

Management Discussion and Analysis

Company Performance Analysis

The Overview of Performance

The company has increased profits from last year due to the consistently increased amount of coal selling, the expansion of exporting compared to the same period of time, and the increased need in the country where industrial factories need coal as fuel. This is a great business opportunity to be importer and distributor of good-quality coals to the companies in our country and to increase customer bases.

Past Performance

A. Sales and services income

Sales and services income	2014		2013		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from coal sales in the country	3,586.23	54.28	3,347.78	66.32	238.45	7.12
Revenue from coal sales abroad	3,018.11	45.68	1,698.02	33.64	1,320.09	77.74
Services income	2.54	0.04	2.21	0.04	0.33	14.93
Total sales and services income	6,606.88	100.00	5,048.01	100.00	1,558.87	30.88

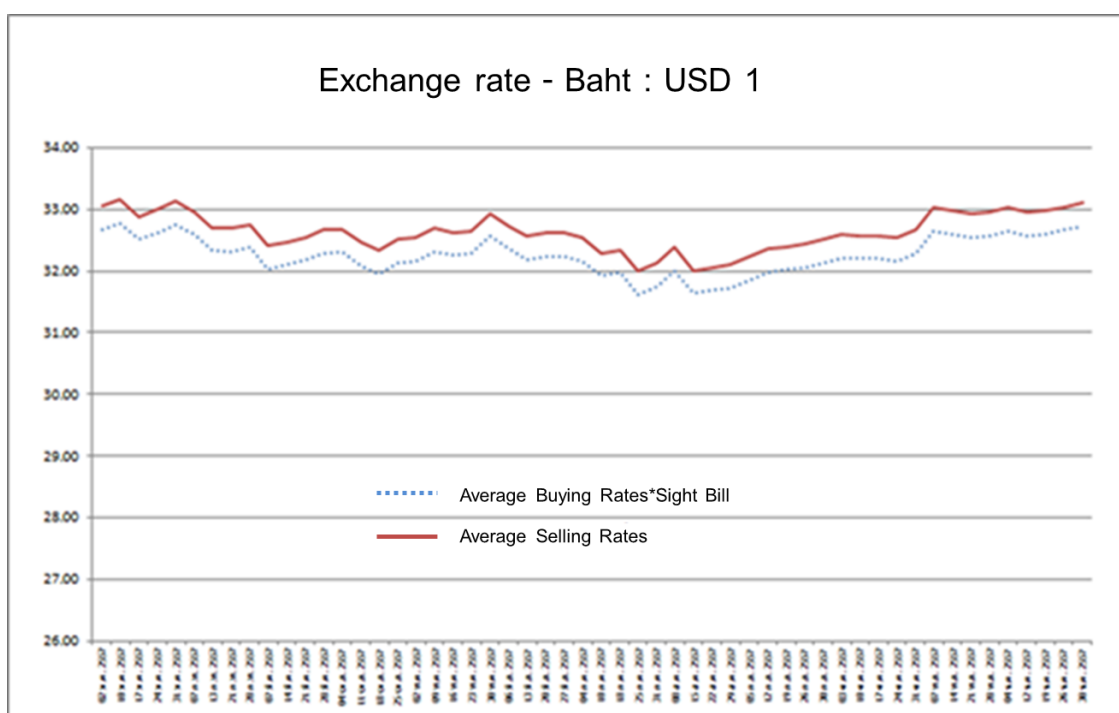
In 2014, the company had total revenue of 6,606.88 million baht, an increase from 2013 by 1,558.87 million baht or equivalent to 30.88%. This is because:

1. The income from selling coals in 2014 was 6,604.34 million Baht or 99.96% of the total income (1,558.54 million Baht increasing or 30.88 increasing from last year). The amount of coals sold in the country increases 7.12% from 2013, and from outside the country 77.74% from 2013. The company pushed the selling inside and outside country, and the income from selling to foreign countries has gone up. In 2014, the proportion from selling to foreign countries is at 45.68%. Even though the company experienced some fluctuation of the coal world market with decrease trend in 2014, resulting in reduced price of coal in both inside and outside country markets, the fluctuation was not severe or rapid as in the past. Also, we adjusted the plan to buy coals and marketing plan, which made us able to compete in the market and had higher selling income while expanding customer bases. Indeed, we could export to Vietnam for the first time in December 2014.
2. Services Income in 2014 was 2.54 million baht or 0.04% of the total revenue, an increase from the previous year by 0.33 million baht, or 14.93%. This revenue came from the transportation service provided by the subsidiary.

