

(Translation)

## Management Discussion and Analysis of Financial Status and Operational Results for the Quarter Ended on March 31, 2010

### Bangkok Expressway Public Company Limited and Its Subsidiary Company

#### Operational results

In the first quarter of the year 2010, the Company and its Subsidiary had net profit in the amount of Baht 391 Million with total revenues increasing from the same quarter of the previous year by Baht 78 Million or 4.13 percent. The toll revenue, which is the main revenue, has increased by Baht 56 Million or 2.98 percent according to the additional number of the vehicles to the Expressways system. The expenses thereby have increased from the same quarter of the previous year by Baht 74 Million or 4.93 percent. Besides the increasing in repair and maintenance costs of the Expressways and the improving cost of the toll collection system, the Company and its Subsidiary had prepayment charges amounted Baht 40 Million from reducing the financial costs by issuing debentures for loan repayment which recorded as expenses in full amount in this quarter. The interest saving, approximately Baht 125 Million, will be gradually recorded during its tenor. These have caused an increasing in net profit from the same quarter of the previous year by Baht 4 Million or 1.03 percent.

#### Summary of Operational Results

##### Between the first quarter of the year 2010 and the year 2009

(Unit: Million Baht)

	1 <sup>st</sup> Quarter		Changes	
	Year 2010	Year 2009	Amount	%
Toll revenue	1,938	1,882	56	2.98
Total revenues	1,965	1,887	78	4.13
Total expenses	1,574	1,500	74	4.93
Net profit	391	387	4	1.03
Earnings per share (Baht)	0.51	0.50	0.01	

#### Revenues

In the first quarter of the year 2010, the Company and its Subsidiary had the total revenues in the amount of Baht 1,965 Million, representing an increase by Baht 78 Million or 4.13 percent from the same period of the previous year. The significant operational results can be summarized as follows:

1. Toll revenue amounted to Baht 1,938 Million, representing an increase by Baht 56 Million or 2.98 percent. This was, due to a continued increase in traffic volume which have been influenced by positive physical alteration factors, such as the opening of the Extension of the Chalong Rat Expressway, the opening of The Government Complex Commemorating His Majesty The King's 80<sup>th</sup> Birthday Anniversary, 5<sup>th</sup> December, B.E.2550 (2007) and the avoidance of traffic congestions from Bangkok Metropolitan Administration's mending works of local flyovers and construction of Bangkok mass transportation system around Bangkok area. The details of toll revenues are classified into routes as follows:

(Translation)

(Unit: Million Baht)

	1 <sup>st</sup> Quarter		Changes	
	2010	2009	Amount	%
<b>First Stage Expressway System</b>	<b>701</b>	<b>696</b>	<b>5</b>	<b>0.72</b>
<b>Second Stage Expressway System</b>				
Sector A (Rama IX - Ratchadapisek)	404	390	14	3.59
Sector B (Phayathai - Bang Khlo)	191	185	6	3.24
Sector C (Ratchadapisek - Chaeng Watthana)	183	174	9	5.17
Sector D (Rama IX - Srinagarindra)	289	276	13	4.71
<b>Total Second Stage Expressway System</b>	<b>1,067</b>	<b>1,025</b>	<b>42</b>	<b>4.10</b>
<b>Bang Pa-In - Pak Kret Expressway System</b>	<b>170</b>	<b>161</b>	<b>9</b>	<b>5.59</b>
<b>Total</b>	<b>1,938</b>	<b>1,882</b>	<b>56</b>	<b>2.98</b>

2. Other incomes amounted to Baht 27 Million are mainly returns from current investments and benefits incurred from the cash management of bank deposits.

### Expenses

In the first quarter of the year 2010, the Company and its Subsidiary had the total expenses in the amount of Baht 1,574 Million, representing an increase by Baht 74 Million or 4.93 percent from the same quarter of the previous year, with material particulars as follows:

(Unit: Million Baht)

	1 <sup>st</sup> Quarter		Changes	
	2010	2009	Amount	%
Amortisation of rights to operate completed expressway sectors	584	568	16	2.82
Provision for compensation for site acquisition cost	186	163	23	14.11
Selling expenses	281	172	109	63.37
Administration expenses	71	72	(1)	-1.39
Loss on investments	-	44	(44)	-100.00
Director and management benefit expenses	17	16	1	6.25
Finance cost	302	296	6	2.03
Corporate income tax	133	169	(36)	-21.30
<b>Total expenses</b>	<b>1,574</b>	<b>1,500</b>	<b>74</b>	<b>4.93</b>

(Translation)

