

Bangkok Expressway Public Company Limited and Its Subsidiary Company
Management Discussion and Analysis of Financial Status and Operational
Results for the Fiscal Period Ended on March 31, 2007

1. Operational Results

The toll revenue in the first quarter of the year 2007 of the Company and its subsidiary amounted to Baht 1,814 Million, representing an increase by Baht 93 Million or 5.40 percent, as compared to the same period of the previous year resulting from the opening of Suvarnabhumi Airport which increased in the number of motorists using the Expressway heading to the Airport throughout the day. However, a cost of debt at the fixed rate of 4 percent per annum was increased to 5 percent per annum under the credit facilities agreement since October 2006. As a result, interest expenses had an increase as compared to the same quarter of the previous year.

The operational results in the first quarter of the year 2007 of the Company and its subsidiary derived the net profit in the amount of Baht 378 Million, representing a decrease by Baht 35 Million, as compared to the same period of the previous year.

Summary of Significant Operational Results

	(Unit: Million Baht)			
	Quarter 1	Quarter 1	Changes	
	2007	2006	Amount	%
Toll revenue	1,814	1,721	93	5.40
Total revenue	1,823	1,730	93	5.38
EBITDA	1,464	1,419	45	3.17
Net earnings	378	413	(35)	-8.47
Net earnings per share (Baht)	0.49	0.54	(0.05)	-8.47

1.1 Revenue

In the first quarter of the year 2007, the Company and its subsidiary had total revenue in the amount of Baht 1,823 Million, representing an increase by Baht 93 Million or 5.38 percent from the same period of the previous year, with material particulars as follows:

- (1) The toll revenue amounted to Baht 1,814 Million, representing an increase by Baht 93 Million or 5.40 percent, as compared to Baht 1,721 Million in the same period of the previous year, as per the details divided into routes as follows:

(Translation)

(Unit: Million Baht)

	Quarter 1	Quarter 1	Changes	
	2007	2006	Amount	%
First Stage Expressway	687	719	(32)	-4.45
Second Stage Expressway				
Sector A (Rama IX – Ratchadapisek)	352	331	21	6.34
Sector B (Phayathai – Bang Khlo)	168	164	4	2.44
Sector C (Ratchadapisek – Chaeng Wattana)	168	162	6	3.70
Sector D (Rama IX – Srinagarindra)	<u>291</u>	<u>210</u>	<u>81</u>	<u>38.57</u>
Total Second Stage Expressway	979	867	112	12.92
Bang Pa-in – Pak Kret Expressway	<u>148</u>	<u>135</u>	<u>13</u>	<u>9.63</u>
Total	<u>1,814</u>	<u>1,721</u>	<u>93</u>	<u>5.40</u>

- First Stage Expressway: Toll revenue had a decrease at the rate of 4.45 percent as compared to the same period of the previous year due to the volume of vehicles at Din Daeng Toll Plaza and Din Daeng1 Toll Plaza was decreased from the opening of Suvarnabhumi Airport. In addition, the opening for service of the Industrial Ring Road since September 2006 caused a decrease in the number of motorists, mainly was over four-wheels, at Suksawat Toll Plaza and Sathu Pradit Toll Plaza while the volume of four-wheel vehicles using Dao Khanong Toll Plaza continued to increase.
- Second Stage Expressway: Toll revenue had a continuous growth, particularly, in the suburban Expressway to which the Company was entitled to all revenue as follows:
 - Sector A and Sector B of the Second Stage Expressway, an urban Expressway had a connection with Sector D of the Second Stage Expressway, the revenue growth rate representing 6.34 percent and 2.44 percent respectively as a result of the increased volume of vehicles heading to Suvarnabhumi Airport.

