



Vision

To be an energetic Asian energy provider of quality products & services and be recognized for its fairness, professionalism, and concerns for society and environment.

Mission

- To develop businesses in the fields of energy in pursuit of Asian leadership position.
- To diversify and invest in strategic businesses to enhance competitiveness.
- To provide varieties of quality products and services with commitment, reliability, and flexibility.
- To conduct business in a socially, ethically and environmentally responsible manner.
- To build sustainable value for shareholders, customers, business partners, employees, local communities, and to be a good citizen to host governments.

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Financial Highlights

| | | | For the year ending 31 December | | |
|----------------------------|--|---------------|---------------------------------|--------|--------|
| | | | 2009 | 2008 | 2007 |
| Financial Position | Total Assets | (THB million) | 101,417 | 89,587 | 65,051 |
| | Total Liabilities | (THB million) | 45,465 | 44,053 | 26,554 |
| | Total Shareholders' Equity | (THB million) | 55,952 | 45,534 | 38,497 |
| | Issued and Paid-up Share Capital | (THB million) | 2,717 | 2,717 | 2,717 |
| Operational Results | Sales Revenues | (THB million) | 57,865 | 50,530 | 32,442 |
| | Cost of Sales | (THB million) | 29,992 | 28,110 | 20,964 |
| | Gross Profit | (THB million) | 27,874 | 22,419 | 11,478 |
| | Selling and Administration Expenses | (THB million) | 7,571 | 5,778 | 5,114 |
| | Royalty Fee | (THB million) | 6,467 | 5,537 | 3,247 |
| | Other Revenues | (THB million) | 3,759 | 1,773 | 2,491 |
| | Other Expenses | (THB million) | 1,166 | 2,126 | 390 |
| | Profit from Operation | (THB million) | 16,429 | 10,751 | 5,217 |
| | Share of Gain/(Loss) of Joint Ventures and Asso. | (THB million) | 7,447 | 4,946 | 4,504 |
| | Interest Expenses | (THB million) | 1,282 | 1,240 | 1,160 |
| | Corporate Income Tax | (THB million) | 4,611 | 3,768 | 1,492 |
| | Net Profit | (THB million) | 14,229 | 9,228 | 6,654 |
| | | | | | |
| Financial Ratios | Gross Profit Margin | (%) | 48.17 | 44.37 | 35.38 |
| | Net Profit Margin | (%) | 23.09 | 17.64 | 19.05 |
| | Returns on Assets | (%) | 14.90 | 11.93 | 11.63 |
| | Returns on Equity | (%) | 28.04 | 21.96 | 21.87 |
| | Interest Coverage Ratio | (times) | 15.23 | 8.79 | 3.89 |
| | Net Debt to Equity | (times) | 0.16 | 0.36 | 0.14 |
| Data per Share | Earnings per Share | (THB) | 52.36 | 33.96 | 24.49 |
| | Book Value per Share | (THB) | 205.90 | 167.56 | 141.67 |
| | Dividend per Share | (THB) | 16.00 | 12.00 | 8.50 |

* The Company announced dividend payments of THB 16 per share, of which an interim dividend worth THB 8 per share was paid on 25 September 2009. The remaining dividend of THB 8 per share, which will be paid out of the Company's retained earnings and operating results during the period between 1 July 2009 and 31 December 2009, is scheduled on 30 April 2010.

Remark : Financial figures are based on the consolidated financial statement.

Operational Results During the Previous Year

| | For the year ending | | |
|------------------------------------|---------------------|--------|--------|
| | 2009 | 2008 | 2007 |
| Coal Sales Volume (Million Tonnes) | 21.09 | 18.49 | 19.29 |
| Indominco-Bontang | 12.16 | 10.64 | 11.55 |
| Trubaindo | 5.13 | 4.61 | 3.73 |
| Jorong | 2.96 | 2.46 | 2.70 |
| Kitadin-Embalut | 0.61 | - | 0.12 |
| Thailand | 0.24 | 0.66 | 1.16 |
| Other Sources | 0.00 | 0.11 | 0.03 |
| Total Revenue (THB Million) | 57,865 | 50,530 | 32,442 |
| Coal Business: | | | |
| Indominco-Bontang | 31,978 | 25,817 | 18,758 |
| Trubaindo | 15,489 | 16,361 | 6,126 |
| Jorong | 3,982 | 3,095 | 2,616 |
| Kitadin-Embalut | 1,150 | - | 175 |
| Thailand | 101 | 377 | 717 |
| Other Sources | 4 | 325 | 38 |
| Total Revenues from Coal Business | 52,704 | 45,976 | 28,429 |
| Power Business | 4,788 | 4,460 | 3,865 |
| Other Business | 373 | 94 | 148 |
| Gross Profit Margin (%) | 48 | 44 | 35 |
| Indominco-Bontang | 49 | 40 | 39 |
| Trubaindo | 57 | 63 | 38 |
| Jorong | 41 | 41 | 30 |
| Kitadin-Embalut | 49 | - | 32 |
| Thailand | (22) | (8) | 10 |
| Other Sources | 45 | 3 | (30) |
| Coal Business | 51 | 48 | 37 |
| Power Business | 25 | 9 | 25 |
| Other Businesses | 17 | 42 | 28 |



Mr. Krirk-Krai Jirapaet
Chairman of the Board of Directors



Board of Directors' Review

Following the US financial crisis in 2008, businesses around the world had to struggle with the adverse effects of the global economic slump in 2009. In response, Banpu Public Company Limited formulated and implemented a comprehensive contingency plan, risk mitigation measures, closely monitoring the market, and focused on balance sheet strength and liquidity. Despite the challenge, I am pleased to report that Banpu's performance in 2009 was outstanding and that the Company continued to generate substantial value for all our stakeholders.

One of the main activities of the Board of Directors last year was the development of Banpu's 2010-2015 strategic plan. The Board was closely involved in advising and setting guidelines in order to establish clear goals which factored in the reality of the rapidly changing economic environment. In addition, the Board also made sure various risks in the implementation stage of the plan would be given their due attention. Throughout the process, Board members attended workshops along with senior executive officers, business unit heads and external consultants. The ultimate objective of the plan is to maintain Banpu's competitive advantages, steady growth - and high degree of sustainable development of business and enterprise values. Along with the long term strategic planning, the Board of Directors also performed its committed role in monitoring and improving corporate governance.

In 2009 we closely monitored Banpu's risk management through consultations with the Risk Management Committee, which has continued to prepare quarterly risk management reports. We also supervised the functioning of the Audit Committee and the Internal Audit Department and suggested ways in which Banpu's internal control systems could be further improved.

Banpu's governance track record has been widely recognized and acclaimed. Last year the Securities & Exchange Commission (SEC) sought the Board's recommendation on listed companies' internal control system. The Board also received the prestigious 'Board of the Year for Distinctive Practices 2008/2009 Award', while Banpu's Audit Committee won the top 'Audit Committee of the Year Award'.

The Board of Directors continued to place high priority on Banpu's human resource development. Last year we focused on the issue of succession plan with the objective of securing high standard skills, competence and expertise at all levels of management. The succession plan of Board of Directors to include competent and experienced people in line with the Company's future strategic plan and orientation was also discussed at the Board's 'Retreat.' This is indeed one of the missions of the Corporate Governance and Nomination Committee (GNC) to make sure that the Company has an appropriate succession plan. In addition, the Chief Executive Officer is also required to submit a succession plan to the GNC and the Board twice a year.

The Board of Directors would like to thank all of Banpu's stakeholders for their continued support throughout the year. We are strongly committed to the principles of high ethical standards, transparency, and efficiency in all aspects of our governance with a view to maximize enterprise values for all shareholders and stakeholders - including substantial contributions to community, social and environmental development.



Mr. Chanin Vongkusolkrit
Chief Executive Officer



Chief Executive Officer Review

I am happy to report satisfactory results in all key areas in 2009, from safety and community relations - to coal output and profitability. Although the first quarter witnessed continued macro-economic uncertainty and falling coal prices, we were fortunate that a stronger dynamic was prevalent for the rest of 2009. During the year, we focused on developing a number of important new organic growth initiatives in addition to improving the efficiency of existing operations and management systems. Going forward, Banpu must continue to consolidate its expansion and achievements to date, while preparing in a careful but innovative way for future growth.

Summary of our financial performance in 2009

Banpu generated strong earnings growth in 2009 with a year-on-year increase of 54 per cent in net profit after tax to THB 14,299 million. In baht per share terms, net earnings rose from THB 34 in 2008 to THB 52.4 per share in 2009. The total dividend for the year has been announced at THB 16 per share, including THB 8 for the second half which should be approved at the AGM on 2 April 2010 and paid at the end of April 2010. The dividend for 2009 represents 33 per cent growth on the dividend payout in 2008.

Banpu's EBITDA increased 26 per cent to THB 23,687 million in 2009. As in 2008, Banpu's coal business accounted for nearly four-fifths of total EBITDA in 2009 at THB 18,821 million. Net earnings were also boosted by a gain from coal swap positions (versus a net loss position in the previous year), partly offset by an accrued tax on dividends from a subsidiary.

In Indonesia, coal business earnings growth was achieved despite flat average selling prices thanks to higher coal output, increasing to 21.4 million tonnes, and gross profit margin growth from 48 per cent to 51 per cent. While weather conditions and diesel prices in Indonesia were both more favorable in 2009 compared to 2008, better mine management and cost controls also played an important role in achieving these results.

In China, equity income from the coal business more than doubled to THB 4,035 million in 2009 due to the full year of consolidation of AACI, higher output at the Daning mine in Shanxi province and a stronger contribution from the Hebi operation in Henan province.

Meanwhile, lower average coal prices and greater operating efficiency helped Banpu's power business in China ('BPIC') lift its net profit, from THB 160 million in 2008 to THB 591 million in 2009. In Thailand, equity income from Banpu's interest in BLCP at THB 3,363 million in 2009 was slightly up on the year before, but this was mainly due to a foreign exchange gain. Banpu's dividend from its stake in a listed Thai power company also

increased slightly to THB 478 million. Overall the EBITDA from Banpu's power business increased 20 per cent year-on-year to THB 4,866 million in 2009.

Analysis of our coal sales and the thermal coal market

Banpu's total consolidated sales volume (Indonesian and Thai coals) in 2009 was approximately 21.1 million tonnes, up about 14 per cent from the previous year. This was above our target of 20.5 million tonnes and was the result of higher output, lower rainfall and better mine management and planning.

Banpu sold 11.6 million tonnes of mainly high grade Indonesian coal to the key 'premium' East Asian markets of Japan, South Korean and Taiwan in 2009, representing over half our total coal sales. Banpu's sales to the growth markets of China, Hong Kong and India were all significantly higher than in 2008, in aggregate 6.1 million tonnes in 2009 versus only 1.8 million tonnes the year before. Sales to South-East Asia (Thailand, Indonesia and the Philippines) were down slightly at around 5.2 million tonnes versus 5.7 million tonnes the year before.

The benchmark index for high grade thermal coal exports from Australia to Japan fell from an average of about USD 80 per tonne in January 2009 to around USD 63 in March. From then until the end of the year the index was generally on an upward trend returning to levels similar to the beginning of the year by December, driven by global economic recovery and rapid rates of coal consumption growth in key Asian markets in the second half of the year. In total, the premium East Asian markets imported 246 million tonnes thermal coal in 2009, down by about 6 per cent on the previous year, while demand from China and India increased on average by about 26 per cent. The Chinese and Indian thermal import markets were similar in size in 2009 at about 50 million tonnes and 48 million tonnes respectively. Indonesia remained the dominant supplier to the Asian thermal coal markets, with total exports at 225 million tonnes during the year, while Australia's exports grew to 136 million tonnes.

Coal quality differentials and the time lag between contract and shipments mean that the relationship between Banpu's average selling prices and benchmark spot prices tends to be discounted and delayed in correlation. Overall the average selling price for Banpu's Indonesian and Thai coal sales was roughly in line with the previous year at approximately USD 72 per tonne.

The spot thermal coal market have started strong in 2010, but the evolution of prices for the rest of the year will depend on many factors, not least the extent and intensity of the wet season in Indonesia - and Chinese import demand. At the end of February 2010, Banpu had already fixed the prices for over half its targeted coal sales, including a relatively high proportion of lower calorific value products. Going forward, analysts of Banpu should keep in mind that our average selling prices will be influenced to some extent by the growing importance of East Block and the return of Kitadin-Embalut, both with lower calorific value coals. From a gross margin perspective, however, the lower pricing of East Block coal should be compensated to some extent by its lower average strip ratios compared to West Block.

Indonesian coal operations: productivity and organic growth

Saleable output from Banpu's operations in Kalimantan in Indonesia increased by approximately 21 per cent in 2009 to 21.4 million tonnes versus 17.7 million tonnes the year before. While weather conditions were easier than in 2008, the expansion in output was also the result of better mine planning, enhanced operating efficiency and better logistics management. At Indominco, output from West Block was the same as in 2008, but the second half of the year also saw the commissioning of East Block, with a contribution of an incremental 1.6 million tonnes. Trubaindo's output increased from 4.5 million tonnes in 2008 to 5.2 million tonnes and Jorong's production grew from 2.4 million tonnes to 3.1 million tonnes. Last year also saw the recommissioning of the Kitadin-Embalut operation with an output contribution of 0.7 million tonnes.

Good progress has been made on the expansion programme at Bontang Coal Terminal. The new port stockyard expansion and in-loading system have been completed. Conveyor belt capacity has been upgraded and installation of the barge loader completed. The Coal Barge Unloader has also recently been commissioned. All remaining work,

including the commissioning of the coal-fired power plant should be completed by mid-year 2010. With these improvements our throughput capacity to and from the terminal has been significantly increased along with better service to our customers, greater efficiency and lower costs.

Looking ahead, we are targeting higher coal sales from our Indonesian operations in 2010 on the strength of increased output from all mines and first output from Bharinto by the end of the year. Beyond 2010, East Block is expected to gradually takeover from West Block as the dominant operation at Indominco, Bharinto should ramp up to full production and Tandung Mayang should come on stream for a few years.

China coal business: integration and consolidation

Acquired in mid-2008, last year saw the first full year of AACI's integration into the Banpu group. AACI owns 56 per cent of the Daning operation in Shanxi province and 45 per cent of the Gaohe project, also in Shanxi province. Both interests are held in joint venture with local Chinese coal companies.

The Daning mine performed well in 2009 with total run-of-mine output of 4.3 million tonnes versus 3.4 million tonnes in the previous year. Two longwall relocations in 2008 interrupted production causing output to be below capacity. The Gaohe project is a major new development and is currently on schedule for first longwall output by the third quarter of 2010. We expect our equity share of run-of-mine output from the Gaohe mine to be approximately 1.3 million tonnes in 2011 and then 2.7 million tonnes per annum from 2012 onwards. Gaohe's coal will be sold mainly as thermal coal to the Chinese power sector and as PCI to the steel sector.

Hebi Zhong Tai Mining in Henan province had a good year in 2009 with output close to capacity at nearly 1.5 million tonnes. Banpu has a 40 per cent share in this operation. By 2012 we hope to achieve our objective of combined equity output from our Chinese coal interests of over 5 million tonnes.

Banpu's power business

Through BPIC (wholly-owned), Banpu has three combined heat and power plants in China: two in Hebei Province (Luannan and Zhengding) and one in Shandong Province (Zouping). The total capacity of these plants is just under 250 megawatts with towards 800 tonnes per hour of steam capacity. All plants are now fitted with flue gas desulfurization ('FGD') units. In 2009, BPIC benefited from the upgrade programme completed in the previous year as well as lower average coal prices. Going forward BPIC will continue to target higher fuel efficiency and optimization of the power-to-steam ratio to maximize profitability.

In Thailand, BLCP, the 1,434 MW coal-fired power operation in Rayong province, achieved a high level of electricity dispatch (95 per cent) but lower revenues due to the PPA tariff structure with EGAT and a two-month shut down for the first major inspection in the fourth quarter. Banpu has a 50 per cent share in BLCP.

Although the development of the 1,800 MW lignite-fired Hongsa power project in Laos was delayed in the first half 2009, the project is now back on track. In 2010, we are targeting completion of the concession agreement, EPC, PPA and financial close before year end. This project, in which we have a 40 per cent stake, will make a major contribution both to the Lao economy and to Thailand's electricity supply.

HR, governance and stakeholders

PT. Indo Tambangraya Megah Tbk ('ITM'), our 73.7 per cent Indonesian coal subsidiary, had its second full year of operation as an independently listed company on the Indonesian Stock Exchange. I am pleased to see that governance systems have been properly developed and implemented at ITM and that further improvements are being made. ITM had a good year in 2009 at all levels. While the results in terms of productivity and profitability were impressive, I am also heartened to see there were no fatalities or serious injuries, an active community relations programme - and a number of important new training and HR initiatives. Last year also saw the first full year of integration of AACI in China. Priority has been given to assimilating the new staff as smoothly as possible into the Banpu group.

Banpu now has over 4,300 staff in three main countries (or four if Laos is included). More than two-thirds are based in Indonesia - with just under a quarter in China. In addition to Thais, Indonesians and Chinese staff, we also have Australians, British, Indian, Japanese, and Philipinos working for us. With such a diversity of nationalities spread across a number of different countries - and with further expansion to new geographies a real possibility going forward - the principles of the Banpu Spirit as a unifying force are more important than ever. These principles of care, integrity, innovation and synergy must be adopted and fully embraced by all our staff - along with an underlying commitment to continuous improvement. Not only do these values constitute our core source of competitive advantage and shareholder value, they are also fundamental to the sustainability of our business and to the broader concept of stakeholder value. At Banpu, there has always been a fundamental belief that the dynamics of shareholder value are intricately linked to those of stakeholder value.

Consolidating our achievements to date and preparing for the future

Over the past decade, Banpu has worked hard to establish a solid platform for sustainable future growth. The Company has built a strong asset base with critical mass and both geographic and industry diversification around a synergistic core theme of coal-based energy supply in Asia. Banpu now has proven skills in acquisitions, coal project development, open-pit mining, underground mining, international coal marketing and power project development. I believe we have demonstrated our aptitude for learning new skills and a pioneering ability to enter new countries and markets successfully. Perhaps most important of all, Banpu has fostered a cohesive corporate culture and stakeholder philosophy. These, in turn, are protected by a framework of effective corporate governance and risk management systems. These achievements give Banpu an inner resilience to meet future challenges and the constructive dynamic necessary to generate further value-creating growth in the future.

Banpu continues to see itself as a growth company and will seek to achieve similar long term growth rates in the future to those attained in previous years. The Company will actively originate and evaluate new growth opportunities in its existing geographies and competencies going forward. But, as in the past, we will also continue to push the boundaries by obtaining positions in new countries and markets, and by developing new skills. In all cases, Banpu will be focused on new areas of growth and latent value where existing skills and competitive advantages can be adapted or where new skills or assets are synergistic with old ones.

The relative importance of coal mining versus power and other interests in the Company's asset mix is likely to increase between now and 2015 as Banpu focuses on strengthening and expanding its coal business in Indonesia, China and possibly a third geography, both organically and through acquisition growth. Overall we will be seeking to develop a coal asset portfolio which is diversified in terms of type of coal (different qualities of thermal and metallurgical coals), market (e.g. export versus domestic), maturity (early stage projects versus more mature operations), mining methods (e.g. open pit versus underground) and coal technologies (e.g. conventional versus clean coal, upgrading and coal-to-liquids).

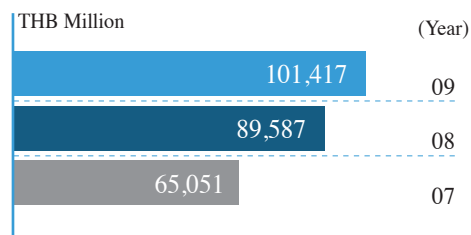
Last but not least, we will also be seeking ways of diversifying our power business into renewable forms of power generation (e.g. solar and wind) - as well as considering the pros and cons of investment in green fuels such as palm oil and ethanol. The possibility of investing in clean coal technologies, renewable energy and green fuels should be seen in the context of Banpu's philosophy of sustainability and innovation. Coal-based energy is cheaper, more abundant and more reliable than oil-based energy in Asia - and is likely to remain so for many decades to come. In this sense, we see coal as a relatively sustainable form of energy. But Banpu recognizes that in the long run the cleanest and most sustainable energies of all are 'renewable'. We want to plant the seeds of our involvement in that longer term trend today.

On that note, I would like to extend my warmest wishes and thanks, as always, to all our shareholders and stakeholders for their continued support, loyalty and hard work. I look forward to working with you again in the year ahead.

Key Financial Results

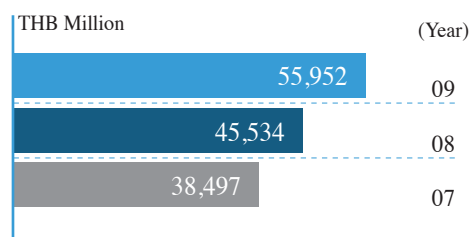
Total Assets

Total assets as of 31 December 2009 amounted THB 101,417 million or a 13 per cent increase totaling THB 11,830 million from 31 December 2008. Most of them were cash from the operation, equity income from the power business in Thailand and the coal business in China and accrued dividends from subsidiary companies.



Shareholders' Equity

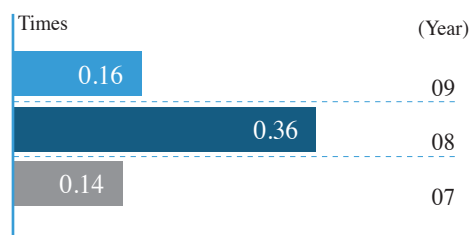
Shareholders' equity totaled THB 55,952 million, an increase of THB 10,418 million or 23 per cent from 31 December 2008. The increase was from the 2009 net profit of THB 14,229 million deducted by dividend to shareholders of THB 4,812 million.



Debt to Equity Ratio

Total net liabilities stood at THB 8,951 million, down from last year THB 7,273 million due to partial loan payments and increasing cash derived from the operation.

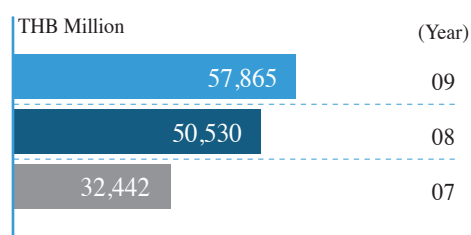
The net debt to equity ratio also fell from 0.36 times in 2008 to 0.16 times in 2009.



Total Sales Revenues

Total sales revenues rose THB 7,336 million to THB 57,865 million, 15 per cent higher than 2008. This was boosted by a 14 per cent rise of coal sales volume to 21.09 million tonnes.

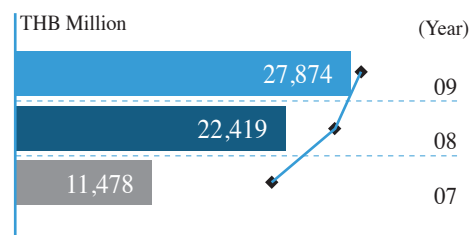
The average coal selling price in 2009 was USD 71.7 a tonne, which was close to 2008's average sales price of USD 72 a tonne.



Gross Profit and Gross Profit Margin

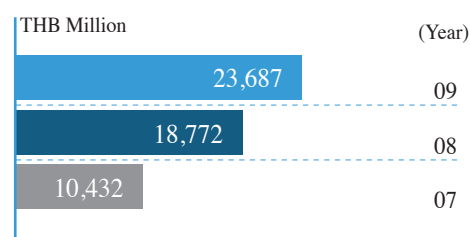
2009 gross profit rose THB 5,454 million to THB 27,874 million thanks to increasing coal sales volume.

The gross profit margin accounted for 48 per cent, which jumped 44 per cent from the same period of the previous year. The coal business registered 51 per cent gross profit margin compared to 48 per cent a year ago while the power business's gross profit margin was 25 per cent, compared to 9 per cent a year before.



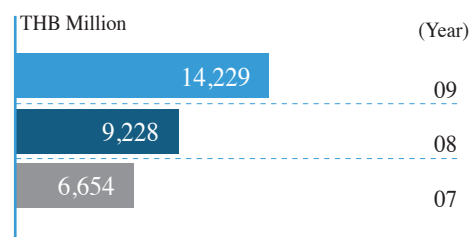
EBITDA

EBITDA totaled THB 23,687 million, which rose 26 per cent or THB 4,915 million compared to the same period a year earlier. Of this, THB 18,821 million was EBITDA from the coal business and the other THB 4,866 million was EBITDA from the power business.



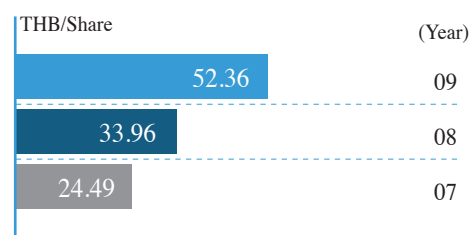
Total Net Profit

Total net profit for the year ending 31 December 2009 was THB 14,229 million, an increase of THB 5,001 million or 54 per cent from the same period a year ago.



Earnings per Share

Earnings per share for the year ending 31 December 2009 was THB 52.36 a share, or a jump by as much as 54 per cent from the same period of 2008 at THB 33.96 a share.



Banpu People

Regional expansion has transformed Banpu into a genuinely pan-Asian group. Banpu today has just over 4,300 staff in three countries, over two-thirds of whom are based in Indonesia and with just under a quarter in China. These days, fewer than 10 per cent of Banpu's staff are located in Thailand - a dramatic transformation since the early days of the Company's formation in the 1980s.

Integrating people from different cultures and backgrounds and inculcating Banpu's core values is a major challenge, but one which is given top priority. Our growth and success to date are thanks first and foremost to the effort, dedication and conduct of our people. The spirit and quality of our human resources determine our ability to sustain our competitive advantages, maximize shareholder value and deal with future challenges.

So, to sustain our advantage and to ensure that further growth does not destabilize what we have achieved to date, Banpu has developed a professional and sophisticated human resource development program and management system. The main objectives are to ensure a motivated workforce with shared core values, harmonious but innovative interaction between employees, a philosophy of continuous improvement - and a healthy work-life balance.

Banpu Spirit

The Banpu Spirit is the DNA of Banpu people, consisting of the principles of 'integrity', 'innovation', 'care' and 'synergy'. In terms of '**integrity**', in the world of business, trust is everything and we expect Banpu people to operate with the highest integrity and transparency in all their dealings.

Banpu staff are encouraged to contribute actively to the process of '**innovation**' through submitting ideas to a new think tank. Rewards are given at every stage of the innovation process: when an idea is selected from the think tank, when the implementation proposal is approved - and when ideas are successfully implemented. In 2009, we introduced the 'Kompak' program of small focus groups in Indonesia. These groups have been established to create and share new ideas - and to discuss implementation. We have also expanded this new system to include a friendly Innovation Contest. In November 2009, three finalists from a total of 361 worthwhile ideas were invited to a final ITM Innovation Convention in Balikpapan.

Banpu people should also show genuine '**care**' - and we encourage positive engagement with the local communities where we work. Our corporate social responsibility programs in Thailand, Indonesia and China reflect our care for community development, career development, education, environment and youth. For over four thousand people working together across three countries, '**synergy**' is also a critical element in creating a strong sense of teamwork and fairness. Banpu's culture of collaboration is supported by our human resources management and encouraged by various Banpu Spirit activities throughout the year.

Leadership

Banpu's culture places great importance on our people's performance and motivation. There are many sources of motivation such as personal drive, creating value for our customers and shareholders or contributing to society. But at Banpu there is also another source of motivation, that of the example set by the leadership of the Company's senior management. Banpu's senior management, many of whom have been with the Company for a decade or more, have been at the heart of the Company's growth and success. Our leadership, from the top-down, is expected to provide inspiration and mentoring to more junior staff, setting an example and a standard to which others should aspire.

Human Resources Management

Banpu is run as a matrix organization in order to optimize an efficient system in all the three countries in which we operate. This model accommodates local needs while ensuring the implementation of policies, standards and guidelines - and the monitoring of key performance indicators. The most important aspect of the matrix organization, however, is that Banpu people can share information and expertise more readily in different countries. This benefits our projects and human resources because it allows for specialization, which increases the depth of knowledge, while facilitating the management of professional development and career progression.

Human Resources Development

Training and development are essential in increasing our people's capabilities for superior performance and are core components of our philosophy of continuous improvement. Our human resources development plan builds leadership and entrepreneurship for senior management, while focusing on advancing the professional knowledge and management skills of our middle management. Technical knowledge and continuous improvement are emphasized for professional and operational staff.

Upon joining the Banpu family, our employees can look forward to a long and exciting career. Functional competency alone, however, is not sufficient for contributing to Banpu's performance. As Banpu selects the best and brightest new thinkers to join our Company, we look not only at each individual's capability and potential, but also conduct a behavioral-based interview to test for compatibility with our working culture. The screening yields a score in each category of the Banpu Spirit: innovation, integrity, care and synergy. How an individual fits in with our organization is crucial as it allows us to truly develop and unleash his or her talent to contribute as a highly competent and compatible member of our family.

At Banpu, we value and promote a diverse and representative staff base, reflecting our organization and the world at large. Today, women make up a large portion of the global workforce. Banpu takes pride in having many women as members of our staff, including our Chief Financial Officer, Ms. Somruedee Chaimongkol, awarded 'Best CFO' by Asiamoney Magazine and Finance Asia for several consecutive years. As an equal opportunity employer, Banpu recognizes the importance of attracting more women to the workforce and encourages gender representation at all levels.

Embracing the future

Banpu is a dynamic regional energy company. Our primary focus is coal, but as part of our 2010-2015 strategic plan, Banpu is actively pursuing investments in alternative energy such as solar, ethanol, and palm oil. In the age of global challenges, Banpu is determined to adapt and innovate. Adaptability, innovation, and synergy amongst our people are more important than ever in moving Banpu forward. We invest in our people for their success and the Company's success, and engage our people in creating value in line with social wellbeing, environmental stewardship and economic prosperity of the countries we operate in.

Banpu is also a growth-oriented company. Our business expansion cannot be sustained unless it is matched with the expansion and development of our human resources. Therefore, Banpu places great emphasis on building a supportive human resources base where skills, talent and passion can sustainably fuel a fast-growing and highly competitive energy company. Through the implementation of the Banpu Spirit cultural code and by providing an efficient and rewarding place to work in, we hope that the motivation, performance and loyalty of Banpu's people will continue to form the backbone of the Company's success in the future, as it has in the past.

Summary of Major Changes and Developments in 2009 and Major Current Events

Coal Business

- On 4 May 2009, Banpu Minerals Co., Ltd. (“BMC”), (a subsidiary company in which Banpu holds 99.99 per cent of its total shares sold), set up a new subsidiary incorporated in Australia under the name “Banpu Australia Co. Pty Ltd.” Registered with AUD 500,000 with a par value of AUD 1 a share, the new firm invests in a coal mining and power businesses, including exploration, obtaining concessions, mining contractor and operating power plants as well as coal and power trading in Australia.
- On 4 May 2009, Banpu China Pte. Ltd. (“Banpu China”), (a 100-per cent subsidiary of Banpu), was dissolved by registration to Singapore’s Accounting & Corporate Regulatory Authority. The firm completed the process of liquidation.
- On 24 December 2009, AACI Gaohe (BVI) Holdings Limited (“AACI Gaohe”), (Banpu’s subsidiary registered under the laws of British Virgin Islands in which Banpu indirectly held 100 per cent of its shares through Asian American Coal, Inc. and BP Overseas Development Co., Ltd.), was dissolved by registration to the Registrar of Corporate Affairs of the British Virgin Islands Financial Services Commission. The firm was completely liquidated.

Power Business

- On 5 February 2009, Banpu Power Ltd. (“BPP”), (a subsidiary in which Banpu holds 99.99 per cent of its shares), signed the Shareholders Agreement with Ratchaburi Electricity Generating Holding Public Company Limited (“RATCH”) and Lao Holding State Enterprise (“LHSE”), a Lao PDR’s state-owned enterprise, to establish Hongsa Power Company Limited (“HPC”) and Phu Fai Mining Company Limited (“PFMC”), both of which are based in Vientiane, Lao PDR. HPC and PFMC plan to operate a power plant in Lao PDR. The essence of the joint venture can be summarized as follows.

HPC was set up to obtain a concession of power generation. The firm was registered with USD 100,000 capital divided into 10,000 ordinary shares at a par value of USD 10 a share. BPP owns 40 per cent of HPC where RATCH and LHSE hold 40 per cent and 20 per cent of its shares, respectively.

PFMC was also incorporated to obtain a concession to run a lignite coal mine. The firm, registered with USD 50,000, has issued 5,000 ordinary shares at a par value of USD 10 a share. BPP and RATCH each hold 37.5 per cent of PFMC while the remaining 25 per cent is held by LHSE.

- On 14 May 2009, Banpu Power Ltd. (“BPP”), (a subsidiary in which Banpu owns 99.99 per cent of its shares), and Ratchaburi Electricity Generating Holding Public Company Limited (“RATCH”) in the capacity of developers of Hongsa Power Project, jointly entered into the Tariff Memorandum of Understanding (“Tariff MOU”) with the Electricity Generating Authority of Thailand.

- On 30 November 2009, Hongsa Power Company Limited (“HPC”) and Phu Fai Mining Company Limited (“PFMC”), the joint venture firms set up to run the Hongsa Project, (in which Banpu indirectly owns 40 per cent and 37.5 per cent of their shares, respectively, through Banpu Power Ltd.), signed a concession agreement with the Government of the LAO People’s Democratic Republic to obtain power concession for HPC and a mining concession for PFMC. The two concessions last 25 years from the commercial operation date.

- On 17 December 2009, Banpu Power Ltd. (“BPP”), (in which Banpu owns 99.99 per cent of its shares), signed a Share Purchase Agreement with Power Generation Services Co., Ltd. (“PGS”) to acquire an additional 10,000 shares from CLP Power (Southeast Asia) Operation Limited (“CLP-SEA”), which accounted for 10 per cent of its shares. The transaction was approximately USD 3.35 million or equivalent to THB 111,454,500 (THB 33.27 was equivalent to USD 1 as of 15 December 2009). The signing of this agreement took BPP’s shareholding ratio in PGS from 40 per cent to 50 per cent of all shares offered. The agreement also plans to conduct PGS’s entire business transfer to BLCP Power Ltd. (“BLCP”), in which Banpu Coal Power Ltd. (“BPCP”) and the Electricity Generating Public Company Limited (“EGCO”) each hold 50 per cent of its total shares sold.

PGS is the company providing operation and maintenance services to BLCP power plant according to the Operations & Maintenance Agreement. Previously, its shareholding structure consisted of CLP-SEA and BPP with a shareholding proportion of 60 per cent and 40 per cent, respectively.

- On 28 December 2009, Luannan Peak Pte. Ltd. (“Luannan”), (a subsidiary registered under the laws of Singapore, in which Banpu indirectly held 100 per cent of its total shares through Banpu Power Investment Co., Ltd., Banpu Power International Ltd. and Banpu Power Ltd.), was dissolved by registration to Singapore’s Accounting & Corporate Regulatory Authority. The firm was completely liquidated.

Others

- On 26 August 2009, the Board of Directors’ Meeting resolved to approve an interim dividend payment from the retained earnings and the profit earned from the operation during six-month period ended 30 June 2009 to 271,747,855 shares at a rate of THB 8 a share or a total of THB 2,173,982,840. The dividend was appropriated from the corporate income tax-exempted profit on which shareholders were not entitled to tax credits. The interim dividend was paid on 25 September 2009.

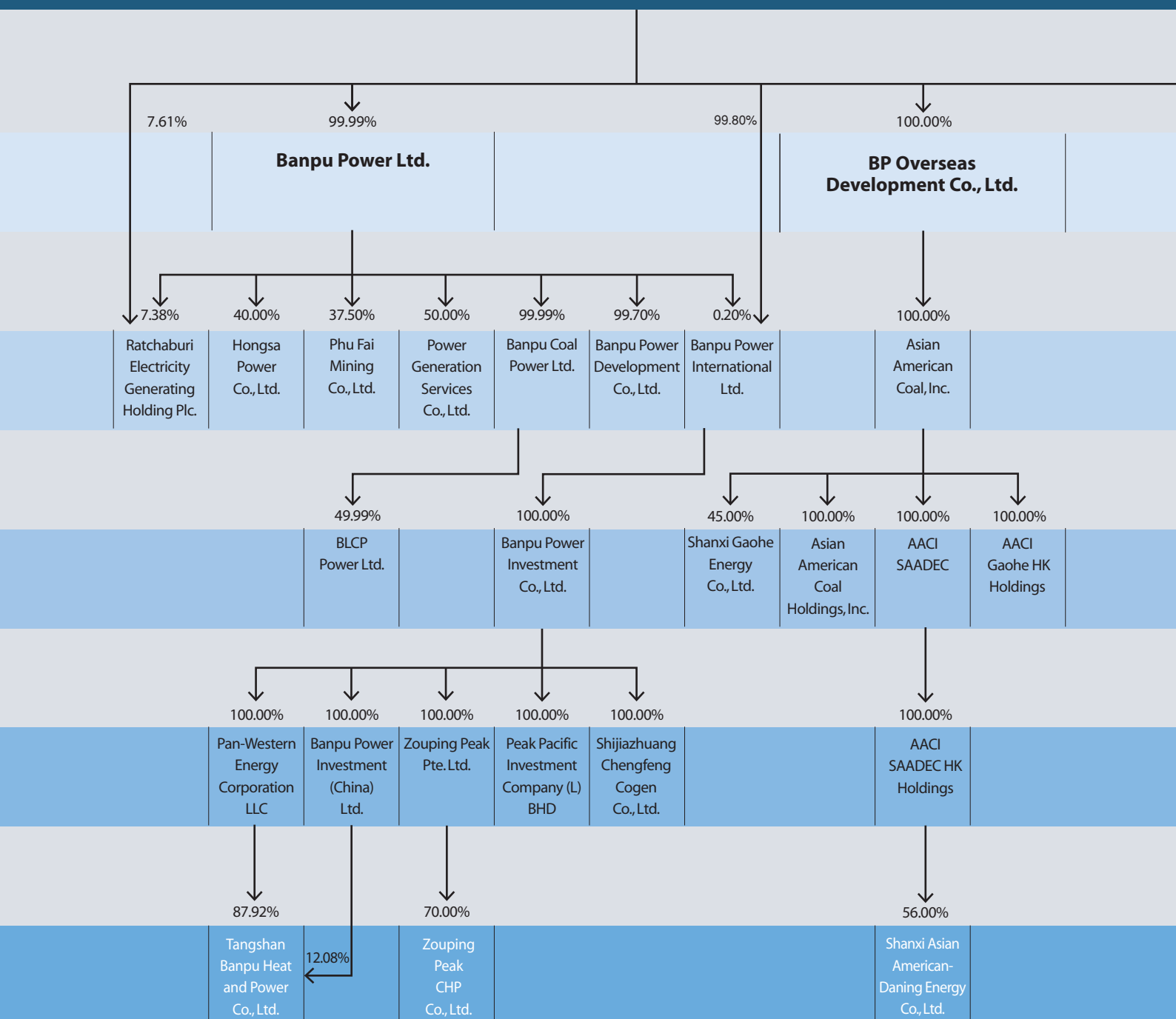
- On 24 February 2010, The Board of Directors’ Meeting approved to pay the 2009 annual dividend at THB 16 a share. As THB 8 per share was paid as an interim dividend on 25 September 2009, the remaining THB 8 per share to be paid. The Board recommended that the Company pay the dividend from its retained earnings and its performances between 1 July 2009 and 31 December 2009 at a rate of THB 8 per share. This payment will be made out of profits exempted from corporate income tax payment. As a result, those receiving the dividend will not be entitled to a tax credit. The interim dividend will be paid on 30 April 2010.