1. Amortisation of rights to operate completed expressway sectors was Baht 584 Million, representing an increase by Baht 16 Million or 2.82 percent according to the increased traffic volume.
2. Provision for compensation for site acquisition cost was Baht 186 Million, increased from the same period of the previous year. Such provision was recorded to deduct the cost of the present value of compensation to the Expressway Authority of Thailand. Actual payments of the first installment under the Second Stage Expressway System Agreement were made in 2004 and were committed to pay on the 1<sup>st</sup> of March and the 1<sup>st</sup> of September in each year. In 2010, the Company and its Subsidiary is committed to pay compensation for site acquisition cost of Baht 1,200 Million and has already made payment of Baht 600 Million to the Expressway Authority of Thailand in the first quarter of the year 2010.
3. Selling expenses were Baht 281 Million, representing an increase by Baht 109 Million or 63.37 percent, mainly from repair and maintenance costs of the Expressways, improving of the toll collection system, and the expenditures from toll collection and traffic management.
4. Administration expenses were Baht 71 Million, representing office expenses that support for toll operation which similar to the same period of the previous year complying with the Company's policies to control expenses.
5. Loss on investments, in the first quarter of the year 2009, the Company and its Subsidiary had loss from revalue on changes in value of investments but no such loss incurred in the first quarter of this year.
6. Finance cost was Baht 302 Million, representing a net increase by Baht 6 Million or 2.03 percent due to two reasons, which are cost from issuing debentures and prepayment charges, totaling Baht 48 Million. This expense was from a reduction of financial costs that the Company recorded as expense in full in this quarter; whereas, the benefit from interest saving will be recorded during its tenor. However, interest expense was decreased by Baht 42 Million because of the refinance at the end of the year 2009, as well as the reduced principal after repayment.
7. The corporate income tax was Baht 133 Million, representing a decrease by Baht 36 Million or 21.30 percent from the same period of the previous year.

(Translation)

## Financial Status

### Assets

Total assets of the Company and its Subsidiary as at 31 March 2010 amounted to Baht 44,056 Million, representing an increase by Baht 1,305 Million or 3.05 percent from the end of the previous year. The details of significant increases and decreases are as follows:

	(Unit: Million Baht)			
	31 March	31 December	Changes	
	2010	2009	Amount	%
Cash, cash equivalents, and current investments	5,074	3,213	1,861	57.92
Advance payments under service contract	35	40	(5)	-12.50
Current assets	41	32	9	28.13
Other long-term investments	3,616	3,696	(80)	-2.16
Property, plant and equipment, net	249	247	2	0.81
Construction in process	216	121	95	78.51
Right to operate completed expressway sector, net	34,765	35,343	(578)	-1.64
Others	60	59	1	1.69
Total assets	<u>44,056</u>	<u>42,751</u>	<u>1,305</u>	<u>3.05</u>

1. Cash, cash equivalents, and current investments amounted to Baht 5,074 Million, representing an increase by Baht 1,861 Million or 57.92 percent from the previous year, of which the Company and its Subsidiary had reserved for a redemption of debenture that due in August 2010. In this regard, the Company and its Subsidiary had invested in financial institutions that can generate good returns.
2. Other long-term investments amounted to Baht 3,616 Million, representing a decrease by Baht 80 Million or 2.16 percent from the previous year, due to the adjustment of investment value according to the market prices of securities in Bangkok Metro Public Company Limited (BMCL) and in Thai Tap Water Supply Public Company Limited (TTW), and additional payment for shares in SouthEast Asia Energy Limited (SEAN), with the details as at 31 March 2010 as follows:

(Translation)

(Unit: Million Baht)

	Proportion of Shareholding	Cost	Fair Value		Difference	
			31 Mar 2010	31 Dec 2009	Amount	%
BMCL	11.79%	1,751	1,015	1,107	(92)	-8.31
TTW	9.24%	1,137	1,615	1,637	(22)	-1.34
SEAN	16.67%	986	986	952	34	3.57
Total		<u>3,874</u>	<u>3,616</u>	<u>3,696</u>	<u>(80)</u>	<u>-2.16</u>

3. Construction in process amounted to Baht 216 Million, representing an increase by Baht 95 Million or 78.51 percent from the previous year. Such construction in process was the project for installation of the Electronic Toll Collection System which is expected to be completed by the second quarter of the year 2010.
4. Right to operate completed expressway sectors amounted to Baht 34,765 Million, representing a decrease by Baht 578 Million or 1.64 percent because of the recording of amortisation expenses in the income statement amounted Baht 584 Million, based on the volume of vehicles using the Expressways, and the additional recording of its right to operate completed expressway sectors amounting to Baht 6 Million from toll plaza installment and improvement.

### Liabilities

Total liabilities of the Company and its Subsidiary as at 31 March 2010 amounted to Baht 26,186 Million, representing an increase by Baht 1,017 Million or 4.04 percent from the end of the previous year. The details of significant increases and decreases are as follows:

(Unit: Million Baht)

	31 March	31 December	Changes	
	2010	2009	Amount	%
Trade accounts payable and other current liabilities	442	395	47	11.90
Corporate income tax payable	413	299	114	38.13
Provision for compensation for site acquisition cost	476	890	(414)	-46.52
Long-term loans	5,855	8,085	(2,230)	-27.58
Debentures	<u>19,000</u>	<u>15,500</u>	<u>3,500</u>	<u>22.58</u>
Total liabilities	<u>26,186</u>	<u>25,169</u>	<u>1,017</u>	<u>4.04</u>

(Translation)

