

## 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 June 30, 2007

#### 1. Analysis of operational results

Toll revenue of the company and its subsidiary in the second quarter of the year 2007 is equal to Baht 1,764 Million, representing an increase by Baht 104 Million or 6.27 percent, as compared to the same period of the previous year. For the six-month period of the year 2007, the company and its subsidiary has the toll revenue cumulatively at the amount of Baht 3,578 Million, representing an increase by Baht 197 Million or 5.83 percent, as compared with the same period of the previous year. This was mainly due to an opening of Suvarnabhumi International Airport. However, a cost of debt has been increased in accordance with its schedule under Credit Facilities Agreements and costs of repair and maintenance of the Expressways have also increased. Therefore, net profit in the second quarter of the year 2007 of the company and its subsidiary is equal to Baht 357 Million, representing a slightly decrease by Baht 18 Million or 4.80 percent, as compared to the same period of the previous year. For the six-month period of the year 2007, the company and its subsidiary has the net profit cumulatively at the amount of Baht 735 Million, representing a decrease by Baht 53 Million or 6.73 percent, as compared with the same period of the previous year.

#### Summary of the significant operational results

(Unit: Million Baht)

	2 <sup>nd</sup> Quarter		%	For the six-month		%
	year 2007	year 2006		Change	year 2007	
Toll Revenue	1,764	1,660	6.27	3,578	3,381	5.83
Total Revenue	1,792	1,677	6.86	3,614	3,407	6.08
EBITDA	1,420	1,337	6.20	2,884	2,757	4.60
Net Profit	357	375	-4.80	735	788	-6.73
EPS (Baht)	0.46	0.49	-4.80	0.95	1.02	-6.73

(Translation)

**1.1 The increase/decrease of revenue and expenses comparing between the second quarter of the year 2007 and year 2006 are summarized below: -**

### **1.1.1 Revenue**

In the second quarter of the year 2007, the company and its subsidiary had the total revenue at the amount of Baht 1,792 Million, representing an increase by Baht 115 Million or 6.86 percent from the same period of the previous year, with material particulars as follows:

- (1) The toll revenue amounted to Baht 1,764 Million, representing an increase by Baht 104 Million or 6.27 percent, as compared to Baht 1,660 Million in the same period of the previous year, as per the details divided into routes as follows:

(Unit: Million Baht)

	2 <sup>nd</sup> Quarter		%
	year 2007	year 2006	Change
<b>FES</b>	<b>676</b>	<b>687</b>	<b>-1.60</b>
<b>SES</b>			
Sector A (Rama IX – Ratchadapisek)	339	316	7.28
Sector B (Phayathai – Bangkhlo)	160	154	3.90
Sector C (Ratchadapisek – Chaeng Watthana)	167	160	4.38
Sector D (Rama IX – Srinagarindra)	<u>275</u>	<u>203</u>	<u>35.47</u>
<b>Total SES</b>	<b>941</b>	<b>833</b>	<b>12.97</b>
<b>Bang Pa-in – Pak Kret</b>	<b><u>147</u></b>	<b><u>140</u></b>	<b><u>5.00</u></b>
<b>Total</b>	<b><u>1,764</u></b>	<b><u>1,660</u></b>	<b><u>6.27</u></b>

(Translation)

(Unit: Million Baht)

	For the six-month		%
	year 2007	year 2006	Change
<b>FES</b>	<b>1,363</b>	<b>1,406</b>	<b>-3.06</b>
<b>SES</b>			
Sector A (Rama IX – Ratchadapisek)	691	647	6.80
Sector B (Phayathai – Bangkhlo)	328	317	3.47
Sector C (Ratchadapisek – Chaeng Watthana)	335	322	4.04
Sector D (Rama IX – Srinagarindra)	<u>566</u>	<u>414</u>	<u>36.71</u>
<b>Total SES</b>	<b>1,920</b>	<b>1,700</b>	<b>12.94</b>
<b>Bang Pa-in – Pak Kret</b>	<b><u>295</u></b>	<b><u>275</u></b>	<b><u>7.27</u></b>
<b>Total</b>	<b><u>3,578</u></b>	<b><u>3,381</u></b>	<b><u>5.83</u></b>

- First Stage Expressway: Toll revenue has a decrease at the rate of 1.60 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 International Airport. In addition, an opening of the Industrial Ring Road for service since September 2006 caused a decrease in the number of motorists at Suksawat Toll Plaza and Sathu Pradit Toll Plaza.
- Second Stage Expressway: Toll revenue has a continuous growth, particularly, from the sub-urban area of the Expressway of which the company was entitled to receive all revenue, with the details of significant increases and decreases as compared to the same period of the previous year as follows:
  - Urban area of the Second Stage Expressway, Sector A and Sector B, has the toll revenue growth at the rate of 7.28 percent and 3.90 percent respectively. This Expressway are directly connected with Sector D of the Second Stage Expressway as a result of the increased volume of vehicles heading for Suvarnabhumi International Airport.