B. Other income

Other income	2014		2013		Change	
	Million Baht	Sales (%)	Million Baht	Sales (%)	Million Baht	%
Exchange gain	51.64	0.78	9.94	0.20	41.70	419.52
Other	16.49	0.25	10.39	0.21	6.10	58.71

- The company had profits from exchange rate in 2014 for 51.64 million Baht (increased from 41.70 million Baht from previous year) due to the large fluctuation of Thai Baht. The company had a contract to purchase some amount of foreign money to reduce the risk and the effect of Thai Baht fluctuation.



source : Data from Bank of Thailand, December 2014

- Other income - Others, in 2014, was 16.49 million baht, or an increase from Interest income by 6.10 million baht

C. Cost of sales and Expenses

Cost of sales and Expenses	2014		2014		Change	
	Million Baht	Sales (%)	Million Baht	Sales (%)	Million Baht	%
Cost of sales	6,289.65	94.23	4,572.07	90.21	1,717.58	37.57
Selling expenses	214.98	3.22	205.70	4.06	9.28	4.51
Administrative expenses	165.42	2.48	121.27	2.39	44.15	36.41
Finance cost	57.18	0.86	68.01	1.34	(10.83)	(15.92)
Income tax	15.80	0.24	5.84	0.12	9.96	170.54

1. Cost of sales in 2014 increased from the previous year by 1,717.58 million baht, or an increase by 37.57% due to the increased revenue from sales. However, from the policy of continuously reducing the cost by reducing from the project on the jetty and screening houses since the 3rd quarter of 2012 onwards, the import expenses that went through numerous steps in order to spread the risk and increase the negotiation power by contacting and negotiating with service providers in each steps of import, as well as a diversity of raw material sources, then the company can select raw material sources that offer the appropriate price with the coal quality demanded by customers. Nonetheless, the company still maintains the policy of continuously reducing the cost and will be more intensive.
2. The selling expenses in 2014 increased from the previous year by 9.28 million baht, or an increase by 4.51%. The increased selling expenses came from expenses on export transportation, consistent with the sales income.
3. Administrative expenses in 2014 increased from the previous year by 44.15 million baht, or an increase by 36.41%. However, during 2014, the company emphasized personnel development by encouraging employees to attend various training courses in order to develop working skills so as to improve their potentials. Nonetheless, the company's employees had participated in trainings and seminars in various courses with both incurring expenses and without any expenses from the encouragement of personnel development of other agencies, and with both internally and externally arranged. In 2014, the company had the total expenses on such trainings and seminars of approximately 0.70 million baht.
4. Finance cost in 2014 decreased from the previous year by 10.83 millions Baht or 15.92% decreased due to fewer short-term loan from financial institutions, proper management from financial institutions, back payment to the long-term loan, and decreased interest rate.
5. Income tax in 2014 increased from the previous year by 9.96 millions Baht. Because the company recognise Deferred tax assets in 2014 from the collective loss.

D. Gross Profit

List	2014		2013		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales and services income	6,606.88	100.00	5,048.01	100.00	1,558.87	30.88
(Less) Cost of sales and services	6,289.65	95.20	4,572.07	90.57	1,717.58	37.57
Gross Profit	317.23	4.80	475.94	9.43	(158.71)	(33.35)

The company had the gross profit for 2014 totaling of 317.23 million baht, or 9.43% of Sales and services income, a decrease from the previous year's gross profit of 475.94 million baht, or 7.05%. Sales and services income resulted from the reduced price of coal, more severe competition, and weak value of Thai Baht in 2014 resulted in higher production cost. However, the company still emphasized on cost-reducing policy and on searching for new coal source to distribute more sources to buy. This will accommodate the purchase of coal with quality to compete with others.

E. Profit (loss)

List	2014		2013		Change	
	Million Baht	Percentage of total revenues	Million Baht	Percentage of total revenues	Million Baht	%
Profit (loss) attributable to equity holders of the Company	(35.95)	(0.54)	95.33	1.88	(59.38)	-
Basic earnings per share						
- Profit (loss) attributable to equity holders of the Company (Baht per Share)	(0.0236)		0.0650			

The Profit (loss) for the year 2014 was 35.95 million baht while in 2013 was 95.33 million baht. The Profit (loss) rate was decreased from 1.88% in 2013 to 0.54% in 2014.

