

(Translation)

Management Discussion and Analysis of Financial Status and Operational Results for the Quarter Ended on March 31, 2009

Bangkok Expressway Public Company Limited and Its Subsidiary Company

Operational Results

In the first quarter of the year 2009, the Company and its subsidiary had net profit in the amount of Baht 387 Million, representing an increase from the same quarter of the previous year by Baht 47 Million or 13.82 percent, resulting from a toll adjustment at the end of the previous year. The expenses thereby have increased materially from non cash expenses such as amortization of rights to operate completed expressway sectors, provision for compensation for site acquisition cost and unrealized loss from revalue on changes in value of investments.

Summary of Operational Results

Between the first quarter of the year 2009 and the year 2008

	(Unit: Million Baht)			
	1 st Quarter		Changes	
	Year 2009	Year 2008	Amount	%
Toll revenues	1,882	1,754	128	7.30
Total revenues	1,887	1,768	119	6.73
Total expenses	1,500	1,428	72	5.04
Net profit	387	340	47	13.82
Earning per share (Baht)	0.50	0.44	0.06	

Revenues

In the first quarter of the year 2009, the Company and its subsidiary had the total revenues in the amount of Baht 1,887 Million, representing an increase by Baht 119 Million or 6.73 percent from the same period of the previous year, which was mainly from toll revenue amounted to Baht 1,882 Million, representing an increase by Baht 128 Million or 7.30 percent, as compared to the same period of the prior year, due to the toll adjustment since September 2008 for the First and Second Stage Expressway System and since November 2008 for Bang Pa-in - Pak Kret expressway that will bring higher toll revenue. For Toll rates of the urban network expressway, shared 50 percent of toll revenue with Expressway Authority of Thailand (EXAT), have been revised for every types of vehicle especially four-wheeled vehicles, containing 98 percent of total vehicles using the expressway. Therefore, the toll rate hike of four-wheeled vehicle has a significant effect on toll revenue. However, Toll rates of suburban area, shared 100 percent of toll revenue by the company, have been revised only for ten-wheeled vehicles of sector C and more than four-wheeled vehicles of Sector D. The details of toll revenue are classified into routes as follows:

(Translation)

(Unit: Million Baht)

	1 st Quarter		Changes	
	2009	2008	Amount	%
First Stage Expressway System	696	637	59	9.26
Second Stage Expressway System				
Sector A (Rama IX – Ratchadapisek)	390	350	40	11.43
Sector B (Phayathai – Bang Khlo)	185	171	14	8.19
Sector C (Ratchadapisek – Chaeng Wattana)	174	172	2	1.16
Sector D (Rama IX – Srinagarindra)	<u>276</u>	<u>277</u>	<u>(1)</u>	<u>-0.36</u>
Total Second Stage Expressway System	1,025	970	55	5.67
Bang Pa-In – Pak Kret Expressway System	<u>161</u>	<u>147</u>	<u>14</u>	<u>9.52</u>
Grand Total	<u>1,882</u>	<u>1,754</u>	<u>128</u>	<u>7.30</u>

Expenses

In the first quarter of the year 2009, the Company and its subsidiary had the total expenses in the amount of Baht 1,500 Million, representing an increase by Baht 72 Million or 5.04 percent from the same quarter of the previous year, with material particulars as follows:

(Unit: Million Baht)

	1 st Quarter		Changes	
	Year 2009	Year 2008	Amount	%
Amortization of rights to operate completed expressway sectors	568	534	34	6.37
Provision for compensation for site acquisition cost	163	142	21	14.79
Selling expenses	172	190	(18)	-9.47
Administration expenses	72	64	8	12.50
Directors and managements' remuneration	16	16	-	-
Loss from investment	44	-	44	n/a
Financial cost	296	322	(26)	-8.07
Corporate income tax	<u>169</u>	<u>160</u>	<u>9</u>	<u>5.63</u>
Total expenses	<u>1,500</u>	<u>1,428</u>	<u>72</u>	<u>5.04</u>