(Translation)

- Sub-urban area of the Second Stage Expressway, Sector C Expressway, has a continuous growth due to a connection between sub-urban and urban area so that the toll revenue from Sector C was increased at the rate of 4.38 percent. Sector D has a revenue growth at the rate of 35.47 percent, resulting from the increased volume of vehicles heading for Suvarnabhumi International Airport since its opening in September 2006, together with an expansion of urban communities nearby the new airport.
  - Bang Pa-in-Pak Kret Expressway: Toll revenue has a continuous growth at the rate of 5.00 percent resulting from an increase in traffic volume due to the expansion of the community nearby Bang Phun and an avoidance of motorists from the traffic congestion along the road underneath .
- (2) Other revenues amounting to Baht 28 Million was mainly from dividend income of Thai Tap Water Supply Public Company Limited (TTW) contributing Baht 20 Million. For the rest were interest income and benefit incurred from cash management of the toll revenue.

### **1.1.2 Expenses**

In the second quarter of the year 2007, the company and its subsidiary has expenses at the amount of Baht 923 Million, increasing by Baht 69 Million or 8.08 percent from the same quarter of the previous year, with material particulars as follows:

- (1) Amortization of rights to operate the completed expressway sectors amounted to Baht 543 Million, increasing by Baht 37 Million or 7.31 percent, in accordance with the increase in the volume of vehicles using the expressways.
- (2) Provision for compensation for site acquisition cost is equal to Baht 122 Million, representing an increase by Baht 17 Million or 16.19 percent. Such provision was recorded to deduct the cost of the present value of the compensation to the Expressway and Rapid Transit Authority of Thailand. Actual payment of the first installment under the Second Stage Expressway System Agreement was paid in the year 2004 and committed to pay on 1 March and 1 September of each year. In this year, the Company commits to make a payment in total Baht 700 Million and on 1 March 2007 such payment was partially made at the amount of Baht 350 Million.

(Translation)

- (3) The operating and administrative expenses amounted to Baht 258 Million, representing an increase by Baht 15 Million or 6.17 percent, mainly comprising expenses for costs of repair and maintenance of the Expressways as well as toll collection and traffic management.

### **1.1.3 Interest Expenses**

In the second quarter of the year 2007, the company and its subsidiary incurred interest expenses at the amount of Baht 345 Million, representing an increase by Baht 55 Million or 18.97 percent from the same period of the previous year. Such increase was because an increasing in a cost of debt from the fixed rate of 4 percent per annum to 5 percent per annum under the Credit Facilities Agreement commencing from October 2006. As a result, interest expenses have been increased as compared to the same quarter of the previous year.

### **1.1.4 Corporate Income Tax**

In the second quarter of the year 2007, corporate income tax of the Company amounted to Baht 167 Million, representing an increase by Baht 9 Million or 5.70 percent. The corporate income tax is calculated by using a pre-tax income multiply to the estimated average annual effective income tax rate.

## **1.2 The increase/decrease of revenue and expenses comparing between the six-month period of the year 2007 and year 2006 are summarized below: -**

Bangkok Expressway Public Company Limited and its subsidiary had revenue for the six-month period of the year 2007 in total Baht 3,614 Million, increasing by Baht 207 Million or 6.08 percent. Main income from toll revenue increased by Baht 197 Million or 5.83 percent. This was due to the continuous growth of the volume of vehicles using the Expressways, together with an opening of Suvarnabhumi International Airport since the end of September 2006.

The total expenses including with interest expenses and corporate income tax for six-month period of the year 2007 amounted to Baht 2,879 Million, increasing by Baht 260 Million or 9.93 percent due to an increase in interest expenses by Baht 111 Million, an increase in repair and maintenance of the Expressways expenses by Baht 25 Million, an increase in amortization of rights to operate the completed expressway sectors and provision for compensation for site acquisition cost, non-cash expenses, by Baht 107 Million.