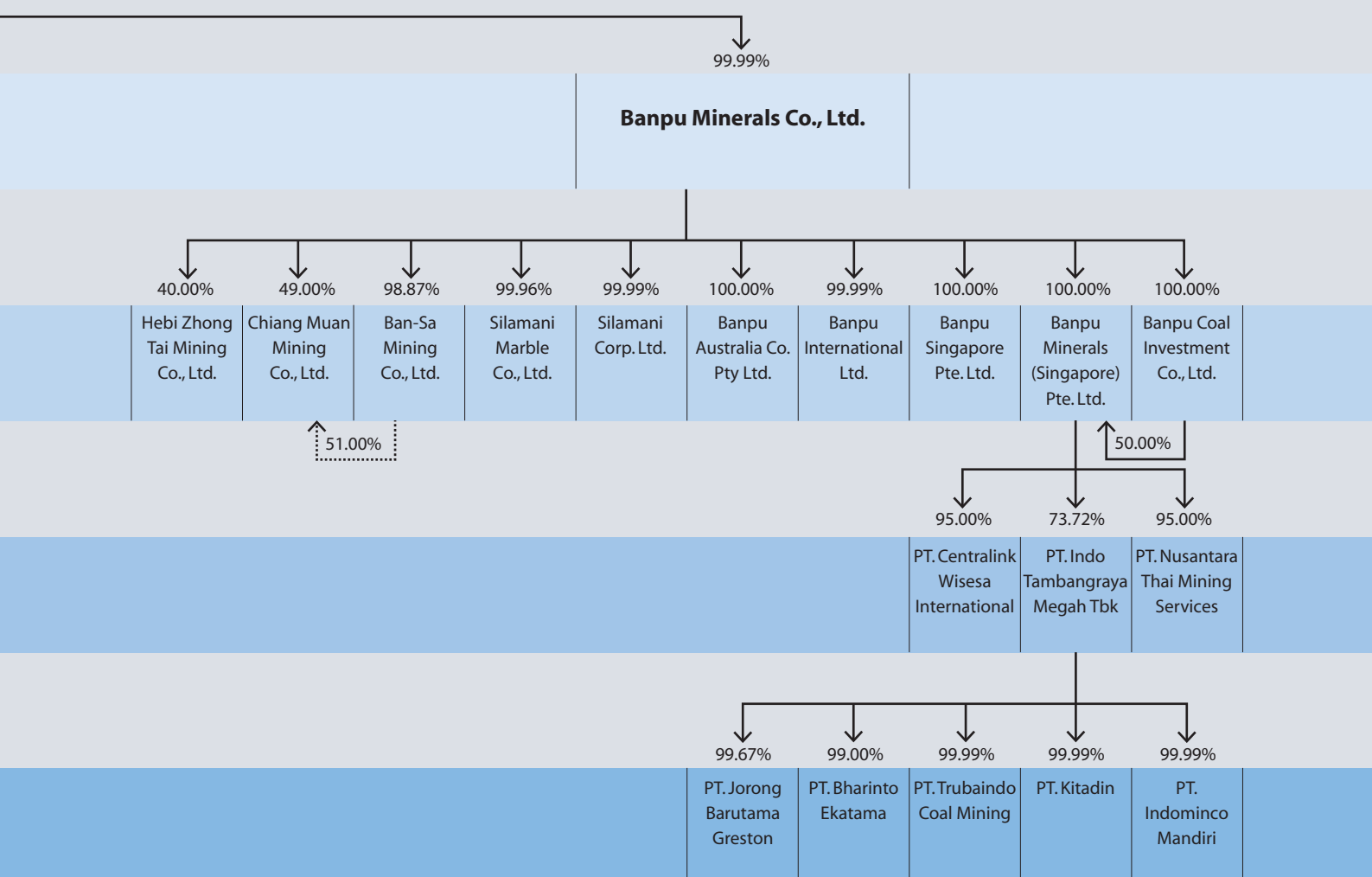
Banpu Group Structure

As of 31 December 2009

(Entities with 10 per cent or more shares held by Banpu)

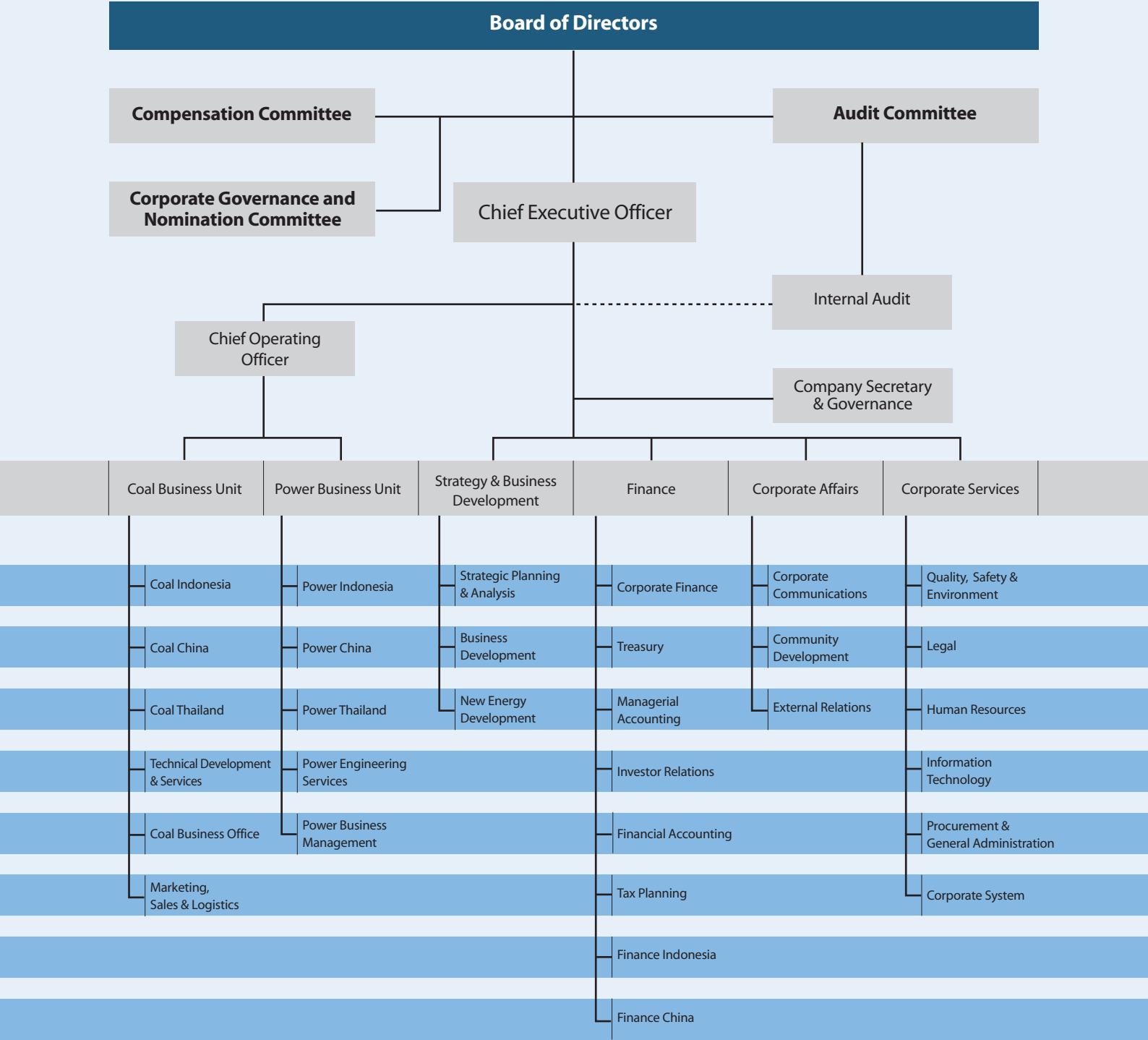
Banpu Public Company Limited





Organization Chart

As of 31 December 2009



Management Structure

The Company's management structure as of 31 December 2009 consisted of the Board of Directors and executive officers. Half of the 12-member Board of Directors are independent directors. There are 3 sub-committees; namely, the Audit Committee, the Corporate Governance and Nomination Committee and the Compensation Committee. Chairman of the Board, Chairman of the Audit Committee, Chairman of the Corporate Governance and Nomination Committee, Chairman of the Compensation Committee are independent directors.

1. The Board of Directors consists of the following:

| | |
|--------------------------------|---|
| 1. Mr. Krirk-Krai Jirapaet | Chairman of the Board of Directors/Independent Director |
| 2. Mr. Soonthorn Vongkusolkrit | Vice Chairman |
| 3. Mr. Rutt Phanijsaphand | Independent Director |
| 4. Mr. Montri Mongkolsawat | Independent Director |
| 5. Mr. Kopr Kritayakirana | Independent Director |
| 6. Mr. Somkiat Chareonkul | Independent Director |
| 7. Mr. Anothai Techamontrikul | Independent Director |
| 8. Mr. Vitoon Vongkusolkrit | Director |
| 9. Mr. Sawatdiparp Kantatham | Director |
| 10. Mr. Chanin Vongkusolkrit | Director |
| 11. Mr. Metee Auapinyakul | Director |
| 12. Mr. Ongart Auapinyakul | Director |

Directors with Authority to Sign on Behalf of the Company

Two of the following six Board of Directors; namely, Mr. Soonthorn Vongkusolkrit or Mr. Vitoon Vongkusolkrit or Mr. Chanin Vongkusolkrit or Mr. Sawatdiparp Kantatham or Mr. Metee Auapinyakul or Mr. Ongart Auapinyakul, shall jointly sign a document together with the Company's seal.

Duties and Responsibilities of the Board of Directors

The Board of Directors has a duty to supervise the Company based on its visions and missions by ensuring compliance with the laws, rules and regulations of the Stock Exchange of Thailand (SET), the Office of the Securities and Exchange Commission (SEC), the Capital Market Supervision Commission, the Company's own objectives, rules and regulations as well as shareholders' resolutions. The Board must perform its duties with integrity and prudence by safeguarding short- and long-term interests of shareholders. The Board also entrusts the CEO to run the Company's business.

In 2009, the Board formulated "The Practices for the Board of Directors of Banpu Public Company Limited B.E. 2552," containing details of components, duties and responsibilities, which were regularly updated to meet changing laws and business environment. In addition, Banpu also published a director's practice guideline to suggest how directors may maintain the Company's confidential information. (For more information, please visit Banpu's website Re: "Board of Directors and Committees and see 56-1 Report.)

The Board also organizes an orientation session for new directors to inform Banpu's expectations of new director's responsibilities, Banpu's policies and practices for directors to supervise the management and Banpu's business and operations. Banpu also leads new directors to visit its operation to prepare directors for their new job.

The Board of Directors has a policy to enhance corporate governance concept as well as knowledge on industrial outlook, businesses, new technology and innovations. All directors are urged to attend seminars or trainings

held by the Thai Institute of Directors Association (IOD) and other reputable institutions to support their duty.

The Board of Directors also requires a joint meeting between independent directors and non-executive directors to be held at least twice a year to allow directors to freely discuss or express opinions relating to management. The Company Secretary is required to produce a summary report of the meeting and submit it to all directors.

The Board of Directors also requires a “Board Retreat” to be held annually to allow directors to propose interesting issues and jointly express their opinions or recommendations for the benefit of the Board of Directors on working together and also for the management to manage Banpu in a better manner.

The Board of Directors requires the Board to be subject to a performance evaluation once a year where independence of directors will be assessed. This duty is entrusted to the Corporate Governance and Nomination Committee.

2. The Audit Committee consists of the following:

- | | |
|-------------------------------|---------------------------------|
| 1. Mr. Somkiat Chareonkul | Chairman of the Audit Committee |
| 2. Mr. Montri Mongkolswat | Member |
| 3. Mr. Anothai Techamontrikul | Member |

The Audit Committee’s term of office is three years each. The Committee has been in office from April 2007 and its term will end at the 2010 Annual General Meeting of Shareholders.

Duties and Responsibilities of the Audit Committee

The Audit Committee has a duty to review the Company’s financial statements, its adequacy of internal control and risk management systems, and compliance with applicable laws and regulations as well as to report or express its opinions to the Board of Directors to seek approval or for further submission to the shareholders’ meeting, as the case may be.

3. The Corporate Governance and Nomination Committee consists of:

- | | |
|--------------------------------|---|
| 1. Mr. Kopr Kritayakirana | Chairman of the Corporate Governance and Nomination Committee |
| 2. Mr. Soonthorn Vongkusolkrit | Member |
| 3. Mr. Sawatdiparp Kantatham | Member |
| 4. Mr. Anothai Techamontrikul | Member |

The Corporate Governance and Nomination Committee’s term is three years, starting from April 2007. Its term will end at the 2010 Annual General Meeting of Shareholders.

Duties and Responsibilities of the Corporate Governance and Nomination Committee

As its name suggests, the Corporate Governance and Nomination Committee has two major duties. Firstly, to review the Corporate Governance Policy and the Code of Conduct and monitor compliance of the policy and practices so that it remains within an ethical framework. Secondly, to nominate directors, Chief Executive Officer and Executive Officers, to review a succession plan in order to nominate appropriate persons to fill in management positions (from Department Vice Presidents and over), and to report to the Board of Directors for approval or for submission to the shareholders’ meeting, as the case may be.

4. The Compensation Committee consists of:

- | | |
|-----------------------------|--|
| 1. Mr. Rutt Phanijphand | Chairman of the Compensation Committee |
| 2. Mr. Vitoon Vongkusolkrit | Member |
| 3. Mr. Montri Mongkolswat | Member |

The Compensation Committee’s term of office is three years, starting from April 2007. Its term will end at the 2010 Annual General Meeting of Shareholders.

The Compensation Committee's Duties and Responsibilities

The Compensation Committee gives advice about compensation payment and how to manage various forms of compensations to the Board of Directors, the Sub-Committees and the Chief Executive Officer. It also reviews structures and compensation criteria. The Committee subsequently submits its opinions to the Board of Directors for approval or for further submission to the shareholders' meeting, as the case may be.

In 2009, the Board of Directors started implementing the "2009 Audit Committee Charter," the "2009 Compensation Committee Charter" and the "2009 Corporate Governance and Nomination Committee Charter," which contained components, duties and responsibilities of each committee. Some information was updated to correspond to changing laws and business directions. (For more information, please visit our website Re: "Sub-Committees" and see our 56-1 Report.)

5. The Management* consists of:

| | |
|---------------------------------|---|
| 1. Mr. Chanin Vongkusolkrit | Chief Executive Officer |
| 2. Mr. Rawi Corsiri | Chief Operating Officer |
| 3. Ms. Somruedee Chaimongkol | Chief Financial Officer |
| 4. Mr. Sathidpong Wattananuchit | Assistant Chief Executive Officer - Corporate Services |
| 5. Mr. Akaraphong Dayananda | Senior Vice President - Strategy and Business Development |
| 6. Ms. Udomlux Olarn | Senior Vice President - Corporate Affairs |

Note: * The next first four executives from Chief Executive Officer are in accordance with Banpu's organization chart announced on 1 January 2009. They are those being appointed to manage Coal Business Unit, Power Business Unit, Finance, Corporate Services, Strategy and Business Development and Corporate Affairs. (At present, Mr. Rawi Corsiri, COO, is also responsible for Coal Business Unit and Power Business Unit.)

Duties and Authority of Chief Executive Officer

The Board of Directors sets a goal for the CEO's performances, approves scopes of his duties and responsibilities as well as regularly updates them to meet business requirements and growth. The CEO exercises his power by delegating it to executive officers next to him based on the Delegation of Authority Chart, which has been implemented since 2005 and also regularly updated. (For more information, please see 56-1 Report Re: Duties and Authority of the Chief Executive Officer.)

The Board of Directors will assess CEO's performances annually using evaluation criteria closely linked with strategic plans and annual plans formulated under the Company's goals to enable the Company to offer him attractive compensations and other fringe benefits. The CEO will assess the performance of executives of the Company.

6. Independent Directors, who account for 50 per cent of the Company's Board of Directors, consist of:

| | |
|-------------------------------|----------------------|
| 1. Mr. Krirk-Krai Jirapaet | Independent Director |
| 2. Mr. Montri Mongkolswat | Independent Director |
| 3. Mr. Kopr Kritayakirana | Independent Director |
| 4. Mr. Somkiat Chareonkul | Independent Director |
| 5. Mr. Rutt Phanijphand | Independent Director |
| 6. Mr. Anothai Techamontrikul | Independent Director |

The Board of Directors, having reviewed qualifications of "independent directors" under the Notification of Capital Market Supervisory Board No. TorJor. 28/2551 dated 15 December B.E. 2551 and TorJor. 4/2552 dated 20 February B.E. 2552, believes that they are appropriate and comprehensive based on the corporate governance principles and therefore approved to apply qualifications of "independent directors" under the Notification of Capital Market Supervisory Board No. TorJor. 4/2552 dated 20 February B.E. 2552 as qualifications of Banpu's independent directors. (For more information, please see 56-1 Report and the Capital Market Supervisory Board No. TorJor. 4/2552 dated 20 February B.E. 2552).

7. Company Secretary

The Board of Directors has appointed Ms. Boonsiri Charusiri as Company Secretary, whose duties and responsibilities are as stipulated in the amended Securities and Exchange Act, B.E 2535 (No. 4), B.E 2551. The Company Secretary is responsible for organizing the Board of Directors' and shareholders' meetings, ensuring compliance based on the meetings' resolutions, advising the Board of rules and regulations it has to comply, maintaining directors' registration. Additionally, the Company Secretary is responsible for the Board meeting's minutes, Banpu's Annual Report, the issuance of shareholders meeting's invitation letters, the shareholder meeting's minutes, the report on interest of Directors, Executives and related persons, and any other matters as required by the Capital Market Supervisory Board.

Nomination of Directors and Executives

The Corporate Governance and Nomination Committee will nominate new directors who shall replace those retiring on rotation or otherwise based on the following procedures:

1. The Committee will review the Board of Directors' entire structure and components with a purpose to strengthen its position.
2. The Committee will review general and specific qualifications of independent directors and add new qualifications deemed suitable for circumstances at the time, the Company's requirements and to the SET's terms and conditions. The Corporate Governance and Nomination Committee will then submit its nomination to the Board of Directors, who will submit it to the Annual General Meeting of Shareholders for approval and appointment.

To nominate an executive officer, the Corporate Governance and Nomination Committee will draft a succession plan covering CEO, COO and senior executive officers to ensure that the Company will have competent executives with proper expertise and experiences to succeed in its important positions in the future.

Marketing and Competitions

Marketing

1. Coal Marketing

1.1 Overseas Coal Market

The coal market in 2009 became bearish as demands for coal significantly fell due to the world's financial crisis. This led to an oversupply of coal in the market as production still exceeded demands. Coal prices slid from the previous year to its lowest level in the first quarter of 2009. However, demands for imported coal of China quickly picked up especially during the second half of the year since price of local coal remained high. As a result, Chinese customers especially those in the South turned instead to import cheaper coal from Australia and Indonesia. In the end, China imported thermal coal 140 per cent more than it did in the previous year. Simultaneously, demands for coal in India also rose. In short, the overall market of thermal coal continued to grow.

As several countries were recovering from the economic turmoil, it is believed that coal price had reached its bottom and is now on the rise. Besides, as Asia is the region which has the highest demand for coal, coal producers from Australia and Indonesia are geographically advantageous as both are in a closer proximity to their users.

Competition strategies

In 2009, Banpu focused on customer relations management (CRM) to keep customers in a long run as well as selling coal to markets offering better prices. Banpu's major competition strategies are:

- *Continue to strengthen the “Banpu” brand*

Banpu has continued to strengthen its unique brand by sponsoring the world's coal conferences held in different countries. Besides, Banpu's executives were invited to speak at various coal business forums in Asia and Europe. This has made Banpu's name more recognized by manufacturers, distributors and coal users around the world.

- *Expanding customer base*

Banpu has expanded its customer base to People's Republic of China, which records the highest growth rate in the world. It has signed short- and long-term purchase agreements with Chinese buyers. Besides, Banpu starts to widen its customer base in India to respond to the needs for coal there, expected to rise rapidly in the future. By doing so, Banpu manages to not overly depend on a particular market and thus stabilize its incomes.

- *Customer relations management*

Banpu uses results from customer's satisfaction surveys and interviews to improve its internal work process to respond better to customers.

- *Reliability and stability in coal delivery*

Banpu is improving its Bontang Coal Terminal in Indonesia, which will be the Company's largest coal terminal with a capacity to transport 18.5 million tonnes of coal a year. This will definitely allow Banpu to respond better to customers' needs.

- *Improving quality control*

Banpu has upgraded its internal work process to make quality control more efficient by focusing on preventing rather than solving. The Coal Quality Compliance Coordinator Unit is established to monitor quality of Banpu's coal at every production step, during transportation and when coal is stocked at the terminal and to solve problems immediately.

- *Updating customer's database*

Banpu has already updated customer's base to cover technical information and information required for managing customer relations. The database is used for planning and improving Banpu's strategies to correspond to marketing situations in each period and to respond to the need of each customer.

Major competitors

Banpu's major competitors are major producers in Australia, China, Indonesia, South Africa and Russia.

Pricing policy

Banpu normally sets its coal prices based on market prices at the time. In general, Banpu usually negotiates a price with each customer once a year. Several deals in this nature are made with different customers throughout the year depending on a coal contract signed with each customer. Prices can be fixed or floated according to the world's market prices, or better known as index link. Fixed price guarantees Banpu's incomes and reduces its exposure to coal price volatility in the world's market. Yet, Banpu continues to adjust a proportion of its fixed and index link price transactions depending on market conditions at the time. That's why Banpu's coal prices during the past year remained quite high although the world's coal prices had significantly dropped.

Customers

Most Banpu's customers are large coal-fired power plants with demands for coal to generate power. They are in various countries from Japan to South Korea, Taiwan, China, Malaysia, the Philippines, Indonesia and certain European countries. In addition, Banpu also sells coal to cement, petrochemical, paper, plastic and chemical industries. Banpu continues to focus on the power generation customers since they have steady demands and potential growth.

Distribution and distribution channels

To sell coal to customers, Banpu either sells it directly or through agents. Direct sale usually takes place in countries where it has offices such as Indonesia and Thailand. In countries where Banpu has no presence, it uses local agents to facilitate customers.

1.2 Coal markets in Thailand

Although overall demands for coal during the first ten months of 2009 fell by 5.2 per cent from the same period a year earlier, import of coal during the first ten months of 2009 rose 4.3 per cent since there were new retail coal distributors coming into the market. Each continued to import coal to its stock for gradually selling to customers.

As for locally-produced coal, the private sector produced 1.6 million tonnes of coal during the first ten months of 2009, which was more or less the same rate as a year earlier. However, coal reserves of the private sector remained low. That's why it cannot increase volumes of coal production. In responding to rising coal demands depends on coal imported from overseas.

Competition strategies

- Banpu has its coal resources in Indonesia and this makes it ready to the contracts in short and long term with its customers.
- Banpu invites customers to visit its mines in Indonesia. This is to convince customers that Banpu has enough coal to respond to customer's needs whether in terms of volume, quality and delivery stability in the long run.

- **Coal Distribution Center:** Banpu uses its coal distribution center to stock coal imported from overseas before gradually distributing it to customers. The coal distribution center is also used to blend coal to achieve a right quality suitable to each customer as needed. Banpu emphasizes on-time delivery and quality control that matches each customer's requirements. It also focuses on compliance with environmental regulations and ensures that there is no impact to nearby communities.

Major competitors

Banpu's major competitors are coal producers in Indonesia and approximately 15 coal dealers who distribute coal in Thailand. However, very few of these dealers have their own coal resources and most of them are trading companies who buy and sell coal to other customers.

Pricing policy

Imported coal is priced on the basis of pricing mechanisms in the world's markets and varied in different periods. A coal sales contract can be either a one-time delivery or for a period of one year or higher depending on customer's requirements.

Customers

Most of Banpu's customers are cement factories, coal-fired power plants and factories that require coal to heat their boilers such as paper & pulp, petrochemical and textile businesses.

2. Marketing of the Power Business

2.1 Power Business in China

In 2009, the Company suffered from the world's economic recession during the first half of the year, which prevented it from selling power and steam as much as previously planned. But the market recovered during the latter half of the year. Yet, production and sales volumes of the entire year remained lower than 2008 due to the economic doldrums, resulting in falling demands for power. However, as the Company emphasized management of its production costs by increasing production efficiency in both power and steam production processes to compensate decreasing sales, in the end, it was able to continue its business without difficulty.

As for coal industry in People's Republic of China in 2009, an average coal price remained stable but edged up in Q4 as it was winter time and demands for energy rose. The Company's started to increase its coal stocks to minimize the cost of its fuel to the lowest.

Customer Relations Management

Banpu continues to put emphasis on customer relations management (CRM) for both public and private sector customers. This includes the local power authority, who is the only buyer of its power, and other steam customers. Flexibility is given to customers affected by the world's economic slump. One of the Company's risk reduction measures is to monitor business conditions, advise customers how to improve their working process in order to manage their business more efficiently. In addition, the Company maintains a good relationship with the local government by collaborating and supporting public activities, through which Banpu is recognized as a model company there.

2.2 Power Business in Lao PDR

Banpu in collaboration with Ratchaburi Electricity Generating Holding Public Company Limited (RATCH) and Lao Holding State Enterprise (LHSE), a state owned enterprise of the Government of the Lao People's Democratic Republic, jointly established Hongsa Power Company Limited and Phu Fai Mining Company Limited, which have been granting a concession for the development of and investment in the 1,878 MW, lignite-fired mine mount power project, located in the North of Lao PDR. The Hongsa power plant project is expected to commence its commercial electricity supplied to Electricity Generating Authority of Thailand (EGAT) and Lao PDR by 2015. The project is currently under the power purchase agreement (PPA) negotiation.

2.3 Power Business in Thailand

Banpu has invested 50 per cent in the BLCP coal-fired power plant which generates 717 equity megawatts of power; and 14.99 per cent in the natural gas-based power plant of Ratchaburi Electricity Generating Holding Public Company Limited, which accounts for 590 equity megawatts of power. All power generated from the two are sold to EGAT under the long-term IPP (Independent Power Producer) power purchase agreements.

Competition strategies

- Coal-fired power plant in Thailand

Banpu's priorities are environment and community recognition. In recent years, there has been an increasing awareness in an environmental issue in Thailand that leads to amendments of laws and regulations and upgrades of standards, meaning more investments in environmental activities. In addition, more protests against the coal-fired power plant across the country and lack of clear policy directions and assurance from the government, have made an investment in a project riskier.

Major competitors

- Major power producers in Thailand are the Electricity Generating Public Company Limited, Ratchaburi Electricity Generating Holding Public Company Limited and Glow Energy Public Company Limited.
- Overseas power producers and investors

Competitions

1. Competitions in the Coal Business

Steam coal or thermal coal is mostly used in power plants and cement factories.

1.1 Steam Coal/Thermal Coal in the World Market

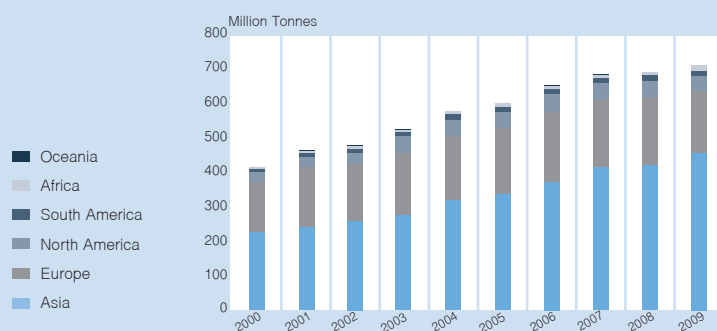
Demands for coal in several countries fell in 2009 due to the world's financial crisis especially in developed countries such as the US, the EU and Japan, which were severely hit. However, China continued to enjoy a strong economic growth despite being affected by the financial turmoil. China imported over 40 million tonnes of coal, which was higher than 2008. This number virtually compensated decreasing amount of coal imported by other countries. At the same time, India imported more coal than ever, making the overall coal market to continue expanding.

Coal imported in 2009 totaled 695 million tonnes or a rise by 2 per cent from the previous year. Coal prices in China increased while those in other countries fell the same way costs of freight did. That caused coal consumers in the southern part of China to import more coal from overseas since it was cheaper. At the same time, coal produced in India failed to respond to the country's increasing demands. India ended up importing more coal from overseas.

A total of 696 million tonnes of coal were exported in 2009, which was close to the level a year before. Indonesia continued to be the world's coal largest exporter as it exported more than 225 million tonnes, followed by Australia, which exported 136 million tonnes. Colombia and the USA exported much less coal than the previous year as demand for coal in the US and Europe was contracted. South Africa also exported the same amount of coal that it did a year ago since it managed to expand its market to Asia, which continued to witness a vibrant growth. China also exported much less coal due to strong demands in the local markets and unattractive coal prices in the international markets.

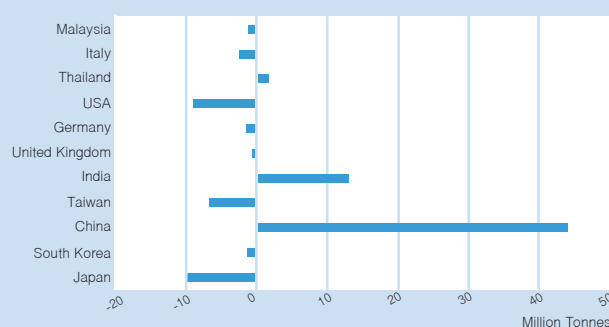
Historical of World Seaborne Thermal Coal Imports

Source: Wood Mackenzie and Marketing, Sales & Logistics, Banpu



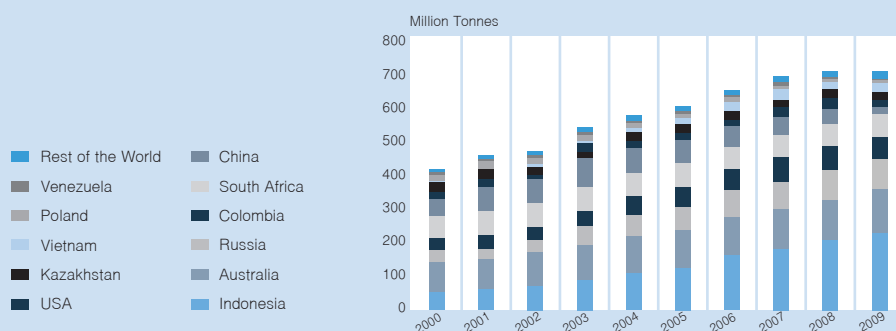
Change in Thermal Coal Import 2009 VS 2008

Source: Wood Mackenzie and Marketing, Sales & Logistics, Banpu



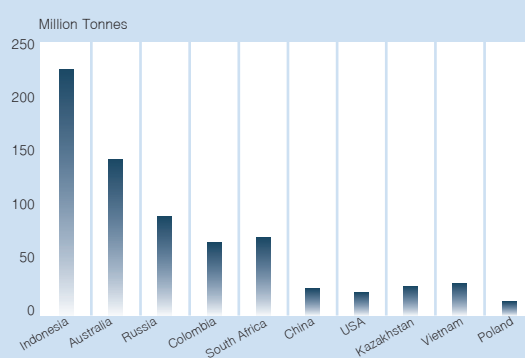
Historical of World Thermal Coal Exports by Countries

Source: Wood Mackenzie and Marketing, Sales & Logistics, Banpu



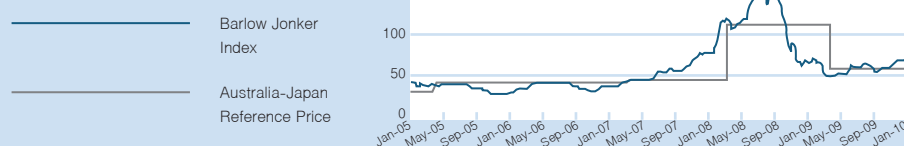
Top 10 Exporters of World Thermal Coal in 2009

Source: Wood Mackenzie and Marketing, Sales & Logistics, Banpu



Thermal Coal Export Price FOB Newcastle

Source: Barlow Jonker Pty Ltd



The Australian-Japan Reference Price was approximately USD 70 per tonne for coal delivered in 2009 (April 2009-March 2010), which was 44 per cent lower than a year before. FOB price in spot market at Newcastle, Australia, in 2009, also bottomed at close to USD 60 a tonne but moved sideways between USD 60-80 a tonne throughout the year. In late 2009, due to severely cold weather in China, coal prices in China rapidly rose, making the FOB price in spot market at Newcastle to edge up.

It is expected that the coal market in 2010 will continue to expand thanks to economic recovery in several countries affected by the financial crisis during the past year. As a result, demands for coal especially in Asia should also rise.

1.2 Coal Business in Thailand

Demands for coal by Thai private sector during the first ten months of 2009 went down due to effects from the world's financial crisis. Demands for coal fell 5.2 per cent to remain only 14.81 million tonnes from the same period a year before. Of this, 1.82 million tonnes were coal produced locally, which fell 6.7 per cent from the previous year since coal mines in Thailand continued to close down. About 14.25 million tonnes were imported, representing a decline by 5 per cent.

Coal Consumption in Thailand

(Unit: Million Tonnes)

| | 2005 | 2006 | 2007 | 2008 | 10 Months | | Growth | | | |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|-------------|------------------|
| | | | | | 2008 | 2009 | 2006 | 2007 | 2008 | 2009 (10 Months) |
| Domestic Coal | 4.48 | 3.04 | 2.16 | 2.12 | 1.96 | 1.82 | -32.2% | -28.9% | -1.6% | -6.7% |
| Imported Coal | 8.57 | 11.21 | 14.41 | 15.98 | 13.67 | 12.98 | 30.9% | 28.5% | 10.9% | -5.0% |
| Total | 13.05 | 14.25 | 16.57 | 18.10 | 15.63 | 14.81 | 9.2% | 16.3% | 9.2% | -5.2% |

Source: Energy Policy and Planning Office

It is expected that demands for coal in Thailand will improve in 2010 following an expectation of economic recovery in the country, which will push demands for coal in the industrial sector to be higher.

2. Competitions in the Power Business

2.1 Power Business in China

China's power business continued to grow in 2009 at a higher rate than the previous year although the industry was affected by the world's economic turmoil during the first half of the year. Demands for electricity still grew, albeit at a slower rate. Yet, during the latter half of the year, an overall demand for electricity rose as the economy started to recover following the government's stimulus package where the Chinese government injected money to improve basic infrastructure projects and to stir up local consumption. China's growth rate for electricity demands are as follows.

| | Unit | 2009 | 2008 | 2007 |
|--|----------|---------|---------|---------|
| Growth rate of total consumption | % | 6.0 | 5.2 | 14.4 |
| Growth rate of industrial sector consumption | % | 4.2 | 3.8 | 15.7 |
| Growth rate of production capacity | % | 10.2 | 11.1 | 14.7 |
| Total production capacity | Megawatt | 874,073 | 792,530 | 713,290 |

2.2 Power Generation Business in Thailand (Source: EPPO)

The Thai economy in 2009 contracted 3 per cent after the world's financial crisis that took place from late 2008 to 2009. This negatively affected Thailand's export and tourism industry.

However, an overall consumption of electricity in the country rose by 0.1 per cent from the previous year. Electricity consumption started to climb in October 2009 after the economy and exports showed signs of recovery. Electricity consumption peaked on 24 April 2009 at 22,596 MW, which was higher than 2008's level at 22,568 MW. Electricity consumed in the Bangkok Metropolitan area, yet, decreased by 1.2 per cent while consumption in provincial areas rose 0.8 per cent.

On a sectoral basis, in 2009, the industrial sector's appetite for power fell 1.1 per cent from a year before. Businesses also consumed 1.6 per cent power less than the previous year. Other sectors also consumed 2.3 per cent less power. However, electricity consumed by households and the agricultural sector rose 5.3 per cent and 6.4 per cent, respectively.

The country's power generation capacity in 2009 was at 29,191 MW. In the same year, EGAT generated and purchased 148,090 gigawatts per hour, which was 0.1 per cent decline from a year before. 70 per cent of power generated came from natural gas; 21 per cent from lignite/coal; 5 per cent from hydropower and 3 per cent from other sources. Only 1 per cent of power generated here came from oil fuel.

It is expected that power consumption in 2010 will increase by 4 per cent. Power used in the business and industrial sectors will continue to rise from late 2009 as the Thai economy and its exports have already started to recover. More power will be generated from natural gas as it is cheaper compared to oil. Besides, there is enough natural gas locally and there will be a new gas-fired power plant – the 700 MW North Bangkok power plant - entering into the system. For imported power, 920 MW will be imported from the Nam Thuen 2 Project in Lao PDR while electricity generated from hydropower and bunker oil will steadily decline based on EGAT's Power Development Plan.

Revenue Structure

For the previous 3 years ended 31 December

Banpu Public Company Limited

(Unit: THB Million)

| Products/Services | Conducted by | % of Shareholding | 2009 | | 2008 | | 2007 | |
|---|--------------|-------------------|--------------|---------------|--------------|---------------|--------------|---------------|
| | | | Revenue | % | Revenue | % | Revenue | % |
| Sales Revenues | | | | | | | | |
| 1. Domestic Coal | BP | 100 | 19 | 0.93 | 273 | 12.10 | 575 | 32.51 |
| 2. Imported Coal | BP | 100 | 1,923 | 94.22 | 1,890 | 83.65 | 1,066 | 60.29 |
| 3. Other Revenues | BP | 100 | 99 | 4.85 | 96 | 4.25 | 127 | 7.20 |
| Total Sales Revenues | | | 2,041 | 100.00 | 2,259 | 100.00 | 1,768 | 100.00 |
| Participating Profit (Loss) from Investment in Associated Companies (Equity Method) | | | 7,447 | | 4,946 | | 4,504 | |
| Total Revenues | | | 9,488 | | 7,205 | | 6,272 | |

Banpu Public Company Limited and Its Subsidiaries

(Unit: THB Million)

| Products/Services | Conducted by | % of Shareholding | 2009 | | 2008 | | 2007 | |
|--|--------------|-------------------|--------------|-------------|--------------|--------------|--------------|--------------|
| | | | Revenue | % | Revenue | % | Revenue | % |
| Sales Revenues - Thailand | | | | | | | | |
| 1. Domestic Coal | BP | 100 | 19 | 0.03 | 272 | 0.54 | 476 | 1.47 |
| | BPI | 99.99 | - | - | - | - | 77 | 0.24 |
| | BMC | 99.99 | 22 | 0.04 | - | - | - | - |
| | CMMC | 99.42 | 60 | 0.10 | 105 | 0.21 | 163 | 0.50 |
| 2. Imported Coal | BP | 100 | 1,923 | 3.32 | 1,890 | 3.74 | 938 | 2.89 |
| | BMC | 99.99 | - | - | - | - | 7 | 0.02 |
| | BPS | 100 | 213 | 0.37 | 992 | 1.96 | 1,353 | 4.17 |
| | BPI | 99.99 | 1,167 | 2.02 | 1,291 | 2.55 | 977 | 3.01 |
| | IMM | 73.71 | 102 | 0.18 | - | - | - | - |
| | TCM | 73.71 | 603 | 1.04 | - | - | - | - |
| | JBG | 73.48 | 225 | 0.39 | 485 | 0.96 | - | - |
| 3. Other Revenues | | | 377 | 0.65 | 419 | 0.83 | 148 | 0.46 |
| Total Sales Revenues - Thailand | | | 4,711 | 8.14 | 5,454 | 10.79 | 4,139 | 12.76 |

Banpu Public Company Limited and Its Subsidiaries (Continued)

(Unit: THB Million)

| Products/Services | Conducted by | % of Shareholding | 2009 | | 2008 | | 2007 | |
|---|-----------------|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | Revenue | % | Revenue | % | Revenue | % |
| Sales Revenues - Overseas | | | | | | | | |
| 1. Coal - International Trade | IMM | 73.71 | 30,787 | 53.20 | 24,209 | 47.91 | 18,271 | 56.32 |
| | KTD | 73.71 | 1,150 | 1.99 | - | - | 110 | 0.34 |
| | TCM | 73.71 | 14,104 | 24.37 | 14,946 | 29.58 | 5,107 | 15.74 |
| | JBG | 73.48 | 2,326 | 4.02 | 1,461 | 2.89 | 912 | 2.81 |
| 2. Power | BPIC | 100 | 4,788 | 8.28 | 4,460 | 8.83 | 3,865 | 11.91 |
| 3. Industrial Minerals | | | - | - | - | - | 38 | 0.12 |
| Total Sales Revenues - Overseas | | | 53,155 | 91.86 | 45,076 | 89.21 | 28,303 | 87.24 |
| Total Sales Revenues | | | 57,866 | 100.00 | 50,530 | 100.00 | 32,442 | 100.00 |
| Participating Profit (Loss) from Investment in Associated Companies (Equity Method) | | | 7,447 | | 4,946 | | 4,504 | |
| Total Revenues | | | 65,313 | | 55,476 | | 36,946 | |

Notes: 1. Other incomes consisting of other services.

2. The Company did not recognize sales incomes derived from the Power Business since its shareholding ratio is less than 50 per cent therein.

Risk Management

Banpu and its group of companies manage business risks through various committees to cover every area that risks may occur, by efficiently and timely handling any risk based on internal and external changes. Banpu's risk management mechanisms include the Risk Management Committee which convenes on a quarterly basis; a monthly meeting of each business unit for risk monitoring; and the Financial Management Committee that meets every month. In addition, the Company also monitors, analyzes and supervises risk management activities at an operational level with progress being reported on a monthly basis.

1. Strategic Risk

1.1 Risk from Inability to Invest according to a Business Plan

Banpu is entering its 2010-2013 business plan where it plans to invest in existing and new assets. Banpu is able to manage this risk incurred from the fact that it may not invest as planned by monitoring the coal and power businesses as well as other related industries in order to know their movements or changes and properly adapt itself to such circumstances. In addition, Banpu also coordinates with business units to review factors for possible new investment to keep its investment criteria in line with current investment and business conditions. This also includes exploiting benefits from intergovernmental contracts and agreements that offer investment incentives such as an agreement executed between Thai and Indonesian governments.

1.2 Risk from Formulating an Inappropriate Strategic Plan

Banpu manages this risk by creating a system and process to periodically review its strategies. This includes the Quarterly Strategic Review (QSR) meeting and a prompt report to senior executives if there is a need to change Banpu's business direction. In addition, information from reliable institutions and other sources are compared to check information credibility and analyze differences among various assumptions. Banpu also consults with external experts and enhances internal skills to forecast economic, social and other related conditions.

1.3 Risk from a Lack of Support Staff Required under the Business Plan

Banpu monitors its manpower planning on a quarterly basis together with business units. It constantly updates recruitment and selection strategies and trains human resources in the key positions based on a succession plan and the Individual Development Plan (IDP). Banpu also conducts trainings based on staff's competency profile and their responsibilities. Organization structure in various levels has been made clear while responsibilities and operational procedures between Banpu Bangkok Office and other offices in countries where it has investments are clearly determined.

2. Financial Risk

2.1 Exchange Rate Risk

The Company manages foreign currencies to prevent exchange rate risk both at the corporate level and at the Group level through a natural hedging policy where it strives to create a balance between its foreign-currency assets and liabilities in Thailand, Indonesia and China. Other financial instruments are also implemented from time to time based on circumstances.

As of 31 December 2009, 87 per cent of the Company's loans were in Thai baht; 11 per cent in US dollars and 2 per cent in Chinese RMB. Banpu will increase the proportion of its US dollar loans, including adjustment of its forwarding contracts to properly reflect a proportion of its foreign currency assets and liabilities, corresponding to current trends and situations. At the same time, it naturally hedged foreign exchange incomes and mobilized funds in US dollar or converted them into other foreign currencies for overseas re-investments. By doing so, Banpu managed to make its risk management flexible while reducing foreign exchange impacts.

Banpu's subsidiaries in Indonesia manage their exchange risk by exchanging US dollars and Indonesian Rupiah to achieve a proportion that reflects trends in the foreign exchange market. This has been done within the same group and with banks. These Indonesian subsidiaries also deal US dollars in advance based on their estimated incomes and expenses to reduce the exchange rate risk between US dollars and Indonesian Rupiah.

2.2 Interest Risk

Banpu manages an interest risk with a goal to have the level of risk appropriate with an intensity of a situation at the time. It closely monitors current and future interest rates in the world's markets and in Thailand and mixes its short- and long-term loan portfolios with fixed and floating interest rates that correspond to different types of Banpu's investments. Financial instruments such as interest rate swap are also used to increase a proportion of its fixed rate loans to correspond to the future trends.

As of 31 December 2009, Banpu's proportion of fixed-and floating-rate loans were at 36 per cent and 64 per cent, respectively.

2.3 Risk from Coal and Oil Prices

Banpu Group has managed risks from coal prices that affect its incomes and risks from oil prices that affect its operating costs by partly using coal swaps and gas oil swaps to reduce volatility in the coal business performance. A Commodity Risk Management Committee has been set up to manage risks from coal and oil prices of Banpu group of companies. The committee also reviews the lending banks' risk status on an annual basis.

3. Risk in Coal Business

3.1 Risk from Coal Price Volatility

Coal prices in the world's markets became more stable in 2009 after a sharp fall in late 2008 due to the world's financial crisis, prompting demands for coal to tumble. Coal price at Newcastle bottomed in the first quarter of 2009 before swinging around USD 60-80 a tonne. Such volatility is a major risk greatly affecting incomes of coal producers. To manage this risk, the Company has monitored and evaluated market situations and price trends in order to choose a right moment to price coal with major customers who sign contracts with us. As a result, the pricing deals are diversified at various dates. At the same time, the Company also adjusts its coal sales proportion between those sold at a fixed price and those sold at an index-linked price, properly reflecting a market situation at the time in order to sell coals at the appropriate price and to gain a steady income.

3.2 Delivery Risk

Delivery risk mostly occurs as a result of force majeure, something that beyond our control; such as heavy rain that impedes a mine from producing coal and a huge accident that hinders a machine from working, which, in the end, means there is no coal to deliver. A possible risk can be a fine the Company has to pay for demurrage. Yet, this is a risk that can be limited. Most of the time, Banpu will ask its clients to have their barges pick up coal at other coal terminals first and postpone a delivery schedule until its production resumes. At present, the Company has set up a system to monitor production and coal transportation information so that it can get access to production, coal quality and inventory information all the times, enabling us to adjust delivery schedules in

advance. In addition, Banpu also doubles its coal stocks at its Bontang Coal Terminal from 350,000 tonnes to 650,000 tonnes to enhance its storage capacity and reduce its delivery risk.

