



## Contents

<b>001</b>	Vision & Mission	<b>063</b>	Corporate Social Responsibility
<b>002</b>	Financial Highlights	<b>068</b>	Board of Directors and Management
<b>003</b>	Operational Results	<b>075</b>	Shareholdings of the Board of Directors and Management
<b>004</b>	Board of Directors' Review	<b>076</b>	Remuneration of the Board of Directors and Management
<b>006</b>	Chief Executive Officer Review	<b>078</b>	Major Shareholders
<b>010</b>	Key Financial Results	<b>079</b>	Connected Persons and Transactions
<b>012</b>	2011 Focus: Securing Banpu's Future Through Coal Reserves Growth	<b>081</b>	Other References
<b>016</b>	Summary of Major Changes and Developments in 2011 and Major Current Events	<b>082</b>	Details of the Company and Its Subsidiary and Associated Companies
<b>018</b>	Banpu Group Structure	<b>086</b>	Financial Statements
<b>022</b>	Organization Chart		
<b>023</b>	Management Structure		
<b>027</b>	Marketing and Competitions		
<b>039</b>	Revenue Structure		
<b>041</b>	Risk Management		
<b>049</b>	Internal Control		
<b>052</b>	Sustainable Development		
<b>053</b>	Human Resources Management		
<b>054</b>	Corporate Governance and Supervision on the Use of Internal Information		

# 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 varieties of quality products and services with commitment, reliability and flexibility.
- To conduct business in a socially, ethically and environmentally responsible manner.
- To build sustainable value for shareholders, customers, business partners, employees, local communities, and to be a good citizen to host governments.



# Financial Highlights

For the year ending 31 December

2011 2010 2009

## Financial Position

Total Assets	(THB million)	225,010	193,122	101,417
Total Liabilities	(THB million)	136,355	124,063	45,465
Total Shareholders' Equity	(THB million)	88,656	69,059	55,952
Issued and Paid-up Share Capital	(THB million)	2,717	2,717	2,717

## Operational Results

Sale Revenues	(THB million)	112,404	65,285	57,865
Cost of Sales	(THB million)	62,960	38,511	29,992
Gross Profit	(THB million)	49,444	26,774	27,874
Selling and Administration Expenses	(THB million)	15,288	10,333	7,654
Royalty Fee	(THB million)	11,370	6,925	6,467
Other Revenues	(THB million)	13,086	17,960	3,759
Other Expenses	(THB million)	511	1,041	666
Profit from Operation	(THB million)	35,361	26,435	16,845
Share of Gain/(Loss) of Joint Ventures and Asso.	(THB million)	1,939	6,117	7,447
Interest Expenses	(THB million)	3,047	1,676	1,282
Financial Expenses	(THB million)	349	299	181
Corporate Income Tax	(THB million)	8,506	3,733	5,027
Net Profit	(THB million)	20,060	24,880	14,229

## Financial Ratios

Gross Profit Margin	(%)	43.99	41.01	48.17
Net Profit Margin	(%)	15.99	29.89	23.09
Returns on Assets	(%)	9.59	16.89	14.90
Returns on Equity	(%)	25.44	39.80	28.04
Interest Coverage Ratio	(times)	11.74	10.86	21.03
Net Debt to Equity	(times)	0.74	1.07	0.16

## Data per Share

Earnings per Share	(THB)	73.82	91.56	52.36
Book Value per Share	(THB)	326.24	254.13	205.90
Dividend per Share	(THB)	21.00*	21.00	16.00

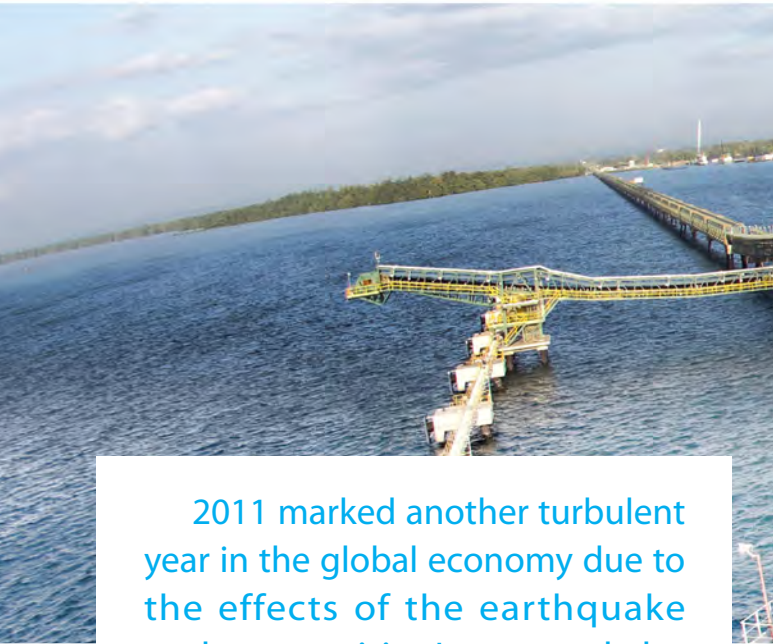
\* The Company announced a total dividend of THB 21 per share, consisting of the annual dividend for 2011 performance at the rate of THB 18 per share, of which THB 9 was paid as interim dividend on 28 September 2011. The remaining THB 9 dividend for 2011 performance will be paid on 30 April 2012. Moreover, the Company paid a special interim dividend worth THB 3 per share on 10 February 2012.

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

# Operational Results

	For the year ending		
	2011	2010	2009
<b>Coal Sales Volume (Million Tonnes)</b>	<b>39.57</b>	<b>25.89</b>	<b>21.09</b>
Indominco-Bontang	14.80	14.48	12.16
Trubaindo	6.81	5.39	5.13
Jorong	1.43	1.01	2.96
Kitadin-Embalut	1.18	1.30	0.61
Kitadin-Tandung Mayang	0.43	-	-
Centennial	14.86	3.57	-
Thailand	0.06	0.15	0.24
<b>Coal Sales Revenue (THB Million)</b>	<b>112,404</b>	<b>65,285</b>	<b>57,865</b>
Coal Business:			
Indominco-Bontang	43,209	34,268	31,978
Trubaindo	23,085	14,838	15,489
Jorong	2,775	1,488	3,982
Kitadin-Embalut	3,421	2,735	1,150
Kitadin-Tandung Mayang	1,604	-	-
Centennial	32,751	6,498	-
Thailand	30	74	101
Other Sources	-	-	4
<i>Total Revenue from Coal Business</i>	<i>106,874</i>	<i>59,901</i>	<i>52,704</i>
Power Business	5,236	4,865	4,788
Other Businesses	293	520	373
<b>Gross Profit Margin (%)</b>	<b>44</b>	<b>41</b>	<b>48</b>
Indominco-Bontang	49	42	49
Trubaindo	52	51	57
Jorong	40	33	41
Kitadin-Embalut	52	45	49
Kitadin-Tandung Mayang	74	-	-
Centennial	36	32	-
Thailand	26	10	(22)
Other Sources	-	-	45
Coal Business	46	43	51
Power Business	10	16	25
Other Businesses	6	12	17





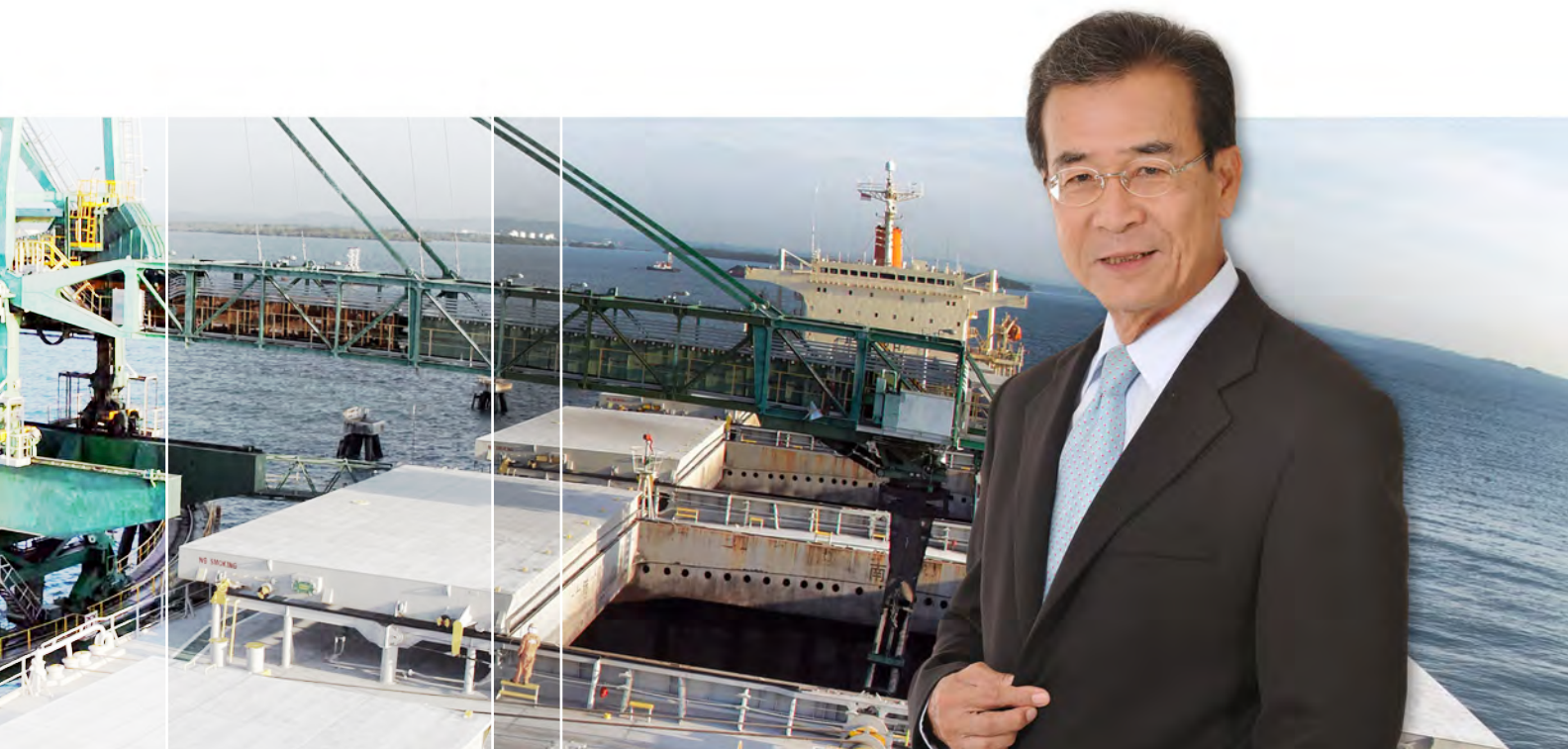
2011 marked another turbulent year in the global economy due to the effects of the earthquake and tsunami in Japan and the debt crisis in Europe. Banpu Public Company Limited, however, continued to enjoy strong business performance.

The Company was able to produce and sell larger volumes of coal at good prices, thanks to the high demand, the economic expansion in Asia, and rising average selling prices. With prudent, circumspect management and careful risk assessment in various areas, the Company succeeded in implementing its strategic and long-term plans and, as a result, generated both growth and good value for all stakeholders.



Once again, Banpu made significant progress over the past year and proved its calibre as an energy corporation of international standing, namely by:

- **Implementing business integration after our investment in the Centennial Coal Company Limited in Australia.** We are forging directions, objectives, and strategies in combination with synergising strengths and skills in various areas in order to generate the same business growth which Banpu has achieved in other countries. The Board of Directors is closely monitoring the implementation of the integration plan to ensure maximum benefit for stakeholders.
- **Investing in Hunnu Coal Limited, a company listed on the Australia Securities Exchange, and one that has several coal deposits under development in Mongolia.** Banpu began the process of acquisition according to the rules and regulations of Thailand and Australia in March 2011. It was able to complete all procedures and concluded the acquisition in December 2011. Regarding this investment in Hunnu Coal, the Board of Directors puts great emphasis on the need for comprehensive risk assessment and management in all aspects of the undertaking. Banpu will continue to carefully monitor the development of coal projects under Hunnu Coal in Mongolia so as to minimize risk and to create worthy value for this investment.



Our success in expanding and managing large scale investments is attributable to our accumulated experience in the coal business, starting from Banpu's early operations in Thailand to our expansion into Indonesia, China, Australia, and now Mongolia. This wealth of experience in terms of investing, exploring, developing, and operating open-pit and underground coal mines enables us to assess projects with greater accuracy, administer them effectively, and provide valuable returns for all stakeholders.

The Board of Directors is well aware of the importance of setting proper strategic directions, guiding and supervising business administration and managing risk for the Company with due circumspection, as well as actively developing the capabilities of our human resources so that Banpu's growth continues with assured stability and strength.


The Board of Directors would like to thank all our benefactors and stakeholders for their unwavering support. We pledge our unwavering adherence to the principles of good corporate governance and good corporate citizenship in order to achieve sustainable and productive business in every country we operate for our shareholders and stakeholders.

**Mr. Krirk-Krai Jirapaet**

Chairman of the Board of Directors



# Chief Executive Officer Review



In 2011 Banpu Public Company Limited achieved a 42 per cent increase in operating earnings thanks to the successful integration of Centennial Coal Co., Ltd. (Centennial), strong coal output growth in Australia and Indonesia and higher average selling prices. Banpu also achieved an organic increase of more than 100 million tonnes in its coal reserves in Australia and Indonesia in 2011 during the year based on mine planning improvements and exploration work.

While the Company had to restructure its China coal business in 2011 with the divestment of Daning, substantial new growth potential was obtained through the acquisition of Hunnu Coal Limited (Hunnu) with extensive coal resources in Mongolia. In 2012, Banpu will push for further growth in production in Australia and Indonesia as well as first output in Mongolia.

## Summary of our financial performance in 2011

As in many previous years, at the net earnings level, Banpu's results in 2011 were distorted by acquisition and divestment activity. Although net earnings in 2011 at THB 20.1 billion (equivalent to THB 73.82 per share) were down 19 per cent against the previous year, this was primarily due to a lower net gain from divestments. While in 2011, Banpu realized a net gain from the sale of its interest in Daning (the Chinese coalmine held through AACI SAADEC(HK) Holding Limited) of THB 6.3 billion, in 2010 Banpu's net divestment gains totaled THB 15.8 billion from the sale of shareholdings in PT. Indo Tambangraya Megah (ITM) and Ratchburi Electricity Generating Holding PCL (RATCH).

Banpu's EBITDA performance in 2011, which excludes gains from divestments, was more reflective of the fundamental growth and underlying performance of the

Company. In 2011, the Company's EBITDA increased 45 per cent compared to the previous year to THB 31.8 billion. The total EBITDA from Banpu's coal businesses in 2011 was THB 29.8 billion, up 66 per cent year-on-year, while Banpu's power business EBITDA was down at THB 1.9 billion. The excellent coal business performance was a function of the successful integration of Centennial, stronger output and selling prices from the Company's Indonesia mines - and a higher overall average gross profit margin from Banpu's coal sales.

Banpu's consolidated sales revenues grew by 72 per cent in 2011 to THB 112.4 billion (from THB 65.3 billion in 2010). Consolidation of the first full year of revenues from Centennial contributed THB 32.8 billion to this result (compared to only THB 6.5 billion in 2010). The rest of the increase in sales revenue was due to an 11 per cent increase in coal sales at ITM to 24.6 million tonnes and a 30 per cent increase in the average selling prices year-on-year for our coal sales from Indonesia to USD 97.06 per tonne.

Thanks to strong operating cashflow during the year, by the end of 2011, Banpu's consolidated interest-bearing net debt to shareholder's equity ratio was 0.74 times, down from 1.07 times at the end of 2010 (after the acquisition of Centennial). With consolidated net debt of THB 65.3 billion

**Remark:** \* Note that unless otherwise stated all figures in this review are stated on a consolidated basis.





at year end representing only around two times the Company's EBITDA in 2011, we view this as a comfortable level of gearing, leaving us room to raise additional finance to fund further investments going forward, if required.

### **Analysis of our coal sales and the thermal coal market**

Banpu's total consolidated coal sales in 2011 were 39.6 million tonnes, up by 53 per cent from 2010. The growth came from the inclusion of 14.9 million tonnes of coal sales from Australia (versus only 3.6 million tonnes in 2010) and an increase in coal sales from Indonesia by 2.5 million tonnes to 24.6 million tonnes, thanks to greater production levels.

Indonesian coal sales to the growth markets of China (5.8 million tonnes), India (2.3 million tonnes) and Indonesia (2.1 million tonnes) all increased significantly in 2011. Sales to other Southeast Asian countries (e.g. Thailand and the Philippines) also grew, while sales to the East Asian markets of Japan, South Korean and Taiwan fell by about 16 per cent to 7.5 million tonnes.

Approximately 39 per cent of coal sales from Banpu's Australian operations (5.8 million tonnes) were exported in 2011, of which 84 per cent went to the premium East Asian markets. In revenue terms, Centennial's percentage of sales from exports increased to 60 per cent in 2011 (from 50 per cent in 2010), reflecting the growth both in export tonnage and the significant increase in pricing of exports versus domestic sales and of export prices in 2011 versus 2010.

Overall, including domestic sales in Australia, Centennial's average selling price in 2011 was AUD 72.5 per tonne.

The Asia-Pacific thermal coal market in 2011 was strong despite global macroeconomic uncertainties. On average benchmark FOB prices at Newcastle (for 6,300 Kcal GAR coal) were around 20 per cent higher than in 2010. Chinese and Indian thermal imports were higher than expected. China's net thermal imports increased 22 per cent to 96 million tonnes in 2011 while India's thermal imports are also estimated to have reached over 90 million tonnes.

Benchmark prices reached over USD 130 per tonne in January but gradually fell to around USD 120 per tonne by mid-year. Prices fell again at the end of the year to just over USD 110 per tonne but have since recovered slightly in the early months of 2012. The outlook for Chinese and Indian demand continues to be strong by historical standards and supply risks to the seaborne market remain from factors such as rainfall in Australia and domestic Indonesian demand.

### **Banpu's Australian coal business: Centennial**

During 2011, Centennial was fully integrated into the Banpu group, with all staff in Thailand, Australia and elsewhere in the region working well together to develop synergies in areas such as strategic planning, financial management, HR development and marketing.

Centennial's operations achieved an 8 per cent increase in equity run-of-mine output in 2011 to 15.4 million tonnes from 14.3 million tonnes the year before, thanks to record

performances from Mandalong, Myuna and Clarence with strong results also from Angus Place and Awaba. Feasibility, exploration and mine planning work facilitated an increase in equity coal reserves at Centennial of 32 million tonnes during the year (mainly at Angus Place). Banpu's equity coal reserves in Australia at year end 2011 stood at 330 million tonnes.

The increase in output combined with a 23 per cent increase in exports from 4.7 million tonnes to 5.8 million tonnes and careful cost management generated EBITDA growth for Centennial of THB 8.2 billion in 2011. In 2012, Centennial is planning a further increase in output to 16.6 million tonnes and growth in exports to 6.3 million tonnes. In addition to domestic contract renegotiation and export growth, going forward, the Company will also continue to focus on ways of reducing the impact of longwall moves at its operations and of strengthening its logistics and infrastructure control.

#### **Banpu's Indonesian coal business: ITM**

Banpu's Indonesian mines delivered a strong performance in 2011 with record output of 25 million tonnes, up 14 per cent versus 2010. At Indominco, output at East Block continued to grow, from 4.2 million tonnes in 2010 to 7.1 million tonnes, while West Block output declined, from 10.1 million tonnes to 7.7 million tonnes. Better weather and additional mining equipment resolved some of the problems experienced in 2010. Kitadin-Embalut's output was up slightly at 1.3 million tonnes and Kitadin-Tandung Mayang delivered initial output of 0.4 million tonnes. Trubaindo achieved 27 per cent output growth to 7.1 million tonnes. Jorong was also able to increase output to 1.4 million tonnes from 0.9 million tonnes the year before.

Banpu is planning a further increase in production to 27 million tonnes in 2012 from additional growth at East Block and Kitadin-Tandung Mayang as well as the commencement of output at Bharinto by the second quarter of this year. The long term outlook for production at ITM has been significantly strengthened in 2011 by an increase in reserves of 68 million tonnes at Indominco and Bharinto, based mainly on plans for using in-pit crushing conveying systems to mine economically at deeper levels. Banpu's Indonesian reserves at year end stood at 270 million tonnes on an equity basis (65 per cent).

#### **Banpu's China coal business: Gaohe and Hebi Zhong Tai**

In March 2011, further to license renewal problems, Banpu decided to divest its 56 per cent interest in the Daning mine in Shanxi province. Daning had previously been acquired along with a 45 per cent interest in the Gaohe mine, also in Shanxi, as part of the AACI acquisition in 2008. Although disappointing to have to let go of this investment, the sale of the Daning interest for USD 669 million with retention of the Gaohe stake represents strong value creation for Banpu's shareholders compared to a total acquisition cost in 2008 of approximately USD 420 million.

The Gaohe project continued to move towards official commissioning with pre-commissioning output of 1.9 million tonnes in 2011. During the fourth quarter, two longwall units commenced operation and degas drill test runs were made. Five of eight required inspections were completed and passed with final inspections expected before mid-year 2012. Production and Safety Licenses will then be applied for in order to announce the official commissioning of the mine. Gaohe's coal will be sold mainly as thermal coal to the Chinese power sector and as PCI coal to the steel sector.

The Hebi Zhong Tai Mining in Henan province, owned 40 per cent by Banpu, achieved output of just over 1.5 million tonnes in 2011, having obtained approval from the Henan Energy Bureau in July for expansion to this level.

#### **Banpu's new Mongolia coal business: Hunnu**

Banpu took its first step into the Mongolian coal sector in 2011 with the acquisition of Hunnu. Hunnu, listed on the Australian Stock Exchange, issued a 12 per cent shareholding to Banpu in March via an AUD 45 million private placement prior to a full takeover offer by Banpu in September for AUD 423 million. Hunnu has since been delisted and is now a 100 per cent subsidiary of Banpu (via Banpu Minerals Singapore) Pte. Ltd.).

Hunnu has developed strong positions in thermal and coking coal deposits in Mongolia, particularly in South Gobi. Banpu is currently reviewing Hunnu's coal resource estimates and mine plans. Hunnu has reported 695 million tonnes of JORC-based measured and indicated coal resources and Banpu is developing plans for output of 5 million tonnes per annum from Hunnu's mines by 2015, with first output scheduled from the Tsant Uul project in South Gobi this year.

## Banpu's power business: BLCP, Hongsa and Power China

In Thailand, equity income from BLCP, the 1,434 megawatt coal-fired power operation in Rayong province (owned 50 per cent by Banpu), was around THB 2.0 billion in 2011, a decrease from THB 3.4 billion in 2010 due to strong dispatch levels and higher energy payments while availability payments adjusted lower according to Power Purchase Agreement term, in addition to foreign exchange loss.

Banpu's three combined heat and power plants in China achieved an overall increase in sales revenues of 8 per cent to THB 5.2 billion thanks to higher utilization levels at Luannan and Zhengding and higher power tariffs at Luannan and Zouping. Net profit fell slightly from THB 88 million to THB 64 million due to higher average coal prices.

In Laos, the vertically integrated 1,878 megawatt the Hongsa Power Project made good progress in 2011 with an O&M agreement signed in February and a cornerstone laying ceremony in November. Site leveling has been completed and an access road to the site is ready for construction materials transportation. Foundation work is on-going. Commissioning is targeted for 2015.

## HR, governance and stakeholders

In 2011, Banpu focused on integrating the new staff in Australia as well as welcoming around 150 new staff from Hunnu. The total number of personnel at Banpu now totals around 6,300 people, of which nearly half are in Indonesia, just under 30 per cent are in Australia and the rest are mostly in Thailand and Mongolia. Banpu has a unique and dynamic diversity of technical skills and cultural backgrounds amongst its staff to draw upon, representing a "resource" for the Company every bit as valuable as its coal resource base.

In keeping with the Banpu Spirit principle of "Care", Banpu contributed financial grants, disaster relief supplies and volunteers for the victims of natural disasters in 2011, including those affected by the earthquake and tsunami in Japan and by the extreme flooding in Thailand.

In 2012 the focus of Banpu's HR strategy will be people management, performance management, leadership skills and further implementation of the Banpu Spirit programme, particularly in Australia and Mongolia. Good governance will also continue to be a day-to-day priority for me, with a focus on accountability, transparency, efficiency and sustainability.

## Strategic outlook

Despite the weak and uncertain global macro-economic context, Banpu's performance in 2011 was strong with excellent results from our core Australian and Indonesian coal businesses. Going forward we will continue to push for higher output from these core operations, as well as further growth in exports from Australia. As always we will also continue to develop innovative ways of reducing unit costs, increasing productivity and improving our control over logistics and infrastructure access. In China we will assess carefully the progress at Gaohe and will seek ways of strengthening the relationships with our partners. In Mongolia we will finalize our plans for Hunnu and target first output before year end.

Although I continue to set tough and challenging targets for the Company's growth and while the global economic and political environment is likely to remain a concern in 2012, I know that I can also continue to count on the dedication, hard work and determined spirit of Banpu's personnel and stakeholders. For this I am profoundly grateful and would like to take this opportunity again to extend my heartfelt thanks and warmest wishes to all Banpu personnel, communities, customers, partners, shareholders and other stakeholders. I very much look forward to working with you all again in the Year of the Dragon.



**Mr. Chanin Vongkusolkrit**

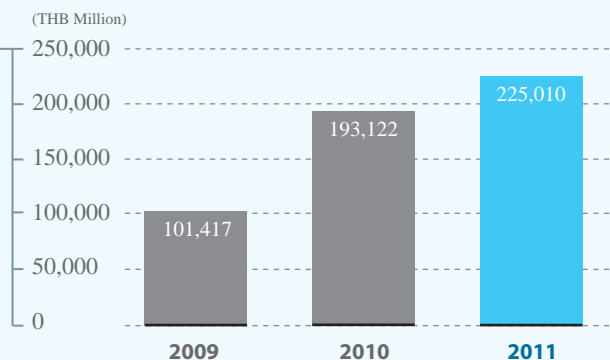
Chief Executive officer



# Key Financial Results

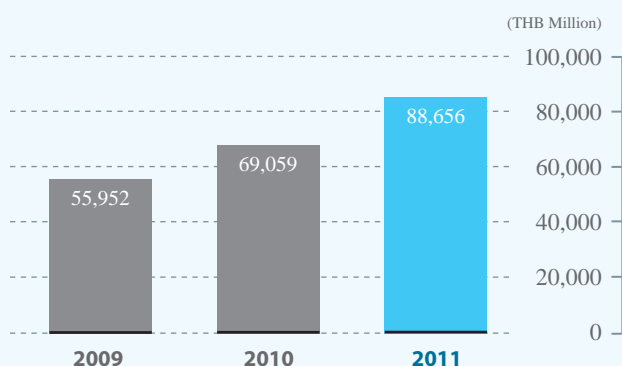
## Total Assets

Total Assets as of 31 December 2011 was at THB 225,010 million, an increase of THB 31,889 million or 17 per cent from 31 December 2010. The majority of the assets are operating cash flow, increased mining property rights fee as a result of the actual cost of Mongolian mine acquisition being greater than its fair value, and accrued dividends from associates.



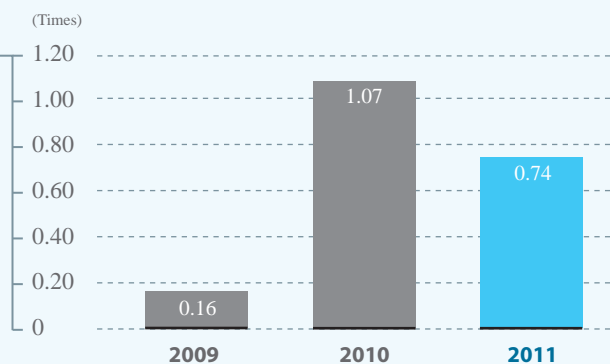
## Total Shareholder's Equity

Shareholders' Equity totaled THB 88,656 million, a THB 19,597 million or 28 per cent increase from 31 December 2010. This was from the 2011 net profit of THB 20,060 million and the non-controlling interest at THB 6,480 million. The dividend payment totaled THB 6,840 million.



## Net Debt to Equity Ratio

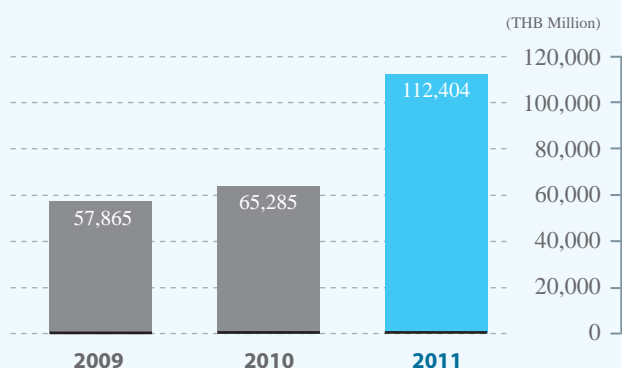
Net Debt equaled THB 65,289 million, a decrease of THB 8,360 million or 11 per cent from previous year due to higher operating cash flow of THB 12,543 million and an increase of local loans totaling THB 4,183 million. This brings net debt to equity ratio down from 1.07 times in 2010 to 0.74 times in 2011.



## Total Sales Revenues

Total Sales Revenue rose THB 47,119 million to THB 112,404 million or 72 per cent higher than the year before, thanks to an increase of both sales volume and selling prices from Indonesian and Australian mines.

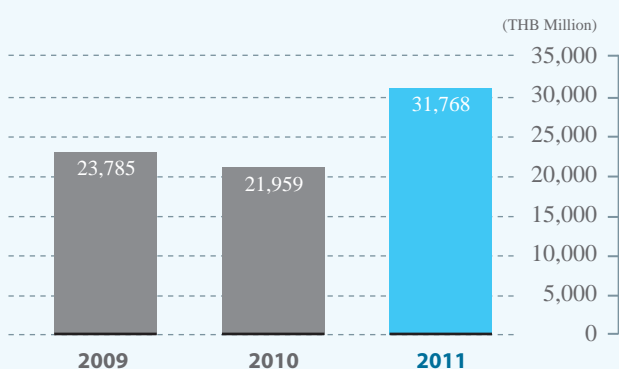
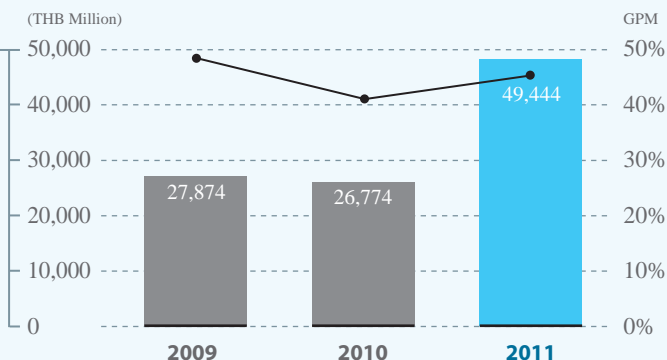
Coal sales volume totaled in 2011, 39.57 million tonnes, consisting of 26.24 million tonnes from Indonesian mines, 14.87 million tonnes from Australian mines and 0.06 million tonnes from a Thai mine. The 2011 average selling price from Indonesian mines was USD 97.06 a tonne, compared to USD 74.65 a tonne in 2010.



## Gross Profit and Gross Profit Margin

2011 Gross Profit hiked THB 22,669 million to THB 49,444 million from the previous year owing to rising sales volume and selling prices from Indonesian and Australian mines.

Gross Profit Margin jumped to 44 per cent from 2010's 41 per cent. The coal business accounted for a 46 per cent gross profit margin compared to 43 per cent a year ago while the power business's figure was 10 per cent compared to 16 per cent a year before.

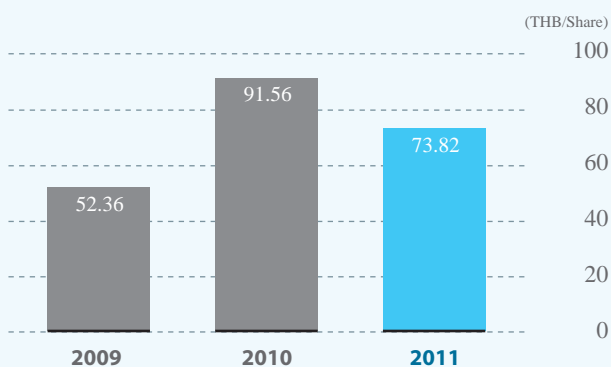
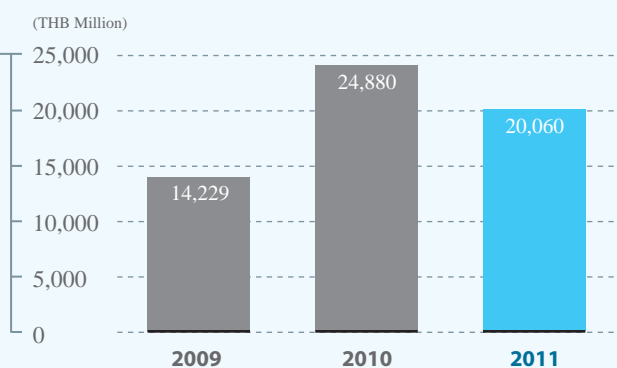


## EBITDA

EBITDA valued at THB 31,768 million, an increase of THB 9,809 million or 45 per cent from the same period a year before. Of this, THB 29,847 million came from coal business and THB 1,922 million from power business.

## Total Net Profit

Total net profit for the year ending 31 December 2011 was THB 20,060 million, down THB 4,820 million or 19 per cent from the same period last year due to a lesser profit from an investment disposal. In March 2011, Banpu sold 56 per cent of its investment in Daning mine in China, realizing THB 6,307 million profit after tax, while in 2010, the Company divested 8.72 per cent of its ITM shares and 14.9 per cent of its stake in RATCH respectively, leading to a profit after tax of THB 15,176 million.



## Earnings per Share

Earnings per Share as of 31 December 2011 stood at THB 73.82 per share, a decrease of 19 per cent from the same period in 2010 at THB 91.56 per share.

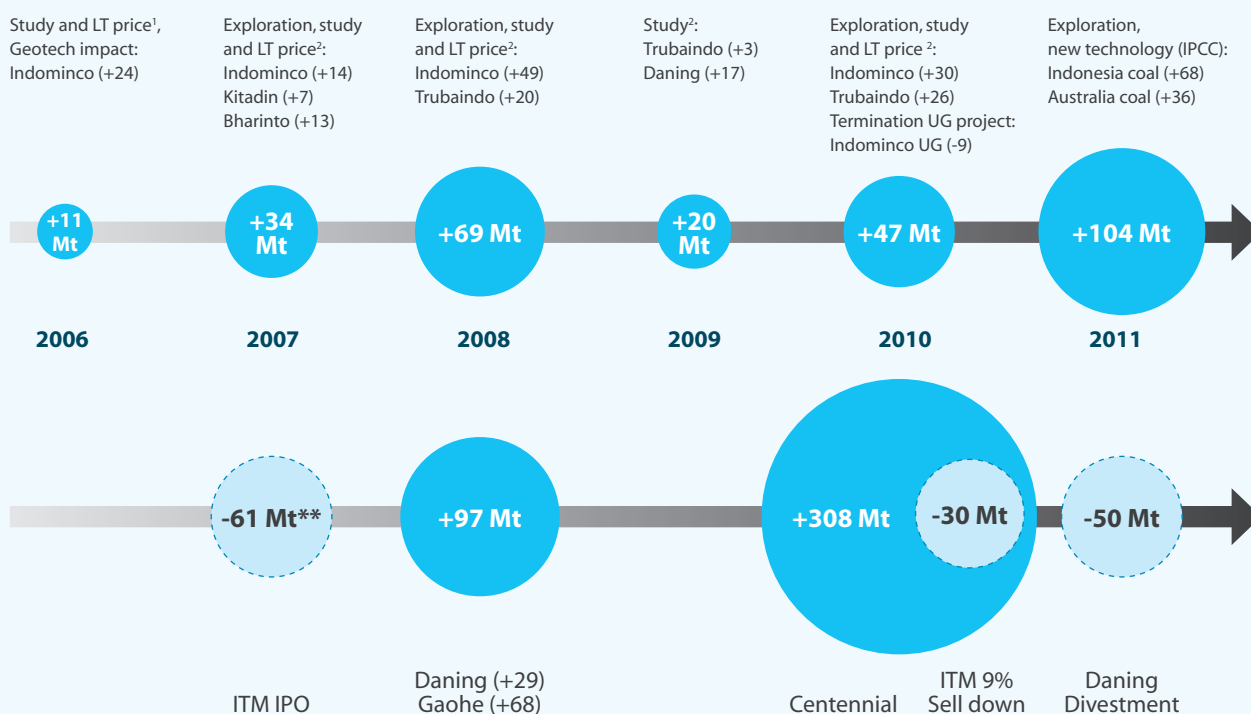
# 2011 Focus: Securing Banpu's Future Through Coal Reserves Growth

Banpu's shareholder value is a function of the present value of the company's risk-adjusted future cashflow expectations. These cashflows are secured on a long term basis primarily through the delineation of "JORC compliant" coal reserves (Australian Joint Ore Reserves Committee's Code for the Reporting of Mineral Resources and Ore Reserves), meaning coal resources for which extraction is deemed technically and economically viable. For this reason, Banpu focuses considerable management time and technical expertise around both organic and inorganic (acquisition-based) reserves growth.

Organic augmentation of reserves can be derived from a variety of factors and developments, including changes in long term coal price estimates. In 2011 Banpu achieved the biggest ever organic increase in its coal reserves from non-price related developments, i.e. the growth was obtained from the company's own value-creation efforts and innovation. At its Australian and Indonesian operations, coal reserves were increased by 104 million tonnes (before sales depletion) thanks to mine planning and exploration work. Given the "value per tonne" attributed to JORC-compliant Asia-Pacific coal reserves by global equity capital markets and M&A (mergers and acquisition) markets, this represents a very substantial contribution to Banpu's shareholder value.

