed assets (Note 22)</b>				
PartnerLink Network Co., Ltd.	-	8,004	-	8,004
<b>Accrued expenses (Note 22)</b>				
Energy Perfect Co., Ltd.	-	-	594,740	892,110
Fly Digital Media Co., Ltd.	16,517	-	16,517	-
	16,517	-	611,257	892,110



- c) The movement of short-term borrowings and accrued interest income to subsidiaries for the years ended 31 December 2016 and 2015 comprises:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
<b>Short-term borrowings to subsidiaries</b>				
Opening balance	-	-	338,481,432	126,854,218
Additions during the year	-	-	4,502,002,627	3,263,937,411
Repayments during the year	-	-	(3,528,434,027)	(3,051,056,197)
Transformed to investment in subsidiaries (Note 12)	-	-	(164,400,000)	-
Exchange differences on translating financial statements	-	-	-	(1,254,000)
Closing balance	-	-	1,147,650,032	338,481,432

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
<b>Accrued interest income</b>				
Opening balance	-	-	31,632,124	22,040,415
Additions during the year	-	-	63,397,023	39,135,706
Repayments during the year	-	-	(5,225,041)	(29,543,997)
Exchange differences on translating financial statements	-	-	(146,192)	-
Closing balance (Note 7)	-	-	89,657,914	31,632,124

As at 31 December 2016 the outstanding short-term borrowings to subsidiaries were denominated in China Yuan and Thai Baht and bear interest rates at 5.000% - 10.000% and 6.725% - 7.700% per annum, respectively (31 December 2015 : 5.000% - 10.000% and 7.700% per annum, respectively). The borrowings will be payable at call.

- d) The movement of short-term borrowings from subsidiaries for the years ended 31 December 2016 and 2015 comprises:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
<b>Short-term borrowings from subsidiaries and a director</b>				
Opening balance	-	-	-	-
Additions during the year	42,243,480	-	413,399,173	1,031,557,877
Repayments during the year	(42,243,480)	-	(388,399,173)	(1,031,557,877)
Closing balance	-	-	25,000,000	-

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
<b>Accrued interest expense</b>				
Opening balance	-	-	-	-
Additions during the year	-	-	1,277,708	4,576,986
Repayments during the year	-	-	-	(4,576,986)
Closing balance (Note 22)	-	-	1,277,708	-

As at 31 December 2016, the outstanding short-term borrowings from subsidiaries were denominated in Thai Baht and bear interest rates at 6.80% - 7.70% per annum (31 December 2015 : 7.70% per annum). The borrowings will be payable at call.

### **35 Segment financial information**

#### Segment financial information

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers. Segment assets are based on the geographic location of the assets.

The Group presents the following main business segments:

Segment 1 Local

Segment 2 Oversea

The Company does not present the geographic segment financial information for the separate financial statements since the management considers revenue from sales of coal in overall of the Group. Therefore, management considers that the Company has two geographic segments.

The strategic steering committee assesses the performance of the operating segments based on a measure of gross profit. This measurement basis excludes discontinued operations and the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. The measure also excludes the effects of equity-settled share-based payments and unrealised gains/losses on financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Consolidated financial statements			
For the year ended 31 December 2016			
	Local	Oversea	Total
	Baht	Baht	Baht
Revenue from sales	4,012,215,240	14,478,959,670	18,491,174,910
Cost of goods sold	(3,644,479,666)	(12,556,303,218)	(16,200,782,884)
Gross profit	367,735,574	1,922,656,452	2,290,392,026
Unallocated income and expenses:			
Other income			11,382,541
Selling expenses			(227,005,355)
Administrative expenses			(141,494,947)
Other expense			(1,643)
Net loss on exchange rate			(43,519,251)
Finance costs			(840,981,409)
Income tax expense			(176,884,275)
Profit for the year			871,887,687
Item that will not be reclassified subsequently to profit or loss			
- Remeasurements of employment benefit obligations			1,255,985
Item that will be reclassified subsequently to profit or loss			
- Exchange differences on translating financial statements			3,869,984
Other comprehensive income for the year, net of tax			5,125,969
Total comprehensive income for the year			877,013,656
Mining property rights (net)	-	8,536,356,760	8,536,356,760
Guarantee payment for purchase of goods	-	7,185,042,914	7,185,042,914

