



BANPU PUBLIC COMPANY LIMITED
Annual Report



'The Asian Face of Energy'

VISION

To be an energetic Asian energy provider of quality products and services; and be recognized for its fairness, professionalism, and concern 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 a variety 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

		2010	2009	2008
Financial Position				
Total Assets	(THB million)	193,598	101,417	89,587
Total Liabilities	(THB million)	123,885	45,465	44,053
Total Shareholders' Equity	(THB million)	69,714	55,952	45,534
Issued and Paid-up Share Capital	(THB million)	2,717	2,717	2,717
Operational Results				
Sales Revenues	(THB million)	65,285	57,865	50,530
Cost of Sales	(THB million)	38,640	29,992	28,110
Gross Profit	(THB million)	26,645	27,874	22,419
Selling and Administration Expenses	(THB million)	10,254	7,654	5,778
Royalty Fee	(THB million)	6,925	6,467	5,537
Other Revenues	(THB million)	17,960	3,759	1,773
Other Expenses	(THB million)	1,113	666	2,126
Profit from Operation	(THB million)	26,312	16,845	10,751
Share of Gain/(Loss) of Joint Ventures and Asso.	(THB million)	6,117	7,447	4,946
Interest Expenses	(THB million)	1,682	1,282	1,240
Financial Expenses	(THB million)	299	181	128
Corporate Income Tax	(THB million)	3,733	5,027	3,768
Net Profit	(THB million)	24,728	14,229	9,228
Financial Ratios				
Gross Profit Margin	(%)	40.81	48.17	44.37
Net Profit Margin	(%)	29.70	23.09	17.64
Returns on Assets	(%)	16.76	14.90	11.93
Returns on Equity	(%)	39.35	28.04	21.96
Interest Coverage Ratio	(times)	10.71	21.03	10.98
Net Debt to Equity	(times)	1.06	0.16	0.36
Data per Share				
Earnings per Share	(THB)	91.00	52.36	33.96
Book Value per Share	(THB)	256.54	205.90	167.56
Dividend per Share	(THB)	21.00	16.00	12.00

* The Company announced a total dividend of THB 21 per share, consisting of the annual dividend for 2010 performance at the rate of THB 16 per share (of which THB 8 was paid as interim dividend on 28 October 2010) and a special interim dividend worth THB 5 per share which was paid on 21 January 2011. The remaining THB 8 dividend for 2010 performance, which will be paid out of the retained earnings and profits from the operation during the period of 1 July 2010 - 31 December 2010, is scheduled on 29 April 2011.

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

OPERATIONAL RESULTS

For the year ending

	2010	2009	2008
Coal Sales Volume (Million Tonnes)	25.89	21.09	18.49
Indominco-Bontang	14.48	12.16	10.64
Trubaindo	5.39	5.13	4.61
Jorong	1.01	2.96	2.46
Kitadin-Embalut	1.30	0.61	-
Centennial	3.57	-	-
Thailand	0.15	0.24	0.66
Other Sources	-	-	0.11
Total Revenues (THB Million)	65,285	57,865	50,530
Coal Business:			
Indominco-Bontang	34,268	31,978	25,817
Trubaindo	14,838	15,489	16,361
Jorong	1,488	3,982	3,095
Kitadin-Embalut	2,735	1,150	-
Centennial	6,498	-	-
Thailand	74	101	377
Other Sources	-	4	325
<i>Total Revenues from Coal Business</i>	<i>59,901</i>	<i>52,704</i>	<i>45,976</i>
Power Business	4,865	4,788	4,460
Other Businesses	520	373	94
Gross Profit Margin (%)	41	48	44
Indominco-Bontang	42	49	40
Trubaindo	51	57	63
Jorong	33	41	41
Kitadin-Embalut	45	49	-
Centennial	32	-	-
Thailand	10	(22)	(8)
Other Sources	-	45	3
Coal Business	43	51	48
Power Business	16	25	9
Other Businesses	12	17	42

The excellent cooperation that Banpu Public Company Limited has continued to receive from all stakeholders especially the shareholders in support of a wide range of the Company's business, social and environmental activities and investment has enabled the Board of Directors to report an outstanding overall 2010 performance of the Company. The Board would therefore like to express its gratitude to all stakeholders.



Last year marked another important milestone of the Company's investment. It is in line with the Company's Long-term Strategic Plan that aims at achieving value creation for all stakeholders. Banpu's carefully executed investment in Australia's Centennial Coal Company Limited comes in that respect of our strategic move. The tender offer process began in May 2010, in strict compliance with both domestic and Australia's investment regulations. The acquisition process drew to a formal completion in November 2010.

The Centennial acquisition is considered Banpu's biggest investment project to date. In order to ensure that this strategic investment adds value to Banpu's current businesses, the Board of Directors has closely monitored and supervised the acquisition process to ensure timely completion and coherence with Banpu's five-year strategic plan.

The Board puts emphasis on three key areas for the implementation:

1) Risk Management: The Management was urged to devise a comprehensive risk management plan, including risk assessment, risk mitigation and risk monitoring appropriate to major investment projects and to ensure its adequate cover of all areas of risk including strategic, financial, coal business, power business risks, and risk from regulatory changes in countries in which Banpu has its presence.

2) Integration: Putting great importance on integration, the Board emphasized that Management study and prepare a post-investment plan to ensure harmonious integration of the two firms' organizational philosophies, cultures, directions, goals, strategies and operations. Implementation of this plan should lead to a smooth operational integration for the maximum benefit of all stakeholders.

3) Human Resource Development: The Board accords a high priority on all aspects and levels of Banpu's human resource development. Our clear and continuous goals of recruiting high calibre and developing professional Banpu personnel enable us to adapt to change and the Company's rapid growth. This will continue to be one of the Company's key efforts in striving for the achievement of our higher goals.

Encouraged by Banpu's remarkable performance in 2010 and the success of the Centennial acquisition, the Board of Directors reaffirms its determination to ensure that Banpu's business continues to achieve steady and sustainable growth based on the highest standards of governance, transparency, and efficiency. In pursuit of these goals, the Board of Directors is committed to utilising its knowledge, expertise, business and social networks to maximise value for Banpu shareholders and all stakeholders.



Mr. Krirk-Krai Jirapaet

Chairman of the Board of Directors



In line with the company's new five-year strategic plan, Banpu took a number of important and decisive steps towards growing and reshaping its business in 2010. By far the biggest step was the USD 2 billion acquisition of Centennial Coal Co., Ltd., Australia's largest independent coal producer. The acquisition has more than doubled the Banpu group's equity coal resources to over 3 billion tonnes.

The transaction has significantly diversified Banpu's geo-political risks while tying the company's fortunes more than ever to the future of thermal coal in the Asia-Pacific region. Other important strategic steps in 2010 included securing USD 2.7 billion in project finance for the Hongsa coal-power project in Laos and the divestment of Banpu's 14.9 per cent shareholding in RATCH.

Summary of our financial performance in 2010

Banpu's net earnings increased 74 per cent in 2010 to THB 24.7 billion, equivalent to THB 91 per share, up from THB 52 per share in 2009. Dividends totaling THB 21 per share have been announced for 2010, including a THB 5 special dividend, versus a total of THB 16 per share in 2009. The strong earnings performance was primarily the result of THB 13.2 billion in gains from divestments.

Banpu's EBITDA in 2010, which excludes the gains on divestments, was down slightly on the year before at THB 22 billion due mainly to higher diesel costs at the Indonesian mines, expenses relating to the temporary suspension of the Daning mine in China and lower contributions from Banpu's power businesses. EBITDA from Banpu's coal business was

THB 18 billion in 2010 versus THB 19 billion in 2009, while EBITDA from the company's power business was THB 4 billion in 2010, down from THB 4.8 billion the previous year. The EBITDA figures include equity and dividend income from the Banpu coal and power businesses which are not consolidated. In 2010, the figure also includes a small contribution from fourth quarter results for Centennial.

At a consolidated revenue level, Banpu achieved a 13 per cent increase year-on-year to THB 65.3 billion. The increase was due mainly to higher coal sales volumes in Indonesia, a higher average selling price for Indonesian coal sales at nearly USD 75 per tonne and the consolidation of Centennial's coal revenues in the fourth quarter of the year (THB 4.9 billion).

At year-end 2009, Banpu's consolidated net debt (interest-bearing) to shareholder equity ratio was just under 0.2 times. This low level of gearing gave us plenty of room to raise bank debt to finance the Centennial acquisition. Further to the divestments of the shareholding in RATCH and an 8.7 per cent shareholding in ITM (our Indonesian subsidiary listed on the Indonesian Stock Exchange) Banpu's consolidated net book gearing ratio stood at just over one-to-one by year-end 2010. With the prospect of strong cashflow from operations in 2011, this is still a comfortable level of gearing for the group. As our balance sheet strengthens we can quickly prepare the company for further growth.

Analysis of our coal sales and the thermal coal market

Banpu's total consolidated sales volume in 2010 was 25.9 million tonnes, up 4.8 million tonnes (23 per cent) from the previous year. The increase was a combination of a 6 per cent increase in sales from Banpu's Indonesian mines to 22.2 million tonnes and the inclusion of 3.6 million tonnes of sales from Centennial's mines during the fourth quarter of the year. The two biggest mining operations in Indonesia, Indominco and Trubaindo, reported sales of 14.5 million tonnes and 5.4 million tonnes respectively. Jorong reported lower sales, however, at 1 million tonne due to a temporary suspension of output while its forestry permit was under review. The remaining sales were from the Kitadin-Embalut mine.

Banpu sold 8.8 million tonnes of mainly high-grade Indonesian coal to the premium East Asian markets of Japan, South Korean and Taiwan in 2010, representing about 40 per cent of the company's total Indonesian coal sales. Sales to

China and Hong Kong increased strongly from 3.9 million tonnes in 2009 to 6.3 million tonnes driven by high import demand from coastal Chinese power stations. Indonesian coal sales to the key Southeast Asian markets and to India all fell slightly compared to the previous year as coal was diverted to China. From Banpu's new mines in Australia in the fourth quarter, 2.4 million tonnes was sold domestically while around 1.2 million tonnes was exported to Asian markets.

The Asian thermal coal market in 2010 remained strong with benchmark FOB prices at Newcastle (for 6,300 Kcal GAR coal) hovering between around USD 94 and USD 99 per tonne for most of the first eight months with a brief spike at the end of April and early May. From September, prices then rose consistently by about 40 per cent to USD 130 per tonne by year-end. The bullish trend was the combined result of heavy rains and infrastructure constraints in key export supply countries, global economic recovery, a cold European winter and higher than expected net imports from China. Weather factors will continue to influence both supply and demand in 2011, particularly the level of rainfall in Indonesia, which now accounts for two-fifths of the global thermal coal trade and over half of the Asia-Pacific trade. Other factors such as Chinese economic growth in coastal regions, exchange rate movements, Western fiscal policies and global commodity prices will also all play a role. Overall, though, it seems likely that the year ahead will see continued strength in Asian thermal coal prices.

Banpu's new Australian coal business: Centennial

Centennial was first established in 1989 (six years after Banpu) and was listed on the Australian Stock Exchange in 1994. The company has grown over the years into one of the largest thermal coal producers in Australia. In 2010, Centennial produced 14.3 million tonnes (in equity run-of-mine terms) of high calorific value coal from ten mines in New South Wales. The mines, which are mostly underground longwall operations, are grouped into the 'Northern Operations' near Newcastle and the 'Western Operations' further west from the coast. Centennial sells over two-thirds of its coal to local power stations under long term contract, with the remainder exported. The domestic contracts will gradually come up for renewal and renegotiation over the next few years. The company also has minority stakes in two coal terminals – one at Newcastle and one at Kembla.

In accordance with our plans to start diversifying our asset base into new countries, Banpu decided to make an initial investment in Centennial's stock in May last year. After further consideration and discussions with Centennial's management, Banpu launched a full takeover bid in July with a positive recommendation from the Centennial Board of Directors. By September we received Australian Foreign Review Board approval and we closed our offer in October. The total acquisition cost to Banpu of all Centennial share purchases from May to December inclusive was just over USD 2 billion. The deal was financed primarily by loans from Thai banks.

Nearly half of the Banpu group's equity coal reserves (308 million tonnes out of 683 million tonnes at year-end 2010) and over half of our coal resources are now in Australia. Our equity coal output from Australia going forward will be a similar level to our equity output from Indonesia. We welcome the management, operational and commercial expertise that the acquisition brings us - and look forward to extensive cross-fertilization and knowledge sharing between Centennial and the other parts of the Banpu group in the years to come. The transaction represents a radical geographic diversification for Banpu, significantly broadening our horizons for future growth, both in terms of organic expansion and further acquisitions. One example of future organic growth is the greenfield Newstan Lochiel project. Currently at a feasibility stage, there are plans for the Newstan Lochiel project to produce up to 4 million tonnes per annum.

Centennial's financial and operating performance was formally consolidated into the Banpu group during the fourth quarter of 2010. The mines contributed equity run-of-mine output of just under 4 million tonnes during the quarter. The large Mandalong underground mine in the Northern Operations achieved its highest quarterly output of 1.6 million tonnes following a longwall changeover in the previous quarter. The Springvale mine in the Western Operations commenced a longwall changeover with extraction expected to resume in February. Given the nature of longwall mining, it should be anticipated that at individual Centennial operations, output may vary significantly from quarter to quarter.

Banpu's Indonesian coal business: ITM

At the Indominco operation, while output from West Block continued to decline to 10.1 million tonnes in 2010 (down 0.4 million tonnes from 2009), East Block production

was ramped up to 4.2 million tonnes from just 1.9 million tonnes in the previous year. Trubaindo increased output to 5.5 million tonnes, up 0.3 million tonnes from the year before. And Kitadin-Embalut achieved output of 1.2 million tonnes, nearly double the output in the previous year. Due to permit problems, however, Jorong's output was down to 0.9 million tonnes and the start-up of the new Bharinto mine was delayed. As a result of these latter problems and heavy rainfall, the total ITM coal production for the year was lower than the target 23 million tonnes by about 1 million tonnes. Looking ahead we can expect further expansion of production at East Block and first output from the Bharinto and Tandung Mayang mines.

ITM's proved and probable reserves, using JORC methods and as verified by independent consultants, increased by 15 per cent in 2010 to 337 million tonnes net of sales depletion and termination of the underground project at Indominco. The net increase was primarily the result of further exploration at Indominco and Trubaindo and revised long term coal price assumptions.

The Bontang Coal Terminal expansion project was completed in the third quarter of the year providing ITM with additional ship-loading and barge-loading and unloading capacity. The project will reduce logistics costs, enhance blending capabilities and reduce dependence on third-party terminals. ITM also commissioned the Bontang Power Plant by mid-year. This coal-fired power facility will reduce ITM's dependence on diesel consumption.

Banpu's China coal business: AACI and Hebi Zhong Tai

Last year was the second full year of consolidation of AACI into the Banpu group. The Daning mine in Shanxi province, 56 per cent owned by AACI, produces coal from an underground longwall operation which is sold as thermal coal to the local power sector and as lump coal for the fertilizer industry. Daning achieved run-of-mine output during 2010 of just under 3.5 million tonnes, lower than expected due to a three month shut-down between June and August as a result of a delay in the renewal of the mine's operating license. License issues have since resulted in a further shut-down of production as of 31 December and the outlook remains uncertain.

The Gaohe project, 45 per cent owned by AACI, is a major new development in Shanxi province and is currently scheduled for trial longwall output this year, with full production of 6 million tonnes targeted from 2013 onwards.

The project obtained a mining license since 2010. Gaohe's coal will be sold mainly as thermal coal to the Chinese power sector and as PCI coal to the steel sector.

Hebi Zhong Tai Mining in Henan province had a strong year with total output on target at 1.5 million tonnes. Banpu has a 40 per cent share in this operation.

Banpu's power business: BLCP, BPIC and Hongsa

In Thailand, BLCP, the 1,434 megawatt coal-fired power operation in Rayong province, 50 per cent owned by Banpu, continued to achieve a high level of dispatch at 96 per cent but lower revenues due to the long term PPA tariff structure with EGAT. In Laos, the 1,878 megawatt lignite-fired Hongsa project secured a PPA with EGAT in April and achieved financial close of a USD 2.7 billion project financing by the end of the third quarter of 2010. The first drawdown of the project loans was completed in October. Banpu owns 40 per cent of Hongsa. Hongsa is targeted for commissioning by 2015.

Through BPIC, which is wholly-owned, Banpu also has three combined heat and power plants in China: two in Hebei province (Luannan and Zhengding) and one in Shandong (Zouping). The combined capacity of these plants is just under 250 megawatts with nearly 800 tonnes per hour of steam capacity. In 2010, BPIC had a smooth year, despite higher coal prices, with higher utilization levels at Zhengding and Zouping, and strong steam sales.

HR, governance and stakeholders

In 2010, the Banpu group welcomed around 1,700 new staff in Australia from Centennial, bringing the total human resources of the group to approximately 6,000 people. The geographic split is now roughly 48 per cent in Indonesia, 28 per cent in Australia, 17 per cent in China and 6 per cent in Thailand and Laos. Going forward Banpu has a rich and exciting diversity of technical expertise, skills and cultural backgrounds amongst its staff to draw upon. The Banpu Spirit will continue to act as the core unifying force amongst our staff, with an emphasis on the principles of 'Care', 'Integrity', 'Innovation' and 'Synergy'.

The 'Care' principle as it relates to safety will be more important than ever in the years ahead given the increased dependence of the group on underground mining brought by the Centennial acquisition. The Care and Integrity principles will also continue to guide the approach we take the ecological settings in which we operate and the local

communities with whom our staff share their lives every day. With ten new mining operations (plus numerous other sites under rehabilitation, exploration or development) in Australia, Banpu is already focused on trying to understand the myriad of new stakeholder relationships this brings. We see caring for our stakeholders, showing them respect and seeking synergistic relationships as fundamental to an ethical and sustainable approach to business. Also key to the long term sustainability and competitiveness of Banpu is the continuous improvement of our governance procedures and operating systems with an emphasis on accountability, transparency, efficiency and discipline. In 2010, as in previous years, stakeholder relationships, governance and operating systems were at the top of my agenda as CEO.

Laying the groundwork for another phase of growth

Although there must always be scope for accommodating the unexpected – both bad and good – I expect this year, 2011, to be primarily a 'bridge' year for Banpu between the rapid growth of the last few years and another phase of growth. A major acquisition always brings with it the potential for some instability and so Banpu must draw upon the strength of the Banpu Spirit to bring about a new state of equilibrium as soon as possible. Care and Integrity must be applied to ensure that all interests and influences in the Banpu group are harmoniously balanced. Synergy and Innovation must then be applied to ensure that the Centennial acquisition creates maximum value for our stakeholders and shareholders. I am confident that this process is already well under way and that the groundwork is being laid for a new period of expansion.

Once again, I would like to extend my heartfelt thanks and warmest wishes to all Banpu personnel, customers, partners, shareholders and other stakeholders for their support and loyalty last year. I very much look forward to working with you all again in the year ahead.

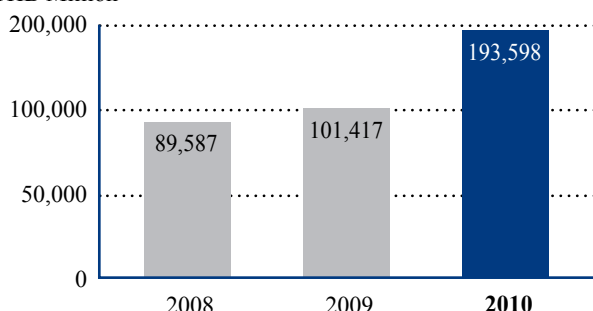


Mr. Chanin Vongkusolkrit

Chief Executive Officer

KEY FINANCIAL RESULTS

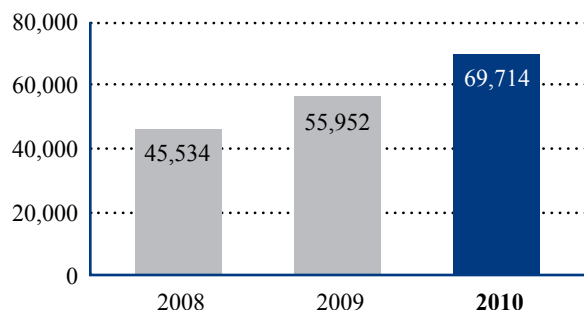
THB Million



Total Assets

Total assets as of 31 December 2010 amounted THB 193,598 million or a 91 per cent increase totaling THB 92,182 million from 31 December 2009 as a result of a consolidation of the financial statement of the newly acquired subsidiary in Australia following a success of the Company's acquisition there.

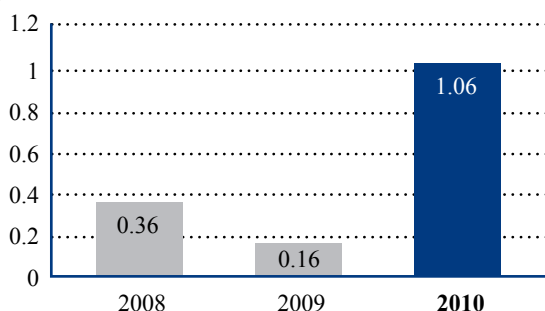
THB Million



Shareholders' Equity

Shareholders' equity totaled THB 69,714 million, an increase of THB 13,762 million or 25 per cent from 31 December 2009. The increase was from the 2010 net profit of THB 24,728 million deducted by dividend to shareholders of THB 8,087 million, and the adjustment of investment value totaling THB 4,594 million as a result of the disposal of an investment.

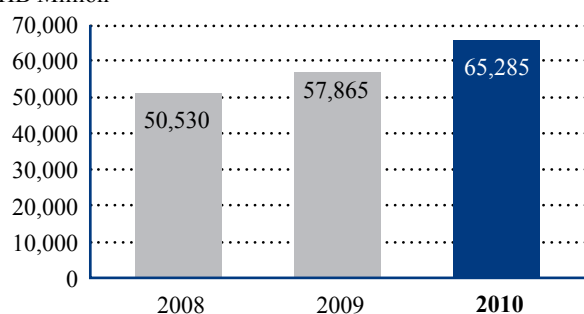
Times



Debt to Equity Ratio

Total net liabilities stood at THB 73,649 million, an increase of THB 64,698 million from last year due largely to a consolidation of financial statements of a subsidiary in Australia, which consisted of THB 12,620 million long-term loan and local loans borrowed for an investment in a coal mine in Australia. The net debt to equity ratio also rose from 0.16 times in 2009 to 1.06 times in 2010.

THB Million



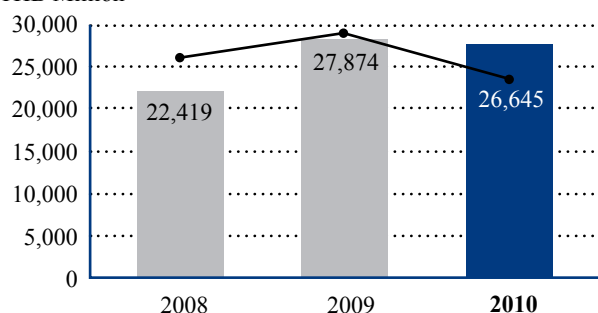
Total Sales Revenues

Total sales revenue rose THB 7,420 million to THB 65,285 million or 13 per cent higher than 2009 thanks to an increase of both coal sales volume and selling price from Indonesian mines. In addition, Banpu also started to consolidate financial statements of its subsidiary in Australia.

In 2010, 25.90 million tonnes of coal were sold, of which 22.18 million tonnes were from Indonesian mines, 3.57 million tonnes from Australian mines and 0.15 million tonnes from the mines in Thailand, respectively.

The average selling price from Banpu's subsidiaries in Indonesia in 2010 was USD 74.65 a tonne, compared to USD 71.69 a tonne in 2009.

THB Million

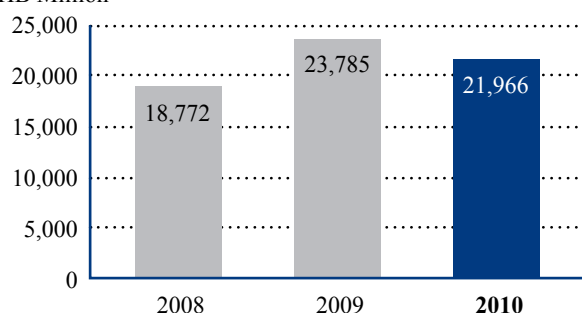


Gross Profit and Gross Profit Margin

2010 gross profit fell THB 1,229 million to THB 26,645 million due to rising diesel prices throughout the year and higher stripping ratio compared to the year before. In addition, costs of sales of a subsidiary in Australia were consolidated.

The gross profit margin accounted for 41 per cent, which was down from last year's 48 per cent. The coal business registered a 43 per cent gross profit margin compared to 51 per cent a year ago while the power business's gross profit margin was 16 per cent, compared to 25 per cent a year before.

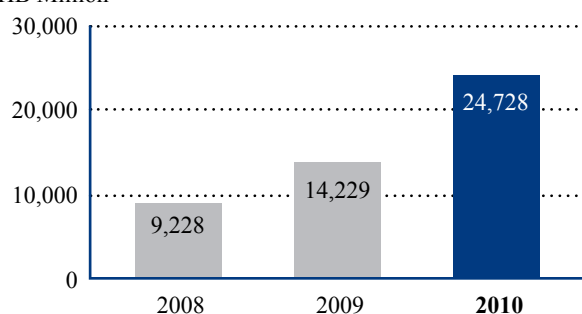
THB Million



EBITDA

EBITDA totaled THB 21,966 million, down 8 per cent or THB 1,819 million compared to the same period a year earlier. Of this, THB 18,004 million was EBITDA from the coal business and the other THB 3,962 million was EBITDA from the power business.

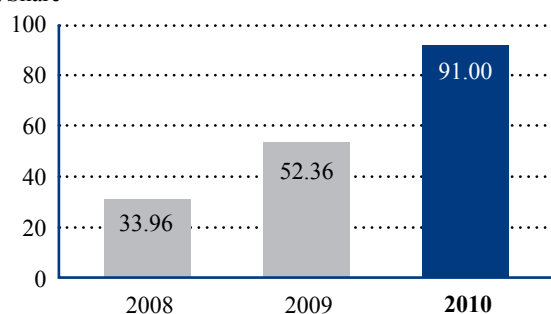
THB Million



Total Net Profit

The total net profit for the year ending 31 December 2010 was THB 24,728 million, an increase of THB 10,499 million or 74 per cent from the same period a year earlier.

THB/Share



Earnings per Share

Earnings per share for the year ending 31 December 2010 was THB 91 a share or a jump by as much as 74 per cent from the same period of 2009 at THB 52.36 a share.

2010 FOCUS: BANPU'S STRATEGY

Banpu went through a strategic planning process in 2009 and early 2010 to establish a new plan for the next five years. The plan is primarily for internal purposes and is intended to provide 'stretch targets' and a strategic framework rather than a detailed year-by-year blueprint. Central to the planning process is a deep assessment of Banpu's core skills and competitive advantages - both existing and latent - and of where and how these can be best deployed to maximize value for our shareholders and stakeholders in a sustainable way. The latter part of the analysis also involves various long range studies of market trends and industry dynamics.

It is no secret that Banpu continues to see its experience and expertise in coal-based energy supply and related businesses in the Asia-Pacific region as the focus of the company going forward, as it has been in the past. The Company's skills and competitive advantages in this area have been built up over more than a quarter of a century now. They have been developed and cultivated around a fundamental belief in the vital role of coal as the primary fuel for long term Asian economic growth. Coal-based energy is cheaper, more abundant and more reliable than oil-based energy and other forms of energy in Asia - and is likely to remain so for many decades to come. The origins of Banpu can be put in the context of the first oil supply crises of the 1970s and early 1980s and the growing interest in coal for both industrial use and power generation. With the current instability in the Middle East putting pressure on oil prices again, the rationale behind Banpu's first conception is arguably no less relevant today. Looking to the next five years, thermal coal import demand from China, India and other countries in Asia will continue to grow rapidly, while the main producers struggle to meet this demand. While new infrastructure and logistics routes will eventually facilitate new sources of supply, the costs associated with this are also likely to ensure that the long term marginal cost of production, and therefore prices, remain strong for the foreseeable 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 the synergistic core theme of coal-based energy supply in Asia. Banpu now has skills in coal project development, open-pit mining, underground mining, international coal marketing and power project development. The company has developed an aptitude and appetite for learning new skills. Perhaps most important of all, Banpu has tried to foster a cohesive corporate culture and stakeholder philosophy. In turn we have endeavored to protect our competitive advantages and stakeholders with a set of effective corporate governance and risk management systems. Overall these achievements have been designed to 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 very much as a 'growth company' and will seek to achieve similar long term growth rates in the future to those attained over the past two decades. Going forward, the company will continue to be pro-active in originating and evaluating new growth opportunities in its existing geographies and competencies. As in previous years we will also 'push the boundaries' from time-to-time, breaking out of our comfort zones to obtain 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 coalmining 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, Australia and potentially other geographies, both organically and through acquisition growth. The divestment of Banpu's 14.9% shareholding in Ratch was a signal of the company's determination to deploy its capital first and foremost around its core strategy - and around assets where Banpu can ensure that the highest returns are achieved. However, Banpu will also continue to seize any new power investments where there are demonstrable synergies with its coal business and where superior returns can be generated. Banpu will also be seeking value-creating ways of diversifying into renewable forms of power generation, green fuels and clean coal technologies. This 'New Energy' strategy should be seen in the context of Banpu's philosophy of sustainability and innovation. While we see coal as a relatively sustainable form of energy (cheap, abundant, reliable...) we also recognize 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 and related technological developments today. While it is a very small and tentative first step in this direction, Banpu announced its first foray into green energy in 2010 with the set-up of Biofuel Development Holdings Co., Ltd. and a joint venture called Surin Green Energy Co., Ltd. with MP Energy Co., Ltd., a subsidiary of Mitr Phol Sugar Corp., Ltd. We hope this is a seed which grows and flourishes in the years ahead.

SUMMARY OF MAJOR CHANGES AND DEVELOPMENTS IN 2010 AND MAJOR CURRENT EVENTS

Coal Business

1. Acquisition of Centennial Coal Co., Ltd.

- On 6 May 2010, Banpu Minerals (Singapore) Pte. Ltd., (BMS), (a subsidiary company in which Banpu holds 100 per cent of its total shares), acquired 14.9 per cent of all ordinary shares in Centennial Coal Co., Ltd. (Centennial) from various sellers totaling 58,830,450 shares. This accounted for a total of AUD 282.15 million or equivalent to THB 8,344.67 million (based on the exchange rate of THB 29.5755 per AUD 1 as of 26 May, 2010).

Founded in 1989, Centennial manufactures and sells thermal coal and coking coal for domestic consumption in Australia and export markets. Centennial exports approximately 25-35 per cent of its coal and is a major coal supplier to the New South Wales energy industry in Australia.