3.3 Operation and Transportation Risk from a Coal Terminal in Indonesia

The Company has taken out a risk insurance against a suspension of coal transportation at the Bontang Coal Terminal due to accidents. In other words, the Company will be compensated by an insurance company if the terminal suffers from accidents that prevent it from functioning. To mitigate its risk on machine malfunctions, Banpu formulates a maintenance plan by emphasizing a preventive maintenance, giving regular skill trainings to maintenance staff and stocking enough critical spare parts to minimize repair time and impacts to its operations. However, if there is any force majeure that disrupts the coal terminal, Banpu has already prepared an emergency plan to handle the situation. Under this plan, coal will be loaded to smaller barges before being loaded onto a larger barge floating in the sea or the Company will use other terminals temporarily to minimize impacts to its customers. The Company also rents floating cranes at Bontang Coal Terminal to increase its loading capacity, able to load coal into vessels when the terminal has a problem.

3.4 Risk from Volatility in Production Costs

Fuel is a major cost for coal production. Banpu uses diesel in major mining and stripping equipment. That's why oil price volatility in the world's markets has a lot of effects on the cost of production. To manage this risk, the Company closely monitors and analyzes movements of oil prices in the world's markets so that it can effectively plan a purchase of oil as well as coal production activities to reduce its oil dependence and to increase its efficiency. In the long run, Banpu plans to study on how to reduce its dependence on oil-based machines. Diesel is also a major cost in transporting coals from Banpu's mines to its coal terminal. At present, Banpu is studying on how to replace diesel with bunker oil in its coal barges because bunker oil is cheaper and is less volatile compared to diesel. This should help reduce the transportation costs and volatility in the Company's long-term transportation costs.

3.5 Risk from Changes in Coal Reserves

Coal reserves depend on exploration information. Additional exploration and information could mean that the Company's coal reserves either increase or decline. The Company continues to search for new coal resources to ensure that it can continue serving its customers for a long time.

3.6 Risk from Contractor's Operations

The Company hires contractors to strip off soil surface and to hurl coal. If the contractors cannot do their jobs due to problems such as a late arrival of machines, substandard maintenance, ineffective operation or labor problem, this will affect the Company's operation. To mitigate this risk, Banpu selects only reliable contractors with a good history of work experiences. It signs medium and long-term agreements with the contractors so that they feel it is worthy enough to invest in brand-new machines. In addition, Banpu also does part of the stripping and hurling job itself to reduce its dependency on contractors, which in effect will lower risks from contractor's operation.

4. Risk in the Power Business

The Company's investment risk in Power Business in Thailand is considered low as long as Banpu continues to manage its contracts well while a rate of return is stable. There is no risk in marketing and sales prices because everything is clearly stated in the long-term Power Purchase Agreement (PPA) with the Electricity Generating Authority of Thailand (EGAT). An amount of power to be purchased is also fixed (based on the existing production capacity), while the tariff can also be adjusted based on costs of fuel and the changing exchange rate.

Risk in the Power Business in China, however, is higher than the prevailing risk of the same business in Thailand. However, as the Company's combined heat and power (CHP) plants will receive an investment promotion from the Chinese government since they are more efficient than other power plants in general. The CHP plants therefore enjoy a privilege to sell heat and steam to designated areas and are guaranteed to sell electricity to local authorities.

Other risks in the Power Business are business risks in general such as requirements to maintain machines and equipment to maximize the plant's efficiency, cost management such as fuel, overall management efficiency, security of its steam customers and relationships with local communities and authorities. In addition, the Chinese government's policy to increase energy use efficiency may lead to changes of rules and regulations and this can somewhat affect Banpu's Power Business in China. In 2009, the risk incurred from fuel cost decreased after a coal price tumbled in 2008. Coal prices remained stable in 2009 before rising in the fourth quarter due to higher demands in winter and higher transportation costs as a result of transport difficulty during winter time.

5. Risk from Political Changes in Indonesia

The Company has taken out insurance worth USD 250 million against its investments in Indonesia and USD 75 million against its investments in China. Assets covered by the insurance are investments in the following companies:

Indonesia

1. PT. Centralink Wisesa International (Holding company)
2. PT. Indo Tambangraya Megah (Holding company and coal distribution company)
3. PT. Jorong Barutama Greston (Produce and sell coal - Jorong Mine)
4. PT. Trubaindo Coal Mining (Produce and sell coal - Trubaindo Mine)
5. PT. Kitadin (Produce and sell coal - Kitadin Mine)
6. PT. Indominco Mandiri (Produce and sell coal - Indominco Mine)
7. PT. Bharinto Ekatama (Produce and sell coal - Bharinto Mine)

China

1. Shanxi Asian American-Daning Energy Co., Ltd.
2. Shanxi Gaohe Energy Co., Ltd.

6. Risk from Regulatory Changes in Countries where Banpu Has Investments

As most of the Company's operations are overseas; namely, Indonesia and China, the Company has to confront with risks from regulatory changes in these countries. Regulatory changes may affect the Company's operation. During the past year, rules and regulations in these countries were changed. Some of the examples are:

Indonesia

The Indonesian Government issued a new mining law, which may lead to additional tax regulations or changes in coal contract of work that can possibly be translated into additional expenses to coal producers in the future. In addition, the Indonesian Government is also preparing to issue a new Domestic Market Obligation (DMO) law, which requires local coal producers to sell a certain amount of coal locally to meet local demands for coal. There is also a law on price regulation, which will determine a minimum price of coal for export overseas. The goal is to prevent coal producers from selling coal at a too low price as it means the government can collect fewer royalty fees. These laws, if implemented, will not have any material effect on the Company because Banpu

plans to increase the ratio of its coal sold locally in Indonesia. Regarding the price regulation, the Company perceives that the coal purchasing price agreement of each year will be done appropriately with the market situations at that time.

China

Chinese government is constantly updating its rules and regulations to respond to economic growth of the country. That's why there have been a lot of changes. The Chinese government has formulated the following policies for the energy business especially coal since it is China's main energy resource:

- Safety policy against coal mines and environment measures: measures that have been put in place are closure of inefficient and unsafe small-and medium-sized coal mines whose production capacity is less than 30,000 tonnes a year while requiring operating mines in Shanxi and Henan Provinces to have a production capacity of at least 90,000 tonnes a year. In addition, new safety standards are announced to control accidents and limit death. Besides, the government also increases reserves to be put into a mine safety fund and plans to collect an environmental tax.

- Maximization of natural resource use: coal mine must improve its production capacity and efficiency. The government has required that a new mine must have a production capacity of at least 300,000 tonnes a year with an exception of new mines in Shanxi, Shaanxi and Inner Mongolia, where their production capacity must be no less than 1.2 million tonnes a year. The government also encourages smaller mines to be merged with larger mines and it also charges more fees in using resources in provinces considered China's coal strategic production base. In addition, the government also increases a ratio of money allocated for a sustainable coal development fund.

- Aside from closing small mines, the Chinese government creates a balance between supply and demand by stopping auctioning rights for coal exploration until the end of 2008.

- Reducing international trade conflicts and conserving domestic energy resources by terminating import duties for coal, increasing a coking export tax from 5 per cent to 10 per cent and by collecting export taxes from other types of coal at 10 per cent.

- Reducing CO₂ emission from the industrial sector by 40-45 per cent of GDP by 2020 starting from the level in 2005.

Aside from energy policies and measures mentioned above, which increase production costs and operating costs of every coal mine, the Chinese government has also granted an income tax privilege to foreign joint venture companies where corporate income tax is set at 25 per cent equal to that given to local businesses, effective from 1 January 2008. However, foreign firms that have enjoyed the privilege will still do so until the privilege expires. As a result, Banpu's Hebi Mine and Daning Mine will continue to have this tax privilege until 2010 and 2011, respectively.

Aside from all the aforementioned risks, the Company also assigns a responsible person to monitor regulatory changes in each country both at the federal and local government levels. Banpu also hires a local law firm to help construing the laws and its practices to ensure its compliance.

7. Environmental and Safety Risk

7.1 Environmental Risk

Realizing a need to protect and restore natural environment, the Company has formulated the "Sustainable Development Policy". The policy clearly commits to reduce and minimize environmental impacts resulted from the Company's operations. The Sustainable Development Committee has supervised environmental performances of the Company and so far has assigned the QSE Department to coordinate and assist various units to comply with

environmental standards and ensure operation efficiency. The Company not only pays a strict attention to environmental compliance but also aims to utilize resources effectively to preserve natural resources and reduce impact on climate change and biodiversity.

Environmental Compliance

The Company complies with legal, environmental standards and conditions stated in its environmental impact assessment and management plan. In 2009, Banpu's environmental compliance standards remained high and continued to expand. However, to further control its impacts to the environment, the Company focuses on managing major risks as follows.

- Measurement of quality control of water released from the Company's mines to public waterways - this is determined by PH/alkaline value and quality of sludge. For mines that boast acid soil and minerals such as Indominco, Trubaindo and Jorong in Indonesia and projects currently being developed such as Bharinto in Indonesia and Hongsa project in Laos PDR, the Company implements measures to prevent and resolve water that becomes acid due to its mining activity. This starts at land exploration and production planning stage to managing land and to the rehabilitation stage after the production ends. For all open-pit mines, ground-covering plants are grown to prevent soil erosion and the settling ponds are built and maintained so that sludge from soil erosion can be effectively rested. In addition, Banpu's prevention method is to make sure that as much land is filled back into a mined-out pit. If it is necessary to remove soil out of a mine pit, a measure to restore the soil will be implemented. In this regard, reforestation will start as soon as the soil dumping ends.

- Dust from mining activities such as pit opening and coal mining, improving coal quality and transporting coal - due to vast mining areas and changing weather conditions, it is impossible to perfectly control dust particles. But the Company has implemented several measures that are suitable to each operation area. For example, a wind-blocking dike is built in a high-risk area to avoid dusting; speed of vehicles is limited in mining areas and roads are regularly water-sprayed. Dust is also regularly measured in mining areas and nearby communities to effectively control it.

Resource Utilization

Although resource utilization is not a direct risk to Banpu's business, ineffective utilization of resources can unnecessarily cause environmental impacts from waste or pollution. It also increases production costs due to a conflict for limited natural resources. The Company focuses on the following two points in managing the resource:

- Land use - although the Company has got a lot of concessions to mine vast areas of land, it carefully plans its mining activity to minimize geographic and ecological impacts based on its environmental master plan and a mine-closure plan. In 2009, Banpu owned 64,398 hectares of land but only 10,695 hectares or 15 per cent of the total land was used. As the end of October 2009, Banpu already restored 5,157 hectares or 48 per cent of the total land being used. The remaining lands have been kept in its pre-mining conditions for forestry conservation. In addition, the Company has developed a geographic information system and remote sensing database to support a collaborative management between production, transportation and environmental management. The system is now completely installed and running at Indominco Mine. This will be later expanded to manage coal transportation and to other mines in the following years.

- Energy use - energy is one of the Company's major costs of production. Reducing energy use such as reducing a greenhouse effect will benefit the environment. Realizing its role in mitigating the problem, the Company has put this in its Sustainable Development Policy Re: Establish and maintain greenhouse gas inventory data and publicly report our emissions. The Company also runs an energy conservation project at every mine and office. Reducing the use of energy will also reduce air pollution resulted from energy combustion such as sulfur

dioxide and oxide of nitrogen. At China's Daning and Gaohe underground mines in which Banpu holds shares, methane released from coal strips before being hurled out is used for power generation to maximize the use of resource and to reduce the GHG emission.

7.2 Occupational Health and Safety Risk

As mining activity is associated with the use of vehicles and machines, safety risk remains accordingly probable. Although it is normal to have an accident in a mining business, the Company strives to minimize injuries and deaths from work. This also covers work by its contractors. In 2009, Banpu managed and control contractors to ensure that their work was safe and to reduce health problems resulted from work while minimizing environmental impacts according to the Company's standards and measures.

The Company also introduces the Business Continuity Management at its Bangkok and Jakarta Offices with an annual simulation exercise. Banpu also formulates an emergency preparedness and response plan in every office/operation and tests are conducted on a regular basis to reduce impacts from emergency and crisis that may occur to the Company.

8. Risk from Social and Community Impacts

Banpu has been aware of its impacts to communities, whether they are impacts to the environment, safety and/or to the economy or the society. It has formulated a risk management plan to handle these impacts as follows.

8.1 Setting up the Community Consultative Committee (CCC) consisting of representatives from the local government, local communities and the Company to set community development directions that are sustainable and meet the community's needs.

8.2 Initiating community development projects that help solve community problems based on a collaboration process on the concept of Go Together, Grow Together, and Sustainability for Life.

8.3 Communicating between communities and the mine sites with community development officers acting as a direct point of contact; conducting a community perception survey and formulating a social mapping to provide a database to each CCC so that they can effectively plan and monitor developments in the communities.

9. Environmental and Safety Risk in Power Generation

9.1 Environmental Risk

The main environmental issue of a power plant is air quality resulted from emission of sulfur dioxide, oxide of nitrogen and dust particles of a turbine generator. The Company has put emphasis on controlling and reducing impacts by

(1) preventing - this can be done by choosing an appropriate fuel; for example, high-quality coal with low sulfur; and

(2) eradicating - an electrostatic precipitator and a flue gas desulphurization have been installed as a standard of practice at the Company's power plants in Thailand, China and in the Hongsa Project in Laos PDR. The BLCPP power plant also installed a Continuous Emission Monitoring System (CEMS) and four units of real-time monitoring system around the plant. Banpu also established an environmental management system and was certified under the ISO 14001 assurance standards. In 2008, the Luannan and Zhengding power plants in which Banpu held shares established an environmental management system and were accredited the ISO 14001 standard in 2008 and 2009, respectively.

9.2 Occupational Health and Safety Risk

As every power plant has to deal with heat and pressure, each has to comply with strict safety standards. The BLCP power plant has been certified of meeting the OHSAS 18001 occupational health and safety standards since 2007 where an emergency plan has been conducted every year. Last year, there was no report of injuries from work or casualty among staff or contractors. Power plants in China has also strictly complied with safety regulations issued by the state. During the previous year, there was no report of serious accident.

Internal Control

In 2009, the Board of Directors convened 17 times, which were attended every time by the Audit Committee to express its opinions about the internal control system's adequacy and soundness. The Audit Committee summarized and reported to the Board of Directors its 2008 internal audit activities on 23 January 2009.

In 2009, the Audit Committee convened 9 times. These meetings were held with the management, the auditor and the Internal Audit Department. The Audit Committee performed its duties to an extent entrusted by the Board and in line with the charter. Its major tasks were to review financial statements, risk management, ensure Banpu had an appropriate internal control system, appoint the auditor and supervise internal auditing operation through a risk-based auditing by focusing on internal control assessment in relations to strategy, finance, operation, legal compliance and business-related rules and regulations to make sure that they complied with the COSO Enterprise Risk Management and the International Standard (COSO Integrated Internal Control). In addition, the Audit Committee also monitored and improved other significant risk factors that may affect the Company's management and operations; or connected transactions that may cause conflicts of interest as well as actual transactions carried out during a normal course of business to ensure they were proper and in compliance with the Company's policy. Auditing results of assets and personnels were in accordance with what was required and also in compliance with the government's legal requirements and the Corporate Governance Policy. An effective prevention and internal control were put in place. There was no suspicious incident to believe that its executives had committed any offense against the Securities and Exchange Act. No material defect was found and their behavior was in compliance with the Company's policy that gave a priority to auditing and internal supervision quality.

The Board of Directors expressed the same opinions as the Audit Committee in this matter, which can be summarized as follows:

1. Organization Structure and Control Environment

• Organization Structure

As Banpu strives to be Asia's leading energy company, the Board of Directors has allowed Banpu to restructure the entire group since 1 January 2009. The restructuring covers Banpu and its subsidiaries in Indonesia and China with a purpose to decentralize power and create operation flexibility that corresponds to current business conditions. In 2009, a line of command of each business unit was re-adjusted to better suit its interests and better respond to business expansion opportunities overseas, to add more values, generate more incomes, reduce costs and strengthen Banpu's business in the long run.

• Strategic and Business Plan

The Board directed executives of every department to come up with a 6-year long-term business goal and a clear, thorough and assessable annual operation plan. Consultants were hired to advise on how to improve a process where business goals can be identified and a good strategic plan with a clear vision and in line with changing conditions can be made. Risks were thoroughly assessed to enhance interests within the group and to comply with Banpu's policy.

2. Risk Management

Banpu made sure that all operations were strictly in compliance with the risk management policy. An overview of risk management plan of various departments was regularly monitored. Risk management measures were set up. Executive officers and staff were encouraged to recognize the importance of risk management that may affect Banpu's ability to achieve its goals. This helped prepare Banpu to intervene for prevention or for solving problems/issues appropriately and in a timely fashion. In addition, risk management was promoted as part of Banpu's corporate culture that it was everyone's responsibility, which may affect our business. Banpu's risk appetite was also determined so that it

became a clear guideline for Banpu to pursue its business. Every department was required to assess its risk and to formulate risk management measures for each type of risk. In addition, Key Risk Indicators (KRI) were established on which risk management strategies and techniques were developed for further implementation and for sustainable benefit of Banpu. As regards to risk management procedures, there were operating procedures where a department formulated a risk report and submitted it under the risk management system online. Banpu also put an appropriate risk management reporting and monitoring system in place. Banpu's management constantly reviewed risk policies and risk plans. The Risk Management Division coordinated and reported to the Risk Management Committee on a quarterly basis, which in turn was subject to the Audit Committee's review every 6 months before reporting to the Board of Directors.

3. Supervision and Control of the Management's Operations

The Board of Directors has appointed 3 sub-committees; namely, the Audit Committee, the Corporate Governance and Nomination Committee and the Compensation Committee. The 3 sub-committees have strictly and appropriately worked within their scopes of responsibility. Banpu also formulates an organization structure and scopes of duties and responsibilities of the management and operating staffs at each level. Directors and executive officers are to sign a confidentiality agreement. Guidelines for directors on how to safeguard internal information are formulated by which only specific persons are allowed to disclose Banpu's information.

In 2009, Banpu updated a table of Delegation of Authorization to correspond to the newly-restructured organization and to meet Banpu's business nature including writing an authorization policy and updating the table of delegation of authorization for Banpu's Coal and Power businesses in Indonesia and China. Banpu also reviewed and updated its Standard Operation Procedures (SOP) in writing, regularly monitored its operation and the operation of its subsidiaries in relations to human resources, legal contracts, asset management, insurance, budget, procurement, updates of derivatives risk management regulations and other operation regulations. The Internal Audit Department also formulated its auditing plan covering operations with major risks to include stakeholders' expectation so that Banpu remained confident that all its departments were equipped with an effective internal control system. In addition, significant issues were reviewed and auditing results were followed-up and reported to the management and executive officers of relevant departments for improvement.

4. Information Technology and Information Communications

Banpu considers information technology and information communications a key issue so that a business decision can be made with current and accurate information. The Company Secretary & Governance Department is responsible for providing important information and supporting documents for use at a meeting in advance and to summarize the meeting's opinions in every minutes of meeting of the Board of Directors. As for accounting and financial statements, Banpu organizes a meeting between the Audit Committee, Certified Public Accountant and its Accounting Division to review accounting policies based on the generally-accepted accounting standards. In particular, Banpu has prepared in advance to implement the International Financial Reporting Standards (IFRS). In 2009, because of the IFRS, only clear financial information was to be presented to achieve international recognition. Banpu also put in place a sophisticated IT system known as the Corporate Performance Dashboard to ensure data safety. It constantly upgraded internal communications devices required to gather, process, file and present data for a decision to be made on the basis of accurate and enough information. A corporate portal system was developed for departments to exchange information and for Banpu to have a database, which acted as a guideline for our global best practice. This database will be used to control and supervise our work process so that we can compete with other leading corporations. In addition, a Server Consolidation system was carried out to enhance our efficiency and to add values to our work. The Oracle accounting data system was upgraded to accommodate the IFRS for accuracy and reliability of our financial statements.

5. Monitoring System

• Monitoring at the Management Level

Banpu convened 17 Board of Directors' Meetings in 2009. The management meeting was convened on a monthly basis to monitor and review the executives' performances. Should a result differ from the goal, the management would be asked to fix it and report back to the Board. The Audit Committee meanwhile met 9 times in 2009 to review Banpu's financial conditions and operational results and to offer advice with effect to Banpu's business to executive officers. The internal control system was constantly monitored and reviewed. Results of financial statement review were reported on a quarterly basis where major risk management reports were carried out bi-annually. At the same time, an auditing report and an internal control review report were forwarded to the Board of Directors on an annual basis.

• Monitoring at the Operational Level

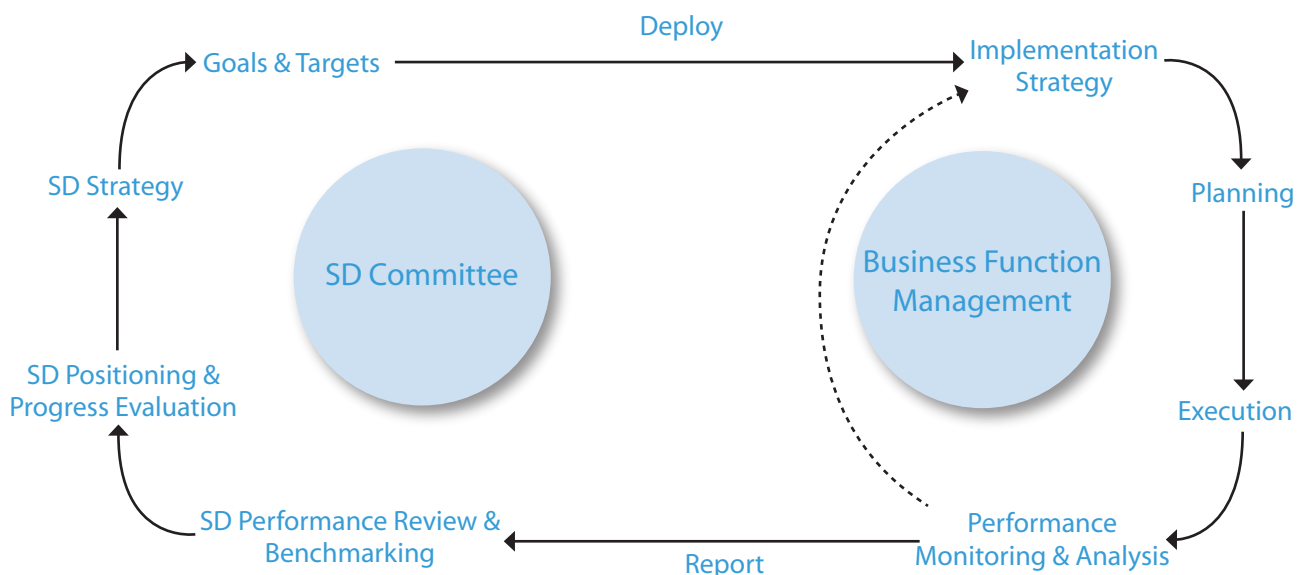
Policies and practices were reviewed and updated to make sure that it corresponded to our business growth and changes where each department was to have a clear control and monitoring system. In addition, the independent Internal Audit Department was free to do its auditing. The Department was required to design an audit plan that covered major operation process of Banpu and its subsidiaries. The Internal Audit Department also reviewed financial derivatives transactions, legal compliance, connected transactions before reporting auditing results to the Audit Committee on a quarterly basis. These practices were considered a compliance with existing process and mechanisms that must be strictly complied, assessable, and convincing enough that the management and supervision of the organization was efficient and effective and, finally, could win confidence from Banpu's shareholders and stakeholders.

Sustainable Development

The sustainability for Banpu means long-term existence of the Company not by its form but by its substance, forming through business performance, people, and culture. In addition, it is our ambition not to just exist in a long run but to pose a sustainable growth and development to the society and environment as well as our stakeholders. Therefore, in consistent with our vision, we position ourselves as a dynamic regional player in the energy market and want to be perceived as a company of choice through the quality and uniqueness in the way by which our business and stakeholder engagements are conducted in adhering to the internationally agreed code of practice and yet being flexible enough to suitably accommodate all our sustainability challenges.

To drive the Company on the sustainability pathway, the Sustainable Development (SD) Committee, set up in 2008, is chaired by the CEO with senior executives and heads of business units as members. The role of SD Committee is not to interfere with the internal management of each business function but rather provide the management of each business function an overarching view on the Company's strategic position and its progress towards sustainability direction. When everyone is on the same page of understanding, it is easy to define a set of common goals and targets which truly reflect our sustainable performances and are practical for implementation.

The areas of focus for Sustainable Development Committee includes leadership and governance, strategic planning, efficiency and quality, customers, human resources, finance, environmental, health, and safety, community and government relations. The committee meeting is scheduled twice a year.



Corporate Governance and Supervision on the Use of Internal Information

Corporate Governance

1. Corporate Governance Policy

The Board of Directors is committed to a systematic management and Corporate Governance. It has set up the Corporate Governance Policy and the Code of Conduct implemented since 2002. The current Corporate Governance Policy and the Code of Conduct are the second edition revised in 2005 and announced in 2006. Banpu CG Policy and Code of Conduct are published in Thai, English and Bahasa Indonesia in order to well-respond to evolving times and circumstances and cover international practices. They have been distributed to directors, executives and staff for using as a reference and a practice guideline. They are also disseminated to the interested public and disclosed in Banpu's website under "Corporate Governance" topic.

Banpu has also assess effectiveness of its Corporate Governance Policy implementation, using the Key Performance Indicator (KPI) in the part of Behavioral Factor under "Integrity" value as the key indicator. The result, classified by staff levels and operation sites, revealed a satisfactory outcome.

In 2009, Banpu developed the communications plan to promote awareness on corporate culture and corporate governance best practices with an aim to encourage the best practice following the Corporate Governance Policy and Code of Conduct among Banpu staff. The following activities were held to communicate them to Banpu staff at all levels:

- 1) A Workshop for Management (Department Manager) was held under the title of "Good Corporate Governance for Executives", conducted by external guest speaker to strengthen their understanding about the manager's roles and duties following the best practices and principles of CG so that they could become a "role model".

Another workshop entitled "CG in My Department" was held at PT. Indo Tambangraya Megah in Jakarta Office, Indonesia, to allow the management to assess their awareness and understanding about the CG best practices as well as to plan for improving the level of corporate governance practice in their departments by taking the best interest of all stakeholders into consideration.

- 2) The "CG Corner" and the intranet-based "CG Talk of the Town" through which up-to-date good corporate governance information was published and communicated. All levels of staff were able to take part in this activity via answering the questions related to CG practices. This activity was found satisfactory by respondents in the survey conducted.

- 3) The organizing of "CG Day" - an event held to instill staff at all levels the importance of corporate governance and to encourage their engagement in adhering to integrity and complying to Banpu's Corporate Governance Policy and Code of Conduct. In 2009, the "Stand Up and Speak Out" concept was introduced to encourage Banpu staff to express their opinions and give valuable advice or suggestion as well as inform any information or actions found incompliance with the Code of Conduct through receiving complaints channel regarding the corporate governance and code of conduct.

In 2009, Banpu was one of the 52 listed companies receiving Excellent CG Scoring according to the 2009 Corporate Governance Report of Listed Companies. Our Board of Directors won two prestigious awards; namely, the Audit Committee of the Year and the Board of the Year for Distinctive Practices, in an event held to honor board of directors of listed companies in the Stock Exchange of Thailand (SET) that distinguish themselves in performing in accordance with good corporate governance principles. Throughout 2009, Banpu duly complied with the Principles of Good Corporate Governance for Listed Companies announced by the SET since 2006 in these following five topics:

1. Rights of Shareholders

Banpu has fully complied with the best practices on shareholders' right. The Company held the 2009 Annual General Meeting of Shareholders (AGM) on 3 April 2009 attended by all (12) directors. Banpu also entrusted Thailand Securities Depository Co., Ltd. (TSD), our registrar, to send an invitation to attend the AGM to shareholders 15 days in advance. We also posted this invitation notice at www.banpu.com/en/05-investor-relations/investor-news.php 25 days prior to the meeting day while the minutes of the AGM held in 2009 was posted at our website 14 days after the meeting.

2. Equal Treatment to Shareholders

Banpu fully complied with the best practices in regard to shareholder's rights especially when it allowed minor shareholders to propose the agendas of the 2009 AGM and the 2010 AGM in advance, a practice considered an equal treatment to all shareholders. For the 2009 AGM, Banpu allowed minor shareholders to propose agendas in advance between December 2008 and January 2009 and notified shareholders through the Stock Exchange of Thailand (SET) before posting it on its website at www.banpu.com in which clear and transparent procedures were indicated. At the 2009 AGM, no shareholder proposed any agenda. For the 2010 meeting, Banpu already arranged for minor shareholders to propose the meeting's agendas in advance between December 2009 and January 2010. It also notified shareholders through the SET and its website at www.banpu.com For shareholders who could not attend the meeting, Banpu recommended that they appoint independent directors to attend the meeting and vote on their behalf.

As for a procedure to nominate directors by minority shareholders, Banpu is currently studying the subject matter.

3. Roles of Stakeholders

Banpu has formulated a policy indicating the way it treats all groups of stakeholders in its Corporate Governance Policy and Code of Conduct. In addition, customers can file a complaint through the Marketing, Sales & Logistics Department while investors can file the same through the Investor Relations Division. Staff, too, may file a grievance through the Corporate Governance and Nomination Committee's secretary. All complaint reports will be submitted to the Corporate Governance and Nomination Committee on a quarterly basis while summary is also submitted to the Board. Banpu has also committed to the best practices on environment and social activities through its Sustainable Development Policy.

4. Disclosure and Transparency

Banpu discloses its information and policies, which are regularly updated corresponding to current situations, conditions and policies in both Thai and English through the SET and the Company's website. The financial statements and an auditor's report published in the annual report disclose a report of the Board of Directors' responsibilities and remunerations paid to its directors and senior executives. Banpu has no policy to pay executives who sit as directors of its subsidiaries. Investors can reach Banpu's Investor Relations Division at 0 2694 6744 or by email to investor_relations@banpu.co.th. In 2009, Banpu's management held an analyst's meeting every quarter, plus four overseas road shows and two local road shows. Banpu also discloses information for investors under the "Investor News" topic, which is regularly updated in its website.

5. Responsibility of the Board of Directors

The Company has complied with the best practices in regard to Board of Directors, which include the board's roles and responsibilities, meetings, self-assessment, remunerations and development of directors and senior executives. At the moment, the Board of Directors is studying how it can determine a number of companies each director could sit in. Banpu sets no limit as to a term a director can stay in his office but it has set a retirement age of directors to 72 years old.

In 2009, the Board published the “2009 Practice Guidelines for Banpu’s Board of Directors” the “Audit Committee’s Charter”, “the Corporate Governance and Nomination Committee’s Charter, and the “Compensation Committee’s Charter” to clearly identify structure, components, duties and responsibilities of the Board of Directors and other sub-committees VS. the management. In addition, performances of the entire Board of Directors are evaluated for enhancement purpose on an annual basis. In addition, Banpu has appointed Mrs. Boonsiri Charusiri as the Company Secretary since 2008.

2. Shareholders: Rights and Equality Treatment

The Board of Directors gives a priority to the rights and equality of shareholders. This has been clearly stated in Banpu’s Corporate Governance Policy, which gives rights for Banpu’s shareholders to receive share certificates; transfer their shares and access adequate information in a timely, appropriate and adequate manner for them to make a decision; attend and vote at a shareholders’ meeting to amend the Company’s major policies; elect and remove directors; approve appointments of auditors and share profits.

At the AGM, the Board of Directors facilitates shareholders attending the shareholders’ meeting by sending adequate information in time for the meeting, urging shareholders to attend and vote at the meeting or appointing a person or an independent director as a proxy to vote on their behalf if they cannot attend the meeting. In addition, shareholders are equally allowed to express their views, request an explanation or ask a question. Banpu held the 2009 AGM on 3 April 2009, at Plaza Athenee 1 Room, Plaza Athenee Royal Meridian Hotel, No. 61, Wireless Road, Lumpini, Pathumwan, Bangkok 10330, where 12 directors attended. In 2009, Banpu designated Thailand Securities Depository Co., Ltd., its share registrar, to submit an invitation letter to shareholders 15 days in advance. The letter was also posted at www.banpu.com/en/05-investor-relations/investor-news.php 25 days prior to the meeting date. The Minutes of the 2009 AGM meanwhile were posted at the website 14 days after the meeting. Shareholders were allowed to propose amendment if they found the minutes were inaccurate within 30 days from the day it was posted at Banpu’s website. As Banpu also allowed minority shareholders to propose the meeting agendas, it made such announcement via the SET to shareholders, allowing them to submit agendas between December 2008 and January 2009. This was also posted at www.banpu.com/en/05-investor-relations/investor-news.php with clear and transparent processes. No shareholder however proposed any meeting agenda in the 2009 AGM.

3. Rights of All Stakeholders

Banpu is eager to treat all stakeholders on a fairly basis. Banpu’s policy to stakeholders has been part of its Corporate Governance Policy and collaboration between the Company and stakeholders; namely, staff, customers, suppliers, creditors, government agencies, communities where Banpu operates and the society in general. Banpu also states its policy to its stakeholders in the Code of Conduct as a practice for directors, executives and staff on the basis of fair and balance dealing with stakeholders where important practices are conflicts of interest, responsibility to shareholders and policy and treatment of staff, customers, suppliers, creditors, business competitors and the society. Directors, executives and staff are to learn, understand and strictly comply with these guidelines so that all stakeholders are fairly protected and treated. In addition, Banpu has set up a system to receive complaints from three groups of stakeholders; namely, customers, shareholders & investors and Banpu’s own staff, which is regularly monitored and reported. There was no complaint in 2009.

Regarding Banpu’s staff, Banpu believes that staff are a truly valuable factor for the Company’s success. This has led to a policy on Banpu’s staff and staff treatment written in Banpu’s Code of Conduct to treat our staff fairly in regard to job opportunity, remunerations, appointments, transfer, skill development and safe work environment. Banpu strictly complies with appropriate safety and occupational health measures to prevent accidents, injuries and job-related diseases.

Banpu has announced its Human Resources Philosophy based mainly on three principles; namely, equitability, performance based and competency based. Based on current business and the world's economic conditions, Banpu perceives that it is our duty to promote adaptability, flexibility, mobility, positive creativity and professionalism among Banpu staff. In short, Banpu intends to build its staff to be those committed to Banpu Spirit, which refers to Innovation, Integrity, Care and Synergy; and to be "professional staff."

Banpu commits to pay a fair compensation including salary, welfare and other fringe benefits closely linked to a creation of long-term value for our staff. Banpu promotes a fair human resources management system and fully offers opportunities to all staff to develop themselves. So far, it has set up the Job Evaluation Committee and the Organization Development Committee; and closely supported the Compensation Committee and the Governance and Nomination Committee to promote transparency and drive resources for its sustainable future.

In terms of customers, Banpu commits to finding effective ways and means to respond to customer's needs where its Code of Conduct has included a policy and practices on how Banpu should treat its customers. Banpu will honor a promise it makes to customers by delivering quality products and services at a fair price, giving accurate and appropriate information to customers in a timely fashion, strictly complying with customer's requirements, providing customers a grievance system to complain about quality, volume and safety of Banpu's products and services, advising customers on how to effectively use Banpu's products and services for their utmost benefit and keeping customer's secrets without exploiting them.

For suppliers and/or creditors, Banpu has written a policy announcing that it will equally and fairly treat them by taking into consideration Banpu's maximum benefits and by making sure that suppliers and creditors are enjoying a fair return. Banpu will do everything to avoid a situation that may lead to a conflict of interest and will honor any commitment it has made.

Regarding business competitors, in its Code of Conduct, Banpu commits to treat competitors according to international principles and within a legal framework of a fair trade competition without violating their secrets or acquiring their secrets in a fraudulent way. Banpu has run its business with a fair manner, strictly complying to its Code of Conduct. During the past year, it had no dispute with competitors.

Regarding communities and the society, Banpu has a policy to do a business that benefits the economy and the society, safeguard local customs in areas where it has operations, be a good corporate citizen by complying with all rules and regulations. The Company tries to improve people's quality of life either by itself or by collaborating with government agencies, communities or non-governmental organizations. Banpu has translated its Sustainable Development Policy into practices, which will work as criteria in an issue such as reporting greenhouse effect in a mine or at a power plant.

Due to the belief that "an industry will be strong only when it is developed in tandem with social and environment responsibility", Banpu is committed to social responsibility, playing by rules and ethics and treating everyone fairly. So far, Banpu has formulated an effective Quality, Safety, Environment (QSE) practices based on its Sustainable Development Policy, covering risk identification and assessment resulted from operation that may occur to staff, business allies, the environment and communities where Banpu is doing a business.

To support the Sustainable Development Policy, Banpu continues to implement its corporate social responsibility (CSR) programs by continuously supporting creative activities regularly return something back to the society. Budget from part of Banpu's incomes has been allocated for CSR activities both at the local and corporate levels including projects in three countries Banpu has businesses; namely, Thailand, Indonesia and China. Details of the projects and Banpu's CSR activities in 2009 are in the "Corporate Social Responsibility".

4. Shareholders' Meeting

In 2009, the Company organized one Annual General Meeting of Shareholders (AGM) on 3 April 2009 at 13.00 hours, at Plaza Athenee 1 Room, Plaza Athenee Royal Meridian Hotel, No. 61, Wireless Road, Lumpini, Pathumwan, Bangkok 10330. Following the Board's policy to encourage shareholders to participate in a decision-making process and to ensure that shareholders receive complete and adequate information in a timely fashion for decision making, as a result, Banpu sent out invitation letters and supporting information to shareholders 15 business days prior to the meeting date. Each agenda contained Board of Directors' opinions. The meeting was attended by 12 directors including Chairman of the Audit Committee, Chairman of the Corporate Governance and Nomination Committee and Chairman of the Compensation Committee. Banpu also allowed senior executives, auditors, independent observers from Baker & McKenzie to attend the meeting.

Chairman of the AGM allowed shareholders to equally inquire about the Banpu's operations and give advice. In each agenda, Chairman of the Meeting encouraged shareholders to express their opinions and ask about Banpu's operations. In addition, the Board posted its Minutes of Meeting at the Company's website 14 days after the meeting date for shareholders to check and propose amendment within 30 days.

5. Leadership and Vision

The Board oversees the Company's vision, mission, goals, policies, operation directions, long-term strategic plan, operation plan and annual budget to be formulated where the management is entrusted to propose them to the Board. The Board then fully expresses its opinion and ideas with the management to reach a mutual approval before granting permission. The Board of Directors also appoints a Chief Executive Officer (CEO) to develop and implement the Company strategies. It also clearly differentiates roles, duties and responsibilities between the Board of Directors, the Committees and Banpu's executive officers.

In 2009, the management led by Chief Executive Officer drafted a six-year strategy and business direction (2010-2015) to set Banpu's business direction and to assess risks, to ensure that Banpu will be ready to operate under circumstances that may rise in the future. The Board of Directors was also a part that formulated the strategy and business directions for Banpu before approved the 2010-2015 strategic plan for the firm.

6. Conflicts of Interest

Banpu considers it is very important to prevent its directors, executives and staff from exploiting their status to gain personal benefits. The Code of Conduct booklet clearly states that directors, executives and staff must refrain from conducting a connected transaction that may lead to a conflict of interest with Banpu. If it is necessary to do for Banpu's benefit, the Board must comply with the SET's rules and regulations, where a transaction be made at a price and under a condition as if it is done with the third party at an arm's length. And a director or staff with such an interest must not be involved in an approval process. If it is indeed a connected transaction under the SET's rules, one must strictly comply with the rules, procedures and information disclosure methods of connected transactions by listed companies.

In addition, the Board of Directors also prohibits directors from using an opportunity or information acquired from their work to seek personal interest or from doing competing or related business against Banpu. This includes a ban from using insider's information to buy or sell the Company's shares for staff's personal interest or from giving insider's information to the third party to buy or sell Banpu's shares. If an executive or a staff is involved in a special operation of which information has not yet been released to the public and a negotiation is ongoing where the information must be kept confidential to prevent an effect to the Company's share price, such executive or staff must sign a confidentiality agreement with the Company until the information is disclosed to the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

7. Code of Conduct

To maximize shareholders' benefits, the Board of Directors has a policy to do a business for the utmost benefit of shareholders, focusing on goals and a modus operandi to achieve that success. Banpu's Code of Conduct has set the corporate goals, vision, mission statements, values, Corporate Governance principles and policy. In addition, it clearly states standard practice Banpu expects from its directors, executive officers and staff when they are dealing with staff, shareholders, customers, traders/suppliers, creditors, business competitors and the society in general.

Banpu requires its directors, executives and staff to understand and strictly comply with policies and practices stated in the Code of Conduct. Executives of all levels must make sure that their supervisees know, understand and comply with the Code of Conduct, and that regular meetings are held and PR materials are distributed to inform staff in Thailand and aboard. In this regard, supervisors of all levels must be a good role model and urge their staff to comply with the practices. Beyond the practicing standards stated in the Code of Conduct, Banpu embarks on its Corporate Shared Values to promote good corporate culture among staff that everyone can share aside from the standard of practices stated in its Code of Conduct. Staff is advised what they should do or otherwise, which is in line with the policy stated in the Code of Conduct to ensure tangible practices.

8. Balancing of Power by Non-Executive Directors

The Board of Directors ensures that the number of its existing directors is proportional to Banpu's size. At present, Banpu's Board of Directors consists of 12 members, three of whom are executive directors, and the other nine are non-executive directors, six of whom are independent directors.

During the past year, the Corporate Governance and Nomination Committee reviewed the proportion between non-executive directors and independent directors of the Board and found the existing ratio of non-executive directors appropriate.

9. Consolidation or Separation of Office

The Board of Directors requires its Chairman not being the same person as Chief Executive Officer (CEO). Role and responsibility, power and duty are clearly separated for a healthy balance between management and good corporate governance. The current Chairman of the Board is an independent director.

10. Remunerations of Directors and Executives

The Board of Directors has assigned the Compensation Committee to review a compensation structure as well as remunerations of Banpu's executives. The policy is that remunerations must be competitive with offers made by a similar business of a similar size in the same industry after taking into consideration duties and responsibilities of each director and executive and are also performance-based. This however is subject to approval of the Shareholders' Meeting.

Director's remuneration consists of two equal elements; one is a monthly payment, the other is meeting allowance. Director's annual bonus will be based on dividends paid to shareholders and Directors' remunerations must be approved by the shareholders' meeting.

Details of remunerations Banpu paid in 2009 to its directors and executive officers could be seen under the topic of Remunerations.

11. Board of Directors' Meetings

The Board of Directors convenes at least once a month on the last Wednesday of the month. An additional meeting may be held if necessary. At the meeting, there are clear meeting agendas, In addition, there are a complete set of supporting documents sent to the Board of Directors at least seven days in advance so that the Board has enough time to study before attending the meeting. Adding new meeting agendas after documents are sent to the Board is allowed only when it's extremely necessary and justified and must be approved by Chairman of the Board. Each meeting lasts approximately 3.5 hours. During the meeting, all directors can openly voice their opinions where Chairman of the Board will gather them and summarize what the meeting agrees. If a director has a material interest in an issue discussed by the Board at the moment, he must leave the room when the matter is considered.

A minute of meeting is subsequently made in writing and after seconded by the meeting and will be certified true and correct by Chairman of the Board of Directors and Secretary of the Board. Documents to be kept include minutes of meeting, of which the original copy is kept in the form of a document file and a scanned file for use by directors and other parties as reference, an electronic file, and all supporting documents.