(Translation)

- Sector C of the Second Stage Expressway had an increased in toll revenue at the rate of 3.70 percent resulting from the improvement and enhancement of efficiency in provision of service, by construction of the flyover crossing Prachachuen Road and addition of toll booths, including the fact that motorists used this route as shortcut to Vibhavadi - Rangsit Road.
 - Sector D of the Second Stage Expressway had a revenue growth rate representing 38.57 percent, resulting from the increased volume of vehicles heading to Suvarnabhumi Airport since its opening in September 2006, together with the expansion of urban communities adjacent to Suvarnabhumi Airport.
 - Bang Pa-in-Pak Kret Expressway: Toll revenue has a continuous growth at the rate of 9.63 percent resulting from the avoidance of motorists from the traffic congestion of Mueng Thong area in accordance with Chaeng Watthana flyover construction, Tiwa Non flyover construction and from the expansion of the community nearby Bang Phun.
- (2) Other income amounted to Baht 9 Million, nearly from the same quarter of the previous year, are mainly interest income and benefit incurred from cash management of the toll revenue.

1.2 Expenses

In the first quarter of the year 2007, the Company and its subsidiary incurred expenses in the total amount of Baht 924 Million, representing an increase by Baht 85 Million or 10.13 percent from the same quarter of the previous year, with material particulars as follows:

- (1) Amortization of rights to operate completed expressway sectors amounted to Baht 557 Million, representing an increase by Baht 37 Million or 7.12 percent, due to the increased volume of vehicles using the Expressways.
- (2) Provision for compensation for site acquisition cost amounted to Baht 123 Million, representing an increase by Baht 18 Million or 17.14 percent. Such provision was recorded to cut the cost of the present value of the compensation to be paid to the Expressway and Rapid

(Translation)

Transit Authority of Thailand, while the actual payment of the first installment under the Agreement was made in the year 2004 and committed to pay on 1 March and September of each year. As for this year, the Company committed to make payment amounted Baht 700 Million and on 1 March 2007 and such payment was made in the amount of Baht 350 Million.

- (3) The operating and administrative expenses amounted to Baht 244 Million, representing an increase by Baht 30 Million or 14.02 percent, mainly comprising expenses for toll collection and traffic management as well as costs of repair and maintenance of the Expressways.

1.3 Interest Expenses

In the first quarter of the year 2007, the Company and its subsidiary incurred interest expenses equal to Baht 348 Million, representing an increase by Baht 56 Million or 19.18 percent from the same quarter of the previous year. Such decrease was due to a cost of debt at the fixed rate of 4 percent per annum was increased to 5 percent per annum under the credit facilities agreement since October 2006. As a result, interest expenses had an increase as compared to the same quarter of the previous year.

1.4 Corporate Income Tax

In the first quarter of the year 2007, the corporate income tax of the Company amounted to Baht 173 Million, representing a decrease by Baht 13 Million or 6.99 percent. The corporate income tax is calculated by using a pre-tax income multiply to the estimated average annual effective income tax rate.

2. Financial Status

2.1 Assets

The total assets of the Company and the Subsidiary as at 31 March 2007 amounted to Baht 45,257 Million, representing a decrease by Baht 482 Million or 1.05 percent from that as at the previous year end, with the details of significant increases and decreases, as compared to those as at the previous year end, as follows:

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2.1.1 Cash and cash equivalents and current investments amounted to Baht 694 Million, representing an increase by Baht 146 Million or 26.64 percent. The Company deposited the cash with banks and made short-term investments with good rate of return.

2.1.2 Other long-term investments amounted to Baht 2,941 Million, representing a decrease by Baht 85 Million or 2.81 percent, comprising:

- Investment in Bangkok Metro Public Company Limited (BMCL), decreased by Baht 156 Million resulting from the adjustment of value of investment. As at 31 March 2007, the Company held shares representing 11.93 percent of the registered capital in BMCL.
- Investment in SouthEast Asia Energy Limited (SEAN), increased by Baht 72 Million resulting from an additional investment. As at 31 March 2007, the Company held shares representing 12.50 percent of the registered capital in SEAN.
- Investment in Thai Tap Water Supply Public Company Limited (TTW), as at 31 March 2007, the Company's shareholding ratio in TTW representing 12.50 percent of the registered capital.

2.1.3 Right to operate the complete Expressway sectors decreased by Baht 557 Million, due to amortization as expenses in the income statement based on the volume of vehicles using the Expressways.