- On 15 June 2010, BMS acquired an additional stake of 5 per cent of all ordinary shares in Centennial totaling 19,752,508 shares from various sellers. This accounted for a total of AUD 97.71 million or equivalent to THB 2,737.79 million (based on an exchange rate of THB 28.0195 per AUD 1 as of 14 June 2010). This increased Banpu's total shareholding in Centennial to 19.9 per cent.

- On 5 July 2010, BMS made an off-market takeover offer for all of the shares in Centennial that it does not already own (the "Offer").

Under the terms of the Offer, BMS would offer Centennial's shareholders AUD 6.20 per share. The Offer was conditional upon certain conditions including Foreign Investment Review Board (FIRB) and Banpu's shareholder approvals, and the achievement of a relevant interest in 50.1 per cent of Centennial's shares.

Centennial's Board of Directors unanimously recommended that Centennial's shareholders accept the BMS's Offer in the absence of a superior proposal and an independent expert finding that the Offer was not fair and reasonable to Centennial's shareholders. Centennial's directors intended to accept the BMS's Offer in respect of any shares held by them, or on their behalf.

BMS was of the opinion that an acquisition of Centennial would be the initial step in driving further consolidation of the Australian coal sector. In addition, BMS would be strongly supportive of the Centennial management team and its strategy, and would expect Centennial's existing management team to continue with operations and development projects as planned.

- On 20 September 2010, FIRB notified BMS with a statement of "no objections" regarding the acquisition of 100 per cent share of Centennial. Obtaining a statement of "no objections" from FIRB is one of the key conditions attached in the announcement of takeover offer.

- On 26 November 2010, BMS successfully held 100 per cent of Centennial's shares.

2. Sales of 8.72 per cent of PT. Indo Tambangraya Megah Tbk's shares

- On 2 September 2010, BMS sold 98.5 million shares, which accounted for 8.72 per cent of the shares in PT. Indo Tambangraya Megah Tbk (ITM), at IDR 36,150 per share to institutional investors via a market placement transaction. ITM is Banpu's coal mining business listed on the Indonesian Stock Exchange. After the transaction, Banpu remains ITM's largest shareholder with a shareholding of 65 per cent.

The transaction generated proceeds to BMS of approximately USD 395 million or an equivalent to THB 12.325 billion (based on an exchange rate of THB 31.202 per USD 1 as of 1 September 2010). The main objective of this divestment was to strengthen the Banpu's consolidated balance sheet. The reduction in BMS's shareholding in ITM would not affect its long term commitment to ITM and the search for further growth opportunities in Indonesia.

Power Business

- On 2 April 2010, Banpu Power Ltd. (BPP), (a subsidiary in which Banpu holds 99.99 per cent of its shares) which holds 40 per cent of stake in Hongsa Power Company Limited (HPC), a joint venture company incorporated to operate the Hongsa Power Project in the Laos PDR, entered into the Power Purchase Agreement (the PPA) with the Electricity Generating Authority of Thailand (EGAT). Upon the agreement, the period of PPA will be 25 years from the Commercial Operation Date (which is anticipated to be in 2015).

- On 5 August 2010, HPC entered into the credit facilities contracts with nine financial institutions. It is noted that the contracts set out the preliminary agreements on the approximately USD 2.783 billion or approximately THB 94.620 billion borrowing for the development of Hongsa Power Project with debt-to-equity ratio of 75:25.

The Hongsa Power Project is the joint investment among BPP, Ratchaburi Electricity Generating Holding Public Company Limited (RATCH), and Lao Holding State Enterprise (LHSE). The Hongsa Power Project is the lignite-fired thermal power project with installed capacity of 1,878 megawatts located in Hongsa District, Xayaburi Province, Lao PDR. The project cost of Hongsa Power Project is USD 3.710 billion.

- On 18 November 2010, Banpu Public Company Limited, and its subsidiary BPP, (collectively “Banpu Group”) sold a total of 202.4 million existing common shares, which constituted Banpu Group’s entire holding in RATCH or 13.96 per cent of RATCH’s issued and paid up capital, through a global bookbuild transaction to both local and international investors at THB 33 per share. The sale of RATCH shares was in line with Banpu’s long-term corporate strategy to concentrate on its coal and coal-related businesses. The transaction generated gross proceeds to Banpu Group of approximately THB 6,679 million or USD 223 million (based on an exchange rate of THB 29.98 per USD as of 18 November 2010).

Others

- On 29 September 2010, the Board of Directors’ Meeting resolved to approve an interim dividend payment from the retained earnings and the profit earned from the operation during the six-month period ended 30 June 2010 for 271,747,855 eligible shares at a rate of THB 8 per 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 28 October 2010.

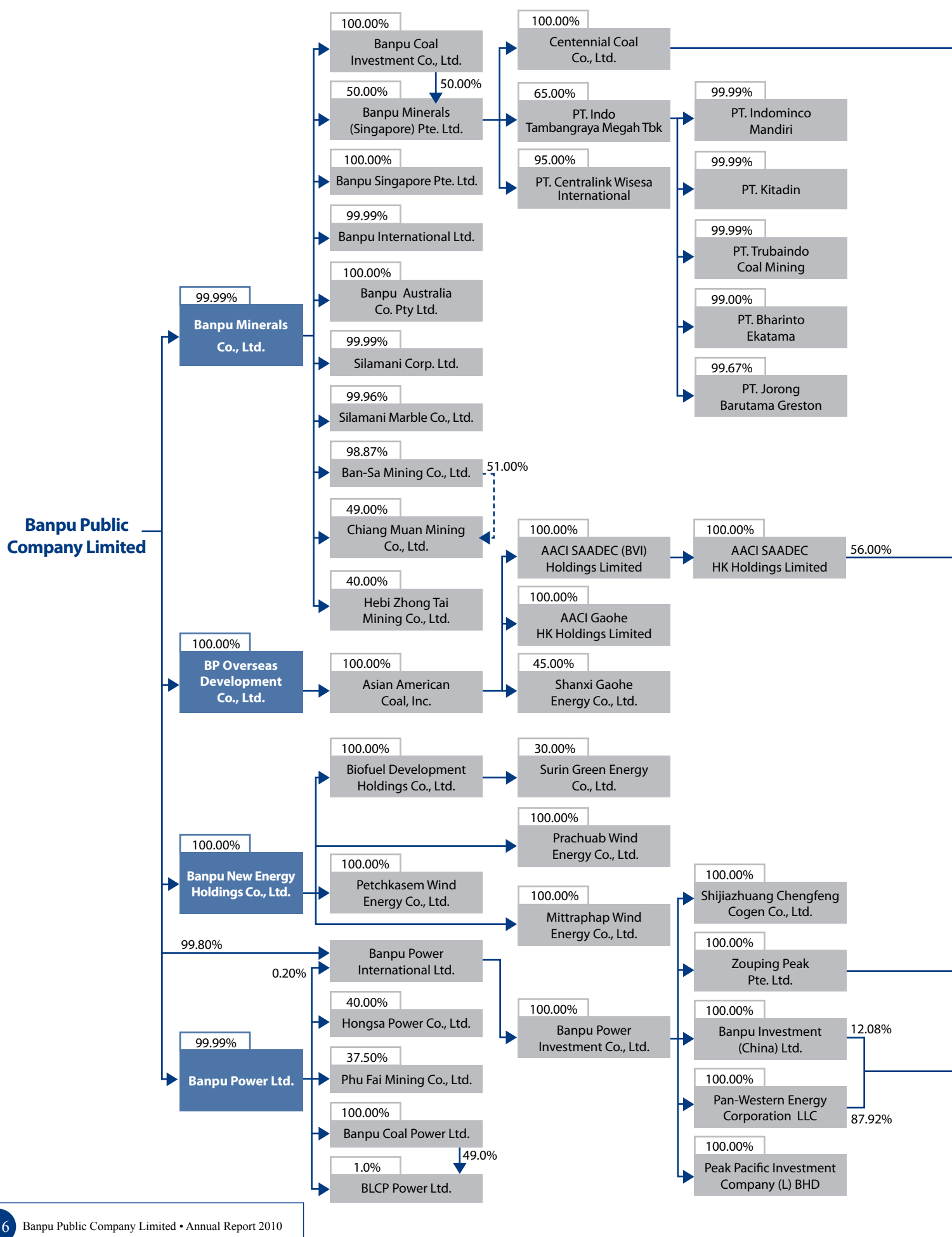
- On 22 December 2010, the Board of Directors’ Meeting approved to pay a special interim dividend from the retained earnings and the profits earned from the operations during the nine-month period ended 30 September 2010 for 271,747,855 eligible shares at a rate of THB 5 per share or a total of THB 1,358,739,275. The dividend was appropriated from the profits after corporate income tax where shareholders were entitled to tax credits. The payment of the interim dividend is scheduled on 21 January 2011.

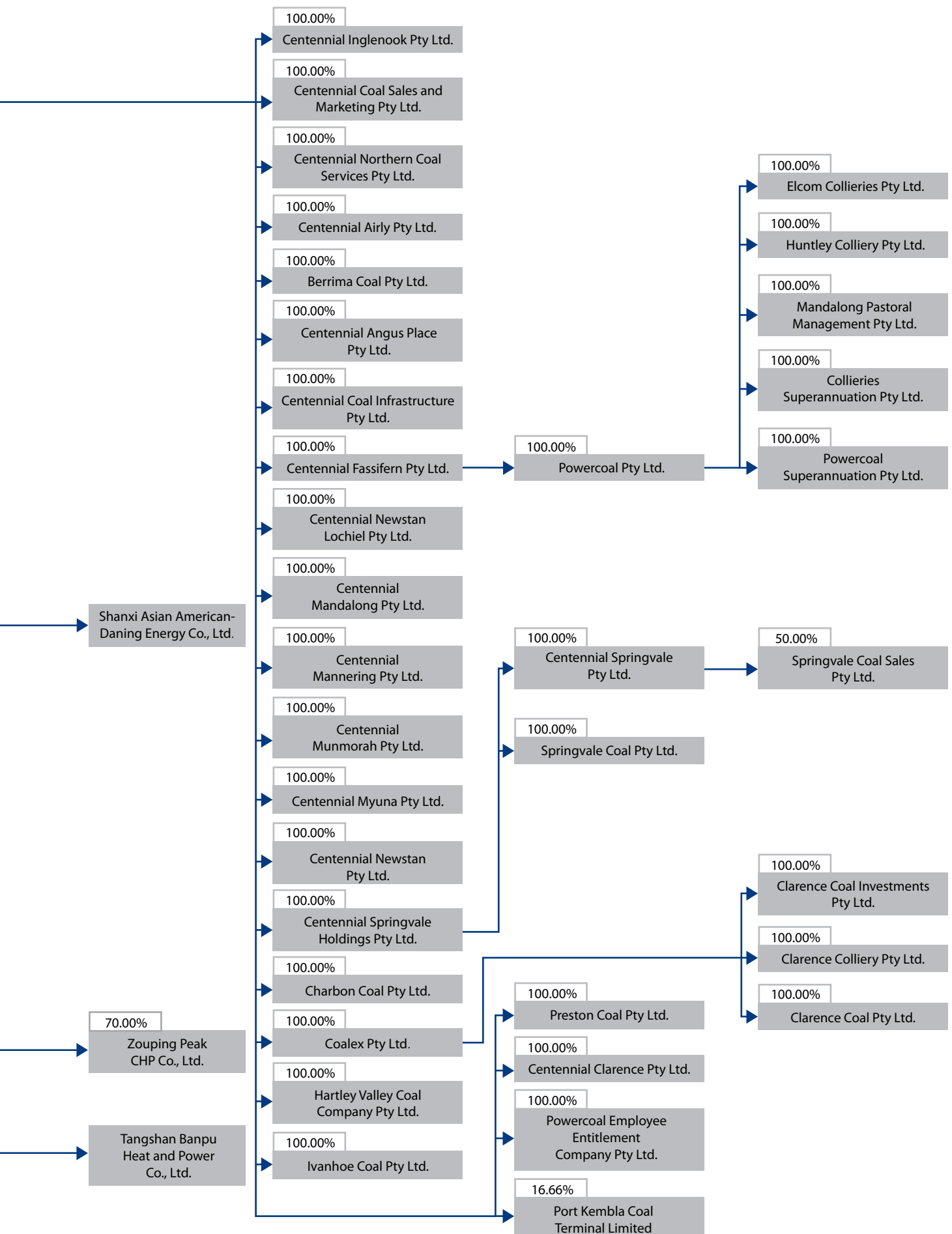
- On 23 February 2011, The Board of Directors’ Meeting resolved to pay a total dividend of THB 21 per share, which consists of the annual dividend for 2010 performance at the rate of THB 16 per share (of which THB 8 was paid as interim dividend on 28 October 2010). In addition, the Company has considered and paid the special interim dividend at the rate of THB 5 per share on 21 January 2011. Thus, the remaining THB 8 dividend for 2010 performance would be further paid out of the retained earnings and profits from the operation during the period of 1 July 2010 - 31 December 2010. The THB 8 dividend is appropriated from the corporate income tax - exempted profit on which shareholders are not entitled to tax credits. The dividend payment is scheduled on 29 April 2011.

BANPU GROUP STRUCTURE

As of 31 December 2010

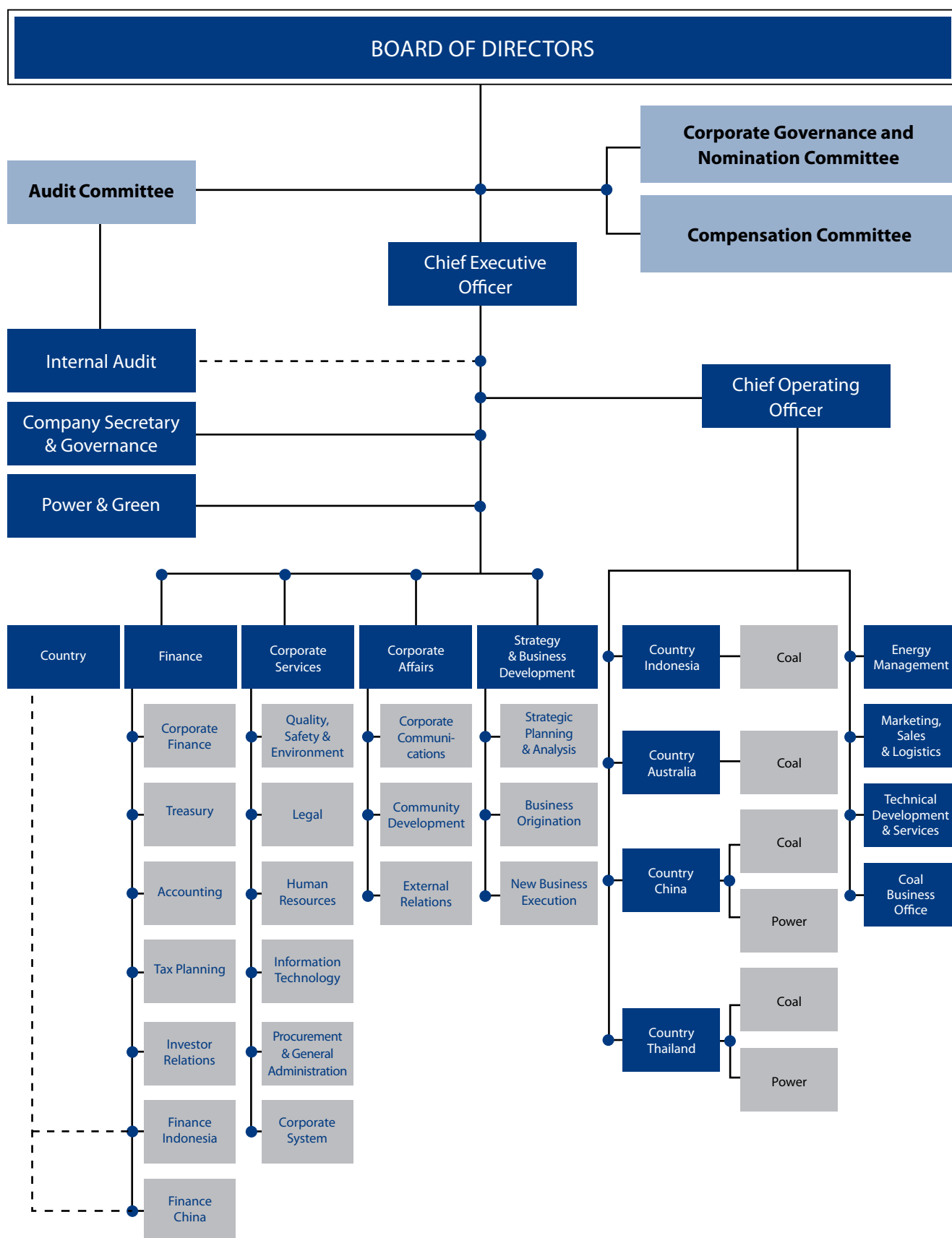
(Entities with 10 percent or more shares held by Banpu)





ORGANIZATION CHART

As of 31 December 2010



MANAGEMENT STRUCTURE

The Company's management structure as of 31 December 2010 consisted of the Board of Directors and executive officers. Half of the 12-member Board of Directors are independent directors. There are three 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. Vitoon Vongkusolkrit*	Vice Chairman
3. Mr. Rutt Phanijphand	Independent Director
4. Mr. Montri Mongkolswat	Independent Director
5. Mr. Kopr Kritayakirana	Independent Director
6. Mr. Somkiat Chareonkul	Independent Director
7. Mr. Anothai Techamontrikul	Independent Director
8. Mr. Sawatdiparp Kantatham	Director
9. Mr. Chanin Vongkusolkrit	Director
10. Mr. Metee Auapinyakul	Director
11. Mr. Ongart Auapinyakul	Director
12. Mr. Verajet Vongkusolkrit*	Director

Note: * Mr. Soonthorn Vongkusolkrit resigned from his directorship on 1 June 2010. The Board of Director appointed Mr. Verajet Vongkusolkrit as Director in place of Mr. Soonthorn Vongkusolkrit for the remaining term of the resigned Director from 1 June 2010 until the 2012 Annual General Meeting of Shareholders (AGM). The Board also appointed Mr. Vitoon Vongkusolkrit as Vice Chairman of the Board.

Directors with Authority to Sign on Behalf of the Company**

Two of the following five board members; namely, Mr. Chanin Vongkusolkrit or Mr. Sawatdiparp Kantatham or Mr. Metee Auapinyakul or Mr. Ongart Auapinyakul or Mr. Verajet Vongkusolkrit, shall jointly sign a document together with the Company's seal.

Note: ** On 22 March 2010, the Board of Directors authorized five directors whose signatures were to bind the Company. It also amended an authorized signatory from Mr. Soonthorn Vongkusolkrit to Mr. Verajet Vongkusolkrit starting from 1 June 2010.

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.

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, including co-organizing seminars with the management to transfer technical knowledge directly related to the Company's business.

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 also be assessed. This duty is entrusted to the Corporate Governance and Nomination Committee.

2. The Audit Committee consists of:

- | | |
|-------------------------------|---------------------------------|
| 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. The Committee has been in office from April 2010 and its term will end at the 2013 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. (See more information in Banpu’s website under the “2009 Audit Committee Charter”).

3. The Corporate Governance and Nomination Committee consists of:

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

The Corporate Governance and Nomination Committee’s term of office is three years, starting from April 2010. Its term will end at the 2013 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. (See more information in Banpu’s website under the “2009 CG & Nomination Committee Charter”).

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 2010. Its term will end at the 2013 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. (See more information in Banpu's website under the "2009 Compensation Committee Charter").

5. The Management* consists of:

- | | |
|---------------------------------|---|
| 1. Mr. Chanin Vongkusolkrit | Chief Executive Officer |
| 2. Mr. Somyot Ruchirawat* | Chief Operating Officer |
| 3. Ms. Somruedee Chaimongkol | Chief Finance 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: * Mr. Rawi Corsiri reached retirement age and stepped down from his position on 31 December 2010. The Board of Directors has appointed Mr. Somyot Ruchirawat as Chief Operating Officer (COO) since 1 January 2011.

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 the 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 interests 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.

The Board of Directors has also issued the "the Board of Directors' 2011 Best Practices for Appointment of Additional directors or for Replacement of any Directorship Vacancy" to comply with the laws, rules and regulations relating to the nomination of the Company's directors.

MARKETING AND COMPETITIONS

Marketing

1. Coal Marketing

1.1 Overseas Coal Market

The overall coal market in 2010 witnessed a relatively high growth due to soaring demand from Asia, especially from China whose imported coal demand increased 57 per cent from the previous year. Meanwhile, demand for coal of India, Japan and South Korea also increased in conjunction with the economic recovery in this region. In South Korea alone, coal users used more low quality coal from Indonesia. In contrast, coal demand of Europe dropped 10 per cent from the previous year as a result of financial crisis in many European countries that lasted longer than expected. However, Asia's demands for imported coal increased far greater than the falling demand of Europe. This made the overall world market grow over 8 per cent from the year before.

On the coal production side, Indonesia, the world's biggest thermal coal exporter, faced heavy rainfalls throughout last year. This situation impacted Indonesia's production capacity so greatly that it could not export as much as planned. Meanwhile, thermal coal export volume from Australia did not increase much either. All of these factors caused Newcastle Port's coal prices, the benchmark for Asia's prices, to hover at high level all year round. On the world market, coal prices started to rise since the end of October 2010 due to severe rainfalls in Queensland, Australia and Colombia, the two major coal exporting countries, resulting in limited number of coal exported to the market.

Competition Strategies

Competition in 2010 was not so intense thanks to the high demand from the market. Hence, Banpu emphasized instead Customer Relationship Management (CRM) to improve upon forging a long term relationship with each customer. Banpu's main competition strategies are:

- *Expanding customer base*

Banpu extended its customer base to the People's Republic of China, which records the world's highest growth market for coal, as it signed short and long term contracts with Chinese purchasers. This made Indonesia-to-China sales volume increase by 57 per cent.

- *Customer Relationship Management*

Banpu has established Customer Support Management Unit to study customers' needs and to improve its internal work process to respond better to valued customers.

- *Improving Quality Control*

Banpu has improved its quality control mechanism by establishing the Coal Quality Compliance Committee. This unit's responsibility ranges from forecasting coal quality early at the production planning stage and inspecting quality of coal before delivery to customers. As coal quality is checked from the start, if any problem arises, an appropriate correction can be made immediately. With this system, the customers can be rest assured that quality of Banpu's coal is up to its fine standard.

- *Central Coal Laboratory*

Banpu constructed a central laboratory at Bontang Coal Terminal, its main coal terminal in Indonesia to inspect its coal quality before delivery to customers. At present, Banpu commissions two independent surveyors at this facility to speed up the release of each coal quality analysis report to match with Bontang Coal Terminal's fast growing shipping volume.

- *Customer Satisfaction Survey*

Banpu has conducted customer satisfaction survey via both papered questionnaires and one-on-one customer interviews to learn specific needs of customers. This assists in improving Banpu's internal work process through customers' suggestions.

- *Up-to-date Coal Market Database*

Banpu has constantly been updating and improving its database to cover all aspects of coal market information ranging from coal demand, coal exports, coal price movements to coal market situations in all parts of the world. Not only that this information must be updated real-time but it must also be ready to use, allowing the Company to adjust its strategy in response to the changing market situation in a timely manner.

Major Competitors

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

Pricing Policy

In general, Banpu sets its coal prices based on market prices at the time. The Company usually negotiates selling prices with each customer once a year. Several deals in this nature are made with different customers throughout the year depending on an agreement signed with each customer. Prices can be fixed or floated according to the world's market prices, widely known as index linked prices. Fixed price guarantees Banpu's incomes and reduces its exposure to the world's market coal price volatility. Yet, Banpu continues to adjust a proportion of its fixed and index linked price transactions according to market conditions at the time. That is why Banpu's coal prices of the previous year were on the same line as the world's market prices at a high level.

Customers

Banpu's primary market remain large coal-fired power plants with high demand from various parts of the world, namely Japan, 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.

Distribution and Distribution Channels

In order to sell coal to customers, Banpu either sells it directly or through agents. Direct selling usually takes place in countries where a Banpu office is present such as Indonesia and Thailand. In country where Banpu has no presence, local agents are used to facilitate customers.

1.2 Australia's Coal Market

Coal can be found in every state of Australia. Queensland and New South Wales are the states with highest quantity of black coal which comprises sub-bituminous, bituminous and anthracite. Australian Resource Assessment reported that Australia currently has more than 100 active coal mines and over 35 mines are in developing stage. The Australian Bureau of Agricultural and Resource Economics (ABARE) has estimated that Australia is:

- *World's fourth largest coal producer*
- *World's largest coal exporter*
- *World's largest coking coal exporter*
- *World's second largest thermal coal exporter*
- *The country that possesses world's fourth largest coal resources (approximately 76,400 million tonnes according to ABARE)*
- *The country where major demand for thermal coal in Australia's domestic market comes from power generating businesses.*

While growing economy of several countries in Asia, especially China and India, boosts the demand for exported coal from Australia. Currently, Japan is Australia's number one thermal coal importer. On the global scale, Australia is the second largest thermal coal exporter in the world after Indonesia. Australian coal export depends on seaborne transportation to major importing countries in general.

- Coal Prices History

Coal prices in Australia are based on global prices. Prices reflect quality, calorific value and properties of the coal. Since Australia is one of the largest coal exporters, it has its own reference price called Newcastle FOB. This price is a Spot Market price at Australia's Newcastle Port, excluding any transportation costs incurred.

Domestic coal prices, on the other hand, depend on negotiation between a coal company and a customer with or without export parity reference prices. However, if a long term agreement is the case, prices that a coal company is settled on can be different from that of the world's market.

- Infrastructure

Good infrastructure plays an important role in maintaining Australia's standing as a world's leading coal exporter. Crucial infrastructure for coal businesses is comprised of sea ports, roads, conveyor belts and railroads. In Australia, long established coal mines that are located near shorelines usually have ready access to the domestic transportation system. On the other hand, newly developed sites can suffer from the lack of access to sea ports and other infrastructures necessary for mine-to-port transportation—a limitation in exporting of the nation. With this respect, Australian Government is building additional sea ports by letting private companies to co-invest in the projects.

Centennial's Distribution

• Centennial's Respond to Continuing Growing Demand

Most of the coal Centennial produces is sold domestically to New South Wales power plants. Yet, the export volume to Asian power plants continues to rise. At present, Centennial distributes approximately 80 per cent of coal used at the government owned Delta Electricity power plants Western Region. To sell coal to these plants, Centennial signed a long term agreement which specifies both purchasing volume and forward prices.

These domestic contracts with New South Wales power plants give advantages to Centennial as follows:

- *Centennial's mine has a coal transportation system that connects to the power plants directly (Mine-mouth).* The purposely built roads and conveyor belts conveniently move coal into the plants, reducing both Centennial's transportation costs and environmental impact to local communities.

- *Coal used by domestic power plants is non-washing coal.* This means less procedures for post-mining production.

- *These purchasing contracts are in Australian Dollars;* this eliminates risks on exchange rate fluctuation.

- *Domestic market means a continuing business;* therefore, it generates ongoing cash flows from respectable customers to Centennial.

Although presently coal prices by these contracts are still lower than export or world's market prices, in the past few years there were several changes in the coal market that would eventually increase domestic coal prices to be in line with their export parity. Those changes include:

- *Coal prices increase from various reasons,* for instance, cost pressure, increasing demand from export market, lack of new supply, and instability of new as well as current and future supply. These are basic factors that will contribute to higher thermal coal's prices in the near future. Centennial itself also stated that once these existing contracts expire, new contract prices might be adjusted to reflect the export parity prices.

- *Foreign customers started to accept coal with higher ash content* because a secured coal source is more important to these coal buyers. Hence, this is a chance for Centennial to sell more coal with high ash content to overseas market.

- *To improve infrastructure capability was once a coal export's limitation.*

- *Overseas power plants give priority to having a secured coal source rather than price.* The prove is that many foreign power generating businesses now started to invest in an Australian coal mines in exchange of a long-term coal supply.

- *In the last few years, coal mining license has become more and more difficult to obtain,* making supply expansion almost impossible. Therefore, domestic power plants might have to pay higher prices to ensure that sufficient amount of coal will be supplied to their operation. This also means that they will buy as much as possible from current coal sources as well as sources that locate close to their plants.

In short, increasing demand for energy and tougher challenges in finding a new energy source makes existing coal mines more valuable. Considering aforementioned factors, Centennial has planned its sales volume to respond to the ever increasing demand for thermal coal from both domestic and international markets. Therefore, it is now expanding production capacity for exported coal at the Airly mine, of which the export can be arranged via Kembla Sea Port. In addition, Centennial is investing in an infrastructure for Mandalong mine, which exports through the Newcastle Sea Port.

- *Access to Infrastructure*

Transportation capacity and its reliability are the key to success of a coal business. One of Centennial's many strengths lies on its efficient transportation system that enables a prompt delivery to domestic power plants. As a matter of fact, Centennial is the only producer that is able to transport coal without depending on public roads. For international shipment, Centennial generally chooses to export through the Kembla Port in Wollongong.

During the past few years, crowded traffic at the Newcastle Port was what Australian coal producers had to endure. In September 2009, the New South Wales government in association with the Waratah Coal Services Port and the Newcastle Coal Infrastructure Group (NCIG) Port all agreed upon the Capacity Framework Agreements to see into much needed sea ports expansion to respond to the ever increasing demand.

The Waratah Coal Services (PWCS) Port had first increased its logistics capacity to 102 million tonnes a year and, later, raised the figure up to 113 million tonnes by the end of 2010.

The Newcastle Coal Infrastructure Group (NCIG) Port's first phase of construction was completed in the first half of 2010. Its operation then commenced soon after with a capacity of 30 million tonnes a year. At present, NCIG is raising fund for the second phase of the expansion.

1.3 Thailand's Coal Market

Coal demand from industrial sector during the first 11 months of 2010 increased 3.1 per cent from the same period last year due to the economic recovery. Locally produced coal consumption also increased 6.8 per cent from the year before as coal prices floated at a high level. High prices invited small sized producers to produce more. However, as Thailand's domestic coal reserve is limited, production volume cannot expand much.

Domestic coal consumption only accounted for 11 per cent of total demand from the industrial sector, meaning that Thai manufacturers heavily depended on coal imported from overseas. In the first 11 months of 2010, imported coal volume rose 2.6 per cent from the same period of 2009. Imported coal market itself, therefore, saw a fierce competition from a large number of coal dealers. Some of them have their own coal storage that could keep the imported coal for later customer deliveries.

Competition Strategies

- *Locally Produced Coal*

At present, all Banpu's domestic coal mines are closed due to depletion of their coal reserves. However, The Company still operated a small volume of coal washing production, a process to improve coal quality. This washed coal was, then, delivered to the Company's long-term contracted customers with no leftovers for any retail deals.

