

# Report of Independent Auditor

## To the shareholders of Bangkok Expressway Public Company Limited

I have audited the accompanying consolidated balance sheets of Bangkok Expressway Public Company Limited and its subsidiary as at 31 December 2009 and 2008, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Bangkok Expressway Public Company Limited for the same years. These financial statements are the responsibility of the management of the Company and its subsidiary as to their correctness and the completeness of the presentation. 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 the audits 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 financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Expressway Public Company Limited and its subsidiary and of Bangkok Expressway Public Company Limited as at 31 December 2009 and 2008, the results of their operations and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to the matter as discussed in Note 1.3 to the financial statements, the subsidiary has consistently suffered from operation losses over a number of years, and as at 31 December 2009 has a deficit of Baht 5,009 million (2008: Baht 4,837 million), and the Company has substantial loans to this subsidiary as described in Note 7 to the financial statements. These conditions indicate the existence of a material uncertainty which could give rise to doubt as to the ability of the subsidiary to continue as a going concern and could have an impact on the operations of the Company.



**Rungnapa Lertsuwankul**  
**Certified Public Accountant (Thailand) No. 3516**

Ernst & Young Office Limited

Bangkok: 24 February 2010

## Balance Sheets

(Unit : Baht)

### Bangkok Expressway Public Company Limited and its subsidiary

As at 31 December 2009 and 2008

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	99,165,592	131,099,191	90,597,339	121,631,955
Current investments	6	3,113,509,482	2,398,370,332	3,108,082,341	2,392,648,054
Amounts due from subsidiary company	7	-	-	2,568,000	2,247,000
Other current assets					
Advance payments under service contract	7	40,434,362	19,075,275	40,434,362	19,075,275
Prepaid expenses	7	9,907,787	7,519,178	7,126,675	4,738,316
Withholding tax deducted at source		6,555,125	5,769,804	-	-
Others		15,121,508	15,273,728	14,787,681	14,303,319
<b>Total current assets</b>		<b>3,284,693,856</b>	<b>2,577,107,508</b>	<b>3,263,596,398</b>	<b>2,554,643,919</b>
<b>Non-current assets</b>					
Long-term loans to and interest receivable					
from related companies	7	35,355,314	33,075,982	9,938,851,750	10,427,572,418
Other long-term investments, net	7, 9	3,695,834,602	2,799,292,213	3,695,834,602	2,799,292,213
Property, plant and equipment, net	10	247,094,768	227,892,769	246,938,993	227,526,429
Construction in process	11	121,108,481	13,256,667	120,202,510	13,256,667
Rights to operate completed expressway					
sectors, net	12	35,343,053,981	37,646,423,546	25,315,990,106	27,250,436,525
Intangible assets, net	13	4,238,367	3,730,635	4,238,367	3,730,635
Other non-current assets					
Deposits		6,720,858	6,719,658	3,515,460	3,515,460
Others		12,737,331	6,967,229	400,995	400,694
<b>Total non-current assets</b>		<b>39,466,143,702</b>	<b>40,737,358,699</b>	<b>39,325,972,783</b>	<b>40,725,731,041</b>
<b>Total assets</b>		<b>42,750,837,558</b>	<b>43,314,466,207</b>	<b>42,589,569,181</b>	<b>43,280,374,960</b>

The accompanying notes are an integral part of the financial statements.

## Balance Sheets (Continued)

(Unit : Baht)

### Bangkok Expressway Public Company Limited and its subsidiary

As at 31 December 2009 and 2008

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	14	-	691,616,657	-	691,616,657
Trade accounts payable	7	63,669,940	30,398,493	60,864,835	28,940,134
Current portion of long-term loans	7, 15	980,140,000	3,229,280,000	980,140,000	3,229,280,000
Current portion of debentures	16	3,905,000,000	-	3,905,000,000	-
Other current liabilities					
Corporate income tax payable		298,479,726	264,146,052	298,479,726	264,146,052
Value added tax payable		33,129,128	40,377,182	30,266,928	36,839,076
Accrued interest		200,833,573	174,966,225	200,833,573	174,966,225
Other payables		3,731,844	15,337,240	2,249,342	12,257,645
Retention guarantees	7	26,681,165	14,938,896	26,587,477	14,857,282
Others	7	67,114,641	34,283,109	63,876,017	31,568,639
<b>Total current liabilities</b>		<b>5,578,780,017</b>	<b>4,495,343,854</b>	<b>5,568,297,898</b>	<b>4,484,471,710</b>
<b>Non-current liabilities</b>					
Provision for compensation for site acquisition cost	25.1	889,870,000	1,038,170,000	889,870,000	1,038,170,000
Long-term loans, net of current portion	7, 15	7,105,237,600	10,153,987,600	7,105,237,600	10,153,987,600
Debentures, net of current portion	16	11,595,000,000	11,500,000,000	11,595,000,000	11,500,000,000
<b>Total non-current liabilities</b>		<b>19,590,107,600</b>	<b>22,692,157,600</b>	<b>19,590,107,600</b>	<b>22,692,157,600</b>
<b>Total liabilities</b>		<b>25,168,887,617</b>	<b>27,187,501,454</b>	<b>25,158,405,498</b>	<b>27,176,629,310</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
800,000,000 ordinary shares of Baht 10 each					
		8,000,000,000	8,000,000,000	8,000,000,000	8,000,000,000
Issued and paid-up					
770,000,000 ordinary shares of Baht 10 each					
		7,700,000,000	7,700,000,000	7,700,000,000	7,700,000,000
Premium on ordinary shares		4,848,492,969	4,848,492,969	4,848,492,969	4,848,492,969
Unrealised loss					
Revaluation deficit on changes in value of investments					
		(156,783,120)	(794,983,335)	(156,783,120)	(794,983,335)
Retained earnings					
Appropriated - statutory reserve					
	17	702,526,928	617,412,679	702,526,928	617,412,679
Unappropriated					
		4,487,713,164	3,756,042,440	4,336,926,906	3,732,823,337
<b>Total shareholders' equity</b>		<b>17,581,949,941</b>	<b>16,126,964,753</b>	<b>17,431,163,683</b>	<b>16,103,745,650</b>
<b>Total liabilities and shareholders' equity</b>		<b>42,750,837,558</b>	<b>43,314,466,207</b>	<b>42,589,569,181</b>	<b>43,280,374,960</b>

The accompanying notes are an integral part of the financial statements.

# Income Statements

(Unit : Baht)

## Bangkok Expressway Public Company Limited and its subsidiary

For the Years ended 31 December 2009 and 2008

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Revenues</b>					
Toll revenue	19	7,623,406,943	6,956,134,844	6,968,027,838	6,381,347,673
Other income					
Interest income	7	12,041,367	6,699,302	307,286,913	379,014,827
Dividend income	7	114,312,500	55,312,500	114,312,500	55,312,500
Gain on investments	20	-	126,543,785	-	125,950,940
Others	7	10,538,716	4,182,550	38,602,841	29,379,746
<b>Total revenues</b>		<b>7,760,299,526</b>	<b>7,148,872,981</b>	<b>7,428,230,092</b>	<b>6,971,005,686</b>
<b>Expenses</b>					
Amortisation of rights to operate completed expressway sectors	12	2,303,369,565	2,073,293,642	1,934,446,419	1,769,393,086
Provision for compensation for site acquisition cost	25.1	651,700,000	566,300,000	651,700,000	566,300,000
Selling expenses	7	903,277,066	790,628,734	785,279,023	689,308,804
Administrative expenses	7	305,010,749	299,571,339	290,902,534	284,680,823
Loss on investments	20	7,980,305	-	8,135,168	-
Director and management benefit expenses	7	67,775,295	64,086,365	66,755,295	63,116,365
Loss on impairment of investment		-	-	299,999,990	209,999,993
<b>Total expenses</b>		<b>4,239,112,980</b>	<b>3,793,880,080</b>	<b>4,037,218,429</b>	<b>3,582,799,071</b>
<b>Income before finance cost and   corporate income tax</b>		<b>3,521,186,546</b>	<b>3,354,992,901</b>	<b>3,391,011,663</b>	<b>3,388,206,615</b>
Finance cost	7	(1,138,352,176)	(1,329,797,733)	(1,135,744,448)	(1,327,294,653)
<b>Income before corporate income tax</b>		<b>2,382,834,370</b>	<b>2,025,195,168</b>	<b>2,255,267,215</b>	<b>2,060,911,962</b>
Corporate income tax		(680,549,397)	(580,911,688)	(680,549,397)	(580,911,688)
<b>Net income for the year</b>		<b>1,702,284,973</b>	<b>1,444,283,480</b>	<b>1,574,717,818</b>	<b>1,480,000,274</b>
<b>Basic earnings per share</b>	21				
Net income		2.21	1.88	2.05	1.92

The accompanying notes are an integral part of the financial statements.

# Statements of Changes in Shareholder's equity

(Unit : Baht)

## Bangkok Expressway Public Company Limited and its subsidiary

For the Years ended 31 December 2009 and 2008

### Consolidated financial statements

	Issued and paid-up share capital	Premium on ordinary shares	Revaluation deficit on changes in value of investments	Retained earnings		Total
				Appropriated statutory reserve	Unappropriated	
<b>Balance as at 31 December 2007</b>	7,700,000,000	4,848,492,969	(288,962,855)	543,412,665	3,232,758,974	16,035,701,753
<b>Income and expenses recognised directly in equity:</b>						
Investment in available-for-sale securities						
Loss recognised in shareholders' equity	-	-	(506,020,480)	-	-	(506,020,480)
<b>Net income and expenses recognised directly in equity</b>	-	-	(506,020,480)	-	-	(506,020,480)
Net income for the year	-	-	-	-	1,444,283,480	1,444,283,480
<b>Total income and expenses for the year</b>	-	-	(506,020,480)	-	1,444,283,480	938,263,000
Dividend paid (Note 24)	-	-	-	-	(847,000,000)	(847,000,000)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	74,000,014	(74,000,014)	-
<b>Balance as at 31 December 2008</b>	7,700,000,000	4,848,492,969	(794,983,335)	617,412,679	3,756,042,440	16,126,964,753
<b>Balance as at 31 December 2008</b>	7,700,000,000	4,848,492,969	(794,983,335)	617,412,679	3,756,042,440	16,126,964,753
<b>Income and expenses recognised directly in equity:</b>						
Investment in available-for-sale securities						
Gain recognised in shareholders' equity	-	-	638,200,215	-	-	638,200,215
<b>Net income and expenses recognised directly in equity</b>	-	-	638,200,215	-	-	638,200,215
Net income for the year	-	-	-	-	1,702,284,973	1,702,284,973
<b>Total income and expenses for the year</b>	-	-	638,200,215	-	1,702,284,973	2,340,485,188
Dividend paid (Note 24)	-	-	-	-	(885,500,000)	(885,500,000)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	85,114,249	(85,114,249)	-
<b>Balance as at 31 December 2009</b>	7,700,000,000	4,848,492,969	(156,783,120)	702,526,928	4,487,713,164	17,581,949,941

The accompanying notes are an integral part of the financial statements.