2.2 Liabilities

The total liabilities of the Company and its subsidiary as at 31 March 2007 amounted to Baht 29,508 Million, representing a decrease by Baht 704 Million or 2.33 percent from that as at the previous year end, with the details of significant increases and decreases, as compared to those as at the previous year end, as follows:

(Translation)

- 2.2.1 Corporate income tax payable had an increase by Baht 155 Million or 51.84 percent.
- 2.2.2 Provision for compensation for site acquisition cost had a net decrease by Baht 227 Million, due to a decrease in provision for compensation from actual payment in the amount of Baht 350 Million on 1 March 2007 and setting up additional provision during this quarter in the amount of Baht 123 Million.
- 2.2.3 Long-term loans had a decrease by Baht 645 Million, due to the repayment of loans in the ordinary course under the agreement. A repayment of such loan shall be made at the end of each month.

2.3 Shareholders' Equity

The total shareholders' equity of the Company and its subsidiary as at 31 March 2007 amounted to Baht 15,749 Million, representing an increase by Baht 222 Million or 1.43 percent from that as at the previous year end, with the details of significant increases and decreases, as compared to those as at the previous year end, as follows:

- 2.3.1 Increase in net profit from operations for the first quarter of the year 2007 amounted to Baht 378 Million.
- 2.3.2 Decrease in adjustment of value of investment in BMCL in compliance with market price in the amount of Baht 156 Million.

The Company's registered capital amounted to Baht 8,000 Million, with the authorized and paid-up capital of Baht 7,700 Million, the premium on ordinary shares of Baht 4,848 Million, the unrealized loss on changes in value of investment of Baht 317 Million, the appropriated retained earnings of Baht 473 Million, and the unappropriated retained earnings of Baht 3,045 Million.

3. Cash Flow

In the first quarter of the year 2007, the Company and its subsidiary generated cash flow from operating activities amounting to Baht 865 Million, whereby the Company used such cash in investing activities amounting to Baht 275 Million, mainly are investing in short-term investment in the amount of Baht 200 Million and investing in SouthEast Asia Energy Limited in the amount of Baht 72 Million. In respect of financing activities, the Company used such cash for repayment of long-term loans in the amount of Baht 645 Million.

The Company and its subsidiary had a net decrease in cash and cash equivalents by Baht 55 Million, adding cash and cash equivalents at beginning of period amounting to Baht 236 Million, Therefore, cash and cash equivalents as at 31 March 2007 is totally Baht 181 Million.

4. Financial Ratios

	Quarter 1 2007	Quarter 1 2006
Net Profit Margin	20.86%	24.01%
Return on Equity	9.71%	9.94%
Return on Total Assets	3.28%	3.17%
Interest Coverage (times)	4.21	4.86
Debt to Equity (times)	1.87	2.04

5. The Effect of Change in Accounting Policy of Investment in Subsidiary Company

In compliance with the Notification of the Federation of Accounting Professions no. 26/2006 regarding Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” (Amendment No. 1), the Company has changed its accounting policy for recording investments in subsidiary company in the separate financial statements from the equity method to the cost method and restated the previous year's separate financial statements. Such a changed caused the net profit and retained earnings in the separate financial statements to be different from those reported in the consolidated financial statement as follows:

(Translation)

The separate income statements

Net profit of the separate income statement for the first quarter of the year 2007 amounted to Baht 453 Million, representing an increase by Baht 75 Million or Baht 0.10 per share, as compared with the net profit from that consolidated financial statement in the amount of Baht 378 Million.

Net profit of the separate income statement for the first quarter of the year 2006 amounted to Baht 480 Million, representing an increase by Baht 67 Million or Baht 0.09 per share, as compared with the net profit from that consolidated financial statement in the amount of Baht 413 Million.

The separate balance sheet

The Company has restated the balance sheet as at 31 December 2006 as though the investments in the subsidiary company had originally been recorded using the cost method. However the subsidiary company has consistently suffered from operating losses over a number of years which is indicate that the investment in subsidiary company is impairment, therefore the Company recorded the impairment of such investment after restated. As a result, unappropriated retained earnings in the separate balance sheet after adjustment as at 31 December 2007 is shown in the amount of Baht 2,667 Million which is equal to an unappropriated retained earnings in the consolidated balance sheet.

Nonetheless, these differing amounts merely reflect the change in accounting policy, not effect a consolidated financial statement preparation and in any fundamental factor affecting the business.