- *Imported Coal*

- *Banpu's way of business relies on its long term relationship with customers.* The Company is highly committed to answering customers' requirements in terms of quantity, quality and on time delivery. This philosophy is continuously followed in servicing all customers.

- *Coal Distribution Center*

Banpu utilizes its two distribution centers to stock coal imported from overseas before gradually distributing it to customers. The objective is not only to relieve Banpu's burden on managing coal storage but also to help its customers reduce inventory costs. Banpu emphasizes on-time delivery and quality control to match each customer's requirements. The Company also focuses at compliance with environmental regulations and take several preventive measures to avoid the impact on nearby, believing this will contribute to delivery stability in the long run.

Major Competitors

• *Locally Produced Coal*

Competitors in this market are the Siam Cement Industry Co., Ltd. (this company produces and supplies coal to the Siam Cement Group) and minor coal producers.

• *Imported Coal*

In 2010, there were 15 coal dealers that imported and distributed coal in Thailand. Around 10 of these own a coal storage. However, most of the sellers do not have their own coal resources; they are merely a trading company. The rest of coal dealers are major foreign coal dealers, namely Rio Tinto, Glencore, Noble Energy and Eastern Energy.

Pricing Policy

• *Locally Produced Coal*

As Banpu's domestic coal supply is limited and the amount is reserved for long-term contracted customers; therefore, the Company's coal selling prices are bound by each contract.

• *Imported Coal*

Imported coal is priced depending on pricing mechanisms in the world's market and varied in different periods. An agreement made with a customer can be either a one-time delivery or for a period of one year or longer based on customer's requirements.

Customers

Majority of Banpu's customers are cement factories, coal-fired power plants and factories with coal boiler, for instance, pulp and paper, petrochemical and textile businesses.

2. Marketing of Power Business

2.1 Power Business in China

In 2010, Banpu administered its business to be in line with market opportunities. In winter time when demand for steam was high; Banpu dedicated its full capacity to producing and distributing electricity and steam. During other times when the need for both power and steam was low, the Company would shift its focus to production efficiency instead to reduce production costs.

As the Chinese government has laid a stringent policy on energy efficiency and pollution control, Banpu's businesses were indirectly affected, especially in the second half of 2010 when demand for power and steam slightly decreased as a result of the government campaign. Nevertheless, judging from its business turnover all through the year, Banpu not only achieved its production and sales target but also surpassed its 2009 performance by the aforementioned management policy.

Regarding the 2010 coal situations in People's Republic of China, an average coal price was higher than that of 2009 owing to limited supply as a result of Chinese government's policy to reduce the number of small sized coal mines (to improve coal mining safety standard). On the other hand, demand for coal continued to rise due to the rising Chinese economy. Inevitably, these factors invited middlemen's speculations at certain times of year. However, at the end of November 2010, the Chinese government announced the coal price control measures, causing coal prices to weaken slightly.

Competition Strategies

Combined heat and power (CHP) plants receive more supports from Chinese government due to higher energy efficiency and lower pollution compared to other power plants in general. CHP plants therefore enjoy a number of privileges including guaranteed power purchase agreement between the Company and local power authority and an exclusive right to sell steam and heat to designated districts. Banpu takes these factors into account and formulates its competition strategies as follows:

- *Service Quality and Customer Relationship Management*

Banpu always emphasizes quality and services. This translates into the Company's readiness and stability in both power and steam production and distribution, allowing customer's needs will be answered quickly. Banpu maintains good customer relationship on the basis of integrity and mutual benefits, which help gain customers' trust and credibility.

- *Costs Management*

Banpu has an effective costs management system, especially in terms of energy and coal costs. Banpu's strategies are to buy coal when prices decrease, to reserve it for own use when prices increase, and to improve the production efficiency to reduce costs.

- *Adaptability*

In responding to changes in Chinese market's conditions, Banpu continuously keeps a close watch and adjusts its business operation according to market situation. This ensures that the Company can capture business opportunity as well as reduce negative effects that come with the change.

- *Relationship Management with Local Authority and Community*

Banpu's relationship with local authority is created based on its aim to jointly provide fundamental utilities (power and steam) to local community. Banpu currently supports various kinds of community's activities. In return, the Company receives good support from local authority in relieving the impact when its operation is affected by an uncontrollable external factor. Among other things, Banpu is recognized by the local authority and community as a role model in conducting business with responsibility.

2.2 Power Business in Lao PDR

Together with Ratchaburi Electricity Generating Holding Plc. (RATCH) and Lao Holding State Enterprise (LHSE), Banpu has jointly established Hongsa Power Company Limited (HPC) and Phu Fai Mining Company Limited (PFMC). The two companies with headquarters in Vientiane, Lao PDR are granted a concession for development of the 1,878 MW lignite-fired mine mouth power project (the Hongsa Power Project) located in the North of Lao PDR. The electricity generated will be supplied to Electricity Generating Authority of Thailand (EGAT) and Lao PDR by 2015.

In 2010, the Hongsa Power project received credit facilities from nine financial institutions worth approximately USD 2,790 million. The project finance contracts were signed in August 2010.

2.3 Power Business in Thailand

Banpu has invested 50 per cent in the BLCP power plant, which equals 717 equity megawatts of power. The generated power is then sold to the Electricity Generating Authority of Thailand under a long-term IPP (Independent Power Producer) power purchase agreement.

Competition Strategies

• *Coal-fired Power Plant in Thailand*

Banpu's main priorities are environment and community acceptance. Recently in Thailand, there has been an increasing awareness on environmental issues that lead to amendments of laws and regulations and improvements of environmental standards. This also means more investments in environmental activities and more protests against the coal-fired power plant across the country. The lack of clear policy directions and assurance from the government have made an investment in a new project riskier.

Competitions

1. Competitions in the Coal Industry

In 2010, competitions in the thermal coal market were not intense. This was especially the case with the high quality coal segment whose demand from Asian customers rose considerably while coal productions in many countries were affected by heavy rainfalls. In short, coal market was in a supply-deficient state.

The entire world's coal import in 2010 totaled 726 million tonnes or 8 per cent increase from the year before. In Asia alone, demand for imported coal rose by 17.6 per cent from the previous year with China and India as major importers. Nevertheless, demands for coal in Europe fell by 10 per cent compared to the same period of 2009 because many countries in Europe still struggled from the regional financial crisis. Moreover, falling natural gas prices encouraged gas power plants to increase their production. The expansion of hydro power plants in various parts of Europe was another explanation on the declining demands for coal in this region.

As for thermal coal export situations in 2010, a total of 728 million tonnes signified a 6.7 per cent increase from last year. Indonesia remained the world's largest exporter with a volume of 270 million tonnes despite year-long heavy rainfalls. Following at the second place was Australia which exported a total of 140 million tonnes. On the other hand, coal export quantity of South Africa did not increase much due to limitation in coal transportation. A similar export performance happened to Colombia which faced falling demand from its major markets, the United States and Europe, coupled with production difficulties from year-end rainfalls.

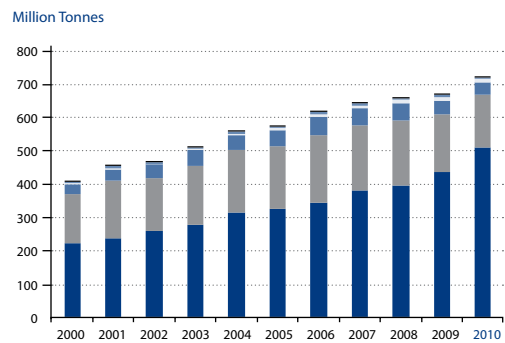
When increasing demand met with limited supplies as most major coal producing countries experienced production hindrance from severe rainfalls, it was natural for coal prices to float at a high level almost all year-round. Competitions were also non-aggressive, especially in the high calorific value coal segment. Low calorific value coal segment, meanwhile, saw a fiercer competition with an arrival of many new producers from Indonesia.

Australia-Japan Reference Price set a price for coal delivered in 2010 (April 2010 – March 2011) at USD 98 a tonne, a 40 per cent increase from the previous year. FOB price in spot market at Newcastle Port, Australia moved sideways between USD 90-100 a tonne before picking up at the end of October 2010 because coal productions in Australia and Colombia were obstructed by heavy rains. Later in January 2011, FOB price in spot market at Newcastle Port rose to over USD 140 a tonne as a result of severe flooding in Queensland, Australia.

Historical of World Seaborne Thermal Coal Imports

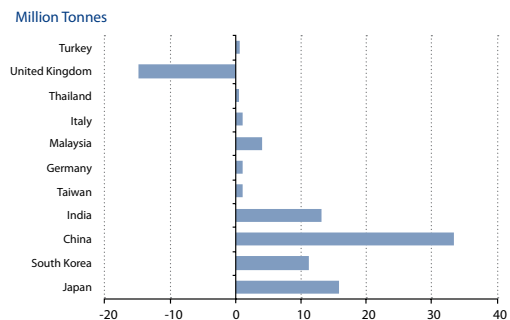


Source: Wood Mackenzie and Marketing, Sales & Logistics, Banpu



Change in Thermal Coal Import 2010 vs 2009

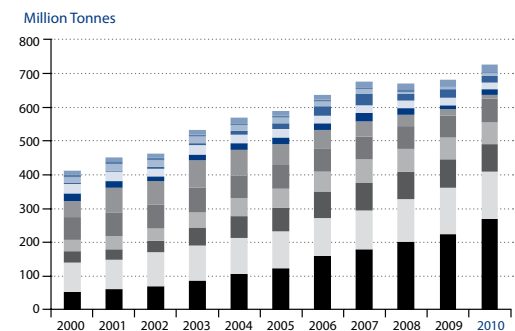
Source: Wood Mackenzie and Marketing, Sales & Logistics, Banpu



Historical of World Thermal Coal Exports by Countries

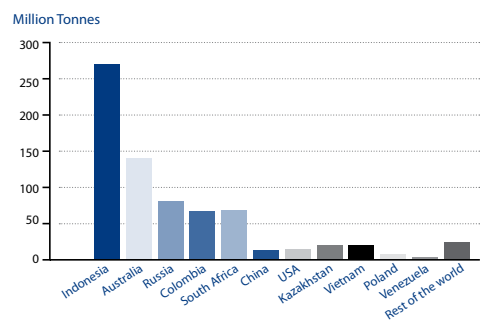


Source: Wood Mackenzie and Marketing, Sales & Logistics, Banpu

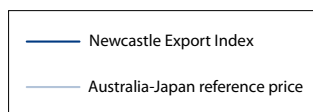


Top 10 Exporters of World Thermal Coal in 2010

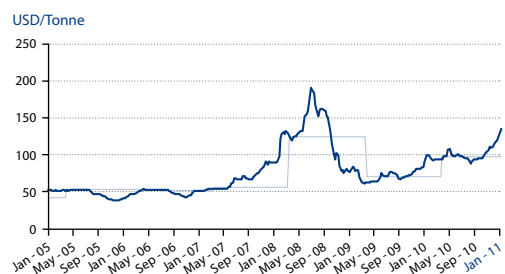
Source: Wood Mackenzie and Marketing, Sales & Logistics, Banpu



Thermal Coal Export Price FOB Newcastle



Source: Energy Publishing



1.1 Coal Business in Thailand

Demands for coal from the Thai private sector during the first 11 months of 2010 expanded 3.1 per cent from the year earlier as a result of to Thailand's economic recovery. Coal demands measured by volume totaled at 17.38 million tonnes, compared with 16.86 million tonnes from January to November of 2009. Of this, 1.96 million tonnes were domestic coal, which rose 6.8 per cent from last year since high coal prices invited small-sized producers to produce more, while 15.42 million tonnes were imported, an increase of 2.6 per cent from the previous year.

Coal Consumption in Thailand

(Unit: Million Tonnes)

	2006	2007	2008	2009	11 Months		Growth			
					2009	2010	2007	2008	2009	2010 (11Months)
Domestic Coal	3.04	2.16	2.12	2.04	1.84	1.96	-28.9%	-1.6%	-3.8%	6.8%
Imported Coal	11.21	14.41	15.98	16.39	15.02	15.42	28.5%	10.9%	2.6%	2.6%
Total	14.25	16.57	18.10	18.43	16.86	17.38	16.3%	9.2%	1.8%	3.1%

Source: Energy Policy and Planning Office, Ministry of Energy

It is predicted that the 2011's demands for coal in Thailand will further increase following an expectation of continuing economic recovery. In addition, several large-scaled coal-fired power plants in association with the IPP project will begin their operation near the end of 2011.

2. Competitions in the Power Industry

2.1 Power Business in China

China's power industry in 2010 grew at a higher rate compared to the previous year because of the flourishing economic growth rate of both industrial sector and local consumption of the country. China's growth rates for electricity demands are as follow:

	Unit	2010*	2009	2008
Growth rate of total consumption	%	16.0	6.0	5.2
Growth rate of industrial sector consumption	%	17.0	4.2	3.8
Growth rate of production capacity	%	7.6	10.2	11.1
Total production capacity	Megawatt	941,372	874,073	792,530

Notes: * Growth rates are based on January – November period. The total production capacity is the number before taking into account the power plants closed during 2010.

2.2 Power Business in Thailand *(Source: Energy Policy and Planning Office (EPPO))*

The Office of the National Economic and Social Development Board (NESDB) predicted an expansion of 7.9 per cent for Thai economy in 2010. The factors that would contribute to that growth were the recovery of global economy and investor confidence, which, in turns, would lead to an increase in Thailand's exports, investments and consumption in the private sector.

The country's installed power capacity at the end of 2010 was 30,160 MW. The 2010 highest electricity consumption was recorded in May at 24,630 MW, an increase of 2,034 MW or 9 per cent higher than the 2009 record of 22,596 MW. In the same year, Electricity Generating Authority of Thailand (EGAT) generated and purchased 165,457 gigawatts per hour, which was an 11.5 per cent increase from year 2009. The breakdown on EGAT's energy source proportion are as follow: 71 per cent natural gas, 18 per cent lignite coal, 4 per cent hydro power, 5 per cent imported energy, 2 per cent renewable energy and 0.5 per cent oil fuel.

Thailand's power consumption in 2010 was 147,724 gigawatts per hour, a rise by 9.6 per cent from the previous year. The first quarter of 2010 saw an upward trend in energy consumption as the Thai economy continued to recover. However, Thai economy slowed down again in Q2 and Q3 as the private sector consumption and export industry were hit by an appreciation of Thai Baht. Political rallies led to declining power consumption of department stores. Food industry also decreased its production to respond to the falling food supply from the agricultural sector. In Q4, flooding in various parts of the country coupled with the arrival of winter time caused domestic electricity consumption to drop.

In April 2010, the Ministry of Energy in association with EGAT issued the 2010 edition of Power Development Plan (PDP 2010) in order to establish a clear guideline for Thailand's electricity provision. Other objectives are to promote renewable energy to stimulate energy investments, and to set a vision that will eventually take green house gas emission reduction in the energy sector from plan to practice. This edition of Thailand's Power Development Plan covers a period of 2010 – 2030. It predicts that the highest electricity consumption will rise to 37,318 MW at the end of 2021 and 52,691 MW by the end of PDP 2010 in year 2030, respectively.

REVENUE STRUCTURE

For the previous 3 years ended 31 December

Banpu Public Company Limited

(Unit: THB Million)

Products/Services	Conducted by	% of Shareholding	2010		2009		2008	
			Revenue	%	Revenue	%	Revenue	%
Sales Revenues								
1. Domestic Coal	BP	100	-	-	19	0.93	273	12.10
2. Imported Coal	BP	100	597	75.57	1,923	94.22	1,890	83.65
3. Other Revenues	BP	100	193	24.43	99	4.85	96	4.25
Total Sales Revenues			790	100.00	2,041	100.00	2,259	100.00
Participating Profit (Loss) from Investment in Associated Companies (Equity Method)			6,117		7,447		4,504	
Total Revenues			6,907		9,488		6,764	

Banpu Public Company Limited and Its Subsidiaries

(Unit: THB Million)

Products/Services	Conducted by	% of Shareholding	2010		2009		2008	
			Revenue	%	Revenue	%	Revenue	%
Sales Revenues - Thailand								
1. Domestic Coal	BP	100	-	-	19	0.03	272	0.54
	CMMC	99.42	-	-	60	0.10	105	0.21
	BMC	99.99	74	0.11	22	0.04	-	-
2. Imported Coal	BP	100	597	0.91	1,923	3.32	1,890	3.74
	BPS	100	-	-	213	0.37	992	1.96
	BPI	99.99	793	1.22	1,167	2.02	1,291	2.55
	IMM	64.99	1,033	1.58	102	0.18	-	-
	TCM	64.99	451	0.69	603	1.04	-	-
	JBG	64.79	108	0.17	225	0.39	485	0.96
	KTD	64.79	27	0.44	-	-	-	-
3. Other Revenues			520	0.80	377	0.65	419	0.83
Total Sales Revenues - Thailand			3,603	5.52	4,711	8.14	5,454	10.79

REVENUE STRUCTURE

Banpu Public Company Limited and Its Subsidiaries (Continued)

(Unit: THB Million)

Products/Services	Conducted by	% of Shareholding	2010		2009		2008	
			Revenue	%	Revenue	%	Revenue	%
Sales Revenues - Overseas								
1. Coal - International Trade	IMM	64.99	33,072	50.66	30,786	53.20	24,209	47.91
	KTD	64.99	2,498	3.83	1,150	1.99	-	-
	TCM	64.99	13,971	21.40	14,104	24.37	14,946	29.58
	JBG	64.79	779	1.19	2,326	4.02	1,461	2.89
	CEY	100.00	6,498	9.95	-	-	-	-
2. Power	BIC	100.00	4,865	7.45	4,788	8.28	4,460	8.83
Total Sales Revenues - Overseas			61,682	94.48	53,154	91.86	45,076	89.21
Total Sales Revenues			65,285	100.00	57,865	100.00	50,530	100.00
Participating Profit (Loss) from Investment in Associated Companies (Equity Method)			6,117		7,447		4,504	
Total Revenues			71,402		65,312		55,034	

Notes: 1. Other incomes consisting of other services

2. The Company did not recognize sales incomes derived from its Power Business in Thailand 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 reporting; and the Financial Management Committee that meets every month to monitor and manage financial-related risks. 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 Increase Its Coal Reserves

In its long-term business plan, Banpu incorporated both internal and external factors in the formulation of the plan to ensure that it could keep up with rapidly-changing business situations. The investment plan in existing and new assets in order to secure additional coal reserves for production and sales is an important factor for Banpu's growth. Therefore, Banpu places priority on the risk and takes several measures to manage it. This includes monitoring of coal and power businesses as well as other related businesses in order to know their movements or changes and learn about investment opportunities in a timely manner. Banpu also coordinates with business units to review factors to keep its investment criteria in line with current investment and business conditions. This also includes exploiting benefits from intergovernmental agreements that offer investment incentives such as an agreement between the Thai and Indonesian governments.

In terms of coal reserve study, 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 in the long run.

1.2 Risk from Formulating an Inappropriate Strategic Plan

Risk in this category could occur due to miscalculation of economic and business conditions. 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 regularly develops the skills of related internal units in forecasting economic, social and other related factors as well as develops a system and decision-support tools.

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

Banpu monitors its manpower planning 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.

1.4 Risk from Failure to Create Added Value from a New Business

Banpu has acquired a new business and risk management is executed to ensure that the newly-acquired business create a value that must not be less than what was predicated earlier. Competent staff members from various departments are assigned to coordinate with staff and management of the new entity. Priorities and urgencies are determined for short, medium and long-term periods. In addition, work procedures and collaboration process are clearly determined with a focus on creating a good relationship to facilitate change management to ensure a smooth integration and long-term growth for Banpu.

2. Financial Risk

2.1 Risk from Failure to Secure Investment Funds as Planned

Banpu manages this risk with a goal to make sure that it will have enough funds to drive the Company's growth according to its investment plan. A financial strategy has been formulated in line with Banpu's business strategy. Various scenarios relating to both internal and external sources of funds were made and carefully analyzed. Banpu focuses on maintaining a good relationship with financial institutions, capability to access funds, and efficient management of its cash flow.

2.2 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 2010, 29 per cent of the Company's loans were in Thai baht; 57 per cent in US dollars, 1 per cent in Chinese RMB and 13 per cent in Australian dollars. 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 so as to correspond 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.

2.3 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 2010, Banpu's proportion of fixed-and floating-rate loans were at 11 per cent and 89 per cent, respectively.

2.4 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. Sales and production in the short- and medium-term are constantly adjusted to reduce negative impacts from increasing cost of production. Banpu actively monitors and assesses the situation of the world's coal markets and pricing trend to seek a right opportunity in settling a sales price with customers under the contract with the Company. Price settlement is distributed throughout various periods over the year. In addition, a ratio of coal sold on an index link basis is constantly adjusted to suit the prices of coal in the world markets at the time to achieve the best possible price and to assure a constant inflow of Banpu's incomes.

3. Risk in Coal Business

3.1 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. This enables us to adjust delivery schedules in advance. In addition, Banpu also increases 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.

3.2 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 on 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. This enables it to load coal into vessels when the terminal has a problem.

3.3 Risk from Volatility in Production Costs

Fuel is a major cost for coal production. Banpu uses diesel in major mining and stripping equipment. For this reason, oil price volatility in the world's markets has a lot of effects on the Company's 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.

3.4 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 because sales prices are 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 Thai baht exchange rate.

Risk in the Power Business in China, however, is higher than the prevailing risk of the same business in Thailand. As the Company's combined heat and power (CHP) plants 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. These are major factors to manage its risks.

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, fuel cost management, 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 2010, the risk incurred from coal fuel cost increased due to increasing demand for coal in China. The Company managed the risk by buying and stocking coal at the right time and by increasing incomes from sales of its steam and heat.

5. Risk from Political Changes in China and 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. Indo Tambangraya Megah (Holding company and coal distribution company)
2. PT. Jorong Barutama Greston (Produce and sell coal - Jorong Mine)
3. PT. Trubaindo Coal Mining (Produce and sell coal - Trubaindo Mine)
4. PT. Kitadin (Produce and sell coal - Kitadin Mine)
5. PT. Indominco Mandiri (Produce and sell coal - Indominco Mine)
6. 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, China and Australia, 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 demand 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 significant impact on the Company because Banpu plans to increase the ratio of its domestic coal sales in Indonesia as well as to exercise various mechanisms allowed by the government to increase its local sales of coal. Regarding the price regulation, the Company perceives that the coal sales price agreement of each year will be done appropriately with the market situations at that time.

In addition, the Indonesian Government has signed a joint agreement with several other governments with the details that could possibly affect an issuance of forestry permit to the Company. Banpu however has managed this risk by planning to apply for important permits longer in advance. Environmental conservation in the conserved forest is also something Banpu has paid an attention to.

China

As Chinese government is constantly updating its rules and regulations to respond to economic growth of the country, there have been several changes in regulations related to energy resources. The Chinese government has recently formulated the following policies:

- Safety policy against coal mines and environment measures: measures that have been continuously executed 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 such as requiring senior mining staff to perform and supervise work underground with mine workers throughout the production period to control accidents and reduce death rate. Besides, the government also increases reserves to be put into a mine safety fund and plans to collect an environmental tax.
- Maximization of natural resources use: a 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 Chinese government also increases a ratio of money allocated for a sustainable coal development fund.
- Reducing international trade conflicts and conserving domestic energy resources by terminating import duties for coal, increasing a coking coal 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.
- Starting in December 2010, the urban maintenance and construction tax of foreign businesses in China was raised to be at the same level of those applicable to the Chinese companies at the rate of one to seven per cent while the education fund tax is charged at three per cent.

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 2011.

Australia

The Australian Government will enforce the Mineral Resource Rent Tax (MRRT) around July 2012. Currently, details of how the law will be enforced is being drafted and public hearing is being held throughout 2011. The law is expected to be submitted to the Parliament and the Senate in early 2012. Details therefore are subject to change all the time. Banpu has managed the risk by conducting an estimate of effects from the MRRT and incorporating it into the cost prior to a business acquisition in Australia. A financial advisory company with tax expertise was hired to provide advice and Banpu actively monitors the policy while making itself ready for future changes.

Due to all the aforementioned risks, the Company 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

Banpu has formulated the “Sustainable Development Policy” which clearly commits to reducing and minimizing environmental impacts resulted from the Company’s operations. The Sustainable Development Committee has supervised environmental performances of the Company. Banpu not only pays a strict attention to environmental compliance but also aims to utilize resources effectively to reduce indirect impacts of resource utilization such as 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 2010, Banpu’s environmental compliance standards remained high and continued to expand. 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. The Company implements measures to prevent and resolve water that becomes acid due to its mining activity at mine sites such as Indominco, Trubaindo and Jorong in Indonesia and projects currently being developed such as Bharinto in Indonesia and Hongsa project in Laos PDR. 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. However, 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 2010, Banpu owned 64,398 hectares of land but only 11,234 hectares or 17 per cent of the total land was used. Banpu already restored 5,732 hectares or 51 per cent of the total land being used. The remaining land has been kept in its pre-mining conditions for forestry conservation. In addition, the Company has developed the Geographic Information System and Remote Sensing (GIS&RS) 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. The Company 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. Moreover, reducing energy use will benefit the environment as it helps reduce greenhouse gas (GHG) which is a major cause of climate change. At China's Daning and Gaohe underground mines, methane released from coal strips before being hurled out is used for power generation. The Company also improves the efficiency of steam generators at Luannan and Zouping for more effective production of both the power and steam to maximize the use of natural resources and to reduce the GHG emission.

7.2 Occupational Health and Safety Risk

The Company strives to minimize injuries and deaths from work. In 2010, Banpu announced a work safety campaign to staff at all levels including all types of contractors under the "3 Zeros" policy which included Zero Incident, Zero Repeat and Zero Compromise. The goal was to create a safety culture within an organization, which referred to setting up a goal to prevent any accident from taking place during the operation, strict compliance with safety rules with no exception, and refusal for repeated incident to happen.

In addition, the Company also implements the Business Continuity Management at its Bangkok and Jakarta Offices with an annual simulation exercise 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 Power Project in Laos PDR. The BLCP 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 standard in 2008.

The Luannan and Zhengding power plants in China 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 power generation has to deal with heat and pressure, each power plant 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. Power plants in China have also strictly complied with safety regulations issued by the government.

INTERNAL CONTROL

In 2010, the Board of Directors convened 18 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 2009 internal audit activities on 22 January 2010.

In 2010, the Audit Committee convened 8 times. These meetings were held with the management, the auditors and the Internal Audit Department. The Audit Committee performed its duties to an extent entrusted by the Board and in line with the Audit Committee Charter. Its major tasks were to review financial statements, oversee the risk management system, appoint the auditor, oversee an internal auditing operation through a risk-based auditing, review the internal control assessment to ensure that it's adequate and effective for the operation while making sure that the use of resources, maintenance of properties, prevention or reduction of errors, damage, accounting system and financial statements were accurate and reliable as well as ensure compliance with the laws, rules and regulations relating to the Company's business.

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

Banpu promoted and supported internal control environment as follows:

1.1 The Board of Directors supervised the management of all units to formulate an annual business goal and business plan that was clear and measurable. The Board also improved a process to determine business targets and to regularly develop a strategic plan to formulate an appropriate vision and a proper strategic plan for Banpu.

1.2 Banpu regularly updated and communicated its Code of Conduct to every staff so that directors, executives and employees performed their duties ethically and complied with Banpu's corporate governance principles and policies as well as best practice so that Banpu can run its business with valuable returns to the society and the country.

1.3 Put in place an appropriate organization structure, which means having a clear chain of command and a clear relationship among internal departments while determining approval authorization based on position levels for better and effective management by the executives.

1.4 Banpu formulated in writing both the Standard Operating Procedures (SOP) and relevant policies in accounting and finance, procurement, human resources management and general administration as a guideline for staff to comply with in order to correspond to Banpu's business goals.

1.5 The Company focused on a systematic human resources management where job descriptions clearly indicated nature of work, duties, level of knowledge, skills and abilities. In addition, authorization and responsibilities under each job title was properly entrusted.

1.6 A proper human resources management was pursued in terms of recruiting proper personnel to fill the positions, providing human resources development and training, including promotions, raising salary steps, analyzing and giving reasonable incentives or remunerations to staff.

2. Risk Management

Banpu focused on compliance with the risk management policy where extent of risk appetite was clearly set as a guideline for its business management. All units were required to assess risk factors, impacts, likelihood and mitigation or prevention guidelines to minimize any damage from such risks. Banpu Risk Index (BRI) and Key Risk Indicators (KRI) were formulated with a focus on coal business. The risk management system was integrated into the strategic planning process of all units in Banpu and a Risk-based VBM was developed to assess factors that may affect Banpu's values. At the same time, the management monitored risk management assessments and plans received from all departments to ensure that they were corresponding to both internal and external risk factors that kept changing and also to promote understanding of risk management across the organization. This was reported to the Risk Management Committee following a review by the Audit Committee on a quarterly basis before it was submitted to the Board of Directors.

3. Supervision and Control of the Management's Operations

The Board of Directors has appointed three sub-committees; namely, the Audit Committee, the Corporate Governance and Nomination Committee and the Compensation Committee. The three sub-committees have strictly and appropriately worked within their scopes of responsibility. Banpu has also formulated an organization structure and scopes of duties and responsibilities of the management and operating staffs at each level. A written regulation regarding Delegation of Authority (DOA) was issued to ensure that the management and approval authority was decentralized from senior executives to managers next to them.

In 2010, Banpu updated a table of Delegation of Authorization to correspond to the Company's revised structure to ensure precise and clear management and implementation. Banpu also reviewed and updated its Standard Operation Procedures (SOP) relating to accounting and budget, procurement, contractor management, property/asset management and control, materials inventory, Quality, Safety and Environment (QSE) management, corporate communications and other operational regulations to correspond to the business growth especially in regard to large investment projects. The Internal Audit Department also formulated its auditing plan covering operations with major risks, including stakeholders' expectation so that Banpu remained confident that all departments were equipped with an effective internal control system and efficient implementation.

4. Information Technology and Information Communications

Banpu pays great emphasis on information technology and information communications so that a business decision can be made with up-to-date 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 the BOD meeting. 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 2010, Banpu introduced efficient and secured IT system as well as enhanced the data collection, data processing, data storage, data monitoring, and reporting systems to make sure that the Company had accurate and adequate data to support its decision making. Several internal communication tools were developed and improved including the Banpu Knowledge Portal, the E-Learning, the Knowledge Sharing and the Workflow and Applications. The Company also introduced the Enterprise Asset Management (EAM) system as a standard to manage and report material and equipment inventory at various offices and mines. In addition, Banpu introduced the I-Procurement and the Server Consolidation technology to accommodate the administration work. This was to achieve the optimum use of IT resource with a focus on green technology. Furthermore, Banpu updated its Oracle-based accounting and budget system to accommodate the growth of its business as well as to comply with the International Financial Reporting Standards (IFRS) to assure the financial statement accuracy, which in return would facilitate the decision making process of our executives.