## Statements of Changes in Shareholder's equity

(Unit : Baht)

### Bangkok Expressway Public Company Limited and its subsidiary

For the Years ended 31 December 2009 and 2008

#### Separate financial statements

	Issued and paid-up share capital	Premium on ordinary shares	Revaluation deficit on changes in value of investments	Retained earnings		Total
				Appropriated statutory reserve	Unappropriated	
<b>Balance as at 31 December 2007</b>	7,700,000,000	4,848,492,969	(288,962,855)	543,412,665	3,173,823,077	15,976,765,856
<b>Income and expenses recognised directly in equity:</b>						
Investment in available-for-sale securities						
Loss recognised in shareholders' equity	-	-	(506,020,480)	-	-	(506,020,480)
<b>Net income and expenses recognised directly in equity</b>	-	-	(506,020,480)	-	-	(506,020,480)
Net income for the year	-	-	-	-	1,480,000,274	1,480,000,274
<b>Total income and expenses for the year</b>	-	-	(506,020,480)	-	1,480,000,274	973,979,794
Dividend paid (Note 24)	-	-	-	-	(847,000,000)	(847,000,000)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	74,000,014	(74,000,014)	-
<b>Balance as at 31 December 2008</b>	7,700,000,000	4,848,492,969	(794,983,335)	617,412,679	3,732,823,337	16,103,745,650
<b>Balance as at 31 December 2008</b>	7,700,000,000	4,848,492,969	(794,983,335)	617,412,679	3,732,823,337	16,103,745,650
<b>Income and expenses recognised directly in equity:</b>						
Investment in available-for-sale securities						
Gain recognised in shareholders' equity	-	-	638,200,215	-	-	638,200,215
<b>Net income and expenses recognised directly in equity</b>	-	-	638,200,215	-	-	638,200,215
Net income for the year	-	-	-	-	1,574,717,818	1,574,717,818
<b>Total income and expenses for the year</b>	-	-	638,200,215	-	1,574,717,818	2,212,918,033
Dividend paid (Note 24)	-	-	-	-	(885,500,000)	(885,500,000)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	85,114,249	(85,114,249)	-
<b>Balance as at 31 December 2009</b>	7,700,000,000	4,848,492,969	(156,783,120)	702,526,928	4,336,926,906	17,431,163,683

The accompanying notes are an integral part of the financial statements.

# Statement of Cash Flows

(Unit : Baht)

## Bangkok Expressway Public Company Limited and its subsidiary

For the Years ended 31 December 2009 and 2008

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Cash flows from operating activities</b>				
Net income before tax	2,382,834,370	2,025,195,168	2,255,267,215	2,060,911,962
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	2,329,227,628	2,101,389,328	1,960,093,944	1,796,751,942
Loss (gain) on investments	7,980,305	(126,543,785)	8,135,168	(125,950,940)
Gain on sales of assets	(6,845,989)	(498,014)	(6,132,824)	(498,014)
Loss on written of assets	457,503	-	457,503	-
Provision for compensation for site acquisition	651,700,000	566,300,000	651,700,000	566,300,000
Loss on impairment of investment	-	-	299,999,990	209,999,993
Interest income	(12,041,367)	(6,699,302)	(307,286,913)	(379,014,827)
Dividend income	(114,312,500)	(55,312,500)	(114,312,500)	(55,312,500)
Interest expenses	1,084,017,303	1,265,213,020	1,084,017,303	1,265,213,020
Income from operating activities before changes in operating assets and liabilities	6,323,017,253	5,769,043,915	5,831,938,886	5,338,400,636
Decrease (increase) in operating assets				
Amounts due from subsidiary company	-	-	(321,000)	-
Other current assets	(23,585,288)	(14,349,526)	(24,222,988)	(14,479,534)
Other non-current assets	(1,500)	15,490,922	(300)	15,502,623
Increase (decrease) in operating liabilities				
Trade accounts payable	33,271,447	(2,849,950)	31,924,701	(3,185,785)
Value added tax payable	(7,248,054)	6,508,150	(6,572,148)	5,532,914
Other payables	(11,605,396)	7,654,781	(10,008,303)	7,348,276
Other current liabilities	44,573,803	(2,719,398)	44,037,572	1,696,267
Cash paid for compensation for site acquisition	(800,000,000)	(700,000,000)	(800,000,000)	(700,000,000)
Net cash flows from operating activities	5,558,422,265	5,078,778,894	5,066,776,420	4,650,815,397
Cash received for interest income	872,242	410,029	764,007	364,370
Cash paid for corporate income tax	(652,770,847)	(548,840,458)	(646,215,723)	(543,070,655)
<b>Net cash flows from operating activities</b>	<b>4,906,523,660</b>	<b>4,530,348,465</b>	<b>4,421,324,704</b>	<b>4,108,109,112</b>

The accompanying notes are an integral part of the financial statements.

## Statement of Cash Flows (Continued)

(Unit : Baht)

### Bangkok Expressway Public Company Limited and its subsidiary

For the Years ended 31 December 2009 and 2008

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Cash flows from investing activities</b>				
Increase in current investments	(714,892,044)	(1,281,347,518)	(715,342,044)	(1,287,447,518)
Increase in investment in subsidiary company	-	-	(299,999,990)	(209,999,993)
Cash received from sales of long-term investments	3,012,450	156,425,985	3,012,450	156,425,985
Increase in other long-term investments	(262,691,625)	(243,510,720)	(262,691,625)	(243,510,720)
Cash paid for long-term loans to related company	-	(22,500,000)	-	(22,500,000)
Cash received from long-term loans to related company	-	-	406,449,800	219,367,000
Cash received from interest income	1,989,192	4,378,569	381,894,542	422,372,612
Dividend received	114,312,500	55,312,500	114,312,500	55,312,500
Purchase of equipment	(45,618,354)	(26,252,096)	(45,618,354)	(26,252,096)
Cash received from sale of equipment	7,565,953	652,266	6,852,761	652,266
Additional construction of Second Stage Expressway	-	(22,012,456)	-	(22,012,456)
Increase in construction on process	(107,851,814)	(13,256,667)	(106,945,843)	(13,256,667)
Increase in intangible assets	(1,126,905)	(452,420)	(1,126,905)	(452,420)
<b>Net cash flows used in investing activities</b>	<b>(1,005,300,647)</b>	<b>(1,392,562,557)</b>	<b>(519,202,708)</b>	<b>(971,301,507)</b>
<b>Cash flows from financing activities</b>				
Cash received from short-term loans from financial institutions	-	975,787,495	-	975,787,495
Cash paid for short-term loans from financial institutions	(700,000,000)	(1,200,000,000)	(700,000,000)	(1,200,000,000)
Cash received from issuance of debentures	4,000,000,000	4,000,000,000	4,000,000,000	4,000,000,000
Cash paid for long-term loans	(5,297,890,000)	(4,836,780,000)	(5,297,890,000)	(4,836,780,000)
Cash paid for interest expenses	(1,049,766,612)	(1,198,443,084)	(1,049,766,612)	(1,198,443,084)
Cash paid for dividend	(885,500,000)	(847,000,000)	(885,500,000)	(847,000,000)
<b>Net cash flows used in financing activities</b>	<b>(3,933,156,612)</b>	<b>(3,106,435,589)</b>	<b>(3,933,156,612)</b>	<b>(3,106,435,589)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(31,933,599)</b>	<b>31,350,319</b>	<b>(31,034,616)</b>	<b>30,372,016</b>
Cash and cash equivalents at beginning of year	131,099,191	99,748,872	121,631,955	91,259,939
<b>Cash and cash equivalents at end of year</b>	<b>99,165,592</b>	<b>131,099,191</b>	<b>90,597,339</b>	<b>121,631,955</b>
Supplemental cash flows information				
Non-cash items consist of: -				
Unrealised gain (loss) on changes in value of investments	638,200,215	(506,020,480)	638,200,215	(506,020,480)

The accompanying notes are an integral part of the financial statements.

# Notes to Consolidated Financial Statements

## Bangkok Expressway Public Company Limited and its subsidiary

For the years ended 31 December 2009 and 2008

### 1. General information

#### 1.1 Corporate information

Bangkok Expressway Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. It is principally engaged in the construction and management of the Second Stage Expressway System (SES) and other extensions, including other related business, under the SES agreement with the Expressway Authority of Thailand (EXAT), for a period of 30 years commencing on 1 March 1990 and expiring on 28 February 2020. The Company has the right to extend the contract period for two further periods of 10 year each upon such terms and conditions as may then be agreed by the parties. The SES consists of Sectors A, B, C and D.

The Company’s registered address is 238/7 Asoke-Dindaeng Road, Bangkok, Huaykwang, Bangkok.

#### 1.2 Revision of toll rates

1.2.1 The Second Stage Expressway System agreement and the Extension of Second Stage Expressway System (Sector D) agreement stipulate that EXAT and Bangkok Expressway Public Company Limited, as counterparties have common obligations to consider a revision of the toll rates of the First and Second Stage Expressway Systems and the Second Stage Expressway System (Sector D) every five years.

On 15 August 2008, the Ministry of Communications issued Ministry of Communications Notification regarding the toll rates for the First and Second Stage Expressway Systems and the Second Stage Expressway System (Sector D), to become effective from 1 September 2008. However, the Company believes that the adjusted toll rates under this notification is contrary to the agreements. The Company is currently proceeding with its right opposition and seeking for compensation based on agreements.

1.2.2 The Bang Pa-In - Pakkret Expressway System agreement stipulates that EXAT and Northern Bangkok Expressway Company Limited (“the subsidiary”) as counterparties, have common obligations to consider a revision of the toll rates of the Bang Pa-In - Pakkret Expressway System every five years.

On 15 August 2008, the Ministry of Communications issued Ministry of Communications Notification regarding the toll rates for the Bang Pa-In - Pakkret Expressway, to become effective from 1 November 2008. However, the subsidiary believes that the adjusted toll rates under this notification is contrary to the agreements. The subsidiary is currently proceeding with its right opposition and seeking for compensation based on agreement.