Analysis of the Financial Position

A. Assets

Statement of financial position	Unit : Million		Change	
	2014	2013	Million Baht	%
Total assets	3,293.97	3,762.71	(468.74)	(12.46)
Total liabilities	2,054.78	2,520.40	(465.62)	(18.47)
Total shareholders' equity	1,239.19	1,242.31	(3.12)	(0.25)

As of December 31, 2014, the company had assets totaling of 3,293.97 million baht, a decrease of 468.74 million baht or 12.46% as compared with the assets as of the date December 31, 2012 with the details of important changes as follows:

1. The Current assets decreased from the end of 2013 by 540.94 million baht, or an decrease of 19.35% due to:
 - 1.1 Cash and cash equivalents decrease from 2013 by 53.92 million baht, or a decrease of 30.51%.
 - 1.2 Trade receivables (Net) decreased from 2013 by 3.82 million baht, or a decrease of 0.40%

Trade receivables	Unit : Million		%	
	2014	2013	2014	2013
Not yet due	781.72	303.27	80.29	31.60
Past due				
Up to 3 months	168.28	652.83	17.28	68.02
3 - 6 months	2.00	0.21	0.21	0.02
6 - 12 months	19.29	0.73	1.98	0.08
Over 12 months	<u>2.33</u>	<u>2.79</u>	<u>0.24</u>	<u>0.29</u>
Total	973.57	959.83	100.00	100.00
Less: Allowance for doubtful debts	<u>(28.95)</u>	<u>(2.78)</u>	<u>(2.97)</u>	<u>(0.29)</u>
Total trade receivables - net	944.68	957.05	97.03	99.71

The company had a policy to determine the credit term for most domestic customers 30 - 60 days while for foreign customers the term is identified in the L/C (Letter of Credit). Nonetheless, it depended on various factors used in consideration such as the past trading history, the volume of purchase order, etc.

The proportion of trade receivables with the payment maturity less than 3 months decreased from 68.02% in 2013 to 17.28 in 2014. Most of these trade receivables in 2014 were major account receivables and were account receivables who had long trading relationship with the company. As for those account receivables in arrears no more than 3 – 6 months, the proportion increase from 0.02% in 2013 to 0.21 in 2014. The company had a policy to set the allowances for doubtful debts for account receivables in arrears more than 6 – 12 months, and more than 12 months by setting the allowances 50% and 100% respectively, by considering from situations of debtors and their future. The allowances for doubtful debts in 2013 amounted to 2.78 million baht, increase to 28.95 million baht in 2014 due to the allowances for doubtful debts for account receivables in arrears for 6 – 12 months, and more than 12 months.

- 1.3 Inventory (Net) increased from that of 2013 by 506.80 million baht, or a decrease of 31.12% due to The coal products and materials decreased as a result of the product-decreasing policy to be in the level that agreed the import plan.

- 1.4 The advance payments for goods amounting to 42.72 million baht in 2014 were prepaid expenses for coal values, and when each time the coals were imported, the expenses would be deducted by the value of coals imported until the whole lot was completely imported. Nonetheless, the company needed to pay for the coals in advance for the certainty of the coal sources and create price advantage.
- 1.5 Other current assets decreased from that of 2013 by 4.30 million baht, or a decrease of 36.41%.
2. The non-current assets increased from the ending date of 2013 by 72.20 million baht, or an increase of 7.47% due to the subsidiaries of the company additionally increased in biomass power plant and invest in asset to compensate the old investment.

B. Liabilities

As of December 31, 2014, The company had total liabilities of 2,054.78 million baht, a decrease from that of the previous year by 465.62 million baht, or 18.25% with the details of the important changes as follows:

1. The current liabilities decreased from the ending date of 2013 by the amount of 391.94 million baht, or a decrease of 17.42% due to:
 - 1.1 Overdrafts and short-term loans from financial institutions decreased from the ending date of 2013 by the amount of 452.79 million baht, or a decrease of 24.95% due to Short-term loan from financial institute decreased to the proper level.
 - 1.2 Trade and other payables decreased from that of the year 2013 by the amount of 7.47 million baht, or a decrease of 2.04%
 - 1.3 Current portion of long-term loans increased from the ending date of 2013 by 53.98 million baht or an increase of 92.97% according to the long-term loan contract with financial institutions.
 - 1.4 Current portion of liabilities under finance lease agreements increased from the ending date of 2013 by 0.36 million baht or an increase of 4.22%
 - 1.5 Income tax payable in 2014 increased from that of the year 2013 by 0.41 million baht.
 - 1.6 Other current liabilities increased from the ending date of the year 2013 by 7.90 million baht or a increase of 334.75% due to increasing of Revenue Department payable.
1. The non-current liabilities decreased from the ending date of the year 2013 by 73.68 million baht or a decrease of 27.22% as the long-term loans and financial leases were paid out due to reaching maturity.