## Growth in Banpu's Coal Reserves (Equity Basis) Since 2006

### Organic increase in reserves\*



### Acquisition increase (and divestment decrease) in reserves

\* Not including the effect of sales depletion

\*\* Excludes divestment of Barasentosa

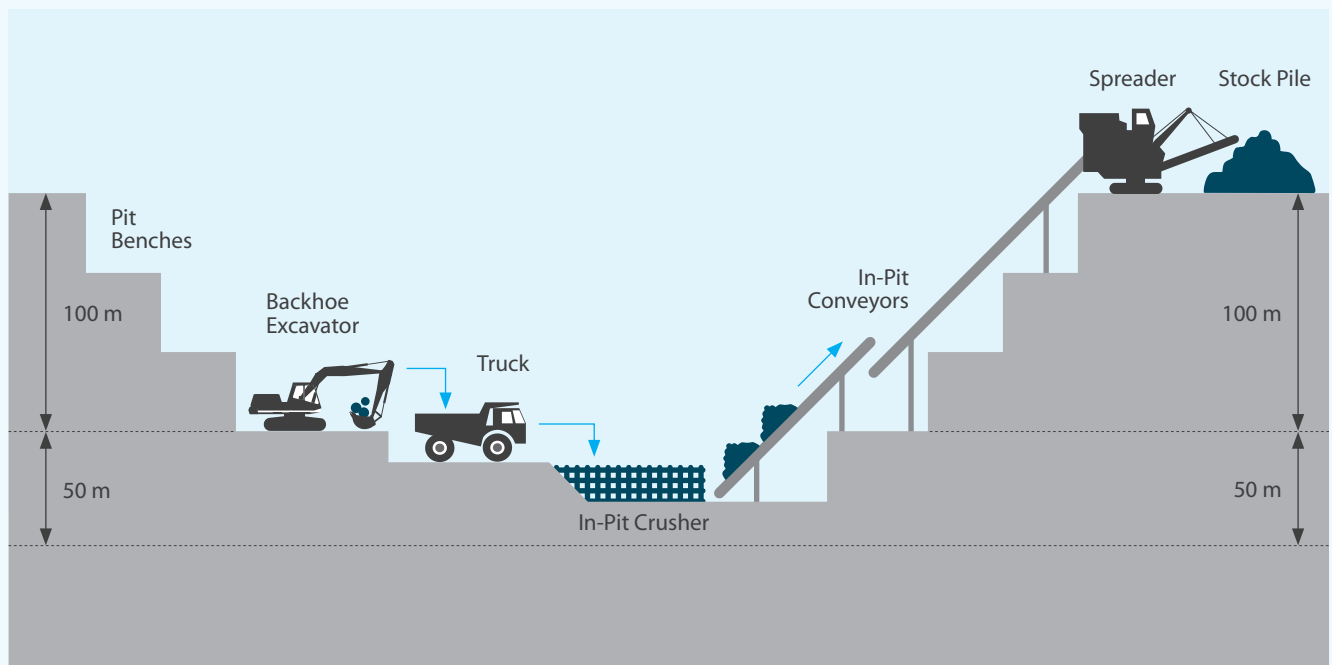
Note<sup>1</sup>: ITM 100%

Note<sup>2</sup>: ITM 74%



In Indonesia, Banpu achieved a 68 million tonnes organic increase in reserves at Indominco and Bharinto based mainly on the development of in-pit crushing conveying (“IPCC”) systems which enable Banpu to remove overburden more quickly and cheaply from deeper pits. Although the electricity-based IPCC system tends to require higher capital expenditure, its lower operating costs (compared to diesel-based excavation and trucking) make it suitable for mining pits at depths of around 100 - 200 meters. With sufficient volumes and mine lives of ten years or more, IPCC systems can deliver substantial value.

### IPCC Illustration

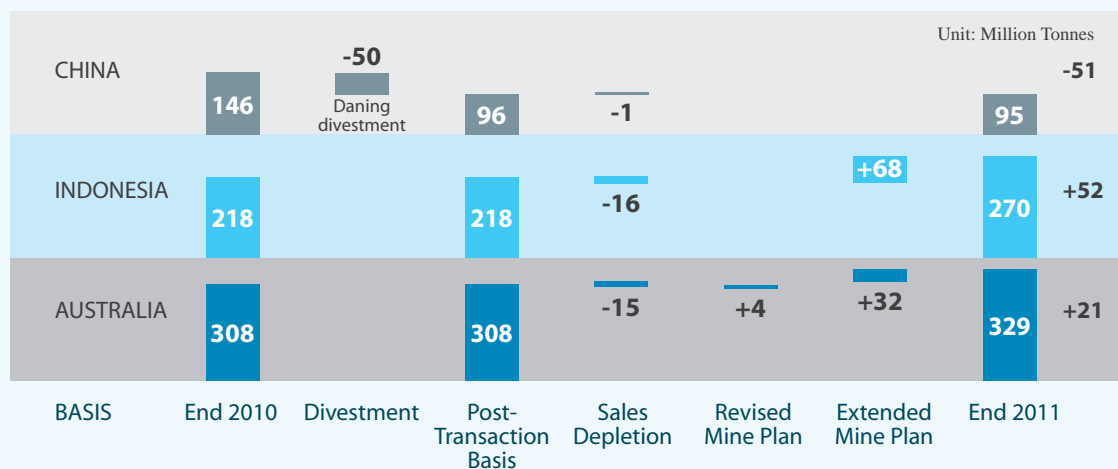


At Indominco and Bharinto, reserves were also boosted by exploration work and engineering studies. Further reserves upgrades are planned both at East Block and Bharinto in the years ahead.

In Australia, the biggest increase in reserves in 2011 was achieved at Angus Place where completion of pre-feasibility studies and an accompanying exploration drilling programme resulted in a 64 million tonnes increase in reserves on a 100 per cent basis. Centennial owns 50 per cent of Angus Place, so the increase in equity reserves for Banpu is 32 million tonnes. Reserves were also increased at the Clarence mine by 9 million tonnes based on mine plan improvements.

Note that the organic increase in Banpu’s equity reserves in 2011 by 104 million tonnes was offset partially by sales depletion of 32 million tonnes during the year and by the divestment of the shareholding in Daning (-50 million tonnes). The net change in equity reserves during the year is shown in the chart in page 14.

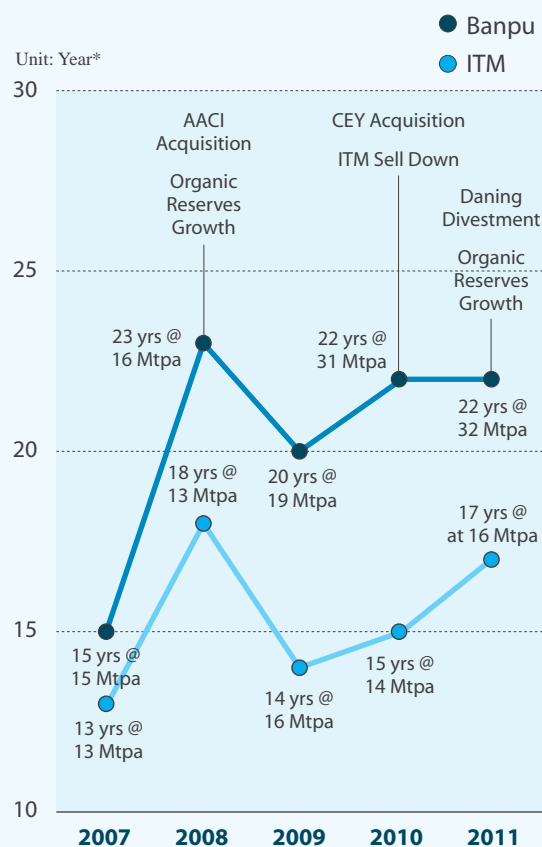
## Changes in Banpu Coal Reserves 2011 (Equity Basis)



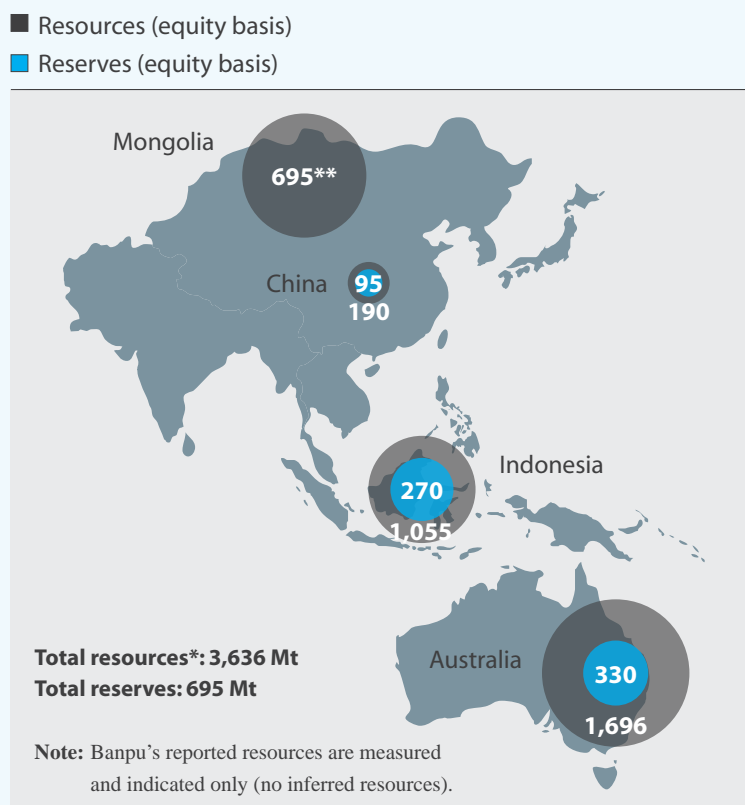
In terms of the overall “mine life” implied by Banpu’s reserves, the strong organic growth in reserves ensured that ITM’s average mine life increased from 15 years to 17 years and that Banpu’s average mine life as a whole (on an equity basis) remained stable at around 22 years, in spite of the Daning divestment.

## Banpu’s Reserves and Reserves at Year End 2011 (Equity Basis)

### Implied Mine Life



### Reserves and Resources at Year End 2011



\* Year end reserves divided by saleable output (equity basis).

\*\* Hunnu’s reserves and resources are currently under review post-acquisition.

To build shareholder value into the future, Banpu will continue to focus its efforts on achieving further growth in equity reserves both by organic and “inorganic” means. Further organic reserves growth is planned in Indonesia and Australia in the years ahead and Banpu has also recently acquired a substantial coal resource base with strong reserves potential in Mongolia via the acquisition of Hunnu. Hunnu’s JORC compliant measured and indicated resources\* have been estimated at approximately 695 million tonnes. Banpu is currently conducting a review of Hunnu’s resources and reserves status. With the development of mine plans and feasibility studies, it is expected that the Company will be able to announce an initial estimate of reserves in Mongolia later this year.

**Remark:** \* Under the JORC system, reserves are defined from coal resources which are deemed “measured and indicated”. Resources which are only “inferred” are not deemed to have sufficient technical certainty for conversion to reserves status.



# Summary of Major Changes and Developments in 2011 and Major Current Events

## Coal Business

### 1. Acquisition of Hunnu Coal Limited

- On 8 March 2011, Banpu Minerals (Singapore) Pte. Ltd. (BMS), a subsidiary company in which Banpu holds 100 per cent of its total shares, formed a strategic partnership with Hunnu Coal Limited (Hunnu), an Australian Securities Exchange listed company that has several coal development projects in Mongolia.

BMS acquired 30 million of Hunnu shares through private placement at a price of AUD 1.50 per share, totaling AUD 45 million (approximately THB 1,402.2 million based on an exchange rate of THB 31.16 per AUD 1 as of 7 March 2011). The transaction provided BMS a 12.39 per cent interest of Hunnu shares, making BMS the largest shareholder of Hunnu.

The rationale of the acquisition was to gain access to the high potential Mongolian coal sector. Mongolia is a country with extensive coal deposits, rapidly developing infrastructure and close proximity to attractive export markets such as China.

Hunnu is a major explorer and developer of both thermal and coking coal resources in South Gobi, Mongolia. Currently, it is undergoing an extensive exploration for its 10 coal development projects, two of which have a combined resource of more than 400 million tonnes according to JORC standard.

- On 12 September 2011, BMS made the off-market takeover bids for all of the Hunnu shares that it did not already own (the “Share Offer”) at a cash price of AUD 1.80 per share; and for all the options to subscribe for Hunnu shares (the “Option Offer”); (together, the “Offers”). The Option Offer was subject to obtaining the required modifications and consents from regulating authorities.

- Hunnu’s Board of Directors unanimously recommended that Hunnu’s shareholders accept BMS’s Offers in the absence of a superior proposal. Moreover, each of the Hunnu directors intended to accept BMS’s Option Offer in respect of any shares held by them, or on their behalf in the absence of a superior proposal. Nevertheless, the Offers were conditional upon certain conditions including relevant authorities’ approvals, and the minimum shareholding of 90 per cent of Hunnu’s shares and options by the end of the Share Offer and the Option Offer period.

- On 10 October 2011, the Australia’s Foreign Investment Review Board (FIRB) notified BMS with a statement of “No Objections” regarding the acquisition of 100 per cent shares and options of Hunnu. Meanwhile, Banpu also received permission from the Bank of Thailand regarding offshore transferring of funds to fulfill the Offer.

- On 28 December 2011, BMS successfully held 100 per cent of Hunnu shares.

## 2. Divestment of AACI SAADEC (HK) Holdings Limited

- On 11 March 2011, AACI SAADEC (BVI) Holdings Limited (SAADEC (BVI)), a subsidiary company in which Banpu holds 100 per cent of its total shares, signed an agreement with China Resources Coal Holdings Co., Ltd. (the “Buyer”) to sell 100 per cent of its interest in SAADEC (HK) which held 56 per cent equity interest in Shanxi Asian American Daning Energy Co., Ltd. (“SAADEC”). As a result of this agreement, the Buyer owned 100 per cent shares in SAADEC (HK) shares and, therefore, indirectly owned 56 per cent of equity interest in SAADEC. The main objective of this divestment was to follow the Chinese government’s policy regarding domestic coal business shareholding. This transaction valued at USD 669 million (equivalent to THB 20,264 million based on the exchange rate of THB 30.29 to USD 1 as of 10 March 2011).

## Others

- On 31 August 2011, the Board of Directors’ Meeting resolved to approve an interim dividend payment from retained earnings and the operating profit during the six-month period ended 30 June 2011 for the 271,747,855 eligible shares at a rate of THB 9 per share or a total of THB 2,445,730,695. 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 September 2011.

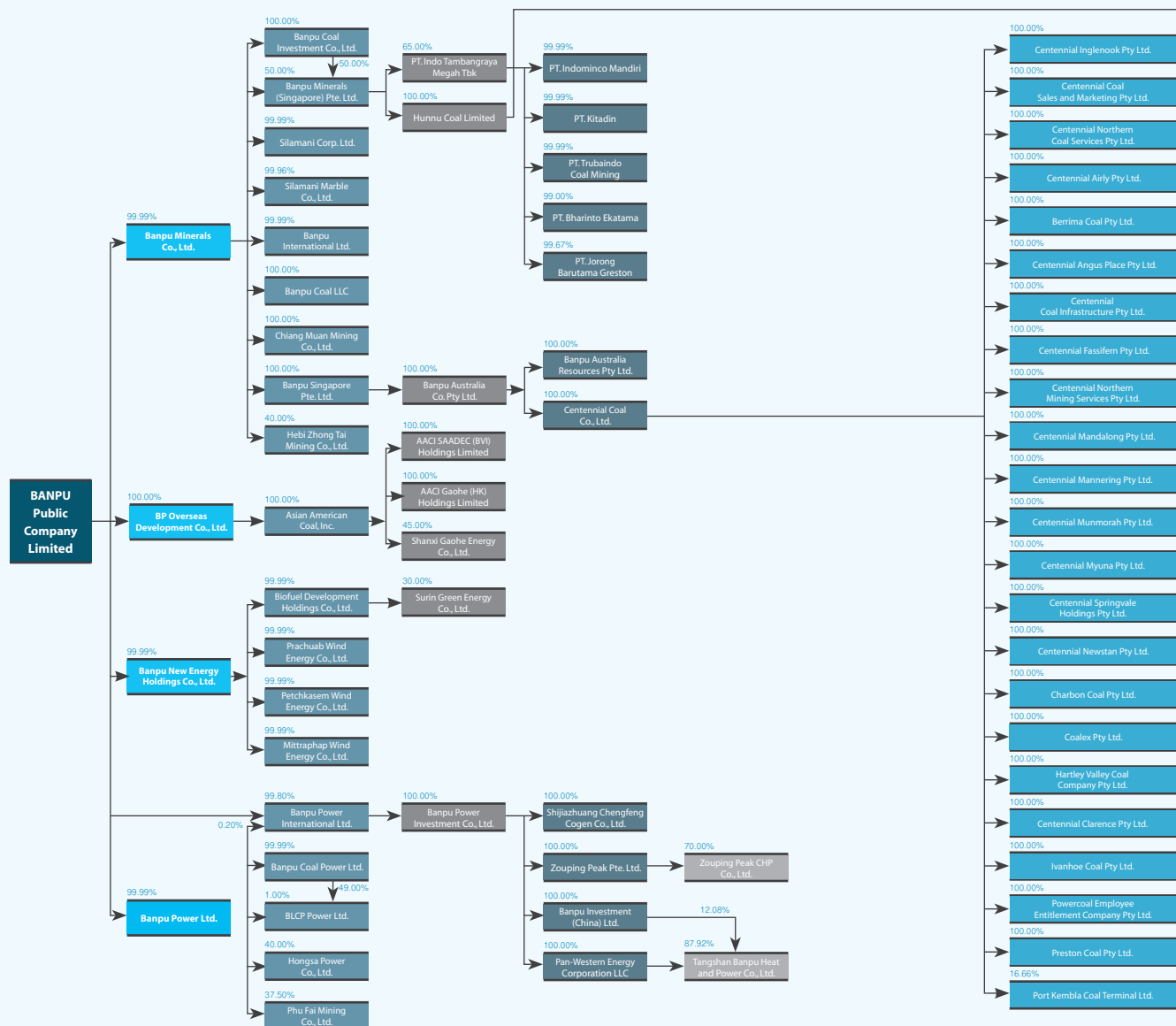
- On 18 January 2012, the Board of Directors’ Meeting approved to pay a special interim dividend from the retained earnings and the operating profit during the 12-month period ended 31 December 2011 for the 271,747,855 eligible shares at a rate of THB 3 per share or a total of THB 815,243,565. The dividend was appropriated from the profits after corporate income tax where shareholders were entitled to tax credits. The special interim dividend was paid on 10 February 2012.

- On 22 February 2012, the Board of Directors’ Meeting resolved to pay a total dividend of THB 21 per share, which consisted of the annual dividend for 2011 performance at the rate of THB 18 per share (of which THB 9 was paid as interim dividend on 28 September 2011). In addition, the Company had considered and paid the special interim dividend at THB 3 per share on 10 February 2012. Thus, the remaining dividend of THB 9 per share for 2011 performance would be further paid out of the retained earnings and profits from operations during the period of 1 July - 31 December 2011. The THB 9 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 30 April 2012.

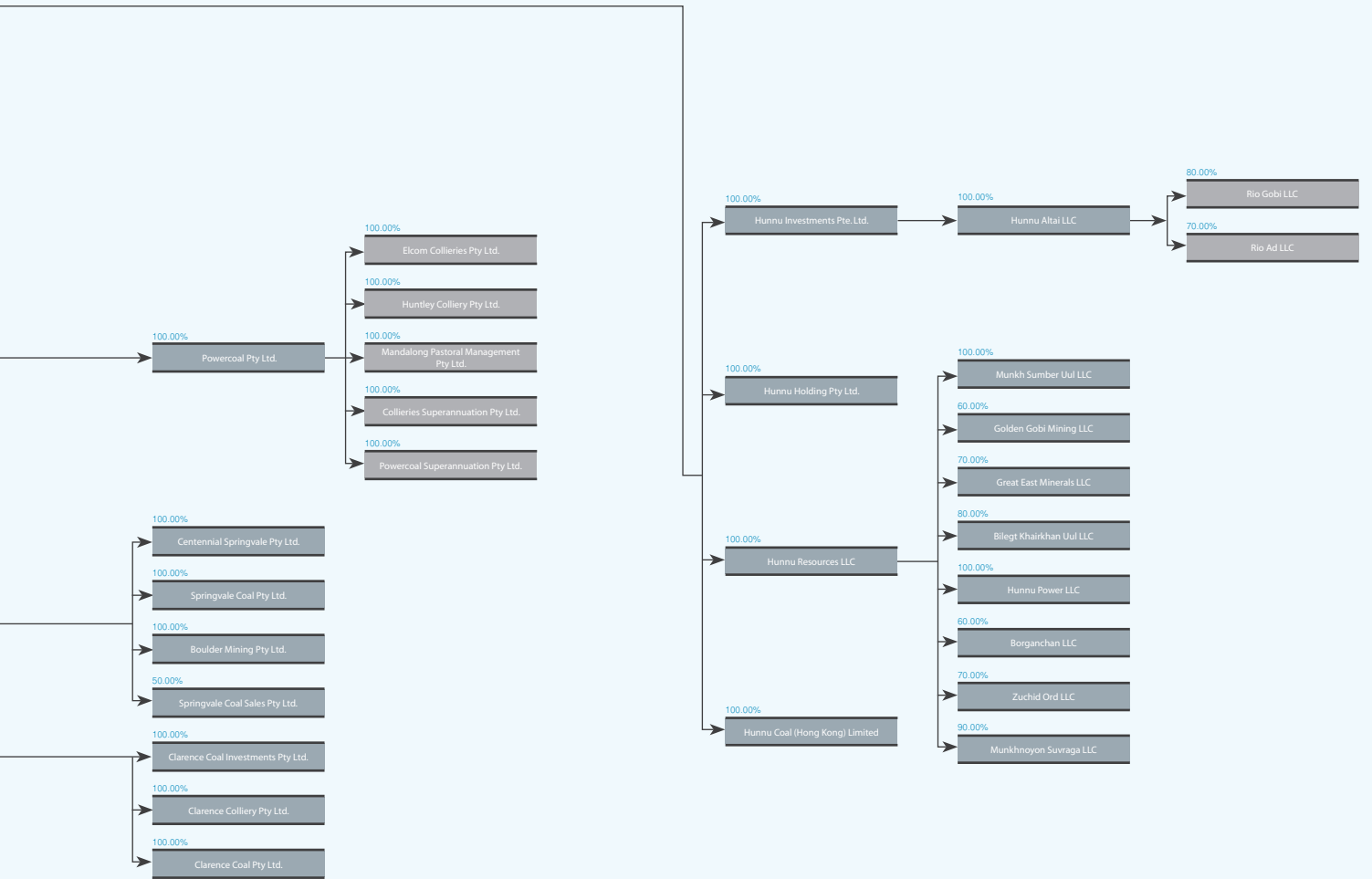
# BANPU Group Structure

As of 31 December 2011

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

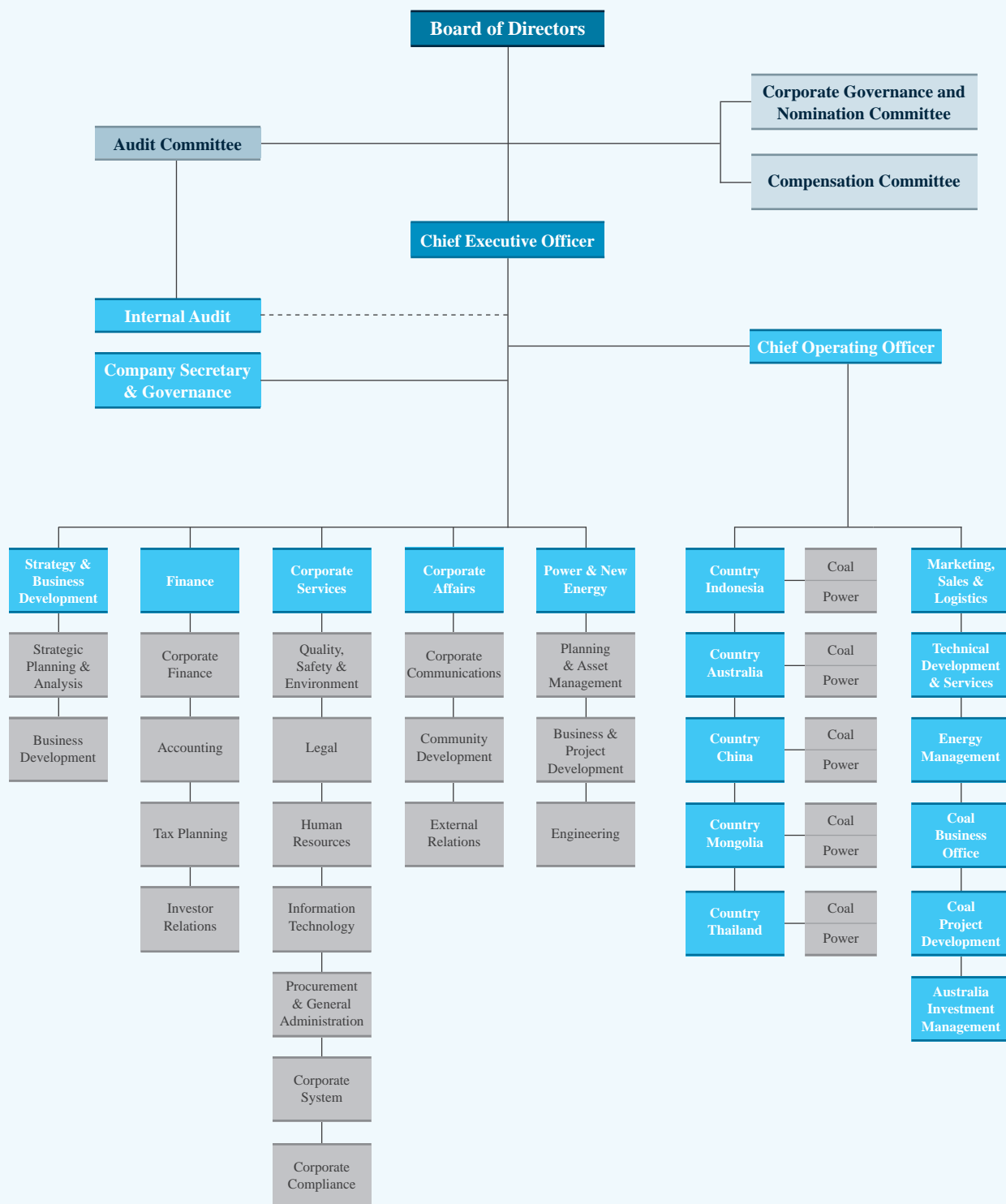






# Organization Chart

As of 31 December 2011



# Management Structure

The Company's management structure as of 31 December 2011 consisted of the Board of Directors and executive officers. The Board of Directors consisted of independent directors, non-executive directors and executive directors. Independent directors accounted for half of the entire Board.

The Board set up three sub-committees; namely, the Audit Committee, the Corporate Governance and Nomination Committee and the Compensation Committee.

The Board also required that Chairman of the Board, Chairman of the Audit Committee, Chairman of the Corporate Governance and Nomination Committee, Chairman of the Compensation Committee and all directors in the Audit Committee be independent directors.

## 1. The Board of Directors consists of:

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

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

Any two of the following five board members; namely, Mr. Chanin Vongkusolkrit, Mr. Sawatdiparp Kantatham, Mr. Metee Auapinyakul, Mr. Ongart Auapinyakul, Mr. Verajet Vongkusolkrit, are authorized to sign jointly on a document affixed with the Company's seal.

## Duties and Responsibilities of the Board of Directors

The Board of Directors is accountable for shareholders to manage the company and supervise its management so that the firm achieves its goal while shareholders' interests are maximized. At the same time, the company's practices are to be in compliance with the Code of Conduct and interest of all stakeholders is to be taken into consideration.

The Board of Directors has a duty to comply with the laws, objectives and regulations of the company and resolutions of the shareholders' meeting. It must perform duties with integrity and safeguard short- and long-term interests of shareholders. The Board is to also comply with rules and regulations of the Stock Exchange of Thailand (SET), the Office of the Securities and Exchange Commission (SEC) and the Capital Market Supervision Commission established by the Securities and Exchange Act, B.E. 2535 amended by the SEC Act (No. 4), B.E. 2551.

To perform its duty, the Board entrusts the CEO to run the company's business. To supervise the company's business, the Board has formulated "the Practices for the Board of Directors of Banpu Public Company Limited B.E. 2552 (amended in 2011)" as a guideline. The handbook consists of definitions, composition and criteria of the Board, Directors' qualifications, terms of office and vacancies, duties and responsibilities of the Board as well as meetings and voting procedures.

The Board has also formulated a charter for the Audit Committee, the Corporate Governance and Nomination Committee and the Compensation Committee as a guideline for their duties.

The Board also organizes an orientation session for new directors so that they are aware of what Banpu expects from them. The orientation also allows Banpu to inform them their roles and responsibilities, Banpu's corporate governance policy and practices; to enhance their understanding in Banpu's business and operations. A visit to the Company's operational units is also arranged to prepare new directors for their new job.

The Board of Directors has a policy to enhance all directors' horizon on corporate governance, industrial outlook, businesses, new technology and innovations. Directors are encouraged to attend seminars or trainings held by the Thai Institute of Directors (IOD) and other reputable institutions to sharpen their performance. In addition, seminars between the Board and the management are held to transfer technical knowledge directly related to the Company's business.

The Board of Directors also holds a joint meeting between independent directors and non-executive directors at least twice a year to allow directors to freely express and discuss opinions relating to management. The Company Secretary is required to submit a summary report of these meetings to all directors.

The Board of Directors also requires a "Board Retreat" to be held annually to allow directors to raise interesting issues, express opinions or provide recommendations for the benefit of their team in working together and also for the management's administration directions.

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

## **2. The Audit Committee** consists of:

- |                               |                                 |
|-------------------------------|---------------------------------|
| 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 starting from April 2010 to 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. The Audit Committee is also required to prepare a report or give 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 to 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 as well as to monitor compliance of the policy and practices within the scope of Banpu's Code of Conduct. Secondly, it nominates directors, Chief Executive Officer and Executive Officers; to follow up a succession plan in order to nominate appropriate persons to fill in the management positions (from Department Vice President and higher), and seeks the Board of Directors' 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 Phanijsaphand   | 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 to the 2013 Annual General Meeting of Shareholders.

## The Compensation Committee's Duties and Responsibilities

The Compensation Committee gives advice about how to manage various forms of compensation 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 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 Financial Officer   |
| 4. Mr. Sathidpong Wattananuchit | Assistant Chief Executive Officer - Corporate Services                |
| 5. Mr. Akaraphong Dayananda     | Assistant Chief Executive Officer - Strategy and Business Development |
| 6. Ms. Udomlux Olarn            | Senior Vice President - Corporate Affairs                             |

**Note:** \* The first four executives after the CEO are those announced in the company's organization structure effective from 1 January 2009. The four are appointed to manage the coal business unit, the power business unit, finance, corporate services, strategy and business development and corporate affairs.

## Duties and Authority of Chief Executive Officer

The Board of Directors sets performance goals for the CEO, who is subject to an annual evaluation. Meanwhile, the CEO evaluates performance of executive officers who report to him. The evaluation is based on goals and criteria relating to the strategic plan and annual plan so that remunerations and other fringe benefits can be appropriately determined. (For more information, please see 56-1 Form: CEO's duties and responsibilities.)

**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 |

Banpu's definition of independent director is equivalent to what has been stated in the SEC and the SET requirements made according to the Notification of Capital Market Supervisory Board No. TorJor. 4/2552 dated 20 February, B.E. 2552, Re: Qualifications of independent directors. (For more information, please see 56-1 Form and the Notification of 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 with the meetings' resolutions; advising the Board of rules and regulations it has to comply with. Additionally, the Company Secretary is responsible for preparing and keeping directors' registration, invitation letter to attend the Board's meeting, the Board meeting's minutes, Banpu's Annual Report, invitation letters to attend shareholders' meeting and its minutes, the report on interests of directors or executive officers and other duties as announced by the Capital Market Supervisory Board.

**Nomination of Directors and Executives**

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

1. The Committee will review the Board of Directors' entire structure and composition to strengthen its status.
2. The Committee will review general and specific qualifications of independent directors, add new nomination criteria to suit the Company's requirements and circumstances and for compliance with the SET's requirements. The Corporate Governance and Nomination Committee will subsequently submit nomination to the Board of Directors for approval before seeking the Annual General Meeting of Shareholders' resolution and making a subsequent appointment.

For the nomination of executive officers, the Corporate Governance and Nomination Committee monitors a succession plan covering CEO, COO and senior executive officers to ensure that the Company will have competent executives with proper expertise and experiences to succeed in its important positions in the future.

## Marketing

### 1. Coal Marketing

#### 1.1 Overseas Coal Market

In 2011 global coal consumption grew steadily, particularly in Asia where economic growth rates remained high. Coal imports to China and India have increased compared to the previous year. Meanwhile, Japan's earthquake and tsunami in March forced shutdown of several nuclear power plants and coal-fired power plants located in the northeastern part of the country, causing a slight drop in the overall coal demand. India's coal imports slowed down during the second half of the year due to an economic recession, a tumbling Rupee, and an increase in hydroelectric generation following higher intensity of rainfall. However, India's overall coal imports in 2011 rose considerably compared to the previous year. Coupled with a steady growth in coal consumption in South Korea and Taiwan, imports into the Asian coal market were bullish.

In Europe, coal demand in 2011 was making a rebound despite the debt crisis. The high prices of natural gas prompted power plant operators to run generators on coal to maintain profits. Europe's demand for coal was expected to rise by 13 per cent from the previous year.

As for coal supply, heavy rain in Queensland, Australia adversely affected coal production, resulting in a tight supply especially in high-quality coal. On the other hand, unusually low rainfall in Indonesia, one of the world's largest coal exporters, boosted production especially of low-rank coal, oversupplying the low-rank coal market. Europe also witnessed an oversupply of coal as its major suppliers, Colombia, Russia, the US, and South Africa, maintained their outputs at a significant level. Efforts by these countries to distribute coal to the Asian market were hindered by high transportation costs. South Africa, however, was able to tap into the Indian market.

Coal prices soared in early 2011 and remained high due to a tight supply of high-rank coal, as heavy rainfalls in Queensland disrupted coal production. Throughout the first quarter, coal prices hovered at a high level, deterring Chinese and Indian buyers. Without major buyers, prices started to decline. Coupled with production efficiency and an abundant supply of low-rank coal from Indonesia, prices of low-rank coal slipped much further, compared with a decline in prices of the high-quality coal. Buyers opted for the low-quality supply when the prices dropped to a reasonable level. Demand for the high-grade coal became stagnant, forcing Australian coal producers to shift production to the low-rank type to stay competitive and keep the prices of high-quality coal from sliding further.

In late 2011, the Chinese government imposed a coal price regulation policy, capping the domestic selling price at CNY 800 per tonne. Effective on 1 January 2012, the price control measure, intended to regulate inflation, brought down the domestic coal prices to the similar level witnessed in late 2011 and caused a price fall in the overseas markets. Indonesia, on the other hand, introduced a coal pricing regulation under which the government would set monthly minimum selling prices required for producers. While the prices of coal produced by Indonesian coal producers were more aligned with the global markets, the policy had an adverse impact on coal-fired power plants in India. A rise in the power plants' operating costs might delay several coal-fired power plant projects.

### ***Competition Strategies***

Competition in 2011 became fierce in the second half of the year, especially in the low-rank coal market which was oversupplied by Indonesia's outputs. The Company decided to focus its expansion in countries with a strong market growth while pursuing long-term customer relationship management (CRM). Primary competition strategies are:

- ***Expanding Customer Base***

The Company has intensified its market expansion in China and India, which record the world's highest growth market for coal, resulting in a 25 per cent increase in coal sales from its Indonesian coal mines to both countries. The Company's well-maintained customer base in its core markets including Japan, South Korea and Italy has helped secure the Company's revenue while reducing risks associated with relying heavily on one market. In the previous year, the Company increased its coal sales in Indonesia by 200 per cent, as part of its plan to penetrate the market of the world's leading coal-producing country.

- ***Customer Satisfaction Survey***

The Company has conducted a customer satisfaction survey via both papered questionnaires and one-on-one customer interviews to learn specific needs of customers and boost customer relations. The findings and customers' suggestions assisted in improving Banpu's internal work process in several aspects as follows:

- ***Quality Control Program***

The Company has set up a Coal Quality Compliance Committee for coal quality assessment and control. The committee is tasked with analyzing, inspecting and controlling quality of the coal supply prior to delivery. A software program has been designed and developed to forecast coal quality at the production planning stage. It allows for early identifications of problems and improvements of coal products to ensure that the outputs meet customers' requirements.

- ***Complaint Response Management***

The Company has developed a system to handle customers' complaints. This is to ensure that their concerns are properly addressed in a timely manner.

- ***Upgrade of Loading Capacity at Bontang Coal Terminal***

The Company has deployed a Floating Transfer Station at Bontang Terminal to speed up the ship-loading process and reduce freight costs for customers.

- ***Market Intelligence***

The Company has developed an online market intelligence system covering all aspects of the coal market. The system gives the staff and units in other countries access to information and facilitates them in meeting the diverse needs of customers in a timely manner.

- ***Building Greater Confidence in Long-term Delivery***

The Company is highly committed to increasing its coal reserves by actively looking for new sources of coal supply to ensure substantial reserves for long-term demand.

- ***Customer Relationship Management***

The Company has placed a strong emphasis on developing and maintaining long term relationship with customers. It has actively engaged customers through a variety of activities and programs including giving the Company's performance updates on a regular basis, exchanging information about the coal industry, organizing the Company's operation visits, conducting interviews and surveys as well as providing technical support. The Company aims to forge close relationship with customers, which is fundamental to establishing and strengthening the customer base.