#### 1.3 Assumption of preparation of the financial statements

The subsidiary company has consistently faced operating losses over a number of years and as at 31 December 2009 has a deficit of Baht 5,009 million (2008: Baht 4,837 million). Although these conditions raise substantial doubt about the subsidiary’s ability to continue as a going concern, the management is considering measures to restructure the operations of the subsidiary and believe that these will resolve the problems being faced. For this reason, the financial statements of the subsidiary company as incorporated in the accompanying consolidated financial statements were prepared on the going concern basis, and hence do not include any of the adjustments that might result should the subsidiary company be unable to continue as a going concern.

### 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Bangkok Expressway Public Company Limited (“the Company”) and its subsidiary company, Northern Bangkok Expressway Company Limited (“the subsidiary”). The details are as follows: -

Company's name	Nature of business	Country of incorporation	Proportion of investment as at 31 December		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
			2009	2008	2009	2008	2009	2008
Northern Bangkok Expressway Company Limited	Operation and management of Bang Pa-In - Pakkret Expressway	Thailand	45.74	42.39	24	24	8	8

The financial statements of Northern Bangkok Expressway Company Limited are included in the consolidated financial statements since the Company is able to exercise management control over this company.

In January 2009, the subsidiary called up an additional 10% of the value of the 300 million shares held by the Company (par value of Baht 10 each), a total of Baht 300 million. The Company made payment of this share subscription on 17 February 2009. As a result, the Company's proportion of investment increased from 42.39% to 45.74% of its paid-up share capital.

As at 31 December 2009, the Company invested in 320 million shares of the subsidiary company, represented 53.33% of the subsidiary's shares issued of 600 million shares.

- b) The subsidiary is fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- d) Material balances and transactions between the Company and the subsidiary have been eliminated from the consolidated financial statements.

- 2.3 The separate financial statements, which present investment in subsidiary presented under the cost method, have been prepared solely for the benefit of the public.

## 3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

### 3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for the Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that TFRS 5 (revised 2007), Accounting Treatment Guidance for Leasehold Right and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the business of the Company, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007) do not have any significant impact on the financial statements for the current year.

### 3.2 Accounting standards which are not effective for the current year

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allow early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 and TAS 40 are not relevant to the business of the Company, while TAS 24 (revised 2007) will not have any significant impact on the financial statements for the year in which it is initially applied.

## 4. Significant accounting policies

### 4.1 Revenue and expense recognition

Toll revenue represent the invoiced value, excluding value added tax, of service rendered.

Interest income from a subsidiary company is recognised as interest accrues based on the effective rate method.

Dividend income is recognised when the right to receive the dividends is established.

Expenses are recognised on an accrual basis.

### 4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 4.3 Investments

- a) Investments in securities held for trading are stated at fair value. Gains or losses arising from changes in the carrying amounts of securities are included in determining income.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the carrying amounts of securities are recorded as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.
- d) Investment in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- e) Investment in subsidiary company are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day year as quoted on the Stock Exchange of Thailand. The fair value of debt instruments is determined based on the required rate of return or the yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

#### 4.4 Property, plant and equipment and depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of the building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives: -

Building and construction improvement	5 years
Furniture and fixture	5 years
Tools, instruments and equipment	3 and 5 years
Vehicles	5 and 10 years

Depreciation is included in determining income.

No depreciation has been provided for land and construction in process.

#### 4.5 Amortisation of rights to operate completed expressway sectors

The rights to operate completed expressway sectors are amortised as expenses in income statements with the number of actual vehicle volume. The amortisation of rights to operate completed expressway sectors is calculated as follows: -

Annual amortisation	=	Net rights to operate completed expressway sectors x Percentage of the number of vehicle volume for the year
Percentage of the number of vehicle volume for the year	=	$\frac{\text{Current year's number of actual vehicle volume}}{(\text{Current year's number of actual vehicle volume} + \text{Projected vehicle volume after current year to the remaining years of the agreement})}$
Net rights to operate completed expressway sectors	=	Total actual cost of rights to operate completed expressway sectors - Accumulated amortisation

#### 4.6 Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the useful economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

A summary of the useful lives of intangible assets with finite useful lives is as follows.

Computer software	10 years
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#### 4.7 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

#### 4.8 Impairment of assets

At each reporting date, the Company performs impairment reviews in respect of the property, plant and equipment, rights to operate completed expressway sectors and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

#### 4.9 Employee benefits

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

#### 4.10 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

The Company has recorded its provision for compensation for the cost of site acquisition to be paid to the Expressway Authority of Thailand as expenses in each year throughout the period of the contract.

#### 4.11 Periodic maintenance

All annual maintenance costs are charged directly to the income statement in the year on which they are incurred. The independent specialists have stated that if annual repairs are carried out in accordance with the specified standard, there will be no requirement for major maintenance. As a result, no further amounts are set aside as provision for maintenance.

#### 4.12 Income tax

The income tax is provided in the accounts based on taxable profits determined in accordance with tax legislation.

### 5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

### Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

### Impairment of equity investments

The Company treats available-for-sale investments and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

### Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company’s plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

### Amortisation of rights to operate completed expressway sectors

In determining amortisation of rights to operate completed expressway sectors, the management has to project vehicle volume after current year for the remaining years of the agreement. Vehicle volume is projected based on the number of vehicles as assessed by an independent appraiser, and adjusted by comparison to actual vehicle volume. However, the actual vehicle volume in the future could differ from the estimate depending upon changes in external factors that may affect toll rates and vehicle volume.

### Litigation

The Company and its subsidiary have contingent liabilities as a result of litigation. The Company’s management has used judgment to assess the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the balance sheet date.

## 6. Current investments

(Unit: Baht)

	Consolidated financial statements				Separate financial statements			
	2009		2008		2009		2008	
	Cost	Fair value	Cost	Fair value	Cost	Fair value	Cost	Fair value
Unit trusts	2,725,208,710	2,747,578,340	2,332,990,613	2,398,370,332	2,724,981,713	2,747,351,198	2,327,271,440	2,392,648,054
Debt securities due within one year	366,100,000	365,931,142	-	-	360,900,000	360,731,143	-	-
	3,091,308,710	3,113,509,482	2,332,990,613	2,398,370,332	3,085,881,713	3,108,082,341	2,327,271,440	2,392,648,054

## 7. Related party transactions

During the years, the Company and its subsidiary had significant transactions with its related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2009	2008	2009	2008	
<b>Transactions with subsidiary company</b>					
Payment for additional share subscription Northern Bangkok Expressway Company Limited	-	-	300,000	210,000	300,000,000 shares of Baht 1 each (2008: 300,000,000 shares of Baht 0.70 each)
Cash receipt from repayment of long-term loans and interest receivable Northern Bangkok Expressway Company Limited	-	-	491,000	265,000	
Interest receipt on long-term loans Northern Bangkok Expressway Company Limited	-	-	295,355	372,361	At the rates of 0.79% - 4.83% per annum (2008: 2.31% - 5.11% per annum)
Management income Northern Bangkok Expressway Company Limited	-	-	28,800	25,200	Baht 2,400,000 per month (2008: Baht 2,100,000 per month)
<b>Transactions with related companies</b>					
Dividend income Thai Tap Water Supply Public Company Limited	114,313	55,313	114,313	55,313	368,750,000 shares of Baht 0.31 each (2008: 368,750,000 shares of Baht 0.15 each)
Interest receipt on long-term loans SouthEast Asia Energy Limited	2,279	1,757	2,279	1,757	At the rate of MLR+1% per annum
Second Stage Expressway maintenance expenses CH. Karnchang Public Company Limited	103,853	117,273	103,853	117,273	Stated in the agreement and compared to the amounts as estimated by independent consultant
CH. Kanchang-Tokyu Construction Company Limited	8,047	7,088	8,047	7,088	Contracted price
<b>Total</b>	<b>111,900</b>	<b>124,361</b>	<b>111,900</b>	<b>124,361</b>	
Rental expenses CH. Karnchang Public Company Limited	120	120	-	-	Baht 10,000 per month
Financial fee Krungthai Bank Public Company Limited	9,996	5,500	7,496	3,000	Baht 9,500,000 per annum and Baht 100,000 per month (2008: Baht 3,000,000 per annum and Baht 100,000 per month)
TMB Bank Public Company Limited	1,200	1,200	1,200	1,200	
<b>Total</b>	<b>11,196</b>	<b>6,700</b>	<b>8,696</b>	<b>4,200</b>	

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2009	2008	2009	2008	
Prepayment fee					At the rate of 2% for prepayment of credit tranches Gor, Khor, Kor, Jor and Shor
Krungthai Bank Public Company Limited	13,789	13,795	13,789	13,795	
Bangkok Bank Public Company Limited	10,144	10,149	10,144	10,149	
TMB Bank Public Company Limited	5,722	5,725	5,722	5,725	
Total	29,655	29,669	29,655	29,669	
Interest payment on long-term loans					MLR-1% and MLR-2% per annum
Krungthai Bank Public Company Limited	171,293	294,178	171,293	294,178	
Bangkok Bank Public Company Limited	126,010	216,410	126,010	216,410	
TMB Bank Public Company Limited	71,079	122,071	71,079	122,071	
Total	368,382	632,659	368,382	632,659	
Payment for additional share subscription					60,112,500 shares of Baht 4.37 each (2008: 45,000,000 shares of Baht 4.55 each and 60,112,500 shares of Baht 0.64 each)
SouthEast Asia Energy Limited	262,692	243,222	262,692	243,222	
Payment for long-term loan					In proportion to its shareholding, in total not more than Baht 31.25 million
SouthEast Asia Energy Limited	-	22,500	-	22,500	

The balances of the accounts as at 31 December 2009 and 2008 between the Company and those related companies are as follows:

(Unit: Baht)

	Relationship	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Cash and cash equivalents</b>					
Krungthai Bank Public Company Limited*	*The Company's	23,063,863	22,566,218	22,467,661	20,296,442
Bangkok Bank Public Company Limited*	director has authority	2,246	2,446	2,246	2,446
TMB Bank Public Company Limited*	in bank	32,325,993	65,335,483	29,446,082	63,095,015
Total		55,392,102	87,904,147	51,915,989	83,393,903
<b>Amounts due from subsidiary company</b>					
Northern Bangkok Expressway Company Limited	Subsidiary	-	-	2,568,000	2,247,000
<b>Advance payment under service contract</b>					
CH. Karnchang Public Company Limited	Common directors	15,452,201	19,075,275	15,452,201	19,075,275
<b>Prepaid expenses</b>					
Krungthai Bank Public Company Limited*	*The Company's	5,234,275	3,230,108	2,929,167	925,000
	director has authority				
	in bank				

(Unit: Baht)