5. Monitoring System

• Monitoring at the Management Level

Banpu convened 18 Board of Directors' Meetings in 2010. 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 KPI system was implemented to evaluate the performance of executives and staff at all levels to ensure that goals and business plans were achieved as determined. The Audit Committee meanwhile met 8 times in 2010 to review and monitor Banpu's financial statements and operational results while the check and balance system was in place. The internal control system was reviewed and important suggestions that may have impacts on the organizations were given. The results of financial statements review and major risk management reports were carried out on a quarterly basis. In addition, an auditing summary and an internal control review report were submitted to the Board of Directors on the annual basis.

• Monitoring at the Operational Level

The Company has the segregation of duties. Operation systems, regulations and procedures were improved where departments put in place a clear and accountable system to control and monitor their operations. In addition, the auditing was carried out to ensure transparency, support our business growth, and cope with changing economic conditions. The Internal Audit Department was independent to perform its duties. The Department was required to design an audit plan that covered major operation processes of Banpu and its subsidiaries. It also reported the auditing results to the management and the Audit Committee on a quarterly basis. These practices complied with the standard of corporate governance and helped create confidence in Banpu's operations.

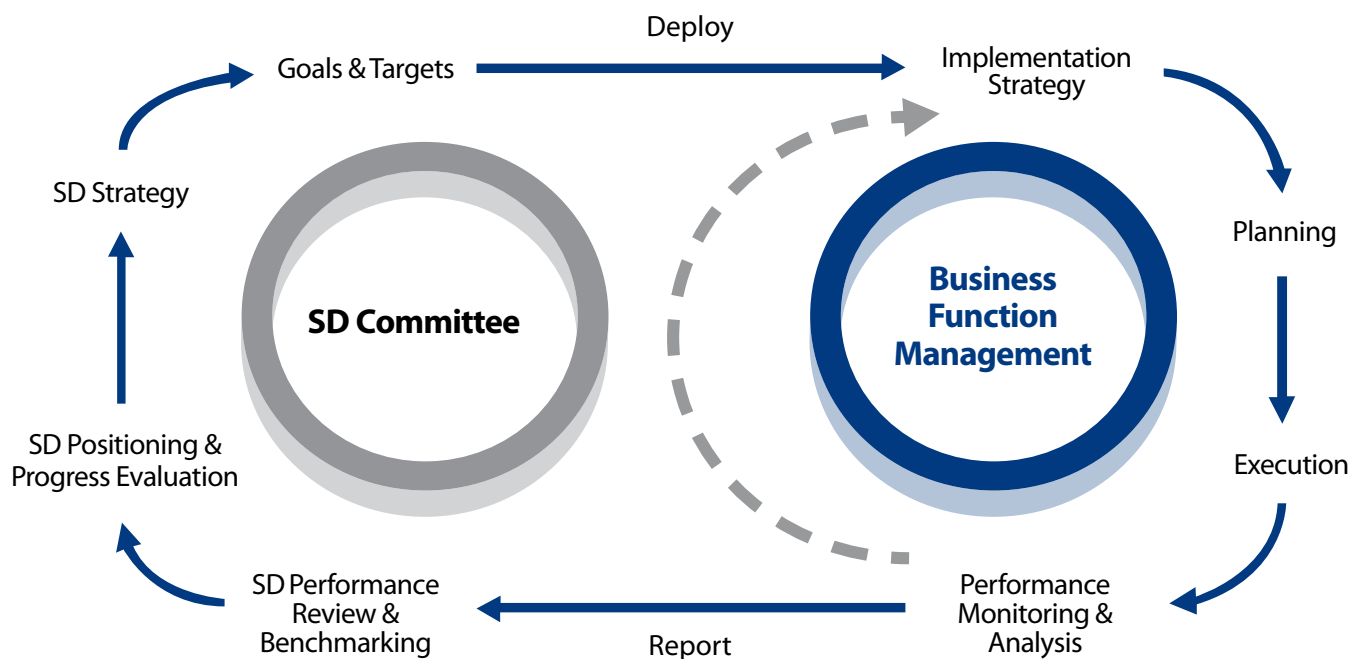
SUSTAINABLE DEVELOPMENT

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 corporate 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 of our sustainability challenges.

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 to 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 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, environment, health, and safety, community and government relations. The committee meeting is scheduled four times a year in which the strategic focus and performances in each of the above area are considered.

In 2010, the SD Committee announced the Carbon Policy, Occupational Health and Safety Policy as well as Environmental Policy in order that our operations in Thailand and overseas will have the same direction and practice relating to these areas.



HUMAN RESOURCES MANAGEMENT

The recent regional expansion has increased the number of Banpu employees to over 6,000 staff in four countries namely Thailand, Indonesia, China, and Australia. Integrating people from different cultures and backgrounds, therefore, is a major challenge for Banpu last year. For this reason, one of the key aspects which was still given top priority was ‘Banpu Spirit’, the corporate culture consisting of four values including Integrity, Innovation, Care, and Synergy, as it is the main practice that harmonizes Banpu people in every country. Moreover, the Company committed its human resources to make sure that its managers of all levels are ready for their managerial responsibilities in order to accommodate the company’s growth following our 5-year strategic plan. In 2010, the following human resources initiatives were taken:

Leadership Development Program

The leadership development trainings were offered to senior and mid-level managers in every country. The programs focused mostly at leadership building, people management skills, performance management and employee engagement. It also emphasized at an application and implementation of knowledge and skills to resolve work problems or to elevate their work into a higher level (Learning Application Project).

One-on-One Coaching

Banpu recruited various consultancy companies to provide the one-on-one coaching to its managers so that they would not only receive advice to individually improve themselves and resolve work-related problems but they would also get access to fresh perspectives through the one-on-one coaching sessions.

Individual Development Plan

As much important, if not more, as the individual coaching described above is the Individual Development Plan (IDP), which was prepared for our mid-level managers and higher to get them ready for their managerial responsibilities. The IDP of each management has been developed based on the results of the competency gap assessment where systematic monitoring is in place to make sure their skills development needs are met.

Employee Engagement Survey

In driving Banpu to achieve its long-term strategic plan, Banpu staff must be highly committed to the organization. That’s why we collaborated with an advisory company to conduct the employee engagement survey as well as to improve various administration systems following the survey results with a purpose to increase our staff engagement.

Succession Plan

In 2010, we still paid a lot of attention to the succession plan as well. The Succession Plan Committee met every quarter to review positions in need of successors. In addition, it closely monitored a progress of the Individual Development Plan of those entrusted to carry on our torch in major positions.

As human resources are the key driver leading the Company to reach its ultimate goal, Banpu continues developing and initiating various human resource development programs for all levels of our employees. This is to help heighten their competencies to be adaptive to change and able to cope with any changing circumstances. This, will finally drive Banpu to be one of the leading energy companies in the Asia-Pacific region.

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 assessed an effectiveness of its Corporate Governance Policy implementation by 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 2010, Banpu developed a 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. An orientation session on corporate governance as part of an orientation program for new Banpu staff.
2. A Workshop for section managers was held under the title of "Good Corporate Governance for Executives", conducted by the 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".
3. 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.
4. The "CG True Story, Cool Story" activity where staff were invited to submit their true stores or impression that reflects the "integrity" value that they experienced and which was related to Banpu's CG policy and the Code of Conduct.
5. 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 with Banpu's Corporate Governance Policy and Code of Conduct. In 2010, the "Make it Real" concept was introduced to encourage Banpu staff to comply with the CG Policy and the Code of Conduct so that the Company can achieve its business goal and maintain its ethical standard.

In 2010, Banpu was ranked as one of the 50 Asia's Fab 50 in 2010 by Forbes Asia, a leading business magazine and website in Asia. Banpu Public Company Limited was the only Thai company named on this prestigious list. The ranking was based on Forbes Asia's short list of 936 listed companies from all over Asia with a minimum of USD 3 billion in revenue or market capitalization. The ranking was based on each company's track record of revenue, operating profits and return on capital during the past 5 years as well as recent performance, share-price movement and business outlook. Banpu Public Company Limited was also lauded as one of the 70 listed companies with Excellent CG Scoring according to the Corporate Governance Report of Thai Listed Companies 2010. Besides, Finance Asia, also one of Asia's leading business magazine and website, published the ranking of companies in Asia with outstanding management in 2010 in which Banpu Public Company was ranked in various categories as follows:

- The Best Managed Company
- The Best CEO (Mr. Chanin Vongkusolkrit)
- The Best CFO (Ms. Somruedee Chaimongkol)
- The 2nd Best Corporate Governance

The 3rd Best Investor Relations

The 3rd Most Committed to a Strong Dividend Policy; and

The 4th Best Corporate Social Responsibility

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 2010 AGM on 2 April 2010, at Plaza Athenee 1 Room, Plaza Athenee Royal Meridian Hotel, No. 61, Wireless Road, Lumpini, Pathumwan, Bangkok 10330, where 12 directors attended. In 2010, Banpu designated Thailand Securities Depository Co., Ltd., its share registrar, to submit an invitation letter to shareholders 10 days in advance. The letter was also posted at www.banpu.com/en/02-corporate-governance/agm-emp.php, 21 days prior to the meeting date. The Minutes of the 2010 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 2009 and January 2010. This was also posted at www.banpu.com/en/02-corporate-governance/set-notifications.php?y=2009 with clear and transparent processes. No shareholder however proposed any meeting agenda in the 2010 AGM.

3. Rights of All Stakeholders

Banpu is eager to treat all stakeholders on an equitable 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.

Regarding Banpu's staff, Banpu believes that staff are truly valuable 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 treating 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. So far, Banpu has formulated effective Quality, Safety, Environment (QSE) practices, covering risk identification and assessment to manage operational risks which may affect our staff, business partners, the environment and communities surrounding the area where Banpu operates.

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 by continuing to support activities that give 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 its presence; namely, Thailand, Indonesia and China, most of which are focused on education, environmental and youth. In addition, attempts were made to build CSR awareness to staff at all levels to maintain our commitment to social responsibility concept. (Details of the projects and Banpu's CSR activities in 2010 are in the "Corporate Social Responsibility" section of this Annual Report.)

4. Shareholders' Meeting

In 2010, the Company organized one Annual General Meeting of Shareholders (AGM) on 2 April 2010 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 10 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 a law firm 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.

The Company also organized the Extraordinary Shareholders' Meeting No. 1/2553 on 10 August 2010 at 13.00 hours at Grand Ballroom of Grand Hyatt Erawan Hotel, No. 494, Rajdamri Road, Bangkok 10330 to seek approval from shareholders for Banpu Minerals (Singapore) Pte Ltd. (BMS) to tender the remaining 80.1 per cent of Centennial Coal Co., Ltd.'s shares as well as to approve BMS's acquisition of Centennial Coal Co., Ltd.'s 19.9 per cent shares in May and June 2010. The Meeting was also to seek shareholders' approval to issue debentures with total worth of not over THB 20 billion. At this Extraordinary Shareholders' Meeting, Banpu continued to comply with the principles of corporate governance the same way it did for the AGM.

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 2010, the management led by Chief Executive Officer drafted a five-year strategy and business direction for the next five years (2011-2015) 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. The Board of Directors approved the company's strategic plan for the period between 2011-2015 at the Board of Directors' Meeting No. 17 held in November 2010.

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 competing or doing 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. All department heads must make sure that their supervisees know, understand and comply with the Code of Conduct, and that regular meetings are held and promotional materials are distributed to inform staff in Thailand and abroad. 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 nonexecutive directors appropriate.

9. Consolidation or Separation of Office

The Board of Directors requires that its Chairman and CEO not be the same person. 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 compensation structure as well as remunerations of Banpu's executives and directors. Remunerations must be performance-based for each executive taken into consideration the company's operational results. Banpu has reviewed and adjusted the remunerations of its executives to remain at a level comparable to an average remuneration of the industry.

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 2010 to its directors and executive officers could be seen in the 'Remuneration of the Board of Directors and Management' section of this Annual Report.

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.

Minutes of meeting are 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 2010, the Board of Directors convened 18 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	6	18/18
2. Mr. Vitoon Vongkusolkrit	Vice Chairman	Apr. 2009 - AGM 2012	12	6	18/18
3. Mr. Montri Mongkolswat	Independent Director	Apr. 2008 - AGM 2011	12	6	18/18
4. Mr. Sawatdiparp Kantatham	Director	Apr. 2010 - AGM 2013	12	6	18/18
5. Mr. Kopr Kritayakirana	Independent Director	Apr. 2010 - AGM 2013	12	6	18/18
6. Mr. Somkiat Chareonkul	Independent Director	Apr. 2010 - AGM 2013	12	6	18/18
7. Mr. Rutt Phanijphand	Independent Director	Apr. 2008 - AGM 2011	12	6	18/18
8. Mr. Anothai Techamontrikul	Independent Director	Apr. 2009 - AGM 2012	12	6	18/18
9. Mr. Chanin Vongkusolkrit	Director	Apr. 2008 - AGM 2011	12	6	18/18
10. Mr. Metee Auapinyakul	Director	Apr. 2008 - AGM 2011	12	5	17/18
11. Mr. Ongart Auapinyakul	Director	Apr. 2009 - AGM 2012	10	6	16/18
12. Mr. Verajet Vongkusolkrit	Director	Apr. 2010 - AGM 2012	7	4	11/11

Note: The Board of Directors has appointed Mr. Verajet Vongkusolkrit as a Director since 1 June 2010.

Mr. Soonthorn Vongkusolkrit, Vice Chairman, resigned on 1 June 2010. He attended five ordinary meetings and one special meeting for a total of six sessions.

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 2010, the Audit Committee convened eight times, each of which was attended by all Audit Committee members and held according to clearly-expressed agendas. There was coordination and follow-up based on the Audit Committee's recommendations, which were clearly recorded in the minutes of meeting.

• The Corporate Governance and Nomination Committee

In 2010, 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 directors, CEO and executives, to recruit executive starting from department head level and higher 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 2010, 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 2010, 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 operations 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 ensured that the Internal Audit Department remains independent where it directly reports to the Audit Committee to guarantee that the internal control and audit system functions as an important mechanism to drive a sustainable growth of Banpu's business. The Internal Audit Department monitors the internal control process of operating procedures and critical systems covering all Banpu's business units and support functions. The Department gives advice on the development of Banpu's business processes in order to achieve the best practice that in effect corresponds to the growth of Banpu's business and rapid economic changes.

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 2010 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 2010, Banpu organized four international road shows and one domestic road show as well as four analyst meetings to report its quarterly and annual performances, 58 company visits for analysts and investors wishing to learn more about Banpu's operational results and two press conferences to inform Banpu's operational results and business movements. 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 outsiders 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

Following the Company's belief that "an industry will be strong only when it is developed in tandem with social and environmental responsibility", Banpu, in 2010, continued pursuing the following Corporate Social Responsibility (CSR) projects in every country where we have operations:

Thailand

Educational Support Programs

Banpu Education for Sustainability

- 2010 was the seventh year that Banpu had involved in the project where approximately THB 2.3 million of funding was provided to improve the learning and teaching equipment and system of granted schools and to build competencies of teachers and students in Lamphun, Lampang and Phayao Provinces. The goal was to equip students with better knowledge and ethical mind, enhance teaching capacity of teachers in order to upgrade education quality of rural schools to be at the same standard as those in the urban areas and turn these schools into a sustainable learning center for their communities.

- Enhancing teacher's skills by developing their way of thinking: This was the third consecutive year of this activity in which the workshops entitled "Research on Learning Process for Thinking Development" and "How to Write Research Report" were organized for pilot teachers in six Banpu-sponsored schools plus the other two schools in the same network in the three mentioned provinces. The program intended to enhance teachers' thinking ability, which hopefully would be transferred to students through their teaching activities.

- Banpu started a project to develop independent careers for underprivileged children and youth at three schools under its sponsorship in Lampang and Lamphun Provinces in order to allow these students to learn how to earn for themselves in the future.

Financial Support to Schools in the South

- Banpu continued to fund schools affected by the unrest in the South for the fourth consecutive year where THB 1.5 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 allow students in the area to continue expanding their potential despite having to confront with the upheaval and to boost morale to teachers and students in the area.

Scholarships for Geology and Mining Engineering Students

- Banpu gave 10 scholarships to 10 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 5": Biodiversity Creating a Livable World

- Together with the Faculty of Environment and Resources Studies, Mahidol University, Banpu organized the "Power Green Camp" project for the fifth consecutive year. The project aims to broaden youth's understanding about environmental science to build up sustainable environmental conservation conscience among tomorrow's adults. In 2010, the "Power Green Camp 5" was held under the theme of "Biodiversity Creating a Livable World," where 60 students (11th grade) majoring in science attended. Banpu also held the third "Power Green Youth Leader Camp" to extend a network of youth interested in environmental science and the "Power Green Campers".

“An Adventure in a Coal Mine,” a bi-lingual storybook

A Thai-English storybook titled, “An Adventure in a Coal Mine” was produced as an out-of-classroom learning material for primary school students to understand more about coal energy, coal production, its benefits and an environmental management at a coal mine. Indirectly, the book intended to allow children to open themselves to both Thai and English language learning. The book was distributed to libraries of approximately 25,000 primary schools under the Office of the Basic Education Commission and those run by the Border Patrol Police as well as to the interested public.

Youth Support Programs

Youth Innovation Marketplace or “YIM”

- Banpu continued to sponsor the YIM Project to allow new generations of social entrepreneurs to emerge as well as to pave ways for young Thai adults with initiatives to pursue viable social and community development programs based on their interests. Five project owners under the YIM 5 program had already completed their projects with benefits to the underprivileged people in various sectors of the society.

Banpu Table Tennis Club

- The Banpu Table Tennis Club has organized several skill-enhancing activities and exposed its athletes to table tennis sport through a series of events. In 2010, the club focused on self-development activities of its athletes both physically and mentally through i.e. daily training, intensive training in China, participation in major domestic and international tournaments, and through coaching by inviting Chinese coaches to Thailand for a special intensive training for its table tennis players. In addition, management standards and systems were developed and an individual development plan was initiated. There were also other activities to nurture athletes’ discipline, unity and a sense of being a good citizen such as an annual camp held by the club. At present, Banpu Table Tennis Club has more than 70 members nationwide.

Other Activities

Donations for those suffering from nature disasters

- Banpu and its staff donated fund to those suffering from a major earthquake in Haiti, flood victims in Nakhon Ratchasima Province and other areas around the country through the Thai Red Cross and the Royal Thai Army.

Community Development

Public Health: Banpu together with hospitals in Lamphun Province brought a mobile medical unit to provide health checkup and basic healthcare advice for residents of Hong Village, Li District, Lamphun Province.

Education: Chiang Muan Mine gave 73 scholarships to students in 15 schools in Chiang Muan district and Ban Sra school totaling THB 100,000. Lamphun Mine also granted 82 scholarships to students both in and outside Li District. Lampang Mine meanwhile gave away 47 scholarships to primary school students and one scholarship to a student to continue the study at the university level.

Environment: Lamphun Mine and more than 200 local government officers and residents took part in an activity where plants were donated for reforestation to honor His Majesty the King.

Religion & Tradition: Lamphun Mine sponsored the praying ceremony organized by Ban Hong Temple while Chiang Muan Mine donated money to restore the Sri Dome Kham Temple in Phayao Province. The mine also took part in a merit-making ceremony where money was mobilized and donated to the community temples both to preserve local tradition as well as to nurture a good relationship between Banpu and local communities.

Indonesia

Banpu places as much priority to its business here as its social and environmental programs for communities located close to its headquarters in Jakarta, Indonesia (under the “ITM for Education Program”), 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. Banpu conducted its community development projects in Indonesia in the following areas:

Basic Infrastructure Development

Infrastructure such as school buildings, healthcare centers, meeting halls, multi-purpose buildings, village head’s offices, mosques and churches, roads and bridges were built.

Economic Development

Vocational training activities were organized to generate incomes to the community. This included agriculture, livestock feeding, marine algae growing, coastline fishing, aquaculture, food processing, tailoring, batik-making, and handicraft. Trainings on technical skills such as truck driving, mechanic, and welding were also provided. In addition, the Company supported the setting up of community microfinance institutions which started in Indominco and Jorong Mines with an aim to create a funding source for long-term and sustainable investment and promote savings among the community members.

Education Development

Banpu Indonesia continued to give away scholarships to students, supported teachers to attend skill-enhancing training, donated books and teaching equipment to schools and provided transportation to carry students to and from schools. A drug-free project aimed at children and youth was also introduced at schools in Jakarta and schools around the mines.

Public Health

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

Environmental Conservation

Local communities and the public were encouraged to participate in the reforestation activity, to keep their home clean and to manage community waste efficiently.

Community Development

Each community was urged to set up the Community Consultative Committee (CCC) to devise a work plan and to monitor project management in order to effectively work together with the Company.

Community Relations

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

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 community development project, the Company can manage the community development and CSR activities more efficiently and transparently with maximum benefits to the society while in compliance with international standards.

China

A Banpu subsidiary; Banpu Investment (China) Ltd. (BIC), supported activities related to cultural and traditional conservation. It was regularly involved in investment promotion activities at provinces where BIC operates. For example, the Company participated in the Arbor Day together with Zhengzhou Government. It also joined the Thai Embassy in China to organize various activities designed to boost relationships between Thailand and China. In addition, BIC's main policy in providing community support also led the firm to provide assistance to communities around its coal mines and power plants as follows.

- Providing RMB 500,000 to the assistance fund for the poor of Jincheng City, Shanxi Province.
- Providing RMB 200,000 to those suffering from an earthquake at Yushu City, Qinghai Province.
- Donating RMB 100,000 to three children's homes in Hebi City, Henan Province.
- Supporting the 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. This year, Banpu sent six athletes and one coach from Thailand to attend the training at the club for the third consecutive year to boost the Thai athletes' capacity. Two Chinese coaches were also sent to Bangkok to train Thai athletes under the Banpu Table Tennis Club.
- Giving support for Launnnan Banpu Special Education School: The school has 76 students, who are hearing-impaired, speaking-impaired, suffering from physical disability and brain damage, as well as 30 teachers. Aside from the funding, BIC also donated other necessary items the school required in its operation.
- Initiating a tree-planting event in Miyun District, which was 100 kilometers to the northeast of Beijing, to create environmental awareness among the staff.

Environmental activities

With environmental conscience in mind, BIC's power plants are equipped with various pollution prevention and control devices so their operations meet environmental requirements set by the government. BIC'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	67	<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 2006 - 2008 2005 - 2006 2003 - 2006 2003 - 2005	Independent Director/Chairman Member, Council of the University of the Thai Chamber of Commerce Vice Chairman Monetary Policy Committee Minister of Commerce Chairman of the Board of Directors Executive Director Committee Vice Minister	Banpu Public Company Limited The University of the Thai Chamber of Commerce Thai Garment Development Foundation Bank of Thailand Ministry of Commerce Banpu Public Company Limited International Institute for Trade and Development (Public Organization) Monetary Policy Committee, Bank of Thailand Ministry of Tourism and Sports
2. Mr. Vitoon Vongkusolkrit • Vice Chairman • Member of the Compensation Committee * An older brother of person number 10 * An uncle of person number 12	69	<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	Present 1983 - Present 2001 - Present 2004 - Present 1974 - Present 1987 - Present 1977- Present 1983 - 2009 1989 - 2007 1998 - 2006	Vice Chairman Director Member of the Compensation Committee Director/Chairman of the Financial and Risk Management Committee Director Director Chairman Chairman Director Chairman	Banpu Public Company Limited 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

BOARD OF DIRECTORS AND MANAGEMENT

Name/Position	Age	Education	% Share held	Work experience in the last five years		
				Period	Position	Organization
3. Mr. Rutt Phanijphand <ul style="list-style-type: none"> Independent Director Chairman of the Compensation Committee 	63	<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 (DAP): Governance Training for Listed Company Directors, # 4/2003, Thai Institute of Directors Association (IOD) Directors Certification Program (DCP) # 61/2005, Thai Institute of Directors Association (IOD) Financial Institutions Governance Program (FGP) # 1/2010, 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
				2005 - 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 Centre Public Company Limited
				2007 - Present	Chairman of the Nomination and Compensation Committee	Home Product Centre Public Company Limited
					Executive Director	Home Product Centre Public Company Limited
				2008 - Present	Best Practice Committee on Compensation	Thai Institute of Directors Association (IOD)
				2006 - 2009	Director	IRPC Public Company Limited
4. Mr. Montri Mongkolswat <ul style="list-style-type: none"> Independent Director Member of the Audit Committee Member of the Compensation Committee 	67	<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
				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 <ul style="list-style-type: none"> Independent Director Chairman of the Corporate Governance and Nomination Committee 	71	<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
				2009 - 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 • Independent Director • Chairman of the Audit Committee	69	<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, Class 1/2004, 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
				2004 - Present	Director	Chantaburi Resort and Spa Co., Ltd.
				2006 - Present	Director	Oishi Group Public Company Limited
				2003 - 2009	Director	Oishi Ramen Company Limited
					Director	Oishi Trading Company Limited
					Director	Mueng Kit Co., Ltd.

BOARD OF DIRECTORS AND MANAGEMENT

Name/Position	Age	Education	% Share held	Work experience in the last five years		
				Period	Position	Organization
7. Mr. Anothai Techamontrikul • Independent Director • Member of the Audit Committee • Member of the Corporate Governance and Nomination Committee	67	• 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)	D.T.C. Industries Public Company Limited
					Vice Chairman	Amcor Flexible Bangkok Public Company Limited
8. Mr. Sawatdiparp Kantatham • Director • Member of the Corporate Governance and Nomination Committee	71	• 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.
				2007 - Present	Vice President	The American University Alumni Association
				2000 - 2006	Senator	The Senate
				2005 - 2009	President	The Phrae People Association
9. Mr. Metee Auapinyakul • Executive Officer • Director * An older brother of person number 11	57	• 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)	0.07	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

Name/Position	Age	Education	% Share held	Work experience in the last five years		
				Period	Position	Organization
10. Mr. Chanin Vongkusolkrit • Director • Chief Executive Officer * A younger brother of persons number 2 * An uncle of person number 12	58	• M.B.A. (Finance), St. Louis University, Missouri, U.S.A. • B. A. 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)	0.53	1983 - Present 2004 - Present 2003 - Present 1983 - Present 2005 - 2009	Director/Chief Executive Officer Director Director Director Vice Chairman	Banpu Public Company Limited The Erawan Group Public Company Limited Ratchaburi Electricity Generating Holding Public Company Limited Mitr Phol Sugar Corp., Ltd. Thai Listed Companies Association
11. Mr. Ongart Auapinyakul • Director • Executive Officer * A younger brother of person number 9	54	• 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. Verajet Vongkusolkrit • Director • Member of the Corporate Governance and Nomination Committee * A nephew of person number 2 and 10	46	• Bachelor of Science (Finance) Babson College, Massachusetts, U.S.A. • Director Certification Program (DCP) # 24/2002, Thai Institute of Directors Association (IOD)	-	2010 - Present 2008 - Present 2003 - Present 1998 - 2006 2004 - 2010 2007 - 2010	Director/Member of the Corporate Governance and Nomination Committee Director Director Director Member of the Audit Committee Director Director Director/Executive Director Director Director	Banpu Public Company Limited Mid Siam Sugar Corp., Ltd. Mitr Phol Sugar Corp., Ltd. United Farmer and Industry Co., Ltd. Mitr Phol Group TME Capital Co., Ltd. Advanced Medical Center Co., Ltd. Saimai Hospital Co., Ltd. United Securities Public Company Limited Panel Plus Co., Ltd. United Standard Terminal Public Company Limited

BOARD OF DIRECTORS AND MANAGEMENT

Name/Position	Age	Education	% Share held	Work experience in the last five years		
				Period	Position	Organization
13. Mr. Rawi Corsiri • Chief Operating Officer	60	<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	Banpu Public Company Limited
				Present	Director	Banpu Minerals Company Limited
					Director	Banpu Singapore Pte. Ltd.
					Director	Banpu International Limited
					Director	Banpu Power Limited
					Director	Banpu Coal Power Limited
					Director	Banpu Power Development Co., Ltd.
					Director	Banpu Power International Limited
					Director	BLCP Power Limited
					Director	Banpu Power Investment Co., Ltd.
					Director	Peak Pacific Investment (L) BHD
					Director	Silamani Corp. Ltd.
					Director	Silamani Marble Company Limited
					Director	Hongsa Power Co., Ltd.
					Director	Centennial Coal Co., Ltd.
					Director	Banpu New Energy Holdings Co., Ltd.
					Director	Prachuab Wind Energy Co., Ltd.
					Director	Biofuel Development Holdings Co., Ltd.
					Director	Petchkasem Wind Energy Co., Ltd.
					Director	Mittraphap Wind Energy Co., Ltd.
14. Ms. Somruedee Chaimongkol • Chief Financial Officer	49	<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 Present	Senior Vice President – Finance	Banpu Public Company Limited
					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	Centennial Coal Co., Ltd.
					Director	Banpu New Energy Holdings Co., Ltd.
					Director	Biofuel Development Holdings Co., Ltd.
15. Mr. Sathidpong Wattananuchit • Assistant Chief Executive Officer - Corporate Services	52	<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 - Present	Group Senior Vice President - Corporate Services	Banpu Public Company Limited

Name/Position	Age	Education	% Share held	Work experience in the last five years		
				Period	Position	Organization
16. Mr. Akaraphong Dayananda • Senior Vice President - Strategy and Business Development	52	• 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.
				2010 - Present	Director	Banpu New Energy Holdings Co., Ltd.
					Director	Biofuel Development Holdings Co., Ltd.
					Director	Petchkasem Wind Energy Co., Ltd.
					Director	Prachuab Wind Energy Co., Ltd.
					Director	Mittraphap Wind Energy Co., Ltd.
17. Ms. Udomlux Olarn • Senior Vice President - Corporate Affairs	51	• 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

SHAREHOLDINGS OF THE BOARD OF DIRECTORS AND MANAGEMENT

As of 31 December 2010

Name	Ordinary Share (Units)		
	31 December 2010	31 December 2009	+ / (-)
1. Mr. Krirk-Krai Jirapaet	-	-	-
2. Mr. Soonthorn Vongkusolkrit*	-	1,798,196	-
3. Mr. Montri Mongkolswat	-	-	-
4. Mr. Sawatdiparp Kantatham	675,745	675,745	-
5. Mr. Vitoon Vongkusolkrit	3,590,911	3,590,911	-
6. Mr. Kopr Kritayakirana	-	-	-
7. Mr. Somkiat Chareonkul	-	-	-
8. Mr. Rutt Phanijphand	-	-	-
9. Mr. Anothai Techamontrikul	-	-	-
10. Mr. Chanin Vongkusolkrit	1,569,971	1,549,971	20,000
11. Mr. Metee Auapinyakul	181,599	221,599	(40,000)
12. Mr. Ongart Auapinyakul	395,225	420,225	(25,000)
13. Mr. Verajet Vongkusolkrit*	-	-	-
14. Mr. Rawi Corsiri	-	-	-
15. Ms. Somruedee Chaimongkol	212,628	212,628	-
16. Mr. Sathidpong Wattananuchit	-	-	-
17. Mr. Akaraphong Dayananda	5,400	4,000	1,400
18. Ms. Udomlux Olarn	11,000	11,000	-

Note: From report of securities held by the Company's directors as of 31 December 2010.