- ***Variety of Coal Products***

The Company has invested in several coal mines and thus acquired highly diversified coal products that meet customers' varying needs. The Company's coal products can be used in power generating facilities, cement-manufacturing plants and other industries. The Company has a diversified customer base in several countries, enabling it to be resilient to market fluctuations.

#### ***Major Competitors***

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

#### ***Pricing Policy***

Banpu's coal prices are determined by coal quality and based on global prices, but the selling prices must not be lower than the reference prices set by the Indonesian government. The Company usually negotiates the selling prices with customers with long-term contracts once a year. For customers with annual contracts or short-term agreements, selling prices are determined when contracts are negotiated. Selling prices can be fixed or floated based on the world market prices, known as index-linked prices. The Company also adjust proportions of fixed and floated price transactions according to market conditions at the time. As a result, the Company's selling prices in the previous year were raised in line with the world market prices.

#### ***Customer Profile***

Banpu's primary customers are large-scale operators of coal-fired power plants with high demand from various parts of the world. Their demands for coal are steady throughout the year. The Company also enters into contracts with customers from other industries including cement, petrochemicals, paper, plastic and chemicals, as part of its customer base expansion strategy.

#### ***Distribution and Distribution Channels***

In order to sell coal to customers, Banpu either directly goes into contracts with buyers or trades coal via trading companies. In countries where the Company's sales offices are present such as Thailand and Indonesia, the Company negotiates directly with customers. In countries where the Company has no presence, it requires services of local agents which will facilitate paperwork as well as communications with customers. In certain countries, the Company trades coal through trading companies which can better reach target customers while helping reducing marketing costs.

### **1.2 Australia's Coal Market**

Coal is abundant in Australia especially in Queensland and New South Wales. The country is rich in black coal which comprises sub-bituminous, bituminous and anthracite. Australian Resource Assessment reported that Australia currently has more than 100 active coal mines and about 35 mines being developed. 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*** (with approximately 76,400 million tonnes according to ABARE)

- ***The country where domestic demand for thermal coal is largely for power generation.***

An economic growth in Asia remains a major factor that drives up demands for thermal coal for exports. A robust economy witnessed by China and India over the past several years has given a big boost to the thermal coal industry in Australia. Japan is Australia's top thermal coal importer. On the global scale, Australia is the world's second largest thermal coal exporter after Indonesia. Seaborne transportation is generally a traditional mode used to deliver coal to major importers. Thanks to the close proximity of the importing countries, transportation can be done with ease and relatively lower costs.

- ***Coal Prices History***

Coal prices in Australia are based on the global market prices. Prices reflect quality, calorific value and properties of the coal as well as global demand and supply mechanism. As a major exporter of coal, Australia has its own reference price called Newcastle FOB, which is a Spot Market price at Australia's Newcastle Port, excluding any transportation costs incurred.

Domestic coal prices, on the other hand, are negotiated between producers and customers with or without export parity reference prices. However, in case of long-term contracts, the agreed coal prices may differ from the global market prices.

- ***Infrastructure***

A comprehensive infrastructure network gives Australian an edge in maintaining its leadership as a top coal exporter. In the coal industry, infrastructure consists of sea ports, roads, conveyor belts and rail roads. Long established coal mines in Australia are usually located on the shoreline and are readily equipped with a comprehensive transportation system. Newly-developed mines may be located away from sea ports and require infrastructure development necessary for mine-to-port transportation. Therefore, the government has developed additional sea ports by allowing private companies to co-invest in the projects in its attempts to reduce limitations in exporting coal.

1) Domestic Transportation

*Roads and Conveyor Belts:* Several power generating facilities are located near coal mines and coal is transported via conveyor belts. Roads and conveyor belts are useful for short-distance transportation and local consumption.

*Railroads:* Rail system is extensively used in coal transportation in Australia.

2) International Transportation

*Sea ports:* At the end of 2008, Australia had capacity to transport 333 million tonnes of coal per year. It is estimated that the transportation capacity will increase to 448 million tonnes at the end of 2014. The coal ship queue at Newcastle Port hit a record high in the past three years, underlining a need to develop and improve infrastructure for coal exports. The issue needs to be addressed in export marketing plans by companies operating in Australia.

### ***Centennial's Distribution***

- ***Centennial's Response to Demand Growth***

Most coal produced by Centennial is used domestically by power plants in New South Wales. Even so, coal exports to electricity generating facilities in Asian countries continue to grow. Currently, Centennial distributes approximately 80 per cent of coal needed by Delta Electricity power plants in Western Region, most of which are state-owned. Coal contracts signed with these power plants are long term and the amounts of coal and selling prices are negotiated and settled in advance. The contracts made with New South Wales power plants offer Centennial a number of advantages which are as follows:

- ***Centennial's coal mine has a coal transportation system that connects to the power plants directly (Mine-Mouth).*** Equipped with road and conveyor belts, the system gives Centennial an edge in transportation. It reduces transportation costs and minimizes environmental impacts on local communities.

- ***Coal used by domestic power plants is mostly non-washing coal.*** This shortens the post-mining production process.

- ***Sales contracts are in Australian dollars.*** This eliminates risks of exchange rate fluctuations.

- ***Domestic market provides a continuing business.*** It generates cash flows from respectable customers for Centennial.

Although coal prices specified in the sales contracts are below export prices or world market prices, a number of changes witnessed in the coal market in the past few years are likely to push up the domestic prices to reflect the export parity.

Such changes include:

- ***Increases in coal prices.*** Price hikes are caused by several factors such as cost pressure, increasing demands from export markets, a lack of new supply, and uncertainties involving new, current and future supplies of coal. These are basic factors that will contribute to higher thermal coal prices in the near future. Centennial has stated that once these existing contracts expire, new contract prices might be adjusted to reflect the export parity prices.

- ***Acceptance of coal with higher ash content by foreign customers.*** This segment is looking for secured coal supply, which offers Centennial an opportunity to export more coal with high ash content to overseas market.

- ***Improvement of infrastructure.*** The improvement and development of infrastructure has significantly facilitated and paved a way for coal exports.

- ***Secured coal sources gaining momentum.*** Overseas power plants have come to realize that obtaining a secured and sustainable coal source is more important than coal price. Foreign power generating businesses have started investing in coal mines in Australia to secure long-term coal supply contracts at the market prices.

- ***Increased difficulties in getting coal mining licenses.*** During the past few years it has become more difficult to obtain coal mining licenses, making it even harder to increase coal supply. As a result, domestic power generating plants may be forced to pay higher for coal to ensure availability of coal for their operations. This also means that they will have to buy as much as possible from their current suppliers and producers that are located within the close proximity.

In conclusion, increases in energy demands and growing challenges in finding new energy sources will add value to the existing coal mines. Based on these factors, Centennial has devised its sales and marketing plans to respond to the increasing demands for thermal coal from both domestic and international markets. Centennial has expanded the production capacity for exported coal at the Airly mine, of which the export can be arranged via Kembla Sea Port. Centennial has also invested in an infrastructure system for Mandalong mine, of which export can be arranged through the Newcastle Sea Port. When the existing sales contracts expire, Centennial will adjust proportion of domestic sales and exports to be in line with its strategy. However, Centennial will maintain its strong position as one of the country's major suppliers of coal for power generation.

- ***Access to Infrastructure System***

Transportation capacity and its reliability are vital to the coal industry. One of Centennial's many strengths lies on an efficient transportation system that enables a prompt delivery to domestic power plants. Centennial is the only coal producer that can transport coal without depending on public roads. For international shipment, Centennial products are generally handled through Kembla Port in Wollongong.

During the past few years, coal producers have experienced and endured heavy traffic at the Newcastle Port. In September 2009, the New South Wales government in association with the Port Waratah Coal Services (PWCS) and the Newcastle Coal Infrastructure Group (NCIG) Port endorsed the Capacity Framework Agreements which allowed for expansion of the sea port to accommodate growing demands.

PWCS increased its logistics capacity to 102 million tonnes a year and agreed to raise the figure up to 113 million tonnes by the end of 2010. PWCS would also find coal producers to support its plan to increase logistics capacity to 145 million tonnes per year provided that the coal producers would be required to sign long term contracts with PWCS.

The first phase construction of the NCIG Port was completed in the first half of 2010. Its operation commenced shortly with a capacity of 30 million tonnes a year. At present, NCIG is raising funds for the second phase of the expansion.

### **1.3 Thailand's Coal Market**

Coal demand in the industrial sector during the first 11 months of 2011 slightly rose, compared with the same period last year, due to the flood crisis which disrupted transportation. Domestically-produced coal accounted for 10 per cent of total coal consumption in the industrial sector. This led to increases of coal exports and exporters. Competition became fierce as the number of coal traders increased especially in the small-scale factory market where price was the determining factor. A sharp increase in small-scale and medium-scale coal traders who did not have a proper environmental management posed serious health and environmental concerns for local communities during loading and transportation. Samut Sakhon provincial authorities imposed a ban on coal transportation in the province which houses several coal ports. This emerging issue might require local coal businesses to invest more on environmental management. Such investments are likely to push up operating costs and may decrease the number of small-scale coal traders.

Major coal consumers such as cement-makers, coal-fired power plants, and industrial factories that use coal-fired boilers who generally import coal from overseas may purchase coal from either coal producers with high credibility or major overseas trading companies. It's difficult for small-scale coal businesses without its own resource to penetrate into this market sector.

#### ***Competition Strategies***

- ***Domestically Produced Coal***

The Banpu's coal mines have been closed since 2000. However, the Company still operates a small volume of coal washing production, a process to improve coal quality. This washed coal was supplied to long term contract customers in the cement-making industry and the industrial operations that use coal-fired boilers.

- ***Imported Coal***

- ***Focusing on Target Markets***

The Company is aware of a fierce competition in the import market and avoids engaging itself in such environment by focusing on long term contract customers who require reliability in coal delivery.

- ***Reliable Delivery and Long-established Customer Relationship***

Thanks to its coal sources in Indonesia and Australia and expanding coal reserves, the Company has earned a reputation as a trustworthy and reliable coal supplier.

- ***Coal Distribution Centre***

The Company has two major distribution centers to store imported coal before distribution to customers. This does not only reduce the Company's burden on coal storage management but also helps reduce customers' inventory costs. The Company is highly committed to reliable delivery of supply and meeting customers' coal specification requirement. Its strong compliance with environmental regulations to reduce impacts on local communities makes sure that operations and delivery of coal supply are not disrupted.

### ***Major Competitors***

- ***Domestically Produced Coal***

At present there are only few coal producers due to limited coal reserves. The major coal producer is Siam Cement Industry Co., Ltd. which produces and supplies coal to the Siam Cement Group and minor coal producers.

- ***Imported Coal***

In 2011, there were 20 coal dealers. The Company's major competitors include Lanna Resources Co., Ltd.; Unique Mining Services Co., Ltd.; Asia Green Energy Co., Ltd.; and Energy Earth Co., Ltd. While several operators have their own distribution centres, some are trading companies which do not have their own resources and may not be able to meet delivery and coal quality requirements. The Company also faced competition from foreign coal dealers, namely Rio Tinto Plc.; Glencore International Plc; Noble Energy Inc.; Eastern Energy and Phoenix Commodities Group.

### ***Pricing Policy***

- ***Domestically Produced Coal***

Banpu's domestic coal supply is largely distributed to long term contract customers; therefore, the Company's coal prices are bound by sales contracts.

- ***Imported Coal***

Imported coal prices are determined by the pricing mechanism in the world's market and varied in different periods. As the Company is also responsible for coal transportation to customers, selling prices include freight costs. To avoid freight cost fluctuations, the Company will see that transportation service contracts with ocean-liners match the requirements in the coal supply contracts.

### ***Customer Profiles***

The Company's major customers are in the industrial sector which can be categorized into:

- Cement industry, which is the country's largest coal consumer in the private sector. While they are few in number, their demands for coal are voluminous. The industry calls for reliable supply of coal.
- Coal-fired power plants which are independent power producers (IPP) and small power producers (SPP)
- Other industries most of which use coal for boilers including pulp and paper, petrochemicals, food and textile businesses. Small-scale factories which use coal in the manufacturing process include chemicals and animal feeds. Even though their demands for coal are limited, these operators make up a sizable customer base.



## 2. Marketing of Power Business

### 2.1 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 led to amendments of laws and regulations, and improvements of environmental standards, as well as environmental movements against the coal-fired power plants across the country.

Following its strategy, Banpu has improved the power plant capacity and machinery maintenance, to constantly reduce the pollution. The Company has also regularly supported community activities and communicated with the locals. Therefore, we have met the legal requirements, industrial standards, and achieved a good relationship with the community.

#### *Major Competitors*

- *Major power producers in Thailand* are Electricity Generating Plc., Ratchaburi Electricity Generating Holding Plc. and Glow Energy Plc.

- *Power producers and overseas investors*

### 2.2 Power Business in China

In 2011, Banpu administered its business to be in line with market opportunities. In winter time when demand for steam was high, the Company 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.

In 2011, the Chinese government has laid a stringent policy on energy efficiency and pollution control by the Chinese government combined with the rising coal price have pushed up, the power and steam production costs. However, the Company was able to increase the steam revenue, owing to direct subsidy from local government administrative offices and efficient cost management. The Company achieved its production and sales target by the aforementioned management policy.

Regarding the 2011 coal situations in People's Republic of China, an average coal price was higher than that of 2010 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. Quota for inter-provincial coal transportation was limited in each province, contrary to the rising demand due to the economic growth. That led to short supply during certain periods of the year and urged supply speculation.

### *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. The Company 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 to be answered quickly. Banpu maintains good customer relationship on the basis of integrity and mutual benefits, which helps gain customer's trust and credibility. An agreement was made with industrial customers to allow steam price adjustment if the fuel cost becomes higher than that indicated in the contract. That eases the burden in times of rising fuel price.

- *Cost Management*

Banpu has an effective cost management system, particularly on energy and coal costs. The Company's strategies are to buy coal when prices decrease, to reserve it for use when prices increase, and to improve the production efficiency to reduce costs.

- *Adaptability*

In responding to constant changes in Chinese market's condition, Banpu continuously keeps a close watch and adjusts its business operation according to the 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 the mutual goal to provide fundamental utilities (power and steam) to local community, to build credibility and equality, as well as to constantly support activities in the community. In return, the Company receives good support from local authority in relieving the impact when its operation is affected by an uncontrollable external factor, for example, the financial support or a permission to increase steam price. The Company is recognized by the local authority and community as a role model in conducting business with responsibility.

### **2.3 Power Business in Lao PDR (Hongsa Power Project)**

Banpu has invested in Hongsa Power Company Limited ("HPC") and Phu Fai Mining Company Limited ("PFMC") 40 per cent and 37.5 per cent respectively, which all together equals 751 equity megawatts of power. The generated power will be sold to the Electricity Generating Authority of Thailand under a long-term power purchase agreement, and partly to Lao PDR. The project is currently under construction process, and will be complete and ready to commence its commercial operation in 2015.

### *Competition Strategies*

- *Coal-fired Power Plant in Lao PDR*

Banpu has always been aware of the possibilities of the impacts from the development and construction of Hongsa Power Project that may occur to the communities. The Company, therefore, is determined to promote participation of the community and to support the development of their living standard. This has been reflected in our community development initiatives such as the development of public utilities, waterworks, electricity, roads, land replacement, and career development.

### *Major Competitors*

Power producers and overseas investors

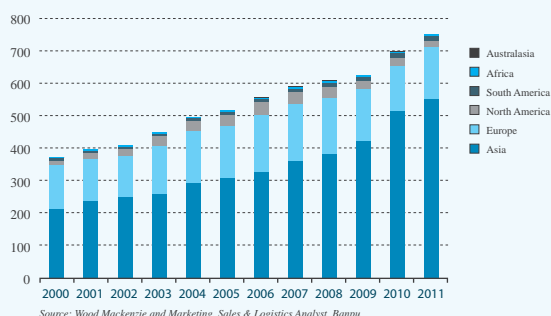
## Competitions

### 1. Competitions in the Coal Industry

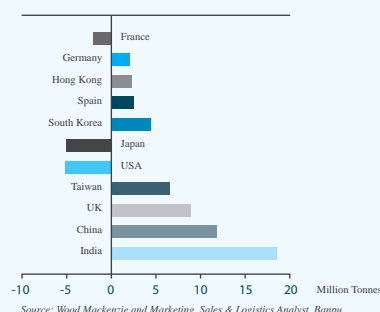
Competitions in the thermal coal market became intense in 2011, particularly in the low rank coal segment due to the over supply situation while the competitions in the high quality segment remained strained. Due to the slow global economy and high coal price, importers in China and India postponed their purchases. However, the entire world's coal import in 2011 totaled 752 million tonnes, an increase of 8 per cent from the previous year. An approximate of 70 per cent of the increased demand came from the Asian market, especially China and India.

Nevertheless, coal import was drastically seen in Europe last year, mainly in the UK, Spain, and Germany. The overall import in Europe increased by 13 per cent from the previous year despite its public debt and economic crisis. This was explained by the high natural gas price and a decrease in carbon credit price which allowed higher profits in coal-fired production than gas-fired production.

Historical of World Seaborne Thermal Coal Import



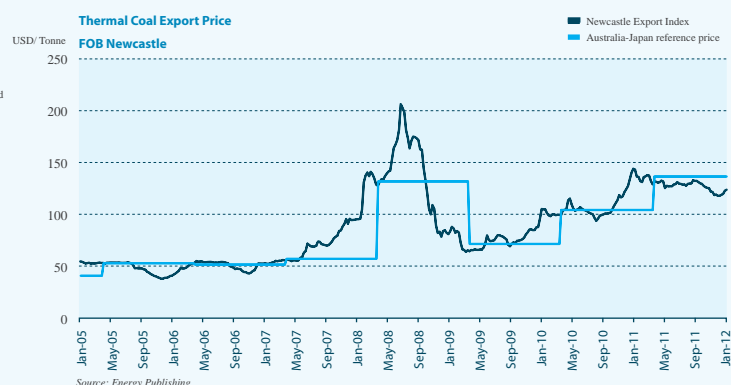
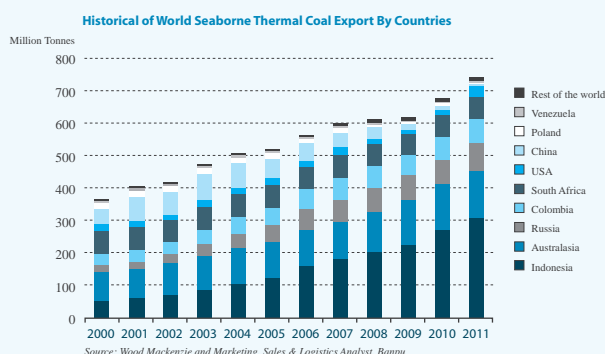
Change in Thermal Coal Import 2011 vs 2010



As for thermal coal export market in 2011, a total of 740 million tonnes signified a 9.3 per cent increase from the previous year. Indonesia remained the world's largest exporter with a volume of 308 million tonnes, an increase of 37 million tonnes from 2010. Indonesia gained a larger production volume and had the largest increase in export, thanks to unusually light rains. Following at the second place was Australia which exported a total of 146 million tonnes, a slight increase, due to heavy rainfalls early in the year and limitations in domestic transport. On the other hand, coal export quantity of South Africa remained similar to the previous year with smaller export to Europe and larger proportion to Asia due to a more attractive price. That allowed more export from the US and Columbia to the European market. Meanwhile, Russia exported more, but instead to Asia, due to an oversupply in Europe. Exports from China and Poland significantly decreased due to increasing domestic demands.

Global coal price is influenced by long-term purchase agreement between coal users in Japan and major coal producers in Australia. Australia-Japan Reference Price set a price for coal delivered in 2011 (April 2011 to March 2012) at USD 129.33 per tonne, a 29 per cent increase from the previous year.

FOB price in spot market at Newcastle Port, Australia gradually decreased throughout the year due to the oversupply situation, controlled coal price in China, and the deferring of purchases by China and India. However, Indonesia's reserve price slowed the sinking coal price despite emerging large quantity of low rank coal in the market.



Coal demand in 2012 is predicted to expand particularly in China and India, while the demand in Europe will slightly decrease due to the public debt crisis. Australia's coal export will augment as a result of the expansion of the coal port in Newcastle. Indonesia's export is also predicted to rise due to the light rains which allow for higher coal production. The oversupply in the coal market in early 2012 is expected, following the late 2011 situation. The market is believed to restore its balance in the second half of the year once importers from China and India return to the market.

### 1.1 Coal Business in Thailand

Demands for coal from the Thai private sector during the first 11 months of 2011 expanded only 0.4 per cent from the year earlier as a result of Thailand's flood crisis. Coal demands measured by volume totaled at 17.15 million tonnes, a slight increase from the same period last year. Of this, 1.84 million tonnes were domestic coal, which rose by 2.7 per cent, while 15.31 million tonnes were imported coal, an increase of 0.2 per cent from the previous year. Coal import in 2011 is expected to be slightly higher than that in 2010. The flooding situation in the Central region might be an obstacle for domestic transports, however, coal demand in the flood-free East region kept rising to cater to the power production of new plants around the end of the year.

### Coal Consumption in Thailand

Unit: Million Tonnes

	2007	2008	2009	2010	11 Months		Growth			
					2010	2011	2008	2009	2010	2011 (11 Months)
Domestic Coal	2.16	2.12	2.04	2.02	1.80	1.84	-1.6%	-3.8%	-1.0%	2.2%
Imported Coal	14.41	15.98	16.39	16.90	15.29	15.31	10.9%	2.6%	3.1%	0.1%
<b>Total</b>	<b>16.57</b>	<b>18.10</b>	<b>18.43</b>	<b>18.92</b>	<b>17.09</b>	<b>17.15</b>	<b>9.2%</b>	<b>1.8%</b>	<b>2.7%</b>	<b>0.4%</b>

Source: Energy Policy and Planning Office, Ministry of Energy

It is predicted that the coal demand in 2012 in Thailand will increase, following the economic recovery after the flood crisis. In addition, coal demand will be rising to cater to the cement production and several large scale coal-fired IPP plants under the power purchase agreement scheme which will begin their operation in full capacity in 2012.

## 2. Competitions in the Power Industry

### 2.1 Power Business in China

China's power industry in 2011 grew at a higher rate compared to the previous year as a result of the flourishing economic growth rate of both industrial sector and local consumption. China's growth rates for electricity demands are as follows:

	Unit	2011	2010	2009
Growth rate of total consumption	%	11.7	16.0	6.0
Growth rate of industrial sector consumption	%	11.9	17.0	4.2
Growth rate of production capacity	%	9.3	7.6	10.2
Total production capacity	Magawatt	1,055,760	941,372	874,073

### 2.2 Power Business in Thailand

The Office of the National Economic and Social Development Board (NESDB) predicted an expansion of 1.5 per cent for Thai economy in 2011. The main factor was the worst floods in decades that caused extensive damage, and paralyzed the economic activities both in agricultural and production sectors.

The country's installed power capacity at the end of 2011 was 31,446.71 MW. The 2011 highest electricity consumption was recorded in May at 23,900 MW, decreasing by 109 MW or 0.45 per cent lower than the 2010 record of 24,009 MW. In the same year, Electricity Generating Authority of Thailand (EGAT) generated and purchased 158,899 gigawatts per hour, decreasing by 0.78 per cent from 2010. The breakdown on EGAT's energy source proportion is as follows: 70 per cent of natural gas, 17 per cent of coal, 5 per cent of hydropower, 7 per cent of imported energy, and 1 per cent of fuel oil. (Source: Electricity Generating Authority of Thailand - EGAT)

Thailand's power consumption in 2011 was 148,988 gigawatts per hour, decreasing by 0.2 per cent from the previous year. The decrease in power consumption particularly in the agricultural sector and production sector was mainly caused by the flood crisis during the end of last year. (Source: Energy Policy and Planning Office - EPPO)



# Revenue Structure

For the previous 3 years ended 31 December

## Banpu Public Company Limited

Unit: THB Million

Products/Services	Conducted by	% of Shareholding	2011		2010		2009	
			Revenue	%	Revenue	%	Revenue	%
Sales Revenues								
1. Domestic Coal	BP	100.00	7	0.30	-	-	19	0.93
2. Imported Coal	BP	100.00	2,346	96.46	597	75.57	1,923	94.22
3. Other Revenues	BP	100.00	79	3.24	193	24.43	99	4.85
Total Sales Revenues			2,432	100.00	790	100.00	2,041	100.00
Participating Profit (Loss) from Investment in Associated Companies (Equity Method)			1,939		6,117		7,447	
Total Revenues			4,371		6,907		9,488	

## Banpu Public Company Limited and Its Subsidiaries

Unit: THB Million

Products/Services	Conducted by	% of Shareholding	2011		2010		2009	
			Revenue	%	Revenue	%	Revenue	%
Sales Revenues - Thailand								
1. Domestic Coal	BP	100.00	7	0.01	-	-	19	0.03
	CMMC	100.00	-	-	-	-	60	0.10
	BMC	99.99	23	0.02	74	0.11	22	0.04
2. Imported Coal	BP	100.00	2,346	2.08	597	0.91	1,923	3.32
	CMMC	100.00	526	0.47	-	-	-	-
	BPS	100.00	-	-	-	-	213	0.37
	BPI	99.99	1,571	1.40	793	1.22	1,167	2.02
	IMM	64.99	-	-	1,033	1.58	102	0.18
	TCM	64.99	264	0.24	451	0.69	603	1.04
	JBG	64.79	12	0.01	108	0.17	225	0.39
	KTD	64.79	108	0.10	27	0.04	0	-
3. Other Revenues			163	0.14	520	0.80	377	0.65
Total Sales Revenues - Thailand			5,020	4.47	3,603	5.52	4,711	8.14

**Banpu Public Company Limited and Its Subsidiaries (Continued)**

Unit: THB Million

Products/Services	Conducted	% of	2011		2010		2009	
	by	Shareholding	Revenue	%	Revenue	%	Revenue	%
Sales Revenues - Overseas								
1. Coal - International Trade	IMM	64.99	41,119	36.57	33,071	50.66	30,786	53.20
	KTD	64.99	4,736	4.21	2,498	3.83	1,150	1.99
	TCM	64.99	21,681	19.29	13,971	21.40	14,104	24.37
	JBG	64.79	1,861	1.66	779	1.19	2,326	4.02
	CEY	100.00	32,751	29.14	6,498	9.95	-	-
2. Power	BIC	100.00	5,236	4.66	4,865	7.45	4,788	8.28
Total Sales Revenues - Overseas			107,384	95.53	61,682	94.48	53,154	91.86
Total Sales revenues			112,404	100.00	65,285	100.00	57,865	100.00
Participating Profit (Loss) from Investment in Associated								
Companies (Equity Method)			1,939		6,117		7,447	
Total Revenues			114,343		71,402		65,312	

**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 not more than 50 per cent therein.

Banpu and its group of companies implement its business risk management under the supervision of various committees such as the Financial Management Committee, which convenes on a monthly basis to monitor and manage organization's financial risks; and Risk Management Committee, which convenes on a quarterly basis to monitor the result of risk mitigation; and Audit committee, which convenes on a quarterly basis to review thoroughness of organizational risk management. The company has institutionalized a risk management process in every operational level to keep pace with rapid changes and to effectively and timely monitor as well as manage risks that may arise from both internal and external factors to be within acceptable levels.

## 1. Strategic Risks

### 1.1 Risks from Inability to Increase Coal Reserves

In its 2011 - 2015 long-term strategic plan, Banpu plans to invest in existing assets as well as new assets to generate continuous and sustainable growth. Both types of assets are being evaluated, analyzed and managed to mitigated risks involved continuously. By tracking changes and movement of the coal and power industry, and other related industries, the Company is able to formulate strategies and identify opportunities for new investment effectively. The Company also liaises with relevant agencies to consider additional investment factors and gain benefits of international investment through intergovernmental agreements between Thailand and other countries.

Banpu has also invested in new technology in terms of mine exploration to increase its capability and opportunity to locate new coal reserves to ensure that it can sustain an ability to serve customers in the long run.

### 1.2 Risks from Formulating an Inappropriate Strategic Plan

To address and manage this type of risk, Banpu has initiated a system and process to periodically review its strategies in order to avoid the miscalculation of economic and business conditions. This includes the Quarterly Strategic Review (QSR) meeting, monthly department meeting, comparing information with reliable institutions and other sources, and developing internal tools to systematically forecast economic conditions to serve for effective decision makings. External specialists in each particular area are engaged to verify credibility of information and possibility of various assumptions.

### 1.3 Risks from a Lack of Human Resources Required under the Strategic Plan

On a quarterly basis, Banpu Strategic Plan and Human Resource Plan are being reviewed by Human Resources Department and respective business units to effectively define strategies to recruit competent new staff required by the plan. Human resources development programs are designed to suit with the Succession Plan and Individual Development Plan (IDP). Training programs are designed based on individual competency profile and responsibilities. Organizational structure is also clearly defined, yet flexibly adjustable to accommodate growth strategies.

### 1.4 Risks from Failure to Create Added Value from a New Investment

Banpu executes risk management programs to ensure that new investments create value to the group no less than anticipated before the acquisition. Competent team members from various departments are assigned to communicate with staff and management of the new entity. Priorities and urgencies are determined for short, medium and long-term dimensions. Work procedure and collaboration process are clearly determined focusing on creating trust and good relationship to facilitate change management and to ensure smooth integration and long-term growth for Banpu.

## **2. Financial Risks**

### **2.1 Risks from Failure to Secure Financial Resources as Planned**

Banpu manages this risk with a goal to make sure that it will have sufficient funds under the proper financial structure to drive the Company's growth according to its investment plan. Financial strategy has been formulated in line with Banpu's business strategy. Various scenarios relating to both internal and external sources of funds have been made and carefully analyzed. The Company focuses on maintaining a good relationship with financial institutions in order to ensure accessibility of the sources of funds. It also focuses on managing efficient cash flows.

### **2.2 Exchange Rate Risks**

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, China, and Australia. Other financial instruments are being chosen from time to time as appropriate.

As of 31 December 2011, 59 per cent the Company's debt is dominated in US dollars; 33 per cent in Thai Baht; 7 per cent in Australian dollars, and 1 per cent in Chinese RMB. It will continue to increase the proportion of its debt in US dollar. The Company has adjusted its foreign currency forward contracts based on its estimated revenues and expenses so as to match its foreign currency assets and liabilities and to be in line with market trends and circumstance. At the same time, the Company also maintains an appropriate proportion of its foreign currency revenues and allocates funds in US dollars or converts them into other foreign currencies respectively to accommodate overseas investments.

### **2.3 Interest Rate Risks**

Banpu manages interest rate risk by closely monitor the trend of interest rates in the world's markets as well as in Thailand. It allocates debt portfolio in both short and long term with fixed and floating interest rates corresponding to the types of investments. The Company has chosen financial instruments to create an alternative source of fund and to manage financial structure properly in every country it invests. For example, interest rate swap is being used to manage the proportion of fixed interest rates to meet the market trends.

As of 31 December 2011, Banpu's proportion of fixed- and floating-rate loans was at 33 per cent and 67 per cent, respectively.

### **2.4 Risks from Coal and Oil Price Fluctuations**

Banpu has managed risks from coal prices that affect its incomes and risks from oil prices that affect its operating costs by partly engaging in 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. The committee also reviews the counterparty banks' risk status on an annual basis. Sales and production in the short- and medium-term are constantly adjusted to alleviate negative impacts from increasing cost of production or decreasing of sales revenues. Banpu actively monitors and assesses the situation of the world's coal market and price trend to seek a right opportunity in settling sales price with customers. In addition, a ratio of coal sold on an index-linked and fixed price basis are constantly adjusted to suit the coal prices in the world market at the time.

## **3. Risks in Coal Business**

### **3.1 Delivery Risk**

Delivery risk occurs mostly as a result of force majeure, which are beyond the Company's control; such as heavy rain that disrupts coal production and a huge accident that causes heavy damage to machine, 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 charge.

To mitigate this risk, The Company continues to focus on Health, Safety, Environment and Community (HSEC) measures in the production process to ensure that operations run smoothly. It has initiated communication, production planning, monitoring, and coal sales platform to be shared between production and marketing departments. The Company has also developed a system to track production and coal transport so that it can get access to production and coal transport information at all times, enabling it to effectively adjust delivery schedules in advance and timely revise marketing strategies for both quantity and quality.

In 2011, Banpu expanded a coal stockpile capacity at Bontang Coal Terminal from 650,000 tonnes to 730,000 tonnes, and finished maintenance of Kadang Pahu Bridge which is used in coal transport from crushing plant to Bunyut Coal Terminal. Both helped lower coal delivery risk effectively.

### **3.2 Operational and Transportation Risks from Coal Terminal in Indonesia**

The Company has purchased a risk insurance against a suspension of coal transport at the Bontang Coal Terminal to mitigate risk from 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 unloaded onto a ship vessel in the sea; or the Company will use other terminals temporarily to minimize impacts on coal delivery.

### **3.3 Risks from Volatility in Production Costs**

Fuel cost, which is highly volatile, is the major variable production cost. Banpu addresses and mitigates such risk by continuously analyzing and tracking movement of oil prices in the world market in order to effectively plan the procurement of fuel oil in accordance with its production plans. Alternative sources of energy are being sought to reduce dependency on oil. Fleet Management System, an automated system, has been adopted to maximize overall fuel efficiency. Accuracy in drilling, mining, and handling are enhanced to optimize fuel consumption. The Company also participates in the review of fuel costs of its mining contractors.

### **3.4 Risks from Contractors' Operations**

If the contractors cannot operate as planned due to problems such as a late arrival of machineries, sub-standard maintenance, ineffective operation or labor problem, this will affect the Company's operation. To mitigate the risk, the Company has established a Coal Hauling Master Plan and focused on selective contractors. Long-term service contracts are given to reliable contractors who possess good track records to encourage them to invest in new machinery, thus, improve overall efficiency. The company has also held meetings with individual contractors on a weekly basis to participate in their mining plan and work together to find best solutions to any problems that are likely to occur.

In 2011, Trubaindo has been highly successful in engaging mining contractors. Its coal stock pile at the Bunyut Coal Terminal reached 7.35 million tonnes, a significant increase from 5.39 million tonnes in 2010.

## **4. Risks in 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 purchased is also fixed (based on the existing production capacity), while the tariff can also be adjusted based on costs of fuel, the Thai Baht exchange rate, and the inflation rate at the time.

Risk in Power Business in China, however, is relatively higher than the 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 types of power plants in general, the CHP plants therefore enjoy a privilege to sell heat and steam to designated areas and are guaranteed to sell electricity to local authorities.

Other risks in Power Business are business risks in general such as requirements to maintain machines and equipment to maximize the plant's efficiency, fuel cost management (such as coal fuel cost), overall efficiency management, security of its steam customers and relationships with local communities and authorities.

In 2011, coal price in China has grown up considerably due to higher demand for coal, posting a higher risk for the Banpu's Power Business in China. The Company has mitigated this type of risk by engaging in coal forward contracts and increasing revenues from sales of steam and heat.

According to the Chinese's government policy to increase energy use efficiency and environmental protection, relevant regulations were amended and would post some effects on power business in China. The Company has taken internal measures such as improving the efficiency of energy use in power plants and controlling of environmental impacts to be in accordance with the government's policy.

## **5. Risks from Political Changes in Indonesia and China**

The Company has purchased insurance protection 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 Tbk (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**

Shanxi Gaohe Energy Co., Ltd.

## **6. Risks from Regulatory Changes**

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. During the past year, rules and regulations in these countries were changed. Some of the examples are:

### **Indonesia**

- Under the New Indonesian Mining Law No. 4/2009 Article 28, which will come into effect on 29 August 2012, the Company is obligated to perform an extraction of coal and minerals, supply all mining equipment on its own, and provide personnel with expertise in order to be able to continue coal production as planned. It is also required to prepare all necessary things such as regular meetings and plannings, procurement of equipment associated with the lease, and training courses for its personnel, etc.



- The New Indonesian Mining Law No. 4/2009 Article 34 requires coal producers to sell coal in domestic market proportionately to its total production volumes to meet the demand of domestic market (Domestic Market Obligation). The Company, therefore, plans to adopt such law by increasing the proportion of coal sales in Indonesia as well as exercise mechanisms allowed by the law to sell coal in domestic markets at reasonable prices.

- Indonesian Coal Price Regulation has set the minimum coal price for export to restrict coal exporters from selling coal at low price which would affect the government's royalty fee revenue.

- The Indonesian Government has entered into agreements 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 to meet both the short and long term plans.

#### **China**

- Coal Price Adjusting Fund has been taken into effect since October 2011 in Henan Province where the Henan Provincial Government is in charge of taxing coal producers in proportion to the coal produced in order to control supply and demand of coal, stabilize local coal price, and promote other related industries.

- Safety policy against coal mines and environmental protection 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 per annum while requiring operating mines in Shanxi and Henan Provinces to have a production capacity of at least 90,000 tonnes per annum. In addition, the new safety regulations 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 per annum 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 per annum. The government also encourages smaller mines to merge with larger mines and it also charges more fees in using resources in provinces considered China's strategic coal production base. In addition, the Chinese government also increases a ratio of fund allocated for a sustainable coal development.

#### **Australia**

- The Australian Government has announced the Mineral Resource Rent Tax (MRRT) which will come into effect in July 2012. Details of the enforcement are being drafted while public hearing has been held throughout 2011. The law is expected to be submitted to the National Assembly and the Senate in early 2012. Banpu has prepared to mitigate the risk by hiring a financial advisor specializing in tax to assess the possible impacts and have risk mitigation plans in place.

- Carbon Tax legislation, imposing tax on the emission of carbon according to the Clean Energy Future (CEF) Legislative Package, will come into effect in July 2012 to serve as a tool in controlling greenhouse gases released from industrial sector particularly carbon dioxide and encourage investment in clean energy. Banpu has addressed possible impacts and planned to take advantage of the Assistant Package from the Australian government during the first 6 years, while, at the same time, explored the choice of coal combustion technology to reduce the greenhouse gases and minimize negative impacts of such regulation.