	Relationship	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Long-term loans to and interest receivable from related companies</b>					
Northern Bangkok Expressway Company Limited	Subsidiary	-	-	9,903,496,436	10,394,496,436
SouthEast Asia Energy Limited	Common directors	35,355,314	33,075,982	35,355,314	33,075,982
Total		35,355,314	33,075,982	9,938,851,750	10,427,572,418
<b>Other long-term investments</b>					
Bangkok Metro Public Company Limited	Common directors	1,107,139,727	569,163,963	1,107,139,727	569,163,963
SouthEast Asia Energy Limited	Common directors	951,444,875	688,753,250	951,444,875	688,753,250
Thai Tap Water Supply Public Company Limited	Common directors	1,637,250,000	1,541,375,000	1,637,250,000	1,541,375,000
Total		3,695,834,602	2,799,292,213	3,695,834,602	2,799,292,213
<b>Accounts payable and other current liabilities</b>					
CH. Karnchang Public Company Limited	Common directors	16,800,610	8,110,093	16,790,610	7,732,924
<b>Retention guarantees</b>					
CH. Karnchang Public Company Limited	Common directors	14,299,370	9,604,663	14,299,370	9,604,663
CH. Karnchang-Tokyu Construction Company Limited	Common directors	756,758	354,412	756,758	354,412
Total		15,056,128	9,959,075	15,056,128	9,959,075
<b>Long-term loans and current portion of long-term loans</b>					
Krungthai Bank Public Company Limited*	*The Company's	2,787,145,934	4,615,484,715	2,787,145,934	4,615,484,715
Bangkok Bank Public Company Limited*	director has authority	2,050,336,535	3,395,345,495	2,050,336,535	3,395,345,495
TMB Bank Public Company Limited*	in bank	1,156,544,133	1,915,222,815	1,156,544,133	1,915,222,815
Total		5,994,026,602	9,926,053,025	5,994,026,602	9,926,053,025

Long-term loans and current portion of long-term loans (only principal) are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements	Interest rate
<b>Long-term loans and current portion of long-term loans</b>		
Balance as at 31 December 2008	9,926,053	MLR-1% and MLR-2% per annum
Less: Payment during the year	(3,932,026)	
Balance as at 31 December 2009	5,994,027	MLR-1% and MLR-2% per annum

During the year 2009, movements of long-term loans to and interest receivable from related companies were as follow: -

(Unit: Thousand Baht)

	Consolidated financial statements				Interest rate
	31 December 2008	Increase during the year	Decrease during the year	31 December 2009	
SouthEast Asia Energy Limited					
Long-term loans	31,250	-	-	31,250	MLR+1% per annum
Interest receivable	1,826	2,279	-	4,105	
Total	33,076	2,279	-	35,355	

(Unit: Thousand Baht)

	Separate financial statements				Interest rate
	31 December 2008	Increase during the year	Decrease during the year	31 December 2009	
Northern Bangkok Expressway Company Limited					
Long-term loans	8,604,239	-	(406,450)	8,197,789	0.79% to 4.83% per annum
Interest receivable	1,790,257	295,355	(379,905)	1,705,707	
Total	10,394,496	295,355	(786,355)	9,903,496	
SouthEast Asia Energy Limited					
Long-term loans	31,250	-	-	31,250	MLR+1% per annum
Interest receivable	1,826	2,279	-	4,105	
Total	33,076	2,279	-	35,355	
Grand total	10,427,572	297,634	(786,355)	9,938,851	

On 4 September 2007, the Company entered into the Shareholders' Loan Agreement with other major shareholders of SouthEast Asia Energy Limited, whereby the Company agreed to provide loans to SouthEast Asia Energy Limited in proportion to its shareholding (12.5%), or in total not more than Baht 31.25 million, to be used for conducting a survey and development of its project, and to be drawn down in 6 installments. The loans are subject to interest at MLR+1% per annum and payment of principal and interest is to be made in full on the earlier of the Financial Closing of the Project date and a date 18 months after the drawdown date.

On 13 February 2009, the Company received a letter from SouthEast Asia Energy Limited requesting an extension of its debts repayment under the Shareholders' Loan Agreement dated 4 September 2007 by another 12 months from the due date until 4 March 2010. On 25 February 2009, a meeting of the Board of Directors approved the extension.

Subsequently on 12 February 2010, such company requested for extension of its debts repayment by another 18 month from the due date of 4 March 2010 to 10 September 2011. On 24 February 2010, a meeting of the Board of Directors approved the extension.

#### Directors' remuneration

During the year 2009, the Company and its subsidiary paid salaries, bonuses, meeting allowances and gratuities to their directors and management totaling Baht 68 million (the Company only: Baht 67 million) (2008: Baht 64 million, the Company only: Baht 63 million).

## 8. Investment in subsidiary company

This represents investments in the ordinary shares and preference shares of Northern Bangkok Expressway Company Limited which operates the Bang Pa-In - Pakkret Expressway. This subsidiary was incorporated in Thailand.

Details of investments in subsidiary as presented in separate financial statements are as follows:

(Unit: Million Baht)

Company's name	Registered capital		Paid-up capital		Proportion of investment		Cost method	
	2009	2008	2009	2008	2009	2008	2009	2008
					%	%		
Northern Bangkok Expressway Company Limited	6,000	6,000	5,160	4,860	45.74	42.39	2,360	2,060
Less: Allowance for impairment of investment							(2,360)	(2,060)
Investment, net							-	-

The Company treats Northern Bangkok Expressway Company Limited as a subsidiary company since the Company has authority in relation to the setting of the subsidiary company's financial and operational policies.

In January 2009, the subsidiary company called up an additional 10% of the value of the 300 million shares held by the Company (par value of Baht 10 each), a total of Baht 300 million. The Company made payment of this share subscription on 17 February 2009, the Company's proportion of investment increased from 42.39% to 45.74% of its paid-up share capital.

As at 31 December 2009, the Company invested in 320 million shares the subsidiary company, represented 53.33% of the subsidiary's shares issued of 600 million shares.

The assets of the subsidiary company such as deposits at banks, current investments, rights in the Bang Pa-In - Pakkret Expressway System and rights in toll revenues and beneficiary rights under insurance policies are secured against such loans from the Company. However, the subsidiary company is able to make withdrawals from deposit at banks and trading of current investments for use as regular operating expenses.

## 9. Other long-term investments

(Unit: Million Baht)

Company's name	Nature of business	Incorporated country	Consolidated and separate financial statements										
			Registered capital		Paid-up capital		Proportion of shareholding		Cost		Fair value		
			2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	
<u>Investment in marketable equity securities</u>													
Bangkok Metro Public Company Limited	MRT concession	Thailand	11,950	11,950	11,950	11,950	11.88	11.91	1,764	1,768	1,107	569	
Unrealised loss on changes in value of investment									(657)	(1,199)			
									1,107	569			
Thai Tap Water Supply Public Company Limited	Manufacture and distribution of treated water	Thailand	3,990	3,990	3,990	3,990	9.24	9.24	1,137	1,137	1,637	1,541	
Unrealised gain on changes in value of investment									500	404			
									1,637	1,541			
<u>Other investments</u>													
SouthEast Asia Energy Limited	Manufacture and distribution of electricity	Thailand	6,607	6,607	5,175	4,133	16.67	16.67	951	689	-	-	
Investment, net									3,695	2,799			

## Bangkok Metro Public Company Limited

During the current year, the Company sold 3.5 million shares of Bangkok Metro Public Company Limited and recorded losses on sales of investment of Baht 1.3 million in the income statements. As a result of the sale of such investment, the Company's proportion of investment decreased from 11.91% to 11.88%.

The 220 million ordinary shares of Bangkok Metro Public Company Limited which were purchased from an existing shareholder have been pledged to secure of long-term loans of such company.

A silent period has been imposed for the 238 million ordinary shares of Bangkok Metro Public Company Limited, although they released from such commitment in September 2009.

## Thai Tap Water Supply Public Company Limited

In May 2008, the Stock Exchange of Thailand ("SET") approved a listing of the ordinary shares of Thai Tap Water Supply Public Company Limited. This Company launched an IPO of 1,000 million shares, consisting of 700 million additional ordinary shares and 300 million existing ordinary shares at Baht 4.20 per share. The Company sold 37.5 million ordinary shares of such company at Baht 4.20 per share, a total of Baht 157.5 million. The Company's proportion of investment then decreased from 12.35% to 9.24%.

The Company has pledged its 325 million ordinary shares of Thai Tap Water Supply Public Company Limited with group of lenders to secure long-term loans.

## SouthEast Asia Energy Limited

On 3 November 2005, the Company entered into the shareholders agreement with other shareholders of SouthEast Asia Energy Limited. The significant contents of the shareholders agreement were as follows:

- 1) Each shareholder agreed to subscribe to additional shares in proportion to its existing shareholding if SouthEast Asia Energy Limited increases its registered share capital from Baht 400 million to Baht 9,400 million.
- 2) Each shareholder agreed not to sell, assign, transfer, pledge or in anyway dispose of or put under encumbrance any shares of that company, except with the prior written consent of other shareholders.
- 3) Each shareholder agreed not to sell its shares of SouthEast Asia Energy Limited, whether directly or indirectly, unless and until that company is listed on the Stock Exchange of Thailand.

On 26 May 2006, the Company entered into an Equity Contribution Agreement with SouthEast Asia Energy Limited and Nam Ngum 2 Power Company Limited (co-borrower), other shareholders and lenders of SouthEast Asia Energy Limited. Under the agreement, the Company agrees to provide equity contributions to such company in proportion to its shareholding, or in total not more than Baht 494 million, in 3 cases, as follows: -

- 1) Equity contribution for tax liabilities of not more than Baht 156 million which may arise if such company fails to obtain the application of the Lao-Thai Double Tax Treaty.
- 2) Equity contribution for BOI Indemnification Amount of not more than Baht 244 million which may arise if such company fails to obtain the BOI Promotion Certificate from the Board of Investment.
- 3) Equity Contribution for Revenue Deficiency from Construction of the Nam Ngum 3 Hydropower plant of not more than Baht 94 million if the Nam Ngum 3 project is likely to negatively impact the energy production level of that company's system and subsequently results in that company's becoming unable to comply with its obligations under the Financing Documents.

In addition, the Company agrees to provide additional equity contributions to that company of not exceeded Baht 63 million if the co-borrower of that company defaults in payment of its loan or unable to comply with its obligation under the Financing Documents.

