

(Translation)

Management Discussion and Analysis of Financial Status and Operational Results for the Quarter Ended on June 30, 2009

Bangkok Expressway Public Company Limited and Its Subsidiary Company

Operational Results

In the second quarter of the year 2009, the Company and its subsidiary had net profit in the amount of Baht 494 Million, representing an increase from the same quarter of the previous year by Baht 200 Million or 68.03 percent, resulting mainly from a toll adjustment at the end of the previous year, accompany with the decrease of interest rate of long term loan adjusted by lenders and also the principle repayment. The other expenses apart from financial cost have increased from non cash expenses such as amortization of rights to operate completed expressway sectors and provision for compensation for site acquisition cost. For the six-month period of the year 2009, the Company and its subsidiary had the cumulative net profit of Baht 881 Million, representing an increase from the same period of the previous year by Baht 247 Million or 38.96 percent.

**Summary of Operational Results
Between the second quarter of the year 2009 and the year 2008**

(Unit: Million Baht)

	2 nd Quarter		Changes	
	Year 2009	Year 2008	Amount	%
Toll revenues	1,828	1,642	186	11.33
Total revenues	1,915	1,683	232	13.78
Total expenses	1,421	1,389	32	2.30
Net profit	494	294	200	68.03
Earning per share (Baht)	0.64	0.38	0.26	

**Summary of Operational Results
Between the six-month period of the year 2009 and the year 2008**

(Unit: Million Baht)

	For the six months		Changes	
	Year 2009	Year 2008	Amount	%
Toll revenues	3,710	3,395	315	9.28
Total revenues	3,793	3,441	352	10.23
Total expenses	2,912	2,807	105	3.74
Net profit	881	634	247	38.96
Earning per share (Baht)	1.14	0.82	0.32	

(Translation)

The increase/decrease of revenue and expenses between the second quarter of the year 2009 and the year 2008 are summarized below: -

Revenues

In the second quarter of the year 2009, the Company and its subsidiary had the total revenues in the amount of Baht 1,915 Million, representing an increase by Baht 232 Million or 13.78 percent from the same period of the previous year, with material particulars as follows:

1. Toll revenue amounted to Baht 1,828 Million, representing an increase by Baht 186 Million or 11.33 percent 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 urban network expressway, shared 50 percent of toll revenue with the 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. Furthermore, Bang Pli - Suksawad Expressway (Southern Outer Bangkok Ring Road) started toll collection since March 2009 after it had opened a toll-free service since November 2007, and has partially brought some motorists back to the First and the Second Stage Expressway system as usual. 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. These two sectors have been influenced by positive factors from physical alteration, such as an opening of The Government Complex Commemorating His Majesty and the extension of Chalong Rat Expressway which generate the additional number of the vehicles to the system. The details of toll revenue are classified into routes as follows:

	(Unit: Million Baht)			
	2 nd Quarter		Changes	
	2009	2008	Amount	%
First Stage Expressway System	678	603	75	12.44
Second Stage Expressway System				
Sector A (Rama IX – Ratchadapisek)	378	330	48	14.55
Sector B (Phayathai – Bang Khlo)	176	157	19	12.10
Sector C (Ratchadapisek – Chaeng Watthana)	171	163	8	4.91
Sector D (Rama IX – Srinagarindra)	<u>265</u>	<u>254</u>	<u>11</u>	<u>4.33</u>
Total Second Stage Expressway System	990	904	86	9.51
Bang Pa-In – Pak Kret Expressway System	<u>160</u>	<u>135</u>	<u>25</u>	<u>18.52</u>
Grand Total	<u>1,828</u>	<u>1,642</u>	<u>186</u>	<u>11.33</u>

2. Other incomes amounting to Baht 87 Million, representing an increase by Baht 46 Million or 112.20 percent, there was mainly from dividend income of Thai Tap Water Supply Public Company Limited (TTW).