## **2. Financial Status**

### **2.1 Assets**

The total assets of the company and its subsidiary as at June 30, 2007 were at the amount of Baht 44,611 Million, representing a decrease by Baht 1,128 Million or 2.47 percent from the end of year previous, with the details of significant increases and decreases, as compared to those as at the previous year end, as follows:

2.1.1 Cash and cash equivalent and current investments, decreased by Baht 69 Million or 12.59 percent.

2.1.2 Other long-term investments amounted to Baht 3,059 Million, representing an increase by Baht 33 Million or 1.09 percent, comprising:

- Investment in Bangkok Metro Public Company Limited (BMCL) amounted to Baht 1,511 Million, decreased by Baht 100 Million resulting from the adjustment of value of investment. As at 30 June 2007, the company held shares representing 11.93 percent of the registered capital in BMCL.
- Investment in SouthEast Asia Energy Limited (SEAN) amounted to Baht 295 Million, increased by Baht 133 Million resulting from an additional investment. As at 30 June 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) amounted to Baht 1,253 Million, the Company's shareholding ratio in TTW representing 12.50 percent of the registered and paid-up capital.

2.1.3 Rights to operate the completed expressway sectors decreased by Baht 1,100 Million, as a result of amortization expenses from the volume of vehicles using the expressway.

### **2.2 Liabilities**

The total liabilities of the Company and its subsidiary as at 30 June 2007 amounted to Baht 28,834 Million, representing a decrease by Baht 1,378 Million or 4.56 percent from the end of year previous, with the details of significant increases and decreases, as compared to those as at the previous year end, as follows:

(Translation)

- 2.2.1 Provision for compensation of site acquisition cost has a net decrease by Baht 105 Million, due to a decrease in provision for compensation from actual payment in the amount of Baht 350 Million on 1 March 2007 and an increase of additional provision during this period in the amount of Baht 245 Million.
- 2.2.2 Long-term loans has been decreased by Baht 1,323 Million, due to the repayment of loans in the ordinary course and the mandatory prepayment under the agreement. A repayment of such mentioned loan generally 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 30 June 2007 is equal to Baht 15,777 Million, representing an increase by Baht 250 Million or 1.61 percent from the end of year previous, with the details of significant increases and decreases, as compared to those as at the previous year , as follows:

- 2.3.1 Increase in net profit during the six-month period ended June 30, 2007 amounted to Baht 735 Million.
- 2.3.2 Decrease from dividend payment in the amount of Baht 385 Million or Baht 0.50 per share for the operational results of the last six-month of the year 2006 on 4 May 2007 in accordance with the resolution passed by the Annual Ordinary General Meeting of Shareholders on 4 April 2007.
- 2.3.3 Decrease from an adjustment of value of investment in BMCL in compliance with market price in the amount of Baht 100 Million.

The company's registered capital is equal to Baht 8,000 Million, with the authorized and paid-up capital at Baht 7,700 Million. Premium on ordinary shares amounted to Baht 4,848 Million, and the unrealized loss on changes in value of investment is at Baht 261 Million. The appropriated retained earnings is equal to Baht 473 Million and the unappropriated retained earnings amounted to Baht 3,017 Million.

(Translation)

### 3. Cash Flow

For the six-month period of the year 2007, the company and its subsidiary generated cash flow from operating activities amounting to Baht 1,780 Million. Whereby, the Company utilized such cash in net investing activities amounting Baht 19 Million, mainly from an investment in SouthEast Asia Energy Limited at the amount of Baht 133 Million, from investment in fixed assets in the amount of Baht 8 Million and from selling in current investments in the amount of Baht 122 Million. In respect of financing activities, the company has made repayments of long-term loans at the amount of Baht 1,323 Million and paid dividend at the amount of Baht 385 Million.

The company and its subsidiary has net cash and cash equivalents increased by Baht 53 Million. The company also has cash and cash equivalents at beginning of period amounting to Baht 236 Million. Therefore, cumulative cash and cash equivalents as at 30 June 2007 is equal to Baht 289 Million.

### 4. Financial Ratios

	<b>2<sup>nd</sup> Quarter 2007</b>	<b>2<sup>nd</sup> Quarter 2006</b>
Net Profit Margin on Sales	20.22%	22.59%
Return on Equity *	9.58%	10.24%
Return on Total Assets *	3.26%	3.24%
Interest Coverage (times)	4.12	4.61
Debt to Equity (times)	1.83	2.05

\* Annualized