On 19 September 2007, the Extraordinary General Meeting of the shareholders of SouthEast Asia Energy Limited passed a resolution to decrease its registered share capital from Baht 8,809 million to Baht 6,607 million (660.7 million ordinary shares of Baht 10 each). Such reduction was made in order to remove the 25% of shares held by the Electricite du Laos, or 220.2 million shares of Baht 10 each, and to transfer them to Nam Ngum 2 Power Company Limited (“the subsidiary of SouthEast Asia Energy Limited”) as share capital in accordance with SouthEast Asia Energy Limited’s obligations under the Concession Agreement and under the long-term loan agreements, whereby it is to transfer all of its rights and obligations under the Project Documents to its subsidiary. Upon completion, the SouthEast Asia Energy Limited and Electricite du Laos owned 75% and 25% of the shares of Nam Ngum 2 Power Company Limited, respectively. SouthEast Asia Energy Limited registered the decrease in its registered share capital with the Ministry of Commerce on 2 January 2008. As a result, the Company’s proportion of investment in that company increased from 12.50% to 16.67%.

In the current year, SouthEast Asia Energy Limited called up an additional 43.7% of the value of 60.1 million shares held by the Company which were not fully paid (par value of Baht 10 each), a total of Baht 262.7 million. The Company has already made payment of these shares.

In December 2009 and January 2010, SouthEast Asia Energy Limited called up an additional 1.9% and 1.4% of the value of 60.1 million shares held by the Company which were not fully paid (par value of Baht 10 each), a total of Baht 11.4 million and Baht 8.4 million. The Company has already made payment of these shares in the first quarter of 2010.

The 110.1 million ordinary shares of SouthEast Asia Energy Limited have been pledged to secure of long-term loans of such company.

## 10. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements					
	Land	Building and construction improvement	Furniture and fixture	Tools, instrument and equipment	Motor vehicles	Total
<b>Cost</b>						
31 December 2008	169,288,000	8,285,005	9,292,298	44,155,965	235,049,344	466,070,612
Acquisitions	-	-	670,570	11,437,255	33,510,529	45,618,354
Disposals	-	-	(157,323)	(1,356,999)	(27,705,878)	(29,220,200)
Write-off	-	(12,000)	(3,723,243)	(10,850,090)	(2,290)	(14,587,623)
31 December 2009	169,288,000	8,273,005	6,082,302	43,386,131	240,851,705	467,881,143
<b>Accumulated depreciation</b>						
31 December 2008	-	4,244,783	8,580,497	37,635,401	187,717,162	238,177,843
Depreciation for the year	-	1,519,354	293,315	4,734,278	18,704,326	25,251,273
Accumulated depreciation for disposals	-	-	(157,299)	(1,347,024)	(26,996,086)	(28,500,409)
Accumulated depreciation for write-off	-	(5,806)	(3,467,620)	(10,666,617)	(2,289)	(14,142,332)
31 December 2009	-	5,758,331	5,248,893	30,356,038	179,423,113	220,786,375
<b>Net book value</b>						
31 December 2008	169,288,000	4,040,222	711,801	6,520,564	47,332,182	227,892,769
31 December 2009	169,288,000	2,514,674	833,409	13,030,093	61,428,592	247,094,768
<b>Depreciation for the year (included in selling and administrative expenses)</b>						
2008						27,628,148
2009						25,251,273

(Unit: Baht)

	Separate financial statements					
	Land	Building and construction improvement	Furniture and fixture	Tools, instrument and equipment	Motor vehicles	Total
<b>Cost</b>						
31 December 2008	169,288,000	8,249,855	8,317,173	40,779,557	228,026,924	454,661,509
Acquisitions	-	-	670,570	11,437,255	33,510,529	45,618,354
Disposals	-	-	(157,323)	(1,356,999)	(24,647,471)	(26,161,793)
Write-off	-	(12,000)	(3,723,243)	(10,679,990)	(2,290)	(14,417,523)
31 December 2009	169,288,000	8,237,855	5,107,177	40,179,823	236,887,692	459,700,547
<b>Accumulated depreciation</b>						
31 December 2008	-	4,209,635	7,605,627	34,267,191	181,052,627	227,135,080
Depreciation for the year	-	1,519,354	293,315	4,726,324	18,501,742	25,040,735
Accumulated depreciation for disposals	-	-	(157,299)	(1,347,024)	(23,937,698)	(25,442,021)
Accumulated depreciation for write-off	-	(5,806)	(3,467,620)	(10,496,525)	(2,289)	(13,972,240)
31 December 2009	-	5,723,183	4,274,023	27,149,966	175,614,382	212,761,554
<b>Net book value</b>						
31 December 2008	169,288,000	4,040,220	711,546	6,512,366	46,974,297	227,526,429
31 December 2009	169,288,000	2,514,672	833,154	13,029,857	61,273,310	246,938,993
<b>Depreciation for the year (included in selling and administrative expenses)</b>						
2008						26,891,318
2009						25,040,735

As at 31 December 2009, the Company and its subsidiary have certain of plant and equipment which have been fully depreciated but are still in use. The original cost of those assets amounted to Baht 150 million (2008: Baht 162 million) and the Company only amounted to Baht 143 million (2008: Baht 152 million).

The Company has mortgaged land with structures thereon with a net book value as at 31 December 2009 of Baht 169 million (2008: Baht 169 million) as collateral for credit facilities granted by group of lenders.

## 11. Construction in process

The balance of construction in process as at 31 December 2009 represented the construction in respect of toll collectors and installation of electronic toll collectors. The Company will transfer the construction in process to "Right to operate completed expressway sectors" upon completion of construction work.

## 12. Rights to operate completed expressway sectors

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
31 December 2008	60,722,780,816	47,927,469,595
31 December 2009	60,722,780,816	47,927,469,595
<b>Accumulated amortisation of rights to operate completed expressway sectors</b>		
31 December 2008	23,076,357,270	20,677,033,070
Amortisation for the year	2,303,369,565	1,934,446,419
31 December 2009	25,379,726,835	22,611,479,489
<b>Net book value</b>		
31 December 2008	37,646,423,546	27,250,436,525
31 December 2009	35,343,053,981	25,315,990,106
<b>Amortisation expenses included in income statements for the year</b>		
2008	2,073,293,642	1,769,393,086
2009	2,303,369,565	1,934,446,419

Rights to operate completed expressway sectors represent the cost of construction of the Second Stage Expressway and Bang Pa-In - Pakkret Expressway. It is stated at cost less accumulated amortisation.

The Company has transferred its rights in the Second Stage Expressway to secure long-term loans.

## 13. Intangible assets

Details of intangible assets which are computer software are as follows:

(Unit: Baht)

	Consolidated and separate financial statements	
	2009	2008
Cost	4,971,036	4,518,616
Additions	1,126,905	452,420
Write-off	(18,950)	-
	6,078,991	4,971,036
Less: Accumulated amortisation	(1,840,624)	(1,240,401)
Net book value	4,238,367	3,730,635
Amortisation expenses included in the income statements for the year	606,790	467,538

## 14. Short-term loans from financial institutions

Short-term loans from financial institutions as at 31 December 2008 represented bills of exchange which the Company issued to 2 local commercial banks without collateral, and with maturities of 6 months and 9 months from the issue dates. The Company has already made payment for these loans in full.

## 15. Long-term loans

(Unit: Baht)

	Credit (Million Baht)	Objective	Interest rate	Period of repayment	Balance as at 31 December	
					2009	2008
Tranche Gor	29,888.40	Refinance remaining long-term loans (Drew down on 30 September 2003)	4.0% p.a. for first three years 5.0% p.a. for next two years MLR - 2% from the sixth year onward	Within August 2015	6,563,732,922	10,768,670,267
Tranche Khor	4,997.63	Lending to subsidiary company to repay its long-term loans from commercial banks (Drew down on 30 September 2003)	4.0% p.a. for first three years 5.0% p.a. for next two years MLR - 2% from the sixth year onward	Within August 2015	1,094,366,745	1,797,322,171
Tranche Kor	1,000.00	Working capital (Drew down on 4 March 2004)	2.50% p.a. for first year 3.25% p.a. for next two years 5.00% p.a. for the fourth and fifth year MLR - 2.0% from the sixth year onward	Within August 2015	228,449,042	368,888,784
Tranche Ngor	120.00	Working capital	MOR of commercial bank granting	Within September 2016	-	-
Tranche Jor*	530.00	Purchase of shares of Thai Tap Water Supply Public Company Limited (Drew down on 19 June and 31 August 2006)	MLR - 1.5% for first two years MLR - 1.0% for next two years MLR - 0.5% for the fourth and fifth year MLR from the sixth year onward	To be repaid monthly from May 2007 to April 2012	105,372,630	237,639,117
Tranche Shor	470.00	Payment for land expropriation to EXAT under the concession agreement (Drew down on 19 June and 31 August 2006)	MLR - 1.5% for first two years MLR - 1.0% for next two years MLR - 0.5% for the fourth and fifth year MLR from the sixth year onward	To be repaid monthly from May 2007 to April 2012	93,456,261	210,747,261
Total	37,006.03				8,085,377,600	13,383,267,600
Less: Current portion for long-term loans					(980,140,000)	(3,229,280,000)
Long-term loans, net					7,105,237,600	10,153,987,600

\* The agreement stipulated conditions for mandatory prepayment if the Company sells all or some of the shares or receives dividend from shares of Thai Tap Water Supply Public Company Limited which were pledged under the credit facilities agreement, whereby the Company is to use all of those cash received to make prepayment of debt to the group of lenders.

The MLR used in calculation of interest on loans is the average of the rates of the commercial banks which grant credit line to the Company.

Movements in the long-term loans account during the year ended 31 December 2009 are summarised below.

(Unit: Thousand Baht)

Consolidated and separate financial statements	
Balance as at 1 January 2009	13,383,268
Less: Repayment during the year	(5,297,890)
Balance as at 31 December 2009	8,085,378

In February 2009, the Company agreed with the existing group of lenders to amend the reinstate credit facilities agreement dated 14 June 2006 with the existing group of lenders to adjust the repayment schedule to be in accordance with the change in cash flows resulting from the issuance of the debentures.

Under the loan agreement, the Company must comply with normal financial covenants relating to various matters, such as the maintenance of debt service coverage ratio, debt to equity ratio, shareholding proportion in subsidiary company, dividend payment and conditions for mandatory prepayment. In this respect, the Company has the total financial expenses of Baht 2.4 million per year which they must pay to the agents of the lenders (2008: Baht 2.4 million).

As at 31 December 2009, the overdraft credit facilities of the Company which have not yet been drawn down amounted to Baht 120 million (2008: Baht 120 million).

The long-term loans are secured by assets of the Company such as land and structure thereon, rights under the Second Stage Expressway Agreement, rights in toll revenues, beneficiary rights under insurance policies and pledge of a part of shares of Thai Tap Water Supply Public Company Limited.