To be able to grow steadily in international arena, Banpu is committed to developing new processes, as well as a variety of tools to manage problems and risks that may arise effectively. The Company assigns a responsible person to monitor regulatory changes in each country both at the central and local government levels. It also hires a local law firm to help construing the laws and its practices to ensure its compliance.

## 7. Environmental and Safety Risks

### 7.1 Environmental Risks

The Company recognizes the importance of nature and the environment, therefore, it has defined 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 and monitored environmental performances of the Company and assigned Quality, Safety and the Environment (QSE) Department to coordinate and assist business units to comply with environmental regulations as well as to focus their effort on effective resource utilization to prevent indirect impacts of resource utilization, such as global climate change and biodiversity.

#### *Environmental Compliance*

The Company complies with environmental regulations and environmental impact reduction measures as stated in its environmental impact assessment report. In 2011, 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 discharged from the Company’s mines to public waterways - this is determined by PH/alkaline concentration and quality of sludge. The Company implements measures to prevent and resolve water that becomes acid due to its mining process at mine sites. These start from mine exploration, production planning, rehabilitation, and management of the area after the mine closure. It also conducts a Quality Assurance Review (QAR) of Acid Mine Drainage Management and of Mine Site Rehabilitation.

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 after-mine pits are filled as much as possible. Mine rehabilitation starts as soon as the soil dumping ends.

- Dust occurs from mining activities such as pit opening, coal mining, coal crushing and coal transport. 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 for dust control and safety; and roads are regularly water-sprayed. Dust is also regularly measured in mining areas and nearby communities to effectively control it.

#### *Resource Utilization*

Inefficient use of resources could increase production costs, create conflict and competition for limited resources, Banpu, therefore, focuses its effort on the management of their resources on two main dimensions.

- Land Use: Recognizing the importance of land use, the Company, therefore, has carefully planned its land management in order to minimize the geographical and ecological impacts based on its environmental master plan and a mine-closure plan. In 2011, the Company had approximately 134,877 hectares of land in total, occupying more than double from 2010 due to investment in Centennial Coal Company Limited in Australia. As most of the Company’s Australian mines, are underground ones, there is no need for overburden removal. In 2011, only approximately 14,155 hectares were being used for mine activities, representing 10 per cent of the total area which was lower than 19 per cent in 2010. At the same time, the total area of approximately 6,569 hectares, or 46 per cent of the land used (as of October 2011) has been rehabilitated, while the rest has been reserved in its pre-mining conditions to preserve the forest and biodiversity.

To ensure the biodiversity, in Australia, the Company has defined Biodiversity Master Plan for Awaba Mine, which has been ready to be used as a guideline for mine biodiversity management since October 2011. In Indonesia, it has conducted a survey and in-depth study of biodiversity at Bharinto Mine before mining started, which can be effectively used as guidelines for mine rehabilitation and community development programs. The study can also be extended to other mines as well.

- **Energy Use:** Banpu is fully aware of the impacts of the greenhouse effects. To prevent emission of greenhouse gases into the atmosphere, the Company has defined in its Sustainable Policy that it will collect the database and provide greenhouse gas emissions report to the public. At the same time, the Company has implemented energy conservation program at all mine sites and offices. It is also under a study of alternative energy to be used as fuels for coal transport.

## **7.2 Occupational Health and Safety Risks**

Due to the nature of mining activities which involve the use of heavy equipment and vehicles, risk of accidents arising from work is relatively high. In 2011, 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. In 2011, it initiated Health, Safety, Environment and Community Summit (HSEC Summit) among all of its top executives to define directions and guidelines to implement its policies of health, safety, environment, in every operation.

In addition, the Company continues implementing the Business Continuity Management at all mines, power plants, Bangkok and other offices to alleviate impacts from emergency and crisis that may occur such as fire accidents, floods, earthquakes, epidemics, protests or riots.

## **8. Risks from Social and Community Impacts**

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

**8.1 Setting up standard operating procedures** that cover risks from social and community impacts. The clear guidelines allow our community development officers at all sites to work effectively under the same set of standards.

**8.2 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 meet community’s needs and are in line with the government’s development plan to ensure acceptance from all related parties.

**8.3 Community development programs** are aimed at meeting community’s needs and responsive to problems of each community with an emphasis on community participation which can lead to sustainable development. Social Mapping for each community was conducted to identify community’s need. The information system (CDMIS) has been adopted to track the effectiveness of community development programs in various communities.

**8.4 Community development programs are carried out with regard to the satisfaction of the community and stakeholders.** Perception Surveys have been conducted to assess attitudes and satisfaction of the community towards community development programs and the Company.

**8.5 Allocating sufficient number of officers at each mine site.** The community development officers are considered primary mechanism of communication between communities and mines, as well as the group of staff who works hand in hand with communities to improve the communities’ quality of life.

## **9. Environmental and Safety Risks in Power Generation**

### **9.1 Environmental Risks**

The main environmental issue of power plants is air quality resulted from emissions from combustion and steam engines. The Company has put emphasis on controlling and reducing impacts by:

(1) Preventing: This can be done by choosing a suitable choice of fuels; for example, high-quality coal with low sulfur; and

(2) Treating or Disposing: 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 to monitor ambient air quality. Banpu also established an environmental management system and was certified under the ISO 14001 assurance standard in 2008 for its power plants in Thailand and China.

### **9.2 Occupational Health and Safety Risks**

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. The company also prepares for OHSAS 18001 standards certification for power plants in China.

In 2011, the Board of Directors convened 14 times, all of which were attended by the Audit Committee to express opinions about adequacy and soundness of the internal control system. The Audit Committee reported the internal audit summary for year 2010 to the Board of Directors on 21 January 2011.

In 2011, the Audit Committee convened 9 times. These meetings were held with the management, auditors and the Internal Audit Department. The Audit Committee performed its duties in compliance with the laws and to an extent entrusted by the Board according to the Audit Committee Charter. This refers to financial statement review, risk management supervision, auditor appointment and internal auditing supervision. This was carried out through risk-based auditing and internal control assessment to ensure that the system was adequate and appropriate for the business while the operation, use of resources and asset maintenance remained effective. In addition, errors and damage were minimized or prevented, an accounting system and financial statements were proven to be accurate and reliable; and that laws, rules and regulations relating to the Company's business were accordingly complied.

The Board of Directors had the same opinions as that of the Audit Committee which can be summarized as follows:

## 1. Organization and Environment

Banpu encouraged a healthy internal control environment where the Board of Directors supervised the management by requiring all departments to set clear and measurable annual business goals and plans. A process was enhanced to allow the firm to improve business goals and to formulate a strategic plan on an ongoing basis, leading to an appropriate vision and plan suitable for the business. Banpu also emphasized the integrity and honesty. The Code of Conduct was distributed to all staff as a guideline for best practice. An event such as the "From Rule to Real" event was held to allow employees to exchange ideas on how to prevent corruption in the organization and how rules can be implemented and turned into actions. The CG Day was also held this year under the "Black or White" theme to encourage Banpu people to actively implement the corporate governance policy and the Code of Conduct. In addition, an appropriate organization structure was put in place to ensure the balance between control and work efficiency. A clear chain of command and a delegation of authority were defined. Policies and Standard Operating Procedures (SOP) of important tasks were updated. This applied to finance and accounting, procurement, asset management and general administration for staff to comply with in order to correspond to Banpu's business goals. Moreover, the Company focused at a systematic human resources management where job description, duties and responsibilities of each position were clearly defined. Staff was recruited to suit relevant positions and the *Banpu Spirit* corporate culture. Human resources development and training, promotions and remunerations were carried out. Finally, incentives or staff remunerations were also analyzed to see if they were reasonable.

## 2. Risk Management

Banpu emphasized the importance of compliance with risk management policy and process. An extent of risk appetite was clearly defined to be used as a guideline for business management. All units were required to assess risk factors, impacts, likelihood and to formulate mitigation guidelines to minimize possible damage from such risks. Key Risk Indicators (KRI) was also formulated. The risk management system was integrated into a strategic planning process of Banpu's units at all levels. A Risk-based VBM was also developed to assess factors that may affect Banpu's value. At the same time, the management and all units constantly monitored risk assessment and risk management plan to ensure that they were corresponding to the changing internal and external risk factors. All of this was reported to the Risk Management Committee following a review by the Audit Committee on a quarterly basis. The same was also reported to the Board of Directors.

In 2011, the risk management unit updated the risk management manual to suit evolving risk management. Risk assessment criteria of each business, line of command and reporting format were revised so that risk can be managed in time and under the same standard organization-wide. Besides, a risk management training was organized and communication was regularly made through the firm's various information systems to enhance executives and staff's understanding and to raise their risk management awareness as this could be proactively applied to their work.

## 3. Supervision and Control

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 performed well within their scopes of responsibility they were entrusted to. In addition, the Delegation of Authority (DOA) was revised in writing to define and allocate different approval levels to effectively respond to the firm's expansion and growth. Banpu also reviewed and updated its Standard Operation Procedures (SOP) in accounting and financial reporting, budgeting, procurement, contractor management, asset management and control, materials inventory and Quality, Safety and Environment (QSE) management, to correspond with the international standards. The Company applied the KPI to evaluate staff's performance. This was compared with actual performance to see if a target had been achieved. We started introducing the concept of control self assessment (CSA), an internationally accepted framework allowing all units the flexibility to improve and adjust their internal control that is most suitable to cope with existing risks in a timely manner.



#### **4. Information Technology and Communication**

Banpu realizes the importance of information technology and communications, both internally and externally. This refers especially to business information, business performance and financial statements. To make sure that business decisions can be made on the basis of adequate, accurate and reliable information, in 2011, Banpu introduced a sophisticated and effective IT systems, ranging from data collection, processing, monitoring, and decision support system. Banpu also modernized its internal and external communication systems. This included an adjustment of the IT master plan to accommodate Banpu's business plan. A network infrastructure was designed and its installation standard was developed to support the Company's rapid business expansion. In addition to the cloud computing system, business planning and business intelligence were introduced to help generate consolidated financial statements, and support accounting and budgeting to accommodate the Company's growth and compliance with the International Financial Reporting Standards (IFRS).

#### **5. Monitoring System**

Banpu has a system that covers both operational and management levels. The Board and the management constantly compare the actual performance with the target set earlier. A clear guideline was set to provide guidance in case a result differs from the target. The three sub-committees regularly monitor the performance and report it to the Board. If there is an important issue, the CEO and the management will monitor results and demand updates from relevant units each month. In addition, all units have set up a system to control their own operation which was constantly adjusted to the situation. Auditing was also carried out to ensure balance and transparency. The Internal Audit Office formulated an audit plan that covered key management and operational processes before evaluating and monitoring the adequacy of the internal control system to ensure that each department had an appropriate internal control system in place for their risks. The Internal Audit Office also made sure that the plan was effectively implemented and the resources were effectively utilized. Auditing and monitoring results were regularly reported to the Audit Committee, the CEO and the management for development of appropriate measures, directions and implementation guidelines.

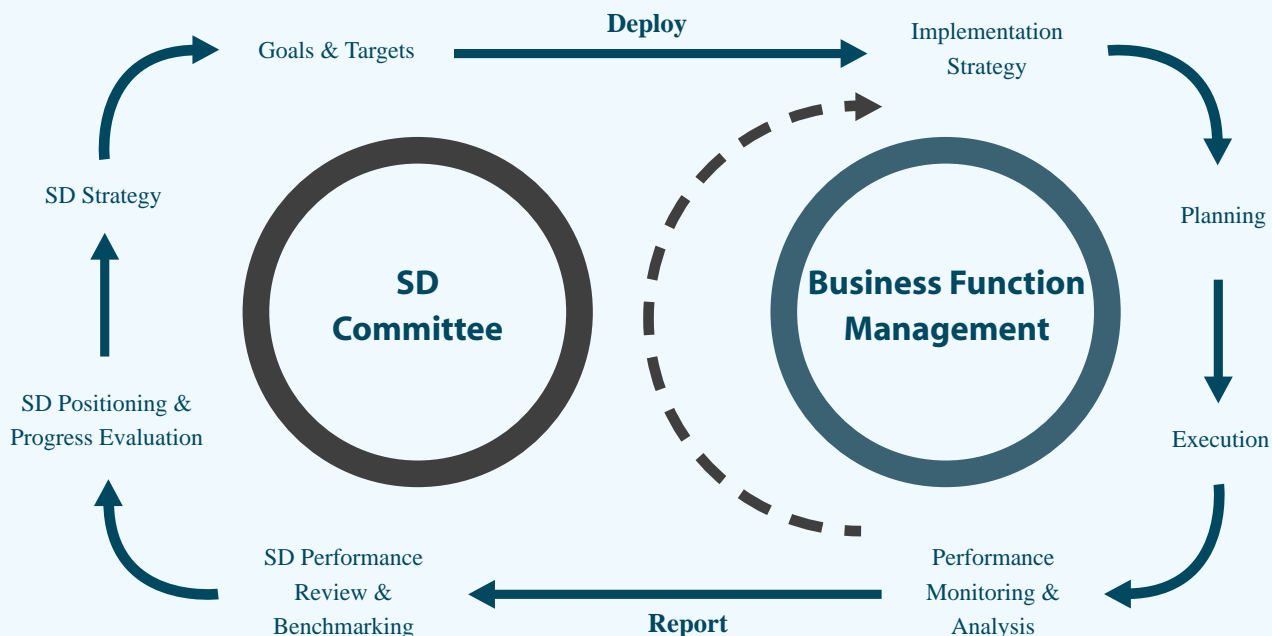
# Sustainable Development

For Banpu, sustainability means long-term existence, not just by form but by substance resulted from our business performance, people and corporate culture. It is our ambition not to just exist in a long run but to pose a sustainable growth and development to the society, environment and our stakeholders. Besides, to become a dynamic regional player in the energy industry as we aim to become, proactiveness, quality excellence, internationally-accepted framework and flexibility are fundamental to our sustainable growth.

To realize corporate sustainability, the Sustainable Development (SD) Committee was set up in 2008 and is chaired by the CEO, having senior executives and heads of business units as members. The SD Committee helps analyzing the Company's strategic position and sustainable growth direction to define a set of common goals that truly reflect the Company's sustainable performance and are practical to implement, while allowing each business unit enough freedom to manage their activities within the guided framework.

The areas of focus for Sustainable Development Committee include leadership and governance, strategic planning, efficiency and quality, customers, human resources, finance, environment, occupational health and safety, community and government relations. The committee meeting convenes four times a year.

Following the announcement of the greenhouse gas (GHG) reduction policy in 2010, the SD Committee has determined the target for long-term GHG reduction for Banpu's coal business in 2011. Moreover, a sustainable development report will soon be released to disclose our activities in this domain to the public.



# Human Resources Management

Banpu places a great emphasis on employee engagement as researches and surveys from various human resources consulting firms all suggest that it plays a significant role in increasing a company's competitiveness, growth, stability and sustainability as well as total shareholder return.

For this reason, Banpu gives top priority to "human resources selection" process from recruiting to selecting to ensure that the Company hires engaging personnel from the start. This is conducted via competency-based interview to identify the right competencies for the job. Moreover, candidates must go through a behavioral test to make certain that our new members will hold true to the core values of "Banpu Spirit" which include "Integrity", "Innovation", "Care" and "Synergy". This way, by the time an employee joins Banpu family, he has already possessed knowledge and skills that the Company requires and can quickly adjust to the new environment. This, in turn leads to highest productivity, career happiness and high level of employee engagement.

Another factor contributing to employee engagement building is "managers and managers' leadership". Managers not only play a crucial part in bringing the Company towards its future goals but they are also considered as role model for both professional and personal matters. Hence, in 2011, Banpu conducted a 360 degree feedback survey amongst its senior management. The results of this program are truly beneficial to creating mutual understanding among Banpu's management. The information obtained is also used to design group and individual development plans for our senior executives to ensure that the Company will continue to grow in a sustainable manner.

Management from all levels are important in improving employee engagement. It is managers' role to work closely with subordinates to help them set clear goals, to review their performances, to constantly give them direct and constructive feedbacks and to trigger knowledge and skills development among those under supervision. Therefore, 2011 was another year of intense managers' development training, in the areas of good leadership and team management. We will keep our focus on this matter for the years to come.

Work-life balance is also a topic of interest at Banpu. In 2011, on top of Work@Home program introduced in 2009, we launched flexible working time system at our Bangkok office so that employees can manage their own daily working hours appropriately and efficiently.

In all, Banpu is committed to managing and developing its employees to achieve higher level of capabilities, be content in their career life and be prepared for changes or any business challenges that will come along in the future.

# 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 formulated the Corporate Governance Policy and the Code of Conduct in writing since 2002. The current Corporate Governance Policy and the Code of Conduct are the second edition revised in 2005 and announced in 2006. Banpu's CG Policy and Code of Conduct are published in Thai, English and Bahasa Indonesia to facilitate updates and to reflect international practice. They have been distributed to directors, executives and staff as a reference and a practice guideline. They are also disseminated to the interested public and disclosed in Banpu's website under the "Corporate Governance" topic.

Banpu has assessed an effectiveness of its Corporate Governance Policy implementation by using the Key Performance Indicator (KPI), where the Behavioral Factor evolved from "Integrity," one of our corporate values, is used as an indicator. The evaluation result, classified by staff levels and operational locations, has revealed a satisfactory outcome.

In 2011, Banpu developed a plan to promote corporate culture and corporate governance awareness to encourage the best practice, which should result in better compliance with the CG Policy and the Code of Conduct. This was communicated to Banpu staff at all levels through the following activities:

1. An orientation session on corporate governance as part of the orientation program for new Banpu staff.
2. CG information and news were posted on the internal CG news bulletin and can be accessed through the intranet-based CG Talk forum. Staff could participate by answering quizzes. The activity was found satisfactory according to a survey conducted. In addition, the CG Call Center was set up, allowing staff to submit stories describing their good impression with colleagues' actions that reflected compliance with the Code of Conduct and were done for the Company's best interest.
3. The "CG Day" is regularly held to raise staff's awareness about corporate governance and promote adherence to integrity. In 2011, the CG Day was organized under the "Black or White," concept where staff was informed of what to avoid. At the same time, they were encouraged to comply with the CG policy and the Code of Conduct in order for the Company to achieve its business goal while remaining ethical.

In 2011, Banpu was named the second best company among the 2011 top ten firms by the Money & Banking Magazine thanks to Banpu's overall management efficiency. The ranking was based on analysis of business information of the top 300 listed companies in the Stock Exchange of Thailand (SET) as of end of 2010.

Banpu was also lauded as one of the 47 listed companies for its excellent CG scoring in the 2011 CG survey of listed companies, an annual survey conducted in collaboration between the SET, the Securities and Exchange Commission (SEC) and the Thai Institute of Directors (IOD).

### 2. Shareholders: Rights and Equality Treatment

The Board of Directors pays attention to the rights and equality of shareholders. This has been clearly stated in Banpu's Corporate Governance Policy, which states that Banpu's shareholders have a right to receive share certificates and to transfer their shares, to access adequate information in a timely and appropriate manner so that they could make a proper decision. Shareholders are also entitled to attend and cast their vote at a shareholders' meeting to amend the Company's major policies.

They also have rights to elect and remove directors, to approve the appointment of auditors and to receive their share of profits.

At the shareholders' meeting, the Board of Directors facilitates shareholders by sending adequate information in time for the meeting. It encourages shareholders to attend and vote at the meeting or appoint a proxy or an independent director to vote on their behalf in case of their absence. In addition, shareholders are equally allowed to express their views, request an explanation or ask a question.

Banpu held the 2011 AGM on 5 April 2011, at Plaza Athenée 1 Room, Plaza Athenée Royal Meridian Hotel, No. 61, Wireless Road, Lumpini, Pathumwan, Bangkok. The meeting was attended by twelve directors. Banpu had designated Thailand Securities Depository Co., Ltd., its share registrar, to circulate an invitation letter to shareholders. The letter was also posted at [www.banpu.com/en/02-corporate-governance/agm-egm.php](http://www.banpu.com/en/02-corporate-governance/agm-egm.php) 21 days prior to the meeting date. The Minutes of the 2011 AGM were posted at the website 14 days after the meeting. Shareholders were allowed to propose an amendment if they found the minutes were inaccurate within 30 days from the day it was posted at Banpu's website. For minority shareholders to propose meeting agendas, Banpu announced this via the SET to minority shareholders between December 2010 and January 2011; and posted the announcement at [www.banpu.com/EN/02-corporate-governance/agm-egm.php](http://www.banpu.com/EN/02-corporate-governance/agm-egm.php), in which clear and transparent procedures were stated. No shareholder however proposed a meeting agenda for the 2011 AGM.

### **3. Rights of All Stakeholders**

Banpu commits to equally treat all stakeholders. Banpu's policy to stakeholders has been part of its Corporate Governance Policy. Collaboration between the Company and stakeholders, who are referred to as staff, customers, suppliers, creditors, government agencies, communities, and the society in general has been stated in the Code of Conduct which was developed based on a fair and balance basis for mutual interest of all parties involved. Important principles include those related to conflicts of interest; responsibility to shareholders; policy and treatment of staff, customers, suppliers, creditors, business competitors and the society. Directors, executives and staff are to understand and strictly comply with the guidelines so that all stakeholders are fairly treated and their rights are duly protected. In addition, Banpu has set up a channel to receive complaints from three groups of stakeholders; namely, customers, shareholders & investors and Banpu's staff, which is regularly monitored and reported.

Regarding Banpu's staff, Banpu believes that staff are critical for the Company's success. This has led to a policy in Banpu's Code of Conduct where staff shall be fairly treated, regardless of their nationalities and languages, in terms of job opportunity, remuneration, appointment, job transfer, skill development and safe work environment. Banpu strictly complies with appropriate safety, environment and occupational health measures to prevent casualties from accidents, injuries and job-related illness.

Banpu has announced the Human Resources Philosophy based mainly on three principles; namely, equitability, performance based and competency based. Based on changing business environment and the world's economic condition, 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 truly committed to Banpu Spirit, which refers to Innovation, Integrity, Care and Synergy; and to be truly "professional."

Banpu commits to fair compensation in a form of salary, welfare and other fringe benefits by closely relating it to long-term value creation for our shareholders. Banpu promotes a fair human resources management and allows staff to enhance their capability. So far, the Company 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 to drive its resources towards a sustainable future.

In terms of customers, Banpu commits to finding effective ways and means to respond to customer's needs. Its Code of Conduct has included a policy and practices on how Banpu should treat its customers. Banpu will honor a promise made to customers by delivering quality products and services at a fair price; offering 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 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 both parties enjoy 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 universal principle and within a legal framework of fair trade competition without violating their secrets or acquiring their secrets in a fraudulent way. Banpu has run its business with a fair manner and strictly complied with 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 with a purpose to create a balance between business growth, community development, social development, and good environment. The Company aims to safeguard local customs at locations where it operates and be a good corporate citizen by complying with 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 implemented its Sustainable Development Policy by benchmarking with the international standards. This includes, for example, when it produced a greenhouse effect report of its coal mine or power plant. In addition, Banpu has formulated effective Quality, Safety, Environment (QSE) practices, covering risk identification and management of risk resulted from its operation that may affect staff, business partners, the environment and surrounding communities.

To support the policies mentioned above, Banpu has pursued the Corporate Social Responsibility (CSR) programs based on the belief that "an industry will be strong only when it is developed in tandem with social and environment responsibility." Throughout its nearly three decades of business, Banpu has constantly supported the CSR activities. Budget from part of Banpu's incomes has been allocated for CSR activities both at the local and corporate-levels activities including projects in countries Banpu has its presence, especially in Indonesia and China. Banpu constantly promotes the "learning" activities among its target groups; namely children and youth, as they are critical force for a country's sustainable future. Banpu believes that the "learning" is a power of change and development. In addition, attempts were made to raise CSR awareness among staff of at all levels to maintain their commitment to social responsibility. The ultimate goal is to promote the sustainable growth of communities and the society by using the "Do by Heart" approach where sincerity, seriousness and willingness are fundamental to achieve the goal. (Details of the programs and Banpu's CSR activities in 2011 are in the "Corporate Social Responsibility" section of this Annual Report.)



#### **4. Shareholders' Meeting**

In 2011, the Company held one Annual General Meeting of Shareholders (AGM) on 5 April 2011 at 13.00 hours, at Plaza Athenee 1 Room, Plaza Athenee Royal Meridian Hotel, No. 61, Wireless Road, Lumpini, Pathumwan, Bangkok. 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, Banpu therefore sent invitation letters and supporting documents to shareholders 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 an equal opportunity for all shareholders to review and inquire about the Banpu's operations in each agenda. Chairman of the Meeting encouraged shareholders to express their opinions and seek explanations on Banpu's operations in each agenda. Besides, the Board posted its Minutes of Meeting at the Company's website 14 days after the meeting date to allow shareholders to check and propose amendment within 30 days.

#### **5. Leadership and Vision**

The Board oversees a formulation of the Company's vision, mission, goals, policies, management directions, long-term strategic plan, action plan and annual budget where the management is entrusted to propose them to the Board. The Board will then fully expresses its opinion and discuss the issues with the management to seek a mutual approval before approving them. The Board of Directors appoints the Chief Executive Officer (CEO) to develop and implement the Company's strategies. It also makes sure that roles, duties and responsibilities between the Board, the committees and Banpu's executive officers are clearly defined.

In 2011, the management led by the CEO reviewed the 2012 - 2015 strategic plan and business direction to ensure that it responded well to changing business environment and to make the company ready to continue business under evolving circumstances. The Board of Directors expressed its opinions to review the 2012 - 2015 strategic plan and business direction before approving it at the 13<sup>th</sup> Board Meeting in November 2011.

#### **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 should avoid a connected transaction that may lead to a conflict of interest with Banpu. If it is necessary, the transaction must be carried out as if it is done with the third party and a director or staff with such interest must not be involved in an approval process. If a transaction is a connected transaction under the SET's rules, it 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, executives, and staff from using an opportunity or information acquired from their work to seek personal interest or to compete or do related business against Banpu. This includes a ban from using insider's information to buy or sell the Company's shares or from giving such information to the third party to buy or sell Banpu's shares. If an executive or a staff is involved in a special operation that has not yet been disclosed to the public and a negotiation is ongoing, the price sensitive information must be kept confidential to prevent an effect on the Company's share price. In such case, the executive or staff involved is required to sign a confidentiality agreement with the Company which will be effective 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 to maximize shareholders' benefit, focusing on goals and a modus operandi to achieve the success. Banpu's Code of Conduct has set clear corporate goals, vision, mission statements, values, Corporate Governance principles and practice guidelines which allow directors, executive officers and staff to understand the Company's expectation as well as provide a basis for dealing with staff, shareholders, customers, traders/suppliers, creditors, business competitors and the society in general.

Banpu requires 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 and remind staff in Thailand and abroad of the importance of the Code of Conduct. In this regard, staff at all levels must be a good role model. Beyond the standards stated in the Code of Conduct, Banpu embarks on its Corporate Shared Values to promote good corporate culture among staff by developing the do's and don'ts guideline, 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 them are executive directors and the remaining nine are non-executive directors, of whom six are independent.

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

## **9. Consolidation or Separation of Office**

The Board of Directors requires that its Chairman and CEO be two different persons. Their roles and responsibility, power and duty are clearly separated for a healthy balance between the 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. For each executive, remunerations must be performance-based taken into consideration his duties and responsibilities, and must be competitive with the market and the industry while encouraging effective performance.

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 2011 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 each month. An additional meeting may be held if necessary. At the meeting, there are clear meeting agendas. A complete set of supporting documents is sent to the Board of Directors at least seven days in advance so that the Board has enough time to review before 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 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, 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 a hard copy format and a scanned format for use by directors and other parties as a reference. Meeting documents of the past-five years are also kept in an electronic format for reference. They are safeguarded from possible document manipulation and disaster risk.

In 2011, the Board of Directors convened 14 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. 2011 - AGM. 2014	12	2	14/14
2. Mr. Vitoon Vongkusolkrit	Vice Chairman	Apr. 2009 - AGM. 2012	12	1	13/14
3. Mr. Montri Mongkolswat	Independent Director	Apr. 2011 - AGM. 2014	11	2	13/14
4. Mr. Sawatdiparp Kantatham	Director	Apr. 2010 - AGM. 2013	12	2	14/14
5. Mr. Kopr Kritayakirana	Independent Director	Apr. 2010 - AGM. 2013	12	2	14/14
6. Mr. Somkiat Chareonkul	Independent Director	Apr. 2010 - AGM. 2013	12	2	14/14
7. Mr. Rutt Phanijphand	Independent Director	Apr. 2011 - AGM. 2014	12	2	14/14
8. Mr. Anothai Techamontrikul	Independent Director	Apr. 2009 - AGM. 2012	11	1	12/14
9. Mr. Chanin Vongkusolkrit	Director	Apr. 2011 - AGM. 2014	11	2	13/14
10. Mr. Metee Auapinyakul	Director	Apr. 2011 - AGM. 2014	12	1	13/14
11. Mr. Ongart Auapinyakul	Director	Apr. 2009 - AGM. 2012	11	2	13/14
12. Mr. Verajet Vongkusolkrit	Director	Apr. 2010 - AGM. 2012	12	2	14/14

## 12. Sub-Committees

- **The Audit Committee**

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

In 2011, the Audit Committee convened nine times, each of which was attended by all Audit Committee members and with all agenda items being covered. 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 2011, the Corporate Governance and Nomination Committee consisted of four members and was chaired by an independent director. All members of the Committee were non-executive directors. The Corporate Governance and Nomination Committee had two major responsibilities; firstly, to review Banpu's Corporate Governance Policy and its Code of Conduct and monitor its compliance based on its policy; and secondly, to recruit and nominate candidates as directors, CEO and executives, to recruit executives from department head level and higher as part of a succession plan, before seeking approval of the Board of Directors or for further submission the Shareholders' Meeting, as the case may be.

In 2011, the Corporate Governance and Nomination Committee convened four times, all of which were attended by all members.

- **The Compensation Committee**

The Compensation Committee consists of three members and was chaired by an independent director while all its members are non-executive directors.

In 2011, the Compensation Committee convened five 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, asset management, operations, to legal compliance. The Board makes sure that there is sufficient and effective check-and-balance mechanisms to protect shareholders' equities and Banpu's assets. The Board has also ensured that the Internal Audit Department remains independent by requiring it to directly report to the Audit Committee. This is to make sure that the internal control and audit system remains an effective mechanism to drive Banpu to grow in a sustainable manner. The Internal Audit Department monitors the internal control process of operating procedures and critical systems covering all Banpu's business units and supporting functions. The Department gives advice on the internal control risk management to improve Banpu's operation processes towards excellence that in effect corresponds to the growth of Banpu's business and 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 2011 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, regular and timely 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 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 who disseminates corporate information to shareholders, investors and the public through local and international press.

In 2011, Banpu organized three international road shows and three domestic road shows, four analyst meetings to report its quarterly and annual performances, 59 company visits for analysts and investors wishing to learn more about Banpu's operational results. Moreover, two press conferences to inform Banpu's business performance were organized. Banpu regularly distributed its press release when there was an important investment or business activity.

Banpu also discloses information through its website at **[www.banpu.com](http://www.banpu.com)** so that other 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](mailto:investor_relations@banpu.co.th)**.

## Supervision on the Use of Internal Information

Banpu is aware of the importance of information disclosure and transparency. The Company 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 of Directors commits to compliance 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 SEC'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 internal information, Banpu has formulated measures to protect internal information in its Code of Conduct under the topic of "Conflict of Interest and Keeping Confidential Information." Relating to the use of Company information, Banpu considers that it is a responsibility of directors, executives and staff to keep information strictly confidential, especially if it is the internal information that has not yet been released to the public or if it is the 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 the Company's shares using inside information. This information shall not be given to any third party for the purpose of their dealing in the shares of the Company.
3. No business secrets shall be disclosed to the 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 exploit their status for personal gains or to engage in business in direct competition with the Company. Transactions that may lead to a conflict of interest with the Company shall be avoided. If such a transaction is unavoidable, the Board of Directors will 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 SET, the Board of Directors must make sure that 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 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 where the release of such information may affect Banpu's share price, such executive and staff must sign a Confidentiality Agreement with Banpu which will be affective 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" 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 on the Company's credo that "an industry will be strong only when it is developed in tandem with social and environmental responsibility", Banpu, for almost 30 years of its establishment places a high emphasis on environmental and social responsibility at every location it operates. The Company consistently supports the CSR activities, allocating the budget from its net income for CSR activities both at the local and corporate-levels including projects in countries Banpu has its presence, namely Indonesia and China.

In 2011, Banpu announced a five-year CSR strategic plan (2011 - 2015) where different CSR activities are to be driven by different **"Learning"** platforms. This corresponds to our belief that "learning" is a power of constructive change and development.

Moreover, Banpu emphasizes the **"Do by Heart"** approach where sincerity, seriousness and willingness are fundamental to achieving the goal. Attempts were also made to raise CSR awareness to staff at all levels to maintain their strong commitment to social responsibility, hoping to tightly weaving it into our corporate culture with the ultimate goal to create a sustainable growth of communities and the society.

## Thailand

During the past years, we continued working on many CSR programs at a corporate level which emphasized on three major areas, namely educational, environmental and youth capabilities development. All initiatives shared one core concept to promote the continual "Learning" in various areas, in and out of classrooms.

### Educational Support Programs

#### Banpu Education for Sustainability

- 2011 was the eighth consecutive year of this program where Banpu had given approximately THB 2.6 million funding to improve the learning and teaching equipment and systems of six granted schools in Lamphun, Lampang and Phayao provinces. Our goals were to equip students with better knowledge and ethical sense; to enhance teachers' teaching capacity in order to upgrade educational standard of rural schools to be at the same league as that of city schools; and to turn these schools into a sustainable learning center for their communities.

- Activity to enhance teachers' teaching skills was organized for the fourth consecutive year. Banpu arranged a research presentation and review event for lead teachers from the six sponsored schools and one network school. In fact, this was a continuing activity that followed the 2010 workshops, "Research on Learning Process for Thinking Development" and "How to Write a Research Report". Through these activities, Banpu promoted the teaching that focused on students' analytical thinking skill with an intention to enhance teachers' ability which would indirectly benefit students' analytical thinking.

- Banpu operated the "Independent Careers Training for Children and Youth" program for three sponsored schools in Lampang and Lamphun provinces. This was organized regularly through training camps that prepared students for their independent career path via trainings of entrepreneurial skills and small business planning. Moreover, Banpu also gave financial supports in forms of career training grants and fund for interest-free loans that students could borrow to start up their independent career. In all, the objective of this program is to create an opportunity for students to learn how to provide for themselves in the future. In 2011, the program developed 15 lead teachers to provide valuable counsel to 150 participating students who are currently doing 16 career projects involving the field of agriculture, food, handicraft and service.

- "Constructive use of Internet and Online Technology" lectures were held at all six sponsored schools to give students better knowledge and understanding of how to utilize the Internet, games and social media to benefit their daily life and studies.

Throughout the 8 years of this program, Banpu has contributed approximately over THB 24 million. The program helps students to develop their academic and ethical standards. Students from these schools have received several recognitions from academic competitions and known for their moral promotion activities at both regional and national levels. Teachers are able to develop their teaching and interesting lessons especially those related to promoting of their students' analytical skills. Moreover, a network was formed among teachers to allow for the exchange of experience within the group. In terms of school

development, their academic standards were enhanced. Some schools have become the learning center for surrounding communities. Some have become the role model or pilot school in several important education projects.

#### **Financial Support to Schools in the South**

- For the fifth year running, Banpu continued to fund schools affected by the unrest in the South 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. The funding was to help students in the affected areas to continue honing their capabilities despite the upheavals, and to boost morale among teachers and students in the areas. Banpu has already supported a total of about THB 7 million to 57 southern schools.

#### **Scholarship for Geology and Mining Engineering Students**

- Banpu was in the third year of a scholarship program that promotes the production of highly sought after personnel in geology and mining engineering fields. Ten geology and mining engineering senior students from four universities; namely Chulalongkorn University, Khon Kaen University, Chiang Mai University and Prince of Songkhla University, were given a scholarship each year.

#### **Environmental Support Program**

##### **The Power Green Camp 6: “Will There Really Be Global Disasters in 2012? How Will We Be Prepared for Such Crises?”**

- Banpu in collaboration with the Faculty of Environment and Resources Studies, Mahidol University organized the “Power Green Camp” for the sixth consecutive year. This project aims to educate and broaden youth’s understanding about environmental science in the hope to build up sustainable environmental conservation conscience within the future generations. The 2011 “Power Green Camp 6” was held under the theme, “Will There Really Be Global Disasters in 2012? How Will We Be Prepared for Such Crises?”, where 68 science majored students in their eleventh grade attended. On top of this project, Banpu together with the Faculty of Environment and Resources Studies also held the fourth “Power Green Youth Leader Camp” to expand both a network of youth interested in environmental science and the “Power Green Camp” network itself. Throughout 6 years of the program, there were about 400 participating students. Moreover, the Power Green Camp has developed a group of youth leaders who had an opportunity to exercise their leadership by help support the Power Green campers. The network is being expanded with a total of about 80 youth leaders at present.

#### **Youth Support Programs**

##### **“Banpu Champions for Change” Program**

- In 2011, Banpu initiated “Champions for Change” program to further support the development of new generation of social entrepreneurs, the area in which the Company has supported since 2006. The new initiative has been broadened into the “social enterprise development” program which gives Thai youth opportunities to create and manage their own “social enterprise”. Its aim is to connect business with society and environment through management tools as well as ethical practices in order to drive social enterprises forward. Funding was originally given to ten teams of aspiring youths for a three-month long experiment. Then, four teams with outstanding performance were selected for the second phase of monetary support for another six months. So far, participants of this program have proven their abilities in operating their social enterprises.