1. Trade accounts payable and other current liabilities amounted to Baht 442 Million, representing an increase by Baht 47 Million or 11.90 percent, mainly due to an increase in trade accounts payable in relation to the installation of the Electronic Toll Collection System.
2. Corporate income tax payable amounted to Baht 413 Million had an increase by Baht 114 Million or 38.13 percent from the recording of accrued corporate income tax for the period between January and March 2010.
3. Provision for compensation for site acquisition cost amounted to Baht 476 Million, representing a decrease by Baht 414 Million or 46.52 percent on account of the decrease in the provision for compensation in the amount of Baht 600 Million from actual payments to the Expressway Authority of Thailand and an increase of additional provision during this quarter in the amount of Baht 186 Million.
4. Long-term loans amounted to Baht 5,855 Million, representing a decrease by Baht 2,230 Million or 27.58 percent from the repayment of loans in the ordinary course under the Credit Facilities Agreement made at the end of each month amounting to Baht 230 Million and a prepayment in the amount of Baht 2,000 Million.
5. Debentures amounted to Baht 19,000 Million, representing an increase by Baht 3,500 Million or 22.58 percent, and the debentures additionally issued in this quarter are as follows:

<u>No.</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
1/2010	3 years and 3 months	Baht 1,000 Million	6m FDR <sup>(1)</sup> + 1.33% p.a.
2/2010	3 years and 2 months	Baht 1,000 Million	6m FDR <sup>(1)</sup> + 1.33% p.a.
3/2010	7 years	Baht 1,500 Million	6m FDR <sup>(1)</sup> + 1.65% p.a.

<sup>(1)</sup> Average deposit interest rates for fixed 6 months of Krung Thai Bank, Bangkok Bank, Siam Commercial Bank and Kasikorn Bank as at 31 March 2010 is equal to 0.675 percent per annum.

The proceeds from the issuance of debentures no.1/2010 and 2/2010 in the amount of Baht 2,000 Million were paid for prepayment of loans to reduce the financing cost. Currently, the interest rate for long-term loan is at MLR - 2 percent per annum, where the average MLR as at 31 March 2010 is equal to 5.9625 percent. Provided that the prepayment fee was Baht 40 Million for the mentioned transaction. In additions, debenture no.3/2010 amounted to Baht 1,500 Million are reserved for a redemption of debenture no.1/2007 that due in August 2010 with fix interest rate of 4.20 percent per annum.

(Translation)

### Shareholders' Equity

Total shareholders' equity of the Company and its Subsidiary as at 31 March 2010 is equal to Baht 17,870 Million, representing an increase by Baht 288 Million or 1.64 percent from the end of the previous year. The details of significant increases and decreases are as follows:

(Unit: Million Baht)

	<b>31 March</b>	<b>31 December</b>	<b>Changes</b>	
	<b>2010</b>	<b>2009</b>	<b>Amount</b>	<b>%</b>
Issued and paid-up capital	7,700	7,700	-	-
Premium on ordinary shares	4,848	4,848	-	-
Unrealised loss on changes in value of investments	(259)	(156)	(103)	66.03
Retained earnings	5,581	5,190	391	7.53
Total shareholders' equity	<u>17,870</u>	<u>17,582</u>	<u>288</u>	<u>1.64</u>

1. Unrealised loss on changes in value of investments is an adjustment of investment value in accordance with market price. In the first quarter of the year 2010, the investments in BMCL and TTW decreased in the amount of Baht 92 Million and Baht 22 Million, respectively. Moreover, the Company had realised loss amounted to Baht 11 Million from sales of investment.
2. Retained earnings increased from the net profit from operations for the first quarter of the year 2010 amounted to Baht 391 Million.

(Translation)

### **Cash Flow**

In the first quarter of the year 2010, the Company and its Subsidiary generated cash flow from operating activities amounting to Baht 1,010 Million, whereby the Company had utilized cash in investing activities amounting to Baht 2,004 Million. These are in the form of short-term investments in the amount of Baht 1,872 Million, long-term investment in SEAN in the amount of Baht 35 Million, construction of the Electronic Toll Collection System and additional toll booths in the amount of Baht 95 Million, and net investment in other fixed assets in the amount of Baht 2 Million. In respect to financing activities, the Company and its Subsidiary generated cash of Baht 961 Million from cash received from the issuance of debentures in the amount of Baht 3,500 Million, long-term loan repayment, comprising the prepayment in the amount of Baht 2,000 Million and the ordinary repayment in the amount of Baht 230 Million, and payment of interest on debentures and interest on long-term loans in the amount of Baht 309 Million. The Company and its Subsidiary had a net cash decreased at the amount of Baht 33 Million in the first quarter of the year 2010, and when combined with cash brought forward from the beginning of the year in the amount of Baht 99 Million, the cash balance at the end of the first quarter of the year 2010 is equal to Baht 66 Million.

### **Financial Ratios**

	<b>1<sup>st</sup> Quarter 2010</b>	<b>1<sup>st</sup> Quarter 2009</b>
Net Profit Margin	20.66%	20.55%
Return on Equity	9.81%	8.99%
Return on Total Assets	3.93%	3.44%
Interest Coverage (times)	5.42	4.84
Debt to Equity (times)	1.47	1.53