(Translation)

1. Amortization of rights to operate the completed expressway sectors increased in amount of Baht 34 Million or 6.37 percent. In the first quarter of the year 2009, the Company has revised a number of projected traffic volume towards the end of the concession agreement reflecting on impact of economic recession including opening of new roads and transportation system that caused a higher amortization expenses.
2. Provision for compensation for site acquisition cost increased as compared to the same period of the previous year. Such provision was recorded to deduct the cost of the present value of compensation to EXAT. Actual payments of the first installment under the Second Stage Expressway System Agreement was made in the year 2004 and are committed to pay on the 1st of March and the 1st of September in each year. In the first quarter of the year 2009, the Company has made payment of Baht 400 Million to EXAT.
3. Selling expenses decreased by Baht 18 Million or 9.47 percent, mainly from repair and maintenance costs of the expressways because of a revision of maintenance program. However, the said maintenance program should have been completed within this year and in line with its initial budget.
4. Administration expenses increased by Baht 8 Million or 12.50 percent, there were mainly due to increasing of office expenses that support for toll operation.
5. Loss from investment in the amount of Baht 44 Million is unrealized loss from revalue on changes in value of investments in this quarter.
6. Financial cost decreased by Baht 26 Million or 8.07 percent, due to decreasing of interest expense based on decreasing of financial cost from the commercial bank and loan's principal resulting from repayments.
7. Corporate income tax increased by Baht 9 Million or 5.63 percent, as a result of an increase in net profit from operation.

Financial Status

Assets

Total Assets of the Company and the Subsidiary as at 31 March 2009 were at the amount of Baht 42,841 Million, representing a decrease by Baht 474 Million or 1.09 percent. Following are the details of significant increases and decreases as compared to the previous year ended :

(Translation)

(Unit : Million Baht)

	31 March 2009	31 December 2008	Changes	
			Amount	%
Cash, cash equivalents, and current investments	2,095	2,529	(434)	-17.16
Current Assets	53	48	5	10.42
Other long-term investment	3,316	2,799	517	18.47
Property, plant and equipment, net	226	228	(2)	-0.88
Right to operate completed expressway sector, net	37,079	37,647	(568)	-1.51
Others	<u>72</u>	<u>64</u>	<u>8</u>	<u>12.50</u>
Total Assets	<u>42,841</u>	<u>43,315</u>	<u>(474)</u>	<u>-1.09</u>

1. Cash, cash equivalents, and current investments, representing a decrease by Baht 434 Million or 17.16 percent, in which the company has use those to make a payment for compensation in the amount of Baht 400 Million to the Expressway Authority of Thailand (EXAT).
2. Other long-term investments, representing an increase by Baht 517 Million or 18.47 percent, as a result of the adjustment in the value of investment according to its market price in Bangkok Metro Public Compay Limited (BMCL) and Thai Tap Water Supply Public Company Limited (TTW) and from calling for its additional paid-up capital in South East Asia Energy Limited (SEAN), as follows:-

(Unit : Million Baht)

	Proportion of shareholding	Investment Value at Cost	Market Value		Difference	
			31 March 2009	31 March 2008	Amount	%
BMCL	11.88%	1,764	852	569	283	49.74
TTW	9.24%	1,138	1,667	1,541	126	8.18
SEAN	16.67%	<u>797</u>	<u>797</u>	<u>689</u>	<u>108</u>	<u>15.67</u>
Total Investment		<u>3,699</u>	<u>3,316</u>	<u>2,799</u>	<u>517</u>	<u>18.47</u>

3. Rights to operate completed expressway sectors decreased by Baht 568 Million or 1.51 percent from the previous year ended because of the recording of the amortization expenses in the Income Statement in accordance with the volume of vehicles using the expressways.

