

**5. Property Used in Business Operations****(1) Book Value of Property, Plant and Equipment as at 31 December 2004****(1.1) Bangkok Expressway Public Company Limited**

Class of Assets	Net Book Value (Million Baht)
1. Land (126 rai 2 ngarn 84 square wah)	169.29
2. Building and construction improvement	1.04
3. Furniture and fixture	1.05
4. Tools, instrument and equipment	8.46
5. Motor vehicles	91.95
Total	271.79

The foregoing land is located at Bang Pa-in Industrial Estate, Amphoe Bang Pa-in, Phra Nakhon Si Ayutthaya Province, which is used as the site of the precasting yard for finished concrete segments during the construction of the Expressways. The Company's head office is located at the Second Stage Expressway Control Building, which is a part of the Second Stage Expressway Project. Despite the fact that the title to such building is owned by the Expressway and Rapid Transit Authority of Thailand, the Company is granted the right to use such building to operate the Second Stage Expressway Project under the conditions as specified in the Agreement.

**(1.2) Northern Bangkok Expressway Company Limited**

Class of Assets	Net Book Value (Million Baht)
1. Tools, instrument and equipment	0.20
2. Motor vehicles	2.61
Total	2.81

The Subsidiary does not own any property, plant and equipment, but leases a building as its head office located at No. 587, Sutthisarn Road, Dindaeng Subdistrict, Bangkok 10310. The lease is on a year by year basis at the rental rate of Baht 10,000 per month. The Subsidiary uses the Bang Pa-in – Pak Kret Expressway Control Building, which is a part of the Bang Pa-in – Pak Kret Expressway Project, to supervise the operations. Despite the fact that the title to such building is owned by the Expressway and Rapid Transit Authority of Thailand, the Subsidiary is granted the right to use such building to operate the Bang Pa-in – Pak Kret Expressway Project under the conditions as specified in the Agreement.

**(2) Right to Operate Completed Expressway Sectors as at December 31, 2004**

Class of Assets	Net Book Value (Million Baht)
Si Rat Expressway (Second Stage Expressway, Sectors A, B and C)	26,443.96
Si Rat Expressway (Second Stage Expressway, Sector D)	7,798.09
Udon Rattaya Expressway (Bang Pa-in – Pak Kret Expressway)	11,666.14
Total	45,908.19

Given that the concession agreements of the two Projects are on a BTO (Build, Transfer and Operate) basis, the title to all Expressways, including various permanent constructions in relation to or used in connection with the Expressway Systems, shall be vested in the Expressway and Rapid Transit Authority of Thailand immediately upon completion of construction and opening for service. The Company is entitled to utilize such property with the duty to keep such property maintained throughout the term of the Agreement. The Second Stage Expressway Agreement has a term of 30 years from 1 March 1990 and may be renewed for two times of 10 years each, subject to the conditions to be agreed upon between the Company and the Expressway and Rapid Transit Authority of Thailand. The Bang Pa-in – Pak Kret Expressway Project Agreement has a term of 30 years from 27 September 1996 and may be renewed for two times of 10 years each. The Agreement for the Extension of the Second Stage Expressway, Sector D, has a term of 30 years from 17 April 1997. These Agreements require the Company and the Subsidiary to be responsible for costs of traffic management and rescue operation on the Expressways, including expenses of toll collection, in other words, the Company and the Subsidiary shall pay for wages, benefits and other money to staff of the Expressway and Rapid Transit Authority of Thailand who collect tolls and perform the rescue operation on the Si Rat Expressway and the Udon Rattaya Expressway, including the costs of maintenance of the Expressways throughout the term of the respective Agreements.

**(3) Policies on Investment and Management of the Subsidiary**

The Company has policies to invest in the public utilities business in support of the Company's operations and providing opportunities to the Company, as follows:

- (3.1) The Company invested in the establishment of Northern Bangkok Expressway Company Limited (Subsidiary) in the year 1996, by holding 99.99 percent of shares in the Subsidiary. The benefits to be derived by the Company shall be in the form of dividend from investment in shares of the Subsidiary and the Udon Rattaya Expressway would help increasing the traffic volume on the First and Second Stage Expressway Systems, resulting in revenue and profits to both companies in the long run.

Due to the economic downturn in the year 1997, and the existence of the competing road, the Subsidiary's revenue did not meet its projection. In this regard, the Subsidiary's operational results continued to sustain loss to the extent that the accumulated loss exceeded its capital, resulting in shareholders' deficit. In the year 2003, the Subsidiary therefore increased its registered capital by Baht 3,000 Million to become the registered capital of Baht 6,000 Million, of which 25 percent was paid up by the existing shareholders. As at the end of 2004, the Subsidiary's paid-up registered

capital was Baht 3,750 Million.

The Company plans for a merger between the Company and the Subsidiary, by transfer of all assets and liabilities of the Subsidiary to the Company for the benefit of the operation and management, including tax benefits. At present, such plan has been approved by the shareholders meeting and the lenders, and is pending the consideration and approval of the Expressway and Rapid Transit Authority of Thailand.

Given that the merger between the Company and the Subsidiary was not yet approved by the Expressway and Rapid Transit Authority of Thailand, as the contractual party, the Company adjusted the investment in the Subsidiary so as to relieve the tax burden. The 2003 Annual Ordinary General Meeting of Shareholders passed resolutions that no more than 75 percent of all shares held in the Subsidiary shall be sold at the price equivalent to the book value as at the selling date. The sale of such shares would be divided into portions. In late November 2003, the Company sold the first portion of 100 million shares held in the Subsidiary, and in April 2004, sold the second portion of 180 million shares, resulting that at the end of 2004, the Company's shareholding in the Subsidiary was 53.33 percent of the Subsidiary's registered capital.

Despite the shareholding percentage of 53.33 percent in the Subsidiary at the end of 2004, the Company provided the large amount of loans to the Subsidiary and also is the only creditor of the Subsidiary, the Company has therefore assigned its seven executives to be members of the Subsidiary's board of directors, from a total of nine directors of the Subsidiary. In case the Subsidiary would take any actions which may significant affect the Company, the Subsidiary would be required to seek prior approval from the Company's Board of Directors. Furthermore, the Company is also the contractor for all works of the Subsidiary.

- (3.2) The Company invested in Bangkok Metro Public Company Limited, a company awarded concession from the Mass Rapid Transit Authority of Thailand (MRTA), to exclusively carry out design, manufacture, supply, install and operate the M&E Equipment, together with maintenance of the MRTA Initial System, throughout the 25 year concession period, with the right to receive fare revenue and take various activities to derive revenue from the commercial development at the stations. The benefits to be derived by the Company shall be in the form of dividend from such investment.

During 2004, Bangkok Metro Public Company Limited increased its registered capital and called for share payments on three occasions. In this regard, the Company increased its investment in proportion to the existing shareholding ratio of 15 percent, and also additionally invested in such portions in respect of the rights which had not been exercised by other shareholders. As a result, at the end of 2004, the Company's shareholding in Bangkok Metro Public Company Limited represents 15.55 of the registered capital.

The Company, in the capacity as shareholder, sent a representative to be a member of the board of directors of Bangkok Metro Public Company Limited.