In 2009, the Board of Directors convened 17 times. Each director attended the meeting as follows:

| Name | Title | Term of Office | Meeting Attendance | | |
|-------------------------------|----------------------|-----------------------|--------------------|-----------------|-------|
| | | | Ordinary Meeting | Special Meeting | Total |
| 1. Mr. Krirk-Krai Jirapaet | Chairman | Apr. 2008 - AGM. 2011 | 12 | 5 | 17/17 |
| 2. Mr. Soonthorn Vongkusolkit | Vice Chairman | Apr. 2009 - AGM 2012 | 12 | 4 | 16/17 |
| 3. Mr. Montri Mongkolswat | Independent Director | Apr. 2008 - AGM 2011 | 12 | 5 | 17/17 |
| 4. Mr. Sawatdiparp Kantatham | Director | Apr. 2007 - AGM 2010 | 12 | 5 | 17/17 |
| 5. Mr. Vitoon Vongkusolkit | Director | Apr. 2009 - AGM 2012 | 12 | 3 | 15/17 |
| 6. Mr. Kopr Kritayakirana | Independent Director | Apr. 2007 - AGM. 2010 | 12 | 5 | 17/17 |
| 7. Mr. Somkiat Chareonkul | Independent Director | Apr. 2007 - AGM 2010 | 12 | 5 | 17/17 |
| 8. Mr. Rutt Phanijphand | Independent Director | Apr. 2008 - AGM 2011 | 12 | 5 | 17/17 |
| 9. Mr. Anothai Techamontrikul | Independent Director | Apr. 2009 - AGM 2012 | 11 | 5 | 16/17 |
| 10. Mr. Chanin Vongkusolkit | Director | Apr. 2008 - AGM 2011 | 12 | 5 | 17/17 |
| 11. Mr. Metee Auapinyakul | Director | Apr. 2008 - AGM 2011 | 11 | 4 | 15/17 |
| 12. Mr. Ongart Auapinyakul | Director | Apr. 2009 - AGM 2012 | 10 | 5 | 15/17 |

12. Sub-Committees

• The Audit Committee

The Audit Committee consists of three independent directors. It is responsible for reviewing Banpu's financial statements, an adequacy of Banpu's internal control and risk management systems, its financial derivative transactions and its commodity hedging and compliance with applicable laws and regulations, selecting and appointing the Company's auditor, proposing an auditing fee and considering about the disclosure of Banpu's information in case of connected transactions or transactions with possible conflict of interest in a complete, accurate and transparent manner. The Committee's other tasks include reviewing significant risk management measures and considering operation plans, operation results, budget and manpower of the Internal Audit Department.

In 2009, the Audit Committee convened nine times, each of which was attended by all Audit Committee members and held according to clearly-expressed agendas. The Audit Committee performed duties through the Internal Audit Department which coordinated with other departments to promote their understanding of the Committee's roles, resulting in cooperation from everyone. As the Audit Committee was able to perform its functions very well, it was awarded the Audit Committee of the Year by Thai Institute of Directors Association, in cooperation with the Stock Exchange of Thailand, Board of Trade of Thailand, the Federation of Thai Industries, the Thai Bankers' Association, Thai Listed Companies Association and Federation of Thai Capital Market Organizations. This reflected transparent and full performances of the Audit Committee for the benefit of all stakeholders. The award was also a great honor for Banpu.

- **The Corporate Governance and Nomination Committee**

In 2009, the Corporate Governance and Nomination Committee consisted of four members chaired by an independent director. All members of the Committee were non-executive directors. The Corporate Governance and Nomination Committee had two major responsibilities: to review Banpu's Corporate Governance Policy and its Code of Conduct and monitor its compliance based on its policy; and to recruit and nominate candidates as director, CEO and executive, to recruit executive starting from department head and over as part of a succession plan, to seek the Board of Directors' approval or to submit the matter to the Shareholders' Meeting, as the case may be.

In 2009, the Corporate Governance and Nomination Committee convened five times, all of which were attended by all members.

- **The Compensation Committee**

The Compensation Committee consists of three members chaired by an independent director while all its members are non-executive directors. In 2009, the Compensation Committee convened four times, all of which were attended by all members.

13. Internal Control and Auditing

The Board of Directors sets up an internal control system that covers every aspect of Banpu's operations, ranging from finance, accounting, assets, to operation and legal compliance in compliance with relevant rules and regulations. The Board also makes sure that there is enough and effective check-and-balance mechanism to protect shareholders' equities and Banpu's assets. Banpu has also set up the Internal Audit Department to monitor the internal control process of all Banpu's business units and support functions. The Department gives advice on a set up of a standard internal control system, risks management, and corporate governance. In addition, it continuously provides recommendations on development of business processes, driving for best practice. It formulates an audit plan that focuses on Banpu's major risks, assesses the efficiency and adequacy of the internal control, and closely monitors the improvement of internal control for the management. Banpu also requires its Internal Audit Department to do the auditing based on international standards: the COSO Internal Control Integrated Framework, which is linked with the COSO Enterprise Risk Management Framework. The Board of Directors has ensured that the Internal Audit Department remains independent and that the department directly and timely reports to the Audit Committee so that Banpu's internal control and internal audit systems are major mechanisms to drive our business to a sustainable growth.

14. Board of Directors' Report

The Board of Directors is responsible for Banpu's consolidated financial statements and financial information appeared in Banpu's annual report. The financial statements are prepared under the Generally Accepted Accounting Principles (GAAP) in Thailand where an appropriate accounting policy has been selected and implemented on a regular basis. The Audit Committee and auditors jointly review the accounting policy to see if it remains practical. While preparing the financial statements, the Board of Directors insists that the working team carefully exercise its discretion and that important information is adequately disclosed in notes to the financial statements, if any.

In addition, the Board of Directors entrusts the Audit Committee to monitor quality of Banpu's financial statements and its internal control system. The Audit Committee's opinion in the matter has been stated in the Report of the Audit Committee to Shareholders published in this Annual Report.

The Board of Directors is of the opinion that the financial statements of both Banpu and its subsidiaries as of 31 December 2009 are complete, accurate and reliable.

15. Investor Relations

The Board of Directors makes sure that both financial and non-financial information relating to the Company's business and performance is revealed in a complete, adequate and regular manner. In addition, the information must reflect the Company's actual performance and its true financial status as well as its business future while strictly complying with the laws, rules and regulations relating to information disclosure of both the Securities and Exchange Commission (SEC) and the SET.

Aside from disclosing information as required by the SET and the SEC, Banpu also communicates with shareholders and investors through other channels, ranging from the Investor Relations Division, which directly communicates with shareholders, investors and securities analysts domestically and abroad, to the Corporate Communications Department, whose duty is to disseminate corporate information to shareholders, investors and the public through local and international press.

In 2009, Banpu organized four international road shows, four analyst meetings to report its quarterly and annual performances, 86 company visits for analysts and investors wishing to learn more about Banpu's operation results and three press conferences to inform Banpu's operational results. Banpu regularly released its press release every time there was an important investment or business event.

Banpu also discloses information through its website at www.banpu.com so that other groups of stakeholders can equally access the information. Those interested in Banpu's information can contact the Investor Relations Division at Tel. 0 2694 6744, or Fax. 0 2207 0557 or send email to investor_relations@banpu.co.th.

Supervision on the Use of Internal Information

Banpu attaches importance to the disclosure of information and transparency. As such, it has formulated a policy governing information disclosure, transparency, financial statements and related actions in its Corporate Governance Policy to ensure that accurate, complete, reliable financial and other business information is disclosed to shareholders, investors, securities analysts and the public in a timely fashion. The Board commits to comply with related rules and regulations with regards to information disclosure and transparency. Sales or purchase of shares by any director or executive have been reported to a supervision agency according to the Securities and Exchange Commission's requirements. In addition, status of director's securities holder is also reported each month at the Board of Directors' Meeting.

To supervise the use of its internal information, Banpu has formulated preventive measures of internal information in its Code of Conduct under the topic of "Conflict of Interest and Keeping Confidential Information" particularly if it is related to the use of Company information. Banpu considers that it is a responsibility of directors, executives and staff to keep its information strictly confidential especially if it's internal information not yet released to the public or any data or information that may affect Banpu's operation or share price. Regarding directors, there are practices stated in the Practice Guidelines for the Board of Directors 2009. The following practices are stated in the Code of Conduct:

1. Directors, executives and staff must not use information they receive from their directorship or employment for personal benefit or for conducting business or other activities in competition with the Company.
2. Directors, executives and staff in possession of Company information which is not generally known and which may influence the share price ("inside information") must refrain from dealing in the share of the Company. Inside information shall not be given to any third party for the purpose of their dealing in the shares of the Company.
3. Business secrets shall not be disclosed to any third party especially to competitors even after a director, executive or staff member has left the Company.

Banpu also stated in its Corporate Governance Policy that, the Company will not allow directors, executives and staff to seek personal gains from or to engage in business in direct competition with the Company or transactions that may lead to a conflict of interests with the Company. If such a transaction is unavoidable, the Board of Directors shall ensure that the transaction is carried out with transparency and fairness similar to transactions carried out with unrelated parties. Directors, executives or staff having an interest in any transaction must not take part in its approval process. If a transaction is considered a connected transaction according to the Announcement of the Stock Exchange of Thailand, the Board of Directors must make sure that the relevant rules and procedures for disclosure regarding connected transactions by listed companies are strictly complied with.

Banpu has introduced an Information Technology (IT) to control the use of its internal information. For example, it has a system that blocks outsider from accessing its information while allowing staff of different levels to have different levels of access to the information based on their responsibilities. If an executive or staff is involved in a special task of the public and is currently discussed where the release of such information may affect Banpu's securities prices, the executive and staff must sign a Confidentiality Agreement with Banpu until the information is released to the SET and SEC.

For the use of Company's internal information, Banpu has stipulated in its work regulations under the topic of "Disciplinary Action", stating that anyone not complying with or violating such regulation will be subject to disciplinary action and liable to punishment based on the nature of offence as follows: anyone "disclosing the Company's secret with an intention to destroy its reputation, credibility or its products, resulting in Banpu losing or suffering from a loss of business opportunity" can be dismissed.

Corporate Social Responsibility

In 2009, Banpu continued pursuing the following Corporate Social Responsibility (CSR) projects:

Thailand

Educational Support Programs

Banpu Education for Sustainability

- This was the sixth year that Banpu had involved in the project where funding was provided for improvement of learning and teaching equipment and system of its six granted schools in Lamphun, Lampang and Phayao Provinces.
- Enhancing teacher's skills by developing their way of thinking - this was the second consecutive year of the project in which a workshop entitled "Teaching Techniques for Thinking Development" was organized for pilot teachers in six Banpu-sponsored schools plus the other two schools in the same network in the three mentioned provinces.
- A special lecture on sex education was held to students in the six schools to properly teach them sex education so they could react properly when having experiences with love and sex.

Financial support to schools in the South

- Banpu continued to fund schools affected by the unrest problem in the South for the third consecutive year where THB 1.44 million was donated to 15 schools under the Bureau of Education Development for Administrative Zone in the southern provinces of Songkhla, Narathiwat, Pattani, Yala and Satun Provinces. The funding was to ensure that schools continue to provide education and to boost morale to teachers and students in the area.

Scholarships for Geology and Mining Engineering Students

- Banpu gave eight scholarships to senior geology and mining engineering students from four universities; namely, Chulalongkorn University, Khon Kaen University, Chiang Mai University and Prince of Songkla University, to support the production of the next generation of geologists and mine engineers, who are in acute shortage.

Environmental Support Programs

The "Power Green Camp 4": Tackling Pollution Problems, Mitigating Environmental Impacts

- Together with the Faculty of Environment and Resources Studies, Mahidol University, Banpu organized the "Power Green Camp" project for the fourth consecutive year. The project aims to broaden youth's understanding about environmental science to build up sustainable environmental conservation conscience among tomorrow's adults. During 2009, the "Power Green Camp 4" project was held under the theme of "Tackling Pollution Problems, Mitigating Environmental Impacts," where 69 students (11th grade) majoring in science attended. Banpu also held the second "Power Green Youth Leader Camp" to extend a network of children interested in environmental science and the "Power Green Camp" network.

GLOBE Project

- GLOBE is a program through which Banpu funded the Institute for the Promotion of Teaching Science and Technology (IPST) to produce environmental science learning media to primary school students nationwide. In 2009, Banpu distributed GLOBE Animation and bi-lingual storybooks, Volume 2, to more than 20,000 primary schools under the Office of Basic Education Commission (OBEC) including schools run by the Border Patrol Police (BPP) and 4,000 interested public across the country.

Youth Support Programs

Youth Innovation Marketplace or "YIM"

- Banpu continues to sponsor the YIM Project to allow new generations of social entrepreneurs to emerge as well as to pave ways for young Thai children with initiatives to pursue viable social and community development

programs based on their interests. Eight young project owners under the Banpu's YIM 4 program whose social development projects involved in environment, youth development, archeology, arts and culture as well as health and sanitation, already completed their projects, with beneficial results to people in various regions around the country.

Banpu Table Tennis Club

- The Banpu Table Tennis Club not only enhanced table tennis skills but also exposed its athletes to table tennis sport training through a variety of activities i.e. daily training, intensive training in China, participation in major local and international tournaments and other activities to nurture athletes' discipline, unity and sense of being a good citizen such as an orientation session for new players and an annual camp held by the club.

Other Activities

New Graduate Trainees Project

- The project was initiated in 2009 to help alleviate the local economy from the global's economic crisis. Under the program, Banpu allowed 2008 undergraduates to become trainees at Banpu for a year to gather their experiences and enhance their views before stepping into a real professional world when the economy started to pick up.

Banpu Volunteering Program

- Into its third year, Banpu Volunteering Program brought more than 70 Banpu executives and staff to renovate a library and build a sports playground for Wat Bang Khan Taek School, which is a primary school in Tambon Bangkhantaek, Mueang District, Samut Songkhram Province. Our volunteers also planted trees for cool shade and organized reading and exercising for fun activities for students there.

Community Development

Public Health Banpu donated THB 700,000 to the Provincial Red Cross Chapters of Lamphun, Lampang, Phayao and Nan Provinces to buy blankets, medicines and necessity items for those affected from severe cold weather in these four provinces. Banpu also collaborated with hospitals in Phayao, Lampang and Lamphun to dispatch mobile medical units to provide healthcare services to patients suffered from the severe cold weather.

Education Chiang Muan Mine gave 95 scholarships to students in 15 schools under the Chiang Muan Education District and THB 150,000 from the Education Fund to Ban Sra School. Lamphun Mine organized "English Kids Fun" activity where primary school students of Ban Hong School, Li District, Lamphun Province, were taught English aside from what they learned in everyday's classes.

Environment Lampang Mine and residents in Ban Samai Chai Community, Sob Prab District, Lampang Province, planted 10,000 clusters of Vetiver grass to conserve soil and water under a "Expansion of Local Wisdom" project.

Religion & Tradition Lampang and Chiang Muan Mine gave away candles for use in religious activities during the rainy season, bathing robes for monks, necessary items for monks and money to various temples in Phayao and Lampang Provinces.

Others Lamphun Mine donated food and necessary items to help those suffered from flash flood resulted from Krishna Typhoon in Li District, Lamphun Province.

Indonesia

Banpu places as much priority to its business here as its corporate social responsibility (CSR) for communities located close to its headquarters in Jakarta, Indonesia, as well as those in Kalimantan Island where it currently operates Indominco, Kitadin, Jorong, Trubaindo and Bharinto Mines. Most activities are focusing on improving quality of life of people in the communities where Banpu supports projects proven useful to the public and environment under people's participation and cooperation with local public agencies. In 2009 Banpu conducted its CSR projects in Indonesia in the following areas:

Basic Infrastructure Development

Infrastructure such as school building, healthcare center, mosque, church, meeting hall, multi-purpose building, roads and bridges were built for nearby communities.

Economic Development

Vocational training activities were organized to generate incomes to the community. This included supporting communities to grow vegetables and raise animals, setting an irrigation system in rice fields, growing marine algae, pursuing coastline fishing and raising fish in confined areas and promoting a household industry including Halal food with quality accreditation from relevant agencies, training women's groups to sew and supporting them to open new business in the community, promoting batik making and dyeing, backing up youth to start business and setting up a community bank. This started in Indominco and Jorong Mines as the idea was that these activities would be a funding source for long-term and sustainable investment and savings by people in the community.

Education Development

Banpu Indonesia continued to give away scholarships to students, allow teachers to attend skill-enhancing training, donate books and teaching equipment to schools and provide transportation to carry students to and from schools.

Public Health

Mobile medical units were dispatched to provide healthcare services to students in various schools and communities around the mines. Children of less than five years old were given supplementary food. Medical equipment was given to healthcare centers and their staff was also given training. In addition, clean water purification systems were installed for the community.

Environmental Conservation

Encouraged local communities in reforestation activity and urged people to use water, save energy, keep their home clean and manage community waste efficiently.

Community Development

Each community was urged to set up the Community Consultative Committee (CCC) as a main body to work with the Company, other public agencies and a local administration body to strengthen the community stance.

Community Relations

The Company supported activities that help maintaining religion, tradition, culture and way of life of people in the community as well as provided assistance to those suffered from natural disaster.

Database System Development and Monitoring and Evaluation

By introducing a database for community development and by creating an evaluation tool to assess and monitor the progress of each project, the Company helps making community development management and CSR activities more efficient and transparent with maximum benefits to the society while in compliance with international standards.

China

In 2009, Banpu's Coal Business in China supported activities related to cultural and traditional conservation. It was regularly involved in investment promotion activities at provinces where Banpu has business. For example, Banpu Coal China and Zhengzhou Government jointly organized the Abor Day. It also joined the Thai Embassy in China to organize various activities designed to boost relationships between Thailand and China. In addition, Banpu Power Investment (China) Ltd. (BPIC), which runs Banpu's power business in China, provided assistance to communities around three power plants as follows.

- Providing support to Zhengding's Table Tennis Club, which is a national-acclaimed club reputable in training national table tennis athletes and table tennis coaches around the world. BPIC gave away THB 500,000 a year to sponsor the Club's activities.
- Giving support for Launnnan Banpu Special Education School - The school has 76 students and 30 teachers. Aside from funding, BPIC also donated computers on the occasion of the school's moving to a new address to upgrade teaching quality.
- Improving basic infrastructure of the community; for example, improving road conditions in a town where the power plant is located.
- Continuing conserving the environment by installing various pollution prevention and control devices in every power plant so their operations meet environmental requirements set by the government. BPIC's power plants have been recognized by local governments as a role model and a learning center for other agencies in environmental management and natural resource conservation.

Board of Directors and Management

| Name/Position | Age | Education | % Share held | Work experience in the last five years | | |
|---|-----|--|--------------|--|--|---|
| | | | | Period | Position | Organization |
| 1. Mr. Krirk-Krai Jirapaet • Independent Director • Chairman | 66 | <ul style="list-style-type: none"> • B.A. (Hons) Political Science, Chulalongkorn University • Master of Economics, Sydney University, Australia • Certificate in Economic Developments, Japan • Certificate in Project Appraisal, Oxford University, UK • Certificate in Commercial Counsellor Practices Federal, Republic of Germany • National Defence College (Class 37) • Role of Chairman (RCP) #11/2005, Thai Institute of Directors Association (IOD) • Director Certification Program (DCP) #61/2005, Thai Institute of Directors Association (IOD) • Audit Committee Program #8/2005, Thai Institute of Directors Association (IOD) • Capital Market Academy Leader Program (CMA) #9, Capital Market Academy | - | Present | Independent Director/Chairman | Banpu Public Company Limited |
| | | | | | Member, Council of the University of the Thai Chamber of Commerce | The University of the Thai Chamber of Commerce |
| | | | | | Vice Chairman | Thai Garment Development Foundation |
| | | | | 2006 - 2008 | Monetary Policy Committee | Bank of Thailand |
| | | | | 2005 - 2006 | Minister of Commerce Chairman of the Board of Directors Executive Director | Ministry of Commerce Banpu Public Company Limited International Institute for Trade and Development (Public Organization) |
| 2. Mr. Soonthorn Vongkusolkrit • Vice Chairman • Member of the Corporate Governance and Nomination Committee * An older brother of persons number 10 and 12 | 71 | <ul style="list-style-type: none"> • Honorary Ph.D. in Business Administration, University of the Thai Chamber of Commerce • Chairman 2000 Program #7/2002, Thai Institute of Directors Association (IOD) • Directors Accreditation Program (DAP) #19/2004, Thai Institute of Directors Association (IOD) • Modern Managers Program (MMP), Chulalongkorn University • Role of Compensation Committee (RCC) #89, Thai Institute of Directors Association (IOD) • Mattayomsuksa | 0.66 | 2003 - 2006 | Committee | Monetary Policy Committee, Bank of Thailand |
| | | | | 2003 - 2005 | Vice Minister | Ministry of Tourism and Sports |
| | | | | Present | Vice Chairman/Member of the Corporate Governance and Nomination Committee | Banpu Public Company Limited |
| | | | | 2009 - Present | Honorary Advisor | Mitr Phol Sugar Corp., Ltd. and its affiliates |
| | | | | 2006 - 2008 | Chairman | Banpu Public Company Limited |
| | | | | 2004 - 2006 | Member of the Corporate Governance and Nomination Committee | Banpu Public Company Limited |
| | | | | 1983 - 2006 | Vice Chairman | Banpu Public Company Limited |
| | | | | 1983 - Present | Chairman | TME Capital Co., Ltd. |
| | | | | 1981 - Present | Director | City Holding Co., Ltd. |
| | | | | 2002 - 2007 | Chairman | United Standard Terminal Public Company Limited |
| | | | | 1974 - 2008 | Chairman | Mitr Phol Sugar Corp., Ltd. and its affiliates |

| Name/Position | Age | Education | % Share held | Work experience in the last five years | | |
|---|-----|---|--------------|--|---|--|
| | | | | Period | Position | Organization |
| 3. Mr. Rutt Phanijsand • Independent Director • Chairman of the Compensation Committee | 62 | <ul style="list-style-type: none"> • M.S. in Business Ad., Fort Hays Kansas State University, Hays, Kansas, U.S.A. • B.S. Kasetsart University • Directors Accreditation Program: Governance Training for Listed Company Directors (DAP) #4/2003, Thai Institute of Directors Association (IOD) • Directors Certification Program (DCP) #61/2005, Thai Institute of Directors Association (IOD) • National Defence College (Class 388) | - | 2005 - Present | Independent Director/ Chairman of the Compensation Committee | Banpu Public Company Limited |
| | | | | 2009 - Present | Chairman of Executive Directors | LH Financial Group Public Company Limited |
| | | | | 2008 - Present | Chairman of Executive Directors | Land and Houses Retail Bank Public Company Limited |
| | | | | | Director | Land and Houses Retail Bank Public Company Limited |
| | | | | 2001 - Present | President/Chief Executive Officer | Quality Houses Public Company Limited |
| | | | | | Director | Home Product Center Public Company Limited |
| | | | | 2007 - Present | Chairman of the Nomination and Compensation Committee | Home Product Center Public Company Limited |
| | | | | | Executive Director | Home Product Center Public Company Limited |
| | | | | 2008 - Present | Best Practice Committee on Compensation | Thai Institute of Directors Association (IOD) |
| | | | | 2006 - 2009 | Director | IRPC Public Company Limited |
| | | | | | Member of the Audit Committee | IRPC Public Company Limited |
| | | | | 2002 - 2008 | Chairman of the Activities Promotion Committee | Kasetsart University |
| | | | | 2006 - 2008 | Member, Council of Kasetsart University | Kasetsart University |
| | | | | 2004 - 2005 | Executive Director | Krung Thai Bank Public Company Limited |
| 4. Mr. Montri Mongkolswat • Independent Director • Member of the Audit Committee • Member of the Compensation Committee | 66 | <ul style="list-style-type: none"> • B.A. (Commerce), Thammasat University • B.A. (Accountancy), Thammasat University • National Defence College (Class 355) • Chairman 2000 Program #3/2001, Thai Institute of Directors Association (IOD) | - | 1999 - Present | Independent Director/ Member of Audit Committee | Banpu Public Company Limited |
| | | | | 2002 - Present | Member of the Compensation Committee | Banpu Public Company Limited |
| | | | | 2004 - 2005 | Member of the Corporate Governance and Nomination Committee | Banpu Public Company Limited |
| | | | | Present | Director/Member of the Nomination Committee and Compensation Committee/Advisor to the Executive Committee | The Deves Insurance Public Company Limited |
| 5. Mr. Kopr Kritayakirana • Independent Director • Chairman of the Corporate Governance and Nomination Committee | 70 | <ul style="list-style-type: none"> • B.Sc. (Physics), Chulalongkorn University • Ph.D. (Physics), Harvard University • Directors Certification Program (DCP) #11/2001, Thai Institute of Directors Association (IOD) | - | 2003 - Present | Independent Director | Banpu Public Company Limited |
| | | | | 2004 - Present | Chairman of the Corporate Governance and Nomination Committee | Banpu Public Company Limited |
| | | | | 2003 - Present | Director | Thai Reinsurance Public Company Limited |
| | | | | 2003 - 2009 | Director | Thai Institute of Directors Association (IOD) |
| | | | | 2002 - 2009 | Director | Sicco Securities Public Company Limited |
| | | | | 2000 - 2009 | Director | Siam Panich Leasing Public Company Limited |
| | | | | 2009 - Present | Vice Chairman, Council of Chulalongkorn University | Chulalongkorn University |
| | | | | 1993 - 2009 | Member, Council of Chulalongkorn University | Chulalongkorn University |

| Name/Position | Age | Education | % Share held | Work experience in the last five years | | |
|---|-----|--|--------------|--|--|---|
| | | | | Period | Position | Organization |
| 6. Mr. Somkiat Chareonkul <ul style="list-style-type: none"> Independent Director Chairman of the Audit Committee | 68 | <ul style="list-style-type: none"> Bachelor of Commerce, Thammasat University Bachelor of Law, Sukhothai Thammathirat University Certificate in “Strategic Alliance Seminar”, The Wharton School, University of Pennsylvania, U.S.A. Certificate in “Selected Problems of Tax Auditing and Investigation”, Germany and Singapore Certificate in “Seminar on Taxation (Indirect Tax Course)”, JICA (Japan International Cooperation Agency), Japan Certificate of Training “The Management Program” Sasin Graduate Institute of Business Administration, Chulalongkorn University Certificate of Training “Senior Executive, Class 30” Civil Service Training Institute, Civil Service Commission Directors Certification Program (DCP) #79/2006, Thai Institute of Directors Association (IOD) Directors Accreditation Program (DAP), #21/2004, Thai Institute of Directors Association (IOD) Audit Committee Program, Class1/2004, Thai Institute of Directors Association (IOD) Successful Formulation & Execution of Strategy, Thai Institute of Directors Association (IOD) | - | 2005 - Present | Independent Director, Chairman of the Audit Committee | Banpu Public Company Limited |
| | | | | 2005 - 2007 | Member of the Corporate Governance and Nomination Committee | Banpu Public Company Limited |
| | | | | 2006 - Present | Director | Oishi Group Public Company Limited |
| | | | | 2004 - Present | Director | Oishi Ramen Company Limited |
| | | | | | Director | Oishi Trading Company Limited |
| | | | | 2003 - 2009 | Director | Chantaburi Resort and Spa Co., Ltd. Mueng Kit Co., Ltd. |
| 7. Mr. Anothai Techamontrikul <ul style="list-style-type: none"> Independent Director Member of the Audit Committee Member of the Corporate Governance and Nomination Committee | 66 | <ul style="list-style-type: none"> B.A. (Accounting), Chulalongkorn University Diploma in Advanced Vocational Training, Germany Directors Accreditation Program (DAP) #5/2003, Thai Institute of Directors Association (IOD) Directors Certification Program (DCP) #89/2007, Thai Institute of Directors Association (IOD) | - | 2006 - Present | Independent Director/ Member of the Audit Committee | Banpu Public Company Limited |
| | | | | 2007 - Present | Member of the Corporate Governance and Nomination Committee | Banpu Public Company Limited |
| | | | | Present | Chairman (Executive Board) Vice Chairman Vice Chairman Director | D.T.C. Industries Public Company Limited Alcan Packaging Strongpack Public Company Limited United Auditing PKF Limited Safety Steel Industry Company Limited |

| Name/Position | Age | Education | % Share held | Work experience in the last five years | | |
|--|-----|---|--------------|--|---|--|
| | | | | Period | Position | Organization |
| 8. Mr. Sawatdiparp Kantatham • Director • Member of the Corporate Governance and Nomination Committee | 70 | • B.A. (Economics), Hanover College, Indiana, U.S.A. • Program on Investment Appraisal and Management, Harvard University Graduate School of Business Administration, Massachusetts, U.S.A. • National Defence College (Class 35) • Directors Certification Program (DCP) #31/2003, Thai Institute of Directors Association (IOD) | 0.25 | 1983 - Present | Director | Banpu Public Company Limited |
| | | | | 2001 - Present | Member of the Corporate Governance and Nomination Committee | Banpu Public Company Limited |
| | | | | 2008 - 2009 | Selective Committee (Selecting the Chairman and experts for the B.O.T. Board) | Bank of Thailand |
| | | | | Present | Director | Ufinves Company Limited |
| | | | | 1995 - Present | Director | TME Capital Co., Ltd. |
| 9. Mr. Metee Auapinyakul • Director • Executive Officer • Director with Authority to Sign on Behalf of the Company * An older brother of person number 11 | 56 | • B.S.C. (Management), St. Louis University, Missouri, U.S.A. • Infrastructure for the Market Economy, Harvard University John F. Kennedy School of Government, Boston, U.S.A. • National Defence College (Class 377) #7 • National Defence College, College of Management, Mahidol University (Mini MMM Class 1) • Directors Certification Program (DCP) #61/2005, Thai Institute of Directors Association (IOD) | 0.08 | 2007 - Present | Vice President | The American University Alumni Association |
| | | | | 2000 - 2006 | Senator | The Senate |
| | | | | 2005 - 2009 | President | The Phrae People Association |
| | | | | 1983 - Present | Director/Executive Officer | Banpu Public Company Limited |
| | | | | 2008 - Present | Honorary Advisor, Energy Committee | House of Representatives |
| | | | | 2007 - Present | Director | Thai Agro Energy Public Company Limited |
| | | | | 2004 - Present | Advisor | GENCO Public Company Limited |
| | | | | 2009 - Present | Advisor, the National Accreditation Council | Ministry of Industry |
| | | | | 2005 - 2006 | Sub-Committee of Board of Investment | The Board of Investment |
| | | | | 2001 - 2008 | Sub-Committee for Public Relations | National Safety of Thailand |
| | | | | 2001 - 2006 | Specialist, Energy Committee | House of Representatives |
| | | | | 2003 - 2006 | National Science and Technology Development Board Committee | Ministry of Science and Technology |
| | | | | 2004 - 2005 | Committee for Project Consideration | The Board of Investment |
| 10. Mr. Chanin Vongkusolkrit • Director • Chief Executive Officer * A younger brother of persons number 2 and 12 | 57 | • Honorary Ph.D. in Economics, Chiang Mai University • M.B.A. (Finance), St. Louis University, Missouri, U.S.A. • B. Economics, Thammasat University • Directors Certification Program (DCP) #20/2002, Thai Institute of Directors Association (IOD) • DCP Refresher Course # 3/2006, Thai Institute of Directors Association (IOD) | 0.52 | 2003 - Present | Director | Ratchaburi Electricity Generating Holding Public Company Limited |
| | | | | 1983 - Present | Director | Mitr Phol Sugar Corp., Ltd. |
| | | | | 2004 - Present | Director | Thai Listed Companies Association |
| | | | | 2003 - Present | Director | |
| | | | | 1983 - Present | Director | |

| Name/Position | Age | Education | % Share held | Work experience in the last five years | | |
|--|-----|---|--------------|---|---|---|
| | | | | Period | Position | Organization |
| 11. Mr. Ongart Auapinyakul <ul style="list-style-type: none"> • Director • Executive Officer * An younger brother of person number 9 | 53 | <ul style="list-style-type: none"> • B.S. (Mechanical Engineering), University of Missouri, Columbia, U.S.A. • Senior Executive Program 3, Sasin Graduate Institute of Business Administration of Chulalongkorn University • National Defence College (Class 4414) • Directors Certification Program (DCP) #23/2002, Thai Institute of Directors Association (IOD) • Capital Market Academy Leader Program (CMA) #8, Capital Market Academy | 0.09 | 1983 - Present | Director/Executive Officer | Banpu Public Company Limited |
| 12. Mr. Vitoon Yongkusolkit <ul style="list-style-type: none"> • Director • Member of the Compensation Committee * A younger brother of person number 2 * An older brother of person number 10 | 68 | <ul style="list-style-type: none"> • B.Sc. (Pharmacology), Chulalongkorn University • Directors Certification Program (DCP) #17/2002, Thai Institute of Directors Association (IOD) • Senior Executive Program #6, Sasin Graduate Institute of Business Administration of Chulalongkorn University • Chairman 2000 #11/2005, Thai Institute of Directors Association (IOD) | 1.32 | 1983 - Present 2001 - Present 2004 - Present 1974 - Present 1987 - Present 1977 - Present 1983 - 2009 1989 - 2007 1998 - 2006 | Director Member of the Compensation Committee Director/Chairman of the Financial and Risk Management Committee Director Director Director Chairman Director Chairman | Banpu Public Company Limited Banpu Public Company Limited The Erawan Group Mitr Phol Sugar Corp., Ltd. and its affiliates Erawan Hotel Public Company Limited United Standard Terminal Public Company Limited IAG Insurance (Thailand) Co., Ltd. Erawan Ploenchit Co., Ltd. United Securities Public Company Limited |
| 13. Mr. Rawi Corsiri <ul style="list-style-type: none"> • Chief Operating Officer | 59 | <ul style="list-style-type: none"> • M.B.A., Sasin Graduate Institute of Business Administration of Chulalongkorn University • B.Sc., Chulalongkorn University • Directors Certification Program (DCP) #32/2003, Thai Institute of Directors Association (IOD) • Capital Market Academy Leader Program (CMA) # 2/2006, Capital Market Academy • Executive Leadership Program NIDA - Wharton, Co-program between National Institute of Development Administration (NIDA) and The Wharton School, University of Pennsylvania, U.S.A. | - | 2001 - Present | Chief Operating Officer Director Director Director Director Director Director Director Director Director Director Director Director Director Director | Banpu Public Company Limited Banpu Minerals Company Limited Banpu Singapore Pte. Ltd. Banpu International Limited Banpu Power Limited Banpu Coal Power Limited Banpu Power Development Co., Ltd. Banpu Power International Limited BLCP Power Limited Power Generation Services Co., Ltd. Banpu Power Investment Co., Ltd. Peak Pacific Investment (L) BHD Silamani Corp. Ltd. Silamani Marble Company Limited |

| Name/Position | Age | Education | % Share held | Work experience in the last five years | | |
|---|-----|--|--------------|--|---|-----------------------------------|
| | | | | Period | Position | Organization |
| 14. Ms. Somruedee Chaimongkol • Chief Financial Officer | 48 | <ul style="list-style-type: none"> B.Sc. (Accounting), Bangkok University Program for Global Leadership, Harvard University Graduate School of Business Administration, Boston, U.S.A. Directors Certification Program (DCP) #78/2006, Thai Institute of Directors Association (IOD) | 0.08 | 2006 - Present | Chief Financial Officer | Banpu Public Company Limited |
| | | | | 2001 - 2006 | Senior Vice President - Finance | Banpu Public Company Limited |
| | | | | Present | Director | Banpu Power Development Co., Ltd. |
| | | | | | Director | Banpu Singapore Pte. Ltd. |
| | | | | | Director | Banpu Minerals Company Limited |
| | | | | | Director | Banpu International Limited |
| | | | | | Director | Silamani Corp. Ltd. |
| | | | | | Director | Silamani Marble Company Limited |
| | | | | | Director | BP Overseas Development Co., Ltd. |
| | | | | | Director | BP Overseas Development Co., Ltd. |
| 15. Mr. Sathidpong Wattananuchit • Assistant Chief Executive Officer - Corporate Services | 51 | <ul style="list-style-type: none"> Doctor of Philosophy in Strategic Management, University of Northern Washington M.B.A. Strategic Management Leadership, IOU of Netherlands B.A. (Administration), Sukhothai Thammathirat University B.A. (English), Nakhon Ratchasima Rajaphat University Directors Certification Program (DCP) #74/2006, Thai Institute of Directors Association (IOD) | - | 2007 - Present | Assistant Chief Executive Officer - Corporate Services | Banpu Public Company Limited |
| | | | | 2006 - 2007 | Group Senior Vice President - Corporate Services | Banpu Public Company Limited |
| | | | | 2004 - 2005 | Senior Vice President - Internal Audit | Banpu Public Company Limited |
| | | | | | Senior Vice President - Human Resources | Banpu Public Company Limited |
| 16. Mr. Akaraphong Dayananda • Senior Vice President-Strategy and Business Development | 51 | <ul style="list-style-type: none"> B.S. (Engineering), Chulalongkorn University M.B.A., Bowling Green State University, Ohio, U.S.A. Executive Program in Strategy and Organization, Stanford University, California, U.S.A. Director Certification Program (DCP) # 91/2007, Thai Institute of Directors Association (IOD) Director Diploma Examination #22/2007, Thai Institute of Directors Association (IOD) | 0.00 | 2008 - Present | Senior Vice President - Strategy and Business Development | Banpu Public Company Limited |
| | | | | 2001 - 2008 | Senior Vice President - Corporate Strategic Planning | Banpu Public Company Limited |
| | | | | 2009 - Present | Director | Banpu Minerals Company Limited |
| | | | | | Director | Banpu Power Limited |
| | | | | | Director | Banpu International Limited |
| | | | | | Director | Silamani Corp. Ltd. |
| | | | | | Director | Silamani Marble Company Limited |
| | | | | | Director | Banpu Australia Co. Pty Ltd. |
| 17. Ms. Udomlux Olarn • Senior Vice President-Corporate Affairs | 50 | <ul style="list-style-type: none"> B.A., Journalism and Mass Communication (Advertising and Public Relations), Thammasat University | 0.00 | 2009 - Present | Senior Vice President - Corporate Affairs | Banpu Public Company Limited |
| | | | | 2007 - 2008 | Senior Vice President - Corporate Communications & Public Affairs | Banpu Public Company Limited |
| | | | | 2001 - 2007 | Vice President - Corporate Communications | Banpu Public Company Limited |
| | | | | | Vice President - Corporate Communications | Banpu Public Company Limited |

Shareholdings of the Board of Directors and Management

As of 31 December 2009

| Name | Ordinary Share (Units) | | |
|----------------------------------|------------------------|------------------|-----------|
| | 31 December 2009 | 31 December 2008 | + / (-) |
| 1. Mr. Krirk-Krai Jirapaet | - | 3,000 | (3,000) |
| 2. Mr. Soonthorn Vongkusolkit | 1,798,196 | 1,798,196 | - |
| 3. Mr. Montri Mongkolsawat | - | - | - |
| 4. Mr. Sawatdiparp Kantatham | 675,745 | 700,745 | (25,000) |
| 5. Mr. Vitoon Vongkusolkit | 3,590,911 | 3,590,911 | - |
| 6. Mr. Kopr Kritayakirana | - | - | - |
| 7. Mr. Somkiat Chareonkul | - | - | - |
| 8. Mr. Rutt Phanijsphand | - | - | - |
| 9. Mr. Anothai Techamontrikul | - | - | - |
| 10. Mr. Chanin Vongkusolkit | 1,549,971 | 1,764,971 | (215,000) |
| 11. Mr. Metee Auapinyakul | 221,599 | 251,599 | (30,000) |
| 12. Mr. Ongart Auapinyakul | 420,225 | 459,300 | (39,075) |
| 13. Mr. Rawi Corsiri | - | - | - |
| 14. Ms. Somruedee Chaimongkol | 212,628 | 212,628 | - |
| 15. Mr. Sathidpong Wattananuchit | - | - | - |
| 16. Mr. Akaraphong Dayananda | 4,000 | - | 4,000 |
| 17. Ms. Udomlux Olarn | 11,000 | 11,000 | - |

Note: From report of securities held by the Company's directors as of 31 December 2009.

Remuneration of the Board of Directors and Management

1. Remuneration in Cash for the Year Ending 31 December 2009

1.1 Remuneration in cash for Board members in the forms of meeting allowance and gratuity was THB 44,409,750.05 which details are as follows.

| Name/Position | Meeting Allowance (THB/year) | | | | Gratuity (THB/year) | Total Remuneration (THB/year) |
|--|------------------------------|-----------------|---|------------------------|---------------------|-------------------------------|
| | Director | Audit Committee | Corporate Governance and Nomination Committee | Compensation Committee | | |
| 1. Mr. Krirk-Krai Jirapaet Chairman/Independent Director | 1,235,000.00 | - | - | - | 2,506,024.10 | 3,741,024.10 |
| 2. Mr. Soonthorn Vongkusolkrit Vice Chairman/Member of the Corporate Governance and Nomination Committee | 1,041,250.00 | - | 125,000.00 | - | 3,137,221.45 | 4,303,471.45 |
| 3. Mr. Montri Mongkolswat Independent Director/Member of the Audit Committee/Member of the Compensation Committee | 950,000.00 | 270,000.00 | - | 100,000.00 | 2,635,675.45 | 3,955,675.45 |
| 4. Mr. Sawatdiparp Kantatham Director/Member of the Corporate Governance and Nomination Committee | 950,000.00 | - | 125,000.00 | - | 2,635,675.45 | 3,710,675.45 |
| 5. Mr. Vitoon Vongkusolkrit Director/Member of the Compensation Committee | 900,000.00 | - | - | 100,000.00 | 2,635,675.45 | 3,635,675.45 |
| 6. Mr. Kopr Kritayakirana Independent Director/Chairman of the Corporate Governance and Nomination Committee | 950,000.00 | - | 162,500.00 | - | 2,635,675.45 | 3,748,175.45 |
| 7. Mr. Somkiat Chareonkul Independent Director/Chairman of the Audit Committee | 950,000.00 | 351,000.00 | - | - | 2,635,675.45 | 3,936,675.45 |
| 8. Mr. Rutt Phanijphand Independent Director/ Chairman of the Compensation Committee | 950,000.00 | - | - | 130,000.00 | 2,635,675.45 | 3,715,675.45 |

| Name/Position | Meeting Allowance (THB/year) | | | | Gratuity (THB/year) | Total Remuneration (THB/year) |
|---|------------------------------|-----------------|---|------------------------|---------------------|-------------------------------|
| | Director | Audit Committee | Corporate Governance and Nomination Committee | Compensation Committee | | |
| 9. Mr. Anothai Techamontrikul Independent Director/Member of the Audit Committee/Member of the Corporate Governance and Nomination Committee | 925,000.00 | 270,000.00 | 125,000.00 | - | 2,635,675.45 | 3,955,675.45 |
| 10. Mr. Chanin Vongkusolkrit Director | 600,000.00 | - | - | - | 2,635,675.45 | 3,235,675.45 |
| 11. Mr. Metee Auapinyakul Director | 600,000.00 | - | - | - | 2,635,675.45 | 3,235,675.45 |
| 12. Mr. Ongart Auapinyakul Director | 600,000.00 | - | - | - | 2,635,675.45 | 3,235,675.45 |
| Total | | | | | | 44,409,750.05 |

Note: The Company's resolution to appoint Mr. Krirk-Krai Jirapaet to be the Chairman of the Board and Mr. Soonthorn Vongkusolkrit to be the Vice Chairman was effective from 11 April 2008 onwards.