#### **Banpu Table Tennis Club**

- The Banpu Table Tennis Club (BTTC) organized skill-enhancing activities and exposed its athletes to the world of table tennis through a series of events. In 2011, the club focused at athletes’ self-development on physical, mental and

emotional health by means of various activities, for instance, daily trainings, participation in major domestic and international tournaments, and coaching sessions by Chinese trainers. In addition, we strove on developing our table tennis standards and managing system as well as creating an individual development plan for our athletes. There were also other activities to nurture athletes' ethics, discipline and unity. Currently, the Banpu Table Tennis Club has over 70 members nationwide.

BTTC has developed skills of athletes and many were given an opportunity to enter university with their table tennis skills while many others won competitions both locally and internationally. In 2011, one of our players was selected to play at the 26<sup>th</sup> SEA Games Jakarta - Palembang 2011, Indonesia. This marked the very first time that the BTTC's players was given opportunity to represent the country in regional sport competitions.

## **Support for Disaster Relief**

### **Help for Earthquake and Tsunami Victims in Japan**

- Due to the earthquake and tsunami in Japan, Banpu group of companies including Banpu Public Company Limited and its overseas subsidiaries, namely PT Indo Tambangraya Megah Tbk (ITM) in Indonesia and Centennial Coal in Australia, together with our employees donated a fund of approximately USD 1.004 million to the Japanese Red Cross as a rehabilitation fund for those who had been affected by the earthquake and tsunami.

### **2011 Flood Relief for Thailand**

Banpu Public Company Limited had been actively assisting victims of the floods in 2011. By joining forces with various organizations from government, independent and private sectors, Banpu together with our employees successfully provided aids to those affected by the flood. Parts of our relief efforts are as follows:

- Donation of THB 3 million to the Office of Prime Minister's Disaster Relief Fund and the Rajaprajanugroh Foundation to help flood victims in the South in March 2011
- As for the great flood around end of the 2011, Banpu not only lended hands to communities surrounding the Company's coal distribution center in Phra Nakhon Si Ayutthaya, but also made a contribution totaled approximately THB 40 million to help flood victims through various forms. The amount may only be a small portion of the total contributions coming from every sector of the country. It, however, demonstrated our strong intention and cooperation as a good corporate citizen that wishes for all Thais and our country to quickly get through the difficult time and get back to normalcy the soonest. Banpu's relief efforts included:
  - Monetary contribution to the Royal Thai Army Disaster Relief Fund to support its flood relief operations and the Office of Prime Minister's Disaster Relief Fund.
  - Providing 20 trucks with fuels and drivers to the Thai Red Cross for use in transporting relief bags, medical relief teams and volunteers into flood-affected areas for almost 3 months (October - December 2011) The support allowed the Thai Red Cross Society to be able to distribute about 300,000 relief bags to several provinces in the central region, northeastern region, as well as Bangkok and nearby provinces. The trucks were also used to transport the mobile medical units for 67 times, providing people in affected area an access to the much needed medical service.
  - Under a concerted flood-relief project with the Royal Thai Navy and the Thai Red Cross Society, Banpu provided 10 motorized fiberglass boats for the distribution of relief bags, medicines and medical relief teams to assist the affected residents of the western side of the Chao Phraya River. In addition, the Company also provided necessities such as waterproof overalls, T-shirts and underwear for soldiers on their mission to help flood victims.
  - Contributed to the "Capital Market Flood Relief Fund" to restore the civic sector back to normalcy as soon as possible.
  - Banpu led our employees in preparing relief bags, ready to eat meal boxes and living necessities to the Thai Red Cross and the Thammasat University Rangsit Campus' Flood Victims Shelter.

## Community Development

**Public Health:** Banpu's Lamphun Mine in association with hospital in Lamphun province brought a medical mobile unit to provide healthcare and basic healthcare advice for residents of Hong and Van-Narin village in Li district, Lamphun province.

**Education Development:** Chiang Muan Mine gave 73 scholarships to students in 15 schools in Chiang Muan district. Lamphun Mine also granted 88 scholarships to students both in and outside of Li district. Meanwhile, Lampang Mine bestowed 44 scholarships to elementary school students and two college funds to students from the area, totaling THB 399,500. Moreover, Banpu also supported a series of activities in various schools within vicinities of its mines.

**Religion and Local Tradition:** Lamphun Mine sponsored the yellow robes presenting ceremony at the end of the Buddhist Lent and the robes offering to Buddhist monks ceremony at four temples in the Li district, Lamphun province. Chiang Muan Mine also joined hands with community leaders in the robes offering ceremony at Sra Nua Temple in Chiang Muan district, Phayao province. The aims were to preserve local tradition and to nurture a good relationship between Banpu and local communities.

**Community's Environmental Improvement:** Lamphun Mine together with community leaders and local residents improved the landscape on both sides of the Hong-Na Klang village road, improved public spaces at Hong Village Temple, and renovated Hong Village School in Li district, Lamphun province.

**Economic Development:** Lamphun Mine sponsored career trainings on fabric decoration and fresh flower arrangement for Thai ceremony for residents of Hong village in Li district, Lamphun province. The objective was to create additional income for the community.

## Indonesia

Banpu places as much priority to its business here as its corporate social responsibility (CSR) for communities located close to its headquarters in Jakarta, Indonesia (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 CSR projects in Indonesia in the following areas:

**Basic Infrastructure Development:** Infrastructure such as school building, healthcare center, meeting hall, multi-purpose building, village head's office, mosque and church, roads and bridges were built.

**Economic Development:** Vocational training activities were organized to generate incomes to the community. This included agriculture, mushroom farming, 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 bank 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 people in the community.

**Education Development:** Banpu Indonesia continued to give away scholarships to students, allow teachers to attend skill-enhancing training, donate books and teaching equipment to schools and provide transportation to carry students to and from schools. 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. 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 training. In addition, village water supply and 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 way of life of people in the community as well as provided assistance to those suffered from natural disaster.

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

## China

Banpu Investment (China) Ltd. (BIC), a Chinese subsidiary of Banpu, supported activities related to cultural and traditional conservation. It also regularly involved in investment promotion activities in provinces where Banpu operated to stimulate long-lasting relationship between Thailand and China. Moreover, BIC's main policy in community support also led the firm to provide assistance to communities around its coal mines and power plants as follow:

- For the fourth year running, BIC granted RMB 50,000 fund and equipment in need to the Luannan Banpu Special Education School which is the school for handicapped children in Luannan city. The school with 30 teachers provides education for 76 children with hearing impairment, speech impairment, as well as other physical and mental disabilities.
- Employees of Zouping Power Plant organized a fund raising campaign to give to the poor of Zhuping county.
- Employees from different offices in Beijing, Jincheng and Zhongzhou as well as the Hebi Mine joined the Tree Planting event for China's National Tree Planting Day. In addition, Beijing office also held tree-planting activity to instill environmental awareness among its employees.

**Environmental Activities:** With environmental conscience in mind, BIC's power plants are all equipped with a series of pollution prevention, control and disposal devices to ensure that their operations meet environmental requirements set by the government. Hence, our power plants were recognized by local governments as a role model and a learning center for other organizations in terms of environmental management and natural resources conservation.

**Support for Disaster Relief:** Apart from community support involvements in the areas where Banpu operated, BIC also lent out helping hands to natural disaster victims in 2011 as follows:

- Providing assistance to earthquake and tsunami victims in Japan. Employees and executives from Beijing, Jincheng and Zhengzhou offices donated USD 2,312 as monetary aid for employees of Banpu group's long term business alliances.
- BIC together with employees from all offices in China donated RMB 100,000 to the Thai Red Cross Society to help flood victims in Thailand.

# Board of Directors and Management

Name/Position	Age	Education	% Share held	Work experience in the last five years		
				Period	Position	Organization
<b>1. Mr. Krirk-Krai Jirapaet</b> <ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman</li> </ul>	68	<ul style="list-style-type: none"> <li>B.A. (Hons) Political Science, Chulalongkorn University</li> <li>Master of Economics, Sydney University, Australia</li> <li>Certificate in Economic Developments, Japan</li> <li>Certificate in Project Appraisal, Oxford University, UK</li> <li>Certificate in Commercial Counsellor Practices Federal, Republic of Germany</li> <li>National Defence College (Class 37)</li> <li>Role of Chairman (RCP) # 11/2005, Thai Institute of Directors Association (IOD)</li> <li>Director Certification Program (DCP) # 61/2005, Thai Institute of Directors Association (IOD)</li> <li>Audit Committee Program # 8/2005, Thai Institute of Directors Association (IOD)</li> <li>Capital Market Academy Leader Program (CMA) # 9, Capital Market Academy</li> </ul>	-	Present  2010 - 2011 2006 - 2008 2005 - 2006  2003 - 2006	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	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
<b>2. Mr. Vitoon Vongkusolkrit</b> <ul style="list-style-type: none"> <li>Vice Chairman</li> <li>Member of the Compensation Committee</li> </ul> <p>* An older brother of person number 10</p> <p>* An uncle of person number 12</p>	70	<ul style="list-style-type: none"> <li>B.Sc. (Pharmacology), Chulalongkorn University</li> <li>Directors Certification Program (DCP) # 17/2002, Thai Institute of Directors Association (IOD)</li> <li>Senior Executive Program # 6, Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>Chairman 2000 # 11/2005, Thai Institute of Directors Association (IOD)</li> </ul>	1.32	Present 1983 - Present 2001 - Present  2004 - Present  1974 - Present 1987 - Present 1977 - Present  1983 - 2009 1989 - 2007	Vice Chairman Director Member of the Compensation Committee Director/Chairman of Investment Committee  Director Director Director  Chairman Director	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.



Name/Position	Age	Education	% Share held	Work experience in the last five years		
				Period	Position	Organization
<b>3. Mr. Rutt Phanijphand</b> • Independent Director • Chairman of the Compensation Committee	64	• 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
				2010 - Present	Chairman	Land and Houses Fund Management Co., Ltd.
					Director	Land and Houses Fund Management Co., Ltd.
				2009 - Present	Chairman of Executive Directors	LH Financial Group Public Company Limited
					Director	LH Financial Group Public Company Limited
				2005 - Present	Chairman of Executive Directors	Land and Houses Bank Public Company Limited (Formerly Land and Houses Retail Bank Public Company Limited)
					Director	Land and Houses Bank Public Company Limited (Formerly Land and Houses Retail Bank Public Company Limited)
				2001 - Present	President/Chief Executive Officer Director	Quality Houses Public Company Limited
						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
				2006 - 2009	Director	IRPC Public Company Limited
<b>4. Mr. Montri Mongkolswat</b> • Independent Director • Member of the Audit Committee • Member of the Compensation Committee	68	• 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)	-	2002 - 2008	Member of the Audit Committee	IRPC Public Company Limited
				2002 - 2008	Chairman of the Activities Promotion Committee	Kasetsart University
				2006 - 2008	Member, Council of Kasetsart University	Kasetsart University
				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

Name/Position	Age	Education	% Share held	Work experience in the last five years		
				Period	Position	Organization
<b>5. Mr. Kopr Kritayakirana</b> • Independent Director • Chairman of the Corporate Governance and Nomination Committee	72	<ul style="list-style-type: none"> <li>B.Sc. (Physics), Chulalongkorn University</li> <li>Ph.D. (Physics), Harvard University</li> <li>Directors Certification Program (DCP) # 11/2001, Thai Institute of Directors Association (IOD)</li> </ul>	-	2003 - Present 2004 - Present 1993 - Present 2003 - 2009 2002 - 2009 2000 - 2009 2009 - Present 1993 - 2009	Independent Director Chairman of the Corporate Governance and Nomination Committee Director Director Director Director Vice Chairman, Council of Chulalongkorn University Member, Council of Chulalongkorn University	Banpu Public Company Limited Banpu Public Company Limited Thai Reinsurance Public Company Limited Thai Institute of Directors Association (IOD) Sico Securities Public Company Limited Siam Panich Leasing Public Company Limited Chulalongkorn University Chulalongkorn University
<b>6. Mr. Somkiat Chareonkul</b> • Independent Director • Chairman of the Audit Committee	70	<ul style="list-style-type: none"> <li>Bachelor of Commerce, Thammasat University</li> <li>Bachelor of Law, Sukhothai Thammathirat University</li> <li>Certificate in “Strategic Alliance Seminar”, The Wharton School, University of Pennsylvania, U.S.A.</li> <li>Certificate in “Selected Problems of Tax Auditing and Investigation”, Germany and Singapore</li> <li>Certificate in “Seminar on Taxation (Indirect Tax Course)”, JICA (Japan International Cooperation Agency), Japan</li> <li>Certificate of Training “The Management Program” Sasin Graduate Institute of Business Administration, Chulalongkorn University</li> <li>Certificate of Training “Senior Executive, Class 30” Civil Service Training Institute, Civil Service Commission</li> <li>Directors Certification Program (DCP) # 79/2006, Thai Institute of Directors Association (IOD)</li> <li>Directors Accreditation Program (DAP), # 21/2004, Thai Institute of Directors Association (IOD)</li> <li>Audit Committee Program, Class 1/2004, Thai Institute of Directors Association (IOD)</li> <li>Successful Formulation &amp; Execution of Strategy, Thai Institute of Directors Association (IOD)</li> </ul>	-	2005 - Present 2005 - 2007 2004 - Present 2006 - 2010 2003 - 2009	Independent Director, Chairman of the Audit Committee Member of the Corporate Governance and Nomination Committee Director Director Director Director	Banpu Public Company Limited Banpu Public Company Limited Chantaburi Resort and Spa Co., Ltd. Oishi Group Public Company Limited Oishi Ramen Company Limited Oishi Trading Company Limited Mueng Kit Co., Ltd.

Name/Position	Age	Education	% Share held	Work experience in the last five years		
				Period	Position	Organization
<b>7. Mr. Anothai Techamontrikul</b> • Independent Director • Member of the Audit Committee • Member of the Corporate Governance and Nomination Committee	68	• 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 2007 - Present Present	Independent Director/Member of the Audit Committee Member of the Corporate Governance and Nomination Committee Chairman (Executive Board) Vice Chairman Vice Chairman Director	Banpu Public Company Limited Banpu Public Company Limited D.T.C. Industries Public Company Limited Amcor Flexible Bangkok Public Company Limited United Auditing PKF Limited Safety Steel Industry Company Limited
<b>8. Mr. Sawatdiparp Kantatham</b> • Director • Member of the Corporate Governance and Nomination Committee	72	• 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 2001 - Present 2008 - 2009 Present 1995 - Present 2007 - Present 2005 - 2009	Director Member of the Corporate Governance and Nomination Committee Selective Committee (Selecting the Chairman and experts for the B.O.T. Board) Director Director Vice President President	Banpu Public Company Limited Banpu Public Company Limited Bank of Thailand Ufinves Company Limited TME Capital Co., Ltd. The American University Alumni Association The Phrae People Association
<b>9. Mr. Metee Auapinyakul</b> • Director • Executive Officer * An older brother of person number 11	58	• 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)	0.10	1983 - Present 2008 - Present 2007 - 2011 2004 - Present 2009 - Present	Director/Executive Officer Honorary Advisor, Energy Committee Director Chairman of Advisor Advisor, the National Accreditation Council	Banpu Public Company Limited House of Representatives Thai Agro Energy Public Company Limited GENCO Public Company Limited Ministry of Industry

Name/Position	Age	Education	% Share held	Work experience in the last five years		
				Period	Position	Organization
<b>10. Mr. Chanin Vongkusolkrit</b> • Director • Chief Executive Officer * A younger brother of persons number 2 * An uncle of person number 12	59	• M.B.A. (Finance), St. Louis University, Missouri, U.S.A. • B. Economics, Thammasat University • Directors Certification Program (DCP) # 20/2002, Thai Institute of Directors Association (IOD) • DCP Refresher Course # 3/2006, Thai Institute of Directors Association (IOD)	0.60	1983 - Present 2011 - Present 2004 - Present 1983 - Present 2005 - 2009	Director/Chief Executive Officer Chairman Director Director Vice Chairman	Banpu Public Company Limited Thai Listed Companies Association The Erawan Group Public Company Limited Mitr Phol Sugar Corp., Ltd. Thai Listed Companies Association
<b>11. Mr. Ongart Auapinyakul</b> • Director • Executive Officer * An younger brother of person number 9	55	• 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 • Top Executive Program in Commerce and Trade (TEPCoT) # 4	0.14	1983 - Present	Director/Executive Officer	Banpu Public Company Limited
<b>12. Mr. Verajet Vongkusolkrit</b> • Director • Member of the Corporate Governance and Nomination Committee * A nephew of person number 2 and 10	47	• 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 2004 - 2010 2007 - 2010	Director/Member of the Corporate Governance and Nomination Committee Director Director Director Member of the Audit Committee Director Director Director Director	Banpu Public Company Limited Mitr 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. Panel Plus Co., Ltd. United Standard Terminal Public Company Limited

Name/Position	Age	Education	% Share held	Work experience in the last five years		
				Period	Position	Organization
<b>13. Mr. Somyot Ruchirawat</b> • Chief Operating Officer	56	<ul style="list-style-type: none"> <li>B.Eng (Chemical Engineering), Chulalongkorn University</li> <li>M.Eng (Industrial Engineering and Management), Asian Institute of Technology (AIT)</li> <li>M.B.A. (Executive), Chulalongkorn University</li> <li>Director Certification Program (DCP) # 75/2006, Thai Institute of Directors Association (IOD)</li> <li>Capital Market Academy Leader Program (CMA) # 3/2006, Capital Market Academy</li> </ul>	-	2011 - Present	Chief Operating Officer	Banpu Public Company Limited
				2006 - Present	President Director	PT. Indo Tambangraya Megah Tbk (ITM)
				Present	Director	Banpu Coal Investment Co., Ltd.
					Director	Banpu Minerals (Singapore) Pte. Ltd.
					Director	Banpu Power International Ltd.
					Director	Banpu Minerals Co., Ltd.
					Director	Banpu International Ltd.
					Director	BP Overseas Development Co., Ltd.
					Director	Silamani Corp. Ltd.
					Director	Silamani Marble Co., Ltd.
					Director	Chiang Muan Mining Co., Ltd.
					Director	Hunnu Investments Pte. Ltd.
					Director	Pan-Western Energy Corporation LLC
					Director	PT. Bharinto Ekatama
					Director	PT. Indominco Mandiri
					Director	PT. Indo Tambangraya Megah Tbk
					Director	PT. Jorong Barutama Greston
					Director	PT. Kitadin
					Director	PT. Trubaindo Coal Mining
<b>14. Ms. Somrudee Chaimongkol</b> • Chief Financial Officer	50	<ul style="list-style-type: none"> <li>B.Sc. (Accounting), Bangkok University</li> <li>Program for Global Leadership, Harvard University Graduate School of Business Administration, Boston, U.S.A.</li> <li>Directors Certification Program (DCP) # 78/2006, Thai Institute of Directors Association (IOD)</li> </ul>	0.08	2006 - Present	Chief Financial Officer	Banpu Public Company Limited
				2001 - 2006	Senior Vice President - Finance	Banpu Public Company Limited
				Present	Director	Banpu Power Development Co., Ltd.
					Director	Banpu Singapore Pte. Ltd.
					Director	Banpu Minerals Company Limited
					Director	Banpu International Limited
					Director	Silamani Corp. Ltd.
					Director	Silamani Marble Company Limited
					Director	BP Overseas Development Co., Ltd.
					Director	Centennial Coal Co., Ltd.
					Director	Banpu New Energy Holdings Co., Ltd.
					Director	Biofuel Development Holdings Co., Ltd.
					Director	Hunnu Coal Limited

Name/Position	Age	Education	% Share held	Work experience in the last five years		
				Period	Position	Organization
<b>15. Mr. Sathidpong Wattananuchit</b> • Assistant Chief Executive Officer - Corporate Services	53	<ul style="list-style-type: none"> <li>• Doctor of Philosophy in Strategic Management, University of Northern Washington</li> <li>• M.B.A. Strategic Management Leadership, IOU of Netherlands</li> <li>• B.A. (Administration), Sukhothai Thammathirat University</li> <li>• B.A. (English), Nakhon Ratchasima Rajaphat University</li> <li>• Directors Certification Program (DCP) # 74/2006, Thai Institute of Directors Association (IOD)</li> </ul>	-	2007 - Present	Assistant Chief Executive Officer - Corporate Services	Banpu Public Company Limited
				2006 - Present	Group Senior Vice President - Corporate Services	Banpu Public Company Limited
<b>16. Mr. Akaraphong Dayananda</b> • Assistant Chief Executive Officer - Strategy and Business Development	53	<ul style="list-style-type: none"> <li>• B.S. (Engineering), Chulalongkorn University</li> <li>• M.B.A., Bowling Green State University, Ohio, U.S.A.</li> <li>• Executive Program in Strategy and Organization, Stanford University, California, U.S.A.</li> <li>• Director Certification Program (DCP) # 91/2007, Thai Institute of Directors Association (IOD)</li> <li>• Director Diploma Examination # 22/2007, Thai Institute of Directors Association (IOD)</li> </ul>	0.00	2011 - Present	Assistant Chief Executive Officer - Strategy and Business Development	Banpu Public Company Limited
				2008 - 2010	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.
<b>17. Ms. Udomlux Olarn</b> • Senior Vice President - Corporate Affairs	52	<ul style="list-style-type: none"> <li>• B.A., Journalism and Mass Communication (Advertising and Public Relations), Thammasat University</li> </ul>	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 2011

Name	Name Ordinary Share (Units)		
	31 Dec. 2011	31 Dec. 2010	+ / (-)
1. Mr. Krirk-Krai Jirapaet	-	-	-
2. Mr. Montri Mongkolswat	-	-	-
3. Mr. Sawatdiparp Kantatham	685,745	675,745	10,000
4. Mr. Vitoon Vongkusolkrit	3,590,911	3,590,911	-
5. Mr. Kopr Kritayakirana	-	-	-
6. Mr. Somkiat Chareonkul	-	-	-
7. Mr. Rutt Phanijphand	-	-	-
8. Mr. Anothai Techamontrikul	-	-	-
9. Mr. Chanin Vongkusolkrit	1,627,971	1,569,971	58,000
10. Mr. Metee Auapinyakul	280,800	181,599	99,201
11. Mr. Ongart Auapinyakul	393,225	395,225	(2,000)
12. Mr. Verajet Vongkusolkrit	-	-	-
13. Mr. Somyot Ruchirawat	-	-	-
14. Ms. Somruedee Chaimongkol	212,628	212,628	-
15. Mr. Sathidpong Wattananuchit	-	-	-
16. Mr. Akaraphong Dayananda	5,400	5,400	-
17. Ms. Udomlux Olarn	11,000	11,000	-

**Note:** From report of securities held by the Company's directors as of 31 December 2011.

# Remuneration of the Board of Directors and Management

## 1. Remuneration in Cash for the Year Ending 31 December 2011

1.1 Remuneration in cash for Board members in the forms of meeting allowance and gratuity was THB 69,764,150.00 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	1,423,500.00	-	-	-	5,951,800.00	7,375,300.00
2. Mr. Vitoon Vongkusolkrit Vice Chairman/Member of the Compensation Committee	1,224,750.00	-	-	140,000.00	4,978,900.00	6,343,650.00
3. Mr. Rutt Phanijphand Independent Director/ Chairman of the Compensation Committee	1,095,000.00	-	-	182,000.00	4,578,300.00	5,855,300.00
4. Mr. Montri Mongkolswat Independent Director/ Member of the Audit Committee/ Member of the Compensation Committee	1,065,000.00	306,000.00	-	140,000.00	4,578,300.00	6,089,300.00
5. Mr. Kopr Kritayakirana Independent Director/Chairman of the Corporate Governance and Nomination Committee	1,095,000.00	-	143,000.00	-	4,578,300.00	5,816,300.00
6. Mr. Somkiat Chareonkul Independent Director/ Chairman of the Audit Committee	1,095,000.00	397,800.00	-	-	4,578,300.00	6,071,100.00
7. Mr. Anothai Techamontrikul Independent Director/Member of the Audit Committee/Member of the Corporate Governance and Nomination Committee	1,035,000.00	306,000.00	110,000.00	-	4,578,300.00	6,029,300.00
8. Mr. Sawatdiparp Kantatham Director/Member of the Corporate Governance and Nomination Committee	1,095,000.00	-	110,000.00	-	4,578,300.00	5,783,300.00
9. Mr. Chanin Vongkusolkrit Director	930,000.00	-	-	-	4,578,300.00	5,508,300.00
10. Mr. Metee Auapinyakul Director	930,000.00	-	-	-	4,578,300.00	5,508,300.00

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	930,000.00	-	-	-	4,578,300.00	5,508,300.00
12. Mr. Verajet Vongkusolkit Director/Member of the Corporate Governance and Nomination Committee	1,095,000.00	-	110,000.00	-	2,670,700.00	3,875,700.00
<b>Total</b>						<b>69,764,150.00</b>

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

Unit: THB	Number of executives	2011	Number of executives	2010
Total salaries	6	48,844,150.00	6	47,914,440.00
Total bonuses	6	136,889,620.00	6	50,173,340.00
<b>Total</b>		<b>185,733,770.00</b>		<b>98,087,780.00</b>

**Notes:**

- In 2010, there were six executives namely, Mr. Chanin Vongkusolkit, Mr. Rawi Corsiri, Ms. Somruedee Chaimongkol, Mr. Sathidpong Wattananuchit, Mr. Akaraphong Dayananda and Ms. Udomlux Olarn.
- In 2011, there were six executives namely, Mr. Chanin Vongkusolkit, Mr. Somyot Ruchirawat, 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	2011	Number of executives	2010
Contributions to the Provident Fund	6	2,932,949.40	6	2,874,866.40

**Notes:**

- In 2010, there were six executives namely, Mr. Chanin Vongkusolkit, Mr. Rawi Corsiri, Ms. Somruedee Chaimongkol, Mr. Sathidpong Wattananuchit, Mr. Akaraphong Dayananda and Ms. Udomlux Olarn.
- In 2011, there were six executives namely, Mr. Chanin Vongkusolkit, Mr. Somyot Ruchirawat, Ms. Somruedee Chaimongkol, Mr. Sathidpong Wattananuchit, Mr. Akaraphong Dayananda and Ms. Udomlux Olarn.

# Major Shareholders

## Ten Major Shareholders as of 31 December 2011

Major Shareholders	Number of Shares Hold	Percentage
1. The Vongkusolkrit Family and related companies*	50,595,028	18.62
2. Thai NVDR Co., Ltd.	32,705,989	12.04
3. State Street Bank Europe Limited	16,584,665	6.10
4. State Street Bank and Trust Company	13,126,171	4.83
5. The Bank of New York Mellon-CGT Taxable	5,968,462	2.20
6. Littledown Nominees Limited 9	5,354,587	1.97
7. HSBC (Singapore) Nominees Pte. Ltd.	5,282,827	1.94
8. Social Security Office	3,571,000	1.31
9. Chase Nominees Limited	3,141,100	1.16
10. State Street Bank and Trust Company for Australia	2,488,838	0.92

Notes: \* The Vongkusolkrit Family and related companies comprise:

	No. of Shares	Percentage
1) The Vongkusolkrit Family	24,402,894	8.98
2) Mitr Phol Sugar Corp., Ltd. <i>Mid Siam Sugar Corp., Ltd. holds 99.99 per cent of its paid-up capital.</i>	14,327,408	5.27
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>	6,121,600	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>	665,611	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 2011, the foreign shareholders have held around 33.43 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 5.27 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 2011, Mitr Siam Sugar Co., 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. Klanarong Sriroth 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 2011, The Vongkusolkit Family 54.23% The Auapinyakul Family 24.16% Ufinves Co., Ltd. 10.50% The Kantatham Family 3.17% The Karnchanakamnerd Family 0.58% 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 2011 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 Thaweepiyamaporn 6. Ms. Jintana Karnchanakamnerd 7. Mr. Sukkan Wattanawekin 8. Mr. Kritsada Monthienvichienchay 9. Mr. Verajet Vongkusolkit
4. Pacific Sugar Corporation Co., 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 2011, 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 per cent 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 2011, 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 2011, 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. Banchoet 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 2011 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
8. MP Particle Board Co., Ltd.	1) Being one of the shareholders of Banpu Plc., holding 0.56 per cent 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 2011 United Farmers and Industry Co., Ltd.      99.99%	1. Mr. Isara Vongkusolkrit 2. Mr. Kritsada Monthienvichienchay 3. Mrs. Amporn Kanjanakumnerd 4. Mr. Sukkan Wattanawekin 5. Mr. Attaphol Vongkusolkrit

## Other References

<b>1) Ordinary Share Registrar</b>	<b>Thailand Securities Depository Company Limited</b> 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110 Tel. 0 2229 2800
<b>2) Debenture Registrar</b>	<b>TMB Bank Public Company Limited</b> 3000 Phaholyothin Road, Chatuchak, Bangkok 10900 Tel. 0 2299 1111 <b>Bangkok Bank Public Company Limited</b> 333 Silom Road, Bangrak, Bangkok 10500 Tel. 0 2230 1893 <b>Siam Commercial Bank Public Company Limited</b> 9 Ratchadapisek Road, Jatujak, Bangkok 10900 Tel. 0 2544 1111
<b>3) Auditor</b>	<b>Mr. Somchai Jinnovart</b> Authorised Auditor No. 3271 PricewaterhouseCoopers ABAS Ltd. 15 <sup>th</sup> Floor, Bangkok City Tower, 179/74-80 South Sathorn Road, Bangkok 10120 Tel. 0 2286 9999, 0 2344 1000
<b>4) Financial Advisor</b>	-None-
<b>5) Advisor or Manager under Management Agreement</b>	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.
<b>6) Financial Institutions Frequently Contacted</b>	Around 30 local and international commercial banks and financial institutions.



# Details of the Company and Its Subsidiary and Associated Companies

Name	Type of business	Authorized capital	Paid up capital	No. of paid-up capital (shares)	Par value per share	% of holding	Head office	Telephone
1. Banpu Plc.	Energy	3,540,504,790 THB	2,717,478,550 THB	271,747,855	10	-	26-28 <sup>th</sup> Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
<b>Subsidiary Companies</b>								
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 Thungkwao1, 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	2,428,021,000 AUD	2,428,021,000 AUD	2,428,021,000	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700
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 <sup>rd</sup> 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 <sup>rd</sup> 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 <sup>rd</sup> 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 <sup>rd</sup> 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 <sup>rd</sup> 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 <sup>rd</sup> Floor, Ventura Building, Jalan R.A. Kartini No.26, Cilandak, Jakarta 12430, Indonesia	6221 750 4390
12. Banpu Coal Investment Co., Ltd.	Investment in coal mining	11,050,500 USD	11,050,500 USD	11,050,500	1	100.00%	4 <sup>th</sup> Floor, Ebene Skies, Rue de L' Institut, Ebene, Republic of Mauritius	230 210 4000
13. Banpu International Ltd.	Investment in coal mining	250,000,000 THB	250,000,000 THB	25,000,000	10	99.99%	26-28 <sup>th</sup> Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
14. Silamani Corp., Ltd.	Coal trading	75,000,000 THB	75,000,000 THB	7,500,000	10	99.99%	26-28 <sup>th</sup> Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
15. Silamani Marble Co., Ltd.	Coal trading	50,000,000 THB	50,000,000 THB	500,000	100	99.96%	26-28 <sup>th</sup> Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
16. Chiang Muan Mining Co., Ltd.	Coal mining and trading	100,000,000 THB	100,000,000 THB	10,000,000	10	100.00%	26-28 <sup>th</sup> Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
17. BP Overseas Development Co., Ltd.	Investment in coal mining	15,533,002 USD	15,533,002 USD	15,533,002	1	100.00%	4 <sup>th</sup> Floor, Ebene Skies, Rue de L' Institut, Ebene, Republic of Mauritius	230 210 4000
18. 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 <sup>nd</sup> Floor, Wickham's Cay, Road Town, Tortola, British Virgin Islands	(284) 494 4388
19. 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
20. 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
21. 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
22. 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
23. Berrima Coal Pty Ltd.	Dormant	2 AUD	2 AUD	2	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	61 2 9266 2700

**Remark:** \* Under Singaporean Corporate Law

Name	Type of business	Authorized capital	Paid up capital	No. of paid-up capital (shares)	Par value per share	% of holding	Head office	Telephone
24. 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
25. 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
26. 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
27. 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
28. 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
29. Centennial Northern Mining Services 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
30. 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
31. 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
32. 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
33. 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
34. 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
35. 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
36. 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
37. 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
38. 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
39. 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
40. 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
41. 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
42. 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
43. 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
44. 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
45. 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
46. 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
47. 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
48. 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
49. 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
50. 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
51. Preston Coal Pty Ltd.	Dormant	1,250,000 AUD	1,250,000 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

**Remark:** \* Under Singaporean Corporate Law

Name	Type of business	Authorized capital	Paid up capital	No. of paid-up capital (shares)	Par value per share	% of holding	Head office	Telephone
52. 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
53. 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
54. 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
55. 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
56. Boulder Mining Pty Ltd.	Coal mining	1,000 AUD	1,000 AUD	1,000	1	100.00%	Level 18, BT Tower, 1 Market Street, Sydney NSW 2000, Australia	62 2 9266 2700
57. Banpu Power Ltd.	Investment in power	6,021,995,000 THB	6,021,995,000 THB	602,199,500	10	99.99%	26-28 <sup>th</sup> Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
58. Banpu Coal Power Ltd.	Investment in power	5,921,587,160 THB	5,921,587,160 THB	592,158,716	10	99.99%	26-28 <sup>th</sup> Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
59. Banpu Power International Ltd.	Investment in power	40,050,000 USD	40,050,000 USD	40,050,000	1	100.00%	4 <sup>th</sup> Floor, Ebene Skies, Rue de L' Institut, Ebene, Republic of Mauritius	230 210 4000
60. 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
61. 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
62. Zouping Peak Pte. Ltd.	Investment in electrical power business	No authorized shares*	2 SGD	2 SGD	No par value*	100.00%	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981	65 6338 1888
63. Banpu Investment (China) Ltd.	Investment in electrical power	30,000,000 USD	30,000,000 USD	0	NA	100.00%	9A, 9 <sup>th</sup> Floor, Tower B, Gateway Plaza, No. 18 Xia Guang Li, North Road of East Third Ring, Chaoyang District, Beijing 100027, PRC	(8610) 5758 0388
64. Pan-Western Energy Corporation LLC	Investment in power	100,000 USD	100,000 USD	10,000,000	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
65. 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
66. 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
67. Banpu New Energy Holdings Co., Ltd.	Investment in alternative energy	60,000,000 THB	37,500,000 THB	6,000,000	10	99.99%	26-28 <sup>th</sup> Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
68. Biofuel Development Holdings Co., Ltd.	Investment in alternative energy	30,000,000 THB	30,000,000 THB	3,000,000	10	99.99%	26-28 <sup>th</sup> Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
69. Prachuab Wind Energy Co., Ltd.	Investment in alternative energy	10,000,000 THB	2,500,000 THB	1,000,000	10	99.99%	26-28 <sup>th</sup> Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
70. Mittraphap Wind Energy Co., Ltd.	Investment in alternative energy	10,000,000 THB	2,500,000 THB	1,000,000	10	99.99%	26-28 <sup>th</sup> Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
71. Petchkasem Wind Energy Co., Ltd.	Investment in alternative energy	10,000,000 THB	2,500,000 THB	1,000,000	10	99.99%	26-28 <sup>th</sup> Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
72. Banpu Coal LLC	Investment in coal mining	1,300,000 USD	1,300,000 USD	1,300,000	1	100.00%	Suite 408, Central Tower, Sukhbaatar Square, Sukhbaatar District, Ulaanbaatar, Mongolia	(976) 77114000
73. Banpu Australia Resources Pty Ltd.	Investment in 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
74. Hunnu Coal Limited	Coal mining and trading	No authorized capital*	107,303,502 AUD	248,100,002	No par value*	100.00%	3/91 Aberdeen Street, Northbridge, WA, Australia 6003	61 8 9200 4267
75. Hunnu Investment Pte. Ltd.	Foreign trade	100 SGD	100 SGD	100	No par value*	100.00%	80 Raffles Place, UOB Plaza 1, #26-01 Singapore 048624	65 6532 5746
76. Hunnu Holdings Pty Ltd.	Foreign trade	No authorized capital*	1 AUD	NA	No par value*	100.00%	Level 1, 33 Richardson Street, West Perth 6163, WA, Australia	61 8 9200 4468

**Remark:** \* Under Singaporean Corporate Law

Name	Type of business	Authorized capital	Paid up capital	No. of paid-up capital (shares)	Par value per share	% of holding	Head office	Telephone
77. Hunnu Altai LLC	Foreign trade, minerals mining	138,490,000 MNT	NA	NA	No par value*	100.00%	Seoul Business Centre 201, Zaluuchud Avenue, 1 <sup>st</sup> Khoroo, Bayanzurkh District, Ulaanbaatar, Mongolia	976 11 450238
78. Munkh Sumber Uul LLC	Foreign trade	1,000,000 MNT	1,000,000 MNT	100	10,000	100.00%	Central Tower Suite 901, Sukhbaatar Square-2, Sukhbaatar District-8 Ulaanbaatar 14200, Mongolia	976 51 211914
79. Golden Gobi Mining LLC	Foreign trade mineral exploration	40,000,000 MNT	40,000,000 MNT	4,000	10,000	60.00%	Central Tower Suite 1201, Sukhbaatar Square-2, Sukhbaatar District-8 Ulaanbaatar 14200, Mongolia	976 11 321914
80. Great East Minerals LLC	Foreign trade mineral exploration	1,000,000 MNT	1,000,000 MNT	100	10,000	70.00%	Central Tower Suite 1201, Sukhbaatar Square-2, Sukhbaatar District-8 Ulaanbaatar 14200, Mongolia	976 11 321914
81. Bilegt Khaikhan Uul LLC	Foreign trade mineral exploration	10,000,000 MNT	10,000,000 MNT	10,000	1,000	80.00%	Central Tower Suite 1201, Sukhbaatar Square-2, Sukhbaatar District-8 Ulaanbaatar 14200, Mongolia	976 11 321914
82. Hunnu Power LLC	Foreign trade	1,000,000 MNT	1,000,000 MNT	1,000	1,000	100.00%	Central Tower Suite 1201, Sukhbaatar Square-2, Sukhbaatar District-8 Ulaanbaatar 14200, Mongolia	976 11 321914
83. Borganchan LLC	Foreign trade	1,000,000 MNT	1,000,000 MNT	1,000	1,000	60.00%	Central Tower Suite 1201, Sukhbaatar Square-2, Sukhbaatar District-8 Ulaanbaatar 14200, Mongolia	976 11 321914
84. Zuchid Ord LLC	Business consulting, mineral exploration, foreign trade	1,000,000 MNT	1,000,000 MNT	100	10,000	70.00%	Central Tower Suite 1201, Sukhbaatar Square-2, Sukhbaatar District-8 Ulaanbaatar 14200, Mongolia	976 11 321914
85. Munkhnoyov Suvraga LLC	Foreign trade, minerals mining, tourism, and construction	1,000,000 MNT	1,000,000 MNT	1,000	1,000	90.00%	60-9, 2 <sup>nd</sup> Sub-district, Sukhbaatar District-1 Ulaanbaatar 14200, Mongolia	976 99085479
86. Hunnu Gobi Altai LLC	Foreign trade, mineral exploration, mining	155,000,000 MNT	155,000,000 MNT	155,000	1,000	80.00%	Seoul Business Centre 201, Zaluuchud Avenue, 1 <sup>st</sup> Khoroo, Bayanzurkh District, Ulaanbaatar, Mongolia	976 11 450238
87. Rio AD LLC	Foreign trade, minerals exploration	NA	NA	NA	1,000	70.00%	Seoul Business Centre 201, Zaluuchud Avenue, 1 <sup>st</sup> Khoroo, Bayanzurkh District, Ulaanbaatar, Mongolia	976 11 450238
88. Hunnu Resources LLC	Foreign trade	100,000 USD	100,000 USD	100,000	1	100.00%	Central Tower Suite 1201, Sukhbaatar Square-2, Sukhbaatar District-8 Ulaanbaatar 14200, Mongolia	976 11 321914
89. Hunnu Coal (HK) Ltd.	Foreign trade	10,000 HKD	10,000 HKD	10,000	1	100.00%	15 <sup>th</sup> Floor, Alexandra House, 18 Charter Road, Central, Hong Kong	852 2284 4566
<b>Associated Companies</b>								
90. 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
91. BLCP 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
92. 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
93. 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
94. 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
95. 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 <sup>th</sup> Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400	0 2694 6600
96. 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

## Contents

<b>087</b>	Report of the Board of Directors' Responsibility in the Financial Statements
<b>088</b>	Report of the Audit Committee to Shareholders
<b>090</b>	Management's Discussion and Analysis of the Consolidated Financial Statements
<b>094</b>	Auditor's Report
<b>095</b>	Statements of Financial Position
<b>098</b>	Statements of Comprehensive Income
<b>099</b>	Statements of Changes in Shareholders' Equity
<b>101</b>	Statements of Cash Flows
<b>104</b>	Notes to the Consolidated and Company Financial Statements

## 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 2011. 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 Charoenkul as the Chairman, Mr. Montri Mongkolswat and Mr. Anothai Techamontrikul as the members of the Committee. The Audit Committee performs its duty independently 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 2011, the Audit Committee held nine meetings with all members attending all meetings. The meetings were held with executives, Senior Vice President of Internal Audit Department and the auditors in relevant agendas. Results of the Audit Committee's performance can be summarized as follows:

- **Financial Statement Review** The Audit Committee reviewed the quarterly financial statements and the 2011 financial statements of the Group and found that they were carried out with accuracy. The information was adequately and completely disclosed in a reliable manner, and was approved by the auditors without conditions. The meetings were held with auditors, without members of management present, to discuss about the independence of the Committee, opinion of auditors, their observations, and improvement guidelines to benefit the Company.