C. Shareholders' equity

As of December 31, 2014, the company had the shareholders' equity amounting to 1,239.19 million baht, a decrease from the date of December 31, 2013 that 1,242.31 million baht, a decrease by 3.12 million baht or 0.25%.

The events influencing the shareholders' equity for the year 2014 include:

1. During the years, warrants were exercised to purchase new ordinary shares as follows:

	Consolidated/Separate financial statements		
	Increase in paid up share capital from warrant exercise (Thousand Baht)	Increase in share premium - ordinary shares from warrant exercise (Thousand Baht)	Date of registration of additional shares from warrant exercise with the Ministry of Commerce
Accumulative exercise as of 1 January 2014	69,833	175,330	
Exercised during December 2013	1,008	1,858	9 January 2014
Exercised during February 2014	11,152	20,564	21 February 2014
Exercised during March 2014	3,367	-	31 March 2014
Accumulative exercise as of 31 December 2014	85,360	197,752	

Warrants/Ordinary Shares

The company has allocated share warrants to buy ordinary shares to existing shareholders (AGE-W1) and share warrants to buy ordinary shares to directors and employees of the company and its subsidiaries (AGE-ESOP1) without pricing. The details of the share warrants include:

	AGE-W1	AGE-ESOP1
Approved by	Extraordinary General Meeting of the Shareholders No. 1/2010	Extraordinary General Meeting of the Shareholders No. 1/2010
Date of original grant	14 February 2011	14 February 2011
No. of warrants granted (units)	70,000,000 *	5,320,000 *
Life of warrants (years)	3	5 years since issue and sell offer
Exercisable	Semi-annually	Annually
First exercise date	June 2011	20 March 2014
Final exercise date	13 February 2014	13 February 2016
Exercise price per 1 ordinary share (Baht)	3.556 **	1.000 **
Exercise ratio (warrants to ordinary shares)	1:1.125 **	1:1 **

* The number of the Company's warrants was changed to 248,036,460 units, and the warrants allocated to directors and employees of the Company and its subsidiaries (AGE-ESOP1) was changed to 21,280,000 units in accordance with a resolution of the extraordinary shareholders' meeting No.1/2011 held on 14 September 2011.

** To adjust the exercise ratio and price of the Company's warrants to 1 warrant convertible to 1.406 ordinary shares at a price of Baht 0.711, in accordance with a resolution of the Annual General Meeting of the shareholders held on 27 April 2012, and the exercise ratio and price of warrants allocated to directors and employees of the Company and its subsidiaries (AGE-ESOP1) to 1 warrant convertible to 1.547 ordinary shares at a price of Baht 0.25, in accordance with a resolution of the Annual General Meeting of the shareholders held on 25 April 2014.

During the current period, movement of warrants are summarised below

	(Unit: Thousand Unit)	
	AGE-W1	AGE-ESOP1
Balance as at 1 January 2014	31,995	21,280
Exercised during the year	(31,726)	(9,580)
Write-off during the year	(269)	-
Balance as at 31 December 2014	-	11,700

On 13 February 2014, the final exercise date, 268,669 warrants (AGE-W1) expired because they had not been exercised.