* Mr. Soonthorn Vongkusolkrit resigned from being the Director on 1 June 2010. The Board of Directors Meeting No. 7/2010, held on 26 May 2010, approved the appointment of Mr. Verajet Vongkusolkrit as a Director in place of Mr. Soonthorn Vongkusolkrit, effective from 1 June 2010 onwards.

REMUNERATION OF THE BOARD OF DIRECTORS AND MANAGEMENT

1. Remuneration in Cash for the Year Ending 31 December 2010

1.1 Remuneration in cash for Board members in the forms of meeting allowance and gratuity was THB 56,420,749.99 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	1,365,000.00	-	-	-	4,489,959.84	5,854,959.84
2. Mr. Vitoon Vongkusolkrit Vice Chairman/Member of the Compensation Committee	1,128,750.00	-	-	125,000.00	3,453,815.26	4,707,565.26
3. Mr. Rutt Phanijsphand Independent Director/Chairman of the Compensation Committee	1,050,000.00	-	-	162,500.00	3,453,815.26	4,666,315.26
4. Mr. Montri Mongkolswat Independent Director/Member of the Audit Committee/Member of the Compensation Committee	1,050,000.00	240,000.00	-	125,000.00	3,453,815.26	4,868,815.26
5. Mr. Kopr Kritayakirana Independent Director/Chairman of the Corporate Governance and Nomination Committee	1,050,000.00	-	162,500.00	-	3,453,815.26	4,666,315.26
6. Mr. Somkiat Chareonkul Independent Director/Chairman of the Audit Committee	1,050,000.00	312,000.00	-	-	3,453,815.26	4,815,815.26
7. Mr. Anothai Techamontrikul Independent Director/Member of the Audit Committee/Member of the Corporate Governance and Nomination Committee	1,050,000.00	240,000.00	125,000.00	-	3,453,815.26	4,868,815.26
8. Mr. Sawatdiparp Kantatham Director/Member of the Corporate Governance and Nomination Committee	1,050,000.00	-	125,000.00	-	3,453,815.26	4,628,815.26
9. Mr. Chanin Vongkusolkrit Director	600,000.00	-	-	-	3,453,815.26	4,053,815.26
10. Mr. Metee Auapinyakul Director	600,000.00	-	-	-	3,453,815.26	4,053,815.26

REMUNERATION OF THE BOARD OF DIRECTORS AND MANAGEMENT

Name/Position	Meeting Allowance (THB/year)				Gratuity (THB/year)	Total Remuneration (THB/year)
	Director	Audit Committee	Corporate Governance and Nomination Committee	Compensation Committee		
11. Mr. Ongart Auapinyakul Director	600,000.00	-	-	-	3,453,815.26	4,053,815.26
12. Mr. Verajet Vongkusolkrit Director/Member of the Corporate Governance and Nomination Committee	625,000.00	-	75,000.00	-	-	700,000.00
Total						51,938,862.44

Notes:

- Mr. Soonthorn Vongkusolkrit, Vice Chairman/Member of the Corporate Governance and Nomination Committee resigned from being the Director on 1 June 2010. He received a total remuneration of THB 4,481,887.55.
- Mr. Vitoon Vongkusolkrit was appointed as the Vice Chairman, effective from 30 June 2010.
- Mr. Verajet Vongkusolkrit was appointed as a Director by the Board of Directors on 1 June 2010.

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

Unit: THB	Number of executives	2010	Number of executives	2009
Total Salaries	6	47,914,440.00	6	44,122,200.00
Total Bonuses	6	50,173,340.00	6	39,125,720.00
Total		98,087,780.00		83,247,920.00

Notes:

- 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.
- In 2010, 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	2010	Number of executives	2009
Contributions to the Provident Fund	6	2,874,866.40	6	2,647,332.00

Notes:

- 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.
- In 2010, 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 2010

Major Shareholders	Number of Shares Hold	Percentage
1. Thai NVDR Co., Ltd.	57,937,263	21.32
2. The Vongkusolkrit Family and related companies*	42,536,114	15.65
3. State Street Bank and Trust Company	18,006,522	6.63
4. Littledown Nominees Limited 9	10,969,600	4.04
5. State Street Bank and Trust Company for London	8,344,184	3.07
6. Chase Nominees Limited	5,990,050	2.20
7. HSBC (Singapore) Nominees Pte. Ltd.	4,627,155	1.70
8. Thailand Securities Depository Co., Ltd. For Depositors	3,952,146	1.45
9. State Street Bank and Trust Company for Australia	3,784,965	1.39
10. Chase Nominees Limited 15	3,617,817	1.33

Notes: *The Vongkusolkrit Family and related companies comprise:

	No. of Shares	Percentage
1) The Vongkusolkrit Family	22,642,580	8.33
2) Mitr Phol Sugar Corp., Ltd. <i>Mid 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> <i>Ufinves Co., Ltd. holds 10.50 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>Mitr Phol Sugar Corp., Ltd. holds 62.50 per cent of its paid-up capital.</i>	681,905	0.25
7) Ufinves Co., Ltd. <i>TME Capital Co., Ltd. holds 100.00 per cent of its paid-up capital.</i>	660,611	0.24
8) 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
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 are able to hold not more than 40 per cent of its paid-up capital. As of 31 December 2010, the foreign shareholders have held around 40 per cent of the Company's paid-up capital.

CONNECTED PERSONS AND TRANSACTIONS

Connected Persons

Connected Persons/ Type of Business	Description of Relationship	Major Shareholders	List of Board of Directors
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 Vongkusolkit Family, which is also one of major shareholders of Banpu Plc. 3) There are 3 joint directors, as follows: 1. Mr. Vitoon Vongkusolkit 2. Mr. Chanin Vongkusolkit 3. Mr. Verajet Vongkusolkit	As of 31 December 2010, Mid Siam Sugar Corp., Ltd. 99.99%	1. Mr. Vitoon Vongkusolkit 2. Mr. Isara Vongkusolkit 3. Mr. Chanin Vongkusolkit 4. Mr. Banthoeng Vongkusolkit 5. Mr. Choosak Vongkusolkit 6. Mr. Phadung Dechararin 7. Mr. Taweewat Thaweepiyamaporn 8. Wg. Cmr. Laksami Putpongsiriporn 9. Mr. Kritsada Monthienvichienchay 10. Mr. Verajet Vongkusolkit 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 Vongkusolkit Family, which is also one of major shareholders of Banpu Plc. 3) There are 6 joint directors as follows: 1. Mr. Vitoon Vongkusolkit 2. Mr. Chanin Vongkusolkit 3. Mr. Metee Auapinyakul 4. Mr. Ongart Auapinyakul 5. Mr. Sawatdiparp Kantatham 6. Mr. Verajet Vongkusolkit	As of 31 December 2010, 1. The Vongkusolkit 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 Vongkusolkit 2. Mr. Vitoon Vongkusolkit 3. Mr. Chanin Vongkusolkit 4. Mr. Metee Auapinyakul 5. Mr. Ongart Auapinyakul 6. Mr. Sawatdiparp Kantatham 7. Mr. Prachuab Trinikorn 8. Mr. Verajet Vongkusolkit 9. Ms. Jintana Karnchanakamnerd 10. Mr. Banchoet Vongkusolkit
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 are 2 joint directors as follows: 1. Mr. Vitoon Vongkusolkit 2. Mr. Verajet Vongkusolkit	As of 31 December 2010 Mitr Phol Sugar Corp., Ltd. 87.56%	1. Mr. Vitoon Vongkusolkit 2. Mr. Isara Vongkusolkit 3. Mr. Banthoeng Vongkusolkit 4. Ms. Chayawadee Chaianan 5. Mr. Taweewat Taweepiyamaporn 6. Ms. Jintana Karnchanakamnerd 7. Mr. Sukkan Wattanawekin 8. Mr. Kritsada Monthienvichienchay 9. Mr. Verajet Vongkusolkit
4. Pacific Sugar Corporation Ltd. (Import and export of sugar)	1) Being one of the shareholders of Banpu Plc., holding 0.25 per cent of its paid-up capital 2) The major shareholder is Mitr Phol Sugar Corp., Ltd. 3) There is no joint director	As of 31 December 2010, Mitr Phol Sugar Corp., Ltd. 62.50%	1. Mr. Isara Vongkusolkit 2. Mr. Jirasak Vongkusolkit 3. Mr. Kritsada Monthienvichienchay 4. Mr. Kanong Sakpet
5. Mitr Phu Viang Sugar Co., Ltd. (Production and distribution of sugar and molasses)	1) Being one of the shareholders of Banpu Plc., holding 0.23 of its paid-up capital 2) The major shareholder is United Farmer and Industry Co., Ltd. 3) There is no joint director	As of 31 December 2010, United Farmer and Industry Co., Ltd. 99.99%	1. Mr. Isara Vongkusolkit 2. Mr. Banthoeng Vongkusolkit 3. Mr. Kritsada Monthienvichienchay

Connected Persons/ Type of Business	Description of Relationship	Major Shareholders	List of Board of Directors
6. Ufinves Co., Ltd. (Holding Company)	1) Being one of the shareholders of Banpu Plc., holding 0.24 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. Vitoon Vongkusolkrit 2. Mr. Chanin Vongkusolkrit 3. Mr. Metee Auapinyakul 4. Mr. Ongart Auapinyakul 5. Mr. Sawatdiparp Kantatham 6. Mr. Verajet Vongkusolkrit	As of 31 December 2010 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. Verajet Vongkusolkrit 9. Ms. Jintana Karnchanakamnerd 10. Mr. Banchot Vongkusolkrit
7. 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 is 1 joint director namely: Mr. Vitoon Vongkusolkrit	As of 31 December 2010 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

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.: • In 2010, related advance worth THB 0.19 million.	Chiang Muan Mining Co., Ltd.	THB 0.19 million
2. The Company conducted connected transaction with Banpu International Co., Ltd. as follows: • As of 31 December 2010, there was an accrued management fee income of THB 30 million.	Banpu International Ltd.	THB 30.00 million
3. Connected transactions with Banpu Minerals Co., Ltd.: 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. The Company had connected transactions with Banpu Minerals Co., Ltd. as follows: • As of 31 December 2010, the outstanding loan was THB 55,945.93 million. • In 2010, interest incomes were THB 622.80 million. • In 2010, incomes from coal washing were THB 58.45 million • In 2010, related advance worth THB 1.23 million.	Banpu Minerals Co., Ltd.	THB 56,628.41 million
4. Connected transactions with BP Overseas Development Co., Ltd.: 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. The Company had connected transactions with BP Overseas Development Co., Ltd. as follows: • As of 31 December 2010, the outstanding loan was USD 197 million. • In 2010, interest incomes were THB 183.84 million. • As of 31 December 2010, the outstanding advance was THB 226.86 million.	BP Overseas Development Co., Ltd.	USD 197 million and THB 410.70 million

CONNECTED PERSONS AND TRANSACTIONS

Connected Transactions	Related Companies	Transaction Value
<p>5. A connected transaction with Banpu Singapore Pte. Ltd.: Banpu's connected transaction with Banpu Singapore Pte. Ltd. was as follows:</p> <ul style="list-style-type: none"> Incomes from management fees were THB 1.25 million. 	Banpu Singapore Pte. Ltd.	THB 1.25 million
<p>6. A connected transaction with PT. Jorong Barutama Greston: Banpu's connected transaction with PT. Jorong Barutama Greston was as follows:</p> <ul style="list-style-type: none"> As of 31 December 2010, the outstanding advance was THB 0.08 million. 	PT. Jorong Barutama Greston	THB 0.08 million
<p>7. A connected transaction with PT. Kitadin: Banpu's connected transaction with PT. Kitadin was as follows:</p> <ul style="list-style-type: none"> As of 31 December 2010, the outstanding advance was THB 0.35 million. 	PT. Kitadin	THB 0.35 million
<p>8. Connected transactions with PT. Indo Tambangraya Megah Tbk: Banpu's connected transactions with PT. Indo Tambangraya Megah Tbk were as follows:</p> <ul style="list-style-type: none"> As of 31 December 2010, the outstanding advance was THB 0.46 million. In 2010, incomes from management fees were THB 1,053.36 million. 	PT. Indo Tambangraya Megah Tbk	THB 1,053.82 million
<p>9. Connected transactions with Banpu Power Ltd.: 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. Banpu's connected transactions with Banpu Power Ltd. were as follows:</p> <ul style="list-style-type: none"> As of 31 December 2010, the outstanding loans were THB 1,212.93 million. The outstanding advance was THB 173.71 million. In 2010, interest incomes were THB 71.84 million. Incomes from management fees were THB 50 million. 	Banpu Power Ltd.	THB 1,508.48 million
<p>10. Connected transactions with Banpu Minerals (Singapore) Pte. Ltd.: Banpu's connected transactions with Banpu Minerals (Singapore) Pte. Ltd. were as follows:</p> <ul style="list-style-type: none"> In 2010, interest incomes were THB 71.89 million. As of 31 December 2010, the outstanding advance was THB 449.29 million. 	Banpu Minerals (Singapore) Pte. Ltd.	THB 521.18 million
<p>11. A connected transaction with PT. Trubaindo Coal Mining: Banpu's connected transaction with PT. Trubaindo Coal Mining was as follows:</p> <ul style="list-style-type: none"> As of 31 December 2010, the outstanding advance was THB 0.12 million. 	PT. Trubaindo Coal Mining	THB 0.12 million
<p>12. A connected transaction with PT. Indominco Mandiri: Banpu's connected transaction with PT. Indominco Mandiri was as follows:</p> <ul style="list-style-type: none"> As of 31 December 2010, the outstanding advance was THB 0.30 million. 	PT. Indominco Mandiri	THB 0.30 million
<p>13. A connected transaction with PT. Bharinto Ekatama Banpu's connected transaction with PT. Bharinto Ekatama was as follows:</p> <ul style="list-style-type: none"> As of 31 December 2010, the outstanding advance was THB 0.06 million. 	PT. Bharinto Ekatama	THB 0.06 million
<p>14. A connected transaction with Banpu Investment (China) Ltd. Banpu's connected transaction with Banpu Investment (China) Ltd. was as follows:</p> <ul style="list-style-type: none"> As of 31 December 2010, the outstanding advance was THB 1.11 million. 	Banpu Investment (China) Ltd.	THB 1.11 million
<p>15. A connected transaction with Banpu New Energy Holdings Co., Ltd.: Banpu's connected transaction with Banpu New Energy Holdings Co., Ltd. was as follows:</p> <ul style="list-style-type: none"> As of 31 December 2010, the outstanding advance was THB 0.29 million. 	Banpu New Energy Holdings Co., Ltd.	THB 0.29 million
<p>16. A connected transaction with Biofuel Development Holdings Co., Ltd.: Banpu's connected transaction with Biofuel Development Holdings Co., Ltd. was as follows:</p> <ul style="list-style-type: none"> As of 31 December 2010, the outstanding advance was THB 0.18 million. 	Biofuel Development Holdings Co., Ltd.	THB 0.18 million

Connected Transactions	Related Companies	Transaction Value
17. A connected transaction with Prachuab Wind Energy Co., Ltd.: Banpu's connected transaction with Prachuab Wind Energy Co., Ltd. was as follows: • As of 31 December 2010, the outstanding advance was THB 0.06 million.	Prachuab Wind Energy Co., Ltd.	THB 0.06 million
18. A connected transaction with Mittraphap Wind Energy Co., Ltd.: Banpu's connected transaction with Mittraphap Wind Energy Co., Ltd. was as follow: • As of 31 December 2010, the outstanding advance was THB 0.06 million.	Mittraphap Wind Energy Co., Ltd.	THB 0.06 million
19. A connected transaction with Petchkasem Wind Energy Co., Ltd.: Banpu's connected transaction with Petchkasem Wind Energy Co., Ltd. was as follows: • As of 31 December 2010, the outstanding advance was THB 0.06 million.	Petchkasem Wind Energy Co., Ltd.	THB 0.06 million
Banpu Minerals Co., Ltd.		
1. Connected transactions with Silamani Corp., Ltd.: Banpu Minerals Co., Ltd. borrowed a loan in a form of P/N from 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 connected transactions with Silamani Corp., Ltd. as follows: • As of 31 December 2010, the outstanding loan was THB 81 million. • In 2010, interest expenses were THB 0.81 million	Silamani Corp., Ltd.	THB 81.81 million
2. Connected transactions with Chiangmuan Mining Co., Ltd.: Banpu Minerals Co., Ltd. extended a loan in a form of P/N to Chiangmuan Mining Co., Ltd. at an interest rate calculated from an average cost of lending plus 0.5 per cent per annum. Banpu Minerals had connected transactions with Chiangmuan Mining Co., Ltd. as follows: • As of 31 December 2010, the outstanding loan was THB 140 million. • In 2010, interest incomes were THB 5.92 million	Chiang Muan Mining Co., Ltd.	THB 145.92 million
3. Connected transactions with Banpu International Ltd.: Banpu Minerals Co., Ltd. borrowed a loan in a form of P/N to Chiangmuan Mining Co., Ltd. at an interest rate calculated from an average cost of lending plus 0.5 per cent per annum. Banpu Minerals had connected transactions with Banpu International Ltd. as follows: • As of 31 December 2010, the outstanding loan was THB 247 million. • In 2010, interest expenses were THB 1.25 million.	Banpu International Ltd.	THB 248.25 million
4. Connected transactions with Banpu Minerals (Singapore) Pte. Ltd.: Banpu Minerals Co., Ltd. extended a loan to Banpu Minerals (Singapore) Pte. Ltd. at an interest rate calculated from an average cost of lending plus 2.0 per cent per annum. Banpu Minerals had connected transactions with Banpu Minerals (Singapore) Pte. Ltd. as follows: • As of 31 December 2010, the outstanding loan was USD 1,624.46 million. • In 2010, interest incomes were THB 324.06 million.	Banpu Minerals (Singapore) Pte. Ltd.	USD 1,624.46 million and THB 324.06 million
5. Connected transactions with Banpu Australia Co., Pty Ltd.: Banpu Minerals Co., Ltd. extended a loan to Banpu Australia Co., Pty Ltd. at an interest rate calculated from an average cost of lending plus 2.0 per cent per annum. Banpu Minerals had connected transactions with Banpu Minerals (Singapore) Pte. Ltd. as follows: • As of 31 December 2010, the outstanding loan was USD 0.75 million. • In 2010, interest incomes were THB 0.08 million.	Banpu Australia Co., Pty Ltd.	USD 0.75 million and THB 0.08 million

CONNECTED PERSONS AND TRANSACTIONS

Connected Transactions	Related Companies	Transaction Value
<p>6. Connected transactions with Silamani Marble Co., Ltd.:</p> <p>Banpu Minerals Co., Ltd. borrowed a loan in a form of P/N from Silamani Marble Co., Ltd. at an interest rate calculated from an average cost of lending plus 0.5 per cent per annum. Banpu Minerals had connected transactions with Silamani Marble Co., Ltd. as follows:</p> <ul style="list-style-type: none"> As of 31 December 2010, the outstanding loan was THB 32.93 million. In 2010, interest expenses were THB 0.33 million. 	Silamani Marble Co., Ltd.	THB 33.26 million
<p>7. Connected transactions with Banpu Overseas Development Co., Ltd.:</p> <p>Banpu Minerals Co., Ltd. extended a loan in a form of P/N to Banpu Overseas Development Co., Ltd. at an interest rate calculated from an average cost of lending plus 0.5 per cent per annum.</p> <p>Banpu Minerals had connected transactions with Banpu Overseas Development Co., Ltd. as follows:</p> <ul style="list-style-type: none"> As of 31 December 2010, the outstanding loan was THB 8,101.70 million (USD 270 million) In 2010, interest incomes were THB 329.48 million. 	Banpu Overseas Development Co., Ltd.	USD 270 million and THB 329.48 million

OTHER REFERENCES

1) Ordinary Share Registrar	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building, Rachadapisek 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 Bangkok Bank Public Company Limited 333 Silom Road, Bangrak, Bangkok 10500 Tel. 0 2230 1893 Siam Commercial Bank Public Company Limited 9 Ratchadapisek Road, Jatujak, Bangkok 10900 Tel. 0 2544 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 as 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	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, Tambol 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 11,000,000 USD	17,670,002 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 12, 31 Queen Street, Melbourne, VIC 3000, Australia	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	65.00%	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. Banpu Coal Investment Co., Ltd.	Investment in coal mining	11,050,500 USD	11,050,500 USD	11,050,500	1	100.00%	4 th Floor, Ebene Skies, Rue de L' Institut, Ebene, Republic of Mauritius	230 210 4000
14. 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
15. 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
16. 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
17. 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
18. 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

Remark: * Under Singaporean Corporate Law

DETAILS OF THE COMPANY AND ITS SUBSIDIARY AND ASSOCIATED COMPANIES

Name	Type of business	Authorized capital	Paid up capital	No. of paid-up capital	Par value per share	% of holding	Head Office	Telephone
19. BP Overseas Development Co., Ltd.	Investment in coal mining	15,533,002 USD	15,533,002 USD	15,533,002	1	100.00%	4 th Floor, Ebene Skies, Rue de L' Institut, Ebene, Republic of Mauritius	230 210 4000
20. 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
21. 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
22. 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
23. AACI SAADEC (HK) Holdings Limited	Investment in coal mining	10,000 HKD 30,016,000 USD	10,000 HKD 30,016,000 USD	1,000 3,001,600	10 HKD 10 USD	100.00%	1401 Hutchison House, 10 Harcourt Road, Hong Kong	(852) 2846 1932
24. Shanxi Asian American-Danang Energy Co., Ltd.	Investment in coal mining	53,600,000 USD	53,600,000 USD	NA	NA	56.00%	Danang Yangcheng County, Jincheng, Shanxi Province, PRC	(8610) 5820 3663
25. Centennial Coal Co., Ltd.	Coal Mining and Marketing	2,449,783,562 AUD	2,449,783,562 AUD	395,126,381	6.20	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
26. Centennial Northern Coal Services Pty Ltd.	Employer Company for Newstan Washery	1 AUD	1 AUD	1	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
27. Berrima Coal Pty Ltd.	Assets sold August 2009 (now Dormant)	2 AUD	2 AUD	2	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
28. Centennial Airly Pty Ltd.	Coal Mining	2 AUD	2 AUD	2	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
29. Centennial Angus Place Pty Ltd.	Coal Mining	1 AUD	1 AUD	1	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
30. Centennial Coal Infrastructure Pty Ltd.	Coal exporting logistics and infrastructure	2 AUD	2 AUD	2	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
31. Centennial Coal Sales and Marketing Pty Ltd.	Coal Marketing	1 AUD	1 AUD	1	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
32. Centennial Fassifern Pty Ltd.	Coal Mining	2 AUD	2 AUD	2	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
33. Centennial Newstan Lochiel Pty Ltd.	Employer Company for Newstan Lochiel	1 AUD	1 AUD	1	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
34. Centennial Inglenook Pty Ltd.	Coal Mining	1 AUD	1 AUD	1	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
35. Centennial Mandalong Pty Ltd.	Coal Mining	1 AUD	1 AUD	1	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
36. Centennial Mannering Pty Ltd.	Coal Mining	1 AUD	1 AUD	1	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
37. Centennial Munmorah Pty Ltd.	Coal Mining (now Dormant)	1 AUD	1 AUD	1	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
38. Centennial Myuna Pty Ltd.	Coal Mining	1 AUD	1 AUD	1	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
39. Centennial Newstan Pty Ltd.	Coal Mining	1 AUD	1 AUD	1	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
40. Charbon Coal Pty Ltd.	Coal Mining	2 AUD	2 AUD	2	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
41. Coalex Pty Ltd.	Coal Mining - Clarence JV	750,000 AUD	750,000 AUD	750,000	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700

DETAILS OF THE COMPANY AND ITS SUBSIDIARY AND ASSOCIATED COMPANIES

Name	Type of business	Authorized capital	Paid up capital	No. of paid-up capital	Par value per share	% of holding	Head Office	Telephone
42. Clarence Coal Investments Pty Ltd.	Coal Mining - Clarence JV	19,500,002 AUD	19,500,002 AUD	15,500,002 Ord A shares 4,000,000 Ord B shares	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
43. Clarence Colliery Pty Ltd.	Coal Mining - Clarence JV	10,000 AUD	10,000 AUD	10,000	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
44. Clarence Coal Pty Ltd.	Coal Mining - Clarence JV	2 AUD	2 AUD	2	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
45. Centennial Clarence Pty Ltd.	Coal Mining - Clarence JV	8,800,000 AUD	8,800,000 AUD	8,800,000	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
46. Powercoal Pty Ltd.	Dormant Holding Company	4,590,001 AUD	4,590,001 AUD	4,590,001	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
47. Powercoal Superannuation Pty Ltd.	Superannuation Company (Dormant)	2 AUD	2 AUD	2	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
48. Collieries Superannuation Pty Ltd.	Superannuation Company (Dormant)	2 AUD	2 AUD	2	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
49. Elcom Collieries Pty Ltd.	Dormant	750,000 AUD	750,000 AUD	750,000	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
50. Huntley Colliery Pty Ltd.	Dormant	177,000 AUD	177,000 AUD	177,000	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
51. Mandalong Pastoral Management Pty Ltd.	Dormant	2,736,028 AUD	2,736,028 AUD	10,000,000 Ord partly paid shares - \$0.20 368,014 Ord Shares - \$2.00	2	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
52. Powercoal Employee Entitlement Company Pty Ltd.	Employee Trust Company Ex Powercoal	2 AUD	2 AUD	2	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
53. Hartley Valley Coal Company Pty Ltd.	Dormant	1,000,000 AUD	1,000,000 AUD	1,000,000	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
54. Ivanhoe Coal Pty Ltd.	Coal Mining	2 AUD	2 AUD	2	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
55. Preston Coal Pty Ltd.	Dormant	1,250,000 AUD	1,250,000.00 AUD	750,000 A Class shares 250,000 B Class shares 250,000 C Class shares	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
56. Centennial Springvale Holdings Pty Ltd.	Coal Mining	1 AUD	1 AUD	1	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
57. Centennial Springvale Pty Ltd.	Coal Mining	1,000,000 AUD	1,000,000 AUD	1,000,000	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
58. Springvale Coal Pty Ltd.	Coal Mining	2,000,000 AUD	2,000,000 AUD	2,000,000	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
59. Springvale Coal Sales Pty Ltd.	Coal Marketing	2 AUD	2 AUD	2	1	50.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
60. 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
61. Banpu Coal Power Ltd.	Investment in power	5,921,587,160 THB	5,921,587,160 THB	592,158,716	10	100.00%	26-28 th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
62. Banpu Power International Ltd.	Investment in power	50,000 USD	50,000 USD	50,000	1	100.00%	4 th Floor, Ebene Skies, Rue de L' Institut, Ebene, Republic of Mauritius	230 210 4000

DETAILS OF THE COMPANY AND ITS SUBSIDIARY AND ASSOCIATED COMPANIES

Name	Type of business	Authorized capital	Paid up capital	No. of paid-up capital	Par value per share	% of holding	Head Office	Telephone
63. 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%	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981	65 6338 1888
64. 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) 8517 6918
65. Peak Pacific Investment Company (L) BHD	Investment in power	1,000 USD	1 USD	1	1	100.00%	Level 15 (A2), Main Office Tower, Financial Park, 87000 Labuan FT, Malaysia	60 87 443 118
66. Zouping Peak Pte. Ltd.	Investment in electrical power business	No authorized shares*	2 SGD	2	No par value*	100.00%	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981	65 6338 1888
67. Banpu 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) 8527 5162
68. 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
69. 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
70. 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
71. Banpu New Energy Holdings Co., Ltd.	Investment in alternative energy	60,000,000 THB	37,500,000 THB	6,000,000	10	100.00%	26-28 th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
72. Biofuel Development Holdings Co., Ltd.	Investment in alternative energy	30,000,000 THB	30,000,000 THB	3,000,000	10	100.00%	26-28 th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
73. Prachuab Wind Energy Co., Ltd.	Investment in alternative energy	10,000,000 THB	2,500,000 THB	1,000,000	10	100.00%	26-28 th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
74. Mittraphap Wind Energy Co., Ltd.	Investment in alternative energy	10,000,000 THB	2,500,000 THB	1,000,000	10	100.00%	26-28 th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
75. Petchkasem Wind Energy Co., Ltd.	Investment in alternative energy	10,000,000 THB	2,500,000 THB	1,000,000	10	100.00%	26-28 th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
Associated Companies								
76. 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
77. BLC Power Ltd.	Power production and sales	12,010,000,000 THB	12,010,000,000 THB	120,100,000	100	49.99%	9, I-8 Road, Map Ta Phut Industrial Estate, Mueang District, Rayong	0 3892 5100
78. 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	(86392) 291 7401-2
79. 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	865 (0) 2122 2482
80. Phu Fai Mining 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	865 (0) 2122 2483
81. Surin Green Energy Co., Ltd.	Investment in alternative energy	100,000,000 THB	100,000,000 THB	10,000,000	10	30.00%	26-28 th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
82. Port Kembla Coal Terminal Limited	Shiploading Coal Port	600,000 AUD	600,000 AUD	600,000	1	16.66%	Port Kembla Road, Inner Harbour, Wollongong NSW 2520, Australia	61 2 4228 0288

Remark: * Under Singaporean Corporate Law



FINANCIAL STATEMENTS

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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 2010. 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 as the Chairman, Mr. Montri Mongkolswat and Mr. Anothai Techamontrikul as the members of the 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. In 2010, the Audit Committee convened eight times with all members attending all meetings. The meetings were held with executives, Head of Internal Audit Department and the auditors in relevant agendas. 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 2010 financial statement with executives and auditors to ensure that the financial statements of the Company and its subsidiaries were in accordance with the Generally Accepted Accounting Principles (GAAP) and that information was always adequately and completely disclosed in a reliable and transparent manner. In addition, impacts from the change of accounting standards were also considered.

- **Internal Control System** - The Audit Committee reviewed the internal control system with the auditors and the Internal Audit Department on a quarterly basis in respect of accounting and finance, maintenance of properties, operation and legal compliance. Check and balance mechanisms were introduced and monitoring was performed by independent Internal Audit Department to ensure effectiveness in safeguarding investment of shareholders, related parties and Banpu's properties. The Audit Committee was confident that the Company had an efficient internal control system to support its growth.