## 16. Debentures

Debentures as at 31 December 2009 and 2008 have the following details: -

Type of debenture	Age	Interest rate	Maturity date	Consolidated and separate financial statements			
				Number of debentures (Units)		Amount (Thousand Baht)	
				2009	2008	2009	2008
<b>Unsubordinated, unsecured, registered debentures, with debentureholders' representative</b>							
- No. 1/2550							
- Tranche I	3 years	4.20% p.a.	2 August 2010	3,905,000	3,905,000	3,905,000	3,905,000
- Tranche II	5 years	4.88% p.a.	2 August 2012	1,895,000	1,895,000	1,895,000	1,895,000
- Tranche III	7 years	5.20% p.a.	2 August 2014	1,700,000	1,700,000	1,700,000	1,700,000
- No. 1/2551							
- Tranche I	3 years	5.20% p.a.	7 November 2011	2,900,000	2,900,000	2,900,000	2,900,000
- Tranche II	5 years	Years 1-2: 5.20% p.a. Years 3-4: 5.65% p.a. Years 5: 6.00% p.a.	7 November 2013	1,100,000	1,100,000	1,100,000	1,100,000
- No. 1/2552	4 years	4.25% p.a.	11 September 2013	1,000,000	-	1,000,000	-
- No. 2/2552	3.5 years	4.10% p.a.	15 March 2013	1,000,000	-	1,000,000	-
- No. 3/2552	5.5 years	MLR-3% p.a.	30 May 2015	2,000,000	-	2,000,000	-
<b>Total</b>				<b>15,500,000</b>	<b>11,500,000</b>	<b>15,500,000</b>	<b>11,500,000</b>
Less: Current portion of debentures						(3,905,000)	-
Debentures, net of current portion						<b>11,595,000</b>	<b>11,500,000</b>

The Company used the funds received from the issuance of debenture No. 3/2552, a total of Baht 2,000 million, to make prepayment of its long-term loans, together with a prepayment fee of Baht 30.8 million. This was presented included in the finance cost in the income statement for the current year.

Movements in the debentures account during the year ended 31 December 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2009	11,500,000
Add: Issuance of debentures during the year	4,000,000
Balance as at 31 December 2009	15,500,000

The above debentures contain covenants relating to various matters such as the maintenance of debt service coverage ratio, debt to equity ratio, making loans or granting guarantees under certain conditions.

## 17. Statutory reserve

Pursuant to Section 116 of the Public Company Limited Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net income, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered share capital. The statutory reserve is not available for dividend distribution.

## 18. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Depreciation and amortisation	2,329,227,628	2,101,389,328	1,960,093,944	1,796,751,942
Provision for compensation for site acquisition cost	651,700,000	566,300,000	651,700,000	566,300,000
Salary, wages and other employee benefits for EXAT's staff	411,374,250	385,897,804	333,167,374	315,805,481
Salary, wages and other employee benefits for the Company's staff	283,130,441	254,452,268	283,130,441	254,452,268
Expenses with respect to facilitation and safety on expressway	448,857,153	377,937,720	402,226,534	340,832,624

## 19. Toll revenues

Under the Construction and Management of the Second Stage Expressway System (SES) Contract, the Company and its subsidiary company and EXAT agreed to share toll revenues receive from the First Stage Expressway System (FES), the Second Stage Expressway System (SES) and the Bang Pa-In - Pakkret Expressway as follows: -

	The Company	EXAT
	%	%
<u>Urban Network (FES and SES Sectors A and B)</u>		
(a) First 9 years from the "Priority Component Opening Date" (PCOD) (already expired)	60	40
(b) Last 9 years ending 28 February 2020	40	60
(c) Period between (a) and (b) above	50	50
<u>Suburban Network (SES Sector C)</u>		
(a) The earlier of the PCOD to the completion of SES Sector B or 19 October 1996	60	40
(b) Period after (a) above until end of contract period	100	Nil
<u>Suburban Network (SES Sector D)</u>		
From the construction completion date of relevant Sections until end of contract period (21 April 2027)	100	Nil
<u>The Bang Pa-In - Pakkret Expressway</u>		
From the construction completion date of relevant Sections until end of contract period (26 September 2026)	100	Nil

Effective from 2 September 2002, the ratio for the sharing of toll revenue from urban expressways (the First Stage Expressway System and Sectors A and B of the Second Stage Expressway System) between the Company and the Expressway Authority of Thailand was changed from 60 : 40 to 50 : 50.

As further share of toll revenues (derived from the FES only) is due to the Company for the period from the Priority Component Opening Date, as defined by the contract with EXAT, up to 2 September 1993. However, no such amount has been included in the financial statements because the determination of the Priority Component Opening Date and the applicable rates of toll are matters of dispute between the Company and EXAT as discussed in Note 26.1.

## 20. Gain (loss) on investments

Gain (loss) on investments consisted of:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Unrealised gain on revaluation of current investments	35,261,094	64,316,512	35,247,057	64,263,125
Gain (loss) on sales of current investments	(41,904,399)	24,575,384	(42,045,225)	24,035,926
Gain (loss) on sales of long-term investments	(1,337,000)	37,651,889	(1,337,000)	37,651,889
Total	(7,980,305)	126,543,785	(8,135,168)	125,950,940

## 21. Earnings per share

Basic earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares in issue during the year.

## 22. Segment information

The Company's and its subsidiary's operations involve a single industry segment, the construction and operation of expressways, and are carried on only in Thailand. As a result, all of the revenues, operating income and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

## 23. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributed to the Fund monthly at the rates of 5% - 10% of basic salary. The fund, which is managed by TISCO Securities Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2009, the Company contributed Baht 14.9 million (2008: Baht 13.7 million) to the fund.

## 24. Dividend

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)	Paid on
Dividend from the operating results of the period July to December 2008	Annual General Meeting of the shareholders of 1 April 2009	462	0.60	29 April 2009
Dividend from the operating results of the period January to June 2009	Meeting of the Board of Directors on 26 August 2009	424	0.55	24 September 2009
Total dividend paid in 2009		886	1.15	
Dividend from the operating results of the period July to December 2007	Annual General Meeting of the shareholders on 18 April 2008	462	0.60	30 April 2008
Dividend from the operating results of the period January to June 2008	Meeting of the Board of Directors on 3 September 2008	385	0.50	2 October 2008
Total dividend paid in 2008		847	1.10	

## 25. Commitments

25.1 The Company is committed to make payments totaling Baht 16,816 million to compensate the Expressway Authority of Thailand for site acquisition costs through a following series of payment commencing from the fifteenth year to the thirtieth year of the contract, or year 2004 to year 2019 as stipulated in the Second Stage Expressway Agreement.

(Unit: Million Baht)

Year of payment	Amount
Contract year 15 (2004)	100
Contract year 16 (2005)	300
Contract year 17 (2006)	500
Contract year 18 (2007)	700
Contract year 19 (2008)	700
Contract year 20 (2009)	800
Contract year 21 (2010)	1,200
Contract year 22 (2011)	1,200
Contract year 23 (2012)	1,200
Contract year 24 (2013)	1,200
Contract year 25 (2014)	1,200
Contract year 26 (2015)	1,500
Contract year 27 (2016)	1,500
Contract year 28 (2017)	1,500
Contract year 29 (2018)	1,600
Contract year 30 (2019)	1,616
	16,816

As at 31 December 2009, the Company has a commitment of compensation for site acquisition cost of Baht 13,716 million (2008: Baht 14,516 million) and already set up reserve for such provision amounting to Baht 890 million (2008: Baht 1,038 million) in the balance sheets.

### 25.2 Other commitments

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Commitments in respect of the uncalled portion of investments				
Northern Bangkok Expressway Company Limited	840	1,140	840	1,140
SouthEast Asia Energy Limited	150	412	150	412
Commitments in respect of undertaking to provide				
Equity contribution to SouthEast Asia Energy Limited (as detailed in Note 9)	557	557	557	557
Commitments in respect of various service contracts				
Improvement, repairment and inspection agreements for the Second Stage Expressway System	107	108	103	108
Installation of electronic toll collectors and replacement of cash toll collectors	203	-	203	-
Other service contracts	64	10	55	10
Other commitments				
Bank guarantees	9	9	9	9

## 26. The disputes with Expressway Authority of Thailand (EXAT)

Currently, the Company and the subsidiary had a total of 16 disputes with EXAT, which were referred to the consideration of the Panel and to arbitration in accordance with the dispute settlement procedures under the Agreements, divided into the disputes that the Company and the subsidiary referred to the dispute settlement proceedings under the Agreements and demanded for damages with the total amount until the date of submission of the disputes of approximately Baht 13,478.6 million, against which EXAT counterclaimed in the amount of Baht 15,575.4 million; and the disputes that EXAT submitted claims for damages with the total amount until the date of submission of the disputes of approximately Baht 32.2 million, against which the Company counterclaimed in the amount of Baht 5,114 million, the essence of each dispute was as follows:

### 26.1 Disputes submitted by the Company and the subsidiary claiming for damages

#### 26.1.1 Revision of toll rates of the Chalerm Mahanakorn Expressway and the Si Rat Expressway for the year 1998

The Company requested an increase of the toll rates for vehicles using the urban network by Baht 10 for four-wheeled vehicles and by Baht 20 for six-wheeled to ten-wheeled vehicles and more than ten-wheeled vehicles, and the toll rates for vehicles using the suburban network by Baht 5 for four-wheeled vehicles and by Baht 10 for six-wheeled to ten-wheeled vehicles and more than ten-wheeled vehicles.

The Company increased the toll rates under the Agreement in accordance with the Ministry of Interior Notification dated 27 August 1998 at the rates proposed by the Company.

Subsequently, EXAT announced the new toll rates in accordance with the Notification dated 23 October 1998, whereby the revised toll rates in the year 1998 were increased by merely Baht 10 per vehicle for all categories of vehicles using the urban network, without any revision of the toll rates for vehicles using the suburban network.

The Company therefore referred this dispute to the consideration of the Panel and to arbitration in accordance with the procedures under the Agreement.

Having considered the dispute, the first Arbitral Tribunal was of the view that the Notification dated 23 October 1998 was valid. EXAT then referred the dispute to another arbitration demanding the Company to return such payment received for the period from 1 September 1998 to 23 October 1998. The Company denied and counterclaimed that the calculation of the revision of the toll rates in accordance with the Notification dated 27 August 1998 was valid and the Company was therefore entitled to effect the revision of the toll rates in accordance with the Notification dated 27 August 1998.