- **Internal Control System** The Audit Committee reviewed the internal control system and the Internal Audit Department's action plan appropriately in respect of accounting and finance, maintenance of properties, operation, as well as law and regulation compliance. Check and balance mechanisms were introduced and monitoring was performed by independent Internal Audit Department to ensure that the interest of shareholders and relevant parties are effectively protected. The Audit Committee was confident that the Company had an efficient process to achieve its goal and support overseas investment.

- **Business Law Compliance** The Audit Committee reviewed and found that the Company duly complied with the laws governing securities and exchange, requirements of both the SET and the SEC and other legislations relating to the Company's business.

- **Connected Transactions or Transactions with Potential Conflict of Interest** The Audit Committee reviewed the connected transactions and found that they were actual transactions carried out during a normal course of business, and with reasonable cause. The Company carried them out according to a good corporate governance policy without any conflict of interest. The Company has strictly followed SEC's and SET's rules and regulations by taking into account the interest of all stakeholders.

- **Risk Management** The Audit Committee reviewed the annual plan and monitored the progress of the risk management on a quarterly basis. The Audit Committee was confident that the Company's risk management mechanisms were properly taken into account. The Company set up efficient risk mitigation plan to control or reduce possible impacts on the Company's operation. Risk assessment criteria and report format were standardized. Staff was trained to enhance their understanding about the Company's risk management practices as they were considered a key factor in creating business value.

The Audit Committee expressed its opinion that the Company was actively committed to the corporate governance policy. The risk management was in line with the Company's policy. This, in turn, resulted in an effective and adequate internal control system that corresponded with both internal and external changes. Appropriate internal control system was in place. 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. All related laws and regulations were fully complied with. The financial statements for an accounting period ending on 31 December 2011 were duly prepared and adequate and reliable information was adequately disclosed.



### Appointment of auditors and auditing fees for 2012

The Audit Committee reviewed performances of the auditors during the past year based on Banpu's evaluation criteria, and found that their qualifications, quality and standards of work, and their independence 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 shareholders' approval:

1. Mr. Somchai Jinnovart CPA (Thailand) No. 3271; and/or
2. Mr. Prasit Yuensrikul CPA (Thailand) No. 4174; and/or
3. Mr. Vichien Khingmontri CPA (Thailand) No. 3977;

of PricewaterhouseCoopers ABAS Limited (PwC), an international company with extended networks over several countries, as Banpu's auditor in 2012 for a total auditing fee of THB 2,100,000 or a 10 per cent increase from the year 2011.

15 February 2012

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 2011 in comparison with the fiscal year financial statements ending 31 December 2010. Details of financial statements are set out in the attached note stated in the consolidated statements as of 31 December 2011.

## 1. The Consolidated Profit and Loss for the fiscal year ending 31 December 2011 in comparison with the Consolidated Profit and Loss for the fiscal year ending 31 December 2010

1.1 Sales revenue reported at THB 112,404 million, an increase of THB 47,119 million or 72 per cent compared to last year. The increase was mainly due to higher coal sale volume with higher selling price of Indonesian and Australia mines. Details of the Company's sales revenue are as follow:

- Revenue from coal sales of THB 106,656 million accounted for 95 per cent of total sales revenue. This represents an increase of THB 47,072 million or 79 per cent. The revenue from coal sales includes:
  - Sales revenue from Indonesian coal mines of THB 73,875 million;
  - Sale revenue from Australia coal mine of THB 32,751 million;
  - Sales revenue from domestic coal mines of THB 30 million.
- Sales of power and steam (from BIC) of THB 5,236 million accounted for 5 per cent of total sales revenue and increased 7.64 per cent compared to the previous year.
- Other income of THB 511 million.
- Coal sale volume totaled 39.57 million tonnes, increasing 53 per cent due to higher production at Indonesian mines by 2.64 million tonnes and sale volume contribution from Australian subsidiaries of 11.30 million tonnes while production of Thai mine decreases due to depleted output. The coal sale volume consists of:
  - Coal from Indonesian mines 24.64 million tonnes.
  - Coal from Australia mines 14.87 million tonnes.
  - Coal from domestic mines 0.06 million tonnes.
- Average coal selling price from Indonesia was USD 97.06 per tonne, compared to the previous year of USD 74.65 per tonne.

1.2 Cost of sales THB 62,960 million, increasing THB 24,449 million or 63 per cent due to the increase in cost of mining in Indonesia, resulting from the increase in amounts of coal sales, the rising of diesel price during the year and the higher price of contractor rate. In addition, the cost of sales of Australian subsidiaries is recorded full year in 2011, while the cost of sales in previous year was recorded only 1 quarter.

1.3 Gross profit reported at THB 49,444 million, an increase of THB 22,669 million or 86 per cent. Gross profit margin is calculated at 44 per cent in this period. The gross profit margin of coal and power businesses are at 46 per cent and 10 per cent, respectively.

1.4 Selling expenses reported at THB 7,888 million, an increase of THB 3,875 million or 97 per cent due to the increase of demurrage expense which were from the greater increase in rainfall on Kalimantan island. The increase in rainfall affected the mining production not achieve as plan. Moreover, the selling expenses of Australian subsidiaries were recorded full year in 2011 compared to the previous year which was recorded only 1 quarter.

1.5 Administrative expenses reported at THB 7,400 million, an increase of THB 1,080 million or 17 per cent mainly from administrative expenses of subsidiaries in Australia at THB 1,075 million.

1.6 Royalty fees reported at THB 11,370 million, an increase of THB 4,445 million or 64 per cent due to the higher sales volume of coal and selling price.

1.7 Gain on disposal of investment in subsidiaries and associates reported of THB 8,248 million, from divestment of a China coal mine.

1.8 Gain on foreign exchange of THB 3,510 million, increasing THB 3,323 million was from gain on the forward exchange rate contracts in both Australian dollar and U.S. dollar.

1.9 Loss from financial instrument of THB 322 million was from coal swap loss of THB 1,473 million. Net gain on oil hedging and interest rate swap were THB 1,151 million.

1.10 Equity income from associates and affiliates reported at THB 1,939 million, derived mainly from equity income from BLCP of THB 1,952 million, equity income from China coal business of THB 19 million, while record equity loss from Laos coal and other of THB 32 million.

Net equity income recognized in this year decrease of THB 4,178 million from last year was mainly due to the decreasing in operating income of BLCP of THB 1,081 million and equity gain from a joint venture in China of THB 2,868 million as it was sold during the year.

1.11 Interest expenses of THB 3,047 million increased THB 1,371 million, mainly from the borrowings for investments in Australia and Mongolia mining.

1.12 Corporate income tax amounted to THB 8,506 million, increasing THB 4,773 million from higher operating income of Indonesian subsidiaries resulting in higher corporate income tax by THB 3,288 million, reported fully year for corporate income tax of Australian subsidiaries of THB 339 million and tax expense of THB 1,941 million from divestment of a China coal mine. While operating income of Thailand decreased from last year, resulting in lower corporate income tax by THB 600 million.

1.13 Net profit for the fiscal year of 2011 reported at THB 20,060 million, a decrease of THB 4,820 million or 19 per cent mainly from lower recognized equity income from associates and affiliates of THB 4,178 million and a smaller gain from divestment.

1.14 Earnings per share (EPS) for the fiscal year 2011 reported at THB 73.82 per share compared to THB 91.56 per share last year, a decrease of 19 per cent.

## **2. Consolidated Statements of Financial Position as of 31 December 2011 in comparison with Consolidated Statements of Financial Position as of 31 December 2010**

2.1 Total assets of THB 225,010 million reported an increase of THB 31,889 million or 17 per cent with details described below:

- Cash and cash equivalents of THB 29,523 million increased THB 12,543 million or 74 per cent from cash inflow from operating while additional investment in Mongolia coal business included investment in machinery and equipment of Indonesia and Australia coal businesses.
- Accounts and note receivable of THB 10,699 million increased THB 3,801 million or 55 per cent from consolidated accounts receivable of subsidiaries in Indonesia and Australia.
- Accrued dividends from related parties of THB 6,088 million were from accrued dividend of domestic power business (BLCP).
- Inventory, net of THB 5,976 million increased THB 1,858 million or 45 per cent from Indonesia and Australian's subsidiaries.
- Accounts receivable from disposal of investment in subsidiaries of THB 2,138 million were from accrued income of joint venture share divestment.
- Investments in subsidiaries and interests in joint ventures of THB 20,720 million decreased THB 12,867 million or 38 per cent mainly from disposal of investment in joint venture (AACI SAADEC (HK) Holdings) amounting to THB 11,645 million.
- Other investment of THB 437 million decreased THB 3 million or 1 per cent from mark-to-market adjustment.
- Property plant and equipment of THB 44,595 million increased of THB 4,754 million or 12 per cent from more investment in plants and machinery of subsidiaries in Indonesia, Australia and Mongolia.

- Deferred exploration and development costs and deferred overburden costs of THB 22,589 million mainly increased THB 7,232 million or 47 per cent that incurred from Australia mines THB 2,300 million, Indonesia mine THB 1,408 million and new subsidiary in Mongolia THB 3,524 million.

- Mining property right net of THB 71,974 million increased THB 12,613 million incurred from the premium paid for acquisition of Mongolia's subsidiaries company over the fair value of net assets.

2.2 Total liabilities of THB 136,355 million increased THB 12,292 million or 10 per cent with details described below:

- Bank loans of THB 4,257 million increased THB 2,870 million or 207 per cent from addition short-term borrowing.

- Current portion of borrowings of THB 3,573 million net increased THB 790 million from reclassify of long term portion of THB 1,520 million and partial payment of THB 730 million.

- Current portion of debentures of THB 2,000 million net increased THB 500 million from reclassify debentures from long term portion of THB 2,000 million and partial payment of THB 1,500 million.

- Accrued overburden and transportation expenses of THB 4,643 million increased THB 1,822 million mainly from the Indonesian operations.

- Accrual corporate income tax of THB 5,556 million increased THB 4,800 million from Indonesia and Australia operations and accrual corporate income tax from divestment of a China coal mine of THB 1,941 million.

- Long-term loans of THB 63,201 million decreased THB 12,951 million represents net decrease from partial payment of long-term loans prior to due date by THB 17,349 million, partial reclassify to current portion of THB 2,735 million and additional loan of Australia by THB 7,133 million.

- Baht debenture of THB 21,754 million increased THB 12,973 million from new baht debenture issuing of THB 15,000 million and partial reclassify to current portion.

2.3 Shareholders' equity of THB 88,656 million increased THB 19,597 million or 28 per cent mainly from

- An increase of THB 20,060 million from net profit of the year.
- An increase of THB 6,480 million from non-controlling interests
- An increase of THB 62 million from liquidation of subsidiaries
- An increase of THB 3 million from mark to market value of available for sales investments.
- A decrease from dividend payment to shareholders of THB 6,840 million.
- A decrease from subsidiaries' foreign exchange translations loss of THB 168 million.

2.4 Net debt-to-equity as of 31 December 2011 reported at 0.74 times for the consolidated statements of financial position and 4.42 times for the parent company. As of 31 December 2010, the ratio was 1.07 times for the consolidated statements of financial position and 4.54 times for the parent company.

### **3. Statements of Cash Flows for the fiscal year ending 31 December 2011 in comparison with the previous year ending 31 December 2010**

Banpu's statements of cash flows for the fiscal year ending 31 December 2011 recorded an increase in net cash flow of THB 12,177 million compared to last year. The Company's net cash flow is divided into:

3.1 Cash inflow from operation of THB 21,328 million; with major operating items as follow:

- Received from coal sale THB 125,591 million.
- Overburden, coal mining and coal transportation payment of THB 58,039 million.
- Interest paid of THB 2,997 million.
- Corporate income tax paid of THB 3,929 million.
- Royalty payment of THB 11,406 million.
- Others of THB 27,892 million.

- 3.2 Cash outflow from investing activities recorded an outflow of THB 1,418 million;
- Cash payment for investment in subsidiaries - Mongolia of THB 15,032 million.
  - Cash payment for investment in machinery and mining equipment of THB 7,385 million.
  - Cash received from partial divestment of joint venture of THB 18,259 million.
  - Cash received from dividend of power business of THB 1,660 million.
  - Cash received from loan repayment by associates and interest received of THB 1,080 million.
- 3.3 Cash outflow from financing recorded outflow of THB 7,733 million, from
- Bank loan, long-term loan and debenture payment of THB 33,105 million.
  - Financial fee payment of THB 323 million.
  - Dividend payment of THB 8,181 million.
  - Bank loan, debentures issuing and long-term loan of THB 33,876 million.

#### 4. Management Discussion and Analysis

The financial statement of 2011 reports a net profit of THB 20,060 million. This represents a decline by 19 per cent from 2010 due largely to a smaller gain from divestment. In March 2011, the Company divested its 56 per cent holding in Chinese coal mine Daning and realized after-tax gain of THB 6,307 million. This is lower than the net divestment gain of THB 15,176 million booked in 2010 as a result of partial sale of 8.72 per cent stake in ITM and disposal of 14.9 per cent stake in RATCH. By excluding divestment profit, the earnings in 2011 is amounted to THB 13,753 million and increases by 42 per cent with detail as following.

Coal operation in Indonesia is the key driver for group performance. Coal sale records an 11 per cent increase to 24.64 million tonnes, mostly attributed to improvement in mine planning. Coal sale from Indominco increased slightly 2 per cent to 14.8 million tonnes as production from East Block gradually replaces the depleting West Block. At Trubaindo, production from new pits enabled the mine to achieve 26 per cent higher sale to the record 6.81 million tonnes with minor disruption of shipment in early December caused by the bridge-collapse incident in Kalimantan. The re-opening of Kitadin-Tandung Mayang contributed 0.43 million tonnes to sale with further increase expected in 2012. The other medium-sized mines, Jorong and Kitadin-Embalut, also recorded higher sale of 1.43 million tonnes and 1.18 million tonnes, respectively.

Average coal selling price from Indonesian mines increased remarkably by 30 per cent to USD 97.06 per tonne, helped by the firm increase of 23 per cent in average benchmark coal price during the year despite the weakening global economic outlook. The advantage of having higher proportion of premium coal sale in the product mix also paid off during the year. The increased selling price led to higher profitability despite rising diesel cost by 36 per cent. The gross profit margin for Indonesia improved from 44 per cent to 50 per cent in 2011.

Australia coal operation made the first full-year contribution to Banpu Group with coal sale on equity basis of 14.87 million tonnes and revenue of THB 32,751 million. The biggest mine, Mandalong, achieved the record coal sale of 5.52 million tonnes due to more efficient operation of its underground longwall equipment. Of the total coal sale, 61 per cent of tonnage was sold in domestic market with the other 39 per cent in export market with the average gross profit margin of 36 per cent.

China coal business contributed a small equity income of THB 19 million during the year, mostly due to operation loss of THB 280 million incurred during the suspension of Daning mine during 1Q/2011. Daning mine was later divested in March. The power plant BLCP reported an equity income of THB 1,952 million, including an FX loss of THB 191 million. Lastly, the China power business realized a net profit of THB 235 million.

Excluding non-recurring items, the EBITDA in 2011 was THB 31,768 million which increased 45 per cent. EBITDA from coal and power were THB 29,847 million (higher 66 per cent) and THB 1,922 million (lower 51 per cent), respectively.

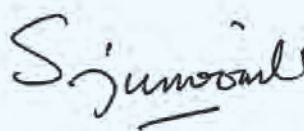
# Auditor's Report

## To the Shareholders of Banpu Public Company Limited

I have audited the accompanying consolidated and company statements of financial position as of 31 December 2011 and 2010, and the related consolidated and company statements of comprehensive 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 2011 and 2010, 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.



**(Mr. Somchai Jinnovart)**

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

Bangkok

22 February 2012

# Statements of Financial Position

As at 31 December 2011 and 2010

Unit: THB Thousand

		Consolidated		Company	
		2011	2010	2011	2010
	Notes		(Restated)		(Restated)
Assets					
Current assets					
Cash and cash equivalents	5	29,522,521	16,979,739	1,062,234	3,244,289
Trade accounts receivable, net	6	10,699,083	6,898,206	412,028	305,495
Amounts due from related parties	30	6,258	16,280	2,170,627	805,131
Dividend receivables from related parties	30	6,087,898	5,755,010	8,943,399	4,552,395
Advances to related parties	30	4,451	239,915	308,762	854,506
Short-term loan to other company		-	370,791	-	-
Inventories, net	7	5,976,303	4,117,905	420,415	396,681
Spare parts and machinery supplies, net		1,563,542	1,117,082	74,069	74,216
Accounts receivable from disposal of investment in a subsidiary	10	2,137,535	-	-	-
Other current assets	8	6,626,966	6,959,077	210,957	387,227
Total current assets		62,624,557	42,454,005	13,602,491	10,619,940
Non-current assets					
Loans to employees		12,591	16,948	35	30
Long-term loans to related parties	30	-	-	71,407,259	63,070,341
Long-term loans to other companies	9	4,733	4,501	4,733	4,501
Investments in subsidiaries and interests in joint ventures	10	20,720,050	33,587,292	8,103,502	6,883,703
Other investments, net	11	437,214	440,243	263,458	256,636
Investment property, net		109,543	112,502	77,882	77,882
Property, plant and equipment, net	12	44,594,926	39,841,409	165,892	168,980
Other non-current assets					
Deferred exploration and development expenditures and deferred overburden expenditures/stripping costs, net	13	22,588,549	15,356,655	-	-
Mining property rights, net	14	71,974,427	59,361,777	-	-
Projects under development	15	638,130	405,460	8,487	6,283
Other non-current assets		1,305,607	1,540,914	159,408	149,508
Total non-current assets		162,385,770	150,667,701	80,190,656	70,617,864
Total assets		225,010,327	193,121,706	93,793,147	81,237,804

The notes to the consolidated and company financial statements on pages 104 to 158 are an integral part of these financial statements.



# Statements of Financial Position

As at 31 December 2011 and 2010

		Unit: THB Thousand			
		Consolidated		Company	
		2011	2010	2011	2010
	Notes		(Restated)		(Restated)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	16	4,256,962	1,387,375	3,310,518	-
Trade accounts payable		3,735,808	3,067,690	-	-
Trade accounts payable - a subsidiary	30	-	-	137,632	-
Advances from related parties	30	266	-	954	2,045
Current portion of borrowings, net	18	3,572,796	2,782,421	3,172,761	1,680,165
Current portion of debentures	19	2,000,000	1,500,000	2,000,000	1,500,000
Other current liabilities					
Accrued overburden and coal transportation costs		4,642,691	2,821,118	227	2,417
Accrued interest expenses		393,075	343,521	378,647	273,701
Accrued royalty expenses		1,246,810	599,931	2,499	3,076
Accrued income taxes		5,556,464	755,891	-	-
Accrued employee benefits	20	2,658,282	2,232,374	-	-
Other current liabilities	17	9,541,577	8,183,292	750,949	2,258,066
<b>Total current liabilities</b>		<b>37,604,731</b>	<b>23,673,613</b>	<b>9,754,187</b>	<b>5,719,470</b>
<b>Non-current liabilities</b>					
Long-term loans from other company		26,724	25,500	-	-
Long-term borrowings, net	18	63,201,367	76,152,714	45,200,534	52,899,688
Debentures, net	19	21,753,841	8,780,454	21,753,841	8,780,454
Employee retirement benefits obligation	20	703,907	621,000	249,173	254,455
Deferred unfavourable contract liabilities		10,668,955	13,076,332	-	-
Other liabilities		2,395,130	1,732,982	6,033	7,447
<b>Total non-current liabilities</b>		<b>98,749,924</b>	<b>100,388,982</b>	<b>67,209,581</b>	<b>61,942,044</b>
<b>Total liabilities</b>		<b>136,354,655</b>	<b>124,062,595</b>	<b>76,963,768</b>	<b>67,661,514</b>

The notes to the consolidated and company financial statements on pages 104 to 158 are an integral part of these financial statements.

# Statements of Financial Position

As at 31 December 2011 and 2010

Unit: THB Thousand

		Consolidated		Company	
		2011	2010	2011	2010
	Notes		(Restated)		(Restated)
<b>Liabilities and shareholders' equity (Continued)</b>					
<b>Shareholders' equity</b>					
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
Retained earnings					
Appropriated					
Legal reserve	29	1,915,187	1,869,661	354,051	354,051
Unappropriated		63,546,940	48,151,175	8,690,804	5,444,537
Other components of shareholders' equity		2,653,198	2,754,559	8,716	1,894
Total parent's shareholders' equity		75,891,133	60,551,203	16,829,379	13,576,290
Non-controlling interests		12,764,539	8,507,908	-	-
<b>Total shareholders' equity</b>		<b>88,655,672</b>	<b>69,059,111</b>	<b>16,829,379</b>	<b>13,576,290</b>
<b>Total liabilities and shareholders' equity</b>		<b>225,010,327</b>	<b>193,121,706</b>	<b>93,793,147</b>	<b>81,237,804</b>

The notes to the consolidated and company financial statements on pages 104 to 158 are an integral part of these financial statements.

# Statements of Comprehensive Income

For the years ended 31 December 2011 and 2010

Unit: THB Thousand					
		Consolidated		Company	
		2011	2010	2011	2010
	Notes		(Restated)		(Restated)
Sales		112,404,092	65,285,315	2,432,078	789,882
Cost of sales		(62,960,289)	(38,510,955)	(2,373,642)	(729,542)
Gross profit		49,443,803	26,774,360	58,436	60,340
Selling expenses		(7,887,946)	(4,013,103)	(129,948)	(97,015)
Administrative expenses		(7,400,437)	(6,320,225)	(1,454,223)	(891,680)
Royalty fee		(11,370,141)	(6,925,295)	(2,130)	(110)
Profit (loss) from sales		22,785,279	9,515,737	(1,527,865)	(928,465)
Dividend income from subsidiaries	30	-	-	7,846,133	6,262,875
Dividend income from other companies		60,835	591,917	8,961	255,493
Interest income		463,034	337,940	1,943,099	991,836
Net gain from disposal of investment in a subsidiary and interest in a joint venture	10	8,248,255	11,691,829	-	-
Net gain (loss) from disposal of investment in available-for-sale securities	11	5,708	4,085,074	-	(411,942)
Net gain (loss) on exchange rate		3,509,794	186,929	375,488	(795,041)
Net gain (loss) from financial derivatives		(321,867)	(939,944)	(48,194)	2,886
Management fee and others		798,488	1,066,326	1,652,511	1,322,684
Directors and management’s remuneration	28	(188,667)	(100,962)	(188,667)	(100,962)
Operating profit		35,360,859	26,434,846	10,061,466	6,599,364
Interests in joint ventures	10	1,938,627	6,116,983	-	-
Profit before financial costs and income taxes		37,299,486	32,551,829	10,061,466	6,599,364
Interest expenses		(3,046,996)	(1,675,702)	(2,054,334)	(1,066,127)
Financial expenses		(348,939)	(298,840)	(143,566)	(150,327)
Profit before income taxes		33,903,551	30,577,287	7,863,566	5,382,910
Income taxes	24	(8,505,652)	(3,732,848)	-	-
Net profit for the year		25,397,899	26,844,439	7,863,566	5,382,910
Other comprehensive income (loss):					
Translation adjustments		973,415	(272,003)	-	-
Unrealised gain (loss) on available-for-sale securities		2,898	(4,594,394)	6,822	172,914
Other comprehensive income (loss) for the year		976,313	(4,866,397)	6,822	172,914
Total comprehensive income for the year		26,374,212	21,978,042	7,870,388	5,555,824
Attributable to:					
Owners of the parent		20,059,830	24,880,171	7,863,566	5,382,910
Non-controlling interests		5,338,069	1,964,268	-	-
		25,397,899	26,844,439	7,863,566	5,382,910
Total comprehensive income attribute to:					
Owners of the parent		19,894,464	20,347,382	7,870,388	5,555,824
Non-controlling interests		6,479,748	1,630,660	-	-
		26,374,212	21,978,042	7,870,388	5,555,824
Earnings per share (THB)					
Basic earnings per share	25	73.82	91.56	28.94	19.81

The notes to the consolidated and company financial statements on pages 104 to 158 are an integral part of these financial statements.

# Statements of Changes in Shareholders' Equity

For the years ended 31 December 2011 and 2010

Unit: THB Thousand

Consolidated 2011											
	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of shareholders' equity					
						Other comprehensive income (loss)				Total other components of shareholders' equity	Non-controlling interests
				Surplus on dilution of investment in a subsidiary	Fair value reserve of available-for-sale securities	Translation adjustment	Legal reserve	Unappropriated			
Opening balance of 2011		2,717,479	5,058,329	1,869,661	48,576,649	6,760,098	(137,595)	(3,867,944)	2,754,559	8,737,010	69,713,687
Retrospective adjustments from											
the change in accounting policies	2.2.1	-	-	-	(425,474)	-	-	-	-	(229,102)	(654,576)
Balance after adjustments		2,717,479	5,058,329	1,869,661	48,151,175	6,760,098	(137,595)	(3,867,944)	2,754,559	8,507,908	69,059,111
Impact from liquidation of subsidiaries		-	-	(1,240)	-	-	-	64,005	64,005	(723)	62,042
Legal reserve	29	-	-	46,766	(46,766)	-	-	-	-	-	-
Dividend paid	27	-	-	-	(4,617,299)	-	-	-	-	-	(4,617,299)
Dividend paid of a subsidiary		-	-	-	-	-	-	-	-	(2,222,394)	(2,222,394)
Total comprehensive income (loss)											
for the year		-	-	-	20,059,830	-	2,898	(168,264)	(165,366)	6,479,748	26,374,212
Closing balance of 2011		2,717,479	5,058,329	1,915,187	63,546,940	6,760,098	(134,697)	(3,972,203)	2,653,198	12,764,539	88,655,672

Unit: THB Thousand

Consolidated 2010											
	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of shareholders' equity					Total share-holders' equity
						Other comprehensive income (loss)			Non-controlling interests		
				Surplus on dilution of investment in a subsidiary	Fair value reserve of available-for-sale securities	Translation adjustment	Total other components of share-holders' equity				
Opening balance of 2010		2,717,479	5,058,329	1,422,367	29,950,695	7,667,014	4,456,799	(2,843,582)	9,280,231	7,522,536	55,951,637
Retrospective adjustments from											
the change in accounting policies		-	-	-	(577,923)	-	-	-	-	(206,020)	(783,943)
Balance after adjustments		2,717,479	5,058,329	1,422,367	29,372,772	7,667,014	4,456,799	(2,843,582)	9,280,231	7,316,516	55,167,694
Impact 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)
Dividend paid of a subsidiary		-	-	-	-	-	-	-	-	(2,432,151)	(2,432,151)
Total comprehensive income (loss)											
for the year		-	-	-	24,880,171	-	(4,594,394)	61,605	(4,532,789)	1,630,660	21,978,042
Closing balance of 2010		2,717,479	5,058,329	1,869,661	48,151,175	6,760,098	(137,595)	(3,867,944)	2,754,559	8,507,908	69,059,111

The notes to the consolidated and company financial statements on pages 104 to 158 are an integral part of these financial statements.

# Statements of Changes in Shareholders' Equity

For the years ended 31 December 2011 and 2010

Unit: THB Thousand								
Company 2011								
	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of shareholders' equity		Total shareholders' equity
				Legal reserve	Unappropriated	Fair value reserve of available-for-sale securities	Total other components of shareholders' equity	
Opening balance of 2011		2,717,479	5,058,329	354,051	5,444,537	1,894	1,894	13,576,290
Dividend paid	27	-	-	-	(4,617,299)	-	-	(4,617,299)
Total comprehensive income for the year		-	-	-	7,863,566	6,822	6,822	7,870,388
Closing balance of 2011		2,717,479	5,058,329	354,051	8,690,804	8,716	8,716	16,829,379

Unit: THB Thousand							
Company 2010							
					Other components of shareholders' equity		
					Other comprehensive income (loss)		
					Fair value reserve of available-for-sale securities	Total other components of shareholders' equity	Total shareholders' equity
	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings			
				Legal reserve	Unappropriated		
Opening balance of 2010		2,717,479	5,058,329	354,051	5,716,101	(171,020)	(171,020) 13,674,940
Dividend paid	27	-	-	-	(5,654,474)	-	- (5,654,474)
Total comprehensive income for the year		-	-	-	5,382,910	172,914	172,914 5,555,824
Closing balance of 2010		2,717,479	5,058,329	354,051	5,444,537	1,894	1,894 13,576,290

The notes to the consolidated and company financial statements on pages 104 to 158 are an integral part of these financial statements.

# Statements of Cash Flows

For the years ended 31 December 2011 and 2010

Unit: THB Thousand

		Consolidated		Company	
		2011	2010	2011	2010
Notes			(Restated)		
Cash flows from operating activities					
Net profit for the year before income taxes		33,903,551	30,577,287	7,863,566	5,382,910
Adjustment to reconcile net profit for cash receipts					
(payments) from operations					
Depreciation and amortisation		6,230,133	2,573,919	23,770	25,367
Write-off projects under development		15 57,038	483,907	1,992	-
Write-off property, plant and equipment		12 504,662	144,408	2,507	1,866
Reversal of impairment of property, plant and equipment		12 -	(405)	-	(405)
Reversal of allowance for doubtful accounts		6 (20,609)	(30,914)	(20,609)	(30,914)
Allowance for slow-moving of coal		7 7,922	-	7,922	-
Interest expenses		3,046,996	1,675,702	2,054,334	1,066,127
Interest income		(463,034)	(337,940)	(1,943,099)	(991,836)
Financial expenses		348,939	298,840	143,566	150,327
Interests in joint ventures		(1,938,627)	(6,116,983)	-	-
Dividend income from subsidiaries		-	-	(7,846,133)	(6,262,875)
Dividend income from other companies		(60,835)	(591,917)	(8,961)	(255,493)
Gain on disposal of investment property		(291)	-	-	-
Gain on disposal of property, plant and equipment		(182,500)	(2,847)	(180,907)	(13,468)
Gain on disposal of investment in a subsidiary					
and interest in a joint ventures		(8,248,255)	(11,691,829)	-	-
Gain on liquidation of subsidiaries		(12,180)	-	-	-
(Gain) loss on disposal of investment					
in available-for-sale securities		(5,708)	(4,085,074)	-	411,942
Net unrealised (gain) loss on exchange rate		(876,365)	(1,762,275)	(670,488)	1,163,916
Cash flow before changes in working capital		32,290,837	11,133,879	(572,540)	647,464
Changes in working capital (exclude effect from					
acquisitions and disposal of subsidiaries)					
Trade accounts receivable		(3,892,098)	402,002	(85,924)	(42,333)
Amounts due from related parties		10,022	(14,277)	(26,053)	25,461
Inventories		(1,644,760)	(484,333)	(31,656)	81,447
Spare parts and machinery supplies		(446,460)	75,795	147	(172)
Other current assets		(60,846)	(1,957,751)	179,586	(312,254)
Deferred exploration and development expenditures					
and deferred overburden expenditures		(3,694,794)	1,152,502	-	-
Other non-current assets		74,943	65,995	14,012	(8,642)
Trade accounts payable		668,118	917,748	-	-
Trade accounts payable - a subsidiary		-	-	137,632	-
Accrued overburden and coal transportation costs		1,821,573	(161,481)	(2,190)	489
Accrued royalty fee		646,879	(1,429,053)	(577)	(60)
Employee retirement benefits obligation		508,815	12,494	(8,656)	(24,491)
Other current liabilities		1,310,187	-	(165,776)	-
Other liabilities		662,247	(1,231,536)	(1,414)	570,493
Cash generated (payments) from operating activities		28,254,663	8,481,984	(563,409)	937,402
Interest paid		(2,997,442)	(1,431,365)	(1,946,161)	(888,878)
Income tax paid		(3,929,307)	(5,630,034)	-	-
Net cash receipts (payments) from operating activities		21,327,914	1,420,585	(2,509,570)	48,524

The notes to the consolidated and company financial statements on pages 104 to 158 are an integral part of these financial statements.

# Statements of Cash Flows

For the years ended 31 December 2011 and 2010

Unit: THB Thousand					
		Consolidated		Company	
		2011	2010	2011	2010
Notes			(Restated)		
Cash flows from investing activities					
Cash receipts (payments) from advances to related parties		-	(239,894)	545,744	76,633
Cash receipts from advances from related parties		235,464	-	3,087	642
Cash payments for advances from related parties		-	-	(4,384)	-
Cash receipts from short-term loan to other company		367,440	364,340	-	-
Cash receipts from short-term loans to related parties		-	-	-	10,715,000
Cash payments for short-term loans to related parties		-	-	-	(10,658,440)
Cash receipts from long-term loans to related parties	30	-	-	19,298,751	544,872
Cash payments for long-term loans to related parties	30	-	-	(25,015,490)	(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)	-	-
Cash receipts (payments) from loans to employees, net		4,357	(519)	(5)	3
Cash receipts from disposal of investment in a subsidiary and interest in joint venture		18,258,900	11,923,933	-	-
Cash receipt from liquidation of subsidiaries		13,686	-	-	-
Cash payments for purchase of investments in subsidiaries and interests in joint ventures		10	(15,032,024)	-	(37,500)
Cash receipts from disposal of other investments		10,081	7,172,454	-	3,672,905
Cash receipts from disposal of projects under development		-	2,328,895	-	-
Cash payments for projects under development		(206,864)	(981,499)	(4,196)	(531,461)
Cash receipts from disposal of investment property		3,250	-	-	-
Cash payments for purchase of property, plant and equipment		(7,385,120)	(3,428,758)	(47,564)	(30,819)
Cash receipts from disposal of property, plant and equipment		189,391	96,355	182,421	18,115
Interest received		463,002	591,816	702,974	1,246,680
Cash receipts from dividends from subsidiaries and joint ventures		1,600,000	3,347,414	2,259,301	5,966,325
Cash receipts from dividends from other investments		60,835	591,917	8,961	255,493
Net cash payments from investing activities		(1,417,602)	(49,679,883)	(2,070,400)	(39,028,640)
Cash flows from financing activities					
Cash receipts from short-term loans from financial institutions		8,244,998	11,311,018	8,465,552	10,591,105
Repayments of short-term loans from financial institutions		(5,903,235)	(13,462,445)	(5,239,200)	(11,608,420)
Cash receipts from advances to related party		266	-	-	-
Cash receipts from short-term loans from other companies		-	25,500	-	-
Cash receipts from loans from financial institutions	18	3,744,165	68,225,952	3,051,680	51,057,744
Repayments of loans from financial institutions	18	(25,701,938)	(13,629,714)	(11,260,111)	(3,200,000)
Cash payments for financial expenses		(323,815)	(578,916)	(171,197)	(188,871)
Cash receipts from private placement notes		6,887,212	-	-	-
Cash receipts from debentures	19	15,000,000	-	15,000,000	-
Repayments of debentures	19	(1,500,000)	(3,300,000)	(1,500,000)	(3,300,000)
Dividend paid		(5,958,346)	(4,347,966)	(5,958,346)	(4,304,912)
Dividend paid of subsidiaries		(2,222,394)	(1,311,520)	-	-
Net cash receipts (payments) from financing activities		(7,733,087)	42,931,909	2,388,378	39,046,646

The notes to the consolidated and company financial statements on pages 104 to 158 are an integral part of these financial statements.



