

Banpu announces Q3 results: net profit THB 884 million; expected 2006 sales revenue at THB 30 billion

Banpu Public Company Limited has reported its third quarter results (for the period July 1 – September 30, 2006) with a net profit of THB 884 million, a decrease of THB 796 million or 47 percent compared to the same period last year. The decrease relates mainly to a decline in earnings from core businesses resulted from higher production cost particularly soaring diesel price, Indonesian export tax and management cost on asset with low return in Indonesia.

As a result of an increase in sales volumes and coal prices, the Company's net profit of THB 884 million in the third quarter was 10 percent higher than the previous quarter. However, when compared with the same period last year, earnings from coal business were 47 percent (THB 796 million) lower due to higher production costs (in particular, higher diesel prices), the Indonesian export tax (suspended on September 13, 2006) and a one-time expense related to closure at the underground unit of the Kitadin-Embalut mine.

In the third quarter this year, Banpu's sales revenue was THB 8,441 million, increasing by THB 933 million or 12 percent compared to the same period last year. The increase was driven by the increase in coal sales volume and consolidation of revenue from power business in China. The third quarter's sales revenue included coal sales revenue of THB 7,608 million, accounting for 90.13 percent of total sales revenue. Coal revenues of THB 7,203 million were generated from Indonesian mines and THB 405 million from domestically produced coal. Sales of power and steam were THB 810 million or 9.6 percent of total sales revenue with the remaining portion of THB 23 million or 0.27 percent of total sales revenue from 'Others'. The Company expects to achieve total revenues of about THB 30 billion for the full year 2006.

Coal sales in the third quarter reached 5.31 million tonnes attributed by significant improvement from Trubaindo mine which shipped 1.08 million tonnes. For the first three quarters of 2006, Banpu produced a total of 15.2 million tonnes of coal. It is expected that the Company's total coal production will be about 21 million tonnes this year. The Company's average coal selling price in the third quarter was USD 36.6 per tonne. The Company's estimated average selling price for the full year is estimated at USD 35 per tonne.

"Next year, the Company will focus on enhancing the value of its existing coal resources. At Trubaindo we plan to raise the output of premium grade coal further - and at Indominco-Bontang, our largest mine, we are looking at ways of developing certain high grade coal resources from its concession area. Greater output of premium coal will gradually supplement the falling production of coal from our Thai mines as reserves are depleted - leading to a higher average quality in Banpu's overall coal mix. Nevertheless the Company may pose a slim growth on sales volume next year," said Chanin Vongkusolkit, Banpu's Chief Executive Officer.

Banpu is one of Asia's leading coal-based energy companies with assets in Indonesia, Thailand and China. The Company's total assets and total liabilities shown on its consolidated balance sheet as at September 30, 2006 were at THB 44,281 million and THB 24,380 million respectively. The net-debt-to equity ratio as at September 30, 2006 was at 0.69 times compared to 0.34 times as at December 31, 2005.

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