The Arbitral Tribunal considered such dispute and then issued its arbitral award that the Company was entitled to effect the revision of the toll rates in accordance with the Notification dated 27 August 1998; that EXAT was therefore required to compensate the Company for damages in an amount equal to the difference of the toll rates as actually collected in accordance with the Notification dated 27 August 1998 and the Notification dated 23 October 1998, starting from 24 October 1998 onwards, whereby such compensation for damages might be calculated from the difference of the toll rates under the two Ministry of Interior Notifications for each category of vehicles on a daily basis, until 15 July 2000, which was the date of submission of the dispute, amounting to Baht 360.9 million plus interest under the Agreement; and to compensate for damages in an amount equal to the difference of the toll rates under the two Notifications, based on the actual volume and categories of vehicles using the Expressway from 16 July 2000 onwards, until the toll rates would be revised in accordance with the Agreement.

EXAT issued a letter refusing to comply with the arbitral award. The Company then filed a petition with the Civil Court of Southern Bangkok requesting a judgment to enforce compliance with the arbitral award.

On 28 December 2004, the Civil Court of Southern Bangkok issued a judgment confirming the arbitral award, thereby requiring EXAT to compensate the Company for damages until the toll rates would be revised in accordance with the Agreement.

EXAT filed an appeal against the order of the Civil Court of Southern Bangkok. On 18 February 2009, the Supreme Court, by resolution of the General Assembly, has issued a judgment reversing the Civil Court of Southern Bangkok's judgment, whereby the arbitral award shall not be enforced on grounds of violation to the public order or good moral of the people due to the fact that such arbitral award overlapped the previous arbitral award which ruled that the Notification of the Ministry of Interior dated 23 October 1998 was legitimate, which remains binding and final between the Company and EXAT.

#### 26.1.2 Priority Component Opening Date under the Second Stage Expressway Agreement

The Company completed the construction of the "Priority Component" of the Si Rat Expressway on 13 November 1992, in respect of which the Agreement specified that the date on which the Construction Completion takes place in respect of the Priority Component shall be deemed as the Priority Component Opening Date, and the Company would then be entitled to receive the toll revenue sharing, but EXAT commenced sharing the toll revenue on 2 September 1993, thereby rendering the Company to lose such revenue which should have been received under the Agreement.

EXAT and the Company had different opinions as to which date should be the commencement date for toll revenue sharing.

On 9 July 2001, the Company then referred such dispute to arbitration requesting an award requiring EXAT to compensate for the deficient revenue plus interest until the date of submission of the dispute in the amount of Baht 3,831.4 million. In this respect, EXAT raised an objection and counterclaimed in the total amount of Baht 15,575.4 million.

On 15 December 2008, the Arbitral Tribunal rendered its arbitral award on the dispute requiring EXAT to pay the toll revenue sharing for urban network which should have been received by the Company for the period from 13 November 1992 to 2 September 1993, amounting to Baht 1,974.6 million, calculated for interest up to 30 June 2001, amounting to Baht 1,856.8 million, totaling Baht 3,831.4 million, including the interest from 1 July 2001 onwards until the payment would be made in full to the Company, and EXAT's counterclaim was dismissed. EXAT thus had no right to demand the Company to compensate for such toll revenue as per the counterclaim in the amount of Baht 15,575.4 million.

On 2 February 2009, the Company issued a letter to EXAT requiring compliance with the arbitral award. In this regard, EXAT issued a letter dated 3 February 2009 refusing to comply with the arbitral award and a letter dated 24 February 2009 confirming its refusal to comply with the arbitral award.

On 20 April 2009, EXAT submitted a petition to the Central Administrative Court requesting the Court to revoke the arbitral award or order refusing to enforce compliance with the arbitral award.

At present, the case is pending submission of the answer and the objection.

#### 26.1.3 Competing road with the Udon Rattaya Expressway

The Agreement specified that during the term of the Agreement, should EXAT or the Government put into effect any arrangements for the construction or substantial improvement of any road or highway of an expressway standard within the primary catchment area of the Expressway, which has the effect of reducing the actual volume of traffic using the Expressway or the revenue arising therefrom from the projections, EXAT shall compensate the subsidiary for such effect.

Given that the Government granted permission for construction of the Extension of the Don Muang Tollway Project, from the National Memorial to Rangsit Section, which constituted a competing road under the Agreement and affected

the financial position of the subsidiary, the subsidiary therefore demanded EXAT to compensate for such effect as per the Independent Certification Engineer's letter certifying the effect upon the subsidiary.

On 20 December 2004, the subsidiary then referred such dispute to arbitration requesting an award requiring EXAT to compensate for the deficient revenue, thereby rendering such damages until the date of submission of the dispute (excluding interest) to Baht 1,790 million.

On 27 November 2008, the Arbitral Tribunal rendered its arbitral award on the dispute requiring EXAT to compensate for the deficient revenue from the projection to the subsidiary for the year 1999 in the amount of Baht 730.8 million, with interest from 14 June 2000 onwards, until the payment would be made in full, and for the year 2000 in the amount of Baht 1,059.2 million, with interest from 22 March 2001 onwards, until the payment would be made in full.

On 5 January 2009, the subsidiary issued a letter to EXAT requesting compliance with the arbitral award by paying compensation, together with interest; otherwise, the subsidiary would further proceed with the enforcement for compliance with the arbitral award pursuant to the procedures under the laws.

EXAT issued a letter dated 4 February 2009 to the subsidiary, confirming that the arbitral award remained illegitimate; and the enforcement of such arbitral award was considered a violation to the public order and good moral of the people, EXAT was thus unable to comply with such arbitral award.

On 3 March 2009, EXAT submitted a petition to the Central Administrative Court requesting the Court to revoke the arbitral award.

At present, the case is pending submission of the answer and the objection.

#### 26.1.4 Issuance of variation orders by EXAT

EXAT issued variation orders for additional construction work and confirmed that EXAT would be responsible for such costs as actually incurred by such orders. The Independent Certification Engineer then issued a letter certifying the additional costs, thereby rendering such damages until the date of submission of the dispute (excluding interest) to Baht 238 million. Thereafter, EXAT refused to make such payment as certified by the Independent Certification Engineer, thereby resulting in such dispute.

On 3 May 2006, the Panel terminated its consideration since both parties could not reach an agreement. On 9 December 2009, the Company submitted a statement of claim to the Thai Arbitration Institute, demanding EXAT to compensate the Company for damages caused by EXAT's issuance of three variation orders for total construction costs and expenses of Baht 209.1 million together with interest until 30 November 2009 in the amount of Baht 173.1 million thereby bringing the principal with interest to a total of Baht 382.3 million.

#### 26.1.5 Delayed opening of Sector D of the Si Rat Expressway and the Udon Rattaya Expressway

According to the Agreements, the Company and the subsidiary were required to complete the construction of the Expressways for opening for service within the specified time. However, when the Company and the subsidiary had completed the construction and the Independent Certification Engineer had issued a letter certifying that the Expressways could be opened for service as a public road, EXAT did not effect the opening of Sector D of the Si Rat Expressway and the Udon Rattaya Expressway for service. Such deferred opening of the Expressways then affected the financial position of the Company and the subsidiary.

On 8 February 1999, the Panel terminated its consideration of the dispute proposed by the subsidiary, and on 10 August 1999, the Panel terminated its consideration of the dispute proposed by the Company since both parties could not reach an agreement. Currently, the Company and the subsidiary are preparing to refer such dispute to arbitration pursuant to the procedures under the Agreements, claiming damages (excluding interest) in the total amount of Baht 85.5 million.

#### 26.1.6 Revision of toll rates of the Chalerm Mahanakorn Expressway and the Si Rat Expressway for the year 2003

The Company requested to revise the toll rates under the Second Stage Expressway Agreement which stipulates that the toll rates shall be revised every five year interval. In this regard, EXAT and the Company had different opinions in respect of the rounding up in the calculation of the tolls to be revised, i.e., the Company was of the view that it should be increased to the whole multiple of Baht 5, while EXAT was of the view that if the resultant tolls to be revised were lower than Baht 5, such fraction should be rounded off. As a result, EXAT therefore did not increase the toll rates as proposed by the Company, thereby resulting in such dispute.

On 14 May 2008, the Company submitted the statement of claim to the Thai Arbitration Institute, demanding EXAT to compensate the Company for damages caused by the revision of toll rates for the year 2003, which was not in accordance with the Agreement, in the amount of Baht 5,980.3 million.

On 27 March 2009, the Company submitted a petition for amendment to the statement of claim in respect of the figures of the toll rates for the year 2003 based on the Ministry of Interior Notification dated 23 October 1998 in accordance with the Supreme Court Judgment.

On 19 June 2009, EXAT submitted its statement of defense/counterclaim to the Thai Arbitration Institute and submitted a letter of appointment of its arbitrator on 14 August 2009. At present, it is pending scheduling a meeting of both disputing parties.

#### 26.1.7 Revision of toll rates of Sector D of the Si Rat Expressway for the year 2003

The Company requested to revise the toll rates under the Agreement for the Extension of the Second Stage Expressway System (Sector D) which stipulates that the toll rates shall be revised every five year interval. In this regard, EXAT and the Company had different opinions in respect of the rounding up in the calculation of the tolls to be revised, i.e., the Company was of the view that it should be increased to the whole multiple of Baht 5, while EXAT was of the view that if the resultant tolls to be revised were lower than Baht 5, such fraction should be rounded off. As a result, EXAT therefore did not increase the toll rates as proposed by the Company, thereby resulting in such dispute.

On 24 July 2008, the Company submitted the statement of claim to the Thai Arbitration Institute, demanding EXAT to compensate the Company for damages caused by the revision of toll rates for the year 2003, which was not in accordance with the Agreement, in the amount of Baht 1,048.2 million.

On 12 March 2009, EXAT submitted its statement of defense/counterclaim to the Thai Arbitration Institute.

At present, it is pending scheduling a meeting of both disputing parties.

#### 26.1.8 Revision of toll rates of the Udon Rattthaya Expressway for the year 2003

The subsidiary requested to revise the toll rates under the Bang Pa-in - Pak Kret Expressway Agreement which stipulates that the toll rates shall be revised every five year interval.

In this regard, EXAT and the subsidiary had different opinions in respect of the rounding up in the calculation of the tolls to be revised, i.e., the subsidiary was of the view that it should be increased to the whole multiple of Baht 5, while EXAT was of the view that if the resultant tolls to be revised were lower than Baht 5, such fraction should be rounded off. As a result, EXAT therefore did not increase the toll rates as proposed by the subsidiary, thereby resulting in such dispute.

On 20 May 2005, the Panel terminated its consideration since both parties could not reach an agreement. At present, the subsidiary is in the process of concluding damages for preparing to refer such dispute to arbitration pursuant to the procedures under the Agreement.

