

## 5. Property Used in Business Operations

### (1) Book Value of Property, Plant and Equipment as at 31 December 2006

#### (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	3.74
3. Furniture and fixture	0.91
4. Tools, instrument and equipment	9.66
5. Motor vehicles	63.67
Total	247.27

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 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	0.04
2. Motor vehicles	1.93
Total	1.97

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 10400. 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 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 31 December 2006**

Class of Assets	Net Book Value (Million Baht)
Si Rat Expressway (Second Stage Expressway, Sectors A, B and C)	23,739.19
Si Rat Expressway (Second Stage Expressway, Sector D)	7,111.23
Udon Rattaya Expressway (Bang Pa-in - Pak Kret Expressway)	11,027.48
Total	41,877.90

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**

The Company has policies to invest in the public utilities or related business in support of the Company's operations and providing opportunities and long-term yields to the Company, as follows:

Unit: Million Baht

Company's name	Type of business	Capital	Paid-up capital	Portion of investment	Cost of investment
Northern Bangkok Expressway Company Limited	Construction and management of the Udon Rattaya Expressway	6,000	4,350.00	53.33%	1,550.00
Bangkok Metro Public Company Limited	Concession from the Mass Rapid Transit Authority of Thailand	11,950	11,950.00	11.93%	1,771.22
SouthEast Asia Energy Limited	Construction and operation of a hydroelectric power plant	4,000	1,300.00	12.50%	162.50
Thai Tap Water Supply Public Company Limited	Production and distribution of tap water	3,990	3,250.00	12.50%	1,252.78

- (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 increase the traffic volume on the Chalerm Mahanakorn and the Si Rat Expressway Projects, resulting in revenue and profits to both companies in the long run.

Due to the existence of the competing road, and the economic downturn in the year 1997, 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. During the year 2005, the Subsidiary called for additional share payment of 15 percent of the capital increase shares. In the year 2006, the Subsidiary called for additional share payment at the rate of 5 percent, thereby having the paid-up registered capital as at the end of the year 2006 in the amount of Baht 4,350 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. At present, the Company holds shares in the Subsidiary representing 53.33 percent of the Subsidiary's registered capital.

Despite the shareholding percentage of 35.63 percent of the paid-up capital in the Subsidiary at the end of 2006, 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 significantly 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 invest in 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.

Bangkok Metro Public Company Limited increased its registered capital from Baht 7,350 Million to Baht 11,950 Million by issuing 4,600 million ordinary shares at the par value of Baht 1 per share to be offered as follows: 297 million shares to the directors, executives and staff; 2,987 million shares to the Mass Rapid Transit Authority of Thailand; and 1,316 million shares to the public.

In September 2006, Bangkok Metro Public Company Limited was listed on the Stock Exchange of Thailand. In this regard, the Company, as existing shareholder, sold to the public 250 million ordinary shares held in Bangkok Metro Public Company Limited based on its shareholding percentage to ensure that Bangkok Metro Public Company Limited would be qualified pursuant to the Stock Exchange of Thailand's regulations. However, the Company's Board of Directors resolved to approve the repurchase of said shares in the number and at the price not higher than that of the shares sold. As at the end of the year 2006, the Company holds shares in Bangkok Metro Public Company Limited, representing 11.93 percent of its registered capital.

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

- (3.3) The Company invested in SouthEast Asia Energy Limited, a company awarded concession from the Lao government, to carry out design, development, construction and operation of the Nam Ngum 2 Hydroelectric Power Plant Project, with a 25 year concession period from the date of commencement of the operation. The benefits to be derived by the Company shall be in the form of dividend from such investment.

During the year 2006, SouthEast Asia Energy Limited called for the remaining share payment at the rate of 75 percent of the registered capital increased in November 2005 in the amount of Baht 300 Million, which was partially paid and formed part of the shares held by the Company, representing 12.50 percent or Baht 28.12 Million. In June 2006, SouthEast Asia Energy Limited increased its registered capital from Baht 400 Million to Baht 4,000 Million by issuing 360 million ordinary shares for capital increase, at the par value of Baht 10 per share, and calling for share payment at the rate of 25 percent. In this regard, the Company exercised its right to acquire such ordinary shares for capital increase as per the proportion of its existing shareholding.

- (3.4) The Company invested in Thai Tap Water Supply Public Company Limited (formerly "Thai Tap Water Supply Co., Ltd."), which operates the business of production and distribution of tap water to the Provincial Waterworks Authority in the vicinity of Nakhon Pathom Province and Samut Sakhon Province, under the Water Purchase and Sale Agreement with the Provincial Waterworks Authority with a 30 year contract term from 21 July 2004. The benefits to be derived by the Company shall be in

the form of dividend from such investment.

On 15 February 2006, Thai Tap Water Supply Public Company Limited increased its registered capital from Baht 3,000 Million to Baht 3,250 Million by issuing 2.5 million ordinary shares for capital increase at the par value of Baht 100 per share, which were sold at the price of Baht 290 per share. The Company exercised its right to acquire such ordinary shares as per the proportion of its existing shareholding, including the proportional exercise of rights of other shareholders who did not exercise their rights, representing 123,850 shares amounting to Baht 35.9 Million.

On 5 April 2006, the 2006 Annual Ordinary General Meeting of Shareholders resolved to grant approval for the Company to purchase 1,676,150 ordinary shares in Thai Tap Water Supply Public Company Limited, representing an increase in the portion of investment by 5.16 percent of the paid-up registered capital from CH. Karnchang Public Company Limited, at the price of Baht 320 per share, totaling Baht 536.4 Million.

On 6 July 2006, Thai Tap Water Supply Public Company Limited registered its conversion into a public limited company and changed the par value of the ordinary shares from Baht 100 per share to Baht 1 per share by dividing one ordinary share at the par value of Baht 100 per share into 100 ordinary shares at the par value of Baht 1 per share. As a result, the number of ordinary shares held by the Company increased to Baht 325 million shares at the price of Baht 1 per share, with the same shareholding percentage.

On 24 July 2006, the Company purchased additional 81.25 million ordinary shares in Thai Tap Water Supply Public Company Limited or 2.5 percent of the registered capital from CH. Karnchang Public Company Limited at the price of Baht 3.20 per share, totaling Baht 260 Million. As a result, the Company's shareholding percentage in Thai Tap Water Supply Public Company Limited as at the end of the year 2006 represents 12.50 percent of the paid-up registered capital.