1.2 Remuneration in cash for the Company's executives in the forms of salary and bonus

| Unit: THB | Number of executives | 2009 | Number of executives | 2008 |
|----------------|----------------------|----------------------|----------------------|----------------------|
| Total Salaries | 6 | 44,122,200.00 | 6 | 40,147,320.00 |
| Total Bonuses | 6 | 39,125,720.00 | 6 | 27,068,695.00 |
| Total | | 83,247,920.00 | | 67,216,015.00 |

Note:

- In 2008, there were six executives namely, Mr. Chanin Vongkusolkrit, Mr. Rawi Corsiri, Ms. Somruedee Chaimongkol, Mr. Sathidpong Wattananuchit, Mr. Akaraphong Dayananda and Ms. Udomlux Olarn.
- In 2009, there were six executives namely, Mr. Chanin Vongkusolkrit, Mr. Rawi Corsiri, Ms. Somruedee Chaimongkol, Mr. Sathidpong Wattananuchit, Mr. Akaraphong Dayananda and Ms. Udomlux Olarn.

2. Other remunerations

2.1 Contributions to the Provident Fund

The Company paid the following contributions to its executives.

| Unit: THB | Number of executives | 2009 | Number of executives | 2008 |
|-------------------------------------|----------------------|--------------|----------------------|--------------|
| Contributions to the Provident Fund | 6 | 2,647,332.00 | 6 | 2,416,982.40 |

Note:

- In 2008, there were six executives namely, Mr. Chanin Vongkusolkrit, Mr. Rawi Corsiri, Ms. Somruedee Chaimongkol, Mr. Sathidpong Wattananuchit, Mr. Akaraphong Dayananda and Ms. Udomlux Olarn.
- In 2009, there were six executives namely, Mr. Chanin Vongkusolkrit, Mr. Rawi Corsiri, Ms. Somruedee Chaimongkol, Mr. Sathidpong Wattananuchit, Mr. Akaraphong Dayananda and Ms. Udomlux Olarn.

Major Shareholders

Ten Major Shareholders as of 31 December 2009

| Major Shareholders | Number of Shares Hold | Percentage |
|--|-----------------------|------------|
| 1. Thai NVDR Co., Ltd. | 69,970,847 | 25.75 |
| 2. The Vongkusolkrit Family and related companies* | 42,503,841 | 15.64 |
| 3. State Street Bank and Trust Company | 18,279,599 | 6.73 |
| 4. Littledown Nominees Limited 9 | 11,318,400 | 4.17 |
| 5. State Street Bank and Trust Company for London | 7,911,393 | 2.91 |
| 6. Chase Nominees Limited | 5,985,600 | 2.20 |
| 7. HSBC (Singapore) Nominees Pte. Ltd. | 5,344,116 | 1.97 |
| 8. Chase Nominees Limited 1 | 5,021,200 | 1.85 |
| 9. Fortis Global Custody Services N.V. | 3,500,001 | 1.29 |
| 10. Norbax Inc., 13 | 2,958,437 | 1.09 |

Notes: *The Vongkusolkrit Family and related companies comprise:

| | No. of Shares | Percentage |
|--|---------------|------------|
| 1) The Vongkusolkrit Family | 22,670,307 | 8.34 |
| 2) Mitr Phol Sugar Corp., Ltd. <i>Mitr Siam Sugar Corp., Ltd. holds 99.99 per cent of its paid-up capital.</i> | 8,053,808 | 2.96 |
| 3) TME Capital Co., Ltd. <i>The Vongkusolkrit Family holds 54.23 per cent of its paid-up capital.</i> | 6,101,600 | 2.25 |
| 4) United Farmer and Industry Co., Ltd. <i>Mitr Phol Sugar Corp., Ltd. holds 87.56 per cent of its paid-up capital.</i> | 1,779,445 | 0.65 |
| 5) MP Particle Board Co., Ltd. <i>United Farmer and Industry Co., Ltd. holds 99.99 per cent of its paid-up capital.</i> | 1,520,965 | 0.56 |
| 6) Pacific Sugar Corporation Ltd. <i>The Vongkusolkrit Family holds 45.12 per cent of its paid-up capital.</i> <i>Mitr Phol Sugar Corp., Ltd. holds 25.00 per cent of its paid-up capital.</i> | 681,905 | 0.25 |
| 7) Mitr Phu Viang Sugar Co., Ltd. <i>United Farmer and Industry Co., Ltd. holds 99.99 per cent of its paid-up capital.</i> | 615,200 | 0.23 |
| 8) Ufinves Co., Ltd. <i>TME Capital Co., Ltd. holds 100.00 per cent of its paid-up capital.</i> | 600,611 | 0.22 |
| 9) Mitr Kalasin Sugar Co., Ltd. <i>United Farmer and Industry Co., Ltd. holds 99.99 per cent of its paid-up capital.</i> | 480,000 | 0.18 |

The Limited of Foreign Shareholders

The foreign shareholders can be able to hold not more than 40 per cent of its paid-up capital as of 31 December 2009, which now have been holding 40 per cent of its paid-up capital.

Connected Persons and Transactions

Connected Persons

| Connected Persons/ Type of Business | Description of Relationship | Major Shareholders | List of Board of Director |
|--|--|--|--|
| 1. Mitr Phol Sugar Corp., Ltd. (Production and distribution of sugar and molasses) | 1) Being one of the major shareholders of Banpu Plc., holding 2.96 per cent of its paid-up capital 2) The major shareholder is the Vongkusolkrit Family, which is also one of major shareholders of Banpu Plc. 3) There are 2 joint directors, as follows: 1. Mr. Vitoon Vongkusolkrit 2. Mr. Chanin Vongkusolkrit | As of 31 December 2009, Mitr Siam Sugar Co., Ltd. 99.99% | 1. Mr. Vitoon Vongkusolkrit 2. Mr. Isara Vongkusolkrit 3. Mr. Chanin Vongkusolkrit 4. Mr. Banthoeng Vongkusolkrit 5. Mr. Choosak Vongkusolkrit 6. Mr. Phadung Dechasarin 7. Mr. Taweewat Thaweepiyamaporn 8. Wg. Cmr. Laksami Putpongsiriporn 9. Mr. Kritsada Monthienvichienchay 10. Mr. Werajet Vongkusolkrit 11. Assoc. Prof. Dr. Jeeradej Usawat |
| 2. TME Capital (Investment Company) | 1) Being one of the major shareholders of Banpu Plc., holding 2.25 per cent of its paid-up capital 2) The major shareholder is the Vongkusolkrit Family, which is also one of major shareholders of Banpu Plc. 3) There are 6 joint directors as follows: 1. Mr. Soonthorn Vongkusolkrit 2. Mr. Vitoon Vongkusolkrit 3. Mr. Chanin Vongkusolkrit 4. Mr. Metee Auapinyakul 5. Mr. Ongart Auapinyakul 6. Mr. Sawatdiparp Kantatham | As of 31 December 2009, 1. The Vongkusolkrit Family 54.23% 2. The Auapinyakul Family 24.16% 3. Ufinves Co., Ltd. 10.50% 4. The Kantatham Family 3.17% 5. The Karnchanakamnerd Family 0.58% 6. The Putpongsiriporn Family 0.63% | 1. Mr. Soonthorn Vongkusolkrit 2. Mr. Vitoon Vongkusolkrit 3. Mr. Chanin Vongkusolkrit 4. Mr. Metee Auapinyakul 5. Mr. Ongart Auapinyakul 6. Mr. Sawatdiparp Kantatham 7. Mr. Prachuab Trinikorn 8. Mr. Werajet Vongkusolkrit 9. Ms. Jintana Karnchanakamnerd |
| 3. United Farmer and Industry Co., Ltd. (Production and distribution of sugar and molasses) | 1) Being one of the shareholders of Banpu Plc., holding 0.65 per cent of its paid-up capital 2) The major shareholder is Mitr Phol Sugar Corp., Ltd. 3) There is 1 joint director namely: Mr. Vitoon Vongkusolkrit | As of 31 December 2009 Mitr Phol Sugar Corp., Ltd. 87.56% | 1. Mr. Vitoon Vongkusolkrit 2. Mr. Isara Vongkusolkrit 3. Mr. Banthoeng Vongkusolkrit 4. Ms. Chayawadee Chaianan 5. Mr. Taweewat Thaweepiyamaporn 6. Ms. Jintana Karnchanakamnerd 7. Mr. Sukkan Wattanawekin 8. Mr. Kritsada Monthienvichienchay 9. Mr. Werajet Vongkusolkrit |

Connected Persons (continued)

| Connected Persons/ Type of Business | Description of Relationship | Major Shareholders | List of Board of Director |
|--|--|--|--|
| 4. Ufinves Co., Ltd. (Holding Company) | 1) Being one of the shareholders of Banpu Plc., holding 0.22 per cent of its paid-up capital 2) The major shareholder is the Vongkusolkrit Family, which is also one of major shareholders of Banpu Plc. 3) There are 6 joint directors as follows: 1. Mr. Soonthorn Vongkusolkrit 2. Mr. Vitoon Vongkusolkrit 3. Mr. Chanin Vongkusolkrit 4. Mr. Metee Auapinyakul 5. Mr. Ongart Auapinyakul 6. Mr. Sawatdiparp Kantatham | As of 31 December 2009, TME Capital Co., Ltd. 100.00% | 1. Mr. Soonthorn Vongkusolkrit 2. Mr. Vitoon Vongkusolkrit 3. Mr. Chanin Vongkusolkrit 4. Mr. Metee Auapinyakul 5. Mr. Ongart Auapinyakul 6. Mr. Sawatdiparp Kantatham 7. Mr. Prachuab Trinikorn 8. Mr. Werajet Vongkusolkrit 9. Ms. Jintana Karnchanakamnerd |
| 5. Mitr Kalasin Sugar Co., Ltd. (Production and distribution of sugar and molasses) | 1) Being one of the shareholders of Banpu Plc., holding 0.18 per cent of its paid-up capital 2) The major shareholder is United Farmers and Industry Co., Ltd. 3) There are 1 joint director namely: Mr. Vitoon Vongkusolkrit | As of 31 December 2009 United Farmers and Industry Co., Ltd. 99.99% | 1. Mr. Vitoon Vongkusolkrit 2. Mr. Isara Vongkusolkrit 3. Mr. Banthoeng Vongkusolkrit 4. Mr. Taweewat Taweepiyamaporn 5. Ms. Jintana Karnchanakamnerd 6. Mr. Sukkan Wattanawekin 7. Ms. Chayawadee Chaianan 8. Mr. Kritsada Monthienvichienchay 9. Mr. Werajet Vongkusolkrit |

Other Connected transactions between the Company, subsidiaries, affiliated companies and other related companies, including a price-setting policy and applicable interest rates. Details of Banpu's connected transactions with subsidiaries, affiliates and related companies are in Clause 10 of Notes to Financial Statements

Connected transactions between businesses with the following relationships were executed:

| Connected Transactions | Related Companies | Transaction Value |
|--|------------------------------|-------------------|
| Banpu Public Company Limited 1. The Company executed the following connected transaction with Chiang Muan Mining Co., Ltd.: <ul style="list-style-type: none"> In 2009, related advance worth THB 0.01 million. | Chiang Muan Mining Co., Ltd. | THB 0.01 million |
| 2. The Company conducted connected transaction with Banpu International Ltd. as follow: <ul style="list-style-type: none"> As of 31 December 2009, there was an accrued management fee income of THB 30 million. | Banpu International Ltd. | THB 30.00 million |

| Connected Transactions | Related Companies | Transaction Value |
|--|-----------------------------------|---|
| <p>3. Connected transactions with Banpu Minerals Co., Ltd.:</p> <p>The Company extended a loan in a form of P/N to Banpu Minerals Co., Ltd. at an interest rate calculated from an average cost of lending plus 0.5 per cent per annum.</p> <p>The Company had connected transactions with Banpu Minerals Co., Ltd. as follows:</p> <ul style="list-style-type: none"> As of 31 December 2009, the outstanding loan was THB 6,662.05 million. In 2009, interest incomes were THB 241.11 million. In 2009, coal washing service incomes were THB 30.30 million. | Banpu Minerals Co., Ltd. | THB 6,933.46 million |
| <p>4. Connected transactions with BP Overseas Development Co., Ltd.:</p> <p>The Company extended a loan in a form of P/N to BP Overseas Development Co., Ltd. at an interest rate calculated from an average cost of lending plus 2 per cent per annum.</p> <p>The Company had connected transactions with BP Overseas Development Co., Ltd. as follows:</p> <ul style="list-style-type: none"> As of 31 December 2009, the outstanding loan was USD 184.59 million. In 2009, interest incomes were THB 269.97 million. As of 31 December 2009, the outstanding advance was THB 222.85 million. | BP Overseas Development Co., Ltd. | USD 184.59 million and THB 492.82 million |
| <p>5. Connected transactions with Banpu Singapore Pte. Ltd.:</p> <p>The Company had connected transactions with Banpu Singapore Pte. Ltd. as follows:</p> <ul style="list-style-type: none"> In 2009, interest incomes were THB 0.86 million. Incomes from management fees were THB 1.33 million. | Banpu Singapore Pte. Ltd. | THB 2.19 million |
| <p>6. A connected transaction with PT. Jorong Barutama Greston:</p> <p>Banpu's connected transaction with PT. Jorong Barutama Greston was as follow:</p> <ul style="list-style-type: none"> As of 31 December 2009, the outstanding advance was THB 0.08 million. | PT. Jorong Barutama Greston | THB 0.08 million |
| <p>7. A connected transaction with PT. Kitadin:</p> <p>Banpu's connected transaction with PT. Kitadin was as follow:</p> <ul style="list-style-type: none"> As of 31 December 2009, the outstanding advance was THB 0.26 million. | PT. Kitadin | THB 0.26 million |
| <p>8. Connected transactions with PT. Indo Tambangraya Megah Tbk:</p> <p>Banpu's connected transactions with PT. Indo Tambangraya Megah Tbk were as follows:</p> <ul style="list-style-type: none"> As of 31 December 2009, the outstanding advance was THB 0.16 million. In 2009, incomes from management fees were THB 1,072.42 million. | PT. Indo Tambangraya Megah Tbk | THB 1,072.58 million |
| <p>9. Connected transactions with Banpu Power Ltd.:</p> <p>The Company extended a loan in a form of P/N to Banpu Power Ltd. at an interest rate calculated from an average cost of loan plus 2 per cent per annum.</p> <p>Banpu's connected transactions with Banpu Power Ltd. were as follows:</p> <ul style="list-style-type: none"> As of 31 December 2009, the outstanding loans were THB 1,147.93 million. The outstanding advance was THB 1.45 million. In 2009, interest incomes were THB 56.43 million. Incomes from management fees were THB 50 million. | Banpu Power Ltd. | THB 1,255.81 million |

| Connected Transactions | Related Companies | Transaction Value |
|--|--------------------------------------|--------------------|
| 10. A connected transaction with PT. Trubaindo Coal Mining: Banpu's connected transaction with PT. Trubaindo Coal Mining was as follow: <ul style="list-style-type: none"> As of 31 December 2009, the outstanding advance was THB 0.39 million. | PT. Trubaindo Coal Mining | THB 0.39 million |
| 11. A connected transaction with PT. Indominco Mandiri: Banpu's connected transaction with PT. Indominco Mandiri was as follow: <ul style="list-style-type: none"> As of 31 December 2009, the outstanding advance was THB 6.76 million. | PT. Indominco Mandiri | THB 6.76 million |
| 12. A connected transaction with Banpu Power International Ltd.: Banpu's connected transaction with Banpu Power International Ltd. was as follow: <ul style="list-style-type: none"> In 2009, interest expenses were THB 0.84 million. | Banpu Power International Ltd. | THB 0.84 million |
| 13. A connected transaction with PT. Bharinto Ekatama Banpu's connected transaction with PT. Bharinto Ekatama was as follow: <ul style="list-style-type: none"> As of 31 December 2009, the outstanding advance was THB 0.07 million. | PT. Bharinto Ekatama | THB 0.07 million |
| Banpu Minerals Co., Ltd. 1. Connected transactions with Silamani Corp., Ltd.: Banpu Minerals Co., Ltd. extended a loan in a form of P/N to Silamani Corp., Ltd. at an interest rate calculated from an average cost of lending plus 0.5 per cent per annum. Banpu Minerals Co., Ltd. had the following loans and interest expenses with Silamani Corp., Ltd.: <ul style="list-style-type: none"> As of 31 December 2009, the outstanding loans were THB 81 million. In 2009, interest expenses were THB 0.96 million. | Silamani Corp., Ltd. | THB 81.96 million |
| 2. Connected transactions with Chiang Muan Mining Co., Ltd.: Banpu Minerals Co., Ltd. extended a loan in a form of P/N to Chiang Muan Mining Co., Ltd. at an interest rate calculated from an average cost of lending plus 0.5 per cent per annum. Banpu Minerals Co., Ltd. had the following connected transactions with Chiang Muan Mining Co., Ltd.: <ul style="list-style-type: none"> As of 31 December 2009, the outstanding loans were THB 138 million. In 2009, interest incomes were THB 8.05 million. | Chiang Muan Mining Co., Ltd. | THB 146.05 million |
| 3. A connected transactions with Banpu International Ltd.: Banpu Minerals Co., Ltd. had the following connected transaction with Banpu International Ltd.: <ul style="list-style-type: none"> In 2009, interest expenses were THB 1.71 million. | Banpu International Ltd. | THB 1.71 million |
| 4. A connected transaction with Banpu Minerals (Singapore) Pte. Ltd. Banpu Minerals Co., Ltd. had the following connected transaction with Banpu Minerals (Singapore) Pte. Ltd.: <ul style="list-style-type: none"> In 2009, interest incomes were THB 0.65 million. | Banpu Minerals (Singapore) Pte. Ltd. | THB 0.65 million |
| 5. A connected transaction with Banpu Singapore Pte. Ltd.: Banpu Minerals Co., Ltd. had the following connected transaction with Banpu Singapore Pte. Ltd.: <ul style="list-style-type: none"> In 2009, interest incomes were THB 2.43 million. | Banpu Singapore Pte. Ltd. | THB 2.43 million |

| Connected Transactions | Related Companies | Transaction Value |
|---|-----------------------------------|----------------------|
| <p>6. Connected transactions with Silamani Marble Co., Ltd.:</p> <p>Banpu Minerals Co., Ltd. extended a loan in a form of P/N to Silamani Marble Co., Ltd. at an interest rate calculated from an average cost of lending plus 0.5 per cent per annum.</p> <p>Banpu Minerals Co., Ltd. had the following loans and interest expenses with Silamani Marble Co., Ltd.:</p> <ul style="list-style-type: none"> As of 31 December 2009, the outstanding loans were THB 32.93 million. In 2009, interest expenses were THB 0.39 million. | Silamani Marble Co., Ltd. | THB 33.32 million |
| <p>7. Connected transactions with BP Overseas Development Co., Ltd.:</p> <p>Banpu Minerals Co., Ltd. extended a loan in a form of P/N to BP Overseas Development Co., Ltd. at an interest rate calculated from an average cost of loan plus 0.5 per cent per annum.</p> <p>Banpu Minerals Co., Ltd. had the following connected transactions with BP Overseas Development Co., Ltd.:</p> <ul style="list-style-type: none"> As of 31 December 2009, the outstanding loans were THB 8,969.59 million. In 2009, interest incomes were THB 416.99 million. | BP Overseas Development Co., Ltd. | THB 9,386.58 million |

Necessity and Soundness of Connected Transactions

In case the Company signs an agreement or conducts a connected transaction with a subsidiary company, affiliated company, related company and/or the third party, Banpu will consider the necessity and soundness of such contract based mainly on Banpu's interests.

Approval Measures or Procedures of Connected Transactions

If the Company is to execute a contract or if there is any connected transaction between itself and its subsidiary, affiliated company, related company, the third party and/or anyone with possible conflicts of interest, the Board of Directors requires Banpu, for the purpose of its benefits, to comply with the rules stated in the Stock Exchange of Thailand's (SET) Announcement Re: Information disclosure and practices of listed companies in connected transactions. Meanwhile, prices and other conditions shall be as if the transaction is at an arm's length where directors or staff having an interest in such transaction must not participate in any approval process.

Policy or Outlook for Future Connected Transactions

None

Other References

| | |
|--|--|
| 1) Ordinary Share Registrar | Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building, Ratchadapisek Road, Klongtoey, Bangkok 10110 Tel. 0 2229 2800 |
| 2) Debenture Registrar | TMB Bank Public Company Limited 3000 Phaholyothin Road, Chatuchak, Bangkok 10900 Tel. 0 2299 1111 |
| 3) Auditor | Mr. Somchai Jinnovart Authorised Auditor No. 3271 PricewaterhouseCoopers ABAS Ltd. 15 th Floor, Bangkok City Tower, 179/74-80 South Sathorn Road, Bangkok 10120 Tel. 0 2286 9999, 0 2344 1000 |
| 4) Financial Advisor | -None- |
| 5) Advisor or Manager under Management Agreement | The Company hired neither advisor nor manager under any permanent management agreement. Rather, advisors (such as financial advisor) were hired on a case-by-case basis a necessary to help with its operation from time to time. The Company's daily management is mainly supervised by the Board of Directors. |
| 6) Financial Institutions Frequently Contacted | Around 30 local and international commercial banks and financial institutions. |

Details of the Company and Its Subsidiary and Associated Companies

| Name | Type of business | Authorized capital | Paid up capital | No. of paid-up capital (shares) | Par value per share | % of holding | Head Office | Telephone |
|---|--|-----------------------|---------------------|---------------------------------|---------------------|--------------|---|----------------|
| 1. Banpu Plc. | Energy | 3,540,504,790 THB | 2,717,478,550 THB | 271,747,855 | 10 | - | 26-28 th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400 | 0 2694 6600 |
| Subsidiary Companies | | | | | | | | |
| 2. Banpu Minerals Co., Ltd. | Coal mining and trading | 40,000,000 THB | 40,000,000 THB | 40,000 | 1,000 | 99.99% | 58/1 Moo 1, Soi Thungkwao 1, Yontrakijkosol Road., Tambon Thungkwao, Amphoe Mueang Prae, Prae Province | 0 2694 6600 |
| 3. Banpu Singapore Pte. Ltd. | Coal trading | No authorized shares* | 1,500,000 SGD | 1,500,000 | No par value* | 100.00% | One Marina Boulevard, #28-00 Singapore 018989 | 65 6890 7188 |
| 4. Banpu Minerals (Singapore) Pte. Ltd. | Investment in coal mining | No authorized shares* | 17,670,002 SGD | 17,670,002 | No par value* | 100.00% | One Marina Boulevard, #28-00 Singapore 018989 | 65 6890 7188 |
| 5. Banpu Australia Co. Pty Ltd. | Investment in coal mining in Australia | 2,721,000 AUD | 2,721,000 AUD | 2,721,000 | 1 | 100.00% | Level 6, 31 Queen Street, Melbourne, VIC 3000 | 61 3 8613 8888 |
| 6. PT. Indo Tambangraya Megah Tbk | Mining, construction, transportation, workshop, plantation, general trading, industry, services in Indonesia | 1,500,000,000,000 IDR | 564,962,500,000 IDR | 1,129,925,000 | 500 | 73.72% | 3 rd Floor, Ventura Building, Jalan R.A. Kartini No.26, Cilandak, Jakarta 12430, Indonesia | 6221 750 4390 |
| 7. PT. Indominco Mandiri | Coal mining in Indonesia | 20,000,000,000 IDR | 12,500,000,000 IDR | 12,500 | 1,000,000 | 99.99% | 3 rd Floor, Ventura Building, Jalan R.A. Kartini No.26, Cilandak, Jakarta 12430, Indonesia | 6221 750 4390 |
| 8. PT. Jorong Barutama Greston | Coal mining in Indonesia | 4,500,000,000 IDR | 4,500,000,000 IDR | 300 | 15,000,000 | 99.67% | 3 rd Floor, Ventura Building, Jalan R.A. Kartini No.26, Cilandak, Jakarta 12430, Indonesia | 6221 750 4390 |
| 9. PT. Trubaindo Coal Mining | Coal mining in Indonesia | 100,000,000,000 IDR | 63,500,000,000 IDR | 63,500 | 1,000,000 | 99.99% | 3 rd Floor, Ventura Building, Jalan R.A. Kartini No.26, Cilandak, Jakarta 12430, Indonesia | 6221 750 4390 |
| 10. PT. Kitadin | Mining, contractor & trading in Indonesia | 1,000,000,000,000 IDR | 377,890,000,000 IDR | 188,945 | 2,000,000 | 99.99% | 3 rd Floor, Ventura Building, Jalan R.A. Kartini No.26, Cilandak, Jakarta 12430, Indonesia | 6221 750 4390 |
| 11. PT. Bharinto Ekatama | Coal mining in Indonesia | 68,000,000,000 IDR | 17,000,000,000 IDR | 17,000 | 1,000,000 | 99.00% | 3 rd Floor, Ventura Building, Jalan R.A. Kartini No.26, Cilandak, Jakarta 12430, Indonesia | 6221 750 4390 |
| 12. PT. Centralink Wisesa International | Services & trading in Indonesia | 110,000,000,000 IDR | 109,473,000,000 IDR | 109,473 | 1,000,000 | 95.00% | 3 rd Floor, Ventura Building, Jalan R.A. Kartini No.26, Cilandak, Jakarta 12430, Indonesia | 6221 750 4390 |
| 13. PT. Nusantara Thai Mining Services | Mining services | 541,750,000 IDR | 541,750,000 IDR | 250,000 | 2,167 | 95.00% | 3 rd Floor, Ventura Building, Jalan R.A. Kartini No.26, Cilandak, Jakarta 12430, Indonesia | 6221 750 4390 |

Remark: *under Singaporean Corporate Law

| Name | Type of business | Authorized capital | Paid up capital | No. of paid-up capital (shares) | Par value per share | % of holding | Head Office | Telephone |
|---|---|-----------------------|-------------------|---------------------------------|---------------------|--------------|---|------------------|
| 14. Banpu Coal Investment Co., Ltd. | Investment in coal mining | 11,050,500 USD | 11,050,000 USD | 11,050,000 | 1 | 100.00% | Level 11, One Cathedral Square, Port Louis, Mauritius | 230 210 4000 |
| 15. Banpu International Ltd. | Investment in coal mining | 250,000,000 THB | 250,000,000 THB | 25,000,000 | 10 | 99.99% | 26-28 th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400 | 0 2694 6600 |
| 16. Silamani Corp., Ltd. | Coal trading | 75,000,000 THB | 75,000,000 THB | 7,500,000 | 10 | 99.99% | 26-28 th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400 | 0 2694 6600 |
| 17. Silamani Marble Co., Ltd. | Coal trading | 50,000,000 THB | 50,000,000 THB | 500,000 | 100 | 99.96% | 26-28 th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400 | 0 2694 6600 |
| 18. Ban-Sa Mining Co., Ltd. | Investment in coal mining and trading | 60,000,000 THB | 60,000,000 THB | 600,000 | 100 | 98.87% | 26-28 th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400 | 0 2694 6600 |
| 19. Chiang Muan Mining Co., Ltd. | Coal mining and trading | 100,000,000 THB | 100,000,000 THB | 10,000,000 | 10 | 99.42% | 26-28 th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400 | 0 2694 6600 |
| 20. BP Overseas Development Co., Ltd. | Investment in coal mining | 15,533,002 USD | 15,533,002 USD | 15,533,002 | 1 | 100.00% | Level 11, One Cathedral Square, Port Louis, Mauritius | 230 210 4000 |
| 21. Banpu Power Ltd. | Investment in power | 6,021,995,000 THB | 6,021,995,000 THB | 602,199,500 | 10 | 99.99% | 26-28 th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400 | 0 2694 6600 |
| 22. Banpu Power Development Co., Ltd. | Investment in power | 100,000 THB | 100,000 THB | 1,000 | 100 | 99.70% | 26-28 th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400 | 02 694 6600 |
| 23. Banpu Coal Power Ltd. | Investment in power | 5,921,587,160 THB | 5,921,587,160 THB | 592,158,716 | 10 | 99.99% | 26-28 th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400 | 0 2694 6600 |
| 24. Banpu Power International Ltd. | Investment in power | 50,000 USD | 50,000 USD | 50,000 | 1 | 100.00% | Level 11, One Cathedral Square, Port Louis, Mauritius | 230 210 4000 |
| 25. Banpu Power Investment Co., Ltd. | Investment in electrical power business | No authorized shares* | 84,177,391 USD | 77,132,663 | No par value* | 100.00% | 1 Temasek Avenue #27-01, Millenia Tower, Singapore 039192 | 65 6338 1888 |
| 26. Shijiazhuang Chengfeng Cogen Co., Ltd. | Power and heat production and sales | 15,125,000 USD | 14,000,000 USD | 1,125,000 | NA | 100.00% | North Beiguan, Zhengding County, Shijiazhuang City 050800, Hebei Province, PRC | (86311) 85176918 |
| 27. Peak Pacific Investment Company (L) BHD | Investment in power | 1,000 USD | 1,000 USD | 1,000 | 1 | 100.00% | Level 15 (A2), Main Office Tower, Financial Park, 87000 Labuan FT, Malaysia | 60 87 443 118 |
| 28. Zouping Peak Pte. Ltd. | Investment in electrical power business | No authorized shares* | 2 SGD | 2 | No par value* | 100.00% | 1 Temasek Avenue #27-01, Millenia Tower, Singapore 039192 | 65 6338 1888 |
| 29. Banpu Power Investment (China) Ltd. | Investment in electrical power business | 30,000,000 USD | 30,000,000 USD | 0 | NA | 100.00% | 2 nd Floor, Sunflower Tower, No.37 Maizidian Street, Chaoyang Dist, Beijing 100026, PRC | (8610) 85275162 |

Remark: *under Singaporean Corporate Law

| Name | Type of business | Authorized capital | Paid up capital | No. of paid-up capital (shares) | Par value per share | % of holding | Head Office | Telephone |
|--|---|------------------------------|------------------------------|---------------------------------|--------------------------|--------------|--|--|
| 30. Pan-Western Energy Corporation LLC | Investment in power | 100,000 USD | 100,000 USD | 1,000,000 | 0.01 | 100.00% | Maples and Calder, Ugland House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands | 1 345 949 8066 |
| 31. Tangshan Banpu Heat and Power Co., Ltd. | Power and heat production and sales | 47,504,000 USD | 47,504,000 USD | 0 | NA | 100.00% | West of Gujiaying Village, Benshi Road, Luannan County, Tangshan City 063500, Hebei Province, PRC | (86315) 4168274 |
| 32. Zouping Peak CHP Co., Ltd. | Power and heat production and sales | 261,800,000 RMB | 261,800,000 RMB | 0 | NA | 70.00% | Xiwang Industrial Region, Handian Town, Zouping County, Binzhou City 256209, Shandong Province, PRC | (86543) 4615655 |
| 33. Asian American Coal, Inc. | Investment in coal mining | 50,000,000 USD | 40,917,026 USD | 40,917,026 | 1 | 100.00% | Geneva Place, 2 nd Floor, Wickham's Cay, Road Town, Tortola, British Virgin Islands | (284) 494 4388 |
| 34. AACI Gaohe (HK) Holdings Limited | Investment in coal mining | 10,000 HKD | 10 HKD | 1 | 10 | 100.00% | 1401 Hutchison House, 10 Harcourt Road, Hong Kong | (852) 2846 1932 |
| 35. AACI SAADEC (BVI) Holdings Limited | Investment in coal mining | 50,000 USD | 1 USD | 1 | 1 | 100.00% | P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands | (284) 494 2233 |
| 36. AACI SAADEC (HK) Holdings Limited | Investment in coal mining | 10,000 HKD 30,016,000 USD | 10,000 HKD 30,016,000 USD | 1 1 | 10 HKD 30,016,000 USD | 100.00% | 1401 Hutchison House, 10 Harcourt Road, Hong Kong | (852) 2846 1932 |
| 37. Asian American Coal Holdings, Inc. | Investment in coal mining | 1,000 USD | 1,000 USD | 1,000 | 1 | 100.00% | P.O. Box 3443, Road Town, Tortola, British Virgin Islands | (284) 494 5800 |
| 38. Shanxi Asian American-Danling Energy Co., Ltd. | Investment in coal mining | 53,600,000 USD | 53,600,000 USD | NA | NA | 56.00% | Danling Yangcheng County, Jincheng, Shanxi Province, PRC | (8610) 5820 3663 |
| Associated Companies 39. Shanxi Gaohe Energy Co., Ltd. | Investment in coal mining | 670,250,000 RMB | 670,250,000 RMB | NA | NA | 45.00% | Changzhi County, Changzhi City, Shanxi, PRC | (8610) 5820 3663 |
| 40. BLCP Power Ltd. | Power production and sales | 12,000,000,000 THB | 12,000,000,000 THB | 120,000,000 | 100 | 49.99% | 9 i-8 Road, Map Ta Phut Industrial Estate, Maeung District, Rayong | 0 3892 5100 |
| 41. Power Generation Services Co., Ltd. | Operate and maintenance for power plant | 10,000,000 THB | 10,000,000 THB | 100,000 | 100 | 49.99% | 9 i-8 Road, Map Ta Phut Industrial Estate, Maeung District, Rayong | 0 3892 5140 |
| 42. Hebi Zhong Tai Mining Co., Ltd. | Investment in coal mining | 783,330,000 RMB | 783,330,000 RMB | NA | NA | 40.00% | No. 98, Hongqi Street, Hebi, Henan Province, PRC | (86) 392 291 7401 (86) 392 291 7402 |
| 43. Hongsa Power Co., Ltd. | Power production and sales | 100,000 USD | 100,000 USD | 10,000 | 10 | 40.00% | Building B, Park View Executive Suites, Ban Sithanneau, Sikhottabong District, Vientiane Capital City, Lao PDR | (8650) 21222482 |
| 44. Phu Fai Minig Co., Ltd. | Investment in coal mining | 50,000 USD | 50,000 USD | 5,000 | 10 | 37.50% | Building B, Park View Executive Suites, Ban Sithanneau, Sikhottabong District, Vientiane Capital City, Lao PDR | (8650) 21222483 |
| Other Company 45. Ratchaburi Electricity Generating Holding Plc. | Power production and sales | 14,500,000,000 THB | 14,500,000,000 THB | 14,500,000,000 | 10 | 14.99% | 555/1, Energy Complex, Building A, 7 th Floor, Vibhavadi Road, Chatuchak, Bangkok 10900 | 0 2794 9999 |

Remark: *under Singaporean Corporate Law

Report of the Board of Directors' Responsibility in the Financial Statements

The Board of Directors' priority is to supervise the Company's operations that they are in line with the good corporate governance policies and that financial statements and financial data appeared in the Company's annual report contain accurate, complete and adequate information. Its duty is also to make sure that the financial statements are in line with the generally-accepted accounting principles practiced in Thailand where an appropriate accounting policy is being chosen and carefully pursued on a regular basis. In addition, the Board of Directors must also ensure that the Company has an effective internal control system to guarantee the credibility of its financial statements, that a protection system is in place to prevent unusual transactions, that a connected transaction that might lead to possible conflicts of interest is in fact an actual transaction reasonably carried out during a normal course of business for the Company's maximum benefits and that relevant laws and regulations are complied. The Audit Committee has already reported the result of its action to the Board of Directors and has also reported its opinions in the Audit Committee's Report as seen in the annual report.

In this regard, the Board of Directors is of the opinion that the Company's internal control system is proven satisfactory and contributes to the Company's credibility as of 31 December 2009. The Company's auditor has already audited it according to the generally-accepted accounting standards and has an opinion that the financial statements show an accurate financial status and operation result in its essence as per the generally accepted accounting principles.



(Mr. Krirk-Krai Jirapaet)

Chairman of the Board



(Mr. Chanin Vongkusolkrit)

Chief Executive Officer

Report of the Audit Committee to Shareholders

Dear Shareholders of Banpu Public Company Limited,

The Audit Committee of Banpu Public Company Limited consists of Mr. Somkiat Chareonkul, Chairman of the Audit Committee, Mr. Montri Mongkolswat and Mr. Anothai Techamontrikul, members of the Audit Committee. The Audit Committee performs its duty based on scopes of responsibility entrusted by the Board of Directors which complies with the Audit Committee Charter and the Stock Exchange of Thailand's (SET) Announcement. The Audit Committee convened nine times with all members attending all meetings. The meetings were held with senior executives, Head of Internal Audit Department and auditors in relevant agendas. With collaboration with all business units, the Audit Committee successfully fulfilled its duties to the point that it was awarded the "Audit Committee of the Year 2009" by Thai Institute of Directors Association (IOD), which is indeed a true honor of Banpu. Results of the Audit Committee's performance can be summarized as follows.

- **Financial Statements Review** - The Audit Committee reviewed a quarterly financial statement and the 2009 financial statement with executives and auditors to ensure that the financial statements of both the Company and its subsidiaries were in accordance with the Generally Accepted Accounting Principles (GAAP) and that information was adequately and completely disclosed in a reliable manner. In addition, the Audit Committee also expressed its observations and acknowledged solution guidelines for the Company's benefit.

- **Internal Control System** - The Audit Committee oversight that Banpu had a proper check and balance system by taking into consideration the Internal Audit Department's independence and by promoting appropriate and effective internal control mechanisms. The Audit Committee also expressed opinions in regards to budgets, workforce, work plans, operating results and the 2009 risk-based auditing. At the same time, an adequacy and efficiency of the internal control system covering Banpu's subsidiaries overseas were also assessed to ensure that it complied with the COSO's internal control integrated framework and that it truly affected its business endeavors.

In addition, the "Team Central" technology was introduced to monitor significant issues of the internal auditing results to increase the internal control system's efficiency. Performances meanwhile were based on the Internal Audit Charter and Corporate Fraud Management Framework in Banpu, which were in line with the best practices based on the SET's requirements.

- **Law and Regulations Compliance** - The Audit Committee reviewed the Company's compliance according to the laws governing securities and exchange, requirements of both the SET and the SEC and other legislations related to the Company's business and found that they were fully complied.

- **Connected Transactions or Transactions with Potential Conflict of Interest** - The Audit Committee reviewed connected transactions between the Company and its subsidiaries and affiliated companies as well as transactions with potential conflict of interest and found that they were actual transactions carried out during a normal course of business. The Company also carried them out according to a good corporate governance policy. The Audit Committee was confident that the Company had complied with business conditions and the SET's rules and regulations.

- **Risk Management** - The Audit Committee, having reviewed Banpu's risk management, was confident that the Company had an appropriate risk management policy and system that met the COSO Enterprise Risk Management criteria, constantly updated and monitored by the Risk Management Committee, with acceptable scopes of risk and risk management indicators that would lead to maximum efficiency in attaining corporate goals. The Board and its executive officers also paid a

lot of attention to risk management and risk management practices based on the Company's risk management policy. Risk factors and risk prevention practices of various business units were evaluated on a quarterly basis to mitigate impacts to the Company's business.

- **Corporate Governance** - The Company's priority was to manage its business according to the principles of good corporate governance. It has set up the Whistle Blowing system, organized activities to promote corporate governance culture and attitude for tangible outcomes in each business unit and encouraged staff to comply with rules, regulations and the Code of Conduct for transparency purpose. So far, our Corporate Governance Policy and practices have been well recognized. This helps increasing confidence among our shareholders, investors and related parties.

- **Activities and Participation** - The Audit Committee actively participated in corporate activities such as sharing knowledge about new alternative energy, training sessions of new and revised rules and regulations of the authorities and attending seminars relating to Thai and International Financial Reporting Standards (IFRS) for information purpose and to make sure the Company is ready for its future business

The Audit Committee's opinion is that the Company was actively committed to the Corporate Governance Policy. This in turn resulted in an effective and adequate internal control system with no significant weaknesses. The risk management was effectively in compliance with the Company's policy. Connected transactions that may lead to conflict of interest were actual transactions carried out during a normal course of business for the Company's maximum benefit. No unusual transaction with material essence was found. All rules and regulations were fully complied. For the financial statements during an accounting period that ended 31 December 2009, there was no indication of problems or items with material effects to Banpu's financial statements. The financial statements were duly prepared in accordance with the GAAP and adequate information was disclosed.

Appointment of auditors and auditing fees for 2010

The Audit Committee, having reviewed the auditors based on Banpu's evaluation criteria by looking into their qualifications, their quality and standards of work, teamwork, expertise and their independence, found that the auditors were excellent in their work; results of their auditing were satisfactory and their qualifications were in compliance with the SET's requirements. As such, the Audit Committee would like to propose the following to the Board to seek shareholders' approval to appoint:

- | | |
|----------------------------------|------------------------------------|
| 1. Mr. Somchai Jinnovart, | C.P.A. (Thailand) No. 3271; and/or |
| 2. Ms. Nangnoi Charoenthaveesub, | C.P.A. (Thailand) No. 3044; and/or |
| 3. Mr. Prasit Yuengsrikul, | C.P.A. (Thailand) No. 4174 |

of Price Waterhouse Coopers ABAS Limited (PwC), an international company with extended networks over several countries, as Banpu's auditor in 2010 for a total auditing fee of THB 1,840,000 (the same amount as in the previous accounting period).

16 February 2010

On behalf of the Audit Committee



(Mr. Somkiat Chareonkul)

Chairman of the Audit Committee
Banpu Public Company Limited

Management's Discussion and Analysis of the Consolidated Financial Statements

The Company's management has set out below a comparison of its fiscal year financial statements ending 31 December 2009 in comparison with the fiscal year financial statements ending 31 December 2008. Details of financial statements have been made in the attached note stated in the consolidated financial statements as of 31 December 2009.

1. The Consolidated Profit and Loss for the fiscal year ending 31 December 2009 in comparison with the Consolidated Profit and Loss for the fiscal year ending 31 December 2008

- 1.1 Sales revenue reported at THB 57,865 million, an increase of THB 7,336 million or 15 per cent compared to last year. The increase was mainly due to higher coal sales volume whereas selling price was similar to the previous year. Details of the Company's sales revenue are as follow:
 - Revenue from coal sales of THB 52,704 million accounted for 91 per cent of total sales revenue. This represents an increase of THB 6,728 million or 15 per cent. The revenue from coal sales includes:
 - Sales revenue from Indonesian coal mines of THB 52,603 million;
 - Sales revenue from domestic coal mines of THB 101 million.
 - Sales of power and steam (from BPIC) of THB 5,162 million accounted for 9 per cent of total sales revenue and increased 13 per cent compared to the previous year.
 - Coal sale volume totaled 21.09 million tonnes, increasing 14 per cent due to higher production at Indonesian mines while decreasing production of Thai mine due to depleted output. The coal sale volume consists of:
 - Coal from domestic mines 0.237 million tonnes.
 - Coal from Indonesian mines 20.852 million tonnes.
 - Average coal selling price was USD 71.7 per tonne, nearly to the previous year of USD 72 per tonne.
- 1.2 Cost of sales THB 29,992 million, increasing THB 1,881 million or 7 per cent due to the higher sales volume. However, unit cost decreased due to lower diesel price.
- 1.3 Gross profit reported at THB 27,874 million, an increase of THB 5,454 million or 24 per cent. Gross profit margin is calculated at 48 per cent in this period. The gross profit margin from coal is 51 per cent and from power is 25 per cent.
- 1.4 Selling expenses reported at THB 2,739 million, an increase of THB 55 million or 2 per cent due to an increase in port rental while demurrage charges decreased as a result of more efficient coal loading at Bontang Coal Terminal (BoCT) following the completion of phase 1 expansion at BoCT.
- 1.5 Administrative expenses reported at THB 4,833 million, an increase of THB 1,738 million or 56 per cent mainly from accrued income tax of dividend received from a subsidiary in Indonesia of THB 1,176 million and an increase in general expenses and employee compensation.
- 1.6 Royalty fees reported at THB 6,467 million, an increase of THB 930 million due to the higher sales volume of coal.
- 1.7 Dividend income of THB 486 million from a listed power company.
- 1.8 Loss on foreign exchange of THB 521 million, compared to a gain of THB 383 million reported in last year.
- 1.9 Gain from financial derivatives of THB 2,920 million from coal swap and oil hedging contracts under the subsidiary in Indonesia while in last year reported a loss of THB 1,713 million.