# Statements of Cash Flows

For the years ended 31 December 2011 and 2010

Unit: THB Thousand

	Consolidated		Company	
	2011	2010	2011	2010
Notes		(Restated)		
Net increase (decrease) in cash and cash equivalents	12,177,225	(5,327,389)	(2,191,592)	66,530
Exchange gain (loss) from cash and cash equivalents	271,553	937,509	9,537	(14,730)
Cash from acquisition of investments in a subsidiary	94,004	319,192	-	-
Cash and cash equivalents at beginning of the year	16,979,739	21,050,427	3,244,289	3,192,489
<b>Cash and cash equivalents at end of the year</b>	<b>29,522,521</b>	<b>16,979,739</b>	<b>1,062,234</b>	<b>3,244,289</b>

## Non cash transactions

Significant non-cash transactions as at 31 December are as follow:

Other accounts payable for purchase of property, plant and equipment	930,013	-	-	-
Non-receipts from disposal of investment in a subsidiary and interests in joint ventures	2,137,535	-	-	-
Additional investment in a subsidiary	-	-	1,219,799	-
Decreased of dividend from a subsidiary	-	-	1,219,799	-

The notes to the consolidated and company financial statements on pages 104 to 158 are an integral part of these financial statements.

# Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2011 and 2010

## 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, Ratchthewi, 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, Australia and Mongolia.

These consolidated and company financial statements were authorised by Board of Directors on 22 February 2012.

## 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 the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

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 (collectively “the accounting standards”)

#### 2.2.1 The accounting standards being effective for the 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 Plans
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
TSIC 31		Revenue - Barter Transactions Involving Advertising Services

The Group has applied the aforementioned accounting standards from 1 January 2011. The application of those accounting standards does not have significant impact to the financial statements being presented except TAS 16 (revised 2009) “Property, Plant and Equipment” and TAS 40 “Investment Property”.

The Group has retrospectively applied TAS 16 (revised 2009) “Property, Plant and Equipment” in respect of the component approach and related decommissioning costs and TAS 40 “Investment Property”. The impact of the changes on the consolidated and company statements of financial position as at 31 December 2010 and the consolidated and company statements of comprehensive income for the year ended 31 December 2010 are as follows. However, the restatement does not have impact to tax.

Unit: THB Thousand

	Consolidated	Company
<b>Statements of financial position as at 31 December 2010</b>		
• Decreased in property, plant and equipment, net	589,183	77,882
• Increased in investment property, net	112,502	77,882
• Increased in provision for decommissioning costs	177,895	-
• Decreased in retained earnings as at 31 December 2010	425,474	-
• Decreased in non-controlling interests as at 31 December 2010	229,102	-
<b>Statements of comprehensive income for the year ended 31 December 2010</b>		
• Decreased in depreciation for the year	129,367	-
• Increased in net profit for the year	129,367	-
• Increased in basic earnings per share (THB)	0.56	-

## 2.2.2 New accounting standards being effective for the 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
TSIC 10		Government Assistance - No Specific Relation to Operating Activities
TSIC 21		Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25		Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Group has not early adopted the aforementioned accounting standards and the Group's management is in the process of reviewing the impacts of those accounting standards. However, the significant changes in accounting standards to the Group are summarised as below.

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 recovered from or paid to 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 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. The Group will apply this standard retrospectively with effect from 1 January 2013.

TAS 21 (revised 2009) requires each individual entity to determine its functional currency which is the 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. The results and financial positions of all the Group entities that have a functional currency different from the presentation currency are translated in the presentation currency as

follows: (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 the 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**

### **2.3.1 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 fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

Intercompany transactions, balances and unrealised gains or loss on transactions between Group's companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the company financial statements, investments in subsidiaries are accounted for using the cost method of accounting. Under the cost method, income from investments in subsidiaries will be recorded when dividends are declared. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

A test for impairment for investments in subsidiaries is carried out when there is a factor indicating that investments might be impaired. If the carrying value of the investments is higher than its recoverable amount, impairment loss is charged to the profit or loss.

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

### **2.3.2 Transactions with non-controlling interests**

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

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in the profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

### **2.3.3 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 profit or loss and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. 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.

### **2.3.4 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 financial position 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 profit or loss.

Statements of comprehensive income and cash flows of foreign entities are translated into Thai Baht at the weighted average exchange rates for each month and statement of financial position are translated at the exchange rates ruling on the end of reporting period. 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 comprehensive income as part of the gain or loss on disposal.

## **2.5 Cash and cash equivalents**

In the consolidated and company statement of cash flows, cash and cash equivalents includes 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 profit or loss 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 comprises 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 supplies, 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 statement of financial position 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 statement of financial position 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.



All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Available-for-sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange.

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

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 profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised to the profit or loss. 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 Investment property**

Property that is held for long-term rental or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property or land held for a currently undetermined future use. Investment property of the Group is land held for a currently undetermined future use. The Group has not determined that it will use the land as owner-occupied property or as capital appreciation.

Investment property is measured initially at its cost including related transaction costs. Subsequently, the investment property is carried at cost less accumulated impairment losses (if any).

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed when incurred.

## **2.10 Other non-current assets**

### **2.10.1 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 statement of financial position as an intangible assets. Goodwill on acquisitions of interests in joint ventures or associates is included in interests in joint ventures and investments in associates 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, identified to operating segment.

### **2.10.2 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.

### **2.10.3 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.

### **2.10.4 Deferred exploration and development expenditures**

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

- a) Such costs are expected to be recouped through successful development and exploitation of the area of interest or, by its sales;
- b) Exploration activities in the area of interest have not yet reached the stage which permits a reasonable assessment of the existence of economically recoverable reserves, and active operations in the area are continuing.

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

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.

### **2.10.5 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.

## 2.11 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.

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

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 finance lease	5 to 15 years

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

The asset's carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (Note 2.12).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the profit or loss.

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 profit or loss.

## 2.12 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.

### **2.13 Long-term 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 profit or loss 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 profit or loss 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.

### **2.14 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 comprehensive income over the period of the borrowings.

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

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

### **2.15 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 comprehensive 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 consist of long service reward and long leave benefit, are recognised in the consolidated statement of financial position at the present value of the defined benefit obligation. The actuarial gains and losses and the past service costs are recognised immediately in the profit or loss.

Other employee benefits of the Australian subsidiaries, which consist 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 profit or loss.

### **2.16 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.

### **2.17 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.

### **2.18 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 is recognised using the effective interest method.
- dividend income is recognised when the Group's right to receive payment is established.

### **2.19 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.

## **2.20 Segment reporting**

Segment information is presented by geographical areas of the Group's operations.

## **2.21 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.

### **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 profit or loss.

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 profit or loss 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 profit or loss at settlement date.

Disclosures about derivative financial 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.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

### **(a) Fair value of derivatives**

The fair value of publicly traded derivatives is based on quoted market prices at the statement of financial position 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 expenditures**

Management measures the value of deferred overburden expenditures and striping ratio on a regular basis, considering its future economic benefits and writes off as expenses in the statement of comprehensive 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 profit or loss.

**(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

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
Cash on hand	56,702	27,278	324	225
Deposits held at call with banks	11,362,167	7,064,123	704,155	1,329,121
Fixed deposits	17,903,652	8,088,338	157,755	114,943
Bills of exchange	200,000	1,800,000	200,000	1,800,000
<b>Total cash and cash equivalents</b>	<b>29,522,521</b>	<b>16,979,739</b>	<b>1,062,234</b>	<b>3,244,289</b>

The interest rate on deposits held at call with banks was 0.50% - 2.75% per annum (2010: 0.50% - 1.20% per annum).

The interest rate on fixed deposits with banks was 0.10% - 7.35% per annum (2010: 0.16% - 7.15% per annum).

Bills of exchange represent original maturities less than three-months and the interest rate was 2.38% per annum (2010: 1.30% - 1.95% per annum).

#### 6. Trade accounts receivable, net

Trade accounts receivable consist of:

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
Trade accounts receivable				
• Subsidiaries (Note 30)	-	-	-	99,492
• Third parties	10,733,935	6,953,667	413,033	227,617
	10,733,935	6,953,667	413,033	327,109
<u>Less</u> Allowance for doubtful accounts	(34,852)	(55,461)	(1,005)	(21,614)
<b>Trade accounts receivable, net</b>	<b>10,699,083</b>	<b>6,898,206</b>	<b>412,028</b>	<b>305,495</b>

Trade accounts receivable balance are aged as follows:

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
Trade accounts receivable under credit term	10,327,888	6,893,166	400,805	301,070
Trade accounts receivable due for payment				
• Less than 3 months	358,350	734	314	165
• Over 3 months but less than 6 months	8,540	46	6,649	-
• Over 6 months but less than 12 months	-	-	-	-
• Over 12 months	16,475	17,434	4,260	5,265
• Trade debtor under the Central Bankruptcy Court	22,682	42,287	1,005	20,609
Total trade accounts receivable	10,733,935	6,953,667	413,033	327,109
Less Allowance for doubtful accounts	(34,852)	(55,461)	(1,005)	(21,614)
<b>Trade accounts receivable, net</b>	<b>10,699,083</b>	<b>6,898,206</b>	<b>412,028</b>	<b>305,495</b>

## 7. Inventories, net

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
Coal inventories	6,060,544	4,194,224	497,416	465,760
Less Allowance for slow-moving	(84,241)	(76,319)	(77,001)	(69,079)
<b>Inventories, net</b>	<b>5,976,303</b>	<b>4,117,905</b>	<b>420,415</b>	<b>396,681</b>

## 8. Other current assets

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
Prepayments	1,028,437	653,622	110,843	112,810
Advances for business	431,606	644,591	969	435
Financial derivative receivables	-	1,002,672	-	10,484
Advance to Coal Industry Fund	1,416,880	1,125,727	-	-
Value added tax	699,764	467,066	36,208	39,352
Withholding tax	1,841,448	2,089,019	44,254	69,775
Other accounts receivable	1,207,331	974,750	17,209	152,962
Accrued income	1,500	1,630	1,474	1,409
<b>Total other current assets</b>	<b>6,626,966</b>	<b>6,959,077</b>	<b>210,957</b>	<b>387,227</b>

## 9. Long-term loans to other companies

Long-term loans to other companies represent loans in US Dollar of US Dollars 0.15 million (2010: US Dollars 0.15 million) bearing interest at the rates of 2.89% - 3.29% per annum (2010: 2.95% - 3.25% per annum).

## 10. Investments in subsidiaries and interests in joint ventures

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

	Unit: THB Thousand			
	Consolidated		Company	
	(Equity method)		(Cost method)	
	2011	2010	2011	2010
<b>Subsidiaries</b>				
Banpu Minerals Co., Ltd.	-	-	39,994	39,994
BP Overseas Development Co., Ltd.	-	-	606,566	606,566
Banpu Power Ltd.	-	-	6,197,890	6,197,890
Banpu Power International Ltd.	-	-	1,221,552	1,753
Banpu New Energy Holdings Co., Ltd.	-	-	37,500	37,500
<b>Joint ventures</b>				
BLCP Power Ltd.	6,089,172	6,089,172	-	-
Hebi Zhong Tai Mining Co., Ltd.	1,631,649	1,631,649	-	-
Shanxi Asian American-Danang Energy Company Limited	-	7,767,178	-	-
Shanxi Gaohe Energy Company Limited	9,240,192	9,240,192	-	-
Hongsa Power Company Limited	983,201	983,201	-	-
Phu Fai Mining Company Limited	836	836	-	-
Surin Green Energy Co., Ltd.	30,000	30,000	-	-
Investments in subsidiaries and interests				
in joint ventures - cost method	17,975,050	25,742,228	8,103,502	6,883,703
Add Cumulative equity account of interests in joint ventures	2,745,000	7,845,064	-	-
<b>Investments in subsidiaries and interests in joint ventures</b>	<b>20,720,050</b>	<b>33,587,292</b>	<b>8,103,502</b>	<b>6,883,703</b>

As at 31 December 2011, under the condition of loan for project finance of joint ventures, the Group uses its investments in a subsidiary and two joint ventures with a cost of THB 12,993 million (2010: THB 12,993 million), as collateral for loans from financial institutions of such joint ventures.

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

Unit: THB Thousand

	Consolidated (Equity method)		Company (Cost method)	
	2011	2010	2011	2010
<b>Opening balance</b>	33,587,292	29,603,851	6,883,703	6,846,203
Additional of investment in a subsidiary	-	-	1,219,799	37,500
Additional of interests in joint ventures	-	1,782,018	-	-
Decrease from liquidation of a joint venture	-	(115,354)	-	-
Decrease from disposal of interest in a joint venture	(11,645,889)	-	-	-
Dividend received from joint ventures	(1,932,888)	(3,800,206)	-	-
Translation adjustment	(1,227,092)	-	-	-
Add Interests in joint ventures during the year	1,938,627	6,116,983	-	-
<b>Closing balance</b>	<b>20,720,050</b>	<b>33,587,292</b>	<b>8,103,502</b>	<b>6,883,703</b>

### Changing in investments in subsidiaries and interests in joint ventures

#### Acquisition

In the first quarter of 2011, the Group acquired the share capital of Hunnu Coal Limited (“HUNNU”), which is listed on the Australian Securities Exchange and owns a developing mine in Mongolia, amounting to Australian Dollars 45 million or equivalent to THB 1,381 million, or 12.09% shareholding of ordinary shares of HUNNU. The Group classified this investment as other investment (Note 11).

In the fourth quarters of 2011, the Group has made an off-market takeover bid for HUNNU by Australian Dollars 1.80 per share, totaling Australian Dollars 427 million or equivalent to THB 13,651 million which is represented 87.91% of the ordinary shares of HUNNU, therefore, the Group holds 100% shareholding of ordinary shares of HUNNU as at 31 December 2011. In addition, the Group has the control over the finance and operation policies of HUNNU so the Group reclassified the investment in HUNNU from other investment to investment in a subsidiary. The Group recognised net loss from the acquisition of HUNNU for the period from 10 November 2011 to 31 December 2011 amounting to THB 37.80 million.

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

	Australian Dollar Thousand	Equivalent to THB Thousand
Cash and cash equivalents	2,952	94,004
Property, plant and equipment (Note 12)	12,933	411,840
Deferred exploration and development expenditures (Note 13)	109,444	3,485,146
Other assets less other liabilities	(25,189)	(802,121)
Fair value of net assets acquired	100,140	3,188,869
Total purchase consideration		
• cash	472,050	15,032,024
<b>Excess from acquisition</b>	<b>371,910</b>	<b>11,843,155</b>

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

#### Disposal of investment

On 11 March 2011, the Group sold investment in AACI SAADEC (HK) Holdings Limited, which is the shareholder of Shanxi Asian American - Daning Energy Co., Ltd. (a joint venture), amounting to US Dollars 669 million or equivalent to THB 20,281.35 million. The Group received the partial amount and recognised the remaining amount as an account receivable from disposal of investment in a subsidiary amounting to THB 2,137.53 million in the consolidated statement of financial position as at 31 December 2011 and gain from disposal of such investment of THB 8,248.26 million in the consolidated statement of comprehensive income for the year.

#### Liquidation of subsidiaries

During the year 2011, the Group received the returned share capital, in relating to the liquidation of PT. Centralink Wisesa International and PT. Nusantara Thai Mining Services which were subsidiaries in Indonesia and Ban-sa Mining Co., Ltd. which is a subsidiary in Thailand.

#### Dividend income from a joint venture

Dividend income from a joint venture is the dividend from BLC Power Ltd. of THB 1,932.89 million (2010: THB 3,800.21 million).

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

											Unit: THB Thousand		
		Property, Plant and equipment	Other assets	Total assets	Long-term borrowings	Accrued expenses	Other liabilities	Total liabilities	Net assets	Sales	Profit (loss) before tax	Income tax	Profit (loss) after tax
Name of company	Percentage of shareholding												
31 December 2011													
BLCP Power Ltd.	50	16,094,000	8,857,452	24,951,452	9,482,873	590,588	8,095,496	18,168,958	6,782,494	8,892,746	2,033,276	16,467	1,952,426
Hebi Zhong Tai Mining Co., Ltd.	40	1,043,347	2,193,928	3,237,275	-	273,545	(42,348)	231,197	3,006,078	1,504,741	(64,024)	(1,750)	(62,274)
Shanxi Asian American-Danling Energy Co., Ltd.	56	-	-	-	-	-	-	-	-	156,790	(279,915)	-	(279,915)
Shanxi Gaohe Energy Co., Ltd.	45	9,269,214	1,390,573	10,659,787	2,615,798	-	4,142,145	6,757,943	3,901,844	2,718,266	408,124	(47,366)	360,758
Hongsa Power Company Limited	40	61,436	8,435,780	8,497,216	7,086,840	525,399	146,710	7,759,519	737,698	-	(30,785)	-	(30,785)
Phu Fai Mining Company Limited	37.50	-	557	557	-	144	-	144	413	-	(76)	-	(76)
Surin Green Energy Co., Ltd.	30	8,268	20,540	28,808	-	82	233	315	28,493	-	(1,507)	-	(1,507)
		26,476,266	20,898,829	47,375,095	19,185,511	1,389,759	12,342,236	32,918,076	14,457,019	13,272,543	2,065,093	32,649	1,938,627
31 December 2010													
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	8,819,801	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-Danling 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 Co., Ltd.	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 Co., Ltd.	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	17,678,604	6,808,959	(691,976)	6,116,983



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

			Percentage of direct shareholding	
			2011	2010
Name of company	Country	Business	%	%
<b>Direct shareholding</b>				
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	99.80	100.00
Banpu New Energy Holdings Co., Ltd.	Thailand	Investment in new energy	99.99	99.99
<b>Indirect shareholding</b>				
<b>Banpu Minerals Co., Ltd.</b>				
Subsidiaries and a joint venture are as follows:				
<b>Subsidiaries</b>				
1) Ban-Sa Mining Co., Ltd. and a subsidiary	Thailand	Investment in coal mining and trading	-	98.87
• Chiang Muan Mining Co., Ltd.	Thailand	Coal mining and trading	-	51.00
2) Chiang Muan Mining Co., Ltd.	Thailand	Coal mining and trading	100.00	49.00
3) Banpu International Ltd.	Thailand	Coal trading	99.99	99.99
4) Silamani Corp., Ltd.	Thailand	Coal trading	99.99	99.99
5) Silamani Marble Co., Ltd.	Thailand	Coal trading	99.96	99.99
6) Banpu Coal LLC	Mongolia	Investment in coal mining and trading	100.00	-
7) Banpu Singapore Pte. Ltd. and subsidiaries	Singapore	Coal trading	100.00	100.00
• Banpu Australia Co. Pty Ltd. and subsidiaries	Australia	Investment in coal mining and power	100.00	100.00
• Banpu Australia Resources Pty Ltd.	Australia	Investment in coal mining	100.00	-
• Centennial Coal Co., Ltd. and subsidiaries	Australia	Investment in coal mining and trading	100.00	100.00
associate and joint ventures				
<b>Subsidiaries</b>				
• Centennial Inglenook Pty Limited	Australia	Coal mining and trading	100.00	100.00
• Berrima Coal Pty Limited	Australia	Coal mining and trading	100.00	100.00
• Centennial Airly Pty Limited	Australia	Coal mining and trading	100.00	100.00
• Centennial Angus Place Pty Limited	Australia	Coal mining and trading	100.00	100.00
• Centennial Coal Infrastructure	Australia	Coal mining and trading	100.00	100.00
Pty Limited				
• Centennial Clarence Pty Limited	Australia	Coal mining and trading	100.00	100.00
• Centennial Fassifern Pty Limited	Australia	Coal mining and trading	100.00	100.00
and subsidiaries				
• Powercoal Pty Limited and subsidiaries	Australia	Investment in coal mining and trading	100.00	100.00
• Elcom Collieries Pty Limited	Australia	Coal mining and trading	100.00	100.00
• Huntley Colliery Pty Limited	Australia	Coal mining and trading	100.00	100.00
• Mandalong Pastoral Management	Australia	Investment in coal mining and trading	100.00	100.00
Pty Limited				

			Percentage of direct shareholding	
			2011	2010
Name of company	Country	Business	%	%
<b>Indirect shareholding (continued)</b>				
7) Banpu Singapore Pte. Ltd. and subsidiaries (continued)				
<ul style="list-style-type: none"><li>Banpu Australia Co. Pty Ltd. and subsidiaries (continued)</li><li>Centennial Coal Co., Ltd. and subsidiaries associate and joint ventures (continued)</li></ul>				
<b>Subsidiaries (continued)</b>				
<ul style="list-style-type: none"><li>Collieries Superannuation Pty Limited</li></ul>	Australia	Manage provident fund	100.00	100.00
<ul style="list-style-type: none"><li>Powercoal Superannuation Pty Limited</li></ul>	Australia	Manage provident fund	100.00	100.00
<ul style="list-style-type: none"><li>Centennial Northern Mining Services Pty Limited</li></ul>	Australia	Coal service provider	100.00	100.00
<ul style="list-style-type: none"><li>Centennial Mandalong Pty Limited</li></ul>	Australia	Coal mining and trading	100.00	100.00
<ul style="list-style-type: none"><li>Centennial Mannering Pty Limited</li></ul>	Australia	Coal mining and trading	100.00	100.00
<ul style="list-style-type: none"><li>Centennial Munmorah Pty Limited</li></ul>	Australia	Coal mining and trading	100.00	100.00
<ul style="list-style-type: none"><li>Centennial Myuna Pty Limited</li></ul>	Australia	Coal mining and trading	100.00	100.00
<ul style="list-style-type: none"><li>Centennial Newstan Pty Limited</li></ul>	Australia	Coal mining and trading	100.00	100.00
<ul style="list-style-type: none"><li>Centennial Northern Coal Services Pty Limited</li></ul>	Australia	Mining Services	100.00	100.00
<ul style="list-style-type: none"><li>Centennial Coal Sales and Marketing Pty Limited</li></ul>	Australia	Sales and marketing	100.00	100.00
<ul style="list-style-type: none"><li>Charbon Coal Pty Limited</li></ul>	Australia	Coal mining and trading	100.00	100.00
<ul style="list-style-type: none"><li>Hartley Valley Coal Company Pty Limited</li></ul>	Australia	Coal mining and trading	100.00	100.00
<ul style="list-style-type: none"><li>Ivanhoe Coal Pty Limited</li></ul>	Australia	Coal mining and trading	100.00	100.00
<ul style="list-style-type: none"><li>Preston Coal Pty Limited</li></ul>	Australia	Coal mining and trading	100.00	100.00
<ul style="list-style-type: none"><li>Springvale Coal Pty Limited</li></ul>	Australia	Coal mining and trading	100.00	100.00
<ul style="list-style-type: none"><li>Powercoal Employee Entitlement Company Pty Limited</li></ul>	Australia	Manage provident fund	100.00	100.00
<ul style="list-style-type: none"><li>Coalex Pty Limited and subsidiaries</li></ul>	Australia	Coal mining and trading	100.00	100.00
<ul style="list-style-type: none"><li>Clarence Coal Investments Pty Limited</li></ul>	Australia	Coal mining and trading	100.00	100.00
<ul style="list-style-type: none"><li>Clarence Coal Pty Limited</li></ul>	Australia	Coal mining and trading	100.00	100.00
<ul style="list-style-type: none"><li>Clarence Colliery Pty Limited</li></ul>	Australia	Coal mining and trading	100.00	100.00

			Percentage of direct shareholding	
			2011	2010
Name of company	Country	Business	%	%
<u>Indirect shareholding (continued)</u>				
7) Banpu Singapore Pte. Ltd. and subsidiaries				
(continued)				
• Banpu Australia Co. Pty Ltd. and subsidiaries				
(continued)				
• Centennial Coal Co., Ltd. and subsidiaries				
associate and joint ventures (continued)				
<u>Subsidiaries (continued)</u>				
• Centennial Springvale Holdings Pty Limited and subsidiaries and a joint venture	Australia	Investment in coal mining	100.00	100.00
<u>Subsidiaries</u>				
• Centennial Springvale Pty Limited	Australia	Coal mining and trading	100.00	100.00
• Boulder Mining Pty Limited	Australia	Coal mining and trading	100.00	-
• Springvale Coal Pty Limited	Australia	Coal mining and trading	100.00	100.00
<u>Associate</u>				
• Port Kembla Coal Terminal Ltd.	Australia	Port service	16.66	16.66
<u>Jointly controlled entities</u>				
• Springvale Coal Sales Pty Limited	Australia	Coal trading	50.00	50.00
<u>Jointly controlled operations</u>				
• Charbon Joint Venture	Australia	Coal mining and trading	95.00	95.00
• Clarence Joint Venture	Australia	Coal mining and trading	85.00	85.00
• Springvale Joint Venture	Australia	Coal mining and trading	50.00	50.00
• Angus Place Joint Venture	Australia	Coal mining and trading	50.00	50.00
8) Banpu Coal Investment Company Limited	Mauritius	Investment in coal mining	100.00	100.00
9) Banpu Minerals (Singapore) Pte. Ltd.	Singapore	Coal trading	100.00	100.00
and subsidiaries				
• PT. Nusantara Thai Mining Services	Indonesia	Mining services	-	95.00
• PT. Centralink Wisesa International	Indonesia	Investment in coal mining	-	95.00
• PT. Indo Tambangraya Megah	Indonesia	Investment in coal mining	65.00	65.00
and subsidiaries				
• 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

			Percentage of direct shareholding	
			2011	2010
	Name of company	Country	Business	%
<b>Indirect shareholding (continued)</b>				
9)	Banpu Minerals (Singapore) Pte. Ltd.			
	and subsidiaries (continued)			
	• Hunnu Coal Limited and subsidiaries	Australia	Investment in coal mining and trading	100.00
	• Hunnu Resources LLC and subsidiaries	Mongolia	Coal trading	100.00
	• Munkh Sumber Uul LLC	Mongolia	Coal mining and trading	100.00
	• Golden Gobi Mining LLC	Mongolia	Coal mining and trading	60.00
	• Great East Minerals LLC	Mongolia	Coal mining and trading	70.00
	• Bilegt Khairkhan Uul LLC	Mongolia	Coal mining and trading	80.00
	• Hunnu Power LLC	Mongolia	Coal trading	100.00
	• Borganchan LLC	Mongolia	Coal trading	60.00
	• Zuchid Ord LLC	Mongolia	Coal mining and trading	70.00
	• Munkhnoyon Suvraga LLC	Mongolia	Business consult in coal mining and trading	90.00
	• Hunnu Coal (Hong Kong) Limited	Hong Kong	Coal trading	100.00
	• Hunnu Investments Pte. Ltd.	Singapore	Coal trading	100.00
	and subsidiaries			
	• Hunnu Altai LLC and subsidiaries	Australia	Coal mining and trading	100.00
	• Rio Gobi LLC	Mongolia	Coal mining and trading	80.00
	• Rio Ad LLC	Mongolia	Coal mining and trading	70.00
	• Hunnu Holding Pty Ltd.	Australia	Coal trading	100.00
<b>Joint Venture</b>				
1)	Hebi Zhong Tai Mining Co., Ltd.	Republic of China	Coal mining and trading	40.00
<b>BP Overseas Development Co., Ltd.</b>				
Subsidiary and joint ventures are as follows:				
<b>Subsidiaries</b>				
	Asian American Coal Inc., subsidiaries	British Virgin Islands	Investment in coal mining	100.00
	and joint ventures			
1)	AACI Gaohe (HK) Holdings Limited	Hong Kong	Investment in coal mining	100.00
2)	AACI SAADEC (BVI) Holdings Limited,	British Virgin Islands	Investment in coal mining	100.00
	a subsidiary and joint ventures			
<b>Subsidiary</b>				
	• AACI SAADEC (HK) Holdings Limited	Hong Kong	Investment in coal mining	-

			Percentage of direct shareholding	
			2011	2010
Name of company	Country	Business	%	%
Indirect shareholding (continued)				
BP Overseas Development Co., Ltd. (continued)				
Joint Ventures				
• Shanxi Asian American Daning Energy Co., Ltd.	Republic of China	Coal mining and trading	-	56.00
• Shanxi Gaohe Energy Co., Ltd.	Republic of China	Coal mining and trading	45.00	45.00
Banpu Power Ltd.				
Subsidiaries and joint ventures are as follows:				
Subsidiaries				
1) Banpu Coal Power Ltd. and a joint venture	Thailand	Investment in power	99.99	99.99
• BLCPPower Ltd.	Thailand	Power production and trading	49.99	50.00
2) Banpu Power Development Co., Ltd.	Thailand	Investment in power	-	100.00
Joint Ventures				
• Hongsa Power Company Limited	Lao PDR	Power concession	40.00	40.00
• 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
1) Shijiazhuang Chengfeng Cogen Co., Ltd.	Republic of China	Power production and trading	100.00	100.00
2) Banpu Investment (China) Ltd. and a subsidiary	Republic of China	Investment in power	100.00	100.00
• Tangshan Banpu Heat & Power Co., Ltd.	Republic of China	Power production and trading	12.08	12.08
3) Zouping Peak Pte. Ltd. and a subsidiary	Singapore	Investment in power	100.00	100.00
• Zouping Peak CHP Co., Ltd.	Republic of China	Power production and trading	70.00	70.00
4) Peak Pacific Investment Co., Ltd.	Labuan	Investment in power	-	100.00
5) Pan-Western Energy Corporation LLC and a subsidiary	Cayman Islands	Investment in power	100.00	100.00
• Tangshan Banpu Heat & Power Co., Ltd.	Republic of China	Power production and trading	87.92	87.92
Banpu New Energy Holdings Co., Ltd.				
Subsidiaries are as follows:				
1) Biofuel Development Holdings Co., Ltd. and a joint venture	Thailand	Bio fuel production and trading	99.99	99.99
• Surin Green Energy Co., Ltd.	Thailand	Bio fuel production and trading	30.00	30.00
2) Prachuab Wind Energy Co., Ltd.	Thailand	Power production and trading	99.99	99.99
3) Mittraphap Wind Energy Co., Ltd.	Thailand	Power production and trading	99.99	99.99
4) Petchkasem Wind Energy Co., Ltd.	Thailand	Power production and trading	99.99	99.99

## 11. Other investments, net

Unit: THB Thousand

	Consolidated		Company	
	2011	2010	2011	2010
Investments in available-for-sale securities	318,277	322,650	107,336	107,336
General investments	446,342	447,896	176,412	176,412
Total other investments	764,619	770,546	283,748	283,748
<u>Add</u> Changes in fair value for investments				
in available-for-sale securities	(134,697)	(137,595)	8,716	1,894
<u>Less</u> Allowance for impairment of general investments	(192,708)	(192,708)	(29,006)	(29,006)
<b>Other investments, net</b>	<b>437,214</b>	<b>440,243</b>	<b>263,458</b>	<b>256,636</b>

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

Unit: THB Thousand

	Consolidated		Company	
	2011	2010	2011	2010
Opening net book value	440,243	8,062,137	256,636	4,168,569
Acquisitions	1,380,871	10,906,005	-	-
Reclassified to investments in subsidiaries (Note 10)	(1,380,871)	(10,906,005)	-	-
Disposal of investment	(4,373)	(3,087,380)	-	(4,084,847)
Increase from acquisition of subsidiaries	-	59,222	-	-
Changes in fair value of investments	2,898	(4,594,394)	6,822	172,914
Translation adjustment	(1,554)	658	-	-
<b>Closing net book value</b>	<b>437,214</b>	<b>440,243</b>	<b>263,458</b>	<b>256,636</b>

### Consolidated

During the year 2011, the Group has disposed investment in an available-for-sale security of 0.3 million shares with the average selling price of THB 34 per share. The Group recognised gain from this disposal of THB 5.71 million in the statement of comprehensive income.

During the year 2010, the Group has disposed investment in an available-for-sale security of 217.40 million 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 comprehensive income.

### Company

During the year 2010, the Company has disposed investment in available-for-sale security of 110.30 million 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 comprehensive income.