Liabilities

Total Liabilities of the Company and its subsidiary as at March 31, 2009 amounted to Baht 25,915 Million, representing a decrease by Baht 1,273 Million or 4.68 percent from the end of the previous year. Following are the details of significant increases and decreases, as compared to those at the previous year ended:

(Translation)

(Unit : Million Baht)

	31 March 2009	31 December 2008	Changes	
			Amount	%
Short-term loans from financial institutions	298	692	(394)	-56.94
Trade accounts payable and other current liabilities	707	575	132	22.96
Provision for compensation for site acquisition cost	801	1,038	(237)	-22.83
Long-term loans	12,609	13,383	(774)	-5.78
Unsecured debentures	<u>11,500</u>	<u>11,500</u>	-	-
Total Liabilities	<u>25,915</u>	<u>27,188</u>	<u>(1,273)</u>	<u>-4.68</u>

1. Short-term loans from financial institutions decreased by Baht 394 Million or 56.94 percent due to a repayment of maturity bills of exchange.
2. Provision for compensation for site acquisition cost had a net decrease of Baht 237 Million or 22.83 percent due to a decrease in the provision for compensation in the amount of Baht 400 Million from actual payments to the Expressway Authority of Thailand (EXAT) and an increase of additional provision for the first quarter of the year 2009 in the amount of Baht 163 Million.
3. Long-term loans decreased by Baht 774 Million or 5.78 percent from the repayment of loans in the ordinary course under the Credit Facilities Agreement. Repayment of such loan shall be made at the end of each month.

Shareholders' Equity

Total shareholders' equity of the Company and its subsidiary as at March 31, 2009 is equal to Baht 16,926 Million, representing an increase by Baht 799 Million or 4.95 percent from the end of the previous year. Details of significant increases and decreases as compared to those at the previous year's end as follows:

(Unit : Million Baht)

	31 March 2009	31 December 2008	Changes	
			Amount	%
Issued and paid-up share capital	7,700	7,700	-	-
Premium on ordinary shares	4,848	4,848	-	-
Unrealized gain (loss) on changes in value of investments	(383)	(795)	412	-51.82
Retained earnings	<u>4,761</u>	<u>4,374</u>	<u>387</u>	<u>8.85</u>
Total shareholders' equity	<u>16,926</u>	<u>16,127</u>	<u>799</u>	<u>4.95</u>

(Translation)

1. Unrealized gain (loss) on changes in value of investments is the adjustment in value of investments according to its market price. For the first quarter of the year 2009, investment in BMCL and TTW had an increase in the amount of Baht 286 million and Baht 126 million, respectively.
2. Retained earnings increased from the net profit from the operational results in the first quarter of the year 2009 amounted to Baht 387 Million.

Cash Flow

In the first quarter of the year 2009, the Company and its subsidiary generated cash flow from operating amounting to Baht 1,215 Million, whereby the company utilized net cash from investing activities amounting Baht 277 Million. At the same time, cash was received from investments in the amount of Baht 388 Million, and invested in SEAN in the amount of Baht 108 Million and net purchasing fixed assets in the amount of Baht 3 Million. In respect to net financing activities, the Company used net cash of Baht 1,499 Million for long-term loans repayment of Baht 1,174 Million in total. During the period, the Company also has interest payment of loans and debenture in the amount of Baht 325 Million. The Company and its subsidiary has a net cash decreased at the amount of Baht 7 Million in the first quarter of the year 2009, and when combined with cash and cash equivalents from the beginning of the year in the amount of Baht 131 Million. Therefore, cash and cash equivalents at the end of the first quarter of the year 2009 are equal to Baht 124 Million.

Financial Ratios

	Quarter 1 2009	Quarter 1 2008
Net Profit Margin	20.55%	19.40%
Return on Equity *	8.99%	8.56%
Return on Total Assets *	3.44%	3.07%
Interest Coverage (times)	4.84	4.26
Debt to Equity (times)	1.53	1.70

* Annualized