Consolidated financial statements			
For the year ended 31 December 2015			
	Local	Oversea	Total
	Baht	Baht	Baht
Revenue from sales	4,385,070,205	12,461,678,070	16,846,748,275
Cost of goods sold	(3,758,260,848)	(11,079,890,879)	(14,838,151,727)
Gross profit	626,809,357	1,381,787,191	2,008,596,548
Unallocated income and expenses:			
Gain from fair value adjustment on investment property			33,400,000
Other income			9,001,951
Selling expenses			(194,728,021)
Administrative expenses			(204,675,997)
Other expenses			(85,441,738)
Net gain on exchange rate			278,934,403
Finance costs			(614,596,388)
Income tax expense			(203,562,421)
Profit for the year			1,026,928,337
Item that will be reclassified subsequently to profit or loss			
- Exchange differences on translating financial statements			979,244,172
Other comprehensive income for the year, net of tax			979,244,172
Total comprehensive income for the year			2,006,172,509
Mining property rights (net)	-	8,598,097,038	8,598,097,038
Guarantee payment for purchase of goods	-	4,939,797,714	4,939,797,714

## 36 Commitments

As at 31 December 2016, the Group has contingent liabilities and letter of guarantees as follows:

### a) Commitment

The Company has commitment to pay service fee for legal advisory to other company amounting to Baht 1.36 million (31 December 2015 : amounting to Baht 0.44 million).

### b) Contingent liabilities

As at 31 December 2016, the Company has commitments for unused letters of credit of approximately USD 13.19 million (31 December 2015 : USD 1.97 million).

### c) Letter of guarantees

As at 31 December 2016 and 2015, the Group has letter of guarantees which issued by financial institutions as follows:

Consolidated financial statements				
2016		2015		
	Baht or Baht		Baht or Baht	
	USD	equivalent	USD	equivalent
Guarantee for sale contract of steam coal	-	-	210,500	7,596,640
Guarantee for electricity usage	-	810,000	-	405,000
	-	810,000	210,500	8,001,640
Separate financial statements				
2016		2015		
	Baht or Baht		Baht or Baht	
	USD	equivalent	USD	equivalent
Guarantee for sale contract of steam coal	-	-	210,500	7,596,640
	-	-	210,500	7,596,640

**37 Functional currency financial statements**

The USD functional currency the statements of financial position as at 31 December 2016 and 2015 and the statements of comprehensive income for the years ended 31 December 2016 and 2015.

The USD functional currency the statements of financial position as at 31 December 2016 and 2015 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	USD	USD	USD	USD
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	51,941,621	52,082,652	17,072,992	37,417,413
Trade and other accounts receivable (net)	127,583,541	152,843,123	49,365,797	43,304,110
Inventories (net)	42,370,750	38,546,862	28,070,814	30,011,563
Short-term borrowings to subsidiaries	-	-	32,029,841	9,379,192
Advance payment for purchase of goods (net)	219,552,004	144,768,116	197,203,669	140,031,973
Value added tax	2,722,743	2,540,264	1,410,043	1,700,601
Other current assets	250,437	121,076	-	-
<b>Total current assets</b>	<b>444,421,096</b>	<b>390,902,093</b>	<b>325,153,156</b>	<b>261,844,852</b>
<b>Non-current assets</b>				
Restricted deposits at financial institutions	2,566,518	2,536,144	1,589,963	1,579,807
Investments in subsidiaries	-	-	181,990,252	177,753,334
Investment property (net)	5,189,703	5,189,703	-	-
Property, plant and equipment (net)	53,010,006	39,323,641	245,635	330,175
Intangible assets (net)	61,433	82,700	61,433	82,700
Mining property rights (net)	238,241,750	238,250,000	-	-
Payment for the right to purchase of goods	200,527,842	136,879,916	322,734,990	255,129,916
Stripping costs of a surface mine	6,073,983	1,602,863	-	-
Deferred tax assets	856,464	1,472,853	578,837	1,236,718
Other non-current assets	276,345	599,045	28,654	22,971
<b>Total non-current assets</b>	<b>506,804,044</b>	<b>425,936,865</b>	<b>507,229,764</b>	<b>436,135,621</b>
<b>Total assets</b>	<b>951,225,140</b>	<b>816,838,958</b>	<b>832,382,920</b>	<b>697,980,473</b>