- **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 relating to the Company's business that it needed to comply with. It also set up the Joint External Compliance Committee (JECC) to formulate supervision standards and to promote understanding in laws and regulations to support the operation of the Internal Audit Department where all rules and regulations were strictly complied with. The JECC was later replaced by the Corporate Compliance Department.

- **Connected Transactions or Transactions with Potential Conflict of Interest** - The Audit Committee reviewed connected transactions between the Company, 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 carried them out according to a good corporate governance policy. It also got rid of conflicts of interest while promoting transparency and equal treatment to all shareholders. 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 reviewed risk management of the Risk Management Department on a quarterly basis as both the Board and the management put a high priority on the risk management. The Audit Committee was confident that the Company's risk management mechanisms were properly developed and monitored according to the policy. Staff was trained to enhance their understanding about the organization's risk management practices to reduce possible impacts from business expansion.

• **Corporate Governance** - The Company's priority was to manage its business according to the principles of good corporate governance. It set up the Whistle Blowing system as a channel 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, The Company's Corporate Governance Policy and practices have been well recognized. This helps increasing confidence among our shareholders, investors and related parties. In addition, it also set up the Sustainable Development Policy and corporate social responsibility initiatives that encouraged participation from the public sector, government agencies and private sector.

The Audit Committee expressed its opinion that the Company was actively committed to the Corporate Governance Policy. This in turn resulted in an effective and adequate internal control system. The risk management was effectively complied 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. The financial statements for an accounting period ended 31 December 2010 were duly prepared in accordance with the GAAP and adequate and reliable information was disclosed.

Appointment of auditors and auditing fees for 2011

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

- | | |
|----------------------------|------------------------------------|
| 1. Mr. Somchai Jinnovart | C.P.A. (Thailand) No. 3271; and/or |
| 2. Mr. Prasit Yuengsrikul | C.P.A. (Thailand) No. 4174; and/or |
| 3. Mr. Vichien Khingmontri | C.P.A. (Thailand) No. 3977; |

of PricewaterhouseCoopers ABAS Limited (PwC), an international company with extended networks over several countries, as Banpu's auditor in 2011 for a total auditing fee of THB 1,915,000 or a 4 per cent increase from the year 2010.

23 February 2011

On behalf of the Audit Committee



(Mr. Somkiat Charoenkul)

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 2010 in comparison with the fiscal year financial statements ending 31 December 2009. Details of financial statements are set out in the attached note stated in the consolidated statements as of 31 December 2010.

1. The Consolidated Profit and Loss for the fiscal year ending 31 December 2010 in comparison with the Consolidated Profit and Loss for the fiscal year ending 31 December 2009

1.1 Sales revenue reported at THB 65,285 million, an increase of THB 7,420 million or 13 per cent compared to last year. The increase was mainly due to higher coal sales volume with higher selling price of Indonesian mines. In addition, the company began accounting consolidation of a subsidiary in Australia. Details of the Company's sales revenue are as follow:

- Revenue from coal sales of THB 59,901 million accounted for 93 per cent of total sales revenue. This represents an increase of THB 7,446 million or 14 per cent. The revenue from coal sales includes:
 - Sales revenue from Indonesian coal mines of THB 53,329 million;
 - Sales revenue from Australian coal mines of THB 6,498 million;
 - Sales revenue from domestic coal mines of THB 74 million.
- Sales of power and steam (from BIC) of THB 4,865 million accounted for 7 per cent of total sales revenue and increased 2 per cent compared to the previous year.
- Sales from others THB 520 million.
- Coal sales volume totaled 25.90 million tonnes, increasing 23 per cent due to higher production at Indonesian mines by 1.33 million tonnes and sales volume contribution from Australian's subsidiary of 3.57 million tonnes while production of Thai mine decreases due to depleted output. The coal sales volume consists of:
 - Coal from Indonesian mines 22.18 million tonnes.
 - Coal from Australian mines 3.57 million tonnes.
 - Coal from domestic mines 0.15 million tonnes.
- Average coal selling price from Indonesia was USD 74.65 per tonne, compared to the previous year of USD 71.69 per tonne.

1.2 Cost of sales THB 38,640 million, increasing THB 8,649 million or 29 per cent due to the higher unit cost associated with higher portion of good-quality coal sales, increases in diesel price, increases in mining ratios from Indonesian mines and consolidation of the Australian subsidiary.

1.3 Gross profit reported at THB 26,645 million, a decrease of THB 1,229 million or 4 per cent. Gross profit margin is calculated at 41 per cent in this period. The gross profit margin from coal is 43 per cent and from power is 16 per cent.

1.4 Selling expenses reported at THB 4,013 million, an increase of THB 1,274 million or 47 per cent due to an increase in demurrage charges from the shutdown of Bontang Coal Terminal (BoCT) port for maintenance and the unseasonal rainfall in Kalimantan in 2010 which affected production at Indonesian mine sites and coal blending. Selling expenses of subsidiary in Australia is also consolidated.

1.5 Administrative expenses reported at THB 6,241 million, an increase of THB 1,325 million or 27 per cent mainly from the termination of underground project development in Indonesian, tax of dividend received from subsidiary in Indonesia of THB 1,176 million and consolidation of general expenses for employee compensation and administrative expenses of subsidiary in Australia.

1.6 Royalty fees reported at THB 6,925 million, an increase of THB 458 million or 7 per cent due to the higher sales volume of coal and selling price.

1.7 Dividend income of THB 592 million from a listed power company.

1.8 Gain on disposal of investment in subsidiaries and associates reported of THB 11,692 million, from partial divestment of 8.72 per cent share in the Indonesian listed subsidiary ITM.

1.9 Gain on disposal of investment in available-for-sale securities reported of THB 4,085 million from investment sold of Power Business holding company.

1.10 Gain on foreign exchange of THB 187 million, compared to a loss of THB 521 million reported in last year.

1.11 Loss from financial instrument of THB 940 million from coal swap and oil hedging contracts under the subsidiary in Indonesia while in last year reported a gain of THB 2,920 million.

1.12 Equity income from subsidiaries and affiliates reported at THB 6,117 million, derived mainly from equity income from BLCP of THB 3,035 million, equity income from China coal business of THB 3,213 million.

1.13 Interest expenses of THB 1,682 million increased THB 401 million, mainly from new borrowings for investment in Australian mining.

1.14 Corporate income tax amounted to THB 3,733 million, decreasing THB 1,294 million from loss on coal swap and oil hedging whereas corporate income tax incurred from gain on investment in available-for-sale securities.

1.15 Net profit for the fiscal year of 2010 reported at THB 24,728 million, an increase of THB 10,499 million or 74 per cent.

1.16 Earnings per share (EPS) for the fiscal year 2010 reported at THB 91.00 per share compared to THB 52.36 per share last year, an increase of 74 per cent.

2. Consolidated Balance Sheet as of 31 December 2010 in comparison with Consolidated Balance Sheet as of 31 December 2009

2.1 Total assets of THB 193,598 million reported an increase of THB 92,182 million or 91 per cent with details described below:

- Cash and cash equivalents of THB 16,980 million decreased THB 4,071 million or 19 per cent from cash outflow from partial repayment of short term, long term and local bond included investment in machinery and equipment of Indonesia coal and China power business.
- Accounts and note receivable of THB 6,898 million increased THB 1,509 million or 28 per cent from consolidated account receivable of subsidiary in Australia.
- Accrued dividends from related parties of THB 5,755 million from accrued dividend of BLCP.
- Inventory, net of THB 4,118 million increased THB 1,366 million or 50 per cent from consolidated Australian's subsidiaries.
- Other current assets of THB 6,959 million increased THB 4,756 million or 216 per cent from Long Service Leave receivable of subsidiary in Australia and refundable corporate income tax of Indonesian company.
- Investment in subsidiaries, joint venture and associates of THB 33,587 million increased THB 3,983 million or 13 per cent from profit sharing net from dividend payment of power business in Thailand and coal business in China.
- Other investment of THB 440 million decreased THB 7,622 million or 95 per cent from Power Business investment sold.
- Property plant and equipment of THB 40,431 million increased of THB 22,638 million or 127 per cent from consolidated subsidiary in Australia whereas the accounting values of these assets decreased by the appreciation of Thai Baht.

- Deferred exploration and development of THB 15,357 million increased THB 11,750 million or 326 per cent that incurred from an acquisition of Australian's subsidiaries.
- Mining property right net of THB 59,362 million increased THB 58,041 million incurred from the premium paid for acquisition of Australian's subsidiaries company over the fair value of net assets.

2.2 Total liabilities of THB 123,885 million increased THB 78,420 million or 172 per cent with details described below:

- Bank loans and overdrafts of THB 1,387 million decreased THB 297 million or 18 per cent from repayment of short-term borrowing.
- Current portion of long-term loans and current portion of Baht debenture of THB 4,282 million decreased THB 1,617 million from partial repayment.
- Accrued overburden and transportation expenses of THB 2,821 million decreased THB 161 million mainly from the Indonesian operations.
- Other current liabilities of THB 8,183 million increased THB 3,637 million or 80 per cent from unfavourable customer contract incurred from the fair value of long term sales contract of Australian's subsidiaries at the date of acquisition.
- Long-term loans of THB 76,153 million increased THB 64,007 million from consolidation of the Australian subsidiary with long-term loans of THB 12,620 million and new long-term borrowing to finance investment in Australia.
- Baht debenture of THB 8,780 million decreased THB 1,493 million from partial transfer to current portion of Baht debenture.

2.3 Shareholders' equity of THB 69,714 million increased THB 13,762 million or 25 per cent mainly from

- Net profit for the fiscal year of 2010 at THB 24,728 million.
- Dividend payment to shareholders of THB 8,087 million.
- A decrease of THB 4,594 million from mark to market value of investment in listed companies due to investment disposal.
- A decrease from affiliates' foreign exchange translations loss of THB 1,024 million.

2.4 Net Debt-to-Equity as of 31 December 2010 reported at 1.06 times for the consolidated balance sheet and 4.54 times for the parent company. As of 31 December 2009, the ratio were 0.16 times for the consolidated balance sheet and 1.32 times for the parent company.

3. Statement of Cash Flow for the fiscal year ending 31 December 2010 in comparison with the previous year ending 31 December 2009

Banpu's statement of cash flow for the fiscal year ending 31 December 2010 recorded a decrease in net cash flow of THB 5,327 million compared to last year. The Company's net cash flow is divided into:

3.1 Cash flow from operation of THB 1,266 million; with major operating items as follow:

- Received from coal sales THB 63,776 million
- Overburden, coal mining and coal transportation payment of THB 21,845 million
- Interest paid of THB 1,438 million
- Corporate income tax paid of THB 5,630 million
- Royalty payment of THB 8,354 million
- Cost of production of subsidiary in Australia THB 4,394 million

- 3.2 Cash flow from investment recorded an outflow of THB 49,625 million;
- Cash received from partial divestment of the Indonesian listed subsidiary ITM and power business of THB 19,096 million.
 - Cash received from dividend of power business and Coal China of THB 3,895 million.
 - Cash received from loan repayment by associates of THB 520 million.
 - Cash received from project development of THB 2,329 million.
 - Cash payment for investment in subsidiary and associates of THB 73,400 million.
 - Cash payment for investment in machinery and mining equipment of THB 3,440 million, project in progress of THB 981 million.
- 3.3 Cash flow from financing recorded outflow of THB 43,032 million, from
- An increase in bank loan and long-term loan of THB 79,537 million.
 - Bank loan, long-term loan and debenture payment of THB 30,392 million.
 - Financial fee payment of THB 579 million.
 - Dividend payment of THB 5,660 million.

4. Management Discussion and Analysis

The financial statement of 2010 indicates a substantial increase in earnings by 74 per cent to THB 24,728 million. The sound performance of coal business in Indonesia, as reflected by stronger output and higher selling prices, helped in supporting the overall operation earnings. The earnings also reflects realized gain from two major divestment transactions. Lastly in 4Q10 the Company started to consolidate the financial statement of its newly acquired subsidiary in Australia.

Coal sales volume in Indonesia totaled 22.18 million tonnes, 6 per cent higher from last year. The two biggest mines namely Indominco and Trubaindo reported sales volume of 14.48 million tonnes (19 per cent increase) and 5.39 million tonnes (5 per cent increase), respectively. Jorong notably reported a lower sales volume of 1.01 million tonnes as it was disrupted by production suspension during 1H10 as its forestry permit was under review.

The average coal selling price from Indonesia is USD 74.65 per tonne, marginally higher by 4 per cent as regional coal market remained favorable. On the other hand, the coal operation in Indonesia faced with higher diesel cost which rose by 38 per cent to USD 0.76 per litre. As such the gross profit margin from Indonesian coal softened to 43 per cent from 51 per cent in 2009.

Australia coal business contributed sales volume of 3.57 million tonnes in 4Q10, the period which marks the first accounting consolidation with the Banpu Group.

China coal business contributed an equity income of THB 3,212 million, lower 20 per cent due to expenses associated with the temporary suspension at Daning caused by delay in license renewal process during 3Q10. Operation in general was supported by strong coal prices in China which was reflected by a significant increase in equity income from Hebi mine by 36 per cent to THB 599 million.

The BLCP power plant recorded 10 per cent lower equity income to THB 3,035 million. Excluding the FX gain of THB 531 million during 2010 the equity income would have dropped by 23 per cent. The reduced equity income reflects the lower power tariff rate which is pre-determined in BLCP's Power Purchase Agreement (PPA). Other income from power includes dividend received from a listed company of THB 489 million and net income of THB 298 million from Banpu Investment (China) Ltd. (BIC), the holding company for the three Chinese power plants.

During 2010 the Company has made two strategic divestments in order to re-balance the group asset portfolio in relation to the Company's 5-year strategic roadmap. The divestment includes the partial dilution of 8.72 per cent interest in ITM in September and disposal of 14.9 per cent share in a listed power company in November. The Company realized a pre-tax gain of THB 15,777 million from these two transactions.

Excluding non-recurring items, the EBITDA in 2010 was THB 21,966 million which declined 8 per cent. EBITDA from coal and power were THB 18,004 million (5 per cent decrease) and THB 3,962 million (18 per cent decrease), respectively.

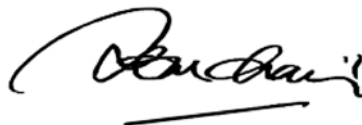
AUDITOR'S REPORT

To the Shareholders of Banpu Public Company Limited

I have audited the accompanying consolidated and company balance sheets as at 31 December 2010 and 2009, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the years 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 audits.

I conducted my audits 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 audits provide 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 2010 and 2009, and the consolidated and company results of operations and cash flows for the years 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

23 February 2011

BALANCE SHEETS

As at 31 December 2010 and 2009

	Notes	Consolidated		Company	
		2010	2009	2010	2009
		THB Thousand	THB Thousand	THB Thousand	THB Thousand
Assets					
Current assets					
Cash and cash equivalents	5	16,979,739	21,050,427	3,244,289	3,192,489
Trade accounts receivable, net	6	6,898,206	5,389,211	206,003	201,953
Trade accounts receivable from subsidiaries	30	-	-	99,492	30,295
Amounts due from related parties	30	16,280	314,089	805,131	1,007,424
Dividend receivables from related parties	30	5,755,010	5,302,218	4,552,395	4,349,533
Advances to related parties	30	239,915	21	854,506	233,920
Short-term loan to other company		370,791	-	-	-
Inventories, net	7	4,117,905	2,751,772	396,681	478,128
Spare parts and machinery supplies		1,117,082	602,460	74,216	74,044
Other current assets	8	6,959,077	2,203,102	387,227	309,563
Total current assets		42,454,005	37,613,300	10,619,940	9,877,349
Non-current assets					
Loans to employees		16,948	16,429	30	33
Long-term loans to related parties	30	-	360	63,070,341	13,942,120
Long-term loans to other companies	9	4,501	297,782	4,501	297,782
Investments in subsidiaries and interests in joint ventures	10	33,587,292	29,603,851	6,883,703	6,846,203
Other investments, net	11	440,243	8,062,137	256,636	4,168,569
Property, plant and equipment, net	12	40,430,592	17,792,441	246,862	245,733
Other non-current assets					
Deferred exploration and development expenditures and deferred overburden expenses/stripping costs, net	13	15,356,655	3,606,403	-	-
Mining property rights, net	14	59,361,777	1,321,096	-	-
Projects under development	15	405,460	2,372,854	6,283	171,662
Other non-current assets		1,540,914	730,116	149,508	82,094
Total non-current assets		151,144,382	63,803,469	70,617,864	25,754,196
Total assets		193,598,387	101,416,769	81,237,804	35,631,545

The notes to the consolidated and company financial statements on pages 100 to 148 are an integral part of these financial statements.

BALANCE SHEETS
As at 31 December 2010 and 2009

		Consolidated		Company	
		2010	2009	2010	2009
	Notes	THB Thousand	THB Thousand	THB Thousand	THB Thousand
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	16	1,387,375	1,684,167	-	1,000,000
Trade accounts payable		3,067,690	1,552,859	-	-
Advances from subsidiaries	30	-	-	2,045	1,403
Current portion of long-term loans, net	18	2,782,421	2,598,968	1,680,165	1,400,000
Current portion of debentures, net	19	1,500,000	3,300,000	1,500,000	3,300,000
Other current liabilities					
Accrued overburden and coal transportation costs		2,821,118	2,982,599	2,417	1,928
Accrued interest expenses		343,521	105,966	273,701	102,171
Accrued royalty expenses		599,931	2,028,984	3,076	3,136
Accrued income tax expenses		755,891	2,812,410	-	-
Provision from acquisition of investment		-	481,449	-	-
Accrued employee benefits	20	2,232,374	-	-	-
Other current liabilities	17	8,183,292	4,546,668	2,258,066	334,436
Total current liabilities		23,673,613	22,094,070	5,719,470	6,143,074
Non-current liabilities					
Long-term loans from other company		25,500	-	-	-
Long-term loans, net	18	76,152,714	12,146,063	52,899,688	5,255,323
Debentures, net	19	8,780,454	10,273,953	8,780,454	10,273,953
Employee retirement benefits obligation	20	621,000	601,724	254,455	273,227
Deferred unfavourable contract liabilities		13,076,332	-	-	-
Other liabilities		1,555,087	349,322	7,447	11,028
Total non-current liabilities		100,211,087	23,371,062	61,942,044	15,813,531
Total liabilities		123,884,700	45,465,132	67,661,514	21,956,605

The notes to the consolidated and company financial statements on pages 100 to 148 are an integral part of these financial statements.

BALANCE SHEETS
As at 31 December 2010 and 2009

	Notes	Consolidated		Company	
		2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 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					
271,747,855 ordinary shares of THB 10 each	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		6,760,098	7,667,014	-	-
Fair value reserve of available-for-sale securities	21	(137,595)	4,456,799	1,894	(171,020)
Translation adjustment	21	(3,867,944)	(2,843,582)	-	-
Retained earnings					
Appropriated					
Legal reserve	29	1,869,661	1,422,367	354,051	354,051
Unappropriated		48,576,649	29,950,695	5,444,537	5,716,101
Total parent's shareholders' equity					
Minority interests		8,737,010	7,522,536	-	-
Total shareholders' equity					
Total liabilities and shareholders' equity					

The notes to the consolidated and company financial statements on pages 100 to 148 are an integral part of these financial statements.

STATEMENTS OF INCOME

For the years ended 31 December 2010 and 2009

	Notes	Consolidated		Company	
		2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Sales		65,285,315	57,865,340	789,882	2,040,582
Cost of sales		(38,640,322)	(29,991,613)	(729,542)	(1,829,688)
Gross profit		26,644,993	27,873,727	60,340	210,894
Selling expenses		(4,013,103)	(2,738,632)	(97,015)	(96,058)
Administrative expenses	23	(6,241,283)	(4,915,865)	(829,455)	(1,372,035)
Royalty fee		(6,925,295)	(6,466,903)	(110)	(239)
Profit (loss) from sales		9,465,312	13,752,327	(866,240)	(1,257,438)
Dividend income from subsidiaries	30	-	-	6,262,875	4,265,085
Dividend income from other companies		591,917	486,138	255,493	250,009
Interest income		337,940	207,412	991,836	600,033
Gain on disposal of investment in a subsidiary	10	11,691,829	-	-	-
Gain (loss) on disposal of investment in an available-for-sale security	11	4,085,074	-	(411,942)	-
Net gain (loss) on exchange rate		186,929	(521,428)	(795,041)	(255,484)
Net gain (loss) from financial derivatives		(939,944)	2,919,697	2,886	20,961
Management fee and others		1,066,326	146,218	1,322,684	1,165,421
Directors and management's remuneration	28	(173,122)	(145,037)	(157,468)	(130,299)
Operating profit	23	26,312,261	16,845,327	6,605,083	4,658,288
Interests in joint ventures	10	6,116,983	7,446,624	-	-
Profit before financial costs and income taxes		32,429,244	24,291,951	6,605,083	4,658,288
Interest expenses		(1,682,484)	(1,281,762)	(1,071,846)	(880,734)
Financial expenses		(298,840)	(180,642)	(150,327)	(123,334)
Income taxes	24	(3,732,848)	(5,026,878)	-	-
Net profit for the year		26,715,072	17,802,669	5,382,910	3,654,220
Attributable to					
Equity holders of the parent company		24,727,722	14,229,133	5,382,910	3,654,220
Minority interests		1,987,350	3,573,536	-	-
Earnings per share for profit attributable to the equity holders of the parent company (THB)					
Basic earnings per share	25	91.00	52.36	19.81	13.45

The notes to the consolidated and company financial statements on pages 100 to 148 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended 31 December 2010 and 2009

Consolidated 2010											
	Notes	Issued and paid-up share capital THB Thousand	Premium on share capital THB Thousand	Surplus on dilution of investment in a subsidiary THB Thousand	Fair value reserve of available-for-sale securities THB Thousand	Translation adjustment THB Thousand	Legal reserve THB Thousand	Unappropriated retained earnings THB Thousand	Total THB Thousand	Minority interests THB Thousand	Total THB Thousand
Opening balance of 2010		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
Fair value adjustment	11	-	-	-	(4,594,394)	-	-	-	(4,594,394)	-	(4,594,394)
Translation adjustment		-	-	-	-	61,605	-	-	61,605	(333,608)	(272,003)
Decrease from disposal of investment in a subsidiary		-	-	(906,916)	-	(1,085,967)	-	-	(1,992,883)	1,992,883	-
Legal reserve	29	-	-	-	-	-	447,294	(447,294)	-	-	-
Dividend paid	27	-	-	-	-	-	-	(5,654,474)	(5,654,474)	-	(5,654,474)
Dividend paid of subsidiaries		-	-	-	-	-	-	-	-	(2,432,151)	(2,432,151)
Net profit for the year		-	-	-	-	-	-	24,727,722	24,727,722	1,987,350	26,715,072
Closing balance of 2010		2,717,479	5,058,329	6,760,098	(137,595)	(3,867,944)	1,869,661	48,576,649	60,976,677	8,737,010	69,713,687

Company 2010							
	Notes	Issued and paid-up share capital THB Thousand	Premium on share capital THB Thousand	Fair value reserve of available-for-sale securities THB Thousand	Legal reserve THB Thousand	Unappropriated retained earnings THB Thousand	Total THB Thousand
Opening balance of 2010		2,717,479	5,058,329	(171,020)	354,051	5,716,101	13,674,940
Fair value adjustment	11	-	-	172,914	-	-	172,914
Dividend paid	27	-	-	-	-	(5,654,474)	(5,654,474)
Net profit for the year		-	-	-	-	5,382,910	5,382,910
Closing balance of 2010		2,717,479	5,058,329	1,894	354,051	5,444,537	13,576,290

The notes to the consolidated and company financial statements on pages 100 to 148 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended 31 December 2010 and 2009

Consolidated 2009											
		Issued and	Premium on	Surplus on	Fair value			Unappropriated		Minority	
		paid-up	share capital	dilution of	reserve of	Translation	Legal	retained	Total	interests	Total
		share capital	share capital	a subsidiary	for-sale	adjustment	reserve	earnings	THB	THB	THB
	Notes	THB	THB	THB	THB	THB	THB	THB	THB	THB	THB
	Thousand	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	29	-	-	-	-	-	(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 subsidiaries		-	-	-	-	-	-	-	-	(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							
		Issued and	Premium on	Fair value		Unappropriated	
		paid-up	share capital	reserve of		retained	Total
		share capital	share capital	available-	for-sale	earnings	THB
	Notes	THB	THB	securities	securities	THB	THB
	Thousand	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 100 to 148 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the years ended 31 December 2010 and 2009

	Notes	Consolidated		Company	
		2010	2009	2010	2009
		THB Thousand	THB Thousand	THB Thousand	THB Thousand
Cash flows from operating activities					
Net profit for the year before income taxes		30,447,920	22,829,547	5,382,910	3,654,220
Adjustment to reconcile net profit for cash receipts (payments) from operations					
Depreciation and amortisation		2,703,286	2,020,746	25,367	39,090
Write-off projects under development	15	483,907	-	-	-
Write-off property, plant and equipment	12	144,408	209,727	1,866	147,618
Reversal of impairment of property, plant and equipment	12	(405)	-	(405)	-
Allowance for doubtful accounts	6	(30,914)	(29,239)	(30,914)	(29,239)
Allowance for net realisable value and slow-moving of inventory		-	36,679	-	59,933
Provision for income tax		-	1,176,392	-	-
Interest expenses		1,682,484	1,281,762	1,071,846	880,734
Interest income		(337,940)	(207,412)	(991,836)	(600,033)
Finance expenses		298,840	180,642	150,327	123,334
Interests in joint ventures	10	(6,116,983)	(7,446,624)	-	-
Dividend income from subsidiaries	30	-	-	(6,262,875)	(4,265,085)
Dividend income from other companies		(591,917)	(486,138)	(255,493)	(250,009)
Gain on disposal of property, plant and equipment		(2,847)	(2,836)	(13,468)	(473)
Gain on disposal of investment in a subsidiary		(11,691,829)	-	-	-
(Gain) loss on disposal of investment in an available-for-sale security		(4,085,074)	-	411,942	-
Net unrealised (gain) loss on exchange rate		(1,762,275)	48,122	1,163,916	315,879
Cash flow before changes in working capital		11,140,661	19,611,368	653,183	75,969
Changes in working capital (exclude effect from acquisition and disposal of subsidiaries)					
Trade accounts receivable		402,002	660,052	26,864	202,944
Trade accounts receivable from subsidiaries		-	-	(69,197)	(30,295)
Amounts due from related parties		(14,277)	3,103	25,461	218,102
Inventories		(484,333)	(1,137,419)	81,447	(199,233)
Spare parts and machinery supplies		75,795	(147,861)	(172)	70
Other current assets		(1,957,751)	(375,500)	(312,254)	83,625
Deferred exploration and development expenditures and deferred overburden expenses		1,152,502	446,658	-	-
Trade accounts payable		917,748	34,297	-	-
Accrued overburden and coal transportation costs		(161,481)	953,387	489	338
Accrued royalty fee		(1,429,053)	8,527	(60)	(274)
Employee retirement benefits obligation		12,494	230,093	(24,491)	174,495
Other current liabilities		(1,331,708)	(297,055)	574,073	(6,156)
Cash generated from operating activities		8,322,599	19,989,650	955,343	519,585
Interest paid		(1,438,147)	(1,284,966)	(894,597)	(887,879)
Income tax paid		(5,630,034)	(6,160,983)	-	-
Net cash receipts (payments) from operating activities		1,254,418	12,543,701	60,746	(368,294)

The notes to the consolidated and company financial statements on pages 100 to 148 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the years ended 31 December 2010 and 2009

	Notes	Consolidated		Company	
		2010	2009	2010	2009
		THB Thousand	THB Thousand	THB Thousand	THB Thousand
Cash flows from investing activities					
Cash receipts (payments) for advances to related parties		(239,894)	-	76,633	109,688
Cash receipts (payments) for advances from related parties		-	-	642	(4,206)
Cash receipts from short-term loan to other company		364,340	-	-	-
Cash receipts from short-term loans to related parties		-	-	10,715,000	424,424
Cash payments for short-term loans to related parties		-	-	(10,658,440)	(5,152,930)
Cash receipts from a short-term loan to a joint venture		-	626,139	-	-
Cash receipts from long-term loans to related parties		-	-	544,872	-
Cash payments for long-term loans to related parties		-	-	(50,559,887)	-
Cash receipts from long-term loans to other companies		813,159	-	292,799	-
Cash payments for a long-term loan to a joint venture		(520,000)	(360)	-	-
Cash receipts (payments) from loans to employees, net		(519)	(2,264)	3	(26)
Cash receipts from disposal of investment in a subsidiary		11,923,933	-	-	-
Cash payments for purchase of investments in subsidiaries and interests in joint ventures		(71,739,496)	(730,791)	(37,500)	-
Cash receipts from disposal of other investments		7,172,454	-	3,672,905	-
Cash payments for purchase of other investments	11	-	(90,000)	-	(90,000)
Cash receipts from disposal of projects under development		2,328,895	-	-	-
Cash payments for projects under development		(981,499)	(806,579)	(531,461)	-
Cash payments for purchase of property, plant and equipment		(3,428,758)	(2,800,697)	(30,819)	(72,377)
Cash receipts from disposal of property, plant and equipment		96,355	44,352	18,115	835
Other non-current assets		65,995	103,609	(8,642)	(11,822)
Interest received		591,816	200,051	1,246,680	260,079
Cash receipts from dividends from investments in subsidiaries and joint ventures		3,347,414	2,836,396	5,966,325	6,572,116
Cash receipts from dividends from other investments		591,917	486,138	255,493	250,009
Net cash receipts (payments) from investing activities		(49,613,888)	(134,006)	(39,037,282)	2,285,790

The notes to the consolidated and company financial statements on pages 100 to 148 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
For the years ended 31 December 2010 and 2009

	Notes	Consolidated		Company	
		2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Cash flows from financing activities					
Cash receipts from loans from banks		11,311,018	7,737,747	10,591,105	6,753,580
Repayment of loans from banks		(13,462,445)	(10,700,799)	(11,608,420)	(9,498,675)
Repayment of short-term loan from related parties		-	-	-	(109,047)
Cash receipts from short-term loans from other companies		25,500	-	-	-
Cash receipts from long-term loans	18	68,225,952	4,430,511	51,057,744	2,659,950
Repayments of long-term loans	18	(13,629,714)	(5,270,363)	(3,200,000)	(1,000,000)
Cash payments for financial expenses		(578,916)	(216,711)	(188,871)	(159,404)
Cash receipt from debentures	19	-	6,300,000	-	6,300,000
Repayments of debentures	19	(3,300,000)	(1,300,000)	(3,300,000)	(1,300,000)
Dividend paid		(4,347,966)	(3,514,428)	(4,304,912)	(3,514,428)
Dividend paid of subsidiaries		(1,311,520)	(1,293,517)	-	-
Other liabilities		100,172	331,375	(3,580)	10,531
Net cash receipts (payments) from financing activities		43,032,081	(3,496,185)	39,043,066	142,507
Net increase (decrease) in cash and cash equivalents		(5,327,389)	8,913,510	66,530	2,060,003
Adjustment from foreign exchange translation		937,509	(712,765)	(14,730)	(6,323)
Increase from purchase of investments in subsidiaries		319,192	-	-	-
Cash and cash equivalents at beginning of the year		21,050,427	12,849,682	3,192,489	1,138,809
Cash and cash equivalents at end of the year		16,979,739	21,050,427	3,244,289	3,192,489

The notes to the consolidated and company financial statements on pages 100 to 148 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the years ended 31 December 2010 and 2009

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 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, the Republic of China, and Australia.