- 1.10 Equity income from subsidiaries and affiliates reported at THB 7,447 million, derived from equity income from BLCP of THB 3,412 million, and equity income from China Coal Business of THB 4,035 million.
- 1.11 Interest expenses of THB 1,282 million increased THB 42 million, mainly from new borrowings to fund port expansion, power plant construction in Indonesia and power plant expansion in China.
- 1.12 Corporate income tax amounted to THB 4,611 million, increasing THB 843 million from the higher operating profit of Indonesian subsidiaries and gain on coal swap and oil hedging.
- 1.13 Net profit for the fiscal year of 2009 reported at THB 14,229 million, an increase of THB 5,001 million or 54 per cent.
- 1.14 Earnings per share (EPS) for the fiscal year 2009 reported at THB 52.36 per share compared to THB 33.96 per share last year, an increase of 54 per cent.

2. Consolidated Balance Sheet as of 31 December 2009 in comparison with Consolidated Balance Sheet as of 31 December 2008

- 2.1 Total assets of THB 101,417 million reported an increase of THB 11,830 million or 13 per cent with details described below:
 - Cash and cash equivalents of THB 21,050 million increased THB 8,201 million or 64 per cent from cash inflow from operation, new local bond issued in May 2009 and new loan of subsidiary in Indonesia net partial repayment of short term, long term and local bond investment in machinery and equipment of Indonesia Coal and China Power Business.
 - Accounts and note receivable of THB 5,389 million decreased THB 639 million or 11 per cent.
 - Accrued dividends from related parties of THB 5,302 million from accrued dividend of BLCP.
 - Inventory, net of THB 2,752 million increased THB 1,101 million or 67 per cent from higher production volume of Indonesian subsidiaries due to favorable weather condition.
 - Investment in subsidiaries, joint venture and associates of THB 29,604 million increased THB 3,231 million or 12 per cent from profit sharing net from dividend payment of power business in Thailand and coal business in China.
 - Other investment of THB 8,062 million decreased THB 1,466 million or 15 per cent from mark-to-market adjustment.
 - Property plant and equipment of THB 17,792 million increased of THB 213 million due to machinery investment in subsidiaries in Indonesia and power plant expansion in China. The accounting values of these assets also decreased by the appreciation of Thai Baht.
- 2.2 Total liabilities of THB 45,465 million increased THB 1,412 million or 3 per cent with details described below:
 - Bank loans and overdrafts of THB 1,684 million decreased THB 3,084 million or 65 per cent from repayment of short-term borrowing and issue new long term borrowing and bond.
 - Current portion of long-term loans and current portion of Baht debenture of THB 5,899 million decreased THB 576 million from partial repayment.
 - Accrued overburden and transportation expenses of THB 2,983 million, increased THB 953 million mainly from the Indonesian operations.
 - Long-term loans of THB 12,146 million increased THB 1,599 million from new borrowing of subsidiary in Indonesia.
 - Baht debenture of THB 10,274 million increased THB 2,989 million from new local bond issue for the amount of THB 6,300 million in May 2009.
- 2.3 Shareholders' equity of THB 55,952 million increased THB 10,418 million or 23 per cent mainly from

- Net profit for the fiscal year of 2009 at THB 14,229 million.
 - Dividend payment to shareholders of THB 4,816 million.
 - A decrease of THB 1,556 million from a lower mark-to-market value of investment in listed companies.
 - A decrease from affiliates' foreign exchange translations loss of THB 1,160 million.
- 2.4 Net Debt-to-Equity as of 31 December 2009 reported at 0.16 times for the consolidated balance sheet and 1.32 times for the parent company. As of 31 December 2008, the ratio were 0.36 times for the consolidated balance sheet and 1.16 times for the parent company.

3. Statement of Cash Flow for the fiscal year ending 31 December 2009 in comparison with the previous year ending 31 December 2008

Banpu's statement of cash flow for the fiscal year ending 31 December 2009 recorded an increase in net cash flow of THB 8,914 million compared to last year. The Company's net cash flow is divided into:

- 3.1 Cash flow from operation of THB 12,544 million; with major operating expenses as follow,
- Overburden, coal mining and coal transportation payment of THB 20,142 million
 - Interest paid of THB 1,285 million
 - Corporate income tax paid of THB 5,745 million
 - Royalty payment of THB 6,458 million
- 3.2 Cash flow from investment recorded an outflow of THB 134 million;
- Cash received from dividend of power business and Coal China of THB 3,323 million.
 - Cash received from loan repayment by associates of THB 626 million.
 - Cash payment for investment in Coal China which comply to contract condition of THB 731 million.
 - Cash payment for investment in machinery and mining equipment of THB 2,801 million, project in progress of THB 807 million.
- 3.3 Cash flow from financing recorded outflow of THB 3,496 million, from
- Bank loan, long-term loan and debenture payment of THB 17,271 million.
 - Financial fee payment of THB 217 million.
 - Dividend payment of THB 4,808 million.
 - An increase in bank loan and long-term loan of THB 12,168 million.
 - An increase in new bond issue of THB 6,300 million.

4. Management Discussion and Analysis

The financial statement for 2009 indicates strong improvement in consolidated earnings, in which the net profit increased 54 per cent from previous year to THB 14,229 million. This is attributed to the sound performance of coal operations and gain from non-recurring income.

The coal production from Indonesian mines performed slightly better than expected, help pushing up total sale volume to 21.09 million tonnes or 14 per cent increase. All the Company's mines in Kalimantan were able to operate more efficiently due to better mine planning and favorable weather condition. Trubaindo and Jorong mines produced at their full capacity with sale of 5.13 million tonnes and 2.96 million tonnes, respectively. At the biggest mine Indominco, the Company started up the new mining area at Indominco East Block in May which raised total sale of Indominco by 14 per cent to 12.16 million tonnes. In addition, Kitadin-Embalut was brought back into operation again under a revised mine plan after the operation was suspended few years ago. It contributed 0.61 million tonnes of sale volume.

The average coal selling price of USD 71.7 per tonne almost matched with the level of previous year despite the drop in average benchmark coal price by 44 per cent during the year. The average selling price held up well due to the cushion provided by strong market price during mid-2008 when the Company started fixing prices for coal to be delivered in 2009.

The gross profit margin for coal strengthened to 51 per cent largely due to lower diesel price during the year. The average diesel price in Indonesia was USD 0.55 per litre compared with USD 1.02 per litre in 2008. The improved mine design also helped to reduce unit cost in areas such as overburden handling.

China Coal operations reported solid performance supported by smooth production and favorable coal prices as a reflection of sustained domestic consumption. The combined equity income from AACI and Hebi mine was more than doubled to THB 4,035 million.

In Power business, the BLCP power plant continued to run at a high electricity dispatch rate and contributed THB 3,412 million of equity income (8 per cent increase) including FX gain of THB 296 million. The 100 per cent-owned BPIC in China operated under easing coal cost, thus lifting its net profit to THB 591 million compared to THB 160 million in 2008. Lastly a dividend of THB 478 million was booked from a Thailand-listed power company.

Total EBITDA in 2009 amounted to THB 23,687 million, increasing 26 per cent. This is contributed from EBITDA from Coal business of THB 18,821 million and EBITDA from Power business of THB 4,866 million.

Apart from core operation, the Company has booked a significant gain from non-recurring items namely gain from coal swap. Unlike the previous year when Company incurred a loss from coal swap of THB 218 million, in 2009 the gain from coal swap was recorded at THB 2,876 million. On the other hand, an extra expense of THB 1,176 million incurred from accrued tax on dividend from a subsidiary in Indonesia.

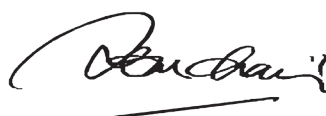
Auditor's Report

To the Shareholders of Banpu Public Company Limited

I have audited the accompanying consolidated and company balance sheets as at 31 December 2009, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the year then ended of Banpu Public Company Limited and its subsidiaries, and of Banpu Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated and company financial statements for the year ended 31 December 2008 of Banpu Public Company Limited and its subsidiaries, and of Banpu Public Company Limited, presented herewith for comparative purposes, were audited by another auditor from the same firm as myself and the other auditor expressed an unqualified opinion on those statements on her report dated 25 February 2009.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2009, and the consolidated and company results of operations and cash flows for the year then ended of Banpu Public Company Limited and its subsidiaries and of Banpu Public Company Limited in accordance with generally accepted accounting principles.



(Somchai Jinnovart)

Certified Public Accountant (Thailand) No. 3271
PricewaterhouseCoopers ABAS Limited

Bangkok
24 February 2010

Balance Sheets

As at 31 December 2009 and 2008

| | | Consolidated | | Company | |
|---|-------|--------------------|-------------------|-------------------|-------------------|
| | | 2009 | 2008 | 2009 | 2008 |
| | Notes | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 5 | 21,050,427 | 12,849,682 | 3,192,489 | 1,138,809 |
| Trade accounts receivable, net | 6 | 5,389,211 | 6,028,654 | 201,953 | 384,288 |
| Trade accounts receivable from subsidiaries | 30 | - | - | 30,295 | - |
| Amounts due from related parties | 30 | 314,089 | 321,667 | 1,007,424 | 918,498 |
| Dividend receivables from related parties | 30 | 5,302,218 | 3,889,866 | 4,349,533 | 6,940,715 |
| Advances to related parties | 30 | 21 | 21 | 233,920 | 341,611 |
| Short-term loan to a joint venture | 30 | - | 640,414 | - | - |
| Inventories, net | 7 | 2,751,772 | 1,651,032 | 478,128 | 338,828 |
| Spare parts and machinery supplies | | 602,460 | 402,768 | 74,044 | 22,283 |
| Other current assets | 8 | 2,203,102 | 1,813,324 | 309,563 | 365,804 |
| Total current assets | | 37,613,300 | 27,597,428 | 9,877,349 | 10,450,836 |
| Non-current assets | | | | | |
| Loans to employees | | 16,429 | 14,165 | 33 | 7 |
| Long-term loans to related parties | 30 | 360 | - | 13,942,120 | 9,504,220 |
| Long-term loans to other companies | 9 | 297,782 | 298,019 | 297,782 | 298,019 |
| Investments in subsidiaries and interests in joint ventures | 10 | 29,603,851 | 26,372,753 | 6,846,203 | 6,846,203 |
| Other investments, net | 11 | 8,062,137 | 9,528,372 | 4,168,569 | 4,858,555 |
| Property, plant and equipment, net | 12 | 17,792,441 | 17,579,885 | 245,733 | 217,744 |
| Other non-current assets | | | | | |
| Deferred exploration and development expenditures and deferred overburden expenses/stripping costs, net | 13 | 3,606,403 | 3,626,268 | - | - |
| Mining property rights, net | 14 | 1,321,096 | 1,469,230 | - | - |
| Projects under development | 15 | 2,372,854 | 2,153,433 | 171,662 | 173,262 |
| Other non-current assets | | 730,116 | 947,687 | 82,094 | 265,292 |
| Total non-current assets | | 63,803,469 | 61,989,812 | 25,754,196 | 22,163,302 |
| Total assets | | 101,416,769 | 89,587,240 | 35,631,545 | 32,614,138 |

The notes to the consolidated and company financial statements on pages 94 to 132 are an integral part of these financial statements.

Balance Sheets (continued)

As at 31 December 2009 and 2008

| | | Consolidated | | Company | |
|---|-------|--------------|--------------|--------------|--------------|
| | | 2009 | 2008 | 2009 | 2008 |
| | Notes | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Short-term loans from financial institutions | 16 | 1,684,167 | 4,767,687 | 1,000,000 | 3,820,124 |
| Trade accounts payable | | 1,552,859 | 1,518,562 | - | - |
| Advances from and short-term loan from subsidiaries | 30 | - | - | 1,403 | 113,481 |
| Current portion of long-term loans, net | 18 | 2,598,968 | 5,174,672 | 1,400,000 | 1,000,000 |
| Current portion of debentures, net | 19 | 3,300,000 | 1,300,000 | 3,300,000 | 1,300,000 |
| Other current liabilities | | | | | |
| Accrued overburden and coal transportation costs | | 2,982,599 | 2,029,212 | 1,928 | 1,590 |
| Accrued interest expenses | | 105,966 | 118,575 | 102,171 | 117,633 |
| Accrued royalty expenses | | 2,028,984 | 2,020,457 | 3,136 | 3,410 |
| Accrued income tax expenses | | 2,812,410 | 2,944,309 | - | - |
| Provision from acquisition of investment | | 481,449 | - | - | - |
| Other current liabilities | 17 | 4,546,668 | 4,834,996 | 334,436 | 332,389 |
| Total current liabilities | | 22,094,070 | 24,708,470 | 6,143,074 | 6,688,627 |
| Non-current liabilities | | | | | |
| Long-term loans from subsidiaries | 30 | - | - | - | 228,435 |
| Long-term loans, net | 18 | 12,146,063 | 10,546,696 | 5,255,323 | 3,997,857 |
| Debentures, net | 19 | 10,273,953 | 7,284,860 | 10,273,953 | 7,284,860 |
| Provision from acquisition of investment | | - | 1,133,005 | - | - |
| Employee retirement benefits obligation | 20 | 601,724 | 362,226 | 273,227 | 90,415 |
| Other liabilities | | 349,322 | 17,947 | 11,028 | 497 |
| Total non-current liabilities | | 23,371,062 | 19,344,734 | 15,813,531 | 11,602,064 |
| Total liabilities | | 45,465,132 | 44,053,204 | 21,956,605 | 18,290,691 |

The notes to the consolidated and company financial statements on pages 94 to 132 are an integral part of these financial statements.

Balance Sheets (continued)

As at 31 December 2009 and 2008

| | | Consolidated | | Company | |
|---|----|--------------------|-------------------|-------------------|-------------------|
| | | 2009 | 2008 | 2009 | 2008 |
| | | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Liabilities and shareholders' equity | | | | | |
| (continued) | | | | | |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Registered share capital | | | | | |
| 354,050,479 ordinary shares of THB 10 each | | 3,540,505 | 3,540,505 | 3,540,505 | 3,540,505 |
| Issued and paid-up share capital | 22 | 2,717,479 | 2,717,479 | 2,717,479 | 2,717,479 |
| Premium on share capital | 22 | 5,058,329 | 5,058,329 | 5,058,329 | 5,058,329 |
| Surplus on dilution of investments in a subsidiary | | 7,667,014 | 7,667,014 | - | - |
| Fair value reserve of available-for-sale securities | 21 | 4,456,799 | 6,013,034 | (171,020) | 608,966 |
| Translation adjustment | 21 | (2,843,582) | (1,683,988) | - | - |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal Reserve | | | | | |
| 29 | | 1,422,367 | 1,055,400 | 354,051 | 354,051 |
| Unappropriated | | 29,950,695 | 19,659,697 | 5,716,101 | 5,584,622 |
| Total parent's shareholders' equity | | 48,429,101 | 40,486,965 | 13,674,940 | 14,323,447 |
| Minority interests | | 7,522,536 | 5,047,071 | - | - |
| Total shareholders' equity | | 55,951,637 | 45,534,036 | 13,674,940 | 14,323,447 |
| Total liabilities and shareholders' equity | | 101,416,769 | 89,587,240 | 35,631,545 | 32,614,138 |

The notes to the consolidated and company financial statements on pages 94 to 132 are an integral part of these financial statements.

Statements of Income

For the years ended 31 December 2009 and 2008

| | Notes | Consolidated | | Company | |
|---|-------|-------------------|-------------------|--------------------|------------------|
| | | 2009 | 2008 | 2009 | 2008 |
| | | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Sales | | 57,865,340 | 50,529,835 | 2,040,582 | 2,259,284 |
| Cost of sales | | (29,991,613) | (28,110,423) | (1,829,688) | (2,089,034) |
| Gross profit | | 27,873,727 | 22,419,412 | 210,894 | 170,250 |
| Selling expenses | | (2,738,632) | (2,683,962) | (96,058) | (79,672) |
| Administrative expenses | 23 | (4,832,640) | (3,094,186) | (1,288,810) | (912,152) |
| Royalty fee | | (6,466,903) | (5,536,808) | (239) | (7,584) |
| Profit (loss) from sales | | 13,835,552 | 11,104,456 | (1,174,213) | (829,158) |
| Dividend income from subsidiaries | 30 | - | - | 4,265,085 | 7,143,853 |
| Dividend income from others | | 486,138 | 489,653 | 250,009 | 252,126 |
| Interest income | | 207,412 | 403,931 | 600,033 | 466,787 |
| Gain on disposal of investments in available-for-sale securities | | - | 80,423 | - | 80,423 |
| Net gain (loss) on exchange rate | | (521,428) | 383,487 | (255,484) | 223,563 |
| Net gain (loss) from financial instruments | | 2,919,697 | (1,712,595) | 20,961 | 1,078 |
| Unclaimed withholding tax | | (499,520) | (310,533) | (83,225) | - |
| Management fee and others | 30 | 146,218 | 415,447 | 1,165,421 | 1,112,074 |
| Directors and management's remuneration | 28 | (145,037) | (103,015) | (130,299) | (103,015) |
| Operating profit | 23 | 16,429,032 | 10,751,254 | 4,658,288 | 8,347,731 |
| Share of profits of associates and interests in joint ventures | 10 | 7,446,624 | 4,945,813 | - | - |
| Profit before interest and income tax | | 23,875,656 | 15,697,067 | 4,658,288 | 8,347,731 |
| Interest expenses | | (1,281,762) | (1,239,929) | (880,734) | (854,705) |
| Financial expenses | | (180,642) | (128,382) | (123,334) | (99,258) |
| Income taxes | 24 | (4,610,583) | (3,767,677) | - | - |
| Net profit for the year | | 17,802,669 | 10,561,079 | 3,654,220 | 7,393,768 |
| Attributable to: | | | | | |
| Equity holders of the parent | | 14,229,133 | 9,227,666 | 3,654,220 | 7,393,768 |
| Minority interests | | 3,573,536 | 1,333,413 | - | - |
| Earnings per share for profit attributable to the equity holders of the parent (THB) | | | | | |
| Basic earnings per share | 25 | 52.36 | 33.96 | 13.45 | 27.21 |

The notes to the consolidated and company financial statements on pages 94 to 132 are an integral part of these financial statements.

Statements of Changes in Shareholders' Equity

For the years ended 31 December 2009 and 2008

Consolidated 2009

| | Notes | Issued and | Premium on | Surplus on | Fair value | Translation adjustment | Legal | Unappropriated | Total | Minority | Total |
|----------------------------------|-------|------------------|------------------|------------------|------------------|---------------------------|------------------|-------------------|-------------------|------------------|-------------------|
| | | paid-up | share capital | dilution of | reserve of | | reserve | retained | | interests | Total |
| | | share capital | share capital | investment in | for-sale | | reserve | earnings | | THB | THB |
| | | THB | THB | a subsidiary | securities | | THB | THB | | THB | THB |
| | | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand |
| Opening balance of 2009 | | 2,717,479 | 5,058,329 | 7,667,014 | 6,013,034 | (1,683,988) | 1,055,400 | 19,659,697 | 40,486,965 | 5,047,071 | 45,534,036 |
| Fair value adjustment | 11 | - | - | - | (1,556,235) | - | - | - | (1,556,235) | - | (1,556,235) |
| Translation adjustment | | - | - | - | - | (1,159,594) | - | - | (1,159,594) | 195,446 | (964,148) |
| Liquidation of a subsidiary | | - | - | - | - | - | (48,427) | - | (48,427) | - | (48,427) |
| Legal reserve | 29 | - | - | - | - | - | 415,394 | (415,394) | - | - | - |
| Dividend paid | 27 | - | - | - | - | - | - | (3,522,741) | (3,522,741) | - | (3,522,741) |
| Dividend paid of a subsidiary | | - | - | - | - | - | - | - | - | (1,293,517) | (1,293,517) |
| Net profit for the year | | - | - | - | - | - | - | 14,229,133 | 14,229,133 | 3,573,536 | 17,802,669 |
| Closing balance of 2009 | | 2,717,479 | 5,058,329 | 7,667,014 | 4,456,799 | (2,843,582) | 1,422,367 | 29,950,695 | 48,429,101 | 7,522,536 | 55,951,637 |

Company 2009

| | Notes | Issued and | Premium on | Fair value | Legal | Unappropriated | Total |
|--------------------------------|-------|------------------|------------------|------------------------|----------------|------------------|-------------------|
| | | paid-up | share capital | reserve of | | retained | |
| | | share capital | share capital | available- for-sale | | earnings | |
| | | THB | THB | securities | reserve | THB | THB |
| | | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand |
| Opening balance of 2009 | | 2,717,479 | 5,058,329 | 608,966 | 354,051 | 5,584,622 | 14,323,447 |
| Fair value adjustment | 11 | - | - | (779,986) | - | - | (779,986) |
| Dividend paid | 27 | - | - | - | - | (3,522,741) | (3,522,741) |
| Net profit for the year | | - | - | - | - | 3,654,220 | 3,654,220 |
| Closing balance of 2009 | | 2,717,479 | 5,058,329 | (171,020) | 354,051 | 5,716,101 | 13,674,940 |

The notes to the consolidated and company financial statements on pages 94 to 132 are an integral part of these financial statements.

Statements of Changes in Shareholders' Equity

For the years ended 31 December 2009 and 2008

Consolidated 2008

| | Notes | Issued and paid-up share capital | Premium on share capital | Surplus on dilution of investment in a subsidiary | Fair value reserve of available- for-sale securities | Translation adjustment | Legal reserve | Unappropriated retained earnings | Total | Minority interests | Total |
|--|-------|--|-----------------------------|--|--|---------------------------|------------------|--|-------------------|-----------------------|-------------------|
| | | THB Thousand | THB Thousand | THB Thousand | THB Thousand | THB Thousand | THB Thousand | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Opening balance of 2008 | | 2,717,479 | 5,058,329 | 7,886,746 | 6,909,652 | (1,742,428) | 744,376 | 12,734,861 | 34,309,015 | 4,188,281 | 38,497,296 |
| Adjustment from change in accounting policy | | - | - | - | - | - | - | 1,166,807 | 1,166,807 | - | 1,166,807 |
| Opening balance after adjustment | | 2,717,479 | 5,058,329 | 7,886,746 | 6,909,652 | (1,742,428) | 744,376 | 13,901,668 | 35,475,822 | 4,188,281 | 39,664,103 |
| Reclassification | | - | - | (219,732) | - | 219,732 | - | - | - | - | - |
| Fair value adjustment | 11 | - | - | - | (896,618) | - | - | - | (896,618) | - | (896,618) |
| Translation adjustment | | - | - | - | - | (161,292) | - | - | (161,292) | 606,518 | 445,226 |
| Legal reserve | 29 | - | - | - | - | - | 311,024 | (311,024) | - | - | - |
| Dividend paid | 27 | - | - | - | - | - | - | (3,158,613) | (3,158,613) | - | (3,158,613) |
| Dividend paid of a subsidiary | | - | - | - | - | - | - | - | - | (1,081,141) | (1,081,141) |
| Net profit for the year | | - | - | - | - | - | - | 9,227,666 | 9,227,666 | 1,333,413 | 10,561,079 |
| Closing balance of 2008 | | 2,717,479 | 5,058,329 | 7,667,014 | 6,013,034 | (1,683,988) | 1,055,400 | 19,659,697 | 40,486,965 | 5,047,071 | 45,534,036 |

Company 2008

| | Notes | Issued and paid-up share capital | Premium on share capital | Fair value reserve of available- for-sale securities | Legal reserve | Unappropriated retained earnings | Total |
|--------------------------------|-------|--|-----------------------------|--|------------------|--|-------------------|
| | | THB Thousand | THB Thousand | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Opening balance of 2008 | | 2,717,479 | 5,058,329 | 1,109,364 | 354,051 | 1,349,467 | 10,588,690 |
| Fair value adjustment | 11 | - | - | (500,398) | - | - | (500,398) |
| Dividend paid | 27 | - | - | - | - | (3,158,613) | (3,158,613) |
| Net profit for the year | | - | - | - | - | 7,393,768 | 7,393,768 |
| Closing balance of 2008 | | 2,717,479 | 5,058,329 | 608,966 | 354,051 | 5,584,622 | 14,323,447 |

The notes to the consolidated and company financial statements on pages 94 to 132 are an integral part of these financial statements.

Statements of Cash Flows

For the years ended 31 December 2009 and 2008

| | | Consolidated | | Company | |
|---|-------|--------------|--------------|--------------|--------------|
| | | 2009 | 2008 | 2009 | 2008 |
| | Notes | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Cash flows from operating activities | | | | | |
| Net profit for the year before income tax | | 22,413,252 | 14,328,756 | 3,654,220 | 7,393,768 |
| Adjustment to reconcile net profit for cash receipts (payments) from operations | | | | | |
| Depreciation and amortisation | | 2,020,746 | 1,980,206 | 39,090 | 78,597 |
| Write-off projects under development | | 15 | - | 8,389 | - |
| Write-off property, plant and equipment | | | 209,727 | 50,517 | 147,618 |
| Allowance for impairment of deferred overburden | | | - | 31,117 | - |
| Allowance for doubtful accounts | | | (29,239) | (20,747) | (29,239) |
| Allowance for slow-moving and net realisable value of inventory | | 7 | 36,679 | 177,129 | 59,933 |
| Provision for income tax | | 23 | 1,176,392 | - | - |
| Interest expenses | | | 1,281,762 | 1,239,929 | 880,734 |
| Interest income | | | (207,412) | (403,931) | (600,033) |
| Finance costs | | | 180,642 | 128,382 | 123,334 |
| Share of net profits of associates and interests in joint ventures | | 10 | (7,446,624) | (4,945,813) | - |
| Dividend received from subsidiaries | | 30 | - | - | (4,265,085) |
| Dividend received from other companies | | | (486,138) | (489,653) | (250,009) |
| (Gain) loss on disposal of property, plant and equipment | | | (2,836) | 22,643 | (473) |
| Gain on disposal of investments in an associate | | | - | (71,550) | - |
| Gain on liquidation of subsidiaries | | | - | - | (11,665) |
| Gain on disposal of other investments | | | - | (80,423) | - |
| Net unrealised (gain) loss on exchange rate | | | 48,122 | (577,664) | 315,879 |
| Cash flow before changes in working capital | | | 19,195,073 | 11,377,287 | 75,969 |
| | | | | | 43,213 |

The notes to the consolidated and company financial statements on pages 94 to 132 are an integral part of these financial statements.

Statements of Cash Flows (continued)

For the years ended 31 December 2009 and 2008

| | Notes | Consolidated | | Company | |
|---|-------|-------------------|------------------|------------------|------------------|
| | | 2009 | 2008 | 2009 | 2008 |
| | | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Changes in working capital (exclude effect from acquisition and disposal of subsidiaries) | | | | | |
| Trade accounts receivable | | 660,052 | (2,352,307) | 202,944 | 33,870 |
| Trade accounts receivable from subsidiaries | | - | - | (30,295) | - |
| Amounts due from related parties | | 3,103 | (40,584) | 218,102 | (246,327) |
| Inventories | | (1,137,419) | 22,739 | (199,233) | 380,973 |
| Spare parts and machinery supplies | | (147,861) | (84,542) | 70 | 80 |
| Other current assets | | (375,500) | 302,936 | 83,625 | 251,216 |
| Deferred exploration and development expenditures and deferred overburden expenses | | 446,658 | (579,822) | - | 42,098 |
| Trade accounts payable | | 34,297 | 578,819 | - | - |
| Accrued overburden and coal transportation costs | | 953,387 | (37,402) | 338 | (14,723) |
| Accrued royalty fee | | 8,527 | 1,034,886 | (274) | (2,091) |
| Employee retirement benefits obligation | | 230,093 | 94,071 | 174,495 | 69,649 |
| Other current liabilities | | (297,055) | 516,873 | (6,156) | 26,208 |
| Cash generated from operating activities | | 19,573,355 | 10,832,954 | 519,585 | 584,166 |
| Interest paid | | (1,284,966) | (1,232,411) | (887,879) | (852,619) |
| Income tax paid | | (5,744,688) | (1,551,918) | - | (9,599) |
| Net cash receipts (payments) from operating activities | | 12,543,701 | 8,048,625 | (368,294) | (278,052) |

The notes to the consolidated and company financial statements on pages 94 to 132 are an integral part of these financial statements.

Statements of Cash Flows (continued)

For the years ended 31 December 2009 and 2008

| | Notes | Consolidated | | Company | |
|---|-------|------------------|---------------------|------------------|------------------|
| | | 2009 | 2008 | 2009 | 2008 |
| | | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Cash flows from investing activities | | | | | |
| Cash receipts (payments) for advances to related parties | | - | 101 | 109,688 | (160,219) |
| Cash receipts (payments) for advances from related parties | | - | - | (4,206) | (2,639) |
| Cash receipts from loans to related parties | | - | - | 424,424 | 2,744,636 |
| Cash payments for loans to related parties | | - | - | (5,152,930) | (5,963,521) |
| Cash receipts from a loan to a joint venture | | 626,139 | - | - | - |
| Cash receipts from long-term loans to other companies | | - | 43,927 | - | 43,927 |
| Cash payment for a long-term loan to a joint venture | | (360) | - | - | - |
| Cash receipts (payments) from loans to employees, net | | (2,264) | 898 | (26) | (4) |
| Cash receipts from disposal of investments in subsidiaries and an associate | | - | 447,917 | - | 285,793 |
| Cash payments for purchase of investments in subsidiaries and interests in joint ventures | | (730,791) | (14,472,424) | - | - |
| Cash receipts from disposal of other investments | | - | 147,026 | - | 147,026 |
| Cash payments for purchase of other investments | 11 | (90,000) | (50,000) | (90,000) | (50,000) |
| Cash payments for projects under development | | (806,579) | (892,427) | - | (16,175) |
| Cash payments for purchase of property, plant and equipment | | (2,800,697) | (3,959,608) | (72,377) | (19,267) |
| Cash receipts from disposal of property, plant and equipment | | 44,352 | 27,413 | 835 | 13,996 |
| Other non-current assets | | 103,609 | (140,917) | (11,822) | 13,147 |
| Interest received | | 200,051 | 403,931 | 260,079 | 409,969 |
| Cash receipts from dividends from investments in subsidiaries and joint ventures | | 2,836,396 | 2,071,464 | 6,572,116 | 3,529,064 |
| Cash receipts from dividends from other investments | | 486,138 | 489,653 | 250,009 | 252,126 |
| Net cash receipts (payments) from investing activities | | (134,006) | (15,883,046) | 2,285,790 | 1,227,859 |

The notes to the consolidated and company financial statements on pages 94 to 132 are an integral part of these financial statements.

Statements of Cash Flows (continued)

For the years ended 31 December 2009 and 2008

| | | Consolidated | | Company | |
|---|-------|--------------------|--------------------|------------------|--------------------|
| | | 2009 | 2008 | 2009 | 2008 |
| | Notes | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Cash flows from financing activities | | | | | |
| Cash receipts from loans from banks | | 7,737,747 | 15,882,359 | 6,753,580 | 15,607,421 |
| Repayment of loans from banks | | (10,700,799) | (14,111,963) | (9,498,675) | (13,500,000) |
| Repayment of short-term loan from related parties | | - | - | (109,047) | (760,128) |
| Cash receipts from short-term loans from related parties | | - | 317,963 | - | - |
| Repayment of long-term loans from related parties | 30 | - | - | - | (969,816) |
| Cash receipts from long-term loans | 18 | 4,430,511 | 12,221,360 | 2,659,950 | 3,000,000 |
| Repayments of long-term loans | 18 | (5,270,363) | (2,273,415) | (1,000,000) | (1,794,961) |
| Cash payments for financial expenses | | (216,711) | (110,113) | (159,404) | (87,433) |
| Cash receipt from debentures | 19 | 6,300,000 | - | 6,300,000 | - |
| Repayments of debentures | 19 | (1,300,000) | (1,400,000) | (1,300,000) | (1,400,000) |
| Dividend paid | | (3,514,428) | (3,135,535) | (3,514,428) | (3,135,535) |
| Dividend paid of a subsidiary | | (1,293,517) | (1,080,667) | - | - |
| Other liabilities | | 331,375 | (43,916) | 10,531 | - |
| Net cash receipts (payments) from financing activities | | (3,496,185) | 6,266,073 | 142,507 | (3,040,462) |
| Net increase (decrease) in cash and cash equivalents | | 8,913,510 | (1,568,348) | 2,060,003 | (2,090,655) |
| Increase from purchase of investments in a subsidiary | | - | 943,117 | - | - |
| Adjustment from foreign exchange translation | | (712,765) | 170,565 | (6,323) | 7,144 |
| Cash and cash equivalents at beginning of the year | | 12,849,682 | 13,304,348 | 1,138,809 | 3,222,320 |
| Cash and cash equivalents at end of the year | | 21,050,427 | 12,849,682 | 3,192,489 | 1,138,809 |

The notes to the consolidated and company financial statements on pages 94 to 132 are an integral part of these financial statements.

Notes to the Consolidated and Company Financial Statement

For the years ended 31 December 2009 and 2008

1. General information

Banpu Public Company Limited (“the Company”) is a public limited company incorporated and resident in Thailand. The address of the Company’s registered office is 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok.

The Company is listed on the Stock Exchange of Thailand. For reporting purpose, the Company and its subsidiaries and joint ventures are referred to as the Group.

The Group is engaged in coal mining and power businesses.

The Group has operations in Thailand and overseas which are mainly in Indonesia and the Republic of China.

These consolidated and company financial statements were authorised by Board of Directors on 24 February 2010.

2. Accounting policies

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

2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Account Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

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

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

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In addition, the changes also include the presentation of directors and managements’ remuneration and finance costs. The changes are made to conform with the announcement of the Department of Business Development Regulation dated 30 January 2009 in relation to the format of financial statements B.E. 2552. It affects from 1 January 2009.

An English version of the consolidated and company financial statements has been prepared from the consolidated and company 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 consolidated and company financial statements shall prevail.

2.2 New accounting standard, new financial reporting standards and amendments to accounting standards

Thai Accounting Standards were renumbered with an effect on 26 June 2009 following an announcement by the Federation of Accounting Professions in order to conform with the number used in the International Financial Reporting Standards.

Revised standards that are effective for the period beginning on or after 1 January 2009 and revised accounting framework.

TAS 36 (revised 2007)

TFRS 5 (revised 2007)

Impairment of Assets

Non-current Assets Held for Sale and Discontinued Operations
(formerly TAS 54)

Accounting Framework (revised 2007) (effective 26 June 2009)

Those two standards and accounting framework do not have a material impact on the financial statements being presented.

The revised accounting standards and new accounting standards that are effective for the period beginning on or after 1 January 2011 and 1 January 2012 but which were not early adopted by the Group are as follows:

Effective for the period beginning on or after 1 January 2011

| | |
|-----------------------|--|
| TAS 24 (revised 2007) | Related Party Disclosure (formerly TAS 47) |
| TAS 40 | Investment Property |

Effective for the period beginning on or after 1 January 2012

| | |
|--------|---|
| TAS 20 | Accounting for Government Grants and Disclosure for Government Assistance |
|--------|---|

The Group's management has determined that the revised standard and the new standards will not significantly impact the financial statements being presented.

2.3 Group accounting - Investment in subsidiaries and associates and interests in joint ventures

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets and liabilities assumed in an acquisition are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill (See Note 2.9 the accounting policy on goodwill). If the cost of acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in the statement of income. Intercompany transactions, balances and unrealised gains or losses on transactions between group companies are eliminated, except unrealised losses that the Group considers when there exists some factor of indicating that an asset might be impaired. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the case that a subsidiary in which the Group hold an investment increases its share capital and the Group does not participate, either fully or partially, in the increase of share capital. Non participation, either fully or in part, in the share capital increase of a subsidiary reduces the Group's shareholding in that subsidiary and is considered to be a deemed disposal of interest on dilution. A deemed disposal on dilution changes the Group's interest in the net assets of the subsidiary and therefore a difference arises between the pre and post dilution share of net assets of the subsidiary. Dilution gains or losses that arise on share issued by the subsidiary to other investors are not recognised in the statement of income. The change in net assets of the investment in the subsidiary is taken to the shareholders' equity. On disposal of this investment to a third party, such changes are transferred to retained earnings.

In the Company's separate financial statements, investments in subsidiaries are reported by using the cost method.

A list of the Group's subsidiaries and the effects acquisitions and disposals of subsidiaries are shown in Note 10.

Associates and joint ventures

Associates and joint ventures are entities over which the Group has significant influence or joint control, but which it does not control. Investments in associates and interests in joint ventures are accounted for by the equity method of accounting in the consolidated financial statements. Under this method the Group's share of the post-acquisition profits and losses of associates and joint ventures is recognised in the statement of income and its share of post-acquisition movements in fair value reserve is recognised in fair value reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate or interest in a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealised gains or losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interests in the associates and joint ventures, except that unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's separate financial statements, investments in associates and interests in joint ventures are reported by using the cost method.

A list of the Group's principal associates and joint ventures are shown in Note 10.

2.4 Foreign currency translation

Items included in the financial statements of each entity in the Group are measured using the reporting currency of that entity. The consolidated financial statements are presented in Thai Baht.

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

Statements of income and cash flows of foreign entities are translated into Thai Baht at the weighted average exchange rates for each month and balance sheets are translated at the exchange rates ruling on the balance sheet date. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to shareholders' equity. On disposal of such foreign entity, accumulated currency translation differences are recognised in the consolidated statement of income as part of the gain or loss on disposal.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.6 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount and subsequently measured at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are recognised in the statement of income within administrative expenses.

2.7 Inventories, spare parts and machinery supplies

Coal inventories are valued at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of coal comprised direct labour, other direct costs and related production overhead to mine activities.

Spare parts and machinery supplies are valued at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the spare parts and machinery, such as import duties and transportation charge, less all attributable discounts, allowances or rebates.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories, spare parts and machinery supplies.

2.8 Other investments

Investments other than investments in subsidiaries and associates and interests in joint ventures are classified into the following three categories: 1) held-to-maturity, 2) available-for-sale and 3) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within twelve months from the balance sheet date which are classified as current assets.

- Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless

management has expressed the intention of holding the investment for less than twelve months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

- Investments in non-marketable equity securities are classified as general investments.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investments. Cost of investment includes transaction costs.

Available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity.

Held-to-maturity investments are carried at amortised cost using the effective yield method.

The fair value of investments are based on quoted bid price by reference to the Stock Exchange of Thailand. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of income as gains and losses from investment.

General investments are carried at cost less impairment.

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

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised to the statement of income. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.9 Other non-current assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary, joint venture or associated undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported in the consolidated balance sheet as an intangible assets. Goodwill on acquisitions of interest in joint ventures or associates is included in investments in associates and joint ventures and is tested for impairment as part of the overall balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Mining property rights

Mining property rights represent the excess of the cost of an acquisition over the fair value of net assets, which in managements' view represents future economic benefits attributable to the mining rights held by subsidiaries. Mining property rights are amortised using the units of coal production.

Projects under development

The Group has searched the new reserve to replace the old one and invested in new project so as to extend the future business. The development expenditures are recognised as expenses as incurred. Costs incurred on development projects are recognised as intangible assets when the projects have been approved by the Sounding Committee to perform the feasibility study and it is probable that the project will be success considering its commercial and technological feasibility and only if the cost can be measured reliably.

Deferred exploration and development expenditures

Exploration expenditures are capitalised on an area of interest basis. Such expenditures comprise net direct costs such as license, geology and geophysics expenditures and do not include general overheads or administrative expenditures not directly attributable to a particular area of interest. Exploration expenditures are capitalised as deferred expenditures when the following conditions is met:

- a) Such costs are expected to be recouped through successful development and exploitation of the area of interest or, by its sales;

b) Exploration activities in the area of interest have not yet reached the stage which permits a reasonable assessment of the existence of economically recoverable reserves, and active operations in the area are continuing.

Recoupment of exploration expenditure carried forward is dependent upon successful development and commercial exploitation, or sale of the respective area. Each area of interest is reviewed at the end of period. Exploration expenditures in respect of an area of interest, which has been abandoned or for which a decision has been made by the Group against the commercial viability of the area of interest, are written-off in the period the decision is made.

Development expenditures and incorporated costs in developing an area of interest prior to commencement of operations in the respective area, as long as they meet the criteria for deferral, are capitalised.

Deferred exploration and development expenditure is principally amortised using the units of coal production of each area of interest starting from the commencement of the commercial operations.

Stripping costs/Overburden costs

For certain mining areas, stripping costs are recognised as production costs based on the average life of mine stripping ratio (the ratio of waste to coal produced). When the actual stripping ratio exceeds the life of mine average, the excess stripping costs are deferred. When the actual stripping ratio is lower than the life of mine average, the difference is adjusted against the amount of deferred costs. Change in estimated for average life of mine stripping ratio are accounted for on a prospective basis over the remaining of mine life.

For other mining areas, stripping cost are recognised as production costs based on the actual stripping ratio for the period. During the period, if stripping costs incurred for overburden without exposing the coal are deferred and will be recognised as production costs when the coal has been exposed. Deferred costs are written-off during the period in which the coal is determined to be not available and/or not economic to be mined.

2.10 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. All plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line method to write off the cost of each asset, except for land as it is deemed to have an indefinite life, to their residual values over their estimated useful life as follows:

| | |
|--|---|
| Land improvement | 10 years |
| Buildings, infrastructures, construction and building improvement | shorter period of the mine or 5 to 20 years |
| Machinery and equipment | 2 to 20 years |
| Furniture | 4 and 5 years |
| Office equipment and tools | 4 and 5 years |
| Motor vehicles | 4 and 5 years |

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in statement of income.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of cost of the asset during the period of time required to complete and prepare the property for its intended use. Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings, and related taxes;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance lease charges.

All other borrowing costs except for the listed above are expensed in the statement of income.

2.11 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 which 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.

2.12 Leases - where a Group is the lessee

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

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

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

2.13 Borrowings

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

2.14 Employee benefits

The Group operates a provident fund that is a defined contribution plan, the assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and by the relevant Group companies. Contributions to the provident fund are charged to the statement of income in the year to which they relate.