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	USD	USD	USD	USD
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Bank overdrafts and short-term borrowings				
from financial institutions	324,032,490	320,546,914	253,628,863	237,206,414
Trade and other accounts payable	22,907,322	9,330,992	11,747,244	6,812,316
Short-term borrowings from other	-	1,173,183	-	-
Short-term borrowings from a subsidiary and a board of director	-	-	697,727	-
Current portions of				
- long-term borrowings				
from financial institutions	8,815,399	8,892,502	8,815,399	8,807,572
- debenture	41,584,509	-	41,584,509	-
- liabilities under finance lease agreements (net)	52,277	56,969	52,277	50,259
Accrued income tax	3,877,725	3,288,815	2,197,217	2,240,218
Other current liabilities	955,883	579,820	865,712	570,658
<b>Total current liabilities</b>	<b>402,225,605</b>	<b>343,869,195</b>	<b>319,588,948</b>	<b>255,687,437</b>
<b>Non-current liabilities</b>				
Long-term borrowings financial institutions	115,681,890	124,497,289	115,681,890	124,497,289
Debenture	111,147,858	41,564,430	111,147,858	41,564,430
Liabilities under finance lease agreements (net)	51,268	102,805	51,268	102,805
Stripping costs of a surface mine obligations	2,280,000	475,000	-	-
Employee benefit obligations	298,944	283,713	278,611	251,272
Deferred tax liabilities	372,917	443,447	-	-
<b>Total non-current liabilities</b>	<b>229,832,877</b>	<b>167,366,684</b>	<b>227,159,627</b>	<b>166,415,796</b>



<b>Total liabilities</b>	<b>632,058,482</b>	<b>511,235,879</b>	<b>546,748,575</b>	<b>422,103,233</b>
<b>Equity</b>				
Share capital				
Authorised shares capital				
4,996,931,709 ordinary shares				
4,966,931,709 ordinary shares				
Share capital				
Issued and fully paid-up share capital				
3,536,601,827 ordinary shares	112,157,332	-	112,157,332	-
3,504,053,611 ordinary shares	-	111,222,981	-	111,222,981
Premium on share capital	137,390,601	136,977,237	137,390,601	136,977,237
Discount on share capital	(59,704,265)	(59,704,265)	(59,704,265)	(59,704,265)
Adjustment of equity interest under				
reverse acquisition	(4,948,126)	(4,948,126)	-	-
Retained earnings				
Appropriated - legal reserve	7,039,689	5,800,654	7,039,689	5,800,654
Unappropriated	125,871,354	114,788,533	88,835,613	81,688,215
Other components of equity	1,149,211	1,323,852	(84,625)	(107,582)
<b>Equity attributable to owners of Company</b>	<b>318,955,796</b>	<b>305,460,866</b>	<b>285,634,345</b>	<b>275,877,240</b>
Non-controlling interests	210,862	142,213	-	-
<b>Total equity</b>	<b>319,166,658</b>	<b>305,603,079</b>	<b>285,634,345</b>	<b>275,877,240</b>
<b>Total liabilities and equity</b>	<b>951,225,140</b>	<b>816,838,958</b>	<b>832,382,920</b>	<b>697,980,473</b>