These consolidated and company financial statements were authorised by Board of Directors on 23 February 2011.

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.

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.

The comparative figures have been reclassified the withholding taxes of dividends which were received by overseas subsidiaries amounting to THB 416.30 million to present as income tax in the consolidated statement of income for the year ended 31 December 2009. These dividends were treated as non-taxable income for income tax calculation, therefore, the withholding taxes were unclaimed. The Group’s management considered that the reclassification of these withholding taxes is more appropriate.

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, new interpretation and amendments to accounting standards and accounting framework

The following new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (collectively “the accounting standards”) and accounting framework are endorsed by the Government Gazette during 2010.

- a) Effective on 26 May 2010

The amendment of accounting framework

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
For the years ended 31 December 2010 and 2009

b) Effective for the accounting periods beginning on or after 1 January 2011

TAS 1	(Revised 2009)	Presentation of Financial Statements
TAS 2	(Revised 2009)	Inventories
TAS 7	(Revised 2009)	Statement of Cash Flows
TAS 8	(Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	(Revised 2009)	Events after the Reporting Period
TAS 11	(Revised 2009)	Construction Contracts
TAS 16	(Revised 2009)	Property, Plant and Equipment
TAS 17	(Revised 2009)	Leases
TAS 18	(Revised 2009)	Revenue
TAS 19		Employee Benefits
TAS 23	(Revised 2009)	Borrowing Costs
TAS 24	(Revised 2009)	Related Party Disclosures
TAS 26		Accounting and Reporting by Retirement Benefit Plan
TAS 27	(Revised 2009)	Consolidated and Separate Financial Statements
TAS 28	(Revised 2009)	Investments in Associates
TAS 29		Financial Reporting in Hyperinflationary Economies
TAS 31	(Revised 2009)	Interests in Joint Ventures
TAS 33	(Revised 2009)	Earnings per Share
TAS 34	(Revised 2009)	Interim Financial Reporting
TAS 36	(Revised 2009)	Impairment of Assets
TAS 37	(Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	(Revised 2009)	Intangible Assets
TAS 40	(Revised 2009)	Investment Property
TFRS 2		Share-based Payment
TFRS 3	(Revised 2009)	Business Combinations
TFRS 5	(Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6		Exploration for and Evaluation of Mineral Resources
TFRIC 15		Agreements for the Construction of Real Estate

The Group will apply the aforementioned accounting standards from 1 January 2011. The Group's management assessed and determined that there are no significant impacts to financial statements being presented except the following accounting standards.

- TAS 1 (Revised 2009) states that an entity shall present all items income and expense recognised in a period in a single statement (the statement of comprehensive income) or in two statements (the separate income statement and statement of comprehensive income). In addition, this revised standard requires an entity to present a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when the entity makes a retrospective restatement or reclassifies items in the financial statements. However, for the financial statements which period begins on or after 1 January 2011 and are the first period apply the revised standard, an entity can choose to present statement of financial position only two statements without the statement of financial position as at the beginning comparative period. The Group decides to present both the separate income statement and statement of comprehensive income as the single statement.

- TAS 16 (Revised 2009) requires that the cost of an item of property, plant and equipment includes the costs of its dismantlement, removal or restoration, the obligation for which an entity incurs as a consequence of installing the item. Each significant component of property, plant and equipment is required to be separately identified and depreciated if the useful life of each significant component differs from other components. In addition, useful lives and residual values of the property, plant and equipment are required to be reviewed and adjusted, if appropriate, at least annually. The Group assessed and determined that the changing in depreciation has not been significant impact to the financial statements. However, the Group is in the process of reviewing the impact of an obligation for dismantlement, removal or restoration and residual values.

- TAS 19, the Group has adopted the TAS 19 since 2006 before the effective date.

- TAS 24 (Revised 2009) expands the definition of related party to include parties with joint control over the entity, joint venture in which the entity is a venturer and post-employment benefit plan for the benefit of employees of an entity. This revised accounting standard may impact only to the disclosure of related party information in the notes to financial statements.

- TAS 27 (Revised 2009) prescribes an accounting for changes in ownership interest in a subsidiary. The revised standard requires changes in a parent's ownership interest in a subsidiary, including all transactions with non-controlling interests that do not result in the loss of control to be accounted for in equity. When the entity loses control of a subsidiary, any investment retained in the former subsidiary is measured at its fair value and any gain or loss is recognised in profit or loss. The accounting for such changes in ownership interest shall be applied prospectively.

- TAS 31 (revised 2009) required that when an investor ceased to have joint control over an entity, it shall account for any remaining investment at fair value and recognise any gain or loss in profit and loss.

- TAS 40 (Revised 2009) prescribed the accounting and disclosure for investment property. An entity is required to present an investment property separately in the statement of financial position. The entity may choose to measure the investment property either the cost model or the fair value model. Under fair value model, any changes in fair value are recognised in profit or loss. The Group will apply the cost model for measurement and expected reclassification land for future projects of THB 135.71 million which has been presented as property, plant and equipment.

- TFRS 3 (Revised 2009) continues to apply the acquisition method to business combinations, unless it is a combination involving entities or businesses under common control. Examples of significant changes in the revised standard are (a) all payments to a business acquisition, including contingent considerations shall be recognised at fair value on the acquisition date and changes in fair value of contingent consideration classified as a liability are recognised in profit or loss, (b) for each business combination, the acquirer shall measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and (c) all acquisition-related costs should be expensed in the periods in which the costs are incurred, etc. The revised accounting standard shall be applied prospectively to business combinations from 1 January 2011.

- TFRS 6 does not state the formal capitalization models prescribed for accounting for exploration and evaluation ("E&E") expenditure but permits an entity to determine an accounting policy for E&E expenditure based on an entity's current accounting policies. For the capitalisation of E&E expenditure, the entity will apply either the cost model or the revaluation model in TAS 16 Property, Plant and Equipment or the model in TAS 38 Intangible Assets, depending on the classification of the E&E assets. Expenditures incurred in the development of mineral properties will be accounted for in accordance with the Accounting Framework and TAS 38 Intangible Assets. In addition, this standard provides specific impairment indicators for E&E assets. If an impairment indicator exists, impairment testing is required to be performed in accordance with TAS 36 Impairment of Assets. TFRS 6 also specifically requires disclosure of the entity's accounting policies for exploration and evaluation expenditure, including the recognition of exploration and evaluation assets and the amounts of assets, liabilities, income and expense and operating and investing cash flows arising from the exploration for and evaluation of mineral

resources. The Group's management assessed and determined that this standard will not have a significant impact to the financial statements being presented.

- c) Effective for the accounting periods beginning on or after 1 January 2013

TAS 12		Income Taxes
TAS 20	(Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21	(Revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Group has yet applied the aforementioned accounting standards before the effective date. The Group's management is in the process of reviewing the impacts of those accounting standards. The following are the significant changes from such accounting standards which are relating to the Group.

- TAS 12 prescribed the accounting treatment for income taxes, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured by based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period.

- TAS 21 (Revised 2009) required each individual entity to determine its functional currency which is a currency of the primary economic environment in which the entity operates. Foreign currency transactions are required to be translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rate of monetary items denominated in foreign currency are recognised in profit or loss. In addition, the results and financial position of all the group entities that have a functional currency difference from the presentation currency are translated in the presentation currency by (a) assets and liabilities are translated at the closing rate at the date of that statement of financial position b) income and expenses are translated at exchange rate at the date of the transactions and c) all resulting exchange differences are recognised in other comprehensive income.

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 interests in jointly controlled entities

Associates and interests in jointly controlled entities 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.

Interests in jointly controlled assets and operations

Interests in jointly controlled assets and operations are accounted for by proportionate consolidation in the consolidated financial statements. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the consolidated financial statements. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

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.

Deferred unfavourable contract liabilities

Deferred unfavourable contract liabilities are recognised as identifiable liabilities in the acquired entity's financial statements as part of the purchase price allocation at the acquisition date. The unfavourable contract liabilities incurred from an excess of the fair value of long-term coal sales contracts than sales values specified in such coal sales contracts. The deferred unfavourable contract liabilities are amortised based on delivered units of coal.

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.

Recoument 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 to the statement of income.

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
Equipment under financial lease	5 to 15 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 employee benefits

Other 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.

Other employee benefits of the Australian subsidiaries, which consisted of annual leave, sick leave and long service leave, are paid on monthly basis in accordance with Coal Mining Industry (Long Service Leave Funding Corporation) and recognised as expenses 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 and Australian 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, associates 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	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Cash on hand	27,278	139,456	225	175
Deposits held at call with banks	7,064,123	6,107,170	1,329,121	805,353
Fixed deposits	8,088,338	12,593,801	114,943	176,961
Bills of exchange	1,800,000	2,210,000	1,800,000	2,210,000
Total cash and cash equivalents	16,979,739	21,050,427	3,244,289	3,192,489

The interest rate on deposits held at call with banks was 0.50% - 1.20% per annum (2009: 0.25% - 0.65% per annum).

The interest rate on fixed deposits with banks was 0.16% - 7.15% per annum (2009: 0.05% - 7.00% per annum).

Bills of exchange represent original maturities less than three months and the interest rate was 1.30% - 1.95% per annum (2009: 0.66% - 1.20% per annum).

6. Trade accounts receivable, net

Trade accounts receivable consist of:

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Trade accounts receivable				
• Subsidiaries (Note 30)	-	-	99,492	30,295
• Third parties	6,953,667	5,475,586	227,617	254,481
	6,953,667	5,475,586	327,109	284,776
Less Allowance for doubtful accounts	(55,461)	(86,375)	(21,614)	(52,528)
Trade accounts receivable, net	6,898,206	5,389,211	305,495	232,248

Trade accounts receivable balance are aged as follows:

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Trade accounts receivable under credit term	6,893,166	4,273,719	301,070	226,670
Trade accounts receivable due for payment				
• Less than 3 months	734	976,395	165	-
• Over 3 months but less than 6 months	46	33,354	-	-
• Over 6 months but less than 12 months	-	78,506	-	-
• Over 12 months	17,434	27,237	5,265	6,583
• Trade debtor under the Central Bankruptcy Court	42,287	86,375	20,609	51,523
Total trade accounts receivable	6,953,667	5,475,586	327,109	284,776
Less Allowance for doubtful accounts	(55,461)	(86,375)	(21,614)	(52,528)
Trade accounts receivable, net	6,898,206	5,389,211	305,495	232,248

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

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7. Inventories, net

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Coal inventories	4,194,224	2,828,091	465,760	547,207
Less Allowance for slow-moving	(76,319)	(76,319)	(69,079)	(69,079)
Inventories, net	4,117,905	2,751,772	396,681	478,128

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

8. Other current assets

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Prepayments	653,622	137,484	112,810	91,304
Advances for business	644,591	272,692	435	981
Financial derivative receivables	1,002,672	-	-	-
Advance to Coal Industry Fund	1,125,727	-	-	-
Value added tax	467,066	200,862	39,352	2,479
Withholding tax	2,089,019	713,113	69,775	82,430
Other accounts receivable	974,750	781,674	163,446	35,150
Accrued income	1,630	97,277	1,409	97,219
Total other current assets	6,959,077	2,203,102	387,227	309,563

9. Long-term loans to other companies

Long-term loans to other companies represent loans in US Dollar of USD 0.15 million (2009: USD 0.15 million and THB 292.80 million) bearing interest at the rates of 2.95% - 3.25% per annum (2009: 2.95% - 4.50% 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)	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Subsidiaries				
Banpu Minerals Co., Ltd.	-	-	39,994	39,994
BP Overseas Development Co., Ltd.	-	-	606,566	606,566
Banpu Power Co., Ltd.	-	-	6,197,890	6,197,890
Banpu Power International Co., Ltd.	-	-	1,753	1,753
Banpu New Energy Holdings Co., Ltd.	-	-	37,500	-
Joint ventures				
BLCP Power Ltd.	6,089,172	5,997,864	-	-
Power Generation Services Co., Ltd.	-	115,354	-	-
Hebi Zhong Tai Mining Co., Ltd.	1,631,649	1,631,649	-	-
Shanxi Asian American-Danling Energy Company Limited	7,767,178	7,767,178	-	-
Shanxi Gaohe Energy Company Limited	9,240,192	8,561,319	-	-
Hongsa Power Company Limited	983,201	1,364	-	-
Phu Fai Mining Company Limited	836	836	-	-
Surin Green Energy Co., Ltd.	30,000	-	-	-
Investments in subsidiaries and interests in joint ventures - cost method	25,742,228	24,075,564	6,883,703	6,846,203
Add Cumulative equity account of interests in joint ventures	7,845,064	5,528,287	-	-
Investments in subsidiaries and interests in joint ventures	33,587,292	29,603,851	6,883,703	6,846,203

As at 31 December 2010, 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 a subsidiary and two joint ventures with a cost of THB 12,993 million (2009: THB 12,630 million), as collateral for long-term loans from the financial institutions of such subsidiary and joint ventures (Note 18).

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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)	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Opening balance	29,603,851	26,372,753	6,846,203	6,846,203
Additional of investment in a subsidiary	-	-	37,500	-
Additional of interest in joint ventures	1,782,018	113,554	-	-
Decrease from liquidation of a joint venture	(115,354)	-	-	-
Dividend received from joint ventures	(3,800,206)	(4,332,310)	-	-
Translation adjustment	-	3,230	-	-
Add Interest in joint ventures during the year	6,116,983	7,446,624	-	-
Closing balance	33,587,292	29,603,851	6,883,703	6,846,203

Changing in investments in subsidiaries and interests in joint ventures

Acquisition

During the second quarter of 2010, the Group acquired the share capital of Centennial Coal Co., Ltd. (“CEY”), which is listed on the Australian Securities Exchange, amounting to Australian Dollars 379.86 million or equivalent to THB 10,906 million, or 19.89% shareholding of ordinary shares of CEY. CEY is a coal mining and marketing company supplying to the domestic and export markets. As at 30 June 2010, the Group classified this investment as other investment (Note 11).

During the third and fourth quarters of 2010, the Group has made an off-market takeover bid for CEY by AUD 6.20 per share. The former shareholders accepted the offer of 316.54 million shares which is represented 80.11% of the ordinary shares of CEY totalling AUD 1,962.57 million or equivalent to THB 58,818.65 million, therefore, the Group holds 100% shareholding of ordinary shares of CEY as at 31 December 2010. In addition, the Group has the control over the finance and operation policies of CEY so the Group reclassified the investment in CEY from other investment to investment in a subsidiary.

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Details of net assets acquired at acquisition date are as follows:

	USD Thousand	Equivalent to THB Thousand
Cash and cash equivalents	10,494	319,192
Financial derivative receivables	42,186	1,271,960
Property, plant and equipment (Note 12)	728,562	22,159,912
Deferred exploration and development expenditure (Note 13)	424,209	12,902,754
Long-term loans, net	(328,342)	(9,986,849)
Deferred unfavourable contract liabilities	(433,690)	(13,076,332)
Other assets less liabilities	(64,000)	(1,276,482)
Fair value of net assets acquired	379,419	12,314,155
Total purchase consideration		
• cash	2,323,763	70,938,650
Excess from acquisition	1,944,344	58,624,495

The management determined the excess from acquisition represents the value assigned by the company related coal reserves/resources of CEY and its subsidiaries.

Disposal of investment in a subsidiary

On 2 September 2010, the Group sold investment in PT. Indo Tambangraya Megah (“ITM”), a subsidiary, of 98.53 million shares in the price of IDR 36,150 per share, which is represented 8.72% of ordinary shares of ITM. As a result, the Group holds 65% shareholding of ordinary shares of ITM. The Group recognised gain from disposal of such investment of THB 11,691.83 million in the statement of income.

Additional interests in joint ventures

On 16 August 2010, Hongsa Power Company Limited registered the increase of share capital from 10,000 ordinary shares to 7,600,000 ordinary shares with a par value of USD 10 per share. The Group increased the investment in such joint venture to maintain the previous percentage of shareholding which is 40% of ordinary shares. The Group has additionally invested of 3,036,000 shares, totalling USD 30.36 million or equivalent to THB 981.84 million.

On 13 December 2010, the Group and MP Energy Co., Ltd. jointly established Surin Green Energy Co., Ltd. in the proportion of 30% and 70% respectively of its share capital of THB 100 million. This company is established in the purpose of development of new energy.

On 14 December 2010, the Group increased the investment in Shanxi Gaohe Energy Company Limited of USD 22.25 million or equivalent to THB 678.87 million. The Group increased the investment in such joint venture to maintain the previous percentage of shareholding which is 45% of ordinary shares.

Restructuring investment

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

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Dividend income from a joint venture

Dividend income from a joint venture is the dividend from BLCP Power Ltd. of THB 3,800.21 million.

Other

Shanxi Asian American-Danang Energy Company Limited (“SAADEC”), a joint venture, has revised its production plan for 2010 after some derailment in the process related to renewal of operating licence. SAADEC had followed normal procedure in applying for renewal of required licence since 12 June 2010 but has not been notified by the authority about the completion of renewal process. While clarification was being sought from the authority, SAADEC has been temporarily allowed to carry on its mining operation until 31 December 2010. SAADEC’s management has followed up the authority for this renewal of required licence and the Group’s management is of the view that SAADEC will get the renewal of operating licence because SAADEC has completely followed the procedure in applying of such renewal which is required by the authority.

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

Name of company	Percentage of shareholding	Property, Plant and equipment THB	Other assets THB	Total assets THB	Long-term borrowings THB	Accrued expenses THB	Other liabilities THB	Total liabilities THB	Net assets THB	Sales THB	Profit (loss) before tax THB	Income tax THB	Profit (loss) after tax THB
31 December 2010													
Joint ventures													
BLCP Power Ltd.	50	17,035,301	7,755,646	24,790,947	10,004,994	315,144	7,706,500	18,026,638	6,764,309	33,338	3,033,375	-	3,033,375
Power Generations Services Co., Ltd.	50	-	-	-	-	-	-	-	-	-	3,030	(909)	2,121
Hebi Zhong Tai Mining Co., Ltd.	40	548,307	2,492,835	3,041,142	-	170,312	82,489	252,801	2,788,341	1,989,793	673,598	(74,822)	598,776
Shanxi Asian American-Danang Energy Co., Ltd.	56	3,226	6,037	9,263	-	814	377	1,191	8,072	5,851,019	3,198,301	(610,286)	2,588,015
Shanxi Gaohe Energy Co., Ltd.	45	144,068	7,818,311	7,962,379	-	-	5,518,956	5,518,956	2,443,423	1,017,991	32,023	(5,959)	26,064
Hongsa Power Company Limited	40	847	2,895,230	2,896,077	1,572,773	538,982	315	2,112,070	784,007	-	(131,294)	-	(131,294)
Phu Fai Mining Company Limited	37.50	-	529	529	-	-	64	64	465	-	(74)	-	(74)
		17,731,749	20,968,588	38,700,337	11,577,767	1,025,252	13,308,701	25,911,720	12,788,617	8,892,141	6,808,959	(691,976)	6,116,983
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

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

Name of company	Country	Business	Percentage of direct shareholding	
			2010 %	2009 %
Direct shareholding				
Banpu Minerals Co., Ltd.	Thailand	Coal mining and trading	99.99	99.99
BP Overseas Development Co., Ltd.	Mauritius	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	Investment in power	100.00	100.00
Banpu New Energy Holdings Co., Ltd.	Thailand	Investment in new energy	100.00	-
Indirect shareholding				
Banpu Minerals Co., Ltd.				
Subsidiaries and a joint venture are as follows:				
1) Ban-Sa Mining Co., Ltd. and a 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	65.00	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

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

Name of company	Country	Business	Percentage of direct shareholding	
			2010 %	2009 %
Indirect shareholding (Continued)				
7) Banpu Minerals (Singapore) Pte. Ltd. and subsidiaries (Continued)				
• Centennial Coal Co., Ltd. and subsidiaries, associates and joint ventures	Australia	Investment in coal mining and trading	100.00	-
Subsidiaries				
• Centennial Inglenook Pty Limited	Australia	Coal mining and trading	100.00	-
• Berrima Coal Pty Limited	Australia	Coal mining and trading	100.00	-
• Centennial Airly Pty Limited	Australia	Coal mining and trading	100.00	-
• Centennial Angus Place Pty Limited	Australia	Coal mining and trading	100.00	-
• Centennial Clarence Pty Limited	Australia	Coal mining and trading	100.00	-
• Centennial Fassifern Pty Limited	Australia	Coal mining and trading	100.00	-
• Centennial Newstan Lochiel Pty Limited	Australia	Coal mining and trading	100.00	-
• Centennial Mandalong Pty Limited	Australia	Coal mining and trading	100.00	-
• Centennial Mannering Pty Limited	Australia	Coal mining and trading	100.00	-
• Centennial Munmurah Pty Limited	Australia	Coal mining and trading	100.00	-
• Centennial Myuna Pty Limited	Australia	Coal mining and trading	100.00	-
• Centennial Newstan Pty Limited	Australia	Coal mining and trading	100.00	-
• Centennial Northern Coal Services Pty Limited	Australia	Coal mining and trading	100.00	-
• Charbon Coal Pty Limited	Australia	Coal mining and trading	100.00	-
• Hartley Valley Coal Company Pty Limited	Australia	Coal mining and trading	100.00	-
• Ivanhoe Coal Pty Limited	Australia	Coal mining and trading	100.00	-
• Preston Coal Pty Limited	Australia	Coal mining and trading	100.00	-
• Springvale Coal Pty Limited	Australia	Coal mining and trading	100.00	-
• Elcom Collieries Pty Limited	Australia	Coal mining and trading	100.00	-
• Huntley Colliery Pty Limited	Australia	Coal mining and trading	100.00	-
• Powercoal Employee Entitlement Company Pty Limited	Australia	Manage provident fund	100.00	-
• Coalex Pty Limited and subsidiaries	Australia	Coal mining and trading	100.00	-
• Clarence Coal Investment Pty Limited	Australia	Coal mining and trading	100.00	-
• Clarence Coal Pty Limited	Australia	Coal mining and trading	100.00	-
• Clarence Colliery Pty Limited	Australia	Coal mining and trading	100.00	-
• Powercoal Pty Limited and subsidiaries	Australia	Invest in coal mining and trading	100.00	-
• Elcom Collieries Pty Limited	Australia	Coal mining and trading	100.00	-
• Huntley Colliery Pty Limited	Australia	Coal mining and trading	100.00	-
• Mandalong Pastoral Management Pty Limited	Australia	Invest in coal mining and trading	100.00	-
• Collieries Superrannuation Pty Limited	Australia	Manage provident fund	100.00	-
• Powercoal Superannuation Pty Limited	Australia	Manage provident fund	100.00	-

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

Name of company	Country	Business	Percentage of direct shareholding	
			2010	2009
			%	%
Indirect shareholding (Continued)				
7) Banpu Minerals (Singapore) Pte. Ltd. and a subsidiaries (Continued) • Centennial Coal Co., Ltd. and subsidiaries, associate and joint ventures (Continued)				
Subsidiaries (Continued) • Centennial Springvale Holding Pty Limited and subsidiaries and joint ventures	Australia	Coal mining and trading	100.00	-
Subsidiaries • Centennial Springvale Pty Limited	Australia	Coal mining and trading	100.00	-
• Springvale Coal Pty Limited	Australia	Coal mining and trading	100.00	-
Jointly controlled operation • Springvale Coal Sales Pty Limited	Australia	Coal mining and trading	50.00	-
Associate • Port Kembla Coal Terminal Ltd.	Australia	Port service	16.66	-
Jointly controlled operation • Charbon Joint Venture	Australia	Coal mining and trading	95.00	-
• Clarence Joint Venture	Australia	Coal mining and trading	85.00	-
• Springvale Joint Venture	Australia	Coal mining and trading	50.00	-
• Angus Place Joint Venture	Australia	Coal mining and trading	50.00	-
8) Banpu Coal Investment Company Limited	Mauritius	Investment in coal mining	100.00	100.00
9) Banpu Australia Co., Pty Ltd.	Australia	Investment in coal mining and power	100.00	100.00
Joint Venture				
1) Hebi Zhong Tai Mining Co., Ltd.	Republic of China	Coal trading	40.00	40.00
BP Overseas Development Co., Ltd.				
Subsidiary and joint ventures are as follows:				
Subsidiaries				
Asian American Coal Inc., subsidiaries and joint ventures	British Virgin Islands	Investment in coal	100.00	100.00
Subsidiaries				
1) Asia American Coal Holdings, Inc.	British Virgin Islands	Investment in coal	100.00	100.00
2) AACI SAADEC, a subsidiary and a joint venture	British Virgin Islands	Investment in coal	100.00	100.00
Subsidiary				
• AACI SAADEC HK Holdings	Hong Kong	Investment in coal	100.00	100.00
Joint Venture				
• Shanxi Asian American Daning Energy Co., Ltd.	Republic of China	Coal mining and trading	56.00	56.00
• Shanxi Gaohe Energy Co., Ltd.	Republic of China	Coal mining and trading	45.00	45.00

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

Name of company	Country	Business	Percentage of direct shareholding	
			2010 %	2009 %
Indirect shareholding (continued)				
Banpu Power Ltd.				
Subsidiaries and joint ventures are as follows:				
Subsidiaries				
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) Banpu Power Development Co., Ltd.	Thailand	Investment in power	100.00	100.00
Joint ventures				
1) Power Generation Services Company Limited	Thailand	Operating power plant service	-	50.00
2) Hongsa Power Company Limited	Lao PDR	Power concession	40.00	40.00
3) Phu Fai Mining Company Limited	Lao PDR	Mining concession	37.50	37.50
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	-	-
• Banpu Power Investment (China) Co., 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
Banpu New Energy Holdings				
Subsidiaries are as follows:				
1) Bio Fuel Development Holdings Co., Ltd. and joint ventures	Thailand	Bio fuel production and trading	100.00	-
• Suring Green Energy Co., Ltd.	Thailand	Bio fuel production and trading	30.00	-
2) Prachuap Wind Energy Co.,Ltd.	Thailand	Power production and trading	100.00	-
3) Mittraparp Wind Energy Co.,Ltd.	Thailand	Power production and trading	100.00	-
4) Petchkasem Wind Energy Co.,Ltd.	Thailand	Power production and trading	100.00	-

11. Other investments, net

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Investments in available-for-sale securities	322,650	3,376,029	107,336	4,158,183
General investments	447,896	422,017	176,412	210,412
Total other investments	770,546	3,798,046	283,748	4,368,595
Add Changes in fair value for investments in available-for-sale securities	(137,595)	4,456,799	1,894	(171,020)
Less Allowance for impairment of general investments	(192,708)	(192,708)	(29,006)	(29,006)
Other investments, net	440,243	8,062,137	256,636	4,168,569

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

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Opening net book value	8,062,137	9,528,372	4,168,569	4,858,555
Acquisitions	10,906,005	90,000	-	90,000
Reclassified to investments in subsidiaries (Note 10)	(10,906,005)	-	-	-
Disposal of investment	(3,087,380)	-	(4,084,847)	-
Increase from acquisition of subsidiaries	59,222	-	-	-
Changes in fair value of investments	(4,594,394)	(1,556,235)	172,914	(779,986)
Translation adjustment	658	-	-	-
Closing net book value	440,243	8,062,137	256,636	4,168,569

Consolidated

During the year 2010, the Group has disposed investment in available-for-sale security of 217.40 shares with the average selling price of THB 33.14 per share. The Group recognised gain from this disposal of THB 4,085.07 million in the statement of income.

Company

During the year 2010, the Company has disposed investment in available-for-sale security of 110.30 shares with the average selling price of THB 33.27 per share. The Company recognised loss from this disposal of THB 411.94 million in the statement of income.

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12. Property, plant and equipment, net

	Consolidated 2010								
	Land	Land	Building	Machinery	Furniture &				
	THB	improvement	and	&	office	Tools	Vehicle	Construction	Total
	Thousand	Thousand	infrastructures	equipment	equipment	THB	THB	in progress	THB
As at 31 December 2009			THB	THB	THB	Thousand	Thousand	Thousand	Thousand
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)
Less 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
Year ended 31 December 2010									
Opening 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
Increase from acquisition of subsidiaries	2,088,024	-	-	20,071,888	-	-	-	-	22,159,912
Additions	4,151	21,305	47,373	2,097,438	95,270	52,340	30,511	1,080,370	3,428,758
Disposals - Net book value	(3,995)	(3,424)	(13,322)	(15,182)	(6,832)	(7,225)	(648)	(42,880)	(93,508)
Reclassification	-	49,547	2,514,092	1,698,062	3,913	3	-	(4,269,549)	(3,932)
Write-off	-	-	(73)	(16,875)	(155)	(10)	(233)	(127,062)	(144,408)
Translation adjustment	88,831	(153,584)	(249,875)	186,070	(8,540)	(10,837)	(3,563)	(322,289)	(473,787)
Reversal of allowance for impairment	405	-	-	-	-	-	-	-	405
Depreciation charge	-	(247,446)	(417,526)	(1,462,244)	(40,267)	(42,105)	(25,701)	-	(2,235,289)
Closing net book amount	2,291,586	1,265,196	4,908,608	30,519,400	169,065	111,147	50,484	1,115,106	40,430,592
As at 31 December 2010									
Cost	2,313,754	2,667,833	7,546,729	50,863,052	454,655	359,240	170,696	1,115,106	65,491,065
Less Accumulated depreciation	-	(1,402,637)	(2,635,921)	(20,342,516)	(285,590)	(248,093)	(120,212)	-	(25,034,969)
Less Allowance for impairment	(22,168)	-	(2,200)	(1,136)	-	-	-	-	(25,504)
Net book amount	2,291,586	1,265,196	4,908,608	30,519,400	169,065	111,147	50,484	1,115,106	40,430,592

As at 31 December 2010, the gross carrying amount of fully depreciated plant and equipment that are still in use totalling of THB 5,473 million (2009: THB 3,915 million).