Cash Flow Analysis

Cash flow statement	unit : million baht	
	2014	2013
Profit from operating activities before changes in operating assets and liabilities		
Operating assets (increase) decrease	82.08	167.19
Trade and other receivables	(29.78)	(301.54)
Inventories (increase)	506.80	(141.27)
Other assets (increase) decrease	(23.70)	6.82
Operating liabilities increase (decrease)	<u>(3.57)</u>	<u>76.82</u>
Cash from (used in) operating activities	531.84	(191.98)
Cash paid for interest expenses	(57.70)	(65.75)
Cash paid for income tax and withholding tax	<u>(2.34)</u>	<u>(5.85)</u>
Net cash from (used in) operating activities	471.79	(263.58)

Figures in the cash flow statement to be used in considering the company's liquidity for the years 2013-2014 are as follows:

For the year 2014, the company had working asset decreased by 453.32 million baht, mostly from increases in inventory of 506.80 million baht due to The coal products and materials decreased as a result of the product decreasing policy to be in the level that agreed the import plan. While Operating liabilities decrease 3.57 million baht from trade payables payback. Moreover, the company paid out the interests from both short-term and long-term loans, and the interests according to the financial lease, as well as the mid-year tax payment, altogether totaling of 60.04 million baht. Thus the company had net cash to use in operational activities amounting to 471.79 million baht.

For the year 2013, the company had items related to working asset investments increased by 435.99 million baht, mostly from increases in trade account receivables and inventory of 442.81 million baht which was a result from the increased sales and the aim to support the growth of the sale volumes both in the domestic and foreign markets. Moreover, the company paid out the interests from both short-term and long-term loans, and the interests according to the financial lease, as well as the mid-year tax payment, altogether totaling of 71.6 million baht. Thus the company had net cash to use in operational activities amounting to 263.58 million baht.

Cash flows of the company that are related with investment and fund raising activities for the years 2013– 2014 are as follows:

Cash flow statement	unit : million baht	
	2014	2013
Net cash from (used in) operating activities	471.79	(263.58)
Net cash from (used in) investing activities	(83.96)	(49.81)
Net cash from (used in) financing activities	(442.56)	302.16
Increase (decrease) in translation adjustments	<u>0.81</u>	<u>5.04</u>
Net decrease in cash and cash equivalents	(53.92)	(6.19)
Cash and cash equivalents at beginning of year	<u>176.74</u>	<u>182.93</u>
Cash and cash equivalents at end of year	122.82	176.74

In 2014, the amount of funds used in investment activities amounted to 83.96 million baht with the main items being investments in fixed assets amounting to 79 million baht. Cash flows increased from the fund raising activities amounted to 442.56 million baht with the main items being short-term loans from domestic financial institutions of 452.79 million baht and pay long-term loans, liabilities under finance lease agreements and Dividend paid total amount to 70.45 million baht. However, the Company receive cash from the increase in the registered capital in 2014 to 35.08 million baht.

Analyses of Important Financial Ratios

A. Important Liquidity Ratios

1. The Current Ratio of the company considers from the ratio of current assets to current liabilities which is equal to 1.21 times and 1.24 times for the year 2014 and 2013, respectively.
2. The Quick Ratios are 0.61 times and 0.52 times for the year 2014 and 2013, respectively, a small increase.
3. The Number of Days Sale in Receivables of the company is 53 days for the year 2014, while that of 2013 is 58 days which the debtor could pay faster and consistent with the credit length of 30 - 60 days

B. Important Profitability Ratios

1. The Gross Margin in 2014 is 4.80% while that of 2013 is 9.43%, a decrease by 4.63% due to the reduced price of coal, more severe competition, However, the company still emphasized on cost-reducing policy and on searching for new coal source to distribute more sources to buy. This will accommodate the purchase of coal with quality to compete with others.
2. The Net Profit in 2014 is (0.55)% while that of 2013 is 1.89% due to the fluctuations in the coal prices both in the domestic and foreign markets and the fluctuations in the Thai baht from the political and economic problems both domestically and internationally that affected the company.
3. The Return on Equity in 2014 is (2.94)% while that of 2012 is 8.02% from the performance as mentioned above.

C. Operational Efficiency Ratios

1. The company has the Return on Total Assets in 2014 equaling to 0.14% while that of 2013 equaling to 4.82%.
2. The company has the Return on Fixed Assets in 2014 equaling to 1.37% while that of the year 2013 equaling to 16.82%.

D. Ratios of the Analyses of Monetary Policy and the Ability to Borrow and Settle Debts

1. The company has the Debt to Equity Ratio equaling to 1.66 times and 2.03 times in 2014 and 2013, respectively, a small increase from the decreased short-term loans from financial institutions.
2. The Net Debt to Equity Ratio equaling to 1.37 times and 1.73 times in 2014 and 2013, respectively.
3. The Interest Coverage Ratio in 2014 is 0.09 times and that of 2013 is 2.49 times