## 12. Property, plant and equipment, net

Unit: THB Thousand

Consolidated 2011									
	Land	Land improvement	Building and infrastructures	Machinery & equipment	Furniture & office equipment	Tools	Vehicle	Construction in progress	Total
<b>As at 31 December 2010</b>									
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
Retrospective adjustment from the change in accounting policies	(112,502)	-	-	(476,681)	-	-	-	-	(589,183)
<b>Net book amount after adjustment</b>	<b>2,179,084</b>	<b>1,265,196</b>	<b>4,908,608</b>	<b>30,042,719</b>	<b>169,065</b>	<b>111,147</b>	<b>50,484</b>	<b>1,115,106</b>	<b>39,841,409</b>
<b>Year ended 31 December 2011</b>									
Opening net book amount after adjustment	2,179,084	1,265,196	4,908,608	30,042,719	169,065	111,147	50,484	1,115,106	39,841,409
Increase from acquisition of subsidiaries	-	-	-	352,985	31,805	-	27,050	-	411,840
Additions	86,026	1,443	44,768	6,975,418	58,888	81,392	38,674	1,028,524	8,315,133
Disposals - Net book value	-	-	(1,621)	(3,699)	(1,302)	-	(269)	-	(6,891)
Reclassification	-	8,460	(808,154)	2,056,014	(87,848)	18,857	1,844	(1,217,669)	(28,496)
Write-off	(1,367)	(677)	(5,197)	(492,570)	(2,739)	(176)	(35)	(1,901)	(504,662)
Translation adjustment	104,535	64,398	311,729	1,667,666	7,901	6,019	4,217	62,442	2,228,907
Depreciation charge	-	(263,009)	(522,020)	(4,760,251)	(45,374)	(50,662)	(20,998)	-	(5,662,314)
<b>Closing net book amount</b>	<b>2,368,278</b>	<b>1,075,811</b>	<b>3,928,113</b>	<b>35,838,282</b>	<b>130,396</b>	<b>166,577</b>	<b>100,967</b>	<b>986,502</b>	<b>44,594,926</b>
<b>As at 31 December 2011</b>									
Cost	2,368,278	2,800,749	7,130,728	60,636,449	454,654	467,894	223,111	986,502	75,068,365
Less Accumulated depreciation	-	(1,724,938)	(3,200,415)	(24,797,031)	(324,258)	(301,317)	(122,144)	-	(30,470,103)
Less Allowance for impairment	-	-	(2,200)	(1,136)	-	-	-	-	(3,336)
<b>Net book amount</b>	<b>2,368,278</b>	<b>1,075,811</b>	<b>3,928,113</b>	<b>35,838,282</b>	<b>130,396</b>	<b>166,577</b>	<b>100,967</b>	<b>986,502</b>	<b>44,594,926</b>



Unit: THB Thousand

### Consolidated 2010

	Land	Land improvement	Building and infrastructures	Machinery & equipment	Furniture & office equipment	Tools	Vehicle	Construction in progress	Total
<b>As at 31 December 2009</b>									
Cost	136,743	2,868,300	5,451,815	16,529,086	461,033	383,796	166,427	4,796,516	30,793,716
<u>Less</u> Accumulated depreciation	-	(1,269,502)	(2,421,676)	(8,567,707)	(335,357)	(264,815)	(116,309)	-	(12,975,366)
<u>Less</u> 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
Retrospective adjustment from the change in accounting policies	(113,133)	-	-	(644,627)	-	-	-	-	(757,760)
<b>Net book amount after adjustment</b>	<b>1,037</b>	<b>1,598,798</b>	<b>3,027,939</b>	<b>7,315,616</b>	<b>125,676</b>	<b>118,981</b>	<b>50,118</b>	<b>4,796,516</b>	<b>17,034,681</b>

### Year ended 31 December 2010 (Restated)

Opening net book amount	1,037	1,598,798	3,027,939	7,315,616	125,676	118,981	50,118	4,796,516	17,034,681
Increase from acquisition of subsidiaries	2,088,024	-	-	20,071,888	-	-	-	-	22,159,912
Additions	1,192	21,305	47,373	2,097,438	95,270	52,340	30,511	1,080,370	3,425,799
Disposals - Net book value	-	(3,424)	(13,322)	(15,182)	(6,832)	(7,225)	(648)	(42,880)	(89,513)
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)
Depreciation charge	-	(247,446)	(417,526)	(1,294,298)	(40,267)	(42,105)	(25,701)	-	(2,067,343)
<b>Closing net book amount</b>	<b>2,179,084</b>	<b>1,265,196</b>	<b>4,908,608</b>	<b>30,042,719</b>	<b>169,065</b>	<b>111,147</b>	<b>50,484</b>	<b>1,115,106</b>	<b>39,841,409</b>

### As at 31 December 2010 (Restated)

Cost	2,179,084	2,667,833	7,546,729	50,985,700	454,655	359,240	170,696	1,115,106	65,479,043
<u>Less</u> Accumulated depreciation	-	(1,402,637)	(2,635,921)	(20,941,845)	(285,590)	(248,093)	(120,212)	-	(25,634,298)
<u>Less</u> Allowance for impairment	-	-	(2,200)	(1,136)	-	-	-	-	(3,336)
<b>Net book amount</b>	<b>2,179,084</b>	<b>1,265,196</b>	<b>4,908,608</b>	<b>30,042,719</b>	<b>169,065</b>	<b>111,147</b>	<b>50,484</b>	<b>1,115,106</b>	<b>39,841,409</b>

Unit: THB Thousand

**Company 2011**

	Land	Land improvement	Building and infrastructures	Machinery & equipment	Furniture & office equipment	Tools	Vehicle	Construction in progress	Total
<b>As at 31 December 2010</b>									
Cost	81,877	99,688	234,817	2,784,630	120,847	27,400	32,669	45,685	3,427,613
Less Accumulated depreciation	-	(95,456)	(175,869)	(2,764,607)	(83,421)	(26,891)	(30,512)	-	(3,176,756)
Less Allowance for impairment	(405)	-	-	-	-	-	-	-	(405)
Net book amount	81,472	4,232	58,948	20,023	37,426	509	2,157	45,685	250,452
Retrospective adjustment from the change in accounting policies	(81,472)	-	-	-	-	-	-	-	(81,472)
<b>Net book amount after adjustment</b>	<b>-</b>	<b>4,232</b>	<b>58,948</b>	<b>20,023</b>	<b>37,426</b>	<b>509</b>	<b>2,157</b>	<b>45,685</b>	<b>168,980</b>

**Year ended 31 December 2011**

Opening net book amount after adjustment	-	4,232	58,948	20,023	37,426	509	2,157	45,685	168,980
Additions	-	-	-	100	10,516	741	21,364	14,843	47,564
Disposals - Net book value	-	-	(486)	(28)	(1,000)	-	-	-	(1,514)
Reclassification	-	-	1,989	-	(15,087)	14	-	(6,371)	(19,455)
Write-off	-	-	(628)	-	(507)	-	-	(1,372)	(2,507)
Depreciation charge	-	(1,150)	(8,345)	(4,145)	(10,920)	(184)	(2,432)	-	(27,176)
<b>Closing net book amount</b>	<b>-</b>	<b>3,082</b>	<b>51,478</b>	<b>15,950</b>	<b>20,428</b>	<b>1,080</b>	<b>21,089</b>	<b>52,785</b>	<b>165,892</b>

**As at 31 December 2011**

Cost	-	99,688	216,110	1,787,142	104,972	21,651	39,476	52,785	2,321,824
Less Accumulated depreciation	-	(96,606)	(164,632)	(1,771,192)	(84,544)	(20,571)	(18,387)	-	(2,155,932)
<b>Net book amount</b>	<b>-</b>	<b>3,082</b>	<b>51,478</b>	<b>15,950</b>	<b>20,428</b>	<b>1,080</b>	<b>21,089</b>	<b>52,785</b>	<b>165,892</b>

Unit: THB Thousand

Company 2010									
	Land	Land improvement	Building and infrastructures	Machinery & equipment	Furniture & office equipment	Tools	Vehicle	Construction in progress	Total
<b>As at 31 December 2009</b>									
Cost	81,877	99,759	224,732	2,803,341	132,562	41,525	32,566	43,402	3,459,764
<u>Less</u> Accumulated depreciation	-	(93,338)	(169,453)	(2,778,798)	(104,033)	(41,064)	(26,940)	-	(3,213,626)
<u>Less</u> 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
Retrospective adjustment from the change in accounting policies	(81,472)	-	-	-	-	-	-	-	(81,472)
<b>Net book amount after adjustment</b>	<b>-</b>	<b>6,421</b>	<b>55,279</b>	<b>24,543</b>	<b>28,529</b>	<b>461</b>	<b>5,626</b>	<b>43,402</b>	<b>164,261</b>
<b>Year ended 31 December 2010 (Restated)</b>									
Opening net book amount	-	6,421	55,279	24,543	28,529	461	5,626	43,402	164,261
Additions	-	-	322	-	10,046	480	103	19,868	30,819
Disposals - Net book value	-	-	(7)	-	(596)	(49)	-	-	(652)
Reclassification	-	-	11,189	-	6,707	-	-	(15,732)	2,164
Write-off	-	-	-	-	(13)	-	-	(1,853)	(1,866)
Depreciation charge	-	(2,189)	(7,835)	(4,520)	(7,247)	(383)	(3,572)	-	(25,746)
<b>Closing net book amount</b>	<b>-</b>	<b>4,232</b>	<b>58,948</b>	<b>20,023</b>	<b>37,426</b>	<b>509</b>	<b>2,157</b>	<b>45,685</b>	<b>168,980</b>
<b>As at 31 December 2010 (Restated)</b>									
Cost	-	99,688	234,817	2,784,630	120,847	27,400	32,669	45,685	3,345,736
<u>Less</u> Accumulated depreciation	-	(95,456)	(175,869)	(2,764,607)	(83,421)	(26,891)	(30,512)	-	(3,176,756)
<b>Net book amount</b>	<b>-</b>	<b>4,232</b>	<b>58,948</b>	<b>20,023</b>	<b>37,426</b>	<b>509</b>	<b>2,157</b>	<b>45,685</b>	<b>168,980</b>

Leased assets included above, where the Group is a lessee under a finance lease, are presented below:

Unit: THB Thousand				
	Consolidated		Company	
	2011	2010	2011	2010
Cost	1,403,034	1,290,211	-	-
<u>Less</u> Accumulated depreciation	(264,101)	(136,252)	-	-
<b>Net book amount</b>	<b>1,138,933</b>	<b>1,153,959</b>	<b>-</b>	<b>-</b>

As at 31 December 2011, property, plant and equipment in the consolidated financial statements amounting to US Dollars 122.09 million or equivalent to THB 3,869.39 million (2010: US Dollars 190.32 million or equivalent to THB 5,738.44 million) have been used as collateral (Note 18).

As at 31 December 2011, the Group has capital commitments which are shown in Note 31.

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

As at 31 December consist of:

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
Deferred exploration and development expenditures	16,823,361	11,265,089	-	-
Deferred overburden expenditures/stripping costs	5,765,188	4,091,566	-	-
	<b>22,588,549</b>	<b>15,356,655</b>	<b>-</b>	<b>-</b>

	Unit: THB Thousand	
	Consolidated	
	2011	2010
<b>As at 1 January</b>		
Cost	65,743,676	33,873,765
<u>Less</u> Accumulated amortisation	(50,005,288)	(29,885,629)
Allowance for impairment	(381,733)	(381,733)
<b>Net book amount</b>	<b>15,356,655</b>	<b>3,606,403</b>

<b>For the year ended 31 December</b>		
Opening net book amount	15,356,655	3,606,403
Additions during the year	29,890,818	22,789,117
Increase from acquisition of subsidiaries (Note 10)	3,485,146	12,902,754
Amortisation during the year	(27,046,218)	(23,320,986)
Translation adjustment	902,148	(620,633)
<b>Net book amount</b>	<b>22,588,549</b>	<b>15,356,655</b>

<b>As at 31 December</b>		
Cost	103,332,325	65,743,676
<u>Less</u> Accumulated amortisation	(80,362,043)	(50,005,288)
Allowance for impairment	(381,733)	(381,733)
<b>Net book amount</b>	<b>22,588,549</b>	<b>15,356,655</b>

During the year 2011, the majority of additions and amortisation represents overburden expenditures. The Group presents the amortisation incurred during the period under cost of sales in the statement of comprehensive income. For presentation in the statements of cash flows, net balance of additions and amortisation are presented under operating activities.

## 14. Mining property rights, net

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

Unit: THB Thousand		
	Consolidated	
	2011	2010
Opening net book amount	59,361,777	1,321,096
Change in fair value of net asset from the acquisition of a subsidiary	111,830	-
Amortisation during the year	(2,658,446)	(577,338)
Increase from the acquisition of subsidiaries (Note 10)	11,843,155	58,624,495
Translation adjustment	3,316,111	(6,476)
<b>Closing net book amount</b>	<b>71,974,427</b>	<b>59,361,777</b>

## 15. Projects under development

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

Unit: THB Thousand				
	Consolidated		Company	
	2011	2010	2011	2010
Opening balance	405,460	2,372,854	6,283	171,662
Additions during the year	266,009	985,743	4,196	531,840
Reclassification	-	(51,090)	-	-
Disposals during the year	-	(2,328,895)	-	(697,219)
Write-off during the year	(57,038)	(483,907)	(1,992)	-
Translation adjustment	23,699	(89,245)	-	-
<b>Closing balance</b>	<b>638,130</b>	<b>405,460</b>	<b>8,487</b>	<b>6,283</b>

## 16. Short-term loans from financial institutions

### Consolidated

As at 31 December 2011, short-term loans from financial institutions represent US Dollar loans amounting to US Dollars 104 million, RMB loans amounting to RMB 122 million and Australian Dollar loans amounting to Australian Dollars 10 million (2010: RMB loans amounting to RMB 130 million and Australian Dollar loans amounting to Australian Dollars 26 million). The loans bear interest at the rates of 1.05% - 1.25% per annum, 5.79% - 6.71% per annum and 7.48% per annum, respectively (2010: 5.52% - 6.97% per annum and 7.60% per annum, respectively) and are due for repayment within one year.

### Company

As at 31 December 2011, short-term loans from financial institutions represent US Dollar loans amounting to US Dollars 104 million. The loans bear interest at the rates of 1.05% - 1.25% per annum and are due for repayment within April of 2012.

## 17. Other current liabilities

Unit: THB Thousand

	Consolidated		Company	
	2011	2010	2011	2010
Accrued expenses	8,719,656	6,271,329	469,840	832,037
Other accounts payable	2,000	22,339	2,000	6,648
Financial derivative payable	211,929	-	229,633	-
Withholding tax payable	291,702	257,621	14,360	16,981
Value added tax payable	204,392	180,081	12,701	21,243
Retention payable	88,107	70,080	204	204
Dividend payables	23,791	1,381,842	22,211	1,380,953
<b>Total other current liabilities</b>	<b>9,541,577</b>	<b>8,183,292</b>	<b>750,949</b>	<b>2,258,066</b>

## 18. Borrowings, net

Borrowings consist of:

Unit: THB Thousand

	Consolidated		Company	
	2011	2010	2011	2010
<b>Current portion</b>				
Loans from financial institutions	3,422,187	2,660,460	3,172,761	1,680,165
Finance lease liabilities, net	150,609	121,961	-	-
<b>Total current portion, net</b>	<b>3,572,796</b>	<b>2,782,421</b>	<b>3,172,761</b>	<b>1,680,165</b>
<b>Non current portion</b>				
Loans from financial institutions, net	55,216,307	75,207,579	45,200,534	52,899,688
Private placement notes, net	7,098,891	-	-	-
Finance lease liabilities, net	886,169	945,135	-	-
<b>Total non-current portion, net</b>	<b>63,201,367</b>	<b>76,152,714</b>	<b>45,200,534</b>	<b>52,899,688</b>
<b>Total borrowings, net</b>	<b>66,774,163</b>	<b>78,935,135</b>	<b>48,373,295</b>	<b>54,579,853</b>

### Loans from financial institutions

Unit: THB Thousand

	Consolidated		Company	
	2011	2010	2011	2010
Baht loans	7,000,000	15,300,000	7,000,000	10,800,000
Foreign currency loans	51,947,343	62,893,104	41,522,945	43,929,635
<b>Total</b>	<b>58,947,343</b>	<b>78,193,104</b>	<b>48,522,945</b>	<b>54,729,635</b>
<b>Less</b> Deferred financing service fee	<b>(308,849)</b>	<b>(325,065)</b>	<b>(149,650)</b>	<b>(149,782)</b>
	<b>58,638,494</b>	<b>77,868,039</b>	<b>48,373,295</b>	<b>54,579,853</b>
<b>Less</b> Current portion of loans from financial institutions	<b>(3,422,187)</b>	<b>(2,660,460)</b>	<b>(3,172,761)</b>	<b>(1,680,165)</b>
<b>Loans from financial institutions, net</b>	<b>55,216,307</b>	<b>75,207,579</b>	<b>45,200,534</b>	<b>52,899,688</b>

Loans of the Company amounting to THB 7,000 million (2010: THB 10,800 million) and US Dollars 1,304.44 million (2010: US Dollars 1,495.50 million) are unsecured liabilities. Detail of loans is shown as follow:

#### **Baht loan**

- Loan from a bank, which is an unsecured liability, amounting to THB 1,500 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 5,500 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 US Dollars 100 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 US Dollars 200 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 20 July 2015.
- Loan from a bank, which is an unsecured liability, amounting to US Dollars 100 million bears the interest at the rate of BBA 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 US Dollars 200 million bears the interest at the rate of BBA 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 US Dollars 350 million bears the interest at the rate of BBA 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 US Dollars 44.44 million bears the interest at the rate of BBA 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 US Dollars 135 million bears the interest at the rate of BBA 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 US Dollars 75 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 21 September 2015.
- Loan from a bank, which is an unsecured liability, amounting to US Dollars 100 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 21 December 2017.

Loans of subsidiaries amounting to US Dollars 125.74 million (2010: US Dollars 241.74 million) and Australian Dollars 200 million (2010: Australian Dollars 380 million) Detail of loans is shown as follow:

#### US Dollar loan

- Loan from a bank, which is a secured liability, amounting to US Dollars 25.74 million bears the interest at the rate of BBA 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 US Dollars 100 million bears the interest at the rate of BBA 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 US Dollars 25.74 million is secured over the assets of an overseas subsidiary according to long-term loan agreements (Note 12).

#### Australian Dollar loan

- Loan from a bank, which is an unsecured liability, amounting to Australian Dollars 200 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 rates of loans from financial institutions of the Group are as follows:

	2011	2010
	%	%
Baht loan	3.90	2.66
US Dollar loan	2.24	2.22
Australian Dollar loan	6.74	7.24

Interest rates risk of long-term loans of the Group is as follow:

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
• at fixed rates	-	-	-	-
• at floating rates	58,947,343	78,193,104	48,522,945	54,729,635
<b>Total loans</b>	<b>58,947,343</b>	<b>78,193,104</b>	<b>48,522,945</b>	<b>54,729,635</b>



Maturities of loans from financial institutions are as follows:

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
Within 1 year	3,422,187	2,660,460	3,172,761	1,680,165
Later than 1 year but not later than 5 years	50,025,156	66,532,644	39,850,184	44,049,470
Later than 5 years	5,500,000	9,000,000	5,500,000	9,000,000
<b>Total loans</b>	<b>58,947,343</b>	<b>78,193,104</b>	<b>48,522,945</b>	<b>54,729,635</b>

Movements in loans from financial institutions of the Group are as follows:

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
Opening net balance	77,868,039	14,745,031	54,579,853	6,655,323
Additional of loans during the year	3,744,165	68,225,952	3,051,680	51,057,744
Increase from acquisition of subsidiaries	-	8,919,753	-	-
Repayment of loans during the year	(25,701,938)	(13,629,714)	(11,260,111)	(3,200,000)
Payment for deferred financing service fee	(60,949)	(356,917)	(31,438)	(144,231)
Amortisation of deferred financing service fee	77,165	52,369	31,570	14,966
(Gain) loss from exchange rate	2,712,012	(88,435)	2,001,741	196,051
<b>Closing net balance</b>	<b>58,638,494</b>	<b>77,868,039</b>	<b>48,373,295</b>	<b>54,579,853</b>

### Consolidated

During the year ended 31 December 2011, the Group has made an early payment of loans amounting to THB 7,500 million, US Dollars 285 million or equivalent to THB 8,643.68 million and Australian Dollars 201.47 million or equivalent to THB 6,486.97 million.

### Company

During the year ended 31 December 2011, the Company has made an early payment of loans amounting to THB 3,500 million and US Dollars 200 million or equivalent to 6,063.24 million.

The Group is required to comply with certain procedure and conditions; for example, maintaining debt to equity ratio, etc.

### Private Placement notes

Private Placement notes which are unsecured liabilities comprise senior debt notes in the amount of US Dollars 225 million to the institutional investor in United States of America with a range of maturities of 10 to 15 years. The notes have an average interest rate of 4.5% per annum. After taking account of interest rate swap, the weighted average effective interest rate of the notes is 4.55% per annum.

### Finance lease liabilities

Minimum lease payments under finance lease liabilities are as follows:

Unit: THB Thousand				
	Consolidated		Company	
	2011	2010	2011	2010
Not later than 1 year	225,460	151,692	-	-
Later than 1 year but not later than 5 years	1,094,466	1,001,980	-	-
	1,319,926	1,153,672	-	-
<u>Less</u> Future finance charges on finance leases	(283,148)	(86,576)	-	-
<b>Present value of finance lease liabilities</b>	<b>1,036,778</b>	<b>1,067,096</b>	<b>-</b>	<b>-</b>
Representing lease liabilities:				
• Current portion	150,609	121,961	-	-
• Non-current portion	886,169	945,135	-	-
<b>Total finance lease liabilities</b>	<b>1,036,778</b>	<b>1,067,096</b>	<b>-</b>	<b>-</b>

The present value of finance lease liabilities is as follow:

Unit: THB Thousand				
	Consolidated		Company	
	2011	2010	2011	2010
Not later than 1 year	150,609	121,961	-	-
Later than 1 year but not later than 5 years	886,169	945,135	-	-
<b>Total finance lease liabilities</b>	<b>1,036,778</b>	<b>1,067,096</b>	<b>-</b>	<b>-</b>

### 19. Debentures, net

Unit: THB Thousand				
	Consolidated		Company	
	2011	2010	2011	2010
Local debentures	23,800,000	10,300,000	23,800,000	10,300,000
<u>Less</u> Deferred financing service fee	(46,159)	(19,546)	(46,159)	(19,546)
	23,753,841	10,280,454	23,753,841	10,280,454
<u>Less</u> Current portion of debentures	(2,000,000)	(1,500,000)	(2,000,000)	(1,500,000)
<b>Debentures, net</b>	<b>21,753,841</b>	<b>8,780,454</b>	<b>21,753,841</b>	<b>8,780,454</b>

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

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
Opening net balance	10,280,454	13,573,953	10,280,454	13,573,953
Additions	15,000,000	-	15,000,000	-
Repayment of debentures during the year	(1,500,000)	(3,300,000)	(1,500,000)	(3,300,000)
Financing service fee	(35,465)	-	(35,465)	-
Amortisation of deferred financing fee	8,852	6,501	8,852	6,501
<b>Closing net balance</b>	<b>23,753,841</b>	<b>10,280,454</b>	<b>23,753,841</b>	<b>10,280,454</b>

The weighted average effective interest rate of debentures of the Group after recognised effect from interest rate swap contracts is 5.12% per annum (2010: 4.86% per annum).

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

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
• at fixed rates	23,800,000	10,300,000	23,800,000	10,300,000
• at floating rates	-	-	-	-
<b>Total debentures</b>	<b>23,800,000</b>	<b>10,300,000</b>	<b>23,800,000</b>	<b>10,300,000</b>

Maturities of debentures are as follows:

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
Within 1 year	2,000,000	1,500,000	2,000,000	1,500,000
Later than 1 year but not later than 5 years	6,800,000	6,700,000	6,800,000	6,700,000
Later than 5 years	15,000,000	2,100,000	15,000,000	2,100,000
<b>Total debentures</b>	<b>23,800,000</b>	<b>10,300,000</b>	<b>23,800,000</b>	<b>10,300,000</b>

Debentures are unsecured liabilities. However, the Group is required to comply with certain procedure and conditions; for example, maintaining debt to equity ratio, etc.

## 20. Employee benefits obligation

Employee benefits obligation presented in as current liabilities amounting to Australian Dollars 82.56 million or equivalent to THB 2,658.28 million (2010: Australian Dollars 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.

Movements of employee benefits obligation are as follows:

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
Opening balance	621,000	601,724	254,455	273,227
Recognition in statement of comprehensive income	157,107	119,471	12,100	20,626
Payment during the year	(92,969)	(71,841)	(17,382)	(39,398)
Unrealised (gain) loss from exchange rate	18,769	(28,354)	-	-
<b>Closing balance</b>	<b>703,907</b>	<b>621,000</b>	<b>249,173</b>	<b>254,455</b>

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. Other components of shareholders' equity

Movements of other components of shareholders' equity for the years ended 31 December are as follows:

	Unit: THB Thousand			
	Consolidated			
	Surplus on dilution of investment in a subsidiary	Fair value reserve of available-for-sale securities	Translation adjustment	Total other components of shareholders' equity
Opening balance as at 1 January 2010	7,667,014	4,456,799	(2,843,582)	9,280,231
Changes in fair value (Note 11)	-	(4,594,394)	-	(4,594,394)
Movements in foreign exchange rate	-	-	61,605	61,605
Impact from liquidation of investment in a subsidiary	(906,916)	-	(1,085,967)	(1,992,883)
<b>Closing balance as at 31 December 2010</b>	<b>6,760,098</b>	<b>(137,595)</b>	<b>(3,867,944)</b>	<b>2,754,559</b>
Opening balance as at 1 January 2011	6,760,098	(137,595)	(3,867,944)	2,754,559
Changes in fair value (Note 11)	-	2,898	-	2,898
Movements in foreign exchange rate	-	-	(168,264)	(168,264)
Impact from liquidation of investment in a subsidiary	-	-	64,005	64,005
<b>Closing balance as at 31 December 2011</b>	<b>6,760,098</b>	<b>(134,697)</b>	<b>(3,972,203)</b>	<b>2,653,198</b>

	Unit: THB Thousand	
	Company	
	2011	2010
<b>Change in fair value reserve of available-for-sale securities</b>		
Opening balance	1,894	(171,020)
Changes in fair value (Note 11)	6,822	172,914
<b>Closing balance</b>	<b>8,716</b>	<b>1,894</b>

## 22. Share capital

Issued and paid-up share capital

	Unit: THB Thousand			
	Number of Share	Ordinary share	Shares premium	Total
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
Issued shares	-	-	-	-
<b>As at 31 December 2011</b>	<b>271,747,855</b>	<b>2,717,479</b>	<b>5,058,329</b>	<b>7,775,808</b>

As at 31 December 2011, there are 271,747,855 ordinary shares (2010: 271,747,855 shares) at par value of THB 10 per share (2010: THB 10 per share). All issued shares are fully paid-up.

## 23. Expense by nature

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
Staff costs	4,585,671	4,385,501	1,084,664	633,748
Depreciation on plant and equipment	6,066,439	2,223,702	23,770	14,056
Write-off of assets and projects under development	561,698	740,837	2,507	-
Amortisation of deferred exploration and development expenditures and deferred over burden expenditures	27,046,218	18,926,351	-	-
Operating leases	876,743	878,138	44,772	48,829
Reversal of allowance for impairment of assets	-	(405)	-	(405)
Allowance for slow-moving of coal	7,922	571	7,922	-
Demurrage expenses	1,205,914	791,509	12,925	(1,550)
Reversal of allowance for doubtful accounts	(20,609)	(30,914)	(20,609)	(30,914)

## 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 2011 and 2010 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%
Republic of China	7.5% - 15%
Republic of Mauritius	15%
Australia	30%
Mongolia	25%

Income taxes for the years ended 31 December consist of:

	Consolidated		Company	
	2011	2010	2011	2010
Income taxes for the year	8,097,688	3,100,130	-	-
Withholding tax for dividends	407,964	632,718	-	-
<b>Total income taxes</b>	<b>8,505,652</b>	<b>3,732,848</b>	<b>-</b>	<b>-</b>

Unit: THB Thousand

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 and paid-up during the year.

	Consolidated		Company	
	2011	2010 (Restated)	2011	2010
Net profit attributable to ordinary shares (THB Thousand)	20,059,830	24,880,171	7,863,566	5,382,910
Weighted average ordinary shares (Shares)	271,747,855	271,747,855	271,747,855	271,747,855
Earnings per share (THB)	73.82	91.56	28.94	19.81

There are no potential dilutive shares in issue for the years ended 31 December 2011 and 2010.

## 26. Segments information

Unit: THB Thousand

	Consolidated 2011							
	Coal and Minerals				Power			
	Thailand	Indonesia	Republic of China and Mongolia	Australia	Thailand	Republic of China	Elimination entries	Total
<b>For the year ended 31 December 2011</b>								
Revenue from operation	4,646,450	73,598,773	-	32,638,773	-	5,634,700	(4,114,604)	112,404,092
Segment results	3,941	22,914,164	-	4,084,724	-	309,608	(352,621)	26,959,816
Unallocated expenses								(4,363,204)
Unallocated income								9,576,320
Interests in joint ventures	-	-	18,568	-	1,920,059	-	-	1,938,627
Net gain on exchange rate								3,509,794
Net loss from financial derivatives								(321,867)
Interest expenses and financial expenses								(3,395,935)
Corporate income taxes								(8,505,652)
<b>Net profit for the year</b>								<b>25,397,899</b>
Total segmented assets	3,967,846	41,115,138	13,065,983	36,548,661	7,659,897	8,010,541	(473,487)	109,894,579
Total unallocated assets								115,115,748
<b>Total assets</b>								<b>225,010,327</b>

Unit: THB Thousand

Consolidated 2010 (Restated)								
	Coal and Minerals				Power		Elimination entries	Total
	Thailand	Indonesia	Republic of China	Australia	Thailand	Republic of China		
For the year ended 31 December 2010								
Revenue from operation	1,734,982	53,154,947	-	6,497,845	-	5,000,462	(1,102,921)	65,285,315
Segment results	(462,712)	12,664,590	-	1,121,646	-	541,823	(116,079)	13,749,268
Unallocated expenses								(4,334,493)
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								(1,974,542)
Corporate income taxes								(3,732,848)
Net profit for the year								26,844,439
Total segmented assets	3,219,714	26,392,765	23,315,841	28,975,600	7,672,727	7,614,780	(235,289)	96,956,138
Total unallocated assets								96,165,568
Total assets								193,121,706

## 27. Dividends

At the Annual General shareholders' meeting on 5 April 2011, the shareholders approved a payment of remaining dividend of 2010 of THB 8 per share of dividend-paying shares of 271,538,297 shares, totalling of THB 2,172 million which were paid on 29 April 2011.

At the Board of Directors' meeting on 31 August 2011, the board approved a payment of interim dividend of 2011 of THB 9 per share of dividend-paying shares of 271,665,797 shares, totalling of THB 2,445 million which were paid on 28 September 2011.

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 268,209,312 shares, totalling of THB 1,341 million which were paid on 21 January 2011. As at 31 December 2010, the Company recognised accrued dividend payable as other current liabilities in the statement of financial position.



## 28. Directors and management's remuneration

During the year 2011, the directors' remuneration including meeting, salary, bonus and provident fund are totalled of 188.67 million (2010: THB 100.96 million).

## 29. Legal reserve

As at 31 December, legal reserve consists of:

Unit: THB Thousand				
Consolidated 2011				
	Opening balance	Appropriation	Decrease	Closing balance
Legal reserve				
• Company	354,051	-	-	354,051
• Subsidiaries	1,515,610	46,766	(1,240)	1,561,136
	<b>1,869,661</b>	<b>46,766</b>	<b>(1,240)</b>	<b>1,915,187</b>

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

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:

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
Sales of goods and services to a subsidiary	-	-	10,227	58,455
Purchases of goods and cost of services from subsidiaries	-	-	1,869,548	307,647
Dividends received from subsidiaries	-	-	7,846,133	6,262,875
Management fee				
• Subsidiaries	-	-	1,430,479	1,147,656
• Joint ventures	34,918	28,417	-	-
Total management fee	34,918	28,417	1,430,479	1,147,656
Interest income from subsidiaries	-	-	1,788,484	950,368

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 US Dollars 2 million per quarter for general services and a variable fee of 1.5% of such subsidiary's gross coal sales for marketing and logistics advisory services.

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

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

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

Unit: THB Thousand				
	Consolidated		Company	
	2011	2010	2011	2010
<b>Trade accounts receivable - subsidiaries (Note 6)</b>	-	-	-	99,492
Interest receivable - subsidiaries	-	-	1,976,345	636,902
Other receivables				
• Subsidiaries	-	-	194,282	168,229
• Joint ventures	6,258	16,280	-	-
	6,258	16,280	194,282	168,229
<b>Total amounts due from related parties</b>	<b>6,258</b>	<b>16,280</b>	<b>2,170,627</b>	<b>805,131</b>
Dividend receivable from related parties				
• Subsidiaries	-	-	8,943,399	4,552,395
• Joint ventures	6,087,898	5,755,010	-	-
<b>Total dividend receivable from related parties</b>	<b>6,087,898</b>	<b>5,755,010</b>	<b>8,943,399</b>	<b>4,552,395</b>

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

Unit: THB Thousand				
	Consolidated		Company	
	2011	2010	2011	2010
Advances to related parties				
• Subsidiaries	-	-	308,703	854,478
• Joint ventures	4,451	239,915	59	28
<b>Total advances to related parties</b>	<b>4,451</b>	<b>239,915</b>	<b>308,762</b>	<b>854,506</b>
<b>Long-term loans to related parties</b>	<b>-</b>	<b>-</b>	<b>71,407,259</b>	<b>63,070,341</b>

Long-term loans to subsidiaries represent US Dollar loans amounting to US Dollars 1,815 million and a Thai Baht loan amounting to THB 14,148 million (2010: US Dollars 1,786 million and THB 9,465 million) bearing interest at rates of 1.04% - 4.20% per annum (2010: 2.03% - 5.50% per annum). The repayment term is at call. However, the Company will not request repayment until these subsidiaries have the ability to pay.

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

Unit: THB Thousand

	Consolidated		Company	
	2011	2010	2011	2010
Opening balance	-	360	63,070,341	13,942,120
Increase during year	-	520,000	25,015,490	50,559,887
Repayment during year	-	(520,360)	(19,298,751)	(544,872)
Unrealised gain (loss) on exchange rate	-	-	2,620,179	(886,794)
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>71,407,259</b>	<b>63,070,341</b>

Trade accounts payable from a subsidiary as at 31 December consist of:

Unit: THB Thousand

	Consolidated		Company	
	2011	2010	2011	2010
<b>Trade accounts payable - a subsidiary</b>	<b>-</b>	<b>-</b>	<b>137,632</b>	<b>-</b>

Advances from subsidiaries as at 31 December consist of:

Unit: THB Thousand

	Consolidated		Company	
	2011	2010	2011	2010
Advances from:				
• Subsidiaries	-	-	759	2,045
• Joint venture	266	-	195	-
<b>Total advances from related parties</b>	<b>266</b>	<b>-</b>	<b>954</b>	<b>2,045</b>

### 31. Commitment, significant contracts and contingent liabilities

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

	Consolidated		Company	
	2011	2010	2011	2010
	Million	Million	Million	Million
	(Original currency)	(Original currency)	(Original currency)	(Original currency)
Letters of Guarantee				
• US Dollar	1.68	6.26	-	-
• Thai Baht	104.71	106.23	52.41	53.93
• Indonesian Rupiah	418,494.72	684,178.00	-	-
• Australian Dollar	126.72	113.90	-	-
Letters of Credit				
• US Dollar	219.78	212.12	204.24	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 the 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 December 2012 and June 2014.

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 2011, the remaining contract quantity is 154 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 3% to 7% of sales, net of selling expenses.

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

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

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

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

k) Indonesian subsidiaries have entered into the vehicle rental agreements. The total remaining contract value is Indonesian Rupiah 55,050 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) Hongsa Power Company Limited (joint venture) entered into Power Purchase Agreement with Electricity Generating Authority of Thailand. The Agreement period is 25 years starting from the commercial operating date. Such joint venture also entered into the credit facilities contracts with nine financial institutions. The contracts set out the preliminary agreements on the approximately US Dollars 2,783 million or equivalent to THB 94,620 million for the development of power plant.

## **Litigation**

a) An Indonesian subsidiary has been sued and asked for the compensation for land amounting to Indonesian Rupiah 1,070 million. On 21 April 2009, the 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 4,487 million plus interest.

As at 31 December 2011, the cases are currently going through the judicial process of civil court. 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) During the year 2007, 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 US Dollars 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.

d) One of an Indonesian subsidiary's contractor commenced arbitration in Singapore against the subsidiary for a claim worth a total of US Dollars 1.42 million. As of 31 December 2011, 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.

## **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 US Dollars 16.20 million of claims made by the tax auditors and has filed objection letters. As at 31 December 2011, 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.

## **Capital commitments**

As at 31 December 2011, the Group had capital commitments but not recognised in the consolidated financial statements in the amount of Australian Dollars 118.21 million (2010: Australian Dollars 43.70 million).

### Coal Supply Agreement commitments

As at 31 December 2011, the Group of Indonesian subsidiaries had coal supply commitments in accordance with the Coal Supply Agreement in the amount of 24.70 million tonnes at the market price (2010: 59.30 million tonnes), such coals to be delivered within 2021 (2010: within 2021).

As at 31 December 2011, the Group of Australian subsidiaries had coal supply commitment in the amount of Australian Dollars 3.90 million (2010: Australian Dollars 3.90 million) 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 2011, the Group 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 amount (THB million)	Effective period	Fixed rate (per annum)	Floating rate (per annum)	Repayment Condition
1.	1,000	19 March 2009 - 16 November 2015	8.00%	THB-THBFIX-REUTERS 6 months plus applicable fixed margin	Semi-annual repayment
2.	1,000	16 January 2009 - 16 November 2015	8.00%	THB-THBFIX-REUTERS 6 months plus applicable fixed margin	Semi-annual repayment
3.	500	2 February 2009 - 16 November 2015	8.00%	THB-THBFIX-REUTERS 6 months plus applicable fixed margin	Semi-annual repayment

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

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

- Interest rate swap agreements for Australian Dollar loan of Australian Dollars 140 million by converting floating interest rate to fixed interest rate are as follows:

No.	Total amount (Australian Dollar million)	Effective period	Floating rate (per annum)	Fixed rate (per annum)	Repayment Condition
1.	140	19 December 2011 - 17 December 2014	BBSY	Cap 6.36% and floor 5.14%	Every 3 months repayment

### Net fair value

The net fair value of interest rate swap contracts at the statement of financial position date was:

Unit: THB Thousand			
		Consolidated	Company
		2011	2010
		2011	2010
(Unfavourable) interest rate swap contracts		(243,878)	(101,381)



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 statement of financial position 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 amounts to be received and contractual exchange rates of the outstanding contracts were:

Unit: THB Thousand				
	Consolidated		Company	
	2011	2010	2011	2010
<b>Buying and selling</b>				
2011: Buying contract amounting to US Dollars 4.56 million at the rates of THB 31.74 : US Dollar 1 and Selling contracts amounting to US Dollars 497.16 million at the rates of THB 30.27 - 31.99 : US Dollar 1, US Dollars 111.95 million at the rates of Indonesian Rupiah 8,653 - 9,530 : US Dollar 1 and US Dollars 745 million at the rate of US Dollars 0.9306 : Australian Dollar 1				
(2010: Selling contracts amounting to US Dollars 457.26 million at the rates of THB 29.62 - 32.55 : US Dollar 1, US Dollars 54 million at the rates of Indonesian Rupiah 8,973 - 9,220 : US Dollar 1 and US Dollars 546.50 million at the rate of US Dollars 1.0158 : Australian Dollar 1)	44,182,175	32,120,567	7,494,549	7,256,135
	<b>44,182,175</b>	<b>32,120,567</b>	<b>7,494,549</b>	<b>7,256,135</b>

### Net fair values

The net fair values of forward foreign exchange contracts at the statement of financial position date were:

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
(Unfavourable) favourable forward foreign exchange contracts	731,033	1,991,036	(202,472)	(63,479)

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 statement of financial position date.

### Cross currency swap contracts

As at 31 December 2011, the Group has entered into cross currency swap contracts with the financial institutions to manage exposure of fluctuations in foreign currency exchange rates and interest rates for the debentures from THB 4,700 million to be US Dollars 154.28 million at the interest rates of 4.14% to 6.39% per annum, starting from 10 June 2011 to 1 April 2026.

### Net fair values

The net fair values of the cross currency swap contracts at the statement of financial position date were:

	Unit: THB Thousand			
	Consolidated		Company	
	2011	2010	2011	2010
(Unfavourable) cross currency swap contracts	(780,544)	-	(780,544)	-

Fair values of cross currency swap contracts have been calculated using information from the financial institutions of the Group as if the contracts were terminated at the statement of financial position 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 2011, the Group has entered coal swap contracts with no physical delivery of selling side amounting to 3,750,000 tonnes at the rates of US Dollars 103.00 - 129.20 per tonne. Such contracts are due within 1 year. Differences between the coal swap contracts price and market price are specified by API 4 Index and Newcastle Coal Index (2010: coal swap contracts of buying side amounting to 2,466,000 tonnes at the average rate of US Dollars 70.50 - 118.50 per tonne).

### Net fair values

The net fair values of average coal swap contracts at the statement of financial position date were:

Unit: THB Thousand				
	Consolidated		Company	
	2011	2010	2011	2010
Favourable (unfavourable) coal swap contracts	832,986	(1,922,714)	-	-

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 statement of financial position 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 2011, the Group has entered oil hedging contracts of buying side amounting 1,701,000 barrels at the rates between US Dollars 113.35 - 130.00 per barrel (2010: 1,488,000 barrels at the rates between US Dollars 73.20 - 89.90 per barrel). Such contracts are due within 1 year. Differences between oil hedging contract price and market price are specified by Gasoil 0.5%S.

### Net fair values

The net fair value of oil hedging contracts at the statement of financial position date was:

Unit: THB Thousand				
	Consolidated		Company	
	2011	2010	2011	2010
Favourable (unfavourable) oil hedging contract - buying	(28,909)	550,622	-	-

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 statement of financial position 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 borrowings and debentures as follows:

	2011		2010	
	Contract amount	Fair values	Contract amount	Fair values
Borrowings	65,737	65,737	78,193	78,193
Debentures	23,800	26,076	10,300	10,860

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

**g) Other risks - Indonesian economic conditions**

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

**33. Events occurring after the reporting date**

At the Board of Directors' meeting on 18 January 2012, the board approved a payment of extraordinary interim dividend of 2011 of THB 3 per share of dividend-paying shares of 271,747,855 shares, totalling of THB 815.24 million which will be paid to shareholders on 10 February 2012.





# **‘The Asian Face of Energy’**





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