	Consolidated 2009								
	Land	Land	Building	Machinery	Furniture &				
	THB	improvement	and	&	office	Tools	Vehicle	Construction	Total
	Thousand	Thousand	infrastructures	equipment	equipment	THB	THB	in progress	THB
As at 31 December 2008			THB	THB	THB	Thousand	Thousand	Thousand	Thousand
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)
Less 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
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)
Less 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

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Consolidated 2010									
	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 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)
Less 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
Year ended 31 December 2010									
Opening net book amount	81,472	6,421	55,279	24,543	28,529	461	5,626	43,402	245,733
Additions	-	-	322	-	10,046	480	103	19,868	30,819
Disposals - Net book value	(3,995)	-	(7)	-	(596)	(49)	-	-	(4,647)
Reversal of allowance for impairment	405	-	-	-	-	-	-	-	405
Reclassification	-	-	11,189	-	6,707	-	-	(15,732)	2,164
Write-off	-	-	-	-	(13)	-	-	(1,858)	(1,866)
Depreciation charge	-	(2,189)	(7,835)	(4,520)	(7,247)	(383)	(3,572)	-	(25,746)
Closing net book amount	77,882	4,232	58,948	20,023	37,426	509	2,157	45,685	246,862
As at 31 December 2010									
Cost	77,882	99,688	234,817	2,784,630	120,847	27,400	32,669	45,685	3,423,618
Less Accumulated depreciation	-	(95,456)	(175,869)	(2,764,607)	(83,421)	(26,891)	(30,512)	-	(3,176,756)
Net book amount	77,882	4,232	58,948	20,023	37,426	509	2,157	45,685	246,862

As at 31 December 2010, the gross carrying amount of fully depreciated plant and equipment that are still in use totalling of THB 2,021 million (2009: THB 1,149 million).

Consolidated 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)
Less 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)
Less 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

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	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Cost	1,290,211	-	-	-
Less Accumulated depreciation	(136,252)	-	-	-
Net book amount	1,153,959	-	-	-

As at 31 December 2010, property, plant and equipment in the consolidated financial statements amounting to USD 190.32 million or equivalent to THB 5,738.44 million (2009: USD 146.36 million or equivalent to THB 4,883.83 million) have been used as collateral for long-term loans (Note 18).

During the year 2010, borrowing cost of THB 1.13 million (2009: THB 4.40 million) arising from financing specifically of an overseas subsidiary is included in “Additions” of construction in progress.

As at 31 December 2010, 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	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Deferred exploration and development expenditures	11,265,089	1,034,833	-	-
Deferred overburden expenses/stripping costs	4,091,566	2,571,570	-	-
	15,356,655	3,606,403	-	-

	Consolidated	
	2010 THB Thousand	2009 THB Thousand
As at 31 December 2009		
Cost	33,873,765	19,008,188
Less Accumulated amortisation	(29,885,629)	(15,000,187)
Allowance for impairment	(381,733)	(381,733)
Net book amount	3,606,403	3,626,268
For the year ended 31 December 2010		
Opening net book amount	3,606,403	3,626,268
Additions during the year	22,789,117	15,335,010
Increase from acquisition of subsidiaries	12,902,754	-
Reclassification from projects under development	-	426,793
Amortisation during the year	(23,320,986)	(15,636,904)
Translation adjustment	(620,633)	(144,764)
Net book amount	15,356,655	3,606,403
As at 31 December 2010		
Cost	65,743,876	33,873,765
Less Accumulated amortisation	(50,005,488)	(29,885,629)
Allowance for impairment	(381,733)	(381,733)
Net book amount	15,356,655	3,606,403

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During the year 2010, 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 1,807.97 million (2009: Net balance of additions and amortisation of THB 244.25) 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	
	2010 THB Thousand	2009 THB Thousand
Opening net book amount	1,321,096	1,469,230
Amortisation during the year	(577,338)	(97,832)
Increase from acquisition of subsidiaries	58,624,495	15,016
Translation adjustment	(6,476)	(65,318)
Closing net book amount	59,361,777	1,321,096

15. Projects under development

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

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Opening balance	2,372,854	2,153,433	171,662	173,262
Additions during the year	985,743	806,579	531,840	397
Reclassification	(51,090)	(529,331)	-	(1,997)
Disposals during the year	(2,328,895)	-	(697,219)	-
Write-off during the year	(483,907)	-	-	-
Translation adjustment	(89,245)	(57,827)	-	-
Closing balance	405,460	2,372,854	6,283	171,662

16. Short-term loans from financial institutions

Consolidated

As at 31 December 2010, short-term loans from financial institutions represent RMB loans amounting to RMB 130 million and Australian Dollar loans amounting to AUD 26 million (2009: Thai Baht loan amounting to THB 1,000 million and US Dollar loans amounting to USD 20.50 million). The loans bear interest at the rate of 5.520% - 6.972% per annum and 7.600% per annum, respectively (2009: 0.90% - 2.40% per annum and 5.31% - 6.37% per annum, respectively) and are due for repayment within one year.

Company

As at 31 December 2009, short-term loans from financial institutions represented Thai Baht loans amounting to THB 1,000 million. The loans bear interest at the rates of 0.90% - 2.40% per annum and were repaid during the year 2010.

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17. Other current liabilities

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Accrued expenses	6,271,329	3,510,489	832,037	256,813
Other accounts payable	22,339	656,362	6,648	3,537
Withholding tax payable	257,621	174,130	16,981	11,204
Value added tax payable	180,081	98,248	21,243	9,437
Retention payable	70,080	53,567	204	508
Dividend payables	1,381,842	32,279	1,380,953	31,391
Others	-	21,593	-	21,546
Total other current liabilities	8,183,292	4,546,668	2,258,066	334,436

As at 31 December 2010, other accounts payable amounting to THB 15.69 million (2009: THB 639 million) is advance from Ratchaburi Electricity Generating Holding Public Company Limited for Hongsa Lignite Mining Project.

18. Long-term loans, net

Long-term loans consist of :

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Current portion				
Loans from financial institutions	2,660,460	2,598,968	1,680,165	1,400,000
Finance lease liabilities, net	121,961	-	-	-
Total current portion, net	2,782,421	2,598,968	1,680,165	1,400,000
Non current portion				
Loans from financial institutions, net	75,207,579	12,146,063	52,899,688	5,255,323
Finance lease liabilities, net	945,135	-	-	-
Total non-current portion, net	76,152,714	12,146,063	52,899,688	5,255,323
Total long-term loans, net	78,935,135	14,745,031	54,579,853	6,655,323

Loans from financial institutions

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Baht loans	15,300,000	10,000,000	10,800,000	5,000,000
Foreign currency loans	62,893,104	4,765,548	43,929,635	1,675,840
Less Deferred financing service fee	(325,065)	(20,517)	(149,782)	(20,517)
	77,868,039	14,745,031	54,579,853	6,655,323
Less Current portion of long-term loans	(2,660,460)	(2,598,968)	(1,680,165)	(1,400,000)
Loans from financial institutions	75,207,579	12,146,063	52,899,688	5,255,323

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

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Opening net balance	14,745,031	15,721,368	6,655,323	4,997,857
Additional of loans during the year	68,225,952	4,430,511	51,057,744	2,659,950
Increase from acquisition of subsidiaries	8,919,753	-	-	-
Repayment of loans during the year	(13,629,714)	(5,270,363)	(3,200,000)	(1,000,000)
Payment for deferred financing service fee	(356,917)	(19,366)	(144,231)	(19,366)
Amortisation of deferred financing service fee	52,369	992	14,966	992
(Gain) loss from exchange rate	(88,435)	(118,111)	196,051	15,890
Closing net balance	77,868,039	14,745,031	54,579,853	6,655,323

Long-term loans of the Company amounting to THB 10,800 million (2009: THB 5,000 million) and USD 1,450 million (2009: USD 50 million) are unsecured liabilities. Detail of loans are shown as follows:

Baht loan

- Loan from a bank, which is an unsecured liability, amounting to THB 1,800 million (2009: 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 a bank, which is an unsecured liability, amounting to THB 9,000 million (2009: THB 1,000 million) bears the interest at the rate of THBFIX plus applicable fixed margin. The principal of loan is repayable every 6 months commencing 31 October 2014.

US Dollar loan

- Loan from a bank, which is an unsecured liability, amounting to USD 100 million (2009: USD 50 million) bears the interest at the rate of BBA LIBOR plus applicable fixed margin. The principal of the loan is repayable as expired agreement on 12 November 2013.
- Loan from a bank, which is an unsecured liability, amounting to USD 200 million bears the interest at the rate of LIBOR plus applicable fixed margin. The principal of the loan is repayable as expired agreement on 20 July 2015.
- Loan from a bank, which is an unsecured liability, amounting to USD 200 million bears the interest at the rate of LIBOR plus applicable fixed margin. The principal of the loan is repayable every 6 months commencing 18 April 2013.
- Loan from a bank, which is an unsecured liability, amounting to USD 300 million bears the interest at the rate of LIBOR plus applicable fixed margin. The principal of the loan is repayable every 6 months commencing 25 February 2013.
- Loan from a bank, which is an unsecured liability, amounting to USD 375 million bears the interest at the rate of LIBOR plus applicable fixed margin. The principal of the loan is repayable every year commencing 18 October 2011.
- Loan from a bank, which is an unsecured liability, amounting to USD 50 million bears the interest at the rate of LIBOR plus applicable fixed margin. The principal of the loan is repayable every 6 months commencing 14 October 2011.
- Loan from a bank, which is an unsecured liability, amounting to USD 150 million bears the interest at the rate of LIBOR plus applicable fixed margin. The principal of the loan is repayable every 6 months commencing 18 April 2011.
- Loan from a bank, which is an unsecured liability, amounting to USD 75 million bears the interest at the rate of LIBOR plus applicable fixed margin. The principal of the loan is repayable as expired agreement on 21 September 2015.

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Long-term loans of subsidiaries amounting to THB 4,500 million (2009: THB 5,000 million) and USD 241.74 million (2009: USD 92.59 million) and AUD 380 million. Detail of loans are shown as follows:

Baht loan

- Loan from a bank, which is an unsecured liability, amounting to THB 4,500 million (2009: THB 5,000 million) 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.

US Dollar loan

- Loan from a bank, which is a secured liability, amounting to USD 41.74 million (2009: USD 37.54 million) bears the interest at the rate of LIBOR plus applicable fixed margin. The principal of the loan is repayable within 2013.
- Loan from a bank, which is an unsecured liability, amounting to USD 200 million bears the interest at the rate of LIBOR plus applicable fixed margin. The principal of the loan is repayable every 6 months commencing 19 January 2011.

The US Dollar loan, which is secured liabilities, amounting to USD 41.74 million (2009: USD 42.59 million) is secured over the assets of two overseas subsidiaries according to long-term loan agreements (Note 10 and 12).

Australian Dollars loan

- Loan from a bank, which is an unsecured liability, amounting to AUD 380 million bears interest rate of BBSY plus applicable fixed margin. The principal of the loan is repayable within 13 December 2014.

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

	2010 %	2009 %
Baht loans	2.66	3.97
US Dollar loan	2.22	8.78
Australian Dollar loans	7.24	-

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

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
• at fixed rates	-	-	-	-
• at floating rates	78,193,104	14,765,548	54,729,635	6,675,840
Total long-term loans	78,193,104	14,765,548	54,729,635	6,675,840

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Maturities of long-term loans are as follows:

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Within 1 year	2,660,460	2,598,968	1,680,165	1,400,000
Later than 1 year but not later than 5 years	66,532,644	12,166,580	44,049,470	5,275,840
Later than 5 years	9,000,000	-	9,000,000	-
Total long-term loans	78,193,104	14,765,548	54,729,635	6,675,840

The Group 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.

Finance lease liabilities

Minimum lease payments under finance lease liabilities are as follows:

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Not later than 1 year	151,692	-	-	-
Later than 1 years but not later than 5 years	1,001,980	-	-	-
	1,153,672	-	-	-
Less Future finance charges on finance leases	(86,576)	-	-	-
Present value of finance lease liabilities	1,067,096	-	-	-
Representing lease liabilities:				
- Current portion	121,961	-	-	-
- Non-current portion	945,135	-	-	-
Total finance lease liabilities	1,067,096	-	-	-

The present value of finance lease liabilities are as follows:

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Not later than 1 year	121,961	-	-	-
Later than 1 year but not later than 5 years	945,135	-	-	-
Total finance lease liabilities	1,067,096	-	-	-

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19. Debentures, net

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Local debentures	10,300,000	13,600,000	10,300,000	13,600,000
Less Deferred financing service fee	(19,546)	(26,047)	(19,546)	(26,047)
	10,280,454	13,573,953	10,280,454	13,573,953
Less Current portion of debentures	(1,500,000)	(3,300,000)	(1,500,000)	(3,300,000)
Debentures, net	8,780,454	10,273,953	8,780,454	10,273,953

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

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Opening net balance	13,573,953	8,584,860	13,573,953	8,584,860
Addition	-	6,300,000	-	6,300,000
Repayment of debentures during the year	(3,300,000)	(1,300,000)	(3,300,000)	(1,300,000)
Financing service fee	-	(16,625)	-	(16,625)
Amortisation of deferred financing fee	6,501	5,718	6,501	5,718
Closing net balance	10,280,454	13,573,953	10,280,454	13,573,953

The weighted average effective interest rate of debentures of the Group after recognised effect from interest rate swap contracts is 4.86% per annum (2009: 5.31% per annum).

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

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
• at fixed rates	10,300,000	12,600,000	10,300,000	12,600,000
• at floating rates (MLR plus applicable fixed margin)	-	1,000,000	-	1,000,000
Total debentures	10,300,000	13,600,000	10,300,000	13,600,000

Maturities of debentures are as follows:

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Within 1 year	1,500,000	3,300,000	1,500,000	3,300,000
Later than 1 year but not later than 5 years	6,700,000	5,700,000	6,700,000	5,700,000
Later than 5 years	2,100,000	4,600,000	2,100,000	4,600,000
Total debentures	10,300,000	13,600,000	10,300,000	13,600,000

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Debentures are unsecured liabilities. However, the Group 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 benefits obligation

Employee benefits obligation presented in as current liabilities amounting to in AUD 72.66 million or equivalent to THB 2,232.37 million which is provision for employee annual leave, sick leave and long service leave according to Australian regulation.

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Opening balance	601,724	362,226	273,227	90,415
Recognition in statement of income	119,471	255,663	20,626	183,320
Payment during the year	(71,841)	(44,794)	(39,398)	(508)
Unrealised loss from exchange rate	(28,354)	28,629	-	-
Closing balance	621,000	601,724	254,455	273,227

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 years to 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	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Opening balance	4,456,799	6,013,034	(171,020)	608,966
Changes in fair value (Note 11)	(4,594,394)	(1,556,235)	172,914	(779,986)
Closing balance	(137,595)	4,456,799	1,894	(171,020)

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

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Opening balance	(2,843,582)	(1,683,988)	-	-
Movements in foreign exchange rate	61,605	(1,159,594)	-	-
Decrease from divestment of investment in a subsidiary	(1,085,967)	-	-	-
Closing balance	(3,867,944)	(2,843,582)	-	-

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22. Share capital

Issued and paid-up share capital

	Number of Share	Ordinary shares THB Thousand	Premium THB Thousand	Total THB Thousand
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
Issued shares	-	-	-	-
As at 31 December 2010	271,747,855	2,717,479	5,058,329	7,775,808

As at 31 December 2010, there are 271,747,855 ordinary shares (2009: 271,747,855 shares) at par value of THB 10 per share (2009: THB 10 per share). All issued shares are fully paid-up.

23. Expense by nature

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Staff costs	4,385,501	3,218,889	633,748	805,508
Depreciation on plant and equipment	2,223,702	1,922,914	14,056	39,090
Write-off of assets	740,837	199,100	-	147,618
Amortisation of deferred exploration and development expenditures and deferred over burden expenses	18,926,351	15,636,904	-	-
Operating leases	878,138	1,251,297	48,829	48,120
Allowance for impairment of assets	(405)	11,426	(405)	-
Allowance for slow-moving of coal	571	76,319	-	69,079
Demurrage expenses	791,509	266,644	(1,550)	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. Such subsidiary paid this provision during the year.

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 years ended 31 December 2010 and 2009 is calculated based on the net profit (tax base) which excludes the interests in joint ventures. The rates are as follows:

Thailand	25% - 30%
Singapore	17%
Indonesia	25% - 28%
Republic of China	7.5% - 15%
Republic of Mauritius	15%
Australia	30%

Income taxes for the years ended 31 December consist of:

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Income taxes for the year	3,100,130	4,610,583	-	-
Withholding tax for dividends	632,718	416,295	-	-
	3,732,848	5,026,878	-	-

Withholding tax from dividends is withheld from the dividends which were received by overseas subsidiaries. These dividends are treated as non-taxable income for income tax calculation, therefore, the withholding tax is unclaimed.

25. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Consolidated		Company	
	2010	2009	2010	2009
Net profit attributable to ordinary shares (THB)	24,727,722	14,229,133	5,382,910	3,654,220
Weighted average ordinary shares (Shares)	271,747,855	271,747,855	271,747,855	271,747,855
Earnings per share (THB)	91.00	52.36	19.81	13.45

There are no potential dilutive shares in issue for the years ended 31 December 2010 and 2009.

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26. Segments information

	Consolidated 2010							
	Coal and Minerals				Power		Elimination entries THB Thousand	Total THB Thousand
	Thailand THB Thousand	Indonesia THB Thousand	Republic of China THB Thousand	Australia THB Thousand	Thailand THB Thousand	Republic of China THB Thousand		
For the year ended 31 December 2010								
Revenue from operation	1,676,527	53,154,947	-	6,497,845	-	5,000,462	(1,044,466)	65,285,315
Revenue from inter-segment	58,455	-	-	-	-	-	(58,455)	-
Total revenue	1,734,982	53,154,947	-	6,497,845	-	5,000,462	(1,102,921)	65,285,315
Segment result	(462,712)	12,535,223	-	1,121,646	-	541,823	(116,079)	13,619,901
Unallocated expenses								(4,327,711)
Unallocated income								17,773,086
Interests in joint ventures	-	-	3,212,855	-	2,904,128	-	-	6,116,983
Net gain on exchange rate								186,929
Net loss from financial derivatives								(939,944)
Interest expenses and financial expenses								(1,981,324)
Corporate income tax								(3,732,848)
Net profit for the year								26,715,072
Total segmented assets	3,219,714	26,869,446	23,315,841	28,975,600	7,672,727	7,614,780	(235,289)	97,432,819
Total unallocated assets								96,165,568
Total assets								193,598,387

	Consolidated 2009							
	Coal and Minerals				Power		Elimination entries THB Thousand	Total THB Thousand
	Thailand THB Thousand	Indonesia THB Thousand	Republic of China THB Thousand	Australia THB Thousand	Thailand THB Thousand	Republic of China THB Thousand		
For the year ended 31 December 2009								
Revenue from operation	3,342,551	49,734,346	-	-	-	4,788,443	-	57,865,340
Revenue from inter-segment	-	2,369,189	-	-	-	-	(2,369,189)	-
Total revenue	3,342,551	52,103,535	-	-	-	4,788,443	(2,369,189)	57,865,340
Segment result	192,798	16,252,364	-	-	-	907,301	8,737	17,361,200
Unallocated expenses								(3,753,910)
Unallocated income								839,768
Interests in joint ventures	-	-	4,034,515	3,412,109	-	-	-	7,446,624
Net loss on exchange rate								(521,428)
Net gain from financial derivatives								2,919,697
Interest expenses and financial expenses								(1,462,404)
Corporate income tax								(5,026,878)
Net profit for the year								17,802,669
Total segmented assets	2,868,535	43,599,049	19,614,299	7,581,014	7,517,584	1,155,716		82,336,197
Total unallocated assets								19,080,572
Total assets								101,416,769

27. Dividends

At the Annual General shareholders' meeting on 2 April 2010, the shareholders approved a payment of remaining dividend of 2009 of THB 8 per share of dividend-paying shares of 269,031,401 shares, totalling of THB 2,152 million which were paid on 30 April 2010.

At the Board of Directors' meeting on 29 September 2010, the board approved a payment of interim dividend of 2010 of THB 8 per share of dividend-paying shares of 267,935,287 shares, totalling of THB 2,143 million which were paid on 28 October 2010.

At the Board of Directors' meeting on 22 October 2010, the board approved a payment of extraordinary interim dividend of 2010 of THB 5 per share of dividend-paying shares of 271,747,855 shares, totalling of THB 1,359 million which will be paid on 21 January 2011. As at 31 December 2010, the Company recognised accrued dividend payable as other current liabilities in balance sheet.

At the Annual General shareholders' meeting on 3 April 2009, the shareholders approved a payment of remaining 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, totalling of THB 3,522.74 million which were paid on 30 April 2009 and 25 September 2009, respectively.

28. Directors and management's remuneration

During the year 2010, the directors' remuneration including meeting, salary, bonus and provident fund are totalled of 173.12 million (2009: THB 145.04 million).

29. Legal reserve

As at 31 December, legal reserve consist of:

	Consolidated 2010			
	Opening balance THB Thousand	Appropriation THB Thousand	Decrease THB Thousand	Closing balance THB Thousand
Legal reserve				
• Company	354,051	-	-	354,051
• Subsidiaries	1,068,316	447,294	-	1,515,610
	1,422,367	447,294	-	1,869,661

	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

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	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Sales of goods and services to subsidiaries	-	-	58,455	30,295
Purchases of goods and cost of services from subsidiaries	-	-	307,647	1,434,726
Dividends received from subsidiaries	-	-	6,262,875	4,265,085
Management fee				
• Subsidiaries	-	-	1,147,656	1,153,748
• Joint ventures	28,417	23,800	-	-
Total management fee	28,417	23,800	1,147,656	1,153,748
Interest income from subsidiaries	-	-	950,368	568,361
Interest expenses to subsidiaries	-	-	-	1,284

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.

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

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Trade accounts receivable - subsidiaries (Note 6)	-	-	99,492	30,295
Interest receivable - subsidiaries	-	-	636,902	813,734
Other receivable				
• Subsidiaries	-	-	168,229	193,690
• Joint ventures	16,280	314,089	-	-
	16,280	314,089	168,229	193,690
Total amounts due from related parties	16,280	314,089	805,131	1,007,424
Dividend receivable from related parties				
• Subsidiaries	-	-	4,552,395	4,349,533
• Joint ventures	5,755,010	5,302,218	-	-
Total dividend receivable from related parties	5,755,010	5,302,218	4,552,395	4,349,533

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

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Advances to related parties				
• Subsidiaries	-	-	854,478	233,899
• Joint ventures	239,915	21	28	21
Total advances to related parties	239,915	21	854,506	233,920
Long-term loans				
• Subsidiaries	-	-	63,070,341	13,942,120
• Joint venture	-	360	-	-
Total long-term loans to related parties	-	360	63,070,341	13,942,120

Long-term loans to subsidiaries represent USD loans amounting to USD 1,786 million and a Thai Baht loan amounting to THB 9,465 million (2009: USD 184.59 million and THB 7,809.98 million) bearing interest at rates of 2.03% - 5.5% per annum (2009: 3.81% - 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 a Thai Baht loan bearing interest rate at MLR plus 0.75% per annum and fully paid during the year 2010.

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

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Opening balance	360	-	13,942,120	9,504,220
Increase during year	520,000	360	50,559,887	5,152,930
Repayment during year	(520,360)	-	(544,872)	(424,424)
Unrealised loss on exchange rate	-	-	(886,794)	(290,606)
Closing balance	-	360	63,070,341	13,942,120

Advances from subsidiaries as at 31 December consist of:

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Advances from subsidiaries	-	-	2,045	1,403

31. Commitment, significant contracts and contingent liabilities

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

	Consolidated		Company	
	2010 Million (Original currency)	2009 Million (Original currency)	2010 Million (Original currency)	2009 Million (Original currency)
Letter of Guarantee				
• US Dollar	6.26	6.07	-	-
• Thai Baht	106.23	106.07	53.93	53.57
• Indonesian Rupiah	684,178.00	62,585.00	-	-
• Australian Dollar	113.90	-	-	-
Letter of Credit				
• US Dollar	212.12	2.91	204.24	-

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 on 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) Indonesian subsidiaries have entered into the mining services contracts with other companies in Indonesia. Each agreement governs among others the price rate and other factors. Contract values are dependent on volumes of overburden moved and coal mined. These contracts will expire between August 2011 and December 2013.

d) 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 2010, the remaining contract quantity is 63 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 IDR 1.2 million to IDR 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) Indonesian subsidiaries have entered into the vehicle agreements. The total remaining contract value is IDR 90,320 million.

l) 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.

m) 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").

On 2 April 2010, Hongsa Power Company Limited entered into Power Purchase Agreement with Electricity Generating Authority of Thailand for Hongsa Project. The Agreement period is 25 years starting from the commercial operating date.

On 5 August 2010, Hongsa Power Company Limited (joint venture) entered into the credit facilities contracts with 9 financial institutions. The contracts set out the preliminary agreements on the approximately USD 2,783 million or equivalent to THB 94,620 million borrowing for the development of Hongsa Project.

Litigation

a) An Indonesian subsidiary has been sued and asked for the compensation for land amounting to IDR 1,070 million. On 21 April 2009, the Appeal Court decided in favour of the subsidiary. However, the plaintiff has appealed to the Supreme Court, which is currently going through the judicial process. The Group's 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.

b) 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.

As at 31 December 2010, the cases are in the process of examination witnesses. 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.

c) 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 Group's 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

During the year 2010, the Directorate General of Tax of Indonesia ("DGT") completed a tax audit for fiscal year 2008 of a subsidiary. The management of such subsidiary has disagreed with USD 16.20 million of claims made by the tax auditors and has filed objection letters. The management believes that they can discuss with DGT and the final result of this tax audit will not have a material adverse impact to the financial statements.

In addition four 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 2010, 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 2010, the Group had capital commitments but not recognised in the consolidated financial statements in the amount of AUD 43.70 million (2009: USD 0.10 million).

Coal Supply Agreement commitments

As at 31 December 2010, the Group of Indonesian subsidiaries had coal supply commitments in accordance with the Coal Supply Agreement in the amount of 59.30 million tonnes at the market price (2009: 59.90 million tonnes), such coals to be delivered within 2021 (2009: within 2019).

As at 31 December 2010, the Group of Australian subsidiaries had coal supply commitment in accordance with long-term contracts to NSW Government statutory bodies, Delta Electricity and Eraring Energy.

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.

As at 31 December 2010, the Company has the interest rate swap agreements for debentures and loans with the following interest rates.

- Interest rate swap agreements for debenture of THB 2,500 million by converting fixed interest rates to floating interest rates as follows:

No.	Total facilities amount (THB million)	Effective period	Fixed rate (per annum)	Floating rate (per annum)	Repayment condition
1.	1,000	16 May 2009 - 16 November 2015	8.00%	THB-THBFIX-REUTERS 6 months plus 5.52%	Semi-annual repayment
2.	1,000	16 May 2009 - 16 November 2015	8.00%	THB-THBFIX-REUTERS 6 months plus 5.20%	Semi-annual repayment
3.	500	16 May 2009 - 16 November 2015	8.00%	THB-THBFIX-REUTERS 6 months plus 4.95%	Semi-annual repayment

- Interest rate swap agreements for loan of THB 2,000 million by converting floating interest rate to fixed interest rate to as follows:

No.	Total facilities amount (THB million)	Effective period	Fixed rate (per annum)	Floating rate (per annum)	Repayment condition
1.	2,000	30 April 2010 30 December 2011	THBFIX 6 months	3.00%	Semi-annual repayment

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- Interest rate swap agreements for loans of THB 70 million by converting floating interest rates to fixed interest rates to as follows:

No.	Total facilities amount (THB million)	Effective period	Fixed rate (per annum)	Floating rate (per annum)	Repayment condition
1.	10	14 January 2010 - 12 November 2013	BBA LIBOR	3.30%	Every 3 months repayment
2.	10	19 January 2010 - 12 November 2013	BBA LIBOR	3.25%	Every 3 months repayment
3.	10	4 March 2010 - 12 November 2013	BBA LIBOR	3.00%	Every 3 months repayment
4.	5	21 April 2010 - 12 November 2013	BBA LIBOR	3.00%	Every 3 months repayment
5.	5	10 May 2010 - 12 November 2013	BBA LIBOR	2.945%	Every 3 months repayment
6.	10	2 July 2010 - 12 November 2013	BBA LIBOR	2.505%	Every 3 months repayment
7.	10	2 July 2010 - 12 November 2013	BBA LIBOR	2.505%	Every 3 months repayment
8.	10	22 July 2010 - 12 November 2013	BBA LIBOR	2.299%	Every 3 months repayment

- Interest rate swap agreements for loan of AUD 88 million by converting floating interest rate to fixed interest rate to as follows:

No.	Total facilities amount (AUD million)	Effective period	Fixed rate (per annum)	Floating rate (per annum)	Repayment condition
1.	88	21 December 2010 - 19 December 2011	BBSY	Cap 5.50% and floor 4.96%	Every 3 months repayment

Net fair value

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

	Consolidated		Company	
	2010	2009	2010	2009
	THB Thousand	THB Thousand	THB Thousand	THB Thousand
(Unfavourable) interest rate swap contracts	(101,381)	(138,160)	(101,381)	(138,160)

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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	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Selling				
2010: USD 457.26 million at the rates of THB 29.62 - 32.55 : USD 1, USD 54 million at the rates of IDR 8,973 - 9,220 : USD 1 and AUD 546.50 million at the rate of USD 1.0158 : AUD 1 (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 IDR 9,285 - 9,731 : USD 1)	32,120,567	7,745,292	7,256,135	845,924
	32,120,567	7,745,292	7,256,135	845,924

Net fair values

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

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
(Unfavourable) favourable forward foreign exchange contracts - Selling	1,991,036	(2,006)	(63,479)	3,351

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 2010, the Group has entered coal swap contracts with no physical delivery of selling side amounting to 2,631,600 tonnes at the rates of USD 90.50 - 99.50 per tonne and buying side amounting to 856,000 tonnes at the rates of USD 106.75 - 118.60 per tonnes. 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 (2009: coal swap contracts of buying side amounting to 2,466,000 tonnes at the average rate of USD 70.50 - 118.50 per tonnes).

Net fair values

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

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
(Unfavourable) coal swap contracts	(1,922,714)	(2,601,132)	-	-

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 2010, the Group has entered oil hedging contracts of buying side amounting 1,269,000 barrels at the rates between USD 87.80 - 96.60 per barrel (2009: 1,488,000 barrels at the rates between USD 73.20 - 89.90 per barrel). Such contract is due within 1 year. Differences between oil hedging contract price and market price are specified by Gasoil 0.5%.

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For the years ended 31 December 2010 and 2009

Net fair values

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

	Consolidated		Company	
	2010 THB Thousand	2009 THB Thousand	2010 THB Thousand	2009 THB Thousand
Favourable oil hedging contract - buying	550,622	420,513	-	-

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:

	2010		2009	
	Contract amount THB Million	Fair values THB Million	Contract amount THB Million	Fair values THB Million
Long-term loans	78,193	78,193	14,765	14,765
Debentures	10,300	10,860	13,600	11,706

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.



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