## 26.2 Disputes submitted by EXAT claiming for damages

### 26.2.1 Construction of the Collection and Distribution Road (CD Road) under the Second Stage Expressway Agreement

EXAT was unable to deliver the Site(s) for construction of the CD Road, Rama VI - Ratchadamri Section, to the Company, but still required the Company to have such an obligation to carry out the construction. EXAT then submitted the matter to the Panel to force the Company to admit that the Company still had such obligation to construct the CD Road without any claim for monetary damages.

On 25 June 2001, the Company raised an objection that its obligation to carry out such construction had already ceased, as well as filed a counterclaim for a loss of benefit from the revenue to be derived from such areas, thereby rendering such damages plus interest until the date of submission of the statement of defense to Baht 5,114 million.

On 17 October 2001, EXAT submitted its answer to the counterclaim that since EXAT had not delivered the Site(s) to the Company and the Company had not commenced such delayed work, the Company in no way sustains any damage and as such, the Company's right of claim for compensation for damages has not yet arisen. In their regard, EXAT was unable to pay for the loss of benefit, together with interest, from the revenue in such areas to the Company.

On 7 June 2002, the Panel terminated its consideration since both parties could not reach an agreement. At present, EXAT has not yet referred this issue to arbitration.

### 26.2.2 Other disputes

EXAT referred seven disputes to the Arbitral Tribunal requiring the Company and its subsidiary to be held liable for costs, in respect of which the Company and its subsidiary were of the view that such costs were not within their scope of responsibility under the Agreements, in the total amount of Baht 32.2 million.

On 25 September 2009, the Arbitral Tribunal issued its arbitral award on one dispute, requiring the Company to reimburse EXAT for the amount advanced by EXAT for mitigation of damage for complainants, in the amount of Baht 1.4 million plus interest of Baht 0.3 million, totaling Baht 1.7 million. On 14 January 2010, the Company submitted a petition to the Central Administrative Court requesting the Court to revoke the arbitral award.

Given that the various cases are not yet final, the Company therefore did not record such entries in the financial statements.

## 27. Lawsuit

The Expressway Authority of Thailand (EXAT) and the Company were sued by Expressway user on grounds of wrongful act in relation to traffic management and safety on the Si Rat Expressway System, whereby EXAT was the first defendant and the Company was the second defendant.

On 26 September 2007, the Court of First Instance adjudged to dismiss the plaintiff's claim. On 8 November 2007, the plaintiff filed an appeal with the Appeal Court and the Court issued an order accepting such appeal on 9 November 2007, in respect of which the Company submitted an answer to the appeal on 25 December 2007. Currently, the case is pending the consideration of the Appeal Court.

However, the Company's management believed that there would be no material impact upon the Company, and as a result, the Company did not make any provision for contingent liabilities in its book.

## 28. Subsequent event

On 24 February 2010, the meeting of the Board of Directors passed a resolution to propose a dividend payment for the year 2009 of Baht 1.25 per share to the Annual General Meeting of the Company's shareholders for their approval. The Company paid an interim dividend of Baht 0.55 per share on 24 September 2009 and will pay a final dividend of Baht 0.70 per share within May 2010. The payment of the final dividend is dependent on an approval being granted by the shareholders.

## 29. Financial instruments

### 29.1 Financial risk management and policies

The Company and its subsidiary's financial instruments, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, loans, investments, short-term loan, long-term loans and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

#### Interest rate risk

Interest rate risk is the risk that future fluctuations in market interest rates will affect the operating results and cash flows of the Company and its subsidiary.

The Company and its subsidiary's exposure to interest rate risk relates primarily to its cash at banks and long-term loans and debentures which are subject to interest. The Company and its subsidiary do not use derivatives to manage its interest rate risk. Details of long-term loans and debentures are set out in Note 15 and Note 16, respectively.

As at 31 December 2009, the significant financial assets and liabilities classified by type of interest rate and, for those financial assets and liabilities carrying interest at fixed rates, by the contractual repricing or maturity date (whichever is earlier) are as follows: -

	Consolidated financial statements						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
	(Million Baht)						
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	93	6	99	0.79% - 1.75%
Current investments	-	-	-	3,114	-	3,114	1.62% - 3.47%
Long-term loans and interest receivable from related companies	-	-	-	31	4	35	MLR+1%
Other long-term investments, net	-	-	-	-	3,696	3,696	-
	-	-	-	3,238	3,706	6,944	
<b>Financial liabilities</b>							
Trade accounts payable	-	-	-	-	64	64	-
Long-term loans	-	-	-	8,085	-	8,085	MLR-1% and MLR-2%
Debentures	-	11,800	3,700	-	-	15,500	Note 16
	-	11,800	3,700	8,085	64	23,649	

	Separate financial statements						Interest rate (% p.a.)
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	
	Within 1 year	1-5 years	Over 5 years				
	(Million Baht)						
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	86	5	91	0.79% - 1.75%
Current investments	-	-	-	3,108	-	3,108	1.62% - 3.47%
Amounts due from subsidiary company	-	-	-	-	3	3	-
Long-term loans and interest receivable from related companies	-	-	-	8,229	1,710	9,939	MLR+1% and 0.79% - 3.83%
Other long-term investments, net	-	-	-	-	3,696	3,696	-
	-	-	-	11,423	5,414	16,837	
<b>Financial liabilities</b>							
Trade accounts payable	-	-	-	-	61	61	-
Long-term loans	-	-	-	8,085	-	8,085	MLR-1% and MLR-2%
Debentures	-	11,800	3,700	-	-	15,500	Note 16
	-	11,800	3,700	8,085	61	23,646	

### Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at 31 December 2009, the Company and its subsidiary do not have any financial assets and liabilities in foreign currencies.

### Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations, resulting in a financial loss to the Company and its subsidiary.

As at 31 December 2009, the Company and its subsidiary are not exposed to credit risk in relation to the provision of service as they receive payment from customers in cash.

## 29.2 Fair values of financial instruments

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The methodology of fair value measurement depends upon the characteristics of the financial instrument. For those financial instruments which are regarded as being traded in an active market, fair value has been determined based on the latest quoted market price. If however the appropriate quoted market price cannot be determined, the fair value is determined using an appropriate valuation technique such as discounted cash flow.

Set out below is a comparison, by category of carrying amount and fair value, of the financial assets and liabilities as of 31 December 2009.

(Unit: Million Baht)

	Carrying amount	Fair value
<b>Financial assets</b>		
Cash and cash equivalents	99	99
Current investments	3,091	3,113
Other long-term investments, net	3,852	3,657
<b>Financial liabilities</b>		
Trade accounts payable	62	62
Long-term loans	8,085	6,677
Debentures	15,500	15,814

The Company and its subsidiary establish fair value of their financial instruments by adopting the following methods and assumptions:

- For financial assets and liabilities which have short-term maturity, including cash and cash at banks, and trade accounts payable, the carrying amounts at the balance sheet date are considered to be a reasonable approximation of their fair value.
- For marketable debts and equity securities, fair value is based on the latest bid price as quoted in the market.
- For non-marketable debt and equity securities, fair value is estimated based on the carrying amount in the balance sheet, net asset value of the securities or a discounted cash flow, as the case may be.
- For long-term loans and debentures with fixed interest rate, fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- For long-term loans carrying interest at the rate approximate to the market rate, the carrying amount in the balance sheet approximate fair value.

### 30. Capital management

The primary objectives of the Company and its subsidiary's capital management are to ensure that they have an appropriate financing structure and preserves the ability to continue their business as a going concern.

According to the balance sheet as at 31 December 2009, the Group's debt-to-equity ratio was 1.4 : 1 (2008: 1.7 : 1) and the Company's was 1.4 : 1 (2008: 1.7 : 1).

### 31. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2008 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Construction in process	13,256,667	-	13,256,667	-
Other non-current assets - Others	6,967,229	20,223,896	400,694	13,657,361

### 32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2010.

## Company Issuing Securities

Company Issuing Securities	: Bangkok Expressway Public Company Limited (having initial as “BECL”)
Business Operation	: Construction and management of the Si Rat Expressway and its extensions, including related businesses as described in the Second Stage Expressway Agreement entered into between Bangkok Expressway Public Company Limited and the Expressway Authority of Thailand.
Head Office	: No. 238/7 Asoke-dindaeng Road, Bangkapi Subdistrict, Huai Khwang District, Bangkok 10310
Company Registration No.	: 0107537002320 (formerly, BorMorJor.479)
Registered Capital	: Baht 8,000 Million, Baht 7,700 Million of which is paid up.
Telephone	: 0-2641-4611
Fax	: 0-2641-4610
Homepage	: <a href="http://www.becl.co.th">www.becl.co.th</a>
E-mail	: <a href="mailto:webmaster@becl.co.th">webmaster@becl.co.th</a>

### Legal entities in which the Company holds more than 10 percent of shares:

Company Issuing Securities	: Northern Bangkok Expressway Company Limited (having initial as “NECL”)
Business Operation	: Construction and management of the Udon Rattaya Expressway
Head Office	: No. 587 Sutthisarn Road, Dindaeng Subdistrict, Dindaeng District, Bangkok 10400
Registered Capital	: Baht 6,000 Million, Baht 5,160 Million of which is paid up.
Telephone	: 0-2641-4647
Fax	: 0-2641-4646

Company Issuing Securities	: Bangkok Metro Public Company Limited (having initial as “BMCL”)
Business Operation	: Concession from the Mass Rapid Transit Authority of Thailand
Head Office	: No. 189 Rama IX Road, Huai Khwang Subdistrict, Huai Khwang District, Bangkok 10310
Registered Capital	: Baht 11,950 Million, Baht 11,950 Million of which is paid up.
Telephone	: 0-2354-2000
Fax	: 0-2354-2020
Homepage	: <a href="http://www.bangkokmetro.co.th">www.bangkokmetro.co.th</a>

Company Issuing Securities	: SouthEast Asia Energy Limited (having initial as “SEAN”)
Business Operation	: Construction and operation of hydroelectric power plant
Head Office	: No. 587, Viriyathavorn Building, 20th Floor, Sutthisarn Winitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok 10400
Registered Capital	: Baht 6,607 Million, Baht 5,709 Million of which is paid up.
Telephone	: 0-2275-4873
Fax	: 0-2275-7029
Homepage	: <a href="http://www.sean.co.th">www.sean.co.th</a>

## Company Issuing Securities

### References

- Securities Registrar : Thailand Securities Depository Company Limited  
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- Capital Market Academy Building  
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New Petchburi Road, Makkasan Subdistrict  
Ratchathewi District, Bangkok 10400  
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