(Translation)

Expenses

In the second quarter of the year 2009, the Company and its subsidiary had the total expenses in the amount of Baht 1,421 Million, representing an increase by Baht 32 Million or 2.30 percent from the same quarter of the previous year, with material particulars as follows:

	2 nd Quarter		(Unit: Million Baht)	
	Year 2009	Year 2008	Changes Amount	%
Amortization of rights to operate completed expressway sectors	552	500	52	10.40
Provision for compensation for site acquisition cost	163	142	21	14.79
Selling expenses	173	197	(24)	-12.18
Administration expenses	73	82	(9)	-10.98
Directors and managements' remuneration	19	18	1	5.56
Financial cost	269	315	(46)	-14.60
Corporate income tax	<u>172</u>	<u>135</u>	<u>37</u>	<u>27.41</u>
Total expenses	<u>1,421</u>	<u>1,389</u>	<u>32</u>	<u>2.30</u>

1. Amortization of rights to operate the completed expressway sectors increased in amount of Baht 52 Million or 10.40 percent. At the early of this year, 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 new 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. During the first half period, the Company has already made payment of Baht 400 Million to EXAT.
3. Selling expenses decreased by Baht 24 Million or 12.18 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 decreased by Baht 9 Million or 10.98 percent, there were mainly due to decreasing of office expenses that support for toll operation.
5. Financial cost decreased by Baht 46 Million or 14.60 percent, from a lower interest expense due to a reduction in the interest rate of the commercial banks and a loan repayment.
6. Corporate income tax increased by Baht 37 Million or 27.41 percent, as a result of an increase in net profit from operation.

(Translation)

The increase/decrease of revenue and expenses between the six-month period of the year 2009 and the year 2008 are summarized below: -

The Company and its subsidiary had revenue for the first six-month period of the year 2009 in total Baht 3,793 Million, increasing by Baht 352 Million or 10.23 percent from the previous year. Main income from toll revenue increased by Baht 315 Million or 9.28 percent. Total expenses including interest expenses and corporate income tax amounted to Baht 2,912 Million, increasing by Baht 105 Million or 3.74 percent.

Financial Status

Assets

Total Assets of the Company and the Subsidiary as at June 30, 2009 were at the amount of Baht 41,770 Million, representing a decrease by Baht 1,545 Million or 3.57 percent from the previous year ended. Following are the details of significant increases and decreases as compared to the previous year ended :

	(Unit : Million Baht)			
	30 June 2009	31 December 2008	Changes Amount	%
Cash, cash equivalents, and current investments	1,523	2,529	(1,006)	-39.78
Advance payments under service contract	47	19	28	147.37
Current Assets	36	29	7	24.14
Other long-term investment	3,319	2,799	520	18.58
Property, plant and equipment, net	237	228	9	3.95
Construction in process	24	13	11	84.62
Right to operate completed expressway sector, net	36,527	37,647	(1,120)	-2.98
Others	<u>57</u>	<u>51</u>	<u>6</u>	<u>11.76</u>
Total Assets	<u>41,770</u>	<u>43,315</u>	<u>(1,545)</u>	<u>-3.57</u>

1. Cash, cash equivalents, and current investments decreased by Baht 1,006 Million or 39.78 percent from the previous year ended, mainly from a dividend payment in the amount of Baht 462 Million for the operational results of the last six-month of the year 2008 and a payment of compensation for site acquisition in the amount of Baht 400 Million to the Expressway Authority of Thailand (EXAT).
2. Advance payments under service contract increased by Baht 28 Million or 147.37 percent from the previous year ended, as a result of advance payment under agreement for the installation of Electronic Toll Collection System in respect of the normal course of business.

(Translation)

3. Other long-term investments increased by Baht 520 Million or 18.58 percent from the previous year ended, as a result of the adjustment in the value of investment according to its market price of Bangkok Metro Public Company 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), details as at June 30, 2009 as follows:-

(Unit : Million Baht)

	Proportion of shareholding	Investment Value at Cost	Market Value		Difference	
			30 June 2009	31 December 2008	Amount	%
BMCL	11.88%	1,764	937	569	368	64.67
TTW	9.24%	1,137	1,519	1,541	(22)	-1.43
SEAN	16.67%	<u>863</u>	<u>863</u>	<u>689</u>	<u>174</u>	<u>25.25</u>
Total Investment		<u>3,764</u>	<u>3,319</u>	<u>2,799</u>	<u>520</u>	<u>18.58</u>

4. Construction in process increased by Baht 11 Million or 84.62 percent from the previous year ended, as a result of The Electronics Toll Collection System (ETC) Project.
5. Rights to operate completed expressway sectors decreased by Baht 1,120 Million or 2.98 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 June 30, 2009 amounted to Baht 24,874 Million, representing a decrease by Baht 2,314 Million or 8.51 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:

(Unit : Million Baht)

	30 June 2009	31 December 2008	Changes	
			Amount	%
Short-term loans from financial institutions	-	692	(692)	-100.00
Trade accounts payable and other current liabilities	349	311	38	12.22
Accrual Corporate income tax	324	264	60	22.73
Provision for compensation for site acquisition cost	964	1,038	(74)	-7.13
Long-term loans	11,737	13,383	(1,646)	-12.30
Unsecured debentures	<u>11,500</u>	<u>11,500</u>	-	-
Total Liabilities	<u>24,874</u>	<u>27,188</u>	<u>(2,314)</u>	<u>-8.51</u>

(Translation)

1. Short-term loans from financial institutions decreased by Baht 692 Million or 100 percent due to a repayment of maturity bills of exchange.
2. Corporate income tax payable had an increase by Baht 60 Million or 22.73 percent from the recording of accrued corporate income tax during the first six-month of this year amounting to Baht 324 Million, meanwhile the corporate income tax during the last six-month of the previous year was paid at the amount of Baht 264 Million.
3. Provision for compensation for site acquisition cost had a net decrease of Baht 74 Million or 7.13 percent due to an actual payment of compensation in the amount of Baht 400 Million to the Expressway Authority of Thailand (EXAT) and an increase of additional provision for during the period in the amount of Baht 326 Million.
4. Long-term loans decreased by Baht 1,646 Million or 12.30 percent from the repayment of loans in the ordinary course under the Credit Facilities Agreement.

Shareholders' Equity

Total shareholders' equity of the Company and its subsidiary as at June 30, 2009 is equal to Baht 16,896 Million, representing an increase by Baht 769 Million or 4.77 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)			
	30 June 2009	31 December 2008	Changes	
			Amount	%
Issued and paid-up share capital	7,700	7,700	-	-
Premium on ordinary shares	4,849	4,849	-	-
Unrealized loss on changes in value of investments	(445)	(795)	350	-44.03
Retained earnings	<u>4,792</u>	<u>4,373</u>	<u>419</u>	<u>9.58</u>
Total shareholders' equity	<u>16,896</u>	<u>16,127</u>	<u>769</u>	<u>4.77</u>

1. Unrealized loss on changes in value of investments is the adjustment in value of investments according to its market price. For the first six-month of year 2009, investment in BMCL had an increase in the amount of Baht 372 Million, meanwhile investment in TTW had a decrease in the amount of Baht 22 Million.
2. Retained earnings increased from the net profit from the operational results for the first six-month period of the year 2009 amounted to Baht 881 Million, but it decreased from dividend payment Baht 462 Million or Baht 0.60 per share for the operational results for the last six-month of the year 2008 on April 29, 2009 in accordance with the resolution passed by the Annual Ordinary General Meeting of Shareholders on April 1, 2009.

(Translation)

Cash Flow

For the first six-month period of the year 2009, the Company and its subsidiary generated cash flow from operating amounting to Baht 2,512 Million, whereby the company has net cash from investing activities amounting Baht 801 Million. These are in the form of short-term investments in the amount of Baht 928 Million, dividend received from TTW Baht 74 Million and investment in SEAN Baht 174 Million, construction in process of Electronic Toll Collection System (ETC) and fixed assets in the amount of Baht 27 Million. In respect to net financing activities, the Company and its subsidiary used net cash of Baht 3,362 Million for the short-term loans and the long-term loans repayment of Baht 2,346 Million in total. During the period, the Company also has interest payment of loans and debenture in the amount of Baht 554 Million, and a dividend payment in the amount of Baht 462 Million. The Company and its subsidiary has a net cash decreased at the amount of Baht 49 Million for the first six-month period 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 as at June 30, 2009 are equal to Baht 82 Million.

Financial Ratios

	2ndQuarter 2009	2ndQuarter 2008
Net Profit Margin	27.03%	17.90%
Return on Equity *	10.03%	8.01%
Return on Total Assets *	3.95%	2.95%
Interest Coverage (times)	5.62	4.00
Debt to Equity (times)	1.47	1.61

* Annualized