### 37 Functional currency financial statements (Cont'd)

The USD functional currency the statements of comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	USD	USD	USD	USD
Revenues from sales	525,683,434	493,702,430	215,521,449	223,578,950
Cost of goods sold	(458,185,153)	(433,514,980)	(177,614,780)	(198,681,485)
<b>Gross profit</b>	67,498,281	60,187,450	37,906,669	24,897,465
Gain from fair value adjustment on investment property	-	932,145	-	-
Other income	322,269	258,195	20,023,739	3,298,871
<b>Profit before expenses</b>	67,820,550	61,377,790	57,930,408	28,196,336
Selling expenses	(6,439,034)	(5,687,208)	(6,219,211)	(5,687,208)
Administrative expenses	(4,003,250)	(5,976,439)	(2,718,914)	(4,863,070)
Other expenses	-	(2,712,232)	-	-
Net gain (loss) on exchange rate	(1,310,855)	6,230,165	(1,521,150)	7,847,162
<b>Total expenses</b>	(11,753,139)	(8,145,714)	(10,459,275)	(2,703,116)
<b>Profit before finance costs and income tax expense</b>	56,067,411	53,232,076	47,471,133	25,493,220
Finance costs	(23,808,333)	(17,707,866)	(21,190,928)	(14,987,988)
<b>Profit before income tax expense</b>	32,259,078	35,524,210	26,280,205	10,505,232
Income tax expense	(4,984,207)	(5,790,850)	(2,940,545)	(3,732,447)
<b>Profit for the year</b>	27,274,871	29,733,360	23,339,660	6,772,785
Item that will not be reclassified subsequently to profit or loss - Remeasurements of employment benefit obligations	35,054	-	22,957	-

Item that will be reclassified subsequently

to profit or loss

- Exchange differences on translating

financial statements	<u>(174,641)</u>	<u>(86,964)</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the year,</b>				
<b>net of tax</b>	<u>(139,587)</u>	<u>(86,964)</u>	<u>22,957</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u>27,135,284</u>	<u>29,646,396</u>	<u>23,362,617</u>	<u>6,772,785</u>
<b>Profit for the year attributable to:</b>				
Owners of the parent	27,275,083	29,732,059	23,339,660	6,772,785
Non-controlling interests	<u>(212)</u>	<u>1,301</u>	<u>-</u>	<u>-</u>
	<u>27,274,871</u>	<u>29,733,360</u>	<u>23,339,660</u>	<u>6,772,785</u>
<b>Total comprehensive attributable to:</b>				
Owners of the parent	27,135,496	29,645,095	23,362,617	6,772,785
Non-controlling interests	<u>(212)</u>	<u>1,301</u>	<u>-</u>	<u>-</u>
	<u>27,135,284</u>	<u>29,646,396</u>	<u>23,362,617</u>	<u>6,772,785</u>
<b>Earnings per share for profit</b>				
<b>attributable to owners of the parent</b>				
Basic earnings per share	<u>0.0078</u>	<u>0.0099</u>	<u>0.0066</u>	<u>0.0023</u>
Diluted earnings per share	<u>0.0078</u>	<u>0.0099</u>	<u>0.0066</u>	<u>0.0022</u>

### 38 Events after the reporting period

At the Board of Directors' meeting on 27 February 2017, the board of directors unanimously resolved to propose the approval of dividend payment from the operating result for the year 2016 in the Annual General Shareholder's meeting on 28 April 2017 to approve the declaration of dividend payment to 3,536,601,827 shares at the rate of Baht 0.10 per share, totalling of Baht 353.66 million.

Investors can find the company's information related to additional securities from the annual (56-1 format) of the company which represented in the [www.sec.or.th](http://www.sec.or.th) or the company's website [www.energyearth.co.th](http://www.energyearth.co.th)



## ENERGY EARTH PUBLIC COMPANY LIMITED

43 Thai CC Tower, Floor 12, Room 125-128  
South Sathorn Road, Sathorn, Bangkok, 10120

**Tel :** +66 (2) 673 9631-3

**Fax :** +66 (2) 673 9634

**Website :** [www.energyearth.co.th](http://www.energyearth.co.th)