



Press Release

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## Favorable Coal Business Boosts Up Banpu's Net Profit in First Half Year

Banpu Public Company Limited (BANPU) announces its first half 2008 performance, recording a 48 percent net profit higher than the same period last year. The higher earning is bolstered by the rising revenue from coal business following the hike of coal prices in regional market since the beginning of this year. The Company is expecting its 2008 total sales revenue to grow around 50 percent.

Mr. Chanin Vongkusolkit, Chief Executive Officer of Banpu Public Company Limited disclosed that the Company's net profit in the first half of 2008 (1 January – 30 June 2008) was THB 4,373 million, an increase of THB 1,420 million or 48 percent from the same period last year. The net income was consisted of a net profit of THB 2, 527 million from coal business and THB 1,846 million from power business, accountable for 57 percent and 43 percent of the total earning, respectively. The higher earning in the first half year was a result of the Company's rising average selling price following a hike on the regional coal prices. This also boosted up the Company's sales revenue in the first half year to THB 19,705 million, an increase of THB 5,089 million or 35 percent from the first half of 2007. Total sales revenue consisted of THB 17,588 million from coal business, of which THB 17,312 million was generated by Indonesian coal mines and THB 276 million from domestic mines. Sales from power and steam business from the Chinese combined heat and power plants was THB 2,117 million. The Company's 2008 total sales revenue is expected to grow more than 50 percent from 2007's sales revenue of THB 32,442 million to around THB 50,000 million.

“The continuous rising coal price in the regional market since the beginning of this year has pushed our average selling price this year up to around USD 70 per tonne. This helped compensate a decreasing earning from the power sector in which BLCP power plant recorded a loss on foreign exchange while the three combined heat and power plants in China of our subsidiary BPIC has been pressured by the



fuel cost from rising coal price whereas the power tariff has not been allowed to increase yet," Mr. Chanin elaborated.

In 2008, Banpu has set a target coal production of 20 million tonnes of which the first half year tonnages were slightly below the target affected by rains in Indonesia.

As of 30 June 2008, Banpu's assets totaled THB 83,777 million, an increase of THB 18,726 million or 29 percent while total liabilities was THB 41,724 million, an increase of THB 15,170 million or 57 percent from 31 December 2007. Its current Net debt-to-equity ratio has increased to 0.45 times compared to 0.14 time at the end of 2007. The increase in both assets and liabilities as well a Net debt-to-equity ratio was derived from the Company increasing 78.4 percent investment in Asian American Coal Inc. (AACI) in China, which also lifted its CAPEX for the current five-year plan (2004 – 2008) up to USD 1,008 million.

"This year, which is the last year of our current five-year plan, the sizes of our three business bases in Thailand, Indonesia and China will be nearly equivalent as set in the plan. Based on the enterprise value, the proportion of these three business bases will be 25 – 30 percent for Thailand, 40 – 45 percent for Indonesia and 30 percent for China," Mr. Chanin added.

Mr. Chanin said that Banpu investment plan in the next five years (2009 – 2013) will focus on its two business lines - coal and power. The proportion of coal business will be around 60 – 70 percent while the power's will be around 30 – 40 percent. The business growth for the next five years is targeted more than 15 percent per annum by emphasizing on development and expansion of the existing assets. For Thailand where its two coal mines – Lampang and Chiangmuan – will be closed by the end of this year, the major business will be shifted to power. In Indonesia, a strategy will be a development of our current five coal mines while seeking for new coal mines and coal-fired power plants will be prudently done when there is opportunity come. For China, the Company will focus on developing of AACI's coal mines – Daning and Gaohe as well as Hebi mine operated by HZTM. The strategy for Chinese coal mines will be the development of coal production, the improvement of safety, environment and community to reach the country and international standards.



For Chinese power business, the Company will continuously develop and expand production capacity of the three CHP plants while at the same time will search for other new power plants based on an appropriate time and situation.

“In the next five years, you may see Banpu investment in the new type of energy which is more environmental friendly such as renewable energy. Since 2006, Banpu has allocated a budget of around 2 percent of its total assets or approximately THB 1,200 million to this business. We are now reviewing and considering various types of energy in Thailand including wind energy, solar cell, and biofuel for example and we hope to see a more tangible renewable energy project of Banpu in Thailand next year,” Mr. Chanin concluded.

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