Employees are entitled to receive benefits on reaching normal retirement age under the labour law applicable in Thailand and countries, which the Group has the operation, or such other dates of entitlement as may be agreed between the Group and employees. The defined benefit obligation on the Group is measured, using the projected unit credit method in accordance with actuarial as the present value of the estimated future cash outflows, based on employee wages, turnover rate, retirement ages, mortality, length of service and others, and using the interest rates of government securities, which have terms to maturity approximating the term of the related obligations. Actuarial gains or losses arising from changes in actuarial assumptions, when exceeding 10% of the present value of defined benefit, are recognised as income or expenses over the average remaining service lives of the related employees.

Other long-term employee benefits

Other long-term employee benefits of the Indonesian subsidiaries, which consisted of long service reward and long leave benefit, are recognised in the consolidated balance sheet at the present value of the defined benefit obligation. The actuarial gains and losses and the past service costs are recognised immediately in the consolidated statement of income.

2.15 Provisions

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

Provision for environmental rehabilitation (if any) is recognised by units of sale at the rate determined by the Group's geologist. The provisioning rate is based on the estimated cost for mine rehabilitation through to the end of the mine. The Group reviews and revises the rate to reflect the actual expenses incurred on a regular basis.

2.16 Share capital

Ordinary shares with discretionary dividends are classified as equity.

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, rebates, discounts and transportation. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Sales of coal are quantified by weight at the front mine. The increment or reduction of coal values as a result of quality and weight noticed by customers will be recorded in the month of goods delivery.

Sales of electricity and steam are shown net of output tax and discount. Sales will be recognised upon transmission of electricity and steam at delivery points stipulated in Power Purchase Agreement ("PPA") and steam purchase Agreement ("SPA").

Service income is recognised when services are rendered.

Other revenues earned by the Group are recognised on the following bases:

- interest income - accrual basis.
- dividend income - when the Group's right to receive payment is established.

2.18 Dividends

Dividends payable are recorded in the consolidated and company's financial statements in the period in which they are approved by the Board of Directors or Shareholders.

2.19 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates, interest rates, coal price and oil price. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts, currency swaps contracts, interest rate swap contracts, coal swap contracts and oil hedging contract to hedge certain exposure.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar. The Group uses forward foreign exchange contracts and currency swaps contracts to hedge their exposure to foreign currency risk in connection with their measurement currency. Group Treasury is responsible for hedging the net position in each currency and external forward foreign exchange contracts and currency swap contracts.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. All interest rate derivative transactions are subject to approval by the Financial Management Committee before execution. The Group's policy is to maintain borrowings in both fixed and floating rate instruments.

Coal price fluctuation risk

The Group is exposed to coal price risk from substantial fluctuations in coal price in world market. The Group uses

coal swap contracts to minimise its exposure to fluctuations in coal price in its business operations and maintains on emphasis on a balance of overall coal price in the Group by entering into both short-term and long-term sales agreements.

Oil price fluctuation risk

The Group is exposed to oil price risk from substantial fluctuations in oil price in world market. The Group uses oil hedging contract to minimise its exposure to fluctuation in oil price in its business operations of the Group.

Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit history. Derivative counter parties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping credit lines available.

Accounting for derivative financial instruments and hedging activities

The Group is party to derivative financial instruments, which mainly comprise forward foreign currency contracts and foreign currency swap contracts. These are recognised in the financial statements on inception. Interest rate swap contracts, coal swap contracts and oil hedging contract are not recognised on the inception date of each contract.

Forward foreign currency contracts and foreign currency swap contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the related contracts. The gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes and are recognised in the financial statements. The fee incurred in establishing agreement is amortised over the contract period.

Interest rate swap contracts protect the Group from movements in interest rates. Any differential to be paid or received on interest rate swap contracts is recognised as a component of interest expenses in the statement of income.

Coal swap contracts protect the Group from movements in coal price by establishing the agreed price, which is not recognised at inception. The difference between the price at contract settlement date and agreed price will be recognised as realised gains and losses in the statement of income at settlement date.

Oil hedging contract protects the Group from movements in oil price by establishing the agreed price, which is not recognised at inception. The difference between the price at contract settlement date and agreed price will be recognised as realised gains and losses in the statement of income at settlement date.

Disclosures about derivative finance instruments to which the Group is a party are provided in Note 32.

3. Critical accounting estimates and judgments

Estimates and judgments 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.

(a) Fair value of derivatives

The fair value of publicly traded derivatives is based on quoted market prices at the balance sheet date. The fair value of forward foreign exchange contracts and of the interest rate swap contracts is determined by market rate of each agreement which is calculated by the Group's financial institutions. The fair value of coal swap contracts and oil hedging contracts are calculated by the offering selling and buying price quoted by the financial institutions of the Group.

(b) Reserve and resources

The Group estimates reserve and resources based on its best estimate of product that can be economically extracted from the relevant mining area. Estimates are supported by geological studies and drilling samples to determine the reserve and resources.

(c) Provision for environmental rehabilitation

Provision for environmental rehabilitation is recognised by units of sale at the rate determined by the Group's geologist. Provision recognition represented management's best estimate of the costs that will be incurred, but significant judgement is required as many of these cost will not crystallise until the end of the life of mine. Estimates are reviewed annually to reflect the liabilities expected to be paid.

(d) Deferred overburden expenses

Management measures the value of deferred overburden expenses and stripping ratio on a regular basis, considering its future economic benefits and writes off as expenses in the statement of income when management considers that they will not or receive less economic benefits.

(e) Impairment of investment in subsidiaries and interests in joint ventures

Investment in subsidiaries and interests in joint ventures are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is calculated by discounting future cash flows expected to be generated from the investment in subsidiaries and interests in joint ventures using the rate of return anticipated by the investor. The specified rate must incorporate various risk aspects. The estimation of future cash flows and the assessment of the related risks are by nature complicated processes. Nevertheless, the intention is to obtain the most accurate future cash flows. The recoverable amount is compared with the carrying amount and, if lower, the investment in subsidiaries and interests in joint ventures would be impaired to the recoverable amount and included in the statement of income.

(f) Impairment of assets

Goodwill is reviewed for impairment losses every year. Assets and intangible assets with a definite useful life are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and, where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets and using an appropriate discount rate.

4. 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.

5. Cash and cash equivalents

| | Consolidated | | Company | |
|--|-------------------|-------------------|------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Cash on hand | 139,456 | 5,704 | 175 | 71 |
| Deposits held at call with banks | 6,107,170 | 8,301,023 | 805,353 | 933,781 |
| Fixed deposits | 12,593,801 | 4,542,955 | 176,961 | 204,957 |
| Bills of exchange | 2,210,000 | - | 2,210,000 | - |
| Total cash and cash equivalents | 21,050,427 | 12,849,682 | 3,192,489 | 1,138,809 |

The interest rate on deposits held at call with banks was 0.25% - 0.65% per annum (2008: 0.50% - 3.50% per annum).

The interest rate on fixed deposits with banks was 0.05% - 7.00% per annum (2008: 2.88% - 3.00% per annum).

Bills of exchange represent original maturities less than three months and the interest rate was 0.66% - 1.20% per annum (2008: 3.26% - 8.00% per annum).

6. Trade accounts receivable, net

Trade accounts receivable consist of:

| | Consolidated | | Company | |
|---|------------------|------------------|----------------|----------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Trade accounts receivable | | | | |
| • Subsidiaries (Note 30) | - | - | 30,295 | - |
| • Third parties | 5,475,586 | 6,135,638 | 254,481 | 457,426 |
| | 5,475,586 | 6,135,638 | 284,776 | 457,426 |
| Less Allowance for doubtful accounts | (86,375) | (106,984) | (52,528) | (73,138) |
| Trade accounts receivable, net | 5,389,211 | 6,028,654 | 232,248 | 384,288 |

Trade accounts receivable balance are aged as follows:

| | Consolidated | | Company | |
|---|------------------|------------------|----------------|----------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Trade accounts receivable under credit term | 4,304,098 | 3,605,803 | 226,670 | 245,084 |
| Trade accounts receivable due for payment | | | | |
| • Less than 3 months | 1,030,475 | 2,417,273 | - | 133,626 |
| • Over 3 months but less than 6 months | 48,948 | - | - | - |
| • Over 6 months but less than 12 months | 112 | - | - | - |
| • Over 12 months | 18,752 | 18,752 | 6,583 | 6,583 |
| • Trade debtor under the Central Bankruptcy Court | 73,201 | 93,810 | 51,523 | 72,133 |
| Total trade accounts receivable | 5,475,586 | 6,135,638 | 284,776 | 457,426 |
| Less Allowance for doubtful accounts | (86,375) | (106,984) | (52,528) | (73,138) |
| Trade accounts receivable, net | 5,389,211 | 6,028,654 | 232,248 | 384,288 |

As at 31 December 2009, trade accounts receivable of an overseas subsidiary amounting to THB 781.07 million (2008: THB 658.87 million) have been used as collateral for long-term loans (Note 18).

7. Inventories, net

| | Consolidated | | Company | |
|---------------------------------------|------------------|------------------|----------------|----------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Coal inventories | 2,828,091 | 1,690,672 | 547,207 | 347,974 |
| Less Allowance for slow-moving | (76,319) | - | (69,079) | - |
| Allowance for net realisable value | - | (39,640) | - | (9,146) |
| Inventories, net | 2,751,772 | 1,651,032 | 478,128 | 338,828 |

As at 31 December 2009, coal inventories of an overseas subsidiary amounting to THB 457.74 million (2008: THB 400.68 million) have been used as collateral for long-term loans (Note 18).

8. Other current assets

| | Consolidated | | Company | |
|-----------------------------------|------------------|------------------|----------------|----------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Prepayments | 137,484 | 153,662 | 91,304 | 88,247 |
| Advances for business | 272,692 | 261,668 | 981 | 695 |
| Value added tax | 200,862 | 176,310 | 2,479 | 3,066 |
| Withholding tax | 713,113 | 500,141 | 82,430 | 157,243 |
| Other accounts receivable | 781,674 | 631,619 | 35,150 | 31,990 |
| Accrued income | 97,277 | 89,924 | 97,219 | 84,563 |
| Total other current assets | 2,203,102 | 1,813,324 | 309,563 | 365,804 |

9. Long-term loans to other companies

Long-term loans to other companies represent loans to two companies in US Dollar of USD 0.15 million (2008: USD 0.15 million) and in Thai Baht of THB 292.80 million (2008: THB 292.80 million) bearing interest at the rates of 2.95% - 4.50% per annum (2008: 4.88% - 7.22% per annum).

10. Investments in subsidiaries and interests in joint ventures

Investments in subsidiaries and interests in joint ventures are as follows:

| | Consolidated (Equity method) | | Company (Cost method) | |
|--|---------------------------------|-------------------|--------------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Subsidiaries | | | | |
| Banpu Minerals Co., Ltd. | - | - | 39,994 | 39,994 |
| Banpu Power Ltd. | - | - | 6,197,890 | 6,197,890 |
| BP Overseas Development Co., Ltd. | - | - | 606,566 | 606,566 |
| Banpu Power International Ltd. | - | - | 1,753 | 1,753 |
| Joint ventures | | | | |
| BLCP Power Ltd. | 5,997,864 | 5,997,864 | - | - |
| Power Generation Services Co., Ltd. | 115,354 | 4,000 | - | - |
| Hebi Zhong Tai Mining Co., Ltd. | 1,631,649 | 1,631,649 | - | - |
| Shanxi Asian American-Danling Energy Co., Ltd. | 7,767,178 | 7,767,178 | - | - |
| Shanxi Gaohe Energy Co., Ltd. | 8,561,319 | 8,561,319 | - | - |
| Hongsa Power Co., Ltd. | 1,364 | - | - | - |
| Phu Fai Mining Co., Ltd. | 836 | - | - | - |
| Investments in subsidiaries and interests in joint ventures - cost method | 24,075,564 | 23,962,010 | 6,846,203 | 6,846,203 |
| Add Cumulative equity account of interesting in joint ventures | 5,528,287 | 2,410,743 | - | - |
| Investments in subsidiaries and interests in joint ventures | 29,603,851 | 26,372,753 | 6,846,203 | 6,846,203 |

As at 31 December 2009, under the condition of loan for project finance of a joint venture and long-term loan agreements of subsidiaries, the Group uses its investments in two subsidiaries and a joint venture with a cost of THB 12,630 million (2008: THB 12,630 million), as collateral for long-term loans from the financial institutions of such subsidiaries and a joint venture (Note 18).

Movements of investments in subsidiaries and interests in joint ventures for the years ended 31 December are as follows:

| | Consolidated (Equity method) | | Company (Cost method) | |
|---|---------------------------------|-------------------|--------------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Opening balance | 26,372,753 | 11,302,562 | 6,846,203 | 7,966,674 |
| Addition of investment in a joint venture | 113,554 | - | - | - |
| Decrease from divestment of subsidiaries | - | - | - | (1,120,471) |
| Addition of interests in joint ventures from the acquisition of subsidiaries | - | 16,328,497 | - | - |
| Change from an associate to a subsidiary | - | (2,122,868) | - | - |
| Disposal of investment in an associate | - | (194,421) | - | - |
| Dividend received from joint ventures | (4,332,310) | (3,886,830) | - | - |
| Translation adjustment | 3,230 | - | - | - |
| Add Share of profits of associates and interests in joint ventures during the year | 7,446,624 | 4,945,813 | - | - |
| Closing balance | 29,603,851 | 26,372,753 | 6,846,203 | 6,846,203 |

Changes in investments in subsidiaries and interests in joint ventures are as follows:

Additional of investments

On 6 April 2009, the Group incorporated Banpu Australia Co. Pty Ltd. which is registered in Australia for investment in coal mining and power business including exploration. Its share capital is AUD 500,000 and is held by Banpu Minerals Co., Ltd. (a direct subsidiary) at 100% of shareholding.

On 22 June 2009, the Group incorporated Banpu Power Development Co., Ltd. which is registered in Thailand for investment in power business. Its share capital is THB 100,000 and is held by Banpu Power Ltd. (a direct subsidiary) at 100% of shareholding. However as at 31 December 2009, such subsidiary has not paid for the share capital.

On 15 July 2009, Banpu Power Ltd. (a direct subsidiary), Ratchburi Electricity Generating Holding Public Company Limited and Lao Holding State Enterprise established Hongsa Power Company Limited (“HPC”) with registered share capital of USD 100,000 for electricity generation concession in the Lao People’s Democratic Republic. Three shareholders have invested in HPC for 40%, 40% and 20% of shareholding, respectively. Such subsidiary paid for this investment amounting to USD 40,000 on 3 September 2009. In addition, these three companies established Phu Fai Mining Company Limited (“PFMC”) on 12 October 2009 with registered share capital of USD 50,000 for mining concession in Lao People’s Democratic Republic. Three Shareholders have invested in PFMC for 37.50%, 37.50 and 25% of shareholding, respectively. Such subsidiary paid for this investment amounting to USD 25,000 on 10 November 2009.

On 17 December 2009, Banpu Power Ltd. additionally invested in Power Generation Services Co., Ltd. (“PGS”), a joint venture, increasing its percentage of shareholding from 40% to 50%, amounting to USD 3.35 million or equivalent to THB 111.35 million. On 19 January 2010, the entire business of PGS has been transferred to BLCP Power Ltd. (“BLCP”) (Note 33). From this acquisition, the Group considered the purchase of investment in PGS to provide future benefit to the Group as a shareholder of BLCP, through a reduction of the future power plant’s operation costs.

Details of net assets acquired and goodwill are as follows:

| | THB Million |
|-------------------------------------|---------------|
| Fair value of net assets | 1.25 |
| Net cash remains from PGS | 5.22 |
| Goodwill | 104.88 |
| Total purchase consideration | 111.35 |

Fair value of net assets is calculated from amount of net assets of BLCP.

Divestment of subsidiaries

AACI Gaohe and Luannan Peak Pte. Ltd., indirect subsidiaries, were liquidated on 1 May 2009 and 6 November 2009, respectively.

Dividends received from joint ventures

Dividend income that was received from joint ventures consisted of dividends from BLCP Power Ltd. of THB 2,664.94 million, Power Generation Services Co., Ltd. of THB 51.97 million, Hebi Zhong Tai Mining Co., Ltd. of THB 215.39 million and Shanxi Asian American-Danang Energy Co., Ltd. of THB 1,400.01 million.

Assets, liabilities and net profit of joint ventures by percentage of shareholding consist of:

| Name of company | Percentage of shareholding | Property, Plant and equipment | | | | | | | Net assets | Profit (loss) | | | Profit (loss) after tax |
|---|----------------------------|-------------------------------|------------|------------|------------|-----------|-----------|------------|------------|---------------|----------------|----------------|-------------------------|
| | | THB | THB | THB | THB | THB | THB | THB | | Sales THB | before tax THB | Income tax THB | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | | |
| 31 December 2009 | | | | | | | | | | | | | |
| Joint ventures | | | | | | | | | | | | | |
| BLCP Power Ltd. | 50 | 17,746,312 | 8,935,974 | 26,682,286 | 13,633,262 | 626,068 | 4,899,428 | 19,158,758 | 7,523,528 | 10,204,195 | 3,363,420 | - | 3,363,420 |
| Power Generation Services Co., Ltd. | 50 | - | 132,781 | 132,781 | - | 83,577 | 20,328 | 103,905 | 28,876 | 263,966 | 70,347 | (21,599) | 48,748 |
| Hebi Zhong Tai Mining Co., Ltd. | 40 | 847,924 | 1,743,386 | 2,591,310 | - | 99,697 | 116,144 | 215,841 | 2,375,469 | 1,675,450 | 488,149 | (48,767) | 439,382 |
| Shanxi Asian American-Danang Energy Co., Ltd. | 56 | 3,304,410 | 4,817,601 | 8,122,011 | - | 1,479,438 | 749,149 | 2,228,587 | 5,893,424 | 6,658,223 | 4,151,804 | (476,792) | 3,675,012 |
| Shanxi Gaohe Energy Co., Ltd. | 45 | 6,551,558 | 144,973 | 6,696,531 | 3,533,243 | 6,437 | 1,279,511 | 4,819,191 | 1,877,340 | 573,497 | 143,547 | - | 143,547 |
| Hongsa Power Company Limited | 40 | - | 1,618 | 1,618 | 287 | 53 | - | 340 | 1,278 | - | (58) | - | (58) |
| Phu Fai Mining Company Limited | 37.50 | - | 626 | 626 | - | - | - | - | 626 | - | - | - | - |
| | | 28,450,204 | 15,776,959 | 44,227,163 | 17,166,792 | 2,295,270 | 7,064,560 | 26,526,622 | 17,700,541 | 19,375,331 | 8,217,209 | (547,158) | 7,670,051 |
| 31 December 2008 | | | | | | | | | | | | | |
| Joint ventures | | | | | | | | | | | | | |
| BLCP Power Ltd. | 50 | 18,568,228 | 9,111,671 | 27,679,899 | 15,847,286 | 573,004 | 4,433,357 | 20,853,647 | 6,826,252 | 10,127,391 | 3,116,260 | - | 3,116,260 |
| Power Generation Services Co., Ltd. | 40 | - | 101,085 | 101,085 | - | 55,967 | 18,797 | 74,764 | 26,321 | 261,213 | 69,296 | (20,317) | 48,979 |
| Hebi Zhong Tai Mining Co., Ltd. | 40 | 861,706 | 1,661,084 | 2,522,790 | - | 54,356 | 242,019 | 296,375 | 2,226,415 | 1,726,564 | 525,445 | (47,825) | 477,620 |
| Shanxi Asian American-Danang Energy Co., Ltd. | 56 | 3,186,968 | 3,506,269 | 6,693,237 | 1,191,032 | 730,456 | 701,297 | 2,622,785 | 4,070,452 | 2,496,595 | 1,058,020 | - | 1,058,020 |
| Shanxi Gaohe Energy Co., Ltd. | 45 | 26,687 | 4,866,317 | 4,893,004 | 1,973,109 | - | 1,234,867 | 3,207,976 | 1,685,028 | 162,387 | 124,217 | - | 124,217 |
| | | 22,643,589 | 19,246,426 | 41,890,015 | 19,011,427 | 1,413,783 | 6,630,337 | 27,055,547 | 14,834,468 | 14,774,150 | 4,893,238 | (68,142) | 4,825,096 |

List of subsidiaries and interest in joint ventures are as follows:

| Name of company | Country | Business | Percentage of direct shareholding | |
|--|------------------------|---------------------------------------|-----------------------------------|-----------|
| | | | 2009 % | 2008 % |
| Direct shareholding | | | | |
| Banpu Minerals Co., Ltd. | Thailand | Coal mining and trading | 99.99 | 99.99 |
| BP Overseas Development Co., Ltd. | British Virgin Islands | Investment in coal mining and trading | 100.00 | 100.00 |
| Banpu Power Ltd. | Thailand | Investment in power | 99.99 | 99.99 |
| Banpu Power International Co., Ltd. | Mauritius Islands | Investment in power | 100.00 | 100.00 |
| Indirect shareholding | | | | |
| Banpu Minerals Co., Ltd. | | | | |
| Subsidiaries and a joint venture are as follows: | | | | |
| 1. Ban-Sa Mining Co., Ltd. and subsidiary | Thailand | Investment in coal mining and trading | 98.87 | 98.87 |
| • Chiang Muan Mining Co., Ltd. | Thailand | Coal mining and trading | 51.00 | 51.00 |
| 2. Banpu International Ltd. | Thailand | Coal trading | 99.99 | 99.99 |
| 3. Silamani Corp., Ltd. | Thailand | Coal trading | 99.99 | 99.99 |
| 4. Chiang Muan Mining Co., Ltd. | Thailand | Coal mining and trading | 49.00 | 49.00 |
| 5. Silamani Marble Co., Ltd. | Thailand | Coal trading | 99.96 | 99.96 |
| 6. Banpu Singapore Pte. Ltd. | Singapore | Coal trading | 100.00 | 100.00 |
| 7. Banpu Minerals (Singapore) Pte. Ltd. and subsidiaries | Singapore | Coal trading | 100.00 | 100.00 |
| • PT. Nusantara Thai Mining Services | Indonesia | Mining services | 95.00 | 95.00 |
| • PT. Centralink Wisesa International | Indonesia | Investment in coal | 95.00 | 95.00 |
| • PT. Indo Tambangraya Megah and subsidiaries | Indonesia | Investment in coal | 73.72 | 73.72 |
| • PT. Trubaindo Coal Mining | Indonesia | Coal mining and trading | 99.99 | 99.99 |
| • PT. Indominco Mandiri | Indonesia | Coal mining and trading | 99.99 | 99.99 |
| • PT. Kitadin | Indonesia | Coal mining and trading | 99.99 | 99.99 |
| • PT. Bharinto Ekatama | Indonesia | Coal mining and trading | 99.00 | 99.00 |
| • PT. Jorong Barutama Greston | Indonesia | Coal mining and trading | 99.67 | 99.67 |
| 8. Banpu Coal Investment Company Limited | Mauritius Islands | Investment in coal mining | 100.00 | 100.00 |
| 9. Banpu Australia Co., Pty Ltd. | Australia | Investment in coal mining and power | 100.00 | - |
| 10. Hebi Zhong Tai Mining Co., Ltd. | Republic of China | Coal trading | 40.00 | 40.00 |

| Name of company | Country | Business | Percentage of direct shareholding | |
|--|------------------------|-------------------------------|-----------------------------------|-----------|
| | | | 2009 % | 2008 % |
| | | | | |
| BP Overseas Development Co., Ltd. | | | | |
| Subsidiary and joint ventures are as follows: | | | | |
| Asian American Coal, Inc., subsidiaries and joint ventures | British Virgin Islands | Investment in coal | 100.00 | 100.00 |
| • Shanxi Gaohe Energy Co., Ltd. | Republic of China | Coal mining and trading | 45.00 | 45.00 |
| • Asia American Coal Holdings, Inc. | British Virgin Islands | Investment in coal | 100.00 | 100.00 |
| • AACI SAADEC, a subsidiary and a joint venture | British Virgin Islands | Investment in coal | 100.00 | 100.00 |
| • AACI SAADEC HK Holdings | Hong Kong | Investment in coal | 100.00 | 100.00 |
| • Shanxi Asian American-Danling Energy Co., Ltd. | British Virgin Islands | Coal mining and trading | 56.00 | 56.00 |
| • AACI Gaohe HK Holding | Hong Kong | Investment in coal | 100.00 | 100.00 |
| • AACI Gaohe | British Virgin Islands | Investment in coal | - | 100.00 |
| | | | | |
| Banpu Power Ltd. | | | | |
| Subsidiaries and joint ventures are as follows: | | | | |
| 1. Banpu Coal Power Ltd. and a joint venture | Thailand | Investment in power | 100.00 | 100.00 |
| • BLCP Power Ltd. | Thailand | Power production and trading | 50.00 | 50.00 |
| 2. Power Generation Services Co., Ltd. | Thailand | Operating power plant service | 50.00 | 40.00 |
| 3. Hongsa Power Company Limited | Lao PDR | Power concession | 40.00 | - |
| 4. Phu Fai Mining Company Limited | Lao PDR | Mining concession | 37.50 | - |
| 5. Banpu Power Development Co., Ltd. | Thailand | Investment in power | 100.00 | - |
| | | | | |
| Banpu Power International Co., Ltd. | | | | |
| Subsidiaries are as follows: | | | | |
| Banpu Power Investment Co., Ltd. and subsidiaries | Singapore | Investment in power | 100.00 | 100.00 |
| • Shijiazhuang Chengfeng Cogen Co., Ltd. | Republic of China | Power production and trading | 100.00 | 100.00 |
| • Luannan Peak Pte. Ltd. | Singapore | Investment in power | - | 100.00 |
| • Banpu Power Investment (China) Ltd. and a subsidiary | Republic of China | Investment in power | 100.00 | 100.00 |
| • Tangshan Peak Heat & Power Co., Ltd. | Republic of China | Power production and trading | 12.10 | 12.10 |
| • Zouping Peak Pte. Ltd. and a subsidiary | Singapore | Investment in power | 100.00 | 100.00 |
| • Zouping Peak Heat & Power Co., Ltd. | Republic of China | Power production and trading | 70.00 | 70.00 |
| • Peak Pacific Investment Co., Ltd. | Labuan | Investment in power | 100.00 | 100.00 |
| • Pan-Western Energy Corporation LLC and a subsidiary | Cayman Islands | Investment in power | 100.00 | 100.00 |
| • Tangshan Peak Heat & Power Co., Ltd. | Republic of China | Power production and trading | 87.90 | 87.90 |

11. Other investments, net

| | Consolidated | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Investments in available-for-sale securities | 3,376,029 | 3,376,029 | 4,158,183 | 4,158,183 |
| General investments | 422,017 | 332,017 | 210,412 | 120,412 |
| Total other investments | 3,798,046 | 3,708,046 | 4,368,595 | 4,278,595 |
| Add Changes in fair value for investments in available-for-sale securities | 4,456,799 | 6,013,034 | (171,020) | 608,966 |
| Less Allowance for impairment of general investments | (192,708) | (192,708) | (29,006) | (29,006) |
| Other investments, net | 8,062,137 | 9,528,372 | 4,168,569 | 4,858,555 |

Movements of other investments for the years ended 31 December are as follows:

| | Consolidated | | Company | |
|--------------------------------------|------------------|------------------|------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Opening net book value | 9,528,372 | 10,442,019 | 4,858,555 | 5,375,556 |
| Acquisitions | 90,000 | 50,000 | 90,000 | 50,000 |
| Disposals | - | (67,029) | - | (66,603) |
| Changes in fair value of investments | (1,556,235) | (896,618) | (779,986) | (500,398) |
| Closing net book value | 8,062,137 | 9,528,372 | 4,168,569 | 4,858,555 |

12. Property, plant and equipment, net

Consolidated 2009

| | Land | Land improvement | Building and infrastructures | Machinery & equipment | Furniture & office equipment | Tools | Vehicle | Construction in progress | Total |
|--------------------------------------|----------------|------------------|------------------------------|-----------------------|------------------------------|----------------|---------------|--------------------------|-------------------|
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand | THB Thousand | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| As at 31 December 2008 | | | | | | | | | |
| Cost | 122,480 | 2,964,329 | 5,057,819 | 14,267,031 | 484,509 | 393,418 | 203,984 | 3,757,973 | 27,251,543 |
| Less Accumulated depreciation | - | (1,011,026) | (2,077,435) | (5,824,411) | (365,645) | (244,684) | (133,974) | - | (9,657,175) |
| Allowance for impairment | (11,147) | - | (2,200) | (1,136) | - | - | - | - | (14,483) |
| Net book amount | 111,333 | 1,953,303 | 2,978,184 | 8,441,484 | 118,864 | 148,734 | 70,010 | 3,757,973 | 17,579,885 |

Consolidated 2009

| | Land | Land improvement | Building and infrastructures | Machinery & equipment | Furniture & office equipment | Tools | Vehicle | Construction in progress | Total |
|--------------------------------------|----------------|------------------|------------------------------|-----------------------|------------------------------|----------------|---------------|--------------------------|-------------------|
| | THB | THB | THB | THB | THB | THB | THB | THB | THB |
| | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand |
| Year ended 31 December 2009 | | | | | | | | | |
| Opening net book amount | 111,333 | 1,953,303 | 2,978,184 | 8,441,484 | 118,864 | 148,734 | 70,010 | 3,757,973 | 17,579,885 |
| Additions | 14,403 | - | 6,678 | 279,441 | 65,070 | 34,225 | 8,710 | 2,413,932 | 2,822,459 |
| Disposals - Net book value | (140) | - | (2,925) | (19,254) | (7,355) | (6,392) | (4,301) | (1,149) | (41,516) |
| Reclassification | - | 21,950 | 459,818 | 890,451 | 18,797 | 12,247 | 3,506 | (1,253,456) | 153,313 |
| Write-off | - | - | (1,881) | (172,598) | (1,338) | (267) | (2,376) | (20,640) | (199,100) |
| Translation adjustment | - | (100,732) | (65,880) | (302,353) | (3,530) | (5,695) | (320) | (100,144) | (578,654) |
| Allowance for impairment | (11,426) | - | - | - | - | - | - | - | (11,426) |
| Depreciation charge | - | (275,723) | (346,055) | (1,156,928) | (64,832) | (63,871) | (25,111) | - | (1,932,520) |
| Closing net book amount | 114,170 | 1,598,798 | 3,027,939 | 7,960,243 | 125,676 | 118,981 | 50,118 | 4,796,516 | 17,792,441 |
| As at 31 December 2009 | | | | | | | | | |
| Cost | 136,743 | 2,868,300 | 5,451,815 | 16,529,086 | 461,033 | 383,796 | 166,427 | 4,796,516 | 30,793,716 |
| Less Accumulated depreciation | - | (1,269,502) | (2,421,676) | (8,567,707) | (335,357) | (264,815) | (116,309) | - | (12,975,366) |
| Allowance for impairment | (22,573) | - | (2,200) | (1,136) | - | - | - | - | (25,909) |
| Net book amount | 114,170 | 1,598,798 | 3,027,939 | 7,960,243 | 125,676 | 118,981 | 50,118 | 4,796,516 | 17,792,441 |

As at 31 December 2009, the gross carrying amount of fully depreciated plant and equipment that are still in use totalled THB 3,915 million (2008: THB 2,982 million).

Consolidated 2008

| | Land | Land improvement | Building and infrastructures | Machinery & equipment | Furniture & office equipment | Tools | Vehicle | Construction in progress | Total |
|--|----------------|------------------|------------------------------|-----------------------|------------------------------|----------------|---------------|--------------------------|-------------------|
| | THB | THB | THB | THB | THB | THB | THB | THB | THB |
| | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand |
| As at 31 December 2007 | | | | | | | | | |
| Cost | 123,092 | 2,750,011 | 4,498,948 | 11,733,952 | 479,283 | 392,963 | 133,655 | 2,386,119 | 22,498,023 |
| Less Accumulated depreciation | - | (702,256) | (1,788,695) | (4,615,814) | (357,124) | (232,982) | (68,076) | - | (7,764,947) |
| Allowance for impairment | (11,147) | - | (2,200) | (1,136) | - | - | - | - | (14,483) |
| Net book amount | 111,945 | 2,047,755 | 2,708,053 | 7,117,002 | 122,159 | 159,981 | 65,579 | 2,386,119 | 14,718,593 |
| Year ended 31 December 2008 | | | | | | | | | |
| Opening net book amount | 111,945 | 2,047,755 | 2,708,053 | 7,117,002 | 122,159 | 159,981 | 65,579 | 2,386,119 | 14,718,593 |
| Additions | - | 114,403 | 34,400 | 804,188 | 43,750 | 46,061 | 88,500 | 2,828,306 | 3,959,608 |
| Disposals - Net book value | (612) | (1,498) | (1,325) | (31,821) | (5,653) | (898) | (8,249) | - | (50,056) |
| Increase from investment in subsidiary | - | - | - | - | 4,193 | - | 6,209 | - | 10,402 |
| Reclassification | - | 10,596 | 301,220 | 1,105,843 | (2,161) | 30,320 | (14,933) | (1,481,297) | (50,412) |
| Write-off | - | - | (18,814) | (685) | (4,415) | (1) | - | (26,601) | (50,516) |
| Translation adjustment | - | 68,947 | 270,963 | 484,287 | 14,601 | (30,268) | 3,429 | 51,446 | 863,405 |
| Depreciation charge | - | (286,900) | (316,313) | (1,037,330) | (53,610) | (56,461) | (70,525) | - | (1,821,139) |
| Closing net book amount | 111,333 | 1,953,303 | 2,978,184 | 8,441,484 | 118,864 | 148,734 | 70,010 | 3,757,973 | 17,579,885 |
| As at 31 December 2008 | | | | | | | | | |
| Cost | 122,480 | 2,964,329 | 5,057,819 | 14,267,031 | 484,509 | 393,418 | 203,984 | 3,757,973 | 27,251,543 |
| Less Accumulated depreciation | - | (1,011,026) | (2,077,435) | (5,824,411) | (365,645) | (244,684) | (133,974) | - | (9,657,175) |
| Allowance for impairment | (11,147) | - | (2,200) | (1,136) | - | - | - | - | (14,483) |
| Net book amount | 111,333 | 1,953,303 | 2,978,184 | 8,441,484 | 118,864 | 148,734 | 70,010 | 3,757,973 | 17,579,885 |

Company 2009

| | Land THB Thousand | Land improvement THB Thousand | Building and infrastructures THB Thousand | Machinery & equipment THB Thousand | Furniture & office equipment THB Thousand | Tools THB Thousand | Vehicle THB Thousand | Construction in progress THB Thousand | Total THB Thousand |
|--------------------------------------|-------------------------|--|--|---|---|--------------------------|----------------------------|--|--------------------------|
| As at 31 December 2008 | | | | | | | | | |
| Cost | 67,614 | 99,759 | 224,507 | 704,668 | 176,400 | 41,675 | 34,942 | 16,451 | 1,366,016 |
| Less Accumulated depreciation | - | (88,142) | (154,551) | (687,436) | (151,684) | (40,780) | (25,274) | - | (1,147,867) |
| Allowance for impairment | (405) | - | - | - | - | - | - | - | (405) |
| Net book amount | 67,209 | 11,617 | 69,956 | 17,232 | 24,716 | 895 | 9,668 | 16,451 | 217,744 |
| Year ended 31 December 2009 | | | | | | | | | |
| Opening net book amount | 67,209 | 11,617 | 69,956 | 17,232 | 24,716 | 895 | 9,668 | 16,451 | 217,744 |
| Additions | 14,403 | - | 28 | 379 | 7,137 | 42 | - | 50,388 | 72,377 |
| Disposals - Net book value | (140) | - | - | - | (222) | - | - | - | (362) |
| Reclassification | - | - | 3,483 | 158,755 | 8,177 | - | - | (23,437) | 146,978 |
| Write-off | - | - | (121) | (147,440) | (57) | - | - | - | (147,618) |
| Depreciation charge | - | (5,196) | (18,067) | (4,383) | (11,222) | (476) | (4,042) | - | (43,386) |
| Closing net book amount | 81,472 | 6,421 | 55,279 | 24,543 | 28,529 | 461 | 5,626 | 43,402 | 245,733 |
| As at 31 December 2009 | | | | | | | | | |
| Cost | 81,877 | 99,759 | 224,732 | 2,803,341 | 132,562 | 41,525 | 32,566 | 43,402 | 3,459,764 |
| Less Accumulated depreciation | - | (93,338) | (169,453) | (2,778,798) | (104,033) | (41,064) | (26,940) | - | (3,213,626) |
| Allowance for impairment | (405) | - | - | - | - | - | - | - | (405) |
| Net book amount | 81,472 | 6,421 | 55,279 | 24,543 | 28,529 | 461 | 5,626 | 43,402 | 245,733 |

As at 31 December 2009, the gross carrying amount of fully depreciated plant and equipment that are still in use totalled THB 1,149 million (2008: THB 1,035 million).

Company 2008

| | Land THB Thousand | Land improvement THB Thousand | Building and infrastructures THB Thousand | Machinery & equipment THB Thousand | Furniture & office equipment THB Thousand | Tools THB Thousand | Vehicle THB Thousand | Construction in progress THB Thousand | Total THB Thousand |
|--------------------------------------|-------------------------|--|--|---|---|--------------------------|----------------------------|--|--------------------------|
| As at 31 December 2007 | | | | | | | | | |
| Cost | 64,383 | 99,759 | 251,870 | 725,586 | 164,666 | 41,401 | 45,596 | 20,462 | 1,413,723 |
| Less Accumulated depreciation | - | (81,393) | (154,431) | (681,946) | (140,175) | (40,062) | (24,241) | - | (1,122,248) |
| Net book amount | 64,383 | 18,366 | 97,439 | 43,640 | 24,491 | 1,339 | 21,355 | 20,462 | 291,475 |
| Year ended 31 December 2008 | | | | | | | | | |
| Opening net book amount | 64,383 | 18,366 | 97,439 | 43,640 | 24,491 | 1,339 | 21,355 | 20,462 | 291,475 |
| Additions | - | - | - | - | 7,293 | 23 | - | 11,951 | 19,267 |
| Disposals - Net book value | (612) | - | (757) | (782) | (558) | - | (6,605) | - | (9,314) |
| Reclassification | 3,843 | - | 10,462 | 1,895 | 5,710 | 436 | 73 | (14,637) | 7,782 |
| Write-off | - | - | (17,385) | - | - | - | - | (1,325) | (18,710) |
| Allowance for impairment | (405) | - | - | - | - | - | - | - | (405) |
| Depreciation charge | - | (6,749) | (19,803) | (27,521) | (12,220) | (903) | (5,155) | - | (72,351) |
| Closing net book amount | 67,209 | 11,617 | 69,956 | 17,232 | 24,716 | 895 | 9,668 | 16,451 | 217,744 |
| As at 31 December 2008 | | | | | | | | | |
| Cost | 67,614 | 99,759 | 224,507 | 704,668 | 176,400 | 41,675 | 34,942 | 16,451 | 1,366,016 |
| Less Accumulated depreciation | - | (88,142) | (154,551) | (687,436) | (151,684) | (40,780) | (25,274) | - | (1,147,867) |
| Allowance for impairment | (405) | - | - | - | - | - | - | - | (405) |
| Net book amount | 67,209 | 11,617 | 69,956 | 17,232 | 24,716 | 895 | 9,668 | 16,451 | 217,744 |

As at 31 December 2009, property, plant and equipment in the consolidated financial statements amounting to USD 146.36 million or equivalent to THB 4,883.83 million (2008: USD 153.03 million or equivalent to THB 5,326.11 million) have been used as collateral for long-term loans (Note 18).

During the year 2009, borrowing cost of THB 4.40 million (2008: THB 4.72 million) arising from financing specifically of an overseas subsidiary is included in “Additions” of construction in progress.

As at 31 December 2009, the Group has capital commitments which are shown in Note 31.

13. Deferred exploration and development expenditures and deferred overburden expenses/stripping costs, net

As at 31 December consist of:

| | Consolidated | | Company | |
|---|------------------|------------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Deferred exploration and development expenditures | 1,034,833 | 684,624 | - | - |
| Deferred overburden expenses/stripping costs | 2,571,570 | 2,941,644 | - | - |
| | 3,606,403 | 3,626,268 | - | - |

| | Consolidated | Company |
|--|------------------|--------------|
| | THB Thousand | THB Thousand |
| As at 31 December 2008 | | |
| Cost | 19,008,188 | 4,783,444 |
| Less Accumulated amortisation | (15,000,187) | (4,447,643) |
| Allowance for impairment | (381,733) | (335,801) |
| Net book amount | 3,626,268 | - |
| For the year ended 31 December 2009 | | |
| Opening net book amount | 3,626,268 | - |
| Additions | 15,335,010 | - |
| Reclassification from projects under development | 426,793 | - |
| Amortisation during the year | (15,636,904) | - |
| Translation adjustment | (144,764) | - |
| Net book amount | 3,606,403 | - |
| As at 31 December 2009 | | |
| Cost | 33,873,765 | 4,783,444 |
| Less Accumulated amortisation | (29,885,629) | (4,447,643) |
| Allowance for impairment | (381,733) | (335,801) |
| Net book amount | 3,606,403 | - |

During the year 2009, the majority of additions and amortisation represents overburden expenditure. The Group presents the amortisation incurred during the period under cost of sales in the statement of income. For presentation in the statements of cash flows, net balance of additions and amortisation of THB 244.25 million (2008: Additions THB 13,837 million, Amortisation THB 13,257 million and net THB 580 million) are presented under operating activities.

14. Mining property rights, net

Movements of mining property rights for the years ended 31 December are as follows:

| | Consolidated | |
|---|----------------------|----------------------|
| | 2009 THB Thousand | 2008 THB Thousand |
| Opening net book amount | 1,469,230 | 1,415,692 |
| Amortisation during the year | (97,832) | (83,729) |
| Increase from additional investment of a subsidiary | 15,016 | - |
| Translation adjustment | (65,318) | 137,267 |
| Closing net book amount | 1,321,096 | 1,469,230 |

15. Projects under development

Movements of projects under development for the years ended 31 December are as follows:

| | Consolidated | | Company | |
|---------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 THB Thousand | 2008 THB Thousand | 2009 THB Thousand | 2008 THB Thousand |
| Opening balance | 2,153,433 | 897,012 | 173,262 | 252,881 |
| Additions | 806,579 | 955,900 | 397 | 19,865 |
| Reclassification | (529,331) | 252,829 | (1,997) | (91,095) |
| Write-off during the year | - | (8,389) | - | (8,389) |
| Translation adjustment | (57,827) | 56,081 | - | - |
| Closing balance | 2,372,854 | 2,153,433 | 171,662 | 173,262 |

As at 31 December 2009, projects under development of THB 1,514 million (2008: THB 967 million) represented Hongsa Lignite Mining Project (Note 31).

16. Short-term loans from financial institutions

Consolidated

As at 31 December 2009, short-term loans represent Thai Baht loans from financial institutions amounting to THB 1,000 million and USD loans amounting to USD 20.50 million (2008: THB 1,400 million and USD 96 million). The loans bear interest at the rate of 0.90% - 2.40% per annum and 5.31% - 6.37% per annum, respectively (2008: 3.05% - 3.52% per annum and 4.88% - 7.25% per annum, respectively) and are due for repayment within one year.

Company

As at 31 December 2009, short-term loans represent Thai Baht loans from financial institutions amounting to THB 1,000 million (2008: THB 1,400 million and USD 69 million). The loans bear interest at the rate of 0.90% - 2.40% per annum (2008: 3.05% - 3.52% per annum and 4.88% per annum) and are due for repayment within one year.

17. Other current liabilities

| | Consolidated | | Company | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2009 THB Thousand | 2008 THB Thousand | 2009 THB Thousand | 2008 THB Thousand |
| Accrued expenses | 3,510,489 | 1,413,737 | 256,813 | 177,351 |
| Other accounts payable | 656,362 | 2,826,827 | 3,537 | 95,422 |
| Withholding tax payable | 174,130 | 405,101 | 11,204 | 9,857 |
| Value added tax payable | 98,248 | 102,459 | 9,437 | 14,633 |
| Retention payable | 53,567 | 43,532 | 508 | 241 |
| Unearned income | - | 413 | - | 201 |
| Others | 53,872 | 42,927 | 52,937 | 34,684 |
| Total other current liabilities | 4,546,668 | 4,834,996 | 334,436 | 332,389 |

As at 31 December 2009, other accounts payable amounting to THB 639 million (2008: THB 454 million) is advance from Ratchaburi Electricity Generating Holding Public Company Limited for Hongsa Lignite Mining Project (Note 31).

18. Long-term loans, net

| | Consolidated | | Company | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2009 THB Thousand | 2008 THB Thousand | 2009 THB Thousand | 2008 THB Thousand |
| Baht loans | 10,000,000 | 14,000,180 | 5,000,000 | 5,000,000 |
| Foreign currency loans | 4,765,548 | 1,723,331 | 1,675,840 | - |
| Less Deferred financing service fee | (20,517) | (2,143) | (20,517) | (2,143) |
| | 14,745,031 | 15,721,368 | 6,655,323 | 4,997,857 |
| Less Current portion of long-term loans | (2,598,968) | (5,174,672) | (1,400,000) | (1,000,000) |
| Long-term loans, net | 12,146,063 | 10,546,696 | 5,255,323 | 3,997,857 |

Long-term loans of the Company amounting to THB 5,000 million (2008: THB 5,000 million) are unsecured liabilities and USD 50 million (2008: Nil). Detail of loans are shown as follows:

Baht loan

- Loan from bank, which is an unsecured liability, amounting to THB 2,000 million (2008: THB 2,000 million) bears the interest at the rate of THBFIX 3 months plus applicable fixed margin. The principal of loan is repayable every 6 months commencing 31 May 2010.
- Loan from bank, which is an unsecured liability, amounting to THB 2,000 million (2008: THB 3,000 million) bears the interest at the rate of BIBOR plus applicable fixed margin. The principal of loan is repayable every 12 months commencing 30 December 2009.
- Loan from bank, which is an unsecured liability, amounting to THB 1,000 million (2008: Nil) bears the interest at the rate of THBFIX plus applicable fixed margin. The principal of loan is repayable every 6 months commencing 7 August 2010.

Foreign currency loans

- Loan from bank, which is an unsecured liability, amounting to USD 50 million (2008: Nil) bears the interest at the rate of BAA LIBOR plus applicable fixed margin. The principal of the loan is repayable on 12 November 2013.

Long-term loans of subsidiaries amounting to THB 5,000 million (2008: THB 9,000 million) and USD 92.59 million (2008: USD 49.12 million). Detail of loans are shown as follows:

Baht loan

- Loan from bank, which is an unsecured liability, amounting to THB 5,000 million (2008: THB 9,000 million), which bears the interest at the rate of BIBOR plus applicable fixed margin. The principal of the loan is repayable every 6 months commencing 25 December 2009. During 2009, the subsidiary amended the payment term and repaid THB 4,000 million on 25 May 2009. The principal of THB 5,000 million is repayable every 6 months commencing 24 June 2010.

Foreign currency loans

- Loan from bank, which is a secured liability, amounting to USD 5.05 million (2008: USD 11.11 million) bears the interest at the rate of LIBOR plus applicable fixed margin. The principal of the loan is repayable every 6 months commencing 30 December 2005.
- Loan from bank, which is a secured liability, amounting to USD 37.54 million (2008: USD 38.01 million) bears the interest at the rate LIBOR plus applicable fixed margin. The principal of the loan is repayable within 2013.
- Loan from bank, which is an unsecured liability, amounting to USD 50 million (2008: Nil) bears interest rate of LIBOR plus applicable margin. The principal of the loan is repayable every 6 months commencing 29 June 2010.

The foreign currency long-term loans, which are secured liabilities, amounting to USD 42.59 million (2008: USD 49.12 million) are secured over the assets of two overseas subsidiaries according to long-term loan agreements (Note 7, 10 and 12).

After taking account of interest rate swap, the weighted average effective interest rate of long-term loans of the Group are as follows:

| | 2009 % | 2008 % |
|------------------------|-----------|-----------|
| Baht loans | 3.97 | 4.58 |
| Foreign currency loans | 8.78 | 5.48 |

Interest rates risk of long-term loans of the Group are as follows:

| | Consolidated | | Company | |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 THB Thousand | 2008 THB Thousand | 2009 THB Thousand | 2008 THB Thousand |
| • at fixed rates | - | 180 | - | - |
| • at floating rates | 14,765,548 | 15,723,331 | 6,675,840 | 5,000,000 |
| Total long-term loans | 14,765,548 | 15,723,511 | 6,675,840 | 5,000,000 |

Movements in long-term loans of the Group are as follows:

| | Consolidated | | Company | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2009 THB Thousand | 2008 THB Thousand | 2009 THB Thousand | 2008 THB Thousand |
| Opening net balance | 15,721,368 | 6,262,425 | 4,997,857 | 4,363,094 |
| Reclassification | - | (541,872) | - | (541,872) |
| Additional loans | 4,430,511 | 12,221,360 | 2,659,950 | 3,000,000 |
| Repayment of loans | (5,270,363) | (2,273,415) | (1,000,000) | (1,794,961) |
| Payment for deferred financing service fee | (19,366) | - | (19,366) | - |
| Amortisation of deferred financing service fee | 992 | 6,713 | 992 | 6,713 |
| (Gain) loss from exchange rate | (118,111) | 46,157 | 15,890 | (35,117) |
| Closing net balance | 14,745,031 | 15,721,368 | 6,655,323 | 4,997,857 |

Maturities of long-term loans are as follows:

| | Consolidated | | Company | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2009 THB Thousand | 2008 THB Thousand | 2009 THB Thousand | 2008 THB Thousand |
| Within 1 year | 2,598,968 | 5,174,672 | 1,400,000 | 1,000,000 |
| Later than 1 year but not later than 5 years | 12,166,580 | 9,336,993 | 5,275,840 | 4,000,000 |
| Later than 5 years | - | 1,211,846 | - | - |
| Total long-term loans | 14,765,548 | 15,723,511 | 6,675,840 | 5,000,000 |

The Group is required to comply with certain procedures and conditions; for example, maintaining net value of shareholders' equity, maintaining debt to equity ratio, maintaining ratio of debt coverage and trading debt with security guarantee not exceeding a limited amount, etc.

19. Debentures, net

| | Consolidated | | Company | |
|-------------------------------------|-------------------|------------------|-------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Local debentures | 13,600,000 | 8,600,000 | 13,600,000 | 8,600,000 |
| Less Deferred financing service fee | (26,047) | (15,140) | (26,047) | (15,140) |
| | 13,573,953 | 8,584,860 | 13,573,953 | 8,584,860 |
| Less Current portion of debentures | (3,300,000) | (1,300,000) | (3,300,000) | (1,300,000) |
| Debentures, net | 10,273,953 | 7,284,860 | 10,273,953 | 7,284,860 |

The weighted average effective interest rate of debentures of the Group after recognised effect from interest rate swap contracts is 5.31% per annum (2008: 5.23% per annum).

The interest rates on the debentures of the Group are as follows:

| | Consolidated | | Company | |
|--|-------------------|------------------|-------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| • at fixed rates | 12,600,000 | 7,600,000 | 12,600,000 | 7,600,000 |
| • at floating rates (MLR plus applicable fixed margin) | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Total debentures | 13,600,000 | 8,600,000 | 13,600,000 | 8,600,000 |

Movements in debentures for the years ended 31 December are as follows:

| | Consolidated | | Company | |
|--|-------------------|------------------|-------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Opening net balance | 8,584,860 | 9,980,547 | 8,584,860 | 9,980,547 |
| Addition | 6,300,000 | - | 6,300,000 | - |
| Repayment of debentures during the year | (1,300,000) | (1,400,000) | (1,300,000) | (1,400,000) |
| Financing service fee | (16,625) | - | (16,625) | - |
| Amortisation of deferred financing service fee | 5,718 | 4,313 | 5,718 | 4,313 |
| Closing net balance | 13,573,953 | 8,584,860 | 13,573,953 | 8,584,860 |

During the year ended 31 December 2009, the Company issued 6,300,000 shares of a senior and unsecured debenture of THB 1,000 per share detailed as follows:

| Debenture No. | Number of shares | Interest rate (% per annum) | Maturity dated |
|---------------|------------------|--------------------------------|----------------|
| 1 | 2,000,000 | 3.50 | 14 May 2012 |
| 2 | 2,200,000 | 4.30 | 14 May 2014 |
| 3 | 2,100,000 | 4.90 | 14 May 2016 |

Maturities of debentures are as follows:

| | Consolidated | | Company | |
|--|-------------------|------------------|-------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Within 1 year | 3,300,000 | 1,300,000 | 3,300,000 | 1,300,000 |
| Later than 1 year but not later than 5 years | 5,700,000 | 4,800,000 | 5,700,000 | 4,800,000 |
| Later than 5 years | 4,600,000 | 2,500,000 | 4,600,000 | 2,500,000 |
| Total debentures | 13,600,000 | 8,600,000 | 13,600,000 | 8,600,000 |

Debentures are unsecured liabilities. However, the Company is required to comply with certain procedure and conditions; for example, maintaining net value of shareholders' equity, maintaining debt to equity ratio, maintaining ratio of debt coverage and trading debt with security guarantee not exceeding a limited amount, etc.

20. Employee retirement benefits obligation

| | Consolidated | | Company | |
|------------------------------------|----------------|----------------|----------------|---------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Opening balance | 362,226 | 268,155 | 90,415 | 14,134 |
| Recognition in statement of income | 255,663 | 137,135 | 183,320 | 78,090 |
| Payment during the year | (44,794) | (52,936) | (508) | (1,809) |
| Unrealised loss from exchange rate | 28,629 | 9,872 | - | - |
| Closing balance | 601,724 | 362,226 | 273,227 | 90,415 |

Principal actuarial assumptions are as follows:

| | |
|-----------------------|----------------|
| Discount rate | 3.50% - 10.75% |
| Salary increases | 4.00% - 10.00% |
| Withdrawal rate | 1.00% - 8.00% |
| Normal retirement age | 55 - 60 years |

21. Changes in fair value reserves - available-for-sale securities and translation adjustment of overseas subsidiaries

Movements in fair value reserves-available-for-sale security for the years ended 31 December are as follows:

| | Consolidated | | Company | |
|---------------------------------|------------------|------------------|------------------|----------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Opening balance | 6,013,034 | 6,909,652 | 608,966 | 1,109,364 |
| Changes in fair value (Note 11) | (1,556,235) | (896,618) | (779,986) | (500,398) |
| Closing balance | 4,456,799 | 6,013,034 | (171,020) | 608,966 |

Movements in translation adjustment of overseas subsidiaries for the years ended 31 December are as follows:

| | Consolidated | | Company | |
|---|--------------------|--------------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Opening balance | (1,683,988) | (1,742,428) | - | - |
| Movements in foreign exchange rate | (1,155,600) | 45,073 | - | - |
| Reclassification from divestment of a subsidiary | - | 45,675 | - | - |
| Reclassification from acquisition of a subsidiary | (3,994) | (32,308) | - | - |
| Closing balance | (2,843,582) | (1,683,988) | - | - |

22. Share capital

Issued and paid-up share capital

| | Number of shares | Ordinary shares | Premium | Total |
|-------------------------------|---------------------|--------------------|------------------|------------------|
| | | THB Thousand | THB Thousand | THB Thousand |
| As at 31 December 2007 | 271,747,855 | 2,717,479 | 5,058,329 | 7,775,808 |
| Issued shares | - | - | - | - |
| As at 31 December 2008 | 271,747,855 | 2,717,479 | 5,058,329 | 7,775,808 |
| Issued shares | - | - | - | - |
| As at 31 December 2009 | 271,747,855 | 2,717,479 | 5,058,329 | 7,775,808 |

As at 31 December 2009, there are 271,747,855 ordinary shares (2008: 271,747,855 shares) at par value of THB 10 per share (2008: THB 10 per share). All issued shares are fully paid-up.

23. Expense by nature

| | Consolidated | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Staff costs | 3,218,889 | 2,057,525 | 805,508 | 592,269 |
| Depreciation on plant and equipment | 1,922,914 | 1,359,545 | 39,090 | 75,912 |
| Write-off | 199,100 | - | 147,618 | - |
| Amortisation of deferred exploration and development expenditures and deferred overburden expenses | 15,636,904 | 13,257,044 | - | 42,098 |
| Operating leases | 1,251,297 | 690,133 | 48,120 | 43,106 |
| Allowance for impairment of assets | 11,426 | - | - | - |
| Allowance for slow-moving of coal | 76,319 | - | 69,079 | - |
| Demurrage expenses | 266,644 | 652,900 | 2,253 | - |
| Provision for income tax | 1,176,392 | - | - | - |

As at 31 December 2009, PT. Centralink Wisesa International, an indirect subsidiary in Indonesia, is in the process of liquidation. The liquidation process is normally audited by the Indonesian Tax Authority (“ITA”). As a result of its audit, ITA is of the view that such subsidiary has under submitted the income tax for the years ended 2005 to 2008 by excluding the dividend received from a related party. This is because it is the management opinions that such dividend received is exempted. The management has clarified its position and submitted the additional information to ITA but they still stand by their own view. Thus, the provision for income tax of USD 35.40 million or equivalent to THB 1,176.39 million was accounted under the administrative expenses in the statement of income for the year ended 2009.

24. Income tax

The Group does not recognise corporate income tax payable or receivable in future periods in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Corporate income tax for the year ended 31 December 2009 is calculated based on the net profit (tax base) which excludes the share of net profit of associates and interests in joint ventures. The rates are as follows:

| | |
|-------------------|------------|
| Thailand | 25% - 30% |
| Indonesia | 28% - 30% |
| Republic of China | 7.5% - 15% |

For the year ended 31 December 2008, the Group recognised the income tax expenses of THB 809.80 million relating to unrecognised gain from changes in fair value of coal and oil swap contracts.

The Company is entitled to a reduction in corporate income tax according to the Royal Decree No. 475, B.E. 2551 from applying the tax rate of 30% to 25% for the amount of net taxable profit which is not over THB 300 million on the accounting period beginning on or after 1 January 2008 for three consecutive accounting periods.

During the year 2008, the House of Representative of Indonesia approved an amendment to the income tax law. It stipulates that the income tax for corporations will be set at a rate of 28% commencing 1 January 2009 and further reduced to 25% from 1 January 2010.

Consolidated 2008

| | Coal and Minerals | | | Power | | Elimination entries THB Thousand | Total THB Thousand |
|---|-----------------------------|------------------------------|---|-----------------------------|---|---|--------------------------|
| | Thailand THB Thousand | Indonesia THB Thousand | Republic of China THB Thousand | Thailand THB Thousand | Republic of China THB Thousand | | |
| | | | | | | | |
| For the year ended 31 December 2008 | | | | | | | |
| Revenue from operation | 4,771,722 | 41,298,384 | - | - | 4,459,729 | - | 50,529,835 |
| Revenue from inter-segment | - | 2,939,200 | - | - | - | (2,939,200) | - |
| Total revenue | 4,771,722 | 44,237,584 | - | - | 4,459,729 | (2,939,200) | 50,529,835 |
| Segment result | (76,795) | 11,291,026 | - | - | 130,290 | 779,631 | 12,124,152 |
| Unallocated expense | | | | | | | (1,399,862) |
| Unallocated income | | | | | | | 1,356,072 |
| Share of profits of associates and interests in joint ventures | - | - | 1,780,575 | 3,165,238 | - | - | 4,945,813 |
| Net gain from exchange rate | | | | | | | 383,487 |
| Net loss from financial instruments | | | | | | | (1,712,595) |
| Interest expenses and other financial expenses | | | | | | | (1,368,311) |
| Corporate income tax | | | | | | | (3,767,677) |
| Net profit for the year | | | | | | | 10,561,079 |
| Total segmented assets | 4,472,203 | 34,314,092 | 19,544,838 | 10,155,277 | 8,193,609 | (107,048) | 76,572,971 |
| Total unallocated assets | | | | | | | 13,014,269 |
| Total assets | | | | | | | 89,587,240 |

27. Dividends

At the Annual General shareholders' meeting on 3 April 2009, the shareholders approved a payment of remaining interim dividend of 2008 of THB 5 per share and at the Board of Directors' meeting on 26 August 2009, the board approved a payment of interim dividend of 2009 of THB 8 per share of 271,747,855 shares, totaling of THB 3,522.74 million which were paid on 30 April 2009 and 25 September 2009, respectively.

At the Annual General shareholders' meeting on 4 April 2008, the shareholders approved a payment of remaining interim dividend of 2007 of THB 4.75 per share and at the Board of Directors' meeting on 1 October 2008, the board approved a payment of interim dividend of 2008 of THB 7 per share of 271,747,855 shares, totaling of THB 3,158.61 million which were paid on 24 April 2008 and 31 October 2008, respectively.

28. Directors and management's remuneration

During 2009, the directors' remuneration including meeting, salary, bonus and provident fund are totalled of THB 145.04 million (2008: THB 130.30 million).

29. Legal reserve

As at 31 December, legal reserve consist of:

| Consolidated 2009 | | | | |
|-------------------|------------------------------------|-------------------------------|--------------------------|------------------------------------|
| | Opening balance THB Thousand | Appropriation THB Thousand | Decrease THB Thousand | Closing balance THB Thousand |
| Legal reserve | | | | |
| • Company | 354,051 | - | - | 354,051 |
| • Subsidiaries | 701,349 | 415,394 | (48,427) | 1,068,316 |
| | 1,055,400 | 415,394 | (48,427) | 1,422,367 |

| Consolidated 2008 | | | | |
|-------------------|------------------------------------|-------------------------------|--------------------------|------------------------------------|
| | Opening balance THB Thousand | Appropriation THB Thousand | Decrease THB Thousand | Closing balance THB Thousand |
| Legal reserve | | | | |
| • Company | 354,051 | - | - | 354,051 |
| • Subsidiaries | 390,325 | 311,024 | - | 701,349 |
| | 744,376 | 311,024 | - | 1,055,400 |

Under the Public Company Act, the Company is required to set aside a statutory reserve of at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve reaches not less than 10% of the registered capital. The legal reserve is non-distributable.

At present, the Company has set aside legal reserve at 10% of registered capital.

30. 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 with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

The following significant transactions were carried out with related parties:

Transactions during the years ended 31 December are as follows:

| | Consolidated | | Company | |
|--|---------------|---------------|------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Sales of goods and services to subsidiaries | - | - | 30,295 | 1,090 |
| Purchases of goods and cost of services from subsidiaries | - | - | 1,434,726 | 859,985 |
| Dividends received from subsidiaries | - | - | 4,265,085 | 7,143,853 |
| Management fee | | | | |
| • Subsidiaries | - | - | 1,153,748 | 1,053,346 |
| • Joint ventures | 23,800 | 28,443 | - | - |
| Total | 23,800 | 28,443 | 1,153,748 | 1,053,346 |
| Interest income from subsidiaries | - | - | 568,361 | 420,376 |
| Interest expenses to subsidiaries | - | - | 1,284 | 29,956 |

Commencing 1 January 2008, the Company entered into a service agreement with an overseas subsidiary to provide certain management and advisory services, which have been divided into general services and marketing and logistics advisory services. Under such agreement, the subsidiary pays the Company a fixed fee of USD 2 million per quarter for general services and a variable fee of 1.5% of such subsidiary's gross coal sales for marketing and logistics advisory services.

The pricing policies for transactions between subsidiaries, joint ventures and related parties are set out below:

- The prices of sales and services charged between the Company and subsidiaries approximate to those charged to third parties.
- Management income represents fee charged to subsidiaries and joint ventures for rendering the management services in the normal course of business. The fees are based on the service provided and the agreed rate in accordance with the condition in agreement.
- For loans, borrowings, interest income and interest expenses, the Group charges interest by considering the average cost of borrowings plus 0.5% per annum for local subsidiaries and plus 2% per annum for overseas subsidiaries.

Amounts due from related parties as at 31 December consist of:

| | Consolidated | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Trade accounts receivable subsidiaries (Note 6) | - | - | 30,295 | - |
| Interest receivable | | | | |
| • Subsidiaries | - | - | 813,734 | 506,706 |
| • Joint ventures | - | 316,561 | - | - |
| | - | 316,561 | 813,734 | 506,706 |
| Other receivable | | | | |
| • Subsidiaries | - | - | 193,690 | 411,792 |
| • Joint ventures | 314,089 | 5,106 | - | - |
| | 314,089 | 5,106 | 193,690 | 411,792 |
| Total amounts due from related parties | 314,089 | 321,667 | 1,007,424 | 918,498 |
| Dividend receivable from related parties | | | | |
| • Subsidiaries | - | - | 4,349,533 | 6,940,715 |
| • Joint ventures | 5,302,218 | 3,889,866 | - | - |
| Total dividend receivable from related parties | 5,302,218 | 3,889,866 | 4,349,533 | 6,940,715 |

Advances and long-term loans to related parties as at 31 December consist of:

| | Consolidated | | Company | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2009 THB Thousand | 2008 THB Thousand | 2009 THB Thousand | 2008 THB Thousand |
| Advances to related parties | | | | |
| • Subsidiaries | - | - | 233,899 | 341,590 |
| • Joint ventures | 21 | 21 | 21 | 21 |
| Total advances to related parties | 21 | 21 | 233,920 | 341,611 |
| Short-term loans to a joint venture | - | 640,414 | - | - |
| Long-term loans | | | | |
| • Subsidiaries | - | - | 13,942,120 | 9,504,220 |
| • Joint ventures | 360 | - | - | - |
| Total long-term loans to related parties | 360 | - | 13,942,120 | 9,504,220 |

Short-term loans to a joint venture represent USD loans amounting to USD 18.40 million bearing interest at the rate of 7.47% per annum. These short-term loans were repaid during 2009.

Long-term loans to subsidiaries represent USD loans amounting to USD 184.59 million and a Thai Baht loan amounting to THB 7,809.98 million (2008: USD 186.47 million and THB 3,014.05 million) bearing interest at rates of 3.81% - 6.40% per annum (2008: 4.71% - 6.40% per annum). The repayment term is at call. However, the Company will not request repayment until these subsidiaries have the ability to pay.

Long-term loans to a joint venture represent Thai Baht loan bearing interest rate at MLR plus 0.75% per annum. Such joint venture will repay on the Financial Close.

Movements of long-term loans to subsidiaries for the years ended 31 December are as follows:

| | Consolidated | | Company | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2009 THB Thousand | 2008 THB Thousand | 2009 THB Thousand | 2008 THB Thousand |
| Opening balance | - | - | 9,504,220 | 5,331,183 |
| Increase for the year | 360 | - | 5,152,930 | 5,963,521 |
| Reclassification | - | - | - | 709,892 |
| Repayment for the year | - | - | (424,424) | (2,744,636) |
| Unrealised gain (loss) from exchange rate | - | - | (290,606) | 244,260 |
| Closing balance | 360 | - | 13,942,120 | 9,504,220 |

Advances and loans from subsidiaries as at 31 December consist of:

| | Consolidated | | Company | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2009 THB Thousand | 2008 THB Thousand | 2009 THB Thousand | 2008 THB Thousand |
| Advances from subsidiaries | - | - | 1,403 | 8,234 |
| Short-term loan from a subsidiary | - | - | - | 105,247 |
| Long-term loans from subsidiaries | - | - | - | 228,435 |

Short-term loan from a subsidiary represents a USD loan amounting to USD 3 million bearing interest at the rate of 2.50% per annum. The short-term loan was repaid in 2009.

Long-term loans from subsidiaries represent Thai Baht loans amounting to THB 228 million bearing interest at the rate of 1.49% per annum. The long-term loans were repaid in 2009.

Movements of long-term loans from subsidiaries for the years ended 31 December are as follows:

| | Consolidated | | Company | |
|----------------------------------|--------------|--------------|--------------|----------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Opening balance | - | - | 228,435 | 1,218,019 |
| Repayment for the year | - | - | (228,435) | (969,816) |
| Unrealised gain on exchange rate | - | - | - | (19,768) |
| Closing balance | - | - | - | 228,435 |

31. Commitment, significant contracts and contingent liabilities

As at 31 December, the Group has obligations with banks as follows:

| | Consolidated | | Company | |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | Million | Million | Million | Million |
| | (Original currency) | (Original currency) | (Original currency) | (Original currency) |
| Letter of Guarantee | | | | |
| • US Dollar | 6.07 | 11.01 | - | - |
| • Thai Baht | 106.07 | 102.91 | 53.57 | 50.30 |
| • Indonesian Rupiah | 62,585.00 | 114,788.00 | - | - |
| Letter of Credit | | | | |
| • US Dollar | 2.91 | 10.60 | - | - |

Significant contracts

a) A subsidiary in Thailand has entered into contract regarding the service of coal ash removal from the area under the silo in the area of the power plant of Glow SPP3 Co., Ltd. in respect of which a subsidiary is responsible for any damage possibly incurred from the service. Payment is determined in accordance with the removed quantity. The contract duration lasts for 15 years commencing from date of operation, 17 March 1999.

b) A subsidiary in Thailand has entered into contract for mining and disposal of lignite coal at Ban-Sa Mine, Amphur Chiang Muan, Payao Province, with the Energy Development and Promotion Department for which the subsidiary is granted subrogation right for 22 years commencing on 10 January 1996. Moreover, such subsidiary has to comply with various requirements specified in the contract.

c) Mining and transportation services contracts of Indonesian subsidiaries are as follows:

| Area | Expired date |
|--|---|
| 1. West Block of PT. Indominco Mandiri | 22 October 2010 or at the end of open pit production of West Block. |
| 2. East Block of PT. Indominco Mandiri | Three years as of commencement date (27 August 2007) and may be extended for additional minimum two years |
| 3. North Block and Dayak Besar site of PT. Trubaindo Coal Mining | Three years and five months from 1 August 2007 |
| 4. North Block and Dayak Besar site of PT. Trubaindo Coal Mining | 30 June 2011 |
| 5. North Block and Dayak Besar site of PT. Trubaindo Coal Mining | 31 August 2011 |
| 6. North Block and Muara Lawa site of PT. Trubaindo Coal Mining | 31 October 2011 |
| 7. Mine site of PT. Jorong Barutama Greston | 31 December 2011 |
| 8. Mine site of PT. Jorong Barutama Greston | 30 June 2012 |
| 9. Mine site of PT. Jorong Barutama Greston | 31 January 2010 |
| 10. Mine site of PT. Jorong Barutama Greston | 28 February 2010 |
| 11. Embalut site of PT. Kitadin | 31 July 2012 |
| 12. Embalut site of PT. Kitadin | 31 July 2012 |

d) Four Indonesian subsidiaries have entered into a fuel purchase agreement with another company in Indonesia with a total contract quantity of 216 million litres (price on delivery). As at 31 December 2009, the remaining contract quantity is 171 million litres. Such subsidiaries are required to provide a guarantee of 105% of one-month's fuel requirement, at a minimum.

e) Indonesian subsidiaries have entered into a contract for production sharing with the Government of Indonesia to share 13.50% of coal produced with the Government.

f) An Indonesian subsidiary, holding the mining rights, has an obligation to pay an exploitation fee ranging from 5% to 7% of sales, net of selling expenses.

g) Under the Coal agreement, an Indonesian subsidiary is required to spend a minimum of USD 10 per hectare on exploration activities. If, after 36 months from the date of commencement of the exploration period, the subsidiary has not met its obligations with respect to minimum expenditures, it may be required to deliver a guarantee of an amount not exceeding the total outstanding expenditure obligations. The management believes that it has met the obligations as required by the Coal agreement.

h) Under the Coal agreement, an Indonesian subsidiary is obligated to pay the Government a dead-rent fee during the terms of the agreement. Dead-rent is calculated by reference to the number of hectares in the Coal agreement, in accordance with the rates stipulated in the Coal agreement. Land and building tax payable for the pre-production period is equal to the amount of dead-rent. During the production period, the subsidiary is required to pay land and building tax equal to the dead-rent plus 0.15% of gross revenue from the mining operations.

i) Four Indonesian subsidiaries that have activities in production in a protected forest area but not related to forestry activity will have the obligation to pay a forestry fee ranging from Indonesian Rupiah 1.2 million to Indonesian Rupiah 3.0 million per hectare.

j) Three Indonesian subsidiaries have agency agreements with third-party agents to market to their customers. The agents will receive commissions based on a percentage of sales to those customers.

k) Chinese subsidiaries have entered into the Power Purchase Agreement ("PPA") and Steam Purchase Agreement ("SPA") with their local bureau at the agreed quantity and price according to such agreements. The agreement term is annually.

l) The Lignite Mining Project and the Lignite Fired Power Project (Hongsa Lignite Project)

On 11 December 2007, Banpu Power Ltd. (a subsidiary) entered into the Joint Development Agreement (“JDA”) and Supplementary Agreement with Ratchaburi Electricity Generating Holding Public Company Limited (“RATCH”) with the objective to study and develop the Lignite Mining Project and the Lignite-Fired Power Project located in Hongsa District, Xayabury Province, Lao People’s Democratic Republic (“Lao PDR”), in reference to the Head of Agreement (“HOA”), which was entered into by the subsidiary and Lao PDR on 18 December 2006, in order to develop and construct a mine-mouth power plant. On 10 January 2008, JDA was approved by the Government of Lao PDR (“GOL”). Lao Holding State Enterprise (“LHSE”), GOL’s representative, agrees to invest for 25% and 20% interests in the Lignite Mining Project and the Lignite-Fired Power Plant, respectively.

According to JDA, RATCH agrees to pay a Joint Development Right Fee on the participation of the Hongsa project at a maximum amount not exceeding USD 16 million and a minimum amount not less than USD 10 million depending on the Levelised Tariff as agreed with the Electricity Generating Authority of Thailand (“EGAT”). The Tariff Memorandum of Understanding has been agreed with EGAT and RATCH has to pay to the subsidiary the Joint Development Right Fee of USD 10 million. On 29 April 2008, the subsidiary entered into the agreement with RATCH in favour for RATCH to access such project’s information with the fee of USD 6 million. The subsidiary has received an initial payment of USD 1 million. The next installment payment will be after the signing of a Power Purchase Agreement between a project company and EGAT with the last payment due upon the Financial Close. The subsidiary and RATCH have a commitment equally to be responsible for the expenses of these projects. In addition, both parties have agreed to provide financial support to LHSE in terms of the borrowing for use during the development phase until the project companies pay a dividend to LHSE. The borrowing facility is initially of USD 410,000, which is belonged to the subsidiary’s portion of USD 205,000. As at 31 December 2009, the subsidiary has paid of THB 1,342 million for the development of these projects.

On 1 December 2008 and 31 January 2009, the subsidiary and RATCH entered into the First and Second Amendments to the JDA dated 11 December 2007.

On 13 May 2009, the subsidiary and RATCH jointly entered into the Tariff Memorandum of Understanding with EGAT regarding the Hongsa project.

On 20 August 2009, a subsidiary and RATCH jointly entered into a borrowing agreement with Hongsa Power Company Limited in order to provide the facility of THB 3,070 million to spend during the development phase. It bears interest at the rate identified in the agreement. The principal and interest are due for repayment when Hongsa Power Company Limited obtains the loan approval from a financial institution.

Litigation

a) A subsidiary has provided land, property, factory, machineries and diverse equipment under lease to another company. The lessee company has been overdue in respect of its payments for a long period. Such subsidiary has, therefore, ceased to recognise rental revenue from May 1998 and has raised allowance for doubtful lease receivables in the whole amount of THB 6.63 million. The subsidiary has cancelled the contract and exercised its contractual right to occupy the leased asset and prosecuted a claim for overdue lease payment plus fines in an amount of THB 70.76 million. Apart from this, the lessee has also breached the granite coal contract with another subsidiary in amount of THB 24.78 million. Because it is the litigants in the lawsuit, the lessee company has prosecuted the Company and its subsidiary that occupied the leased asset for breach of the lease contract and infringement, claiming an indemnity in the amount of THB 204 million. The First Instance Court and the High Court rendered their decisions that both claims are not acceptable, and the cases are finalised.

b) An Indonesian subsidiary has been sued by two plaintiffs and asked for compensation for land amounting to Indonesian Rupiah 53,500 million. These claims related to a plot of land in the subsidiary area which the plaintiffs claim the Government had promised to provide to them. These two cases were decided by the High Court in favour of the subsidiary.

c) An Indonesian subsidiary has been sued and asked for the compensation for land amounting to Indonesian Rupiah 1,070 million. On 21 April 2009, the High Court decided in favour of the subsidiary.

d) During the year 2007, a person and a related group of companies, the plaintiffs, who were a previously joint partner with the Company and subsidiaries in developing the coal mining and power plant project in Laos (“Hongsa project”), have filed a Civil Court case against the Company and the two subsidiaries which transgressed against them in the development of the Hongsa project. They have a claim against the Company and subsidiaries for damages totalling THB 63,500 million plus interest.

The Group has defended the case and lodged a counter-claim against the plaintiffs in the amount of THB 4,488 million plus interest.

The management and the Group's legal counsellor are of the view that the Group has no responsibility for the damages as claimed by the plaintiffs. As a result, the Group has not provided for any losses from such litigation.

e) An overseas subsidiary has been sued by a former director of the company (the Buyer) who bought an investment from the subsidiary. The plaintiff alleged that the purchase was not lawful and requested the Court to invalidate the transaction. He is claiming for the subsidiary and the Buyer to jointly pay damages amounting to USD 302.55 million. The subsidiary has defended the case, which is currently going through the judicial process. The management is of the view that the subsidiary has no responsibility for the damages as claimed by the plaintiff. Consequently, the subsidiary has not provided for any losses from such litigation.

Other

As at 31 December 2009, two Indonesian subsidiaries are being audited by the tax office. However, they have not yet received the audit results. The management believes that the results will not have a significant impact on the financial statements.

One of an Indonesian subsidiary's contractors commenced arbitration in Singapore against the subsidiary for a claim worth a total of USD 1.42 million. As of 31 December 2009, the arbitration has not yet progressed beyond the service of notice. However, the management believes that the results will not have a significant impact on the financial statements.

Capital commitments

As at 31 December 2009, the Group had capital commitments but not recognised in the consolidated financial statements in the amount of USD 0.10 million (2008: USD 28.62 million).

Coal Supply Agreement commitments

As at 31 December 2009, the Group had coal supply commitments in accordance with the Coal Supply Agreement in the amount of 59.90 million tonnes at the market price (2008: 77.60 million tonnes), such coals to be delivered within 2019.

32. Financial instruments

The principal financial risks faced by the Group are interest rate risk, foreign exchange rate risk, coal price fluctuations risk, oil price fluctuations and credit risk.

The Group has established a Financial Management Committee which holds monthly meetings for consideration and discussion of how to protect or reduce financial risks which might be incurred.

The Group manages these risks as follows:

a) Interest rate risk

The Group manages its exposure to interest rate risk through a variety of measures, including the use of both fixed and variable instruments with different activities and entering into interest rate swap contract on a specific basis where management consider it appropriate to do so.

Interest rate swap contracts

Interest rate swap contracts are entered into to manage exposure to fluctuations in interest rate.

During the year ended 31 December 2009, the Company entered into interest rate swap contracts for debentures of THB 2,500 million. The interest rates are as follows:

- The interest rate for a debenture of THB 1,000 million has been converted from the fixed rate of 8% per annum to THB-THBFIX-REUTERS 6 months plus 5.52% per annum, which has semi-annual repayment commencing 16 May 2009 and ending 16 November 2015.
- The interest rate for a debenture of THB 1,000 million has been converted from the fixed rate of 8% per annum to THB-THBFIX-REUTERS 6 months plus 5.20% per annum, which has semi-annual repayment commencing 16 May 2009 and ending 16 November 2015.
- The interest rate for a debenture of THB 500 million has been converted from the fixed rate of 8% per annum to THB-THBFIX-REUTERS 6 months plus 4.95% per annum, which has semi-annual repayment commencing 16 May 2009 and ending 16 November 2015.

As at 31 December 2008, the Group has no remaining interest rate swap contract.

Net fair value

The net fair value of interest rate swap contracts at the balance sheet date was:

| | Consolidated | | Company | |
|--|------------------|--------------|------------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| (Unfavourable) interest rate swap contracts | (138,160) | - | (138,160) | - |

Fair values of interest rate swap contracts have been calculated using the information from the financial institutions of the Group as if the contracts were terminated at the balance sheet date.

b) Foreign exchange risk

In order to reduce exposure to fluctuations in currency exchange rates, the Group uses the natural hedges of its business operations, both in Thailand and overseas, through emphasis on a balance of foreign currencies in the Group and sometime through the use of financial instruments.

The Group has both assets and liabilities that are foreign currency denominated and uses the natural hedges between these assets and liabilities to manage certain its exposures. The Group will also enter into forward foreign exchange contracts in specific circumstances.

The objectives in using financial instruments are to reduce uncertainty over future cash flows arising from movements in exchange rate. The following strategies are employed to achieve these objectives.

Forward foreign exchange contracts are entered into to manage exposure to fluctuations in foreign currency exchange rate on general transactions.

Forward foreign exchange contracts

As at 31 December, the settlement dates on open forward foreign exchange contracts were within 1 year. The local currency amounts to be received and contractual exchange rates of the outstanding contracts were:

| | Consolidated | | Company | |
|--|------------------|------------------|----------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| Selling | | | | |
| 2009: USD 57.34 million at the rates of THB 33.20 - 33.51: USD 1 and USD 24.50 million at the rates of Indonesian Rupiah 9,285 - 9,731: USD 1 | | | | |
| (2008: USD 70 million at the rates of THB 34.56 - 34.70: USD 1) | | | | |
| | 7,745,292 | 2,421,950 | 845,924 | 1,728,000 |
| | 7,745,292 | 2,421,950 | 845,924 | 1,728,000 |

Net fair values

The net fair values of forward foreign exchange contracts at the balance sheet date were:

| | Consolidated | | Company | |
|---|----------------|-----------------|--------------|-----------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| (Unfavourable) favourable forward foreign exchange contracts - Selling | (2,006) | (29,694) | 3,351 | (23,166) |

Fair values of forward foreign exchange contracts have been calculated using the information from the financial institutions of the Group as if the contracts were terminated at the balance sheet date.

c) Coal price fluctuations risk

The Group manages its exposure to coal price fluctuations risk from its business operations, both in Thailand and overseas, and to achieve a balance of overall coal price in the Group by entering into both short-term and long-term sales agreements and sometimes through the use of financial instruments.

The objective in using financial instruments is to reduce uncertainty over future cash flows arising from movements in coal price. The following strategy is employed to achieve these objectives.

Coal swap contracts

Coal swap contracts are entered into to manage exposure to fluctuations in coal price on general transactions.

As at 31 December 2009, the Group has entered coal swap contracts with no physical delivery of selling side amounting to 2,466,000 tonnes at the rates of USD 70.50 - 118.50 per tonne. Such contracts are due within 1 year. Differences between the coal swap contracts price and market price are specified by API 4 Index and Newcastle Coal Index (2008: coal swap contracts of selling side amounting to 4,355,000 tonnes at the average rate of USD 98.73 per tonne and buying side amounting to 420,000 tonnes at the average rate of USD 106.14 per tonne).

Net fair values

The net fair values of average coal swap contracts at the balance sheet date were:

| | Consolidated | | Company | |
|--|--------------------|------------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| (Unfavourable) favourable coal swap contracts - Selling | (2,601,132) | 2,877,319 | - | - |
| (Unfavourable) coal swap contracts - Buying | - | (379,215) | - | - |

Fair values of coal swap contracts have been calculated using the information from the financial institutions of the Group as if the contracts were terminated at the balance sheet date.

d) Oil price fluctuations risk

The Group manages its exposure to oil price fluctuations risk from its business operations in overseas and to achieve a balance of overall oil price in the Group by through the occasional use of financial instruments.

The objective in using financial instruments is to reduce uncertainty over future cash flows arising from movements in oil price. The following strategy is employed to achieve these objectives.

Oil hedging contracts

Oil hedging contracts are entered into to manage exposure to fluctuations in oil price on general transactions.

As at 31 December 2009, the Group has entered oil hedging contracts of buying side amounting 1,488,000 barrels at the rates between USD 73.20 - 89.90 per barrel (2008: 240,000 barrels at the average rate of USD 85.79 per barrel). Such contract is due within 1 year. Differences between oil hedging contract price and market price are specified by Gasoil 0.5%S.

Net fair values

The net fair value of oil hedging contracts at the balance sheet date was:

| | Consolidated | | Company | |
|---|----------------|------------------|--------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | THB Thousand | THB Thousand | THB Thousand | THB Thousand |
| (Unfavourable) favourable oil hedging contract - selling | 420,513 | (191,574) | - | - |

Fair value of oil hedging contract has been calculated using the information from the financial institutions of the Group as if the contract was terminated at the balance sheet date.

e) Credit risk

The Group has no significant concentrations of credit risks. Derivative counter-parties and cash transactions are limited to high credit quality financial institutions.

f) Fair values

The carrying amounts of the following financial assets and financial liabilities approximate to their fair values: cash and cash at banks, investments, trade receivables and payables, other receivables and payables, short-term loans to and from related parties and short-term loans due to the short maturity period.

The carrying amounts of long-term loans to and from related parties approximate fair value due to floating interest rate.

The Group has the fair values information of long-term loans and debentures as follows:

| | 2009 | | 2008 | |
|-----------------|-----------------|-------------|-----------------|-------------|
| | Contract amount | Fair values | Contract amount | Fair values |
| | THB Million | THB Million | THB Million | THB Million |
| Long-term loans | 14,765 | 14,765 | 15,724 | 15,724 |
| Debentures | 13,600 | 11,706 | 8,600 | 8,259 |

The fair values of derivative are disclosed above in (b) and (c).

g) Other risks - Indonesian economic conditions

Indonesia has been experiencing a prolonged period of economic difficulty which has been compounded by a downturn in the global economy and its domestic political situation. Indonesia's return to economic stability is dependent to a large extent on the effectiveness of measures taken by the government and decisions of international lending organisations. However, the Group has entered into insurance policies with overseas insurance companies to protect it from investment risk that might occur through a breakdown in law and order or administrative actions of the Indonesian government.

33. Subsequent events

On 19 January 2010, Power Generation Services Company Limited ("PGS"), a joint venture, has transferred its entire business including all assets, liabilities and agreements with third parties to BLCP Power Ltd. ("BLCP"), another joint venture. Newly issued shares were used as a consideration upon the business transfer. PGS registered for liquidation with the Ministry of Commerce and transferred the investment in BLCP to the Group in return on the same date.

In February 2010, an Indonesian subsidiary has temporarily halted its mining operation after receiving a demand from the authority in order to review the mining permit in forested area, even though it has been approved by another authority for use that area. The management is of the view that this will not have a significant impact to the Group. This is because the quantity of coal produced from such area is only 8% of the Group's production.



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